

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
Minutes of the Wednesday, January 26, 2022 Regular Meeting
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A regular meeting of the Nevada Commission for the Reconstruction of the V&T Railway was held at 9:00 a.m. on Wednesday, January 26, 2022, in the Community Center Robert “Bob” Crowell Boardroom, 851 East William Street, Carson City, Nevada.

The meeting video is available on Carson City’s website by clicking on the link below:
https://carsoncity.granicus.com/MediaPlayer.php?view_id=2&clip_id=1969

PRESENT: Chairperson David Peterson
Vice Chair Clay Mitchell
Treasurer Jim Wells
Commissioner Stephanie Hicks
Commissioner Deny Dotson

1. CALL TO ORDER

Chairperson Peterson called the meeting to order at 9:01 a.m.

2. ROLL CALL AND DETERMINATION OF A QUORUM

Roll was called and all Commissioners were present, establishing a quorum.

3. PLEDGE OF ALLEGIANCE

Chairperson Peterson led the Pledge of Allegiance.

4. PUBLIC COMMENT

Public comment was made available via telephone, (775) 686-9037. Chairperson Peterson entertained public comments; however, none were forthcoming.

5. FOR POSSIBLE ACTION: APPROVAL OF MINUTES – NOVEMBER 30, 2021 V&T RAILWAY COMMISSION MEETING

Commissioner Hicks had a couple of corrections to note on the record.

- On page 2, the second bullet from the bottom, the last sentence – there is a period missing after “ability to provide services”.
- On page 3, in the last paragraph that starts with “Treasurer Wells” – there is a period missing at bottom of that paragraph after “transactions” as well as a period missing in the first bullet after “information”.
- On page 4, the last bullet (Note 9) – there is a period missing after “times”.
- On page 5, second sentence to the bottom – should say Chairperson Peterson and Commissioner Hicks were in favor or indicated they were in favor.

Treasurer Wells also had a couple of small edits.

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- On page 3, the second bullet – it should read the biggest change from fiscal year 20 to fiscal year 21.
- On page 4, the fourth bullet under Note 7 in the eighth line – GAAP acronym instead of “gap”.

MOTION: Vice Chair Mitchell moved to approve the minutes for the November 30, 2021 meeting with the noted changes and corrections. The motion was seconded by Commissioner Dotson and carried 5-0-0.

CONSENT AGENDA

Treasurer Wells noted that there are a few discrepancies between the budget reports from Storey County and his records. A few transactions were recorded incorrectly by Storey County that need to be fixed. The biggest is, revenues have not been broken out between regular revenue and Polar Express revenue. All revenue is currently lumped into regular train operations. Treasurer Wells has sorted through revenue generated through December from Polar Express and there is about \$575,000 – includes parking, historical fees, and ticket fees but does not include prepaid ticket sales received in prior years. The total is relatively correct. Treasurer Wells has not had a chance to go through the spreadsheets breaking down Square and cash deposits on-site (for parking and merchandise), has only gotten through what is in Fare Harbor. Will be fixed in February, will be broken out in reports sent to Allyson for February meeting. The revenue is what we have collected, it is just not broken out on report into proper RGLs.

MOTION: Commissioner Hicks moved to approve the Consent Agenda acknowledging that Polar Express revenues need to be extracted out of the total revenue amounts for the January report. The motion was seconded by Vice Chair Mitchell and carried 5-0-0.

Commissioner Dotson asked for a PEX royalties estimate. Allyson commented that we are currently working on the royalties report for Rail Events. Rail Events requires the information broken down by adult versus child as well as actual ticket price. We have to go through each individual transaction one by one to extract that information. Rail Events’ estimation is close to the estimation we are coming up with. However, a few thousand dollars off from what is reflected in the GL versus what we are reporting in actual ticket sales. Part of that is due to the 2020 sales that were rolled over into 2021 as deferred revenue. Need to submit report by January 31st to receive 5% break on royalty fee. We will be submitting a check for \$120k in royalty inclusive of ticket sales as well as photography sales. Estimation from Rail Events is \$117k. If we have overpaid, they will cut us a check back one we reconcile all numbers.

END OF CONSENT AGENDA

8. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING PROPOSAL FROM GABE WILLAMAN RAILROAD CONSTRUCTION IN RESPONSE TO REQUEST FOR PROPOSAL 2021-26 TRACK MAINTENANCE SERVICES.

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Posted RFP on November 15. Gabe's company was the single bidder to RFP.

Ken commented that he also sent the RFP to 4 individual railroad maintenance contractors – all of which are located out of state. In looking at Gabe's costs, prices are virtually the same – just a little higher than originally established in 2009. Gabe is conservative in what he is charging the Commission.

Chairperson Peterson to work on contract with Gabe and Mike and present at February Commission meeting for the full Commission's consideration and approval.

MOTION: Treasurer Wells moved that the Commission accepts the proposal from Gabe Willaman Railroad Company and authorize the Chairperson to enter into a contract with Gabe Willaman Railroad. The motion was seconded by Commissioner Hicks and carried 5-0-0.

9. FOR DISCUSSION ONLY:

MONTHLY NON-ACTION ITEMS:

A. OPERATIONS REPORT

Operations –

Ended the season with Halloween at the Depot, wrapped up Freedom Rail rail bikes. Polar Express was a lot about establishing processes and procedures. We had a manual provided by Rail Events as well as some historical documentation, but we needed a more systematic approach. As we were planning and doing, we were documenting everything, making checklists, making deadlines for Polar Express next year. Hired and trained staff that worked through Polar Express – started with 11 and ended with 5 core staff. We received all the new retail. Had retail left over from previous Polar Express seasons – thought it was just from 2019 but actually from as far back as 2014. Pulled every holiday item out and went through. A huge chunk of time spent on customer service – received on average 60-70 phone calls per day, at least 10 to 15 voicemails. Checked and returned phone calls twice a day in the morning and mid-afternoon. Changed the voicemail to reflect sold out, email to be added to the waiting list. Were told how hot chocolate was done in the past but we established a new method which allowed us to use less staff. Procedure is now written out for future years. Sent out a post-ride survey and received 82 responses. Sent out additional e-blast to riders to get more survey responses – enter to win two general season tickets. Responses reflect very happy people and very unhappy people. Will go in depth on results at board retreat. Looking forward to next season, trying to finalize 2022 general train and Polar Express seasons. Will be discussing this at the retreat because we are anticipating changing how the schedule has been done in the past. Also coordinating with Freedom Rail rail bikes. We are still closing out 2021 for them before moving into 2022 to ensure we have a smooth upcoming season. Having a recap meeting with Rail Events on Monday. Will bring feedback from their team to the retreat. We checked every box except for two on their evaluation. Need to take down Polar Express before general season begins.

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General Season Numbers –

Total of 1,750 riders. Gross revenue of \$81,916. Pulled 2019 numbers for the same time period (September through October since we only ran one weekend in August). Lower in 2021. Can be attributed to COVID as well as due to marketing. Marketing spend was significant in 2019 but minimal in 2021. Looking to get ridership up in 2022 using marketing.

Rail Bike Numbers –

We are still finalizing these numbers. We currently have multiple sets of numbers – from staff, from management, and from ticketing system. These numbers are likely close. We have a call with them next week to work through discrepancies and get a final number. Chairperson Peterson emailed Todd and Vinnie about the numbers that we were able to pull from Fare Harbor versus what they were pulling. However, Fare Harbor did not come into play until May of 2021. As a result, there were cash sales, check sales, Square sales prior to mid-May making reconciliation difficult. Also impacting their numbers were the refunds and the sales converted to gift cards. Their team pushed for gift cards as opposed to refunds.

Polar Express Numbers –

Tentative numbers (plus or minus \$15k-\$20k) due to deferred revenue from 2021 sales as well as gift cards. Not going to report net but we did make money. However, not as much money as in the past due to lower ridership capacity and car configurations. 10,564 total riders. Reports for Rail Events breaks numbers down even more – adults and children. In 2019 we had about 15,000 riders – mostly sold-out season, not completely sold out. Relatively speaking, we did well with one less car. Had some cancellations come through which affects revenue. We did a new no refund policy unless someone called well in advance, and we could resell the tickets to the waiting list. Refund minus a \$25 fee to cover costs – will also impact revenue. Showed pictures from Polar Express. Deluxe table – customers purchased entire table. Description stated that the table comfortably seats 4 adults but up to the purchaser's discretion. Only 40 people fit in the car so an intimate experience at a lower price point than VIP. Private room was part of Deluxe offering which included a cup and a bag. In VIP, customers receive a VIP mug and a VIP bag. The private room was first to sell out, fits 15 people, could have charged more. A lot of VIP patrons selected this option but missed their mug. Considering turning the private room into a VIP experience with the VIP mug at a higher price point. VIP car only seats 30 people. A way to increase revenue. Also new this year, Tom installed metal cupholders in the Coach car. This helped with speed of cleanup. Brought in event producer to transform the Depot. She utilized some of our décor and some of their décor. Going for big top tent vision and feel. Created multiple Instagrammable walls – utilized old Christmas lights and retail blanket. Refurbished counters with metal and wood facades.

Assets –

- Putting together a facility transition manual
- Bring in electrician to look at things – the power went out the first night of Polar
- Got on a routine septic pumping schedule as well as propane
- ARMAC came out and shoveled the snow (parking lot and walkways)
- Airtight septic risers installed to help with septic smell
- Moving forward, minor Depot improvements (necessities versus wants)

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- One of the water pipes cracked but will be fixed in April – Ken and Gabe are working on it
- Lollipop Productions did full inventory of their items, Atypical will double check
- Costume cost will be incurred year over year because staff changes
- Final inventory of retail and décor

Board Relations –

Audit is complete and will be mailed this week to Department of Taxation. Worked with Roy Street to come up with payment plan. After first credit card transaction, he decided he prefers to pay via check. Atypical will track to ensure payment is received each month. Accounts payable, took over Form-55 reporting, renewed insurance. Up next is continuing to put on Commission meetings, accounts payable, and a budget is coming up. Most importantly, the Board retreat. February 9th 11:30 – 5:00. Was hoping for a full day – possibly committee breakouts in the morning. Will post a notice of possible quorum. Will dive into Polar Express recap (numbers, budget, next year), the 2022 general train season, new events, group sales, upcoming RFPs (deadlines, committees), revisiting the strategic plan.

Marketing

Minimal marketing for Polar Express because sold out. People would respond that they couldn't believe we were sold out already or it became a ticket resale/trading conversation. Pulled back on Facebook and Instagram posts, focused more on stories (40 or so). Posts limited to big announcements, information we needed to convey. Stories more monologue than dialogue. Facebook and Instagram are growing. 16,684 Facebook likes, reach is lower than a smaller platform due to algorithm. Most reached/popular post was sold out announcement – 3,300 people and 164 reactions. On average, each Instagram story reached 300-350 people. Posts reached approximately 200 more people (roughly 500-700). Did not include PR and advertising slides because media buy for Polar Express was pulled. Did not spend the money on the marketing because sold out. Did not need to do much PR at all. Marketing for general train season heavily impacts ridership. \$40k in the budget. Schedule will be confirmed by the end of the retreat, go on sale the following week. Will correlate with an ad buy of \$35k. Reserving \$5k for boosted posts, etc. Buy includes outdoor, digital, radio, a little bit of tv. Heavy in February through April due to political season beginning in April – we are priced out. Marketing will play a huge role in getting the word out about our modified schedule. Marketing committee will approve the media buy – David and Deny. Our marketing will work collaboratively with Virginia City and Carson City marketing. Commissioner Dotson emphasized brand recognition. Marketing dollars ought to be spent on marketing. Should have media buy plan by end of the week – will share with the committee. Reached out to Antos Agency regarding website numbers and it turned out there are two Google analytics accounts. Identified the correct Google analytics account tapped into correct handles to get accurate numbers. October – January, 46k users, \$212k in revenue. This is connected to Fare Harbor. Tap channel is organic search (57%), paid search is nonexistent because no money is being sent on search. This channel will grow. New visitor versus returning visitor graph. City breakdown of users – Reno (1), Sacramento (2), San Francisco (3), Carson City (4).

B. ENGINEER'S REPORT

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Kent Hanford, owner of Hanford Consulting, present. Kent was responsible for the construction management and making sure the railroad track got built on all railroad track except for Overman pit project. Involved in project since 2008. Kent also does annual bridge inspection and supervises overall structure inspection. Completed annual inspection reports. Reports are being given to Allyson to put at Eastgate Depot. Under federal railroad regulation requirements, some reports have to be filed and subject to review on demand by FRA. Required to keep a number of these reports for two years – track inspection reports, crossing signal inspection reports, bridge inspection reports. Bridge needs to be inspected by federal regulations once a year even though NDOT inspects it twice a year – all railroads must do an annual bridge inspection as well as an annual bridge maintenance program. Also passing along bridge and structures management program to Allyson – required by the FRA to keep on file and updated.

Kent spoke about bridge inspections. Visually looks through all components that he can get access to. NDOT performs their inspection every two years – they shut down traffic, use manlifts, can access some of the substructure that he does not get access to. Inspections done from the ground or from above. Does a thorough walkthrough looking for anything that might have occurred over the past year. Part of requirement is to observe a live load – observes the train crossing. Have been able to keep up on maintenance of bridge. Two years ago, refreshed coatings on the top surface that had been weathering, some minor repairs, the addition of a bolt, some concrete patching where NDOT identified some possible sprawling in the concrete at the North abutment. Gabe was able to make those repairs. NDOT did not perform their inspection this past summer, scheduled to be back in 2022. Will see if they identify anything, not expecting anything. Will continue to keep an eye on the bridge and stay current on required inspections. Kent coordinates with NDOT on inspections, discuss issues identified.

Had maintenance way work planned – did not get everything done. Biggest priority was resurfacing and lining Overman embankment. Had some equipment issues so did not get work done. Hoping to proceed in the spring once equipment is running again. Ultrasonic rail inspection every 4 years - due in 2023. Ken will investigate cost. We coordinate this with Tom. Purpose is to detect broken rail because you don't want it to break under traffic. To do list this year is to update the track inspector and signal inspector list – required by the FRA. Gabe making some material purchases (spikes, bolts, graphite, etc.). Gabe also tackling some things that were on the list from last year that weren't done due to weather i.e., a joint oiling program, some welding and grinding. Does not see any obstacles to launching the season on Mother's Day.

C. UPCOMING MEETINGS

Chairperson Peterson read the following into the record:

The next V&T Commissioner's meeting is scheduled for Wednesday February 23, at 9:00 am.

10. COMMISSIONER COMMENTS, ANNOUNCEMENTS, AND REQUESTS FOR INFORMATION FROM STAFF

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Chairperson Peterson brought up the Great Western Steam Up over the 4th of July weekend in Carson City. Being put on by the Nevada State Railroad Museum and friends of group. Celebrating 150th anniversary of connecting Carson City and Virginia City to Reno on the V&T. Bringing in potentially 10 locomotives that ran on V&T. Haven't been together in 87 years. Estimating 2,000-5,000 people coming in for four-day period. Asked if they could present to Commission about event. Would like to have special V&T trains running back and forth from Carson City to Virginia City over that weekend. Tom is also participating – bringing a locomotive down for display.

11. PUBLIC COMMENT

Public comment was made available via telephone, (775) 686-9037. Chairperson Peterson entertained public comments; however, none were forthcoming.

12. FOR POSSIBLE ACTION: TO ADJOURN

MOTION: Commissioner Hicks moved to adjourn.

Chairperson Peterson adjourned the meeting at 10:28 a.m.