

**NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY**  
**Minutes of the Wednesday, May 11, 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, March 23, 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=2035](https://carsoncity.granicus.com/MediaPlayer.php?view_id=2&clip_id=2035)

**PRESENT:** Chairperson Peterson  
Vice Chair Clay Mitchell  
Treasurer Jim Wells  
Commissioner Stephanie Hicks

**ABSENT:** Commissioner Deny Dotson

**CALL TO ORDER**

**David:** I'd like to go ahead and call to order the Nevada Commission for the Reconstruction of the V&T. It is Wednesday, May 11th, 2022 at 9:00 AM. We are in the Carson City Community Center Robert Bob Crowell Board Room. Could I get a roll call please, Allyson?

**1. ROLL CALL AND DETERMINATION OF A QUORUM**

**Allyson:** Clay Mitchell.

**Clay Mitchell:** Present.

**Allyson:** David Peterson.

**David Peterson:** Present.

**Allyson:** Stephanie Hicks.

**Stephanie Hicks:** Here.

**Allyson:** Jim Wells.

**Jim Wells:** Here.

**Allyson:** Deny Dotson. Not present.

**David:** Great. Thank you. We'll go ahead and move on to agenda item three, Pledge of Allegiance. If I could get everybody to please stand. Thank you.

**2. PLEDGE OF ALLEGIANCE**

**All:** I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation, indivisible, with liberty and justice for all.

**3. PUBLIC COMMENT**

**David:** Thank you, everybody. We'll go ahead and move on to agenda item four, public comment. At this time, the public is invited to comment on and discuss any topic that is relevant to or within the authority of this public body. Any public comment? Are we doing the phone? Forgive me if I don't remember. In

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WebEx, no. All right. I don't see any in the room, so we'll go ahead and move on to agenda item five for possible action, approval of minutes of the March 23rd, 2022 meeting.

**4. FOR POSSIBLE ACTION: APPROVAL OF MINUTES OF THE MARCH 23, 2022, MEETING**

**David:** I should just make mention, this is a corrected agenda. It was posted yesterday and it is in the back of the room. Two points to note on agenda item six, we added the April check run, April 1 to 30, 2022. Then there was a slight correction on 11. It says for possible action now, not for possible only. Forgive me for not mentioning that first, but minutes. I know there are a couple of changes I think, Allyson, you want to address.

**Allyson:** I do have three that I know of. On page five, paired way down should be P-A-R-E-D. Three lines after that, it should be plan in place not to pace. Then on page 10, the company name is Manhard with a D.

**David:** That last one, that was page 10, right? Okay. Thank you for those three changes. Does anybody have any other edits that they would like to see? Oh, yes, go ahead. No. Oh, okay. With that, I'd be happy to entertain a motion with those changes.

**Stephanie:** I move to approve the minutes of March 23rd, 2022, with the changes made on the record.

**David:** Thank you for that motion, Stephanie. Do we have a second?

**Clay:** I'll second that motion.

**David:** Thank you, Clay. We have a motion to second. Any further discussion? Seeing none, all those in favor, please say aye.

**All:** Aye.

**David:** Any opposed? Great. Motion carries unanimously. Thank you. Let's go ahead and move on to the consent agenda, item six and seven.

**CONSENT AGENDA**

**David:** Item six for possible action. Discussion and possible action regarding approval of the V&T statement of accounts payable checks paid March 1st through the 31st, 2022, and April 1st to the 30th, 2022. Then agenda item seven for discussion and possible action regarding approval of the adjusted V&T fiscal '21/'22 budget report for the period ending April 30, 2022. Any comments? Any questions about either of these two items on the consent agenda? Seeing none, I'd be happy to entertain a motion to approve the consent agenda.

**Clay:** This is Clay. I'll move to approve today's consent agenda as presented.

**David:** Thank you, Clay, for that motion. Do I have a second?

**Stephanie:** Second.

**David:** Thank you, Stephanie. We have a motion and a second. Any further discussion by the commission? Seeing none, all those in favor please say aye.

**All:** Aye.

**David:** Any opposed? Great. Motion carries unanimously. Thank you very much.

**9. FOR POSSIBLE ACTION: DISCUSSION AND UPDATE REGARDING PROMISSORY NOTE WITH ROY STREET.**

**David:** Okey dokey, we'll go ahead and move on to agenda item number nine. This is a discussion for possible action for discussion and update regarding the promissory note with Roy Street. Allyson is going to take us through this, give us a little update. Thank you very much, Allyson.

**Allyson:** No problem. Allyson Bolton. We had a new promissory note with Roy Street that was effective January 1, 2022. Payments were made via credit card January and February. Then starting in March, we missed March payments, April payments, and then-recent May payment. We've been in communication with Roy, and essentially the property was going into escrow and was to be sold so henceforth the full promissory note to be paid off. It fell out of escrow and so my response to Roy was, "I think you should pay March, April, May, and June as a show of good faith." The meet in the middle was for him to pay two months this month. He was at the bank yesterday doing an electronic transfer.

On that note, we are asking him to no longer be paying by card or by check. It must be an electronic transfer, wire transfer directly to our bank. He was doing that yesterday. I was working with his bank to have that payment processed. That initial payment for March and April would be inclusive of the interest for the missed payments. Then the next payment would be for May and June to be paid before June 10th. Additionally, we have a signed letter from him that I put together essentially saying, "You're paying these two months at this amount. You're paying the next two months at that amount."

Then we had him sign that any payments received after the 10th of the month will now have an additional 5% interest in addition to the monthly payment. I don't have confirmation at this point that the payment went through yesterday. There were some additional questions that I needed from Storey County in terms of physical location of our bank, physical location of the beneficiary, additional details that we didn't know we needed for that wire transfer to take place.

I do have the signed letter from him saying that he'll make the two payments, agrees to the 5% increase, and he is making steps to make that initial payment. Happy to answer questions. One last note, he is re-listing the property with a different agent and so he does hope to sell the property, which is why we did this now on just a two-year because he does anticipate for this property to go on sale and be sold.

**David:** Any questions? Go ahead, Stephanie.

**Stephanie:** I don't have a question, but I just wanted to thank you for keeping on top of it. I think that's the best thing that we can do right now is not let it get too far behind. I know we're just past what would have been the May payment. Knowing if the March and April go through, I feel comfortable with the arrangement and just would ask you continue to be persistent to see that we receive those payments. Thank you.

**David:** Jim or Clay.

**Clay:** Me.

**David:** Okay. Thank you for that update. Appreciate it. I'm not sure. Clay, I know that Allyson's working with Jennifer and I want to say, is it Dore? Yes, Dore as well. Am I right about that?

**Allyson:** For this particular, it's been Cory and Jennifer.

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**Clay:** Oh, Cory. Okay.

**Allyson:** Trying to get the banking information that we need to make the wire transfer. This initial one I anticipate to be the hardest one to know all the information that we need. Then moving forward, we should be good.

**David:** My question was going to be will it be more automated then moving forward or do we have to go through this whole which bank and numbers and all of that, or does it just automatically he makes the payment or how is that going to work?

**Allyson:** That would be between Roy and his bank as far as I know, if he can set that up automatically with his bank or if he's doing that online, or if he's actually walking into the bank as he did yesterday to make the transfer. I will say he was ready to pay as of Monday of last week. It's been on our end making sure that we had all of the information in place for him to make that transfer, so working with Storey County's team to get that information.

**David:** Great. Thank you. Wonderful. Thank you for that update.

**10. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING AMENDMENT #01 TO TRAIN OPERATIONS AGREEMENT WITH VIRGINIA & TRUCKEE RAILROAD**

**David:** We'll go ahead and move on to agenda item 10 for possible action, discussion and possible action regarding amendment 01, so amendment one to the train operations agreement with the Virginia and Truckee Railroad. In your packet in the back of the room is the amendment itself. It's a one-pager and that was submitted as late material. Tom is here. Tom, if you want to come up maybe just address the additional request for the \$500 per run for the steam engine excursions, that would be wonderful. Thank you very much.

**Tom:** Tom Gray, Virginia and Truckee Railroad. Good morning. Do you have any questions, or what do you want me to explain?

**David:** I don't want to speak for my peers, but maybe just talk a little bit about the cost increases that you've had that's led to the request for the additional \$500 per run for the steam engines only, that would be super.

**Tom:** Sure. I think I could sum it up in one word, the dollar store now charges \$1.25.

[laughter]

**Tom:** Yes, our crew costs, I'm getting afraid of them. We have a lot of people drive up in the Bay Area or Sacramento and Reno and out of the area, and they're getting a little concerned about their just driving costs. I'm competing with Cal Fire for one of my employees. We're way underpaid people, so I need to raise that quite a bit. You're covering the steam engine fuel cost, I'm covering the diesel cost. I think our diesel fuel cost now are \$200 a day extra. I bought 7,000 gallons of steam oil. It was I think \$1.25. I need to buy five new batteries. Our diesel engine didn't start for two days on these last two trains. I need to buy five more batteries and they're \$1,000 a piece. Everything adds up.

The facilities maintenance, originally the contract was set up to run 96 days, 48 days of steam and 48 days of diesel, and I had to supply equipment to do that. We're down to 28 days of steam this year so it's hard to amortize the costs out. One thing we did before is when we took over the gift shop, the Polar Express sales helped us from increasing costs, but we don't have that this year. The one thing I want to see this thing break

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even. I know in 2019 it did with the train ticket sales versus what you paid us. There were some pretty slow days that could have been eliminated but not all of them. I think the commission has its own cost that it does, whether they run a train or not.

The whole secret to this thing and making it successful is the synergy. On the top end, we have managers with lots of experience and expertise and all that stuff can be shared. Some of the train operation stuff can still be shared. I think there's a lot of cost savings down the road that maybe could happen. The last 10 years I've absorbed all the costs, all the increases and surprises. Even just covering the steam oil costs, we still have all the lubrication costs. We buy barrels of oil for the lubrication oil, the valve oil, the general oil, the water chemicals. There's \$900 for a little thing like that for that and we use two of those. We'll probably use 1 for the 18 this year. I don't know.

We buy all the water. We supply the water because Virginia city has really good snow meltwater down in Lyon County. It's pretty rough on boilers. This year the one variable I haven't done is when we run every weekend, the engines are still hot so that we don't have that corrosion happen in the boilers, which is huge. Now with these layups for two, three weeks at a time, we either have to go and drain the whole boiler out and dry it out, or I have to do a nitrogen purge in it, which I've never done before. That's a whole new cost that's coming up that I don't know anything about. I don't know. I need a check register to actually go through everything. Yes, that's it in a nutshell.

**David:** I appreciate that, Tom, very much to understand all the different, like you said, chemicals and oils and everything, and all those have gone up.

**Tom:** The amortization is huge.

**David:** Yes. It's fair to say that the cost structure that's in place, that hasn't changed in 10 years, right?

**Tom:** Yes.

**David:** The current agreement relative to the one before the prices, the costs are the same? Okay.

**Tom:** In official agreements, amendment is fine, but in the contract, it does say that the general manager in the railroad can change rates and schedules. That's a little more flexible

and the general manager always consults with the commission. I appreciate it. Thanks. It's not a demand, it's just a request.

**David:** No. We appreciate that. Any questions for Tom? Anybody have any questions? Yes, go ahead, Stephanie.

**Stephanie:** Tom, I just want to say thank you for explaining what those cost increases are. I think for me, and we've talked about this before, a lot of this is really new to me. It's not something I've been a part of before and it's exciting to learn, but I have a learning curve. I think there's no question that there's been cost increases across the board in our economics. Having that understanding of what those specific things are I think is important.

At the city, we're very structured on data-driven decisions. It helps to have just that backing to understand and know. As we work through the contract, I think we have some numbers in there that, as David said and I agree, are old but it'll be really helpful to understand what those numbers were based on. As we work through that future negotiation, what are the components making up the new request? I put that out there and I thank you for providing us that detail because it's important.

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**Tom:** I could do a lot more detail, be helpful, I think.

**David:** I would agree with that. I think that because we are not locomotive experts and drain operators, so just understanding all those different components, Tom, just what you said today from this oil, from that oil is very helpful for me.

**Tom:** Even besides paying employees, I'm always going to have to employees with a passion. I can hire outside contractors. Actually, a gentleman showed up that owned a railroad [chuckles] until he got rid of it last year. He's working today so I'm able to-- I have to employ special contractors. The main part of the people, we have to train them and that takes a long time. If they only work for a few days a year, what do you do with them for the other 320 days?

**David:** Agreed. Jim, Clay any comments, questions for Tom?

**Clay:** I have a question off the bat. I'm just trying to put in perspective how some of these costs relate to the current-- In the current contract, there is one provision that I see for adjustments and fuel prices. I'm just trying to understand. I believe that we operate off of a base price and then the commission covers a differential if there is one beyond that. Is that calculation sufficient? Is it working? Is it not? Just isolating that one piece because as far as I can tell, that's the only specific thing that has an adjustability in our current agreement. I'm trying to figure out how to put that just in context with, of course, all this other stuff that's come up recently.

**Tom:** Yes. The fuel oil, we quantify that, and then we charge whatever we pay for it. We figured I think a base rate of 85 cents a gallon, which actually we're really lucky in this area to have a-- I shouldn't say this publicly, but we have really inexpensive steam oil fuel and they don't have to ship it a long way. We're pretty lucky that way, but it can kill you too. It can really wipe you out as far as it escalates so fast. I think the last load we bought, I bought two tanker loads, which was 7,000 gallons. The one thing, we can store a lot of fuel oil up there, which is huge. Sometimes we can take advantage of that. Sometimes people give us oil and contaminated oil or whatever. It's a big deal to have the tank cars.

**Clay:** That portion-

**Tom:** Is covered.

**Clay:** -is covered. That's less of a concern for us because that's indexed or that's flexible.

**Tom:** It takes one variable out of the equation, what it's going to cost to run. A big variable.

**Clay:** The rest of them is what we're talking about. Okay.

**David:** That was a good clarifying question. Jim, anything? Any questions?

**Jim:** Maybe a couple. First, thank you for all that you do. We could not do this without you, that's for sure. You mentioned something about \$1.25 a gallon for the steam oil. That's the latest price that you're seeing for the steam engine.

**Tom:** Yes.

**Jim:** My understanding is most of our train runs after last weekend are going to be s48team, correct?

**Tom:** Yes.

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**Jim:** You said earlier, if I captured it correctly, that you based your contract on 48 steam and 48 diesel for a total of 96 runs per season, per year.

**Tom:** That was our first estimate, yes.

**Jim:** The running of fewer trains, if I understood what you said, there's some unknown variables about the steam engine sitting for longer because we're not running as often?

**Tom:** Yes, that's a mechanical consideration, yes.

**Jim:** We've not really done that historically where it's sat for periods of time that this has had to be cleaned out before so that we can get an idea of what that cost is going to look like for you?

**Tom:** I have no idea, yes. If I have to drain the boiler, yes. Every 30 days, we have to take the engine apart and we take all the washout plugs. We take the whole week to do it, but say it's a two or three-day job. We take all the plugs out, we drain all the water, we wash all the sediment out, and then we put the plugs back in. Since the steam off the boiler, we can repair all the valves and we have to wrap them in and get all this stuff done. Then we'll put all the plugs back in, we'll pressure test the boiler. Then we'll fill it back up with water and then we gently heat it back up. We take two days to heat it up because that boiler stretches about three-quarters of an inch to an inch.

That whole metal does and it's really hard on it so we just gently-- If we run on Saturday say, on Thursday, we'll start heating the boiler back up. Then Friday we'll heat it all the way up to pressure. Then Saturday morning we come in about 4:00 or 5:00 in the morning, heat it back up to pressure. We leave Virginia City at 8:00 to come down the hill a 10:00. Then we shut it down on Sunday night, say for the regular weekend. It still has steam pressure on a Monday. Tuesday afternoon, most of the steam pressure's out and we'll vent it so it doesn't create a vacuum. Then Wednesday, the water's still hot and then the oxygen will start to pit inside there.

We're okay with it being hot because we'll start heating it back up on Thursday. When it cools down, then the oxygen comes in and starts pitting it. It's a concern for the boilers. This

last year on the 18, we used a new boiler treatment. It's polymer and starting to peel all the old scale off that's been in there for a century. We did that to the 29. We started about three or four years ago. It's expensive but it really works well. We test the boiler. Actually, I personally do the test on the boiler and figure out the chemicals we need. We have a pretty good system, but that's a new variable on the nitrogen purge [chuckles] how to do that. I think it's pretty simple, but we have to buy them. I don't know how to do it yet.

**Jim:** That's not included in the annual maintenance for that steam engine?

**Tom:** No.

**Jim:** That's a different maintenance on it.

**Tom:** I absorb most of it and I never try to go past what I paid to rent that engine from you. That's what I try to do. It's a fudge what do we charge and what do I not charge for on that. I try to write it out so it's simple so attorneys could understand it, how do you make it simple? There's only so many turn-ups on the truck.

**Jim:** [laughs].

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**Tom:** I'm trying to keep the truck so it's not empty.

**Jim:** The last question for me, about how many gallons of steam oil do you use per run per weekend?  
[crosstalk]

**Tom:** Fuel, we use \$500 a day.

**Jim:** \$500 day?

**Tom:** Yes.

**Jim:** Thank you. Mr. Chairman, unless there's any objection, I'd make a motion to approve the increase of \$500 per day that's outlined in amendment one to the V&T railroad train agreement.

**David:** Great. Thank you for that motion, Jim. Do I have a second?

**Stephanie:** I second.

**David:** Thank you for that second, Stephanie. We have a motion and a second. Any further discussion?

**Clay:** I just have a couple of comments and I'm certainly sympathetic of these factors. I think that the challenger, the hesitation for me, I'm supportive, I'll probably vote in favor, but the concern is we have obligations with our budgeting process. It feels like we're a little ways down the road and hemmed in a little bit. I think when we were looking at schedule and finalizing the schedule, there was some discussion about the pros and cons of the proposed schedule.

I would have liked to see that be a little more robust earlier on because I think it would have armed us to look at altering that schedule potentially because we were considering certain factors in deciding to run the days we did, and deciding not to the days we didn't. Certainly, the understanding of the process with the timing of a steam boiler and the cool down and the heating it up, that would have allowed us, I think, to make a better decision potentially. I don't really know, I'm not going to second guess that as far as our running schedule. Anyway, I'm feeling like certainly, we have to get it done. It's a partnership. We need to make sure it works for everybody.

I think we're on track to do this with our next agreement or new iteration of the contract, to get out in front of it a little further so that we have the ability to make proactive decisions as opposed to reacting to the situation that's presenting itself. I want to make sure that we can take care of everyone, make sure that everyone is able to continue, and make it happen. At the same time, I feel like when we react, we don't get the best choices or outcomes. Just as a note on process, I'm hoping that we can do better as we go forward in that so that we can account for these things.

On our end, while not nearly as complicated as running a railroad, there are contingencies that are based on this kind of a decision. For example, we don't have a budget finalized yet, but we made certain assumptions and we set ticket prices based on assumptions on operating costs, which may have been different if we had had this discussion earlier. I'm not casting blame in any way. Just very, very mild frustration and hoping that we didn't shoot ourselves in the foot by casting a die based on information that may not bear out because there are several things about us trying to run this operation that are contingent on having good information that we're basing our decisions off of. Those are my thoughts.

**David:** Clay, thank you for those comments. This would only impact the regular season because the PEX is the old diesel. We're just talking about the trains running now through October, just to clarify. I don't want to

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get ahead to the budget discussion, but I'm wondering about the diesel cost, the fuel indexing that we built into the budget. Again, I don't want to get ahead to the budget item, but we can talk about that. I'm wondering if we're okay based on how both of you put the fuel cost together to absorb this additional \$500 per steam run, or if we're going to have to make an adjustment because we may have enough with the fuel side of this and the budget possibly. Go ahead, Jim.

**Jim:** guess that brings up a question. The fuel escalation charge that's in the contract really relates to, as far as I can read, the steam fuel. You have not been charging that index amount for when we're running the diesel, correct?

**Tom:** Correct, yes.

**Jim:** You've been absorbing that, so that's part of it. The fuel escalation really is only when we're running the steam. Which is what I thought he said, he's absorbing all of the diesel fuel costs, which I concur, I've seen the price of diesel and what it is now is significantly higher than what it was. Frankly, I think it's a gift that we're not talking about having that escalation clause built into this because that is something that was completely unforeseen that it's jumped at the rate that it has. From that perspective, I understand. I would agree that I would have liked to have seen this built into the contract.

I think going forward, we do this with a lot of other contracts, I've done this with a lot of other contracts where there is escalation clauses that are built-in so you're not addressing this in some lump sum. As chairman pointed out at the beginning, this is 10 years at a flat rate. That's probably not a sustainable model given today's inflation rate. Going back to something that Ms. Hicks said, I don't know that we necessarily know the components of what makes up the 5750. I think that as we go forward into the next contract, having a little bit more information about how we're getting to some base number would be beneficial for all of us so that we can see--

We know this element is now going up faster than we had thought. Two thoughts, one, that we have some better idea of what's in there going forward into the next contract. Two, that maybe we build in some kind of an escalation clause going into this next contract. Three, I'm going to throw out there that we are predicating our budget on passenger loads. We are saying that we estimate the ticket sales at this price we were going to fill up, I think it was 50% or 55% of the train to come up with what our revenue was going to be whether or not that covers the expenses. At some point, that 55% is not going to be what we have for ridership. I'd like to see ridership higher.

I think that was the idea behind the fewer runs is to promote higher percentage of seats filled on each train. We don't know if that's going to happen. It may happen, it may not happen. I think as we go into discussions about not just the contract, but as we are looking for what we are going to do for the 2023 season going forward, are we going to remain at this lower number of runs? Are we going to go back to a higher number of runs? What is it that we are going to do? Now that I'm hearing some of this, that's going to affect costs for Mr. Gray to run the trains. All in all, I think that we need to have that big discussion about the overall costs that are being incurred.

Whether we are amortizing them over 24 runs or 96 runs or however many runs that makes, I get that those costs are-- That's why I'm in favor of giving the \$500 increase today because this is a pretty fundamental shift. Outside the pandemic which just shut everything down, this is a pretty fundamental shift from what we had pre-pandemic and what the contract was based on to what we're running today. That's why I am in favor of doing this, but I completely concur that I would like to see a little bit more detail and maybe a little bit more flexibility. Flexibility is not the right word, but some capacity things built into the contract that we're going to sign for 2023 going forward.

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**David:** Any further discussion? We do have a motion from Jim to approve the amendment as presented and Stephanie has seconded that motion. Any further discussion? Seeing none, all those in favor--

**Clay:** Mr. Chairman, if I may suggest just procedurally, it probably makes sense to formally ask for public comment on the issue.

**David:** Oh, sure, we can do that.

**Clay:** Even though you've asked if there's further comment, I think it's just a safe bet to do so.

**David:** Yes. Any public comment on this particular agenda item number 10, which is a motion right now to increase the per run charge by \$500 for the steam engine excursions? Any public comment? Great. We'll go ahead and take a vote then. All those in favor say aye.

**All:** Aye.

**David:** Any opposed? Motion carries unanimously. Thank you very much, Tom. I appreciate you giving us that detail. This is great. Thank you, everybody.

**11. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF THE PROPOSED V&T RAILWAY FISCAL YEAR ("FY") 2023 TENTATIVE BUDGET.**

**David:** We'll go ahead and move on to agenda item 11 for discussion and possible action regarding the approval of the proposed V&T railway fiscal year 2023 tentative budget. Jim, I'll, if it's okay, turn it over to you for any comments that you would like to make at this time. This is in the packet too.

**Jim:** The budget that is presented in the packet that's in the format for submission to the Department of Taxation is pretty much the same budget that we talked about at the last meeting. We did add some provision for the pre-emergent on the maintenance side. I know one of the questions from Ken was that there's this outside of Ken's contract amount that is, to me, somewhat nebulous, and whether or not there's this additional amount that we should be building into the track maintenance budget. To me, I get a little bit of conflicting information from you know it's \$100,000 a year, but then it's a \$100,000 a year plus this, and then it's \$100,000 a year plus this, plus this, plus this.

I think that what we have is the best that we have for the current submission. The only other thing I will say is, and while I will probably vote for this budget, if you look at the net revenue at the end of the day and take out one-time costs or one-time revenues, excuse me, related to the sale of the Draco property, we are running at a deficit. We have money in the bank but we also have some outstanding liability issues to be addressed with Storey County. Everybody remembers the financial statement audit, there was between \$550,000 and \$625,000 in amounts that are supposedly owed to Storey County for accounts payable and for something to do with--

I don't remember what the \$250,000 was, but it supposedly relates back to one of the old agreements related to the increases in taxes that was provided for in the MOU. If we end up having to pay those, we have significantly less money in our bank account than what we show in that bank account today, and probably not enough to sustain a deficit for long. The resolution of those two outstanding items with Storey County needs to be completed by the end of June. I know that Jennifer McCain was supposed to be working on a reconciliation of those items.

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For me, those are the two real big question marks, if we end up having to pay and we lose the one-time revenues, where do we stand? I think that we're looking fair for the current fiscal year. We're running at a slight surplus, and we still have the money to come in from Storey County for FY23 that has not posted to our budget. We're also starting to get into the time where we're making money but spending more money. I don't know where we're going to end up at the end of June. I think the budget that we have is fair.

I think that the amount that is included in the train line items-- I was doing some quick math based on some of the fuel oil costs. I think that the number that we have in that train line item is sufficient to cover the \$500. I built a factor in there to begin with so I believe that there is sufficient to cover both the fuel surcharge as well as the additional \$500 without having to augment that particular line at this time. I guess those are the big things that I have.

**David:** Jim, the additional \$500, is that the train-related services, the \$380,000 line item on page 3 schedule F1? Is that where you are comfortable we can absorb the additional \$500 without changing the budget?  
[crosstalk]

**Jim:** Yes.

**Jim:** It's in the TRS. It's in the train-related services line item.

**David:** Great. Ken cannot get on, unfortunately, to address the maintenance. He can hear us, but he's not able to actually join the WebEx.

**Allyson:** Yes. Due to his location right now, he's having connectivity issues. He's watching via webcast right now, but can't get in on the panelist side.

**David:** I don't think we're going to be able to get a clarification on the additional maintenance-related costs today.

**Clay:** It's a little unconventional, but does he have phone service they want to call one of us and hold it up to the microphone.

**David:** We could try that. Like on a speakerphone?

**Clay:** Yes.

**David:** Then just put it up. Do we want to do that just to get some clarification on the maintenance? Allyson, could you do that?

**Clay:** In the meantime--

**David:** Yes. Go ahead, Clay.

**Clay:** Jim, when you talk about the one-time or non-recurring income revenue that we're looking at, are you specifically referring to the monthly payments if you will? I know there are other wrinkles apparently in the - I don't think those are reflected at all as far as potentially selling the property lump sum. None of that's reflected. It's just the monthly payments that we were planning on receiving.

**Jim:** Correct. It's basically taken right out of the agreement or the note is 12 times the dollar amount is how much we included in the budget. I will say that if you look at this year because we got the lump sum as part of the new agreement, he paid down \$200,000. We take the \$200,000 plus the payments this year and take that out. It's basically a wash between the \$250,000 we have not yet received from Storey County and what

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we've received from Roy Street for the Draco property. That's why I say that that's a wash and we're going to be running pretty tight.

**Clay:** The assumption, though, is that if Storey County comes current on that issue or that payment and we catch up on the payments on the Draco property and we'll be okay for this budget year, not a significant shortfall for this year?

**Jim:** Correct. For '22, we're okay because Storey County will make the payment. They just have not yet. The other, I guess it's one time because we don't know yet, is there's some money that comes in from Carson City too. That there's some questions beyond 2023 as to whether we continue to collect that. That too is built into this budget to collect that \$65,000 from Carson City. I don't know what's going to happen to that going forward. If you're talking about now \$65,000 plus the street payment, now you're talking almost \$200,000 a year in one time on it and an \$85,000 a year surplus.

**Clay:** Yes. Understood.

**David:** Just to address the \$65,000, again, we're going to make the payment. My hope is we'll make the payment by the end of May, but we have to clear a certain transient occupancy tax revenue to do that. Then the assumption based on the budget that was just approved by my board, it's a flat revenue projection in our budget for fiscal '23. If we hit those numbers, then I would assume at the end of May next year, 2023, or the beginning of June, we'll make the \$65,000 payment.

That's as far as I know our payments based on a previous, CTA, culture and tourism authority board action that we would be making officially. Jim is right, hypothetically, that \$65,000 from us is gone for future budgets starting with fiscal '24 moving forward. That is a hole that we need to figure out.

**Allyson:** Just a quick update on Ken Dorr. He's actually one of our callers on the line and so he's connecting back on. We're going to unmute him so that he can address the MOW questions.

**Clay:** That's great.

**David:** Perfect.

**Allyson:** As soon as he's back on the line, we're just going to unmute him and he can talk.

**David:** When will we know that though?

**Allyson:** He says he's reconnecting.

**David:** Oh, okay.

**Allyson:** We're active texting right now. [laughs]

**David:** Beautiful. Thank you.

**Clay:** I was just going to mention that. I as well, I'm actually pretty blown away that the fuel oil costs are not higher than they are percentage-wise. I don't want to jinx it, but you look at the percentage increase across virtually every petroleum product that we use and it far exceeds what's-- I was prepared for double, triple, if you will, what was in the contract as that base rate. Again, I don't want to jinx it in any way, shape, or form.

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**Jim:** That was why I was asking that question because I was literally typing in some adjustments for fuel based on the conversations we were having before.

**Allyson:** While we're waiting for a Ken to jump on the line, there are some variables with the Polar Express in terms of both the revenue and the expense side of things. There is an option to add an additional fourth car that was recently purchased by Tom Gray at a expense of \$2,000 per day. That is a expense of \$48,000 in addition to what we currently have budgeted. Rough estimates, it's a table car so it'd be similar to the Jersey little that we were selling at our last Polar Express.

We're looking at 10 tables of 4. Rough estimates there, the revenue potential is around \$157,000 so we're looking at a net of \$109,000, \$110,000. This is not inclusive of staff, additional costs in staff, additional costs in cookies, additional costs in hot chocolate. Very rough numbers.

**Jim:** Yes. Unfortunately, we do not have a good handle on if we add a seat, what are the variable costs that are associated with that seat versus what's the fixed cost? The fixed cost is easy. It's \$2,000 a day. You're right. There's the variable cost of staffing. I know we sold it out and my guess is that the car would pay for itself. I just don't know that saying we would grab another \$100,000 a year in revenue is correct.

The other thing that we really haven't addressed is going to be the next line item. We don't have a production company and we don't have an idea of what we used in the budget was predicated on what we spent for 2021's Polar Express season. We were hoping to have a contract today to maybe make a change to that if necessary. Without that, it's hard to say what that's going to be.

**David:** Oh, agreed. That's something I guess we could talk about that. Over the next couple of meetings, have some discussion, I guess maybe that's better served for a budget augmentation if we decide to do that, rather than make a partially informed decision today about a fourth car. Thank you for bringing that up because I think we definitely need to take that into consideration.

**Clay:** This item specifically we're discussing last year's budget, correct, or the current year's budget?

**David:** Budget '23.

**Clay:** This is '23.

**David:** This is for '23 we are, yes, today. Just so in case there were any changes-

**Clay:** Thanks, Jim.

**David:** -or suggested edits before we come back for the budget hearing, that we could get those in the correct format.

**Clay:** Thank you.

**Jim:** On May 25th, we will finalize this document and everybody's got to sign it. Then at the June meeting, my understanding is that Jennifer McCain is going to bring in the augmentations for 2022.

**Clay:** Got it.

**David:** That's correct.

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**Clay:** With that, there was some loose discussion about a couple of capital projects that we would like to do. Again, the frustration being we have to commit to a budget for part of next operating season without really having established our plan of operations for that season. I'm not pushing for those. Anyway.

**David:** Clay, you're referring to the \$50k that we do have sitting there for the capital outlay?

**Clay:** I don't recall. Jim, was that \$50,000 allocated as something in particular, or was that just a placeholder?

**Jim:** The \$50,000 has been just a placeholder. I know we have a couple of outstanding items that have been discussed, the first being redoing the parking lot, which would take up the vast majority of that. The other one is, of course, the pit. If you continue to put this money aside to do the pit, I don't know what the total cost of reconstruction of that section is going to cost. I believe that it's more than \$50,000 by a quite bit.

**David:** Parking lot exceeds the 50K now too. I'm going to say it was-- I have 65 in my head, but now I think it was 85. It was something about the square. There was a miscalculation on the square footage if I recall.

**Allyson:** I'm not certain, but we do have Ken Dorr on the line currently. [laughs]

**David:** Oh, beautiful. Cool. Excellent. Ken, are you able to hear us?

**Ken Dorr:** Yes, I can. I've been hearing you guys fine. A slight delay looking at it online versus what's coming over the phone. Sorry about that. I've got three computers and none of them are connecting except on the WebEx. Everything is working on my end as usual. A couple of clarifications. As was just mentioned, I did make a dumb mistake. I looked at a portion of the square footage on the parking lot as far as repaving or putting a seal on that area, and it was quite a bit higher when I double-checked it.

The bottom line is to put on the heavy-duty chip seal and slurry seal that we're looking at doing, which is a lot less than paving it per se with a hot mix, it's probably a \$75,000 to \$100,000 item and that's going to have to be formally bid. I think that we can last until fiscal year '23/'24 if we schedule it for not this coming, but the following end of summer. July of '23 is probably going to be good to be able to get that. In other words, I'm hoping we're not going to have too hard of a winter and we'll just deal with it if we have to. I think that coming up with funds for this next coming fiscal year by waiting one more fiscal year probably is going to be the best way to go.

Shifting to the Overman embankment work, Gabe has been doing some work up on that. We'll talk about that when we get to the maintenance away issue a little bit. Short of, again, having a super heavy winter, that work that he's doing right now should hold us for a couple of years before we have to go forward with a major reconstruction. That major reconstruction is going to involve literally taking up track and rebuilding embankment, putting down geotechnical fabric, and then rebuilding, replacing the track, and servicing and lining it after we put ballast on it. That's going to be a big item.

In 2014, we did a portion of it. It was about \$225,000 in 2014. Is that double now? Could be depending on the scope of that work. I think that doesn't have to happen right off the bat. I think we're good to keep working with what we got and we shouldn't have had an issue short of the water rising really high. Anyway, go ahead.

**David:** Thank you, Ken. Clay, go ahead.

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**Clay:** Thank you. That's helpful. I'm just thinking if we moved our meetings over to the depot, I could commute and maybe we could get some infrastructure funding. I could have a ride down with Tom on the train and then it's a commuter line. Anyway, desperate times call for desperate measures.

**Allyson:** I'm all for that.

[laughter]

**Clay:** I'd just like to put an idea out there for the board to consider and that is this, I think we're at a pivotal point and both of the items that we just discussed, while absolutely necessary, are not revenue drivers in any way. There are obligations there, things that we have to do. If we have a small amount of surplus, it may be worth considering, is there a productive way to put that to use if it can be leveraged into substantial increase in ridership or increase in efficiency or change that opens up our revenue side, especially acknowledging that we have one-time funding that's pretty reliably going to go away because we're at an inflection point?

If we use that money to do maintenance and type things, we may not have the ability to substantially change the revenue picture. I don't know. I'm not drawing a conclusion. I'm just concerned with dwindling resources and looking forward towards how do we get-- We have very limited sources of revenue. We don't have a lot of options on that side currently. The question becomes if a fairly modest chunk could be leveraged into a substantial change on the rider experience side or something, it may yield us then going forward the revenue that we need to do the things that we have to do if we can buy ourselves enough time to get those, that those don't become even worse and more expensive in the interim.

I'm not advocating any decision at this point. I'm just placing that idea in our heads to consider because we don't have a lot of revenue and not a ton of ways to increase our revenue, although maybe we should have a workshop on just that side of it. Our strategic plan certainly outlines some nebulous ideas on where to go with that but a lot of it is not implemented yet.

**David:** Go ahead. Sorry, Jim.

**Jim:** A couple of things. We have got two really big outstanding items that have not been resolved yet. One drives how much money we have today. The other drives how much money we will make going forward. We've got the \$600,000-ish Storey County issue that once resolved, we either pay or remove. If we remove that, that \$600,000 is then freed up. Again, one-time money, but freed up to do something, whether it be what you were talking about as far as trying to increase ridership, whether we continue to put some of it aside to address the Overman pit and other capital improvement projects but you'll have that. The other one is, of course, the train services agreement.

I'm not really in favor of expending a lot on the capital side until those two things are addressed and resolved. Then once they are, I think then we have the discussion about-- Especially the one with Storey County, once that's resolved, that one-time money then becomes freed up. Our beginning balance then for 2023 becomes either significantly higher or significantly lower. If it's significantly higher, what are the things that we can do with that? I think that you might be onto something a little bit about having not necessarily a meeting dedicated to it, but really starting to look at other revenue options. We looked at cutting back the number of trains to increase ridership percentage.

Now we're seeing the flip side of that is that there's some potential other costs that we weren't considering when we made that. Is there a way for us to do something to run more days? I know that there was some discussion on a corporate event type train that was discussed, I think, at the last meeting. Is that something that we really pursue to try and figure out a new mechanism for revenue that, one, it's fixed, we know we can get a dollar amount from it? Two, then it also addresses running the train more often, which maybe then

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talks about the amortization. You're going into these negotiations with the V&T railroad that doesn't have those all vetted out. It makes that agreement complicated.

**Allyson:** This will come up a bit in our operations report later in the meeting, but as Lee and I were looking at the budget for this meeting, we put our heads together as well because we saw the same things of how can we get different revenue streams. We identified four different immediate ways that we're in the fine line of being conscious of our time and how much we dedicate towards the train because our, of course, invoices are reflective of the time invested in. The first is essentially we're creating a QR code within the depot itself and a donation link within our website for just straight donations.

We've identified that we can actually do that through the Square account that we already have set up. Just straight donations, no expenses to us with the exception of the credit card fees associated with it. Nice little line there that says, "Checks are happily accepted." [laughs] An additional one, we do have two private groups confirmed and a third in the wings. We are looking at that \$10,000 fee that we are negotiating with each group dependent on how much it's going to take our time. We have Tom's cost, but it's our time as well. One of the groups that we're working with, I tacked on an additional, "This is how many hours I think it's going to do."

I put that in the fee to them and extended it to them and they said okay. We're in negotiations right now to sign the line. It is that corporate side of of things.

The third is sponsorships. We're looking at Toast of the Canyon right now and I have identified two companies that are potentially interested in sponsoring that campaign Toast of the Canyon presented by X and having a price tag associated with that. With our other non-profit events that we've been working with we've been getting around \$20,000 to \$25,000 for those sponsorships. We're hoping that will come through. Again, this is all up in the air but it's brainstorming at this point in time.

The last is the October Fest that we're looking at in October. Again we're watching our hours and how much we want to invest into it but allowing our team to do a traditional fundraiser, paddle raise, live auction, et cetera. The events that we've been having right now we're calling it the golden age of fundraising. We're tripling the revenue that we're anticipating. We had an event last Friday, our goal was one number, we went triple that. Again, it's time, it's money, it's spending money to maybe make money. We can't guarantee it. It's risk and so we deferred to the commission on the direction of where you want us to go with it.

**Clay:** May I ask? On the corporate runs that you're talking about? Are those anticipated to be steam runs or diesel runs?

**Allyson:** It depends on what's running that weekend. We have one group who is running on a weekend that we are not running. That's diesel to help keep their costs down because the cost to us is less. The other group it's a steam weekend so it's the steam cost to do that deadhead trip. Again, I took the cost from Tom tacked on, I do think they're going to be a needy group. [laughs] We're looking at \$12,000 for that one just to allow us to really have a very nice corporate event for them. It's a corporate appreciation dinner at the Gold Hill Depot.

**Clay:** Nice.

**Allyson:** The original Gold Hill Depot in Virgin in Storey County. Do we have it signed right now? No. Could it fall through? Yes. Being pleasantly optimistic right now but we'll see. I'm hoping that model we can start pitching as we are a venue that we can sell.

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**Clay:** Just for clarification if we are using the steam engine, am I correct in assuming it's operationally much more efficient to do that is kind of tacking on the front or the back end of a weekend as opposed to a midweek thing based-- Tom, you're talking about typically you let it cool down early in the week and then you fire it back up later in the week. Does it get substantially more complicated if someone wants to do a Wednesday run or do you just keep it hot?

**Allyson:** You mean if they specifically want the steam? I do defer to Tom on that one for this group in particular. It's a Saturday evening. The train comes back from Virginia City, we reset, they're going to have cocktails in the Depot with a light appetizer, get on the train, head up to the Depot, unload, have dinner there with live music, then get back on the train and come back.

**David:** I would add a fifth group tour. I think we're still missing the boat with tour operators. I know the long haul, the long line is a problem because of the timing. We just had six Mexican tour operators in and I came in with that group with Travel Nevada and Sparks Convention and Visitors Authority. That's a big ask when they're looking at putting the itinerary together but when we were talking about the idea of not just maybe like a one way you could go up to Virginia City, shuttle back down or you could leave Virginia City coming down to Carson City, the Toast of the Canyon they're all wild about that idea because of the timing.

The issue with that is of course who then is going to be responsible for handling, like you said, sponsorships group tours? There'd need to be a contact. I'm running into this issue right now with the rail bike folks as well. It's new to them. I'm not going to besmirch the rail bike folks but I'm having a difficult time getting them to understand the importance of tour operators and how they represent thousands upon thousands of potential riders. It may be a resource issue for them too. It's a great point you bring up is we'd have to spend money through the contract with Allyson and Leah and the team in order to do any of these.

Maybe not the donations. You have to set it up and then that comes through. When we're talking about the private trains it's you all that are coordinating that. The Nevada Day folks I've been going back and forth with Allyson they want to do something on the Friday of the Nevada Day weekend. I thought I'd better start with Allyson first before we potentially engage the freedom rail team but it does take time.

I feel like I'll help but then as far as the specifics and the logistics, I feel like I can only do so much and I wind up going to Allyson. Well, then we're burning hours of her time to do this. Same thing would be true for sponsorships. I think we have a huge opportunity with sponsorships to be honest with you for like you said the Toast of the Canyon, the beer train we get local brewers, Reno brewers whatever.

**Allyson:** In-kind donations is one thing the idea is to get actually dollars through sponsors and logos and recognition, et cetera. With the group that we just were recently talking about for Nevada Day weekend, I would do a similar format and how we're doing this other corporate group of identifying okay it's going to probably take our team X amount of hours, work that into a fee of this is what it's going to cost.

Where we're looking at a little bit more clarification is the solicitation of identifying additional groups, putting together a proper sponsorship packet, things like that. Right now we're just doing-- we'll have our operations report but we're checking boxes right now but it's kind of the step of going beyond that and direction from the commission on do we keep conservative or do we keep going?

**Clay:** Well, I think from our perspective if we can classify, Allyson, Atypical events or excuse me activities into two buckets and one is administrative which is not a revenue-generating activity and the other was development, which is a revenue-generating activity and think of them differently because the administrative side or the maintenance side is an expense that is required to operate but does not necessarily have a return on investment directly tied to it. Whereas if there's time put into revenue-generating activities that's an investment into where we're expecting a return.

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Just keeping in our mind clear the difference between the two, getting a baseline on this is the minimum it takes to run what we've already committed to what we've already got going. Then look at the new business development activities potentially as a separate investment, if you will, or separate use of whatever extra funds we may have, separating those two I think help keep us clear. Even if we may not have exact return numbers on what that's going to generate.

**Allyson:** It's tough because there's a lot of gray area in that. The best way we have those buckets right now, I would call it the operations bucket so those things are really following. When I hit the little timer here, it's falling under operations. If you look at the board relations side of it we've been very heavy in board relations since we came-- it's been a year. Hey happy year anniversary. That board relations piece has been a lot more than what we had anticipated, getting all these things up to speed. There's so much-- Putting together a sign with a QR code that goes directly to a donation is that development? Is that operations? There's going to be a lot of gray area there.

**David:** Any thoughts? Stephanie or Jim? Yes, go ahead. Stephanie

**Stephanie:** Just thinking a little bit more about the private events and I like what you're doing as far as adding cost based on time that you think that you're going to expend. I think if where we're getting at is at the end of the day what you bill back to the commission for your time is going to be higher than what we anticipated yearly in your contract. Again, it's one of those things. We need that data and if we need to amend at some point but as a result, you're generating additional revenue. I don't think that was necessarily contemplated perhaps in the original contract. We just need to address it as we go.

**David:** Excellent. Do we want to go back to--? Ken, are you still with us?

**Ken:** Yes. I can hear you anyway. I'm not sure if you can hear me.

**David:** Yes. We can. Let's regroup on the maintenance. Ken, I don't know if you heard, with your technical difficulties, what Jim was saying earlier when we were addressing the maintenance-related costs and the maintenance-related line item in the budget. Did you hear that?

**Ken:** I only caught the very last bit of it so I probably need a little recap on that. That was one of my questions is going forward, obviously, in the next fiscal year what maintenance of way budget do we have to work with? Shoot away.

**David:** Jim do you want to-- [laughs]

**Jim:** The idea is right now you have \$120,000. That \$120,000 is based on Gabe's contract plus \$8,000 for pre-emergent. Comments that were made at the last meeting indicated that there are other maintenance of way costs that are not included in those two items. If there are, what are they and how much are they-- Should we be including in the budget? Or is the \$120,000 sufficient? What I've heard is different stories at different times relating to how much maintenance of way should be.

**Ken:** Obviously the overall maintenance of way depends a lot on unforeseen circumstances. Gabe's budgetary amount, as established in his contract, includes a lot of line items with a hypothetical work year. Those are conservative. In other words, his, I think it's \$117,000 or \$112,000. I don't anticipate we're going to use all of those line items in his contract.

With the fact that you kicked the overall maintenance of way budget to \$120,000, I think that will cover both Gabe's cost, which is obviously inspection and repairs, and some of the equipment he needs to rent plus purchasing, typically we always buy some ballast.

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We're going to have a bill coming in for ballast from V&T Rock, Danny Coons. We're also going to have some cost from Tom for our operation of work train ongoing with what's going on up there at the Overman right now, and also for some equipment rentals, which were not included in Gabe's contract. That said, I think the \$120,000 is adequate for going forward.

Again, it's always been a little frustration on my point because no one's ever bothered to ask me what I should have for-- until now what we should actually have for a budget, yet I've always prepared a yearly summary of here's what it's costed. A couple of times I've actually put documents forward previously and say, "Here's what I think you need to have for budget." I say, "Well, that's cover over here and it's cover over there." Well, okay, fine. The bottom line is maintenance playwork \$120,000 should cover us but it's short of the sky falling.

**David:** Thank you for that, Ken. I just want to ask a clarifying question. When you just mentioned something about the rental costs that are not included in Gabe's contract for the equipment. What are those pieces of equipment specifically? If we need something that's not in Gabe's contract, where do we get that equipment from? What is the equipment? Where do we get the equipment from? I'm just wondering--

**Ken:** Most of-

**David:** Go ahead. Sorry.

**Ken:** -the railroad-related equipment. What's included in Gabe's contract is the tamper. Okay. The tamper he rents from Tom. Gabe pays Tom directly and then that's included in his contract and then we put forward invoices to cover that tamper rental. What's not included in the contract is, for example, right now Gabe has had to rent Tom's track lining machines, spud liner. Also not included in Gabe's contract is the work train, which is a locomotive engineer, ballast car, if you will. Those costs are separate.

Gabe's contract does not include purchase of ballast. That's usually purchased from V&T Rock in Mound House, which is Danny Coons and that's a good thing because that's a north pole site. It's a good thing that we keep him online. We've also got a order in, if you will, or request for equipment for materials from A&K Railroad Materials for replacement parts. That quote, I think we got for the what's on the list here is about \$1,500. That's something that'll be coming in probably after the end of this fiscal year.

I guess materials, if you will, Gabe doesn't provide those. Some equipment he needs to rent from Tom and in some cases he's had to also rent equipment outside of renting it from Tom i.e. a backhoe now, and again. He would rent a backhoe or some other equipment from, for example, United Rentals. There's other costs besides just what's included in the contract.

My trick is, and why I've been keeping the spreadsheet is what's the overall budget and how does that get distributed? My concern is that if we've got, for example, a \$100,000 budget, I can't pay Gabe a \$100,000 or authorize that amount of work. I've got to pay him \$80,000 because I know I've got costs for ballast purchase for OTM and other supplies from A&K Rental and also for a work train, et cetera. My job is to make sure that we don't go over whatever that authorized budget amount is.

Secondarily, I also keep track of what Gabe's contract amount is because that's a little separate item because his contract also includes some non-maintenance of-way items. I got to try to make sure he doesn't go over his contract amount with you guys, even though some of that work is not maintenance of way. Did I throw too much at you guys?

**David:** No Ken, thank you. That great. Go ahead, Jim.

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**Jim:** What I hear is and what I think that we need to do is I hear that the \$120,000 is sufficient. The other thing I will mention is this does not include any reimbursements from Freedom Rail and so there is-- because we don't really have clarity on how much we're getting from Freedom Rail for the entire piece. If you look at the 2022 budget, the current or no, maybe it's 2021, there was like \$250,000 worth of revenue at one point that we thought we were going to get from Freedom Rail, and that certainly did not materialize. We've dropped it down but I don't know if the \$65,000 is going to be all-inclusive of our revenue cut plus their reimbursements for maintenance of way, or if the \$65,000 is really going to be reflective of just the revenue split.

I think that we just don't know enough because we haven't been-- Last year was a bad year because of the smoke and stuff like that. Then the year before that you had the pandemic. I don't know that we have a good feeling yet of what that is going to look like from an ongoing basis. Just to add to the point, the maintenance of way budget does not include any money that we would get from Freedom Rail that could be used to augment that particular line item.

**David:** Got you. In other words--

**Ken:** Jim, just real quick, it's hard to say without seeing the people I'm jumping on here. [laughs] Gabe does keep track of and bill separately anything related to Freedom Rail. In other words, if they've got inspectionns just related to rail bikes or work that's involved specifically for rail bikes, he does separate invoices for those. I also include those on separate category in that overall spreadsheet. Jim, I know you've seen it. We can identify what those costs are. They're not huge, if you will, compared to the overall maintenance of way and inspection budget, but still, every little bit helps.

**Jim:** That's correct. I think going into 2023, I'm going to have Allyson and Leah add a line item so that those are split out so that when we like we have the Suffolk for Polar Express and in certain places, we have it for rail bikes as well. I think we need to add a Suffolk-- an account for maintenance of way that is related to the rail bikes so that we can clearly see it and so can everyone else.

**Ken:** Very easy to do again, we're already doing that by-- Gabe does provide separate billings for anything railroad bike-related.

**Clay:** Jim, structurally, are you comfortable with the line items that we have included that make up this particular-- not feeling like we need to add anything additional or it's this is sufficient both including Gabe's portion and any other materials, rentals, those things.

**Jim:** I think for now. I think if at some point in 2023, we need to augment it, I think that's a discussion that we have to have in 2023, but I think going in, I'm pretty comfortable. This is my second year doing it and so we've got a better handle on Polar that we did not have necessarily a great handle on last year because we hadn't run it the previous year. Then we had all those credits and outstanding gift cards. We've addressed most of that going forward. I'm a little bit more comfortable going into 2023. I think that this is a fairly reflective budget of what we should see given if our ridership percentages get where we projected them to be.

**David:** Well, great. Thank you, Ken, for talking us through the different maintenance components. We appreciate that. Thank you for that detail. Thank you to my peers for all the questions. Oh, yes, Jim. Go ahead.

**Jim:** Given our discussions, I do not believe that there is any action that is necessary for today. I think that we are ready to go to the May 25th meeting in the final budget adoption hearing with the document that we have without any other changes.

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**David:** Sorry, Jim I got distracted for a sec. You just made a motion, sorry.

**Jim:** I don't think we need one.

**Clay:** You're extended as chair for seven years.

[laughter]

**Clay:** Seconded and a pass.

[laughter]

**David:** I may not be alive in seven years. Sorry about that.

**Jim:** I just don't think we need one- [crosstalk]

**David:** Because we're not changing anything.

**Jim:** -because we're not requesting to make any changes. I think what we have is sufficient.

**David:** Then that's great everybody. Again, Jim, thank you. Thank you, Clay, for the time you all, and Jennifer put into getting this document together and getting us ready for the budget hearing. Wonderful. Then I think we'll just go ahead and move on if we're comfortable. Again, Ken, thank you. I don't know if you can still hear us, but thank you for that input. Thank you, Tom, too for clarifying some of those costs earlier. I feel good that we've got the right fuel adjustments in there as well. Thank you for that.

**12. FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING REQUEST FOR PROPOSAL OF POLAR EXPRESS THEATER PRODUCTION SERVICES**

**David:** We'll go ahead and move on to agenda item number 12 for discussion, and possible action regarding the request for proposal of the Polar Express theater production services. Unfortunately, nobody responded to this. We didn't even get so much as a question I believe about the RFP. I don't want to say I'm totally surprised. I realize this is a big undertaking. I will say this, it was not for lack of effort. Allyson and her team made some great outreach to folks in the Washoe County area who deal with theater and deal with production. I did the same thing in Carson City.

I engaged the Nevada Arts Council as well. This RFP was probably distributed to at least, I'd say 100 and something different entities in Nevada, maybe even Eastern California, because I don't know where the outreach goes outside of the Nevada Arts Council once it was sent out to all of the different Nevada arts and culture organizations. It wasn't like everybody and their brother was aware of the RFP. This is a situation, obviously, for us. I don't know where we want to go from here as a commission because I don't think putting out another RFP is going to result in a different response, mind stretch of imagination. You want to jump in

**Allyson:** I'll just touch on some of the feedback that we did get from some of our outreach. Part of it was the culmination of casting, meets production, meets sound. One person might want to handle part of it, one person might want to do costumes, finding that entity that would be interested to do it all, that was within the conversation. An additional conversation was the timing of the RFP. It's sounding like a lot of theater productions before January 1 hits, they have their entire calendar set. Part of the conversations that I had with the theater companies, I said, "Well, I already have my December productions laid out. I would be highly interested for next year." It was the timing of it.

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Based on the conversation today with the commission and next steps from there, additional phone calls need to be made of is it we call those people and say, "Do you want to do part of it?" Do we bring in three different vendor--? There's a lot of different kind of scenarios that we could move forward on this piece of it. I do think we've identified in the sound part of it, Clay did go up to both the Depot and to Tom's train to look at the sound. I do think that piece we have a little bit more headway on it's the casting, costing, and production side of it that we'll need to identify how we want to move forward.

**David:** Thank you for that. Any suggestions from my peers? Go ahead, Jim.

**Jim:** Is this something where we are really literally looking at just this year is the problem that if this contract was, or this RFP was put out for starting with the 2023 Polar Express that we would have had bidders?

**Allyson:** I can think of one that I had a very strong conversation with that said, "Gosh, I wish this was for next year I would bid."

**David:** Jim is thinking.

[laughter]

**Allyson:** I think one of the big things our team is trying to get a handle on, who's going to take the lead on identifying where we go from here. Is it our team investing our hours to identify these different vendors, having those conversations, et cetera, goes back to the conversation we had earlier, is it a commissioner that's going to say, I'll take the lead and I'll try to identify where we're going to move from here. We knew regardless that there would be some impact on our team in terms of onboarding if there were a new vendor involved. I think that is probably one of the decisions we would need to make today.

**David:** Question, we did allow flexibility with that RFP that people could have bid on an individual component. It wasn't an all or nothing. I knew of somebody locally that I thought was going to bid on the sound piece of it, only because that's what they specialize in, that's what their company is. I don't know what happened there because I didn't follow back up to understand why they didn't end up bidding. Here's a concern that I have. It's very difficult I think if we're talking about now you have a casting group, a production group, a design group, a sound group, whatever, we still need somebody who is overseeing bringing all those people together to actually put on the Polar Express.

I'm not going to try to put you on the spot, but we've hired Allyson to be our operations manager coordinator for the VNT, which in my opinion, it's inclusive of the Polar Express and what happens for those two months. I feel like if we have three or four, however, this maybe could work. Ultimately, we still need somebody that is going to pull everybody together to coordinate this whole effort.

**Allyson:** I don't know that that changes from last year to this year moving forward, because it was still our team coordinating all the vendors and the efforts and that piece of it. I think that's still looking at our hours that we were just fully dedicated to polar, it was being a ringleader if you will, making sure that all those vendors are in place. The biggest piece of it in the question was can our team handle it? Looking at what we have to do at the Depot to get people in on the train, flip the Depot before the next run physically can't be in two places at once.

**David:** It's almost like you would need another person, sort of.

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**Allyson:** Yes. It would potentially be looking at hiring on an additional person, production manager, et cetera. We have rates that are reflective of event planning services, not reflective of theater production services, and that's my concern.

**David:** We have a certain line-item amount that we've dedicated to this in the budget. That would be the next issue is, I'm not saying we're taking this on, but if you did, I'm not saying you would, but then we'd have to operate within the budget that we have for Polar Express as well, and whether or not that's feasible now, you and then potentially three subcontractors to do it that way.

**Allyson:** Potentially.

**David:** Yes, Jim now you're at it. I got it.

**Jim:** I will say, in looking at the contract, the only thing that was really optional was sound. You really were looking at the production, casting, and costuming as a single vendor with the option of you could or could not do the sound piece. It's not like we broke this into, you can do costuming only, or you can do casting only. That's not the way the RFP was written. If that would result in us getting people who would then bid on the components, then maybe it is worth going back out and putting that as an RFP with the components being singular.

However, that being said, this was done on a specific reason so that the person could, or company could go to the whatever they call the camp in Colorado which is obviously now not going to happen. The only representation we're going to have there is Atypical. I think that if you look at the contract that we had last year, that had a person whose sole purpose was to run that part of it. That was part of that contract. It isn't like we wouldn't have the authority in there to hire, under whatever arrangement we decide to make, somebody to manage that piece of it that the current Atypical group is not doing two things at once. That there is another person that is there to do the work that needs to be done related to the production services.

If it's feasible, it actually might work out better to have Atypical do this because my understanding from the conversations was that seemed to be part of the rub last year was the interactions between our management and the production management, so to speak. Maybe that eliminates some of that friction because it then is all under a single organization.

That being said, I understand that this is a significant change in scope of work for what they have done. A lot of what we've talked about today is a change in the scope of work for what we are having Atypical do today. I think this goes back to when we changed from-- I am so bad with names.

**Clay:** Elaine.

**David:** From Elaine.

**Jim:** -from Elaine to Allyson, we fundamentally made a decision to make that change. Now we're getting to the point where we're thinking maybe that change wasn't quite what we needed. Is there a way for us to rethink our agreement, to have it as a little bit more structured the way we had with Elaine where you have this dedicated amount, this dedicated individual that is running the day-to-day stuff, and then have that be a part of this contract with Atypical and then basically revise that contract?

I will say that we are going to have to do an augmentation of that contract anyway because they are significantly over year one. If you look, they're easily one and a half times and we've got, two months left. I think that's through your April bill, I cannot remember. I think that's through April. No, it's not because the April bill came in the May run. That is with April, May, and June still to go.

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I think that we need to have that conversation about what do we want the operations management to look like and how do we get from the current place that we are to getting to having something with Polar Express and is there any help that we can get from rail events? Is that right? Too many rails. Is there something that they can do to help us get in maybe for this coming season, recognizing that there might be somebody who's willing to take it over in 2023?

**David:** Is that a possibility that you guys could explore a week and a half talk to Ed and those guys?

**Allyson:** I have talked to Ed about it. Is there a company that you guys work with? Is there someone that you recommend? They're very hands-off. They would love whoever it is to be at camp to see how they would like it to be done but in terms of who, not really making formal recommendations. Lee and I attended the Sacramento Polar and our polar is significantly different in terms of how many staff we have on board and what the experience is like, but that's also why we're our premier destination for Polar Express. We can ask again what kind of resources they have and if they'd be willing to help.

**Jim:** Or talk to other operators who are there. Obviously, you've been to the Sacramento one, but I believe there's more than just those two and those people will probably be there.

**Allyson:** What I'm understanding from my conversations with Ed, the difference for the way that we operate versus all the other Polars is that they have staff and it's the actual, trained staff that's running all of this. It's similar to a lot of our nonprofit clients where it's like that asterisks of other duties as assigned is used to its fullest extent. The costs, as opposed to hiring a separate company to help run an event, which companies have costs involved, they just have their staff that they're having do it and they're hiring and people to do it. That's why our polar is significantly more expensive than other railways.

**David:** Because we do not have staff?

**Allyson:** We hire out for everything.

**David:** We're all vendors. Everybody is a vendor.

**Allyson:** Yes. We hire out for everything.

**David:** Okay. Go ahead, Stephanie.

**Stephanie:** I think I understand it and I'm comfortable with where Jim was going with this as far as perhaps if following under Atypical this year if that's something you think you can do with hiring an additional staff. I guess the question that I have is, based on the conversations you've had with people in the industry, are you going to be able to find those subgroups? Because if we can't even get there, then that's a bigger problem. David, how's your singing voice.

**David:** [laughs] I think it's wonderful. My wife says I'm horrible, but I did take choir in seventh and eighth grade so I'll need a little bit of prep time, and I look great in a costume. No, I can start right now. Just don't tell my wife, please.

**Allyson:** [laughs] For me, I have the business side of things, I also have a personal side of things. I've got two little babies with December birthdays. This last Polar Express was very difficult on our family personally. Business side of it, could we hire subs, could we try to do it Enneagram 3, if you know what that means, which means I'm a leader and I'm going to say yes, of course, we can do it.

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I have strong, strong strong hesitations just because of the physical time needed to pull it off at the caliber of the expectations that we have for our railway is going to kill me. [laughs] Can we not do formal action today and I take an additional time to think about that and make some phone calls to identify if someone would be willing to sub under us?

**David:** Of course.

**Clay:** I was going to say, let's consider whatever actions leave the most options open. I'm just thinking that may be to formally put it back out there or open it up or whatever, not that we have to accept the result of that, but just trying to think of how to leave as many options open out of this meeting today because we're short on time.

**Allyson:** Well, if we put it out, again, you're looking another two months down the road, Polar starts in July, June, July. This is me being new to this system. Do we have to put out another proposal or can it be subbed with the change of scope?

**David:** I'm just going to give you my thought on this. We tried this through a formal RFP, nobody responded. I feel like if this commission was to suggest that we work with you, Atypical and team, to do an amendment to your contract to absorb taking on the Polar Express, if that's what the question is, I think that's a fair ask or it could be a fair recommendation or motion or whatever by the commission because we've tried to do the formal RFP and nobody responded.

I'm not opposed to doing those individual RFPs, but it will be July and then we'd have to come back with the contracts in August, or we've got to do special meetings right in between. Well, good Lord, we'll have missed the mark, the timing to even get those two or three companies. Up to speed, I think it would be too late at that point.

**Allyson:** I guess my question is if we identify vendors that are interested, do they have to run under Atypical without doing a formal bid process? Is that because no one responded?

**David:** That's a different question.

**Allyson:** Or do I absorb it? I think is where I'm trying to--

**David:** Go ahead, Jim.

**Jim:** No, I think we could sole source them based on their lack of responses to a formal RFP. We could do sole sources directly with the vendors if we could identify the ones that will pick up the various pieces. One of the things that I think about is going back to, should we do another RFP to start in 2023 and then just figure out how to get a single year sole source arrangement with whomever we need to to get the 2023 done. Then that way, we are going back out to bid because we've had people that say they would've done it if it was 2023, but they won't do it now.

This is one of those things, lesson learned. This is a contract that you can't let out in the middle of the year that you're expecting somebody to start. You need to go out a year and a half in advance.

**David:** Could I ask you a question, Jim? If we put a bid out for 2023 forward, would it be the exact same thing we just did or would we want to allow for people to bid on individual components of it?

**Jim:** I would do it as components.

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**David:** It could be one RFP, not four, but one--

**Jim:** One RFP with everything being the option. Option one, option two, option three, option, bid for any or all.

**Clay:** Do we have time at this point to put it out as a single? Is there a benefit to having put it out exactly the way it was and then if that doesn't garner, then we still have time for the 2023 season to then break it out? Is it advantageous?

**David:** Sorry, Jim was talking about not this year, but next year.

**Clay:** I understand. What I'm asking is, does it make sense? Do we want one person to do it all? At this point, for 2023, we are ahead of the game. For 2022, we're behind the eight ball. I'm just questioning if it makes sense if there's a benefit to us seeing if someone will take on the whole thing. The flip side of that is, are we going to overtax our capacity by considering that at the time when we need to be scrambling to figure out how we're going to take care of 2022. Does it make sense to delay it a month or two or whatever, or anyway, I know I'm making it from a binary question into multiple-choice, but--

**Jim:** Here's what I would do. I would make some minor modifications to the existing RFP to allow for the options with a preference being for a lack of a better term, like a general contractor where they're going to be responsible for hiring all the subs, that's our preference.

**Clay:** Perfect.

**Jim:** We do this-- By doing this now and getting on the streets, we can also give them time. We don't have to address this at the next meeting or even the June meeting, we need to be addressing this July-August timeframe. That gives the potential bidders more time to put together their thoughts and processes too. I think we put it out on the streets.

I was concerned about the shortness of the time, to begin with, and we give these potential bidders ample time to submit a bid. We don't even have to consider it till September, October, if we want to do it that late. This is not something that we need to do on any given track. What we're finding is that we needed to do this a year ago for this coming fall and we try to do it now for this coming fall and that just didn't work.

**Clay:** Yes. I think that's the best of both worlds. That's fine.

**David:** I'll just speak and I won't identify individual entities that I spoke to locally. I think it's going to be difficult for one to take it all on. I'll tell you, it's the casting piece that seems to be the hangup from the conversation. I don't know if Allyson you ran into a similar situation. It's liability of absorbing if they're really good at one part of it, but now they're having to work with another entity or two, and then who's responsible if something doesn't-- we have a casting issue, something goes awry with one of the kids, am I responsible? Everything seems to revolve around liability for something going wrong.

I don't fault them for that, but I think, guys, we're probably looking at three. I think the casting because they specialize in that, the theatrical production or design, and then I think the sound people are going to--

**Allyson:** I think sound's definitely going to be separate. I don't know. I can argue it both ways because in the conversations that I had, this person said, "Yes, we can do those three components higher up for sound." I think it's just going to be a year-long process of having those conversations before. By waiting until August or September to do the RFP gives me some time to have longer conversations with various people to see if they're interested.

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**Jim:** By putting it out there under that format, you might have one that comes in, says, "Yes, I can do all three." You might have three that come in and says, "I can do this one, but not the other two", but we have these other two people who will fill in those gaps and the commission can decide, which is the better way to go. Is it better for us to do it as a single vendor or is it better for us to work with the three and then have some kind of coordination somewhere along the way?

**Allyson:** Since it's top of mind and the questions here, do we work that into the scoring of, they get certain points if it's one company?

**Jim:** Well, and that was why I say a preference. We put in the preference-- [crosstalk]

**Clay:** That's what that means?

[laughter]

**Jim:** Extra points for one.

**David:** We could wait that exactly if it's a single vendor. For today, what's the commission's pleasure? You would like some time to think about the '22 which we appreciate, do we want to make the motion to revise for fiscal, excuse me, for calendar '23 forward a new RFP that we would release? Not today, not tomorrow, but maybe in the next month or something like that. Do you want to give that official direction? Okay.

**Jim:** So moved.

[laughter]

**David:** Does somebody want him?

**Clay:** I'm just taking a look at the way that it's agendized because I want to make sure that it's within the scope.

**David:** Yes. We say discussion and possible action on next steps so I think it can be a--

**Allyson:** Kept at bay.

**Clay:** No, it's sufficiently broad. It says regarding request for proposal.

**David:** I didn't know how you all [laughs] wanted to move forward. I needed to be flexible.

**Clay:** No, it's perfectly fine. Just wanted to make sure that we're not overstepping what was agendized by skipping the next year on the action.

**David:** Oh no. I like that bird-dogging it. Yes. Does somebody want to make an attempt in a motion just so it's very clear what-- because Allyson you'll have to be a part of helping with the new RFP for '23 forward so anybody want to make a motion?

**Jim:** I'll make the motion that we request our management team to revise the request for proposals for Polar Express theater production services that would start in calendar year 2023 with some changes relating to flexibility in the individual components with a preference for a single provider and that we have additional discussions at a future meeting regarding the 2022 Polar Express productions.

**David:** Thank you Jim for that motion. Everybody comfortable? Do I have a second?

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**Stephanie:** I second.

**David:** Okay so we have a motion and a second. Any further discussion on this agenda item? I see none. All those in [crosstalk] Oh, any public comments or any public comment on this particular. Okay, seeing none. All those in favor say aye.

**All:** Aye

**David:** Aye. Any opposed? Motion carries unanimously. Thank you everybody for that diligent in-depth discussion about this. It's obviously critical to us moving forward as a commission, as an organization, so thank you.

**13. FOR DISCUSSION ONLY:**

With that we'll go ahead and move on to agenda item 13, these are our discussion-only monthly non-action item. A, operations report, Allyson Bolton, and I should make mention that this was late material yesterday. It was posted online and it is in the back of the room. Allyson, you want to?

**Allyson:** Yes.

**David:** Dive in.

**Allyson:** Allyson Bolton, operations manager for V&T Railway. Operations update. It's hefty today, but I'm going to try and go through it quickly since this has been a longer meeting and we had lot to discuss. Again, this is always going to be very high-level approaching our buckets, operations assets, board relations and marketing. In terms of operations, April was a little bit of a lighter month since we didn't have our commission meeting in April, and so it did allow us to move our efforts heavy towards operations. General season trainings are now on sale. I'll be showing the numbers here shortly.

We did have a private group that ran the day before our inaugural run of Mother's Day. It was the Tahoe Health Auxiliary train. It's a private group that they actually use it as a fundraiser. They charter the train and they sell tickets as a fundraiser to their nonprofit. It was a boisterous group that I heard had lots of fun. Then our Mother's Day train was mostly sold out. We weren't quite sold out on Saturday, but we were sold out on Sunday. Again, I'll show you numbers and revenue here in a minute. Continue coordination with Freedom Rail and communication with a lot of just interested groups, private parties, large groups, et cetera.

For polar, we packed away all things retail and did an inventory on everything so that we can get prepped for our new retail order for this next season, what was leftover. We do actually have a small display in the depot where we can sell some of that leftover retail on general season runs. It's a very small display with like some snow globes and stocking, things like that. Just to remind people year-round that the POLAR EXPRESS is a big deal. It's no longer holidays at our depot, and then we worked on the production and sound RFP. Up next, we do have some specialty trains that we're looking at. We've got our general season train season.

It's not this weekend. It's the following weekend with our steam train. I did talk to Tom and they are working on the 18, making sure it's passing all inspections for us to hit the ground running. We're looking at Memorial Day weekend trains, which is always a very heavy weekend, Father's Day trains, and then initializing our toast of the canyon runs as well. Then I've been playing around with different options of how to have increased revenue streams, and I still come back-- I looked at the numbers of like, if we talked to Tom about doing the table car and we did a VIP first-class, the numbers when you compare that to a 70-person coach was like the same.

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I really think if we looked at having additional revenue streams, doing something like a VIP ticket where you would get a continental graze box, maybe some champagne to take on the train elevated experience, if you will, to get above that 55 price point. Leah and I are off to camp for the POLAR EXPRESS next week, week after. Everything's running together right now. The week after next in Durango, Colorado, and we're really looking forward it. We've been working with Ed to get all of our travel plans set. We'll be flying in on Monday. Camp actually goes all the way through Friday night.

We're skipping just Friday, mainly because of our time. The last day is a six-hour tour on the Durango train itself. We're just going to skip out on that and come home on Friday. We'll be attending some production and sound classes while we're at camp, apparently. Then we're finalizing our sound system options for what polar looks like. In terms of operations as well, I believe it falls underneath this category. We've got two accounts currently that we need to switch from Elaine's name, Elaine Barkdull Spencer, as well as Tina Clapick that we need to transfer to Alice Bolton.

Those two accounts are Costco, so we need to formally change it from Elaine to Allyson Bolton. The second is the USPS PO Box. It does have Elaine Barkdull Spencer's name on the box itself, transferring that over to Allyson Bolton so that we can get these accounts renewed and we can move forward. In terms of Mother's Day, we had 120 passengers. This is bookings. We did have a few no-shows. I think we actually on Saturday had 114 on the train itself, a handful that didn't show. Fairly common. Then on Sunday, we actually sold 213 tickets. We were overbooked, but we did have a few no-show as well.

I think we had 202 on the train itself. There's the reflective revenue there and some photos of what the depot looked like. We had a fun little what we called a selfie station where you could take a photo. We had complimentary coffee mimosa and sparkling cider, and then our mom's actually received, and you can see in the photo there with Leah looking so fabulous. I know. She hates that photo. [laughs] The red cups-- We have these red V&T cups, and so we actually got canned mimosas, and put a LINDOR chocolate.

Every mom, as they checked in, got a nice little keep safe to take home and then something to enjoy on the train. They were a hit and we actually had a hard time explaining to people, "No, it's just for the moms." We did end up running out at the end there. We have to put a sign that says, "If you take one, you're taking one away from a mom." It was very aggressive.

**Allyson:** Yes, right. We have local musician partners that we work with husband and wife team, and so you walked into the depot, and they were playing that like classic music. Cocktail hour is the best way that I could describe it. Full house, you can see there in that bottom right photo there. Lots of happy moms, happy kids. We had a little girl down there. She just wanted to dance at the band. Didn't want to get on the train. It was like we had to pull her out of the depot to get on the train. Then when they came back from Virginia city-- On Saturday, we'd given them the rose before they got on the train, and then the roses fell apart on the train.

I identified that that wasn't a good idea. On Sunday, when they got off the train, they were handed a rose as their gift. All in, our expenses were probably at most, maybe \$2,000, somewhere in there. We kept it very conservative just to make it feel special, elevated, it's a special day, and we made some money. We're on sale for the rest of the season. Here's our breakdown. We've got 457 general season writers booked with the relative revenue there. The graph is going to be reflective per month of that number. Secondly, we do have two private charters booked, one is already completed and the second is in July.

We negotiated one more, and so the revenue there is reflective of what's confirmed. Then if we do book the additional one, we're looking at an additional revenue there. In terms of Freedom Rail rail bikes are not currently on sale yet. We are still awaiting payment for their utilities and 50% of the rail bike inspections.

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David's been working closely with Todd and Binney to secure that payment, but until payment is received, we've asked that they not go on sale and not be on the track. They have done to private groups, in terms of tour operators and a VIP guest that we had as well. They have got the bikes out. The bikes have gotten on the truck itself, but no general season are currently moving forward.

**David:** I'll just add, I just sent another email to Todd and Binney asking for when we can expect the 50% as per the agreement with them, that check for utilities and the rail bike inspection. I will stay on it.

**Allyson:** It's about \$11,000, give or take.

**David:** Yes. It's a sizable chunk of money. Moving forward, we will make sure that we do the reconciliation on a monthly basis, rather than at the end of the season. Again, I take full responsibility for that. I thought I was doing everybody a favor given that Allyson and the team were new. They were new, and we were trying to even figure out what our invoices were and getting the invoices for all the different costs. Moving forward, we'll make sure that those reconciliations are at the end of each month so we don't wind up in this predicament again.

**Allyson:** In terms of ticket sales and the Fair Harbor process, so we're officially decoupled. They have their own Fair Harbor account. We have our own Fair Harbor account, and the way that we were able to set it up is directly through Fair Harbor in terms of payouts, and that 25%. Just push a button, and we get 25% of their sales after the actual tour has commenced. That's a little bit of where we had run into the issues last year with smoke and tickets being on sale, then refunded and exit.

It took a long time to reconcile where our numbers truly were, but this is just going to be an automated system after the tour has actually happened, then we will get the payout of 25%. In terms of assets, just cleaning things up. We repaired the-- I love the leaky water pipe here. The water pipe's been fixed. We also secure janitorial services, which means that Leah and I don't have to get there as early on the weekend. That's okay, we know how to spell.

**Allyson:** It's French. [laughs] It's been a week, you all. It's a great local team. They once a week, clean out our bathrooms and then wipe down everything inside the depot. Then I'm securing a quote from them to actually power wash inside the depot, because we've essentially moved all operations into the steel building, and the other buildings are really just offices and storage at this point. I really like to get a little bit-- The last time it was power washed, so I think we're going to move forward with that to clean things up a bit.

Then we have a new sign. I should have put a photo up here. As you come up to the depot, there's the tan container.

We have a new large sign that says Howdy Partners and it's got our logo, Freedom Rails logo, Virginia City's logo and Visit Carson City's logo with the train in the background and the bike in the bottom. It's really impactful as you're coming up, and I do think it pays nice marketing to all of our partners involved. Gabe will show you a picture on his phone.

We're also going to add up. I have the ring cameras on my phone and it's crazy to me how many people stopped by the depot on a daily basis and just walkabout.

They go to our visual center there. We're going to put up signage with a QR code that goes directly to our website. I know in the past, we had had where you could take a flyer or a pamphlet. The weather and the wind. I'm hesitant, so I want to try and do this QR code approach. We'll be able to track it, see how many times it's scanned. I believe we can tie it to revenue, but TBD on that. That's going to be going up soon.

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We're still working on getting an electrician out there. Minor improvements here or there. Gabe actually came out and lifted up the, what we're now calling the office. I don't know if you guys had recalled that the doors wouldn't open because of the concrete, because the building was sinking, and Gabe lifted it up. That was significant. It was about \$1,000 estimate. We had gotten to shave that concrete down, and so Gabe just crawled right underneath there and popped it up and doors open. That was exciting.

**David:** Thank you, Gabe. Root strength. I love it.

**Allyson:** Then storage inventory. This is going to probably be here on every update, just continually trying to get things in their own places and homes, if you will, so that you live here and you live there in terms of all of the stuff that we have. Board relations was actually heavy-- Not heavier, is less heavy in April. Again, we didn't have a-- no commission meeting in April, which again, our team was able to shift focus towards operations and marketing but maintain an accounts payable with the Storey County team, working through all the different partners on our budget planning. That's coordination with Roy St. The Draco Property. I'm going to leave it at that. Moving up next, we've got our budget hearing is at the end of the month.

Our team will actually be at camp, so David will be running that meeting. Preparing for committee meetings, accounts payable, status quo here, helping both Clay and Stephanie with the negotiations with VTRR for our next contracts. Then we're working on putting together a planning timeline for all of our contract terms and a calendar really of like, "Okay, this one's up here, we need to go out to RFP here," et cetera. We did a little bit of this at the workshop. It was more on like that deck that we had provided where we went through each vendor. We're just putting together a more formal calendar. Again, if we're not here tomorrow, you have it down in writing of, "Here's when you need to do what."

**David:** I just fainted at that comment.

**Allyson:** [laughs] Marketing. Marketing is really broken down into these different buckets, general public relations, email marketing, social media, or media buy-in our website. In terms of general, we are looking at designing a rack card. We've had one in the past, it doesn't actually have the right logo on it, and so we're looking at the costs to display those cards. I forget the actual terminology for it, David.

**David:** That's through Certified Folder Display, Inc [unintelligible 02:08:23]?

**Allyson:** That's it. Yes, Certified Folder Display, Inc.

**David:** We use that and VCTC uses them as well.

**Allyson:** Correct. I do think there is a place for a rack card and we do get asked for them a lot. We will be doing a rack card. Then we've been working with-- We get a lot of nonprofit requests in terms of donations. Everyone's backing at it with their events. We're tapped right now, to be honest, in a lot of our donations, but there are some partner donations that we're still doing. We're looking at, can we move it to next season just because we don't want to have so many donations out there that it's going to impact our revenue. We're really keeping a tight eye on that. Just a quick update there.

We do have Northern Nevada Moms. It's a very popular blog and social media influencer that will be riding the train. They wanted to ride on Mother's Day, but they just couldn't work with their schedule and so there'll be riding, I believe in June. Then we did send out our back-to-the-track Mother's Day e-blast. Here's the stats here. The open rate was fantastic. It was nearly a 45% open rate, 6.7 clicks per unique open. You'll notice there that the recipients is quite higher than the last time we had reported on an email marketing, and that's really due to our POLAR EXPRESS database being entered into our MailChimp account. 6,500 opens, that is-- Honestly, a good open rate is 10%, and this was at 45.

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That was definitely a slam dunk there. Social media. We're at 16,715-page likes, if you will, and then here's just the reach for the last 30 days, with our 245 being our post reach.

I'm not going to go into all of these numbers here. These are just more informative. I could also give you a lot more than these numbers. These are just the high level of what we feel is important. We are working really close with Facebook right now, because as we-- We'll talk about the media-buy, but as we were working on that, we identified that the page ownership exists with the page that was deleted.

I have to basically get documents notarized. I have to do a whole packet to Facebook to say we are who we are to do that ownership. Really, the only reason for that is for us to get deeper into the analytics and really robust advertising on Facebook. We can still post, we can still do stories, all the high-level things that you can do with Facebook. It's really just getting access to that owner side of things. Working with Facebook on that. We did run a paid, or I would say a boosted post on Facebook. It was actually our most popular post that we had since in the last month or so.

It was announcing our Mother's Day train. High-level numbers that I'm just going to go over quickly is the organic reach was 3,607. Our paid reach was 17,000, and we only threw about \$200 at this. I don't know why this keeps popping up. Sorry about that. Overall reach was nearly 20,000 people on this post, and 581 actual link clicks, which the link that it booked went to is through the Mother's Day page itself to book. A highly successful campaign. Again, there's a lot more details and analytics. What I love is that the negative feedback on here was only two people that just hid the post. That was it.

Normally, for a post that has a reach this high, you see a little bit more in that negative category, but it was overwhelmingly positive. Everyone's very excited to see us back to the track. In terms of our Instagram, we're at 2,661. The numbers here, again, are reflective of the last month or so. If you compare it to the month prior, it was an increase of nearly 3% in terms of engagement and likes, and so forth. We reached 1,200 accounts. Here's just a snapshot of what our most popular posts were for the last month, with the back-to-the-track one being the most popular and second to our Mother's Day post.

Stories, we do a lot more stories than we do posts. Here is just a snapshot of some of the stories that we've done. With our most popular one, interestingly enough, is that photo of that banner, the Howdy Partners banner. It says something along the lines of final preparations for Mother's Day training or something along those lines. That got to reach a 420.

In terms of our media-buy, we had what we call posters. They're not technically billboards. Billboards are a lot bigger. Posters are a little bit smaller and a little bit more affordable.

We had two running in the last month, and then our next flight is actually four different posters. For our March boards, it delivered 123,000 more impressions than the previous flight and what they estimated. We had an impression of over a million impressions. That was just with two boards. Now we've got four. Here's the locations, and it's just that back to the track general branding that we've been pushing. Up next. I'm not ready to show you that. We also have our paid search. You go to Google or something like that, that would be under your paid search category. It just began. We don't really have enough data to report on that right now. Up next, we've got our TV running.

We've got radio running, we also have some Pandora running, and then some additional display ads and things like that. For our TV, because it is election season, especially right now, you can't really get a 32nd spot without paying an arm and a leg. What we're going is for 5 and 10-second spots. Imagine you're watching Jeopardy and it goes to commercial, and it says, "This is sponsored by da da da," and it's really quick. We bought those, because, A, they're much more affordable, and I think based on this, we got our message through quite well. This had sound on it earlier, so I'm hoping-- It's because I muted my computer.

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**Speaker:** Join us on the V&T railway. Trains From Carson City to Virginia City are now running. Visit [VTrailway.com](http://VTrailway.com) for tickets and schedules.

**Allyson:** Zack, Carson City actually helped to do the footage on that. Then Colo actually did the voice-over on it. It was a team effort. This was for 10 second, and the 5 seconds, clearly just a little bit more consolidated, but I think it gets the message across well at an affordable cost of the commission. You have seen them. Great. [laughs] I get excited when I see the billboards too. In terms of our website, what's really interesting here, and I know we just started running our paid, but the top channels for our website is highly, highly direct. What that tells me is that the billboards or the posters are working.

If you look at previous reports on this, you're going to see a lot more colors with organic search referrals. Maybe they went to our Facebook, which would be the social category. Overwhelmingly, people are going straight to [VTrailway.com](http://VTrailway.com). What does that tell me? The posters are working, because that's what we have advertised there. This is just reflective of, again, the last month, April 12, to May 9th, an increase in our users, a direct correlation to the revenue. How many sessions there were, conversion rate. Then right below here, no surprise, our top five demographics or targets, I think is what it's called. Reno, Sac, Carson City, San Francisco, and Sparks. No shocker there. I talked fast. Got through it quick, open to questions.

**David:** I would just say, very, very well done for the Mother's Day weekend. I really appreciate the effort that you all put into those little pieces we've talked about having. It's all about the visitor experience. I think you captured that between the chocolates and the roses, and the mimosas. Just well done. I like our numbers. I think they're very good as far as the email. Great job on that front. I would offer-- Will help as the CTA with the rack cards, because I 100% agree with you about meeting those rack cards. We cannot do the cutting anymore because our machinery is leaving the building starting this month and next, but I'm happy to help cover some of the cost of the printing. Maybe we can use Monarch behind us because he does have some familiarity with that. I'd love to get an allocation of those cards as well.

They go out the building internally and externally because we do have weatherproof racks on the outside. Not now because the building is being painted, where we're at. I'm happy to help cover some of the costs and maybe we put our logo on. Put the VCTC logo on there as well or something and websites. If you guys are willing to do something like that, then I'm happy to help pay for some of the cost of the rack cards and then get an allocation for our building because it's a very popular piece. It sucks because we have people come in all the time and they want to take the card with them.

**Allyson:** Same. We're going to try the QR code approach on it. The same QR code that's going to be outside the building, we're going to do that code on the rack card.

**David:** Brilliant.

**Allyson:** I think people two years ago weren't as comfortable, but now there's a lot of comfortability with that QR code and you can just go direct to our website.

**David:** I would agree with that 100% because menus are like that. Now you don't even get a paper menu. You just put it on your camera or whatever and up comes the website. Well done on that front, too. I don't want to take up all the time. Any comments, questions? Anything for Allyson on her operations report? Okay, job well done. Thank you very much. With that, we'll go ahead and move on to 13B, train operations report. Tom, do you want to give us an update on your end if you don't mind, please? Thank you.

**Tom Gray:** Tom Gray. Virginia, Truckee Railroad. Any questions about the operations or what we do?

**David:** Any questions for Tom?

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**Tom:** I'll make it quick.

**David:** You were comfortable with this past weekend kicking things off everything mechanically, equipment-wise, everything?

**Tom:** Yes.

**David:** You felt pretty good? Okay.

**Tom:** On the second day, especially. First day was a little bit of a challenge but the engine started up in Carson. That was our biggest concern. It was scary. I'm by myself up there. 18, we did the annual. The Federals came in a couple of weeks ago. We did the internal and the external inspections. They took no exceptions to the 18. They did notice some leaky valves and leaks and stuff. We've replaced some valves and lapped and machined the steam valves in the cab. We still have to enter the tender and do that inspection, and that should be wrapped up.

We'll put the bottle plugs back in and get it going. The 29, same thing as in the border, repairing the dry pipe and some stables. The big diesel. We talked about that. Facilities, yes, we need to repair our shop doors. All that stuff takes time and money to do. The water tower, the tenders. The Reno locomotive, we're going to bring that down to the Nevada State Railroad Museum in July. That's pretty iconic and we're really happy to have that. We're building the tender frame. I was told by the movie people to get that ready to do some shooting with that sometime. That'll hopefully pay for some of the work and I plan a building for it. That's the first big step for us.

Hopefully, Railroad Museum gives it back, but if they don't, at least it's got a spot to go. Besides arena, I got all the remaining V&T pieces of equipment up there. We have them protected. There is the big Derrick crane and two of the original box cars and some of the stuff that was used in the movie *Union Pacific*. I got nine truckloads out of there. At least got a good homeport for a while. Rolling stock. We took down the village course and then all of our stuff put it away, which took about three months to do, doing the deep cleaning in the coaches.

I lost my seats, so we just actually used a little clear Gorilla Glue and patching together for a while, but they're super expensive. I've tried to order some more wicker from China. That's where they make it. That's a really great seat fabric, but we don't have that yet. The brake valves. What did we do? We painted the floors and the coaches, the windows. One of the bathrooms, we've had to replace all the copper piping in there. The track structure. Done some tire replacement. A lot of surfacing, adding ballast for it. These trains are heavier than our normal trains. It's really important that we keep our track surface tight.

Our rail is 75 to 90 pound now. Should be all 90 pound or greater, but over the years, we've been replacing it. That's what we do with the extra money that we make off the commission's trains, and it's really important. Probably the most important thing we do is upgrading our track structure. Oh, the fuel reductions was huge this year. Storey County has a fuel reduction program. Nevada Energy pays them for a trailer and the firemen will take-- We did two or three yards, or, I don't know. It's a big trailer and we've done about 20 loads so far. We just cut all the bush off the right of way. Then right now, the grass is growing back, unfortunately.

That's a little bit of a problem. We made some pretty big fire breaks and the really experienced firemen were really happy with that. Then I converted our 1251-tender last year into firefighting, so we can haul 7,000 gallons of water pretty fast around the area. We bought a special-- We had a pump on there, a special, and then we have a monitor up top and then we plumbed it.

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Hope we don't need it, but it's there. It will help. We haven't started a fire yet, but, well, it's a big deal for me. We have volunteer fire patrol, but they're getting pretty thin, because this year we're really worried about the gas prices for them. We buy them dinners and help them out a lot, but we don't know how that's going to unfold this year. Employee training, we've done some of that already. Our rule book, just busy and happy getting everything ready.

**David:** Tom, thank you from all of us for being on our agenda now. I think these updates are going to be wonderful for all of us just to understand everything that you guys are doing, you and your team and what's happening on [ crosstalk]

**Tom:** It needs your proper update. You can look at it you can understand like the [unintelligible 02:24:10] equipment that we have to why we're investing in that. When we started this, we had our steam engine and we had open-air cars. We had our private car then, but over the years, I've been buying different equipment for the commission trains. They've allowed a wintertime operation, which is, i.e., POLAR EXPRESS, which is a big deal. Thanks.

**David:** No, thank you, Tom.

**Tom:** Excuse me. One other thing. For a while, a lot of years, we've worked with Nevada Travel, I think that's their name now. As they have these FAM tours from people out of the area, we've done a lot of things for them with our trains. One of them that we did when Nevada was really after the Chinese market, you have to get them past California into Nevada. Why do you want to come to Nevada? Well, there's gambling. We did a couple private trains for them. We fed them on our private car and they were really impressed with that.

I go, "What are these guys going to want?" I hired a gunfighter on there with a revolver and in a full outfit. They ate that up. Their exit survey, we're top shelf in Las Vegas. They flew over the Grand Canyon. The V&T Railroad ride was their number one thing. They liked that. They get westerns. I don't know if they're coming anymore, but that's one thing that's a really simple thing for you guys that are selling the state to have in your back pocket.

**David:** Tom, yes. Travel Nevada is their forward-facing name. You're absolutely right. We coordinated with them on the rail bike side of, but I know we didn't have the trains up and running. As they're bringing back their international offices, Canada, Mexico, right now UK, Australia, and Germany, I'm hoping that we will see a return to some of those exact experiences that you're talking about. Having, whether it's media, tour operators, FIT operators from those countries, it's huge and they absolutely do love being on the V&T.

I'm hoping to see a return to that. I know it's budget-related for Travel Nevada, but anytime they do anything like that, we participate as Visit Carson City. RSCVA has been participating in these as well. That's another opportunity that we have with our DMO partner and Reno-Sparks as well, because they love the V&T. That's something that they don't have in Washoe County. They want to be actively involved with us as well.

**Tom:** Sometimes they don't have to do the whole route. They can just do the top end, because it's more or less more effective. I try to make that work. One time we had all three cars out, and the weather was so bad. We stayed in the Depot, and they had as much fun as a train ride. They were wine and dined and it was pretty. Thank you.

**David:** Love that. Sorry.

**Tom:** The real stuff. They like the real stuff.

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**David:** Yes. It's very authentic. It's our culture. It's our history, our heritage here, and they eat that up. Thank you. Any questions for Tom? Well, again, thank you, Tom, for that report and appreciate it very much. We'll go ahead and move on to 13C, attorney's report. Mike?

**Mike:** I've been pretty quiet, David. The only thing out of the usual stuff that I did was to assist you and Allyson on the updated contract with Tom to add the \$500 for the steam outings.

**David:** Thank you, Mike. Thank you very much. All right. Any questions for Mike? No? Thank you. Thank you, Mike. We'll go ahead and move on to 13D, engineers report. Ken, anything you want to add beyond what we previously discussed?

**Ken:** I don't know if I'm still in here, David, or not.

**David:** Yes, we can hear you.

**Ken:** Okay. Just, basically, Gabe, I think is in the audience. He could talk about some of the work that he's been doing, but mostly on the overman embankment resurfacing. Again, he's been dumping ballast and raising track and doing little regulating, and now he's doing some lining. We're going to probably go in and actually-- That rail is, obviously, tight, if you will. We're having to shift the alignment back in towards the center of the curve, which is going to make the rail even tighter. We're going to go ahead and take a little bit of rail out by cutting a chunk of it out at one of the existing joints to maybe keep that track in line a little bit better than it has been.

It's all wanting to move outward when the heat comes and warms up the rail. That's a little bit of a trick, but he's going to be working on that. Again, hopefully, it will be in good shape for the next couple years on that without any major [unintelligible 02:29:23] event. I know that Gabe also had some repairs he did on the Lehman Road signal arms, if you will. They were not operating in synchronicity, if you will. Now they are, I think.

I'll let him go ahead and elaborate on that. One thing, and then going back to keeping track of budgets, it looks like we're going to be pretty close to just using up every penny of the remaining 2021-2022 fiscal year budget by the time that fiscal year ends. We pretty much know what Gabe's got to finish up on that now. Obviously, we need to work through invoicing from Tom for the work train and for the liner as well as for the ballast. We're keeping a close look on that, and should be in good shape. With that, I'm just going to turn this over to Gabe and let him maybe mention a couple things he's been doing that I missed already.

**David:** Thank you, Ken. Go ahead, Gabe.

**Gabe:** Ken said it all.

**David:** He usually does. Sounds good. Thank thank you, Ken. Appreciate it very much. Thank you. We'll go ahead and move on to 13E, upcoming meetings. We have our budget hearing on May 25th at 9:00 AM in this room, and then we resume with the regular commission meeting on June 22nd at 9:00 AM in this room. We'll go ahead and move on to Item 11, commissioner comments and announcements and requests for information. Just a reminder, no action will be taken, and no discussion among the members or staff will take place during this item of the agenda. Any commissioner comments? I know we're running long, but I want to just make two quick comments.

The Great Western Steam Up, don't forget, July 1st through 4th, out at the Nevada State Railroad Museum. We've sold 1,000, or they have, excuse me, sold a 1,000 tickets to that so far. We have people from all over the country. I believe there are people from Europe that have purchased tickets as well, who are coming out

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for that. Tom, I'm excited that you bring in the Reno down and maybe some other pieces of equipment. I think we're up to, and you may know better, Tom, 13, I think, locomotives that from around the United States that used to run in the 1800s on the V&T Railroad. This is turning out to, I think, be a really, really cool event for this whole region, honestly.

Then the other thing, I just wanted to say thank you to the Lieutenant Governor and her staff, because they came out last month. They did ride the rail bikes, but they want to come back and ride the train as well, and maybe even do the POLAR EXPRESS. They were thrilled. They had not been to the depot before, had not experienced the depot. I know they loved Virginia city. I know LG loved Virginia city. This was a whole new experience for the LG and her team. They loved it. I think it was really good and get that exposure. I think we got a video. It's acted all the footage of the LG and her family riding with the drone and all that good stuff.

We've sent that. I know she's put that on her social media channel, and then Lydia did the same thing for Visit Carson City as well. Those were the comments that I wanted to make. Any? No. Great. Let's go ahead and move on to public comment agenda item 12. Again, public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken. Any public comment. I don't see.

**David:** At this point, could I get a motion to adjourn? So moved, we are adjourned. Thank you, everybody.