

Final Draft
Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Board of Directors' Meeting – October 23, 2015
Best Western Rio Grande, Durango, CO

Attendance: John Engs, Scott Hardy, Jim Herron, Bill Lock, Ed Lowrance, Craig McMullen, Dan Pyzel, Bob Ross, Warren Smalley, Linda Smith, Dennis Sterosky, Don Stewart, Tim Tennant, and Caroline Tower. Absent: Arno Grether

Guests: Don Atkinson and Ted Smith

I. Call to Order

Chairman Bob Ross called the meeting to order on Friday, October 23, 2015, at 8:30 A.M. He welcomed the Directors and noted that some had traveled long distances to attend. He thanked the Board for their commitment. Bob also commended the committee chairs for completing their reports and providing them to the Board well in advance of the meeting. This will allow the Board more time to focus on developing tactics and assigning responsibilities for implementing the strategic plan.

II. Approval of Minutes

Chairman Ross asked for corrections to the minutes of the June 20, 2015 Board meeting and the Executive Committee meetings held in July, August and September 2015.

M/S Tower/McMullen to approve June 20, 2015/ Board meeting minutes. **Passed unanimously.**

M/S McMullen/Stewart to approve the EC minutes for July 22, August 12 and September 24, 2015. **Passed unanimously.**

III. President's Report

President Tennant presented the highlights of his President's Report to the Board dated October 23, 2015:

A. Friends

- The second round of letters soliciting support for the Friends' fund-raising program, "Preserve the Narrow Gauge Past for the Future (PNGPF)," was distributed in early October. This mailing was sent to members who had not responded to the first solicitation. Checks are arriving already.
- The October 3 maintenance-of-way (MOW) charter train event was a success, with 49 passengers and only one caboose ticket not sold. The Friends made approximately \$3,600 on this event, including \$1,000 in concession and merchandise sales. Tim thanked Craig McMullen, Russ Hanscom and the C&TSRR crews for the demonstration event on Sunday.
- Tim thanked donor Caroline Miller who gave \$3,000 to the Friends, honoring her parents, Vic and Georgie Cope, Friends' members from 1998 through 2010.
- The spring 2016 Board meeting and banquet are slated for Friday and Saturday, March 18-19, 2016 in the Albuquerque metro area. The banquet on Friday will be held at the Club Rio Rancho, 500 Country Club Drive SE, Rio Rancho, NM and the Board meeting on Saturday is at the Hilton Garden Inn, 1771 Rio Rancho Blvd., Rio Rancho, NM, 505-896-1111. A block of rooms has been reserved at the Hilton Garden.

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- Work is progressing on a promotional Friends' DVD to be used by members who may want to address civic organizations, service clubs, etc. in their communities. Tim is working with Lee Bates, a videographer who captured activities at Work Session "G" and Jeff Wright, of KOB-TV, who will edit and produce a finished product.
- An offer has been made to the Colorado Railroad Museum (CRRM) to purchase three high-sided gondolas for \$2,500 each. The cars are being purchased for their wheel sets, and will be funded from PNGPF's Trucks and Brakes account. John Engs is working with CRRM officials to consummate this sale and move the cars to Antonito.
- Communications: Tim reported that the Friends' organization has made significant progress in enhancing its communication process over the past two years. In addition to the *Dispatch*, the Friends' web site has been improved and the popular Friends' forum has been initiated, paid for, in part, by advertising. Followers for the Forum and Facebook continue to grow. Member Jason Rose has established a Twitter account and provides short news summaries to a new demographic segment not previously reached by the Friends. The Friends' e-mail blasts, written by marketing consultant Lynore Abbott, have been a significant factor in drawing more volunteers to the annual work sessions and in promoting events such as the Moonlight and Wine Tasting Train event. Tim also noted that the Friends have received recognition through articles published in national magazines such as the Sn3 Modeler, New Mexico Express, ATRRM Newsletter and Private Varnish, all of which are reaching a demographically diverse group of people.
- Ancillary Revenue Streams: The Friends' efforts to diversify and increase revenue streams during the past few years are showing results. While the Friends rely heavily on membership dues, donations, estate gifts and grants as main income sources, Tim and the Board have been successful in expanding revenue sources through increasing merchandise sales, web cam advertising and private car charters. These initiatives will continue to be a high priority in the coming year and beyond, emphasizing an enhanced on-line store and charter events.

B. C&TSRR Commission

- The proposed C&TSRR locomotive trade with the Durango & Silverton Narrow Gauge Railroad is now "on hold" for an indefinite period. The proposal is to "swap" the C&TSRR's K36 engine #483 for the D&SRR's K28 engine #478.
- The C&TSRR has reported a 7% increase in ridership for the 2015 season, with 36,000 passengers. Marketing manager Lee Bates spearheaded an effort to increase advertising in the Albuquerque area which has had positive results.

M/S Pyzel/Stewart to approve the President's Report as presented. **Passed unanimously.**

IV. Membership

Membership Chair Don Stewart summarized his written report to the Board, specifically:

- Paid memberships have increased by 0.1% during the past year. Current status: 2,945 total memberships (2,289 paid memberships) as compared with 3,098 total (2,287 paid) as of December 31, 2014.
- Decrease in total membership is due to 275 lapsed Parlor Car memberships.

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- Several programs are underway to increase membership, including the continuation of the free Parlor Car rider one-year membership program; getting out the word through railroad hobby and support conventions and meetings; and placing ads in publications such as *Classic Trains*, *AARP Magazine*, and *NMRA Magazine*. The emphasis is on reaching readers in the “baby boom” generation who are now retiring with more disposable income and time for volunteer involvement.

Don asked Board members to provide him with the names of magazines that target the recently retired demographic. He also stated that the focus of the Membership Committee is now on calling lapsed members to update them on the organization’s activities and encourage renewals.

V. Financial Report

Tim Tennant presented the Friends’ financial report for the period ending September 30, 2015. Overall, the organization is in a sound financial position, although the excess expenditures over revenue year to date is \$28,781. This figure is not concerning, however, as historically the fourth quarter yields much greater revenues than expenses due to fund-raising initiatives such as the year-end appeal, enhanced membership renewals, and increased store sales during the holidays. Also, expenses are much lower because there are no work sessions to support. It is also important to note that the organization has ending net assets of \$228,643 in restricted funds as of September 30, 2015.

Tim especially noted:

- Grant income exceeded the budgeted amount by \$13,600
- Campaign proceeds have exceeded the budget by \$13,637 due to excellent donor responses to PNGPF program
- Charter trains exceeded budget by \$11,075 due to the positive response to MOW charter

Tim commended Project Committee Co-Chairs John Engs and Ed Lowrance for their exceptional management of the summer/fall work sessions which resulted in expenses under budget. Overall, expenses are \$57,084 under budget, a real testament to overall sound fiscal management.

The Board discussed the overall management of restricted funds, and the need to assure that these funds are used for their stated purpose before charging expenses to general operating funds. John Engs stated that he will meet with Tim and his staff in order to improve the monthly financial reports to the PC which do not adequately address restricted fund accounts. The PC must have this information in order to effectively utilize restricted funds.

In response to a question about a significant increase in banking fees, Tim responded that the organization has increased its use of credit card transactions which improves sales transactions but results in higher fees.

Director Scott Hardy asked why the restricted account for the Dorman Collection was so high. Tim responded that these funds are effectively utilized by the Dorman volunteers for their

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continuous work in cataloging, producing photo copies, and responding in general to requests for historic photos from this comprehensive historic collection.

After a brief discussion of the remaining restricted funds in the Cook Car and Railway Post Office car funds, it was generally agreed that those funds could – and should – be transferred to the Trucks and Brakes project which is focused on building wheel sets for each of those cars. Accordingly:

M/S Tower/McMullen to transfer the remaining balances in the restricted fund accounts for Cook Car 053 and RPO Car 54 to the restricted fund account for Trucks and Brakes. **Passed unanimously.**

Further:

M/S McMullen/Stewart to accept the financial report as submitted. **Passed unanimously.**

VI. Development Report

Director Caroline Tower presented highlights of the Development and Interpretation report.

A. Preserve the Narrow Gauge Past for the Future

- For the period January 1 through September 30, 2015, this program has raised \$125,641, and the donations are still arriving at a steady pace. Caroline especially thanked Debbie Craine for her substantial gifts as well as other donors who have contributed to this success. To date, PNGPF has raised \$507,670.
- The Development Committee is especially pleased that this program continues to raise significant funds for general operations as well as specific projects.
- There have been two mailings this year; the current mailing just went out, and checks are now arriving.

B. Grants

The Committee has submitted five formal grants, and three have been successful:

- National Trust for Historic Preservation - \$5,000 for Cumbres Trails Project
- Tom E. Dailey Foundation - \$5,000 for the Tourist Sleeper project
- Candelaria Fund - \$6,000 for the Cumbres Section House

A grant proposal to the Emery Rail Heritage Trust for trucks and brakes designated for RPO 054 was not successful. Followup with the Foundation representative indicates that we may not have a project that fits the Trust's requirements. All of the projects that received awards appear to be related to standard-gauge rail passenger restoration projects.

A grant proposal to the Rocky Mountain Railroad Club for funds to support the restoration of the Chama oil loading dock was not successful. John Eng is communicating with Club representatives to find out how we can improve our future submittals

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The Development Committee is now developing a grant-writing calendar for 2016 which will include the Ludwick Foundation, a substantial past donor. Tim will contact the Foundation to seek support in being invited to submit.

C. Interpretation

Director Tower stated that the Committee's focus continues upon implementing the Master Interpretive plan, specifically:

- Interpretive signage at Osier, now fabricated, will be erected during the 2016 work sessions.
- Work is now underway to prepare text and photos for similar interpretive signage at Cumbres Pass and the Chama rail yard. The Cumbres Pass signs will highlight the key historic assets at that site. The Chama signage will be limited to historic assets that are not in the main rail yard to preserve the historic ambience. There will be signage at the stock pens and on Terrace Avenue overlooking the rail yard as well as an interpretive sign in the museum car. Text is being written for this signage, along with selection of historic photos.
- Another project at Cumbres Pass involves a potential partnership between the Friends and Volunteers for Outdoor Colorado. The concept is to construct a series of pathways connecting key historic assets at the Cumbres site with the picnic pavilion. This project is in the discussion stages and timing is yet to be determined as it depends upon coordination with the railroad and the State Historic Preservation Office.

D. Docents

Chairman and Docent Coordinator Bob Ross reported that 32 volunteers participated in this year's program, generating 3,730 total hours of work. Two new volunteers were trained and added to the docent roster.

Over \$1,400 worth of tips were received. As in the past, \$500 was given to the Osier kitchen crew in appreciation for their meal support during the season. Over \$900 will be applied by the PNGPF fund-raising program.

The docents continue to receive very favorable comments and appreciation from the riding public.

Bob also reported that the Chama Mall display, sponsored by the Narrow Gauge Preservation Foundation and staffed with Friends' volunteers, has done well this year. The model of the Chama rail yard displayed in the mall space, created by Sam Furukawa, is especially well received by visitors. In addition to Bob and Holly Ross, the volunteers who have kept it open six days a week (three hours per day), include Lorraine Beaudette, Jeff and Nancy Gordon, Lynn Herron and George Trevor.

M/S Herron/Lock to accept the Development, Interpretation and Docent report as submitted.
Passed unanimously.

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VII. Collection Committee

Director Dan Pyzel provided the Collection Committee report. He stated that Stock Car 5995 will soon be on the rails for the first time in 60 years. It should be completed by the end of Work Session D in 2016.

The railroad has purchased five stock cars and it is assumed that C&TSRR management will want these restored by the Friends. Dan will assess the state of these assets and provide a report at the March Board meeting. The Board discussed these potential restoration projects and emphasized the importance of making sure they are prioritized consistent with Friends' work priorities and that funding is provided by the railroad.

This led to a discussion of the current deaccessioning policy of the railroad which is to essentially maintain all existing inventory. The Friends' assessment report, which was developed by Director Scott Hardy several years ago and approved by the Board, recommended that the existing inventory be downsized to a manageable fleet of historic cars that can be reasonably maintained and restored by the Friends and the railroad. The present fleet of 135 includes inventory which cannot reasonably be maintained and should be deaccessioned. The Board agreed that this report should be discussed with General Manager John Bush, emphasizing the importance of instituting a sound deaccessioning policy.

Dan also reported on the status of the Sandia High School idler flat car restoration project. The instructor, who was absent due to a family crisis for several months, is now back and Dan is hopeful that this project will be completed by the end of this school year. Once fully restored, it will be returned to Chama. Dan and Tim will assure media coverage of this event at the appropriate time. An event is being planned for the students, perhaps a trip to Chama and a ride on the train during the June Board meeting.

M/R Stewart/Sterosky to accept the Collection Committee report as presented. **Passed unanimously.**

VIII. Projects Committee

Directors John Engs and Ed Lowrance presented the Projects Committee Report. Chairman Bob Ross commended John and Ed for a very successful year which resulted in much increased numbers of volunteers.

John reported that the e-mail "blasts" by marketing professional Lynore Abbott were most likely the reason for the large increases in volunteer participation, up to nearly 500. Of that number some 10-20 were new volunteers. Last year, there was concern that seven work sessions may have been too many. That is not the case this year. For the first time, there were volunteers and projects for every 2015 work session at Antonito.

John also reported that significant progress was made on all major work projects scheduled for 2015.

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With respect to the restoration of Tourist Sleeper 470, one of the Friends' highest priorities, the volunteer team at the Colorado Springs facility have the car's exterior nearly completed. Then the detailed and intricate interior work will begin. There are many castings to do, plus some extremely ornate seat work. John plans to do a detailed presentation on the project at the upcoming dinner meeting.

Director Tower asked Director Engs about the effectiveness of newly implemented incentives to enhance recruitment for team leaders. John reported that half of those eligible took advantage of these incentives. Volunteers who lead two work sessions are eligible for a free coach ticket which includes lunch and ground transportation. Those who lead six or more work sessions are eligible for a railroad pass. John stated that the PC is working on a similar award program for volunteers in other areas.

Because of the renewed volunteer activity at the Antonito Car Restoration Facility (CRF), the PC has developed a plan to expand the facility on the east side. The PC views this as a high priority due to the safety and comfort considerations. At present, the kitchen area is located in the primary work area, and activities like welding are accomplished in tandem with food preparation. The plan would maintain the existing wall to isolate this additional space in order to move the tool crib, equipment, kitchen and rest room area to the new space, thus isolating the work activities from the food preparation and storage areas. This would add an additional 1,800 square feet. A preliminary cost estimate of \$50,000, excluding electrical and plumbing work, has been obtained by the PC from the firm that erected the initial building.

After a brief discussion, the Board agreed that the PC should proceed with the first phase of this project which is to procure engineering studies, estimated to cost \$22,000, with a final concept and set of plans available by spring 2016. These funds will come from a reallocation of work session budgeted activities during 2016. The grant-writing team will explore opportunities for the project, possibly from two Colorado foundations which have donated funds for the Antonito CRF in the past: Boettcher and Gates.

M/S Lock/Herron to proceed with engineering studies for the expansion of the Antonito CRF project. **Passed unanimously.**

Ed Lowrance also presented another high priority project for the Board's consideration: the construction of a metal building to be used as a storage facility on the Friends' property in Chama, at the south end of the Chama rail yard. As with the Antonito CRF, the PC views this as essential to improve the health and safety of the volunteer work force. At present, flammable materials are stored in the historic wool shed located in the heart of the rail yard. The wool shed is also the location of the wood-working shop. The PC feels it is imperative to store these materials, plus the Friends' equipment (trucks, trailers and tractors) in a separate area. The proposed location, owned by the Friends, is a safe distance from the operational areas. The storage facility would be approximately 1,500 square feet with a foundation and a gravel floor. The cost of a "kit" is \$15,000 and the Friends would provide the volunteer labor to erect and complete the metal building. The wool shed would continue to be used for the Friends' wood-working shop.

After a brief discussion, it was agreed that the PC should proceed with plans and include the storage facility in the 2016 budget for further consideration.

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M/S Tower/Lock to approve the Chama storage facility as described in concept and include it in the 2016 budget. **Passed unanimously.**

Chairman Ross called for a brief executive session of the Board. At the conclusion, the Board returned to open session.

IX. New Business

- The Board discussed the status of the money due to the Friends from charter operations that use cars restored by the Friends, estimated to be in the range of \$2,300. Tim will issue an invoice to the railroad.
- Director Bill Lock briefed the Board on a proposal he received from an individual who would like a life-time easement to traverse part of the Friends' property at the south end of the Chama rail yard. He would, in turn, donate the property back to the Friends upon his death. This proposal is in preliminary discussion stages only and Director Lock will provide further details as they occur.
- Director McMullen has proposed that the Friends initiate a new recognition program for volunteers, based on the the number of hours per year donated to the organization. This would be in addition to the current length of service awards (pins). The recognition program could award pins – e.g., bronze, silver, gold, platinum – depending upon number of volunteer hours, and also publish outstanding volunteers in the *Dispatch*. This might also include recognition of the top three to five volunteers on an annual basis. There was some discussion on how to record volunteer hours that occur outside of regular work sessions. The PC will be assigned responsibility for developing an approach.

M/S McMullen/Smalley, to approve the concept of rewarding volunteers for hours of service with the PC taking the lead in implementation. **Passed unanimously.**

The Board meeting was adjourned at 1:30 P.M. and a strategic planning update meeting began shortly thereafter. The next Board meeting is scheduled for Saturday, March 19, in Rio Rancho, N.M.

Respectfully submitted

Linda Smith
Secretary