

## **Chapter 13: Capital and Financial Plan**

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This chapter presents a five-year financial and capital plan for fixed-route bus service in the Bangor area. It includes capital and operating cost projections for the five-year period FY 2004 through FY 2008, along with estimates of revenues required to pay for the service.

Financial projections are based on a computer cost model developed to reflect anticipated costs and revenues for existing and proposed transit services. The cost model allows different choices to be made from the various service improvement strategies described in Chapter 7. Not all of the proposed improvement strategies have been included in the five-year financial plan.

Assumptions and strategies included in the financial projections are described in this chapter and are clearly identified in the supporting spreadsheet model. Different assumptions could have been made. The cost model has been designed to allow Bangor-area officials to test the financial impact of alternative future scenarios.

The chapter includes seven sections:

- Section 13.1 Unit Operating Costs
- Section 13.2 Service Choices and Projected Costs
- Section 13.3 Capital Plan
- Section 13.4 Operating Expenses
- Section 13.5 Fare Box Projections
- Section 13.6 Supporting Revenues
- Section 13.7 Five-year Budget and Projected Fund Balances

### **13.1 Unit Operating Costs**

Future cost projections are based on estimated unit costs for current bus operations. Current unit costs were calculated by dividing budgeted operating and maintenance expenses by estimated revenue service hours. Revenue service hours reflect the amount of time that buses provide scheduled service. This does not include deadhead time, nor does it include paid or unpaid driver break time.

Both fully allocated and marginal unit costs were calculated. Fully allocated costs include administrative and shared overhead expenses. Marginal costs reflect the direct cost of adding additional hours and miles of bus service.

Bangor-area transit buses operate an estimated 32,169 revenue service hours per year. The transit budget for FY 2003 includes \$920,187 in total operating and maintenance costs. The FY 2003 budget identifies \$159,597 of shared overhead expenses. Dividing annual costs by annual service hours yields a fully allocated unit cost of \$28.60 per hour, and a marginal unit cost \$23.64 per hour.

The cost model applies an annual inflation rate of 2.5% to the FY 2003 base figure to project unit operating costs for FY 2004 through FY 2008.

The financial plan uses marginal costs for service changes that utilize the existing downtown transit hub and that do not expand the transit system's regular service hours. Changes that involve extended hours, seven-day-a-week service, or new centers of operation were analyzed using fully allocated costs. The cost model allows either of these two unit cost factors to be assigned to individual service components.

### **13.2 Service Choices and Projected Costs**

This section identifies projected annual costs for each of the service design strategies described in Chapter 7. It then explains the choices that were made in developing the five-year financial plan. Some changes are proposed for immediate implementation, while others are included in the plan for FY 2005 and FY 2006. A number of service design ideas were omitted from the financial plan entirely in an effort to keep the plan affordable.

Projected costs, fare box receipts, and subsidy requirements are summarized in Figure 13.1. It should be noted that there is not enough Federal Transit Administration funding available to cover the federal share of all of the services presented in this table. Choices will need to be made to ensure that demand for federal funding is consistent with amounts that are available.

The five-year plan calls for implementing four of the proposed service improvement strategies in the first year of the plan, beginning July 1, 2003. These include:

- |               |  |
|---------------|--|
| Center Street | Shorten Center Street and add a second bus for a Mall Connector route. Corrections to the Center Street service are needed for the smooth functioning of the entire transit system.                                  |
| Mount Hope    | Split the Mount Hope route and operate separate Mount Hope and Stillwater Avenue routes all day. This will improve travel options and transfer times, and it will meet demand for early morning service to Wal-Mart. |
| Brewer        | Add a second Brewer bus to serve the new Super Wal-Mart and outer Wilson Street. This change will improve service throughout Brewer.   |

**Figure 13.1 Summary of Projected Service Improvement Costs**

<i>Service Improvement</i>	<i>One-year cost (FY 2004)</i>	<i>Riders per hour/ fare box</i>	<i>Net cost</i>	<i>Funding sources</i>
7.1 Second Center Street bus	Marginal cost: 84,635	5.0 13,082	71,553	FTA 35,777 Bangor 35,777
7.2 Mount Hope/Stillwater	Marginal cost: 22,272	10.0 6,885	15,387	FTA 7,694 Bangor 7,694
7.3.1 Extra evening trips	Marginal cost: 39,425	6.0 7,313	32,113	FTA 16,056 Bangor 16,056
7.3.2 Evening service - Old Town route only	Fully allocated cost 33,026	8.0 6,750	26,276	FTA 13,138 Veazie 1,971 Orono 3,941 Old Town 3,941 Univ. of Maine 3,284
7.3.3 Evening service - system-wide	Fully allocated cost 143,111	6.0 21,938	121,173	FTA 60,587 Bangor 31,070 Brewer 9,321 Hampden 6,214 Veazie 2,097 Orono 4,194 Old Town 4,194 Univ. of Maine 3,495
7.4 Second Brewer bus	Marginal cost 85,377	6.5 17,155	68,222	FTA 20,861 JARC 13,250 Brewer 34,111
7.5 Third Old Town bus	Marginal cost 66,720	5.0 10,313	56,407	FTA 28,204 UM Maine Card 5,000 Veazie 3,481 Orono 6,961 Old Town 6,961 Univ. of Maine 5,313
7.6 Hampden all day	Marginal cost 30,327	4.0 3,750	26,577	FTA 13,289 Hampden 13,289
7.7 Univ. of Maine shuttle	Fully allocated cost 168,415	12 0	168,415	Univ. of Maine 168,415
7.8 Bangor-Orono via I-95	Fully allocated cost 88,802	8.0 18,150	70,652	FTA 35,326 Univ. of Maine 8,831 Research Park 8,831 Bangor 8,831 Orono 8,831
7.9 Orono Research Park shuttle	Fully allocated cost 79,995	10.0 0	79,995	FTA 39,998 Univ. of Maine 9,999 Developer 9,999 Research Park 9,999 Orono 9,999
7.13.1 Downtown Bangor shuttle – 1 bus – short route - weekdays only	Marginal cost 66,720	12.0 0	66,720	FTA 33,360 Bangor 33,360
7.13.2 Downtown Bangor shuttle – 1 bus – short route - weekdays with evenings	Marginal cost 92,801	12.0 0	92,801	FTA 46,401 Bangor 46,401

7.13.3 Downtown Bangor shuttle – 2 buses – riverfront service – year-round 7 days a week including evenings	Fully allocated cost 282,099	12.0 0	282,099	Bangor 282,099
7.14.1 Airport-hotels 7 days a week with evenings	Fully allocated cost 203,566	5.0 26,004	177,562	FTA 88,781 Bangor 88,781
7.14.2 Airport-hotels 5 days a week, daytime only	Marginal cost 75,818	8.0 18,750	57,068	FTA 31,449 Bangor 31,449

Hampden Operate Hampden service all day. The lack of midday service makes it difficult to schedule non-commute trips.

The plan adds system-wide evening service and a hotel-airport link in FY 2005:

Evening service Implement evening service beginning July 1, 2004. Passengers have consistently asked for evening service. Evening service was called for in the two previous system-wide planning studies. Recent public workshops reveal continued demand for extending service hours.

Hotel link Add a new weekday route to link the Airport Mall with Bangor International Airport, University College, Odlin Road hotels, and outer Hammond Street. This will also allow Capehart and Hammond Street routes to be streamlined to offer faster and more direct service.

The plan calls for four additional service improvements beginning in FY 2006:

Old Town Add a third Old Town bus to allow 30-minute headways between Bangor and Old Town. The existing hour-long waits are too long. More frequent service is needed to accommodate increasing commuter enrollment at the University of Maine.

U Maine Introduce a free campus shuttle linking the University of Maine campus with new peripheral parking lots.

Research Park Add a shuttle linking the Orono Research Park with a University of Maine transit hub. Extend this route to serve student apartments at Talmar Woods and Colburn Drive.

Bangor Add a free downtown shuttle linking Pickering Square, West Market Square, City Hall, the Library, and the post office. This route could be extended to the riverfront once planned developments are implemented.

These service improvement choices are as shown in Figure 13.2 as they appear in the spreadsheet cost model.

**Figure 13.2 Service Choices in the Spreadsheet Cost Model**

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
7.1 Second Center Street bus	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
7.2 Mount Hope/Stillwater	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
7.3.1 Extra evening trips	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.3.2 Old Town evenings	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.3.3 Evening service all routes	FALSE	TRUE	TRUE	TRUE	TRUE	TRUE
7.4 Second Brewer bus	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
7.5 Old Town 30-minute	FALSE	FALSE	TRUE	TRUE	TRUE	TRUE
7.6 Hampden all day	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
7.7 UM shuttle 10 minute	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.7.2 UM shuttle 10/20	FALSE	FALSE	TRUE	TRUE	TRUE	TRUE
7.8 I-95 bus link	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.9 Research Park shuttle	FALSE	FALSE	TRUE	TRUE	TRUE	TRUE
7.10 EMMC downtown shuttle	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.11 EMMC Sylvan Road	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.12 EMMC Wing Lot shuttle	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.13.1 Downtown shuttle 1	FALSE	FALSE	TRUE	TRUE	TRUE	TRUE
7.13.2 Downtown shuttle 2	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.13.3 Downtown shuttle 3	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.14.1 Bangor airport/hotel 7 days	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
7.14.2 Bangor airport/hotel 5 days	FALSE	TRUE	TRUE	TRUE	TRUE	TRUE

Different choices could have been made. For example, the Orono Research Park could be served by either the proposed Research Park shuttle, or less frequently by the proposed Interstate-95 Bangor-Orono route. The city of Bangor might prefer do without the airport/hotel bus link or to postpone implementation of the suggested downtown shuttle

Selections have been made in an effort to stay within the limits of available FTA funding and to keep the plan affordable. The cost model is designed so that area officials can use it to test the impact of a different set of choices.

### 13.3 Capital Plan

Bangor's regional transit system recently purchased six heavy-duty replacement buses for use within the city of Bangor. Two additional small medium-duty replacement buses are due to be delivered during the current fiscal year. One will operate in Brewer and one will operate in Hampden.

The transit system plans to purchase one large medium bus for expanded Brewer service in FY 2004. In addition, the vehicle replacement schedule calls for purchasing three heavy-duty buses in FY 2006. Two would be used on the Old Town route, and one would be used in Bangor.

The capital plan developed as part of this study calls for purchasing five additional vehicles in FY 2006. This includes

- One heavy-duty bus for increased frequency on the Old Town route
- Two small medium-duty buses for a University of Maine shuttle
- One small medium-duty bus for an Orono Research Park shuttle
- One small medium-duty bus for a downtown Bangor shuttle

The transit system expects to purchase miscellaneous signs and shelters during each of the next five years. The capital plan includes \$6,250 for this purpose each year. The plan assigns the required \$1,250 local share to Hampden for FY 04, to Brewer for FY 05, to Bangor for FY 06, to VOOT for FY 07, and to Bangor for FY 08.

A proposed capital plan is presented in Figure 13.3. Anticipated five-year funding sources are shown in Figure 13.4.

The plan assumes that all buses during the five-year period would be acquired using 80% Federal Transit Administration discretionary funding. This is a change from past practice, when a portion of Bangor's regular FTA formula funding was set aside for capital purchases. This financial plan assumes that available formula funds would be used to pay for expanded bus operations. This means that the Bangor transit system will need to be included in statewide Congressional earmarks for future bus purchases.

The plan assumes that Maine transportation bonds would be used to pay 10% of the cost of most new buses. The plan relies on state bonds for the full 20% local capital match for two new buses for a proposed University of Maine campus shuttle.

**Figure 13.3 Five-year Capital Plan**

<b>Unit Purchases</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
1. Heavy-duty large buses	6	0	0	4	0	0
2. Medium-duty large buses	0	1	0	0	0	0
3. Medium-duty small buses	2	0	0	4	0	0
4. Light-duty buses	0	0	0	0	0	0
5. Electronic fare boxes	0	0	0	0	0	0
6. Transfer readers/printers	0	0	0	0	0	0
7. Revenue vault	0	0	0	0	0	0
8. Radios	0	0	0	0	0	0
9. AVL equipment	0	0	0	0	0	0
10. Signs and shelters	1	1	1	1	1	1
11. Bus garage	0	0	0	0	0	0

<b>Unit Costs</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
1. Heavy-duty large buses	242,000	248,050	254,251	260,608	0	0
2. Medium-duty large buses	0	190,000	194,750	199,619	0	0
3. Medium-duty small buses	75,000	76,875	78,797	80,767	0	0
4. Light-duty buses	0	0	0	0	0	0
5. Electronic fare boxes	0	0	0	0	0	0
6. Transfer readers/printers	0	0	0	0	0	0
7. Revenue vault	0	0	0	0	0	0
8. Radios	0	0	0	0	0	0
9. AVL equipment	0	0	0	0	0	0
10. Signs and shelters	8,000	6,250	6,250	6,250	6,250	6,250
11. Bus garage	0	0	0	0	0	0

<b>Expenditures</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
1. Heavy-duty large buses	1,452,000	0	0	1,042,430	0	0
2. Medium-duty large buses	0	190,000	0	0	0	0
3. Medium-duty small buses	150,000	0	0	323,067	0	0
4. Light-duty buses	0	0	0	0	0	0
5. Electronic fare boxes	0	0	0	0	0	0
6. Transfer readers/printers	0	0	0	0	0	0
7. Revenue vault	0	0	0	0	0	0
8. Radios	0	0	0	0	0	0
9. AVL equipment	0	0	0	0	0	0
10. Signs and shelters	8,000	6,250	6,250	6,250	6,250	6,250
11. Bus garage	0	0	0	0	0	0
<b>Total Capital Costs</b>	<b>1,610,000</b>	<b>196,250</b>	<b>6,250</b>	<b>1,371,747</b>	<b>6,250</b>	<b>6,250</b>

**Figure 13.4 Anticipated sources of Capital Funding**

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08
Federal Section 5309	1,281,600		0	1,092,398		
Federal Section 5307	6,400	5,000	5,000	5,000	5,000	5,000
Federal - JARC		95,000				
State - MDOT	160,200			152,703		
Bangor Capital Reserve	146,800			27,311		1,250
Brewer - new funds	7,500	95,000	1,250			
Hampden Capital Reserve	7,500	1,250				
VOOT - Capital Reserve				52,122	1,250	
New Bangor				8,077		
New VOOT				26,061		
New Orono				8,077		
<b>Total Capital Funds</b>	<b>1,610,000</b>	<b>196,250</b>	<b>6,250</b>	<b>1,371,747</b>	<b>6,250</b>	<b>6,250</b>

The use of local capital funding is summarized in Figure 13.5. Regular capital reserve contributions are shown in Figure 13.6. New capital dollars called for in the plan are summarized in Figure 13.7.

**Figure 13.5 Use of Local Capital Funding**

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08
Replacement Buses	160,200			78,182		
Signs and shelters	1,600	1,250	1,250	1,250	1,250	1,250
Second Brewer Bus		95,000				
Third Old Town Bus				26,061		
University of Maine Shuttle						
Research Park Shuttle				8,077		
Downtown Bangor Shuttle				8,077		
<b>Total Local Capital</b>	<b>161,800</b>	<b>96,250</b>	<b>1,250</b>	<b>121,646</b>	<b>1,250</b>	<b>1,250</b>

**Figure 13.6 Regular Capital Reserve Contributions**

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08
Bangor	20,000	20,000	20,000	20,000	20,000	20,000
Brewer	0	0	0	0	0	0
Hampden	2,500	2,500	2,500	2,500	2,500	2,500
Veazie	510	510	510	510	510	510
Orono	1,020	1,020	1,020	1,020	1,020	1,020
Old Town	1,020	1,020	1,020	1,020	1,020	1,020
University of Maine	850	850	850	850	850	850
<b>Regular Capital Reserve</b>	<b>25,900</b>	<b>25,900</b>	<b>25,900</b>	<b>25,900</b>	<b>25,900</b>	<b>25,900</b>

**Figure 13.7 New Capital Funding**

	<i>FY 03</i>	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
Bangor	0	0	0	0	0	0
Brewer	7,500	95,000	1,250	0	0	0
Hampden	0	0	0	0	0	0
Veazie	0	0	0	4,758	0	0
Orono	0	0	0	17,594	0	0
Old Town	0	0	0	9,517	0	0
University of Maine	0	0	0	7,931	0	0
<b>New Capital</b>	<b>7,500</b>	<b>95,000</b>	<b>1,250</b>	<b>39,800</b>	<b>0</b>	<b>0</b>

The local funding total for the University of Maine in Figure 13.7 includes a portion of the local share for a third Old Town bus. The plan assumes that Maine transportation bond funding would cover the full local share cost of buses for a campus shuttle. The total for Orono includes local match for a Research Park shuttle bus plus a portion of the match for the third Old Town bus. Other local partners could assist the town of Orono in paying the \$8,077 local share cost of a Research Park shuttle vehicle.

### **13.4 Operating Expenses**

Projected operating expenses for existing fixed-route service were projected by inflating FY 2003 base year expenses by 2.5% per year. Costs for the ADA paratransit contract in FY 2004 were increased by twenty-five percent over the projected FY 2003 cost of \$12,000. For subsequent years, ADA expenses were increased by 2.5% per year.

Operating expenses for new services were estimated by multiplying projected unit costs by anticipated new service hours during the five-year planning period. Marginal costs were used for the second Center Street bus, extra Mount Hope service hours, a second Brewer bus, midday Hampden service, a weekday airport/hotel route, and a third Old Town bus. Marginal costs were also used for the proposed daytime downtown Bangor shuttle. Fully allocated costs were used for evening service, the University of Maine campus shuttle, and the proposed Orono Research Park shuttle.

Projected operating expenses for new services are summarized in Figure 13.8. Combined operating expenses for new and existing services are presented in Figure 13.9.

**Figure 13.8 Operating Expense for New Services**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
Mall Connector	84,635	86,751	88,919	91,142	93,421
Mount Hope/Stillwater	22,272	22,829	23,400	23,985	24,584
Evening Service	0	146,688	150,355	154,114	157,967
Second Brewer bus	85,377	87,512	89,699	91,942	94,240
Old Town 30-minute	0	0	70,098	71,850	73,646
Hampden all day	30,327	31,085	31,863	32,659	33,476
UM shuttle	0	0	176,941	181,365	185,899
I-95 route	0	0	0	0	0
Research Park shuttle	0	0	84,045	86,146	88,300
Downtown shuttle	0	0	70,098	71,850	73,646
Hotel link	0	95,121	97,499	99,937	102,435
Expenses for New Services	222,611	469,986	882,917	904,990	927,615

**Figure 13.9 Combined Operating Expenses**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
Existing Services	953,067	976,893	1,001,316	1,026,349	1,052,007
New Services	222,611	469,986	882,917	904,990	927,615
Total Operating Costs	1,175,678	1,446,879	1,884,233	1,931,338	1,979,622

### **13.5 Fare Box Projections**

Fare box projections for existing services are based on a projected FY 2003 total of \$314,000. This figure is 13.6% higher than the \$276,500 level budgeted for FY 2003. The higher estimate results in large part from increased sales of monthly passes to social service agencies.

Fare box receipts for existing services are projected to increase by 2.5% in FY 2004. This assumes that fare policies will be adjusted as proposed in Chapter 8. For FY 2005 through FY 2008, fare box revenues for existing services are projected to increase by 1.5% per year. These increases reflect modest anticipated increases in bus ridership.

The financial plan includes a separate line item for payments received from the University of Maine in lieu of fares on the Old Town route. The plan assumes that the University will agree to pay an additional \$6,000 to expand the Maine Card program as proposed in Chapter 8. This will permit University students and staff to ride free on any bus route throughout the Bangor area.

The plan assumes that the University of Maine will pay an additional \$5,000 per year for the Maine Card program when a proposed third Old Town bus is added in FY 2006.

Fare box projections for new services are based on the average number of new fare paying riders per hour anticipated for each service. In each instance, ridership estimates are conservative to avoid unanticipated funding shortfalls. Actual ridership results are likely to be somewhat higher than the levels assumed in the financial plan. This should result in higher year-end operating fund carryover balances.

Anticipated fare box receipts are calculated using an average fare of \$.75 per ride, which is higher than the current average fare of approximately \$.68. This higher level assumes that the single-ride fare will increase to \$.85 and that monthly pass fees will increase to \$34, as proposed in Chapter 8.

Anticipated fare box receipts for new services are summarized in Figure 13.10.

**Figure 13.10 Fare Box Projections for New Services**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
Mall Connector	13,082	14,390	15,698	17,006	20,756
Mount Hope/Stillwater	6,885	7,229	7,574	7,918	9,364
Evening Service	0	21,938	21,938	21,938	24,863
Second Brewer bus	17,155	18,475	18,475	19,794	22,434
Old Town 30-minute	0	0	10,313	10,313	11,688
Hampden all day	3,750	3,750	4,219	4,219	5,313
UM shuttle	0	0	0	0	0
I-95 route	0	0	0	0	0
Research Park shuttle	0	0	0	0	0
Downtown shuttle	0	0	0	0	0
Hotel link	0	22,950	22,950	22,950	26,010
<b>Fare Box for New Services</b>	<b>40,872</b>	<b>88,731</b>	<b>101,165</b>	<b>104,137</b>	<b>120,426</b>

The financial plan anticipates that no fares would be charged for use of the University of Maine campus shuttle. It also assumes that the Orono Research Park and downtown Bangor shuttles would operate without fares.

### **13.6 Supporting Revenues**

The financial plan assumes that state operating subsidies will remain constant throughout the five-year period. It assumes that Federal Transit Administration allocations will increase by 3.5% per year, beginning in FY 2005.

The plan assumes that municipal contributions for existing bus operations will increase by 2.5% each year of the five-year plan. It assumes that municipal contributions to capital reserve funds will remain unchanged from the FY 2003 level.

The financial plan calls for surplus Federal Transit Administration formula funds to be used for bus operations. In the past, some surplus formula funding has been set aside for capital purchases. The five-year capital plan uses only \$5,000 per year of formula

funding for the purchase of bus signs and shelters. This assumes that Bangor will join other Maine transit providers in seeking FTA discretionary earmarks for future bus acquisitions.

The plan uses FTA formula funds to cover 50% of the net cost of all proposed new services, with the exception of the University of Maine campus shuttle. There does not appear to be sufficient FTA funding currently available to subsidize the campus shuttle. If the region receives increases in FTA funding in future years, it may become possible to pay for a portion of the University of Maine shuttle with federal funds.

The Bangor area currently has a carryover balance of federal formula funds of \$209,541. Figure 13.11 shows anticipated use of carryover balances during the five-year planning period. If FTA allocations increase by 3.5% per year beginning in FY 2005, there appears to be sufficient FTA funding available to sustain the proposed service additions through at least FY 2010.

**Figure 13.11 Proposed Use of Federal Formula Funds**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
Opening balance	209,541	330,276	353,376	274,039	197,082
New funding	533,468	552,139	571,464	591,466	612,167
Operations & Maintenance	407,733	530,644	652,622	670,467	682,190
Capital Purchases	5,000	5,000	5,000	5,000	5,000
Ending Balance	330,276	346,772	260,614	176,612	101,589

The financial plan assumes that participating communities would pay for half the cost of improvements to existing routes and services. This includes

- A second Center Street bus
- Additional Mount Hope service hours
- A second Brewer bus
- Midday Hampden service
- Evening service
- A third Old Town bus.

The plan assumes that the University of Maine would cover the full cost of operating a new campus shuttle service. It assigns half the cost of a downtown Bangor shuttle to the city of Bangor, with FTA funds covering the remaining 50%. It covers half of the cost of an Orono Research Park shuttle with FTA funds, and divides the remaining 50% among the town of Orono, the Research Park, the University of Maine, and a Colburn Drive real estate developer.

Proposed local contributions from project partners are detailed in Figures 13.12 through 13.18. These tables show capital and operating subsidies for existing and new services from each participating municipality. The figures for the University of Maine include existing and proposed increases in fees for the Maine Card program.

**Figure 13.12 Proposed Local Contributions from Bangor**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
<b>CAPITAL</b>					
Regular capital reserve	20,000	20,000	20,000	20,000	20,000
Other Bangor capital					
<b>Total Capital</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>OPERATING SUBSIDIES</b>					
Existing service	150,192	153,947	157,796	161,741	165,784
Second Center St. bus	35,777	36,180	36,611	37,068	36,332
Mount Hope/Stillwater	7,694	7,800	7,913	8,034	7,610
Evening service	0	31,987	32,928	33,892	34,129
Downtown shuttle	0	0	35,049	35,925	36,823
Airport/hotels/Hammond St.	0	36,086	37,275	38,493	38,213
<b>Total Operating Subsidies</b>	<b>193,662</b>	<b>266,000</b>	<b>307,571</b>	<b>315,152</b>	<b>318,892</b>
<b>COMBINED OPERATING AND CAPITAL</b>					
Existing service	170,192	173,947	177,796	181,741	185,784
New and expanded services	43,470	112,053	149,775	153,412	153,108
<b>Total Bangor</b>	<b>213,662</b>	<b>286,000</b>	<b>327,571</b>	<b>335,152</b>	<b>338,892</b>

**Figure 13.13 Proposed Local Contributions from Brewer**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
<b>CAPITAL</b>					
Regular capital reserve	0	0	0	0	0
Brewer capital additions	7,500	95,000	1,250	0	0
<b>Total Capital</b>	<b>7,500</b>	<b>95,000</b>	<b>1,250</b>	<b>0</b>	<b>0</b>
<b>OPERATING SUBSIDIES</b>					
Existing service	31,525	32,313	33,121	33,949	34,798
Evening service	0	9,596	9,878	10,167	10,239
Second Brewer bus	34,111	34,518	35,612	36,074	35,903
<b>Total Operating Subsidies</b>	<b>65,636</b>	<b>76,428</b>	<b>78,611</b>	<b>80,190</b>	<b>80,940</b>
<b>COMBINED OPERATING AND CAPITAL</b>					
Existing service	31,525	32,313	33,121	33,949	34,798
New and expanded services	41,611	139,115	46,741	46,241	46,142
<b>Total Brewer</b>	<b>73,136</b>	<b>171,428</b>	<b>79,861</b>	<b>80,190</b>	<b>80,940</b>

**Figure 13.14 Proposed Local Contributions from Hampden**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
CAPITAL					
Regular capital reserve	2,500	2,500	2,500	2,500	2,500
Additional capital	0	0	0	0	0
Total Capital	2,500	2,500	2,500	2,500	2,500
OPERATING SUBSIDIES					
Existing service	24,356	24,965	25,589	26,229	26,885
Evening service	0	6,397	6,586	6,778	6,826
Hampden all day	13,289	13,668	13,822	14,220	14,082
Total Operating Subsidies	37,645	45,030	45,996	47,227	47,792
COMBINED OPERATING AND CAPITAL					
Existing service	26,856	27,465	28,089	28,729	29,385
New and expanded services	13,289	20,065	20,407	20,998	20,907
Total Hampden	40,145	47,530	48,496	49,727	50,292

**Figure 13.15 Proposed Local Contributions from Veazie**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
CAPITAL					
Regular capital reserve	510	510	510	510	510
Third Old Town bus	0	0	4,758	0	0
Total Capital	510	510	5,268	510	510
OPERATING SUBSIDIES					
Existing service	7,721	7,914	8,111	8,314	8,522
Evening service	0	2,159	2,223	2,288	2,304
Third Old Town bus	0	0	3,734	3,865	3,897
Total Operating Subsidies	7,721	10,073	14,068	14,467	14,723
COMBINED OPERATING AND CAPITAL					
Existing service	8,231	8,424	8,621	8,824	9,032
New and expanded services	0	2,159	10,715	6,153	6,201
Total Veazie	8,231	10,583	19,336	14,977	15,233

**Figure 13.16 Proposed Local Contributions from Orono**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
<b>CAPITAL</b>					
Regular capital reserve	1,020	1,020	1,020	1,020	1,020
Third Old Town bus			9,517		
Research Park shuttle			8,077		
<b>Total Capital</b>	<b>1,020</b>	<b>1,020</b>	<b>18,614</b>	<b>1,020</b>	<b>1,020</b>
<b>OPERATING SUBSIDIES</b>					
Existing service	15,441	15,827	16,223	16,628	17,044
Evening service	0	4,318	4,445	4,575	4,607
Third Old Town bus	0	0	7,468	7,731	7,794
Research Park shuttle	0	0	10,506	10,768	11,037
<b>Total Operating Subsidies</b>	<b>15,441</b>	<b>20,145</b>	<b>38,641</b>	<b>39,703</b>	<b>40,483</b>
<b>COMBINED OPERATING AND CAPITAL</b>					
Existing service	16,461	16,847	17,243	17,648	18,064
New and expanded services	0	4,318	40,013	23,074	23,439
<b>Total Orono</b>	<b>16,461</b>	<b>21,165</b>	<b>57,255</b>	<b>40,723</b>	<b>41,503</b>

**Figure 13.17 Proposed Local Contributions from Old Town**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
<b>CAPITAL</b>					
Regular capital reserve	1,020	1,020	1,020	1,020	1,020
Third Old Town bus	0	0	9,517	0	0
<b>Total Capital</b>	<b>1,020</b>	<b>1,020</b>	<b>10,537</b>	<b>1,020</b>	<b>1,020</b>
<b>OPERATING SUBSIDIES</b>					
Existing service	15,441	15,827	16,223	16,628	17,044
Evening service	0	4,318	4,445	4,575	4,607
Third Old Town bus	0	0	7,468	7,731	7,794
<b>Total Operating Subsidies</b>	<b>15,441</b>	<b>20,145</b>	<b>28,136</b>	<b>28,934</b>	<b>29,445</b>
<b>COMBINED OPERATING AND CAPITAL</b>					
Existing service	16,461	16,847	17,243	17,648	18,064
New and expanded services	0	4,318	21,430	12,306	12,401
<b>Total Old Town</b>	<b>16,461</b>	<b>21,165</b>	<b>38,673</b>	<b>29,954</b>	<b>30,465</b>

**Figure 13.18 Proposed Local Contributions from the University of Maine**

	FY 04	FY 05	FY 06	FY 07	FY 08
<b>CAPITAL</b>					
Regular capital reserve	850	850	850	850	850
Third Old Town bus			7,931		
<b>Total Capital</b>	<b>850</b>	<b>850</b>	<b>8,781</b>	<b>850</b>	<b>850</b>
<b>MAINE CARD PROGRAM</b>					
Current Old Town bus	10,000	10,000	10,000	10,000	10,000
Expand to all routes	6,000	6,000	6,000	6,000	6,000
Third Old Town bus			5,000	5,000	5,000
<b>Total Maine Card</b>	<b>16,000</b>	<b>16,000</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>
<b>OPERATING SUBSIDIES</b>					
Existing service	12,868	13,189	13,519	13,857	14,203
Evening service	0	3,599	3,704	3,813	3,840
Third Old Town bus	0	0	6,223	6,442	6,495
UM shuttle 10/20	0	0	176,941	181,365	185,899
Research Park shuttle	0	0	10,506	10,768	11,037
<b>Total Operating Subsidies</b>	<b>12,868</b>	<b>16,788</b>	<b>210,894</b>	<b>216,245</b>	<b>221,474</b>
<b>COMBINED OPERATING AND CAPITAL PLUS MAINE CARD PROGRAM</b>					
Existing service	23,718	24,039	24,369	24,707	25,053
<b>New and expanded services</b>	<b>6,000</b>	<b>9,599</b>	<b>216,305</b>	<b>213,388</b>	<b>218,271</b>
<b>Total University of Maine</b>	<b>29,718</b>	<b>33,638</b>	<b>240,675</b>	<b>238,095</b>	<b>243,324</b>

Projected operating revenues for existing services are summarized in Figure 13.19. Anticipated operating revenues for new services are presented in Figure 13.20.

**Figure 13.19 Operating Revenues for Existing Services**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
FTA	330,113	340,016	350,217	360,723	371,545
JARC	0	0	0	0	0
RTAP	2,000	2,000	2,000	2,000	2,000
MDOT	43,930	43,930	43,930	43,930	43,930
Bangor	150,192	153,947	157,796	161,741	165,784
Brewer	31,525	32,313	33,121	33,949	34,798
Hampden	24,356	24,965	25,589	26,229	26,885
Veazie	7,721	7,914	8,111	8,314	8,522
Orono	15,441	15,827	16,223	16,628	17,044
Old Town	15,441	15,827	16,223	16,628	17,044
University of Maine	12,868	13,189	13,519	13,857	14,203
Other local	0	0	0	0	0
Fare box	311,850	316,528	321,276	326,095	330,986
UM Maine Card	16,000	16,000	16,000	16,000	16,000
Advertising	27,660	28,351	29,060	29,786	30,531
Operating Revenues	989,096	1,010,807	1,033,064	1,055,881	1,079,272

**Figure 13.20 Operating Revenues for New Services**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
FTA	77,620	190,627	302,405	309,744	310,645
JARC	13,250	0	0	0	0
RTAP	0	0	0	0	0
MDOT	0	0	0	0	0
Bangor	43,470	112,053	149,775	153,412	153,108
Brewer	34,111	44,115	45,491	46,241	46,142
Hampden	13,289	20,065	20,407	20,998	20,907
Veazie	0	2,159	5,956	6,153	6,201
Orono	0	4,318	22,419	23,074	23,439
Old Town	0	4,318	11,913	12,306	12,401
University of Maine	0	3,599	197,374	202,388	207,271
Other local	0	0	21,011	21,536	22,075
Fare box	40,872	88,731	101,165	104,137	120,426
UM Maine Card	0	0	5,000	5,000	5,000
Advertising	0	0	0	0	0
Total Revenues	222,611	469,986	882,917	904,990	927,615

### **13.7 Five-year Budget and Projected Fund Balances**

Five-year revenue and expense projections are summarized in Figure 13.21. Municipal funding levels include operating subsidies for new and existing services, regular capital reserve contributions, plus additional capital contributions from some communities and the University of Maine.

Projected operating revenues exceed anticipated expenses for each year of the plan. Figure 13.21 shows the operating fund balances that would result, along with the combined balances of community capital reserve funds.

All revenue and cost projections are supported by the spreadsheet model developed as part of the planning effort. A printed copy of the model is included as an appendix to this report.

Municipalities may be eligible to receive full reimbursement of increased transit expenditures through MDOT's new transit-related local roads assistance program. These possible highway reimbursement dollars are not included in financial plan projections developed for this study.

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**Figure 13.14 Five-year Budget and Projected Fund Balances**

**COMBINED REVENUES**

Including local capital fund contributions, but excluding federal and state capital grants

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
FTA	407,733	530,644	652,622	670,467	682,190
JARC	13,250	0	0	0	0
RTAP	2,000	2,000	2,000	2,000	2,000
MDOT	43,930	43,930	43,930	43,930	43,930
Bangor	213,662	286,000	327,571	335,152	338,892
Brewer	160,636	77,678	78,611	80,190	80,940
Hampden	40,145	47,530	48,496	49,727	50,292
Veazie	8,231	10,583	19,336	14,977	15,233
Orono	16,461	21,165	57,255	40,723	41,503
Old Town	16,461	21,165	38,673	29,954	30,465
Univ of Maine	13,718	17,638	219,674	217,095	222,324
Other local	0	0	21,011	21,536	22,075
Farebox	352,722	405,259	422,440	430,232	451,412
UM Maine Card	16,000	16,000	21,000	21,000	21,000
Advertising	27,660	28,351	29,060	29,786	30,531
<b>Total Revenues</b>	<b>1,332,607</b>	<b>1,507,943</b>	<b>1,981,681</b>	<b>1,986,771</b>	<b>2,032,787</b>

**COMBINED EXPENSES**

Including transfers to capital reserve

Existing Services	953,067	976,893	1,001,316	1,026,349	1,052,007
New Services	222,611	469,986	882,917	904,990	927,615
Regular Capital Reserve	25,900	25,900	25,900	25,900	25,900
Capital Additions	95,000	1,250	39,800	0	0
<b>Total Expenses</b>	<b>1,296,578</b>	<b>1,474,029</b>	<b>1,949,933</b>	<b>1,957,238</b>	<b>2,005,522</b>
 Surplus/(deficit)	 36,029	 33,914	 31,748	 29,532	 27,265

**CAPITAL RESERVE FUND**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
Opening Balance	39,838	64,488	90,388	34,442	59,092
Additions	120,900	27,150	65,700	25,900	25,900
Withdrawals	96,250	1,250	121,646	1,250	1,250
Ending Balance	64,488	90,388	34,442	59,092	83,742

**OPERATING FUND**

	<i>FY 04</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>
Opening Balance	0	36,029	69,943	101,692	131,224
Operating Revenues	1,211,707	1,480,793	1,915,981	1,960,871	2,006,887
Operating Expenses	1,175,678	1,446,879	1,884,233	1,931,338	1,979,622
Ending Balance	36,029	69,943	101,692	131,224	158,489