

Instruction Manual

For the

National Park Service

Alternative Transportation Systems

Financial Proforma

2007

This *Instruction Manual* provides step-by-step guidance on completing the National Park Service’s *financial proforma*. To begin, this introduction explains what the proforma is and how it is used.

1.0 Overview of the *Financial Proforma*

What is the *proforma*?

The *proforma* is a computational tool intended to help individual parks assess the financial performance of existing and proposed Alternative Transportation Systems (ATS). Implementing an ATS generally requires a substantial financial investment. Calculation of *life-cycle costs*, comprising both capital expenditures and continuing operating and maintenance (O &M) costs, is necessary to determine whether the ATS is financially sustainable.

The proforma can help individual parks to determine whether existing and proposed ATS are financially sound throughout the time period that they are expected to remain in operation. From an agency-wide standpoint, the *proforma* is a means of communicating critical information about the financial viability of ATS that can help the National Park Service (NPS) to evaluate proposals from the individual parks and, on a longer term basis, to formulate effective policies and strategies for investing in improved transportation. Over time, data collected through the *proforma* from a broad range of parks will be made available to help individual parks in estimating the costs of planned new ATS.

The *proforma* will calculate and compare *inflation-adjusted Capital, Operating, and Total* costs and revenues for each year of a *10-year time period* designated by the user, yielding as a bottom line *Net Balances* (surpluses or deficits) for the ATS in service or planned at your individual park.

Please Note -- Macro: The spreadsheet includes a macro that will automatically generate the *Summary* worksheet (third in the workbook). You may receive a *Macro Security Notice* when you try to enter data into the proforma.. If you do, you must change your Excel macro security setting to “medium,” rather than high. You will find the macro security setting option by going to the *Tools* menu, then to the *Macro* menu and then the *Security* option.

The *proforma* consists of three spreadsheets:

- **Main Sheet:** Most data for individual park ATS services are entered on this sheet. The *Main Sheet* includes line items for ATS funding from existing and potential *sources* (i.e. income or funding/revenue) as well as *expenses* or costs. Sources and expenses are summed for individual years and for the entire time period covered by the spreadsheet, up to 10 years. For existing services, you can enter actual data beginning as far back as 2004.

If there is no existing ATS in your individual park, you only need to enter estimates for future years, as appropriate to your plans for new service, up to a maximum of 10 years. Thus, if you anticipate your service will be initiated in 2008, you would fill out the proforma with estimates for years 2008-2017 (or for a shorter period of time if the service is expected to be temporary). Individual years are included as columns in the spreadsheet and individual line items are included as rows. All computations of **Totals** will be performed automatically by the spreadsheet. *You also only need to enter the line items that apply to your individual ATS and park.*

Note that two options are provided for the calculation of *operating costs*. **Option 1**—on the **Main Sheet**—assigns a default value of \$50 per hour for shuttle bus vehicles with capacity of less than 25 passengers and \$60 per hour for shuttle bus vehicles with capacity of 25 or more passengers.

- The **Option 2 Worksheet** allows you to use operating cost factors specific to your local park and mode of service, rather than the default values. Generally, you would use **Option 1 or Option 2**, but not both, although it is possible to use a combination of **Options 1 and 2** (perhaps for different vehicles), in which case, you should take care not to double-count any cost items.
- The **Summary** worksheet automatically extracts only those rows in which data are entered in the **Main Sheet**, i.e. the categories of costs and revenues that apply to your individual park. You will probably find it most useful to print out and review the **Summary** worksheet to check the financial data and analysis for your park. **Do not enter any data directly into the Summary worksheet.**

2.0 Using the *Proforma*, Step by Step

Step 1. Identify the first year of operation

Enter the year when the ATS *began or will begin service*. The *proforma* points to the “The First Year of Operations” (cell C4) at the upper left-hand corner of the *Main Sheet*.

If, for example, you enter “2005” as the first year of operations, the *proforma* will then automatically be set to cover the years 2005-2014. If you enter some year in the future as the first year of operations, the *proforma* will be set to cover the ten-year period beginning in that year.

Step 2: You will need to determine:

- *Income—Funding/Revenue* by *Source* for each year to be covered in the *proforma*
- *Capital and, in some cases, O & M Expenses* by *Line Item Category* for each year to be covered in the *proforma*

As a guide to this task, you may find it helpful to look at the list of possible *Income* and *Expense* line items identified in the *proforma*. These line items have been pre-specified in the attempt to simplify use of the *proforma* by identifying the types of *Income* and *Expenses* that apply to most parks. As noted previously, you will only need to enter data for line items that apply to your individual ATS and park. *Just leave blank all the line items that do not apply to your park.*

Step 3. Enter Income and Expense Data

To illustrate by example, the following data may apply for a hypothetical park.

First year of operation: 2005

Income Sources:

Actual Data for Existing Service to Date:

2005 Transportation Fee - \$100,000
Category III Funds - \$150,000
Park Base Funds - \$50,000

2006 Transportation Fee - \$200,000
Park Base Funds - \$50,000

Estimates for Future Years of Operation:

2007-2010 Transportation Fee - \$200,000

Park Base Funds - \$50,000

2011-2017 Transportation Fee - \$210,000

Park Base Funds - \$50,000

Now you are ready to enter financial data. There is a separate row in the *proforma* for each income source identified above. Enter each **Income Source** in the appropriate row. For example, you would enter the above \$100,000 *Transportation Fee* revenue received in 2005 in row “D” (cell “D14” actually, to designate this revenue as a **Capital** funding source received in 2005). The spreadsheet includes *separate columns* for **Capital** and **Operating** funding for most income or revenue sources, so for each funding source, you need to enter all income as either a **Capital** or **Operating** source (or a combination of both) by year, *depending on how the funds are to be used*. Eligible uses for funding are often programmatically restricted and this would be reflected in the *proforma* by entering the funding in the correct column; for example, the Category III funds used in 2005 would be entered in the column designated for capital funds in the row designated for “Category III” funding (i.e. cell “D22”).

A *proforma* completed with this information is shown in the Attachment.

Uses/Expenditures:

Capital: Uses are designated as *either Capital or Operating* costs, but not both. Enter capital costs year by year in the appropriate line item category, designated by row, as with **Income Sources**. Capital costs may vary widely for individual years. For most ATS, you will enter vehicle capital costs for one or more years and there are likely to be facility costs and costs for such items as signage and shelters (specific line items are defined in Section 3).

The *proforma* includes a special feature to document and simplify the calculation of vehicle costs. (The cells involved in this calculation are shaded in a light purple/periwinkle color.) For *up to three different types of vehicles*, you can enter *unit costs* in the rows so designated, followed by the *number of vehicles* at that unit cost in the next row, and the spreadsheet will automatically calculate total vehicle costs, by year, with the product of the calculation appearing in the row following the number of vehicles. For all other categories of vehicle costs (facilities, etc.), you should enter the costs by year in the row designated for those line items.

For example, if four 20-passenger vehicles are at the unit cost of \$150,000 per vehicle and two 8-passenger vehicles are purchased at the unit cost of \$90,000, in 2005, you would enter the following:

- \$150,000 in cell “D68” and

-
- “4” in cell “D69”
 - \$90,000 in cell “D71”
 - “2” in “D72”

All of the above would be entered in the *Capital* cost column. The *proforma* will automatically calculate total vehicle costs and the results will be shown for the four 20-passenger vehicles in cell “D70” and for the two 8-passenger vehicles in cell “D73;” all vehicle capital costs will be summed automatically and shown in cell “D77.”

Capital costs not related to vehicles: As noted above, additional capital costs should be entered in the rows corresponding to specific line items. For example, if \$500,000 is spent on a garage and \$150,000 is spent on shelters in 2005, while \$20,000 is spent in both 2005 and 2006 on signage at designated routes and bus stops, these expenditures would be recorded in cells “C83,” “C85,” “C88,” and “G88,” respectively, assuming the first year of operations is 2005.

Capital Replacement Allowance: The *proforma* is designed to account for capital expenditures *as they occur* and does not amortize capital investments. There *is* a need, however, to *project future capital expenditures* and these generally should be reflected in the *proforma* as an *Annual Replacement Allowance* based on the total cost of eventual replacement (or rehabilitation) of vehicles and other capital assets, considered in relation to the expected service life of the asset. Therefore, continuing the example from above, if the four 20-passenger vehicles and two 8-passenger vehicles all have an expected service life of 10 years, their total cost of \$180,000 should be divided by 10 and you should record \$18,000 each year as the *Capital Replacement Allowance* (the *proforma* will automatically account for inflation, as explained below).

O & M:

As noted earlier, two options are provided for the calculation of *operating or O & M costs*. **Option 1**—on the *Main Sheet*—assigns a default value of \$50 per hour for shuttle bus vehicles with capacity of less than 25 passengers and \$60 per hour for shuttle bus vehicles with capacity of 25 or more passengers.

To use **Option 1** to calculate *O & M costs*, simply enter the number of **Annual Vehicle Hours in Passenger Service** for vehicles with capacity of less than 25 passengers and vehicles with 25 passengers or more in the designated cells. (The cells involved in this calculation are shaded in a light violet/periwinkle color.) The spreadsheet will then calculate annual O & M costs automatically, using the default values.

Estimating Annual Vehicle Hours in Passenger Service: This is an essential preliminary step required before using the **Option 1 O & M** cost estimation procedure and must be performed outside the *proforma*. Based on the daily operating schedule of your ATS and the number of vehicles in service, estimate the number of hours of service *per day*. This number may vary by season. Then multiply the number of *Daily Vehicle Hours in Passenger Service* by the appropriate number of service days in a single year. (If the

number of *daily* hours varies by season, you will need to calculate the number of hours for individual seasons and add them together to get an annual total).

To use **Option 2 – Park-Specific Cost Factors**, click on the **Option 2** worksheet at the bottom of the computer screen and enter values for individual cost line items in the cells designated. Total costs will be calculated and entered *automatically* in the first spreadsheet. You do not need to estimate *Annual Vehicle Hours in Passenger Service* to use the **Option 2** operating cost calculation.

Step 4. Inflation Adjustment

The **proforma** allows you to easily account for annual inflation, with separate annual inflation rates for **Sources** (Capital and Operating) and **Capital and Operating Costs**. Enter the anticipated rates of inflation (whole numbers, e.g. “3”) in the cells indicated, *only once* for the entire ten-year time period. Thus, you need to consider what a reasonable average rate of inflation might be for the entire time period under consideration. You should enter three separate rates of inflation in cells “D62” (**Sources**), “D94” (**Capital Cost**), and “D114” (**Operating Cost**), although usually all three rates of inflation will be the same. A recommended strategy for testing different rates of inflation would just be to run the spreadsheets several times, using a different rate each time.

If you do not enter annual rates of inflation, the spreadsheet will calculate costs, revenues, and balances in *current* (i.e. non-inflation adjusted) dollars. If you anticipate changes in revenues from individual sources that are independent or separate from inflation (or above the overall rate of inflation in revenues), you should account for that separately by entering the appropriate amount in the cell for the applicable line item and year, e.g. “*Transportation Fees*” in 2009.

Note that the first year the inflation adjustment will take effect is 2008, regardless of the first year of operation. *In other words, the proforma’s base year for inflation adjustment purposes is always 2007.* The **proforma** does not retroactively adjust data for inflation. If you have already figured in an inflation adjustment for projections of future income or costs, just set the inflation rate to zero (“0”).

Step 4. Review Summary

At this point, you should have completed the entry of information into the **proforma**. It is recommended that you review the third worksheet, however, which is a **Summary** of all the information you’ve entered and *only the information you’ve entered*. Thus, the **Summary** automatically eliminates all the line items that do not apply to your park or ATS. You should be able to use this as a simple check to be sure that you’ve entered the information you intended to and also to help you in spotting any problems in your financial plan that may require reconsideration.

3.0 Definition of Income and Expense Categories

INCOME

Carry Over Funds: Funds accumulated and unspent from previous years; may be from combined or unspecified sources.

Users/Visitors: Paid by users of park transit services or all visitors to individual parks

User Fees and Fares – Revenue collected through fees or fares charged only to riders on park transit services

Entrance and Tour Fees (i.e. “Transportation Fees”) – Revenue collected from all visitors to a park from transportation fees incorporated in entrance or tour fees

Concession Revenues – The share of franchise fees returned to individual parks where funds are collected from concession contractors.

National Parks Pass (NPP) – Share (70 percent) of NPP receipts returned to individual park where passes are sold.

FLHP/ATPPL

ATPPL - Alternative Transportation in Parks and Public Lands – Funding for capital and planning expenses for alternative transportation systems in parks and public lands; administered by the Federal Transit Administration (FTA) in partnership with the Department of the Interior and the U.S. Department of Agriculture’s Forest Service. Funding is awarded annually based on the evaluation of proposals by a review team comprising representatives of FTA, each of the Federal land management agencies, and the Department of Interior.

FLHP – Federal Lands Highway Program (FLHP): The program generally is authorized on a five or six year basis with each reauthorization of the FLHP program establishing the amount the NPS receives each year.

Category I – Resurfacing, restoration, and rehabilitation (“3R”)

Category II – Resurfacing, restoration, rehabilitation, and reconstruction (“4R”)

Category III – Alternative Transportation Program

NPS Sources

Line Item Construction – Fund Type 05 - Construction and reconstruction projects that generally require a three-year schedule for completion.

Appropriated Funds –

Fee Demonstration Funds – Fund Type 25 – Parks collecting fees under this program retain 80% of revenues generated and the remaining 20% are distributed Servicewide. Revenues may be spent only on approved projects that meet program eligibility and emphasis factors.

Park Base Funds – The primary source of operational funding for the parks, used for management, interpretation, visitor services, maintenance, and resource protection. Parks request increases to the park base through the Operations Formulation System (OFS).

WASO –

Other NPS Sources – Funding *from within the NPS* that does not correspond to any of the other sources identified above.

Other Government Sources

FTA Section 5307 - Urbanized Area Formula Program: Capital funding for vehicle or facility preventative maintenance and operating projects in urbanized areas with population from 50,000 to 200,000.

- Capital projects – 80/20 split
- Operating project – 50/50 split

FTA Section 5309 –

- Bus and Bus-Related Programs – buses, bus maintenance and administrative facilities, transfer facilities, park and ride stations, bus maintenance, passenger shelters and bus stop signs, and other bus-related fixed guideway systems.
- Major Capital Investments (New Starts) – construction of new fixed guideway systems or extensions to existing fixed guideway systems.

FTA Section 5310 – Formula funding to states for assisting private non-profit organizations in meeting the transportation needs of the elderly and people with disabilities. Eligible expenditures include capital projects, acquisition of transportation services, computer and text telephone equipment.

FTA Section 5311 - Capital and operating rural transit and intercity bus services in areas under population of 50,000:

- Capital projects - 80/20 split
- Operating projects - 50/50 split
- ADA, CAA, Bike - 90/10 split

CMAQ – Congestion Mitigation and Air Quality Improvement – projects and programs in air quality nonattainment and maintenance areas for ozone, carbon monoxide (CO), and particulate matter (PM-10,PM-2.5) are eligible to reduce transportation-related emissions.

Transportation Enhancements – Eligible projects are designed to improve the cultural, historic, aesthetic and environmental aspects of transportation infrastructure. Examples include bicycle and pedestrian facilities, streetscape improvements, refurbishment of historic transportation facilities, and other investments that enhance communities and access.

Surface Transportation – US Department of Transportation flexible funding that may be used by states and localities for projects on any Federal-aid highway, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities.

State Government Partnership – Funds contributed directly by state government sources; may apply to services operated jointly by NPS and state/local governments.

Other State Sources - Specific programs operated by state governments or organizations funded through the states

Local Government Partnership – Funds contributed directly by local government sources, such as municipalities or counties; may apply to services operated jointly by NPS and local governments

Other Local Sources - Specific programs operated by local governments or organizations funded through counties or municipalities

Private Sources – May include funding from Chambers of Commerce and other business, commercial, tourism, and civic organizations.

EXPENSES

Capital – Investment in physical components of transit system: vehicles, facilities, infrastructure, and equipment; includes expenditures for developing new systems, expanding service, and sustaining and modernizing existing systems through capital replacement.

Vehicles – buses and other modes of transit used to convey passengers. The line item for “Vehicles” in the proforma refers specifically to the *cost of individual vehicles*, which automatically is multiplied in the spreadsheet by the *number of vehicles* entered by the user in the next row. The proforma will calculate costs for up to three different types of vehicles as separate line items.

Equipment - Office and management systems, machines, tools, parts used in capital rehabilitation

Facilities – Buildings for storage and maintenance of vehicles, dispatch (identify in subcategories as in separate line items, as appropriate)

- Dispatch facility – real-time management and control of transit operations
- Administrative facility – management office without real-time dispatching
- Maintenance – as required for regular, routine operational support
- Garage layover/staging area – vehicle storage

Fueling Stations – Fuel pump sites for servicing vehicles.

Stations/Shelters – Structures at bus/transit stops

Right of Way/Pavement – Roadways, paths over which transit service operates.

Improvements – Miscellaneous physical features that enhance operations and user satisfaction and comfort

Signage – Transit route and waiting area signs

Debt Service/Finance Cost – Interest paid on funds borrowed for long-term capital expenditures (allows capital cost to be financed over some portion of vehicle service life)

Capital Replacement Allowance – *All* proformas should include a line item cost for replacing vehicles and any facilities or essential equipment. The amount of the allowance should be determined on the basis of the expected service life of system capital components. Generally, the capital replacement allowance will be entered as an annual expense.

Operations – Salaries and fringe benefits for drivers, maintenance, and administrative personnel; cost of fuel, utilities, and materials used to provide service day to day, service contracts

Park-Specific Operating Cost Factors – “Option 2” Worksheet:

Labor Salaries and Wages – Separate line items are provided for “vehicle operations,” which includes drivers, dispatchers, and any other personnel *directly* involved in providing service, and “Other,” including workers performing system maintenance and administrative support.

Fringe Benefits – Medical and other types of insurance, leave and all other labor costs above salaries and wages, for both personnel involved in operations and other functions related to the transit system (e.g. maintenance, administration).

Services – Purchased services (e.g. cleaning) other than for direct operations

Materials and Supplies – Expenses for fuel, materials used in routine maintenance, tires, and other items needed to sustain day to day operations.

Utilities – Heating, electricity costs for any buildings used *directly* in transit operations

Casualty and Liabilities - Insurance and any payments to settle legal claims.

Security - Guards and electronic systems that may be used to protect transit system, employees, and riders

Fare Collection – Any expenses (above salaries and benefits for operations) that are specifically related to collecting fares *separate from transportation fees collected as part of entrance fees.*

Purchased Transportation – Vehicles, facilities, equipment and services, usually provided on a short-term basis, *that are not itemized in the above categories.* Separate categories are provided for “Leases and Rentals” and “Miscellaneous.”

Alternative Cost Items - Concessions contracts should be included in this category if it is impractical to itemize costs in the above categories. In addition, any cost items that do not fit in the above categories should be identified as line items in this category.

Attachment
Sample Proforma Worksheet with Source/Income Data

NPS Financial ProForma									
Version 5-15-06									
★ Enter First Year of Operations									
		2005			2006			2007	
		Capital	Operating	Total	Capital	Operating	Total	Capital	Operating
INCOME									
Sources									
Carry Over:									
from Previous Year:				\$0			\$0		
Users/Visitors:									
User Fees and Fares				\$0			\$0		
Entrance and Tour (i.e. Transportation) Fees		\$25,000	\$75,000	\$100,000		\$200,000	\$200,000		\$200,000
Concession Revenues				\$0			\$0		
National Park Pass (NPP)				\$0			\$0		
Other				\$0			\$0		
ATPPL / FLHP:									
ATPPL				\$0			\$0		
Category I				\$0			\$0		
Category II				\$0			\$0		
Category III		\$150,000		\$150,000			\$0		
NPS Sources:									
Line Item				\$0			\$0		
Line Item Construction				\$0			\$0		
Appropriated Funds				\$0			\$0		
Fee Demo Funds				\$0			\$0		
Park Base Funds			\$50,000	\$50,000		\$50,000	\$50,000		\$50,000
WASO				\$0			\$0		
Other NPS Source(s):				\$0			\$0		
specify (1) Congressional Earmark				\$0			\$0		
(2)				\$0			\$0		
(3)				\$0			\$0		
Other Government Sources:									
FTA Section 5307				\$0			\$0		
FTA Section 5309				\$0			\$0		