

**DEPARTMENT OF TRANSPORTATION**

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*Making Conservation  
a California Way of Life.*

December 13, 2017

Mitch Stogner  
Executive Director  
North Coast Railroad Authority  
419 Talmage Road, Suite M  
Ukiah, CA 95482

Dear Mr. Stogner:

Yesterday, I sent you a letter regarding Agenda Item #E5 scheduled for discussion and possible action at today's North Coast Railroad Authority (NCRA) Board of Directors (BOD) meeting. In that letter, I incorrectly quoted the Master Fund Transfer Agreement (MFTA) #01V222. For the Balloon Track parcel, the correct MFTA contract is #75S330, which was executed by NCRA and Caltrans in March 1992.

The Eureka property was acquired by NCRA as part of the State's purchase of the Eureka Southern Railroad. This transaction was authorized by California Transportation Commission (CTC) Resolution No. BFP-91-10 and utilized 100% Prop 116 funding. Agreement #75S330 includes the following provisions:

Article VI, Section 9. "State, or any assignee public body, shall be entitled to a refund or credit at State option, equivalent to the proportionate funding participation by State and other public funds towards the project acquisition or construction in the event that Recipient ceases to utilize the Project for the intended public passenger or rail freight purposes or sells or transfers title to the Project..."

Article VI, Section 10. "State will specifically approve all private and incidental uses of Recipient's project to assure that they do not adversely impact the intended public passenger or rail freight service... Examples of this include but are not limited to sale of acquired properties for non-transportation purposes..."

CTC Resolution BFP-91-10 further states the following:

Section 2.8. "Now therefore be it further resolved that this Commission shall be entitled to a refund equivalent to the participation by the State, plus an amount equal to the interest incurred by the State on the bonds sold to fund the acquisition, in the event that the NCRA or successor public entities (1) sells such properties acquired in whole or in part with State funds to a non-public entity (2) ceases to utilize the assets acquired for the intended public passenger or rail freight purposes..."

Section 2.9. "Now therefore be it further resolved that the State shall also be granted an acquisition credit for future purchases or condemnation by the State of all or portions of these properties by the State; and the refund or credit due the State in each instance will be measured by the ratio of State funds to those provided from the Recipients. That ratio will be applied to the then fair market value of the project property."

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As stated in our previous letter, Agenda Item #E5, set for the December 13, 2017 NCRA BOD meeting, effectively transfers control of the parcel to a private entity which will not utilize it for public passenger or rail freight purposes and includes an option to sell. These actions trigger the requirement for CTC approval and reimbursement for its pro-rata share of the current appraised fair market value plus interest.

Please let me know if you have any questions.

Sincerely,



BRAD METTAM  
Deputy District 1 Director

c: Matthew K. Brady, District 1 Director, Caltrans  
Susan Bransen, Executive Director, California Transportation Commission