MEMORANDUM

To: CHAIR AND COMMISSIONERS CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: March 24-25, 2021

From: STEVEN KECK, Chief Financial Officer

Reference Number: 4.36, Action Item

Prepared By: Kyle Gradinger, Chief Division of Rail and Mass Transportation

Subject: NORTH COAST RAILROAD AUTHORITY, LEASE AGREEMENT WITH CITY OF EUREKA FOR THE ELK RIVER ESTUARY TIDAL ENHANCEMENT AND WATERFRONT TRAIL EXTENSION PROJECT RESOLUTION G-21-37

ISSUE:

Should the California Transportation Commission (Commission) approve North Coast Railroad Authority's (NCRA) plan to execute a long-term lease agreement with the City of Eureka for the Elk River Estuary Tidal Enhancement and Waterfront Trail Extension Project?

RECOMMENDATION:

The California Department of Transportation (Department) recommends the Commission adopt Resolution G-21-37 approving the long-term lease agreement with the City of Eureka for the Elk River Estuary Tidal Enhancement and Waterfront Trail Extension project which will locate a multi-use path in NCRA's right-of-way south of the City of Eureka.

BACKGROUND:

In September 2018, Governor Brown signed Senate Bill (SB) 1029 (Chapter 934, Statutes of 2018), known as the North Coast Railroad Authority Closure and Transition to Trails Act, to dissolve the NCRA and transfer the rights-of-way and other properties to a successor agency that would create a Great Redwood Trail for hiking, biking, and riding. Pursuant to SB 1029, a task force consisting of representatives from California State Transportation Agency, the Department, Natural Resources Agency, Department of Finance, and Department of General Services conducted an assessment of NCRA's assets and liabilities as well as the viability of constructing a trail in the railroad right-of-way. The final legislative report was released to the public in November 2020 and presented to the Commission in December 2020. Among other provisions, SB 1029 revised Government Code Section 93020 to require the Commission to

approve without exception, any sale, easement, or lease entered into by NCRA after August 1, 2018.

In December 2020, the Commission authorized NCRA, under Resolution G-20-81, to pursue railbanking on the northern section of the line. At the NCRA Board Meeting on February 18, 2021, the Board voted unanimously to file applicable railbanking documents with the Surface Transportation Board and officially begin the railbanking process from MP 139.5 near Willits to MP 284.1 near the City of Eureka, including three branch lines in Humboldt County.

NCRA is preparing to dissolve by June 30, 2021 after transferring all assets to a newly created Great Redwood Trail Agency. The City of Eureka Elk River Estuary Tidal Enhancement and Waterfront Trail Extension project and the concurrent Humboldt Bay Trail South project (Reference No. 4.35) are both part of the Great Redwood Trail, California Coastal Trail, and Humboldt Bay Trail. They are also the first trail projects on NCRA's right-of-way to propose removal of rails and ties.

LOCATION:

The Elk River Estuary Tidal Enhancement and Waterfront Trail Extension project is located in Humboldt County (Attachment 1) and is defined as that specific section of the NCRA rail corridor, beginning in the southwest at or near Mile Post (MP) 279.55 at Tooby Road in Eureka and terminating in the northwest at or near MP 280.55 at Pound Road in Eureka, connecting to the existing Hikshari' Trail segment of the Eureka Waterfront Trail (Attachment 2). The project site is bound by U.S. Highway 101 and Tooby Road on the east and the North Coast Railroad Authority (NCRA) and Humboldt Bay on the west. The City of Eureka's existing Waterfront Trail, wastewater treatment facility, and private properties border the project on the north. The southern project boundary is bordered by private property (Attachment 3).

PROJECT DESCRIPTION:

The project will extend the existing Eureka Waterfront Trail from the Hikshari' segment south to an area west of the residential Humboldt Hill community. The project will also restore and enhance estuary and inter-tidal wetland habitats on approximately 114 acres adjacent to Elk River, create approximately 2.8 miles of navigable channels connected to Elk River Slough, and enhance public access to Elk River and Humboldt Bay. It also includes the construction of a non-motorized boat access point, and a trail head parking area off of Tooby Road. (Attachment 4)

The project proposes to enter into a 25-year lease with NCRA for the entire 1-mile trail which lies within the railroad right-of-way. (Attachment 5) Project design includes the use of the railroad prism for the length of the trail including an existing railroad bridge over the Elk River Slough. Use of the railroad prism minimizes the project's impact on surrounding tidal estuary, allows for the restoration of existing wetlands, and reduces conflict with other coastal zone regulations.

Project Design for Area 1: North of Elk River, approximately 25 acres

Original designs specified the trail atop a tidal ridge, parallel to the railroad prism on the east. Proposed changes to the original design eliminate the tidal ridge, removes the rail and ties, and places the trail on top of the railroad prism. The 1,000 linear foot railroad would be converted to an 8-foot trail with two 2-foot shoulders. The new design would result in over 0.5 acre increase of coastal wetlands, protection of rare plant communities, and use of existing topographic features. (Attachments 6 and 4)

Project Design for Area 2: South of Elk River, approximately 89 acres

Like Area 1, the original design specified the trail atop a tidal ridge that paralleled the railroad prism. Proposed changes to the original design eliminate the northernmost 600 linear feet of tidal ridge in Area 2, removes the rail and ties, and places the trail on top of the railroad prism. The 610 linear foot railroad, south of Elk River bridge, would be converted to an 8-foot trail with two 2-foot shoulders. The new design would result in 0.5 acre increase of coastal wetlands, protection of rare plant communities, and use of existing topographic features.

Continuing south, a tidal ridge would connect to the rail prism approximately 610 feet south of the bridge. The tidal ridge would parallel the railroad (set to the east approximately 30 - 50 feet) for approximately 3,500 linear feet. (Attachments 6 and 4)

Project Design for the Elk River Railroad Bridge: Connecting Areas 1 and 2

The project proposes to convert the 210 linear foot railroad bridge to an 8' trail with two 2' shoulders. Current design includes the removal of rails and ties, installation of a concrete surface over the bridge and new pedestrian guard rails. (Attachments 6 and 4)

CONNECTIVITY:

The City of Eureka's project is being developed concurrent with the Humboldt County Bay Trail South project (Reference No. 4.35). Together, the projects will complete the Humboldt Bay Trail and result in a continuous, non-motorized trail from central Arcata to the southern end of Eureka, for a total length of nearly 14 miles. (Attachment 7)

The Humboldt Bay Trail is a network of multi-use trails providing non-motorized access for transportation and recreational use throughout the Humboldt Bay region and is a collaborative effort between the County of Humboldt, Humboldt County Association of Governments (HCAOG), City of Arcata, City of Eureka, the Department, California State Coastal Conservancy, NCRA, Humboldt Trails Council, Redwood Community Action Agency (RCAA), Timber Heritage Association (THA), and other partners.

HUMBOLT HILL PEDESTRIAN ACCESS:

City of Eureka's project also provides a critical access point for pedestrian and bike traffic approaching the City of Eureka from the south, specifically from the isolated residential area of Humboldt Hill. There are no sidewalks, access trails, or other non-motorized facilities available between Humboldt Hill and Eureka City limits. As a result, bikes and pedestrians utilize the narrow shoulder on US Highway 101, increasing conflicts between vehicles and non-motorized traffic and resulting in fatalities on US Highway 101 between Humboldt Hill and Eureka proper. With the installation of the City's Elk River Estuary Tidal Enhancement and Waterfront Trail Extension project, bike and pedestrian traffic will have an alternative off-highway route between the residential area and the existing Hikshari' trail, at the southern end of the larger Eureka Waterfront Trail and Humboldt Bay Trail.

FUTURE RAILROAD USE:

Current project design would be consistent with railbanking requirements to preserve the corridor for future railroad use. The project design proposes to remove rail and ties but would maintain the existing railroad prism and future railroad access would be possible. However, interim uses generally compatible with trails, such as speeder trains or rail bikes proposed in northern section of the Humboldt Bay Trail, would not be possible.

PROJECT TIMELINE:

The project construction budget is estimated at six million dollars. Construction is planned to begin during the dry-season 2021 and 2022. Additional adaptive, management, and monitoring of the project area will continue for an additional five years thru 2027.

RESOLUTION:

Be it Resolved, that Resolution G-21-37 is hereby approved to authorize NCRA to enter into a 25-year lease agreement with the City of Eureka for its Elk River Estuary Tidal Enhancement and Waterfront Trail Extension project.

Attachments:

- 1. Project Location Map
- 2. Elk River Vicinity Map
- 3. Conceptual Trail Alignment Map
- 4. Eureka Elk River Site Plan
- 5. NCRA-Eureka Lease Agreement
- 6. Project Areas
- 7. Humboldt Bay Trail Project Connectivity Map





PROJECT VICINITY MAP

PROPOSED TRAIL

PROJECT AREA



HUMBOLDT BAY

FILL (E) DRAINAGE DITCHES (TYP)

(N) TIDAL RIDGE WITH CLASS 1 TRAIL

(N) PUBLIC ACCESS TRAILHEAD WITH SIGNAGE



LEASE AGREEMENT

THIS LEASE AGREEMENT ("Agreement") is made as of this _____day of _____, 2021, by and between the North Coast Railroad Authority, a public agency formed pursuant to Government Code Section 93000 et seq. ("NCRA") and the City of Eureka, a municipal public entity ("City").

RECITALS

- A. NCRA is the property owner or easement holder of the Northwestern Pacific Railroad railway rightof-way corridor ("Rail Corridor") located in City of Eureka.
- B. In August 2009, NCRA adopted an amended Policy and Procedures Manual for the design, construction, safety, operations, and maintenance of shared use public trails located within the Rail Corridor ("Rails-with-Trails").
- C. In December 2012, NCRA adopted Resolution 2012-13 which states that NCRA will consider clearly defined and strictly limited exceptions to its current trail policy to enable development of a trail in the Humboldt Bay corridor without compromising the prospects of rail service restoration.
- D. In September 2018, Governor Brown signed Senate Bill No. 1029, known as the North Coast Railroad Authority Closure and Transition to Trails Act, to dissolve NCRA and transfer the rightsof-way and other properties to a successor agency that would create a Great Redwood Trail for hiking, biking, and riding.
- E. The City seeks to develop a Class 1 Waterfront Trail along the Humboldt Bay shoreline between Pound Road and Tooby Road consistent with Senate Bill No. 1029. The City's Elk River Estuary Tidal Enhancement Project would provide a new approximately one-mile extension of the existing Eureka Waterfront Trail located within the City of Eureka. NCRA previously issued license agreements to the City of Eureka for the northern segments of the Eureka Waterfront Trail.
- F. NCRA desires to issue a lease to the City to use the Rail Corridor for the Elk River Estuary Tidal Enhancement Project, and the City desires to accept such lease, on the terms and conditions set forth in this Lease Agreement.
- G. The parties hereto acknowledge that pursuant to Senate Bill No. 1029, NCRA may be dissolved during the term of this Agreement. It is the intent of the parties that should such dissolution occur, the rights and obligations of NCRA hereunder may be assigned to a successor in interest.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements recited herein and made a material part hereof, the NCRA and City agree as follows:

- 1. Definitions.
 - (a) "Commencement Date" is defined in Section 4.
 - (b) "Construction Plans" is defined in Section 7.
 - (c) "Rail Corridor" is defined in Recital A.
 - (d) "Rails-with-Trails" is defined in Recital B.
 - (e) "Rails with Trails Policy and Procedures Manual" is that specific document adopted by the NCRA on May 13, 2009, amended August 12, 2009, and includes all future amendments thereto.

- (f) "Lease Property" is defined in Section 2.
- 2. <u>Description of Lease Property.</u> The property subject to this Agreement (the "Lease Property") is defined as that specific section of the Rail Corridor, beginning in the southwest at or near Mile Post (MP) 279.55 at Tooby Road in Eureka and terminating in the northwest at or near MP 280.55 at Pound Road in Eureka, connecting to the existing Hikshari segment of the Eureka Waterfront Trail, specifically excluding therefrom any and all City property, City roads and other City rights-of-way. The location of the Lease Property is depicted in Exhibit A hereto and incorporated herein by this reference.
- 3. <u>Use</u>. NCRA hereby grants to the City a non-exclusive lease to access and use the Lease Property to construct, install, maintain, reconstruct, remove, repair and manage a multi-modal public path, for shared use by, including but not limited to, bicyclists, pedestrians, wheelchairs, joggers, and other non-motorized uses in accordance with applicable standards. Motorized vehicles shall be permitted access and use as needed by the City, its agents and contractors, for construction and maintenance purposes, and by emergency response personnel. City's use under this Agreement shall be subject and subordinate to any agreements entered into by NCRA, and its successors or assigns, for the purposes of preserving the Rail Corridor; provided that any such agreements shall not unreasonably interfere with the City's rights under this Lease and the rights of the public to use the trail established hereunder. NCRA agrees to consult with City regarding any proposed new agreements involving the Lease Property to determine whether the proposed use would unreasonably interfere with the City's rights under this Lease.
- 4. <u>Term</u>. The term of this Agreement shall be twenty-five (25) years (the "Term") commencing on ______ (the "Commencement Date"), and, unless sooner terminated or extended as herein provided, shall terminate on ______. During the Term and any extensions of the Term, the lease granted hereunder shall be irrevocable except as expressly provided in Section 13, below.
 - (a) <u>Extension of term</u>. Upon the election of both parties, evidenced by written notice provided by each party hereto of its election to extend no later than ninety (90) days prior to the completion of the existing term, this Agreement may be extended upon the same terms as set forth herein for additional five-year terms. The election by only one party to this Agreement to extend its term shall be of no force or effect.
- <u>Conditions Precedent</u>. This Agreement shall be null and void in the event (1) the City fails to obtain funding and all regulatory permits required for trail construction, or (2) the California Transportation Commission does not approve this Agreement pursuant to California Government Code section 93020. Each party shall cooperate with the other to satisfy these conditions.
- 6. <u>Lease Fee</u>. In lieu of either a one-time or annual lease fee payment, the City shall provide maintenance to completed trail segments located in the Lease Property as follows: a) maintain drainage structures; and, b) provide all vegetation management, including tree trimming and removal. Said maintenance shall be performed to standards as determined by the City in its reasonable discretion, however in no event may the City use a lesser standard than that typically used in its maintenance of the City's other similar public trails and paths. The City, at its sole discretion and expense, may perform such additional maintenance as it deems appropriate within the Lease Property.
- 7. Trail Construction.
 - (a) *Trail Construction, Timing*. The City may construct trail improvements in the Lease Property in segments as funding allows. Individual trail segments shall not be open for public use until completion of the trail improvement in said segment. Where required by

permitting or other regulatory authorities, NCRA, and its successors and assigns, reasonably agree to execute and deliver applications for permits, licenses or other authorizations relating to the Rail Corridor. Trail segments shall be constructed in accordance with approved Construction Plans, and all applicable laws, rules, regulations and permits. In order to preserve the corridor for future rail use, the City shall conform to California Public Utilities Commission General Order 26-D regarding vertical and horizontal clearances wherever practicable. (E.g. Posts, pipes, warning signs and similar obstructions should, where practicable, have a side clearance of at least ten (10) feet from the center line of the location of the former pair of railroad tracks.). The City shall provide 15 days advance written notice to NCRA or its successors and assigns prior to beginning construction on any trail segment. The City shall provide 15 days advance written notice to the NCRA or its successors and assigns prior to opening any trail segment for public use

- (b) Construction Plan Approval. The City shall submit detailed construction ready plans and specifications ("Construction Plans") to the NCRA or its successors and assigns for review and approval prior to constructing any trail segment. Within one hundred twenty (120) days of receipt, the NCRA, or its successors and assigns, shall provide comments and input on the Construction Plans to the City.
- (c) *Construction Plan Contents*. Construction Plans shall include, but not be limited to, specifications for temporary construction fencing, permanent landscaping, fencing or other trail demarcation and setbacks, and signage.
- (d) *As-Built Plans*. Upon completion of construction and acceptance of any segment, the City shall provide copies of As-Built Plans to NCRA or its successors and assigns.
- 8. Ongoing Maintenance.
 - (a) The City shall, during the Term, at its own cost and expense and without any cost or expense to NCRA or its successors and assigns:
 - i. Keep and maintain all trail improvements (subject to City's right to remove) in good and neat order and repair and shall allow no nuisances to exist or be maintained therein. NCRA and its successors and assigns shall not be obligated to make any trail repairs of any kind; and
 - ii. Comply with and abide by all applicable federal, state, and local laws and regulations affecting the Lease Property.
- 9. <u>Insurance</u>. The City shall maintain general liability coverage in the amount of no less than \$2,000,000 per occurrence and aggregate. Insurance shall be placed with a carrier having a current A.M. Best rating of at least A:VII or with the Redwood Empire Municipal Insurance Fund ("REMIF"). Evidence of coverage shall be provided to NCRA or its successors and assigns annually. The policy shall include NCRA, its successors and assigns as additional named insureds with respect to the trail.
- 10. <u>Indemnification</u>. To the maximum extent allowed by law, the City agrees to indemnify, defend and hold harmless NCRA, including its officers, employees, agents contractors, successors and assigns, from and against all loss, liability (including liability with respect to death, injury and personal and property damage), claims, demands, suits, liens, claims of lien, damages, costs and expenses, arising out of or connected in any manner with the use or misuse of the Lease Property by the City, members of the public, or any act or omission by the City therewith. Such indemnity shall not apply

to the extent such loss, liability (including liability with respect to death, injury and personal and property damage), claims, demands, suits, liens, claims of lien, damages, costs and expenses are solely caused by NCRA's or any of its official's, employee's, consultant's, agent's, contractor's or successors' and assigns' active negligence or intentional conduct. This provision shall survive any termination of the Lease for actions or inactions that may arise during the time this Lease is in effect.

- 11. <u>Abandonment</u>. In the event of action by the City Board of Supervisors for the City to abandon the use of the Lease Property, or any part thereof, this Agreement shall terminate to the extent of the portion so abandoned or discontinued.
- 12. <u>Surrender</u>. Upon termination of this Agreement, including but not limited to a termination resulting from expiration of the lease term, breach, or abandonment of all or a portion of the trail improvements, NCRA, or its successors and assigns, may direct the City to remove, at its own cost and expense, any and all trail improvements. Upon removal of any trail improvements, the City shall, upon direction from NCRA, or its successors and assigns, (i) reasonably restore the affected portion of the Lease Property to a state or condition as it existed prior to the construction of trail improvements, or (ii) leave all or a portion of the trail improvements in place. Notwithstanding the foregoing, the City shall have no obligation to reasonably restore the affected portion of the Lease Property to a state or condition as it existed prior to the construction of the Lease Property to a state or condition to reasonably restore the affected portion of the Lease Property to a state or condition to reasonably restore the affected portion of the Lease Property to a state or condition to reasonably restore the affected portion of the Lease Property to a state or condition as it existed prior to the construction of trail improvements in the event NCRA terminate the Agreement pursuant to Section 13(b), below.
- 13. <u>Termination</u>. This Agreement shall terminate upon the expiration of the term thereof, pursuant to Section 4, or upon either of the following events:
 - (a) <u>Breach</u>. In the event the City breaches, or fails to keep, observe or perform any covenant, term or condition of this Agreement, in addition to all other rights and remedies of NCRA and its successors and assigns provided hereunder or by law, after written notice or demand, and the City's failure to cure the breach within thirty (30) days of notice or commence to cure the breach within thirty (30) days for any breach that cannot be reasonably cured within thirty (30) days, NCRA or its successors and assigns may terminate this Agreement and thereafter recover possession of the Lease Property by lawful means.
 - (b) <u>Rail Operations</u>. In the event that the Lease Property is determined by NCRA, or its successors and assigns, to be needed for rail operations, it may terminate this Agreement by providing written notice to the City of termination on the basis of the need for the Lease Property for rail purposes. Such termination notice shall include the date upon which the Leased Property will be needed by NCRA or its successors or assigns for rail uses, or to perform work in preparation for such rail uses, and the date upon which such termination shall be effective, which shall not be less than ninety (90) days after written notice is given to City. For purposes of this provision, "rail operations" means the construction of rail facilities or actual use of the Lease Property by NCRA, or its successors and assigns, for the passage of railroad cars through the Lease Property.
- 14. <u>Waiver</u>. No waiver of any default under this Agreement shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege, or option under this Agreement shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege, or option hereunder.
- 15. <u>Notices</u>. Except as otherwise provided hereunder; any notice or communication to NCRA, its successors and assigns, or the City shall be in writing and be mailed by postage prepaid. Notices or

communications shall be addressed to the parties at the following addresses, which may be changed at any time by notice to the other party:

| To NCRA: | To City: |
|--------------------------------|------------------|
| Executive Director | City Manager |
| North Coast Railroad Authority | City of Eureka |
| 419 Talmage Road, Ste M | 531 K Street |
| Ukiah, CA 95482 | Eureka, CA 95501 |

Any notice mailed in the manner above set forth shall be deemed to have been received unless returned to the sender by the post office. Notice may be sent by email when simultaneously provided using one of the methods set forth above.

- 16. <u>Severability</u>. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Lease, but this Lease shall be construed as if such invalid, illegal, or unenforceable provisions had not been contained herein.
- 17. <u>Time of the Essence</u>. Time is of the essence of each and all of the agreements, covenants, and conditions of this Lease.
- 18. <u>Consents</u>. Whenever in this Lease the consent or approval of either NCRA, or its successors and assigns, or City is required or permitted, the party requested to give such consent or approval will act promptly and will not unreasonably withhold its consent or approval.
- 19. <u>Attorney's Fees</u>. In the event of any action or proceeding at law or in equity between NCRA, or its successors and assigns, and City to enforce any provision of this Lease or to protect or establish any right or remedy of either party hereunder, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses, including reasonable attorney's fees, incurred therein by such prevailing party, and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorney's fees shall be included in and as a part of such judgment.
- 20. <u>Integration</u>. This instrument constitutes the entire agreement between NCRA and City with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral or written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by NCRA, or its successors and assigns, and City.
- 21. <u>Amendments</u>. This Lease may be modified only in writing and only if signed by the parties at the time of the modification.
- 22. <u>Assignment and Subletting</u>. City may assign this Agreement, or any interest herein, at any time provided that, (i) NCRA has consented to the assignment, (ii) the assignment shall be in writing, duly executed and acknowledged by City and the assignee, in form satisfactory to NCRA, or its successors and assigns, providing that the assignee assumes and agrees to perform and observe all the agreements, covenants and conditions of this Lease on the part of City to be performed and observed, and (iii) an executed original of such assignment shall be delivered to NCRA, or its successors and assigns. NCRA may assign this Agreement upon the transfer of its interest in the Leased Property, or pursuant to any dissolution of NCRA.
- 23. <u>Governing Law</u>. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Nothing in this Agreement is intended to alter, limit, or otherwise affect the immunities and liability limitations provided to public entities under the laws of the State of

California, including without limitation the Government Claims Act set forth in the California Government Code.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NORTH COAST RAILROAD AUTHORITY:

CITY OF EUREKA:

| By: | Ву: |
|----------------------|----------------------|
| Name: | Name: |
| Its: | Its: |
| Date: | Date: |
| Approved as to form: | Approved as to form: |
| General Counsel | City Counsel |
| Date: | Date: |
| | |







Connecting Arcata and Eureka Part of the California Coastal Trail

Arcata Marsh

HIL

Wastewater Treatment Plant

Bayside

HUMBOLDT BAY TRAIL Projects Overview