

# **STRATEGIC PLANNING WORKSHOP**



**Nevada Commission for the Reconstruction of the  
V&T Railway**

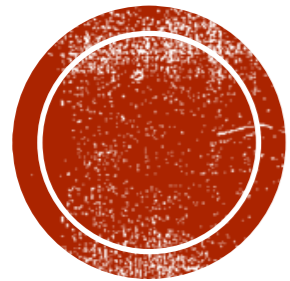
**March 3, 2021**

# WORKSHOP AGENDA

- What is a strategic / business plan
- Historical highlights of the reconstruction of the V&T Railway
- Review of current conditions:
  - Governance
  - Financial
  - Operations
  - Assets
- Building a Strategy
  - Mission, Goals & Objectives
  - Internal / External Influences
    - Internal Strengths
    - Internal Weaknesses
    - External Opportunities
    - External Threats
- Next steps

# STRATEGIC BUSINESS PLAN





# A PROJECT YEARS IN THE MAKING

The Reconstruction of the V&T Railway

# THE RECONSTRUCTION OF THE V&T RAILWAY

1991

Tri-County  
Railway  
Commission to  
restore the V&T  
Railway created  
by the Nevada  
State Legislature

2001

Nevada  
Legislature  
creates the  
Nevada  
Commission for  
Reconstruction of  
the V&T Railway

2005

1/8 cent sales tax  
passed by Carson  
City in a bond for  
the reconstruction

1996

Northern Nevada  
Railway  
Foundation  
formed as a fund  
raising non-profit  
to support the  
reconstruction of  
the V&T Railway.

2004

Railroad bridge  
from Las Vegas  
arrives

# THE RECONSTRUCTION OF THE V&T RAILWAY

2005

Carson City Convention and Visitors Bureau pledges room taxes towards reconstruction.

2005 / 2006

Phase 1 – Gold Hill to the water tank in American Flat

2009

Phase 3 A completed – tracks extended over a mile into Carson River Canyon / initial depot constructed.

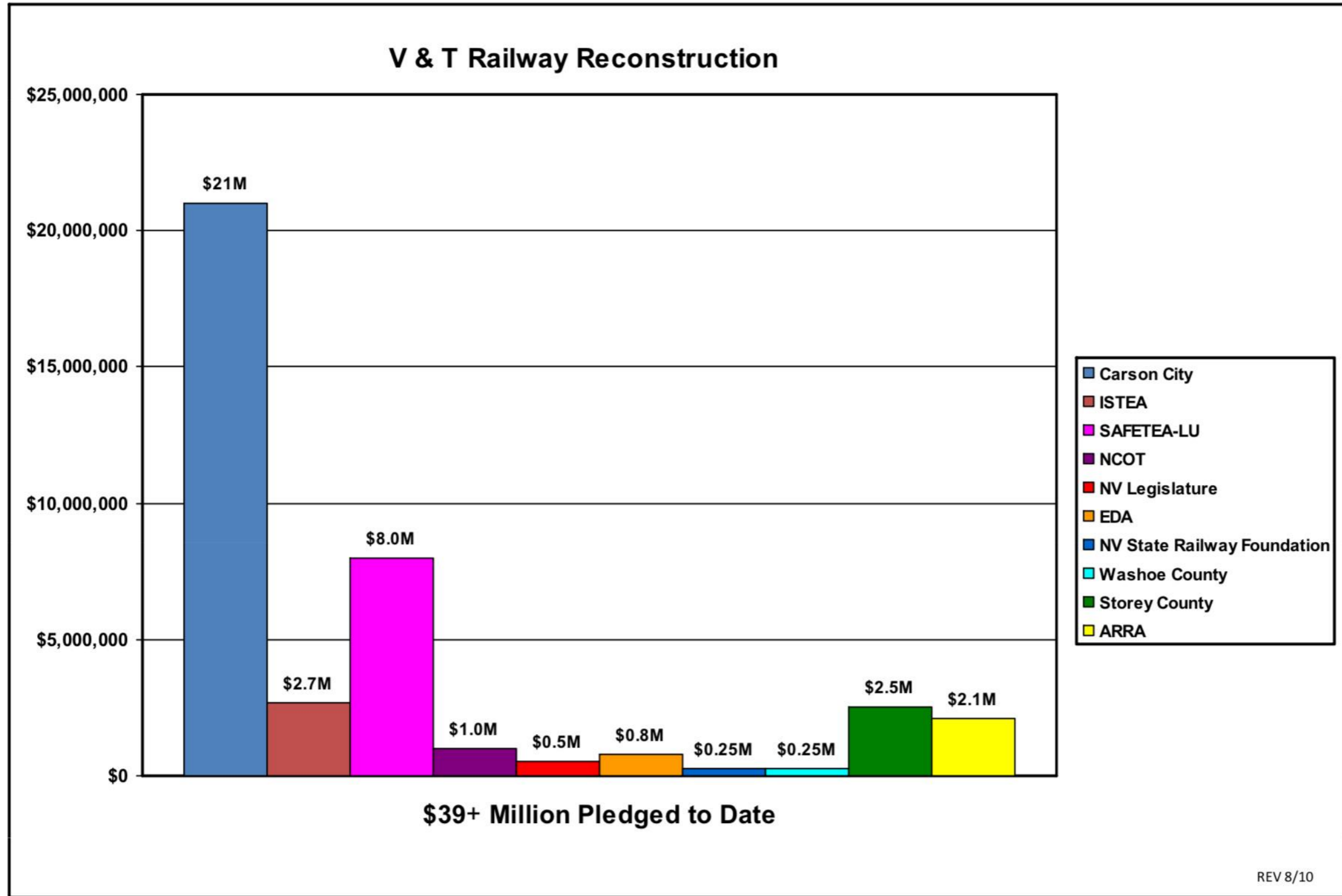
2005

Funding for V&T Reconstruction included in the Transportation Act of 2005.

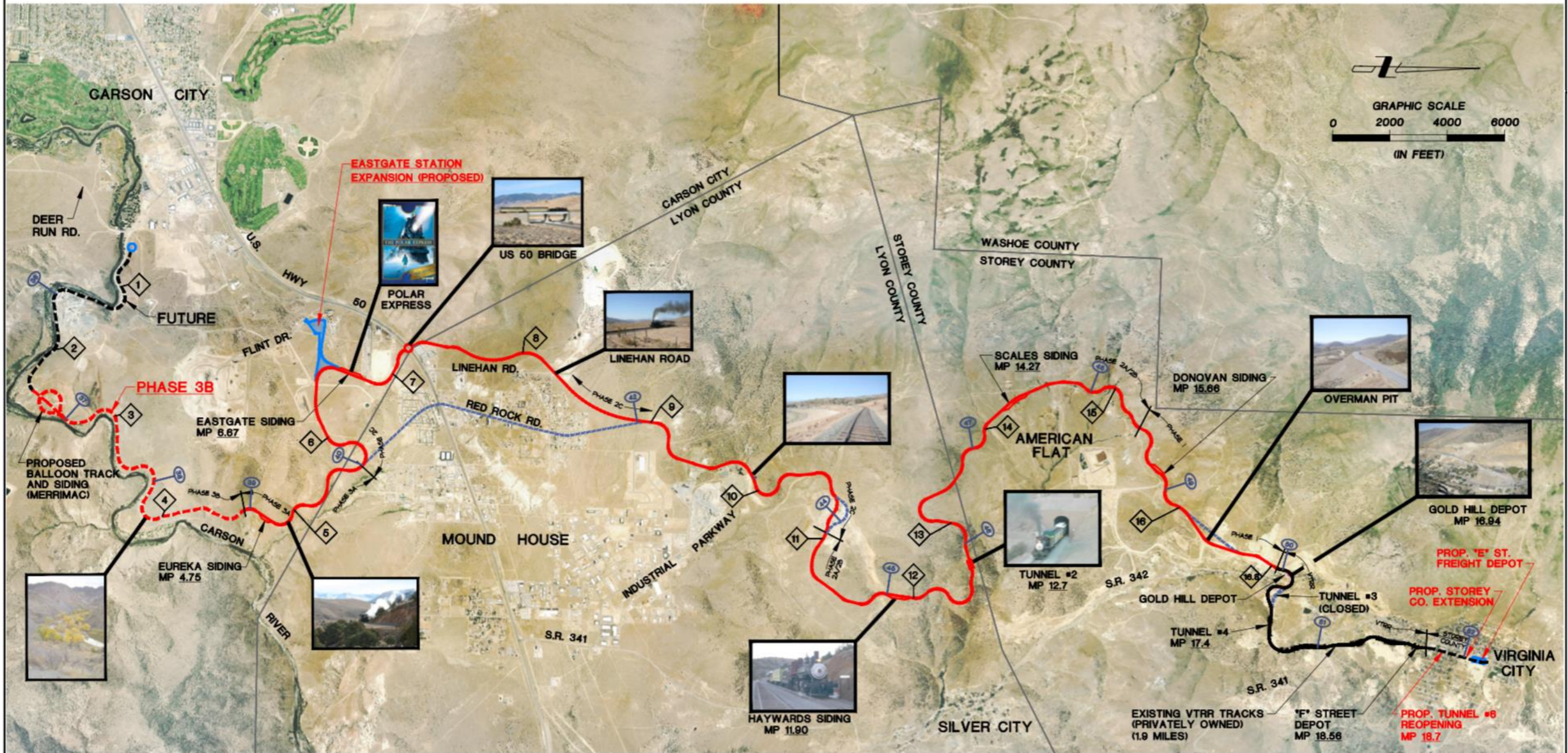
2008

Phase 2A / 2B completed. From the water tank at American Flat to the Frehner pit area near Mound House. Included opening Tunnel 2.

# V&T RAILWAY RECONSTRUCTION FUNDING



# V & T RAILWAY RECONSTRUCTION - PROJECT STATUS MAP UPDATED SEPTEMBER 2018



**CONSTRUCTION PHASES**

VTRR CONSTRUCTION (1.9 MILES)	1990
PHASE 1 CONSTRUCTION (NDOT) OVERMAN PROJECT (1.4 MILES)	SEPTEMBER, 2005
PHASE 2A/2B CONSTRUCTION AMERICAN FLAT TO MOUNDHOUSE (4.3 MILES)	OCTOBER, 2008
PHASE 2C CONSTRUCTION MOUNDHOUSE TO HIGHLANDS DR. (5.4 MILES)	AUGUST, 2009

**COMPLETION DATE**

1990
SEPTEMBER, 2005
OCTOBER, 2008
AUGUST, 2009

**CONSTRUCTION PHASES**

PHASE 3A CONSTRUCTION HIGHLANDS DRIVE TO EUREKA SIDING (1.1 MILES)	NOVEMBER 2009
PHASE 3B CONSTRUCTION EUREKA SIDING TO MERRIMAC SIDING (2.26 MILES)	TBD
PHASE 4 CONSTRUCTION EASTGATE STATION EXPANSION (0.4 MILES)	TBD (GRADING UNDERWAY)
STOREY CO. EXTENSION (0.5 MILES)	TBD

**COMPLETION DATE**

NOVEMBER 2009
TBD
TBD (GRADING UNDERWAY)
TBD

VTRR :	1.9 MILES
VTRW :	12.2 MILES
CONSTRUCTED -	4.5 MILES
PROPOSED -	4.5 MILES
STOREY COUNTY: (PROPOSED)	0.5 MILES
<b>GRAND TOTAL:</b>	<b>19.1 MILES</b>

**LEGEND**

- COMPLETED
- - - - - PHASE 3B EXTENSION
- - - - - FUTURE EXTENSIONS
- HISTORIC ALIGNMENT
- ORIGINAL VTRR (PRIVATELY OWNED)
- CURRENT RAILROAD MILE MARKER
- 6 HISTORIC MILE MARKER LOCATION

**OWNERS:**

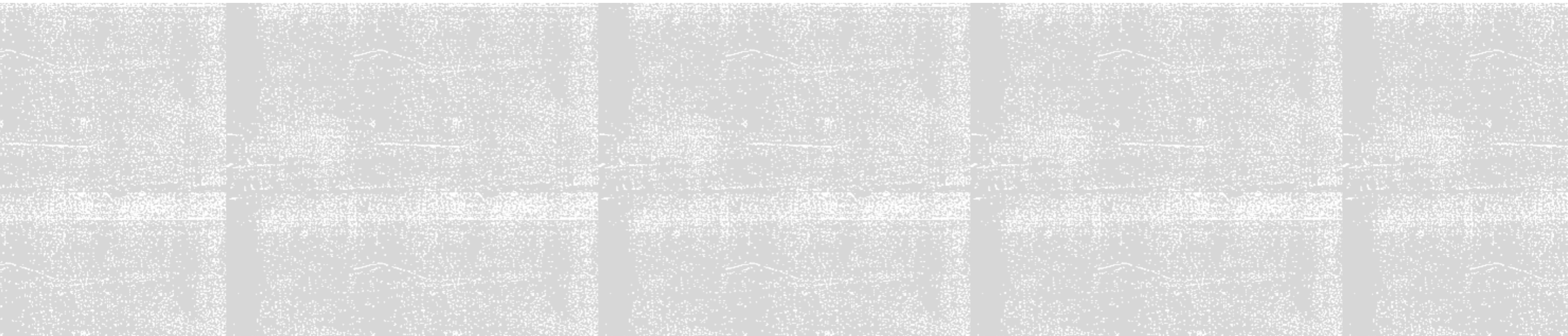
- NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V & T RAILWAY (VTRW)
- THE V & T RAILROAD (VTRR)
- STOREY COUNTY, NEVADA

KL DORR CONSULTING LLC  
P.O. BOX 20112  
Carson City, NV 89721  
(775) 721-2020  
ken.dorr@gmail.com





# GOVERNANCE



# GOVERNANCE

- Nevada Commission for the Reconstruction of the V&T Railway :
  - Originally included representation from 5 counties
    - Storey County, Carson City, Lyon County, Douglas County, Washoe County
  - Amended in 2017 by Senate Bill 57. Current membership:
    - 1 representative appointed by the Storey County Board of County Commission
    - 1 representative from Storey County Tourism Commission
    - 1 representative appointed by the Carson City Board of Supervisors
    - 1 representative from Carson City Tourism Authority
    - 1 representative appointed by the Governor

# GOVERNANCE

## Duties of the Commission per Chapter 566 of Nevada Revised Statutes - Special Acts

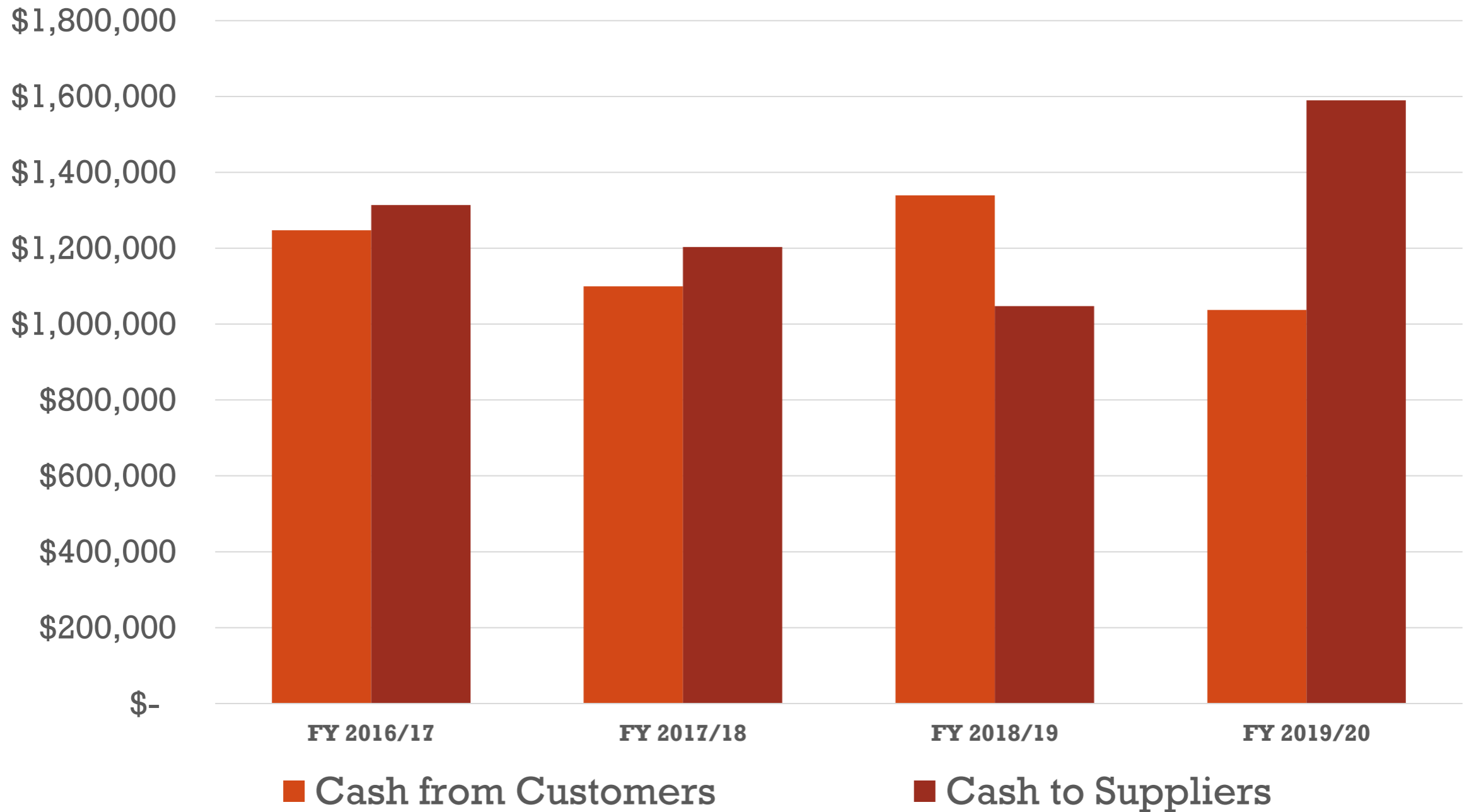
- The Commission may do all things necessary to establish and maintain a railway, including, without limitation:
  - Purchasing, leasing or otherwise acquiring right of ways and constructing railways and any facilities or other appurtenances it deems appropriate in connection therewith; and
  - Operating or granting franchises for the operation of a railroad that carries passengers to locations within the jurisdiction of the Commission.



**FINANCIAL**



# CASH FLOW OVERVIEW



\*\* Cash to Suppliers included expenses for Engine 18 and Depot property improvements. Also, operations were negatively affected by COVID.

# GOVERNMENT FUNDING – ROOM TAXES

## Carson City - Carson City Culture and Tourism Authority

- 2% room tax
  - Pledged to Carson City for payment of bonds associated with the reconstruction of the V&T Railway. These bonds will be paid in 2023.
  - May also be used for “...upgrades, maintenance, operations, planning and administration for the Virginia and Truckee Railroad project”
  - Has been used to offset V&T Railway operating losses and capital acquisition in the past.
  - If not used for the V&T Railway, the tax sunsets.

Source: Consolidated Municipality of Carson City, Municipal Code Title 4,  
Chapter 8, Section 080

# GOVERNMENT FUNDING — SALES TAXES

## Carson City

- 1/8 cent sales tax
  - Pledged to retire debt on General Obligation V&T Historical Bonds.
    - Payable through 2026
  - Any revenues collected beyond what is necessary for debt payments may be used for street projects.

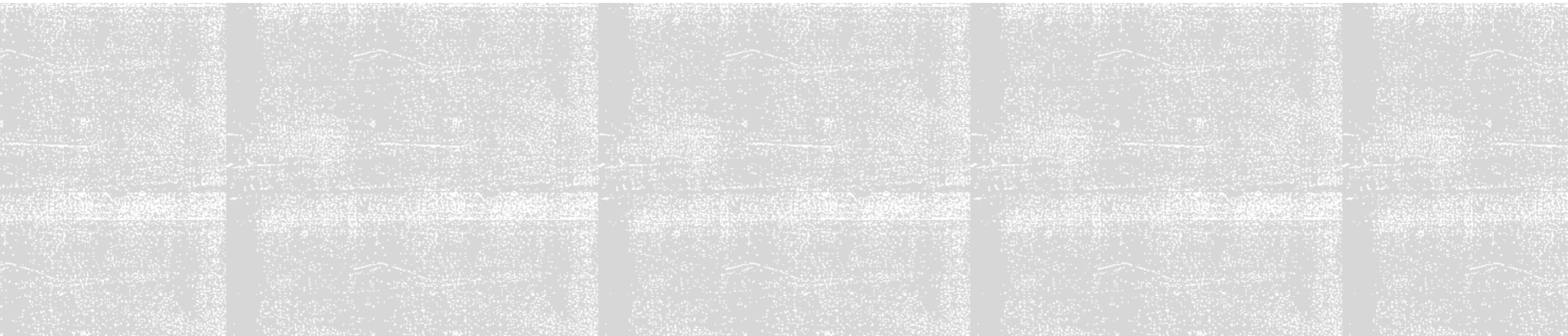
## Storey County

- 1/4 cent sales tax
  - Pledged for the reconstruction of the V&T Railway.
  - Pursuant to an MOU between the V&T Commission and Storey County, this tax will be used for the V&T Railway within Storey County, but funds may be accessed should a shortfall exist in the operation of the Railway.
  - Rate set to sunset in 2041.

Source: Consolidated Municipality of Carson City Municipal Code, Title 21, Chapter 6  
Storey County Nevada Municipal Code, Title 3, Chapter 12



# OPERATIONS

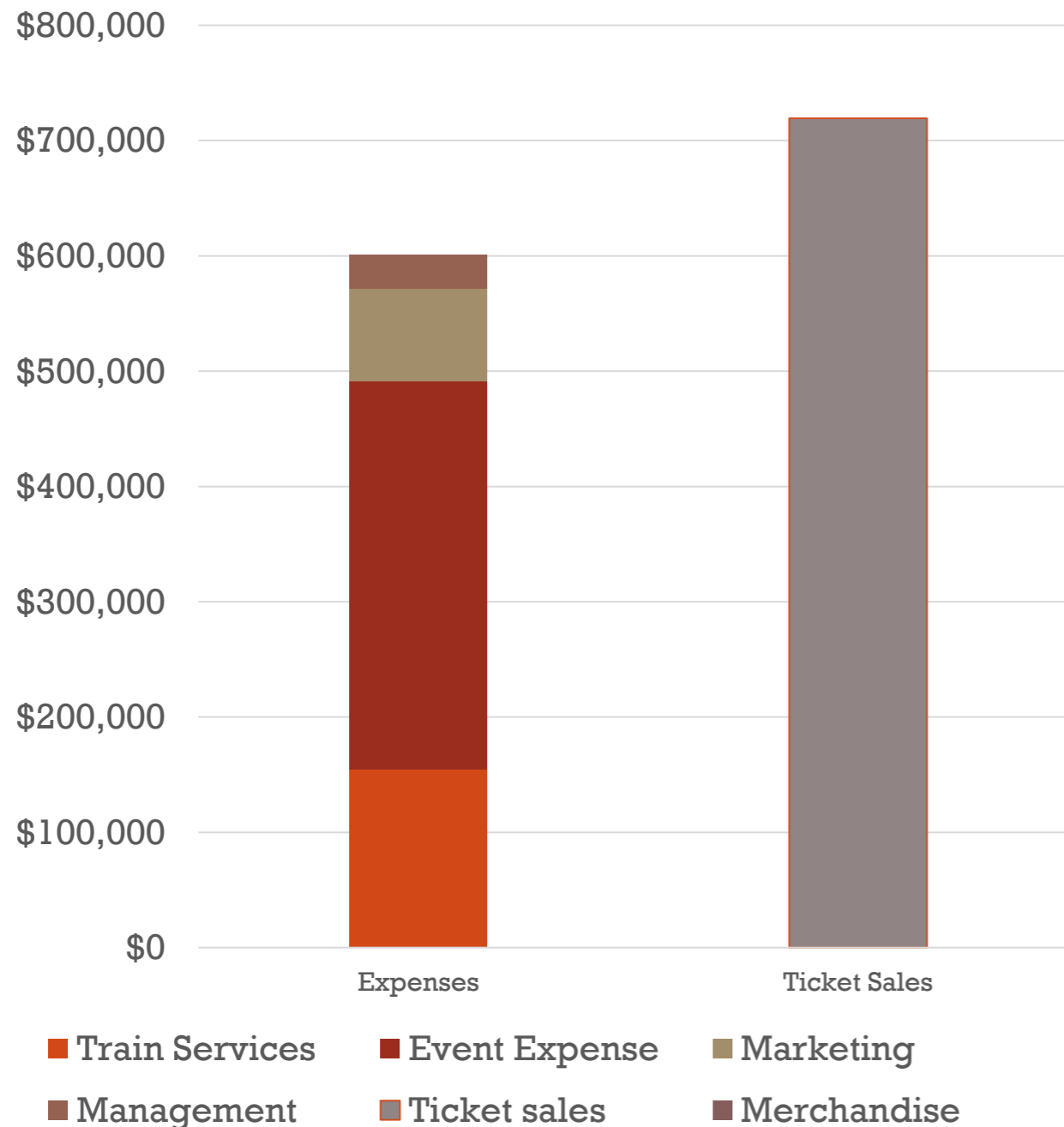




# EVENT OPERATING RESULTS

## POLAR EXPRESS

FY 2018/2019

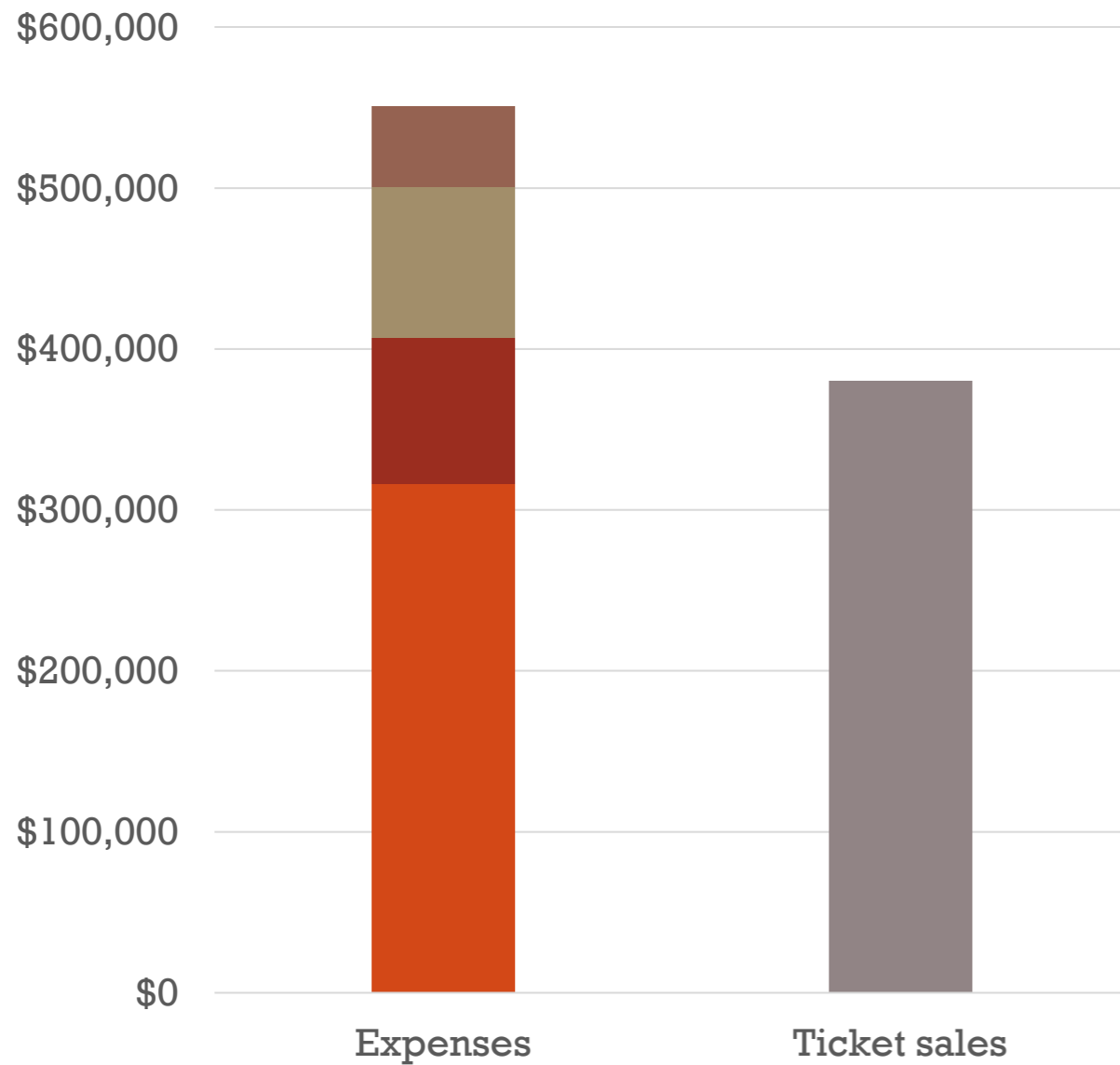


FY 2018/2019	Polar Express
Days in Operations	18
Average Trips / Day	3
Total trips	54
Passenger Count	15,350
Passenger Capacity / trip	237

# EVENT OPERATING RESULTS

## V&T RAILWAY EXCURSIONS - COMBINED

FY 2018/2019

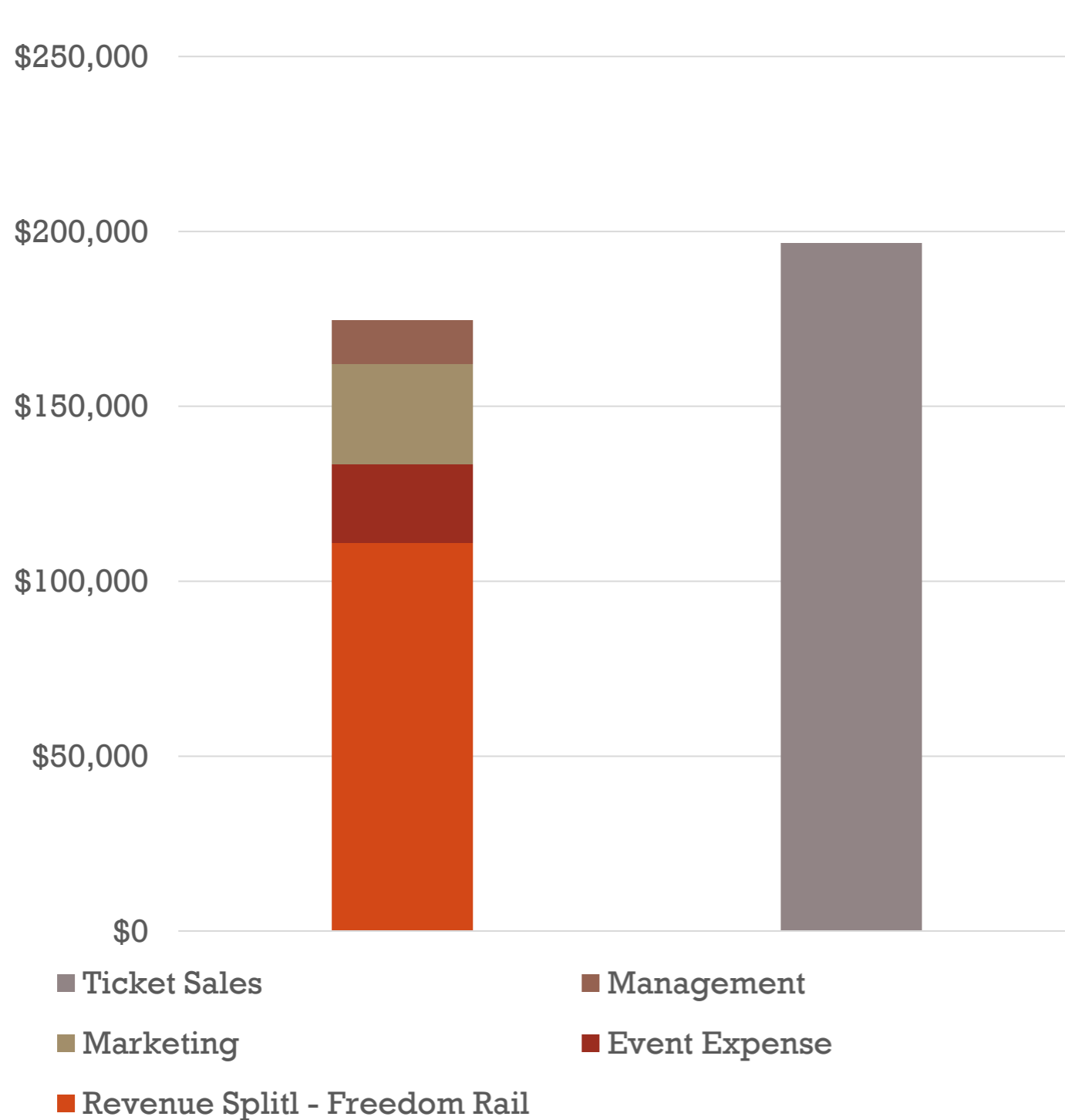


■ Train Expense   
 ■ Event Expense   
 ■ Marketing  
■ Management   
 ■ Ticket Sales

FY 2018/2019	Regular Excursions	Wine Train	Mothers Day
Days in Operation	60	12	2
Average Trips / Day	1	1	1
Total trips	60	14	2
Passenger Count	6,882	688	210
Passenger Capacity / trip	142	50	210

# RAIL BIKES – 2020

## AUGUST 1 – NOVEMBER 1



Activity details	
Days in operation	Average 5 days / week
Average riders per tour	22
Total riders	4,449

### 2021 Season

Negotiations are underway with regard to day to day management of the Rail Bike operation whereby Freedom Rail would undertake more direct management of the operation in exchange for a lower percentage of ticket sales going to the V&T Railway

# SERVICE PROVIDERS

## ❑ Train excursion services

- Current provider: Virginia and Truckee Railroad
  - Contract Term: Expires Dec, 2022
  - Features:
    - \$5,750 - Round Trip – Carson City – Virginia City – Steam Engine
    - \$4,500 – Round Trip – Carson City – Virginia City – Diesel Engine
    - Additional charges for deadhead from Virginia City to Carson City
    - Allows for fuel cost escalation
    - Train cars must be able to accommodate 216 passengers (3 cars)

## ❑ Polar Express Licensing

- Current provider: Rail Events, Inc.
  - Annual Budget: \$190,000
  - Features:
    - 30% of ticket sales paid to Rail Events
    - 15% of photo sales paid to Rail Events

# SERVICE PROVIDERS

## □ General management

- Current provider: Zephyr Communications
- Term: Expires March 2021
- Annual Budget: \$100,000, paid \$8,333 monthly

## □ Public relations / Marketing

- Current provider: Argentum Partners
- Term: Month to Month
- Annual Budget: \$50,000, paid \$4,167 monthly

## □ Track maintenance services

- Current provider: Willaman Track Maintenance
- Term: Month to Month
- Annual Budget: \$45,525 plus \$10,650 for special services

# SERVICE PROVIDERS

## ❑ Financial Services

- Current provider: Storey County
  - Term: Ongoing – but can be terminated with 60 days notice
  - Annual Budget: \$ 40,000
  - Authorized via Memorandum of Understanding

## ❑ Legal Services

- Current provider: Michael Rowe, Esq
  - Term: Ongoing
  - Annual Budget: \$ 20,000

## ❑ Engineering Services

- Current provider: Ken Dorr, Consulting
  - Term: Ongoing
  - Annual Budget: \$20,000
  - Features: Paid for hours worked on established fee schedule

# SERVICE PROVIDERS

## □ Rail Bikes

- Current provider: Freedom Rail LLC
  - Term: Expires December 2021
  - Annual Budget: FY 2021 Gross Revenue To Date \$ 196,520
  - Agreement provides that the V&T Commission keeps 40% of ticket revenues and provides marketing, ticket sales and management.

# CURRENT ASSETS

- 12.2 miles of tracks, including a tunnel and bridge.
- Associated switches and spurs
- 4.5 miles of proposed rail bed
- Fully refurbished Steam Engine – Engine #18
  - an \$877,000 investment
- Train station – 40' x 90' metal building
- 1800 square foot modular ticket office
- 4 room restroom facility
- Eastgate parcel
- Paved parking lot with 144 spaces
- 3 metal storage containers
- Property near the Gold Hill depot





# **BUILDING A STRATEGY FOR THE FUTURE**

**Defining Mission**

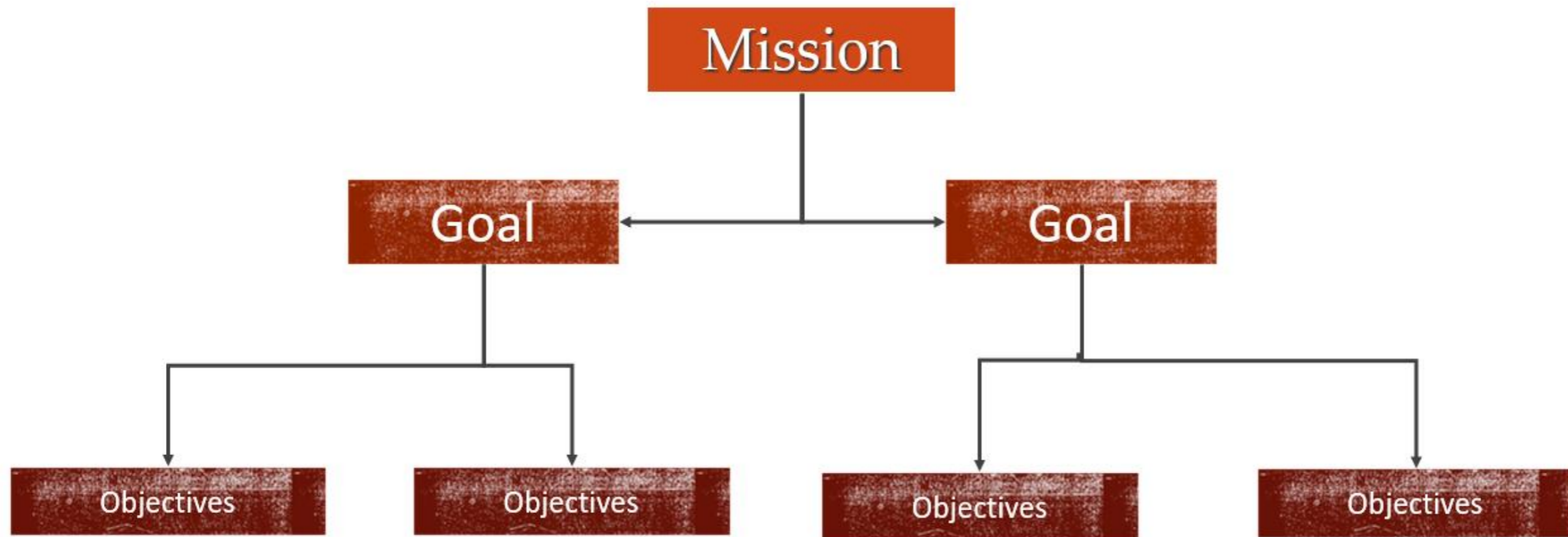
**Setting Goals / Objectives**

**Next steps – evaluating the internal and external environment**

# Strategy Map

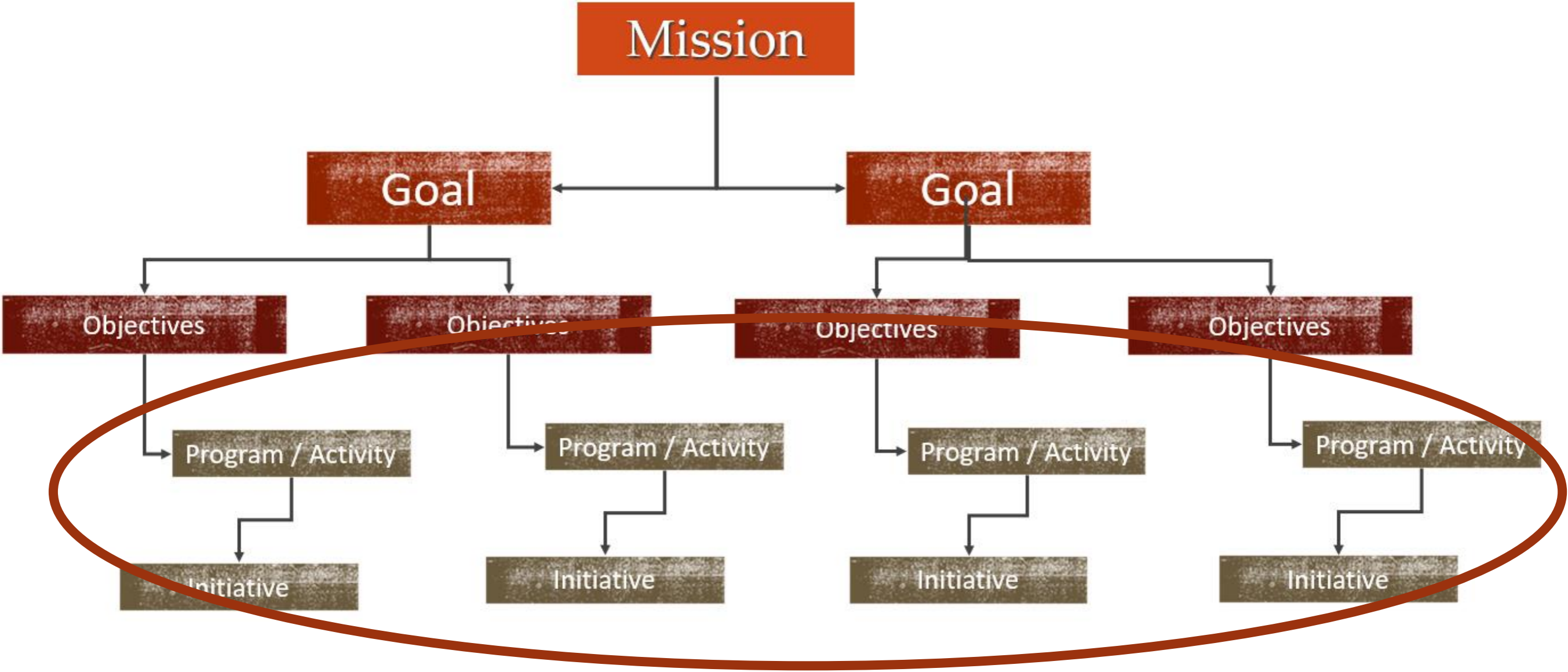


# DEVELOPING THE STRATEGY – STEP 1



- Who are your customers?
- What results do you wish to achieve for these customers?

# DEVELOPING THE STRATEGY – STEP 2



# THE STRATEGY MATRIX

<u>Goal / Objective</u>	Internal Strengths	Internal Weaknesses
External Opportunities	Opportunity	Growth
External Threats	Work	Concern

# PUBLIC INPUT —

- For each draft goal / objective identified, the following analysis is required:
  - What internal strengths does the V&T Railway have to support success.
  - What internal weaknesses does the V&T Railway have that may get in the way of success.
  - What external opportunities may exist, now and in the future, that may be taken advantage of in order to further the V&T Railway's mission?
  - What external threats may exist, now and in the future, that may get in the way of the V&T Railway meeting it's mission.

# NEXT STEPS...

- Provide a period of time for stakeholders, customers, and the general public to provide input into:
  - Strengths and Weaknesses of the V&T Railway Operation
  - Opportunities and Strengths that may impact the success of the V&T Railway Operation.
- Feedback will be compiled and presented to the Commission for their review.
- Next Workshop - Develop a strategy based upon mission, goals, objectives and internal and external factors.