

## C&T Commission meeting 27-Oct-18

This is my documentation from the aspect as a reporter. This is NOT any official documentation of the Cumbres & Toltec railroad. If you saw this document via some other web site, the original site of this document is [train.sbseiber.com](http://train.sbseiber.com). Videos of the commission meetings can be viewed at:

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

The official commission site is:

<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.

Content of this document is copyright 2018, Samuel B Seiber, all rights reserved.

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

HPA: Historic Preservation Account

RR: Railroad, the Cumbres and Toltec Scenic Railroad, unless

mentioned otherwise

RPO: Railroad Post Office

CTO: Cumbres Toltec Operating company

D&RG: Denver & Rio Grande Railroad

MOW: Maintenance Of Way

ROW: Right of Way

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

## **1. Call meeting to order**

## **2. Pledge of Allegiance**

## **3. Introductions**

## **4. Motion to approve agenda**

Swap agenda items 6d and 6e (so Ed Beaudette can end agenda 6, and flow into agenda item 7).

## **5. Motion to approve the Minutes from the July 28, 2018 commission meeting**

Approved.

## **6. Presidents Report**

### **6a. Reservation Report - John Bush**

Ridership for 2018 was 42,815, an increase of 12.64% over last year. Revenue was up 23.82%. Overall ridership for the season, including things that don't show up in the DTS (Dynamic Ticket Solutions, the booking part of the RR web site) report was 43,168 (some trips are not booked on the RR web site). The final ridership will go up by 5,000 for 2018 after the Christmas trains run. Total is expected to be between 48,000 to 49,000. May ridership was up 7%. June numbers were way up due to the fire near the Durango & Silverton (D&S) train which was shut down at the time, an increase of 39%. At the end of June, the Spring fire on La Veta pass started, July was up just 6%. August was up 5%. By this time the D&S resumed operations, but sustained a wash out. September was up 14%, and October up 6%. October saw near capacity ridership, which limited its increase. The problems at the D&S lead to an increase in about 1,800 riders. It was predicted the RR would gain a 6% growth for 2018. Projected ridership for 2019 is 43,460 based on the models. It was a challenging year for fire mitigation. The success in fire mitigation allowed operations to continue during fire bans in the national forests the RR run through. The way operations were performed, the RR had a better fire season than in the past, in normal years. This year, there were 50 double headed trains, mostly due to increased demand. Compare

to 25 to 30 in previous years. The additional demand added work to the mechanical department. Thanks was given for their work in keeping things together. There was a minor derailment in early June, and two times cars were set out for hot box. This was a record year for fewest incidences. There were challenges in October due to weather. The October snow prevented some of the bus trips. All capital moneys have been released for work for the year, \$750,000 from NM, as well as the \$1,071,000 from CO. Presentations have been made to both DFA (New Mexico Department of Finance & Administration) as well as the LFC (New Mexico Legislative Finance Committee) for next years funding cycle. NM has done well financially this year. It is expected that NM will return to normal funding levels this year. The RR has nearly reached the ability to grow the business. There needs to be a jump in infrastructure, shop facilities, available crew, in order to meet the needs of the capital program, as well as grow ridership. In the high season, the train is nearly fully booked. Two new premium cars are being built to add to the fleet. Another coach is nearly ready to add to the fleet. Then the work on the 40 year old flat top coaches can be rebuilt, to sustain growth. This will help meet the 10 year plan to become self sufficient. To do going forward, is to build some covered car storage in both Chama and Antonito. This storage would be used for the historic cars (freight cars the Friends maintain). Once storage is built, half of the historic car fleet will be under cover in the winter months.

## **6.b Maintenance and Repair Report - John Bush**

There is a very busy winter schedule. The 487 will get new driver tires. None of the engines have a major rebuild. Next winter, the 489 will be due for a major rebuild.

## **6.c Tracks Across Borders Byway - John Bush**

Roger Hogan was thanked for his photography work. Roger has gained permission from the Jicallria as well as the Southern Utes to shoot photography within their borders. The CO signage for the byway is complete. There is now approval from the lodgers board (a NM lodgers tax) to fund the signage in NM (\$4,370). The RR will provide the balance. The purpose of the byway is to educate people, as well as bring business into the area. An app for a smart phone has been developed. It provides for a guided tour of interesting places along the byway. The app also includes the C&TS train ride as well. The app needs just GPS data, and not cell service to function. A film will be shot along the byway this winter. A movie, "The Orphan Train". The RR will provide assistance.

Links to the "OnCell" phone application for the self guided tour:

[Apple phone app](#)

[Android phone app](#)

## **6.e Historic Car/168 - Stathi Pappas**

The historic car project is going nicely. This year, coach 292 was returned to service. It performed well this year. It will be stored in Antonito this winter. Thanks was given to the Friends for making some space available in their storage area. Work began on coach 256 early June. Its work is ongoing. The 256 car is in rougher shape than the 292. Some of the structure is in better shape than was originally thought. The project remains on time and on budget for this granted project. Subject to approval in this meeting, work can be restarted on RPO 65. This is a critical component of the historic car fleet, as it will contain the restrooms and concession needs, to run the historic car fleet. If funding is approved, it is hoped RPO 65 will be complete in 2020. Also pending approval is funding for the passenger car trucks for the fleet. Part of the funding for the five foot wheel base Pullman trucks has been gained. The additional funding will provide five pairs of trucks, for the entire historic car fleet. Fund raising for the 168 is nearing completion. A matching grant from the Narrow Gauge Preservation Foundation has

been gained in the amount of \$15,000. Keep those checks coming. Once the final donations are matched, that should put the budget over the top. Thanks was given to the fund raising team, Jerry Dezick & Scott Gibbs. Frame repairs on the 168 are complete. Being an 1883 built locomotive, it had a light wrought iron frame. Those repairs were made with modern techniques to keep the locomotive running for another 100 years. The new tires should arrive the end of November. It is hoped to have the locomotive re-wheeled before the holiday break. The running gear should be complete in early 2019. If that goal is met, that should put things one to two months ahead of schedule. The project is slightly under budget at this time. During the off season, more people are available to work on the project. Commissioner Love asked Stathi to comment on the Friends work on the 168. The new cab was built by the Friends. A wooden pilot is being built in Colorado Springs. The engine is being restored to its 1916 appearance. Currently it has a boiler tube pilot, which dates to the late 1920's. John Eng & Craig McMullan agreed to take on the job of building the wood pilot.

## **6.d Train Operations - Ed Beaudette**

It was a pretty much an uneventful summer. There were very few service delays. The season began rather normally, then the fires of June made the season interesting. This made June equivalent to July and August. June was about 2,000 passengers better due to the problems on the D&S. July and August were not near as interesting. Probably due to the La Veta fire. Ridership for those two months were just a touch below the projected growth. September saw a great increase, about 14% over last year. October growth was not as strong, in part to being close to capacity. Over all for the year, about a 12% bump from last year. Removing the "Durango" effect, still puts the RR at about 8% growth over last year. The ten year plan wants the RR to grow by 5% to 6% per year. The last two months also saw extra trains, The Friends three day charter at the end of September, Galloping Goose 5 returned for a week at the end of September. NORCOA motor car club was hosted. Four of the seven engineer schools occurred during these last two months. Guest engine 315 was painted as 425 for the special photo charter including historic car 292, the "Chili Line" train. John Bush mentioned earlier in his presentation the 50 double headers run this season. 20 of those were run in the last 30 days of the season. A good finish for the season. A good year. There is a final train running November 10, the Heritage Rail Alliance excursion. There will still be some ROW trains running before winter. The good season puts fiscal year 2019 in good shape.

## **7a. Financial Report - Ed Beaudette**

The financials reflect a good season. As already mentioned, September was a good month. The pricing plan as well as the discounts put the RR in real good financial shape. The balance sheet has improved. Cash position is good. The only weak cash position is the Commission side. This is largely due to the weak NM financing of the commission. It is hoped the next legislative sessions will address this shortfall. The Historic Preservation Account (HPA) is doing well due to the ridership this season as well as the CTO. The overall NOI (?Net Operating Income) is above where it needs to be. It is about \$1,200,000. This is not the final number for 2018, as there are some winter costs yet to come. Both operations and tickets were good. Retail kept pace with it. There were some cost challenges primarily caused by the fire season. Fire mitigation cost more this season. More money was spent on operations, as there were more riders. Food service and bus company costs were due to the increase in ridership. There was more coal purchased, the cost of doing more double headers. Overall costs were well managed, so the RR is going to come out in good shape. Capital program billings are about where they should be. The RR is a little bit behind in track, but it is expected to be caught up during the fall and into the spring. John Bush followed up with some comments. Even with the increased demand the food service was remarkable. The level of appreciation (and the comments received) were quite good. Commissioner Elbrock asked Steven Flowers how his season went. Steven replied that things were

good for him. He is tired of making 20 gallons of soup a day.

## **8. Commissioner Reports**

### **8a. Chairman Report - Billy Elbrock/local affairs**

Kim Cassford reports the business community is happy this year thanks to the increase in ridership. Full restaurants, full motels on both sides of the hill. Kim was asked to get more involved with the legislative process more than in the past. Last year, the (Economic & Rural Development Committee) ERDC train was in October 2017. In August 2017, the RR ran Water and Natural Resources. These are interim committees for the NM legislature. These committees as well as the RR's NM lobbyist, JD Bollington, as well as comments from CO, the RR should have the legislatures attention. This year also saw a windfall for NM in oil and gas, so there should be money available. NM is expected to be more generous in their appropriations. Kim is optimistic that funding from NM this year will be good. John Bush commented that the Christmas trains will run in Chama the 8th & 9th of December, and the 15th & 16th in Antonito. Kim has been tasked with helping round up volunteers. While the RR hosts the train, they are really community projects.

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

Commissioner Love mentioned that the CO state government will be changing. Gaining a new Governor, and many new legislators. It is currently unknown what funding from CO will be. There is a six year track record with CO for consistent funding. Mr. Love thinks things will continue to go well with CO funding. It helps that the RR is doing as well as it is. The marketing effort is paying off as the legislators have heard of the C&TS. There are four sources of income. Appropriations, revenue, the historic preservation fee (which goes to a dedicated fund to fund preservation of the historic equipment). Grants are the fourth source. The grants largely come from CO, from the state historical fund, which have been applied to the historic car fleet. CO was thanked for consistent appropriations, grants and so forth. Mr. Love wanted to thank everyone that made possible his trip in the 292 car this season. It was one of the most magical experiences of Mr. Loves life. The whole notion of creating a historic car fleet with authentic equipment will only be available on the C&TS in the USA. This will be the gold standard. For people wanting to see the beginning of railroads, and how the west was won, the C&TS will have it. If history is presented well, and accurately, riders will come back and ride the C&TS. The Friends are adding to the project, thus a team effort. Everyone at the RR is working to produce this historic product. It is now time to use the HPA money, rather than think of it as an account in a bank somewhere. Mr. Love will motion to use the HPA money for three projects. One will be to complete the project to put passenger trucks under the historic car fleet. A second project will be to build storage for the fleet, as well as the freight cars (ed. a different historic car fleet), in both Chama and Antonito. The first phase of which will be roughly \$750,000. This also proves the commitment the RR has to economic development in both communities. The track program has been targeted to greatly improve the ROW built by the D&RG. It was in poor shape when the C&TS bought the RR, a strong candidate for abandonment at the time. The track is now currently about as good as you get. Much better than what the D&RG built in the first place. John Mathews started upgrading the track some 10 years ago. The upgrade program is targeted for completion in 2023. More money is needed to meet the target. With approval, the commission will use HPA funds to work on RPO 65, the trucks mentioned & storage for the historic cars. This is just the beginning of using HPA funds for the RR. Mr. Love sees a possible locomotive, and other projects that lead to increasing RR capacity, to produce more revenue, to serve more people.

### **8c. Secretary Report - Dick Cowles/finance**

Commissioner Cowles thanked John Bush and Ed Baudette for the timely reporting of the financials. The commission is in the middle of the annual audit. Mr. Cowles is sensitive to the NM funding of the commission. As the NM lobbyist can attest, things are looking better for NM. There is optimism for this NM session to gain the requested commission and capital funding. He feels the operations of the railroad as nearly as flawless as it can get. After looking at the last 25 years, the progress has been extraordinary. He sees nothing but good news. He is expecting good news from the NM legislature once the current session is over.

## **8d. Treasurer Report - Mark Graybill/marketing liaison**

Commissioner Greybill was quite pleased with the season. He finds marketing to be part of the success. It is so pleasing to see a 23% increase in revenue. Any company in the world we be very pleased with that kind of number. Even with the nice bump in June, it was still a great season. Launch (the RRs marketing company) was a part of this years success. Launch performs customer satisfaction surveys. They consistently come back very high. Having good advertising is one part of the success, but the customer experience on the RR was the other. Driving customers to the web site has gone well, measured by how many people go to DTS (mentioned in 6a above) to plan a trip. About 29% of visitors on the site go to the calendar to look at what is available. That is really high. Digital advertising is going well (click through). The typical number is 0.1%. The C&TS click through rate is 0.45%, about 4 times the rate of other tourist based companies get. There are just shy of 54,000 contacts on the e-mail list. Mr. Graybill thanked the RR for creating such a great customer experience. Word of mouth is critical. Keeping the trains on time is critical. The fire mitigation for this season was very important. John Bush went on to thank all of the staff, as they are the ones doing the work.

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

Mr. Tennant thanked John Bush, his staff & the commission for allowing the Friends to do their work. He thanked the docent staff, as two were present at the meeting, Bob Ross & Bonsell Johnson. There are a lot of nice comments about the docents. Mr. Graybill said he sees those comments as well. This season saw a downturn in the number of attendees for work sessions. It was 120 less than last year, which is quite a bit. Some of it is due to the aging of the Friends. Some had some late medical issues. It is hoped this is not a trend, but rather a one year thing. There have been 5 to 9 new members each session this year. The problem with reduced attendance is some projects take longer (get rolled over to the next year). It does effect the Friends productivity. He thanked John Bush, Ed Baudette, and others for running the Friends charters so well. He promised to not run them in the fall again, during the RR's busy season. Even with some equipment changes, the charters were well received. These charters give the Friends a way to showcase the RR as well as the work they do on the historic freight cars. The Friends fall banquet was held last weekend in Golden CO. The Friends enjoyed the ride on the Georgetown Loop, and Mark Graybill was thanked. At the last Friends board meeting, a committee was established to look at future Friends needs in Chama. Mr. Tennant was pleased to hear about the covered car structures to be built. The committee is looking at a car restoration facility (CRF) in Chama, something like the one in Antonito. The Friends are looking into getting more attendees for the work sessions. Current membership is split on where they like to work, Chama vs. Antonito. Commissioner Love noted the slower work sessions, and noted there seems to be some seasonality. Sessions A, B & F were down. The Friends are trying to figure out if it is a one year thing, or something ongoing. Commissioner Cowles thanked Tim for their planning efforts for a Chama CRF. He continued, saying while there was a drop off in attendees, there was 17,664 hours of time donated. This represents a couple of hundred thousand dollars in labor. Tim also added the docents time, as well as the work done on the Dorman collection in Albuquerque. He added the Friends buy most of the hardware installed on the cars. John Bush followed up. He mentioned how this RR was a "pipe dream".

It is rare to see a pipe dream come true. Last August was the 50th anniversary of the last revenue freight train run on the railroad line. Due to the work of the Friends, a train was recreated last August that closely resembled that last revenue freight. The Friends enabled creating a 20 car freight train.

## **10. New Business**

### **10a. Motion for distribution of HPA funding to support several projects**

Mr. Love motioned to approve rehabilitation of RPO 65, in the amount of up to \$130,000 in FY 2019 & 2020). The fabrication of 5 pairs of car trucks, \$200,000, the remainder of what is needed. Some money has already been spent, \$50,000 to \$72,000 (FY 2020). Finally, the Chama car storage, \$230,000, FY 2019 & \$250,000 in FY 2020. Passed.

### **10b. Appropriation process discussion**

Mr. Love said there is a need to keep all commissioners equally informed, and along the same path. Perhaps a process or policy needs to be established. The video is a better way to understand what was discussed. This topic was a bit “inside baseball”.

[Commission videos, of which I help shoot](#) Note: it takes a few weeks after the meeting to be available

### **10c. Ratify 2019 pricing and scheduling plan**

Commissioner Elbrock moved to pass ratification of the 2019 pricing and scheduling plan. Passed. No price increase for 2019. The RR should meet its financial goals in 2019. The trains will run 2019 from Memorial day to October 20, 149 days. For now, the commission feels that the current price is near the top of what the market will bear. This year saw the biggest increase in the coach class. The premium cars are nearing the top of what the market wants. The parlor cars sold well, and were often full. The tourist class can still handle more customers. It is felt that is due to price.

### **10d. Renew G. Berry Corp Contract**

Commissioner Elbrock moved to renew the G. Berry Corp Contract (the CO lobbyist). Passed.

### **10e. Move to approve Commission officers and slate assignments for October 2018 to October 2019**

Commissioner Elbrock mentioned that historically, in the October meeting, the roles of each commissioner change. Dan Love moves to commission chairman. Dick Cowles moves to Vice Chairman. Mark Graybill moves to Secretary, and Billy Elbrock moves to Treasurer. Each commissioner keeps their current assignments, Mr. Elbrock-local affairs, Mr. Love-capital projects, Mr. Cowles-finance, Mr. Graybill-marketing.

## **11. Adjournment**