



MEMO

To: NCRA Board of Directors

From: Executive Director Stogner

Date: September 13, 2017

Subject: **Agenda Item F.3 – Discussion and Possible Action Regarding PG&E After Discovery Occupancy Payment Distribution.**

FEC Real Estate Services (formerly Parallel Infrastructure) has spent several months negotiating with PG&E regarding 32 rail crossings in Sonoma and Mendocino counties under an agreement with PG&E that dates back to 1998.

Mike Dannelly (FEC Real Estate Services) has identified the individual crossings and reached an agreement with PG&E to pay a new commercial rate of \$2,000 per crossing. PG&E has also agreed to pay an application fee of \$1,000 per crossing payable to FEC Real Estate Services under our October 2013 Asset Services Agreement.

Under this proposed agreement, NCRA would receive \$48,000 (75% of \$64,000) and FEC would receive \$16,000 (25% of \$64,000). Additionally, FEC would receive \$1,000 application fee for each of the 32 crossings as per our Asset Services Agreement which was last amended in December 2016.

Staff Recommendation:

On August 31, 2017, The Property Committee met to consider this issue. The Property Committee recommended support for a one-time payment by PG&E of \$96,000 for utility crossings recently identified by FEC since enactment of the previous agreement dating back to 1998. The Committee recommended approval of the distribution of funds as follows (\$48,000 – NCRA ; \$48,000 – FEC). This amount to FEC includes \$16,000 for its 25% share, and \$32,000 in application fees. Director Hagele requested confirmation that the application fee payment was justified under the 2013 Asset Services Agreement with Parallel Infrastructure/FEC.

The Committee also conditioned its approval for the PG&E agreement on FEC's agreement to withdraw any claim for funds under NCRA's February 8, 2017 settlement agreement with AT&T.