

**Parks , Recreation & Railroad  
Committee Meeting Agenda  
January 14, 2010  
9:30 am**

**Call Meeting to order, Chairman, D. Belden**

Motion to accept minutes of previous meeting - Chairman Belden

**RFP - Railroad Operator (2011-2015)**

1. Review response - Upper Hudson River Railroad Discussion

Page

9. -Ski Train / AMTRAK / Timing

11, 12,16 -Allocation of operational expenses / Maintenance of way / Inspections

6. -(2011) Edwards Rail Car ( new daily service Corinth - Riparius/w/ stops Hadley/Thurman )

7,8,9 -Freight

21. -Insurance

22. UHRR responses to County and Town Objectives

Old Business-

New Business-

Adjournment

PROPOSAL  
to the  
COUNTY of WARREN  
and the  
TOWN of CORINTH  
for  
EXCURSION TRAIN OPERATION  
of the  
RAILROAD  
running from  
SARATOGA SPRINGS  
to  
NORTH CREEK  
New York

Submitted by



UPPER  
HUDSON  
RIVER  
RAILROAD,  
Inc.

3 Railroad Place  
North Creek,  
New York  
12853

*EXCURSION TRAIN OPERATORS SINCE 1998*

WARREN COUNTY PURCHASING  
Warren County Municipal Center  
1340 State Route 9  
Lake George NY 12845

20 December 2009

Attention: Julie Pacyna, Warren County Purchasing Agent

RE: WC 105-09 REQUEST FOR PROPOSALS- EXCURSION TRAIN OPERATOR  
For RAILROAD Running From SARATOGA SPRINGS to NORTH CREEK

Dear Ms. Pacyna and Members of the Railroad Committee:

Enclosed herewith is the PROPOSAL of the UPPER HUDSON RIVER RAILROAD in response to the Request for Proposals issued by Warren County and the Town of Corinth.

This is the third Proposal submitted by the UPPER HUDSON RIVER RAILROAD. Our first Proposal was submitted in 1997 and we were selected to inaugurate service over the County owned line between North Creek and Riparius. We successfully provided Scenic-Tourist Train service over that route for four years, when our second bid was submitted and was selected by the County for five additional years of service, this time additional routes were added, encompassing the remaining County-owned line to Corinth. In 2008, we requested and the County granted a two year extension to our Agreement. This present Proposal envisions providing Scenic-Tourist and Excursion Services along the entire corridor between North Creek and Corinth and we are encouraged about the potential opportunities, now that the rail structure and supporting facilities are in place.

While we are enthusiastic about the future, we fully are aware of the realities of operating the Railroad and the need to repair and improve our relationships with the County and the several towns, hamlets and villages we have dealt with during the past ten years. Our long-range plans and day-to-day activities have been impacted by the inability to achieve a profitable operation; one which by most reports has otherwise been successful and well-received by tourists and local individuals and businesses alike.

We have incorporated several elements into this Proposal to enhance our ability to survive and succeed. We anticipate that some of the proposals contained herein, particularly the shifting of certain costs, primarily in the area of maintenance-of-way, will be found by the County and Town to be an innovative approach. We ask that the explanations in the Proposal be read to gain an understanding of our intent. We firmly believe that a "Partnership" must be developed to support and operate the Railroad and we offer to extend the necessary efforts to strengthen the relationship.

Our Proposal contains several new approaches-including a proposed restructuring of the company, to encourage additional financial interests; the offering of Excursion Train service with a more efficient self-propelled motor car; and a focus on marketing and developing rail-served industrial growth.

The highlight of our Proposal is the Plan for returning the SKI TRAIN© to North Creek! In fact, we have formulated two approaches to providing ski train service.

The alternate is a novel approach involving "borrowing" the ETHAN ALLEN for 18 Thursdays during ski season by diverting the Northbound AMTRAK Train No.291 at Saratoga Springs and continuing to North Creek, where it would layover before returning to the Springs to resume its return to New York's Penn Station as AMTRAK Train No. 290 on Friday. Since the ETHAN ALLEN EXPRESS is heavily subsidized by the Vermont Agency of Transportation, they may not see this act as a simple "Borrowing", and there may be the need to conduct some delicate negotiations and very likely reimburse Vermont the subsidy funds. This plan is detailed in the attachment entitled "An Alternative Approach for Retuning the First Ski Train to North Creek and Gore Mountain".

The other approach to restoration of ski train service is to provide a privately operated train between North Creek and Saratoga Springs, where the AMTRAK'S ADIRONDACK will be met at some frequency depending on demand. This approach is also treated in detail in our Proposal in an attachment entitled "UHRR Approach to Restoration of Ski Train Service". It should be noted that restoration of ski train service is not scheduled until Year 3 (2013); in order to resolve the many details required to successfully implement the service.

Another important feature of the Proposal is the intent to work closely with the Town of Corinth and CPRailway to explore the feasibility and demand for freight rail service on the lower end of the rail line between Corinth and the CPR interchange in Saratoga. We agree with the Town of Corinth that the provision of Freight rail could contribute heavily towards redevelopment of the former IP Hudson River Mill Complex as a job-producing asset.

In summary, we are optimistic about the future of tourist railroading in Warren County and the Town of Corinth and we are vitally interested in being selected as the EXCURSION TRAIN OPERATOR and being awarded a third Operating Agreement. We look forward to your favorable consideration of our Proposal and look forward to continuing our business arrangements. If we can provide clarification of any issues or provide additional information, please contact me.

Sincerely,

John C. Riegel  
President

Enclosure: Proposal

WC 105-09 REQUEST FOR PROPOSALS FOR EXCURSION TRAIN OPERATOR FOR  
RAILROAD RUNNING FROM SARATOGA SPRINGS TO NORTH CREEK, NEW YORK  
DATE: NOVEMBER 25, 2009 TIME: 3:00 PM PLACE: MUNICIPAL CENTER  
PROPOSAL

PROPOSAL OF Upper Hudson River Railroad  
COMPANY NAME

TO: Julie Pacyna, Purchasing Agent  
Warren County Municipal Center  
1340 State Route 9  
Lake George, New York 12845-9803

Having carefully examined the Specifications and Requirements, the undersigned hereby, and herein, submits the following proposal pages with all other requirements attached.

PLEASE ATTACH ANY AND ALL ADDITIONAL INFORMATION TO THIS PROPOSAL AND PROVIDE SIX (6) COMPLETE COPIES NO LATER THAN WEDNESDAY, NOVEMBER 25, 2009 AT 3:00 P.M.

Signature: John C. Riegel

Name (Printed): John C. Riegel

Name of Firm: Upper Hudson River Railroad

Business Address: 3 Railroad Place PO Box 424 Northcreek NY 12853

Date: 12/18/09 Federal ID# 14-1802934

Phone # 518-251-5334 Fax# 518-251-5332

NOTE: The following Certification and Corporate Resolution must accompany proposal.

PROPOSAL to the COUNTY of WARREN and the TOWN of CORINTH  
for EXCURSION TRAIN OPERATION of the RAILROAD running from  
SARATOGA SPRINGS to NORTH CREEK, New York.

Proposal Transmittal Form

PROPOSAL CONTENT

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UHRR APPROACH to RESTORATION of SKI TRAIN SERVICE  
An ALTERNATIVE APPROACH for RETURNING the FIRST  
SKI TRAIN to NORTH CREEK and GORE MOUNTAIN  
COR, CPR and UHRR- Industrial Development Partners

APPENDICES

- Appendix A -FINANCIAL INFORMATION
- Appendix B -PERSONNEL INFORMATION
  - Roster of Locomotive Engineers
  - List of Managers and Biographies
- Appendix C-PROPOSED SCHEDULES- GENERAL  
DETAILED SCHEDULES
- Appendix D-ANNUAL MAINTENANCE PLAN and BUDGET (Proposed)
- Appendix E- Edwards Motor Car Data

ATTACHMENTS

- CERTIFICATION
- CORPORATE RESOLUTION
- Acknowledgement of Addendum No. 1
- Acknowledgement of Addendum No. 2

## UPPER HUDSON RIVER RAILROAD'S CREDENTIALS

1. History and Type of Organization: UPPER HUDSON RIVER RAILROAD, also referred to as the RAILROAD or UHRR, was formed with the specific and sole purpose of bidding on and winning the right to operate the scenic railroad owned by Warren County, extending from North Creek to Riparius. UHRR was successful and entered into a five-year Agreement with the County.

Train operations began late in 1998, with the first run occurring on 16 October.

Full operating seasons were provided in the next four years with over 91,000 passengers carried. During those first years, the RAILROAD experimented with a variety of venues, schedules and special events in order to increase ridership and give the area visitor a memorable experience. The *Great Train Robberies* of that time were one of the highly successful and popular special events.

In 2002, UHRR again was successful in submitting the winning bid to continue providing scenic train operations over Warren County's Railroad. The Railroad continued offering new features in the face of economic downturn and slumping ridership. "*Day out With THOMAS the Tank Engine*" events turned the tide in 2006 and total patronage has approached 50,000 over the past four seasons.

Total ridership through the 2008 Season exceeded 250,000 passengers. Continued economic turmoil has negatively impacted tourism throughout the region and the UHRR has not escaped unscathed.

The principals at organization were: W. J. "Jerry" Riegel, Jr., John C. Riegel and Richard Currier.

The principals of the UHRR at this writing are Jerry and John Riegel. Mr. Currier retired in 2002, but is assisting in the preparation of this Proposal.

The experience of the Principals is summarized below:

Jerry and John Riegel, in addition to 11 years direct experience in operating the UHRR, operate a successful trackwork construction firm-WJ Riegel & Sons of Selkirk, NY, now known as WJ Riegel Rail Solutions.

Mr. Currier has over twenty years experience in start-up and operations of shortline freight railroads and scenic-tourist railways.

2. Financial Information, including Balance Sheets for the past three years, is included in Appendix A.
3. A Statement of Financial Documentation demonstrating funding available to start-up costs, operations and other obligations is attached
4. Marketing Expertise is currently both "in-house" and utilization of outside specialists, as needed.

5. Safety Record and History of Violations:

The Upper Hudson River Railroad has a better than Industry Average Safety Record with 6 reportable accident/incidents of loss-time during the previous ten years. During that same period, the over-all average for all Tourist, Excursions, Historical Railroads was 6.27 (Source- Federal Railroad Administration Office of Safety Analysis- Ten Year Accident/Incident Overview).

No data appears to exist showing History of Violations Received. Recollection of several parties involved during the previous 10-years offer no contradiction to this understanding that the UHRR did not receive any FRA violations.

6. Experience/History in Operating Excursion Trains.

The Proposer, UPPER HUDSON RIVER RAILROAD has operated the Excursion Scenic Train operation in Warren County since 1998.

7. Equipment Capable of Meeting FRA Standards for Passenger Operations:

Federal Railroad Administration Standards for Equipment used in Passenger Operations are contained in 49 CFR Part 238- Passenger Equipment Safety Standards. Section 238.3 (c) states:

“This Part does not apply to Tourist, scenic, historic, or excursion operations, whether on or off the general railroad system of transportation”.

The operations conducted to date by the UHRR, and those contemplated to be offered under this proposal will not be in contradiction to the type of operations described in the exemption quoted above.

However, if during the course of the Operating Agreement, conditions should arise that would change the character of operations outside the exemption in Section 238.3 (c), compliance with the full applicable requirements of 49 CFR Part 238 would be met.

Locomotive engineers operating locomotives on the UHRR are currently not Certified Locomotive Engineers. UHRR will institute a program to certify engineers under the provisions of 49 CFR Part 240- Qualification and Certifying of Locomotive Engineers, prior to start of operations in 2011.

A current list of Locomotive Engineers is found in Appendix B. A list of management personnel and their biographies also appears in Appendix B.

## UPPER HUDSON RIVER RAILROAD OPERATIONAL GOALS and PLAN of OPERATIONS

### OPERATIONAL GOALS

#### Introduction

The success of a Scenic and Excursion railroad operation encompasses many elements all blended to offer the potential rider a mix of choices, depending on one's needs, time availability and family situation.

To appeal to a family with young children, the trip duration must be not over 1-1/2 to 2 hours in duration, to stay within the attention span limits.

Families with older children and young adults seek longer runs, especially if scenic with varied environment.

Adults and retirees often look for the middle ground of up to a half day trip, especially if an intermediate stop is included.

The UHRR proposes a restructuring of the organization to provide four generally independent operations, each offering a distinctive product experience as follows:

- Scenic-tourist Trains- Essentially the existing UHRR operation providing traditional train rides between North Creek and Riparias, with Special Events, utilizing a conventional locomotive and vintage coaches.
- Excursion Trains- A new operation operating between Corinth and Riparias utilizing a Motor Car for the vehicle.
- The SKI TRAIN©, providing service between AMTRAK at Sarasota Springs and North Creek with start-up planned for 2013.
- Freight Rail and Industrial Switching Services between Corinth and the CPRailway interchange at Saratoga Springs.

The proposed Plan of Operations described here, attempts to offer that mix and variety of train riding experiences.

The key approach to the Plan of Operations proposed for this next L & OA is to serve all the venues contained in the RFP, utilizing a variety of equipment, and seeking new input on managing and operating , with the ultimate goal of achieving profitability.

The Plan also presents schedules of implementation, yearly proposed operations and a proposed typical weekly schedule.

## PLAN of OPERATIONS

### Introduction

The primary focus of the Upper Hudson River Railroad during the past eleven seasons of scenic train operations has been on the North Creek to Riparius and return trips. During this time period, track infrastructure and station facilities have been available and useable on this route.

Last season, was the first whole season that track conditions were favorable for expansion southward towards Hadley and Thurman. Stations were not completed as originally planned and that lack of complete facility, coupled with the poor economic conditions, forced the UHRR to provide only limited service to these two latter locations. In fact, the economy played a large role in reducing the frequency of trips over the traditional North Creek-Riparius route. The lack of service to Hadley and Thurman created ill-will and disappointment between the communities and the Railroad.

The modifications to the Operational Plan discussed below are an attempt to correct the previous perceived shortcomings.

### Proposed Modifications to Operations Year 2011

#### Addition of Excursion Trains

Understanding the need to increase both frequency and extent of rail service, alternative means of providing service has been investigated, evaluated and is being offered for the operating season beginning in May 2011 and continuing thereafter, if proven financially viable and attractive to tourists.

The use of a new or used, vintage looking Motor Car, with a passenger capacity of up to 50, and requiring a single operator/engineer is proposed to protect service on a new daily service between Corinth and Riparius, with intermediate stops en-route at Hadley and Thurman. It is projected that the use of the Edwards Motor Car will prove to be more economical to operate than the locomotive-coach consist, provide a pleasant and attractive ride and show a better rider to seat ratio. The intent is to enter into a sublease arrangement with an owner of a Motor Car, and contract for a turn-key operation, under the managerial control of the Upper Hudson River Railroad. It is further proposed that additional Fall Foliage trips utilizing the Motor Car in conjunction with the Scenic trains, to better match ridership demands during Holidays and Fall Foliage runs.

Consideration will be given to coordinate train times between the Scenic Trains and Excursion Trains to offer extended journeys, if desired.

#### Edwards Motor Car Data

Pictures of and information on the Edwards Motor Car are attached for information as Appendix E

## 1. Excursion Train Plan of Operations.

A proposed Schedule for Year 1 (2011) of operations is shown in Appendix C. Schedules for following years will be similar, except as modified by previous years experiences.

The OPERATIONS PLAN will be described by Year, since it is our opinion, that with the track infrastructure nearly in the final configuration and will be by Year 1, rehabilitated to its intended Track Class, it will be the return of more favorable economic conditions that will drive additional services and schedule changes,

Additional details regarding proposed operating schedules are found in Appendix C

## 2. Other Uses of the Tracks.

The UHRR, in past years, has actively marketed freight traffic on the Warren County Line even before the interchange connection was secured with the Canadian Pacific Railway (CPR) by the Town of Corinth in 2007. UHRR has held the belief that the long-term viability and success of the Warren County Railroad Operation would require the development of freight traffic.

Two projects come to mind as good examples of concerted marketing efforts by the Railroad, which ultimately did not advance to become successful freight traffic operations for other reasons than the railroad. The development of freight rail traffic is not an easy task by any measurement.

- Transport of Round Wood to Support 80 MW Wood-fired Co-Generation Plant- Fuel Supply.

The proposal was to supply fuel wood to a wood-fired co-generation plant located at the former IP Mill in Corinth by rail from a marshalling log yard operation located in the vicinity of Ordway's Siding near North River. The rail operation would have been run year-round, 6-days per week; requiring three 40 car trains per week. It was a significant rail operation, and if it had progressed, could have had a major impact on the future of the Railroad and the IP Mill facility.

The officers of the UHRR invested considerable resources to evaluating and supporting the venture, and were disappointed with the outcome.

- Transport of Ground Feldspar from Mining Company Quarry in North River for Refining in Mid-Atlantic area.

The proposal was to bulk transport ground feldspar, country rock to the garnets originally mined at the North River Quarry, by rail to a processing facility in mid-Atlantic area, where the mineral would be further refined for shipment overseas. This was a classic opportunity to evaluate the traditional intermodal transport modes-Truck to Barge; Rail to Barge versus the single mode approaches of only rail and only truck, with a commodity ideally suited for rail transport-dense, low to medium value and amenable to shipment in available rail equipment-covered hoppers. The Project did not advance due to decline in demand and other international considerations.

The restoration of freight rail service to the former INTERNATIONAL PAPER Hudson River Mill in Corinth will be a Key component to its future reuse as a commercial- industrial facility, once again producing employment opportunities and useful products. UHRR supports that goal and will work with the Town, CP Railway and others in developing an economical and cost-effective freight rail transportation solution.

A more detailed analysis of this issue is contained in "COR, CPR and UHRR- Industrial Development Partners", which is attached.

The proposed operating unit responsible for freight rail and switching services would undertake the activities described below, on a pro-active basis.

- Storage of Surplus Freight Cars- With rail freight still some 30% below former traffic levels, thousands of freight cars are being stored and storage space is at a premium and offers an opportunity to generate revenues where surplus sidings and side track are available.
- Switching Services- A locomotive would be stationed at the Mill Complex to spot cars, move loads and empties as needed to support production at the Mill Complex, as a value added service, when the demand develops.

Other sources of potential revenue that would be developed, maintained or expanded include:

- Hosting excursions by Motor Car Enthusiasts (The UHRR Run is already one of the more popular sanctioned events sponsored by the North American Motor Car Operators Association).
- Locating Fiber Optics and Telecommunications cabling within the Railroad Right-of-Way (This opportunity would be of great benefit to the track owner, with minor service fees and support work flowing to the Railroad).

- o Restoration of SKI TRAIN© Service to North Creek and Gore Mountain- With the track infrastructure intact and about to be rehabilitated to allow Class 2 Track Safety Standards, a viable Feasibility Study could be undertaken to determine demand and the economics of ski train restoration. UHRR has prepared a detailed discussion of this subject for review and positive actions. Responsibility for this aspect of future business would rest with a business entity, subcontracted to UHRR under the proposed reorganization plan. (See Approach to Restoration of SKI TRAIN © Service to North Creek and Gore Mountain, including an Alternative Approach, which are attached hereto).

### 3. Ridership Projected by Season

Ridership is seasonally dependent and variations are dependent on a number of factors, including activities underway; length of season; weather-positive, negative and co-incidental, and outside competition. The application of these factors is included in the Railroad's projections, which are shown in the Table below:

SEASONAL RIDERSHIP VARIATION PROJECTIONS

Year	Season	SPRING	SUMMER	FALL	WINTER
Year 1 (2011)		25 %	40%	35%	0%
Year 2 (2012)		25%	40%	35%	0%
Year 3 (2013)		20%	40%	30%	10% (a)
Year 4 (2014)		20%	35%	30%	15%
Year 5 (2015)		20%	35%	30%	15%

(a) Initial introduction of SKI TRAIN(C)

Percentages shown represent the portion of the total annual ridership which occurs in each Season, based on experience factors.

#### 4. Proposed Marketing Approach

The present mix of marketing media and approach, which consists of local, regional and national print media; coupled with a number of local and regional joint-venturing entities, supported by very favorable public relationships appear to be working, and will in a general way, be continued foreword.

#### 5. Inspection and Maintenance Program

The Inspection and Maintenance Program is a Mandated Program, that consists of a number of safety related activities that are set by Federal Law; supported by, and occasionally, increased by State Law. The areas of activity include Track, Highway-Rail Grade Crossing Signal Systems and Bridges.

Track Inspection and Maintenance are regulated by the Federal Railroad Administration (FRA) under 49 CFR Part 213- Track Safety Standards. Track inspection frequency and techniques are established in the regulation.

This track will inspected twice per week during the operating season and prior to use, if used less than once per week. The track must be inspected by a qualified, designated person on foot or while riding in a vehicle operated at a speed that allows for visual inspection for compliance and at no more than 5 MPH while passing over turn-outs and rail crossings. Turn-outs and rail crossings shall be inspected on-foot monthly.

Special inspections will be performed following a fire, flood, severe storm or other unusual occurrence.

Minimum levels of maintenance and condition are established for the several classes of track, according to operating speed, and encompass the following elements:

- Roadbed drainage and vegetation
- Track Geometry including gage, alignment, curves and track surface
- Track Structure including ballast, crossties, defective rails, rail joints, tie plates, fastening system, turn-outs and rail crossings, switches, frogs, and frog guards.

Maintenance must be viewed as a responsibility of the Track Owner, since sufficient revenues are not generated from tourist operations to adequately fund the necessary maintenance needs.

The trackage subject to this Proposal is established as FRA Track Class 2.

Highway-Rail Grade Crossing Signal Systems are regulated by the FRA under 49 CFR Part 234-Grade Crossing Signal System Safety.

Part 234 establishes a variety of tests and inspections to be performed on a monthly, quarterly, annually and less frequent basis. Warning system malfunctions and the requisite response and reporting requirements are also stipulated. Minimum maintenance standards are prescribed for a number of components and systems. Grade crossings are a source of accidents between trains and vehicular traffic and must be maintained in a safe operating manner to provide the required interval of warning time to the motoring public. The level of inspections, testing and routine maintenance required by the regulations is designed to generate the reliability demanded of the systems. However, grade crossing safety is a collaborative effort among the railroad; the highway owners and the driver.

All three entities must contribute to the goal of accident free crossings. Highway owners, including NYSDOT, the County DPWs and the local municipal road agents all have statutory responsibilities to clear ice and snow, trim obstructing brush and vegetation, provide and maintain certain advanced warning signage and pavement markings. Drivers have the obligation to obey warning signals and gates, pay attention to the surroundings and anticipate a train at any time, and in either direction. As rail operations expand, the driver awareness factor becomes vitally important. An organization dedicated to grade crossing safety- Operation Lifesaver, Inc. (OLI) has an active NY State Chapter, which UHRR supports, and should be invited to provide awareness and education to local citizens, from school age and up.

Again, we find that adequate revenues are not generated to fund grade-crossing maintenance by the Operator and the responsibility will fall to the Owner.

The County and the Town, as the track and system owners, have the obligation and responsibility to inspect and maintain the highway-rail grade crossings in an FRA Compliant state, at their sole cost and expense. UHRR can arrange to have the inspection and maintenance requirements performed, under a negotiated Force Account Agreement, where the Owner reimburses the Railroad for its costs.

The FRA is currently in the process of issuing a comprehensive Bridge Management Program regulation is projected to take effect during 2010. The new regulations are an expansion of Appendix C to Part 213-Statement of Agency Policy on the Safety of Railroad Bridges and converts advisory language to regulation.

Bridge Management includes the periodic inspection of each railroad bridge, (annually) by fully qualified railroad bridge inspectors; determination of bridge capacity or rating by competent engineers; control of train movements over bridges and an extensive recordkeeping requirements, assignments of responsibilities for structural integrity and other management techniques.

The result of this situation is added administrative and management burden to the Railroad, as well as expense to comply with the added requirements. New York State DOT has required annual bridge inspections for several years which will avoid a significant cost increase, although the underlying costs are still imposed on the Operator by this Agreement.

The FRA regulates the safety of bridge workers under Subpart B of 49 CFR Part 214-Roadway Workplace Safety. The Bridge Worker Safety Rules establishes minimum safety equipment, procedures and practices that governs work on railroad bridges, including some inspection activities as well as maintenance and repair work.

The track inspection practices will need to be structured to comply with both FRA and NY State requirements.

As stated previously, the track being offered by the County of Warren and the Town of Corinth under this Request For Proposals is at or will shortly be a FRA Track Class 2, allowing for excursion operations (Passenger) at a maximum speed of 30 MPH and freight operations at 25 MPH maximum. Class 2 Track is a regulated level of condition of a variety of elements established by the FRA Track Safety Standards (49 CFR Part 213). It describes a minimum set of conditions, below which the track is presumably not safe to operate at the prescribed speed.

Therefore prudent track maintenances plans strive to maintain the track at a level just above the threshold condition. Achieving the proper level is not an easy task, due to the number of factors involved in determining track and track component condition, most of which are subject to judgment and interpretation.

Maintenance requirements are driven by Track Class which is set by Operating Speed, which is determined by the Railroad to met the demands of their service and traffic loads. Operating speed may be in many cases set (by Time Table, Special Instruction and/or Bulletin Order,) to the next lower Track Class.

The current economics of shortline and scenic-tourist excursion railroading does not provide sufficient revenues to cover the so-called "maintain to rule" approach, to say nothing about covering "maintenance beyond rule".

Recently developed, realistic costs for annual maintenance appear to be in the range of \$8,000 to \$10,000 per mile of track. The amount of trackage offered under this RFP is 55.6 miles, which translates to an annual maintenance requirement of between \$445,000 and \$556,000. It is apparent that those demands can not be met.

The successful maintenance program must be thoroughly evaluated and designed to judiciously apply limited resources when and where needed, with efficiency while maintaining quality.

The ability to perform this feat comes from experience – experience in trackwork maintenance and experience in shortline and scenic-tourist excursion railroading. Both attributes possessed by the management of UHRR.

Notwithstanding any other considerations, the level of funding to be allocated to the repair and maintenance of the track and supporting structure must be established and funded by the Owner, deriving those funds from a number of sources, other than directly from the Railroad Operator or railroad operations.

A detailed budget of proposed inspection and maintenance activities on an Annual basis has been prepared for the County's guidance and is included herein as Appendix D.

6. There are no specific pending improvements proposed for the rail line or supporting facilities at this time. There are however, some funds still available (similar to the funds previously awarded to the County) to continue maintenance activities or construct run-around and other trackage as needed. The Railroad requests the right to revisit this subject during the course of the Operating Agreement term if conditions warrant.

7. Winter suspension of operations and use of Railroad Right-of-Way for Recreational Purposes during the period 1 January through 15 April. UHHR has cooperated with Warren County to this end since the initiation of operations and envisions no change in that approach, provided that new freight traffic or "Ski Train" opportunities that may arise, need to be addressed.

UHRR is also confident that agreement on liability and property access and damage issues can be successfully resolved as before.

8. UHRR is aware that the use of the CP Railway tracks, under the Purchase Agreement between the Town of Corinth and CPR, is made part of this Request for Proposals, and is looking forward to working with the Town to leverage this purchase to the full benefit of the Town and the development of freight rail traffic serving Corinth. For additional details of UHRR's Plan to strengthen the interchange with CPR, see the Section entitled:

"COR, CPR and UHHR- Industrial Development Partners"

## COR, CPR and UHRR- Industrial Development Partners

### INTRODUCTION

When the International Paper Company shut the doors on the Hudson River Mill in Corinth, over 100 years of papermaking production and history ended, creating a major impact on the area. The Town has sought replacement industry at the Mill Complex, and have been disappointed with the outcome of the last venture when Philmet Capital Group's proposed plastic plant and wood-fired co-generation facility failed to materialize.

The value of the railroad is continued to be recognized, and the Town has purchased the railroad assets from the C P Railway between the interchange at Saratoga Springs and the end of Warren County's ownership at Antoine Mountain Road. CP Railway reserved exclusive and permanent freight rights over the rail line, and with that retained the common-carrier obligations to provide service if requested, and presumably would provide service itself or enter into agreement with another party to provide the service.

The purchase of the railroad by the Town was a transaction under the purview of the Surface Transportation Board (STB). (Finance Docket 34803). The Town indicated it intends to provide intrastate scenic tour passenger operations only. The rail line acquired by the Town physically connects the 40-mile Warren County owned line to the general system of railroads at Saratoga Springs.

### COR ROLE

At least on the Railroad Map of New York State the 16 1/2 -mile long railroad is identified as the "COR"- non-official reporting marks of the Town of Corinth Railroad, and is used here as the identity of the overall plans of the Town to assist in restoration of freight rail service within the Town's boundaries in general and at a revitalized industrial complex at the site of the former Hudson River Mill.

### CPR ROLE

As the holder of freight rights, all efforts to develop freight rail business would be subject to CPR's acceptance of the potential business; subject to negotiating a favorable rate structure for the type, volume and nature of the traffic and to determine available capacity to handle the freight. CPR has indicated a willingness to assist the Town and the Operator, or other third party, in growing the freight rail business on the Town of Corinth Railroad.

The assistance from CPR is critical to any success to be enjoyed in this venture, and is welcomed by UHRR.



## UHRR ROLE

UHRR supports the efforts by the Town and offers to assist in a variety of ways to advance freight rail service as the situations arise, to include but not necessarily be limited to:

- Conclude an arrangement with CPR to provide freight rail service on the Town-owned portion of the rail line
- Position a switching locomotive at or near the former IP Mill complex, to serve the needs of industrial tenants of the Complex, as and when needed.
- Arrange through CPR and the Town, for the storage of freight rail cars currently surplus to the needs of the railroads, railcar fleet owners and private car owners. Thousands of railcars are available to be stored, and as the decline in economic conditions continue, the need to store cars increases. Where unused sidings and sidetracks are available, storage deals can be made. The storage of railcars is a passive element of railroading, but a real and legitimate part as well. Storage fees accumulate 365 days per year, and with a potential to store in excess of 100 cars, a reasonable amount of revenue will be available to return to the Town. Car storage would be approached on a reasonable basis to minimize visual concerns and impact on the environment.
- Assist the Town by providing technical assistance and marketing support to prospective shippers, in an effort to develop industrial-based rail freight business. Assistance and support activities could include developing operating scenarios, evaluating car supply availability, preparing preliminary plant trackage layouts and installation cost estimates, and similar efforts as required.

## SUMMARY

The success of the Excursion Railroad operation will be more assured if a viable freight rail service component is available to contribute financially to the bottom line. Operationally, by providing services and presence, the two operations can grow and prosper together. UHRR is committed to operating a successful, financially strong rail presence in the Town of Corinth and Warren County.

## APPENDIX A FINANCIAL INFORMATION

Financial information requested in the Request For Proposals is contained in this Appendix.

1. Upper Hudson River Railroad Balance Sheets for the following Periods:
  - a. January 1, 2006 to December 31, 2006
  - b. January 1, 2007 to December 31, 2007
  - c. January 1, 2008 to December 31, 2008
2. Annual Reports are not available.
3. Lines of Credit are not applicable
4. Plans for Financing Project: See Financial Documentation, attached hereto.
5. PROFORMA: A Five Year PROFORMA is included in the BUSINESS PLAN which is part of the FINANCIAL PROPOSAL.

## FINANCIAL DOCUMENTATION STATEMENT

In accordance with the REQUEST FOR PROPOSALS for EXCURSION TRAIN OPERATOR, the following information was to be furnished to the County and Town:

1. Viable funding streams to cover:
  - a. Start-Up Costs
  - b. Operation Costs
  - c. Costs of Other Obligations associated with Operating the Railroad
2. Other Financial Data

**START-UP COSTS-** As the incumbent Operator for the past 10 years, our Start-Up costs are minimal, having expended and absorbed those costs several years ago. The requirement to acknowledge the need for Start-Up funds is a legitimate inquiry and concern, directed to all other Proposers, other than UHRR.

Start-Up costs associated with any one of the "Venues" proposed for this next Operating Period have been built-in as a part of the negotiated costs and fees required to operate the new "Venue", including Start-Up costs.

**OPERATIONS COSTS-** Costs to conduct the day-to-day operations will be drawn from current funds generated as a result of ticket sales, gift shop and other concessions income and miscellaneous revenues. Some short-term liquidity problems are anticipated as a result of cash flow variations due to the seasonal nature of the business experienced. The PROFORMA details Expected Revenues versus Projected Expenditures, and anticipated shortfalls and/or surpluses are shown in that Document.

**COSTS of OTHER OBLIGATIONS-** At the present time, Obligations requiring cash outlays are programmed to be minimal. The area of significant deviation from this situation involves the SKI TRAIN© start-up, which is covered in detail in a latter Section of this response.

**OTHER FINANCIAL DATA-** No other issue involving significant financial considerations beyond those discussed above is known to materially affect this PROPOSAL.

10:54 AM  
12/18/09  
Accrual Basis

**UHRR**  
**Balance Sheet**  
**As of December 31, 2008**

	<u>Dec 31, 08</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
110 - General Acct - Comm Bank	-9,570.44
110A - General - TD Banknorth	5.00
111 - Petty Cash	510.47
112 - Cash - COD Acct	-132.99
113 - Cash - Revenue Acct	-3,241.75
115 - Payroll Acct - Comm Bank	-42.94
115A - Payroll - TD Banknorth	109.34
116 - Cash Registers	2,209.92
<b>Total Checking/Savings</b>	-10,153.39
<b>Other Current Assets</b>	
117 - Inventory	20,988.01
120 - Travel Advance	3,923.18
140 - Prepaid Interest	312.50
141 - Prepaid Insurance	14,740.24
142 - Prepaid Disability	539.02
<b>Total Other Current Assets</b>	40,502.95
<b>Total Current Assets</b>	30,349.56
<b>Fixed Assets</b>	
149 - Fixed Assets	232,737.08
150 - Accum. Depreciation	-156,637.12
<b>Total Fixed Assets</b>	76,099.96
<b>Other Assets</b>	
119 - Deposits	1,900.00
<b>Total Other Assets</b>	<u>1,900.00</u>
<b>TOTAL ASSETS</b>	<u><u>108,349.52</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
210 - Accounts Payable	41,094.36
<b>Total Accounts Payable</b>	41,094.36
<b>Other Current Liabilities</b>	
210A - Accounts Payable Adjustm	1,616.66
211 - Accrued Expenses	3,476.25
212 - Sales Tax Payable	1,044.77
216 - Federal Withholding	784.92
217 - State Withholding	1,486.27
219 - Accr. State Unemploy	-1,647.49
220 - Accr. Fed. Unemployment	-122.50
233 - Garnishee	60.00
246 - N/P Equip. Insurance	1,200.45
247 - Auto Insurance	251.00
250 - NP Atlas Contracting	7,185.10
<b>Total Other Current Liabilities</b>	15,335.43
<b>Total Current Liabilities</b>	56,429.79
<b>Long Term Liabilities</b>	
227 - Shareholder-J. Riegel	569,142.54
228 - Shareholder-WJ Riegel	536,743.30
230 - Notespayable Riegel & Son	284,541.14
251 - N/P Gen. Liab Insurance	5,789.46
<b>Total Long Term Liabilities</b>	1,396,216.44
<b>Total Liabilities</b>	1,452,646.23

10:54 AM  
12/18/09  
Accrual Basis

UHRR  
Balance Sheet  
As of December 31, 2008

	<u>Dec 31, 08</u>
Equity	
244 - Common Stock	3,000.00
245 - Retained Earnings	-1,227,000.25
Opening Bal Equity	0.01
Net Income	-120,122.47
Total Equity	<u>-1,344,122.71</u>
TOTAL LIABILITIES & EQUITY	<u><u>108,523.52</u></u>

8:11 AM  
 12/16/09  
 Accrual Basis

**UHRR**  
**Balance Sheet**  
 As of December 31, 2007

	Dec 31, 07
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
110 - General Acct - Comm Bank	-12,306.19
111 - Petty Cash	310.47
112 - Cash - COD Acct	62.62
113 - Cash - Revenue Acct	-3,447.03
115 - Payroll Acct - Comm Bank	-1,547.02
116 - Cash Registers	1,045.55
<b>Total Checking/Savings</b>	-15,881.60
<b>Other Current Assets</b>	
117 - Inventory	23,801.67
120 - Travel Advance	3,623.18
141 - Prepaid Insurance	21,267.45
142 - Prepaid Disability	239.88
<b>Total Other Current Assets</b>	48,932.18
<b>Total Current Assets</b>	33,050.58
<b>Fixed Assets</b>	
149 - Fixed Assets	222,737.08
150 - Accum. Depreciation	-142,757.08
<b>Total Fixed Assets</b>	79,980.00
<b>Other Assets</b>	
119 - Deposits	1,900.00
<b>Total Other Assets</b>	1,900.00
<b>TOTAL ASSETS</b>	<b>114,930.58</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
210- Accounts Payable	51,507.70
<b>Total Accounts Payable</b>	51,507.70
<b>Other Current Liabilities</b>	
210A - Accounts Payable Adjustm	1,616.66
211 - Accrued Expenses	8,925.25
212 - Sales Tax Payable	599.32
216 - Federal Withholding	16.98
217 - State Withholding	2,195.21
218 - Accr./With Fica Tax	-695.72
219 - Accr. State Unemploy	-267.60
220 - Accr.Fed.Unemployment	-16.12
224 - NYS Franchise Tax Payable	-100.00
233 - Garnishee	120.00
236 - Ins. Workers Comp	-1,128.48
246 - N/P Equip. Insurance	2,316.08
250 - NP Atlas Contracting	7,185.10
<b>Total Other Current Liabilities</b>	20,766.68
<b>Total Current Liabilities</b>	72,274.38
<b>Long Term Liabilities</b>	
227 - Shareholder-J. Riegel	514,770.79
228 - Shareholder-WJ Riegel	479,371.55
230 - Notespayable Riegel & Son	177,945.31
251 - N/P Gen. Liab Insurance	9,742.79
254 - N/P DKR Associates	85,000.00
<b>Total Long Term Liabilities</b>	1,266,830.44
<b>Total Liabilities</b>	<b>1,339,104.82</b>

SIAM  
12/09  
Actual Basis

UHRR  
Balance Sheet  
As of December 31, 2007

	<u>Dec 31, 07</u>
Equity	
244 - Common Stock	3,000.00
245 - Retained Earnings	-996,103.95
Opening Bal Equity	0.01
Net Income	-230,896.30
Total Equity	<u>-1,224,000.24</u>
TOTAL LIABILITIES & EQUITY	<u><u>115,104.58</u></u>

8:11 AM  
12/16/09  
Accrual Basis

UHRR  
**Balance Sheet**  
As of December 31, 2006

	<u>Dec 31, 06</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
110 - General Acct - Comm Bank	-25,611.08
111 - Petty Cash	160.47
112 - Cash - COD Acct	753.59
113 - Cash - Revenue Acct	-3,468.08
115 - Payroll Acct - Comm Bank	2,623.55
116 - Cash Registers	779.49
<b>Total Checking/Savings</b>	<b>-24,762.06</b>
<b>Other Current Assets</b>	
117 - Inventory	28,193.08
120 - Travel Advance	923.18
141 - Prepaid Insurance	29,222.52
142 - Prepaid Disability	239.88
<b>Total Other Current Assets</b>	<b>58,578.66</b>
<b>Total Current Assets</b>	<b>33,816.60</b>
<b>Fixed Assets</b>	
149 - Fixed Assets	264,040.08
150 - Accum. Depreciation	-170,521.08
<b>Total Fixed Assets</b>	<b>93,519.00</b>
<b>Other Assets</b>	
119 - Deposits	1,900.00
<b>Total Other Assets</b>	<b>1,900.00</b>
<b>TOTAL ASSETS</b>	<b><u>129,235.60</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
210- Accounts Payable	73,251.39
<b>Total Accounts Payable</b>	<b>73,251.39</b>
<b>Other Current Liabilities</b>	
210A - Accounts Payable Adjustm	-14,923.24
211 - Accrued Expenses	10,138.75
212 - Sales Tax Payable	236.24
217 - State Withholding	114.73
219 - Accr. State Unemploy	86.12
236 - Ins. Workers Comp	4,507.01
238- Notes payable - Gmac	14,183.73
246 - N/P Equip. Insurance	2,386.09
250 - NP Atlas Contracting	7,185.10
<b>Total Other Current Liabilities</b>	<b>23,914.53</b>
<b>Total Current Liabilities</b>	<b>97,165.92</b>
<b>Long Term Liabilities</b>	
227 - Shareholder-J. Riegel	374,023.43
228 - Shareholder-WJ Riegel	355,124.18
230 - Notespayable Riegel & Son	288,617.71
251 - N/P Gen. Liab Insurance	5,429.12
255 - NotesPayable - Auto Ins.	556.50
<b>Total Long Term Liabilities</b>	<b>1,023,750.94</b>
<b>Total Liabilities</b>	<b>1,120,916.86</b>

8:11 AM  
12/16/09  
Accrual Basis

UHRR  
Balance Sheet  
As of December 31, 2006

	<u>Dec 31, 06</u>
Equity	
244 - Common Stock	3,000.00
245 - Retained Earnings	-852,464.97
Net Income	-142,216.29
Total Equity	<u>-991,681.26</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u><u>129,235.60</u></u></b>

## APPENDIX B- PERSONNEL DATA

Information related to personnel of the UHRR is contained in this Appendix.

### 1. ROSTER of LOCOMOTIVE ENGINEERS

The following individuals are currently operating as Locomotive Engineers on the Upper Hudson River Railroad:

- Al Cameron
- Aaron Hun
- Jay Clark

### 2. LIST of MANAGERS and BIOGRAPHIES

The following individuals currently serve in a managerial role on the Upper Hudson River Railroad:

- John C. Riegel- President and Chief Executive Officer
- W.J. "Jerry" Riegel-Vice President
- Clifford Welz- Operations Manager
- Richard A. Currier- Consultant

Biographical Sketches of the Managers follow:

- John C. Riegel  
Mr. Riegel has over 25 years experience in managing a trackwork construction company in a number of roles including President. He is a founder of the Upper Hudson River Railroad and has been the President and Chief Executive Officer since 1998. He provides the overall direction of the Railroad. A Clarkson College graduate, in Industrial Engineering he is also a member of the New England Railroad Club

- **W. Jerry Riegel, Jr.**  
Mr. Riegel has more than 30 years experience in operating a trackwork construction company, in a variety of positions including Vice President-Operations. He is also a founder of the UHRR and has served as Vice President since 1998. His railroad installation and maintenance experience includes projects with the Adirondack Scenic Railroad; the Delaware & Ulster Railroad; the Cooperstown and Charlotte Valley Railroad and the Battenkill. Mr. Riegel has a Construction Technology Degree from Westchester Community College and is a member of the New England Railroad Club.
  
- **Cliff Welz**  
Mr. Welz is Operations Manager of the Railroad, a position he has held since 2002. He is responsible for the day-to-day operations. Mr. Welz started as a conductor on the UHRR following retirement from a management position in a Fortune 100 aircraft company. He is active in local fraternal organizations and has resided in Warren County for ten years.
  
- **Richard Currier**  
Mr. Currier is the third founder of the Railroad and served as Vice President from 1998 to his retirement in 2002. He currently serves as a Consultant to the Board of Directors and is assisting the Railroad in preparation of the RFP. Mr. Currier has over twenty years experience in founding, start-up operations, regulatory compliance and maintenance planning and implementation for shortline and tourist railroads, throughout the Northeast. He currently serves as a Consultant to several short line railroads in New England. Mr. Currier is Member of the New England Railroad Club.

## APPENDIX C -SCHEDULES

### PROPOSED SCHEDULES- GENERAL

UHRR has developed Proposed Schedules of Operations for a TYPICAL WEEK in SEASON: which outlines the overall Operational Goals for the next several years. This Schedule covers four of the five proposed Operating Entities, described in the Proposal:

	MON	TUE	WED	THU	FRI	SAT	SUN
SCENIC TRAIN					[][]	[][]	[]
EXCURSION TRAIN				[ ]a	[]	[][]	[]
SWITCHING SERVICE							[ As Needed Daily and More]
FREIGHT I/C w/CPR							[ As Needed-Up to 3-days/week]

The fifth entity, the SKI TRAIN © would initially operate in an abbreviated schedule of one day per week (Thursdays) for the 18-week season. (Outlined in "An Alternative Approach to Returning the First Ski Train "

Thereafter, the Schedule could expand to either three-day per week (Arrivals on Thursday and Departures on Sundays and Mondays) or ultimately Daily Service between Saratoga Springs and North Creek/Gore Mountain, during the ski season.

Marketing effort will be directed to augment the Service with "Dark Days" and other promotions related to Horse Racing at Saratoga. The return of Fall Foliage Trips will be evaluated as well.

[ ]- Indicates Day of Operation [ [] ]- Indicates 2 Trips per Day

a- Added if demand warrants

Scenic Trains and Excursion Train also operate on Holidays in season

DETAILED SCHEDULES: (FOR EXAMPLE ONLY)

SCENIC and EXCURSION TRAINS @ RIPARIUS

From NORTH CREEK and CORINTH

Train 1 from North Creek arrives @11:30 AM Layover 1-1/2 hours  
Train 2 from Corinth arrives @ Noon Layover 1 hour 15 minutes

Train 1 departs for North Creek @ 1:00PM, Arrives @ 2:00 PM  
Train 2 departs for Corinth @1:15 PM, Arrives @ 3:30 PM

Train 3 from North Creek arrives @ 4:00 PM, Layover 1 hour, Departs  
@ 5:00 PM and arrives in North Creek @6:00 PM  
Train 4 arrives from Corinth @ 6:00 PM, Layover 45 minutes, Departs  
@ 6:45 PM and arrives back in Corinth @9:00 PM

Full Trip from CORINTH to NORTH CREEK and RETURN

Leave Corinth on Train 2, departing at 9:30 AM; Arrive Riparius at  
Noon

Change to Train 1 leaving Riparius at 1:00Pm for trip to North Creek  
Arrive North Creek at 2:00 PM, layover in North Creek for 1 hour  
Depart North Creek at 3:00PM on Train 3, arrive Riparius at 4:00PM.  
Change to Train 4, departing Riparius at 6:45 PM for return trip to  
Corinth and Arrive at Hadley at 9:00 PM

Total Trip 11 hours 30 minutes; total train time 6 hours 45 minutes  
Layover time-North Creek 1 hour  
and Riparius 3 hours 45 minutes

Adjusted Schedule to allow more time in North Creek

Leave Corinth at 8:30 AM; arrive at Riparius at 11:00 AM  
Depart on Train 1 from Riparius to North Creek at 12:30 PM  
(Note Revised Layover to 1 hour)

Arrive North Creek at 1:30 PM, layover at North Creek  
for 1 hour 30 minutes

Depart North Creek at 3:00PM, arrives Riparius at 4:00PM  
Depart Riparius for Corinth on Train 4 at 4:15 PM  
(Note revised schedule of Trains 2 and 4)

Train Schedules and Times are subject to change.

PROPOSED 5 -YEAR ACTIVITY IMPLEMENTATION SCHEDULE with 5 YEAR OPTION

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEARS 6-10
2011	2012	2013	2014	2015	2016-2020

ACTIVITY

ACTIVITY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEARS 6-10
SKI TRAIN ©	[Th?]	[Th?]	[ThSM]	[ThSM]	[6 or 7]	[6 or 7]
SWITCHING SERVICES	[Th?]	[Th?]	[ThSM]	[ThSM]	[6 or 7]	[6 or 7]
Scenic Train- North Creek to Riparias- RT (UHRR)				W- Wednesday		H-Holiday
Excursion Train-Hadley to Riparias --RT				Th-Thursday		3-3 Days
SKI TRAIN-Saratoga Springs to North Creek- RT (The SKI TRAIN©)				F-Friday		6-6 Days
Switching Services- Corinth Yard/ IP Mill Complex				S-Sunday		7-7 Days
Freight Operations- Interchange with CPR- Service as needed.				SS-Saturday/Sunday		

SWITCHING SERVICES

[ UPON DEMAND FOR SERVICES ]

Scenic Train- North Creek to Riparias- RT (UHRR)      W- Wednesday      H-Holiday

Excursion Train-Hadley to Riparias --RT      Th-Thursday      3-3 Days

SKI TRAIN-Saratoga Springs to North Creek- RT (The SKI TRAIN©)      F-Friday      6-6 Days

Switching Services- Corinth Yard/ IP Mill Complex      S-Sunday      7-7 Days

Freight Operations- Interchange with CPR- Service as needed.      SS-Saturday/Sunday

**APPENDIX D-ANNUAL MAINTENANCE PLAN and BUDGET (Proposed)**

	Estimated Cost	Railroad Share	County/Town Share
<b>MANDATED INSPECTIONS</b>			
Track Inspections	\$13,500	\$13,500	
° Tourist Lines			
C&S Inspections and Maintenance	\$20,440		\$20,440
° Crossing Systems (27 Signaled)	\$12,000		\$12,000
Bridge Inspection			
<b>TRACK MAINTENANCE</b>			
Rail Replacement and Repair	\$2,000		\$2,000
Tie Renewals			
° Joint and Other	\$280,500		\$280,500
° Switch Timbers	\$40,000		\$40,000
<b>SPECIAL TRACKWORK MAINTENANCE</b>			
Turnout Repair	\$10,000		\$10,000
<b>ROAD BED MAINTENANCE</b>			
Spot Surfacing with Ballast Addition	\$87,120		\$87,120
Spot Ditching and Culvert Cleaning	\$5,000		\$5,000
<b>HIGHWAY-RAIL CROSSINGS</b>			
Surface-Repair/Replacement	\$10,000		\$10,000
Signal System Maintenance	\$10,000		\$10,000
<b>VEGETATION MANAGEMENT</b>			
Permitting	\$2,500		\$2,500
Brush Cutting	\$28,000		\$28,000
Weed Spray	\$11,300		\$11,300
<b>TRACK GANG</b>			
Labor-Railroad	(In Above)		(In Above)
Consumables	\$5,000		\$5,000
<b>VEHICLE and EQUIPMENT COSTS</b>			
Fuel, Repair and Operation	(In Above)		(In Above)
<b>MANAGEMENT, ENGINEERING, SUPERVISION and ADMINISTRATION</b>			
Aggregate Allowance (20%)	\$107,140		\$104,640
<b>TOTAL ANNUALIZED MAINTENANCE COST</b>	\$642,500	\$13,500	\$628,500
<b>PER MILE</b>	\$11,370		

NOTES on ANNUAL MAINTENANCE PROGRAM COSTS

1. Per Mile Annualized Maintenance Cost exceeds generally accepted per mile costs for Shortline Railroad Industry; primarily due to the inclusion of Management, Engineering, Supervision and Administration which accounts for over \$1,800 per mile. This can be significantly reduced by utilizing existing County and Town personnel and resources. Per mile costs reduce to approximately \$9,300 with a \$100,000 reduction, falling within the industry range.

Reduce Management, etc. to \$10,000 Allowance      Save    \$100, 000

2. Further reductions can be made by deferring Tie Renewals and Switch Timber Installation during the initial years, by up to 33%, without compromising track conditions, in light of recent rehabilitation activities, although extended deferrals will eventually lead deteriorated conditions and require the expenditure of the "saved" funds.

3. Potential Savings Program: Reduce Tie Replacements by 33% in initial years      Save    \$92,500  
 Reduce Switch Timbers by 25% in initial years      Save    \$10,000

NEW TOTAL ANNUALIZED MAINTENANCE COST      \$440,000

PER MILE      \$7,790

The Revised Cost is less than the Industry Average of \$8,000 per mile, but appears to be a reasonable expenditure based on condition of existing track.

The analysis of Annual Maintenance Costs reinforces the claim by UHRR that the scenic-tourist rail operations do not generate sufficient revenues to fund the required maintenance program and therefore that burden must be shifted to the track owners.

The Railroad agrees to perform the required track inspections during the 15-week operating season.

Derivation of costs, quantities and unit pricing for the various work elements is available for review on request.

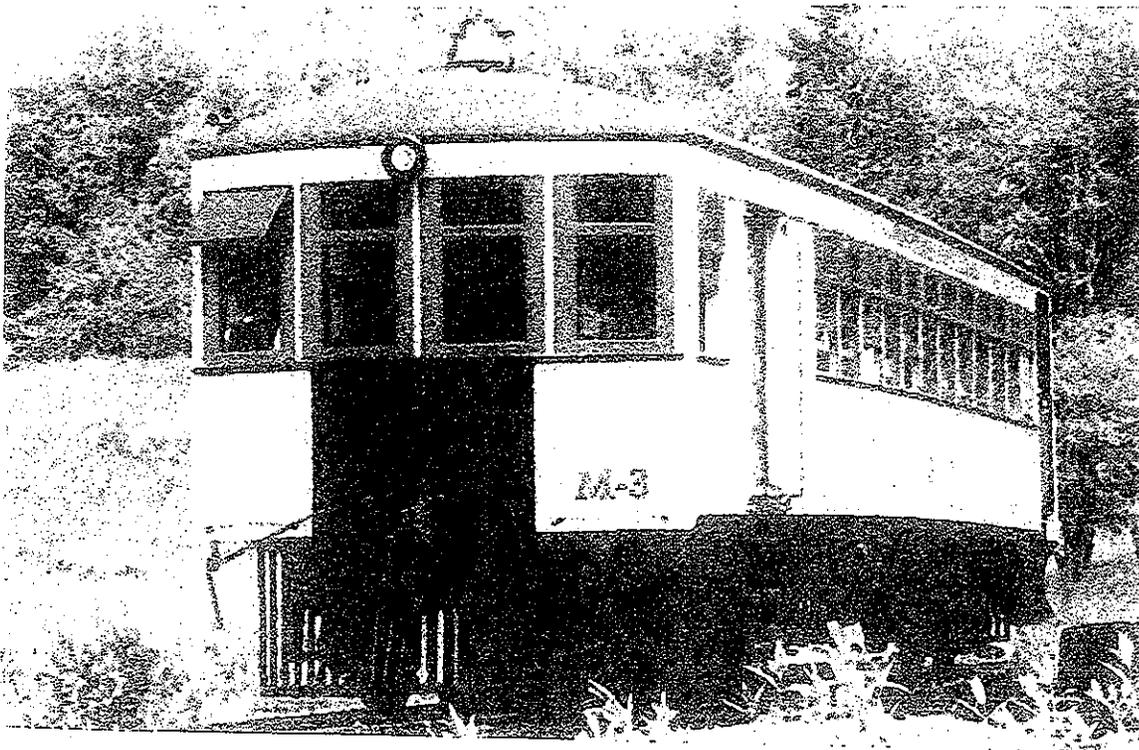
## APPENDIX E EDWARDS MOTOR CARS

The Edwards Rail Car Company started building self-propelled motor cars in 1921. The Company was established in 1924 and re-established in 1998. The cars were widely used by short line railroads as an economical solution to providing passenger service on low-use routes. Edwards literature at the time offered the Motor Cars as saviors of the industry.

In 1998, the demand for an efficient and economical vehicle to service the tourist industry became apparent and the Company entered the market again by offering mechanically up-dated version of the original vintage Edwards Rail Car.

Two general models are produced- the Model 20 with seating for 48 and the Model 30 with seating for 56.

Edwards today advertises that the rail cars are “The Economical Solution for the Reduction of Operating Costs for Shortline and Tourist Runs”. Exactly what is needed on the Corinth to Riparius Excursion Trains.



An Edwards Rail Car in use on a Tourist Railroad and available for purchase in 2009.

WC 105-09 REQUEST FOR PROPOSALS FOR EXCURSION TRAIN OPERATOR FOR  
RAILROAD RUNNING FROM SARATOGA SPRINGS TO NORTH CREEK, NEW YORK  
DATE: NOVEMBER 25, 2009      TIME: 3:00 PM      PLACE: MUNICIPAL CENTER  
PROPOSAL

CERTIFICATION

Non-Collusive Certification required of all bidders under Section 103-d of the General Municipal Law as amended by Chapter 751 of the Laws of 1965, effective September 1, 1965.

By submission of this bid or proposal, the bidder certifies that:

- (a) This bid, or proposal, has been independently arrived at without collusion with any other bidder or with any competitor or potential competitor;
- (b) This bid, or proposal, has not been knowingly disclosed and will not be knowingly disclosed, prior to the opening of bids or proposals for this project, to any other bidder, competitor, or potential competitor;
- (c) No attempt has been or will be made, to induce any person, partnership, or corporation to submit or not to submit a bid or proposal;
- (d) The person signing this bid or proposal certifies that he has fully informed himself regarding the accuracy of the statements contained in this certification, and under the penalties of perjury, affirms the truth thereof, such penalties being applicable to the bidder as well as to the person signing in its behalf;
- (e) That attached hereto (if a corporate bidder) is a certified copy of resolution authorizing the execution of this certificate by the signatory of this bid, or proposal, in behalf of the corporate bidder.

Individual Bidder

Co-Partnership

By

*John C. Messer*  
Partner

Upper Hudson River Railroad  
Corporation

By

*John C. Messer*  
President

WC 105-09 REQUEST FOR PROPOSALS FOR EXCURSION TRAIN OPERATOR FOR  
RAILROAD RUNNING FROM SARATOGA SPRINGS TO NORTH CREEK, NEW YORK  
DATE: NOVEMBER 25, 2009 TIME: 3:00 PM PLACE: MUNICIPAL CENTER  
PROPOSAL

CORPORATE RESOLUTION

RESOLVED that Upper Hudson River Railroad  
(Name of Corporation)

is authorized to sign and submit the Bid, or Proposal, of this Corporation for the following project:

Excursion train operator for railroad - Saratoga Springs to North Creek  
(Title of Project)

and to include in such Bid Proposal the Certificate as to non-collusion required by Section 103-d of the General Municipal Law as the act and deed of such corporation, and for any inaccuracies of misstatements in such certifies this Corporate Bidder shall be liable under the penalties of perjury.

The foregoing is a true and correct copy of the Resolution adopted by Upper Hudson River Railroad Corporation at a meeting of its Board of Directors held on

the Saturday Day of December 12, 2009, and is still in force and effective on this Friday Day of December 18, 2009.

John C. Lewis  
SECRETARY  
(Signature)

(SEAL OF CORPORATION)

WARREN COUNTY PURCHASING DEPARTMENT

1340 STATE ROUTE 9  
LAKE GEORGE, NY 12845  
Telephone: (518) 761-6538  
Fax: (518) 761-6395

JULIE A. PACYNA  
PURCHASING AGENT

JASON M. SHPUR  
DEPUTY PURCHASING AGENT



MEMO

TO: All Prospective Bidders  
FROM: Julie A. Pacyna, Purchasing Agent  
DATE: December 9, 2009

SUBJECT: ADDENDUM #2: WC 105-09 - REQUEST FOR PROPOSALS (RFP) - EXCURSION TRAIN OPERATOR FOR RAILROAD RUNNING FROM SARATOGA SPRINGS TO NORTH CREEK, NEW YORK

Please sign and return the following to our office with your proposal:

I, John C. Riegel, of

Upper Hudson River Railroad (Company) have received the following

addendum and will include it with the above quote.

Addendum:

1. Q. Please provide the ridership history of the current excursion train operation.
  - A. To the best of our knowledge, the following is a breakdown of ridership per year (May through October).

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Regular	21,970	22,752	23,056	23,880	22,819	21,700	18,322	15,451	11,372	12,247	8,413
Thomas the Tank	Event did not take place during these years							17,862	13,751	8,814	7,688
Total	21,970	22,752	23,056	23,880	22,819	21,700	18,322	33,313	25,123	21,061	16,101

Addendum #2 - WC 105-09  
December 9, 2009  
Page 2

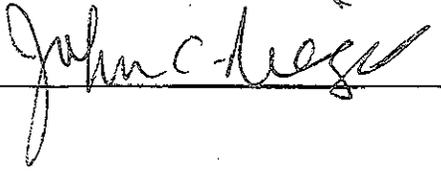
2. Q. We are wondering if there are any lawsuits pending as the insurance requirements seem a bit high.

A. Currently, no lawsuits have been filed.

All other terms and conditions of the bid shall remain the same.

If you have any questions, please contact me at (518) 761-6538.

Signature:



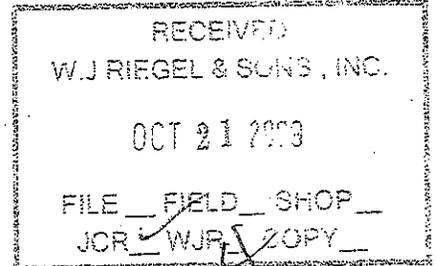
Date:

12/18/09

WARREN COUNTY PURCHASING DEPARTMENT

1340 STATE ROUTE 9  
LAKE GEORGE, NY 12845  
Telephone: (518) 761-6538  
Fax: (518) 761-6395

JULIE A. PACYNA  
PURCHASING AGENT



MEMO

TO: All Prospective Bidders

FROM: Julie A. Pacyna, Purchasing Agent

DATE: October 19, 2009

SUBJECT: ADDENDUM #1: WC 105-09 - REQUEST FOR PROPOSALS (RFP) - EXCURSION TRAIN OPERATOR FOR RAILROAD RUNNING FROM SARATOGA SPRINGS TO NORTH CREEK, NEW YORK

Please sign and return the following to our office with your proposal:

I, John C. Riegel, of  
Upper Hudson River Railroad (Company) have received the following  
addendum and will include it with the above quote.

Addendum:

This is to advise that the proposal submission deadline relative to the above-referenced RFP is being extended to Monday, December 21, 2009 at 3:00 p.m. Any and all references to the November 25, 2009 deadline shall be changed to December 21, 2009. This Addendum shall become part of the original specification and must be returned fully executed with your original proposal.

All other terms and conditions of the bid shall remain the same.

If you have any questions, please contact me at (518) 761-6538.

Signature: John C. Riegel

Date: 12/18/09