

How to Develop a Business Plan for Your Small Transit System (Part 4)

SURTC Transportation Learning Network
(TLN) Transit Technical
Assistance Workshop

Tuesday, October 18, 2005
10:00 a.m. - 4:00 p.m. (CDT)



Small Urban & Rural Transit Center

Workshop Agenda

- 10:00 am Overview and Introductions
- 10:15 am What is a business plan and how can it help a transportation system?
- 10:30 am Basic components of a transit business plan
- 10:45 am Getting started – data requirements, stakeholders, review of goals, mission, review of opportunities and threats
- 11:00 am Break
- 11:10 am Review of Existing Operations
 - Operating and financial data
 - Organization, management, information systems, maintenance, marketing

- 12:30 pm – 1:45 pm Lunch Break

- 1:45 pm Understanding your market
- 2:15 pm Developing and quantifying service changes
- 3:00 pm Break
- 3:10 pm Forecasting Operating Revenue and Expenses
- 3:30 pm Developing a Capital Plan and Budget
- 3:45 pm Bringing it all together, questions, and follow up
- 4:00 pm Adjourn



Outline of Transit System Business Plan (Continued)

- **Operating Budget Projections for next 5 years**
 - Revenue, expenses, deficit projections
 - Analysis of sources of deficit funding
 - Combine capital and operating support needs for 5 years to determine total state, federal, local contributions



Operating Budget Projections

- Need 5-year forecast of
 - Operating expenses
 - Passenger Revenue
 - State, federal, local funding



Operating Budget Projections

- Requires projection of expenses and revenue for existing services

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- Service additions and/or cutbacks



Five-year Projection of Revenue and Expenses for Existing Services

- Need base year line item detail
- Apply inflation rate – either the same for all line items or variable, e.g., benefits, or fuel at a higher rate than salaries or other supplies



Outline of Transit System Business Plan (Continued)

- **Capital budget for next 5 Years**
 - Vehicle replacement needs and timing
 - Vehicle needs for expansion
 - Facilities expansion
 - Other capital needs – computers, information systems, maintenance and other small capital items



Preparing a Capital Budget

- Capital expenditures
 - Vehicles
 - Facilities – office, maintenance, storage
 - Computers/information systems
 - Other equipment, shelters, service vehicles
- 5-year (or longer) projection of capital needs
- Includes total costs and matching shares for grants



Vehicle Replacement Plan

River Cities Transit Vehicle Roster											
											As of February 2005
Vehicle ID	Year	Chassis	Body	Fuel	Accessible?	Capacity	WC Positions	Mileage*	Life Expectancy	Earliest Replacement	Desired Replacement
BUSES											
Bus 1	2001	Ford E450	Collins	Gas	Yes	16	2	76,671	5	2006	2007
Bus 2	1999	Ford E350	Collins	Gas	Yes	16	2	119,379	5	Now	2006
Bus 5	1996	Chevrolet	Goshen	Diesel	Yes	25	1	169,000	5	Now	2006
Bus 7	2003	Ford E450	Eldorado	Diesel	No	25	0	18,234	5	2008	2009
Bus 8	1993	Ford E350	Collins	Gas	Yes	12	2	156,472	5	Now	2006
Bus 9	1994	Ford E350	Collins	Diesel	No	20	0	144,065	5	Now	2006
Bus 10	2004	International	Mid/Bus	Diesel	No	28	0	8,290	7	2011	2012
Bus 11	1994	Ford E350	Collins	Gas	Yes	12	2	160,169	5	Now	2006
Sprinter	2003	Freightliner	Braun	Diesel	Yes	12	3	14,000	5	2008	2009
VANS											
Astro Van	2003	Chevrolet	Astro	Gas	No	7	0	34,142	4	2007	2008
Chrysler 1	1999	Chrysler	Town&Coun	Gas	No	7	0	97,458	4	Now	2007
* As of 1/31/05											

River Cities Transit Proposed Vehicle Replacement Plan

Vehicle Type	Estimated 2005 Cost	2006		2007		2008		2009		2010	
		Number	Total Cost	Number	Total Cost	Number	Total Cost	Number	Total Cost	Number	Total Cost
MiniVan	\$22,000	2	\$44,000	2	\$44,000	2	\$44,000	0	\$0	2	\$44,000
Cutaway Bus 12/2	\$50,000	2	\$100,000	1	\$50,000		\$0	5	\$250,000	0	\$0
Sprinter Type	\$60,000	2	\$120,000	0	\$0		\$0	1	\$60,000	0	\$0
Mid/Bus	\$100,000	0	\$0	0	\$0		\$0		\$0		\$0
Total Number		6		3		2		6		2	
Total Cost			\$264,000		\$94,000		\$44,000		\$310,000		\$44,000
Federal/State Share (80%)			\$211,200		\$75,200		\$35,200		\$248,000		\$35,200
Local Share (20%)			\$42,240		\$15,040		\$7,040		\$49,600		\$7,040



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Outline of Transit System Business Plan (Continued)

- **Propose performance measures and milestones to evaluate success of plan**
 - Performance indicators
 - Information system needs to support measurement
 - Possible triggers to suggest plan update



Performance measures and milestones

- Summarize the key assumptions you made in your capital and operating budget
 - Implementation dates (milestones)
 - Cost and performance assumptions



Feedback and review

- Compare performance assumptions in budget for items such as passenger trips, cost/hour, passengers per hour, to actual experience
- Revise budgets or initiate plan update if there are significant differences



Suggested Business Plan Starter Project

- Assemble historical trend data -Ridership, miles, hours, revenue, expenses
- Identify a few issues, challenges, opportunities
- Summarize mission, goals in a couple of sentences
- Identify and evaluate service change alternatives
- Prepare a 5-year budget for operating and capital expenditures – a spreadsheet



Workshop Closing Comments

- Questions?
- Suggested follow ups to this session
- Web site for additional information and technical assistance
- www.surtc.org

