

Cumbres and Toltec Commission meeting 08-May-21

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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 of 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
CEO of the Cumbres & Toltec railroad: Eric Mason

Glossary:

C19: Covid-19 virus

CO: Colorado

CRF: Car Restoration Facility, Antonito

CS: Colorado Springs, CO

CTO: Cumbres Toltec Operating company

D&RG: Denver & Rio Grande Railroad

D&S: Durango Silverton Narrow Gauge Railroad

DFA: Department of Financial Administration (NM)

DTS: Dynamic Ticket Solutions (the ticketing company used by the C&TS RR)

FY: Fiscal Year

HPA: Historic Preservation Account

JBC: Joint Budget Committee (CO)

LFC: Legislative Finance Committee (NM)

MOW: Maintenance Of Way

NOI: Net Operating Income

NM: New Mexico

ROW: Right of Way

RPO: Railroad Post Office

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

SHF: State Historic Fund (CO)

TABB: Tracks Across Borders Byway

VIHR: Victorian Iron Horse Roundup

YTD: Year To Date (fiscal normally)

"the Friends": The Friends of the Cumbres & Toltec Scenic RR, the museum arm, <http://www.cumbrestoltec.org>

Please Note, this was a phone in meeting due to C19.

1. Call meeting to order

2. Pledge of Allegiance

3. Introductions

4. Motion to approve agenda

5. Motion to approve the Minutes from the November 14, 2020 commission meeting

6. CEO Report-Eric Mason

6a. Reservation Report-Eric Mason

There are still lots of things to do to prepare for the season opening, in just a few weeks. Due to C19, this season reservations were capped at 50% of capacity, but as things improve, it has been increased to 75%. With guidance from CO, capacity is now 75%, with 100% expected later in the season. For NM, there is an expected increase in capacity come July 1. Bookings are up to pre C19 levels, quite close to 2019 levels. The 50th anniversary celebration planned for last year has been delayed until this year. There is still a lot of work to do for that celebration. Contracts for the out of town equipment to attend are nearly complete. The engine Glenbrook from the Nevada State museum is to attend, as well as the Eureka from NV. Local engines 168 & 315 will be a part of the celebration. Work is being done to bring RGS engine 20 from the Colorado Railroad museum (CRRM). Several family friendly events are planned (largely over weekends), so families can visit the locomotives and the restored historic cars. The RR organization has been undergoing a financial reorganization. Budgeting has changed to allow each department to run their business. Engine 489 has been converted to being an oil burner. That was due to safety (fire) considerations. It is expected that 489 will be ready to operate by the beginning of the season. Engine 488 has seen major work during the off season, mostly over extensive boiler work. That engine should be ready for the early part of the season. The teams have been working 7 days a week to have the RR ready for opening days. Ongoing C19 challenges are expected. The RR staff is getting vaccinated as quickly as possible (currently about 70%). The guests booking their ride have been asking about crew vaccinations, thus it is important for the RR to meet that customer demand. Marketing has been changing. If you are on the RR e-mail list, you have seen the marketing materials. The marketing is not just about the locomotives and history, but about the communities as well. There is a ramp up of more media hit the press. Human resources are working hard to fill several spots. These positions need team members, housekeeping, track crew, night watchman, brakeman, dispatch, business operations manager, as well as a permanent president of the RR. A new human resources manager has been hired (recently retired from Los Alamos, now living in Chama). A safety manager has been hired, and that person will also dispatch. An organization from Sante Fe is working with the RR for Information Technology (IT) needs. Budgeting will be discussed later in the meeting. The Fireman/Engineer schools are sold out for the season. The number of schools has been increased to meet the demand. The schools are great for the participants and help the RR financially. To date this year, there are about \$614,000 in bookings. In 2019, that number was about \$670,000. Bookings and web site visits create optimism for the season. Group sales (those groups that travel about the country to visit things like the RR), are picking back up. Last year, those types of visitors dried up.

6b. Maintenance and Repair-Stathi Pappas

Stathi pointed out a few persons in attendance that are part of the team that maintain the RR equipment. Antonito & Chama shops are working 7 days a week at this time. Locomotive 489 and 168 are on the Antonito side. The remaining locomotives are on the Chama side. One organizational change, is both sides are working as one team. Locomotive work is being done on both sides. In the future, car work will also be performed in Chama. Three locomotives are in service at this time. The remaining three are undergoing work. The work on engine 488 will put that locomotive in service early in the season. Tender truck bolsters are undergoing work. Annual inspections involve both the running gear on the engines, and the tender trucks as well. Repairs being done are more than “a band-aid fix”, but rather something that will last for many seasons to come. The goal of the mechanical department is to provide equipment to operations so they can sell the product, thus keeping the entire RR in business. The 489 will be painted. It is expected that next week it will be test fired on its new fuel source. The boiler jacket has been straightened out, and will be painted with high performance paint. Its urethane paint job will make the 489 really shine. Down the road, it is desired to get the other engines that same paint work. It will make for a better looking product for the RR. Staff has been hired in the mechanical department. It is important to build skill sets in house. A new boiler treatment system will be put into place this year to preserve the boilers of the fleet. Most of the fleet is nearing 100 years of age, with nearly that much in service. Stathi asked “what other heritage RR can make such a claim?”

6c. Tracks Across Borders Byway/VIHR-John Bush & Eric Mason

Eric Mason began by saying that it is expected the VIHR will be record breaking. It is going to take everything the RR can do (as well as the Friends, and the visiting locomotive staff) to provide a great customer experience. There is a lot of information on the web site. This will be a special gathering of people and equipment. John Bush then talked about TABB. TABB will have its first in person meeting (since C19), May 14 in Pagosa Springs. The members of the TABB are getting set, after which grant money can be solicited. The Southern Ute tribe is working on getting the money in place for a plan to fix up the roadway through their land. This portion of the road can be a tough drive when wet. John then moved onto another topic, regarding the last surviving Grant built C-16, number 223 in Utah. The D&RG gave it to the state of Utah in 1941, around the time the 168 was given to Colorado Springs. The 223 had fallen into disrepair. The Golden Spike Chapter of the RR historical society took on the restoration to operating condition. The locomotive was moved to Union Depot in Ogden UT. The Union Depot locked out the Chapter to access, thus stopping the restoration. The Chapter would like to see 223 moved to Chama, and restored to operational there. That would round out the C&TS collection to what operated over that line. The Utah organization had decided to donate some machinery to the RR. May 3, that machinery was unloaded in Antonito. Stathi estimates the value of the machinery to \$22,000 to \$24,000. This machinery will be of great value to do work on site at Antonito. The wood working tools will move to Chama, so they can better perform car work.

Agreements have been signed for the VIHR, to happen this August. The events planned for last year will occur on the same days of the week this year. The events are sold out, and there have been very few cancellations. RGS 20 from the CRRM has been restored (for quite a bit more money than Stathi spent getting 168 restored). Things are set for that engine to attend the VIHR. Trains magazine has established a charter using that engine, set for August 31. It is to be a real RGS themed experience, having an RGS caboose. 463 renumbered as 455.

Commissioner Love asked about why the RR cares about TABB. John answered, as things began to fall apart in Gato, including the water tank that this corridor should be saved in some way. This corridor had been used for thousands of years as a travel pathway. The two native American tribes (Jicrallia & Southern Utes), the two states, the C&TS and the D&S) got together to describe the role the D&RG played in the two states. To also help describe the two native American tribes, and their history. And a goal of TABB is to help businesses along the corridor. The TABB gives people something additional to

do after enjoying the two trains offered on each side. There is some federal funding available to existing byways, which the TABB is eligible. A goal of TABB is to be a place to come to learn about the authentic west. Corrine Williams then took the mike to describe the phone application that can be used to describe the route. The app started by providing descriptions of highlights along the RR. It has grown to also provide additional information for visitors driving the byway. The application continues to improve. It will include yard tours.

6d. Train Operations-Marvin Casias

There are 22 days to go before operations begin. There is a lot of work to do. Work is needed to prepare Osier for service. Osier needs to be available 10 days prior opening so the Osier staff can begin their preparations to be ready for opening. The parking lot in Antonito needs some attention. Work is being done to be ready for fire suppression for the season. The speeder cars have been serviced. Projected weather reports predict a dry summer. There are some positions on fire patrol. Marvin has been working on items needed for VIHR, such as getting bids for wood for the visiting NV engines. The old siding at Big Horn will gain a switch, thus making it a spur. A water tank will be stationed at Big Horn. It will also be handy for possible fire suppression. A tank will also be stationed at Lava, as in prior years. The spring box for Sublette is working well, but the VIHR will challenge the water supply there. The RR may need to truck in additional water. Cleanup of the yards has begun. He mentioned that while some stuff needs a bit of help from the commission to dispose of. Items of salvage value need some procedure to release. Cleaning up the yards will add value to the customer. The “swamp” (Chama) needs to be cleaned up per the state forestry. There are concerns regarding fire in that area via any cause. Rules class will be held 5/24, and training 5/25, and customer service 5/26. This gives the different department individuals a chance to meet each other.

6e. Historic Car-Stathi Pappas

The historic car project began in 2015, to restore several cars to service that operated on this line in the early D&RG days. One of those cars was started prior to 2015 (2009) by the Friends, tourist sleeper 470. RPO 65 was started in 2015. That project was put aside as work began on coach 292 (started 2017, finished 2018). Coach 256 was next, which is the oldest surviving piece of D&RG narrow gauge equipment, built in 1876. Its work began in 2018, completed 2020. The RPO resumed last year, and is now complete. Pay car F (built 1878) work is now underway. Plans for opening day Antonito (5/29) are to have locomotive 168, cars 470, 292, 256 & RPO 65 running that day. Pay car F is seeing a lot of work in the roof structure. As many windows as possible are being saved. Per the Secretary of Interior standards, as much fabric of the original item is to be saved. None of these cars have their original trucks. New trucks were made, providing the same look and feel as the originals. Commissioner Love was recognized in his efforts to gain funding for this project. This season marks the first season in the 51 years of the RR where a train set of original D&RG equipment will operate. Eric Mason then stated that he didn't have any RR experience when he hired on, and has been drinking from a fire hose since. He has really seen what the people behind the scenes provide to making the RR work.

7. Financial Report - Ed Beaudette

50 years ago, when Ed was in the army, he learned how to navigate mine fields. Something he has been doing over the last year. At the end of the 3rd quarter of the current FY, things look much better than anticipated last year. The balance sheets of all component pieces of the organization are in a

satisfactory position right now. The operating company has been hardest hit. Last fall, when things opened up in NM, helped things improve over what was expected. That kept the cash position not be as bad as expected. Inventory and spending has been well managed. Revenue was better than expected. Spending was up, but that was due to running more trains than expected, which is the reason for item 10d below. Overall NOI at this point is a negative \$559,000. That isn't a good place to be, but it was expected to be roughly negative one million dollars. So, better than expected, and helps the recovery. Ridership was way down last year, about 11,000 riders, vs. around 42,000 the prior year. Labor costs exceeded budget, but operational costs managed to be reduced. Other areas of savings were in marketing. General and Administrative costs, as well as insurance were better controlled. It was a very tough year for the operating company. The other significant budget area was capital spending. Funding was reduced from the states, thus slowing activity in this area. The two states are coming together. NM funding has been completed for this year. The RR did better than expected. Commission funding wasn't quite that requested, but OK. Capital funding was fully funded thanks to a rebound in the oil and gas industry. The two local NM state lawmakers provides some funding from their discretionary money. The CO session is not yet over. It is not expected that prior levels of support will be gained. Financially, the RR has pretty well survived the bad C19 year. There are still a few mines fields to navigate.

8. Commissioner Reports

8a. Chairman Report - William Lock/finance

Commissioner Lock felt that Ed Beaudette pretty well covered finance.

8b. Vice Chairman Report - Mark Graybill/marketing liaison

Commissioner Graybill mentioned that Eric pretty well covered marketing. Abigail Martinez (Abby) as Marketing Coordinator has been doing a top notch job in her position. Marketing is moving more in house, using less of outside firm Launch.

8c. Secretary Report - Billy Elbrock/local affairs

Commissioner Elbrock had Kim Casford present this topic. Kim mentioned she has been attending meetings on both sides of the line. It has been realized that both sides are in this together. In the aftermath of C19, the communities want to be more supportive. Kim has been introducing Abby to the community members. Abby has an advantage of being local (Chama). The communities are pleased to have someone local, rather than from big cities like Denver, or Sante Fe.

8d. Treasurer Report - Dan Love/capital projects

When the states bought the RR 51 years ago, they gained an opportunity to to preserve this unique history of the RR and the culture of the area. The RR has been primary in survival mode over the last 50 years. Considering what the RR inherited then, it makes sense. In the first year of operations, the RR was primitive. Now the RR is a national asset. It belongs not to just to the two states, but the country. Commissioner Love mentioned that his job over the eleven years of being a commissioner has been to raise money, to ensure this asset can go on for many more years. He remembered that when the states first purchased the RR, that it was not expected to be a success. That has since proved that expectation to be all wrong. Proving to the various legislatures that the RR is important. If it were to "go away", it could never come back. The RR is a national, as well as international asset in telling what America is

all about.

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

Last year was a challenging year for the Friends. Some work sessions were performed in Antonito and on Cumbres Pass. Society, as well as Friends members are chomping at the bit to get out and do things. Tim mentioned the history of the work done on tourist sleeper 470. How it began its restoration in Colorado Springs in 2009. Now it is in Antonito for finishing work, and is pleased it will join the historic train set this year. The original purpose of the car was to bring people out to this part of the country. Tim also commented how people back then must have been smaller, based on the bunk size. There are several special trains this season that will be using that car. This year things should be a little bit more normal for the Friends. Members are signing up. There is a normal slate of work sessions, as well as two special sessions to support VIHR. The moonlight, wine tasting train will run July 23, running out of Chama. Tim mentioned that the members that work on projects in Colorado Springs (CS) need a new project. Item 10a below addresses this issue. Baggage car 163 should be moved to CS for work. The Lava pump house needs work. The work done last year on the car inspectors house on Cumbres was mentioned. A chimney and roof work are still to be done on the car inspectors house, as well as Sublette. Commissioner Love thanked Tim and the Friends for their work on 470. Mr. Love saw it before work began. He thanked the Friends for the work they have done on the non revenue equipment (freight cars) over the years. Now, bringing car 470 into the revenue fleet marks a change in the relationship of the Friends and the RR. Tim then mentioned that even with C19 last year, the Friends did manage 6,600+ hours of service. Commissioner Graybill thanked Tim and the Friends for the work that they do. Work the RR could never gain the financial backing to perform.

10. New Business

10-. Request to allow new road crossing over track at Los Pinos

An owner of property at Los Pinos wants to construct a crossing over the tracks in the Los Pinos area. There was a discussion over the phone between the owner and the commission to discuss the next steps required to gain that crossing. The call was heard by those in attendance at the meeting.

10a. Approval of the 163 Baggage Car Agreement

Motion to move baggage car 163 from Antonito to CS for the Friends restoration project. Passed.

10b. Approval of the MOU for tank car use for oil storage

This item involves using two of the UTLX narrow frame tank cars (used in Alaska), which the Friends maintain. These cars are to store oil for the oil burning engine(s) until a more permanent solution is established. The two cars would need minor modification to be used to fuel the engine(s). When the permanent solution is established, the oil cars will be restored to current condition. Passed.

10c. Approval of the possible acquisition of engine DRGW 223-John Bush

This item is to approve the acquisition of engine 223, and to state the intent to restore it to operating condition. This is directed to those at the state level in Utah as to the commissions desires of engine 223 for long term lease or purchase of that engine. The commission is responsible for donations and or

grants to fund this goal. Passed. A round of applause to John Bush for his work in this effort.

10d. Consideration and possible approval of a budget adjustment resolution for the FY 21 CTO budget

Ed Beaudette had three budget items that needed modification, per state rules. The details of each were presented to the commission and voted on individually. Two are for FY 2021, and one for FY 2022. All three modifications were passed by the commission. The RR FY's run July 1 thru June 30, like the states. FY 2021 will end this June.

10e. Executive Session

No decisions were made in the executive session.

11. Commissioner Dan Love Announcement

This portion of the meeting is best via the video recording, provided by Steve Forney. The link to the commission video recordings is at the top of this document. Expect the video(s) to be about 30 minutes. Commissioner Love announced he is stepping down as commissioner after 11 years of service. Several items of “thank you” were given to Mr. Love. One of the items given to him is a painting. A print of that painting is available in the RR gift shops. Many of the readers of this document will want one. This was a visibly emotional portion of the meeting. Consider watching the video. Commissioner Love announced that Scott Gibbs will be the new CO commissioner. The governor of CO has made it official. Scott begins his official work on July 2.

12. Adjournment

Next Commission Meeting: July 31, 2021.