



AGENDA

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

SDAE 710.1
(PC 50771)

July 20, 2010

9:00 a.m.

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

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

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.

		RECOMMENDED ACTION
1.	<u>Approval of the Minutes of April 20, 2010</u> Action would approve the SD&AE Railway Company minutes of April 20, 2010.	Approve
2.	<u>Statement of Railway Finances (Linda Musengo)</u> Action would receive a financial report for the quarter ended June 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 updated on the status of rail operations.	Receive
6.	<u>Real Property Matters (Tim Allison)</u>	
a.	<u>Summary of SD&AE Documents Issued Since April 20, 2010</u> Action would receive a report for information.	Receive
b.	<u>License Agreement with Tessera Solar</u> Action would 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.	Approve

- | | | |
|-----|--|---------|
| c. | <u>The City of Lemon Grove North Avenue
Realignment Project</u> | Approve |
| | Action would: (1) receive a report; (2) authorize the support of Lemon Grove's General Order 88b application; and (3) approve the various utility crossings. | |
| d. | <u>The City of Lemon Grove Main Street Promenade
Project</u> | Receive |
| | Action would receive a report for information. | |
| 7. | <u>Old Business</u> | |
| 8. | <u>New Business</u> | |
| 9. | <u>Public Comments</u> | |
| 10. | <u>Next Meeting Date:</u> October 19, 2010 | |
| 11. | <u>Adjournment</u> | |

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MINUTES

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

April 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 April 20, 2010, at 9:02 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:	Tiffany Lorenzen, Tim Allison, Wayne Terry, and Linda Musengo
SANDAG staff:	Dean Hiatt
SD&IV staff:	Matt Domen
Pacific Southwest Railway Museum (PSRM):	Diana Hyatt
Carrizo Gorge Railway, Inc. (Carrizo):	Armando Freire
Burlington Northern Santa Fe (BNSF):	John Hoegemeier
International Border Rail Institute:	Richard Borstadt

1. Approval of Minutes

Diana Hyatt stated that Bob Rechs is not affiliated with PSRM (as listed on the minutes).

Mr. Jablonski moved to approve the Minutes of the January 19, 2010, SD&AE Railway Board of Directors meeting with a correction noting that Mr. Rechs is not affiliated with PSRM. Mr. Jones seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo reviewed the financial statement attached to the agenda item. Ms. Musengo noted that the 1% freight fee was received from RailAmerica.

Action Taken

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

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

Matt Domen presented the first quarter report of SD&IV Railroad operations (attached to the agenda item).

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt presented the first quarter report for the calendar year (attached to the agenda item). Ms. Hyatt distributed a handout showing pictures of the Campo Depot restoration.

Action Taken

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

5. Report on the Desert Line

Armando Freire reviewed the report attached to the agenda item. He described Carrizo's cleanup efforts in regard to weed and rock abatement due to six rock slides throughout the Gorge. He added that there was no structural damage to the tunnels from the earthquakes and heavy rains. Mr. Freire stated that he had a meeting with the administrator on the Desert Line in the south and was unofficially informed that they were not going to do anything with Tunnel 3, which was badly burned during a fire last December (possibly due to fireworks). (He clarified that Tunnel 3 is the second tunnel into Mexico and is not an SD&AE tunnel.)

Mr. Freire reported that the plan for the rehab of the Desert Line will be published this summer, and Tunnel 3 will be included in that rehabilitation. He stated that the administrator from the south said they are open to diverting the line around Tunnel 3 to reopen it for freight operations, which would create a lot of problems for Carrizo. Mr. Freire clarified that the rehab of the Desert Line will be put out for bid this summer and estimated that it will take two years to complete. He added that the damage to Tunnel 3 is prohibiting Carrizo from carrying freight between the U.S. and Mexico.

Mr. Freire informed Board members that there is a locked metal gate at Tunnel 4, but he does not know who approved the installation.

- Public Speaker

Richard Borstadt – Mr. Borstadt stated that there is now a gate across Tunnel 4, which infringes on SD&AE right-of-way. He added that there has been no mention in the Board minutes regarding contemplating installation of this gate and feels that, as owners of the line, it would behoove SD&AE to take some action. Mr. Borstadt didn't anticipate the SD&AE Board going against the Border Patrol but felt it should officially document the implant of the gate; i.e., who is paying for it, etc.

Ms. Hyatt added that the installation of the gate came without warning to the Museum, and there may be a Public Utilities Code (PUC) issue because it is so close to the trestle. Ms. Hyatt clarified that the gate is about 75 feet east of tunnel and 12 feet west of the end of trestle on the U.S. side of the border. She stated that they contacted Mark Langlais of the Carrizo Gorge Railway Police, and he responded that Carrizo installed the gate to placate the Border Patrol.

Mr. Freire responded that he was aware that the Border Patrol had requested the gate to deal with drug trafficking, but that he never signed off or gave clearance to install it. He explained that this is the first time that he has heard of the new gate, and he will speak with Mr. Langlais regarding this matter.

Ms. Lorenzen asked Mr. Freire to contact Tim Allison to sign a permit. Mr. Allison added that it was reported to him that the gate was Carrizo's, so no action was needed. He clarified that the Border Patrol had no authority to install the gate.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since January 19, 2010

- S200-10-424: License to SES Solar Two LLC for a private crossing of the Desert Line west of Plaster City.
- S200-10-431: License to Cox Communications for an aerial fiber crossing at Palm Avenue in the City of El Cajon.
- S200-10-432: Easement to the City of San Diego for a sewer crossing at 54th Street in the City of San Diego.
- S200-10-437: Right of Entry Permit to Nolte Associates, Inc. to perform land surveying at the 47th Street Trolley Station in the City of San Diego.
- S200-10-438: Right of Entry Permit to Melchior Land Surveying to perform land surveying at the San Ysidro Yard in the City of San Diego.
- S200-10-439: Easement to Helix Water District for a fire hydrant installation at the Grossmont Trolley Station in the City of La Mesa.
- S200-10-440: Right of Entry Permit to Roel Construction Company for building construction at 15th Street and Commercial Street in the City of San Diego.
- S200-10-441: License to the Motor Transport Museum for use of railroad property east of Campo in the County of San Diego.
- S200-10-442: Right of Entry Permit to Kimley-Horn & Associates, Inc. to perform engineering investigations at the San Ysidro Yard in the City of San Diego.
- S200-10-443: Right of Entry Permit to Aguirre & Associates to perform land surveying at the San Ysidro Yard in the City of San Diego.

Action Taken

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

b. Bayshore Bikeway Project – Segment North of the Salt Works

Mr. Allison stated that SANDAG has requested modifications to the alignment of the Bayshore Bikeway. Mr. Allison explained that the SD&AE and MTS Boards previously approved three crossings on SD&AE right-of-way south of J Street to bring the bikeway along the west side of SD&AE tracks through private property. During the design process, SANDAG staff found that route to be problematic and is requesting an alternative that crosses SD&AE tracks at the north intersection of J Street and connect to Bay Boulevard south of L Street.

Mr. Allison reviewed Attachment 6b-3 to the agenda item and clarified that SANDAG's proposal would include one crossing instead of three as previously approved. He showed the proposed route and explained that it would be better for the railroad as both bicycles and freight could operate in the corridor. Mr. Jones added that it would also be safer.

Mr. Allison clarified for Mr. Jablonski that the agreement would contain a termination clause and that the project will be built by SANDAG, operated by the City of Chula Vista, and indemnified with SD&AE.

Action Taken

Mr. Seil moved to receive a report on Segments 7 and 8A of the Bayshore Bikeway Project and approve the revised alignment. Mr. Jones seconded the motion, and it was unanimously approved.

c. Request for Easements – SDG&E's Sunrise Powerlink Project

Mr. Allison reported that San Diego Gas and Electric (SDG&E) is requesting an easement for three crossings for the Sunrise Powerlink Project, which is a major transmission line from the desert through San Diego County. The crossings on SD&AE right-of-way would include Jacumba, Sugar Loaf, and Plaster City. He explained that the crossings would be aerial transmission power lines only (200-feet high), and SDG&E is requesting an easement even though it has the option of right of eminent domain. Mr. Allison informed Board members that SDG&E had an appraisal completed, and the total for all three locations was \$9,000. Mr. Allison reviewed the logistics of the three crossings in regard to SD&AE right-of-way.

Mr. Jones asked if SD&AE would charge any fees, and Mr. Jablonski asked about the ability to collect annual payments. Mr. Allison responded that the land valuation is very nominal, and SDG&E would pay \$9,000 for easements. He stated that SDG&E has the right to power of eminent domain, but it only needs the easement to satisfy the PUC. He added that it would be a permanent easement, and that the negotiated language would allow for railroad purposes.

Mr. Allison clarified for Mr. Jablonski that SDG&E would not be traversing SD&AE's tracks as it is only asking for aerial crossings.

Ms. Lorenzen clarified for Mr. Jones that SD&AE would not lose the ability to control the land. Mr. Allison added that the land valuation is \$2 per acre based on air rights only, which would allow SD&AE operations to continue. Mr. Allison explained that the valuation is different based on location; i.e. rights at Jacumba (more than \$2,500 each) would be more expensive than rights in the valley (less than \$2,500 each).

Mr. Jablonski stated concern regarding relinquishing control of SD&AE right-of-way in the event that there could be future proposals to develop the property. He added that SD&AE owns that property outright and, if it becomes economically viable, could have development there in the future.

Mr. Allison reiterated that SDG&E has the option for eminent domain. He stated that it has been challenged in the past and has prevailed, and that the amount proposed for the easements is a good deal. Ms. Lorenzen added that amount proposed is based on the value of the land relative to its use—not the acquisition value.

Mr. Jablonski expressed concern that the value of the land may be underestimated, and future financial opportunities could be lost. Mr. Jones agreed with Mr. Jablonski and added that SD&AE's investments should be protected.

Mr. Jablonski proposed that staff confer with SDG&E in regard to revising the easement agreement to add a stipulation that would allow SD&AE future development rights along the proposed area. Mr. Allison will contact SDG&E to request the revision and report back at the next meeting.

Action Taken

Mr. Jablonski moved to approve easements for the proposed Sunrise Powerlink Project crossing the Desert Line at Jacumba, Ocotillo, and Plaster City contingent upon staff requesting SDG&E's authorization to revise the agreement to allow SD&AE future development rights along its right-of-way. Staff will return with a report at next meeting. Mr. Seil seconded, and the motion 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 July 20, 2010.

11. Adjournment

The meeting was adjourned at 9:55 a.m.

President

Of Counsel

Agenda

Item No. 2

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

SDAE 710.1 (PC 50771)

July 20, 2010

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

The 4th quarter 2010 report presents results for the year prior to audit adjustments. We have recorded an estimate of depreciation expense based on the amount recorded last year. Income has increased by \$27,000 due to an increase in lease revenue partially offset by a reduction in right of entry permit fees. Expenses for the current year have increased by only \$250 over last year.

Attachment: SD&AE 4th Quarter 2010 Financial Report

SD&AE operating statement for FY 2010 and FY 2009

Does not include audit adjustments

	FY 2010					FY 2009				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Revenue										
Right of entry permits	\$ 21,619	\$ 17,400	\$ 8,500	\$ 10,975	\$ 58,494	30,178	10,900	13,113	35,141	89,332
Lease income	25,871	43,341	819	33,401	103,432	9,820	14,783	16,677	3,620	44,900
SD&IV 1% freight fee	-	-	-	35,542	35,542	-	-	-	35,803	35,803
Carrizo Gorge	-	-	-	-	-	213	99	-	-	312
Total revenue	47,490	60,741	9,319	79,918	197,468	40,211	25,782	29,790	74,564	170,347
Expense										
Personnel costs	22,734	26,334	19,540	14,754	83,362	18,777	15,793	21,304	25,941	81,815
Outside services	12,031	5,989	5,147	34,285	57,452	7,196	13,273	1,026	23,186	44,681
Energy costs	-	-	-	-	-	-	-	-	99	99
Risk management	8,486	8,486	8,403	8,352	33,728	9,114	8,783	8,974	8,486	35,356
Misc operating expenses	20,474	(18,913)	25	-	1,586	6,666	1,772	337	5,152	13,927
Depreciation	-	-	-	19,499	19,499	-	-	-	19,499	19,499
Total expense	63,725	21,897	33,115	76,890	195,627	41,753	39,620	31,641	82,363	195,377
Net income/(loss)	\$ (16,235)	\$ 38,845	\$ (23,796)	\$ 3,028	\$ 1,841	\$ (1,542)	\$ (13,838)	\$ (1,852)	\$ (7,799)	\$ (25,030)

Misc operating expense includes \$20,416 paid to Baker & Miller, partially offset by \$19,150 cost reimbursement from CZRY

Outside services includes \$50,629 paid to LAN Engineering and \$6,823 paid to Kimley-Horn for services right-of-way-related services

Reserve balance 2009 - final	\$ 867,090
Allocated interest earnings - estimated	1,669
Operating profit (loss) estimated	1,841
Improvement expense 2010	-
Reserve balance 2010 - estimated	\$ 870,600

Agenda

Item No. 3

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

SDAE 710.1 (PC 50771)

July 20, 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 2nd Quarter of 2010

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July 7, 2010

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

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 2nd Quarter of 2010 are listed as follows:

1. Labor

At the end of June 30, 2010 the San Diego & Imperial Railroad had 12 employees:

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

2. Marketing

In the 2nd Quarter of 2010 versus 2009, volumes were relatively flat with a slight uptick in Mexican traffic due to increases in Malt and Corn Syrup and a slight decrease in U.S. traffic due to building materials.

3. Reportable Injuries/Environmental

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

Days FRA Reportable Injury Free: 3929

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)

July 20, 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: Second Quarter Report for 2010



Pacific Southwest Railway Museum

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

July 9, 2010

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

Re: Second Quarter, 2010 report

Dear SD&AE Board:

During the second quarter of 2010, the Pacific Southwest Railway Museum operated a total of 50 Golden State trains carrying 1977 passengers; these trains included 3 School Trains and 2 Bunny Trains, plus two days operating the Santa Maria Valley Railbus within Campo Valley yard limits, with no FRA reportable accidents or injuries. Total income from SD&AE property for second quarter 2010 is \$31,215.63. A check for \$624.31 will be mailed under separate cover.

By comparison, during the second quarter 2009, total income from SD&AE property was \$23,293 and second quarter 2008 income was \$38,487. Ridership is up by 243 passengers over second quarter 2009 and down 787 passengers over second quarter 2008. The figures indicate a modest but consistent increase in ridership as the economy slowly recovers and the museum offers new products and experiences for its visitors.

Between July and September, the museum will be offering evening train rides to coincide with the full moon and new moon; these rides will occur every two weeks on a Saturday evening beginning on July 10th. These trains will allow passengers to escape the mid-day heat and enjoy the cool and calm sunsets and clear night skies of the beautiful high desert. We will also be offering two evening trains during October that will be themed around Halloween. These trains are meant to attract a broader demographic to our facility and may serve as one of several event themed train rides that will eventually replace the lost revenue from the Tecate and Garcia trips.

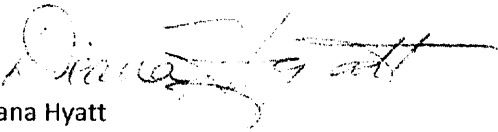
Due to the request by the SD&AE board for an inspection of the trestle at MP 66.77 and necessary repairs to the 1932 Santa Maria Valley Railbus, the museum has chosen to discontinue offering rides to the Motor Transport Museum just east of the trestle at MP 66.77. A re-inspection of this trestle every six months would place an additional financial burden of \$5,000 to \$6,000 annually on our operating budget without sufficient monetary benefit to offset such an expense. The museum continues to investigate long term rehabilitation strategies for the trestle.

Vegetation abatement efforts were renewed in late March and have continued on a weekly basis to the present time. During this quarter, work has been focused on clearing dead vegetation beyond the ten foot minimum, primarily in the cuts. This strategy should eliminate dead vegetation from falling within the minimum clearance area. The museum continues to investigate and apply for assistance from several government agencies who could expedite our efforts with vegetation abatement and general maintenance of way projects. We remain grateful for the continued cooperation of the local honor camp in our MOW efforts.

From June 11th to July 5th museum volunteers staffed a booth at the San Diego County Fair for the second year in a row. The guest of honor this year was an original railroad handcar, recently added to the museum's collection. The Fair is a great opportunity for the museum to practice community outreach on a large scale. It is estimated that the 2010 Fair hosted 1.3 million visitors.

Restoration work on the downstairs interior of the Campo Depot continues. The tongue and groove drop ceiling is now installed and quotes are being solicited from various insulation companies. Once the insulation is complete, the walls and floor will be finished and interior furnishings and displays will be installed. We are hopeful that this work will be completed before we begin operating our very popular North Pole trains later this year.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Diana Hyatt", with a long, sweeping horizontal line extending to the right.

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)

July 20, 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: Second Quarter Report



Periodic Report

To The San Diego & Arizona Eastern Railway Company

Second 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 Second Quarter 2010

- Weed Abatement.
- Bridge rehabilitation.
- Desert Line Spur Maintenance.

CONTENTS

SECOND 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.

Second 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 Second Quarter activity for 2010.

I. Labor

As of June 30th, 2010, Carrizo Gorge Railway has **15** employees to cover overall administration of the road and operations in the U.S. on the Desert Line.

- 4 Administration
- 1 Marketing
- 1 Purchasing Agent
- 1 Director of Operations
- 1 DSL (contractor)
- 1 Train Master
- 1 Division Engineer
- 1 Locomotive engineers
- 3 Railroad police
- 1 Railroad police chief

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.

In this quarter we focused primarily in track maintenance.

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.

During the first part of the second quarter, we finished the clean-up of the rockslides throughout the Gorge (MP 97.0- MP 107.0) that resulted from the weather extremes back in the 1st quarter of 2010.

CARRIZO GORGE RAILWAY, INC.

V. Freight Activity

No freight activity in the 2nd quarter of 2010 due to the embargo with the purpose to start a rehabilitation program to improve safety, capacity and reliability on the Desert Line. Currently, we are still continuing to store empties, with a total amount of 49 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	49

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')	4	each
(7" x 9" x 9")	0	each
Stringers	0	each
90 lb/yd Rail Change Out	4	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	12	each
Rail Anchors Replaces	0	each
Repair Broken angle bars (60 lb.)	0	each
(75 lb.)	0	each
(90 lb.)	10	each
Track Surfaced	0	ft
Track Spikes Used (new)	35	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 Second 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)

July 20, 2010

SUBJECT:

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

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

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

- 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.

JULY20-10.6a.DOCS ISSUED.TALLISON.doc

Agenda

Item No. 6b

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

SDAE 710.1 (PC 50771)

July 20, 2010

SUBJECT:

LICENSE AGREEMENT WITH TESSERA SOLAR

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors 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.

Budget Impact

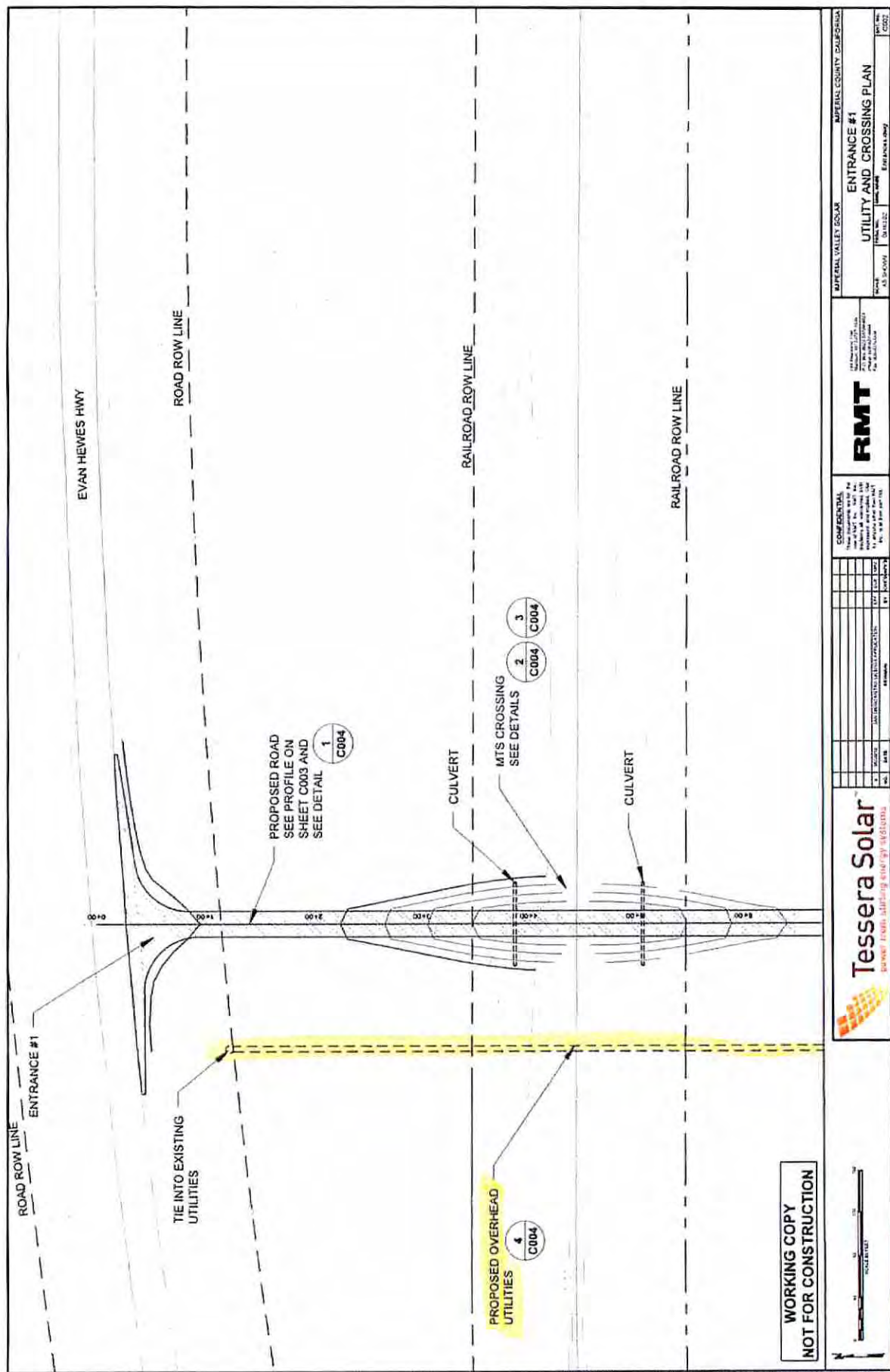
Yearly license fees would be credited to the SD&AE reserve, and processing fees would be reimbursed to MTS.

DISCUSSION:

Tessera Solar requests the issuance of a license for an aerial crossing over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at County Road 2003 on the Desert Line. The SD&AE Board approved the at-grade crossing on July 28, 2009, to serve the proposed 750-megawatt solar panel power plant project. The proposed utility crossing would include an aerial electric line and an aerial communications line. Exhibits of the proposed crossing are attached.

JULY20-10.6b.TESSERA SOLAR LICENSE.TALLISON.doc

Attachment: Proposed Project (2 pages)





Tessera Solar
solar from silicon and light

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF TESSERA SOLAR. IT IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF TESSERA SOLAR.

RMT

1000 N. 10th St., Suite 200
Phoenix, AZ 85004
Tel: 602.441.1000
Fax: 602.441.1001

ENTRANCE #1

UTILITY AND CROSSING PLAN

Scale: 1" = 40' (Horizontal)
1" = 10' (Vertical)

NO.	REVISION	DATE	BY	CHKD.	APP'D.
1	ISSUED FOR CONSTRUCTION	08/11/2010	W. J. BROWN		
2	REVISED FOR CONSTRUCTION	08/11/2010	W. J. BROWN		
3	REVISED FOR CONSTRUCTION	08/11/2010	W. J. BROWN		
4	REVISED FOR CONSTRUCTION	08/11/2010	W. J. BROWN		

PROJECT: EVAN HEWES HWY CROSSING

DATE: 08/11/2010

BY: W. J. BROWN

CHKD: []

APP'D: []

10/11/2010 10:00 AM

10/11/2010 10:00 AM

10/11/2010 10:00 AM

10/11/2010 10:00 AM

Agenda

Item No. 6C

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

SDAE 710.1 (PC 50771)

July 20, 2010

SUBJECT:

THE CITY OF LEMON GROVE NORTH AVENUE REALIGNMENT PROJECT

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors:

1. receive a report;
2. authorize the support of Lemon Grove's General Order 88b application; and
3. approve the various utility crossings.

Budget Impact

None at this time.

DISCUSSION:

The City of Lemon Grove is working with a team to develop an area of its downtown located adjacent to the Lemon Grove Trolley Station immediately to the west of the station (between Broadway, Olive Avenue, and North Avenue). As part of the development proposal, the project contemplates a realignment of several streets, including North Avenue at the Lemon Grove Avenue crossing. The existing crossing is proposed to be reconfigured at its present location. This realignment requires approval from the California Public Utilities Commission in the form of a General Order 88b application (attached). The crossing and its affiliated signaling and crossing equipment will be reconstructed as part of the proposal.

As part of the crossing reconstruction, several utilities are proposed be replaced. An existing 8-inch sewer line would be replaced by a 10-inch sewer line constructed in a steel casing. A 28-inch steel casing would be constructed to house San Diego Gas and Electric facilities, Cox Cable facilities, and AT&T facilities that would replace existing overhead crossings. These facilities would be entitled by licenses to the various entities owning the utilities.

**Request TO CPUC Staff for Authorization To Altering Public Highway-Rail Crossings
Pursuant To General Order 88-B**

1. Date Submitted: June 8, 2010

2. Applicant Information:

Organization Name:	City of Lemon Grove
Contact Person:	Patrick A. Lund, P.E.
Title:	Public Works Director / City Engineer
Street Address:	3232 Main Street
City:	Lemon Grove
Zip:	91945-1705
Phone:	(619) 825-3810
Email:	plund@ci.lemon-grove.ca.us

3. Crossing proposed to be altered:

PUC Crossing Number:	036D-10.30
U. S. DOT Crossing Number:	661918A
Street Name:	LEMON GROVE AVE & NORTH AVE
City:	Lemon Grove
County:	San Diego
Railroad Responsible for Crossing:	San Diego Metropolitan Transit Systems (MTS)
Other Railroads operating on Tracks:	San Diego and Imperial Valley Railroad (SDIY)

4. Describe Proposed Alterations (including any temporary reduced clearance variance requests):

- 175 ft raised median West of tracks
- Curb realignment and widening North Ave. East and West of tracks
- Curb realignment and widening Lemon Grove Ave. North of tracks
- Sidewalk modifications
- Pavement striping
- Installation of CA-MUTCD compliant signage and markings
- Pedestrian treatments including detectable warning strips and curb ramps
- Railroad crossing warning equipment changes including additional flashing lights
- Pre- signal at North Street for Eastbound direction
- Changes in roadway profile
- No changes in track profile are proposed

5. Describe the public benefits to be achieved by the proposed alterations:

The proposed alterations will result in increased vehicle and pedestrian safety at the crossing. The proposed Lemon Grove realignment will also decrease crossing movements thru this at grade crossing by re-routing and maintaining Northbound and Southbound traffic movement on the West side of tracks along Lemon Grove Ave and Main Street.

6. Explain why a separation of grades is not practicable:

The existing crossing is at grade. Grade separation is not practicable at this location because of the proximity of existing adjacent private properties and cross streets.

7. Describe crossing warning devices:

Status	Quantity	CPUC No.	Location	Quadrant	Notes
Existing	1	9	Median	W	Eastbound Entrance Gate on Lemon Grove Ave
Existing	1	9A	Sidewalk	SW	Eastbound Entrance Gate and Cantilever mast mounted flashers on Lemon Grove Ave.
Existing	1	9	Median	E	Westbound Entrance Gate on Lemon Grove Ave
Existing	1	9	Sidewalk	NE	Westbound Entrance Gate on Lemon Grove Ave
Propose New	1	9	Median	W	Eastbound Entrance Gate with back-lights
Propose New	1	9	Sidewalk	SW	Eastbound Entrance Gate with back-lights
Propose New	1	9	Median	E	Westbound Entrance Gate with back-lights and side-lights
Propose New	1	9A	Sidewalk	NE	Westbound Entrance Gate with cantilever and mast mounted flash lights, back-lights and side-lights
Propose New	1	8	Sidewalk	NW	With back-to-back flash lights
Propose New	1	8	Sidewalk	SE	With back-to-back and side flasher pairs

During construction the work area traffic control including temporary crossing closures and detours will be provided in accordance with the Work Area Traffic Control Handbook (WATCH). Attachment 3 shows 90% Traffic control plans prepared for the project at Lemon Grove Avenue & North Avenue crossing.

1. Exhibit A – Lemon Grove Ave & North Ave CPUC Exhibit-Draft
2. Exhibit B – Lemon Grove Ave railroad crossing layout 90% plan
3. Exhibit C – Traffic control at Lemon Grove Avenue & North Avenue crossing 90% plans
4. Exhibit D – Lemon Grove phase I realignment profile 90% plan
5. Exhibit E – Existing Railroad Track Chart

Evidence of Agreement – SDIY:

I, Donald J. Seil, am an employee of San Diego and Imperial Valley Railroad and am authorized to sign this letter of agreement on its behalf, hereby declare that SDIY concurs with the proposed project described above.

Donald J. Seil, General Manager

Typed Name and Title

Signature and Date

Evidence of Agreement - MTS:

I, Wayne Terry, am an employee of MTS and am authorized to sign this letter of agreement on its behalf, hereby declare that MTS concurs with the proposed project described above.

Wayne Terry, Vice President of Operations

Typed Name and Title

Signature and Date

Agenda

Item No. 6d

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

SDAE 710.1 (PC 50771)

July 20, 2010

SUBJECT:

THE CITY OF LEMON GROVE MAIN STREET PROMENADE PROJECT

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

The City of Lemon Grove is working with a team to develop an area of its downtown located adjacent to the Lemon Grove Trolley Station immediately to the west of the station (between Broadway, Olive Avenue, and North Avenue). As part of the development proposal, the project contemplates a pedestrian promenade over the future vacated Main Street with connectivity to the existing trolley platform. The promenade would create a public plaza that integrates the existing station into the new mixed-use development.

The City of Lemon Grove asked for support of the project to seek additional public funds to supplement an awarded state infill infrastructure grant. The SD&AE Board approved this request at its July 15, 2008, meeting and subsequent MTS approval was granted by the MTS Board of Directors at its August 21, 2008, meeting.

The design team for the project has completed its design concept analysis (attached) and will present the proposal to the Board for comments.

JULY20-10.6d.CITY LEMON GROVE
MAIN ST.TALLISON.doc

Attachment: Design Concept

