



7.0 FINANCIAL PLAN

Looking at the operating and capital cost together provides a perspective on what may be needed in order to finance the alternatives. A first cut of a financial plan was prepared to illustrate the financial constraints that must be considered as the region develops a transit plan.

Table 7.1 identifies approximate costs to assist the region in making decisions about service level, capital investment, potential taxes to support transit, and the role of the resort in supporting the transit network. This first cut at developing a financial plan provides an order-of-magnitude estimate of overall expenses and the revenues needed to support the service over time.

A. Assumptions

The financing analysis is based on planning level assumptions that would need to be refined as part of establishing a financial mechanism. Cost and service hour estimates are approximate and are meant to provide a picture of what might be expected with steady growth levels. Actual service levels, budgets, and revenues will vary on an annual basis in response to development patterns, travel demand, availability of resources, and decisions made regarding service level and capital investment.

The plan is built upon the service level described in the second alternative “Community Focused Transit Services” so that it illustrates how Federal funds would support a general public transit system.

- ▶ Revenue estimates were based on Fraser Valley forecasts prepared by EPS. Revenues from the County area or other communities were not included, either as taxes or contract services. As the region considers how to implement services, it may be decided that services and funding should be County-wide instead.
- ▶ The revenue forecast is based on implementing a 1% mass transit tax.
- ▶ Capital costs were spread evenly throughout the plan, with transit coaches replaced at 2 per year and body-on-chassis vehicles replaced every four years. This results in operating vehicles longer than the standard vehicle life, but it is common to run vehicles for 15 or more years in the resort communities. Vehicles were assumed to be purchased rather than leased, although some combination of the two may be appropriate.
- ▶ An operations and maintenance facility was identified for construction in 2011 and 2012, and it was assumed that federal funds could be obtained to fund 80% of the cost of this facility. It may be possible to cover the local match with donated land value, off-setting much of the loss shown in these years.
- ▶ No adjustments were made for the leased costs of vehicles, although it is understood that several vehicles now operating are leased vehicles.



- ▶ The cost per service hour (\$45 per hour) provides a realistic assessment of current expenditures. Detailed financial planning would be needed to determine if this is an adequate number for the future.
- ▶ At the end of the planning horizon, significant funding will be required to build and operate the gondola. This is envisioned as a partnership between the public transit system and Resort. The gondola will reduce the amount of transit service needed between Winter Park and mountain, reducing bus operating and capital costs. Neither the changes in transit costs and fleet nor the additional gondola costs have been included in the initial capital plan.

B. Financial Issues

The first cut shows that even a 1% sales tax does not raise adequate revenues to fund the alternatives. While in the early years the gap in funding may be manageable through a combination of decisions on service level and capital replacement, by 2015, the gap is over one-half million annually. The gap grows to \$1.0 million annually by 2026.

One issue is that sales taxes are not projected to increase as steadily as service levels.

Capital issues contribute significantly to the shortfall. The system will need to basically build the system from scratch, as most vehicles need to be replaced and an operating and maintenance facility needs to be built. Even with federal support, the annual amounts available are not adequate to fund 80% of the cost of what is needed to upgrade the Winter Park fleet and the maintenance facility. Funding the capital needs may require a consideration of leasing, bonding, and seeking additional state or federal allocations or hoping that some funding frees up as other entities are able to access state Senate Bill 1 funds. It also may require careful attention to fleet size and productivity. At present the system is heavily weighted to peak service; as the resort community develops, more passengers will be carried in the evening and other off-peak times. This may allow the area to reduce the peak vehicle fleet.

Peer systems have smaller fleets than in Winter Park, and still many have trouble funding capital costs. Productivity is also important. The level of service programmed is based on the current productivity levels – starting with the current average of 15 to 16 passengers per hour and increasing only gradually to 18 passengers per hour. The productivities of peer systems varies widely, depending on the amount of regional service (long-distance trips) provided. However, the system with the most similarities to Winter Park in terms of the service mix is Steamboat Springs. They operate at an average of 24 passengers per hour. An emphasis on increasing productivities will result in fewer hours that need to be operated and fewer vehicles, helping the system in two ways.

The financial issues are significant and are likely to affect the service levels, decisions about capital investment, and the partnerships developed between the cities, counties, and resort. Given the need to build a facility and obtain a new fleet, it will be critical to become actively involved in the State and Federal processes for transit funding.

More detailed financial planning will be needed to determine the decision points and the level of service that can be sustained over time.



Table 7.1 Winter Park Financing Plan – Constant Dollars (1) (2)

		'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26
Service Level	Annual Hrs	44,000	46,200	48,400	50,700	52,900	55,100	57,400	59,600	61,800	64,100	66,300	68,500	70,800	73,000	74,300	75,600	76,900	78,200	79,500	81,000
Operating Expenses	@ \$45/hour	\$1,980	\$2,079	\$2,178	\$2,282	\$2,381	\$2,480	\$2,583	\$2,682	\$2,781	\$2,885	\$2,984	\$3,083	\$3,186	\$3,285	\$3,344	\$3,402	\$3,461	\$3,519	\$3,578	\$3,645
Capital Expenses		\$0	\$460	\$460	\$460	\$2,000	\$3,085	\$460	\$460	\$625	\$460	\$460	\$460	\$625	\$460	\$460	\$460	\$625	\$460	\$460	\$460
Total Expenses		\$1,980	\$2,539	\$2,638	\$2,742	\$4,381	\$5,565	\$3,043	\$3,142	\$3,406	\$3,345	\$3,444	\$3,543	\$3,811	\$3,745	\$3,804	\$3,862	\$4,086	\$3,979	\$4,038	\$4,105
Revenues																					
Local Taxes at 1% (3)		\$790	\$820	\$850	\$880	\$900	\$930	\$950	\$980	\$1,010	\$1,030	\$1,060	\$1,090	\$1,120	\$1,150	\$1,170	\$1,190	\$1,210	\$1,230	\$1,260	\$1,260
Resort		\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Federal Operating Funds		\$0	\$175	\$175	\$200	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Federal Capital Funds (5309 & 5311)		\$0	\$300	\$350	\$250	\$1,100	\$2,100	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350
Fares (Regional Services)		\$0	\$51	\$53	\$54	\$56	\$58	\$60	\$61	\$63	\$65	\$66	\$68	\$70	\$71	\$73	\$75	\$77	\$78	\$80	\$81
TOTAL		\$2,040	\$2,596	\$2,678	\$2,634	\$3,556	\$4,588	\$2,860	\$2,891	\$2,923	\$2,945	\$2,976	\$3,008	\$3,040	\$3,071	\$3,093	\$3,115	\$3,137	\$3,158	\$3,190	\$3,191
Short or Excess Revenues		\$60	\$57	\$40	-\$107	-\$824	-\$977	-\$184	-\$251	-\$483	-\$400	-\$467	-\$535	-\$771	-\$674	-\$710	-\$747	-\$949	-\$821	-\$848	-\$914

Notes:

1. Costs Calculated in Constant Dollars - 2006
2. Costs are in thousands of dollars
3. Land value for a facility may be provided as an in-kind contribution and could off-set much of the loss shown in 2011 and 2012.