

Docket TC-160054,
Application for Temporary Certificate
Point to Point Shuttle, LLC Review by Mike Young 1/29/2016, revised 2/4/16

Conclusion

Staff has reviewed the company's financial information submitted in Docket TC-160054 and concludes the company has made reasonable efforts to estimate its revenues and expenses under the proposed operations. This application is for temporary service in an area that had been served by a company no longer doing business, so there is a public need for this service. Based on the company's projections, operations would result in a net profit. The projected cash flow statement portrays a positive gain each month. Barring having to replace both vehicles in a short period of time, Staff concludes the company has demonstrated it is financially fit to provide the applied for service on a temporary basis.

The balance sheet review:

The company provided a revised pro forma balance sheet on February 3, 2016.

- The company states it has \$4,600 of cash on hand
- The company has \$141,000 in accounts receivable
- The company lists \$8,000 of other fixed assets

The company is projecting \$10,000 in monthly expenses and has \$4,000 on hand, but also over \$100,000 in receivables, so it should be able to finance its operations with cash flow if ridership does not meet projections. Additionally the company stated the accounts payable represents owner repayments, which indicates there could be additional capital available from the owners.

Both of the vehicles the company plans to utilize are at least 10 years old or older. The company's proposed time schedule would require both vehicles to be in service simultaneously. If one or both of the vehicles need to be replaced it would require most or all of the company's cash reserves to secure another vehicle. The company did not indicate whether it had access to loans or leases.

The Pro forma Income Statement:

The company provided a detailed cash flow projection and pro-forma income statement.

- The company projects \$141,000 in annual revenue (2,350 customers purchasing a \$60 punch card for 8 one-way rides)
- The company projected \$78,615 in operating expenses, which consist largely of \$43,700 for wages, \$17,000 for fuel, and \$16,000 for administrative costs.

The company did not include any depreciation expense or facilities rent. The company stated it planned to use two vans, both more than 10 years old. The Uniform System of Accounts for Autotransportation companies proscribes a seven year useful life for passenger vehicles, and so both vans would be fully depreciated. The company is applying for scheduled service, and limited door-to-door service on Fairchild AFB, which it could provide without any terminal facilities. So it is reasonable to expect no depreciation or facilities costs, at least in the first year of operation. However, the company projected only \$1,000 per year in maintenance costs, which may be underestimated given the age of the vehicles.

The company's time schedule indicates the vehicles will be in scheduled operation at least 8 hours per day, and will run seven days per week. Assuming at least one driver and one person to handle reservations, the company may have underestimated their payroll costs. However, their projection is not unreasonable.