

FY26 Appropriation Request Checklist

Agency Name: Cumbres & Toltec Scenic Railroad Commission

Business Unit: 49000

Reports to Include in PDF Submission

Form #	Title	
<input checked="" type="checkbox"/>	Cvr Ltr Cover Letter	<i>Agency Level</i>
<input checked="" type="checkbox"/>	S-1 Certification	<i>Agency Level</i>
<input checked="" type="checkbox"/>	S-2 Organizational Chart	<i>Agency/Program Level</i>
<input checked="" type="checkbox"/>	S-8 Financial Summary (BFM)	<i>Agency/Program Level</i>
<input checked="" type="checkbox"/>	S-9 Account Code Revenue / Expenditure Report	<i>Agency/Program Level</i>
<input type="checkbox"/>	S-10 Fund Balance Projection	<i>Fund Level</i>
<input type="checkbox"/>	S-13 Detail of Rate Line Items (see instructions)	<i>Agency Level</i>
<input checked="" type="checkbox"/>	P-1 Program Narrative	<i>Program Level</i>
<input type="checkbox"/>	R-2 Transfer Report	<i>Agency Level</i>
<input checked="" type="checkbox"/>	REV/EXP Revenue-Expenditure Comparison Report	<i>Agency/Program Level</i>
<input type="checkbox"/>	FFRW Detail of Federal Funds Revenue Worksheet	<i>Agency/Program Level</i>
<input type="checkbox"/>	EB-1 Expansion Justifications	<i>Program Level</i>
<input type="checkbox"/>	EB-2 Expansion Fiscal Summary	<i>Program Level</i>
<input type="checkbox"/>	EB-3 Expansion Line Item Detail	<i>Program Level</i>
<input type="checkbox"/>	LFR Legislating for Results Expansion Tool	<i>Program Level</i>
<input type="checkbox"/>	E4 Pcode Detail	<i>Program Level</i>
<input type="checkbox"/>	E5 Contract by Pcode	<i>Program Level</i>
<input type="checkbox"/>	SAR Special Appropriation Request Report	<i>Agency Level</i>
<input type="checkbox"/>	APR Annual Performance Report	<i>Program Level</i>
<input type="checkbox"/>	Table 2 Table 2 Performance Measure Summary	<i>Program Level</i>
<input checked="" type="checkbox"/>	SP Strategic Plan	<i>Agency Level</i>
<input type="checkbox"/>	ITP Information Technology Plan	<i>Agency Level</i>
<input type="checkbox"/>	C-1 Base Operating Budget	<i>Agency Level</i>
<input type="checkbox"/>	C-2 IT Request Plan	<i>Agency Level</i>
<input type="checkbox"/>	Perf Audit Update to LFC Performance Audits (within last 2 years)	<i>Agency Level</i>

Documents to Attach in BFM (PDF Optional)

<input type="checkbox"/>	Board Cert Board or Commission Budget Certification
<input type="checkbox"/>	E-6B Leased Passenger-Related Vehicles

Where to Attach

Form 9900
Form 3300/4300



CUMBRES & TOLTEC
SCENIC RAILROAD
NATIONAL HISTORIC LANDMARK

CUMBRES & TOLTEC SCENIC RAILROAD COMMISSION
PO BOX 668
ANTONITO, CO 81120
Phone: 719-376-5488
FAX: 719-376-2545

Billy Elbrock, Chairman Scott Gibbs, Vice-Chairman
Kim Smith-Casford, Secretary Mark Graybill, Treasurer
Ed Beaudette, General Manager

September 1, 2024

Ms. Cinthia A. Martinez
DFA – Director State Budget Division/Deputy Cabinet Secretary
State Budget Division, DFA
Bataan Memorial Building, Room 190S
Santa Fe, NM 87501

Reference: Cumbres & Toltec Scenic Railroad Commission
FY 2026 Appropriation Request

Dear Ms. Martinez,

Enclosed please find one copy of the General Fund Appropriation Request for FY2025 for the Cumbres & Toltec Scenic Railroad Commission. This request is for a total of \$394,000 in appropriation funding. This request includes \$293,000 to partially fund New Mexico's share of the cost of operating the Commission which is shared equally with Colorado. This request also includes \$101,000 for marketing which is recurring funding from the last four previous legislative sessions.

This request has been submitted through the state-wide Budget Formulation and Management system.

The 2024 operating season is continuing to show incremental improvement over the 2020 year in which we experienced a devastating decrease in operational revenue due to the COVID-19 pandemic. We expect that the 2025 operating season will continue to experience revenues at the pre-pandemic levels.

We respectfully submit this General Fund Appropriation Request for FY2026. Thank you for your time and consideration.

Sincerely,

Alysia Martinez
Chief Financial Officer

APPROPRIATION REQUEST

CERTIFICATION

FORM S-1

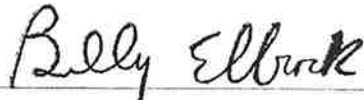
Agency Name: Cumbres and Toltec Scenic Railroad Commission

Business Unit: 49000


I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numeric information has been verified.



Ed Beaudette, General Manager



Billy Elbrock, Commissioner



Alysia Martinez, CFO

P.O. Box 668
Antonito, CO 81120

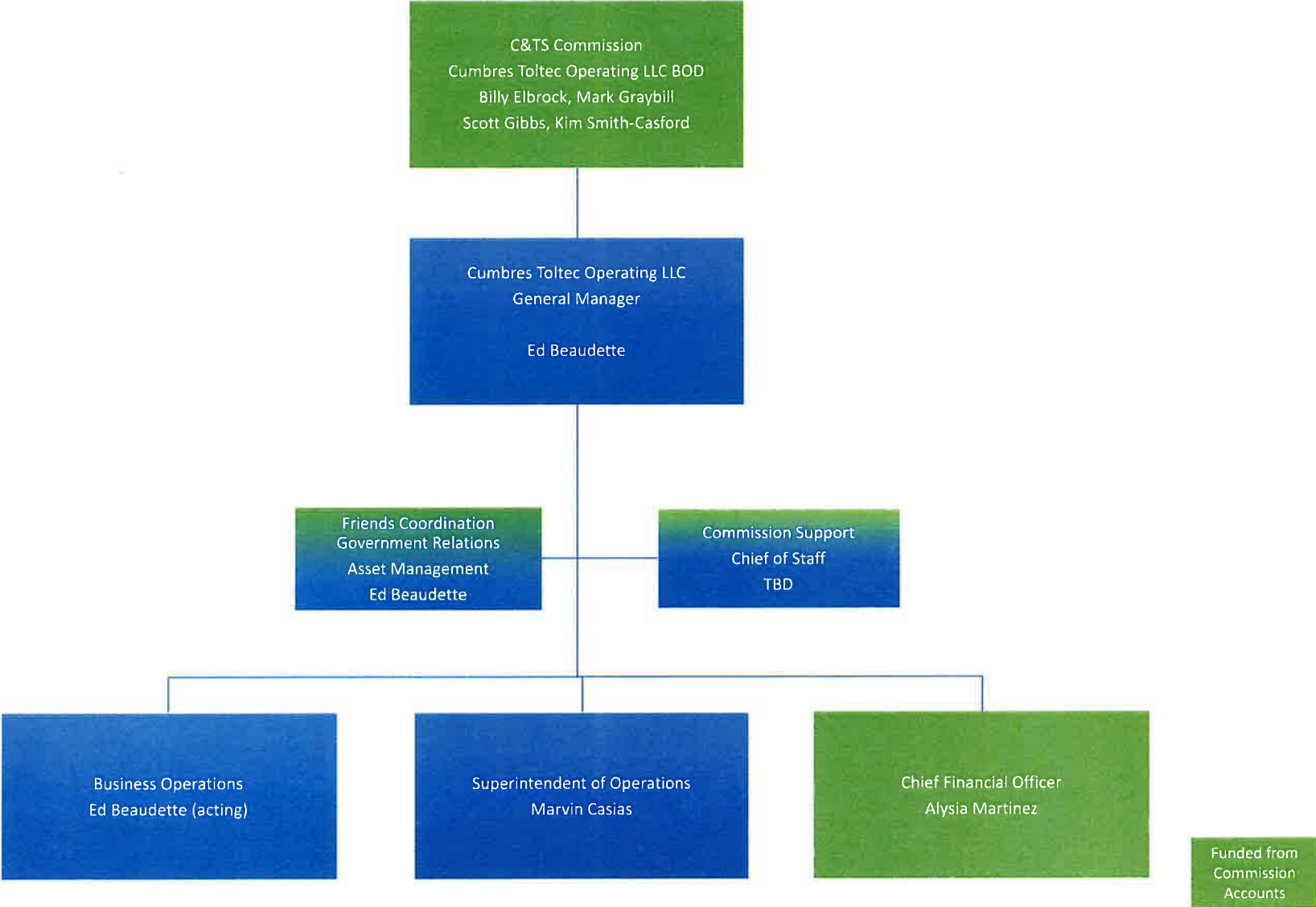
719-472-3987

ajmartinez@cumbrestoltec.com

Note: Appropriation Requests for agencies headed by a board or commission must be approved by the board or commission by official action and signed by the chairperson. Operating Budgets of other agencies must be signed by the director or secretary. Appropriation Requests not properly signed will be returned.

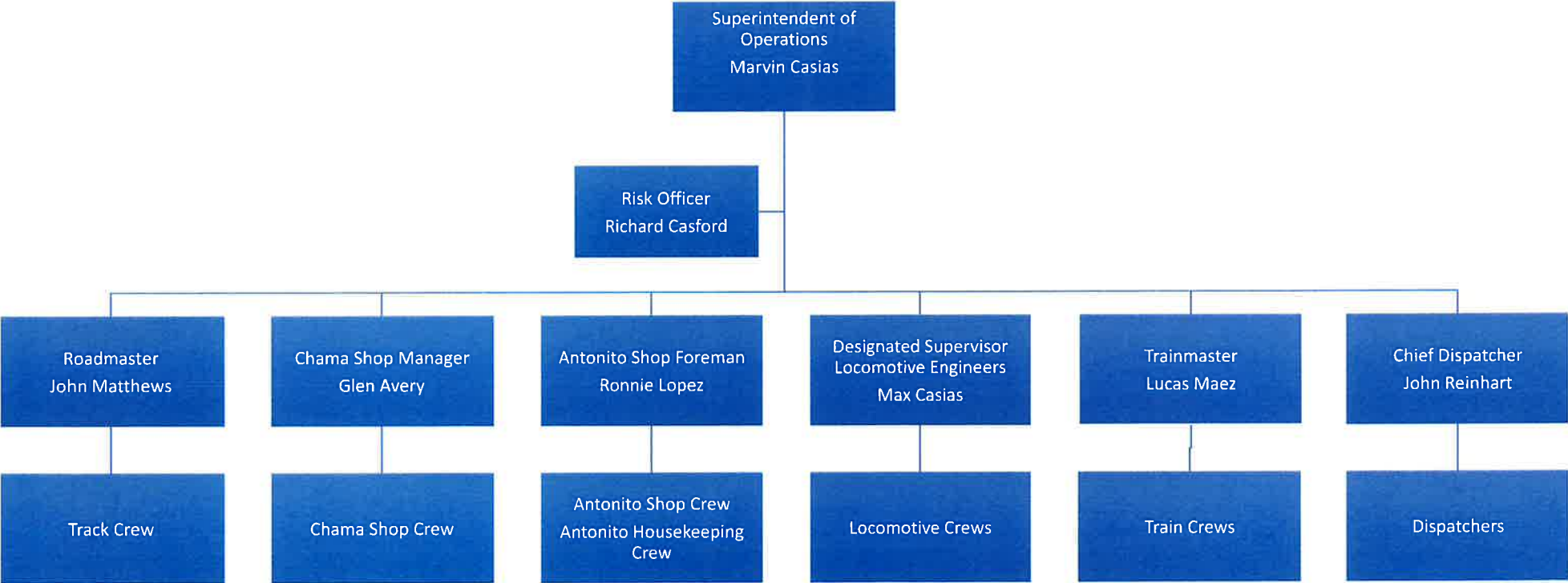
Cumbres and Toltec Scenic Railroad

February 13, 2024



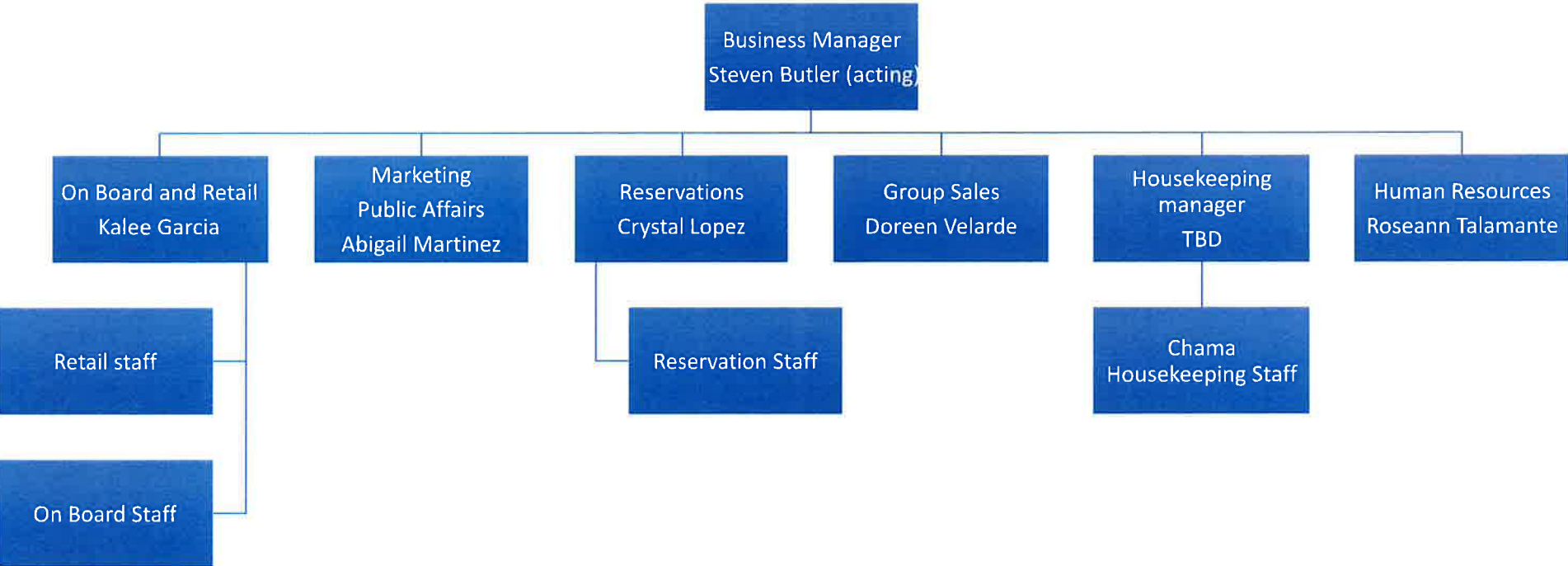
Cumbres and Toltec Scenic Railroad

February 13, 2024



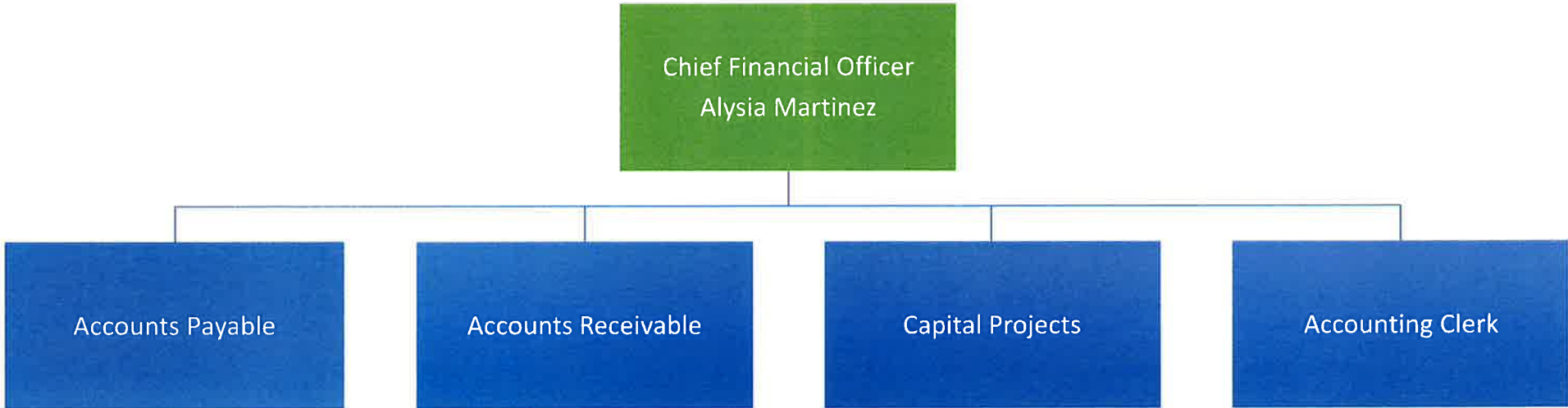
Cumbres and Toltec Scenic Railroad

February 13, 2024



Cumbres and Toltec Scenic Railroad

February 13, 2024



Funded from
Commission
Accounts

S-8 Financial Summary

(Dollars in Thousands)

BU PCode Department
49000 0000 0000000000

	2023-24 Opbud	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	Base	----- FY 2026 Agency Request -----		Total
						Expansion		
REVENUE								
111 General Fund Transfers	362.8	362.8	380.0	0.0	394.0	0.0		394.0
130 Other Revenues	5,967.0	4,927.6	5,459.0	0.0	5,459.0	0.0		5,459.0
REVENUE, TRANSFERS	6,329.8	5,290.4	5,839.0	0	5,853.0	0.0		5,853.0
REVENUE	6,329.8	5,290.4	5,839.0	0	5,853.0	0.0		5,853.0
EXPENSE								
200 Personal Services and Employee Benefits	117.8	117.8	117.8	0.0	122.3	0.0		122.3
300 Contractual services	6,105.6	5,483.6	5,597.6	0.0	5,597.6	0.0		5,597.6
400 Other	106.4	106.4	123.6	0.0	133.1	0.0		133.1
EXPENDITURES	6,329.8	5,707.8	5,839.0	0	5,853.0	0.0		5,853.0
EXPENSE	6,329.8	5,707.8	5,839.0	0	5,853.0	0.0		5,853.0
FTE POSITIONS								
810 Permanent	1.80	0.00	1.80	0.00	1.80	0.00		1.80
FTEs	1.80	0.00	1.80	0.00	1.80	0.00		1.80
FTE POSITIONS	1.80	0.00	1.80	0.00	1.80	0.00		1.80

S-8 Financial Summary

(Dollars in Thousands)

BU PCode Department
49000 P490 000000

	2023-24 Opbud	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	Base	----- FY 2026 Agency Request ----- Expansion	Total
REVENUE							
111 General Fund Transfers	362.8	362.8	380.0	0.0	394.0	0.0	394.0
130 Other Revenues	5,967.0	4,927.6	5,459.0	0.0	5,459.0	0.0	5,459.0
REVENUE, TRANSFERS	6,329.8	5,290.4	5,839.0	0.0	5,853.0	0.0	5,853.0
REVENUE	6,329.8	5,290.4	5,839.0	0.0	5,853.0	0.0	5,853.0
EXPENSE							
200 Personal Services and Employee Benefits	117.8	117.8	117.8	0.0	122.3	0.0	122.3
300 Contractual services	6,105.6	5,483.6	5,597.6	0.0	5,597.6	0.0	5,597.6
400 Other	106.4	106.4	123.6	0.0	133.1	0.0	133.1
EXPENDITURES	6,329.8	5,707.8	5,839.0	0	5,853.0	0.0	5,853.0
EXPENSE	6,329.8	5,707.8	5,839.0	0	5,853.0	0.0	5,853.0
FTE POSITIONS							
810 Permanent	1.80	0.00	1.80	0.00	1.80	0.00	1.80
FTEs	1.80	0.00	1.80	0.00	1.80	0.00	1.80
FTE POSITIONS	1.80	0.00	1.80	0.00	1.80	0.00	1.80

BU PCode Department
 49000 0000 000000000

S-9 Account Code Revenue Summary
 (Dollars in Thousands)

	Provider PCode	2023-24 Opbud	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	----- FY 2026 Agency Request -----		
						Base	Expansion	Total
499105	General Fd. Appropriation	362.8	0.0	0.0	0.0	394.0	0.0	394.0
111	General Fund Transfers	362.8	0.0	380.0	0.0	394.0	0.0	394.0
424602	Sales	5,967.0	0.0	0.0	0.0	5,459.0	0.0	5,459.0
130	Other Revenues	5,967.0	0.0	5,459.0	0.0	5,459.0	0.0	5,459.0
TOTAL REVENUE		6,329.8	0.0	5,839.0	0	5,853.0	0.0	5,853.0

Scenic Railroad Commission

BU PCode Department
 49000 P490 000000

State of New Mexico

S-9 Account Code Revenue Summary
 (Dollars in Thousands)

	Provider PCode	2023-24 Opbud	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	----- FY 2026 Agency Request -----		
						Base	Expansion	Total
499105	General Fd. Appropriation	362.8	0.0	380.0	0.0	394.0	0.0	394.0
111	General Fund Transfers	362.8	0.0	380.0	0.0	394.0	0.0	394.0
424602	Sales	5,967.0	0.0	5,459.0	0.0	5,459.0	0.0	5,459.0
130	Other Revenues	5,967.0	0.0	5,459.0	0.0	5,459.0	0.0	5,459.0
TOTAL REVENUE		6,329.8	0.0	5,839.0	0.0	5,853.0	0.0	5,853.0

BU PCode Department
 49000 0000 0000000000

S-9 Account Code Expenditure Summary
 (Dollars in Thousands)

		2023-24	2023-24	2024-25	2025-26	----- FY 2026 Agency Request -----		
		Opbud	Actuals	Opbud	PCF Proj	Base	Expansion	Total
520100	Exempt Perm Positions P/T&F/T	109.4	109.4	109.4	0.0	113.4	0.0	113.4
521300	F I C A	8.4	8.4	8.4	0.0	8.9	0.0	8.9
200	Personal Services and Employee Benefits	117.8	117.8	117.8	0.0	122.3	0.0	122.3
535200	Professional Services	6,081.0	5,459.0	5,573.0	0.0	5,573.0	0.0	5,573.0
535400	Audit Services	11.0	11.0	11.0	0.0	11.0	0.0	11.0
535500	Attorney Services	13.6	13.6	13.6	0.0	13.6	0.0	13.6
300	Contractual services	6,105.6	5,483.6	5,597.6	0.0	5,597.6	0.0	5,597.6
543400	Maint - Property Insurance	101.7	101.7	118.9	0.0	128.4	0.0	128.4
546320	Utilities - Electricity	4.7	4.7	4.7	0.0	4.7	0.0	4.7
400	Other	106.4	106.4	123.6	0.0	133.1	0.0	133.1
TOTAL EXPENSE		6,329.8	5,707.8	5,839.0	0	5,853.0	0.0	5,853.0

Scenic Railroad Commission

BU PCode Department
 49000 P490 000000

State of New Mexico

S-9 Account Code Expenditure Summary
 (Dollars in Thousands)

		2023-24	2023-24	2024-25	2025-26	----- FY 2026 Agency Request -----		
		Opbud	Actuals	Opbud	PCF Proj	Base	Expansion	Total
520100	Exempt Perm Positions P/T&F/T	109.4	109.4	109.4	0.0	113.4	0.0	113.4
521300	F I C A	8.4	8.4	8.4	0.0	8.9	0.0	8.9
200	Personal Services and Employe	117.8	117.8	117.8	0.0	122.3	0.0	122.3
535200	Professional Services	6,081.0	5,459.0	5,573.0	0.0	5,573.0	0.0	5,573.0
535400	Audit Services	11.0	11.0	11.0	0.0	11.0	0.0	11.0
535500	Attorney Services	13.6	13.6	13.6	0.0	13.6	0.0	13.6
300	Contractual services	6,105.6	5,483.6	5,597.6	0.0	5,597.6	0.0	5,597.6
543400	Maint - Property Insurance	101.7	101.7	118.9	0.0	128.4	0.0	128.4
546320	Utilities - Electricity	4.7	4.7	4.7	0.0	4.7	0.0	4.7
400	Other	106.4	106.4	123.6	0.0	133.1	0.0	133.1
TOTAL EXPENSE		6,329.8	5,707.8	5,839.0	0	5,853.0	0.0	5,853.0

Program Description: The Cumbres & Toltec Scenic Railroad Commission (Commission) is requesting appropriations from the State of NM to assist in funding the operations of the Commission. The Commission manages and operates the Cumbres & Toltec Scenic Railroad which runs between the states of New Mexico and Colorado. The Railroad promotes tourism in both states and brings in substantial tourism revenue dollars annually. Both states support the operations of the Commission. The Commission continues to see increased revenues and ridership levels and expects to be near pre-pandemic levels.

Major Issues and Accomplishments: The operations of the railroad are continuing to recover from the COVID-19 pandemic and the devastating effects that the pandemic had on tourism and outside activities on the 2020 operating year and in subsequent years. There have been incremental increases in ticket revenues for each subsequent year. Additionally, the railroad experienced a fire at the Osier facility in late 2021 which disrupted operations for the 2021 and 2022 operating season while remodeling and repairs were being made. The Commission operations continues to improve the experiential offerings for riders. It is expected that each subsequent operating season will see ticket revenues approaching pre-pandemic levels. The Commission does not participate in the State of NM's financial, personnel or administrative information management systems and we occasionally encounter obstacles in our filing requests.

Overview of Request: The Commission budget request was derived from the joint operation of the railroad which has been in operation for over 50 years. The funding of the Commission is shared between New Mexico and Colorado with each state partially funding the cost of operations. The appropriation request is derived from the direct costs of the operation of the Commission with a request from the State of NM to equitably fund New Mexico's share of the cost.

Programmatic Changes: The Commission added shorter train excursions to entice more impulse ridership in attempts to continue to appeal to a younger demographic. The Commission is also bringing back Christmas trains and well as children's programs such as the Cinder Bear train in late 2024. The Commission is also continuing to use the recurring marketing request of \$101,000 from the last legislative session to continue to promote the railroad and increase interest and ridership with ads designed to include appeals to a younger demographic as well as ads appealing to the historical base ridership which included an older demographic.

Base Budget Justification: The Commission's appropriation request includes a marginal increase in funding to help cover the continuing increases in insurance premiums as a direct result of the Osier fire and the subsequent restoration. Insurance policies and coverage levels were also re-evaluated and the policy limits were increased to respond to the risk exposure of the railroad fleet and certain wooden infrastructures related to natural disasters such as wildfires due in part to climate change. After the Osier dining hall fire the Commission owned property was under insured. We increased the valuation of the various Commission owned property. With the large loss claimed for the Osier fire our base rates also increased. The Commission is requesting a marginal increase in funding to help with the property insurance coverage that protects the assets of the two states and payroll increases.

REV EXP COMPARISON

(Dollars in Thousands)

49000 - Cumbres and Toltec Scenic Railroad Commission

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES	394.0	5,459.0	0.0	0.0	5,853.0
Personal Services and Employee Benefits	122.3	0.0	0.0	0.0	122.3
Contractual services	138.6	5,459.0	0.0	0.0	5,597.6
Other	133.1	0.0	0.0	0.0	133.1
USES Total:	394.0	5,459.0	0.0	0.0	5,853.0
Net:	0.0	0.0	0.0	0.0	0.0

REV EXP COMPARISON

(Dollars in Thousands)

49000 - Cumbres and Toltec Scenic Railroad Commission

P490 - Scenic Railroad Commission

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES Totals	394.0	5,459.0	0.0	0.0	5,853.0
Personal Services and Employee Benefits	122.3	0.0	0.0	0.0	122.3
Contractual services	138.6	5,459.0	0.0	0.0	5,597.6
Other	133.1	0.0	0.0	0.0	133.1
USES Total:	394.0	5,459.0	0.0	0.0	5,853.0
Net:	0.0	0.0	0.0	0.0	0.0



CUMBRES & TOLTEC
SCENIC RAILROAD
NATIONAL HISTORIC LANDMARK

Cumbres & Toltec Scenic Railroad
Commission Strategic Plan
Calendar Years 2023-2027

Contents

Nomenclature.....	3
Purpose of Plan.....	4
Intended Outcomes.....	5
Mission.....	6
Vision	6
Executive Summary	7
2020-2022 Business Review	8
Strengths, Weakness, Opportunities and Threats (SWOT).....	10
Commission Mission Responsibilities, Roles, and Primary and BOD Functions	11
Communication Process	16
Long Term Strategies for Commission implementation.....	18
Strategy 1. Develop CTSRR into a profitable, self-sustainable business.....	19
Strategy 2. Ensure Financial Integrity of CTSRR.....	20
Strategy 3. Build and Protect Reputation and Integrity of CTSRR.....	21
Strategy 4. Source Funding Options for the CTSRR	22
Strategy 5. Build Local Community Relationships and Partnerships	23
Strategy 6. Increase Value of CTSRR as a Public Asset	23
Real-Time Strategic Planning - Next Steps Action Plan	25
Strategy Timeline	26
Strategy Milestones Timeline	27
Conclusion	28
Appendix A: CTO Organization Chart.....	29
Appendix B: Potential Funding Sources	31
Appendix C: Capital Budget	32
Appendix D: CTO Budget.....	33

Nomenclature

Acronym	Definition
BI	Business Intelligence
BOD	Board of Directors
BBC	BBC Research and Consulting
CO	Colorado
CTO	Cumbres Toltec Operating LLC
CTSRR	Cumbres & Toltec Scenic Railroad
CY	Calendar Year
FRIENDS	Friends of the Cumbres & Toltec Scenic Railroad
HSE	Health, Safety & Environment
NHA	National Heritage Area
NHD	National Historic Designation
NPS	National Park Service
MOU	Memorandum of Understanding
NM	New Mexico
SWOT	Strengths, Weaknesses, Opportunities, and Threats
USFS	United States Forest Service
WHS	World Heritage Site

Purpose of Plan

This strategic plan is an update of the calendar year (CY) 2014-2019 plan developed at the request of the Cumbres & Toltec Scenic Railroad (CTSRR) Commissioners. Under the Commission in the last decade, significant changes in the operation and success of CTSRR have taken place (as follows) that allow the CTSRR Mission to move forward in a steady, sustainable manner:

- Cumbres Toltec Operating LLC (CTO) has managed the Railroad since 2012. The Commission is the Board of Directors (BOD) for CTO;
- Business has stabilized;
- Organizational structure has been realigned;
- Key personnel for CTO are in place;
- CTO staff development is underway;
- Tools and resources to move the business and train operations forward are being implemented;
- Safety and environmental compliance issues are being addressed; and
- Deferred maintenance backlog is being worked off.

The Commission deemed this timing appropriate to update the CTSRR's strategic plan. This five-year plan charts a course for the continued improved annual business performance of the Railroad; in tandem with marking progress and alignment with the clearly defined Mission and view of the future for the CTSRR.

This plan is intended to:

- Provide a solid base of understanding and direction for future Commissions and CTO management staff, and
- Ensure that the most mission-critical initiatives are properly prioritized and executed at standards appropriate to further build the integrity and credibility of the CTSRR as the national treasure that it is.

Intended Outcomes

Immediate/Short Term (1-2 years)

- Consensus, buy-in, and execution of the annual operating plans and the long-term strategic plan.
- Business continues to stabilize and grow.
- Financial performance and reporting are improved to the point that the Commission may gradually relax its involvement with day-to-day management of the Railroad.
- The Commission's primary responsibility and focus becomes strategically charting the CTSRR's future, while maintaining fiduciary oversight of the CTO.

Mid/Long Term (3-5 years)

- CTO is consistently delivering on plan goals, and reporting at all levels- operations, financial and marketing.
- Commission can focus energies and expertise on continual forward thinking, planning, historical preservation opportunities, and new funding sources.



Mission

The Commission's Mission is to preserve and develop the CTSRR, a historical 19th-20th century railroad "Museum on Wheels," for the education, enlightenment, and enjoyment of today's and future generations.

The Mission defines why the Commission exists.

Vision

- ❖ CTSRR is the most authentic, historic railroad and delivers an ever-improving guest and employee experience.

- ❖ CTSRR is recognized worldwide as a National Treasure and is on everyone's bucket list.

- ❖ CTSRR is a very well-run, profitable business which is responsive to funders, community, and educational opportunities.

The Vision defines the CTSRR's intended long-term future.

Executive Summary

The Cumbres & Toltec Scenic Railroad (CTSRR) is a 64-mile, New Mexico (NM) and Colorado (CO) beloved heartline between two historic Southwest communities, zigzagging along canyon walls, burrowing through two tunnels, and steaming over 137-foot Cascade Trestle, providing a unique opportunity for a family-friendly, off-the-grid adventure, like none other in the United States.

The CTSRR transition to an in-house management operation was deemed successful as of the close of the 2021 summer operating season. The impact of COVID-19 on the railroad tested the management concept initiated in 2012. Staffing has stabilized, business systems are being improved, financial reporting is being re-worked and finalized. Revenue and ridership recovered well in 2021 from the COVID shutdown in 2020. Ridership for the current 2022 season was impacted by the significant wildland fires in New Mexico and a delayed start to the season.

The Commission, and the CTO's Board of Directors, President, Superintendent, Business Manager and Chief Financial Officer roles have been clarified, and responsibilities for each have been identified. A new CTO organizational structure, complete with performance review process, is in place. The CTO organization has been revised to place equal importance on the rail operations and the business operation teams.

The communications plan has been documented. A three-year (CY2024-26) strategic marketing plan, and one-year (CY2023) tactical detailed marketing plan are currently being executed. An asset management process is under development. A five-year rolling capital plan is in place and is being used to make investments toward the equipment and track to support self-sufficiency goals.

The Commission has identified key performance milestones against these new operating, funding, and capital plans. These milestones are also important progress markers against the overall five-year goals of a profitable, self-sustaining CTSRR operation, safely hosting 45-55,000 riders, with at least one quarter of the season's business booked prior to opening day each year.

The Commission and CTO will review performance against these milestones at least quarterly in conjunction with the scheduled Commission and CTO quarterly meetings. Additional meetings, milestone review and/or revision will be conducted as needed.

This strategic plan documents the goals, the processes, the measurements, and the anticipated timelines for the continued progress and successful operation of the CTSRR. In addition, the capital plan outlines the Commission's responsible stewardship of Colorado and New Mexico funding for the historic preservation of this national treasure.

This five-year strategic plan is intended to ensure long-term strategic and operating continuity of the CTSRR as members of the Commission and the CTO change over time. It is a "living plan" and will be revised and amended by the Commission as market and other conditions warrant.

2020-2022 Business Review

Starting in August of 2020, the Commission stepped in and took a more active role in management of the Railroad. The Commission hired an interim CEO to oversee changes in the business operations side of the Railroad. The CTO President reported to the new CEO. In 2020, the CTSRR underwent a significant reorganization under the new interim CEO. The President retired in November of 2020. The interim CEO departed in June 2021. One of the Commissioners was appointed interim President in June 2021.

During CY2020, COVID-19 was impacting all operations resulting in many personnel of the organization being furloughed. Two Payroll Protection Program Loans were obtained by CTO. The Capital work funded by NM and CO was largely placed on hold. Approved state funding was retracted, and the financial condition of the Railroad was very uncertain. The season initially opened only from Antonito, CO. NM lifted restrictions in September and allowed the Railroad to operate from both terminals. Total ridership for the 2020 operating season was 11,328 guests.

Between the 2020 and 2021 seasons, several experienced personnel left the Railroad. The 2021 season opened to significant uncertainty with COVID restrictions from both states, i.e., NM and CO. By July 1, most COVID restrictions had been lifted by the two states on train operations. However, some food service, social-distance restrictions remained for much of the season. The Transportation Security Administration (TSA) retained the mask mandates throughout the operating season. On July 31, bus service and through train service resumed. Ridership rebounded to 37,735 guests despite that many people were unable to book the most popular through trips early in the season.

On September 23, 2021, a fire in the bakery of the Osier kitchen / dining hall shut down the facility for the remainder of the 2021 season. After the fire and other events, the long-term food service contract was terminated. A decision was made to insource the management of food service. Subsequently a new food service vendor with specialization in supporting the motion picture business in NM was selected to provide food services at Osier while the kitchen was being rebuilt.

The 2022 season started with the Osier dining hall recovery challenges followed by the NM wildland fire issues. Opening day was delayed until July 1 from the normal last weekend in May. High inflation rates and very high fuel costs seemed to impact ridership. The Village of Chama water issues also created very negative NM publicity toward travel to Chama. The ridership for CY2022 was \$4.234M revenue, and 26,615 guests for the abbreviated operating season.

As the opening of the 2022 season was delayed, the upper floor of the dining hall was completed before guests arrived. However, recovery of the entire Osier dining hall took all the 2022 operating season. In the interim, the new food service vendor used their large kitchen in Santa Fe and a large truck-based kitchen in Osier to

provide food service. Total cost for recovery of the Osier dining hall is expected to exceed the insured value of the facility.

The CTSRR insourced the marketing efforts and shifted much of the marketing to digital media during CY2021. Monthly marketing reviews were implemented to track bookings. Any available metrics on various programs were reviewed by Commission members and appropriate redirections were undertaken. The monthly marketing review is ongoing and will be used to improve processes and metrics as new analyses become available.

The 2022 marketing plan is being fully implemented with the proper resources. NM is assisting with \$101K toward marketing within the State. Personnel have stabilized and are working proactively toward next season's goals.

There has been a realignment of staff responsibilities, which has improved focus and efficiency. For example: (i) Reservations now includes all the group sales efforts; (ii) Marketing is now responsible for specialized charter trains; and (iii) The Human Resource function directly reports to the new Business Operations Manager.

In the near future, additional ridership capacity could be obtained by increasing the number of passenger cars handled in each train. A standard 8-car train can be pulled by a single K-36 class locomotive on the 4% grade between Chama, NM, and Cumbres Pass. Using a K-37 class locomotive instead would allow for adding one car. To add more than one passenger car would require adding an additional locomotive to the train departing Chama, NM. Adding another large locomotive (K-36 or K-37 class) to the operating fleet would allow more planned double-headed trains to operate out of Chama, NM, thereby increasing ridership capacity. Operating the daily excursion trains with more than 10 cars in each direction will require additional passenger cars to be added to the fleet. Addition of locomotives and passenger cars to the operating fleet will increase the pressure on the two shops to support operations. In planning for increased ridership into the future the Railroad will need to:

- 1) Add an additional large locomotive to the operational fleet.
- 2) Add additional passenger cars to increase the number of available seats for sale.
- 3) Improve the utilization of existing shop space and build some additional shop space in both terminals to support an expanded locomotive fleet and to build and maintain an expanded passenger car fleet.
- 4) Increase mechanical staff to ensure efficient use of capital outlay in a timely and methodical manner, providing year round mechanical support for operations.

Strengths, Weaknesses, Opportunities and Threats (SWOT)

Strengths

- Unique, authentic experience
- Educational, living history experience
- Beautiful scenery
- Dedicated staff who are the “brand”
- Dedicated railroad fans
- Friends of the CTSRR
- Ownership/support of CO & NM
- Strategic planning updated
- Positive recovery under new management structure
- National Historic Designation

Challenges/Weaknesses

- Remote access
- Limited food and lodging availability in Chama, NM, and Antonito, CO
- Variable weather/fires
- Limited awareness
- Lack of business intelligence (BI) systems
- Updating policies/procedures for the business model
- Attracting and retaining quality staff

Opportunities (immediate)

- National Historic Designation
- National Parks and other marketing partner tie-ins
- Family/international/CO market growth
- PR and Sales Initiatives
- Stabilized management and staff
- Implementing business best practices for strategy and governance
- Enhanced meeting of patrons’ expectations through improved operations, special events, and programming
- Re-establishing position in development/grant world
- Further enhancement of Antonito, CO, side of trip

Threats

- Wildfires, severe weather
- Variable economic conditions (also opportunity)
- State funding changes (acceleration to complete self-sufficiency)
- Technology changes and CTO’s ability to respond
- Continued COVID pandemic/endemic uncertainty

Commission Mission Responsibilities, Roles, and Primary and BOD Functions

Commission Mission

The Commission's Mission is to preserve and develop the CTSRR, a historical 19th-20th century railroad "Museum on Wheels," for the education, enlightenment, and enjoyment of today's and future generations.

Commission Responsibilities

The Commission will responsibly represent CO and NM state ownership in the overall operation of the Railroad and provide stewardship of the asset. The Commission:

- Ensures the Railroad operates
- Ensures sufficient funding for CTSRR
- Protects and enhances historic preservation (included in bi-state MOU)
- Lays groundwork for economic development for Antonito, CO, and Chama, NM (MOU)
- Serves as BOD of CTO (Added by Commission, not in MOU)

Commission Dual Role

The CTSRR Commission is unique in that it has a dual role and set of responsibilities. – Commission and BOD. Primary functions are organized under each of these roles as shown in Table 1 and outlined thereafter. The Commission Chair will focus the Commission on the Commission functions. The Vice Chair/Outgoing Chair will focus the Commission on the BOD functions.

The States of Colorado and New Mexico have conferred upon the Commission "all powers necessary to carry out the purposes" of the CTSRR Compact adopted in 1977 (Part B I (4)) functioning as its governing BOD and directing the business of the CTSRR.

The BOD function is ensuring cash is managed, the balance sheet remains strong and the Railroad's products are marketed effectively. The Railroad is owned by the two states, CTO has a responsibility to the communities, but not as a representative body.

The clear, immediate priority for the Commission is ensuring a sustainable, profitable business.

Table 1: Commission/BOD Functions

Commission	BOD
Source Funding options for CTSRR	
Financial stewardship of CTSRR financial oversight	Ensure Financial integrity of CTSRR current hands-on involvement with financials
Build and protect reputation and integrity of CTSRR	
Increase value as public asset	
Represent CTSRR with national, state, regional bodies, regulatory agencies, and local communities.	Local community communication and relationship Oversight. Refer issues to President.
Determine structure and oversee management of CTO, ensuring safe and enjoyable experience for employees, patrons, visitors to CTSRR.	Evaluate, hold management accountable for operating within set policies and procedures
Develop Long Term Planning Strategies & Capital Plan that further CTSRR viability and historic significance. Conduct annual evaluation of Commission and CTO performance against plan.	Administration of capital process, approval, and oversight of annual capital plan execution.
Policy Development	Drive creativity in CTO
Administration of Commission: Maintain agendas, files, web updates, paperwork of assets, water rights, insurance, etc.	Hire President Concur in hiring process for President's direct reports.

Commission authority supersedes BOD authority

Commission Primary Functions

1. Source Funding options for the CTSRR.
 - State/Public relations/sources (80% of time and effort)
 - Private relations/sources (e.g., Candelaria)
 - Federal relations/sources
 - Grant applications
2. Financial stewardship of CTSRR.
 - Evolve to oversight, review, and approval of operating budgets
 - Commission approves, provides oversight of 5 year rolling capital plan
 - Exercise fiduciary responsibility in a transparent manner
3. Build and protect reputation and integrity of Railroad.
 - Develop relationships and recognition that further the reputation of CTSRR: e.g., National Historic Designation (NHD), National Heritage Area (NHA), National Park Service (NPS), World Heritage Site (WHS)
 - Enhance authenticity and integrity of CTSRR with astute asset management for historic preservation
 - Revitalize facilities for historic preservation and authenticity
 - Repurpose facilities for revenue generation where possible without compromise to historic preservation
 - Formulate ethical standards of conduct and ensure compliance with all legal requirements
4. Increase value as public asset.
 - Increase economic development opportunity
 - Increase educational component
5. Represent CTSRR with national, state, regional bodies, regulatory agencies, and local communities.
6. Determine structure and oversee management of CTO, ensuring safe and enjoyable experience for employees, patrons, and visitors to CTSRR.
7. Develop long-term planning strategies and Capital Plan that further CTSRR's viability and historic significance. Conduct annual evaluation of Commission and CTO performance against plan.
8. Policy development.
9. Maintain harmonious relationship with Friends. Commission gives Friends authority on projects.
10. Administration of Commission. Maintain agendas, files, and web updates. Maintain paperwork of assets, water rights, and Commission – (done by Admin/CTO). Ensure best utilization of existing assets (done by Asset Manager/CTO.)

BOD Primary Functions

1. Hire President
 - Establishes direct report policy for concurrence, and veto power on direct report hiring.
 - Termination of direct report to the President requires entire Commission
2. Evaluate and hold management accountable.
 - Annual reviews
 - Ensure budget accountability.
 - Review quality metrics
 - Operating within approved procedures
 - Compliance with Health, Safety, and Environment (HSE) rules.
 - Succession planning
 - Written crisis plan
3. Ensure financial integrity of CTSRR
 - Current direct hands-on involvement with financials; evolves to Commission oversight.
4. Administration of Capital process
 - Approval, and oversight of annual capital expenditure (CAPEX) plan execution
5. Drive creativity in CTO
6. Interpret Commission developed policy for CTO.
7. Build local community communication and relationship.
 - Oversight. Refer issues to President
 - Evolution to execution by President
 - ▶ Proactive communication
 - ▶ “Walk the street”

President Primary Functions

1. Hire and manage staff
 - Commission reviews for direct report hires and termination. Commission retains veto power.
 - Develop succession plan.
2. Oversee financial management
 - Develop, recommend, and deliver all budgets
 - Operate profitably
 - Identify break-even point for the Railroad operation
 - Keep Commission apprised of significant variances
3. Deliver safe, enjoyable guest and employee experience.
4. Deliver sustainable, safe, efficient operation. Develop written crisis plan.
5. Operate in accordance with approved policies and procedures including HSE rules and regulations.
6. Serve as lead community liaison in Antonito, CO, and Chama, NM.
7. Ensure proper communication with Commission.
8. Determine Capital needs five years forward (rolling plan).
 - Update five-year Capital Plan annually.
 - Manage expectations relative to real resources.
 - Commission sells requests through to States, “direct lobbyists” – ***critical component.***
 - President provides Commission relevant detail and justification.
9. Responsible for complete information to Commission including the Commission Book.
 - Oversight, delegation
10. Maintain CTO organization chart (Appendix A)

Communication Process

Quarterly Commission Meetings – controlled, led by Chair

- Specific agenda for each meeting - Admin
- Advance distribution of material - Admin
- Standard report package for each meeting -Admin
- Periodic, timely mailing by management - President
 - ▶ Key information, releases, industry reports, budget, profit plan, and other relevant information
- Meeting minutes taken, posted on Commission web site - Admin
- Revenue forecasts - Marketing
- Financial and operating results/variances to budget explanation – President, Finance Director
- Cash and working capital forecasts – Chief Financial Officer
- Development (funding) updates – Chief Financial Officer, Commission
- CAPEX plan updates – Business Manager
- Data relevant to specific problems/opportunities - President
- Tie business metrics to Strategy Action Plan- recommend any redirects - President, Finance Director

President to Commission Communication

- Reporting accurate, timely financials is paramount
- Operation updates, issues, opportunities – monthly status update
- Community relations updates, issues, opportunities - monthly
- Customer Service results to date - monthly
- President/ Staff: On a monthly basis -
 - ▶ Marketing updates – forward looking, competitive updates, market opportunities, threats
 - ▶ Sales updates – on-the-books and market intelligence
 - ▶ Media relations updates – forward looking media opportunities

Commission to President Communication

- Updates on legislative issues/opportunities - as available
- Federal designation updates - as available
- Updates on related projects - as available

Commission/Commission Communication

- Copy each Commissioner on all CTSRR email communication
- Current updates on oversight projects until they phase out, e.g., Mark/marketing; Billy/local affairs; Bill/financial; Scott/capital
- Current updates on State/Federal related issues

Monthly President's Communication to Commission

- Monthly profit and loss (P&L)
- On-the-books and pending revenue
- Significant wins/losses in marketing/sales/media/customer service metrics
- Significant issues/opportunities with Communities
- Significant issues/opportunities affecting operations (weather, mechanical, staffing, workers comp, etc.)

Weekly Communication

- President conducts weekly budget review
- President reviews the following with staff:
 - ▶ President/marketing/sales/media weekly review
 - ▶ President/staff/customer service/customer feedback review
 - ▶ President/staff/weekly management review

Informal Communication

- As relevant information is available, err on the side of over-communicating with email
- Stay cognizant of “discoverable” information on email

Annual Communication to Governors

Crisis Communication Plan detail in marketing plan

Crisis Operating Plan will be documented by CTO

Commission Strategic Plan Process

Primary Goals: CTSRR desired outcomes within two to five years:

- ❖ CTSRR will be a sustainable, operation within five years; and
- ❖ CTSRR will be delighting 50-60,000 riders annually with 25% of passenger seats sold out in advance, within five years.

Long Term Strategies for Commission implementation

These over-arching strategies are designed to keep CTSRR tracking toward its' primary goals. Annual ridership, revenue, service delivery goals and strategies are outlined in marketing and sales plan each year.

Strategy 1. Develop CTSRR into a profitable, self-sustainable business.

This is the Commission's top priority. The Commission will establish reliable systems and metrics to monitor business and redirect as appropriate. The Commission is responsible for future business and new market development direction.

1.1 Revenue Growth Strategy

- Ensure that marketing plan/result protects existing market base while nurturing new viable market segments
- Establish annual stretch growth goals for marketing/sales with the understanding that some of the new market development initiatives may have a lower, or negative return in the short run.
- Ensure development of the operating and capital plans to enable CTO to reach the ridership goals.
- Direct and help management balance the required annual deliverables with future market building initiatives.
- Approve annual pricing strategy developed by CTO.
- Identify new sources of revenue.

1.2 Expense Management Strategy

- Operating and Capital budgets are approved by Commission and adhered to by CTO.
- Ensure that CTO demonstrates cost tracking and control on Operating and Capital budgets.
- Review operating efficiencies year over year.
- Ensure that HSE component is not compromised due to budget.
- Review deferred maintenance associated with equipment, track, and structures.

1.3 Proactively encourage operating/marketing/pricing plan redirection as market conditions and forecasts warrant.

1.4 Set CTO up for success. Hold CTO accountable for financial results with clear goals, metrics, and annual reviews to include focus on HSE.

1.5 Ensure management has the necessary tools and training. Drive creativity in CTO. Challenge status quo.

Strategy 2. Ensure Financial Integrity of CTSRR

Excellence in financial management and reporting is integral to all other key strategies: securing and keeping new funding demonstrates increased value of public asset, builds the reputation and integrity of CTSRR, and helps build partnerships across all constituents.

- 2.1 Establish excellence in financial discipline, performance, reporting, and forecasting. Commission will have continued direct involvement for at least two years at which time the CTO should have solid reporting and financials under control. Commission can move back to oversight role.
- 2.2 Ensure accurate and timely reporting and billing to NM and CO and other funders.

Strategy 3. Build and Protect Reputation and Integrity of CTSRR

The brand is the CTSRR's most valuable asset. Ensuring that the operation delivers on the brand promise, and that the physical assets are kept to a standard commensurate with consumer expectations is essential.

Historic preservation increases in perceived value with each passing year. Ensuring the quality and integrity standards with which preservation efforts are executed is entrusted to the Commission.

3.1 Commission is the Brand Champion.

- Ensure CTSRR brand reputation is expanded beyond 'scenic train' to 'vacation/education destination on the southwest tour' and in heritage circles over time.
- Ensure experience delivers on brand promise of authenticity and historic significance.

3.2 Commission drives Customer Service Culture

- Ensure CTO achieves goals for continual customer and employee experience improvement.
- Drive organizational culture and true understanding of customer service delivery and teamwork.

3.3 Commission drives Historic Preservation.

- Utilize the historic fleet of passenger cars in revenue service. Historic fabric is part of the brand; THE basis of our authentic reputation.
- Historic preservation is driven by astute asset management ([Capital Administration](#)).
- Develop opportunities to monetize assets while preserving historic integrity.
- Preserve operation of steam locomotives through the changing political, financial, and regulatory environments.
- Preserve operation of historic coal and wood burning steam locomotives on the railroad while minimizing business interruption risks.

3.4 Ensure Improved Facilities and Customer Experience.

- Continual upgrades for customer convenience, safety, visibility, educational, food service, and retail opportunities are implemented overtime ([Capital Administration](#)).

3.5 Invest in reliable business systems.

- Improve Business Intelligence: reservations, retail systems, etc.
- Minimize business interruption risks ([Capital Administration](#)).

Strategy 4. Source Funding Options for the CTSRR

Significant State appropriations from CO and NM have sustained historic preservation efforts and Railroad operation, which in turn, has provided the public enjoyment, education, and an authentic experience of the CTSRR since 1977. State funding is earmarked primarily for asset acquisition and improvements, as well as, facility, track and rolling stock maintenance for the purpose of historic preservation.

For FY22/23, the State of Colorado appropriated \$1.1M and the State of New Mexico appropriated \$1.125M for capital purposes. NM provided \$265k for Commission funding and an additional \$101k to the Commission for marketing.

The Commission is dedicated to securing necessary funding and will pursue new funding possibilities in addition to maintaining and building on the traditional sources the CTSRR has been receiving including: Candelaria FundGrant (\$277,000 in FY 21-23), private donations (\$500,000 toward a K-37 return to service), Historic Preservation Fees, support from the Friends, etc.

New funding concepts are outlined in the Key Strategies section of this plan, and a sample list of potential granting institutions is included in Appendix B

4.1 Maintain and build current state funding sources and ensure that proper reporting requirements are met.

4.2 Develop funding options for Federal grant resources.

4.3 Maintain existing funding sources and Patrons.

- Grow donations from existing sources.
- Develop new sources of donations as a 170 (c) 1 non-profit organization.
- Secure additional funding options.
- Develop planned giving/endowment programs with Friends.

4.4 Expand on signature fundraising events like the 168 Campaign.

4.5 Maintain a loyal pool of donors, supporters (legislators), Friends, and partners by demonstrating increasing value of historic public asset and local economic development.

- Leverage Economic Development study.
- Leverage new educational components.

4.6 Develop strategic partners within communities to further co-op grant opportunities.

- Example: Students' car restoration project. Friends, School, CTSRR partnership.
- Joint grant applications with local municipalities, tribal agencies, etc.

Strategy 5. Build Local Community Relationships and Partnerships

Strong community relationships are integral to fully leveraging funding and marketing opportunities, and building strategic partnerships with Federal and state agencies. The CTSRR is a primary economic driver in Antonito, CO, and Chama, NM, and intends to operate in an environment of goodwill, trust and mutual support with local constituents.

- 5.1 Defer specific issues to CTO for follow up.
- 5.2 Ensure community communication is as proactive is reasonable.
- 5.3 Encourage local businesses to proactively drive their own success in tandem with CTSRR. Ensure CTO ‘walks the street.’”
- 5.4 Build stronger relationship with Friends through the Historic Preservation Coordinating Committee meetings.
- 5.5 Build relationships with the Community College in Alamosa, CO, to develop a feeder pipeline of skilled workers.
- 5.6 Build strategic relationships in communities to work with Sangre de Cristo National Heritage Area, Northern Rio Grande National Heritage Area, Great Sand Dunes National Park, and other regional opportunities.
- 5.7 Build strategic relationship in communities to acquire grant funding.
- 5.8 Leverage the Economic Development report within the 5-county region, and the Antonito, CO, and Chama, NM, communities and build awareness and understanding of the true value of the CTSRR locally, and as public asset.

Strategy 6. Increase Value of CTSRR as a Public Asset

The value of a well-maintained historic asset increases with each passing year as it becomes more rarified. Aligning with additional, significant historic designations and partnerships strengthens the CTSRR's value proposition. Developing a credible educational component will add another layer of value to this historic asset.

6.1 Increase and measure economic development impact.

- The BBC updated the 2014 Economic Impact Study in 2022. They developed the report for State agencies and local community education. This study should be updated every 3 to 5 years.
- Increase the use of locally sourced food and beverages on the trains.

6.2 Increase educational component of CTSRR.

- Direct CTO to develop and test new initiatives including programming and media coverage.
- Build relationships with local community colleges to develop the workforce skills for historic preservation.
- Recognize inherent tension in developing programs that are truly authentic, yet relevant to the way today's market will receive information.
- Drive creativity in CTO.

6.3 Pursue additional, relevant historic designations.

- e.g., World Heritage Site, Byways

6.4 Build stronger political partnerships with NPS, United States Forest Service (USFS), History Colorado, New Mexico History Museum, Northern Rio Grande National Heritage Area, Sangre de Cristo National Heritage Area, etc. to increase:

- Political leverage
- Funding leverage
- Marketing leverage

Real-Time Strategic Planning - Next Steps Action Plan

Specific actions and milestones have been incorporated into a timeline that the Commission can use as a real-time strategic planning calendar. Review of this timeline progress will become part of Commission quarterly meetings.

February 2022:

1. Agree on definition and timing of Strategy milestones - done
2. Assign Commissioner(s) for leading discussion on each strategy
 - Develop profitable, self-sustainable business
3. Ensure financial Integrity of CTSRR
 - Build & protect reputation and integrity of CTSRR
 - Source funding (All)
 - Build local community relationships
 - Increase value of CTSRR as public asset
4. Finalize/Approve 5-year capital plan, FY 22/23 budgets
5. Audit

April 2022: Incorporate into Commission Meetings each quarter.

1. Milestones/responsible Commissioner(s)
 - Profitable business progress
 - Financial reporting progress
 - Reputation/Integrity progress
 - Branding (PR)
 - Customer service (Troy)
 - Capital progress
 - Funding progress Community progress
 - Public Asset Value Progress Economic development Educational programming Historic designation Partnerships

Continue Process at each quarterly Commission session.

Strategy Timeline

Strategy Milestones Timeline

Conclusion

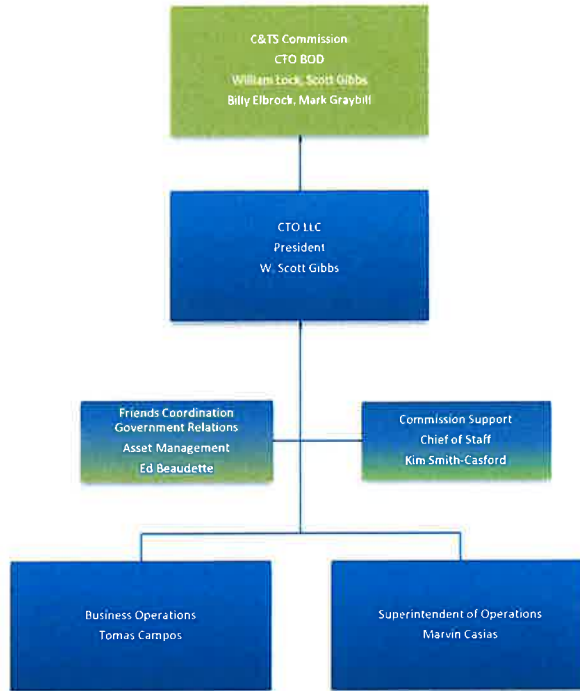
Reviewing the strategic milestones within the Commission agenda each quarter will become second nature. This Strategic Plan process simply builds more structure around much of the work that is already being performed by the Commission. It should help keep Commission focus on the top business and governance priorities. It should make it easier to identify, share, and celebrate small successes with the Management and CTO staff frequently. It should provide regular, positive information to share with State agencies, media, and local communities as appropriate.

In the case of a potential setback with any of these strategies, this strategic process should help with proactively identifying and implementing alternative actions.

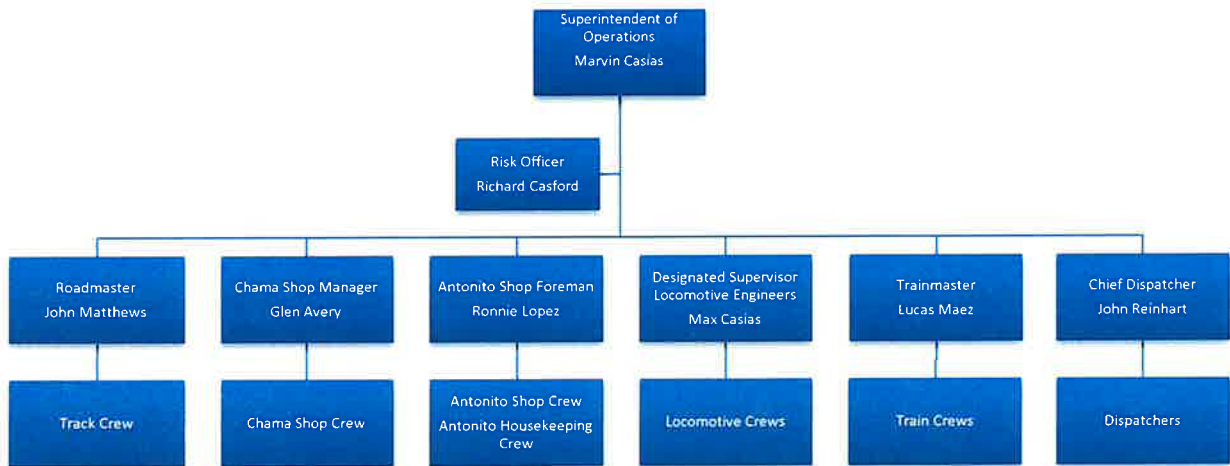
Ideally, as the operating team settles into more clearly defined roles, trust, and confidence will build, everyone works smarter, and the workload for the Commission lightens. As the CTO gets squarely on top of running a profitable, self-sustaining business in the near term, the Commission will be able to focus more precisely on building and protecting the future value of this historic public asset.

The potential of the Cumbres & Toltec Scenic Railroad is tremendous.

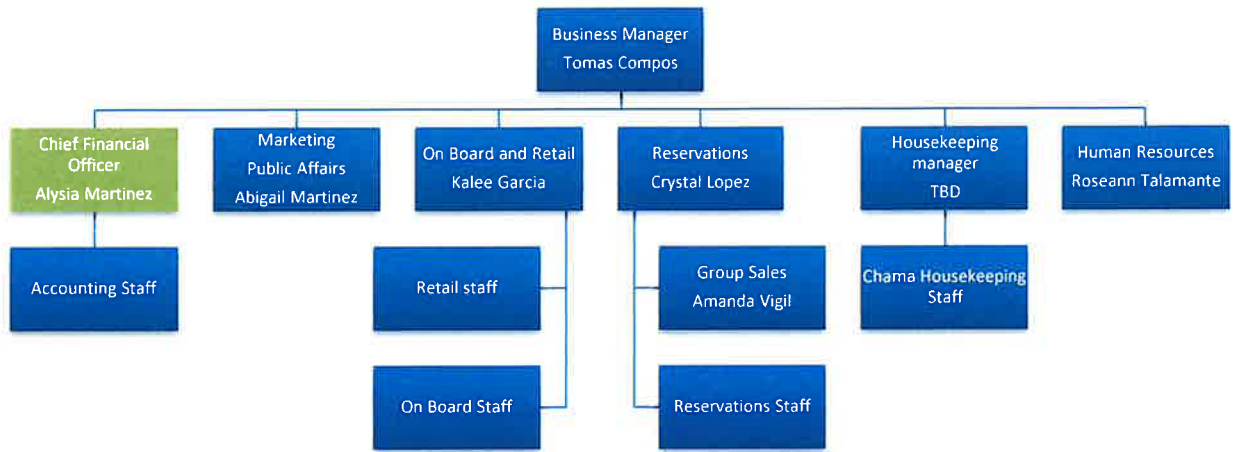
Appendix A: CTO Organization Charts



Commission and President's Office Structure



Superintendent's Office Organization



Business Manager's Organization

Appendix B: Potential Funding Sources

Appendix C: Capital Budget

Appendix D: CTO Budget