



**SAN DIEGO & ARIZONA  
EASTERN RAILWAY  
COMPANY**

A NEVADA NONPROFIT  
CORPORATION

1255 IMPERIAL AVE., STE. 1000  
SAN DIEGO, CA  
92101-7490  
(619) 231-1466

**BOARD OF DIRECTORS**  
PAUL JABLONSKI, CHAIRPERSON  
MATT DOMEN  
JARED GOOCH

**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

October 11, 2016

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 July 19, 2016 Approve  
Action would approve the SD&AE Railway Company Minutes of July 19, 2016.
2. Statement of Railway Finances (Erin Dunn) Receive  
Action would receive a report for information.
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen) Receive  
Action would receive a report for information.
4. Report on Pacific Southwest Railway Museum (Diana Hyatt) Receive  
Action would receive a report for information.
5. Report on the Desert Line (Arturo Alemany) Receive  
Action would receive a report for information.
6. Real Property Matters (Tim Allison)
  - a. Summary of SD&AE Documents Issued July 19, 2016 Receive  
Action would receive a report for information.
  - b. License for Community Dog Park in Imperial Beach Approve  
Action would 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, CA.
  - c. License Amendment for Bayshore Bikeway Bike Path Connection in Imperial Beach Approve  
Action would 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, CA.

7. Approval of the 2017 SD&AE Board of Directors Meeting Schedule (Karen Landers) Approve  
Action would approve the 2017 SD&AE Board of Directors meeting schedule.
8. Board Member Communications
9. Public Comments
10. Next Meeting Date: Tuesday, January 17, 2017 (pending approval of Agenda Item No. 7 on this agenda).
11. Adjournment

# DRAFT

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

July 19, 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 July 19, 2016, at 9:04 a.m.

The following persons, constituting the Board of Directors, were present: Paul C. Jablonski, Matt Domen, and Jared Gooch (alternate for Blake Jones). Also in attendance were:

MTS staff:	Karen Landers, Tim Allison, Erin Dunn, Wayne Terry
Pacific Southwest Railroad Museum:	Diana Hyatt, Mike Edwards
Pacific Imperial Railroad (PIR):	Arturo Alemany
Baja Railroad (BJRR):	Manuel Hernandez, Roberto Romandia
Public:	Reena Deutsch

### 1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the April 12, 2016, SD&AE Railway Board of Directors meeting. Mr. Jablonski seconded the motion, and it was unanimously approved.

### 2. Statement of Railway Finances

Erin Dunn reviewed the Statement of Railway Finances for the second quarter (see the attachment to the agenda item). Ms. Landers pointed out that MTS has a contract with RailPros and Dan Davis to oversee the Desert Line reconstruction, and those expenses will be showing up on future reports.

#### Action Taken

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

### 3. Report on SD&IV Operations

Mr. Domen reviewed the SD&IV Periodic Report for activities for the second quarter of 2016 (see the attachment to the agenda item). Ms. Landers stated that SD&IV's lease has periodic rent evaluations and lease increases written into it, which may never have been done. She stated that it is time for an evaluation, and she will pull the information for review and then schedule a meeting.

Mr. Jablonski noted a healthy increase in the number of carloads and asked if those numbers can be sustained. Mr. Domen responded affirmatively and added the recent numbers are due to increased petroleum production in Mexico and also business from a steady transload customer. Mr. Gooch clarified that the fourth quarter typically sees the highest number of carloads quarterly due to higher demand for LPG.

Mr. Jablonski asked about the status of the spur on the Blue Line Improvement Project. Mr. Terry responded that the infrastructure is complete, and final signal testing is being conducted. The Federal Railroad Administration (FRA) will do an inspection. MTS received a five-year waiver from the FRA with a caveat that a supplement be submitted for special operations for the lockdown between the Yard and Palomar siding. Once testing is complete, the supplement will be prepared and submitted.

Mr. Domen reported that SD&IV will be running a test locomotive tomorrow night to that siding and test the interlocking. Mr. Jablonski requested that going forward, feedback be included in the quarterly report on the operational benefits of the expenditures for this project to report to SANDAG. Discussion ensued regarding the status of remaining projects for the Yard, potential customers, and the benefits of the enhancements to the Yard.

Mr. Domen added that the west Palomar siding was used to switch a customer and it worked great. He reported that the new signals are a great improvement, and they also speed up operations.

#### Action Taken

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

#### 4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the Second Quarter 2016 Pacific Southwest Railway Museum (PSRM) report. She provided the amounts for the incomplete passenger train counts in the quarterly report: the Museum ran 48 passenger trains carrying 1,945 passengers in the second quarter of 2016.

Ms. Hyatt requested an update from the last meeting regarding the Jacumba Depot. Tim Allison responded that the lease is still under Carrizo Gorge Railway (CZRY). Ms. Landers added that there is a meeting right after this meeting regarding PSRM's lease, and it will be discussed at that meeting.

Mr. Allison stated that Caltrans has been working with MTS about the work that Caltrans has to do at the crossing by the Stone Store on Highway 94. He added that there have been a number of ongoing meetings with representatives from multiple agencies. Mr. Allison stated that Caltrans hired a contractor, but no right of entry permit has been submitted to date. Mr. Allison clarified that the project involves an emergency contract to replace the bridge in its entirety because Caltrans identified a scour problem north of an SD&AE crossing. He stated that the emergency contract was written with minimal plans and no strategy to deal with railroad approaches, so Caltrans is not ready to begin the project. Mr. Allison added that Dan Davis is our expert on the project, and he will be at the meeting on Friday. He stated that it is being made clear that the Museum's trains are not to be impacted and must be able to operate. Ms. Hyatt added that they want to ensure that the signaling will not be altered.

#### Action Taken

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

5. Report on Desert Line

Arturo Alemany reviewed the PIR Periodic Report for the second quarter of 2016 and he gave a status update of the reconstruction plans. Mr. Alemany reported that PIR is in contact with possible operating partners and that information will be released once there is a nondisclosure statement. Mr. Alemany reviewed a detailed plan for the disposition of rolling stock that is stored on the Desert Line. He added that he has been working with Roberto Romandia of Baja Rail and Ms. Hyatt, who has been very helpful. He added that the Museum will have the pick of the unclaimed inventory. He also reported on security and a minor locomotive/railcar collision.

- Public Speaker – Reena Deutsche: Ms. Deutsche requested an update on the status of plans to build a new multimodal facility in Coyote Wells. Mr. Alemany gave a brief response and then agreed to address it further with Ms. Deutsche after the meeting.

Mr. Jablonski asked if an operational analysis has been conducted to understand what infrastructure improvements might be done to the sidings, etc. to maximize the capacity on the line. Mr. Romandia responded that engineers have been doing studies based on FRA requirements and there are different options available. Discussion continued and Ms. Landers added that Dan Davis has been designated to address any technical issues (with any infrastructure improvements). Mr. Alemany clarified that Baja Rail activities will be included within PIR's quarterly reports.

Action Taken

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

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since April 12, 2016

Tim Allison stated that since the April 12, 2016, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff. Mr. Allison stated that things are heating up with Caltrans' project and permit submittals by Baja Rail for Desert Line work.

- S200-16-636: Right of Entry Permit to the City of La Mesa for the La Mesa Flag Day Parade.
- S200-16-637: Right of Entry Permit to Navy Region Southwest for the Navy Bay Bridge Run.
- S200-16-639: Right of Entry Permit to Palm Engineering Construction Co. for a City of La Mesa sewer rehabilitation project east of the Grossmont Trolley Station.

Action Taken

The Board received a report for information.

7. Election to Fill Vacant Board Member Position

Ms. Landers stated that this request is to approve replacing Board member Blake Jones with Jared Gooch and to forward a recommendation to the MTS Board of Directors to ratify this action. She added that the recommendation should also reflect that the SD&AE Board allowed Mr. Gooch to serve as Mr. Jones' alternate for this meeting.

Mr. Jablonski moved to: (1) elect Jared Gooch from Genesee and Wyoming as an SD&AE Board member to replace Blake Jones (effective as of the beginning of this meeting); and (2) forward a recommendation for approval to the MTS Board of Directors. Mr. Domen seconded the motion, and it was unanimously approved.

8. Ratification of Corrections to July 14, 2015, Meeting Minutes

Ms. Landers informed Board members of a change in Committee clerks. Traci Wutke is no longer with MTS, and Jan Gardetto will be her replacement. Ms. Landers added that two items from the July 14, 2015, Meeting Minutes need Board approval for minor corrections to the actions.

1. Agenda Item 6b: License for Private Crossings – D and E Streets in Chula Vista on the Coronado Branch

The recommended action was to approve issuing a license to City of Chula Vista Property, LLC for two proposed private at-grade crossings across SD&AE tracks located between D and E Streets west of Bay Boulevard in Chula Vista, CA. The final meeting minutes reflected that the Board received a report when in fact the Board approved the action.

2. Agenda Item 6c: Easement for Underground Gas Pipeline Crossing

The recommended action was to approve issuing an easement to San Diego Gas & Electric Co. (SDG&E) for an underground gas pipeline crossing the SD&AE right of way at 65<sup>th</sup> Street in the City of San Diego. The final meeting minutes reflected that the Board received a report when in fact the Board approved the action.

Mr. Jablonski moved to: (1) approve corrections to the final meeting minutes of the July 14, 2015, SD&AE meeting for two prior actions taken on Agenda Items 6b and 6c; and (2) forward a recommendation to the MTS Board of Directors to ratify the corrected actions. Mr. Domen seconded the motion, and it was unanimously approved.

9. Board Member Communications

There were no Board member communications.

10. Public Comments

There were no additional public comments.

11. Next Meeting Date

The next meeting of the SD&AE Board of Directors is on October 11, 2016, at 9:00 a.m.

12. Adjournment

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

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President

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Legal Counsel

2016-7-19 DRAFT SDAE Minutes

## Agenda Item No. 2

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

October 11, 2016

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a financial report for the year ending June 30, 2016, and period ending August 31, 2016.

Budget Impact

None.

DISCUSSION:

Attached are SD&AE's financial results for the year ending June 30, 2016, as well as the period ending August 31, 2016.

Fiscal year 2016 ended with revenues totaling \$1.1 million and expenses totaling \$1.0 million. The \$1.0 million in Desert Line revenue was contributed to MTS capital projects and \$12,000 in interest was allocated to SD&AE resulting in a \$30,000 increase to reserves for the year.

As of August 31, 2016, fiscal year-to-date revenues are \$249,000 favorable to budget primarily due to the Desert Line lease revenue not included in the budget.

Expenses are \$13,000 favorable to budget primarily due to a favorable variance in Personnel Costs.

The net income for the period ending August 31, 2016, was \$257,000.

Attachments: SD&AE Operating Statement Fiscal Year 2016  
SD&AE Operating Statement for period ending August 31, 2016



## SD&AE Operating Statement FY2016-15

	FY 2016							FY 2015	
	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD - Actual	YTD Budget	Variance	Q1 -Q4 Actual	Variance
<b>Revenues</b>									
Right of Entry Permits	\$ 750	\$ 4,150	\$ 1,750	\$ 6,058	\$ 12,708	\$ 35,000	\$ (22,292)	\$ 18,206	\$ (5,498)
Lease Income	16,529	19,904	24,973	25,479	86,885	70,000	16,885	85,334	1,551
Desert Line Lease Revenue	250,000	250,000	250,000	250,000	1,000,000	-	1,000,000	1,000,000	(0)
Operator Income - SD&IV 1%									
Freight Fee	8,500	8,500	6,203	8,500	31,703	30,000	1,703	28,725	2,978
Other Income - Easement	-	-	-	-	-	-	-	25,500	(25,500)
<b>Total Revenue</b>	<b>275,779</b>	<b>282,554</b>	<b>282,926</b>	<b>290,037</b>	<b>1,131,296</b>	<b>135,000</b>	<b>996,296</b>	<b>1,157,765</b>	<b>(26,469)</b>
<b>Expenses</b>									
Personnel Costs	16,642	9,975	2,061	9,455	38,133	70,981	32,848	102,593	64,460
Outside Services	422	17,010	3,642	29,480	50,554	65,000	14,446	68,067	17,513
Risk Management	3,347	3,762	3,762	3,762	14,633	16,000	1,367	15,401	768
Misc. Operating Expenses	250	156	287	9,060	9,753	500	(9,253)	309	(9,444)
<b>Total Expense</b>	<b>20,661</b>	<b>30,903</b>	<b>9,752</b>	<b>51,757</b>	<b>113,072</b>	<b>152,481</b>	<b>39,408</b>	<b>186,370</b>	<b>73,297</b>
<b>Net Income/(Loss)</b>	<b>\$ 255,118</b>	<b>\$251,651</b>	<b>\$273,174</b>	<b>\$238,280</b>	<b>\$1,018,224</b>	<b>\$(17,481)</b>	<b>\$1,035,704</b>	<b>\$ 971,395</b>	<b>\$46,828</b>

**Reserve Balance July 1, 2015 \$ 1,553,150**

Allocated Interest Earnings for  
FY16 11,865  
Operating Profit/(Loss) - YTD 1,018,224  
Contributed Operating Capital  
to MTS (1,000,000)

**Reserve Balance as of June 30, \$ 1,583,239**

## SD&AE Operating Statement FY2017-16

	FY 2017			FY 2016	
	Jul - Aug Actual	Jul - Aug Budget	Variance	Q1 Actual	Variance
<b>Revenues</b>					
Right of Entry Permits	\$ 3,000	\$ 5,000	\$ (2,000)	\$ 750	\$ 2,250
Lease Income	12,599	11,667	932	16,529	(3,930)
Desert Line Lease Revenue	250,000	-	250,000	250,000	(0)
Operator Income - SD&IV 1%					
Freight Fee	5,667	5,833	(166)	8,500	(2,833)
Other Income - Easement		-	-	-	-
<b>Total Revenue</b>	<b>271,265</b>	<b>22,500</b>	<b>248,765</b>	<b>275,779</b>	<b>(4,514)</b>
<b>Expenses</b>					
Personnel Costs	1,361	17,264	15,903	16,642	15,281
Outside Services	9,514	7,622	(1,892)	422	(9,092)
Risk Management	2,646	2,668	22	3,347	701
Misc. Operating Expenses	1,146	84	(1,062)	250	(896)
<b>Total Expense</b>	<b>14,667</b>	<b>27,638</b>	<b>12,971</b>	<b>20,661</b>	<b>5,994</b>
<b>Net Income/(Loss)</b>	<b>\$ 256,598</b>	<b>\$ (5,138)</b>	<b>\$ 261,736</b>	<b>\$ 255,118</b>	<b>\$ 1,480</b>

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**Reserve Balance July 1, 2016**      **\$1,583,239**

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Allocated Interest Earnings -  
Estimated                                      1,667  
Operating Profit/(Loss) - YTD              256,598

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**Reserve Balance as of**  
**Aug 31, 2016**                              **\$1,841,504**

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## Agenda Item No. 3

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

October 11, 2016

### 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 3rd Quarter of 2016



a Genesee & Wyoming Company

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

September 30, 2016

## 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 3rd Quarter of 2016 are listed as follows:

### 1. Labor

At the end of September 30, 2016 the San Diego & Imperial Railroad had 9 employees:

- 1 General Manager
- 1 Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Manager
- 1 Maintenance of Way Employee
- 3 Train Service Employees

### 2. Marketing

Volume in the 3rd Quarter increased 28% as compared to 2015. Bridge traffic into Mexico had a 40% increase, primarily driven by increases in LPG. Traffic terminating or originating on the SDIY flat.

### 3. Reportable Injuries/Environmental

Days through year to date, Sept 30, 2016, there were no FRA Reportable injuries or Environmental incidents on the SDIY Railroad.

Days FRA Reportable Injury Free: 7,119

### 4. Summary of Freight

	2016	2015	2014
Total rail carloads that moved by SDIY Rail Service in the quarter.	1385	1086	912
Total railroad carloads Terminating/Originating Mexico in the quarter.	1058	756	
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	327	330	207
Total customers directly served by SDIY in the quarter	10	10	10
Regional Truck trips that SDIY Railroad Service replaced in the quarter	4155	3258	2736

Respectfully,

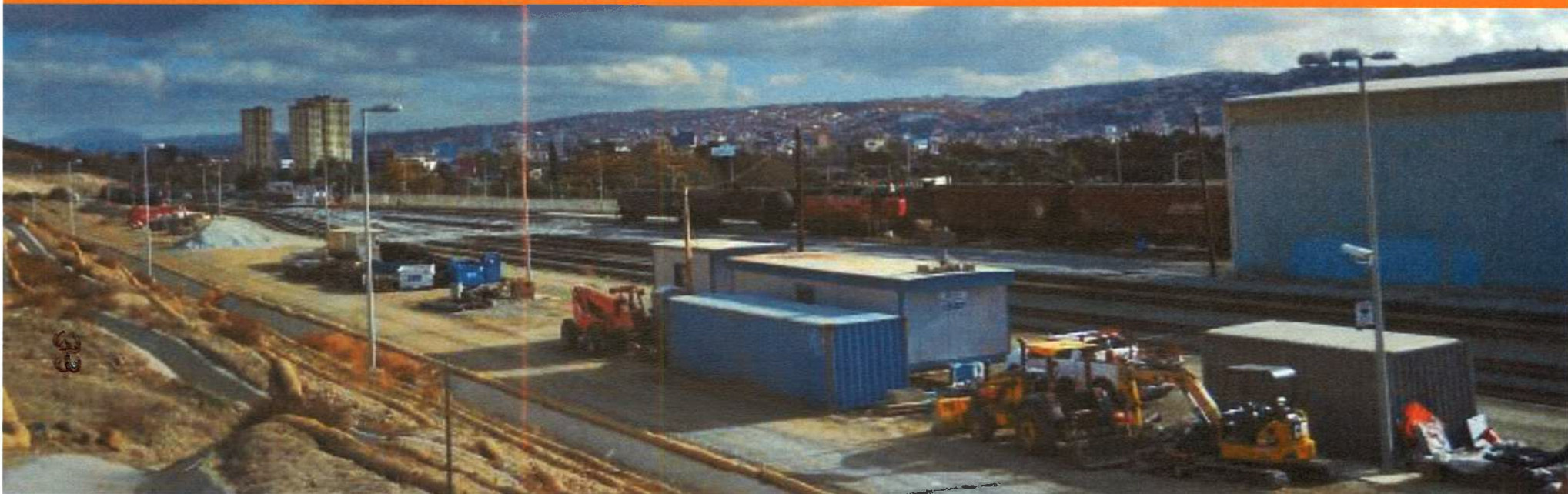
Matt Domen  
General Manager

# San Diego & Imperial Valley Railroad

San Ysidro Transload Information



October 11, 2016





# San Ysidro yard improvements

- Main driveway realignment allows trucks safer and easier access
- Security gates and fencing control entry



# San Ysidro yard improvements

- Two remote-control, solar-powered switches located immediately off of mainline, along with a powered derail and mainline switch, allow for exit off of main without stopping, also allow the same for entering the main, saving approximately 20-30 minutes





# San Ysidro yard improvements

- Additional new tracks and lengthened existing tracks increase railcar capacity from 100 to 200 cars, also cut “turn-around” time for jobs by half
- Designated crossing allows access to both sides of yard





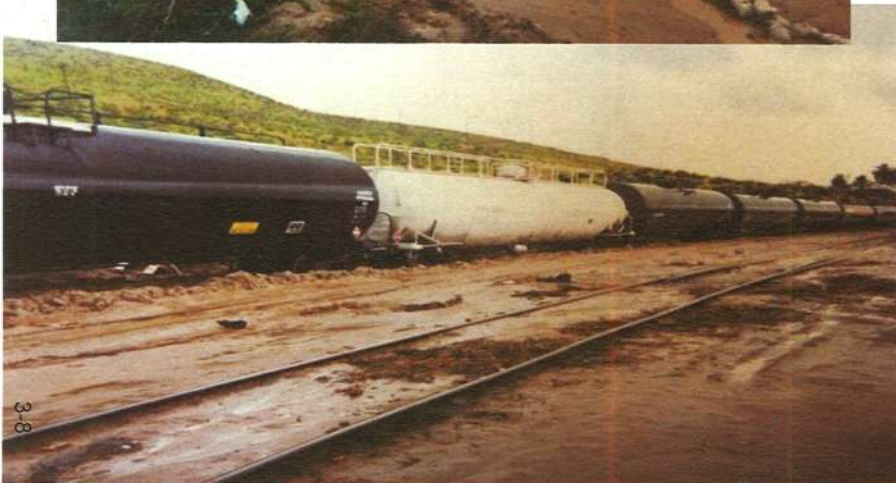
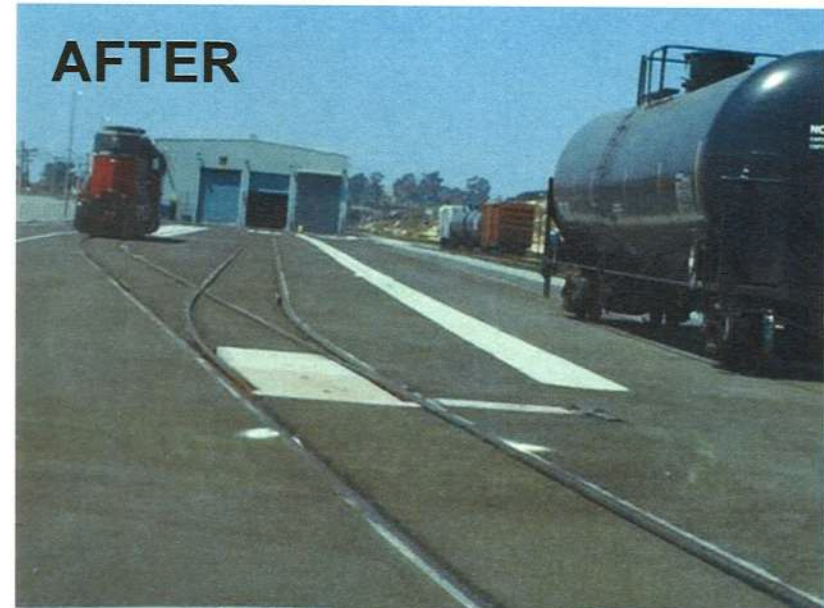
# San Ysidro yard improvements

- Lighting and cameras provide safety and security
- Drip pans at locomotive servicing area provide spill containment
- Portable unloading ramps for boxcars allow for flexibility in staging of railcars for transloading



# San Ysidro yard improvements

- Drainage control prevents flooding during storms, keeping the railroad operational





# Transload Operations



# Current Transload Operations

## Liquid Materials



3-10



# Planned Transload Operations

## Bulk Materials



# SDIV Choice Terminal Marketing

## A Bulk Transload Solution to Reduce Transportation Costs and Help Grow Your Business

San Diego & Imperial Valley Railroad



The answer to direct requests from area businesses, **San Diego & Imperial Valley Railroad's new Choice Terminal™** allows you to tap into the value of rail economics, while continuing to receive trucks at your facility as always. By decreasing the distance of the truck haul, delays and shortages are reduced or eliminated. Having inventory closer to your facility at all times means a very short truck haul to get more product.

The Choice Terminal also provides your business with access to local and international markets via connections with BNSF Railway and the adjacent Tijuana border crossing.

San Diego & Imperial Valley Railroad is a subsidiary of Genesee & Wyoming, North America's largest owner of short line and regional freight railroads and a recognized safety leader in the industry. G&W railroads serve 41 states and four Canadian provinces.

### SDIV Choice Terminal features:

- One centralized transload location at SDIV's recently expanded San Ysidro rail yard
- Inventory management
- Transload services from conveyor, forklift or pump
- 50 paved railcar transload spots
- Open truck access
- Experienced transload contractor on site
- Flexible hours
- Security fences and camera

For more information on how the SDIV Choice Terminal can meet your transportation needs, contact Jared Gooch, Director of Sales and Marketing for SDIV, at 480-306-8532 or [Jared.Gooch@gwrr.com](mailto:Jared.Gooch@gwrr.com).

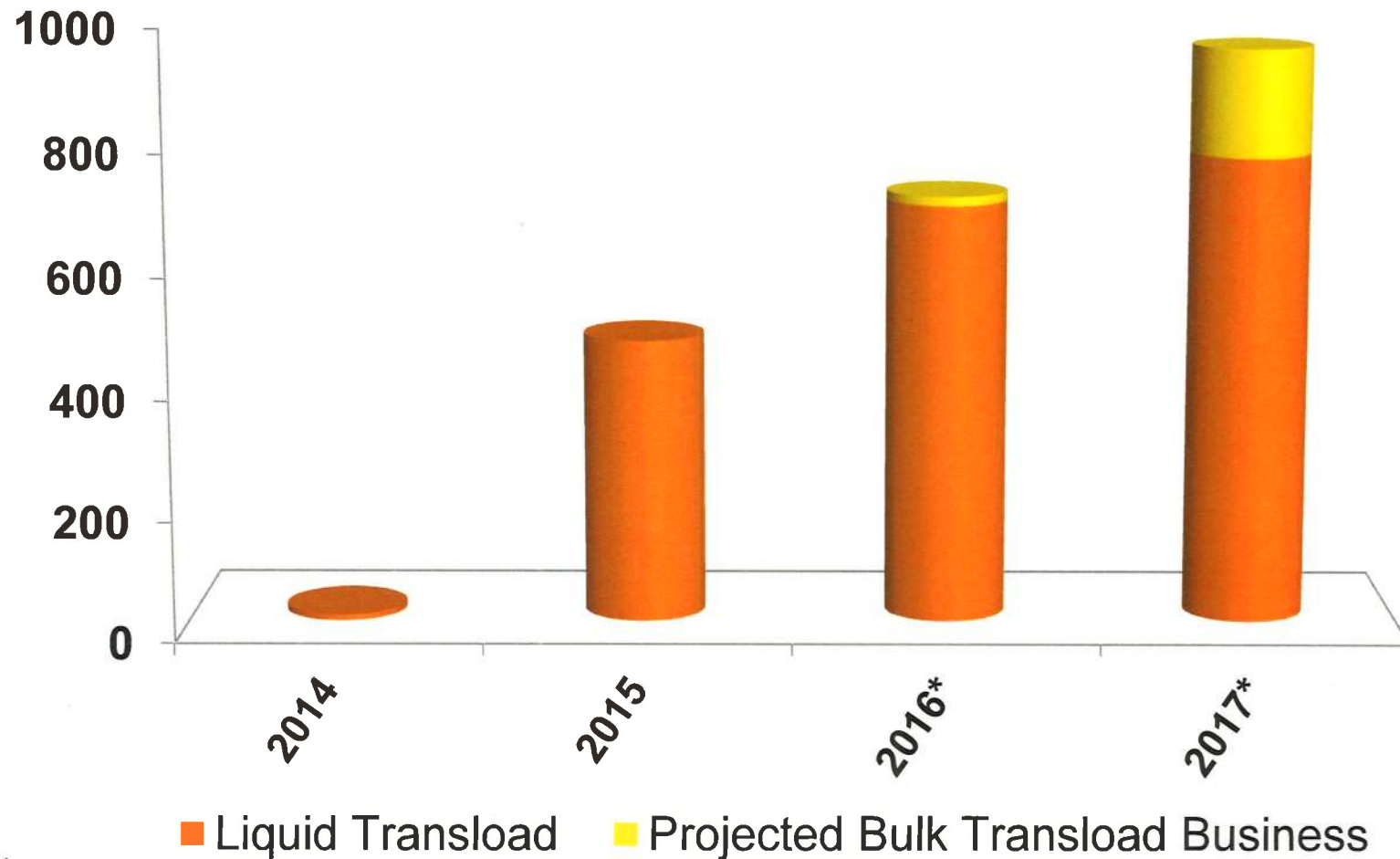


- Press Release in various industry publications
- Used Hoover Company Profile Data to identify over 250 potential new rail users within 50-mile radius
- Sales Blitz in San Diego market area to advertise and determine transload need
- Cold calls
- Referrals from existing customers

# Railcar Transload Volume on SDIY

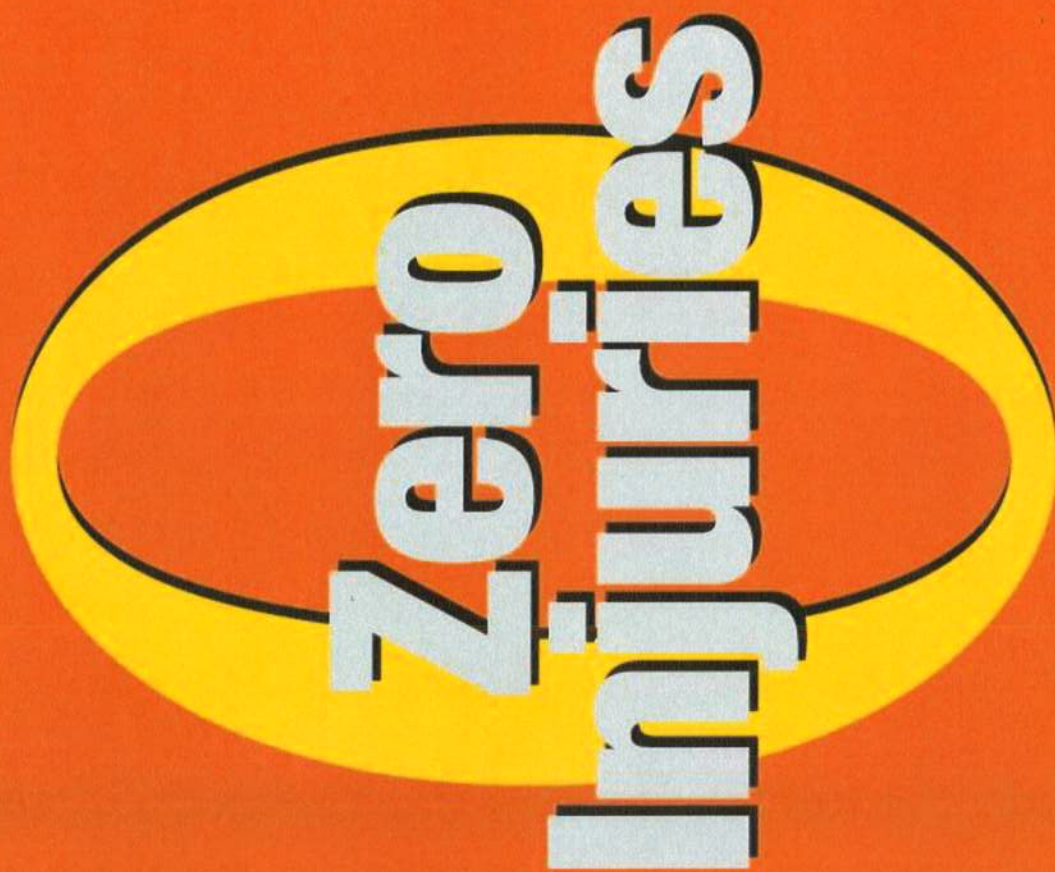
Number of Transloads Performed at San Ysidro

San Diego & Imperial  
Valley Railroad



\*Projected Volumes Q4 2016 and Q1-4 2017





**Zero  
Injuries**

***Our Goal Every Day***



## Agenda Item No. 4

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

October 11, 2016

### 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 was not submitted in time for the mail-out.

Attachment: To be provided at the meeting

## Agenda Item No. 5

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

October 11, 2016

**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



Full Rail Service



[www.dlg.com.mx](http://www.dlg.com.mx)

Exhibit 1

5-1



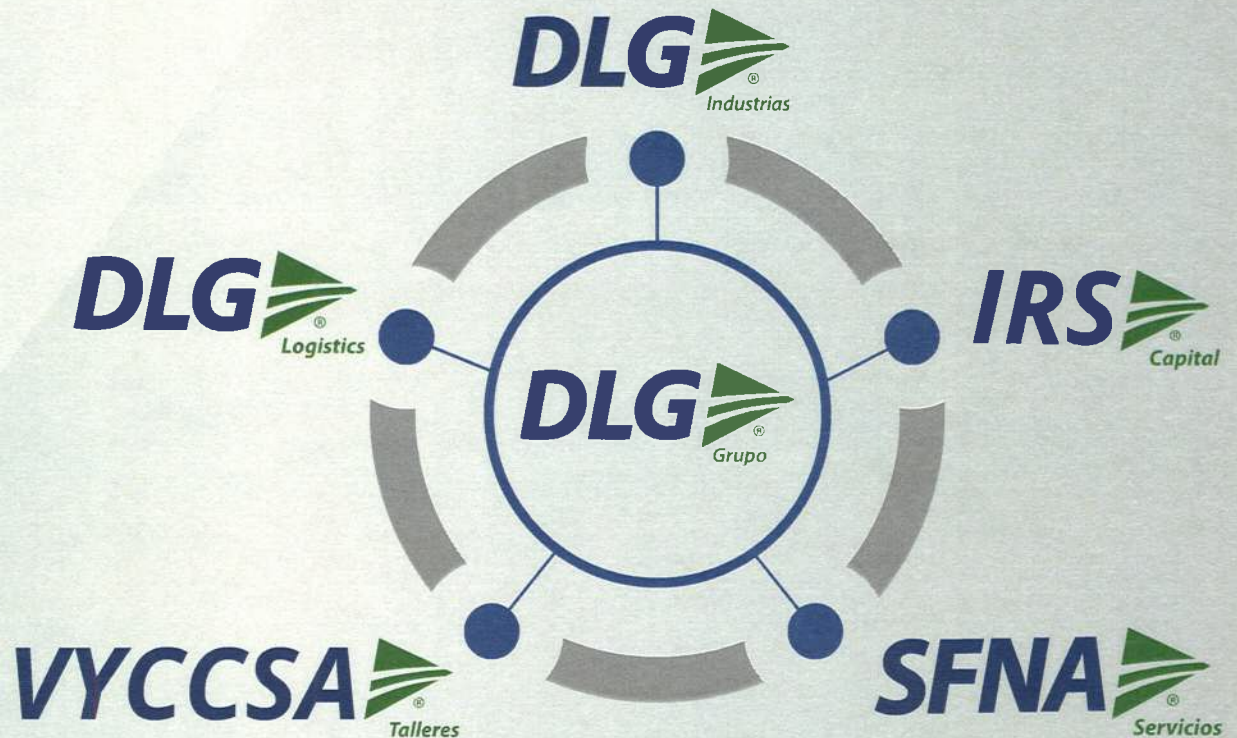




## About Us

Since its foundation in 1962, DLG has actively participated in the development of the Mexican Railway Industry.

DLG Group has evolved from a car repair shop to become a group that offers complete rail services to the North American market with quality products and reliable services, covering all areas of the Railroad Industry.







## DLG Industrias

It has the AAR M-1003 quality certification for reconstruction and maintenance of freight cars and components. We do track design, construction and maintenance as well. Also manufacturing of steel structures.

### Infraestructure

- Track Maintenance.
- New Track construction.
- Manufacturing of metal structures and bridges.

### Mechanical Repairs AAR

- Light, medium and heavy repairs to all types of rolling stock.
- Reconstruction and modification of cars.
- Side frame and bolsters reconditioning.
- Manufacture of box car sliding doors.
- Blast, paint and cleaning.
- Mobile units.





## VYCCSA Talleres



Company with over 40 years of experience in manufacturing turnouts, switches and special track work.

### Products

- Manufacture of all types of switches.
- Reconditioning of used switches.
- Track components and accesories.







## SFNA Servicios

Company founded in 1995, it has full AAR M-1003 certification which guarantees the quality of our products and services.

### Main Services

- Axles machining.
- New wheels.
- U-TUBE overhaul.





## DLG Logistics



Logistic services company with national coverage.

The objective is to assure the delivery of products and services on time and with quality.

### Main Services

- Logistics specialized in the rail industry.
- Public Transport Services.





## IRS Capital

Financial company,  
registered in CONDUSEF and CNBV  
designed primarily to finance  
commercial, industrial and personal  
projects.

### Services

- Financing of track construction and rolling stock maintenance projects.
- Financing DLG Group's employees, customers and suppliers.
- Leasing of machinery and equipment.







## Recent Infrastructure Projects

- Etileno XXI Logistics Facility. Nanchital, Veracruz.
- Intermodal yard, El Salto, Hidalgo.
- Intermodal Yard A. P. I. Lazaro Cardenas.
- Double track to the Z. A. L. , A. P. I. Veracruz.
- Vehicular Bridge J. T. A. P. I Veracruz.
- Vehicular Bridge connectivity Area North Manzanillo, Colima.
- New Tracks connectivity Manzanillo, Colima.
- New Tracks "AMIGO", Veracruz.
- 120 rail crossing rehabilitation and signaling for S. C. T. Construction of new tracks, FenixProject, ICAFluor, Monclova, Coahuila.
- General track Maintenance Cemexplants in Ciudad Valles and Aguascalientes.
- Construction in 1.3 km of new track for ROCLA.
- Design, engineering and construction of the logistics facility in EtilenoXXI.
- Construction of minerals tracks and at the industrial port of Altamira, Tams.
- The new NBA line of Celaya bypass; in the state of Guanajuato.



## Our Locations



Pesquería, N.L. - Monterrey, N.L. - Monclova, Coah. - Chihuahua, Chih. - Manuel, Tamps.  
Atamira, Tamps. - Valle de México, Edo. de Mex.





Carretera Pesquería - Dulces Nombres km 4 #1000.  
Col. Pesqueria. Pesquería, NL, MX 66650.  
Tel. +52 (81) 8196 - 4200 | 01 800 0000 DLG  
[contacto@grupodlg.com.mx](mailto:contacto@grupodlg.com.mx)



5-10 EMPRESA 100% MEXICANA



ASSOCIATION OF  
AMERICAN RAILROADS

**AREMA**



COBERTURA NACIONAL



### **SUMMARY REPORT OF VISIT TO THE DESERT LINE FROM AUGUST 9TH TROUGH AUGUST 18<sup>TH</sup> 2016**

#### **Introduction:**

On August 9<sup>th</sup> of 2016 a team composed of the following people initiated a visit to survey "The Desert Line" from Mile Post 59.6 to Mile Post 129.6:

- **Robert Smith (Certified Speeder and Hi-Rail Operator)**
- **Eliot Almada (Project Director for Baja California Railroad)**
- **Fernando Osorio Rodriguez (Senior Rail Engineer DLG)**
- **Fernando Osorio Gallardo (Rail Engineer DLG)**
- **Ulises Uribe Villanueva (Survey Analyst for DLG)**

The purpose of the visit was to evaluate The Desert Line, its railway, bridges and tunnels and present to BJRR a comprehensive Reconstruction Plan including labor and material costs that is **to be** submitted to PIR and MTS in compliance with section 1.3.1 of the **CALI-BAJA JOINT VENTURE SUBLEASE AND OPERATING AGREEMENT** that was executed by Pacific Imperial Railroad Inc., and BAJA CALIFORNIA RAILROAD INC. on June 9<sup>th</sup>, 2016.

All proper authorities were advised of the presence of the team in and near The Desert Line, including CBP, MTS and PIR. The proper Right of Entry (ROE) was in place prior to the visit.

Legal entry to the United States was done through the Tecate Port of Entry by team members. To transit the line, a BJRR Hi-Rail was used. The unit has \$1 million dollar Liability Insurance in place and is in full compliance (Blue Card) with FRA.

**Track Warrants and Dispatching was done by Mr. J. LEVISH from The San Diego & Arizona Railway.** During the length of the visit, operating of the BJRR Hi-Rail was provided by Mr. Robert Smith.

DAY BY DAY SUMMARY REPORT				
Date	Estimated Time spent	Traveling		Survey Evaluation
		From	to	
Tuesday Aug-09/2016	9 hrs	Jacumba MP 92.35	Tunnel No. 4 (USA side) at Division MP 60.00	<ul style="list-style-type: none"> <li>General rail track conditions.</li> <li>Bridge MP 66.77</li> <li>Tunnel No. 4.</li> <li>Bridge MP 60.08</li> </ul>
Wednesday Aug-10/2016	8 hrs	Jacumba MP 92.35	MP 96.00	<ul style="list-style-type: none"> <li>General rail track conditions.</li> <li>Bridge MP 93.68</li> <li>Bridge MP 95.08</li> <li>Bridge MP 95.88</li> <li>Bridge MP 95.86</li> </ul>
Thursday Aug-11/2016	5 hrs	Jacumba MP 92.35	Campo 66.00	<ul style="list-style-type: none"> <li>One-mile rail track inspection from MP 68.00 to MP 69.00.</li> </ul>
Friday Aug-12/2016	7 hrs	Ocotillo MP 120	MP 96.00	<ul style="list-style-type: none"> <li>Tunnel No. 5</li> <li>Bridge MP 96.11</li> </ul>
Saturday Aug-13/2016	9 hrs	Jacumba MP 92.35	Ocotillo MP 120	<ul style="list-style-type: none"> <li>Bridge MP 97.33</li> <li>Bridge MP 97.39</li> <li>Bridge MP 97.68</li> <li>Bridge MP 97.89</li> <li>Bridge MP 97.94</li> <li>Bridge MP 98.31</li> <li>Tunnel No. 6</li> <li>Bridge MP 98.42</li> </ul>
Sunday Aug-14/2016	7 hrs	Jacumba MP 92.35	Ocotillo MP 120	<ul style="list-style-type: none"> <li>Tunnel No. 8</li> <li>Tunnel No. 9 (MP 100.0)</li> </ul>
Monday Aug-15/2016	8 hrs	Jacumba MP 92.35	Ocotillo MP 120	<ul style="list-style-type: none"> <li>Tunnel No. 10 (MP 100.17)</li> <li>Bridge MP 100.37</li> <li>Tunnel No. 11 (MP 100.34)</li> <li>Tunnel No. 12 (MP 100.95)</li> <li>Tunnel No. 13 (MP 101.19)</li> <li>Tunnel No. 14 (MP 101.46)</li> <li>Tunnel No. 15 (MP 102.20)</li> <li>Bridge MP 102.29</li> <li>Tunnel No. 16 (MP 102.41)</li> </ul>
Tuesday Aug-16/2016	7 hrs	Jacumba MP 92.35	Ocotillo MP 120	<ul style="list-style-type: none"> <li>Tunnel No. 17 (MP 102.80)</li> <li>Bridge MP 103.05</li> <li>Bridge MP 103.35</li> <li>Tunnel No. 18 (MP 103.63)</li> <li>Bridge MP 103.76</li> <li>Bridge MP 103.97</li> <li>Bridge MP 104.27</li> <li>Bridge MP 104.32</li> <li>Bridge MP 104.37</li> <li>Tunnel No. 19 (MP 104.74)</li> <li>Tunnel No. 20 (MP 105.55)</li> <li>Tunnel No. 21 (MP 106.11)</li> </ul>
Wednesday Aug-17/2016	8 hrs	Jacumba MP 92.35	Ocotillo MP 120	<ul style="list-style-type: none"> <li>Bridge MP 107.12</li> <li>Bridge MP 108.00</li> <li>Bridge MP 108.26</li> <li>Bridge MP 109.25</li> <li>Bridge MP 115.73</li> <li>Bridge MP 117.38</li> <li>Bridge MP 118.41</li> <li>Bridge MP 118.60</li> <li>Bridge MP 118.96</li> <li>Bridge MP 119.36</li> <li>Bridge MP 119.57</li> <li>Bridge MP 119.80</li> <li>Bridge MP 119.99</li> <li>Bridge MP 120.37</li> </ul>



## PHOTOGRAPHIC REPORT

Day 1 Tuesday Aug-09/2016



Day 2 Wednesday Aug-10/2016



Day 3 Thursday Aug-11/2016



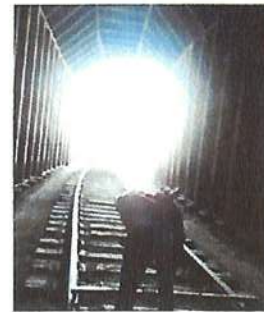


## PHOTOGRAPHIC REPORT

Day 4 Friday Aug-12/2016



Day 5 Saturday Aug-13/2016



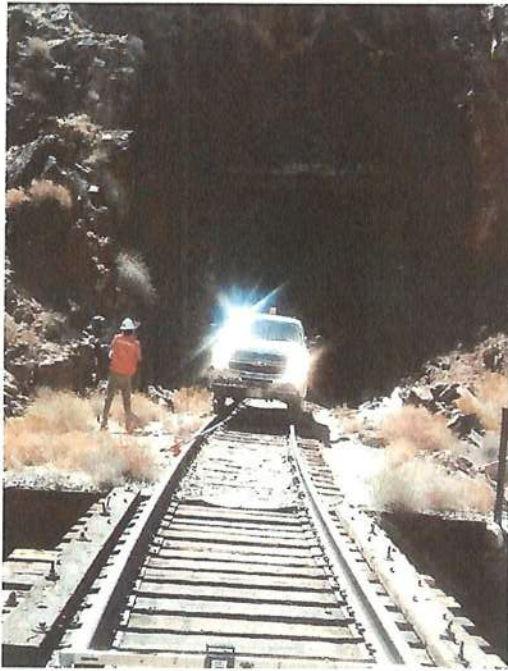
Day 6 Sunday Aug-14/2016



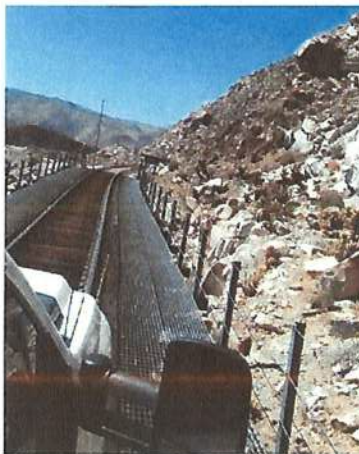


## PHOTOGRAPHIC REPORT

Day 7 Monday Aug-15/2016



Day 8 Tuesday Aug-16/2016





## PHOTOGRAPHIC REPORT

Day 9 Wednesday Aug-17/2016



### Additional Comments:

During the entire visit, **there were no major incidents to report.** On day one of the visit, the team was approached by Border Patrol agents near Division for routine inspection. As the team exited The Desert Line through the Tecate Port of Entry, **no materials or assets were brought back to Mexico.**



## **EXHIBITS**

- 1. Email confirmation from CBP of knowledge of the visit**
- 2. BJRR Right of Entry Permit for the Desert Line**
- 3. Picture of Hi-Rail**
- 4. Proof of Liability Insurance of Hi-Rail**
- 5. Hi-Rail Blue Card**
- 6. Registration of Hi-Rail**
- 7. Track Warrant expedited by SAN DIEGO & ARIZONA RAILWAY**

## Manuel Hernandez

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**De:** SILVA, CARLOS NMI <CARLOS.NMI.SILVA@cbp.dhs.gov>  
**Enviado el:** Friday, August 5, 2016 9:09 AM  
**Para:** Antonio Otanez  
**CC:** 'rromandia'; 'Manuel Hernandez'; ROBLES, CARLOS F; ROMERO, JUAN J  
**Asunto:** RE: RECORRIDO VIA DEL DESIERTO

Lic. Antonio R. Otañez,

Antonio,

Buen día, me da gusto saludarlo y extendiendo me agradecimiento por la información del personal que estará realizando inspecciones de las vías en lado Norteamericano.

Asimismo, estaremos pendientes en dado caso que ocuparan algún permiso inmigratorio durante su estancia en EEUU.

Le daremos aviso a nuestros compañeros de la Patrulla Fronteriza (Border Patrol) para que así estén enterados que habrá movimientos en las próxima dos semanas en esa área que a ellos les corresponde patrullar.

Sin más por el momento, atentamente,

Carlos Silva

Port Director  
OFO Chaplain  
Customs & Border Protection  
Tecate Port of Entry  
Tecate, California  
(619) 938-8301 Office  
(619) 938-8304 Fax

**From:** Antonio Otanez [mailto:aotanez@bajarr.com]

**Sent:** Thursday, August 04, 2016 10:15 AM

**To:** ROBLES, CARLOS F <CARLOS.ROBLES@CBP.DHS.GOV>; ROMERO, JUAN J <JUAN.J.ROMERO@CBP.DHS.GOV>; SILVA, CARLOS NMI

[Número de página]

<CARLOS.NMI.SILVA@cbp.dhs.gov>

Cc: 'rromandia' <rromandia@bajarr.com>; 'Manuel Hernandez' <mhernandez@bajarr.com>

Subject: RECORRIDO VIA DEL DESIERTO

Chief Carlos Robles/ Carlos Silva

Buenos días, por medio del presente les envío un cordial saludo y así mismo les informo que a partir del próximo día Lunes 08 de Agosto, se contara con la presencia de la empresa DLG quienes vendrán a realizar una inspección de dos semanas a la via del desierto específicamente de Division a Plaster City, por lo que me permito informarles los nombres de las personas que estarán realizando la inspección para que tengan conocimiento de esta situación.

Ing.. Ulises Uribe Villanueva -----Inspector de Vía

Ing.. Fernando Osorio Rodríguez---Ingeniero en Jefe del Proyecto

Ing.. Fernando Osorio Gallardo ---- Inspector de Vía

Arq. Eliot Almada Olea. -----Gerente de Proyectos BJRR

Sr. Robert Smith-----Conductor del High Rail

Lic. Antonio Otáñez----- Gerente de Operaciones BJRR

En caso de requerir cualquier tipo de información adicional favor de solicitar por este medio y con todo gusto se las hare llegar a la brevedad posible.

Saludos...



Lic. Antonio R. Otáñez  
Gerente de Operaciones  
Baja California Railroad Inc.

Office in Tijuana (01152-664-607-5168)  
US Line in Tijuana (619) 207-4607  
US Office (619) 934-3146

[bajarr.com](http://bajarr.com)

METROPOLITAN TRANSIT SYSTEM  
AND SAN DIEGO AND ARIZONA EASTERN RAILWAY COMPANY

RIGHT OF ENTRY PERMIT

1. Permission is hereby granted by the San Diego Metropolitan Transit System (MTS), a California Public Agency, and/or the San Diego and Arizona Eastern Railway Company, Inc. (SD&AE) (hereinafter called "Permitter"), to ***Baja California Railroad, Inc.*** or its/their designee (Permittee) to enter upon MTS and/or SD&AE property (as described within Exhibit A site map attached hereto and made a part thereof) for the purpose(s) of ***conducting pre-construction field investigations and survey work under the direction of Pacific Imperial Railroad, Inc. at railroad milepost 59.94 to 130.0.***

This permission is granted with the understanding that the Permittee agrees to release MTS, SD&AE, and its contract operator(s) San Diego Trolley, Inc. (SDTI), and San Diego and Imperial Valley (SD&IV) Railroad from any liability arising out of Permittee's operations under this agreement. Furthermore, Permittee agrees to assume responsibility for any damages caused by reason of Permittee's operations under this agreement and will, at SD&AE's and/or MTS's option, either repair or pay for such damage.

2. Prior to beginning work, Permittee shall have provided MTS with satisfactory certification by a properly qualified representative of the Insurer(s) that the Permittee's insurance complies with this section.

Permittee shall include the MTS Document number and/or brief description of project including type of construction and location on all insurance-related correspondence, i.e., the insurance certificate itself.

All policies required shall be issued by companies who are licensed to do business in the State of California and hold a current policyholder's alphabetic and financial-size category rating of not less than A-VI, in accordance with A.M. Best.

A. COVERAGE REQUIRED - ALL PERMITS

(1) Liability

- (a) Commercial General Liability. At all times during this contract and, with respect to Products and Completed Operations Liability, for 12 months following the acceptance of the work by MTS, Permittee agrees to maintain Commercial General Liability Insurance for bodily injury and property damage in an occurrence form and with insurance companies acceptable to MTS. Commercial General Liability Insurance must include coverage for the following:

- Premises/Operations Liability
- Per Project Aggregate
- Products/Completed Operations Liability
- No Explosion, Collapse, and Underground (XCU) exclusion
- Contractual Liability, with respect to this agreement
- Personal Injury Liability



- Broad Form Property Damage
- Independent Contractors

All such policies shall name in the endorsement as additional insureds the following entities including their directors, officers, agents, and employees as their interests may appear:

- San Diego Metropolitan Transit System (MTS),
- San Diego Trolley, Inc. (SDTI),
- San Diego Vintage Trolley, Inc. (SDVTI)
- San Diego and Arizona Eastern Railway (SD&AE),
- San Diego and Imperial Valley Railroad (SD&IV),
- San Diego Transit Corporation (SDTC),
- Pacific Southwest Railway Museum, Assoc., Inc. (PSRM) and
- Pacific Imperial Railroad (PIR)

- (b) Automobile Liability. At all times during this contract, Permittee agrees to maintain Automobile Liability Insurance for bodily injury and property damage including coverage for all owned, nonowned, and hired vehicles.
- (c) Workers' Compensation/Employer Liability. At all times during this contract, Permittee agrees to maintain Workers' Compensation and Employers' Liability Insurance in compliance with the applicable statutory requirements.

B. ADDITIONAL COVERAGES REQUIRED (AS INDICATED)

- ☒ (1) Railroad Protective or Equivalent  
REQUIRED

Any exclusions relating to performance of operations within the vicinity of any railroad, bridge, trestle, track, roadbed, tunnel, underpass, or crossing must be deleted. Option: purchase separate Railroad Protective Liability Policy as required.

- ☐ (2) Pollution Liability  
REQUIRED

At all times during this contract, and for 24 months following, Permittee agrees to maintain Pollution Legal Liability Insurance with respect to services or operations under this agreement. The extended discovery period must be no less than 24 months.

- ☒ (3) Primary and Non-Contributory Insurance  
REQUIRED

Permittee agrees that all general liability coverages required under this insurance section are PRIMARY insurance and that any insurance of MTS, SDTI, SDVIT, SD&AE, SDTC, PSRM, and PRI shall be excess and noncontributory (endorsement required).

C. MINIMUM POLICY LIMITS REQUIRED

	Combined Single Limit (CSL)
Commercial General Liability (Per Occurrence)	\$2,000,000
General Aggregate	\$4,000,000
Automobile Liability	\$1,000,000
Federal Employers Liability Act (FELA)	\$10,000,000
FELA will be accepted in lieu of Worker's Compensation Employer's Liability	

Additional Coverages (as indicated under Section B, Additional Coverages Required):

<input checked="" type="checkbox"/> B (1) Railroad Protective (Per Occurrence)	\$3,000,000
General Aggregate	\$6,000,000
<input type="checkbox"/> B (2) Pollution Liability	\$

D. POLICY PROVISION REQUIRED

All policies and coverages shall contain a provision for 30 days written notice by the Insurer(s) to MTS Contracts Specialist of any cancellation or material reduction of coverage. A ten-day notice is required for non-payment of premium.

E. SPECIAL PROVISIONS

The foregoing requirements as to the types and limits of insurance coverage to be maintained by Permittee, and any approval of said insurance by MTS, SDTI, SD&AE, PIR, SD&IV, SDTC, CZRY and PSRM or their insurance Contractor(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Permittee pursuant to this agreement, including but not limited to the provisions concerning indemnification.

MTS reserves the right to stop Permittee work in the event of material noncompliance with the insurance requirements outlined above.

3. Permittee shall at all times, defend, indemnify, and save harmless Permitter against, and pay in full, all loss, damage, or expense, including attorney's fees, that Permitter may sustain, incur, or become liable for, resulting in any manner from the construction, maintenance, use, state of repair, or presence of Permittee's facilities and all necessary and proper fixtures and equipment for use in connection therewith, including any such loss, damage, or expense arising out of (a) loss of or damage to property and (b) injury to or death of persons, excepting any loss, damage, or expense and claims for loss, damage, or expense resulting from the sole negligence or willful act of the Permitter, its contractors, officers, agents, or employees.

4. The following condition(s) apply if checked:


- A. ☒ Permittee agrees to coordinate on a daily basis a reasonable access to all MTS/SD&AE facilities and with heavy rail operators Pacific Imperial Railroad (PIR), San Diego and Imperial Valley Railroad (SD&IV), and Pacific Southwest Railway Museum (PSRM). Freight and passenger trains operate on varying schedules.
- B. ☒ Permittee agrees to restore all facilities, improvements, landscaping, etc., to their original condition by the completion of work.
- C. ☒ Permittee agrees that no work by itself or its authorized agent will interfere with Railroad operations.
- D. ☒ Permittee shall deposit with Permitter the sum of **zero dollars (\$0.00)** representing the permit fee in connection with said work.
- E. ☒ Permittee shall provide written notice to MTS a minimum of 5 business days prior to the start of work on subject property and within 24 hours after completion of work to schedule and complete inspections.
- F. ☒ Permittee shall provide written notice to MTS of project changes or field plan revision that is related or impacts railroad property to review and accept prior to installing or beginning modified work plan.
- F. ☒ Permittee shall arrange a preconstruction and project progress meetings with MTS Right of Way Services at (619) 557-4501 to review procedure and possible facility conflicts in the vicinity of the proposed work. No work shall begin without holding the preconstruction meeting.
- G. ☒ Permittee shall obtain approval from MTS/SDA&E upon completion of work that all facilities have been restored to original or better condition. Permittee shall submit in writing a notice of completion of work per Section 4.E when work is completed in the right-of-way.
- H. ☒ Permittee shall maintain, at Permittee's expense, competent flagmen to protect and control movement of vehicles and equipment of Permittee while upon Permitter's premises. Work that involves personnel or equipment within 25 feet of the centerline of any active track or as deemed necessary by Trainmaster of operations must have a railway flagperson for the duration of the work. Permittee shall coordinate flagperson with PIR Trainmasters minimum of three (3) business days prior to the beginning of work.
- I. ☒ Permittee shall not store equipment, tools, and materials within 25 feet from the centerline of any operable track. No vehicular crossing over Permitter's tracks shall be installed or used by Permittee without prior written permission of Permitter.



- J. ☒ Permittee shall remove all of Permittee's tools, equipment, and materials from railroad premises promptly upon completion of work, restoring railroad premises to the same state and condition as when Permittee entered thereon.
- K. ☒ Permittee shall reimburse Permitter for all cost and expense incurred by Permitter in connection with said work, plan review and approval, and permit processing including without limitation the expense of furnishing such inspectors, watchmen, and rail flagmen as Permitter deems necessary, and restoration of Permitter's property to the same condition as when Permittee entered thereon, or a condition satisfactory to Permitter's representative.
- L. ☒ Permittee shall perform all work in accordance with applicable California Public Utilities Commission, OSHA regulations, AREMA standard guidelines and MTS/SDIV/PIR operations and safety policies.
- M. ☒ Permittee shall provide MTS updated project progress schedules and notice or subcontractors, construction detail plans, material certificates of compliance from manufactures or suppliers a minimum of 14 days prior to the start of work on subject property for review and acceptance as Permittee deems necessary.
- N. ☒ Permittee shall maintain safe access to all rail and public pedestrian facilities at all times. A minimum five-foot-wide accessible pedestrian path through the construction site shall be maintained at all times. The construction boundary shall consist of OSHA plastic mesh, or approved equal. Yellow caution tape is not acceptable.
- O. ☒ Permittee shall provide MTS upon request with project records, reports and set of as-built plans, to be submitted electronic pdf format, signed by a licensed engineer in the State of California within 30 days of work acceptance by MTS.
- P. ☒ Permittee shall maintain a copy of the executed Right of Entry permit at the site during this work.
- Q. ☒ Permittee shall contact Dig-Alert at (800) 422-4133 and Cable Pipe and Leak ("CPL") at (619) 574-0171 prior to any excavation in the Right-of-Way. (PIR) and or (SD&IV) representative personnel shall accompany CPL for any markout of railway facilities.

5. This permission is non-transferable and shall remain in force for one (1) year from the date signed by MTS if all options to the PIR operation agreement are exercised. MTS reserves the right to suspend and/or terminate this permission at any time.

SAN DIEGO AND ARIZONA EASTERN  
RAILWAY COMPANY

  
\_\_\_\_\_  
Paul C. Jablonski  
President

Date: 7/15/16

BAJA CALIFORNIA RAILROAD, INC.

  
\_\_\_\_\_  
Signature  
Name/Title: Manuel Hernandez

Date: 19 JUL 2016

Baja California Railroad, Inc.  
3065 Beyer Blvd. Suite B 103  
San Diego, CA 92154

Phone Number: (619) 207-4607  
Manuel Hernandez

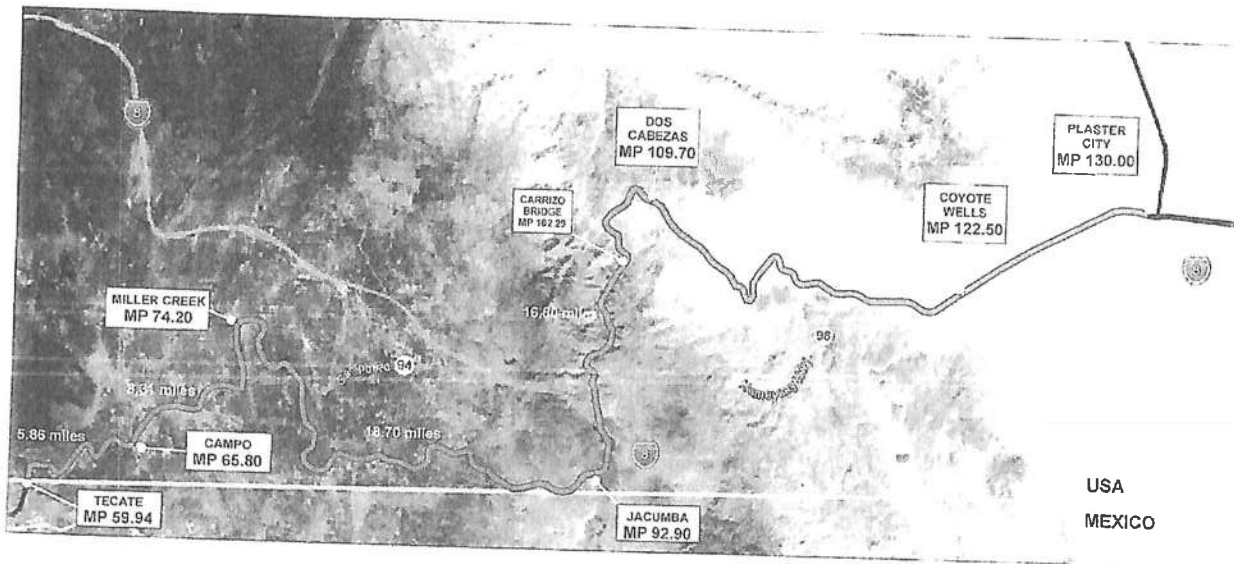
Attachment(s): Exhibit A- Site Map

cc:  
Tim Allison (MTS)  
Arturo Alemany (PIR)

# Exhibit A



## DESERT LINE TRACK FROM MP 59.94 TO MP 130.00







# Your ID Cards

Keep these cards handy—in your wallet or glove compartment—and contact us anytime you have a question or need to report a claim.

If you have a claim, we'll get you back on the road as soon as possible. And while you'll always have a choice where to repair your vehicle, when you use a shop in our preapproved network, we'll guarantee your repair for as long as you own or lease your vehicle.

**Thank you for choosing Progressive.**

**Progressive Customer**



**PROGRESSIVE**

»»» FOLD PAGE ALONG PERFORATION AND TEAR »»»

## INSURANCE IDENTIFICATION CARD - California

Policy Number: 03853000-0      NAIC Number: 11770  
Effective Date: 07/14/2016      Expiration Date: 07/14/2017  
Policy Type: Commercial  
Insurer: United Financial Casualty Company 1-800-444-4487  
PO Box 94739 Cleveland, OH 44101

Named Insured(s):  
BAJA CALIFORNIA RAILROAD  
INC.

Your Agent:  
LINCOLN TRANS INS 1-315-768-6110  
5920 AIRPORT RD  
ORISKANY, NY 13424

Year	Make	Model	VIN
2008	Chevrolet	Silverado C2500	1GCHK23K18F225719

»»» FOLD PAGE ALONG PERFORATION AND TEAR »»»  
Your policy meets the requirements of Section 16056.

THIS CARD LEFT BLANK INTENTIONALLY

»»» FOLD PAGE ALONG PERFORATION AND TEAR »»»

**Annual Hi-Rail Safety Inspection Checklist**  
**FRA § 214.523**

Owner: BAJA CALIFORNIA RAILROAD INC Date: 6-18-2016

Vehicle Make: CHEVROLET Model: 2500 HD Year: 2008

VIN: 1G0K23K18F225719 License Tag - State & Number: (DCF) ZJB-866-L Mileage: 94542

Hi-Rail gear installed (Make & Model) Front HARSCO HRO307 SERIES A

Rear HARSCO HRO307 SERIES A

☒ Manufacturers Installation and/or Maintenance Manual (as applicable) Available

☒ Inspect Hi-Rail Assemblies for loose or missing parts.

☒ Inspect guide wheels wear per manufacturer's limits

☒ Inspect Tram or Alignment in accordance with manufacturer's limits & procedures

☒ Guide wheel gage within manufacturer's limits

Gage Front Axle: 56" Gage Rear Axle: 56"

**Sat**      **Unsat**

\_\_\_\_\_ ✓

\_\_\_\_\_ ✓

\_\_\_\_\_ ✓

\_\_\_\_\_ ✓

**REQUIRED ON NEW HI-RAIL VEHICLES**

**FRA § 214.7 Definitions**

**Hi-Rail vehicle, new** means a hi-rail vehicle that is ordered after December 26, 2003 or that is completed after September 26, 2004.

☒ Back up alarm meeting FRA § 214.523 (c)(1) Installed.

☒ Warning light or Beacon meeting FRA § 214.523 (c)(1) Installed

Comments:

Signature: \_\_\_\_\_

1. A copy of this inspection report shall be kept on the hi-rail vehicle.

2. The hi-rail gear of this vehicle shall be inspected for safety at least annually and with no more than 14 months between inspections.





Estados Unidos Mexicanos  
Gobierno del Estado de Baja California  
Secretaría de Planeación y Finanzas  
Recaudación de Rentas



TARJETA DE CIRCULACIÓN VEHICULAR

2016

SERVICIO PARTICULAR



16497459

Placas Número		Trámite	
ZJB866L		ALTA	
Oficina Expedidora		Número de Licencia	
REC. AUXILIAR VIA RAPIDA			
Fecha de Expedición	Entidad Federativa	Vigencia	
07/07/2016 13:39	BAJA CALIFORNIA	31/03/2017	
R.F.C.	Municipio		
BCR090209 IE3	TIJUANA		
Nombre del Propietario o Razón Social			
BAJA CALIFORNIA RAILROAD SA DE CV			
Tenedor o Usuario			
BAJA CALIFORNIA RAILROAD SA DE CV			
Localidad, Delegación o Población		Número de REPUVE	
TIJUANA			
Marca, Línea y Versión			
CHEVROLET TRUCKS SILVERADO REGULAR C			
Observaciones			

Clase y Tipo			
CÁMION PICKUP			
Modelo	Puertas	Cilindros	Combustible
2008	4	8	GASOLINA
Capacidad		Número de Motor	
500 KG		25719	
No. de Identificación Vehicular			
1GCHK23K18F225719			
No. de Registro o Certificación de Propiedad			
164030516005704			
Color		Vehículo Origen	
BLANCO		FRONTERIZO	
Folio SCT	El Secretario de Planeación y Finanzas		
16497459			
ANTONIO VALLADOLID RODRIGUEZ			

**SAN DIEGO & ARIZONA RAILWAY  
TRACK WARRANT**

NO: 2016-089 DATE: August 9, 2016

TO: MOW - R. SMITH AT: Miller Creek

1. ☒ TRACK WARRANT NO(S) 2016-088 IS VOID.
2. ☐ PROCEED FROM \_\_\_\_\_ TO \_\_\_\_\_  
ON \_\_\_\_\_ TRACK, \_\_\_\_\_ SUBDIVISION.
3. ☐ WORK BETWEEN \_\_\_\_\_ TO \_\_\_\_\_  
ON \_\_\_\_\_ TRACK, \_\_\_\_\_ SUBDIVISION.
4. ☒ WORK BETWEEN MP-74.0 AND MP-59.9  
ON MAIN TRACK, DESERT SUBDIVISION.
5. ☒ NOT IN EFFECT UNTIL 07:00
6. ☒ THIS AUTHORITY EXPIRES AT 19:00
7. ☐ NOT IN EFFECT UNTIL AFTER ARRIVAL OF \_\_\_\_\_ AT \_\_\_\_\_
8. ☐ HOLD MAIN TRACK AT LAST NAMED POINT.
9. ☐ DO NOT FOUL LIMITS AHEAD OF \_\_\_\_\_
10. ☐ CLEAR MAIN TRACK AT LAST NAMED POINT.
11. ☐ BETWEEN \_\_\_\_\_ AND \_\_\_\_\_ MAKE ALL MOVEMENTS  
AT RESTRICTED SPEED. LIMITS OCCUPIED BY TRAIN.
12. ☐ BETWEEN \_\_\_\_\_ AND \_\_\_\_\_ MAKE ALL MOVEMENTS  
AT RESTRICTED SPEED. LIMITS OCCUPIED BY MEN OR EQUIPMENT.
13. ☐ DO NOT EXCEED \_\_\_\_\_ MPH BETWEEN \_\_\_\_\_ AND \_\_\_\_\_
14. ☐ DO NOT EXCEED \_\_\_\_\_ MPH BETWEEN \_\_\_\_\_ AND \_\_\_\_\_
15. ☒ FLAG PROTECTION NOT REQUIRED AGAINST FOLLOWING TRAINS ON THE SAME TRACK.
16. ☒ TRACK BULLETINS IN EFFECT: A-080801, , , , , , , , .
17. ☐ OTHER SPECIFIC INSTRUCTIONS: \_\_\_\_\_
18. ☒ JOINT WITH: MOW - G. ROGERS BETWEEN MP-65.1 AND MP-59.9  
BETWEEN \_\_\_\_\_ AND \_\_\_\_\_

TRACK WARRANT HAS 7 BOXES MARKED: 1, 4, 5, 6, 15, 16, 18, , , , , , , .

OK: 06:26 (TIME) DISPATCHER: J. LEVISH - JAL

RELAYED TO: \_\_\_\_\_ COPIED BY: \_\_\_\_\_

LIMITS REPORTED CLEAR AT \_\_\_\_\_ BY: \_\_\_\_\_

(Mark "X" in box for each item instructed)

# Agenda

Item No. 6a

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

October 11, 2016

## SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE JULY 19, 2016

## RECOMMENDATION:

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

### Budget Impact

None.

## DISCUSSION:

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.



# Agenda

Item No. 6b

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

October 11, 2016

## SUBJECT:

LICENSE FOR COMMUNITY DOG PARK IN IMPERIAL BEACH

## RECOMMENDATION:

That the SD&AE Railway Company Board of Directors 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, CA.

### Budget Impact

MTS expenses would be reimbursed for review, approval, processing, and construction oversight. No annual license fee is proposed.

## DISCUSSION:

The attached letter dated September 6, 2016, (Attachment A) from the City of Imperial Beach (City) requests a license agreement for the portion of the proposed community dog park that would be in SD&AE railroad right-of-way. The attached location map (Attachment B) from the City shows the proposed boundary of the dog park, and the portion of the dog park that would be in SD&AE right-of-way is highlighted.

The improvements to the site would include a perimeter fence, park-like features, and landscaping. The existing railroad track within the SD&AE right-of-way in the proposed dog park would be covered and protected in place. There are no permanent structures proposed to be in the SD&AE right-of-way.

Attachments: A. Letter dated 9/6/16 from the City of Imperial Beach  
B. Community Dog Park Location Map



# *City of Imperial Beach, California*

## *OFFICE OF THE CITY MANAGER*

*825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8615 Fax: (619) 628-1395*

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### Attachment A

September 6, 2016

San Diego Metropolitan Transit System  
Attn: Paul C. Jablonski, CEO  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490

Dear Mr. Jablonski:

This City of Imperial Beach has identified a preferred location to establish a Community Dog Park that is on City owned vacant property east of the Imperial Beach Public Works facility at 495 10th Street. This proposed location also includes a section of the right-of-way for the San Diego & Arizona Eastern Railway Company. This letter is to initiate the formal request for a license agreement for the City of Imperial Beach to use this section of the San Diego & Arizona Eastern Railway Company right-of-way for the purpose of a Community Dog Park. Attachment 1 to this letter provides a map of the location for the Community Dog Park.

The proposed Community Dog Park will provide a safe and appropriate location for dog owners to recreate with their pets in a social and neighborhood environment. The establishment of a Dog Park will transform an unmaintained vacant lot into the City's first established neighborhood park facility for pet owners. The improvements to the site will include a perimeter fence, park like features, and landscaping. The existing railroad track on the property will be covered and protected in place. There are no permanent structures proposed for the railway right-of-way.

The establishment of a Community Dog Park is a priority for the City and we hope that this request for a license agreement is granted at the October 11, 2016 San Diego & Arizona Eastern (SD&AE) Railway Company Board of Directors meeting. Please let us know if you need additional information to fulfill this request.

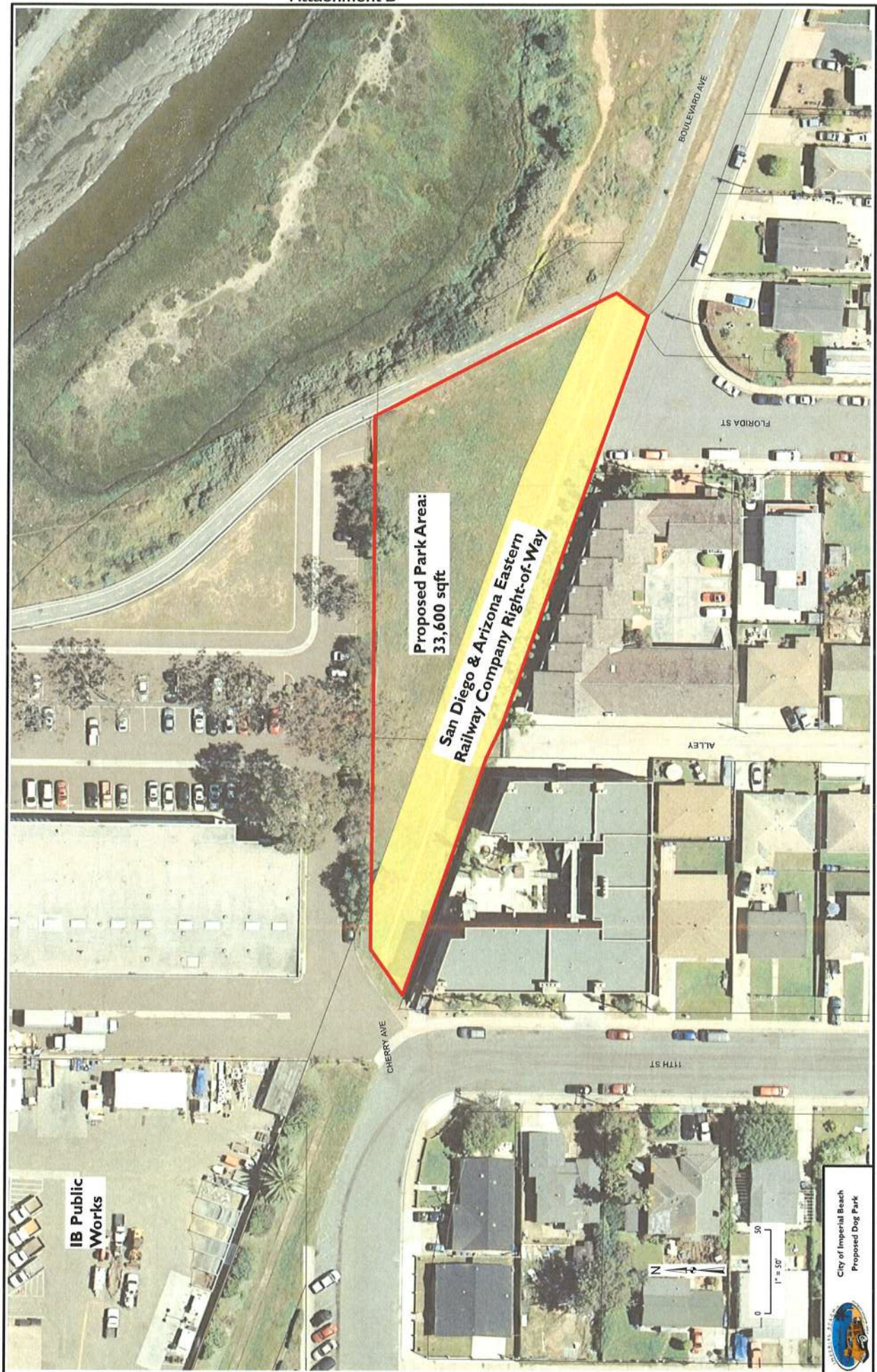
Sincerely,

Andy Hall, AICP  
Imperial Beach City Manager

Attachment 1: Community Dog Park Location Map

cc. Richard Rose  
Tim Allison







# Agenda

Item No. 6C

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

October 11, 2016

## SUBJECT:

LICENSE AMENDMENT FOR BAYSHORE BIKEWAY BIKE PATH CONNECTION IN  
IMPERIAL BEACH

## RECOMMENDATION:

That the SD&AE Railway Company Board of Directors 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, CA.

### Budget Impact

MTS expenses would be reimbursed for review, approval, processing, and construction oversight. No annual license fee is proposed.

## DISCUSSION:

The attached letter with exhibits dated September 21, 2016, (Attachment A) from the City of Imperial Beach (City) requests a license agreement for a Bayshore Bikeway bike path connection to the existing bike path traversing the south side of San Diego Bay on the north side of the City of Imperial Beach. SD&AE previously approved a license for a portion of the Bayshore Bikeway bike path (MTS Doc. No. S200-00-093) dated August 18, 1999 (Attachment B).

The proposed bike path connection will extend from a City-approved, nearby residential project located northeast of State Route 75 and Rainbow Drive, then north to the Bayshore Bikeway located in the SD&AE right-of-way west of 7<sup>th</sup> Street. The improvements for the bike path connection would be comprised of asphalt concrete pavement and a 42" post and rail fencing.

Staff is proposing an amendment to the existing license to add the connection. The City will pay for all MTS expenses to review, approve, and process plans and the license amendment, and for all construction oversight costs. Consistent with other license agreements issued for the Bayshore Bikeway and consistent with the existing license, no annual license fee is proposed.

Attachments:   A. Letter dated September 21, 2016, from the City of Imperial Beach  
                  B. Existing License Agreement (MTS Doc. No. S200-00-093)

## Attachment A



# City of Imperial Beach, California

COMMUNITY DEVELOPMENT DEPARTMENT

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 628-1356 Fax: (619) 424-4093

September 21, 2016

San Diego Metropolitan Transit System  
Attn: Paul C. Jablonski, CEO  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490

### RE: CITY OF IMPERIAL BEACH REQUEST FOR LICENSE AGREEMENT FOR BAYSHORE BIKEWAY BIKE PATH CONNECTION

Dear Mr. Jablonski:

On December 3, 2014 the City of Imperial Beach City Council adopted Resolution 2014-7529 approving a project application for a Conditional Use Permit, Design Review Case, Site Plan Review, Tentative Map, and Mitigated Negative Declaration for the redevelopment of an existing 124-space adult recreational vehicle park located at 500 Highway 75 into to a residential community of 190 townhomes and 3 detached single-family houses, for a total of 193 dwelling units, and related facilities ("Phase 1"), as well as the construction of a Class I Bike Path ("Bike Path") connecting the San Diego Bayshore Bikeway through the proposed residential community to Highway 75 ("Phase 2"). Phase 1 would feature a 100-foot buffer zone along Pond 10A of the South San Diego Bay Unit of the San Diego Bay National Wildlife Refuge, which would include an outer 50 feet of wetland creation and transition into an inner 50 feet that would contain the proposed Bike Path, bioretention areas, and associated Highway 75 improvements. Phase 2 would extend the Bike Path connection to the Bayshore Bikeway along the eastern boundary of Pond 10A. In addition, on August 13, 2015, the California Coastal Commission approved a coastal development permit for the project, including the Bike Path, although the amount of residential units was reduced from 193 units to 187.

Connecting the Bike Path to the Bayshore Bikeway would require traversing right-of-way owned by the San Diego & Arizona Eastern Railway Company. The City of Imperial Beach requests a license agreement for the railroad right-of-way crossing location. The improvements for the crossing location would be comprised of asphalt concrete pavement and 42" post and rail fencing. We appreciate your attention to the matter. Please contact me with any questions or concerns.

Sincerely,

Steve Dush

Assistant City Manager/Community Development Director

City of Imperial Beach

825 Imperial Beach Blvd.

Imperial Beach, CA 91932

Phone: (619) 628-1354 | E-Mail: [sdush@imperialbeachca.gov](mailto:sdush@imperialbeachca.gov)

**Bike Path Connection Exhibits**



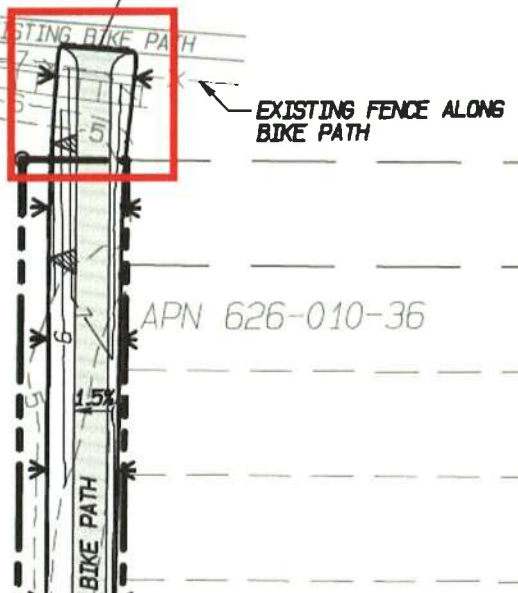
EXISTING ABANDONED  
RAILROAD TRACKS

CONNECT TO  
EXISTING BIKE PATH  
EX FS 7.7 ±

EXISTING BIKE PATH

EXISTING FENCE ALONG  
BIKE PATH

APN 626-010-36







**Attachment B**

DWhite

MTDB/SD&AE Doc. No. S200-00-093  
SDAE 700 (PC 40099)

**LICENSE TO PLACE PERMANENT IMPROVEMENTS  
IN MTDB/SD&AE RIGHT-OF-WAY**

THIS LICENSE, made this 18th day of August 1999, between the San Diego and Arizona Eastern Railway Company (hereinafter referred to as "LICENSOR") and City of Imperial Beach (hereinafter referred to as "LICENSEE").

WITNESSETH, that LICENSOR, in consideration of zero dollar(s) (\$0), paid by LICENSEE to LICENSOR, covenant and agree as follows:

1. Subject to the terms and conditions hereinafter set forth, LICENSOR licenses LICENSEE to construct and maintain the following improvements (hereinafter IMPROVEMENTS) across, under, over, or along the right-of-way of LICENSOR of the type and at the location described below:

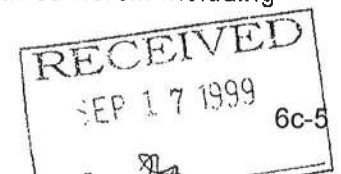
**A bike path between 7th Street and 13th Street in Imperial Beach.**

The exact location and description of the IMPROVEMENTS identified above are shown on the drawing marked Exhibit "A" consisting of 4 pages, attached hereon and part a part hereof, and subject to termination for future railway purposes at no expense or liability to LICENSOR.

2. LICENSEE shall use the IMPROVEMENTS solely for the following purpose:

Operation and maintenance of bike path for recreation and shall not use it for any other purpose whatsoever.

3. LICENSEE shall, at its own cost and subject to the supervision and control of LICENSOR'S appointed representative - engineer, locate, construct, and maintain the IMPROVEMENTS in such a manner and of such material that it will not at any time be a source of danger or interference with the present or future operation of any facilities owned and/or operated by LICENSOR with LICENSOR'S right-of-way.
4. In cases where LICENSEE is permitted under Paragraph 2 hereof to use facilities considered potentially dangerous to facilities owned and operated by LICENSOR, special installation, construction, and maintenance requirements shall followed by LICENSEE as identified on Exhibit "B" attached hereto and made a part hereof. If at any time LICENSEE shall, in the judgment of LICENSOR, fail to perform properly its obligations under this paragraph, LICENSOR may, at its option, itself perform such work as it deems necessary for the safe operation of its facilities, and in such event LICENSEE agrees to pay, within fifteen (15) days after invoicing for such work performed, the cost so incurred by LICENSOR, but failure on the part of LICENSOR to perform the obligations of LICENSEE shall not release LICENSEE from liability hereunder for loss or damage occasioned thereby.
5. LICENSEE shall reimburse LICENSOR for any expenses incurred by LICENSOR during the installation, construction or maintenance of the IMPROVEMENTS identified herein including



but not limited to falsework to support LICENSOR'S tracks and for flagmen to protect its traffic.

6. LICENSEE shall at all times indemnify and hold harmless LICENSOR from any and all losses, damage, expenses, or liabilities that LICENSOR may incur as a result of the installation, construction, maintenance, use, existence, or state of repair of the IMPROVEMENTS identified herein.
7. If at any time LICENSEE fails or refuses to comply with or carry out any or all of the covenants herein, LICENSOR may, at its election, revoke this license in accordance with the provisions of Paragraph 8.
8. THIS LICENSE is given by LICENSOR and accepted by LICENSEE upon the express condition that the same may be terminated at any time by either party upon thirty (30) days notice in writing to be served upon the other party, stating therein the date that such termination shall take place, and that upon the termination of this license in this or any other manner herein provided, LICENSEE, upon demand of LICENSOR, shall abandon the use of the IMPROVEMENTS and remove the same and restore the right-of-way and any other improvements or facilities within said right-of-way whether owned by LICENSOR or others to their original condition in which they were prior to the installation of the IMPROVEMENTS. In case LICENSEE fails to restore LICENSOR'S right-of-way and improvements or facilities as aforementioned within ten (10) days after the effective date of termination, LICENSOR may proceed with such work at the expense of LICENSEE. No termination hereof shall release LICENSEE from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions, or events happening prior to the date the IMPROVEMENTS are removed and the right-of-way of LICENSOR restored as above provided.
9. In the case of eviction of LICENSEE by anyone owning or obtaining title to the right-of-way on which the IMPROVEMENTS are located, or the sale or abandonment by LICENSOR of said right-of-way, LICENSOR shall not be liable to LICENSEE for any damage of any nature whatsoever or refund any payment made by LICENSEE to LICENSOR hereunder, except the proportionate part of any recurring rental charge which may have been paid hereunder in advance.
10. All notices to be given hereunder shall be given in writing, by depositing same in the United States mail duly registered or certified, with postage prepaid, and addressed to the LICENSEE or LICENSOR as the case may be at the addresses shown on the signature page hereof, or addressed to such other address as the parties hereto may from time to time designate.
11. In the event that two or more parties execute this instrument as LICENSEE, all the covenants and agreements of LICENSEE in this license shall be the joint and several covenants and agreements of such parties.
12. All the covenants and provisions of this instrument shall be binding upon and inure to the benefit of the successors, legal representatives and assigns of the parties to the same extent and effect as the same are binding upon and inure to the benefit of the parties hereto, but no assignment hereof by LICENSEE, its successors, legal representatives or



assigns, or any subsequent assignee, shall be binding upon LICENSOR without the written consent of LICENSOR in each instance.

13. Any work performed on LICENSOR'S right-of-way by LICENSEE or LICENSEE'S contractor shall be done in a satisfactory workmanlike manner and in accordance with plans and specifications approved by LICENSOR, and no work shall be permitted until said plans and specifications have been approved by LICENSOR.
14. LICENSEE shall obtain a valid RIGHT OF ENTRY permit from LICENSOR as a part of this license prior to entering upon LICENSOR'S right-of-way at any time whether to install, inspect, maintain, or remove the IMPROVEMENTS and shall comply with the terms, conditions, and requirements of said permit, including the insurance requirements, as a part of this license.

THIS LICENSE DOES NOT GRANT UNLIMITED ACCESS TO LICENSOR'S RIGHT-OF-WAY. FAILURE TO OBTAIN AND COMPLY WITH THE REQUIREMENTS OF A VALID RIGHT-OF-WAY PERMIT WILL BE SUFFICIENT REASON FOR LICENSOR TO TERMINATE THIS LICENSE.

15. Any contractor or subcontractor performing work on or in connection with the IMPROVEMENTS shall for the purpose of this agreement, and particularly for the purposes of Section 6 of this instrument, be conclusively deemed to be the servant and agent of LICENSEE acting on behalf and within the scope of such contractor's or subcontractor's employment for LICENSEE.

IN WITNESS WHEREOF:

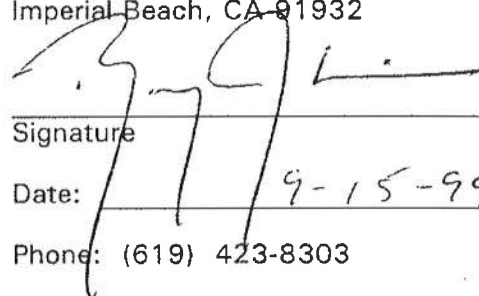
SAN DIEGO AND ARIZONA EASTERN RAILWAY  
COMPANY

LICENSEE (Name and Address)  
please print

Barry Johnson  
City Manager  
City of Imperial Beach  
825 Imperial Beach Boulevard  
Imperial Beach, CA 91932



Date: 8/18/99

  
Signature

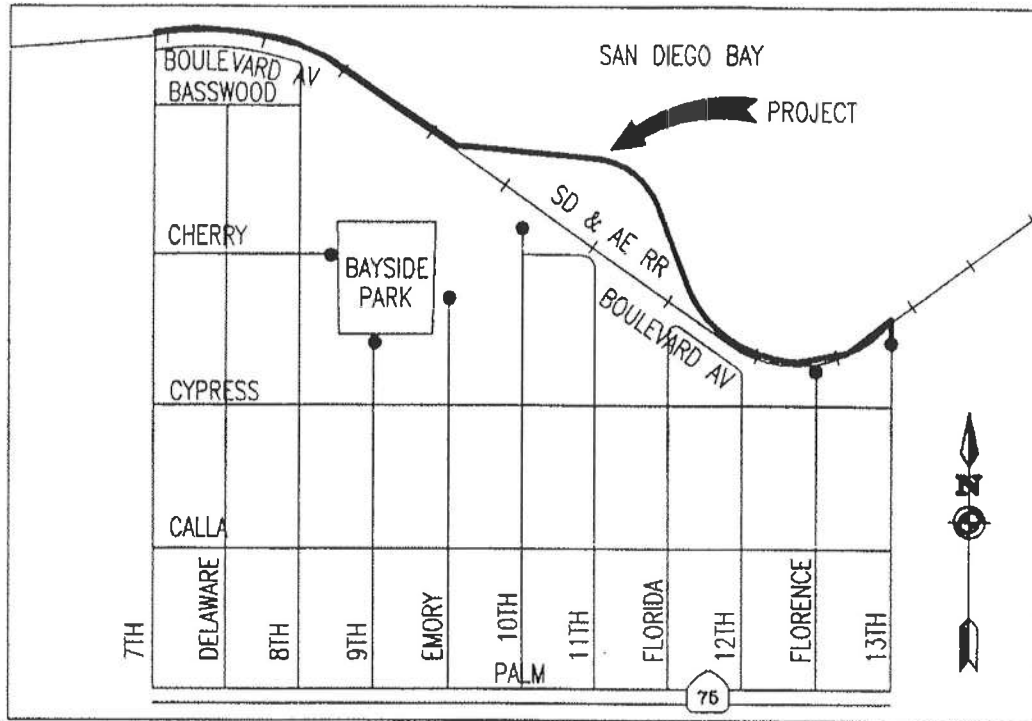
Date: 9-15-99

Phone: (619) 423-8303

PSmith/LIC-IMPBCH.DWHITE - 8/6/99

Attachments: Engineering Plan Vicinity Map, page 1  
Page 2-4 Strip Map

POST



**VICINITY MAP**  
NO SCALE



ON

7/23/96  
DATE

94-48  
JOB NO.

<b>CITY OF IMPERIAL BEACH, CALIFORNIA</b>					W.O. NO. _____
ENGINEERING DEPARTMENT SHEET 1 OF 11 SHEETS					
<i>[Signature]</i> _____ ENGINEER DATE					
DESCRIPTION	BY	APPROVED	DATE	POWER	
ORIGINAL	B.D.S.				
<b>A CHANGE</b>	B.D.S.				
CONTRACTOR _____ DATE STARTED _____ INSPECTOR _____ DATE COMPLETED _____					96-02-1-D

**A CHANGE SHEETS 4 & 5**

## Agenda Item No. 7

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

October 11, 2016

#### SUBJECT:

APPROVAL OF THE 2017 SD&AE BOARD OF DIRECTORS MEETING SCHEDULE

#### RECOMMENDATION:

That the SD&AE Board of Directors approve the 2017 SD&AE Board of Directors meeting schedule.

#### Budget Impact

None.

#### DISCUSSION:

The SD&AE Board of Directors customarily meets once each quarter to discuss business and receive reports from its contract operators. The following meeting schedule is 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

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