

C&T Commission meeting 05-Aug-17

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. 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 2017, Samuel B Seiber, all rights reserved.

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

Pledge of Allegiance

Introductions

Motion to approve agenda

Approval of minutes from May, 2017. Approved.

Presidents Report-John Bush

Train operations, no reportable safety incidents. No cancellations. The trains have had good on time performance. There were a couple of days with late arrivals. John thanked all departments for their fine job. There have been a few days with rock slides. Vouchers were made available to customers that were inconvenienced by the train delays due to the slides. There were challenges in Osier, a generator issue. C&T staff as well as Osier station staff provided lunch to the customers with minimal disruption. The railroad has done a dinner train on opening day, a two day photo

charter with the Friends, two fireman & engineer schools. Also, the geology train was run and two dinner trains to Cumbres. Last week, the Galloping Goose 5 ran for 4 days. The Osier septic system has been repaired. The railroad is preparing for the repair required of the pavilion on Cumbres pass which sustained damage this year to high snowfall. The town of Chama has a water outage for more than 24 hours. Passengers were provided water, muffins & bananas. Train restrooms were provided to the passengers as the hotels and restaurants restrooms were out of service. The legislative session in NM resulted in no capital funding for the RR. They did approve \$111,800 for the commission operating budget. \$145,000 of other monies (sandhouse, Sublette water system, visitor center) were redirected to passenger car operation in the winter (upgrades/inspections). The Colorado legislative session just ended. The RR did get the 1.25900 million dollars. \$225,000 is for commission support. \$1,095,000 is for track, locomotive & car support.

At this point reservations are 11.6% ahead of last year. Revenue is up 16.6%. If the season ends 110% ahead of last year, the RR will make its goal. As the marketing has moved forward, we have moved away from being so dependent on phone to a more digitally based system. With the redesign of the web site, we are 59% internet reservations, 41% phone. This is the exactly opposite of last year. The visitor center in Chama is now open. The Friends have moved the display from the Cumbres Mall to the visitor center. It is getting good traffic. A television screen has been installed at the center, playing a loop of C&Ts information. This last month (July) they had over 4000 visitors, up from last year. Dick Cowles was happy to hear about the ridership numbers.

Stathi Pappas reported on the historic car project as well as the locomotive 168 project. The historic car project exists to bring back a 5 car wooden car consist dating from the 1880's to the C&T. This would replicate the San Juan express that ran on this rail around 1916. The funding comes from the state, the state historical fund as well as individual contributions. The grant application is being prepared for the 256 car for submission to the State Historical Foundation (State Historic Fund?) (SHF) for some commentary to insure the application is as strong as it needs to be. That will be submitted this week. Progress continues on tourist sleeper 470 in Colorado Springs. Stathi thanked the Friends of the C&T for their help. Car 292 work continues in Antonito. The North side of that car is nearly complete. The interior structure work is complete. Work is now moving to the south side of the car. Interior work continues. All parts needed are on hand, or will soon be. Replica coach lamps are being built by a contractor in California. They are nearly 50% complete. This will give the car its 1916 appearance. Both coach stoves have been obtained. The project is on budget, and on the SHF time line, requiring work to be complete by March of next year. Work on the 168 is progressing nicely. Stathi thanked the commission for the funds from the

Historic Preservation Fund so work may begin. He also thanked the campaign capital committee co-chairs Jerry Desic & Scott Gibbs for their efforts to raise further funding. At this time, 3/5th of the required funding have been secured. Additional commitments have been promised that should bring this to 4/5ths. Please don't stop writing checks, there is a need for that final fifth. The case documents and campaign collateral have been developed for large donors. Various grant applications have been submitted to several granting agencies. He also thanked the Narrow Gauge Preservation Foundation for their commitment to the tender work. One new employee has been hired for the 168 project. Solicitations for a second employee for the project are out there, to keep the project moving. Boiler and running gear are in great condition. The tender is being rehabbed. The frame has been braced and welded. The tender tank sheets have been cut and formed by the contractor in Portland OR. The tank should arrive in Antonito in 2 or 3 weeks assembled other than riveting, which can be handled in Antonito. The injectors on the 168 have been tested by the Durango Railroad Historical Society (DRHS) on the 315 engine. Both of the 168 injectors worked flawlessly, a big budget savings. Cab drawings have been made. The Friends will build a new cab. Stathi then asked for any questions. Dick Cowles mentioned that Sam Seiber (me) asked about possible funding avenues for the 168. Currently, Sams employer does not do a donation match with a 170(c)(1) which the 168 fund is. His employer only matches 501(c)(3). Dick asked if perhaps the Friends could establish a donation avenue, so 501(c)(3) funds could be directed to the 168. Stathi answered that the Capital campaign committee is working on just this solution. John Bush mentioned that the DRHS has also been approached as they are also a 501(c)(3). Commissioner Love asked Stathi about risk reduction of the project. That as the project moves along, that no new surprises have appeared that would increase the cost of the work. Stathi replied that the valve & steam chest covers have been removed. The cylinder boars will need to be reboared, but metal thickness is fine. Valve chest was found to be in favorable condition. The port surfaces are nice and thick. The remaining unknown risk factor has to do with the axles. The detailed condition of the axles is not yet known. The budget does not include a major rebuild of the axles. The \$501,000 budget looks to be sound at this time. Sam Seiber asked for the target completion of the locomotive. Stathi answered 2019.

Financial Manager Report-George Canham

Since the last meeting the RR has completed a fiscal year. The audit firm has completed the observation they are required to do. The audit firm found one count, which was a major improvement from last year. Our results for (Cumbres Toltec Operating) CTO are right at or slightly above a break even point. Commission operating costs were pretty much as predicted, a deficit. This is largely due to the reduced funding from New Mexico. In Capital funding, there is still \$1,580,000 combined between the two states. The RR is still waiting for receipts from both states.

Waiting for \$114,000 from New Mexico, and \$79,000 from Colorado. George planned on presenting a check to Tim Tennet, who was not at this meeting.

Commissioner Reports

Tourism-Lucy Kay

CO & NM released their tourism reports for the year 2015. Both states had record years. CO had a little over \$19 billion in tourism spending. Up 7% from the prior year. NM saw \$6.3 billion. Up 3.6% from the prior year. The upward favorable trends have continued for both states. Tourism growth is continuing. It is forecast to look good for the next 3 to 6 months. The rate of growth is flattening out. Commissioner Love mentioned that CO is changing its strategy by moving people from I-70 & I-25 to other areas of the state. People seem to be getting off the congested areas of CO and visiting the other scenic byways.

Local Affairs-Billy Elbrock

Amy (last name not mentioned) has done a great in the RR gift shops. There has been an increase in volume. Amy has reported sales in the Chama gift shop up 14% over last year. The Antonito shop is up 13%. Inventory in Osier has been reduced this year. Osier is down 1.8%. The gift shops provide good employment for young people in both communities. The community relations liaison has been attending council meetings in both villages. She has also been working with the NM highway department in Chama. They will be redoing the main highway from the main junction to where they left off a couple of years ago, just before downtown. They will not be putting curbs and gutters along the area of the stock pens. The east side of the road will get an eleven foot shoulder, but no sidewalk nor gutter. This will keep the visual impact down as much as possible.

Capital Projects-Dan Love

Dan is concerned about the capital funds over the coming winter. He is hopeful that there will be zero effect in terms of employment in either of the RR's terminus's.

Finance-Dick Cowles

Dick is concerned with the lack of funds from NM. Many entities of NM got no funds this year as the state has such limited funds. About one million dollars was requested. That got reduced quickly to \$300,000. RR funds have been reallocated to continue work on the passenger cars. NM is dependent on oil and gas revenue, which puts them in a bind to provide funding. Gas prices are expect to remain low for the near future. The commission has been working with legislators, reminding them that the two states were to be funding the RR equally as joint owners. Over the last six years, CO has provided twice the funds over NM. There is a committee of rural and economic

development legislators that meet over the summer and fall. They will be meeting in Chama on October 3. The RR is looking into an excursion for those legislators. It is hoped that that trip would get the RR on their minds for funding. Dick would like to see commissioner Elbrock and the village of Chama also work with these legislators, jointly with the RR. This meeting would occur before the next commission meeting. Perhaps the result of meeting with those legislators could be reported in the next meeting. Billy responded that the village counsel is in this together with the RR. Commissioner Love mentioned the great success in getting capital funding included in the CO budget. He mentioned that the \$1,295,000 that has been a part of the annual CO budget is not a certain thing. We are in the final year of the continuing resolution. A continuing resolution does not hold a successive legislature to funding. The current CO governor is term limited. With a new governor comes new funding questions.

Friends Report-Ed Beaudette

Friday afternoon the F session was completed. 68 people attend the F session. 72 attend the week prior. Primary work was being done on the sand house. Conversion of rider boxes for excursion service. The Rio Grande Southern (RGS) caboose. As well as passenger trucks for the historic car fleet. Other maintenance was done such as brush cutting, signs, etc. The display that was in the Cumbres Mall has been moved to the visitor center at hwys 86/64 & 17. It has been a big hit, and getting a lot more exposure than its prior location. Last night the annual wine tasting and dinner train occurred. 132 people rode. Upcoming, the Friends will be hosting the RGS 455 reenactment, after the National Narrow Gauge Convention in Denver. There has been a great amount of work to prepare cars for those trains. The trips are almost sold out. The first day excursion is for the less serious train rider, while the following two days are designed for the serious photographer. The Fall board meeting will occur over October 13th & 14th in Canon City, CO. John Bush mentioned the Friends will have a booth at the Narrow Gauge Convention, in Denver CO at the end of the month. The C&T will also have a booth, which will be manned by Roger Hogan, Sam Seiber & Steve Forney. They will help sell the railroad as well as the 168 project.

New Business-Motion to approve CTO operating Agreement

Several years ago, it was decided to self operate the railroad, rather than have an outside vendor do so. In the process the CTO was formed to do so. It has been registered as a limited liability corporation under the laws of the state of NM. The agreement makes more formal the policies & practices that the commission & CTO have between each other. Commissioner Love thanked Commissioner Cowles for preparing the document, knowing it involved a great deal of effort. Mr. Cowles moved to approve the document. Motion carries. The commissioner signed the formal agreement.

Adjournment

Commissioner Kay thanked John Bush, the management team and his staff for constantly overcoming the hurdles thrown his way.