

# MINUTES

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

January 14, 2014

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 14, 2014, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Matt Domen and Wayne Terry (as the alternate for Paul Jablonski). Brad Ovitt was absent. Also in attendance were members from:

San Diego Metropolitan Transit System:  
San Diego Association of Governments:  
Pacific Southwest Railway Museum:  
Pacific Imperial Railroad, Inc.:

Kimley-Horn & Associates:  
Trains Magazine:  
FFBC:  
Other:

Tim Allison, Karen Landers, Erin Dunn  
Pete d'Ablaing  
Diana Hyatt  
Sheila LeMire, Dave Arganbright, Jack Rohal,  
Raul Pulido, David Rohal, Charles Patterson  
Anthony Podegracz  
Don Jones  
Hector Gonzalez  
Ana Sofia Gonzalez, Juan Antonio Martinez

### 1. Approval of Minutes

Mr. Terry moved to approve the Minutes of the October 22, 2013, SD&AE Railway Board of Directors meeting. Mr. Domen seconded the motion, and it was unanimously approved.

### 7. Update on San Ysidro Freight Yard Improvement Projects (Taken Out of Order)

Pete d'Ablaing of SANDAG and Anthony Podegracz of Kimley-Horn gave an update on San Ysidro Freight Yard Improvement Projects. (See attached PowerPoint.)

#### Action Taken

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

### 2. Statement of Railway Finances

Erin Dunn reviewed the financial statement for the 4th quarter of 2013 (attached to the agenda item). Tim Allison added that some of the expenses were for a wind turbine project in the valley, which required engineers and personnel.

#### Action Taken

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

3. Report on San Diego & Imperial Valley Railroad (SD&IV) Operations

Matt Domen reviewed the report of activities for the 4th quarter of 2013 (attached to the agenda item). Mr. Domen stated that there was an additional engineer/conductor position added under Labor (on page 1 of the report) for a total of 10 employees at the end of December 31, 2013.

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the 4th quarter of 2013 report (attached to the agenda item). Ms. Hyatt noted the following corrections to the report:

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During the fourth quarter of 2013, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 26 passenger trains carrying 6,535 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for fourth quarter, 2014 exceeded \$140,000; a → \$160,000 more accurate accounting will be provided verbally at the quarterly meeting of the SD&AE board. By comparison, PSRM carried 6,889 passengers during the fourth quarter of 2012 and total income from SD&AE property was \$185,410.

Ms. Hyatt stated that the decline in ticket revenue was due to reduced train operations.

Ms. Hyatt expressed concern that it has been a year since the operating agreement has expired and it has been on a month-to-month basis. Ms. Hyatt requested separate operating agreements for PIR and the Museum.

Ms. Landers responded that she is not amenable to separate agreements. She added that MTS is not willing to sign off on not being a party to maintenance and operations on the line, and that the intent is to renew the agreement for five years. Ms. Landers stated that some additional provisions need to be added to the lease. Ms. Hyatt responded that the issue with a month-to-month lease is that it could affect the Museum when applying for potential grants.

Shelia LeMire of PIR clarified that the intention was not to leave MTS out of the agreement but instead for PIR to work with the Museum to iron out the responsibilities and then present them to MTS.

Ms. Landers stated that passenger operations should not be addressed in the agreement at this point. She clarified that the agreement will continue for five years and will include responsibilities (that are amenable to all parties).

Ms. Hyatt requested copies of the appendices that are to be included with the agreement. Ms. Landers agreed to provide those copies.

Action Taken

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

**5. Report on the Desert Line**

Sheila LeMire introduced David Rohal, newly elected President of PIR. Mr. Rohal introduced new PIR personnel: Charles Patterson, Chief Commercial Officer; David Arganbright, Senior Vice President of Development; Raul Pulido, Controller; and Jack Rohal (David Rohal's son).

Chas McHaffie reviewed PIR's 4th quarter of 2013 report (attached to the agenda item). Mr. McHaffie explained that PIR will be focusing on commodities solely on the U.S. side of the border going forward and doing much less business with the maquiladoras than originally planned. He added that PIR will submit the newly revised business plan to the SD&AE Board by the next quarter.

Mr. McHaffie informed members that PIR submitted payments on schedule and in conformance with its contract.

- **Alejandro De La Torre of Baja California Railroad, Inc.**

1. Mr. De La Torre requested the status of the maintenance project on the Desert Line and a time line for completion. He stated that Baja is working on the rail line in Tecate and anticipates completion by June 2014.

Mr. Rohal, PIR President, responded stating that PIR had an engineering firm conduct physical inspections of the bridges, tunnels, rails, and ties. They should have a final sum for the work required in a few weeks. Mr. Rohal stated that the line is currently not safe to operate on, and all work and testing must be completed and in compliance before operations can commence. He added that he could not provide a time line at this time.

2. Mr. De La Torre asked who the majority owners of PIR are because there are two groups claiming to be the owners (PIR and Dan Barone). He asked who to speak with regarding an interchange agreement.

Mr. McHaffie responded that the majority owners of PIR are a group from Nevada, and Mr. McHaffie is their representative on all matters.

3. Mr. De La Torre commented that information on PIR's Web site is creating issues for his company because it implies that PIR is operating on the Tecate short line. He requested that PIR correct this information. Ms. LeMire responded that the information on the Web site does not say that specifically, but it is a little vague. Mr. McHaffie added that since the new business plan will be geared toward the U.S., all of that current information will be alleviated.

**Action Taken**

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since October 22, 2013

Tim Allison stated that since the October 22, 2013, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-14-587: Right of Entry Permit to LB Civil Construction, Inc. to construct the extension of H Street in the City of Chula Vista.

Action Taken

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

8. Board Member Communications

There were no Board member communications.

9. Public Comments

There were no additional public comments.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on April 15, 2014.

11. Adjournment

The meeting was adjourned at 9:30 a.m.

  
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President

  
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General Counsel

Attachment: PowerPoint - *TCIF Funded South Line Freight Rail Projects*



# TCIF Funded South Line Freight Rail Projects

Status Update: SD&AE Main Line  
Track and San Ysidro Freight Yard  
Improvements Projects

SD&AE Board of Directors  
January 14, 2014

## Trade Corridors Improvement Fund (TCIF) Program

- » Statewide program, \$250M in San Diego
- » Focus on freight infrastructure improvements on high volume trade corridors
- » CTC has approved project scopes of work and funds have been allocated
- » Monitored by California Transportation Commission (CTC) and Caltrans Division of Rail (DOR)



## South Line Freight Corridor Improvements

- » Increased Freight Capacity within corridor
  - Doubles capacity - increase freight capacity from 10,000/year to 19,600/year (from 2 to 4 trains/day)
  - Provide freight capacity to potentially eliminate up to 31,800 truck trips/year on regional facilities
- » Increase speed of freight traffic along corridor
- » Safety improvements through Signal upgrades
- » Potential for improved connectivity with Mexico
- » Leverages rail investments and provides flexibility for future Freight demands.
- » Also benefits MTS



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## South Line Freight Corridor Details

- » 2 Separate Construction Projects
  - San Ysidro Yard Expansion Project
    - Cost:
      - \$25.9M from TCIF
      - \$40.5M total cost
    - Status:
      - Right-of-Way Acquisition Complete
      - Initial Construction started early 2013
      - Main Construction project to start in February 2014
  - Main Line Improvement Project
    - Cost:
      - \$42.2M from TCIF for mainline improvements
      - \$51.2M total cost
    - Status:
      - Broken into 4 Phases for Construction
      - 3 Phases in Construction (1 complete)
      - 4<sup>th</sup> Phase schedule to start in February 2014

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# Mainline Improvement Project

## » Project Elements

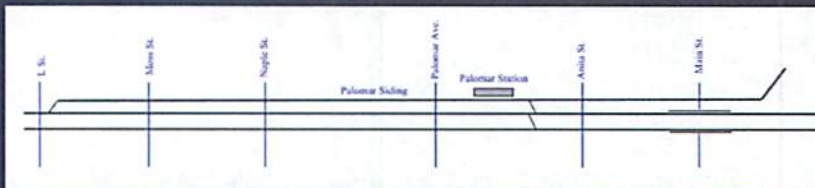
- Signaling Improvements
  - Aerial Cable/Fiber Backbone
  - Positive Train Separation (if FRA requires)
  - Bi-Directional CTC
  - Bi-Directional Grade Crossing
- Palomar Siding Improvements
  - Siding Split North and South of Palomar St. Trolley Station
  - New Southern Connection
  - Freight Bridge Over Main Street
  - New turnouts and derails
- New Mainline Crossovers
  - Just South of San Diego Yard Entrance
  - North of L Street



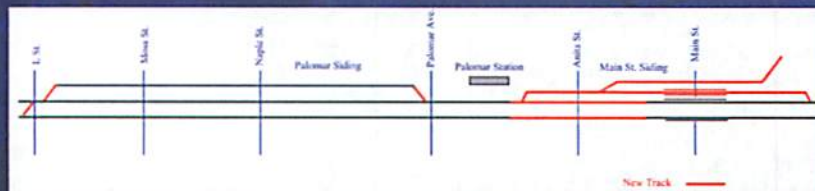
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# Mainline Improvement Project Status

## » Palomar Siding: Existing Condition



## » Palomar Siding: Future Configuration



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# Mainline Improvement Project Status

## » Construction Phasing

- Broken into 4 Phases to Aid in project delivery and for Efficiency with concurrent Trolley Improvement Program
- Phase 1: Aerial Cable/Fiber Backbone
  - Complete
- Phase 2: Initial Signal & Track Improvements
  - In final stage of Construction
- Phase 3: Palomar Siding Improvements
  - Concurrent with Palomar LRT Station reconstruction, work scheduled for mid 2014 (overall construction contract underway)
- Phase 4: Track, Signal and Grade Separation Improvements
  - Project awarded to Flatiron/H&H Joint Venture
  - Anticipate Construction NTP will occur in February 2014
  - Project duration: 545 calendar days (~18 months)



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# San Ysidro Freight Yard Expansion

## » Project Elements

- Freight Track Improvements
  - Reconstruction of Storage Tracks and Special Trackwork
  - Yard Lead Extension
- New Access Road & Circulation
- New Paved Loading Areas
  - Improved Potential for Transloading
- Signal Improvements
- Grading & Drainage Improvements
- New Lighting and Communication Systems (CCTV)
- Right of Way Acquired



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# San Ysidro Freight Yard Expansion

- Right-of-Way Acquisition:
  - Complete
- Construction:
  - Initial Phases
    - Chain and Mow occurred in January 2013
    - Initial Mainline work occurred in late 2013
  - Main Project
    - Awarded to West Coast General
    - NTP to occur February 3, 2014
    - Project Duration: 300 working days (~ 15 months)



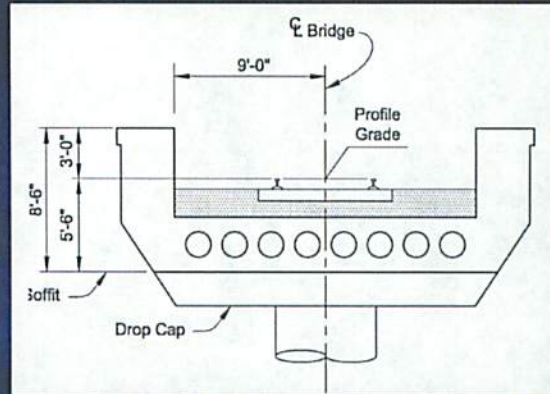
## Conclusion

- » We will continue to work with MTS/SD&AE.
- » We will continue to monitor concurrent Trolley Improvement Projects.
- » Questions?
- » Contacts
  - Pete D'Ablaing (619-699-1906; [Pete.Dablaing@sandag.org](mailto:Pete.Dablaing@sandag.org))
  - Anthony Podegracz (619-744-0116; [anthony.podegracz@kimley-horn.com](mailto:anthony.podegracz@kimley-horn.com))



# Mainline Improvement Project Status

## » Main Street Bridge – Precast Thru Girder



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