

Cumbres Toltec Scenic Railroad Commission Meeting **C&TSRR Commission Minutes**

February 1, 2019 9:00a.m.

Antonito Town Hall, Antonito, CO

Public Input – *Public comments/questions will be allowed during each topic upon being recognized by the Chairman. Comments and questions may be no longer than 3 minutes and must adhere to any other requirements established by the Chairman. All public speakers must indicate their desires by registering in advance of the meeting on the available sign-up sheet which will become part of the record of the meeting.*

1. Meeting was called to order by Chairman Dan Love at 9:00 a.m.
2. Pledge of Allegiance was led by Commissioner Billy Elbrock
3. Introductions – John Bush
4. Approval of Agenda – Commissioner Love adjusted the agenda to take the executive session off the Agenda. Commissioner Love moved to approve, Commissioner Lock seconded the motion, motion carried.
5. Approve the Minutes from October 27, 2018 Commission meeting - Commissioner Love Moved to amend minutes to be more specific as to what was approved for New business Item a. Motion to approve the use of HPA funding. Commissioner Lock seconded the motion, motion carried.
6. President's Report- John Bush- Not including special charters, the Railroad carried 42,815 passengers this year. This is ahead of last year by 12.4% Revenue increased by 23.8% compared to the previous year. The growth was primarily in coach and parlor class service. The primary reason that revenue is growing faster than ridership is an aggressive change in the discount policy. The growth in ridership is the result of a continuing and stable strong marketing effort as well as our ability to provide uninterrupted service. Price is not the driving factor on people's decision to ride the train. When we reach capacity on the premium service cars ridership will be constrained by not having more premium service cars. Commissioners Love, Graybill and I testified before the Joint Budget Committee in Denver on January 10th. We requested funding of \$ 1,365,000. This 5.4% increase is to cover inflationary pressures that have occurred since the program was begun 6 years ago. The figure setting process will occur on March 12th. The legislative session ends on May 3rd. The Governor has until June 2nd to sign or veto the bills. On January 22nd our Legislative analyst and I made presentations to the House Appropriations & Finance committee for operating expense support for the commission office (\$ 261,000). They agreed to the proposal and \$ 261,000 will be recommended in the HB2 general fund legislation. This is an increase of \$ 150,000 over last year's amount and will allow New Mexico to carry its full share of commission funding for the first time in several years. I am grateful for the work done by our staff, our lobbyist, the LFC and FA to make this outcome possible. We have requested \$ 1,100,000 in capital support for track upgrade, locomotive compliance with federally mandated requirements and regular passenger car capital upgrade. The amount has been included in SB 280 the senate capital funding bill. The Legislative session ends on March 16th. The Governor will have until April 5th to approve, line item veto, or veto any legislation. The current FIT reservation picture looks very positive. There are 706 reservations compared to 498 at this time last year. Ahead by 42%.
The difference is due to both the change in fares and the increase in demand for the premium service.

- a. Maintenance and Repair Report – John Bush- Things are going well on the locomotive stuff. Brad Lounsbury has accepted the position of Safety Officer for the company. He comes with a strong background in safety management from Los Alamos National Labs and previous to that as a Safety Officer in the US Navy. If sufficient funding is available we plan to increase the size of MOW crew to catch up on the tie installation upgrade program did not make progress last season.
- b. Tracks Across Borders Byway update – John Bush-We are re-printing the rack card that will go out for the Tracks across borders, which will then be distributed to the visitors center in Chama, the visitors center in Durango and taken to the State meetings for the Scenic byways. We have an application now, a phone app that allows you give yourself a guided tour on the Tracks across borders. Rich Muth is now a part of our effort along with Roger Hogan. One little glitch we are still trying to fix on the app. Your phone will alert you when there is something interesting to look at. We have signs now cooperation with the Village of Chama.
- c. Train Ops- Ed Beaudette- Being the end of the year it is a small report. October finished up good we were 6% above the previous year in ridership. 18% above in revenue, over all it was a good finish to the year. On track to meet some of our overall objectives for the year. We are going to continue our fire suppression program that worked out very well for us. It does incur additional labor costs. It will have an effect. It will benefit us in the long run. When we got the fire Mitigation program Archuleta County found out that part of our railroad is in their County. They came over, became quite concerned about the fire dangers. We have heard from several sources that the person most concerned is now satisfied. They were convinced that we were not a threat, they could have shut us down.
- d. Historic Car/168- Stathi Pappas- Historic Car Fleet update – Stathi Pappas- Loco 168 has been progressing well. Almost complete with the running gear at this time. We remain on time and on budget. We have seven people working on two projects at the same time. We have three people working on RPO 65 and we have four people working on Denver and Rio Grande coach 256. We did a bunch of research for RPO what the Denver Rio Grande did.

7. Financial Manager Report-

- a. Financial Report – Ed Beaudette- A lot of good new what seems to be happening in the legislature capital work. Very little changes from last month. Overall we look forward to the fiscal year, we are on track. We are dealing with the cost of the fire mitigation and the Colorado minimum wage increase that will have an impact on us. And we ran 50 double headers last year. We are looking for higher labor costs associated to that. Operating buses and buying more meals from Stephen, those are good costs. The legislature support is for the fiscal 2020. Capital billing for December was about \$ 120,000 we don't have as much activity. We are positioned well we have \$ 1.8 million in unspent Colorado money. And we have \$425,000 for New Mexico. We have a budget of about \$ 480,000 for the Commission.

8. Commissioner Reports

- a. Chairman Report – Dan Love/capital projects- We are still targeting 2023 to complete our Capital upgrade program and that is going from basically 1970 clearly the Railroad was on its last legs in 1970. It was well over due from the D&RG for abandonment. There

wasn't anything being spent that wasn't absolutely necessary to fulfil the obligations of the Railroad. When we bought this asset, it was survival minus on its last gasp so the great efforts that were made to preserve it and keep it going were heroic and often times where do we find the next penny to keep it going. To approach 2023 where it will finally be back in a condition that we feel is necessary for its future is quite an achievement. We are going to make it as far as we can see. Now we can see the goal line. Now we can see all these efforts have brought us to what I term self-sustainability that is an historic preservation project that can pay for itself in the future and therefore guarantee its survival for forever if that becomes possible. That's where we are heading. The capital program is finally being address seriously in New Mexico it has been addressed in Colorado by the Legislature for 6 years we are very optimistic.

b. Vice Chairman Report- William Lock/finance- Ed has done a marvelous job of giving us the overview of the finances. Was pleased to be at the New Mexico legislative hearing where we were given the correct amount of commission funding. Very pleased one of the New Mexico State representative stated "you guys inherited a bunch of junk, and all the good passenger equipment went to the west of us." "You all have come up and made some wonderful passenger cars, so that the public can enjoy." And we also have a world class collection of freight equipment that has enhanced this authentic experience that we're about.

c. Secretary Report – Mark Graybill/marketing liaison-Marketing is a key component in revenue. We are happy with our marketing firm. Launch marketing is the best fit by far. You can't change your marketing firm every year. It's very good that we are having Launch again this year. We are finalizing the marketing plan. The Railroader film by Russell Bush is a gigantic opportunity and to have 31 thousand views on you-tube is very significant the Marketing firm is working to along to help promote as well. We are talking about how to expand the digital marketing. As far as we stand for the rest of this fiscal year we have reserved the budget and approved, we are in a very good spot. We are spending what we need to.

d. Treasurer Report – Billy Elbrock/local affairs- How do we integrate the two communities. We mostly Kim our community liaison has really tried to focus on Antonito she has not received feedback. It's a stumbling block, people don't seem to want to be engaged. We don't have any challenges in Chama. Everybody in Chama is happy. Everything is going good. We don't receive calls about complaints. The community is united. How do we create places to stay and a places to get a meal that is a limiting factor? How do we say we need some help? We don't know how to get the ridership up in Antonito. A success story is the Visitor's center in Chama, and the successful fire mitigation. Both communities were very concerned.

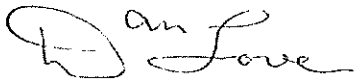
9. Friends of C&TSRR Report – Tim Tennant- The progress with the tourist sleeper, they've been working on the windows, and the progress on the roof. That is a testimonial to the work the Friends does. The Friends spring Board Meeting and Banquet will take place on Friday March 15 and Saturday March 16. Thanks to Bill Lock for starting the Friends. With the passing of Friends member and renowned photographer Ernie Robart on December 24, 2018, the Friends will be acquiring his collection of photo images, maps and collectables. Ernie photographed the D&RGW narrow gauge during the 1960's and was an active volunteer during the start-up phase of the Cumbres & Toltec. We will continue to remember Ernie during our annual dinner and train ride from Chama to Cumbres on June 21st.

a. General info

10. New Business*

a. Recognize Dick Cowles

11. Adjourned at 11:05

A handwritten signature in cursive script that reads "Dan Love". The signature is written in black ink on a white background.

Dan Love, Chairman