

Final Draft
Friends of the Cumbres & Toltec Scenic Railroad, Inc.
Board of Directors' Meeting – October 14, 2016, 2016
Bistro Rialto Restaurant, Alamosa, CO

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

Guest: Phil McDonald

I. Call to Order

Chairman Ross called the meeting to order on Friday, October 14, 2016 at 8:30 a.m. He welcomed the Board's Directors and thanked them for traveling to the Alamosa site.

II. Approval of Minutes

Chairman Ross asked for corrections to the minutes of the June 25, 2016 Board meeting and the Executive Committee (EC) meetings held on July 21, August 25 and September 15, 2016.

M/S McMullen/Stewart to approve the Board minutes as presented. **Passed unanimously.**

M/S Lock/Smalley to approve the EC minutes as presented. **Passed unanimously.**

III. President's Report

President Tennant submitted his detailed activity report to the Directors prior to the meeting. He highlighted the following:

A. Railroad/Commission Items

- On October 4, New Mexico Commissioner Randy Randall was replaced by Richard (Dick) Cowles, long-time C&TSRR supporter and Friends' member. Commissioner Cowles said that he would join the Board meeting later today to say hello and answer any questions.
- The next Commission meeting is scheduled for Saturday, October 29, 9 a.m., in Chama, NM.

B. Friends Items

- Tim provided a concise summary of the Friends' CY 2016 activities to date, highlighting:
 - Seven work sessions, plus several special sessions;
 - Progress on restoration of the Tourist Sleeper 052 in Colorado Springs, CO;
 - Thirty-two docents staffing all regularly scheduled passenger trains;
 - The Dorman historic photo team's continuing good work and dedication;
 - Progress in enhancing Friends' membership through mailings to TRAINS Magazine subscribers;
 - Friends hosting six special trains as fundraisers, including two photo freight charters, three private car trips and the annual Moonlight & Wine Tasting event; and
 - The *Dispatch* newsletter's new look, thanks to volunteer editor Chris James. Tim has received many positive comments about these enhancements.

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- The second CY 2016 *Preserving the Narrow Gauge Past for the Future* (PNGPF) mailing to members who did not respond to the first mailing is now out and donations are arriving. Tim thanked Caroline Tower for her good work in crafting the solicitation letters.
- The last two Friends' sponsored charters, the Private Car Circle trip and the Fall freight photo charter, were both successful, and resulted in at least ten new members. Tim thanked Michael Allen, who assisted with the photo freight charter; Bill Lock, Bob Ross and Holly Ross who staffed the photo freight charter event; and the railroad crews who supported this event. Tim concludes that these charters are a good fundraising event, enabling the Friends to put profits right back into restoration and interpretive projects. They are also excellent outreach events, bringing in new and diverse customers who could turn into members and volunteers in the future
- Tim expressed special appreciation to Richard Tower for sponsoring an Engine 315 freight charter the day before the Friends' fall charter. Richard asked riders to make a \$300 contribution to either the Friends or the Center for Railroad Photography. As a result, the Friends received \$1,500 in unrestricted donations from the train. Director Caroline Tower reported that the charter was considered a success based on feedback from participants.
- 2017 calendar sales are going well; to date, some 200 have been sold.
- Tim is working with the Locomotive 315 group about the possibility of operating a photo freight charter out of Antonito on June 3 and 4, 2017. This would coincide with the end of Work Session "B". The pricing would be affordable in order to attract Friends' volunteers. An alternative window might be between Work Sessions "C" and "D". Craig McMullen pointed out that the end of "D" might be the best as that work session usually has the most volunteers.
- Discussions are now underway about sponsoring another photo freight charter in conjunction with the Narrow Gauge Convention in Denver, CO. Dates being discussed are either late August (before the event) or early September (after the event.) The proposal is to re-letter and number Engine 463 into RGS 455. John Eng and John Bush have had discussions with Lindsay Ashby about bringing RGS caboose 400 to Chama for the proposed train. John Eng reported that Ashby is willing to allow use of the caboose over a two-year period if the Friends will replace the roof and accomplish other repairs. Costs of transporting it are estimated to be \$8,000. Ed Beaudette advised that scheduling this event should await discussion at the Commission meeting in late October. The Projects Committee will follow up.
- Bob Ross and Tim have had initial discussions about sponsoring a Friends' regional membership meeting in California during CY 2017. Bob emphasized the importance of resurrecting this concept, identifying regions with the strongest membership base.
- Tim is now working on final touches for the short promotional video being produced for the Friends which will be available to members for use at a variety of external events (railroad conventions, fraternal groups and other public outreach venues). This product results from a suggestion by long-time Friends' member Marshall Smith.

IV. Membership Committee Report

Don Stewart provided the highlights of his Membership Committee status report dated October 14, 2016. Specifically:

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- There are 2,497 current total memberships (2,130 paid memberships) as of October 11, 2016.
- There are 479 more paid memberships than in December 2015 (a 29% increase).
- Overall increase in total memberships is 11.6% (259 members).
- A decline in free Parlor Car memberships offset the large increase in paid memberships (down 213).
- Memberships gained from the TRAINS Magazine mailing stands at 147.

Don further reported that a new list of lapsed members was obtained from Katharina in late August and volunteers are now calling some 240 members with lapses of less than 15 months. In addition, membership brochures have been added to holders in Chama (the Museum Car) and Osier. While many have been taken, applications appear to have been left behind. It was suggested that the inserts be more firmly attached to the brochures. The Membership Committee is also looking into placing ads in magazines such as TRAINS, AARP, and RV Living to attract a larger and more diverse membership/volunteer recruitment base.

Several Board members commented on the excellent work of Don and the Committee in enhancing the membership program.

M/S Tower/Pyzel to accept the Membership Committee report as presented. **Passed unanimously.**

V. Remarks by C&TSRR President John Bush and Commissioner Dick Cowles

C&TSRR President John Bush attended a portion of the morning meeting and advised the Board that the C&TSRR will sponsor the Association of Tourist Railroads and Railway Museums (ATRRM) fall 2018 meeting, to be held at the LaFonda Hotel in Santa Fe, NM. John has the responsibility for planning conference seminars, and invited the Friends to join him in this effort. There will be some 200 people at the meeting from all over the country. This will provide an excellent opportunity to “show off” the C&TSRR. There will be several seminars offered during the two-day conference during morning and afternoon sessions. The schedule also might provide the opportunity for participants to tour the Antonito CRF.

The Board expressed strong interest in participating, and the EC will continue discussions on specific seminar suggestions for John during the near future.

Commissioner Richard (Dick) Cowles also attended the morning Board session. Bob Ross congratulated Dick on behalf of the Board. Commissioner Cowles invited discussion on the issues that the Board feels are most important for the C&TSRR and how the Board sees the railroad's priorities. He summarized his most recent meeting with New Mexico legislative staff on current capital outlay requests. Due to severe state-wide capital funding projections, the outlook for the railroad in terms of capital projects is not good. State budget decisions will be made during mid-March. Commissioner Cowles invited interested Friends' members to attend the scheduled state legislative finance committee hearing on October 27, 1:30 p.m., at the State legislative building (Room 311) in Santa Fe.

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VI. Finance Report

Tim Tennant presented the financial reports as of September 30, 2016. He noted that Acting Treasurer Bill Lock had reviewed all of the reports with him.

Overall, at the end of the third quarter of CY 2016, the Budget vs. Actual report reflects excess expenditures over revenues of \$26,762. Tim pointed out that this is fairly typical of prior year financial reports at this time: the ending of the summer work sessions, which is the period of incurring the heaviest expenditures. The fourth quarter should reflect significantly higher revenues over expenditures, particularly because of the timing of membership renewals, the PNGPF mail solicitation, and the end-of-year appeals. He expressed the belief that the final quarter financial reports will reflect a positive variance.

While revenues for donations were less than budgeted, membership dues were up as a significant offset. Charters also showed a nice revenue return (a net of \$34,768). In addition, PNGPF revenues were significantly higher than budgeted, primarily due to some large donations. Overall, revenues were up by \$146,823 when compared with the budget.

On the expense side, the computers and software account was higher than budgeted primarily due to the acquisition of a new server which was not anticipated. Professional fees, bank/credit card fees, *Dispatch* newsletter, contractor services and membership expenses were all over budget. Total expenses exceeded budget expectations by \$52,680, mostly due to unanticipated events.

Jim Herron requested clarification for the bottom line total figure reflected under the "Variance" column in the Budget vs. Actual report. The total of this column appears to be a mismatch with the account totals reflected in each row. Tim stated that he would discuss this with the accounting staff and provide further information to the Board.

Tim also advised that the audit team has recommended a \$33K inventory write-off due to the age of the merchandise (over 10 years old). That will result in a significant financial paper loss at the end of the fourth quarter. He emphasized that this merchandise will still be available for sale or other uses. Caroline Tower pointed out that the inventory write-off would benefit the restricted fund accounts, allowing funds to be released from restriction. This should more than offset the write-off.

Bob Ross commended Friends' staff members Katharina Root and Gwen Lot for their excellent work in inventorying all of the Friends' merchandise during the past few months.

The Board briefly discussed spending priorities for restricted funds. There are some cases of more than one restricted fund account for the same project. While there is no written policy as to what account should be considered a 'first priority,' it was decided that Tim, Katharina, Caroline Tower and Linda Smith would discuss this in the near future to clarify priorities.

It was also recommended that the annual budget figure for each account be added to the Budget vs. Actual report. Tim agreed that this could be accomplished without too much difficulty.

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M/S Tower/Smalley to accept the financial reports as presented. **Passed unanimously.**

VII. Development and Interpretation Committee Report

Caroline Tower presented highlights of the written Development and Interpretation Committee report.

A. PNGPF

This year to date, the Friends have received contributions totaling an impressive \$167,604. Contributions for general operating support continue to make up the largest share of donations (\$78,363, current year to date).

Since the inception of the PNGPF fund-raising program in 2012 through September 30, 2016, donors have generously contributed \$744,604. By far the largest donor support has been designated to three categories: Major Restoration Projects, Work Session Support, and General Operations.

During CY 2016, there have been two member appeals during the spring and fall.

B. Grants

- There is good news from the Emery Rail Heritage Trust regarding the trucks and brakes proposal for RPO 54. The Friends have been awarded a \$10K grant. The cost share must be raised before the Trust will provide those funds.
- Additional good news: the Narrow Gauge Preservation Foundation has expressed interest in the trucks and brakes project. Tim has submitted the required paperwork, and this looks very positive for another \$10K grant which would satisfy the cost match for Emery.
- On the down side, the letter of intent submitted to the Ludwick Family Foundation, requesting \$50K for the trucks and brakes project, resulted in a “no interest” response. However, they have encouraged the Friends to submit another proposal in the future.

C. Interpretation

Major interpretive focus has been on developing new signs for the stock pens, Terrace Avenue in Chama (the coal tipple and Chama overview) and at Cumbres Pass (the section house, car inspector's house and snow shed). The proofs for the signage have been reviewed and the signs should be completed this year with possible installation during CY 2017 work sessions. There is also a movable sign (sandwich board) for the interior of the RPO car which will be dismantled when the car is in service.

D. Docents

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Bob Ross reported that there are 32 active docents, including six newly trained volunteers. These dedicated volunteers worked a collective 3,300 hours, and the docent coordinators worked 750 hours. Over \$1,300 in donations have been collected during the year. Bob commended this group for their excellent work. Many positive rider comments have been received about their efforts.

M/S Herron/McMullen to accept the Development and Interpretation Committee report as presented. **Passed unanimously.**

VIII. Collection Committee

Chairman Dan Pyzel reported on the current status of committee projects.

The flat car project at Sandia High School has been on hold due to the loss of the instructor who was leading the student portion of the project. Another instructor has taken over the project, and has promised some progress by the end of December. The car has been dismantled and material is on hand to do the restoration work, except for the flooring. Dan intends to personally oversee the project, and will continue to report on its progress. At the appropriate time, the project should be ideal for attracting local media coverage.

Dan also reported on a project he is leading to fabricate non-operating freight car trucks for display cars. He reported that oak bearings are needed for this project; Craig McMullen is fabricating these. He also reported that brasses are needed for freight cars, and are very expensive to buy. He is pursuing a possible joint purchase with the C&TSRR railroad which could lower the cost somewhat.

M/S Smalley/Hanscom to accept the Collection Committee report as presented. **Passed Unanimously.**

IX. Project Committee

John Eng presented highlights from the written Projects Committee report. He also advised that his long-time Co-Chair, Ed Lowrance, had resigned for personal reasons, although he will remain an active member of the Project Committee. John is now looking for Ed's replacement. He has been an extremely effective leader, and so replacement will be difficult.

CY 2016 Accomplishments. John's written report, which summarized the accomplishments of some 48 projects, received many positive comments from the Directors. Of those 48 projects, 34 (or 70%) were completed by 553 session attendees (a total of 20,080 hours). There were 51 more volunteers in 2016 than in 2015, an impressive increase. John also reported that each of the regular work sessions had new volunteers (averaging 3 to 7 for each session). He believes the higher attendance is a direct result of session e-blast advertising and thanked Lynore Abbott for her good work.

Wheel Sets for Tank Cars. John reported that during the Project Committee meeting the previous day, an important focus was the need for urgent need to replace the wheel sets on the tank cars due to some recent incidents. Two surveys have been accomplished and the bottom

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line is that 24 wheels need to be replaced. The estimated cost is nearly \$44K (about \$1,800 per wheel). John recommended that a written request for a C&TSRR Historic Preservation Fund grant be submitted to the Commission before its next meeting.

Photo Freight Improvements. On another front, John reported that some feedback from passengers on recent photo freight charters has resulted in the decision to work on box car improvements during CY 2017 work sessions to enhance the experience.

Sand House Project. John also reported on the status of the proposed sand house project in Chama. There are two proposals for accomplishing this work, but funding might not be available during CY 2017 to accomplish it. Once the C&TSRR Commission knows more about its capital improvement budget, decisions can be made on the path forward.

Antonito CRF Safety and Operations Improvements. As requested by the Executive Committee, John then presented the PC's proposed three options for improving operations and enhancing employee safety at the Antonito Car Repair Facility (CRF). The options could be either approved separately or as a package solution:

- Option 1. This would involve the erection of a 10'x60' metal shed-type structure with a concrete pad (called a "dog house") along the exterior of the west wall of the facility (facing the car shelter). This would allow the relocation of the current tool room and nut/bolt storage area to be moved to the "dog house", thereby freeing up additional operating space inside. An access door from the "dog house" to the CRF would be part of this plan. Major advantage would be reducing safety hazards caused by cramped operating spaces, especially during Work Sessions "A" and "B" which usually see the largest number of volunteers. This would also allow storage of larger equipment in a more desirable area. Estimated cost: \$10,600.
- Option 2. One of the biggest concerns is the storage of lumber specifically ordered for projects each year. At present, the wood storage takes up about four feet in the center of the operational area. In addition, it is necessary to lay sills and other carpentry materials on the floor. Finding a wood storage solution would give a much greater open area inside the CRF. The PC proposes to purchase a 40-foot shipping container with doors on both ends which would be located next to the red paint container on the northeast side of the CRF. The container would have a 30' track down the center with a hoist for lifting the wood. Estimated cost: \$7,000.
- Option 3: This option proposes to cover the two refrigerator cars on the north side of the CRF. This would include a metal rafter above both of the "reefer" cars, with siding all around the whole assembly. This would extend to the end on the west side about 15 feet to accommodate welding equipment and would include concrete work. That would then become the primary welding area for the CRF (except for special welding operations associated with rail cars inside the CRF). Estimated cost: \$17K - \$20K.

Estimated total cost for all three: Approximately \$40K.

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After some thorough discussion, the Board agreed that a combination of Options 1 and 2 would provide significant safety and operational enhancements. One of the concerns was that this would not allow for relocation of the food preparation area inside the CRF. However, after some consultation with the volunteers who staff the food preparation area, it was clear that they want to remain inside the CRF as this gives them more flexibility than they would have in a retrofitted box car outside the building.

Another concern was the addition of another shipping container and the potential negative viewscape for train riders. Tim and John Engs will discuss this issue with C&TSRR management to determine if this is a show-stopper.

It was also determined that funding for Options 1 and 2 (approximately \$18K) is now available in appropriate restricted accounts.

M/S McMullen/Pyzel to approve the execution of Options 1 and 2 during CY 2017 Work Sessions. **Passed unanimously.**

Chama Equipment Storage Facility. The PC has proposed the construction of a centralized storage facility near the Chama rail yard (located on the Friends' property south of the rail yard) for all gasoline and diesel powered equipment. At present, such equipment is stored in several widely separated locations throughout the rail yard. This facility would store small to large equipment, allowing greater use of the wool warehouse space for carpentry work and remove a potential fire cause from this historic building.

The cost estimate for a steel building (size 30' x 42') is approximately \$11K. The original proposal for a concrete floor resulted in a cost estimate of \$22K (for material only) was revised to include a much smaller concrete pad inside the structure (\$4K). Total estimated cost of this project is approximately \$15K.

After a brief discussion, it was determined that funding for this project will be available in existing restricted accounts, augmented by private donors.

M/S Lock/Stewart to proceed with the purchase and installation of the Chama Equipment Storage Facility as proposed on the Friends' property. **Passed unanimously.**

M/S Smalley/Pyzel to accept the Projects Committee report as presented. **Passed unanimously.**

IX. New Business

Membership Dues. After a brief discussion about membership dues, it was agreed that a small raise for individual membership is in order. It has been at least ten years since dues were raised. The following motion ensued:

M/S Lock/Hanscom to raise individual membership dues from \$30 to \$35 (domestic) and \$45 to \$50 (foreign) effective January 1, 2017. **Passed unanimously.**

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Fall 2017 Board Meeting. Tim invited discussion as to options for the fall 2017 Board meeting. It was generally agreed that Canon City, CO was a good location, providing an opportunity for riding the Royal Gorge Route Railroad.

X. Adjourn

The Board meeting was adjourned at 11:45 a.m. with the announcement that the Board would reconvene into a strategic planning session after lunch. The spring Board meeting will be held in Albuquerque, NM at a place and time yet to be determined.

Respectfully submitted,

/s/Linda Smith

Linda M. Smith
Secretary