



**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
BRAD OVITT, CHAIRPERSON
MATT DOMEN
PAUL JABLONSKI

OFFICERS
PAUL JABLONSKI, PRESIDENT
MATT DOMEN, SECRETARY
ERIN DUNN, TREASURER

LEGAL COUNSEL
KAREN LANDERS

AGENDA

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

January 14, 2014

9:00 a.m.

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

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 of the Board prior to the meeting and are to be returned at the end of the meeting.

**ACTION
RECOMMENDED**

1. Approval of the Minutes of October 22, 2013
Action would approve the SD&AE Railway Company Minutes of October 22, 2013. Approve
2. Statement of Railway Finances (Erin Dunn)
Action would receive a report for information. 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 October 22, 2013
Action would receive a report for information. Receive
7. Update on San Ysidro Freight Yard Improvement Projects (Pete d'Ablaing of SANDAG)
Action would receive a report for information. Receive
8. Board Member Communications
9. Public Comments
10. Next Meeting Date: April 15, 2014
11. Adjournment

DRAFT MINUTES

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

October 22, 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 October 22, 2013, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Brad Ovitt, Matt Domen, and Paul Jablonski. Also in attendance were members from:

San Diego Metropolitan Transit System:	Tim Allison, Karen Landers, Wayne Terry, Erin Dunn
San Diego Association of Governments:	Christina Casgar
Pacific Southwest Railway Museum:	Diana Hyatt
Pacific Imperial Railroad, Inc.:	Sheila LeMire
Burlington Northern Santa Fe:	John Hoegemeier
AMICARGA:	Jorge O. Monraz
San Diego Electric Railway Association:	R. Mitchell Beauchamp

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the July 16, 2013, SD&AE Railway Board of Directors meeting. Mr. Domen seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed the financial statement for the 3rd quarter of 2013 (attached to the agenda item). She explained that income has increased due to the Desert Line lease revenue not being included in the original budget. Ms. Dunn reported that expenses were unfavorable but were offset by favorable risk management costs and the timing of expenses for outside services.

Mr. Jablonski suggested that other revenue sources be considered. Karen Landers responded that the fee for right of entry permits recently increased from \$500 to \$750. Tim Allison added that the increase in right of entry fees has only had a slight impact.

Action Taken

Mr. Jablonski 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 3rd quarter of 2013 (attached to the agenda item).

Action Taken

Mr. Jablonski 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 3rd quarter of 2013 report (attached to the agenda item). Ms. Hyatt added that the pathway to the restroom at the Depot is finished and is now wheelchair-accessible.

Ms. Hyatt informed that Board that she is concerned that there is still a month-to-month operating contract and no interim procedures have been established with PIR. She also reported that the box cars are finally leaving.

Ms. Hyatt attended an Association of Tourist Railroads and Railway Museums (ATRRM) convention, and the Museum will be participating in some of the special events.

Mr. Ovitt asked about the Museum's return from offering Groupons. Ms. Hyatt responded that the Museum has offered Groupons over the past couple of years and the traffic from them has tapered off.

Mr. Jablonski asked for clarification in regard Ms. Hyatt's concerns regarding the impacts of the month-to-month operating agreement. Ms. Hyatt responded that her specific concern involves Federal Railroad Administration (FRA) compliance and the way the signal is set up. She explained that the Museum is doing the maintenance on the line, but it does not have control over operations if there is an outage or if the signals are down. She added that there are a lot of power failures due to weather, and it can take hours to get in contact with the Carrizo Police Department (which is the contact number listed). Ms. Hyatt would like to have the contact numbers changed on the power boxes. Sheila LeMire added that she is aware of the issue and is working with Ms. Hyatt.

Action Taken

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

5. Report on the Desert Line

Sheila LeMire reviewed the 3rd quarter of 2013 report (attached to the agenda item). She stated that PIR is compiling the inspection and track-testing reports being conducted by J. L. Patterson and Holland Company and expects to have all of the final reports by the next meeting.

Mr. Ovitt asked if there was any preliminary flaw testing conducted. Ms. LeMire responded that there was and that the results were submitted to Tim Allison. Mr. Allison stated that he did

receive the reports, and the rail was in better shape than originally thought. Mr. Allison will give the reports to Fred Byle to review. He informed members that the information included was raw data and that the final reports are expected next quarter. Mr. Allison said that the reports show that about 20 of 57 bridges were inspected, and there are still some major bridges to inspect. This report coincided with Osmose's report conducted in 2007 in regard to some major bridge-repair concerns, and Mr. Allison stated that J. L. Patterson's project manager understands the significance of those concerns. He added that J. L. Patterson hasn't reviewed the tunnels yet.

Ms. Hyatt said that PIR shared these preliminary reports with the Museum, and the Museum is working on the replacing 4 rails and keeping on top of the maintenance.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since July 16, 2013

Tim Allison referenced the summary of SD&AE documents issued since the July 16, 2013, SD&AE Railway Company Board of Directors meeting.

- S200-13-575: Right of Entry Permit to RVM Construction, Inc. to construct an underground sewer pipeline at Moss Street in the City of Chula Vista.
- S200-13-576: Right of Entry Permit to Kimley-Horn Associates, Inc. for engineering investigations to support various San Diego Association of Governments (SANDAG) projects.
- S200-13-580: Right of Entry Permit to J. L. Patterson & Associates, Inc. for engineering support to reconstruct the Desert Line.
- S200-14-581: Right of Entry Permit to Watkins Environmental, Inc. for engineering support to reconstruct the Desert Line.

Action Taken

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

b. License Agreement with Cox Communications, Inc.

Tim Allison gave an overview of the area that Cox Communications, Inc. is proposing for an underground fiber-optics line on the Coronado Branch.

Action Taken

Mr. Jablonski moved to approve issuing a license to Cox Communications, Inc. for a proposed underground fiber-optics utility crossing under SD&AE tracks located at milepost 9.6 on the Coronado Branch Line in Chula Vista. Mr. Domen seconded the motion, and it was unanimously approved.

c. Underground Sewer Main Easement

Tim Allison gave an overview of the scope and area that the City of La Mesa is proposing to add an underground trunk sewer pipeline. He explained it would be far enough away from the tracks, and the railroad loading on that pipe should be minimized by the lateral distance and the depth. Mr. Allison clarified that all engineering and associated requirements would be in compliance. Mr. Allison added that there are 2 crossings presently; however, one crossing would be eliminated. He responded to a question from Mr. Jablonski confirming that the appraisal fee would be charged to the City of La Mesa.

Action Taken

Mr. Jablonski moved to approve an easement to the City of La Mesa for a proposed underground 8-inch High-Density Polyethylene Pipe (HDPE) trunk sewer pipeline. Mr. Domen seconded the motion, and it was unanimously approved.

7. Approval of the 2014 SD&AE Board of Directors Meeting Schedule

Karen Landers explained that SD&AE holds quarterly meetings in January, April, July, and October and asked members to review the proposed dates for the 2014 meeting schedule. All Board members were in agreement of the proposed dates as listed:

Tuesday, January 14, 2014	9:00 a.m.	(Fourth Quarter 2013 Reports)
Tuesday, April 15, 2014	9:00 a.m.	(First Quarter 2014 Reports)
Tuesday, July 15, 2014	9:00 a.m.	(Second Quarter 2014 Reports)
Tuesday, October 21*, 2014	9:00 a.m.	(Third Quarter 2014 Reports)

Upon approval of the above meeting dates, additional information regarding materials due dates and mail-outs are as follows:

Materials Due to Clerk

Friday, January 3, 2014
Friday, April 4, 2014
Thursday, July 3**, 2014
Friday, October 10, 2014

Materials Mailed

Wednesday, January 8, 2014
Wednesday, April 9, 2014
Wednesday, July 9, 2014
Wednesday, October 15, 2014

Action Taken

Mr. Ovitt moved to approve the 2014 SD&AE Board of Directors meeting schedule. Mr. Domen seconded the motion, and it was unanimously approved.

*To accommodate APTA Annual Conference on 10/12/14-10/15/14

** Due to July 4 holiday

8. Board Member Communications

There were no Board member communications.

9. Public Comments

- R. Mitchell Beauchamp – City Treasurer for National City and Trustee of San Diego Electric Railway Association (SDERA). Mr. Beauchamp stated that SDERA recently acquired a PCC car, which is located at the depot in National City and that his remarks refer to the Belt Line (also known as the Coronado Line). He commented that the removal of the F Street Diamond creates situation on the line that is truly insular. Mr. Beauchamp would like to have dialog to see if SDERA can use that line as part of its tourism activities—specifically Cleveland Avenue. He cited Tucson's success with its tourist trolley. Mr. Beauchamp stated that the line was used in early 2000 and was very well received. He added that with the closing of Chula Vista Nature Center, use of that line for weekend activities would stimulate commerce. Mr. Beauchamp stated that SDERA is interested in Cleveland Avenue and repairing the damage done by Sweetwater Authority. He said that the Salt Works Museum is also an area of interest. SDERA's preliminary plan is to use a PCC car with a motor generator (opposed to using catenary lines). Mr. Beauchamp added that there is a potential for SDERA to obtain an Edwards car. He concluded by reiterating his request for the opportunity to start a dialog.

Mr. Jablonski suggested to Mr. Beauchamp that SDERA submit a business plan in writing.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on January 14, 2014.

11. Adjournment

The meeting was adjourned at 9:27 a.m.

President

General Counsel

2013-10-22 MINUTES-SDAE

Agenda Item No. 2

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

January 14, 2014

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a financial report for the quarter ended December 31, 2013.

Budget Impact

None.

DISCUSSION:

The financial results for the first two quarters of fiscal year 2014 are attached, which includes the periods ended December 31, 2013, and 2012.

The current year-to-date income is \$489,000 favorable to budget primarily due to the fact that the Desert Line lease revenue was not in the original budget. Income has increased by \$483,000 compared to the same period last year—again, primarily due to the Desert Line lease. MTS anticipates programming these revenues for capital repairs along SD&AE-owned property. Expenses are \$25,000 unfavorable to budget due to unfavorable variances in personnel costs and outside services offset by favorable risk-management costs. Expenses have increased by \$25,000 over the same period last year primarily due to the increase in personnel costs and outside services. The net income for the first two quarters of FY 14 was \$469,563 compared to net income of \$11,523 for the same period in FY 13.

Attachment: SD&AE Operating Statement 2nd Quarter FY 14

SD&AE operating statement FY2014-13

	FY 2014				FY 2013	
	Q1 2014	Q2 2014	YTD	Budget	Q1 - Q2	Variance
Revenue						
Right of entry permits	\$ 13,250	(700)	12,550	\$ 15,000	43,089	(30,539)
Lease income	13,081	18,640	31,721	40,002	36,060	(4,339)
Desert Line Lease Revenue	250,000	250,000	500,000	-	-	500,000
SD&IV 1% freight fee	9,704	8,000	17,704	17,502	-	17,704
Total revenue	286,035	275,940	561,975	72,504	79,149	482,826
Expense						
Personnel costs	30,685	36,238	66,923	43,430	55,589	(11,334)
Outside services	515	17,529	18,044	10,084	-	(18,044)
Energy costs	-	-	-	-	-	-
Risk management	3,336	3,751	7,086	13,650	11,503	4,417
Misc operating expenses	284	75	359	252	534	175
Depreciation	-	-	-	-	-	-
Total expense	34,820	57,593	92,412	67,416	67,626	(24,786)
Net income/(loss)	\$ 251,215	\$ 218,347	\$ 469,563	\$ 5,088	\$ 11,523	458,040

Reserve balance 2013 **\$ 1,505,741**

Allocated interest earnings - estimated 2,000
Operating profit/(loss) 469,563

Reserve balance 2014-estimated **\$ 1,977,304**

Agenda Item No. 3

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

January 14, 2014

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 4th Quarter of 2013



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

December 30, 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 4th Quarter of 2013 are listed as follows:

1. Labor

At the end of December 31, 2013 the San Diego & Imperial Railroad had 9 employees:

- 1 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 4th Quarter declined 8% as compared to 2012. Bridge traffic had a 9% decrease, primarily driven by a decrease in LPG traffic to ConocoPhillips and Texas Gas and Oil. Traffic terminating or originating on the SDIY was virtually flat compared to this time last year.

3. Reportable Injuries/Environmental

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

Days FRA Reportable Injury Free: 6116

4. Summary of Freight

	2013	2012	2011
Total rail carloads that moved by SDIY Rail Service in the quarter.	1301	1421	1140
Total railroad carloads Terminating/Originating Mexico in the quarter.	1119	1238	922
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	182	183	218
Total customers directly served by SDIY in the quarter	11	9	11
Regional Truck trips that SDIY Railroad Service replaced in the quarter	3903	4263	3420

Respectfully,

Matt Domen

General Manager

Agenda Item No. 4

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting
January 14, 2014

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

January 6, 2014

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

Re: Fourth Quarter 2013

Dear SD&AE Board:

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 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.

Passenger ridership by comparison to the same quarter in previous years:

6,889	Passengers during the fourth quarter of 2012
6,109	Passengers during the fourth quarter of 2011
4,384	Passengers during the fourth quarter of 2010
3,268	Passengers during the fourth quarter of 2009
4,554	Passengers during the fourth quarter of 2008

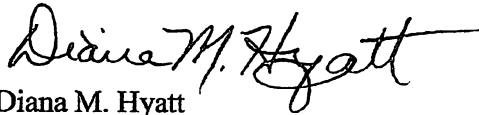
There was a slight decline in ridership of 354 passengers from fourth quarter 2012 to fourth quarter 2013 primarily due to there being only four weekends between Thanksgiving and Christmas in 2013 and there being five weekends between Thanksgiving and Christmas in 2012. The one additional weekend would normally garner another 900 passengers on the North Pole trains.

Maintenance of Way work continues along the right of way including monthly signal inspections. A MOW work party has been planned for the weekend of January 10-12. Based upon the progress from this weekend, plans will be developed to tackle necessary track work during the first half of the calendar year.

On Sunday, January 5, 2014 the Christmas Train event or Dia de los Tres Reyes Magos was held at the Tecate Stadium in Tecate. The new mayor of Tecate, Cesar Moreno and his wife presided over the festivities. Also in attendance was co-founder Margaret Coval and members of the National Latino Peace Officers Association, San Diego Metro chapter. PSRM was unable to provide the train that once carried the three kings, the Christmas Train volunteers and the gifts for the less fortunate children of Tecate for a fifth year as tunnel 3 remains impassable and no repairs have begun towards that goal.

It has been one year since PSRM's operating agreement with SD&AE expired. I respectfully request that in lieu of attempts to effect changes to said agreement, the SD&AE Board agree to continue the original operating agreement with the Pacific Southwest Railway Museum for another five years.

Very Truly Yours,

A handwritten signature in cursive script, reading "Diana M. Hyatt". The signature is written in dark ink and is positioned above the printed name and title.

Diana M. Hyatt
President

Agenda Item No. 5

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

January 14, 2014

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

December 31, 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

Fourth Quarter 2013

CONTENTS

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

I. GOVERNMENTAL

- a.** No developments during this quarter.

II. DESERT LINE STATUS

a. Reconstruction Plan

- i. Inspections** – On June 14th, 2013, PIR executed a Services Agreement with J.L. Patterson & Associates, Inc. (JLP). Phase one of JLP's work to be performed under the Services Agreement began on August 19th and continued to progress into the early weeks of December 2013. Balfour Beatty Rail, Inc. (BBR) has been subcontracted by JLP to clear sand, dirt and other debris from the tracks between Division and Campo, California. BBR is a rail infrastructure contractor specializing in construction and maintenance services for the public and private railroad markets and they will be continuing to clear the track throughout December 2013 upon which phase two of JLP's services will begin.
- ii. Track Testing**– JLP subcontracted Holland Company, LP which is an acknowledged leader in the world market for track testing and has been engineering rail solutions since 1935. Holland Company will be conducting the strength testing of the mainline between Division and Plaster City, California. Following the strength testing, an additional subcontractor to JLP, Nordco Rail Services, will be performing rail flaw detection from Division to Plaster City, CA on the mainline tracks. Nordco Rail Services is a field leader in

ultrasonic non-destructive testing equipment (NDT). During the various track clearing and testing phase, JLP will be developing the PIR Bridge Management Plan and will be performing a complete inspection of all 57 bridges and 17 tunnels along the 70 mile Desert Line.

- iii. **Construction**– PIR has executed an agreement with Watkins Environmental, Inc. wherein Watkins Environmental, Inc. shall perform the necessary repairs on the Desert Line, as determined by the J.L. Patterson inspection(s) and track testing.

b. Financing Plan

PIR is continuing its fundraising efforts through the CEO Ernie Dahlman and is considering agreements with other investment bankers.

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 finalized its Marketing Plan by utilizing information gathered in surveys generated from the numerous Maquiladora manufacturers. In May 2013, PIR implemented aspects of the marketing campaign outlined in the Marketing Plan.

V. FREIGHT ACTIVITY

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

VI. MTS OPERATING AGREEMENT REQUIREMENTS

- a. Pursuant to the Amended and Restated Desert Line Lease and Operating Agreement between PIR, San Diego and Arizona Eastern Railways Company and the San Diego Metropolitan Transit System, the following Performance Milestone Requirements fell within First Quarter:

- i. **Business Plan.** Submittal of Business Plan to SD&AE within 30 days from the effective date of the Agreement; and

- 1. PIR Timely submitted the Business Plan on January 19, 2013

- ii. **Reconstruction Plan.** Desert Line Reconstruction Plan submitted to MTS within 90 days of the effective date of the Agreement.

- 1. PIR Timely submitted the Reconstruction Plan on March 20, 2013.

Agenda Item No. 6a

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

January 14, 2014

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE OCTOBER 22, 2013

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

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.

Agenda Item No. 7

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

January 14, 2014

SUBJECT:

UPDATE ON SAN YSIDRO FREIGHT YARD IMPROVEMENT PROJECTS

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a report on the current status of the Trade Corridor Improvement Fund (TCIF) South Line Freight Improvement Projects.

Budget Impact

No impacts to the SD&AE budget.

DISCUSSION:

San Diego Association of Governments (SANDAG) staff will present a report on the status of SD&AE Main Line Track and San Ysidro Freight Yard Improvement Projects.