

ERIE METROPOLITAN TRANSIT AUTHORITY
Financial Capacity Analysis
2013-2016 TIP

BACKGROUND ON FINANCIAL CAPACITY ANALYSIS

The Federal Transportation Administration (FTA) requires that each Section 5307 grantee prepares an analysis of its financial capability to meet present and future capital and operating expenses. As outlined in FTA Circular C7008.1A, the Erie Metropolitan Transit Authority (EMTA), as a Section 5307 grantee, must certify its financial capacity to undertake projects described in the EMTA Transportation Improvement Program (TIP). The following pages document the EMTA's financial capacity to undertake the projects listed in the approved 2013-2016 Transit TIP.

The FTA circular identifies two aspects of financial capacity that must be considered: the general financial condition of the public transportation operating enterprise and its non-federal funding entities, and the financial capacity of the agency and its funding entities to meet future operating deficits and capital costs.

THE 2013-2016 TRANSIT TRANSPORTATION IMPROVEMENT PROGRAM

The Erie Metropolitan Planning Organization (MPO) approved the transit TIP for EMTA that is summarized in **Table 1**. This plan includes four operating assistance projects, one each for FFY 2013, 2014, 2015, and 2016 and thirty-two (32) capital assistance projects that require total funding of \$57,906,113. Of this amount, Federal Sections 5307, 5309 and 5310 funds will provide \$21,264,358 and the State of Pennsylvania will be asked to provide \$31,815,133. The balance of \$3,582,621 remains to be covered as the local share for these projects. The adopted TIP includes programs for FFY 2013 through 2016.

The Section 5307 funds required to implement this TIP are likely to be available from EMTA's formula apportionment. The Section 5309 funds required are likely to be available from EMTA's yearly federal appropriations requests. The state operating assistance funds will be provided through EMTA's (Section 1514) formula apportionment. Additionally, local funds will be provided by the City of Erie, the County of Erie and other local sources. The ability of these municipalities to provide funds and the overall ability of EMTA to undertake these projects are discussed in the following sections.

FINANCIAL CONDITION OF EMTA

EMTA is a cooperative program of two municipalities (City of Erie, County of Erie). These municipalities annually provide grants to EMTA which are determined by their respective councils. These grants may vary in amount from year to year and do not correspond directly to area population or to the local match requirement. This amount has, however, been sufficient to cover the local match.

	2010	2011	Estimated 2012
City of Erie	\$237,500	\$240,000	\$245,000
County of Erie	\$330,000	\$330,000	\$335,000
Other Local Sources	\$53,975	\$55,862	\$65,000
Total	\$621,475	\$625,862	\$645,000

Table 2 summarizes key expense, revenue, and subsidy data for EMTA for the past four years. Expenses (without depreciation) have increased and while operating revenue from ridership has also increased, there is still a great need for funding to offset our deficit. The counter to this lies in the increased state assistance.

FINANCIAL CAPACITY OF EMTA SUPPORTING MUNICIPALITIES

As indicated in the previous section, EMTA has the financial capacity to undertake the projects listed in its TIP. However, the long-term viability of EMTA will depend upon the ability of the EMTA funding agencies to continue to provide operating and capital funds.

CONCLUSION

Based on the analysis presented in this paper, the Erie Metropolitan Transit Authority has the financial capability to undertake projects listed in the 2013-2016 TIP. EMTA has no long-term liabilities and has a capital reserve account balance sufficient to finance the local share of capital projects listed on the TIP. Furthermore, the supporting municipalities appear to have the financial capacity to fund EMTA's local share requirements.

Table 1

**Erie Metropolitan Transit Authority
2013-2016 Transportation Improvement Program**

FFY	PROJECT	TOTAL COST	FEDERAL SHARE	STATE SHARE	LOCAL SHARE
2013	Operating Assistance	10,991,754	3,376,415	6,834,341	780,998
2013	Replace Fixed Route Buses	1,617,000	1,342,110	229,129	45,761
2013	Spare Parts/ACM Items	78,000	0	78,000	0
2013	Engines/Transmissions	147,000	0	147,000	0
2013	Technology Upgrades	50,000	0	50,000	0
2013	Shop Equipment	75,000	0	75,000	0
2013	Miscellaneous Equipment	75,000	0	75,000	0
2013	Replace Non-Revenue Vehicles	72,000	0	72,000	0
2013	Replace Paratransit Buses	710,273	568,218	142,055	0
2014	Operating Assistance	11,166,676	3,443,944	6,902,684	820,048
2014	Replace Fixed Route Buses	1,665,510	138,373	236,003	47,134
2014	Spare Parts/ACM Items	80,340	0	80,340	0
2014	Engines/Transmissions	151,000	0	151,000	0
2014	Technology Upgrades	50,000	0	50,000	0
2014	Replace Fareboxes	750,000	600,000	125,025	24,975
2014	Shop Equipment	75,000	0	75,000	0
2014	Miscellaneous Equipment	75,000	0	75,000	0
2014	Replace Paratransit Buses	731,581	585,265	146,317	0
2015	Operating Assistance	11,345,583	3,512,822	6,971,711	861,050
2015	Replace Fixed Route Buses	1,715,475	1,423,844	243,083	48,548
2015	Spare Parts/ACM Items	82,750	0	82,750	0
2015	Engines/Transmissions	155,530	0	155,530	0
2015	Technology Upgrades	50,000	0	50,000	0
2015	Shop Equipment	75,000	0	75,000	0
2015	Miscellaneous Equipment	75,000	0	75,000	0
2015	Replace Non-Revenue Vehicles	287,500	0	287,500	0
2015	Replace Paratransit Buses	753,529	602,822	150,706	0
2016	Operating Assistance	11,528,609	3,583,078	7,041,428	904,103
2016	Replace Fixed Route Buses	1,766,940	1,466,560	250,375	50,004
2016	Spare Parts/ACM Items	85,233	0	85,233	0
2016	Engines/Transmissions	160,196	0	160,196	0
2016	Technology Upgrades	50,000	0	50,000	0
2016	Shop Equipment	75,000	0	75,000	0
2016	Miscellaneous Equipment	75,000	0	75,000	0
2016	Replace Non-Revenue Vehicles	287,500	0	287,500	0
2016	Replace Paratransit Buses	776,134	620,907	155,227	0
	TOTAL	57,906,113	21,264,358	31,815,133	3,582,621

TABLE 1 PROJECT NARRATIVE

FY 2013

Capital projects items include:

Replacement of 1997 transit buses, purchase Spare Parts/ACM items, rebuild spare engines/transmissions, implement technology upgrades to computer software, purchase shop and miscellaneous equipment, replace <30' paratransit vehicles originally purchased in 2008 and replace non-revenue vehicles purchased in 2001 and 2003.

FY 2014

Capital projects items include:

Replacement of 1999 transit buses, purchase Spare Parts/ACM items, rebuild spare engines/transmissions, implement technology upgrades, replace electronic farebox equipment, purchase shop and miscellaneous equipment, and replace <30' paratransit vehicles originally purchased in 2009.

FY 2015

Capital projects items include:

Replacement of 2000 transit buses, purchase Spare Parts/ACM items, rebuild spare engines/transmissions, implement technology upgrades, purchase shop and miscellaneous equipment, replace non-revenue vehicles purchased in 1991-2007, and replace <30' paratransit vehicles originally purchased in 2010.

FY 2016

Capital projects items include:

Replacement of 2001 transit buses, purchase Spare Parts/ACM items, rebuild spare engines/transmissions, implement technology upgrades, purchase shop and miscellaneous equipment, replace non-revenue vehicles purchased in 1991-2007, and replace <30' paratransit vehicles originally purchased in 2011.

*All transit buses are 12 year vehicles and all paratransit buses are 5 year vehicles.

**Non-revenue vehicles have varying useful life. All vehicles will exceed useful life prior to replacement.

Table 2

**Erie Metropolitan Transit Authority
Trends - Expenses and Sources of Funds**

INCOME SOURCES	2008	2009	2010	2011
OPERATING EXPENSES	11,712,494	12,339,590	12,656,886	13,404,963
Passenger Revenue	1,471,285	1,513,712	1,452,584	1,533,657
Senior Revenue	0	0	0	0
School Bus Contract	681,372	720,943	733,064	752,714
Miscellaneous	74,722	236,068	355,588	570,111
Interest Income	14,113	8,028	4,049	2,271
Advertising	56,505	18,679	36,835	0
TOTAL REVENUE	2,297,997	2,497,430	2,582,120	2,858,753
FEDERAL ASSISTANCE	2,937,267	3,058,779	1,057,060	3,239,751
STATE ASSISTANCE	5,934,272	6,075,713	8,367,430	6,564,618
LOCAL MATCH	542,958	707,668	650,276	741,841
TOTAL DEFICIT	9,414,497	9,842,160	10,074,766	10,546,210
TOTAL INCOME	11,712,494	12,339,590	12,656,886	13,404,963