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Activities Report for the Week Ending May 11, 2007

1. Bridge Financing for Construction Projects Lombard-Windsor, King Salmon Repairs, and Environmental Documents

Our goal was to finalize the Bridge Financing documents at the May 9 Board meeting in Willits. The issue that altered this plan related to the use of the Willits segment (Willits-Healdsburg) as the security for the Grant Anticipation Notes to be purchased by Sonoma County. CalTrans has taken the position that state funds contributed to the purchase of the Willits segment and, therefore, the CTC would have to review and approve use of this segment as collateral for the bridge financing. This wrinkle resulted in the cancellation of the Board meeting until we solve the collateral issue. Chairman Hemphill will call a Special Meeting of the Board for consideration of the Bridge Financing package as soon as this issue is resolved.

2. NCRA-SMART Operating Agreement

Staff for NCRA and SMART met for the second time by conference call on May 10 to set the framework for updating the Operating agreement between SMART and NCRA. Legal counsel for both sides has developed a list of issues for consideration by the SMART Operator Committee and the NCRA ad-hoc Operator Committee. We are scheduled to meet again on May 18 in Marin County to determine which of the issues can be resolved through staff consensus, and which issues will need to be negotiated between the two policy boards.

3. Russian River Division EIR

As you know, we have initiated a dual approach to environmental clearance for repair and operations on the Russian River Division (Lombard - Willits). For the in-kind repairs to the signals, track, and structures, work will be performed this summer as per a Categorical Exemption under CEQA. While the repair effort is underway, we will initiate an EIR under CEQA to evaluate impacts of freight operations on the Russian River Division, including foreseeable cumulative impacts from Operations on the Eel River Division North of Willits to Eureka.

On May 10, we met with SMART staff in Marin County to outline NCRA's repair plans and present a draft "Project Description," which is a necessary component of the EIR. This "project description" has been carefully reviewed by NCRA's operator, John Williams. Highlights of the "Project Description," include:

- 4 train movements Petaluma - Lombard each day. 2 60-car trains to accommodate the garbage haul, and 2 25-car trains for general merchandise;
- 2 train movements (25 - car merchandise trains) from Willits/Redwood Valley - Lombard.

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- Potential foreseeable cumulative impacts could include another 12 trains per day from the Eel River Division, since the maximum capacity on the entire line would be 16 trains per day.

Once the Project Description is final, we can initiate the first step of the EIR, Notice of Preparation which includes an abbreviated version of the project description.

At yesterday's meeting, SMART staff expressed great concern about how SMART opponents may view NCRA's EIR. The argument that has already been advanced by opponents, through letters to the Marin newspapers, is that NCRA plans to run 10 freight trains per day; further, since there is not enough capacity for 10 freight trains and SMART commuter service, NCRA will run its 10 freight trains at night. So, the theory goes, if SMART is approved, freight trains which could only run at night will be blaring their horns all night long. SMART wants to work with NCRA on a PR response that would emphasize that freight trains will not run at night, and, there will be freight trains, whether or not the SMART measure is approved. There is no doubt that SMART opponents intend to use NCRA's EIR as a weapon against SMART. We (Chris Neary, John Williams, Dave Anderson) have suggested that this is a weak argument by SMART opponents, and that we would work with them to expose the fallacy of the argument.

#### 4. \$9 million Signal Repair Contract Lombard-Windsor

Dave Anderson and I have been meeting with all of the City Managers and Public Works Directors between Novato and Windsor to advise them of the repair plans in their respective communities. The response has been cordial and productive. We have taken Novato Council members, the Mayor, and Marin Supervisor Judy Arnold on 2 site visits (May 4, May 11). Supervisor Arnold has suggested the establishment of "Quiet Zones" at 2 of the 6 Novato Crossings.

By the end of May, we will be going out to bid on 34 crossings between Lombard and Windsor.

#### 5. Proposition 1B and SB 861 (Wiggins)

As directed by the Board on April 25, NCRA has sent a letter to the Humboldt Bay Harbor District requesting that the Harbor District formally agree to the development of a Joint Application under the Trade Corridor Improvement Fund provisions of Proposition 1B. On May 9 I also met with the consultant involved in the Port Capacity study which is underway. I briefed him on our rail plans and desire to secure 1B funds for repairs North of Willits.

As I previously reported, SB 861 was approved by the Senate Transportation and Housing Committee April 10. Chairman Hemphill and Director Woolley have both discussed the importance of the bill with Senator Wiggins and others. It is currently set for hearing in the Senate Appropriations Committee on May 14. I plan to go to Sacramento on Monday to attend the hearing and answer questions, if necessary.