

**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION
MEETING MINUTES FOR MARCH 16, 2011**

A meeting of the C&TSRR Commission was held on
Wednesday, March 16, 2011, at 10:00 a.m. at
First Baptist Church Fellowship Hall, 499 Maple St., Chama, New Mexico

Meeting was called to order at 10:05 a.m. by Chairman Lon Carpenter.

Those present were:

Lon Carpenter, Chairman	Randy Randall, Vice-Chairman
Pete Foster, Secretary-Treasurer	Chris Czmyrid
Tim Tennant	Bill Hume
Leo Schmitz, Executive Director	Marvin Casias, General Manager
Stephanie Gray, Administrative Assistant	Stephen Flowers
Elmer Salazar	Nick Quintana
Roger Hogan	Barbara Hogan
Sam Seiber	Jim Poston
Teddy Grove	Ed Beaudette
Dick Cowles	Carol Mackey
Bill Mackey	Matt Abbey
Bongall Johnson	Margaret Palmer
Glen Avery	Gerald L. Gallegos, Sr.
Clif Palmer	Robert R. Kissam
Scott Flury	Dick Hinerman
Wendy Johnson	Kim Smith Casford
Zack Blea	Laura Grant
Dennis Wells	Roxanna Bayer
Donald Bayer	Steve Forney
JoAnna Martinez	Ann Packwood
John Matthews	Neraya Martinez
Jean Leonard	Rich Casford
Glorie Irvin	Maria T. Schmitz

Commissioner Randall moved to approve the Agenda with one modification, to move Agenda Item **New Business** between **Report of Friends of C&TSRR** and **Report of Legislative**

Activity since Commissioner Foster had to leave the meeting by 2:00. Motion carried with a second from Commissioner Foster.

Commissioner Randall then moved to accept the Commission Minutes for December 16, 2010 as presented. Minutes were approved with a second from Commissioner Foster.

Chairman Carpenter then presented his report. He said he hoped he could follow the good track record set by the previous Chairman, Lenny Martinez. He informed those present he has always had an interest in narrow gauge railroad history, and he is proud to serve the C&TSRR as Chairman. Chairman Carpenter said his major focus is the Lobato Trestle and to continue working with all entities involved for the continuous historical preservation of the Railroad.

Leo Schmitz, Executive Director, then presented his report. He informed everyone there has been much progress made in the rebuilding of the Lobato Trestle. A Joint Powers Agreement has been entered into between the C&TSRR Commission and NMDOT.

Also, the steel girders have been fabricated by Stinger Welding and will be delivered early April. Three of the four semi loads of bridge ties and walkway materials have been delivered to Chama, and the fourth should be delivered by the end of the month. The bolts and drive spikes have already been delivered. Leo said Reiman Corporation is getting prepared to start the actual rebuilding of the Lobato Trestle.

The Next item on the Agenda, Reports of the C&TSMC, was addressed. President Elmer Salazar said it was crucial to the Railroad to reach 40,000 patrons for the upcoming Season. This revenue will provide the necessary funds for the 2011 Season's operations and have enough monies to prepare for the 2012 Season. He also informed the Commission John Matthews would oversee the Lobato Trestle Project. He gave kudos to the Commissioners and Leo for expediting the rebuilding of the Lobato Trestle.

Elmer also informed the Commission they would not be opening the Osier Road; rather, they would be moving Stephen Flowers, crew and their inventory and food by train. He said this would be less costly than trying to open the Osier Road by Opening Day.

He let the Commission know they would be installing time clocks and providing a more 19th Century Railroad authentic looking attire for the employees assisting customers. He also said they would be providing more information and history of the C&TSRR for the employees to be more helpful to the customers. Elmer said C&TSMC would not be submitting an RFI; however, they would be there to assist the Commission during this process.

He ended his report by thanking Marvin and Leo for squeezing the budget to be able to accomplish the needed preparations for the upcoming Season. Elmer also commended the C&TSMC's employees for their dedication to helping keep expenses down. Last, he wanted to thank the Commissioners for all the work they have done to find the monies to rebuild the Lobato Trestle and keep the C&TSRR in operation.

Bill Hume then presented the Treasurer's Report and Review of Train Operating Budget. Bill reported overall income was down \$820,889 versus the original projection; however since expenses were down \$650,866, the loss was only \$170,023. The drop of revenue was because of the negative publicity of the Lobato Trestle fire. He further reported they were able to save \$203,550 in salaries, primarily by cutting hours and seasonal lay-off timing.

Bill said other savings came from Marvin's shrewd close managing of purchases of parts and materials and coal. Other savings he attributed to money being saved in concessions. Total Railroad operating expenses were projected at \$2.383 million, actual was \$1.732. Bill ended by commending Marvin, the crew and employees for their loyalty and dedication to helping keep costs down, otherwise the Railroad would have had more of a loss for the Season.

Chairman Carpenter applauded the efforts of Marvin and all C&TSMC's employees for their cooperation and efforts to keep costs and expenses down. He hoped the upcoming Season would be better and have a huge increase in ridership and revenue.

Marvin Casias, General Manager then presented his report. Marvin thanked the Commission for getting the needed funds to get a jump start in getting the locomotives, passenger cars and depots ready for 2011's Opening Day. He informed the Commissioners Ralph Gutierrez, FRA, was pleased with the work done on the locomotives and passenger cars. He said they will have two locomotives ready by April 1st for the television series being filmed on the Railroad.

Commissioner Randall asked for more information about the other locomotives for the Season. Marvin said there would be four engines in operation for the Season. He also said they would be working with the Forest Service to assure the line would be free from unwanted foliage and be ready for the fire season. Marvin ended his report by thanking Leo and Stephanie for all their time they gave to help in keeping the budget tight. He also expressed gratitude to the Railroad's employees for their time and effort of trying to keep within the budget.

Chris Czmyrid presented the Marketing Report. He let the Commissioners know the marketing team is working diligently to let the public know the Lobato Trestle is being rebuilt and the C&TSRR is in operation and ready to serve its patrons. Their goal is to get 40,000 patrons this Season.

He also reported NBC would be doing filming for a possible television series. They would be recruiting some of the extras from the area, and it would be most beneficial to the economy of the C&TSRR and Chama. He also informed the Commission Nick was working with the staff to help them get everything in order.

Chris said to do a better job, \$40,000 more is needed for the marketing budget. These monies have to be spent upfront in order to assure the public the Railroad will most definitely be in operation this Season. At this time, Commissioner Randall moved to approve an additional \$40,000 for the marketing proposed by C&TSMC to inform the public the fire did not stop

C&TSRR from running. He further added now is the time to spend the needed monies in marketing to reach the public and motivate them to come ride the Railroad. The motion carried with a second from Commissioner Foster. Chairman Carpenter added these monies are critical to get the projected 40,000 riders to take a ride on the Cumbres & Toltec Scenic Railroad.

Chairman Carpenter then asked Stephen Flowers, food concessionaire, to report on the preparations being made at the Osier Dining Facility for Opening Day.

The meeting continued with the next item on Agenda was the Review of Capital Projects, Commission Budgets and Cash Flow. Leo presented the Commission with the three budgets: Capital Projects; Commission Budget; and Cash Flow. He reviewed the Capital Projects stating he was working on getting the monies from the insurance. Leo reported the 25% match for the NMDOT funds would be coming from the other monies appropriated from Colorado and insurance monies. He also said other capital projects were put on temporary hold until the final bid was approved. Chairman Carpenter said to make sure he keeps the Commission informed, on a weekly basis, of the Lobato Trestle project.

Leo presented the Commission's budget. He reported they could get the 2010 Candelaria approved projects complete, and when the 2011 projects are approved they could begin work on them. Commissioner Randall said those projects had to be addressed before the beginning of this upcoming Season. Leo said he would work with the Candelaria Board and get those projects completed.

The Cash Flow report was next addressed. Leo said there would be a positive cash flow if the 40,000 projected ridership was met for this Season. They need to have monies left to prepare for the 2012 Season. Chairman Carpenter said he would like the C&TSMC to submit a monthly report with a summary of the number of riders and the monies coming in through the use of the reservation system.

Chairman Carpenter then asked for the Friends report to be given. Tim Tennant informed the Commission the Friends anticipate submitting the draft materials to the National Park Service to get the Railroad upgraded to National Historic Landmark status. Dick Cowles is manning this project, and the Friends anticipate approval in late 2011 or early 2012.

At this time, Tim informed the Commission the Friends had received \$101,862 in contributions to the Lobato Trestle Fund. He then presented the Commission, on behalf of the Friends, a check in the amount of \$121,862.70 to be used towards the Lobato Trestle. He said these monies could be used as the required 25% match for NMDOT monies.

Tim let the Commissioners know the first two work sessions will be held in Antonito this year. He also let them know Friends members had covered a number of train shows in several locations throughout the United States. Tim let the Commission know Jim Poston and the Friends have established a work site, Monte Vista Locomotive Works, located in Monte Vista, Colorado to complete work on the 463. He hopes the 463 will be ready for the 2012 Season.

Chairman Carpenter thanked Tim and the Friends for their generous check. He said the Friends are a positive organization who has helped the Railroad.

At this time Chairman Carpenter continued with the modified Agenda. He called for the first item under New Business to be addressed: Plan for Repair of Lobato Trestle. Chairman Carpenter asked Leo to review what is happening with the Trestle. Leo said John Matthews will be the Project Coordinator for the Rebuilding of the Trestle, assuring all will go well with the design and specifications. Also, he is working with Rancho Del Oso Pardo to finalize the details and legalities for building a road off Highway 17 and to the Trestle.

Chairman Carpenter thanked Leo and all involved for their efforts in expediting this project to have the Lobato Trestle ready for Opening Day. At this time, 12:00 p.m., Chairman Carpenter adjourned the meeting for lunch break. The meeting was reconvened by Chairman Carpenter at 12:20 p.m.

Acceptance of Audit Report was the next item of the Agenda addressed. Leo presented the Audit to the Commission. Commissioner Randall moved to accept the Audit Report FY 09-10 as presented. Motion carried with a second from Commissioner Foster.

Leo presented the 2011 Open Meeting Resolution. He said this was a yearly Resolution which had to be approved by the Commission to comply with the New Mexico's requirements. Commissioner Foster moved to accept 2011's Open Meeting Resolution as presented. Commissioner Randall seconded the motion and motion carried.

Tim Tennant, President of the Friends, presented the request for the Extension of Operating Agreement with Friends. He informed the Commission the Friends would like an additional three (3) years to have the privilege of working with the Commission for the continued preservation of the Railroad. After further discussion, Commissioner Randall moved to approve the three (3) year Extension of Operating Agreement with the Friends Organization. Motion carried with a second from Commissioner Foster.

Elmer Salazar then addressed the next item on the Agenda, Approval of Reservation System Change and Fee. He reported the present company, Fulgen, they were dealing with was not giving them the technical support they needed. They were not addressing certain issues and problems they were having with the reservation system. He said Dynamic Ticket Solutions was a company they could work with and who were willing to handle the different needs of the Railroad.

Also, the C&TSMC wanted to charge an additional \$2.00 service fee for each ticket issued on the Railroad. They had done at comparison and other reservation systems and ticket agencies do charge extra fees for the services they will be providing through their reservation system. After further discussion and deliberation, Commissioner Randall moved to approve the \$2.00 increase for the ticketing. Motion was approved with a second from Commissioner Foster.

Chairman Carpenter then asked Elmer to present the next item on the Agenda, Proposed Projects for Candelaria Fund Grant. Elmer first wanted the Commissioners to know this was the proposed projects for 2011, the previous approved projects for 2010 still need to be completed; however, they were pending in case the Candelaria funds would be needed to complete the Lobato Trestle. He then presented the list of desired projects they wanted to ask the Candelaria Fund Grant.

The Cumbres Shelter would be the first project they would ask monies for. Commissioner Randall felt this project would be most desirable and the opportunity of hosting different events at the Cumbres Site. The Commission continued discussing the other projects and approved the presented list with a motion being made by Commissioner Foster and a second from Commissioner Randall. Chairman Carpenter asked they would keep the Commission informed of what was accepted, and he also wanted information of when the 2010 Candelaria accepted projects would be completed.

Leo said it was necessary to increase the insurance value of other trestles, buildings, engines, rolling stock, vehicles and other inventory of the Railroad. Yes, the Lobato Trestle was under-insured; however, this was all the Commission could afford at the time. He is working with Charles Schwaab to get new insurance values for everything on the Railroad.

Chairman Carpenter asked Leo if there was any possibility to get insured by either Colorado or New Mexico's Umbrella Plan. Leo said he was working to get a ruling from the states concerning this matter. After further discussion on whether or not either state would find it viable to place the Railroad under their Umbrella Plan, Chairman Carpenter directed Leo to continue working with both states and report back to the Commission.

Next on the Agenda was the Draft Train Operating Budget for FY 11-12. Leo presented the budget Marvin and he had worked on. After reviewing and studying the budget, Chairman Carpenter directed Leo to add an additional column to the budget to address the Colorado ARRA Funds.

Chairman Carpenter then addressed the next item on the Agenda, Approval for Request for Information (RFI). He appreciates the C&TSMC's honesty of not applying for an RFI. He said the main focus of the RFI would be to have the different entities interested in operating or managing the Cumbres & Toltec Scenic Railroad inform the Commission of their interest, qualifications, expertise and why they would want to run the C&TSRR. He said anyone can bid and once established would there be a need to get a Request for Proposal (RFP) out to the interested entities.

Elmer suggested putting the criteria for the RFI on the Railroad's website. Commissioner Randall said the RFIs would be confidential for the Commission. After further discussion, Commissioner Randall moved to get the RFI out within seven days and have a June 1st, 2011, deadline. Motion was approved with a second from Commissioner Randall.

There was no Other Business to address so Chairman Carpenter then addressed the next item on the Agenda, Report of Legislative Activity. Commissioner Randall informed the audience New Mexico Senate had approved the 87,000 for Operations. The other requests were still pending approval. Chairman Carpenter reported the requests in Colorado were also pending final approval and would know more when the Session is over.

The next item on the agenda was Public Input. There were only two individuals who wished to address the Commission. First, Bansa Johnson asked if there were group rates and reserved seating when making reservations. Chairman Carpenter asked Roger Hogan to address this issue. Roger said to make sure and ask the reservationist for reserved seating when calling in or going on-line for reservations. Also, he emphasized to make them ASAP. Zach Blea's concern was if configuration of individual cars would be recognized within the reservation system. Chris Czmyrid said it would work within the system.

Stephen Flowers then informed all Doris Osterwald, author of Ticket to Toltec, would be turning 90 years old, and her daughter would appreciate birthday congratulations of everyone or anyone associated with the C&TSRR. Stephen would give anyone the address if they wished to send a card.

There being no other business, unfinished or new, and Commissioner Foster was on his way out since he had another commitment, Chairman Carpenter adjourned the meeting at 2:05 p.m.

/S/ 6-15-11

Lon Carpenter, Chairman

Randy Randall, Vice-Chairman

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Pete Foster, Secretary - Treasurer

Dan Love, Commissioner