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February 12, 2009

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Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423

RE: *Docket No. AB-1022 (Sub-No. 1X), Arizona & California
Railroad Company Abandonment Exemption—in San Bernardino
and Riverside Counties, CA (Between Rice and Ripley)*

Dear Acting Secretary Quinlan:

Enclosed are the original and 10 copies of a Petition for Exemption for the Arizona & California Railroad Company ("ARZC") to abandon a 49.4-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA. Also enclosed are a check from ARZC for the filing fee of \$6,300. and a computer diskette containing the Petition in Word and pdf format.

Please time and date stamp the additional copy of this letter and the Petition and return them with our messenger. Thank you for your assistance.

If you have any questions please call or email me

Sincerely yours,

Louis E. Gitomer
Attorney for Arizona & California Railroad
Company

ENTERED
Office of Proceedings
MAR 12 2008
Part of
Public Record

Enclosures

FEE RECEIVED

MAR 12 2009

TRANSPORTATION BOARD

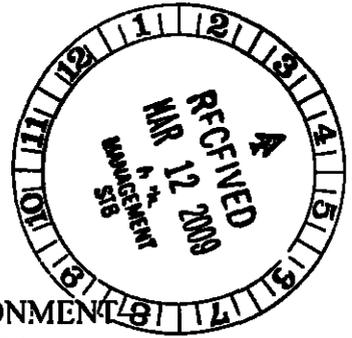
FILED

MAR 12 2009

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No AB-1022 (Sub-No. 1X)



ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLI:Y)

PETITION FOR EXEMPTION

VOLUME I

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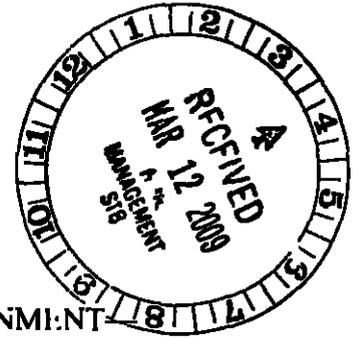
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Attorneys for ARIZONA & CALIFORNIA
RAILROAD COMPANY

Dated: March 12, 2009

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. AB-1022 (Sub-No. 1X)



ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLEY)

PETITION FOR EXEMPTION

Arizona & California Railroad Company (“ARZC”) petitions the Surface Transportation Board (the “Board”) to exempt, under 49 U.S.C §10502, ARZC’s abandonment of a 49.40-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA (the “Line”) from the prior approval requirements of 49 U.S.C. §10903

It is ARZC’s contention that the Line is a burden on ARZC and interstate commerce because the annual revenue generated by the shippers on the Line (estimated to be \$419,250 in the Forecast Year) is outweighed by the costs of maintaining (estimated to be \$143,500 in the Forecast Year) and operating (estimated to be \$210,816 in the Forecast Year) the Line and the opportunity costs of continued ownership (\$666,326). In addition, ARZC will be required to expend \$4,716,480 to rehabilitate the Line to Federal Railroad Administration (“FRA”) Class 1 condition.

PROPOSED TRANSACTION

ARZC proposes to abandon the 49.40-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA. ARZC plans to

reclassify the northern four miles of the Line between milepost 0.0 and milepost 4.0 as spur track to use as part of ARZC's yard operations in Rice and for car storage.

The Line traverses Zip Codes 92225, 92226, and 92280. Based on information in ARZC's possession, the Line does contain federally granted right-of-way. Any documentation in ARZC's possession concerning title will be made available to those requesting it. There are stations at Rice, Styx, Midland, Cox, Inca, Mesaville, Blythe, Miller Farms, and Ripley.

A map of the Line is attached as Exhibit A (a colored map is in Exhibit I at the end of Volume I). Exhibit B consists of the Combined Environmental and Historic Report. The draft Federal Register Notice is in Exhibit C, and copies of the newspaper publication and the required certification are in Exhibit D. The certificate of service is in Exhibit E. Exhibit F contains the Verified Statement of Marc R. Bader, Chief Line Engineer, West Region, of RailAmerica, Inc. Mr. Bader addresses the value of the track and material on the Line, the need for rehabilitation, and the cost of maintenance. Exhibit G contains the Verified Statement of Mr. Robert M. Frelich, Jr., and addresses the Forecast Year traffic and revenues, the costs of operating over the Line and opportunity costs. Volume 2 contains the verified statement of Mr. Rex in Exhibit J and the real estate appraisal.

BACKGROUND

ARZC acquired the Line from the Atchison, Topeka and Santa Fe Railway Company and began operating in 1991. *Arizona & California Railroad Co Limited Partnership—Acquisition and Operation Exemption—the Atchison, Topeka and Santa Fe Railway Co*, ICC Finance Docket No. 31863 (ICC served May 16, 1991).

The Line was constructed in 1920, using substantial amounts of used rail, including 10.4 miles of 85 pound rail that was made between 1903 and 1906.

ARZC imposed an \$800 per car surcharge on traffic on the Line on December 8, 2006 in order to provide funds to continue to maintain the Line due to its age. See Exhibit H. However, the decline in traffic and the decisions of shippers on the Line to transload traffic and avoid the surcharge have not generated sufficient revenue to maintain the Line, especially considering the worsening condition of the Line due to its age.

Embargo ARZC000107 was imposed on December 18, 2007 due to track condition and extended on December 22, 2008 in Embargo 000108. The embargo was inadvertently not reissued so that the Line was temporarily not embargoed between December 18 and 21, 2008. See Exhibit H.

ARZC placed the Line in Category 1 on its System Diagram Map on June 2, 2008. See Exhibit H.

Upon receipt of abandonment authority, ARZC plans to salvage the track and materials on the Line south of milepost 4.0. North of milepost 4.0 ARZC will reclassify the Line as spur track for use in its Rice Yard operations and for car storage. Some of the track and materials will be sold as scrap and the remainder will be used by ARZC and its railroad affiliates. ARZC will sell the real estate.

A. Traffic on the Line is in steady decline.

Traffic on the Line has declined since 2004 as shown in the following chart.

Year	Volume (Carloads)
2004	711
2005	660
2006	450
2007	257
2008	0
2009	0

One shipper, America Cast Iron Pipe Company that received 248 carloads of pipe in 2005 and 18 carloads of pipe in 2007 has completed the project requiring pipe and has stopped shipping over the Line. In addition, Arizona Grain has reduced its use of the Line for shipping wheat from 346 cars in 2004 to 216 cars in 2005 to 104 cars in 2006, and none since then. Other shippers that stopped using the Line in 2005 or 2006 include 5 Star Lumber, Seimens Westinghouse, and Cleveland Westinghouse.

Based on the level of traffic on the Line in 2006, ARZC's revenue generated by the Line exceeded costs. Mr. Frelich determined the forecast year traffic to be 450 carloads generating \$419,250 based on average per car revenue of \$473, plus an \$800 per car surcharge for 258 carloads. Mr. Frelich only applied the surcharge to 258 cars based on the percentage of cars on the Line that paid the surcharge in 2007. The remaining traffic was transloaded to avoid the surcharge, clearly demonstrating the existence of alternate transportation through transload and cost savings to shippers through transloading. Costs of operating and maintaining the Line were \$353,316. Net operating revenue for the Forecast Year would be \$65,934. If traffic continued at the 257 car level from 2007, ARZC would incur losses of \$114,155. ARZC is burdened with retaining a rail line that generates limited traffic, with no guarantee that Forecast Year traffic will continue.

The Line lost money in 2004, 2005, and 2006. The following calculations are based on the absence of the surcharge resulting in per car revenue of \$473, once per week service costing \$210,816 per year or about \$4,050 per trip, and annual maintenance costs of \$143,500. The total annual cost of operating the Line once per week and maintaining the Line is \$353,316. The

following chart shows the year, carloads, revenues at 2009 levels, costs and the loss ARZC incurred.¹

Year	Carloads	Revenue Per Car	Total Revenue	Costs	Losses
2004	711	\$473	\$336,303	\$353,316	\$ 17,013
2005	660	\$473	\$312,180	\$353,316	\$ 41,136
2006	450	\$473	\$220,850 ²	\$353,316	\$132,466
2007	257	\$473	\$182,517 ³	\$353,316	\$170,799

As shown in the chart, ARZC has incurred operating losses for the past four full years of operations, including the year when the surcharge was imposed.

B. ARZC will incur costs to rehabilitate the Line.

The Line is not currently in FRA Class 1 condition. Hazardous Materials such as PTSM Chloride, Anhydrous Ammonia, and Phosphoric Acid are shipped over the Line. Transportation of these commodities requires the rehabilitation of the Line to at least FRA Class 1.

Rehabilitation to FRA Class 2, requires the replacement of 10.4 miles of 85 pound rail that was made between 1903 and 1906, that has exceeded its useful life, and is so brittle that ARZC must accompany every train with a patrol car to repair rail breaks.

The steadily declining traffic and substantial rehabilitation required by the Line have resulted in ARZC embargoing the Line. In order to restore the Line to FRA Class 1 condition, Mr. Bader concludes that \$4,716,480 in rehabilitation is required including replacing all 3.9 miles of 90 pound rail that was made between 1911 and 1913 on the heavy curvature grade known as Styx Hill between mileposts 13.8 and 18.0⁴ with 115 pound rail at an installed cost of

¹ The revenue in the following chart is different than that in Mr. Frelich's statement because the average revenue per car has been updated to 2009 to correspond with the year of the costs.

² The revenue includes \$8,000 generated by the surcharge in 2006

³ The surcharge was applied to 147 cars in 2007.

⁴ 0.3 miles of rail on the Styx Hill segment is 112 pounds and does not require replacement.

\$462,000 per mile. Based on Forecast Year traffic, without a contribution to opportunity costs or the cost of money required for the rehabilitation, it would take ARZC over 71 years to pay the cost of rehabilitation based on net operating revenues of \$65,934.

A substantial and unsustainable increase in traffic would be required to cover the cost to rehabilitate the Line. Based on revenue of \$1,273 per car, and no additional costs, the shippers on the Line would be required to ship 3,654 carloads in addition to the 450 carloads projected for the Forecast Year to cover the rehabilitation cost. The Line has not carried anywhere near that volume since ARZC acquired it in 1991. If opportunity costs of \$666,326 were included, an additional 524 carloads would be required.

The City of Blythe has estimated the cost of rehabilitating the Line to be about \$5,000,000, without a detailed review of the Line. Based on Forecast Year traffic without a contribution to opportunity costs or the cost of money required for the rehabilitation, it would take ARZC over 75 years to pay the cost of rehabilitation estimated by the City of Blythe based on net operating revenues of \$65,934.

In a proceeding where the cost to rehabilitate the line exceeded the profit earned on the line, the Board concluded that "Rehabilitation and replacement ... would require an expenditure that cannot be justified by limited and speculative future profitability." *CSX Transportation, Inc -Discontinuance at Memphis, in Shelby County, TN*, STB Docket No. AB-55 (Sub-No. 618) (STB served October 28, 2002) at 9 ("*Memphis Discontinuance*"). There is insufficient traffic on the Line to generate the revenue necessary to rehabilitate the Line in one year (above estimated to be 4,104 carloads). Even assuming traffic at the consistent levels from the most recent highest traffic year (711 carloads in 2004) it would take almost 14 years to cover the cost of rehabilitation, again assuming no increase in costs, no return to cover the opportunity costs, and

no return on the cost of the money used to rehabilitate the Line. Since traffic has been declining and there is substantial resistance to the surcharge, there is no realistic probability that there is enough traffic on the Line to justify its rehabilitation. Future traffic at the levels necessary is speculative at best. Not only is ARZC faced with the substantial cost of rehabilitation, but also with speculative future traffic on the Line

Regardless of whether the Board accepts the rehabilitation costs calculated by ARZC or estimated by the City of Blythe, the expense cannot be justified based on expected traffic

C. ARZC will incur costs to maintain the Line.

The Line is 49.40 miles in length. Mr. Bader has determined that annual maintenance of the Line will cost ARZC \$143,500. This estimate of about \$2,900 per mile is substantially below the lower end of the range of normalized maintenance of way costs of between \$4,300 and \$6,000 that the Board has used in recent decisions⁵ Mr. Bader's conservative maintenance of way costs are appropriate, and could have been substantially increased just by using the average costs accepted by the Board.

⁵ *Wisconsin Central Ltd –Abandonment–in Ozaukee, Sheboygan and Manitowoc Counties, WI*, STB Docket No. AB-303 (Sub-No. 27), STB served October 18, 2004, at 8; and *Minnesota Northern Railroad, Inc –Abandonment Exemption–in Polk and Norman Counties, MN*, STB Docket No. AB-497 (Sub-No. 3x) (STB served December 4, 2006), at 2.

D. Calculation of opportunity costs.

Opportunity costs (or total return on value of road property) reflect the economic loss experienced by a carrier from forgoing a more profitable alternative use of its assets. Under *Abandonment Regulations—Costing*, 3 I.C.C.2d 340 (1987), the opportunity cost of road property is computed on an investment base equal to the sum of: (1) allowable working capital; (2) the net liquidation value (NLV) of the line; and (3) current income tax benefits (if any) resulting from abandonment. The investment base (or valuation of the road properties) is multiplied by the current nominal rate of return, to yield the nominal return on value. The nominal return is then adjusted by applying a holding gain (or loss) to reflect the increase (or decrease) in value a carrier will expect to realize by holding assets for 1 additional year.⁶

Mr. Frelich used the information on the net salvage value the track and materials of the Line of \$2,149,480 prepared by Mr. Bader, the net liquidation value of the land of \$1,701,000 prepared by Mr. Rex, and the annual operating costs prepared by Mr. Bader and Mr. Frelich to determine that 15 days of working capital is \$14,520. After taking into account holding gains and tax consequences, Mr. Frelich applied the nominal cost of capital of 17.24% to the value of the Line to calculate the opportunity cost of the Line to be \$666,326. The opportunity costs of the Line far exceed the annual net revenue of the Forecast Year of \$65,934

E. Alternate transportation.

The City of Blythe is the center of traffic on the Line. Blythe is served by east-west Interstate Highway 10 and to the north by US 95 and to the south by California Highway 79. ARZC has also made transloading available in Parker, CA. Use of transloading has been demonstrated by the shippers that elected to transload 110 carloads in 2007 instead of paying the surcharge. Therefore, there is alternate transportation service available.

⁶ *Wisconsin Central Ltd. Abandonment in Ozaaukee, Sheboygan and Manitowoc Counties, WI*, STB Docket No AB-303 (Sub-No 27) (SIB served October 18, 2004), at 10-11.

F. Summary.

Continued ownership and operation of the Line by ARZC will continue to be a burden on ARZC and interstate commerce. ARZC will incur rehabilitation costs of \$4,716,480 and annual opportunity costs of \$666,326. If the Line continues to generate Forecast Year traffic and if ARZC can continue to impose the \$800 per car surcharge, the Line would generate net operating revenue of \$65,934 per year. However, this net operating revenue is insufficient to cover opportunity costs, much less the cost of rehabilitation. In lieu of carrying this burden, ARZC could sell or reuse track and material worth \$2,149,480 and could sell the real estate for \$1,701,000, all of which could be used elsewhere on the ARZC or to reduce debt. In addition, there is alternate transportation service available.

For the past four years of operation, ARZC incurred an actual loss from operations. Even in 2007 when ARZC received surcharge revenue, it lost \$170,799. Prior to the surcharge, traffic was trending downward from 711 to 660 to 450 to 257 carloads between 2004 and 2007. During that time, ARZC was not recovering its opportunity costs of \$666,326 per year and was not generating any profit to apply to the staggering rehabilitations costs. ARZC's gross revenues in 2007 were about \$8.2 million. ARZC owns and operates about 240 miles of track. It is not economically rational to expect ARZC to commit over 75 percent of the gross revenue from one year to rehabilitate about 20 percent of its mileage when the traffic trend on that Line has been downward and the Line has lost money in each of the four last years of operations. ARZC embargoed the Line to stop the hemorrhaging of money and to avoid the completely unjustifiable rehabilitation costs.

It has been argued that reduced service and the surcharge have forced shippers to stop using the Line. ARZC was trying to turn a line that was losing money into one that approached

break even. First, ARZC reduced the frequency of service to reduce costs. However, traffic declined, even though service was provided on a regular basis in 2004 and 2005. When traffic continued to decline, ARZC attempted to recoup its losses through a surcharge. However, traffic continued to decline. While this was occurring, ARZC deferred the substantial rehabilitation of the Line that was required. The additional revenue generated by the surcharge in 2007 was not even enough to cover ARZC's operating costs, much less provide funds to rehabilitate the Line.

ARZC contends that in balancing the harm to it and interstate commerce against the harm to shippers and local interests, the balance clearly favors abandonment.

ARGUMENT SUPPORTING THE ABANDONMENT

ARZC seeks an exemption under 49 U.S.C. § 10502 from the applicable requirements of 49 U.S.C. §§ 10903 and 10904 in order to abandon the Line.

Under 49 U.S.C. § 10502, the Board must exempt a transaction from regulation when it finds that:

(1) regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. § 10101; and

(2) either:

(a) the transaction is of limited scope, or

(b) regulation is not necessary to protect shippers from the abuse of market power.

The legislative history of Section 10502 reveals a clear Congressional intent that the Board should liberally use its exemption authority to free certain transactions from the administrative and financial costs associated with continued regulation. In enacting the Staggers Rail Act of 1980, Pub. L. No. 96-488, 94 Stat. 1895, Congress encouraged the Board's

predecessor agency to liberally use the expanded exemption authority under former Section 10505:

The policy underlying this provision is that while Congress has been able to identify broad areas of commerce where reduced regulation is clearly warranted, the Commission is more capable through the administrative process of examining specific regulatory provisions and practices not yet addressed by Congress to determine where they can be deregulated consistent with the policies of Congress. The conferees expect that, consistent with the policies of this Act, the Commission will pursue partial and complete exemption from remaining regulation.

H.R. Rep. No. 1430, 96th Cong., 2d Sess. 105 (1980) See also *Exemption From Regulation--Boxcar Traffic*, 367 I.C.C. 424, 428 (1983), vacated and remanded on other grounds, *Brae Corp v United States*, 740 F.2d 1023 (D.C. Cir 1984) Congress reaffirmed this policy in the conference report accompanying the ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803, which re-enacted the rail exemption provision as Section 10502. H.R. Rep. No. 422, 104th Cong., 1st Sess. 168-69 (1995).

A. The Application of 49 U.S.C. § 10903 Is Not Necessary to Carry Out the Rail Transportation Policy

Detailed scrutiny of this transaction is not necessary to carry out the rail transportation policy. An exemption would minimize the unnecessary expense associated with the preparation and filing of a formal abandonment application, expedite regulatory decisions and reduce regulatory barriers to exit. 49 U.S.C. § 10101 (2) and (7).

ARZC will avoid rehabilitation costs of \$4,716,480, annual maintenance costs of \$143,500, operating costs of \$210,816, and opportunity costs of \$666,326. ARZC will receive \$2,149,480 for salvaging the track and material in the Line and \$1,701,000 for the real estate. Although the Line would generate a net operating return of \$65,934 in the Forecast Year, the operating income does not offset the opportunity costs or cover the rehabilitation costs of the

line. Granting this exemption, therefore, fosters sound economic conditions and encourages efficient management by permitting the rationalization of an unnecessary rail line. 49 U.S.C. § 10101 (3), (5) and (9). Other aspects of the rail transportation policy are not adversely affected. For example, competition and the continuation of a sound rail transportation system are not affected since the public will not be deprived of any needed rail services.

B. This Transaction Is Of Limited Scope

The proposed transaction is of limited scope. ARZC seeks to abandon a 49.40-mile line in two counties and in California.

C. This Transaction Will Not Result In An Abuse Of Market Power.

ARZC is abandoning the Line. The shippers located on the Line have transportation alternatives that they have been using since ARZC embargoed the Line.

COMBINED ENVIRONMENTAL AND HISTORIC REPORT

A Combined Environmental and Historic Report is in Exhibit B.

FEDERAL REGISTER NOTICE

A draft Federal Register notice is attached hereto as Exhibit C.

LABOR PROTECTION

The interests of railroad employees of ARZC who may be adversely affected by the proposed abandonment will be adequately protected by the labor protective conditions in *Oregon Short Line R. Co.--Abandonment--Goshen*, 360 I.C.C. 91 (1979).

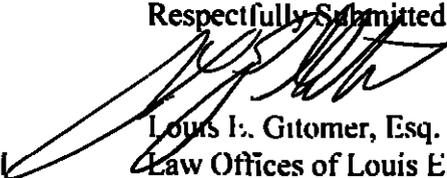
CONCLUSION

Application of the regulatory requirements and procedures of 49 U.S.C. § 10903 to the abandonment of the Line proposed by ARZC is not required to carry out the rail transportation policy set forth in 49 U.S.C. § 10101, as previously shown. Nor is Board regulation required to protect shippers from the abuse of market power. Moreover, this abandonment is of limited scope. Adoption of a procedural schedule is warranted in this proceeding.

Accordingly, ARZC respectfully urges the Board to grant an exemption for the proposed abandonment of the Line.

Respectfully Submitted.

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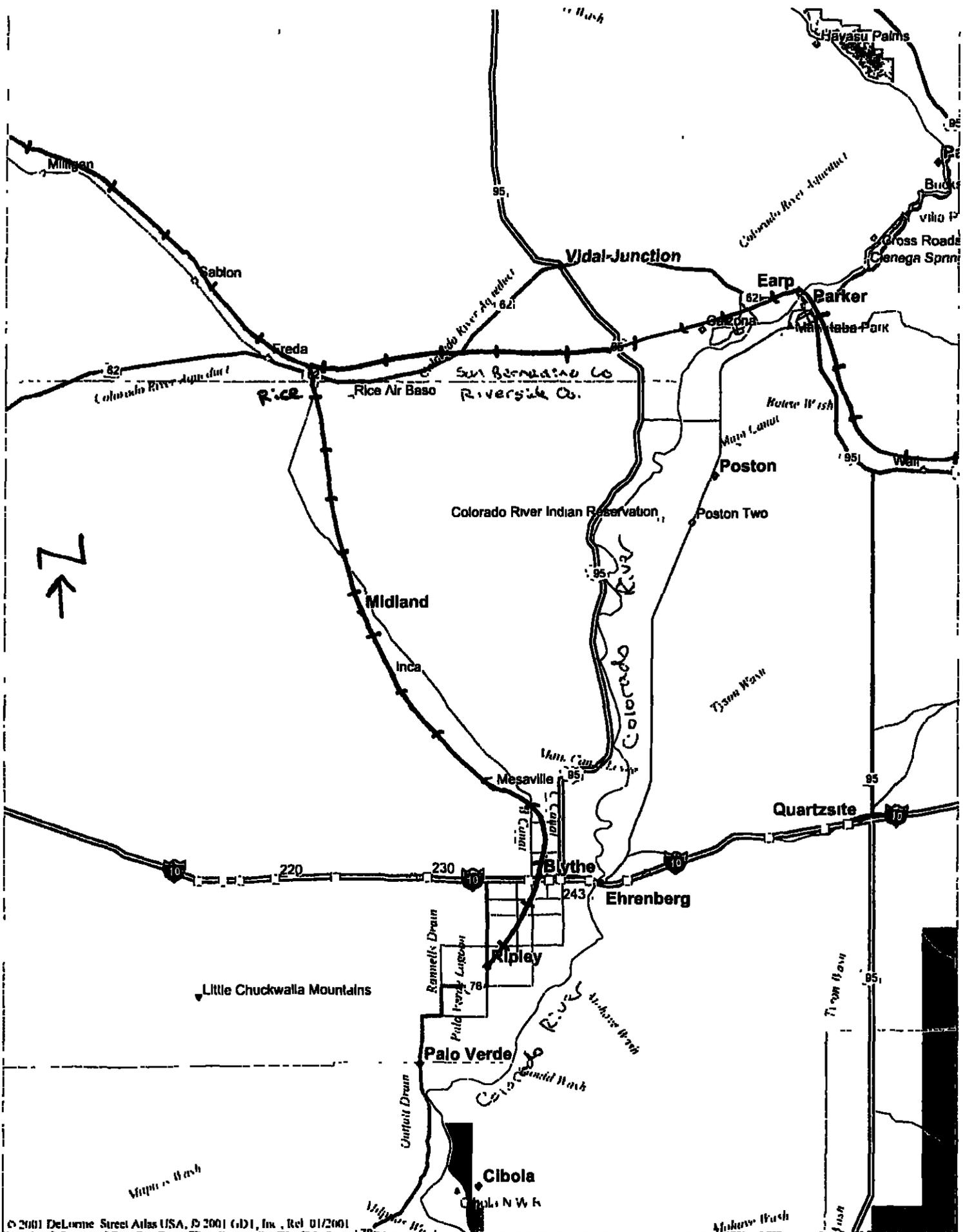


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Attorneys for: ARIZONA & CALIFORNIA
RAILROAD COMPANY

Dated: March 12, 2009

EXHIBIT A-MAP



--- Line segment to be abandoned

Scale 1" : 8 miles

**EXHIBIT B—COMBINED ENVIRONMENTAL AND
HISTORIC REPORT**

**CERTIFICATE OF SERVICE OF COMBINED ENVIRONMENTAL AND HISTORIC
REPORT**

Pursuant to the requirements of 49 C.F.R. §1105.7(c) and .8(c), the undersigned hereby certifies that a copy of the Combined Environmental and Historic Report in Docket No. AB-1022 (Sub-No. 1X) was mailed via first class mail on October 31, 2008, to the following parties:

US National Park Service
Pacific West Region
One Jackson Center
1111 Jackson Street, Suite 700
Oakland, CA 94607

National Geodetic Survey (NOAA) at
'NGS.InfoCenter@noaa.gov' (via email)
1315 East West Highway
Silver Spring, MD 20910-3282

US Fish and Wildlife Service
Region 9
2800 Cottage Way W-2606
Sacramento, CA 95825

State Conservationist
National Resource Conservation Service
Blythe Service Center
200 East Murphy Street, Room 102
Blythe, CA 92225-9998

California State Clearinghouse
Office of Planning and Research
1400 Tenth Street
Sacramento, CA 95814

California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814

California Office of Historic Preservation
Department of Parks and Recreation
P.O. Box 942896
Sacramento, CA 94296-0001

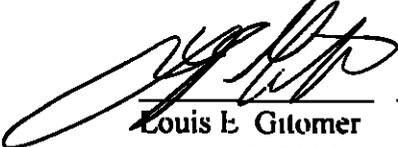
Bill Luna
County Executive Officer
County Administrative Center
4080 Lemon Street – 4th Floor
Riverside, CA 92501

Robert A. Crain, Mayor
Blythe City Hall
235 N Broadway
Blythe, CA 92225

Mark Uffer
County Administrative Officer
San Bernardino County
385 N. Arrowhead Avenue
San Bernardino, CA 92415-0120

US Army Corps of Engineers
Los Angeles District
Southern CA Area Office
40015 Sierra Highway, Suite B145
Palmdale CA 93550

US Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, CA 94105


Louis E. Gitomer
March 12, 2009

COMBINED ENVIRONMENTAL AND HISTORIC REPORT
(49 C.F.R. 1105.7 and 1105.8)

Docket No. AB-1022 (Sub-No. 1X)

**ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT—
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLEY)**

Dated: October 31, 2008

ENVIRONMENTAL REPORT

(1) Proposed Action and Alternatives. Describe the proposed action, including commodities transported, the planned disposition (if any) of any rail line and other structures that may be involved, and any possible changes in current operations or maintenance practices. Also describe any reasonable alternatives to the proposed action. Include a readable, detailed map and drawings clearly delineating the project.

Arizona & California Railroad Company ("ARZC") proposes to abandon the 49.40-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA (the "Line"). Upon receipt of abandonment authority, ARZC will salvage the track and materials from the Line and dispose of the real estate.

In 2007, ARZC handled 210 inbound carloads and no outbound carloads. ARZC served five shippers: Compton Ag (86 carloads) located at about milepost 46, Helena (101 carloads) located at about milepost 43, Wilbur Ellis (four carloads), America Cast Iron (18 carloads), and RDO Equipment (one carload). Commodities handled in 2007 included P15M Chloride, Urea, M. Phosphate Fertilizer, UN32, Anhydrous Ammonia, Pipe, and machinery.

Abandonment of the Line will result in the removal of the rail, cross-ties and possibly the upper layer of ballast. ARZC does not intend to disturb any sub-grade or sub-grade structures. The operations and maintenance of the line will cease. Removal of the Line will result in the elimination of 21 public road crossings and 25 private crossings.

ARZC has reduced the frequency of service over the past several years due to the condition of the Line and the demand for service. In 2004 operations were two to three times per week, as needed, in 2005 ARZC operated over the Line two times per week, in 2006 ARZC served the Line two to three times per month, as needed, and in 2007, service was sporadic. The Line was embargoed in Embargo No. ARZC 000107 on December 18, 2007 because of track conditions.

The only alternative to abandonment would be for ARZC not to abandon the Line. The Line is a stub end track and therefore has no overhead traffic. ARZC has decided to seek abandonment of the Line because of the low traffic volume, the high operating and maintenance expenses, and the cost to rehabilitate the Line. The condition of the Line is critical, in ARZC's view, because of the hazardous commodities handled over the Line.

A map of the proposed abandonment is attached hereto as Exhibit 1.¹

(2) Transportation System. Describe the effects of the proposed action on regional or local transportation systems and patterns. Estimate the amount of traffic (passenger or freight) that will be diverted to other transportation systems or modes as a result of the proposed action.

ARZC does not provide passenger service over the Line. Therefore, no passenger traffic will be diverted to other modes as a result of the proposed abandonment.

In 2007, 210 carloads moved on the Line. Eighteen of the carloads were pipe for a special project which has ended. Therefore, ARZC must conclude that there will be at most 192 carloads diverted. Of the 192 carloads, 191 involved fertilizer or chemicals for use in fertilizer and agriculture. Those cars were delivered to distribution centers that then trucked the commodities to the final destination. The carloads may be diverted to other points of distribution in the area and trucked from there to the final destination. At most, the 192 carloads would be

¹ The copy of the map that accompanied the information-gathering letter has been removed from that letter. That map was the same as the map in Exhibit 1 accompanying this report.

transloaded to 576 to 768 trucks at Rice, CA and trucked either to the point of distribution or the final destination. Based on five day per week service, the transloading would only add two to three trucks per day to the local roads. Accordingly, the proposed abandonment should have no adverse effects on regional or local transportation systems and patterns.

(3) Land Use. (i) Based on consultation with local and/or regional planning agencies and/or a review of the official planning documents prepared by such agencies, state whether the proposed action is consistent with existing land use plans. Describe any inconsistencies. (ii) Based on consultation with the U.S. Soil Conservation Service, state the effect of the proposed action on any prime agricultural land. (iii) If the action affects land or water uses within a designated coastal zone, include the coastal zone information required by 1105.9. (iv) If the proposed action is an abandonment, state whether or not the right-of-way is suitable for alternative public use under 49 U.S.C. § 10905 and explain why

(i) ARZC considers the proposed abandonment to be consistent with existing land use plans. Other than in Blythe and Ripley, the land adjoining the Line is mainly rural and agricultural in character.

ARZC contacted San Bernardino and Riverside Counties, CA and the city of Blythe, CA by letters dated October 31, 2008. See Exhibit 2. No response has been received as of this date. A copy of this Environmental Report has been mailed to the appropriate local and state agencies for their information and further comment. The towns of Rice, Midland, Inca, Mesaville, and Ripley are either ghost towns or unincorporated.

(ii) ARZC does not believe that there is any prime agricultural land that will be affected. ARZC notified the United States Department of Agriculture ("USDA") Natural Resources Conservation Service (the agency succeeding to the responsibilities of the Soil Conservation Service) of the proposed abandonment by letter dated October 31, 2008, and requested assistance in identifying any potential effects on prime agricultural land. See Exhibit 2. No response has been received to date. A copy of this report is being supplied to the USDA for its information and further comment.

(iii) The Line does not pass through a designated coastal zone.

(iv) ARZC does not believe that the Line is suitable for alternate public use.

(4) **Energy.** (i) Describe the effect of the proposed action on transportation of energy resources. (ii) Describe the effect of the proposed action on recyclable commodities. (iii) State whether the proposed action will result in an increase or decrease in overall energy efficiency and explain why. (iv) If the proposed action will cause diversions from rail to motor carriage of more than: (A) 1,000 rail carloads a year; or (B) an average of 50 rail carloads per mile per year for any part of the affected line, quantify the resulting net change in energy consumption and show the data and methodology used to arrive at the figure given

(i) The proposed abandonment will have no effect on the transportation of energy resources.

(ii) The proposed abandonment will have no effect on the transportation of recyclable commodities.

(iii) The proposed abandonment will have minimal effect on overall energy efficiency

(iv) The proposed abandonment will not cause the diversion more than 1,000 rail carloads a year, or an average of 50 rail carloads per mile per year for any part of the Line of rail traffic to motor carriage.

(5) **Air.** (i) If the proposed action will result in either: (A) An increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, or (B) an increase in rail yard activity of at least 100 percent (measured by carload activity), or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment, quantify the anticipated effect on air emissions. For a proposal under 49 U.S.C. § 10901 (or § 10505) to construct a new line or reinstitute service over a previously abandoned line, only the eight train a day provision in sub-section (5)(i)(A) will apply. (ii) If the proposed action affects a class I or nonattainment area under the Clean Air Act, and will result in either: (A) an increase in rail traffic of at least 50 percent (measured in gross ton miles annually) or an increase of at least three trains a day on any segment of rail line; (B) an increase in rail yard activity of at least 20 percent (measured by carload activity); or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on a given road segment, then state whether any expected increased emissions are within the parameters established by the State Implementation Plan. However, for a rail construction under 49 U.S.C. § 10901 (or 49 U.S.C. § 10505), or a case involving the reinstatement of service over a previously abandoned line, only the three train a day threshold in this item shall apply. (iii) If transportation of ozone depleting materials (such as nitrogen oxide and freon) is contemplated, identify: the

materials and quantity; the frequency of service, safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and spills; contingency plans to deal with accidental spills; and the likelihood of an accidental release of ozone depleting materials in the event of a collision or derailment.

(i) The proposed abandonment will not result in meeting or exceeding the specified thresholds.

(ii) The proposed abandonment will not result in meeting or exceeding the specified thresholds.

(iii) The proposed abandonment will not affect the transportation of ozone depleting materials.

(6) **Noise** If any of the thresholds identified in item (5)(i) of this section are surpassed, state whether the proposed action will cause: (i) an incremental increase in noise levels of three decibels Ldn or more; or (ii) an increase to a noise level of 65 decibels Ldn or greater. If so, identify sensitive receptors (e.g., schools, libraries, hospitals, residences, retirement communities, and nursing homes) in the project area, and quantify the noise increase for these receptors if the thresholds are surpassed.

Not applicable.

(7) **Safety.** (i) Describe any effects of the proposed action on public health and safety (including vehicle delay time at railroad grade crossings). (ii) If hazardous materials are expected to be transported, identify: the materials and quantity; the frequency of service; whether chemicals are being transported that, if mixed, could react to form more hazardous compounds; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and hazardous spills; the contingency plans to deal with accidental spills; and the likelihood of an accidental release of hazardous materials. (iii) If there are any known hazardous waste sites or sites where there have been known hazardous materials spills on the right-of-way, identify the location of those sites and the types of hazardous materials involved.

(i) The proposed abandonment will have no detrimental effects on public health and safety. ARZC will cease operating over the Line. As a result of the abandonment, ARZC will remove 21 public road crossings and 25 private crossings.

(ii) The proposed abandonment will result in the cessation of the transportation of hazardous materials over the Line. The Line consists mainly of old brittle rail and crosses

numerous irrigation ditches that enter the Colorado River. Abandonment of the Line will eliminate the possibility of a spill of hazardous materials into a body of water that empties into the Colorado River.

(iii) On April 8, 2005, at milepost 43.3, locomotive number 3894 developed an internal fuel leak into the engine crankcase that thinned out oil and caused the engine to shut down. As a result, a mixture about 40 gallons of excess fuel and oil spilled onto the ground below the locomotive. ARZC notified the appropriate environmental and emergency agencies and proceeded to clean up the spill within 12 hours. ARZC is not aware of any other known hazardous waste sites or sites where there have been known hazardous materials spills on the Line

(8) Biological Resources. (i) Based on consultation with the U.S. Fish and Wildlife Service, state whether the proposed action is likely to adversely affect endangered or threatened species or areas designated as a critical habitat, and if so, describe the effects. (ii) State whether wildlife sanctuaries or refuges, National or State parks or forests will be affected, and describe any effects.

(i) ARZC does not believe that the proposed action is likely to adversely affect endangered or threatened species or areas designated as a critical habitat. ARZC notified the U S Fish and Wildlife Service ("USF&W") of the proposed abandonment by letter dated October 31, 2008, and requested assistance in determining whether the proposed abandonment will adversely affect endangered or threatened species or areas designated as a critical habitat See Exhibit 2. A copy of this Report was supplied to the USF&W for its information and further comment.

(ii) ARZC is unaware of any wildlife sanctuaries or refuges, National or State parks or forests that would be adversely affected by the proposed abandonment.

ARZC notified the National Parks Service of the proposed abandonment by letter dated October 31, 2008, and requested assistance in identifying any potential effects on wildlife sanctuaries or refuges, National or State parks or forests. *See* Exhibit 2. To date, no response to this request has been received. A copy of this Report is being supplied to the National Park Service for its information and comment.

(9) Water. (i) Based on consultation with State water quality officials, state whether the proposed action is consistent with applicable Federal, State or local water quality standards. Describe any inconsistencies. (ii) Based on consultation with the U.S. Army Corps of Engineers, state whether permits under section 404 of the Clean Water Act (33 U.S.C. § 1344) are required for the proposed action and whether any designated wetlands or 100-year flood plains will be affected. Describe the effects. (iii) State whether permits under section 402 of the Clean Water Act (33 U.S.C. § 1342) are required for the proposed action.

(i) ARZC is confident that the proposed abandonment will be consistent with applicable water quality standards. ARZC contacted the California Environmental Protection Agency (“CAEPA”) and the United States Environmental Protection Agency (“USEPA”) by letters dated October 31, 2008. *See* Exhibit 2. To date, no response to this request has been received. A copy of this Report has been supplied to the CAEPA and USEPA for their information and comment.

(ii) ARZC believes that no permits under section 404 of the Clean Water Act are required for the proposed abandonment and that no designated wetlands or 100-year flood plains will be affected by the proposed abandonment. Upon receiving abandonment authority, removal of material will be accomplished by use of the right-of-way for access, along with existing public and private crossings. No new access roads are contemplated. ARZC does not intend to disturb any of the underlying roadbed or perform any activities that would cause sedimentation or erosion of the soil, and do not anticipate any dredging or use of fill in the removal of the track material. The cross-ties and/or other debris will be transported away from the Line and will not be discarded along the right-of-way nor be placed or left in streams or wetlands, or along the

banks of such waterways. Also, during track removal, appropriate measures will be implemented to prevent or control spills from fuels, lubricants or any other pollutant materials from entering any waterways. Based upon this course of action, ARZC does not believe a permit under Section 404 of the Clean Water Act will be required.

ARZC contacted the U S Army Corps of Engineers by letter dated October 31, 2008 and has received no response to date. *See Exhibit 2.* A copy of this Report has been supplied to the U.S. Army Corps of Engineers for its information and comment.

(iii) ARZC believes that no permit under section 402 of the Clean Water Act would be required for the abandonment. ARZC contacted the CAI:PA and the USEPA by letter dated October 31, 2008. *See Exhibit 2.* A copy of this Report has been supplied to the CAI:PA and USEPA for their information and further comment

(10) Proposed Mitigation. Describe any actions that are proposed to mitigate adverse environmental impacts, indicating why the proposed mitigation is appropriate

ARZC does not expect any adverse environmental impact from the proposed abandonment and, therefore, see no need for any mitigating actions. ARZC will, of course, adhere to any remedial actions suggested by the recipients of this Report, which are required by the Board.

HISTORIC REPORT

1. A U.S.G.S. topographic map (or alternate map drawn to scale and sufficiently detailed to show buildings and other structures in the vicinity of the proposed action) showing the location of the proposed action, and the locations and approximate dimensions of railroad structures that are 50 years old or older and are part of the proposed action:

U.S. Geological Survey Maps have been supplied to the California Office of Historic Preservation ("CAHP"). *See* Exhibit 3

2. A written description of the right of way (including approximate widths, to the extent known), and the topography and urban and/or rural characteristics of the surrounding area:

The 49.40-mile right-of-way is generally 200 feet wide, with some variance in towns and villages.

At the north end of the Line, the Line begins at milepost 0.0. The Line connects to ARZC's east-west line in the ghost town of Rice at an elevation of about 285 feet. The Line travels in a generally southern direction on a gently rolling grade to the west of the Rice Valley.

The Line then climbs as it passes between the Big Maria Mountains to the east and the Little Maria Mountains to the west. After reaching an elevation of about 300 feet, the Line moves downgrade and passes through the ghost towns of Midland, Cox, and Inca. South of Inca, the Line turns to the southeast. The Line continues to the southeast to the west of a series of diversion dikes and through the ghost town of Mesaville

The Line turns east and then northeast along the southern edge of the Big Maria Mountains at an elevation of about 300 feet. The Line then turns south and crosses several canals to the east of the Palo Verde Valley. At this point, the Line is about four miles west of the Colorado River. The Line continues south through the Town of Blythe and crosses Interstate Highway 10 on the south side of Blythe. At an elevation of about 250 feet, the Line turns southwest and crosses another Canal Levee.

The Line turns west and passes north of the unincorporated town of Ripley. The end of the Line is just west of Ripley before it reaches another canal at an elevation of about 250 feet.

3. Good quality photographs (actual photographic prints, not photocopies) of railroad structures on the property that are 50 years old or older and of the immediately surrounding area;

The only structures on the Line are culverts. The topography of the Line is relatively level. The Line runs through the desert and there are no rivers or other bodies of water that the Line crosses necessitating the construction of bridges. As Exhibit 4, on the accompanying CD being sent only to the CAIIP (but available to any other party on request at no charge) ARZC is providing photographs of the culverts on the Line and identifying each culvert by milepost. There are no bridges on the Line, much less any that are 50 years old or older. ARZC does not anticipate removing any of the culverts on the line.

4. The date(s) of construction of the structure(s), and the date(s) and extent of any major alterations, to the extent such information is known;

None.

5. A brief narrative history of carrier operations in the area, and an explanation of what, if any, changes are contemplated as a result of the proposed action;

The line between Rice and Ripley was completed in 1920 as part of the construction of a line between Parker, AZ and Cadiz, CA, by the California Southern Railroad (the "CSR"), a subsidiary of the Atchison, Topeka and Santa Fe Railroad (the "ATSF"). The CSR was merged into the ATSF, and the Line was operated by ATSF until a short line sale in 1991 to the Arizona & California Railroad a division of ParkSierra Corporation. RailAmerica, Inc. acquired ParkSierra in 2002. Today the ARZC remains a shortline within the RailAmerica family of railroads.

6. A brief summary of documents in the carrier's possession, such as engineering drawings, that might be useful in documenting a structure that is found to be historic;

ARZC possesses the valuation maps of the Line, but is not aware of any other

documentation in its possession.

7. An opinion (based on readily available information in the railroad's possession) as to whether the site and/or structures meet the criteria for listing on the National Register of Historic Places (36 C.F.R. 60.4), and whether there is a likelihood of archeological resources or any other previously unknown historic properties in the project area, and the basis for these opinions (including any consultations with the State Historic Preservation Office, local historical societies or universities):

ARZC believes that there are no bridges and structures on the Line that are unusual or noteworthy for inclusion on the National Register of Historic Places. It is also ARZC's opinion that there are no archeological resources or other railroad related historic properties in the project area.

8. A description (based on readily available information in the railroad's possession) of any known prior subsurface ground disturbance or fill, environmental conditions (naturally occurring or manmade) that might affect the archeological recovery of resources (such as swampy conditions or the presence of toxic waste), and the surrounding terrain.

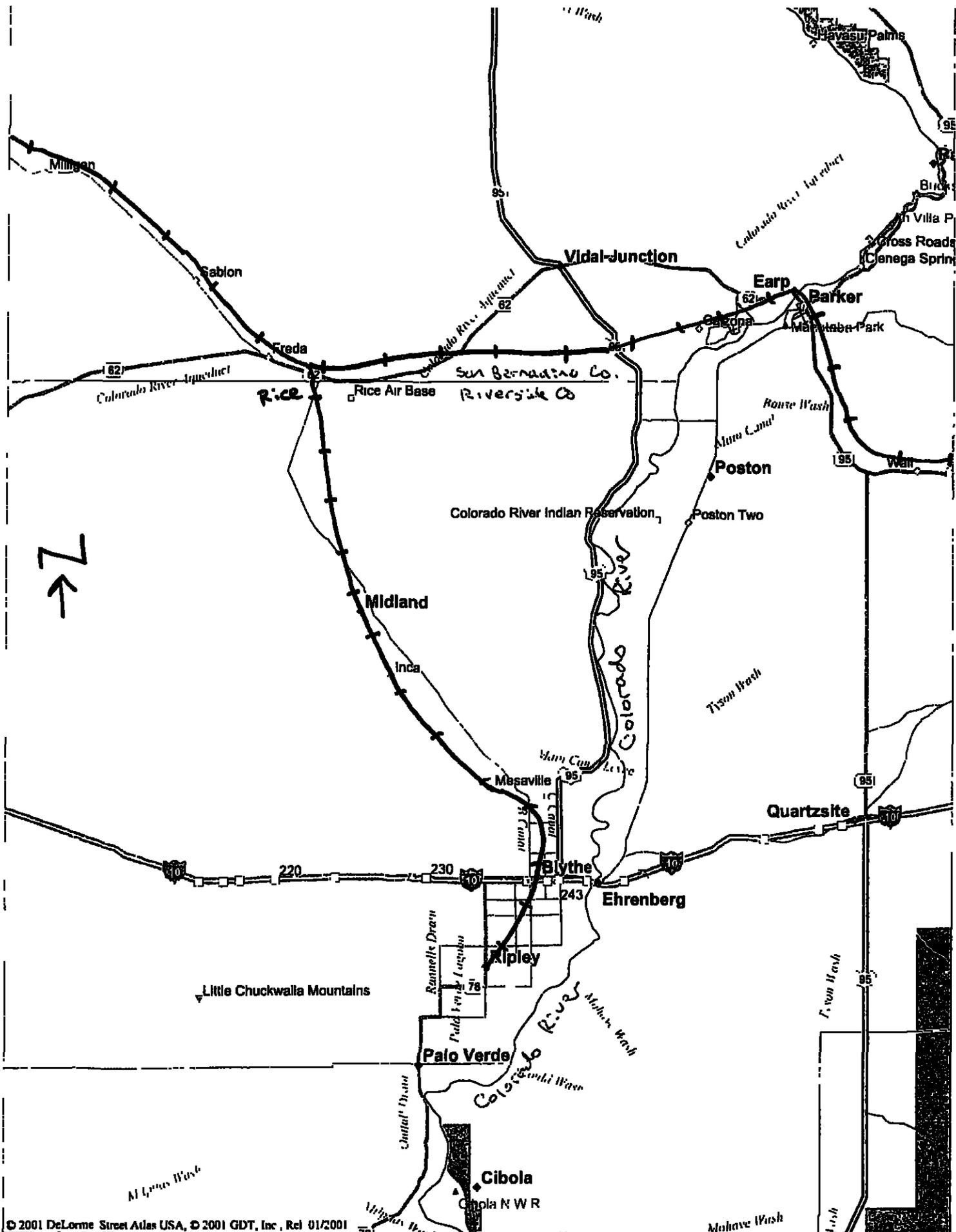
ARZC believes that there are no existing records as to the nature of any known subsurface ground disturbance or fill, or environmental conditions that might affect the archeological recovery of any potential resources.

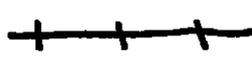
9. Within 30 days of receipt of the historic report, the State Historic Preservation Officer may request the following additional information regarding specific non railroad owned properties or groups of properties immediately adjacent to the railroad right-of-way: photographs of specified properties that can be readily seen from the railroad right-of-way (or other public rights-of-way adjacent to the property) and a written description of any previously discovered archeological sites, identifying the location and type of the site (*i e* prehistoric or native American)

ARZC does not foresee the likelihood that any additional information will need to be supplied in association with the proposed abandonment other than that information previously submitted. But, if any additional information is requested, ARZC will promptly supply the necessary information.

ARZC contacted CAHP *See* Exhibit 2. No response has been received. A copy of this Report has been mailed to CAHP.

EXHIBIT 1 – MAP




 Line segment to be abandoned

Scale 1" = 8 miles

34

EXHIBIT 2 – LETTERS

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October 31, 2008

THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814

RE: Docket No. AB-1022 (Sub-No. 1X), *Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)*

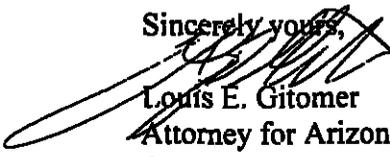
Dear Madam/Sir:

On or about November 20, 2008, we expect to be filing with the Surface Transportation Board (“STB”) a petition for exemption seeking authority for Arizona & California Railroad Company to abandon a 49.40-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA (the “Line”).

Attached is a Combined Environmental and Historic Report describing the proposed action and any expected environmental effects, as well as a map of the affected area. We are providing this report so that you may review the information that will form the basis for the STB's independent environmental analysis of this proceeding. If any of the information is misleading or incorrect, if you believe that pertinent information is missing, or if you have any questions about the STB's environmental review process, please contact the Section of Environmental Analysis (SEA), Surface Transportation Board, 395 E Street, SW, Washington, DC 20423, telephone 202-245-0295 and refer to the above Docket No. AB-1022 (Sub-No. 1X).

Because the applicable statutes and regulations impose stringent deadlines for processing this action, your written comments to SEA (with a copy to our representative) would be appreciated within 3 weeks. Your comments will be considered by the STB in evaluating the environmental impacts of the contemplated action. If there are any questions concerning this proposal, please contact our representative directly. Our representative in this matter is Louis E. Gitomer who may be contacted by telephone at 410-296-2250, email at Lou_Gitomer@verizon net, or mail at Law Offices of Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204.

Sincerely yours,



Louis E. Gitomer

Attorney for Arizona and California Railroad
Company

Enclosure

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October 31, 2008

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California Office of Historic Preservation
Department of Parks and Recreation
P.O. Box 942896
Sacramento, CA 94296-0001

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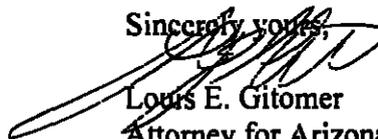
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California State Clearinghouse
Office of Planning and Research
1400 Tenth Street
Sacramento, CA 95814

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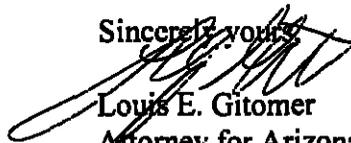
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US Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, CA 94105

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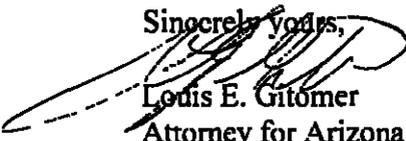
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US Fish and Wildlife Service
Region 9
2800 Cottage Way W-2606
Sacramento, CA 95825

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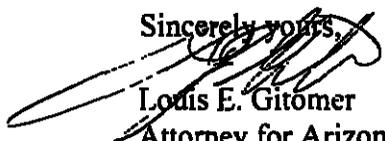
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US Army Corps of Engineers
Los Angeles District
Southern CA Area Office
40015 Sierra Highway, Suite B145
Palmdale CA 93550

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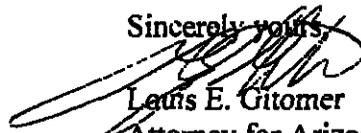
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Sincerely yours,



Louis E. Gitomer
Attorney for Arizona and California Railroad
Company

Enclosure

LAW OFFICES OF
LOUIS E. GITOMER

October 31, 2008

LOUIS E. GITOMER
LOU_GITOMER@VERIZON.NET

THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

State Conservationist
National Resource Conservation Service
Blythe Service Center
200 East Murphy Street, Room 102
Blythe, CA 92225-9998

RE: Docket No. AB-1022 (Sub-No. 1X). *Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)*

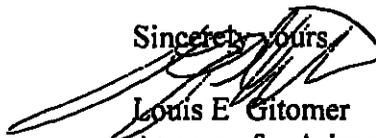
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Attorney for Arizona and California Railroad
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October 31, 2008

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US National Park Service
Pacific West Region
One Jackson Center
1111 Jackson Street, Suite 700
Oakland, CA 94607

RE: Docket No. AB-1022 (Sub-No. 1X), *Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)*

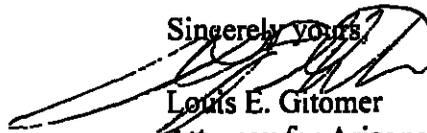
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Enclosure

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October 31, 2008

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THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

National Geodetic Survey (NOAA) at
'NGS.InfoCenter@noaa.gov' (via email)
1315 East West Highway
Silver Spring, MD 20910-3282

RE: Docket No. AB-1022 (Sub-No. 1X), *Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)*

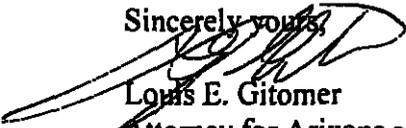
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Attorney for Arizona and California Railroad
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Enclosure

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October 31, 2008

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THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

Robert A. Crain, Mayor
Blythe City Hall
235 N Broadway
Blythe, CA 92225

RE: Docket No. AB-1022 (Sub-No. 1X). *Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)*

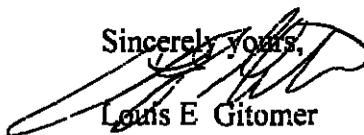
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Attorney for Arizona and California Railroad
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**LAW OFFICES OF
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October 31, 2008

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THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

Bill Luna
County Executive Officer
County Administrative Center
4080 Lemon Street – 4th Floor
Riverside, CA 92501

RE: *Docket No. AB-1022 (Sub-No 1X), Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)*

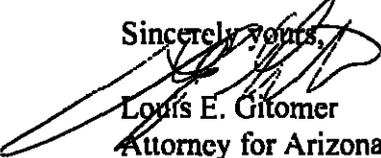
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October 31, 2008

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THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

Mark Uffer
County Administrative Officer
San Bernardino County
385 N. Arrowhead Avenue
San Bernardino, CA 92415-0120

RE: Docket No. AB-1022 (Sub-No. 1X), *Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)*

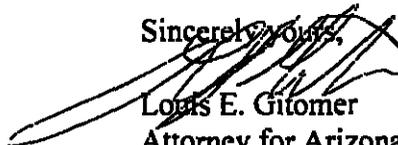
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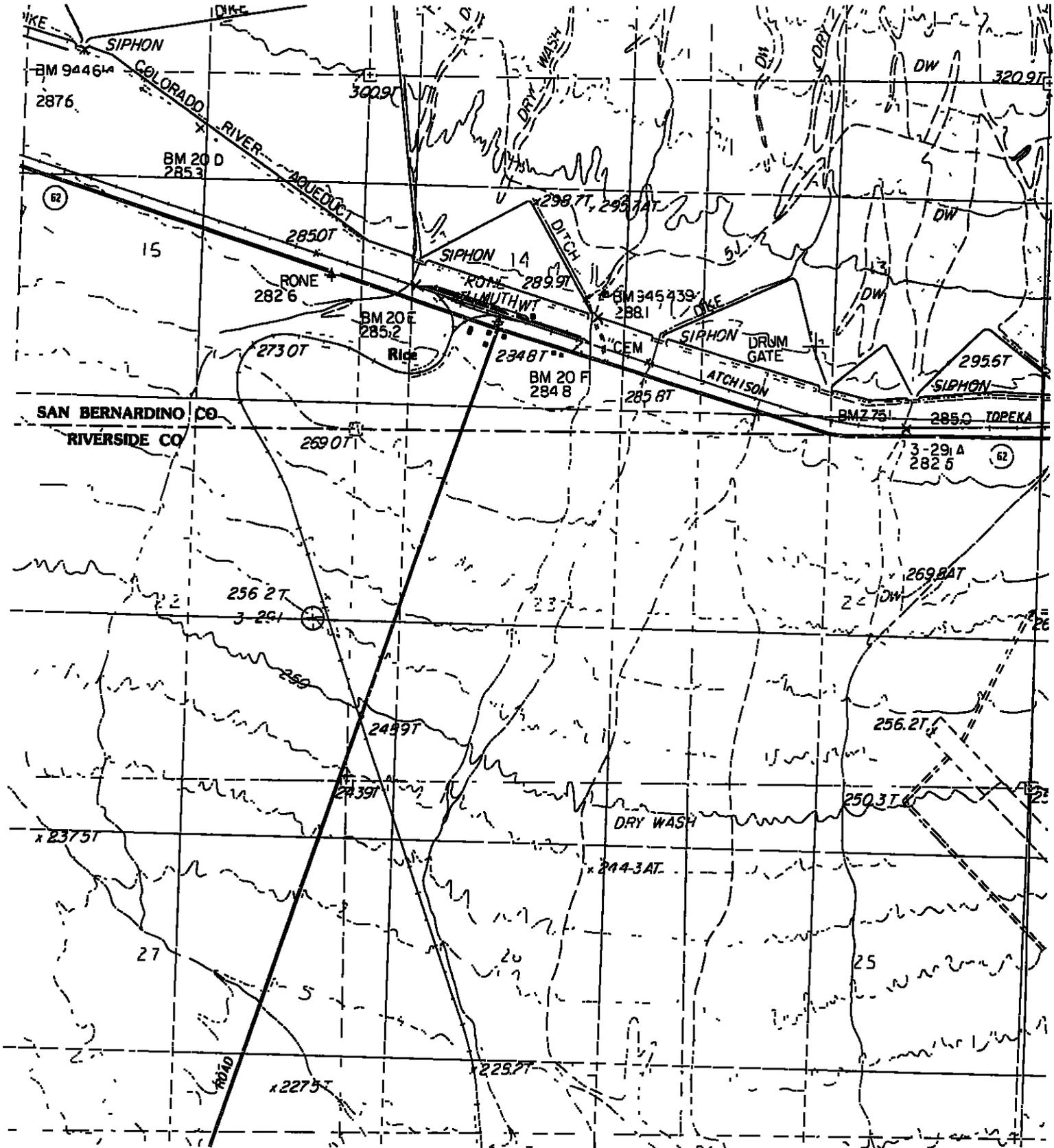


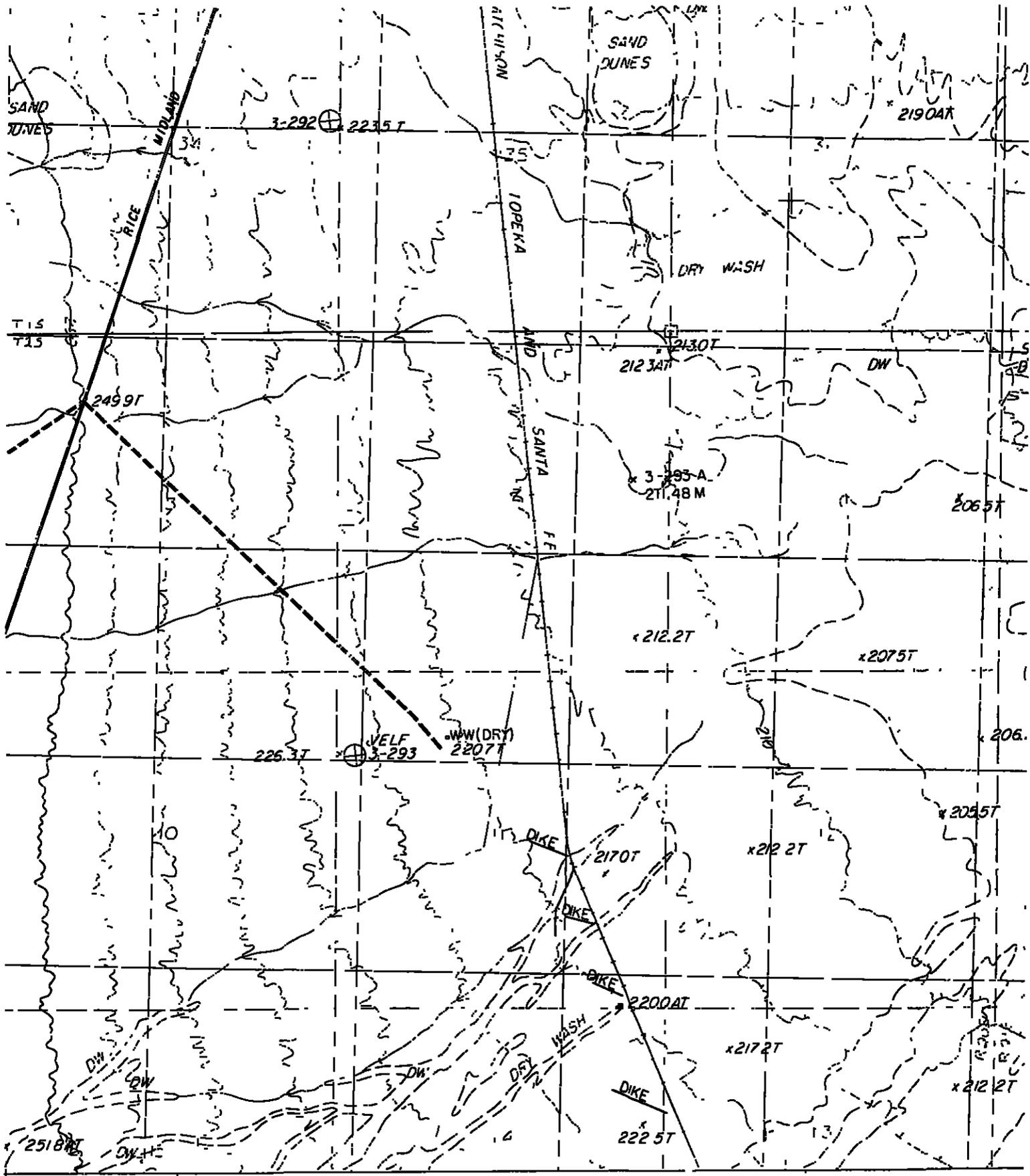
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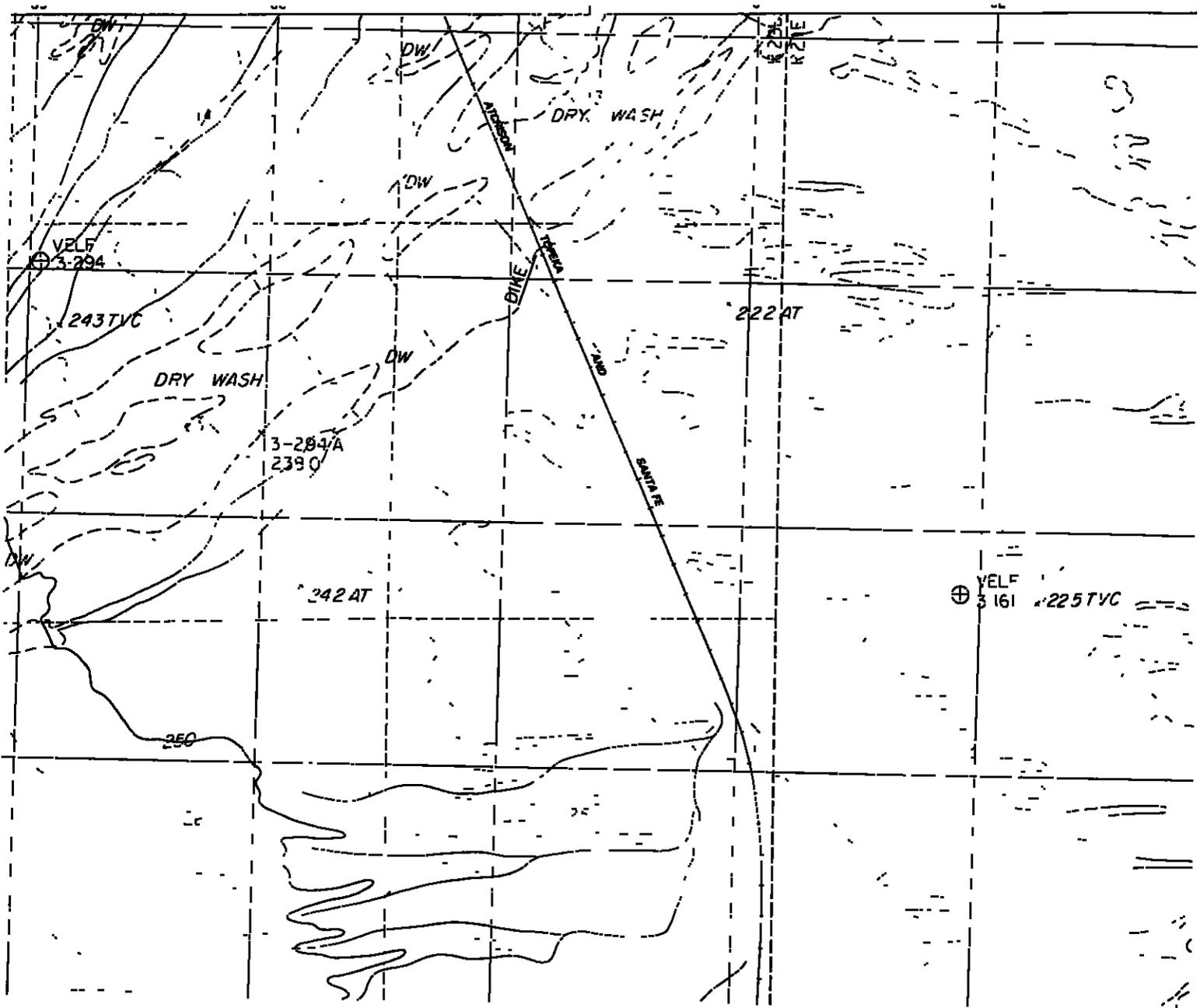
Enclosure

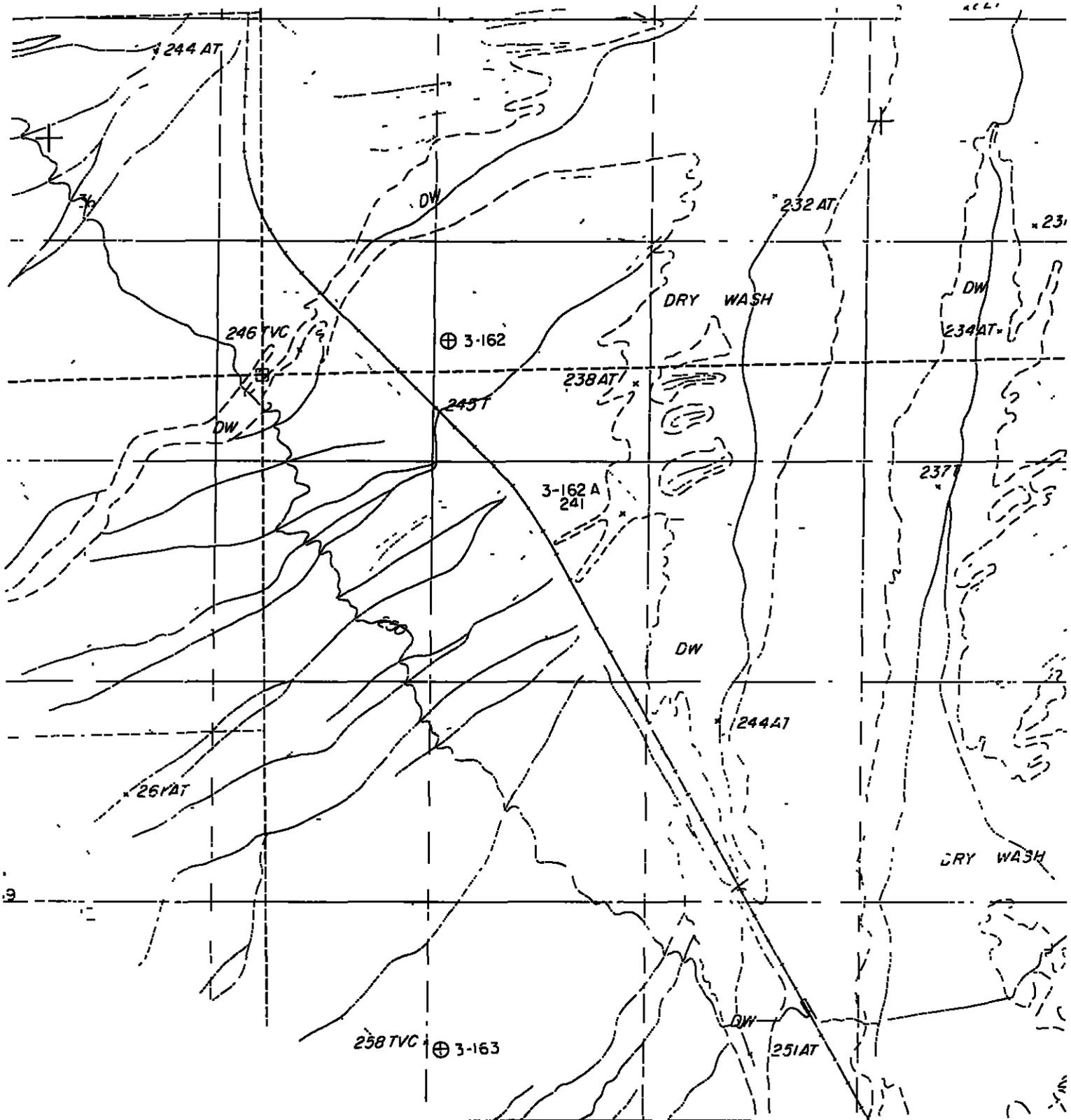
EXHIBIT 3 – USGS MAPS

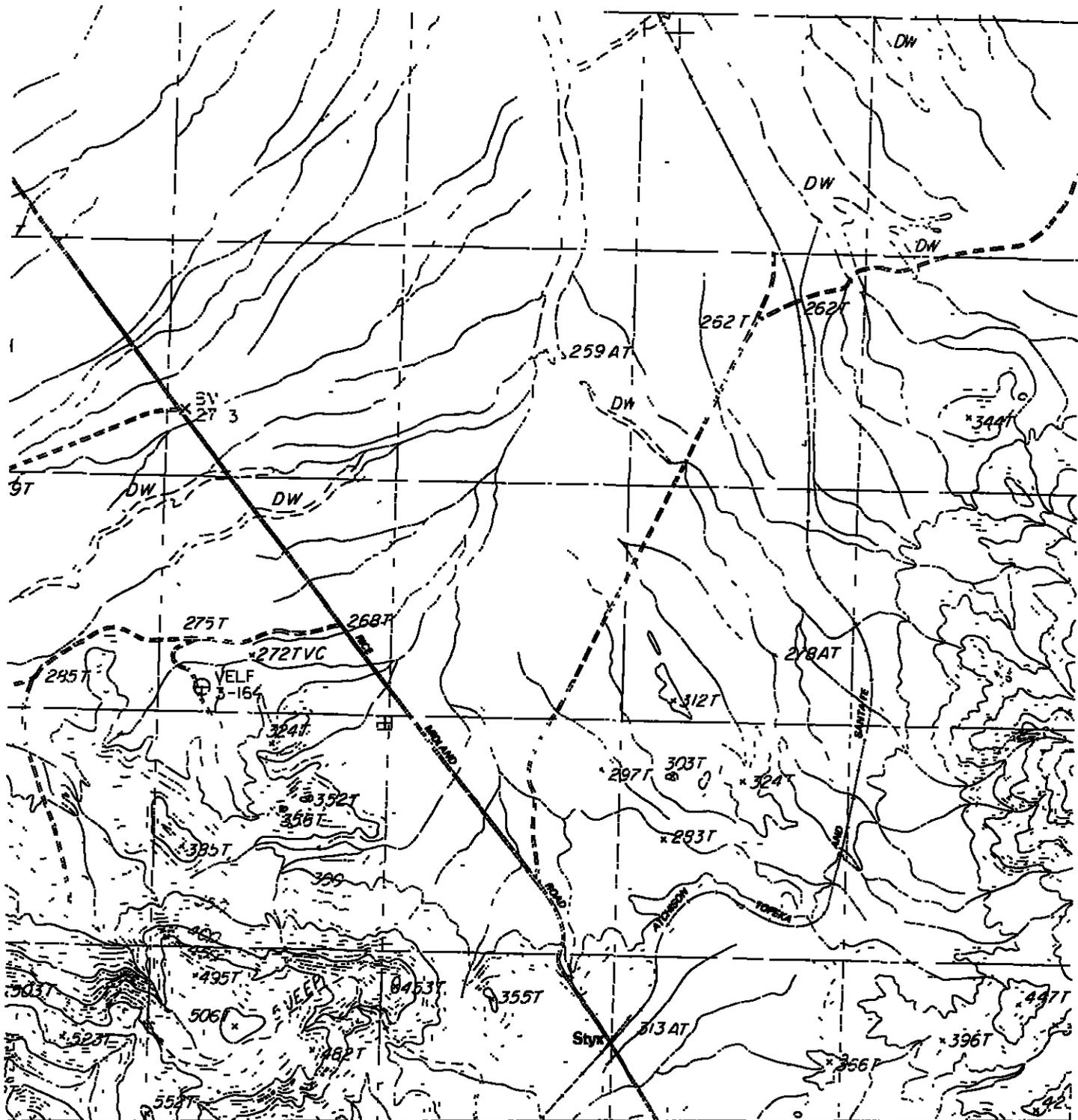
Color copies are only served on CAHP

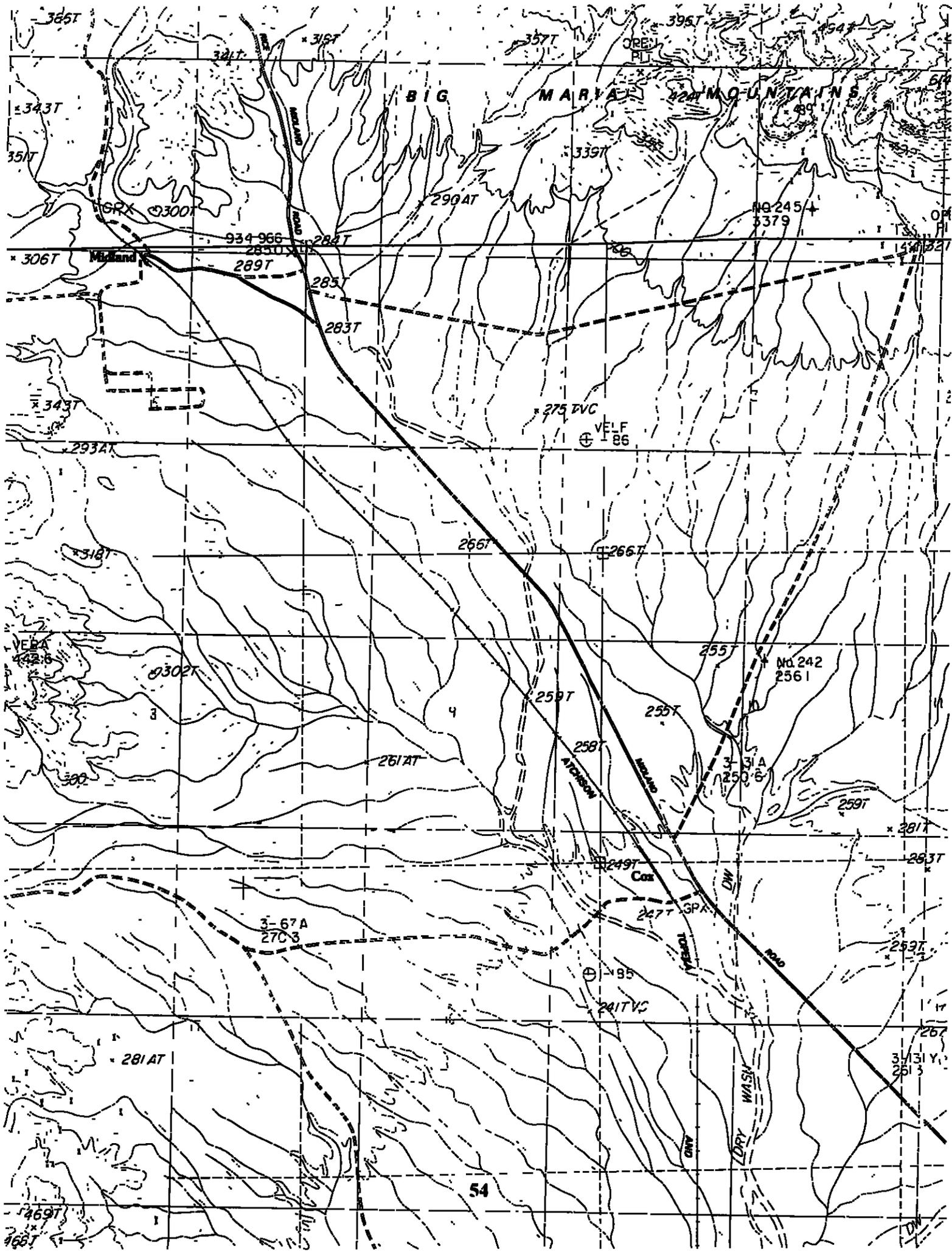


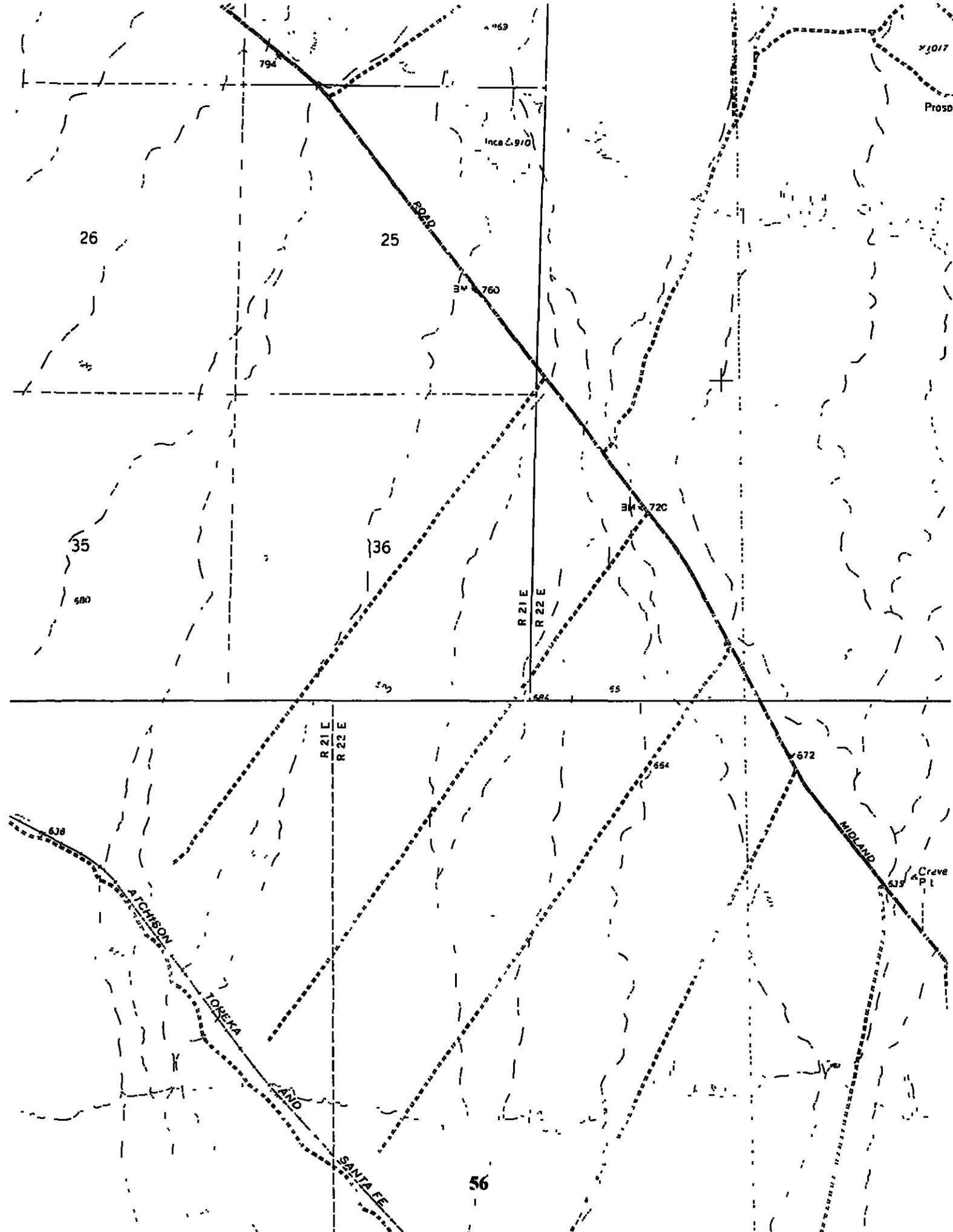


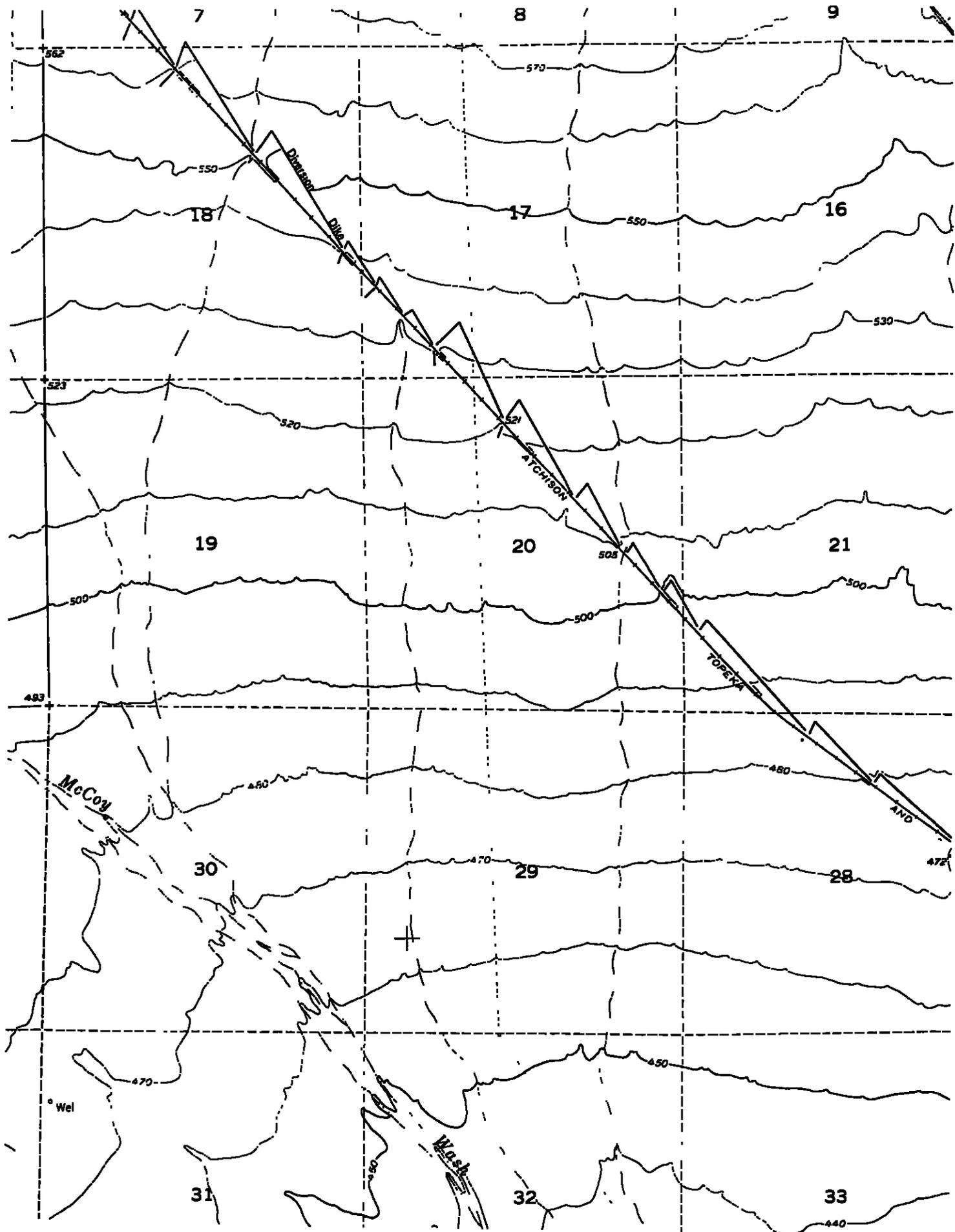


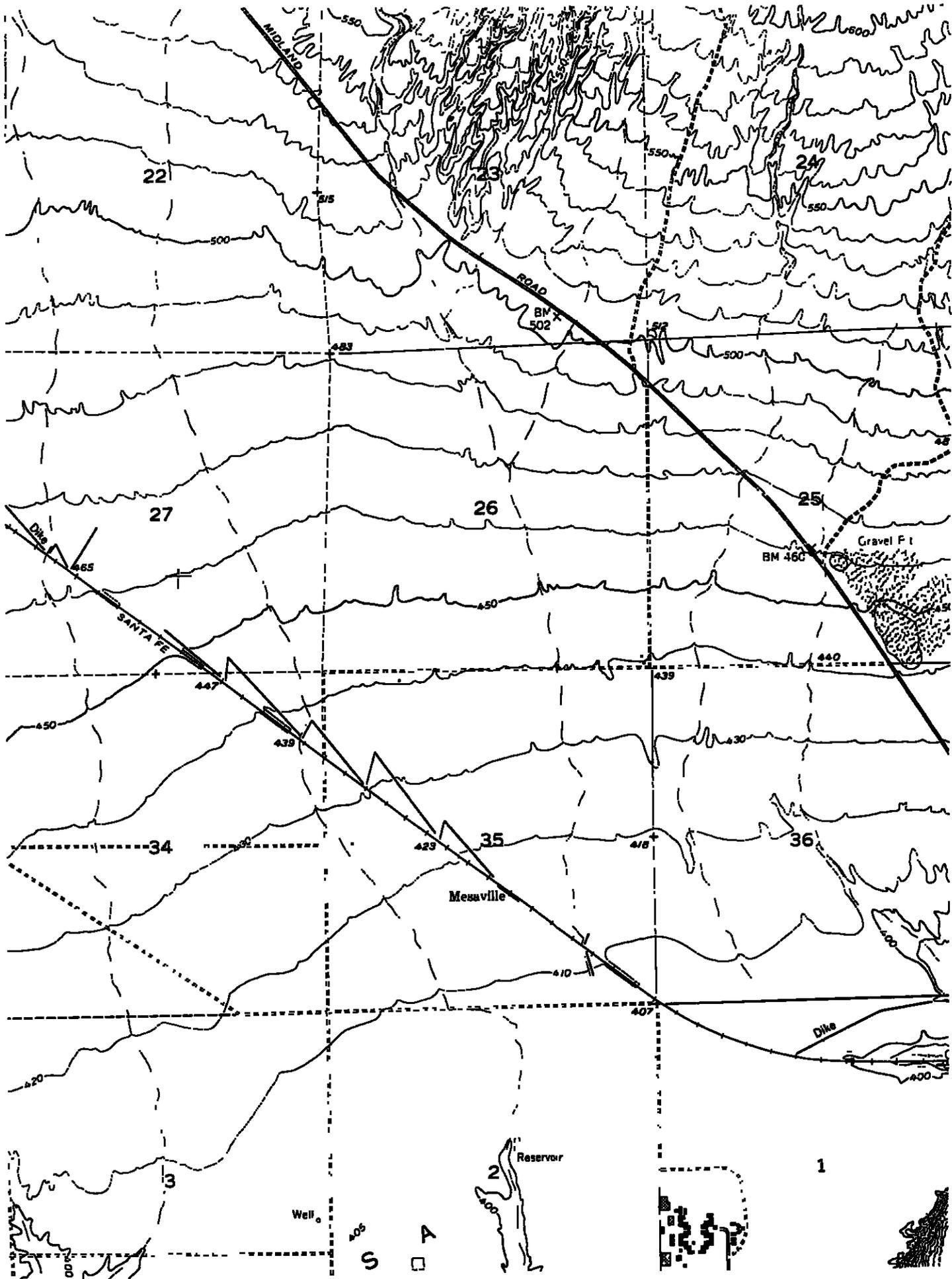


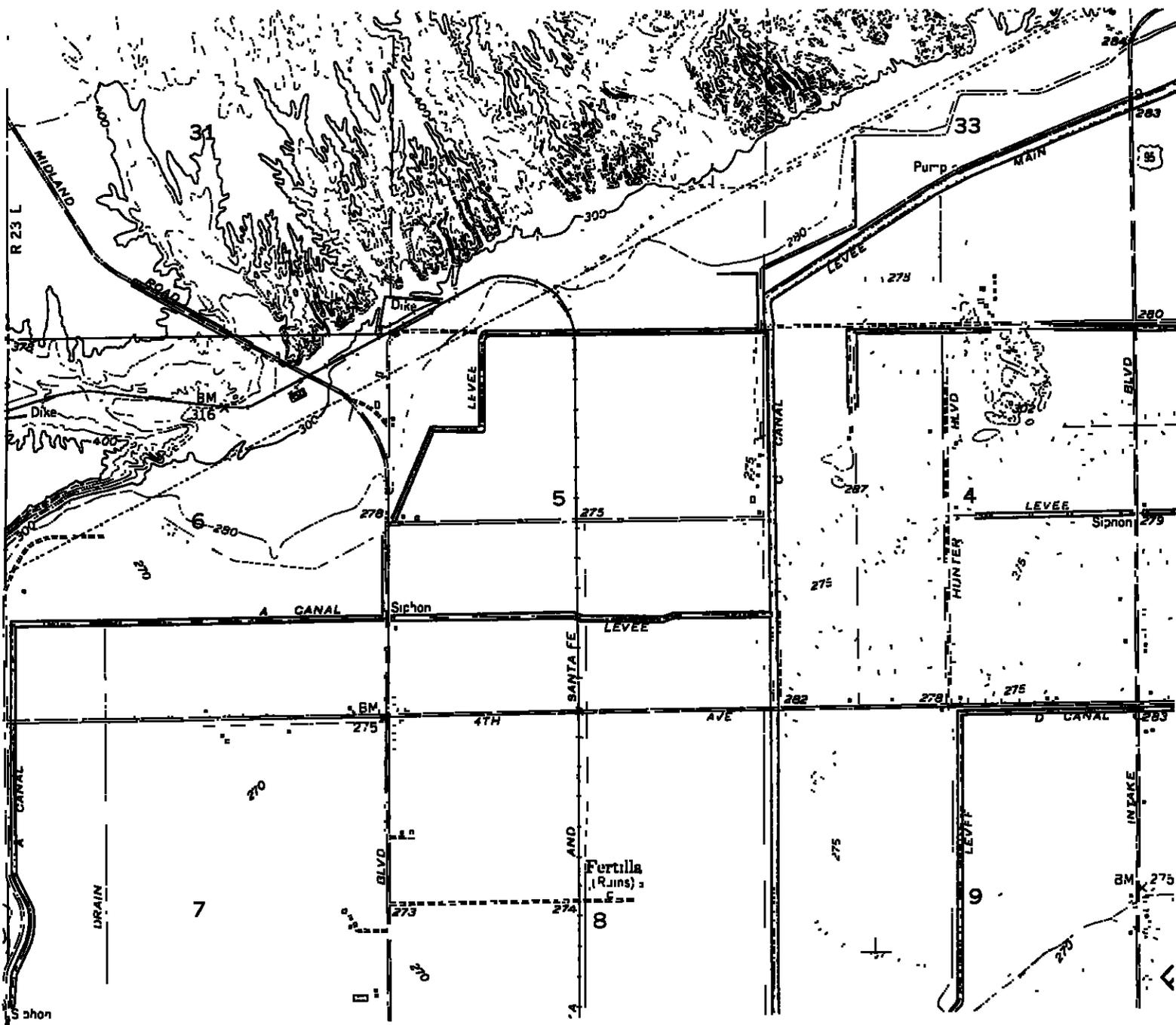


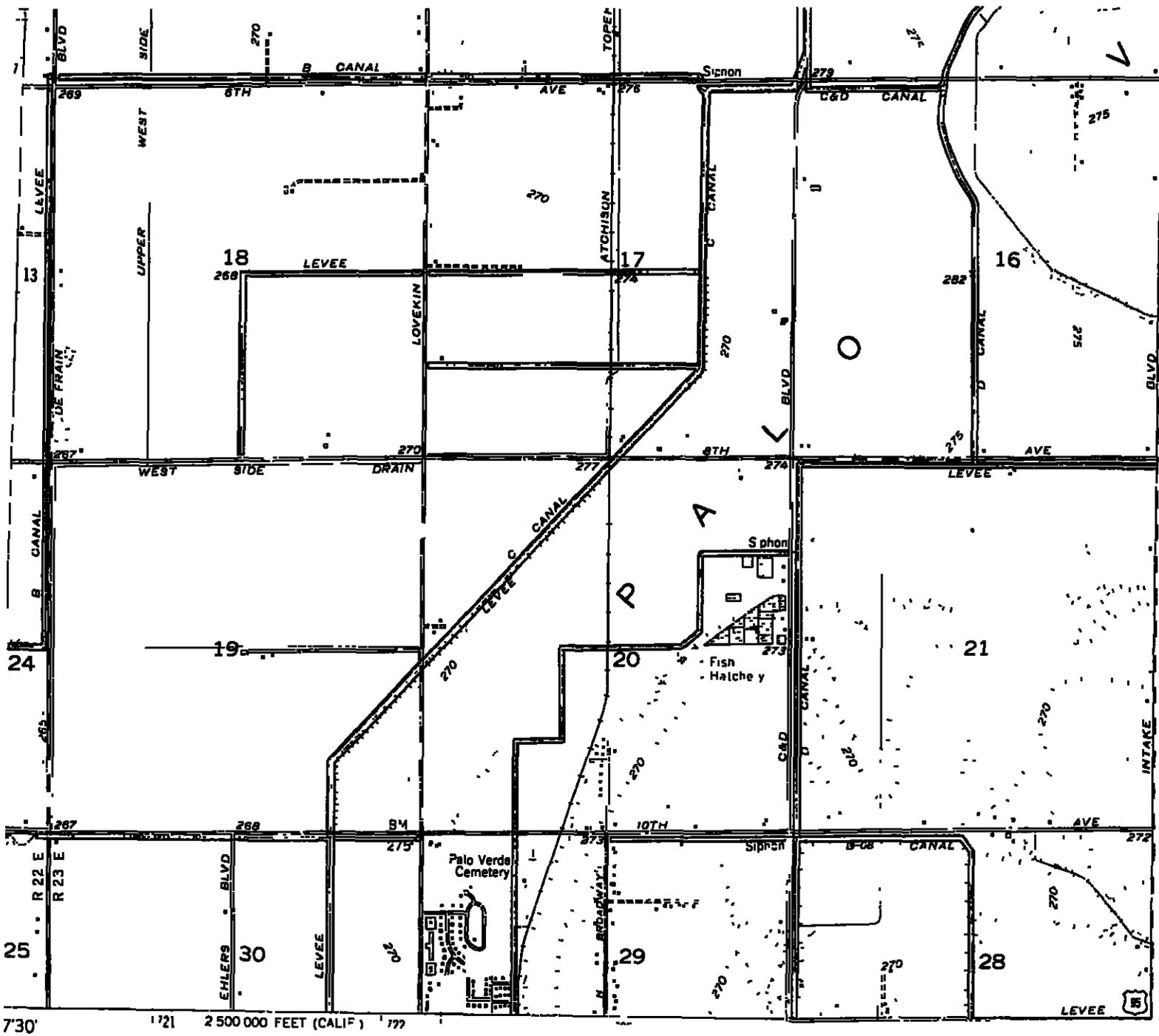


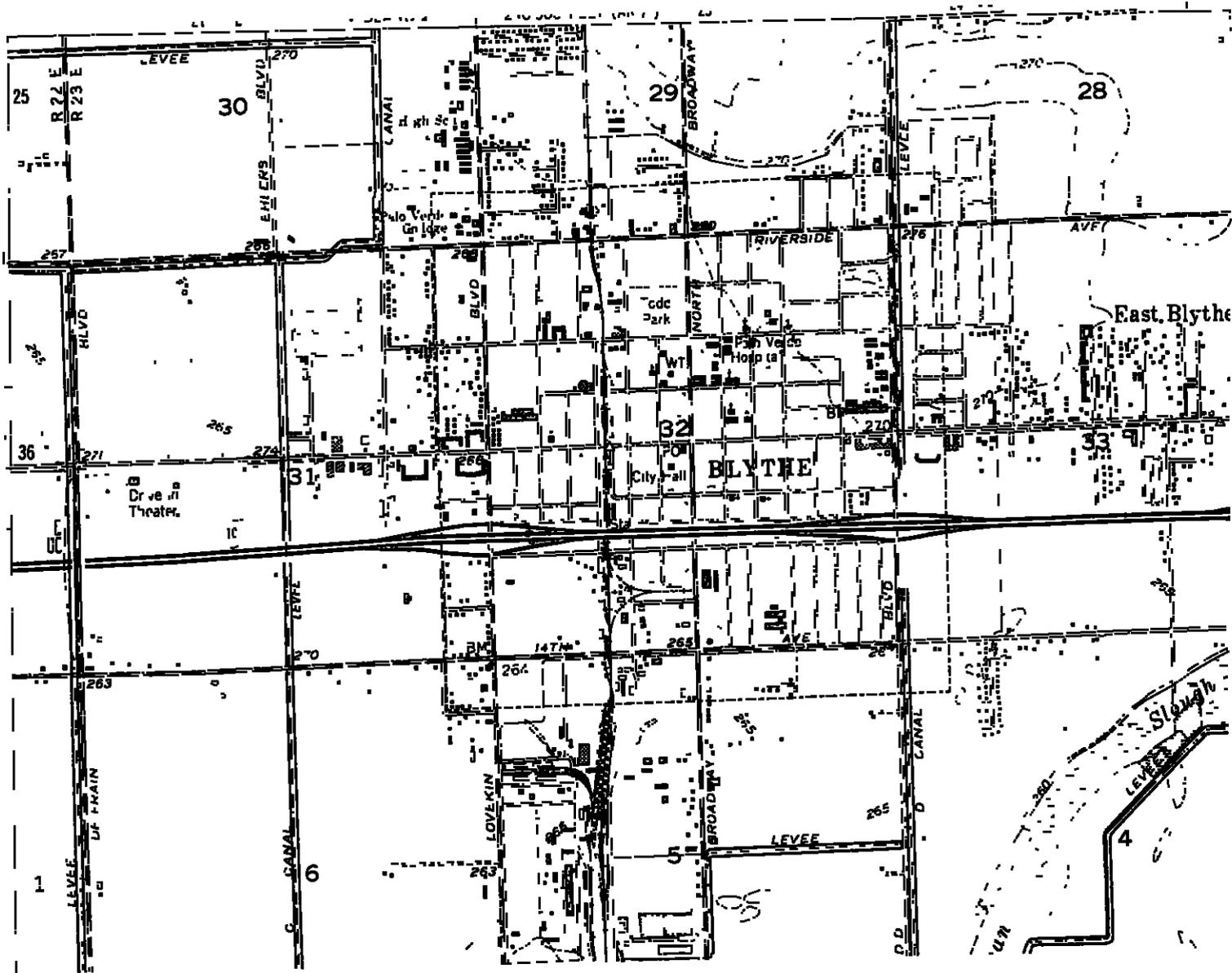












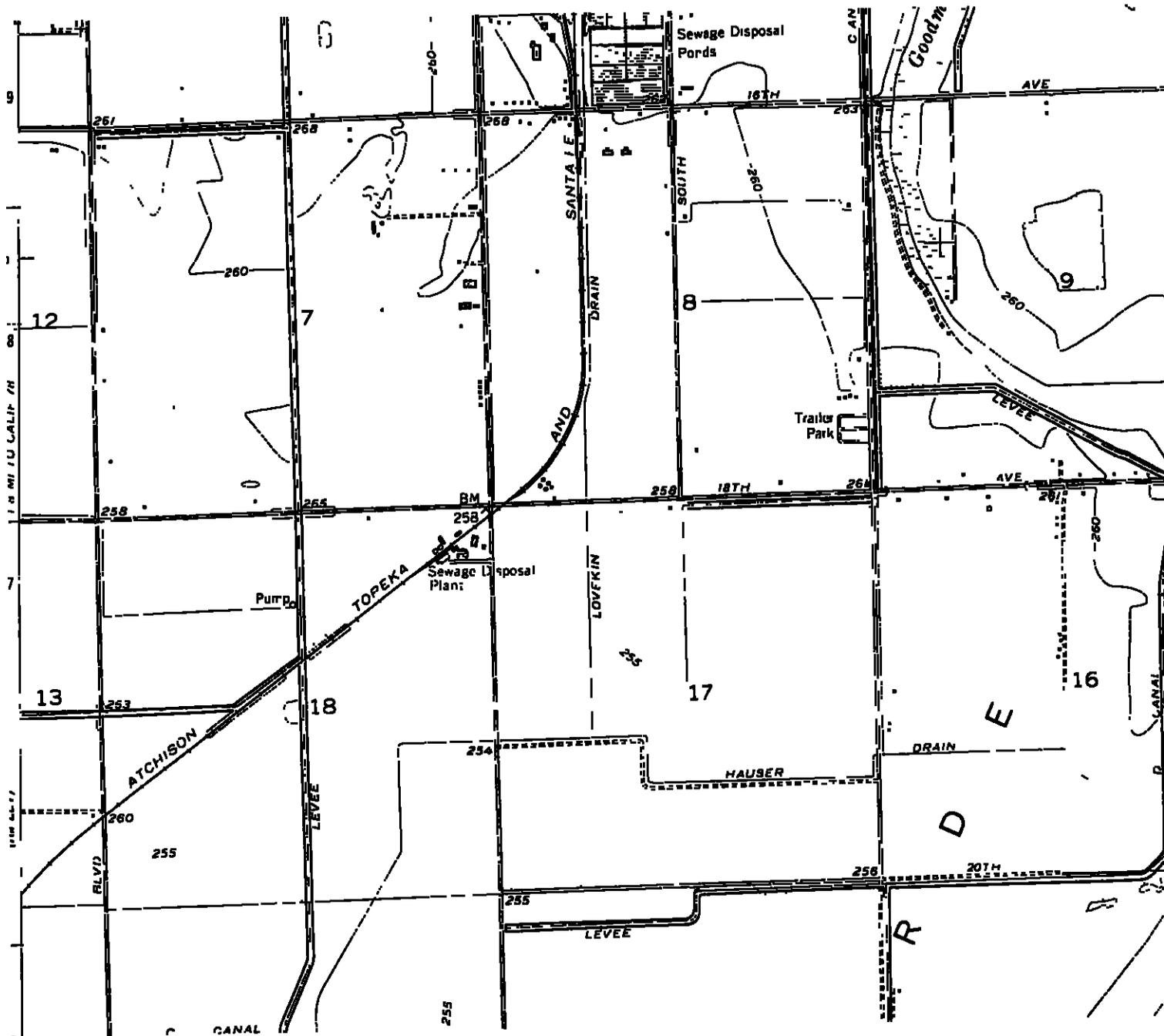


EXHIBIT 4 –CULVERT PHOTOGRAPHS

SEE CD

SERVED ONLY ON CAHP

EXHIBIT 5–RESPONSES

LAW OFFICE
THOMAS F MCFARLAND, PC.
208 SOUTH LASALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com

THOMAS F MCFARLAND

November 24, 2008

By e-filing

Ms. Victoria Rutson
Chief, Section of Environmental Analysis
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

Re: STB Docket No. AB-1022X, *Arizona & California Railroad Company – Aband. Exempt -- in San Bernadino and Riverside Counties, CA*

Dear Ms. Rutson:

This is an Environmental Comment in behalf of the City of Blythe, California (the City) in response to a Draft Environmental and Historic Report (Environmental Report) that was mailed to the City's Mayor Robert A. Crain by Arizona & California Railroad Company (ARZC) on October 31, 2008.

The City is a member of an ad hoc group of shippers and other local interest known as the Committee for Preservation of the Rice-Blythe-Ripley Rail Line (the Committee) that intends to oppose ARZC's abandonment application on the merits. ARZC is a wholly-owned subsidiary of Rail America, Inc., which, in turn, is owned by Fortress Investments. The Board is well aware of the service problems recently encountered by customers of another Rail America subsidiary, Central Oregon & Pacific Railroad, Inc. (CORP). The service and other problems encountered by ARZC's customers have been even worse.

THOMAS F. MCFARLAND

Ms. Victoria Rutson
November 24, 2008
Page 2

The City recognizes that the Environmental Report is distinct from the transportation merits of the abandonment application. Nevertheless, this Environmental Comment is submitted to correct blatantly false and misleading statements that are contained in the Environmental Report.

COMMENTS

1. **Proposed Action and Alternatives (Environmental Report, first unnumbered page):**

ARZC states that it transported only 210 cars to points on the Line in 2007. There is an implication from that statement that that traffic volume accurately reflects the demand for rail service on the Line. That is not so. In 2007, ARZC provided deplorable rail service and imposed a surcharge of \$800 per car. The surcharge prevented a large volume of grain from being transported by rail. In addition, large volumes of gypsum and calcium carbonate, and greater volumes of fertilizer and agricultural chemicals would move by rail to or from the Line if rail service was adequate. The Committee's evidence on the merits will show a demand for many times the 2007 traffic volume.

2. **Proposed Action and Alternatives (Environmental Report, second unnumbered page):**

The following ARZC allegation on the second unnumbered page of the Report is blatantly false

ARZC has reduced the frequency of service over the past several years due to the condition of the Line and the demand for service . . .

THOMAS F. MCFARLAND

Ms. Victoria Rutson
November 24, 2008
Page 3

ARZC reduced and eventually eliminated rail service all right, but its actions had nothing to do with track conditions or shipper demand. ARZC curtailed service and failed to channel any of its substantial surcharge revenues into track maintenance in furtherance of a systematic plan to deliberately downgrade rail service on the Line, thereby facilitating its abandonment.

In a classic example of euphemism, ARZC stated, at the same unnumbered second page of the Report.

. . . (I)n 2006 ARZC served the Line two to three times per month, as needed, and in 2007, service was sporadic . . .

The facts are that, with loaded cars awaiting delivery:

- ▶ in October-November, 2006, the Line went 25 consecutive days without rail service;
- ▶ in January, 2007, the Line went 35 consecutive days without rail service.

There were many other similar service failures. Rail service indeed was "sporadic," but it was a far cry from being service "as needed."

As if ARZC's deplorable rail service were not enough to chase rail traffic off the Line, ARZC imposed a surcharge of \$800 per car on traffic to or from the Line. Despite the "sporadic" ARZC rail service and that hefty surcharge, 210 carloads were transported over the Line in 2007. ARZC realized \$168,000 in additional revenue from that surcharge. However, instead of using that surcharge revenue for maintenance of the trackage, ARZC pocketed all of that extra income, and instead imposed an embargo of all traffic on the Line in December, 2007. ARZC no doubt would have kept that embargo in effect indefinitely without filing for abandonment authority if

THOMAS F. MCFARLAND

Ms. Victoria Rutson
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Page 4

its affiliate, CORP, had not been required by the Board to show cause why its lengthy embargo had not ripened into an unlawful abandonment.

In January, 2008, the City had an opportunity to file an application in behalf of ARZC for track rehabilitation funding from the Trade Corridors Improvement Fund. However, ARZC failed to provide information that was essential for inclusion in the application on a timely basis. As a result, the incomplete application could not be filed, and the opportunity for track rehabilitation funding was lost.

ARZC's deplorable rail service, its prolonged embargo of all rail service, its misused exorbitant surcharge, and its failure to cooperate to obtain track rehabilitation funding, combine to compel a finding that ARZC deliberately downgraded the Rice-Blythe-Ripley Line in order to facilitate the present application for abandonment. That unlawful conduct should lead to denial of the abandonment application.

3. **Proposed Action and Alternatives** (Environmental Report, second unnumbered page):

AZRC's statement -- that the condition of the Line is critical because of the hazardous materials handled over the Line -- is materially misleading. In point of fact, using the rail line for transportation of hazardous materials, compared to truck transportation, reduces the potential for an accidental spill because:

- (1) Trucks travel in a much more public and congested roadway compared to the very remote route of the railroad. It takes approximately 4-5 trucks to transport the same volume of commodity that is transported in a single railcar. That means that

Ms. Victoria Rutson
November 24, 2008
Page 5

- hazardous materials would be handled 4 5 times more in truck transportation than in rail transportation, correspondingly increasing the potential for a mishap; and
- (2) it is inaccurate and misleading to suggest that hazardous materials can be transloaded safely from railcars to trucks. In fact, since receivers were forced to use such transloading for anhydrous ammonia, there already have been two incidents that resulted in releasing anhydrous ammonia during the transloading process on the ARZC track at Rice, CA. Those incidents resulted in potential public exposure to a hazardous substance, response by County, State, and Federal emergency agencies, and the closure of public highways The sites suggested by AZRC for transloading hazardous materials do not have the proper containment and safety systems in place; and
- (3) the rail line does not get closer than 4.5 miles from the Colorado River. Any hazardous material spill over a canal or drain could be contained and localized, preventing any effect on the River. All of the canals and drains flow away from the River until they converge approximately 19 miles beyond the south terminus of the rail line.

4. **Transportation System** (Environmental Report, second unnumbered page)

Contrary to ARZC's contention on the second unnumbered page of the Report, the proposed abandonment would have a serious adverse effect on regional and local transportation systems and patterns.

THOMAS F. MCFARLAND

Ms. Victoria Rutson
November 24, 2008
Page 6

Because of ARZC's deliberate downgrading of rail service on the Line, it is not appropriate to consider only the effect of diversion to trucks of the 210 railcars that survived ARZC's inadequate service and surcharge. But for that deliberate downgrading, rail traffic would have been multiple times that number. Abandonment would forever preclude a return of that traffic to rail service, where it rightfully belongs. An environmental finding is thus dictated that the proposed abandonment would be seriously harmful to regional and local transportation system and patterns.

5. Land Use (Environmental Report, third unnumbered page)

ARZC is flat-out wrong in alleging that the proposed abandonment would be consistent with local and regional land use plans.

The City's land use plan has consistently contemplated rail transportation of bulk agricultural commodities produced or consumed in the City and its surrounding area. Rail service has an inherent advantage over trucks for long-haul transportation of grain and fertilizer. In addition, the owner of a gypsum mine at Inca desires to ship mine product by rail, but ARZC has shown no interest in transporting that traffic. Only ARZC's deliberate downgrading of rail service is preventing transportation of all of that traffic by rail.

THOMAS F. MCFARLAND

Ms. Victoria Rutson
November 24, 2008
Page 7

6. Conclusion

WHEREFORE, the Board and its Environmental Staff are respectfully requested to take the foregoing comments into account in preparing an Environmental Impact Statement or Environmental Assessment in this matter.

Respectfully submitted,

Thomas F. McFarland

Thomas F. McFarland
Thomas F. McFarland, P.C.
208 South LaSalle St., Suite 1890
Chicago, IL 60604-1112
(312) 236-0204 (ph)
(312) 201-9695 (fax)
mcfarland@aol.com

*Attorney for the Committee to Preserve
the Rice-Blythe-Ripley Rail Line*

TMcF kl wp8 011348VtrVRI

cc Louis E. Gitomer, Esq., by e-mail to *lou_gitomer@verizon.net*

EXHIBIT C–FEDERAL REGISTER NOTICE

ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT—
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLEY)

Notice of Petition for Exemption to Abandonment

On March 12, 2009, Arizona & California Railroad Company (“ARZC”) filed with the Surface Transportation Board, 395 E Street, S.W., Washington, D.C. 20423, a petition for exemption for the abandonment of a 49.40-mile rail line between Rice, CA, milepost 0 0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA, all of which traverses through United States Postal Service ZIP Codes 92225, 92226, and 92280 (the “Line”). The Line for which the abandonment exemption request was filed includes the stations of Rice, Styx, Midland, Cox, Inca, Mesaville, Blythe, Miller Farms, and Ripley.

The Line does contain federally granted rights-of-way. Any documentation in the railroad’s possession will be made available promptly to those requesting it.

The interest of railroad employees of ARZC will be protected by *Oregon Short Line R Co—Abandonment—Goshen*, 360 I.C.C. 91 (1979).

Any offer of financial assistance will be due no later than 10 days after service of a decision granting the petition for exemption.

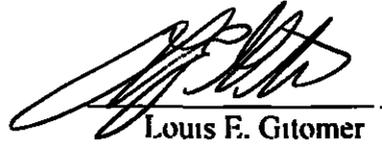
All interested persons should be aware that following abandonment of rail service and salvage of the line, the line may be suitable for other public use, including interim trail use. Any request for a public use condition and any request for trail use/rail banking will be due no later than 20 days after notice of the filing of the petition for exemption is published in the Federal Register.

Persons seeking further information concerning abandonment procedures may contact the Surface Transportation Board or refer to the full abandonment or discontinuance regulations at 49 CFR Part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis. An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by the Section of Environmental Analysis will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA (or EIS) may contact the Section of Environmental Analysis. EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

EXHIBIT D—NEWSPAPER CERTIFICATION

CERTIFICATE OF PUBLICATION

The undersigned hereby certifies that notice of the proposed abandonment in Docket No. AB-1022 (Sub-No. 1X) was advertised on March 6, 2009 in the San Bernardino County Sun, a newspaper of general circulation in San Bernardino and Riverside Counties, CA, as required by 49 C.F.R. § 1105.12.



Louis F. Gitomer
March 12, 2008

Arizona & California Railroad Company (“ARZC”) gives notice that on or about March 12, 2009 it intends to file with the Surface Transportation Board, Washington, DC 20423, a petition for exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903, et seq., permitting the abandonment of a 49.40 mile line of railroad between railroad milepost 0.0, near Rice, and railroad milepost 49.40, near Ripley which traverses through United States Postal Service ZIP Codes 92225, 92226, and 92280 in San Bernardino and Riverside Counties, CA. The proceeding has been docketed as No. AB 1022 (Sub-No 1X).

The Board’s Section of Environmental Analysis (SEA) will generally prepare an Environmental Assessment (EA), which will normally be available 60 days after the filing of the petition for abandonment exemption. Comments on environmental and energy matters should be filed no later than 30 days after the EA becomes available to the public and will be addressed in a Board decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to SEA, Surface Transportation Board, Washington, DC 20423 or by calling SEA at 202-245-0295

Appropriate offers of financial assistance to continue rail service can be filed with the Board. Requests for environmental conditions, public use conditions, or rail banking/trails use also can be filed with the Board. An original and 10 copies of any pleading that raises matters other than environmental issues (such as trails use, public use, and offers of financial assistance) must be filed directly with the Board’s Office of the Secretary, 395 I Street, SW, Washington, DC 20423 [Sec 49 CFR 1104.1(a) and 1104.3(a)], and one copy must be served on applicant’s representative [Sec 49 CFR 1104.12(a)]. Questions regarding offers of financial assistance, public use or trails use may be directed to the Board’s Office of Congressional and Public Services at 202-245-0231. Copies of any comments or requests for conditions should be served on the applicant’s representative Louis E. Gitomer, Esq., Law Offices of Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, phone (202) 466-6532, fax (410) 332-0885, and email Lou_Gitomer@verizon.net.

EXHIBIT E—CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

Pursuant to 49 C.F.R. §1152.60(d), the undersigned hereby certifies that the Petition for Exemption in Docket No. AB-1022 (Sub-No 1X), *Arizona & California Railroad Company—Abandonment Exemption—in San Bernardino and Riverside Counties, CA (Between Rice and Ripley)* was mailed via first class mail, postage prepaid, on March 12, 2009, to the following parties

State Public Service Commission

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Military Surface Deployment and Distribution Command Transportation Engineering Agency

Headquarters
Military Surface Deployment and Distribution Command
Transportation Engineering Agency
ATTN: SDDE-SA (Railroads for National Defense)
709 Ward Drive, Building 1990
Scott AFB, IL 62225-5357

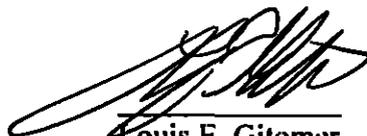
National Park Service

U.S. Department of Interior
National Park Service
Land Resources Division
1201 Eye Street, N.W
Washington, DC 20005

Charlie Stockman
National Park Service, RTCA Program
1201 Eye Street, NW
9th Floor (Org Code 2240)
Washington, DC 20005

U.S. Department of Agriculture

U.S. Department of Agriculture
Chief of the Forest Service
4th Floor, NW
Sidney R. Yates Building
201 14th Street, S.W
Washington, DC 20250



Louis E. Gitomer
March 12, 2009

EXHIBIT F—MARC R. BADER VERIFIED STATEMENT

ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT—
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLEY)

VERIFIED STATEMENT OF MARC R. BADER

My name is Marc R. Bader. I am Chief Line Engineer, West Region, of RailAmerica, Inc. ("RailAmerica"), a short line holding company that controls the Arizona & California Railroad Company ("ARZC"). I am responsible for engineering and maintenance activities for eight regional and short line railroads owned by RailAmerica that are located along the West Coast of the United States, including ARZC. My business address is 1100 Main Street, Suite 210, Woodland, CA 95695. I graduated from Washington University in St. Louis, MO in 1992 with a Bachelor of Science degree in civil engineering. Following graduation, I worked for Atchison, Topeka, and Santa Fe Railway and for Burlington Northern Santa Fe Railroad for approximately 11 years, in a variety of railroad engineering positions, including Roadmaster, Assistant Division Engineer and Division Engineer. I have been in my present position with RailAmerica for more than five years.

I am familiar with ARZC's 49.40-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA (the "Line")

I will discuss the value of the track and materials on the Line, the cost of rehabilitation of the Line, and the annual maintenance-of-way costs when the Line is operating.

1. Value of Track and Materials. Each of the RailAmerica subsidiary railroads that I am responsible for maintains an inventory of track and materials on its lines under my supervision. In addition, each railroad conducts regular inspections of its lines to maintain the accuracy of the inventory and the condition of the inventory. Appendix 1, which is attached to this verified statement, is the list of inventory on the Line.

The inventory includes rail, other track material ("OTM"), ties, signals, and turnouts. The rail, OTM, and turnouts are classified as relay, reroll, or scrap. The valuations are based on recent quotations obtained by ARZC and RailAmerica from rail suppliers and quotations in national publications. Liquidation costs are based on my experience with the cost of removal and transportation and recent quotations received by ARZC and RailAmerica for removal and transportation.

Appendix 1 includes the rail, OTM, ties, signals, and turnouts on the 49.40-mile main line and also the rail, OTM, ties, signals, and turnouts for sidings, team tracks, spurs, and other ancillary tracks used in the operation of the Line.

As shown in Appendix 1, the net liquidation value of the railroad assets will be \$2,149,480.

2. Rehabilitation. The Line has been embargoed since December 18, 2007 due to track conditions. Prior to the embargo, the Line was mostly FRA Class 1 track with 5.4 miles of FRA excepted track. In 2005 there were approximately 16 miles of FRA Class 2 track before the deteriorating track and structure conditions required dropping the speed to 10 mph. The Line requires substantial rehabilitation to be returned to FRA Class 1 condition.

The rail is very old and in poor condition. Ninety percent of the rail is 90 pounds or less. Most of the rail was rolled in the early twentieth century. Of 54.1 miles of rail on the Line, 48.6 miles is 90 pound or less, including 0.2 miles of 62.5 pound rail, 0.1 mile of 75 pound rail, and 10.4 miles of 85 pound rail.

My rehabilitation analysis only considers the main line and not the spur, side, team and switching tracks, although they also need expensive work. Attached as Appendix 2 is the Blythe Sub Mile Post Chart (the "Blythe Chart"), which was prepared at my direction and under my supervision. The Blythe Chart identifies the rail by milepost, weight and year rolled, and the number of ties needed per line segment.

In my professional opinion, all main line rail that is 85 pounds or less should be replaced to rehabilitate the Line. Eighty-five pound rail that has reached the end of its useful life after a century or more in service and use is brittle and subject to failure any time a train operates over it. Indeed, the major operating and maintenance problems on the Line are the rails that break when a train operates over them. That is one of the reasons that ARZC must operate a patrol behind each train on the Line.

However, for the purpose of this rehabilitation evaluation, I will only address the most critical area of rail replacement in the heavy curvature and grade known as Styx Hill. Rehabilitation to a maintainable condition requires the replacement of 3.9 miles of 90 pound rail between MP 13.8 and MP 18.0 that was rolled between 1911 and 1913; this excludes the 0.3 miles of existing 112 pound rail in these limits. The old rail will be replaced with new 115 pound rail. The new rail will cost approximately \$462,000 per mile to install, which includes the cost of the rail and labor. Replacing 3.9 miles of rail will cost \$1,801,800.

The Line also requires substantial tie work. As can be seen in the Blythe Chart, the Line requires the replacement of 36,480 ties at a cost of \$57.00 per tie, which includes the cost of the tie, labor and machinery to insert each tie. The total cost of tie replacement will be \$2,079,360.

The ballast also must be replaced on the Line in order to reach FRA Class 1 standards. Based on my experience, the Line requires 300 tons of ballast per mile. The cost of the ballast is \$10 per ton for material and installation. The 49.40-mile line will require 14,820 tons of ballast at a cost of \$148,200.

Once the ballast, ties and track have been replaced, the Line must be surfaced to assure a smooth ride by aligning all of the rails on the horizontal and vertical axes. Surfacing costs \$4,800 per mile. Total surfacing costs will be \$237,120.

The Line also has 56 bridges and 47 culverts that need various repairs to piling, caps, stringers, and deck ties totaling approximately \$450,000.

To summarize, it will cost \$4,716,480 to rehabilitate the Line to a maintainable FRA Class 1 condition.

Even the City of Blythe estimates the cost to rehabilitate the Line to be \$5,000,000. See Appendix 3. My estimate is more detailed and relies on a full inspection of the Line. Even so, rehabilitation to FRA Class 1 will only permit operations at a maximum speed of 10 miles per hour on the Line. Operating a 49.40-mile branch line at 10 miles per hour is inefficient, taking 2 crews for a round trip from the on-duty point at Parker, including switching. Parker is 35 miles from Rice. However, the additional cost to rehabilitate the Line to FRA Class 2 by increasing the tie replacement density by adding 3,900 ties to the program and relaying the 10.4 miles of mainline 85

pound rail would be \$5,006,300, and is not justified by any likely volume of future traffic. Even rehabilitation to FRA Class 1 is not justified by the likely volume of future traffic

3. Maintenance-of-way. The FRA requires a weekly inspection on this Line. In addition, a patrol truck must follow each train so that broken rail or other track structure failures can be spotted and repaired to avoid stranding a train. I have calculated the cost of maintenance of way based upon weekly operations. More frequent operations would increase maintenance of way costs

An inspection of the Line requires eight hours once per week. There is one inspector who earns \$16.45 per hour. In addition, employee benefits are about 72.5 percent of wages, and general administrative costs of 50 percent of wages. Therefore, to inspect the Line costs about \$42.56 per hour or about \$340 per day. The inspector uses a truck that costs \$550.00 per month or about \$18 per day. The truck averages 12 miles per gallon of fuel for the approximately 100 mile trip. Fuel costs about \$2.20 per gallon or about \$18 per round trip. The cost of the weekly inspection of the Line is about \$376. The annual inspection cost is about \$19,552.

A patrol takes about four hours in each direction. The patrol departs several hours after the train to ensure that it is not delayed by the train. The second patrol is realistically combined with the weekly inspection. The employee following the train earns \$16.45 per hour. In addition, employee benefits are about 72.5 percent of wages, and general administrative costs of 50 percent of wages. Therefore, each patrol costs about \$42.56 per hour or about \$170 per trip. The patrol uses a truck that costs \$550.00 per month or about \$18 per day. The truck averages 12 miles per gallon of fuel for the

approximately 50 mile trip. Fuel costs about \$2.20 per gallon or about \$9 per trip. The cost of each patrol is about \$197. For a year, the cost is \$10,244.

When the track inspector or patrol finds repairs that are required, but that they cannot make, they call a repair truck and crew of three. Because of the age and condition of the Line, this occurs about once per week. A repair truck and crew is dispatched from Parker, AZ, and requires a minimum of eight hours to effect repairs, including travel time. Each employee earns \$16.45 per hour. In addition, employee benefits are about 72.5 percent of wages, and general administrative costs of 50 percent of wages. Therefore, each employee earns about \$42.56 per hour or about \$340 per trip. Three employees cost about \$1,020 per day. The repair truck costs \$2,200 per month or about \$73 per day. The truck averages 12 miles per gallon of fuel for the approximately 200 mile round trip from Parker. Fuel costs about \$2.20 per gallon or about \$37 per trip. In addition, the repair crew on average uses \$500 of material (two pairs of angle bars and one 39-foot length of track on average) for each repair. Each repair trip to perform necessary maintenance costs about \$1,630, or \$84,760 per year.

The Line also has signalized grade crossings. The signals must be inspected and maintained on a monthly basis. It costs about \$2,412 per month to inspect and maintain the signals, a total of \$28,944 per year.

Because the signals control grade crossings, they must be kept in operation and maintained as long as a train can operate on the Line. When the Line was embargoed, ARZC, in consultation with the California Public Utilities Commission decided that it was in the best interests of the railroad and drivers (including school buses that would no longer need to stop at the inactive crossings) to take the grade crossing signal system off-

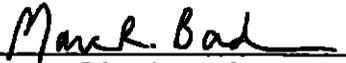
line In order to do this, ARZC needed to “break” the Line. ARZC did this by removing one 39-foot length of track near Rice in order to make the track inaccessible to rail traffic.

The total annual cost of maintaining the Line is about \$143,500.

VERIFICATION

I, Marc R. Bader, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on March 9, 2009.



Marc R. Bader

APPENDIX 1–NET LIQUIDATION VALUE

Liquidation Value of Railroad Asset
Arizona & California Railroad- Blythe Sub - MP 4.0 to MP 49.4

March 3, 2009

Rail										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	1.2	187.26	224.72	200.64	reroll	\$700		\$157,302	
110lb	jnt	4.3	183.92	790.86	706.12	reroll	\$700		\$553,599	
90lb	jnt	21.9	150.48	3295.51	2942.42	reroll	\$700		\$2,306,858	
90lb	jnt	16	145.73	2331.65	2081.83	scrap	\$165		\$384,722	
85lb	jnt	10.4	137.63	1431.37	1278.01	scrap	\$165		\$236,177	
75lb	jnt	0.1	121.44	12.14	10.84	scrap	\$165		\$2,004	
63lb	jnt	0.2	101.20	20.24	18.07	scrap	\$165		\$3,340	
Totals		54.1		8106.49	7237.94				Total Rail Value	\$3,644,001

OTM										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	1.2	84.0	100.80	90.00	relay	\$900		\$90,720	
110lb	jnt	4.3	57.0	245.10	218.84	relay	\$900		\$220,590	
90lb	jnt	37.9	50.0	1895.00	1691.96	scrap	\$165		\$312,675	
85lb	jnt	10.4	42.2	438.88	391.86	scrap	\$165		\$72,415	
75lb	jnt	0.1	40.0	4.00	3.57	scrap	\$165		\$660	
63lb	jnt	0.2	36.5	7.30	6.52	scrap	\$165		\$1,205	
Totals		54.1		2691.08	2402.75				Total OTM Value	\$698,265

Ties (Removal & Market)						Signal/Appliances			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	15%	54.1	24345	\$9	\$219,105	Lights	0	\$2,500	
#2 Relay	0%	54.1		\$6		Gates	10	\$1,000	\$10,000
Landscape	20%	54.1	32460	\$3	\$97,380	Total all Signals \$10,000			
Scrap	65%	54.1	105495	\$5	\$527,475				
Total Tie Value					-\$210,990				

Turnouts										
Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
85lb	#8	1	1.8	1.83	1.63	scrap		\$300		\$490
90lb	#8	13	1.8	23.79	21.24	scrap		\$300		\$6,372
110lb	#8	2	3.7	7.40	6.61	scrap		\$300		\$1,982
90lb	#10	13	1.9	25.09	22.40	scrap		\$300		\$6,721
Totals		29		58.11	51.88					\$15,565

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Rail (CWR)	NT	\$65		
Dismantle Rail (Jointed)	NT	\$65	10798 NT	\$701,842.0
Transport Rail & OTM	NT	\$65	10856 NT	\$705,619.2
Transport Ties	EA	\$3	162,300	\$486,900.0
Remove Relay Turnouts	EA	\$2,000	29	\$58,000.0
Remove Crossing Signal	EA	\$1,500	10	\$15,000.0
Restore Crossings	EA	\$4,000	10	\$40,000.0

Gross Liquidation Value	\$4,156,841
Total Liquidation Costs	\$2,007,361
Net Liquidation Value	\$2,149,480

APPENDIX 2-BLYTHE CHART

Blythe Sub Mile Post Chart

To Mile Post	# of Ties Needed	Rail Weight	Rail Date	Bridges MP	Culverts MP	Comments
0.0 to .9	540	110	1925			
0.9 to 1.0	60	90	CFI 1910			
2	600	90	CFI 1912	1.94		
3	600	90	Colo. 1918		2.3	
4	600	90	CFI 1910			
5	600	90	CFI 1910		4.8	
6	600	90	CFI 1910	5.7 5.9	5.5	

7	600	90	CFI 1910		6.2 6.5 6.8 6.9
7.0 to 7.1	50	90	CFI 1910	7.1	
7.1 to 7.2	50	110	Colo 1930	7.2	
7.2 to 8.0	500	90	CFI 1910	7.3	
9	600	90	CFI 1910		
10	600	90	CFI 1910		
11	600	90	CFI 1909	10.2 10.7	
12	600	90	Colo 1915 & CFI 1911	11.2 11.4	

13	600	90	CFI 1911	12.4	
14	1000	90	CFI 1912	13.1	
15	1000	90	Colo 1913	14.5, 14.6, 14.7, 14.92, 14.94	
16	1000	90	Colo 1913	15.2, 15.4, 15.41, 15.49, 15.7	
17	1000	90	Colo 1913	16.5, 16.8, 16.95	Styx Spur 62.5 lb rail 520 feet, LTS 1898
17.0 to 17.3	150	112	Colo 1930	17.05	
17.3 to 18	450	90	CFI 1911	17.5	17.4, 17.69
19	600	90	CFI 1910	18.1, 18.2, 18.3, 18.4	
20	600	90	CFI 1910	19.3, 19.5, 19.8	

21	600	90	CFI 1910	20.7	20.9	
22	600	90	CFI 1912	21.2, 21.25, 21.4, 21.7		
23	600	90	CFI 1912			
24	600	90	CFI 1912	23.1, 23.3, 23.8, 23.98	24.63, 24.71, 24.82, 24.89	Inca Siding 3400 feet, 90 pound, CFI 1909
25	600	90	CFI 1912	24.49, 34.78, 24.86	25.07, 25.28,	
26	600	90	CFI 1910	24.14, 25.6, 25.9	25.31, 25.4	
27	600	90	CFI 1910	26.0, 26.2, 26.5, 26.7	26.1	
28	600	90	Colo 1915	27.0, 27.3, 27.5, 27.9		
29	600	90	Colo 1928	28.3, 28.5, 28.6, 28.7		

30	600	90	Colo 1928	29.0, 29.4, 29.6, 29.8	
30 to 30.5	400	90	Colo 1928	30.4	
30.5 to 31	400	85	CFI 1904		
32	800	85	CFI 1904	31.5, 31.4	
33	800	85	CFI 1904	32.0, 32.3, 32.6, 32.8	
34	800	85	CFI 1903	33.0, 33.3	Mesaville spur, total 820 feet as follow: 400 feet, 75 lb rail, not marked, 420 feet LTS 62.5 lb, LTS 1898
34.0 to 34.6	450	85	CFI 1903		
34.6 to 35	350	90	Colo 1925	34.9	
35.0 to 35.4	350	112	Colo 1937	35.3, 35.4	

35.4 to 36.0	85	CFI 1903	35.7, 35.9
37	85	CFI 1903	36.1, 36.5
38	85	CFI 1903	37.2
39	85	Illinois 1906	38.3
39.0 to 39.5	85	Illinois 1906	39.4
39.5 to 40.0	112	Colo 1940	39.9
41	85	Illinois 1906	
41.0 to 41.4	90	Illinois 1923	
41.4 to 41.6	85	Illinois 1906	

41.6 to 42.0	400	110	Colo 1927	Water Track 41.8, 800 feet, 90 lb, CFI 1906, Team Track 41.9, 200 feet, 85 lb, CFI 1903
43	1000	85	CFI 1906	Sugar Track 42.01, 690 feet, 90 lb, Colo 1915 House Track, 42.02, 695 feet, 90 lb, CFI 1910, North & South Wye, 42.2, 90 lb Colo 1918, Runaround Track, 42.45, 600 ft, 90 lb, Colo 1914, Toshin Siding, 42.5, 2385 feet, 110 lb, Colo 1932, BC Systems, 42.8, 1130 feet, 90 lb, CFI 1907, 5-Star, 42.85, 1100 ft, 110 lb, Inland 1932
44	1000	110	Colo 1930	Helena Lead, 43.2, 1100 feet, 112 lb, Colo 1939 Helena Track, off Helena lead, 190 ft, 90 lb, Colo 1912, Pure Grow, off Helena Lead, 490 ft, 90 lb, CFI 1909 Ramp Trk 1, Off Helena Lead, 1400ft, 90lb, CFI 1909, Ramp Trk 2, Off Helena Lead, 1400ft, 90lb, CFI 1909, Ramp Trk 3, Off Helena Lead, 500ft, 90lb, CFI 1909, Ramp Trk 4, Off Helena Lead, 500ft, 90lb, CFI 1909, Long Siding, 43.4, 5200 ft, 90 lb, CFI 1903
45	1000	110	Colo 1927	Deseret, 44.4, 480 ft, 90 lb, CFI 1906
46	1000	90	Colo 1912	
47	1000	90	Colo 1913	

48	1000	90	Colo 1913
49	1000	90	Colo 1928
49.0 to 49.4	800	90	Colo 1928
			<u>Ripley Siding, 985 feet, 90 lb Colo 1912</u>
36480			

APPENDIX 3—CITY OF BLYTHE RESOLUTION

BLYTHE CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: A.C.M. - C. HULL 

DATE: JANUARY 8, 2008

SUBJECT: RESOLUTION 08-744, A RESOLUTION BY THE CITY OF BLYTHE IN SUPPORT OF THE APPLICATION TO THE CALIFORNIA TRANSPORTATION COMMISSION ON BEHALF OF THE ARIZONA CALIFORNIA RAILROAD FOR PROPOSITION 1B TRANSPORTATION FUNDS

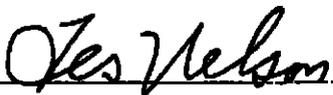
BACKGROUND:

The City of Blythe has been working with local rail customers trying to find options to keep the Blythe Branch line of the Arizona California Railroad (ARZC) in service. The branch line consists of the railroad spur extending south from Rice 49 miles to Ripley. With a recent change in track ownership, the need for significant rail maintenance and a steady decline in customer usage, it is almost certain this line will come completely out of service by the end of 2008 unless the financial equation is changed. ARZC has filed and received authorization from the Surface Transportation Board (STB) to embargo the Blythe line; the next step (December 2008) is to request abandonment. The other options are to find an estimated \$5,000,000 to the repair the 49 miles of track and increase customer usage (hauling contracts), or find a buyer for the branch line.

Part of the local "rescue" effort involves submitting an application to the California Transportation Commission (CTC) for Proposition 1B funds for track rehabilitation. The estimated \$5,000,000 project, per the Transportation Corridor Improvement Fund (TCIF) could potentially have 50% of the needed money come from the State. The local 50% match is still unidentified as to source, but could include private contributions, local, Measure 'A', Federal, or RDA money, or AQMD grants. The City is not in the railroad business. But, local businesses that use the service cannot get through this process alone. Finally, the application for possible Proposition 1B funds (for rail maintenance) must come from a governmental agency, and the hardcopy must be received by the CTC in Sacramento by January 17, 2009.

RECOMMENDATION:

Staff recommends Council approve Resolution 08-744, supporting the application to the CTC for the Proposition 1B funds for the rehabilitation project of the Arizona & California Railroad Branch line between Rice and Ripley.

Concurrence by City Manager:  _____

RESOLUTION 08-744

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLYTHE, CALIFORNIA,
AUTHORIZING FILING AN APPLICATION IN BEHALF OF THE ARIZONA-CALIFORNIA
RAILROAD FOR TRADE COORIDOR IMPROVEMENT FUNDS (TCIF) TO THE CALIFORNIA
TRANSPORATION COMMISSION

WHEREAS, the Arizona & California Railroad Company (ARZC) provides the only rail service to the City of Blythe and the Palo Verde Valley, and

WHEREAS, the track infrastructure is at a service level not cost effective to provide reliable service to the customers on the line, and

WHEREAS, the ARZC has filed an embargo to take the Blythe Branch out of service, and

WHEREAS, the customers served by this rail line and the City of Blythe need this piece of railroad infrastructure to remain competitive in the various business markets that use the railroad for transportation services,

NOW THEREFORE BE IT RESOLVED, that the City of Blythe City Council approved submitting an application to the California Transportation Commission in an attempt to secure railroad track rehabilitation funds for the Blythe Branch line belonging to the Arizona & California Railroad Company.

PASSED and ADOPTED by the City Council of the City of Blythe at a regular meeting thereof held on January 8, 2008, by the following called vote, to wit:

AYES:
NOES:
ABSENT:

Mayor Robert A. Crain

ATTEST:

Virginia Rivera City Clerk

(SEAL)

**EXHIBIT G—ROBERT M. FRELICH, JR. VERIFIED
STATEMENT**

**ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT—
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLEY)**

VERIFIED STATEMENT OF ROBERT M. FRELICH, JR.

My name is Robert M. Frelich, Jr. and I am Director of Finance of RailAmerica, Inc. (“RailAmerica”), a shortline holding company that controls the Arizona & California Railroad Company (“ARZC”). The purpose of this verified statement is to describe how I developed the revenues and costs of ARZC for the 49.40-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA (the “Line”).

I have been Director of Finance for last three years and was Director of Planning for prior nine years with RailAmerica. As Director of Planning, I was responsible for planning, analyzing traffic profitability and financial results, acquisition modeling, and budgeting for RailAmerica’s subsidiary railroads. My prior experience with Southern Pacific was as Director of Budgeting for Operating Department.

My current duties include responsibility for planning, cost modeling, profitability analysis, analyzing financial results, acquisition modeling and budgeting of railroads for two regions.

1. Background. The Surface Transportation Board (the “Board”) has developed a very sophisticated methodology in 49 C.F.R. Part 1152 Subpart D for calculating revenues and avoidable costs for a line of railroad that a railroad is seeking to abandon. The predicate for using these procedures is maintaining data in accordance with the Branch Line Accounting System (the “BLAS”). Only Class I railroads are required to

maintain records in accordance with the BLAS. As a Class III railroad, ARZC does not maintain its records in accord with the BLAS.

Using the data and resources available to me from the ARZC, I have tried to present the Board with an accurate analysis of the revenue generated by the Line and the costs of operating the Line. In conducting this analysis, I have developed a Forecast Year based on traffic from the customers on the Line who would continue to use rail service if the Line were not abandoned.

2. Forecast Year Traffic. The Line has been embargoed since December 22, 2007. Before the embargo, traffic has steadily declined from 711 carloads in 2004 to 660 carloads in 2005 to 450 carloads in 2006 to 257 carloads in 2007.

I will use the 450 carloads from 2006 as the forecast year traffic for two reasons. The last year of generally regular operations on the Line occurred in 2006. In addition, 450 carloads is approximately the average number of cars shipped in 2004-2007, once the cars received by American Cast Iron Pipe Co. ("American Pipe") are excluded because the construction project that required the pipe has been completed.¹

3. Revenue. Revenue generated by traffic on the Line since 2004 is as follows:

Year	Revenue
2004	\$335,248
2005	\$286,408 ²
2006	\$211,322
2007	\$182,517

In 2006, ARZC applied the surcharge to 10 carloads that moved on the Line, resulting in additional revenue of \$8,000. In 2007, the \$800 surcharge was applied to 147

¹ American Pipe received 248 carloads in 2005 and 18 carloads in 2007. No carloads were received in 2004 or 2006.

² Excluding the revenue from American Pipe of \$107,320 would have resulted in revenue of \$179,088 in 2005.

carloads that moved on the Line. The shippers decided to transload the remaining 110 so that they did not pay the \$800 surcharge. Based on the shippers' decisions in 2007 to transload instead of moving cars on the Line, I have determined that a similar number of shippers would transload traffic to the Line in the Forecast Year. Therefore, the surcharge will be applied to 258 car in the Forecast Year ($147/257 \times 450 = 258$ (rounded up))

Based on the total revenue received in 2006 and the number of cars, in 2006 dollars, ARZC would generate an average of \$452 per car. The revenue has been updated by applying the quarterly RCAF (adjusted) to the revenue through the first quarter of 2009 so that the projected forecast year revenue per car will be \$473. Revenue generated in the Forecast Year would be \$212,850. ARZC has also imposed an \$800 per car surcharge on the traffic moving on the Line, which would add an additional \$206,400 in revenue from the 258 carloads incurring the surcharge for the Forecast Year for a total Forecast Year revenue of \$419,250.

4. Avoidable Costs. In calculating the avoidable costs of operating over the Line, I will determine the costs of operation and use the costs to maintain the Line prepared by Mr. Bader.

a. Costs of Operation. The cost to operate a train on the Line depends on the amount of time spent on the Line, the numbers of trips on the Line, the number of employees and their compensation, the number of locomotives used and their cost, the cost of fuel, and the overhead costs that include general and administrative costs, and depreciation.

In the Forecast Year, ARZC proposes to serve the Line once per week.

The crew and equipment used to serve the Line are based in Parker, AZ. A trip, including switching, from Parker to Ripley takes 11 hours. The return trip from Ripley to Parker, also including switching, takes 11 hours.

In 2007, there were two people in the train crew serving the Line. A two person crew is standard on ARZC, especially on a trip as long as from Parker to Ripley. I foresee a two person train crew for the Forecast Year. Daily wages for each crew member is \$211.68 per day and their benefits are equal to 72.5 percent of wages. For each round trip from Parker to Ripley to Parker, employee costs are \$1,460.60 [for the road crew \$211.68 (daily wage) x 2 (number of crew) x 2(round trips) x 1.725 (benefits)]. In addition to the employee direct costs, ARZC incurs the cost of deadheading the employees by crew hauler from Ripley to their home terminal in Parker, AZ and then back the next day. The crew hauler makes \$12.50 per hour and the round trip is four hours. The crew hauler wages are \$ 172.50 [$\$12.50$ (hourly wage) x 4 (hours for trip) x 2 (number of trips) x 1.725 (benefits)]. Also, the monthly lease for the vehicle is \$800.39. For the two round trips the vehicle cost would be \$26.67. Gasoline would be \$32.00 [$\2.00 (price per gallon) x 120 (miles per trip) x 2 (number of trips) / 15 (miles per gallon for vehicle)]. Therefore, for 52 round trips from Parker to Ripley to Parker employee costs are \$87,972 ($(\$1460.60 \times 52) + (172.50 \times 52) + (\$26.67 \times 52) + (\$32 \times 52)$).

ARZC uses one GP38 locomotive for the round trip from Parker to Ripley to Parker. Daily rental of the locomotive is \$114. The locomotive is used for two days per week (22 hours round trip and 12 hours off duty) for a total weekly cost of \$228 or \$11,856 per year ($\$228 \times 52$). The locomotive burns about 17.8 gallons per hour. The

cost of fuel fell to about \$2.00 per gallon by the end of the 2008. To be conservative, I will use the cost of fuel that ARZC paid at the end of 2008, despite the recent increase in fuel costs. For each trip, the locomotive fuel cost is \$783 ($\2.00 (cost per gallon) \times 17.8 (gallons per hour) \times 22 (hours per trip)), and per year is \$40,716. The annual cost of the locomotive is \$52,572.

Based on the above costs: \$87,972 (crew costs) plus \$52,572 (locomotive fuel and rental) plus \$70,272 (50% for overhead), the total yearly operating costs for the Line are \$210,816.

b. Maintenance of Way Costs. Mr. Bader has developed an annual maintenance of way cost of \$143,500 for the Line, which I adopt and will use.

c. Summary of Avoidable Costs. The annual operating costs on the Line are \$210,816. Annual maintenance of way costs on the Line are \$142,500. Total avoidable costs on the Line are \$353,316.

5. Forecast Year Revenue. The annual revenue projected for the Line is \$419,250. Annual avoidable costs are \$353,316 resulting in net revenue of \$65,934.

6. Opportunity Costs. Opportunity costs are the economic loss ARZC incurs from forgoing a more profitable alternative use of its assets. In calculating the opportunity cost of ARZC's road property, I have followed the Board methodology of determining the investment base, which is equal to the sum of: (1) allowable working capital; (2) the net liquidation value (NLV) of the line; and (3) current income tax benefits (if any) resulting from abandonment. I then multiply the valuation of the road properties by the current nominal rate of return, to yield the nominal return on value. The nominal return is then adjusted by applying a holding gain (or loss) to reflect the increase

(or decrease) in value a carrier will expect to realize by holding assets for 1 additional year.

a. Calculation of net salvage value (“NSV”).

Mr. Bader is responsible for the development of maintenance and rehabilitation plans for ARZC. Based on ARZC’s records, an inspection of the Line, the latest costs of rail materials, and the cost of removal and transportation, Mr. Bader calculates the NSV of the Line to be \$2,149,480 (See Exhibit _).

2. Calculation of the value of real estate (“VRE”).

The VRE has been calculated based on an appraisal performed by Mr. Rex to be \$1,701,000. Hence, the net liquidation value (“NLV”) of the Line is \$3,850,480.

3. Calculation of 15 days working capital.

I calculated the annual cost of operating and maintaining the Line to be \$353,316. Working capital for the computation of opportunity costs is calculated as 15 days of the costs of the Line. I have divided the operating costs and maintenance costs (\$353,316), divided them by 365 and multiplied that amount by 15 to arrive at the 15 days of working capital of \$14,520.

4. Nominal cost of capital.

The Board has recently accepted the nominal cost of capital for a Class III railroad of 17.24 percent. Therefore, ARZC has decided to use 17.24 percent as the nominal cost of capital in calculating the opportunity costs of the Line.

5. Income tax consequences.

The book value of the Line is \$3,850,480. The NLV of \$3,850,480 less the book value yields no gain. Therefore, sale of the Line will have no tax consequences.

6. Holding gain.

Because of the volatility of the market for scrap and reusable steel and the decline in the market for real estate, ARZC estimates that there will be no holding gain or loss in the current economic environment. The Board has accepted such an analysis.

7. Calculation of Opportunity Costs.

The following Table shows the opportunity cost calculation.

Working Capital	\$ 14,520
NLV	\$3,850,480
Taxes	\$ 0
Holding Gain	\$ 0
Valuation	\$3,865,000
Nominal Rate of Return	17.24%
Opportunity Cost	\$ 666,326

CONCLUSION

The annual avoidable cost of operating the Line in the Forecast Year will be \$210,816. Annual costs of maintaining the Line in its current condition are \$143,500. The opportunity cost of the Line is \$666,326. The Forecast Year revenue, which is based on traffic from 2006, and includes revenue as previously calculated, is \$419,250. The cost to rehabilitate the Line to FRA Class 1 is \$4,716,480, as calculated by Mr. Bader.

My analysis leads me to conclude that the revenue projected is insufficient to pay the cost of the Line, much less the cost of rehabilitating the Line. The Line is a drain on the resources of ARZC, a Class III railroad, and therefore a burden on ARZC and interstate commerce.

VERIFICATION

I, Robert M. Frelich, Jr., verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on March 9, 2009.



Robert M. Frelich, Jr.

EXHIBIT H
SURCHARGE TARIFF
EMBARGO NOTICES
SDM

ARIZONA & CALIFORNIA RAILROAD

A RailAmerica Company



Freight Tariff ARZC 8000

NAMING SWITCHING AND ACCESSORIAL CHARGES AT LOCATIONS ON THE ARIZONA & CALIFORNIA RAILROAD

THIS TARIFF APPLIES ON INTERSTATE TRAFFIC AND INTRASTATE TRAFFIC IN THE STATE OF
AZ AND CA

NOTICE
THE PROVISIONS HEREIN WILL, IF EFFECTIVE, NOT HAVE A NEGATIVE IMPACT ON THE QUALITY
OF THE HUMAN ENVIRONMENT OR ENERGY CONSUMPTION

FOR GOVERNING CLASSIFICATIONS, SEE ITEM 5

ISSUED: NOVEMBER 9, 2006

EFFECTIVE: DECEMBER 8, 2006

ISSUED BY
ARIZONA & CALIFORNIA RAILROAD
1301 CALIFORNIA AVENUE
PARKER, AZ 85344

METHOD OF ADDING, CHANGING OR DELETING ITEMS IN THIS TARIFF

Changes to this tariff will be made by issuing supplements. These supplements will show the action taken on each item, namely:

- A Increase
- C Change resulting in neither an increase nor a decrease
- R Decrease

There will be only one supplement to this tariff in effect at any time. Any item contained in a prior supplement will be brought forward to subsequent supplements.

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GENERAL RULES AND REGULATIONS	
ITEM	APPLICATION
5	<p>DESCRIPTION OF GOVERNING CLASSIFICATION</p> <p>This tariff is governed, except as otherwise provided herein, by Uniform Freight Classification UFC 6000 series, issued by the national Railroad Freight Committee, Agent, supplements thereto or reissues thereof</p>
10	<p>STATION LIST AND CONDITIONS</p> <p>This tariff is governed by the Official Railroad Station List, OPSL 6000 series, to the extent shown below:</p> <p style="text-align: center;">PREPAY REQUIREMENTS AND STATION CONDITIONS</p> <p>For addition and abandonment of stations, and except as otherwise shown herein, for prepay requirements, changes in names of stations, restrictions as to acceptance or delivery of freight, and changes in station facilities.</p> <p>When a station is abandoned as of a date specified in the above named tariff, the rates from and to such station, as published in this tariff, is inapplicable on and after that date</p> <p style="text-align: center;">GEOGRAPHICAL LIST OF STATIONS</p> <p>For geographical locations of stations referred to in this tariff by station number</p> <p style="text-align: center;">STATION NUMBERS</p> <p>For the identification of stations when stations are shown or referred to by numbers in this tariff</p>
15	<p>EXPLOSIVES, DANGEROUS ARTICLES</p> <p>For rules and regulations governing the transportation of explosives and other dangerous articles of freight, also specifications for shipping containers and restrictions governing the acceptance and transportation of explosives and other dangerous articles, see Bureau of Explosives Tariff BOE 6000-series.</p>
20	<p>REFERENCE TO TARIFFS, ITEMS, NOTES AND RULES</p> <p>Where reference is made in this tariff to tariffs, items, notes or rules, such references are continuous and include supplements to and successive issues of such tariffs and reissues of items, notes or rules</p>
30	<p>Intentional left blank</p>
40	<p>CONSECUTIVE NUMBERS</p> <p>Where consecutive numbers are represented in this tariff by the first and last numbers connected by the word "to" or a hyphen, they will be understood to include both the numbers shown.</p>
45	<p>CAPACITIES AND DIMENSIONS OF CARS</p> <p>For marked capacities, lengths, dimensions and cubical capacities of cars, see The Official Railway Equipment Register, RER 6413 series</p> <p>Maximum Gross weight on rail on ARIZONA & CALIFORNIA RAILROAD WITHOUT CLEARANCE is 286,000</p>

GENERAL RULES AND REGULATIONS	
ITEM	APPLICATION
60	<p>NATIONAL SERVICE ORDER TARIFF</p> <p>This tariff is subject to the provisions of the various Surface Transportation Board Service Orders and General Permits as shown in National Service Order Tariff STB NSO 6100 series.</p>
70	<p>MILEAGE CHARGES ON PRIVATELY OWNED CARS</p> <p>ARZC will not pay mileage charges on privately owned car when moving to, from or via stations on the ARZC</p>
75	<p>DEMURRAGE</p> <p>Cars handled under the provisions of this tariff will also be subject to the demurrage provisions of ARZC 6001 Series.</p>
80	<p>CHANGES IN OR ADDITION OF FIRMS OR INDUSTRIES</p> <p>Switching charges shown in this tariff apply to the physical locations or plant sites and are not affected by name changes or ownership changes of the occupants or property</p>
90	<p>PAYMENT AND CREDIT TERMS</p> <p>All charges under this tariff must be prepaid, unless satisfactory arrangements with ARZC have been made prior to performance of service. Charges for services rendered under terms of this tariff will accrue against the customer located on the ARZC, unless arrangements to the contrary have been made with ARZC prior to performance of service</p> <p>All payments for services covered herein are due and payable within fifteen (15) days following the Freight Bill date. The rules applicable to payments and credit terms are in accordance with those found in 49 CFR 1320. Payments received after the expiration of the credit period shall be subject to a service charge of one and one-half percent (1 1/2%) per month (or fraction thereof) of the outstanding balance or highest rate allowed by law.</p>
130	<p>RECEIPT AND DELIVERY OF CARS OR FREIGHT ON, TO, OR FROM PRIVATE AND INDUSTRIAL TRACKS</p> <p>1 This tariff will be subject to the rules and charges governing receipt and delivery of freight on, to, or from private and industrial tracks as published in Tariff RPS-6804 series</p> <p>2. The tariff does not grant the use of private sidings or facilities to parties other than the owners thereof, unless the privilege of use is granted to others by the owners, without cost to ARZC</p>

GENERAL RULES AND REGULATIONS	
ITEM	APPLICATION
200	<p>HOURS OF SERVICE AND PERFORMANCE</p> <p>1 Hours of service and performance are subject to change based upon ARIZONA & CALIFORNIA scheduled operation and switching. The following accessorial charges will be applied to services rendered outside of the prescribed scheduled operating and switching times or on designated holidays when service is not provided.</p> <p>2 Services required to be performed on days or at hours other than those set forth in No. 1 above will not be deemed to fall within the term "normal operation periods", or "workdays". Such days or hours will be deemed to fall within the term "Special Movements" and rates in accordance with Section 2, item 400 will apply.</p>
205	<p>HOLIDAYS</p> <p>ARZC holidays are defined, for purposes of this tariff, as: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day following Thanksgiving Day, Christmas Eve Day and Christmas Day.</p>
SECTION 1 - SWITCHING	
ITEM	APPLICATION
300	<p>DEFINITION OF TERMS</p> <p>Industrial Tracks - A track serving a particular industry, whether located upon property owned by ARZC or upon property owned or leased by the industry.</p> <p>Intermediate Switching - A switching movement between interchange tracks of one carrier to interchange tracks of another carrier within the switching limits of the same station</p> <p>Intra-Plant Switch - A switching movement from one location to another location within the confines of an industry</p> <p>Intra-Terminal Switch - A switching movement (other than intra-plant) from one location to another location within the switching limits of one station or industrial switching district of the same railroad.</p> <p>Inter-Terminal Switch - A switching movement from one railroad to another railroad when such movement is within the switching limits of the same station or switching district. Switching charges of connections will be in addition to those published herein for account of ARZC</p> <p>Reciprocal Switching - An arrangement between ARZC and a connecting railroad serving the same station or switching district where the carrier physically serving the industry performs switching service for loading or unloading on behalf of the other carrier on shipments having an immediately preceding or following line-haul movement via the other carrier. ARZC will perform reciprocal switching only to or from ARZC customers specifically listed in this tariff</p> <p>Team Track - A track or tracks assigned by ARZC for use by the general public</p> <p>Unabsorbed Switch Charge- Applies in addition to the line-haul transportation charge or charges of a connecting carrier published in tariffs or other instruments of that carrier when moving to or from the specified ARZC station via a junction with that connecting carrier</p>

SECTION 1 - SWITCHING				
ITEM	APPLICATION			
310	HANDLING OF LOADED AND/OR EMPTY CARS Except for Reciprocal Switching and as otherwise provided herein, switching charges published herein will apply on loaded and/or empty cars			
320	INTRA-PLANT SWITCH The charge for an Intra-Plant Switch will be \$175 per car.			
330	INTRA-TERMINAL SWITCH The charge for an Intra-Terminal Switch will be \$350 per car			
340	INTER-TERMINAL SWITCH The charge for an Inter-Terminal Switch will be \$650 per car.			
370	RECIPROCAL SWITCHING – NOT APPLICABLE ON THE ARZC			
	AT	FOR	CHARGE	NOTES
380	INTERMEDIATE SWITCHING – NOT APPLICABLE			
	AI	FOR	CHARGE	NOTES
Note (1) – Switching charges billed to the rail carrier ordering the shipment to interchange.				
SECTION 2 – ACCESSORIAL CHARGES				
ITEM	APPLICATION			

SECTION 2 – ACCESSORIAL CHARGES	
ITEM	APPLICATION
400	<p>SPECIAL MOVEMENTS</p> <p>Except as otherwise provided in this tariff, when special movements of cars or other equipment (including locomotives) are requested by patron, or required because of excessive dimension, excessive weight, high center of gravity, or other conditions not permitting normal operation, the following charges will be assessed in addition to other lawfully published rates:</p> <p>CHARGES:</p> <p>1 At All Stations within Normal Service Hours If service is as set forth in Item 200, Paragraph 1, a charge of \$500 per hour or fraction thereof will be assessed, subject to a minimum charge of \$1,000, if performed within 8 continuous hours or fraction thereof. Should performance of service exceed 8 continuous the rate will be \$800 per hour for all hours in excess of 8 continuous hours.</p> <p>1A When special freight train service on ARZC has been arranged by the operating department upon request of shippers or Consignees, or as deemed necessary by the railroad, the rate will be \$12,733 WITH ARZC POWER AND \$8,489 WITH OTHER POWER. The charge for the special service will be in addition to the regular freight charges which are provided for in freight tariffs or private contracts or quotes governing the movement of freight handled in regular freight trains.</p> <p>1B. If special freight train service is subsequently cancelled by shipper or consignee within 24 hours of original requested time there will be a \$1000.00 cancellation fee</p> <p>2 At All Stations not within Normal Service Hours If service is performed as set forth in Item 200, Paragraph 2, a charge of \$14,855 will be assessed. Should performance of service exceed 8 continuous the rate will be \$800 per hour for all hours in excess of 8 continuous hours.</p> <p>CONDITIONS.</p> <p>1. Reasonable notice must be given to ARZC by the party requesting service under the provisions of this Item</p> <p>2. All requests for Special Movements must be received in writing (mail, fax or email) by ARZC before service is performed.</p> <p>Time will be computed from the time engine and crew is dispatched from their on-duty location until the special movement has been performed and the engine and crew have returned to the point of dispatch.</p>

SECTION 2 – ACCESSORIAL CHARGES							
ITEM	APPLICATION						
405	<p>ASSEMBLING UNIT TRAINS</p> <p>ARZC may assemble unit trains for online customers. The following conditions must be met PRIOR to movement of empty equipment to ARZC.</p> <p>A request must be submitted to the ARZC including the following information. Number of cars to assemble as a unit, interchange location(s) for empty equipment, interchange location(s) for outbound loaded unit train, date first cars are expected to arrive at ARZC, date which unit train will be loaded, location of loading, ownership of equipment – private or railroad owned or leased</p> <p>Party requesting assembly of a unit train must obtain written authorization from the General Manager of railroad marked or controlled equipment will not be considered under this item until written car hire relief has been obtained from the controlling railroad.</p>						
410	<p>NOT APPLICABLE ON ARZC - TURNING OF CARS TO PERMIT UNLOADING</p> <ol style="list-style-type: none"> 1 In instances where it is desired that freight in carloads be placed on industrial or team tracks for loading or unloading from one particular side or end of the car, cars must be properly placarded on both sides, and notation made on the Bill of Lading and waybill substantially as follows <p style="text-align: center;">NOTICE TO CARRIER</p> <p style="text-align: center;">“Deliver car for loading or unloading from the door or end specified by placard.”</p> 2 When freight in carloads is properly placarded on both sides of the car to load or unload from one particular side or end of the car, and customer directs ARZC to turn the car so that loading or unloading can be done from the other side or end of the car, a charge of \$1.611 per car shall apply, in addition to all other lawful charges. 3. If the car must be sent to another railroad to accomplish turning, the charges of the other railroad will be in addition to the charges contained in this item 						
415	<p>CLOSING DOORS</p> <p>When it is necessary for ARZC to close doors, hatches, gates or secure tie down devices on empty cars, a charge of \$300 will be assessed against the customer releasing said car. Loaded cars will not be moved unless all doors, hatches, gates and tie-down devices are secured.</p>						
417	<p>WEIGHING</p> <p>When a car is weighed and subject to the assessment of charges, the following will apply as to:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">A. Private scales located at Industry of party requesting the weighing</td> <td style="text-align: right;">\$ 650</td> </tr> <tr> <td>B. Railroad Scales</td> <td style="text-align: right;">N/A</td> </tr> <tr> <td>C. Private scales “NOT” located at Industry of party requesting the weighing</td> <td style="text-align: right;">\$ 650</td> </tr> </table> <p>IE: In addition to above the above charges, charges of Item 320, 330 and/or 340 will apply.</p>	A. Private scales located at Industry of party requesting the weighing	\$ 650	B. Railroad Scales	N/A	C. Private scales “NOT” located at Industry of party requesting the weighing	\$ 650
A. Private scales located at Industry of party requesting the weighing	\$ 650						
B. Railroad Scales	N/A						
C. Private scales “NOT” located at Industry of party requesting the weighing	\$ 650						

SECTION 2 – ACCESSORIAL CHARGES	
ITEM	APPLICATION
420	<p>OVERLOAD CHARGES</p> <p>1) For cars in excess of 286,000 lbs moving over any portion of ARZC, movement must be pre-approved by Roadmaster located in PARKER, AZ</p> <p>2) Cars found to be overloaded while on the tracks of ARZC, or cars interchanged from ARZC to another carrier which are returned to ARZC because such cars are overloaded, will either be:</p> <ul style="list-style-type: none"> a) returned to the shipper for adjustment, or b) placed at a location suitable for adjusting the load. <p>Determination of the above will be at the discretion of the ARZC</p> <p>Cars covered by this item will be subject to ARZC demurrage rules and charges, no free time or credits will be allowed Demurrage will begin upon notification to customer of overloaded condition, or placement of the car at the location for adjustment of the car, whichever occurs last.</p> <p>Cars covered by this item will be subject to a charge of \$833 per car, plus any applicable freight, switching and demurrage charges</p> <p>3) Cars found to be overloaded at a loading point served by ARZC will not be moved until the load has been adjusted Demurrage will continue until the car is released and accepted by ARZC No additional free time will be allowed.</p> <p>4) Cars found to be overloaded and delivered to an unloading point served by ARZC will be returned to the shipper or moved to another location for adjustment of the load Such cars will be subject to a charge of \$833 per car No additional demurrage free time will be granted</p>

SECTION 2 – ACCESSORIAL CHARGES	
ITEM	APPLICATION
430	<p>DIVERSION OR RECONSIGNMENT</p> <p>Diversion or reconsignment means any one or more of the following when a car is located on or under control of the ARZC</p> <ol style="list-style-type: none"> 1. Change in the name of consignee 2. Change in the name of consignor 3. Change in the destination 4. Change in route 5. Any other instruction given by consignee, consignor, or owner affecting delivery and requiring and addition to or a change in billing, and additional movement of the car, or both. <p>Except as otherwise provided herein, the term "destination" as used in these rules means the billed destination</p> <p>Diversion or Reconsignment orders will not be accepted by ARZC for cars that are not under its control</p> <p>CHARGES:</p> <p>When an order is placed with ARZC by consignee, consignor, or owner that modifies any of the terms of shipment listed above in this item, the following charges will apply:</p> <ol style="list-style-type: none"> 1 The charge for Diversion or Reconsignment will be \$150 per car. 2 Facilitation of Diversions or Reconsignments is not guaranteed. If the request is not accomplished, no charge will be assessed for the request. <p>Cars stopped, diverted or reconsigned under terms of this item are subject to demurrage provisions of this tariff.</p>
440	<p>NOT APPLICABLE ON ARZC - "SHIPMENT TO ORDER", "ORDER NOTIFY" OR "STRAIGHT BILL OF LADING" REQUIRING SURRENDER OF BILL OF LADING OR WRITTEN ORDER</p> <ol style="list-style-type: none"> 1. When the original Bill of Lading or written order covering a shipment described above is not available, the property may be delivered in advance of the surrender of the Bill of Lading or written order, as the case may require, under the provisions of Rule 7 of the UFC. 2. If a Bill of Lading is tendered after 7:00 am of the day following loading, a charge of \$85 per car will apply. 3. When Order Bills of Lading or written orders are received prior to arrival of car on ARZC, there will be no charge. Order Bills of Lading or written orders received after arrival of cars on ARZC will be assessed a charge of \$85 per car 4. Cars held awaiting instructions under terms of this item will be subject to demurrage provisions of this tariff. Demurrage charges will accrue against the party issuing instructions.

SECTION 2 – ACCESSORIAL CHARGES	
ITEM	APPLICATION
450	<p>Cars Received in Error BY ARZC Loaded or empty cars received by ARZC from connections that are not consigned to ARZC or its customers or subsequently not accepted by consignee will be treated as mishandled cars received in error.</p> <p>The carrier interchanging a mishandled car to ARZC will be assessed a charge of \$533 per car</p>
455	<p>NOT APPLICABLE ON ARZC - FAILURE TO DELIVER LOAD TO ARZC</p> <p>When ARZC delivers a car for loading to a customer, and customer fails to return the loaded car to ARZC, but instead ships the loaded car via another railroad, the customer will pay a charge of \$833 for each loaded car not delivered to ARZC.</p> <p>This charge shall not apply to cars ordered and not used as covered in item 460 of this tariff</p>
460	<p>EMPTY CARS ORDERED AND NOT USED</p> <p>If ARZC receives an order for empty cars, and such order is canceled by the ordering party after such empty car is dispatched in a ARZC train to a shipper, a charge of \$133 per car will be assessed to the ordering party.</p>
470	<p>LEASE OF RAILROAD TRACKS FOR STORAGE</p> <p>Tracks of ARZC may be leased to shippers, receivers or private car owners, subject to availability, pursuant to terms and conditions of special agreements. In absence of such agreements, the charge is \$10 per YEAR per lineal track foot, subject to a minimum charge of \$27,000. Contact the appropriate Manager of Marketing & Sales regarding the creation of a track lease</p> <p>Request for lease of tracks for storage must be received in writing by ARZC, stating the amount of track or number of car spots requested and the estimated duration of the storage</p> <p>Cars placed in storage must be privately owned or free of car hire. Cars held on storage tracks will not be subject to demurrage</p> <p>Switching of cars to and from storage will apply, as provided in this tariff.</p>

SECTION 2 – ACCESSORIAL CHARGES	
ITEM	APPLICATION
470-A	<p style="text-align: center;">*SURCHARGE – RICE-RIPLEY</p> <p>A surcharge of \$800 per carload will be assessed by the Arizona & California Railroad (ARZC) against the party receiving or originating the freight on all carloads and all commodities</p> <p style="margin-left: 40px;">1) at (MP 0) adopted ARZC stations Rice, CA thru Ripley, CA (MP 49.4); or 2) at Rice, CA stations thru (MP 0) thru Ripley, CA (MP 49.4)</p> <p>Such surcharge shall be in addition to all other charges, including surcharge and line-haul transportation charges, and shall accrue solely to the ARZC.</p> <p style="text-align: center;">*EFFECTIVE FRIDAY, DECEMBER 8, 2006</p>
475	<p>HANDLING EMPTY FREIGHT CARS FOR STORAGE</p> <p>This item applies on all types of rail cars destined for storage on ARZC, including, but not limited to, cars provided by railroads, leased cars and cars bearing other than railroad reporting marks, but not including passenger train cars</p> <p>The charge for movement of empty cars is \$533 OVER CADIZ AND \$533 OVER PARKER, subject to a minimum of 0 miles ARZC will not be responsible for the payment of any per diem or mileage charges, ARZC will not absorb any switch charges</p> <p>ARZC's maximum liability for loss and damage is \$500 per railcar (NO LIABILITY WILL BE ASSUMED FOR PAINTING, DEFACING OR VANDALISM)</p> <p style="text-align: center;">AND</p> <p>Flat rate on a last in first out basis is the same as inbound move, and for any other special switching requirement please contact the Manager of Marketing and Sales</p>

SECTION 2 – ACCESSORIAL CHARGES	
ITEM	APPLICATION
<p>480</p> <ul style="list-style-type: none"> ● 	<p>MOVEMENT OF LOCOMOTIVES</p> <p>Privately owned, leased or foreign line locomotives will be moved over the ARZC subject to a minimum charge of \$2,133 for movement on own wheels, but not on own power. ARZC will not absorb any switching charges applicable to shipments of locomotives</p> <p>All Privately owned, leased or foreign line locomotives are subject to a joint inspection at interchange by both ARZC mechanical personnel and connecting carrier mechanical personnel. Any locomotives that fail inspection will be rejected at interchange</p> <p>ARZC's maximum liability for loss and damage is \$500 per locomotive</p>
EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS	
AAR	Association of American Railroads
OPSL	Official List of Open and Prepay Stations, Station List Publishing Company, Agent
RER	The Official Railway Equipment Register, R.E.R Publishing Company, Agent
RPS	Railroad Publication Services, Agent
SIB	Surface Transportation Board
STCC	Standard Transportation Commodity Code
UIC	Uniform Freight Classification, Uniform Freight Classification Committee, Agent
A	Increase
C	Changes resulting in neither an increase nor a decrease
R	Decrease



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Embargo Details

General Embargo Information			
Embargo No: ARZC000108			
Effective Date: 12-22-2008	Expiration Date: 12-22-2009	Effective Immediately: Yes	
Status: Effective	Issued By: ARZC - ARIZONA & CALIFORNIA RAILROAD CO		
Allow Permits: No	Tier 2 Effective Date: 12-22-2008		
Include Empty Car: Yes	Max Car Allowed:	Bypass Local Waybills: No	
Requested By: Sandy Franger	Email: Sandy Franger@RailAmerica.com	Phone Number:	1 561 2261722
Commodity			
Target All Commodities			
Cause			
Cause: Track Conditions			
Geography			
FSACs: (From Stations, To Stations)			
Roadmark	FSAC	Station Name	State/Province
ARZC	19335	STYX	CA
ARZC	19340	MIDLAND	CA
ARZC	19345	COX	CA
ARZC	19350	INCA	CA
ARZC	19355	MESAVILLE	CA
ARZC	19400	BLYTHE	CA
ARZC	19405	MILLER FARMS	CA
ARZC	19410	RIPLEY	CA
[Map Geography]			
Equipment			
UMLER Equipment Types: Target All UMLER Equipment Types			
Total Weight on Rail: No Weight Restrictions			
Clearance Code: No Clearance Code			
Waybill Parties			
Target All Waybill Parties			
Printable View Return			



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Embargo Details

General Embargo Information

Embargo No: ARZC000107	Amendment No.: 1
Effective Date: 12-18-2007	Expiration Date: 12-18-2008
Status: Expired	Effective Immediately: Yes
Allow Permits: No	Issued By: ARZC - ARIZONA & CALIFORNIA RAILROAD CO
Include Empty Car: Yes	Tier 2 Effective Date: 12-18-2007
Requested By: Sandy Franger	Max Car Allowed:
	Bypass Local Waybills: No
	Phone Number: 1 561 2261722
	Email: Sandy Franger@RailAmerica.com

Commodity

Target All Commodities

Cause

Cause: Track Conditions

Geography

FSACs: (From Stations, To Stations)

Roadmark	FSAC	Station Name	State/Province
ARZC	19335	STYX	CA
ARZC	19340	MIDLAND	CA
ARZC	19345	COX	CA
ARZC	19350	INCA	CA
ARZC	19355	MESAVILLE	CA
ARZC	19400	BLYTHE	CA
ARZC	19405	MILLER FARMS	CA
ARZC	19410	RIPLEY	CA

[Map Geography]

Equipment

UMLER Equipment Types: Target All UMLER Equipment Types
Total Weight on Rail: No Weight Restrictions
Clearance Code: No Clearance Code

Waybill Parties

Target All Waybill Parties

Amendment History

Amendment No.	Amendment Date/Time	Amendment Reason	Amendment Reason Detail
1 (Current)	01/02/2008 12 00 41	Other-Specify	Amend to remove the VIA interchange Junctions

**LAW OFFICES OF
LOUIS E. GITOMER**

LOUIS E. GITOMER
LOU_GITOMER@VERIZON.NET

THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

June 2, 2008

Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

RE: Docket No. SDM-1022, *Arizona & California Railroad Company*

Dear Acting Secretary Quinlan:

Pursuant to 49 C.F.R. 1152.12, enclosed for filing is the Affidavit of Service, Posting and Publication of the System Diagram Map Narrative of the Arizona & California Railroad Company ("ARZC"), a Class III railroad.

As described in the Affidavit, ARZC has completed all requirements for the service, posting and publication of its System Diagram Map Narrative.

ARZC is e-filing this letter and the Affidavit. Thank you for your assistance.

If you have any questions please call or email me.

Sincerely yours,



Louis E. Gitomer
Attorney for Arizona & California
Railroad Company

Enclosures

ARIZONA & CALIFORNIA RAILROAD COMPANY

AFFIDAVIT OF SERVICE, POSTING AND PUBLICATION
49 C.F.R. §1152.12(d)

I, Louis E. Gitomer, do solemnly swear that from my own personal knowledge, that pursuant to 49 C.F.R. § 1152.12, a copy of the Arizona & California Railroad Company System Diagram Map narrative from milepost 0.0 at Rice, CA, and milepost 49.4 at Ripley, CA, a distance of 49.4 miles:

1. On May 6, 2008, was published in The Press-Enterprise, a newspaper of general circulation in Riverside County, CA, as evidenced by the publication in Exhibit A, attached hereto; and

2. On May 23, 2008, was published in the San Bernardino County Sun, a newspaper of general circulation in San Bernardino County, CA, as evidenced by the publication in Exhibit A, attached hereto; and

3. On May 1, 2008, was served on the Governor, Public Service Commission, and State Department of Transportation of California; and

4. On May 1, 2008, was posted at each agency station on the line or any station through which business for the line is received or forwarded and personally served on the shippers on the line; and

5. On June 2, 2008, three copies of the System Diagram Map narrative were served on the Surface Transportation Board in Exhibit B, attached hereto.

I, Louis E. Gitomer, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this affidavit.



Louis E. Gitomer
June 2, 2008

EXHIBIT A-NEWSPAPER PUBLICATION

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THE PRESS-ENTERPRISE

3512 Fourteenth Street
Riverside CA 92501-3878
951-684-1200
951-368-9018 FAX

**PROOF OF PUBLICATION
(2010, 2015.5 C.C.P.)**

Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc DOCKET NO AB-1022 (SUB-NO 1)

I am a citizen of the United States I am over the age of eighteen years and not a party to or interested in the above entitled matter I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper of general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673 and under date of August 25, 1995, Case Number 267864, that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit

05-06-08

I Certify (or declare) under penalty of perjury that the foregoing is true and correct

Date May 6, 2008
At Riverside, California


LAW OFFICE OF LOUIS E GITOMER
600 BALTIMORE AVE
SUITE 301
TOWSON MD 21204

Ad # 9221193

PO #

Agency # _____

Ad Copy

Docket No. AB-1022 (Sub No. 1)
ARIZONA & CALIFORNIA RAILROAD COMPANY
SYSTEM DIAGRAM MAP NARRATIVE
CATEGORY 1

The Arizona & California Railroad Company ("ARZC") provides notice that the 49.4-mile long Blythe Subdivision (the "Line") will be placed in Category 1.

(a) Carrier's designation ARZC designates the Line as the Blythe Subdivision.

(b) State or states in which each line is located: The Line is located in California.

(c) County or counties in which each line is located: The Line is located in San Bernardino and Riverside Counties.

(d) Milepost-delimiting each line: The Line is 49.4 miles long between milepost 0.0 at Rice, CA, and milepost 49.4 at Ripley, CA.

(e) Agency or terminal stations located on each line or portion of line with milepost designations: The stations on the Line, the milepost, Freight Station Accounting Code (the "FSAC"), and Standard Point Location Code ("SPLC") for each station follows:

Station	Milepost	FSAC	SPLC
Rice	0.0	19330	886214
Slyx	16.5	19335	886112
Inca	22.6	19350	886118
Midland	35.6	19340	886115
Mesaville	34.0	19355	886152
Blythe	42.0	19400	886156
Ripley	49.4	19410	886158

ARZC shall furnish a copy of this narrative to any interested person upon reasonable request at reasonable cost. Please contact ARZC's counsel, Louis E. Gitomer, Law Offices of Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, 410-296-2250, Lou_Gitomer@verizon.net 5/6

SAN BERNARDINO COUNTY SUN

This space for filing stamp only

4030 N GEORGIA BLVD, SAN BERNARDINO, CA 92407
Telephone (909) 889-9666 / Fax (909) 885-1253

GITOMER, LOUIS E
600 BALTIMORE AVENUE #301
TOWSON, MD - 21204

SBS# 1347668

DOCKET NO. AB-1022
(SUB-NO. 1)
ARIZONA & CALIFORNIA
RAILROAD COMPANY
SYSTEM DIAGRAM MAP
NARRATIVE
CATEGORY 1

PROOF OF PUBLICATION

(2015 5 C C P)

State of California)
County of SAN BERNARDINO) ss

Notice Type LEGAL1 - LEGAL NOTICE-1

Ad Description ARZC

I am a citizen of the United States and a resident of the State of California, I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN BERNARDINO COUNTY SUN, a newspaper published in the English language in the city of SAN BERNARDINO, county of SAN BERNARDINO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN BERNARDINO, State of California, under date 06/20/1952, Case No. 73084. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

05/23/2008

Executed on 05/29/2008
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Signature

The Arizona & California Railroad Company ("ARZC") provides notice that the 49.4-mile long Blythe Subdivision (the "Line") will be placed in Category 1 (a) Center designation ARZC designates the Line as the Blythe Subdivision (b) State or states in which each line is located The Line is located in California (c) County or counties in which each line is located The Line is located in San Bernardino and Riverside Counties (d) Milepost delineating each line. The Line is 49.4 miles long between milepost 0 0 at Rize, CA, and milepost 49.4 at Ripley CA. (e) Agency or terminal stations located on each line or portion of line with milepost designations. The stations on the Line are the milepost, Freight Station Accounting Code (the "FSAC") and Standard Point Location Code ("SPLC") for each station follows:

Station	Milepost	FSAC	SPLC
Rize 0 0	19330	880214	
Styx 18 5	19335	888112	
Ince 22 6	19350	888118	
Midland 35 8	19340	888115	
Mesquite 34 0	19355	888152	
Blythe 42 0	19400	888156	
Ripley 49.4	19410	888158	

ARZC shall furnish a copy of this narrative to any interested person upon reasonable request at reasonable cost. Please contact ARZC's counsel, Louis E. Gitomer, Law Offices of Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, 410-296-2250, Lou.Gitomer@verizon.net, 5/23/08

SBS-1347668



EXHIBIT B-THREE COPIES OF THE SYSTEM DIAGRAM MAP NARRATIVE

ARIZONA & CALIFORNIA RAILROAD COMPANY
SYSTEM DIAGRAM MAP NARRATIVE
CATEGORY 1

The Arizona & California Railroad Company ("ARZC") provides notice that the 49.4-mile long Blythe Subdivision (the "Line") will be placed in Category 1.

(a) Carrier's designation. ARZC designates the Line as the Blythe Subdivision.

(b) State or states in which each line is located. The Line is located in California.

(c) County or counties in which each line is located. The Line is located in San Bernardino and Riverside Counties.

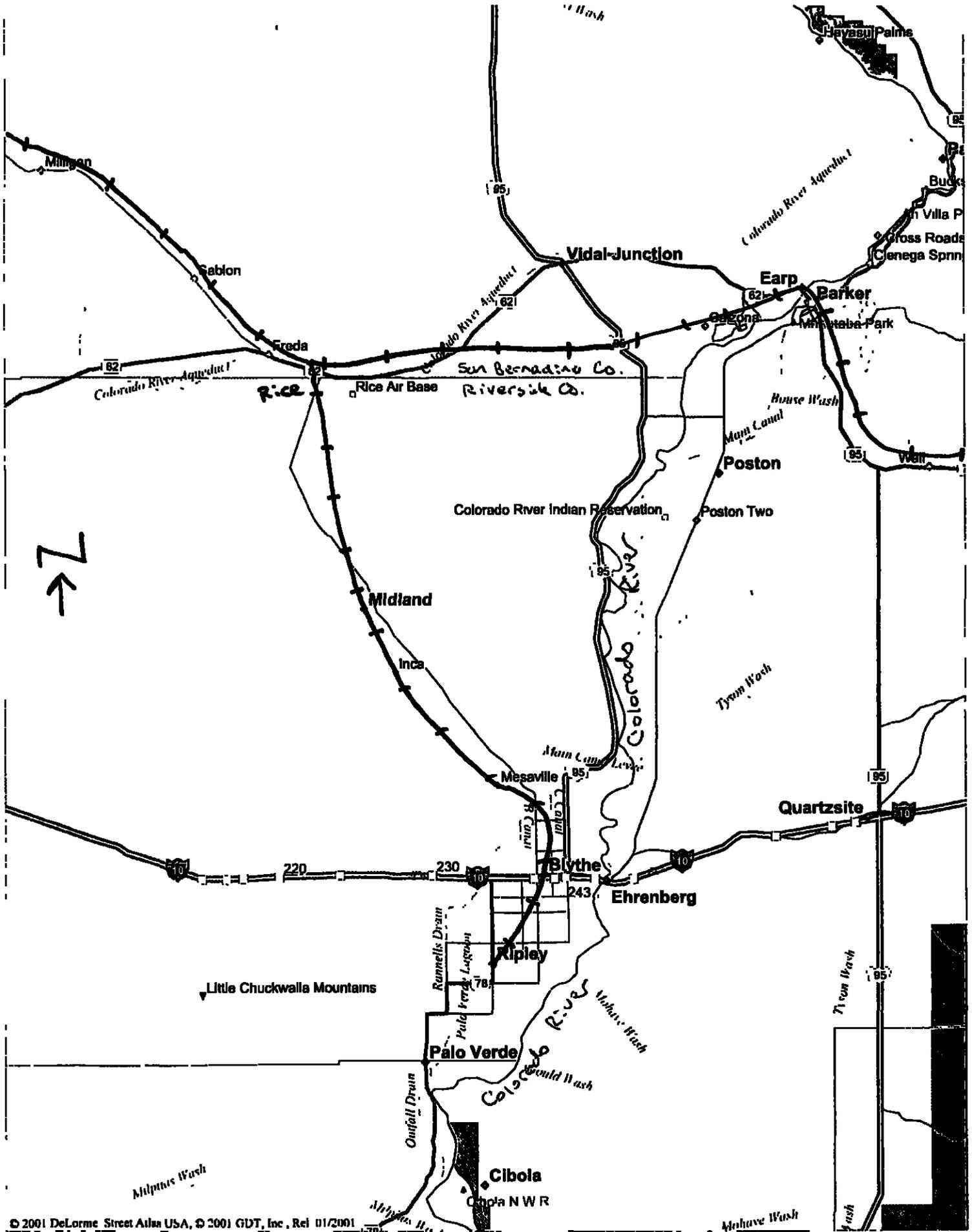
(d) Mileposts delineating each line. The Line is 49.4 miles long between milepost 0.0 at Rice, CA, and milepost 49.4 at Ripley, CA.

(e) Agency or terminal stations located on each line or portion of line with milepost designations. The stations on the Line, the milepost, Freight Station Accounting Code (the "FSAC"), and Standard Point Location Code ("SPLC") for each station follows.

Station	Milepost	FSAC	SPLC
Rice	0.0	19330	880214
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Mesaville	34.0	19355	886152
Blythe	42.0	19400	886156
Ripley	49.4	19410	886158

ARZC shall furnish a copy of this narrative to any interested person upon reasonable request at reasonable cost. Please contact ARZC's counsel, Louis E. Gitomer, Law Offices of Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, 410-296-2250, Lou_Gitomer@verizon.net.

EXHIBIT I—COLOR EXHIBITS



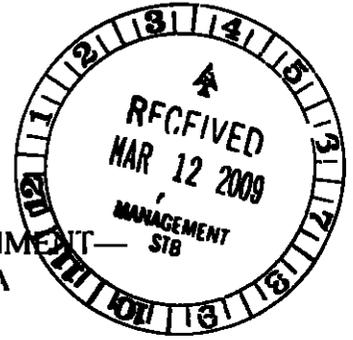
Line segment to 839 abandoned

Scale 1" : 8 miles

224674

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No AB-1022 (Sub-No 1X)



ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLEY)

PETITION FOR EXEMPTION

VOLUME II

FILED

MAR 12 2009

**SURFACE
TRANSPORTATION BOARD**

ENTERED
Office of Proceedings

MAR 12 2008

Part of
Public Record

FEE RECEIVED

MAR 12 2009

**SURFACE
TRANSPORTATION BOARD**

Scott G Williams Esq
Senior Vice President & General Counsel
RailAmerica, Inc
7411 Fullerton Street, Suite 300
Jacksonville, FL 32256
(904) 538-6329
Scott.Williams@railamerica.com

Louis E Gitomer, Esq
Law Offices of Louis E. Gitomer
600 Baltimore Avenue
Suite 301
Towson, MD 21204
(202) 466-6532
Lou_Gitomer@verizon.net

Attorneys for ARIZONA & CALIFORNIA
RAILROAD COMPANY

Dated March 12, 2009

**EXHIBIT J—CHARLES W. “SANDY REX”
VERIFIED STATEMENT**

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No AB-1022 (Sub-No. 1X)

ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT—
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA
(BETWEEN RICE AND RIPLEY)

VERIFIED STATEMENT OF CHARLES W REX III

My name is Charles W “Sandy” Rex III, a licensed real estate appraiser. The purpose of this statement is to summarize the attached real estate appraisal (the “Appraisal”) of the Arizona & California Railroad Company (“ARZC”) 49.4-mile rail line between Rice, CA, milepost 0.0, and Ripley, CA, milepost 49.4 in San Bernardino and Riverside Counties, CA (the “Line”) that is the subject of this abandonment proceeding. See Appendix 1.

I am co-owner of RMI Midwest (“RMI”), a firm specializing in real estate appraisal. My business address is 1200 Central Avenue, Suite 330, Wilmette, IL 60091. I have over 37 years of experience in appraising real estate, specializing in the valuation and analysis of railroad corridors and other railroad property. I received a Bachelor of Arts in Economics from Virginia Military Institute in 1972, and am a Member of the Appraisal Institute. Over the last 16 years, I have conducted about 100 significant rail property valuation projects and appraisals for transportation companies. I am a licensed real estate appraiser in several states and have been qualified as an expert witness in several state and federal courts in California, Florida and Illinois. A full description of my qualifications and experience is in Appendix 1.

I obtained a Temporary Practice Permit from the State of California (No. TP 992201) for the purpose of appraising the Line. See Appendix 1. I am familiar with the methodology used by the Surface Transportation Board (the "Board") in valuing railroad real estate, and the Board has generally adopted appraisals that I have presented before them.¹

The Appraisal was used to determine the net liquidation value (the "NLV") of the real estate corridor underlying the Line. I understand that the NLV will be used for purposes of ARZC's request for authority to abandon the Line. The Appraisal was prepared by me and by others under my supervision.

As described in detail in the Appraisal, I conducted a complete appraisal for the real estate in the Line and developed an estimate of the NLV of that land. The NLV is based on the appraisal and the estimated costs of selling those parcels all using standard, well-accepted methodologies and in accordance with applicable professional standards and practices. I valued only those parcels where ARZC owns fee simple title. I used the Across-the-Fence ("ATF") methodology to estimate the value of all land parcels that ARZC owns in fee simple.

I then estimated the time and cost of disassembling and selling those parcels, including the holding cost, cost of sales, and yield rate an investor would require in order to undertake the sale of the parcels. Finally, based upon the appraised value of the

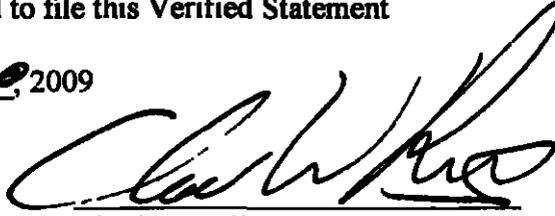
¹ See *Central Oregon & Pacific Railroad, Inc.—Abandonment and Discontinuance of Service—in Coos, Douglas, and Lane Counties, OR*, STB Docket No. AB-515 (Sub-No. 2) (STB served October 31, 2008), *Oregon International Port of Coos Bay—Feeder Line Application—Coos Bay Line of the Central Oregon & Pacific Railroad, Inc.*, STB Finance Docket No. 35160 (STB Served October 31, 2008), *CSX Transportation, Inc. - Abandonment Exemption—in LaPorte, Porter and Stark Counties, IN*, STB Finance Docket No. 55 (Sub-No. 643) (STB served April 30, 2004).

parcels and the estimated cost of selling those parcels, I developed an estimate of NLV for the property. Based on my appraisal and analysis, I estimate that the NLV of the Linc's real estate is \$1,701,000

VERIFICATION

I, Charles W "Sandy" Rex III, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on February 20, 2009

A handwritten signature in black ink, appearing to read "Charles W Rex III", written in a cursive style.

Charles W (Sandy) Rex III, MAI

APPENDIX 1-APPRAISAL

CHARLES W. SANDVIK, MA
CAMERON P. REY
CHARLES W. REYNOLDS
SUSAN MCTICHAEL

NET LIQUIDATION VALUATION OF
THE RIPLY SUBDIVISION IN
RIVERSIDE AND
SAN BERNARDINO COUNTIES, CALIFORNIA

PREPARED FOR
TODD N. CECIL
VIC. PRESIDENT - REAL ESTATE
RAILAMERICA, INC
1355 CENTRAL PARKWAY SOUTH, SUITE 700
SAN ANTONIO, TEXAS 78232

DATE OF VALUE: JANUARY 15, 2009
DATE OF REPORT: FEBRUARY 20, 2009

PREPARED BY
RMI MIDWEST

CHARLES W. (SANDY) REY, MA
CAMERON R. REY
CHARLES W. REY, IV
JUSANA MOTYCHKA, REA

February 20, 2009

Todd N. Cecil
Vice President - Real Estate
RailAmerica, Inc
1355 Central Parkway South, Suite 700
San Antonio, Texas 78232

RE Net liquidation value estimate of the Ripley Subdivision in Riverside and San Bernardino Counties, California

Dear Mr. Cecil

At your request, I have prepared an estimate of the net liquidation value (NLV) of the rail line referenced above. The date of valuation is January 15, 2009. This appraisal is communicated in a summary format; a self-contained narrative report can be prepared at your request.

SCOPE OF WORK

The subject property was inspected on January 15, 2009. Across-the-fence (ATF) land uses were classified at that time based on physical observation, as well as analysis of aerial photography and various local government land use and zoning overlay files. Changes in land use were plotted in ArcView using GPS data acquired during inspection.¹ ArcView was used to calculate the areas of the corridor from georeferenced railroad valuation maps in tagged image file format (tif). ATF land use lines were then plotted in ArcView where the segment areas were calculated.

A search for sales comparable to the ATF land uses was undertaken in Riverside County. Since there is no fee ownership in San Bernardino County, a sales search was not performed in that county. Each sale was plotted in ArcView, and all accessible sales were inspected between January 13 and 15, 2009.

¹ ArcView is a geographic information system (GIS) software for visualizing, managing, creating, and analyzing geographic data.

Todd N Cecil
February 20, 2009
Page 3

The sales were analyzed, and an ATF value was estimated for each segment along the line. Since this is an NLV estimate, ATF value estimates were applied only to those portions of the segments owned in fee. The title was mapped using title research by RailAmerica, together with the "Schedule of Property" on each railroad valuation map (Val Map).

The NLV was then estimated based on the expected time it would take to disassemble and sell the fee parcels, taking into consideration holding cost, cost of sales, and the risk, or yield rate, required by an investor to undertake the selling of the disassembled parcels.

This appraisal does *not* include the valuation of any improvements, nor does it consider the cost of land clearing or grading.

As requested, this is a summary appraisal, therefore, the descriptions of the subject property and valuation analysis are summarized in compliance with USPAP Standards Rule 2-2 (b) ²

PURPOSE AND INTENDED USE

The purpose of this valuation is to provide an NLV estimate to assist in the legal abandonment of the rail line and in contemplation of an offer of financial assistance (OFA) or feeder line acquisition as part of the abandonment process before the Surface Transportation Board (STB). It is anticipated that the users of this report are RailAmerica personnel, their legal counsel, as well as STB staff.

DEFINITION OF NET LIQUIDATION VALUE

Net liquidation value shall be determined by computing the current appraised market value of the corridor property for other than rail transportation purposes, less all costs of dismantling and disposition of improvements necessary to make the remaining properties available for their highest and best use and complying with applicable zoning, land use, and environmental regulations. ³ *This is an appraisal of the land only; the net salvage value of any improvements is not included.*

² Current standards of the appraisal profession, developed for appraisers and the users of appraisal services by the Appraisal Standards Board of The Appraisal Foundation. The Uniform Standards set forth the procedures to be followed in developing an appraisal, analysis, or opinion and the manner in which an appraisal, analysis, or opinion is communicated.

³ 49 C.F.R. §1152.34 (c)(1)(iii)

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SUBJECT PROPERTY DESCRIPTION

The subject property is an approximately 49.4-mile corridor known as the Ripley Subdivision extending from Mile Post 0.0, in Rice to Mile Post 49.4, in Ripley. A map of the subject is on the following page. The green line denotes fee ownership and the red line denotes less-than-fee ownership.

Representative photos of the subject property are included in *Addendum B*.

A legal description was not provided for the subject property. It is, however, shown on the Val Maps identified by the following map numbers:

CA-29/1	CA-29/3	CA-29/5	CA-29/7	CA-29/9	CA-29/11	CA-29/13
CA-29/2	CA-29/4	CA-29/6	CA-29/8	CA-29/10	CA-29/12	

The following property is specifically excluded from this valuation, because these parcels may not be owned in fee and are not required for railroad operations:

- Parcel 63 and a portion of Parcel 47, being the Easterly 350 feet of the northerly 775 feet of the E ½ of the SW ¼ of the NW ¼ of Section 5, Township 7South, Range 23 East, all on the west side of the western boundary of the 66' right-of-way of the Arizona and California Railroad Company, as shown on Valuation Map CA-29/11 in *Addendum D RMI Midwest Map Book*.

The subject contains approximately 928.3± acres, of which 707.1± acres are owned in less-than-fee title. Approximately 221.2± acres are in fee. Only the 221.2± acres of fee-titled ownership are used to estimate the NLV. Of the 49.4-mile corridor, approximately 18.0 miles are in fee ownership, while the remaining 31.4 miles are in less-than-fee ownership.

Located in rural southeastern California near the Colorado River, which is the border between California and Arizona, the subject property is a portion of the Arizona & California Railroad right-of-way, known as the Ripley Subdivision. The subject runs approximately 13.4 miles in the Palo Verde Valley northerly from Ripley, through Blythe to Milepost 36.0, where it exits the Palo Verde Valley. It continues to run northerly an additional 36 miles through the California Desert to milepost 0.0, in Rice. The Palo Verde Valley is made up of prime farmland and produces cotton, alfalfa, melons, lettuce, broccoli, onions, and many other fruits and vegetables. Its northern 36 miles, run through desert lands, primarily owned by the US Bureau of Land Management, some of which is part of the Rice Valley Wilderness.

At the time of inspection, the subject property was under a service embargo.



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Maps showing the subject property segments and fee title parcels are included in *Addendum D RMI Midwest Map Book*

The right-of-way as depicted on the valuation maps north of milepost 36 is slightly mislocated. More specifically, the location of the right-of-way, as shown on the valuation maps is misplaced in relation to section-township-range lines. We mapped the corridor to properly show its actual location. The corridor was mapped in this area by using the width as shown on the valuation maps and divided by the section-township-range lines as shown on the valuation maps. As a result, many parcels are larger or smaller than those shown on the "Schedule of Properties." However, the total area and the total fee area are nearly the same. Two parcels that would have been classified as fee were reclassified as less-than-fee because their location was within a different section than shown in the "Schedule of Properties", therefore, their title was undeterminable.

INTEREST APPRAISED

This is an NLV estimate of the fee simple interest. Determining whether the railroad holds fee to the property is based solely upon information provided by RailAmerica. The identification and size of the particular Val Map parcels is based solely on the location depicted on the Val Maps. Areas of each parcel and segment are calculated using ArcView.

ZONING/LAND USE

Portions of the ATF are zoned by Riverside and San Bernardino Counties and the City of Blythe. In classifying the ATF land uses, we considered current zoning and land use.

MARKET ANALYSIS

The subject market area is the Palo Verde Valley and the City of Blythe and extends northerly along the subject corridor towards Rice, more specifically, from the town of Ripley north through Blythe, then continuing north out of the Palo Verde Valley, and continuing north in the California Desert to Rice, in Riverside and San Bernardino Counties.

HIGHEST AND BEST USE

By definition, the highest and best use of the subject property for an NLV estimate is for the disassemblage of the corridor and sale to adjacent land owners. Accordingly, this valuation assumes that the subject property is hypothetically sold to a single purchaser for such purpose.

VALUATION

In a net liquidation valuation, the present value of disassembling the subject corridor and selling the fee parcels to mostly adjoining property owners is estimated by valuing all fee-owned ATF parcels based on their land uses. The corridor is divided into segments based on ATF land use changes on one side or the other. Where the land use is different on each side of the corridor, the average unit value for each land use is used. The ATF unit value is then multiplied by the size of the segment. The total ATF value is then discounted, taking into account the time required to sell the individual parcels, holding costs, the cost of sales, and the yield rate required by a potential purchaser.⁴ Estimated ad valorem taxes are accounted for by adding the effective tax rate to the discount rate.

The following ATF land uses are found along the subject corridor:

- Agricultural acreage
- Desert acreage
- Rural residential
- Single-family residential
- Multifamily residential
- Commercial
- Industrial
- Residential development

Maps showing the locations of all comparable ATF sales is included in *Addendum A Comparable Sales Maps*.

⁴ This is the same methodology and procedure used and approved by the STB in *Central Oregon & Pacific Railroad, Inc – Abandonment and Discontinuance of Service – in Coos, Douglas, and Lane Counties, OR*, STB Docket No. AB-515 (Sub-No. 2) (STB served October 31, 2008), *Oregon International Port of Coos Bay – Feeder Line Application – Coos Bay Line of the Central Oregon & Pacific Railroad, Inc*, STB Finance Docket No. 35160 (STB Served October 31, 2008), *CSX Transportation, Inc – Abandonment Exemption-in LaPorte, Porter and Starke Counties, INC*, STB Finance Docket No. 55 (Sub-No. 643) STB served April 30, 2004) that conforms to 49C F.R. §1152.34 (c)(1)(iii).

Figure 1 shows the ATF unit values used for the subject corridor

Figure 1. Unit Value Summary

ID	Description	Unit value (per acre)
1	Multifamily - Ripley	\$ 8,500
2	Acreage - Ripley	\$ 7,200
3	Agricultural acreage	\$ 6,000
4	Industrial - Agriculture	\$ 10,000
5	Industrial - South Blythe	\$ 70,000
6	Industrial - Blythe	\$ 75,000
7	Commercial - Hobson Way	\$ 218,000
8	Commercial	\$ 90,000
9	Multifamily residential	\$ 72,500
10	Single-family residential - subdivision	\$ 217,800
11	Single-family residential	\$ 120,000
12	Residential development	\$ 13,000
13	Rural residential	\$ 45,000
14	Rural residential (Segments 34 & 36)	\$ 15,000
15	Desert acreage	\$ 425

The unit values in Figure 1 are applied to the subject segments, as shown in Figure 10 on page 19. The ID numbers reference the appropriate ATF unit value, based on use and location. The derivation of these unit values is summarized below.

The following tables and discussions support and briefly explain the unit value conclusion for each land use. In each case, the current adverse economic conditions were considered along with trends indicated by the comparable sales. In addition, we assumed that the real estate market would stabilize and perhaps begin improving during the projected sales period. Segment locations are identified on the maps in *Addendum D RMI Midwest Map Book*.

LAND USE 1. MULTIFAMILY - RIPLEY

While multifamily sales in Ripley were not available, nearby single-family residential, industrial, and agricultural sales were taken into consideration. The single-family residential sales in Ripley showed an average unit price of \$15,000 per acre, while the industrial uses in Ripley were estimated to be \$10,000 per acre. Agricultural sales adjusted for size show a mean of \$7,500 per acre. Because of the rural nature of the area and the large difference in size between the single-family residential sales in the area and the ATF use, more weight is given to the agricultural sales. Therefore, the ATF unit value is estimated at \$8,500 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
2E	Multifamily	\$ 8,500 00

LAND USE 2. ACREAGE - RIPLEY

The acreage ATF land use in Ripley was valued using the agricultural acreage sales shown in Figure 2, adjusted for a size of 40 acres to reflect the approximate average size of the ATF parcels. The resulting arithmetic mean of the adjusted sales indicated \$7,210 per acre. Therefore, the ATF unit value is estimated at \$7,200 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
2W	Acreage	\$ 7,200 00

LAND USE 3. AGRICULTURAL ACREAGE

Figure 2. Agricultural Acreage Sales (Land use 3)

Sale	Grantor	Grantee	Sale Date	Sales Price	Size (acres)	Price/acre	Size Adjustment	Adjusted Price/acre
2006-0223028	Rodney & Donna Kleck Trust	Crescent Shores LLC	3/29/2006	\$ 2,599,500	460.45	\$ 5,646	57%	\$ 8,863
2007-0657602	Laurence Chase	Enrland LLP	10/25/2007	\$ 1,107,000	163.24	\$ 6,781	0%	\$ 6,781
2007-0680969	Hamilton Trust	Chas San Prop LLC	11/8/2007	\$ 624,000	79.89	\$ 7,811	-11%	\$ 6,951
2008-0098946	Norman Friostoe, etal	Sherry & Cornelius Vandereyk	2/29/2008	\$ 225,000	56.73	\$ 3,966	-14%	\$ 3,411
2008-0144299	Jeffrey Dill	Chassan Properties LLC	3/25/2008	\$ 306,000	38.84	\$ 7,879	-17%	\$ 6,540
2008-0189203	Arrow Company	Calvan Farms LLC	4/16/2008	\$ 750,000	117.46	\$ 6,385	-8%	\$ 6,002
2008-0385791	Rhodes Trust	Borba Farms LLC	7/15/2008	\$ 1,080,000	492.19	\$ 2,194	65%	\$ 3,621
Subject					160.00			
						Arithmetic Mean	\$ 5,809	\$ 6,024
						Standard Deviation	\$ 2,084	\$ 1,931
						Coefficient of Variance	36%	32%
						Minimum	\$ 2,194	\$ 3,411
						Maximum	\$ 7,879	\$ 8,863
						Median	\$ 6,385	\$ 6,540

The sales shown in Figure 2 indicate a range from \$2,194 to \$7,879 per acre, and an arithmetic mean of \$5,809 per acre and a median of \$6,385 per acre. The average size of the ATF land use parcels is estimated to be 160 acres. When adjusted for size, the sales indicate a range of \$3,411 to \$8,863 per acre with an arithmetic mean of \$6,024 per acre and a median of \$6,540 per acre. Based on the adjusted arithmetic mean, the estimated unit value is \$6,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
1, 4, 5, 6W, 7E, 8, 9E, 11, 12W, 13, 14, 15E, 31W, 32, 33	Agricultural Acreage	\$ 6,000.00

LAND USE 4. INDUSTRIAL - AGRICULTURE

The best estimate for the agricultural industrial properties is based on Sale 2006-0472920, which is a sale of railroad land for use in agricultural industrial purposes. The sale price indicates a unit value of \$10,050 per acre. Based on this sale, the ATF unit value is estimated at \$10,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
3, 6E, 7W, 9W, 10, 12E, 15W, 37E	Industrial - Agriculture	\$ 10,000.00

LAND USE 5. INDUSTRIAL - SOUTH BLYTHE

The unit value for the industrial ATF land uses in south Blythe was estimated using Sale 2007-0411383 (\$61,879 per acre) and an offer made to RailAmerica on an industrial property in this area in 2007 (\$77,940 per acre) Based upon both of these it is our conclusion that the best estimate for the industrial ATF in south Blythe is \$70,000 per acre

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
16	Industrial	\$ 70,000 00

LAND USE 6. INDUSTRIAL - BLYTHE

Figure 3. Industrial Sales (Land use 6)

Sale	Grantor	Grantee	Sale		Zoning	Size	
			Date	Sales Price		(acres)	Price/acre
2005-0694101	Dave Shepardson, etal	DCXcavation Inc	8/24/2005	\$ 40,500	I-S	0.66	\$ 60,941
2006-0201568	Schuster Trust	Carolyn & Waymen Dekens	3/22/2006	\$ 75,000	I-S	0.95	\$ 79,055
2006-0241840	W L Burdue	SB Grant & EB Franklin LLC	4/5/2006	\$ 8,500	I-S	0.20	\$ 43,216
Offer			7/31/2007	\$ 1,100,000	M-M	14.30	\$ 76,923
					Arithmetic Mean		\$ 65,034
					Standard Deviation		\$ 16,640
					Coefficient of Variance		26%
					Minimum		\$ 43,216
					Maximum		\$ 79,055
					Median		\$ 68,932

The industrial ATF land uses in Blythe were estimated using the sales in Figure 3 The arithmetic mean is \$65,034 per acre and the median is \$68,932 per acre The most comparable sales are 2005-0694101 (\$60,941 per acre) and 2006-0201568 (\$79,055 per acre), which are both across the fence from the subject property Therefore, the estimated ATF unit value is \$75,000 per acre

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
17, 18W, 21E, 22W, 23, 24E, 25	Industrial	\$ 75,000 00

LAND USE 7. COMMERCIAL - HOBSON WAY

Figure 4 Commercial Sales (Land use 7 and 8)

Sale	Grantor	Grantee	Sale Date	Sales Price	Zoning	Site (acres)	Price/Acre
2007-0103351	CBN Hotel Group Inc	JH Group LLC	2/14/2007	\$ 45,000	C-G	0.58	\$ 78,235
2005-0186995	Coats Trust	Carolyn & Waymen Dekens	3/9/2005	\$ 30,000	I-S	0.33	\$ 89,865
2007-0325520	Hematology-Oncology Assoc	Ang Trust	5/16/2007	\$ 82,500	C-N	0.91	\$ 90,922
2005-0403608	Leske Jessop	Marroquin Trust	5/20/2005	\$ 100,000	C-G	1.02	\$ 97,846
2006-0531816	Arrow Company	Rolando & Susan Linares	7/20/2006	\$ 60,000	C-G	0.43	\$ 140,834
2006-0185279	Blycorn LLC	Desert Alliance for Comm	3/15/2006	\$ 300,000	C-G	1.65	\$ 181,509
2005-0186994	Coats & Co	Carolyn & Waymen Dekens	3/9/2005	\$ 130,000	C-G	0.34	\$ 383,613
Arithmetic Mean							\$ 151,832
Standard Deviation							\$ 108,478
Coefficient of Variance							71%
Minimum							\$ 78,235
Maximum							\$ 383,613
Median							\$ 97,846

The sales shown in Figure 4, above, were used to estimate the ATF unit value for the commercial land use on Hobson Way in Blythe. The arithmetic mean of the sales is \$151,832. However, the more comparable of these sales are 2006-0185279 (\$181,509 per acre) and 2005-0186994 (\$383,613 per acre), which are both on Hobson Way, the main east-west commercial street running through Blythe. Putting the most weight on those two sales, and considering the other commercial sales in Blythe, we estimate the ATF unit value to be \$218,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
19	Commercial	\$ 218,000 00

LAND USE 8. COMMERCIAL

The commercial ATF land uses that are not on Hobson Way are also estimated using the sales shown in Figure 4. However, more weight is given to sales 2007-0103351 (\$78,235 per acre), 2005-0186995 (\$89,865 per acre), 2007-0325520 (\$90,922 per acre) and 2005-0403608 (\$97,846 per acre). The mean of these four sales is \$89,217 per acre. Therefore, our estimate of the commercial ATF unit value is \$90,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
18E, 20, 22E, 24W	Commercial	\$ 90,000 00

LAND USE 9. MULTIFAMILY RESIDENTIAL

Figure 5. Multifamily Residential Sales (Land use 9)

Sale	Grantor	Grantee	Sale Date	Sales Price	Zoning	Size (acres)	Price/acre
2005-0403609	Ross Trust	Marroquin Trust	5/20/2005	\$ 35,000	R-M-L	1.03	\$ 33,903
2006-0347001	Beverly Cames Trust	Carolyn & Waymen Dekers	5/12/2006	\$ 80,000	R-M	1.20	\$ 66,392
2006-0933924	Nelson Trust	Harbhajan Dhaliwal	12/21/2006	\$ 120,000	R-M-L	1.54	\$ 78,173
Arithmetic Mean							\$ 59,490
Standard Deviation							\$ 22,928
Coefficient of Variance							39%
Minimum							\$ 33,903
Maximum							\$ 78,173
Median							\$ 66,392

The sales shown in Figure 5 were used to estimate the multifamily ATF land uses in Blythe. The more comparable of these sales are 2006-0347001 (\$66,392 per acre) and 2006-0933924 (\$78,173 per acre). The mean of those two sales is \$72,283 per acre. Based on the mean of the two more comparable sales, the estimated unit value is \$72,500 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
21W	Multifamily Residential	\$ 72,500.00

LAND USE 10. SINGLE-FAMILY RESIDENTIAL - SUBDIVISION

Figure 6 Single-family Residential - Subdivision (Land use 10)

Sale	Grantor	Grantee	Sale Date	Sale Price	Size (acres)	Price/acre	
2007-0282218	Ranchette Estates LLC	Inez & Angela Martinez	4/26/2007	\$ 81,000	0.53	\$ 153,836	
2007-0304793	Ranchette Estates LLC	Maria & Domingo Hernandez	5/7/2007	\$ 71,500	0.47	\$ 153,318	
2007-0306330	Ranchette Estates LLC	Thomas Warle & Lena Lopez Trust	5/8/2007	\$ 68,000	0.44	\$ 155,304	
2007-0319863	Ranchette Estates LLC	Deborah & Lawrence Hurst	5/14/2007	\$ 132,000	0.60	\$ 221,733	
2007-0337435	Ranchette Estates LLC	Lynnette & Jorge Gonzalez	5/22/2007	\$ 68,500	0.44	\$ 155,697	
2007-0358731	Ranchette Estates LLC	Guadalupe & Rosa Saldana	5/31/2007	\$ 126,000	0.84	\$ 150,800	
2007-0358735	Ranchette Estates LLC	Fernando & Manuela Guerra	5/31/2007	\$ 62,500	0.28	\$ 223,051	
2007-0435838	Ranchette Estates LLC	Rafael & Claudia Jauregui	7/3/2007	\$ 68,500	0.31	\$ 219,899	
2007-0601430	Ranchette Estates LLC	Barbara & James Burrow	9/25/2007	\$ 64,000	0.28	\$ 225,697	
						Arithmetic Mean	\$ 184,371
						Standard Deviation	\$ 36,319
						Coefficient of Variance	20%
						Minimum	\$ 150,800
						Maximum	\$ 225,697
						Median	\$ 155,697

The single-family residential ATF land uses on the east side of Segment 27 are different from those on the west side of Segments 27 and 28. The east side has a newer single-family residential subdivision, while the west side is an older single-family residential area. The sales shown in Figure 6 are vacant residential lots in a new residential subdivision. The lots are slightly larger than the lots in the ATF residential subdivision in Segment 27. The more comparable of the above sales are the smaller sized lots. These sales show an arithmetic mean of \$222,595 per acre. Therefore, based on the arithmetic mean of the smaller lots, the estimated unit value is \$217,800 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
27E	Single-family Residential	\$ 217,800.00

LAND USE 11. SINGLE-FAMILY RESIDENTIAL

Figure 7 Single-family Residential Sales (Land use 11)

Sale	Grantor	Grantee	Sale Date	Sales Price	Zoning	Size (acres)	Price/acre
2006-0029056	Dunagan Trust	CTCI Inc	1/12/2006	\$ 50,000	R-M-1	0.34	\$ 146,089
2006-0071853	Fletcher Trust	Lisa & Michael Ross	1/31/2006	\$ 40,000	R-L-2	0.38	\$ 105,841
2006-0091519	De Vonda & Leland Cornell	Amparo & Carlos Cabrera	2/7/2006	\$ 26,500	R-M	0.16	\$ 163,782
2006-0362003	Linda & Charles Hayes	Isabel & Roberto Rodriguez	5/18/2006	\$ 20,000	R-L-1	0.25	\$ 80,549
2006-0472339	Chandrakant & Seema Hasolkar	Edwin Doolittle	6/29/2006	\$ 45,000	R-L-1	0.30	\$ 152,459
2006-0613209	Francisco Diaz	Felipe & Dominga Oros	8/18/2006	\$ 34,500	R-L-1	0.31	\$ 110,717
Arithmetic Mean							\$ 126,573
Standard Deviation							\$ 32,357
Coefficient of Variance							26%
Minimum							\$ 80,549
Maximum							\$ 163,782
Median							\$ 128,403

The sales in Figure 7 were used to estimate the ATF unit value for the single-family residential land uses on the west side of the right-of-way in Segments 27 and 28. The arithmetic mean of all the sales is \$126,573 per acre and the median is \$128,403 per acre. The most comparable sales are those that are zoned R-L-1 & R-L-2. The mean of the four sales that are within that zoning is \$112,391. We believe that a unit value equivalent to \$275 per square foot would be the best estimate for this land use. Therefore, the ATF unit value for the single-family residential land use is estimated at \$120,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
27W, 28W	Single-family Residential	\$ 120,000.00

LAND USE 12. RESIDENTIAL DEVELOPMENT

The most comparable sale for the ATF residential development land use is Sale 2006-196482, which indicates a price per acre of \$13,263. This sale is in the vicinity of our residential development ATF land uses. Other large sales in the area helped bracket this sale. Therefore, our estimate for the residential development ATF unit value is \$13,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
26, 28E, 29, 30W	Residential Development	\$ 13,000.00

LAND USE 13. RURAL RESIDENTIAL

Figure 8 Rural Residential (land use 13)

Sale	Grantor	Grantee	Sale Date	Sale Price	Zoning	Size (acres)	Price/Acre	
2006-0460987	Connie Collum, etal	Darlene & Geoffrey Vandeneuvel	6/26/2006	\$ 40,000	R-E	0.89	\$ 44,929	
2006-0558135	Jeanette & Louis Laghezza	Hossain Sehiobel	7/31/2006	\$ 150,000	R-E	1.83	\$ 82,034	
2006-0682222	Darlene & Geoffrey Vandeneuvel	James & Barbara Burrow	9/14/2006	\$ 119,000	R-E	2.17	\$ 54,830	
2007-0473652	Christina Henry & Kenneth Pettit	GC Produce Inc	7/20/2007	\$ 120,000	R-R	6.98	\$ 17,199	
2008-0280847	Michael Knapp	Daniel & Joseph Smith	5/23/2008	\$ 95,000	R-R	6.17	\$ 15,391	
							Arithmetic Mean	\$ 42,876
							Standard Deviation	\$ 27,817
							Coefficient of Variance	65%
							Minimum	\$ 15,391
							Maximum	\$ 82,034
							Median	\$ 44,929

The sales in Figure 8 were used to estimate the ATF unit value for the rural residential land uses just north of Blythe. The arithmetic mean of all the rural residential sales is \$42,876 per acre. The two most comparable sales are 2006-0460987 (\$44,929 per acre) and 2006-0682222 (\$54,830 per acre). The mean of those two sales is \$49,880 per acre, therefore, the best estimate for the rural residential ATF land uses near Blythe, is \$45,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
30E, 31E	Rural Residential	\$ 45,000 00

LAND USE 14. RURAL RESIDENTIAL (SEGMENT 34 & 36)

The rural residential ATF land uses in Segments 34 and 36 are valued using the same sales shown in Figure 8, above. However, because this area is not as close to Blythe, more weight is given to Sale 2008-0280847 (\$15,391 per acre). Therefore, the estimate for the rural residential land use in Segments 34 and 36 is \$15,000 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
34E, 36E	Rural Residential	\$ 15,000 00

LAND USE 15. DESERT ACREAGE.

Figure 9. Desert acreage Sales (Land use 15)

Sale #	Grantor	Grantee	Sale Date	Sales Price	Zoning	Size (acres)	Price/acre	Market Conditions Adjustment	Adjusted Price/acre
2006-0032377	Simon Haque	NRL East LLC	1/13/2006	\$ 8,000	W210	20.01	\$ 400	56%	\$ 624
2006-0205249	Melting Trust	Wilderness Land Trust	12/12/2005	\$ 10,363	W210	40.02	\$ 259	59%	\$ 412
2006-0377334	Ely Trust	Wilderness Land Trust	1/17/2006	\$ 13,500	W210	49.99	\$ 270	56%	\$ 421
2006-0939198	Barbara Cadger	Wilderness Land Trust	9/26/2006	\$ 5,500	W210	20.00	\$ 275	36%	\$ 374
2006-0940448	Barbara Coffin Moore Trust	Wilderness Land Trust	9/19/2006	\$ 10,500	W210	40.00	\$ 262	36%	\$ 357
2007-0144746	Florence Sipes	Jacqueline Elman	3/1/2007	\$ 8,000	M3	37.59	\$ 213	26%	\$ 268
2007-0395298	Barrios Trust	Wilderness Land Trust	4/19/2007	\$ 7,000	W210	20.03	\$ 350	23%	\$ 430
2007-0761453	Blair Trust	Heyna & Scott Cooley	12/21/2007	\$ 50,000	W210	158.98	\$ 315	11%	\$ 349
2008-0028839	Steven Staker	Wilderness Land Trust	8/17/2007	\$ 31,500	W210	69.97	\$ 450	17%	\$ 527
2008-0281263	Douglas Elbasser, et al	Wilderness Land Trust	2/14/2008	\$ 14,000	M3	39.97	\$ 350	8%	\$ 378
2008-0615189	Marie Thompson	Wilderness Land Trust	9/12/2008	\$ 10,000	W210	20.05	\$ 499	0%	\$ 499
Subject							9/12/2008		
Arithmetic Mean							\$ 331		\$ 422
Standard Deviation							\$ 89		\$ 98
Coefficient of Variance							27%		23%
Minimum							\$ 213		\$ 268
Maximum							\$ 499		\$ 624
Median							\$ 315		\$ 412

The sales shown in Figure 9 are used to estimate the desert acreage ATF land use unit value. The sales show an upward adjustment for market conditions through September 2008; therefore a quantitative adjustment was made. The adjusted arithmetic mean is \$422 per acre and the median is \$412 per acre. The unadjusted arithmetic mean of the 2008 sales is \$433 per acre. Therefore, the estimate for the desert acreage ATF unit value is \$425 per acre.

SEGMENTS	ATF LAND USE	ATF UNIT VALUE/ACRE
34W, 35, 36W, 37W, 38, 39, 40, 41, 42, 43, 44, 45, 46	Desert Acreage	\$ 425 00

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RIGHTS RETAINED BY ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

The May 8, 1991, deed between the Atchison, Topeka and Santa Fe Railway Company (ATSF) and the Arizona & California Railroad Company (ARCZ), which transferred the subject corridor as well as other corridors to ARCZ, retained certain rights in favor of ATSF. The mineral rights on the property were retained, but there is little evidence that they have any value. In addition, a easement reserves to ATSF a non-exclusive right to pipeline and fiber optic communication occupancies. Because this is a non-exclusive easement, it does not preclude ARCZ from installing or selling any pipeline or communication occupancies within the subject corridor. Our experience is that non-exclusive reservations for longitudinal occupancies have little or no impact on value. Typically, new occupancies will be negotiated through ARCZ since they have visible possession of the corridor.

EXPLANATION OF THE ATF VALUATION TABLE (FIGURE 10)

Figure 10, which follows, provides the ATF valuation by segment number. Locations of the segments are shown on the maps in *Addendum D RMI Midwest Map Book*. In Figure 10, the *Land use ID* columns reference the uses for each side of the segment, as shown in Figure 1 on page 8. The *ATF unit values* from this table are used as well.

The average ATF unit value is applied to the segment area. While the fee, less-than-fee, and total areas are shown in this figure, the ATF unit values are applied only to the fee-owned areas.

The ATF value of the fee parcels is the *Fee area* times the *Average unit value*. This product is shown in the *Total ATF Value* column.

Figure 10. ATF Valuation

Segment	Map	Land use		Land use ID		ATF Unit Value			Average unit value	Area (sq ft)			Total ATF Value
		West	East	West	East	West	East	Less than		Total			
1	CA-29/13	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	0.37	-	0.37	\$ 2,197
2	CA-29/13	Acreege	Multifamily Res	2	1	\$ 7,200	\$ 8,500	\$ 7,850	7,850	6.94	-	6.94	\$ 54,481
3	CA-29/13	Industrial-Ag	Industrial-Ag	4	4	\$ 10,000	\$ 10,000	\$ 10,000	10,000	11.56	0.73	12.29	\$ 115,571
4	CA 29/13	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	7.71	3.53	11.24	\$ 46,276
5	CA-29/12	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	12.81	4.73	17.54	\$ 76,840
6	CA-29/12	Agricultural	Industrial-Ag	3	4	\$ 6,000	\$ 10,000	\$ 8,000	8,000	3.10	0.20	3.30	\$ 24,794
7	CA-29/12	Industrial-Ag	Agricultural	4	3	\$ 10,000	\$ 6,000	\$ 8,000	8,000	-	1.23	1.23	\$ -
8	CA-29/12	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	-	4.70	4.70	\$ -
9	CA-29/12	Industrial-Ag	Agricultural	4	3	\$ 10,000	\$ 6,000	\$ 8,000	8,000	-	0.19	0.19	\$ -
10	CA-29/12	Industrial-Ag	Industrial-Ag	4	4	\$ 10,000	\$ 10,000	\$ 10,000	10,000	-	1.44	1.44	\$ -
11	CA-29/17	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	0.32	0.38	0.70	\$ 1,913
12	CA-29/12	Agricultural	Industrial-Ag	3	4	\$ 6,000	\$ 10,000	\$ 8,000	8,000	4.17	-	4.17	\$ 33,358
13	CA-29/12	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	0.57	-	0.57	\$ 3,448
14	CA-29/11	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	0.18	-	0.18	\$ 1,060
15	CA-29/11	Industrial-Ag	Agricultural	4	3	\$ 10,000	\$ 6,000	\$ 8,000	8,000	0.69	-	0.69	\$ 5,488
16	CA-29/11	Industrial	Industrial	5	5	\$ 70,000	\$ 70,000	\$ 70,000	70,000	17.26	0.52	17.78	\$ 1,208,213
17	CA-29/11	Industrial	Industrial	6	6	\$ 75,000	\$ 75,000	\$ 75,000	75,000	2.66	-	2.66	\$ 199,617
18	CA-29/11	Industrial	Commercial	6	8	\$ 75,000	\$ 90,000	\$ 82,500	82,500	1.05	-	1.05	\$ 86,213
19	CA-29/11	Commercial	Commercial	7	7	\$ 218,000	\$ 218,000	\$ 218,000	218,000	1.07	0.41	1.48	\$ 233,150
20	CA-29/11	Commercial	Commercial	8	8	\$ 90,000	\$ 90,000	\$ 90,000	90,000	1.95	0.36	2.31	\$ 175,182
21	CA-29/11	Multifamily Res	Industrial	9	6	\$ 72,500	\$ 75,000	\$ 73,750	73,750	1.43	-	1.43	\$ 105,199
22	CA 29/11	Industrial	Commercial	6	8	\$ 75,000	\$ 90,000	\$ 82,500	82,500	0.48	0.23	0.71	\$ 39,456
23	CA-29/11	Industrial	Industrial	6	6	\$ 75,000	\$ 75,000	\$ 75,000	75,000	2.00	-	2.00	\$ 150,326
24	CA-29/11	Commercial	Industrial	8	6	\$ 90,000	\$ 75,000	\$ 82,500	82,500	0.41	-	0.41	\$ 34,062
25	CA-29/11	Industrial	Industrial	6	6	\$ 75,000	\$ 75,000	\$ 75,000	75,000	1.23	0.32	1.54	\$ 92,106
26	CA-29/11	Residential Dev	Residential Dev	12	12	\$ 13,000	\$ 13,000	\$ 13,000	13,000	1.50	-	1.50	\$ 19,551
27	CA-29/11	Single-Family Res	Single-Family Res	11	10	\$ 120,000	\$ 217,800	\$ 168,900	168,900	3.03	-	3.03	\$ 512,175
28	CA-29/11	Single-Family Res	Residential Dev	11	12	\$ 120,000	\$ 13,000	\$ 66,500	66,500	1.76	-	1.76	\$ 117,192
29	CA-29/11	Residential Dev	Residential Dev	12	12	\$ 13,000	\$ 13,000	\$ 13,000	13,000	4.83	-	4.83	\$ 62,734
30	CA-29/11	Residential Dev	Rural Residential	12	13	\$ 13,000	\$ 45,000	\$ 29,000	29,000	1.22	-	1.22	\$ 35,467
31	CA-29/11	Agricultural	Rural Residential	3	13	\$ 6,000	\$ 45,000	\$ 25,500	25,500	2.60	-	2.60	\$ 66,275
32	CA-29/11	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	0.79	-	0.79	\$ 4,762
33	CA-29/10	Agricultural	Agricultural	3	3	\$ 6,000	\$ 6,000	\$ 6,000	6,000	45.22	-	45.22	\$ 271,302
34	CA 29/10	Desert	Rural Residential	15	14	\$ 425	\$ 15,000	\$ 7,713	7,713	3.12	-	3.12	\$ 24,039
35	CA-29/10	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	6.11	-	6.11	\$ 2,599
36	CA 29/9	Desert	Rural Residential	15	14	\$ 425	\$ 15,000	\$ 7,713	7,713	5.66	0.67	6.33	\$ 43,623
37	CA-29/9	Desert	Industrial	15	4	\$ 425	\$ 10,000	\$ 5,213	5,213	0.42	1.78	2.20	\$ 2,203
38	CA-29/9	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	19.96	29.36	49.32	\$ 8,481
39	CA-29/8	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	30.05	19.27	49.32	\$ 12,772
40	CA-29/7	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	5.59	77.19	82.78	\$ 2,376
41	CA-29/6	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	-	96.82	96.82	\$ -
42	CA-29/5	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	-	97.32	97.32	\$ -
43	CA-29/4	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	4.33	88.33	92.66	\$ 1,839
44	CA-29/3	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	7.02	83.26	90.28	\$ 2,983
45	CA-29/2	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	-	96.54	96.54	\$ -
46	CA-29/1	Desert	Desert	15	15	\$ 425	\$ 425	\$ 425	425	-	97.61	97.61	\$ -
										221.15	707.12	928.27	\$ 3,879,321

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The total ATF value shown is \$3,879,321

Review and analysis of property assessment records reveal that there are approximately 144 unique property owners adjacent to the fee-owned corridor

In a net liquidation valuation scenario, a prospective purchaser of the corridor would not reasonably expect to sell all the parcels within the anticipated sellout period. We have estimated that 75% of the residential and rural residential parcels, 95% of the commercial parcels, 50% of the industrial parcels, and 95% of the acreage parcels would sell in the expected sellout period. Based on the average weighted by the number of acres for each land use, the overall percentage sold is estimated to be 85%

Based on discussions with area real estate experts familiar with the local market, the commission rate is estimated at 6%. It assumes that a listing agreement would be negotiated with one real estate company, thereby obtaining a discount from the typical 10% commission rate. Closing costs are estimated to be an additional 1%. The total cost of sale is, therefore, 7%

Given the length of the corridor, the number of parcels, and the current downturn in the market, the sellout period anticipated by a typical buyer of the entire corridor is estimated to be 5 years. The expectation is that the sales volume would be equally distributed over the sellout period. Based upon discussions with the RailAmerica Real Estate Department and with market participants in the area of the subject property, we believe that sales would begin immediately, therefore there is no need for a ramp-up at the beginning of the selling period.

Since selling the disassembled corridor parcels is similar to residential subdivision development, risk takes on much of the same characteristics. Currently, residential development yield rates range from 18% to 25% for land development only. This rate is based on discussions with area experts, knowledgeable about residential development and required rates of return. It is reflective of developments that require entitlement work, but where government approvals are reasonably expected. In disassembling the corridor, extensive government approvals are not typically required. However, due to the current downturn in the real estate market and the lack of credit available nationwide, a developer would likely want a higher return for the seemingly greater risk involved in this market. Consideration is also given to the rural location, as well as the extreme heat experienced during the summers in the area. Therefore, the best estimate for the subject property is a risk rate of 22.5%. At this point, the yield is such that a potential purchaser of the subject could be found.

Since the subject property is not currently assessed for non-railroad use, the yield rate was loaded for the effective tax rate. This tax rate is calculated against market value of the real estate and not against assessed or taxable value. The effective ad valorem tax rate is 1.0%

Typically an investor would expect land values to increase during the sellout period, however, we believe that in this market an investor would not anticipate an increase and, therefore, estimate a 0% land value increase over the five-year sellout period.

Figure 11, shows the discounted cash flow analysis and the final N.I.V estimate, as of January 15, 2009, of \$1,701,000

Figure 11. Discounted cash flow and Net Liquidation Value

	Year	Year	Year	Year	Year
	1	2	3	4	5
Gross potential sales	\$ 775,864	\$ 775,864	\$ 775,864	\$ 775,864	\$ 775,864
Percent sold	85%	85%	85%	85%	85%
Likely sales	\$ 659,484	\$ 659,484	\$ 659,484	\$ 659,484	\$ 659,484
Less cost of sales @ 7%	\$ 46,164	\$ 46,164	\$ 46,164	\$ 46,164	\$ 46,164
Net Sales	\$ 613,320	\$ 613,320	\$ 613,320	\$ 613,320	\$ 613,320
Present value @ 23 50%	<u>\$1,701,457</u>				
Estimate of NLV	\$1,701,457				
Rounded to	\$1,701,000				

GENERAL UNDERLYING ASSUMPTIONS

This appraisal has been developed based on the following general assumptions:

- 1 No responsibility is assumed for the legal description. Title to the property is assumed to be good and marketable unless otherwise stated. The legal description is assumed to be correct for the purposes of this report
- 2 The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated
- 3 The information furnished by others is believed to be reliable; however, no warranty is given for its accuracy
- 4 All engineering material is assumed to be correct. The plot plans and any other illustrative material in this report are included only to assist the reader in visualizing the property
- 5 It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. Determining the existence of such conditions would require engineering studies of individual parcels, which were not performed.
- 6 It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations unless noncompliance is stated, defined, and considered in the appraisal report.
- 7 It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report
- 8 It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.
- 9 It is assumed that the utilization of the land is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless noted in the report

LIMITING CONDITIONS

This appraisal report has been made with the following limiting conditions

- 1 Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety

2. The appraiser herein by reason of this appraisal is not required to give further information, consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made
3. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser
4. The property was not appraised subject to long-term leases on land or improvements which affect the value of the land.
5. Sales data and information regarding land sales were abstracted from public records, from sales services, and from other sources. This information is assumed to be accurate and correct
6. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, was not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions may affect the value of the property, the value opinion is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise of engineering knowledge required to discover them

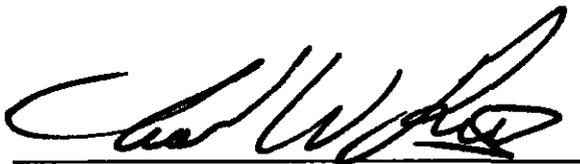
EXTRAORDINARY ASSUMPTIONS

1. All title opinions and characterizations of fee or less-than-fee title were provided by the client
2. According to the regulations of the Surface Transportation Board, only fee parcels were given a value
3. In determining property boundaries and parcel boundaries, the railroad valuation maps are assumed to be accurate, except where noted in the report. No survey was provided.
4. The area of the subject property and the area of subject parcels, sub-parcels, and segments were calculated by the use of ArcView on geo-referenced valuation maps. While these areas are the best estimates, they are not as accurate as areas calculated by survey.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report,

1. To the best of my knowledge and belief, the statements of fact contained in this appraisal report are true and correct
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the requirements of the California Office of Real Estate Appraisers.
6. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives
7. I am currently certified under the continuing education program of the Appraisal Institute.
8. I made an inspection of the property that is the subject of this report
9. Cameron R. Rex assisted in the subject and comparable inspections, mapping, valuation, analysis of the comparable sales, and the writing of the report. Susan Motycka Rex edited this report
10. My opinion of the estimate of net liquidation value for the subject property, as of January 15, 2009, is \$1,701,000

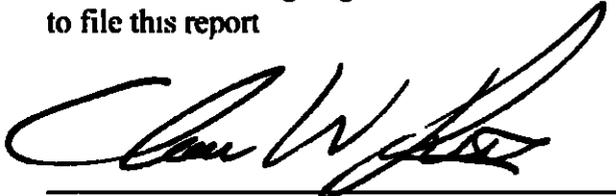


Charles W. (Sandy) Rex III, MAI
California Temporary Practice Permit TP 992201

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VERIFICATION

I, Charles W (Sandy) Rex III, MAI, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this report

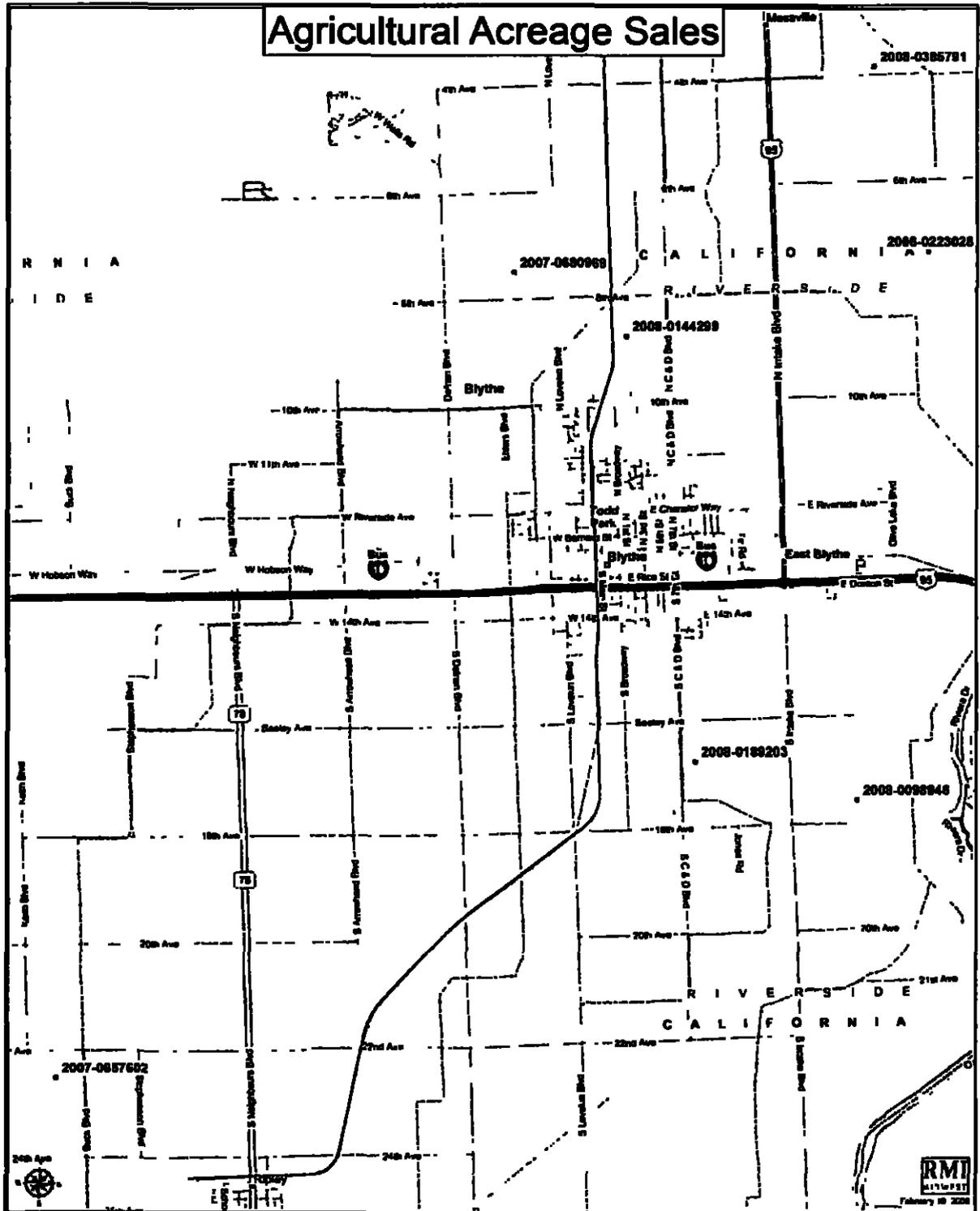


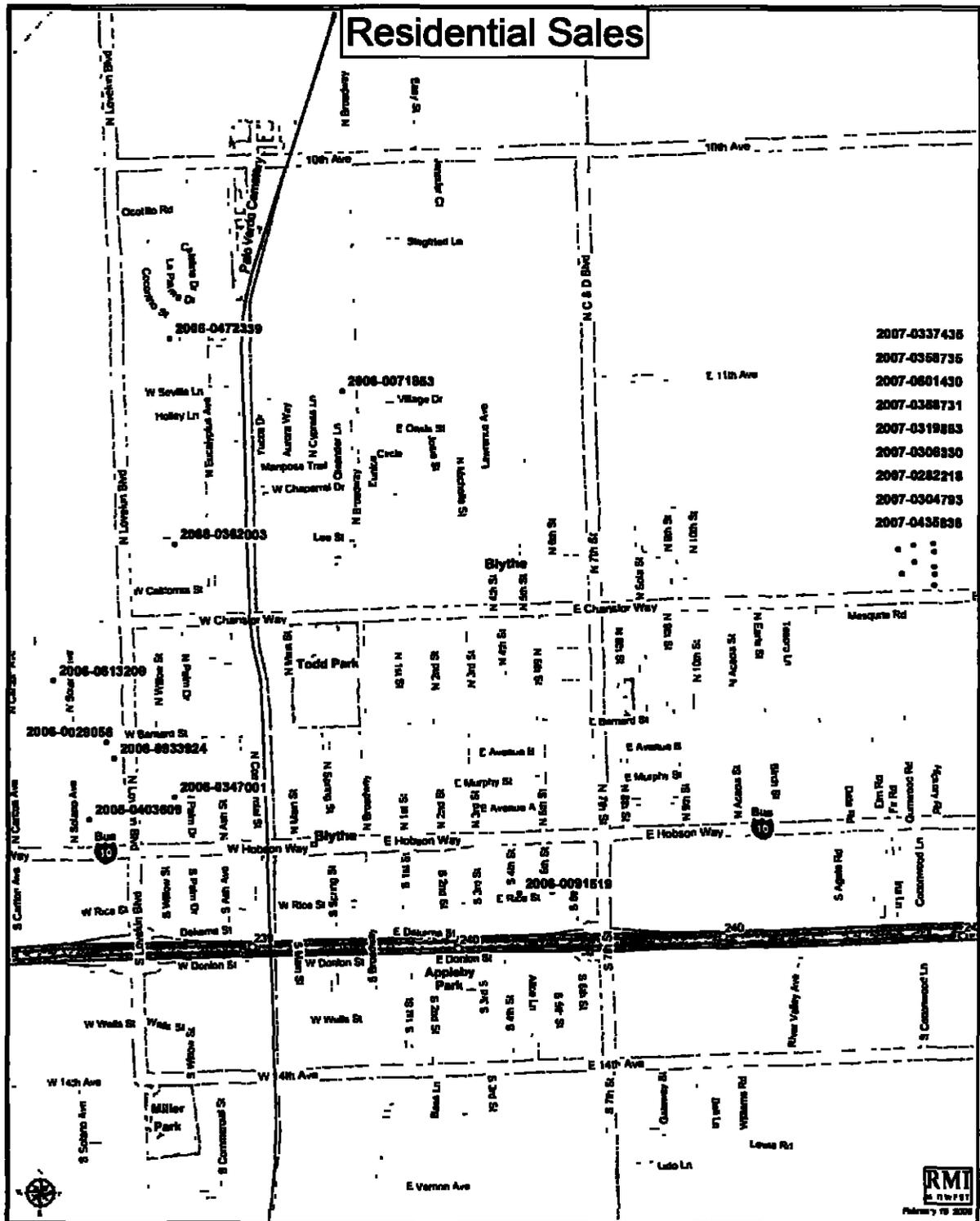
Charles W Rex III, MAI

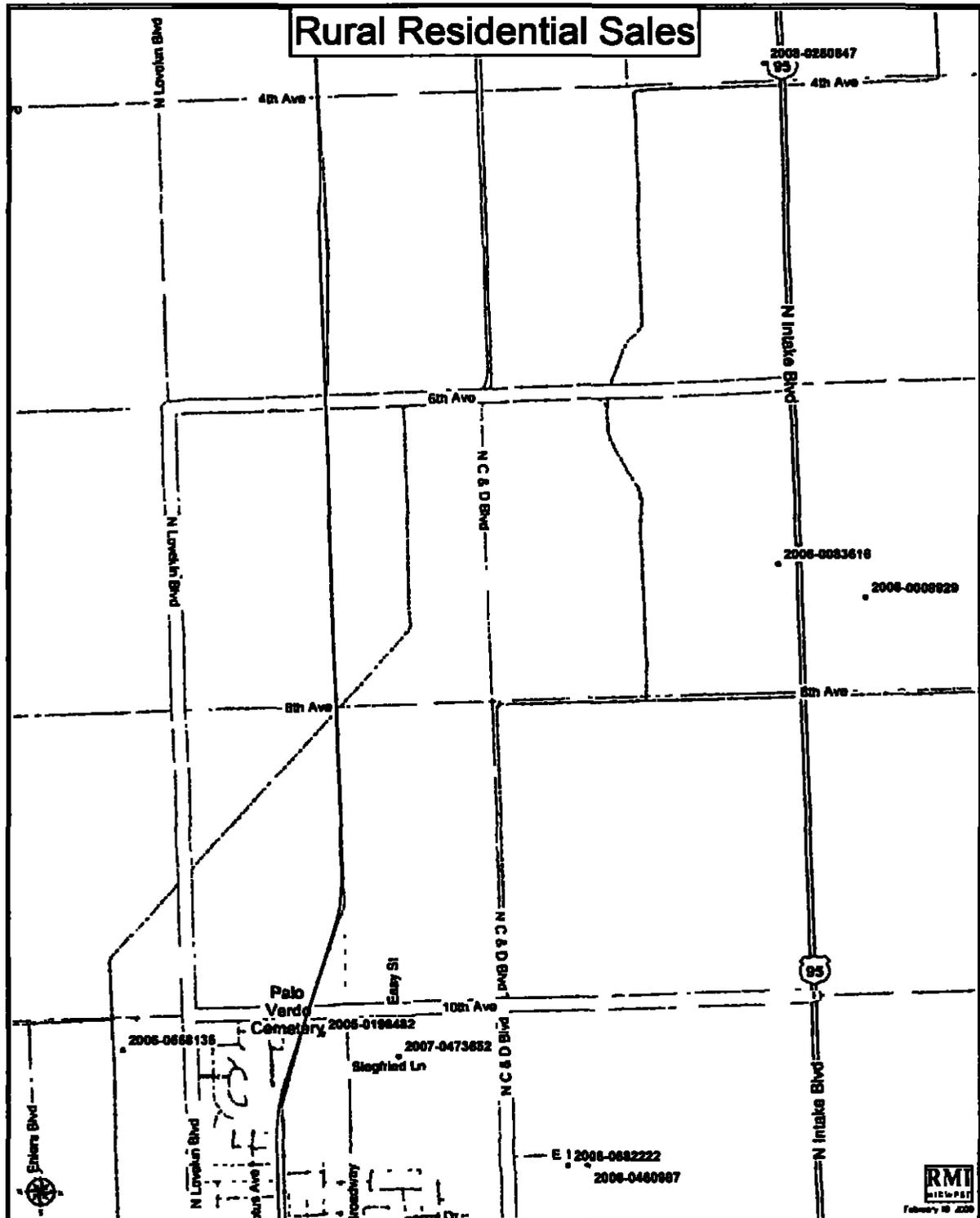
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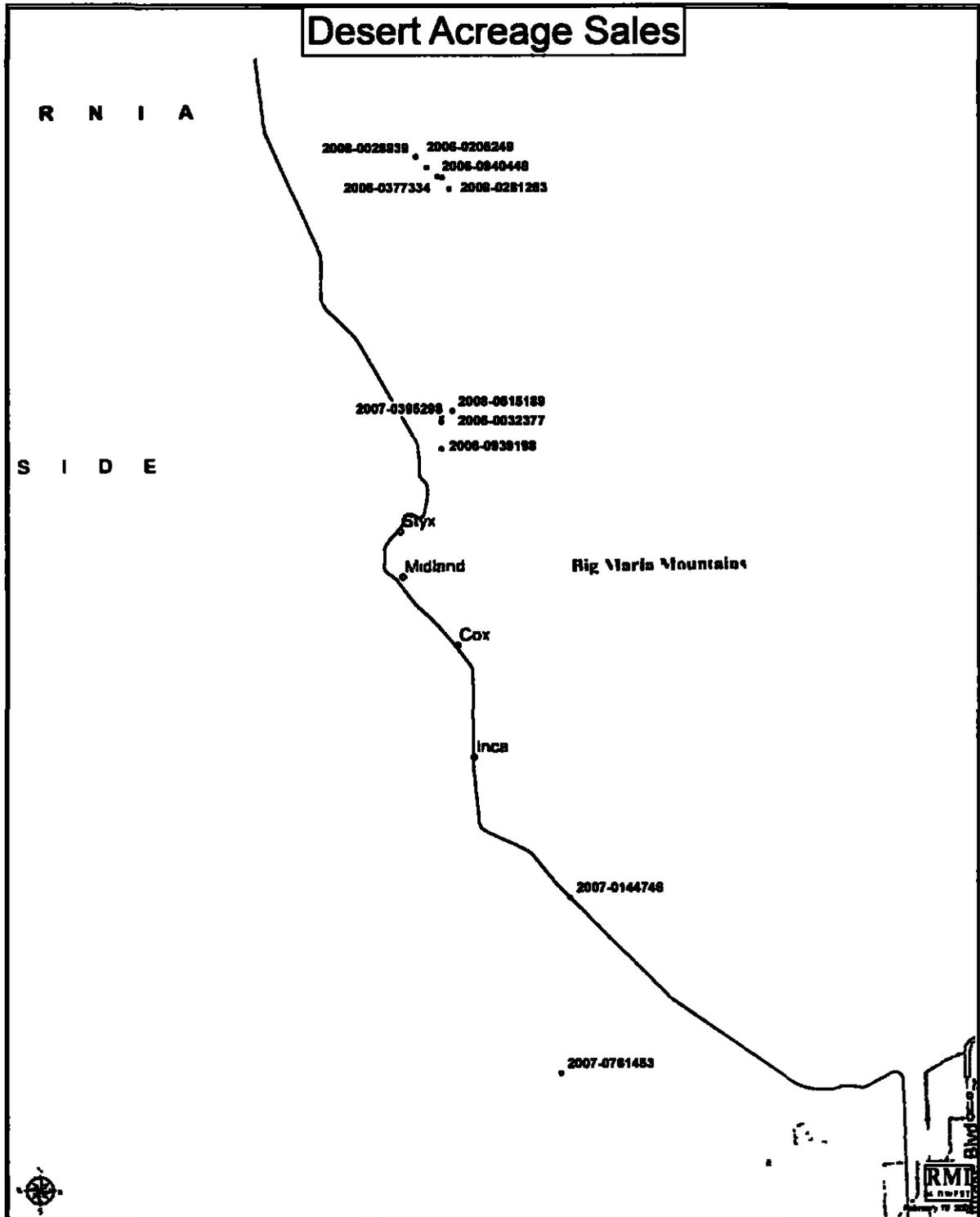
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ADDENDUM A: COMPARABLE SALES SUMMARY AND MAPS









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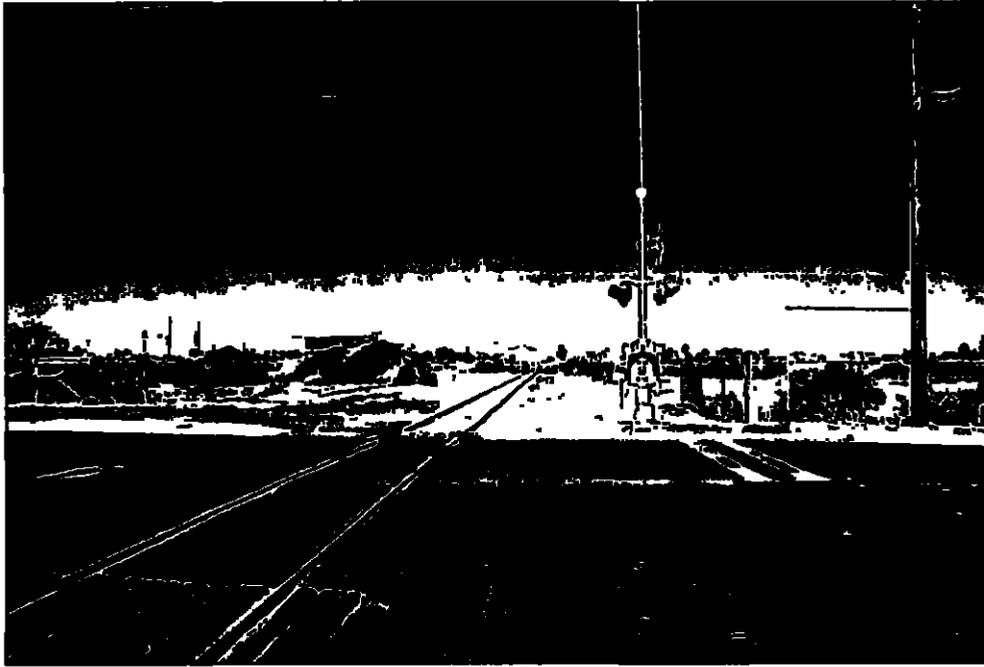
ADDENDUM B: REPRESENTATIVE PHOTOS



Looking westerly from the east side of Ripley near the south end of the line (1/15/2009)



Looking northerly towards Blythe from the south side of Interstate 10 (1/15/2009)



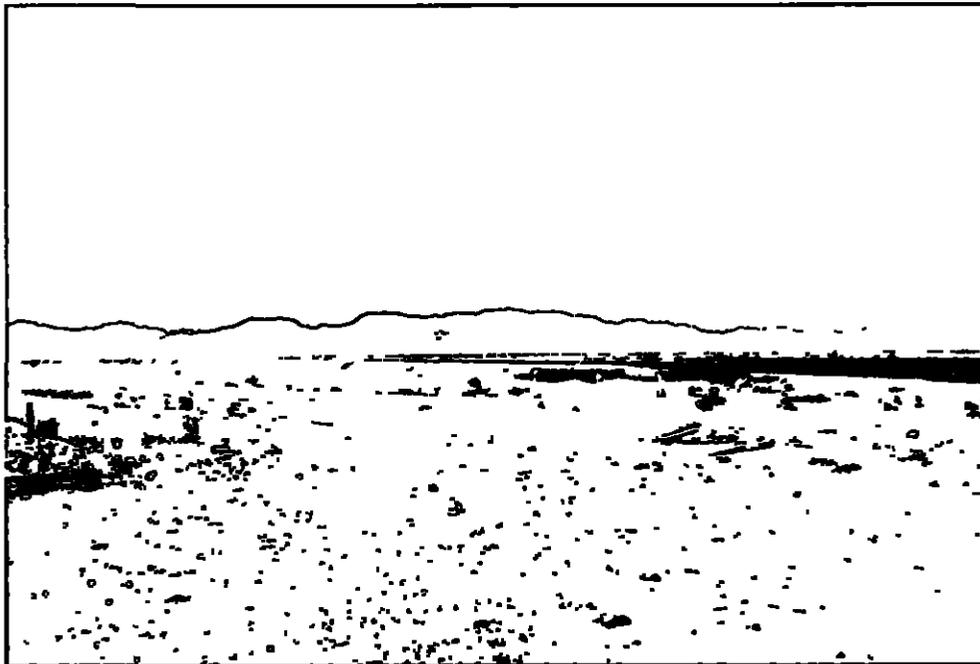
Looking northerly from the north side of Blythe (1/15/2009)



Looking southwesterly at the subject property showing a typical agricultural view (1/15/2009)



Looking northerly along the subject property with a typical desert view (1/15/2009)



Looking southerly from the northern end of the subject property in Rice (1/13/2009)

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ADDENDUM C: QUALIFICATIONS AND TEMPORARY APPRAISAL PERMIT

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**CHARLES W. (SANDY) REX III, MAI
QUALIFICATIONS**

**BUSINESS
ADDRESS**

RMI Midwest
1200 Central Avenue, Suite 330
Wilmette, Illinois 60091
Telephone: 847-920-9033
Cell: 847-507-7212
Fax 847-920-9450
e-mail cwrexiii@rmimidwest.com

**PROFESSIONAL
ORGANIZATIONS**

Member of the Appraisal Institute,
MAI designation, Certificate No 6853

EXPERIENCE

Partner & co-owner of RMI Midwest, 1992-present

Education consultant, Appraisal Institute, 1992-1993

President of Rex-McGill, Inc , 1987-1992

President of Pintl. Rex & Carpenter, Inc , 1986 to 1987

Appraiser with "Rex-McGill," beginning in 1971

Specializing in the valuation and analysis of corridors and other railroad properties, as well as conservation easements

Primary assignments also include the valuation of large land tracts (including development land, agricultural properties, timberlands, multi-use developments, and environmentally sensitive lands) and partial interests.

Valuing partnership interests, conservation easements, lease fee interests, leasehold interests, air rights, transferable development rights, joint ventures, as well as fee simple rights

Clients include government agencies (federal and state), corporations, pension funds, investment bankers, financial institutions, insurance companies, nonprofit conservancy groups, attorneys, and individuals

Qualified as an expert witness in the Federal District Courts in Florida and Illinois, US Court of Claims, US Bankruptcy Court, Florida and Illinois Circuit Courts

Approved appraiser for the Florida Department of Environmental Protection.

**LICENSLS &
CERTIFICATION**

Alabama Certified General Real Property Appraiser
No. G00610

Florida Certified General Appraiser, No 0000143

Georgia Certified General Real Property Appraiser,
No 285622

Illinois Certified General Real Estate Appraiser,
No. 553-000785

Indiana Certified General Appraiser,
No. CG40300403

Massachusetts Certified General Real Estate Appraiser,
No 5601-257042

Michigan Certified General Appraiser, No 1201007606

New Jersey Certified General Appraiser, No 42RG00194200

New York Certified Real Estate General Appraiser,
No 46000039279

Virginia Certified General Real Estate Appraiser,
No. 4001-013685

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EDUCATION

Virginia Military Institute, Bachelor of Arts in Economics, 1972

Completed and passed all courses for the MAI designation under the direction of the former American Institute of Real Estate Appraisers (now the Appraisal Institute)

Certified under the Appraisal Institute's voluntary program of continuing education for its designated members. MAIs who meet the minimum standards of this program are awarded periodic educational certification

**PROFESSIONAL
TEACHING**

Approved Appraisal Institute instructor for the following. *Valuation of Conservation Easements* course, Case Studies in Highest and Best Use, *Partial Interest Valuation — Divided, Partial Interest Valuation — Undivided* seminars

Appraiser continuing education instructor for the Ohio Association of REALTORS® (1995) and for the Wisconsin Association of REALTORS® (2000). Market Analysis and Highest and Best Use, Transitional Properties

Instructor for Reporting the Results of Forestland Appraisals course, Duke University School of the Environment, 1993, co-instructor for Valuation of Timberlands seminar, Duke University School of the Environment, 1987, panel member at the Fourth Timberland Marketplace Conference, Duke University, 1985

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EDUCATIONAL
PROGRAM
DEVELOPMENT

Course co-developer of the Appraisal Institute's Conservation Easement Certificate Program

Developer of Appraisal Institute seminars: *Partial Interest Valuation — Divided, Partial Interest Valuation — Undivided* (1999); *Highest and Best Applications* (1995); *Subdivision Analysis*, revision (1993)

Developer of the Appraisal Institute's Report Writing and Valuation Analysis course (1986) and of AIRFA's Real Estate Appraisal Applications state-certification module (1989)

Co-developer of the Appraisal Institute's *Timberland Valuation* seminar (1988).

PRESENTATIONS

Conservation easement valuation presentation at International Right-of-Way Association Annual International Education Conference; Austin, Texas, 2008.

Corridor valuation presentation at American Railway Development Association annual meeting; Santa Fe, 2008

Conservation easement valuation presentations at Land Trust Alliance conferences, Nashville, 2006, Madison, Wisconsin, 2005.

"Corridors and Rights-of-Way: Valuation & Policy," sponsored by The Centre for Advanced Property Economics and International Right of Way Association, 2002; "Linear Rights of Way Federal Agency Rent Schedules Reforged," sponsored by the Appraisal Institute for the US Bureau of Land Management and US Forest Service, 2001

Southwest Florida Land Trust's conservation easement seminar, 1997; Coastal Georgia Land Trust, Inc.'s conservation easement seminar, 1994; Red Hills Conservation Association's Conservation Easements and Estate Planning program, 1993

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PROFESSIONAL
SERVICES

Member, *Appraisal Journal* Review Panel, 2006 – 2008

Member, Region III Nominating Committee, Appraisal Institute, 2001

Chair, Education Committee, Chicago Chapter of the Appraisal Institute, 1997-2000.

Member, General Appraiser Board Education Committee and Body of Knowledge Committee; Appraisal Institute, 1994

Vice President and President-elect, 1991, Greater Florida Chapter of the Appraisal Institute, Chair, Education Committee, AIREA Florida Chapter 2, 1988-91

Coordinator, Level II Curriculum Development, 1990-1991; Member, Division of Curriculum, Appraisal Institute, 1985-1991, Chair, Development Subcommittee, Appraisal Institute, 1989-1991; Appraisal Institute

RECOGNITIONS

Chicago Chapter of the Appraisal Institute's Distinguished Service Award, 1999.

Appraisal Institute's George L. Schmutz Award in recognition of contributions to the advancement of appraisal knowledge, 1991

STATE OF CALIFORNIA
Business, Transportation & Housing Agency
OFFICE OF REAL ESTATE APPRAISERS

TEMPORARY PRACTICE PERMIT

OREA APPRAISER IDENTIFICATION NUMBER **TP 992201**

CHARLES W. REX

having demonstrated good standing at the Certified General level in the State of Illinois is authorized to perform the appraisal assignment described below

Railroad corridor legally described as: all of that certain 49.85-railroad described in deed dated Dec. 31, 1942, from Calif. Southern Railroad Co. This corridor runs from Rice to Ripley, CA passing through the town of Blythe

This permit is valid until the completion of the one appraisal described above, the expiration date indicated below or the expiration of the license issued by the State of Illinois whichever occurs first

OFFICE OF REAL ESTATE APPRAISERS

Bob Clark

Audit No. **100352**

Date Issued: January 13, 2009
Date Expired: September 30, 2009

THIS DOCUMENT CONTAINS A FULL WATERMARK. THIS IS NOT A COPY TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM.

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ADDENDUM D: RMI MIDWEST MAP BOOK

Map: CA-29/13

ONE IN. = 625 FEET
 THE T & S F R Y CO
 Right Of Way and Track Map
 Los Angeles Div. Ripley Subdiv
 M P 48 TO M P 57 D
 CHIEF ENGINEER'S OFFICE - CHICAGO, ILL.
 C.E. 3119 SHEET 4 OF 16



STANDARD
 MAP
 1:62,500
 U.S. GEOLOGICAL SURVEY
 WASHINGTON, D.C.

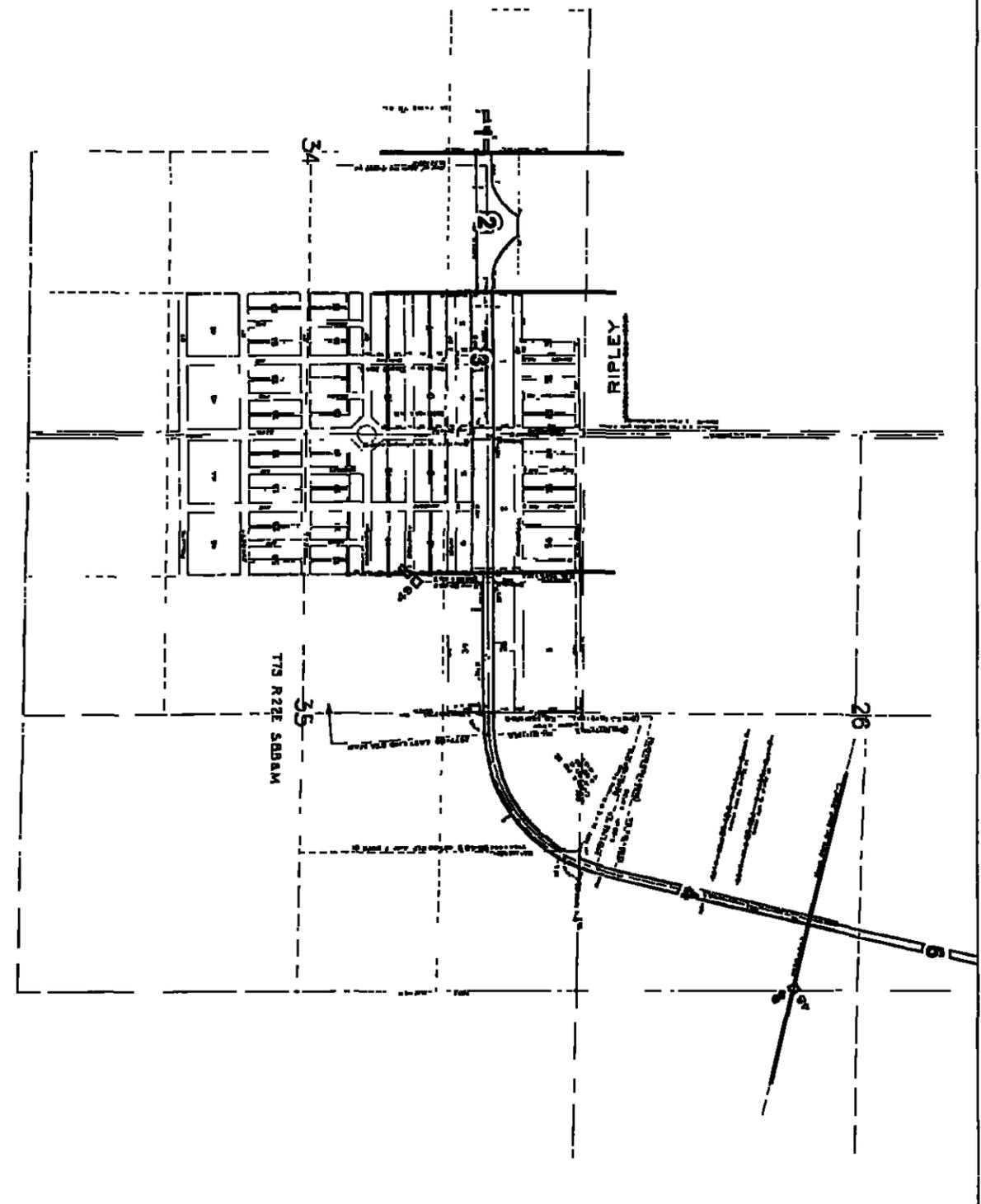
Segment	Area	Acres	Feet	Notes
1
2
3
4
5



Segment lines

- Fee
- Less-than-fee
- Road
- Sold

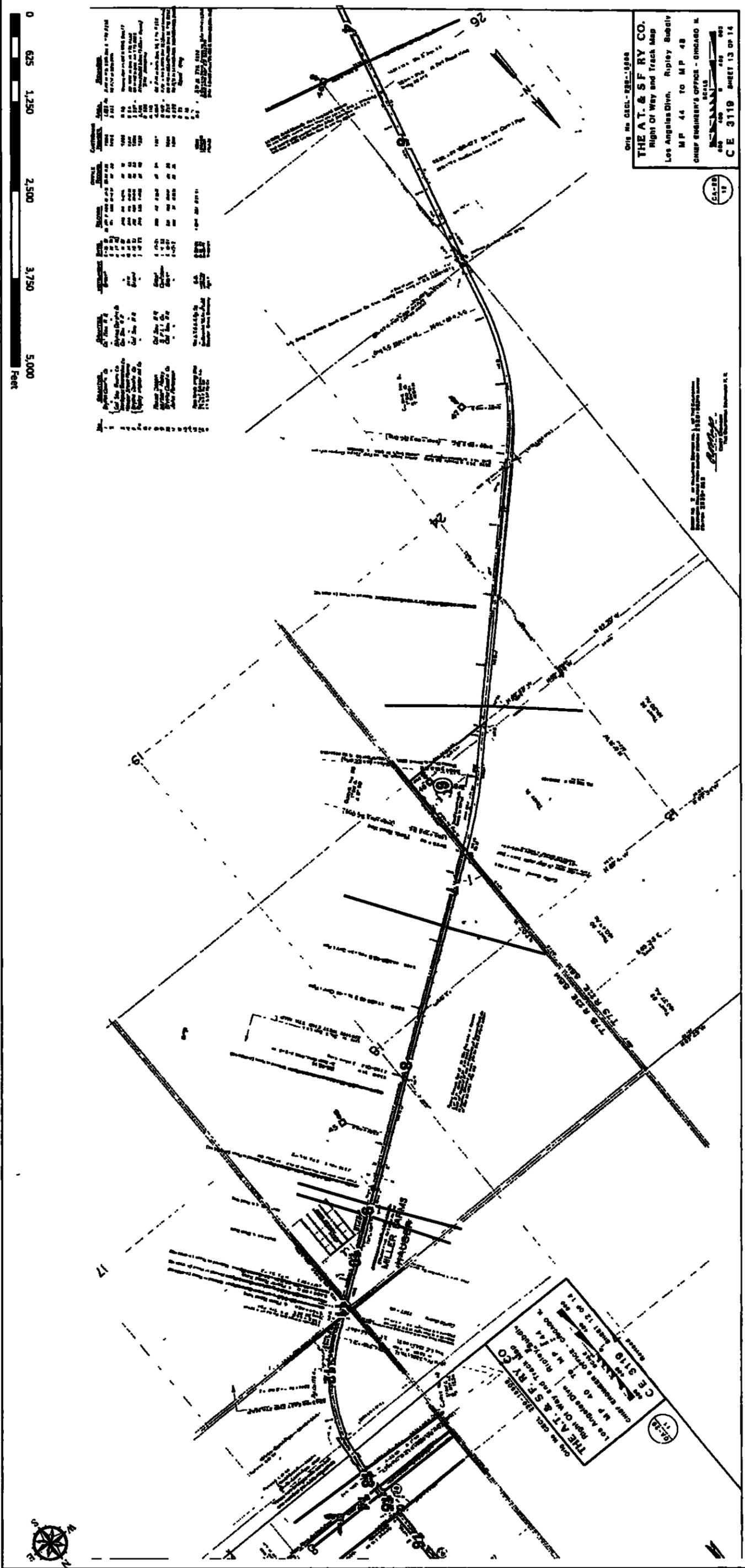
Segment	Land Use West	Land Use East
1	Agricultural	Agricultural
2	Acreeage	Multifamily Res
3	Industrial-Ag	Industrial-Ag
4	Agricultural	Agricultural
5	Agricultural	Agricultural



Map: CA-29/12

THE A. T. & S. F. RY CO.
 Right Of Way and Track Map
 Los Angeles Divn. Ripley Subdiv
 M P 44 TO M P 48
 CHIEF ENGINEER'S OFFICE - CHICAGO, ILL.
 SCALE
 1" = 100'

SHEET 13 OF 14
 CE 3119



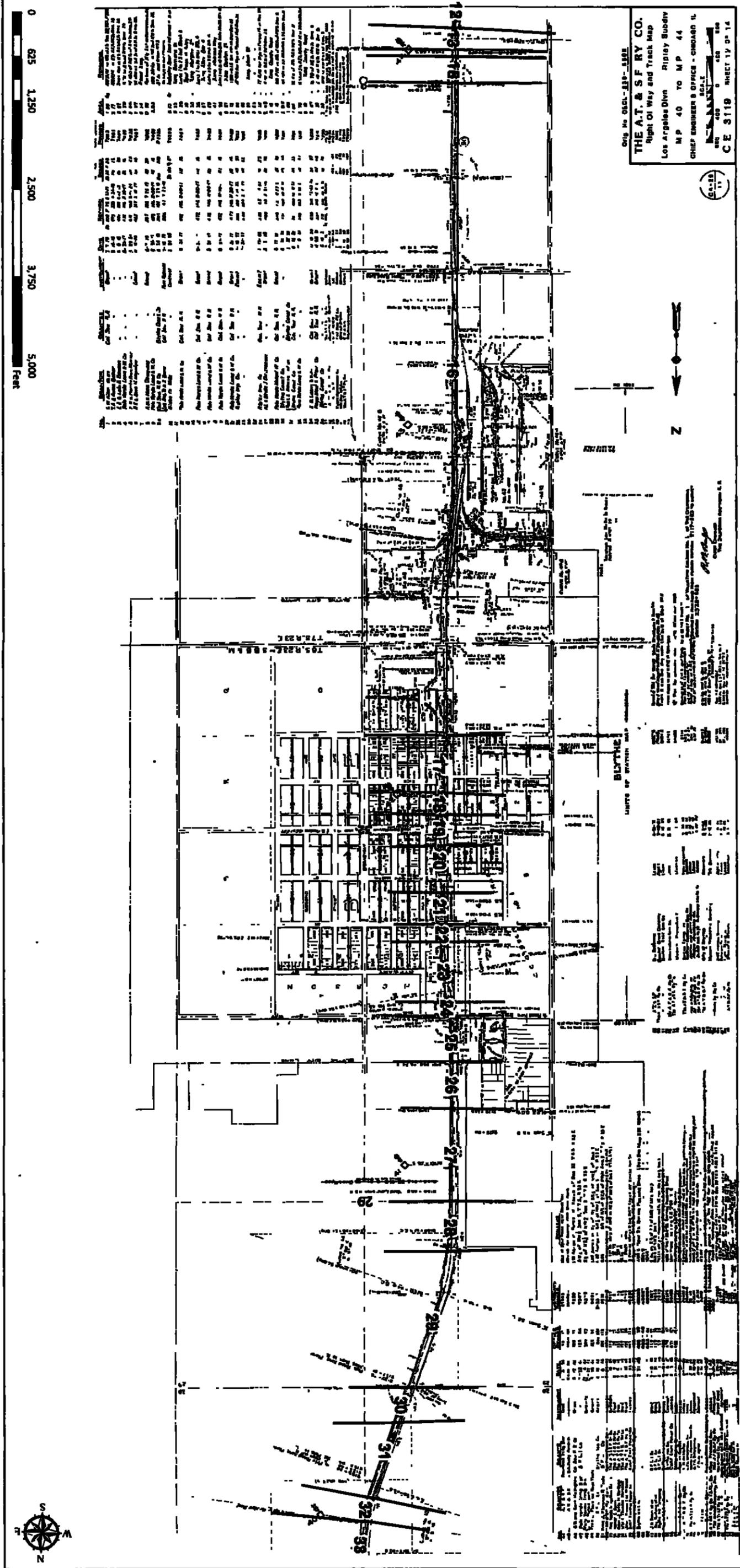
Segment	Land Use West	Land Use East
4	Agricultural	Agricultural
5	Agricultural	Agricultural
6	Agricultural	Industrial-Ag
7	Industrial-Ag	Agricultural
8	Agricultural	Agricultural
9	Industrial-Ag	Agricultural
10	Industrial-Ag	Industrial-Ag
11	Agricultural	Agricultural

Segment	Land Use West	Land Use East
12	Agricultural	Industrial-Ag
13	Agricultural	Agricultural
14	Agricultural	Agricultural
15	Industrial-Ag	Agricultural
16	Industrial	Industrial

—	Segment lines
—	Fee
—	Less-than-fee
—	Road
—	Sold

Map: CA-29/11

THE A.T. & S.F. RY CO.
 Right Of Way and Track Map
 Los Angeles Div Ripley Subdiv
 M P 40 TO M P 44
 CHIEF ENGINEER'S OFFICE - CHICAGO IL
 C.E. 3119 SHEET 11 OF 14
 11-11-10



Segment lines	—
Fee	□
Less-than-free	■
Road	□
Solid	■

Segment	Land Use West	Land Use East
12	Agricultural	Industrial-Ag
13	Agricultural	Agricultural
14	Agricultural	Agricultural
15	Industrial-Ag	Agricultural
16	Industrial	Industrial
17	Industrial	Industrial
18	Industrial	Commercial
19	Commercial	Commercial

Segment	Land Use West	Land Use East
20	Commercial	Commercial
21	Multifamily Res	Industrial
22	Industrial	Commercial
23	Industrial	Industrial
24	Commercial	Industrial
25	Industrial	Industrial
26	Residential Dev	Residential Dev
27	Single-Family Res	Single-Family Res

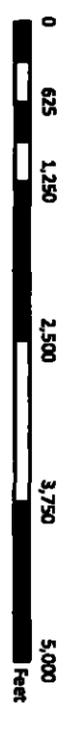
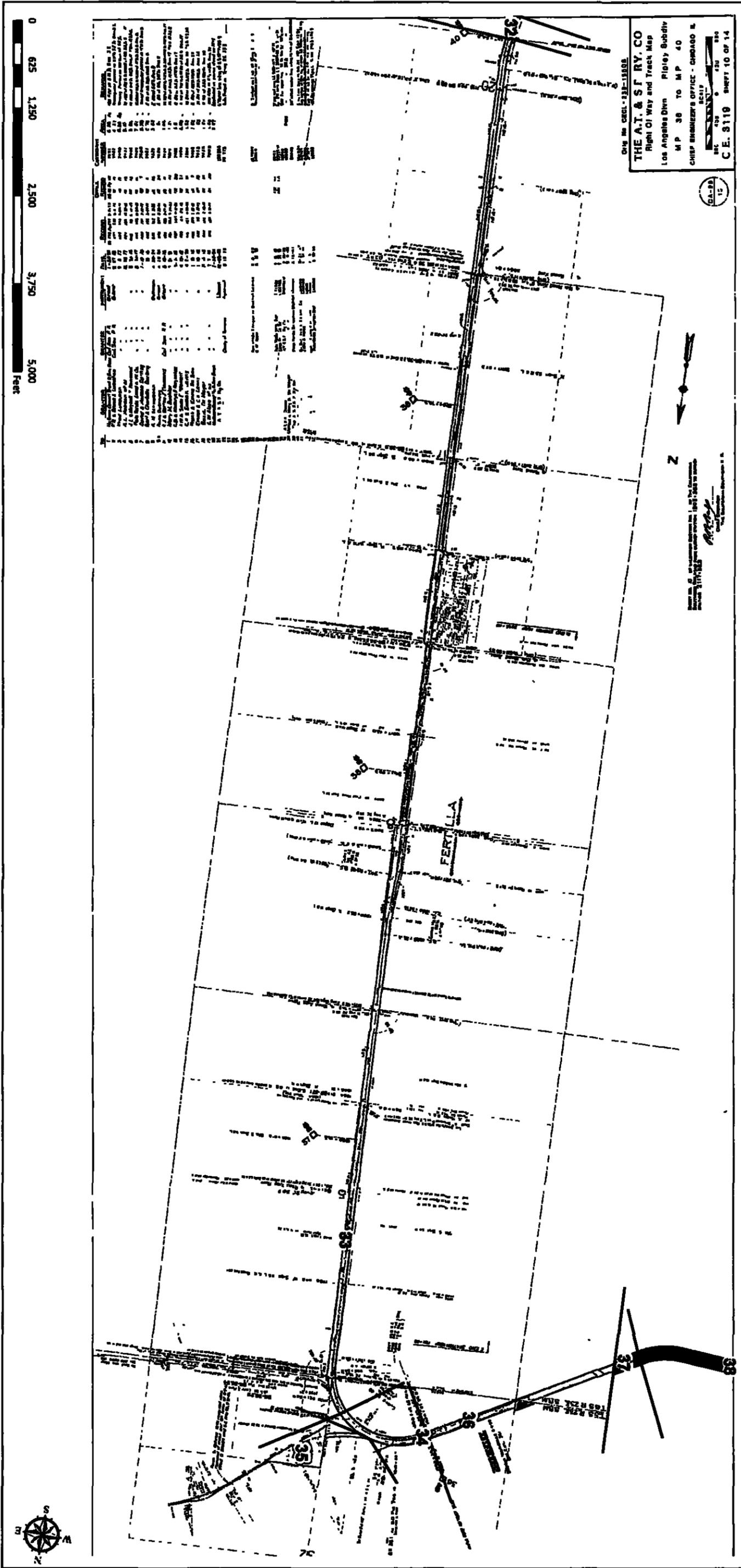
Segment	Land Use West	Land Use East
28	Single-Family Res	Residential Dev
29	Residential Dev	Residential Dev
30	Residential Dev	Rural Residential
31	Agricultural	Rural Residential
32	Agricultural	Agricultural
33	Agricultural	Agricultural

Map: CA-29/10

THE A.T. & S.F. RY. CO
 Right of Way and Tract Map
 Los Angeles Divn Pipeley Subdiv
 M.P. 38 TO M.P. 40
 CHIEF ENGINEER'S OFFICE - CHICAGO, ILL.
 C.E. 3110 SHEET 10 OF 14



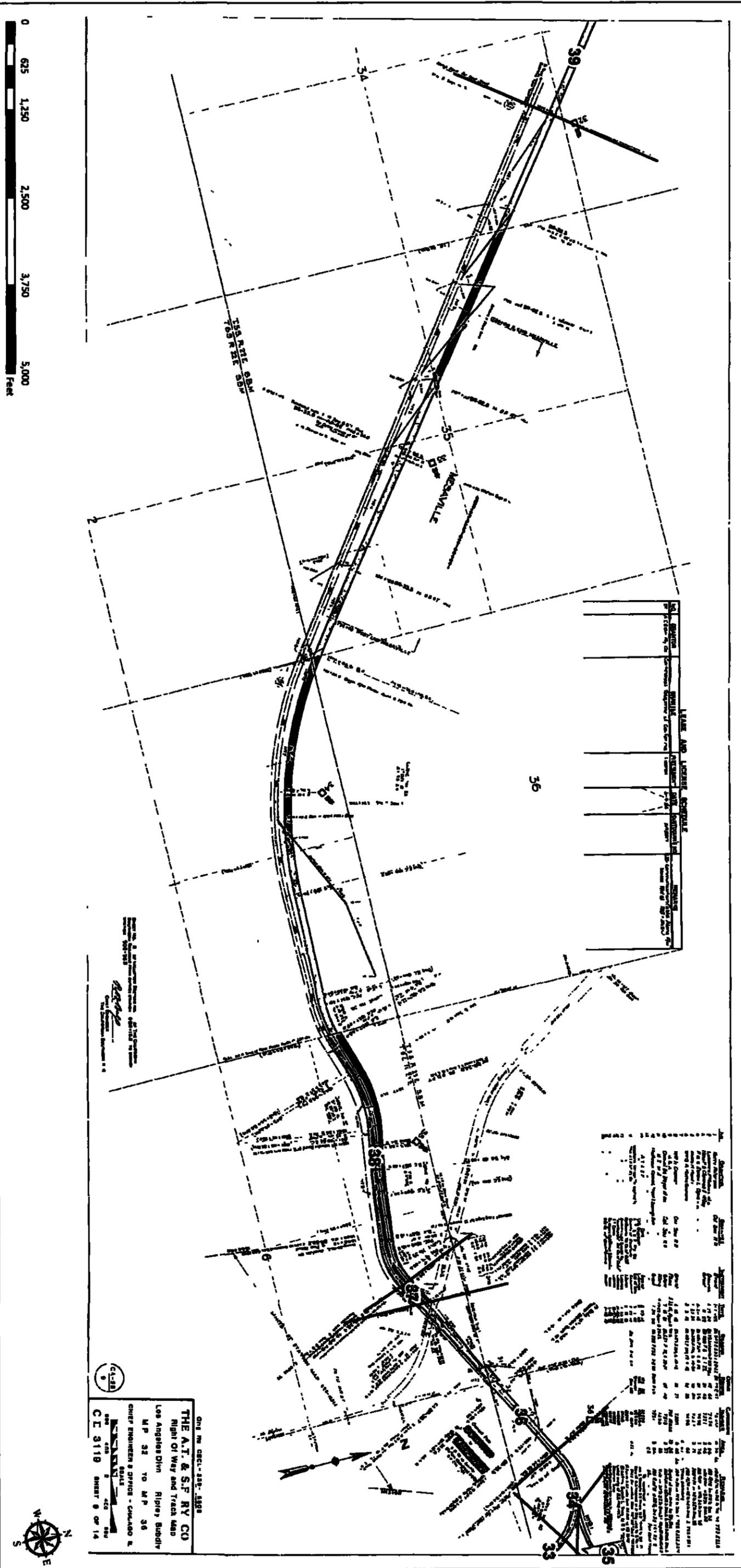
THE A.T. & S.F. RY. CO
 CHIEF ENGINEER'S OFFICE - CHICAGO, ILL.
 C.E. 3110 SHEET 10 OF 14



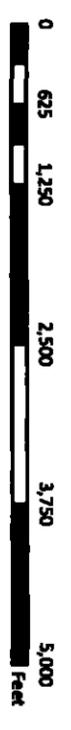
	Solid
	Road
	Less-than-fee
	Fee
	Segment lines

Segment	Land Use West	Land Use East
31	Agricultural	Rural Residential
32	Agricultural	Agricultural
33	Agricultural	Agricultural
34	Desert	Rural Residential
35	Desert	Desert
36	Desert	Rural Residential
37	Desert	Industrial
38	Desert	Desert

Map: CA-29/9

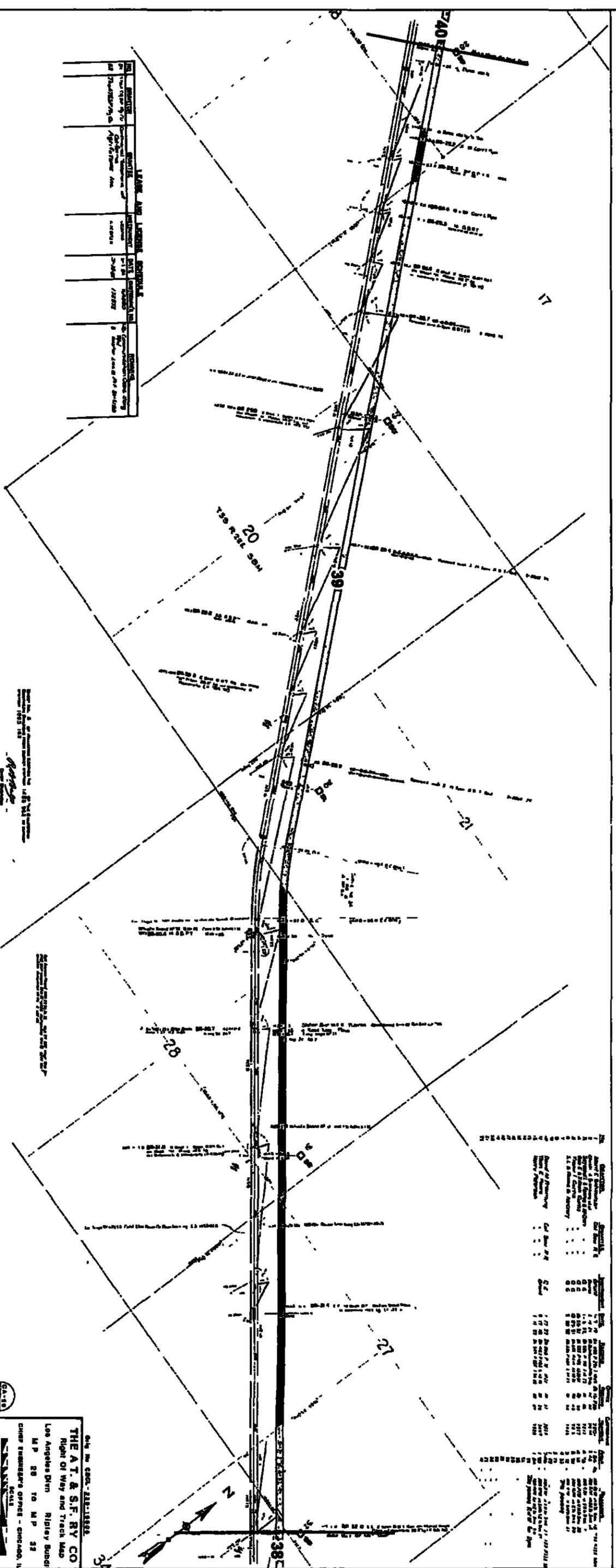


Segment	Land Use West	Land Use East
33	Agricultural	Agricultural
34	Desert	Rural Residential
35	Desert	Desert
36	Desert	Rural Residential
37	Desert	Industrial
38	Desert	Desert
39	Desert	Desert



THE A.T. & S.F. RY CO
 Right Of Way and Trach Land
 Los Angeles Divn Ripley Subdiv
 M.P. 32 TO M.P. 38
 CHIEF ENGINEER & OFFICE - CHICAGO, ILL.
 R.M.I. MIDWEST
 CE 3118 SHEET 9 OF 14

Map: CA-29/8



NO.	DESCRIPTION	DATE	BY	REVISION
1	Original	1/15/08	J. Smith	1.0
2	Revised	2/10/08	J. Smith	2.0
3	Revised	3/15/08	J. Smith	3.0
4	Revised	4/20/08	J. Smith	4.0
5	Revised	5/25/08	J. Smith	5.0



Segment	Land Use West	Land Use East
38	Desert	Desert
39	Desert	Desert
40	Desert	Desert

Segment lines
 Fee
 Less-than-fee
 Road
 Solid

Station	Offset	Distance	Area	Volume
10+00	0.00	0.00	0.00	0.00
10+50	0.00	0.00	0.00	0.00
11+00	0.00	0.00	0.00	0.00
11+50	0.00	0.00	0.00	0.00
12+00	0.00	0.00	0.00	0.00
12+50	0.00	0.00	0.00	0.00
13+00	0.00	0.00	0.00	0.00
13+50	0.00	0.00	0.00	0.00
14+00	0.00	0.00	0.00	0.00
14+50	0.00	0.00	0.00	0.00
15+00	0.00	0.00	0.00	0.00
15+50	0.00	0.00	0.00	0.00
16+00	0.00	0.00	0.00	0.00
16+50	0.00	0.00	0.00	0.00
17+00	0.00	0.00	0.00	0.00
17+50	0.00	0.00	0.00	0.00
18+00	0.00	0.00	0.00	0.00
18+50	0.00	0.00	0.00	0.00
19+00	0.00	0.00	0.00	0.00
19+50	0.00	0.00	0.00	0.00
20+00	0.00	0.00	0.00	0.00
20+50	0.00	0.00	0.00	0.00
21+00	0.00	0.00	0.00	0.00
21+50	0.00	0.00	0.00	0.00
22+00	0.00	0.00	0.00	0.00
22+50	0.00	0.00	0.00	0.00
23+00	0.00	0.00	0.00	0.00
23+50	0.00	0.00	0.00	0.00
24+00	0.00	0.00	0.00	0.00
24+50	0.00	0.00	0.00	0.00
25+00	0.00	0.00	0.00	0.00
25+50	0.00	0.00	0.00	0.00
26+00	0.00	0.00	0.00	0.00
26+50	0.00	0.00	0.00	0.00
27+00	0.00	0.00	0.00	0.00
27+50	0.00	0.00	0.00	0.00
28+00	0.00	0.00	0.00	0.00
28+50	0.00	0.00	0.00	0.00
29+00	0.00	0.00	0.00	0.00
29+50	0.00	0.00	0.00	0.00
30+00	0.00	0.00	0.00	0.00
30+50	0.00	0.00	0.00	0.00
31+00	0.00	0.00	0.00	0.00
31+50	0.00	0.00	0.00	0.00
32+00	0.00	0.00	0.00	0.00
32+50	0.00	0.00	0.00	0.00
33+00	0.00	0.00	0.00	0.00
33+50	0.00	0.00	0.00	0.00
34+00	0.00	0.00	0.00	0.00
34+50	0.00	0.00	0.00	0.00
35+00	0.00	0.00	0.00	0.00
35+50	0.00	0.00	0.00	0.00
36+00	0.00	0.00	0.00	0.00
36+50	0.00	0.00	0.00	0.00
37+00	0.00	0.00	0.00	0.00
37+50	0.00	0.00	0.00	0.00
38+00	0.00	0.00	0.00	0.00
38+50	0.00	0.00	0.00	0.00
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52+00	0.00	0.00	0.00	0.00
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73+50	0.00	0.00	0.00	0.00
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81+50	0.00	0.00	0.00	0.00
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82+50	0.00	0.00	0.00	0.00
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85+50	0.00	0.00	0.00	0.00
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87+50	0.00	0.00	0.00	0.00
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88+50	0.00	0.00	0.00	0.00
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89+50	0.00	0.00	0.00	0.00
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93+00	0.00	0.00	0.00	0.00
93+50	0.00	0.00	0.00	0.00
94+00	0.00	0.00	0.00	0.00
94+50	0.00	0.00	0.00	0.00
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98+50	0.00	0.00	0.00	0.00
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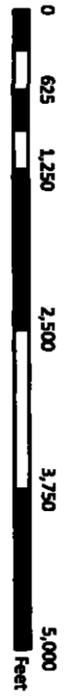
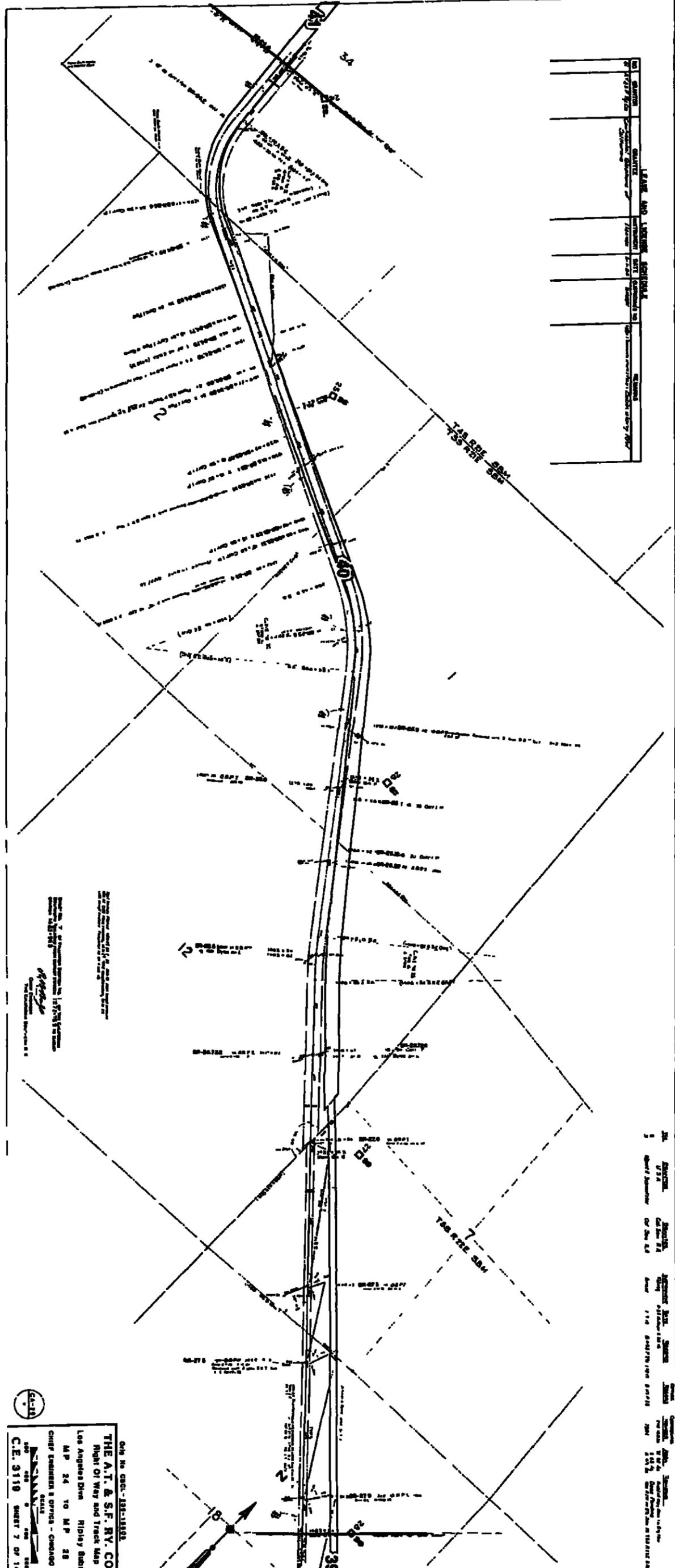
Only for use on: 228-11802
THE A. T. & S. F. RY CO
 Right Of Way and Track Map
 Los Angeles Div. Riley Suddi
 M.P. 20 TO M.P. 32
 CHIEF ENGINEER'S OFFICE - CHICAGO, IL
 SCALE
 AS SHOWN
 SHEET 8 OF 14
 CE 319



Map: CA-29/7

Segment	Quarter	Section	Township	Range	County
39	1	36	37N	12W	San Diego
40	1	36	37N	12W	San Diego
41	1	36	37N	12W	San Diego

1. Scale: 1" = 1000 Feet
 2. Date: 1/14/09
 3. Project: CA-29/7
 4. Sheet: 7 of 14



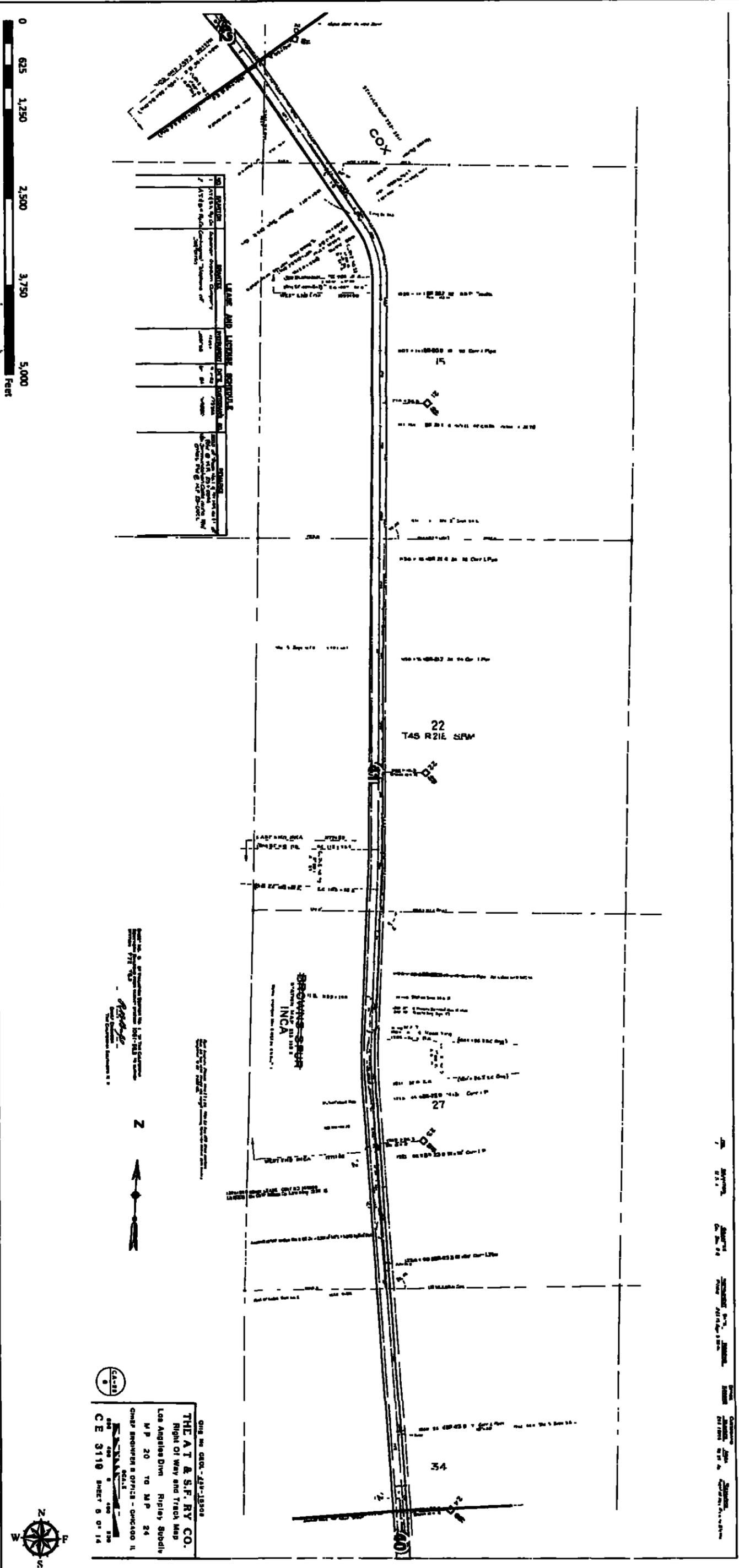
Segment	Land Use West	Land Use East
39	Desert	Desert
40	Desert	Desert
41	Desert	Desert

Symbol	Description
—	Segment lines
—	Fee
—	Less-than-fee
—	Road
—	Sold

THE A.T. & S.F. RY. CO.
 Right Of Way and Track Map
 Los Angeles Division
 Ripley Sub
 MAP 24 TO MAP 28
 CHIEF ENGINEER'S OFFICE - CHICAGO
 C.E. 3119 SHEET 7 OF 14



Map: CA-29/6



LEASE AND LICENSE SCHEDULE

NO.	SECTION	OWNER	INTEREST	DATE	TERMS	REMARKS
1	15	...	...	...	...	...
2	22	...	...	...	...	...
3	27	...	...	...	...	...
4	34	...	...	...	...	...

Segment	Land Use West	Land Use East
40	Desert	Desert
41	Desert	Desert
42	Desert	Desert

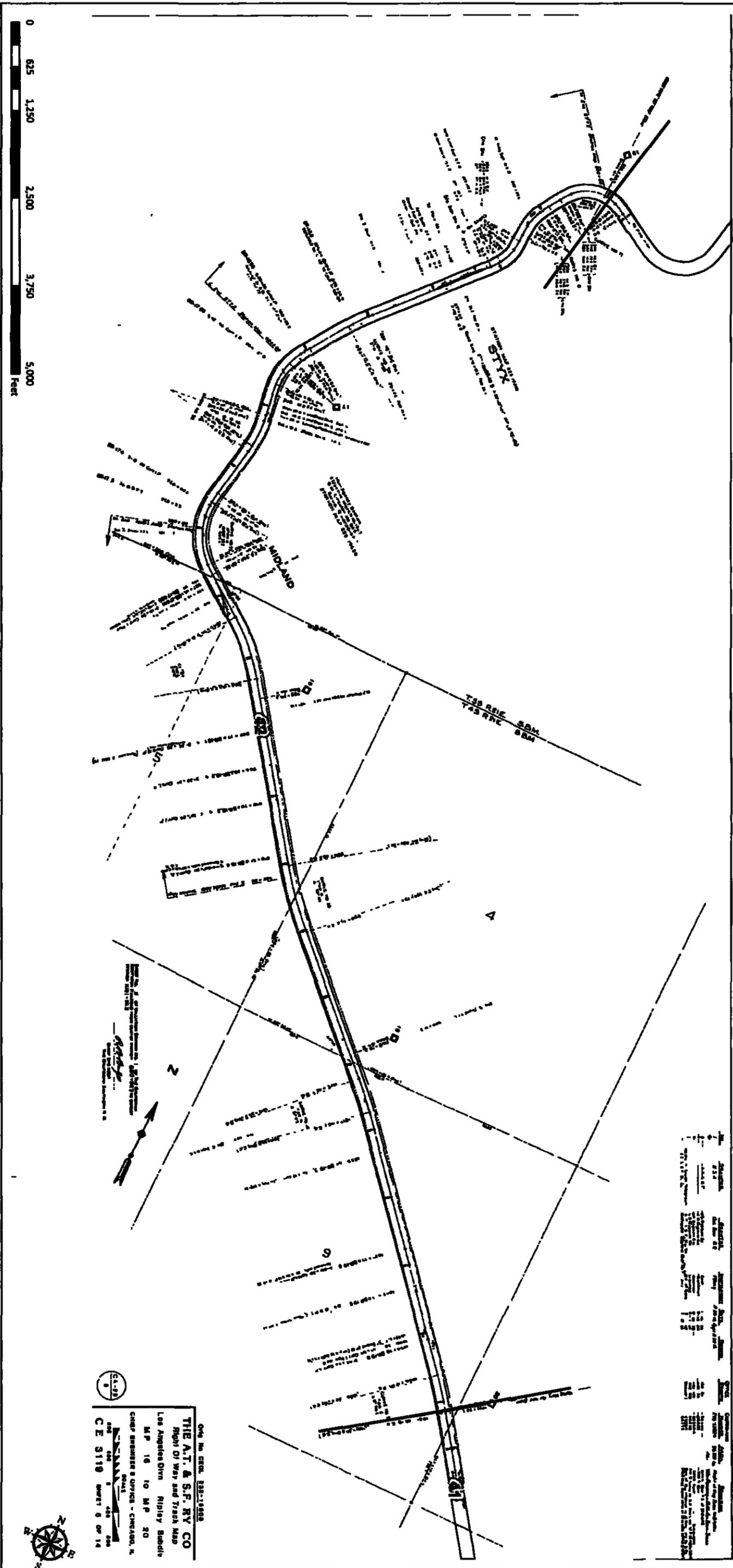
Segment lines	
Fee	
Less-than-fee	
Road	
Sold	

DATE: 02-19-2009
 THE A.T. & S.F. RY. CO.
 RIGHT OF WAY AND TRACK MAP
 Los Angeles Divn. Ripley, Subdiv.
 M.P. 20 TO M.P. 24
 CHIEF ENGINEER'S OFFICE - CHICAGO, ILL.
 SCALE: AS SHOWN
 CE 3119 SHEET 9 OF 14



Map: CA-29/5

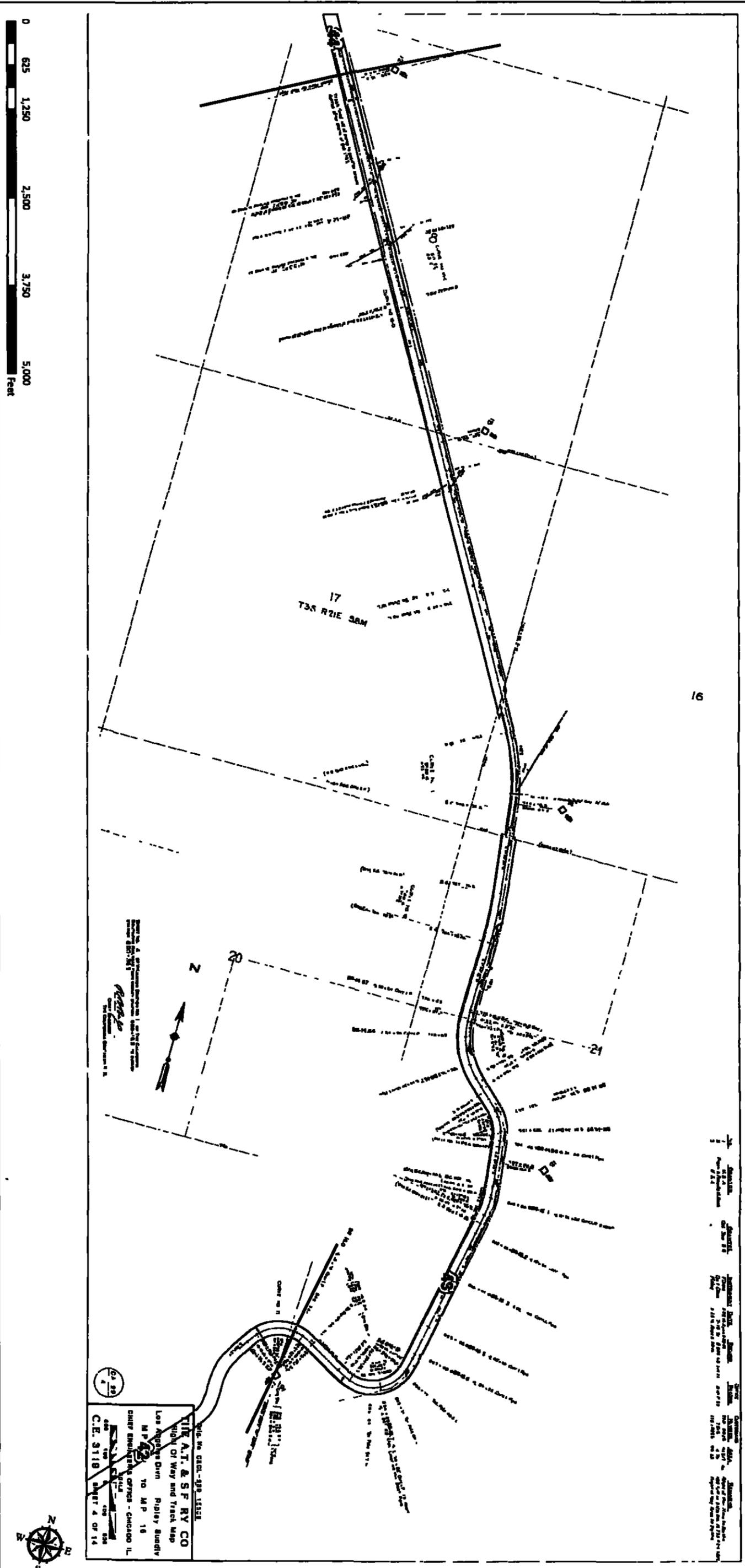
43



One in. = 1000'. 1982-1988
THE A.T. & S.F. RY. CO.
 Right of Way and Track Map
 Los Angeles Divn. Ripley Suddis
 M.P. 16 TO M.P. 20
 CHIEF ENGINEER'S OFFICE - CHICAGO, ILL.
 SHEET 5 OF 14
 CE 3119



Map: CA-29/4



Segment	Land Use West	Land Use East
42	Desert	Desert
43	Desert	Desert
44	Desert	Desert

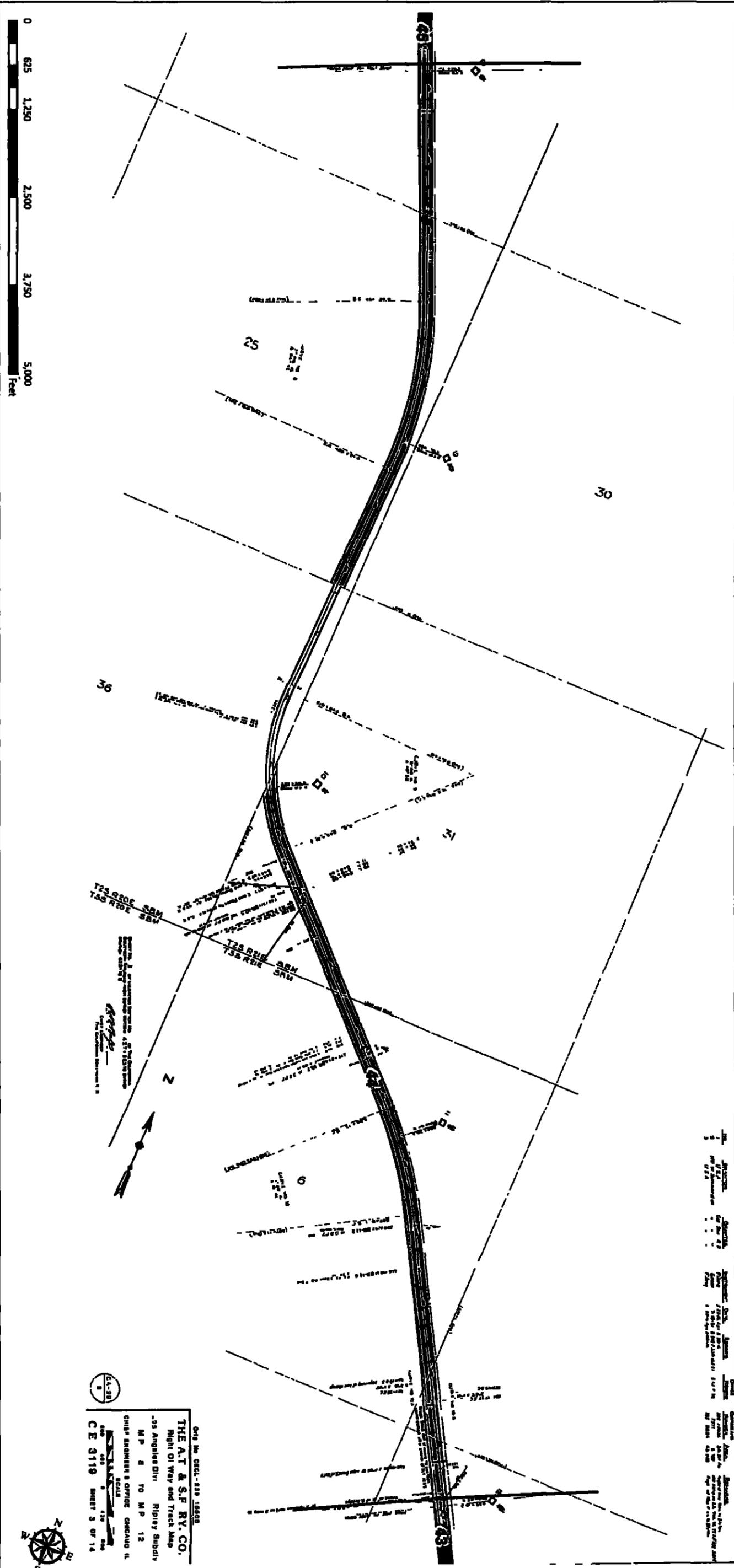
	Segment lines
	Fee
	Less-than-fee
	Road
	Sold

TITLE A.T. & S.F. RY CO
 DIVISION OF WAY AND TRUCK MAP
 Los Angeles Div. Public Survey
 M.P. 4.2 TO M.P. 1.8
 SHEET SHOWS TRUCK OFFERS - CHICAGO I.L.
 C.E. 3118 SHEET 4 OF 14



Map: CA-29/3

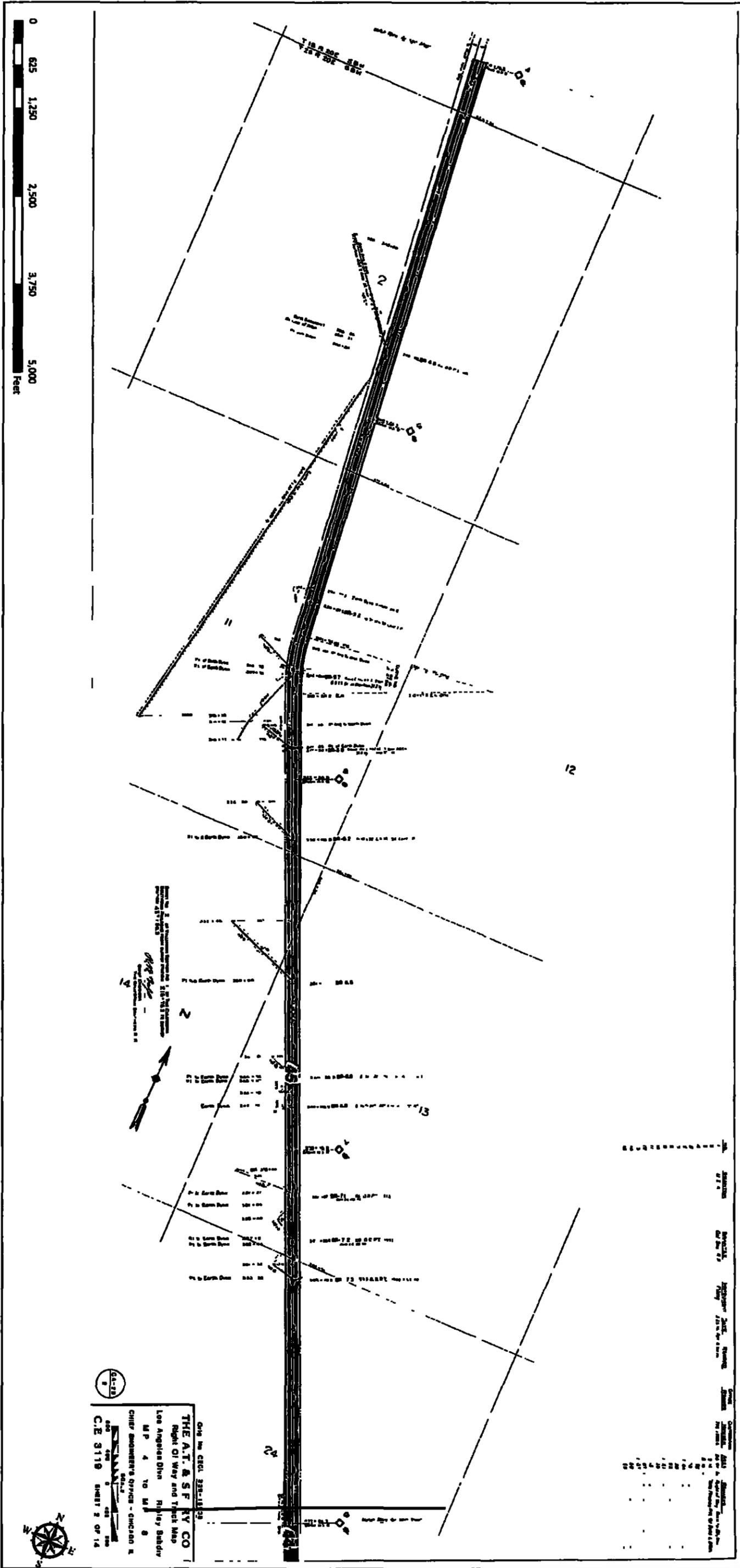
THE A.T. & S.F. RY. CO.
 Right of Way and Track Map
 -35 Angeles Div. Ripley Subdiv.
 M.P. 8 TO M.P. 12
 CHIEF ENGINEER'S OFFICE CHICAGO, ILL.
 SCALE
 1" = 400' 0" 750' 1500'
 C.E. 3119 SHEET 3 OF 14



Segment	Land Use West	Land Use East
43	Desert	Desert
44	Desert	Desert
45	Desert	Desert

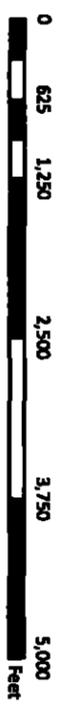
Segment lines
 Fee
 Less-than-fee
 Road
 Sold

Map: CA-29/2



Segment	Land Use West	Land Use East
44	Desert	Desert
45	Desert	Desert

Segment lines
 Fee
 Less-than-fee
 Road
 Sold



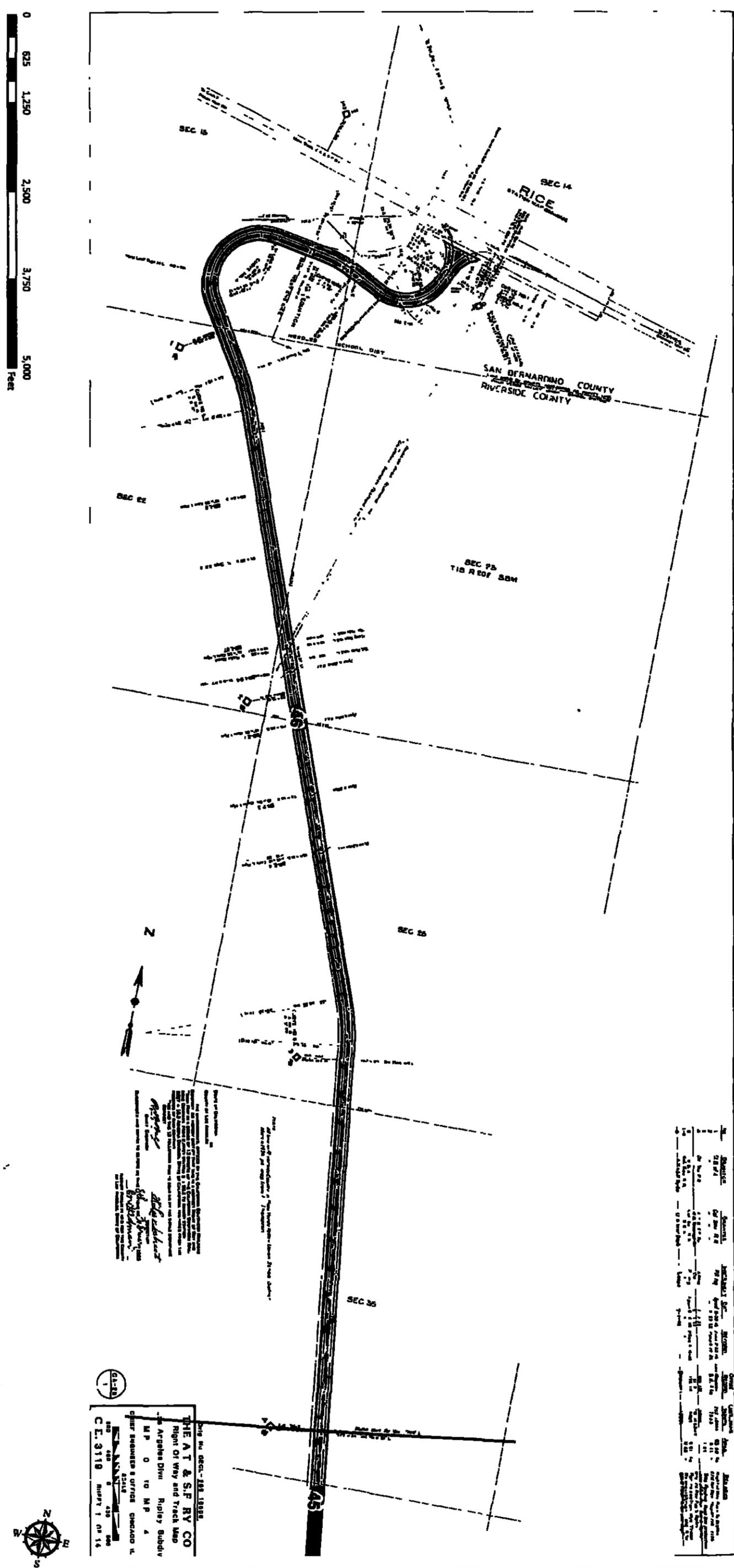
ONE INCH EQUAL 3281.15 FEET
THE A. T. & S. F. RY CO.
 Right Of Way and Track Map
 Los Angeles Divn. Ripley Sandiv
 M.P. 4 TO M.P. 8
 CHIEF ENGINEER'S OFFICE - CHICAGO, ILL.
 SHEET 2 OF 14
 C.E. 3119



February 19, 2009

Map: CA-29/1

Segment	Quantity	Unit	Value	Notes
45	1.00	Acres	1.00	
46	1.00	Acres	1.00	
Total: 2.00 Acres				



Segment	Land Use West	Land Use East
45	Desert	Desert
46	Desert	Desert

Segment Lines

- Fee
- Less-than-fee
- Road
- Sold

THE AT & S.F. RY. CO.
 Right Of Way and Tract Map
 Arceles Divn. Ripley Subdiv.
 M.P. 0 TO M.P. A
 CHIEF ENGINEER & SURVEYOR CHICAGO, ILL.
 C.E. 3119 MERRY 1 OF 14