

**ERIE METROPOLITAN TRANSIT AUTHORITY**  
**Financial Capacity Analysis**  
**2017-2020 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 2017-2020 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 2017-2020 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 2017, 2018, 2019, and 2020 and thirty-five (35) capital assistance projects that require total funding of \$56,519,996. Of this amount, Federal Sections 5307 and 5310 funds will provide \$20,824,996 and the State of Pennsylvania will be asked to provide \$31,273,980. The balance of \$4,421,020 remains to be covered as the local share for these projects. The adopted TIP includes programs for FFY 2017 through 2020.

The Section 5307 funds required to implement this TIP are likely to be available from EMTA's formula apportionment. 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.

	<b>2014</b>	<b>2015</b>	<b>Estimated 2016</b>
City of Erie	\$260,000	\$260,000	\$260,000
County of Erie	\$350,600	\$350,600	\$350,600
Other Local Sources	\$209,447	\$249,449	\$293,501
<b>Total</b>	<b>\$820,047</b>	<b>\$860,049</b>	<b>\$904,101</b>

**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.

INCOME SOURCES	2012	2013	2014	2015
<b>OPERATING EXPENSES</b>	<b>13,279,072</b>	<b>13,714,638</b>	<b>14,777,653</b>	<b>14,799,415</b>
Passenger Revenue	1,652,679	1,627,673	1,562,961	1,699,615
School/University Contracts	703,378	988,603	1,229,374	1,186,268
Miscellaneous	496,573	628,720	10,376	17,753
Interest Income	1,717	0	-	-
Advertising	0	74,205	107,560	107,087
<b>TOTAL REVENUE</b>	<b>2,854,347</b>	<b>3,319,201</b>	<b>2,910,271</b>	<b>3,010,723</b>
FEDERAL ASSISTANCE	3,497,166	2,799,972	4,705,664	3,259,942
STATE ASSISTANCE	6,167,254	6,802,725	5,934,891	7,779,115
LOCAL MATCH	760,305	792,740	820,047	861,049
<b>TOTAL DEFICIT</b>	<b>10,424,725</b>	<b>10,395,437</b>	<b>11,867,382</b>	<b>11,788,692</b>
<b>TOTAL INCOME</b>	<b>13,279,072</b>	<b>13,714,638</b>	<b>14,777,653</b>	<b>14,799,415</b>

## 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 2017-2020 TIP. EMTA has no long-term liabilities and has a capital reserve account balance to help 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.