
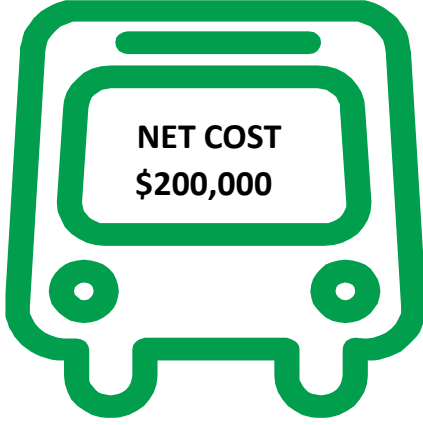


GROSS VERSUS NET COST APPROACH AT 45%



GROSS COST Calculation equals total cost of \$1,000,000	Gross versus Net Cost Approach	NET COST Calculation \$1,000,000 total cost minus \$800,000 federal Share
		
State Share @ 45% of Gross \$450,000		State Share @ 45% of Net \$90,000

Because HRT is heavily dependant on the use of Federal monies to fund capital projects, and because HRT has no local dedicated revenue stream to fund capital projects, we would receive less State funding utilizing the Net approach.


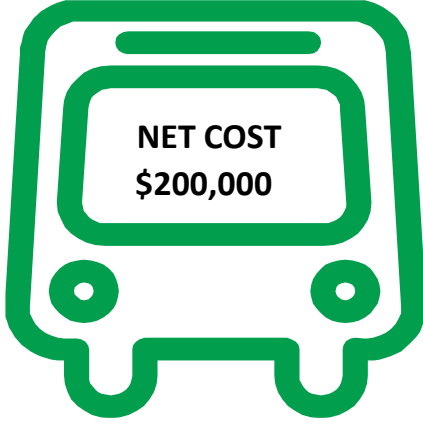
This is the reality of many transit organizations in the state of Virginia who do not have significant local money to leverage state funding.

If HRT had the ability and financial resources to fund capital projects without a federal share; HRT gross and net cost of a project would equal the same.

GROSS VERSUS NET COST APPROACH AT 45%

GROSS COST FUNDING SCENARIO RESULTS		NET COST FUNDING SCENARIO RESULTS
<p>Federal Share \$ 540,000 State Share \$ 450,000 Local Share \$ 10,000</p>	<p>Gross versus Net Cost Approach</p>	<p>Federal Share \$ 800,000 State Share \$ 90,000 Local Share \$ 110,000</p>
<div style="display: flex; align-items: center;">  <p>\$800,000 of Federal Share Available minus \$540,000 Federal Share Used leaves \$260,000 available for use on another capital project</p> </div>		<div style="display: flex; align-items: center;">  <p>\$800,000 of Federal Share Available minus full \$800,000 Federal Share Used leaves \$0 available for use on another capital project</p> </div>

GROSS VERSUS NET COST APPROACH AT 25%

GROSS COST Calculation equals total cost of \$1,000,000	Gross versus Net Cost Approach	NET COST Calculation \$1,000,000 total cost minus \$800,000 federal Share
		
State Share @ 25% of Gross \$250,000	State Share @ 25% of Net \$50,000	

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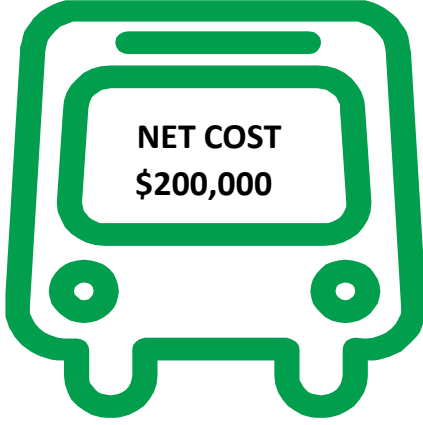
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GROSS COST FUNDING SCENARIO RESULTS		NET COST FUNDING SCENARIO RESULTS																		
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">Reduced Federal Share</th> <th style="width: 35%; text-align: center;">Reduced State Share</th> </tr> </thead> <tbody> <tr> <td>Federal Share</td> <td style="text-align: right;">\$740,000</td> <td style="text-align: right;">\$800,000</td> </tr> <tr> <td>State Share</td> <td style="text-align: right;">\$250,000</td> <td style="text-align: right;">\$190,000</td> </tr> <tr> <td>Local Share</td> <td style="text-align: right;">\$10,000</td> <td style="text-align: right;">\$10,000</td> </tr> </tbody> </table>		Reduced Federal Share	Reduced State Share	Federal Share	\$740,000	\$800,000	State Share	\$250,000	\$190,000	Local Share	\$10,000	\$10,000	Gross versus Net Cost Approach	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 60%;">Federal Share</td> <td style="text-align: right;">\$800,000</td> </tr> <tr> <td>State Share</td> <td style="text-align: right;">\$50,000</td> </tr> <tr> <td>Local Share</td> <td style="text-align: right;">\$150,000</td> </tr> </tbody> </table>	Federal Share	\$800,000	State Share	\$50,000	Local Share	\$150,000
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<div style="display: flex; align-items: center;">  <p>HRT has the flexibility to either lower the federal share or the state share by \$60,000</p> </div>		<div style="display: flex; align-items: center;">  <p>HRT has no flexibility to lower the federal share or the state share \$0 flexibility</p> </div>																		

GROSS VERSUS NET COST APPROACH AT 15%



GROSS COST Calculation equals total cost of \$1,000,000	Gross versus Net Cost Approach	NET COST Calculation \$1,000,000 total cost minus \$800,000 federal Share
		
State Share @ 15% of Gross \$150,000		State Share @ 15% of Net \$30,000

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GROSS VERSUS NET COST APPROACH AT 15%

GROSS COST FUNDING SCENARIO RESULTS		NET COST FUNDING SCENARIO RESULTS																		
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