

NEWS

Marin Voice: Lopsided freight train lease

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TWO TRAINS share the tracks running through Marin to Humboldt Bay — one for commuter service (SMART) and one for freight (North Coast Railroad Authority).

No trains have run for a decade, but freight trains could soon be if the last hurdles are cleared.

NCRA's efforts to rehabilitate the right of way are to be commended, but its lack of transparency and fiscal prudence are to be reproved.

The prime example of these shortcomings is the lease that NCRA agreed to in 2006 with a new train operating company, NWP. The lease was not fully presented to the public. A press release simply called it “a 5-year contract” to operate trains from Eureka to Novato.

The release failed to state that while the initial term was five years, NWP has a unilateral option to extend the lease for up to 99 years, without meaningful NCRA oversight.

Other egregious provisions include the paucity of payments by NWP and the need for NCRA to obtain many hundreds of millions of taxpayer dollars to rehabilitate the line.

Incredibly, there has been no analysis as to whether the lease is fiscally prudent.

The fees that may be paid by NWP to NCRA are indeterminate, but are certainly far, far less than the public funds needed to rehabilitate the line. The lease requires NCRA to obtain and expend public funds without limitation. Recently NCRA/NWP asserted that \$68 million has been expended just for the Lombard (Napa County)- to-Windsor rehabilitation. Many tens of millions will be needed for the Windsor-to-Willits rehab.

Hundreds of millions are estimated for rehab through the Eel River Canyon. Additional tens of millions are estimated for the Eureka area.

When, over the term of the lease, there are major storms and earthquakes, (no doubt there will be — the only questions are how frequently and how bad) NCRA is responsible to get further public funds to cover such damages.

Yet NWP could conceivably pay NCRA almost nothing under the lease. Payments begin the year after NWP has a net annual profit of \$5 million. If NWP makes



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