

Cumbres & Toltec Scenic Railroad Commission
Minutes of the Regular Meeting May 11, 2024
9:03 am

DRAFT MINUTES: NOT Final until approved by the Commission

Location of Meeting:

Chama Senior Center 2449 US-84 #64
Chama, NM 87520

Present at Meeting: Commissioner Bill Elbrock, Commissioner Scott Gibbs, Commissioner Mark Graybill
Absent Commissioner Kim Smith Casford Excused

Approval of Agenda: The agenda for the meeting was distributed, Motion to approve the Agenda by Commissioner Gibbs second by Commissioner Graybill.

Approval of Minutes from Regular Meeting February 17, 2024 were reviewed.
Motion to approve Commissioner Gibbs, Second by Commissioner Graybill.

New Business: None

General Managers Report : Attached As Addendum A

Marketing Report: Attached As Addendum B

Financial Report: Attached As Addendum C

Capitol Projects Report: Attached As Addendum D

Friends of the Cumbres Toltec Scenic Railroad Report: No Attachment

Tracks across Borders: No Attachment

No Executive Session

Old Business: None Presented

Motion to adjourn: Commissioner Gibbs Second by Commissioner Graybill

The next regular meeting will be held on August 10, 2024, at 9:00 am, location to be determined.

Kim Smith Casford, Secretary

ADDENDUM A

Cumbres & Toltec Scenic Railroad

General Manager Report

(8 May 2024)

General - With the upcoming operating season less than three weeks away, activity has increased in all areas. Overall preparations for the **season** are proceeding in a satisfactory manner **and** no major obstacles that **would** prevent starting the season are obvious at this time. The Department reports provide more detail **of the** status of preparation in each area.

Railroad Operations - Rolling stock and locomotives are nearing the end **of** winter capital maintenance work. The passenger **cars** have completed required work and are **now focused** on improvements for the customer experience. Completion of work on all the locomotives **will be tight**, but I'm confident we'll have adequate power for opening day. The track crew has returned to work **and** has opened the railroad. The road to Osier is open and preparations to put the dining hall in service are underway. There is no indication that there will be any major **issues** to overcome.

Business Operations - Business Operations have ramped up in anticipation of opening the season. The new Fare Harbor reservation system went live and implementation went quite smoothly. There have been few issues with ticket sales. The built in report systems are however remain inadequate for a complicated business such as the C&TS with demanding government audit requirements. Business analytics is problematic as well. Custom reports will need to be developed to appropriately support our business model. Sales to date are continuing and are overall up roughly 25% over comparable periods in both 2019 and 2023. Group sales continue to be strong, however FIT sales appear to be flat. Unfortunately, correlation with overall season performance has historically been weak, but at least tickets are being sold - particularly on-line.

Marketing efforts are ongoing. Abi has presented a detailed review of where we stand currently. Last season we only carried 30.1K passengers and only 24.6K during the 2023 months of this fiscal year. The current fiscal budget anticipated 34.5K passengers and we are virtually certain to fall short of that goal at the end of June. We will be working hard to regain our core business performance as well as developing new products. Groups performance has been good and will be an important part of the solution. Abi is actively exploring many options that will return **us** to our path toward **self**-sustainability.

Retail and On-Board preparations for the upcoming **season** are intensifying. Merchandise for the gift shops continues to arrive and is being placed into inventory to support store sales. Call backs and recruiting of seasonal personnel is moving forward. Human Resources **is** working diligently to support staffing needs and importantly coordinating the necessary training to prepare

seasonal and year-round employees in all departments for a successful **season**. Retail sales last season were good and this year we hope to continue that positive performance with special emphasis **on** maximizing net contribution to overall NOI.

Financial - The financial situation remains essentially the same as it was in April. The Commission operates four separate elements within the overall business structure **of** the organization. Three of them remain quite healthy with robust balance sheets and P&L's. Unfortunately, CTO continues to be significantly weakened by lower than planned ridership since the pandemic. Alysia has provided a detailed look at each of the business elements in her report. Within CTO, it is likely that the P&L will show **a** significant loss. The magnitude of the loss won't be clear until June performance is known. In the mean time a major effort is being placed on cash management.

Much **of** the CTO cost structure such as insurance, meal **costs**, motorcoach service and a variety of G&A and utility costs is not very flexible. While all expenditures will be carefully monitored, labor and marketing offer the biggest opportunities for potential cost savings to help manage cash flow. We are preparing budget plans for FY25 and will present them for Commission review and approval at a special meeting in the latter part of May along with any Budget Adjustment Resolutions that might be needed for the remainder of this fiscal year.

Financial performance in the Capital and Commission elements of the overall enterprise is solid. Particular emphasis on utilization of ARPA funds which are most perishable is being carefully monitored. At present, actual spending of these funds has reached roughly \$1.2M and another \$0.4M is committed. Other significant projects are nearing the commitment stage as well. We have just ordered another \$.24M of ballast at an attractive price and **will** be moving WP&Y #114 out of Alaska as soon as the barge becomes available. The goal is to utilize the total amount of this unique funding source as quickly **as** possible so as to gain the benefits provided.

Safety and Operational Practices - Steven had engaged Mike Ramsey of American Heritage Railways to conduct a thorough review of our safety and operating practices. Mike's report has been received. It is thorough and provides an excellent "clear eyed" look at how we run the business. While there is much good in what he found, there are many areas where we can improve our efforts to attain industry best practices. Training and record keeping are a major challenge and Rich and Roseann will be leading the effort to support the operating **functions** in making these improvements. As we ramp up to full operation, we are beginning to take the steps necessary to implement some of Mike's **suggestions**.

Government Affairs Activities - The long legislative season is finally completed. In New Mexico the legislature approved Commission support funding of \$380K and capital funding of \$2,125K. This includes all of our base request as well as additional funding to support the Chama roundhouse restoration and rebuilding **of** the Cumbres pavilion. We are currently in the administrative aftermath required to turn the approvals into actual funds for expenditure. Work has begun on the rebuilding of the Cumbres Pavilion and engineering will soon resume on the Chama roundhouse restoration. We will also soon begin the request cycle for the next legislative season. This will likely be challenging as the Capital Outlay implementation of BFM has not gone well and it **will** temporarily revert to CPMS.

In Colorado the legislative session is over. Our base request for \$1,365K along with a special request for \$500K to mitigate the wildfire threat was included in the "Long Bill" and has been approved and signed by the Governor. The next major task will be to begin work on the next "Three Year Plan". Overall, it has been a successful legislative season that demonstrates the confidence that our owners have in the railroad and acknowledgement of how important the railroad

is to the two states.

Summary - There is an enormous amount of work taking place on the railroad at present as we complete the count down to the operating season. There will be much pressure on the organization to get the season off to a strong start. I am however confident that in spite of the many challenges, we have the right people in place to make it happen.

ADDENDUM B

5-10-2024-CTO REPORT

Work continues on new passenger coach **526**

Generator for Osier is ready to take up to Osier when needed

Painter for exterior dining hall building is scheduled for May **22n**

Elevator repairman **scheduled for week of May 13th**

Plumber contacted for repairs at Osier

Mobil upholstery is scheduled for May **23rd in Antonito to redo seats for new coach**

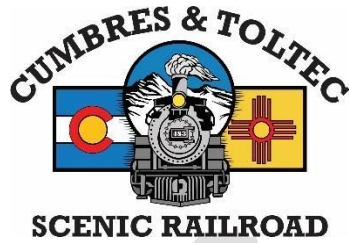
Water **will get** turned on week of May 13th at Osier

CPR class for Antonito side scheduled for May14th

Wildland Fire **suppression class** scheduled May 15th

Marvin Casias **CTO** REPORT

ADDENDUM C



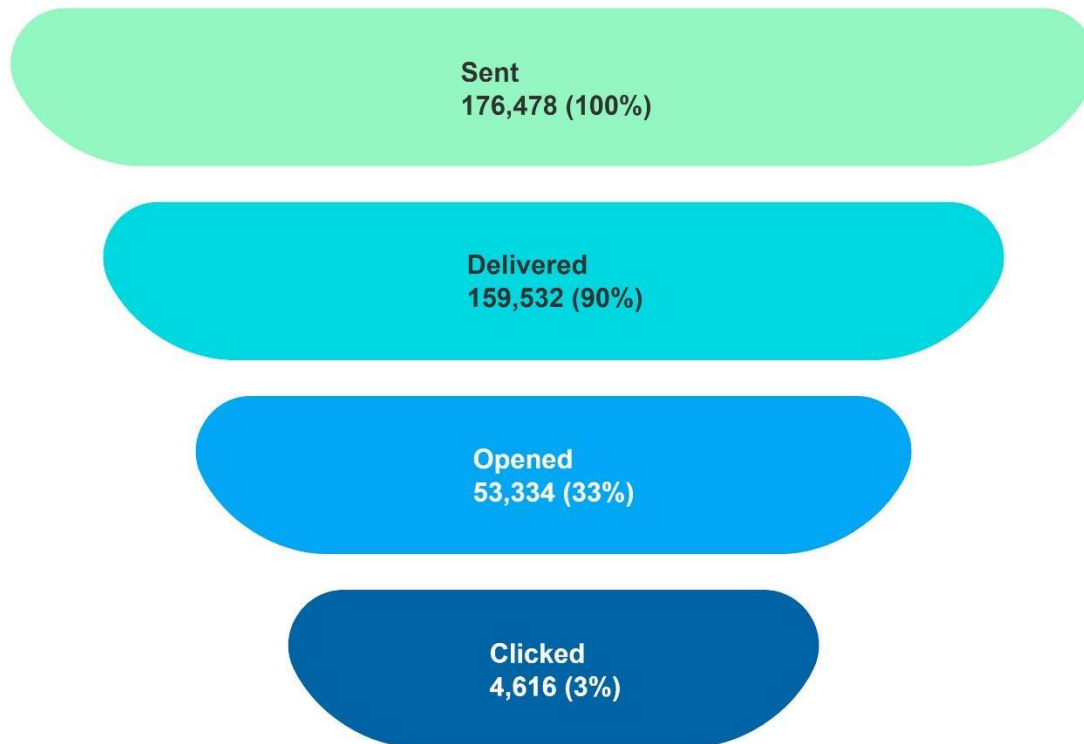
May 11, 2024, MARKETING CTO REPORT/COMMISSION MEETING
Prepared May 6, 2024, by Abigail Martinez (Marketing Manager)

EMAIL CAMPAIGN

Email Blast	Sent	Open Rate	Click Rate
We need your help	73,696	34%	5%

Most recent email sent was encouraging people to vote for USA Today 10 Best Train Ride contest and encouraging people to book ahead to assure preferred date, class of service, and trip selection. This email had an above average click rate at 5%. Below is a chart of the email campaign flow.

Email marketing funnel ⓘ



DIGITAL MARKETING

Digital Programmatic Buy- Q1 Media

Performance through 4/30/24

- The campaign has delivered a total of 1,232,231 impressions with 10,247 clicks with an overall 0.83% click-through rate & 126 Conversions
- Facebook is our top converting tactic with a total of 49 Conversions
- Programmatic is our 2nd top converting tactic with a total of 42 Conversions
- Google is our 3rd top converting tactic with a total of 35 Conversions
 - 9 Calls from Ads
 - 26 Purchases

With the transition of FareHarbor conversions, Google's taking a bit longer to re-learn and optimize conversions like how we were previously. However, I'll continue to monitor the learnings and if Facebook and Programmatic continue to be strong performers, I will continue optimizing and we can reallocate spend if necessary. Let's see where we are by EOM.

Comparison Data April 2024 vs. April 2023

- April 2023
 - Facebook Conversions: 25
 - Google Conversions: 550
 - Display/Video Conversions: 9
 - Total: 584

- April 2024
 - Facebook Conversions: 49
 - Google Conversions: 35
 - Display/Video Conversions: 42
 - Total: 126

Compared to April last year, Facebook saw an increase of 96% in conversions. Google saw a decrease of 94% in conversions and Display/Video saw an increase of 367% increase in conversions.

Other digital advertising for the month of April has also ramped up leading into season. Sponsored articles, featured listings, and banner ads are placed on **Visit Albuquerque, Colorado.com, NewMexico.org, and Trains Magazine e-newsletter.**

Created and submitted a total of **thirty-three** ads to different publications, in the month of April. During the month of March only **fifteen** ads were due. Overall, ad production has increased significantly.

PR & SOCIAL MEDIA OVERVIEW

PR

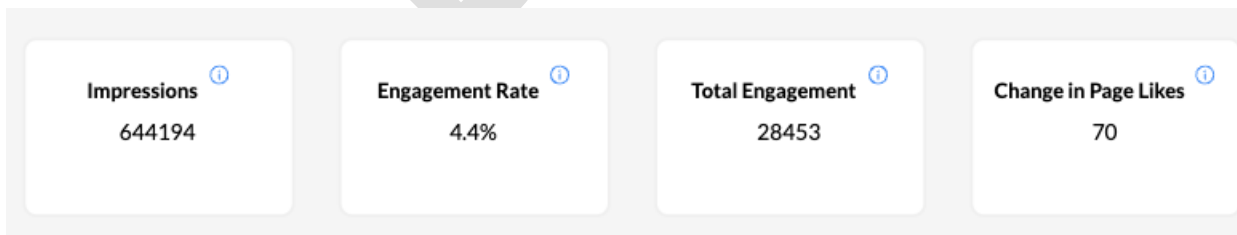
During April 2024, there were **19 known media stories** about the C&TSRR. Most notably, the C&TSRR was mentioned in a the extremely popular Outside Magazine’s online site about [“Super Cool Places to Camp in Colorado”](#) as a great add-on for campers in the area. We are also featured in [Leisure Group Travel](#), [SheBudgets.com](#), and in WorldAtlas.com’s article on [“7 Breathtaking Towns to Visit in New Mexico.”](#)

We also sent out invites for the pre-season “media train” and are in the midst of finalizing our list of attendees. We expect to have approximately 12 media onboard, including Trains Magazine, Thrillist.com, the Pagosa Springs Chamber/Visit Pagosa, Taos News, Monte Vista Journal, Colorado Springs community papers and influencers/freelancers with wide followings, including New Mexico Nomad. We’re also working on pre-Opening Day features in Albuquerque Journal and on KOB-TV’s noon news.

SOCIAL MEDIA

As of April 30, 2024, we have **67,209 Facebook followers** and **3,960 Instagram followers.**

Key performance metrics for **Facebook** showed:




Key Performance metrics for **Instagram** showed:

Impressions ⓘ 37098	Engagement Rate ⓘ 15.7%	Total Engagement ⓘ 5828	Change in Followers ⓘ 113
-------------------------------	-----------------------------------	-----------------------------------	-------------------------------------

Our most popular FB posts were:

Cumbres & Toltec Scenic ...
Apr 3, 2024 12:00 PM

The C&TSRR Shop Team has been hard at work during the off season.



Clicks	Reactions	Comments
666	876	26
Shares	Reach	Impressions
23	23407	24256

Cumbres & Toltec Scenic ...
Apr 5, 2024 5:00 PM

Social media weekend takeover from featured photographer Rey



Clicks	Reactions	Comments
203	1085	15
Shares	Reach	Impressions
56	17726	18591

Cumbres & Toltec Scenic ...
Apr 7, 2024 5:30 PM

This is the final post in our social media weekend takeover from



Clicks	Reactions	Comments
249	1013	14
Shares	Reach	Impressions
47	20770	20861

Cumbres & Toltec Scenic ...
Apr 20, 2024 5:00 PM

Social media weekend takeover from featured photographer




Clicks	Reactions	Comments
195	808	3
Shares	Reach	Impressions
31	15524	15737

Our most popular Instagram posts were:

Cumbres Toltec Scenic Ra...
Apr 22, 2024 12:00 PM

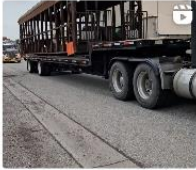
We need your help, Cumbres & Toltec Fans! Currently we're in



Likes	Comments	Saves
326	2	22
Shares	Plays	Reach
21	2058	1460

Cumbres Toltec Scenic Ra...
Apr 8, 2024 5:00 PM

Special delivery! Today, two new passenger car bodies arrived at the



Likes	Comments	Saves
275	4	11
Shares	Plays	Reach
5	2656	1588

Cumbres Toltec Scenic Ra...
Apr 1, 2024 5:30 PM

It may be April Fools Day, but this snow is no joke. The winter weather



Likes	Comments	Saves
268	2	15
Shares	Plays	Reach
15	1852	1203

Cumbres Toltec Scenic Ra...
Apr 26, 2024 12:00 PM

Vote daily through MAY 13th. link in bio: <https://bit.ly/49IHfH#r>



Likes	Comments	Saves
265	3	14
Shares	Plays	Reach
38	3166	2225

Overall, we see the most popular Facebook posts tend to be more photos that pertain to the history of Railroad while Instagram is more of the “beauty” video shots. This shows a different demographic from platform to platform.

COMMUNITY OUTREACH

- Distribution of 2024 season brochures and operation schedule will begin this week and continue through the week of May 13th as more restaurants and lodging locations open for the season.

WEBSITE

Website traffic has increased this month (April) in comparison to last month (March). Website visits are up **53.6%** in comparison to last month. Website traffic has decreased by **18.75%** YOY when compared to April last year. Last year in the month of April we had 32K website users while this year we had 26K.

ADDENDUM D



Analysis:

Cash on hand: Capital - \$1,962,021.13 + Capital Billings for February and March, Commission- \$90,283, CTO- \$444,805.

Payroll Expenses are a major concern for the remaining months of the fiscal year. If employees are brought back on May 15th, payday for these employees will be May 31st. As of May 31st, per FH **\$78,927.01** will be earned revenue from operations and can be used for payroll expenses. For April and majority of May, Capital payroll expense will remain. As of April, deferred revenue at June 30th, \$351,302 in revenue will be realized. Comparing with last year, we can expect about \$1M of earned revenue with an average of 210 passengers per day and a yield per passenger of \$150. Bookings through the end of the fiscal year are up to 709 from prior year (DTS), so the cash flow into CTO will continue to fund the fund and help cover payroll expenses.

As we look at the expenditures through the months of May and June, June will be our heaviest month to carry. In May, with the return of the operational staff, payroll expenses will be covered on May 31st and into June, we will see two paydays, which are estimating to be about, \$150K per pay period, this will be covered by the revenue earned. Pay date on June 14th, earned revenue per FH will be \$224,570. Pay date on June 28th, \$127,605. With the expected \$1M at June 30th, payroll expenses can be covered. In June, we will also see the last installments for insurances, the reoccurring monthly utilites which are about \$8000/month.

HPA:

HPA is quiet for this time of year. Reflecting on the Profit & Loss, Total Income has approximately a 13% decrease from prior year, this includes income from operational revenue. Total expenses increased about 47% from prior year, we see the major increase in Contract Services with the expenditures for the Cleary Building. This concludes HPA with a NI of \$76,455. Spending within the HPA fund for the remainder of the fiscal year will be limited as we see the Cleary Building be completed, a few minor repairs will be needed. On the balance sheet, total bank accounts have decreased about 79% from prior year, decrease is primarily from Cleary Building and 20% of HPF to the Friends. Total other current assets have increased approximately 25% from prior year, this consists of \$257k of HPF from operations. A 3% decrease for Total Current Assets is shown in comparison from prior year. Total Liabilities have a significant decrease of 98%, as the Cleary Building contract is partially fulfilled at the end of March. Total Liabilities and Equity have about a 3% decrease from prior year.

Commission:

Showing on the Profit and & Loss statement, Total Income has decreased about 1.13% from prior year. This decrease is due to the decrease in income from the license plate fees from NM. Total expenses in Commission have about a 10% increase from prior year, this consists of



increases in Payroll Expense (19%), Insurance Expense (14%), Building Maintenance(92%- \$5,800 security system for warehouse in Chama), Professional Fees [18% (+39% Accounting, +129%)] due to completion of Fiscal-Year 2022-2023 Audit on time, and Government Relations Fee (14%- increase of relations fees in Colorado). Decrease in expenses such as G&A(90%), Utilities(41%), and Travel & Meetings(52%). Net Income for Commission has increased about 23% from prior year. Spending in Commission is expected to include remaining Liability Policy Installments & Directors & Officers Installment and salaries and wages. On the Balance Sheet, reflects a 23% decrease in Assets. Transfer of Allotment and General Fund Support from Capital Fund to the Commission Fund has decreased the balance by 37%. Prepaid Insurances also have a decrease of 32% from prior year. We see a large increase of 158% due from Operations, as the installments for the liability insurances have been paid out of Operations, but Commission now owes Operations. After multiple discussions with the GM, the weekly cash flow analysis will be generated inhouse. This will eliminate the accounting fees that sit in the Commission Fund.

CTO:

The Profit & Loss Statement in CTO reflects a deficient Net Income of \$161,590, decrease from prior year of \$1M. Total Income for CTO for FY'24 to Date has decreased from prior year about 6.6%. Expenses have increased about 1.06% a total of \$43,500. The major increased expenses are as follows, Payroll \$110,450, Insurance \$62K, G&A \$24K, Travel & Meetings \$10K, and Training \$3,200. Decrease in spending has occurred in Supplies & Services (\$84K), Professional Fees(\$39K), Advertising and Marketing (\$27K), and Utilities (\$18K). The spending within the CTO fund is expected to be monitored. With 42 days left until opening day, the seasonal employees will begin. The additional expenses within CTO will be payroll expenses, operational costs such as meal service fee, and parts and supplies as needed.

Sitting on the balance sheet, Total Assets have decreased about 30%. Although our assets have decreased, our ticket revenue account (Deferred) is up about \$290K. Total Liabilities have increased about 38%. As of March 31st, deferred revenue has increased about \$12K from prior year. With Total Liabilities & Equity have decreased about 30%.

Capital & ARPA:

Capital Billing through February expectation: \$84,929.27.

ARPA expenses: \$1,191,951- this expensed amount does not include any committed expenditures for other projects.

Remaining of April and May salaries expected to be Capital projects.