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Virginia & Truckee Railway

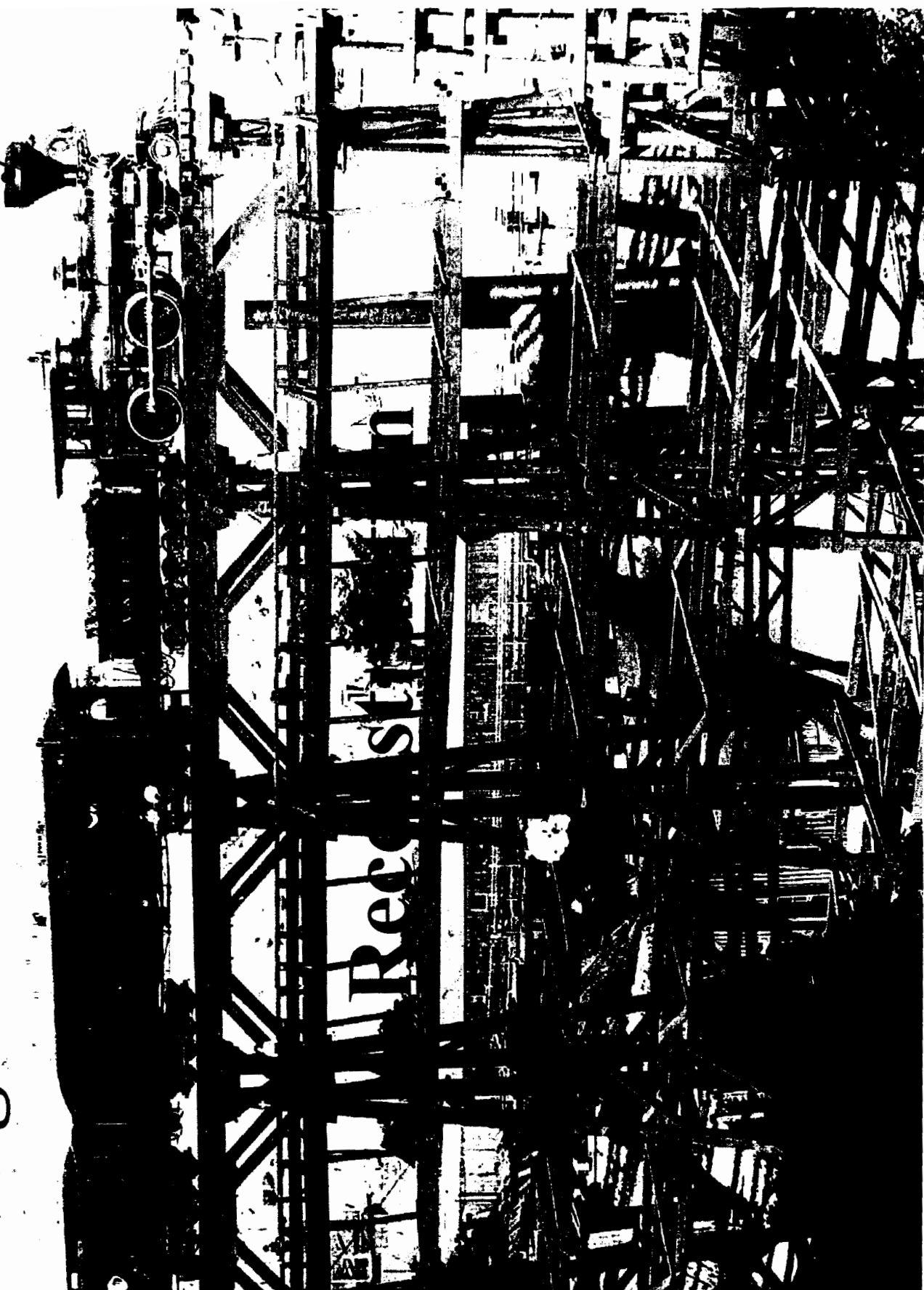


EXHIBIT C Committee on Taxation
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**Nevada Commission for the Reconstruction of the V&T Railway
Virginia & Truckee Railway Reconstruction**

ACCOMPLISHMENTS

March, 2005

- **1992: Preliminary Survey and Route Location Prepared for Overman Pit Project**
- **1993: Tri-County Railway Commission Created**
- **1994: EDA Feasibility Study Completed**
- **1995: First Donation of Right-of-Way Made to Project**
- **1998: Preliminary Design of Entire Route Completed**
- **1999: Major Private Right-of-Way Donation**
- **2000: 60% Design Completed on Overman Pit Project**
- **2001: Nevada Commission for Reconstruction of the V&T Railway Created**
- **2003: Environmental Assessment Completed for Entire Route**
- **2003: FONSI Issued for Entire Route**
- **2004: Overman Pit Project Final Design Complete**
- **2004: G-790 Bridge Donated to Project / Moved to Carson City**
- **2004: 4.0 Miles of Track Panels Donated to Project / Moved to American Flat**
- **2004: Right-of-Way Grant from BLM (all their properties for entire route)**
- **2004: Right-of-Way for Overman Pit Project Obtained (95 separate acquisitions)**
- **2005: Overman Pit Project Advertised for Bidding by NDOT in January**
- **2005: Bids for Overman Pit Project Opened in February**
- **2005: Contract Awarded for Overman Pit Project Opened in March**

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

Project Costs

January, 2005

<u>PROJECT PHASES</u>	<u>COMPLETION DATE</u>	<u>ESTIMATED COST</u>
PHASE 1A – INITIAL ENGINEERING	02/2005	\$ 1,700,000
PHASE 1B – OVERMAN PIT CONSTRUCTION	09/2005	\$ 5,000,000
PHASE 2 – U.S. 50 EXTENSION	12/2006	\$10,700,000
PHASE 3 – CARSON RIVER EXTENSION	12/2007	\$ 3,500,000
PHASE 4A – DEER RUN ROAD EXTENSION	12/2008	\$ 4,600,000
PHASE 4B – PERMANENT DEPOT	12/2008	\$ 5,400,000
PHASE 5 – EXTENSION TO VC FREIGHT DEPOT	12/2008	(\$ 3,800,000)
PHASE 6 – EQUIPMENT PURCHASE	12/2008	\$ 4,000,000
PHASE 7 – REFURBISH EXISTING VTRR TRACKAGE	12/2008	\$ 1,250,000
TOTAL		\$36,150,000
(NIC Phase 5)		

Nevada Commission for the Reconstruction of the V&T Railway
Virginia & Truckee Railway Reconstruction
Major Funding Sources
January, 2005

<u>FUNDING SOURCE</u>	<u>APPROXIMATE FUNDING AMOUNT</u>
ISTEA GRANT	\$2,700,000
NEVADA COMMISSION ON TOURISM CONSTRUCTION GRANT	\$1,000,000
CARSON CITY CONVENTION & VISITORS BUREAU CONSTRUCTION GRANT (Room Tax - Bonded)	\$4,000,000
STOREY COUNTY ¼ CENT SALES TAX OVERRIDE (Approximately \$100,000 per year)	\$1,000,000
2005 EDA GRANT	\$ 800,000
TOTAL	\$9,500,000

\$ 27 Million To Go

SB 169 Equals \$ 15 Million

Bonding 1/8 % Sales Tax Plus 1% Increase
of Room Tax

The \$15 Million Would Provide The Match of
\$ 5 Million From the State as Provided in the
V & T Bill

Federal Funding 5 to 10 Million

Quote from Senator Harry Reid in Sundays (March 20th) Nevada Appeal.

“The V&T railroad is a Nevada treasure. Restoring this important symbol of Nevada’s history will draw tourists from around the world. And because the project is a priority for Mayor Teixeira, Storey Country and so many others in Northern Nevada, I am committed to helping make the vision a reality.”

3 Economic Benefits

The economic impact of this project will reach beyond the local Virginia City/Carson City markets, spilling over into the Reno/Tahoe and other Northern Nevada markets. The following analysis provides government and tourism officials data needed to support this project.

A detailed study titled "Feasibility and Economic Impact of the Expanded V&T Railway" was completed September 1994 (with summary tables updated in May 2000) providing a detailed analysis of the market, construction costs, jobs generated and primary and secondary economic value. The economic analysis was separated into a multi-year construction phase (jobs, costs and value associated with laying track and upgrading equipment) and an ongoing operating phase (running the train and supporting services).

3.1 Economic Impact – Construction Phase

The construction phase will likely take two or more years. Progress to date has been restricted by lack of funding. During this construction phase the project will generate approximately 885 full time equivalents/jobs and a total economic value of \$40.9 million³. This projection includes employees directly working on the project and the secondary employment driven through supporting products and services.

Construction Phase (Two Plus Years)	\$ Impact on Total Output	Incremental Jobs
Two Year Construction Phase	\$40,949,612	885

3.2 Economic Impact – Ongoing Operations

The ongoing operation of the V&T (after the new track is laid and equipment upgraded) will generate 433 full time equivalents and over \$16.5 million to the surrounding area including but not limited to Virginia City/Carson City, Reno and the Lake Tahoe area⁴.

First Year of Maximum Ridership	\$ Impact on Total Output	Incremental Jobs
Railroad Operation (Ongoing)	\$3,289,379	86
Non-Railroad Activities (lodging and spending)	\$6,162,308	161
Incremental Gaming Activities	\$7,124,933	186
Totals	\$16,576,620	433

3.3 Long-Term Impact on Tourism

Overnight stays in Northern Nevada will increase when the reconstructed V&T is operating. This new attraction will become a more than full day event driving people to stay. At maximum capacity (140,000 rides per year), it is estimated that over \$6.1 million in additional tourism dollars (non including gaming) will be generated by the V&T Railway⁵. (See Chart 1 – Impact of V&T on Tourism and Gaming on page 6)

3.4 Long-Term Impact on Gaming

The ridership survey indicates that nearly half of all visitors to the V&T Railway also did some gaming activity. The increase in Day Trippers and Overnight Visitors provide incremental gaming revenue to the area—a total of \$7.1 million annually⁶. (See Chart 1 – Impact of V&T on Tourism and Gaming on page 6)

³ Update of Feasibility and Economic Impact Tables of the Expanded Virginia & Truckee Railroad, July 2001, prepared by Communications Services, 50 Colvin Ave., Albany, NY 12206

⁴ Update of Feasibility and Economic Impact Tables of the Expanded Virginia & Truckee Railroad, July 2001, prepared by Communications Services, 50 Colvin Ave., Albany, NY 12206

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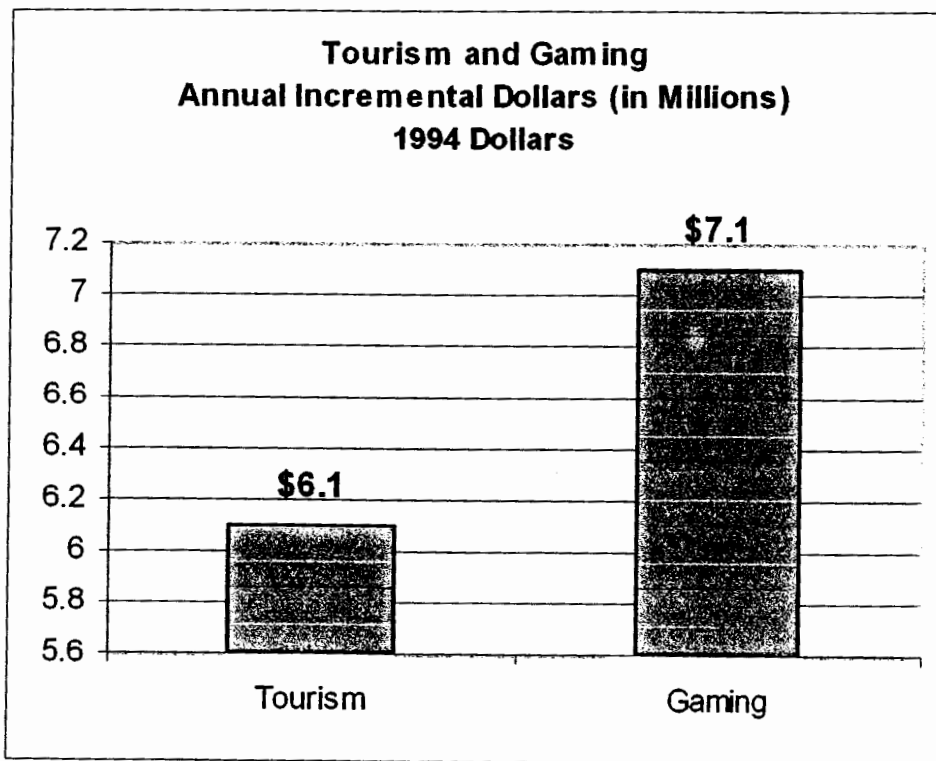
3.5 Diversification of Tourism (Combating Tribal Gaming)

The recent opening of the Thunder Valley Casino in Lincoln, California is first of several tribal-owned casinos that will impact the gaming and tourism markets in Northern Nevada. Casino operators acknowledge they will lose “day-trippers” looking only to gamble for a few hours⁷. In a simplistic view, if all slot machines and table games are viewed as equal, there is no need for tourists’ to drive the extra distance (especially in the winter months with difficult roads to navigate) for entertainment.

The experience beyond the casino floor will differentiate Northern Nevada, and the V&T Railway experience (after reconstruction is completed) is a key differentiator from other markets—considering the years of history with the V&T it is nearly impossible to replicate this event elsewhere. This world class short run railway will ultimately draw as many visitors as the paddle boats on Lake Tahoe (The Dixie and Tahoe Queen) or the Ponderosa Ranch near Incline Village.

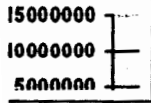
Additionally, the train will run nearly every day of the year, providing tourist activities independent of other events (Hot August Nights, Street Vibrations, Nevada Days, etc.). Casino operators in Northern Nevada have expressed a desire to improve the convention schedule to “weather the storm of tribal gaming”⁸, however, ongoing permanent events like the V&T Railway provide a continuous stream of visitors and reduce the peaks and valleys of visitor days associated with events or conventions.

Chart 1 – Impact of V&T on Tourism and Gaming



⁷ Reno Gazette Journal, Reno Special Events Could Outweigh Thunder Valley Draw, September 30, 2003.

⁸ Reno Gazette Journal, Reno Special Events Could Outweigh Thunder Valley Draw, September 30, 2003.



11 Proposed Route

PROJECT LOCATION VIRGINIA & TRUCKEE RAILROAD

