

C&T Commission meeting 02-Nov-19

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<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.

I would like to extend thanks to Steve Forney. He provides the bulk of the equipment used to produce his videos of the meetings (link above). From his efforts I can gain a copy of the audio so I can rehear the meeting for this report.

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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

CTO: Cumbres Toltec Operating company

D&RG: Denver & Rio Grande Railroad

D&S: Durango Silverton Narrow Gauge Railroad

DFA: Department of Financial Administration (NM)

FY: Fiscal Year

HPA: Historic Preservation Account

JBC: Joint Budget Committee (CO)

LFC: Legislative Finance Committee (NM)

MOW: Maintenance Of Way

NM: New Mexico

ROW: Right of Way

RPO: Railroad Post Office

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

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 July, 2019 commission meeting**
- 6. Presidents Report**

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

John Bush introduced Christine Straberg from Capstone group. She is the new CO Government relations consultant (due to the change in the CO Governor). She also has a strong relationship with History Colorado (which the RR does as well). She continued with her presentation. She mentioned several history groups that Capstone has worked with. Capstone works well with both sides of the isle. They will work with the legislature on budget issues as well as administrative issues with History Colorado. She mentioned that in CO, there is a lot of turnover in the 100 person legislature due to term limits. A third of the legislature turns over every two years. It is important to develop relationships with the new members. Capstone has been working with the new governor regarding the RRs budget needs. She reports the new governor is very interested in education and economic development. Commissioner Love mentioned his long relationship with Christine via Colorado Preservation Inc. He feels like the RR is in great hands going forward. John Bush also pointed out that in attendance is JD Bullington, the RR lobbyist for NM, as well as Valerie Espinosa, NM Public Regulation Commissioner.

John Bush then went into his report. Ridership for the season was 42,453. Pretty much on par with last year. Remember, that last year, the D&S had challenges. The RR is 12% ahead of two years ago. The season went well with the exception of September. September performance reduction is blamed on the late change of the trees this season. Bookings normally arrive within about a week of the travel day. October picked up. Unaudited revenue was slightly ahead of last year. The special trains did very well this year. Steven Flowers (the person that feeds the riders) figured a way to serve more people at Cumbres Pass, thus allowing more riders on the special trains. The Wildflower train (was the Botany train) increased by 83%. The new name helped. The Mariachi trains were 200% better than last year. Operationally, things went well. Just the normal amount of glitches. John mentioned how all of the employees helped keep the season to run smoothly. The RR continues to receive high marks from Troy Research (they send out surveys to riders after their trip). MOW goes well. They have installed about 4,000 ties, 1,500 more to go this year. That will complete the tie replacement portion of the track upgrade program. Ballast still has a couple of years to complete. It is expected the track program will be complete by FY 2023. John announced an employee bonus of 3%. That will be paid by Thanksgiving. Coach 524, the newest is now in service. The coach that it replaced (one of the

older flat roof), was sold for \$51,000 to the D&S. Presentations have been provided to NM for funding. It was well received. NM is pleased with the way the RR is being managed. 2020 is going to be a big year for the RR. It will be the 50th anniversary of the RR. A number of special events are planned. End of February, beginning of March will be the rotary snowplow train out of Chama, to the top of Cumbres Pass, a two day special. Opening day will begin the celebration of the 50th year. Locomotive 168 will be rolled out along with the historic cars RPO, coaches 256 & 292. The Friends have been working on the tourist sleeper, and it is planned to be ready for opening day. July 1 is the actual anniversary day. Governors from both states are invited for a celebration. The Galloping Geese are invited in July. Between August 22-30, is a Victorian Iron Horse roundup. There will be at least 4 locomotives all built before 1900.

There have been several changes in personnel related to TABB. There is a cell phone app that provides a guided tour along the RR as well as the scenic byway. Photographs by Roger Hogan have been added to the app.

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

The season began with an upgraded training program, including an upgraded safety program. Processes and procedures will be updated during the off season. Out of 298 regular trains, only 49 trains were more than 30 minutes late. Only 3 were more than 60 minutes late. 14 breakdowns. 15 motor car breakdowns. 36 double headers, and one triple header (for the fun of it, as well as for training purposes). This was Stathi's first year as operations manager. Stathi thanked the team for making the season a success.

Coach 256 & the RPO 65 are still being worked on. The exteriors are nearly complete. Following will be the work in the interior. Trucks for the cars are also being worked on. As mentioned, they should be complete by opening day. Grant applications have been submitted to SHF (State Historical Fund, CO) for work to be performed on pay car F. It is hoped that work on that car can begin after completing work on the other two. Stathi mentioned that Tim Tennant will talk about the work on the tourist sleeper that the Friends are working on. This trainset (along with locomotive 168) will provide a great representation of the early travel of the American west, as well as the RR. Stathi thanked his staff working on the cars to restore them to museum standards.

7a. Financial Report - Ed Beaudette

Ed started off mentioning his numbers are September YTD. The October numbers are just being finished. September was slower than normal. July and August were positive. October so far looks pretty positive. So far, YTD is a little ahead. If next May & June are good, the FY should be ahead of the RR plans. Last year had a windfall, making things look good. All of the balance sheets are in good shape. Overall asset equity for the CTO is up about \$122,000. The HPA balance looks real strong, providing needed funds for historic preservation projects. The capital program is progressing at the appropriate spending rate. The RR received about \$1,125,000 from CO in the past session, and \$1,000,000 from NM. The wording on the appropriations left it up to the commission on how it is to be spent. Ed then provided the commissioners with a document

on a suggested allocation of that capital funding. Funding is to include locomotive, track, car work and historic car work. Commissioner Lock moved to accept the allocation suggestion. Commissioner Graybill seconded. Commissioner Love went on to discuss the matter. He was concerned with the allocation to the historic car project. Future changes should be allowed. Motion carries. Note, this was agenda item 10a, so it was addressed early. John Matthews of MOW will be glad to see his funding. Commissioner Love commented on how John has converted the RR track from junk status to its current outstanding condition. Commission Graybill wanted to be sure that John's staff was also recognized. John Bush mentioned prior challenges in funding from NM, putting pressure on everyone to stretch their funding.

8. Commissioner Reports

8a. Chairman Report - Dan Love/capital projects

With the track program to conclude by 2023, the RR should be self sustaining. He thanked his fellow commissioners for helping the RR get to its current status. The RR can hold its head high with its two owning states.

8b. Vice Chairman Report - William Lock/finance

Mr Lock mentioned that Ed covered finances well in his presentation. He attended two hearings in Sante Fe with JD Bollington. NM is pleased with the financial results of the RR. The RR has shown to NM that it is successful in its mission. The financial position proves that the RR is making people happy and providing a public service. This puts the RR in a good relationship with NM.

8c. Secretary Report - Mark Graybill/marketing liaison

Mr Graybill said he was tasked with performing an employee survey. The comments provided were taken as constructive criticism. There are about 113 employees. Management needs to keep up with changes within the organization. The survey asked for honest replies from the employees. He felt the feedback received was great. The big issue brought up is communication. The commissioner brought up how this is a complex operations, across two different states. With better communication, the managers will better understand what is occurring on the front lines. Communications needs to be bidirectional. He wants the staff to feel as they have a voice. There were other wonderful things that came out of the survey. The level of staff commitment, belief in the RR, job ownership, pride. That is not being taken for granted. The RR is probably the premier train attraction in the nation. The RR is more than artifacts. It is the people that work on the RR. Mr. Bush followed up, that the RR is not simply rebuilding things. What is being preserved is a work culture. Doing the old things in the old ways. He agreed with a need for improvement in communications. He looks forward to the feedback back up the chain. He is pleased the employees are driven by their love for the RR. Mr. Graybill mentioned that communication wasn't the only issue, just the largest. Many of the other issues can be overcome by better communications. The physical distances involved in the RR does add to the challenge

of better communication. Mr. Love pointed out how Mr. Graybill got the survey out in time to get the seasonal as well as the year round employee results. The survey is of great assistance to the commission to understand the problems of the employees. The surveys will continue, to stay in touch. This should allow the team effort to work better. Mr. Lock was pleased with the number of employees that responded, something like 65, or 68. There was a lot of thought that went into the survey. The topic moved onto marketing. Launch marketing will be used again this next season. Mr. Graybill pointed out how staying with a marketing firm, that firm learns the business they are marketing. Ad placements have been made for the upcoming season, mostly print advertising. Discussions within the commission is the ratio of digital vs. traditional advertising. Things are moving more to the digital. Current riders tend to get their information from traditional sources, print, TV. About 45% is done in print, 22% digital. Last year, 21% was TV. Launch is flexible in moving advertising around as desired. Work is being done to better track the digital advertising. An advantage of digital advertising is detecting how effective it is in selling tickets. September was slower than desired. It must be remembered that the RR is weather dependent (as well as when the trees change). Mr. Bush pointed out another advantage of digital advertising is getting the word out to the likely customer. He also mentioned how last September the RR hosted a team from CBS news. They will be airing stories that will appear on CBS Saturday mornings. The date is not known by Mr. Bush. That may be helpful in reaching a national audience.

8d. Treasurer Report - Billy Elbrock/local affairs

Commissioner Elbrock mentioned the official move last July by the commission to rename the clock tower park in Chama to "Vigil Park". A great ceremony was presented. 60 some odd people attended, with a lot of family members. Kim Casford (community relations liaison) took over at this point. Kim mentioned her work with both communities. A lot of progress has been made in Antonito. Work will continue over the winter. Christmas trains are being worked on. December 7 & 8 they run out of Chama, 14 & 15 out of Antonito. She is looking for volunteers to work on the trains (14 and older). Kim then turned over the microphone to Valerie Espinosa (commissioner of the NM Public Regulation commission (PRC)). She was pleased to hear about the ridership numbers at this meeting. She said she wasn't there as a PRC commissioner, but as a neighbor. The PRC has limited regulatory authority over the train. She has been concerned with the safety at the crossings. She mentioned that she hoped that JD Bollinger can get more than \$1,000,000 from NM this year. She also recognized Steven Flowers for feeding the passengers so well. The train ride is good, but the food is the best. She has a TV program in Sante Fe. Mr. Bush as been on the program to promote the RR. Next year will be her last year as a commissioner. The safety record is important to Valerie. She is a friend of the RR, and not so much as a regulator.

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

In August the Friends ran a 315 charter with the Durango Railroad Historical Society (DRHS). It went very well with the 60 people. The Friends have a great relationship with the DRHS. The Friends board meeting concluded a week ago. Work continues on the tourist sleeper car in Colorado Springs. It will join its other 4 cars of the historic car fleet in Antonito soon. There is

talk of running a night train, so the tourist sleeper can be used as intended. Bring your sleeping bag. If you are taller than 5-9, it is going to be a tight fit! Commissioner Love asked Tim to discuss this car. Tim said that 10 of these cars were built for the Rio Grande by Pullman. These cars were like the standard gauge version, being about a foot less in width. They arrived in Denver on standard gauge trucks, then narrow gauge trucks were applied in Denver. These were no frills cars. These cars were used to move immigrants out west (from Denver I assume). It has been a real labor of love for the people working on it in Colorado Springs. Members of the Friends will help with the Christmas trains. Rich Muth has taken the job of docent manager. The Friends were recognized back in September by the Great Southwest Council of Boy Scouts. The RR sponsored their RR merit badge. He hopes to get some troupes up next year for work sessions. 37 members worked on rotary snow plow OY over the summer (for the trip mentioned above). That was for woodwork. The RR is doing the boiler and other work. Membership is staying about the same. Some work is being done with Launch advertising to do some multi-generational marketing. Financially, the Friends are in better shape than in the 15 years that Tim has been with the group. As members pass on, there are estate gifts that help. Membership is in the 2,000-2,200 range. Work session participation has trended downward over the last few years. Some members are not up for it, and others have done their 20 years and are done. The OY project brought in some first time workers. Commissioner Lock brought up how the Friends as well as the RR work together to perform historic preservation. Tim reminded the audience how the Friends also built the wood pilot and cab for the 168 engine. He also pointed out how the car inspector building on Cumbres has been demoed and will be rebuilt in a short time. It was also pointed out that the Lava tank pump house was re-roofed, along with other work. Mr. Bush pointed out how the Friends, and their years of work have saved some of the historic assets for the historic car fleet.

10 New Business

10a. Capital Allocation

Done Earlier, see item 7.

10b. Motion to change check signing process

Right now, Commissioner Elbrock needs to sign the checks to vendors. For routine checks, use a facsimile signature, with internal checks on same. Instead of Commissioner Elbrock signing 50-80 checks a week, do so via facsimile signature. The CFO, or a member of the accounting team will initial. This will speed up the process of getting vendors paid. The commissioner is out of town quite a bit lately. Some special checks will still need an actual commissioner to sign. Check registers can be e-mailed to any commissioner wanting one. Motion to change the procedure passed.

10c. Adjust JD Bullington Contract

Motion to increase compensation to JD Bullington passed.

10d. Frank Talamante purchase of RR property

Discussion item only. Mr. Bush mentioned a desire by Frank Talamante to purchase/lease some RR property, located near the wye extension, south side of Chama. That land has been historically leased out. The person that has been leasing the land no longer desires to do so. Frank would like to buy the land. Commissioner Elbrock suggests not selling the land. If it is desired to sell the land, it should be put out to bid. Also mentioned in discussion was how the RR is growing. There may be a need for the land in the future. Storage facilities are needed in the future. There is no room to grow in Antonito. Also mentioned is the preservation of the current viewscape.

10e. Move to approve Commission officers and slate assignments for November 2019 to October 2020

Normally in the fall meeting, the commissioners rotate their office title. It was decided to leave each commissioner hold their current title for one more year. This is also being done as Commissioner Lock is fairly new to the commission. Passed.
Next commission meeting is February 1, 2020.

12. Adjournment