

Docket TC-151181,  
Application  
Northwest Smoking and Curing dba SeaTac Direct  
Review by Mike Young 6/8/15

### Conclusion

Staff has reviewed the company's financial information submitted in Docket TC-151181 and concludes the company has made reasonable efforts to estimate its finances under the proposed operations. Based on the company's projections operations would result in a net profit. In the event of a net annual loss from the service in this application or the company's established operations, the company would not have enough liquid assets to maintain operations, but the real estate property could be used to leverage additional capital to continue operations. Therefore, staff concludes the company is financially fit to provide the service requested in this application.

### The balance sheet review:

- Assets, \$1,565,000;
- Liabilities, \$1,037,000;
- Net Worth, \$528,000

Applicant has a positive net worth. \$18,000 of assets is cash and very liquid; \$1,500,000 is land and buildings which could be used to secure additional capital.

- The company did not purchase new vehicles specifically for this additional service.

### The Pro forma Income Statement:

- The company projects \$575,100 annual revenue (14,700 one-way equivalent fares)
- The company projects \$369,500 of annual operating expense before taxes.

If the company projections are correct, it will have a net operating profit of \$205,600 annually from operations to Paine Field. The company did not include

depreciation expenses. Staff's previous review of the company's initial application filing calculated \$9,000 per year of depreciation expense. Some of that depreciation could be allocated to the operations included in this filing, but the net effect would be to increase net profit from the SeaTac routes due to the shifting of costs. Total depreciation and total company revenue would not be affected. Increased use of existing vehicles to provide this additional service would increase the wear and tear on the vehicles, and the company did include \$12,000 per year in additional maintenance costs. The expense projections look reasonable.

In projecting ridership the company did not specifically make any allowances for decreased ridership during the startup period, nor did they specifically include any seasonal fluctuations such as higher ridership during summer and holiday months and lower ridership during winter months. The company did not make any specific ridership forecasts. The company currently operates under the flexible fare concept and could quickly react to changes in ridership or short term cost fluctuations by adjusting fares accordingly.