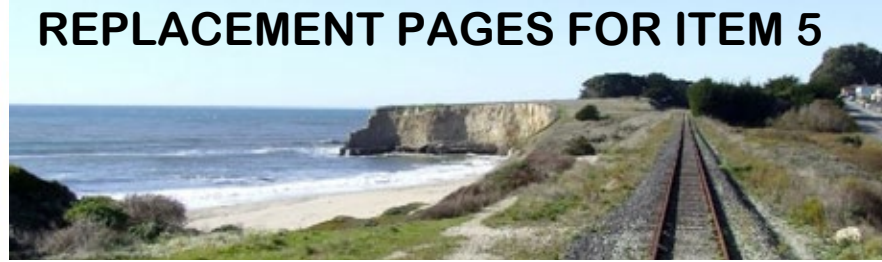


REPLACEMENT PAGES FOR ITEM 5



Rail Explorers Santa Cruz

Summary of Proposal

Rail Explorers is an eco-tourism business offering a unique way to experience the magic of the railroad and the freedom of the wild. Our custom built pedal-powered 'railbikes' are easy to pedal and offer families, groups of friends, couples and people of all ages and abilities the opportunity to 'ride the rails'.

Rail Explorers is proposing to expand its New York based operations to offer railbike tours between Santa Cruz and Davenport. With spectacular views over the coastal cliffs and Pacific Ocean, a strong existing tourism market, and proximity to large population centers we are confident that **Rail Explorers: Santa Cruz Division** will be a popular attraction, with a significant positive economic impact to the region.



Rail Explorers Santa Cruz

COMMERCIAL IN CONFIDENCE

This is a proposal to start up a new job creating business in a competitive global market place. We regard the business plan, market analysis, business costings and project costings we have determined to be confidential. This information is only to be used for evaluating this proposal and is not be used or disclosed for any other purpose. This is because the nature of competition in the tourist attraction business is about unique products and market capture. Hence, release of this information would compromise the future competitive position of our business.



Rail Explorers Santa Cruz

Total Distance: Santa Cruz to Davenport: 10 miles



Rail Explorers Santa Cruz

Santa Cruz County: Statistics

- *Over 3 million annual visitors to Santa Cruz County*
- *Santa Cruz enjoys year-round tourism, with peak seasons in Spring & Fall*
- *9 million people within 100 miles, 23 million within one day's drive*
- *29 miles of beaches and 14 State Parks over 7000 acres*
- *Railroad is adjacent to Pacific Coast Highway 1 “one of the most scenic drives in the USA”*
- *High percentage of visitors looking for ‘family friendly’ activities*
- *Average overnight stay 3 nights*
- *Average overnight visitor spend \$151/day - only \$10 on attractions*



Rail Explorers Santa Cruz

Rail Explorers Santa Cruz Division

- *First railbike attraction on the West Coast*
- *10 mile guided tour for up to 80 people, up to 4 times per day*
- *Terminus at Wilder Ranch State Park & Davenport Beach*
- *Attractive to a broad demographic: families, couples, the elderly & millennials*
- *Increases visitor spending and overnight stays*
- *Peak & Off-Peak Pricing with Discount Days to encourage Local Ridership*
- *Estimated Annual Ridership: 47,000 people*
- *Estimated Direct Economic Impact: \$7,767,000*
- *Estimated Job Creation: 26 Full Time & Part Time Jobs*



Rail Explorers Santa Cruz

Market Analysis

The Location

Santa Cruz County is a popular destination for over 3 million visitors every year. The area boasts magnificent beaches, surfing, redwood forests, farmland and coastal walks. The Pacific Coast Highway which parallels the railroad is an extremely popular route due to its scenic beauty. The population centers of San Francisco and Sacramento are nearby. Nine million people live within 100 miles, & twenty-three million live within one day's drive of Santa Cruz.

The average visitor is

- Professional
- Educated (Bachelors degree or above)
- Earns \$80,000 per year
- Traveling with family or a group of friends
- Spend 2-5 days in the area
- Majority are returning after a previous visit

Age Groups

- families with young children
- couples
- mature couples (no kids)

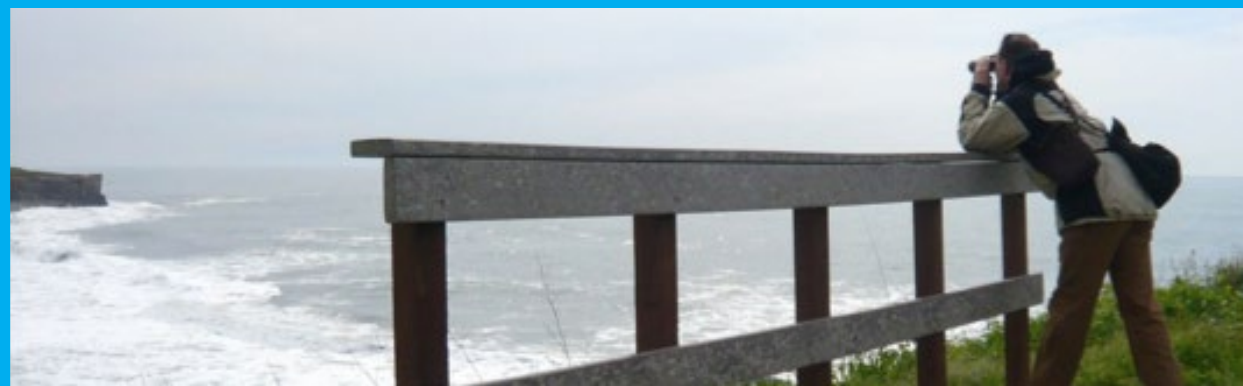
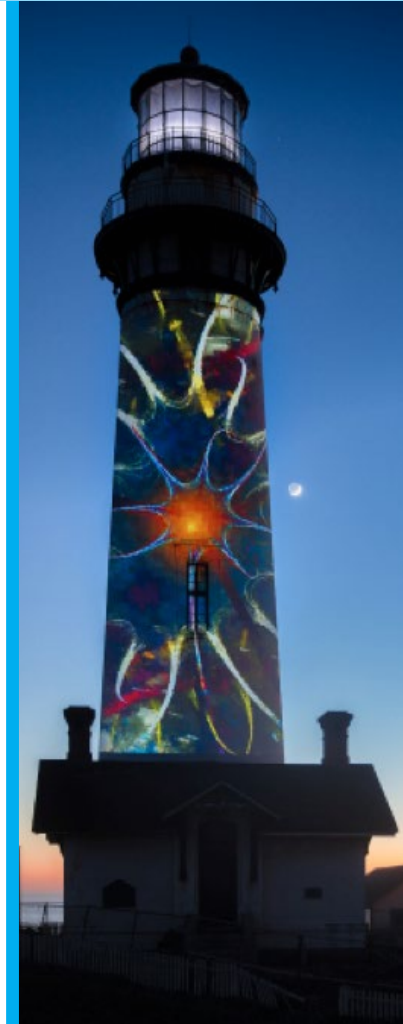
The common draws:

- the ocean & the beach
- explore the area
- the beauty of the landscape
- a chance to get away from it all, relax, and reflect.

Local attractions

- Wharf
- Boardwalk
- West Cliffs Drive
- Natural Bridges State Beach
- Roaring Camp Railroad

Railbiking with **Rail Explorers** is an activity that aligns perfectly with the profile of visitors to the Santa Cruz region. It is a new and unique activity that is family friendly, suitable for all ages, which offers access to the coast in an exciting and accessible way.



Rail Explorers: Strategic Partnerships

Strategic Partnerships

Crucial to the success of Rail Explorers will be a close relationship with both the Santa Cruz Regional Transport Commission (SCRTC) & the Land Trust of Santa Cruz County, & Californian State Parks & Recreation, & Santa Cruz Rail Tours, LLC.

Rail Explorers Santa Cruz operations require the endorsement of the three core organizations:

- SCRTC - railroad right of way - Santa Cruz to Davenport
 - Davenport Terminus & parking area
- Iowa Pacific - railroad usage - Santa Cruz to Davenport
- Land Trust of SC - land adjacent to rail corridor
 - Davenport Terminus Cliff walk access
- Californian State Parks & Recreation
 - Wilder Ranch Terminus & parking area
 - Nature walks & Wilder Farm

Synergy of Resources

Rail Explorers is the perfect hybrid of bike, rail, preservation and community, encompassing SCRTC, Land Trust of SC, California State Parks & Recreation, Iowa Pacific, Friends of the Rail & Trail, and Bike Santa Cruz County.



Rail Explorers: Benefits for Santa Cruz County

Jobs

26 full time and part time jobs.

Internships and training offered to young citizens of the Santa Cruz region.

Key roles include: General Manager, Operations Manager, Marketing, Sales and Booking Manager, Maintenance and Repairs.

Economic Returns to Local Communities & California State through:

Taxes generated through ticket sales, merchandise & payroll.

Suitable for Everybody - including those with disabilities

Rail Explorers is an experience that can be enjoyed by everyone. The easy to ride railbikes are suitable for the elderly, families with young children and people with disabilities. Modified railbikes will be available for wheelchairs, ensuring that this spectacular activity can be enjoyed by everybody.

Preserve and Improve the Rails

Rail Explorers will activate, preserve and maintain the existing rail infrastructure for the future.

Rail Explorers will undertake track remediation and improvements at terminus access points (for example walkways, retaining walls, steps & wheelchair access).

Rail Explorers daily tours and activity on the rails will deter vandalism & trespass.

Sharing the Rail Corridor with the Rail Trail

Rail Explorers can co-exist with the proposed Rail Trail in a mutually beneficial and friendly way. Rail Explorers' marketing efforts will directly benefit the Rail Trail through additional exposure, and will offer a 'Gateway Experience' to the trail.

A Great Attraction

Rail Explorers will become one of the region's 'must-do' attractions, bringing in local, interstate and international visitors. Rail Explorers: Adirondack Division is currently rated #1 Outdoor Activity in Saranac Lake on Trip Advisor. An incredible 60% of visitors nominated Rail Explorers as their primary reason for travel to the region.



Rail Explorers Santa Cruz

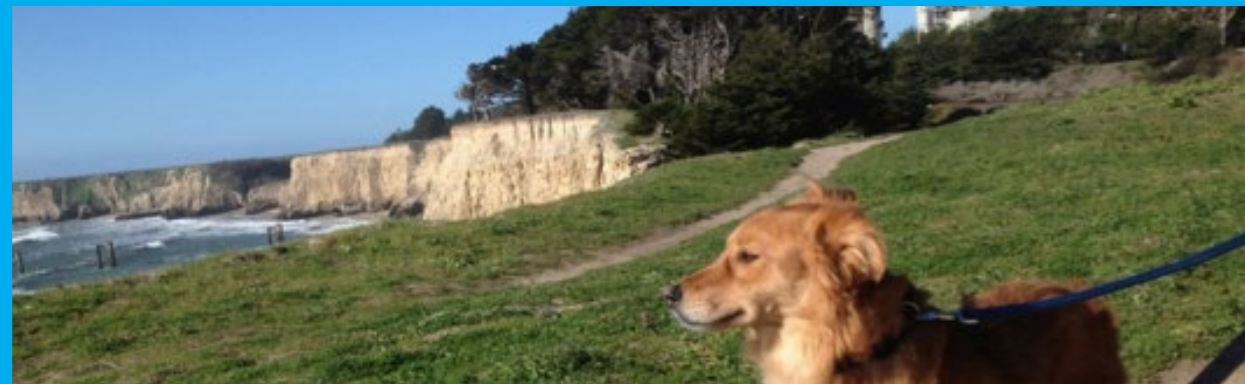
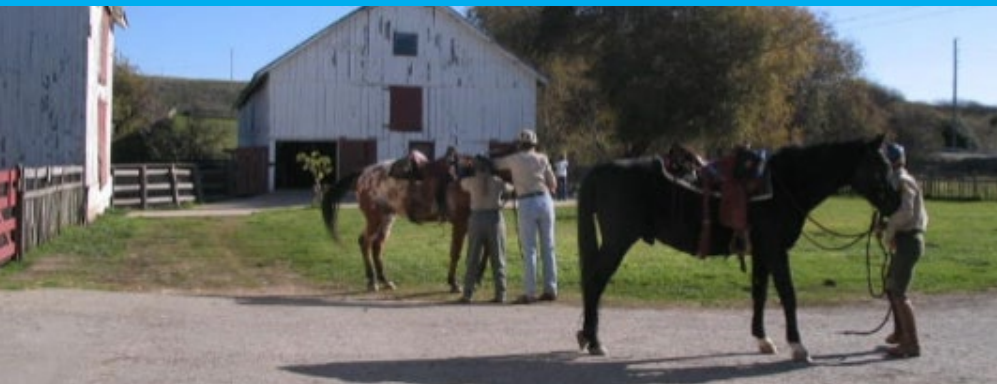
Rail Explorers Santa Cruz Core Revenue Streams:

1. Ticket Sales – prices for rail bikes will be \$75 for a Tandem (2 person railbike) and \$125 for a Quad (4 person railbike).
2. Tours & Packages - Rail Explorers will work with area businesses to create special events and personalized tours. partner with tour service providers to contract tour bus and group bookings. Santa Cruz has over 80 annual events throughout the year, presenting many opportunities for partnerships.
3. Merchandise – Rail Explorers will sell branded t-shirts, hats, sweatshirts and bags. Collectible enamel pins and cloth badges will also be available for purchase.
4. Refreshments – Rail Explorers will offer water, sodas, coffee, snacks and ice cream creating an additional revenue stream for the business.
5. Special Events – Birthday party booking, corporate events, team-building activities, summer camps, family reunions, fundraising campaigns and community events.
6. College Events – within 50miles of Santa Cruz County are 29 colleges. The railbikes present many opportunities to facilitate outdoor classroom activities and recreation events for college classes and students.
7. Special Needs – We plan to create an integrated program for veterans, and are looking to develop programs with local centers to provide a safe outdoor recreational activity for special needs children and adults. Rail Explorers offers a uniquely accessible experience for those with special needs.
8. Medical Prescriptions – Rail Explorers is proposing to provide a curated exercise program that can be a “prescriptive” medicine for cancer and cardiac rehabilitation patients. Through local clinics, Rail Explorers may qualify as a rehabilitation exercise provider, eligible for Government funded treatment programs.

TOTAL PROJECTED SALES 2016: \$980,000 (6 months from July launch)

TOTAL PROJECTED SALES 2017: \$1,617,000

TOTAL PROJECTED SALES 2018: \$1,800,000



Rail Explorers Santa Cruz

Rail Explorers Agreement with the Santa Cruz Regional Transport Commission

Compensation

Rail Explorers would provide the RTC with monthly ticket sales information and compensation at the rate of \$1 for each ticket holder. With ridership projections of 35,000 to 45,000 riders in the first year, annual compensation to RTC would be \$35,000-\$45,000.

- * Rail Explorers request that charity events/ticket donations are exempt.
- * Rail Explorers bookings database will capture valuable passenger information which will be made available to the regional and state Tourist Information Centers.

Rail Explorers' annual operating expenses will be over \$600,000 - over 50% of which will go towards payroll.

Rail Explorers is also committed to donating up to 10% of profits to a community Not For Profit (this donation could go in part to the Land Trust). California State Parks may also require an annual fee to access the Wilder Farm parking area.

Track Usage Agreements

Rail Explorers will operate under two agreements: one with Iowa Pacific, and one with the Regional Transport Commission.

Rail Explorers understands that a new operating agreement must not conflict with the existing agreement between Iowa Pacific and the RTC.

Insurance

Rail Explorers will secure the required Public Liability and Workers Compensation insurance policies.

Copies of these insurance policies will be provided to both Iowa Pacific and the Regional Transport Commission.



Rail Explorers Santa Cruz

A SUSTAINABLE, COMMUNITY FOCUSED VISION

Rail Explorers is committed to social and environmentally responsible operations and management. We operate with the immediate and long-term goals of:

- Presenting an alternate, sustainable eco-industry using existing rail assets with minimum investment and significant social and economic returns
- Preservation and activation of the railroad with an economically sustainable business
- Delivering a new and engaging tourism product that can be enjoyed by EVERYONE, including families with young children, couples, groups of friends, the elderly and the disabled
- Connecting with a broad demographic of visitors to become one of the region's most sought after tourism products – a 'must do' attraction bringing in visitors from far and wide
- Dispersing visitor spending into the communities of Davenport and Watsonville
- Providing economic returns to Local Communities and Federal & State Governments

PRODUCT & SERVICE ADVANTAGE

Rail Explorers is the first of its kind in the USA, and has no other rival in the marketplace. The company have secured a 15year exclusive distribution deal with the designer of the railbikes for the entire North American market. As proven in our first season in NY in 2015, the demand for our product is strong and captures the imagination of all who see the railbikes. It is attractive to all ages and accessible to all abilities.

Rail Explorers can operate on railroads that are not suitable for regular train operations. The light weight of the railbikes compared to a locomotive allows operation on out of service or abandoned railroads with little or no track remediation in most locations.

Rail Explorers have an operational model that has been tested and refined through our first season. Years of research and practical experience provided invaluable insight to expand and grow our operation.

Rail Explorers Santa Cruz

On Site Facilities

Davenport Terminus (pending negotiations)

Location - RTC siding alongside railroad adjacent to Davenport Beach

Ticketing & Sales - mobile trailer (Airstream conversion)

Refreshments - local Davenport businesses (bakery, cafe, bistro)

Bathroom Facilities - mobile trailer restrooms

Wilder Ranch Terminus (pending negotiations)

Location - CA State Parks land at Wilder Ranch adjacent to RTC railroad

Ticketing & Sales - mobile trailer (Airstream conversion)

Refreshments - potential partnerships with local food trucks

Bathroom Facilities - existing on site - supplement with mobile trailer restrooms



Rail Explorers Frequently Asked Questions

What is Rail Explorers?	Rail Explorers is a private enterprise which activates underused or abandoned railroads. Rail Explorers' custom built pedal powered 'railbikes' transform old rails into vibrant tourist attractions. The railbikes offer a unique new way to experience the magic of the railroad and the freedom of the wild.
Where can I try it?	Rail Explorers Adirondacks operates out of Saranac Lake in New York. They are proposing to expand the business to the west coast, to the railroad between Santa Cruz & Davenport.
Where would it start?	Rail Explorers Santa Cruz would run between Wilder Ranch State Park & Davenport Beach.
Where will I park?	There are designated parking areas at both locations.
How can I pass a slower railbike?	Passing is not possible - the idea is to enjoy the experience, not go as fast as you can. The railbikes are fitted with hydraulic disc brakes to regulate speed and maintain distance from the railbike in front.
What about railbikes coming the other way?	The tours are timed so that all railbikes have reached the destination before they are turned around for the return journey.
How do I get back to where I started?	Each ticket includes a complimentary shuttle to get you back to your vehicle.
How much does it cost?	Tickets are sold per railbike. Tandem (2 seats) \$75. Quad (4 seats) \$125 Off-peak pricing & Discount Days will ensure that the railbikes are affordable for everyone.
Who can ride the railbikes?	Everyone! Rail Explorers railbikes are suitable for all ages and abilities - the elderly, families with young children, couples, cyclists, non-cyclists, hikers and couch potatoes.
What about people with disabilities?	Yes! Rail Explorers is available to everyone, including those with disabilities. Modified rail-bikes can accommodate wheelchairs. There is no need to steer so vision impaired riders can also enjoy this unique experience. Our goal is to offer an accessible experience for all.
What about the corporate events and team building?	Railbiking is a fantastic activity to do together. Railbiking is easy, great fun and a unique, memorable experience. Share it with your team - travel in convoy or space the railbikes out - you will all enjoy this exciting new way to get out and get active!

Rail Explorers Santa Cruz

Rail Explorers Proposed Timetable and Tour Schedule

YEAR 1 - 2016 partial operational year.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOV.	DECEMBER
							TBD OPENING DAY JULY 4, 2016					
							SUMMER TOURS - 7 DAY WEEK					
MONDAY							4 TOURS DAY	DAY 1 : 8:30a, 10:30a, 12:30p, 2:30p, 4:30p, 6:30p				
TUESDAY							4 TOURS DAY	DAY 2		FALL TOURS - 5 DAY WEEK		WINTER TOURS
WEDNESDAY							4 TOURS DAY	DAY 3		4 TOURS DAY	DAY 1	4 DAY WEEK
THURSDAY							4 TOURS DAY	DAY 4		4 TOURS DAY	DAY 2	2 TOURS DAY
FRIDAY							4 TOURS DAY	DAY 5		4 TOURS DAY	DAY 3	2 TOURS DAY
SATURDAY							6 TOURS DAY	DAY 6		4 TOURS DAY	DAY 4	2 TOURS DAY
SUNDAY							6 TOURS DAY	DAY 7		4 TOURS DAY	DAY 5	2 TOURS DAY
		TASKS: FINAL Agreement neg: RTC, IP, SCLT, CA State Parks. Apply necessary CA permits. * Launch Marketing Campaign	TASKS: Finalize investment agreements, commence building railbikes (30 order, 3 months lead). Survey restoration & access requirements along track.	TASKS: Finalize investment agreements, commence building railbikes (30 order). Survey restoration & access requirements along track. Meet with stakeholders.	TASKS: Construction & Remediation of Survey site locations. Meet with Community Stakeholders.	TASKS: Hiring & Training Employees. Meet with Community Stakeholders. * RAILBIKES Shipped to location. ** RAILBIKE trials on track & Training.						

YEAR 2 - 2017

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOV.	DECEMBER
						SUMMER TOURS						
						7 DAY WEEKS						
MONDAY						4 TOURS DAY	DAY 1 : 10:30a, 12:30p, 2:30p, 4:30p					
TUESDAY	WINTER TOURS		SPRING TOURS			4 TOURS DAY	DAY 2			FALL TOURS - 5 DAY WEEK		WINTER TOURS
WEDNESDAY	4 DAY WEEK		4 DAY WEEK			4 TOURS DAY	DAY 3			4 TOURS DAY	DAY 1	4 DAY WEEK
THURSDAY	2 TOURS DAY		4 TOURS DAY	DAY 1 : 10a, 12p, 2p, 4p		4 TOURS DAY	DAY 4			4 TOURS DAY	DAY 2	2 TOURS DAY
FRIDAY	2 TOURS DAY		4 TOURS DAY	DAY 2		4 TOURS DAY	DAY 5			4 TOURS DAY	DAY 3	2 TOURS DAY
SATURDAY	2 TOURS DAY		4 TOURS DAY	DAY 3		6 TOURS DAY	DAY 6 - SAT & SUN 6 TOURS/DAY			4 TOURS DAY	DAY 4	2 TOURS DAY
SUNDAY	2 TOURS DAY		4 TOURS DAY	DAY 4		6 TOURS DAY	DAY 7			4 TOURS DAY	DAY 5	2 TOURS DAY



Who We Are

Rail Explorers is headed by Mr Alex Catchpoole and Ms Mary-Joy Lu.

Mary-Joy and Alex began their entrepreneurial partnership almost 20 years ago. Their partnership gives them a strong combination of complementary skills, and they share a strong belief in community and the preservation of resources for the future.

Both Alex and Mary-Joy are consummate professionals who having spent the last 12 years in New York City running their media production company TANQ, dealing with large commercial budgets and contracts and delivering projects on time for tight on air deadlines. During this period they have consulted to some of the globes largest and most prestigious brands including Bank of America, American Express, Time Warner, Acela Amtrak Railways, Lincoln, Mercedes Benz, Volvo, Avon, Samsung, US Asthma Foundation, OLAY Cosmetics and the US Marine Corps.

The couple launched Rail Explorers in July of 2015, after developing the business for the previous three years.



Rail Explorers Contact Details

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