

The NV Commission for the Reconstruction of the Virginia & Truckee Railway

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Commissioner Clay Mitchell, *Storey County*

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Background

- The Virginia and Truckee (V&T) Railroad is one of the most famous short lines in American history. It was incorporated on March 5, 1868 by the “Bank Crowd” to serve the mines of the Comstock. A railroad was deemed necessary because of the high cost of freighting goods by wagon into and out of Virginia City, and the need to carry ore to the mills along the Carson River.
- Eventually, the line was expanded to connect to Reno and then to Minden & Gardnerville.
- After nearly 100 years of operation, the railroad ceased functioning. The Virginia City branch shut down in 1939, followed by the Carson to Reno service in 1950.
- In the early 1990s, V&T Railway enthusiasts along with Storey County, Carson City, and state officials began studying the possibility of reconstructing the historic rail line between Virginia City and Carson City.
- A financial study was commissioned, which indicated that the railroad was feasible, and the Nevada Commission for the Reconstruction of the V&T Railway was created to raise money for the project; to date \$25 million has been invested.

Legislative History

- The Nevada Commission for the Reconstruction of the V&T Railway, originally known as the Tricounty Railway Commission, was established in 1993 following the passage of AB 696 during the 67th session of the Nevada Legislature.
 - The Commission was originally composed of 5 Commissioners:
 - a) Two members appointed by the board of supervisors of Carson City, at least one of whom must be a member of that board;
 - b) One member appointed by the board of county commissioners of Lyon County from among its members;
 - c) One member appointed by the board of county commissioners of Storey County from among its members; and
 - d) One member appointed by the Virginia and Truckee Historical Railroad Society from among its members.

Legislative History

- In 2001, SB334 changed the name of the Commission to the Nevada Commission for the Reconstruction of the V & T Railway to broaden it as a regional attraction.
- SB334 also changed the composition of the Commission to **nine** Commissioners:
 - 1) Reducing the appointment by the board of supervisors of Carson City to one member;
 - 2) Adding one member appointed by the board of county commissioners of Douglas County from among its members;
 - 3) Adding one member appointed by the board of county commissioners of Washoe County from among its members;
 - 4) One member appointed by the speaker of the assembly;
 - 5) One member appointed by the senate majority leader; and
 - 6) One member appointed by the governor.

Legislative History

- In 2017, SB57 revised the composition of the Commission to:
 - 1) Remove the commissioners appointed by Douglas, Lyon and Washoe Counties, the Virginia and Truckee Historical Railroad Society, the Speaker of the Assembly and the Senate Majority Leader;
 - 2) Authorize the Carson City Convention and Visitors Bureau, now Carson City Culture & Tourism Authority, and the Virginia City Tourism Commission to each appoint a member to the Commission from among its members or a designee of the Bureau or Commission, as applicable; and
 - 3) Provide that the member appointed to the Commission by the Board of Supervisors of Carson City or the Board of County Commissioners of Storey County may be appointed from among its members or a designee of the respective Board.

Legislative History

- Its purpose was to reconstruct the historic railway, with each founding member contributing both staff and funding to support the railroad's operations as a tourism-driver.
 - Each governing body was provided (but not required to use) options on how to fund its share of the net cost of the Commission's budget based on the benefit to the jurisdiction by:
 - a) Issuing bonds pursuant to chapter 350 of NRS;
 - b) Imposing an additional tax on the rental of transient lodging;
 - c) Upon approval by the voters, imposing an additional tax upon retailers at a rate not exceeding one-half of 1 percent of the gross receipts of any retailer from the sale of tangible personal property sold at retail, or stored, used or otherwise consumed in the county;
 - d) Upon approval of the voters, levying a property tax not exceeding 2 cents per \$100 of assessed valuation on all taxable property in the county; or
 - e) Any combination of a) to d).

Financial and Other Contributions

Carson City

- As allowed by statute, Carson City provides legal services to the Commission.
- In 2002, Carson City increased the room tax rate by 2% to be used primarily for the payment of capital costs, including construction, administration and the retirement of bonds for the V & T Railroad reconstruction project.
- In 2003, Carson City issued \$4,150,000 in room tax bonds for the project that were repaid by the 2% increase in the room tax rate.
- In 2005, Carson City issued a \$15 million bond for the reconstruction of the V & T Railroad that is being repaid by a 1/8% sales tax levied pursuant to NRS 377B. This bond will be paid off in December 2025.

Financial and Other Contributions

Storey County

- As allowed by statute, Storey County provides financial services to the Commission.
- Storey County levied a ¼% sales tax in 1995 for the restoration, construction and operational costs of the V & T Railroad between Carson City and Virginia City.
- On May 20, 2010, an Agreement was entered into by the Commission and Storey County. Storey County set forth that they would present a ballot question to extend the ¼% sales tax for the purpose of reconstruction and maintenance of the railroad. The Commission and Storey County agreed that should the Storey County electorate pass the extension, the Commission would continue to refund Storey County, such sales tax collected, that was not needed to cover all or a portion of the costs of train operations and track maintenance where the costs exceeded the ticket sales revenues.
- On November 2, 2010, the ballot question passed extending the ¼% sales tax for the purpose of reconstruction and maintenance of the railroad for the next 30 years.
- On May 19, 2020, a new Agreement was entered into by the Commission and Storey County. In this agreement, the County will annually attribute \$250,000 to the Commission from the ¼% sales tax collected for the operation and maintenance of the railroad within Storey County. In any year in which proceeds from ticket sales and the annual amount provided above are insufficient to cover the costs of the train operation and track maintenance of the railroad, or, in an emergency situation, the Commission may request additional tax revenues to be allocated to cover those expenses.

Financial and Other Contributions

State and Federal Funds

- In 2005, the Commission received \$2,738,316 in federal grant funds passed-through the State of Nevada for the railroad reconstruction project from Gold Hill to Carson City (including the Overman Pit).
- In 2005, the Commission received \$800,000 in EDA funds.
- In 2005, the Nevada Legislature provided \$500,000 in additional funds to help keep the project going while the Department of Transportation donated a railroad bridge formerly used in Southern Nevada for a crossing over U.S. 50.
- In 2006, the Commission received \$618,415 from the NV Commission on Tourism.

Milestones and Accomplishments

- In 2009, the tracks were completed from Gold Hill to the East Gate Depot in Carson City (and two miles into the canyon beyond, where the V&T offers special trains).
- The Commission acquired and owns a 1914 Baldwin steam locomotive that was purchased in 2006 and the East Gate Depot.
 - However, the Commission has no facilities in which to store this vehicle when not in use.
- The Commission contracts operations as well as use of a diesel engine and passenger cars with the Virginia and Truckee Railroad out of Virginia City.
- The train has operated for 12 seasons (excluding 2020) from May to October, providing a short line excursion from Carson City to Gold Hill and a long line excursion from Carson City to Virginia City.
- Since 2011, The Commission annually hosts The Polar Express train event, and consistently rates among the top host venues nationwide for this event. It consistently sells out and is a profitable segment.

Concerns

- Carson City and Storey County are in the position of having to manage a business enterprise centered on tourism with no clear path for growth of the railway in the future.
- We have neither rolling stock besides Engine no. 18, nor storage, shop, or repair facilities.
 - This prevents the railway from being “complete” or totally self-sustaining without significant additional investment.
- With the help of subsidies from Storey County sales tax and Carson City room tax, the Railway is not operating at a loss, but the governments of Carson City & Storey County do not have the means to complete the project as originally envisioned.
- The tourism revenue provided by the railroad in its current state isn’t enough to offset the costs of maintaining the aging structures or operating historic locomotives.
- Carson City's obligation is almost complete and even so, the economic benefits initially projected did not materialize.
- While Carson City treasures this resource, the City is concerned that the political will is not there to take it to the (otherwise achievable) next step.
- Carson City does not have the resources to continue funding it. The City has been repaying the bonds issued for the project for over 20 years.
- With Carson City’s growing infrastructure needs (roads, courthouse, juvenile center), continuing to fund the railroad at this level is untenable.
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Policy Options - 1

Option 1: **Dissolve Commission and sell all assets.**

- Option of last resort.
- Would have to determine where the proceeds would go.

Policy Options - 2

Option 2: Provision of additional appropriations to maintain dedicated professional staff for the Commission.

- The Railway requires more time, attention, and resources than the individual Commission members can provide it.
- Funding for full-time professional staff would afford both the Commission and the V&T Railway increased opportunity for growth under the guidance of dedicated and knowledgeable individuals.

Policy Options - 3

Option 3: Reversion of V&T Railway infrastructure and assets to the State of Nevada.

- The State of Nevada's Culture & Tourism Department has the experience and expertise required to manage an enterprise like the V&T Railway.
- The State would be inheriting a well-maintained and nearly profitable rail network that would complement existing state-run facilities.