

Friends of the Cumbres & Toltec Scenic Railroad, Inc.

Executive Summary of Strategic Plan

February 26, 2005

Hidden away in a little-known corner of the southern Rocky Mountains on the border of New Mexico and Colorado is a precious historic artifact of the American west that time forgot. Built in 1880 and little changed since, the Cumbres & Toltec Scenic Railroad is the finest and most spectacular example of steam era mountain railroading in North America. Its steam locomotives still labor up steep grades carrying visitors over high trestles, through tunnels, and along narrow shelves above yawning gorges with dramatic natural scenery. The equipment, structures and vast landscape exist today as if frozen in the first half of the twentieth century, still infused with a diverse tapestry of Hispanic, Native American and Anglo cultures.

Introduction

The Cumbres & Toltec Scenic Railroad (“C&TS”), originally built by the Denver and Rio Grande Railway in 1880 (“D&RG”), is a 64 mile, fully operational, steam, narrow gauge railroad running between Antonito, Colorado and Chama, New Mexico. A registered state and national historic site, the C&TS is one of America’s premier historic steam era railroads and an invaluable living museum of railroad heritage and steam technology. The C&TS is also a tourist railway of international repute, and has been named one of the twenty best railway experiences in the world.

The C&TS is owned jointly by the states of Colorado and New Mexico through the Cumbres & Toltec Scenic Railroad Commission (“Commission”), an interstate agency authorized by Congress in 1974. The Commission, through a private management company, Rio Grande Railway Preservation Corp., operates the tourist railroad, which serves a vital economic development role in northern New Mexico and southern Colorado. Responsibility for the museum function of this world class historic asset is delegated to the Friends of the Cumbres & Toltec Scenic Railroad, Inc. (“Friends”).

Purpose

The Friends is a non-profit, tax-exempt membership organization dedicated to the historic preservation, restoration and interpretation of the C&TS as a living museum. The Friends’ stewardship responsibilities, shared with the Commission, the railroad operator and the communities within which the railroad operates, are accomplished in concert with the Commission’s key role of operating this unique historical asset as a tourist railroad. Performance of the Friends’ museum responsibilities supports the important economic development role of the railroad in the region.

Vision

The Friends envisions another century of narrow gauge steam, with the C&TS being widely recognized as: 1) one of the world’s premier “living” museums for historic, steam railroad operation, preservation and interpretation and industrial heritage; and 2) one of the world’s best and most popular tourist steam railroad experiences. Responsibility for and leadership of the historic preservation and museum functions of the C&TS will rest with the Friends, to be known and respected internationally as the best non-profit, historic railway preservation/museum organization in the world.

Key Five Year Objectives

To accomplish its mission of historic preservation, restoration and interpretation of the C&TS as a living museum, the Friends has adopted the following seven strategic objectives as priorities to be accomplished over the next five years:

1. MUSEUM FUNCTION

In order to more completely demonstrate and interpret the history of the D&RG narrow gauge system, the Friends will plan, fund and complete the first phase of a major museum/interpretive center in Chama, and develop the C&TS museum into full accreditation pursuant to accepted industry standards, including those of the American Association of Museums.

2. RESTORATION PLANS

To ensure the historic integrity of the Railroad, the Friends will develop, maintain and implement restoration plans for all the historic rolling stock, equipment and structures on the C&TS property according to accepted historical preservation standards, and plan, fund and complete railcar restoration and/or storage facilities in Chama and Antonito.

3. COMMISSION/OPERATOR RELATIONSHIP

Perform all responsibilities under Triad Agreement* with excellence, strengthen Friends' partnership with the Commission and Operator and maintain full recognition by the Commission, Operator, public and other constituents as an equal partner in the historic preservation and interpretation of C&TS.

4. MEMBERSHIP

The Friends will increase its membership by 10% per year, from 2,000 in 2004 to 3,200 in 2009, and diversify the demographic and geographic base of members, thereby providing a broader basis of support for its historic preservation, restoration and interpretation activities.

5. FUNDRAISING

Invigorate, enhance and focus fundraising efforts as necessary to fund increased level of operating needs and planned capital projects for the Friends and, where feasible, direct support of the C&TS through the Commission, including: recurring contributions and grants for capital purposes of \$250,000 year; ten corporate and foundation partners providing aggregate funding of \$50,000 per year; growth of endowment fund to \$250,000; and initiate a planned and testamentary giving program.

6. VOLUNTEERS

The Friends will provide the manpower necessary to accomplish its preservation, restoration and interpretation goals by developing and expanding volunteer programs to efficiently manage and generate 25,000 volunteer hours per year, while broadening the demographic and geographic base of the project volunteers.

7. ORGANIZATION AND GOVERNANCE

Improve the Friends' organizational effectiveness and governance to assure the organization is in place to implement the strategic plan and provide a high level of professionalism, excellence and integrity in all we do.

***Triad Agreement refers to the agreement between the Commission, the railroad operator and Friends which defines the roles and responsibilities of Friends relative to the C&TS.**