

# MINUTES

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

October 9, 2018

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 9, 2018, at 9:00 a.m.

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

San Diego Metropolitan Transit System:	Tim Allison, Erin Dunn, Karen Landers, Fred Byle
Pacific Southwest Railway Museum:	Diana Hyatt
Baja California Railroad (BJRR):	Jorge Izquierdo
Other:	R. Mitchel Beauchamp

### 1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the July 10, 2018, 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 the Statement of Railway Finances for the third quarter of 2018 (attached to the agenda item). Karen Landers added that Baja California Railroad (BJRR) has engaged a contractor and therefore more expenses are expected in the next few quarters as MTS's engineer will have to review all of the plans.

#### Action Taken

Informational item only. No action taken.

### 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 2018 (attached to the agenda item). In response to Mr. Terry's inquiry regarding the status of the absolute block between Tijuana Junction and Palomar, Fred Byle responded that the drawings are ready and he will contact the FRA today to schedule a review. Mr. Byle added that the FRA has recently had a lot of staffing changes, which may require re-reviewing the details of the project with the new personnel. Mr. Terry responded that the FRA review should move forward before the next SD&AE meeting.

#### Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the Pacific Southwest Railway Museum (PSRM) report for the third quarter of 2018 (attached to the agenda item). Mr. Terry asked about the status of acquiring the PCC cars. Ms. Hyatt responded that she will make some phone calls to interested parties and then contact MTS staff with an update.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

Jorge Izquierdo gave a verbal report on the Desert Line (no written report was submitted). Mr. Izquierdo stated that on 8/8/2018, a visit was made to the Desert Line to close gates at Tunnels 5, 20, and 21 and install private-property signs. There was also reconnaissance patrol with a Sheriff's deputy on 8/10/2018 conducted by the County of San Diego. Mr. Izquierdo reported that there were no injuries, accidents, or environmental incidents during this reporting period and no freight activity.

Action Taken

Informational item only. No action taken.

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since July 10, 2018

Since the July 10, 2018, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-18-684: Right of Entry Permit to Wilson and Company for surveying at the San Ysidro border crossing.
- S200-18-685: Right of Entry Permit to Jerusalem Construction to construct street improvements on north Spring Street in the City of La Mesa.

Action Taken

Informational item only. No action taken.

b. License for E Street At-Grade Crossing and Sweetwater Bicycle Path and Pedestrian Promenade

Tim Allison stated that there is a request from the San Diego Unified Port District (Port) to begin improvements on the Coronado Branch at E Street as part of the Bayfront Master Plan. He showed a map of the area and explained that the Port will eventually make the private crossing area into a city street similar to the project completed at H Street. This phase of the project includes a bike path and pedestrian promenade through an Urban Greening Grant. Pending SD&AE Board approval, the license

(attached to the agenda item) would be issued to the Port with some minor edits by General Counsel (which would not affect the substantial form of the agreement). Mr. Allison added that staff will come back at some point to the SD&AE Board for approval to issue an easement to upgrade the private crossing to a public crossing, and he clarified that the Port is funding the project.

#### Action Taken

Mr. Domen moved to approve issuing a license to the San Diego Unified Port District for an at-grade crossing and class 1 bike path and pedestrian promenade at the existing E Street crossing on the Coronado Branch in the City of Chula Vista. Mr. Terry seconded the motion, and it was unanimously approved.

#### c. License for Camera Tower Placement Near Mile Post 86.5 on the Desert Line

Mr. Allison stated that Customs and Border Protection (CBP) is requesting a license to put in a camera tower east of Hipass. The camera is a self-contained mobile unit with a tower that would be used as a demo. Mr. Allison reviewed the location on a map. He stated that the license would be terminable and has to meet all requirements, and that BJRR would need to agree with the location of the installation and the access to it.

Mr. Allison stated that depending upon the camera's success, CBP could move it to other locations. He clarified that the request is for a single unit, but CBP could be allowed to request additional units as per the agreement. Ms. Landers added that this is the type of infrastructure that could be used in BJRR's Customs inspection anti-smuggling plan in collaboration with CBP to address any potential issues at the Border and along the line during operations. She stated that there will be legal agreements for any equipment that CBP will be using. She added that the locations for the cameras will be mostly at CBP's discretion depending upon the problem areas that it identifies in relation to illegal activities, and this monitoring would benefit MTS and the rail operators.

#### Action Taken

Mr. Domen moved to approve issuing a license to the United States Customs and Border Protection (CBP) for a camera tower installation on the Desert Line near mile post 86.5. Mr. Gooch seconded the motion, and it was unanimously approved.

#### 7. Removal of Abandoned Track – Proposed Capital Project

Ms. Landers stated that MTS is working on its Capital Improvement Program (CIP) for fiscal year 2020. One area identified is the removal of some abandoned track in SD&AE's right-of-way (Commercial Street in San Diego, Cleveland Street in National City, and F & J Streets in Chula Vista). Ms. Landers gave a PowerPoint presentation and explained that the track in question is not intended for any future use; however, if it were, it would have to be removed and replaced to bring it to current standards. She stated that from a risk and mitigation standpoint, the condition of the tracks needs to be addressed. Staff is looking at available funding and also the costs of removing the track, paving over the track, or removing the track and ties and pulling everything out in addition to other options. The schedule would be prioritized to determine which work is completed and when based on funding. The current estimate is a little above 7,200 linear feet of track in addition to paving of 10 feet wide.

Ms. Landers reviewed the areas proposed for track removal, and she discussed some injury claims associated with a few of those areas.

Mr. Terry stated that a value has to be determined for this CIP and also whether to do it all at once or in stages. Based on the severity of the condition of some of the tracks, the contractor is recommending removing ties, which would cost more. Ms. Landers added that different funding sources will have to be identified, and a portion of those funds would ultimately come from the SD&AE reserves.

Mr. Domen asked if any of the cities have been contacted regarding cost-sharing. Ms. Landers responded that most have franchise agreements, which puts the financial responsibility on SD&AE. Mr. Allison added that the City of Chula Vista is working on its F Street Corridor and that project has some impact, so there may be cost-sharing opportunities. Discussion ensued regarding responsibility for construction projects and railroad right-of-way improvements.

#### Public Comments

- *R. Mitchell Beauchamp with San Diego Electric Railway Association – Mr. Beauchamp stated that he is the Director of the San Diego Electric Railway Association (SDERA), which runs the Historic Depot. He stated that one of SDERA's goals is to utilize the track in Cleveland Avenue. He provided some historical information about rail over the tracks. He relayed concern about the loss of the line and asked that the Board not approve the action to remove the track on the Coronado Belt Line. He suggested adding cautionary striping.*

Mr. Terry stated that the condition of the tracks and safety are the biggest concerns and confirmed with Ms. Landers that staff will come back to the SD&AE Board with funding, cost estimates, and a plan. Ms. Landers stated that it is her understanding that significant work would be necessary to restart rail operations. She clarified that at this point, staff is not proposing to abandon the right-of-way or the right to have tracks. The plan is to remove the tracks—which would not prevent any future reuse of that corridor—but it would mitigate potential risks for liability claims in the meantime.

Ms. Landers clarified for members that this is the first step for approving the concept and that some SD&AE reserve funds might be used. Staff will bring a specific plan to the SD&AE Board. She stated that any work that would cost over \$100,000 would have to go to the MTS Board, but staff wanted to get the SD&AE Board's consent beforehand to move forward. The plan would also go to the CIP Committee before the next SDAE meeting for consideration of inclusion into the CIP.

#### Action Taken

Mr. Gooch moved to approve the concept to use SD&AE reserve funds to remove unused track in Commercial Street in San Diego, Cleveland Street in National City, and F and J Streets in Chula Vista contingent upon further research of funding and costs associated with partial or complete removal of track and ties. Staff will present options to the SD&AE Board of Directors with subsequent final approval by the MTS Board of Directors. Mr. Domen seconded the motion, and it was unanimously approved.

8. Approval of the 2019 SD&AE Board Of Directors Meeting Schedule

Ms. Landers proposed the following SD&AE Board of Directors meeting schedule for 2019:

Tuesday, January 15, 2019	9:00 a.m.	(Fourth Quarter 2018 Reports)
Tuesday, April 9, 2019	9:00 a.m.	(First Quarter 2019 Reports)
Tuesday, July 9, 2019	9:00 a.m.	(Second Quarter 2019 Reports)
Tuesday, October 8, 2019	9:00 a.m.	(Third Quarter 2019 Reports)

Materials Due to Clerk:

Wednesday, January 9, 2019  
Wednesday, April 3, 2019  
Tuesday, July 2, 2019  
Wednesday, October 2, 2019

Materials Posted:

Friday, January 11, 2019  
Friday, April 5, 2019  
Friday, July 6, 2019  
Friday, October 4, 2019

Action Taken

Mr. Domen moved to approve the SD&AE Board of Directors meeting schedule for 2019.  
Mr. Gooch seconded the motion, and it was unanimously approved.

9. Board Member Communications

There were no Board member communications.

10. Public Comments

There were no public comments.

11. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, January 15, 2019.

12. Adjournment

The meeting was adjourned at 9:36 a.m.

/s/ Paul Jablonski

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President

/s/ Karen Landers

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General Counsel