

PRESIDENT'S REPORT

January 2018

Part 1

Work continues on breaking down the Santa Train setup; Ethan has been taking advantage of the good weather to make progress on stripping down the cabooses. I pitched in a bit on the cabooses today, as well; I stripped the front gate last week. My family will be out this weekend or next to clean out the passenger cars, facilitating their removal from the shop to make room for maintenance on locomotives. The Santa Trains did very well again, with the last Friday event being the busiest Friday by far, since we started running on Fridays. I have to mention the core of volunteers (and staff) that made the Santa Trains 2017 a success: Ethan and Ali Doty, Charlie Spikes, Bil and Barbara Jackson, Loren Ross, Duane VanderVeen, Fred Elenbaas, Eddie (Gizmo) Powell, Greg and David Elems, Craig Simmons, KC Dunn, Jean Danielson, Kevin, Kathy, and Zayden Errecart, Vickie Krois, Eddie Buttram, Justin, Jennifer, and Scarlett Harley, Eugene Vicknair, and anyone else I have overlooked as I write this.

Today, I found the "CLOSED FOR THE WINTER" strip sign for the front gate in the storeroom, broken in half. I repaired it and hung it on the gate; the city has been leaving the gate open for traffic to/from the sewer plant, and we have had several carloads of people coming in, whether we are there or not. Those of us that are there this time of year need to be sure that the building, boxcars, equipment, and grounds are secure when you leave, due to the people coming in.

The groups from Arizona that want the two SP beet cars, and want them shipped by rail, have opened a Pandora's box for us in dealing with UP. I am dealing with Marketing, Sales, Real Estate, Legal, and Insurance departments with UP, and it turns out we don't have current agreements with them (in their opinion) for anything (including our lease). Their boiler-plate, standard customer and interchange agreements do not work for us, but they are trying to force us to fit the molds of their standard agreements. I am waiting on an interchange/track lease agreement from them that is supposed to have us lease a portion of the West Pass for \$0 per year. I refused to pay to lease a UP yard track from UP. If this doesn't go through, it's possible they could take out our switch on the West Pass, but I don't see this happening.

By far the most serious fallout of this turn of events that the Arizona folks started is the liability insurance issue. UP is demanding \$10 million aggregate/ \$3 million per occurrence liability insurance, with them listed as an additional insured. This is doable for the occasional interchange activity, but it looks like they are going to make us provide this insurance as a condition of our lease on the property. This will increase our liability insurance costs dramatically, IF we can get insurance. Our current carrier, Arch, has cancelled our policy, and our insurance expires on February 18th. Vivian Sundin of HMBD is actively searching for another carrier, but, as of now, we are out of business on February 19th. It has been fairly common for carriers to cancel at renewal time, so this is not new, but the increased limits UP will require will make it more difficult to get coverage, and it will be VERY expensive (we are currently paying almost \$10K per year for liability insurance; we can expect this to increase significantly, regardless of the coverage).

Part 2

Dialog continues between myself, Vivian from HMBD, and insurance providers. I have clarified information and answered questions for two potential carriers, and have received a non-binding, information-only quote from one of them, pending more information, for the current limits we have, and for the increased limits UP is imposing on us. These quotes, although preliminary, are not as bad

as I was expecting, but our costs will increase. The carriers have also suggested we approach UP about negotiating reduced coverage, and I have begun a dialog with UP's insurance people, who are in Duluth, GA, of all places. As with all the people at UP I have dealt with in the past few months, these people are completely clueless as to who we are, where we are, what we do, and how we could have possibly gotten to where we are without their knowledge and consent. Every conversation starts from scratch, and it very quickly becomes apparent to all these people that we are very aware of what's going on, and it's them that have to get up to speed. So far, I've worked at UP over twice as long as the six people I've dealt with combined. They have a very narrow view of UP and what UP does, and have been fed a steady dose of the company propaganda. It's frustrating and humorous at the same time, but I feel that some progress is being made.

Congratulations are in order for Vice President and Director Greg Elems, who worked his last day on Sparks yard job YSP-20 on Saturday, January 6th, with his family in attendance. His retirement will be official next month, completing a 39-year career with the railroad, which started out with the WP. We can only hope that his future plans include time at the WPRM, within reason. I can't wait for my turn . .

Long-time member Ken Roller passed away recently. While the FRRS' relationship with Ken has been contentious, at best, for the past several years, it must be noted that, in the early years, Ken was a one-man track gang, largely responsible for the building of the track 6 and track 7 extensions, tying the Rip track segments that remained with new sections he built, and other bullwork that needed to be done. He also served as a docent/tour guide, although his performance in this area degraded significantly in later years, resulting in his falling into disfavor with the WPRM staff and management. I was here in those early years, and saw how much work he got done (and helped with a lot of it) until he got older and his back gave out. His passion was steam engines, and he would steer conversations in that direction at the expense of being a good docent, especially as time went on. He also liked to paint (especially steam engines), and had a unique style that was admired by many. His paintings are all over town, and he has one hanging in an elevator lobby in UP headquarters in Omaha. He was also a Vietnam veteran, and suffered ailments related to his tour over there. I intend to attend his memorial service on behalf of the FRRS; we owe it to him, regardless of how things went in the later years.

I have concluded our dealings with FEMA regarding the flood damage issues we endured during last year's atmospheric river flooding events. After many months of paperwork, meetings, E-mails, and many hours spent on them, we were determined to NOT be a critical industry under the guidelines established, and our application was denied. We could start over by applying to the Small Business Administration for possible assistance, but FEMA felt that this was a long shot. I filled out and sent the cancellation form, and opted not to go to the SBA. (By the way, the City of Portola's claims to FEMA were also denied; they had far more damage documented than we did). I want to thank the FEMA rep in Redding that we were dealing with; he was very helpful, honest, patient, and gave good advice.

With a significant Director election looming in 2018, with several seats to be filled, I encourage everyone with an interest in the FRRS/WPRM to consider giving of your time and effort to serve as a Director. The Board of Directors meets monthly, and charts the direction of the FRRS and the WPRM, our biggest asset and prime income generator. The issues and challenges facing the FRRS/WPRM require input from dedicated and interested individuals. If you are one of these people, your input is solicited as a Director.

- Steve Habeck – FRRS President