



**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

WAYNE TERRY, CHAIRPERSON
MATT DOMEN
DAVID FRANKLIN, JR.

OFFICERS

SHARON COONEY, 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

Thursday, October 27, 2022
9:00 a.m.

Executive Committee Room
James R. Mills Building
1255 Imperial Avenue, 10th Floor

****Meeting will be held via Webinar****

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.

*Virtual meeting instructions can be accessed by clicking on "Meeting Link and Webinar Instructions" at the following link: <https://www.sdmts.com/about-mts-meetings-and-agendas/sdae>. Click the following link to access the meeting: <https://us02web.zoom.us/j/83417122174>

ACTION RECOMMENDED

- | | |
|---|---------------|
| 1. Approval of the Minutes of October 5, 2021
Action would approve the SD&AE Railway Company Minutes of October 5, 2021. | 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 (Matt Domen)
Action would receive a report for information. | Informational |
| 4. Report on Pacific Southwest Railway Museum (Stephen Hager)
Action would receive a report for information. | Informational |
| 5. Report on the Desert Line (Karen Landers)
Action would receive a report for information. | Informational |
| 6. Real Property Matters (Sean Myott)
Action would receive a report for information. | Informational |

7. Ratification of Transit-Oriented Development (TOD) Agreements: Delegation of Authority To SD&AE President (Karen Landers)

Ratify/
Delegate

Action would:

1. Ratify the San Diego Metropolitan Transit System's (MTS) Board of Directors October 14, 2021 approval of Disposition and Development Agreements (DDA) for a TOD project with National Community Renaissance of California, a California nonprofit public benefit corporation (National CORE) and MALICK INFILL CORP, a California corporation (Malick Infill) at the Palm Avenue Trolley Station;
2. Ratify the MTS Board of Director's March 10, 2022, approval of a DDA for a TOD project with Beyer Family Housing L.P. at the Beyer Boulevard Trolley Station; and
3. Delegate to the SD&AE President the authority to approve DDA agreements, ground leases, easements, fee transfers, restrictive covenants, regulatory agreements, and other real estate transactions or documents necessary to carry out projects on SD&AE property so long as such projects have been approved by the MTS Board of Directors and do not materially impair freight operations on adjacent SD&AE right-of-way.

8. Election of SD&AE Chairperson and Board Member (Karen Landers)

Approve

Action would move to elect Brian Riley as Chairperson and Board member of the SD&AE replacing Wayne Terry and forward a recommendation to the MTS Board of Directors for approval.

9. Board Member Communications

10. Public Comments

11. Next Meeting Date: October 10, 2023

MINUTES

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

October 5, 2021

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 5, 2021, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Wayne Terry, Matt Domen, and David Franklin Jr. Also in attendance were members from:

San Diego Metropolitan Transit System: Karen Landers, Craig Auker
Pacific Southwest Railway Museum: Diana Hyatt

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the July 13, 2021, SD&AE Railway Board of Directors meeting. Mr. Terry seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Craig Auker, MTS Accounting Manager, reviewed the Statement of Railway Finances attached to the agenda item.

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 third quarter of 2021 (attached to the agenda item).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Ms. Hyatt reviewed the Pacific Southwest Railway Museum (PSRM) report for the third quarter of 2021 (hand-out attached). Ms. Hyatt informed members that Gabe Zorbas, incoming PSRM Vice President, will represent PSRM in any future meetings that she is not able to attend.

Ms. Hyatt clarified that the estimated cost to replace batteries in the signalized railroad crossings is currently \$16,280. PSRM requested that MTS use any available Caltrans funds (as was done in the past) to contribute to the costs associated with signal maintenance. Ms. Landers responded that staff will research the request and get back to Ms. Hyatt. Ms. Hyatt

agreed to forward all of the relevant information to Ms. Landers so she can review it and consult with MTS to look into options.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

Ms. Landers stated that there is no new information to report since the last meeting. She reiterated that after a year-long mediation process with Baja Railroad (BJRR), the lease was terminated as the parties were unable to reach a resolution. Ms. Landers stated that the plan is to schedule a hi-rail trip to view the state of the line. Ms. Landers has been working with Caltrans and SANDAG to look at doing a study of this project and possibly requesting public funding.

Action Taken

Informational item only. No action taken.

6. Real Property Matters

Summary of SD&AE Documents Issued Since July 13, 2021

Ms. Landers stated that since the July 13, 2021, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-22-768: Right of Entry Permit to United States Customs & Border Protection Agency to access SD&AE property to install a barrier at the northern entrance of the Desert Line railroad crossing tunnel.
- S200-22-769: Right of Entry Permit to Clear Channel Outdoor, LLC to perform billboard maintenance at various locations within SD&AE railroad right-of-way.
- S200-21-759: Right of Entry Permit to Kimley-Horn and Associates, Inc. to perform visual inspections at 8th Street in the City of National City.
- S200-21-725: License Agreement to AT&T to install aerial fiber at railroad milepost DL 61.87.
- S200-21-724: License Agreement to AT&T to install aerial fiber at railroad milepost DL 85.92.
- S200-21-723: License Agreement to AT&T to install an underground fiber facility at railroad milepost DL 85.92 (Campo Depot).

Ms. Landers added that an emergency permit was issued yesterday to US Customs and Border Protection (CBP) to install a barrier at the northern entrance of the Desert Line railroad tunnel. CBP was experiencing a significant number of crossings at that location and was concerned about safety if people made it through the tunnel and onto the railroad bridge. Ms. Landers stated that MTS has the right terminate the permit if it impacts operations.

Action Taken

Informational item only. No action taken.

7. San Diego and Arizona Eastern Railway Company Board of Directors Meeting Schedule – Amendment to the Bylaws to Hold One Annual Board of Directors Meeting Per Year

Ms. Landers stated that the SD&AE Bylaws requires that the SD&AE Board of Directors meet quarterly each year. She is proposing to amend Section 3.06 of the Bylaws to hold a minimum of one annual Board of Directors meeting each October, which would allow MTS Finance staff to report on the final fiscal year budget results. The SD&AE Board would also have the option to notice and schedule meetings regarding special matters in addition to the annual meeting.

The following language reflects the proposed amendment to the Bylaws:

Section 3.06. A ~~Regular~~ meetings of the Board of Directors shall be held at least ~~quarterly~~ annually on the second Tuesday of October each year, or on another date in October at the request of the Board Chair. Regular and special meetings shall take place at the MTS headquarters located at 1255 Imperial Avenue, 10th Floor, San Diego, or via a publicly accessible virtual format. ~~at any place within or without the State of Nevada which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation. Special meetings of the Board may be held either at a place so designated or at the principal office.~~

Mr. Terry agreed with Ms. Landers' amendment to the Bylaws and added that staff works directly with outside personnel on daily matters regarding SD&AE property that do not need to go to the SD&AE Board of Directors prior to action. Mr. Domen and Mr. Franklin were also in agreement with the amendment.

Action Taken

Mr. Domen moved to approve an amendment to the *Meetings Section 3.06* of the "Bylaws of the San Diego & Arizona Eastern Railway Company" to require one annual SD&AE Board of Directors meeting per year and to update the location of such meetings. Mr. Terry seconded the motion, and it passed unanimously.

8. Board Member Communications

Mr. Terry welcomed Mr. Franklin to the SD&AE Board.

9. Public Comments

There were no public comments.

10. Next Meeting Date

The next meeting date of the SD&AE Railway Company Board of Directors will be scheduled on Tuesday, October 4, 2022.

11. Adjournment

The meeting was adjourned at 9:18 a.m. [Editor's note: This meeting was later rescheduled to 10/27/2022]


Chairperson
Attachment: PSRM handout - Quarterly Report


General Counsel



Pacific Southwest Railway Museum

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

October 4, 2021

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

Re: Third Quarter 2021

Dear SD&AE Board:

During the third quarter of 2021 and utilizing all volunteer crews, the Pacific Southwest Railway Museum operated 104 Golden State passenger trains and 10 Sunset Specials carrying a total of 1,558 passengers during 25 operating days. There were no FRA reportable accidents or injuries during the third quarter, 2021. Earned revenue from SD&AE property for the third quarter, 2021 was \$30,509.57 our check for \$610.19 is enclosed.

1,558 passengers during the third quarter of 2021
250 passengers during the third quarter of 2020
1,073 passengers during the third quarter of 2019
1,021 passengers during the third quarter of 2018
822 passengers during the third quarter of 2017

There were no special event trains operated during the third quarter but pre-sales are now open for October's Pumpkin Express trains which will operate every weekend from October 9th through the 31st as well as the Christmas holiday's North Pole trains which will operate every Friday and Saturday evening from November 26th through December 18th.

PSRM continues to maintain both signalized railroad crossings within our right-of-way limits; PSRM signal maintainers perform the monthly, quarterly and annual inspections regularly. Additionally, the ten year inspection was completed during this quarter. The batteries in both crossings will need to be replaced soon and each crossing's set of batteries will cost an estimated \$2,500. PSRM would like to inquire as to whether there may be CalTrans funds available for this expense, as several years ago, funds were advanced to PSRM to assist in signal maintenance expenses.

ATTACHMENT TO SD&AE DRAFT MEETING MINUTES
OF 10/5/2021

Other right-of-way maintenance performed this quarter includes hiring a professional weed spraying company to mobilize at Campo and spray the right of way from MP 61.5 to MP 66.77. A separate vegetation control and maintenance contractor was hired to physically remove the weeds from MP 60 at Division to MP 66.77 at the Campo Creek trestle. Later this year, the weed sprayer will return to spray pre-emergent from Division to Campo.

Bridge work was the focus of this quarter and both the steel deck girder bridge at MP 60.08 at Division, and the much smaller, steel deck girder bridge at MP 65.27 received attention. The east end bridge abutment on the Division bridge was backfilled with ballast and the abutment support structure reinforced. Specialized epoxy and applicator tools were purchased at great expense for repairs to the poured concrete abutments on the beam bridge at MP 65.27. Scaffolding was erected underneath the bridge and several work days were spent filling in the cracks in the poured concrete and allowing the epoxy to cure. Specialized timbers were ordered and installed and the bridge once again has walkways and handrails on both sides. These projects were maintenance and repair aspects recommended by the civil engineering firm performing the 2021 annual bridge inspections for PSRM. Further progress towards restoring passenger operations to Division include the completion of the necessary load-ratings on the bridges at MP 60.90 and MP 60.08 and the requisite annual inspections on same.

I would like to take this opportunity to thank the San Diego & Arizona Eastern board and staff as well as the Metropolitan Transit System board and staff for entrusting the care of this portion of the Desert Line to the Pacific Southwest Railway Museum. We appreciate the opportunity and we take our responsibility seriously. It is our intent to continue preserving and interpreting railroad history and the San Diego & Arizona Railway for future generations to enjoy. I would like to extend an invitation to all members of the SD&AE and MTS to visit the museum at Campo and experience for yourself what we do. Please e-mail me at dhvatt@psrm.org for arrangements.

Sincerely,



Diana Hyatt
President

Enc.

Agenda Item No. 2

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

October 27, 2022

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, 2022.

Budget Impact

None.

DISCUSSION:

Attached are SD&AE's financial results for the fiscal year ending June 30, 2022.

As of June 30, 2022, revenue is favorable to budget by \$30,000 and has increased \$21,000 from the fiscal year ending June 30, 2021.

Expenses are \$88,000 favorable to budget primarily due to positive variances in both Outside Services and Risk Management Costs. Compared to the fiscal year ending June 30, 2021, expenses have decreased \$55,000 primarily due to a decrease in Outside Services and Personnel Costs.

The Net Income as of June 30, 2022, was \$122,000.

Attachments: SD&AE Operating Statement for year ending June 30, 2022

SD&AE Operating Statement FY2022

	FY 2022			FY 2021	
	Actuals	Budget	Variance	Actuals	Variance
Revenues					
Right of Entry Permits	\$ 58,525	\$ 45,000	\$ 13,525	\$ 53,419	\$ 5,105
Lease Income	89,091	85,000	4,091	83,722.00	5,369
Operator Income - SD&IV 1% Freight Fee	41,925	30,000	11,925	30,957	10,968
Total Revenues	\$ 189,541	\$ 160,000	\$ 29,541	\$ 168,098	\$ 21,443
Expenses					
Personnel Costs	\$ 2,990	\$ 10,357	\$ 7,367	\$ 24,350	\$ 21,360
Outside Services	9,332	35,100	25,768	45,918	36,586
Risk Management	34,669	82,760	48,091	31,919	(2,750)
Misc. Operating Expenses	20,572	27,461	6,889	19,903	(669)
Total Expenses	\$ 67,563	\$ 155,678	\$ 88,115	\$ 122,090	\$ 54,527
Net Income/(Loss)	\$ 121,978	\$ 4,322	\$ 117,656	\$ 46,008	\$ 75,970

Reserve Balance July 1, 2021	\$ 691,437
Allocated Interest Earnings	4,757
Operating Profit/(Loss) - YTD	121,978
Reserve Balance as of June 30, 2022	\$ 818,172

Agenda Item No. 3

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

October 27, 2022

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



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

October 14, 2022

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 2022 are listed as follows:

1. Labor

At the end of September 30, 2022, the San Diego & Imperial Railroad had 9 employees:

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

2. Marketing

Volume in the 3rd Quarter had a 11.5% decrease as compared to the same quarter in 2021. Traffic terminating on SDIY was increased 8% with strong fuels demand at the San Ysidro terminal. Traffic into Mexico was down 25%, mainly driven by less LPG movements on rail and lighter demand for aluminum, lumber, and paper. Feed and malt to Mexico remained strong.

3. Reportable Injuries/Environmental

Days through year to date, September 30, 2022, there were no FRA Reportable injuries or Environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: **8850**

4. Summary of Freight

	2022	2021	2020
Total rail carloads that moved by SDIY Rail Service in the quarter.	857	956	781
Total railroad carloads Terminating/Originating Mexico in the quarter.	498	624	446
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	359	332	335
Total customers directly served by SDIY in the quarter	10	10	9
Regional Truck trips that SDIY Railroad Service replaced in the quarter	2577	2868	2343

Respectfully,

Matt Domen

General Manager

Agenda Item No. 4

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

October 27, 2022

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 will be presented during the meeting.

Attachments: Reports for Quarters 1, 2, and 3 and State of Good Repair Reports



Pacific Southwest Railway Museum

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

June 30, 2022

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

Re: First Quarter, 2022

Dear SD&AE Board:

During the first quarter of 2022 the Pacific Southwest Railway Museum operated 93 Golden State trains and 1 School train carrying a total of 1,793 passengers. The museum was open twenty-four days during the first quarter. There were no FRA reportable accidents or injuries during the first quarter, 2022. Earned revenue from SD&AE property was \$30,164.97; our check for \$603.30 is enclosed.

Passenger ridership during the first quarter as compared to the past ten years:

1,793 passengers during the first quarter 2022
1,087 passengers during the first quarter 2021
1,305 passengers during the first quarter 2020
1,665 passengers during the first quarter 2019
2,728 passengers during the first quarter 2018
1,185 passengers during the first quarter 2017
2,380 passengers during the first quarter 2016
2,334 passengers during the first quarter 2015
2,223 passengers during the first quarter 2014
3,081 passengers during the first quarter 2013

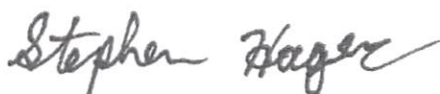
There were no special event trains operated during the first quarter. Ridership continues to improve as it trends towards pre-pandemic levels.

PSRM continues to perform track maintenance and weed abatement and maintains both signalized railroad crossings within our right-of-way limits. PSRM signal maintainers perform the monthly, quarterly and annual inspections regularly. The battery sets at both crossings continue to deteriorate due to age and temperature extremes. PSRM hired a professional weed spraying company to spray pre-emergent on the right of way between MP 60.0 and MP 66.76. The initial treatment was performed in the first quarter. The contractor will return late in the second quarter or early in the third quarter to spray post-emergent on the right of way. PSRM has entered into a three-year contract with the contractor to perform this twice-annual service to ensure that it is performed in a timely manner each year. PSRM has also entered into a five-year contract with RailPros to perform annual bridge inspections on the three bridges at MPs 60.08, 60.93, and 65.27. The next inspections are scheduled for the second quarter of this year.

I would like to take this opportunity to acknowledge my predecessor, Diana Hyatt, and thank her for her years of service to PSRM and the rapport that she worked to establish with the San Diego & Arizona Eastern board and staff. Although I am new to the PSRM Presidency, I have been with the organization for 12 years and I am heavily involved with PSRM's railroad operations. I look forward to working with all of you during these evolving times on the SD&AE Desert Line.

Thank you to the San Diego & Arizona Eastern board and staff, as well as the Metropolitan Transit System Board and staff for entrusting the care of fourteen miles of the SD&AE Desert Line to the Pacific Southwest Railway Museum. We truly appreciate the opportunity and we take our responsibility seriously. We intend to continue our preservation and interpretation of San Diego's railroad history well into the future. Like my predecessor, I will extend an invitation to all members of the SD&AE and MTS to visit the museum and Campo and experience for yourself what we do. Please email me at hager@psrm.org for arrangements.

Sincerely,

A handwritten signature in dark ink, reading "Stephen Hager". The signature is fluid and cursive, with the first name "Stephen" and last name "Hager" clearly distinguishable.

Stephen Hager
President



Pacific Southwest Railway Museum

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

September 30, 2022

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

Re: Second Quarter, 2022

Dear SD&AE Board:

During the second quarter of 2022 the Pacific Southwest Railway Museum operated 80 Golden State trains, 12 Bunny trains, and 4 Sunset Special trains carrying a total of 2,589 passengers. The museum was open twenty-six days during the second quarter. There were no FRA reportable accidents or injuries during the second quarter, 2022. Earned revenue from SD&AE property was \$52,566.77; our check for \$1,051.34 is enclosed.

Passenger ridership during the second quarter as compared to the past ten years:

2,589 passengers during the second quarter 2022
2,255 passengers during the second quarter 2021
0 passengers during the second quarter 2020
2,607 passengers during the second quarter 2019
1,866 passengers during the second quarter 2018
2,295 passengers during the second quarter 2017
1,945 passengers during the second quarter 2016
2,307 passengers during the second quarter 2015
2,794 passengers during the second quarter 2014
1,901 passengers during the second quarter 2013

We operated our Easter-themed Bunny train special event during the second quarter. We also began offering our summer Sunset Special trains on Saturday evenings. Ridership continues to improve as it trends towards pre-pandemic levels.

PSRM continues to perform track maintenance and weed abatement and maintains both signalized railroad crossings within our right-of-way limits. PSRM signal maintainers perform the monthly, quarterly and annual inspections regularly. Lead signal maintainer Chad Baker donated a set of used batteries to replace the oldest batteries in both crossings. These donated batteries will prolong the time until brand new replacement batteries are needed; however, PSRM still considers the procurement of new batteries to be a priority. Any financial assistance that MTS/SD&AE can provide would be greatly appreciated. PSRM's contracted bridge inspector, RailPros, performed annual bridge inspections on the three bridges at MPs 60.08, 60.93, and 65.27. The inspection reports noted that the most series problems identified in the previous year's inspections had been corrected, thanks to PSRM's volunteer efforts. Please let me know if MTS/SD&AE would like copies of the inspection reports.

It is with regret that I must inform MTS/SD&AE that our longtime Director of Railroad Operations, Michael Edwards, resigned from his position back in July. Martin Caestecker has stepped up to take his place. Martin has years of experience working under Mike as an operations manager, and I am confident in his ability to continue PSRM's track record of safe and efficient train operations on the SD&AE Railway. Martin can be contacted by phone at (949) 573-2770 or by email at mjcaestecker@psrm.org. Going forward, please include both of us on any email correspondence pertaining to PSRM matters on the SD&AE.

As always, thank you to the San Diego & Arizona Eastern board and staff, as well as the Metropolitan Transit System board and staff for entrusting the care of fourteen miles of the SD&AE Desert Line to the Pacific Southwest Railway Museum. Should any members of the SD&AE and MTS wish to visit the museum and Campo and experience for yourself what we do, we would be happy to accommodate your visit. Please email me at hager@psrm.org for arrangements.

Sincerely,

A handwritten signature in dark ink, reading "Stephen Hager". The signature is fluid and cursive, with the first name "Stephen" and last name "Hager" clearly legible.

Stephen Hager
President



Pacific Southwest Railway Museum

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

October 18, 2022

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

Re: Third Quarter, 2022

Dear SD&AE Board:

During the third quarter of 2022 the Pacific Southwest Railway Museum operated 57 Golden State trains and 11 Sunset Special trains carrying a total of 1,135 passengers. The museum was open twenty-five days during the third quarter. There were no FRA reportable accidents or injuries during the third quarter, 2022. Earned revenue from SD&AE property was \$20,593.95; our check for \$411.88 is enclosed.

Passenger ridership during the third quarter as compared to the past ten years:

1,135 passengers during the third quarter 2022
1,558 passengers during the third quarter 2021
250 passengers during the third quarter 2020
1,073 passengers during the third quarter 2019
1,021 passengers during the third quarter 2018
822 passengers during the third quarter 2017
773 passengers during the third quarter 2016
658 passengers during the third quarter 2015
1,031 passengers during the third quarter 2014
1,254 passengers during the third quarter 2013

We continued offering our summer Sunset Special trains on Saturday evenings during the third quarter. These trains have been popular with museum visitors because they allow visitors to avoid the worst of the summer heat in Campo. Unfortunately, PSRM was forced to annul scheduled train operations on six dates throughout the third quarter due to a lack of available, qualified train operations volunteers. This volunteer shortage is mainly a lagging effect of the COVID-19 pandemic. Specifically, low volunteer intake during the height of the pandemic was

unable to balance the gradual attrition of volunteers that always exists due to ageing out and other personal factors. Fortunately, we are seeing a resurgence of new volunteer interest and have several new volunteers in training for entry level crew positions. We are hopeful that this new volunteer intake will reverse the trend of attrition.

PSRM continues to perform track maintenance and weed abatement and maintains both signalized railroad crossings within our right-of-way limits. PSRM signal maintainers perform the monthly, quarterly and annual inspections regularly. Despite recent battery maintenance and replacements, the two crossing signal systems are beginning to show their age and are becoming increasingly vulnerable to failures. To combat this issue, Lead Signal Maintainer/Engineer Chad Baker has produced a State of Good Repair Report and Budget, which I have attached to this report. The cost to upgrade both crossings to maintain a state of good repair is \$23,981.44. These are strictly material costs; the PSRM will bear the burden of installation and testing through volunteer labor. PSRM is requesting funding from MTS/SD&AE to procure the materials necessary to carry out these important safety upgrades.

PSRM has partnered with our engineering consultant, RailPros, to scope out repairs or replacement for the Cow Creek Trestle, located at Milepost 66.77, just east of our museum. This timber trestle has been out of service due to structural defects since approximately 2007, preventing museum trains from travelling east of the museum towards Miller Creek. Initial work by RailPros indicates that it would be most economical in the long run to replace the trestle with earthen fill and one or more culverts. Because of the relatively low flow rate of Cow Creek, it is anticipated that the culverts would not need to be very large to accommodate even the highest foreseeable flow rates during a 100-year storm. However, PSRM is concerned that there may be an easement under the current trestle in favor of the adjacent ranch landowners, allowing them to cross their cattle under the trestle. If this is the case, the culvert(s) could be oversized to allow cattle and horses to pass through. PSRM is hoping to avoid installing oversized culverts unless necessary because they will cost more. Thus, PSRM is requesting the assistance of MTS/SD&AE to determine if any easements exist under the Cow Creek Trestle, and if so, whether they can be terminated.

As always, thank you to the San Diego & Arizona Eastern board and staff, as well as the Metropolitan Transit System board and staff for entrusting the care of fourteen miles of the SD&AE Desert Line to the Pacific Southwest Railway Museum. Should any members of the SD&AE and MTS wish to visit the museum and Campo and experience for yourself what we do, we would be happy to accommodate your visit. Please email me at hager@psrm.org for arrangements.

Sincerely,

A handwritten signature in dark ink, reading "Stephen Hager". The signature is written in a cursive, flowing style.

Stephen Hager
President

State of Good Repair Report

SD&AE Rwy Highway Grade Crossing Warning Systems

The Pacific Southwest Railway Museum (PSRM) maintains two highway-rail grade warning systems over California State Highway 94 (CA SR 94) in Campo California, a rural San Diego County, California community. The grade crossings are named and listed as:

- State Highway 94 Campo West Crossing CPUC 36-65.4 DOT 662-151S
- State Highway 94 Campo East Crossing CPUC 36-67.2 DOT 662-153F

The two-grade crossing warning systems are owned by the Metropolitan Transit System (MTS) of San Diego on its Desert Line. PSRM leases 14 miles of the MTS Desert Line and has the maintenance responsibility for the two grade crossings through its lease. The crossings consist of AC/DC Style-C track circuits, DC relay logic, gate mechanisms, lamp units, bells, and standby battery power systems. Each crossing is maintained to FRA Part 49, §234 standards and practices.

The crossing systems were installed in 1998 and have been maintained by PSRM since 2011. Each grade crossing warning system is approaching twenty-five years of age, and some of the warning system subcomponents have exceeded life expectancy.

The crossings have obsolete incandescent lamps and mechanical bells, non-compliant 20" flasher backgrounds, and standby batteries at end-of-life capacity.

During our monthly, quarterly, and yearly tests and inspections, the following components have been identified as obsolete or at end-of-life:

- Standby Battery 240AH Ni-CAD Cells (end-of-life capacity and chemical breakdown)
- Standby Battery Chargers (end-of-life)
- Fiberglass Gate Arms (sun-damaged and faded)
- Gate Arm Tip Lights (faded obsolete lamps)
- Lamp Flasher Units (obsolete lights)
- Lamp Flasher Backgrounds (20" not CPUC compliant)
- Crossbuck Signs (sun-damaged and faded)
- Mechanical Bells (obsolete)

Bringing the above components to the latest standards will bring the grade crossings into compliance with the newest AREMA, CPUC, and FRA requirements.

PSRM proposes upgrading the above components with the latest technologies; these upgrades will increase the overall reliability of each crossing and reduce power consumption.

- NI-CAD 240AH Battery cells meeting current standards
- Efficient Standby Battery Chargers
- Gate Arms with compliant vertical reflective striping
- LED Gate Arm Tip Lights
- LED Flasher Lamp Inserts
- 24" Flasher Backgrounds (CPUC compliant)
- High-Intensity Reflective Crossbuck Signs

- Efficient Electronic Bells

The above components will be procured from nationally recognized signal and train control vendors. Each component is a standard component currently in use on MTS and other class one railroads.

Crossing Location	Upgrade Cost
SH 94 Campo West Crossing	\$11,247.00
SH 94 Campo East Crossing	\$12,735.00
Total:	\$23,982.00

The above cost breakdown includes materials, sales tax, and shipping to CA 91906. See attached materials cost breakdown sheet.

PSRM will burden the labor for the requested upgrades. PSRM volunteer staff will procure, handle, install, and maintain the above-requested materials. Each component and subsystem will be installed and tested to AREMA, CPUC, and FRA recommendations and requirements under the direction of our Signal Engineer.

PSRM Highway Grade Crossing Signals

State of Good Repair

65.4 State Hwy 94 West

Equipment	Manufacturer	Model Number	Quantity	Unit	Cost	Total Cost
Battery Cells 240AH	SAFT (Arthur N. Ulrich Company)	SPL+250	10	EA	\$293.00	\$2,930.00
Battery Charger 12/20	RECO Railway Equipment Co. Cragg	20DTC-12V	1	EA	\$819.00	\$819.00
Gate Arms 24ft	Western Cullen Hayes Inc. WCH	38-2503-24	2	EA	\$466.00	\$932.00
Gate Arm Tip Lights LED	RECO Railway Equipment Co.	LED 9298-1120	2	EA	\$223.00	\$446.00
Flashing Lamp LED Inserts	L&W Industries Inc.	ZARG6RTFB48BV1	8	EA	\$292.00	\$2,336.00
Crossbuck Sign	L&W Industries Inc.	7A1061-5 **	2	EA	\$200.00	\$400.00
Electronic Bell	Western Cullen Hayes Inc. WCH	0777	2	EA	\$250.00	\$500.00
Background 24"	Western Cullen Hayes Inc. WCH	975-21	8	EA	\$50.00	\$400.00

Subtotal: \$8,763.00

Tax: \$766.77

Shipping: \$1,717.10

Total: \$11,246.87

67.2 State Hwy 94 East

Equipment	Manufacturer	Model Number	Quantity	Unit	Cost	Total Cost
Battery Cells 240AH	SAFT (Arthur N. Ulrich Company)	SPL+250	10	EA	\$293.00	\$2,930.00
Battery Charger 12/20	RECO Railway Equipment Co. Cragg	20DTC-12V	1	EA	\$819.00	\$819.00
Gate Arms 24ft	Western Cullen Hayes Inc. WCH	38-2503-24	2	EA	\$466.00	\$932.00
Gate Arm Tip Lights LED	RECO Railway Equipment Co.	LED 9298-1120	2	EA	\$223.00	\$446.00
Flashing Lamp LED Inserts	L&W Industries Inc.	ZARG6RTFB48BV1	12	EA	\$292.00	\$3,504.00
Crossbuck Sign	L&W Industries Inc.	7A1061-5 **	3	EA	\$200.00	\$600.00
Electronic Bell	Western Cullen Hayes Inc. WCH	0777	2	EA	\$250.00	\$500.00
Background 24"	Western Cullen Hayes Inc. WCH	975-21	8	EA	\$50.00	\$400.00

Subtotal: \$10,131.00

Tax: \$886.47

Shipping: \$1,717.10

Total: \$12,734.57

sales@anu-co.com

sales@rwy.com

bc@wch.com

sales@rwy.com

sales@lwind.com

10340 Palmer Rd., S.W. Pataskala, OH 43062

15400 Medina Road Minneapolis, MN 55447

2700 W 36th PL Chicago, IL 60632 (773)-254-9600

15400 Medina Road Minneapolis, MN 55447

3850 E. Mustard Way, Springfield, MO 65803

tdittberner@rwy.com

Ship backup

617

178

591

130

202

Total Project Cost: \$23,981.44

Agenda Item No. 5

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

October 27, 2022

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.

Agenda Item No. 6

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

October 27, 2022

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE OCTOBER 5, 2021

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the October 5, 2021, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-20-713.1: Right of Entry Permit Amendment (Time Extension) to Ortiz Corporation to access SD&AE property to replace and install a sixteen-inch water main at approximate MP EL 2.7 (30th & Commercial) via jack and bore method.
- S200-21-756.1: Right of Entry Permit Amendment (Time Extension) to Group Delta Consultants to perform soil sampling and geotechnical boring at five (5) locations as part of National City's Bayshore Bikeway Segment 5 project.
- S200-22-270: Right of Entry Permit to AM Ortega Construction, Inc. to perform potholing and installation of new electrical conduit for SDG&E at Cesar Chavez Parkway and 25th Street.
- S200-22-767: Right of Entry Permit to Badger Daylighting Corporation to perform potholing at milepost SL 7.4 to locate utilities in advance of an SDG&E jack and bore operation to install underground electrical utilities.
- S200-20-726.2: Right of Entry Permit Amendment (Time Extension) to Orion Construction to install a 12" water main and perform street improvements on behalf of the City of San Diego AC Water & Sewer Group 1024 project located at 61st Street to 65th Street and 65th Street/Imperial Avenue to Herrick Street (approximate milepost EL 7.20).

- S200-20-729.2: Right of Entry Permit Right of Entry Permit Amendment (Time Extension) to Hal Hays Construction to install an eighteen inch (18") welded cement lined steel pipe inside the existing thirty inch (30") at Elm Ave.
- S200-22-776: Right of Entry Permit to T.Y. Lin International to perform land survey data collection and soil sampling for the design of SANDAG's Palomar Street Grade Separation Project (SANDAG CIP No. 1210091).
- S200-21-766: Right of Entry Permit to HMS Construction, Inc. to install conduit at various locations (I-5 Civic Center Dr Bridge, I-5 Palm City Bridge, Beyer Blvd and 905) for the California Department of Transportation.
- S200-22-774: Right of Entry Permit to MJ Ratzlaff, Inc. to complete public improvements for the City of San Diego at 2995 Commercial Street including replacement of sidewalk, curb, and gutter, a new D-25 curb outlet, landscape, and water utility installations.
- S200-22-779: Right of Entry Permit to Life Sports Foundation allowing participants of the 2022 Campagnolo Gran Fondo San Diego bike event to cross over railroad tracks at 8th Street, Palomar Street and Gunpowder Point Drive in Chula Vista, CA on Sunday, April 3, 2022.
- S200-22-771: Right of Entry Permit to Ortiz Corporation to install 12-inch steel water pipe inside a 36-inch steel casing pipe beneath the tracks by jack and bore method, installation of an additional 12-in steel pipe and PVC pipe by cut and cover trenching, and the abandonment of existing 8-inch water pipe beneath tracks at the 69th St crossing.
- S200-22-270.1: Right of Entry Permit Amendment (Time Extension) to AM Ortega Construction, Inc. to perform potholing and installation of new electrical conduit for SDG&E at Cesar Chavez Parkway and 25th Street.
- S200-22-781: Right of Entry Permit Navy Region Southwest Morale, Welfare and Recreation Department to Allow event participants of the Navy's 35th Annual Bay Bridge Run/Walk to cross over tracks on Sunday, May 15, 2022 at the Cesar Chavez Parkway railroad crossing and Harbor Drive.
- S200-22-782: Right of Entry Permit to Sweatpants Media for video shoot at Pacific Southwest Railway Museum - 750 Depot Street, Campo, CA 91906 from May 11, 2022 – May 13, 2022.
- S200-22-784: Right of Entry Permit to the City of La Mesa allowing participants of the City of La Mesa Flag Day Parade to cross over tracks on June 4, 2022 at La Mesa Boulevard railroad crossing.
- S200-22-778: Right of Entry Permit to Caster Properties to construct a three-story self-storage facility adjacent to the right of way at 825 Hollister Street, San Diego, CA.

- S200-22-780: Right of Entry Permit to the Pacific Southern Railway Museum Association to unload a locomotive from a delivery truck onto the railroad track at the Pacific Southern Railway Museum Association located at 750 Depot Street, Campo, CA.
- S200-20-729.3: Right of Entry Permit Right of Entry Permit Amendment (Time Extension) to Hal Hays Construction to install an eighteen inch (18") welded cement lined steel pipe inside the existing thirty inch (30") at Elm Ave.
- S200-22-783: Right of Entry Permit to RDS Contracting, Inc. perform grading, and removal and installation of a perimeter fence as part of the construction of a self-storage facility at 620 & 640 Marshall Avenue, El Cajon, CA.
- S200-22-775: Right of Entry Permit to Albus-Keefe & Associates MTS's Palm Avenue Station parking lot and right of way (2340 Palm Ave, Chula Vista, CA) for exploratory drilling and soil sampling.
- S200-22-787: Right of Entry Permit to Quality Infrastructure Corporation to conduct field surveys to locate utilities, curb lines, rails, traffic equipment, and miscellaneous features for proposed improvements near the 28th Street railroad at-grade crossing in conjunction with SANDAG's Bayshore Bikeway Barrio Logan project.
- S200-21-758.1: Right of Entry Permit to Southwest Pipeline & Trenchless Corporation to rehabilitate existing sewer mains via manholes on behalf of the City of San Diego at 54th St. to Pitta St. (approximate milepost EL 5.7-6.0).
- S200-22-788: Right of Entry Permit to San Diego County Bicycle Association allowing participants of the Bike the Bay bike event to cross over railroad tracks on Harbor Drive at Cesar Chavez Parkway, Harbor Drive south of Schley, Marina Parkway at Bay Boulevard, Bay Boulevard at E Street, Sunday, August 28, 2022.
- S200-23-790: Right of Entry Permit to Eagle Paving Company, Inc. to perform slurry seal maintenance on Broadway in Lemon Grove, CA between Main Street and Lemon Grove Avenue.
- S200-21-747: License Agreement to the City of San Diego to install a new trunk sewer at railroad milepost BS 1.28 (Harbor Drive).
- S200-21-749.1: Right of Entry Permit Amendment (Time Extension) to Aguirre & Associates to perform surveys on behalf of the City of Lemon Grove at the Central Ave. and San Miguel railroad crossings.
- S200-23-793: Right of Entry Permit to Odin Construction Solutions to transport approximately 350,000 cubic yards of materials from Otay River Floodplain over the railroad crossing at Bay Boulevard, Chula Vista and the entrance to Port of San Diego's property.

Agenda Item No. 7

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

October 27, 2022

Subject:

RATIFICATION OF TRANSIT-ORIENTED DEVELOPMENT (TOD) AGREEMENTS;
DELEGATION OF AUTHORITY TO SD&AE PRESIDENT

RECOMMENDATION:

That the SD&AE Board of Directors take the following action:

1. Ratify the San Diego Metropolitan Transit System's (MTS) Board of Directors October 14, 2021 approval of Disposition and Development Agreements (DDA) for a TOD project with National Community Renaissance of California, a California nonprofit public benefit corporation (National CORE) and MALICK INFILL CORP, a California corporation (Malick Infill) at the Palm Avenue Trolley Station;
2. Ratify the MTS Board of Director's March 10, 2022 approval of a DDA for a TOD project with Beyer Family Housing L.P. at the Beyer Boulevard Trolley Station; and
3. Delegate to the SD&AE President the authority to approve DDA agreements, ground leases, easements, fee transfers, restrictive covenants, regulatory agreements, and other real estate transactions or documents necessary to carry out projects on SD&AE property so long as such projects have been approved by the MTS Board of Directors and do not materially impair freight operations on adjacent SD&AE right-of-way.

Budget Impact

None.

DISCUSSION:

The MTS¹ trolley system began with its purchase of the San Diego & Arizona Eastern Railway (SD&AE) entity from Southern Pacific Railroad (predecessor-in-interest to Union Pacific Railroad) in 1979. By purchasing SD&AE, MTS gained ownership of all of

¹ Under Public Utilities Code section 120050, MTS is known as both "San Diego Metropolitan Transit Development Board" (MTDB) and "San Diego Metropolitan Transit System" (MTS). The MTS name has been used in most documents since 2004.

SD&AE's real estate holdings, including its railroad right-of-way. This original SD&AE right-of-way was the basis for the first segments of the Blue Line (from San Ysidro to the downtown trolley yard) and the Orange Line (from the downtown trolley yard east to El Cajon). As the trolley system was developed and expanded, new real estate acquisitions for track extensions or relocations, appurtenances, and parking lots were purchased directly under the MTS name. Therefore, at many trolley stations, the underlying real estate could be owned in segments by either MTS or SD&AE.

The MTS Chief Executive Officer also serves as the SD&AE President. Otherwise, the SD&AE entity has no formal staff. Instead, it is treated as a blended component unit by MTS and its financial, real estate, legal liability and other rights, obligations and responsibilities are performed by MTS staff. Maintenance of the right-of-way is performed by MTS and/or San Diego Trolley, Inc. staff.² MTS Board Policy No. 12 states that MTS shall "have the final decision in all matters involving joint operation and right-of-way" of SD&AE property, including the "granting, changing, or canceling of easements and other rights affecting the right-of-way."

Consistent with this role as the entity with discretionary authority over real estate matters, MTS has expanded its joint-development program and TOD efforts over the past few years. This has included partnering with developers to plan and construct TOD projects at various MTS trolley stations. All such efforts are intended to enhance the MTS transit environment and surrounding communities and to encourage transit ridership by TOD project residents, employees, and visitors. The TOD projects do not impair light rail or freight rail operations.

In order to avoid any questions concerning the legal right and ability of MTS and/or SD&AE to enter into agreements related to such TOD projects, today's proposed action is intended to formally approve on behalf of SD&AE two pending TOD projects, and to delegate to the SD&AE President the discretion to enter into all future agreements and transactions, as follows:

1. Ratify the San Diego Metropolitan Transit System's (MTS) Board of Directors October 14, 2021 approval of Disposition and Development Agreements (DDA) for a TOD project with National Community Renaissance of California, a California nonprofit public benefit corporation (National CORE) and MALICK INFILL CORP, a California corporation (Malick Infill) at the Palm Avenue Trolley Station;³
2. Ratify the MTS Board of Director's March 10, 2022 approval of a DDA for a TOD project with Beyer Family Housing L.P. at the Beyer Boulevard Trolley Station;⁴ and

² San Diego Trolley, Inc. is a separate entity created by MTS to operate trolley service and perform maintenance service on the railroad right-of-way. Similar to SD&AE, it is operated as a blended component unit of MTS.

³ The October 14, 2021 MTS Board Meeting materials can be found here: https://www.sdmts.com/sites/default/files/2021-10-14_board_agenda_and_materials.pdf The Palm Avenue TOD project is Agenda Item No. 30.

⁴ The March 10, 2022 MTS Board Meeting materials can be found here: https://www.sdmts.com/sites/default/files/2022-03-10_board_agenda_and_materials_1.pdf The Beyer Boulevard TOD project is Agenda Item No. 32.

3. Delegate to the SD&AE President the authority to approve DDA agreements, ground leases, easements, fee transfers, restrictive covenants, regulatory agreements, and other real estate transactions or documents necessary to carry out projects on SD&AE property so long as such projects have been approved by the MTS Board of Directors and do not materially impair freight operations on adjacent SD&AE right-of-way.

San Diego & Arizona Eastern Railway Company (SD&AE)

Board of Directors Meeting
October 27, 2022

Ratification of Transit-Oriented Development Agreements; Delegation of Authority to SD&AE President

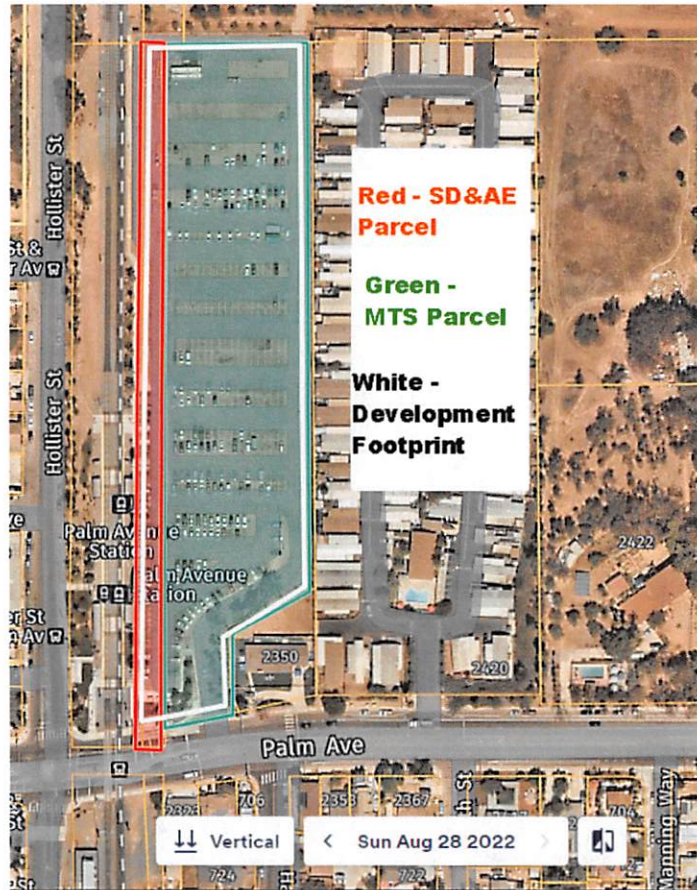


Management of MTS and SD&AE Real Estate Assets

- All property issues handled by MTS staff
- Real Estate and Permit documents signed by SD&AE President (who is also MTS CEO)
- TOD projects approved by MTS Board and then MTS CEO executes all documents necessary to carry out project
 - Projects cleared for any operational conflicts before approval
 - No impairment of rail service (does not encroach on railroad operating envelope)



MTS/SD&AE Property Lines at TOD Sites



Streamline Process between MTS and SD&AE

- Need Ability to Adjust Property Boundaries and Grant Rights to Accommodate TOD Projects
 - E.g., transfer portion of SD&AE property to MTS so that a TOD footprint can be more easily created (clear title issues); Execute ground lease and other covenants and regulatory agreements, easements
- Would allow SD&AE President to take action necessary to do so



Proposed SD&AE Board Action:

1. Ratify the San Diego Metropolitan Transit System's (MTS) Board of Directors October 14, 2021 approval of Disposition and Development Agreements (DDA) for a TOD project with National Community Renaissance of California, a California nonprofit public benefit corporation (National CORE) and MALICK INFILL CORP, a California corporation (Malick Infill) at the Palm Avenue Trolley Station;
2. Ratify the MTS Board of Director's March 10, 2022 approval of a DDA for a TOD project with Beyer Family Housing L.P. at the Beyer Boulevard Trolley Station; and
3. Delegate to the SD&AE President the authority to approve DDA agreements, ground leases, easements, fee transfers, restrictive covenants, regulatory agreements, and other real estate transactions or documents necessary to carry out projects on SD&AE property so long as such projects have been approved by the MTS Board of Directors and do not materially impair freight operations on adjacent SD&AE right-of-way.



Agenda Item No. 8

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

October 27, 2022

Subject:

ELECTION OF SD&AE CHAIRPERSON AND BOARD MEMBER (KAREN LANDERS)

RECOMMENDATION:

That the SD&AE Board of Directors move to elect Brian Riley as Chairperson and Board member of the SD&AE replacing Wayne Terry and forward a recommendation to the MTS Board of Directors for approval.

Budget Impact

None.

DISCUSSION:

Wayne Terry, current SD&AE Chairperson and Board member, is retiring from MTS in November 2022 and, therefore, the SD&AE Board needs to elect a new Chairperson and Board member to replace Mr. Terry.

Mr. Terry is recommending the election of Brian Riley, San Diego Trolley, Inc. (SDTI) Superintendent of Transportation, as the new SD&AE Chairperson and Board member.