



North Coast Railroad Authority  
419 Talmage Road, Suite M  
Ukiah, Ca 95482

## NORTH COAST RAILROAD AUTHORITY (NCRA)

### Board of Directors Meeting

Novato Sanitary District  
500 Davidson St, Novato, CA  
Marin County

Wednesday, August 12, 2015 ó 10:30 a.m.

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#### DRAFT MINUTES

#### A. CALL TO ORDER

##### 1. Introduction of Newly Appointed Board Member – Holly Madrigal - City of Willits Councilmember

Vice-Chair Peters introduced Holly Madrigal the incoming Cities Selection Appointment to the NCRA Board.

Director Madrigal said that she is a lifetime Willits resident and has served as a Willits City Councilmember for 10 years. She also said that she used to live along the Skunk Train rail line in North Spur.

#### B. ROLL CALL

**Directors Present:** Madrigal, Wagenet, Kelley, Stroeh, Marks, Vice Chair Peters

**Directors Absent:** Chair Fennell, Hemphill, McCowen

**Also Present:** Executive Director Mitch Stogner, Legal Counsel C.J. Neary, Legal Counsel Jennifer O'Brien, Recording Secretary Heather Lindsteadt

#### C. AGENDA APPROVAL

Upon motion by Director Kelley seconded by Director Stroeh the Agenda was amended to add the following item to Closed Session:

Addition of 1 Closed Session item pursuant to Government Code subdivision 54956.9 (c)  
Initiation of Litigation

Motion carries: AYES: 6, NOES:0, ABSTAIN:0, ABSENT: 3 ó Hemphill, Fennell, McCowen

Upon Motion by Director Wagenet seconded by Director Stroeh, with the above noted change, the Board approved the Agenda. Motion carried: AYES: 6, NOES: 0, ABSTAIN: 0, ABSENT: 3 ó Hemphill, McCowen, Fennell

**D. PUBLIC COMMENT**

No Public Comment

**E. CONDUCT OF BUSINESS**

**1. Approval Draft of Audited Financial Statements for the Fiscal Year Ended June 30, 2013**

**2. Approval of Draft Audited Financial Statements for the Fiscal Year Ended June 30, 2014**

Executive Director Stogner said that he planned for Piseni & Brinker to present the draft Audits but that the Audit team requested additional detailed information before they present a draft audit for fiscal years 2013 and 2014. Executive Director Stogner said that the Audits were being provided to the Board for their review with the understanding that the draft audit would be presented in September or October for Board consideration.

Upon Motion by Director Marks seconded by Director Kelley, approval of items E.1 and E.2 of Draft Audit for Fiscal Years 2013 and 2014 was tabled until September or October. Motion Carried: AYES: 6, NOES: 0, ABSTAIN: 0, ABSENT: 3 ó Hemphill, Fennell, McCowen

**3. Consideration of Agreement with Private Developer for Rehabilitation and Lease of Eureka NCRA Office Building**

Executive Director Stogner updated the Board on a recent proposal to rehabilitate the Eureka Office Building. He said that the proposal was not formalized to the point that the Board could take action and suggested that the Board consider the item in September when the Board meets in Eureka.

Upon Motion by Director Kelley seconded by Director Wagenet the Board continued the item until the September 2015 NCRA Board meeting. AYES: 6, NOES: 0, ABSTAIN: 0, ABSENT: 3 ó Hemphill, McCowen, Fennell

There was a brief discussion about the recent complaint of a leak from one of the locomotives and other issues related to clean-up of the Balloon Track property in Humboldt County.

**Public Comment**

Mike Davis summarized his understanding of the removal of the rolling stock located at the Balloon Track in downtown Eureka.

**4. Adoption of Resolution 2015-07 Authorizing Budgetary Adjustments to Comply with Sonoma County Auditor Controller Requirements**

Upon Motion by Director Stroeh seconded by Director Kelley the Board approved Resolution 2015-07 authorizing budgetary adjustments. Motion carried by roll call: AYES: 6, NOES: 0, ABSTAIN: 0, ABSENT: 3 ó Hemphill, Fennell, McCowen

**5. Discussion and Possible Action Regarding Proposal from Humboldt Redwood Company for License Agreement for Use of Track Property at Scotia**

Executive Director Stogner said that legal counsel had met with Humboldt Redwood Company and the final agreement was ready for approval.

Legal Counsel Neary said that the agreement had been revised since the version that was included in the background the Board had received. He said that the revision establishes a Fair Market Value valuation of the property rather than one dollar. He also said that NCRA is receiving immediate satisfaction of the 1996 debt owed to PALCO. He pointed out that nothing in this agreement would imply that the property is being railbanked. He said that railbanking requires an application to the Surface Transportation Board and the agreement also has a termination provision.

**Public Comment**

Roger Graeber asked what would happen to the rail that is removed. Legal Counsel said that the rail will be stored and made available to the Operator for use as needed.

Mike Davis asked what would happen to the old baggage car that is located there. Legal Counsel said that it would stay until it could be moved.

Upon Motion by Director Kelley, seconded by Director Marks the Board approved the amended version of the License Agreement between NCRA and Humboldt Redwood Company. Motion carried. AYES: 6, NOES:0, ABSTAIN: 0, ABSENT: 3 - Hemphill, Fennell, McCowen

**6. Discussion and Possible Action Regarding Property Management Policy**

Legal Counsel O'Brien updated the Board on the efforts to create a list of illegal encroachments on NCRA right-of-way. She said that she recommends continuing the item for 60 to 90 days until the list of illegal encroachments is compiled and finalized.

Upon Motion by Director Marks seconded by Director Kelley the Board approved continuation of the item to a future meeting. AYES: 6, NOES: 0, ABSTAIN: 0, ABSENT: 3 ó Hemphill, Fennell, McCowen

**7. Status Update on Ukiah Depot Property Sale**

Executive Director Stogner introduced Steve Honeycutt with Guillon Inc.

Mr. Honeycutt updated the Board on the excess property at the Ukiah Depot. He said the sale of the Ukiah Depot Property to the Judicial Council of California (JCC) would occur shortly. He said that the sale documents have been submitted to the State Public Works Board staff and he said that NCRA and Guillon Inc. continue to work with staff to get the item agendaized for the first meeting in September. Mr. Honeycutt said as soon as the Public Works Board approves the

purchase, the sale will go into escrow. He also said that the NCRA has an MOU with the City of Ukiah who continues to assist with the project.

Director Stroeh asked if there were any infrastructure issues that have come up related to development of the property.

Mr. Honeycutt said that the only outstanding issue is related to storm water discharge and new requirements that may be required by the state.

## **8. Status update on NWP Co. Freight Operations**

Doug Bosco reported that the freight railroad is doing well. He said that shipping interest and inquiries have been increasing. He said there are some promising shippers who NWP Co. is in discussions with to haul goods by freight rail. He reported that NWP Co. has hired Jeff Golian, a former California Northern marketing specialist. He said that Mr. Golian is actively communicating with Union Pacific and potential shippers. He said that Union Pacific is a very important aspect of NWP Co.'s ability to negotiate with new shippers as they set the shipping rates. He also said that it is beneficial to NWP Co. to have Mr. Golian working with SMART to negotiate coordination issues with the commuter line.

He said that SMART wants much more time to test their DMU's than originally anticipated and that NWP Co. and SMART continue to work together with the goal of mutual cooperation.

Mr. Bosco introduced Johnathan Kathrein who is a law student at UCSF. He said that Mr. Kathrein worked on an easement issue which resulted in replacement of a spur which is now serving a new customer on the Brazos Branch.

Mr. Bosco said that the State of California has provided some very well written supportive briefs in the environmental lawsuits and that NWP Co. is considering going to the STB to ask for it to intervene on NWP Co.'s/NCRA's behalf.

Director Stroeh asked for the information on the PUC Crossing Maintenance Fund and said that he is interested in accessing these funds as requested by NWP Co.

Director Madrigal said that she is interested in the CPUC Maintenance Funding for Mendocino County as well.

## **Public Comment**

Mike Strider said that the prospective shipper hired him to ensure the industry has rail accessibility at the Sonoma Valley, East 8<sup>th</sup> Street crossing.

Mike Davis said that for anyone who wanted to see the first train on the 8<sup>th</sup> street spur, the Board could go to YouTube and search for his video of the train movements at that location.

## **F. CONSENT CALENDAR**

1. Approval of Minutes of Regular Board Meeting - June 2015
2. Acceptance of NCRA Financial Statements of June 2015
3. Acceptance of NCRA Financial Statements of July 2015
4. Acceptance of Warrants Issued of June 2015

- 5. Acceptance of Warrants Issued 6 July 2015
- 6. Acceptance of CalCard Statement 6 June 2015
- 7. Acceptance of CalCard Statement 6 July 2015
- 8. Acceptance of Property Management Report 6 June 2015
- 9. Acceptance of Property Management Report 6 July 2015

Upon Motion by Director Stroeh seconded by Director Marks the Board approved Consent Calendar items F.1 through F.9. Motion Carried. AYES: 5, NOES: 0, ABSTAIN: 1 6 Madrigal ABSENT: 3 - Hemphill, Fennell, McCowen

**G. STAFF REPORT – Mitch Stogner – Executive Director**

No Report

**H. LEGAL COUNSEL REPORT – CJ Neary**

Legal Counsel O'Brien said that the lawsuit related to the Dry Creek Crossing has been dismissed.

**I. MATTERS FROM THE BOARD**

Director Marks said the construction on the rail-with-trail from the Arcata Skate Board Park to Bracut has begun and that it is progressing well.

Director Madrigal said that there is activity at the former REMCO site. She said that there are two prospective proposals, one being the skunk train maintenance, and additional proposals for a brewery, a business park and a new fire house. She said that the City of Willits needs to approve any potential project at that site.

Director Wagenet said that he has heard that the Ukiah rail with trail has cost a bit more than originally expected, and the city of Ukiah has not approved the additional funding to complete the trail.

*The Board convened into closed session at 11:30 a.m.*

**J. CLOSED SESSION**

**1. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**

Government Code Section 54956.9(a) (three cases)

- a. FOER v. NCRA, California State Supreme Court Case # S222472;
- b. CATS v. NCRA, California State Supreme Court Case #S222472;
- c. Mendocino Superior Court, Case No. SCUk-CVPO-15-0066151  
NCRA vs. AT&T

**2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

- a. Ukiah Depot Property 6 Union Pacific § 54956.8  
Negotiation Regarding Sale of Excess Ukiah Depot Property  
Agency Negotiators - C.J.Neary, Mitch Stogner, and NCRA's Agents  
Doug Guillon and Steve Honeycutt of Guillon Inc.

The Board reconvened into open session at 12:19 p.m.

**K. ANNOUNCEMENT OUT OF CLOSED SESSION**

Legal Counsel Neary reported that the Board met in closed session on three items of existing litigation, no action taken. The Board also met on one item of initiation and litigation and the announcement of the Board direction would be delayed.

**L. ANNOUNCEMENT OF NEXT MEETING**

**Regular Board Meeting**

September 9, 2015 ó 10:30 a.m.

Humboldt County Board of Supervisors Chambers

Eureka, CA ó Humboldt County

**M. ADJOURNMENT**

Chair Peters adjourned the meeting at 12:24 p.m.

DRAFT