

C&T Commission meeting 04-May-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

5. Motion to approve the Minutes from the February, 2019 commission meeting

6. Presidents Report

6a. Reservation Report, 6b Maintenance, 6c Tracks Across Borders Byway - John Bush

Bookings are strongly ahead of last year, up 39%. Coach up 43%, Tourist up 27%, Parlor up 23%. Unearned revenue up 15% (no trains have yet run). USA Today is running a survey of the top 20 train rides in America. The C&TS is currently #1. The new coach 524 is nearly complete. Should be in

service by opening day. The two new premium car bodies have been completed, waiting for shipment to Antonito. Antonito will complete the build out over the next winter for opening day 2020. There is a pending agreement with the Galloping Goose Historical Society for a trade of their track (for the new covered storage on the C&TS) for two stock cars (that were donated, from Monte Vista). The stock cars were not contributing assets to the National Historic Landmark status. There is also a trade in works with the D&S for two Butte and Anaconda hopper cars that have been on the C&TS property since the 90's (not contributing assets) for two narrow gauge flat cars. The legislation sessions from both states were good. \$1,261,000 was received from NM, while \$1,365,000 came from CO, for capital and commission support. Next year marks the 50th anniversary of the RR. Several events are being planned for 2020 to bring attention to the RR. The first being a run of the rotary snow plow. Details are being worked out at this time. Tickets for the 2020 events will become available November 1, 2019. The line is being cleared with a highway type snow blower. MOW is getting back to work for the season. The strong fire mitigation program will continue this year. The Chama yard display in the visitor center in Chama will be leaving for the Sacramento State RR museum. It has been donated by the Narrow Gauge Preservation Foundation to that museum. The RR expects to open the season with 4 locomotives as well as the guest locomotive 315. 487 will not be available as it needs tire and driver box work. Commissioner Love was pleased with the funds received from NM, and hope it sets the tone for the future. He mentioned that by 2023, the goal is for the RR to be self sustaining. (Ed reminder, there will still need to be funds from both states for commission funding. See the other recent reports of mine). Mr. Bush continued, he wanted to thank Roger Hogan and Rich Muth for their photographic work for the TABB phone application. Corrine Williams is creating the web site for TABB.

6.d Train Operations, 6e Historic Car - Stathi Pappas

Line clearing is in progress. Antonito to nearly Los Pinos is cleared. The safety and training programs has been upgraded this year. Once the track is open, trains will move cars as required for opening day. Historic cars RPO 65 and Coach 256 are still being worked on. Both projects are on time and on budget. They should be complete for the opening of the 2020 season. New passenger car trucks are being built for the historic car fleet. The contractor in Durango is building them from scratch. The first pair of trucks are expected mid to late June. The grant application for pay car F is in progress. That project is expected to begin June 2020. Engine 168 passed its FRA hydro test. It is approved for a steam test shortly. There is still other various work to be done after the steam test. Mr. Bush pointed out that getting much of the historic train set out in 2020, for the 50th anniversary is great.

7a. Financial Report - Ed Beaudette

March is a slow month. The various spending programs are on track. The uptick in reservations bode well for the upcoming season. FY year-to-date balance sheets are in good shape. The reflect a strong season last July to October last year. Cash and equity is up in all categories. The commission balance is in good shape thanks to the CTO. This FY does not see the funds from the states mentioned above. There will be a negative impact on the CTO NOI (Net Operating Income?) as it will cover commission needs. The next FY, the commission is covered by the states (as it should be) for the first time ever. Ed looked at all the records he has access to and couldn't fine a prior time. This will allow the CTO to achieve its goal for self sufficiency. The CTO will subsidize the commission this year on the order of \$350,000 to \$400,000, and still should see an increase in NOI. Capital spending is pretty much on plan. About \$250,000 for March. Ed was thanked by Commissioner Graybill and Mr. Bush for his work as Chief Financial Officer. Ed thanked the employees of the RR for their work to put the RR in the shape it is in today.

8. Commissioner Reports

8c. Secretary Report - Mark Graybill/marketing liaison

Betsy Bartholomew from Launch Advertising presented a slide show describing marketing achievements and goals. The presentation should be viewed in its video form. When they are available, they will be located here:

[Commission videos](#)

The slide show link below gets to the interesting data withing the slides.

[Marketing slide show](#)

Mr Graybill said there has been an increase in the marketing budget of about 10% for this year. Revenues were up 24% last year. It is good to have some of that money go into advertising this year.

8a. Chairman Report - Dan Love/capital projects

Commissioner Love said that he expects the RR to spend \$15 million over the next 5 years. This is an infusion of money into the RR, but the communities as well.

8b. Vice Chairman Report - William Lock/finance

There is not a lot of activity on the commission books over the winter season. Commissioner Lock has reviewed the commission books and they look to be in good order.

8c. Treasurer Report - Billy Elbrock/local affairs

Commissioner Elbrock said local affairs are doing good. Kim Cassford was not available for the meeting. She has been focusing on the local businesses. She has visited several new businesses. She is keeping the businesses informed as to what the RR is doing.

9. Friends of the C&TSRR Report - Ed Beaudette

First work session happened last weekend, working on a stock car in preparation for its rebuild. Most of the A work session will occur in Antonito, with some going on in Chama. The annual dinner meeting will occur Friday, June 21, with a train ride to Cumbres. The annual wine tasting train ride will be July 12. Work continues on the tourist sleeper (historic car fleet car) in Colorado Springs. Commissioner Lock commented on Ernie Robart (who died over the winter). He was a photographer of the D&RG at the end of its narrow gauge operations. The Friends have purchased his entire photo collection. The collection includes 40,000 slides. The friends are in the process of making that collection available to the public. Commissioner Love thanked the friends for purchasing the collection.

10. New Business

10a. Approval of CTO and Commission FY 19-20 budgets

Approved

10c. Audit Presentation

The next 3 annual audits are being done by a NM firm. Ron Schranz (guessing on spelling), from Bert and company CPAs. He supervised, reviewed and approved the audit for the FY ending June 30. The RR was compliant with all the governmental accounting rules. The report was filed in a timely manner, received by November 1. They found the RR financial statements were materially accurate. Internal controls were accurate. There was some education provided by the CPA firm to the RR on how to document transfers in a consistent manner for the upcoming year. There were recommendations on how to report on fixed assets. Other minor issues were found, and the CPA firm suggested changes to the reporting to correct these. Overall, there was excellent cooperation from the RR with the audit. It was pointed out by Commissioner Lock that the CPA firm also acts as a teaching roll.

10d. Consideration and possible approval of Budget adjustment Resolutions for FY 19-19 CTI and Commission budgets

The commissioners mentioned a change to the FY 18-19 CTO budget, per the recommendations of the CPA firm. Ed Beaudette mentioned that there is a need to increase the CTO budget over what was approved last year. This was due to the banner year in the season last year. State rules don't care about increases in revenue, but they do regarding spending. The biggest item withing the requested increase is the "other miscellaneous costs". That is to protect the RR from anything unforeseen. The requested money is not expected to be needed, but is being requested to remain in compliance with the audit. The total increase is about \$330,000 in expenses. The actual increase in expense needs should be less than half of the amount requested. There is no penalty for under-spending the requested increase. Motion passed.

10e. Possible Lease of surplus car

Once coach 524 comes on line, one of the old flat roof coaches will be surplus. Mr. Bush would like to lease that car (to the Georgetown Loop RR) rather than gain no revenue from it sitting. Commissioner Love pointed out that there are several options for the old coaches as they get replaced. One is to scrap them, and another is to lease them out, as being discussed in this item. The car in question will be on a renewable one year lease. Commissioner Graybill pointed out the great working relationship over the years between the Georgetown Loop and the C&TS, the D&S and other organizations, how the RR's of Colorado work universally well together. Mr. Graybill recused himself from the discussion as he is with the Georgetown Loop RR. It is to be determined if the commission needs to approve the lease or not.

10f. Trade of non-contributing stock cars for rail

As mentioned earlier, trading rail for stock cars with the Galloping Goose Historical Society. Neither the rail, nor the stock cars have any significant value. It was determined by the commissioners that this does not need commission approval. Mr. Bush is free to execute this trade on his own.

10g. Motion to approve trade of non-contributing assets between D&S and C&TSRR

The C&TS has two hopper cars that are not part of the RR's historic assets, that are surplus to the needs of the RR. The D&S wants those two hopper cars for two flat cars that are of value to the C&TS. The flat cars are historic D&RG equipment. None of the equipment is of significant value, nor are contributing assets to the RR. The commission approved the trade.

10b. Billy Elbrock call for motion to enter executive session to discuss local affairs contract

No action was made in executive session.

11. Adjournment