

FEATHER RIVER RAIL SOCIETY – AGENDA REPORT

DATE: May 28, 2012
FROM: Rod McClure, President and Eugene Vicknair, Secretary
ITEM: New Business Item 1
SUBJECT: **2012 Short Term Capital Plan**

Due to the slow economy and several extraordinary costs experienced during 2011, the FRRS is experiencing a cashflow shortage. The winter season was bridged thanks to a reduction in expenses, some new revenue and short-term (credit) borrowing. However, we need a more robust solution to address several needs, including bulking up the bank account and investment accounts, retiring outstanding large expenses and moving forward on several projects.

Outlined here is a comprehensive short term capital plan to address these issues and move ahead on recommended deaccession of equipment that has been deemed or is under consideration to be deemed surplus.

This plan is broken into two (2) sections: revenue and project / need. Each consists of three (3) phases which are dependent on each other: for example, Phase 1 projects are tied to the equipment to be sold / scrapped in Phase 1, etc. There is also a need to raise \$30,000 beyond the projected revenue targets for sales and / or scrapping.

As the revenue and cost numbers are projections, the projects / needs to be funded are listed in order of recommended priority. Of primary importance are Phase 1 items 1-3, which all relate directly to financial improvement. If revenue does not meet the projections, then projects will be removed in priority order from lowest to highest. Also, this plan is open to modification depending on need and income.

This plan is a short term item, bridging to a longer term full Business Plan which is currently under development. It supplements other revenue efforts currently underway or under development.

We recommend that the Board adopt this plan and implement it to provide for our near term financial needs. Implementation will be overseen by President McClure and Secretary Vicknair.

Project / Need Overview

ph 1	Bank Account		\$120,000			\$80,000 to investment accounts	\$120,000
	Legal Bills		\$20,000			full pay-off	\$140,000
	Credit Card		\$16,000			full pay-off	\$156,000
	Locomotive Batteries		\$18,000			2 complete sets, needed to replace dead sets	\$174,000
	Fencing and Perimeter Security		\$14,000			needs to get done, security	\$188,000
	Turntable, Norm equipment, TS 735 moves		\$30,000			needed by end of summer	\$218,000
	Archives File Storage / Scanning		\$15,000			hardware and specialty scanning services	\$233,000
	Superheater Flues WP 165		\$8,000			next major step in restoration	\$241,000
	WP 917	Paint	\$17,000	Repairs	\$19,000	needed for RAL, repairs likely higher cost than listed	\$277,000
	WP 1503	Paint	\$17,000	Repairs	\$4,000	repaint green and orange	\$298,000
ph 2	Silver Plate		\$20,000			interior repairs to dining area	\$318,000
	WP 106 Sweetwood exterior		\$60,000			repairs and paint	\$378,000
ph 3	Roadshow Baggage Cars	Paint	\$21,000	Repairs / Upgrades	\$18,000	set-up Store and Exhibit baggage cars	\$416,000
	Locomotive Batteries		\$18,000			2 complete sets, needed to replace dead sets	\$434,000
	Equipment Signage / Visitor Info		\$3,000			informational signage needed	\$437,000
	Volunteer Deck and Cars		\$3,000			lumber, shower car repairs, hire crews	\$440,000
	Advertising		\$10,000			billboard, magazines, etc., revenue enhancement	\$450,000
total							\$450,000
need to raise beyond sales / scrap							\$30,000
already pledged (estimated)							\$8,000
still need to raise							\$22,000

Estimated Revenue (Sales / Scrap) Overview

ph 1	Southern Pacific	4404	\$37,000	sale or scrap	
	Southern Pacific	AS-616	\$15,000	sale	in progress
	Southern Pacific	4450	\$19,000	sale or scrap	possible
	Milwaukee Road	5057	\$25,000	sale	in progress
	VIA	754	\$45,000	sale	
	Navy	544	\$16,000	scrap	
	Kennecott	3 body	\$10,000	sale or scrap	upon completion of parts stripping
	UP	Plow	\$7,000	scrap	upon completion of parts stripping
	Amtrak	SG B-unit	\$15,000	scrap	
	Scrap Gon		\$16,000	scrap	contents and body
	SP Beet Gon		\$3,000	sale	give 1 to CSRM, sell 2nd to museum
	SP 4706 Caboose Body		\$4,000	sale or scrap	
	356 Fourth Street house		\$32,000	sale	possible buyer
	567C block		\$16,000	sale	
	Scrap / Unneeded parts		\$10,000	sale or scrap	
ph 2	UP	105	\$75,000	sale	WP 106 to be restored to replace UP 105
ph 3	SP	2873	\$75,000	sale	contingent upon new GP loco for RAL
		total	\$420,000		

estimates are based upon current market prices and / or current listed sale prices