

COVER PAGE
History Colorado

FY 2015-16 CAPITAL CONSTRUCTION REQUEST

Recommended for funding:

- Georgetown Loop Business Capitalization Program

Cash-funded:

- Regional Museum Preservation Projects

Total: FY 2015-16 Capital Construction State-Funded Request Amount = \$300,000

FY 2015-16 CONTROLLED MAINTENANCE REQUESTS (4)

Level I:

- Georgetown Loop Railroad Fire Mitigation, Area B, Ph 2 of 3 (\$269,782)

Level II:

- Lebanon Mine Safety and Egress, Ph 1 of 1 (\$461,974)
- Repairs to Exterior, Grant Humphreys Mansion, Ph 1 of 1 (\$501,266)
- Bloom Mansion Code Upgrade, Ph 1 of 1 (\$182,270)

COVER PAGE (Cont.)

History Colorado

ISSUES RAISED DURING FALL 2014 JOINT BUDGET COMMITTEE BRIEFINGS

1. While no issues related to capital construction for History Colorado were raised, the findings of the State Auditor's Office performance audit of History Colorado were discussed. The audit revealed extensive problems in History Colorado's internal financial controls, accounting, budgeting, and financial reporting. The agency is in the process of addressing these problems.

HISTORY OF STATE FUNDING

- **\$7.1 million** has been appropriated on behalf of capital projects at the department since FY 2010-11. This represents **1.0 percent** of total amount appropriated on behalf of all capital construction and controlled maintenance projects during this period.
- **\$6.8 million** was appropriated in **FY 2014-15** for one certificates of participation lease payment, four capital construction projects, and three controlled maintenance projects.

INVENTORY OF GENERAL FUND SUPPORTED FACILITIES

- The General Fund supported inventory of department facilities totals **438,417 GSF**. This total represents **1.0 percent** of the entire General Fund supported inventory of state buildings.

RECENT CDC VISITS TO HISTORY COLORADO FACILITIES

- El Pueblo History Museum; Pueblo (July 2013)

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Colorado Historical Society (History Colorado)

Georgetown Loop Business Capitalization Program

PROGRAM PLAN STATUS

2014-008

Approved Program Plan?

Date Approved:

PRIORITY NUMBERS

Prioritized By	Priority
Dept/Inst	1 of 2
OSPB	12 of 47

PRIOR APPROPRIATION AND REQUEST INFORMATION

Fund Source	Prior Approp.	FY 2015-16	FY 2016-17	Future Requests	Total Cost
CCF	\$600,000	\$300,000	\$300,000	\$0	\$1,200,000
CF	\$200,000	\$100,000	\$100,000	\$0	\$400,000
Total	\$800,000	\$400,000	\$400,000	\$0	\$1,600,000

ITEMIZED COST INFORMATION

Cost Item	Prior Approp.	FY 2015-16	FY 2016-17	Future Requests	Total Cost
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$77,696	\$0	\$26,000	\$0	\$103,696
Construction	\$0	\$0	\$0	\$0	\$0
Equipment	\$656,640	\$363,640	\$340,000	\$0	\$1,360,280
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Contingency	\$65,664	\$36,360	\$34,000	\$0	\$136,024
Software Acquisition	\$0	\$0	\$0	\$0	\$0
Total	\$800,000	\$400,000	\$400,000	\$0	\$1,600,000

PROJECT STATUS

This is a continuation request. Phase II was funded in FY 2014-15.

PROJECT DESCRIPTION / SCOPE OF WORK

The Colorado Historical Society (History Colorado) is requesting a combination of state funds and cash funds spending authority for the third phase of a four-phase project to purchase additional rolling stock (locomotives) and make repairs to the existing rolling stock at the Georgetown Loop Railroad. The project will increase the reliability of the railroad's operations in order to promote local tourism, increase annual ridership, and maintain a positive business reputation in the community and the state. This year's request for Phase III makes improvements to six locomotives. Phase IV will continue repairs on other locomotives and purchase additional rolling stock, as needed. Phases I and II funded the rebuilding and refurbishing of three diesel engines, performed a repair survey on a steam locomotive, repaired three locomotives, and purchased a salvaged locomotive to refurbish.

Specifically, this year's request makes the following improvements:

- Locomotive 9 (steam engine): performs routine inspection and makes boiler repairs and valve replacements (\$55,000);

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Colorado Historical Society (History Colorado)

Georgetown Loop Business Capitalization Program

- Locomotive 21 (diesel engine): repairs prime mover to address excess smoke (\$15,000);
- Locomotive 60 (diesel engine): machines wheel sets and begins total refurbishment (\$40,000);
- Locomotive 111 (steam engine): performs routine inspection and repairs the boiler, adjusts the running gear, and gauges and evaluates tender tires (\$50,000);
- Locomotive 1203 (diesel engine): rebuilds one traction motor, machines wheel sets, and modifies the sanding system (\$60,000); and
- Locomotive 1934 (diesel engine): continues refurbishment and conversion of standard gauge diesel locomotive to narrow gauge diesel locomotive (\$180,000).

PROJECT JUSTIFICATION

An inadequately sized and poorly maintained fleet can lead to operational disruptions that may close the railroad. According to History Colorado, disruption in railroad service has a negative impact on the local economy, and unreliability creates a decline in railroad visitation and business reputation. History Colorado explains that the railroad currently operates only one steam locomotive and one diesel locomotive that is adequately sized for the needed pulling capacity. Ideally, a railroad the size of the Georgetown Loop should operate a fleet of three diesel locomotives and three steam locomotives of appropriate size and pulling capacity, says History Colorado. Additionally, there is a limited inventory of historic narrow gauge locomotives available for purchase worldwide, and History Colorado says the project provides dedicated funds so it can be proactive in acquiring historic rolling stock.

The Georgetown Loop Railroad is the second-most visited of the Colorado Historical Society sites, behind the History Colorado Center. The well-known property attracts tourists nationally and internationally. The railroad teaches visitors about mountain railroading and the state's mining heritage. According to the Clear Creek Economic Development Corporation, tourism is the second largest industry in Clear Creek County, and the Georgetown Loop Railroad is the anchor of the local tourist economy. The Georgetown Board of Selectmen say that 325 businesses in the area rely on the draw of the railroad for summer business and that when the railroad is not operational due to maintenance issues, local businesses measure a 20 percent decrease in sales. Additionally, the Georgetown Board of Selectmen explain that the railroad employs 55 seasonal workers and 15 year-round employees.

If the project is unfunded, History Colorado says it will run the risk of future equipment failure, which results in shutdowns. Every day the railroad is closed creates a domino effect that negatively impacts revenue generation, the railroad's ability to employ winter workers to perform maintenance on its rolling stock, and the largest tourist economy in Clear Creek.

PROGRAM INFORMATION

The Georgetown Loop Railroad is an old-time steam and diesel locomotive that operates between Georgetown and Silver Plume, 45 miles west of Denver. The tracks scale an elevation of 640 feet over mountainous terrain and curves that total 3.1 miles of narrow gauge track. It includes horseshoe curves, grades of up to 4 percent, and four bridges across Clear Creek. The railroad, which is owned by the state, is operated through a public-private partnership by Historic Rail Adventures, LLC. Except in years with equipment difficulties or significant traffic delays because of construction along I-70, ridership of the railroad has been steadily increasing over the last decade. History Colorado says it hopes to eventually increase visitation to 140,000 paid passengers annually.

PROJECT SCHEDULE

	Start Date	Completion Date
Planning Phase	July 2013	June 2016
Construction Phase	July 2013	June 2016
Close-out Phase	April 2017	June 2017

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Colorado Historical Society (History Colorado)

Georgetown Loop Business Capitalization Program

HIGH PERFORMANCE CERTIFICATION PROGRAM

The project is not required to comply with the provisions of Senate Bill 07-051 regarding the High Performance Certification Program because it does not involve the renovation, design, or construction of a physical facility.

SOURCE OF CASH FUNDS

The source of cash funds is gifts, grants, and donations. The funds are deposited into the Colorado Historical Foundation and transferred to the Capitalization Project appropriation for spending.

OPERATING BUDGET

The project has no projected impact on state operating costs. The railroad anticipates that the project will increase revenues and thereby offset a large impact to its operating budget.

STAFF QUESTIONS AND ISSUES

1. Some aspects of this project have shifted to resemble the ongoing, routine maintenance request for the regional museums. Do you anticipate – once the railroad has acquired (and repaired) sufficient rolling stock for its operations – that this request will be used to pay ongoing, routine maintenance expenses?

Reference to annual inspections are essentially requirements to get to exact repair/restoration cost for specific components of the project. Moving forward these are anticipated to be minor endeavors, completed annually through operating budgets. Once the Capitalization Project is complete, it is anticipated that regular maintenance for motive power will be covered by the regional museum request and/or annual operating budget for the railroad.

2. Please provide the most recent data available regarding ridership and revenue for the loop railroad.

For the 2014 season through December 8th we are up 3.26% in ridership and are even in revenue versus 2013. Specifically, we have carried 95,735 passengers and received \$2,469,858.36 in revenue thus far. We still have three more busy weeks of operation for the 2014 season. We have suffered greatly from the I-70 Twin Tunnel construction and this has negatively impacted both our ridership and our revenue the past two seasons as guests have had a difficult time getting to us due to the up to 3 hour long traffic jams coming from Denver.

3. How much yearly maintenance is required in order to pass required inspections?

The Federal Railroad Administration (FRA) performs spot site inspections at least once per year. As a matter of course, equipment is maintained in "Safe and Suitable" condition at all times.

The simple annual maintenance costs for changing oil, replacing brushes, etc. is not significant. However, when considering repairing items like worn out wheels, injectors, traction motors, bearings, etc. the cost escalates very significantly. It is important to note that in most cases the current state-owned equipment was purchased in worn or much worn condition. Therefore, changing out wheels, injectors, traction motors, etc. is viewed as a capital improvement per this project.

These repairs are required not only to pass FRA inspections, but also in order to make the locomotive operational and reliable.

Fiscal Year 2015-16 Capital Construction Request

Colorado Historical Society (History Colorado)

Regional Museum Preservation Projects

PROGRAM PLAN STATUS

2002-180

Approved Program Plan? Yes

Date Approved:

PRIORITY NUMBERS

<u>Prioritized By</u>	<u>Priority</u>
Dept/Inst	2 of 2
OSPB	N/A of 47

PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$5,000,001	\$700,000	\$0	\$0	\$5,700,001
CFE	\$5,958,131	\$0	\$0	\$0	\$5,958,131
FF	\$1,145,878	\$0	\$0	\$0	\$1,145,878
Total	\$12,104,010	\$700,000	\$0	\$0	\$12,804,010

ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$565,773	\$29,000	\$0	\$0	\$594,773
Construction	\$7,797,192	\$222,400	\$0	\$0	\$8,019,592
Equipment	\$3,116,101	\$385,000	\$0	\$0	\$3,501,101
Miscellaneous	\$155,144	\$0	\$0	\$0	\$155,144
Contingency	\$469,800	\$63,600	\$0	\$0	\$533,400
Software Acquisition	\$0	\$0	\$0	\$0	\$0
Total	\$12,104,010	\$700,000	\$0	\$0	\$12,804,010

PROJECT STATUS

This is an ongoing request. Cash funds spending authority has been granted on behalf of the project each year for the last 14 years. History Colorado did not detail outyear request amounts in its current year request documents, but it indicates that it will continue to submit a request for cash funds spending authority each year for the foreseeable future.

PROJECT DESCRIPTION / SCOPE OF WORK

The Colorado Historical Society (History Colorado) is requesting cash funds spending authority to address a number of historical preservation projects at regional museums. History Colorado says that it has statutory responsibility to reconstruct, restore, repair, install, and furnish state monuments to the extent funds are available. For FY 2015-16, funds will be used for the following projects:

- (1) Georgetown Loop Railroad (Georgetown/Silver Plume) — The project purchases additional rolling stock and makes repairs to existing locomotives, passenger cars, kitchen cars, and work cars (\$450,000; including \$100,000 from revenues earned from railroad operations).

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Colorado Historical Society (History Colorado)

Regional Museum Preservation Projects

- (2) Grant-Humphreys Mansion (Denver) — The project makes minor interior repairs and purchases new furnishings to meet programming and rental demands (\$40,000).
- (3) Byers-Evans House (Denver) — The project makes interior and exterior repairs on the property, including repairs to the roof, which has exceeded its useful life span (\$60,000).
- (4) El Pueblo History Museum (Pueblo) — The project performs adobe maintenance and reconfigures interior doors for security purposes (\$40,000).
- (5) Fort Garland Museum (Fort Garland) — The project makes repairs to the adobe walls and applies new plaster wash (\$20,000).
- (6) Fort Vasquez Museum (Platteville) — The project makes repairs to adobe plaster work (\$20,000).
- (7) Healy House (Leadville) — The project repaints the gazebo and repairs the historic fence (\$20,000).
- (8) Pearce-McAllister Cottage (Denver) — The project maintains landscaping and makes pathway improvements (\$10,000).
- (9) Trinidad History Museum (Trinidad) — The project performs adobe maintenance (\$15,000).
- (10) Ute Indian Museum (Montrose) — The project maintains planted areas, trims trees, and makes minor structural repairs (\$10,000).
- (11) Pike's Stockade (Sanford) — The project completes and connects a trail network (\$10,000).
- (12) Systemwide — The project installs LED lightbulbs at regional museums statewide (\$5,000).

PROJECT JUSTIFICATION

History Colorado says that not making the improvements will endanger the structural integrity of the buildings, impact public accessibility, and increase future preservation needs. This would also have adverse effects on local communities and economies by harming tourism revenue, says History Colorado.

PROGRAM INFORMATION

All historic properties held by the Colorado Historical Society are state monuments, as set forth in the State Monuments Act.

PROJECT SCHEDULE

	Start Date	Completion Date
Design	July 2015	May 2016
Construction	June 2016	June 2018
Equipment	June 2016	June 2018
Occupancy		June 2019

HIGH PERFORMANCE CERTIFICATION PROGRAM

No state funds are requested for the project, so it is not required to comply with the provisions of Senate Bill 07-051

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Colorado Historical Society (History Colorado)

Regional Museum Preservation Projects

regarding the High Performance Certification Program.

SOURCE OF CASH FUNDS

The source of cash funds is revenue earned from the operation of the Georgetown Loop Railroad (\$100,000 CF) and the State Historical Fund (\$600,000 CF), administered pursuant to Section 12-47.1-1201, C.R.S. The State Historical Fund accrues revenue from limited stakes gaming.

OPERATING BUDGET

The project has no projected impact on state operating costs.

STAFF QUESTIONS AND ISSUES

1. The project narrative notes that one consequence of not funding the listed projects is to trigger a cycle of deferred maintenance. What is your assessment of the efficacy of the annual appropriation for these regional museums projects in maintaining the facilities? Is the existing program sufficient or is additional funding and consideration required in order to address deferred maintenance needs?

In 2009 the annual appropriation amount was reduced from \$1,000,000 to \$700,000. Since then we have visually observed deferred maintenance that may slowly be building up, especially at our lesser used properties. We are not able to address deteriorating materials as quickly (paint, adobe, etc). Highest visited and largest revenue generating properties take up the bulk of this funding, with the Georgetown Loop Railroad using \$450,000 alone for regular maintenance.

Also, we do not have funding to adequately plan for long-range maintenance needs and program improvements at the current funding level. Our most recent property assessment with fully engaged architects and engineers was completed in 2000.

2. The project narrative notes that a program plan was completed in 2014. Please provide detail about the program plan and the type and frequency of program planning that occurs on behalf of the regional museums in the state.

History Colorado's Long Range Strategic Plan is reviewed annually at the Board level and with OSPB. As well, History Colorado has created a new office, dedicated solely to regional museum operations and so more specific planning for exhibits, educational programs, collections, marketing, and fundraising at each property will happen moving forward. [Copies of the strategic plan are available upon request to Legislative Council Staff.]

3. How, and by whom, is the trail used at Pike's Stockade?

There are two main user groups for the Pike's Stockade. Colorado History Buffs (led by a group of enthusiasts dedicated to tracking the routes of Zebulon Pike) and it is actually a popular birding destination (home to at least one endangered bird species, the Southwestern Willow Flycatcher).

4. How much revenue was collected from regional museum operations in the most recent fiscal year? How does the amount collected compare to prior year collections?

See Attachment A.