

NEVADA COMMISSION for the RECONSTRUCTION of the V&T RAILWAY

Monday, March 6, 2006 - 3:00 p.m.

**NACO Building - 201 South Roop Street – SECOND FLOOR CONFERENCE ROOM
Carson City, Nevada 89701**

Meeting Minutes

The following minutes are a summarized explanation of the topics discussed. A taped recording of these proceedings will be kept for review. A copy is on disk in Microsoft Word and a copy has been e-mailed to Project Coordinator.

3:00 P.M.

CALL TO ORDER

Chairman Hadfield called the meeting of the Commission for the Reconstruction of the V&T Railway to order. He welcomed everyone and noted those Commissioners who were absent. He then asked Mrs. Frank to call the roll.

1. ROLL CALL

PRESENT:

Chairman Robert Hadfield
Vice-Chairman John Flanagan
Commissioner Chet Hillyard
Commissioner Ron Allen
Commissioner Bonnie Weber (via phone)
Commissioner Janice Ayres
Counsel Michael Rowe

ABSENT:

Commissioner Teixeira
Commissioner Tyson
Commissioner Baushke
Kevin Ray, Project Coordinator

It was noted that there was a quorum.

2. APPROVAL OF THE AGENDA

This is the tentative schedule for the meeting. The Commission reserves the right to take items in a different order to accomplish business in the most efficient manner.

The Chairman asked for additions and/or corrections to the agenda. With none stated the Chairman asked for approval of the Agenda. Commissioner Allen made the motion to accept and approve the Agenda, which was seconded by Commissioner Hillyard. The Chairman called the question and the motion carried and was so ordered.

3. ACTION TO APPROVE THE MINUTES OF FEBRUARY 6, 2006

The Chairman asked for corrections of the Minutes of February 6, 2006. Counsel Rowe noted a few changes and corrections, which he gave to the secretary to correct. The Chairman then called for approval of the minutes. Commissioner Ayres made the motion to accept and approve the minutes of February 6, 2006 as corrected. Commissioner Allen seconded the motion. The Chairman called the question and the motion carried and was so ordered.

4. PUBLIC COMMENT ON NON-AGENDIZED ITEMS: *Discussion may be limited to three minutes per person at the discretion of the Chairman. No action may be taken on a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.*

The Chairman then called for public comments on non-agendized items.

Mr. Tom Gray of the Virginia & Truckee Railroad Company came forward to discuss the proposal he handed out for the Commission to consider. He proposed an agreement between the Virginia & Truckee Railroad Company of Virginia City and the Commission to run the Virginia & Truckee

Railroad Company train on the new track that was built in Phase 1, which goes from Gold Hill to American Flats. He asked the Commission to consider if running the engine on the new track would be beneficial to them. It would be a way to test the track, gauges, curves, etc. The Virginia & Truckee Railroad Company runs a train between Virginia City and Gold Hill and if agreed they could add one extended trip on a few weekends in May. The Commission said they would put it on the agenda for the April meeting as an action item. Kim Fegert of the Gold Hill Historic Society said he supported the proposal and that it would be a good way to test the track and it would be advertising for the V&T Railway the Commission is building.

5. COMMISSIONERS CONSENT AGENDA: ALL MATTERS LISTED UNDER THE CONSENT AGENDA ARE CONSIDERED ROUTINE AND MAY BE ACTED UPON BY THE COMMISSION WITH ONE ACTION AND WITHOUT AN EXTENSIVE HEARING. ANY MEMBER OF THE COMMISSION OR ANY CITIZEN MAY REQUEST THAT AN ITEM BE TAKEN FROM THE CONSENT AGENDA, DISCUSSED AND ACTED UPON SEPARATELY DURING THIS MEETING.

5.1. ACTION TO RATIFY THE PAYMENT OF BILLS SUBMITTED

****END OF CONSENT AGENDA****

Chairman asked if there were any items on the agenda that anyone wished to discuss or take off for further consideration. Commissioner Ayres made a motion to accept the Consent Agenda as presented. This motion was seconded by Commissioner Flanagan. Chairman Hadfield called the question and the motion carried and was so ordered.

6. UPDATE ON CONTRACT WITH GRIFFIN GROUP, LLC – KEN DORR, CAPITAL ENGINEERING

Ken Dorr, Capital Engineering and Joe Hattrup, Griffin Group.

Ken discussed the contract entered between the Commission and Griffin Group to sort and salvage the Re-Trac materials at Mound House, American Flat and Gold Hill. He discussed the reasons for going through this process of sorting the type of rail, lengths etc. and what they could salvage for the project. Ken said Joe would take and sell the materials and in return give the Commission 1 mile of 90# Class 1 relay rail. They have started in the Mound House area, the material on Art Wilson's land and once they get that cleared they would be able to end the lease on the space. The Chairman asked Counsel what would have to be done to end the lease. Counsel will review the terms of the lease and work with Ken on when to take action.

Joe Hattrup stated that they have already taken several trucks loads of steel and ties from the Mound House site. They are starting to take apart the crossings and will also be working in the American Flats area taking the panels apart. He guessed about 2 ½ weeks work at Mound House. Said it was going well, it was the weather they had to contend with. He said that when they were done they would clean up and there would be nothing left behind. Joe said he would be looking for and hoped to be able to obtain more track.

7. DISCUSSION AND POSSIBLE ACTION ON REPAIR WORK FOR DAMAGE DONE BY THE NEW YEAR'S STORM - KEN DORR

Chairman Hadfield expressed the reason for this item was to be able to close Phase 1 of the Project.

Ken Dorr referred to the cost estimate for the repair work which was handed out. It was put into two categories. (1) The access road where there was slump failure at the fill. To repair would cost about \$7,000. (2) Repairs, needed but not immediately, along the track which they recommend fixing within the next 12 months. Those repairs are approximately \$10,000. Ken said it was up to the Commission to authorize doing all the repairs or to do them in two phases. These need to be done in order to close out Phase 1 of the project and for the Commission to take responsibility of Phase 1 maintenance. Counsel asked if the work requiring immediate attention was what was needed to close Phase 1. Ken said all that was needed was the letter stating the Commission was going to take over maintenance responsibility. Chairman called for a motion to approve the total amount of \$9,900 for the V&T Phase 1 Storm Drain damage maintenance which would allow him to ask NDOT to close out the project. Commissioner Allen said he would make

that motion and it was seconded by Commissioner Flanagan. The Chairman then called the question, the motion carried and was so ordered.

8. REPORT ON PHASE 2-4 ENGINEERING WORK - KEN DORR

Ken Dorr reported they had reviewed some comments NDOT had on the Right of Ways acquisitions and documents on Phase 2A & 2B, which is the next 4 ½ miles from the end of Phase 1 down to the Frehner Pit. They will be resubmitting those plans with some technical corrections to NDOT tomorrow (2/7). This would not affect the work they did for Counsel Rowe, for him to continue the Right of Ways process. Phase 2A & 2B's 60% design has been submitted to NDOT. Ken discussed the reports of Geocon and Lumos. Ken said they are working on the Phase 2C Right of Ways and they have a center line established down to and past Highway 50 and he discussed those details. Gary said he was working on the environmental assessment updates, which has two parts. One is for the alternative Depot site on Drako Way and the supplemental EA work needed to support the Phase 2A and 2B project. Gary said they had met with all the agencies and they essentially supported the time schedules they had. Ken noted the great cooperation they have had from all agencies they have had to work with. Chairman asked Ken if he would prepare letters of thanks they could send to all involved. Steve Oxoby said he had contacted NDOT's permit office and they said they had no problem with the Commission putting up signs on their right of ways at the Highway 50 crossing site. There was a discussion then on what type of signs they could have made and by whom.

9. REPORT ON RIGHT OF WAY ACQUISITIONS - MICHAEL ROWE

Counsel Rowe reported the first notification letters to all property owners were sent out February 14th. None of them have come back with exception of the Decommissioning Services whom they are talking with concerning alignment issues and so forth. The second letter was sent with a set of three maps. One color coded site map and two black and white ones. Those were sent out with the last going out on the 3rd of March. In regards to the appraisals, as they receive those reports they will go out with a third letter letting the owners know their options. Counsel said Steve thought all the appraisal work would be done around the end of April. After all the letters have gone out, it is up to the property owners to decide what they want to do. They will have three options: (a) Donate the land. (b) Accept payment for the land (c) Refuse right of entry at which time the required proceedings would be brought forward. There is a time limit on the responses from the land owners. Counsel Rowe said he had had communication with Phil Cowee who thought his grandfather Julius Bunkowski had donated land. Mr. Cowee after explanation of the letters said that he would be willing to donate the land needed. Tod Russell and Mark Amodei both indicated they would donate land. There has been discussion with Don Bently who has a section in future Phases 3 or 4 that is a key piece located in the canyon, they are already talking with them. Mr. Rowe referred to a letter from Del White, in which he enclosed a \$1.00 payment for the 2007 year lease of the site the Commission purchased. There was a meeting with the representative for Stone Consulting, Randy Gustafson and he said it would be about 60 days for him to come back with a draft of the RFP. Mr. Gustafson looked at the building bought to get information to give to potential operators. Ken Dorr said Mr. Gustafson was really impressed with the building and the fact that it would be provided for a potential operator.

10. REPORT AND POSSIBLE ACTION ON ROLLING STOCK - RON ALLEN

Commissioner Allen reported the cars were in Portola. He had good news and bad news. The good news was the cost of moving the cars was a lot less. He had an invoice for \$15,000 for moving the cars. The bad news was one of the cars had a problem with the wheel set and they had to be repaired. Three axles were borrowed to move the car which they will have to return, but the commission will need to buy three axles. There was no trouble with the move. He said he didn't have the bill for preparing the cars for the move. The cars are insured and the Real Estate monies will be used for restoration. Linda Lippincott stated the cars were still on Union Pacific track and she had taken pictures of them which were circulated.

11. NORTHERN NEVADA RAILWAY FOUNDATION REPORT - JANICE AYRES

Janice Ayres reported that they were set for the "Chinese Connection" event at the Railroad Museum on March 23rd from 2 to 4pm. The event is open to the public and invitations have been

sent out for the event and the dinner. There will be a lot of dignitaries present along with the Ambassador and his entourage. They have some wonderful gifts selected for the Ambassador and his entourage. They have had a good response to their invitations and it looks to be a good event.

12. REPORT AND POSSIBLE ACTION ON CONTRACT WITH GOLD HILL HISTORIC SOCIETY - KIM FEGERT

Kim Fegert had two issues to talk about. His report and the issue of his contract. The Chairman expressed to Kim that what the Commission was looking for was a task oriented approach. Kim explained that before, they just used their best guess as to what was needed and provided to the Commission. He discussed what the first agreement entailed. Chairman stated, they were now paying him a retainer and what he thought the Commission had asked Kim to do, was to list the services he can provide and how much each would cost. Kim continued to explain what his proposal entailed and used some examples of things they had done in the past. Kim expressed it was hard to breakdown a 24 hour service, which was more or less what he was providing. He said there were things they did that were on going. Chairman again noted that they were paying Kim \$6,000 a month when they were building the track in Phase 1, but now they are not in the process constructing and his scope of work had changed. They are still paying him under that contract and he stressed that what they were looking for now, was a detailed scope of work and how much each would cost. Kim went on to discuss what he saw as the service needed from him. The Chairman again stated what he wanted to hear was what type of services Kim could provide and how much each would cost. Commissioner Allen suggested they let Kim go ahead with the presentation of his proposal and then if there are question they could address them. Kim said he understood there was some misunderstandings and then he continued discussing in some detail the sections of his proposal and how he thought he could be of service, using examples for each. After some time, Commissioner Allen asked Kim to just give them a brief explanation instead of reading the contract word for word. Kim said he would try and continued. Commissioner Allen said they understood what Kim has been doing and all his efforts were appreciated but what they need to know is what is projected for the future and how much will it cost. Commissioner Ayres said she didn't understand what Kim was saying and she didn't understand how the \$6,000 they pay him was being used. Kim said the \$6,000 was 1/3 of the 3 month proposal and the Commission pays him on a monthly basis for his services. He explained what it was used for. The Chairman said he was having trouble understanding what Kim wanted. He said they were willing to pay for services rendered but the Commission still needed to know what the services were and the cost of each, with the option to accept or deny. The Chairman went on to express his opinion and said he was not willing to accept the proposal as it was written. He then turned to the Commissioner for their opinions. Commissioner Hillyard said it sounded to him like Kim was creating his own job description and the Chairman said Kim did because the Commission didn't. Commissioner Ayres said she had trouble paying someone on the anticipation of an alarm which they would be called out for. She said if he were called out then the Commission would pay him. She said what she want is a breakdown of costs. The Chairman asked Kim if he ever got with Ken Dorr, as instructed, to develop a proposal. Ken Dorr said he had instructed Kim to put together a proposal that was task specific and had a scope of work for each with an hourly rate for each item. Commissioner Weber suggested that the Commission look at possibly working with Kim on a monthly contract where he would submit a bill for the work he does and they pay him according to that. She stated she couldn't support his proposal as it is stated. Commissioner Ayres made a motion that Kim come back with a hourly breakdown of all the services he would provide and a cost for each items. Commissioner Hillyard seconded the motion. Chairman called for discussion on the motion. Kim said he would come back with the same proposal and it would have prices on it. Commissioner Weber said she disagreed with the motion and she thought Kim should come back with a number of completely different proposals. The Chairman said he could not support the proposal as it is. Commissioner Ayres asked to amend her motion to include a line item budget. Commissioner Hillyard seconded the amended motion. Counsel Rowe asked what the motion did with the existing agreement, are they terminating it or what, they needed to be a little clearer on that. Commissioner Ayres said she wanted to terminate the existing contract and have him come back with a hourly line item budget and if there were materials where they came from. Commissioner Hillyard again seconded the motion. Discussion was called on the amended motion. Commissioner Allen noted that there are

things Kim is taking care of now and if they terminate his contract it means that would cease. Kim said they had 30 days or until the end of the month. The Chairman then called the question on the twice amended motion. There was two no votes by Commissioners Allen and Weber. The motion did pass.

Commissioners Hillyard and Weber had to leave.

It was noted that they no longer had a quorum but they could take reports.

Kim Fegert said the first thing on his report was the acceptance of the ballast and they needed a quorum for it so it would wait until next meeting. The second thing was the material management, and it has been discussed and they are on track with that. Third was the gate and sign issue and he is waiting on guidance from Counsel. Counsel Rowe said there was nothing more to do, either you put them up or you don't. The Commission did tell Kim to look into the signs but it was not voted on for him to put up the signs. It was suggested to put it on the next meeting's agenda.

13. COMMISSION CHAIRMAN REPORT - ROBERT HADFIELD

Chairman Hadfield said he sent the letter to Washoe County in lieu of the \$25,000 they were going to give. He noted he asked for \$250,000 the same as Storey County contributed. He hasn't heard anything back but he did word it to the effect that they would accept less if they couldn't come up with that amount. He also had a conversation with Susan Martinovich on skipping parts of the project for timing purposes and she will be getting back to him.

14. FEDERAL AND STATE AGENCY COORDINATION - KEN DORR & STEVE OXOBY WITH POSSIBLE PRESENTATIONS FROM INVOLVED AGENCIES

Ken Dorr stated there was nothing to report.

15. COMMISSIONER COMMENTS

There were no comments from any of the Commissioners.

16. ACTION ON THE NEXT COMMISSION MEETING

The next meeting for the Commission for the Reconstruction of the V&T Railway was set for Monday, April 3, 2006. The location will be at the NACO Building, 201 South Roop Street and the time at 3:00 p.m.

17. ADJOURNMENT

The meeting of the Commission for the Reconstruction of the V&T Railway was adjourned at 6:00 pm.