

North Coast Railroad Director: Let's Stop Pouring Money Down a Black Hole

BERNIE MEYERS / FRIDAY, SEPT. 28, 2012 @ 1:15 P.M. / LOCAL GOVERNMENT, OP-ED

There is good news regarding the North Coast Railroad Authority (NCRA). Its freight hauler, NWP, has been providing rail service to customers between Lombard (near Napa) and Windsor, since July 2011. Major shipments include loads of concrete ties and rail cars holding 1600 feet of continuous rail for SMART.

But there is ample bad news. First, NCRA has awarded a "No Bid" contract to NWP that ballooned in cost and came in a year beyond the supposedly strict 4-month deadline: In March 2010 NCRA was told that the 62-mile Lombard to Windsor repair project was substantially complete. All that was needed to pass inspection by the feds was a 4-item "punch list" of repairs. It would cost less than \$1 million and be completed quickly. Ordinarily this would require bidding, but in April NWP was awarded a contract to complete the work "at cost" by September 1, 2010. The award was "capped at \$1.1 million". By August the contract "cap" was increased to \$1.9 million and the completion date became October 1, 2010. The feds inspected the line in January 2011 and allowed operations. Yet hundreds of thousands of dollars were supposedly spent on the "punch list" work for seven months after the inspection was completed. In October 2011 there had been no change to the August 2010 contract. Yet NCRA was presented with a summary of NWP's expenses: \$2.5 million.

Then there is the Lease between NCRA and NWP: The initial Lease of September 2006 had the potential of handing the line to NWP for a century after NCRA spent over \$60 million taxpayer dollars to repair the first 62 miles (out of about 310) and yet under the Lease NWP could conceivably not pay a dime to NCRA once trains were running. Some of the egregious provisions were deleted by a June 20, 2011 Amendment. But in October 2011 NWP demanded a reversal of those June 20 changes, plus new onerous provisions. For example, NWP had paid \$20,000 monthly advance lease payments to NCRA. They were explicitly without interest and were to be credited to NWP once operations started. Suddenly, in October 2011, NWP demanded prompt repayment of all the funds and retroactive interest! NWP demanded that NCRA sell its Ukiah Depot property and that NWP have first rights to the proceeds to cover all of what NWP perceived as its due. NWP would loan NCRA operating funds until the Ukiah Depot sold, or July 1, 2012, whichever came first. The Executive Director stated, "A new track rental fee will be renegotiated prior to the disbursement of funds from the sale of the Ukiah Depot Property". (The Ex. Dir. has refused to place the October 2011 Lease amendment on NCRA's web site.)

July 1, 2012 came and went. However, no Depot sale had occurred and no new fee had been negotiated. NWP now refuses to pay NCRA for NWP's use of the right-of-way. Meanwhile, NWP is seeking new funds to extend the line northward. Before proceeding further, NCRA should embrace both transparency and fiscal prudence. It should not expend additional millions of taxpayer dollars until it knows how, if at all, the public will benefit.

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