

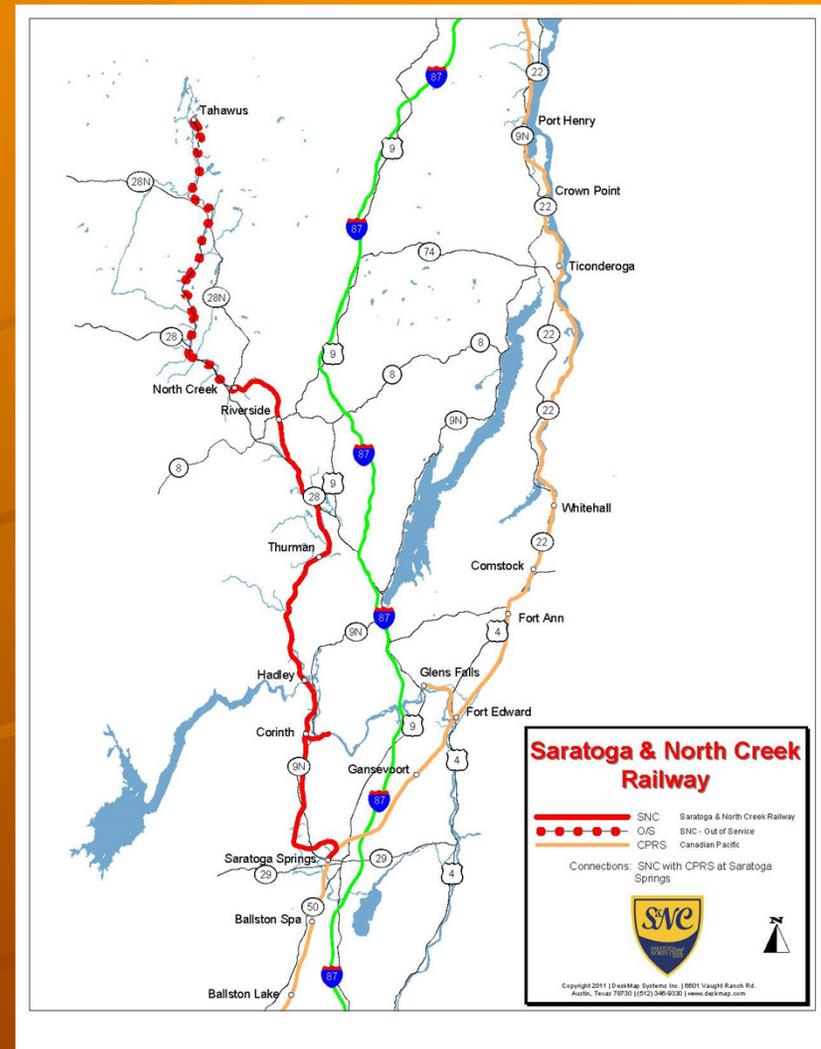
Saratoga and North Creek Railway Review

October 2017



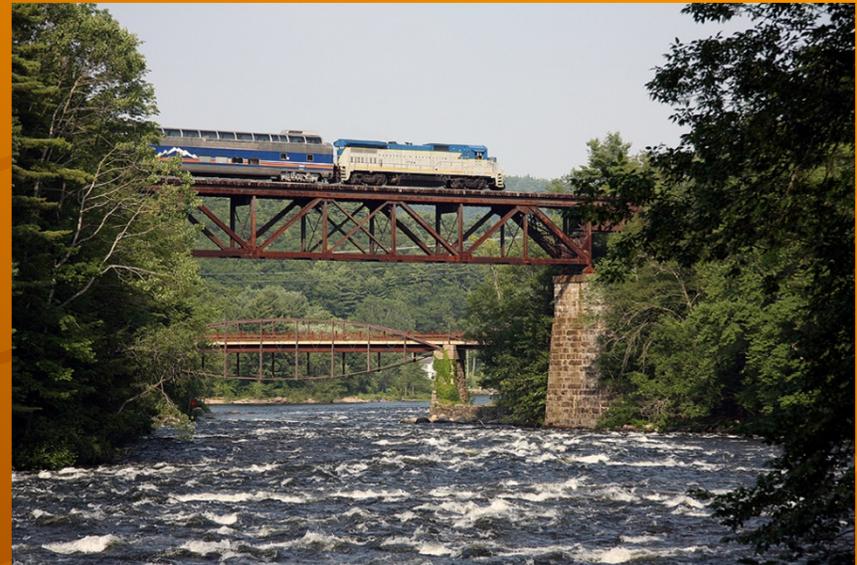
Saratoga and North Creek Railway

- ◆ Publicly owned line from Saratoga Springs to North Creek, NY
- ◆ Operates on CP into Saratoga Springs Union Station
- ◆ Cross-platform transfer to Amtrak
- ◆ North Creek to Tahawus owned by SNC



Saratoga and North Creek Railway

- ◆ RFP October 2010
- ◆ Startup July 2011
- ◆ Over 250,000 boardings to date
- ◆ Track maintenance paid by SNC and parent IPH – no subsidy
- ◆ SNC has paid over \$600,000 rental to Warren County/Town of Corinth



Iowa Pacific Passenger Capabilities

More than just “Operations”

- ◆ On Board Service
- ◆ Reservations
- ◆ Marketing and Sales
- ◆ Insurance
- ◆ Rolling Stock
- ◆ Facility Investment
- ◆ **Ticket Revenue Risk**



Unique Elements of the Iowa Pacific Shortline Passenger Model

- ◆ Marketing and community engagement
 - Special Events
 - Targeted Marketing
 - Local Focus
- ◆ Attractive Rolling Stock
 - Full-length dome cars
 - Dining and club cars
 - "Return to Zero Age"
- ◆ Full integration of Operations, Marketing, Rolling Stock



History of SNC Line

- ◆ Warren County purchased the line from North Creek to Hadley in 1997 for \$2.2 million, Federal grant of \$1.6
- ◆ Town of Corinth purchased the line from Hadley to Saratoga Springs in 2007, and upgraded the track using several million dollars of federal grants
- ◆ Warren County obtained additional grants for upgrades to its line totaling more than \$10 million
- ◆ Saratoga and North Creek became responsible for maintenance and upgrades to the County and Town railroad and has spent an additional \$5.5 million since July 2011.



SNC and Tourism

- ◆ SNC has carried over 225,000 guests since it began
- ◆ Tourism development activities:
 - Established connection to Amtrak at Saratoga
 - Developed craft center at North Creek
 - Developed short-trip train
 - Worked with Gore Mtn to develop Snow Train



◆ ***NO SUBSIDY***

History of Storage Discussion

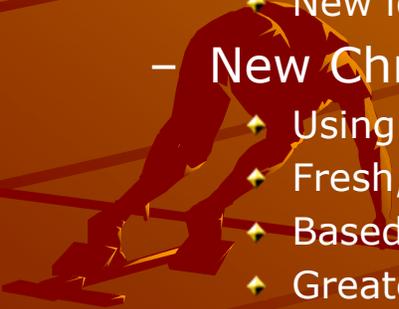
- ◆ In spite of best efforts, SNC was consistently unprofitable
- ◆ June 22, 2015 – advised County Administrator of storage opportunity
- ◆ July 28, 2015 – presented on storage opportunity to Warren County DPW and Town of Corinth
- ◆ July 28, 2015 to March 28, 2016 – met several times with negotiating committee designated by DPW
- ◆ March 28, 2016 – presented on storage and answered questions of full board

SNC March 28, 2016 Contract Renewal

- ◆ At the March 28, 2016 meeting
 - SNC committed not to store hazardous cars on the Tahawus line
 - SNC made it clear that additional income was needed to support the line
 - SNC made it clear that efforts would continue to find non-hazardous cars to store
- ◆ The Board voted to renew the contract
 - At that point SNC had paid \$519,000 in rental to the county
 - The Town of Corinth was present and supported renewal of the contract
- ◆ Had the Board wanted to prevent storage, it could have voted down the contract renewal
 - Without the potential income from storage, SNC would have withdrawn
 - Since the renewal, SNC has spent over \$600,000 on maintenance and upgrade activities, and total cash outflow including operating losses is over \$1.5 million

SNC is Firmly Committed to the County and Town Rail Line

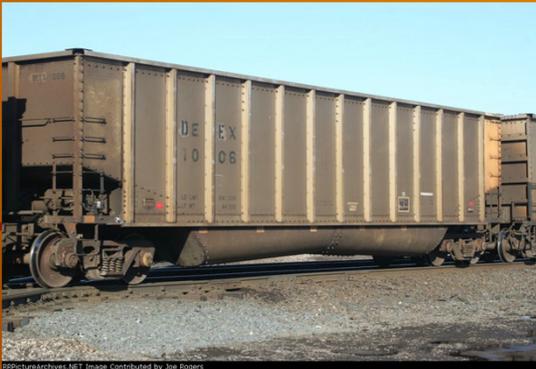
- ◆ When things don't work, we find another approach
 - New partnership with Stony Creek Ranch
 - ◆ Working on year-round business
 - ◆ Focused on bringing new visitors to the Upper Hudson
 - ◆ Specific, targeted marketing
 - ◆ New ideas and programs being jointly developed
 - New Christmas Train theme
 - ◆ Using the words "Polar Express" took 30% of every revenue dollar
 - ◆ Fresh, new story
 - ◆ Based in Warren County for the first time
 - ◆ Greater number of trips, seats, and particularly premium seats
 - Continuing development of storage customers
 - ◆ Non-hazardous, cleaned cars
 - ◆ Current market is primarily hoppers and gondolas, with some tank cars and covered hoppers



One of the Finest Trains in America



Cars for Storage

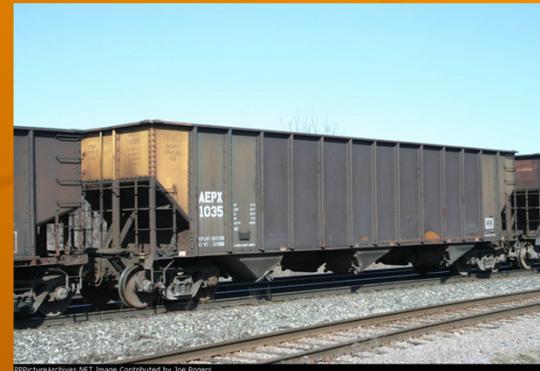


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29,188 Gallon
CI Vegetable
Oil Tank Car



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A Long-Term Rail Strategy

- ◆ Substantial effort to preserve rail
- ◆ County took action and made investment
 - Grow tourism, foster economic activity
- ◆ Town of Corinth took action
 - Corinth needs a replacement for IP
- ◆ Replacement cost of the rail asset is \$600m to \$1b if built today
- ◆ Only rail line in the region
- ◆ County and Town stepped back financially, and put the burden on Iowa Pacific and SNC
 - IP/SNC take the duty to preserve the rail line very seriously

Good Public Policy is not always universally admired

- ◆ La Grange BEDS plus PSH, part of my civics lesson
 - People opposed, blight on the community, but approved as good public policy
- ◆ “We can’t imagine how important this might be”
 - Supervisor Sterling Goodspeed
- ◆ It’s good public policy to keep the line in place
 - Alternative funding mechanisms?



SNC's Plan

- ◆ Continue to creatively develop tourism along the Saratoga to North Creek line
- ◆ Continue to work on freight development, and possibly tourism, at Tahawus
- ◆ Continue to seek storage as a medium-term financial underpinning for the infrastructure
- ◆ Work with the Town of Corinth on redevelopment of the IP site and development of tourism
- ◆ Work with First Wilderness and the towns along the line to develop new visitors
- ◆ Work with Warren County on new funding mechanisms