

# MINUTES

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

October 11, 2016

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 11, 2016, at 9:03 a.m.

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

|  |   |
|--|---|
| San Diego Metropolitan Transit System: | Tim Allison, Karen Landers, Wayne Terry,<br>Erin Dunn, Mark Olson |
| Pacific Southwest Railway Museum:      | Diana Hyatt   |
| City of Imperial Beach:                | Steve Dush  |
| Pacific Imperial Railroad, Inc.:       | Arturo Alemany, Tim Doolittle,<br>Manuel Hernandez                |
| Other:                                 | R. Mitchel Beauchamp  |

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the July 19, 2016, SD&AE Railway Board of Directors meeting. Mr. Gooch seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed Statement of Railway Finances for the third quarter of 2016 (attached to the agenda item). Karen Landers added that revenues will be used for future unallocated expenses on the Desert Line, such as work completed by RailPros.

Action Taken

Mr. Jablonski moved to receive the report. 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 SD&IV Periodic Report for activities for the third quarter of 2016 (attached to the agenda item). Mr. Domen explained some of the enhancements to the San Ysidro Yard, including switches, track-lengthening, turn-around times, lighting, cameras, increased car capacity, and ramps for transloading. Mr. Gooch reviewed the improvements made to the drainage to prevent flooding and the layout of the transload operations. He also discussed new and potential customers and marketing efforts. Board members agreed that the benefits of the enhancements greatly improve operations, and potential new customers are excited about using the facility.

Mr. Jablonski asked about the operations at the Palomar siding. Mr. Terry responded that the FRA will be conducting fitness testing after which staff training will be conducted and an addendum to the FRA waiver would be submitted for absolute block operation. He stated that the absolute block allows freight to move after the last trolley goes out of service and saves

about 30 minutes from previous procedures. Mr. Domen added that this is a huge time savings for freight operations.

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the Pacific Southwest Railway Museum (PSRM) report for the third quarter of 2016, which was provided at the meeting (attached).

Action Taken

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

5. Report on the Desert Line

Arturo Alemany reviewed the Report on the Desert Line (attached to the agenda item). Mr. Alemany discussed the investment challenges and progress made in efforts to get operations up and running over the Desert Line. He discussed a recent survey of the rail, bridges, and tunnels with a team of representatives from collaborating agencies and the positive working relationships that have been formed between all parties. Mr. Alemany stated that they are awaiting Dan Davis' return next week to review the Reconstruction Plan. He added that Baja California Railroad (BJRR) has submitted all of its required payments. Manuel Hernandez discussed new business and commodities and anticipates beginning operations next year.

Mr. Jablonski stated that he was in Washington DC recently and met with the Ambassador to Mexico and representatives from the Department of Commerce and the Department of State. The topic of transload with Mexico over the Desert Line was positive and has much support. Mr. Hernandez added that lobbying assistance is being sought and will help to keep progress going on the right track. He added that a presentation should be ready for review by Ms. Landers next week. Ms. Landers stated that staff met with Washington DC representatives and also residents of Alpine in an effort to work together to get the project completed on a short track.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since July 19, 2016

Since the July 19, 2016, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-16-638: Right of Entry Permit to the San Diego Bicycle Coalition for the Bike the Bay bike-ride event.
- S200-17-640: Right of Entry Permit to Like a Shot Entertainment for the filming of a documentary segment at the Goat Canyon Trestle on the Desert Line.
- S200-17-641: Right of Entry Permit to Baja California Railroad for Desert Line reconstruction-related activities.
- S200-17-642: Right of Entry Permit to Flatiron West, Inc. for reconstructing the SR 94 Campo Creek Bridge in Campo.

#### Action Taken

Mr. Jablonski moved to waive a staff report. Mr. Domen seconded the motion, and it was unanimously approved.

b. License for Community Dog Park in Imperial Beach

Karen Landers presented the item in Tim Allison's absence. She introduced Steve Dush with the City of Imperial Beach. Ms. Landers stated that the license being requested would have the caveat that it would be revocable with a 120-day notice if rail operations were needed; however, there are no foreseeable plans to operate in the SD&AE right-of-way. She added that the City of Imperial Beach would also maintain the right-of-way. Mr. Dush clarified that he wasn't aware of any structures that would be added on SD&AE's property, but if so, they would be easily removable.

#### Action Taken

Mr. Jablonski moved to approve issuing a license to the City of Imperial Beach for the portion of the proposed community dog park within SD&AE right-of-way located approximately between the intersection of 11<sup>th</sup> Street and Cherry Avenue and the intersection of Florida Street and Boulevard Avenue in Imperial Beach. Mr. Domen seconded the motion, and it was unanimously approved.

c. License Amendment for Bayshore Bikeway Bike Path Connection in Imperial Beach

Ms. Landers stated that all that is being requested is to add a notch-out to connect the bike path to the Bayshore Bikeway. She stated that the existing 1999 license would be updated to include indemnification language stating that it would be revocable if rail operations were ever needed and the property would be restored.

#### Action Taken

Mr. Jablonski moved to approve issuing a license amendment to the City of Imperial Beach for the proposed Bayshore Bikeway bike path connection located northwest of the intersection of 7<sup>th</sup> Street and Boulevard Avenue in Imperial Beach. Mr. Gooch seconded the motion, and it was unanimously approved.

7. Approval of the 2017 SD&AE Board of Directors Meeting Schedule

Ms. Landers presented the SD&AE meeting schedule recommended for 2017:

|                           |           |                               |
|---------------------------|-----------|-------------------------------|
| Tuesday, January 17, 2017 | 9:00 a.m. | (Fourth Quarter 2016 Reports) |
| Tuesday, April 11, 2017   | 9:00 a.m. | (First Quarter 2017 Reports)  |
| Tuesday, July 18, 2017    | 9:00 a.m. | (Second Quarter 2017 Reports) |
| Tuesday, October 10, 2017 | 9:00 a.m. | (Third Quarter 2017 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 6, 2017  
\*Thursday, March 30, 2017  
Friday, July 7, 2017  
Friday, September 29, 2017

Materials Mailed

Wednesday, January 11, 2017  
Wednesday, April 5, 2017  
Wednesday, July 12, 2017  
Wednesday, October 4, 2017

(\*Day changed due to Cesar Chavez holiday on March 31)

Action Taken

Mr. Jablonski moved to approve the 2017 SD&AE Board of Directors meeting schedule. Mr. Gooch seconded the motion, and it was unanimously approved.

8. Board Member Communications

There were no Board member communications.

9. Public Comments

There were no public comments.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, January 17, 2017.

11. Adjournment

The meeting was adjourned at 9:45 a.m.

  
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President  
\_\_\_\_\_  
General Counsel



# **Pacific Southwest Railway Museum**

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

October 9, 2016

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

Re: Third Quarter 2016

Dear SD&AE Board:

During the third quarter of 2016, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 88 Valley Flyer passenger trains carrying 183 passengers during 16 operating days. There were no FRA reportable accidents or injuries during the third quarter, 2016. Total income from SD&AE property for third quarter, 2016 was \$7,160.85. Our check for \$143.22 will follow under separate cover. By comparison, PSRM carried 658 passengers during the third quarter of 2015 and total income from SD&AE property was \$14,160.

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

658 passengers during the third quarter of 2015  
1,031 passengers during the third quarter of 2014  
1,254 passengers during the third quarter of 2013  
1,012 passengers during the third quarter of 2012  
1,294 passengers during the third quarter of 2011  
1,468 passengers during the third quarter of 2010

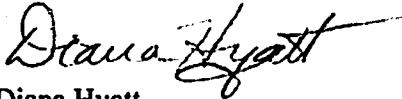
When planning the operating schedule for 2016, a decision was made to extend our summer schedule into the beginning of October when in past years the summer schedule ended on Labor Day weekend. Additionally, trains were operated on Sundays only during the summer season schedule as opposed to Saturdays only during the summer for the two previous years. The train rides operated during the third quarter of this year were two mile round-trip caboose trains, within the Campo Valley at a lower fare. The results of this experiment did not yield favorable results in some areas and the data will be used in determining the 2017 summer schedule. The last day of the summer schedule was Sunday, October 2. Pumpkin Trains will operate every

Saturday and Sunday through the end of October. Every Saturday and Sunday from November 5 through the 20<sup>th</sup>, the museum will operate caboose trains. Every Friday and Saturday evening beginning Friday, November 25, 2016 through Saturday, December 17<sup>th</sup> the museum will operate its popular North Pole trains; pre-sales are strong with first class sold out.

PSRM continues to maintain both signalized railroad crossings within our right of way limits performing the monthly and quarterly inspections. PSRM also performs routine track inspections between MP 59.9 and 66.77. Our volunteer track crew continues to perform track maintenance tasks, particularly tie replacement on the mainline.

I would like to invite the members of this board and staff, Pacific Imperial Railroad and Baja Railroad to join us on one of two North Pole train rides on the private Pullman Robert Peary Friday, December 16, 2016 at the 5:00 pm or 7:00 pm departure. Both time slots have been reserved for you with a capacity of twenty persons per train departure.

Sincerely,

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

Diana Hyatt  
President