

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

THURSDAY, June 27, 2019 1:00 p.m.

Carson City Community Center – SIERRA ROOM
851 East William Street (Highway 50 and South Roop Street) Carson City, Nevada 89701

MEETING MINUTES

Notice: Items on the agenda may be taken out of order; two or more agenda items may be combined for consideration; and items may be removed from the agenda or discussion relating thereto delayed at any time. This is the tentative schedule for the meeting. The Commission reserves the right to take items in a different order to accomplish business in the most efficient manner.

The following minutes are a summarized explanation of the topics discussed. A taped recording of these proceedings will be kept for review.

CALL TO ORDER

Chairman Dotson called the meeting of the Nevada Commission for the Reconstruction of the V&T Railway to order at 1:00 p.m. and called for the Pledge of Allegiance.

Pledge of Allegiance

1. ROLL CALL

Elaine Spencer called roll.

Chairperson: Deny Dotson - Present
Vice Chair: Nick Marano - Present
Treasurer: Mike Santos - Present
Board Members: Marshall McBride – Present
Stan Jones - Present

Others: Ken Dorr, Engineer
Hugh Gallagher, Storey County Comptroller

Public Attendance:

2. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: APPROVAL OF THE AGENDA

This is the tentative schedule for the meeting. The Commission reserves the right to take items in a different order to accomplish business in the most efficient manner. The Commission may combine two or more items for consideration and may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

M. Santos made a motion to approve the agenda.

Second – S. Jones

Approved – Unanimously

3. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: PUBLIC COMMENT ON NON-AGENDIZED ITEMS

Discussion may be limited to three minutes per person at the discretion of the Chairman. No action may be taken on a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.

No Public Comment.

4. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: APPROVAL OF MEETING MINUTES

a. *May 30, 2019*

M. McBride made a motion to approve the minutes from the May 30, 2019 meeting.

Second – N. Marano

Approved – Unanimously

5. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: FINANCIAL REPORTS

a. *Update by Storey County Comptroller Hugh Gallagher on the V&T Railway Commission's financial reports*

b. *Current (non-audited) FY 2019 revenue and expense projections by the General Manager*

H. Gallagher, Storey County Comptroller, provided an update on the financial reports from Storey County. He states his staff has been working with the Tyler program people to get an agency account set up. He apologized for the delay and stated they did not intend for this to be an issue. He states they are expecting to print checks on V&T check stock this week and get all the V&T accounts balanced for receipts and payables. He states the internal controls are still in place to do that. He states he expects to have something available for July. He states if any answers are needed, he'd be happy to help.

E. Spencer provided a report for the Commission with the projections for the end of the fiscal year. She stated we are close to ending the regular season at nearly half a million dollars. She states the May and June ticket sales have been very healthy. She states a few wine trains were in the month of June. She states it appears to be a popular ride. She stated there are still grant funds to be received in the amount of \$27,500.00 and ticket sales through June. She states the fiscal year will end approximately \$200,000.00 in the black. She explained some of the expenses will be moved to the next fiscal year. She states most of those expenses will be for marketing. She states the website was a \$42,000.00 expense that hadn't been originally budgeted; however, the budget is still looking healthy for the end of the fiscal year. She states the estimated ending fund balance will be between \$150,000.00 and \$200,000.00. She gave credit to Argentum Partners for the great marketing.

S. Jones asked if the upcoming weekend was sold out.

E. Spencer stated it is not sold out yet, however, most of those sales happen on Friday and Saturday. She also explained there are no large groups scheduled for the upcoming weekend.

M. McBride asked if there is \$200,000.00 in the bank at the end of the fiscal year, does that mean that the train would be at a breakeven point without the \$190,000.00 contributions from the counties. He also asked if this would be the first time ever that the train was in a positive state.

E. Spencer stated everything was kept very tight this year up until the last few months. She states this year we didn't need the subsidy but would have needed it for the improvements.

D. Dotson states it is a huge swing. He states he remembers asking the comptroller's office for over \$100,000.00 just to make ends meet and pay the bills. He asked if there were any expenses that hadn't been accounted for or any other capital expenses that could be needed like a new door or something that money could be used for.

E. Spencer states the overhead doors are being done now with the remaining funds for the depot improvements. She states one huge expense that will be coming is the electrical outlets in the building. She states it has been reviewed and mapped out to add power. She states there were some questionable additions that should be corrected professionally. She states there are about four outlets inside the depot that are all used for Polar Express. She states electrical and heat will also need to be run to the container outside as well. She stated they had a meeting yesterday where they discussed how to set up Polar Express with additional lights and items and the electrical was part of the discussion.

6. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: 2019 TRAIN SEASON TICKET SALES REPORT

E. Spencer provided a report to the Commission with the ending numbers for the fiscal year. She states she doesn't have access to activity tickets to get last year's numbers, but hopes to have them for the next meeting. She explained last year, one-way tickets had not been promoted, but they have been this year. She states there have been 107 passengers on the one-way rides. She states there is a market for it. She stated the 107 passengers is Carson City to Virginia City and there have been 63 passengers from Virginia City to Carson City. She states they are typically groups who want to stay up in Virginia City longer or who cannot make the 10:00 a.m. departure. She states the round-trip tickets are at 1,847. She explained the gift cards are due to people cancelling but receiving gift cards instead of refunds. She stated the Mother's Day weekend had 423 passengers. She stated the wine trains are not where she would like to be. She stated they are running at about half capacity. She explained they are directing a lot of marketing toward the wine trains. She states they have sold nearly \$200,000.00 in the last two months. She states regular season tickets and Polar Express tickets are all available for sale on the new websites. She states the only ride that is lacking is the wine train and

they are working on building that up. She states there is a lot of interest for the canyon rides.

D. Dotson states it will be interesting to be able to compare the ticket sales year over year with the new ticketing agency.

N. Marano asked about the bookings page handed out. He asked if these are including July 1, 2019 and forward. He also asked how far in advance people are purchasing tickets for their ride.

E. Spencer states it is within two weeks. She anticipates those numbers will expand and show higher numbers, but right now, everything is Fourth of July weekend. She states that is most of the notifications being received. She explained normally by Wednesday they will know if they will have a full train. If the train is not full, she states she works with the marketing team to encourage more sales. She discussed an article that was published with the Reno Gazette- Journal and stated she has seen an increase in activity due to that article as well.

M. McBride asked if the pre-sales for Polar Express are being comingled in this year's budget or if those monies are being held aside to be counted as revenue for the next fiscal year.

E. Spencer explained that is revenue that will not be counted for this year.

H. Gallagher stated it will be deferred income and will be used when the proper period comes about.

Steven Lincoln stated in the past; round trip passengers were asked if they wanted to go down to the canyon for an extra fee. He asked if the 89 toast of the canyon passengers are from that or if they were something different.

E. Spencer explained Toast of the Canyon is a specific ride that is ticketed and costs \$25 per ticket.

D. Dotson stated he enjoys the recap emails that E. Spencer has been sending out.

7. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: MARKETING REPORT

Molly Ellery, Argentum Partners, provided an update on marketing. She states they are seeing higher click through rates and they can track those analytics now. She states they are seeing more engagement than they ever have. She states they are working closely with E. Spencer to make sure those engagements are translating into ticket sales. She explained they are connecting E. Spencer with different breweries and wineries to participate with the wine and spirits trains. She states the ads that are running are getting high impressions and engagement, but they are not always translating into ticket sales. She states they are sometimes competing with other events in the area like the Reno Rodeo. She discussed the photoshoot stating they were able to get a lot of great photos. She stated they have been working with elected officials to get them to the train to ride and gain their support.

M. Santos states he appreciates them reaching out to breweries and distilleries, but asked if they had reached out to some of the local businesses who work in the alcohol industry to see if they'd be interested in sponsoring a train ride to their customer base.

M. Ellery states that has been left with E. Spencer and her team, but she would be happy to make some of those introductions if needed.

D. Dotson asked if the analytics are showing the click ranking on the back end of the website.

M. Ellery stated what they are seeing is that aside from the home page, the most visited page is the Virginia City to Carson City pages. She states the second highest is the Toast of the Canyon page. She states they are working with that to find out why those tickets are not being purchased more.

D. Dotson states he would like to see those.

M. Ellery stated she'd be happy to provide that at the next Commission meeting. She also stated that at the last meeting,

D. Dotson asked about a plugin for the calendar and she explained she looked into that plugin and there is a significant cost for the slight benefit it would have, so she did not believe it would be a worthwhile investment for the website.

8. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION AND POSSIBLE ACTION: ENGINE 18 OVERHAUL REPORT

E. Spencer shared photos of the Engine 18 sent by Tom Gray. She stated it was getting closer to being finished. Luke and his assistant are back working on the Engine, and they think it should be ready in the middle of July.

9. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: GENERAL MANAGER'S REPORT INCLUDING DEPOT IMPROVEMENTS UPDATE

E. Spencer states the Engine 18 coming back has generated a lot of ideas of what can be done when it's back. She asked the Commission if there was a lease agreement with Tom Gray.

N. Marano stated if there is, it would be more than two years old.

E. Spencer states that is something that should be discussed before the Engine 18 comes back.

D. Dotson stated there was some wording in an old contract, but it also had marketing and other things mixed in so it should be revisited, and a new contract put in place before the Engine 18 is back on the tracks.

E. Spencer stated there will be more capacity when it comes back. She states she has had a conversation with Groupon about having them do ticket sales. She stated she will be bringing more back on that at the next meeting. She states S.

Jones, M. Santos and herself had a conversation with Skunk Trains. She asked M. Santos and S. Jones to share their thoughts with the Commission.

S. Jones stated he would like to renew the whole contract with Tom Gray. He asked when the contract was done with Tom Gray.

N. Marano asked E. Spencer to clarify when that was done.

E. Spencer states it was renewed in May of last year and it is a five-year contract. She states the only changes to the contract were corrections and updates to a ten-year-old document.

N. Marano states with the additional capability of the Engine18 and Tom's desire to use the Engine a new contract needs to be negotiated.

S. Jones states he thinks M. Rowe should begin working on that. He states he believes it will take a few meetings to iron the contract out.

D. Dotson asked whether he was referring to a contract for the use of the Engine 18 or Tom's overall contract.

S. Jones states he would like to review the entire thing.

E. Spencer states in the budget it looks like he pays us; however, she has not seen any verbiage indicating he pays for it.

D. Dotson states there is no verbiage stating that. He states he does not believe the contract should be terminated in the middle of the summer. He states he does believe it needs to be reviewed and a contract should be put into place in regards to Tom Gray using the Engine 18 even if it is temporary to shadow the time frame of the current contract and have them expire at the same time so they can then be combined.

S. Jones states his thought is to have a new contract before the start of the season next year.

M. McBride states he is not sure if that can be done if there has been a five-year renewal. He states M. Rowe should send that contract out to the Commission, so they can review it before the next meeting.

E. Spencer explains there is a clause in all the contracts stating the contract can be renegotiated within that time period. She states with the Engine 18 coming back, the additional agreement needs to get into place.

K. Dorr states the Commission, beside from train services, rents equipment from Tom Gray. He states nothing has been discussed about the prices charged for using Tom Gray's equipment and he believes those figures should be looked at. He states he does not believe the rates being charged are unreasonable, but believes it should be discussed.

E. Spencer states the contract was discussed last year but with a new board, believes it would be a good idea to review it again. She states she believes Tom Gray will welcome that review as well.

M. McBride asked E. Spencer to contact Mike Rowe and have him send the contract out to the board.

E. Spencer states she will ask Mike Rowe and believes he should participate because he has the history.

S. Jones discussed the contact with Skunk Trains. He states they have improved on the rail bikes to include motorized assistance and polymer wheels. He states they were doing three to four departures per day at \$80.00 per ride. He stated their grade was a 3% grade where the Commission's track is less than that, so he believes it would be another avenue for the Commission.

M. Santos states he was impressed with the presentation made by Skunk Trains. He states the bikes they have are made exclusively by them, so they have controlled the design. He stated they had a guide in the front and the back of the group to keep pace and make sure everyone makes the ride. He states the guides are certified. He states they do daily maintenance after the runs. He states there is a lot of maintenance, but it is very regimented with a checklist that they go through. He states the seat adjusts for people. He states the bikes go about ten to twelve miles per hour. He states Skunk Trains is willing to sell or lease the bikes to the Commission. He states the next step they'd like to take is to have them bring a bike up and give a demonstration on the Commission's track.

E. Spencer states these are not the same rail bikes that she brought to the Commission before. She states the rail bikes from Las Vegas had more bells and whistles; however, it required an engine to pull them back. She explained with the motor assist on the Skunk Train bikes, there would not be a need for the engine to pull the bikes back up the 2.6% grade. She states that is why they would like to get a bike up here and do a few runs with it down to the canyon and back. She states she would like to see how it performs. She explained another difference between the Las Vegas bikes, and these are the weight. The bikes in Las Vegas were four hundred pounds, where these are ninety to one hundred pounds. She states with the Skunk Train bikes, there will be a more limited market because children under a certain size will not be able to participate and they are tandem only. She states the group from back East had some issues like we could only have the bikes for half of the season and then they had to go back to Las Vegas. She stated there was also another company already in line for the part of the season that was available. She states the bikes can be run weather permitting.

M. Santos states the bikes are light weight enough that they are stacked for storage,

N. Marano asked about the charging of the bikes and if the Commission's current infrastructure could support that.

E. Spencer said yes, they are easy to charge and will hold a charge all day.

M. Santos states they do have enough power to get people back up, however, they did say they could not guarantee it if someone uses the motor like a golf cart and does not pedal at all.

N. Marano states so for "normal use" they should have enough power to get back up from the canyon.

M. Santos stated yes they should without a problem.

N. Marano states he believes they would be a big hit here.

E. Spencer states these bikes are not the "sports car" version, but they have motors which mean we wouldn't need a vehicle to bring them back which would be a much better return on investment.

N. Marano asked if these would be a purchase or a lease.

- E. Spencer states they are open to both.
- D. Dotson asked what the cost is for one of the bikes.
- S. Jones states it would be between \$1,200.00 and \$1,500.00 per bike.
- D. Dotson asked how many would be run at a time.
- S. Jones states ideally six bikes.
- E. Spencer states they keep a couple on the side lines, so they can keep running while they work on others. She explains it is a simple machine, so the maintenance and repair is simple. She explained they are upgrading the wheels to make them lighter and more user friendly on the rail.
- M. Santos states he believes it is worth exploring because once the word gets out he believes people will be interested.

10. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: ENGINEER'S REPORT

- K. Dorr provided an update on engineering work. He states the regular season inspection and maintenance work is what they are working on. He states there is some resurfacing that needs to be done, but they'll have to wait until it is a bit cooler out to do. He states it will require some ballast which E. Spencer is aware of and they are working on that. He states they are working on scheduling the ultra-sonic rail inspection, but it is not a hurry to get that done. He states it can be done later in the fall. He states he believes the final payment for Armac can be released on July 6, 2019. He states that one culvert needs to be installed in the canyon. He explained it is not an emergency, but it does need to be addressed. He states it will require some plans being drawn up and then getting some bids.
- D. Dotson states the trailer that was brought down from Virginia City, could have been better flipped around due to the doors. He asked if the placement for it was going to work.
- K. Dorr states it is a good place for it and will work fine. He states it can be turned or leave it as is.
- E. Spencer states it does need to be taken off the wheels and placed on the ground. She also states it would be a perfect billboard if the doors were turned to the other side. She states due to its visibility from the road, she believes it should be flipped around.
- D. Dotson states it should be taken off the wheels to avoid anything building nests or squatters camping under it.
- K. Dorr explained there is a signal bridge down in that area as well that could also be used for a sign at some point too.

11. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: RECOGNITION OF THE OUTGOING 2017-2019 V&T RAILWAY COMMISSION CHAIRMAN DENY DOTSON AND VICE CHAIRMAN NICK MARANO

E. Spencer presented N. Marano with a plaque to recognize his time as the Vice Chairman of the Commission and thanked him for all his work and dedication. Next she presented D. Dotson with a plaque to recognize his time as the Chairman of the Commission. She thanked him and recognized him for the work he has done for the Commission.

12. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: NEXT MEETING DATE(S) & AGENDA ITEMS

- A. V&T Railway Commission Meeting, July 25, 2019, 1:00pm, at Carson City Community Center – Sierra Room

13. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: COMMISSIONER'S COMMENTS

M. McBride stated it has been Storey County's position for many years to participate with the Commission. He stated on the Storey County Commission agenda next week, there will be an action item for Virginia City to purchase the V&T freight depot in Virginia City on E Street. He states it is not a done deal until all parties sign, but is something Storey County has been working on for about ten years. He states they should become the new owners of the depot around August or September.

M. Santos states he is very impressed with the Commission. He states it is his first year with the board, but he believes it is a tight group of people who are moving forward in a positive way.

S. Jones states there have been a lot of improvements at the depot. He states the painting of the office and the restrooms was completed before the photoshoot. He discussed the garage doors for the passenger holding area and stated that should be completed within the next ten days. He states there is a gazebo shelter being installed within the next couple of weeks. He states the containers have been painted except for the one from Virginia City.

D. Dotson states when Pat Whitten came to him a few years ago and told him they were pursuing the SB57 and asked him to spearhead it, he was not looking for another project. He states he has seen results of the entire group coming together and accomplishing good things.

14. CHAIRMAN DOTSON BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ADJOURNMENT OF THE MEETING.

D. Dotson adjourned the meeting and passed the gavel to S. Jones as the new Chairman of the Commission.

DRAFT