



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

April 10, 2018

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 January 16, 2018](#) Approve
Action would approve the SD&AE Railway Company Minutes of January 16, 2018.
2. [Statement of Railway Finances \(Larry Marinesi for Erin Dunn\)](#) Informational
3. [Report on San Diego and Imperial Valley \(SD&IV\) Railroad Operations \(Matt Domen\)](#) Informational
4. [Report on Pacific Southwest Railway Museum \(Diana Hyatt\)](#) Informational
5. [Report on the Desert Line \(Jorge Izquierdo\)](#) Informational
6. [Real Property Matters \(Tim Allison\)](#)
 - a. [Summary of SD&AE Documents Issued Since January 16, 2018](#) Informational
7. Board Member Communications
8. Public Comments
9. Next Meeting Date: July 10, 2018
10. Adjournment

DRAFT

MINUTES

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

January 16, 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 January 16, 2018, at 9:03 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, Karen Landers, Erin Dunn
Pacific Southwest Railway Museum:	Diana Hyatt, James Caestecker
Baja California Railroad Inc. (BJRR):	Roberto Romandia, Manuel Hernandez, Jorge Izquierdo
North Star Gas Ltd.	John Hoegemeier
Genesee and Wyoming	Micah Powell

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the October 10, 2017, 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 fourth quarter (attached to the agenda item).

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 fourth quarter (attached to the agenda item).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt handed out and reviewed the Pacific Southwest Railway Museum (PSRM) report for the fourth quarter (attached).

Action Taken

Informational item only. No action taken.

6. Real Property Matters (taken out of order)a. Summary of SD&AE Documents Issued Since October 10, 2017

Tim Allison noted that since the October 10, 2017, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-18-670: Easement to San Diego Gas & Electric for an underground gas pipeline at 65th Street in the City of San Diego.
- S200-18-674: Right of Entry Permit to Railworks Track Services, Inc., for tie replacement from Division to Campo on the Desert Line.
- S200-18-676: Right of Entry Permit to R.D. Installations, Inc., to repair concrete footings for SDG&E electrical towers in National City.
- S200-18-677: Right of Entry Permit to Coffman Specialties, Inc., for intersection signaling construction at H Street in Chula Vista.
- S200-18-678: Right of Entry Permit to Los Angeles Maritime Institute to move a sailboat across the tracks at F Street in Chula Vista.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line (taken out of order)

Jorge Izquierdo gave a verbal report (no hard copy was submitted) that negotiations are moving forward for a new customs inspection facility. A site inspection is scheduled for January 24 at Campo in coordination with MTS and Customs & Border Protection (CBP). Next steps will be determined for the milestones to rehabilitate the Desert Line. Mr. Izquierdo reported that there were no accidents or injuries in 2017, and that this the first time that the Short Line in Tijuana has had zero incidents. There was no freight activity during this period on the Desert Line. He stated that commodities have increased on the west side as established by SD&IY. Mr. Izquierdo also added that BJRR has already paid MTS its \$500,000 lease payment (due on January 20, 2018), and there is no outstanding balance.

Action Taken

Informational item only. No action taken.

7. Board Member Communications

There were no Board member communications.

8. Public Comments

There were no public comments.

9. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, April 10, 2018.

10. Adjournment

The meeting was adjourned at 9:11 a.m.

President

General Counsel

2018-1-16 DRAFT MINUTES-SDAE

Attachment: Handout – PSRM 4th Quarter Report (Agenda Item No. 4)



Pacific Southwest Railway Museum

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

January 15, 2018

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

Re: Fourth Quarter 2017

Dear SD&AE Board:

During the fourth quarter of 2017, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 24 Golden State/Pumpkin Trains, 49 Valley Flyer trains and 16 North Pole Trains carrying 7,153 passengers during 24 operating days. There were no FRA reportable accidents or injuries during the fourth quarter, 2017. Revenue from SD&AE property for the fourth quarter, 2017 was \$ 267,403.04, our check for \$ 5,348.06 is enclosed.

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

7,153	Passengers during the fourth quarter of 2017
6,736	Passengers during the fourth quarter of 2016
7,110	Passengers during the fourth quarter of 2015
6,765	Passengers during the fourth quarter of 2014
6,535	Passengers during the fourth quarter of 2013
6,889	Passengers during the fourth quarter of 2012
6,109	Passengers during the fourth quarter of 2011
4,384	Passengers during the fourth quarter of 2010
3,268	Passengers during the fourth quarter of 2009
4,554	Passengers during the fourth quarter of 2008

Ridership increased by 417 passengers and revenue increased by \$32,990 with one more operating day during this quarter compared to the same quarter in 2016. The October operating schedule began with Pumpkin Trains for the duration of October, Valley Flyer trains during

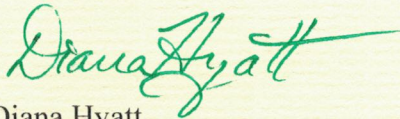
November and North Pole Trains beginning December 1, 2017 extending through December 23, 2017.

PSRM continues Maintenance of Way tasks on our portion of track on the Desert Line including signal maintenance on the two signalized crossings over State Highway 94. Significant track work was accomplished during this quarter, PSRM MOW crews replaced over 120 ties and our track contractor, Rail Works Track Services replaced 958 ties between MP 65.8 and MP 61.9 at the beginning of November. Additional tie replacement will extend west to MP 60.95 in the next several months.

On Sunday, January 15, 2018 the Christmas Train/Three Kings event took place at the Tecate Stadium in Tecate, B.C., Mexico. This event has been going strong for twenty-one years but sadly, this is the ninth year without the train component. This event promotes cross-border relations in a wholly unconventional way and is a tradition for the residents of Tecate.

Looking towards 2018, PSRM has chosen to modify its train schedule from two Golden State Train rides every Saturday and Sunday to three Golden State Train rides every Saturday and Sunday with departures at 11:00 am, 1:00 pm and 3:00 pm. This schedule will continue through June 17, 2018 after which, the schedule will revert to a modified summer schedule.

Sincerely,



Diana Hyatt
President

Agenda

Item No. 2

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

April 10, 2018

SUBJECT: STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a financial report for the period ending February 28, 2018.

Budget Impact

None

DISCUSSION:

Attached are SD&AE's financial results for the period ending February 28, 2018.

As of February 28, 2018, fiscal year-to-date revenues are \$669,000 favorable to budget primarily due to the Desert Line Lease revenue not included in the budget.

Expenses are \$98,000 unfavorable to budget primarily due to a \$79,000 payment for Cleveland Avenue track replacement in the third quarter as well as a \$50,000 liability settlement in the first quarter.

The Net Income for the period ending February 28, 2018 was \$479,000.

Attachment: SD&AE Operating Statement for period ending February 28, 2018

SD&AE Operating Statement FY 2018-17

	FY 2018					FY 2017	
	Q1 Actual	Q2 Actual	Jan - Feb Actual	YTD Actual (Jul - Feb)	YTD Budget (Jul - Feb)	Q1 - Q3 Actual (Jul - Feb)	Variance
Revenues							
Right of Entry Permits	\$ 4,500	\$ 10,200	\$ -	\$ 14,700	\$ 20,000	\$ 16,749	\$ (2,049)
Lease Income	19,630	19,609	10,560	49,799	50,000	48,466	1,333
Desert Line Lease Revenue	250,004	250,004	166,667	666,674	-	666,667	7
Operator Income - SD&IV 1% Freight Fee	9,300	9,300	6,200	24,800	16,664	22,700	2,100
Total Revenues	283,433	289,113	183,427	755,973	86,664	754,581	1,392
Expenses							
Personnel Costs	8,477	8,263	19,570	36,310	33,015	11,321	(24,989)
Outside Services	36,726	32,690	11,332	80,748	133,148	31,040	(49,707)
Risk Management	54,113	4,113	2,195	60,422	10,336	10,170	(50,252)
Misc. Operating Expenses	3,136	17,865	78,614	99,615	2,664	1,146	(98,469)
Total Expenses	102,452	62,931	111,711	277,095	179,163	53,677	(223,418)
Net Income/(Loss)	\$ 180,981	\$ 226,181	\$ 71,715	\$ 478,878	\$ (92,499)	\$ 700,904	\$ (222,026)

Reserve Balance July 1, 2017 \$ 1,527,382

Allocated Interest Earnings - Estimated 6,667
 Operating Profit/(Loss) - YTD 478,878
 Less Desert Line Lease Revenue (666,674)
Estimated Reserve Balance as of Feb 28, 2018 \$ 1,346,253

Agenda Item No. 3

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

April 10, 2018

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: Report First Quarter of 2018



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

April 2, 2018

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 1st Quarter of 2018 are listed as follows:

1. Labor

At the end of March 31, 2018 the San Diego & Imperial Railroad had 8 employees:

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

2. Marketing

Volume in the 1st Quarter had a 43% decrease as compared to the same quarter in 2017. Bridge traffic into Mexico had a 60% decrease due to the loss of LPG traffic to modal competition. Traffic terminating or originating on the SDIY was up 13% versus last year due to additional liquid and lumber traffic handled at the San Ysidro transload facility.

3. Reportable Injuries/Environmental

Days through year to date, March 31, 2018, there were no FRA Reportable injuries or Environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 7666

4. Summary of Freight

	2018	2017	2016
Total rail carloads that moved by SDIY Rail Service in the quarter.	833	1450	1483
Total railroad carloads Terminating/Originating Mexico in the quarter.	430	1092	1202
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	403	358	281
Total customers directly served by SDIY in the quarter	11	10	11
Regional Truck trips that SDIY Railroad Service replaced in the quarter	2499	4350	4449

Respectfully,

Matt Domen

General Manager

Agenda Item No. 4

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

April 10, 2018

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

April 10, 2018

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 was not submitted in time for the mail-out.

Attachment: To be provided at the meeting

Agenda

Item No. 6a

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

April 10, 2018

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE JANUARY 16, 2018

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the January 16, 2018, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-18-675: Right of Entry Permit to LH Woods and Sons Inc. to install steel pipe liner inside an existing water line at University Avenue in the City of La Mesa.