

## Calculation of Partner Share of Metro Transit's Net Deficit

### Basic equation (see "Calculation of Partner Share of Net Deficit")

The partner's share of Metro's net deficit equals the partner's share of Metro's operating expense minus the total of the partner's share of Metro's fixed route passenger revenue, paratransit revenue, miscellaneous revenue, capital aid, federal aid and state aid. The partner's share of Metro's operating expense equals the partner's fixed route hours times the total system cost per hour. Exceptions to this are:

- 1) Verona's share of operating expense is based on Metro's cost per hour for fixed route service only
- 2) Shorewood Hills' share of operating expense is based on the number of paratransit trips provided times the cost per hour for paratransit service only

### Annual hours (see "2010 Route Hours by Partner")

Each partner's annual hours equals the total of all hours by route for which service is provided to the Partner as determined by Metro's Planning staff. In most cases this represents revenue service hours only (i.e. the partner is not allocated any portion of "deadhead time"). Exceptions to this are:

- 1) Middleton pays for all hours (including deadhead) for route 78 because that route only services Middleton
- 2) Fitchburg pays for all hours (including deadhead) for routes 52 and 59 because those routes only service Fitchburg
- 3) The UW pays for all hours (including deadhead) for campus bus service
- 4) MMSD pays for all hours (including deadhead) for school dodgers

### Cost per Hour (see "Operating Expenses & Cost per Hour")

The operating cost per hour for all partners except Verona and Shorewood Hills equals Metro's total operating expenses for fixed route and paratransit (including depreciation) less the operating expenses assigned to Verona and Shorewood Hills divided by total vehicle hours (includes deadhead) less the vehicle hours assigned to Verona. Verona's cost per hour equals total operating expenses for fixed route only divided by all fixed route hours. Shorewood Hills' cost per hour equals total operating expenses for paratransit only divided by total paratransit trips provided.

### Fixed Route Passenger Revenue

The allocation to each partner of fixed route passenger revenue is calculated as follows:

- 1) The number of riders by each fare type is determined for each route (see "Riders by Route")
- 2) The number of riders for each route and fare type as a percentage of the total riders for each fare type times the total revenue for each fare type (see "Revenue") equals the revenue assigned by route for each fare type (see ("Revenue by Route"))

### Fixed Route Passenger Revenue (continued)

Example:

Total riders on all routes using monthly pass	100
Riders on route A using monthly pass	15
Total revenue from monthly passes	\$500
Monthly pass revenue assigned to route A (15% x \$500)	\$75

3) Total revenue is calculated for each route

4) The hours assigned to each partner for each route as a percentage of total hours (including deadhead) for each route (see "Route Hours by Partner") is multiplied by total revenue for each route to arrive at the revenue for each route allocated to each partner (see "Revenue by Route by Partner")

Example:

Total revenue for route A	\$1,000
Total vehicle hours on route A	500
Total vehicle hours assigned to partner X for route A	50
Revenue for partner X from route A (10% x \$1,000)	\$100

### Paratransit Passenger Revenue

The allocation to each partner of paratransit passenger revenue equals total PT passenger revenue (see "Revenue") less PT revenue assigned to Shorewood Hills times each partner's hours as a percentage of total vehicle hours less vehicle hours assigned to Verona (because Verona does not receive any PT revenue). Shorewood Hills' allocation of PT revenue equals PT trips provided to Shorewood Hills' as a percentage of total PT trips times County provided PT revenue only ("County Payments for Services" and County DDS MA Waiver" from "Revenue").

### Other Revenue

The allocation to each partner of "other revenue" equals total "other revenue" (see "Revenue") times each partner's hours as a percentage of total vehicle hours. Shorewood Hills does not receive any allocation of "other revenue".

### Gross Deficit

Each partner's gross deficit equals the partner's share of operating expenses less the total of the partner's share of fixed route passenger, PT passenger and "other revenue".

### Capital Aid

Depreciation expense is allocated to partners as part of total operating expenses however, most of the assets that are being depreciated were partly funded by federal grants.

Therefore, that portion needs to be credited back to the partners. 81.5% of depreciation expense in 2010 is related to federal funding (most assets are funded at 80% but there are some that received a higher percentage). Total depreciation in 2010 was \$6,089,482 so 81.5% of that (\$4,962,885) is credited back as "Capital Aid". The allocation to each partner equals total capital aid less the capital aid allocated to Shorewood Hills times the partner's operating expense as a percentage of total operating expense less Shorewood Hills' operating expense. Shorewood Hills' capital aid equals PT trips for Shorewood Hills as a percentage of total PT trips times capital aid for PT assets only.