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BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36932

CHANNEL PACIFIC RAILROAD
— OPERATION EXEMPTION —
IN WEST SACRAMENTO, YOLO COUNTY, CAL.

VERIFIED REPLY OF CHANNEL PACIFIC RAILROAD TO PETITION TO REJECT OR REVOKE EXEMPTION

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Dated: August 20, 2026

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INTRODUCTION AND SUMMARY OF ARGUMENT

"State and local action . . . must not have the effect of foreclosing or unduly restricting a rail carrier's ability to conduct its operations or otherwise unreasonably burden interstate commerce." *SEA-3, Inc.—Pet. for Declaratory Ord.*, FD 35853, slip op. at 6 n. 17 (STB served Mar. 17, 2015) ("*SEA-3*") (citing *CSX Transp. Inc.—Pet. for Declaratory Order*, FD 34662, slip op. at 5 (STB served May 3, 2005)).

Ignoring the Surface Transportation Board's ("Board") clear policy against unwarranted local intrusions into railroad interstate commerce, the City of West Sacramento, California (the "City") and the Sacramento-Yolo Port District (collectively, the self-titled "SGEs") have filed a petition (the "Petition") to reject or revoke Channel Pacific Railroad's ("CHPR") class exemption authority. The SGEs hope to use the Board's revocation processes to advance their thinly disguised plan to permanently sever an existing heavy-industrial facility (the "Channel Drive Terminal" or the "Terminal") from access to the interstate rail network.

The Petition is not a genuine land-use dispute; it is an element of a targeted, localized embargo. The SGEs welcome heavy industrial operations at the Channel Drive Terminal, including the receipt, handling, storage, and distribution of asphaltic oil, the primary commodity that CHPR intends to handle in common carrier service. To that end, the SGEs are generally receptive to the proposed on-site transload activities, provided those operations do not result in the continuation of rail traffic that the facility is designed to support. What the Petition conceals, however, is that the City effectively is seeking Board dispensation for it to use its zoning and permitting authority to block the Terminal's access to, and provision of, railroad common carrier service, whether by CHPR or anyone else—a calculated, and singularly-focused effort to thwart interstate commerce.

The SGEs' Petition fails on every front. First, their demand for rejection is procedurally defective and untimely. Second, they have failed to demonstrate that the class exemption notice CHPR filed is in any way materially false and misleading. Third, their demand for revocation fails because they cannot demonstrate that regulating CHPR is necessary to carry out the Rail Transportation Policy ("RTP") of 49 U.S.C. § 10101 when, in fact, CHPR's railroad common carrier service objectives directly advance the RTP. Finally, assuming the Board were to entertain the SGEs' meritless revocation arguments, the Board's intervention would be necessary to protect against post-revocation regulation of

Union Pacific Railroad Company ("UP") in its provision of direct rail service to the Terminal. CHPR is willing and able to fulfill its common carrier obligations, and the Board must not validate the City's attempt to unlawfully regulate away the Terminal's historic access to the rail network.

BACKGROUND

To understand the pretextual nature of the Petition, the Board must look to the physical and operational reality of the Channel Drive Terminal.

Located at 3961 Channel Drive, the Terminal is not a new development; it is an existing, heavy industrial materials storage and distribution facility that has been the continuous recipient of rail service for nearly fifty years. Originally leased by the Collier Carbon and Chemical Corporation in 1977, and subsequently utilized by entities including Agrium U.S. Inc., the facility historically imported, handled, and stored highly volatile chemicals via marine, truck, and rail transit. Only recently, while the property was being marketed and sold to Greencycle Properties, LLC ("Greencycle"), did industrial operations experience a brief, transitional period. To eliminate any uncertainty regarding the corporate interrelationship, Teichert Inc. ("Teichert") serves as the ultimate corporate parent in this enterprise. Greencycle, an affiliated noncarrier entity, acquired and owns the entirety of the facility, including the in-ground railroad tracks. In turn, CHPR will operate as a distinct, affiliated entity designated to lease the entire Terminal from Greencycle and undertake the common carrier rail services that will take place there. As with any commercial transaction of this nature, the purchaser reasonably expected that the facility's established multimodal access by truck, rail, and ship was a vested, primary driver of the site's value. Following fifty years of continuous rail service, it was understood that a brief transitional period to accommodate a change in ownership would have no meaningful impact on the continued use and development of the site as a rail-served logistics node.

To facilitate these heavy industrial operations, the parcel contains existing, in-ground railroad infrastructure connecting the Terminal to the interstate network. This existing railroad infrastructure happens also to be suitable for CHPR's planned transloading and storage operations. CHPR's operations would not require laying new rail lines across undeveloped land. Rather, they would involve continuing the operation of an existing terminal facility to handle a different inbound bulk commodity (asphaltic oil) than previously, maintaining the facility's traditional purpose as a multimodal logistics node, while also positioning CHPR to engage in the transload of other commodities on the trackage it has already secured Board authorization to operate over as a common carrier.

The City's engagement in this proceeding, when exposed fully, reveals a glaring double standard with respect to the Channel Drive Terminal. In early 2026, the City actively collaborated with CHPR's lessor, Greencycle, to facilitate the Terminal's maritime and truck operations for asphaltic oil logistics. On March 11, 2026, the City's Planning Manager informed Greencycle that a California Environmental Quality Act ("CEQA") permit "could be a possibility" for the asphalt operations, and city officials cooperatively outlined the municipal code provisions for submitting a Hazardous Materials Management Plan. The City voiced no objection to the Terminal's asphalt storage and distribution components. The community was, and is, supportive of industrial-logistics activities at the site, provided the operators forsook using the tracks at the terminal for the inbound receipt of shipments via UP line-haul service. In short, the SGEs are here for one reason, and one reason only, the City opposes railroad service to or from the Terminal, including via UP tracks to the facility, and the City wants to be able to impose its zoning and permitting authority to ensure that rail service is comprehensively prohibited.

Against this backdrop, CHPR filed its verified notice of exemption (the "Notice") on May 12, 2026, to ensure the Terminal's historic rail connections remained active ***and protected***. Following the Board's decision on June 10, 2026, to waive the advance labor notice requirement, CHPR's class exemption officially became effective on June 11, 2026. At that moment, CHPR was vested with permissive federal authorization to function as a Class III common carrier. While CHPR's invocation of the Board's class exemption procedures was triggered by the City's "no trains" stance, it is also the case that CHPR has made the choice to exploit the Terminal's track capacity not only to support inbound bulk shipments of asphalt by rail and subsequent transloading of the same for local distribution but also to pursue other bulk commodity transloading shipments that could benefit from CHPR's operational plan and service capacity.

The SGEs attempt to frame their Petition in the benign language of local land-use administration, claiming they merely want to ensure compliance with

CEQA, building permits, and hazardous materials plans. Yet this professed administrative neutrality is disingenuous. This reply will show that when Greencycle approached the City regarding asphalt logistics, the municipal response was not to offer a neutral pathway for rail, but rather to attack the rail infrastructure itself—aggressively asserting under local zoning abandonment rules that the site's grandfathered "Rail Car Loading Facility" rights had been legally extinguished. A municipality that actively seeks to kill grandfathered rail rights cannot credibly cloak itself in the neutral administration of local permits.

THE SGES' DISCOVERY REQUESTS ARE PROCEDURALLY BARRED AND FORFEITED

As a procedural matter, the SGEs have recently tendered discovery to CHPR, none of which was included, much less alluded to, in the Petition. Due to an evident procedural defect, CHPR formally declines to answer such discovery requests.

The SGEs filed their Petition on July 31, 2026, fifty days after CHPR's exemption authority took effect. That Petition was entirely silent regarding any intent to seek formal discovery under specifically prescribed procedures. However, nearly two weeks later, on August 12, 2026, the SGEs served CHPR with an extensive and wholly unanticipated "First Set of Discovery Requests," consisting of 18 Requests for Production and 10 Requests for Admission. Because discovery requests are served directly upon the parties and not filed with the Board, the Board might otherwise be unaware of the SGEs' maneuver absent the later appearance of an ill-informed motion to compel.

CHPR will not engage in this discovery because it is procedurally forfeited under regulations specific to revocation petitions. Under 49 CFR § 1121.2, a party seeking discovery in a revocation matter "must indicate in the petition whether it is seeking discovery." Furthermore, if seeking discovery, the revocation petitioner "must file its discovery requests at the same time it files its petition to revoke." The Board's discovery rules for revocation procedures are shaped by the statutorily prescribed procedural requirements for petitions for revocation set forth at 49 U.S.C. § 10502(d), and, as such, strictly ensure that the Board can meet its preliminary, 90-day decisional time frame. By ignoring Section 1121.2's explicit procedural requirements—failing to request discovery in their petition and failing to serve it concurrently—and by ignoring the defect through its failure at the very least to attempt to secure agency dispensation to bypass the pertinent rules of procedure, the SGEs are not entitled to formal answers.

THE SGES FAIL TO SATISFY THE LEGAL STANDARDS FOR REJECTION, VOIDANCE OR REVOCATION

Employing a scattershot approach to their demand for relief, the SGEs ask the Board to either reject the notice, declare it void *ab initio* under 49 CFR § 1150.32(c), or revoke the effective exemption under 49 U.S.C. § 10502(d). They have failed to meet the discrete legal standards required for any of these three separate avenues of relief, a failure compounded by their own unexplained procedural delay.

The demand for rejection is untimely.

The procedural history of this docket underscores the SGEs' dilatory tactics. The Board published formal notice of the transaction on May 28, 2026, explicitly stating that petitions for stay must be filed no later than June 4, 2026. As discussed further in subsequent sections of this reply, the SGEs were advised of the class exemption filing before it was submitted. As such, they had ample opportunity to familiarize themselves with the Board process and participate at the outset. Nevertheless, they did not file a petition for stay or register any objection by that deadline. Following the Board's June 10, 2026, decision, CHPR's class exemption took effect on June 11, 2026. The SGEs did nothing for nearly two months after the stay deadline, waiting until July 31, 2026, to file their Petition.

Rejection is a pre-effective remedy utilized when a notice is facially defective. *See*, *e.g.*, *Ashland Railroad, Inc.—Lease and Operation Exemption—Rail Line in Monmouth County, NJ*, FD 34987, *et al.* (STB served Aug. 16, 2007); *Northeast Interchange Railway, LLC—Lease and Operation Exemption—Line in Croton-on-Hudson*, NY, FD 34734, *et al.* (STB served Nov. 18, 2005); *Trinidad Railway, Inc.—Lease and Operation Exemption—Kern Valley Railroad Company*, FD 34087, *et al.* (STB served Dec. 12, 2001). The SGEs failed to secure a stay and the exemption took effect on June 11, 2026. The Notice can no longer be rejected.

The SGEs fail to demonstrate the Notice is void *ab initio* for containing materially false or misleading information.

Unable to secure a timely rejection, the SGEs alternatively attempt to have the effective Notice rendered void *ab initio* under 49 CFR § 1150.32(c). To succeed on this front, a petitioner must prove the submission of *materially* false or misleading information. The SGEs cannot meet this burden. Instead, their Petition deploys an extensive array of varyingly of false, implausible and absurd claims, which, in large part, rely on what appears to be a manufactured ignorance of how railroad common carrier-operated multimodal transload facilities function as critical nodes in the interstate network. CHPR's Notice accurately described a transaction wherein CHPR would acquire and effectuate the right to operate as a common carrier over the facilities in question. The SGEs' disagreement with the preemptive legal consequences of this transaction does not render the objective operational and corporate facts within the Notice materially false.

The SGEs allege that the Notice deceptively used the generic term "rail terminal complex" to mask broader industrial activities on the 23-acre property. This argument fails under basic analysis. The Board's class exemption regulations require the class exemption filer to accurately describe the *lines of railroad* that would become the subject to the proceeding. See 49 C.F.R. § 1150.33(e)(3)-(4). They do not require an exhaustive, granular inventory of every storage tank, boiler, pipeline, or loading rack situated on the surrounding property, nor *any* description of such ancillary transportation infrastructure for that matter.

Moreover, the SGEs completely fail to identify any "broader industrial activities" at the Terminal that are inconsistent with a rail-served logistics facility. To the contrary, the SGEs' own Petition acknowledges that the activities at the site consist entirely of receiving asphaltic oil via multiple modes (rail and ship), storing it in tanks, and transferring it to tanker trucks for distribution to off-site asphalt plants. These are the exact functions of a multimodal transload terminal. Utilizing the term "rail terminal complex" to describe a facility dedicated to the receipt, storage, and transloading of bulk commodities by railroads is not a concealment; it is an entirely accurate, factual description of the operations.

The SGEs next argue that the Notice was misleading because, allegedly, it deliberately omitted Greencycle and Teichert's efforts to secure a 28-year marine dock lease and repurpose the facility's storage tanks for asphalt. Petition at 14. This argument fundamentally misunderstands the materiality standard. An omission is only actionable if it deprives or misleads the Board of or about essential information required to evaluate the relevant elements of the transaction authorization at issue. The fact that CHPR may be concurrently negotiating a river dock lease or retrofitting storage tanks has absolutely no bearing on the Board's class exemption criteria for a railroad common carrier transaction. The SGEs completely fail to explain how these activities are material to CHPR's railroad common carrier authorization, nor can they demonstrate that including this information in CHPR's Notice (had it done so) would have had any impact whatsoever on the Board's handling of the class exemption. The Board's analysis focuses on the relevant transaction elements—specifically, the acquisition of operating rights over the track and the commitment to provide common carrier service over them. The SGEs cannot transform irrelevant, non-rail industrial details into material omissions simply by complaining they were left out.

The SGEs then allege the Notice was misleading when it estimated CHPR's annual operating revenues would exceed $5 million, baselessly asserting that this revenue will be derived from asphalt sales rather than rail transportation. This argument is a counterintuitive red herring. As a threshold matter, declaring revenues over $5 million actively imposed *additional* regulatory burdens on CHPR—specifically, triggering the 60-day advance labor notice requirement under 49 CFR § 1150.32(e), which prompted the Board graciously to waive the advance notice requirement on its own motion. Had CHPR intended to mislead the Board to illicitly streamline its exemption process, it logically would have understated its revenues to avoid this heightened regulatory scrutiny, not artificially inflate them.

The $5 million figure represents a good-faith estimate of the revenues to be generated from the comprehensive railroad services package CHPR will provide. The estimate does not account for the sale of the commodity, as CHPR will merely transport and handle asphaltic oil for a charge; it will not be the beneficial owner of it. The SGEs demonstrate a willful ignorance of the fact that the line-haul movement of rail cars is only one integral element of modern rail logistics. The offloading, temporary storage, and reloading of bulk commodities into motor carriers for local distribution squarely fall under the broad, statutory definition of "transportation" subject to the Board's jurisdiction under 49 U.S.C. § 10501(b). Railroad carriers routinely provide these comprehensive transload and logistics services, often with the support of third-party contractors. As the Fourth Circuit recognized in *Norfolk Southern Ry. Co. v. City of Alexandria*, 608 F.3d 150 (4th Cir.

2010), transloading, storage, and related commodity handling are essential, protected components of an overall railroad transportation service package. CHPR's revenue estimate accurately and appropriately reflects this comprehensive scope of projected common carrier logistics services.

Moving to their next line of attack, the SGEs claim the Notice was misleading because it supposedly concealed that CHPR's operations will occur "behind a gate" at a facility accessible only to a single shipper, Greencycle. CHPR concealed nothing because the SGEs' underlying premise is demonstrably false. The SGEs offer zero factual support for their assertion that the facility is restricted to a single user, nor could they, because the facility can and will be made available to other customers. CHPR fully understands its statutory obligations to hold itself out to the public as a common carrier, a steadfast commitment that has been thoroughly vetted and reinforced by undersigned counsel. CHPR stands ready to provide facility access and rail transportation services to third parties upon reasonable demand, rendering the SGEs' "single shipper" accusation bogus.[1] It is particularly galling for the SGEs to falsely allege a structural lack of third-party access while simultaneously leveraging local permitting authority to block the very rail operations that would facilitate the third-party service CHPR would offer.

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[1] Regardless, the Board has taken the position that it may authorize an entity to be a common carrier even if it were understood that the common carrier may be limited by the agency itself—at least at the outset of operations—to service to a single customer. *See Savannah Industrial Transportation, LLC – Operation Exemption – In Effingham County, GA.*, FD 36489, *et al.* (STB served May 28, 2026) ("*Savannah Industrial*").

SGEs' next assertion—that the Notice deceptively failed to disclose CHPR would operate under a standard industry track agreement with UP rather than a short-line interchange agreement—is simply wrong. As detailed elsewhere in this Reply, CHPR and UP successfully negotiated and executed a formal interchange agreement, effective July 14, 2026. Moreover, UP and CHPR are forging ahead with other interline service arrangements consistent with UP's acceptance of CHPR's intended common carrier status. The SGEs' reliance on an outdated, now-terminated industry track agreement previously held by CHPR's noncarrier affiliate is factually baseless and demonstrates no misrepresentation whatsoever by CHPR.

Next, the SGEs argue that the absence of a SCAC (reporting mark) identifier, an interchange agreement, and on-site rail equipment at the time of filing proves the Notice was a deceptive "fig leaf." Petition at 5. Here, too, the allegation reflects either a willful or a disappointing ignorance of short line railroad formation and standard regulatory practice. The SGEs falsely presume that a prospective railroad must have every operational and administrative arrangement firmly in place before seeking *permissive* Board authorization.

Several of these arrangements legally or practically cannot be finalized until the putative short line obtains Board authorization. For example, an entity cannot formally enter into a carrier-to-carrier interchange agreement until it is legally recognized as a carrier, and the same is generally true with SCAC issuance. CHPR will acquire the administrative identifiers and operational assets in the ordinary course of business as it acts upon its permissive authority. (CHPR will continue to finalize these arrangements provided the Board does not allow this proceeding to remain in regulatory limbo, thereby chilling CHPR's common carrier plans.) The fact that CHPR lacks post-authorization operational elements at the moment it filed its Notice does not render the filing materially false or misleading.

Next on the list, the SGEs manufacture an alleged misrepresentation by arguing the Notice *implied* direct, side-by-side rail-to-truck transloading, taking issue with the fact that trucks will allegedly be loaded from a bay "over 300 feet from the rail spur." Petition at 12. This argument is absurd, as the SGEs are attacking a straw man. The Notice never stated that railcars and tanker trucks would be parked bumper-to-bumper, nor did it need to. The SGEs point to no Board precedent—because none exists—suggesting that the Board applies some sort of "yardstick" test to integrated logistics facilities. The geographic interrelation of infrastructure within a single terminal complex does not render the facility effectively disintegrated or ineligible to function as a transloading operation. Transferring a commodity from a railroad track to an on-site storage tank, and subsequently moving it to a truck loading bay within the same facility, is standard multimodal logistics, not a materially false or misleading representation.

Finally, the SGEs conclude their voidance extravaganza by alleging the Notice was factually inaccurate or misleading because it presented the rail line as a 2,132-foot operation without clarifying in the text that it is comprised of three distinct segments—one 985-foot track, one 897-foot track, and a 250-foot connector track. Petition at 13. This argument is bewildering. The arithmetic itself disproves their claim: the three segments sum to exactly 2,132 linear feet. Providing an accurate aggregate total is not a material misrepresentation. Additionally, the Notice included a detailed map of the railroad operating facilities that explicitly depicted these exact track segments and their layout. The Board reviewed this filing and implicitly determined that CHPR's lines description and map satisfied the agency's class exemption standards. Claiming that an accurate aggregate measure of track length is "false and misleading" when the filing itself contains a map detailing the exact segments is nothing short of desperate.

The SGEs do not attempt, and thus fail, to satisfy the revocation standard of 49 U.S.C. § 10502(d).

To revoke an effective exemption under 49 U.S.C. § 10502(d), the petitioner must demonstrate that regulation is necessary to carry out the Rail Transportation Policy ("RTP") of 49 U.S.C. § 10101. *See also* 49 CFR § 1121.4(f) ("[t]he person seeking revocation has the burden of showing that the revocation criteria of 49 U.S.C 10502(d) have been met"). The RTP serves as the foundational compass for Board jurisdiction, and the SGEs cannot demonstrate that regulating CHPR would in any way advance or support those statutory objectives.

Once an exemption under 49 C.F.R. part 1150, subpart D has taken effect, the noncarrier acquires permissive common authority under federal law. The SGEs have made no showing that CHPR's operations would threaten competitive rail service or shippers or harm the national transportation network. On the contrary, CHPR's operations affirmatively *advance* the goals of the RTP. By rehabilitating and operating over existing, historic rail infrastructure at the Channel Drive Terminal, CHPR ensures the continuation of a sound, multimodal transportation system. The SGEs, conversely, are asking the Board to exercise its regulatory power to allow the City (and, by extension, other like-minded, anti-rail municipalities) to erect local barriers to market entry and to facilitate the destruction of interstate rail options that would otherwise promote interstate commerce by rail. Revocation under these circumstances would directly contravene the RTP, sanctioning local interference with interstate commerce merely because the resumption of rail service has become locally "controversial" in the eyes of those opposed to local train service in this part of West Sacramento.

The SGEs' backdoor revocation attempt to thwart rail service under the guise of manufactured "controversy" is equally unavailing.

Evidently unable to carry the strict statutory RTP burden, the SGEs alternatively argue that the local, anti-rail "controversy" they have manufactured is, in itself, sufficient to revoke the exemption. In essence, the SGEs contend that the Notice is controversial because the Petition is controversial. The City fundamentally misconstrues the Board's revocation standard. The conversion of private track to a common carrier line of railroad is not inherently controversial, and the Board routinely allows conversions of small lengths of unregulated track, private or otherwise, to federally authorized common carrier lines of railroad. *See, e.g.*, *Unity Line, LLC—Operation Exemption—Rail Lines in Manitowoc Cnty., Wis.*, FD 36928 (STB served May 22, 2026) (1.5 miles of existing private switching track); *Pioneer Rail & Transload of Hawthorne, Fla.—Operation Exemption—Line in*

Hawthorne, Fla., FD 36748 (STB served Jan. 12, 2024) (5,569 feet of existing private track inside an industrial facility); *Pioneer Rail & Transload of El Reno, Okla.—Operation Exemption—Line in El Reno, Okla.*, FD 36749 (STB served Jan. 12, 2024) (8,530 feet of existing private track inside an industrial facility); *Empire River Rail LLC—Operation Exemption—in Brooke Cnty., W Va.*, FD 36750 (STB served Jan. 5, 2024) (0.464 miles of track in a logistics facility).

The Board has held that the class exemption process may be unsuited for "controversial cases in which a more detailed record is required." *Oakland Glob. Rail Enter.—Acquis. Exemption*, FD 36301, slip op. at 3 (STB served Oct. 22, 2019) (quoting *Riffin—Acquis. & Operation Exemption*, FD 34484, slip op. at 3 (STB served Apr. 20, 2004)). However, the Board routinely emphasizes that revocation proceedings such as this one "naturally encompass some controversy." *TGS Cedar Port R.R.—Operation Exemption*, FD 36627, slip op. at 6 (STB served Apr. 1, 2024) ("*TGS Cedar Port*"). The existence of local property, contract, or zoning disputes is not a sufficient basis to revoke an exemption unless accompanied by "other complicating factors or a clear attempt by the party seeking the exemption to provide false or misleading information." *Oakland Glob. Rail Enter.*, FD 36627, slip op. at 4-5.

Building upon this "controversy" standard, the SGEs attempt to manufacture controversy by wrapping their opposition in the procedural vestments of CEQA and local permitting without more detail. Their invocation of local police powers is exposed as a transparent smokescreen when measured against the facility's half-century history of continuous rail operations. The SGEs completely fail to articulate exactly what environmental baseline has changed, or what specific new safeguards are suddenly required, following a brief and routine transactional transition period undertaken solely to accommodate a commercial property sale.

It is entirely disingenuous for a community that has been cognizant and accepting of rail service at this specific location for five decades to suddenly feign environmental alarm merely because the property has changed hands. This deceptive posture is compounded by the SGEs' failure to identify any regulatory pathway, condition, or standard under which rail service would actually be permitted at the Terminal. If the City were genuinely interested in exercising neutral land-use and permitting oversight, it would have provided a clear roadmap of the prerequisites required to secure approval for the rail component. Instead, it is baffling that the City is willing to consent to the facility handling bulk shipments of asphalt by other modes (barge and truck) yet refuses to explain how the facility might successfully apply to receive those same shipments by rail – or why such a mode-specific permit (for rail service) is warranted at all for a longstanding rail-served facility. This complete absence of a permitting roadmap, paired with their warnings that they have not approved a use permit authorizing a rail use in over fifteen years and that staff would recommend denial of any such permit at this site, and the Port's efforts to incentivize the physical destruction of the tracks, proves that the City's vague invocation of police powers is not merely a thinly veiled attempt to regulate interstate commerce, but is in fact a pretextual mechanism designed to permanently ban it. The Board must not allow a municipality to mask a *de facto* municipal embargo behind the hollow rhetoric of local zoning compliance.

The true anti-rail motive behind SGEs' permitting posture is fully exposed by the commercial reality of the site. The development and operation of this asphalt logistics facility, much less the provision of common carrier service, is wholly dependent on continued access to the interstate rail network. The City knows full well that without rail service, the industrial distribution aspect of the facility would fail, and they also know that, without an assurance of access to bulk commodities via rail, Greencycle would suspend ongoing facility improvements and would halt efforts to commence operations. The SGEs' ultimate objective is to weaponize the permitting process to create an insurmountable operational hurdle, forcing Teichert to lose interest and relinquish its stake in the facility. By doing so, the City hopes to eventually attract a different industrial user who will willingly forsake the site's historic rail access. The Board must not allow local police powers to be used as a blunt instrument to systematically dismantle a viable, rail-dependent logistics node to satisfy a municipality's exclusionary zoning preferences.

The SGEs rely heavily on *Riverview Trenton (infra)*, arguing that CHPR's class exemption should be revoked because it was filed to preempt local action. While it is true that the notice filer in that proceeding sought Board authorization to subvert a local process, the critical distinction lies in the precise nature of the local action being defended against. In *Riverview Trenton*, the community had already commenced adverse action to seize the property through outright condemnation for an alternative public use. *See Riverview Trenton R.R.—Acquis. & Operation Exemption—Crown Enterprises, Inc.*, FD 33980 (STB served Feb. 15, 2002) ("*Riverview Trenton*"). Additionally, the *Riverview Trenton* applicant engaged in active concealment; as the opponents alleged in the agency record, the applicant affirmatively told local planning officials it would make no use of rail on the property while secretly preparing its Board filings to shield the land from the eminent domain taking. *Riverview Trenton*, supplemental opposition comments filed January 25, 2002. The Board revoked the class exemption because its streamlined procedures should not be misused by a noncarrier as a deceptive device to block a property seizure.

Furthermore, the SGEs fundamentally misapprehend the nature of the transportation demand at issue in that precedent. In *Riverview Trenton*, the Board chose to scrutinize the legitimacy of a startup railroad proposing to operate on idle land that the local municipality sought to condemn for a public greenway. By contrast, the Channel Drive Terminal is a pre-existing heavy industrial site equipped with in-ground trackage. More importantly, the commercial demand for asphalt logistics at this facility is immediate, concrete, and undisputed. Because the City acknowledges and welcomes the underlying asphalt demand, the transportation *bona fides* of CHPR's operations are self-evident. The Board need not conduct a protracted investigation to determine whether CHPR is a legitimate enterprise, as the principal commercial demand it seeks to serve is unquestioned.

Here, the City is not attempting to condemn or seize the Terminal. Rather, the City is attempting to use its local permitting authority to bar an existing logistics facility from utilizing the interstate rail network as a primary service access point for asphalt distribution. CHPR and Greencycle did not ambush the community. As the SGEs' own exhibits prove, Greencycle engaged in an open, year-long discussion with the City regarding its right to use the existing rail infrastructure. Unlike the presumptively deceptive actors in *Riverview Trenton*, Greencycle actively engaged the City in dialogue over rail service.

On May 11, 2026—the day before the Notice was filed—Teichert representatives met directly with City executive staff and the City Attorney; and subsequent phone calls were made to four members of the West Sacramento City Council, who concurrently serve as Port Commissioners. In a last-ditch effort to persuade the City to engage constructively and explore a potential off-ramp to the impasse, Teichert explicitly briefed these officials on the updated plan to pursue a common carrier operation to expedite the commencement of essential rail services.

Despite being supplied with this knowledge, the SGEs deliberately sat on their hands. They bypassed the stay deadline and waited roughly six weeks after the exemption authority took effect to file their Petition. This delay was a calculated maneuver. The SGEs know that prolonged administrative deliberation sandbags Teichert's development plans. For as long as CHPR's common carrier status remains clouded by regulatory doubt, the City gains leverage to force Teichert into the untenable position of voluntarily relinquishing the rail service aspect of its industrial plans, or to compel Teichert to abandon the facility entirely in favor of an industrial developer willing to forgo rail access. Invoking Board jurisdiction to protect historic rail access from this targeted municipal embargo, following direct and transparent briefings with municipal leaders, is an appropriate application of federal preemption and is entirely distinct from the deceptive misuse of Board processes to dodge eminent domain.

Furthermore, the SGEs' reliance on *Saratoga*[2] fatally backfires when the full procedural history of that dispute is examined. It is true that the Board initially rejected the notice in *Saratoga* (FD 35559) due to a facial lack of clarity regarding the applicant's actual intent to provide freight rail service, a defect that warranted rejection regardless of third-party objections. However, once the prospective railroad clarified the record, the Board did not subject the transaction to a more rigorous formal application process. Instead, because it had already rejected the notice, the Board explicitly authorized the railroad to file a new Notice of Exemption in a new docket, FD 35631 ("*Saratoga-2*") (*infra*).

The final disposition of the transaction presented in *Saratoga-2* actively supports CHPR's position. In FD 35631, opponents mounted a fierce campaign to block the resumption of rail service through a state forest preserve by citing state constitutional law, alleged abandonment, and environmental impacts. *Saratoga & N. Creek Ry.*, FD 35631, slip op. at 2 (STB served June 14, 2012)

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[2] *See Saratoga and North Creek Railway, LLC – Operation Exemption – Tahawus Line*, FD 35559 (STB served Feb. 23, 2011) ("*Saratoga*").

("*Saratoga-2*"). Rather than yielding to this dedicated anti-rail opposition, the Board firmly denied the petition to reject. *Id.* at 3. The Board held that the opponents presented "no issues within the Board's jurisdiction that warrant the use of the Board's petition for exemption or application process," explicitly respecting the railroad's "business decision to make the necessary investment to provide this common carrier rail service." *Id.* at 2-3. *Saratoga-2* confirms that local anti-rail hostility and manufactured controversy provide no legal basis for rejecting a facially valid class exemption.

CHPR'S PREEMPTION MOTIVE TO PRESERVE ACCESS TO RAIL SERVICE JUSTIFIES ITS INVOCATION OF BOARD JURISDICTION

The SGEs allege that CHPR's invocation of the Board's common carrier authorization processes was a byproduct of the City's intent to prohibit rail service to or from the Channel Drive Terminal, despite the City's receptivity to the site being deployed for asphalt distribution. As such, the SGEs frame CHPR's common carrier authorization as a "sham."

CHPR was formed and sought common carrier status in part because of the SGEs' hostility toward the continuation of rail service over the facility's existing tracks. CHPR acknowledges that assuming common carrier status was intended to thwart the community's attempts to "regulate" away the Terminal's historic access to the interstate network. Nevertheless, CHPR's response to the SGEs' anti-rail stance is a fully legitimate and statutorily protected legal strategy. CHPR understands the ramifications of holding itself out to the public to provide common carrier service and is fully prepared to honor its common carrier obligations going forward.

Restructuring operations into those of a common carrier transload facility to avail the operations of federal preemption is a lawful prerogative, provided the entity assumes the actual, objective obligations of a common carriage, as CHPR pledges to do. In fact, that was exactly the ultimate outcome of the *Riverview Trenton* saga. The Board granted Riverview Trenton Railroad an exemption to acquire and operate the rail line because it was for a "legitimate rail transportation project." *See Riverview Trenton R.R.—Pet. for an Exemption from 49 U.S.C. 10901 to Acquire & Operate a Rail Line in Wayne Cnty., Mich.*, FD 34040, slip op. at 11 (STB served May 15, 2003) ("*Riverview Trenton-2*"), *corrected on other grounds*, FD 34040 (STB served May 20, 2003), *aff'd sub nom. City of Riverview v. STB*, 398 F.3d 434 (6th Cir. 2005), *pet. to revoke denied*, FD 34040 (STB served Nov. 30, 2007). The motive to avoid local regulatory overreach does not invalidate CHPR's common carrier status or render its forthcoming common carrier operations invalid.[3] Accordingly, relying upon preemption to protect against unlawful local restrictions on interstate commerce is not a "sham"—it is the standard, intended application of 49 U.S.C. § 10501(b).

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[3] *Cf. Riverview Trenton-2*, slip op. at 11 (granting operating authority where a project is a legitimate rail transportation project despite local resistance), *aff'd sub nom. City of Riverview v. STB*, 398 F.3d 434, 441 n.2 (6th Cir. 2005) (noting that procedural eligibility questions regarding a class exemption do not invalidate an entity's underlying substantive right to operate a railroad).

CHPR is capable of functioning, and will function, as an independent common carrier.

The SGEs offer factual misrepresentations into the record in an attempt to question CHPR's operational legitimacy. While rail operations to and from the Terminal have not yet commenced, CHPR is actively and diligently executing the necessary preparatory steps to launch service as a common carrier transload facility. These include: (1) securing formal interchange agreement terms with UP, effective July 14, 2026; (2) developing common carrier tariffs; and (3) coordinating on "covered employer" matters with the Railroad Retirement Board.

The SGEs improperly question CHPR's *motive* rather than its *objective capacity and willingness* to hold itself out as a common carrier. CHPR has demonstrated objective capacity through an active interchange agreement, the initiation of Standard Carrier Alpha Code registration, its ongoing consultation with the Railroad Retirement Board, and its positive discussions with UP concerning the development of interline service. The fact that physical rail operations have not yet commenced does not undermine the effective legal status of the exemption. *See Riverview Trenton-2*, FD 34040 (STB served Nov. 30, 2007) (rejecting a petition to revoke arguing that the Riverview Trenton Railroad had not yet completed track rehabilitation or begun operating the line).

CHPR has the capacity and intent to be a common carrier.

The SGEs observe that, in the absence of CHPR, operations at the Terminal likely would have functioned as those of a noncarrier asphalt distribution facility, and that the Terminal operator might have functioned as a UP-served transload customer (provided the City would have allowed the facility direct access to railroad service in the first place, which it would not have) operating under an industry track agreement with UP. Indeed, Greencycle previously held what it has come to understand was a standard industry track agreement with UP, but that agreement was terminated (with UP's concurrence) when CHPR successfully invoked the Board's class exemption procedures.

Thereafter, CHPR and UP negotiated and executed a standard interchange agreement, effective July 14, 2026, the first step in the ordinary course of forming an inter-carrier relationship with CHPR's line-haul partner. This agreement explicitly authorizes CHPR to operate beyond the scope of the Greencycle parcel – i.e. beyond what SGEs describe as "the gate" – as necessary to facilitate the CHPR-UP exchange of freight cars.

This is clear evidence of CHPR embracing its forward-looking common carrier obligations and reflects UP's intent to relate to CHPR in a conventional interline framework. As Mr. Campbell will verify, CHPR's working relationship with UP extends beyond the mere execution of the interchange agreement to encompass active, ongoing commercial discussions regarding the handling of traffic in interline service. UP has been highly receptive here. (Compare with *TGS Cedar Port*.) UP understands the importance of interline service to this facility and recognizes the critical role CHPR will play in ensuring UP's continued ability to deliver bulk commodities to the location. Furthermore, CHPR is a distinct operating entity leasing the rail and terminal facility from its affiliate, Greencycle, pursuant to a triple net property lease effective July 1, 2026, under the ultimate corporate umbrella of Teichert. Such an inter-corporate relationship between a noncarrier facility owner and its leasehold common carrier affiliate is standard Board practice. *See*, *e.g.*, *Savannah Industrial*; *Puerto Verde Industrial Railroad, LLC—Operation Exemption—Line in Maverick County, Tex.*, FD 36820 (STB served Dec. 18, 2024); *Bulkmatic Railroad Corporation—Operation Exemption—Bulkmatic Transport Company*, FD 34179 (STB served Mar. 14, 2002).

CHPR's ability to serve customers is not restricted by local subdivision laws.

The SGEs erroneously claim that CHPR cannot physically serve third parties unless Greencycle subdivides the site and sells new parcels to other entities, arguing that "under California law such land sales would require a special parceling and plat process." Petition at 12. This argument fundamentally misunderstands both commercial railroad transload operations and the scope of federal preemption. There is no legal requirement that a rail customer must hold fee-simple title to subdivided land, or even hold a formalized real estate lease, to receive service from a common carrier. Rail customers routinely utilize terminal facilities simply to transfer commodities directly between freight cars and trucks using available ground space, a standard logistics service that requires no intermediate on-site storage or real estate footprint whatsoever.

More fundamentally, local real estate subdivision and platting rules cannot be invoked to prevent a federally authorized common carrier from providing rail transportation services at a designated industrial facility. Under 49 U.S.C. §

10501(b), the Board possesses exclusive jurisdiction over the operations, services, and facilities of rail carriers. The SGEs' suggested invocation of California subdivision requirements as a barrier to third-party rail service is nothing more than an impermissible local effort to regulate and restrict a common carrier's ability to hold itself out to the public—an effort that is categorically preempted.

There is no legal requirement that a rail customer must hold fee-simple title to subdivided land, or even hold a formalized real estate lease, to receive service from a common carrier. Rail customers routinely utilize terminal facilities simply to transfer commodities directly between freight cars and trucks using available ground space, a standard logistics service that requires no intermediate on-site storage or real estate footprint whatsoever.

Furthermore, for customers who do require intermediate storage, CHPR and its affiliates have ample capacity to provide it without triggering California subdivision laws. Customers can contract for the throughput of asphaltic oil via the facility's existing tanks or execute simple facility lease agreements for the large on-site warehouse or individual storage tanks to accommodate completely different rail-borne products. No parcel map needs to be created to execute direct rail-to-truck transloading, standard commercial leaseholds, or throughput arrangements, and CHPR is already in preliminary discussions with third-party construction companies to provide exactly these services.

Reinforcing this point, once CHPR announced its intention to commence common carrier service, it was pleased to find that various third parties promptly came forward seeking opportunities to transload additional, non-asphalt commodities at the facility. While CHPR expected to attract additional traffic by holding itself out to the public, the rapid, unsolicited emergence of interest in the prospect of CHPR multi-commodity transload services demonstrates a plausible local need for the exact sort of railroad transportation services CHPR will have the capacity and ability to deliver in conjunction with UP line-haul service.

The Petition Relies on Selectively Edited, Misleading Evidence

The SGEs offer a document they describe as a "March 2026 White Paper" to argue that Greencycle purposefully concealed its rail service plans. The SGEs contend this proves Greencycle intended for the facility to function exclusively as a marine and truck terminal. However, the SGEs selectively omitted the email chain transmitting that document, which completely undermines their narrative. The document itself is not titled a "white paper." It is instead titled "Greencycle Project Description for Port Lease." More importantly, email correspondence from March 9 through March 17, 2026, between Greencycle's counsel and Tristan Osborn, the City's Planning Manager, confirms that the document was created specifically to address the discrete issue of the City's request for details regarding the dock lease and maritime imports for CEQA evaluation.

On March 9, 2026, Greencycle clearly informed the City that "our sole focus is on the dock lease." The resulting project description was silent on rail because it was narrowly tailored to answer the City's specific questions about the marine dock, not because water-to-truck transload was intended to be the exclusive, permanent function of the facility. By omitting the transmitting emails, the SGEs hide and misconstrue critical facts.

The Petition is driven by a targeted effort to eliminate rail service.

The City's allegation that CHPR is unlawfully avoiding local permitting masks the underlying reality: the SGEs are engaged in a coordinated effort to permanently eliminate the industrial property's longstanding access to the interstate rail network. In a typical regulatory dispute, an applicant might present the Board with a robust documentary record—such as written notices, email correspondence, or formal administrative orders—to expose a municipality's exclusionary intent. Here, however, it appears the City and the Port have largely avoided reducing their rail-specific preconditions to writing.

Because of this lack of formal written orders regarding these specific preconditions, CHPR relies on the sworn verification of Mr. Dan Campbell, as well as contemporaneous business records, to place the factual reality of the City's conduct onto the formal administrative record.

The City's anti-rail efforts began months before CHPR sought federal authorization. In August 2025, after nearly a year of discussions and repeated statements of an intent to continue rail operations, Teichert formally notified the City of its vested, grandfathered right to utilize the site's existing rail infrastructure. The City ignored these established property rights. Instead, in an October 24, 2025, email, the City's Planning Manager informed Teichert that because the site would receive materials "primarily via rail spur," the City was classifying the operation as a "Rail Car Loading Facility." See Exhibit A. The City used this rail-specific classification to mandate a highly discretionary municipal Conditional Use Permit ("CUP") and CEQA analysis for the facility, explicitly tying these burdensome permitting hurdles to the existence of the rail spur. Id.

The factual reality of the City's conduct, documented contemporaneously by Teichert/CHPR's Dan Campbell, reveals a concerted effort to prevent rail access. During a December 10, 2025, meeting with Teichert representatives, high-ranking City officials—including the Director of Community Development, the Planning Manager, and the City Attorney—expressly conceded that the operation of the proposed asphalt terminal itself, including the tanks, equipment, and resulting truck traffic, was permitted by existing zoning and required no planning department approvals. See Exhibit B. Having conceded that the industrial logistics operations were permitted by right under existing zoning, the City pivoted to target the rail infrastructure.

The City informed Teichert that it would only permit rail operations under a "temporary agreement" capped at five years, under the condition that rail traffic be limited to a "historical usage" volume of approximately 1,100 cars per year. Exhibit B. The City pressured Teichert to utilize water transit instead of rail, stating that if Teichert did not agree to the temporary cap, the City would declare the facility's grandfathered rail rights lapsed and require Greencycle to apply for a new, highly discretionary CUP specific to rail service.

Earlier this year, Teichert vigorously disputed this position, pointing out that the facility had long been authorized for rail service, that no legitimate change in circumstance warranted eliminating the existing authorization, and that the City had failed to justify its stance other than the alleged lapse. The West Sacramento City Manager subsequently informed Mr. Campbell that the City's position was that rail use had been abandoned and that a CUP application for continued rail service would be recommended for denial by City staff. During this exchange, the City Manager pointed out that the City had not authorized rail service permits for approximately fifteen years and that this facility would be treated no differently, making it abundantly clear that the City's opposition had nothing to do with the rest of the facility, but was targeted at the rail aspect.

Concurrently, the Port, which is comprised largely of City of West Sacramento representatives, conditioned the extension of Greencycle's Sacramento River dock lease on compliance with the City's rail-specific demands. As documented in contemporaneous emails, the Port General Manager abruptly suspended marine dock lease negotiations in mid-January 2026, explicitly stating the Port would "defer lease negotiations until the use permit is resolved." See Exhibit C. It was only after Teichert clarified that the City's use permit demand applied exclusively to the rail facility—and not the dock or the terminal itself—that the Port resumed maritime lease negotiations. Exhibit C.

This verified account demonstrates that the City is utilizing its regulatory processes to effectuate a predetermined, *de facto* ban on interstate rail commerce.

To be clear, CHPR's invocation of the Board's jurisdiction is not an attempt to sweep aside all local police powers under the guise of federal preemption. On the contrary, CHPR acknowledges the City's legitimate interest in the standard, non-discriminatory oversight of general industrial construction. Accordingly, CHPR is currently engaged in good-faith permitting processes with the City, having submitted applications for two active building permits: one for the rehabilitation of existing storage tanks at the Terminal, and a second for modifications and improvements to additional asphalt distribution infrastructure. CHPR is also pursuing permits from the Air Quality Management District, the West Sacramento Fire Department and City approval of a Hazardous Materials Permit. CHPR intends to continue navigating these specific local processes cooperatively. CHPR expects the City to process these standard health and safety permits at face value. But CHPR will not tolerate any downstream attempt by the City to use these routine infrastructure building permits as a mechanism to indirectly thwart the federally protected rail service component of the Terminal.

THE SGES' CONCEALED BAN ON RAIL SERVICE TO THE TERMINAL UNLAWFULLY BURDENS INTERSTATECOMMERCE EVEN ABSENT THE PRESENT CLASS EXEMPTION PROCEEDING

Even if the Board hypothetically were to revoke CHPR's exemption—limiting the Channel Drive Terminal to functioning as a private, noncarrier logistics facility—the SGEs' anti-rail efforts remain preempted.

The SGEs ignore a critical distinction in Board jurisprudence: a municipality cannot use its local authority to specifically target and eliminate an industrial site's existing access to rail service entirely. In *SEA-3*, arguably the high-water mark for agency anti-preemption decisions, the Board declined to find preemption precisely because the municipality established to the Board's satisfaction that its local regulation did not target rail service *per se*. In *SEA-3*, the city explicitly denied seeking to deprive the facility of rail service and maintained it was simply applying standard site review regulations to a facility expansion.

The distinction between *SEA-3* and the City's objectives here is abundantly clear. The City is explicitly targeting rail service to the exclusion of all else. The SGEs are not merely assessing the environmental impacts of a facility expansion or a new facility; they are utilizing zoning authority to encourage operation of an asphalt distribution facility at a site largely equipped for such a logistics purpose while concurrently moving to ban the delivery of asphalt by rail over existing tracks at that location.

As the Board firmly reiterated in *SEA-3*, "state and local action... must not have the effect of foreclosing or unduly restricting the rail carrier's ability to conduct its operations or otherwise unreasonably burden interstate commerce." *Id.* at 6 n.17. While CHPR's common carrier status cements the facility's protection against impermissible regulation of common carriage, the protections of 49 U.S.C. § 10501(b) should and do extend to UP and its right to provide direct rail service to the Channel Drive Terminal as it has done in the past when the facility was dedicated to other rail shipping activity.

The Board has made clear that municipalities cross the line into impermissible regulation when they use local permitting to interfere with a line-haul carrier's operations at an already-constructed facility. *See Valero Refin. Co.—Pet. for Declaratory Ord.*, FD 36036, slip op. at 6 (STB served Sept. 20, 2016) (expressly warning a municipality that if an offloading facility is already constructed, "any attempt to enforce... mitigation measures [that] unreasonably interfer[e] with UP's future operations to the facility... would be preempted by § 10501(b)"). The Channel Drive Terminal is not a proposed new development; it is an existing, constructed facility equipped with in-ground trackage that has continuously received UP rail service for decades. By attempting to weaponize its permitting authority to ban UP from delivering asphaltic oil to this pre-existing site, the City is engaging in precisely the type of indirect regulation of a rail carrier that the Board categorically prohibits.

Taken to its logical extent, the SGEs' revocation theory—founded as it is on the proposition that the Board should stand aside to allow the community to decide whether, when, or under what circumstances railroad service should be continued to industrial sites long equipped to ship or receive rail-borne commodities—is inherently regulatory of interstate commerce and is anathema to the Board's mandate to protect and advance interstate commerce by rail. Accordingly, even if CHPR were deprived of its current entitlement to become and function as a railroad common carrier, the Board must nevertheless invalidate the SGEs' design to prevent an unlawful, indirect embargo on UP operations.

The Board must carefully consider the severe ramifications of adopting a more intensive regulatory stance in response to the SGEs' Petition. If the Board were to revoke CHPR's class exemption and insist upon a more aggressive, protracted review process, it will effectively grant the SGEs the exact localized embargo they seek. Administrative delay of any sort on the merits plays directly into the City's anti-rail hands. In the absence of clear and certain operating authority, holding this matter up for prolonged Board examination would forestall all rail service during the pendency of the review, leaving the rail facilities inoperable. The SGEs are actively weaponizing this regulatory uncertainty to force Teichert into an untenable commercial position: either voluntarily surrender the rail component of its industrial plans, or abandon the project so the City can attract an industrial developer who will agree to forsake rail service. The Board should not reward a community's obstructionist tactics by allowing its own regulatory processes to be used as an instrument of delay to freeze interstate commerce, particularly when the local government refuses to allow transportation to begin even on a provisional or noncarrier basis.

CONCLUSION

For the foregoing reasons, the Board should deny the Petition. CHPR is duly authorized to become, and will become, a legitimate Class III carrier possessing effective authorization from the Board. Furthermore, the City's petition is a bad faith attempt to subvert federal jurisdiction and unlawfully target and eliminate interstate rail service at an industrial facility long enjoying access to interstate railroad service.

Respectfully submitted,

By: /s/ *R. A. Wimbish*

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ATTORNEYS FOR CHANNEL PACIFIC RAILROAD

Dated: August 20, 2026

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36932

CHANNEL PACIFIC RAILROAD
— OPERATION EXEMPTION —
IN WEST SACRAMENTO, YOLO COUNTY, CAL.

EXHIBIT A

From: Osborn, Tristan <tristano@cityofwestsacramento.org>
Sent: Friday, October 24, 2025 2:20 PM
To: Matt Keasling <mkeasling@taylor-wiley.com>
Cc: Laurel, Aaron <aaronl@cityofwestsacramento.org>; Adame, Ariana <arianaa@cityofwestsacramento.org>; Ouse, Andrea <andreao@cityofwestsacramento.org>; Mitchell, Jeff <jmitchell@kmtg.com>
Subject: RE: Permissibility of Proposed Channel Dr Uses

Matt –

I thought we had discussed you sending over building details (this may have been related to future phases of expansion for other uses); please let me know if I am misremembering.

Regarding the site layout, you mentioned there will need to be steam heaters installed, so I'm just curious where those will be located, how they will function, and what their approximate size is.

Regarding the proposed land use… After a lot of research, it is clear that the import/export/storage of asphaltic oil primarily via rail spur is a "**Rail Car Loading Facility"** under our Municipal Code (definition below). This does not mean that there could not be other uses established on the property, but the principal use would be a "**Rail Car Loading Facility**" which requires a discretionary permit (CUP). Since a CUP will be required, we will need to conduct CEQA analysis.

> *Rail Car Loading Facility: A facility which involves the loading or unloading of goods from a rail car or train.*

I know this diverges from your client's position, so I am happy to answer any questions you may have. Thank you.

-Tristan

TRISTAN OSBORN, AICP (he/him)
Planning Manager

CITY OF WEST SACRAMENTO

1110 West Capitol Avenue, 2nd Floor
West Sacramento, CA 95691
Telephone: (916) 617-4857
tristano@cityofwestsacramento.org
www.cityofwestsacramento.org

From: Matt Keasling <mkeasling@taylor-wiley.com>
Sent: Wednesday, October 15, 2025 9:39 AM
To: Osborn, Tristan <tristano@cityofwestsacramento.org>
Subject: RE: Permissibility of Proposed Channel Dr Uses

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Tristan,

No problem. I know how it is catching up after being out.

I'm not sure what site details you're looking for, perhaps we can discuss. I do not believe we yet have the detailed drawings for building permit requests as we are still waiting for a green light from the city as to the permissibility of the use. Once we receive confirmation from Planning that the use is allowed, we will quickly put together all engineered drawings and submit a permit package. That all being said, I will reach out to Dan Campbell at Teichert and ask him to provide me with what he has thus far.

Here is the current site layout which we do not intend to change. Same truck and rail access points. Same tanks for storage. Same piping to convey the asphaltic oil from rail to the tanks. Its all there already. We are going to pursue permits to modify and upgrade the existing equipment to meet the specific needs of the product, but not altering site layout.

Matthew S. Keasling
TAYLOR, WILEY & KEASLING
500 Capitol Mall, Suite 1150
Sacramento, CA 95814
O: 916.929.5545
C: 916.601.2507

From: Osborn, Tristan <tristano@cityofwestsacramento.org>
Sent: Wednesday, October 15, 2025 8:54 AM
To: Matt Keasling <mkeasling@taylor-wiley.com>

Subject: RE: Permissibility of Proposed Channel Dr Uses

Matt –

Sorry for the slow reply; I am digging out after being out of the office.

I should be able to take a closer look at things in the next day or two. In the meantime, I am still waiting for the building/site details; will these come from you or someone else? Thanks!

TRISTAN OSBORN, AICP (he/him)
Planning Manager

CITY OF WEST SACRAMENTO

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From: Matt Keasling <mkeasling@taylor-wiley.com>
Sent: Thursday, October 9, 2025 9:44 PM
To: Osborn, Tristan <tristano@cityofwestsacramento.org>
Subject: Permissibility of Proposed Channel Dr Uses

Hello Tristan,

It was nice speaking with you on Monday about Teichert's 3961 Channel Drive site. As you and I discussed, we have already spent some time looking into the permissibility of the proposed use under the West Sacramento zoning code. Here is a brief summary of what we have concluded:

Teichert seeks to establish a construction materials storage and distribution operation at 3961 Channel Dr. (APN 067-040-011) ("Project Site"). The Project Site is already developed with industrial uses and currently contains a pre-existing rail car loading and unloading facility, a dock facility on the deep water ship channel, a storage warehouse, and three storage tanks, along with other related structures and equipment. Teichert intends to utilize the Project Site's existing infrastructure to (1) import asphaltic oil - an essential component in the production of asphalt concrete pavement; (2) utilize the Project Site's three existing tanks to store the asphaltic oil; and (3) distribute the asphaltic oil to Teichert's various asphalt production facilities and job sites throughout the region. As we discussed, this proposed importation, storage, and distribution is permitted by right at the Project Site under the City's General Plan and zoning.

- **General Plan**: The Project Site's general plan land use designation is Water-Related Industrial ("WRI"), which permits "docking facilities, bulk cargo handling, manufacturing and assembly, processing, warehousing, trucking terminals, railroad facilities, and wholesale and storage uses for industrial uses and similar and compatible uses […]."(General Plan, Pg. 2-15.)

- **Zoning**: The Project Site is zoned Water-Related Industrial ("M-3") that permits a broad assortment of industrial uses, including "docking facilities, bulk cargo handling, manufacturing and assembly, processing, warehousing, trucking terminals, railroad facilities, and wholesale and storage uses for industrial use and similar and compatible uses […]." (Zoning Code Section 17.10.010.)

Pursuant to the City's Use Table (Municipal Code Section 17.10.020), Teichert's proposed operation is appropriately categorized as one of the following uses, all of which are permitted by right in the M-3 zone: (a)

“General Industrial,” (b) “Cargo Handling,” and/or (c) “Warehousing, Storage and Wholesaling and Distribution - Indoor Warehousing, Storage and Wholesaling and Distribution.” These uses are defined as follows:

- **General Industrial:** Establishments engaged in manufacturing of non-edible products from extracted or raw materials or recycled or secondary materials, or bulk storage and handling of such products and materials. […]

- **Cargo Handling:** Facilities and mobile equipment for loading, unloading, storage, cleaning, and processing of bulk storage and container cargo to and from vessels, rail cars, and trucks.

- **Warehousing, Storage, and Wholesaling and Distribution – Indoor Warehousing, Storage and Wholesaling and Distribution:** Indoor storage and/or sale of goods to other firms for resale; storage of goods for transfer to retail outlets of the same firm; or storage and sale of materials and supplies used in production or operation, including janitorial and restaurant supplies. […]

We believe that Teichert’s proposal to utilize the Project Site’s existing railcar terminal, storage tanks, and associated infrastructure to import, store, and distribute asphaltic oil – a material used to produce asphalt – is permitted by right at the Project Site.

As you and I also discussed, we will be looking to retrofit and enhance some of the existing facilities onsite to meet the specific needs of our operation. For instance, the onsite tanks previously stored different chemicals used in fertilizer and will require modification or remodelling with substantially similar sized tanks to tailor them to the specific design criteria required for storing asphaltic oil. Obviously, we understand that any such structural modifications will require the issuance of building permits, air permits, and some sort of review and authorization from the fire department.

Please let us know if there is any additional information we can provide to assist you in your review. We look forward to starting the work as soon as possible with the goal of commencing operations in the spring.

Matthew S. Keasling
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TAYLOR, WILEY & KEASLING

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August 21, 2025

Aaron Laurel, City Manager
City of West Sacramento
1110 W. Capitol Ave
West Sacramento, CA 95691

Dear Mr. Laurel:

As you are aware, Taylor, Wiley and Keasling represents A. Teichert & Son ("Teichert") and its affiliated companies with respect to its land use matters within the City of West Sacramento. On July 30, 2025, representatives of Teichert and I met with Ms. Ouse, Ms. Adame and you to discuss Teichert's desire to obtain building permits to retrofit one of its existing storage tanks and commence the importation and onsite storage of asphaltic oil at 3961 Channel Drive ("Site"). Notably, the importation of asphaltic oil will be by rail, which triggered a discussion of Teichert's vested right to utilize the existing "Rail Car Loading Facility" at the Site, as well as a discussion pertaining to whether that grandfathered use had been abandoned by nonuse for a prescribed time period of one year. At the conclusion of the meeting, you requested that we provide additional information related to our position that the right to utilize the existing "Rail Car Loading Facility" at the Yara Site has not been abandoned. This letter is intended to respond to that request. In addition, it addresses the related issues of the City's authority over the operation of the rail spur line itself and the lawful establishment and existence of the vested right.

I. Authority to Regulate Rail Operations Lies with the Federal Government.

While it is well recognized that local agencies are granted police powers, including a broad authority to regulate land uses within their jurisdictions, this police power is not without limitation. (See Cal. Const. art. XI, § 7.) Where a state or federal law governs a particular subject matter area, local regulations are preempted. (See U.S. Const. art. VI, cl. 2.) Relevant here, railroad operations are governed primarily by federal law. (See 49 U.S.C. §§ 10101 et seq.) Specifically, federal law vests exclusive jurisdiction over railroad operations with federal agencies. The Federal Railroad Administration ("FRA") is responsible for creating and enforcing rail safety regulations, administering rail funding, and implementing rail improvement strategies and technologies. (See Department of Transportation Act of 1966; See also Federal Railroad Safety Act of 1970.) In addition, the Surface Transportation Board ("STB") is granted exclusive jurisdiction over "rates, classifications, rules, (including car service, interchange, and other operating rules), practices, routes, services, and facilities of such carriers," as well as over the "construction, acquisition, [and] operation" of tracks and rail facilities. (See 49 U.S.C. § 10501(b)(1)-(2).) Therefore, federal law expressly preempts state and local regulations that seek to govern the operations of railroad lines, a preemption that has been affirmed numerous times by federal courts. (See 49 U.S.C. § 10501(b); See also *City of Auburn v. United States*, 154 F.3d 1025, 1030-1032 (9th Cir. 1998); *Norfolk Southern Ry. Co. v. City of Alexandria*, 608 F.3d 150, 160 (4th Cir. 2010).)[1] Thus, while the initial determination of whether the construction of a spur line and a "Rail Car Loading Facility" is an appropriate land use at a specific location lies with the local agency, once the rail line is approved and established, the rail facility and operations are thereafter regulated under federal law, meaning that the City now lacks authority over the spur line operations and its continued use.

II. Teichert Has a Lawfully Established Vested Right to Operate Its "Rail Car Loading Facility" as an Asphaltic Oil Loading and Unloading Facility.

Teichert's predecessor at this Site (Unocal Chemical Company) acquired a vested right to operate its "Rail Car Loading Facility" in 1987 when the City of West Sacramento adopted its first zoning code and imposed a conditional use permit requirement for such facilities within the M-3 zone.[2] At that time, Unocal was already lawfully operating a rail spur and terminal, a use that commenced in 1984 at the property now owned by Teichert where it loaded and unloaded various materials and chemicals. Thus, when, following incorporation, the City imposed a conditional use permit requirement for "Rail Car Loading Facilities", that use was already occurring on the Yara Site and thus, under California law, qualified for vested right protection. That being so, Teichert is entitled to continue that use so long as it stays within the scope of what was occurring in 1987, which is what will be occurring moving forward.

---

[1] The Surface Transportation Board has also confirmed the scope of federal preemption in a series of administrative decisions, including in CSX Transportation, Inc.—Petition for Declaratory Order, STB Finance Docket No. 34662 (Mar. 14, 2005), in which the Board stated: "State and local permitting or preclearance requirements, including building permits and zoning ordinances, are categorically preempted as to facilities that are an integral part of rail transportation."

[2] The chronology of ownership at the Site is as follows: Unocal (1977); Agrium (2001); Yara (2015); Teichert (2024).

To wit: the use itself—the unloading and onsite storage of liquid asphaltic oil and other construction materials components—is substantially similar to the historical use of unloading and storage liquid fertilizer chemicals and associated components. The products are each imported in liquid tanker cars, they are unloaded from rail using the same hoses and pipes, and they are stored onsite in the same tanks. The change in the product being imported and unloaded does not significantly alter the character and nature of that which was occurring in 1987 and thus is, under California law, a permitted change in the nonconforming use.[3] Furthermore, there will be no increase in the intensity of activity occurring once the change occurs since the number and frequency of rail cars will remain unchanged from that which has been occurring at the Site. As such, Teichert has a vested right, with which the City cannot interfere, to operate a "Rail Car Loading Facility" on its property and it is allowed to substitute asphaltic oil for the fertilizer chemicals and products.

III. Zoning Code Requirements for Establishing Abandonment of the Rail Car Loading Facility Have Not Occurred.

Moreover, contrary to the theory put forth in our meeting, the vested nonconforming use has not been abandoned because the requirements of Zoning Code 17.26.110(A) have not been met. Subsection A says that the one-year time period will commence when the use ceases to operate "and any one of the following occurs:

1. The site is vacated;
2. The business license expires or is revoked;
3. Utilities are terminated; or
4. The applicable lease is terminated."

Not one of these plainly enunciated events has occurred to trigger commencement of the one-year period. The Site has never been vacated and, in fact, staff has been retained at the property at all times during the transition in ownership. Furthermore, at no point during the sale from Yara to Teichert has the Site been owned by an entity whose West Sacramento business license expired or has been revoked; Teichert has had an active business license in West Sacramento since 2010. Utilities to the Site have never been terminated. Nor is there an applicable lease associated with the Rail Car Loading Facility

[3] "A non-conforming use is not restricted to the identical particular use which was in existence at the time of the enactment of the zoning ordinance but embraces any use substantially the same or similar." *Endara v. City of Culver City*, 140 Cal.App.2d 33, 38 (1956).

which has been terminated; rather, the spur is owned in fee simple. As such, no abandonment has occurred under the terms of the local zoning provision.

IV. The Rail Car Loading Facility Has Not Been Abandoned Because No Intent to Abandon Has Been Manifested.

The West Sacramento Zoning Code provision indicates that one-year of nonuse, "whether with the intent to abandon the use or not," results in abandonment. The proposition that a property right can be legislatively taken, despite clear evidence that an owner had no intent to abandon the use, is not supported by law. In fact, to the contrary, numerous court decisions – including a California Supreme Court decision – have applied the law in the opposite fashion, looking at both the passage of time and any words and actions that would indicate a property owner's intent to preserve or abandon its vested nonconforming use. (See *Hansen Brothers Enterprises, Inc. v. Board of Supervisors*, 12 Cal.4th 533 (1996) ["Hansen Brothers"]; See also *Stokes v. Board of Permit Appeals*, 52 Cal.App.4th 1348 (1997); *Pallco Enterprises, Inc. v. Beam*, 132 Cal.App.4th 1482 (2005); *Summit Media LLC v. City of Los Angeles*, 240 Cal.App.4th 171 (2015).) More specifically, on the topic of abandonment of a vested nonconforming use, the State Supreme Court has stated:

> Cessation of use alone does not constitute abandonment. "[A]bandonment of a nonconforming use ordinarily depends upon a concurrence of two factors: (1) An intention to abandon; and (2) an overt act, or failure to act, which carries the implication the owner does not claim or retain any interest in the right to the nonconforming use (8A McQuillin, [*supra*], § 25.192; 1 Anderson, American Law of Zoning, § 6.58). Mere cessation of use does not of itself amount to abandonment although the duration of nonuse may be a factor in determining whether the nonconforming use has been abandoned (101 C.J.S. Zoning § 199)."
>
> (*Hansen Brothers*, p. 569.)

Given this language, and no California cases upholding a code provision that removes any consideration of the intent of property owner, the City's zoning code provision cannot be applied absent of showing of intent to abandon.

In this case, the intent of both Yara and Teichert to continue the use of the rail car loading facility at the Yara Site is irrefutable. In fact, the only reason that rail operations have temporarily ceased is due to the sale of the property and transitioning from one business operation to the next.[4] During the temporary period in which rail cars have not been loaded and unloaded onsite, both buyer and seller met with you and numerous other City and Port officials expressing their clear intent to continue to import and export goods from the Site using the existing rail facility. It was also indicated to you and several City staff how important the existence of a rail loading facility and docking facility were to Teichert's decision to purchase the property. This all reveals an intent <u>not</u> to abandon.

In addition to direct statements to City and Port officials, both Yara and Teichert have engaged in numerous acts evidencing their respective intent to retain rights to the rail car loading facility. Those acts have been preserved in legal declarations from Dan Campbell (Teichert, Director of Operations Support and Development), Mark Darling (Yara North America and now Teichert, Facility Manager), and Henri Groenen (Yara North America, Vice President and Special Projects). These declarations offer testimony to support the position that there has not been any intent to abandon the legal, nonconforming use to operate the "Rail Car Loading Facility" by recounting numerous actions taken by Yara and Teichert to ensure the continuation of this nonconforming use. For example, Yara advertised the Site for sale touting the ability to import and export materials using the existing rail. Teichert hired Yara's former site manager to retain his knowledge of the site – including the rail – and benefit from his existing relationships with rail providers and the Port. Teichert has also engaged an engineer to provide schematic site design for its operations that would maintain and improve the existing facilities and rail terminal. Additionally, Teichert officials have been in ongoing communication with Union Pacific and it has already entered into a track licensing agreement with Union Pacific for ongoing rail service. Finally, Teichert officials have consistently, since its purchase of the Site, been in communications with various third parties interested in short-term leases of the Site's rail terminal. These actions are clear evidence of an intent to retain usage of the vested rail car loading facility which rebuts any evidence of an intent to abandon which may be inferred from the temporary period of nonuse.

Finally, the State Supreme Court has said that, "In construing an ordinance which limits continuation of nonconforming uses, however, the court must also assume that the [locality] did not intend an arbitrary or irrational application of its provisions." (*Hansen Brothers*, p. 568-569.) The court later describes what it considers to be an irrational application of the local ordinance by noting that strict application of the local zoning provision would necessitate mining activities be conducted at regular intervals for no

---

[4] The law is well settled that vested property rights run with the land and that transfer of ownership does not impact the continued validity of the use. (See *Hanson Brothers*, at 539, n. 1.)) This principle is codified in the City's Zoning Code, Section 17.26.040.A.

legitimate business purpose but, rather, strictly to preserve the ongoing vested right to engage in the use. Specifically, the Court states:

> …we would have to assume that the county contemplated that the property would lose its nonconforming use status unless mining operations were renewed every 6 months whether or not additional material was needed. The result in an operation like that of Hansen Brothers would be unnecessary blasting and degradation of the site in order to retain the right to continue a nonconforming use…

The Court concludes that, given the facts of that case, it did not need to contemplate the legitimacy of a local zoning provision requiring such irrational actions, though it is clear that the court would have taken issue with such a result. Yet, a strict interpretation of West Sacramento's ordinance would result in a similarly arbitrary and irrational outcome where, though in the midst of a sale of the property, Yara would lose its nonconforming rail loading facility use unless it ran trains to and from the Site, loading and unloading unnecessary goods, simply to preserve its grandfathered right. Such arbitrary actions may not be required by local ordinance to preserve a vested property right.

CONCLUSION

In sum, while local land use authority lies with local governments, federal law grants exclusive authority over railroad operations to federal agencies, preempting local and state regulations that attempt to govern such uses once they are established. As such, any attempt to regulate the railroad spur going to and from or on the Site is preempted by federal law. Furthermore, none of the required acts identified in code section 17.26.110(A) have occurred to trigger commencement of the period of nonuse for purposes of establishing abandonment. Finally, the City's attempt to remove a property owner's "intent" as a necessary element in finding an abandonment of a vested nonconforming use is unsupported by California case law and is contrary to the constitutional principles that protect citizens from unlawful takings.

Accordingly, Teichert believes that the City is preempted from regulating the established rail spur line and that it has a valid right to continue utilizing the vested nonconforming rail car loading facility on the Site. We anticipate that, upon reviewing this letter, your legal counsel will concur with our position. We would like to commence the importation and storage of asphaltic oil this winter and, therefore, need a prompt resolution to this issue. That said, Teichert is committed to working with the City of West Sacramento to ensure that its operations are compatible with surrounding uses and with the City's long range planning objectives.

Very truly yours,

Matthew Keasling

Cc: Mayor Guerrero and Councilmembers
Andrea Ouse, Community Development Director
Ariana Adame, Capitol Projects Director
Dan Campbell, Teichert
Michael Smith, Teichert
John Taylor

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36932

CHANNEL PACIFIC RAILROAD
— OPERATION EXEMPTION —
IN WEST SACRAMENTO, YOLO COUNTY, CAL.

EXHIBIT B

From: Dan Campbell <DCampbell@teichert.com>
Sent: Thursday, December 11, 2025 10:48 AM
To: Matt Keasling <mkeasling@taylor-wiley.com>
Cc: Michael Smith <MSmith@teichert.com>; Dana Davis <DDavis@teichert.com>
Subject: Atty-Client Privileged - Meeting Takeaways City of West Sacramento 20251210

Matt,

I wanted to summarize my takeaways from our meeting on 12/10 with the city of West Sacramento staff. Please respond if you have different conclusions or recollections than I do.

Attendees from the City Staff:

Andrea Ouse – Director of Community Development
Tristan Osborn – Planning Manager
Amber Saiyasit – Program Manager (Assistant Port Manager)
Jeff Mitchell – City Attorney

Summary – the staff understood our need to build and operate the asphalt terminal quickly in order to respond to the market need resulting from Valero's planned shutdown.

The city appeared to concede that the operation of the terminal itself including the tanks, equipment, etc. was covered by zone and the planning department did not need to issue any approvals for that (including truck traffic). The only things needing planning department approval was for the rail and ship unloading/loading facilities that are planned.

Regarding the rail the city was proposing a temporary agreement with Teichert that would enable us to get operational. Some key points:

- It was within Adrea's authority to grant this temporary use for a period of up to 5 years. Beyond that period we would need either a CUP or an acceptance of our assertion that we have a vested right to use the rail facility.
- The agreement would preserve the rights of both parties to preserve their respective claims – Teichert has a vested right, the city maintains we don't. Essentially this conflict would be tabled for the period of the agreement.
- The main condition the city appears interested including is to limit rail traffic into and out of the site to "historical usage". We provided that this was approx. 1100 rail cars/year.
- The city would like for us to import material by water instead of rail. We reiterated that this would depend on:
    - Material availability and cost – many of the asphalt sources are in the Rockies and cannot ship by water. We are actively working with McCall in Portland to develop the capability to receive asphalt by water.
    - Investment is required in the unloading facility that can't be undertaken unless we have an extension of the current lease beyond 2030. We requested that this be extended until 2055

consistent with other port operators.

- Jeff committed to provide bullet points of their “framework” for our review by Wednesday of next week.

My interpretations and conclusions:

1. We can build out the full terminal (phase 1 and 2) under this interim agreement. The only limitation we expect is that rail traffic will be limited to 1100 cars/year (approximately 100k tons of asphalt).
2. For import volumes beyond 100k tons we will need to develop a means of marine import but the city if supportive of that so the lease extension shouldn’t be too much of an issue. There is likely to be some language that preserves the Enterprise bridge options (and may require us to move or modify our dock at some point in the future). This issue needs to progress in parallel to the “interim use agreement”.
3. We will need to agree on our strategy to continue the terminal operation (including rail access) beyond 5 years.
    a. A CUP is one option. We need to explore alternative strategies (short line, etc.)
    b. Once we have the terminal built and operational it will be easier to do CEQA for a CUP if we decide to go that route due to establishing baseline impacts.
4. The staff agreed that Jefferson Blvd was the primary pain point for rail traffic.
    a. We reiterated that UPRR currently crosses at night which is not an issue for daytime traffic.
    b. We offered that we are working with an engineering group to see if there were novel solutions to the crossing that may be viable. I will share that with staff if anything comes from the effort.

Risks:

1. We will be building the terminal (Est Cost ~30M) with only a 5 year guaranteed life span. There is some risk that we won’t be able to continue using the rail beyond 5 years but I think that risk is relatively low (either we will get a CUP or we will have some other solution). The city is unlikely to just shut us down especially if we offer some per ton fee in the future (they aren’t asking for now).
2. Enterprise bridge offers some risk to the dock (either relocate or modify). This risk is low from what we see from an engineering standpoint. Timing is unlikely to be an issue in the next 10-20 years as the city doesn’t have any funding sources.

Please add / modify to this as you see fit. It would be good to calendar a meeting with the larger team towards the end of next week assuming we get something from the city on Wednesday as promised.

Thanks,

Dan Campbell
Director – Operations Support and Development
M: 916-996-3791
dcampbell@teichert.com

TEICHERT SERVICES GROUP

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36932

CHANNEL PACIFIC RAILROAD
— OPERATION EXEMPTION —
IN WEST SACRAMENTO, YOLO COUNTY, CAL.

EXHIBIT C

From: Dan Campbell <DCampbell@teichert.com>
Sent: Monday, January 26, 2026 12:53 PM
To: Matt Keasling <mkeasling@taylor-wiley.com>; Michael Smith <MSmith@teichert.com>
Subject: FW: Greencycle Lease Discussion

FYI – sent to Rick.

Dan Campbell
Director – Operations Support and Development
M: 916-996-3791
dcampbell@teichert.com
teichert.com

From: Dan Campbell
Sent: Monday, January 26, 2026 12:53 PM
To: 'Toft, Rick' <rickt@cityofwestsacramento.org>
Cc: Saiyasit, Amber <ambers@cityofwestsacramento.org>
Subject: RE: Greencycle Lease Discussion

Rick,

We expect to receive liquid asphalt by both ship and barge. Ships would be Handymax class tankers likely limited to 20k tons of cargo due to draft limitations. Barges would be ocean-going type barges with a capacity of 8-20k tons of cargo capacity depending on equipment availability.

Regarding annual capacity for the facility - at full buildout and operation we might expect some years to have total sales of around 200k tons per year. In the short term, marine imports will make up the lion share of terminal volumes while we pursue approval of the rail import facility. In the long term, the volume being handled by the dock will be very hard to predict year to year as the economics surrounding marine import vs. other modes of import will vary constantly.

We are also still pursuing uses of the dock (and the existing warehouse) that may drive additional volume through the dock handling dry bulk goods. One example of this is a local construction company (not Teichert) that is interested in loading rock onto barges for regional levee work and other construction projects. Though additional uses at the site are still in the development phase, these opportunities represent other possible revenue streams from the dock.

Please let me know if you have other questions or would like to calendar an in-person meeting to discuss.

Thanks,

Dan Campbell
Director – Operations Support and Development
M: 916-996-3791
dcampbell@teichert.com

teichert.com

From: Toft, Rick <ricktatcityofwestsacramento.org>
Sent: Monday, January 26, 2026 9:45 AM
To: Dan Campbell <DCampbell@teichert.com>
Cc: Saiyasit, Amber <ambers@cityofwestsacramento.org>
Subject: [EXTERNAL] RE: Greencycle Lease Discussion

Dan,

Can you provide some detail on the types of vessels and shipment quantities that you anticipate? Ship and/or barge? And what is the anticipated total annual quantity handled at the facility at full operation?

Thanks

RICK TOFT
General Manager
Port of West Sacramento

City Manager's Office
1110 West Capitol Avenue, 3rd Floor
West Sacramento, CA 95691
Telephone: (916) 617-4880
Cell: 530-400-0121
rickt@cityofwestsacramento.org

From: Dan Campbell <DCampbell@teichert.com>
Sent: Thursday, January 22, 2026 10:26 AM
To: Toft, Rick <rickt@cityofwestsacramento.org>
Cc: Saiyasit, Amber <ambers@cityofwestsacramento.org>; Laurel, Aaron <aaronl@cityofwestsacramento.org>; Ouse, Andrea <andreao@cityofwestsacramento.org>; Matt Keasling (mkeasling@taylor-wiley.com) <mkeasling@taylor-wiley.com>; Michael Smith <MSmith@teichert.com>
Subject: RE: Greencycle Lease Discussion

Rick – thanks for the update. Our understanding was that the use permit question was strictly related to the rail unloading facility and not the use of the dock or construction of the terminal itself. Teichert is still planning on building the terminal with the plan to import asphalt oil by water for late summer 2026. That is dependent on understanding our cost structure and lease term. Therefore, it is important that we keep moving forward with our discussions regarding the dock lease. I believe that Matt was planning on reaching out to Aaron directly as well on this subject.

Thanks and I look forward to seeing your proposed term sheet as soon as possible.

Dan Campbell
Director – Operations Support and Development
M: 916-996-3791
dcampbell@teichert.com
teichert.com

From: Toft, Rick <rickt@cityofwestsacramento.org>
Sent: Friday, January 16, 2026 2:04 PM
To: Dan Campbell <DCampbell@teichert.com>
Cc: Saiyasit, Amber <ambers@cityofwestsacramento.org>; Laurel, Aaron <aaronl@cityofwestsacramento.org>; Ouse, Andrea <andreao@cityofwestsacramento.org>
Subject: [EXTERNAL] RE: Greencycle Lease Discussion

Dan,

Amber and I were briefed on your meeting with Aaron and Andrea yesterday regarding the use permit process for Teichert's proposed asphaltic oil facilities. We will defer lease negotiations until the use permit is resolved.

Thanks

RICK TOFT
General Manager
Port of West Sacramento

CITY OF WEST SACRAMENTO

City Manager's Office
1110 West Capitol Avenue, 3rd Floor
West Sacramento, CA 95691
Telephone: (916) 617-4880
Cell: 530-400-0121
rickt@cityofwestsacramento.org

From: Dan Campbell <DCampbell@teichert.com>
Sent: Tuesday, January 13, 2026 2:38 PM
To: Toft, Rick <rickt@cityofwestsacramento.org>
Cc: Saiyasit, Amber <ambers@cityofwestsacramento.org>
Subject: RE: Greencycle Lease Discussion

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Rick / Amber,

Minimum volumes will be difficult to come up with at this stage given that this will be a new business and market pricing will have a big impact on how much import comes via water. That said, I look forward to reviewing your proposed term sheet and we can discuss from there.

Thanks,

Dan Campbell
Director – Operations Support and Development
M: 916-996-3791
dcampbell@teichert.com
teichert.com

From: Toft, Rick <rickt@cityofwestsacramento.org>
Sent: Monday, January 12, 2026 10:55 AM
To: Dan Campbell <DCampbell@teichert.com>
Cc: Saiyasit, Amber <ambers@cityofwestsacramento.org>
Subject: [EXTERNAL] RE: Greencycle Lease Discussion

Dan,

Amber and I will put together a draft term sheet and email it to you this week, then we can set up a call next week after you've had a chance to review our proposal. To give you a preview, we are looking at a cargo-based lease structure, similar to Cemex, with a market wharfage rate applied to a minimum annual tonnage guarantee (MAG).

Thanks

RICK TOFT
General Manager
Port of West Sacramento

CITY OF WEST SACRAMENTO

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Cell: 530-400-0121
rickt@cityofwestsacramento.org

From: Dan Campbell <DCampbell@teichert.com>
Sent: Friday, January 9, 2026 3:35 PM
To: Toft, Rick <rickt@cityofwestsacramento.org>
Subject: Greencycle Lease Discussion

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Rick,

We have been actively working on sourcing asphalt oil for the terminal by water and have been getting positive responses from brokers in the space. While we continue to work with the city staff on issues surrounding the rail, I was hoping to start work with you regarding modifications to the lease (both use and term) that we would need to pursue in order to make water imports happen. Please let me know when you have time for either a call or a meeting to discuss.

Thanks,

Dan Campbell
Director – Operations Support and Development
M: 916-996-3791
dcampbell@teichert.com

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VERIFICATION

I, Dan Campbell, being duly sworn, hereby verify, under penalty of perjury, as follows:

I am Vice President of Channel Pacific Railroad ("CHPR"), and I am duly authorized to make this verification on behalf of CHPR.

I hereby verify that I have read the foregoing Verified Reply of Channel Pacific Railroad to Petition to Reject or Revoke Exemption, know the contents thereof, and that the factual statements contained therein are true and correct to the best of my knowledge, information, and belief.

By: /s/ Dan Campbell
Dan Campbell

Dated: August 20, 2026

CERTIFICATE OF SERVICE

I hereby certify that I have on this 20th day of August, 2026, served a copy of the foregoing Reply via electronic mail to all Parties of Record.

/s/ *R. A Wimbish*
Robert A. Wimbish
Counsel For Channel Pacific Railroad