

C&T Commission meeting 28-Jul-18

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<http://www.coloradonewmexicosteamtrain.org/commission/index.htm>

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<http://commission.ctsrr.com/>

I may not have all of the “legal” terms correct. There may be spelling errors with persons or businesses. I paraphrase much of what was said. I try to indicate what the speaker means. This document serves to give the readers not present at the meeting a “pretty good” idea of what happened.

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New Mexico Commissioners: Dick Cowles, Billy Elbrock
Colorado Commissioners: Dan Love, Mark Graybill
General Manager of the C&T railroad: John Bush

Glossary:

CO: Colorado

NM: New Mexico

RPO: Railroad Post Office

CTO: Cumbres Toltec Operating company

MOW: Maintenance Of Way

"the Friends": The Friends of the Cumbres & Toltec RR, the museum arm, <http://www.cumbrestoltec.org>

RR: Railroad, the C&T railroad, unless mentioned otherwise

NOTE, This version is the spell checked, corrected version. Uploaded 13-Aug-18.

1. Call meeting to order

2. Pledge of Allegiance

3. Introductions

4. Motion to approve agenda

Approved.

5. Motion to approve the Minutes from the April 28, 2018 commission meeting

Approved.

6. Presidents Report - John Bush

6a. Reservation Report, 6b. Maintenance and Repair Report, 6c. Tracks Across Borders Byway

Ridership up 8.2% for May, which keeps with the marketing plan. On the first of June there was a fire near Durango which put the Durango Silverton (D&S) railroad out of service for a while. That was a factor in June ridership being up 38.9%. On June 27, the Spring Creek fire near La Veta pass started. Hwy 160 over the pass was closed from July 1 to July 15. July ridership thru July 26 was up 6.7%. Overall for the season, ridership is up 19.9%. Reservations for the season are up by 18%. Due to pricing and discount changes for this season, revenue is up 28%. The big challenge this season has been due to fire. All three jurisdictions the RR runs through had up to stage 3 fire restrictions at one point this season. The RR applied and gained exemptions to to fire bans thanks to an aggressive fire suppression program by the RR. He thanked all departments in their work to make sure fires were not an issue. Rio Grande forest, Carson forest and Archuleta county were pleased with the fire suppression performance by the RR. In mid June one of the motor coaches developed operating problems. Each coach now has an RR radio so the operator contact dispatch when problems arise. Do date, 15 doubleheaded trains have run. Performance this season has been good. There was a minor tender derailment. One day had a coach hot box problem, and the coach needed to be set out. The trains have been operating without undue delay. Upcoming in late August is the 50th anniversary of the last D&RG anniversary freight. Trains magazine has two days of charters scheduled. September will have some charters for the Friends of the C&TS. There may be a few tickets available for a single day charter. The money for the bond sale in New Mexico is now available (capital improvement) to be used as soon as the contracts are signed. This will occur about the first week of September. This should allow the RR to continue its capital improvement program without interruption. The capital improvement program is

going well despite the need from MOW to assist with the fire suppression program. MOW expects to get in all the ties this year. In two more years, all of the ballast will be in. Once ballast is complete, the RR will be truly be in the maintenance phase of the track. The passenger equipment upgrade will still take more time. The flat roof cars will be upgraded to the clerestory style cars. A buyer for the turntable in Chama has been found. The turntable came from Rice yards in Denver. It will be going to the Knoxville & Holsten railroad in KY. Shipment could be complete by mid September. Historic car 292 has been completed. Car 256 is now in process. The demo phase of the 256 is nearly complete. A mini grant has been gained to build trucks for these cars. This is very important as the 256 arrived without usable trucks. The trucks should be complete within the two year grant program. Fund raising for engine 168 is going well. The engine work is ahead of schedule and under budget. Tracks across Borders, an app has been developed for smart phones to allow people to get a guided tour of the byway. The phone needs GPS to enable the guided tour. This allows the RR to begin promoting the byway.

6.d Train Operations Report - Ed Baudette

John Bush covered most of the points. We are 10 days from the mid point of the season. It has been a busy first half. The NARCOA people will make their second visit to the RR in the second half. The RR likes to do the movie kind of things, as it provides nice exposure for the RR. A music video for Duetcha Gramophone, a classical recording company out of Europe was filmed on the RR. On July 1 they released a new set of the Rachmaninaoff piano concertos. Their brought their young prodigy pianist to film a fantasy video in July. Unlike the movie stuff (where they modify the appearance of the equipment), the music video did not. 15 double headers were mentioned earlier. Another one went out this morning. Dick Cowles asked if the music videos will be made available for viewing. The video is scheduled for release October 12.

6.e Historic Car Fleet update - Stathi Pappas

As John Bush mentioned, the capital program is quite close to the goal of raising the \$501,000 for the 168 project. Should the goal be exceeded, that money can be used to speed up the process. Stathi thanked the campaign finance committee, Jerry Deeds, Scott Gibbs and John Bush for raising the amount of funding in a short time. He has never seen a capital campaign so successful. Last month the decision was made to bring the 292 car over to Chama so it could be displayed with locomotive 315 and RPO 54 (a Friends restoration). This is to allow the general public a feeling for what the historic car fleet will become. This is the first time a real Denver & Rio Grande coach has made a trip over this rail since 1968, when the D&RG moved cars to Durango. Stathi served as brakeman on that trip. (ed. Stathi told me the car performed well on its 64 mile trip. The brakes worked very well down the Cumbres to Chama leg of the trip). This move proved that the RR is working on the gold standard for railroad preservation. Stathi thanked all involved for having the vision to see this to completion. He included the staff in his thanks. In late September, there will be a charter of the 315/RPO/292. Buy tickets for this charter, as it is such a treat to ride over this RR in a real 1880's coach. Work can now begin on building the castings needed for the Pullman style trucks that will be built for the historic car fleet. 168 is under budget and on time. The locomotive should be ready for a late 2019 roll out. Commissioner Graybill thanked Stathi for all the work performed to date.

7a. Financial Report - Eed Beaudette

We are halfway thru the season, but are now closing the books on FY 2018. Looking at the balance sheet, our position for May alone is up over ½ million dollars. Inventories for retail are where they should be. Advance ticket sales are up about 1.2 million dollars. This indicates a pretty strong second

half. The equity position is up. The only balance sheet that is down, is the commission. This is due to the poor support from NM. The commission shortfall is being picket up by the CTO. Overall it is a very strong position. The overall unaudited income for 2018 comes in about \$488,000. That is nearly double of the original plan. June was a windfall, a helpful one. On the expense side, it is overall less than 2017. Even with June being an expensive month due to the cost of fire suppression, as well as the cost of carrying more passengers. Additional costs include the lunch service at Osier, and running more buses. Capital billings are where they were expected to be. Capital outlays are going as planned for the capital improvement program. Commissioner Graybill thanked Ed for providing accurate numbers in a timely fashion. Without good finance numbers, running the RR is more difficult. John Bush thanked Ed for taking on the task of finance. Commissioner Cowles followed Johns thanks for same. The commissioner (Cowles) mentioned the failing of NM to fund the commission as it should based on the compact that established the C&TS RR. This will be addressed in the upcoming NM session. He feels that funding will be a bit easier this year, now that NM will receive more money from the oil patch.

8. Commissioner Reports

8a. Chairman Report - Billy Elbrock/local affairs

We are on our third year of community liaison. Kim Casford has held that position during this time, to work with both communities. This has worked well. She is out there to represent the RR. She presented her report. She thanked the RR as well as the communities during the dire fire season that just ended. The safety record for this season has been amazing. She is continuing on keeping strong relationships with the communities and businesses. She is enjoying the work. She has also been assigned to work with the NM legislature issue. She needs to work with representative Susan Hurrara to get her up to speed. She looks forward to gaining funding for the commission, to relieve the CTO of their assistance. Dick Cowles pointed out how due to the NM shortfall, the funding for the commission has been coming from the train operations (CTO). This also affects funding for railroad improvements.

8b. Vice Chairman Report - Dan Love/capital projects

He mentioned how much of the capital projects have already been discussed. The goal remains to get the RR self sustaining. The best way to preserve this RR and the jobs that go with it is if it can take care of itself. The commission will always need to be funded by the states, as the commission itself has no revenue source. The commission exists to protect the interests of the states. Once the capital obligation is removed, the funds needed from the states will be much reduced. The capital funding from CO has been \$1.1 million a year for the last 6 years. The cost of running the commission, including the insurance of the RR is approx \$800,000 (audio was a little garbled, best guess). It is projected that self sufficiency will be about 2023. We are running well on to that goal. This is the fourth year in a row the RR (CTO) has had a profit. One of the things the commission sees for the future of this RR is having a good business relationship with Antonito. He feels things are going well in Chama. He thinks the businesses in Antonito are heading off in a different direction. This isn't good or bad. From the RR's perspective, there is a need for places for people to stay. Places for people to eat as well as entertainment for the family so they don't have to go elsewhere. He is asking Kim Casford to work with the merchants. Not as the big daddy telling others what to do, or provide money to do it. Rather, to work together to solve problems of the future that each of us have commented on. Antonito is a focus of the commission. Sitting where we are today (Antonito town hall, location of the commission meeting) is part of the commitment of the commission to Antonito.

8c. Secretary Report - Dick Cowles/finance

He mentioned he is responsible as secretary as well as finance this year. The latter has been rather pleasant. The financials are in good shape. It has been mentioned in the past the need to expand premium service. The tourist level service class. Last year, an application to NM was made to fund that service level over a two year period. It is desired to add two tourist cars to the passenger fleet. That effort failed. Approations from CO as well as the Candalaria Fund (Caroline & Richard Tower, members of the Friends, as well as past managers of the RR) were gained. The project has started. There are two standard gauge flat cars in Farmington to begin the effort. This project is expected to cost \$600,000. Half of the money coming from CO, and the other half from the Candalaria fund. Dick thanked John, Stathi and others for getting this to happen. As secretary, he had the unenviable task of looking at the commissions past records. These are boxes of old documents. This was kind of like going into a dumpster to find stuff. Dick Cowles & Carl Turner went through these records about 15 years ago. They found important documents regarding the governance of the RR. Some of which dealt with the agreements between the two states. Thanks to the help of Ed Baudette & Tracy Gallagos, a week was spent deciding what is important. Three piles were generated. One was governing documents, corporate records, minutes of the commission. There was also a set of documents of historical interest that are to be set aside and preserved. The third pile consisted of duplicate information, or no reason to keep. During the off season, these documents will be better organized. The necessary paper records will be retained. Items such as the minutes will be computer scanned for public access.

8d. Treasurer Report - Mark Graybill/marketing liaison

He is happy with the way marketing is going. Having several years with Launch (the RR marketing firm) has helped the RR. He feels they are doing a very good job. It has been a problem in the past with changing marketing firms each year. This caused a learning curve every year. He is pleased with their results. Sales to date, by market, 22% are from CO, 21% from NM, and 20% from TX. TX has been moving up. Most of the marketing effort is early in the year. Launch needed to redirect marketing effort in June due to the fire season. He rode the train on Thursday. While the hundreds of thousands of dollars spent on marketing are important, the other aspect is employees of the RR and word of mouth advertising. He was very impressed with the staff of the RR. He watched them work with the guests of the RR. Everyone was very good, very kind with the guests. These employees were the fireman, parlor car attendants, brakeman, or even the fire patrol. They all talked to the guests. Nothing beats word of mouth. He thanked the staff for going above and beyond. They provide great customer service. 95% of the respondents (to on line polling) gave the RR an 8 or above in rating the RR's service. 75% gave a 10 of 10 score. The web site has seen great improvement thanks to feedback from the staff. The website is getting more and more user friendly. Today, web traffic is up over 24%. vs last year. More and more people are finding the website by typing Cumbres and Toltec. 40% of the people are finding the site via the search term Cumbres and Toltec. That means the RR is getting name recognition. He feels the relationship between the staff and Launch is very good. We will keep our fingers crossed for the future. John Bush thanked Mark for his update. John then followed up with saying it is known by the staff that the states own the RR, it is in fact their RR. The staff take a great deal of pride in the RR. The RR is their family. That comes across to the passengers of the RR. Mark verified that a number of the staff refer to the RR as their family. Mark doesn't introduce himself to the staff when riding the train. Some employees know who he is, others do not. He often sees how the employees really act toward the customer. John thanked him.

9. Friends of the C&TSRR Report - Tim Tennant

Before this report, John Bush also pointed out that our family also includes the Friends. Dick Cowles found this important praise coming from the newest commissioner. Mark has his own RR to run (the Georgetown Loop). Tim then had the mike. Tim mentioned the Friends moonlite train that ran the nite

before this meeting. He wished he was more rested, but pointed out that Ed Beaudette had it worse, as he had to put away the train after it returned to Chama. The Friends passengers had a good time. The RR staff make the Friends annual moonlite train such a good product. The staff enjoy working on that train. Even with the rough weather to begin the trip, things went well. Steven Flowers prepared a great meal up at Osier. Tim reports many repeat customers on the moonlite train. As July comes to a close, the E work session just finished. 44 people worked that week. 8 of which were first timers. Next week is the F session in both Antonito and Chama. 54 will be working. Session C, Tim thanked commissioner Love for joining. At the end of that session, there was a banquet on Cumbress Pass. Tim mentioned that during work sessions C & D, that work was done on historic trucks in Antonito. Pictures of the work were provided to the commissioners. RPO 54 will be the first car to receive the new trucks. After the D session, Valerie Lowrance was over in Antonito to dedicate the Car Restoration Facility (CRF) after her late husband Ed. It is now known as the Ed Lowrance CRF. Ed passed last November 4. He was the driving force behind the CRF. There is now a dedicated crew that love working in the CRF. It was Ed's vision to develop good facilities in Antonito. Work on the tourist sleeper (part of the historic car fleet) in Colorado Springs moves along. The floor and ceiling should be done in January. He thanked the commission for their support. We are a family, working for the same objective.

10. New Business

10a. Motion to grant a power line easement, subject to negotiation

There is a piece of the Kunz property that was not purchased by the RR. The sale of that property is pending, depending on an easement for a power line. The easement would not affect the ability to run the trains, nor would it impact a future car storage facility. This property is in Chama, in what is known as the south forty. The details still need to be worked out. Ed Beaudette mentioned this is due to an oversight in 2007, when the commission granted an access right of way. Normally the utilities go with it. The new buyers want to build on it. Billy Elbrock asked for a motion to grant NORA (Northern Rio Arriba electric cooperative) an easement. Billy read the resolution. Motion passed.

Finally, commissioner Graybill wanted to thank the community of Antonito, the Mayor, and staff for the use of the Antonito Town Hall for the commission meeting. This is one beautiful town hall. (ed. I took some pictures of the venue. I will be posting some of those pictures. It is what was the "Warshaur Mansion, Antonito CO. It has quite a history since being built in very early 1900. A web search will reveal several documents that give some history).

11. Adjournment