EXHIBIT NO. 1

City Clerk
PF
7:15 p.m. - 2/25/03

ALEXANDRIA TRANSIT COMPANY

February 10. 2003

NOTICE OF ANNUAL MEETING

The Annual Meeting of the stockholders will be held at City Hall, at 7:15 P.M., February 25, 2003, for the following purposes:

1. Election of members of the Board of Directors.
2. Selection of an independent outside auditor.
3. Such other business as may come before the meeting.

MEMORANDUM for the Hon. Mayor and Members of City Council.

There are 7 members of the Board of Directors, who are elected for one-year terms. The present members are:

	Director since
Paul Abramson	1992
Ludwig P. Gaines	2000
William B. Hurd	1984
Karen Leibach	1985
C. Peter Schumaier	1984
Philip G. Sunderland	2000
Sandra Wiener	2001

OUTSIDE AUDITOR

By agreement with the City of Alexandria, ATC accounts are maintained by the City's Department of Finance and are audited as a part of the City's annual audit. If the City's outside auditor is also ATC's outside auditor, the ATC audit can be done without duplication of effort or cost.

It is therefore recommended that KP&G be designated as ATC's outside auditor for fiscal year 2004.

2004 TRANSIT DEVELOPMENT PROGRAM

There is enclosed for your information, ATC's 2004 Transit Development Program, which was adopted after a public hearing, at which no one appeared, on January 15, 2003.

W. B. Hurd
Chairman

Encl: 2004TDP

116 SOUTH QUAKER LN. ALEXANDRIA, VA 22314 (703) 370-DASH

ALEXANDRIA TRANSIT COMPANY

2004 TRANSIT DEVELOPMENT PROGRAM

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INTRODUCTION

This is the seventeenth Transit Development Program prepared by the Alexandria Transit Company since revenue service began on March 11, 1984. PART II was adopted by the Board of Directors on JAN 15 2003.

PART I, ALEXANDRIA TRANSIT COMPANY, is a description of the DASH system as of December 31, 2002. It has two purposes:

- It is a reference document for those who want information about the Alexandria Transit Company and the services it provides.
- It is a repository of historical and statistical data about the transit system.

PART II, 2004 TRANSIT DEVELOPMENT PROGRAM, is the program for the fiscal year beginning July 1, 2003, and includes the fiscal year 2004 operating and capital budgets.

PART III, FINANCIAL PROJECTIONS BEYOND 2004, is an initial effort to look beyond fiscal year 2004. This view is necessarily both general and tentative.

PART IV, FARE AND SERVICE OPTIONS, presents a summary of fare alternatives and possible future service extensions.

This Transit Development Program has been prepared in accordance with following procedures, adopted by the Board of Directors to guide preparation of the Alexandria Transit Company's annual program and budgets.

TRANSIT DEVELOPMENT PROGRAM

The General Manager shall prepare and submit to the Board of Directors in January of each year a Transit Development Program for the fiscal year beginning on the following first day of July.

The Transit Development Program serves both as a means of presenting the General Manager's recommendations with regard to the annual program to the Board of Directors and as a means of documenting the annual program approved by the Board of Directors.

Prior to its adoption by the Board of Directors, its purpose is to present, explain, and justify the recommendations of the General Manager concerning:

- Changes in service to be made during the ensuing fiscal year and in the following two years.
- The marketing and community relations program, planning work program, and other management programs to be carried out during the ensuing fiscal year. These programs will be presented from a zero base and for the ensuing fiscal year only.

- The operating budget for the ensuing fiscal year and projections of revenues and operating expenses for the following two years.

- The capital budget for the ensuing fiscal year and for the following two years.

The Transit Development Program is presented to the Board of Directors in a form suitable for adoption, with or without amendments, by the Board. The programs and budgets contained herein are to be related fully to the objectives and policies of the Alexandria Transit Company. The proposals, explanations, and justifications must be sufficient to provide a basis for:

- Consideration and action by the Board of Directors.

- Review by the City of Alexandria of the Company's request for financial assistance.

Although the degree of specificity required for the two years after the first fiscal year is less than that required for the first fiscal year, the proposals and data for those years should reflect as accurately as possible the long range objectives and projections upon which the future plans for the transit system are based.

Upon adoption, as it may be amended, by the Board of Directors this document becomes the Alexandria Transit Company's 2004 Transit Development Program. The adopted program has four purposes:

- It authorizes the General Manager to carry out the approved program in accordance with the approved operating and capital budgets.

- It provides a factual basis against which the General Manager can report to the Board of Directors.

- It provides a factual basis against which the Board of Directors can evaluate system performance and financial status.

- It provides the basic data for the preparation of requests for financial assistance.

DETERMINATION OF THE OPERATING RATIO[1]

At its October meeting each year, the Board of Directors shall, in consultation with the General Manager, determine the tentative operating ratio for the next fiscal year.

This determination will be based on a general overview of the levels of service to be operated, changes in costs and price levels, and the probable availability of operating assistance.

[1] Operating Ratio, as the term is used here, is the percentage of operating costs that is met from farebox and other revenue, exclusive of operating assistance funds.

The purpose of the determination made at this time is to provide guidance to the General Manager in the preparation of the Transit Development Program. The final determination is made when the Transit Development Program is adopted.

REVISION OF THE TRANSIT DEVELOPMENT PROGRAM

In the event that the City Manager or City Council changes the operating or capital assistance fund requests contained in the adopted Transit Development Program, the Board of Directors, in consultation with the General Manager, shall consider such revisions as it deems necessary in the Transit Development Program.

AMENDMENT OF THE TRANSIT DEVELOPMENT PROGRAM

Changes in the adopted Transit Development Program, including transfers between budget line items, require formal adoption of an amendment to the program by the Board of Directors.

Proposed changes shall be submitted to the Board of Directors in the form of a resolution referring specifically to the item being amended.

This section does not restrict the authority of the General Manager to take action in an emergency, in which case Board confirmation should be obtained at the next Board of Directors' meeting, or to make routine minor changes in service.

PART I

ALEXANDRIA TRANSIT COMPANY

The Alexandria Transit Company operates transit services within portions of the City of Alexandria and between the City and the Pentagon Metro Station. Its purpose is to supplement the regional rail and bus service provided by the Washington Metropolitan Area Transit Authority and to provide a local bus service that is:

- Designed to support specific community objectives.
- Safe, reliable, convenient, comfortable, and courteous.
- Efficient in the use of resources, whatever their source.

Among the community objectives that the system is designed to support are these:

- Improved internal circulation within the City.
- Improved access to Metrorail stations.
- Development of the City's major growth areas.
- Relief of traffic-congested corridors and the avoidance of alternative expenditures for highway and parking facilities.
- A decrease in the amounts paid by the City for Metrobus service.

Service is provided daily over seven routes:

AT2 Braddock Road Metro Station – Van Dorn Metro Station, with weekday peak-period and Sunday service to the Eisenhower Metro Station, and midday and weekend service into Landmark Mall.

AT3 Old Town - Parkfairfax, via Russell Road, with a peak-period extension to the Pentagon Metro Station on weekdays.

AT4 Hunting Towers - Parkfairfax, via Cameron Mills Road, with a peak-period extension to the Pentagon Metro Station on weekdays.

AT5 Braddock Road Metro Station – Van Dorn Metro Station, via Bradlee Center, Landmark Mall, and Van Dorn Plaza.

AT6 King Street Metro Station – Northern Virginia Community College, via Bradlee Center, and Park Center.

AT7 Landmark – Lee Center, via Eisenhower Avenue and Old Town.

AT8 Old Town - Van Dorn Metro Station, via Duke Street.

The AT3 and AT4 routes are combined into a loop route that provides weekday midday, weekday evening, Saturday, and Sunday service on these routes. Headways and vehicle requirements by route are given in Table 1.

The current fare structure was effective June 20, 1999.

Base fare	$1.00
Pentagon supplemental fare	25¢
Children under 5 accompanied by an adult	Free
Transfers	Free

A transfer is good for unlimited trips on any ATC routes in any direction, including return trips, for a period of four hours after the initial fare is paid.

In accordance with the regional fare plan of June 20, 1999, ATC participates in the issuance and acceptance of regional transfers and day passes. ATC accepts regional transfers issued by other systems in payment of base fare. Other transit systems accept regional transfers issued by ATC for the value indicated on the front of the transfer. ATC also honors Metro Flash Passes; Metrobus tickets and tokens are accepted and redeemed by ATC at face value. Virginia Railway Express (VRE) tickets are accepted by ATC, which is reimbursed by VRE at the base fare rate.

ATC initiated a flash pass program on March 1, 1988. The latest version of the DASH PASS is valid for unlimited trips on ATC routes during the month for which it is issued. The DASH PASS can be purchased for $25.00 each month. The pass can be bought at nine SunTrust Bank branch locations in Alexandria, various retail and business sales outlets, City Hall, the internet at commuterpage.com, or by mail directly from ATC.

Commemorative tokens, valid for the payment of a base fare, are available at the Alexandria Convention and Visitor's Bureau and at participating downtown hotels as a part of ATC's Tourist Information Program and Services "TIPS" program to encourage the use of DASH services by visitors to the city.

The fare structure and the extent to which use is being made of each of its elements is shown in Table 2.

DASH service is operated with 14 41-passenger Orion buses received during 1991, 10 37-passenger Gillig buses received in June 1996, 10 37-passenger Gillig buses received in August 1998, 5 37-passenger Gillig buses received in July 1999, and 10 37-passenger Orion buses received in December 2000. Administrative, transportation, and maintenance facilities at 116 South Quaker Lane are rented from the City of Alexandria.

Capital funds and the difference between gross transit revenues and operating costs are provided by the City of Alexandria. Financial data and budget estimates are contained in Part II of this Transit Development Program.

Charter and Contract Service. The Alexandria Transit Company operates incidental charter and contract services within the City of Alexandria. Authority to operate charter service between Alexandria and the District of Columbia was granted by the Washington Metropolitan Area Transit Commission on April 3, 1985 (WMATC Certificate No. 119). In May 1991 WMATC extended ATC's charter authority to operate between Alexandria and points in Maryland that are within the Washington Metropolitan area.

Service for Disabled Persons. The DASH bus fleet is currently 100% wheelchair accessible. The City of Alexandria supplements DASH service with a paratransit service (known as DOT) that provides additional access for disabled persons in the DASH service area and, in addition, provides service for disabled persons on a citywide basis. DOT service is provided by a taxicab operator and private paratransit provider under contract with the City and is administered by the City's Office of Transit Services and Programs.

BACKGROUND

For some time people in Alexandria talked about a locally-managed transit system that might better serve the needs of the community than could Metrobus, which was oriented to radial movements in and out of the District of Columbia and which, with the opening of the rail line through Alexandria, would have to concentrate on service to Metrorail stations.

The first step in anticipation of the opening of the Metrorail stations and the consequent reordering of Metrobus service was taken in 1981, when City Council engaged System Design Concepts, a consulting firm better known as SYDEC, to study the feasibility of a city-sponsored bus system. SYDEC made its report in September 1982. In summary, SYDEC recommended a five-route system, using 18 buses, and charging a fare comparable to that of Metrobus--averaging 85¢ a trip.

City Council was in general agreement with the SYDEC proposals and the next step, taken in January 1983, was the employment of a transit management firm that would test the feasibility of the SYDEC proposal, prepare bus procurement specifications, develop a detailed plan for local bus operations, and then manage the transit system on a continuing basis. After a competitive evaluation of proposals from three established transit management firms, the ATE Management and Service Company was selected for these assignments.

ATE delivered its evaluation of the SYDEC recommendations in April 1983. The report recommended elimination of one of the five routes--one between the Eisenhower Avenue and Pentagon Metro stations--and came up with substantially lower projections of both ridership and average fare than had SYDEC. This plan was adopted by City Council in the summer of 1983.

City Council then addressed the question of organizational placement. Originally, both SYDEC and the city administration had thought along the lines of (1) a conventional city department, reporting to the City Manager, or (2) a contract supplier, under a contract administered by the City Manager. In the fall of 1982, however, members of City Council learned of an arrangement for the operation of local transit services, involving the establishment under general law of a non-profit public service corporation that would be wholly-owned by the City, which had been used successfully in Richmond, Lynchburg, and Roanoke since 1973 and 1974.

This arrangement provided a means by which:

- The transit system could be run as a business-type enterprise.
- City Council could retain overall policy control yet be free from the day-to-day problems and operating decisions that are involved in the operation of a transit system.

To carry out this plan, City Council on October 23, 1983, set up a Transitional Task Force and, on January 24, 1984, instructed the City Attorney to proceed with the incorporation of a non-profit company. The certificate of incorporation was issued by the State Corporation Commission on January 31, and the organizational meeting of the company was held February 6.

In the meantime, early in January, the General Manager employed by ATE Management and Service Company (ATE Management and Service Company was purchased in 1999 by British-owned FirstGroup, plc and renamed First Transit, Inc., a subsidiary of FirstGroup America, Inc.) reported for duty and final preparations began for the opening of revenue service on March 11, 1984.

ATC has received the American Public Transportation Association's 2000 and 2001 Silver Safety Award, Category 1 (one to four million annual passengers) 1999 Gold Safety Award, and the 1998 Silver Safety Achievement Award, as well as APTA's 1987 Outstanding Achievement Award, Category A (under 50 buses). ATC has also received the Virginia Department of Rail and Public Transportation's Outstanding Urban Public Transportation System Award for both 1993 and 1994 and the 1994 Governor's Transportation Safety Award.

ORGANIZATION

The Alexandria Transit Company is a non-profit corporation organized under chapter 1, title 13.1 of the Code of Virginia (1950), as amended, for the purpose of providing mass transportation services as a public service corporation. The entire capital stock of the corporation--seven shares at a par value of $1.00 a share--is owned by the City of Alexandria.

The Board of Directors is elected annually in February by the City Council, acting in the capacity of sole stockholder. The initial directors named in the Articles of Incorporation were Thomas J. Bulger, Douglas Harman, William B. Hurd, Clifford Rusch, and C. Peter Schumaier.

On February 25, 1984, the by-laws were amended to increase the number of directors from five to seven. Members of the Board of Directors serve without compensation.

The present directors were elected at the annual meeting of the stockholders on March 15, 2000. They are:

Paul R. Abramson
Ludwig Peter Gaines
William B. Hurd
Karen Leibach
C. Peter Schumaier
Philip G. Sunderland
Sandra Wiener

The officers of the corporation are elected by the Board of Directors. The officers currently serving were elected on March 20, 2002.

William B. Hurd, Chairman
C. Peter Schumaier, Vice-Chairman
*Philip G. Sunderland, President
*Rich Baier, Vice-President
Heidi Ashbaugh, Secretary
*Daniel A. Neckel, Treasurer
*David Clark, Assistant Treasurer
*Ignacio B. Pessoa, General Counsel
*Catherine R. Clement, Assistant General Counsel

The individuals designated by an asterisk are officers or employees of the City of Alexandria and serve in the corporate capacities indicated without additional compensation. The secretary is an employee of the management company.

The company owns or controls all of the physical assets of the system, but has no employees.

Operations, under the policy direction of the Board of Directors, are the responsibility of First Transit, Inc, with which the Board has entered into a management agreement. The General Manager, Sandy Modell, is the chief operating officer of the company and the principal staff advisor to the Board on transit matters.

The City, under a series of agreements, furnishes legal and accounting services in support of the system.

EMPLOYMENT

The General Manager and Assistant General Manager are First Transit, Inc. employees. All other persons engaged in the operation of the transit system are employees of Transit Management of Alexandria, Inc., a wholly-owned subsidiary of First Transit, Inc.

Aggregate employment on December 31, 2002, was 112 persons, distributed as follows:

	Full-Time	Part-Time
General Manager	1	
Assistant General Manager	1	
Marketing and Sales Coordinator	1	
Manager, Administrative and Support Services	1	
Administrative Assistant	1	
Accounts Assistant & HR Manager	1	
Transit Planner	1	
Planning Intern	1	
Safety and Loss Control Coordinator	1	
Training Supervisor	1	
Supervisor	4	
Dispatcher	1	3
Schedule Information Clerk	1	2
Bus Operator	63	12
Director of Maintenance	1	
Parts Manager	1	
Maintenance Clerk	1	
Mechanic	9	
Service Worker	4	
	95	17

TABLE 1

ATC HEADWAYS AND VEHICLE REQUIREMENTS

	WEEKDAY PEAK	WEEKDAY OFF-PEAK	NIGHT	SATURDAY	SUNDAY
AT2 Headway	20-25	30	60	60	60
AT3 Headway[1]	20	--	--	--	--
AT4 Headway[1]	20	--	--	--	--
AT3-4 Loop Headway	--	60	60	60	60
AT5 Headway	30	30	60	30	60
AT6 Headway	30	60	60	--	--
AT7 Headway	30	60	60	60	--
AT8 Headway[2]	10-30	20-40	60	60	60
AT2 Bus Requirement	9	6	3	3	3
AT3-4 Bus Requirement	10	1	1	1	1
AT5 Bus Requirement	6	5	2	5	3
AT6 Bus Requirement	2	1	1	--	--
AT7 Bus Requirement	4	2	2	2	--
AT8 Bus Requirement	6	3	2	2	2
Platform Hours			405	219	132
Platform Miles			4308	2037	1224

1. AT3-4 Loop serves these routes during the midday, in the evening, and on weekends.

2. AT8 headways vary due to extra service in the peak flow direction, plus coordination with WMATA's 29K and 29N routes.

TABLE 2

ATC FARE STRUCTURE [1]

FARE	REVENUE	DISTRIBUTION
Base Fare	$1.00	39.5%
Pentagon Fare	$1.25	1.9%
ATC Transfer	Free	13.7%
DASH Pass	$25.00/month	8.4%
Regional Day Pass	$2.50	0.6%
Metrorail-to-Bus Transfer	25¢	11.1%
Regional Bus Transfer	Free	7.7%
Metro Flash Pass	Free	5.9%
Metro Tickets	Face Value	2.5%
Virginia Railway Express	$1.00	2.2%
Contract Trips	--	0.5%
Dash About & Free Ride Promos	Free	5.9%
Average Fare	58¢	

[1] FY 2002 data. A new fare structure was effective June 20, 1999.

TABLE 3

ATC RIDERSHIP BY MONTH

	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989
July		67,577	98,382	109,585	103,254	101,568
August		69,374	94,416	96,196	93,471	107,824
September		64,315	90,356	95,932	96,243	104,263
October		76,355	101,703	104,243	100,027	105,503
November		68,813	90,257	86,616	90,710	102,114
December		67,984	90,629	94,499	96,019	102,459
January		76,516	97,212	90,520	91,001	103,586
February		75,699	94,280	91,585	94,704	99,074
March	30,417	83,176	101,843	102,165	106,737	116,450
April	49,254	90,835	107,581	102,773	98,835	109,068
May	55,179	92,751	104,691	96,474	99,113	119,949
June	61,066	90,010	104,741	104,009	104,356	120,929
TOTAL	195,916	923,405	1,176,091	1,174,597	1,174,470	1,292,787

	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY1995
July	113,003	126,111	132,898	178,278	193,775	204,691
August	122,187	126,880	127,125	163,527	185,628	204,576
September	107,533	109,780	122,049	168,654	177,898	190,219
October	114,420	122,583	133,265	173,426	177,782	187,844
November	105,335	111,070	119,571	152,187	165,199	179,023
December	101,892	102,342	114,628	157,527	167,626	175,025
January	113,062	114,798	123,554	151,961	163,467	169,704
February	106,503	105,600	123,209	147,799	172,534	161,893
March	118,657	113,165	132,646	171,847	202,567	195,892
April	111,554	120,554	133,349	172,547	194,623	178,174
May	120,230	123,883	127,658	169,506	191,400	191,994
June	118,127	128,896	152,339	181,651	203,239	199,231
TOTAL	1,352,503	1,405,662	1,542,291	1,988,910	2,195,738	2,238,266

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001
July	195,756	203,018	212,495	220,591	221,710	224,113
August	201,026	200,613	195,207	198,770	220,331	239,228
September	184,576	184,647	192,661	201,690	208,693	220,469
October	193,544	199,891	204,543	206,337	212,073	230,355
November	171,934	169,609	170,289	180,223	200,736	207,407
December	164,859	170,854	180,539	188,215	193,143	190,615
January	166,181	177,881	178,390	182,612	181,614	208,359
February	183,985	171,043	170,888	185,898	204,124	201,408
March	191,543	184,916	197,213	213,204	228,030	225,642
April	193,589	195,198	194,390	208,860	204,309	216,402
May	195,826	192,403	190,293	203,436	223,461	232,588
June	192,828	191,666	206,579	216,773	223,701	243,834
TOTAL	2,235,647	2,241,739	2,293,493	2,406,609	2,521,925	2,640,420

TABLE 3 (continued)

ATC RIDERSHIP BY MONTH

	FY2002	FY2003
July	249,796	272,824
August	258,638	278,506
September	226,168	259,425
October	245,892	263,601
November	211,788	229,962
December	195,603	224,511
January	210,053	
February	201,587	
March	219,269	
April	232,948	
May	240,635	
June	244,342	
TOTAL	2,739,719	

TABLE 4

OPERATING DATA

	FY1984 (3/11 - 6/30)	FY1985	FY1986	FY1987
RIDERSHIP				
Base Fare Trips[1]	184,656	764,810	967,413	946,968
ATC Dash Pass[2]	0	0	0	0
ATC Transfers	11,260	49,013	61,667	63,090
Metro Transfers	0	44,258	57,043	65,371
Metro Flash Passes	0	42,796	60,947	75,855
Metro Tickets	0	11,014	13,168	14,533
Contract Trips	0	11,514	15,853	8,780
TOTAL[3]	195,916	923,405	1,176,091	1,174,597
SERVICE LEVELS				
Total Miles	191,648	582,941	603,105	588,899
Revenue Miles	166,626	522,705	539,016	536,048
Platform Hours	15,212	46,246	47,052	48,140
Revenue Hours	12,069	37,500	38,764	38,388
OPERATING & FINANCIAL PERFORMANCE				
Average Weekday Passengers	2,228	3,332	4,247	4,251
Average Saturday Passengers	763	1,029	1,283	1,338
Average Sunday Passengers	278	416	537	513
Average Fare	$.55	$.51	$.49	$.58
Operating Ratio	.33	.42	.44	.51
Operating Expenses per Total Mile	$1.69	$1.97	$2.20	$2.32
Operating Expenses per Total Platform Hour	$21.33	$24.87	$28.21	$28.32
Passengers per Revenue Mile	1.2	1.8	2.2	2.2
Passengers per Revenue Hour	16.1	24.6	30.3	30.6
Percent of Missed Trips	.07%	.05%	.02%	.01%
Percent of Trips on Time	87%	91%	90%	93%
Total Miles per Road Call	3,853	4,519	3,548	3,569
Absentee Rate, Operators	2.0%	3.4%	6.5%	4.2%
Absentee Rate, Mechanics	.2%	1.6%	1.7%	2.9%
Accidents-Total	19	42	36	41
Accidents-Preventable	11	23	17	18
Vehicle Accidents	18	36	30	33
Passenger Accidents	1	6	6	8
Vehicle Accidents per 100,000 Miles	9.39	6.18	4.97	5.60
Preventable Accidents per 100,000 Miles	5.74	3.94	2.82	3.06

1 Includes trips for which a Pentagon supplemental fare was paid.

2 Implemented in March 1988.

3 Ridership figures do not include passengers carried on charter trips or on special services provided for Washington's Birthday and the Christmas Walk.

TABLE 4 (continued)

OPERATING DATA

	FY1988	FY1989	FY1990	FY1991
RIDERSHIP				
Base Fare Trips	912,307	938,254	974,773	993,355
ATC Dash Pass	30,567	110,496	112,676	120,517
ATC Transfers	60,376	63,427	76,747	92,027
Metro Transfers	64,175	73,551	82,860	92,820
Metro Flash Passes	78,368	80,294	83,858	87,797
Metro Tickets	19,025	13,715	9,349	16,303
Contract Trips	9,652	13,050	12,240	2,843
TOTAL	1,174,470	1,292,787	1,352,503	1,405,662
SERVICE LEVELS				
Total Miles	595,502	646,482	645,688	652,158
Revenue Miles	538,693	578,905	577,132	589,588
Platform Hours	48,406	53,009	53,020	55,100
Revenue Hours	39,052	42,496	42,400	45,593
OPERATING AND FINANCIAL PERFORMANCE				
Average Weekday Passengers	4,246	4,682	4,896	5,021
Average Saturday Passengers	1,305	1,417	1,510	1,664
Average Sunday Passengers	508	612	660	785
Average Fare	$.58	$.59	$.62	$.60
Operating Ratio	.48	.48	.51	.41
Operating Expenses per Total Mile	$2.45	$2.54	$2.74	$3.20
Operating Expenses per Total Platform Hour	$30.29	$31.00	$33.35	$37.83
Passengers per Revenue Mile	2.2	2.2	2.3	2.4
Passengers per Revenue Hour	30.1	30.4	31.9	30.8
Percent of Missed Trips	.03%	.015%	.03%	.02%
Percent of Trips on Time	93%	91%	89%	92%
Total Miles per Road Call	5,241	4,719	5,664	3,563
Absentee Rate, Operators	4.9%	2.5%	2.3%	2.4%
Absentee Rate, Mechanics	2.8%	1.3%	1.7%	1.2%
Accidents-Total	27	22	26	31
Accidents-Preventable	8	10	8	9
Vehicle Accidents	25	15	20	18
Passenger Accidents	2	7	6	13
Vehicle Accidents per 100,000 Miles	4.18	3.40	3.10	2.76
Preventable Accidents per 100,000 Miles	1.34	.64	.81	1.38

TABLE 4 (continued)

OPERATING DATA

	FY1992	FY1993	FY1994	FY1995
RIDERSHIP				
Base Fare Trips	1,007,442	1,308,091	1,442,146	1,441,051
ATC Dash Pass	131,393	148,151	161,980	179,577
ATC Transfers	134,308	194,367	240,727	249,683
Metro Transfers	119,250	154,554	163,734	174,345
Metro Flash Passes	116,334	146,881	133,101	133,847
Metro Tickets	14,790	26,268	32,349	38,685
Virginia Railway Express[1]	0	0	3,836	17,310
Contract Trips	18,774	10,598	17,865	3,768
TOTAL	1,542,291	1,988,910	2,195,738	2,238,266
SERVICE LEVELS				
Total Miles	841,264	997,517	1,004,638	1,013,775
Revenue Miles	789,712	918,738	947,505	946,946
Platform Hours	71,677	85,052	88,321	88,187
Revenue Hours	62,498	68,028	70,306	70,342
OPERATING AND FINANCIAL PERFORMANCE				
Average Weekday Passengers	5,456	6,890	7,604	7,723
Average Saturday Passengers	1,884	2,890	3,209	3,371
Average Sunday Passengers	911	1,654	1,893	1,976
Average Fare	$.66	$.68	$.67	$.67
Operating Ratio	.42	.49	.48	.45
Operating Expenses per Total Mile	$3.01	$2.90	$3.12	$3.41
Operating Expenses per Total Platform Hour	$35.34	$34.02	$35.55	$39.15
Passengers per Revenue Mile	2.0	2.2	2.3	2.4
Passengers per Revenue Hour	24.7	29.1	31.2	31.8
Percent of Missed Trips	.01%	.01%	.02%	.01%
Percent of Trips on Time	94%	97%	96%	97%
Total Miles per Road Call	3,871	4,463	4,068	4,434
Absentee Rate, Operators	1.8%	1.2%	1.5%	1.1%
Absentee Rate, Mechanics	1.5%	1.3%	1.4%	1.9%
Accidents-Total	42	51	42	38
Accidents-Preventable	10	9	8	6
Vehicle Accidents	26	25	27	22
Passenger Accidents	16	26	15	16
Vehicle Accidents per 100,000 Miles	3.09	2.51	2.69	2.17
Preventable Accidents per 100,000 Miles	1.19	.90	.80	.59

1 VRE to DASH transfer arrangement implemented in April 1994.

TABLE 4 (continued)

OPERATING DATA

	FY1996	FY1997	FY1998	FY1999
RIDERSHIP				
Base Fare Trips	1,426,484	1,373,237	1,406,427	1,444,915
ATC Dash Pass	179,107	194,756	204,740	210,898
ATC Transfers	268,905	280,507	283,386	302,363
Metro Transfers	162,186	179,311	179,882	194,748
Metro Flash Passes	123,685	128,680	137,171	149,191
Metro Tickets	40,788	53,258	55,336	48,752
Virginia Railway Express	31,296	28,586	26,551	42,910
Contract Trips	3,196	3,404	0	12,832
TOTAL	2,235,647	2,241,739	2,293,493	2,406,609
SERVICE LEVELS				
Total Miles	1,033,850	1,049,048	1,081,341	1,136,544
Revenue Miles	949,678	967,510	992,541	1,065,025
Platform Hours	89,327	92,111	96,468	101,288
Revenue Hours	70,567	71,356	74,457	78,410
OPERATING AND FINANCIAL PERFORMANCE				
Average Weekday Passengers	7,815	7,749	7,963	8,354
Average Saturday Passengers	3,351	3,380	3,379	3,568
Average Sunday Passengers	1,842	1,838	1,885	1,893
Average Fare	$.67	$.73	$.74	$.71
Operating Ratio	.43	.46	.41	.39
Operating Expenses per Total Mile	$3.47	$3.47	$3.68	$3.76
Operating Expenses per Total Platform Hour	$40.16	$39.48	$41.26	$42.15
Passengers per Revenue Mile	2.4	2.3	2.3	2.25
Passengers per Revenue Hour	31.6	31.4	30.8	30.57
Percent of Missed Trips	.01%	.01%	.01%	.01%
Percent of Trips on Time	97%	97%	96%	94.6%
Total Miles per Road Call	3,440	2,869	3,591	3,438
Absentee Rate, Operators	1.5%	1.5%	1.5%	1.73%
Absentee Rate, Mechanics	1.9%	1.8%	1.3%	1.41%
Accidents-Total	49	69	42	36
Accidents-Preventable	7	8	8	15
Vehicle Accidents	26	39	29	33
Passenger Accidents	23	30	13	3
Vehicle Accidents per 100,000 Miles	2.51	3.72	2.68	2.90
Preventable Accidents per 100,000 Miles	.68	.76	.74	1.32

TABLE 4 (continued)

OPERATING DATA

	FY2000	FY2001	FY2002
RIDERSHIP			
Base Fare Trips	1,237,077	1,184,674	1,133,565
ATC DASH Pass	186,340	240,563	228,703
ATC Transfers	351,941	369,577	375,328
Metro Tickets & Tokens	40,993	53,984	68,800
Metro Flash Passes	155,523	161,499	162,614
Regional Bus Transfers	176,067	194,820	209,609
Regional Day Pass	24,193	20,667	17,646
Rail-Bus Transfers	259,099	303,248	303,141
VRE Transfer	76,932	52,630	60,651
Contract Trips	13,760	14,160	14,480
Dash About & Free Ride Promos		44,598	162,182
TOTAL	2,521,925	2,640,420	2,736,719
SERVICE LEVELS			
Total Miles	1,188,499	1,194,507	1,215,746
Revenue Miles	1,102,505	1,079,411	1,095,633
Platform Hours	106,913	107,628	116,681
Revenue Hours	82,719	83,662	85,778
OPERATING AND FINANCIAL PERFORMANCE			
Average Weekday Passengers	8,689	9,172	9,313
Average Saturday Passengers	3,811	3,887	4,691
Average Sunday Passengers	2,053	2,168	2,708
Average Fare	$.63	$.61	$.58
Operating Ratio	.35	.33	.30
Operating Expenses per Total Mile	$3.95	$4.19	$4.51
Operating Expenses per Total Platform Hour	$43.98	$46.55	$46.96
Passengers per Revenue Mile	2.3	2.4	2.5
Passengers per Revenue Hour	30.3	31.4	31.7
Percent of Missed Trips	.00%	.01%	.03%
Percent of Trips on Time	92%	92%	92%
Total Miles per Road Call	4,539	4,759	5,427
Absentee Rate, Operators	2.2%	2.2%	2.4%
Absentee Rate, Mechanics	.5%	.8%	.7%
Accidents-Total	47	45	42
Accidents-Preventable	19	17	9
Vehicle Accidents	45	41	36
Passenger Accidents	2	4	6
Vehicle Accidents per 100,000 Miles	3.79	3.43	2.96
Preventable Accidents per 100,000 Miles	1.60	1.42	.74

PART II

2004 TRANSIT DEVELOPMENT PROGRAM

The 2004 Transit Development Program is based on the following assumptions:

- Ridership will increase from the current level of 2.7 million passengers to 3.0 million passengers.
- No change in the existing fare structure. The base fare will remain at $1.00.
- New service improvements for fiscal year 2004:
  1. Improved service levels on the AT 2 route on Saturdays to increase frequency, reduce overcrowding, and improve on-time performance, $56,000.
- ATC and T&ES are exploring opportunities for providing cost savings in the overall cost of transit services through DASH replacement of local service now being provided by WMATA.

The operating and capital budgets for fiscal year 2004 are summarized in the following table:

	FY2002 ACTUAL	FY2003 BUDGET	FY2004 ESTIMATED
Operating Revenues	$1,652,207	$1,825,000	$1,845,000
Operating Expenses	5,479,564	6,627,200	6,891,000
Net Transit Service Cost	3,827,357	4,802,200	5,046,000
Operating Ratio	30.2%	27.5%	26.8%
Capital Outlay Items (City Operating Budget)	35,392	32,000	62,000
City Contribution	3,862,749	4,834,200	5,108,000
(Operating Budget)			
Capital Outlay Items (CIP)	80,960	1,234,010	1,244,000
Total City Contribution	$3,943,709	$6,068,210	$6,352,000

PRINCIPAL CHANGES FROM THE 2003 BUDGET

Operating expenses will increase $263,800 (4.0%) in fiscal year 2004. Personal service costs, which make up 77% of total operating expenses, will increase $239,800 (4.8%).

The increases in operating expenses reflect the following major items:

1. Labor costs will increase $130,800 (3.2%).[1]

   - Annual progression and performance increases for eligible employees, $105,600.
   - Increase in platform hours related to Saturday AT 2 service adjustments, $25,200

2. Fringe benefit costs will increase $109,000 (10.9%).

   - Increase in social security (FICA) payments due to general payroll increases, $10,000.
   - Increase in projected health insurance premium costs of 18.5%, estimated at $80,000.
   - Increase in 401(k) retirement plan costs due to increased employee participation and general payroll increases, $9,000.
   - Increase of $10,000 in sick leave benefit costs due to general payroll increases.

3. Non-personal service items will increase $24,000 (1.5%). The principal changes from the fiscal year 2004 budget are:

   - An increase of $10,000 in fuel costs to reflect higher price projections from 95¢ per gallon to $1.00 per gallon and an increase in service miles.
   - An increase of $5,000 (2.2%) in the professional services line item to reflect the contract price increase in the management services agreement.
   - An increase of $10,000 (4.6%) in repair parts costs to reflect an increase in projected service miles and parts costs.
   - An increase of $4,000 (5.9%) in projected utilities costs to reflect increased natural gas prices.
   - A decrease in the contingency line item of $15,000.

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[1] A cost-of-living adjustment is not included at this time in the 2004 budget. Funds for this purpose will be held in the City's contingency until approval of the City budget, and ATC will conform to City policy with respect to these items. A cost-of-living adjustment would be based on an estimated personal services cost of $4,773,000.

The ATC budget for fiscal year 2004 appears in Table 5 and is followed by a narrative justification of the budget items.

TABLE 5
ALEXANDRIA TRANSIT COMPANY
OPERATING BUDGET
FISCAL YEAR 2004

BUDGET LINE ITEM	ACTUAL FY2002	BUDGET FY2003	ESTIMATED FY2004
OPERATING REVENUE			
Passenger Revenue	$1,582,690	$1,785,000	$1,800,000
Other Revenue	69,517	40,000	45,000
Total Operating Revenues	**$1,652,207**	**$1,825,000**	**$1,845,000**
OPERATING EXPENSES			
Transportation	3,546,733	4,303,052	4,481,800
Equipment Maintenance	1,015,775	1,213,399	1,280,200
Marketing	99,925	127,200	130,000
Insurance & Claims	198,873	240,000	240,000
Administration & General	618,258	703,549	734,000
Contingencies	0	40,000	25,000
Total Operating Expenses	**$5,479,564**	**$6,627,200**	**$6,891,000**
Net Transit Service Costs:			
City of Alexandria	**$3,827,357**	**$4,802,200**	**$5,046,000**
Miles Regular Service	1,095,633	1,260,000	1,334,000
Total Passengers	2,736,719	2,900,000	3,050,000
Operating Ratio	30.2%	27.5%	26.8%
CAPITAL OUTLAY ITEMS			
(City Operating Budget)			
Non-Revenue Vehicles	35,392	14,000	44,000
Maintenance Tools & Equipment	0	10,000	10,000
Computer & Office Equipment	0	8,000	8,000
Radio Equipment	0	0	0
Total Capital Outlay (City Operating Budget)	**$35,392**	**$32,000**	**$62,000**
TOTAL CITY CONTRIBUTION (OPERATING BUDGET)	**$3,862,749**	**$4,834,200**	**$5,108,000**
CAPITAL OUTLAY ITEMS (CIP)			
Facility Improvements	0	10	0 *
Farebox Cashbox Equipment	0	0	0
Revenue Vehicles	0	1,158,000	1,180,000
Radio Equipment	0	14,000	14,000
Spare Power Train	0	50,000	50,000
Curtain Destination Sign Replacement	0	8,000	0
Garage Overhead Door Replacement	0	4,000	0
Replacement Bus Washer	0	0	0
Underground Fuel Storage Tank (10,000 gal)	0	0	0
Wheelchair Lift Replacements	0	0	0
Electronic Destination Sign Retrofit	80,960	0	0
TOTAL CAPITAL OUTLAY (CIP)	**$80,960**	**$1,234,010**	**$1,244,000**
TOTAL CITY CONTRIBUTION	**$3,943,709**	**$6,068,210**	**$6,352,000**

*Nominal amount, pending decision as to new or temporary operating facilities.

BUDGET JUSTIFICATION

OPERATING REVENUES

	ACTUAL FY2002	BUDGET FY2003	ESTIMATED FY2004
Passenger Revenues	$1,582,690	$1,785,000	$1,800,000
Other Revenues	69,517	40,000	45,000
Total Operating Revenues	1,652,207	$1,825,000	$1,845,000

The Passenger Revenues estimate is based on 3,050,000 passengers. This assumes an 11.4% ridership increase from fiscal year 2002 total ridership of 2,736,719 passengers.

Other Revenues includes charter services and possible cash contributions of local businesses toward special promotions.

OPERATING EXPENSES

The operating expense budget is broken down into five broad categories, plus an allowance for contingencies. Each of the categories and its components is discussed below.

TRANSPORTATION

This category covers costs of the Transportation Department, which employs and supervises the system's bus operators. Its costs are directly related to levels of service. For the purpose of this budget estimate, a total of 1,324,000 miles is projected for fiscal year 2004.

Personal Services

FY02 Actual:	$3,178,053	FY03 Budget:	$3,853,052	FY04 Budget:	$4,021,800
				+ 168,748	(4.4%)

This item covers salaries, wages, fringe benefits, FICA, and other personal service costs of the Transportation Department. It provides for the following positions:

	FY2001	FY2002	FY2003	FY2004
Transportation Supervisor	1	1	1	1
Safety Manager	1	1	1	1
Training Supervisor	1	1	1	1
Supervisor-Dispatcher	6	6	6	6
Dispatcher, Full-Time	1	1	1	1
Dispatcher, Part-Time	2	2	2	2
Schedule Information Clerk	2	2	2	2
Bus Operator, Full-Time	55	55	65	67
Bus Operator, Part-Time	12	12	12	12
	81	81	91	93

General changes in personal service costs have been discussed in an earlier section of this budget presentation. Operator wages are based upon platform hours at a pay hour to platform hour ratio of 1.08.

Fuel and Lubricants

FY02 Actual:	$276,023	FY03 Budget:	$353,000	FY04 Budget:	$363,000
				+ $10,000	(2.8%)

This item covers fuel and lubricants for revenue and non-revenue vehicles. The principal component is diesel fuel for the bus fleet, at an average consumption rate of 4.2 miles a gallon. A cost of $1.00 a gallon is estimated for fiscal year 2004.

Operating Materials and Supplies

FY02 Actual:	$92,657	FY03 Budget:	$97,000	FY04 Budget:	$97,000
					No Change

This item covers the recapping and replacement of tires, bus cleaning materials, and other supplies. The principal item is tire recapping and replacement costs are based upon a 4.25¢ per mile factor.

EQUIPMENT MAINTENANCE

This category covers costs of the Maintenance Department, which is responsible for vehicle servicing, preventative maintenance, and repair work. Its costs are related to service levels operated, although the relationship is not as direct as it is in the Transportation Department. The 2004 estimate is based on an annual total of 1,324,000 miles.

Personal Services

FY02 Actual:	$771,088	FY03 Budget:	$909,399	FY04 Budget:	$966,200
				+ $56,801	(6.2%)

This item covers salaries, wages, fringe benefits, FICA, and other personal service costs of the Maintenance Department. It provides for the following positions:

	FY2001	FY2002	FY2003	FY2004
Director of Maintenance	1	1	1	1
Mechanic	8	10	10	10
Parts Manager	1	1	1	1
Maintenance Clerk	1	1	1	1
Service Worker, Full-Time	3	3	3	4
Service Worker, Part-Time	1	1	1	0
	15	17	17	17

General changes in personal service costs were discussed in an earlier section of this budget presentation.

Repair Parts

FY02 Actual:	$183,221	FY03 Budget:	$216,000	FY04 Budget:	$226,000
				+ $10,000	(4.6%)

The cost of repair parts is budgeted at 17¢ per vehicle mile, in line with the industry average.

Vehicle Maintenance Services

FY02 Actual:	$44,037	FY03 Budget:	$70,000	FY04 Budget:	$70,000
					No Change

This item covers the purchase of outside maintenance services for such items as body work, engine and transmission work beyond ATC's in-house capability, and radio repair.

Tools and Equipment

FY02 Actual:	$9,505	FY03 Budget:	$10,000	FY04 Budget:	$10,000
					No Change

This item provides for the purchase and replacement of small shop tools and equipment.

Laundry

FY02 Actual:	$7,924	FY03 Budget:	$8,000	FY04 Budget:	$8,000
					No Change

This item is for shop rags and the rental and cleaning of mechanics' uniforms.

MARKETING

Personal Services

FY02 Actual: $52,183	FY03 Budget: $64,200	FY04 Budget: $67,000 + $2,800 (4.4%)

This item covers the salary, fringe benefits, FICA, and other personal service costs of the Marketing Department. It provides for the following positions:

Marketing & Sales Coordinator 1

ATC's marketing efforts target office and residential complexes and businesses located in new development areas in the City. ATC also assists developments under the City's Transportation Management Plan (TMP) ordinance in their efforts to market transit and provide on-site sales of monthly DASH passes. ATC is targeting marketing efforts in the new residential developments along the Eisenhower corridor, Cameron Station, and Carlyle. ATC's Tourist Information Program and Services (TIPS) continues to promote DASH services to the tourist industry, hotels, and retail establishments. It is anticipated that significant marketing efforts will focus on the promotion of the Dash About service and other economic stimulus programs that may be launched in conjunction with the local hospitality industry. ATC's desktop publishing capabilities provide customized marketing and public information materials for many of these sites. ATC has made inroads in promoting DASH services to area schools as it develops a comprehensive transit education program.

Marketing and Public Information

FY02 Actual: $47,742	FY03 Budget: $63,000	FY04 Budget: $63,000 No Change

This category covers the production and distribution of schedules and other information regarding available DASH services and promotions. Also included in this category are market research, installation and maintenance of bus stop signs, and other activities designed to acquaint potential riders with DASH services and to make those services more convenient to use.

Expenses for marketing and public information include:

- Printing and distribution of DASH timetables. This item also covers the updating and maintenance of schedule information in Ride Guides located at major bus stops throughout the city.....$48,000

- Advertising and special promotions, including the George Washington Birthday Parade, Red Cross Waterfront Festival, and Transit Appreciation Day.....$13,000

- Market research, including periodic passenger surveys and the assembly of data upon the basis of which route and service level decisions can be made by the Board of Directors.....$2,000

INSURANCE AND CLAIMS

FY02 Actual:	$198,873	FY03 Budget:	$240,000	FY04 Budget:	$240,000 No Change

ATC is a member of the Virginia Transit Liability Pool through which it obtains general and automobile liability and bus physical damage coverage.

This item also includes directors' and officers' liability insurance, which is obtained from the State Division of Risk Management.

ADMINISTRATION AND GENERAL

This expense category includes the office of the General Manager and the general and unallocated administrative costs of the transit system.

Personal Services

FY02 Actual:	$168,121	FY03 Budget:	$218,549	FY04 Budget:	$230,000 + $11,451 (5.2%)

This item covers salaries, fringe benefits, FICA, and other personal service costs of the General Manager's office. It provides for the following positions:

Manager, Administrative and Support Services	1
Administrative Assistant	1
Accounting and Benefits Assistant	1
Transit Planner	1
	4

General changes in personal service costs have been discussed in an earlier section of this budget presentation. ATC participates in the Virginia Department of Rail and Public Transportation (VDRPT) intern program when State funding is available.

NOTE: The General Manager's and Assistant General Manager's salaries and benefits are included in the management contract fee.

Contractual Services

FY02 Actual:	$238,052	FY03 Budget:	$263,000	FY04 Budget:	$268,000
				+ $5,000	(1.9%)

This item covers the following contracts and agreements:

- Management contract.....$208,800

- Travel costs, advisory and technical assistance. The management contract provides that, in addition to routine supervisory visits to the property, the management firm will provide advisory and technical assistance in such areas as labor relations, insurance, vehicle specifications, maintenance, and scheduling when needed and authorized by ATC at no additional cost, except for travel. The budget estimate provides for 4 trips at a cost of $800 each.....$3,200

- Pension plan administration and legal assistance. The annual fee for the administration of the Transit Management of Alexandria, Inc. employees' defined contribution retirement plan is estimated to be $4,000. In addition, TMA from time to time requires local legal assistance in handling benefits related and employee relation issues. There is $3,000 budgeted for these services.....$7,000

- Radio system contract. ATC's share of actual costs under the City's Motorola radio system contract.....$14,000

- Banking and Cash Handling Fees. The cost of cash handling fees associated with the transport, sorting, and depositing of ATC farebox revenue.....$35,000

Personnel Recruitment and Training

FY02 Actual:	$35,720	FY03 Budget:	$48,000	FY04 Budget:	$53,000
				+ $5,000	(10.4%)

This item covers:

- Employee relations. This item covers performance incentive awards, the awards dinner, company picnic, and other employee relations costs.....$20,000

- Physical examinations. Employees and applicants who hold CDL licenses are required to pass pre-employment and annual DOT physical examinations and are subject to federally mandated drug and alcohol testing.....$15,000

- Employee training. This item covers the costs of mechanic certification testing, operator training programs, technical courses and seminars, and registration fees at professional meetings.....$18,000

Utilities and Building Maintenance and Services

FY02 Actual:	$140,070	FY03 Budget:	$123,000	FY04 Budget:	$132,000
					+ $9,000 (7.3%)

This item covers the costs of utilities, building maintenance expenses, and janitorial services in the ATC facility.

Travel

FY02 Actual:	$3,435	FY03 Budget:	$6,000	FY04 Budget:	$6,000
					No Change

This item covers the cost of travel to professional meetings, seminars, and technical schools, including the travel of employees attending courses on power train and bus component repair and courses sponsored by the Virginia Department of Rail and Public Transportation, Virginia Transit Liability Pool, and First Transit.

Dues and Subscriptions

FY02 Actual:	$10,178	FY03 Budget:	$12,000	FY04 Budget:	$12,000
					No Change

This item covers the costs of membership in the American Public Transportation Association, the Virginia Transit Association, and the Alexandria Chamber of Commerce and subscriptions to trade journals and local newspapers.

Other Administrative Costs

FY02 Actual:	$22,681	FY03 Budget:	$33,000	FY04 Budget:	$33,000
					No Change

This item covers:

Telecommunications	$15,000
Postage	5,000
Office Supplies	10,000
Duplicating	3,000
	$33,000

CONTINGENCIES

FY02 Actual:	$0	FY03 Budget:	$40,000	FY04 Budget:	$25,000
					- $15,000 (-37.5%)

An allowance of $25,000, or 0.4% of operating expenses, is made for contingencies during fiscal year 2004.

CAPITAL OUTLAY ITEMS

Revenue Vehicles and Related Equipment.....$1,244,000

The purchase of four buses in accordance with the following Bus Replacement Schedule is included in the 2004 Capital Program. The 1991 Orion Bus replacement is being phased in over a four-year period beginning in 2002, so that the capital costs can be spread over a number of years.

BUS REPLACEMENT SCHEDULE

Year	2003	2004	2005	2006	2007	2008
14-1991 Orions	4	4	4			
10-1996 Gilligs				4	3	3

4 Buses	$1,120,000
Auxiliary Equipment:	
Two-way Radios	14,000
Spare Engines and Transmission	50,000
Sub-Total	1,184,000
Contingency (5%)	60,000
Total	1,244,000

Maintenance Equipment and Tools.....$10,000
These items will increase safety or efficiency of ATC's in-house capabilities or replace existing equipment and tools that requires replacement.

Computer and Office Furniture.....$8,000
These items will upgrade existing computer hardware and software, storage units and workstations.

TABLE 6
ALEXANDRIA TRANSIT COMPANY
REVENUE VEHICLE INVENTORY
FISCAL YEAR 2004

Vehicle Number	Year	Make	Mileage as of 12/31/02	Wheelchair Accessible
9020	1991	Orion I - 35'	355797	Yes
9021	1991	Orion I - 35'	344299	Yes
9022	1991	Orion I - 35'	291418	Yes
9023	1991	Orion I - 35'	359103	Yes
9024	1991	Orion I - 35'	364632	Yes
9025	1991	Orion I - 35'	369793	Yes
9026	1991	Orion I - 35'	364584	Yes
9027	1991	Orion I - 35'	380876	Yes
9028	1991	Orion I - 35'	363960	Yes
9029	1991	Orion I - 35'	359458	Yes
9030	1991	Orion I - 35'	345030	Yes
9031	1991	Orion I - 35'	334167	Yes
9032	1991	Orion I - 35'	373658	Yes
9033	1991	Orion I - 35'	367364	Yes
9034	1996	Gillig - 35'	223878	Yes
9035	1996	Gillig - 35'	230261	Yes
9036	1996	Gillig - 35'	222291	Yes
9037	1996	Gillig - 35'	225935	Yes
9038	1996	Gillig - 35'	223261	Yes
9039	1996	Gillig - 35'	226682	Yes
9040	1996	Gillig - 35'	227314	Yes
9041	1996	Gillig - 35'	233598	Yes
9042	1996	Gillig - 35'	234849	Yes
9043	1996	Gillig - 35'	228061	Yes
9044	1998	Gillig - 35'	94621	Yes
9045	1998	Gillig - 35'	132976	Yes
9046	1998	Gillig - 35'	146377	Yes
9047	1998	Gillig - 35'	132070	Yes
9048	1998	Gillig - 35'	136357	Yes
9049	1998	Gillig - 35'	141978	Yes
9050	1998	Gillig - 35'	132267	Yes
9051	1998	Gillig - 35'	143660	Yes
9052	1998	Gillig - 35'	89397	Yes
9053	1998	Gillig - 35'	87593	Yes
9054	1999	Gillig - 35'	122428	Yes
9055	1999	Gillig - 35'	116597	Yes
9056	1999	Gillig - 35'	129532	Yes
9057	1999	Gillig - 35'	122977	Yes
9058	1999	Gillig - 35'	130636	Yes
9059	2000	Orion V – 35'	65939	Yes
9060	2000	Orion V – 35'	68439	Yes
9061	2000	Orion V – 35'	51800	Yes
9062	2000	Orion V – 35'	48358	Yes
9063	2000	Orion V – 35'	60363	Yes
9064	2000	Orion V – 35'	67052	Yes
9065	2000	Orion V – 35'	62478	Yes
9066	2000	Orion V – 35'	65169	Yes
9067	2000	Orion V – 35'	60659	Yes
9068	2000	Orion V – 35'	59575	Yes

Non-Revenue Vehicle Replacement.....$44,000
This item includes the replacement of one supervisory vehicle and one relief car sedan.

ATC uses 12 non-revenue vehicles to support its revenue operations. The vehicles and their uses are listed in the following table.

NON-REVENUE VEHICLES

Vehicle Number	Year	Model	Description	Use	Mileage	Condition	Replace In FY
9114	2003	Impala	4-dr sedan	Admin	220	Excellent	2011
9104	2002	Explorer	4wd-SUV	Supv	4,700	Excellent	2010
9108	2002	Cavalier	4-dr sedan	Rlf/Supv	4,800	Excellent	2010
9105	2000	Cavalier	4-dr sedan	Relief	23,000	Excellent	2008
9111	2000	GMC Sierra	P/U truck	Maint	17,000	Excellent	2008
9106	1999	Cavalier	4-dr sedan	Relief	28,200	Excellent	2007
9102	1998	Cavalier	4-dr sedan	Relief	38,000	Good	2006
9103	1998	Cavalier	4-dr sedan	Relief	37,000	Good	2006
9112	1996	Ford	P/U truck	Maint	6,800	Good	2006
9113	1997	Cavalier	4-dr sedan	Adm/Supv	23,000	Good	2005
9109	1998	Expedition	4wd-SUV	Supv	80,000	Fair	2004
9110	1995	Cavalier	4-dr sedan	Relief	53,400	Fair	2004

ATC's replacement schedule is consistent with the City's policy of retiring sedans after 8 years or 72,000 miles of operation.

NOTE: This budget does not include the capital costs associated with the new DASH operating and maintenance facility.

PART III

FINANCIAL PROJECTIONS BEYOND 2004

OPERATING BUDGET

The operating budget projections for fiscal years 2005 and 2006 are based upon the following assumptions:

- It is anticipated that DASH will initiate service to new development areas and increase frequencies on some current routes to meet passenger demand and improve schedule adherence.
- Operating costs will increase 4% a year.
- Ridership will experience steady growth due to continued residential and employment development within the ATC service area.

TABLE 7

PROJECTED REVENUES AND EXPENSES BEYOND 2004

	FY2005	FY2006
TOTAL PASSENGERS	3,290,000	3,500,000
OPERATING MILES	1,400,000	1,500,000
REVENUE		
Passenger	$1,950,000	$2,150,000
Other	50,000	50,000
	$2,000,000	$2,220,000
OPERATING EXPENSES	$7,167,000	$7,500,000
NET TRANSIT SERVICE COST	$5,167,000	$5,410,000
OPERATING RATIO	27.9%	29.6%

CAPITAL REQUIREMENTS

Vehicle Replacement and Expansion Schedule

Bus vehicle replacement in 2004 and beyond will continue the replacement of the 1991 buses as they near the end of their useful service life. ATC's replacement schedule for its revenue and non-revenue vehicles appears in Part II. Expansion of ATC's bus fleet is discussed in the New Service Section under Part IV.

ATC Facility

As a result of the expansion of DASH service since 1991, ATC is currently operating beyond the limit of its facility capacity. The severe lack of adequate maintenance, parts storage, locker room, and office space will need to be addressed. The current facility will not accommodate any significant service expansion and lacks the space to increase its service lanes and bus washing facilities, fuel storage, work bays, office, and locker room space. Any significant increase in service is possible only if additional facilities are constructed. A new facility would permit expansion of the bus fleet, allowing increased transit service to meet Alexandria's growing transportation demands brought on by the continued development of large residential, retail, and office construction.

In December 2001, the Alexandria City Council gave approval to the purchase of the 9.7 acre CSX parcel that is located adjacent to the current DASH facility. The property acquisition was completed in July 2002. In September 2002, ATC engaged the consulting services of TAMS and Wendel/Durscherer to conduct a needs assessment and facility study to determine the size and scope of the new facility. The capital cost of a new facility is considerable, but additional funding will be sought through the Virginia Department of Rail and Public Transportation (VDRPT) and other sources.

Tools and Equipment

$25,000 will be required in each of fiscal years 2005 and 2006 for the purchase and replacement of major tool and equipment items.

PART IV

FARE AND SERVICE OPTIONS

FARES

The financial projections for fiscal years 2005 and 2006 (see Part III) assume no changes in the fare structure.

SERVICE OPTIONS

DASH ridership continues to increase each year, adding to demands for additional trips to provide more frequent service and reduce crowding on buses. The most heavily used DASH route, the AT2 that operates between Braddock Metro, Old Town, the West End, and the Van Dorn and Eisenhower Metro stations, was enhanced in December 1998 by increasing peak period frequency to 20-25 minutes and by changing midday frequency from hourly to 30 minutes. Growth in Saturday ridership on the AT2 may require increasing frequency from hourly to 30 minutes in the near future.

The second most heavily utilized DASH route is the AT8 operating between Old Town and Van Dorn Metro, via Duke Street. In January 2002, service frequency was increased during the morning and evening peak periods to reduce considerable overcrowding and improve running time problems. Headways were also improved in the midday to meet the increasing ridership demand. Increased traffic congestion on Duke Street has added to the travel time of the buses. With several large residential and commercial developments planned or nearing completion in the Duke Street and Eisenhower corridors, additional demand and travel time will require continued service improvements in the near future.

In addition to the Duke Street corridor, other areas of the City served by DASH are continuing to develop. Additional bus service to increase frequency or extend service hours may be required on other DASH routes over the next several years as travel demand increases.

NEW SERVICE

As part of the Regional Bus Study conducted by the Washington Metropolitan Area Transit Authority, local bus systems are also being studied to determine if they are responding to current demand and to project the future demand through 2020. The Regional Bus Study concludes that DASH is serving the existing market reasonably well, but makes two major service recommendations if DASH is to accommodate future demand.

1. All DASH routes should have a peak period service frequency of 15 minutes. Currently DASH routes have a service frequency between 20-30 minutes. An estimated 27 additional buses would be required to operate the increased service frequencies.

2. The addition of three new bus routes to serve individual pockets of growth, i.e., Carlyle, Potomac Yard, and Cameron Station, and the continuation and expansion of the Dash About Shuttle. An estimated 28 additional buses would be required to operate the three new routes and five additional buses for the Dash About service.

POTOMAC YARD SERVICE

The development of the Potomac Yard area will increase travel demand along Jefferson Davis Highway (Route 1) and to areas within the Yard itself. Bus service from this area to the Braddock Road Metro station will be needed to provide adequate transportation alternatives and minimize traffic impacts. Requests from other areas of Alexandria to Potomac Yard continue to increase, indicating a growing demand for connecting bus service.

CAMERON STATION

This development will increase transportation demand as the residential, school, and other complexes are completed. The existing AT7 and AT8 routes will meet some of this demand, however as development continues it may be necessary to expand service to serve this area effectively.

PATENT AND TRADE OFFICE (PTO) AND CARLYLE

The relocation of the PTO to Alexandria will bring 7,000 new employees into the City daily. Over 50% of PTO employees are expected to use transit to make their work commute. A strong bus and rail network, combining convenience and reliability will be essential to encouraging these employees to use transit and to leave their automobiles at home. This service would likely be part of a new north-south route that operates between Carlyle and Potomac Yard, via Old Town and the new residential area around Slater's Lane.