

CC-B: SUPPLEMENTAL CAPITAL CONSTRUCTION REQUEST FY07-08

Department Name: CCHE
Division Name: Cumbres & Toltec Scenic RR
Project Name: Track Upgrade
Project Phase: 2
Risk Management I.D. No.

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Submission Date: 10-1-2007
State Controller Project No. P-

Executive Director Approval:
OSPB Approval:

Date: __/__/____
Date: __/__/____

1. Criteria.

(a) Check One

- Emergency
- New Data
- Technical
- Unforeseen Contingency

(b) Describe the criteria:

The State of Colorado Appropriated \$1,350,000 for Phase I of the Track Upgrade Project effective July 1, 2006. With those funds, the C&TS RR purchased Railroad ties, rock ballast and other track bed construction materials to make repairs that had been deferred for many years. The Railroad also hired and trained employees to be a proficient Track Work Crew since repairs required appropriate technical experience to upgrade the track. Those vital funds were expended in addressing the more critical track repairs, completed in 2007. Phase II funds which will continue the track repair program into 2008 were requested for FY 07-08; however, there was no corresponding appropriation for FY 07-08. Without these funds to begin Phase II of the Track Upgrade in March of 2008, the Railroad will be unable to pre-purchase the materials or rehire the experienced Track Work Crew for the project in the spring of 2008. Without these essential funding resources, we anticipate the employees will be laid off; therefore, we will lose most of these seasoned employees with whom we have invested two years of track repair training. The next funding opportunity to continue the track repairs would not be funded until July 2008, a delay which would be an impediment to the C&TS RR. The purchase of the materials requires a 30-60 day lead time, delaying the start of any 2008 track repairs until September, too late in the season to accomplish much work prior to the suspension because of winter weather conditions in the mountains. Additionally, the shortened timeline has an impact on hiring and training a new work crew.

Until Phase I was completed this past year, no ballasting, a standard railroad bed stabilization practice, had previously been completed on any the 64 miles of the C&TSRR track. Additionally, no measurable track repairs had been previously completed in recent years. The long deferred and overdue stabilization of the road bed and track is required primarily for the protection of the railroad's passengers and running stock.

The Railroad has received \$1,000,000 from the State of New Mexico for FY07-08, and \$600,000 of these funds have been committed to 2007 track repair projects. Correspondingly, there is no opportunity for the Railroad to apply funds from the New Mexico appropriation to the track upgrade project in the spring of 2008.

In 2006, the joint owners of the Railroad, the States of Colorado and New Mexico, were supportive of addressing their deferred maintenance track issues by providing funding for Phase I repairs, mitigating the more critical trackwork sections and reducing the more crucial identified risk elements to the passengers and railroad rolling stock assets. Phase II had identified the next priority of track repairs needing to be completed. Without corresponding funding, the anticipated March 2008 initiation of the Phase II repairs will result in the loss of a valuable experienced track crew and delay needed safety improvements to the railroad by at least a year.

2. Long Bill Appropriation Tables

Appropriation from Long Bill # _____, page # _____					
Line Item(s)	Total	CCFE	CF	CFE	FF
Original Long Bill Items	1,206,000	1,206,000			
Requested Revision of Long Bill Appropriation					
Line Item(s)	Total	CCFE	CF	CFE	FF
New Long Bill Items	1,806,000	1,806,000			

3. Justify the change from approved budget request and/or FPP:

Phase II funding of \$1,350,000 was requested but barely missed the cut-off point in the last Legislative Session. This lack of funding seriously jeopardizes the successful continuation and completion of this much needed project to enhance and stabilize the track for the C&TS RR patrons.

4. Why is it necessary to have the appropriation prior to the Long Bill?

The funds are needed to begin the work in March 2008, as weather permits, to maximize the time and opportunity to accomplish this work in the high mountains between 7,888 and 10,022 feet in elevation. We must get materials ordered and delivered to enable our track crew to have the materials they need to accomplish this work. These materials may take 30 to 60 days from order to delivery. If we wait until the Long Bill is approved, we are faced with losing valuable production time for most of the 2008 work season and losing valuable employees whom we have invested time and money in training. Also, a long delay will increase the cost, since it will decrease the productivity when work does resume.

5. Does this request require revision of a prior appropriation? (yes) (no). Explain.

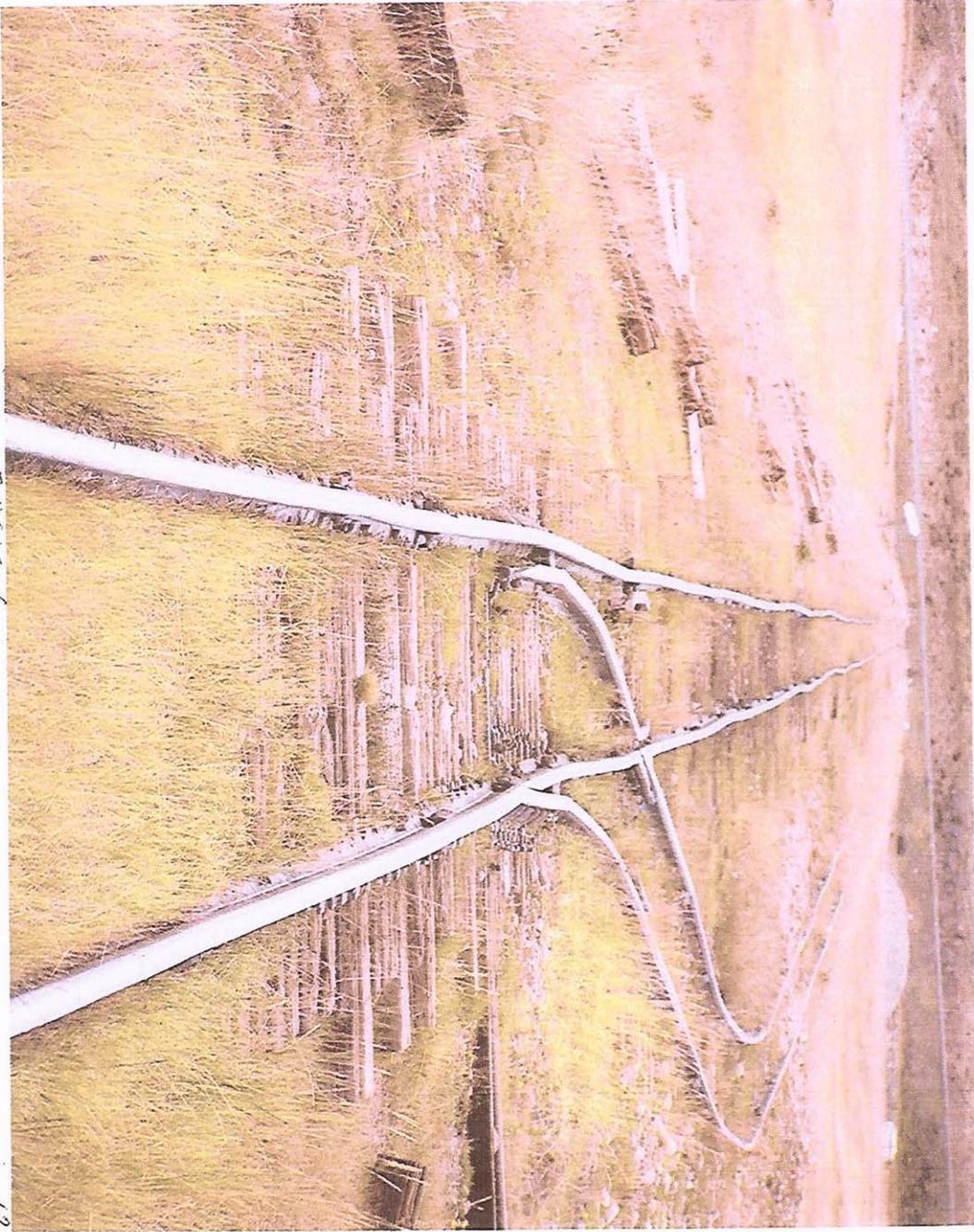
NO

6. Attach a copy of a complete Form CC-C of the *original* request.
7. Attach a new completed Form CC-C (Element #1 only if there was a prior appropriation) to reflect this supplemental request.
8. Supplemental Requests Per SB 98-1331
 - a) Describe the urgency of the request

The urgency of the request is to have the funds available to begin work in March 2008; enabling the Track Upgrade work to resume by ordering the needed materials and re-hiring the trained workers, whom we have invested time and money in training. The most efficient track work opportunities are before or after the passenger trains run from Memorial Day week-end to mid-October. Without passenger trains running, the track crew does not have to move down the track and sit and wait for the passenger train to clear twice a day, enabling the crew to be more productive. For the crew to be productive we must have the Railroad ties and rock ballast in stock in sufficient quantities before the crew is called to work. These materials may take 30 to 60 days to arrive. Time and an experienced work force are our major obstacles in accomplishing the long past due Track Upgrade Project. Having the funds available in March, 2008, as opposed to June, will make a huge difference in the work that our crew will be able to accomplish and our ability to retain our excellent workers. Continuous work on this Track upgrade will have a positive impact for the C&TS RR patrons; enabling them to have a shorter, smoother ride that Colorado and New Mexico's Majestic San Jun Mountains.

- b) List funds to be restricted:

Long Bill No.	Appropriation	Expenditures	Amount to be restricted



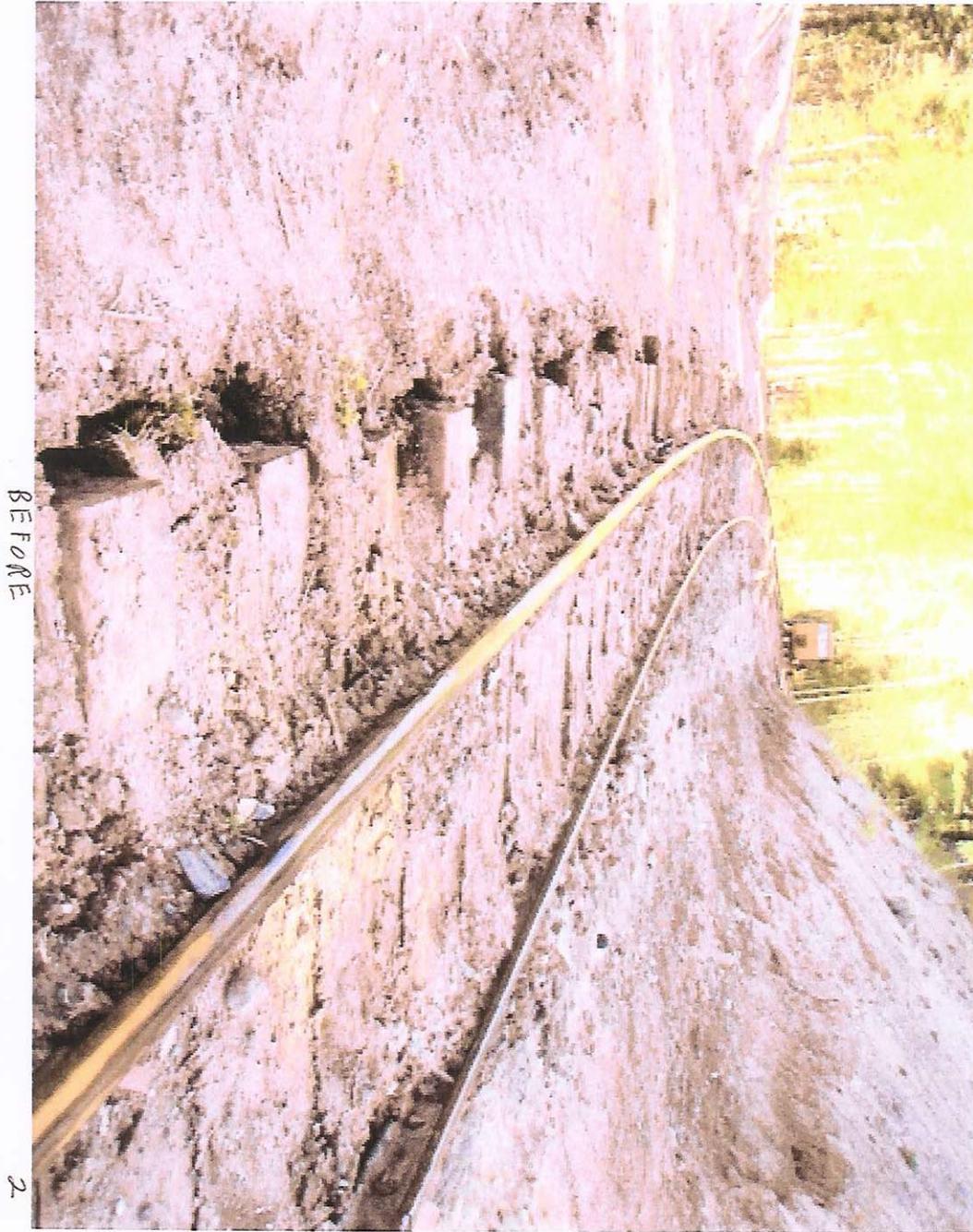
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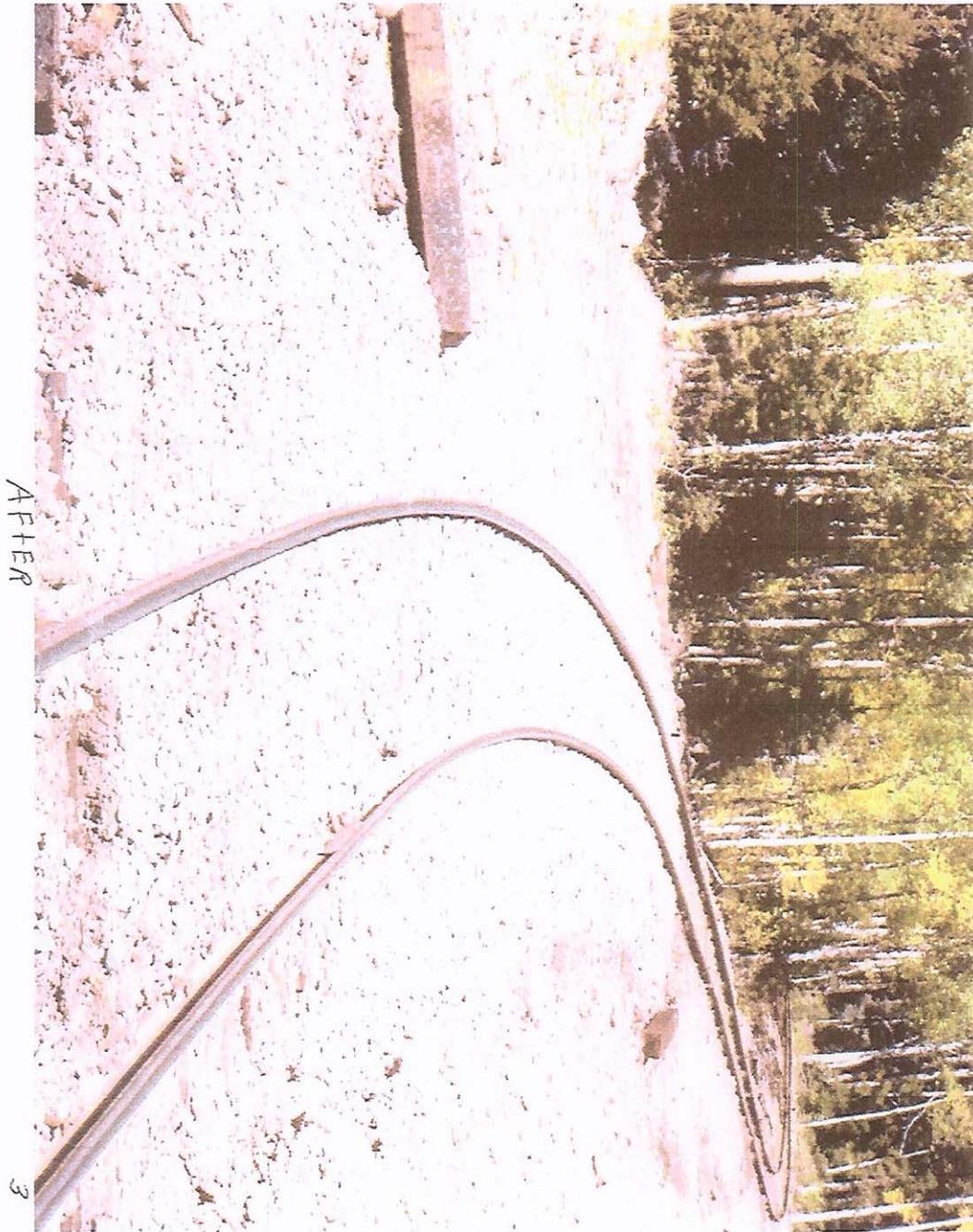
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AFTER - IDEAL



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**CUMBRES AND TOLTEC SCENIC RAILROAD
MANAGEMENT COMPANY**

2006-2007 TRACK REHABILITATION

SEPTEMBER 27, 2007

CROSS TIES INSTALLED

2006 9,775
2007 9,105 AS OF SEPT. 26TH
2,000 TIES TO BE INSTALLED BY OCT. 31

20,880 TIES TO BE INSTALLED BY THE END OF 2007

BALLAST DUMPED

2006 9,602 TONS
2007 11,100 TONS DUMPED AS OF SEPT. 26TH
4,300 TONS TO BE DUMPED BY OCT. 31

25,002 TONS OF BALLAST DUMPED BY THE END OF 2007.

SURFACED TRACK

2006 4 MILES SURFACED
2007 22.6 MILES OF TRACK SURFACED AS OF SEPT. 26TH
13 MILES OF TRACK TO BE SURFACED BY OCT. 31

39.6 MILES OF TRACK SURFACED BY THE END OF 2007