



Chapter 7:  
Financial Forecast and Funding

## CHAPTER 7: FINANCIAL FORECAST AND FUNDING

### 7.1 OVERVIEW

The development of the financial plan is a critical element in the 2035 LRTP Update. The financial plan includes the existing revenue sources and anticipated revenues to operate, maintain and enhance the Ames area transportation system for the next 25 years. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) indicates that Metropolitan Planning Organizations are responsible for preparing “a financial plan that demonstrates how the long range transportation can be implemented.”

The Code of Federal Regulations 23 CFR 450.322 (10) describes the requirements for the financial plan. This requires identification of all financial resources that are reasonably expected to be made available to implement the plan. It also requires that the plan use an inflation rate to reflect the “year of expenditure dollars.”

### 7.2 EXISTING REVENUE SOURCES (NON-TRANSIT)

The Ames area uses various funding sources for the development and maintenance of its transportation system. The sources include Federal Highway Administration (FHWA), Iowa Department of Transportation (Iowa DOT) and local funds.

### CODE OF FEDERAL REGULATIONS 23 CFR 450.322 (10)

(10) A financial plan that demonstrates how the adopted transportation plan can be implemented.

- (i) For purposes of transportation system operations and maintenance, the financial plan shall contain system-level estimates of costs and revenue sources that are reasonably expected to be available to adequately operate and maintain Federal-aid highways (as defined by 23 U.S.C. 101(a)(5)) and public transportation (as defined by title 49 U.S.C. Chapter 53).
- (ii) For the purpose of developing the metropolitan transportation plan, the MPO, public transportation operator(s), and State shall cooperatively develop estimates of funds that will be available to support metropolitan transportation plan implementation, as required under § 450.314(a). All necessary financial resources from public and private sources that are reasonably expected to be made available to carry out the transportation plan shall be identified.
- (iii) The financial plan shall include recommendations on any additional financing strategies to fund projects and programs included in the metropolitan transportation plan. In the case of new funding sources, strategies for ensuring their availability shall be identified.
- (iv) In developing the financial plan, the MPO shall take into account all projects and strategies proposed for funding under title 23 U.S.C., title 49 U.S.C. Chapter 53 or with other Federal funds; State assistance; local sources; and private participation. Starting December 11, 2007, revenue and cost estimates that support the metropolitan transportation plan must use an inflation rate(s) to reflect “year of expenditure dollars,” based on reasonable financial principles and information, developed cooperatively by the MPO, State(s), and public transportation operator(s).
- (v) For the outer years of the metropolitan transportation plan (i.e., beyond the first 10 years), the financial plan may reflect aggregate cost ranges/cost bands, as long as the future funding source(s) is reasonably expected to be available to support the projected cost ranges/cost bands.
- (vi) For nonattainment and maintenance areas, the financial plan shall address the specific financial strategies required to ensure the implementation of TCMs in the applicable SIP.
- (vii) For illustrative purposes, the financial plan may (but is not required to) include additional projects that would be included in the adopted transportation plan if additional resources beyond those identified in the financial plan were to become available.
- (viii) In cases that the FHWA and the FTA find a metropolitan transportation plan to be fiscally constrained and a revenue source is subsequently removed or substantially reduced (i.e., by legislative or administrative actions), the FHWA and the FTA will not withdraw the original determination of fiscal constraint; however, in such cases, the FHWA and the FTA will not act on an updated or amended metropolitan transportation plan that does not reflect the changed revenue situation.

## FEDERAL AND STATE FUNDING PROGRAMS

The Ames area receives revenue from several Federal and State funding programs. These programs are divided up into the following four categories:

- State-Apportioned Federal-Aid (Formula)
- State-Allocated Federal-Aid (Discretionary)
- DOT-Managed Federal-Aid (DOT Programmed)
- Direct-Federal Apportionments (Earmarks)

### STATE-APPORTIONED FEDERAL-AID

The AAMPO currently receives State-Apportioned Federal-Aid through the Surface Transportation Program and the Transportation Enhancement Program which are programmed by the AAMPO. The following provides a summary of the formula based State-Apportioned Federal-Aid.

- Surface Transportation Program (STP): The STP is a flexible fund that may be used for projects on any Federal-aid highway, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. Generally, the Federal share is 80 percent of the project cost; however, when the funds are used for certain types of interstate projects, the Federal share may be 90 percent of the project cost and certain safety improvements may have a Federal share of 100 percent of the project cost.
  - Revenue Projection – The initial year (2011) revenue projection was provided by the Iowa DOT. The revenues were then inflated 4% annually. This assumption was made due to limited historical data from the year 2002 when the MPO was established.

- Transportation Enhancement Program (TE): The TE funds were established to strengthen the cultural, aesthetic, and environmental aspects of the transportation system. TE funds may be used for projects such as bicycle/pedestrian facilities, restoration of historically significant structures, roadway beautification and other enhancement projects/programs. Generally, the Federal share is 80 percent of the project costs.
  - Revenue Projection – The initial year revenue projection was provided by the Iowa DOT. The revenues were then inflated 4% annually. This assumption was made due to limited historical data from the year 2002 when the MPO was established.

### STATE-ALLOCATED FEDERAL AID

The Ames area has also historically received State-Allocated Federal-Aid (Discretionary) funding and is eligible for a variety of these funds. Based on historical data and reasonableness of receiving funding, the two potential State-Allocated revenue sources are the Traffic Safety Improvement Program and the Safe Routes to School Program. The following is a summary of the reasonable State-Allocated Federal-Aid.

- Traffic Safety Improvement Program (TSIP): TSIP provides funding for traffic safety improvements or studies on any public roads under county, city or state jurisdiction. Any state, county or city is eligible to request these funds. Eligible projects include: construction or improvement of traffic safety and operations at a specific site with an accident history; purchase of materials for installation of new traffic control devices; or transportation safety research, studies or public information initiatives.

- Revenue Projection – It is unlikely that the Ames area would receive funding every year; however, an annual projection was developed in order to determine a reasonable 25-year projection. Based on limited historical data of the AAMPO, the initial year (2011) annual revenue projection was determined proportionally from the overall Iowa DOT TSIP funding level based on the population of the Ames area. The revenues were then inflated 4% annually due to lack of historical data.
- Safe Routes to School (SRTS): SRTS is a program to enable and encourage children to walk and bicycle to school by providing infrastructure and non-infrastructure improvements. This program is 100 percent federally funded.
  - Revenue Projection – It is unlikely that the Ames area would receive funding every year; however, an annual projection was developed in order to determine a reasonable 25-year projection. Based on limited historical data of the AAMPO, the initial year (2011) annual revenue projection was determined proportionally from the overall Iowa DOT SRTS funding level based on the population of the Ames area. The revenues were then inflated 4% annually due to lack of historical data.

highway/bridge projects. The FHWA recommends anticipating an earmark funding level of 40% on projects that would be good earmark candidates. Projects that are considered good earmark candidates will be discussed further in the Chapter 8 – Proposed Final Long Range Transportation Plan.

#### FEDERAL AND STATE FUNDING PROJECTIONS BY YEAR

The estimated Federal and State funding projections by year are presented in **TABLE 7.1**. As presented in **TABLE 7.1**, the total estimated projected funding for the 25 years is approximately \$64 million.

#### DOT-MANAGED FEDERAL-AID

The DOT-Managed Federal-Aid includes Interstate Maintenance Program (IM), National Highway System Maintenance Program (NHS), State-Managed STP and Highway Bridge Program (HBP). The Iowa DOT is the lead for the use of these funds within the AAMPO boundary. These projections and costs are not included in this funding analysis since the AAMPO and the local jurisdictions do not have control over these programs.

#### DIRECT-FEDERAL APPORTIONMENTS

The Ames area has historically received Direct-Federal Apportionments (Earmarks) for specific projects. These funds are typically for larger

TABLE 7.1. FEDERAL AND STATE FUNDING PROJECTIONS BY YEAR

| STATE/FEDERAL FUNDING |                                      |                                  |   |                                      |                          |
|-----------------------|--------------------------------------|----------------------------------|---|--------------------------------------|--------------------------|
|                       | FORMULA BASED                        |                                  | DISCRETIONARY                             |                                      |                          |
| Year                  | Surface Transportation Program (STP) | Transportation Enhancements (TE) | Traffic Safety Improvement Program (TSIP) | Safe Routes to School Program (SRTS) | Federal Funding Subtotal |
| 2011                  | \$1,321,450                          | \$91,053                         | \$90,000                                  | \$25,000                             | \$1,527,503              |
| 2012                  | \$1,374,308                          | \$94,695                         | \$93,600                                  | \$26,000                             | \$1,588,603              |
| 2013                  | \$1,429,280                          | \$98,483                         | \$97,344                                  | \$27,040                             | \$1,652,147              |
| 2014                  | \$1,486,452                          | \$102,422                        | \$101,238                                 | \$28,122                             | \$1,718,233              |
| 2015                  | \$1,545,910                          | \$106,519                        | \$105,287                                 | \$29,246                             | \$1,786,962              |
| 2016                  | \$1,607,746                          | \$110,780                        | \$109,499                                 | \$30,416                             | \$1,858,441              |
| 2017                  | \$1,672,056                          | \$115,211                        | \$113,879                                 | \$31,633                             | \$1,932,779              |
| 2018                  | \$1,738,938                          | \$119,820                        | \$118,434                                 | \$32,898                             | \$2,010,090              |
| 2019                  | \$1,808,496                          | \$124,612                        | \$123,171                                 | \$34,214                             | \$2,090,493              |
| 2020                  | \$1,880,835                          | \$129,597                        | \$128,098                                 | \$35,583                             | \$2,174,113              |
| 2021                  | \$1,956,069                          | \$134,781                        | \$133,222                                 | \$37,006                             | \$2,261,078              |
| 2022                  | \$2,034,312                          | \$140,172                        | \$138,551                                 | \$38,486                             | \$2,351,521              |
| 2023                  | \$2,115,684                          | \$145,779                        | \$144,093                                 | \$40,026                             | \$2,445,582              |
| 2024                  | \$2,200,311                          | \$151,610                        | \$149,857                                 | \$41,627                             | \$2,543,405              |
| 2025                  | \$2,288,324                          | \$157,674                        | \$155,851                                 | \$43,292                             | \$2,645,141              |
| 2026                  | \$2,379,857                          | \$163,981                        | \$162,085                                 | \$45,024                             | \$2,750,947              |
| 2027                  | \$2,475,051                          | \$170,541                        | \$168,568                                 | \$46,825                             | \$2,860,984              |
| 2028                  | \$2,574,053                          | \$177,362                        | \$175,311                                 | \$48,698                             | \$2,975,424              |
| 2029                  | \$2,677,015                          | \$184,457                        | \$182,323                                 | \$50,645                             | \$3,094,441              |
| 2030                  | \$2,784,096                          | \$191,835                        | \$189,616                                 | \$52,671                             | \$3,218,218              |
| 2031                  | \$2,895,460                          | \$199,508                        | \$197,201                                 | \$54,778                             | \$3,346,947              |
| 2032                  | \$3,011,278                          | \$207,489                        | \$205,089                                 | \$56,969                             | \$3,480,825              |
| 2033                  | \$3,131,729                          | \$215,788                        | \$213,293                                 | \$59,248                             | \$3,620,058              |
| 2034                  | \$3,256,998                          | \$224,420                        | \$221,824                                 | \$61,618                             | \$3,764,860              |
| 2035                  | \$3,387,278                          | \$233,397                        | \$230,697                                 | \$64,083                             | \$3,915,455              |
| Total                 | \$55,032,986                         | \$3,791,985                      | \$3,748,132                               | \$1,041,148                          | \$63,614,250             |

LOCAL FUNDING PROGRAMS

The Ames area receives revenue from several local funding sources. These sources include the categories:

- General Obligation Bonds
- Local Options Sales Tax
- Road Use Tax
- Other Miscellaneous Sources

GENERAL OBLIGATION BONDS

The City of Ames has historically issued General Obligation Bonds on an annual basis. The General Obligation Bonds are used for financing projects where other financing methods cannot reasonably be used. Portions of the General Obligations Bonds have been used to enhance the transportation system.

- Revenue Projection – The initial year projection for the General Obligation Bonds to be used for the transportation system was developed through reviewing the City of Ames Capital Improvement Program between 2004 and 2010. During this 7 year period the average annual increase was over 5%. For this analysis, the revenues were inflated 4% annually to determine 25-year revenue projections.

LOCAL OPTIONS SALES TAX

The City of Ames has a Local Option Sales Tax which 60% is used for property tax relief and 40% is used for community betterment. Portions of the Local Options Sales Tax have been used to enhance the transportation system.

- Revenue Projection – The initial year projection for the Local Options Sales Tax to be used for the transportation system was developed through reviewing the City of Ames Local Options Sales Tax between 2004 and 2010. During this 7-year period the average annual increase was over 10%. For this analysis, the revenues were inflated 4% annually to determine 25-year revenue projections.

ROAD USE TAX

The City of Ames receives Road Use Tax revenues annually. The Road Use Tax revenue is restricted for street related purposes including operations and maintenance activities and eligible capital improvement funding.

- Revenue Projection – The initial year projection for the Road Use Tax revenue to be used for the transportation system was developed through reviewing the City of Ames Road Use Tax revenues between 2004 and 2010. During this 7 year period the revenues remained fairly constant. For this analysis, the revenues were not inflated for future years.

OTHER MISCELLANEOUS SOURCES

The City of Ames has also received revenue for the transportation system from a variety of other sources including Developers, Property Owner Assessments, Private Contributions, Iowa State University, Story County and other sources.

- Revenue Projection – The initial year projection for the Other Miscellaneous Sources to be used for the transportation system was developed through reviewing the City of Ames Other Miscellaneous Source revenues between 2004 and 2010. During this 7 year period the revenues fluctuated. For this analysis, the revenues were inflated 4% annually the future years.

LOCAL FUNDING PROGRAMS PROJECTIONS BY YEAR

The estimated Local Funding Programs projections by year are presented in **TABLE 7.2**. As presented in **TABLE 7.2**, the total estimated projected funding for the 25-years is approximately \$340 million.

**TABLE 7.2. LOCAL FUNDING PROGRAM PROJECTIONS BY YEAR**

| LOCAL FUNDING PROGRAMS |                                |                         |                     |                     |                        |
|------------------------|--------------------------------|-------------------------|---------------------|---------------------|------------------------|
| YEAR                   | GENERAL OBLIGATION BONDS (GOB) | LOCAL OPTIONS SALES TAX | ROAD USE TAX        | OTHER               | CITY RECEIPTS SUBTOTAL |
| 2011                   | \$6,250,000                    | \$470,000               | \$1,000,000         | \$900,000           | \$8,620,000            |
| 2012                   | \$6,500,000                    | \$488,800               | \$1,000,000         | \$936,000           | \$8,924,800            |
| 2013                   | \$6,760,000                    | \$508,352               | \$1,000,000         | \$973,440           | \$9,241,792            |
| 2014                   | \$7,030,400                    | \$528,686               | \$1,000,000         | \$1,012,378         | \$9,571,464            |
| 2015                   | \$7,311,616                    | \$549,834               | \$1,000,000         | \$1,052,873         | \$9,914,322            |
| 2016                   | \$7,604,081                    | \$571,827               | \$1,000,000         | \$1,094,988         | \$10,270,895           |
| 2017                   | \$7,908,244                    | \$594,700               | \$1,000,000         | \$1,138,787         | \$10,641,731           |
| 2018                   | \$8,224,574                    | \$618,488               | \$1,000,000         | \$1,184,339         | \$11,027,400           |
| 2019                   | \$8,553,557                    | \$643,227               | \$1,000,000         | \$1,231,712         | \$11,428,496           |
| 2020                   | \$8,895,699                    | \$668,957               | \$1,000,000         | \$1,280,981         | \$11,845,636           |
| 2021                   | \$9,251,527                    | \$695,715               | \$1,000,000         | \$1,332,220         | \$12,279,461           |
| 2022                   | \$9,621,588                    | \$723,543               | \$1,000,000         | \$1,385,509         | \$12,730,640           |
| 2023                   | \$10,006,451                   | \$752,485               | \$1,000,000         | \$1,440,929         | \$13,199,866           |
| 2024                   | \$10,406,709                   | \$782,585               | \$1,000,000         | \$1,498,566         | \$13,687,860           |
| 2025                   | \$10,822,978                   | \$813,888               | \$1,000,000         | \$1,558,509         | \$14,195,375           |
| 2026                   | \$11,255,897                   | \$846,443               | \$1,000,000         | \$1,620,849         | \$14,723,190           |
| 2027                   | \$11,706,133                   | \$880,301               | \$1,000,000         | \$1,685,683         | \$15,272,117           |
| 2028                   | \$12,174,378                   | \$915,513               | \$1,000,000         | \$1,753,110         | \$15,843,002           |
| 2029                   | \$12,661,353                   | \$952,134               | \$1,000,000         | \$1,823,235         | \$16,436,722           |
| 2030                   | \$13,167,807                   | \$990,219               | \$1,000,000         | \$1,896,164         | \$17,054,191           |
| 2031                   | \$13,694,520                   | \$1,029,828             | \$1,000,000         | \$1,972,011         | \$17,696,358           |
| 2032                   | \$14,242,300                   | \$1,071,021             | \$1,000,000         | \$2,050,891         | \$18,364,213           |
| 2033                   | \$14,811,992                   | \$1,113,862             | \$1,000,000         | \$2,132,927         | \$19,058,781           |
| 2034                   | \$15,404,472                   | \$1,158,416             | \$1,000,000         | \$2,218,244         | \$19,781,132           |
| 2035                   | \$16,020,651                   | \$1,204,753             | \$1,000,000         | \$2,306,974         | \$20,532,378           |
| <b>Total</b>           | <b>\$260,286,927</b>           | <b>\$19,573,577</b>     | <b>\$25,000,000</b> | <b>\$37,481,317</b> | <b>\$342,341,821</b>   |

### OPERATIONS AND MAINTENANCE

Operations and maintenance costs need to be factored in order to determine the available funding available for the transportation system. The operations and maintenance funds for the AAMPO were provided by the Iowa DOT. The Iowa DOT obtained this information from the “2009 City Street Finance Report”. The initial year projections and the future year projections were developed by inflating the 2009 costs by 4% annually.

The estimated Operations and Maintenance Cost Projections by year are presented in **TABLE 7.3**. As presented in **TABLE 7.3**, the total estimated cost projection for the 25-year analysis period is approximately \$292 million.

**TABLE 7.3. OPERATIONS AND MAINTENANCE COST PROJECTIONS BY YEAR**

| MAINTENANCE AND OPERATIONS |                      |                     |                      |
|----------------------------|----------------------|---------------------|----------------------|
| YEAR                       | MAINTENANCE          | OPERATIONS          | TOTAL                |
| 2011                       | \$5,128,300          | \$1,886,700         | \$7,015,000          |
| 2012                       | \$5,333,432          | \$1,962,168         | \$7,295,600          |
| 2013                       | \$5,546,769          | \$2,040,655         | \$7,587,424          |
| 2014                       | \$5,768,640          | \$2,122,281         | \$7,890,921          |
| 2015                       | \$5,999,386          | \$2,207,172         | \$8,206,558          |
| 2016                       | \$6,239,361          | \$2,295,459         | \$8,534,820          |
| 2017                       | \$6,488,936          | \$2,387,277         | \$8,876,213          |
| 2018                       | \$6,748,493          | \$2,482,768         | \$9,231,261          |
| 2019                       | \$7,018,433          | \$2,582,079         | \$9,600,512          |
| 2020                       | \$7,299,170          | \$2,685,362         | \$9,984,532          |
| 2021                       | \$7,591,137          | \$2,792,777         | \$10,383,914         |
| 2022                       | \$7,894,782          | \$2,904,488         | \$10,799,270         |
| 2023                       | \$8,210,574          | \$3,020,667         | \$11,231,241         |
| 2024                       | \$8,538,996          | \$3,141,494         | \$11,680,491         |
| 2025                       | \$8,880,556          | \$3,267,154         | \$12,147,710         |
| 2026                       | \$9,235,779          | \$3,397,840         | \$12,633,619         |
| 2027                       | \$9,605,210          | \$3,533,754         | \$13,138,963         |
| 2028                       | \$9,989,418          | \$3,675,104         | \$13,664,522         |
| 2029                       | \$10,388,995         | \$3,822,108         | \$14,211,103         |
| 2030                       | \$10,804,555         | \$3,974,992         | \$14,779,547         |
| 2031                       | \$11,236,737         | \$4,133,992         | \$15,370,729         |
| 2032                       | \$11,686,206         | \$4,299,352         | \$15,985,558         |
| 2033                       | \$12,153,655         | \$4,471,326         | \$16,624,980         |
| 2034                       | \$12,639,801         | \$4,650,179         | \$17,289,980         |
| 2035                       | \$13,145,393         | \$4,836,186         | \$17,981,579         |
| <b>Total</b>               | <b>\$213,572,711</b> | <b>\$78,573,335</b> | <b>\$292,146,047</b> |

### AVAILABLE FUNDING FOR ROADWAY AND BICYCLE/PEDESTRIAN FACILITIES

In order to determine the available funding for roadway and bicycle/pedestrian facilities, the Operations and Maintenance Costs were subtracted from the State/Federal Funding plus the Local Funding.

The estimated funds available for roadway and bicycle/pedestrian facilities by year are presented in **TABLE 7.4**. As presented in **TABLE 7.4**, the total estimated project funds for the 25-year analysis period are approximately \$112 million.

**TABLE 7.4. ROADWAY AND BICYCLE/PEDESTRIAN FUNDING BY YEAR**

| FUNDS AVAILABLE FOR ROADWAY, BICYCLE/PEDESTRIAN |                |                                  |               |
|---|----------------|----------------------------------|---------------|
| YEAR  | REVENUE TOTAL  | OPERATIONS AND MAINTENANCE TOTAL | NET SURPLUS   |
| 2011  | \$10,147,503   | \$ 7,015,000                     | \$3,132,503   |
| 2012  | \$10,513,403   | \$ 7,295,600                     | \$3,217,803   |
| 2013  | \$10,893,939   | \$ 7,587,424                     | \$3,306,515   |
| 2014  | \$11,289,697   | \$ 7,890,921                     | \$3,398,776   |
| 2015  | \$11,701,285   | \$ 8,206,558                     | \$3,494,727   |
| 2016  | \$12,129,336   | \$ 8,534,820                     | \$3,594,516   |
| 2017  | \$12,574,510   | \$ 8,876,213                     | \$3,698,297   |
| 2018  | \$13,037,490   | \$ 9,231,261                     | \$3,806,228   |
| 2019  | \$13,518,989   | \$ 9,600,512                     | \$3,918,478   |
| 2020  | \$14,019,749   | \$ 9,984,532                     | \$4,035,217   |
| 2021  | \$14,540,539   | \$10,383,914                     | \$4,156,625   |
| 2022  | \$15,082,161   | \$10,799,270                     | \$4,282,890   |
| 2023  | \$15,645,447   | \$11,231,241                     | \$4,414,206   |
| 2024  | \$16,231,265   | \$11,680,491                     | \$4,550,774   |
| 2025  | \$16,840,515   | \$12,147,710                     | \$4,692,805   |
| 2026  | \$17,474,136   | \$12,633,619                     | \$4,840,517   |
| 2027  | \$18,133,102   | \$13,138,963                     | \$4,994,138   |
| 2028  | \$18,818,426   | \$13,664,522                     | \$5,153,904   |
| 2029  | \$19,531,163   | \$14,211,103                     | \$5,320,060   |
| 2030  | \$20,272,409   | \$14,779,547                     | \$5,492,862   |
| 2031  | \$21,043,306   | \$15,370,729                     | \$5,672,577   |
| 2032  | \$21,845,038   | \$15,985,558                     | \$5,859,480   |
| 2033  | \$22,678,839   | \$16,624,980                     | \$6,053,859   |
| 2034  | \$23,545,993   | \$17,289,980                     | \$6,256,013   |
| 2035  | \$24,447,833   | \$17,981,579                     | \$6,466,254   |
| Total   | \$ 405,956,071 | \$292,146,047                    | \$113,810,024 |

### 7.3 TRANSIT REVENUE SOURCES

CyRide, the city bus system, has various performance statistics from 1976 – 2008 including operations revenue and expense information. This information was used to develop operating revenues and expenses for projections. CyRide also provided information on other non-operating revenues they have received that are used for capital projects, bus replacement, bus amenities upgrades, studies and other items.

#### OPERATING REVENUES AND EXPENSES

The operating revenues and expenses projections were developed based on historical data. The operating revenues were inflated based on the average annual growth rates over the last 20 years using a 6% annual maximum growth rate for any one revenue source. The operating expenses were inflated 4% annually to account for the increase in costs to maintain and operate the existing service. The projected operating expenses were subtracted from the projected operating revenues in order to determine net operating revenue available for service expansion.

The projected operating revenues and expenses by year are presented in **TABLE 7.5**. As presented in **TABLE 7.5**, the total estimated net operating revenue for the 25-year analysis period is approximately \$132 million.



TABLE 7.5. OPERATING REVENUE AND EXPENSE PROJECTIONS BY YEAR

| OPERATING REVENUE |                     |                     |                              |                            |                       |                       |                               |                          |                         |                         |                       |
|-------------------|---------------------|---------------------|------------------------------|----------------------------|-----------------------|-----------------------|-------------------------------|--------------------------|-------------------------|-------------------------|-----------------------|
| YEAR              | FAREBOX REVENUE     | TAX LEVY            | OTHER TRANSPORTATION REVENUE | GOVERNMENT OF STUDENT BODY | IOWA STATE UNIVERSITY | MISCELLANEOUS REVENUE | IOWA DOT OPERATING ASSISTANCE | FTA OPERATING ASSISTANCE | TOTAL OPERATING REVENUE | TOTAL OPERATING EXPENSE | NET OPERATING REVENUE |
| 2011              | \$355,956           | \$516,744           | \$1,427,888                  | \$3,360,726                | \$626,185             | \$223,596             | \$551,250                     | \$1,715,190              | \$8,777,535             | \$7,729,114             | \$1,048,422           |
| 2012              | \$377,314           | \$547,748           | \$1,513,561                  | \$3,528,763                | \$663,756             | \$237,012             | \$578,813                     | \$1,818,101              | \$9,265,068             | \$8,038,278             | \$1,226,789           |
| 2013              | \$399,953           | \$580,613           | \$1,604,375                  | \$3,705,201                | \$703,581             | \$251,233             | \$607,753                     | \$1,927,187              | \$9,779,896             | \$8,359,809             | \$1,420,087           |
| 2014              | \$423,950           | \$615,450           | \$1,700,637                  | \$3,890,461                | \$745,796             | \$266,307             | \$638,141                     | \$2,042,819              | \$10,323,560            | \$8,694,202             | \$1,629,359           |
| 2015              | \$449,387           | \$652,377           | \$1,802,675                  | \$4,084,984                | \$790,544             | \$282,285             | \$670,048                     | \$2,165,388              | \$10,897,688            | \$9,041,970             | \$1,855,718           |
| 2016              | \$476,350           | \$691,520           | \$1,910,836                  | \$4,289,233                | \$837,976             | \$299,222             | \$703,550                     | \$2,295,311              | \$11,503,999            | \$9,403,648             | \$2,100,350           |
| 2017              | \$504,931           | \$733,011           | \$2,025,486                  | \$4,503,695                | \$888,255             | \$317,176             | \$738,728                     | \$2,433,030              | \$12,144,311            | \$9,779,794             | \$2,364,516           |
| 2018              | \$535,227           | \$776,991           | \$2,147,015                  | \$4,728,880                | \$941,550             | \$336,206             | \$775,664                     | \$2,579,012              | \$12,820,545            | \$10,170,986            | \$2,649,559           |
| 2019              | \$567,341           | \$823,611           | \$2,275,836                  | \$4,965,324                | \$998,043             | \$356,379             | \$814,447                     | \$2,733,752              | \$13,534,732            | \$10,577,826            | \$2,956,907           |
| 2020              | \$601,381           | \$873,028           | \$2,412,386                  | \$5,213,590                | \$1,057,926           | \$377,761             | \$855,170                     | \$2,897,777              | \$14,289,019            | \$11,000,939            | \$3,288,080           |
| 2021              | \$637,464           | \$925,409           | \$2,557,129                  | \$5,474,269                | \$1,121,401           | \$400,427             | \$897,928                     | \$3,071,644              | \$15,085,672            | \$11,440,976            | \$3,644,696           |
| 2022              | \$675,712           | \$980,934           | \$2,710,557                  | \$5,747,983                | \$1,188,685           | \$424,453             | \$942,825                     | \$3,255,943              | \$15,927,091            | \$11,898,615            | \$4,028,475           |
| 2023              | \$716,254           | \$1,039,790         | \$2,873,191                  | \$6,035,382                | \$1,260,006           | \$449,920             | \$989,966                     | \$3,451,299              | \$16,815,808            | \$12,374,560            | \$4,441,248           |
| 2024              | \$759,230           | \$1,102,177         | \$3,045,582                  | \$6,337,151                | \$1,335,607           | \$476,915             | \$1,039,464                   | \$3,658,377              | \$17,754,503            | \$12,869,542            | \$4,884,961           |
| 2025              | \$804,783           | \$1,168,308         | \$3,228,317                  | \$6,654,009                | \$1,415,743           | \$505,530             | \$1,091,437                   | \$3,877,880              | \$18,746,007            | \$13,384,324            | \$5,361,683           |
| 2026              | \$853,070           | \$1,238,406         | \$3,422,016                  | \$6,986,709                | \$1,500,688           | \$535,862             | \$1,146,009                   | \$4,110,553              | \$19,793,313            | \$13,919,697            | \$5,873,616           |
| 2027              | \$904,255           | \$1,312,711         | \$3,627,337                  | \$7,336,044                | \$1,590,729           | \$568,013             | \$1,203,310                   | \$4,357,186              | \$20,899,585            | \$14,476,485            | \$6,423,100           |
| 2028              | \$958,510           | \$1,391,473         | \$3,844,977                  | \$7,702,847                | \$1,686,173           | \$602,094             | \$1,263,475                   | \$4,618,617              | \$22,068,166            | \$15,055,544            | \$7,012,622           |
| 2029              | \$1,016,021         | \$1,474,962         | \$4,075,676                  | \$8,087,989                | \$1,787,343           | \$638,220             | \$1,326,649                   | \$4,895,734              | \$23,302,593            | \$15,657,766            | \$7,644,827           |
| 2030              | \$1,076,982         | \$1,563,459         | \$4,320,216                  | \$8,492,388                | \$1,894,584           | \$676,513             | \$1,392,981                   | \$5,189,478              | \$24,606,602            | \$16,284,077            | \$8,322,525           |
| 2031              | \$1,141,601         | \$1,657,267         | \$4,579,429                  | \$8,917,008                | \$2,008,259           | \$717,104             | \$1,462,630                   | \$5,500,847              | \$25,984,144            | \$16,935,440            | \$9,048,705           |
| 2032              | \$1,210,097         | \$1,756,703         | \$4,854,195                  | \$9,362,858                | \$2,128,754           | \$760,130             | \$1,535,762                   | \$5,830,898              | \$27,439,397            | \$17,612,857            | \$9,826,539           |
| 2033              | \$1,282,702         | \$1,862,105         | \$5,145,447                  | \$9,831,001                | \$2,256,479           | \$805,738             | \$1,612,550                   | \$6,180,751              | \$28,976,774            | \$18,317,372            | \$10,659,403          |
| 2034              | \$1,359,665         | \$1,973,831         | \$5,454,174                  | \$10,322,551               | \$2,391,868           | \$854,082             | \$1,693,177                   | \$6,551,596              | \$30,600,945            | \$19,050,066            | \$11,550,879          |
| 2035              | \$1,441,245         | \$2,092,261         | \$5,781,424                  | \$10,838,679               | \$2,535,380           | \$905,327             | \$1,777,836                   | \$6,944,692              | \$32,316,845            | \$19,812,069            | \$12,504,776          |
| <b>Total</b>      | <b>\$19,529,379</b> | <b>\$28,350,888</b> | <b>\$78,340,364</b>          | <b>\$160,397,726</b>       | <b>\$34,355,309</b>   | <b>\$12,267,507</b>   | <b>\$26,309,563</b>           | <b>\$94,103,063</b>      | <b>\$453,653,797</b>    | <b>\$321,885,956</b>    | <b>\$131,767,841</b>  |



*NON-OPERATING REVENUES*

The non-operating revenues were developed based on historical data. The non-operating revenues have come from a variety of sources and have been used for capital projects, bus replacement, bus amenities upgrades, studies and other items. The non-operating revenues were inflated by 4% annually due to the annual variability in the historical data.

The projected non-revenues by year are presented in **TABLE 7.6**. As presented in **TABLE 7.6**, the total estimated non-operating revenue for the 25-year analysis period is approximately \$121 million.

**TABLE 7.6. NON-OPERATING REVENUES BY YEAR**

| YEAR         | NON-OPERATING REVENUES |                        |                              |
|--------------|------------------------|------------------------|------------------------------|
|              | BUS REVENUES           | OTHER CAPITAL REVENUES | TOTAL NON-OPERATING REVENUES |
| 2011         | \$1,100,000            | \$1,800,000            | \$2,900,000                  |
| 2012         | \$1,144,000            | \$1,872,000            | \$3,016,000                  |
| 2013         | \$1,189,760            | \$1,946,880            | \$3,136,640                  |
| 2014         | \$1,237,350            | \$2,024,755            | \$3,262,106                  |
| 2015         | \$1,286,844            | \$2,105,745            | \$3,392,590                  |
| 2016         | \$1,338,318            | \$2,189,975            | \$3,528,293                  |
| 2017         | \$1,391,851            | \$2,277,574            | \$3,669,425                  |
| 2018         | \$1,447,525            | \$2,368,677            | \$3,816,202                  |
| 2019         | \$1,505,426            | \$2,463,424            | \$3,968,850                  |
| 2020         | \$1,565,643            | \$2,561,961            | \$4,127,604                  |
| 2021         | \$1,628,269            | \$2,664,440            | \$4,292,708                  |
| 2022         | \$1,693,399            | \$2,771,017            | \$4,464,417                  |
| 2023         | \$1,761,135            | \$2,881,858            | \$4,642,993                  |
| 2024         | \$1,831,581            | \$2,997,132            | \$4,828,713                  |
| 2025         | \$1,904,844            | \$3,117,018            | \$5,021,862                  |
| 2026         | \$1,981,038            | \$3,241,698            | \$5,222,736                  |
| 2027         | \$2,060,279            | \$3,371,366            | \$5,431,646                  |
| 2028         | \$2,142,691            | \$3,506,221            | \$5,648,911                  |
| 2029         | \$2,228,398            | \$3,646,470            | \$5,874,868                  |
| 2030         | \$2,317,534            | \$3,792,329            | \$6,109,863                  |
| 2031         | \$2,410,235            | \$3,944,022            | \$6,354,257                  |
| 2032         | \$2,506,645            | \$4,101,783            | \$6,608,427                  |
| 2033         | \$2,606,911            | \$4,265,854            | \$6,872,764                  |
| 2034         | \$2,711,187            | \$4,436,488            | \$7,147,675                  |
| 2035         | \$2,819,635            | \$4,613,947            | \$7,433,582                  |
| <b>Total</b> | <b>\$ 45,810,499</b>   | <b>\$ 74,962,635</b>   | <b>\$ 120,773,134</b>        |



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