

**NORTH COAST RAILROAD AUTHORITY (NCRA)  
BOARD OF DIRECTORS REGULAR MEETING**

Wednesday, March 14, 2007 ~ **11:00 a.m.**

Healdsburg City Council Chambers

401 Grove Street ~ Healdsburg

Sonoma County

**Approved Minutes**

**A. CALL TO ORDER**

Chairman Hemphill called the meeting to order at 11:05 a.m.

**B. ROLL CALL**

**Directors Present:** Simonson, Kelley, Colfax, Ziedrich, Woolley, Chairman Hemphill

**Directors Absent:** Ollivier

**Also Present:** Executive Director Mitch Stogner, Legal Counsel Christopher Neary,  
Recording Secretary Heather Newell

**C. AGENDA APPROVAL**

Upon Motion by Director Kelley, and seconded by Director Simonson, the Agenda was approved as presented.

**D. MATTERS FROM THE BOARD**

**1. Introduction of Newly Appointed Cities Representative – Eric Ziedrich**

Director Kelley introduced Mr. Eric Ziedrich from Healdsburg who was recently appointed to the NCRA Board as the Cities' Representative. He said that Director Ziedrich is a current City of Healdsburg Council Member and also was a member of the Sonoma County Transportation Authority and the Golden Gate Bridge District. He said that Director Ziedrich's experience and long-standing commitment to public service will make him a welcome addition to NCRA.

Director Simonson updated the Board on Don Edmisten's recovery from serious surgery. He is out of ICU and beginning the rehabilitation process. He also wished the family of Jack Kelleher condolences on Jack's passing. He pointed out that Jack was an NCRA Board member and long-time rail proponent who will be missed.

John Woolley said that the Eureka – Arcata trail corridor group has contracted with Phillip Sales to develop plans for a proposed trail corridor between Eureka and Arcata. Director Kelley said he was pleased that Mr. Sales was working on the project and said that Mr. Sales was an admired and respected former employee of the Sonoma County Department of Parks and Recreation.

**E. CONSENT CALENDAR**

1. Approval of Minutes – February 2007
2. Approval of Financial Statements - February 2007
3. Approval of Warrants Issued - February 2007

4. Approval of Executive Directors Expenses – February 2007

Upon motion by Director Kelley, seconded by Director Woolley and carried unanimously, Consent Calendar Items E.1 – E.4 were approved.

F. **PUBLIC COMMENT**

No Public Comment

G. **CONDUCT OF BUSINESS**

1. **NCRA Draft Single Year Audit for Fiscal Year 05-06 Prepared by Aycock and Edgmon CPA's.**

**Recommendation:** Approve Draft Single Year Audit

Executive Director Stogner introduced Stacey Edgmon of Aycock and Edgmon and said that she will be reporting on the Single Year Audit for Fiscal year 05-06.

Stacey Edgmon presented the Board with NCRA's Single Year Audited Financials for fiscal year 2005-06.

Chairman Hemphill thanked staff and said that it is important to note that again NCRA has proved that it is not a "high-risk grantee."

Director Woolley asked how NCRA will go about removing the "high-risk grantee" designation.

Executive Director Stogner said that staff will research the issue. He said that Caltrans Audits Division is scheduled to be in the NCRA office conducting a follow-up audit on March 26 and he hopes that after that audit NCRA will be better prepared to remove the "high-risk" designation.

Upon Motion by Director Woolley, seconded by Director Kelley, and carried unanimously the NCRA Single Year Audit for fiscal year 2005-06 was approved.

2. **Sonoma County TCRP Bridge Loan to NCRA**

**Recommendation:** Direct Staff to Enter into Negotiations with Sonoma County Regarding Proposed Bridge Loan.

Executive Director Stogner updated the Board on the Caltrans reimbursement process for TCRP allocations. He said that contractors are paid and then CalTrans reviews invoices and reimburses NCRA. He said that the invoices payable to contractors under the CTC allocations that NCRA received in April, October and November of 2006 have been paid thanks to John Williams, NWP Co.

He said that NCRA is moving into the construction phase and will be requesting funding for signal repairs from the CTC. He said that the NCRA cash-flow cannot handle the large invoices from vendors without a bridge loan. Mr. Stogner said that thanks to Mr. Rod Dole, Sonoma County is willing to purchase grant anticipation

notes. He requested permission to move forward with a bridge financing note for consideration at the next meeting of the NCRA Board of Directors.

Director Kelley summarized the elements of the Bridge Loan discussions with Sonoma County and asked that the proposal be finalized quickly. He said that the Sonoma County Board of Supervisors will have to approve the agreement so timing is extremely important.

Upon Motion by Director Kelley, seconded by Director Simonson, and carried unanimously, the Board approved staff entering into bridge loan negotiations with Sonoma County.

### **3. NCRA/Port of Humboldt Bay Prop 1B Joint Application**

**Recommendation:** Direct staff to develop a joint application with Humboldt Bay Harbor District for Prop 1B funds. Application to be reviewed with Humboldt Bay Harbor District Joint Advisory Committee in April.

Executive Director Stogner said that NCRA is working with the Executive Director of the Humboldt Bay Harbor District on a Joint Application for Proposition 1B Funds, the Trade Corridor Improvements Funds Program. He said that the application will be ready for consideration by the Port/Rail Committee in April.

Upon Motion by Director Kelley, seconded by Director Woolley, and approved unanimously the Board directed staff to develop a Joint Application with the Humboldt Bay Harbor District for Proposition 1B Funds.

## ***H. STAFF REPORTS***

### **1. Executive Director – Mitch Stogner**

- A.** SB 861 (Wiggins)
- B.** CTC March 15 & April 26

Executive Director Stogner said that Senator Pat Wiggins has agreed to carry legislation for NCRA. He said that he would like to issue a letter to Cities and Counties along the rail corridor seeking support for SB 861. He also said that this legislation would allow NCRA to complete the Environmental Consent Decree Clean-up and handle a variety of right-of-way issues such as debris, homeless encampments, and bridge and levee repair.

Mr. Stogner said that the NCRA is on the Consent Calendar at the CTC meeting on March 15 for an allocation for the Lombard – Ignacio signal repairs, and will seek a second allocation on April 26 for signal repairs from Ignacio-Windsor.

### **2. Russ Mustola – Mustola Management**

- A.** Financial Update through December 31, 2006

Russ Mustola of Mustola Management gave an overview of his history with the NCRA. He also presented the Board with the first 6 months of 2007 accrual basis financial statements.

Chairman Hemphill thanked Mr. Mustola for the update and acknowledged Mr. Mustola's experience and past involvement. Chairman Hemphill asked how the inventory issue will be handled.

Mr. Mustola said that NCRA will begin with a spreadsheet to track inventory. He said that each item is currently stored in a controlled, organized environment. He also said that NCRA will be cataloging the inventory using a spreadsheet and NCRA will track each piece of equipment as it leaves storage.

Director Woolley suggested a Finance Workshop discussion be agenzized so that the workshop could be scheduled and Directors can be updated on NCRA accrual basis financial statements.

Director Kelley said that a Finance Committee Workshop would be helpful. He said that CalTrans Audits has legitimate concerns with respect to inventory and he said that it important to have a reliable, consistent system. He also said that NCRA is moving in the right direction to comply with Caltrans Audits requirements.

### **3. Engineer's Report – Dave Anderson - NCRA Project Manager**

Dave Anderson presented the Board with a PowerPoint presentation showing the repair work that is being done on the right-of-way.

Director Kelley said that it is important that NCRA be recognized for the hard work and dedication that has made these repairs possible given the limited agency funding.

Executive Director Stogner said that it is important for people to know that the repairs have begun and he said that the signal repair contract would be a milestone and a good opportunity to make the public aware of the repair work. He also said that NCRA will be having meetings with various county and city engineers and public works directors to explain what NCRA will be doing and how the repairs will progress through their communities.

Director Woolley said that many of these projects are considered to be habitat improvement projects and extremely important in terms of environmental protection issues.

Mr. Anderson also presented the Board with an update to the construction schedule. He said that HNTB is on schedule with the plans for signal repair and that he will be going around to the various permitting agencies so that each agency understands the process for signal repairs. He also updated the Board on the progress of the levee repairs at Schellville and Fish and Game's role in those repairs.

### **4. Operator's Report - John Williams – NWP Co.**

John Williams – NWP Co. told the Board that his plan is to repair the railroad all the way to Humboldt County. He said that he is continuing to advance funds so that NCRA can pay vendors under the TCRP project. He said that he is willing to provide security for the Sonoma County Bridge Loan.

Mr. Williams said that he took people from Berg Holdings on a tour of the real estate that is owned by NCRA in Humboldt County. He said that Berg Holdings is one of the most

successful real estate companies in the country. He said that they will be reviewing the NCRA property with an eye toward taking maximum financial advantage of the NCRA property holdings that are not needed for rail operations.

Mr. Williams said he is ready to revisit the MOU between NCRA and NWP Co to address the property issues and the Sonoma County bridge loan. He said that with the increased activity along the right-of-way, a marketing campaign is needed and that he is actively working on that project.

**5. Legal Counsel - Chris Neary**

No report

*The Board convened into Closed Session at 1:10*

**I. CLOSED SESSION**

1. CONFERENCE WITH LEGAL COUNSEL – Existing Litigation  
(Two Cases) Gov Code Section 54956.9 (a)  
(a) NWPY vs. NCRA  
(b) Humboldt Baykeeper vs. Union Pacific, NCRA et al.  
United States District Court, # C-06-02560 JW

2. CONFERENCE WITH LEGAL COUNSEL-Initiation of Litigation  
Government Code Section 54956.9 (c)  
Litigation to be discussed: Enforcement of Billboard Removal on NCRA property.

3. CONFERENCE WITH REAL ESTATE NEGOTIATORS  
Gov Code Section 54956.8  
Healdsburg and Lombard Segments NWP Railroad Line  
Negotiators: John Williams, Mitch Stogner, Christopher Neary  
Negotiating Parties: NCRA, NWP Co; and SMART  
Under Negotiation: Operating Agreement revision and approval of NWP Co.

**J. ANNOUNCEMENT OUT OF CLOSED SESSION**

*The Board reconvened into open session at 1:55*

Legal Counsel reported that the Board met with Counsel, received information and gave direction on two cases of Existing Litigation.

Legal Counsel also reported on the matter of Initiation of Litigation, and reported that the Board acted to authorize staff to agendize issuance of a contract for removal of the billboards.

Legal Counsel said that the Board acted in closed session to appoint the Operator Committee, NCRA Executive Director, NCRA Legal Counsel, and NCRA Operator John Williams to begin negotiations in regards to the Operating Agreement with SMART.

**K. ANNOUNCEMENT OF NEXT MEETING**

April 25, 2007 - 10:00 a.m.  
Eureka City Council Chambers

531 "K" Street Room 208 - Eureka  
Humboldt County

***L. ADJOURNMENT***

Chairman Hemphill adjourned the meeting at 2:10.