



Janet Napolitano  
Governor  
Victor M. Mendez  
Director

NEW APPLICATION  
ORIGINAL  
Arizona Department of Transportation  
Intermodal Transportation Division  
206 South Seventeenth Avenue Phoenix, Arizona 85007-3213



0000003370

**DOCUMENT TRANSMITTAL**

June 7, 2004

Bill Higgins  
Acting State  
Engineer

Mr. Donald Thompson  
Railroad Safety Section  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Arizona Corporation Commission  
**DOCKETED**

JUN - 9 2004

DOCKETED BY *CM*

AZ CORP COMMISSION  
DOCUMENT CONTROL

2004 JUN - 9 P 3: 38

RECEIVED

RE: SR 188, Wheatfields - US 60  
TRACS No. 188 GI 214 H6155 01U  
HIGHWAY: Claypool - Jakes Corner Hwy  
AAR/DOT No. 748-716X

Dear Mr. Thompson:

RR-02634A-04-0433

In concept, this agreement will allow ADOT to widen the highway State Route 188 (SR188) to accommodate two lanes in each direction. In order to complete this project, it is necessary for the railroad Arizona Eastern Railroad Co. (AERC) to install a new warning system, and install a concrete crossing surface where SR188 crosses the railroad tracks.

Please furnish our office with an Opinion and Order to cover the installation and work described in the subject agreement. The railroad company has signed an agreement covering the work. Please find 13 copies of the agreement attached for your use.

Upon receipt of the Opinion and Order, we will send you a copy of our letter authorizing the Railroad to proceed with the work.

Respectfully,

*Elaine Mercado*

Elaine Mercado, PE  
Statewide Utilities Coordinator Supervisor  
Utility & Railroad Engineering Section  
205 South 17th Avenue, Mail Drop 618E  
Phoenix, Arizona 85007  
Phone: 602 712-8689  
FAX: 602 712-3229

Enc.



# ARIZONA DEPARTMENT OF TRANSPORTATION

UTILITY AND RAILROAD ENGINEERING SECTION

RAILROAD AGREEMENT

Between

**THE STATE OF ARIZONA**

and

**ARIZONA EASTERN RAILROAD COMPANY**

AGREEMENT NO.: 2451-03-AERR  
UTILITY TRACS NO.: 188 GI 214 H6155 01U  
UTILITY PROJECT NO.: S 188-A-600  
HIGHWAY: CLAYPOOL-JAKES CORNER HWY  
LOCATION: SR 188, Wheatfields - US 60  
RRMP 1227.48  
AAR/DOT # 748-716 X

THIS AGREEMENT is made between the STATE OF ARIZONA, acting through its DEPARTMENT OF TRANSPORTATION, and THE ARIZONA EASTERN RAILWAY, a corporation. All lettered exhibits are incorporated and made a part of this agreement by reference and attachment regardless of designation or alphabetical order.

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## **I RECITALS:**

The purpose of this AGREEMENT is to enable ADOT to complete a highway project. The parties hereto desire to set forth by this instrument their understanding and agreements with respect to responsibilities for the construction and maintenance of facilities affected by the PROJECT, in Gila County, Arizona. ADOT proposes with the PROJECT to widen the roadway to accommodate two lanes each direction. In order to complete this PROJECT, it is necessary for the RAILROAD to install new warning system, install a concrete crossing surface where State Route 188 crosses RAILROAD tracks, and to furnish the services of RAILROAD provided flagmen through the CONTRACTOR OCCUPANCY/ACCESS LICENSE AGREEMENT to protect RAILROAD property and trains due to the operations of ADOT and ADOT's contractor in connection with the construction of the project.

The RAILROAD's facilities to be relocated have PRIOR RIGHTS, in total or in part, by virtue of their existence within certain easements, conveyances and deeds, as shown in Exhibit "B."

## **II DEFINITIONS:**

- A. ADOT means the ARIZONA DEPARTMENT OF TRANSPORTATION.
- B. ADOT EMERGENCY means a utility or RAILROAD failure or occurrence, which affects the safety of the motorist or the highway.
- C. AGREEMENT means this specific agreement and all attachments incorporated by reference.
- D. A.R.S. means Arizona Revised Statutes

- E. **BACK CHARGE** means to invoice and collect from the RAILROAD for costs to ADOT caused by the RAILROAD not completing WORK in accordance with AGREEMENT schedule.
- F. **CONTRACTOR OCCUPANCY/ACCESS LICENSE AGREEMENT** is the standard agreement the RAILROAD uses to permit contractor's entry on the RAILROAD property. This is a separate agreement between ADOT's contractor and the RAILROAD, included by reference.
- G. **CONSTRUCTION PROJECT NUMBER** means the roadway construction project number utilized for the ADOT construction PROJECT, which is STP 188-A-(001)P.
- H. **CONSTRUCTION TRACS NUMBER** means the roadway construction accounting number utilized for the ADOT construction project, which is 188 GI 214 H6155 01C.
- I. **CONTROLLED ACCESS** means locations where owners or occupants of abutting lands and other persons have no legal right of access, e.g., freeway lanes and freeway ramps.
- J. **MUTCD** means the "Manual on Uniform Traffic Control Devices" and any amendments and/or revisions thereto.
- K. **PRIOR RIGHTS** means rights associated with one party's use or occupancy of land, or with the facilities located on such land, that are, because of priority in time or other reasons, superior to the rights of the other party.
- L. **PROJECT** means this ADOT roadway construction project.
- M. **RAILROAD** means ARIZONA EASTERN RAILROAD COMPANY, a Corporation.

- N. RAILROAD EMERGENCY means any failure or condition affecting RAILROAD's facilities that has a substantial effect on RAILROAD's functions and requires immediate action to remedy the failure or condition.
- O. RELOCATE or RELOCATION means to move, adjust, or remove a RAILROAD facility to avoid conflict with PROJECT construction.
- P. RELOCATED FACILITY means the facilities so moved, adjusted, or removed.
- Q. UTILITY PROJECT NO. means ADOT's utility relocation project number, which is S 188-A-600.
- R. UTILITY TRACS NO. means ADOT's utility RELOCATION Accounting number utilized for RAILROAD's relocation work, which is 188 GI 214 H6155 01U.
- S. WORK means pre-engineering, engineering, management, administration, design, preparation of plans, specifications, construction labor, materials and equipment called for in the AGREEMENT, including approved changes in scope.
- T. WORKING DAY means a calendar day, exclusive of Saturdays, Sundays and ADOT recognized holidays, on which weather conditions will permit the RAILROAD construction operations to proceed for a major part of the day with the normal working force.

### III AGREEMENT:

A. Construction Requirements. . The RAILROAD shall furnish all necessary WORK covering the RELOCATION of and/or adjustments to its existing facilities in accordance with the RAILROAD cost estimate marked Exhibit "A". The WORK shall comply with the MUTCD and the Association of American Railroad's publication entitled Signal Manual of Recommended Practice.

B. Contractor's Relations with the Railroad. In the event any of the work upon property of RAILROAD, as herein contemplated, should be advertised for bids by ADOT, the awarded contract shall require the ADOT's contractor to obtain a CONTRACTOR OCCUPANCY/ACCESS LICENSE AGREEMENT from the RAILROAD and not enter upon RAILROAD property until said agreement is executed between contractor and RAILROAD. All work upon said PROJECT shall be done at such times and in such manner as not to interfere with or endanger the operations of RAILROAD. ADOT and its contractor shall also observe RAILROAD'S rules and regulations with respect thereto.

C. Notification of RAILROAD. ADOT and its contractor shall give notice to RAILROAD Engineer before commencing any work upon RAILROAD property as required in the CONTRACTOR OCCUPANCY/ACCESS LICENSE AGREEMENT. All work shall be done at such times and in such manner as not to interfere with or endanger the operations of RAILROAD.

D. Flagmen. RAILROAD shall provide flagmen to protect RAILROAD property and trains due to the operations of ADOT's contractor. Flagmen will be paid by ADOT's contractor through the CONTRACTOR OCCUPANCY/ACCESS LICENSE AGREEMENT.

E. Ownership of Facilities. RAILROAD shall be the sole owner of RELOCATED FACILITIES constructed under this AGREEMENT. Nothing herein shall be construed as conveying or granting any right, title or interest in the RELOCATED FACILITIES to anyone other than the RAILROAD.

F. Maintenance. Maintenance operations and associated costs for RAILROAD facilities covered by the AGREEMENT will be the responsibility of the RAILROAD.

G. Coordination of Access for Maintenance. Unless an emergency is present, ADOT will contact the RAILROAD's Roadmaster at least fifteen (15) working days in advance of ADOT scheduled maintenance activities on RAILROAD property. When said activities require access to within twenty-five (25) feet of the center of railroad tracks, ADOT and the RAILROAD shall collectively identify and schedule an opportunity of time suitable to both parties such that ADOT may carry out maintenance activities unrestrained by RAILROAD operations.

H. Traffic. The RAILROAD shall make use of vehicular traffic control devices as necessary per the MUTCD guidelines to construct the required gates, signal lights, crossing surface material and related appurtenances. RAILROAD may coordinate with ADOT's contractor to jointly utilize those devices supplied by ADOT's contractor. RAILROAD shall supply traffic control devices when necessary in such case as scheduling will not permit joint utilization of ADOT's contractor's equipment.

The RAILROAD shall not maintain, construct, reconstruct, inspect or operate any of its facilities from highway traffic lanes. In case of an ADOT EMERGENCY involving RAILROAD's facilities, RAILROAD shall have reasonable use of the roadway notwithstanding the foregoing restriction. In case of a RAILROAD EMERGENCY, RAILROAD shall have use of ADOT right of way outside the highway traffic lanes as it reasonably deems necessary to correct, repair, replace or reconstruct facilities affected by the RAILROAD EMERGENCY. The RAILROAD shall, as soon as practical during any ADOT EMERGENCY or RAILROAD EMERGENCY repairs, provide appropriate

safety devices to protect the highway user as set forth in the MUTCD (Including all official changes thereto), for all work within ADOT right of way.

I. Start/Completion Date. Prior to submitting the first invoice to ADOT, the RAILROAD will notify ADOT, in writing, of the actual RAILROAD construction start date. The RAILROAD design and construction start dates shall not be prior to receiving a notice to proceed for each from ADOT. Prior to submitting the final invoice to ADOT, the RAILROAD will notify ADOT, in writing, of the actual completion date.

J. Subcontracting. The RAILROAD may, if not adequately staffed or equipped to perform the WORK required under this AGREEMENT, subcontract for the WORK. The RAILROAD is hereby given permission to subcontract to the lowest responsible bidder. The RAILROAD agrees to furnish the bid amount of the successful bid to ADOT. If the RAILROAD wishes to subcontract to other than the lowest responsible bidder, the RAILROAD must provide to ADOT the amount of the lowest responsible bidder and the amount of the bid from their chosen bidder along with written justification for the proposed choice. The RAILROAD agrees no selection will be made, other than the lowest responsible bidder, without ADOT's concurrence and written approval. ADOT reserves the right to reject any or all bids except the lowest responsible bid.

K. The Acceptance Date. The acceptance date of this AGREEMENT shall be the day which the last party executes the AGREEMENT.

#### **IV SCHEDULES & PAYMENTS:**

A. RAILROAD Construction Schedule. The WORK to be performed by RAILROAD hereunder shall begin following the ADOT authorization letter for preliminary engineering and/or construction and shall be completed in coordination with

ADOT's contractor and shall be completed within such time as is ordered by the Arizona Corporation Commission (ACC) in its Opinion and Order. The RAILROAD shall coordinate with the ADOT's contractor with respect to construction schedule and establish by mutual consent "a work activity schedule" suitable to both parties for the completion of RAILROAD WORK and contractor's activities. A copy of the RAILROAD's proposed construction schedule shall be given to ADOT's Engineer.

1. Schedule Changes. Changes to the construction schedule for the RAILROAD's WORK can be made upon mutual consent of the RAILROAD and the ADOT's Engineer. The RAILROAD shall not be authorized to extend the time schedule beyond the time frame authorized by the ACC, unless or until so authorized by the ACC in writing.

2. RAILROAD Failure to Meet Schedule. If RAILROAD does not complete its RELOCATION in accordance with the RAILROAD Construction Schedule, and/or any subsequent authorized extension to said schedule and the delay is caused by RAILROAD 's acts or failure to act, whether negligent or not, and ADOT notifies RAILROAD of a conflict or interference with ADOT's contractor, then RAILROAD shall be responsible and may be BACK CHARGED by ADOT for any reasonable costs incurred by ADOT or by ADOT's contractor as a result of such delay. Despite any such delay, RAILROAD shall work as expeditiously as possible under the circumstances to complete the WORK. If RAILROAD's WORK is impacted by circumstances beyond its control, RAILROAD's schedule duration shall be adjusted accordingly, in writing by ADOT.

3. Payments for Interference. Neither party, shall unreasonably interfere with the other party in connection with work to be performed pursuant to this AGREEMENT. Any reasonable costs incurred by either party in connection with such unreasonable interference, including any BACK CHARGE, shall be paid by the interfering party, to the party incurring such costs, within ninety (90) calendar days after receipt of an invoice indicating such costs. Any charges with which the interfering party disagrees shall be paid to the party incurring such costs under protest, subject to resolution through compromise, arbitration, or adjudication as provided by this AGREEMENT.

B. Payments. ADOT will reimburse the RAILROAD for the actual cost of WORK, subject to ADOT's right to audit the RAILROAD costs, including any changes approved by ADOT. The estimated cost of the RELOCATED FACILITY is set forth in Exhibit "A." ADOT is not responsible for any costs, which are betterments or enhancements to the RELOCATED FACILITIES. The parties agree that the items listed on Exhibit "A" (except for any items identified to be paid by RAILROAD) do not constitute betterments or enhancements within the meaning of this AGREEMENT.

1. Changes in Scope of WORK. In the event conditions or circumstances require a change in the scope of the RAILROAD's work on the RELOCATION as set forth in Exhibit "A," each party shall agree in writing to the changes, including payment responsibilities prior to doing the work. ADOT shall not be responsible for any costs associated with any change in the scope of the RAILROAD's work until ADOT approves the change in writing. The schedule for completion of RAILROAD's WORK shall be adjusted to accommodate the change in scope and the time necessary for ADOT to process the change request.

2. Cost Increases. ADOT approval is required for any invoice total which exceeds the cost estimate set forth in Exhibit "A" plus any approved changes by more than ten percent (10%). Invoices which exceed the original or revised estimated cost by more than ten percent (10%) without prior written approval shall be returned to the RAILROAD pending resolution.

3. Submission of Invoices. The RAILROAD may submit to ADOT monthly invoices for WORK costs from the date of ADOT's authorization for the RAILROAD to proceed with the WORK. Except for the final invoice, monthly invoices shall only be submitted for costs of five hundred dollars (\$500) or more. The RAILROAD shall, within ninety (90) days after completion of WORK, submit to ADOT detailed invoices covering the actual cost of the WORK. Costs shall be accumulated and invoiced in accordance with the Federal Acquisition Regulations. The United States Code of Federal Regulations, 23CFR 646 Subparts A and B, applies to this agreement. Invoices shall include the appropriate AGREEMENT and UTILITY TRACS numbers and shall be labeled as "Progress Invoice" or "Final Invoice," as the case may be. All expenses incurred by RAILROAD for WORK which ADOT is obligated to reimburse RAILROAD for hereunder, including all WORK incidental to such WORK but not specifically mentioned herein, shall be subject to the provisions of the Federal-Aid Policy Guide 23CFR 140. All the above costs shall be reasonable, documented, and records retained for auditing purposes, and reimbursement shall be subject to ADOT's right to audit RAILROAD'S costs.

4. Payment of Invoices. ADOT agrees to pay the RAILROAD the invoiced amount within ninety (90) days of receipt, provided the RAILROAD has complied with all conditions of this AGREEMENT.

5. Reimbursements. The RAILROAD shall reimburse ADOT, within ninety (90) days of receiving written notification, for any amounts ADOT disallows as a result of its audit. Any audit exceptions with which the RAILROAD disagrees shall be paid to ADOT, under protest, subject to resolution by ADOT and the RAILROAD through compromise, arbitration or adjudication as provided for in this AGREEMENT.

**V LIABILITY:**

A. Liability. ADOT and the RAILROAD each agree to be liable to the other party for its own acts of negligence and the negligence of its own employees.

**VI STATUTORY MANDATED TERMS:**

A. Arbitration. The parties shall use arbitration after exhausting applicable administrative remedies to resolve disputes arising out of this AGREEMENT where the sole relief sought is monetary damages of \$100,000 or less exclusive of interest and costs, as provided in A.R.S. § 12-1518.

B. Budget Limitations. This AGREEMENT is subject to the provisions of Chapter 1 of Title 35, Arizona Revised Statutes.

C. Executive order 75-5. The RAILROAD shall comply with all applicable provisions of Executive Order 75-5, "Non-Discrimination in Employment by Government Contractors and Subcontractors".

D. Cancellation by Governor. All parties hereby are put on notice that this AGREEMENT is subject to cancellation by the Governor pursuant to A.R.S. §38-511.

E. Records Retention and Audit. In accordance with A.R.S. § 35-214, all books accounts, reports, files and other records relating to this AGREEMENT shall be subject at reasonable times to inspection and audit by ADOT for five (5) years after the receipt of final payment. Such records shall be produced by the RAILROAD at any ADOT office as designated by ADOT. At ADOT's discretion said inspection and audit may be held at RAILROAD's office during normal business hours. ADOT shall conduct its inspection and audit at its expense, including RAILROAD's audit costs.

**VII. MISCELLANEOUS CONDITIONS:**

A. Communication for this AGREEMENT. Communication required to be given pursuant to this AGREEMENT shall be:

Arizona Department Of Transportation  
Utility and Railroad Engineering Section  
Attn.: Engineer - Manager  
205 South 17th Avenue, Mail Drop 618E  
Phoenix, AZ 85007  
Ph: (602) 712-7541 Fax: (602) 712-3229

Arizona Eastern Railroad Company  
General Manager  
P.O. Box 2200  
Claypool, AZ 85532  
Ph: (928) 473-2447 Fax: (928) 473-2449

B. AGREEMENT Content and Modification. This AGREEMENT, including any schedules, exhibits or attachments hereto, constitutes the entire agreement between the parties, and no understanding or obligation not expressly set forth herein shall be binding upon them. No modification, amendment or alteration of this AGREEMENT shall be valid unless it is in writing and signed by both parties.

C. Laws. This AGREEMENT shall be governed by the laws of the State of Arizona.

D. Breach of AGREEMENT. The waiver by either party of any breach or failure to provide full performance under any of the terms or conditions of this AGREEMENT

shall not be construed as a waiver of any other term or condition, or of any subsequent breach of the same or any other term or condition.

:



## Summary Of Estimated Costs

AGREEMENT NO.: 2451-03-AERR  
UTILITY TRACS NO.: 188 GI 214 H6155 01U  
UTILITY PROJECT NO.: S 188-A-600  
HIGHWAY: CLAYPOOL-JAKES CORNER HWY  
LOCATION: SR 188, Wheatfields – US 60  
RRMP 1227.48  
AAR/DOT # 742-335 N

AERR WORK means pre-engineering, engineering, management, administration, design, preparation of plans, specifications, construction labor, materials and equipment called for in the AGREEMENT, including approved changes in scope.

Surface & Trackwork Estimate	\$102,593.44
Signalwork Estimate	\$263,740.02
AERR Administrative Fee	\$13,920.67

<b>Total Estimated RR Project Costs</b>	<b>\$380,254.14</b>
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**EXHIBIT "A"**

# ARIZONA EASTERN RAILWAY COMPANY

A RailAmerica Company

P.O. Box 2200 Claypool, Arizona 85532 (928) 473-2447 Fax: (928) 473-2449

December 23, 2002

Mr. Joe Schwer

## ARIZONA DEPARTMENT OF TRANSPORTATION

### Intermodal Transportation Division

Utility & Railroad Engineering Section

205 South 17<sup>th</sup> Avenue, Mail Drop 618E

Phoenix, Arizona 85007-3213

RE: TRACS No. 188 GI 214 H6155 01C  
CLAYPOOL-JAKES CORNER HWY  
Project No. STP-188-A-(001)  
Arizona Eastern Railway Company  
AAR/DOT No: 748-716 X  
RR M.P. 1227.48  
SR 188 M.P. 216.95

Dear Joe:

Enclosed is the detailed estimate for the above referenced crossing project.

### **SURFACE & TRACKWORK ESTIMATE:**

MATERIAL:	\$ 56,714.10
LABOR:	\$ 26,871.04
EQUIPMENT:	\$ 8,300.00
OTHER:	\$ 6,488.09
TAX:	\$ 4,220.21
<b>TOTAL:</b>	<b>\$ 102,593.44</b>

### **SIGNALWORK ESTIMATE:**

TOTAL (see attached):	\$ 252,891.00
TAX:	\$ 10,849.02
<b>TOTAL:</b>	<b>\$ 263,740.02</b>

AERY ADMINISTRATION FEE (LUMP SUM): \$ 13,920.67

**GRAND TOTAL: \$ 380,254.14**

**EXHIBIT "A"**

We look forward to working with you on this project. Please feel free to contact our office with any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vern Van de Loo', written in a cursive style.

Vern Van de Loo  
President  
Mountain States Contracting, Inc.

**EXHIBIT "A"**

**MOUNTAIN STATES CONTRACTING, INC.**  
**ARIZONA EASTERN RAILWAY COMPANY**

**SURFACE & TRACK ESTIMATE SHEET**

NAME: ARIZONA EASTERN RAILWAY COMPANY  
 CITY/STATE: \_\_\_\_\_  
 ROAD: SR 188  
 LINE/SUB: MAINLINE  
 RR MP: 1227.48  
 TRACS NO: 188 GI 214 H6155 01C  
 PROJ. NO: STP-188-A-(001)P  
 AAR/DOT NO: 748-716X

DESC. OF WORK: REBUILD/WIDEN CROSSING  
 DATE: 12/12/02  
 BY: VV  
 MSC JOB NO: \_\_\_\_\_

**TRACK DATA:**  
 TOTAL TRACK 204.00 TF  
 SURFACE 104.00 FT  
 ROAD APPROACH TF  
 TOTAL DAYS 8.00 EA

DESCRIPTION	QUALITY	QUANTITY	UNIT	UNIT PRICE	TOTAL PRICE
<b>MATERIAL (INCD. FREIGHT):</b>					
RAIL: 37'	R	10.34	NT	495.00	\$ 5,116.32
RAIL:		12.00	PC		
RAIL SIZE: 136.00					
RAIL LENGTH: 38.00	N	6.00	EA	125.00	\$ 750.00
THERMITE WELD KITS	R	2.00	PR	45.50	\$ 91.00
BARS: TO MATCH	N		EA	350.00	\$ -
INSULATED JOINTS	R	4.00	PR	238.00	\$ 952.00
COMP BARS	R	280.40	EA	5.10	\$ 1,430.04
PLATES: 6" B, DS	R	560.80	EA	1.70	\$ 953.36
ANCHORS: DRIVE-ON	N	0.13	KG	250.00	\$ 33.33
BOLTS: 1 1/8" x 6 1/2"	N	12.00	EA	0.80	\$ 9.60
WASHERS: 1 1/6"	N	5.00	KG	89.00	\$ 445.00
SPIKES: 5/8"x 6"	R	55.20	EA	46.25	\$ 2,553.00
X-TIES: 7"x 9"	N	85.00	EA	67.00	\$ 5,695.00
X-TIES: 7"x 9"x 10' B1	N	104.00	TF	325.00	\$ 33,800.00
CONCRETE CROSSING PANELS: 10' W x 8', OMEGA	N	210.02	NT	18.00	\$ 3,780.45
BALLAST VIA TRUCK	N		NT	38.00	\$ -
HOT MIX ASPHALT	N		NT		\$ -
CONDUIT: 4" SCHED 40	N	260.00	LF	4.25	\$ 1,105.00

**TOTAL MATERIAL ESTIMATE: \$ 56,714.10**

**EXHIBIT "A"**

**LABOR (INCL. TRAVEL TIME):**  
Rates include: wages, insurance, O/H, burden, & per diem  
 SUPERINTENDENT (ST) \$ 4,420.00  
 TRACK FOREMAN (ST) \$ 2,293.12  
 TRACK FOREMAN (OT) \$ 802.59  
 EQUIPMENT OPERATOR (ST) \$ 3,808.00  
 EQUIPMENT OPERATOR (OT) \$ 1,332.80  
 TRACK LABORERS (ST) \$ 10,529.28  
 TRACK LABORERS (OT) \$ 3,685.25

**TOTAL LABOR ESTIMATE: \$ 26,871.04**

**EQUIPMENT**  
 TRUCK: PICK-UP \$ 720.00  
 TRUCK: 5-TON SERVICE/CREW W/ TRAILER \$ 1,680.00  
 SKID STEER LOADER \$ 1,480.00  
 FRONT-END LOADER \$ 2,600.00  
 AIR COMPRESSOR W/TOOLS \$ 680.00  
 HYD POWER UNIT W/ TOOLS \$ 920.00  
 ASPHALT ROLLER \$ 145.00  
 ASPHALT PLATE TAMPER \$ 75.00  
 TRUCKING \$ -

**TOTAL LABOR ESTIMATE: \$ 8,300.00**

**OTHER:**  
 ENGINEERING \$ 1,500.00  
 SAWCUT ROADWAYS \$ 2.00  
 TRAFFIC CONTROL \$ 500.00  
 HAUL OFF EXCAVATED MATERIAL \$ 4,988.09

**TOTAL OTHER ESTIMATE: \$ 6,488.09**

**SALES TAX:**  
 6.6% OF 65%

98,373.23 6.60% \$ 4,220.21

**TOTAL SALES TAX ESTIMATE: \$ 4,220.21**

**TOTAL SURFACE & TRACK ESTIMATE: \$ 102,593.44**

**EXHIBIT "A"**

Cost Estimate

Dec. 7, 2002

To: Arizona Eastern Railway  
P.O. Box Y  
Claypool, Az 85532

Location

State Route 188  
Tracs. NO: 188 GI 214 H6155 01C  
Claypool-Jakes Corner Hwy.  
STP 188-A-(001)  
AAR/DOF #748-716 X RRMP 1227.48 Hwy S-188 MP 216.95

Estimated Project Cost

Preliminary Engineering	4,000.00
Construction Engineering	3,000.00
Signal Material	160,370.00
Commercial Material	18,233.00
Administrative Expense	14,288.00
Clerical Expense	2,500.00
Rental Equipment	10,000.00
Meals, Lodging & Transportation	3,000.00
Labor Including: Payroll, Taxes, Insurance, Etc.	26,000.00
Shipping Charges for Material	8,000.00
Miscellaneous	2,500.00
Stone & Fill	1,000.00
<b>COST ESTIMATE TOTAL</b>	<b>\$252,891.00</b>

Estimate Includes

Maintaining existing crossing protection during construction, moving existing equipment, to accommodate new road construction phases (moving signals & foundations, conduit & their respective cables). Supervision to accommodate safety & continuity of existing circuits, flagging protection when signal equipment is compromised, when new signal foundations & cantilevers are placed. Removing & installing existing track connections & bonding & testing during track construction. Retiring old equipment.

Cost Estimate Continued:

To: Arizona Eastern Railway

Location

State Route 188

Units	Signal Material	Price
1	Gate, Cantilever Combo. With B/B Lights on Tip & Mast & One Way Lights On Middle & Inside of Arm, Bell, X-Buck Sign on Mast & Arm. Cantilever Arm to be 13.7M (45°) Gate Arm to be 15.2M (50°) Articulated Gate Arm. Pre Cast Low Profile Concrete Foundation. All Lights to be LED. Wind Bracket, Gate Deflector, Gate Keeper. One Spare Articulated Gate Arm	65,950.00
1	Gate, Cantilever Combo. With B/B Lights on Tip & Mast & One Way on Middle of Arm, Bell, X-Buck Sign on Mast & Arm. Cantilever Arm to be 10M (33°) Gate Arm to be 11.6M (38°) This to be a Single Mast Post. All Lights to be LED. Wind Bracket, Gate Deflector, Gate Keeper	40,100.00
1	Control House Wired Comp. for Specified System with Fan Htr. Lights, Receptacles, Breakers.	16,000.00
1	Motion Sensor PMD-3/RMM/	12,318.00
1	Solid State Crossing Controller 111/Surge Panel 9117-01	669.00
1	Current Monitor 80257	310.00
1	Event Recorder A30258	1,735.00
1	Event Recorder Processor A89255	2,297.00
1	Dial Up Modem	1,000.00
1	Solid State Crossing Controller 111 40A	4,180.00
1	Lap Top Computer	1,600.00
1	Torque Wrench Kit	100.00
1	D.C. Power Supply & Battery Charger	1,600.00
19	Battery Nicad 400AH	11,761.00
1	Emergency Control Box	750.00
	<b>SIGNAL MATERIAL TOTAL</b>	<b>\$160,370.00</b>

Cost Estimate Continued:

Dec. 7, 2002

To: Arizona Eastern Railway

Location  
State Route 188

Units	Commercial Material	Price
1	Rail Bonding	1,200.00
1	A.C. Power	1,000.00
80M	Conduit 3"	967.00
60M	Conduit 2"	400.00
100M	2C #6-10C #9 Cable	1,800.00
160M	2C #6 TW. Cable	1,118.00
25M	3C #6 Cable	165.00
8	Track Circuit Connector Kit	1,600.00
1	Identification Decal for House	299.00
2	Identification Decal for Pole	100.00
6	Concrete Junction Box	1,404.00
6	Padlock	180.00
1	Concrete Foundation (Poured) For Signal	6,000.00
1	Foundation for House	2,000.00
	<b>COMMERCIAL MATERIAL TOTAL</b>	<b>\$18,233.00</b>

Street or Highway Easement from Southern Pacific Transportation Company, a Delaware corporation to State of Arizona, Department of Transportation, dated 9-25-75, recorded 1-26-76 in Docket 394 of O.R., page 82 and described as follows:

Crossing No. BDA-1227.48

All that certain real property situate in the Northwest quarter of the Southeast quarter of Section 9, Township 1 North Range 15 East, Gila and Salt River Meridian, County of Gila, State of Arizona, described as follows:

Commencing at the center of said Section 9; thence South 0°20'39" West along the west line of said southeast quarter 704.69 feet; thence South 72°39'48" East 805.30 feet to a point in the westerly line of land (100 feet wide) of the Southern Pacific Transportation Company being the True Point of Beginning; thence <sup>South</sup> 15°39'48" East along said westerly line 59.62 feet; thence South 72°39'48" East 71.54 feet; thence South 15°39'48" East, 60.68 feet; thence South 69°55'55" East, 49.28 feet to the easterly line of said company's land; thence North 15°39'48" West along said easterly line 242.35 feet; thence North 72°39'48" West 47.70 feet thence South 15°39'48" East 29.81 feet; thence North 72°39'48" West 71.54 feet to the said westerly line; thence South 15°39'48" East along said westerly line 89.43 feet to the True Point of Beginning.

Containing an area of 0.427 of an acre, more or less.

**EXHIBIT "B"**  
Prior Rights Documentation

2451-03-AERR

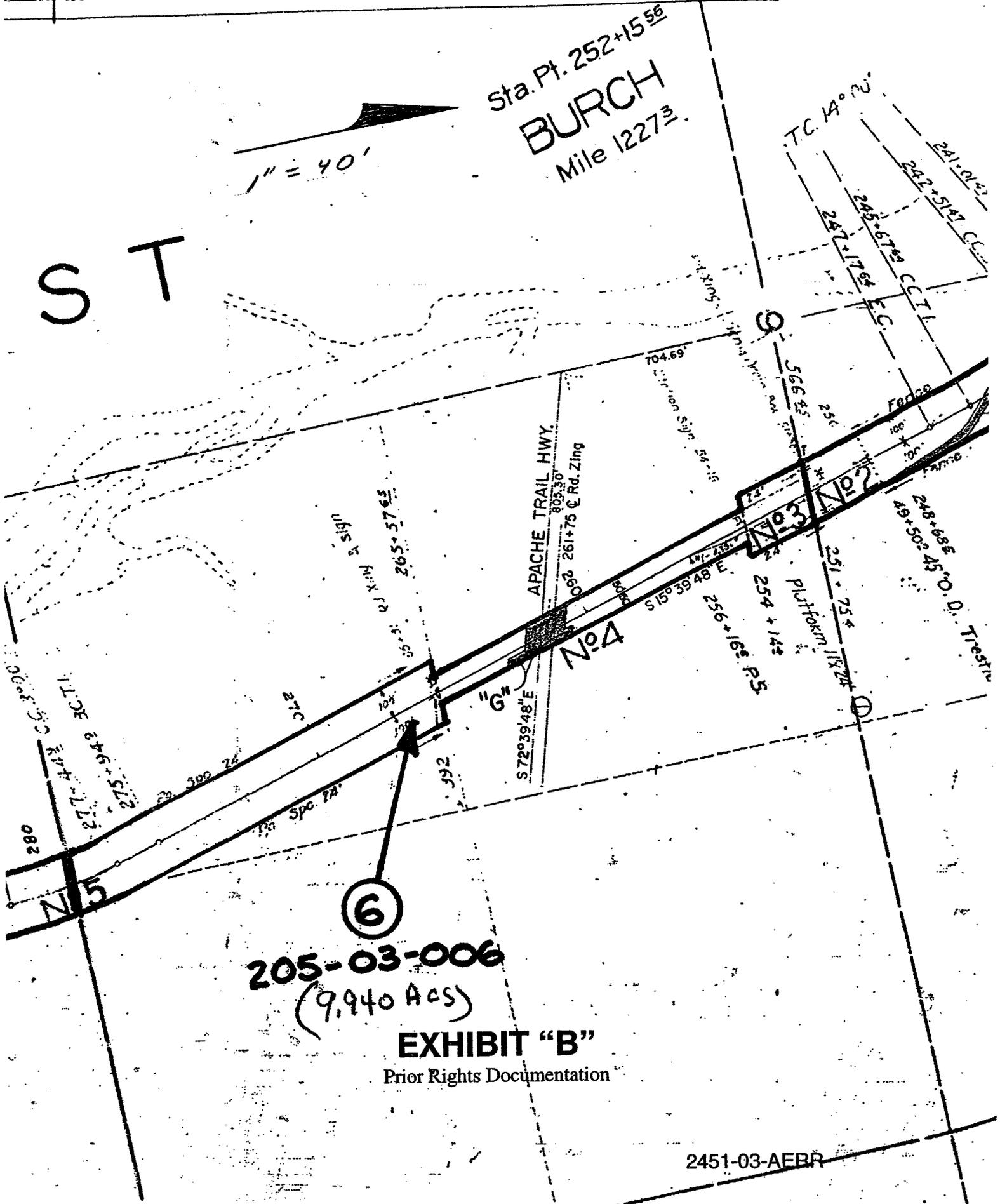
Grants use of 0.048 ac. for private roadway (letter "E").  
 Grants the right for 18" sewer pipeline (letter "F"). Also shown on sheet 32  
 Grants use of 0.427 ac. for highway purposes (letter "G")



Sta. Pt. 252+15.56  
**BURCH**  
 Mile 1227.3



**S T**



**205-03-006**  
 (9,940 ACS)

**EXHIBIT "B"**  
 Prior Rights Documentation