



SAN DIEGO & ARIZONA
EASTERN RAILWAY
COMPANY
A NEVADA NONPROFIT CORPORATION

Webinar Instructions

1

Click link the to access meeting:

<https://us02web.zoom.us/j/88986510075>

2

Public Comments and Comment Translation Services:

Written Public Comments

Written public comments will be recorded in the public record and will be provided to SD&AE Board Members in advance of the meeting. Please e-mail your public comments to the Clerk: jan.gardetto@sdmts.com, by 4:00 p.m. at least one day prior to the meeting.

Live Verbal Public Comments

To make a live public comment:

1. Submit your name and agenda item through the 'Q&A' feature (preferred method – can be done at any time prior to public comment on that agenda item).
2. Use the 'Raise Hand' icon feature – please raise hand once the agenda item you wish to comment on has started.

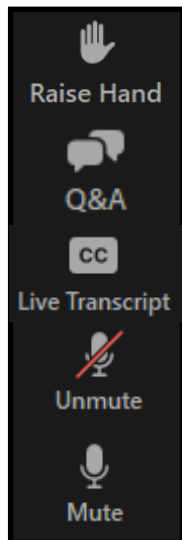
Public Comment Translation Services

Translation services for public comment are available by contacting the Clerk at least 48 hours in advance of the meeting.

The Clerk will call your name or by the last three digits of your phone number and unmute you in the order in which the requests are received.

3

Webinar Features:



- ▶ Use the **raise hand** feature every time you wish to make a public comment. Dial *9 if participating via phone. You will be taken in the order in which you raise your hand. Please do so only after that agenda item has started.
- ▶ Use the **Q&A** button to ask staff to make a live public comment – staff will reply through the feature
- ▶ Participants can enable closed captioning by clicking the **CC** icon. You may also view the full transcript and change the font size by clicking 'subtitle settings.' These features are not available via phone.
- ▶ This symbol shows you are muted, click this icon to **unmute** your microphone or *6 if you are calling in.
- ▶ If you are currently unmuted, click this button to **mute** your microphone.

4

Ways to Join:



Computer:

Click the link at the top of this page. You will be prompted to run the Zoom browser or Zoom application. Once signed on to the meeting, you will have the option to join using your computer audio system or phone.



Smartphone or Tablet:

Download the Zoom app and join the meeting by clicking the link or using the webinar ID (found in the link).

[iPhone Zoom app download link](#)

[Android Zoom app download link](#)



Phone:

1. If you are joining the audio though phone and viewing the meeting on a device, dial the number provided in the 'join audio' phone call tab of the initial pop-up, and enter the Meeting ID (found in the link).
2. US: +1 669 444 9171 or +1 669 900 9128 or +1 719 359 4580 or +1 253 215 8782 or +1 346 248 7799 or +1 646 931 3860 or +1 301 715 8592 or +1 309 205 3325 or +1 312 626 6799 or +1 386 347 5053 or +1 564 217 2000 or +1 646 558 8656

You will have access to the meeting audio, but will NOT be able to view the PowerPoint presentations.



SAN DIEGO & ARIZONA
EASTERN RAILWAY
COMPANY

A NEVADA NONPROFIT CORPORATION

Instrucciones para la Reunión Virtual de Juntas Directivas y Comités

1

Enlace de la junta:

<https://us02web.zoom.us/j/88986510075>

2

Comentario Público y Servicios de Traducción:

Comentario Público Escrito

Todos los comentarios públicos recibidos serán incorporados en el registro público y se proporcionarán a los miembros de la junta de MTS antes de la reunión. Envíe sus comentarios públicos por correo electrónico a la Secretaria de la Junta, jan.gardetto@sdmts.com, a las 4:00 p.m., el día antes de la junta.

Comentario Público Verbal en Vivo

Para hacer un comentario público

1. Envíe su nombre por escrito y el número del artículo de agenda usando la función 'Q&A' (método preferido—se puede hacer a cualquier momento antes de la sección para comentario público de ese artículo.
2. Use la función "Raise Hand" cuando el número de artículo haya comenzado.

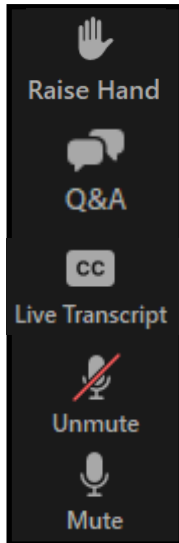
Servicios de Traducción para Comentario Público

Servicios de traducción para comentario público están disponibles mediante solicitud a la Secretaria de la Junta, 48 horas antes de la junta.

La Secretaria llamará su nombre o los últimos tres números de su número de teléfono y activará su micrófono. Los comentarios serán organizados en el orden de que sean recibidos.

3

Funciones de la Reunion Virtual:



- ▶ Use la función '**raise hand**' cada vez que quiera hacer un comentario público. Marque *9 si está participando por teléfono. Los comentarios serán organizados en el orden en que sean recibidos. Solamente use esta función cuando el número de artículo haya comenzado.
- ▶ Use la función **Q&A** para hacer un comentario público - el organizador responderá mediante esta función.
- ▶ Los participantes pueden activar subtítulos en inglés usando la función **CC**. Puede acceder la transcripción completa y cambiar el tamaño de letra en la sección 'subtitle settings'. Estas funciones no están disponibles por teléfono.
- ▶ Este símbolo muestra que su micrófono está silenciado. Marque *6 si está llamando a la junta.
- ▶ Este símbolo muestra que su micrófono no está silenciado. Presione este botón para silenciar su micrófono

4

Maneras de Participar:



Computadora:

Haga clic en el enlace de estas invitaciones. Se le pedirá que ejecute la aplicación Zoom. Una vez que haya entrado en la reunión, tendrá la opción de usar el sistema de audio de su computadora o su teléfono.



Teléfono Inteligente o Tableta:

Descargue la aplicación Zoom con anticipación e ingrese a la reunión y haga clic en el enlace o usando el número de identificación (Webinar ID) que se encuentra en el enlace.

[iPhone Zoom enlace de la aplicación](#)

[Android Zoom enlace de la aplicación](#)



Llamada:

1. Si va usar su teléfono como método de audio y ver la junta por computadora, llame al número en la sección 'join audio' e ingrese el número de identificación de la junta (Webinar ID) que se encuentra en el enlace.
2. Si se conecta por teléfono únicamente, marque: US: +1 669 444 9171 or +1 669 900 9128 or +1 719 359 4580 or +1 253 215 8782 or +1 346 248 7799 or +1 646 931 3860 or +1 301 715 8592 or +1 309 205 3325 or +1 312 626 6799 or +1 386 347 5053 or +1 564 217 2000 or +1 646 558 8656

Tendrá acceso al audio de la reunión, pero no podrá ver las presentaciones.



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
Brian Riley, 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

October 17, 2023
10:00 a.m.

In-Person Participation: James R. Mills Building, 1255 Imperial Avenue
10th Floor Executive Committee Room, San Diego, CA 92101

Teleconference Participation: US: +1 669 900 9128; Webinar ID 889 8651 0075
<https://us02web.zoom.us/j/88986510075>

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. Meeting Zoom/teleconference instructions can be accessed at the following link: <https://www.sdmts.com/about-mts-meetings-and-agendas/sdae>

ACTION RECOMMENDED

1. [Approval of the Minutes of October 27, 2022](#)
Action would approve the SD&AE Railway Company Minutes of October 27, 2022. Approve
2. [Statement of Railway Finances \(Erin Dunn\)](#) Informational
3. [Report on San Diego and Imperial Valley \(SD&IV\) Railroad Operations \(Matt Domen\)](#) Informational
4. [Report on Pacific Southwest Railway Museum \(Stephen Hager\)](#) Informational
5. [Report on the Desert Line \(Karen Landers\)](#) Informational
6. [Real Property Matters \(Sean Myott\)](#)
Summary of SD&AE Documents Issued Since October 27, 2022. Informational
7. [Board Member Communications](#)
8. [Public Comments](#)
9. [Next Meeting Date:](#) Tuesday, October 8, 2024, at 9:00 a.m.
10. [Adjournment](#)

DRAFT MINUTES

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

October 27, 2022

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 27, 2022, at 9:00 a.m.

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

San Diego Metropolitan Transit System: Sharon Cooney, Erin Dunn, Karen Landers, Brian Riley,
Sean Myott
Pacific Southwest Railway Museum: Stephen Hager

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the October 5, 2021, 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 year ending June 30, 2022 (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 2022 (attached to the agenda item).

Mr. Domen confirmed for Mr. Terry that SD&IV has 2 shippers--AJM Packaging and Toro Irrigation--working 1 day a week on Sunday nights in El Cajon.

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Mr. Hager reviewed the Pacific Southwest Railway Museum (PSRM) report for the quarters 1, 2, and 3 of 2022 (attached to the agenda item).

Mr. Hager stated that he took over as President of PSRM in February. PSRM has a new Director of Operations—Martin Caestecker—who took over for Michael Edwards. Mr. Hager and Mr. Caestecker will be the points of contact for SD&AE.

Mr. Hager reported that PSRM has continued its twice-annual weed spraying on the Desert Line. PSRM took delivery of a locomotive by truck in August, which was a significant expense. He stated that PSRM is in support of getting the Desert Line running—even in Mexico—so that PSRM can make some of the trips.

Mr. Hager noted in the report a request to repair the two Highway 94 crossings in Campo. They are about 25 years old, the batteries are at the end of their useful lives, the gates are old and fragile, and the lights are obsolete. The report attached to the agenda item outlines all of the proposed upgrades to bring them up to modern standards. The current estimate is approximately \$24,000. Mr. Hager added that PSRM is hoping to use California Public Utilities Commission (CPUC) funding or any other funding available—possibly from SD&AE—to make those upgrades.

Mr. Terry asked if PSRM has been pursuing funds for upgrades from the regulatory side. Mr. Hager responded that PSRM has requested Caltrans funding with no success. Mr. Terry suggested contacting the CPUC. Mr. Hager responded that it is PSRM's understanding that the CPUC provides an annual appropriation. He asked if those funds go to SD&AE or if PSRM would need to pursue the funds. Ms. Landers responded that staff has not been asked that question before and she does not know the answer. Mr. Hager will research it and get back to everyone with the findings. Mr. Terry will follow up with MTS Finance and also send an inquiry to the PUC regarding potential funding.

Mr. Hager clarified that the crossings are functional but the crossing equipment is in poor shape—especially the batteries.

Mr. Hager reported that PSRM has been looking into getting the Cattle Creek Trestle in Campo Valley back into service after 15 years of no service due to its advanced age and structural issues. PSRM would like to replace it with a culvert that would be more economical in the long run. Mr. Hager said that PSRM is trying to determine if there are any easements under the bridge for horses and cattle or whether smaller culverts can be added so that people can't cross. Mr. Myott responded that he will investigate.

Ms. Landers stated that during a recent hi-rail trip with Fred Byle and his team to check the condition of the line, Mr. Byle felt that it was worth exploring what it would take to get the bridge back into service. Ms. Landers said that PSRM could potentially do the inspections and maintenance. Mr. Hager added that the bridge is about 50 feet long, and that would give PSRM about 8 more miles of operations under the current lease.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

Ms. Landers gave an update on the Desert Line. Ms. Landers reiterated that the lease with Baja Rail was terminated about a year ago. In looking at next steps, past experience with the Desert Line Baja Rail process shows that this project is not going to be viable solely in private

hands. Therefore, it will require some level of public investment and will need public agencies to step in and do an analysis of what it would take to make the line viable. Ms. Landers reported that MTS reached out to SANDAG and Caltrans, and Caltrans is very interested in the project. Caltrans received a grant for a little over \$400k for this fiscal year to do a feasibility study. Ms. Landers will follow up with Caltrans to check on the status. The plan is to have Caltrans do a market feasibility study and come up with a project plan and seek grants that might be available; until Caltrans completes its studies, Desert Line activities are on hold.

- Public Speaker – Mitch Beauchamp

Mr. Beauchamp stated that he has been trying to get the Desert Line back open but that has been stalled by the prior investor. There is a washout at the bottom of Mountain Spring grade that has not been maintained over the past years causing it to back up, and there is nothing to support the existing rail.

Mr. Beauchamp stated that Mexico has to be involved in order for the Desert Line to operate or it will not work. He feels that Caltrans will be wasting money for another study, and he does not think this is the way to go. Mr. Beauchamp feels that what has been going on in the past is horrible, and everyone is responsible. He also hopes that ANK is not used to look at the value of the rail as scrap and instead the rails are kept on the railroad. Ms. Landers clarified that there is no action by MTS to scrap the rails.

Mr. Beauchamp commented that he is working with a group that is very interested in the Desert Line project, and working with Mexico binationally is the only way to get it done. Mr. Beauchamp complimented Fred Byle who has been a dependable strength for the whole system.

Action Taken

Informational item only. No action taken.

6. Real Property Matters

Summary of SD&AE Documents Issued Since October 5, 2021

Sean Myott stated that 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 Allowing 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.

Action Taken

Informational item only. No action taken.

7. Ratification of Transit-Oriented Development (TOD) Agreements; Delegation of Authority to SD&AE President

Ms. Landers gave a PowerPoint presentation to clear up and consolidate some rail property issues. She explained as background that the management of MTS and SD&AE rail assets are all handled by MTS staff. When MTS first started the trolley, it purchased the SD&AE Railway entity from Southern Pacific and with SD&AE came all of its real estate assets. MTS has essentially operated SD&AE as a land-holding entity, and the freight operations that came with SD&AE have been contracted out to SD&IV. Everything aside from the freight operations has been handled by MTS staff. Permits are signed by the MTS CEO who also sits as the SD&AE President. MTS staff is doing a lot more in the way of property activity and now also Transit-Oriented Development (TOD) at MTS transit stations. Currently, the TODs are reviewed and approved by staff and then sent to the MTS Board for final approval to make those developments happen.

Ms. Landers stated that the first step in the TOD process is to ensure that there will not be any operational conflicts—either with MTS light rail or heavy rail—so as to ensure that the projects are not encroaching on rail offloading or impairing rail service.

Ms. Landers reported that the real estate footprints of the TODs at Palm Avenue and Beyer Avenue recently approved by the MTS Board show that SD&AE right-of-way expands slightly into the parking lots. She added that MTS ground leases these areas to the developer—so there would be a sliver of SD&AE property in addition to the MTS-owned property. Therefore, the action requested today is to have the SD&AE Board acknowledge and approve these types of activities and delegate the authority to pursue them through the SD&AE President. Ms. Landers stated that MTS needs the ability to grant rights in those areas to accommodate the projects.

Ms. Landers stated that this action would be the easiest way to create a new ground lease parcel to transfer a portion of the SD&AE right-of-way to MTS. MTS would then own the fee of the whole area making it easier to create the TOD footprint. This would also ensure that the SD&AE President can execute ground lease documents, other covenants and regulatory agreements that come with financing structures, easements for utilities, and other items.

Ms. Landers stated that today's action would ratify the MTS Board's approval for the Palm Avenue TOD and the Beyer Blvd. TOD so that there is no question that there is full authority to move forward with those projects. Today's action would also delegate authority to the SD&AE President to approve the documents necessary to carry out these and all future projects so long as the projects have been approved by the MTS Board and do not materially impair freight operations on adjacent SD&AE right-of-way.

Action Taken

Mr. Terry moved to approve:

1. Ratifying the San Diego Metropolitan Transit System's (MTS's) Board of Directors October 14, 2021 approval of Disposition and Development Agreements (DDAs) 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. Ratifying 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. Delegating 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.

Mr. Domen seconded the motion, and it was unanimously approved with Mr. Franklin absent.

8. Election of SD&AE Chairperson and Board Member

Ms. Landers reported that Mr. Terry will be retiring in November 2022 from MTS, and approval of today’s action would: (1) elect Brian Riley to replace Mr. Terry as SD&AE Chairperson and Board Member; and (2) forward a recommendation to the MTS Board of Directors for approval.

Action Taken

Mr. Terry moved to: (1) elect Brian Riley to replace Mr. Terry as SD&AE Chairperson and Board Member; and (2) forward a recommendation to the MTS Board of Directors for approval. Mr. Domen seconded the motion, and it was unanimously approved with Mr. Franklin absent.

9. Board Member Communications

There were no Board member communications.

10. Public Comments

There were no public comments.

11. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, October 10, 2023.

12. Adjournment

The meeting was adjourned at 9:26 a.m.

Chairperson

General Counsel

Agenda Item No. 2

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

October 17, 2023

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, 2023.

Budget Impact

None.

DISCUSSION:

Attached are SD&AE's financial results for the fiscal year ending June 30, 2023.

As of June 30, 2023, revenue is favorable to budget by \$7,000 and has increased \$8,000 from the fiscal year ending June 30, 2022.

Expenses are \$48,000 favorable to budget primarily due to positive variances in both Outside Services and Risk Management Costs. Compared to the fiscal year ending June 30, 2022, expenses have increased \$40,000 primarily due to a claim settlement with the City of National City for \$25,000.

The Net Income as of June 30, 2023, was \$89,000.

Attachment: SD&AE Operating Statement for year ending June 30, 2023

SD&AE Operating Statement FY2023

	FY 2023		FY 2022	
	Actuals	Budget	Actuals	Variance
Revenues				
Right of Entry Permits	\$ 56,319	\$ 60,000	\$ 58,525	\$ (2,206)
Lease Income	98,183	100,000	89,091.37	9,092
Operator Income - SD&IV 1% Freight Fee	42,544	30,000	41,925	618
Total Revenues	\$ 197,046	\$ 190,000	\$ 189,541	\$ 7,504
Expenses				
Personnel Costs	\$ 2,519	\$ 8,749	\$ 2,990	\$ 471
Outside Services	13,185	35,000	9,332	(3,852)
Risk Management	62,675	79,901	34,669	(28,006)
Misc. Operating Expenses	29,654	32,500	20,572	(9,083)
Total Expenses	\$ 108,032	\$ 156,150	\$ 67,563	\$ (40,469)
Net Income/(Loss)	\$ 89,013	\$ 33,850	\$ 121,978	\$ (32,965)

Reserve Balance July 1, 2022 \$ 818,172

Allocated Interest Earnings 68,347

Operating Profit/(Loss) - YTD 89,013

Reserve Balance as of June 30, 2023 \$ 975,532

Agenda Item No. 3

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

October 17, 2023

SUBJECT:

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

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the Prior Year



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

October 5, 2023

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 prior year are listed as follows:

1. Labor

The San Diego & Imperial Railroad has 9 employees as listed below:

- 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 3.3% decrease as compared to the same quarter in 2022. Traffic terminating on SDIY decreased 45% with weaker ethanol demand at the San Ysidro terminal, driven by increased demand for electric over gas powered vehicles. Traffic into Mexico increased 17%, mainly driven by increased feed mill demand, pulp, and paper shipments. Malt for the brewery and LPG both remained strong.

3. Reportable Injuries/Environmental

Days through year to date there were *no* FRA Reportable injuries or Environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: **9220**

4. Summary of Freight

	2023	2022	2021
Total rail carloads that moved by SDIY Rail Service in the quarter.	830	857	956
Total railroad carloads Terminating/Originating Mexico in the quarter.	584	498	624
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	246	359	332
Total customers directly served by SDIY in the quarter	10	10	10
Regional Truck trips that SDIY Railroad Service replaced in the quarter	2490	2577	2868

Respectfully,

Matt Domen

General Manager

Agenda Item No. 4

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

October 17, 2023

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: 2022 4th Quarter Report
2023 1st Quarter Report
2023 2nd Quarter Report
2023 3rd Quarter Report



Pacific Southwest Railway Museum

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

February 2, 2022

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

Re: Fourth Quarter, 2022

Dear SD&AE Board:

During the fourth quarter of 2022 the Pacific Southwest Railway Museum operated 13 Golden State trains, 1 Sunset Special train, 32 Pumpkin Express trains, and 15 North Pole Limited trains carrying a total of 6,476 passengers. The museum was open twenty-four days during the fourth quarter. There were no FRA reportable accidents or injuries during the fourth quarter, 2022. Earned revenue from SD&AE property was \$256,752.42; our check for \$5,135.05 is enclosed.

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

6,476 passengers during the fourth quarter 2022
5,792 passengers during the fourth quarter 2021
2,253 passengers during the fourth quarter 2020
7,559 passengers during the fourth quarter 2019
7,698 passengers during the fourth quarter 2018
7,153 passengers during the fourth quarter 2017
6,736 passengers during the fourth quarter 2016
7,110 passengers during the fourth quarter 2015
6,765 passengers during the fourth quarter 2014
6,535 passengers during the fourth quarter 2013

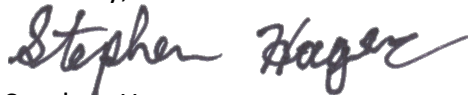
The fourth quarter of the year is PSRM's busiest time of year. We operated our popular Halloween-themed Pumpkin Express trains in October and our largest annual event, the North Pole Limited trains, in late November and December. Ridership continues to follow a positive trajectory from the pandemic-induced low in 2020.

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. Following our discussion on needed State of Good Repair upgrades to the crossing signals at the October SD&AE Board Meeting, PSRM is eager to hear whether MTS will be able to access CPUC funding for this project.

PSRM was able to meet with the owner of the property adjacent to the Cow Creek Trestle at Milepost 66.77 and determined that no easement exists for a cattle crossing under the trestle. As time permits, we will work with RailPros to develop an engineering plan and cost estimate to replace this trestle with a culvert. Per the mid-2022 meeting between PSRM and MTS Staff, PSRM will present MTS with a construction funding request once we have completed the engineering work.

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. Our offer remains open to host an MTS/SD&AE visit to our museum in Campo. Please email me at hager@psrm.org for arrangements.

Sincerely,

A handwritten signature in black ink that reads "Stephen Hager". The signature is written in a cursive, flowing style.

Stephen Hager
President



Pacific Southwest Railway Museum

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

May 2, 2023

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

Re: First Quarter, 2023

Dear SD&AE Board:

During the first quarter of 2023 the Pacific Southwest Railway Museum operated 67 Golden State trains and 1 School train carrying a total of 1,535 passengers. The museum was open twenty-four days during the first quarter. There were no FRA reportable accidents or injuries during the first quarter, 2023. Earned revenue from SD&AE property was \$25,708.87; our check for \$514.18 is enclosed.

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

1,535 passengers during the first quarter 2023
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

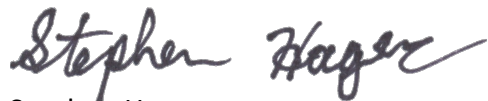
There were no special event trains operated during the first quarter.

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. In January, the Federal Railroad Administration visited Campo with their contractor, Ensco, to perform a track geometry inspection using their hi-rail inspection truck as a courtesy to PSRM. The inspection was conducted between the Cow Creek Trestle at Milepost 66.77 and the Lower Campo Creek Viaduct at Milepost 60.08. The FRA provided a list of geometry defects to PSRM. PSRM has since been performing track repairs to address these defects; temporary speed restrictions have been instated in the areas with defects in the interim. PSRM's contracted engineering firm, RailPros, is scheduled to perform the annual bridge inspections at mileposts 60.08, 60.93, and 65.27 in the second quarter of this year.

In February, PSRM Director of Railroad Operations Martin Caestecker resigned from his position to pursue a career at the California State Railroad Museum. In March, the PSRM board of directors appointed John Cenkner to assume the role vacated by Martin. John has several years of railroad operations experience with PSRM, as well as short line railroad operations experience. Please join me in welcoming John to the DRO role. He may be contacted by email at cenkner@psrm.org.

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. We are always happy to host an MTS/SD&AE visit to our museum in Campo. Please email me at hager@psrm.org for arrangements.

Sincerely,

A handwritten signature in black ink that reads "Stephen Hager". The signature is written in a cursive, flowing style.

Stephen Hager
President



Pacific Southwest Railway Museum

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

August 1, 2023

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

Re: Second Quarter, 2023

Dear SD&AE Board:

During the second quarter of 2023 the Pacific Southwest Railway Museum operated 67 Golden State trains, 12 Bunny trains, and 4 Sunset Special trains carrying a total of 3,458 passengers. The museum was open twenty-six days during the second quarter. There were no FRA reportable accidents or injuries during the second quarter, 2023. Earned revenue from SD&AE property was \$72,030.27; our check for \$1,440.61 is enclosed.

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


3,458 passengers during the second quarter 2023
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

We operated our Easter-themed Bunny train special event during the second quarter. We co-hosted the second annual "Campo Days" event in May which drew large crowds to the area. We also began offering our summer Sunset Special trains on Saturday evenings. Ridership in the second quarter hit a historic ten-year high this year.

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. In May, PSRM experienced a low-speed derailment on the main track approximately two miles west of Campo. There were no injuries and damage to equipment was minimal. However, out of an abundance of caution, PSRM has suspended train rides through the derailment site pending track repairs. PSRM plans to bring in a professional track inspector to evaluate the derailment site and the entire section of railroad between Campo and Division. PSRM will use the results of the inspection as the basis for a major track maintenance project on the railroad, expected to take place either late in the third quarter or early in the fourth quarter of 2023.

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 black ink that reads "Stephen Hager". The signature is written in a cursive, flowing style.

Stephen Hager
President



Pacific Southwest Railway Museum

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

October 10, 2023

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

Re: Third Quarter, 2023

Dear SD&AE Board:

During the third quarter of 2023 the Pacific Southwest Railway Museum operated 44 Golden State trains and 11 Sunset Special trains carrying a total of 1,190 passengers. The museum was open twenty-one days during the third quarter. There were no FRA reportable accidents or injuries during the third quarter, 2023. Earned revenue from SD&AE property was \$21,935.87; our check for \$438.72 is enclosed.

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

1,190 passengers during the third quarter 2023
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

We continued offering our summer Sunset Special trains on Saturday evenings during the third quarter. Due to decreased ridership and challenges with volunteer train crew staffing during the summer heat, we made the decision to close the museum and not operate train rides on Sundays from mid-August onwards. Regular Saturday and Sunday hours will resume in the fourth quarter.

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. In my previous quarterly report, I mentioned PSRM's decision to truncate train operations pending a major track maintenance project. Under escort by PSRM crews, contractor RailWorks Corporation performed an inspection of the Desert Line between the Campo Valley and Division and provided a list of track defects and drainage issues in the right of way. RailWorks is also finalizing a set of quotes for PSRM to fix these track defects and drainage issues. The proposed work includes lining and tamping the curve on either side of the west Highway 94 crossing in Campo, cutting drainage ditches and placing crushed rock ballast in the cut at Milepost 63, performing ballast regulating where the side slopes require it, and replacing railroad ties. Other ancillary work includes plugging and re-spiking existing ties where the track is lined and tamped, and tightening joint bars anywhere other work is being performed.

In recognition of PSRM's 501(c)(3) non-profit status, RailWorks is offering their services to PSRM at a significant discount; they will not charge PSRM any overhead or profit other than minor per diem expenses for their employees. RailWorks is also able to offer PSRM significantly discounted relay ties as they are actively engaged in a tie replacement project on the MTS system. RailWorks was asked to provide two quotes to PSRM; one to complete track and drainage work from Campo to Canyon, and one to also include work on the additional 1.5 miles from Canyon to Division. In order to be able to operate our fourth quarter North Pole Limited trains and generate the crucial revenue needed to sustain our organization for the next year, it is absolutely essential for the Campo to Canyon work to be completed before Thanksgiving. PSRM also believes that there is enormous value in completing the additive work from Canyon to Division. Doing so would allow PSRM to extend train rides to their pre-2017 limits and would allow us to resume train rides to Tecate if and when Tunnel 3 in Mexico is reopened. PSRM has already invested in load rating and performing annual inspections on the two bridges west of Canyon and we see a successful track project and resumption of train rides to Division as a strong demonstration of our commitment to be good stewards of the Desert Line.

PSRM has a budget of approximately \$200,000 available for the track project. As of writing this letter, PSRM has received RailWorks' preliminary quote for the Campo to Canyon work, which came in at \$285,000. The quote for the work to Division is still pending and is expected in the next day or two. Both quotes will be provided to SD&AE/MTS staff once received. PSRM needs financial assistance from SD&AE/MTS to close our budget deficit and cover the costs of this critical track project.

It is the opinion of PSRM that there will not be another opportunity in the foreseeable future to complete repairs on this section of the Desert Line for a lower cost. I urge the SD&AE Board to authorize funding to supplement PSRM's budget for the Campo to Canyon and Canyon to Division Track projects.

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 black ink that reads "Stephen Hager". The signature is written in a cursive, flowing style.

Stephen Hager
President

Agenda Item No. 5

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

October 17, 2023

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 17, 2023

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE OCTOBER 27, 2022

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the October 27, 2022, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- L1560.1-21: Right of Entry Permit Amendment (Time Extension) to Palm Engineering Construction Company, Inc. to install a new water main and perform street improvements adjacent to MTS railroad right of way and Euclid Transit Center.
- L1637.0-23: Right of Entry Permit to C Below for potholing along Commercial St. via hydro vacuum to expose & confirm utilities.
- S200-21-766.1: Right of Entry Permit Amendment (Time Extension) 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.
- S200-22-775.1: Right of Entry Permit Amendment (Time Extension) to Albus-Keefe & Associates for exploratory drilling and soil sampling at the Palm Avenue Station parking lot and right of way (2340 Palm Ave, Chula Vista, CA).
- S200-23-791.1: Right of Entry Permit Amendment (Time Extension) to Transtelco to replace existing fiber cable in an existing duct from Sigsbee Street and Harbor Boulevard to San Ysidro.
- S200-23-791: Right of Entry Permit Amendment to Transtelco Inc. to replace existing fiber cable in an existing duct from Sigsbee Street and Harbor Boulevard to San Ysidro.

- S200-23-792: Right of Entry Permit to Man General Engineering to access two above ground Cox Communications pedestals to pull fiber through existing conduit at Beyer Boulevard.
- S200-23-795: Right of Entry Permit to Griffith Company to install bridge falsework to protect the MTS tracks and appurtenances during the El Cajon Bridge demolition and reconstruction.
- S200-23-796: Right of Entry Permit to Fordyce Construction, Inc. for street and curb improvement work on the east side of Howard Ave between Iris Ave and Village Pine.
- S200-23-797: Right of Entry Permit to Coastal Communications, Inc. to install conduit and fiber optic cable via boring methods on Civic Center Drive.
- S200-23-798: Right of Entry Permit to AirX Utility to perform utility locating and mark-outs, potholing and documentation in the parking lot of the El Cajon Transit Center.
- S200-23-799: Right of Entry Permit to AirX Utility to perform utility locating and mark-outs, potholing and documentation Harbor Drive and Sampson Street.
- S200-23-800: Right of Entry Permit to Wyyerd Fiber to conducting fiber investigation at the 24th Street Transit Center and Civic Center Drive.
- S200-23-801: Right of Entry Permit to Wyyerd Fiber to conduct field investigation for fiber installation at the San Ysidro Station.
- S200-23-802: Right of Entry Permit to RedZone Robotics, Inc. to conduct field investigation of the trunk sewer pipeline along the trolley's Orange Line utilizing manholes for equipment access.
- S200-23-806: Right of Entry Permit to Life Sports Foundation allowing participants of the 2023 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 23, 2023.
- S200-23-808: Right of Entry Permit to SANDAG to access the Iris Ave. Transit Center on March 15, 2023 from 2:30pm - 5:00pm and El Cajon Transit Center on March 6, 2023 from 2:30pm-5:00pm for the purpose of encouraging participation in SANDAG's Youth Opportunity Pass Impact Survey.
- S200-23-808.1: Right of Entry Permit Amendment (Time Extension) to SANDAG Right of Entry Permit to SANDAG to access the Iris Ave. Transit Center for the purpose of encouraging participation in SANDAG's Youth Opportunity Pass Impact Survey. Extend to April 30, 2023.
- S200-23-809: License Agreement to MCImetro Access Transmission Services LLC Access for construction, use, operation, maintenance, repair and ownership of an underground fiber optic conduit that crosses within MTS/SDAE right of way at Civic Center Drive.

- S200-23-811: Right of Entry Permit to KTA Construction Inc. to replace sewer and water mains along 26th St and Commercial St for the City of San Diego.
- S200-23-812: Right of Entry Permit to the Navy Region Southwest Morale, Welfare and Recreation Department to Allow event participants of the Navy's Annual Bay Bridge Run/Walk to cross over tracks on Sunday, May 21, 2023 at the Cesar Chavez Parkway railroad crossing and Harbor Drive.
- S200-23-813: Right of Entry Permit Right to GC Fence Corporation to install a fence near the Spring Street and Nebo Drive crossing as requested by the CPUC.
- S200-23-814: Right of Entry Permit to SANDAG to conduct outreach regarding the proposed Rapid 625 Bus Route Project at the Palomar Street Transit Center on April 19, 2023 from 2:30pm - 6:30pm or another date if weather does not permit up until May 31, 2023 as approved by MTS staff.
- S200-23-816: Right of Entry Permit to John Donaldson Construction, Inc. to install a pipe lining in the current sewer line near the building located at 1225 N Marshall Avenue, El Cajon.
- S200-23-817: Right of Entry Permit to Orion Construction to perform a GPR survey and investigative potholing at the 32nd Street crossing for the development of construction design plans for Naval Base San Diego NAVFAC's Water Line Repair Project.
- S200-23-818: Right of Entry Permit to Ramona Paving & Construction Corp, Inc. to replace asphalt along Imperial Avenue from 60th Street to 65th Street, San Diego.
- S200-23-819: Lease Agreement to West Coast General Group for temporary staging and storage of construction equipment, construction materials and supplies at property situated south of Palomar Street in the City of Chula Vista (APN 622-081-28-01).
- S200-23-820: Right of Entry Permit to City of La Mesa allowing participants of the City of La Mesa Flag Day Parade to cross over tracks on June 3, 2023 at La Mesa Boulevard railroad crossing.
- S200-23-824: Right of Entry Permit to Wyyerd Fiber to intercept Wyyerd owned fibers with MTS fiber at 24th Street Station/Mile of Cars Way.
- S200-24-828: Right of Entry Permit to RDZ Plumbing & Drains the purpose of replacing a sewer pipe located at the San Ysidro Station, for street address 727 E. San Ysidro Blvd.
- S200-24-830: Right of Entry Permit to Sweetwater Authority to the purpose of repairing a 16" underground water valve at F Street, Chula Vista.