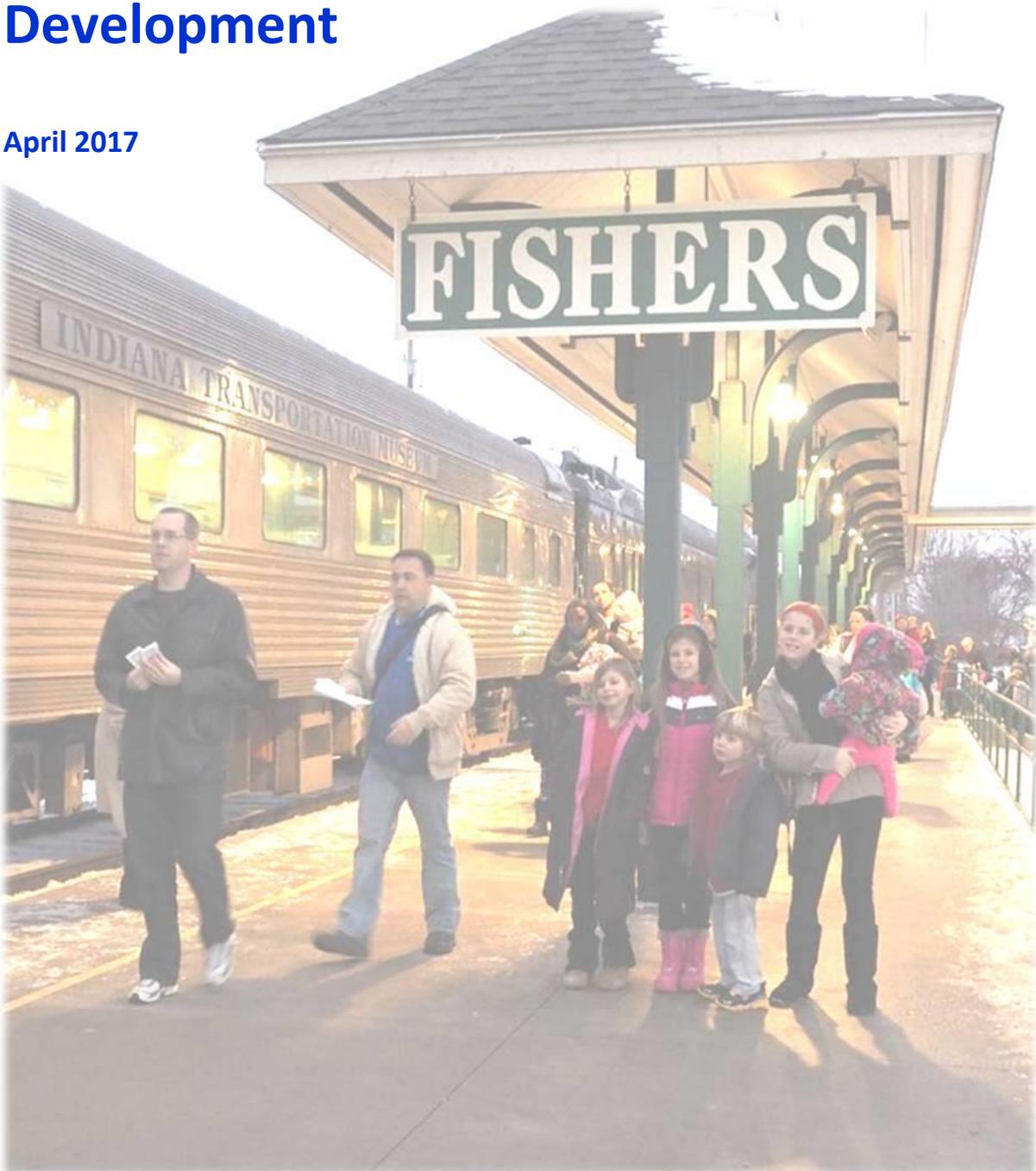


The Indiana Transportation Museum's Nickel Plate Heritage Railroad Operation: Its Contribution to Local Economic Development

April 2017



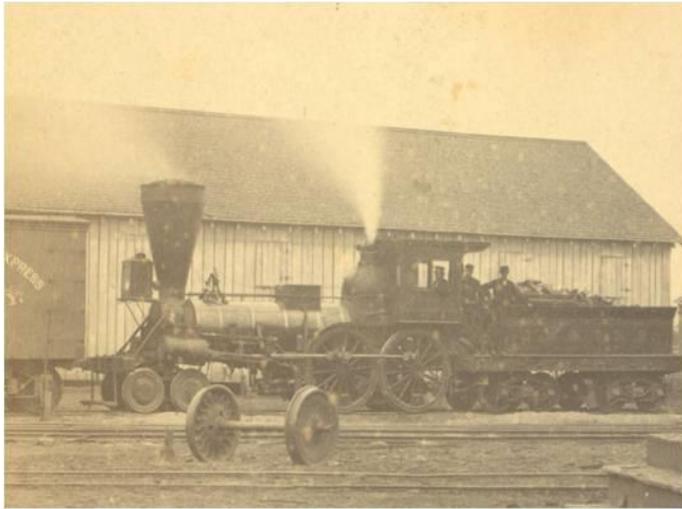
About the information in this report

Information provided in this report about the Museum's heritage railroad operation is drawn from two sources: visitor information drawn from ticket purchase transaction histories and results of a questionnaire sent via Survey Monkey to 9,000 visitor households. There were 766 individual responses making the response rate a statistically significant 8.6%. The margin of error is +/- 5% at a 95% confidence level.

The survey tested opinions on a variety of factors to gauge public support for the museum in general and its offerings or products specifically. It was programmed using skip logic to prevent respondents from answering questions about certain topics or products unless they had personal knowledge of them.

In the interest of brevity, this report focuses on the museum railroad's effects on the local economy. It omits information collected about specific products such as the FairTrain or about visitors' (customers) opinions concerning educational and entertainment activities.

Why our railroad heritage is important



The advent of the railroad in the 19th century was an unparalleled achievement. In a world that had known only wind, water and animal power, the appearance of self-propelled machines tirelessly moving people and goods across the landscape at mile a minute speeds was revolutionary.

America and the Railroads grew up together. They were the country's first major industry and for over a century, its principal form of transportation beside to the horse.

Alone, for a century they filled a role occupied now by highways, airlines, and the railroads. So central were they to society and the economy that they shaped geographic growth and development and drove advances in law, finance and science. Their deep influence remains evident in the arts and folklore.

But the most enduring mark they left on America was shaping a distinctive national character. The builders' triumphs over nature and trains' seeming ability to compress space and time excited the public's imagination and



quickened its pulse. Nothing seemed impossible. Optimism and a can-do spirit became defining features of what it meant to be American.

Indiana is one of America's great railroad hubs, crisscrossed by busy main lines and home to manufacturers and facilities serving the industry. Railroads remain a vibrant force in the state's economy.

Understanding who we are as a people and where we are going as a nation depends in part on understanding the role have railroads played.



The Museum's Mission



The story of the railroad and its meaning to Indiana and the nation is the story the museum seeks to tell. Its purpose: to inspire future generations with the daring, the ingenuity, and dedication of the people in an industry who helped open a continent and bind it together.

The story of the railroad is first and foremost the story of people. Railroads exist to serve human needs. They are dynamic enterprises whose life and meaning is drawn from the relationships among those who make them work and those they serve.

Interpreting how the railroad functioned, how it was part of community life and a link to the rest of the world is why the Museum's working railroad is central to its mission. It offers visitors of all ages an authentic, immersive encounter with a part of Indiana life once common decades ago. By weaving the railroad experience into visitors' lives they become participants, not just spectators. The railroad becomes a part of their own personal history. It is an experience of sight, sound and sensation that can light up imaginations, provoke questions and open doors to discovery and learning.

But its value to the community goes beyond serving as a resource for discovery and learning. The Museum's heritage railroad operation has substantial economic value as a driver of tourism and as a functional mode of transportation. The links it forges among cities, towns, neighborhoods, events and cultural amenities throughout its 35-mile corridor make it a valuable tool for developing the region's tourism industry, an industry that figures prominently in local and state economies, ranking third in Hamilton County¹, and sixth overall in Indiana².

The railroad is a popular destination for tourists and ranks among Hamilton County's top attractions. Last year it welcomed 32,700 visitors, 81% of whom reported spending money at local establishments on food, lodging, fuel, and retail items³ before and after their trips.

¹ Hamilton County Convention and Visitors Bureau.

² Indiana Office of Tourism Development.

³ ITM market research study sent to 10,000 visitors. N=770.



The Museum’s Heritage Railroad operation is an economic and cultural asset for Noblesville, Fishers and Hamilton County

Noblesville’s civic leaders in the 1840’s valued the railroad so highly as an asset for economic development that they insisted its builders route the track through the center of town.

The history of Fishers (once known as Fishers Station), is also closely tied to the railroad. The town took root as a rail access point for area farmers shortly after the line opened the surrounding wilderness to development.

Today the Museum’s Nickel Plate Heritage Railroad operation builds on that history of value creation. For over 20 years it has offered a unique working landmark that draws visitors, stimulates economic activity, and adds value to the region. It does this all with earned income and without any taxpayer operating support.

The private sector nonprofit museum railroad is a remarkable treasure, that distinguishes Indianapolis and the hearts of Noblesville, Fishers and other communities along the route from neighboring cities and towns across central Indiana.



Museum’s Nickel Plate Heritage Railroad operation





Eighty percent of the Museum’s visitors come from the 11 county Indianapolis Metropolitan Statistical Area (MSA). It consists of Boone, Hamilton, Madison, Marion, Hancock, Shelby, Johnson, Brown, Morgan, Hendricks and Putnam counties.

railroad’s visitors came from Hamilton County. Forty-three percent of the visitors came from outside Hamilton County with twenty-four percent coming from Marion County.

Marion county visitors, based on an analysis of zip codes, were drawn from across the county with greater numbers coming from areas near boarding points near the railroad such as the Geist, Castleton and Binford neighborhoods. Hendricks County contributed the largest percentage of visitors from the MSA outside Hamilton and Marion Counties.

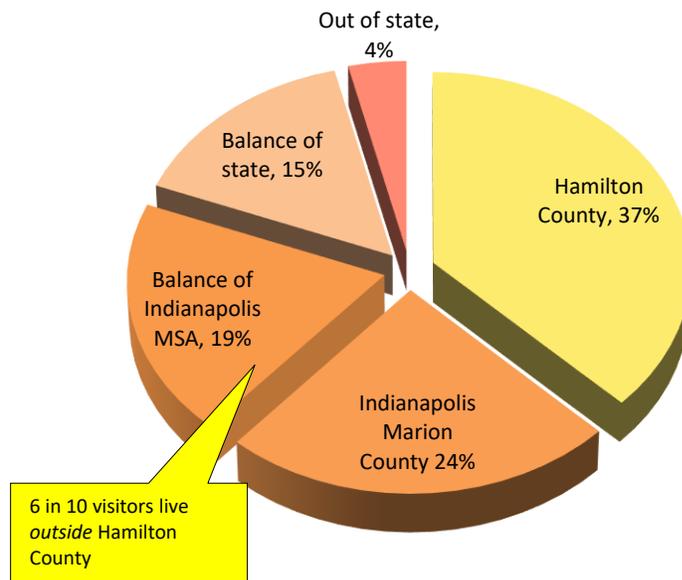
The Museum’s audience is regional and growing

Like many other metropolitan area museums, eighty percent of its visitors come from within the Indianapolis Metropolitan Statistical Area (MSA), a U.S. Census Bureau designated 10 county region in the heart of Indiana.

In 2015, the Museum railroad welcomed nearly 31,700⁴ visitors, an increase of 7% over 2013. Revenues reached \$600,000 for the first time. It scheduled 264 trains out of Fishers alone.

One in 5 museum railroad visitors came from outside the MSA. Four percent of those came from out of state. Thirty seven percent of the

Visitor Origins by County 2015



The Transportation Museum welcomed 31,700 visitors to Hamilton County in 2015; 25,000 of them boarded in downtown Fishers

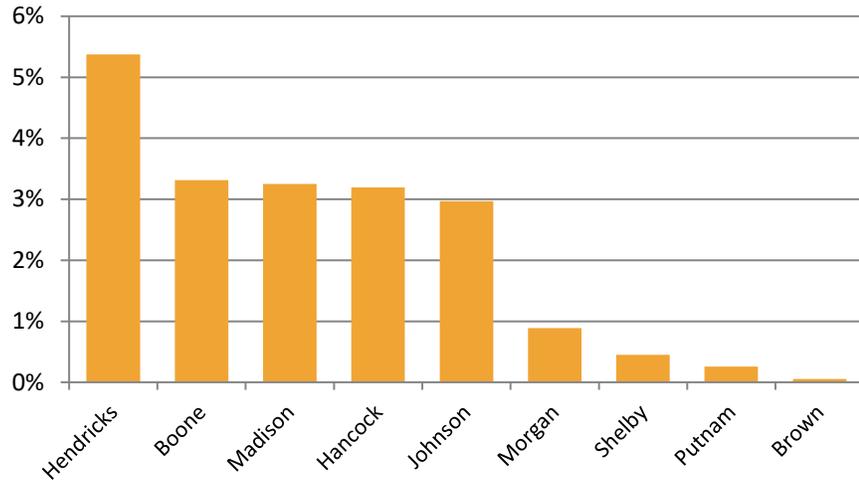
Source: ITM ticket purchase transaction history 2015.

⁴ 31,658

Tippecanoe, Howard, Delaware Allen and Grant counties contributed the greatest number of visitors from outside the MSA.

Ohio at 22 percent and Illinois at 19 percent were the largest contributors of the four percent of visitors coming from out of state.

Visitor Household Distribution - For Balance of Indianapolis MSA



Origin counties for 19% of visitors

With its proximity to Interstates 69 and 465, and to Marion County, and Carmel, Fishers is a natural

boarding point. Of the 31,700 visitors, the heritage railroad welcomed in 2015, fully 80% or 25,000 were drawn to downtown Fishers by the Museum’s events. Visitors traveling to the Indiana State Fair accounted for approximately half the boardings. The remainder of those boarding at Fishers were transported to Noblesville. Approximately 7,000 boardings took place in Noblesville and town festivals north of Noblesville.



Crowds leaving the State Fairgrounds prepare to board the train for Fishers.

Heritage railroads are drivers of local economic activity

Heritage railroads are destination attractions that generate significant tourist traffic from sightseers and those attending railroad themed special events.

Visitors report spending money both before and after their trip in the community where they board the train and may spend additional money during their trip as well depending on the destination.

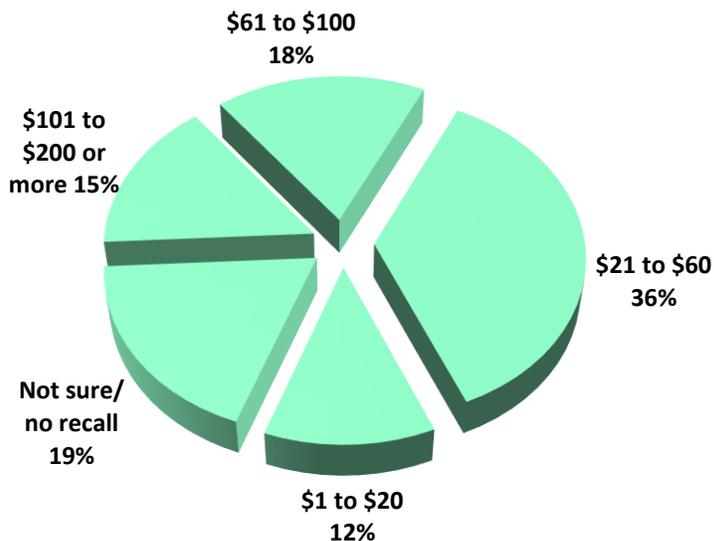
The amounts visitors reported spending and the percentage of visitors engaging in this activity are shown on the adjacent chart. More than 3 in 10 spent over \$60 and nearly 1 in 10 spent \$101 to \$200 or more.

Specific expenditures, as shown in the bar chart went for meals, fuel, retail items and lodging.

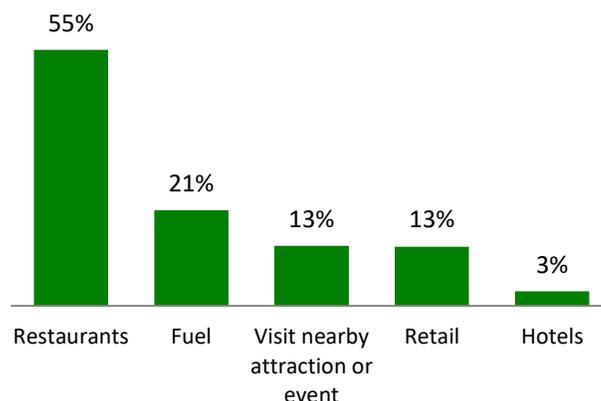
The numbers cited are for direct spending only and do not include multiplier effects as these dollars worked their way through the local economy. In addition to visitor spending, the railroad itself returns over \$500,000 annually to the community in purchases of materials, services and wages.

The economic impact of heritage railroads on their communities has been studied in a number of instances. The economic impact of some selected railroads is shown by the studies in the table below.

Railroad Visitor Households Spent Over \$678,000 on Purchases in the Community Before and After Their Trips



Where Visitor Households Spent Money in the Community Before and After Their Trips



Economic Impact of Selected Heritage Railroads

Economic impact shown is direct and indirect only. Does not include induced effects

State	Railroad	Annual Impact Millions	Economic Model Used	Report Prepared By
North Carolina	Great Smoky Mountain	\$53.6	IMPLAN	1
Colorado & New Mexico	Cumbres & Toltec Scenic	14.8	IMPLAN	2
New York	Adirondack	9.2	RIMS II	3
Maryland	Western Maryland Scenic	5.4	RIMS II	3
Nevada	Virginia & Truckee	9.5	RIMS II	4
Connecticut	Valley Railroad	4.5	RIMS II	5
Ohio	Lebanon, Mason & Monroe	4.7	RIMS II	3
Pennsylvania	Coalbrookdale	17.2	RIMS II	3

Notes

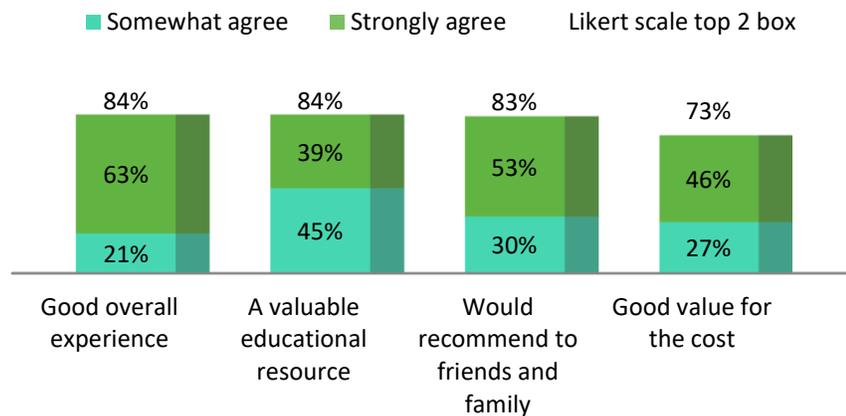
- 1 Western Carolina University
- 2 BBC Research & Consulting
- 3 Stone Engineering & Consulting
- 4 Nevada Commission for Reconstruction of the V&T
- 5 HDR Engineering
- 6 RIMS II model created / used by U.S. Dept. of Commerce

Museum Visitors Report Satisfaction with their Experience

Eight out of 10 Museum railroad visitors felt that it was a good overall experience. The cost of tickets diminished visitors' positive feelings toward the overall

experience. Eight out of 10 also felt the railroad was a valuable educational resource and responded they would recommend it to family and friends. Seven out of 10 felt the experience represented good value for the cost. Again, the cost of tickets was cited as an important factor in deciding whether to visit. However, nearly 6 in 10 respondents were unaware or only slightly aware the museum railroad is supported by ticket revenues and receives no taxpayer operating support.

Visitors' Perception of Their Railroad Experience

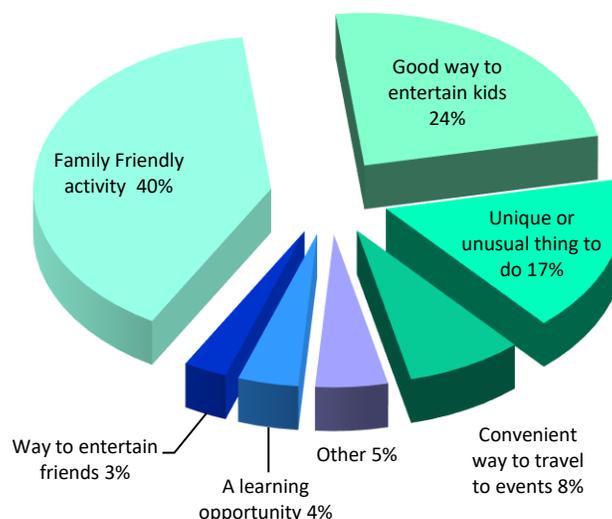


How Visitors Defined Their Experience

The principal reason given for visiting the museum was family recreation and the uniqueness of the offerings.

However, leisure activity alone was not the sole determinant of a positive rating. In a separate question, 7 out of 10 responded that an historically authentic experience was somewhat or very important in influencing their decision.

How Visitors Defined Their Experience



What Motivates Households to Visit the Museum Railroad?

Special events and activities are the number one draw for many types of museums and the museum railroad’s visitors were no exception.

Eight out of 10 railroad visitors ranked special events and activities such as the Polar Bear Express, Harvest Train and the FairTrain as principal reasons for their visits. Eight out of 10 also indicated they took ticket price into consideration when deciding whether to visit.



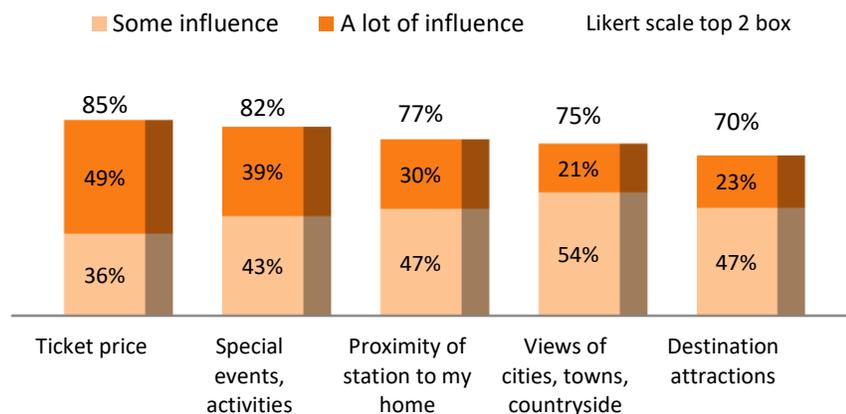
Special events and activities are the number one draw for museum railroad visitors

Ease of access – the proximity of the station or boarding area to the household’s residence—was also identified by nearly 8 out of 10 households as a significant factor in their decision making process . Responses to subsequent questions on this topic suggest that driving time, fuel cost, and the degree of traffic congestion are all influences behind this factor.

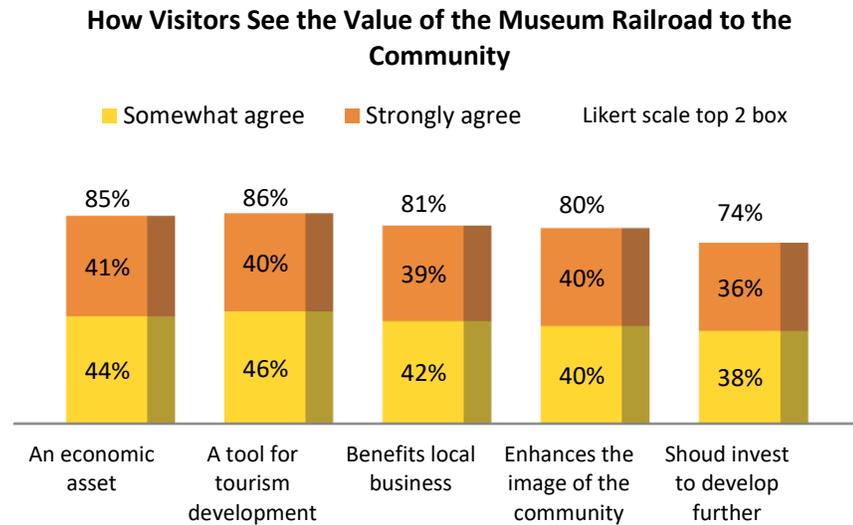
Seven out of 10 households considered scenery, the passing view outside the window, to be important. In a follow up question, however, over 6 out of 10 replied they were indifferent between rural and urban views.

Attractions and events at the train’s destination including festivals, the State Fair, museums, galleries, restaurants and shopping ranked fourth as a significant factor for inducing visits.

Top 5 Factors Influencing Decisions to Visit the Heritage Railroad



Visitors See Value for the Community in the Museum Railroad



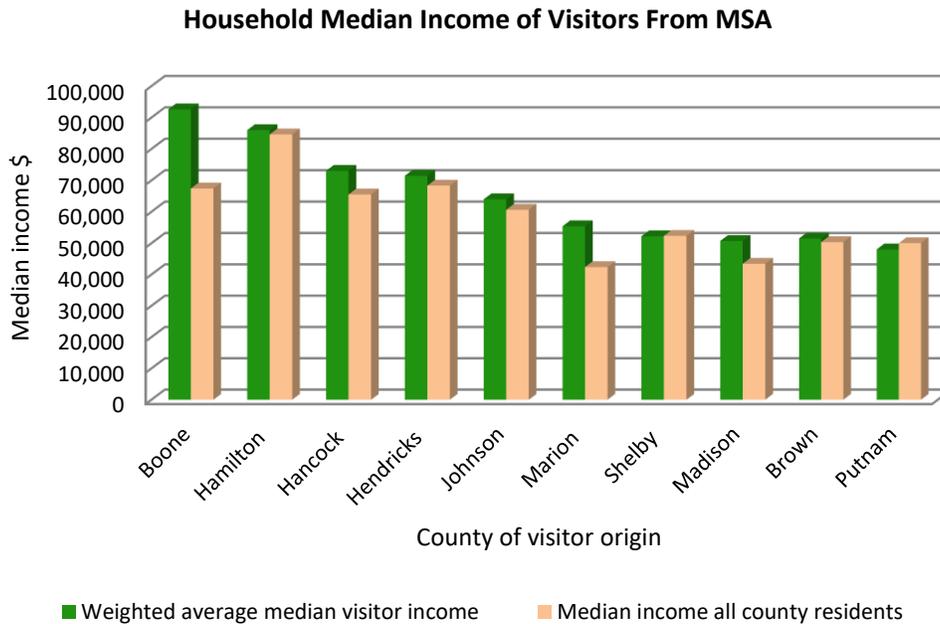
Visitor impressions of the Museum Railroad as an asset to the community were significantly positive. Nearly nine out of ten visitors saw the railroad as a tool for tourism development. A similar number saw the railroad as an economic asset to the region. Eight out of ten visitors thought the presence of the railroad benefitted local businesses and a similar number said they felt it enhanced the image of the communities it serves.

Seven out of ten visitors felt the community, speaking broadly, should invest in improving the visitor experience. The number of positive responses might have been greater but some qualified their answer by expressing the opinion that tax dollars should not be used. This may be because 6 out of 10 responded they were not familiar or only slightly familiar with the fact that the Museum is an independent, private sector entity and that it does not receive operating support through tax dollars.

Who Are the Museum Railroad’s Visitors?

The following section offers brief insights on visitor demographics and their implications.

Median household income of visitors is higher than that of the general population

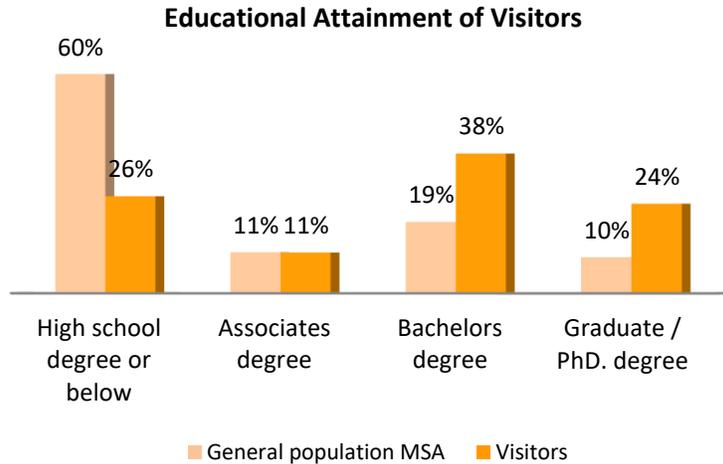


Museum visitor households from the MSA, which account for eighty percent of the Museum’s total visitors, have median incomes as much as 37 percent higher than the median household income for their county of residence.

The weighted average median household income for all museum visitors from the MSA taken as a whole is \$72,980. In contrast, the median income for all MSA residents is \$52,434 and \$49,446 for state according to 2014 U.S. Census estimates.

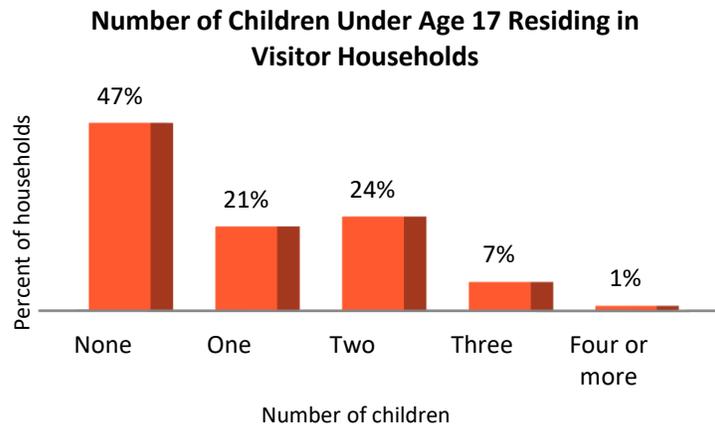
This \$20,000 to \$23,000 difference suggests visitors enjoy higher levels of disposable income that are available to take advantage of more leisure activities.

Visitor education levels tend to be higher than those of the MSA population in general



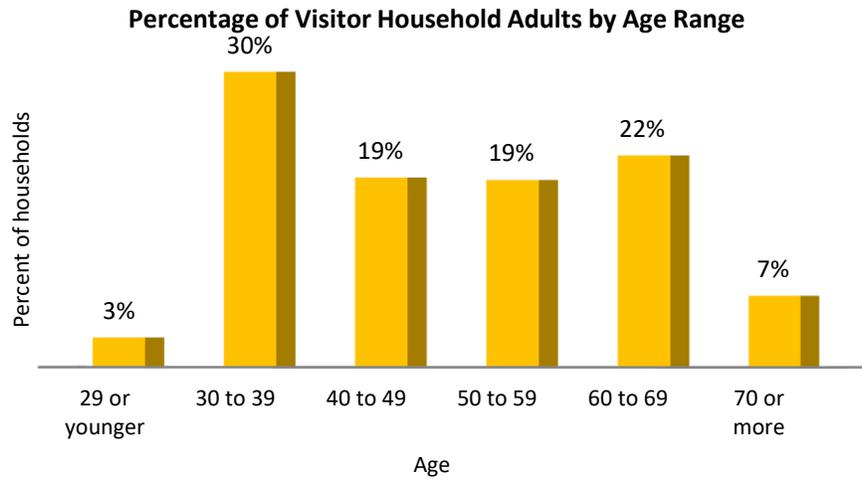
Museum railroad visitors report higher levels of education than the population as a whole. The effect of this is reflected in higher household median incomes. More education typically means greater interest in cultural or educational opportunities. It also means more independent, savvy consumers with greater ability to evaluate product or service claims and decide for themselves which represent the best values for them or their children.

Five out of 10 visitor households have at least one child under age 17



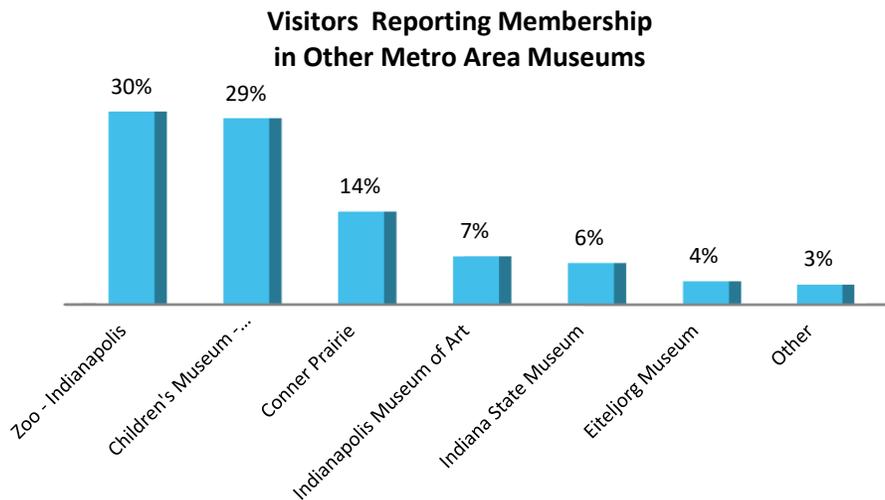
Parents with children report a constant search for things to do and especially for things to do together as a family. A trip on the railroad or attendance at a railroad themed event offers an opportunity family members to share an experience and for children to translate that experience into knowledge that will later supplement their academic efforts.

Over half the museum railroad visitors are under age 50



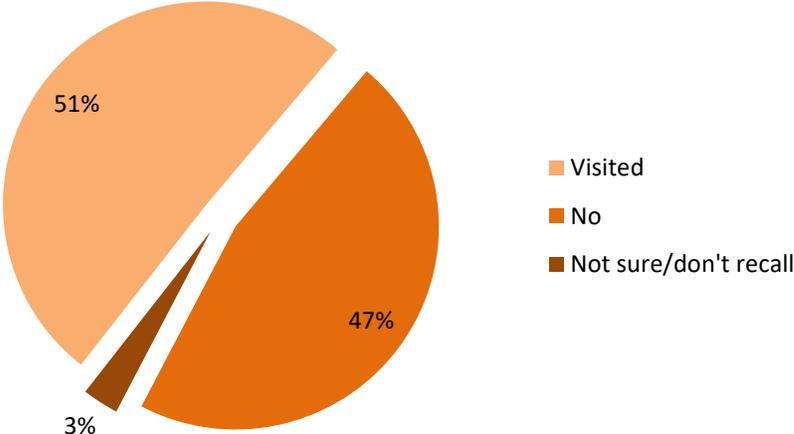
The significant number of households with children is reflected in the age distribution of visitors as well. More than 5 in 10 are in their peak child rearing years and 6 in 10 are in their prime earning years. Visitors skew higher in age than the general population for the MSA whose median age is 36 years. The low number of visitors under age 30 relative to the general population represents an opportunity for developing products that appeal to this segment of the market.

Many visitors belong to at least one other metro area museum



Visitors support other civic institutions that offer family friendly activities. These relationships with nationally recognized institutions likely influence visitor expectations for the museum railroad's offerings.

Museum railroad visitors have visited at least one other heritage railroad or railroad museum



Over half of the visitors to the Museum railroad have visited one or more other heritage railroads or railroad museums. That experience establishes a benchmark against which visitors can assess the ITM experience.

