

## ALEXANDRIA TRANSIT COMPANY

February 1, 2006

NOTICE OF ANNUAL MEETING

The Annual Meeting of the stockholders will be held at City Hall at 6:45 P.M., February 28, 2006, 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

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CITY MANAGER'S OFFICE  
ALEXANDRIA, VA

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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:

Paul Abramson  
William B. Hurd  
Karen Leibach  
C. Peter Schumaier  
Sandra Wiener  
Justin Wilson

By custom, the City Manager serves as a member of the Board. It is recommended that James K. Hartmann be elected as a member of the Board of Directors.

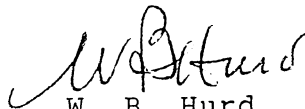
## OUTSIDE AUDITOR

By agreement with the City, ATC accounts are maintained by the 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 auditor, the ATC audit can be done without duplication of effort or cost.

It is therefore recommended that the City's outside auditor, when it is selected, be designated ATC's outside auditor.

## 2007 TRANSIT DEVELOPMENT PROGRAM

There is enclosed for your information the 2007 TRANSIT DEVELOPMENT PROGRAM, which was adopted by the Board of Directors on January 25, 2006, after a public hearing. Several persons opposed the proposed fare increase, mainly because it would probably result in an increase in the fare under the City's DOT program for elderly and handi-capped persons.



W. B. Hurd  
Chairman

Enclosure  
2007 TDP

## INTRODUCTION

This is the eighteenth 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 January 25, 2006.

**PART I, ALEXANDRIA TRANSIT COMPANY**, is a description of the DASH system as of December 31, 2005. 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, 2007 TRANSIT DEVELOPMENT PROGRAM**, is the program for the fiscal year beginning July 1, 2006, and includes the fiscal year 2007 operating and capital budgets.

**PART III, FINANCIAL PROJECTIONS BEYOND 2007**, is an initial effort to look beyond fiscal year 2007. 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.

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 1998, 2000, 2001, and 2002 Silver Safety Award, Category 1 (one to four million annual passengers) 1999 Gold Safety Award, as well as APTA's 1987 Outstanding Achievement Award, Category A (under 50 buses). APTA awarded ATC first place AdWheel Marketing Awards for innovative and creative marketing efforts in 1993, 1996, 2004. ATC has also received the Virginia Department of Rail and Public Transportation's Outstanding Urban Public Transportation System Award for 1993 and 1994, and the 1994 Governor's Transportation Safety Award, the Virginia Transit Association (VTA) Innovative Program Award in 1992, 1993, 1996, 2002, and 2004 and the VTA Outstanding Public Transportation Marketing Award for the Dash About service in 2002. In 2004, a community survey conducted by the City of Alexandria rated DASH in the top five City services for quality.

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, 2005, was 131 persons, distributed as follows:

|  | <u>Full-Time</u> | <u>Part-Time</u> |
|--|------------------|------------------|
| General Manager                              | 1                |                  |
| Assistant General Manager                    | 1                |                  |
| Marketing and Communications Manager         | 1                |                  |
| Manager, Administrative and Support Services | 1                |                  |
| Administrative Assistant                     | 1                |                  |
| Accounts Assistant & HR Manager              | 1                |                  |
| Director of Planning and Development         | 1                |                  |
| IT Coordinator                               | 1                |                  |
| Training Supervisor                          | 1                |                  |
| Transportation Specialist                    | 1                |                  |
| Supervisor                                   | 5                |                  |
| Dispatcher                                   | 1                | 1                |
| Transit Store Manager                        | 1                |                  |
| Customer Service Representatives             | 2                | 1                |
| Bus Operator                                 | 75               | 18               |
| Director of Maintenance                      | 1                |                  |
| Parts Manager                                | 1                |                  |
| Maintenance Clerk                            | 1                |                  |
| Mechanic                                     | 9                |                  |
| Service Worker                               | <u>4</u>         | <u>1</u>         |
|  | 110              | 21               |

### PART III

#### FINANCIAL PROJECTIONS BEYOND 2007

##### OPERATING BUDGET

The operating budget projections for fiscal years 2008 and 2009 are based upon the following assumptions:

- DASH will initiate service to new development areas and increase frequencies on some current routes to meet passenger demand and improve schedule adherence.
- There will be steady growth in riders due to increasing residential, office, and commercial development.
- General operating costs will increase approximately 4% a year.
- Budget impacts related to a long range system expansion and the implementation of the Regional Smart Card system are not included in these projections.

TABLE 7

##### PROJECTED REVENUES AND EXPENSES BEYOND 2007

|                          | FY2008      | FY2009       |
|--------------------------|-------------|--------------|
| TOTAL PASSENGERS         | 3,600,000   | 3,800,000    |
| OPERATING MILES          | 1,500,000   | 1,600,000    |
| REVENUE                  |             |              |
| Passenger                | \$2,343,000 | \$2,470,000  |
| Other                    | 655,000     | 675,000      |
|                          | \$2,998,000 | \$3,145,000  |
| OPERATING EXPENSES       | \$9,819,000 | \$10,212,000 |
| NET TRANSIT SERVICE COST | \$6,821,000 | \$7,067,000  |
| OPERATING RATIO          | 30.5%       | 30.8%        |

## CAPITAL REQUIREMENTS

### ATC Facility

As a result of the expansion of DASH service since 1991, ATC is currently operating beyond the capacity of its facility. Any significant increase in service is possible only when additional facilities are constructed.

In December 2001, the Alexandria City Council gave approval to the purchase of the 9.7 acre CSX parcel adjacent to the current DASH facility. In September 2002, ATC engaged the consulting services of EarthTech and Wendel/Duchscherer 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 estimated at \$35 million. In October 2003, the Alexandria City Council approved the programming of the facility in the VDOT Six Year Plan, along with a proposed financial plan using State Urban Funds as the primary source of funding.

In November 2005, the City engaged the architectural design firm of Wendel/Duchscherer to provide the design-build consultant services for the new DASH facility. It is anticipated that the new facility will be completed in early 2009.

### Vehicle Replacement and Expansion Schedule

Bus replacement in 2007 and beyond will begin the phased replacement of the 10-1996 Gillig buses. ATC's replacement schedule for its revenue and non-revenue vehicles appears in Part II. Future expansion of service is explained in Part IV of this document. Service expansion is planned to coincide with the opening of a new DASH Operations and Maintenance Facility. The following table outlines the projected DASH fleet that will be required to meet service needs in the future:

| <u>Fiscal Year</u> | <u>Additional Buses to be Added</u> | <u>New Total Fleet Size</u> |
|--------------------|-------------------------------------|-----------------------------|
| 2008               | 5                                   | 62                          |
| 2009               | 6                                   | 68                          |
| 2010               | 6                                   | 74                          |
| 2011               | 8                                   | 82                          |
| 2012               | 8                                   | 90                          |