

NEVADA COMMISSION for the RECONSTRUCTION of the V&T Railway

THURSDAY, SEPTEMBER 26, 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 – Absent
Treasurer:	Mike Santos - Present
Board Members:	Deny Dotson – Absent
	Nick Marano - Present

Contractors: Elaine Barkdull-Spencer, Angie Hoeger, Ken Dorr, Michael Smiley Rowe, Matt Robinson, Jacqueline Nader

Public Attendance: There were 3 people present from the public.

2. CHAIRMAN JONES 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 – N. Marano

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. August 29, 2019

M. Santos made a motion to approve the minutes from the August 29, 2019 meeting

Second – N. Marano

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 presented an in-house report using QuickBooks as a profit and loss report for this month. She stated we are ahead of last year since regular season we're up and Polar Express tickets sales started early, the Interlocal contribution from Storey County was also received earlier than last year. As of July 1 - September 25, 2019, a total of \$609,000 had been received and deposited. She explained as for expenses - \$360,000 in expenses is not unusual since a bulk of the expenses are at the beginning of a fiscal year. She stated that is when most of the activity takes place, also preparation for the Polar Express. High dollar amounts that may stand out are legal and professional services, online media, also social and traditional advertising. She said not only are they advertising for the regular steam train, but also advertising for the Polar Express. Train Services was \$145,000 thus far.

K. Dorr asked if the Track Related Service Expenses included the Sperry invoice. E. Spencer replied it did not. She explained that she understood that the bill was to be split up and she was to be shown what V & T Railway owed and what Tom (Gray) owed.

6. CHAIRMAN JONES BROUGHT UP THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR DISCUSSION ONLY: PROGRESS REPORT ON THE #18 STEAM ENGINE.

N. Marano stated this past week he, along with E. Spencer, and M. Santos had the opportunity to check on the status of #18. Tom Gray was unable to make the meeting but submitted an email advising they had a successful steam test. He called the federal inspectors and is awaiting their inspection of the engine.

N. Marano stated all the big items to get #18 operational are completed, the boiler is fully operational, it had a hydrostatic test, and that Tom actually fired it up on Sunday. He had no issues with it.

N. Marano explained he believes once the federal inspection is complete, they will be looking at the end of this rehabilitation project. No firm date, but he said he sat up in the engine and it looks complete.

M. Santos relayed even if they do not have a date for completion, he is hoping they can get it on the tracks once before the season ends to showcase it and give people something to look forward to next season.

7. CHAIRMAN JONES BROUGHT UP THE NEXT ITEM TO THE COMMISSION'S ATTENTION FOR POSSIBLE ACTION: APPROVAL FOR AN INTERIM AGREEMENT WITH VT R.R. FOR USE OF THE #18 ENGINE:

M. Smiley Rowe said he, S. Jones, and E. Spencer, met with Ryan Russell (attorney for Tom Gray). Tom did not make the meeting, however, participated via phone. They came up with an interim agreement to extend the term of the existing lease until April 30th of next year under the same terms, conditions, and cost, that is provided in the lease agreement. In the meanwhile, they will be working on a new lease and Ryan Russell proposed combining the lease agreement with the operating agreement and having one global agreement for the operation of the #18 and the railroad operations for the commission for the next season. M. Smiley Rowe relayed after several attempts to reach Ryan Russell, he has not received a response regarding a simple agreement that would be signed by S. Jones and Tom Gray extending the term of the existing lease agreement to April 30th of 2020. Ryan Russell did send an email confirming as a result from the meeting with those in attendance and Tom Gray via phone that parties did agree to extend the existing agreement until April 30th of next year. M. Smiley Rowe will continue to try and reach Ryan Russell.

S. Jones said it is his opinion that they do not wish to operate the train without a current agreement. Even if it comes back for one week. M. Smiley Rowe said he would like something in writing that reconfirms the existing lease because there are important terms in there we need to make sure apply, i.e. the burden of insurance, whose insurance is primary, whose is secondary in the event the policy to cover the V&T RR is insufficient to cover a loss. There are other important terms in the agreement he believes we need to renew through next April and include in any new lease agreement once we get it. He said in the event of a simple extension agreement on the lease, he would like the Commission to authorize the Chairman to sign it independent of a Commission meeting once it is drafted and approved so there is a lease immediately effective upon having a signature.

N. Marano made a motion to authorize the chairman to sign an extended agreement regarding the operation of the #18 Engine that extends the current term and language of the current approved agreement through 30 April 2020.

Second - M. Santos

Approved – Unanimously

Chairman Jones said he wants to review ALL contracts during the off season. The contract with the V&T RR Contract, our marketing contract, and the agreement with E. Spencer. He said some of the contracts are 10-12 years old and it is time to renew them. He went on to explain that is the plan after the holidays just for information.

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

M. Santos said he has met with E. Spencer and discussed getting a railbike prototype and having test wheels made in order to make sure the wheels work on our tracks. They are working with Jim Adamski to put together a proposal for a prototype to be delivered so they can put it on the tracks and test it. M. Santos relayed it is his hope to get these bikes built and put on the tracks by next season to coordinate with the events coming to Carson City and up into Virginia City and showcase the bikes with these events. He spoke about all the families that come up with sporting events and other events it would be a good thing to show.

E. Spencer added we are shooting for October. It is the manufacturing of the wheel stiffeners that needs to be done since they know they can get the polyurethane wheels; it is the stiffeners for the wheels to be inserted inside the wheels that is the hold up. Jim Adamski did not want to bring the bike here without the stiffeners on the wheels in case it did not work on the track and it would be a negative experience for the board. They are working hard looking for a supplier who can provide both the stiffeners and wheels. E. Spencer asked the Board for approval to purchase prototype wheels based on our needs. The cost being \$1,500-\$1,800 dollars. The bike itself is very affordable and Jim Adamski has one, including a motor that we can try out. She said they are working with Skunk Train to see if there are benefits of ordering railbike parts in bulk.

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

Matt Robinson said display ads remain steady; just over 300,000 impressions. They continue to see substantial increases in the impressions, clicks, and click through rate year over year. For paid social, nearly 142,000 impressions which is nearly 3X more than last month. There were prominent placement ads in Tahoe Daily Tribune, Lahontan Daily News, Nevada Appeal, and Record Courier mostly for Toast of the Canyon and Steam Trains and will continue to run until the end of this season. For Website data -organic traffic is the main type of visitor followed by over 30% direct traffic. Update on the steam train, he said they utilized all the assets on the social, digital, and traditional mediums. They saw quite a bit more traffic since the photos went up. They sent out an E Blast for the Toast of the Canyon and received a 16 percent open rate and approximately 11 percent click through rate. For earned media, Carson Now for Camel Races and Polar Express Auditions, Channel 4, Fox 11, Carson Now and Appeal for the 150th Anniversary. For Toast of the Canyon Spirits Train they are building assets with Cemetery Gin and Bloody Muckers photos. They will be sending out a Press Release for the end of the Toast Season and hosting a specialty event. For Polar Express they will have print, radio ads, in addition to the traditional digital. He explained the first release will go out in October and they will follow up to get interviews and in studio opportunities. He said he is preparing for the radio run for Polar Express as well as working with E. Spencer on securing a billboard for Polar Express in Reno.

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

E. Spencer relayed the passenger count to date is 6,332 people. She said for a majority of the trains we are at capacity and have requested a third train off and on. Due to good weather conditions and great marketing our ridership is way up. Toast of the Canyon was way up - 502 passengers to date. To date there were 3,686 presold Polar Express tickets, for \$203,000. She is hoping to come back to the October meeting reporting they have met that goal three times over, mostly due to the marketing campaign and the billboards both in Reno and Carson City. She informed the board that a billboard just went up that day in Carson City near the CVS on Highway 50. Year to date for regular train season is \$265,000 which does not include October nor May and June of 2020. The Spirits Train on October 12th is expected to be a fun train with a good turnout since Bloody Muckers will be served using Cemetery Gin 30 minutes prior to the train departing and white wine will be served on the train. The Anniversary Trains averaged anywhere between 100 – 120 people on Fridays. The Polar Express committee has been meeting regularly

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

K. Dorr said they went through the Sperry ultrasonic rail detection car to look for internal rail defects and it was done in conjunction with Tom Gray/VTRR and they will be splitting costs with them. He explained on our track there were three defects found. One was a bolt hole crack that he believes is the same location detected five years ago when they were unsure if it was a bolt hole crack or not. There were other technical defects found which is the start of a split in the head. They are minor, and Gabe will be doing the necessary corrections on those. In the case of the bolt hole crack they are going to replace the rail. The other two locations only require a set of joint bars to be put on. He went on to say as a tourist railroad they are not under any mandate to do an ultrasonic rail inspection. He said they try to do it every four years explaining every defect found is a good thing. K. Dorr said they finished the painting of the interior of the girder across the bridge as well as the surface. There were some rust spots and that is a general maintenance item. February 2009 was the last time the bridge was painted. They are trying to get spray paint made up to touch up when necessary some of the exterior portions where people can actually see the bridge. He went on to explain that when they are doing maintenance on the lighting of the bridge, hopefully, then they can touch up some of the spots there too with a can of spray paint. There is primer under the silver paint so basically it is just a surface treatment. None of the painting items were structurally significant and he stated 'you take care of them before they become a problem'.

K. Dorr brought up his list for Capital Improvements for the Board to ponder. He said we could easily build half a mile into Carson River Canyon before getting into extensive earth work and/or retaining wall/culvert. If they were able to come up for the funding for this, it would give an additional half a mile of track for the railbikes so they can really see the Canyon. The Right-of-Away is in place and the Environmental Assessment is still good and will cover the work.

The Culvert Installation below the model airplane field is stable now and should continue to be monitored, but ultimately will have to be replaced at the cost of approximately \$50,000. He recommends to wait and see, if there is a problem it will be during the winter when the track is not in use. Right now everything is stable.

K. Dorr said he and Gabe (Track Maintenance Contractor) have a list of to do work. The work at the end of the season includes the ditches and culvert work to get them cleaned up in the event of a storm in the winter. They have a little bit of welding and grinding repair to do.

Chairman Jones asked what the cost is for the ½ mile of rail to be added. K. Dorr replied approximately \$500,000.

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

M. Smiley Rowe said he already reported on the #18 lease, so other than that it is the usual minutes/agenda review and coordinating with Elaine on administrative tasks.

13. CHAIRMAN JONES BROUGHT THE NEXT ITEM TO THE COMMISSION'S ATTENTION: COMMISSIONER'S COMMENTS: (Chairman Jones Included Public Comment)

Dave Peterson- Executive Director with the Carson City Culture & Tourism Authority stated he was very excited about the railbikes and it would be an amazing outdoor activity for people to engage in. He explained it is cool that it is on a railroad track because there is a historical aspect to this as well as a recreational aspect. He spoke recently with Gravel Grinders that were in town about our railbikes. They spoke about how during next year's Gravel Grinders event, the non-participant (spouses and kids) can ride our railbikes and it will be an amazing experience. He is looking forward to working with E. Spencer and Argentum Partners to market the railbikes and he is fully supportive of it.

14. 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, October 31, 2019, 1:00 p.m., at the Carson City Community Center – Sierra Room

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

S. Jones asked for a motion to adjourn the meeting.

M. Santos made the motion.

S. Jones adjourned the meeting at 1:54 p.m.