



**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION**  
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**Peter Foster, Chairman**                      **Lenny Martinez, Vice-Chairman**  
**Lon Carpenter, Secretary**      **Randy Randall, Treasurer**  
**Leo Schmitz, Executive Director**

**CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION**  
**MEETING MINUTES FOR JUNE 9, 2009**

A meeting of the C&TSRR Commission was held on Tuesday, June 9th, 2009 at Cookin' Books, 2451 S. Hwy 84, Chama, New Mexico.

The meeting was called to order at 3:03 p.m. by Chairman Pete Foster.

Those present were:

Pete Foster, Chairman	Randy Randall, Secretary
J. Leonard Martinez, Vice-Chairman	Lon Carpenter, Treasurer
Leo Schmitz, Executive Director	Stephanie Gray, Administrative Assistant
Frank Turner	Amos Cordova
Roger Hogan	Tim Tennant
Gayle Martinez	Laura Grant
Richard Tower	Anjolene Cordova
Stephen Flowers	Ed Lowrance
Elmer Salazar	Eddy R. Sanchez
Jim Poston	Scott Flury
John Matthews	Chris Czmyrid
Soni Honegger	Michelle Martin
Jeremy Rutherford	Tom Rutherford
Erin Minks	Frank Stapleton
Archie Vigil	Michelle Le Blanc
Maria T. Schmitz	

Commissioner Randall moved to approve the agenda, with one addition: #11 move under item 5B. Lobbyist and Legislative Report. Motion carried with a unanimous vote with a second from Commissioner Martinez.

Commissioner Martinez then moved to accept the Commission's Minutes for March 6<sup>th</sup>, 2009, as presented. Minutes were approved with a second from Commissioner Randall.

Chairman Foster welcomed everyone and was pleased with the turnout. He said to save time he would permit the New Mexico Lobbyist Tom & Jeremy to give their report. Tom Rutherford reported what New Mexico had given the Cumbres & Toltec Scenic Railroad Commission for the 2009/10 Fiscal Year. New Mexico approved \$99,200 for the Commission's Budget and one million for capital outlay. He said Commissioner Martinez and Leo Schmitz did a lot to help obtain these monies from New Mexico. He also reported he and Commissioner Martinez were still working on obtaining some stimulus monies.

Commissioner Martinez reported he and Leo had worked with the EDA Office in Austin, Texas; however, they were moved to the Denver Office in hopes of acquiring some monies from EDA. He

further reported in the near future it will be know if the Commission was given any monies from EDA.

Leo Schmitz, Executive Director, let the Commissioners know of the Train Convention, being held the 7<sup>th</sup> of November in Williams, Arizona. He also reported the Antonito Car Shop Project is progressing well and under budget. Leo informed the Commission that Mountain Engineering will be going to Osier, this upcoming Thursday, to inspect the Osier Section House's foundation. He also reported he was working with Michelle Le Blanc in obtaining more information for other grant sources. He and Soni are working together to keep an eye on all ongoing projects for the Railroad.

Frank Turner, President of the C&TS RR Management Team then gave his report. Frank said he was delighted the Commission would be having an inspection of the Railroad line tomorrow. He felt it was time they would see and experience the changes made on the line. Frank informed everyone that 30,000 ties have been installed and 50,000 pounds of ballast has been put over the track. As of date, 54 to 55 miles of the Railroad line has been surfaced. He felt John Matthews and the track crew has done an outstanding job.

Frank also informed the Commission there was only one parlor car in operation since there was not enough time to get the other parlor car finished before Opening Day of the Season. Also, the cost was more than anticipated. Commissioner Randall asked when the other parlor car would be operational. Frank asked Soni, General Manager, when he anticipated the car being ready. Soni said mid-July or early August. At the present time, they are running the parlor car out of each terminal every other day.

Soni also reported the cost of the parlor car was more than what was expected. To finish the second parlor car will cost less, since much of the materials have already been purchased and it will take less time as a result of the experience on the first parlor car.

Then Frank spoke on the derailment. He reported the cause being too tight of curve which could not be manipulated with the engines' tight rear trucks. However, John Matthews, the staff and some Friends went beyond the call of duty; and they worked well together to clear the track. Because of everyone's efforts and hard work, there were only two days the Chama Train could not run. However, the passengers were bussed over to ride from the Antonito side to Osier.

At this time, Frank asked if Soni could present his report since he could provide more information on the derailment and the parlor car. Soni said the track had been repaired and the tightness of the curve had been corrected. John, Marvin, himself and the crew had worked hard to get the line open quickly.

Soni then asked the Commission to stop by and see the work accomplished on the parlor car. This car has been sold out and there is a definite need to get the second parlor finished and on the line to meet the demand of interested patrons. This car is for adults only and is in the back of the train so no one but those riding will have access to it. The tourist car is being filled once the parlor car has been sold out. The patrons have all given the parlor car positive compliments.

Richard Tower said he would address the next two items on the Agenda, Treasurer Report for the C&TSMC and Review Train Operating Budget. He said he expects FY 08-09 and the C&TSMC did better than last year. Richard said this was accomplished because of Soni and the winter crew. Of course, some of the decisions made during the winter months helped the C&TSMC avoid close to a \$200,000 deficit.

Chairman Foster asked if the snow removal was a problem. Richard directed the question to John Matthews. John said it was not as expensive as anticipated since there was an early spring run-off.

Chairman Foster then asked Richard if his budget had reserves for problems not anticipated. Richard said the budget covers normal expenses. Chairman Foster asked what the loss for the derailment was. Richard said he was working on it, and he had not quite established the loss. Chairman Foster asked if the Railroad's Insurance would be able to cover these losses. Richard said he did not know, and Leo said he would check the insurance policy to see if they could recover some of the losses.

Richard then reviewed the Train Operating Budget, (See Attachment) Ridership year to date is about 1,500 riders below the budget and revenue is almost \$104,000 below budget. On the expense side, Soni and C&TSMC have controlled expenses keeping them approximately \$246,000 below budget. While the bottom line is still in the red, it is much better than the budget through the end of May.

After Richard presented the budget, Commissioner Martinez asked if there were only one set of financial books for the Railroad. Richard said he and Leo were working together to make sure there was only one set of books for the Railroad. The budget can only go on forecast of estimates of patrons riding and the revenue made.

Gayle Martinez then gave her report. She reviewed her market strategizing efforts and techniques with those present. She informed the Commission how well the web site was doing in providing information for those seeking information for the C&TS RR. Also, she said the different package options were being booked on-line. Gayle is pleased with the response to the web site and on-line sales capability. Gayle reported on several trade shows she has attended and is working with tour operators to bring more tour groups to ride the C&TSRR.

Leo then reported on the Capital Projects, Commission Budgets and Cash Flow. Leo said each item presented would have to be amended because of the auditors' request. The first item Leo addressed was the need to amend the Capital Projects Budget. There would be one change: Amend FY 08-09 Capital Budget to increase CO Supplemental Revenue and expenses to \$22,676 to match the actual. Commissioner Randall made the motion to make the amendment for the Capital Project to make it equal to actual as presented by Leo. Motion passed with a second from Commissioner Martinez.

Next Leo said the Commission's FY 08-09 Budget would have to be amended to include \$75,000 of Revenue and expenses which adds the Candelaria Grant. Commissioner Martinez asked what happens to the other \$25,000. Leo said it would roll into the next year's Fiscal Budget. Commissioner Carpenter moved to amend the Commission's Operating Budget to include the \$75,000 of Revenue given by the Candelaria Grant and the expenses paid for with these monies. Motion carried with a second from Commissioner Martinez.

Last, Leo reported there was a positive cash flow of \$500,000 because of advanced ticket reservations. Commissioner Randall asked if this was for the Season. Leo said yes; however, these monies will be used to pay the train operating expenses.

Chairman Foster then asked for the Friends report to be given. Tim Tennant reported to the Commission the Friends' meetings which have passed and are going to happen. The Regional Membership Meeting in LaPorte, Indiana happened on the 18<sup>th</sup> of April, and was well attended with 66 members being present. The Friends took in \$9,375 for their new "Another Century of Narrow Gauge Steam II" campaign. On the 19<sup>th</sup> of June, the Friends will host their annual members meeting in Chama's Community Center. He hopes the Commission could attend. Also, the Friends and the Railroad will have a someone present at two National Conventions. First, the National Garden Railroad Convention is being held at the Denver Marriott Tech Center, July 5-11<sup>th</sup>; and the National Narrow Gauge Convention will be the 16<sup>th</sup> thru the 19<sup>th</sup> of September at the Doubletree Hotel in Colorado Springs.

Tim also reported the 2009 Work Sessions are down slightly with the economy playing a role in this decline. He feels the interest is there, but the dollars are tight. He also said there were less docents this year because of the economy; however, they are trying to work with whom they have to cover the trains. Commissioner Martinez asked Tim if they could have locals as docents? Tim said if they were willing to donate their time and get trained it could be possible. In closing, he thanked the Commission for their continuous support of the Friends Organization. Chairman Foster thanked Tim for his presentation and hoped next Season would be better once the economy picked up.

Leo Schmitz and Michelle Le Blanc presented the next item on the Agenda, Report of Grant Writing Committee. Leo introduced Michelle and gave her the floor to make the presentation. Michelle presented the Commission with a Priorities Ranking Worksheet, where Soni, Leo and she have outlined the needed projects with different grant agencies. Michelle said she, Leo and Soni had collaborated to work on this sheet; however, she felt finding funds would be a problem because of the economy of the nation. Commissioner Martinez said it would be nice if all three entities, Commission, Management Company and Friends, would work together to find funding to complete these much needed projects. Chairman Foster thanked Michelle and Leo for their presentation and directed them to continue working together to find the dollars.

Chairman Foster said they would continue with the next item on the Agenda, Public Input since the Report on Legislative Activity had been given earlier in the meeting with the Rutherford's presentation. Chairman Foster then requested if there was anyone who wanted to speak. Ed Lowrance said the work session in Montana was going to be an expensive effort and if anyone wanted to donate their time, all help would be appreciated.

Stephen Flowers informed everyone the scheduled movie, "Chrome Bikes," will start filming in late July or early August. He has been asked to cater for the movie company.

Maria T. Schmitz then spoke on behalf of Bill Laurell, who could not make the meeting since he had to take his wife to the hospital for a check-up. He was hoping the Commission would write a letter on behalf of the effort to open and keep the Conejos County Museum and Information Center open for the rest of this Season and for the following years. Chairman Foster said he would write a letter in support of keeping the Museum open, located next to the C&TS RR's property in Antonito, Colorado.

Next on the agenda was Unfinished Business. Chairman Foster then asked for the Update on Los Pinos Siding Access. Leo informed the Commission he had met with the Homeowners' Association, and they were willing to grant the Commission an easement, only if Robert Garcia agrees. Soni said he felt we need to have approval for a right-a-way to permit the Railroad to work on the line. After further discussion, Chairman Foster directed Leo to proceed with the easements and continue finding a way to resolve this access issue.

Another item on Unfinished Business was Approval of Audit Report. Leo said the New Mexico State Auditor had finally released and approved the Commission's FY 07-08 Audit. Commissioner Randall moved to approve the Audit Report. Motion was approved with a second from Commissioner Carpenter.

The first item addressed under New Business was Approval of Train Operating Budget FY09-10. Richard Tower presented the Commission with the budget. He said the budget presented was taking into account the decrease of passengers they have had for the Season. The decrease will have an impact on the budget for the fiscal year.

After further discussion Commissioner Randall moved to approve the budget with two changes. First, to have \$10,000 added to other income, and second, keep budget above break even point. The motion carried unanimously with a second from Commissioner Martinez.

Leo presented the Capital Budget FY 09-10 to the Commission for their review and approval. Commissioner Randall questioned if \$45,314 was enough for the Chama Depot's roof. Leo said he had talked to Ed Lowrance, and he felt the amount would accomplish the work needed on the Chama Depot. Commissioner Carpenter then asked Ed if he felt this amount would fix the roof to standard use. Ed said they had met with the engineer and reviewing the needed work was what determined the price. Commissioner Randall asked Soni if he had reviewed the work and the report. Soni said he had and agreed with Ed and Leo on the projected amount.

Leo informed the Commissioners they were waiting for a letter from SHPO saying what type of shingle could be used. There being no further questions about the Capital Budget FY 09-10, Commissioner Randall moved to approve the FY 09-10 Capital Budget as presented. Motion carried unanimously with a second from Commissioner Carpenter.

The Commission then was given the Commission Budget FY 09-10 by Leo. After reviewing the budget, Commissioner Martinez made a motion for approval for the Commission Budget FY 09-10, as presented by Leo Schmitz. Motion was approved with a second by Commissioner Randall.

Leo Schmitz then presented the next item on the Agenda, Approval of Open Meeting Resolution. He informed the Commissioners this was an action which had to be approved yearly. After reviewing the Resolution, Commissioner Martinez moved to approve the 2009 Open Meetings Resolution as presented. Motion was second by Commissioner Carpenter and approved unanimously.

Next on the Agenda was the Approval of Loan Agreement for Pile Driver OB. Leo informed the Commission, if approved, the Pile Drive OB would be loaned to the Colorado Railroad Museum. It would be moved out on the 20<sup>th</sup> of June, and he has worked out all the details with Tim Tennant, President of the Friends. Chairman Foster asked the Friends if they approved of this loan. Tim said the Friends were in support of this loan. Commissioner Randall moved to approve the Loan Agreement, subject to review of counsel. Motion was approved unanimously with a second from Commissioner Martinez.

Under Other Business, Commissioner Randall wanted to have Mr. Stephen Flowers report on the inventory for the gift shop at Osier Dining Facility. Mr. Flowers said he had purchased coats, hats, spikes, mugs and other memorabilia. He felt the merchandise he had to offer was meeting the demands of the customers. Commissioner Randall said to keep an update on the inventory to see how effective the merchandise was for the gift shop.

There being no other business, Chairman Foster adjourned the meeting at 6:32 p.m. with the motion for adjournment being made by Commissioner Martinez and a second by Commissioner Carpenter.

**/s/ 9-1-09**

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**Pete Foster, Chairman**

**/s/ 9-1-09**

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**Lon Carpenter, Secretary**

**/s/ 9-1-09**

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**Leonard Martinez, Vice-Chairman**

**/s/ 9-1-09**

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**Randy Randall, Treasurer**