



**MOVING YOU FORWARD**

May 27, 2020

Executive Director  
Santa Cruz County Regional Transportation Commission  
1523 Pacific Ave  
Santa Cruz, CA 95060

Dear Executive Director,

Pursuant to the terms and conditions of the July 16, 2018 Administration, Coordination and License Agreement ("Agreement") between St. Paul and Pacific Railroad, LLC ("SPP" ) and the Santa Cruz County Regional Transportation Commission ("SCCRTC") this letter provides notice that SPP is electing to terminate the Agreement pursuant to section 2.6.2 effective 90 days from the date of this letter.

There have been multiple incidents of trespassing, vandalism and theft causing significant economic loss and operational problems for SPP:

Vandalism – On April 29, 2020 it was reported that the lock on the Signal Bungalow at Ohlone Road was Cut Off and 20 Railroad Batteries were stolen.

**Time for repair:** Not Yet Replaced

**Approximate Repair/Replacement Cost:** \$20,000.00

**Operational Interference:** Crew must Stop and Flag for each movement through the Crossing.

January 17, 2020

Damage/Vandalism - On January 11, 2020 a nest of ties on the Pajaro River Bridge were found to be burned by trespassers.

**Time for repair:** Repaired – 5 Day Railroad Closure

**Approximate Repair/Replacement Cost:** \$4,496.10

**Operational Interference:** Crew must be extra cautious as to not step into any trap left by trespassers on the bridge.

January 11, 2020

Damage - On January 11, 2020 a vehicle drove onto the Pajaro River Bridge causing damage to the Bridge structure, walkway, and handrail.

**Time for repair:** Not Yet Repaired – 5 Day Railroad Closure expected

**Approximate Repair/Replacement Cost:** \$9,776.10

**Operational Interference:** Crew must be extra cautious as to not trap any trespassers on the bridge.

December 6, 2019

Threat – On December 6, 2019 SPP received a Credible Threat to remove part of the walkway from the Aptos Railroad bridge. The SCCRTC Office, and TSA were informed of this.

**Time for repair:** N/A

**Approximate Repair/Replacement Cost:** N/A

**Operational Interference:** Crew continues to be concerned regarding their Safety while performing their daily duties.

July 22, 2019

Damage - On July 22, 2019 a vehicle drove onto the Pajaro River Bridge causing damage to the Bridge structure, walkway, and handrail.

**Time for repair:** Repaired - 5 Day Railroad Closure

**Approximate Repair/Replacement Cost:** \$14,000.00

**Operational Interference:** Crew was unable to provide service while repairs were made.

May 25, 2019

Damage – On May 25, 2019 a vehicle struck and knocked down the Signal Gate and Lights at the W. Riverside Drive Crossing. Not Repaired, as the restitution Claim is still pending.

**Time for repair:** Not Yet Repaired – Timeline is unknown

**Approximate Repair/Replacement Cost:** \$60,000.00

**Operational Interference:** Crew must Stop and Flag for each movement through the Crossing

November 13, 2018

Vandalism – On November 13, 2018 a report of Trespasser Vandalism was received. A ratchet strap was found to be set between a timber tie and a railcar.

**Time for repair:** Immediate upon inspection

**Approximate Repair/Replacement Cost:** N/A

**Operational Interference:** Crew continues to be concerned regarding their Safety while performing their daily duties

The events recorded above are just a portion of the countless acts of Trespasser Vandalism that continue to cause damage to the Rail Line. There is visible evidence of Trespassers lighting the Railroad Bridge Ties on Fire, as well as homeless encampments along the line within the Right of Way, not to mention the number of Trespassers that are encountered by the SPP crew on the Right of Way daily.

Since November 2018 SPP has spent well over \$100,000.00 on repairs and other expenses related to trespassing, vandalism and theft. This does not include the man hours spent on projects and extra flagging and precautions needed to operate. Accordingly, SPP hereby exercises its right under section 2.6.2 and terminates the Agreement. Please contact me with any questions or concerns. SPP is happy to cooperate with SCCRTC to find another operator.

Sincerely,



Lon Van Gemert

CEO Progressive Rail, Inc.



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### St. Paul and Pacific Administration, Coordination, and License Agreement Termination

1. St. Paul and Pacific ("SPP") intends to terminate its Administration, Coordination, and License Agreement ("ACL").
2. Pursuant to the terms of the ACL it appears that RTC can transfer the lease to another Operator. ("Upon termination of the Agreement, whether through the expiration of the term or by the Parties as contemplated herein, Railway shall cooperate,...., with the transfer...of Freight Service...")(8.2.2). Because the ACL can be transferred per the Agreement, fees, costs and other expenses can be greatly limited.
3. SPP wishes to assist RTC with finding another operator.
4. In that regard SPP has had discussions with and entered into NDA's with 4 potential qualified operators. Per those NDA's, SPP is providing the potential operators with information necessary for them to evaluate the ACL and the operation of both freight and passenger service. These four potential operators have the necessary experience with both freight and passenger service to better work with RTC on both aspects of the service contemplated by the ACL.
5. SPP will work with the new operator to assist in the transition; including a possible locomotive lease and encouraging the current employees and new operator to work together to make the transition work smoothly.
6. SPP is interested in working with the new operator to continue marketing the freight component of the rail line. There are several new freight opportunities that SPP has been working on and will continue to work with the new Operator to develop, if requested.