



COLORADO HISTORICAL SOCIETY

June 12, 2007

Dear Loop Communication Committee Members:

In an effort to keep you apprised of the latest developments at the Georgetown Loop Railroad®, please see the following update.

- **#12:** Rob Mangles of Transportation Innovation Specialist Inc. has completed the reassembling of the engine. Work was done in cooperation with Railstar Corporation staff. The engine has been fired up and tested today. The engine is scheduled to be ready for operations this week.
- **#1203:** The larger diesel-electric locomotive #1203 continues to undergo restoration in Baker City, Oregon. Sumpter Valley Railroad is working toward a tentative inspection with CHS the week of June 25th with delivery scheduled after.
- **Enclosed Passenger cars - gondolas and new purchases:** Jason Midyette will begin work on two open excursion cars this week. Once completed, nine open excursion cars will be ready for the season.

The Society is in the process of finalizing the purchase of two narrow-gauge enclosed coaches. One coach has been purchased. Repair work will be scheduled immediately. If all paperwork is completed this week, the company can tentatively schedule delivery of the cars in August. This is based on the company's current work load and schedule. Restoration of the enclosed coaches will allow Railstar to extend the season.

- **Marketing:** The Society and Railstar Corporation have been working to advertise the railroad's opening on the June 15th weekend within the local print media. Ads will be scheduled this week and weekend. Friday's trains are already sold-out.
- **Community Ride:** The Society and Railstar are inviting all Clear Creek County residents and business owners to join us for a 6 p.m. ride behind the No. 12 on Thursday, June 14. The train leaves from the Silver Plume station. All people need to do is bring an I.D. that shows they are Clear Creek County residents, or some sort of proof of business residency.

I was in Georgetown and Silver Plume on Sunday assessing the work on No. 12 and visiting merchants. In response to questions received personally and those that have been publicly posted, here are my written responses:

What steps is the CHS taking to assist with the problems which caused the Loop to not start on schedule?

After careful evaluation, I have determined that a confluence of several factors—delays in finalizing scopes of work, finding and securing contractors that can fulfill specific state requirements, and parts and materials deliveries—contributed to the delayed start. CHS and Railstar are in constant communication and seeking ways in which both organizations can improve operations. Within this structure we are working to improve communication and coordination of project management with outside vendors. Given the shortage of supplies and high-demand on industry specialists encountered this season, and the time necessary to walk potential vendors through State procurement, both organizations feel it necessary to scope and initiate work as early as possible. We also work to communicate with the community as often as possible about developments through our monthly meetings in Georgetown/Silver Plume and these update memos to the Loop Communications Committee, who is distributing the information community wide.

Also, the delivery of #1203 will provide needed back-up to continue train operations by providing power when other locomotives are down for maintenance or repairs. It is very important to have at least two locomotives operational. Also, work continues on Engine #111 and work will commence on Engine #9 within the next few months.

What could or should the CHS have done to avoid this problem?

Future steps will include earlier planning and execution by both Railstar and the Society. For example, CHS will require scopes from vendors much earlier on in the season so parts and materials can be ordered to insure availability, with the goal of major maintenance work commencing as soon as the season ends.

What are the CHS's future plans for the Loop?

The Society will be working in coordination with Railstar to build its visitor capacity and accessibility through improved facilities and rolling stock.

Should the CHS be in the “railroad” business? Why or why not?

CHS has provided stewardship for the Georgetown Loop Railroad, a publicly owned property, for over 33 years and is mandated by State statute to care for this and all State Monuments, of which the Georgetown Loop Historic Mining & Railroad Park® is one. CHS staff takes this very seriously and works diligently to provide the public with quality stewardship, investment and a wonderful experience at the park through effective partnership with industry professionals. The nature of any business partnership is outlined by State procurement, insurance, risk management, and contracting policies.

CHS continues to employ an outside vendor as the operator; the only change in our business profile in the last 33 years is that the Society is now providing the equipment and necessary funds for major equipment repairs of publicly owned rolling stock. The operator, Railstar Corporation, is responsible for the business operations and daily/monthly/annual maintenance.

How much money has the CHS invested in the Loop so far?

In 33 years, the State—through CHS—has invested more than \$8 million dollars in the Georgetown Loop Historic Mining & Railroad Park® through private, federal, and state funds. In addition to salary and volunteer hours, it is impossible to calculate the value of human hours spent coordinating, caring and managing this property for the people of Colorado.

Investments have been made in the Silver Plume Rail Yard, engine house, car shelter, depot, fuel tanks, Lebanon station, mill, and mine structures as well as Devil’s Gate high bridge, visitor center, loading platform and parking area, wild fire mitigation, rock fall mitigation and addressing geological activity, as well as rolling stock, tools, and equipment acquisitions.

Why did the CHS require a \$10 million insurance policy when most underwriters who insure Railroads said this was highly unusual?

The insurance level was determined by State Risk Management and was a requirement in the RFP for all vendors.

Were there demands to run "historically accurate" trains? If so, why?

Yes, there is a mission need and demand to run historically accurate trains and the goal is to provide an authentic experience, when and where possible. As is the case for all heritage tourist sites, a balance between meeting public desire and maintaining historic fabric needs to be met. The CHS believes that the educational experience to the general public is worth the effort.

What was the process that brought the current operator to CHS?

In 2005, the original contract expired and the thirty-year-old contract did not meet State risk management and current State contract requirements. State procurement policy requires renegotiation of all expiring contracts or re-advertising. CHS staff worked diligently to procure a professional management team to operate the Georgetown Loop within the framework established by State policy. The Society advertised the RFP to all

industry vendors. When the current contract expires, all eligible businesses will be able to respond through an open RFP process as well.

I will continue to keep you apprised of any new developments and look forward to seeing everyone at the next Loop Communication Committee meeting next week.

With best regards,

Joseph Bell, Division Director
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Colorado Historical Society