



**NATIONAL ASSOCIATION OF
RAILROAD PASSENGERS**

TRAINS: A TRAVEL CHOICE AMERICANS WANT

President's Report to the Board of Directors

October 20, 2006 – Austin, Texas

The State of the Association

Purpose of Fall Meeting: Plan our Future

- Requires assessing
 - Our accomplishments to date
 - The challenges we face today
 - Action plan to achieve goals in future
- By end of meeting
 - Adopt specific action plan & budget for 2007
 - Approve general plan & forecast for next 5 years

Summary

The state of the Association

- Significantly improved
- Bright prospects for future

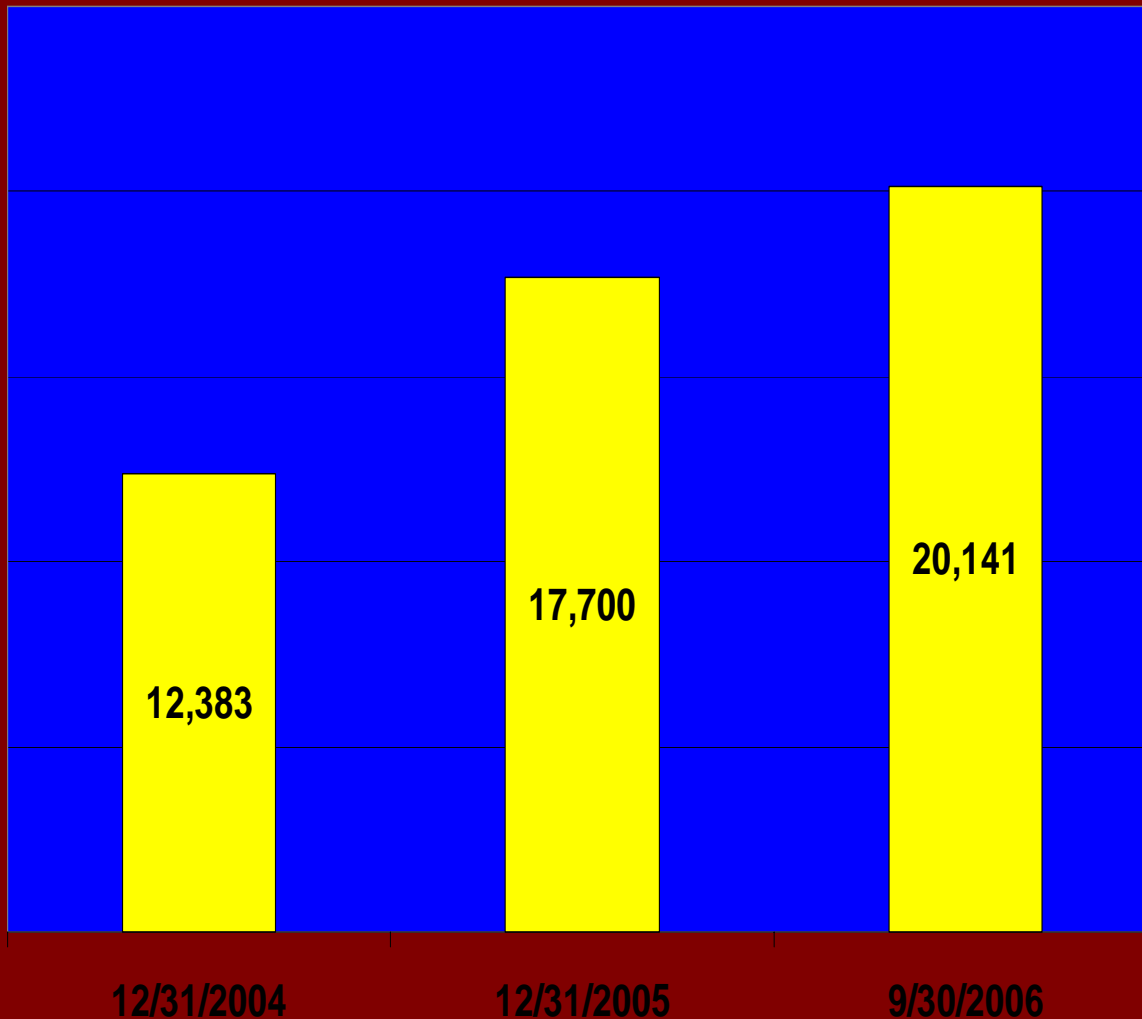
Accomplishments

Built Solid Foundation

- Brought in outside professionals to help
 - Recruit new members
 - Retain current members
 - Increase donations
 - Establish estate & planned giving programs
- Hired staff CPA to
 - Improve accounting procedures
 - Manage regulatory compliance
- Completed independent audits that verified NARP's financial statements

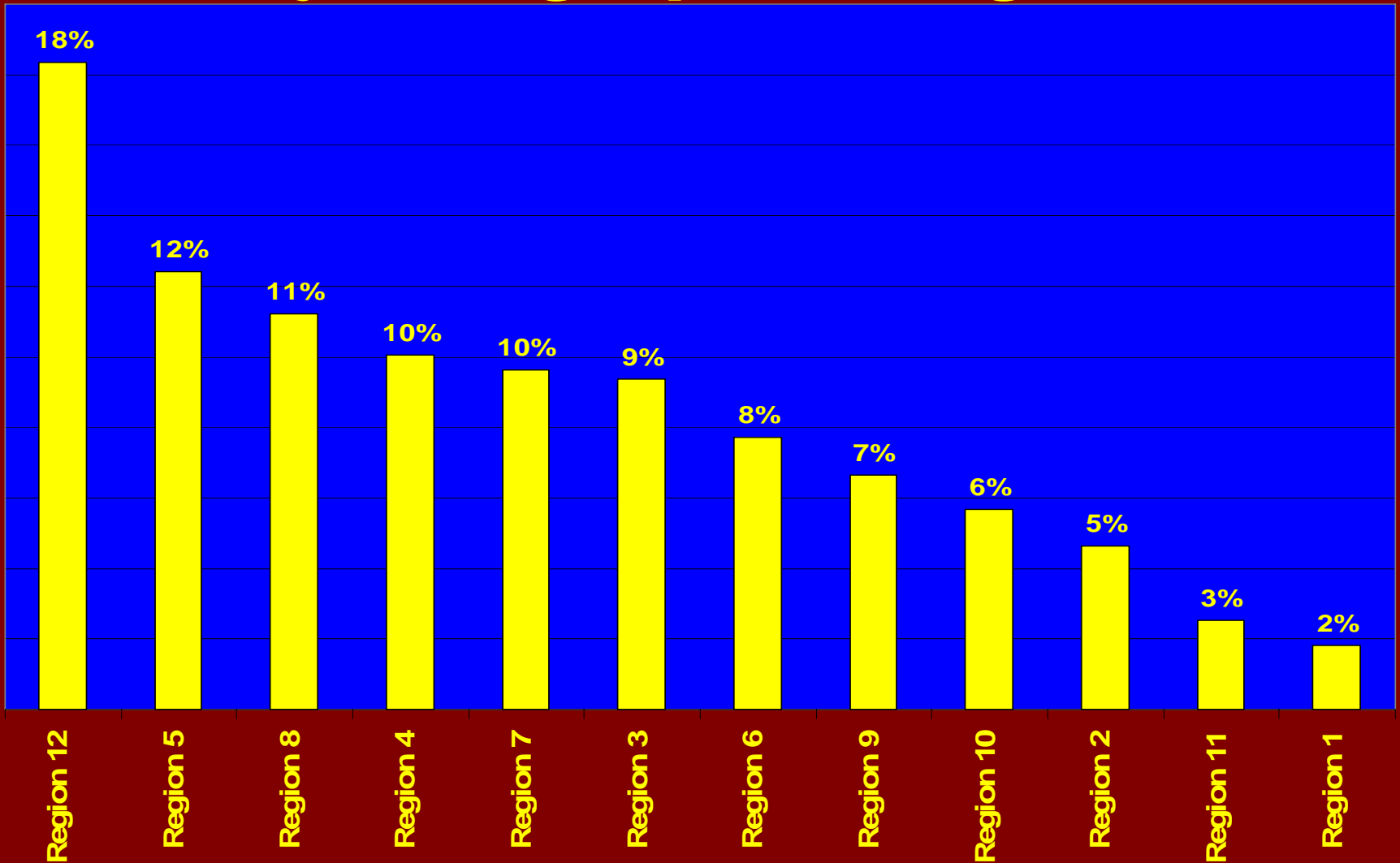
NARP Membership Up 60%

Active Memberships 9/30/06



- Acquisition mailings
- May 9, 2005 (70,000)
- Aug 31, 2005 (70,291)
- Nov 17, 2005 (70,295)
- Feb 24, 2006 (62,599)
- May 2006 (none)
- Sep 6, 2006 (74,413)
- Nov 15, 2006 (75,000)
- Note 7 month gap
- 20,404 on October 13

Percent of New Members by Geographic Region



(See next Frame)

NARP Membership Regions

Region 1 – Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut

Region 2 - New York State

Region 3 - Delaware, New Jersey, Pennsylvania

Region 4 - Dist of Columbia, Maryland, Virginia, West Virginia

Region 5 – Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virgin Islands

Region 6 - Indiana, Michigan, Ohio

Region 7 - Illinois, Minnesota, North Dakota, Wisconsin

Region 8 - Alaska, Idaho, Montana, Oregon, Washington (state)

Region 9 - Arkansas, Kansas, Oklahoma, Texas (except El Paso Co.)

Region 10 - Colorado, Iowa, Nebraska, South Dakota, Utah, Wyoming

Region 11 - Arizona, New Mexico, Texas (El Paso Co. Only)

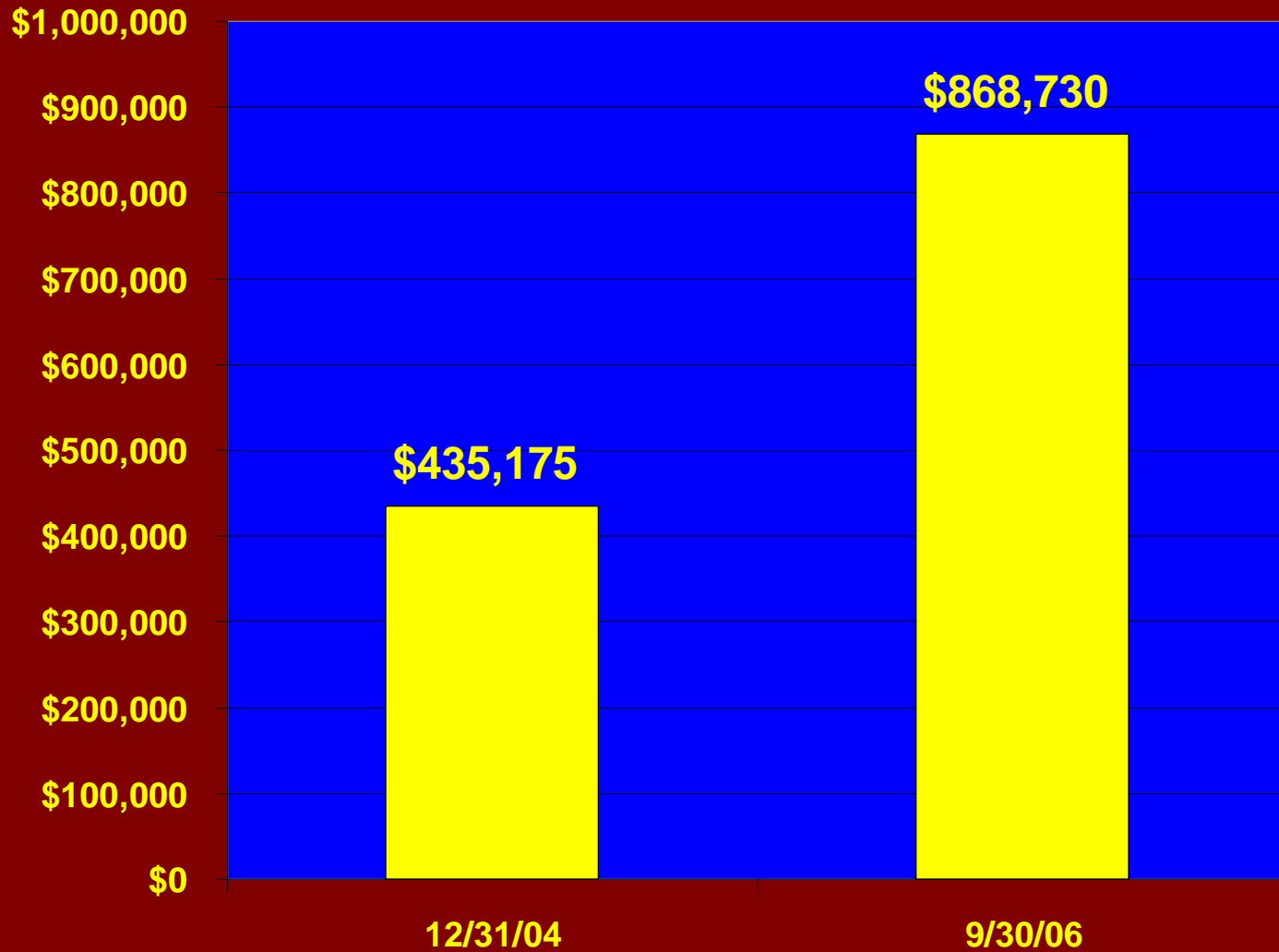
Region 12 - California, Hawaii, Nevada

Growth by Category

January 2005 – September 2006 (21 months)

<u>Category</u>	<u>YTD Change</u>
Senior	1,911
Student	67
Individual	1,537
Family	1,970
Donor	1,244
Sponsor	528
Sustainer	253
Advocate - Bronze	152
Advocate - Silver	50
Advocate - Gold	12
Total	7,725

Dues Revenue up 100% in 21 months

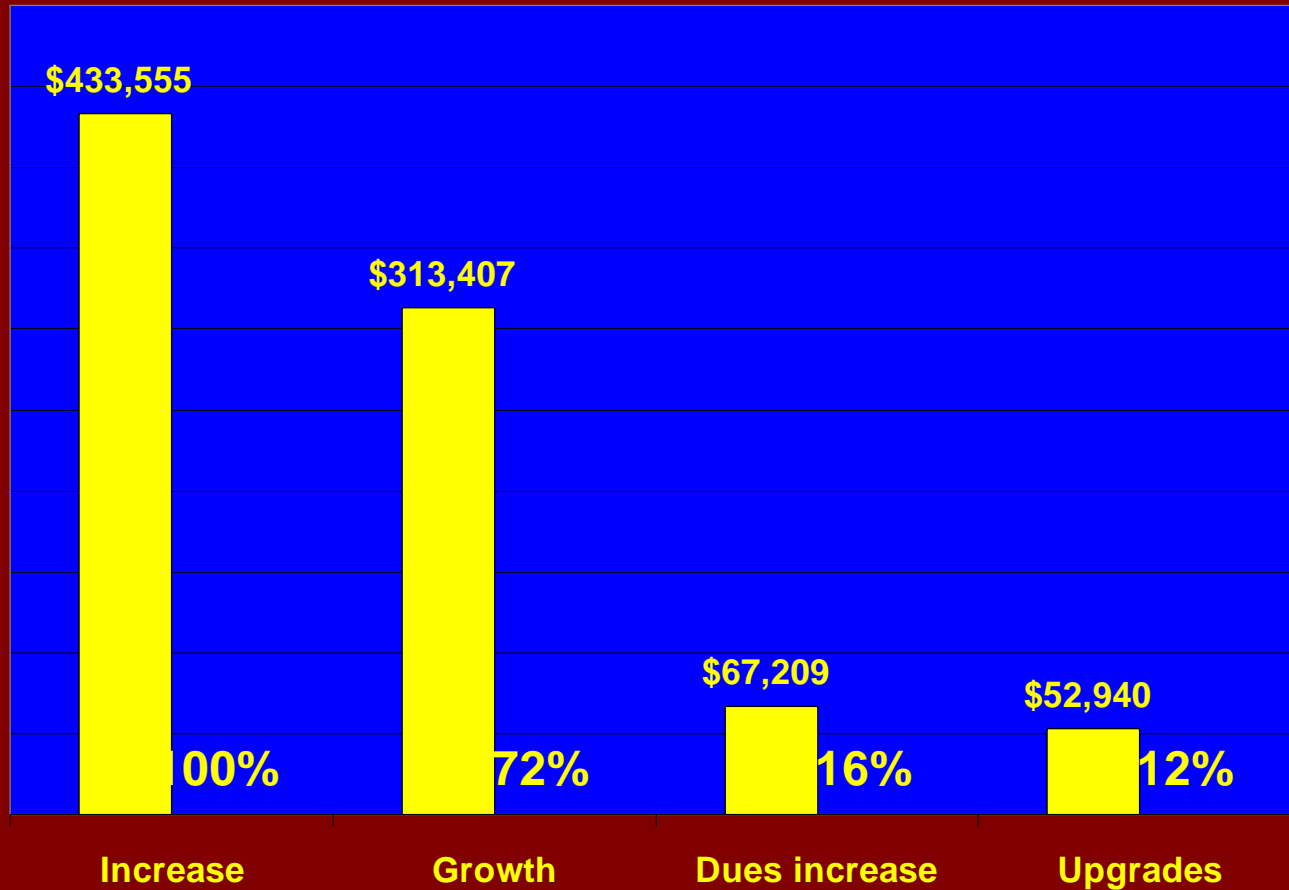


Dues Increase

Effective 2/15/06

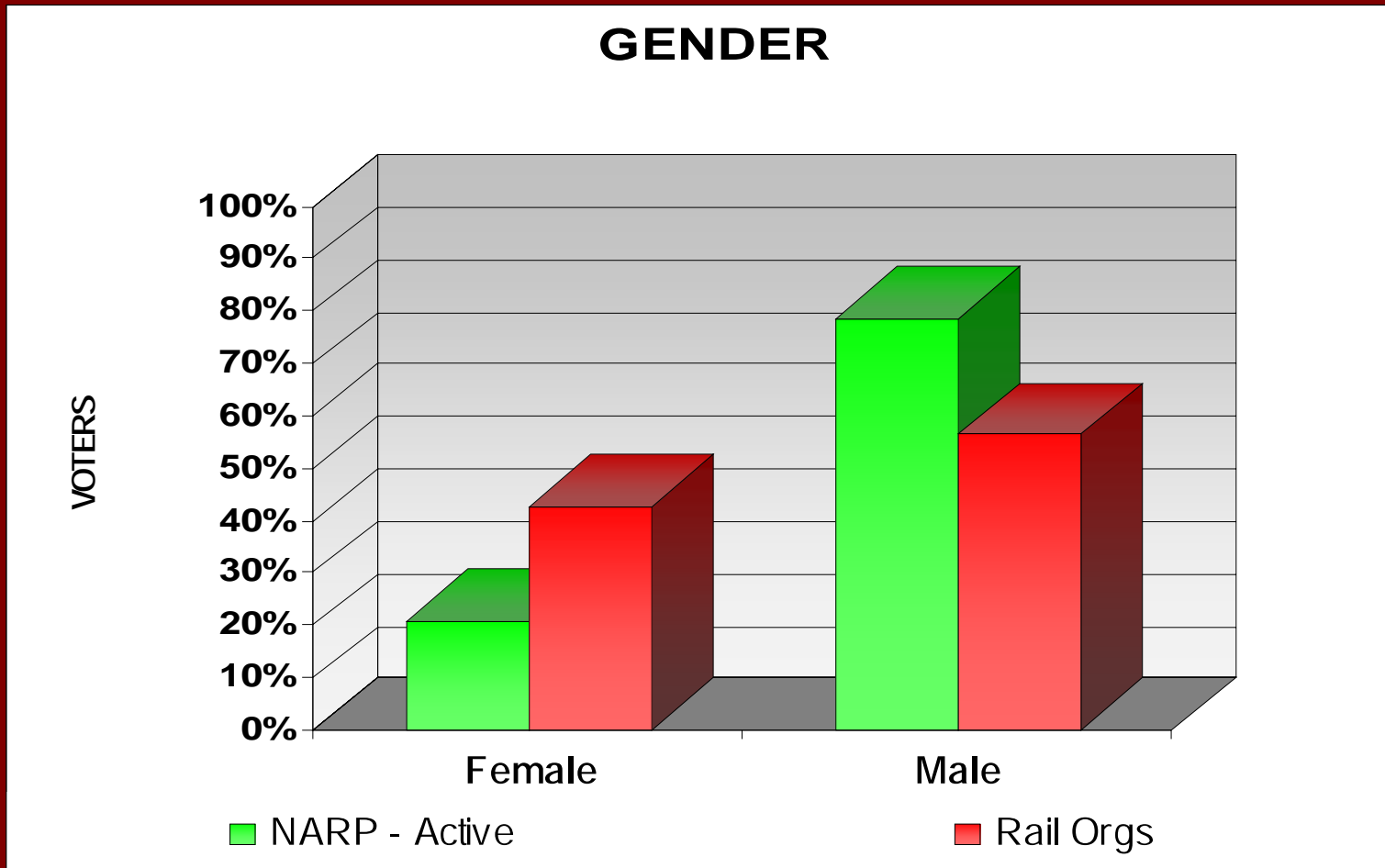
<u>Category</u>	<u>Previous</u>	<u>Adopted</u>
Student	\$16.00	\$20.00
Retired	\$16.00	\$25.00
Individual	\$30.00	\$35.00
Family	\$38.00	\$45.00
Donor	\$43.00	\$50.00
Sponsor	\$70.00	\$75.00
Sustainer	\$118.00	\$125.00
<u>Advocate's Club</u>		
Bronze	n/a	\$150.00
Silver	n/a	\$250.00
Gold	n/a	\$500.00

Sources of Increased Dues Revenue



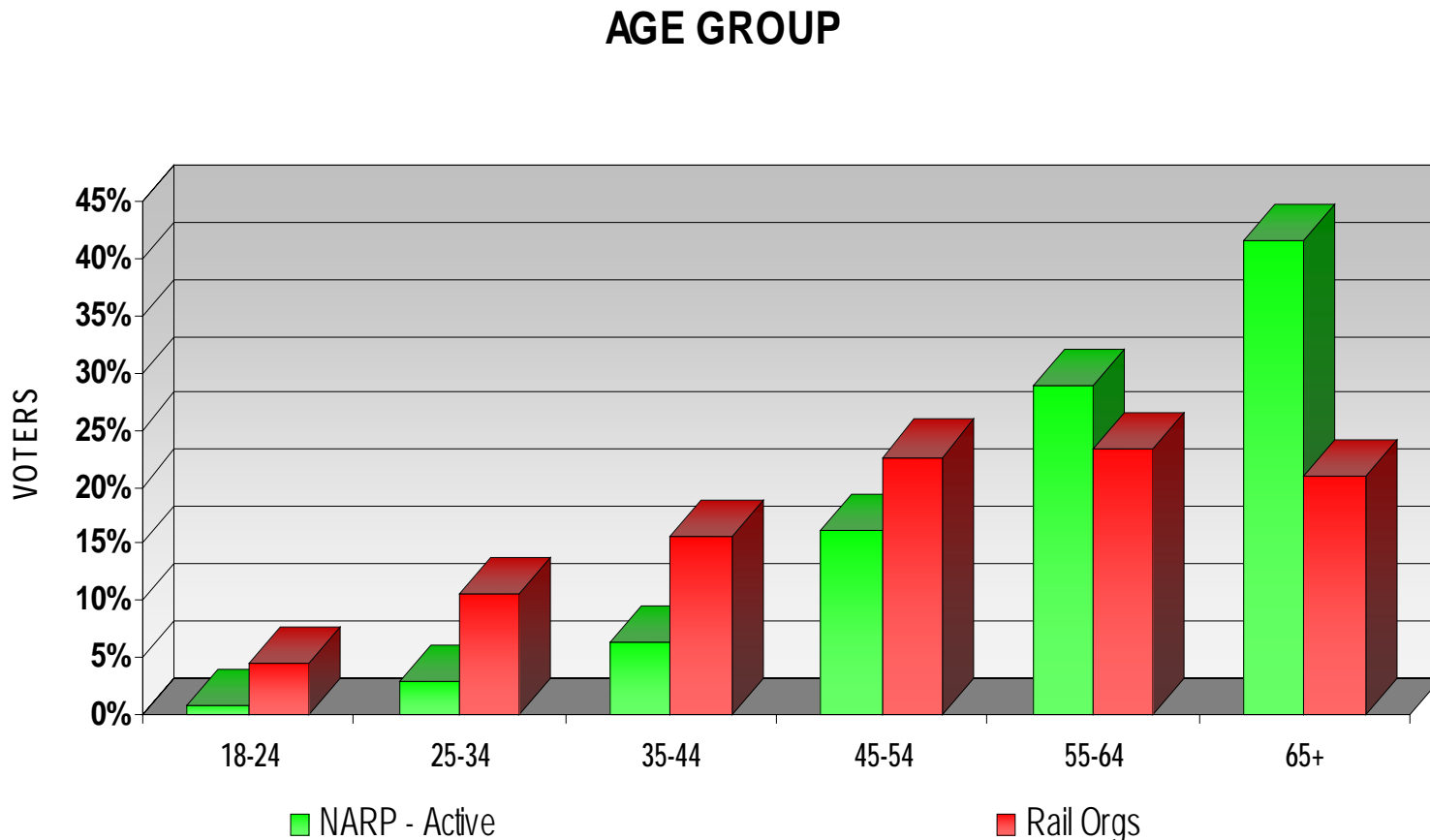
Men dominate both NARP & state ARPs

State ARPs attract more women

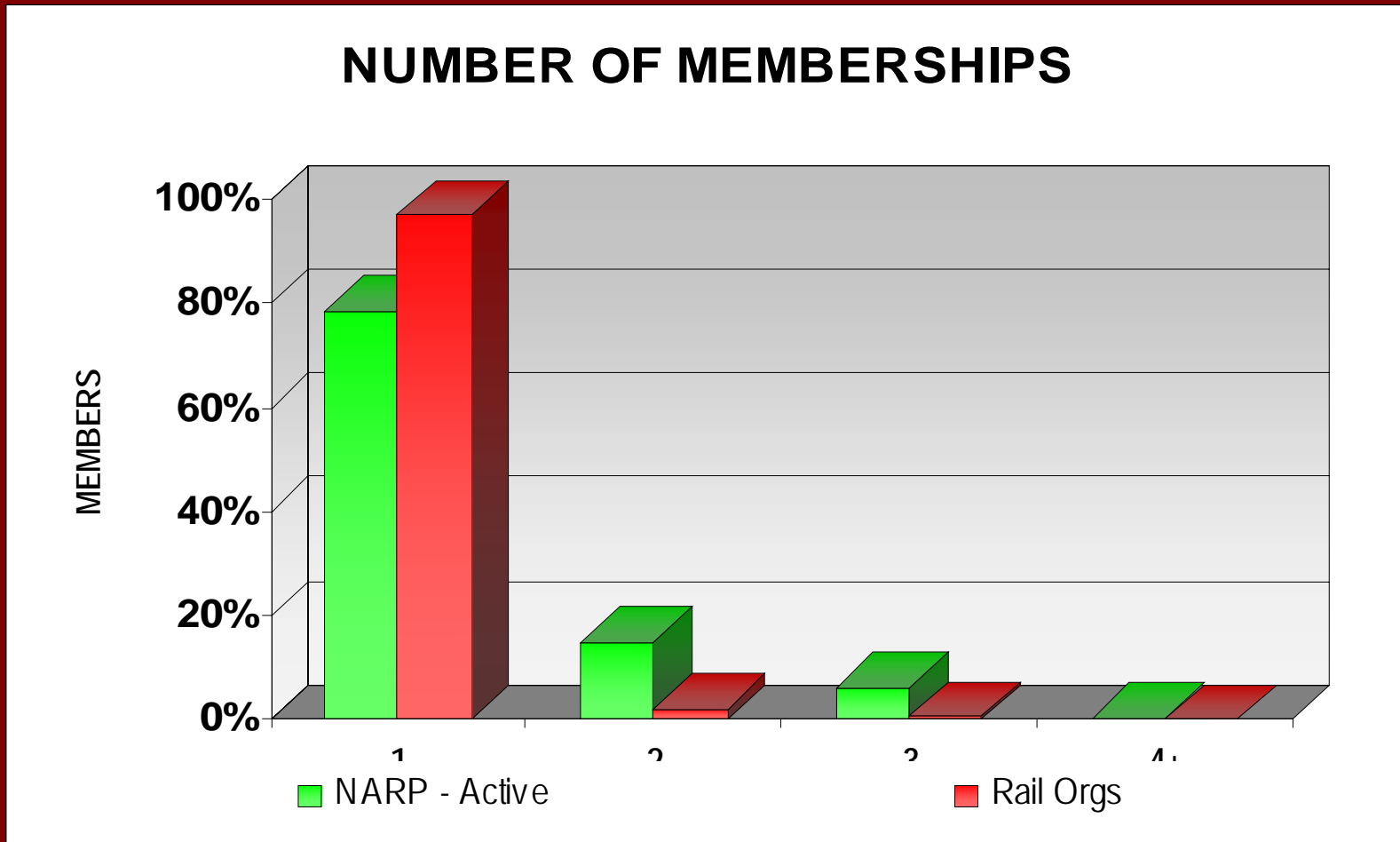


Membership increases with age

State ARPs attracting younger advocates



**Most belong to just one rail advocacy organization;
NARP members more likely to join
state ARP's**
(Below graph refers to rail advocacy group memberships)



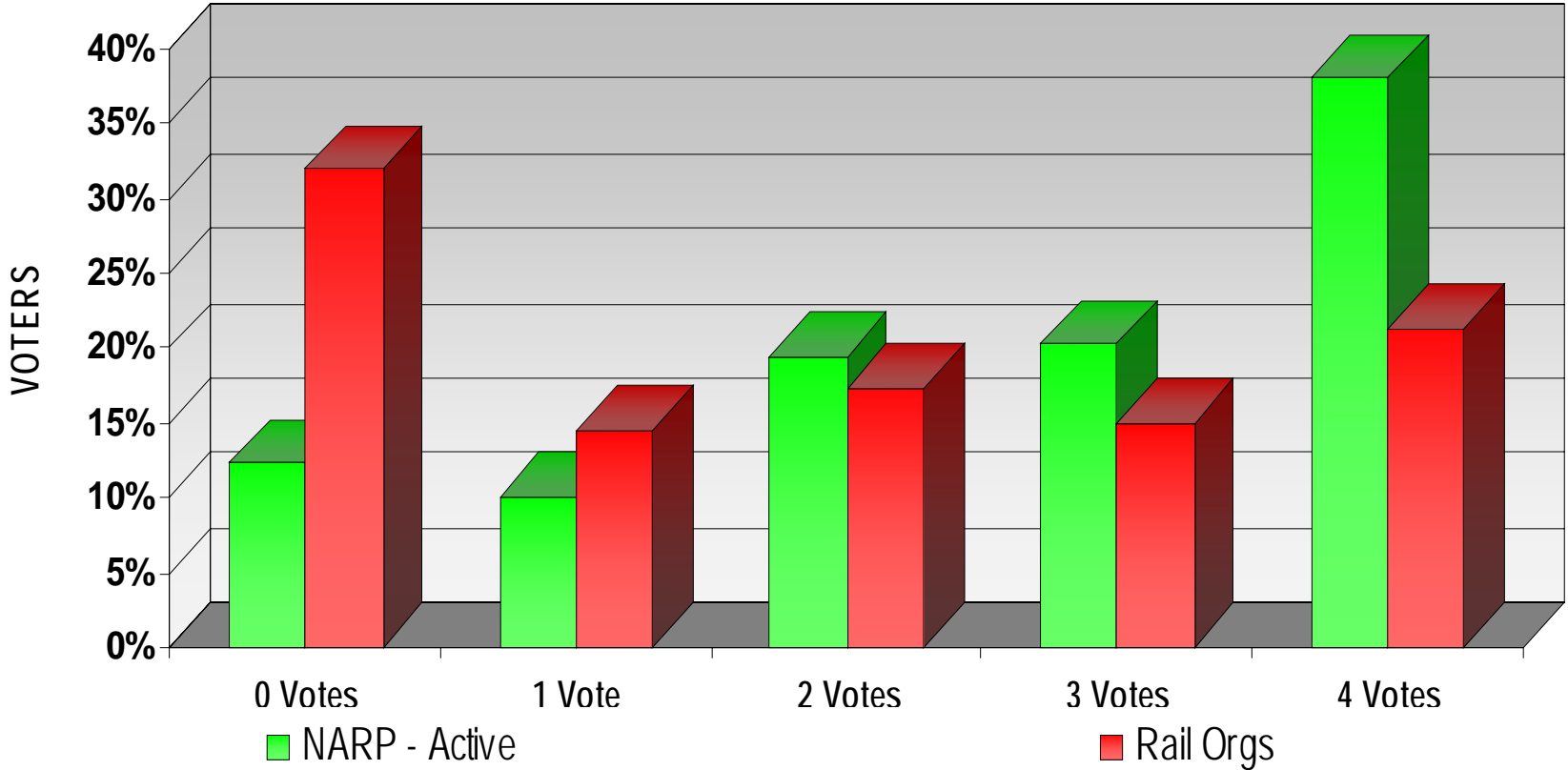
(Numbers in order above: 1, 2, 3, 4)

NARP members are active voters

State ARP members are less active at polls

at polls

VOTE HISTORY



Challenges

Working on 5 Main Fronts

- **Administration**
- **Congress**
- **Railroads**
- **States**
- **Amtrak**

Administration

Coordinated attacks on Amtrak & national network by

- US Department of Transportation
- USDOT Office of Inspector General
- Office of Management & Budget
- Government Accountability Office

Utilized propaganda not rational debate

Administration Motivations Unclear

- Appear more visceral than practical
- Ideology?
 - Shift federal power to states
 - Empower markets & private sector
 - Eliminate “waste, fraud & abuse”
- Response to special economic interests?
 - Railroads
 - Auto, oil & highway
 - Real estate developers
- Ignorance of issues?
- Lack of vision & creativity?
- Misjudging public desires?
- Payback to political foes?
- All of the above?

New opportunities: **Personnel changes**

- Mary Peters replaces Norman Mineta
- Joseph Boardman replaces Jeffrey Rosen on Amtrak Board
- Hunter Biden & Donna McLean added to Amtrak Board
- Charles Nottingham replaces Douglas Buttrey as Chairman of STB

Congress

- Provisions in appropriations bills that threaten sleeper & food service
- Adequate appropriation for 2007
 - Continuing resolution
 - Final appropriation
- Amtrak reauthorization bill
- Long term funding for
 - Amtrak intercity services
 - Federal-state partnerships
- Tie railroads' investment tax credit bill to passenger train service

Influencing Congress

- Votes drive Congress
- Public opinion drives votes
- The press drives public opinion
- Ideas drive the press
- NARP needs to drive voters & ideas

Railroads

- Railroads control infrastructure
- Financial markets control railroads
- Railroads focused entirely on financial returns
- Much rail infrastructure is inadequate, outdated & poorly maintained
- Impedes passenger train development
- Alignment of interests between railroads and passenger trains
- Passenger trains produce “public benefits”
- Justifies public investment in rail infrastructure

Amtrak

- Major concerns
 - Lacks clear mission to increase volume
 - Fare policies stifle volume growth
 - Downsizing capacity & parking equipment
 - Adoption of coach only as concept for “basic train”
 - Faulty analysis of sleeper & food service economics
 - Failure to restore New Orleans-Florida service
 - Route restructuring project
 - Diner lounge design
 - To date, unwilling to advance vision & fight for funds
- Major opportunity – new CEO Alex Kummant

States

- Positives
 - Doing most of heavy lifting on passenger rail
 - Responsible for all service expansions achieved
 - More than half have joined States4Passenger Rail Coalition
 - Federal partnership needed to bring additional funds & initiatives to state rail development
- Limitations
 - States have parochial perspectives
 - Unsuitable for interstate services
 - Many states have constitutional prohibitions on using gas taxes for non-highway projects

Action Plan

Our Mission:

“A modern, customer-focused national passenger train network that provides a travel choice Americans want.”

-Adopted April 2006

NARP Positioned to Move Forward Aggressively

- Growing membership & donations providing important new resources
- Mission statement provides clear goal
- Developing long term vision of national network
- Major economic forces are favorable
 - Rising Oil prices
 - Middle East instability
 - Intractable congestion
- Public benefits of rail growing more obvious
- Pressure for public investment in rail growing

Action Plan 2007

Membership & Annual Giving

- Continue programs
 - Special Appeals
 - Lapsed Reinstatements
 - Renewal program
- Increase acquisition programs
 - From 3 to 4 efforts
 - From 75,000 to 85,000 per effort
- Initiate member upgrade program
- Improve gift acknowledgement program

2007-2012 Projection Goals

- Renewal rate = 83%
- Average renewal dues = \$45
- Acquisition response rate = 1.4%
- Average new member dues = \$36
- Special appeal response = 6.0%
- Average gift = \$47
- Lapsed member response = 1.75%
- Average lapsed member dues = \$36

Six Year Change Headline Summary

- **Active memberships**
 - 21,000 to 32,000 = + 11,000
- **Revenue**
 - \$1.2 million to \$1.7 million = +\$500,000
- **Development Cost**
 - \$370,000 to \$395,000 = +\$45,000
- **Base surplus**
 - \$850,000 to \$1.265 million = +\$415,000

Six Year Membership Projection

	2007	2008	2009	2010	2011	2012
Beginning Active	21,000	23,548	25,763	27,677	29,314	30,690
Beginning Lapsed	8,000	6,842	6,954	6,923	6,721	6,326
New Lapsed	1,700	3,570	4,003	4,380	4,705	4,983
Renewals	17,430	19,545	21,383	22,972	24,331	25,473
Lapsed Reinstatements	1,358	1,458	1,534	1,582	1,600	1,583
New Members	4,760	4,760	4,760	4,760	4,760	4,760
Ending Active	23,548	25,763	27,677	29,314	30,690	31,816

Six Year Revenue & Cost Projection

	2007	2008	2009	2010	2011	2012
Dues Revenue	\$1,004,598	\$1,103,354	\$1,188,816	\$1,262,061	\$1,323,834	\$1,374,649
Special appeals	\$238,715	\$258,877	\$281,002	\$300,035	\$316,183	\$329,591
Member Revenue	\$1,243,313	\$1,362,231	\$1,469,818	\$1,562,096	\$1,640,017	\$1,704,239
Development Cost	\$393,366	\$405,827	\$417,371	\$426,673	\$433,699	\$438,424
Surplus	\$849,947	\$956,404	\$1,052,447	\$1,135,423	\$1,206,318	\$1,265,815

Action Plan 2007

Planned Giving & Bequests

- **Continue**
 - Larry Scott
 - Annual Heritage Circle receptions
- **Develop**
 - Donor acknowledgements
 - Planned giving brochures
- **Test**
 - Planned giving materials

Action Plan 2007

Program & Legislative Advocacy

- Continue current programs
 - Liaison with key committee staff
 - Press releases
 - Fact sheets
 - Website
 - Hotline
 - Continue grass roots activation
 - Action alerts
 - Phone bank
- Increase Congressional Contacts & Networking
- Develop & manage route support network at grass roots level
- Create public pressure on railroads to improve performance
- Expand capabilities in
 - Public relations & communications
 - Congressional relations



**NATIONAL ASSOCIATION OF
RAILROAD PASSENGERS**

TRAINS: A TRAVEL CHOICE AMERICANS WANT

» ***Committed***

» ***Strong***

» ***Growing***

» ***Focused***

“A modern, customer-focused national passenger train network that provides a travel choice Americans want.”