

## **Community Mobility Contracts program cost model and assumptions**

The Community Mobility Contracts program requires Metro to recover the full cost of providing transit service. Costs will vary depending on the time of day the service is provided, the type of vehicle needed to provide the service, and whether the purchase of additional buses is required to deliver the service. The assumptions in the Community Mobility Contracts cost model are below.

### **Service assumptions**

- A city, group of cities, or other partners can request to purchase any new transit service that complies with federal, state, and local laws. Any form of charter service that isn't open and available to the public cannot be purchased through this program.
- Service purchasers and Metro will determine if the requested service falls within the definition of peak-period service. Metro defines peak-period service as service operating on weekdays between 5-9 a.m. and 3-7 p.m. Non-peak service is any service outside of those hours.
- Vehicle types needed for the service will be determined by Metro, using existing schedule information and standard business practices for determining and assigning vehicles.
- All service will continue to be planned, scheduled, described, operated, and branded as part of the King County Metro transit system.

### **Financial assumptions**

- Hourly rates, bus costs, and fare revenue adjustments will be updated annually. Estimated rates will be available in October. Final rates for the following year will be available in December after the adoption of the King County biennial budget or mid-biennial budget update.
- If buses must be purchased, costs for buses will be based on an assumption that new/additional buses will require debt financing, with an assumed interest rate of 3 percent. The actual interest rate will be determined at the time of financing. Service purchasers will be responsible for an annualized cost of the bus for the time of their contract.
- The cost of buses is assumed to be spread over 12 years for diesel hybrids. The cost for trolley buses, RapidRide buses, and DART vehicles will be subject to additional discussion to determine pricing because these fleets are not interchangeable with other fleets and have additional purchases have unique limitations.
- Metro's baseline hourly rates for each bus type are set biennially based on Metro's adopted budget and the assumptions in the cost allocation model. These hourly rates are consistent with rates used for other service purchases.
- Hourly rates will be adjusted for fares collected on contracted service using a systemwide average fare recovery ratio. In 2015, Metro estimates that the fare adjustment will be 27 percent of operating cost.
- For the purposes of providing 2015 cost estimates, the inflation rate for operating cost is assumed to be 3 percent. Final rates will depend on Metro's final budgeted costs and, as noted above, will be provided each December.
- No cost is assumed or applied for non-bus capital program elements such as shelters, transit centers, and other facilities. Operating costs for these facilities will be accounted for within the fully allocated cost per hour. Metro will maintain responsibility for determining and funding needed passenger facilities.

### **Fleet assumptions**

Metro's current fleet plans have been developed based on reduced service levels. Peak-period purchases may require additional fleet investments. The number of buses in Metro's fleet is set based on the number of buses required to operate peak service, when the maximum number of buses are in use.

- One bus is required for every 1,000 combined a.m. and p.m. peak-period service hours purchased. This assumption is consistent with the assumptions used in Metro's overall fleet planning.
- Non-peak service investments would *not* include costs for fleet purchases because Metro has sufficient fleet available to operate more service in non-peak periods.
- The time period for financing the buses is assumed to be 12 years for hybrids. This reflects the Federal Transit Administration minimum life span.
- Metro will continue to maintain exclusive ownership of its buses. Service purchasers would pay the annualized cost of the buses for each year of additional peak-period service.
- Bus costs are based on the most current information about total purchase and preparation costs. This includes the vendor price plus Metro's costs to bring the new fleet into service. These costs vary by bus type.

### **Fleet type distinctions**

- Cost for trolley buses will be subject to additional discussion due to the unique aspects of the trolley fleet, including lack of ability to operate on non-trolley routes and limited procurement options.
- Cost for RapidRide buses will be subject to additional discussion because of features that limit interchangeability with other fleets, including branding and door configurations.
- Cost for DART vehicles will be subject to additional Metro discussion with the DART contractor. Purchases of peak-period DART service could require additional funds to procure DART vehicles.