

Cumbres & Toltec Scenic Railroad Commission
Minutes of the Regular Meeting, July 30, 2022
9:00am

Location of Meeting:

Antonito Town Hall
515 River Street
Antonito, CO 81120

Present at Meeting: Commissioner Bill Lock, Commissioner Mark Graybill, Commissioner Billy Elbrock, Commissioner Scott Gibbs

The regular meeting of the Commission of the Cumbres and Toltec Scenic Railroad was called to order at 9:01am on July 30, 2022, by Chairman Mark Graybill.

Approval of Agenda: The agenda for the meeting was distributed. Motion to approve: Commissioner Elbrock, seconded by Commissioner Lock. Approved 4/0

Approval of Minutes from Quarterly Commission Meeting on April 30, 2022: The minutes of the April 30, 2022, meeting were reviewed. Motion to approve: Commissioner Lock, seconded by Commissioner Gibbs. Approved 4/0

Approval of Minutes from Special Commission Meeting on June 1, 2022: The minutes of the June 1, 2022 meeting were reviewed. Motion to approve: Commissioner Lock, seconded by Commissioner Gibbs. Approved 4/0

Presidents Report: Attached as Addendum A

Superintendent's Report: Marvin Casias reported on progress at Osier, the operating schedule, additional water sources, and track maintenance and repair.

Maintenance and Repair and Historic Car Report: Marvin Casias reported on locomotive maintenance and repair and status of Paycar F

Financial Report: Attached as Addendum B

Marketing Report: Attached as Addendum C

Commission Reports:

1. **Chairman Report, Commissioner Graybill, Marketing:** deferred to Abigail Martinez, Marketing Manager's report
2. **Vice Chairman Report, Commissioner Elbrock, Local Affairs:** discussed Chama water issue, deferred to Kim Smith-Casford to report.
3. **Secretary Report, Commissioner Scott Gibbs, Capital Projects:** discussed locomotive conversion, trackwork, interior of cars.
4. **Treasurer Report, Commissioner Bill Lock, Finance:** deferred to Alysia Martinez, Chief Financial Officer's report

Ridership

Announcing the 2022 schedule on November 15, 2021 and opening the web site for reservations made a difference in 2022 early ticket sales. Even after rebooking or refunding 2808 tickets due to the delayed opening from June 11 to July 1, we have exceeded 14,475 reservations as of July 27. As of July 27, using 2019 ticket sales for the remainder of the season, I anticipate we will have about 31,000 guests. In 2019 we handled 14,874 guests between opening day and July 21. The delayed opening due to the Osier fire and the extreme fire danger in June cost us significant ridership. The Chama water situation also cost the Railroad significant lost ridership from Chama.

Our Group sales represent 3258 guests. As a comparison, 2019 the railroad had booked 3,808 guests. Amanda has done a great job recovering group sales after all prior year documentation and contact lists were not available to her. All Group sales information was lost with personnel transitions in 2021.

Schedule – successful run of Cumbres Express in July

Opening day was delayed from Memorial Day weekend to June 11 due to the Osier fire and recovery. Due to the extreme fire danger in June the Commission decided to delay opening day to July 1 based on my recommendation. The delay from June 11 to July 1 impacted the railroad's revenue by approximately \$750K. Based on the Economic Impact Study that was completed last year, the impact to the surrounding 5 Counties is estimated to be \$2.6M

Osier Recovery

The railroad undertook project management of remaining recovery operations this spring. With contributions by people from many departments we had bathrooms and seating in place for guests on July 1. The lower floor and kitchen have been a second priority. Completing all the plumbing and electrical repairs has been very challenging with supply chain issues for materials we need to complete the restoration of the facility. We will be contracting with What the Truck catering to provide food service in Osier for the remainder of the operating season. As we have returned the building to operation after the fire, we have focused on laying out the space to maximize indoor guest seating.

The Osier fire made us recognize we have been underinsured. Ed Beudette was tasked with reviewing and updating the valuation of all property owned by the Commission. The increase in property values is one part of our insurance cost increases. The Osier fire claim accounts for the remainder of the increase in cost. Property insurance cost for the Commission has increased by 50%. Liability and wildland fire insurance costs increased substantially as well. The overall insurance cost for the railroad increased by 31% from FY21-22 to FY22-23.

Wildfire management

Fire management plan was redrafted. We used published information on cinder size and temperature for ignition of a fire and the Forest Service Probability of Ignition tables to draft a three-tier approach – describe

The Carson and Rio Grande NF and the Forest services from the two states have reviewed the plan. We have had two in gauge starts this year. Neither one was from stack cinders.

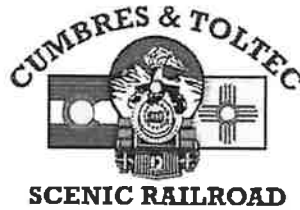
Locomotives

The 168, 463, 484, 489 are all operational. All locomotives received the required FRA annual inspections. Significant work was done on the 489 over the winter to improve its steaming capacity so it would handle the 4% out of Chama reliably with an 8-car train. The firedoor was replaced with a damper door sourced from the D&SNGRR. The fuel delivery piping was upsized to 1 ½ inch along with a 1 ½ inch firing valve and a larger burner. The installation is now very similar to the D&S oil conversions on the 480 and the 482. We will replace the firepan next winter with one of the D&S designed pans to increase the air volume and correct an overheating issue with the lower air inlet damper. The ash pan will need to be removed to install the new firepan. One additional K-36 will be converted to burn oil during the 22-23 winter maintenance season. Almost all of the parts for the second conversion are now on hand or being fabricated.

The 484 received 16 new tubes and ligament repairs to the front and rear flue sheets while in Antonito. The 487 is waiting on return of a piston and crosshead from the machine shop. The 488 received a new smokebox, the cyclone front end was replaced with a Master Mechanic front end using the original Baldwin drawings. The condemned arch tubes were replaced and the locomotive should be operational soon.

Passenger Cars

Work on the passenger car fleet focused on refurbishment of the interiors this winter season. The new parlor car interior is almost complete. The exterior of the new parlor car is the first to receive a metal skin rather than fiberglass.



Finance Report

Alysia Martinez

Summary

(Unaudited and used for internal use only.) Within the report, I will be discussing the current activity for each fund. The overall activity for the month of June reflects mostly Capital projects and regular reoccurring utilities and expenses in CTO. We will see operation expenses increase as we prepare for trains to go out July 1st. Included are Profit & Loss reports along with Balance Sheet reports for Commission, HPA, and CTO and a Capital Summary. HPA reflects little to no activity for the month of January. P&L summaries for Commission and CTO include previous year-to-date comparisons along with overall budgets. Please see below for additional comments regarding each fund.

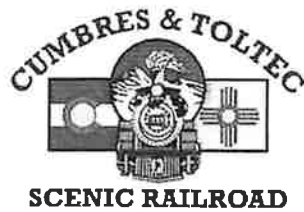
Historic Preservation Association, LLC

The Profit and Loss YTD Comparison for HPA reflects little activity, as expected since we do not have any operational revenue activity. In the month of June, Management Liability Insurance is the only insurance we see as of now. The expense will continue to increase as we near the end of the calendar year.

The Balance Sheet for HPA shows little to no activity for the month of June which is expected for this time of year. We do see the liability of prepaid insurance sitting on the balance sheet which is a little more than prior year as our premium has increased this year. We also see our liability that is owed from CTO for ticket revenue for the month of June. As the train season progresses, we plan to transfer what is owed with ticket revenue and with the ARPA monies.

Commission

The Profit and Loss Budget Vs. Actual for the Commission fund is overall expected to where it should be for the month of June. Next month will reflect the General Fund Support from NM for FY 23 and overall will be in a better position. We do see an increase in expenses as we are incurring the cost of all Osier



reconstruction, so the expense within Commission are much higher than last year. But overall, the BAR #1 has covered these expenditures.

The Balance Sheet for Commission remains strong for the month of June and is expected to remain strong as we will receive the Colorado Support. Our cash position is much higher than prior YTD totals, as we do see the support from Colorado from FY 21 and FY 22 that we receive later than usual. We also see the insurance proceeds, but as we know that monies will eventually cover all cost incurred.

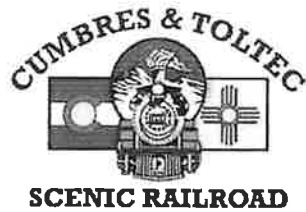
Cumbres Toltec Operating, LLC.

The Profit and Loss Budget Vs. Actual for CTO for the month of June is finally in a much better position for us to analyze. The reconciliation from prior season is now complete and we are able to move forward. Operation expense has increase, but not nearly where it was from prior season. We can also see that wages and salary have decreased during the month of June as we didn't run trains due to the delay of the season. Also, Capital projects are still going, so labor for that will be reflected in the Capital Summary. The insurance expenses are sitting on the P&L, at fiscal year end, we should see that the insurance expenses are fully expensed and will balance with the balance sheet.

The Balance Sheet for CTO shows our cash position much less than prior year, which was expected due to the delay of opening day. Our payroll account was holding the majority of the cash, as we did receive the monies from the Paycheck Protection Program from the IRS. Our prepaid expenses are much higher than prior year, as we have had increases in premiums. Deferred revenue was about \$200k less than prior year, which is expected due to the refunds processed after the announcement of opening day.

Capital

The Balance Sheet for Capital shows little activity for the month of June. We see A/P being active per usual and the NM depreciation schedules. We also have some A/R invoices in there for NM and CO.



The Capital Summary reflects the capital work Through the fiscal year

Payroll Update:

At the end of the year, we will be transiting into ADP. I have talked with Manny and he has given us two different start dates – Q4 (October) or the new year January 2023. We think it would be best to start January 2023, as we want to avoid having to deal with two W-2s. We are hopeful that ADP will work for us and meet our expectations.

Alysia Martinez



CUMBRES & TOLTEC SCENIC RAILROAD
 July 28, 2022, MARKETING CTO REPORT
 Prepared July 26, 2022, by Abigail Martinez (Marketing Manager)

EMAIL CAMPAIGN

Our most recent email blast was highlighting our upcoming botany/wildflower special excursion train. Overall numbers showed to be consistent with other blasts we have sent out. Over the past 30 days our email subscriber list grown by 1,063.

Email Blast	Sent	Open Rate	Click Rate
Full Bloom Ahead	53,965	26%	1.2%

DIGITAL MEDIA

I compared the 2021 data vs 2022 data and we're off to a great start so far!

For June we are in comparable numbers except June 2021 had a head start of 7 days compared to June 2022.

June 2021

- Facebook Conversions: 32 conversions
- Google Conversions: 565 conversions
- Display/Video Conversions: 19 conversions

Total: 616 conversions

June 2022

- Facebook Conversions: 31 (We had a later start of June 23, 2022 compared to June 16, 2021)
- Google Conversions: 443 conversions (We had a later start of June 23, 2022 compared to June 16, 2021)
- Display/video Conversions: 1 conversion

Total: 475 conversions

June 2021 conversions performed better than this year.

July 2021

- Facebook Conversions: 88 conversions
- Google Conversions: 1,524 conversions
- Display/Video Conversions: 78

Total: 1,690 conversions

July 2022

- Facebook Conversions: 86 conversions

- Google Conversions: 1,747 conversions
 - Display/Video Conversions: 34 conversions
- Total: 1,867 conversions**

July 2022 conversions so far are performing better than last year, due to Google!

Going forward I am going to shift display/video budget into Google since we are seeing high conversions there and/or shift budget into Facebook as well.

For more information on our digital advertising through Q1 Media her is the complete reporting doc-
https://docs.google.com/spreadsheets/d/19RfWpXVmOLZU2dr5OMh44WCe6qeOKfFZH-xol_ia5Pg/edit?usp=sharing

The delivery on the major tourism sites (Colorado.com & NewMexico.org) are holding stead month to month. Clicks are down considerably from 2021, though. What I'm seeing is that the clicks this year are similar to what we saw in 2019. I'm sure there's still hesitancy to trave for some folks due to continuing COVID issues and high has prices are likely also limiting trave.

Colorado.com

10,387 total impressions in June **vs.** 11,636 total impressions in May
76 total clicks in June **vs.** 91 total clicks in May
0.73% CTR in June **vs.** 0.78% CTR in May

NewMexico.org

26,273 total impressions in June **vs.** 27,608 total impressions in May
276 total clicks in June **vs.** 285 total clicks in May
1.05% CTR in June **vs.** 1.03% total clicks in May

We also have sent digital eNewsletters through AAA Colorado Living and 5280 Magazine.

AAA CO Living

Subscribers: 236,889
Opens: 131,987
Click Count: 592

5280- June, 2022

Delivered: 13,312
Opened: 9,447
Open Rate: 57.91%
Clicks: 91

PUBLIC RELATIONS/SOCIAL MEDIA OVERVIEW JUNE 18-JULY 22

Between June 18 and July 22, 2022, there were 87 known media stories about the C&TSRR. Most notable were a [Travel + Leisure train story](#), multiple stories about Opening Day, including an in-depth write up in the [Alamosa Citizen](#), a [Denver Post story about Top Colorado Train Rides](#) and several stories about Chama water situation. Link to report of 2022 media coverage [here](#).

SOCIAL MEDIA

As of July 22, we have 50,529 Facebook page likes and 499 Instagram followers, an organic Facebook Reach of 657,693, an Instagram Reach of 3,941 and a Paid Reach of 220,319. (Reach is defined as "The

number of people who saw any content from or about your Page. Reach is different from impressions, which may include multiple views of your posts by the same people.”)

Our most popular Facebook post was a “summer adventure/beat the heat” boosted post, reaching 182,036. On Instagram, it was a re-post from New Mexico Nomad which reached 331.

Cumbres & Toltec Scenic Railroad
Published by *MayOrza* June 22

A summer adventure on the Cumbres & Toltec is the perfect way to beat the summer heat at home. The mountain air is cool and refreshing as you steam to the top of Cumbres Pass at 10,015 feet, and wind through forests, along the lip of canyons, over rivers, and across the high plains. It's the perfect day trip or overnight adventure. You're sure to treasure the memory of the train's lonesome whistle echoing as you journey between Chama, New Mexico and Antonito, Colorado, chuggi... See more

182,100 People reached 20,735 Engagements **Boost again**

Boosted on June 22 at 5:46 PM in 9 Days
By *Joy Long Meadows*

People reached: 136K Post Engage: 0

cumbrestoltecscenicrr Great fun to have a visit from @newmexiconomad.

Repost: I have never gotten a chance to chase the train in the spring/summer...usually I head that way when the aspens turn gold in September. Glad I got a chance to see this area in July. With the recent

WEBSITE

Website traffic has decreased in comparison from last year. You will see website guests are staying on our landing page a little longer and not exiting from the homepage but are going and exploring other pages as well.

	June 1, 2022-July 25, 2022	June 1, 2021-July 25, 2021	YOY
Pageviews	447,673	599,515	-25.33%
Avg. Time on Page	1:10	1:09	1%
Bounce Rate	45.95%	43.32%	-6.07%
% Exit	26.57%	24.22%	10%



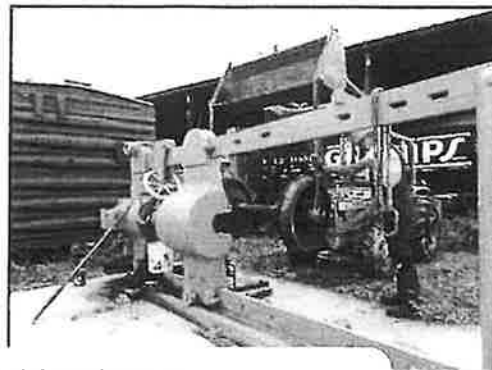
Report to the Cumbres & Toltec Scenic Railroad Commission

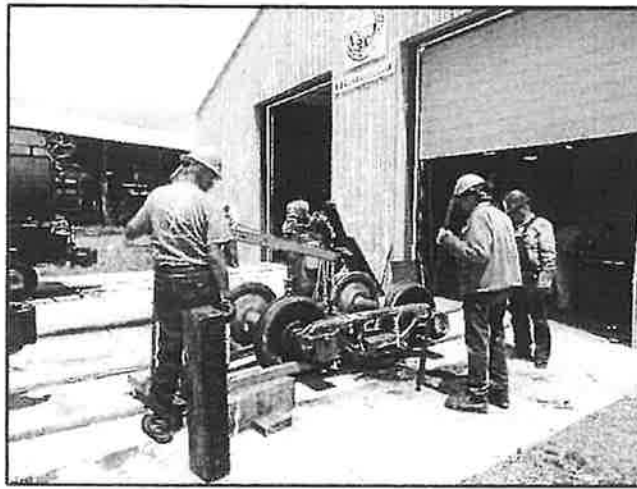
Date: July 30, 2022

Please accept this report as presented at the C&TS Railroad Commission meeting in Antonito on Saturday July 30th.

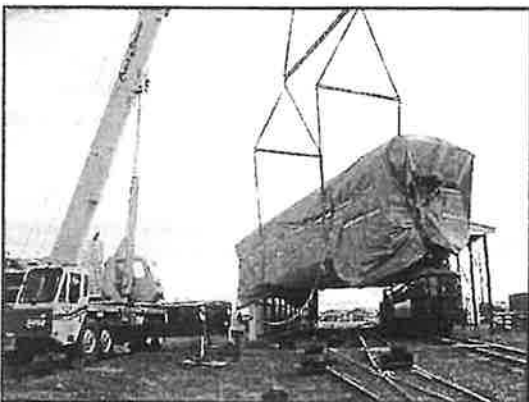
We had a successful Moonlight & Wine Train on Saturday July 9th operating from Chama to Osier and return with the 463 as our locomotive. Our passengers had an outstanding time and compliment the railroad's staff for all their help. We had approximately 80 passengers onboard. The wine for the event came from Black Mesa Winery. Victoria did an outstanding job with the food as we need to compliment and thank her and the staff.

Work session "E" began on Monday July 18th and session "F" on Monday July 25th. Our attendance was a little lower than normal and believe higher gas prices impacted these numbers as well as the water issues in June in Chama. Some of the projects included work on; Drop Bottom Gondola, Idler Flatcar, Cook Car 053, Lava Pump House, Concession Car and Landscaping.





Express Baggage Car 163 was relocated to Colorado Springs on June 18th. Our crews will begin restoration at our work site at the Trolley Museum. The Friends did receive a \$25,000 gift towards this project which helps kick off this restoration.



Loading in Antonito



Arrival in Colorado Springs

Scott Gibbs and John Engs have spoken plus John and I discussed this past week the issue of the broken beam on the Cumbres snow shed. As we have no crews scheduled until next year who could undertake this work so the Friends will supply the materials and we'll hire the labor to affix the repairs needed. This way the repairs happen this year opposed to waiting a whole season.

Our Fall Photo Charter is scheduled for Saturday September 24th. The train is sold out as we have 50 passengers. The charter will operate from Antonito departing 10:15am and running to Cumbres with lunch at Osier. Passengers will be bussed back to Antonito. The tentative motive power will be Loco 315.

The Friends fall meetings will be held in Colorado Springs at the Radisson Inn-Airport October 26th, 27th & 28th with a banquet the evening of Friday the 28th. John Engs is arranging a group ride on the Pikes Peak Railway for Saturday morning the 29th.

I appreciate Ed Beaudette presenting this report in my absence on Saturday.

Respectfully submitted by Tim Tennant, President/CEO

Friends of the Cumbres & Toltec Scenic Railroad Report: Attached as Addendum D

New Business:

1. **Motion to Approve** The Capstone Group LLC Client Agreement not to exceed \$24,000 plus expenses made by Commission Lock, seconded by Commissioner Gibbs. Graybill: Yes, Lock: Yes, Elbrock: Yes, Gibbs: Yes. Motion passed unanimously.
2. **Motion to Approve** A directive to President Scott Gibbs to explore the purchase of the DeYapp Property in Chama New Mexico by Commissioner Lock, seconded by Commissioner Elbrock. Graybill: Yes, Lock: Yes, Elbrock: Yes, Gibbs: Yes. Motion passed unanimously.

Public Comment: Joe Kanocz presented his concerns to the Commission. Ken Throneberry presented his concerns to the Commission.

The Commission determined there was no need to call an executive session.

**Motion to adjourn made by Commissioner Elbrock, seconded by Commissioner Lock. Approved 4/0.
Meeting adjourned at 10:21 am**

The next meeting will be held on Saturday, November 12, 2022, at 9am, in Chama, New Mexico, Gallegos Fire Station Classroom, 279 4th Street, Chama, NM 87520.



Scott Gibbs, Secretary