



AGENDA

San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors Meeting

April 16, 2013

9:00 a.m.

Executive Committee Room
James R. Mills Building
1255 Imperial Avenue, 10th Floor

San Diego & Arizona Eastern
Railway Company

A Nevada Nonprofit
Corporation

1255 Imperial Avenue,
Suite 1000
San Diego, CA 92101-7490
619.231.1466

BOARD OF DIRECTORS
Randy Perry, Chairman
Bob Jones
Paul Jablonski

OFFICERS
Paul Jablonski, President
Bob Jones, Secretary
Linda Musengo, Treasurer

GENERAL COUNSEL
Karen Landers

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please call the Clerk of the Board at least five working days prior to the meeting to ensure availability. Assistive Listening Devices (ALDs) are available from the Clerk prior to the meeting and are to be returned at the end of the meeting.

ACTION RECOMMENDED

1. Approval of the Minutes of January 15, 2013
Action would approve the SD&AE Railway Company Minutes of 1/15/13. Approve
2. Statement of Railway Finances (Linda Musengo)
Action would receive a financial report for three quarters ended 3/31/13. Receive
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen)
Action would receive a report for information. Receive
4. Report on Pacific Southwest Railway Museum (Diana Hyatt)
Action would receive a report for information. Receive
5. Report on the Desert Line (Chas McHaffie)
Action would receive a report for information. Receive
6. Real Property Matters (Tim Allison)
 - a. Summary of SD&AE Documents Issued Since January 15, 2013
Action would receive a report for information. Receive
 - b. Easement for a Water Pipeline – H Street, Chula Vista
Action would approve issuing an easement to Sweetwater Authority for a proposed 16-inch water pipeline crossing under SD&AE tracks located on H Street between Bay Boulevard and Marina Parkway in Chula Vista, California. Approve
 - c. Ancillary Real Estate Actions for the Trolley Renewal Project – SDG&E Service Easement for Traction Power Substation Power
Action would authorize the President to execute any and all ancillary real estate documents and agreements that are needed for the MTS Trolley Renewal Project. Approve
7. Election of SD&AE Chairperson and Board Member (Karen Landers)
Action would discuss electing a new Chairperson and Board member for the SD&AE Board of Directors and forward a recommendation to the MTS Board of Directors for approval. Possible Action
8. Board Member Communications
9. Public Comments
10. Next Meeting Date: July 16, 2013
11. Adjournment

San Diego and Arizona Eastern Railway Company

April 16, 2013

Sign-in Sheet (VOLUNTARY)

Name	Company
1. Skitz Lemire	PIR
2. Diana Hyatt	PSRM
3. Hyatt Poken	SDIV
4. Randy Perry	SDIV
5. Don Stoecklein	PIR
6. Chas MiffaDie	consulting
7. Brad Oritt	SDIV
8. Robert J. Jones	G.W.I.
9. John Hoegemeier	BNSF
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MINUTES

BOARD OF DIRECTORS MEETING OF THE SAN DIEGO & ARIZONA EASTERN RAILWAY COMPANY

January 15, 2013

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on January 15, 2013, at 9:04 a.m.

The following persons, constituting the Board of Directors, were present: Bob Jones, Randy Perry, and Paul Jablonski. Also in attendance were members from:

San Diego Metropolitan Transit System:	Tim Allison, Karen Landers, Wayne Terry, Linda Musengo
San Diego & Imperial Valley Railroad:	Matt Domen
Pacific Southwest Railway Museum:	Diana Hyatt, Michael Edwards
Pacific Imperial Railroad, Inc.:	Chas McHaffie, Donald Stoecklein
Motor Transport Museum:	Carl Calvert

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the October 16, 2012, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

3. Report on San Diego & Imperial Valley Railroad (SD&IV) Operations (taken out of order)

Matt Domen reviewed the report of activities for the 4th quarter of 2012 (attached to the agenda item).

Action Taken

Mr. Jones moved to receive the report for information. Mr. Jablonski seconded the motion, and it was unanimously approved.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the 4th quarter of 2012 report (attached to the agenda item).

Action Taken

Mr. Jones moved to receive the report for information. Mr. Jablonski seconded the motion, and it was unanimously approved.

5. Report on the Desert Line

Chas McHaffie and Donald Stoecklein reviewed the 4th quarter of 2012 report (attached to the agenda item). Mr. Stoecklein added that PIR is continuing with its finance plan.

Action Taken

Mr. Jones moved to receive the report for information. Mr. Jablonski seconded the motion, and it was unanimously approved.

6. Real Property Matters**a. Summary of SD&AE Documents Issued Since October 16, 2012**

Tim Allison, MTS Manager of Real Estate Assets, submitted the documents described below that have been processed by staff since the October 16, 2012, meeting.

- **S200-13-538:** Right of Entry Permit to Land Forms Construction for construction of the Lemon Grove Promenade Project.
- **S200-13-541:** Right of Entry Permit to SECC Corporation to construct fiber facilities at 24th Street in National City.
- **S200-13-549:** Right of Entry Permit to SCS Timber Resources to perform vegetation abatement at MP 94 on the Desert Line near Jacumba.
- **S200-13-550:** Right of Entry Permit to R Dugan Construction Inc. to construct storm drainage facilities at 22nd Street, San Diego.
- **S200-13-551:** Right of Entry Permit to Orion Construction Corporation to construct sidewalk improvements from 65th Street to 68th Street in the Encanto neighborhood in the City of San Diego.
- **S200-13-552:** Right of Entry Permit to Aguirre Engineering Inc. to perform surveying for various SANDAG capital projects.
- **S200-13-553:** Right of Entry Permit to Schilling Paradise Corporation to construct various dry utilities at 22nd Street, San Diego.
- **S200-13-554:** Right of Entry Permit to Malcolm Drilling Company, Inc. to construct shoring at 22nd Street, San Diego.
- **S200-13-555:** Right of Entry Permit to Shimmick Construction Co., Inc. to construct traction power substations for the Trolley Rehabilitation Project.
- **S200-13-557:** Right of Entry Permit to AES Property Services to perform graffiti removal maintenance along the orange line in El Cajon.
- **S200-13-559:** Right of Entry Permit to San Diego Gas and Electric to remove a transformer at the Lemon Grove Trolley Station.
- **S200-13-560:** Operating Agreement with Pacific Imperial Railroad, Inc. to operate freight on the Desert Line.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

b. Right of Entry Permit Process Finances

Tim Allison stated that at the last meeting, the Board requested a review of the right of entry process and an analysis of staff time required to process permits. Mr. Allison explained the current process for reimbursable and nonreimbursable staff charges for work related to SD&AE and also examples of situations when fees are waived. He added that MTS Policy No. 50 (Engineering and Construction Cost Recovery) allows for a standard fee of \$500 for staff preparation time, approvals, and processing of the permit only once the other issues are resolved. Mr. Allison also explained the various types of staff support services and how the costs are recovered, including staff time, consultant expenses, and other expenses related to a particular third-party impact. Mr. Allison added that MTS does not have a current method to differentiate the type of staff time charged to SD&AE—all time is handled the same whether it is reimbursable or not—and similarly, there is no method to track individual permits or plan-review actions.

Discussion ensued about the ratio of cost recovery versus staff time. Mr. Allison stated that he feels that the \$500 fee is reasonable, and he is not recommending any changes at this time considering that the other expenses are covered over and above a permit fee if required. Mr. Allison added that the permit fee is a small amount of the overall costs for any third-party impact.

Mr. Jones suggested increasing the existing fee of \$500 to \$750 to stay current with the market and also to avoid having to make an even bigger increase down the road. Board members agreed that MTS Policy No. 50 should be revised by increasing the cost-recovery fee from \$500 to \$750 and to forward a recommendation to the MTS Board of Directors for final approval.

Action Taken

Mr. Jones moved to forward a recommendation to the MTS Board of Directors to revise MTS Policy No. 50 (Engineering and Construction Cost Recovery) to increase the cost-recovery standard fee from \$500 to \$750 to cover staff preparation time, approvals, and processing. Mr. Jablonski seconded the motion, and it was unanimously approved.

c. Motor Transport Museum Request for Spur Track Fee Waiver

Tim Allison explained that in April 2009, the SD&AE Board approved construction of a spur track from the main line into the Motor Transport Museum's (MTM's) facility based on full-cost recovery of all fees from the MTM (for plan review, agreement execution, and construction). Mr. Allison stated that the MTM is now requesting that the SD&AE Board waive those fees. Mr. Allison showed an overhead of the proximity involved and explained the MTM's plans to develop the spur track, inspections and rates, and service to the MTM. Mr. Allison clarified for Mr. Jablonski that the request before the Board today is for a waiver for MTM of all fees and costs to date—and also going forward—related to constructing the spur track.

Mr. Allison introduced Carl Calvert of the MTM.

- Public Speaker – Carl Calvert of the Motor Transport Museum (MTM)

Mr. Calvert explained the history of the Motor Transport Museum's (MTM's) historic site and plans for restoring the spur track for future service to and from the MTM. He stated that the MTM is a small, nonprofit operation and is free to visitors when it is open on the weekends. Mr. Calvert added that the MTM operates on less than \$5,000 per year and has already invested thousands of dollars to update the spur drawings (as required by MTS engineering). At this point, the MTM is only aware of permit fees totaling \$500 and MTS staff engineering costs totaling \$1,000. Mr. Calvert added that the MTM does not know what the additional costs will total going forward.

Chas McHaffie of PIR clarified for Mr. Jablonski that he feels that MTM is doing a great job. Discussion ensued regarding contractors, costs, and the steps necessary to start construction on the spur, which is anticipated to begin this year. Mr. Allison clarified that the MTM's request today is to waive all current fees and/or costs going forward.

Board members agreed to a compromise to waive the current outstanding bill of \$1,000 for staff engineering costs but not future direct costs for outside consultants (to ensure that the work is done correctly). Mr. Jones cautioned the MTM to have all specs reviewed prior to any construction. It was also suggested that qualified engineering experts could donate time in kind to help mitigate expenses—Mr. Jones added that Matt Domen is available to assist the MTM with leads for qualified engineering experts.

Action Taken

Mr. Jablonski moved to: (1) waive the Motor Transport Museum's (MTM's) current fee of \$1,000 connected with plan review and entitlement processing for the spur track, and (2) stipulate that all ongoing direct costs for outside consultant services charged to SD&AE are to be reimbursed by the MTM. Mr. Jones seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances (taken out of order)

Linda Musengo reviewed the financial statement for the 4th quarter of 2012 (attached to the agenda item). Ms. Musengo added that the attachment does not reflect property sold in December for \$660,000, because the property value versus the actual proceeds from the sale still has to be determined.

Action Taken

Mr. Jones moved to receive the report for information. Mr. Perry seconded the motion, and it was unanimously approved.

7. Donation of Unused Rail Cars to the Pacific Southwest Railway Museum and the Baja California Railway Foundation or Affiliated Nonprofit Organization

Karen Landers explained that SD&AE received two requests for donations for unused rail and tank cars for their historical value. The first request is from the Pacific Southwest Railway Museum for Box Cars "SDAE 1084" and "SP 116033" that have been sitting for years in MTS's Maintenance of Way trolley yard. The second request is from the Baja California Railway Foundation for the donation of "Tank Car 1025," which was abandoned on the railway in Baja, California about 20 years ago.

Ms. Landers explained that the cars only have scrap value, they are a liability, and MTS, SDTI, and SD&AE have no use for the cars. Ms. Landers clarified that the Museum and the Baja California Railway Foundation have agreed to cover all costs associated with relocating the cars, and that staff will research the proper method for transferring ownership.

Action Taken

Mr. Jablonski moved to donate SD&AE's unused rail and tank cars with historical value to the Pacific Southwest Railway Museum (Box Cars "SDAE 1084" and "SP 116033") and the Baja California Railway Foundation or affiliated nonprofit organizations ("Tank Car 1025"). Mr. Jones seconded the motion, and it was unanimously approved.

8. Extension of Pacific Southwest Railway Museum Operating Agreement

Karen Landers stated that a new agreement has been drafted between Pacific Imperial Railroad, Inc. (PIR), MTS, and Pacific Southwest Railway Museum (Museum) wherein the Museum and PIR have worked out maintenance responsibilities (for passenger-excursion services on a portion of the Desert Line and operation of a museum on the Campo Depot property). Diana Hyatt added that the Museum will be responsible for the maintenance and dispatching of 14 miles of the line. Ms. Hyatt stated that when PIR is ready to run freight, the parties will revisit the responsibilities between the Museum and PIR and come to a mutual agreement.

Mr. Jablonski commented that it is nice to see the good working relationship between PIR and the Museum. He stated that there has to be a clear understanding of the rights and responsibilities on the line between the operators to eliminate ambiguity. Mr. Jablonski added that MTS buses will continue to be stored at the Campo Depot—Mr. Allison clarified that the buses are stored on MTS property. Don Stoecklein informed members that PIR turned over the power bills for the crossings to the Museum until PIR resumes freight, and this responsibility will be memorialized in the new agreement.

Action Taken

Mr. Jones moved to: (1) approve extending the operating agreement between PIR and the Pacific Southwest Railway Museum (PSRM) for passenger-excursion services on a portion of the Desert Line and operation of a museum on the Campo Depot property; and (2) execute such agreement consistent with the terms. Mr. Perry seconded the motion, and it was unanimously approved.

9. Board Member Communications

Mr. Jones announced that Rail America has been acquired by Genesee & Wyoming. He stated that Genesee & Wyoming is a leader in the short line industry, and that it is a pleasure to be acquired by a company with such a bright future. Mr. Jones explained that RailAmerica's property in San Diego and Ventura will now fall under the Mountain West region. Mr. Jones' office will be moving to Salem, Oregon. Mr. Jones introduced Brad Ovitt, Senior Vice President of the Mountain West region, and David Brown, Chief Operating Officer from Jacksonville.

Mr. Jones ensured a smooth transition and added that Matt Domen will continue to be involved in the day-to-day operations. Mr. Jones and Mr. Perry will be stepping back to let Mr. Ovitt and Mr. Domen take over at the next meeting in April. He added that he feels that this group has made a lot of progress and offered his help in any way in the future. Mr. Jablonski thanked Mr. Jones and Mr. Perry for their service on the Board.

10. Public Comments

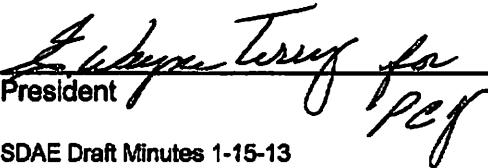
None.

11. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, April 16, 2013.

12. Adjournment

The meeting was adjourned at 9:53 a.m.



President



General Counsel

SDAE Draft Minutes 1-15-13

Attachment: Handout - PSRM Letter to Don Stoecklein



Pacific Southwest Railway Museum

La Mesa Depot 4895 Hebo Drive La Mesa, CA 91841 619-465-7778

**Mr. Don Stoecklein
President
Pacific Imperial Rail
c/o Stoecklein Law Firm
401 West A Street, Suite 1150
San Diego, CA 92101**

Re: Our meeting Friday, January 11, 2013

Dear Don:

Please accept this letter as a summary of our meeting held at your office last Friday, January 11, 2013. Those in attendance were: Sheila Lamire, PIR, Don Stoecklein, PIR, Greg Luiz, PSRM Director of Operations, Michael Edwards, PSRM Assistant Director of Operations and myself.

The primary objective for this meeting was to discuss the renewal of PSRM's operating agreement with the Metropolitan Transit System (MTS) and its impact upon the parallel operating agreement between MTS and PIR. This letter is intended to identify the responsibilities and establish the administrative infrastructure with regards to rail operations and traffic control as it pertains to the SDAE railway known as the Desert Line between MP 59.94 and MP 74. It was agreed upon that Pacific Southwest Railway Museum will be identified as the "Host Railroad" and control all rail operations between MP 59.94 and MP 74.0, specifically:

- 1. All rail traffic will be dispatched by PSRM.**
- 2. PSRM will be responsible for training and qualifying dispatchers in accordance with Federal Railroad Administration (FRA) standards including supervision, testing and record keeping.**
- 3. PSRM will establish and maintain all operating rules, policies, timetables, general orders, track bulletins, road frequencies and procedures for all rail traffic operating between MP 59.94 and MP 74.0 in compliance with all FRA and FCC regulations.**
- 4. PSRM will be responsible for maintaining designated track, structures, and right-of-way to Class 2 Federal standards in compliance with all FRA regulations.**
- 5. PSRM will be responsible for vegetation abatement along the right of way and in compliance with Cal-Fire and California PUC requirements.**

6. PIR and PSRM agree that PSRM is unable to assume liability for the grade crossings without maintaining financial responsibility for the public utility service at the two automated grade crossing warning systems located at state highway 94 at the west and east ends of the Campo Valley respectively. PSRM will perform all FRA mandated monthly, quarterly, semi-annual and annual inspections and maintenance and any other inspections and maintenance as necessary.
7. The above points shall not inhibit or restrict PIR's ability to operate freight trains along museum's portion of the Desert Line. PIR freight trains will be dispatched in conjunction with PSRM trains and with minimal delay.
8. This agreement shall remain in effect until such time as it naturally expires or until such time as PIR begins revenue freight rail movement on a consistent basis.

Thank you for your time and attention to this matter. I look forward to a mutually benefitting relationship.

Sincerely,

A handwritten signature in black ink, appearing to read "Diana Hyatt", with a long, sweeping horizontal line extending to the right.

Diana Hyatt
President

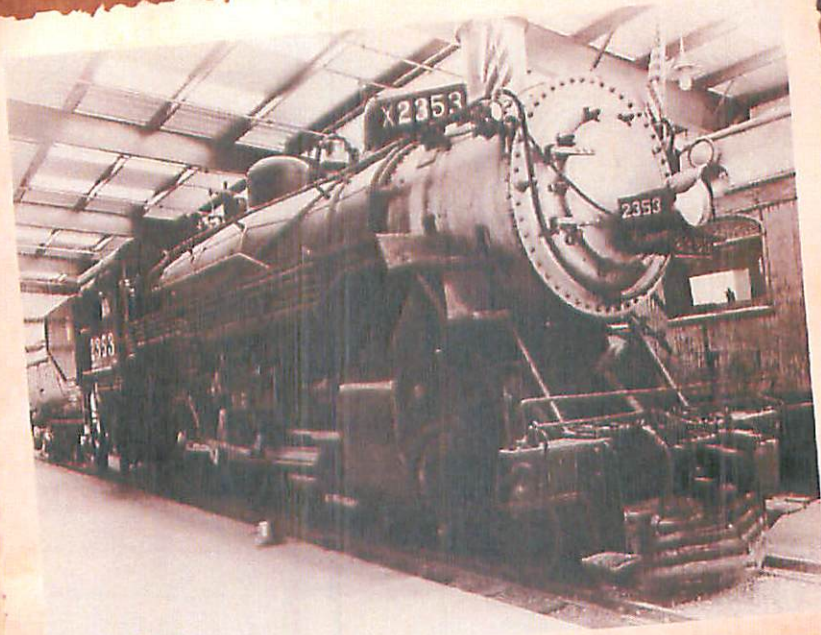


Photo by John Wright

COME AND ENJOY!

CHEFS FIRE UP THE

APRIL 20, 2013



12:00 - 5:00 PM

IRON HORSE

PRESENTED AT

THE CAMPO RAILROAD MUSEUM

The Chefs de Cuisine & The Campo RR Museum are celebrating
over fifty years of service to the San Diego community
together with The Southern California Vintners Alliance

**GOURMET FOOD SAMPLING • WINE TASTING
BEER GARDEN • SILENT AUCTION • LIVE MUSIC**

(MUST BE OVER 21)

TICKETS \$25 PER PERSON | \$30 DAY OF EVENT

\$20 PER PERSON FOR GROUPS OF 12 OR MORE

TICKETS AT WWW.PSRM.ORG | 619-465-7776



SCVA
Southern California Vintners Alliance



GOURMET FOOD

Last years selection included...

Seafood Station

Sushi, Seafood Pasta, Ceviche
and much more

Bar-B-Que Station

With Grilled Gourmet Sausages,
Chili, Bar-B-Que Chicken

The "Iron Horse" Oven

Carved Roasted Pig,
and New York Strip Loin

Salads

Caesar Salad
Potato Salad with
Cherry Wood Smoked Bacon

Tropical Fruit Salad

Spring Caprice Salad

Dessert Station

Assorted Cookies
Brownies
Assorted Pies

BEVERAGES

Wine provided by the members of
**The Southern California
Vintners Alliance**

Food prepared by
**Chefs de Cuisine
Association of San Diego**
www.sdchefsdecuisine.com

SPONSORS

**Caffé Calabria
Ballast Point Brewery**



TRAIN RIDES AVAILABLE

Train fares may be purchased when you place
your Iron Horse ticket order
or at the Campo Depot on the day of the event.



Agenda Item No. 2

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

April 16, 2013

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Board of Directors receive a financial report for three quarters ended March 31, 2013.

Budget Impact

None.

DISCUSSION:

Attached are the financial results for three quarters of fiscal years 2013 and 2012, which includes the periods ended March 31, 2013, and 2012.

The current year-to-date income is \$18,022 unfavorable to budget due to a reduction in Right of Entry permits revenue in the 3rd quarter and a \$7,840 reversal of some Right of Entry fees related to projects that may not be completed. In addition, revenue for the SD&IV freight fee is budgeted ratably throughout the year, but the fee will not be received until the 4th quarter.

Income has increased by \$41,255 compared to the same period last year due to a significant increase in Right of Entry permits. Finally, SD&AE received \$683 from the Secretary of State related to checks sent to us in 1995 that were never cashed.

Expenses are \$23,860 unfavorable to budget due to Outside Services totaling \$18,995 paid to PGH Wong for engineering related to Right of Entry permits, and \$4,733 paid to RL Banks for consulting services related to the Desert Line project. The budget for Outside Services was decreased during the midyear adjustment because there had been no activity in that line item.

Expenses have increased by \$49,898 over the same period last year due to a \$22,656 increase in personnel costs related to increased Right of Entry fees and a \$29,740 increase in Outside Services as stated above. The **net loss** for the first three quarters of FY 13 was \$24,765 compared to a **net loss** of \$16,123 for the same period in FY 12.

Attachment: SD&AE Operating Statement 3rd Quarter FY 13

SD&AE operating statement FY2013-12

	FY2013						FY2012	
	Q1 2013	Q2 2013	Q3 2013	YTD	Budget	Variance	Q1 - Q3	Variance
Revenue								
Right of entry permits	\$ 13,400	\$ 29,689	\$ (5,040)	\$ 38,049	\$ 44,889	(6,840)	6,121	31,928
Lease income	19,563	16,497	22,826	58,886	54,068	4,818	50,242	8,643
Other income	-	-	683	683	16,683	(16,000)	-	683
SD&IV 1% freight fee	-	-	-	-	-	-	-	-
Total revenue	32,963	46,186	18,469	97,618	115,640	(18,022)	56,363	41,255
Expense								
Personnel costs	25,179	30,410	21,379	76,968	75,260	(1,708)	54,312	(22,656)
Outside services	-	-	29,740	29,740	5,000	(24,740)	-	(29,740)
Energy costs	-	-	-	-	-	-	-	-
Risk management	5,752	5,752	3,637	15,141	17,029	1,888	17,865	2,724
Misc operating expenses	534	-	-	534	1,234	700	309	(225)
Depreciation	-	-	-	-	-	-	-	-
Total expense	31,465	36,162	54,757	122,383	98,523	(23,860)	72,486	(49,898)
Net income/(loss)	\$ 1,498	\$ 10,025	\$ (36,288)	\$ (24,765)	\$ 17,117	(41,882)	\$ (16,123)	(8,643)

Reserve balance 2012	\$ 916,413
Allocated interest earnings	1,651
Operating profit/(loss)	(24,765)
Improvement expense 2013	-
Reserve balance 2013-est	\$ 893,298

Agenda Item No. 3

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

April 16, 2013

SUBJECT:

REPORT ON SAN DIEGO AND IMPERIAL VALLEY (SD&IV) RAILROAD OPERATIONS

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 1st Quarter of 2013



SD&AE Board
C/O MTS
1255 Imperial Avenue, Suite 1000
San Diego, California 92101

April 2, 2013

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 1st Quarter of 2013 are listed as follows:

1. Labor

At the end of March 31, 2013 the San Diego & Imperial Railroad had 10 employees:

- 1 General Manager
- 1 Asst. General Manager
- 1 Asst. Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Manager
- 1 Roadmaster
- 1 Maintenance of Way Employee
- 2 Train Service Employees

2. Marketing

Volume in the 1st Quarter rose 38% as compared to 2012. Bridge traffic had a 44% increase, primarily driven by a rise in LPG traffic. Traffic terminating or originating on the SDIY rose 7% as compared to this time last year. Primary driver was sand products moving to Kleen Blast.

3. Reportable Injuries/Environmental

Days through year to date, March 31, 2013, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 4933

4. Summary of Freight

	2013	2012	2011
Total rail carloads that moved by SDIY Rail Service in the quarter.	1227	756	1418
Total railroad carloads Terminating/Originating Mexico in the quarter.	1043	584	1167
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	184	172	251
Total customers directly served by SDIY in the quarter	10	10	10
Regional Truck trips that SDIY Railroad Service replaced in the quarter	3681	2268	4254

Respectfully,

Randy Perry
General Manager

Agenda Item No. 4

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

April 16, 2013

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Quarterly Report



Pacific Southwest Railway Museum

La Mesa Depot 4695 Nebo Drive La Mesa, CA 91941 619-465-7776

April 5, 2013

SD&AE Board
c/o Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

Re: First Quarter, 2013

Dear SD&AE Board:

During the first quarter of 2013, the Pacific Southwest Railway Museum carried 3,081 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for first quarter, 2013 was \$ 20,934.32, a check for \$418.69 is attached to the hard copy of this letter. By comparison, PSRM carried:

3,001 passengers during the first quarter of 2012
924 passengers during the first quarter of 2011
1,006 passengers during the first quarter of 2010
2,483 passengers during the first quarter of 2009
2,987 passengers during the first quarter of 2008

752 of our riders during the first quarter of 2013 were redeeming Groupon vouchers as compared to 410 Groupon riders during the same quarter of 2012.

On Sunday, January 6, 2013 the Christmas Train event took place in Tecate, B.C., Mexico. Since the collapse of tunnel 3 in Mexico on December 25, 2009, the museum has been unable to provide a train for this event. However, PSRM continues to be an ardent supporter of this event, its dedicated volunteers and its' leader, Margaret Coval who continues the work in memory of her late husband Charles Coval.

During the first quarter of 2013, the museum held one special event over a three day period known as the Bunny Trains. These trains attracted 734 passengers, primarily families with young children to visit the museum and enjoy some Easter fun including an egg hunt in our Display Building.

Track maintenance and monthly signal inspections continue. The primary focus **remains** upgrading the track in the curves as well as tie renewal where necessary. A **re-application** of pre-emergent and weed killer was scheduled for late March and actually took place **on April 3, 2013**. A truckload of ties has been ordered in expectation of more tie replacement **along the right of way** between tunnel 4 and Campo for the remainder of this year.

Highlights for second quarter 2013 will be the Chefs Fire Up the Iron Horse wine and food pairing event in our Display Building on Saturday, April 20; Father's Day BBQ and train ride on Sunday, June 16 and a modification to our summer schedule beginning **on Saturday, June 22**. From June 22 through Sunday, September 1, 2013, the museum will operate **two evening trains** on Saturday, one departing the Campo Depot at 5:00 pm and one departing at 7:00 pm and will not operate any passenger trains on Sundays during this time period. The **regular Golden State** train schedule will resume on Saturday, September 7, 2013.

Sincerely,

A handwritten signature in black ink, appearing to read "Diana Hyatt", with a long horizontal flourish extending to the right.

Diana Hyatt
President

Enc.

Agenda Item No. 5

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

April 16, 2013

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Quarterly Report



PERIODIC REPORT

April 9, 2013

The periodic report to the SD&AE Railway Company is produced quarterly by the Pacific Imperial Railroad for the SD&AE Board, in fulfillment of contractual requirements and to document activity in the restoration of the line to regional service along with its ongoing improvement for future generations.

Pacific Imperial Railroad

First Quarter 2013

CONTENTS

- I. GOVERNMENTAL**
- II. DESERT LINE**
- III. REPORTABLE INJURIES / ACCIDENTS /
ENVIRONMENTAL INCIDENTS**
- IV. MARKETING**
- V. FREIGHT ACTIVITY**

I. GOVERNMENTAL

a. Department of Transportation – Surface Transportation Board – March 3, 2013

Pacific Imperial Railroad, Inc. filed a verified notice of exemption under 49 CFR 1150.31 to change operators from San Diego & Imperial Valley Railroad Company, Inc. (SDIY to PIR over a 70.1 mile rail line between milepost 59.60 in Division, California and milepost 129.61 in Plaster City, California (Desert Line), which exemption went effective on March 3, 2013. Copy attached.

b. Department of Transportation – Surface Transportation Board – March 27, 2013

Pursuant to 49 U.S.C. § 10502(a) and 49 C.F.R. § 1180 2(d)(7), Pacific Imperial Railroad, Inc. submitted to its counsel for filing a notice of its exemption from 49 U.S.C. § 11323(a)(6) for the assignment of trackage rights over a rail line of Union Pacific Railroad Company (UP) between Plaster City, California (Milepost No. 129.61) and Seeley, California (Milepost No. 140.0), a distance of 10.39 miles in Imperial County, California (Trackage Rights Line).

II. DESERT LINE STATUS

a. Reconstruction Plan

- i. **Inspections – PIR is currently evaluating various consultants capable of providing the expertise to provide Bridge Inspection, Bridge Management Program, Track Inspection and Tunnel Inspection, inclusive of a Track Strength, Track Geometry and Rail Profile Measurement Report.**
 - ii. **Construction – PIR has taken two bids to establish estimates of the costs associated with the reconstruction of the bridges, tunnels, and rail infrastructure on the Desert Line. Currently bids are on hold pending more detailed information to be generated as the result of Inspections as referenced in II(a)(i) above.**
- b. **Financing Plan – PIR has executed agreements with Investment Bankers and hired a Chief Executive Officer, Ernie Dalhman, founder of Dalhman & Rose, to assist the company in its capital raising functions.**

III. REPORTABLE

INJURIES/ACCIDENTS/ENVIRONMENTAL INCIDENTS

- a. **There have not been any reportable accidents.**
- b. **There have not been any reportable injuries.**
- c. **There have not been any reportable environmental incidents.**

IV. MARKETING

- a. PIR is currently preparing a Marketing Plan by utilizing information gathered in surveys generated from the numerous Maquiladora manufactures.**
- b. The PIR generated Marketing Plan is intended to establish the capacity required for the Desert Line, including freight container movement, freight size (20 foot-40 foot-53 foot containers) and the freight costs associated with the movement of the freight from the Maquiladora region and into the Maquiladora region.**

V. FREIGHT ACTIVITY

- a. Currently PIR has not commenced revenue generation pending completion of the Inspections and Construction above.**



CFR Section	Respondent universe	Total annual responses	Average time per response	Total annual burden hours
239.101(a)(1)(II)—Maintenance of Current Emergency Telephone Numbers.	2 railroads	2 current lists	1 hour	2
239.101(a)(3)—Joint Operations by Railroads—Joint Emergency Preparedness Plan (EPP).	5 railroad pairs	1 joint plan	16 hours	16
239.101(a)(5)—Liaison with Emergency Responders—Updated Plans Containing Emergency Responder Liaison Information.	25 railroads	25 updated plans	40 hours	1,000
239.101(a)(7)(II)—Passenger Safety Information—Plans and Posting of Safety Awareness Messages.	3 new railroads/3 commuter railroads.	1,300 cards/3 plans/3 safety messages/3 plans/3 safety messages.	5 minutes/16 hours/48 hours/8 hours/24 hours.	396
239.105—Debriefing and Critique After Each Passenger Train Emergency Situation or Full Scale Simulation.	25 railroads	44 debriefing/critique sessions	27 hours	1,188
239.301—Operational (Efficiency) Tests of On-board and Control Center Employees and Records of Tests.	25 railroads	25,000 tests/records	15 minutes	6,250

Total Responses: 43,536.

Total Estimated Annual Burden: 11,520 hours.

Type of Request: Extension of a Currently Approved Collection.

Pursuant to 44 U.S.C. 3507(a) and 5 CFR 1320.5(b), 1320.8(b)(3)(vi), FRA informs all interested parties that it may not conduct or sponsor, and a respondent is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Authority: 44 U.S.C. 3501–3520.

Issued in Washington, DC on January 15, 2013.

Rebecca Pennington,
Chief Financial Officer, Federal Railroad Administration.

[FR Doc. 2013–01188 Filed 1–22–13; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35709]

Pacific Imperial Railroad, Inc.—Change in Operator Exemption—Rail Line of San Diego and Arizona Eastern Railway Company

Pacific Imperial Railroad, Inc. (PIR), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to change operators from San Diego & Imperial Valley Railroad Company, Inc. (SDIY)¹ to PIR over a 70.01-mile rail

¹ SDIY was authorized to operate the Desert Line in San Diego & Imperial Valley Railroad—

line between milepost 59.60 in Division, Cal., and milepost 129.61 in Plaster City, Cal. (Desert Line). The Desert Line is owned by San Diego and Arizona Eastern Railway Company (SD&AE). The change in operators for the line is being accomplished through SDIY's assignment of its authority to operate the Desert Line to PIR, with the consent of SD&AE and its parent, San Diego Metropolitan Transit Development Board. This change in operators is exempt under 49 CFR 1150.31(a)(3).²

PIR certifies that its projected annual revenues as a result of this transaction will not exceed those that would qualify it as a Class III rail carrier. However, because its projected annual revenues will exceed \$5 million, PIR certified to the Board that, pursuant to the notice requirements of 49 CFR 1150.32(e), it has provided notice to employees on the affected line and that notice was not served on the national offices of any rail labor union because no employees on the affected line belonged to a rail labor union. Under 49 CFR 1150.32(e), this exemption cannot become effective until March 3, 2013, 60 days after the latest certification that PIR provided the required notice to employees.³

Exemption from 49 U.S.C. 10901 & 11301, FD 30457 (ICC served Aug. 17, 1984).

² To qualify for a change of operators exemption, an applicant must give notice to shippers on the line. See 49 CFR 1150.32(b). In a letter filed January 2, 2013, PIR certified to the Board that, at present, there are no shippers on the Desert Line; therefore, no service of this notice is required on shippers.

³ PIR supplemented the certification in its verified notice by letters filed on December 27, 2012 and January 2, 2013. On January 9, 2013, PIR clarified that the employees of SDIY are not

If the verified notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than February 22, 2013 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35709, must be filed with the Surface Transportation Board, 395 E Street, SW., Washington, DC 20423–0001. In addition, one copy of each pleading must be served on Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604–1112.

Board decisions and notices are available on our Web site at www.stb.dot.gov.

Decided: January 17, 2013.

By the Board, Rachel D. Campbell,
Director, Office of Proceedings.

Jeffrey Herzig,
Clearance Clerk.

[FR Doc. 2013–01306 Filed 1–22–13; 8:45 am]

BILLING CODE 4915–01–P

members of a union; thus, union notification was not required.

Agenda Item No. 6a

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

April 16, 2013

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE JANUARY 15, 2013

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Since the January 15, 2013, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-13-558: Right of Entry Permit to LB Civil Construction, Inc. for 24th Street and Civic Center Drive freeway and ramp improvements in the City of National City.
- S200-13-561: Right of Entry Permit to Davey Tree Surgery Company for tree maintenance and wood power-pole inspections along various portions of the SD&AE right-of-way.
- S200-13-566: Right of Entry Permit to NX Utilities, LLC for installing fiber-optic cabling at 28th Street in the City of San Diego.

Agenda Item No. 6b

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

April 16, 2013

SUBJECT:

EASEMENT FOR A WATER PIPELINE – H STREET, CHULA VISTA

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve issuing an easement to Sweetwater Authority for a proposed 16-inch water pipeline crossing under SD&AE tracks located on H Street between Bay Boulevard and Marina Parkway in Chula Vista, California.

Budget Impact

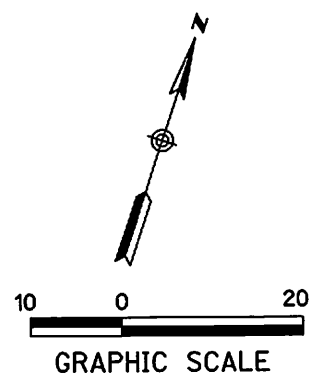
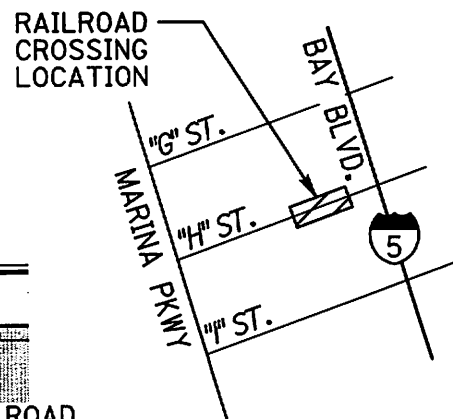
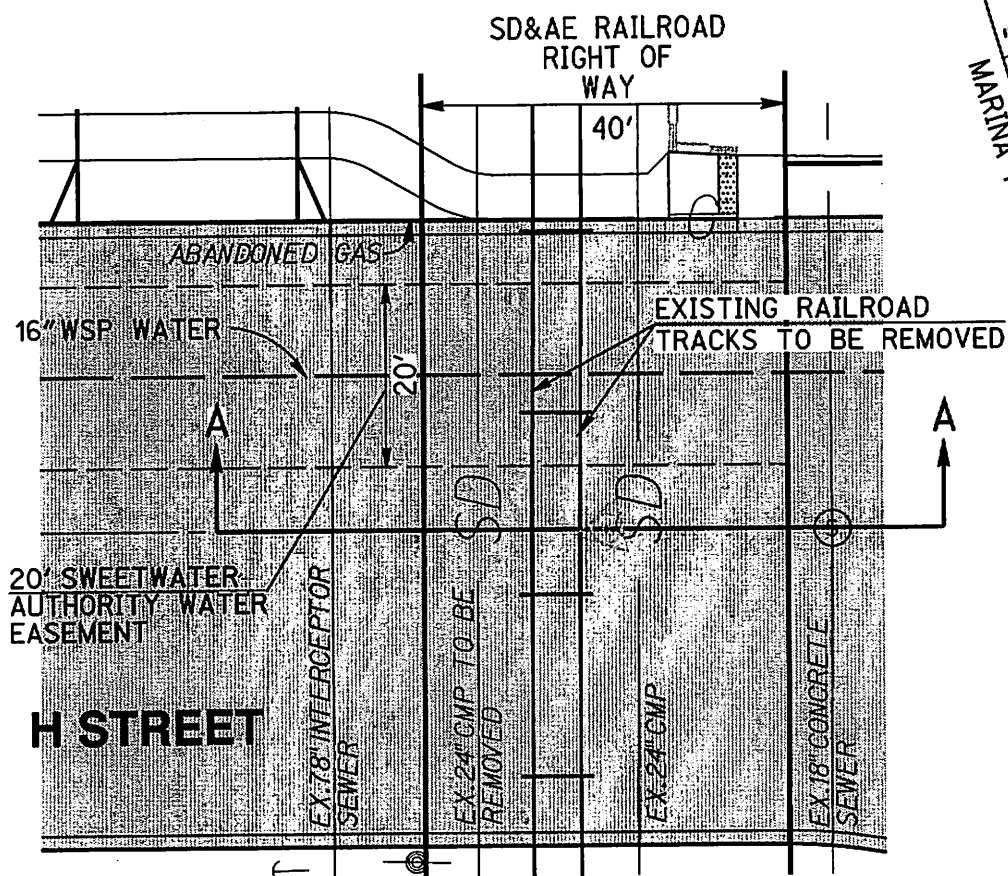
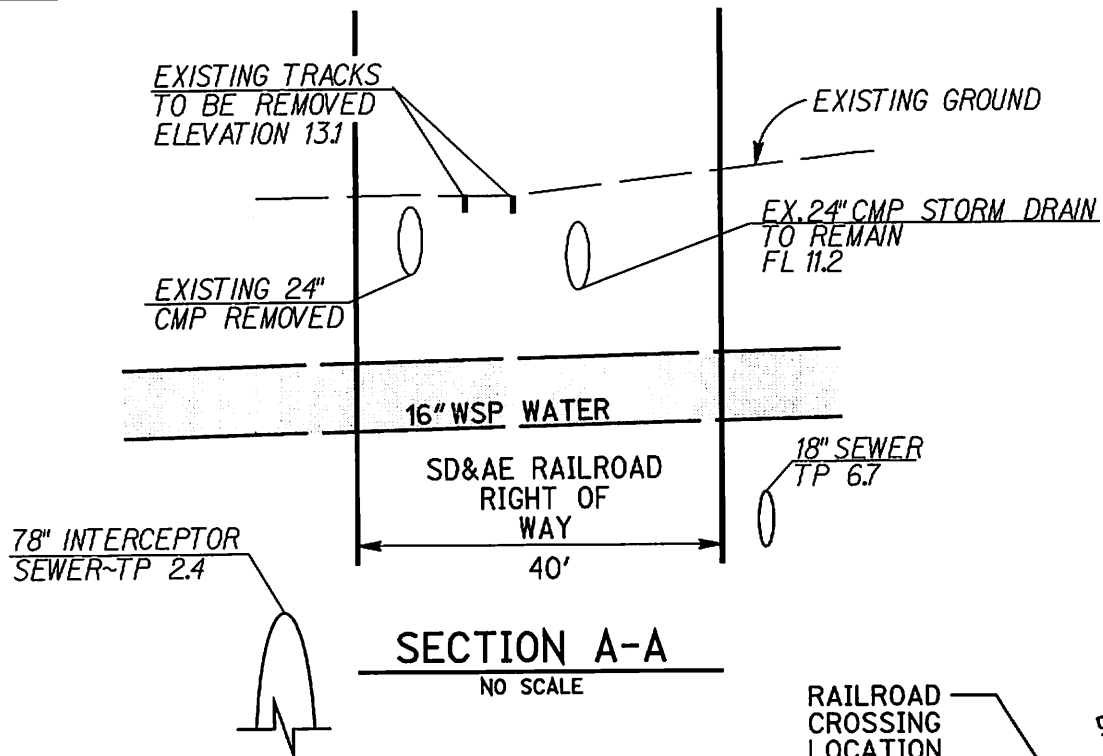
If approved, the initial income to SD&AE would be a one-time fee based on an appraisal from an MAI-certified appraiser. Sweetwater Authority would also reimburse MTS for processing fees incurred in preparing and processing the easement.

DISCUSSION:

Sweetwater Authority requests the issuance of an easement for an underground crossing under SD&AE tracks located on H Street between Bay Boulevard and Marina Parkway in Chula Vista. The underground crossing would serve as an upgrade to Sweetwater Authority's system. (Attachment 6b-2 is an exhibit of the proposed project.)

Previously, the SD&AE Board approved a new public at-grade crossing at this location to extend H Street for new development west of the Coronado Branch. The water pipeline is part of the public improvements to serve this overall development.

Attachment: Exhibit of Proposed Project



H STREET EXTENSION PROJECT AND PROPOSED WATER LINE AT RAILROAD ROW, CPUC CROSSING NO. 036C-7.78 (MILEPOST 7.78)

Agenda Item No. 6C

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

April 16, 2013

SUBJECT:

ANCILLARY REAL ESTATE ACTIONS FOR THE TROLLEY RENEWAL PROJECT –
SDG&E SERVICE EASEMENT FOR TRACTION POWER SUBSTATION POWER
SUPPLY

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors authorize the President to execute any and all ancillary real estate documents and agreements that are needed for the MTS Trolley Renewal Project.

Budget Impact

Staff support and expenses covered by various San Diego Association of Governments (SANDAG) and MTS capital projects supporting the Trolley Renewal Project.

DISCUSSION:

The Trolley Renewal Project is a system-wide rehabilitation and upgrade of the existing Trolley System. The project includes the purchase of new low-floor vehicles, rehabilitation and retrofit of stations and transit centers throughout the system, new crossovers and upgraded signaling, replacement of the overhead catenary wire, track work and rail replacement, slope repair, and traction power substation replacement and rehabilitation.

The new low-floor trolley vehicles are planned to be deployed throughout the system, replacing the oldest trolley vehicles. These new cars consume more energy than the older models. The project team determined that additional traction power substations be constructed along the Orange and Blue Lines to provide additional power to the traction power system.

San Diego Gas and Electric (SDG&E) requires easements for the new service-supply infrastructure that feeds the new substations. There are 17 new substations planned; 9 of these locations are on SD&AE-owned property. (The attached easement example is substantially the same for all the locations.) Additionally, there may be other minor actions required by the SD&AE Board to complete the project. The Board is asked to grant the authority to the President to execute these agreements without additional Board action.

Attachment: Easement example

Recording Requested by
San Diego Gas & Electric Company

When recorded, mail to:

San Diego Gas & Electric Company
8335 Century Park Court, Suite 100
San Diego, CA 92123-1569
Attn: Real Estate Records - CP11D

SPACE ABOVE FOR RECORDER'S USE

Project No.: 161067-150

Const. No.: 2958951

A.P. No. : 638-130-04

Sketch No.: OS-15182

MTS Doc. No. S200-13-563

Transfer Tax None

SAN DIEGO GAS & ELECTRIC COMPANY

EASEMENT

SAN DIEGO & ARIZONA EASTERN RAILWAY COMPANY A NEVADA NON-PROFIT CORPORATION (Grantor), grants to SAN DIEGO GAS & ELECTRIC COMPANY, a corporation (Grantee), an easement and right of way in, upon, over, under and across the lands hereinafter described, to erect, construct, change the size of, improve, reconstruct, relocate, repair, maintain and use facilities consisting of:

1. Underground facilities and appurtenances for the transmission and distribution of electricity.
2. Communication facilities, and appurtenances.

The above facilities will be installed at such locations and elevations upon, along, over and under the hereinafter described easement as Grantee may now or hereafter deem convenient or necessary. Grantee also has the right of ingress and egress, to, from and along this easement in, upon, over and across the hereinafter described lands. Grantee further has the right, but not the duty to clear and keep this easement clear from explosives, buildings, structures and materials.

The property in which this easement and right of way is hereby granted is situated in the City of San Diego, County of San Diego, State of California described as follows:

That portion of Lot A86 of San Ysidro, according to Map thereof No. 1174, filed in the Office of the County Recorder of said County of San Diego, lying within the 100 foot San Diego and Arizona Eastern Railway Right of Way as shown and delineated on Sheet 5 of Record of Survey Map No. 15490, filed April 24, 1997 at File No. 97-189329 in said Office of the County Recorder of said County of San Diego.

The easement in the aforesaid property shall be a strip of land, including all of the area lying between the exterior sidelines, which sidelines shall be three (3) feet, measured at right angles, on each exterior side of each and every facility installed, the approximate location being shown and delineated as "UTILITY FACILITIES" on the Exhibit "A", attached hereto and made a part hereof.

Grantor shall not erect, place or construct, nor permit to be erected, placed or constructed, any building or other structure, plant any tree, drill or dig any well, within this easement.

Grantor shall not increase or decrease the ground surface elevations within this easement after installation of Grantee's facilities, without prior written consent of Grantee, which consent shall not unreasonably be withheld.

Grantor further grants to Grantee the right to assign any or all of the rights granted in this easement in whole or in part to other companies providing utility or communication facilities/services.

Grantee shall have the right but not the duty, to trim or remove trees and brush along or adjacent to this easement and remove roots from within this easement whenever Grantee deems it necessary. Said right shall not relieve Grantor of the duty as owner to trim or remove trees and brush to prevent danger or hazard to property or persons.

CONDUITS CARRY HIGH VOLTAGE ELECTRICAL CONDUCTORS, therefore Grantor shall not make or allow any excavation or fill to be made within this easement WITHOUT FIRST NOTIFYING SAN DIEGO GAS & ELECTRIC COMPANY BY CALLING (619) 696-2000, and OBTAINING PERMISSION.

The legal description for this easement was prepared by San Diego Gas & Electric Company pursuant to Section 8730 of the Business and Professions Code, State of California.

This easement shall be binding upon and inure to the benefit of successors, heirs, executors, administrators, permittees, licensees, agents or assigns of Grantor and Grantee.

IN WITNESS WHEREOF, Grantor executed this instrument this _____ day of _____, 20____.

SAN DIEGO & ARIZONA EASTERN RAILWAY
COMPANY, A NEVADA NON-PROFIT
CORPORATION

By: _____

Name: _____

Title: _____

Drawn: Hutter
Checked: CH
Date: 03/08/2013

STATE OF CALIFORNIA

COUNTY OF _____)SS.

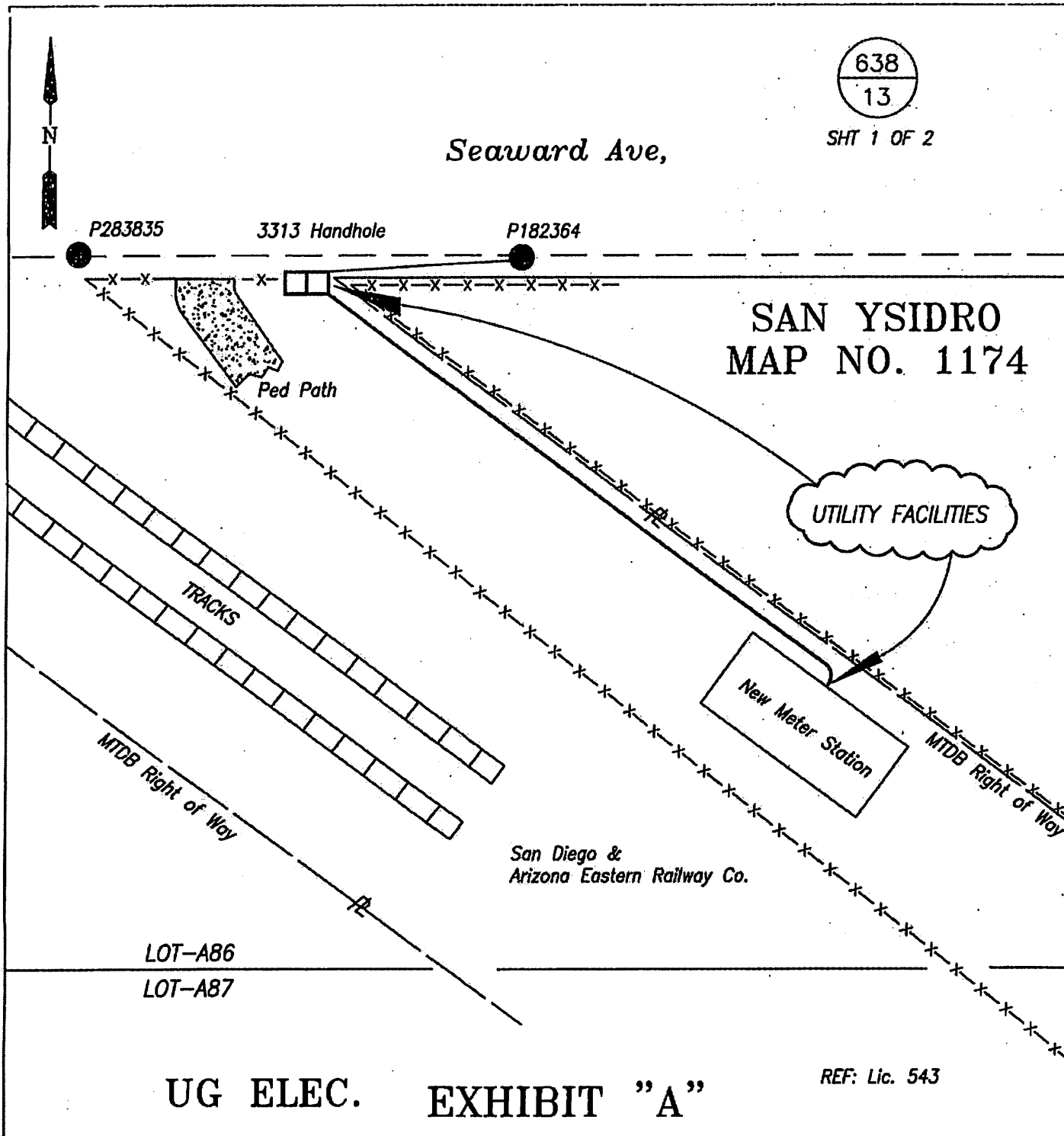
On _____, before me _____
_____ (name, title of officer), appeared _____
_____.

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____



SAN DIEGO GAS & ELECTRIC SAN DIEGO, CALIFORNIA		ORIGINATOR: JStaley	OK TO INSTALL:	PROJECT NO. 161067-150		
		SURVEYED BY: NONE	R/W OK:	CONST. NO. 2958951		
MTS Traction Station Seaward Ave. (San Ysidro) San Diego, CA		DRAWN BY: JHutter	DATE: 03/08/2013	THOS. BROS. 1350-F4	DRAWING NO. 0S-15182	
		DATE: 03/08/2013	SCALE: NONE		DATE:	BY
NO.	SUPPLEMENTS				APP'D	

Agenda Item No. 7

**San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting**

April 16, 2013

SUBJECT:

ELECTION OF SD&AE CHAIRPERSON AND BOARD MEMBER

RECOMMENDATION:

That the SD&AE Board of Directors discuss electing a new Chairperson and Board member for the SD&AE Board of Directors and forward a recommendation to the MTS Board of Directors for approval.

Budget Impact

None.

DISCUSSION:

Randy Perry and Bob Jones will be resigning as SD&AE Chairperson and Board member, respectively, and therefore, the SD&AE Board needs to elect a new Chairperson to replace Mr. Perry and a new Board member to replace Mr. Jones. Mr. Perry and Mr. Jones are recommending consideration of Brad Ovitt and of RailAmerica and Matt Domen of San Diego and Imperial Valley (SD&IV) Railroad.