

BEFORE THE
SURFACE TRANSPORTATION BOARD

AB 1305X
NORTH COAST RAILROAD AUTHORITY
— ABANDONMENT EXEMPTION —
IN MENDOCINO, TRINITY, AND HUMBOLDT COUNTIES, CA

**NOTICE OF INTENT TO FILE AN OFFER OF FINANCIAL ASSISTANCE OF
NORTH COAST RAILROAD COMPANY, L.L.C PURSUANT TO 49 CFR § 1152.27**

Robert A. Wimbish
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(312) 252-1500

**ATTORNEYS FOR NORTH COAST
RAILROAD COMPANY, L.L.C.**

Dated: June 1, 2021

BEFORE THE
SURFACE TRANSPORTATION BOARD

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Pursuant to the Board’s decision served in this proceeding on May 20, 2022, and in keeping with the requirements of 49 C.F.R. § 1152.27, North Coast Railroad Company, L.L.C. (“NCRCo”) hereby formally gives notice of its intent to file an offer of financial assistance (“OFA”) to purchase the entire railroad line that is the subject of this abandonment proceeding (the “Line”) as follows: roughly 175.84 route miles of railroad line, extending between milepost 139.5, near Willits, and milepost 284.1, near Eureka, including appurtenant branch lines extending to milepost 267.72 near Carlotta, milepost 295.57 near Korblex, milepost 300.5 near Samoa, and milepost 301.8 near Korbel, in Mendocino, Trinity and Humboldt Counties, California. NCRCo intends to acquire the Line and all appurtenances, signals, communications equipment, real property interests, and all other track materials necessary to conduct common carrier service over the Line. Pursuant to Section 1152.27, this notice includes information demonstrating NCRCo’s preliminary financial responsibility to legitimately undertake an OFA.

NCRCo requests leave to late file this notice of intent on the basis that its counsel was unavailable to complete the filing on May 31, 2022, due to unforeseen vacation travel delays and related issues associated with securing the information necessary to submit this notice of

intent. Counsel is very mindful of the Board's strict regulations related to the OFA process, but urges acceptance of its NCRCo's submission under these circumstances on the basis that no party will be prejudiced thereby.

NCRCo is a non-carrier entity established for the purpose of acquiring and operating (or, if appropriate, to contract with a third-party entity to operate) the Line. NCRCo has determined that a viable market opportunity exists to warrant the acquisition, and restoration of common carrier rail service over, the Line, as it will detail in its OFA at a later phase of this proceeding.

Under the applicable OFA rules, NCRCo must demonstrate preliminary financial responsibility by – (a) offering a *pro forma* estimate of the Line's net liquidation value (generally reduced to the value of the steel along the Line); (b) adding to the estimated net liquidation value two years' worth of track maintenance expenses (presumed at a rate of \$4,000 per mile per year); and then (c) tendering evidence to show that it has the resources available to cover the combined costs of elements (a) and (b).¹ As a prospective offeror, NCRCo is financially responsible if it “has or within a reasonable time will have the financial resources to fulfill its proposed contractual obligations” to purchase the Line.

In accordance with the OFA notice of intent regulations at Section 1152.27(c), NCRCo submits the following:

- (1) The preliminary financial responsibility amount is \$8,834,201.60, as shown by the calculations set forth on the enclosed Exhibit A.
- (2) Exhibit A is based on a scrap steel quote offered as Exhibit B.

¹ See *Offers of Financial Assistance*, EP 729 (STB served Jun. 29, 2017), 6.

- (3) NCRCO has the financial resources to cover the preliminary financial responsibility amount. See April 30, 2022 bank statement from Self-Help Credit Union (“SHCU”) Exhibit C).

Based upon the foregoing and the attached supporting exhibits, NCRCO respectfully requests that this Board find it, preliminarily, to be financially responsible, so that NCRCO may move ahead with its efforts to prepare and present a fully-developed OFA at the next stage of this proceeding.

Respectfully submitted,

/s/ *R. A. Wimbish*

Robert A. Wimbish

Bradon J. Smith

Fletcher & Sippel LLC

29 North Wacker Drive

Suite 800

Chicago, Illinois 60606-3208

(312) 252-1500

**ATTORNEYS FOR NORTH COAST
RAILROAD COMPANY, L.L.C.**

Dated: June 1, 2022

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EXHIBIT A

PRELIMINARY FINANCIAL RESPONSIBILITY CALCULATION

Preliminary financial responsibility amount (estimate) based upon assumed per/(short) ton scrap steel price of \$320:

$$\begin{aligned} &(\$320/\text{ton}) \times (132 \text{ tons}/\text{mile}) \times (175.84 \text{ miles of railroad line}) \\ &+ \\ &(\$400/\text{mile}/\text{year}) \times (175.84 \text{ miles}) \times (2 \text{ years}) \end{aligned}$$

$$\begin{aligned} &\$7,427,681.60 \\ &+ \\ &\$1,406,720 \end{aligned}$$

TOTAL PRELIMINAR FINANCIAL RESPONSIBILITY AMOUNT: \$8,834,201.60

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EXHIBIT B

SCRAP STEEL PRICE QUOTE

Subject: Schnitzer - Rail Estimate - 06/01/22

From: Daniel Panitz <jdpanitz@schn.com>

Date: 1/06/2022, 13:58

To: [REDACTED]

Hello,

Thank you very much for reaching out to Schnitzer for info support regarding the rail project in Mendocino and Humboldt counties. "If" you were to ship an estimated 10,000 Net Tons of Unprepared Rail, our price today would be \$320.00 per Net Ton, delivered into our facility located on the Port of Oakland.

Our crystal ball only allows us to see about six weeks ahead, so we don't know where the price will be at the start of Q4 2022. I hope this information helps...please call me anytime you need anything, thanks again.

Respectfully,

Daniel Panitz
Regional Accounts Manager | SCHNITZER STEEL INDUSTRIES, INC.
1101 Embarcadero West | Oakland, California | 94607
Cell: 415.517.9361 | Office: 510.444.3919
www.schnitzersteel.com



PLEASE NOTE: ALL PRICES ARE SUBJECT TO CHANGE WITHOUT NOTICE UNLESS OTHERWISE SPECIFIED.

ALL PURCHASES ARE SUBJECT TO FEES AND NON CONFORMING QUALITY CLAIMS UPON DELIVERY

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EXHIBIT C

**NORTH COAST RAILROAD COMPANY, L.L.C.
BANK STATEMENT – SELF-HELP CREDIT UNION**



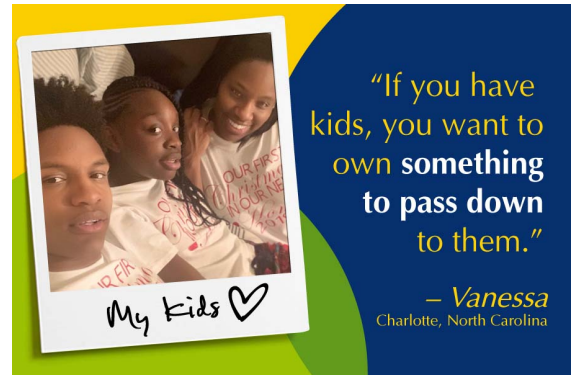
3400 Battleground Ave.
Greensboro NC 27410

RETURN SERVICE REQUESTED

NORTH COAST RAILROAD CO

Statement Date
04-30-2022

Member Number



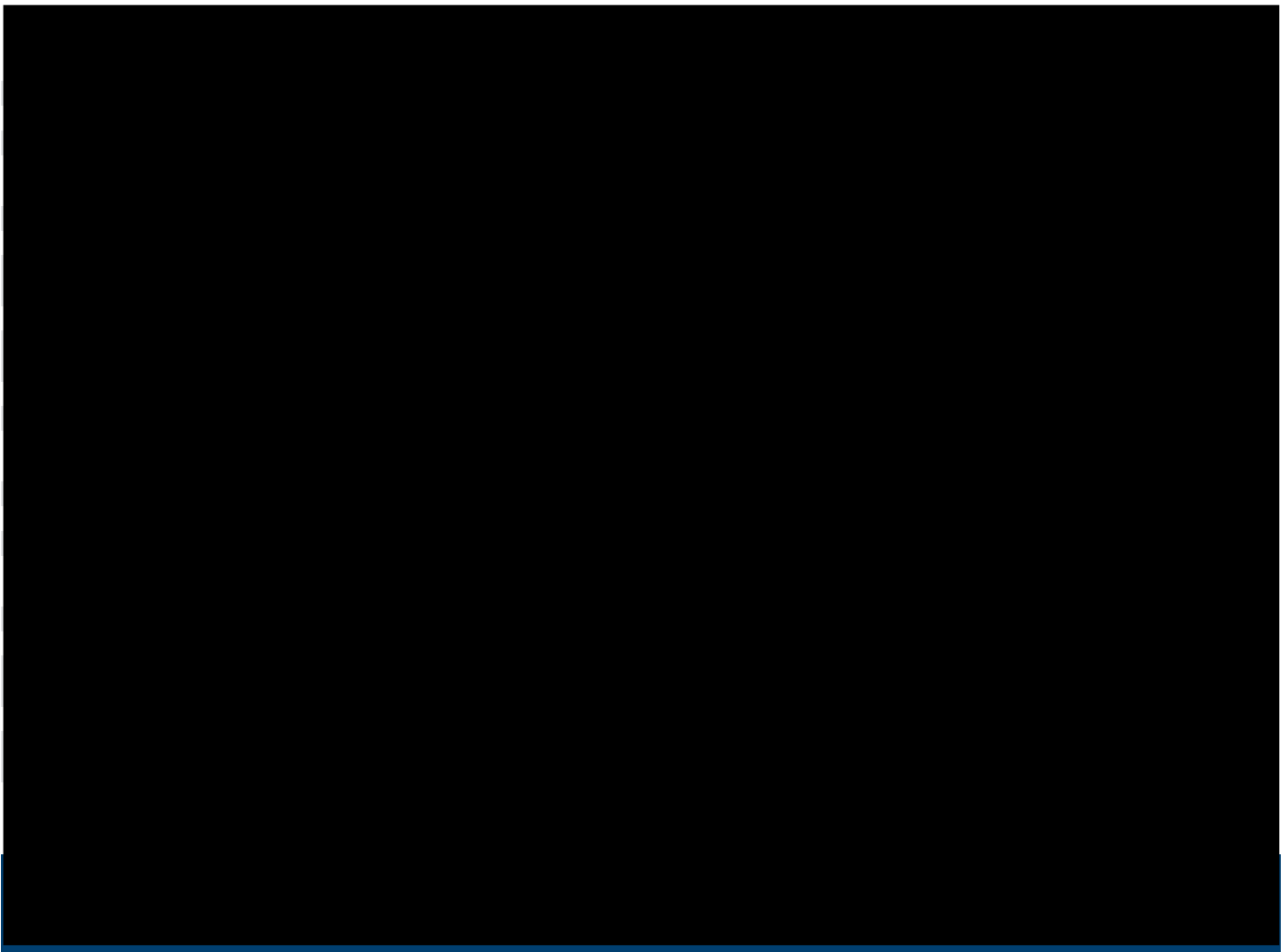
Discover our Remote Services: Online, Mobile & Audio Banking

Summary of Accounts

Account Name	Begin Balance	End Balance
Money Market	15,714,512.00	15,719,750.17

Transaction Details

Money Market



CERTIFICATE OF SERVICE

I hereby certify that, on this 1st day of June, 2022, I served copies of the foregoing **Notice of Intent to File an Offer of Financial Assistance of North Coast Railroad Company, L.L.C Pursuant To 49 CFR § 1152.27** electronically (via email) or by U.S. Mail upon each the following parties of record:

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/s/ *R. A. Wimbish*
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