

C&T Commission meeting 30-Oct-17

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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: Lucy Kay, Dan Love
General Manager of the C&T railroad: John Bush

2. Pledge of Allegiance

3. Introductions

After the introductions, Commissioner Kay asked that the Chairmans report get moved to the top of the agenda.

4. Motion to approve agenda as amended

Approved.

Lucy Kay announced she is stepping down as a commissioner. Her position will be assumed by Mark Graybull who is president of the historic rail association. That group has the operating contract for the Georgetown Loop. He comes with 20 years of retail experience prior to the becoming commissioner. He has extensive experience in financial & marketing. Mark returned by saying thanks. Lucy continued by extending congratulations to John Bush and the management of the C&T for a great operating year. We hit our marks for the season. Lucy & Corrine just returned from the Governors conference on tourism. The majority of the conversation on the Colorado side centered on hitting areas off the beaten path. The Colorado tourism office has a budget of \$19 million next year. Their efforts won't center around the I-70 corridor. They are still defining the desired regions. Lucy sees great benefit for the area. Lucy presented John Bush with a personal check for the 168 project.

5. Approval of minutes from August, 2017. Approved.

6. Presidents Report-John Bush

6a. Train Operations Report-John Bush

John started off by thanking Lucy for her work on the commission and her work for the railroad. He further mentioned meeting Lucy prior to her becoming a commissioner. John and the commission

presented Lucy with a momento thanking her for her work. Lucy commented that she will remain in touch and is not quite gone yet. John said that the pain of Lucy leaving was alleviated with Mark coming on board. John started his railroad carrier at the Georgetown Loop. Mark has helped the C&T on the retail side. He is a welcome addition, bringing new strengths to the commission.

The C&T had a good season this year. The USA Today magazine readers voted the C&T as best attraction in both New Mexico as well as Colorado. A Colorado Public Radio piece highlighting the fireman and engineer school managed to make it to the nation feed for here and now. The Troy research firm gave the railroad an 89% customer satisfaction rating. This all reflects well on the employees of the railroad. Ridership was up this year in all categories. The railroad reached an unaudited ridership of 38,016, a 7.4% increase. This comes with an 11.2% increase in revenue. Revenue grew more than ridership due to the premium level selling well. There were a few issues this year, mostly due to Mother Nature (dropping rocks on the track (editor note, same thing was going on with HWY-17 between Antonito & Chama)). Everyone worked well in working the rock fall problems. No train failed to make its trip (ed, I was on one of the trains that had the worst problem. It was resolved well.) The National Narrow Gauge Convention was held in Denver this year. The RR ran special trains in conjunction with the Friends of the C&T before and after the convention. This helped the bottom line as well as the visibility of the RR. Several factors may have helped the growth this year. The end of the recession of 2008. Better marketing. Improvement in the web based reservation system. Additional trip offerings as well as improved customer service.

6b. Maintenance and Repair Report-John Bush

Nothing specific was mentioned for this section.

6a. Historic Car Fleet update-Stathi Pappas

Stathi reported that there was an unfortunate incident with the master woodworker, Zell Olsen. Zell is recuperating well. This left one master woodworker for September. A new hire was made at the beginning of October. A skilled woodworker from the San Louis Valley. Progress thus far on 292, most of the exterior siding has been put up. A lot of interior work has been going on as well. The seating is largely done. Grant applications have been submitted to the state historical fund for the 256 coach. The timeline on the 292 is getting tight due to the setback in September. The work on the 292 is staying on budget and the timeline is close. Commissioner Love commented that he and Mark Greybull visited the project. He suggested that anyone interested in historic RR preservation see the work completed on 292. The commissioner was very impressed with the interior of the car. This project is preserving the work of the builders of the 1880's. When people walk onto this car, there will be some jaws dropping. Mr. Love looks forward to the day these cars are running on special trains on the line. It will be the pride of the industry. This will be a special train available to the public, as well as the work on locomotive 168. The commissioner sees Stathi getting the project done on time and on budget. Stathi reflected the commissioner's views. He finds it special to be able to bring this trainset back to life on the RR it originally ran on. He mentioned the work the Friends are doing on car 470 in Colorado Springs, the tourist sleeper. Stathi continued on to locomotive 168. The tender frame and running gear is complete. The riveting on the tender tank is nearly complete. The tank should join the frame soon. The tender is 30 days ahead of schedule, and \$10,000 under budget. It is rare to be able to say such things. That statement could change quickly when dealing with a large project such as this. The 168 project is moving ahead well. Stathi thanked the team members from both Antonito as well as Chama. In terms of fund raising, at this time, 67.9% of the entire budget has been raised. That includes the Historic Preservation Account (HPA) and other fund raising activities. \$340,575 has been raised of the projected need for \$500,000. Please keep those checks coming in. There are a number of grant applications to write. There are enough funds in hand right now to continue work for another year and a half. Stathi invited anyone in the Antonito area that wishes to see the work to come on down.

6d. Track Across Borders Byway Update-John Bush

There are several changes going on. Some of which John is not real happy about. The representative from the Southern Ute tribe has departed for a new job. The Jicarilla have yet to name a representative. Unfortunetaley, Muriel Eason, acting executive director will be leaving that position next spring,

continuing with the project. On the marketing side, a brochure is being developed, as well as a GPS based application for a self guided tour. Search for continued assistance is going on. The mile by mile guide is nearly complete, expected out in the next four or five months. Commissioner Love asked about the funding for the byway. John replied that new new money has come in. \$215 came from private donors. The checking account has \$1,176. \$1,700 has been contributed (ed. no mention of where), \$1,000 from the C&T and the rest from the private donors. At this point the project is solvent. Further support for the production of the brochure is being searched. Mr. Love asked about replacing Muriel. John replied that people already on the project are being asked. It is an unpaid position. Commissioner Cowles asked John what would indicate completion of the Byway project. John replied that it is never complete. A milestone will be a functioning web site, the GPS app, signage.

6e. Marketing Report-John Bush, Betsy Bartholomew from Launch Advertising

At this point, Betsy presented a slide show, which is best seen on video, as editor, I can not fill in the visual information in this document. Betsy detailed how Launch went about promoting the RR, as well as the target audiences. Online advertising was major. TV in Colorado Springs and New Mexico was done. 27% riders from NM, 22% CO, 18% TX. That mimics media spending. (ed, a detailed slide will be on the video for those interested). Website hits were up over 18%. Getting a lot of first time visitors. There are 34,000 facebook fans, 67% over age 45. There are 48,000 people in the e-mail database. Troy research sends riders an e-mail after their ride. They receive a survey. Between Troy & Apple I-Phone, the satisfaction numbers are great. Lunch gets an 86% satisfaction rating. Scenery, History, Staff score very well. Commissioner Love asked where is Launch going, now having this years information. Betsy replied the website needs major work. Keeping the media presence going. Commissioner Cowles mentioned that normally October accounts for 15% of ridership. This year, it was 20%. Betsy mentioned that they kept pushing until nearly the end of the season. John Bush mentioned being glad to have Launch on board. The RR was initially nervous about going to an outside agency. He thanked Roger Hogan for the imagery he has provided to the RR that is available to Launch.

7. Financial Manager Report-George Canham

George has been with the RR for 4 years, and 5 audits. This year he is glad to report a fairly painless audit. While the RR runs as a business entity, there are required modifications for the government auditors. Due to a booking error, the Friends will receive \$6,800 from the RR. For the first 3 months of this year, gross revenue in CTO (the operating company), 2,855,183. That works out to a net income (July, August, September), of 1,192,011. Last year for the same period, the amount was 723,000. This year the RR was over budget on net income by \$297,000. Since the last commission meeting, History Colorado has shuffled their staffing. That has speed up capital reimbursiment funding. For July & August, \$200,553 have been submitted for reimbursiment. Just over \$19,000 is NM, and the remainder of \$181,000 is CO. There is no capital funding from NM for this fiscal year. There is still \$316,000 remaining in capital funding from NM. Colorado on the other hand, did fund \$1,091,000 for capital projects. Leaving a total of \$2,426,980 of capital funding available. January starts a new funding cycle.

8. Commissioner Reports

8a. Chairman Report-Lucy Kay

Moved to early part of the meeting.

8b. Vice Chairman Report-Billy Elbrock/local affairs

Kim Cassford is out of town. Carolyn Beasley (CB) from the visitor center reports. Billy updated us on the number of people going through the visitor center, since the RR supports the center. Carolyn invited everyone over to see the center to see what has been done. (ed, the visitor center is at the junction of 64/84 & NM 17, the prior state of NM visitor center, now more of a Chama, local area visitor center). CB reports many of the visitors are going from Durango to Taos. They have already ridden the D&S. This gives CB a chance to sell the C&T. To this day, CB reported 23,194 visitors. CB feels the personal touch

pays off. Commissioner Kay was pleased with the numbers. Commissioner Elbrock said the state tourism director was also impressed.

8c. Secretary Report-Dan Love/capital projects

Commissioner Love commented his department is capital projects, and the work Stathi is doing on the historic car fleet & 168 are a part of that. He continued by mentioning that it also includes the upgrade program, the process of getting the track rehabed to the point the RR can be self sustaining. The RR was pretty much bare bones when the states purchased the property from the D&RGW. It is a fairly recent goal to rehab the track from bare bones operation. Right now, there is just partial funding to do the upgrade due in part to the lack of NM funding. John Bush is doing his part by generating net income. Through careful management there are reserves that will be applied via appropriations as well as retained earnings that will be applied to the upgrade program for this year. Things look good for the track upgrade, as well as the excursion fleet as well as the locomotives as required by the FRA. The capital funding for both the RR as well as the historic fleet are in good shape.

8d. Treasurer Report-Dick Cowles/finance

Commissioner Cowles mentioned that as the railroad succeeds, that information can be used to gain NM funding. The economic and rural development committee for NM went up to Chama for hearings. The legislators were on a train ride. The commission had a chance to meet with the NM Legislative Finance Committee (LFC) for funding. It is doom and gloom at the roundhouse (NM). Basic state funding is tough. About 60% of the funding from the RR comes from the train operations. About 12% comes from private contributions, including the Friends. That leaves about a 30% number to come from each state. While NM is currently not pulling their half, from 2004-2010, it was the other way around, where CO was not pulling their half. NM's current state budget is \$6bn, where CO is \$28bn. Where there are friends of the RR in the NM legislature, it is difficult at the time to find money. The topic moved to the audit George Canham mentioned. Commissioner Cowles asked to approve the audit. Audit approved. Cowles now informed that by the bylaws of the commission that the audit firm now moves to NM, as CO has had the audit firm for the last four years.

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

Tim reports a good year for the Friends. Tim mentioned the Docents that the Friends provide for the train, and thanked Rich Muth & Bonsell Johnson, who where in attendance. They add value to the ride. The commissioners were provided a report of the work done by the Friends for the season. (ed, John Eng now gets to meet with the commission the day prior to the public meeting to keep the commission engaged with the work of the Friends). There were 572 attendees this year vs. 553 last year. 24,480 hours this year, vs. 20,080 last year. More volunteers means more economy for the local area. Regarding the 455 recreation, special photo trains in early September, Tim thanked all that worked on putting together the trainset, as well as the other functions. After the final bookkeeping, the Friends will be tendering a check toward the 168 project. Tim reported ridership of the special trains from all around the world. There are special trains planned for next year during fall colors. There are already 15 reservations, on a 45 max. There are several train shows coming up that will be represented by the Friends to promote both the Friends as well as the C&T. The Friends have loaded up the 168 cab for restoration in Colorado Springs. Yesterday in the Historic Preservation Coordinating Committee (HPCC) (ed, a meeting between the Friends & the commission, ahead of the public commission meeting) had a meeting, to communicate what the Friends will be doing restoration wise. Discuss what can be done for the RR. What will be maintained as a roadable fleet for these photo charters. As well as discussing other projects such as Lava tank, sand house, etc. Commissioner Cowles commented how the via the HPCC how many projects are going on. He mentioned the Lava Pump house project. To attempt to pump water up to Lava tank. There is work required to deal with the Los Pinos river trying to wash away the stone pump house as the river moves. The Friends have started the paperwork to deal with the issue, and Commissioner Elbrock is assisting on the volume of paperwork to deal with the issue. John Bush went on to thank the Friends. The roadable fleet is now up to 55 or 60 cars. That would take 4 locomotives to haul to the top of Cumbres pass.

10. New Business

10a. Ratify 2017 pricing and scheduling plan

John Bush pointed out that ridership grew 7.4% and revenue 11.2%. Tourist class grew by 19.4%, parlor 17.3%, and coach 3.1%. Last year there was an experiment to reduce price out of Antonito. That was at a cost of ridership out of Chama. There is now a 79% utilization of tourist, 84% in parlor, and 56% in coach. The RR is nearing maximum capacity in premium cars. There is a need to get more premium cars in service. Current analysis shows a lack of price resistance. There is increased ridership in the fall, when the fare increases. It is proposed that what were the fall rates this year become the summer rate next year. 99.75 in coach, 155.75 in tourist, 199.75 in parlor. Then in the fall, an uptick. There will be some streamlining in the discount program. Commissioner Love mentioned that he didn't feel it was the commissions job to determine pricing. The operating company would better at deciding pricing. He moved to ratify the plan as John presented. Approved. (ed, I try to keep my opinion out of this, but Trains Magazine reported a 2% increase on the D&S over last year. I also saw a lot more folks using Forest road 103 to Osier this last summer. Glad to see some of them on the C&T).

10b. Approve latest revision of Policies and Practices (P&P)

Commissioner Kay asked Commissioner Cowles to comment on the changes he proposes. He replied the P&P manual documents how the commission does business with the community & the states. It defines what the commission is, and what it is not. It, for instance defines the relationship with the Friends. It also defines the relationship between the commission and the CTO LLC. This is a housekeeping chore. Cowles would like to move to approve the document. Approved.

10c. Approval of Resolution for the El Pomar Grant application for D&RG #168

Commissioner Elbrock read the resolution. Elbrock moved to approve the resolution. Approved.

10d. Election of Commission offices and slate assignments for October 29, 2017 to October 2018

Slate to be:

Chairman: Elbrock

Vice Charman: Love

Secretary: Cowles

Treasurer: Incoming commissioner Greybull

Commissioner Love mentioned the basic work of each commissioner. He mentioned his basic responsibility being capital projects. He may have other input into other things like marketing. He would like to see each commissioner have their existing appointments, such as commissioner Elbrock at community relations. Commissioner Cowles as finance. Commissioner Love, Capital. New commissioner Greybull as Marketing. All current commission members agreed. Commissioner Kay, as Chair could deem it to be so, and she did (ed, smiley face goes here). (ed, commissioner Kay, thank you for your service to the C&T. Commissioner Greybull, welcome aboard.)