NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Five Year Financial Plan for The Acquisition of:

- The Washington, Virginia and Maryland Coach Company
- AB&W Transit Company
- Assumption of the Shirley Highway Express Bus-on-Freeway Demonstration Project

August 10, 1972

Northern Virginia Transportation Commission

RADIO BUILDING ■ 2030 16TH STREET, NORTH ■ ARLINGTON, VIRGINIA 22201 ■ TELEPHONE (703) 524-3322

R-E-V-I-S-E-D 8/10/72

Northern Virginia Transportation Commission

Five Year Financial Plan

for

The Acquisition of:

- The Washington, Virginia and Maryland Coach Company.
- AB&W Transit Company
- Assumption of the Shirley Highway Express Bus-on-Freeway Demonstration Project.

The five year financial plan was adopted by Resolution #52 at an official meeting of the Commission in the Arlington County Court House on June 22, 1972.

Judson E. Edwards

Judson E. Edwards
Executive Director

Sponsor of the transit service element for the I-95 Shirley Highway Express Bus-On-Freeway Demonstration Project

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Radio Building
2030 North 16th Street
Arlington, Virginia 22201

RESOLUTION #52

SUBJECT: Adoption of the Five Year Financial Plan as presented in the National City Management Company Report to the Northern Virginia Transportation Commission, dated June 9, 1972

WHEREAS: The Northern Virginia Transportation Commission authorized the National City Management Company to prepare a five year Financial Plan, in conjunction with staff assistance; and

WHEREAS: The contents of this report are needed to further the Commission's activities of planning and providing public transit service within the Northern Virginia Transportation District; and

WHEREAS: The Commission, upon review and evaluation of it's contents, has deemed the report to be in accord with it's goals and objectives;

NOW, THEREFORE, BE IT RESOLVED by the Northern Virginia Transportation Commission in an official meeting on June 22, 1972 in the Arlington County Court House, Arlington, Virginia, does hereby adopt the NVTC Five Year/Bus Acquisition Financial

Plan as a guide for its future activities, and authorizes the Commission staff to utilize alternative one of the report, as a specific guide in implementing the NVTC Bus transit program, with the modification that reduced fares for the elderly will be considered, that an appraisal will be made of AB&W and that a public hearing will be held on the possible acquisition of AB&W within the present year.

Adopted this 22nd day
of June, 1972
Northern Virginia Transportation Commission

Joseph Alexander

Joseph Alexander, Chairman
Northern Virginia Transportation Commission

Harold J. Casto

Harold J. Casto, Secretary-Treasurer
Northern Virginia Transportation Commission

NATIONAL CITY
MANAGEMENT
COMPANY

OPERATING FOR PUBLICLY OWNED TRANSIT SYSTEMS

HOUSTON OFFICE
SUITE 210, MAIN BUILDING
1212 MAIN
HOUSTON, TEXAS 77002
(713) 223-5685

June 9, 1972

Mr. Joseph Alexander, Chairman
Northern Virginia Transportation Commission
Radio Building, 2030 16th Street, North
Arlington, Virginia 22201

Dear Mr. Alexander:

We are pleased to submit this financial report, including the five-year financial plan, for the Northern Virginia Transportation Commission. The report conclusively demonstrates the essential need for adequate funds to carry out a reasonable plan. Not only must the Commission be concerned with the providing of the local share for Capital Grants to purchase the local transit systems and other capital items, but they must also be confronted with the operating results of the systems involved.

We recommend that every effort be undertaken to prevent the deterioration of the local systems and in addition that improvements be implemented so that transit can assume the transportation role that it must play in a blended system.

National City Management Company would like to acknowledge the help and assistance provided by the Northern Virginia Transportation Commission's Executive Director, Deputy Director and staff, the staff of the Shirley Highway Project, the President of the WV&M Coach Company, the executives of the AB&W Transit Company, the Washington Metropolitan Area Transit Commission, the Washington Metropolitan Area Transit Authority, and the Council of Governments. Only through their valuable contributions could this report and plan been accomplished.

Sincerely yours,

Stanley H. Gates, Jr.

Stanley H. Gates, Jr.
President

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NATIONAL CITY MANAGEMENT COMPANY

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

FIVE YEAR FINANCIAL PLAN

PRESENTED TO

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BY

THE NATIONAL CITY MANAGEMENT COMPANY

JUNE 8, 1972

NATIONAL CITY MANAGEMENT COMPANY

TABLE OF CONTENTS

EXHIBITS

(Cont.)

EXHIBITS, cont.

INTRODUCTION

National City Management Company was employed by the Northern Virginia Transportation Commission to develop a five year financial plan for the acquisition of the WV&M Coach Company and the assumption of the Shirley Highway Express Bus Project. The comprehensive plan also included a five year projection of the AB&W Transit Company to provide the NVTC with information necessary to determine the Commission's financial commitment to bus transit in Northern Virginia over the next five years. The scope of services did not include or permit an evaluation of the efficiency of the WV&M Coach Company and the AB&W Transit Company present transit operations nor to suggest changes in immediate transit service.

A healthy comprehensive regional transit system is vital to the economic growth and well-being of the Washington Metropolitan urban areas. Specifically the Northern Virginia transit services must be examined now and plans must be made so that essential mass transit services will not only continue to be furnished to those in the community that depend on it, but that improvements will be made to furnish more convenient attractive service to the public.

The automobile and public transit complement each other and both are needed. Even though the automobile is the predominant mode today, a substantial number of person-trips are handled by public transit to transport people between their homes and their places of business or other activities. When the Metro is completed, bus transit service will play a very important role augumenting the rapid system. It is clearly indicated that the responsible public officials should make every effort to prevent the deterioration of the local transit systems and endeavor to increase passenger utilization by providing an efficient improved community transportation service.

Analysis of transit companies across the nation points out the financial assistance needed to operate the systems. No longer can transit systems operate entirely out of the "fare-box" (passenger fares). Operating costs, primarily because of labors continual increase, plus fringes, now exceed operating revenue on most city systems. Some form of financial assistance or subsidy is needed to stabilize fares and service.

Federal funds are currently available only for capital improvements at a shared rate of two-thirds federal, one-third local (if the planning requirements are met). The federal government is currently considering a program of operating cost aid to communities and in March the Senate passed (by a 53-26 vote) the 1972 Housing and Urban Development Act which amended the Urban Mass Transportation Assistance Act of 1964 to make $400 million per year available for operating assistance to both public and privately owned transit systems, and provide a change in the capital improvement grant formula from the existing two-thirds federal, one-third local ratio to 90% federal and 10% local. While this Senate vote is extremely encouraging , it should be pointed out that it must be taken up in the House which two years ago killed a similar amendment approved by the Senate. Further, the Administration hasn't supported the change and, thus, raises the question whether the Secretary of Transportation will use the option.

The Local Jurisdictions and the State of Virginia have recognized the need for planning, administrative, and subsidy of the WV&M Coach Company, however, more money will be required to finance the projects that should be undertaken.

METHODOLOGY FOR DEVELOPMENT OF THE FINANCIAL PLAN

To develop a five year financial plan including the acquisition of the WV&M Coach Company, the assumption of the Shirley Bus Project, the examination of the AB&W Transit Company, and the development of a Capital Grant improvement plan to purchase buses, refurnish the present fleet, purchase fare boxes, implement a bus shelter program, and purchase warranted operational equipment, it was necessary to conduct a detailed financial analysis of each company. The financial analysis included examining the passenger, revenue, and operating cost trends for the last five years to ascertain the probable trends that would be realized in the near future.

NATIONAL CITY MANAGEMENT COMPANY

The Annual Reports and the monthly operating statements were studied to develop a base in each account that could then be used for making prudent assumptions in the development of the five year plans. Both WV&M and AB&W maintain complete accounting systems and the accounts are classified in a specific name and numbering system set forth as the I.C.C. classification of accounts. Understandably, the more understood about each account in each system the better and more realistic the projections could be developed. In addition to utilizing the supplied financial data, personal discussions were conducted with officials of each company to obtain additional detail related to certain elements of their operations.

WV&M COACH COMPANY PROJECTION

A system was set up to include each account and sub-account to examine the last three months of available operating statements to include the most recently increased labor costs. Each account was annualized based on the three months operating experience and a comparison was made to the last annual report. Special adjustments were prudently made to develop the base year of operations for projection purposes. Exhibit I depicts the five year projection of operations for WV&M. Adjustments made each year are explained on Exhibit I-A and B.

Passenger Revenue was projected using past trends up to February, 1972. The 7% annual decline was adjusted to 3% on the assumption that with new buses, agressive marketing, and service improvements that the decline would be reduced. Since February WV&M have implemented some operational policies that have increased the rider decline to an accelerated rate. It is impossible to ascertain whether this trend is of temporary duration or whether it might be permanent on a continual basis. It must be clearly pointed out that if the most current decline continues that the passenger revenue for the first year could be $4,374,350 or $192,250 less than the projection. This would increase the operating deficit to $618,600. The projections of passenger revenue for the other years would also be affected to some degree if this trend continues.

A special adjustment of $90,300 has been added to the Equipment Maintenance and Garage Expense with $35,000 added to Repairs to Revenue Equipment for labor and $14,000 for materials and $10,000 added for labor for servicing of revenue equipment being the significant items. Administrative and General Expense Account was increased by $175,871 to adjust for management contract on an assumption basis. The total depreciation account expense was excluded since a public operation would not continue a depreciation account and the taxes have been adjusted by $136,270 in accord with instructions from NVTC legal counsel. The tax savings and exclusion of the depreciation account changes the financial projection of a public operation compared to a private operation considerably.

Through the 2nd and to the 5th years, it is recommended that the Contract Revenue be increased at least six percent each year. It appears that the Contract Revenue does not meet current system operation costs. These individual contracts should be analyzed very closely and efforts made to renegotiate so that at least a break-even situation be attained. It must be noted, however, that it may be beneficial to operate some mid-day service, at lower rates if it covers guarantee pay requirements of the labor contract.

Bus Card Advertising Revenue is very low compared to other cities since outside advertising is not permitted on the buses. Many systems receive substantial revenue from this source which helps finance the system. Unless some change is made in the future related to outside advertising policies the possibility of increased revenue through this source will remain quite limited.

The Net Income Loss increases each year from $426,347 for the first year to $1,677,200 primarily because operating costs will increase each year while passenger revenue does not increase until the fourth and fifth years and then only at a one and one-half percent rate. No fare increases were projected in the five year projections.

WV&M FARE DECREASE PROJECTION

It was requested that a fare decrease realization projection be developed for the weekday non-peak period from 9 a.m. to 3 p.m., reducing the base fare by 50%. The Atlanta Transit Authority current results from their reduction were analyzed and utilized in the projection. Exhibit II shows the results as projected with the Atlanta assumption. The reduction would result in an increase of 123,300 additional riders based on 1/4 % passenger increase for each 1% decrease in the fare. The annual revenue loss would be $252,284. Fare decreases certainly stimulate passenger utilization and prove an important factor in the overall goal of attracting more citizens to leave their autos and use transit, however, without adequate monetary sources to finance such an endeavor, understandably, such an alternative is not possible. Much has been said of late regarding free fares or greatly reduced fares to prevent congestion and to protect the ecology of our future and we may see a development in this direction in the future, however, until required funding sources are forthcoming, prudent judgment must be used in such considerations.

WV&M COACH COMPANY SERVICE IMPROVEMENT ANALYSIS

The scope of services set forth by the Commission included a cost analysis for additional improved service in the service area. Several agencies have developed definite needs for new service to growing areas and/or service to older areas that have not been served heretofore. There is evidence that improved service is definitely needed but until is has the required time to develop and become self supporting, such additional miles of service will result in increased operating deficits. Exhibit III sets forth the annual operating cost for adding 500 to 2500 miles per day, at various cost factors projected for the WV&M operation. It is estimated that overall the probable ridership for the first year would be one half the current average or .8 passenger per mile. WV&M's present average is 1.7 passengers per mile.

AB&W TRANSIT COMPANY

The same basis foremat used to develop the WV&M projection was followed to develop the AB&W projection except that the Shirley Highway Express Bus Project had to be extracted in entireity from each account and sub-account so that a separate AB&W base could be developed and the analysis would examine AB&W as it operates today and its financial results in the next five years. AB&W executives and financial officials assisted in the detailed breakdown of each account because of the complicated posture of the operation.

NATIONAL CITY MANAGEMENT COMPANY

Labor costs were increased along with parts, supplies, and materials to adjust for future expectations. Passenger Revenue was projected in accordance to their established revenue base used in the Shirley Highway Project diversion factor, adjusted to the base calendar year. As shown in Exhibit IV a net income loss results each year. The operating results would be even greater without the fuel tax relief effective July 1, 1972. Exhibit IV - A and B describes the adjustments for each year under both private and public ownership. As shown, the AB&W Transit Company alone without the Shirley Highway Project for the first year under private ownership would incur a $220,000 net income loss, whereas under public ownership with the economies and savings granted, the net income would be $215,400. Thereto, there is quite a difference in the second year between private ownership with a net income loss of $396,600 and only $167,600 under public ownership. The discouraging factor is that the net income loss in the fifth year is estimated to be $1,088,900. The operating costs per mile increase from $1.126 for the first year to $1.345 for the fifth year.

AB&W Transit Company must enter into a new labor agreement in November of this year and it must be expected that the Company will be forced to file for a fare increase before the end of the year to make up for the increased labor costs. Depending on the labor settlement, the Company will also have to reduce service that is currently not meeting its operating costs. Under private ownership, understandably, the Company must take the alternatives available to them to operate the system with a profit so that a dividend can be paid to the investors. AB&W knowing of its pending financial dilemma will be forced to take drastic action to improve its near term financial position. Such action is regretable since fare increases and service reductions drive passengers away, usually on a permanent basis. Loss of transit riders results in more automobile usage, still more highway congestion, and a move against the goals of a blended transportation system.

SHIRLEY HIGHWAY EXPRESS BUS PROJECT ASSUMPTION

A plan has been in effect since the inception of the Shirley Highway Bus Project for the assumption of the pilot project by the Northern Virginia Transportation Commission scheduled in late 1974. It is expected that all 90 project buses will be in service by December, 1972 and that in two years proper evaluation would be completed and the project would be taken over by the local agency, using eligible funds from a Department of Transportation Capital Grant. NVTC, however, must not only provide the local share for the Capital Grant but must have continual funding sources to make up any operating deficits that may result. NVTC, knowing of their commitment to takeover the system included the project in their five year financial plan so that a proper program could be developed to include the demonstration project.

While the financial problems suffered by the WV&M Coach Company were understood, the financial situation of the AB&W Transit Company was not really known. However, it had to be assumed that continual higher operating costs would place a strain also on the AB&W operation. Thus, it was assumed that the local take over of the Shirley project would most likely be part of a larger transit acquisition program involving Northern Virginia's two transit companies. The financial requirements necessary to take over the Shirley Project had to be developed to be included in the five year plan.

There are various alternatives of operation that might be followed when the I-95 Project is taken over. The most logical alternative would be for the project to be operated out of the AB&W facility. If NVTC also takes over AB&W at the same time or even perhaps before, an orderly transition from a demonstration project to a Commission operation could be followed. There would be some definite economies that could be effected under such an arrangement, however, at this juncture with a lot of unknown factors involved, it is assumed that certain additional operational and staffing costs will be necessary in the daily operation of the service. Adequate manpower with the related expertise and necessary administrative facilities were included in the projection of operation.

NATIONAL CITY MANAGEMENT COMPANY

Based on present requirements tailored to future needs for personnel, staff costs including fringes were projected to be $61,650. Office space for the staff is estimated to cost $4,000 each year. Legal, consulting, and public relations services is expected to cost $24,400. Other costs including telephone, postage, supplies, printing, and data processing is projected at $9,000. Payment of the fringe parking lot lease, less projected parking revenue, has been set at $35,300 each year. The total for these costs is $134,350.

SHIRLEY HIGHWAY PURCHASE OF EQUIPMENT

The approved grant application for the project called for the buses to be depreciated at an accelerated rate over an eight year life, however, the final contract between UMTA and NVTC set forth a condition of sale of the buses at fair market value. Based on the eight year life and utilizing a double declining depreciation schedule, the book value of the 90 buses at the end of December 1974 would be $1,835,333. The federal share would be $1,224,000 with the local share being $612,000 (based on 2/3rds and 1/3rd sharing). It is difficult to ascertain at this point exactly what the 90 buses will be worth on a fair market value in December, 1974. Estimates have set the fleet worth in a range from $2,700,000 to $3,300,000.

For the projection a value of $3,075,000 was used, making the local share $1,025,000. The buses have been designed and equipped especially for the Shirley Project and this could effect their value at the buy-out time. In addition, since it is assumed that at least 2/3rds federal funding will be available for new bus purchases in late 1974, it is questionable as to what the used bus market will be for these buses.

SHIRLEY PROJECT OPERATING RESULTS

There is no question that the Shirley Project has been very successful primarily in hauling passengers on the Shirley Highway from Virginia suburbs to the employment centers. Ridership has continued to increase due to the attraction of new modern buses, good service, equitable fares, and the increment of the speed of the bus versus the auto. Good efficient management and aggressive marketing have played an important role in this project. It must be understood, however, that with increased labor and operating costs without increases in the fare, the operation is faced with a deficit situation. Very basically, a bus load of passengers can only provide so much revenue at a given fare, which can not match operating costs if they continue to increase. There are some empty available seats on some of the trips that can be filled with increased ridership and this is projected in the future revenue figures. It is also projected, with continued marketing efforts, that the non-peak base service being provided will result in greater acceptance and more passenger utilization. This factor would, of course, also help increase passenger revenue.

Currently, revenue is averaging .946¢ per mile. Based on present trends it was projected that by 1975 revenue would average $1.126 per mile and would increase 5 percent to $1.182 in 1976 and 5 percent in 1977 to $1.241. Since the results of the labor agreement for AB&W Transit Company will directly affect the operating costs of the Shirley Project, the projected AV&W costs have been used in the projection. Thus, $1.20 is forecast for 1975, $1.276 for 1976, and $1.352 for 1977. The operating speed for the Shirley operation is greater than the AB&W system, however, poor manpower assignment and utilization plus one-way hauling tends to maintain a high operating cost for the project.

Based on the projected peak fleet utilization of 84 buses averaging approximately 119 miles per day, it was projected that the daily miles of operation would be 9,996 and the annual miles for 253 days of operation would be 2,529,000 miles. The annual deficit for 1975 would be $187,150; for 1976 $237,726; and for 1977 $280,673. The total annual costs including the operating deficits plus the administrative and staffing costs is $321,500 for 1975; $372,076 for 1976; and $415,000 for 1977. It is noted that the effect of the scheduled completion of the widened Shirley Highway in 1977 may have an adverse effect on bus ridership and that a greater increase in bus utilization could not be prudently projected.

NVTC FIVE YEAR FINANCIAL PLAN

To provide the NVTC with all the financial information necessary to establish a five year program and thereby determine the Commission's financial commitment, the Consultant developed three alternative plans for preliminary review and consideration. The three plans were developed under three conditions of available funds, namely, a very conservative plan with only the Virginia General Funds; a semi-conservative plan to use the Virginia General funds plus some funds from either State Highway Funds or loans; and an elaborate plan developed with the concept that unlimited money would be available to meet financial requirements. The first plan clearly pointed out that NVTC could not accomplish any type of reasonable program with such limited funds. The second plan, which permitted a more aggressive approach, established the need for $16.3 million dollars. The third alternative plan, which set forth the purchase of both local companies the first year plus many service and capital improvements including a new garage facility, established a need for $19.4 million dollars. It was then concluded that two new alternative refined financial plans should be developed with limited funds of $15 million for the five years of operation. Plan I sets forth the purchase of the WV&M Coach Company the first year and the AB&W Transit

Company in the third year along with the assumption of Shirley Highway Project.

Exhibit V outlines the recommended five year program. Exhibit V-A explains the detail of the capital improvements program and also sets forth the Company acquisition for each year. Plan I establishes the purchase of 53 new buses and 60 bus shelters. It also permits the purchase of new fare boxes for the WV&M operation and the installation of new locks on the AB&W buses. Bus refurbishment is planned for both complete fleets to permit the implementation of one paint scheme and the overall repair of both bus fleets. Operational equipment needed for the WV&M operation is also planned.

Plan I institutes 500 daily miles of new service in the second and third years.

TRANSIT CONSOLIDATION

There are many advantages to unifying the local transit operations into one system as soon as possible. Major improvements and advancements on all levels and aspects of the transit operations in Northern

Virginia can only be realized through a coordinated unified system. The consolidation of these two local operations into an efficient operation could also serve as the core for eventual unification with the Washington and Maryland operations.

By unifying the two local transit systems the public would be much better served than they are presently. It would permit great flexibility in developing re-routings and extensions and even service innovation improvements. No longer would there need to be duplication of service and closed-door operation anywhere in the service area. Cross-county service could be provided and even airport to airport service could be implemented, if desirable. The manpower would be more effectively assigned and equipment could be interchanged for greater economics in operation. An overall, greatly needed information and marketing program could be developed to make the public aware of all the transit service that is available for their use. Uniform schedules and route finders would be provided to the county residents on a planned basis. Information service would be available by phone 24 hours a day by trained personnel. Fares and transfer privileges could be coordinated and a county-wide equitable plan implemented. A preventative maintenance program could be developed to maintain all the buses with standard procedures. Purchases could be consolidated into an efficient operation and stores management could be unified. The desirable optimal operating efficiency providing much improved service to the riding public can only be realized through the consolidation of the two operations along with the assumption of the Shirley Highway Project.

GOALS AND OBJECTIVES

With major decisions to be made in the near future as to the five year program that is to be implemented with the acquisition of the two local transit systems, plus the assumption of the Shirley Highway Project, and with improved services and amenities for the riding public, it appears advisable, prudent, and in order that goals and objectives be established as criteria for decision making. It is recommended that the Goals and objectives include the following:

NATIONAL CITY MANAGEMENT COMPANY

GOALS AND OBJECTIVES

I GOAL: A BALANCED TRANSPORTATION SYSTEM IN THE REGION.

- Encourage and promote the use of transit in the journey to work and other activities.
- Encourage a total balanced transportation system designed to carry travel without congestion regardless of time of day or direction of travel.
- Support local development policies which make allowance for transit facilities.

II GOAL: COMPATIBLE LAND USE AND TRANSPORTATION DEVELOPMENT IN THE REGION.

- Provide sufficient levels of transit access-ability to both newly developed areas and existing development in the region.
- Coordinate the provision of transit service with the staging of land development by the local jurisdictions of the region.

III GOAL: A TRANSIT SYSTEM THAT IS EFFICIENT, SAFE, FLEXIBLE, AND FINANCIALLY FEASIBLE.

- Design a transit system capable of accepting technological modifications and advances, and adapting to changes in travel patterns, L/U Development and ridership volumes at minimum cost and disruption.
- Design a transit system which is safe, comfortable, convenient, and dependable.
- Develop alternative funding sources for upgrading and expanding the transit system, within funding capabilities of the local jurisdictions and State of Virginia

IV GOAL: MINIMIZE ADVERSE ENVIRONMENTAL EFFECTS.

- Design the transit system in accord with the air quality standards established by the Environmental Protection Agency.
- Route and design the transit service to minimize noise.

- Plan and design transit corridors that are assets to the communities they serve, that divert major traffic volumes around rather than through neighborhoods and communities, and that avoid damaging parks, historic sites, and open areas.

V GOAL: SERVE THE TRANSPORTATION NEEDS AND DESIRES OF ALL PEOPLE IN THE REGION.

- Encourage citizen participation and involvement--including that of low-income and minority groups--in the transportation planning process.
- Design the transit system so as to minimize community impact and the relocation of people and businesses.
- Encourage local transportation and land development policies to provide adequate transportation for low-income residents and other captive riders.
- Design an information system which is capable of advising the people of the types and quality of service available.

ALTERNATE SYSTEMS PROJECTIONS

The Northern Virginia Transportation Commission directed that specific additional tasks be accomplished with the objectivity of refinement of the plan into a five year phased program and in addition projecting the local systems operating positions including the taxes that were excluded from the original projections. Additionally, NVTC requested that the annual cost for providing a Senior Citizens reduced fare be included in the financial plans. The Commonwealth of Virginia heretofore have not had a publicly owned transit system in operation in the State so that the tax exemption provisions have not been clearly defined, debated, or tested. Therefore, a separate projection for WV&M Coach Company, AB&W Transit Company, and the Shirley Highway Express Project have been made including all taxes except the fuel taxes (allowed 71/72).

Exhibit VII outlines the operating results of WV&M Coach Company with taxes included. As noted the difference is approximately $ 51,500 the first year. This tax difference increased the operating cost per mile approximately 2 cents. Additional data related to Exhibit VII is detailed on Exhibit VII A & B and is self-explanatory.

Exhibit VIII shows the operating condition of AB&W Transit Company with taxes included. The overall financial situation of the Company under public ownership shown in Exhibit IV changes significantly with the tax savings removed. In the third year instead of the operating taxes and licenses account being $327,100 under public ownership the figure becomes $500,000 or an increase of $172,900. This is increased each year thereafter. The projection for the first year being publicly owned changes the net income from $215,400 to only $62,400. The operating cost per mile also increases proportionately. Additional data related to Exhibit VIII is shown on Exhibit VIII A & B.

Since the original Shirley Highway Projections were based on operating costs of AB&W it was necessary to adjust a projection of the I-95 Project with taxes included accordingly. Exhibit IX shows the results wherein the operating deficit per mile increases each year from .094¢ to .11¢ to .13¢ the third year under NVTC ownership and operation.

FIVE YEAR FINANCIAL PROGRAM AND PHASED FINANCIAL PLAN

With the adjustments in the alternate financial projections developed including taxes, another Five Year Financial Program was made to include also the operating cost for the reduced senior citizen fare plan. An assumption that the cost would be approximately $45,000 was used in the plan. Exhibit X shows the operating plan with the taxes included plus the senior citizens cost.

Exhibit XI outlines by quarter the total financial requirements. It is to be noted that the financial requirements approximate more than the original $15 million dollars outlined in Exhibit V (Plan I) since start up operating funds must be available and the plan includes the Senior Citizen reduced plan. In addition the plan covers a period of five years and one fall quarter in 1972. Research of operating conditions of the respective companies by quarter established that the first and fourth quarters are the significant operating deficit months. The formula used in the plan included factoring operating deficits as follows: - 60% for the first quarter, 10% for the second and third quarters, and 20% for the fourth quarters. If the rider decline experience becomes worse, than projected however, these percentages would have to be adjusted accordingly.

Exhibit XII sets forth the quarterly financial requirements with taxes included. Both quarterly plans include the cost for the reduced Senior Citizens fare. As noted the 21 month requirements for NVTC in Exhibit XII would be $16,636,600. This includes a start-up operating fund of $500,000, plus $125,000 in operating fund the first quarter.

Both plans include all company purchases and assumptions as set forth in the Five Year Financial Plans and all capital improvements and service improvements.

NATIONAL CITY MANAGEMENT COMPANY

SENIOR CITIZEN REDUCED FARE COST MATRIX

A matrix of projected operating costs for various senior citizens was developed to outline the costs based on certain percentages of decrease in fare. Exhibit XIII shows the costs including additional insurance costs. As explained before, $45,000 was used in the projections.

FARE INCREASE AND 13(c) AGREEMENT

Since the development of the financial analysis and projections, the WV&M ownership, with WMATC approval, have increased their fares, some service was temporarily reduced, and the NVTC have entered into a 13(c) Labor Agreement that could siginificantly effect the programs.

It is understandably impossible to predict what ramifications this said action will have on the system's operations, but it must be understood that there will be a direct influence on the revenue and costs in the future.

GLOSSARY OF TERMS:

This glossary covers financial comments used in the Transit Industry.

Equipment Maintenance and Garage Expense

Includes supervision of shop and garage; repairs to shop and garage equipment; operation and maintenance of service equipment; repairs to shop and garage buildings and grounds; light, heat, power and water for shops and garages; repairs to revenue equipment; servicing of revenue equipment; and tires and tubes expense for revenue equipment.

Transportation Expense

Includes supervision of transportation; driver's wages and bonuses; fuel for revenue equipment; oil for revenue equipment; purchased transportation; road expense; bridge, tunnel, and ferry tolls; wages of miscellaneous transportation employees, and other transportation expenses; management and supervision fees and expenses; franchise requirements (debit and credit); other regulatory commission expenses; uncollectable revenues; and joint operating expense (debit and credit).

Depreciation Expense

Includes depreciation of structures, revenue equipment, service cars and equipment, shop and garage equipment, furniture and office equipment, miscellaneous equipment, improvements to leasehold property, undistributed property, and depreciation adjustment.

Glossary of Terms (continued)

Amortization Expense

Includes amortization of carrier operating property and property loss chargeable to operations.

Taxes and License's

Includes fuel and oil taxes; vehicle license and registration fees; real estate and personal property taxes; social security taxes; and other taxes.

Operating Rents

Includes equipment rents-debit; other operating rents-debit; joint facility rents-debit; equipment rents-credit; rent from owned land and structures; sublease rental income; and joint facility rents-credit.

Station Expenses

Includes salaries and commissions of station employees; supplies and expenses for terminals, shelters, etc.; repairs to station buildings and equipment; commissions paid; collection and delivery; and joint station facilities expenses.

Traffic, Solicitation, and Advertising

Includes salaries and expenses in connection with the promotion and solicitation of traffic; tariffs and schedules; tickets and baggage checks; advertising; and other traffic expenses.

Insurance and Safety Expense

Includes salaries and expenses, insurance and safety; public liability and property damage insurance; injuries and damages; workmen's compensation; baggage and express insurance; fire and theft insurance; and other insurance.

Glossary of Terms (continued)

Administrative and General Expense

Includes salaries of general officers, expenses of general officers; salaries of general office employees; expenses of general office employees; law expenses; general office supplies and expenses; communication service; outside auditing expenses; employees welfare expenses; purchasing and store expenses; other general expenses.

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WASHINGTON, VIRGINIA AND MARYLAND COACH CO., INC.
(5) Year Projections of Operations

	1st Year	2nd Year	3rd Year	4th Year	5th Year
Passenger Revenue	$4,566,600	$4,498,101	$4,498,101	$4,565,572	$4,634,056
Contract Revenue	699,900	740,940	785,396	832,500	882,471
Charter Revenue	194,000	199,820	211,809	224,518	237,989
Bus Card Advertising Revenue	14,000	15,000	16,000	17,000	18,000
Total Operating Revenue	$5,474,500	$5,453,861	$5,511,306	$5,639,590	$5,772,516
Equipment Maintenance & Garage Expense	$ 796,757	$844,562	$895,236	$948,950	$1,005,887
Transportation Expense	3,541,966	3,754,484	3,979,753	4,218,538	4,471,650
Station Expense	39,870	42,262	44,798	47,486	50,335
Traffic Solicition & Advertising Expense	71,438	75,724	80,267	85,083	90,188
Insurance and Safety Expense	229,853	243,644	258,263	273,759	290,185
Administrative and General Expense	941,316	997,795	1,057,663	1,121,123	1,188,390
Operating Taxes and Licenses	171,943	182,260	193,195	204,786	217,073
Operating Rents	107,704	114,166	121,016	128,277	135,974
Total Operating Expense	$5,900,847	$6,254,897	$6,630,191	$7,028,002	$7,449,682
Net Income - (Loss)	$(426,347)	$(801,036)	$(1,118,885)	$(1,388,392)	$(1,677,166)
Miles	5,414,400	5,414,400	5,414,400	5,414,400	5,414,400
Cost Per Mile	$1.09	$1.155	$1.225	$1.298	$1.376

EXHIBIT I

ADDITIONAL DATA RELATED TO EXHIBIT I
WV&M COACH CO.
(5) Year Revenue & Expense Projections

1st Year

a. Passenger revenue has been decreased 3% based on most recent trend and adjusted for aggressive marketing, new image, etc.

b. Contract revenue has been retained as a constant for the first year.

c. Charter service has been retained as a constant since it is currently a profitable operation.

d. Bus Card Advertising Revenue is constant during this year.

e. Special 1st year adjustments to expenses -

Summary by Expense Grouping

(1)	Equipment Maintenance & Garage Expense	$ 90,300
(2)	Transportation Expense	-0-
(3)	Station Expense	9,700
(4)	Traffic, Solicitation & Advertising Expense	13,500
(5)	Insurance and Safety Expense	14,090
(6)	Administrative and General Expense	175,871
(7)	Depreciation Expense	(387,648)
(8)	Operating Taxes and Licenses	(136,270)
(9)	Operating Rents	500
(10)	Income Deductions	(208,372)
	Total 1st Year - Special Adjustments	$(428,329)

f. Basic change in expenses was generally 6% in labor areas and 2.5% for goods and services.

EXHIBIT I-A

ADDITIONAL DATA RELATED TO EXHIBIT I
WV&M COACH CO.
(5) Year Revenue & Expense Projections

2nd Year

a. Passenger revenue decreased 1.5% - assuming the arrest of 50% of current trend.
b. Contract revenue has been increased 6% to keep pace with costs.
c. Charter Revenue has been increased 3% over 1st year.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Applicable taxes excluded.

3rd Year

a. Passenger revenue projected on an even basis - assuming complete arrest of current 3% decline.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Applicable taxes excluded.

4th Year

a. Passenger revenue projected at a 1.5% increase - assuming a turn around in the current trend.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Applicable taxes excluded.

5th Year

a. Passenger revenue projected at a 1.5% increase - assuming a turn around in the current trend.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Applicable taxes excluded.

EXHIBIT I-B

WASHINGTON, VIRGINIA AND MARYLAND COACH CO.,INC.
Fare Decrease Projection

BASE RIDERSHIP (9AM to 3PM)	13.42%
Average Fare	.5846¢
* BASE PASSENGERS	7,944,258
Passenger decline %	7.48%
Restated Passengers	7,350,028
New Peak Base Passengers @ 13.42%	986,400
Present Fare	.50¢
Proposed Fare	.25¢
% Decrease	.50%
Average Fare	.5846¢
Rider Attention Factor	1/4 per 1%
BASE PASSENGER REVENUE @ .5846%	$ 576,649
Percentage Increase in Pass	.125%
Passenger Increase @ .25¢	123,300
TOTAL Passengers	1,109,700
PASSENGER REVENUE @ .2923¢	$ 324,365
PASSENGER REVENUE LOSS	($ 252,284)

* Excludes School Children

EXHIBIT II

WASHINGTON, VIRGINIA AND MARYLAND COACH CO.,INC.
Service Improvement Analysis

BUSES	Daily Miles	Annual Miles	Passengers .8 per mile	Revenue .5846¢	Cost Factor	Cost	Net Operating	Miles @ 1000	Miles @ 1500	Miles @ 2000	Miles @ 2500
5	500	126,500*	101,200	$ 59,161	@ $1.07	$ 135,355	76,194	152,388	228,582	304,776	380,970
"	"	"			@ $1.15	$ 145,475	86,314	172,628	258,942	345,256	431,570
"	"	"			@ $1.22	$ 154,330	95,169	190,338	285,507	380,676	475,845
"	"	"			@ $1.29	$ 163,185	104,024	208,048	312,072	416,096	520,120
"	"	"			@ $1.37	$ 173,305	114,144	228,288	342,432	456,576	570,720
			1.7	.5846¢							
5	500	126,500*	215,050	$125,718	@ $1.07	$ 135,355	9,637	19,274	28,911	38,548	48,185
"	"	"			@ $1.15	$ 145,475	19,757	39,514	59,271	79,028	98,785
"	"	"			@ $1.22	$ 154,330	28,612	57,224	85,836	114,448	143,060
"	"	"			@ $1.29	$ 163,185	37,467	74,934	112,401	149,868	187,335
"	"	"			@ $1.37	$ 173,305	47,587	95,174	142,761	190,348	237,935

* Based on 253 days of operation.

EXHIBIT III

ALEXANDRIA, BARCROFT AND WASHINGTON TRANSIT COMPANY
(5) Year Projections of Operations

	1st Year	2nd Year	3rd Year*	4th Year*	5th Year*	Public 1st Year	Public 2nd Year
Passenger Revenue	$7,738,600	$8,048,100	$8,209,100	$8,373,300	$8,540,800	$7,738,600	$7,851,700
Special Bus Revenue	617,000	617,000	617,000	617,000	617,000	617,000	617,000
Baggage & Newspaper Revenue	300	300	300	300	300	300	300
Misc. Station Revenue	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Other Operating Revenue	29,100	29,100	29,100	29,100	29,100	29,100	29,100
Total Operating Revenue	$8,387,000	$8,696,500	$8,857,500	$9,021,700	$9,189,200	$8,387,000	$8,500,100
Equipment Maint. & Garage Expense	$1,577,700	$1,671,600	$1,771,900	$1,878,200	$1,990,900	$1,577,700	$1,671,600
Transportation Expense	4,594,100	4,869,700	5,161,900	5,471,600	5,799,900	4,594,100	4,869,700
Station Expense	85,000	90,100	95,500	101,200	107,300	85,000	90,100
Traffic Solicitation & Adv. Expense	179,900	190,700	202,100	214,300	227,200	179,900	190,700
Insurance & Safety Expense	293,600	311,200	329,900	349,700	370,700	293,600	311,200
Administrative & General Expense	812,400	861,400	913,100	967,900	1,026,000	812,400	861,400
Operating Taxes & Licenses	445,000	471,700	327,100	346,700	367,500	292,000	318,700
Operating Rents	186,900	194,300	202,100	210,200	218,600	186,900	194,300
Depreciation	432,400	432,400					
Management Fee			150,000	160,000	170,000	150,000	160,000
Total Operating Expenses	$8,607,000	$9,093,100	$9,153,600	$9,699,800	$10,278,100	$8,171,600	$8,667,700
Net Income - (Loss)	$ (220,000)	$ (396,600)	$ (296,100)	$ (678,100)	$(1,088,900)	$ 215,400	$ (167,600)
	$ 1.126	$ 1.190	$ 1.198	$ 1.269	$ 1.345	1.069	1.134

* Under Public Operation.
Mileage - 7,640,000

EXHIBIT IV

ALEXANDRIA, BARCROFT AND WASHINGTON TRANSIT COMPANY
(5) Year Revenue Expense Projections

1st Year (Private Operation)

a. Passenger revenue based on the established daily base of $27,465 for non-school days and $29,173 for school days; $6,555 for Saturdays and $2,707 for Sundays adjusted to the annual calendar.

b. All other revenues projected as remaining constant for the year.

c. Special adjustments have been made in each expense account and labor and material costs have been adjusted to meet expected increases.

2nd Year (Private Operation)

a. Passenger revenue has been increased by 4% due to an expected fare increase.

b. All other revenue has been retained constant.

c. Operating costs have been increased by 6%, except rents at 4% and depreciation was retained constant.

3rd Year (Public Operation)

a. Passenger revenue has been increased by 2% due to better acceptance and coordination.

b. All other revenue has been retained constant.

c. All operating costs were increased 6%, except rents at 4%. Taxes were adjusted for public ownership exemptions. Depreciation was excluded and a management fee was included.

4th Year (Public Operation)

a. Passenger revenue has been increased by 2%.

b. All other revenue has been retained constant.

c. All operating costs were increased by 6% except rents at 4%.

5th Year (Public Operation)

a. Passenger revenue has been increased by 2%.

b. All other operating revenue has been retained constant.

c. All operating costs except rents have been increased 6%.

EXHIBIT IV-A

ALEXANDRIA, BARCPCROFT AND WASHINGTON TRANSIT COMPANY
(5) Year Revenue Expense Projections

<u>1st Year</u> (Public Operation)

a. Revenue same at 1st year - private operation.

b. Tax saving of $ 153,000 included plus $432,400 Depreciation Account.

c. Management fee added.

d. All other expenses same as first year - private operation.

<u>2nd Year</u> (Public Operation)

a. Passenger Revenue increased 2% due to better coordination and marketing.

b. All expenses same as second year private operation except adjustments for tax savings, no depreciation, and management fee added.

EXHIBIT IV-B

PLAN I

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

(5) Year Financial Program

(Excluding Taxes)

YEAR	I	II	III	IV	V	
BALANCE FORWARDED	$	$ 92,000	$1,143,900	$ 237,600	$ 269,300	
GENERAL FUND (State of Virginia)	1,250,000	1,250,000	2,500,000	2,500,000	2,500,000	$10,000,000
STATE HIGHWAY FUNDS	1,000,000	1,000,000	2,000,000	300,000	700,000	5,000,000
TOTAL Funds Available	$2,250,000	$2,342,000	$5,643,900	$3,037,600	$3,469,300	$15,000,000
NET OPERATIONS (Deficit)						
Senior Citizen Fare	($ 45,000)	(45,000)	($ 45,000)	($ 45,000)	($ 45,000)	
W.V.&M. Coach Company	(426,300)	(801,000)	(1,118,900)	(1,388,400)	(1,677,200)	
Shirley Highway Project			(321,500)	(372,100)	(415,000)	
A.B.&W. Transit Company			(296,100)	(678,100)	(1,088,900)	
TOTAL OPERATION DEFICIT	($ 471,300)	($ 846,000)	($1,781,500)	($2,483,600)	($3,226,100)	$ 8,808,500
BALANCE AVAILABLE FOR CAPITAL IMPROVEMENT PROGRAM	$1,778,700	$1,496,000	$3,862,400	$ 554,000	$ 243,200	
CAPITAL IMPROVEMENT (Local Share)						
Bus Purchases	$ 308,700	$ 255,800		$ 236,200		
Fare Boxes & Equipment Money	65,000		5,000			
Bus Shelters	10,000	10,000	10,000	10,000		
Bus Refurbishment	33,000		61,000			
Operational Equipment	50,000					
TOTAL CAPITAL EQUIPMENT COSTS	$ 466,700	$ 265,800	$ 76,000	$ 247,200		$1,055,700
BALANCE AVAILABLE	$1,312,000	$1,230,200	$3,786,400	$ 306,800	$ 243,200	
COMPANY ACQUISITIONS	$	$	$	$	$	$
W.V.&M. Coach Company	1,220,000					
A.B.&W. Transit Company			2,400,000			
Shirley Project Take-Over			1,025,000			
SERVICE IMPROVEMENT		86,300	123,800	37,500		
TOTAL PURCHASES & SERVICE COSTS	$1,220,000	$ 86,300	$3,548,800	$ 37,500		$ 4,892,600
BALANCE END OF YEAR	$ 92,000	$1,143,900	$ 237,600	$ 269,300	$ 243,200	$ 243,200
						$15,000,000

EXHIBIT V

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
ADDITIONAL DATA RELATED TO EXHIBIT V
PLAN I (5) Year Financial Program

1st Year

a. Bus Purchases: 21 Buses would be purchased to replace 14 1950-51 C-44 ACF Buses, 1-1947 White Buses and 6-1949 White Buses. Buses are estimated to cost $42,000, plus 5% contingency or $44,100 each.

b. Fare Boxes and Money Counting Equipment: 193 New Registering Lock Boxes with 2 self locking vaults and mounting hardware would be purchased at $887 each, plus 5% contingency or $930 each. Installation is estimated at $36 per bus and $70 for the 193 buses. Money counting equipment is estimated to cost $8,500 for 2-Sorters-Counters.

c. Bus Shelters: 15 Modern Bus Shelters would be purchased for strategic placement to the most warranted locations. They are estimated to cost $1,900 each, plus 5% for contingency or $2,000 each.

d. Bus Refurbishment: 180 Buses would be completely refurbished with a exterior painting, repaired interior seats, replaced gloss, etc. It is estimated that it would cost $500 per unit, plus 10% for contingency or $99,000. The local share would be $33,000.

e. Operational Equipment: Office, maintenance, administrative, and service equipment, including Service Cars, would be purchased for the WV&M operation. This is estimated to cost $150,000 for the WV&M operation. This is estimated to cost $150,000 with the local share being $50,000.

f. WV&M Coach Company: Purchase of the Company has been set at $3.3 million dollars with a 10% contingency, for projection purposes only and are not to be construed as purchase price. NVTC has established by resolution a price of $3.3 million maximum.

2nd Year

a. Bus Purchases: 17 Buses would be purchased to replace 17-1957 GMC TDH-4512's. Buses are estimated to cost $43,000, plus 5% contingency or $45,150 each.

b. Bus Shelters: 15 modern Bus Shelters would be purchased. They are estimated to cost $1,900 each, plus 5% for contingency or $2,000 each.

c. Service Improvement: 500 miles of daily new service would be implemented after careful analysis to provide new service to areas not now being served.

3rd Year

a. New Fare Box Locks: With the purchase of the AB&W Transit Company, it would be necessary to install new locks in the fare boxes. This is estimated to cost $45 per bus or $15,000 for the fleet.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
ADDITIONAL DATA RELATED TO EXHIBIT V
PLAN I (5) Year Financial Program

3rd Year, Cont.:

b. Bus Shelters: 15 modern Bus Shelters would be purchased in accord with the Bus Shelter Program. Cost estimated at $2,000, including contingency.

c. Bus Refurbishment: The AB&W fleet and the Shirley Project Buses would be refurbished, including a new exterior painting, plus other needed repairs. This is estimated to cost $500 per bus including contingency.

d. Company Acquisition: AB&W Transit Company would be purchased. Purchase is estimated at approximately $7 million dollars, plus 10% contingency, for projection purposes only. A fair firm price has not yet been established, (subject to appraisals).

e. Shirley Highway Project Assumption: This project would be taken-over by Northern Virginia Transportation Commission. $1,025,000 has been set-up to allow for the purchase of the 90 buses used for the project.

f. Service Improvement: 500 miles of daily new service would be implemented to provide new service to areas not now being served.

4th Year

a. Bus Purchases: 15 Buses would be purchased to replace 7-1959 GMC IDH-4512's and 8*selected 1960 GMC TDH-4517's. These buses are estimated to cost $45,000, plus 5% contingency or $47,250 each.

b. Bus Shelters: 15 Bus Shelters would be purchased at $ 2,000 each including 5% contingency.

5th Year No Capital Improvements or purchases would be permitted due to limit of monetary funds.

NOTE:

a. No interest has been computed on unexpended money in the plans. This will be developed as part of the phased funding schedule in the approved plan.

b. Note that it is necessary that an operating agency maintains a surplus balance at the end of each year to keep continuity and present a smooth transaction of operations each year.

c. The high balance at the end of the second year is necessary to permit the immediate take-over of the Shirley Highway Bus Express Project as prior committed by N.V.T.C. This may be accomplished in December 1974 rather than the first quarter of 1975.

* A decision may be made to retain these 8 buses to add to the fleet size to cover new service needs.

EXHIBIT VII

WASHINGTON, VIRGINIA AND MARYLAND COACH CO.,INC.
(5) Year Projections of Operations
(Taxes Included)

	1st Year	2nd Year	3rd Year	4th Year	5th Year
Passenger Revenue	$4,566,600	$4,498,101	$4,498,101	$4,565,572	$4,634,056
Contract Revenue	699,900	740,940	785,396	832,500	882,471
Charter Revenue	194,000	199,820	211,809	224,518	237,989
Bus Card Advertising Revenue	14,000	15,000	16,000	17,000	18,000
Total Operating Revenue	$5,474,500	$5,453,861	$5,511,306	$5,639,590	$5,772,516
Equipment Maintenance & Garage Expense	$ 796,757	$ 844,562	$ 895,236	$ 948,950	$1,005,887
Transportation Expense	3,541,966	3,754,484	3,979,753	4,218,538	4,471,650
Station Expense	39,870	42,262	44,798	47,486	50,335
Traffic Solicitation & Advertising Expense	71,438	75,724	80,267	85,083	90,188
Insurance and Safety Expense	229,853	243,644	258,263	273,759	290,185
Administrative and General Expense	941,316	997,795	1,057,663	1,121,123	1,188,390
Operating Taxes and Licenses	223,497	236,900	251,114	266,180	282,150
Operating Rents	107,704	114,166	121,016	128,277	135,974
Total Operating Expense	$5,952,401	$6,309,537	$6,688,110	$7,089,396	$7,514,759
Net Income - (Loss)	($ 477,901)	($ 855,676)	($1,176,804)	($1,449,786)	($1,742,243)
Miles	5,414,400	5,414,400	5,414,400	5,414,400	5,414,400
Cost Per Mile	$ 1.099	$ 1.165	$ 1.235	$ 1.309	$ 1.387

EXHIBIT VII-A

ADDITIONAL DATA RELATED TO EXHIBIT VII
WV&M COACH CO.
(5) Year Revenue & Expense Projections

1st Year

a. Passenger revenue has been decreased 3% based on most recent trend and adjusted for aggressive marketing, new image, etc.

b. Contract revenue has been retained as a constant for the first year.

c. Charter service has been retained as a constant since it is currently a profitable operation.

d. Bus Card Advertising Revenue is constant during this year.

e. Special 1st year adjustments to expenses -

Summary by Expense Grouping

(1)	Equipment Maintenance & Garage Expense	$ 90,300
(2)	Transportation Expense	-0-
(3)	Station Expense	9,700
(4)	Traffic, Solicitation & Advertising Expense	13,500
(5)	Insurance and Safety Expense	14,090
(6)	Administrative and General Expense	175,871
(7)	Depreciation Expense	(387,648)
(8)	Operating Taxes and Licenses	(84,716)
(9)	Operating Rents	500
(10)	Income Deductions	(208,372)
	Total 1st Year - Special Adjustments	($376,775)

F. Basic change in expenses was generally 6% in labor areas and 2.5% for goods and services.

EXHIBIT VII-B

ADDITIONAL DATA RELATED TO EXHIBIT VII
WV&M COACH CO.
(5) Year Revenue & Expense Projections

2nd Year

a. Passenger revenue decreased 1.5% - assuming the arrest of 50% of current trend.
b. Contract revenue has been increased 6% to keep pace with costs.
c. Charter Revenue has been increased 3% over 1st year.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

3rd Year

a. Passenger revenue projected on an even basis - assuming complete arrest of current 3% decline.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

4th Year

a. Passenger revenue projected at a 1.5% increase - assuming a turn around in the current trend.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

5th Year

a. Passenger revenue projected at a 1.5% increase - assuming a turn around in the current trend.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

EXHIBIT VIII

ALEXANDRIA, BARCROFT AND WASHINGTON TRANSIT COMPANY
(5) Year Projections of Operations
(Taxes Included)

	1st Year	2nd Year	3rd Year*	4th Year*	5th Year*	Public 1st Year	Public 2nd Year
Passenger Revenue	$7,738,600	$8,048,100	$8,209,100	$8,373,300	$8,540,800	$7,738,600	$7,851,700
Special Bus Revenue	617,000	617,000	617,000	617,000	617,000	617,000	617,000
Baggage & Newspaper Revenue	300	300	300	300	300	300	300
Misc. Station Revenue	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Other Operating Revenue	29,100	29,100	29,100	29,100	29,100	29,100	29,100
Total Operating Revenue	$8,387,000	$8,696,500	$8,587,500	$9,021,700	$,189,200	$8,387,000	$8,500,100
Equipment Maint. & Garage Expense	$1,577,700	$1,671,600	$1,771,900	$1,878,200	$1,990,900	$1,577,700	$1,671,600
Transportation Expense	4,594,100	4,869,700	5,161,900	5,471,600	5,799,900	4,594,100	4,869,700
Station Expense	85,000	90,100	95,500	101,200	107,300	85,000	90,100
Traffic Solicitation & Adv. Expense	179,900	190,700	202,100	214,300	227,200	179,900	190,700
Insurance & Safety Expense	293,600	311,200	329,900	349,700	370,700	293,600	311,200
Administrative & General Expense	812,400	861,400	913,100	967,900	1,026,000	812,400	861,400
Operating Taxes & Licenses	445,000	471,700	500,000	530,000	561,800	445,000	471,700
Operating Rents	186,900	194,300	202,100	210,200	218,600	186,900	194,300
Depreciation	432,400	432,400					
Management Fee			150,000	160,000	170,000	150,000	160,000
Total Operating Expenses	$8,607,000	$9,093,100	$9,326,500	$9,882,100	$10,472,400	$8,324,600	$8,820,700
Net Income - (Loss)	$ (220,000)	$ (396,600)	$ (469,000)	$ (860,400)	$ (1,283,200)	$ (62,400)	$ (320,600)
Cost Per Mile	$ 1.126	$ 1.190	$ 1.220	$ 1.293	$ 1.371	$ 1.089	$ 1.154

* Under Public Operation

Mileage - 7,640,000

EXHIBIT VIII-A

ALEXANDRIA, BARDROFT AND WASHINGTON TRANSIT COMPANY
(5) Year Revenue Expense Projections

1st Year (Private Operation)

a. Passenger revenue based on the established daily base of $27,465 for non-school days and $29,173 for school days; $6,555 for Saturdays and $2,707 for Sundays adjusted to the annual calendar.

b. All other revenues projected as remaining constant for the year.

c. Special adjustments have been made in each expense account and labor and material costs have been adjusted to meet expected increases.

2nd Year (Private Operation)

a. Passenger revenue has been increased by 4% due to an expected fare increase.

b. All other revenue has been retained constant.

c. Operating costs have been increased by 6%, except rents at 4% and depreciation was retained constant.

3rd Year (Public Operation)

a. Passenger revenue has been increased by 2% due to better acceptance and coordination.

b. All other revenue has been retained constant.

c. All operating costs were increased 6%, except rents at 4%. Taxes are included. Depreciation was excluded and a management fee was included.

4th Year (Public Operation)

a. Passenger revenue has been increased by 2%.

b. All other revenue has been retained constant.

c. All operating costs were increased by 6% except rents at 4%. Taxes included.

5th Year (Public Operation)

a. Passenger revenue has been increased by 2%.

b. All other operating revenue has been retained constant.

c. All operating costs except rents have been increased 6%. Taxes included.

EXHIBIT VIII-B

ALEXANDRIA, BARCROFT AND WASHINGTON TRANSIT COMPANY
(5) Year Revenue Expense Projections

<u>1st Year</u> (Public Operation)

a. Revenue same as 1st year - private operation.

b. Saving of $432,400 in Depreciation Account.

c. Management fee added.

d. All other expenses same as first year - private operation.

<u>2nd Year</u> (Public Operation)

a. Passenger Revenue increased 2% due to better coordination and marketing.

b. All expenses same as second year private operation except no depreciation, but management fee added.

EXHIBIT VIII-B

ADDITIONAL DATA RELATED TO EXHIBIT I
WV&M COACH CO.
(5) Year Revenue & Expense Projections

2nd Year

a. Passenger revenue decreased 1.5% - assuming the arrest of 50% of current trend.
b. Contract revenue has been increased 6% to keep pace with costs.
c. Charter Revenue has been increased 3% over 1st year.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

3rd Year

a. Passenger revenue projected on an even basis - assuming complete arrest of current 3% decline.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

4th Year

a. Passenger revenue projected at a 1.5% increase - assuming a turn around in the current trend.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

5th Year

a. Passenger revenue projected at a 1.5% increase - assuming a turn around in the current trend.
b. Contract revenue has been increased at a rate of 6% to keep pace with costs.
c. Charter revenue has also been at a 6% rate based on a more aggressive sales program.
d. Bus Card Advertising Revenue has been increased $1,000 for the year.
e. Expenses are projected at a 6% increase. Taxes included.

EXHIBIT IX

SHIRLEY HIGHWAY PROJECTION - REVISED

	1975	1976	1977
REVENUE PER/MILE	1.126	1.182	1.241
COSTS PER/MILE	1.220	1.293	1.371
OPERATING DEFICIT PER/MILE	.094	.111	.130
ANNUAL MILES	2,529,000	2,529,000	2,529,000
ANNUAL DEFICIT	237,726	280,719	328,770
OTHER OPERATING COSTS	134,350	134,350	134,350
ANNUAL TOTAL COSTS	$372,076	$415,069	$463,120

EXHIBIT X

PLAN I - REVISED
NORTHERN VIRGINIA TRANSPORTATION COMMISSION
(5) Year Financial Program
(Including Taxes)

YEAR	I	II	III	IV	V	
BALANCE FORWARDED	$	$ 140,400	$1,037,600	$ 149,900	$ 194,900	$
FUNDS FROM STATE OF VIRGINIA	$1,250,000	$1,250,000	$2,500,000	$2,500,000	$2,500,000	10,000,000
STATE HIGHWAY FUNDS	1,100,000	900,000	2,300,000	600,000	1,100,000	6,000,000
TOTAL FUNDS AVAILABLE	$2,350,000	$2,290,400	$5,837,600	$3,249,900	$3,794,900	$16,000,000
NET OPERATIONS (Deficit)						
Senior Citizens Plan	$ (45,000)	$ (45,000)	$ (45,000)	$ (45,000)	$ (45,000)	$(225,000)
W.V.&M. Coach Company	(477,900)	(855,700)	(1,176,800)	(1,449,800)	(1,742,200)	(5,702,400)
Shirley Highway Project			(372,100)	(415,100)	(463,100)	(1,250,300)
A.B.&W. Transit Company			(469,000)	(860,400)	(1,283,200)	(2,612,600)
TOTAL OPERATION DEFICIT	$ (522,900)	$ (900,700)	$(2,062,900)	$(2,770,300)	$(3,533,500)	$(9,790,300)
BALANCE AVAILABLE FOR CAPITAL IMPROVEMENT PROGRAM	$1,827,100	$1,389,700	$3,774,700	$ 479,600	$ 261,400	
CAPITAL IMPROVEMENT (Local Share)						
Bus Purchases	308,700	255,800		236,200		
Fare Boxes & Equipment Money	65,000		5,000			
Bus Shelters	10,000	10,000	10,000	10,000		
Bus Refurbishment	33,000		61,000			
Operational Equipment	50,000					
TOTAL CAPITAL EQUIPMENT COSTS	$ 466,700	$ 265,800	$ 76,000	$ 247,200		$1,055,700
BALANCE AVAILABLE	$1,360,400	$1,123,900	$3,698,700	$ 232,400	$ 261,400	
COMPANY ACQUISITIONS						
W.V.&M. Coach Company	$1,220,000					
A.B.&W. Transit Company			$2,400,000			
Shirley Project Take-Over			$1,025,000			
SERVICE IMPROVEMENT		86,300	123,800	37,500		
TOTAL PURCHASES & SERVICE COSTS	$1,220,000	$ 86,300	$3,548,800	$ 37,500		$ 4,892,600
BALANCE END OF YEAR	$ 140,400	$1,037,600	$ 149,900	$ 194,900	$ 261,400	15,738,600 261,400 $16,000,000

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EXHIBIT XI

		START-UP OPERATING FUND	WV&M	AB&W	SHIRLEY
4th Quarter	1972	$ 500,000	$ 125,000	$	$
1st Quarter	1973		282,800		
2nd Quarter	1973		47,100		
3rd Quarter	1973		47,100		
4th Quarter	1973		94,300		
TOTALS	1973		$ 471,300		
1st Quarter	1974		507,600		
2nd Quarter	1974		84,600		
3rd Quarter	1974		84,600		
4th Quarter	1974		169,200		
TOTALS	1974		$ 846,000		
1st Quarter	1975		698,300	177,700	192,900
2nd Quarter	1975		116,400	29,600	32,200
3rd Quarter	1975		116,400	29,600	32,200
4th Quarter	1975		232,800	59,200	64,200
TOTALS	1975		$1,163,900	$ 296,100	$321,500
1st Quarter	1976		860,100	406,900	223,300
2nd Quarter	1976		143,300	67,800	37,200
3rd Quarter	1976		143,300	67,800	37,200
4th Quarter	1976		286,700	135,600	74,400
TOTALS	1976		$1,433,400	$ 678,100	$372,100
1st Quarter	1977		1,033,300	653,300	249,000
2nd Quarter	1977		172,200	108,900	24,900
3rd Quarter	1977		172,200	108,900	24,900
4th Quarter	1977		344,500	217,800	116,200
TOTALS	1977		$1,722,200	$1,088,900	$415,000
TOTALS 5-YEARS		$ 500,000	$5,761,800	$2,063,100	$1,108,600

ERN VIRGINIA TRANSPORTATION COMMISSION
ED FINANCIAL PLAN - (Excluding Taxes)
(Senior Citizen Plan Included)

TOTAL OPERATING Requirements	COMPANY Purchases	CAPITAL GRANT	TOTAL CAPITAL Requirements	SERVICE Improvement	TOTAL Requirements
$ 625,000	$1,220,000	$ 466,700	$1,686,700	$	$ 2,311,700
282,800					282,800
47,100					47,100
47,100					47,100
94,300					94,300
$ 471,300					$ 471,300
507,600		265,800	265,800	21,600	795,000
84,600				21,600	106,200
84,600				21,600	106,200
169,200				21,500	190,700
$ 846,000		$ 265,800	$ 265,800	$ 86,300	$ 1,198,100
1,068,900	3,425,000	76,000	3,501,000	30,900	4,600,800
178,200				30,900	209,100
178,200				31,000	209,200
356,200				31,000	387,200
$1,781,500	$3,425,000	$ 76,000	$3,501,000	$ 123,800	$5,406,300
1,490,300		247,200	247,200	9,400	1,746,900
248,300				9,400	257,700
248,300				9,300	257,600
496,700				9,400	506,100
$2,483,600		$ 247,200	$ 247,200	$ 37,500	$2,768,300
1,935,600					1,935,600
306,000					306,000
306,000					306,000
678,500					678,500
$3,226,100					$3,226,100
$9,433,500	$4,645,000	$1,055,700	$5,700,700	$ 247,600	$15,381,800

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EXHIBIT XII

	START-UP OPERATING FUND	WV&M	AB&W	SHIRLEY	(Re
4th Quarter 1972	$ 500,000	$ 125,000	$	$	$
1st Quarter 1973		313,700			
2nd Quarter 1973		52,300			
3rd Quarter 1973		52,300			
4th Quarter 1973		104,600			
TOTALS 1973		$ 522,900			$
1st Quarter 1974		540,400			
2nd Quarter 1974		90,100			
3rd Quarter 1974		90,100			
4th Quarter 1974		180,100			
TOTALS 1974		$ 900,700			$
1st Quarter 1975		733,100	281,400	223,300	1
2nd Quarter 1975		122,200	46,900	37,200	
3rd Quarter 1975		122,200	46,900	37,200	
4th Quarter 1975		244,300	93,800	74,400	
TOTALS 1975		$1,221,800	$ 469,000	$ 372,100	$2
1st Quarter 1976		896,900	516,200	249,100	1,
2nd Quarter 1976		151,000	86,000	41,500	
3rd Quarter 1976		151,000	86,000	41,500	
4th Quarter 1976		295,900	172,200	83,000	
TOTALS 1976		$1,494,800	$ 860,400	$ 415,100	$2,
1st Quarter 1977		1,072,300	769,900	277,900	2,
2nd Quarter 1977		178,700	128,300	46,300	
3rd Quarter 1977		178,700	128,300	46,300	
4th Quarter 1977		357,500	256,700	92,600	
TOTALS 1977		$1,787,200	$1,283,200	$ 463,100	$3,
TOTALS 5-YEARS	$ 500,000	$6,052,400	$2,612,600	$1,250,300	$10,

RN VIRGINIA TRANSPORTATION COMMISSION
) FINANCIAL PLAN - (Including Taxes)
(Senior Citizen Plan Included)

TOTAL OPERATING equirements	COMPANY Purchases	CAPITAL GRANT	TOTAL CAPITAL Requirements	SERVICE Improvement	TOTAL Requirements
625,000	$1,220,000	$ 466,700	$1,686,700	$	$2,311,700
313,700					313,700
52,300					52,300
52,300					52,300
104,600					104,600
522,900					$ 522,900
540,400		265,800	265,800	21,600	827,800
90,100				21,600	111,700
90,100				21,600	111,700
180,100				21,500	201,600
900,700		$ 265,800	$ 265,800	$ 86,300	$1,252,800
,237,800	3,425,000	76,000	3,501,000	30,900	4,769,700
206,300				30,900	237,200
206,300				31,000	237,300
412,500				31,000	443,500
062,900	$3,425,000	$ 76,000	$3,501,000	$ 123,800	$5,687,700
,662,200		247,200		9,400	1,918,800
278,500				9,400	287,900
278,500				9,300	287,800
551,100				9,400	560,500
770,300		$ 247,200	$ 247,200	$ 37,500	$3,055,000
120,100					2,120,100
353,300					353,300
353,300					353,300
706,800					706,800
533,500					$3,533,500
415,300	$4,645,000	$1,055,700	$5,700,700	$ 247,600	$16,363,600

EXHIBIT XIII

SENIOR CITIZEN REDUCED FARE ANALYSIS FOR W.V.&M. COACH COMPANY

SENIOR CITIZEN PASSENGERS	PRESENT FARE	FARE REDUCTION	RIDER INCREASE	RESTATED PASSENGERS	REDUCED FARE	REVENUE @REDUCED FARE	ANNUAL LOSS	INSURANCE COST	TOTAL COST
153,709	58.428¢	60%	15.00%	176,765	23.37¢	$41,309	$48,500	$ 2,500	$51,000
153,709	58.428	50%	12.5%	172,923	29.214¢	50,517	39,292	2,068	41,360
153,709	58.428	40%	10%	169,080	35.06¢	59,279	30,530	1,650	32,180
153,709	58.428	30%	7.5%	165,237	40.90¢	67,582	22,227	1,238	23,465

I & D INSURANCE Based on $16,500 X Rider Increase.