EXHIBIT "A"

Settlement Agreement

This Settlement Agreement ("Settlement Agreement") dated April 4, 2007, is entered into, by and between San Luis Obispo County, a municipal corporation organized under the laws of the State of California ("County"), and Union Pacific Railroad Company, a Delaware corporation, which provides rail transportation service in twenty-three states, including the State of California ("UP"). The aforementioned entities are referred to collectively as the "Parties".

RECITALS

WHEREAS, the County has filed an application with the California Public Utilities Commission ("CPUC"), designated Application No. 04-07-001 (the "Application") seeking authorization to construct an at-grade pedestrian crossing of UP's Coast Line in the vicinity of 16th Street in San Miguel, California at milepost 203.3 (the "Pedestrian Crossing").

WHEREAS, UP protested the application on July 29, 2004. A public participation hearing was held in the community before Administrative Law Judge Walker on April 19, 2006, followed by two days of evidentiary hearings on April 20 and 21, 2006. On July 25, 2006, ALJ Walker released his Proposed Decision granting the County's Application subject to conditions ("Proposed Decision").

WHEREAS, the Parties desire to work cooperatively to achieve their mutual objectives to improve and promote railroad crossing safety in San Miguel and to settle their differences in a manner that would permit the Pedestrian Crossing to be constructed in accordance with the terms set forth in the Proposed Decision as modified by this Settlement Agreement.

NOW THEREFORE, in consideration of the foregoing recitals, the Parties to this Settlement Agreement hereby agree as follows:

1. The Parties agree to settle the protested Application proceeding pursuant to the terms and conditions set forth in the Settlement Agreement regarding the approval of the Pedestrian Crossing, subject to the conditions set forth below:

a) The County acknowledges that the involved rail line of UP is an active main line that is utilized daily by both freight and passenger trains, that the number of trains could increase in the future and the nature of the rail operations could change, and that consideration of railroad crossing safety must be included as a factor in all future land use planning and development decisions in all areas under the County's land use jurisdiction.

b) Through its planning process, the County agrees that it shall seek to reduce the number of at-grade crossings within the County's jurisdiction.

c) Before commencing construction of the Pedestrian Crossing, the County shall either close one public active grade crossing in San Luis Obispo County or, in conjunction with adjoining landowners, facilitate the closure of one private grade crossing in San Luis Obispo County. The permanent closure of at least one crossing is a condition precedent of UP's obligations under this Agreement to install the Pedestrian Crossing.

d) Thereafter, the County shall agree to close one additional public grade crossing in San Luis Obispo County or, in conjunction with adjoining landowners, facilitate the closure of one private grade crossing in San Luis Obispo County as a condition of CPUC approval of any additional grade

crossing. If the County either closes at least one public grade crossing, or, in conjunction with adjoining landowners, facilitates the closure of at least one private grade crossing, and such private crossing is permanently closed, prior to filing any application with CPUC for any additional grade crossings, the County shall be entitled to a credit for said closure(s) in the CPUC proceedings relating to said application, provided the fencing along the 11th to 14th Street Corridor has been substantially completed as of the date of the County's prospective application for an additional grade crossing.

e) Within 6 months of the date that this Settlement Agreement is approved by the Commission, the County shall design and install the following improvements to the 14th Street crossing: a pedestrian pathway separate from the roadway. The time limit for completing these improvements will automatically be extended by the amount of time UP takes to review the plans and issue an encroachment permit and/or right of entry to perform this work.

f) The County shall arrange for construction of vandal-resistant fencing or other barriers (walls, buildings) along at least one side of the railroad right-of- way, at a location mutually agreeable to UP and the County, commencing at the 11th Street crossing and continuing to 16th Street, and to the north of 16th Street for approximately 200 feet on the easterly side or 1,000 feet on the westerly side of the tracks, so as to connect the fencing with other pre-existing fences, barriers or other structures, so as to discourage random crossing of the tracks. UP shall cooperate with the County in the installation of fencing along its right-of-way by assisting the County in locating an appropriate fence line, and providing rights of entry over UP's lands. Prior to construction, the County shall erect temporary fencing or other similar means approximately 25 feet from the center of the track to

restrict access to the track. At the request of the County, UP shall provide flagging protection as needed, at no cost to the County for any work that must be performed within the restricted area. The County and UP acknowledge that the fencing of one side of the 14th to 16th Street Corridor shall be completed within 2 years of the date of this agreement, and that all of the other fencing along the 11th to 14th Street Corridor shall be completed by the adjoining landowners as they develop their property.

g) The Pedestrian Crossing shall be constructed and maintained subject to the following conditions:

i) The Pedestrian Crossing will include a concrete sidewalk and signal activated flashing lights. The County shall be responsible for the design, installation, and maintenance of the gate mechanism. The design shall be submitted to the Commission's Rail Crossings Engineering Section (RCES) and to UP for review and approval before construction begin. The signs will be in both Spanish and English.

ii) The County shall bear all costs of the design and construction of the Pedestrian Crossing. UP shall be responsible for maintenance of the signaling devices at the Pedestrian Crossing, subject to reimbursement under the Crossing Maintenance Fund.

iii) The County shall enter into a construction and maintenance agreement with UP for the Pedestrian Crossing that incorporates the provisions of this Settlement Agreement and shall comply with all applicable general Orders and the Federal Highway Administrations Manual on Uniform Control Devices, as amended by the California supplement.

iv) Within thirty (30) days of completion of the construction work at the Pedestrian Crossing, UP shall notify the RCES in writing, by submitting a completed standard Commission Form G (Report of Changes at Highway Grade Crossings and Separations), that the authorized work is completed.

h) The County shall maintain "No Trespass" signs on both sides of the site of the proposed Pedestrian Crossing and shall encourage the safe use of the crossing at 14th Street until the proposed Pedestrian Crossing is installed. Thereafter, with the assistance from the local school district, the County shall encourage the safe use of the Pedestrian Crossing. UP will assist by providing Operation Lifesaver or similar programs at the request of the County and/or school district.

2) The Parties acknowledge and agree that they execute this Settlement Agreement in good faith and in an attempt to resolve a legitimate dispute. The Parties agree that this Settlement Agreement shall not be considered an admission of liability or fault and no past or present wrongdoing on the part of either Party shall be implied by this Settlement Agreement.

3. If any provision or any part of any provision of this Settlement Agreement is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, the parties agree to negotiate in good faith to resolve the matter and the remainder of this Settlement Agreement shall not be affected thereby and shall remain valid and fully enforceable.

4. Notices should be sent in writing to the following persons:

TO COUNTY OF SAN LUIS OBISPO

Noel King
Director of Public Works
1050 Monterey Street, Rm. 207
County Government Center
San Luis Obispo, CA 93408
Telephone: (805) 781-5252
Fax: (805) 781-1229
E-Mail: nking@co.slo.ca.us

TO UNION PACIFIC RAILROAD

Terrel Anderson
Manager of Industry and Public Projects
Transportation – Western Region
10031 Foothills Boulevard
Roseville, CA 95747
Telephone (916) 789-6334
Fax (916) 780-6333
E-Mail: taanders@up.com

6. The CPUC's authorization to construct a Pedestrian Crossing shall expire within two years of the date this Settlement Agreement is approved by the CPUC unless vandal-resistant fencing, walls, buildings or other barriers (collectively "barriers") are in place along at least one side of the railroad right-of-way between 14th and 16th Streets within said two-year period. If said barriers are in place within said two-year period, this authorization shall be extended an additional two years. If barriers are in place between the 11th and 14th Streets crossings within four years, the CPUC's authorization to construct the Pedestrian Crossing shall be extended an additional two-year period. Any additional request for extension may be granted upon the recommendation of the Rail Crossing Engineering Section of the CPUC. These authorization times will also be extended by an amount of time required for UP to review improvement plans, construction and maintenance agreements, encroachment permits and other documents indicated in this settlement agreement.

IN WITNESS WHEREOF, the undersigned Parties have executed this Settlement Agreement.

_____
County of SAN LUIS OBISPO

Dated: 4/4/07

Thomas L Ogee

UNION PACIFIC RAILROAD COMPANY

Dated: 3-28-07

4142epagr.doc
070187