

SAN DIEGO & ARIZONA EASTERN RAILWAY (SD&AE)

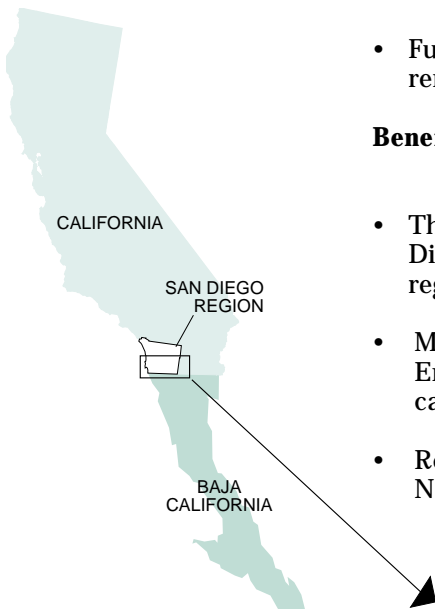
Railway is a Key Link for the Economy of the Port and the San Diego Region

The Project: Re-opening the only rail link to the east via the SD&AE Railway is needed to improve the international and interstate movement of goods in, out, and through the San Diego region.

- Existing freight service between San Diego and Tecate can be extended to the Imperial Valley by rehabilitating the Desert Line portion of the SD&AE; the rail line has been out of service between Tecate and the Imperial Valley since 1983.
- Funding assistance should be pursued to complement the state of Baja California's renewed interest to reopen the line.

Benefits: The project can take full advantage of national and international trade markets.

- The connection with the Union Pacific Railroad in Imperial Valley would link San Diego and its port to the rest of the United States and Mexico, and vastly improve the region's market opportunities.
- Maritime commerce at the Port of San Diego, and potentially the Port of Ensenada, could be expanded by offering access to two transcontinental rail carriers.
- Restoration of the railway could provide an important connection to the U.S. Naval Port facilities.



- The economic advantages can foster the region's ability to attract jobs and rail-dependent manufacturers.
- The project offers alternative western port options for Imperial Valley, Arizona, and Mexico.
- The railway would reduce local transportation costs and improve air quality by shifting goods from trucks to rail.

Project Components:

- Track alignment and tunnel clearance need upgrading to accommodate modern freight vehicles, which carry double-stack containers and automobiles.
- An accessible site within the San Diego/Tijuana region needs to be located for a terminal to handle truck-to-rail transfers.
- Additional storage yards at the Port of San Diego and San Ysidro would be required for increased freight movements on the SD&AE.

Cost Estimates: \$24 million to \$105 million dependent on the project's scope (1996 cost estimates)

- Improvements to restore basic service on the line, carrying bulk, breakbulk products, and single-stacked containers are estimated to cost:

Repairs to Reopen the Desert Line	\$ 7.9 million
Reliability Improvements	\$ 10.9 million
Staging Yards in San Ysidro	\$ 2.6 million
Customs Inspection Facilities	\$ <u>3.2 million</u>
Subtotal: Basic Service	\$ 24.6 million
 - Modernization improvements to handle longer and taller freight vehicles are estimated to cost:

Tunnel and Track Work on the Desert Line	\$ 56.2 million
Intermodal Facility (Truck-to-Rail)	\$ <u>18.5 million</u>
Subtotal: Basic Service and Modernization	\$ 99.3 million
 - Additional improvements, assuming interchange with BNSF at the Port, are estimated to cost:

Staging Yard @ Tenth Avenue Marine Terminal	\$ 3.1 million
Extension of Bulk Facilities @ Tenth Avenue Marine Terminal	\$ <u>3.0 million</u>
Grand Total: Basic Service, Modernization and Port Improvements	\$105.4 million
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Project Status: Carrizo Gorge Railway is negotiating trackage rights with the present operator, the San Diego & Imperial Valley Railroad, in hopes of expediting reopening the Desert Line.

- In May 2001, the state of Baja California awarded a 25-year concession for freight operations in Mexico to Carrizo Gorge Railway and Peninsular Railways of the Northwest. Baja California also is pursuing a rail line to Ensenada to boost trade connections in the area.
- The freight operator on the SD&AE will need to reach agreements with Union Pacific regarding the interchange for freight in the Imperial Valley at Plaster City.
- For the Port of San Diego to be served by two railroads and to increase bulk, breakbulk and container freight traffic, issues need to be resolved regarding the long-term interchange arrangement between the railroads, funding and timing of rail storage yards and intermodal facilities development, and harbor improvements for larger freighters.

Funding Status: A funding package for the basic and modernization improvements has yet to be identified.

- SANDAG studies suggest a public/private partnership with the involvement of the railroads, shippers, the San Diego Unified Port District, industry, and government at all levels.
- Authorization in 1998 of TEA-21, the Transportation Equity Act for the 21st Century, included \$10 million for intermodal facilities on the SD&AE north of the San Ysidro border crossing.
- Additional federal assistance is being pursued through two new programs in TEA-21. One program, the Railroad Rehabilitation and Improvement program (RRIF), is intended to make available up to \$1 billion in loans and loan guarantees for short-haul railroads.
- Another potential loan possibility is the Transportation Infrastructure Finance and Innovation Act (TIFIA), with federal credit assistance to major projects such as intermodal facilities and border crossing infrastructure.