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Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 28-29, 2017

Reference No.: 4.25 – ***REPLACEMENT ITEM***
Information Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Matthew Brady
District 1 - Director

Subject: **NORTH COAST RAILROAD AUTHORITY UPDATE**

SUMMARY:

A verbal update will be provided by the California Department of Transportation (Department) regarding our current involvement with the North Coast Railroad Authority (NCRA) at the June 2017 California Transportation Commission (Commission) meeting.

BACKGROUND:

NCRA was created by State law in 1989 to maintain and expand rail service to the North Coast area of the State. There have been a series of loans and grants of federal and State funds provided to NCRA to purchase right of way, rolling stock and other equipment, and make improvements and repairs to related facilities. There have been numerous programming actions by the Commission since the inception of NCRA.

Between 1991 and 2008, the Commission allocated Proposition 116, Transportation Planning & Development fund (Transit Capital Improvement Program), and the Traffic Congestion Relief Program (TCRP) funding. The last reimbursement request by and authorized payment to NCRA by the Department was processed in January 2012.

While the Department does not currently have an ongoing oversight role with NCRA, we are concerned that NCRA may have collateralized some of their assets that were purchased with State funds. We are examining our authority to recover any State contributions where this may have occurred. Also, the audit of NCRA's Financial Statements Ending June 30, 2016, performed by Pimenti and Brinker, LLP, raises "substantial doubt about NCRA's ability to continue as a going concern."

The Department anticipates that Mitch Stogner, Executive Director of the North Coast Railroad Authority, will be present to answer questions from the Commission.