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KINGSTON TO GLENFORD DIKE 2015-2020 BUSINESS PLAN

February 2015



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Catskill Mountain Railroad Company, Inc.

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I. EXECUTIVE SUMMARY

In 2014, the CMRR brought 40,270 tourists to Ulster County with nearly 30,000 of them coming from outside the county's borders. CMRR ran its first special event trains in Kingston, which brought over 21,000 new visitors with an estimated \$3 million in economic value to Kingston and Ulster County for the year. The impact of this effort was strongly felt by businesses not only in uptown Kingston, but in midtown and downtown neighborhoods as well.

This business plan gives a detailed description of the CMRR, with the emphasis on its eastern operations out of Kingston, so that readers can better understand our existing operations, and understand how the CMRR created this economic value. Further, we provide detail on how an expansion of the railroad to the Glenford Dike will allow the CMRR to significantly increase the numbers of people we can attract and double the economic value we deliver for Kingston and Ulster County.

On December 8, the Ulster County Executive issued an announcement that he wished to keep a tourist train operation in Kingston, after previous plans emphasized trail-only development on the former U&D corridor. (See headline Daily Freeman story in appendix)

Given the commitment that Ulster County has made to continuing rail operations in Kingston, this business plan shows in detail how the existing tourist train operation will grow to reach its fullest potential for Ulster County and the City of Kingston. This includes the adoption of adult-themed events in addition to children-themed events, and regular weekend service to the Glenford Dike at the Ashokan Reservoir, which will give the railroad a 7 mile run from Kingston Plaza in Kingston.



This plan also gives detailed revenue projections and capital expenses for this extension of the railroad by five extra miles, which can largely be self-funded by existing train operations. The result is a regional asset and draw that can bring over \$7 million in annual economic value to Ulster County, at no cost to the County or City of Kingston.

As a regional draw for Kingston, the train from Kingston to Glenford Dike can join forces and package itself with cruise ships on the Hudson River, via the Maritime Museum and with the Kingston Trolley Museum, to form a destination of transport-related activities that can draw even more visitors.

Further, linking the Glenford Dike by rail to the City of Kingston, will allow Kingston businesses to capture many visitors who would otherwise drive directly to the Glenford Dike to access the scenery of this part of the Ashokan Reservoir, when it is someday opened to the public.

Conversely, if the Ashokan Reservoir is never opened for recreational use for the public by the NYCDEP, the existing permanent railroad easement will allow train service to the Glenford Dike with no restrictions or approvals whatsoever. So tourists will still have at least some opportunity to access this incredible asset.

For this plan to succeed it needs the full cooperation of the City of Kingston and Ulster County. With this cooperation, the CMRR can be combined with other transportation-based attractions in Ulster County to create a unique destination for tourists not only within New York State but within the entire United States.

Without the extension, it is unclear if the CMRR or any other operator could continue to operate successfully on a railroad segment limited to two miles that does not even get close to the scenery of the Catskills and the Ashokan Reservoir, and that does not allow for charter and adult-themed trains that need such a destination to be successful.

II. COMPANY DESCRIPTION

2.1 Mission Statement

Catskill Mountain Railroad's (CMRR) mission is to restore, preserve and develop the former Catskill Mountain Branch of the New York Central Railroad in Ulster County, New York, so that it can produce the maximum economic benefit for the citizens of Kingston and Ulster County, and provide the general public with a travel destination and beautiful ride by rail in the scenic Esopus Valley region of the Catskill Mountains.

2.2 Goals & Objectives

The goal of the CMRR in this report is to restore rail operations on the former Catskill Mountain Branch of the New York Central Railroad from Kingston to the Glenford Dike along the Ashokan Reservoir. The purpose of this goal is to bring economic development to Ulster County through attracting tourists to the County, spending money in the local economy in order to provide these services, and eventually providing employment in the County.

2.3 History of Tourist Train Operations

The Catskill Mountain Railroad has its roots in the Catskill Mountain Transportation Corporation (CMTTC), an organization of Ulster County residents that attempted to buy the railroad from the Penn Central corporation in 1973, three years before the line stopped running. From the very beginning, the effort to save the line and return it to being an economic driver for Ulster County was local and grass-roots in nature.

Conrail took over the line on April 1, 1976, from the Penn Central Railroad Corporation on a six month contract subsidized by New York State. The last freight train returned to Kingston in early October, 1976. Ulster County purchased the line from Kingston to Highmount in 1979.

The Catskill Mountain Railroad began operations on August 9, 1982, and was incorporated as a for-profit Railroad Corporation in the state of New York on March 7, 1983. The CMRR initially transported whitewater recreationalists using the Esopus Creek from Mt. Tremper to Phoenicia along a renovated 2.5 mile stretch of track.

In 1984, the non-profit Empire State Railway Museum relocated to Phoenicia where it purchased the station as its home. From the beginning the CMRR and ESRM have worked closely to revitalize the line.

In 1986 the CMRR signed its first multi-year lease with Ulster County, for five years, and a second lease lasting 25 years was signed in 1991.



2.3.1 West End Operations

In 2004, under a 1995 ISTEA grant, with NY State funds and additional TEA21 funds, a new crossing over Route 28 in Mt. Tremper was installed, with another 2 miles of extended track opening that year to MP 22.7. The crossing and track were opened in October, 2004. In 2005, a devastating flood washed out the Phoenicia yard and damaged much of the CMRR's equipment. The railroad rebuilt and returned to service later that year with its own funds..

Operating track was extended by the CMRR to MP 22.1 at Cold Brook (Boiceville) in 2008 and passenger service began from Phoenicia at MP 27.5 to Cold Brook on July 4, 2008. In 2009, the CMRR extended its operating track to the Boiceville trestle at MP 21.3 with its own funds. Expansion of in-service track further east was hampered by the large cost of restoring the Boiceville Trestle. A grant opportunity to restore the bridge was passed up by the County in 2008, causing the CMRR to redouble its efforts in Kingston (see east end operations).

In 2011, service to Phoenicia and Cold Brook ceased due to storm damage at several points on the west end of the railroad. \$2.3 million in FEMA funds were approved to repair the west end of the line, but have never been released by Ulster County. The CMRR continues to restore track to return to Phoenicia with its own funds.

The CMRR acquired a heavy engine in 2010, an Alco S1, to power its trains. Capacity is two 50 person flat cars and two 70 person coaches. Current west end capacity is approximately 240 persons, and all-weather (coach) capacity is 140 persons.

The CMRR's west end operations traditionally begin on Memorial Day, and conclude at the end of October. About 40% of revenue on the west end of the railroad is made during the Fall Foliage season in October. The premise of the west end operations has always been that the line will reach its maximum economic potential once the line terminates just past the Boiceville Bridge at a view of the Ashokan Reservoir near MP 20, and a terminal closer to Kingston is established at Shokan at MP 16.2.

Ridership and Revenue on the west end have been as follows:

YEAR	RIDERSHIP	REVENUES	TICKET PRICE
2009	6,767	\$74,236.00	\$14 Adult / \$8 Child
2010	10,211	\$110,752.00	\$14 Adult / \$8 Child (until Irene)
2011	6,684	\$70,327.00	\$12 Adult / \$7 Child
2012	8,463	\$82,843.00	\$12 Adult / \$7 Child
2013	10,248	\$95,722.00	\$12 Adult / \$7 Child
2014	8,981	\$107,733.00	\$14 Adult / \$8 Child

Surveys of the zip codes of passengers on the "west end" of the railroad showed that nearly **90% of passengers are from outside of Ulster County**. The economic impact of the CMRR's west end operations, both from bringing in riders from outside of the county, and direct spending in the county, was estimated at nearly \$1 million in 2014.

2.3.2 East End Operations

In 2006 after realizing that expansion east of the Boiceville Trestle would have to wait until the trestle was restored with grant money, the CMRR decided to begin a separate operation in Kingston working west. Track was restored to Washington Avenue in 2008, and limited service began from Westbrook Lane to Washington Avenue. In 2009, track was reopened to the C9 bridge at MP 5. The CMRR then began an extensive rehabilitation of the C9 bridge which was not completed until December 2012. In-service track was then extended to Route 209 at MP 5.42 in 2013 and extended to MP 6.23, about ¼ mile past Hurley Mountain Road, in November 2014. Restoration of the C9 bridge and track in Kingston was 100% funded and performed by the CMRR.

Passenger capacity began in 2008 with a restored caboose (capacity 20) and covered flat car (capacity 40). This was increased by 65 with the acquisition of Coach 2940 in 2013, and by 200 with the acquisition of coaches 2962 and 2949 in 2014. A flat car with a capacity of 50 was restored for passenger service in 2014. This gives us a capacity of 285 in the coaches and caboose (all weather), as well as 110 in the flat cars.

Operations in Kingston have consisted of a simple shuttle on Saturdays from Memorial Day to Labor Day. However its heaviest ridership has been for special events, which consisted of Halloween trains in October and Holiday Trains in December, which comprised 69% of east end riders in 2012 and 62% in 2013.

In 2014 with the advent of the Easter Train, Day out with Thomas, Pumpkin Express and Polar Express, special events has risen to 95% of ridership.

YEAR	RIDERSHIP	REVENUES	TICKET PRICE
2009	1,546	\$6,416.00	\$6 Adult / \$4 Child
2010	2,044	\$9,281.00	\$6 Adult / \$4 Child
2011	2,618	\$12,327.00	\$6 Adult / \$4 Child
2012	3,065	\$13,929.00	\$6 Adult / \$4 Child
2013	4,575	\$21,975.00	\$6 Adult / \$4 Child
2014	31,289	\$800,090.00	\$8 Adult / \$4 Child; event trains up to \$43

Analysis of the zip codes of passengers on the “east end” of the railroad showed that about **73% of event passengers are from outside of Ulster County**. Non-event trains are about 50%. The economic impact of the train’s east end operations, both from bringing in riders from out of the county, and direct spending in the county, was estimated at nearly \$2.8 million in 2014.



2.3.3 Shokan Operations

Though the CMRR runs no passenger trains out of Shokan, our Maintenance of Way crews operate from there to maintain the Out-of-Service track that we do not currently run passenger trains on for upcoming train service. Track is kept clear of brush, litter and debris, and maintained for continuous use by heavy maintenance of way equipment until passenger service reaches these areas.



2.4 Empire State Railway Museum

CMRR works in conjunction with the not-for-profit Empire State Railway Museum (ESRM) located in Phoenicia to preserve the historic Ulster & Delaware Railroad and its classic 1899 Phoenicia Junction railroad station as tourist attractions for our area. ESRM mission includes keeping the history of the area railroads alive along with telling the story of the people and towns they served throughout the Catskills and the Hudson Valley region. The ESRM has also served as a non-profit applicant for grant funding to restore the corridor, build stations, or perform other functions that are not available to the CMRR as a for-profit company. Although the ESRM has a completely separate board of directors from the CMRR, the two organizations work well together and have done so since the ESRM moved to Phoenicia in 1984.



III. MARKET ANALYSIS

3.1.1 *Tourism.*

Tourism has been and continues to be one of the most important economic drivers in both Ulster County and in New York State. State and local governments spend hundreds of thousands of dollars a year to attract tourists. In both the State and the County, tourism is routinely among the top five industries in terms of its contribution to the economy. In Ulster County, it was \$474 million in 2012 as compared to government at \$360 million (sources: NYS Empire State Development/NYS Office of the State Comptroller).

While people will reduce their spending levels when other economic factors force them to do so, they will rarely eliminate tourism spending completely.

While the tourism industry is large in Ulster County, it has declined 9% since 2007. We believe this is because recreational tourism, which is what is provided most exclusively in Ulster County through its scenic beauty, has not been supplemented with the entertainment aspect that is expected from modern day tourist attractions.

3.1.2 *Entertainment/Amusement/Experiential Tourism*

In the United States entertainment is a huge industry, driven by the producers and manufacturers of media properties and merchandise that perpetuates the entertainment experience and makes it part of the daily life of millions of participants around the globe. Walt Disney was among the first to create entertainment then connect it to merchandizing and continues to be a leader in both the entertainment and retail industries. The iconic Mickey Mouse remains an economic force more than 60 years after the creation of the cartoons and characters and Disney stores all over the country promote both the classic properties and new releases from Polar Express to Frozen.

In recent years, the concept of combining tourism with entertainment has evolved into a new term: “experiential tourism”. There are 12 basic “principals” of experiential tourism:

1. **Well themed** – Experience matches a distinguishing theme or brand (should match one of the core experiences). The remaining Eleven Essentials stem from the success of the theme.
2. **An emotional trigger** – The experience causes an emotional reaction.
3. **Authentic** – Real versus contrived.
4. **Accessible** – Ease of access to: a) product information, b) purchase, c) site location, and d) mobility at the site.
5. **Enriching** – The experience leaves the customer changed.
6. **Educational** – Experience provides a unique learning opportunity.
7. **Entertaining** – The experiences evoke sharing, joy, laughter and fun.
8. **Essence of the area** - Embodies and shows off local scenery and culture.
9. **Hands On** – Customers participate versus a spectator.
10. **Sense of Place** - Significance of location is relayed to the visitor.
11. **Value added** – Experiences deliver over and above the promise; has an element of surprise.
12. **Exceeds Expectations** – The experiences should have a “Wow!” factor.

Disney was also among the first entertainment companies to develop experiential tourism and continues to be a leader in that industry with Disneyland and Disney World in the US and theme parks around the globe. Because of Disney, the tourism industry evolved from passive (people go to observe) to experiential (people want to participate in the entertainment) to transformational (people want to learn or to be changed in some way by their travel experiences.)

Ulster County, by contrast, has very little entertainment or experiential-focused tourism, which may be a reason for the drop-off in tourist spending in the county since 2007 (\$524 million vs \$475 million in 2012, per NYS Empire State Development). It is over-saturated with parks, trails and recreational tourism, and under-represented in entertainment and experiential tourism, which is where the growth currently lies. There are no theme parks and few entertainment-based tourism outlets in Ulster County, causing the County’s tourism revenue to continue to decline or flatten as visitors go elsewhere.

3.1.3 Tourist Railroad Industry – Entertainment/Experiential Tourism

The Historic Railroad/Tourist Industry is a generally stable attraction and event based industry that features more than 300 operations throughout North America. (TouristRailways.com) Tourist railways operate on tracks of all gauges using rolling stock sometimes dating from the 19th century. Track lengths run from 5 to 70 miles and carry steam locomotives, coaches, railcars, gang cars, etc. The rides offered by tourist trains are mainly train rides on historic or scenic routes.

Historic/Tourist Railroads serve two important and very distinct functions in their operating communities:

- History – They keep an earlier era alive in a way that people can see it, touch it and experience it. They serve as linear museums. They help local people to understand their region's history and development patterns.
- Experiential Tourist Attractions – When coupled with events, they bring huge numbers of visitors into the region to spend money not only at the attraction but in the area.

In the past, tourist railroads were dominated by railroad museums offering rides to offset overhead.

Increasingly, the tourist railroad industry has become more profitable and many for-profit companies have become part of the industry as entertainment-related events have become more popular. Revenues are now high enough to support paid staff in some circumstances, which frees the industry from dependence on volunteer labor which tends to be older or weekend-oriented.

Most successful tourist operations have successfully expanded on the historic/scenic excursion base by offering special events and special theme trains throughout the operating year. These activities range from dinner trains, rentals for private parties, and special holiday events or historic events. Prices for these activities are generally higher than base rates and revenue helps underwrite other parts of the operation. The most expensive offerings are generally licensed themes and characters from Thomas the Tank Engine to Polar Express. Premium rates are generally charged for these trains – though free and reduced rate offerings serve local audiences during non-peak periods. In addition to being the most expensive type of service, they also bring the greatest number of visitors and pull people from the longest distances.

Essentially the marriage of historic railways and event-oriented trains has spawned an increasingly profitable tourist railroad industry that can compete with other entertainment-based activities and increasingly draw tourists from hundreds of miles away.

This is consistent with resorts such as Mohonk Mountain House that combine entertainment with family activities with an overnight stay. The recent pursuit of a Casino for Ulster County also shows how important that entertainment is as a destination for tourists. Beautiful scenery just isn't enough.



3.1.4 – CMRR as an Economic Driver

By all estimates and measures, a tourist attraction that delivers 40,270 people a year, with 30,000 coming in from outside Ulster County, is an important economic catalyst. Belleayre Mt. Ski Center in Highmount, the Headless Horseman in Esopus and Horse Shows in the Sun (HITS) in Saugerties are widely recognized as being among the top in the list of facilities in the county in terms of overall numbers of tourists attracted. Like the Catskill Mountain Railroad, the nature of their facilities (entertainment plus experience at a fixed-site facility) draws more visitors from outside the county than from within. With 40,270, the railroad must now be recognized as the fourth largest destination based facility in the county, particularly because the CMRR has the potential to double that number.

Other major tourist attractions are not facility based but event based such as the Ulster County Fair and the annual Garlic Festival. These, and events like Kingston's Shamrock Run and Kingston Classic, Fourth of July and New Year's Eve, and the Rosendale Street Fair, can draw between 5,000 and 50,000 people in a given year. But these events draw primarily local people from inside the county or close neighboring counties, and they are subject to wild swings in participation depending on weather, changing management teams and levels of sponsor funding streams it takes to keep them alive.

The CMRR's capital investment in facilities and infrastructure, coupled with its demonstrated ability to combine a historic experience with current entertainment makes it an important participant in the county's tourism mix. Further, the demonstrated ability of the CMRR to package itself with other local facilities and offerings, delivering our guests directly to their doors, makes it a more vital and immediate economic catalyst than nearly any other attraction in the county.

In 2014, the CMRR's scenic train on the west end of the railroad experienced a slight decline in riders from 2013. On the other hand, the CMRR's eastern operation in Kingston grew from 4,575 to 31,289 riders, nearly all based on entertainment-related events. Tracking of zip codes from these events showed 73% of riders came from outside Ulster County, greatly adding to the economy. This increased the economic impact of the train in Kingston to \$2.8 million in 2014 from \$400,000 in 2013.

And while weather can be a factor in the tourism industry, the CMRR can operate effectively through 10 months of the year and is "weather-proof" during all months of operation with enclosed cars and stations.

The CMRR, with its combination of attraction, entertainment and history, is a force in all types of tourism, (cultural tourism, experiential tourism, recreational tourism, family based tourism) providing what each different type of tourist hopes to find at our site, then expanding on that by delivering them to other sites in the immediate vicinity that can add to what they found with us.

CMRR east, had 31,289 riders at its Kingston operation in 2014. Of these, at least 21,278 came from outside the County. Using the Camoin¹ 2013 rate of \$64.37 with a multiplier of 1.52 yields \$2.2 million in economic impact.

The CMRR spent \$171,000 in direct event expenses in Kingston and an additional \$124,000 in indirect expenses. This total of \$295,000 in expenses, with a RIMS II multiplier of 1.97², yields \$582,000 in economic impact.

Total for both is nearly \$2.8 million in economic impact. Few others can contribute as much.

¹ <http://www.catskillcenter.org/wp-content/uploads/2013/02/Catskill-Mountain-Rail-Trail-Economic-Fiscal-Impact-Analysis.pdf>

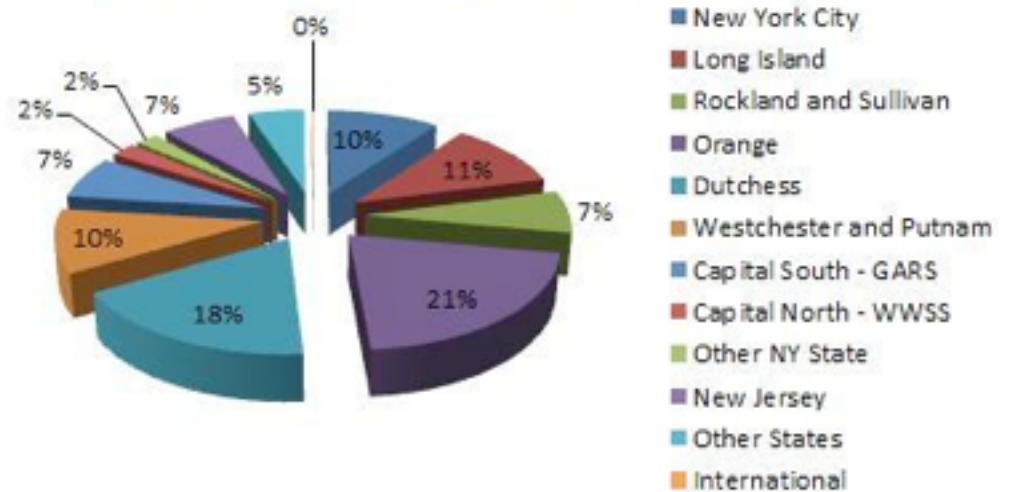
² <http://www.adirondackrr.com/economicImpact.pdf>

3.2 Customers

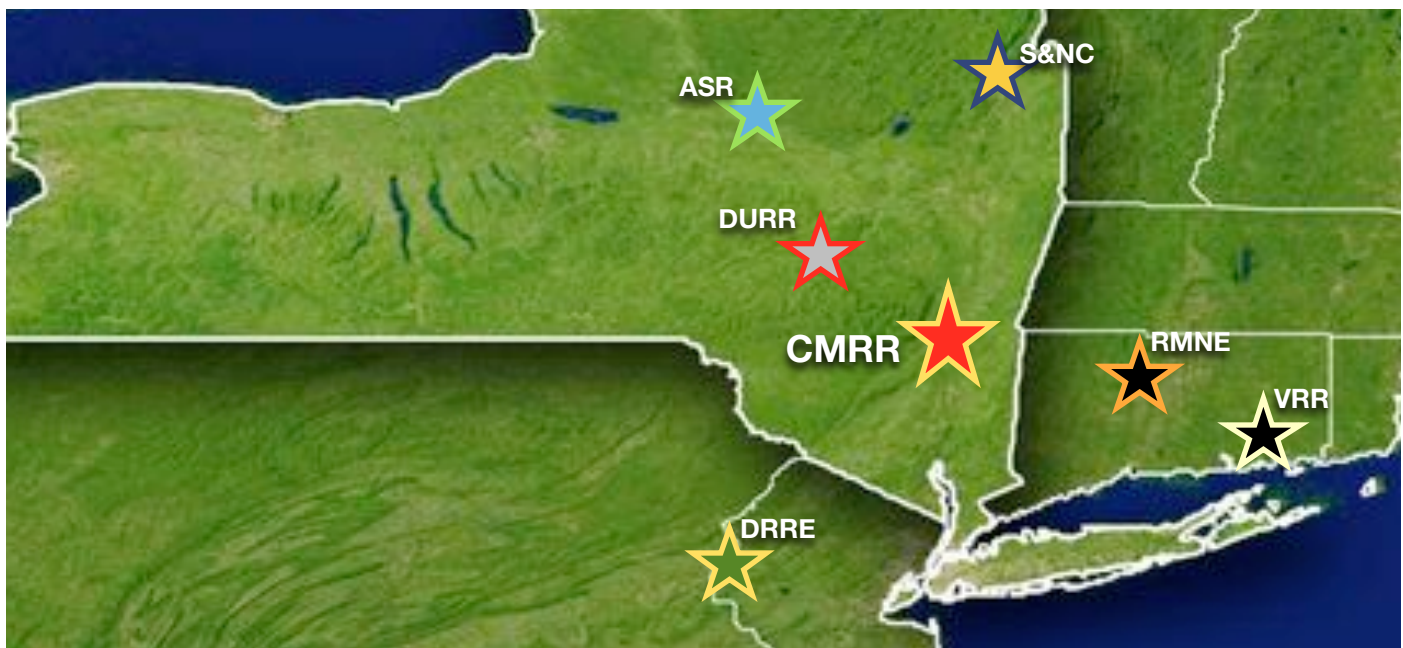
The railroad is located within 1 hour drive of Albany, 2 hours drive of NJ/New York City Metro area and 4 hours from Boston and Philadelphia markets, making it both a day-use and a week end use tourism attraction. (Day use facilities are generally within 2 – 3 hours of their primary markets. Weekend use facilities will generate overnight stays and hotel visits because they are 3 – 5 hours from their primary markets.) The CMRR draws over 70% of its customer base from the surrounding counties, Westchester, NYC, Long Island and New Jersey and Connecticut.

Its customers are multi-generational between ages of 1 and 100. Primary decision makers are women/mothers between the ages of 25 – 45 with high disposable income.

2014 Event Non-Ulster County Customer Origins (Zip Codes taken from Credit Card info)		
New York City	2,149	10.1%
Long Island	2,308	10.9%
Rockland and Sullivan	1,471	6.9%
Orange	4,454	20.9%
Dutchess	3,794	17.8%
Westchester and Putnam	2,203	10.4%
Greene, Alb., Rens., Columbia	1,482	7.0%
Warren, Wash., Saratoga, Schen.	499	2.4%
Other NY State	426	2.0%
New Jersey	1,398	6.6%
Other States	1,065	5.0%
International	29	0.1%
Total	21,278	100.0%



OTHER TOURIST RAILROADS IN OUR REGION



3.3 Other Tourist Railroads

There are several other tourist railroads in the region that tend to compliment rather than compete directly with the CMRR. Each has its own unique draw, and some, but not all use national marketing partners such as HIT Entertainment and RailEvents. A description of the services provided by these other railroads follows:

DELAWARE AND ULSTER RAILROAD (DURR) – DURR.ORG

This not-for-profit railroad offers round trips in the Catskills between Arkville and Roxbury, NY. Event trains include:

- Train Robberies
- Twilight Rides
- Dining Options for Groups
- Land cruise option with scenic trainset.



SARATOGA & NORTH CREEK RAILROAD (SNCR) - SNCRR.COM

The SNCR is a for-profit short line common carrier railroad that began operation in July 2011 in the upper Hudson River region in New York State's Adirondack Mountains. The railroad carries passenger and freight and currently operates between North Creek and Saratoga Springs, New York, where it connects with Amtrak's Ethan Allen Express and Adirondack. The S&NC only uses Amtrak-compatible passenger equipment.

- Event trains include:
- Polar Express
 - Snow train to Gore Mountain



ADIRONDACK SCENIC RAILROAD - ADIRONDACKRR.COM

The Preservation Society that operates the railroad is a 501(c)(3) not-for-profit corporation chartered by the New York State Department of Education. The Society operates the former Lake Placid branch of the New York Central from the NY State Department of Transportation. The Railroad is staffed by 150 volunteers and only a few full, and part-time employees. Their train adventures offer many different scenic excursions departing from Utica's Union Station, Thendara Station near Old Forge, Saranac Lake Union Depot and Lake Placid Station. The ASRR connects directly with Amtrak Trains at Utica's Union Station.

- Event trains include:
- Magic Trains
 - Clown Trains
 - Train Robberies
 - Fall Foliage
 - Family Halloween Trains
 - Polar Express and Christmas Trains



KINGSTON TROLLEY MUSEUM - TMNY.ORG

TMNY is a non-profit educational museum that was founded in Brooklyn in 1955. The goals of the museum are to offer a ride to the public and through exhibits and educational programs to share the rich history of rail transportation and the role it played in the Hudson Valley region. The Trolley Museum of New York (TMNY) has been in downtown Kingston on the Rondout Waterfront since 1983. The museum operates Mile 0 to Mile 1 of the former Catskill Mountain Branch, which it leases from the City of Kingston.



- Trolleys include:
- Trolley rides in conjunction with events on the Rondout Waterfront during the summer season

RAILWAY MUSEUM OF NEW ENGLAND - THOMASTON, CT

The Railroad Museum of New England, Inc. (RMNE) is a not-for-profit educational and historical organization that dates back to January 1968. Special event trains sponsored by the RMNE include:

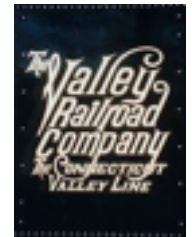
- Northern Lights Trains
- Dinner Trains
- Day out with Thomas
- Vineyard Express - \$80/adult
- Santa Express



VALLEY RAILROAD - ESSEX, CT

The Valley Railroad is a for-profit railroad that leases 22 miles of right-of-way from the Connecticut Department of Environmental Protection. The railroad has two active steam engines. The railroad has been in business since 1969.

- Event trains include:
- Birdwatching Trains
 - Dinner Trains \$80 per person
 - Day out with Thomas
 - Riverboat Rides
 - North Pole Express and Santa Train



DELAWARE RIVER RAILROAD EXCURSIONS – PHILLIPSBURG, NJ

The New York Susquehanna & Western Technical & Historical Society Inc. was formed in the fall of 1988. The railroad has an active steam engine. It is a non-profit that sponsors the following themed trains:

- Event trains include:
- Easter Bunny Train
 - Dinosaur Train
 - Day out with Thomas
 - Mine Train



3.4 Competitive Advantage

The CMRR's primary advantage is its proximity to consumers in the Lower Hudson Valley, Long Island and NYC, Northern NJ and Western Connecticut. The CMRR is a day or weekend trip from one of the largest metropolitan population bases in the world. More than 25 million people reside in the region from which we draw. Other advantages include:

Proximity to NYS Thruway: CMRR is less than one mile from Kingston/Woodstock Exit 19 on the NYS Thruway making it more accessible for tourists than any other attraction of its type.

Kingston Plaza Terminal: The CMRR's partnership with Kingston Plaza allows assembling large crowds of tourists with space for parking, staging, ticketing, rest rooms and amenities. The acreage is adaptable for different types of events and the equipment they require.

Amenities in the City of Kingston. The CMRR's terminal at Kingston Plaza is proximate to hundreds of other businesses and tourist attractions that can also benefit from the tourists attracted by CMRR. Shopping, restaurants, museums, art galleries and other enterprises are within walking distance and/or within a short (less than 3 miles) ride from the CMRR base in the City of Kingston. Further, the City operates historic trolley cars which make it very simple for tourists to hop on and get to all the other attractions they might want to visit, without getting back into their cars until it is time to leave the City at the end of their experience.

Ashokan Reservoir. The scenery of the Ashokan Reservoir as seen from the Glenford Dike is unsurpassed in the region. This highly scenic spot is one of the most scenic anywhere in the Catskills, and reaching it will greatly increase the catchment area of the railroad and will make the train a highly desirable regional attraction.

Hudson River Proximity. Proximity to the Hudson River in Rondout allows for tie-ins to Cruise Ships operating on the river, giving them a destination in Kingston and reason to come there. This potential tie in can be used for charter trains as well as regular operations.

3.5 Regulation

The CMRR is a Railroad Corporation formed in the state of New York, and all parts of New York Railroad law apply to it. However, like all tourist railroads, it is not currently subject to most Federal Railroad Regulations as determined by the FRA, though NYSDOT inspects the railroad and equipment annually, and NYSDOT is involved in most railroad/highway crossings and bridges.

The railroad follows all local zoning laws and works with local planning agencies.

It is currently operating under a design document approved by the Federal Railroad Administration, Federal Highway Administration and the New York State Department of Transportation in 2004 for restoration of the railroad from Kingston to Phoenicia. All environmental approvals are in place for restoring passenger service from Kingston to Phoenicia.



IV. ORGANIZATION AND MANAGEMENT

CMRR has been working on its mission for over a quarter of a century. Its foundation is strong and mature. It has developed a core group of loyal and long-term directors and volunteers with professional experience and credentials required for all aspects of the operation. It has also developed an infrastructure of supplies, materials, tools and equipment to keep the operation going day in and day out. Since 2006, the organization has quadrupled in size bringing in a new generation to run the railroad for the next 25 years.

4.1 Board of Directors

The CMRR is run by its board of directors which meets once a month. The CMRR's board is a diverse group of men and women from many walks of life who bring together their talents and skills to run the railroad. The Chairman of the Board presides over the meetings of the Board but has no other operating role as such in the railroad. The board approves all major policies and expenditures of the railroad.

CMRR BOARD OF DIRECTORS AND CORPORATE OFFICERS

- Harry G. Jameson, III - Director, Chairman of the Board, and Insurance/Marketing Coordinator
- Ernest E. Hunt - Director, President/CEO and Volunteer Coordinator
- George H. Peck - Director, Vice President, and Track Superintendent
- Peter A. Fluchere - Director, Treasurer and Head Ticket Agent
- Gladys A. Gilbert - Director and Secretary
- Earl Pardini - Director and Superintendent of Operations
- Raymond T. Farrell - Director and Trainmaster
- Mark K. Glaser - Director and Track Foreman
- Joseph M. Michaels, P.E. - Director, Chief Engineer and Chief Mechanical Officer
- Gregory B. Vaughn - Director and Rules Officer
- George Bain, Jr. - Director, Assistant Treasurer and Stationmaster

OTHER KEY PERSONNEL

- Matthew C. Gillis, Event Coordinator/Manager
- Patricia Smalley, Group Tours and Educational Programs

The CMRR's board has been gradually changing to the CMRR's next generation, i.e. those who have joined the railroad since 2006. 5 of the 11 directors have joined the railroad since 2006, and this will become a majority of 6 as another of the previous generation of directors is slated to retire in 2015.

4.2 Principal Officers

The President is the Chief Executive officer of the company, and runs the company when the Board is out of session. Other officers include the Vice President who becomes the CEO of the company in the absence of the President. The CMRR's corporate secretary is in charge of minutes and stock of the company. The treasurer and assistant treasurer write all checks for the company.

Non-officers include the event coordinator who is in charge of all special events, the marketing director in charge of marketing, insurance director in charge of insurance, concessions director, volunteer coordinator, planning director, and our group tour coordinator. Our head ticket agent is in charge of all ticket agents for the company.



4.3 Volunteer Base

The greatest asset of the Catskill Mountain Railroad is our passionate and dedicated corps of skilled people. Volunteers that travel far and wide have accomplished many great projects, despite natural disasters and other setbacks. Our all-volunteer crews are poster-children for the words “enthusiasm” and “perseverance”.

The CMRR has trained volunteers in railroading, heavy equipment operations, and restoring railroad equipment. Many of our volunteers have gone on to successful careers in the railroad and heavy equipment industries due to training received at the CMRR.

The railroad requires all new volunteers to go through a “provisional” status until they reach a minimum of 40 hours of work towards board-sanctioned projects. Upon reaching 40 or more hours, a volunteer must be approved by the Board of Directors before becoming a full Volunteer. All full volunteers are eligible to become project foreman, and also to become CMRR stockholders.

Most importantly the CMRR’s volunteers form a group of highly skilled laborers who can take on nearly any task necessary in running a railroad. Examples of these skills include:

1. Returning to passenger service five miles of track since 2007 at no expense to the county. Contracting this work out can cost upwards of \$250,000 per mile.
2. Bridge C9, where our skilled volunteers have completely re-decked, realigned, and reattached the truss bridge and its two girder bridges, for less than \$30,000. Public estimates of the renovation of the bridge have reached \$850,000 and more, mainly because of the high costs of labor.
3. Rebuilding railroad/street crossings at Fair Street and Hurley Mountain Road and installing flashing signals at Route 209 at no cost to the county.
4. Completing the total renovation and return to service of two former Erie Lackawanna commuter coaches.
5. Renovating and putting into service the following rail-mounted railroad maintenance-of-way equipment: two tampers, one wheeled excavator, one scarifier/insertor, one liner, two backhoes, and 25 ton railroad crane.

The CMRR hired contracted staff for the first time in 2014 to supplement its volunteers at its special events. The CMRR plans to hire its first paid employees once its litigation with Ulster County is concluded. If it were not for this litigation, the CMRR would have hired its first paid employees in 2014. Even after the railroad hires its first employees it still plans to use volunteers.

4.4 Foremen

The CMRR’s foremen are the principal way the railroad advances its goals outside of train operations. All track crews are headed by foremen, as well as major restoration and mechanical projects.

4.5 Train Operations

All railroad operations are under the Superintendent of Operations who reports to the President. All operating personnel report to the Superintendent. Train crews are put together by the railroad’s Trainmasters. The Superintendent authorizes all movements on the railroad. All train crews are required to pass a rules class similar to those required at other railroads every two years.



4.6 Form of Corporation

The CMRR was organized as a Railroad Corporation under the laws of the State of New York in 1983. It is a “C Corporation” with stockholders, most of whom are current volunteers on the railroad.

Although as a for-profit corporation the CMRR is not eligible for certain grants, it can access PFRAP grants from the state of New York, or any other grants available to conventional short-line railroads.

Although the CMRR is not currently a freight carrier nor is it under the regulation of the Surface Transportation Board, it could file to do so at any time if it were in the best interests of the railroad.

The CMRR is considered a Tourist Railroad as defined by the FRA, and therefore exempt from certain federal requirements that normally apply to other short line railroads.

4.7 Ownership

Today the CMRR is owned by over 75 stockholders, all of whom have been active volunteers on the railroad. Currently, nearly 50 stockholders are part of the more than 100 current active volunteers on the railroad. The CMRR is still a grass-roots organization, and in many ways the purest form of citizen capitalism, with most of the stockholders coming from working class backgrounds in Ulster County. The CMRR owner/volunteers have raised over \$300,000 in equity capital since it was formed in 1983.

4.8 CMRR as a Model for Other Counties

As noted above, as funding for government projects dwindles, especially at the county level, the most important contribution a grass-roots organization like the CMRR can bring to the table is not just equity, but extremely skilled volunteer labor. The 20% or similar match for federal or state funds can be provided with this combination of equity and labor.

At the state level, this form of partnership is called the “Private Public Partnership” or PPP, made between state and city governments and private infrastructure investment companies. At the county level, which is too small for the large private infrastructure companies, a home-grown organization like the CMRR forms an effective partner for county government.

We at the CMRR believe that the partnership between a private organization like the CMRR and a public entity such as Ulster County, both with the same goals, represents a model for other counties in New York to emulate.



V. CURRENT SERVICE LINE (KINGSTON)

5.1 Current Passenger Train Services

CMRR's Kingston operations offer three types of passenger train services: General Excursion Trains, Themed Event Trains and Charters. Trains run on the historic Ulster and Delaware Rail line, which last from 30 minutes up to 1 hour.

CMRR offers a wide variety of activities and entertainment options that can be affordable and accessible to people in every income bracket. People with household income of less than \$40,000 a year can afford train excursions and CMRR does free rides for local school children and senior citizen groups.

Nevertheless, the primary mission of the bulk of the CMRR's railroad services is to bring in visitors from outside of Ulster County. The CMRR brought nearly 30,000 visitors to Ulster County in 2014, up from nearly 11,000 in 2013.

5.2 Regular Saturday Summer Service

The CMRR's mainstay operation in Kingston, the Kingston City Limited, has been running since 2008 and has steadily expanded west. Service is currently on Saturdays on the hour from 1 to 4pm. The train goes west to the limit of passenger operable track. In 2015 the train will run just past Hurley Mountain road for a 2 mile run from the CMRR's Westbrook Station. Operations run from Memorial Day to Labor Day.

In 2015 the CMRR plans to build additional places for passengers to board the train at various locations on the line west of Westbrook Lane.

Pricing for this train is currently \$10 per adult and \$7 per child. Under 2 ride free.

5.3 Charter Services

The CMRR provides Charter services in Kingston generally at the rate of \$250 per train. With the addition of greater capacity in the train in 2015, charter operations are expected to expand. Current services have targeted customers in the local Kingston market. However, with the new trainset and additional capacity of our Kingston operation, we plan to market the train for charters extensively to customers outside of Ulster County.



5.4 Multigenerational Family Themed Events:

The CMRR has sponsored themed trains since inception in Kingston. From the beginning of Kingston operations, the CMRR ran a Santa/Holiday train with Santa Claus every December. Starting in 2011, the CMRR began running Harvest/Pumpkin Patch trains in the last two weeks of October. In 2014, the CMRR began to offer an Easter train the day before Easter.

All of these trains were priced at the same price as the general train service for that year.

However, in 2014, the CMRR partnered with Hit Entertainment and Rail Events to significantly enhance its themed trains in Kingston. Ridership has increased tremendously with these partnerships.

These events are appropriately timed to accommodate children's limited attention span and run 30 minutes to one hour of train time.

THOMAS THE TANK™ ENGINE – FALL

This fun-filled event provides children of all ages the opportunity to climb aboard and take a ride with Thomas. Little engineers and their families take a 25 minute ride on their favorite engine, meet Sir Topham Hatt®, Controller of the Railway and enjoy a day of Thomas & Friends themed activities including arts & crafts, storytelling and more. Pricing: Adults and Children (ages 2 and above) \$19.00.

HALLOWEEN TRAINS - FALL

Children ride the "Great Pumpkin Patch Express" with their favorite PEANUTS characters to the pumpkin patch. This ride is complete with live music, storytelling, pumpkin decorating, trick-or-treating, and other family-oriented activities. Price is \$24 for adults and \$16 for children. Each family receives a pumpkin from the pumpkin patch.



For 2015, an additional theme train will be added:

PEANUTS™ EASTER EGG HUNT - SPRING

Special train ride to visit go to "egg hunt patch" where visitors enjoy meeting their favorite PEANUTS™ characters, live music, storytelling, egg decorating, trick-or-treating, and other family-oriented activities. At the end of the trip, each child receives a certificate for participating in the train ride. The entire train ride and egg hunt experience are about 1 hour in length. Fare is \$24 per adult and \$16 per child.

POLAR EXPRESS™ – THANKSGIVING THROUGH CHRISTMAS

Children and their families will discover the magic of Christmas aboard The Polar Express™. The officially licensed train rides inspired by the hit Warner Bros. film "The Polar Express" and book by Chris Van Allsburg. Set to the sounds of the motion picture soundtrack, pajama-clad passengers will relive the magic of the story and see their favorite characters come to life as they are whisked away aboard The Polar Express on a magical round trip to the North Pole. During the journey, the conductor will punch tickets and chefs will serve hot chocolate, just like in the film. Passengers will also enjoy a sing along and a special reading of the Van Allsburg classic. At the North Pole, Santa will board the train to greet the children and will give a special sleigh bell to all those who believe.

Pricing: Peak: Adult \$43.00, Children (ages 2-11) \$33.00; Normal: \$34/27; Local: \$23/23.



5.5 Research & Product Development

Discussions with passengers on our event trains have yielded the following common suggestions:

- Ride is not long enough – it needs to be extended.
- You should offer season tickets
- We need more “Entertainment” tourism in the area – there is not enough to do with our children.
- You should add more open flat cars
- When is the Harry Potter train coming?

As stated elsewhere, 49% of our Polar Express riders came from the six counties south and east of Ulster County: Rockland, Sullivan and Orange Counties on the west side of the Hudson, and Dutchess, Putnam and Westchester Counties on the east side. These counties, which total 2.1 million people, will be our principal target for marketing in 2015.

Historically, visitors to our region have been attracted primarily for outdoor scenery and activities. Ulster County is unique among New York State counties in its inclusion in two different I Love NY Marketing Regions. With the great Hudson River at its east, and the Catskill Mountains, America’s First Wilderness at its west, the first tourists arrived by train and that line still traverses the county. Further, the fact that the western portion of the county lies at the heart of the New York City Watershed, means development is sparse and outdoor recreation is abundant. This is why our scenic train has been our main product in the past.

However, the addition of themed entertainment on our Kingston trains in 2014, and the rise in passenger traffic that accompanied it, shows that beautiful scenery is not enough. Entertainment is the missing element in most of Ulster County tourism. Visitors don’t just want scenery, they want entertainment as well, or “experiential” tourism. This entertainment or experiential element, combined with our existing scenic railroad and the beauty of the Catskills, especially the Ashokan Reservoir, will make the railroad a distinctive regional tourism asset.

Finally, many people forget that it was the Ulster and Delaware Railroad, chartered in 1866, that caused the modern city of Kingston to be formed in 1872 from Rondout and the Village of Kingston only four years after they were connected by train. The U&D, the first railroad in Ulster County, was a vital link between Rondout and Kingston, and later Kingston and the Catskill Mountains.

This historic connection can be used by the CMRR, working with Kingston’s Trolley Museum of NY and the Hudson River Maritime Center, to entice cruise ships to stop once again in Kingston. The City of Kingston can be known for its transportation-related museums (as a terminal for the D&H Canal and Hudson River steamships), but also as an historic gateway to the Catskills through the CMRR for short but breathtaking ride to the Ashokan Reservoir and the Catskill Mountains.

VI. MARKETING & SALES

6.1 Marketing

The CMRR's current marketing consists of a multi-media approach to communication utilizing paid advertising and earned media as well as capitalizing on word-of-mouth and return visits to maximize utilization and participation.

Our primary focus is on-line channels with heavy emphasis on social media, e-mail and web properties. The vast majority of this work bears little to no cost and creates the highest possible return.

We supplement the on-line channels with a secondary focus on traditional media including the development, production and placement of billboards and other outdoor ads, fliers, posters, radio advertising, and print ads. Each of these is budgeted as part of the particular event they are intended to promote.

The CMRR also prints 100,000 brochures annually and employs distribution services that include the NYS Thruway, Grand Central Terminal, and numerous brochure information centers at lodgings, restaurants, and attractions within a 100 mile radius of Kingston.

Co-operative exposure in the national ad, marketing and PR campaigns designed and deployed by the parent and licensing companies. Zip code capture and review is essential.

6.2 Sales

Nearly 100% of ticket sales for major theme trains are advance sales handled on-line. Most seats on these excursions are filled well ahead of time and the only in-person sales and ticketing done is stand-by business for people who walk up and wait and hope ticket holders do not show up.

Walk ups at the station are ticketed for standard operation and non-event trains, in addition to covering the stand-bys referenced above.

The fact that people have generally invested significant non-refundable dollars for participation usually guarantees that they will actually be present and participate, helping to "weather-proof" these events.

The fact that people will arrive without tickets and hope to get on in a stand-by position, does the same.

In 2014 the CMRR began credit card operations for the first time using DTS a national ticketing service designed for tourist railroads.

Gift Shop sales are now managed through a point-of-sale system, which streamline our inventory control, merchandise ordering, cash management, sales processing, and sales tax computation. It also handles credit card processing and generates a variety of business reports.

Zip code information is constantly sent to Marketing to fine-tune marketing strategies.



6.3 Local Business Cross Marketing

The CMRR learned in 2014 the value of cross-marketing its events with local businesses in Kingston. The CMRR's "railroad dollar program", where we handed out \$1 off coupons, gave Thomas, Peanuts and Polar customers a dollar off at the following local businesses in Kingston:

- Blimpie
- Bop to Tottom
- Catskill Art & Office Supply
- Chic's Restaurant and Sports Bar
- Deising's Bakery
- Dietz Stadium Diner
- Herzog's Home Center
- Hudson Coffee Traders
- Kingston Candy Bar
- Savona's Plaza Pizza
- Dominick's Cafe.

This was a driving force in bringing the CMRR customers into Kingston's local merchants to shop, eat and stay overnight.

The CMRR will be exploring additional ways to cross-market the train with Kingston businesses as part of the extension to the Glenford Dike with the Adult themed trains.

Working with The Maritime Museum, Hudson River Cruises and the Trolley museum – a multiple venue pass can be designed where you purchase a ticket that would be valid with the other venues. Meals could also be included in this partnership with the proximity to Mariners Harbor, Savona's Trattoria and Little Italy and many of the various restaurants in Kingston. Large groups could be accommodated at the above mentioned restaurants.

The "leaf peepers" that arrive in Kingston on the cruise ships could be scheduled for the rails and ales or wine tasting charters that run up to the Glenford dike during leaf season the get another "leaf peeper" experience. This can be expanded into other tour groups that come into the Rondout waterfront.

The cross marketing and partnering with the hotels, B&B's (with meals) would encourage overnight stays and extend the tourist stay.

Garden Plaza offered a special \$109 rate to Polar Express visitors.



VII. GROWTH STRATEGY/TRACK EXTENSION

7.1 Growth Strategy

The CMRR grew by an extraordinary amount in 2014 due to expanding multi-generational themed events in Kingston, yielding nearly \$3 million in economic value to Ulster County. However, to reach its fullest potential, which should more than double this economic value by bringing even more visitors into Ulster County, the railroad must add service for adult-themed events as well.

The primary constraint from adding adult-themed events to the current ride in Kingston is the short length of the ride (2 miles) and the lack of a scenic destination.

The CMRR believes that a five mile addition west from the current end of track at MP 6 west of Kingston will allow the CMRR to reach the scenery of the Glenford Dike on the Ashokan Reservoir and provide a destination interesting and scenic enough to draw adults for adult-themed event rides. These rides would also be able to give customers a 2-hour travel experience, which is the minimum required for adult-themed entertainment. This addition will double the economic impact of the railroad to nearly \$7 million per year, making the CMRR a major regional tourist attraction.

This segment of the business plan is focused on the costs and benefits in extending the CMRR's existing Kingston operations. The CMRR will be able to fund this extension entirely from its own cash flow, as no significant impediments exist to return this section of the railroad back to passenger service.



7.2 Development of Adult - Themed Events

These trains require a longer ride of at least 2 hours and additional equipment to produce. They will be geared towards trips to the Glenford Dike at the reservoir. This will require renovation of an additional 5 miles of track past Kenco to reach the dike. See Route in Appendix 10.4

Future adult-themed trains to include:

WINE AND BEER TRAIN (21+)

These trains will travel from Kingston to the Ashokan Reservoir in time for sunset at the Glenford Dike, 6 miles west of Kingston. Departing the CMRR's station at Kingston Plaza, the ride will be approximately 14 miles round-trip.

The Wine and Beer train will involve the addition of dining/table cars and an open bar/lounge car to the CMRR's existing coaches (the CMRR has already located and identified equipment for this run).

The train will offer a sampling of wines or beers along the way. A different Hudson Valley/New York State winery and craft brewery will be along for the ride along with some light snacks and music. Additional beer, wine, and non-alcoholic beverages will be available for purchase. Designated drivers will receive a discounted \$10 off ticket, a wristband and a non-alcoholic beverage of choice and complimentary snacks in lieu of alcoholic beverages. This could expand to include special themed trains like Ocktober Fest. Proposed ticket price range is \$59-\$79 depending on seating.

EVENING DINNER TRAIN

The evening dinner train will be the last train of the day, alternating with the wine and beer train. The train will be timed for a beautiful meal at sunset on the Glenford Dike. Travelers will enjoy a 3 course meal catered by one of Kingston's local restaurants, and be treated to a complimentary glass of wine or non-alcoholic beverage as well as live entertainment. The trip will be approx. 2-2 1/2 hours round trip. This could expand to include special dinner trains events like Murder Mystery, Farm to Table, New Year's Eve, to name a few. Proposed ticket prices range is \$75-\$150 depending on seating and event.



WEEKEND SHUTTLE TO THE ASHOKAN RESERVOIR

The CMRR plans a weekend shuttle to the Glenford Dike starting at 10am and running on the 2 hours until 6pm. The train will serve many functions and needs for the community and out-of town visitors.

The 10am train will be the first train of the day taking hikers and bikers, as well as general riders from Kingston the to the Glenford Dike on the scenic Ashokan Reservoir. Riders will be able to alight at several stops along the way including the Holiday Inn, Kenco and Stony Hollow, and can continue up the line further in the day or return to Kingston Plaza.

The 12pm train will have a lunch option for travelers up to the reservoir, who can enjoy a simple lunch with the wonderful views of the Ashokan Reservoir at the Glenford Dike. A portion of the train will be held for non-lunch riders wishing to head up to the reservoir.

The 2pm train will also have a lunch option, and run similar to the 12pm train. The 4pm train will be either a general train or a wine/beer train depending on the season. In the summer the final train will run at 6pm and will alternate between a dinner train and wine and beer train, with an extra coach for those returning to Kingston from the reservoir from earlier in the day.

LOCOMOTIVE CAB RIDE

This special seat gives you an in-your-face look at what it takes to be an engineer. See all the equipment and training that our engineers practice with every day. This is a sure ticket for adventure and a lifelong memory! Advance booking suggested, based on availability. Choose to ride outbound or return in the cab, and take a seat in a standard/open air passenger coach for the remainder of the excursion.

PRIVATE CABOOSE/COACH PARTY

Ride in style aboard your very own restored and well-appointed Caboose or Coach. These are great for family reunions, birthday parties, private meetings, corporate field trips or just any time!



7.3 Charters and Other Trains

DEVELOPMENT OF CORPORATE PACKAGES

The CMRR's trainset, destination on the Glenford Dike, combined with a dining experience catered by local Kingston businesses will be heavily marketed to the Lower Hudson, Long Island and NYC area. These trains are expected to operate during the week as an extension of our current charter business. The CMRR will work with the City of Kingston to get cruise ships to again stop in Kingston by offering its ride as a suitable destination for Hudson Cruise ship passengers.

EXPLORE COLLABORATIONS WITH THE NOVO FOUNDATION:

This weekday train will run from the Kingston Plaza Station and stop at the Farm Hub in Hurley. Children would be able to get off and receive an agricultural educational experience on how our food is grown and harvested. This will include showing how the produce process progresses, from planting, growing, irrigation, pest control and harvesting. The train would then return them to the Kingston Plaza station. This would be marketed to all the local schools. Depending upon availability of the Farm Hub, this could be marketed to other areas in the Mid-Hudson Valley for their schools.

COLLABORATION WITH THE FORSYTH NATURE CENTER.

Expanding upon what the Forsyth Nature Center provides in programming – we would partner with the Nature Center and bring students to the reservoir for expanded Watershed, Bird watching, and naturalist events/programming. Students could also learn about the reservoir, watershed, railroads, the blue stone industry and how each were constructed and shaped our area.

EXPANSION OF SERVICE

Currently the Kingston City Limited only runs on Saturdays and limited event timed weekends. There is opportunity to expand the number of trains run during the week as the demand for tickets and service increases. Friday evening trains would be the first to add to the schedule and other days would be added as traffic demands.



7.4 Kingston Station, Retail Store, and Trailhead

DEVELOPMENT OF A KINGSTON STATION AND RETAIL STORE

The CMRR is currently working with the owners of Kingston Plaza to determine the correct permanent location for a Kingston railroad station, complete with trailhead and retail store.

The station would be a gateway to Kingston's uptown district with a walking path installed between the station and the southern end of Wall Street. The former stairway leading down from Wall Street would be repaired and a safe path designated for those walking to and from Uptown Kingston.

The permanent station would be able to use parking from Kingston Plaza, and also be the location of the CMRR's retail gift shop in Kingston. Sales from our temporary locations were over \$100,000 in 2014, and the CMRR plans to enhance these sales in 2015. See Appendix 10.5.



7.5 Track Extension and Maintenance

The most critical element in this expansion program for the railroad involves an extension of passenger operations to the Glenford Dike by late 2017 or 2018. The CMRR can use its own resources to perform this extension spending up to \$500k starting in 2015 with completion in 2017. Use of grants such as the PFRAP system grants for New York state would be very helpful so that the railroad can use new ties rather than used ones to amortize the investment of labor in the track at a longer rate. The use of leased specialized railroad machinery will speed up the upgrade of track to at least Class 2 condition, and a budget for purchasing new machinery is included in our projections.

Run-arounds will need to be installed in Kingston and West Hurley in order to run the safest operation of the tourist train so that the train always runs engine first. A budget of \$100,000 has been allowed for installation of these run-arounds.

Construction of a new yard in Kingston to replace Cornell Street is budgeted at \$100,000, as is restoration of a connection to CSX by 2018. The connection to CSX will be necessary to bring in additional equipment by rail, especially a modern engine and Amtrak-compliant passenger equipment, which will allow the CMRR to run charters over CSX. This will also allow rail charters operating out of NYC on CSX to stop in Kingston for the run to the Glenford Dike and an overnight stay in Kingston.

Additional crossing protection is estimated at \$10,000 per year by using surplus DOT equipment as the CMRR did in 2014. The CMRR will be working with NYSDOT to install modern gates and flashers at Washington Avenue and Route 209 through existing federally funded safety programs.

Finally the CMRR's capital budget will include the gradual upgrade of existing track to Class 3 levels over time.

7.6 Capital Needs - Equipment

The CMRR uses three former Long Island Railroad coaches that are easily reconfigurable into a Bar/Lounge Car, table car or dining car. The railroad plans to add two more cars in 2015 to increase coach capacity to 360. A lounge car is expected to be added in 2016 and a dining car in 2017 as we begin our wine/beer trains and dinner trains.

One of the two cars coming in 2015 will be a long-distance coach car with reclining seats, vista windows, and two large bathrooms. This car seats 60 and will be our first class car.

The Long Island coaches can also be configured into bike carriers with half the seats removed and replaced with bicycle racks. The weekend shuttle to the Glenford Dike will have a car equipped like this for all runs.

The CMRR also is converting its existing flat cars into passenger service, with one being converted in 2015 and another in 2016. These cars are favorites in warm weather. Our flat cars are equipped with covers to shield passengers from sudden rain showers.



7.7 Capital Needs - Infrastructure

Beyond an enclosed fence around a new yard in Kingston and a new run-around track there, the CMRR plans to build an all-weather maintenance facility in Kingston, adjacent or near the storage facilities for its equipment. The CMRR has budgeted \$100,000 for this facility, to be constructed in 2017 and 2018. The CMRR has performed maintenance on its equipment for over 30 years in the open, which is highly unusual for any railroad. Equipment maintenance work in the winter can only be done indoors.

Beyond the maintenance facility, the CMRR plans to move its existing ticket office to a permanent location in Kingston once that is determined, and construct a permanent station in West Hurley and a station stop in Stony Hollow. Construction of a larger station in Kingston is not budgeted at this time, as it is expected to be a shared facility and therefore built with non-CMRR funds.



7.8 Conclusion

Extending the railroad from Hurley Mountain Road to the Glenford Dike will allow the CMRR to double its economic impact on Kingston through the addition of charters and adult-themed trains. The extension will make the railroad a regional draw in a way that it could never be if it is restricted to a short two-mile railroad that never accesses any of the beautiful scenery of the Catskills.

Restricting the line to two miles will not allow safe operations as there is no place for a run-around near Hurley Mountain Road, and it is not clear that the CMRR, or any other operator, is willing to run on such a short segment.

The cost of extending the line to the Glenford Dike can be entirely paid for through cash flow from existing tourist operations due to the good condition of the existing tracks and lack of any major physical barrier for the extension.

By linking the Glenford Dike by rail to the City of Kingston, it will allow Kingston businesses to capture many visitors who would otherwise drive directly to the Glenford Dike to access the scenery of this part of the Ashokan Reservoir, when it is someday opened to the public.

However, in the case the reservoir is never opened for recreational use by the public by the NYCDEP, the existing permanent railroad easement allows train service to the Glenford Dike with no restrictions.

There is no reason that the line should not be allowed to be extended to the Glenford Dike. The economic value it would create, an additional \$3 million in sales per year for the businesses of the City Of Kingston and Ulster County, at no additional cost to the community is an opportunity that should not be passed up.

Not allowing the extension would likely jeopardize the \$3m in existing economic value that the City of Kingston and Ulster County realized in 2014 from the CMRR's Kingston operations, as it is unclear if rail operations will be able to continue in Kingston without the extension.

CMRR Projections - Kingston	June 1 <u>2014</u>	June 1 <u>2015</u>	June 1 <u>2016</u>	June 1 <u>2017</u>	June 1 <u>2018</u>	June 1 <u>2019</u>
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Ridership - Kingston

I. EXISTING EVENT TRAINS	29,769	35,816	41,412	43,192	43,530	43,902
II. CHARTERS	278	1,000	1,500	2,250	3,375	3,713
III. GENERAL REVENUE TRAINS (Non-Event)	1,242	1,490	1,788	2,146	2,575	3,090
IV. FUTURE EVENT TRAINS	<u>0</u>	<u>1,000</u>	<u>2,600</u>	<u>6,786</u>	<u>11,179</u>	<u>15,419</u>
Total	31,289	39,307	47,301	54,374	60,659	66,123

Gross Revenue

I. EXISTING EVENT TRAINS	\$908,682.70	\$1,111,834.37	\$1,316,823.78	\$1,381,683.90	\$1,410,479.71	\$1,440,610.36
II. CHARTERS	\$2,780.00	\$47,500.00	\$84,375.00	\$128,435.63	\$195,513.70	\$218,267.99
III. GENERAL REVENUE TRAINS (Non-Event)	\$8,124.00	\$12,729.60	\$17,982.72	\$25,871.62	\$31,604.77	\$38,608.38
IV. FUTURE EVENT TRAINS	<u>\$0.00</u>	<u>\$15,000.00</u>	<u>\$124,905.00</u>	<u>\$321,127.94</u>	<u>\$511,408.36</u>	<u>\$757,147.72</u>
Total Gross Revenue	\$919,586.70	\$1,187,063.97	\$1,544,086.50	\$1,857,119.08	\$2,149,006.54	\$2,454,634.45

Net Margins

I. EXISTING EVENT TRAINS	\$464,572.36	\$536,780.77	\$669,911.42	\$707,248.05	\$723,954.07	\$741,565.74
II. CHARTERS	\$2,780.00	\$36,700.00	\$68,175.00	\$104,135.63	\$163,563.70	\$184,137.74
III. GENERAL REVENUE TRAINS (Non-Event)	\$8,124.00	\$12,729.60	\$17,982.72	\$25,871.62	\$31,604.77	\$38,608.38
IV. FUTURE EVENT TRAINS	<u>\$0.00</u>	<u>\$15,000.00</u>	<u>\$78,305.00</u>	<u>\$191,927.94</u>	<u>\$308,808.36</u>	<u>\$453,247.72</u>
Total Net Revenue	\$475,476.36	\$601,210.37	\$834,374.14	\$1,029,183.23	\$1,227,930.89	\$1,417,559.58

Operating Expenses - Kingston

Payroll	1.80%	\$100,000.00	\$150,000.00	\$250,000.00	\$300,000.00	\$305,400.00
Fuel	1.80%	\$10,000.00	\$10,180.00	\$20,000.00	\$20,360.00	\$21,099.56
Electric	1.80%	\$3,000.00	\$3,054.00	\$3,108.97	\$3,164.93	\$3,279.90
R&M	1.80%	\$10,000.00	\$10,180.00	\$10,363.24	\$10,549.78	\$10,932.99
Track	1.80%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
General Advertising	1.80%	\$10,000.00	\$10,180.00	\$10,363.24	\$10,549.78	\$10,932.99
RE Taxes	1.80%	\$3,000.00	\$3,054.00	\$3,108.97	\$3,164.93	\$3,279.90
Insurance	1.80%	\$20,000.00	\$20,360.00	\$20,726.48	\$21,099.56	\$21,865.98
Bridge Inspection	1.80%	\$5,000.00	\$10,000.00	\$10,180.00	\$10,363.24	\$10,739.67
Lease Payments	1.80%	\$5,000.00	\$9,000.00	\$1,000.00	\$1,000.00	\$0.00
Administration	1.80%	\$3,000.00	\$15,000.00	\$15,270.00	\$15,544.86	\$16,109.51
Rent	1.80%	<u>\$45,479.33</u>	<u>\$47,853.20</u>	<u>\$60,204.33</u>	<u>\$74,855.95</u>	<u>\$102,450.33</u>
Total Operating Expenses		\$114,479.33	\$238,861.20	\$304,325.23	\$420,653.03	\$499,953.75
Net Operating Profit		\$360,997.03	\$362,349.17	\$530,048.91	\$608,530.19	\$727,977.13

Capital Expenses - Kingston

Track	Extension to GD	\$200,000.00	\$200,000.00	\$100,000.00		
	West Hurley Runaround		\$0.00	\$50,000.00		
	Kingston Runaround		\$0.00	\$50,000.00		
	Kingston Yard/CSX Switch			\$100,000.00		
	Crossing Protection		\$10,000.00	\$10,000.00		
	General	\$10,000.00	\$20,000.00	\$30,000.00	\$50,000.00	\$103,000.00
Equipment	Coaches/Rolling Stock	\$50,000.00	\$60,000.00	\$30,000.00	\$30,000.00	\$100,000.00
	Engines			\$40,000.00	\$0.00	\$100,000.00
	Track Machines		\$50,000.00	\$50,000.00	\$25,000.00	
Facilities	Kingston Maintenance Facility		\$0.00	\$0.00	\$50,000.00	\$50,000.00
	West Hurley Stop			\$0.00	\$25,000.00	
	Stony Hollow Stop		<u>\$0.00</u>	<u>\$10,000.00</u>		
Total Capital Expenses		\$60,000.00	\$340,000.00	\$470,000.00	\$490,000.00	\$350,000.00
Net Cash Flow Before Taxes and Depr.		<u>\$300,997.03</u>	<u>\$22,349.17</u>	<u>\$60,048.91</u>	<u>\$118,530.19</u>	<u>\$377,977.13</u>

Rent Payment - Kingston

Gross Revenue		\$919,586.70	\$1,187,063.97	\$1,544,086.50	\$1,857,119.08	\$2,149,006.54
Less Track Capital		<u>\$10,000.00</u>	<u>\$230,000.00</u>	<u>\$340,000.00</u>	<u>\$360,000.00</u>	<u>\$100,000.00</u>
Net Revenue		\$909,586.70	\$957,063.97	\$1,204,086.50	\$1,497,119.08	\$2,049,006.54
Rent Payment	5.00%	<u>\$45,479.33</u>	<u>\$47,853.20</u>	<u>\$60,204.33</u>	<u>\$74,855.95</u>	<u>\$102,450.33</u>

Financial Assumptions

Existing Event trains are expected to grow as follows:

Easter Beagle Express – up 50% in 2015, 20% in 2016, and 10% per year thereafter.

Day out with Thomas – up 20% in 2015, 10% in 2016 and 2017, and flat thereafter.

Peanuts Great Pumpkin Patch Express - up 20% in 2015, 10% per year thereafter.

Polar Express - up 20% in 2015, 20% in 2016, and flat thereafter.

Charters – 1,000 riders in 2015, up 50% in 2016 and 2017, and 10% per year thereafter.

General Trains – up 20% per year.

Future Event Trains:

Lunch Trains – 2,000 riders in 2017, 4,000 in 2018, and 6,000 in 2019.

Wine and Beer Trains - 1,100 riders in 2016, 2,200 in 2017, 3,300 in 2018, and 4,950 in 2019.

Dinner Trains - 336 riders in 2017, up 50% in 2018 and 50% in 2019.

Farm Event Trains - 1,000 riders in 2015, up 50% per year in 2016, 2017, 2018, and 10% thereafter

Notes: 2014 numbers are actual. General inflation assumed at 1.8%. Some operating Expenses are allocated between east and west-end operations. Ulster County payments continue at 5% of revenues after capital expenses. See Appendix 10.3 for Detailed Revenue Calculations.

IX. ECONOMIC IMPACT

Because the Ulster & Delaware Railroad Corridor is a public asset, this addendum to the CMRR Business Plan explains the economic impact on the local economy the railroad has and will increase to with the extension of service to the Glenford Dike.

The CMRR estimates economic impact in two ways. First are the dollars brought in through visitors from outside the County. The second is the impact of the direct expenditures of the railroad in Kingston and Ulster County.

9.1 Visitors from Outside of the County

The CMRR has credit card information that shows that its three key events in Kingston in 2014, Thomas, Peanuts and Polar, brought in 21,278 visitors from outside the County, out of a total of 31,289 riders in Kingston. The CMRR's west end operations totaled 8,981 in 2014, for a combined total of 40,270 riders. This is up from 14,823 riders in 2014 for both ends of the railroad. We estimate that about 7,987 riders from our west end operations came from out of the county, for a combined total of nearly 30,000 visitors.

Using the Camoin Study¹ as a reference, the CMRR estimates its economic impact from these visitors totaled nearly \$3 million in economic value alone. We estimate that with the Glenford Dike extension and the addition of adult themed trains, this economic value will increase to \$7 million during the five-year business plan at virtually no cost to the County, which could increase further as the CMRR is integrated into other tourist activities in Kingston.

In 2014, the CMRR began cross-marketing its events with local businesses in Kingston. See Appendix 10.1.2 for article from the Daily Freeman: "Thomas the Tank Engines Kingston Visit Gave Nearby Businesses a Boost". The CMRR's "railroad dollar program", where we handed out \$1 off coupons, which gave Polar customers a dollar off at the following local businesses in Kingston:

- Blimpie
- Bop to Tottom
- Catskill Art & Office Supply
- Chic's Restaurant and Sports Bar
- Deising's Bakery
- Dietz Stadium Diner
- Herzog's Home Center
- Hudson Coffee Traders
- Kingston Candy Bar
- Savona's Plaza Pizza
- Dominick's Cafe

Garden Plaza Hotel offered a special \$109 rate to Polar visitors. We hope to build upon this in 2015.

¹ <http://www.catskillcenter.org/wp-content/uploads/2013/02/Catskill-Mountain-Rail-Trail-Economic-Fiscal-Impact-Analysis.pdf>

9.2 CMRR Spending in County

CMRR purchased over \$300,000 in goods in Ulster County in 2014 to support its events and general operations. Using a RIMS II multiplier of 1.97², this yielded an economic impact of \$650,000 in 2014. The CMRR purchases as many support services and materials as locally as possible. A list of our vendors from Ulster County is shown below:

- Diesing's (Cookies for Polar Express)
- Hudson Coffee Traders (Hot Chocolate for Polar Express and coffee/tea stand for other rides)
- Sav-on Party Center (tents, chairs, facilities)
- Johnny on the Spot Disposal (Porta potties)
- Flash Preferred cleaning Service (Cleaning service)
- Herzog's (building materials and other supplies)
- American Made Monster Studios (set design and character actors)
- Savona's Pizza (food for our crews)
- Hudson Valley Farm Hub – hay bales
- Davenport Farms – Pumpkins
- Shire Reeves – site security
- High School Theatre Students – actors for the various roles
- Trupiano Uniform Company – uniforms/costumes for actors
- Columbia Beauty Supply – costumes and theatrical products
- Britt & Graff – Fuel for engines
- Sickler Torchia & Churchill – accountants
- Napa Auto Parts - Parts
- Color Page - Printing
- River Valley Radio – Port Ewen - Radios
- Community Bank – Boiceville - banking services



² <http://www.adirondackrr.com/economicImpact.pdf>

9.3 Overall Economic Impact

Overall economic impact that the CMRR had on the County in 2014 totaled over \$3 million. This will more than triple by 2020, creating a number of jobs through the businesses that we spend money in and the business our riders spend money in. Additionally, the CMRR will begin to hire employees once the litigation with Ulster County is over.

The CMRR also estimates that it generated over \$100,000 in revenue for Ulster County through rent, sales tax revenues and bed tax revenues. This will more than double by 2020. See Appendix 10.2.

9.4 – Other Ways to Increase Economic Impact in Kingston

The CMRR believes its operations in Kingston can contribute to an overall transportation theme for Kingston as a draw for visitors to the area. This includes cooperation with the Trolley Museum in Kingston, and the waterfront museums such as the Maritime Museum, Hudson River Sloop Clearwater, The Cornell Tug Boat/PT Boat museum and the potential port on the Kingston waterfront for visitors on cruise ships coming up the Hudson River. In some ways this brings the railroad to its original roots when it was used to bring passengers to the Catskills from ships coming up the Hudson River.

TROLLEY FOR MIDTOWN

With the desire to have a large hotel in the Kingston Plaza – the CMRR has discussed partnering with the Kingston Trolley Museum to have one of their trolleys on site. This would service the hotel patrons/corporate conference attendees so when there is a performance at the Bardavon's UPAC Theatre, the Trolleys would ferry the patrons to the performance and return them at the conclusion. This would satisfy the issue of moving tourists late at night safely back to the hotel. They could then be dropped off at the foot of Fair Streer to then go uptown for a meal.

WATERFRONT TERMINAL FOR CRUISE SHIPS

The City of Kingston needs to again become a stop for Cruise ships on the Hudson River. The CMRR, in conjunction with the Maritime Museum and the Kingston Trolley Museum, will run trains to the Glenford Dike on the Ashokan Reservoir, a "taste of the Catskills" as needed by Cruise ship passengers.

AGGRESSIVE CROSS PROMOTION AND PACKAGING OF OTHER TOURIST ACTIVITIES.

Working with the Uptown, Midtown and Rondout business associations to build packages to add value, options, attractions, meal's and overnight accommodations to the visitors experience. Tying this into the historic nature of tourism in the city and county to benefit all the attractions in the area, ie. The Senate House, Old Dutch Church, Fred Johnson Museum, Trolley Museum, Maritime Museum, Hudson River Sloop Clearwater to name just a few. This could be expanded out into the surrounding communities to include HITS in Saugerties, The Historic Huguenot St in New Paltz, The Stone Houses in Hurley, the various rail trails and other festivals that occur throughout the season.

X. APPENDIX

10.1.1 Article: Daily Freeman – “Thomas the Tank Engines Kingston Visit Gave Nearby Businesses a Boost”, September 17, 2014.

<http://www.dailyfreeman.com/general-news/20140917/thomas-the-tank-engines-kingston-visit-gave-nearby-businesses-a-boost>

10.1.2 Article: Daily Freeman – “Tourist train service can continue in Kingston area, Ulster County Exec Hein says”, December 8, 2014.

<http://www.dailyfreeman.com/general-news/20141208/tourist-train-service-can-continue-in-kingston-area-ulster-county-exec-hein-says>

10.2 Detailed Spreadsheets - Economic Value Calculations

10.3 Detailed Spreadsheets - Revenue Breakdowns

10.4 Kingston to West Hurley Overview

10.5 Facilities at Kingston Plaza

10.6 Connection to Kenco near Hurley Mountain Road

10.7 Stony Hollow Station/Trailhead near 28A crossing

10.8 West Hurley Station/Trailhead

Thomas the Tank Engine's Kingston visit gave nearby businesses a boost

Weekend visits by Thomas the Tank Engine give nearby businesses a boost

By Brian Hubert, bhubert@freemanonline.com [brianatfreeman on Twitter](#)

Wednesday, September 17, 2014



KINGSTON >> Several merchants in Uptown Kingston and nearby said they were thrilled by the business generated by the presence of Thomas the Tank Engine — and the 11,000 people it drew — over the past two weekends.

Helen Loizou, co-owner of the Dietz Stadium Diner on North Front Street in Kingston, said the event gave her family's business a healthy boost, especially the second weekend.

"It was a great event," she said. "It was nice to see new faces and more people coming to Kingston."

Loizou said the diner was part of the Catskill Mountain Railroad's "Railroad Bucks" program that gave Thomas riders \$1 off at participating businesses, and she said customers were happy they got them.

But her favorite thing, she said, was seeing all the smiling faces on kids and their parents.

"The faces on these kids were precious," she said. "Every time I went to a table, they would ask about Thomas."

Many out-of-towners who came to Kingston for the Thomas rides said they loved the event and praised the friendliness of local residents, and many vowed to return, Loizou said.

Thomas, a storybook and cartoon character popular among young children, was at the front of a Catskill Mountain Railroad train that ran between Kingston Plaza and the Esopus Creek area in the town of Ulster on the Fridays, Saturdays and Sundays of the past two weekends.

Ulster County Executive Michael Hein has suggested return visits by Thomas could be on the tracks in Mount Tremper and Phoenicia that the Catskill Mountain Railroad uses — Hein wants to convert the Kingston section and other parts of the county-owned tracks into a recreational trail — but Loizou said people going to such an event far up Route 28 probably would not frequent her business.

"I can't see someone coming to eat here from Phoenicia," she said.

At the Olympic Diner on Washington Avenue in the town of Ulster, just outside of Kingston, owner Louis Berritt said he had a large influx of out-of-towners during the Thomas runs.

"Of course we're excited because it brings more people to the town," Berritt said. "Everybody was happy and everybody liked it."

Berritt said he's looking forward to the Catskill Mountain Railroad's "Great Pumpkin Charlie Brown" and "Polar Express" rides planned for later this year and hopes the railroad continues operating in Kingston.

Perhaps no local eatery was more involved with the Thomas event than Savona's Plaza Pizza at Kingston Plaza, which had a mobile propane-fired pizza oven adjacent to the train's boarding area at the east end of the plaza.

"It was a great event for the community," said owner Manny Savona. "It gives something for the kids to do, and it brought a lot of people into the area."

Savona said he met a lot of people who had never seen Kingston before and most were happy with their time in the city.

He said he hopes the county reconsiders the plan to tear up the tracks in favor of a trail.

"I'd like to see it [the railroad] stay for a lot of reasons," Savona said.

Eric Deising, a co-owner of Deising's Bakery and Restaurant on North Front Street in Uptown Kingston, said the Thomas event far exceeded his expectations.

"It's been great," he said. "It's brought a lot of new faces into the store."

Deising's, like the adjacent Dietz Stadium Diner, participated in the "Railroad Bucks" program and a lot of tourists redeemed them, Deising said.

Deising said he was particularly happy about the influx of customers during the afternoons, which he said typically are slow time for the business.

"I think it's a good thing for the Uptown district," he said. "Anything that brings people into the Uptown district instead of the other attractions that pull them away helps."

Deising said he, too, is looking forward to the "Great Pumpkin" and "Polar Express" rides.

"I wish it continued success," he said of the railroad.

Carlos Henriquez, who manages Half Moon Books on North Front Street, said a few extra customers came into the Uptown store as a result of the Thomas event.

Henriquez said he wants the railroad to stay because it attracts tourists and is an important part of Kingston's heritage.

Dominick Vanacore, owner of Dominick's Cafe at Dreamweavers at the corner of Wall and North Front streets in Uptown Kingston, called the Thomas visit an awesome event but said he's disappointed the city hasn't made it easier for tourists to discover the Uptown area.

"We need some directional signage," he said. "People driving down Schwenk Drive don't realize one block up the hill, there is a perfectly intact merchant center that's been here for 300 years."

He said a few out-of-towners ate at his cafe, and one family stayed in his hotel, but he wishes he had seen more people.

Tourist train service can continue in Kingston area, Ulster County Exec Hein says

Hein unveils plan that will allow service between Kingston and Ulster to continue

By Patricia Daxsey, Daily Freeman

Monday, December 8, 2014



KINGSTON >> Ulster County Executive Michael Hein on Monday unveiled a new rail trail plan that will allow for the continued operation of a tourist train between Kingston Plaza and Hurley Mountain Road in the town of Ulster.

Hein said his plan still allows for a trail that would ultimately connect the Walkway Over the Hudson and the Ashokan Reservoir, though not always alongside the county-owned railroad tracks.

The new plan calls for a pedestrian trail from the existing Cornell Street rail yard to Westbrook Lane in Kingston, along the former Ulster & Delaware rail corridor. From there, Hein said, a tourist train would run along the tracks to Hurley Mountain Road, as is the case now. A pedestrian trail, meanwhile, would follow the old Ontario & Western line and intersect with the Hurley Rail Trail and continue on to the Ashokan Reservoir via the Ulster &

Delaware corridor.

Tourist trains that currently run between Kingston and Ulster and between Mount Tremper and Phoenicia are operated by the Catskill Mountain Railroad under a lease with the county that ends in May 2016. Hein said he expects the county next year will issue requests for proposals from operators, which could include the Catskill Mountain Railroad, that are interested in running tourist trains on those two sections.

Hein's new plan represents a shift away from the "segmented rail with trail" plan he first unveiled and comes four months after the Ulster County legislators voted to adopt a resolution that supported the plan Hein championed.

Hein's original plan called for a pedestrian-only trail from Kingston to the Ashokan Reservoir with a tourist train continuing to operate west of the reservoir.

Monday's move comes as the Catskill Mountain Railroad has enjoying unparalleled success in recent months hosting children's theme-based train rides on the Kingston-Ulster portion of the rail line, including the current Polar Express rides.

Hein said that while he was pleased by the recent success of the railroad, it played in his no role in the development of the new plan.

"We have continually looked to identify creative solutions that would be inclusive as possible," Hein said. "What I've said every step of the way is we continue to look for alternatives that can be more inclusive."

Still, he said, "there is no question that, after years of struggling, this four-mile round-trip [train] segment has shown potential."

The Polar Express rides are being held in the wake of the popular Great Pumpkin Patch Express and Thomas the Tank Engine rides earlier this fall.

According to the Catskill Mountain Railroad, the Thomas the Tank Engine rides offered in October drew some 11,000 people, making it the fourth largest event in Kingston in 2014.

The Polar Express, which has been running since November, already has carried 8,000 riders, and another 7,719 tickets have been sold for the three remaining weekends.

Ernie Hunt, president of the Catskill Mountain Railroad, called Hein's shift "a good step" but said the railroad still is pushing to run to trains to the Glenford Dike, west of the Hurley Mountain Road.

"It's a step in the right direction," Hunt said.

Hein's new plan also was lauded by elected officials, business owners, environmentalists and trail advocates, according to a press release issued by Hein's office.

Among those supporting the new plan, Hein said, is Mayor Shayne Gallo, who was quoted in the release as saying the proposal "builds upon the city's efforts to redesign Broadway and enhance connectivity" from one end of the city to the other.

Legislature Minority Leader Ken Ronk said in an interview Monday that he was pleased the executive found a way to provide for both the train and the trail.

"This is a plan that I have been speaking to people about for a while — the idea of doing a rail with train from Kingston to Hurley Mountain Road, which is about as far as can do safely," said Ronk, R-Walkkill. "The county executive bringing out this plan is going to help move operations forward and allow everybody to fully enjoy the U&D corridor."

Hein said any future train operator will have to deal with "significant logistical issues," including working out agreements with the owners of the Kingston Plaza and surrounding land.

He also said that the rail operator would be responsible for any increased expenses of trail development along the alternative route and said the illegal rail yard at Cornell Street in Kingston must be removed and that no trains will be allowed to run between Cornell Street and the Kingston Plaza. Additionally, Hein said, the railroad operator will be responsible for seeing that automated gates and flashing lights are installed at the Washington Avenue and U.S. Route 209 crossings.

			June 1 <u>2014</u>	June 1 <u>2015</u>	June 1 <u>2016</u>	June 1 <u>2017</u>	June 1 <u>2018</u>	June 1 <u>2019</u>
<u>ECONOMIC IMPACT (Kingston)</u>								
<u>Ridership</u>								
I. EXISTING EVENT TRAINS			29,769	35,816	41,412	43,192	43,530	43,902
II. CHARTERS			278	1,000	1,500	2,250	3,375	3,713
III. GENERAL REVENUE TRAINS (Non-Event)			1,242	1,490	1,788	2,146	2,575	3,090
IV. FUTURE EVENT TRAINS			<u>0</u>	<u>1,000</u>	<u>2,600</u>	<u>6,786</u>	<u>11,179</u>	<u>15,419</u>
Total			31,289	39,307	47,301	54,374	60,659	66,123
<u>Non-Local Riders</u>								
I. EXISTING EVENT TRAINS	71.48%		21,278	25,600	29,600	30,872	31,114	31,380
II. CHARTERS	50.00%		0	500	750	1,125	1,688	1,856
III. GENERAL REVENUE TRAINS (50.00%		621	745	894	1,073	1,288	1,545
IV. FUTURE EVENT TRAINS	71.48%		<u>0</u>	<u>715</u>	<u>1,858</u>	<u>4,850</u>	<u>7,990</u>	<u>11,021</u>
Total Non-UC Riders			21,899	27,560	33,103	37,921	42,080	45,802
<u>Economic Impact of Non-UC Riders (From 2013 Camoin Study)</u>								
Lodging	\$20.80	1.80%	21.17	21.56	21.94	22.34	22.74	23.15
Non-Lodging	<u>\$43.57</u>	1.80%	44.35	45.15	45.97	46.79	47.64	48.49
Direct	\$64.37		65.53	66.71	67.91	69.13	70.38	71.64
Indirect	0.52		<u>34.07</u>	<u>34.69</u>	<u>35.31</u>	<u>35.95</u>	<u>36.60</u>	<u>37.25</u>
Total	\$97.84		99.60	101.40	103.22	105.08	106.97	108.90
Total UC Visitor Impact (Kingston)			\$2,181,218.43	\$2,794,511.75	\$3,416,949.38	\$3,984,708.16	\$4,501,295.71	\$4,987,668.95
<u>Economic Impact of CMRR Expenses:</u>								
<u>Expenses (Kingston)</u>								
Current Events			\$171,721.76	\$176,812.75	\$180,359.38	\$183,605.85	\$186,910.76	\$190,275.15
Charters			\$0.00	\$5,000.00	\$7,500.00	\$11,250.00	\$12,375.00	\$12,597.75
General Ridership			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Future Events			\$0.00	\$0.00	\$35,000.00	\$100,200.00	\$159,100.00	\$238,650.00
Other Operating Expenses			\$114,479.33	\$238,861.20	\$304,325.23	\$420,653.03	\$499,953.75	\$521,222.21
Capital Expenses			\$60,000.00	\$340,000.00	\$470,000.00	\$490,000.00	\$350,000.00	\$203,000.00
Other - Backout Non-UC Expenditures			<u>(\$50,000.00)</u>	<u>(\$110,000.00)</u>	<u>(\$120,000.00)</u>	<u>(\$55,000.00)</u>	<u>(\$200,000.00)</u>	<u>(\$100,000.00)</u>
Total Expenses in UC			\$296,201.09	\$650,673.95	\$877,184.61	\$1,150,708.88	\$1,008,339.51	\$1,065,745.11
UC Expenditure Impact - Kingsto	1.97		\$583,516.16	\$1,281,827.68	\$1,728,053.68	\$2,266,896.50	\$1,986,428.83	\$2,099,517.87
<u>Economic UC Impact - Kingston</u>			<u>\$2,764,734.59</u>	<u>\$4,076,339.43</u>	<u>\$5,145,003.06</u>	<u>\$6,251,604.66</u>	<u>\$6,487,724.55</u>	<u>\$7,087,186.81</u>
<u>UC Revenues from CMRR Kingston Operations</u>								
Sales Taxes	4.00%	70.00%						
Non-Visitors			\$61,074.12	\$78,246.33	\$95,674.58	\$111,571.83	\$126,036.28	\$139,654.73
UC Expenditures			<u>\$16,338.45</u>	<u>\$35,891.18</u>	<u>\$48,385.50</u>	<u>\$63,473.10</u>	<u>\$55,620.01</u>	<u>\$58,786.50</u>
Total			\$77,412.57	\$114,137.50	\$144,060.09	\$175,044.93	\$181,656.29	\$198,441.23
Bed Taxes	2.00%		9,273.96	11,881.52	14,527.96	16,941.92	19,138.32	21,206.25
Rent			\$45,479.33	\$47,853.20	\$60,204.33	\$74,855.95	\$102,450.33	\$117,581.72
<u>Total UC Revenues - Kingston</u>			<u>\$132,165.87</u>	<u>\$173,872.23</u>	<u>\$218,792.38</u>	<u>\$266,842.81</u>	<u>\$303,244.93</u>	<u>\$337,229.20</u>
<u>West End Summary</u>								
Ridership			8,981	9,890	10,892	11,981	13,179	14,497
Visitors			7,987	8,785	9,664	10,630	11,693	12,862
Visitor Impact			\$795,493.82	\$890,793.98	\$997,511.10	\$1,117,012.92	\$1,250,831.07	\$1,400,680.64
Expenditure Impact			<u>\$125,660.00</u>	<u>\$225,220.22</u>	<u>\$246,186.62</u>	<u>\$269,294.28</u>	<u>\$313,322.81</u>	<u>\$529,985.22</u>
Total West End Impact			\$921,153.81	\$1,116,014.20	\$1,243,697.71	\$1,386,307.21	\$1,564,153.88	\$1,930,665.86
UC Revenues - West End			\$33,961.34	\$38,298.80	\$43,072.64	\$47,846.30	\$54,260.96	\$63,631.13
<u>Total CMRR</u>								
Ridership			40,270	49,196	58,193	66,355	73,838	80,620
Visitors			29,886	36,346	42,767	48,551	53,773	58,664
Visitor Impact			\$2,976,712.25	\$3,685,305.72	\$4,414,460.47	\$5,101,721.09	\$5,752,126.79	\$6,388,349.58
Expenditure Impact			<u>\$709,176.15</u>	<u>\$1,507,047.90</u>	<u>\$1,974,240.30</u>	<u>\$2,536,190.79</u>	<u>\$2,299,751.64</u>	<u>\$2,629,503.09</u>
Total CMRR Impact			\$3,685,888.40	\$5,192,353.63	\$6,388,700.77	\$7,637,911.87	\$8,051,878.43	\$9,017,852.67
Total UC Revenues - CMRR			\$166,127.20	\$212,171.03	\$261,865.02	\$314,689.11	\$357,505.89	\$400,860.33

CMRR KINGSTON REVENUE PROJECTIONS			June 1 2014	June 1 2015	June 1 2016	June 1 2017	June 1 2018	June 1 2019
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I. EXISTING EVENT TRAINS

Easter Beagle Express

Ridership	Adults		169	254	304	335	368	405
	Children		114	171	205	226	248	273
	Toddlers		26	39	47	51	57	62
	Comps		<u>2</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>
	Total		311	467	560	616	677	745
	Growth			50.00%	20.00%	10.00%	10.00%	10.00%

Ticket Price	Adults	1.80%	\$8.00	\$24.00	\$24.43	\$24.87	\$25.32	\$25.78
	Children	1.80%	\$5.00	\$16.00	\$16.29	\$16.58	\$16.88	\$17.18
	Toddlers		\$0.00					

Total Revenue			\$1,922.00	\$8,820.00	\$10,774.51	\$12,065.30	\$13,510.72	\$15,129.31
Less Franchise Fee	25.00%		\$0.00	\$2,205.00	\$2,693.63	\$3,016.32	\$3,377.68	\$3,782.33
Net Revenue			\$1,922.00	\$6,615.00	\$8,080.88	\$9,048.97	\$10,133.04	\$11,346.98

Event Expenses	1.80%		\$0.00	\$2,000.00	\$2,400.00	\$2,443.20	\$2,487.18	\$2,531.95
Net Profit After Event Expenses			\$1,922.00	\$4,615.00	\$5,680.88	\$6,605.77	\$7,645.86	\$8,815.03
Margin			100.00%	52.32%	52.73%	54.75%	56.59%	58.26%

Ancillaries	Revenue		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Cost	50.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Tax	8.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Net		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Margin		ERR	ERR	ERR	ERR	ERR	ERR

Total Event Revenues			\$1,922.00	\$8,820.00	\$10,774.51	\$12,065.30	\$13,510.72	\$15,129.31
Total Event Expenses			\$0.00	\$4,205.00	\$5,093.63	\$5,459.52	\$5,864.86	\$6,314.27
Net Profit			\$1,922.00	\$4,615.00	\$5,680.88	\$6,605.77	\$7,645.86	\$8,815.03
Margin			100.00%	52.32%	52.73%	54.75%	56.59%	58.26%

Thomas

Ridership	Adults/Children/Tdlrs.		10,703	12,844	14,128	15,541	15,541	15,541
	Comps		<u>450</u>	<u>540</u>	<u>594</u>	<u>653</u>	<u>653</u>	<u>653</u>
	Total		11,153	13,384	14,722	16,194	16,194	16,194
	Growth			20.00%	10.00%	10.00%	0.00%	0.00%

Ticket Price	Adults/Children/	1.80%	\$18.78	\$19.00	\$19.34	\$19.69	\$20.04	\$20.41
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Total Ticket Revenue			\$201,017.50	\$244,028.40	\$273,263.00	\$305,999.91	\$311,507.91	\$317,115.05
Hit Share	32.00%		\$64,325.60	\$78,089.09	\$87,444.16	\$97,919.97	\$99,682.53	\$101,476.82
CC Fees	2.21%		<u>\$4,444.46</u>	<u>\$5,395.42</u>	<u>\$6,041.79</u>	<u>\$6,765.60</u>	<u>\$6,887.38</u>	<u>\$7,011.36</u>
Net Revenue			\$132,247.44	\$160,543.89	\$179,777.05	\$201,314.34	\$204,938.00	\$208,626.88

Fee	1.80%		\$3,500.00	\$3,563.00	\$3,627.13	\$3,692.42	\$3,758.89	\$3,826.55
Engine Transport	1.80%		\$6,910.73	\$7,035.12	\$7,161.76	\$7,290.67	\$7,421.90	\$7,555.49
Hit Staff	1.80%		\$1,557.60	\$1,585.64	\$1,614.18	\$1,643.23	\$1,672.81	\$1,702.92
Net after HIT Expenses			\$120,279.11	\$148,360.13	\$167,373.98	\$188,688.01	\$192,084.40	\$195,541.92

Event Expenses	1.80%		<u>\$38,125.70</u>	<u>\$38,811.96</u>	<u>\$39,510.58</u>	<u>\$40,221.77</u>	<u>\$40,945.76</u>	<u>\$41,682.78</u>
Net Profit After Event Expenses			\$82,153.41	\$109,548.17	\$127,863.40	\$148,466.25	\$151,138.64	\$153,859.13
Margin			40.87%	44.89%	46.79%	48.52%	48.52%	48.52%

Gift Shop	Revenue		\$74,125.63	\$88,950.76	\$97,845.83	\$107,630.41	\$107,630.41	\$107,630.41
	Cost		\$42,319.13	\$50,782.96	\$55,861.25	\$61,447.38	\$61,447.38	\$61,447.38
	Fee	9.00%	<u>\$6,671.31</u>	<u>\$8,005.57</u>	<u>\$8,806.12</u>	<u>\$9,686.74</u>	<u>\$9,686.74</u>	<u>\$9,686.74</u>
	Net		\$25,135.19	\$30,162.23	\$33,178.46	\$36,496.30	\$36,496.30	\$36,496.30
			33.91%	33.91%	33.91%	33.91%	33.91%	33.91%

Photos	Commission		\$1,357.68	\$1,629.21	\$1,792.13	\$1,971.34	\$1,971.34	\$1,971.34
	Fee	10.00%	<u>\$135.77</u>	<u>\$162.92</u>	<u>\$179.21</u>	<u>\$197.13</u>	<u>\$197.13</u>	<u>\$197.13</u>
	Net		\$1,221.91	\$1,466.29	\$1,612.92	\$1,774.21	\$1,774.21	\$1,774.21

Total Event Revenues			\$276,500.81	\$334,608.37	\$372,900.96	\$415,601.67	\$421,109.67	\$426,716.81
Total Event Expenses			<u>\$167,990.29</u>	<u>\$193,431.68</u>	<u>\$210,246.19</u>	<u>\$228,864.91</u>	<u>\$231,700.52</u>	<u>\$234,587.17</u>
Net Profit			\$108,510.51	\$141,176.69	\$162,654.77	\$186,736.76	\$189,409.15	\$192,129.64
Net Margin			39.24%	42.19%	43.62%	44.93%	44.98%	45.03%

CMRR KINGSTON REVENUE PROJECTIONS		June 1 2014	June 1 2015	June 1 2016	June 1 2017	June 1 2018	June 1 2019
<u>Peanuts</u>							
Ridership	Adults	1,088	1,306	1,436	1,580	1,738	1,912
	Children	571	685	754	829	912	1,003
	Toddlers	189	227	249	274	302	332
	Comps	<u>56</u>	<u>67</u>	<u>74</u>	<u>81</u>	<u>89</u>	<u>98</u>
	Total	1,904	2,285	2,513	2,765	3,041	3,345
	Growth		20.00%	10.00%	10.00%	10.00%	10.00%
Ticket Price	Adults	1.80%	\$23.95	\$24.00	\$24.43	\$24.87	\$25.32
	Children	1.80%	\$15.99	\$16.00	\$16.29	\$16.58	\$16.88
	Toddlers		\$0.00				
Total Ticket Revenue		\$35,184.00	\$42,297.60	\$47,364.85	\$53,039.16	\$59,393.25	\$66,508.57
Less RailEvents Fee	25.00%	<u>\$8,796.00</u>	<u>\$10,574.40</u>	<u>\$11,841.21</u>	<u>\$13,259.79</u>	<u>\$14,848.31</u>	<u>\$16,627.14</u>
Net Revenue		\$26,388.00	\$31,723.20	\$35,523.64	\$39,779.37	\$44,544.94	\$49,881.42
Event Expenses	1.80%	<u>\$13,135.03</u>	<u>\$13,371.46</u>	<u>\$13,612.15</u>	<u>\$13,857.17</u>	<u>\$14,106.59</u>	<u>\$14,360.51</u>
Net Profit After Event Expenses		\$13,252.97	\$18,351.74	\$21,911.49	\$25,922.21	\$30,438.35	\$35,520.91
Margin		37.67%	43.39%	46.26%	48.87%	51.25%	53.41%
Gift Shop	Revenue	\$1,891.68	\$2,270.02	\$2,497.02	\$2,746.72	\$3,021.39	\$3,323.53
	Cost	50.00% \$945.84	\$1,135.01	\$1,248.51	\$1,373.36	\$1,510.70	\$1,661.77
	Tax	8.00% <u>\$151.33</u>	<u>\$181.60</u>	<u>\$199.76</u>	<u>\$219.74</u>	<u>\$241.71</u>	<u>\$265.88</u>
	Net	\$794.51	\$953.41	\$1,048.75	\$1,153.62	\$1,268.98	\$1,395.88
	Margin	42.00%	42.00%	42.00%	42.00%	42.00%	42.00%
Total Event Revenues		\$37,075.68	\$44,567.62	\$49,861.87	\$55,785.88	\$62,414.64	\$69,832.10
Total Event Expenses		<u>\$23,028.20</u>	<u>\$25,262.47</u>	<u>\$26,901.63</u>	<u>\$28,710.05</u>	<u>\$30,707.31</u>	<u>\$32,915.30</u>
Net Profit		\$14,047.48	\$19,305.15	\$22,960.24	\$27,075.83	\$31,707.33	\$36,916.79
Margin		37.89%	43.32%	46.05%	48.54%	50.80%	52.87%
<u>Polar Express</u>							
Ridership	Adults	9,437	11,324	13,589	13,589	13,589	13,589
	Children	5,856	7,027	8,433	8,433	8,433	8,433
	Toddlers	725	870	1,044	1,044	1,044	1,044
	Comps	<u>383</u>	<u>460</u>	<u>552</u>	<u>552</u>	<u>552</u>	<u>552</u>
	Total	16,401	19,681	23,617	23,617	23,617	23,617
	Growth		20.00%	20.00%	0.00%	0.00%	0.00%
Ticket Price	Adults	1.80%	\$39.76	\$40.47	\$41.20	\$41.94	\$42.70
	Children	1.80%	\$30.94	\$31.49	\$32.06	\$32.64	\$33.22
	Toddlers		\$0.00				
Total Ticket Revenue		\$556,358.00	\$679,646.93	\$830,256.69	\$845,201.31	\$860,414.94	\$875,902.41
Less RailEvents Fee	20.00%	<u>\$111,271.60</u>	<u>\$203,894.08</u>	<u>\$249,077.01</u>	<u>\$253,560.39</u>	<u>\$258,124.48</u>	<u>\$262,770.72</u>
Net Revenue		\$445,086.40	\$475,752.85	\$581,179.69	\$591,640.92	\$602,290.46	\$613,131.68
Event Expenses	1.80%	<u>\$120,461.03</u>	<u>\$122,629.33</u>	<u>\$124,836.66</u>	<u>\$127,083.72</u>	<u>\$129,371.22</u>	<u>\$131,699.91</u>
Net Profit After Event Expenses		\$324,625.37	\$353,123.52	\$456,343.03	\$464,557.20	\$472,919.23	\$481,431.78
Margin		58.35%	51.96%	54.96%	54.96%	54.96%	54.96%
Gift Shop	Revenue	\$36,826.21	\$44,191.45	\$53,029.74	\$53,029.74	\$53,029.74	\$53,029.74
	Cost	50.00% \$18,413.11	\$22,095.73	\$26,514.87	\$26,514.87	\$26,514.87	\$26,514.87
	Tax	8.00% <u>\$2,946.10</u>	<u>\$3,535.32</u>	<u>\$4,242.38</u>	<u>\$4,242.38</u>	<u>\$4,242.38</u>	<u>\$4,242.38</u>
	Net	\$15,467.01	\$18,560.41	\$22,272.49	\$22,272.49	\$22,272.49	\$22,272.49
	Margin	42.00%	42.00%	42.00%	42.00%	42.00%	42.00%
Total Event Revenues		\$593,184.21	\$723,838.38	\$883,286.44	\$898,231.06	\$913,444.68	\$928,932.15
Total Event Expenses		<u>\$253,091.83</u>	<u>\$352,154.45</u>	<u>\$404,670.91</u>	<u>\$411,401.36</u>	<u>\$418,252.95</u>	<u>\$425,227.88</u>
Net Profit		\$340,092.38	\$371,683.93	\$478,615.52	\$486,829.70	\$495,191.72	\$503,704.27
Margin		57.33%	51.35%	54.19%	54.20%	54.21%	54.22%

CMRR KINGSTON REVENUE PROJECTIONS	June 1 <u>2014</u>	June 1 <u>2015</u>	June 1 <u>2016</u>	June 1 <u>2017</u>	June 1 <u>2018</u>	June 1 <u>2019</u>
<u>Totals - Existing Events</u>						
Total Event Ticket Revenue	\$794,481.50	\$974,792.93	\$1,161,659.06	\$1,216,305.68	\$1,244,826.82	\$1,274,655.33
Fees and Costs	<u>\$200,805.99</u>	<u>\$312,341.75</u>	<u>\$369,500.87</u>	<u>\$387,148.40</u>	<u>\$395,773.98</u>	<u>\$404,753.32</u>
Net Profit	\$593,675.51	\$662,451.18	\$792,158.19	\$829,157.28	\$849,052.84	\$869,902.01
Event Expenses	<u>\$171,721.76</u>	<u>\$176,812.75</u>	<u>\$180,359.38</u>	<u>\$183,605.85</u>	<u>\$186,910.76</u>	<u>\$190,275.15</u>
Event Profit	\$421,953.75	\$485,638.43	\$611,798.81	\$645,551.43	\$662,142.08	\$679,626.86
Margin	53.11%	49.82%	52.67%	53.07%	53.19%	53.32%
Ancillary Revenue	\$114,201.20	\$137,041.43	\$155,164.72	\$165,378.22	\$165,652.89	\$165,955.03
Expense	<u>\$71,582.58</u>	<u>\$85,899.10</u>	<u>\$97,052.11</u>	<u>\$103,681.60</u>	<u>\$103,840.91</u>	<u>\$104,016.15</u>
Net Ancillary Profit	\$42,618.61	\$51,142.34	\$58,112.61	\$61,696.62	\$61,811.99	\$61,938.88
	37.32%	37.32%	37.45%	37.31%	37.31%	37.32%
Total Revenue	\$908,682.70	\$1,111,834.37	\$1,316,823.78	\$1,381,683.90	\$1,410,479.71	\$1,440,610.36
Expense	<u>\$444,110.33</u>	<u>\$575,053.60</u>	<u>\$646,912.36</u>	<u>\$674,435.85</u>	<u>\$686,525.65</u>	<u>\$699,044.62</u>
Net Profit	\$464,572.36	\$536,780.77	\$669,911.42	\$707,248.05	\$723,954.07	\$741,565.74
Net Margin - Existing Events	51.13%	48.28%	50.87%	51.19%	51.33%	51.48%
Ridership - Existing Events	29,769	35,816	41,412	43,192	43,530	43,902

CMRR KINGSTON REVENUE PROJECTIONS	June 1 2014	June 1 2015	June 1 2016	June 1 2017	June 1 2018	June 1 2019
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II. CHARTERS

Ridership	Adults		278	500	750	1,125	1,688	1,856
	Children		0	250	375	563	844	928
	First Class		0	250	375	563	844	928
	Comps		0	0	0	0	0	0
	Total		278	1,000	1,500	2,250	3,375	3,713
	Growth			50.00%	50.00%	50.00%	10.00%	10.00%
Ticket Price	Adults	1.80%	\$10.00	\$40.00	\$50.00	\$50.90	\$51.82	\$52.75
	Children	1.80%	\$0.00	\$20.00	\$25.00	\$25.45	\$25.91	\$26.37
	First Class	1.80%	\$0.00	\$50.00	\$60.00	\$61.08	\$62.18	\$63.30
Total Revenue			\$2,780.00	\$37,500.00	\$69,375.00	\$105,935.63	\$161,763.70	\$181,142.99
Less Franchise Fee		0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Revenue			\$2,780.00	\$37,500.00	\$69,375.00	\$105,935.63	\$161,763.70	\$181,142.99
Event Expenses		1.80%	\$0.00	\$5,000.00	\$7,500.00	\$11,250.00	\$12,375.00	\$12,597.75
Net Profit After Event Expenses			\$2,780.00	\$32,500.00	\$61,875.00	\$94,685.63	\$149,388.70	\$168,545.24
Margin			100.00%	86.67%	89.19%	89.38%	92.35%	93.05%
Ancillaries	Revenue		\$0.00	\$10,000.00	\$15,000.00	\$22,500.00	\$33,750.00	\$37,125.00
	Cost	50.00%	\$0.00	\$5,000.00	\$7,500.00	\$11,250.00	\$16,875.00	\$18,562.50
	Tax	8.00%	\$0.00	\$800.00	\$1,200.00	\$1,800.00	\$2,700.00	\$2,970.00
	Net		\$0.00	\$4,200.00	\$6,300.00	\$9,450.00	\$14,175.00	\$15,592.50
	Margin		ERR	42.00%	42.00%	42.00%	42.00%	42.00%
Total Charter Revenues			\$2,780.00	\$47,500.00	\$84,375.00	\$128,435.63	\$195,513.70	\$218,267.99
Total Charter Expenses			\$0.00	\$10,800.00	\$16,200.00	\$24,300.00	\$31,950.00	\$34,130.25
Net Charter Profit			\$2,780.00	\$36,700.00	\$68,175.00	\$104,135.63	\$163,563.70	\$184,137.74
Margin			100.00%	77.26%	80.80%	81.08%	83.66%	84.36%

III. GENERAL REVENUE TRAINS (Non-Event)

Ridership	Adults		638	766	919	1,102	1,323	1,588
	Children		604	725	870	1,044	1,252	1,503
	Toddlers		0	0	0	0	0	0
	Comps		0	0	0	0	0	0
	Total		1,242	1,490	1,788	2,146	2,575	3,090
	Growth			20.00%	20.00%	20.00%	20.00%	20.00%
Ticket Price	Adults	1.80%	\$8.00	\$10.00	\$12.00	\$14.00	\$14.25	\$14.51
	Children	1.80%	\$5.00	\$7.00	\$8.00	\$10.00	\$10.18	\$10.36
	Toddlers		\$0.00					
Total Revenue			\$8,124.00	\$12,729.60	\$17,982.72	\$25,871.62	\$31,604.77	\$38,608.38
Less Franchise Fee		0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Revenue			\$8,124.00	\$12,729.60	\$17,982.72	\$25,871.62	\$31,604.77	\$38,608.38
Event Expenses		1.80%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Profit After Event Expenses			\$8,124.00	\$12,729.60	\$17,982.72	\$25,871.62	\$31,604.77	\$38,608.38
Margin			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Ancillaries	Revenue		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Cost	50.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Tax	8.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Net		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Margin		ERR	ERR	ERR	ERR	ERR	ERR
Net Revenue			\$8,124.00	\$12,729.60	\$17,982.72	\$25,871.62	\$31,604.77	\$38,608.38
Net Expenses			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Profit			\$8,124.00	\$12,729.60	\$17,982.72	\$25,871.62	\$31,604.77	\$38,608.38
Margin			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

CMRR KINGSTON REVENUE PROJECTIONS			June 1 2014	June 1 2015	June 1 2016	June 1 2017	June 1 2018	June 1 2019
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IV. FUTURE EVENT TRAINS

Lunch Trains

Ridership	Adults		0	0	0	1,500	3,000	4,500
	Children		0	0	0	500	1,000	1,500
	Toddlers		0	0	0	0	0	0
	Comps		0	0	0	0	0	0
	Total		0	0	0	2,000	4,000	6,000
	Growth			10.00%	10.00%	100.00%	100.00%	50.00%
Ticket Price	Adults	1.80%	\$0.00	\$0.00	\$24.00	\$24.00	\$24.43	\$24.87
	Children	1.80%	\$0.00	\$0.00	\$16.00	\$16.00	\$16.29	\$16.58
	Toddlers		\$0.00					
Total Revenue			\$0.00	\$0.00	\$0.00	\$44,000.00	\$89,584.00	\$136,794.77
Less Franchise Fee		0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Revenue			\$0.00	\$0.00	\$0.00	\$44,000.00	\$89,584.00	\$136,794.77
Future Event Expenses		1.80%	\$0.00	\$0.00	\$0.00	\$17,600.00	\$35,200.00	\$52,800.00
Future Event Profit			\$0.00	\$0.00	\$0.00	\$26,400.00	\$54,384.00	\$83,994.77
Margin			ERR	ERR	ERR	60.00%	60.71%	61.40%
Ancillaries	Revenue		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Cost	50.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Tax	8.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Net		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Margin		ERR	ERR	ERR	ERR	ERR	ERR
Net Revenue			\$0.00	\$0.00	\$0.00	\$44,000.00	\$89,584.00	\$136,794.77
Net Expenses			\$0.00	\$0.00	\$0.00	\$17,600.00	\$35,200.00	\$52,800.00
Net Profit			\$0.00	\$0.00	\$0.00	\$26,400.00	\$54,384.00	\$83,994.77
Margin			ERR	ERR	ERR	60.00%	60.71%	61.40%

Dinner Trains

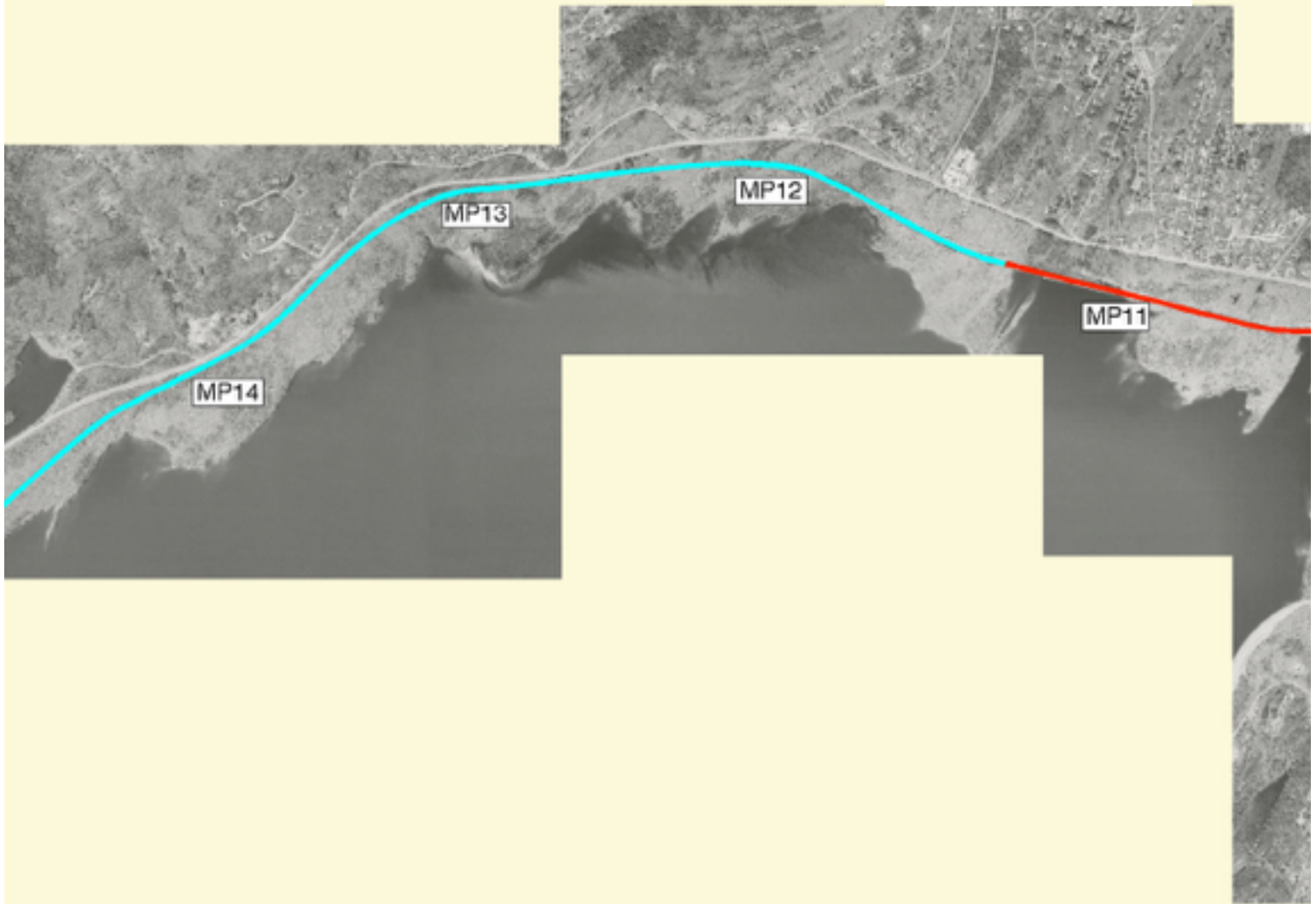
Ridership	Adults		0	0	0	336	504	756
	Children		0	0	0	0	0	0
	Toddlers		0	0	0	0	0	0
	Comps		0	0	0	0	0	0
	Total		0	0	0	336	504	756
	Growth			10.00%	10.00%	10.00%	50.00%	50.00%
Ticket Price	Adults	1.80%	\$0.00	\$0.00	\$0.00	\$75.00	\$76.35	\$77.72
	Children	1.80%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Toddlers		\$0.00					
Total Revenue			\$0.00	\$0.00	\$0.00	\$25,200.00	\$38,480.40	\$58,759.57
Less Franchise Fee		0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Revenue			\$0.00	\$0.00	\$0.00	\$25,200.00	\$38,480.40	\$58,759.57
Event Expenses		1.80%	\$0.00	\$0.00	\$0.00	\$12,600.00	\$18,900.00	\$28,350.00
Future Event Profit			\$0.00	\$0.00	\$0.00	\$12,600.00	\$19,580.40	\$30,409.57
Margin			ERR	ERR	ERR	50.00%	50.88%	51.75%
Ancillaries	Revenue		\$0.00	\$0.00	\$0.00	\$10,000.00	\$15,000.00	\$22,500.00
	Cost	50.00%	\$0.00	\$0.00	\$0.00	\$5,000.00	\$7,500.00	\$11,250.00
	Tax	8.00%	\$0.00	\$0.00	\$0.00	\$800.00	\$1,200.00	\$1,800.00
	Net		\$0.00	\$0.00	\$0.00	\$4,200.00	\$6,300.00	\$9,450.00
	Margin'		ERR	ERR	ERR	42.00%	42.00%	42.00%
Net Revenue			\$0.00	\$0.00	\$0.00	\$35,200.00	\$53,480.40	\$81,259.57
Net Expenses			\$0.00	\$0.00	\$0.00	\$15,000.00	\$27,600.00	\$41,400.00
Net Profit			\$0.00	\$0.00	\$0.00	\$20,200.00	\$25,880.40	\$39,859.57
Margin			ERR	ERR	ERR	57.39%	48.39%	49.05%

CMRR KINGSTON REVENUE PROJECTIONS			June 1 2014	June 1 2015	June 1 2016	June 1 2017	June 1 2018	June 1 2019
Wine & Beer Trains								
Ridership	First Class		0	0	300	600	900	1,350
	Regular		0	0	800	1,600	2,400	3,600
	Toddlers		0	0	0	0	0	0
	Comps		0	0	0	0	0	0
	Total		0	0	1,100	2,200	3,300	4,950
	Growth			10.00%	10.00%	100.00%	50.00%	50.00%
Ticket Price	First Class	1.80%	\$0.00	\$0.00	\$60.00	\$61.08	\$62.18	\$63.30
	Regular	1.80%	\$0.00	\$0.00	\$80.00	\$81.44	\$82.91	\$84.40
	Toddlers		\$0.00					
Total Revenue			\$0.00	\$0.00	\$82,000.00	\$166,952.00	\$254,935.70	\$389,286.82
Less Franchise Fee		0.00%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Revenue			\$0.00	\$0.00	\$82,000.00	\$166,952.00	\$254,935.70	\$389,286.82
Event Expenses		1.80%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$35,000.00</u>	<u>\$70,000.00</u>	<u>\$105,000.00</u>	<u>\$157,500.00</u>
Future Event Profit Margin			ERR	ERR	57.32%	58.07%	58.81%	59.54%
Ancillaries	Revenue		\$0.00	\$0.00	\$20,000.00	\$40,000.00	\$60,000.00	\$90,000.00
	Cost	50.00%	\$0.00	\$0.00	\$10,000.00	\$20,000.00	\$30,000.00	\$45,000.00
	Tax	8.00%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$1,600.00</u>	<u>\$3,200.00</u>	<u>\$4,800.00</u>	<u>\$7,200.00</u>
	Net		\$0.00	\$0.00	\$8,400.00	\$16,800.00	\$25,200.00	\$37,800.00
	Margin		ERR	ERR	42.00%	42.00%	42.00%	42.00%
Net Revenue			\$0.00	\$0.00	\$102,000.00	\$206,952.00	\$314,935.70	\$479,286.82
Net Expenses			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$46,600.00</u>	<u>\$93,200.00</u>	<u>\$139,800.00</u>	<u>\$209,700.00</u>
Net Profit Margin			ERR	ERR	54.31%	54.97%	55.61%	56.25%
Farm Event Trains								
Ridership	Adults		0	500	750	1,125	1,688	1,856
	Children		0	500	750	1,125	1,688	1,856
	Toddlers		0	0	0	0	0	0
	Comps		0	0	0	0	0	0
	Total		0	1,000	1,500	2,250	3,375	3,713
	Growth			50.00%	50.00%	50.00%	50.00%	10.00%
Ticket Price	Adults	1.80%	\$10.00	\$20.00	\$20.36	\$20.73	\$21.10	\$21.48
	Children	1.80%	\$0.00	\$10.00	\$10.18	\$10.36	\$10.55	\$10.74
	Toddlers		\$0.00					
Total Revenue			\$0.00	\$15,000.00	\$22,905.00	\$34,975.94	\$53,408.25	\$59,806.56
Less Franchise Fee		0.00%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Revenue			\$0.00	\$15,000.00	\$22,905.00	\$34,975.94	\$53,408.25	\$59,806.56
Event Expenses		1.80%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Future Event Profit Margin			ERR	100.00%	100.00%	100.00%	100.00%	100.00%
Ancillaries	Revenue		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Cost	50.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Tax	8.00%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
	Net		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Margin		ERR	ERR	ERR	ERR	ERR	ERR
Net Revenue			\$0.00	\$15,000.00	\$22,905.00	\$34,975.94	\$53,408.25	\$59,806.56
Net Expenses			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Profit Margin			ERR	100.00%	100.00%	100.00%	100.00%	100.00%

<u>CMRR KINGSTON REVENUE PROJECTIONS</u>			June 1 <u>2014</u>	June 1 <u>2015</u>	June 1 <u>2016</u>	June 1 <u>2017</u>	June 1 <u>2018</u>	June 1 <u>2019</u>
<u>Other Event Trains</u>								
Ridership	Adults		0	0	0	0	0	0
	Children		0	0	0	0	0	0
	Toddlers		0	0	0	0	0	0
	Comps		0	0	0	0	0	0
	Total		0	0	0	0	0	0
	Growth			50.00%	20.00%	10.00%	10.00%	10.00%
Ticket Price	Adults	1.80%	\$0.00	\$24.00	\$24.43	\$24.87	\$25.32	\$25.78
	Children	1.80%	\$0.00	\$16.00	\$16.29	\$16.58	\$16.88	\$17.18
	Toddlers		\$0.00					
Total Revenue			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Less Franchise Fee		25.00%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Revenue			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Event Expenses		1.80%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Future Event Profit			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Margin			ERR	ERR	ERR	ERR	ERR	ERR
Ancillaries	Revenue		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Cost	50.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Tax	8.00%	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
	Net		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Margin		ERR	ERR	ERR	ERR	ERR	ERR
Net Revenue			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Expenses			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Profit			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Margin			ERR	ERR	ERR	ERR	ERR	ERR
<u>Totals - Future Events</u>								
Total Future Event Revenue			\$0.00	\$15,000.00	\$104,905.00	\$271,127.94	\$436,408.36	\$644,647.72
Fees and Costs			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Profit			\$0.00	\$15,000.00	\$104,905.00	\$271,127.94	\$436,408.36	\$644,647.72
Event Expenses			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$35,000.00</u>	<u>\$100,200.00</u>	<u>\$159,100.00</u>	<u>\$238,650.00</u>
Event Profit			\$0.00	\$15,000.00	\$69,905.00	\$170,927.94	\$277,308.36	\$405,997.72
Margin			ERR	100.00%	66.64%	63.04%	63.54%	62.98%
Ancillary Revenue			\$0.00	\$0.00	\$20,000.00	\$50,000.00	\$75,000.00	\$112,500.00
Expense			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$11,600.00</u>	<u>\$29,000.00</u>	<u>\$43,500.00</u>	<u>\$65,250.00</u>
Net Ancillary Profit			\$0.00	\$0.00	\$8,400.00	\$21,000.00	\$31,500.00	\$47,250.00
			ERR	ERR	42.00%	42.00%	42.00%	42.00%
Total Revenue			\$0.00	\$15,000.00	\$124,905.00	\$321,127.94	\$511,408.36	\$757,147.72
Expense			<u>\$0.00</u>	<u>\$0.00</u>	<u>\$46,600.00</u>	<u>\$129,200.00</u>	<u>\$202,600.00</u>	<u>\$303,900.00</u>
Net Profit - Future Events			\$0.00	\$15,000.00	\$78,305.00	\$191,927.94	\$308,808.36	\$453,247.72
Net Margin			ERR	100.00%	62.69%	59.77%	60.38%	59.86%
Ridership - Future Events			0	1,000	2,600	6,786	11,179	15,419

CMRR KINGSTON REVENUE PROJECTIONS	June 1 <u>2014</u>	June 1 <u>2015</u>	June 1 <u>2016</u>	June 1 <u>2017</u>	June 1 <u>2018</u>	June 1 <u>2019</u>
TOTALS						
Total Ticket Revenue	\$805,385.50	\$1,040,022.53	\$1,353,921.78	\$1,619,240.86	\$1,874,603.64	\$2,139,054.42
Fees and Costs	<u>\$200,805.99</u>	<u>\$312,341.75</u>	<u>\$369,500.87</u>	<u>\$387,148.40</u>	<u>\$395,773.98</u>	<u>\$404,753.32</u>
Net Profit	\$604,579.51	\$727,680.78	\$984,420.91	\$1,232,092.45	\$1,478,829.66	\$1,734,301.10
Event Expenses	<u>\$171,721.76</u>	<u>\$181,812.75</u>	<u>\$234,459.38</u>	<u>\$324,055.85</u>	<u>\$401,885.76</u>	<u>\$506,772.90</u>
Event Profit	\$432,857.75	\$545,868.03	\$749,961.53	\$908,036.60	\$1,076,943.90	\$1,227,528.20
Margin	53.75%	52.49%	55.39%	56.08%	57.45%	57.39%
Ancillary Revenue	\$114,201.20	\$147,041.43	\$190,164.72	\$237,878.22	\$274,402.89	\$315,580.03
Ancillary Expense	<u>\$71,582.58</u>	<u>\$91,699.10</u>	<u>\$117,352.11</u>	<u>\$145,731.60</u>	<u>\$166,915.91</u>	<u>\$190,798.65</u>
Net Ancillary Profit	\$42,618.61	\$55,342.34	\$72,812.61	\$92,146.62	\$107,486.99	\$124,781.38
	37.32%	37.64%	38.29%	38.74%	39.17%	39.54%
Total Revenue	\$919,586.70	\$1,187,063.97	\$1,544,086.50	\$1,857,119.08	\$2,149,006.54	\$2,454,634.45
Expense	<u>\$444,110.33</u>	<u>\$585,853.60</u>	<u>\$721,312.36</u>	<u>\$856,935.85</u>	<u>\$964,575.65</u>	<u>\$1,102,324.87</u>
Net Profit	\$475,476.36	\$601,210.37	\$822,774.14	\$1,000,183.23	\$1,184,430.89	\$1,352,309.58
Net Margin	51.71%	50.65%	53.29%	53.86%	55.12%	55.09%
Ridership - Total	31,289	39,307	47,301	54,374	60,659	66,123

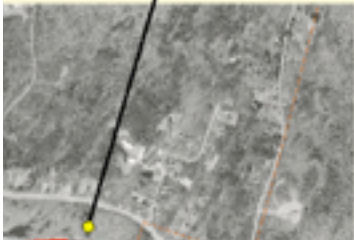
Glenford



- Track Rehabilitation Starting 2008/2009
- Out Of Service, Future Development

West Hurley

Former Depot Site
MP 10.25



Basin Rd
OHBR
MP 10.01

MP10

MP9
Beesmers
OHBR
MP 8.98

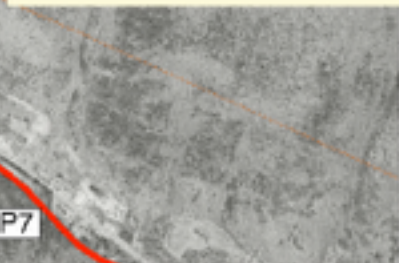
NYS Rte 28A
MP 8.32

MP8

Stony Hollow



MP7

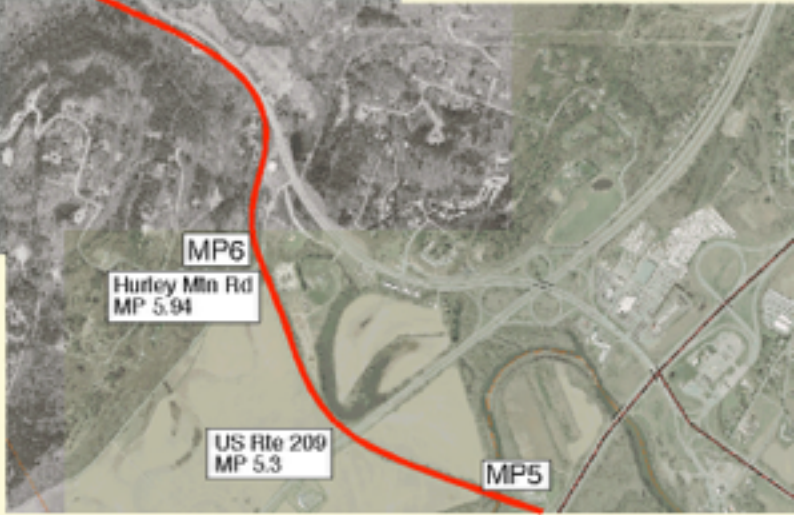


MP6
Hurley Min Rd
MP 5.94

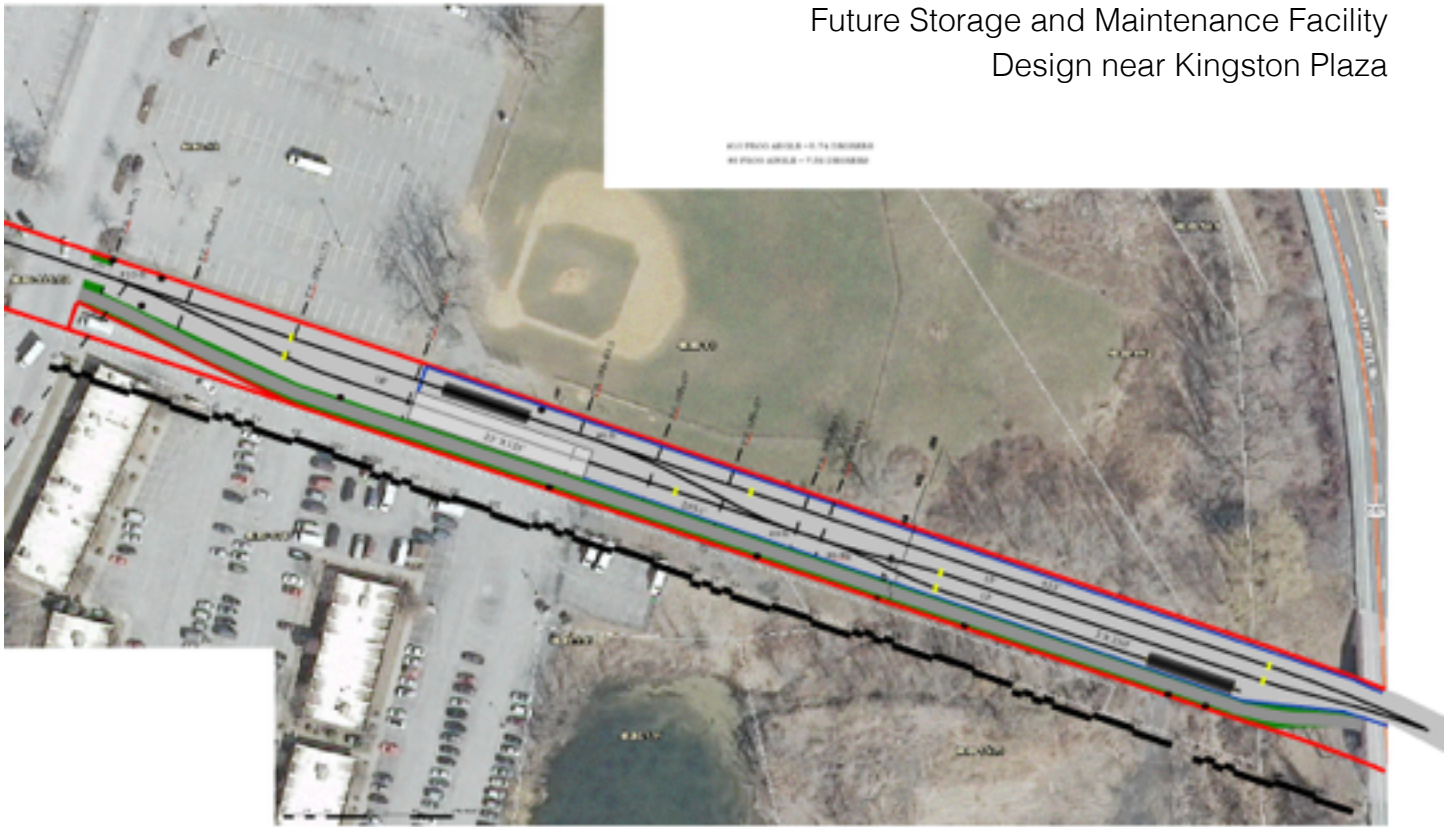
US Rte 209
MP 5.3

MP5

Kingston



Future Storage and Maintenance Facility
Design near Kingston Plaza



Future Passenger Station at
Kingston Plaza



Future Flag Stop and Trail Connection to Kenco





Future Trailhead at Madden House Site Near 28A Crossing



Future Trailhead and Terminal
at West Hurley (Former Station
Site)

