

FEATHER RIVER RAIL SOCIETY – AGENDA REPORTS

DATE: February 28, 2013
FROM: Eugene Vicknair, Director
ITEM: New Business 1
SUBJECT: **Proposed Changes to Life Memberships**

At a prior meeting, several Directors and members expressed that they felt Life Member costs were too high and asked that we explore lowering the cost.

As a reminder to the Board, the cost for Life and Family Life memberships were raised a few years ago after a wide ranging review by myself as Membership Chair with assistance from the Business Practices Committee and some interested members. We calculated cost to support memberships, looked at returns from Life Memberships and explored how other museums, both railroad and non, handled Life Memberships.

After the report was presented, the Board approved raising the cost of a Life Membership to \$1800 with \$1000 going toward the Endowment Fund and the price of a Family Life membership to \$3000 with \$1500 going to the Endowment Fund.

As per the request, I looked back over the research and did some updating. Based on my findings, I will recommend that the Board NOT lower the cost, but that we should explore other ways to utilize the Life Membership levels.

I approached this from the premise that a membership should support the mission and operation of the FRRS, and not just be a benefit package to the member. Yes, our members get benefits, but the organization does itself no favors if those benefits cause a fiscal drain on the organization.

The cost to service an average member, one receiving the Headlight and Train Sheet and having voting rights, has not changed much. (I discounted Associate Memberships in my new analysis as they represent less than 6% of our memberships.) There are some variables, but it costs the FRRS roughly \$27-\$29 per year per member. This covers the Headlight, the Train Sheet, election costs, mailing costs for renewal notices and other costs directly related to benefits or maintenance of memberships. I did not factor in Gift Shop discounts as I have not good numbers on that.

While a Life Membership provides an immediate \$800 or \$1500 benefit to the General Fund, its on-going service should be met through the contribution of its interest earned in the Endowment Fund. In recent years, our investments have earned about 3.0% to 3.5%. Even taking the

higher value, a single Life Membership only earns the Society \$35 a year, just \$6-\$8 more than the cost to service the membership.

Lowering the Life Membership cost would lower the contribution to the General Fund. While this could be offset by lowering the General Fund contribution and reducing the membership cost that amount, leaving enough in the Endowment to cover service costs, this provides even less benefit to the Society.

Instead, I propose that we view the Life Memberships in a different way. These should be a level that is a mark of someone who makes major, on-going contributions to the Society, either through fiscal support, volunteer support, material donation support or a combination.

An example of this would be the granting of Life Memberships in recent years to Steve Lee and Roger Stabler. Both of these members have made and continue to make major contributions to the Society, contributions that, in dollar values, are in the thousands or more. A past example that would have fallen under this concept is the major donation made by Ed Wagner many years ago of \$15,000 for the facilities fund.

Life Memberships would still be offered in the traditional way, but I believe we should change the way we “market” them. The Endowment Trustees have been tasked with growing the Endowment through seeking large donors. I propose that “marketing” of Life Memberships could become another aspect of this mission. As a major portion of the Life dues goes into the Endowment, this is a natural fit. Large donors could be offered Life Memberships as part of their donation, or given them for contributions meeting a certain level or frequency of donation. In this way, we turn the Life levels into a pool of known contributors and supporters, one that can be utilized in different ways and through different means than the “general” membership.

This is a model that many other non-profits have adopted or are adopting, at least those that still maintain “Life” levels. (Due to the on-going service cost issue, our previous study found, and I confirmed again, that many groups either do not offer Life levels or have dropped them.)

In summary, as Membership Chair, I recommend the following to the Board:

- Do not change the cost level of Life Memberships
- Make greater use of Life levels as a recognition for high levels of contribution and support for the Society
- Direct the Trustees to “market” Life levels to large donors and recommend donors who have met certain to-be-determined support levels to the Board for Life recognition.
- Further explore how to utilize the Life levels to encourage on-going support and contributions to benefit the Society.