



CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION
PO BOX 561
ANTONITO, CO 81120
Phone: 719-376-5488
FAX: 719-376-2545

Randy Randall, Chairman Peter Foster, Vice-Chairman
Lenny Martinez, Secretary Lon Carpenter, Treasurer
Leo Schmitz, Executive Director

CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION
MEETING MINUTES FOR AUGUST 28, 2008

A meeting of the C&TSRR Commission was held on Thursday, August 28, 2008 at Our Lady of Guadalupe Parish Hall, Conejos, Colorado.

The meeting was called to order at 10:34 a.m. by Chairman Randy Randall.

Those present were:

Randy Randall, Chairman	Pete Foster, Vice-Chairman
J. Leonard Martinez, Treasurer	Lon Carpenter, Secretary
Leo Schmitz, Executive Director	Stephanie Gray, Administrative Assistant
Frank Turner	Andrea Buzzard
Amos Cordova	Amanda Haley
Roger Hogan	Tim Tennant
Dan Pyzel	Gayle Martinez
Chris Czmyrid	Richard Tower
Stephen Flowers	Harvey Lee Trembly
Elmer Salazar	Eric Jacobson
Dr. TC Grove	Nan Clark
Geof Gordan	Debra Goodman
Russ Espinoza	Bill Laurell
Ed Lowrance	John Matthews
Teresa Smith	Soni Honegger
Mr. & Mrs. James Florey	Larry Winget
Les Clark	Julie Gallegos
Maria T. Schmitz	

Commissioner Martinez moved to approve the agenda, as it stands. Motion carried with a unanimous vote with a second from Commissioner Carpenter.

Commissioner Carpenter then moved to accept the Commission's minutes for June 12, 2008 as presented. Minutes were approved with a second from Commissioner Martinez.

Chairman Randall welcomed everyone and thanked them for their effort in making this Commission Meeting. He then informed those present of Carl Turner's death. Chairman Randall gave a brief synopsis of Carl's accomplishments for the C&TS RR. He then reported of the New Mexico's LFC adventure on the Railroad and the reception after the train ride. Chairman Randall also informed the audience monies may be appropriated to the Commission, through the Candelaria Fund, and if the Commission receives the funding, these monies will be used to assist the Commission in operation expenditures

not covered by the two states' appropriations. He said a grant application would have to be submitted to Richard Tower, who is in charge of this fund, by November 1st to be considered for this grant.

Also in his report, Chairman Randall gave thanks to Frank Turner and Richard Tower for filling the shoes of the General Manager until someone was hired. He also reported both Leo and himself will be working on a Cumbres & Toltec Scenic Railroad Hall of Fame to acknowledge and not forget all those individuals whose efforts created the Railroad.

At this time, Commissioner Martinez thanked the management team for flying the flags at half mast in memory of Carl Turner.

Leo Schmitz, Executive Director, gave the Commissioner's a copy of Carl Turner's Obituary. He then went on to report Chavez Plumbing had changed the toilet to low flush units at Osier. Both Commissioner Foster and Leo are working with Davis Engineering to gather information on the water usage and water quality at Osier, in preparation of adding capacity to the water storage tanks. Also, the septic system is being reviewed.

Leo said the plans and specs, for the Antonito Car Shop Addition, have been completed by RME Santa Fe Engineers and submitted to David Valentinelli, at CDOT, for his review. When CDOT accepts the plans, the project will be advertised for bids. He also said the plans for the Chama Ash Pit and the Track Pan are complete and will be put out to bid so work will begin after the 2008 Season ends. The last project he reported on was the Osier Section House Foundation. He is trying to get an engineer hired to provide the design work, so construction will begin next summer.

Chairman Randall then asked for the C&TSMC representatives to report. Frank Turner, President, introduced C&TSMC's newly hired General Manager, Soni Honneger, who will take over as Shop Manager until November 1st when he will take over as General Manager. Frank felt very comfortable with Soni being given the position of Manager with his seventeen years of experience with the Railroad industry.

Frank followed with an update of work accomplished on the Track Project. This Season 5,000 more ties will be installed and work on putting in more ballast. He emphasized the importance of having continuous track program maintenance to assure the stability of the track and giving passengers a smoother and shorter ride.

Richard Tower then spoke on the ridership statistics of this Season. He felt the numbers were low because of gas prices. As of today, the Railroad is down 2% of total patrons compared to last year. Richard also reported the Ticket revenue is down approximately 4 % compared to the budget. Ticket revenue for July was \$50,000 below budget, while operating expenses were kept \$25,000 below budget to help offset the loss of revenue.

Gayle Martinez then gave her report on the different marketing strategies she, Chris Czmyrid and Erik Jacobson have incorporated to help the C&TS RR keep its ridership stable. She also said the Sunday Theme rides, out of Chama, were a success. They are eagerly working on the 2009 Season to provide more interesting ideas to promote the Railroad, providing patrons with more choices to make their journey a more pleasant and memorable adventure.

Gayle reported on the different sources of media they are working with, one being the History Channel will be doing a short synopsis on the Railroad. Offering packages to the local schools for the children to enjoy the adventure of the C&TS RR. They are looking into several other options to try to bring more riders to ride during the upcoming Season.

Leo then reported on the Capital Projects and Commission Budgets, both of which are within budget. Since Richard Tower had already covered the train operations expenses, he did not have to repeat the report.

Chairman Randall then asked for the Friends report to be given. Tim Tennant reported this year's Friends' work sessions donated close to 35,000 hours of free labor for the Railroad. He also said the total hours volunteered, if the docent program and photo sessions were to be included, the total would be over 50,000 hours. Chairman Randall applauded the efforts of the Friends and on behalf of the Commission is very grateful for all they do for the C&TS RR. Tim ended his report by informing all present the Friends established the Carl Turner Memorial Fund where the monies will be used to restore Engine 463.

Leo gave the Commission a hand-out of projects needed to be funded by other sources. He felt EDA monies would help the Track Upgrade Project. USDA Rural Development and DOLA would be the source to seek for funding for the Osier/Water Sewer project. Colorado Gaming Fund could help provide monies for the upgrade and renovation of Osier and Cumbres' historic buildings. Of course, private foundations would be sources of funding for the completion of several other projects needed for the C&TS RR's upkeep and preservation.

Next on the Agenda was Public Input. Chairman Randall asked those present if they had anything to say. Antonito Mayor Pro-Tem, Russ Espinoza informed all of Antonito's upcoming Labor Day festivities. He requested the C&TS RR have an entry in the parade and to join the festivities by providing something special for those attending the three day celebration. Debra Goodman, Alamosa Tourism Director, reported tourism in the San Luis Valley was up 24%. She also invited everyone to come and visit SLV's Tourist Center located in Alamosa, Colorado.

At this time, 12:30 p.m., Chairman Randall adjourned the meeting for a short recess for lunch. The meeting was reconvened at 12:53 by Chairman Randall.

Next on the agenda was Unfinished Business. The first item to be addressed was an update of the Friends' proposal for a Visitor Center. Friends' President, Tim Tennant, gave the floor to Nan Clark to report on this subject. Nan said plans were being developed to address the needs of the patrons seeking information about the C&TS RR. They met with the SHPO Office of New Mexico to review the plans, and they hope the Colorado SHPO office will visit the site for their review. They are trying to incorporate the Center as also being a Museum for the Railroad. The Committee will be seeking funds from private grant agencies to begin the structure.

Chairman Randall directed Leo to have this item on the agenda continuously for an update and to have the Commissioners informed of the progress.

Chairman Randall then reported on the need for a lobbyist for each state, New Mexico and Colorado. Since the death of Carl Turner, who was instrumental in the lobbying efforts of acquiring funding from New Mexico LFC, Chairman Randall felt this issue needed to be addressed. After much discussion and deliberation from the Commission, it was determined a part time lobbyist, for each state, to replace Carl Turner and Hugh Fowler was needed.

Next item on the Agenda was New Business. Chairman Randall said for the next three items on the Agenda: Approval of Commission Operating Request FY09-10 to States; Review of Cash Flow & Approval of Train Operating Request to States; and Approval of Capital Requests FY09-10 to States; he was requesting the assistance of Elmer Salazar, C&TSMC Board member to give input into the development of these two requests. On behalf of the C&TSMC's developmental plan, Elmer felt it was necessary for the C&TSMC to develop a plan for Capital Project Funding and a general fund request for Locomotive, Passenger Car and other Asset Maintenance. For nearly an hour, they deliberated, discussed and the final consensus was to let the three entities: Commission, Management and Friends work together to raise monies for the Railroad.

They also agreed a Five Year Capital Projects list had to be developed with these three entities working together to establish the needed projects to meet the needs, demand, goals and expectation of the Railroad. Further discussion was made on the monies needed for several projects. After more deliberation of what projects were the highest on the list of priorities; Commissioner Martinez moved to request \$2,292,000 from both states for the track upgrade, New Mexico and Colorado, together, \$100,000 from New Mexico for the archaeological study for the Visitor's Center and to add \$100,000 for the Osier Section House and Water systems; and \$100,000 to re-roof the Chama Depot from Colorado. This motion was approved with a second from Commissioner Foster.

Commissioner Martinez then moved to ask the two states, Colorado and New Mexico, for \$230,000 to fund the Commission's Operating Expenses and \$674,000 for Track and Locomotive Maintenance and to be equally funded by both states. Motion carried unanimously with a second from Commissioner Carpenter. These monies would assure the readiness for the 2010 Season, and it would keep the shop open and some of the crew hired during the off-season.

Chairman Randall then asked Leo, Commission's Executive Director, what contracts needed to be addressed at the next Commission's meeting. Leo said there were four contracts coming up for renewal for the next year. First, the Advertising/Marketing Contract with West Agency ends the 30th of September. Second, the Bus Contract with Mountain View Tours will end December, 31 2008. Third, the Food and Gift Concession, with the Osier Kitchen Company, will also end on December 31, 2008. Finally, on the 31st of December the Executive Director's, Leo Schmitz's, three year contract will end.

Chairman Randall felt they should address the Advertising/ Marketing Contract with West Agency since the Commission will not meet before the end of September. He felt they have performed well and have been beneficial to the Railroad. Commissioner Foster said he would like them to expand their marketing efforts to other areas in Colorado: Pueblo, Colorado Springs, Pagosa Springs and Canon City this upcoming season.

Ending the discussion of this contract, by the Commission, Commissioner Martinez moved to accept the Advertising/Marketing Contract with West Agency with an added

clause of giving them two one year extension based on their level of performance and a sixty day notice by either party not to renew the option. Motion carried unanimously with a second from Commissioner Carpenter.

Chairman Randall said the other three contracts would be addressed at the next meeting. He directed Richard Tower and Commissioner Carpenter to review the bus contract with Mountain View Tours. He assigned himself and Richard to work with Osier Kitchen Company to work on the food and gift concession contract. Commissioners Foster and Martinez were directed to work on the Executive Director's contract with Leo Schmitz. These contracts would be addressed and approved at the next Commission's meeting.

Chairman Randall said the next Commission meeting will be in Chama early December.

Before adjournment, Chairman Randall gave his thanks to the management company, Leo Schmitz, and counsel, Andrea Buzzard. There being no other business, Chairman Randall adjourned the meeting at 3:00 p.m.

/s/ 12-11-08

Randy Randall, Chairman

/s/ 12-11-08

Pete Foster, Vice-Chairman

/s/ 12-11-08

Leonard Martinez, Secretary

/s/ 12-11-08

Lon Carpenter, Treasurer