

Cumbres and Toltec Commission meeting 01-Feb-20

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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
President & General Manager of the Cumbres & Toltec 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

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

TABB: Tracks Across Borders Byway

YTD: Year To Date (fiscal normally)

"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

Last year the RR hauled 42,453 passengers, down 0.8% from the prior year. Revenue increased by 0.3%, due to use of the premium services. The class known as “tourist” is now renamed to “deluxe”. Six seasons of Christmas trains have been done (since John Bush became president). This year, 3,654 passengers rode. 7,351 pounds of food were collected for the local food banks. \$23,760 dollars were collected from the (increased) fares this year, which defray the costs of running the trains. The employees that helped with running the trains were paid, where in the past they volunteered. The legislatures of both states were presented with requests for funding. Both sides have been positive in their response. NM has a bill going in for the full amount. Figure setting in CO will occur on March 10. The rotary plow event has been well sold. It will run 2/29 & 3/1. It should be a memorable event for the RR as well as the passengers. It will be a nice kick off of the 50th anniversary of the RR this year. There are a couple of spots left to sell for this event. Roger Hogan will provide drone footage to the customers of the rotary event. The Victorian Iron Horse Roundup (VIHR) sales have resulted in it being nearly sold out at this time. It will run August 22 to the 30th. The VIHR will be focused on the Antonito side. On Saturday August 29, a run out of Chama will be made. Reservations are going very well. As of the meeting, 3,050 reservations have been made, last year at this time, it was 1,650, 180% better from last year. Revenue is up (in part due to the special events). There will be a general pay increase across the board this year. Last year, all employees received a bonus. This is due to the RR's ability to do so, as well as an increase in minimum wages. The RR is looking forward to opening day when both sides will host a postal event. There will be a double head out of Chama and Antonito. Antonito will also have a special train run.

At this point, a teleconference was made with Launch Marketing, to present their report. Here are the highlights (some taken from what was spoken, and others from the slide presentation):

Slides:

Season Goals:

Ridership: 43,545 (2019 sales: 42,453)

Revenue: \$4,944,000 (2019 revenue: \$4,573,148)

2020 Season Sales to Date (11/3-1/19/20)

Up significantly over last year:

Ridership 1,850 (2019 sales: 1,006)

Revenue: \$319,187 (2019 revenue to date: \$76,371)

2019 Marketing Analytics Highlights:

Increased overall site traffic Year Over Year (YOY) by 23%

Continued to drive high numbers of new customers/visitors to the website (new users up 28% YOY)
Digital advertising campaign continues to exceed industry standard for tourism
Facebook likes increased 10% YOY
Constant Contact email database has grown to nearly 57,000
Troy Research-Customer satisfaction remains high; Customer endorsement Score of 90

Marketing Objectives

Increase awareness and engagement

Create awareness and interest in the C&T experience-exposing the brand to new audiences and staying top-of-mind with past and repeat visitors

Continue to drive new visitors to website and increase overall web traffic-trip planning and booking

Leverage new and timely events, programs and messaging to keep the brand fresh and our audiences engaged.

Spoken:

Mention was made of the Railroader video that was published last year, as well as a recent feature on CBS Sunday morning. These were two other ways the RR can get into the public eye.

Work is always being done to drive people to the web site. The web site is the central place for trip planning and booking.

[Railroader Video](#)

[CBS Sunday Morning video](#)

Slides:

What's New For 2020?

50th Anniversary!!! Celebrated in all aspects of the marketing program

New Ads and messaging to promote C&T as an experience to be shared with family or friends

New PR strategies to explore a Dark Skies dinner train and a Guinness Record for official designation as the highest and longest steam railroad in North America

Enhancing our New Mexico media budget with NM True matching grant for some components of our media plan

New local market radio spots that align with 2019 TV spots

Improved sales tracking and metrics (DTS (Dynamic Ticket Solutions, the booking vendor) to digital media buy)

Target Audiences

Expand target audience to include younger, empty-nester/early retirement segment of your current 55+ demographic

Regional Tourists, CO, NM, Select Texas & Arizona markets. Components of the online campaign will also reach beyond the region (nationally and internationally)

Local drive Markets, Colorado Springs (discount), Albuquerque, Santa Fe, Pagosa Springs, Taos, Alamosa, Durango, Los Alamos, Espanola

Train aficionados and repeat riders

Our riders love experiential travel, authenticity, railroads, history and sharing experiences with friends and family

Spoken:

(recommend to see the video of this portion, as pie charts were presented)

Digital medium will increase in spending, and print will be reduced. Radio and TV will see a slight

increase, and billboard will see a slight decrease.

slide:

2019 Spending by medium

TV/Video 21%

Radio 3%

Billboard 5%

Digital 22%

Print 49%

2020 Spending by medium

TV/Video 22%

Radio 5%

Billboard 4%

Digital 28%

Print 41%

Slide:

2020 Media Plan

Digital banner Ads/Video & retargeting, programmatic, direct-to-site, paid search

Regional Magazines

Train Enthusiast Media

Visitor Guides

Colorado Welcome Center Videos

Billboard

Colorado Springs Media-TV & Newspaper

Albuquerque Media-TV, Newspaper, Magazine

CO & NM Local/Drive markets-Newspaper, TV & Radio

Samples of several ads were shown. Each reaching out to a different demographic. Also shown was a video advertisement, geared to Albuquerque, Colorado Springs, and other local markets.

Next slide:

Data collection, reporting and monitoring

Key Performance Indicators

Continue to monitor on a weekly basis: Ridership, Revenue

Continue to monitor in a monthly basis: Media coverage, Troy Research-customer experience and satisfaction surveys, website and social media analytics, online campaign performance, conversion rates and tracking (DTS site), email campaign data, partner support

Commissioner Graybill commented how he was positive about Launch's work. He is happy with the results shown in the metrics. He attributed the gains in ridership/satisfaction to the RR staff as well. The marketing approach is balanced, with things moving more to the digital form. The RR's demographic is still traditional riders, thus the need for print remains. John Bush commented that he felt the marketing program is going quite well. He commented on why the increase in last years ridership came up short. In part, due to the freeze that killed off the fall color season. He feels that the increase in reservations this current year is proof that the marketing plan is taking hold. He mentioned how the marketing is going for the couples and family approach. It is important to keep

current ridership demographic in the plan. He is happy with Launch.

John Bush continued with his portion of the meeting: As of this time last year, the RR had 1,640 reservations, this year, 3,024. Advance bookings so far this year is strong. (Unearned) revenue so far this year is dramatically up from last year. Mechanically, things are going well. Both shops are busy and productive. In Chama, engine 487 has been through its annual work and is ready to go. 484 is being prepared for the rotary trip. 463 will be available and hot just in case of trouble on the rotary trips. After the rotary special, a push will be on to have all locomotives running in time for the beginning of the season. 488 & 489 are in Antonito. 488 is getting its annual. 489 is undergoing its 1472 rebuild. 489 has received a new smoke box. Some of the crew from Chama is working in Antonito for the heavy riveting for the smoke box. From this point on, as the other locomotives need their 1472 inspection, they will gain a new smoke box. Antonito is also busy performing the annual inspections of the passenger fleet. They are also working on the first of the two new premium cars. It is unknown if it will be ready for the season open.

John then moved onto Tracks Across Borders. TABB has gotten re involvement from the Jicarilla Apache tribe. There are several young active members of the tribe getting involved. They should be a rich source of information regarding the history of the area. The cell phone (TABB) app is being updated to include some narration. As you drive, or ride the train, the app will say information of the area. The app update is due in mid May. While the app will provide narration on the train, it is in no way designed to replace the docents. It is realized that docents can be in one car at a time. The app helps when no docent is in the car to tell the story. Commissioner Love explained the purpose of the TABB. First, it was something to do in addition to riding the train. To have some history to explore. To enhance the enjoyment of the train ride. A second purpose is to make the area more attractive for tourists. He asked John Bush if any evidence has been shown to the goal. John said it is a bit early to see such evidence. The byway could use some more publicity. Another goal of the byway was to give visitors a reason to stay in the area (Chama as well as Antonito), rather than ride the train and leave.

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

It is going to be an exciting season this year, due to the 50th anniversary. The season will be about safety and operations as possible for a good season. Last season had almost a full week of training for the operating staff. The training program will be expanded this year. The details of the program are being currently worked out. The rule book and time table are being updated. Those need to be completed before the training session. The calendar for operations has been generated and sent out for comment. The final calendar will be distributed when all comments have been received (in the next couple of weeks). The engineer training program is getting buffed up. It will mirror the FRA 240 program. Ticketing and Reservations have been involved so equipment is where it needs to be. Stathi is open to any suggestions you may have. He then moved on to talking about the VIHR event. There will be two visiting locomotives. The Glenbrook (an 1875 Mogul from the Nevada State RR museum), and the Eureka (an 1875 American, owned by Dan Markoff of Nevada). The Eureka was on the RR in 1997. The event begins August 22. Local engines 168 & 315 will be at the event. 315 will sport its original number of 425. The local engines will double head with the historic train consist on the 22nd. The two 1875 engines will run a train to Big Horn and back on August 23. 8/24 will have the Friends do a pile driver and derrick demonstration using steam from the 315. This is a rare chance to see these pieces of equipment at work. The four locomotives will be stationed in Antonito, giving people a chance to take pictures, and talk with crew. The paint schemes of the 1875

locomotives is quite detailed. They are beautiful. 8/25 will have an Osier & back to Antonito trip with the local locomotives. 8/26 will have a mixed train with the 1875 locomotives, a photo charter to Big Horn and back (sold out). Thursday 8/27 will have the 1875 locomotives go to Osier and back to Antonito. Friday 8/28 will have all 4 locomotives go across the entire line. The 1875 locomotives will pull a photo freight. The local locomotives will pull the historic car consist. Those two trains are sold out. The sold out trains took all of eight hours to do so. On Saturday 8/29, the 1875 locomotives will go to Cumbres Pass with the historic car fleet, to return to Chama. That evening, the 425 & 315 will pull the historic car fleet to Cumbres Pass for a diner service, to return to Chama. On Sunday evening, an evening train will depart Chama with the newly restored (by the Friends) tourist sleeper car 470 for a night trip back to Antonito (arriving in the dawn). Stathi had Zell Olsen & Michael Harden (of the historic car fleet restoration crew) stand and take a bow. There are 9 to 10 people working in the woodshop, working on RPO 65 & coach 256. Several of these people also work on the track department during the summer. This helps provide year round employment for workers in the area. Thanks were given to the commission for the funding, as well as the (CO) state historical fund. A grant for work for business car F has been gained, which will begin work when the RPO and the coach are done. The C&TS is becoming more historic, more authentic. He thanked everybody that has helped make this happen. John Bush then followed up. Trains magazine will be doing a special issue this year. It will be about 140 years of steam on Cumbres Pass. This is essentially the only RR in America that never saw a diesel locomotive and is still operating. This will be a 100 page special edition, being produced in part due to the C&TS 50th anniversary. It is also due to the restoration of engine 168, the historic car fleet, engine 315, the work the that the Friends have done on the historic freight and structures.

Commissioner Love took the microphone. It has been some time since the historic car project began. Why didn't the money get spent on other things, the ongoing operations. The funding for the restoration of the car fleet as well as locomotive 168 was outside of the funding for the RR. RR funds were not used for the car fleet & locomotive. One of his assignments from the governor that appointed him was to get the RR to stand on its own. When it was decided to assemble the historic car fleet, it was funded outside of the money for the RR itself. No funds were used that could have been used for other pursuits of the RR. One way that was done was to ask for a greater appropriation from CO (NM was not involved, as Commissioner Love is not a NM Commissioner). Another funding source was grant money available for historic preservation, such as History Colorado. Thus these funding sources are additional money. He then went to why was this preservation done. One of the first issues Mr. Love faced was getting people to know of the RR. The D&S certainly has a much bigger awareness, in part due to it being the tourist thing to do in that area for over 100 years. Thus the RR needed something to be able to crow about. The RR already has many features to be proud of. A great product. Having several 5th generation RR employees on staff. With the addition of the historic car fleet to the services provided by the RR, guests can enjoy an experience not available anywhere else. This makes the RR unique. In being unique, that can provide successful marketing, do differentiate the RR from the others. Being funded in part by tax dollars, the RR can actually create this car fleet. Something quite difficult for other RR's. These assets are quite unique for the RR. He still doesn't know what this consist will provide in the market place. It is pretty easy to cover the operating cost of the fleet, and add to the bottom line of the RR. Not in any great way, but will help. It gives the RR something additional to market. He is blown away about how the advance ticket sales have gone for the special events for this new season are going. He is proud of everything that has made this a success. How it will contribute to the longevity of the RR, as well as the jobs it has provided to the area. John Bush followed up. He has been asked in interviews lately "where do you see the RR in another 50 years, how do you want it to be"? He answered "just like it is, just

better". Both counties the RR is within are proud of the heritage of the RR, and they want to keep it. The goal is to keep the area healthy, viable, and remain ourselves. It is difficult to be successful, and not become Burger King, McDonalds, Starbucks.

7a. Financial Report - Ed Beaudette

While the RR is currently between seasons, the RR's FY is at its midpoint. November & December were relatively modest compared to summer months. About \$24,000 have been generated in revenue, and \$5,000 in retail income, which offset the costs in running the Christmas trains. Now, the RR is 50% into the FY, while the revenue part is at the 75% mark. Spending is up a bit. Revenue YTD is up. Expenses are up slightly. Revenue is up due to premium service, expenses are up due to buses and meal service. Marketing will see an increase of about \$70,000. The commission balance sheet shows a big receivable, the CO support money. It is on the way. The CTO balance sheet is quite strong. The asset side (cash) is up significantly due to the advance reservations. YTD NOI for the CTO is just north of \$1,000,000 which is about where the budget called for. This year is counting on a good May & June. Last year, June was weaker than expected. The rotary event should provide a slight lift. The pricing changes this year should help. It is hoped that June will be good this year, thus finishing the FY in good shape.

8. Commissioner Reports

8a. Chairman Report - Dan Love/capital projects

Completing the track upgrade project is the main objective. A million dollars roughly be spent (I think this year). Ties are being rapidly replaced, a lot of ballast put in. The major upgrade should be complete by 2023. This upgrade should be the envy of the industry as far as track condition. From 2023 forward, it will be up to the RR to maintain that condition.

8b. Vice Chairman Report - William Lock/finance

Commissioner Lock is pleased with the detailed reports he receives from Ed Beaudette. He is pleased with the allocations of capital funds, especially into the track. When he goes to the legislatures to discuss funding, he is getting "thanks for a good job", rather than being grilled. Credit is due to the entire RR staff. Finances are doing well. John Bush mentioned that the RR is a social enterprise. It is a non-profit. The commission was wise in realizing that state funding can't go on forever (even though currently NM & CO loves the RR). While things are good now, the plan is at the end of FY 2023, the RR will stand on its own two feet. Profit that a normal RR would go to the investors, where on the C&T, it will be invested in the RR.

8c. Secretary Report - Mark Graybill/marketing liaison

He started off by complementing the RR staff. They make the marketing of the RR so much easier. Looking at the customer feedback of 90% positive guest service rating. He thanks the staff who put their heart into the RR.

8d. Treasurer Report - Billy Elbrock/local affairs

Commissioner Elbrock turned the microphone over to Kim Cassford, community relations liaison. Kim pointed out how she works personally and professionally to protect the brand of the RR. On a personal level, she goes to the NM legislature & governor. So the last issue was the restaurant situation in Chama. With the special events going on this year on the RR, Kim is working with the restaurants, so the visitors can get a meal. To be sure the restaurants are not all closed on the same day. The new gas station & convince store (a few blocks east of the Hwy 17/Hwy 285 intersection on 285) in Antonito should be open in February. Kim mentioned her work with Chama over the last 45 years. She has seen the RR at its best & worst. She mentioned several long time employees that have keep the RR together through those times. There were times that the future of the RR looked short. Commissioner Elbrock mentioned he has been approached about the closure of HWY 17 during the rotary event. He replied that it was a safety issue. It will be treated like a moving road closure, much like in road construction. One lane will move through traffic. He went on to talking about working with the NM legislature. The topic of the RR seems to come right after the state fair is discussed. The fair asks for 15, 16, 20 million dollars. Mr. Elbrock mentioned that after 2023, the RR will be before the legislature asking for just commision funds. The RR is setting the example. John Bush then mentioned that in 1974 the rotary ran. The reason it was run, was the end looked very near. They ran it to about Loboto, as that is all the coal they had. Finally, the right people got together and the RR is in a strong position today. Commissioner Love said that he was around when the states bought the RR. He was an advocate of such. He told how even most of the people in the legislature that voted for it, expected it to fail. To go from the feelings then, to what exists now, "WOW". He gave thanks for the hard work of so many that got the RR to where it is today. (everyone now claps).

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

Mr. Tennant mentioned how he was interviewed by the same person that interviewed John Bush, and where he thought the Friends would be in 50 years. That the RR would still be a place where people can get away from things (provided cell phone coverage doesn't exist along most of the RR). The RR is a great place to escape the rest of the world, and sit back and relax. A place to enjoy the history & beauty. Tourist sleeper car 470 is nearing completion. Interior work is being done now. Soon, it will move to Antonito for finish work (trucks, etc). Then it will be ready for the overnight trip mentioned in item 6e. 24 spaces will be sold. It is a tight fit for sleeping. After car 470 leaves Colorado Springs, the next project there will be a baggage car. The Friends have bought some more rail cars. These are not for restoration, but rather using the hardware they have. They will be trucked to Antonito. Several members have been busy attending train shows. The Friends get a chance there to promote the RR. They will have a big presence at the Denver show March 7 & 8. The Friends will be running a photo charter with locomotive 168, last weekend of June. Details are still be ironed out. It will be a two day trip, Antonito-Osier-Antonito. One day historic car fleet, one day freight. The next banquet is coming up March 20 in Albuquerque. Jerry Day will be the featured speaker. He has a book on the K-36 engines coming out in the next few weeks. The commissioners thanked Tim & the Friends for their fine work. Commissioner Love mentioned how he felt it was unique for a public entity like the RR to have such support from a volunteer organization like the Friends. The value the Friends bring to the RR makes talking to the legislatures much easier. Tim mentioned how the docents add to the experience of the guests.

10 New Business

Commissioner Love mentioned how the commission will need a special open meeting to approve

work being done on the car inspectors house on Cumbres Pass. An agenda will be posted. This will be a conference call style meeting, to be held Feb 11 @ 5PM mountain time. A lot of work remains to be done on the inspectors house. It needs to be (at least visually) done before the special events. Check the commission web site for details. Link at top of this document. Commissioner Lock wanted to share a story. He mentioned how in the past, the car inspectors house had a chain link fence around it, so when it fell down, it wouldn't hurt anyone. He has been riding the RR for 44 years. During those trips in the early years, the personnel of the RR shared their knowledge of the RR. Now there are docents that do so. Those early contacts fired up Mr. Lock about the RR. The RR is special due to its people.

An attendee asked the commission if the metal sign that went over the entrance to the Antonito parking area would be remounted. (It was blown down a few years ago). John Bush replied that details about the sign need to be worked along with the plans for covered car storage, thus probably not this year. When details of the two are resolved, it will go back up.

Next commission meeting is April 25, 2020.

11. Adjournment