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THOMAS F. MCFARLAND

July 22, 2009

By e-filing

Anne K. Quinlan, Esq.
Acting Secretary
Surface Transportation Board
395 E Street, S.W., Suite 1149
Washington, DC 20024

FEE RECEIVED
JUL 22 2009
SURFACE
TRANSPORTATION BOARD

Re: Docket No. AB-1022 (Sub-No. 1X), *Arizona & California Railroad Company --
Abandonment Exemption -- in San Bernadino and Riverside Counties, CA*

Dear Ms. Quinlan:

Hereby transmitted for filing with the Board is a Refiled Offer of Financial Assistance in behalf of BG&CM Railroad, Inc. In a decision in the above proceeding served July 15, 2009, the Board rejected BG&CM's Offer of Financial Assistance filed on July 10, 2009, without prejudice to its refiling containing sufficient proof of financial responsibility. The Refiled Offer of Financial Assistance contains a Verification of Mr. Michael Williams attesting to the availability of funds to pay the purchase price of the rail line plus any operating deficits for at least two years.

The filing of this Refiled Offer of Assistance was delayed due to the difficulty in obtaining the signature of Mr. Williams, who was traveling at and after the date on which the initial Offer of Financial Assistance was rejected.

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for BG&CM Railroad, Inc.

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cc: Louis E. Gitomer, Esq., w/copy by e-mail to lou_gitomer@verizon.net
STB Office of Proceedings, w/copy by UPS overnight mail

BEFORE THE
SURFACE TRANSPORTATION BOARD

ARIZONA & CALIFORNIA RAILROAD)
COMPANY -- ABANDONMENT) DOCKET NO. AB-1022
EXEMPTION -- IN SAN BERNADINO) (SUB-NO. 1X)
AND RIVERSIDE COUNTIES, CA)

REFILED OFFER OF FINANCIAL ASSISTANCE

BG&CM RAILROAD, INC.
P.O. Box 1759
Orofino, ID 83544

Offeror

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204
(312) 201-9695 (fax)
mcfarland@aol.com

Attorney for Offeror

DATE FILED: July 22, 2009

BEFORE THE
SURFACE TRANSPORTATION BOARD

ARIZONA & CALIFORNIA RAILROAD)
COMPANY -- ABANDONMENT) DOCKET NO. AB-1022
EXEMPTION -- IN SAN BERNADINO) (SUB-NO. 1X)
AND RIVERSIDE COUNTIES, CA)

REFILED OFFER OF FINANCIAL ASSISTANCE

Pursuant to 49 U.S.C. § 10904(c) and 49 C.F.R. § 1152.27(c)(2)(iii), BG&CM RAILROAD, INC. (BG&CM) hereby offers financial assistance in the form of purchase of the entire rail line involved in the above proceeding, i.e., between Milepost 0.0 at Rice and Milepost 49.4 at Ripley, a distance of 49.4 miles in San Bernadino and Riverside Counties, California (the rail line). BG&CM hereby offers to pay \$1,830,000 for the rail line. BG&CM submits the following in support of its offer.

**THERE IS A REASONABLE EXPLANATION FOR THE DISPARITY
BETWEEN THE AMOUNT OFFERED AND THE OWNER'S
VALUATION OF THE RAIL LINE**

In accordance with 49 U.S.C. § 10904(c), BG&CM hereby explains the disparity between the amount it has offered to purchase the rail line and the rail carrier's valuation (asking price) for the line.

Arizona & California Railroad Company (ARZC) apparently values the rail line at \$3,850,480 (decision served June 20, 2009 at 6). That value is the sum of the alleged net salvage value of \$2,149,480 for the track materials in the line and \$1,701,000 for land in the rail line right-of-way. *Id.*

ARZC has not provided adequate support nor explanation for its claimed land value. As a result, in the abandonment decision the Board valued the land for NLV purposes at zero. (Decision served June 30, 2009, at 5-6). Likewise, BG&CM has valued the land at zero.

The amount offered by BG&CM is based entirely on the net salvage value of the track materials in the rail line. That amount is \$319,480 less than the net salvage value claimed by ARZC primarily because the unit values applied by BG&CM are somewhat lower than the unit values applied by ARZC. The unit values applied by BG&CM are based on current values as experienced by BG&CM.

BG&CM IS FINANCIALLY RESPONSIBLE

BG&CM is financially capable of paying the purchase price of \$1,830,000 that is has offered for the rail line, and of paying at least two years of expenses of operating that line.

BG&CM is owned by the same individual who owns Railroad Materials Salvage, Inc. (RMS), i.e., Mr. Michael Williams. Attached to this Offer as Appendix 1 is a letter from Mr. Casey Whitaker, Vice President of Landmark Bank, P.O. Box 306, Willow Springs, MO, (417) 469-2343, dated July 8, 2009, attesting that RMS has in excess of \$2 million of time deposits in that Bank as of that date. Attached to this Offer as Appendix 2 is a Verification of Michael Williams in which he commits to the transfer of funds from RMS to BG&CM to pay the purchase price of the rail line and any operating deficits for at least the first two years. BG&CM has reason to believe that operation of the rail line during the first two years will produce sufficient revenues to more than offset corresponding operating costs. However, if such revenues were to be insufficient to do so, the individual who owns RMS and BG&CM has committed unequivocally to cause funds equal to any operating shortfall to be transferred from RMS to

BG&CM to pay for that shortfall.

In that manner, ARZC can be assured of receiving the purchase price, and shippers on the line can be assured that operating expenses will be paid for at least two years.

**THERE IS A DEMONSTRABLE COMMERCIAL NEED AND
COMMUNITY SUPPORT FOR RAIL SERVICE**

A person filing an offer of financial assistance (OFA) is required to demonstrate one or more of the following: (1) there is a demonstrable commercial need for rail service, as manifested by support from shippers or receivers on the line or as manifested by other evidence of immediate and significant commercial need; (2) there is community support for rail service; and/or (3) rail service is operationally feasible. *Consolidated Rail Corp. - Aband. Exempt. - in Hudson County, NJ*, 2009 STB LEXIS 219 at *4 (Docket No. AB-167 [Sub-No. 1189X], decision served May 26, 2009).

Shippers on the rail line and the community of Blythe, California actively opposed abandonment of the rail line through an ad hoc organization known as the Committee for Preservation of the Rice-Blythe-Ripely Rail Line. See decision served June 30, 2009 at 1. BG&CM has been in contact with those shippers and the City, who have expressed strong support for the OFA being filed in behalf of BG&CM. That can be verified by reference to an active shipper member of that Committee, Ms. Diane Gray of Compton Ag Service, (760) 668-5066.

BG&CM is an experienced rail operator, having operated approximately 126 miles of rail line in Idaho for a number of years. Affiliates of BG&CM operate rail lines in Iowa and Missouri.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Board should find that BG&CM is a financially responsible person who has offered financial assistance to permit rail service to be continued on the rail line. Based on that finding, the Board should postpone the effectiveness of the exemption for abandonment of that rail line pending further proceedings under 49 U.S.C. § 10904.

Respectfully submitted,

BG&CM RAILROAD, INC.
P.O. Box 1759
Orofino, ID 83544

Offeror

Thomas F. McFarland

THOMAS F. McFARLAND
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Attorney for Offeror

DATE FILED: July 22, 2009



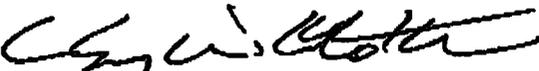
July 8, 2009

To Whom It May Concern:

Railroad Materials Salvage, Inc is currently a customer at Landmark Bank. The company has in excess of \$2,000,000.00 of time deposits.

Railroad Materials Salvage, Inc and BG & CM Railroad are owned by the same individual.

Thank you,


Casey Whitaker
Vice President
Willow Springs

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

STATE OF MISSOURI

COUNTY OF Ray

VERIFICATION

MICHAEL WILLIAMS, being duly sworn, states the following:

1. I am the sole owner of Railroad Materials Salvage, Inc. (RMS) and BG&CM Railroad, Inc. (BG&CM).
2. RMS has in excess of \$2 million of time deposits at Landmark Bank, Willow Springs, Missouri, (417) 469-2343, per Mr. Casey Whitaker, Vice President.
3. In an Offer of Financial Assistance (OFA) filed with the Surface Transportation Board on July 10, 2009, BG&CM offered to purchase a rail line between Rice and Ripley, California for \$1,830,000.
4. It was stated at page 3 of that OFA that the individual who owns both RMS and BG&CM has committed unequivocally to cause funds equal to the purchase price of the rail line to be transferred from RMS to BG&CM to pay that purchase price.
5. I am the individual referred to in that statement.
6. As sole owner of RMS, I commit unequivocally to cause funds equal to the purchase price of the rail line in STB Docket No. AB-1022 (Sub-No. 1X) to be transferred from RMS to BG&CM to pay that purchase price.

7. In the event that revenues from operating that rail line during the first two years of operation by BG&CM are not sufficient to offset corresponding operating costs, I also commit, as sole owner of RMS, to cause RMS to transfer funds to BG&CM to pay for any such operating




MICHAEL WILLIAMS

HABES CRIBED and SWORN
to before me in and for the
State and County above named,
this 21st day of July, 2009.


Notary Public

My Commission expires: 3-25-2012

CERTIFICATE OF SERVICE

I hereby certify that on July 22 2009, I served the foregoing document, Refiled Offer of Financial Assistance, by e-mail, on the attorney for ARZC, Louis E. Gitomer, Esq., 600 Baltimore Avenue, Suite 301, The Adams Building, Towson, MD 21204-4022,
lou_gitomer@verizon.net.

Thomas F. McFarland

Thomas F. McFarland