

NEVADA COMMISSION for the RECONSTRUCTION of the V&T Railway

THURSDAY, August 29, 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 Jones 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: Stan Jones – Present
Vice Chair: Marshall McBride – Present
Treasurer: Mike Santos – Absent
Board Members: Deny Dotson – Present
Nick Marano – Absent

Others: Elaine Barkdull-Spencer, Angie Hoeger, Michael Smiley Rowe, Thomas Gray, Molly Ellery

Public Attendance: There were three people present from the public.

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

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S. Jones requested Item 9 be moved to the start of the meeting to make it the first item for discussion.
D. Dotson made a motion to approve the amended agenda.

Second – M. McBride

Approved - Unanimously

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

a. July 25, 2019

M. McBride made a motion to approve the minutes from the July 25, 2019 meeting

Second – D. Dotson

Approved – Unanimously

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

- a. Current (non-audited) revenue and expense report for the V&T reported by General Manager
- b. YTD Ticket sales report by the General Manager

E. Spencer said per Hugh Gallagher there will be a balance sheet for fiscal year 2019 next month. It was very close to completion. They were estimating to be over \$100,000 in the black and there should be a full report from Hugh at the September Board Meeting. As far as Fiscal Year 2020, to date the revenue is at \$341,691.66. That represents just the months of July and August. She explained that expenses were at \$261,511.00 and that finances are sitting at \$80,000 in the black. The largest item, outside of train services invoices, is the marketing costs. She said they have invested and spent a lot of money on marketing at the beginning of this train season. Last year we did not have the same scenario because the investment in marketing was lighter. She predicts there will not be the large expenses next year since the photo shoot and video shoot was included in this year's budget. She continued saying that the annual insurance bill was paid at \$10,500.00 and train services payments were \$88,000 to date.

(9. Moved) CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: MARKETING UPDATE BY ARGENTUM PARTNERS

Molly Ellery, Argentum Partners provided an update on marketing and the Engine 18 plan. There were increases of 18 percent or more of impressions and click through rates. There was a 34 percent improvement in display ads and the number of people clicking on those ads. They are reaching a much larger demographic. They have been focusing on working with local bloggers and influencers to help distinguish the difference between us and other similar operations. They posted over 20 posts and garnered over 32,000 impressions with their posts. Toast of the Canyon ad numbers have risen substantially. The Engine 18 renaming promotion on social media announced the engine's return and asked the readers what they would name the engine. On Facebook, they reached over 6,000 people overall, they had engagement with over 1,000 people, and received over 528

reactions, comments, and shares which to date is the largest impact on social media they have seen. There was a similar reaction on Instagram as well. A list was submitted to the general manager of all the name recommendations and the individuals who submitted names. They will have a contest to pick one of the names from the responses and the winner will ride in the engine on the trip to Virginia City. People are very excited about this. There will be a special debut with the Engine 18s return. A large VIP event will be planned at the start of next season.

D. Dotson asked what was driving the 34% increase.

M. Ellery relayed the vintage steam train and the 150th

D. Dotson asked what were the secondary clicks from these individuals.

M. Ellery stated she believed it was Virginia City and special events in Virginia City.

6. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR DISCUSSION AND POSSIBLE ACTION: APPROVE A LETTER TO THE NEVADA COMMISSION ON SPECIALTY PLATES TO CHANGE THE DIRECTION OF FUNDS FOR THE V&T RAILWAY SPECIALTY PLATE REVENUES TO GO DIRECTLY TO THE COMMISSION'S WELLS FARGO ACCOUNT INSTEAD OF STOREY COUNTY.

E. Spencer stated when Storey County originally took over the V&T Commission funds through an Interlocal agreement the V&T Railway Commission did not have their own bank account, however, the V&T Commission has been working from their own bank account for a few months now. The letter to the Nevada Commission on Specialty Plates requests that the funds generated from the V&T Railway Specialty Plates go directly into V&T Railway Commission's Wells Fargo bank account instead of Storey County's.

Chairman Jones asked how much money was that amount this year.

E. Spencer replied it was over \$25,000.00.

D. Dotson made a motion to approve the letter.

Second – M. McBride

Approved - Unanimously

7. CHAIRMAN JONES BROUGHT UP THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR DISCUSSION ONLY: PROGRESS REPORT ON THE #18 STEAM ENGINE AND RECOMMENDATION FOR AN INTERIM AGREEMENT WITH VT R.R. FOR THE USE OF THE ENGINE.

Thomas Gray stated there was bad news concerning Engine 18. They took it up to 165 lbs. of pressure and the drive pipe let go at the front flue sheet. They will have to take it apart and see what is wrong with it and steam it back up. He is uncertain when it will be back. He stated they will have one contractor and one of his guys return and they will know more in a week. They need to bring it up to full pressure.

M. McBride stated that we are dealing with unforeseen circumstances and we don't want to go forward with an advertising campaign until Tom can provide a more definitive date when Tom can make it operational.

S. Jones said to keep them informed.

(7 cont.) CHAIRMAN JONES BROUGHT UP THE SECOND PART OF THIS – RECOMMENDATION FOR AN INTERIM AGREEMENT WITH VT R.R. FOR THE USE OF THE ENGINE

M. Smiley Rowe had the existing agreement which has expired. He stated a lot of language in the existing agreement does not apply and needs to be changed. He suggested an interim agreement for the balance of the season. He would like to sit down with Tom, Ryan Russel, the Chairman, and perhaps Elaine, to work out the terms of a new agreement for the #18 for next year and the years beyond.

S. Jones stated he would like Elaine there as well. He also stated he would like an interim agreement carried through May of next year that way the current contract covers items during the off season.

It was agreed that the current contract has a provision for Engine 18 to be stored indoors for the winter.

Tom Gray said it wasn't anything to argue about, it is going to happen at any rate. He added the Engine 18 is a valuable machine.

M. Smiley Rowe will set up the meeting for the interim agreement and a new agreement.

8. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR DISCUSSION ONLY: UPDATE ON THE PROPOSED RAILBIKE OPERATION.

E. Spencer provided a copy of the Railbike Report by Jim Adamski from Skunk Train Operations in Fort Bragg. He was impressed how solid and new our track was and the caliber of the track. He did indicate because of the grade of our canyon the railbikes would require a more powerful motor than what is being used in Fort Bragg because their grade is very slight.

E. Spencer stated that there is one specific item that will make or break our bikes, the wheels have to have a more solid center in order not to derail. Other western railbike operations are starting up and possibly we could work together on the issues or the parts and order in bulk. As of August 22nd, E. Spencer spoke with Robert Panoli and they are interested in building the railbikes and he will bring a railbike to Carson City in the latter part of September to test the canyon with a railbike to see exactly what we would need for the canyon.

S. Jones stated one interesting thing is the railbikes are making more money and generating more revenue than the Skunk Train.

Jack, a public attendee, had a question about liability.

E. Spencer stated the insurance carrier views them as a motor car and the RFA does not have a problem with them.

M. McBride asked any idea what type of profit margin these other operators are making.

E. Spencer stated she did not actually ask other operations for their financials but she could see whomever is willing to provide that information and bring them to the next board meeting. Leasing the track does not benefit the Commission as much as running their own operation.

D. Dotson was concerned about infrastructure needs brought about with the report. He said an overall safety plan was missing.

E. Spencer said that all of the infrastructure concerns were addressed and answered in the updated report. Her responses were italicized. Regarding the interaction between the train and railbikes, she stated the railbikes would use the canyon, we would not use a train in the canyon. She said we could actually operate using a motorcar, not a locomotive. Having electric motors on our bikes or gas powered motors are options. She talked about having a prototype bike built, trying it out and having it to test the track and determine what our challenges might be.

S. Jones relayed that there is a guide in the front and a guide in the rear of every ride. There is no nonsense, they control the speed and are very tuned in to the safety of the operation.

10. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR DISCUSSION ONLY: THE GENERAL MANAGER'S REPORT:

E. Spencer explained how they will work the renaming of #18. The board will select the name for the engine. She stated in regards to the Toast of the Canyon, beer and wine trains were the most popular. They sold 145 tickets and needed three cars to be able to move around the train and serve everyone. They are now working on a spirits train. She said V&T Railway now has a wine label and they will be served on the train. She revealed the new logo. It will be premiered September 14th at the Toast of the Canyon Train.

She said they are ending the Groupon campaign. It was a huge success. They sold \$15,000 in tickets and had people on the train that had never ridden the train before. GroupOn has a following and the way they marketed V&T was very well done and E. Spencer was not disappointed with the results. She will continue the Friday campaign for the 150th in order to keep the Friday passenger numbers up.

E. Spencer spoke with Joel Dunn regarding metal work and a metal train sign. He gave her good advice and it looks like V&T can get a metal sign cutout of a steam engine and put up on the hill. Not only as general marketing but it will identify the turn off to get onto Flint Drive. To get the metal cutout the cost is \$2600.00. E. Spencer spoke with the property owner where the signage will go and he is ok with it as long as the City and NDOT are ok with it. The sign will be highly visible in both directions on HWY 50. E. Spencer does not have a bid for the placement of the cutout at this time.

M. McBride stated he thought it was a pretty fair price and asked if there was any way to get an artist's rendering of what it will look like.

E. Spencer said it was a silhouette of a steam train that we use and not as fancy as the one on the interstate but used more as a symbol and a landmark. She can send him a copy.

M. McBride said his concern was to make sure it was large enough because traveling at 55mph you only have 2.5 to 3 seconds to view anything.

D. Dotson asked if this would fall under this year's budget as a marketing item.

E. Spencer said this was not a planned item and she would look at the budget. She felt it was a necessary item because last year they looked into directional signage that has worked somewhat, but the most NDOT would give V&T Railway is a small signage stating "Eastgate Depot" which is not effective enough.

11. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: ENGINEER'S REPORT STATING THERE WAS NO ENGINEER'S REPORT TODAY.

12. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ATTORNEY'S REPORT.

M. Smiley Rowe said he already spoke about the lease and other than agenda review and proofreading minutes it has been pretty quiet.

13. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: FOR DISCUSSION ONLY: NEXT MEETING DATE(S) AND AGENDA ITEMS:

- A. V&T Railway Commission Meeting, September 26, 2019, 1:00 p.m., at the Carson City Community Center – Sierra Room

14. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: COMMISSIONER'S COMMENTS

D. DOTSON stated the marketing meetings have been going well with good ideas and direction. He said ticket sales are going great for Camel Races and he wants to make sure people know to have their ticket early for the show before they get on the train that morning.

M. McBride congratulated the effort of the marketing team for having their passengers wear the bright yellow stickers which are very noticeable and a good tool for merchants in VC so they can tell which customers walking in the door are being brought up by the train. He said people like it if you engage in conversation with them and ask how they liked their train ride and if they saw any wild horses on the way.

S. Jones stated the board has a lot of things going on this year, they got a lot of things accomplished last year and the board should be commended. He said there is a long way to go, but he is optimistic they are going in the right direction and will be very successful next year. They did a lot of improvements this past year and spent a lot of money that was non-railroad related but was very necessary. He thanked E. Spencer for her leadership and said they were able to get it done.

15. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: ADJOURNMENT OF THE MEETING.

M. McBride made a motion to adjourn the meeting.

D. Dotson seconded the motion.

S. Jones adjourned the meeting at 1:57 p.m.