

Cumbres and Toltec Commission meeting 25-Apr-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>

Please Note, this was a phone in meeting due to the Covid-19

virus. I recorded the meeting, but some audio was garbled.

- 1. Call meeting to order**
- 2. Pledge of Allegiance**
- 3. Introductions**
- 4. Motion to approve agenda**
- 5. Motion to approve the Minutes from the February, 2020 commission meeting**
- 6. Presidents Report**

6.0 General information

The RR kicked off its 50th anniversary season February 29, with the running of the rotary snow plow OY from Chama to Cumbres Pass. Its first operation in 23 years. 148 customers from all over the world attended. The plow and the locomotives performed flawlessly. Much credit is due to the Antonito and Chama mechanical forces. NM state police and CO state patrol, the department of transportation of both states, local hotels and motels as well as St Patricks church made the event possible. The Covid-19 situation changed the outlook for 2020 dramatically. Shops in Chama and Antonito were closed March 18. Personal that can work from home do so. A goal is to protect the health and financial well being of the employees. The RR has applied for the federal paycheck protection program (PPP). The RR was not funded in the first round, but hopes to gain funding in the second round. Once funding has been secured and stay at home (SAH) orders lifted, callbacks will begin for the shop and track teams. Currently, those employees are collecting unemployment and the supplemental federal support. The RR's capital goals include completing the two current historic cars and begin work on paycar/business car F. The grants have been secured. The 1472 inspection on engine 489, and track work should start mid May. The buildouts of the premium cars will resume when manpower is available. The RR has a goal of reducing management payroll 20-25%. The SAH for CO will end 4/26, NM has been updated to 5/15. NM has authorized a 15 member economic recovery council. Mr. Bush sent a letter to the RR's legislative consultant (NM), outlining the importance of the RR to the economy of the area, as well as protections that will take place. The 2020 operating plan is designed to maximize the opportunity to operate trains economically. The plan is to run one train, six days a week, beginning June 13 to 9/11. Full daily service will resume 9/12 to 10/18. The Fireman and Engineer schools will run as well as the planned Victorian Iron Horse Roundup (VIHR, August). Final decisions will be pending federal and state mandates, as well as demand. The legislative session in NM has ended, and the RR gained over \$1 million in capital funding. A special session will be called in June, and some of that money might get clawed back. NM bill HB2 was passed providing \$261,800 for the operation of the commission. HB349 was approved for the \$1 million in capital support for track, locomotive and passenger car support. In CO, the legislature is currently in recess. The JBC will resume on 5/4. Figure setting should occur 5/18. The RR is not expecting any new capital appropriation this year. It has been requested that the capital appropriation be allowed some flexibility to help fund operating costs. The CO governor should sign the budget 5/30. The date of self sustainability has been suspended until the time the RR can resume normal operation. Commissioner Greybill mentioned that the RR has to be nimble as there are many unknowns for the season. Ridership needs to be handled weather it goes up or down.

6a. Reservation Report, 6b Maintenance - John Bush

Currently 4675 passengers have a reservation. That is 70% of last years figure. A month ago, the RR was at 150%. Reservations have essentially stalled. After the meeting, would like to encourage booking, as well as change the refund policy. There will be no fee to change or cancel a reservation, or convert it to a gift card for future use. When the Chama shops are allowed to reopen, they can have two locomotives in service with two weeks notice. 487 is ready now, 488 needs two weeks of bushing work. In Antonito, the car fleet is ready to go. When it reopens, work can resume on 489. Locomotive 488 is ready to go (did he really mean 484?). The historic car shops are shut down. The track department is current furloughed. They can get back work once the funds from the PPP have been gained. The track crew then can then get the ROW ready for operations. The track upgrade program has slowed for the time being. The program completion date will depending on funding.

6c. Tracks Across Borders Byway - John Bush

(pardon any name errors, this was a phone meeting, audio wasn't great)

The TABB has gotten some great participation. The Jicarilla have appointed John Valdez, their cultural affairs officer. The Southern Utes have appointed Kelly Thompson, the cultural preservation director. Sadly, with the current situation, things are stalled. Denise Fiske the chairman of the Chimney Rock interpretative association is now participating. With the help of Corrine Williams the On Cell Application (the phone app that provides a guided tour of the TABB as well as the RR). A virtual tour of the RR can then be seen via the app. The TABB is looking for someone that can assist with the writing of grants. There are several available grants, regarding properties in Juanita, Tiffany and Alison. The TABB bank account has about \$1,400 which is OK for now.

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

Currently, there has been a lot of effort to plan the operations plan. Thought was given to not jeopardize the RR's future. With the delay in operations, work can be done to refine the rules and safety procedures of the RR. Management will be working with everyone to disclose the operating plan. The key thing is to be nimble. Commissioner Love asked about the availability of a new budget, due to the new operating plan. Stathi replied that he will be working with Ed Baudette to do so. Clearly, if operations picks up due to ridership, that will change the budget. Ed has many of the numbers now.

While work on the cars has stalled, other things move along. The RR is locked in on a contract for paycar F by the State Historical Fund (SHF, CO). This grant will begin after work on RPO 65 and coach 256 are complete. These two cars were running on time for completion, before the virus delayed things. If work can resume fairly soon, they will be ready for the VIHR event. The trucks are being manufactured in Durango. They should be ready for the VIHR. The supply chain is intact. The supplies needed are on hand, ready for return to work. Extensions to the grants have been provided due to the virus. Commissioner Love asked about which trucks will be under coach 292 (completed). Stathi replied that if the new trucks arrive, and there is time to test the coach, it will use the new trucks for VIHR. The trucks currently under 292 are fine for now. 292 is fine for the VIHR either way, but the new trucks would be better. All of the new passenger trucks for the historic fleet are being built at the back shop in Durango.

7a. Financial Report - Ed Beaudette

So far for this third quarter, things are about where we expected to be. Some March expenses were up due to the rotary run. The rotary event made a little money for the RR. Marketing is below budget right now. CTO and commission balance sheets for the end of the quarter look good. Things were looking for a successful FY at the end of June. Expenses were a little higher for the commission in the area of insurance and professional fees. Labor is running under budget. The CTO budget needs work due to the modifications in the coming season. The commission budget is within a \$1 of where it should be. A budget resolution will be asked, to provide for any contingency. This year, the RR will be more focused on cash management, rather than P&L. The upcoming year is going to be way below expectations. It is estimated that the RR will run at 25% of normal during the summer. It is then hoped ridership will ratchet up to about 45% in the fall. It is important to conserve cash to be prepared for the next operating season. For the season, it is expected that the RR will see about 30% of ridership. Key to the cash management, will be the success of the PPP. The RR (along with its bank) are optimistic that they will get funds from round 2 of the PPP. CTO cash position of \$1.1 million, will need to be made up from other sources. The PPP being one of them. Commissioner Greybill thanked everyone in their work in ensuring the RR will have some kind of a season this year. Flexibility exists to ramp up operations, should ridership grow beyond expectations. It was good to have a decent cash balance starting the season, so it could be operated. Commissioner Love mentioned that targeting self sustainability have put the RR in better shape to survive this season. He then mentioned that the CTO owes the HPA about \$250,000. Ed replied that the money is what the HPA earned from the last operating season. It is currently in the CTO cash account. Normally that money would be transferred at the end of the year (FY?). For now, it needs to be used to support operations. The funds will be booked as a due to the HPA. It could be thought of as a loan by HPA to the CTO. When the financial condition of the CTO improves, the funds will move to the HPA. Commissioner Love mentioned that Ed was going to seek outside government accounting expertise. Ed is working with the current firm Burt and Co. Mr. Love then mentioned, in the past the commission has received a cash flow report. Ed mentioned that one will be used internally, and can be shared with the commission. Rough numbers can be provided every two weeks. Internally, a daily version might be needed. It is understood that the figures provided to the commission will be a little rough. Ed mentioned, it is OK to drive down the road with a little dirt on the windshield, but you have to be able to see through it. (thanks Ed). Commissioner Lock asked if a firm other than Burt & Co should be used for the audit advice. Ed replied that the state audit rules forced it to be a non conflict. The state ensures that there is sufficient distance between the consultant arm and the actual auditing arm. It helps that Burt & Co understand the unusual situation the RR is in as far as auditing. Commissioner Lock then asked about a figure on the capital projects, a swing of \$600,000. This is due to the different funding styles of the states. NM provides funding after the work is done. Last year, when NM was doing well with money, the RR was funded from general funds rather than bonds. The RR was funded up front, the cash came in early. Commissioner Love made mention of issues in the way CO funds the RR. That in essence the RR is floating CO. The RR has been hampered by the "float" that is built into the system, with History Colorado sitting in between the RR and the CO treasurers office. A system the commissioner finds arcane. Mr. Bush mentioned that this year it is doubly dangerous that the RR kind of has to front the money for CO, as CO is slow to reimburse the RR. Commissioner Love mentioned that there is a request to convert some of the capital outlay (CO state) to operating.

8. Commissioner Reports

8a. Chairman Report - Dan Love/capital projects

The funds in the capital programs, will be used to keep as many people doing productive work as possible in the next year.

8b. Vice Chairman Report - William Lock/finance

Commissioner Lock is pleased with the work done by Ed and staff. This provides the commission confidence in the operating plan for 2020.

8c. Secretary Report - Mark Graybill/marketing liaison

The marketing needed are being affected by the budget for the year. The RR operating budget for the year is going to need to be cut significantly. Already, 26%, or \$111,000 has been cut from the marketing budget. A lot of the savings are related to a later opening. Some advertising is on hold. Mr. Greybill thanked Launch Advertising, as they have cut fees. This year, the RR has to be nimble and flexible. The same thing applies to advertising. It is not yet known if the states will allow the RR to open when they would like to. It is also not known what effect the local and federal governments will have on the RR. Advertising the opening date must be done with care, as it is not a hard date. The money going to marketing must be carefully determined with the challenges of the year. Marketing remains important to maximize ridership. Mr. Bush mentioned in his conversations with Launch how the RR is a family, and Launch is part of that family. Cutting too much marketing might also cut your own throat.

8d. Treasurer Report - Billy Elbrock/local affairs

Kim Casford continues working with the communities to keep them updated. Kim and Mr. Elbrock are contacted daily on the situation with the RR. Mr. Graybill thanked Billy & Kim. Everyone understands we are in a world that has been changing for over the last 30 days. Commissioner Love then asked Billy to talk about the contract with Kim, an issue that can not be addressed during this meeting. Kim has agreed to cut her contract by 20% due to this years hardship. Mr. Love mentioned it will be handled as quickly as possible, following the guidelines of the commissions public meetings.

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

Ed was presented with a brief report from Tim Tennant. The Friends are waiting from decisions by the RR, on dates, etc, before going forward. The Friends have canceled the two special sessions for May, plus work session B. Once the commission makes their decision, the Friends can commit or not to sessions C & D. The Friends are concerned with participation. The Friends have a charter on June 27 & 28. It has not yet been determined if the operating company can provide that. The Friends are prepared to move forward on the charters. The Friends have almost enough reservations to keep it viable. At this point, the annual moonlight train at the end of July is projected to run. When work sessions resume, they will follow phase 2 recommendations. No more than 10 people in a group. Each person wearing a mask. The first Colorado Springs session is planned for May 23. Mr. Love asked about the situation with tourist car 470. It had been planned to be available for opening day. Would it be ready for the VIHR. Ed replied that depends on how much work can be done and any

CO restrictions on working. Not sure if car 470 will be ready for VIHR at this time. Ed mentioned that the Friends were expecting coach 256 & RPO 65 would be available for the June charter. They may have to change those plans, and see what that does to their reservations. Mr. Love mentioned how the Friends were present for the rotary event. They were very helpful in managing the participants. The Friends were very important in keeping the rotary event a great experience. Commissioner Lock also mentioned the work the Friends did on the rotary to prepare for the event. Stathi commented that it was unlikely that the two historic cars (RPO 65 & coach 256) could be ready for the June charter. There is still about six weeks of work to be done on the cars. Stathi was asked when work could resume. He replied that depends on the work requirements of the states as well as available cash. Thus, there is no hard answer at this time. Maybe next week will have an answer.

10. New Business-Approve CTO 2020 Operating Plan

Commissioner Love started by mentioning that there has been 10 to 20 operating plans considered for this season. Plans for this season need to take in consideration to remain viable to open next year. Thus, the plan for this year is really a two year plan. The plan needs to arrive at the best plan for the RR and the communities. It was decided to put the motion on the table, then allow public comment. The motion roughly reads “The CTO is asking the commission to run 6 trains per week beginning June 13 to September 11, 2020. Beginning September 12, to October 18, resume the regular two train per day schedule. Special trains will be operated as well at a break even or a profit. Extra trains will be operated when conditions allow. Service will be adjusted based on demand, taking into consideration for the safety of passengers and employees”. Scott Fluery was the first public commentor. He thanked the RR for their hard work. Chama appreciates it. He asked what the train would look like. Would there be a gondola? Will lunch change? Will passengers be required to wear masks? Mr. Bush replied, that per what is required by the economic recovery counsel, social distancing will be required. That puts 12 passengers in a coach, 10 per premium car. A gondola is planned, passengers need to maintain spacing. All employees will have masks & gloves. The RR will probably require passengers to wear masks. Their compliance is up to them. Social distancing will be done at Osier. It is expected that the number of premium cars on a train will be increased, while the number of coaches decreased. That will depend on bookings. Nimbleness is the word of the day. If things go well, the RR expects 25% of ridership in the summer. They RR will operate Tuesdays, Thursdays & Saturdays departing Chama. Wednesdays, Fridays & Sundays will depart Antonito. No Monday train will run. The 4th of July dinner train is planned to run. Chama fireworks are planned at this time. Steven Flowers, who runs the lunch facility explained the lunch plans. First, he mentioned that his facebook site “Toltec Gorge Catering”, as well as the internet site OSIER.ORG will be updated in the next week or two to explain lunch. The biggest change will be to discontinue the salad bar. Side salads will be prepared ahead of time. A few soups will be served. No ladles or tongs will be touched by the customer. The turkey and meatloaf lines will remain the same. The deserts will be arranged differently. Pies for instance will be grouped by type and labeled, to reduce questions and handling by the customers. Fountain drinks will be served rather than from the 5 gallon containers. Things at Osier can change as the health requirements change. Kim Casford was second to comment. The question related to a morning bus. The answer is, yes, there will be a morning bus out of the town that doesn't have the train, over to the side that has a train departure. There will also be an afternoon bus to return people back to where they started (if they ride the entire RR). Mr. Bush pointed out how the plan was developed to keep the restaurants, lodging, gift shops in both towns as viable as possible with the cut back in operations. It is important for the communities

to know something will depart each side everyday. (ed. It was not mentioned here, that there is no Monday service during the summer). Commissioner Greybill mentioned that the operation plan had to juggle several items. It is important for the RR to survive. It is also important to provide the communities with tourists. It is understood that there will be some budget cuts. Mr. Bush mentioned that “it takes a village”. In this case, the village of Chama, and the town of Antonito. Kim will be in contact with both communities as operating plans are firmed up. The motion carried. Mr. Love mentioned that the states also have to approve the RR's plan, so challenges remain.

11. Adjournment

Next Commission Meeting July 25, Antonito