

C&T Commission meeting 01-Feb-19

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<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.

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New Mexico Commissioners: William Lock, Billy Elbrock
Colorado Commissioners: Dan Love, Mark Graybill
President & 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
FY: Fiscal Year
JBC: Joint Budget Committee (CO)
DFA: Department of Financial Administration (NM)
LFC: Legislative Finance Committee (NM)
D&S: Durango Silverton Narrow Gauge Railroad
TABB: Tracks Across Borders Byway
"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

Commissioner Love welcomed new NM commissioner William Lock. Mr. Love wanted to amend agenda to remove item 10.b, the executive session. Not all information needed for the session was present at the meeting. The matter of the session should be handled not later than May 4.

5. Motion to approve the Minutes from the October 27, 2018 commission meeting

Mr. Love wanted to amend the minutes. There was a motion in the last meeting to provide HPA funds to several projects. Mr. Love wanted the specific projects to be mentioned, rather than simply several. The following motions were detailed; Approve HPA funding for car body rehabilitation of RPO 65 in the amount of \$130,000 in FY 2019 & 2020, fabrication of passenger car trucks in the amount of \$200,000 in FY 2020, and Chama car storage buildings in the amount of \$230,000 in FY 2019, and \$250,000 in FY 2020. Motion to update minutes from October 27, 2018 approved.

6. Presidents Report

6a. Reservation Report - John Bush

2018 was a good year. 42,815 passengers, an increase of 12.4% with a revenue increase of 23.8%. The primary change was an aggressive change to the discount policy. Clearly the issues of the D&S helped. The fires on La Veta pass & South Park created challenges for the RR in July, as it cut off access from the front range for about a month. The Christmas trains have run for 2018. 4,305 passengers were serviced. This brought in 7,600 pounds of food, \$1,500 in cash and 1,279 new toys and stocking stuffers. There is a small fee collected for adults to ride the train. This is not designed to generate revenue, but to prevent cancellations, which seems to work. Commissioners Graybill & Love as well as John Bush testified at the joint budget committee in CO on 10-Jan-19. \$1,365,000 was requested from general fund money in CO to support commission operations at \$240,000 with the rest going to RR capital improvement. This is an increase of 5.4% over the prior years to cover inflationary costs. The previous 6 years had no increase. Figure setting from the JBC will occur on March 12. The session will end on May 3, and the Governor will have until June 2 to sign the legislation. On the 22nd (Feb?) our legislative analyst made a presentation at the house appropriation and finance committee (NM) for operating expense support. That number has now changed from \$111,800 that has been received in the last two years to \$261,000 which is a combination of commission support and ongoing maintenance. The committee accepted the DFA amount. This is a very positive sign. On the capital side, senate bill 280 has been introduced, which contains \$1,100,000 of capital support. If all goes well, the RR will have full financial support from both states. This will be a great help to the capital program, and get back to schedule on the track program. It will also help in the passenger car refurbishment program (not historic cars). The NM session will end March 16 and the governor will have until April 5 to approve, veto, or line veto the whole bill. Next John announced Brad Loundsberry (not sure on spelling), the new safety officer. He comes with a strong background in safety, and has been dispatching on the RR. This move was done to improve the safety culture at the RR. In terms of reservations, the FIT (Free

Independent Travelers) look quite good, up 42% of last year. There is a lag in groups. The RR has released a short film that can be seen on the National Geographic Channel web site.

[The Russell Bush Video](#)

[Alternate link to the one above](#)

As of the meeting, there have been 31,200 views. This helps put the RR in the public eye. Stathi will speak about historic car fleet as well as locomotive 168 in his segment of the meeting.

6.b Maintenance and Repair Report - John Bush

Things are going well on the maintenance side. Stathi will report on the locomotives.

6.c Tracks Across Borders Byway - John Bush

The TABB rack cards are being reprinted. These will go to the visitor centers in Durango and Chama. A phone app has been built to allow a smart phone user to get a guided tour along the route. Rich Muth and Roger Hogan are adding material to the app. There is one glitch to fix in the app. The NM side of the byway now has scenic byway signage (CO was done last year).

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

[Apple phone app](#)

[Android phone app](#)

6.d Train Operations - Ed Beaudette

Being the end of the year, the report is small. October finished up good. Ridership was up about 6% over the previous October, about 18% in revenue. Overall, a good finish to the year (FY). The RR carried about 4,500 in the Christmas trains. This year, an extra train was run out of Antonito to accommodate some school groups. It is being explored to do the same next year. Mr. Love then commented that part of the RRs success in previous years was due to having an aggressive wild fire plan that addressed both mitigation and suppression. He asked Ed if that plan will be in place for 2019, and how will that impact operations. Ed replied yes on the wild fire program. It does add additional labor costs to operations. Compared to the risks, it is a good investment. Mr. Love asked if converting the locomotives to oil an option. Ed replied he didn't think so, this is a historic coal operation. It is part of the mission of the RR to be historical. Managing coal usage in the locomotives better last year

prevented fires. The track maintenance has been a help. Several different programs have prevented fires from starting. Mr. Love asked if the plans for 2019 should address fire mitigation adequately. Ed replied yes. The season should begin with well maintained fire suppression equipment. Mr. Love asked about the financial impact. Ed responded that this will be a down side, but it is in the budget for FY 2020. It is something that is required. Mr. Graybill commented that it money well spent. Mr. Love said he brought up the topic to thank the team for coming up with the plan, and performing it well. Both national forests last year had a stage 3 condition, and the RR was still allowed to operate. Mr. Bush followed up by talking about Archuleta county, which realized that the RR runs through a piece of it. They became concerned about the fire danger. The county piece is not in national forest. The county could have shut down the RR. The county person most concerned about the fire danger now feels confident the RR will not be an issue going forward. All teams did a fine job in both states with the fire issue. Marvin Casias has had a fine relationship with the forest people, which was a great help.

6.e Historic Car/168 - Stathi Pappas

Stathi started off with special projects. Locomotive 168 is progressing well. The running gear is nearly complete. It remains on budget and on time for completion by the end of 2019. He went on to thank Scott Kennedy and Max Casias for their hard work after the operating season to get the running gear work done to the point it is. The locomotive is sitting back on its wheels. Spring rigging is being rebuilt. Brake rigging and rods are next. Stathi next thanked the friends for their hard work. They built the wooden cab for the locomotive. Last fall they built a wooden pilot for the locomotive. The boiler work will be done shortly, getting a hydro and steam test done before the beginning of the season. There are 7 people working on 2 projects with the historic cars. Thanks to funds allocated last commission meeting, work has resumed on RPO 65. There are three people working on that car. There are four people working on the granted project, coach 256. If you are in the area, stop by and see the exciting work that has been done. This work is being done to secretary of interior standards. Research was done to see what it would take to backdate RPO 65 to its 1916 appearance. The car was shortened up in 1921 to what is known as the "San Juan" look. The changes made were discovered. The cost to revert to 1916 is achievable. The cars and locomotive will have a 1916 appearance. Mr. Love asked about the rollout schedule. Stathi replied that before the 2020 season that coach 256 and RPO 65 will be complete. New passenger car trucks are being built. Those trucks should be ready for the 2020 season. Three historic cars as well as the locomotive 168 should be ready by 2020 season. The friends work on the tourist sleeper car 470 is coming along quite nicely. Stathi thanked the friends for their work on the project. Mr. Lock asked about the build date of locomotive 168. Stathi replied it was built in

1883. It was re-boilered in 1915 with a different style of boiler. That is a major reason that the train set is going for the 1916 appearance. Also, the D&RG modified the cars, thus making 1916 the best year to restore to. It also represents the San Juan and New Mexico express well. This creates a very authentic train set. Mr. Bush asked that Stathi mention the new car storage. Stathi mentioned that money provided in the last commission meeting will be used to build car storage in Chama, and storage and display in Antonito. Scott Gibbs is the project manager. Storage in Chama should handle about 46 cars under cover. The low humidity in the area is a nice place to store cars, but the winters are hard on them. Having the historic freight cars the friends maintain will benefit greatly from being undercover. There will be two buildings in Chama, and one in Antonito. Scott is creating the master plan at this time. Thanks to the HPA funding, these precious resources can be protected in the future. Mr. Love mentioned that they are looking at Antonito, and protecting MOW equipment, as well as other things. Is the space in Antonito being used efficiently? Stathi continued to thank Marvin and Ronnie in Antonito and the others that work on the passenger coach fleet. There is a lot of off season maintenance work done on the coaches. A new coach, 524 is being built from scratch. It should be done before the beginning of the 2019 season. The interior work is nearly done, the windows are installed. The materials for the exterior siding are on hand. The seats are done. Getting this coach build will assist in the upgrade in the flat roof coaches. Mr. Bush asked Stathi to talk about the new premium cars. Stathi replied, in partner ship with the Candelaria foundation and the RR, began construction of two new tourist cars. The first car body is nearly complete at a contractor in Farmington. The quality of work is excellent, the price point is too. Once the first car body is complete, the second one will begin. The contractor is also being asked about assistance with the coach upgrade program. The first tourist car body should be arriving the RR in the next month or so. Mr. Bush asked when the new tourist cars would be ready for service. Stathi said that 2020 would be nice. It will be tight. Mr. Love was mentioning the number of simultaneous projects going on with the revenue fleet, as well as with the historic car project, the storage project. The states purchased the RR 47 some odd years ago. The RR has changed during that period. He thanked his fellow commissioners for making this all possible. Adding value to the RR for the guests as well as the history of the RR. This makes the RR more interesting to the tourist. This also adds value to the communities on each end of the RR. Mr. Bush provided a comment about Scott Gibbs, and how he arrives with a strong background. The RR is looking for more people to join the team at all levels. Mr. Graybill commented how he agrees with Mr. Love & Bush. The RR is taking on a great number of projects. The RR is realizing successes. It is a great team effort. Mr. Lock was given a tour and was truly bowled over by the number of people working, and the quality of work. Mr. Lock remembers a time when not many people worked during the off season. Mr. Love expressed his pleasure in the current track condition.

Probably the best tourist track condition in the country. You can feel it.

7a. Financial Report - Ed Beaudette

Ed started off by saying things look good in the legislatures of both states. As far as business in the last quarter of the year, revenues in October were about \$822,000, and in December, \$24,000. Things scale back in the operating portion this time of year, but the activity continues, such as maintenance. In terms of financials, there are minimal changes from the prior month. The capital balance shows the book value for the property is about \$37 million dollars. Considering the RR was purchased for half of a million dollars in 1970, a lot has gone on with the RR. Concerns coming up are the cost of fire suppression, as well as the next increase in the CO minimum wage which will have significant impact. Last year had higher labor costs due to increased ridership, which was a good problem. Other increased costs that are a good thing are the costs of the buses, food at Osier. The funds coming from the states are for FY 2020, so the commission will still be underfunded for 2019, which delays becoming self sufficient. Capital billing for December was about \$120,000, which is about normal. There is about \$1.8 million in unspent CO money, and \$425,000 in NM money. Capital money looks good going into next month. Mr. Love asked Ed to talk about commission expenses. Mr. Love mentioned how once the commission started running the RR, some of the costs that were borne by the contractor running the RR are now being paid by the commission. Ed replied that the commission operating budget is roughly \$500,000. Labor components of project management, accounting represent about half of that. Property insurance represents another \$150,000, which will need to be ratcheted up in the future. There are contract costs for consultants, audit fees add another chunk. Insurance is the big cost, for a RR with a book value of north of \$36 million. Mr. Lock asked if the insurance covered liability. Ed replied, no. The liability is created by operations, thus they cover that part. Mr. Graybill mentioned that the financial reporting has been greatly improved. Mr. Bush pointed out that it is important to find good talent, and apply that talent where they do best. Ed is proof of such. Mr. Graybill pointed out that the projects can't be completed without good financial control.

8. Commissioner Reports

8a. Chairman Report - Dan Love/capital projects

Mr. Love mentioned that 2023 is the targeted capital program completion. Going from a well used RR to a full rehabilitation. Keeping the RR going over the last 45 some

years was quite heroic. The goal line can be seen. Getting the capital program complete will keep this RR running well for years to come. The capital side of things are being addressed in NM, and it has been addressed in CO. Once the RR is self sufficient, the states will need to fund just the commission.

8b. Vice Chairman Report - William Lock/finance

Mr. Lock was pleased to be in the NM legislative hearing, where they were given the correct amount of commission funding. He learned from one of the NM state representatives how the RR inherited a bunch of junk, and the good passenger cars went off to the D&S. The RR has since built some great passenger cars. The RR has a world class collection of freight equipment.

8c. Secretary Report - Mark Graybill/marketing liaison

Mr. Graybill started off mentioning that marketing is a key component of revenue. He feels that Launch is the best fit to market the RR. It is good to stay with the same marketing firm year after year. It allows the firm to keep learning about the product. Launch is learning what works, and what doesn't. The marketing plan from July on, is being finalized. The increase in bookings for this year have already been mentioned. The film on National Geographic (by Russell Bush) has been mentioned, and is a great opportunity. Launch is also promoting the film. Mr. Graybill is working with Mr. Bush to expand the digital outreach. The marketing budget for the remainder of the FY (ending June) is reserved. He feels things are in a good place for the moment. He expects the budget for Launch for the next FY will be much like the current year. More money would like to be allocated to the digital side of things. Overall, it is expected the marketing budget to go up, which it should as ridership has gone up. Mr. Bush mentioned that his conversations with the commission indicate that the current funding for marketing is about right. Mr. Graybill concurred. Mr. Love mentioned that finding the right marketing combination has been quite a challenge. He feels good with the way things are currently working.

8c. Treasurer Report - Billy Elbrock/local affairs

Mr. Love asked Mr. Elbrock how the RR better integrates the communities more closely into what the RR is doing. Mr. Elbrock mentioned how Kim Casford has put a lot of effort into both communities. She really tried to work with Antonito last season, and didn't get a lot of response. She got a little bit of response from Alamosa from their visitors bureau. Antonito just doesn't seem to want to get engaged with the RR.

There do not seem to be any challenges in Chama. Things are going smooth. Things are happy in Chama. Mr. Love wonders how to create places to stay, things to do, places to eat, interesting things to do on the east end of the RR. This is one of the great challenges left is the towns and RR helping each other grow. Mr. Elbrock said he doesn't know what more he can do on the Antonito side to get ridership up. Deep discounts have been tried. Mr. Graybill mentioned that the RR should just keep trying. He thinks Antonito is a wonderful town in a great area. Mr. Bush asked Kim Casford to speak about the Chama visitor center and the chamber of commerce's. To perhaps expand out to say Alamosa. Kim talked about some of the success stories. The fire season last year had both communities nervous. They were worried about closure as happened in 2002. The fire suppression this last season was one success story. Another success story was the Northern New Mexico welcome center. The state closed the center. Between Mayor Elbrock, the chamber of commerce, the RR and Rio Arriba county, it was reopened, with the chamber running it. The RR has a significant presence in the center. The friends provided docents in the center. The contributions have not been only monetary, but manpower. The center is the single largest distributor of brochures in the area. Kim has received comments from legislators and tourism officials how this is the perfect example of a public/private enterprise. Another success was the Chama Chili ski classic. Cinder Bear was entered into the snowshoe race. Kim received many nice comments about that. Mr. Love asked Kim what she thought of the chances of NM developing marijuana (MJ) laws like CO. (NM allows medical MJ). Mr. Love noted the changes around Antonito due to MJ. If NM allows recreational MJ, perhaps some of the MJ money in Antonito will dry up, which would hurt things more on the Antonito side. Kim replied that legalizing MJ in NM this year will not happen. NM may decriminalize it. Legalizing it in NM may come in future years. Kim mentioned another success story. During the meetings this year with the DFA, David Abby (LFC director) that the RR is a government success story. David has been around for a very long time. It is one heck of a thing for David to say. Mr. Graybill wanted to thank whoever was Cinder Bear for the snowshoe event deserves a gold medal. That must have been very difficult to snowshoe in costume. Mr. Elbrock thanked Roger Hogan for all the free marketing he provides the RR in the form of his pictures and YouTube videos.

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

Tim offered to hand out copies of the "Dispatch", the friends newsletter. It highlighted the Indiana Jones movie that was shot along the RR some years ago. Tim started off talking about the tourist sleeper car. He always includes pictures of the work, as Mr. Love likes to see them. The photos reveal a car very much improved from what it was when the work started. Mr. Love commented that as a participant in a work session

last year, how due to the friends, the RR has this great freight car asset. Without the friends, there would be not much left of that asset. Tim mentioned how the newest commissioner (William Lock), who had the vision to begin the friends 30 years ago. Tim thanked Mr. Love for joining a work session last year. It meant a lot to everybody. The friends banquet will be coming up this spring in Albuquerque at the Courtyard. Tim mentioned Ernie Robart passing away. The friends are gaining his photo collection. About 34,000 images. With the Dorman collection, the friends are quite a repository for railroad photography. With the image collection, cars can be made to appear as they did historically. Many of the images can be viewed on the friends website (link at the top of this document). Prints may be purchased. The annual dinner train ride to Cumbres has been set. The moonlight and wine tasting train is in July. There was a flanger train scheduled for March. That will probably be canceled due to lack of tickets sold at this point. Last year saw a dip in volunteers for the work sessions. The friends are going to try to bump the numbers back up. Mr. Lock commented that the special work session will be in Chama April 26 & 27. The next commission meeting is planned for May 4. Due to Ernie Robart's friendship with the Alamosa dispatcher in the 1960's, Ernie took around 10,000 pictures of the D&RG trains then, which the friends now have. Mr. Elbrock mentioned just signing the check for the friends. Tim mentioned it will be handy, as the lamps for the tourist sleeper cost \$12,000, about the same as the lamps in coach 292.

10. New Business

10a. Recognize Dick Cowles

Mr. Love recognized the contributions outgoing commissioner Dick Cowles has made to the RR over the many years. Many of the successes of the RR over the years are traceable back to Dick. A lot of the conversations about the RR revolve around why it was built in the first place. Much less talk involves why it has survived. This RR is a unique, irreplaceable asset. Back when the states purchased the RR back in 1970, it was predicted would fail. After many years of hard work by many people, the C&TS is about to break out into the sunshine. Mr. Love then asked Dick Cowles to receive from John Bush an acknowledgment of contributions he made. He asked Mr. Cowles to speak. Mr. Cowles apologized, as his voice was poor due to a cold. Dick mentioned it as nice to sit back and review. The RR has accomplished much over the last few years. He felt the appointment of Bill Lock to the commission was well deserved. Bill was a founder of "the friends". Without the friends, there might not be a RR today. Operations has never been in such a remarkable condition. Accomplishments have been above what were the expectations. Things continue with Tim and their

undertakings for historical preservation. Dick mentioned Mr. Love & Graybill, and what they have added to the RR, and how well they have done with CO's support of the RR. He was disappointed with NM's support over the last few years. There are still two fundamental issues left with the RR. There is a requirement that there be equal funding by both states. They own it 50/50. He hopes the NM shortfall can be addressed. The RR is not an agency of any state, but rather an interstate compact. That is still difficult for NM to understand. CO understands it, the federal government understands it. There is a challenge with NM. Over the last six years, CO has kicked in \$2 for every \$1 from NM. Mr. Cowles explained how he has tried to close that gap, along with Mr. Elbrocks 7-8 years of trying. So CO has kicked in \$7.9 million, and \$3.7 million from NM. Commission funding is one of the more difficult problems. One where Mr. Cowles had to cross swords with a few people in the NM administration. CO has come up with \$1.3 million to fund the commission, NM \$680,000. The commission met its expenses from funds from operations. The shortfall came from ticket revenues. Mr. Cowles recommends getting both states to contribute as they should. Mr. Cowles received bookends (made of rail) as well as a plaque from Mr. Bush, who thanked him for many years of fine service. The other commissioners also thanked Mr. Cowles for his work on the RR.

10b. Executive Session (removed)

10c. Contract (removed)

11. Adjournment