



AGENDA

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

SDAE 710.1
(PC 50771)

January 19, 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 (ADLs) are available from the Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

- | | RECOMMENDED
<u>ACTION</u> |
|--|------------------------------|
| 1. <u>Approval of the Minutes of November 3, 2009</u>
Action would approve the SD&AE Railway Company minutes of November 3, 2009. | Approve |
| 2. <u>Statement of Railway Finances (Linda Musengo)</u>
Action would receive the financial report for the 4 th quarter ended December 31, 2009. | 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: (1) receive the quarterly report for information; and (2) consider the request to open the bridge at milepost 66.77 for passenger service. | Possible Action |
| 5. <u>Report on the Desert Line (Armando Freire)</u>
Action would receive a report for information and provide 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 November 3, 2009</u>
Action would receive a report for information. | Receive |

- b. Request for a Public At-Grade Crossing at H Street on the Coronado Branch in the City of Chula Vista Approve
Action would approve a new at-grade crossing of the Coronado Branch at H Street in the City of Chula Vista and authorize the execution of any and all documents to entitle the crossing.
- c. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8 Possible Action
Property: Various locations in the cities of San Diego, National City, and Chula Vista
Agency Negotiators: Tiffany Lorenzen and Tim Allison
Negotiating Parties: Billboard Property Group
Under Negotiation: Price and Terms of Compensation
7. Old Business
8. New Business
9. Public Comments
10. Next Meeting Date: April 20, 2010
11. Adjournment

DRAFT

MINUTES

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

November 3, 2009

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 November 3, 2009, at 8:59 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:

SANDAG staff:

SD&IV staff:

Pacific Southwest Railway Museum:

Carrizo Gorge Railway, Inc. (Carrizo):

Burlington Northern Santa Fe (BNSF):

International Border Rail Institute:

EB Property

Tierra Madre Railway

Motor Transport Museum

Tiffany Lorenzen, Tim Allison, Wayne Terry,
Linda Musengo

Dean Hiatt

Matt Domen

Diana Hyatt

Armando Freire, Chas McHaffie

John Hoegemeier

Richard Borstadt

Brian Martins

R. Mitchell Beauchamp

Bryan Butler

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the July 28, 2009, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo reviewed the financial statement for the third quarter of 2009 (attached to the agenda item).

Action Taken

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

3. Report on SD&IV Operations

Matt Domen reviewed on activities for the third quarter of 2009 (attached to the agenda item). Mr. Jones clarified that gas prices were less than projected and seem fairly stable. Mr. Domen added that a good supply of LP is coming in (more than a year), so things are looking up.

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the third quarter report for 2009 (attached to the agenda item). Ms. Hyatt added that Carrizo's dispatcher has been very cooperative with Museum staff over the past several months.

Board members discussed a letter from CAL FIRE regarding rescinding the Museum's operating privileges if the bill for fire-fighting expenses was not paid. CAL FIRE contacted Ms. Lorenzen for assistance in getting the outstanding payment from the Museum. Ms. Hyatt assured members that the issue would be taken care of immediately and would inform the Board in writing regarding its resolution.

Charles McHaffie added that a recent article in the *San Diego Union-Tribune* regarding the Museum reported that relations were poor between Carrizo and Museum staffs, and that he feels that was an incorrect statement. Ms. Hyatt concurred with Mr. McHaffie.

Action Taken

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

5. Report on the Desert Line

Armando Freire reviewed the third quarter report for 2009 (attached to the agenda item). He reviewed some upcoming business prospects and current projects.

Mr. Freire clarified for Mr. Jablonski that Carrizo is currently concentrating on weed abatement full-time and has not addressed the bridge repairs. Carrizo has added an additional five months (through the end of March) to the embargo on the Desert line. He added that Carrizo will start looking into bridge repairs before the end of the year and will employ outside contractors and some of its own crew. He agreed to keep the Board informed of the scheduled bridge rehabilitation.

Mr. Jones stated his appreciation for the spirit of cooperation from Mr. Freire and Mr. McHaffie during the past quarter.

Action Taken

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

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since July 28, 2009

- S200-09-413: Lease to CBS Outdoor for a billboard at Harbor Drive and Civic Center Drive in the City of National City.
- S200-09-414: Lease to CBS Outdoor for a billboard at 28th Street and Harbor Drive in the City of San Diego.
- S200-09-415: Lease to CBS Outdoor for a billboard at Merlin Drive and Imperial Avenue in the City of San Diego.
- S200-09-416: Lease to CBS Outdoor for a billboard at 32nd Street and Harbor Drive in the City of San Diego.
- S200-10-417: Right of Entry Permit to TC Construction to abandon sewer lines along Lemon Grove Avenue in Lemon Grove.
- S200-09-418: Right of Entry Permit to Bike the Bay for the 2009 Annual Event.
- S200-10-419: Right of Entry Permit to Erreca's, Inc. to construct slope repair near Interstate 805 in the City of San Diego.
- S200-10-420: Deposit Agreement with Carrizo Gorge Railway, Inc. for lease negotiations.
- S200-10-421: Durable Right of Entry Permit to City of La Mesa for maintenance work within the City of La Mesa.
- S200-10-423: Right of Entry Permit to Sim J. Harris, Inc. for street paving at Iris Avenue and Dairy Mart Road in the City of San Diego.
- S200-10-427: Right of Entry Permit to Ninyo and Moore for geotechnical investigations along the Coronado Branch in the City of Chula Vista.
- S200-10-428: Right of Entry Permit to Pacific Drilling Co. for geotechnical investigations along the Coronado Branch in the City of Chula Vista.
- S200-10-430: Right of Entry Permit to SDG&E for underground electrical installation at 28th Street and Harbor Drive in the City of San Diego.

Action Taken

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

b. License Agreement with Cox Communications, Inc.

Tim Allison stated that Cox Communications, Inc. is requesting a license for a proposed aerial fiber-optics line over SD&AE tracks west of the El Cajon station on West Palm Avenue between South Marshall Avenue and Front Street in the City of El Cajon. He added that this license would be \$1,500 per year.

Action Taken

Mr. Jones moved to approve issuing a license to Cox Communications, Inc. for a proposed aerial fiber-optics crossing over SD&AE tracks located on West Palm Avenue between South Marshall Avenue and Front Street in the City of El Cajon. Mr. Jablonski seconded the motion, and it was unanimously approved.

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

Mr. Allison stated that SANDAG is requesting approval for the execution of a Construction and Maintenance Agreement granting a license for Segments 7 and 8A of the Bayshore Bikeway Project. Mr. Allison reviewed the history of the project and Segments 7 and 8A (which are in the final design stage) noting that one existing SD&AE crossing would be modified and a new crossing added. He added that the SANDAG Board approved the environmental documents, and that all standard grade-crossing protections would be required.

Dean Hiatt of SANDAG clarified for the Board that the goal of the project is to stay in proximity with a view of the bay. He discussed an alternate route that was undesirable because there would be no view to the bay. Mr. Allison added that if the line became active, the Public Utilities Commission would revoke the at-grade crossing and require a grade separation of the new crossing. Mr. Hiatt clarified that the double jog is intended to provide safe crossing at J Street, and Mr. Allison described proposed fencing in response to Mr. Jones' safety concerns.

Mr. Allison stated that SD&AE would execute a Construction and Maintenance Agreement issuing a license to the City of Chula Vista (the operator/maintainer) and SANDAG (the agency to construct); there would either be a three-party agreement or two separate agreements.

Ms. Lorenzen clarified that any liability issues would contractually pass onto SANDAG during the construction phase and then onto the City of Chula Vista during the maintenance period.

Public Comments

- Mitch Beauchamp, Trustee of the San Diego Electric Railway Museum
Mr. Beauchamp stated that the San Diego Electric Railway Museum envisioned using the Belt Line for tourism activities and discussed this issue with Greg Cox. He explained that in the past, there was concern that the bike trail and rail access to the Salt Works could coexist. He doesn't understand why the bike path can't go down by the marina and why it has to use this railway right-of-way. Mr. Beauchamp cited past proposals to SD&AE for track usage that would have generated income and added that there is no fiduciary reimbursement in this document.

Mr. Beauchamp asked how the legal characteristics of this line would change if the diamond is removed at F Street and whether or not the Public Utilities Commission or Federal Railroad Administration would have jurisdiction. He added that as Treasurer in National City, he can confirm that there is no economic return from bikes.

Action Taken

Mr. Seil moved to approve the execution of a Construction and Maintenance Agreement granting a license for Segments 7 and 8A of the Bayshore Bikeway Project. Mr. Jablonski seconded the motion, and it was unanimously approved.

d. Port of San Diego Fiber-Optics Connectivity Project License

Mr. Allison explained that the Port of San Diego (Port) is looking into running a fiber network around the San Diego bay. The Port is requesting the use of SD&AE right-of-way to run cable to 24th Street in National City. He explained that the project would be redundant to the project constructed as part of South Line Rehabilitation Project. Mr. Allison discussed the co-usage and benefits to MTS. Upon SD&AE Board and MTS approval, SANDAG would enter into an MOU with the Port to pay for SANDAG costs to design and construct the portion from 12th and Imperial to 24th Street in National City if it ties in with schedules for the South Line fiber installation.

Mr. Jablonski added that the Blue Line Rehabilitation Project is on track and that approval for the Port's project has to be conditioned on the fact that the MTS/SANDAG Blue Line Rehabilitation Project schedule takes priority.

Action Taken

Mr. Seil moved to authorize the execution of a Construction and Maintenance Agreement granting a license to the San Diego Unified Port District for fiber-optic installations with the condition that installation be within the Blue Line Rehabilitation Project's schedule. Mr. Jones seconded the motion, and it was unanimously approved.

7. Approval of the 2010 SD&AE Board of Directors Meeting Schedule (Tiffany Lorenzen)

Ms. Lorenzen proposed the following SD&AE Board of Directors meeting schedule for 2010 to take place at MTS:

Tuesday, January 19, 2010	9:00 a.m.	(Fourth Quarter 2009 Reports)
Tuesday, April 20, 2010	9:00 a.m.	(First Quarter 2010 Reports)
Tuesday, July 20, 2010	9:00 a.m.	(Second Quarter 2010 Reports)
Tuesday, October 19, 2010	9:00 a.m.	(Third Quarter 2010 Reports)

Additional information regarding materials due dates and mail-outs are as follows:

Materials Due to Clerk

Friday, January 8, 2010
Friday, April 9, 2010
Friday, July 9, 2010
Friday, October 8, 2010

Materials Mailed

Wednesday, January 13, 2010
Wednesday, April 14, 2010
Wednesday, July 14, 2010
Wednesday, October 13, 2010

Action Taken

Mr. Seil moved to approve the 2010 SD&AE Board of Directors meeting schedule. Mr. Jones seconded the motion, and it was unanimously approved.

8. Old Business

None.

9. New Business

None.

10. Public Comments

None.

11. Next Meeting

The next SD&AE Railway Company Board of Directors meeting will take place on January 19, 2010.

12. Adjournment

The meeting was adjourned at 9:53 a.m.

President

Of Counsel

JGardetto/
MINUTES-SDAE.11-3-09.doc

Agenda

Item No. 2

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

SDAE 710.1 (PC 50771)

January 19, 2010

SUBJECT:

STATEMENT OF RAILWAY FINANCES (LINDA MUSENGO)

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive the financial report for the 4th quarter ended December 31, 2009.

Budget Impact

None.

DISCUSSION:

Lease revenue shows a significant increase over the first quarter and prior-year activity because several of the leases have been converted to annual payments, which were received in October and December. During the next month, staff will evaluate the leases in order to amortize the annual payments ratably over the applicable period for each lease. The financial report for the 3rd quarter will show a negative adjustment to lease income based on this analysis.

Attachment: SD&AE Financial Report Second Quarter 2010

SD&AE operating statement FY2010-2009

	Q1 2010	Q2 2010	YTD 2010	Q1 2009	Q2 2009	YTD 2009
Revenue						
Right of entry permits	\$ 21,619	\$ 17,400	\$ 39,019	30,178	10,900	41,078
Lease income	25,871	43,341	69,212	9,820	14,783	24,603
SD&IV 1% freight fee	-	-	-	-	-	-
Carrizo Gorge	-	-	-	213	99	312
Sale of real property	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenue	47,490	60,741	108,231	40,211	25,782	65,993
Expense						
Personnel costs	22,734	26,334	49,068	18,777	15,793	34,570
Outside services	12,031	5,989	18,021	7,196	13,273	20,469
Energy costs	-	-	-	-	-	-
Risk management	8,486	8,486	16,972	9,114	8,783	17,896
Misc operating expenses	20,474	(18,913)	1,561	6,666	1,772	8,437
Depreciation	-	-	-	-	-	-
Total expense	63,725	21,897	85,622	41,753	39,620	81,373
Net income/(loss)	\$ (16,235)	\$ 38,845	\$ 22,610	\$ (1,542)	\$ (13,838)	\$ (15,379)

Misc operating expense includes \$20,416 paid to Baker & Miller, partially offset by \$19,150 cost reimbursement from CZRY
Outside services includes \$12,031 paid to LAN Engineering and \$5,989 paid to Kimley Horn for services related to right of way

Reserve balance 2009 - final	\$ 892,163
Allocated interest earnings - estimated	835
Operating profit (loss)	-
Improvement expense 2010	
Reserve balance 2010- estimated	\$ 892,997

Includes estimated lease revenue adjustment

Agenda

Item No. 3

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

SDAE 710.1 (PC 50771)

January 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 4rd Quarter of 2009



January 4, 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 4th Quarter of 2009 are listed as follows:

1. **Labor**

At the end of December 31, 2009 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 4th Quarter of 2009 versus 2008, US lumber and paper carloads declined. Mexican traffic remained steady, with the exception of a slight decrease in LPG and grain.

3. **Reportable Injuries/Environmental**

Days through year to date, December 31, 2009, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.
Days FRA Reportable Injury Free: 3748

4. Summary of Freight

	2009	2008	2007
Total rail carloads that moved by SDIY Rail Service in the quarter.	1,377	1,487	1,762
Total railroad carloads Terminating/Originating Mexico in the quarter.	1,108	1,272	1,418
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	269	215	344
Total customers directly served by SDIY in the quarter	12	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	4,544	4,907	5,814

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)

January 19, 2010

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

That the SD&AE Board of Directors receive: (1) a report for information; and (2) consider the request to open the bridge at milepost 66.77 for passenger service.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Fourth Quarter Report for 2009



Pacific Southwest Railway Museum

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

January 8, 2010

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

Re: Fourth Quarter, 2009 report

Dear SD&AE Board:

During the fourth quarter of 2009, the Pacific Southwest Railway Museum, after receiving a letter of compliance from the California Department of Forestry and Fire, resumed train operations October 17, 2009. During the fourth quarter, PSRM operated a total of 21 Golden State trains and six days within yard limits carrying 3,268 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for fourth quarter 2009 and our check will be provided under separate cover. By comparison, during the fourth quarter of 2008, we operated a total of 40 passenger trains carrying 4,554 passengers with no FRA reportable accidents or incidents.

On November 15, 2009 Mark Creveling of Simon Wong Engineering performed an inspection of the bridge at MP 66.77. Initially, he had requested the bridge be placed under load for the second part of the inspection but upon arriving at the bridge, he concluded it would be unnecessary. In his professional opinion, the bridge should not be operated over with locomotives, freight cars or passenger cars as this could result in a catastrophic failure. He also cautioned us verbally that should a train operate over the bridge, following his inspection, a re-inspection would be necessary to assure continued safety of the museum's Railbus and passengers. To my knowledge, Carrizo Gorge Railway has operated over this trestle at least twice between the inspection date and the end of last year. Mr. Creveling's report dated December 2, 2009 is attached.

PSRM operated ten North Pole Trains with no incidents or accidents during November and December to the delight of thousands of children and their parents. The Carrizo Gorge Railway Police provided security at the Campo Depot property and on the train all nights of the event. We are very grateful for their presence and cooperation and were happy to provide them with a train car for their friends and family on the last night of operations. A private car on the North Pole train was also offered to Carrizo Gorge Railway for the use of employees, friends and family.

On Christmas Day, tunnel three in Mexico caught fire. The entire wood lining burned including the west end tunnel portal (the east end portal is concrete). The west end of the tunnel has collapsed and it is

unclear when repairs will be completed. This incident prevented PSRM from providing a train for the Christmas Train also known as the Three Kings Train or Tres Reyes Tren that transports volunteers and gifts to the underprivileged children of Tecate twelve days after Christmas. This situation also prevents PSRM from operating passenger trains to Tecate until an unknown future date.

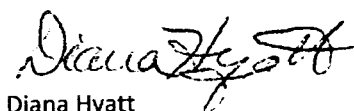
Weed abatement continued with the renewal of our contract with Allied Weed Control. On December 30th the right-of-way from the international border tunnel to MP 66.77 was treated with a mixture of systemic and pre-emergent weed eradicator a distance of thirty feet from the centerline.

The County of San Diego awarded a grant of \$10,500 to PSRM in 2009 that will be applied towards the replacement of the wood sheathing and shingles on the Campo Depot roof. The project was originally slated to take place in November, 2009 but was delayed due to inclement weather and other constraints with the contractor. Work is expected to be complete during the first quarter of 2010.

Restoration work has begun on the downstairs interior of the Campo Depot. An initial funding source has been secured for this project in the amount of \$15,000. These funds will purchase eight more windows at \$1,000 apiece and other construction materials. The concept is to return this area to a ticket sales and waiting room with some interpretive displays.

On December 8th the Federal Railroad Administration conducted a mechanical audit of the museum's locomotive and passenger car fleet. There were no violations found but a few exceptions were noted and have been corrected. On December 14th the Public Utilities Commission conducted a motive power audit of the museum's locomotive. No violations were found, but the inspector took exception to minor amounts of carbon in the carbon traps yet was unable to cite any code or regulation stating this was abnormal.

Very Truly Yours,



Diana Hyatt
President



December 2, 2009

Jim Lundquist
Pacific Southwest Railway Museum
4695 Nebo Drive
La Mesa, CA 91941-5259

Dear Jim:

As you requested, Simon Wong Engineering performed an inspection and evaluation of Bridge MP 66.77 on the SD&AE line. The bridge condition was determined by visual inspection on November 15, 2009 and supplemented by field inspection reports completed by Osmose Railroad Services in 2007.

In general, the bridge condition is described well in the Osmose report with the exception that a new row of stringers has been added to the outside edge of each side of the bridge. These stringers appear to be salvaged from another site and are in good condition. The condition of the remaining stringers is poor. In addition, three posts of Bent 1 are in need of replacement. Ties on the bridge appear to be in good condition and are serviceable.

Based on our visual inspection and interpretation of the Osmose report, we would not recommend running conventional rail vehicles on this bridge.

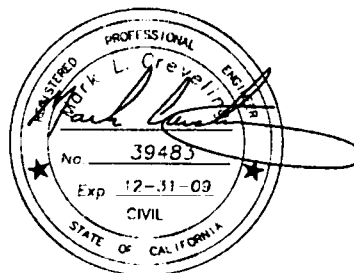
It is our understanding that the Pacific Southwest Railway Museum would like to operate a Fairmont's Class A2332A Railbus across Bridge MP 66.77. The total loaded weight of the vehicle is conservatively estimated to be 5 tons and the Railbus has a 94 1/2" wheelbase.

Simon Wong Engineering completed an analysis of the bridge in its existing condition for the proposed Railbus loading. The analysis assumed only the new exterior stringers provide load carrying capacity with the ties spanning the degraded interior stringers. Our conclusion is the proposed Railbus loading would be acceptable and would not overstress any portion of the existing bridge.

It should be noted that operations of conventional rail vehicles on this structure would very likely overstress most elements of the bridge and could result in failure. Those types of loadings should not be permitted.

Sincerely,


Mark Creveling, P.E.



Agenda

Item No. 5

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

SDAE 710.1 (PC 50771)

November 3, 2009

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

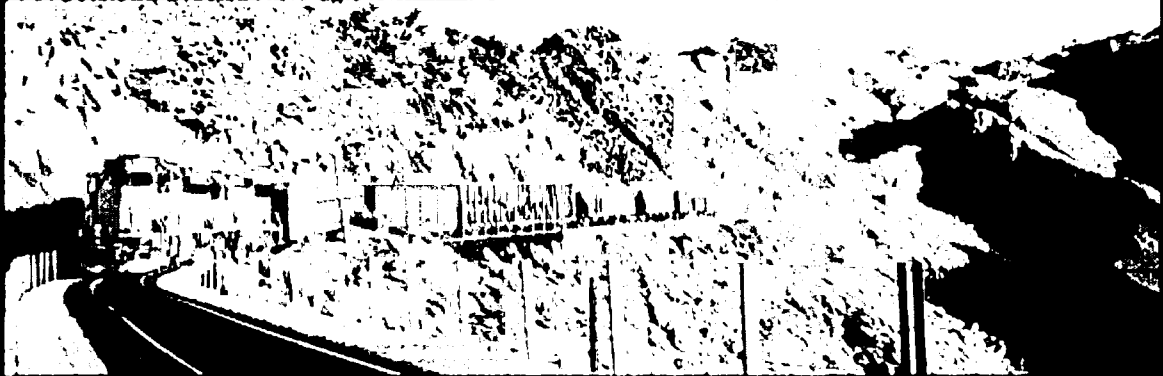
None.

DISCUSSION:

A report will be presented during the meeting.

5-DESERTLINE.doc

Attachment: Fourth Quarter 2009 Report



Carrizo Gorge Railway

Periodic Report

To The San Diego & Arizona Eastern Railway Company

Fourth Quarter 2009

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 Fourth Quarter 2009

- Weed Abatement.
- Bridge rehabilitation.
- Clean up and reorganization in Jacumba yard.
- Desert Line Spur Maintenance.

CONTENTS

FOURTH QUARTER 2009 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.

Fourth Quarter 2009

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 Fourth Quarter activity for 2009.

I. Labor

As of December 31th, 2009, Carrizo Gorge Railway has **28** 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 DSLE (contractor)
- 1 Train Master-Dispatcher
- 10 Maintenance of Way members
 - 1 Division Engineer
 - 2 Locomotive engineers
 - 3 Railroad police
 - 1 Railroad police chief
 - 2 Conductors
 - 1 Track inspector- Signal Inspector & Maintainer

CARRIZO GORGE RAILWAY, INC.

II. Marketing

Carrizo Gorge Railway continued to work with its marketing plan to increase revenues once the Desert Line rehabilitation is concluded.

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 concentrated mostly in the clearance of vegetation and have cleaned a vast majority of the line which is found within the San Diego county line. Originally the goal was to start at MP 74.0 and work our way eastbound cleaning section after section to the satisfaction level of CAL Fire. This was accomplished from MP 74.0 to MP 96.0 but after our track inspections started to show a significant growth in the vegetation from MP 74.0 – MP 65.4, our original strategy was altered. After several days of clearing vegetation from MP 74.0 – MP 65.4 we continued with our original plan and started to work at MP 96.0 eastbound. In total, we cleaned about 44 miles of main track (sidings and spurs included) from MP 65.4 MP 107.0 in the fourth quarter. The total number of miles is not including the numerous occasions in which we cleaned out a section of track more than once.

CARRIZO GORGE RAILWAY, INC.

Vegetation Clearance

Date	MP	MP	Total Miles Cleared	Type of Clearance
10/1/2009	75.80	76.70	0.90	10 ft. clearance on ROW
10/2/2009	76.70	77.50	0.80	10 ft. clearance on ROW
10/5/2009	77.50	78.00	0.50	10 ft. clearance on ROW
10/6/2009	78.00	78.60	0.60	10 ft. clearance on ROW
10/7/2009	78.60	79.10	0.50	10 ft. clearance on ROW
10/8/2009	79.10	79.70	0.60	10 ft. clearance on ROW
10/9/2009	79.70	80.20	0.50	10 ft. clearance on ROW
10/12/2009	80.20	80.70	0.50	10 ft. clearance on ROW
10/13/2009	80.70	81.50	0.50	10 ft. clearance on ROW
10/14/2009	81.50	82.30	0.80	10 ft. clearance on ROW
10/15/2009	82.30	82.80	0.50	10 ft. clearance on ROW
10/16/2009	82.80	83.70	0.90	10 ft. clearance on ROW
10/19/2009	83.70	84.20	0.50	10 ft. clearance on ROW
10/20/2009	84.20	84.70	0.50	10 ft. clearance on ROW
10/21/2009	84.70	85.30	0.60	10 ft. clearance on ROW
10/22/2009	85.30	85.90	0.60	10 ft. clearance on ROW
10/23/2009	85.90	86.30	0.40	10/25 ft. clearance on ROW
10/26/2009	86.30	86.60	0.30	25 ft. clearance on ROW
10/27/2009	86.60	86.90	0.30	25 ft. clearance on ROW
10/28/2009	86.90	87.20	0.30	10/25 ft. clearance on ROW
10/29/2009	87.20	88.20	1.00	10 ft. clearance on ROW
10/30/2009	88.20	89.50	1.30	10 ft. clearance on ROW

CARRIZO GORGE RAILWAY, INC.

Date	MP	MP	Total Miles Cleared	Type of Clearance
11/2/2009	89.50	92.00	2.50	10 ft. clearance on ROW
11/3/2009	92.00	92.80	0.80	10 ft. clearance on ROW
11/4/2009	92.80	93.70	0.90	10 ft. clearance on ROW
11/5/2009	93.7	93.8	0.10	10 ft. clearance on ROW
11/6/2009	93.80	93.90	0.10	10 ft. clearance on ROW
11/9/2009	93.90	94.00	0.10	10 ft. clearance on ROW
11/10/2009	94.00	94.10	0.10	10 ft. clearance on ROW
11/11/2009	94.10	94.20	0.10	10 ft. clearance on ROW
11/12/2009	94.20	94.30	0.10	10 ft. clearance on ROW
11/13/2009	94.30	94.60	0.30	10 ft. clearance on ROW
11/16/2009	94.60	94.95	0.25	10 ft. clearance on ROW
11/17/2009	94.95	95.35	0.40	10 ft. clearance on ROW
11/18/2009	95.35	95.60	0.25	10 ft. clearance on ROW
11/19/2009	95.60	96.00	0.40	10 ft. clearance on ROW
11/20/2009	71.60	74.00	2.40	10 ft. clearance on ROW
11/21/2009	71.20	71.60	0.40	10 ft. clearance on ROW
11/23/2009	66.77	71.20	4.43	10 ft. clearance on ROW
11/24/2009	96.00	96.15	0.15	10 ft. clearance on ROW
11/24/2009	68.00	69.80	1.80	10 ft. clearance on ROW
11/25/2009	96.10	97.10	1.00	10 ft. clearance on ROW
11/30/2009	97.10	98.10	1.00	10 ft. clearance on ROW

CARRIZO GORGE RAILWAY, INC.

Date	MP	MP	Total Miles Cleared	Type of Clearance
12/1/2009	98.10	99.50	1.40	10 ft. clearance on ROW
12/2/2009	65.40	66.20	0.80	10 ft. clearance on ROW
12/3/2009	66.20	66.40	0.20	10 ft. clearance on ROW
12/4/2009	66.40	67.30	0.90	10 ft. clearance on ROW
12/14/2009	122.60	123.00	0.40	10 ft. clearance on ROW
12/15/2009	94.20	95.00	0.80	10 ft. clearance on ROW
12/16/2009	95.00	96.00	1.00	10 ft. clearance on ROW
12/17/2009	99.40	100.00	0.60	10 ft. clearance on ROW
12/18/2009	100.00	100.70	0.70	10 ft. clearance on ROW
12/21/2009	100.70	101.40	0.70	10 ft. clearance on ROW
12/22/2009	101.40	101.80	0.40	10 ft. clearance on ROW
12/23/2009	101.80	102.60	0.80	10 ft. clearance on ROW
12/24/2009	102.60	103.40	0.80	10 ft. clearance on ROW
12/28/2009	103.40	104.30	0.90	10 ft. clearance on ROW
12/29/2009	104.30	105.20	0.90	10 ft. clearance on ROW
12/30/2009	105.20	106.00	0.80	10 ft. clearance on ROW
12/31/2009	106.00	106.50	0.50	10 ft. clearance on ROW

Total Miles Cleared	From MP 65.4 - MP 106.5 = 42 Miles of Main/Secondary Track
----------------------------	---

CARRIZO GORGE RAILWAY, INC.

IV. Reportable Injuries / Environmental Incidents

There were no reportable injuries during the fourth quarter of 2009.

There were no reportable accidents in the fourth quarter of 2009.

There were was one (1) environmental incidents during the fourth quarter of 2009.

During the fourth quarter, in particular the month of December we had heavy rains throughout the Desert Line. These weather extremes caused several damages in the form of washouts. In total we had three washouts in the area of Coyote Wells, two of which occurred on the main track with the third occurring on the siding. All the mentioned washouts were corrected before any train went over the particular section of track.

CARRIZO GORGE RAILWAY, INC.

V. Freight Activity

No freight activity in the 4th quarter of 2009 due to the embargo with the purpose to start a rehabilitation program to improve safety, capacity and reliability on the Desert Line. We are still continuing to store empties, with an approximate amount of 184 GE cars located in various sidings and spurs as of this date. Most (162) of these cars being new covered hoppers with the rest (22) being old boxcars.

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 fourth quarter 2009 Carloads Moved	0
Revenue Emptied	85
Revenue Storage	653

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 Trainmaster
- 3 Dispatchers
- 3 Train Engineers
- 6 Conductors
- 1 Mechanic
- 1 Car Inspector
- 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	15	each
Rail Anchors Replaces	0	each
Repair Broken angle bars (60 lb.)	0	each
(75 lb.)	0	each
(90 lb.)	2	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 Fourth Quarter of 2009.

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	\$364.78
------------------------	----------

SD&IV / Rail America payment 6.9 (85 Railcars Empties and 653 Railcars Storage)	\$2,516.98
--	------------

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)

January 19, 2010

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE NOVEMBER 3, 2009

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the November 3, 2009, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-10-422: Right of Entry Permit to Bock Company for an underground electrical installation at 28th Street in San Diego.
- S200-10-429: Right of Entry Permit to Ayala Boring, Inc. for an underground electrical installation at 28th Street in San Diego.
- S200-10-433: Right of Entry Permit to West Tech Contracting to construct the Olay Valley Regional Park Trail in the City of San Diego north of the Palm Avenue Station.
- S200-10-434: Lease with Clear Channel Outdoor for a billboard at Sigsbee in the City of San Diego.
- S200-10-435: Lease with Clear Channel Outdoor for a billboard at 22nd Street in the City of National City.
- S200-10-436: Lease with Clear Channel Outdoor for a billboard at 8th Street in National City.

Agenda

Item No. 6b

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

SDAE 710.1 (PC 50771)

January 19, 2010

SUBJECT:

REQUEST FOR A PUBLIC AT-GRADE CROSSING AT H STREET ON THE
CORONADO BRANCH IN THE CITY OF CHULA VISTA

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve a new at-grade crossing of the Coronado Branch at H Street in the City of Chula Vista and authorize the execution of any and all documents to entitle the crossing.

Budget Impact

The easement granted will be appraised at fair market value.

DISCUSSION:

By letter dated January 7, 2010, the Port of San Diego (Port) requests a new public crossing of the Coronado Branch in the City of Chula Vista. The Port plans to extend H Street to the west of its existing terminus at the eastern right-of-way of the railroad. There is an existing private crossing allowing Rohr to cross this section of track. Attachment A is the letter from the Port outlining the request and showing the location of the crossing.

The Port also requests that SD&AE allow the tracks to either be paved over or removed by entering into a Deferred Improvement Agreement, which would commit the Port to improve the crossing when rail service continues on the line. The street may be transferred to the City of Chula Vista, but this issue is still undetermined.

JAN19-10.6b.AT-GRADE XING H ST
CHULA VISTA.TALLISON.doc

Attachment: Letter dated 1/7/10 from the Port of San Diego



Unified Port
of San Diego

3165 Pacific Highway, San Diego, CA 92101
P.O. Box 120488, San Diego, CA 92112-0488
619.686.6200 • www.portofsandiego.org

January 7, 2010

Mr. Tim Allison
Manager of Real Estate Assets
San Diego Metropolitan Transit System (MTS)
1255 Imperial Ave., Suite 1000
San Diego, CA 92101

RE: H Street Extension Project in Chula Vista
P0212-1

Dear Mr. Allison:

The San Diego Unified Port District (Port) is in the design phase of extending H Street from Bay Boulevard to Marina Parkway in the City of Chula Vista. With this letter, we request a new public at-grade crossing of the Coronado Branch line of San Diego & Arizona Eastern Railway Company and the San Diego Metropolitan Transit system for vehicles, bicycles and pedestrians. This proposed extension of H Street will either remain in Port jurisdiction or will be dedicated to the City of Chula Vista.

The Port is currently processing an application with the Public Utilities Commission (PUC) to convert an existing at-grade private crossing permit into an existing at-grade crossing for public road over the rail line.

In March 1959 a private roadway agreement was entered between San Diego & Arizona Eastern Rail Road Company and Rohr Aircraft Corporation for a private at-grade crossing of the rail road tracks at milepost 778 (U.S.DOT crossing #662076H). See attached Exhibit A for general location. We also request authorization to remove or pave over the existing tracks and enter into a Deferred Improvement Agreement for future crossing improvements should they become necessary.

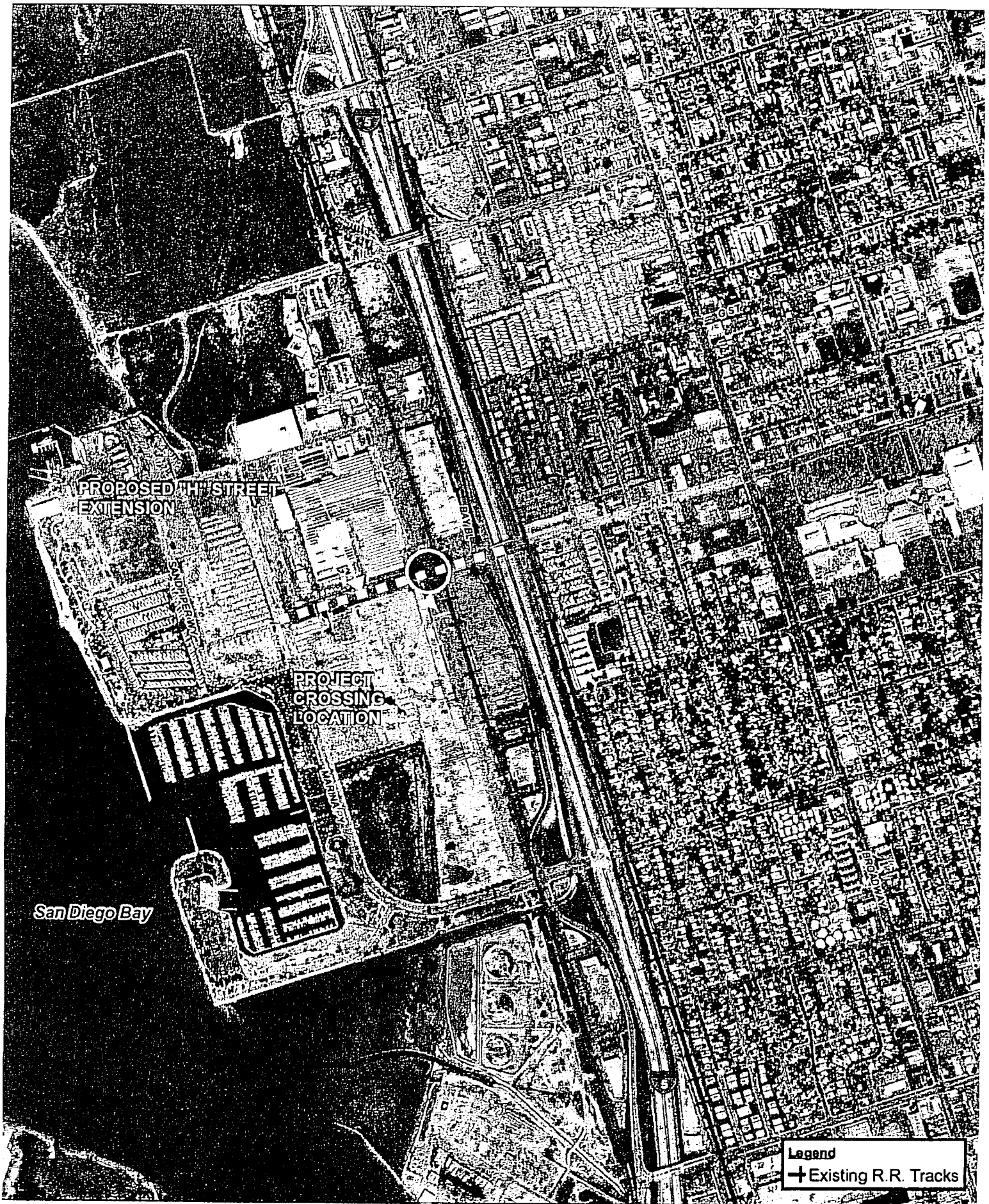
We appreciate your time and consideration of this request. Please contact Yeschi Mulugeta at (619) 688-6250 if you need any additional information. We look forward to working with you.

Respectfully,

Stephen Kirkpatrick
Chief Engineer
San Diego Unified Port District

SK/ms

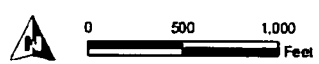
Enclosures



San Diego Unified Port District - "H" Street Extension

6b-3

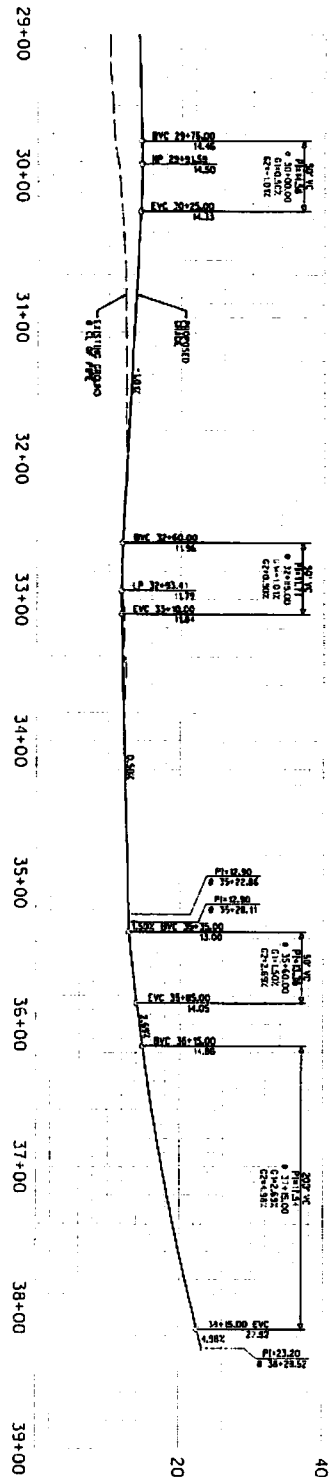
\\path: J:\16182\GIS\H_St_VicinityMap.mxd
xhibit Date: 12/7/09
EC IN 161820



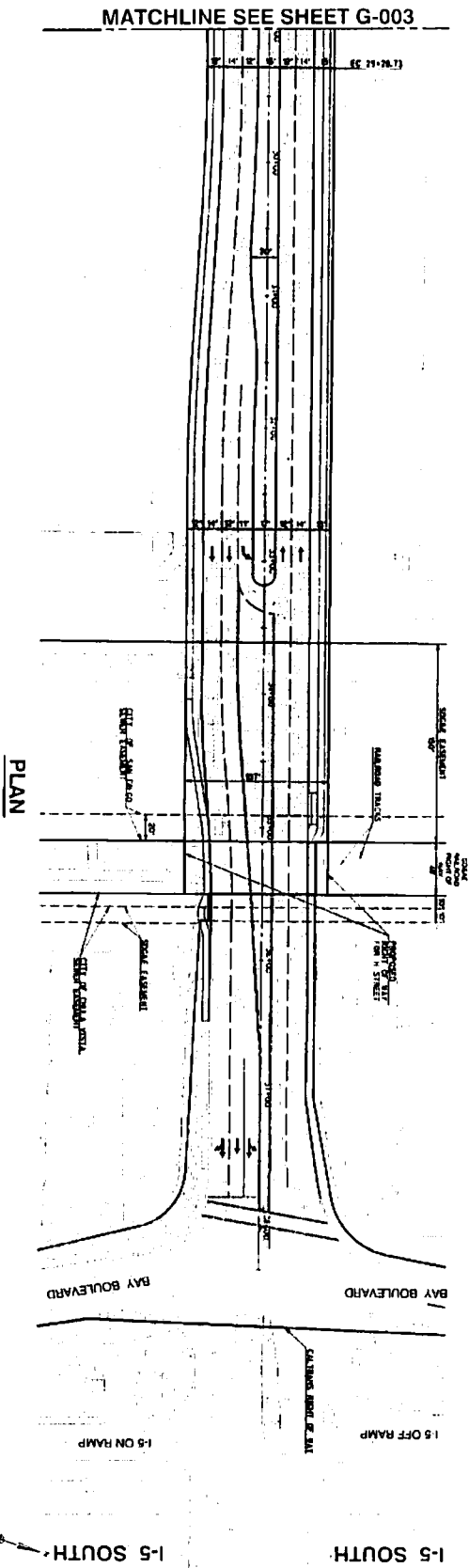
Legend
+ Existing R.R. Tracks

Data Sources:
SanGIS Assessor Parcels: N/A
SanGIS Roads - October 2009
Cadastral Photo: March 2009

RICK
ENGINEERING COMPANY



PROFILE



PLAN

PROJECT: 2008-17 SHEET: 1588 DATE: 11/11/08		SAN DIEGO UNITED PORT DISTRICT SAN DIEGO, CALIFORNIA		SCALE: 1" = 40' DRAWING SCALE: 1" = 40'		CHALL VISTA CALIFORNIA GENERAL H STREET EXTENSION		1588	
---	--	--	--	--	--	---	--	------	--