

# Memorandum

**To:** Chair and Commissioners

**Date:** February 19, 2002

**From:**   
Diane C. Eidam

**File No:**  
**Reference No.:** 5.1b.  
**Information**

**Ref:** Quarterly Report on North Coast Rail Authority's (NCRA) Debt Reduction Plan

This is an information item providing the quarterly report on the NCRA's debt reduction plan as requested by the Commission.

**NCRA Liabilities**

**Option 1 Repayment Schedule**

Item	Undisputed Debt/Pmt.	Option 1 Repayment Schedule												Comment Number	
		2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13		2013-14
Option B Interest	307,000	192,000	0	0	0	0	0	0	0	0	0	0	0	0	#1
FCM Judgment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#2
Palco Notes	170,000	0	0	42,500	42,500	42,500	42,500	0	0	0	0	0	0	0	#3
RREDC	107,000	21,400	85,600	0	0	0	0	0	0	0	0	0	0	0	#4
Meecham Loan	124,000	0	124,000	0	0	0	0	0	0	0	0	0	0	0	#5
Neary	122,000	61,000	12,200	12,200	12,200	12,200	12,200	0	0	0	0	0	0	0	#6
General Accident	50,000	50,000	0	0	0	0	0	0	0	0	0	0	0	0	#7
UP Car Hire	371,000	0	331,010	0	0	0	0	0	0	0	0	0	0	0	#8
Other car hire	561,000	0	317,800	0	0	0	0	0	0	0	0	0	0	0	#9
Troutman Sanders	17,000	17,000	0	0	0	0	0	0	0	0	0	0	0	0	#10
Henry Lovio	25,000	25,000	0	0	0	0	0	0	0	0	0	0	0	0	#11
DeNieves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#12
NWPRA Loan	190,000	48,000	48,000	48,000	48,000	48,000	48,000	0	0	0	0	0	0	0	#13
Boyle Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#14
Caltrans Audit Exceptions	166,000	0	30,000	30,000	30,000	30,000	30,000	16,600	0	0	0	0	0	0	#15
Rail-Ways Bankruptcy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#16
Mass Electric Claim	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#17
Rail-Ways/NWPY/Norcare	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#18
Match for Ukiah Depot grant	18,000	18,000	0	0	0	0	0	0	0	0	0	0	0	0	#19
Community Disaster Loan	800,000	0	0	0	0	0	0	0	0	0	0	0	0	0	#20
TXL Capital	63,675	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	0	0	0	0	#21
Annual Property Management	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Annual Crossing Maintenance	92,000	92,000	92,000	92,000	92,000	92,000	92,000	105,400	122,000	122,000	122,000	122,000	122,000	122,000	
<b>Sub-total</b>	<b>3,213,675</b>	<b>439,475</b>	<b>1,077,685</b>	<b>261,775</b>	<b>261,775</b>	<b>261,775</b>	<b>261,775</b>	<b>159,075</b>	<b>159,075</b>	<b>159,075</b>	<b>159,075</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	
<b>Total Available</b>		<b>875,198</b>	<b>1,083,935</b>	<b>308,563</b>	<b>351,127</b>	<b>395,819</b>	<b>356,044</b>	<b>306,269</b>	<b>319,194</b>	<b>322,119</b>	<b>325,044</b>	<b>327,969</b>	<b>327,969</b>	<b>327,969</b>	
<b>Admin.</b>		0	0	0	0	80,000	90,000	130,000	140,000	140,000	140,000	150,000	150,000	150,000	
<b>Balance</b>		<b>435,723</b>	<b>6,250</b>	<b>46,788</b>	<b>89,352</b>	<b>54,044</b>	<b>4,269</b>	<b>17,194</b>	<b>20,119</b>	<b>23,044</b>	<b>25,969</b>	<b>25,969</b>	<b>25,969</b>	<b>25,969</b>	
<b>Q-Fund</b>	<b>12,000,000</b>	<b>1,300,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,700,000</b>	<b>#22</b>

Assumed interest earned 5%

Beginning total available is the sum of the current property balance (140,000) plus Santa Rosa effluent line payment (338,400) plus the FEMA retention due in 2002 (396,798)--a total of 875,198.

2002-03 total available is the balance from 2001-02 (435,723) plus equipment sale (250,000) plus remaining FEMA retention (96,212) plus annual property (180,000) and annual crossing maintenance (122,000)--a total of 1,083,935

Subsequent total available amounts reflect prior year balance, interest earned on balance, annual property and annual crossing maintenance funds

**NCRA Liabilities**

as of February 8, 2002

**Liabilities**

Item	Undisputed	Disputed/Contingent	Not Yet Due	Secured
Option B Interest				307,000
FCM Judgment				
Palco Notes			170,000	
RREDC			107,000	
Meecham Loan				124,000
Neary	122,000			
General Accident	50,000			
UP Car Hire		371,000		
Other car hire		561,000		
Troutman Sanders	17,000			
Henry Lovio	25,000			
DeNieves				
NWPRA Loan				190,000
Boyle Engineering		47,000		
Caltrans Audit Exceptions	166,000	500,000		
Rail-Ways Bankruptcy		2,000,000		
Mass Electric Claim		1,328,000		
Rail-Ways/NWPY/Norcare		3,546,826		
Match for Ukiah Depot grant	18,000			
Community Disaster Loan		800,000		
TXL Capital				63,675
Q-Fund			12,000,000	
Annual Property Management				
<b>Total</b>	<b>398,000</b>	<b>9,153,826</b>	<b>12,277,000</b>	<b>684,675</b>

**Option 1 Repayment Source  
Annual**

Current Property	Annual Property	FEMA Retention	SR Effluent	Crossing Maint.	Equip. Sale	Retirement	Q-Fund Trust	Comment Number
		192,000				2011		#1
						2001		#2
	34,000					2006		#3
	21,400				85,600	2003		#4
					124,000	2003		#5
	12,200		61,000			2006		#6
50,000						2002		#7
30,000		301,010						#8
			277,400		40,400			#9
17,000						2002		#10
25,000						2002		#11
						n/a		#12
	48,000					2006		#13
						2002		#14
				30,000		2007		#15
						n/a		#16
						n/a		#17
						n/a		#18
18,000						2002		#19
						2002		#20
						2010		#21
						2013	12,000,000	#22
<b>140,000</b>	<b>152,675</b>	<b>493,010</b>	<b>338,400</b>	<b>30,000</b>	<b>250,000</b>		<b>12,000,000</b>	

	Total Available	140,000	180,000	493,010	338,400	122,000	250,000	Total		
Potential Admin./Maint. Funds		0	27,325	average per year	0		0	0 +	27,325	per year
Maintenance						92,000	ply	92,000		per year

**NCRA Revenue**

<b>Source</b>	<b>Cash on Hand</b>	<b>Future one time Payment</b>	<b>Annual Payment</b>	<b>Comments</b>
Property Revenue	140,000		180,000	
FEMA Retention		493,010		\$396,798 expected in early 2002, balance upon operation to Willits
Santa Rosa Effluent License		338,400		Agreement nearly complete. Payment in spring of 2002
Crossing Maintenance Fund			122,000	Some needed to cover crossing power costs
Equipment Sales		250,000		Conservative estimate of value of surplus passenger equipment
<b>Total</b>	<b>140,000</b>	<b>1,081,410</b>	<b>302,000</b>	

## Option B Interest

<u>Item</u>	<u>Amount</u>	<u>Deduction</u>	<u>Balance</u>
Herzog	231,716	-89,720	141,996
A&K Railroad	20,184		20,184
Haberstock	26,613		26,613
Mendo Mill	1,171		1,171
Nalley	1,665		1,665
Parnum	25,756		25,756

Total 307,105 -89,720 217,385

remaining annual payments (10) at 21,739

Present Worth at 8% 145,865

increased amount assuming not all will accept PW: **192,000**

Deduction represents the Caltrans audit exceptions.

**Current Property Funds**

<u>Item</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Balance</u>
Balance on Hand			\$140,000
General Accident		\$50,000	\$90,000
Troutman Sanders		\$17,000	\$73,000
Henry Lovio		\$25,000	\$48,000
Ukiah Depot match		\$18,000	\$30,000
Car Hire		\$30,000	\$0
Available for Admin.			\$0

**Annual Property Funds**

<u>Item</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Balance</u>
Annual Receipts			\$180,000
Property Management		\$30,000	\$150,000
Palco Notes		\$34,000	\$116,000
Neary		\$12,200	\$103,800
NWPRA Loan		\$38,000	\$65,800
TXL Capital		\$7,075	\$58,725
RREDC		\$21,400	\$37,325
Remaining Balance			\$37,325

**FEMA Retention**

<u>Item</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Balance</u>
Balance Anticipated			\$493,010
Option B Interest		\$192,000	\$301,010
Car Hire		\$301,010	\$0
Available for Admin.			\$0

**Santa Rosa Effluent License**

<u>Item</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Balance</u>
Balance Anticipated			\$338,400
Neary		\$61,000	\$277,400
Car Hire		\$277,400	\$0
Available for Admin.			\$0

**Annual Crossing Maintenance Funds**

<u>Item</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Balance</u>
Yearly Allotment			\$122,000
Caltrans for 6 Years		\$30,000	\$92,000
Available for Maintenance of Crossing Signals			\$92,000

**Sale of Surplus Passenger Rolling Stock**

<u>Item</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Balance</u>
Anticipated Receipts			\$250,000
RREDC		\$85,600	\$164,400
Meecham		\$124,000	\$40,400
Car Hire		\$40,400	\$0
Potentially Available for Admin.			\$0

**Car Hire**

<u>Item</u>	<u>Amount</u>
UP Balance	\$371,000
Other Car Balance	\$561,000
Total Balance	\$932,000
Estimated Depreciated Value	\$2,400,000
Prior Payments	\$1,300,000
Payment Due	\$1,100,000
Discount for Condition	-\$451,190
Anticipated Settlement	\$648,810
Current Property	-\$30,000
FEMA retention	-\$301,010
SR Effluent	-\$277,400
Equipment Sale	-\$40,400
Balance Remaining	\$0

Q-Fund Principal and Interest -- Projected Revenues by September 30, 2013

DATE	AMOUNT	CONTRIBUTIONS	INTEREST	REVENUES	INTEREST RATE
4/1/2001		0	0	0	7.22
7/1/2001	0	0	0	0	
10/1/2001	6,447,084	0	116,370	6,563,453	
1/1/2002	6,563,453	0	118,470	6,681,924	
4/1/2002	6,681,924	-1,300,000	120,609	5,502,532	
7/1/2002	5,502,532	0	99,321	5,601,853	
10/1/2002	5,601,853	0	101,113	5,702,967	
1/1/2003	5,702,967	0	102,939	5,805,905	
4/1/2003	5,805,905	0	104,797	5,910,702	
7/1/2003	5,910,702	0	106,688	6,017,390	
10/1/2003	6,017,390	0	108,614	6,126,004	
1/1/2004	6,126,004	0	110,574	6,236,578	
4/1/2004	6,236,578	0	112,570	6,349,148	
7/1/2004	6,349,148	0	114,602	6,463,750	
10/1/2004	6,463,750	0	116,671	6,580,421	
1/1/2005	6,580,421	0	118,777	6,699,198	
4/1/2005	6,699,198	0	120,921	6,820,118	
7/1/2005	6,820,118	0	123,103	6,943,221	
10/1/2005	6,943,221	0	125,325	7,068,547	
1/1/2006	7,068,547	0	127,587	7,196,134	
4/1/2006	7,196,134	0	129,890	7,326,024	
7/1/2006	7,326,024	0	132,235	7,458,259	
10/1/2006	7,458,259	0	134,622	7,592,880	
1/1/2007	7,592,880	0	137,051	7,729,932	
4/1/2007	7,729,932	0	139,525	7,869,457	
7/1/2007	7,869,457	0	142,044	8,011,501	
10/1/2007	8,011,501	0	144,608	8,156,108	
1/1/2008	8,156,108	0	147,218	8,303,326	
4/1/2008	8,303,326	0	149,875	8,453,201	
7/1/2008	8,453,201	0	152,580	8,605,782	
10/1/2008	8,605,782	0	155,334	8,761,116	
1/1/2009	8,761,116	0	158,138	8,919,254	
4/1/2009	8,919,254	0	160,993	9,080,247	
7/1/2009	9,080,247	0	163,898	9,244,145	
10/1/2009	9,244,145	0	166,857	9,411,002	
1/1/2010	9,411,002	0	169,869	9,580,870	
4/1/2010	9,580,870	0	172,935	9,753,805	
7/1/2010	9,753,805	0	176,056	9,929,861	
10/1/2010	9,929,861	0	179,234	10,109,095	
1/1/2011	10,109,095	0	182,469	10,291,564	
4/1/2011	10,291,564	0	185,763	10,477,327	
7/1/2011	10,477,327	0	189,116	10,666,443	
10/1/2011	10,666,443	0	192,529	10,858,972	
1/1/2012	10,858,972	0	196,004	11,054,977	
4/1/2012	11,054,977	0	199,542	11,254,519	
7/1/2012	11,254,519	0	203,144	11,457,663	
10/1/2012	11,457,663	0	206,811	11,664,474	
1/1/2013	11,664,474	0	210,544	11,875,018	
4/1/2013	11,875,018	0	214,344	12,089,362	
7/1/2013	12,089,362	0	218,213	12,307,575	
9/30/2013	12,307,575				

## Interest for Q-Fund

Staff of the Local Agency Investment Fund suggests that we use the average of the past annual rate of return on their funds

The following information is found on page 26 of the LAIF "Answer Book"

<u>Fiscal Year</u>	<u>Annual Rate</u>
71/72	4.88
72-73	5.55
73/74	8.97
75/76	8.62
76/77	6.37
77/78	5.87
78/79	6.7
79/80	10.54
80/81	10.78
81/82	12.07
82/83	10.45
83/84	10.408
84/85	10.715
85/86	9.081
86/87	7.435
87/88	7.874
88/89	8.669
89/90	8.655
90/91	8.013
91/92	6.196
92/93	4.707
93/94	4.387
94/95	5.532
95/96	5.706
96/97	5.559
97/98	5.699
98/99	5.344
99/00	5.708
00/01	6.104
<b>Average</b>	<b>7.220</b>

## NCRA Liabilities—Option 1--as of 2/8/02

### Comment #1

Payment to the six creditors that chose to receive entire interest due over eleven years instead of a reduced amount up front. More than \$230,000 of the total is due Herzog who also could be paid from the FEMA/OES retention when it is received. Entire payment is secured by the Williams Communication license payment (\$75,000 per year), which is reflected in the annual property revenue. Proposal is to utilize the first payment from the FEMA retention and a negotiated settlement with Herzog regarding Caltrans audit exceptions to retire it in its entirety instead of over an additional ten years. The present worth of annual payments over time will be part of the negotiations.

### Comment #2

This debt was satisfied by the final payment from TCT Debt Reduction in late 2001.

### Comment #3

Not yet due, and secured by potential future gravel extraction revenue. The gravel revenue derived by Palco has potential to retire the obligation by its due date in 2006, but is not considered in this schedule. This approach satisfies the debt over time and ignores any potential offsetting gravel revenue that is considered unlikely.

### Comment #4

Monthly payments are being made (\$2256.67 P&I) for a payoff in 2006. Interest is 10% and balance is approximately \$100,000. Secured by passenger equipment (not Meecham) that, if sold, would reduce the balance due.

### Comment #5

Secured by passenger equipment of sufficient value to retire debt. NCRA has declared this equipment surplus and attempting to sell it.

### Comment #6

Mr. Neary is patiently waiting for discretionary funds to retire this obligation. It was he that requested TCR Debt Reduction funds not be used. Proposal presented here is to retire it from annual property revenue over five years coupled with a payment of 50% upon receipt of the revenue from the Santa Rosa effluent line project.

### Comment #7

Omitted from the TCR Debt Reduction list in error due to very similar company name and amount to a debt that was reduced to a judgment—General Star Indemnity. Subsequently determined to be a valid and separate obligation.

### **Comment #8**

This amount represents a projection of prior billings from UP. However, it is customary in the industry for carhire to be suspended when a rail line is embargoed as is the Northern portion of the Railroad where the cars are presently trapped. NCRA is exploring with the cooperation of UP a way to fund the purchase of the cars at their depreciated value that would eliminate the carhire claims. It grows at a rate of \$186,000 per year, but it is our understanding that it is capped at the depreciated value of the cars. The proposal presented here is to utilize the funding available along with the condition of the cars to negotiate a settlement with UP for purchase.

### **Comment #9**

This potential debt has never been invoiced past 12/31/99. It too will be the subject of negotiation for potential purchase of cars at adjusted depreciated values. Grows at \$280,000 per year and is also capped at the depreciated value. For calculation purposes both car hire items are combined on the "car hire" page.

### **Comment #10**

Legal services for a negotiated reduction in the car hire paid as part of the TCR Debt Reduction. The original Union Pacific car hire obligation was much higher and NCRA was able to reduce the amount with the assistance of the legal services provided by this firm. They are located in Washington, DC and specialize in railroad and interstate commerce litigation.

### **Comment #11**

This is a workers comp claim from the time when NCRA was running the trains. Arose in June 2001 when lawsuit filed. The amount due represents the insurance deductible and will be reduced by approximately \$1100 for medical expenses and wages paid by NCRA prior to the filing of the suit. Trial is expected in the next 30 days. NCRA liability is limited to insurance deductible of \$25,000.

### **Comment #12**

Counsel has determined that this issue has been resolved and no claim will be forthcoming.

### **Comment #13**

Repairs to the Haystack Landing Bridge in Petaluma. Annual payment with interest will be made through 2006. Secured by Ukiah depot property. Establishment of the Sonoma/Marin Transit Authority to replace both NWPRA and SMART may provide an opportunity for it to be forgiven.

#### **Comment #14**

For preparation of bid documents for the Windsor to Willits re-opening project. Boyle agreed to provide the services without payment. No agreement was entered covering this work and it is not considered a valid obligation.

#### **Comment #15**

\$166,000 will be re-paid. \$500,000 is expected to be no longer considered an audit exception upon completion of a technical review by NCRA and Caltrans District 1. Payment annually over five years from the funds received from Crossing Protection Maintenance Program.

#### **Comment #16**

NCRA has rejected the claim and provided notice to the Claimant. A creditors committee has been formed in the Rail-Ways bankruptcy proceeding. The Committee has represented to the court that the Rail-Ways claim appeared to the Committee to lack merit. The NCRA holds a release executed by Rail-Ways. Caltrans legal staff has reviewed this issue and determined that TCRP funds provided to NCRA are not at risk for capture by the bankruptcy proceedings.

#### **Comment #17**

NCRA has rejected the claim and provided notice to the Claimant. NCRA Legal Counsel has advised that this is not a valid claim. NCRA had no contractual relationship with Mass Electric, as they were a sub-contractor to Rail-Ways, who disputes the amount due Mass Electric. In addition, Mass Electric did not comply with the public agency claims procedure specified by state law.

#### **Comment #18**

NCRA has rejected the claim and provided notice to the Claimant. NCRA Legal Counsel has advised that this is not a valid claim. Identical claims were filed by three separate entities, Rail-Ways, Norcare, and NWP, in an apparent attempt to avoid an argument over which of the three companies, all controlled by the same individual, is the proper claimant. NCRA holds a valid release from Rail-Ways that extends to all of the claims.

#### **Comment # 19**

Local match required for a Caltrans grant to restore the Ukiah Depot building. When complete NCRA intends to provide office space for its engineering consultant, thus reducing the cost of the consultant contract. This expenditure of \$18,000 will generate a savings of approximately \$48,000 over the four-year life of the consultant contract.

#### **Comment #20**

Counsel has filed the required paperwork for having this loan forgiven due to NCRA's financial status over the past three years. Federal regulations provide for this process and NCRA is waiting for its completion.

### **Comment #21**

To be satisfied with annual payments through 2010. Interest rate is 7%. Secured by Ukiah Depot property.

### **Comment #22**

Funds on deposit in the State Local Agency Investment Fund are projected to be sufficient to retire this obligation on its due date in 2013. A payment from that account will be made in 2002 to satisfy an audit exception in the amount of \$1.3 M. That payment appears to have little or no impact on the repayment schedule which projects generation of the funding required by 2011. The Local Agency Investment Fund was contacted and their recommended calculation of the appropriate rate of return out to year 2013 is used to project the growth of the money.

### **Current Property**

The balance currently on hand in NCRA's Property Revenue account

### **Annual Property**

The funds received annually from leases, encroachment permits, and other use of NCRA's property.

### **FEMA Retention**

The 10% withheld by OES from reimbursement for the South End Improved Project for Disaster 1203—February 1998.

### **SR Effluent**

A one time payment from the City of Santa Rosa for a license to place the City's "Geysers" effluent line in a portion of NCRA property.

### **Crossing Maint.**

The annual amount provided by CPUC for reimbursement of the cost of maintenance of crossing protection signals.

### **Equip. Sale**

Revenue derived from the sale of surplus passenger rolling stock

### **Q-Fund Trust**

See comment #22 above.

**NCRA Liabilities--Maximum Admin.**

**Option 2 Repayment Schedule**

Item	Undisputed Debt/Pmt.	Option 2 Repayment Schedule												Comment	
		2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13		2013-14
Option B Interest	307,000	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	0	0	0	#1
FCM Judgment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#2
Palco Notes	170,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	0	0	0	#3
RREDC	107,000	18,190	18,190	18,190	18,190	18,190	18,190	18,190	18,190	18,190	18,190	0	0	0	#4
Meecham Loan	124,000	0	124,000	0	0	0	0	0	0	0	0	0	0	0	#5
Neary	122,000	12,200	12,200	12,200	12,200	12,200	12,200	12,200	12,200	12,200	12,200	0	0	0	#6
General Accident	50,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0	0	0	#7
UP Car Hire	300,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	0	0	0	#8
Other car hire	500,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	0	0	0	#9
Troutman Sanders	17,000	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	0	0	0	#10
Henry Lovio	25,000	25,000	0	0	0	0	0	0	0	0	0	0	0	0	#11
DeNieves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#12
NWPRA Loan	190,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	0	0	0	#13
Boyle Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#14
Caltrans Audit Exceptions	166,000	16,600	16,600	16,600	16,600	16,600	16,600	16,600	16,600	16,600	16,600	0	0	0	#15
Rail-Ways Bankruptcy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#16
Mass Electric Claim	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#17
Rail-Ways/NWPY/Norcare	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#18
Match for Ukiah Depot grant	18,000	18,000	0	0	0	0	0	0	0	0	0	0	0	0	#19
Community Disaster Loan	800,000	0	0	0	0	0	0	0	0	0	0	0	0	0	#20
TXL Capital	63,675	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	0	0	0	#21
Annual Property Management	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Annual Crossing Maintenance	92,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000	122,000	122,000	122,000	
<b>Sub-total</b>	<b>3,081,675</b>	<b>374,465</b>	<b>455,465</b>	<b>331,465</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>								
<b>Total Available</b>		<b>875,198</b>	<b>1,073,945</b>	<b>872,654</b>	<b>791,498</b>	<b>706,285</b>	<b>601,820</b>	<b>497,355</b>	<b>392,890</b>	<b>363,425</b>	<b>333,960</b>	<b>304,495</b>	<b>314,495</b>	<b>324,495</b>	
<b>Admin.</b>		<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	
<b>Balance</b>		<b>425,733</b>	<b>543,480</b>	<b>466,189</b>	<b>385,033</b>	<b>299,820</b>	<b>195,355</b>	<b>90,890</b>	<b>61,425</b>	<b>31,960</b>	<b>2,495</b>	<b>12,495</b>	<b>22,495</b>	<b>32,495</b>	

<b>Q-Fund</b>	<b>12,000,000</b>	<b>1,300,000</b>	<b>0</b>	<b>10,700,000</b>	<b>#22</b>										
---------------	-------------------	------------------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	-------------------	------------

Assumed interest earned 5%

Assumes all current debt (except Q-fund) is retired by FY 2010-11 and that revenue from freight and excursion passenger service are sufficient to fully fund admin by FY 2008-09

Beginning total available is the sum of the current property balance (140,000) plus Santa Rosa effluent line payment (338,400) plus the FEMA retention due in 2002 (396,798)—a total of 875,198.

2002-03 total available is the balance from 2001-02 (425,733) plus equipment sale (250,000) plus remaining FEMA retention (96,212) plus annual property (180,000) and annual crossing maintenance (122,000)—a total of 1,073,945

Subsequent total available amounts reflect prior year balance, interest earned on balance, annual property and annual crossing maintenance funds

**NCRA Revenue--Maximum Admin.--Option 2**

<b>Source</b>	<b>2001-02</b>	<b>2002-03</b>	<b>Annual Payment</b>	<b>Comments</b>
Property Revenue	140,000		180,000	
FEMA Retention	396,798	96,212		\$396,798 expected in early 2002, balance upon operation to Willits
Santa Rosa Effluent License	338,400			Agreement nearly complete. Payment in spring of 2002
Crossing Maintenance Fund			122,000	Some needed to cover crossing power costs
Equipment Sales		250,000		Conservative estimate of value of surplus passenger equipment
<b>Total</b>	<b>875,198</b>	<b>346,212</b>	<b>302,000</b>	

Annual payout over 10 years            87,520                            30,200  
 Annual payout over 9 years                            38,468

## NCRA Liabilities—Maximum Admin—Option 2--as of 2/8/02

### Comment #1

Payment to the six creditors that chose to receive entire interest due over eleven years instead of a reduced amount up front. This approach is consistent with the releases signed by the creditors that chose Option B

### Comment #2

This debt was satisfied by the final payment from TCT Debt Reduction in late 2001.

### Comment #3

Not yet due and secured by potential future gravel extraction revenue. The gravel revenue derived by Palco has potential to retire the obligation by its due date in 2006, but is not considered in this schedule. This approach satisfies the debt over time and ignores any potential offsetting gravel revenue that is considered unlikely.

### Comment #4

Monthly payments are being made (\$2256.67 P&I) for a payoff in 2006. Interest is 10% and balance is approximately \$100,000. Extends payment out 10 years instead of payoff in 2006.

### Comment #5

Secured by passenger equipment of sufficient value to retire debt. NCRA has declared this equipment surplus and attempting to sell it. Assumes payoff upon sale of equipment.

### Comment #6

Mr. Neary is patiently waiting for discretionary funds to retire this obligation. It was he that requested TCR Debt Reduction funds not be used. Proposal presented here is to retire it with annual payments over ten years.

### Comment #7

Omitted from the TCR Debt Reduction list in error due to very similar company name and amount to a debt that was reduced to a judgment—General Star Indemnity. Subsequently determined to be a valid and separate obligation.

### Comment #8

This amount represents a projection of prior billings from UP. However, it is customary in the industry for carhire to be suspended when a rail line is embargoed as is the Northern portion of the Railroad where the cars are presently trapped. NCRA is exploring with the cooperation of UP a way to fund the purchase of the cars at their depreciated

value that would eliminate the carhire claims. It grows at a rate of \$186,000 per year, but it is our understanding that it is capped at the depreciated value of the cars. The proposal presented here is to utilize the funding available along with the condition of the cars to negotiate a settlement with UP for purchase with payment over ten years. Actual amount is assumed to be more than could be negotiated for payment as a lump sum.

**Comment #9**

This potential debt has never been invoiced past 12/31/99. It too will be the subject of negotiation for potential purchase of cars at adjusted depreciated values. Grows at \$280,000 per year and is also capped at the depreciated value. For calculation purposes both car hire items are combined on the "car hire" page. Provides for payment of a negotiated settlement over ten years.

**Comment #10**

Legal services for a negotiated reduction in the car hire paid as part of the TCR Debt Reduction.

**Comment #11**

This is a workers comp claim from the time when NCRA was running the trains. Arose in June 2001 when lawsuit filed. The amount due represents the insurance deductible and will be reduced by approximately \$1100 for medical expenses and wages paid by NCRA prior to the filing of the suit. Trial is expected in the next 30 days. NCRA liability is limited to insurance deductible of \$25,000.

**Comment #12**

Counsel has determined that this issue has been resolved and no claim will be forthcoming.

**Comment #13**

Repairs to the Haystack Landing Bridge in Petaluma. Extends annual payment with interest to ten years instead of through 2006. Secured by Ukiah depot property. Establishment of the Sonoma/Marin Rail Transit Authority to replace both NWPRA and SMART may provide an opportunity for it to be forgiven.

**Comment #14**

For preparation of bid documents for the Windsor to Willits re-opening project. Boyle agreed to provide the services without payment. No agreement was entered covering this work and it is not considered a valid obligation.

**Comment #15**

Payment annually over ten years.

### **Comment #16**

NCRA has rejected the claim and provided notice to the Claimant. A creditors committee has been formed in the Rail-Ways bankruptcy proceeding. The Committee has represented to the court that the Rail-Ways claim appeared to the Committee to lack merit. The NCRA holds a release executed by Rail-Ways. Caltrans legal staff has reviewed this issue and determined that funds provided to NCRA are not at risk for capture by the bankruptcy proceedings.

### **Comment #17**

NCRA has rejected the claim and provided notice to the Claimant. NCRA Legal Counsel has advised that this is not a valid claim

### **Comment #18**

NCRA has rejected the claim and provided notice to the Claimant. NCRA Legal Counsel has advised that this is not a valid claim

### **Comment # 19**

Local match required for a Caltrans grant to restore the Ukiah Depot building. When complete NCRA intends to provide office space for its engineering consultant, thus reducing the cost of the consultant contract. This expenditure of \$18,000 will generate a savings of approximately \$48,000 over the four-year life of the consultant contract.

### **Comment #20**

Counsel has filed the required paperwork for having this loan forgiven due to NCRA's financial status over the past three years. Federal regulations provide for this process and NCRA is waiting for its completion.

### **Comment #21**

To be satisfied with annual payments through 2010. Interest rate is 7%. Secured by Ukiah Depot property.

### **Comment #22**

Funds on deposit in the State Local Agency Investment Fund are projected to be sufficient to retire this obligation on its due date in 2013. A payment from that account will be made in 2002 to satisfy an audit exception in the amount of \$1.3 M. That payment appears to have little or no impact on the repayment schedule which projects generation of the funding required by 2011. The Local Agency Investment Fund was contacted and their recommended calculation of the appropriate rate of return out to year 2013 is used to project the growth of the money.

### **Current Property**

The balance currently on hand in NCRA's Property Revenue account

**Annual Property**

The funds received annually from leases, encroachment permits, and other use of NCRA's property.

**FEMA Retention**

The 10% withheld by OES from reimbursement for the South End Improved Project for Disaster 1203—February 1998.

**SR Effluent**

A one time payment from the City of Santa Rosa for a license to place the City's "Geysers" effluent line in a portion of NCRA property.

**Crossing Maint.**

The annual amount provided by CPUC for reimbursement of the cost of maintenance of crossing protection signals.

**Equip. Sale**

Revenue derived from the sale of surplus passenger rolling stock

**Q-Fund Trust**

See comment #22 above.