



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
Don Seil, Chairman
Bob Jones
Paul Jablonski

OFFICERS
Paul Jablonski, President
Bob Jones, Secretary
Linda Musengo, Treasurer

OF COUNSEL
Tiffany Lorenzen

AGENDA

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

October 19, 2010

9:00 a.m.

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

SDAE 710.1
(PC 50771)

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.

	<u>RECOMMENDED ACTION</u>
1. <u>Approval of the Minutes of July 20, 2010</u> Action would approve the SD&AE Railway Company minutes of July 20, 2010.	Approve
2. <u>Statement of Railway Finances (Linda Musengo)</u> Action would receive a financial report for the quarter ended September 30, 2010.	Receive
3. <u>Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Jose Ramos)</u> Action would receive a report for information.	Receive
4. <u>Report on Pacific Southwest Railway Museum (Diana Hyatt)</u> Action would receive a report for information.	Receive
5. <u>Report on the Desert Line (Armando Freire)</u> Action would receive a report for information and an update on the status of rail operations.	Receive
6. <u>Real Property Matters (Tim Allison)</u>	
a. <u>Summary of SD&AE Documents Issued Since July 20, 2010</u> Action would receive a report for information.	Receive

- | | | |
|-----|---|---------|
| b. | <p><u>License Agreement with Tessera Solar</u></p> <p>Action would approve issuing a license to Tessera Solar to use an existing at-grade crossing as a temporary construction access road and ultimately as a secondary emergency access road. The crossing crosses over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately milepost 128.0 on the Desert Line.</p> | Approve |
| 7. | <p><u>Approval of the 2011 SD&AE Board of Directors Meeting Schedule (Tiffany Lorenzen)</u></p> <p>Action would approve the 2011 SD&AE Board of Directors meeting schedule.</p> | Approve |
| 8. | <p><u>Old Business</u></p> | |
| 9. | <p><u>New Business</u></p> | |
| 10. | <p><u>Public Comments</u></p> | |
| 11. | <p><u>Next Meeting Date</u></p> <p>Pending approval of Agenda Item No. 7, the next scheduled meeting of the SD&AE Board of Directors will be on Tuesday, January 18, 2011, at 9:00 a.m.</p> | |
| 12. | <p><u>Adjournment</u></p> | |

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DRAFT

MINUTES

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

July 20, 2010

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 July 20, 2010, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Don Seil, Bob Jones, and Paul Jablonski. Also in attendance were:

MTS staff:

SD&IV staff:

Pacific Southwest Railway Museum:
Carrizo Gorge Railway, Inc. (Carrizo):
Bureau Veritas:
California Public Utilities Commission:
Tierra Madre Railway:
City of Lemon Grove:
Taxicab Leased Driver Representative:

Tiffany Lorenzen, Tim Allison,
Linda Musengo, Wayne Terry
Matt Domen
Diana Hyatt
Armando Freire
Phil Kern
Jay Ellis
R. Mitchel Beauchamp
Barbara Kraber, Patrick Hansen-Lund
Margo Tanguay

1. Approval of Minutes

Mr. Jones moved to approve the Minutes of the April 20, 2010, SD&AE Railway Board of Directors meeting. Mr. Jablonski seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo submitted the financial statement for the quarter ended June 30, 2010 (attached to the agenda item). Ms. Musengo clarified for Mr. Jablonski that the reserve is projected to increase over the next year.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

3. Report on SD&IV Operations

Matt Domen presented the report of activities for the second quarter of 2010 (attached to the agenda item).

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt presented the second quarter report for 2010 (attached to the agenda item).

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

5. Report on the Desert Line

Armando Freire reviewed the report for the second quarter (attached to the agenda item), and noted a few corrections as follows:

1. On page 5-3 under "Accomplishment during Second Quarter 2010," the first bullet point that reads "Bridge rehabilitation" should be deleted;
2. On page 5-4 under "I. Labor," the sentence should be corrected to read "... Carrizo Gorge has ~~45~~ 10 employees to cover overall administration of the road and operations in the U.S. on the Desert Line"; and
3. On page 5-8, Mr. Freire clarified that there is no activity on the Desert Line from milepost 59 through milepost 70.

In response to Mr. Jablonski's inquiry regarding weed abatement due to fire concerns, Mr. Freire stated that Carrizo has not performed any weed abatement in the last month and a half because it does not have the resources. Mr. Freire also clarified that Carrizo received a letter from the California Department of Forestry and Fire Protection (CDF) affirming that Carrizo must perform weed abatement to stay in compliance, but there currently is no restriction to operate by CDF. Diana Hyatt informed members that the Museum is conducting weed abatement.

- Public Speaker

Mitchel R. Beauchamp – Mr. Beauchamp stated that he was asked by Gary Sweetwood, Carrizo stockholder and owner of East County Dirt Works, to make some comments. Mr. Beauchamp announced that East County Dirt Works was recently awarded a significant judgment against Carrizo by the Superior Court, and Mr. Sweetwood reviewed Carrizo's records on July 9. Mr. Beauchamp submitted a copy of a letter from Charles McHaffie (attached). He added that there may be changes in Carrizo's corporate structure, and that Mr. Sweetwood and other investors are working on getting freight customers for the Desert Line.

Mr. Beauchamp stated that he met with Jorge Monraz of ADMICARGA, and he feels that there is cross-border confusion regarding the opening of Tunnel 3 (closed due to fire) on the Desert Line, which could affect the ability to keep the freight monopoly in San Diego for BNSF. He added that there are a lot of issues to get the Desert Line back in shape, and they are trying to make that happen.

Action Taken

Mr. Jones moved to receive the report for information. Mr. Jablonski seconded the motion, and it was unanimously approved.

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since April 20, 2010

- S200-10-444: Right of Entry Permit to URS Corporation to perform environmental studies at the San Ysidro Border.
- S200-10-445: Right of Entry Permit to the United States Navy for the 24th Annual Bay Bridge Run/Walk.
- S200-10-446: Right of Entry Permit to Ortiz Corporation to reconstruct water facilities at 19th and Commercial Streets in the City of San Diego.
- S200-10-447: Right of Entry Permit to the City of La Mesa for the Flag Day Parade.
- S200-10-448: Right of Entry Permit to Cascade Drilling L.P. to perform soil borings at the San Ysidro Border.
- S200-10-449: Right of Entry Permit to Bike the Bay for its annual bike race.
- S200-10-453: Right of Entry Permit to California Boring Inc. for underground electric facility installation at 22nd and Commercial Street in the City of San Diego.
- S200-10-454: Right of Entry Permit to California Auger Boring, Inc. for directional boring operations at 22nd and Commercial Street in the City of San Diego.
- S200-10-456: Right of Entry Permit to Southland Electric for overhead electric facility installation at G Street in Chula Vista on the south line segment.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

b. License Agreement with Tessera Solar

Tim Allison explained that at its last meeting, the Board approved a license to Tessera Solar for an at-grade crossing for the proposed power plant project. Tessera Solar needs an additional license agreement for an aerial electric line and an aerial communications line. Mr. Allison clarified that the license would generate \$1,500 per crossing per year and that he sees no issues with granting this license.

Action Taken

Mr. Jones moved to approve issuing a license to Tessera Solar for a proposed aerial crossing over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at County Road 2003. Mr. Jablonski seconded the motion, and it was unanimously approved.

c. The City of Lemon Grove North Avenue Realignment Project

Tim Allison reviewed the City of Lemon Grove's request for support of its General Order 88b application and approval of various utility crossings.

Mr. Allison summarized the City of Lemon Grove's North Avenue Realignment Project. He introduced Barbara Kraber and Patrick Hansen-Lund of the City of Lemon Grove and Phil Kern of Bureau Veritas. He stated that the City of Lemon Grove is working in conjunction with MTS, SANDAG, Bureau Veritas, Caltrans, and the CPUC to address the following project concepts and issues:

- Realigning several streets
- Reconfiguring the existing crossing
- Reconstructing the crossing and its affiliated signaling and crossing equipment
- Replacing several utilities

Mr. Allison confirmed for Mr. Jones and Mr. Seil that the new crossing would be safer and added that the CPUC supports the project. Wayne Terry interjected that the new crossing would straighten out the line of sight for trains, pedestrians, and automobiles.

Mr. Hansen-Lund informed members that groundbreaking on construction of the project is anticipated in early 2011. Mr. Terry added that the project would be a big improvement, and no freight problems are anticipated. Mr. Hansen-Lund clarified that all intersections would have traffic signals, and a reduction in traffic is anticipated because of the realignment.

Action Taken

Mr. Jablonski moved to: (1) receive a report; (2) authorize the support of Lemon Grove's General Order 88b application; and (3) approve the various utility crossings. Mr. Jones seconded the motion, and it was unanimously approved.

d. The City of Lemon Grove Main Street Promenade Project

Mr. Allison gave an update on the City of Lemon Grove Main Street Promenade Project. He reported that the City of Lemon Grove is going to vacate Main Street to auto traffic, and only pedestrians will be allowed. In addition, pedestrian movement on Broadway is also being reconfigured. Community art and landscaping elements will be incorporated, and engineering drawings are moving forward for construction, which has an anticipated spring 2011 start date. Mr. Allison reminded members that the SD&AE Board and MTS Board have previously seen and supported this project. He confirmed that the project fosters transit-oriented development goals and a good working relationship amongst the parties involved.

Barbara Kraber, Management Analyst with the City of Lemon Grove, distributed a design concepts rendering (attached). She thanked the Board for its support of the City of Lemon Grove's Smart Growth application (almost \$2 million was awarded). Ms. Kraber explained that the plans are at about 30% currently, and the concept edits are going to the City Council on August 3. Ms. Kraber invited everyone to the City of Lemon Grove City Hall from 9:00 a.m. to noon on Saturday to attend a project premier that will include display boards and a movie presentation that will fly through the project in 3D.

Ms. Kraber discussed project details, including affordable housing components, Americans with Disabilities Act (ADA) accessibility, themes throughout the project, windmills that will generate electricity and water reclamation, and public art. She added that the City of Lemon Grove is almost finished with the acquisition component of the project and anticipates going out to bid in March or April 2011.

Ms. Kraber clarified for Mr. Jablonski that the pedestrian crossing will eventually be refigured to limit access to the lemon trees.

Mr. Allison informed members that Eric Adams, SANDAG engineer, is dealing with some issues with ADA platform accessibility.

Mr. Allison clarified for Mr. Jones and Mr. Seil that there would be pedestrian barriers for safety purposes. Ms. Kraber added that a play area with seating is designed to pull families off of the platform while waiting for the trolley.

Discussion ensued regarding fencing, utilities, and corridor accessibility plans for the project. Mr. Jablonski reminded project participants to make sure they incorporate all proposed amenities now. He added that we don't want to have one station hold up the new low-floor trolley cars that will run on the line.

Action Taken

Mr. Jablonski moved to receive a report for information. Mr. Jones seconded the motion, and it was unanimously approved.

7. Old Business

There was no old business.

8. New Business

There was no new business.

9. Public Comments

There were no additional public comments.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on October 19, 2010, at 9:00 a.m. in the Executive Committee Conference Room.

11. Adjournment

The meeting was adjourned at 9:46 a.m.

President

Of Counsel

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7-20-10.SDAE MINUTES.doc

Attachments: Letter from Charles McHaffie
Rendering of the City of Lemon Grove's Main Street Promenade Project

Carrizo Gorge Railway Inc.

375 Custom House Plaza

San Diego CA. 92154

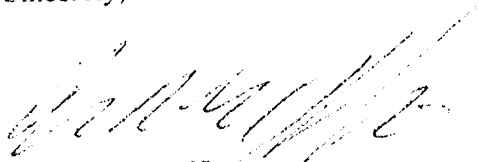
April 28th, 2010

To the Board of Directors:

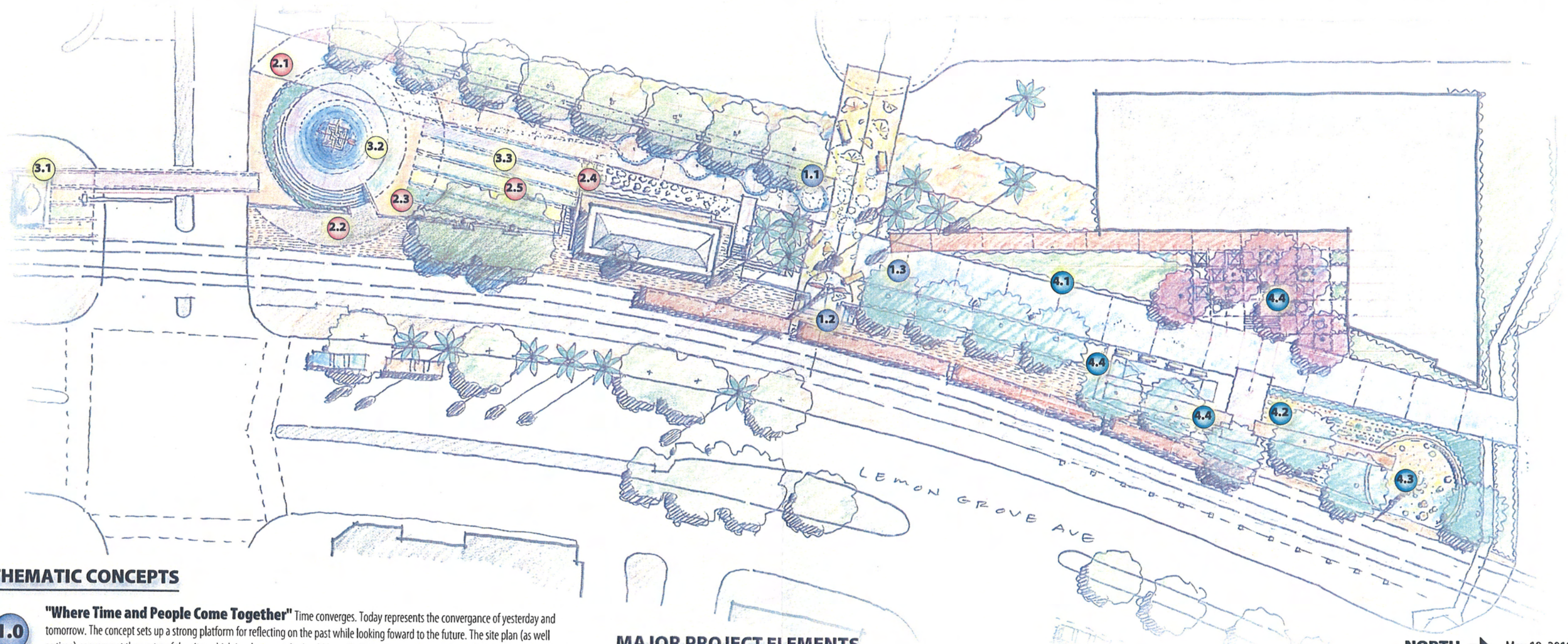
I, hereby, tender my resignation as President of Carrizo Gorge Railway Inc., effective immediately.

It is with sincere regret that I find it necessary to take this action, which in my opinion, will provide CZRY with a possible restructuring plan to continue and ultimately succeed in achieving all of the accomplishments we have envisioned.

Sincerely,



Charles McHaffie,



THEMATIC CONCEPTS

1.0 "Where Time and People Come Together" Time converges. Today represents the convergence of yesterday and tomorrow. The concept sets up a strong platform for reflecting on the past while looking forward to the future. The site plan (as well as time) converge at the center of the site, which is where people should be pulled into. Time is a snapshot, and the art elements and topics all literally reflect on time (transit time, current events, current city leaders, etc.).

2.0 "History Walk" Lemon Grove has a rich history not commonly shown to the visiting public and not known by many of its citizens. A story needs to be told, from the Kumeyaay to present day citizens and community leaders. The historic walk will feature a timeline bar in the pavement with important dates, events, and people. The railing will be outfitted with interpretive panels to explain the "Transportation", Agricultural Roots, and Community Development" history of the area.

3.0 "Agricultural Roots" Lemon Grove started as a community with its own center at this site. Agriculture is not only the basis of the city's name, but also represents the roots of the physical and social community that evolved under the "Best Climate on Earth". The display of agriculture is the center of the public use plaza, but its not all hard work, in fact it's meant to focus on play instead. The Lemon has provided an icon for the community for many years. Now it is time to carry this concept across the street. The plan embraces the whimsy of the lemon and carries it across the street and celebrates it in a fun way.

4.0 "Conservation-A Way of Life" An underlying message of the plan is how the community began with the addition of water for agriculture and the need to be frugal with limited water and energy resources in order to survive. Three iconic towers will exist that represent each time period. A panel will exist on each of the three wind structures: one for yesterday and the very pioneer conservatism that was essential, one for today and the need for managing our resources better, and one for the future, with actual examples of community gardens, water conservation, and energy production through PV, wind, stormwater runoff, smart growth and the use of alternative modes of transportation. The last panel will also explain how we have come full circle with our pioneer pasts.

MAJOR PROJECT ELEMENTS

- 1.1** Yesterday, will have a historic walk and interpretive panels that focus on community roots. Historic street furnishings and lighting will be used to emphasize this period.
- 1.2** Today, with reflective panels to see yourself, current events, civic leaders, transit schedule, & wi-fi, all emphasize now. Contemporary street furnishings will be used.
- 1.3** Tomorrow, will include citizen of the year sandblasted in the walk and a panel that discusses the importance of sustainable practices. Futuristic furnishings will be used to emphasize this period.
- 2.1** The history walk includes a band of color that represents water flow (from rainwater/stream/irrigated row crops/orchard irrigation to ponds) with chronological ordered historic dates & events.
- 2.2** Transportation history panels (metal panel with 3m imagery, mounted on existing fence) will showcase various historic modes of travel. Raised letters on the wall will start the chronology.
- 2.3** Agricultural history panels will be mounted on the west facing side of the wall and will showcase the importance of agriculture to the history of Lemon Grove.
- 2.4** Community buildings and development of the city will be the third panel set. It will showcase historic structures of Lemon Grove, including the replica train station.
- 2.5** The agricultural showcase area will have elements of history including fruit crates and labels, ceramic vegetable bins, tractor seats, the historical balancing cows and agricultural equipment.

- 3.1** The base around the existing lemon will be improved with a row crop pattern with colored rock, decomposed granite, concrete stained patterns. A new cross walk and median refuge will also be added.
- 3.2** The historic windmill will not only generate power, but will move the auger or other device in circles. A light mist sprinkler system will be tripped by a sensor which will also trip lights at night. A droplet fountain is also possible.
- 3.3** The playground area will have a rubberized multi-colored safety surface. The pattern will be similar to row crops & will include blue streams representing crop watering. A tractor slide, see-saw, balancing platform and climbing crates will all be included in this agricultural fun zone. Vines planted on the wall will help to denote agriculture.
- 4.1** The futuristic light posts will generate solar power through mounted PV panels.
- 4.2** A community garden will be run by the Senior Center. Benched racks will also be attached to the existing wall to serve as a fence that limits public cross access from the tracks and to grow crops upon and store supplies.
- 4.3** A futuristic wind generator will be enhanced with art and educational panels will explain water conservation, fuel efficiency, locally grown foods, alternative transportation, solar generation, smart growth, stormwater runoff, limited fertilizers and pesticide use, and native plant material use. A sign will explain how society has come full circle when compared to the original pioneers, with modern pioneers returning to sustainable approaches.
- 4.4** Activity will be encouraged with boche ball, horse shoes, checker table tops, gardening, use of the amphitheater for events or just watching others and talking with friends. This is a more sustainable social approach to quality living.

Agenda

Item No. 2

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a financial report for the quarter ended September 30, 2010.

Budget Impact

None.

DISCUSSION:

This report presents results for the first quarter FY 2011 and adjusted results for FY 2010. The current quarter results show a slight decrease in both revenue and expenses with a net income of \$5,751. The final results for FY 2010 have been adjusted for increased expenses in outside services and personnel costs, which are partially offset by lower-than-estimated depreciation expense. In addition, revenue has been decreased by \$2,208 to record uncollectible lease revenues. These adjustments have resulted in a net loss of \$5,198 for the year. The calculation of the final reserve balance will not be available until the MTS audit is completed and interest earnings are allocated.

Attachment: SD&AE Financial Report for the First Quarter of 2011

SD&AE OPERATING STATEMENT FY 2011 AND FY 2010

	FY 2011	FY 2010				
	Q1	Q1	Q2	Q3	Q4	YTD
Revenue						
Right of entry permits	\$ 12,250	\$ 21,619	\$17,400	\$ 8,500	\$10,975	\$58,494
Lease income	22,072	25,871	43,341	819	31,193	101,224
SD&IV 1% freight fee	-	-	-	-	35,542	35,542
Total revenue	34,322	47,490	60,741	9,319	77,710	195,260
Expense						
Personnel costs	19,916	22,734	26,334	19,540	18,682	87,291
Outside services	-	12,031	5,989	5,147	37,574	60,742
Energy costs	-	-	-	-	32	32
Risk management	8,352	8,486	8,486	8,403	8,352	33,728
Misc operating expenses	303	20,474	(18,913)	25	-	1,586
Depreciation	-	-	-	-	17,080	17,080
Total expense	28,571	63,725	21,897	33,115	81,721	200,458
Net income/(loss)	<u>\$ 5,751</u>	<u>\$ (16,235)</u>	<u>\$38,845</u>	<u>\$(23,796)</u>	<u>\$ (4,011)</u>	<u>\$ (5,198)</u>

Reserve balance 2010 - provisional	<u>\$ 863,561</u>
Allocated interest earnings - estimated	417
Operating profit (loss)	5,751
Improvement expense 2011	-
Reserve balance 2010 - estimated	<u>\$ 869,729</u>

Agenda

Item No. 3

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

SDAE 710.1 (PC 50771)

October 19, 2010

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 3rd Quarter of 2010



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

October, 8 2010

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 2010 are listed as follows:

1. Labor

At the end of Sept. 30, 2010 the San Diego & Imperial Railroad had 10 employees:

- 1 General Manager
- 1 Asst. General Manager
- 1 Asst. Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Officer
- 1 Roadmaster
- 1 Maintenance of Way Employee
- 2 Train Service Employees

2. Marketing

In the 3rd Quarter of 2010 versus 2009, volumes were slightly increased as paper products and brewery ingredients were strong commodities with LPG being fairly flat. Feed grains moved slightly ahead of last year's volumes into Mexico for the quarter.

3. Reportable Injuries/Environmental

Days through year to date, Sept. 30, 2010, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 4020

4. Summary of Freight

	2010	2009	2008
Total rail carloads that moved by SDIY Rail Service in the quarter.	1,442	1,424	1,853
Total railroad carloads Terminating/Originating Mexico in the quarter.	1,144	1,016	1,145
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	298	408	708
Total customers directly served by SDIY in the quarter	12	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	4,758	4,699	6,114

Respectfully,

Don Seil-

General Manager

Agenda

Item No. 4

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

SDAE 710.1 (PC 50771)

October 19, 2010

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.

Attachment: Third Quarter Report for 2010



Pacific Southwest Railway Museum

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

October 8, 2010

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

Re: Third Quarter, 2010

Dear SD&AE Board:

During the third quarter of 2010, the Pacific Southwest Railway Museum operated a total of 48 Golden State trains carrying 1,468 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for third quarter 2010 is \$23,942.85. A check for \$478.86 has been mailed under separate cover. During the third quarter of 2009 PSRM operated 0 passenger trains and earned an income of \$3,001. During the third quarter of 2008 PSRM operated 34 passenger trains carrying 948 passengers with a total income of \$16,629. So, PSRM has experienced a 55% and 100% increase in ridership when comparing these figures with 2008 and 2009 respectively; and a 44% and 87% increase in income when comparing these figures with 2008 and 2009 respectively.

This past summer, PSRM experimented with several evening trains in lieu of the daytime trains. The dates of these trains were scheduled to coincide with the full moon and new moon cycles. The museum received a positive response in ridership for these trains and is in the process of expanding and improving upon this concept for summer 2011. Pumpkin Trains will operate for three weekends in October as compared to the two weekends in previous years. The concept of operating night trains during this period has been delayed until 2011. PSRM also plans to operate its very popular North Pole trains during the fourth quarter of this year, increasing the number of trains offered from 10 in 2009 to 12 in 2010.

The walls of the waiting room in the Campo Depot are now insulated with spray polyurethane foam, SPF, insulation. The museum contracted with Cool Roof Systems to complete this task. The ceiling will be insulated with standard insulation. The tongue and groove paneling, milled by Lane Stanton Vance from maple wood salvaged from the bleachers at Grossmont High

School has been installed on most of the walls. The joints will be filled and sanded, chair railing installed and the upper portion painted. We continue to project a completion date prior to Thanksgiving.

Thank you for allowing the museum the privilege of protecting and preserving a portion of the original San Diego & Arizona Railway. This 26 year relationship has allowed PSRM to offer an unparalleled living history experience, educating children and adults alike in the historical significance of this local railroad treasure.

Very Truly Yours,

A handwritten signature in black ink that reads "Diana Hyatt". The script is fluid and cursive, with the first name "Diana" and last name "Hyatt" clearly legible.

Diana Hyatt
President

Agenda

Item No. 5

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information and an update on the status of rail operations.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

5-DESERTLINE.doc

Attachment: Third Quarter Report



Periodic Report

To The San Diego & Arizona Eastern Railway Company

Third Quarter 2010

The periodic Report to the SD&AE Railway Company is produced quarterly by the Carrizo Gorge Railway, Inc for the SD&AE Board, in fulfillment of contractual requirements and to document activity in the restoration of the line to regional service along with its ongoing improvement for future generations.

CARRIZO GORGE RAILWAY, INC.

Accomplishments during Third Quarter 2010

CONTENTS

THIRD QUARTER 2010 ACTIVITY

Appendix A- MOW Summary

Appendix B- Desert Line Track Rehabilitation
Offset Financial Summary

Appendix C- Desert Line Freight Revenues
Financial Summary

CARRIZO GORGE RAILWAY, INC.

Third Quarter 2010

Metropolitan Transit Development Board
San Diego & Arizona Eastern Railway Board
1255 Imperial Avenue 10th floor
San Diego, California 92101

Pursuant to reporting agreement, here is the summary of Third Quarter activity for 2010.

I. Labor

As of September 30 , 2010, Carrizo Gorge Railway has **5** employees to cover the railroad administration and operation in the U.S.

- 2 Administration
- 1 DSL
- 1 Train Master
- 1 Locomotive engineer

CARRIZO GORGE RAILWAY, INC.

II. Marketing

Carrizo Gorge Railway is currently not seeking any new business for the desert line until repairs can be completed

Carrizo Gorge Railway continued working to improve relations with Admicarga in an effort to increase revenues as well as the improvement of service to the shipping community in the region.

III. Desert Line

Carrizo Gorge Railway is the rail freight operator on the Desert Line by contractual agreement with Rail America/ SD&IV and with the approval of SD&AE/ MTDB.

IV. Reportable Injuries / Environmental Incidents

There were no reportable injuries in the second quarter of 2010.

There were no reportable accidents in the second quarter of 2010.

There were was on environmental incidents in the second quarter of 2010.

CARRIZO GORGE RAILWAY, INC.

V. Freight Activity

No freight activity in the 3rd quarter of 2010 due to the embargo , we are still continuing to store empties, with a total amount of 52 GE cars located in the East end of the line as of this date.

MOW Sand carloads moved on the Desert Line	0
Revenue Sand carloads moved on the Desert Line	0
Revenue Freight carloads moved to/from Seeley Via interchange with UPRR, on the Desert Line	0
Non-Revenue Freight carloads moved from UPRR and USG, on the Desert Line	0
Revenue Freight carloads terminating/originating in Mexico to/from San Ysidro via interchange with SD&IV Railroad	0
Total overall second quarter 2010 Carloads Moved	0
Revenue Empties	0
Revenue Storage	52

CARRIZO GORGE RAILWAY, INC.

VI. Mexican Railroad

Carrizo Gorge Railway is the rail freight operator for the State of Baja California, Mexico and continues to employ the following personnel dedicated to freight service south of the border.

Here is an update of Carrizo Gorge Railway, Inc. Mexico's Operation.

CURRENT MEXICO PERSONNEL

- 1 Director of Operations
- 1 Supervisor of Operations
- 3 Dispatchers
- 3 Train Engineers
- 6 Conductors
- 1 Mechanic
- 1 Division Engineer
- 1 Track Inspector
- 2 Track Supervisor
- 8 Track laborer

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1

Appendix A M.O.W. SUMMARY

DESERT LINE

TRACK

Ties Installed (6" x 8" x 8')	0	each
(7" x 9" x 9")	0	each
Stringers	0	each
90 lb/yd Rail Change Out	0	ft.
113 lb. rail Change Out	0	ft.
Repair Open Joints	0	each
Track Regaging	0	each
Separator Rails (4" x 8" x 20")	0	each
Replace Missing Track Bolts	0	each
Rail Anchors Replaces	0	each
Repair Broken angle bars (60 lb.)	0	each
(75 lb.)	0	each
(90 lb.)	0	each
Track Surfaced	0	ft
Track Spikes Used (new)	0	each
Switch Ties Installed	0	each

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1

Appendix B **OFFSET FINANCIAL SUMMARY**

DESERT LINE SAND OPERATION

There was no production or commercial sale of sand from M.O.W. activity on the Desert Line during Third Quarter of 2010.

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1

Appendix C FINANCIAL SUMMARY

DESERT LINE

REVENUE FREIGHT HAULED

Railcar loads to/from UP Interchange, Seeley /Plaster City	0
Railcar loads revenue sand from Dixie (Plaster City) to Campo	0
Non-revenue Freight USG Cars	
Total	0

Track Use Fees:

Interchange freight to/from UPRR over the Desert Line

SD&AE / MTS 1% payment	66.89
SD&IV / Rail America payment 6.9 (49 Railcars Storage)	461.52

Revenue Sand from Dixie to Campo

SD&AE / MTS 1% payment	0.00
SD&IV RailAmerica payment(0cars at \$0.00 each)	0.00

Agenda

Item No. 6a

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE JULY 20, 2010

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the July 20, 2010, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-10-450: Right of Entry Permit to PAR Electric for aerial electric rehabilitation at Sampson Street in the City of San Diego.
- S200-10-458: Right of Entry Permit to Burtech Pipeline for sewer construction at 21st Street in the City of San Diego.
- S200-11-460: Right of Entry Permit to Walter H. Barber and Sons, Inc. for track reconstruction in Campo.

Agenda

Item No. 6b

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

LICENSE AGREEMENT WITH TESSERA SOLAR

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve issuing a license to Tessera Solar to use an existing at-grade crossing as a temporary construction access road and ultimately as a secondary emergency access road. The crossing crosses over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately milepost 128.0 on the Desert Line.

Budget Impact

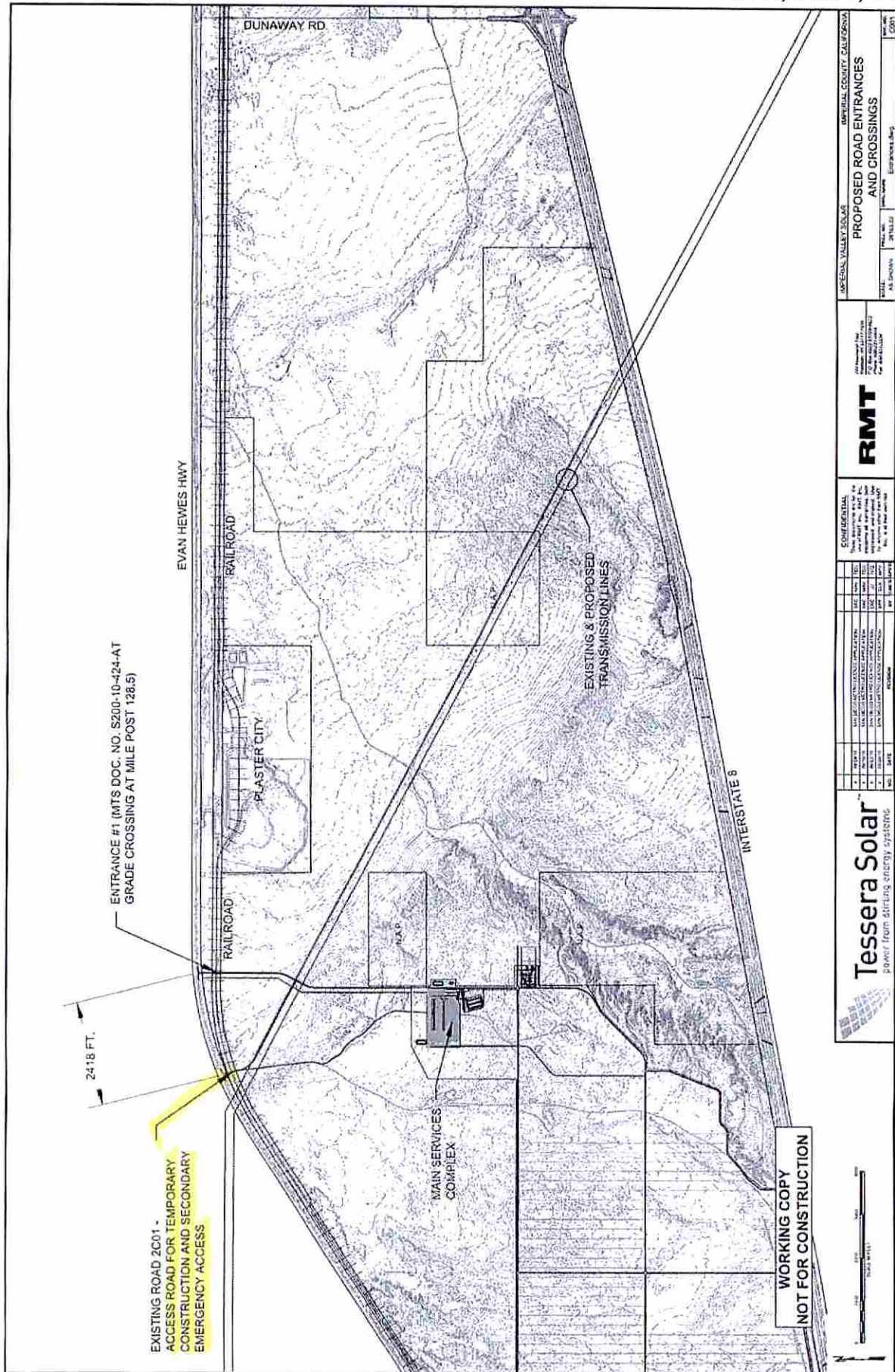
Yearly license fees would be credited to the SD&AE reserve, and processing fees would be reimbursed to MTS.

DISCUSSION:

Tessera Solar requests the issuance of a license to use an existing at-grade crossing over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately mile post 128.0 on the Desert Line. The crossing would serve as a temporary construction crossing and as a secondary emergency access crossing to a 750-megawatt solar panel power plant that will serve Southern California (the proposed project is attached).

OCT19-10.6b.LICENSE TESSERA SOLAR.TALLISON.doc

Attachment: Proposed Project



Agenda

Item No. 7

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

SDAE 710.1 (PC 50771)

Board of Directors Meeting

October 19, 2010

SUBJECT:

APPROVAL OF THE 2011 SD&AE BOARD OF DIRECTORS MEETING SCHEDULE

RECOMMENDATION:

That the SD&AE Board of Directors approve the 2011 SD&AE Board of Directors meeting schedule.

Budget Impact

None.

DISCUSSION:

The SD&AE Board of Directors customarily meets once each quarter to discuss business and receive reports from its contract operators. The following meeting schedule is recommended for 2011:

Tuesday, January 18, 2011	9:00 a.m.	(Fourth Quarter 2010 Reports)
Tuesday, April 19, 2011	9:00 a.m.	(First Quarter 2011 Reports)
Tuesday, July 19, 2011	9:00 a.m.	(Second Quarter 2011 Reports)
Tuesday, October 18, 2011	9:00 a.m.	(Third Quarter 2011 Reports)

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

Materials Due to Clerk

Friday, January 7, 2011
Friday, April 8, 2011
Friday, July 8, 2011
Friday, October 7, 2011

Materials Mailed

Wednesday, January 12, 2011
Wednesday, April 13, 2011
Wednesday, July 13, 2011
Wednesday, October 12, 2011