

FEATHER RIVER RAIL SOCIETY

DATE: March 2020
 ITEM: Old Business Item 1
 FROM: Eugene Vicknair

REVISION TO RUN A LOCOMOTIVE PRICING STRUCTURE

During the December Board Meeting and based on comments from several members before the meeting, it was suggested we look at a new way of structuring the RAL pricing, especially with an eye toward dropping the “Plan” system and going to an ala-carte style pricing where each locomotive had a base price and a discount for multiple bookings. During discussions at the January 2020 meeting, it was felt that a more structured system might work better and be less confusing, with a suggestion of “levels” or “classes”, as opposed to pricing per locomotive.

After reviewing several scenarios, I believe a progressive percent discount for multiple hours is the best approach. In the spreadsheet below, new per hour prices are proposed, plus a 14% discount for second hour and 20% for hours beyond that.

This new structure should provide better revenue for multiple hour bookings, provide more pricing and booking flexibility, and allow RAL bookings to better work with the software I have been evaluating.

Please review and let us discuss.

Run A Locomotive

proposed new fee structure

Plan C currently \$350 for basic

level	locomotive	current	proposed	2 hour discount	% discount	3 hour + discount	% discount	
A	SP TR6A 1100	\$225	\$225	-\$32	14%	-\$45	20%	
A	"WP" S1 512	\$225	\$225	-\$32	14%	-\$45	20%	out of service
A	Army H-16-44 1857	\$225	\$225	-\$35	14%	-\$50	20%	out of service

B	SP GP9 2873	\$250	\$275	-\$39	14%	-\$55	20%	
C	WP F7A 917-D	\$250	\$325	-\$46	14%	-\$65	20%	out of service
C	WP GP7 707	\$250	\$325	-46	14%	-65	20%	
D	WP SW1500 1503		\$400	-\$56	14%	-\$80	20%	
D	WP GP20 2001	\$400	\$400	-\$56	14%	-\$80	20%	

	engine 1	engine 2	2 hour total		discount	hour avg.	
2 hour	A	D	\$538		-\$88	\$268.75	
	A	B	\$430		-\$70	\$215.00	
	A	A	\$409		-\$67	\$204.25	
	B	D	\$581		-\$95	\$290.25	
	C	C	\$559		-\$91	\$279.50	
	engine 1	engine 2	engine 3	3 hour total	discount	hour avg.	
3 hour	A	C	D	\$817	-\$133	\$272.33	
	C	C	D	\$840	-\$210	\$280.00	
	engine 1	engine 2	engine 3	engine 4	4 hour total	discount	hour avg.
4 hour	A	A	C	D	\$960	-\$240	\$240.00

Comments from Loren Ross:

Whatever pricing system we publish, it has to be extremely clear and easy to understand.

As for the prices, I would recommend bumping all the "A's" to \$250, and then adjusting your percentages. Fuel prices are just going to keep skyrocketing, especially with all the new taxes California's coming up with. We need revenue. Good will is nice, but our costs are just going to keep going up, especially for fuel and electricity. Can't wait to see the power bills this year...

The only other suggestion I have is that we might consider offering a "very slight" reduction for a walk in customer, IF there is already an engine running from a previous customer. If we don't have to run a locomotive for an hour to warm it up, maybe we could knock \$10 or \$20 off the price, JUST to make the sale.... Of course, if they're willing to pay full price, that's great, but if they're balking a little, maybe we could make them an offer they can't refuse.