



MEMORANDUM

DATE: July 18, 2007
TO: Board of Directors
FROM: Lillian Hames, General Manager
RE: IX. NCRA Background Information

I. Introduction

The purpose of this memorandum is to address a number of questions raised by various jurisdictions and members of the public regarding freight operations along the rail line owned by SMART.

II. Background: SMART and NCRA

1. The Northwestern Pacific Railroad (NWP) alignment parallels Highway 101, from just north of Eureka to Larkspur/Corte Madera.
2. Following the Legislature's creation of the SMART rail district in 2003, ownership of the rail right-of-way from Healdsburg to Larkspur/Corte Madera was transferred to SMART, along with trackage that parallels Highway 37 from the Ignacio Wye in Novato to Schellville/Lombard.
3. The North Coast Railroad Authority (NCRA) owns the rail right-of-way north of Healdsburg. South of Healdsburg, NCRA has a perpetual, exclusive freight easement to the Highway 37 turnoff and east to Schellville/Lombard.
4. This easement provides that NCRA's freight services shall be subordinate to regularly scheduled passenger commuter operations on the NWP.
5. NCRA is the agency designated by the Surface Transportation Board as the common carrier for rail freight on the portions of the NWP that NCRA owns or

to which it has easement rights.

6. NCRA does not have an easement to operate on the NWP south of the Highway 37 turnoff in Novato.
7. NCRA has not operated freight service on the NWP since 2001.
8. In September 2006, the NCRA Board approved an agreement entitled "Agreement for the Resurrection of Operations Upon the Northwestern Pacific Railroad Line and Lease" with the Northwestern Pacific Railroad Company (NWPRC), to reinstate freight service along the corridor.
9. SMART's enabling legislation (AB 2224) provides that SMART shall work with NCRA to achieve safe, efficient, and compatible operations of both passenger rail and freight service along the rail line in Sonoma and Marin Counties.
10. As the successor agency to the Northwestern Pacific Railroad Authority (NWPRA), SMART succeeded to NWPRA's contractual rights and obligations, including the 1996 Operating Agreement between NWPRA and NCRA, which generally provides that freight service shall be subordinate to passenger rail service.
11. SMART is currently in the process of negotiating a new Operating Agreement with NCRA.

III. Assumptions for Freight Service

12. Based on information from NCRA regarding projected levels of freight service, SMART analyzed the cumulative impacts of freight service with passenger rail service in the Draft Environmental Impact Report (EIR) for its passenger rail project.
13. Issued in November 2005, the Draft EIR assumed four round trips per day, 5 to 6 days per week for freight service; no train length was specified.
14. In 2006, in preparing the Final EIR, SMART again consulted with NCRA to confirm their freight service projections. NCRA had revised its projections and informed SMART at that time that the likely level of freight service was one round trip per day, 4 to 6 days a week, with a train length of 12 cars. This is the information that SMART used in its Final EIR, issued in June 2006.
15. Following the selection of its freight operator, NCRA has again updated its projections. In the Initial Study attached to its recently released Notice of Preparation (NOP) of an EIR for its Russian River Division Freight Rail Project, NCRA states their new forecasts to be initial freight service of three round trips per week with trains of 15 cars. This service is projected to grow to 2 roundtrips per day, operating 6 days per week, with one train of 25 cars and

one train of 60 freight cars. NCRA also states in the Initial Study that freight service could eventually grow to three round trips per day, 6 days per week, with 1 25-car train and 2 60-car trains. This second round trip train of 60 cars is considered by NCRA to be “speculative”. These new forecasts will be evaluated by NCRA to meet the requirements of the California Environmental Quality Act (CEQA) for freight operation.

IV. Actions/Approvals for Freight Service

16. Prior to initiating freight service along the NWP, NCRA will:
 - A. Complete and certify its Environmental Impact Report.
 - B. Upgrade the tracks for freight operations. These upgrades are much lower than the track upgrades required for passenger rail service as freight trains will operate at lower speeds. NCRA is relying on new state funding for these improvements and has already initiated repairs to flood damaged trackage, under a categorical exemption.
 - C. NCRA must also receive approval from the Federal Railroad Administration (FRA) and California Public Utilities Commission (CPUC) to operate safely along the NWP at speeds allowed for freight service.
 - D. Pursuant to the 1996 Operating Agreement, NCRA must seek approval from SMART which allows the NWPRC to operate freight on behalf of NCRA.

V. SMART's Response

17. The SMART Board is committed to providing clean and efficient passenger rail service along the NWP from Cloverdale to Larkspur. NCRA's new plans for freight service will be closely evaluated by SMART's environmental consultants with respect to any cumulative impacts related to SMART's proposed project.
18. SMART will be discussing these issues in an upcoming Operations Committee meeting and reporting back to the Board on the results of the environmental analysis.