



SAN DIEGO & ARIZONA  
EASTERN RAILWAY  
COMPANY

A Nevada Nonprofit  
Corporation

1255 Imperial Avenue  
Suite 1000  
San Diego, CA  
92101-7490  
619.231.1466

BOARD OF DIRECTORS  
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 8, 2019

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 April 9, 2019  
Action would approve the SD&AE Railway Company Minutes of April 9, 2019. (The July 9, 2019, meeting was cancelled.)  
Approve
2. Statement of Railway Finances (Erin Dunn)  
Action would receive a report for information.  
Informational
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Jared Gooch)  
Action would receive a report for information.  
Informational
4. Report on Pacific Southwest Railway Museum (Diana Hyatt)  
Action would receive a report for information.  
Informational
5. Report on the Desert Line (Jorge Izquierdo)  
Action would receive a report for information.  
Informational
6. Real Property Matters (Tim Allison)
  - a. Signature Authority for the President of SD&AE  
Action would authorize signature authority to the President to execute any and all real estate-related documents in the same manner as is delegated to the Chief Executive Officer (CEO) of the San Diego Metropolitan Transit System (MTS) in MTS Board Policy No. 41, Signature Authority.  
Approve
  - b. Summary of SD&AE Documents Issued Since April 9, 2019  
Action would receive a report for information.  
Informational

7. Approval of the 2020 SD&AE Board of Directors Meeting Schedule (Karen Landers) Approve  
Action would approve the 2020 SD&AE Board of Directors meeting schedule.
8. Board Member Communications
9. Public Comments
10. Next Meeting Date: January 14, 2020 (pending approval of No. 7)
11. Adjournment

# San Diego and Arizona Eastern Railway Company

October 8, 2019

## Sign-in Sheet (VOLUNTARY)

Name	Company
1. <i>Diane Hyatt</i>	<i>PSRM</i>
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# MINUTES

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

April 9, 2019

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 April 9, 2019, at 9:00 a.m.

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

San Diego Metropolitan Transit System:	Tim Allison, Erin Dunn, Karen Landers
Baja California Railroad (BJRR):	Manuel Hernandez and Jorge Izquierdo

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the January 29, 2019, SD&AE Railway Board of Directors meeting. Mr. Terry seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Ms. Dunn reviewed Statement of Railway Finances for the period ending February 2019 (attached to the agenda item). Ms. Dunn clarified that reserve funds for the track-removal project at F, Cleveland, and Commercial Streets would be transferred when the expenses are incurred. She stated that the reserves are typically reflected at the end of the fiscal year. Ms. Landers added that the estimated cost will be in the \$900k range.

Action Taken

Informational item only. No action taken.

3. Report on San Diego & Imperial Valley Railroad (SD&IV) Operations

Mr. Domen reviewed the SD&IV Periodic Report for activities for the first quarter of 2019 (attached to the agenda item).

Mr. Terry stated that he directed Fred Byle to arrange with the FRA in the next month or so to conduct a light-engine test at night on the absolute block in San Ysidro. Mr. Domen responded that a test is scheduled for Friday, April 26, and a pretest will be done before the FRA arrives. Mr. Terry added that after testing, a subsequent supplemental waiver will be filed.

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt was not in attendance due to illness and submitted the Pacific Southwest Railway Museum (PSRM) report for the first quarter of 2019 via e-mail to the clerk the morning of the meeting. The report was distributed at the meeting and is also attached.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

Mr. Izquierdo gave a verbal report. Mr. Izquierdo stated that there have been no operations on the Desert Line. There will be a site visit with Servicio de Administración Tributaria (SAT) and Customs and Border Patrol (CBP) authorities. A facility preliminary report was presented to SAT by BJRR, and SAT will respond by Friday. Mr. Izquierdo added that there have been a couple of meetings at CBP's office with Pete Flores and SAT authorities. SAT gave authorization to BJRR to locate nonintrusive equipment on Mexican soil. After SAT provides feedback to BJRR, a full report will be presented to MTS.

Mr. Izquierdo stated that in regard to the environmental survey, BJRR is working with a private company called CBIZ to submit a status report that is anticipated to be completed in a month and will address environmental and permitting issues.

Mr. Hernandez further explained that Allen Matkins is no longer retained by BJRR and therefore CBIZ was contacted. Anita Sokolsky with CBIZ will be handling the legal aspects of the environmental issues and lobbying. A quote for about \$600k was obtained from Dudek to survey the whole line. CBIZ is reviewing everything that Allen Matkins started and is looking at how to best work collaboratively with MTS. Mr. Hernandez is supposed to meet with Ms. Sokolsky this week.

Mr. Hernandez informed the Board that there are about 80 LPG hauls coming inbound from Mexico, and he anticipates a little more movement on rail for LPG. He added that the situation with the compost out of the south gate in LA could possibly produce 100 cars per month.

Ms. Landers stated that she will have a call this week with CBP to close the loop and make sure that CBP and SAT are in agreement with what is being reported and everyone is on the same page.

Action Taken

Informational item only. No action taken.

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since January 29, 2019

Mr. Allison stated that since the January 29, 2019, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-19-690: Right of Entry Permit to AT&T California for underground telephone-line construction at Petree Street in the City of El Cajon.
- S200-19-693: Right of Entry Permit to Navy Region Southwest Morale, Welfare and Recreation Department for the Navy's 31<sup>st</sup> Annual Bay Bridge Run/Walk.
- S200-19-700: Right of Entry Permit to Par Electric Contractors to install an aerial transmission electric line at Palomar Street in the City of Chula Vista.

Action Taken

Informational item only. No action taken.

b. License for Water Main Replacement at Euclid Avenue

Mr. Allison presented a PowerPoint slide showing a schematic of where the new pipe would be installed.

Action Taken

Mr. Domen moved to approve a license for a 16" water main replacement at Euclid Avenue in the City of San Diego. Mr. Terry seconded the motion, and it was unanimously approved.

c. License for Underground Fiber-Optic Line Southwest of Smythe Avenue

Mr. Allison presented a PowerPoint slide showing a schematic of the proposed underground work.

Action Taken

Mr. Domen moved to approve a license for an underground 18" casing pipe and fiber-optic conduits southwest of Smythe Avenue in the City of San Diego. Mr. Terry seconded the motion, and it was unanimously approved.

d. License for Aerial Fiber-Optic Line at Lemon Avenue

Mr. Allison presented a PowerPoint slide showing a schematic of the proposed aerial fiber-optic cable at Lemon Avenue.

Action Taken

Mr. Domen moved to approve a license for an aerial fiber-optic cable at Lemon Avenue in the City of La Mesa. Mr. Terry seconded the motion, and it was unanimously approved.

7. Board Member Communications

Ms. Landers informed Board members that there may be an agreement for approval at the next meeting in relation to the Bayshore Bikeway along the Coronado Branch outside of the right-of-way. MTS is working with SANDAG and the County of San Diego on the project.

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, July 9, 2019.

10. Adjournment

The meeting was adjourned at 9:15 a.m.

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

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

Attachment: PSRM Quarterly Report (distributed during the meeting)



## Pacific Southwest Railway Museum

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

April 8, 2019

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

Re: First Quarter 2019

Dear SD&AE Board:

During the first quarter of 2019 and utilizing all volunteer crews, the Pacific Southwest Railway Museum operated 57 Golden State trains, 32 Valley Flyer trains and 2 mid-week School trains, carrying a total of 1,665 passengers during 26 operating days. There were no FRA reportable accidents or injuries during the first quarter, 2019. Earned revenue from SD&AE property for the first quarter, 2019 was \$25,418.99 our check for \$508.38 is enclosed.

Several of the rainstorms during the quarter created havoc along the right of way. Several boulders fell down that needed to be broken up and the 2/14/19 rainstorm produced enough water to wash out the tracks west of Chicken Ranch. The two weekends following the washout caused our Golden State trains to be shortened until volunteer crews were able to reroute the waterway and repair the damage. PSRM continues to maintain both signalized railroad crossings within our right of way limits; PSRM signal maintainers perform the monthly, quarterly and annual inspections.

Thank you for your continued support.

Sincerely,

Diana Hyatt  
President



## Agenda Item No. 2

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

October 8, 2019

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, 2019, and the period ending August 31, 2019.

Budget Impact

None.

DISCUSSION:

Attached are SD&AE's financial results for the year ending June 30, 2019, as well as the period ending August 31, 2019.

Fiscal year 2019 ended with \$1.1 million in revenue and \$168,000 in expenses. Combining the resulting \$971,000 operating profit with \$17,000 in interest income, offset by \$1.0 million in Desert Line revenue contributed to MTS capital projects and \$991,000 contributed for trolley track repairs, reserves decreased by \$1.0 million for the year. Although the financial statements have not been published, we do not expect the numbers to change.

As of August 31, 2019, fiscal year-to-date revenues are \$195,000 favorable to budget primarily due to the Desert Line Lease revenue not included in the budget and expenses are \$3,000 favorable to budget.

The Net Income for the period ending August 31, 2019, was \$212,000.

Attachments: A. SD&AE Operating Statement Fiscal Year 2019  
B. SD&AE Operating Statement for period ending August 31, 2019

# ATTACHMENT A

## SD&AE Operating Statement FY2019-18

	FY 2019			FY 2018	
	YTD Actual	YTD Budget	Variance	YTD Actual	Variance
<b>Revenues</b>					
Right of Entry Permits	\$ 18,750	\$ 20,000	\$ (1,250)	\$ 16,950	1,800
Lease Income	85,270	103,336	\$ (18,066)	90,572	(5,302)
Desert Line Lease Revenue	1,000,000	-	\$1,000,000	1,000,000	(0)
Operator Income - SD&IV 1% Freight Fee	35,156	40,000	\$ (4,844)	39,270	(4,114)
	<u>1,139,176</u>	<u>163,336</u>	<u>975,840</u>	<u>1,146,792</u>	<u>(7,616)</u>
<b>Expenses</b>					
Personnel Costs	36,288	35,290	(998)	55,554	19,266
Outside Services	48,486	93,676	45,190	181,520	133,034
Risk Management	57,700	63,536	5,836	66,773	9,073
Misc. Operating Expenses	25,896	23,739	(2,157)	24,627	(1,269)
	<u>168,370</u>	<u>216,241</u>	<u>47,871</u>	<u>328,474</u>	<u>160,104</u>
<b>Net Income/(Loss)</b>	<u>\$ 970,806</u>	<u>\$ (52,905)</u>	<u>\$1,023,711</u>	<u>\$ 818,318</u>	<u>\$ 152,488</u>

<b>Reserve Balance July 1, 2018</b>	<b>\$1,375,981</b>
Operating Profit/(Loss) - YTD	970,806
Allocated Interest Earnings	17,110
Contributed Operating Capital to MTS-Desert Line	(1,000,000)
Trolley Track Improvements	(991,000)
<b>Reserve Balance June 30, 2019</b>	<b>\$ 372,897</b>

# ATTACHMENT B

## SD&AE Operating Statement FY2020 and FY2019

	FY 2020			FY 2019	
	Jul - Aug Actual	Jul - Aug Budget	Variance	Jul - Aug Actual	Variance
<b>Revenues</b>					
Right of Entry Permits	\$ 9,000	\$ 3,334	\$ 5,666	\$ 750	\$ 8,250
Lease Income	40,297	16,666	23,631	39,240	1,057
Desert Line Lease Revenue	166,680	-	166,680	166,669	11
Operator Income - SD&IV 1%					
Freight Fee	5,833	6,666	(833)	6,200	(367)
<b>Total Revenues</b>	<u>221,811</u>	<u>26,666</u>	<u>195,145</u>	<u>212,859</u>	<u>8,952</u>
<b>Expenses</b>					
Personnel Costs	7,048	6,574	(474)	6,804	(244)
Outside Services	-	1,694	1,694	7,822	7,822
Risk Management	2,400	3,716	1,316	52,195	49,795
Misc. Operating Expenses	50	1,000	950	299	249
<b>Total Expenses</b>	<u>9,498</u>	<u>12,984</u>	<u>3,486</u>	<u>67,120</u>	<u>57,622</u>
<b>Net Income/(Loss)</b>	<u>\$ 212,313</u>	<u>\$ 13,682</u>	<u>\$ 198,631</u>	<u>\$ 145,739</u>	<u>\$ 66,574</u>

<b>Reserve Balance July 1, 2019</b>	<b>\$ 1,527,382</b>
Interest Earnings - Estimated	2,500
Operating Profit/(Loss) - YTD	212,313
Less Desert Line Revenue	(166,680)
<b>Estimated Reserve Balance Aug 31, 2019</b>	<b>\$ 1,575,515</b>

## Agenda Item No. 3

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

October 8, 2019

### SUBJECT:

REPORT ON SAN DIEGO AND IMPERIAL VALLEY (SD&IV) RAILROAD OPERATIONS  
(JARED GOOCH)

### 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: Third Quarter report for 2019



a Genesee & Wyoming Company

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

Oct 1, 2019

## 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 3<sup>rd</sup> Quarter of 2019 are listed as follows:

### 1. Labor

At the end of Sept 30, 2019, 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 3rd Quarter had a 16% decrease as compared to the same quarter in 2018. Volumes to both US and Mexico destinations were down due to the current challenges in the ethanol market and a decline in US suppliers for animal feed products.

### 3. Reportable Injuries/Environmental

Days through year to date, Sept 30, 2019, there were no FRA Reportable injuries or Environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: **8213**

### 4. Summary of Freight

	2019	2018	2017
Total rail carloads that moved by SDIY Rail Service in the quarter.	795	951	979
Total railroad carloads Terminating/Originating Mexico in the quarter.	477	594	547
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	318	357	432
Total customers directly served by SDIY in the quarter	13	13	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	2385	2853	2937

Respectfully,  
Matt Domen  
General Manager

## Agenda Item No. 4

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

October 8, 2019

### SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

### 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: Quarterly report not submitted in time for the mail-out





HANDOUT FROM THE MEETING

# Pacific Southwest Railway Museum

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

October 7, 2019

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

Re: Second & Third Quarter calendar year 2019

Dear SD&AE Board:

During the second and third quarter of 2019 and utilizing all volunteer crews, the Pacific Southwest Railway Museum operated 140 Golden State trains, 61 Valley Flyer trains and 3 School trains, carrying a total of 3,680 passengers during 55 operating days. There were no FRA reportable accidents or injuries during the second or third quarter, 2019. Earned revenue from SD&AE property for the second quarter, 2019 was \$41,847 and our check for \$836.94 was mailed previously. Earned revenue for the third quarter, 2019 was \$19,868.02 and our check for \$397.36 is enclosed.

Ongoing track maintenance and tie renewal along the railroad right of way continued during the second and third quarters of the calendar year 2019. Additionally, PSRM continues to maintain both signalized railroad crossings within our right of way limits with PSRM signal maintainers performing the monthly, quarterly and annual inspections.

Please mark your calendars and plan on joining us at our Gala Dinner Friday, November 1, 2019 in Coronado and on Saturday, November 16, 2019 for SD&A Centennial Day in Campo. We welcome and encourage the participation of members of the SD&A board and key personnel of MTS as honored guests at both events. We are excited to announce a collaboration with the California State Railroad Museum that will allow PSRM to borrow the SDAE MW 1004 firetruck and exhibit it at Gold Spike day and for one year afterwards. More information on the Centennial celebration can be found on our website at: [psrm.org/centennial/](http://psrm.org/centennial/)

Sincerely,

Diana Hyatt  
President

## Agenda Item No. 5

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

October 8, 2019

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



## Agenda Item No. 6a

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

October 8, 2019

### SUBJECT:

SIGNATURE AUTHORITY FOR THE PRESIDENT OF SD&AE

### RECOMMENDATION:

That the SD&AE Railway Company Board of Directors authorize signature authority to the President to execute any and all real estate-related documents in the same manner as is delegated to the Chief Executive Officer (CEO) of the San Diego Metropolitan Transit System (MTS) in MTS Board Policy No. 41, Signature Authority (attached).

#### Budget Impact

None.

### DISCUSSION:

MTS Board Policy No. 41, Signature Authority, grants the MTS CEO certain signature authority for signing contracts on behalf of the Board of Directors. Those documents include all types of real estate documents giving certain guidelines under which that authority can be used. For example, the CEO can execute documents, certain leases, licenses, easements, and grants valued at \$100,000 or below both for revenue and expenditure documents.

The ability for the President to be granted similar authority by the SD&AE Board would allow MTS staff to process mundane, noncontroversial documents in a timely manner for applicants desiring to use SD&AE right-of-way.

Staff is requesting that the SD&AE Board approve signature authority to the SD&AE President to execute any and all real estate-related documents with the same authority granted to the CEO of MTS as outlined in MTS Board Policy No. 41.

Attachment: MTS Board Policy No. 41



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
(619) 231-1466 • FAX (619) 234-3407

## Policies and Procedures

No. 41

Board Approval: 2/14/2019

### SUBJECT:

SIGNATURE AUTHORITY

### PURPOSE:

The purpose of this policy is to establish the authority granted by the Board of Directors to the Chief Executive Officer, and to provide the Chief Executive Officer with the authority to delegate functions under his or her control to MTS staff. It also establishes guidelines and procedures for authorized signatories relating to check processing (including wire transfers) and San Diego Metropolitan Transit System (MTS) documents (purchase requisitions, contracts, agreements, payment vouchers, deeds, grants, etc.). The policies below relate to MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI). Throughout this policy, the agencies are collectively referred to as MTS.

### BACKGROUND:

From time to time, various third parties and agencies seek to verify that individual MTS staff members have the authority to execute documents on behalf of MTS.

MTS maintains a number of checking accounts in various approved financial institutions. To ensure adequate internal controls, signing of checks and execution of wire transfers are restricted to authorized personnel only. This policy establishes guidelines and procedures for obtaining appropriate approval.

In addition, this policy establishes guidelines and procedures for delegating authority to execute MTS documents, including contracts and agreements, on behalf of the Chief Executive Officer in his or her absence.

### POLICY:

#### 41.1 Authorized Signatories for Disbursements

A disbursement is the final authorization to pay a third party through either a check, warrant, wire transfer/Electronic Funds Transfer (EFT), Automated Clearing House (ACH) or other similar payment mechanism. Authorized



signatures for disbursements are: the Accounting Manager, Controller, Director of Financial Planning and Analysis, Chief Operating Officer – Bus/Rail, Chief Financial Officer, Chief of Staff, General Counsel, and Chief Executive Officer.

One signature is required for disbursements under \$2,000. This signature can be a facsimile signature. Two signatures are required for all disbursements over \$2,000. One of these can be a facsimile signature. A listing of all facsimile checks must be reviewed and approved by an authorized signer. For disbursements over \$10,000, the second signature SHALL NOT BE the Accounting Manager, Controller, or Director of Financial Planning and Analysis. Disbursements over \$25,000 require that one of the signatures be that of the Chief of Staff, General Counsel, Chief Financial Officer, or Chief Executive Officer.

The listing below summarizes the above as to effective levels of signing authority:

Accounting Manager	To	\$ 10,000
Controller	To	\$ 10,000
Director of Financial Planning & Analysis	To	\$ 10,000
Chief Operating Officer – Bus/Rail	To	\$ 25,000
Chief Financial Officer	Over	\$ 25,000
Chief of Staff	Over	\$ 25,000
General Counsel	Over	\$ 25,000
Chief Executive Officer	Over	\$ 25,000

#### 41.2 Purchase Requisitions

Purchase Requisitions initiate the potential procurement of goods and/or services. Purchase Requisitions define the need for goods and/or services; budget for the goods and/or services; and assign staff time and resources to initiate the procurement of such goods and/or services. Purchase Requisitions do not constitute a commitment or contractual relationship with a Vendor.

Authorized signatures for Purchase Requisitions are Supervisors, Managers, Directors, Chief Operating Officer – Bus/Rail, Chief Financial Officer, Chief of Staff, General Counsel, and Chief Executive Officer.

Manager/Supervisor	To	\$ 3,500
Directors	To	\$ 5,000
Director of Capital Projects	To	\$ 50,000
Chief Operating Officer – Bus/Rail	To	\$ 50,000
Chief Financial Officer	To	\$ 50,000
Chief of Staff	To	\$ 50,000
General Counsel	To	\$ 50,000
Chief Executive Officer	Over	\$ 50,000

41.2.1 Purchase Requisitions for Inventory Items. The signature authority to approve Purchase Requisitions for inventory items is described within MTS Board Policy No. 64, Inventory Controls and Signature Authority.

### 41.3 Purchase Orders under Existing Contract

Upon completion of the procurement process (i.e. Board of Directors or staff approval of a formal contract pursuant to Section 41.4 of this Policy), the Procurement Manager may execute and transmit Purchase Orders to the vendor to properly manage the funding of multiple year contracts.

### 41.4 Authorized Signatories on Contracts and Documents

41.4.1 Expense Contracts. Expense contracts are contracts that require MTS to expend funds in return for goods or services. Expense contracts can be issued using various procurement forms, including but not limited to: a formal contract punch-out catalog purchase orders, or vendor agreement forms. All approval levels must be contained within and be consistent with overall Board of Directors approval levels. The approval levels are as follows:

Materials Manager (Punch-Out Catalog Purchase Orders Only)	To	\$ 3,500
Procurement Manager, Senior Procurement Specialist or Principal Contracts Administrator	To	\$ 3,500
Directors	To	\$ 5,000
Director of Capital Projects	To	\$ 50,000
Chief Operating Officer – Bus/Rail	To	\$ 50,000
Chief Financial Officer	To	\$ 50,000
Chief of Staff	To	\$ 50,000
General Counsel	To	\$ 50,000
Chief Executive Officer	Up To	\$ 100,000
Board of Directors	Over	\$ 100,000

41.4.2 Stand-Alone Purchase Orders. Once a Purchase Requisition for the procurement of goods and/or service is approved per Section 41.2 of this Policy or through Board of Directors action, the Procurement Manager or his/her designee will have the authority to execute stand-alone purchase orders so long as the value of the stand-alone purchase order does not exceed the value of the approved Purchase Requisition.

The Chief Executive Officer will implement internal policies and protocols to identify which procurements for goods and/or services are appropriate for the use of a stand-alone purchase order process as opposed to requiring a formal contract subject to heightened review and approval.

41.4.3 Purchase Card. Authorized signatures for Purchase Card transactions are Directors, Chief Operating Officer – Bus/Rail, Chief Financial Officer and Chief Executive Officer. All approvals of Purchase Card transactions must be consistent with MTS's internal Purchase Card Policy.

41.4.4 Change Orders. A contract change order is a change within the original scope of the contract. Contract change orders costing \$100,000 or less may be approved by the Chief Executive Officer. Contract change orders costing more than \$100,000 may be approved by the Board of Directors. Any change order costing more than \$100,000 that requires immediate approval due to: an

emergency involving public safety; liability to MTS; unacceptable delay to the project; or substantial cost increase, shall receive immediate concurrence from the Chief Executive Officer and report such action to the Board of Directors at its next meeting.

41.4.5 Revenue Contracts. Revenue contracts are contracts that result in payments to MTS for goods, services or real property interests. Examples include group/employer sales contracts (monthly passes/fare revenue), advertising, special event licenses, property leases, right of entry permits or licenses, easements and grant deeds. All revenue contracts may be approved by the Chief Executive Officer. Long-term concession contracts (e.g. bus shelter advertising, naming rights, trolley station concessions) and the sale of real property rights (e.g. easement or fee simple interest) valued over \$100,000 shall be approved by the Board of Directors.

41.4.6 Grants and Memorandums of Understanding. Grants and related documents necessary to obtain local, state and federal funding may be approved by the Chief Executive Officer, Chief Financial Officer, Chief of Staff or General Counsel. Memorandums of Understanding or other agreements documenting an agreed process or program, but not requiring a specific expenditure of MTS funds, may be approved by the Chief Executive Officer. Memorandums of Understanding or other agreements that materially alter the risk or liability MTS has agreed to/is legally obligated to bear, shall be approved by the Board of Directors.

41.4.7 Cost Recovery Agreements. Agreements to undertake certain activities, but which are fully funded by another entity, may be approved by the Chief Executive Officer. Examples include agreements with San Diego Association of Governments establishing the cost-recovery process for *TransNet*-funded transit programs or agreements with North County Transit District to pay its fair share of Regional Fare System (Compass Card) costs.

41.4.8 Real Property Transfer Documents. Subject to the approval limits set forth in this Policy, the Chief Executive Officer is authorized to sign all real property transfer documents, including but not limited to, permits, rights of entry, licenses, leases, deeds, easements, escrow instructions, and certificates of acceptance.

41.4.9 Capital Asset Transfer Documents. Capital Assets may include but are not limited to: revenue vehicles; non-revenue vehicles; equipment; information technology; and furniture. Transfer documentation for Capital Assets may be signed by staff as authorized within MTS Board Policy No. 33, Capital Asset Disposal.

41.4.10 Emergency Procurements. As authorized by Public Utilities Code section 120224.1, the Chief Executive Officer may authorize the purchase of goods or services, including those costing more than \$100,000, if the purchase requires immediate approval to avert or alleviate damage to, or to repair or restore damaged or destroyed property and insure that MTS facilities are available to serve the transportation needs of the general public or to comply with any state or federal regulation with respect to the operation of public

transportation services or protecting public safety. The Chief Executive Office shall report such actions to the Board of Directors at its next meeting.

41.5 Changes in Terms and Conditions

Any requested revision to MTS's Terms and Conditions or to accept a Vendor's Terms and Conditions must be approved by the General Counsel.

41.6 Authorized Signatories for Payment of Invoices

41.6.1 Payment of Invoices not associated with Contracts. Payment of invoices not associated with contracts includes, but is not limited to, employee reimbursements, payroll deductions, utility payments, insurance payments, purchase card transactions and claim payments. Authorized signatures for payment of these invoices are Supervisors, Managers, Directors, Chief Operating Officer – Bus/Rail, Chief Financial Officer, Chief of Staff, General Counsel, and Chief Executive Officer.

All approval levels must be contained within and be consistent with overall Board of Directors approval levels. The approval levels are as follows:

Manager/Supervisor	To	\$ 3,500
Directors	To	\$ 5,000
Chief Operating Officer – Bus/Rail	To	\$ 50,000
Chief Financial Officer	To	\$ 50,000
Chief of Staff	To	\$ 50,000
General Counsel	To	\$ 50,000
Chief Executive Officer	Over	\$ 50,000

41.6.2 Payment of Invoices associated with Contracts. Payment of invoices associated with contracts, includes, but is not limited to, formal contracts, stand-alone purchase orders and punch-out catalog purchase orders. The Chief Executive Officer will implement internal policies and protocols to ensure that upon receiving an invoice, the proper rate, price and quantity is being charged before payment is processed. Once payment is processed, the disbursement must then be approved as required by Section 41.1 of this Policy.

41.7 Authorized Signatories for Freight/Shipping and Sales/Other Taxes

The signature authority for the approval and payment of freight/shipping and sales/other taxes is described within MTS Board Policy No. 63, Payments for Freight/Shipping or Sales/Other Taxes Policy.

41.8 Authorized Signatories for Absences

In the Chief Executive Officer's absence, General Counsel, Chief of Staff, Chief Financial Officer or the Chief Executive Officer's designee is authorized to execute all checks, purchase requisitions, contracts, and documents as necessary, subject to any limits set or instructions given by the Chief Executive Officer.

In the Procurement Manager's absence, the Chief Financial Officer, the General Counsel, the Director of Financial Planning and Analysis, or the Controller is authorized to execute Expense Contracts falling within the Procurement Manager's signature authority.

In the Clerk of the Board's absence, the Assistant Clerk of the Board is authorized to execute documents as may be required to certify actions of the Board of Directors.

41.9 Electronic Signature

Any signature authorized within this Policy may be provided electronically through an automated system (e.g. SAP system).

Upon receipt of approval from the Board of Directors for any Expense Contract over \$100,000, the Chief Executive Officer or his or her designee shall have the authority to provide the electronic approval within an automated system for the Board of Directors when applicable.

This original Policy was adopted on 2/13/1992.

Policy revised on 8/11/1994.

Policy revised on 1/29/2004.

Policy revised on 2/23/2006.

Policy revised on 11/18/2010.

Policy revised on 11/14/2013.

Policy revised on 03/20/2014.

Policy revised on 10/29/2015

Policy revised on 12/8/2016.

Policy revised on 2/14/2019.

## Agenda Item No. 6b

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

October 8, 2019

### SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE APRIL 9, 2019

### RECOMMENDATION:

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

#### Budget Impact

None.

### DISCUSSION:

Since the April 9, 2019, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-19-695: Right of Entry Permit to HP Communications to construct an underground telecommunications line at 32<sup>nd</sup> Street and Imperial Avenue in the City of San Diego.
- S200-19-699: Right of Entry Permit to AT&T California to construct an underground fiber-optic line southeast of Smythe Avenue in the City of San Diego.
- S200-19-702: Purchase and Sale Agreement with the United States of America for purchase of right-of-way and grant of easement at San Ysidro in the City of San Diego.
- S200-19-703: Right of Entry Permit to Urban Corps of San Diego County for graffiti removal between Beardsley and Cesar Chavez Parkway in the City of San Diego.
- S200-19-704: Right of Entry Permit to Tetra Tech, Inc. to repair monitoring wells west of 32<sup>nd</sup> Street in the City of San Diego.
- S200-19-705: Right of Entry Permit to Century Link to construct an underground fiber-optic line at Cesar Chavez Parkway in the City of San Diego.



- S200-19-706: Right of Entry Permit to the City of La Mesa for its Flag Day Parade.
- S200-19-711: Right of Entry Permit to HP Communications, Inc. for pole-anchor installations at Dorothy Street in the City of Chula Vista.
- S200-20-712: Right of Entry Permit to Urban Corps of San Diego County for graffiti abatement in the City of El Cajon.
- S200-20-713: Right of Entry Permit to Ortiz Corporation to construct a water pipeline at 30<sup>th</sup> Street in the City of San Diego.
- S200-20-715: Right of Entry Permit to Superior Ready Mix Concrete L.P. for sidewalk improvements at 28<sup>th</sup> Street in the City of San Diego.
- S200-20-717: Right of Entry Permit to Old Town Trolley Tours of San Diego for shuttle services at H Street Trolley Station for Chula Vista Harbor Days.
- S200-20-720: License to Pacific Bell Telephone Co. dba AT&T California for an aerial fiber line at Hill Street in El Cajon.

## Agenda Item No. 7

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

October 8, 2019

#### SUBJECT:

APPROVAL OF THE 2020 SD&AE BOARD OF DIRECTORS MEETING SCHEDULE

#### RECOMMENDATION:

That the SD&AE Board of Directors approve the 2020 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 2020:

Tuesday, January 14, 2020	9:00 a.m.	(Fourth Quarter 2019 Reports)
Tuesday, April 7, 2020	9:00 a.m.	(First Quarter 2020 Reports)
Tuesday, July 7, 2020	9:00 a.m.	(Second Quarter 2020 Reports)
Tuesday, October 6, 2020	9:00 a.m.	(Third Quarter 2020 Reports)

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

#### Materials Due to Clerk:

Wednesday, January 8, 2020  
Wednesday, April 1, 2020  
\*Tuesday, June 30, 2020  
Wednesday, September 30, 2020

#### Materials Posted:

Friday, January 10, 2020  
Friday, April 3, 2020  
Thursday, July 2, 2020  
Friday, October 2, 2020

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\*Materials due early due to July 4 holiday.