

City of Lawrence Coordinated Public Transportation Development Plan
Chapter 8
Financial Plan

1. Introduction and Overview of Financial Plan

The recommendation to transition the governance of the City of Lawrence transit system, The T, the University of Kansas student-run transit system, KUOW, and the University of Kansas park-and-ride service into one coordinated system, and then into one integrated or consolidated system, has numerous and complicated impacts on the financial and budgeting processes of both systems. Also included in the overall recommendations are service improvements and increases that impact the budgets of both systems as well.

Combining the budgets of the two transit systems over a five-year period results in \$27.1 million in operating and \$17.2 million in capital expenses. When service expansion options are included, the potential budget over this five-year period can rise to \$34.9 million in operating and \$21.5 million in capital expenses. The Financial Plan includes three scenarios, a “status quo” service level, a 20 percent service level increase, and a 33 percent service level increase. Estimated capital and operating expenses and revenues are identified for each scenario. To prepare this Financial Plan, assumptions were made which impact the identified expenses and revenues. The major assumptions are identified and listed in the plan. Notable highlights of the Financial Plan are also discussed, as is a summary of the impacts on locally generated funding from the students and the City.

2. Funding Requirements

Tables 69 through 71, beginning on the next page, summarize the proposed financial plan for each three scenarios. These tables include:

- Table 69 – A five-year financial plan summary for the status quo scenario (includes the integration of vehicle replacement requirements for The T and KUOW).
- Table 70 – A five-year financial plan summary for the 20 percent service increase scenario (includes the integration of vehicle replacement requirements for The T and KUOW).
- Table 71 – A five-year financial plan summary for the 33 percent service increase scenario (includes the integration of vehicle replacement requirements for The T and KUOW).

Appendix E includes a series of twelve tables that provide greater detail about the expenses and revenues for each scenario for both systems. The tables include the following:

- Table E1 - A five-year Capital Replacement Plan with the expenses for maintaining the status quo (current level of service provided by both systems).

**Table 69
Status Quo Scenario Financial Plan Summary**

Costs		FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 010/11	FY 011/12	Total
KUOW								
KUOW Total Operating Cost	\$2,100,876	\$2,163,903	\$2,353,820	\$2,420,684	\$2,489,555	\$2,560,492	\$11,988,454	
KUOW Total Capital Cost	\$0	\$1,350,000	\$1,034,378	\$1,065,409	\$1,097,371	\$1,130,292	\$5,677,450	
KUOW Total Cost	\$2,100,876	\$3,513,903	\$3,388,197	\$3,486,093	\$3,586,926	\$3,690,784	\$17,665,903	
The "T"								
The "T" Total Operating Cost	\$2,767,475	\$2,850,499	\$2,936,014	\$3,024,095	\$3,114,818	\$3,208,262	\$15,133,689	
The "T" Total Capital Cost	\$225,000	\$1,198,250	\$5,680,150	\$4,396,036	\$0	\$260,837	\$11,535,272	
The "T" Total Cost	\$2,992,475	\$4,048,749	\$8,616,164	\$7,420,131	\$3,114,818	\$3,469,099	\$26,668,961	
Total System-wide Cost	\$5,093,352	\$7,562,652	\$12,004,361	\$10,906,224	\$6,701,744	\$7,159,883	\$44,334,864	
Revenues		FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 010/11	FY 011/12	Total
KUOW								
KUOW Total Operating Revenue	\$2,100,876	\$2,077,630	\$2,431,185	\$2,461,969	\$2,493,254	\$2,525,052	\$11,989,091	
KUOW Total Capital Revenue	\$0	\$1,350,100	\$807,939	\$1,149,353	\$1,173,085	\$1,197,422	\$5,677,899	
KUOW Total Revenue	\$2,100,876	\$3,427,730	\$3,239,124	\$3,611,322	\$3,666,339	\$3,722,474	\$17,666,990	
The "T"								
The "T" Total Operating Revenue	\$2,791,859	\$2,896,892	\$3,005,032	\$3,093,113	\$3,183,836	\$3,277,280	\$15,456,153	
The "T" Total Capital Revenue	\$225,000	\$2,139,241	\$4,417,137	\$3,881,872	\$542,011	\$555,011	\$11,535,272	
The "T" Total Revenue	\$3,016,859	\$5,036,133	\$7,422,169	\$6,974,985	\$3,725,847	\$3,832,291	\$26,991,426	
Total System-wide Revenue	\$5,117,735	\$8,463,863	\$10,661,294	\$10,586,307	\$7,392,186	\$7,554,765	\$44,658,415	
Carryover Balance		\$24,383	\$925,594	-\$417,474	-\$737,391	-\$46,948		
Carryover Balance plus New Revenues	\$5,117,735	\$8,488,246	\$11,586,888	\$10,168,833	\$6,654,795	\$7,507,817		
Total System-Wide Costs	\$5,093,352	\$7,562,652	\$12,004,361	\$10,906,224	\$6,701,744	\$7,159,883		
Cumulative Balance	\$24,383	\$925,594	-\$417,474	-\$737,391	-\$46,948	\$347,934		

**Table 70
20% Growth Scenario Financial Plan Summary**

Costs		FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 010/11	FY 011/12	Total
KUOW								
KUOW Total Operating Cost	\$2,100,876	\$2,624,432	\$2,987,300	\$3,237,078	\$3,330,440	\$3,426,603	\$15,605,853	
KUOW Total Capital Cost	\$0	\$1,961,250	\$1,538,305	\$1,584,454	\$1,823,324	\$1,878,024	\$8,785,357	
KUOW Total Cost	\$2,100,876	\$4,585,682	\$4,525,605	\$4,821,532	\$5,153,764	\$5,304,627	\$24,391,210	
The "T"								
The "T" Total Operating Cost	\$2,767,475	\$2,924,749	\$3,016,204	\$3,353,878	\$3,458,824	\$3,886,700	\$16,640,356	
The "T" Total Capital Cost	\$225,000	\$1,198,250	\$5,680,150	\$4,745,709	\$151,944	\$260,837	\$12,036,889	
The "T" Total Cost	\$2,992,475	\$4,122,999	\$8,696,354	\$8,099,586	\$3,610,768	\$4,147,537	\$28,677,244	
Total System-wide Cost	\$5,093,352	\$8,708,681	\$13,221,959	\$12,921,118	\$8,764,532	\$9,452,164	\$53,068,454	
Revenues		FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 010/11	FY 011/12	Total
KUOW								
KUOW Total Operating Revenue	\$2,752,153	\$2,536,711	\$3,063,881	\$3,278,267	\$3,334,762	\$3,392,533	\$15,606,155	
KUOW Total Capital Revenue	\$0	\$2,048,468	\$1,445,176	\$1,796,145	\$1,732,829	\$1,764,204	\$8,786,822	
KUOW Total Revenue	\$2,752,153	\$4,585,179	\$4,509,056	\$5,074,412	\$5,067,591	\$5,156,737	\$24,392,976	
The "T"								
The "T" Total Operating Revenue	\$2,791,859	\$3,133,814	\$3,241,954	\$3,330,034	\$3,420,757	\$3,514,202	\$16,640,761	
The "T" Total Capital Revenue	\$225,000	\$2,239,564	\$4,517,460	\$3,982,196	\$642,335	\$655,334	\$12,036,889	
The "T" Total Revenue	\$3,016,859	\$5,373,378	\$7,759,414	\$7,312,230	\$4,063,092	\$4,169,536	\$28,677,650	
Total System-wide Revenue	\$5,769,012	\$9,958,557	\$12,268,471	\$12,386,642	\$9,130,683	\$9,326,273	\$53,070,626	
Carryover Balance		\$675,661	\$1,925,536	\$972,048	\$437,572	\$803,723		
Carryover Balance plus New Revenues	\$5,769,012	\$10,634,218	\$14,194,007	\$13,358,690	\$9,568,255	\$10,129,997		
Total System-Wide Costs	\$5,093,352	\$8,708,681	\$13,221,959	\$12,921,118	\$8,764,532	\$9,452,164		
Cumulative Balance	\$675,661	\$1,925,536	\$972,048	\$437,572	\$803,723	\$677,833		

**Table 71
33% Growth Scenario Financial Plan Summary**

Costs		FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 010/11	FY 011/12	Total
KUOW								
KUOW Total Operating Cost	\$2,100,876	\$2,778,932	\$3,146,435	\$3,237,078	\$3,448,850	\$3,595,939	\$16,207,234	
KUOW Total Capital Cost	\$0	\$1,961,250	\$1,538,305	\$1,584,454	\$1,823,324	\$1,878,024	\$8,785,357	
KUOW Total Cost	\$2,100,876	\$4,740,182	\$4,684,740	\$4,821,532	\$5,272,175	\$5,473,963	\$24,992,591	
The "T"								
The "T" Total Operating Cost	\$2,767,475	\$2,924,749	\$3,252,299	\$3,805,122	\$4,264,453	\$4,468,060	\$18,714,683	
The "T" Total Capital Cost	\$225,000	\$1,198,250	\$6,019,638	\$4,396,036	\$859,376	\$260,837	\$12,734,136	
The "T" Total Cost	\$2,992,475	\$4,122,999	\$9,271,937	\$8,201,158	\$5,123,828	\$4,728,896	\$31,448,819	
Total System-wide Cost	\$5,093,352	\$8,863,181	\$13,956,676	\$13,022,690	\$10,396,003	\$10,202,860	\$56,441,410	
Revenues		FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 010/11	FY 011/12	Total
KUOW								
KUOW Total Operating Revenue	\$2,430,876	\$2,747,623	\$3,279,991	\$3,335,813	\$3,392,883	\$3,451,236	\$16,207,546	
KUOW Total Capital Revenue	\$0	\$2,048,468	\$1,445,176	\$1,796,145	\$1,732,829	\$1,764,204	\$8,786,822	
KUOW Total Revenue	\$2,430,876	\$4,796,091	\$4,725,167	\$5,131,958	\$5,125,712	\$5,215,439	\$24,994,368	
The "T"								
The "T" Total Operating Revenue	\$2,791,859	\$3,548,679	\$3,656,819	\$3,744,900	\$3,835,623	\$3,929,067	\$18,715,088	
The "T" Total Capital Revenue	\$225,000	\$2,379,013	\$4,656,910	\$4,121,645	\$781,784	\$794,784	\$12,734,136	
The "T" Total Revenue	\$3,016,859	\$5,927,692	\$8,313,729	\$7,866,545	\$4,617,407	\$4,723,851	\$31,449,224	
Total System-wide Revenue	\$5,447,735	\$10,723,784	\$13,038,896	\$12,998,503	\$9,743,119	\$9,939,290	\$56,443,592	
Carryover Balance		\$354,383	\$2,214,986	\$1,297,206	\$1,273,018	\$620,134		
Carryover Balance plus New Revenues	\$5,447,735	\$11,078,167	\$15,253,882	\$14,295,708	\$11,016,138	\$10,559,425		
Total System-Wide Costs	\$5,093,352	\$8,863,181	\$13,956,676	\$13,022,690	\$10,396,003	\$10,202,860		
Cumulative Balance	\$354,383	\$2,214,986	\$1,297,206	\$1,273,018	\$620,134	\$356,565		

- Table E2 - A five-year Capital Plan that addresses capital needs for the status quo plus the capital needs for a 20 percent increase in service from FY 2007/08 to FY 2011/12.
- Table E3 - A five-year Capital Plan that addresses capital needs for the status quo plus the capital needs for a 33 percent increase in service from FY 2007/08 to FY 2011/12.
- Table E4 - A five-year Capital Revenue Plan that identifies revenue sources to address the capital needs of the status quo level of transit service.
- Table E5 - A five-year Capital Revenue Plan that identifies revenue sources to address the capital needs of the status quo and a 20 percent increase in service from FY 2007/08 to FY 2011/12.
- Table E6 - A five-year Capital Revenue Plan that identifies revenue sources to address the capital needs of the status quo and a 33 percent increase in service from FY 2007/08 to FY 2011/12.
- Table E7 - A five-year Summary of Operating Costs that reflects expenses associated with operating the status quo level of transit services.
- Table E8 - A five-year Summary of Operating Costs that reflects expenses associated with a 20 percent increase in service from FY 2007/08 to FY 2011/12.
- Table E9 - A five-year Summary of Operating Costs that reflects expenses associated with a 33 percent increase in service from FY 2007/08 to FY 2011/12.
- Table E10 - A five-year Operating Revenue Plan that identifies the revenues to maintain the status quo level of transit services.
- Table E11 - A five-year Operating Revenue Plan that identifies the revenues to maintain existing services and increase service levels by 20 percent from FY 2007/08 to FY 2011/12.
- Table E12 - A five-year Operating Revenue Plan that identifies the revenues to maintain existing services and increase service levels by 33 percent from FY 2007/08 to FY 2011/12.

3. Summary of Local Funding Requirements

Given the nature of the recommended governing alternative (transition from Alternative 2 to Alternative 4), the proposed financial plan essentially combines separate financial plans for The T and KUOW. Although efficiencies are likely to be associated with increasing coordination and consolidation, these potential cost savings cannot be projected with any reasonable level of certainty and, therefore, are not reflected in the financial plan. As a result, the proposed local funding required is believed to be the worst-case scenario and will likely be reduced as coordination and/or consolidation occurs. With this in mind, the worst-case local funding requirements are presented in Tables 72, 73, and 74 for the City of Lawrence, KUOW, and KU, respectively.

**Table 72
The T Local Funding Requirements by Scenario
FY 2007/08 to FY 2011/12 (five years)**

No.	Scenario	Local Funding Need Over 5-year Period
Capital Summary		
1	Status Quo/Vehicle Replacement Program*	\$2,043,453
2	Scenario 1 Plus 20% Service Increase	\$2,545,069
3	Scenario 1 Plus 33% Service Increase	\$3,242,316
Operating Summary		
1	Status Quo/Vehicle Replacement Program	\$6,106,193
2	Scenario 1 Plus 20% Service Increase	\$7,290,801
3	Scenario 1 Plus 33% Service Increase	\$9,365,128
Capital and Operating Total		
1	Status Quo/Vehicle Replacement Program	\$8,149,646
2	Scenario 1 Plus 20% Service Increase	\$9,835,870
3	Scenario 1 Plus 33% Service Increase	\$12,607,444

* The local funding requirement includes funding for a new administration and maintenance facility. Cost of the facility is estimated at \$7,000,000, and the required City match is \$700,000. The City and KU each contribute half of the local match.

Table 73
KUOW Student Fee Requirements by Scenario

No.	Scenario	Student Fee/Semester
1	Existing	\$22.00
2	Fare-Free/Pass Free/Vehicle Replacement*	\$53.28
3	Scenario 2 Plus 20% Service Increase	\$62.21
4	Scenario 2 Plus 33% Service Increase	\$63.36

*Initially replaced with used buses, followed by a phased vehicle replacement plan with new buses.

Table 74
KU Local Funding Requirements by Scenario
FY 2007/08 to FY 2011/12 (five years)

No.	Scenario	Local Funding Need Over 5-year Period
Capital Summary		
1	Status Quo/Vehicle Replacement Program*	\$700,000
2	Scenario 1 Plus 20% Service Increase**	\$1,394,270
3	Scenario 1 Plus 33% Service Increase**	\$1,394,270
Operating Summary		
1	Status Quo/Vehicle Replacement Program*	\$1,640,523
2	Scenario 1 Plus 20% Service Increase***	\$5,437,748
3	Scenario 1 Plus 33% Service Increase***	\$5,751,383
Capital and Operating Total		
1	Status Quo/Vehicle Replacement Program	\$2,340,523
2	Scenario 1 Plus 20% Service Increase	\$6,832,018
3	Scenario 1 Plus 33% Service Increase	\$7,145,653

* The KU funding requirement includes its share of the local match for a new administration and maintenance facility. Cost of the facility is estimated at \$7,000,000, and the required KU match is \$700,000. The City and KU each contribute half of the local match. No KU funding source has been identified for this sum.

** Includes funding for additional park-and-ride vehicles (total cost of used vehicles plus 20 percent match for new vehicles)

*** Includes cost of additional park-and-ride service and proceeds of a \$50 per semester increase in faculty/staff parking fees

4. Summary of Assumptions

There are many assumptions that had to be made to develop the proposed financial plans for coordination and consolidation. Assumptions are based on consolidation requirements, service expansion recommendations, and efficiency and customer service improvements expected to result from consolidation. The assumptions used in preparing the financial plan are provided below for capital expenses, capital revenues, operating expenses, and operating revenues.

Capital Expenses

- New fixed route buses will be 35-foot or 40 foot heavy duty vehicles at a unit cost of \$320,000 (35-foot) or \$330,000 (40-foot) and an assumed annual inflation rate of three percent.
- New paratransit buses will be smaller buses available on KDOT contract at a unit cost of \$45,000 and an assumed inflation rate of three percent.
- KUOW is in need of immediate bus replacement for 18 buses (15 for peak service plus three spares) and these vehicles will be replaced over a two-semester time period with used buses at a unit cost of \$75,000.
- The T has 12 buses that will be due for replacement by FY 2008/09.
- The KU Park-and-Ride system anticipates expansion of service at the current lot plus two new lots within the next several years. Seven new buses will be needed.
- Starting in FY 2008/09 an on-going vehicle replacement program is reflected for the KUOW services. For The T, a paratransit vehicle replacement is initiated in FY 2007/08. For all other services, vehicle replacement programs should be initiated in years falling outside the five-year budget of this plan.
- A new transit operations and maintenance facility is needed to facilitate the on-going operating and expansion of both transit system. All of the financial plan scenarios reflect an amount of \$400,000 designated to fund a facility needs study, a site selection process, and the preliminary engineering/environmental activities in FY 2007/08. All scenarios also reflect construction of the facility over a two-year period, FY 2008/09 and FY 2009/10. The local match for the facility will be shared jointly by the City and the University. The source for the University match is not identified; the local match could be in the form of dedicated land for the facility.
- The general priority with respect to capital needs is first to address fleet needs and then to address the maintenance facility. This is a general guideline, and does not mean that all capital needs will be fully addressed before construction of the maintenance facility.
- Capital needs for the expansion of services at 20 and 33 percent are handled through the purchase of used and new buses that will be required to operate the expanded transit services. Included are spare vehicles as needed for each system.

Capital Revenues

- The City of Lawrence has been awarded federal earmarks for facility and vehicle needs over the past four years that have been programmed in the capital plan.
- Federal earmarks are programmed at the level of \$250,000 per year, which is an estimated amount based on the level previously received by the City. A three percent annual inflationary factor is applied to this funding source. Under an integrated transit system, the Policy Board would allocate earmarks based on the priorities established by the Board as it implements this plan.

- The City has a reserve fund of \$800,000, which is assumed to be available for the acquisition of buses in the first two years of the plan.
- Funding from the KDOT Comprehensive Transportation Program (CTP) is assumed to be available at \$135,000 per year for paratransit vehicle replacement.
- Based on discussions with City and KDOT staff, potential changes in the CTP allocation process are not expected to occur before FY 2009/10. With the consolidated budget and reporting of KUOW and The T, there is an assumed increase in annual CTP funding of about \$300,000 starting in FY 2009/10. All of the increased funding is dedicated to KUOW/KU capital needs.
- Due to the consolidation of NTD reporting on the federal level, an increase in funding is assumed from the Small Transit Intensive Cities (STIC) program. This is projected to result in an additional \$260,000 annually starting in FY 2008/09. All of the increased funding is dedicated to KUOW/KU capital needs.
- To maintain the status quo level of service, implement a vehicle replacement plan, and move to a fare free system for students, the student fee is assumed to increase from \$22.00 to \$53.28 per semester in the 2007/2008 school year. In the first year, the fee would be distributed as follows:
 - \$17.33 is applied to the vehicle replacement program
 - \$16.00 continues for fixed-route operating expense
 - \$6.00 continues for Saferide
 - \$13.95 is applied to projected operating expense to transition to a fare free system for students and inflation

Following the first year, the fee would be distributed as follows:

- \$10.74 to maintain the vehicle replacement program
- \$16.00 continues for fixed-route operating expense
- \$6.00 continues for Saferide
- \$20.54 is applied to projected operating expense increases over the 5-year period for the fare free system for students

To increase service by 20 percent would require an increase in the student fee to \$62.21; in addition, to increase service by 33 percent would require an increase in the student fee to \$63.36. A decision to retain and use older buses for use in expansion services could reduce the amounts needed for the 20 and 33 percent increases.

- All student fees are based on the current enrollment of 24,284 and a one percent increase in student enrollment annually is assumed. Student fees are not increased annually to account for inflation; the proposed levels are set over the five-year plan.
- In the Financial Plan, KUOW has a deficit of capital funding in the first year. The plan assumes an interest free loan from the University to KUOW of \$500,000 in FY 07/08, which is paid back incrementally over the last four years of the plan at \$125,000 annually.
- Local funding shown is the amount needed from the City to complete the capital plan. Much of the local funding needing is for the City's share of the match for the new operations and maintenance facility.

Operating Expenses

- The financial plan reflects the annual budget for FY 06/07 to reflect current conditions and funding levels.
- For the base year, a unit cost of \$42.88 per revenue hour was used to project operating expenses for all fixed-route bus services. This amount was based on the current costs for both the KUOW (\$42.14) and The T (\$42.88), when all expenses are included. The costs are relatively close, so using the higher of the two systems was assumed.
- An annual inflation rate of three percent was applied to operating expenses for fixed-route and ADA paratransit services provided by The T and KUOW. There is concern over the unknown costs of a new contract, but the potential for increased economies of scale resulting from a potential contract for an integrated system mitigate worries over rising fuel cost.
- For both the 20 and 33 percent service growth scenario, the growth was distributed over the five years from FY 2007/08 to FY 2011/12 in accordance with service alternative packages 2 and 3, described in the Service Alternatives and Packages chapter.
- The repayment of a \$500,000 loan from the University is included at \$125,000 per year for FY 2008/09-2011/12 in expenses of KUOW.

Operating Revenues

- For The T, a fare increase was assumed, raising the base/regular fare to \$0.75 in July 2007 and \$1.00 in July 2008, with similar adjustments to all other fare categories and passes. Based on this assumption, projected fare revenues were adjusted accordingly.
- For the City of Lawrence, with the consolidated budgeting and reporting, the KUOW funding from student fees is now eligible as local match for FTA funding, allowing all 5307 funding to be available for operating expenses.
- The portion of CTP funding used in the operating budget of The T is assumed to continue.
- For the KUOW, the student fees are increased and applied to all students to cover the operating costs of the KUOW services, eliminating the need for student passes and fares. The fare free system would be initiated in FY 2007/08 (see the student fee discussion under capital revenue assumptions).
- All student fees reflect a one percent increase in annual student enrollment, but are not adjusted for inflation. Fee levels are constant in each scenario over the five years covered by the plan.
- The plan assumes an increase of \$50 per semester in parking fees for KU faculty and staff. This allows the unlimited access program to be extended to include KU faculty and staff.
- Also for the KUOW services, a nominal amount of fare revenues is included for cash fares that would be collected from the general public. These revenues are assumed to increase by one percent annually.
- The amount received from the KU parking fees is assumed to equal to the costs to operate the park-and-ride shuttle services. This amount will increase as park-and-ride services are expanded.
- As indicated previously, to increase service by 20 percent would require an increase in the student fee to \$59.53; in addition, to increase service by 33 percent would require an increase in the student fee to \$65.45.

5. Highlights of The Financial Plan

There are several highlights of the financial plan that are noteworthy. These include the following:

- Both systems will experience changes in fare and pass policies.
 - The T reflects a change that increases the current base fare from \$0.50 to \$1.00 by July 2008, and includes similar increases for all fare categories and passes.
 - For KUOW, by the fall semester of 2007, student fares and passes will be eliminated and replaced by increased student fees. All students can then ride for free on either bus system as long as they have their student identification. As noted above, an increase of \$50 per semester in parking fees for KU faculty and staff will allow them to ride for free on any bus system as long as they have university identification.
- The new student fee at KU will be \$53.28 per semester under the status quo option. This is close to the average fee charged by peer universities with unlimited access programs, but noticeable lower than the high of \$60.00 charged to Texas A&M students. The student fee at KU would be \$62.21 per semester under the 20 percent service growth scenario and \$63.36 under the 33 percent service growth scenario. In any scenario, the plan assumes that the fee will remain constant over the five years addressed by the plan.
- The financial plan reflects, or prepares for, a phased capital replacement program for both transit systems, ensuring that there will NOT be a need for large one-time bus purchases in the future.
- The older and obsolete buses currently in use for the KUOW services are replaced within the first year, in the most economic means feasible. Bus replacement options are described in Appendix F.
- The coordination and cooperation is immediately noticeable with shared revenues, loans, and match capabilities included in the plan.
- Combined budgets and reporting of the two systems will increase formula funding from FTA through the STIC program, and all increases are allocated to the capital replacement program for KUOW/KU. The potential revision to the KDOT CTP formula is assumed to occur in FY 2009/10 and would result in an increase in funding for capital program, which is also fully allocated to the KUOW/KU bus replacement program.
- The plan maintains the current programs, including the KUOW, SafeRide, LiftVan, and the Park-and-Ride Shuttle, as well as The T's fixed route and ADA paratransit services.

There are numerous benefits by implementing the coordinated and consolidated system outlined in the Transition Plan.

- The combined budgets allow the City to take full advantage of the student contributions, meeting federal operating matching requirements of local recipients. This contributed to greater flexibility in how federal funding can be used to cover capital and operating expenses. The City should also experience some long term savings in incremental costs as current expenses are shared, or spread out, over a larger amount of service.
- The University and its students benefit in several ways. First and foremost, the issues surrounding the antiquated buses will be resolved, along with a solid replacement plan to ensure there is no recurrence of the existing condition. The long-term capital replacement plan is augmented by the funding increases directly related to the ridership of the students. The students will no longer pay a fare, or need to purchase passes, to

ride any bus in the community. And, all federal requirements will be managed by the new governance structure.