

ERIE METROPOLITAN TRANSIT AUTHORITY
Financial Capacity Analysis
2015-2018 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 2015-2018 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 2015-2018 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 2015, 2016, 2017, and 2018 and forty-four (44) capital assistance projects that require total funding of \$52,847,000. Of this amount, Federal Sections 5307 and 5310 funds will provide \$16,002,000 and the State of Pennsylvania will be asked to provide \$31,020,000. The balance of \$5,825,000 remains to be covered as the local share for these projects. The adopted TIP includes programs for FFY 2015 through 2018.

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.

	2012	2013	Estimated 2014
City of Erie	\$245,000	\$255,000	\$260,000
County of Erie	\$330,000	\$330,000	\$330,000
Other Local Sources	\$185,305	\$207,740	\$248,797
Total	\$760,305	\$792,740	\$838,797

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 2015-2018 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.

TABLE 1 PROJECT NARRATIVE

FY 2015

Capital projects items include:

Replacement of 1997 transit buses, rebuild spare engines/transmissions, implement technology upgrades to computer software, purchase shop and miscellaneous equipment, upgrades to shelter amenities, improvements to the Transportation Center, facility construction for the Joint Operations Facility, postage meter lease, replace <30' paratransit vehicles originally purchased in 2010, and replace non-revenue vehicles purchased in 2002 and 2003.

FY 2016

Capital projects items include:

Replacement of 2000 transit buses, rebuild spare engines/transmissions, implement technology upgrades to computer software, purchase shop and miscellaneous equipment, upgrades to shelter amenities, improvements to the Transportation Center, facility construction for the Joint Operations Facility, postage meter lease, replace <30' paratransit vehicles originally purchased in 2010, and replace fare boxes.

FY 2017

Capital projects items include:

Replacement of 2001 transit buses, rebuild spare engines/transmissions, implement technology upgrades to computer software, purchase shop and miscellaneous equipment, upgrades to shelter amenities, improvements to the Transportation Center, facility construction for the Joint Operations Facility, postage meter lease, replace <30' paratransit vehicles originally purchased in 2012,

FY 2018

Capital projects items include:

Replacement of 2005 transit buses, rebuild spare engines/transmissions, implement technology upgrades to computer software, purchase shop and miscellaneous equipment, upgrades to shelter amenities, improvements to the Transportation Center, facility construction for the Joint Operations Facility, postage meter lease, replace <30' paratransit vehicles originally purchased in 2012, replace the radio system, and replace non-revenue vehicles purchased in 2008.

*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 1

**Erie Metropolitan Transit Authority
2015-2018 Transportation Improvement Program**

FFY	PROJECT	TOTAL COST	FEDERAL SHARE	STATE SHARE	LOCAL SHARE
2015	Operating Assistance	9,530,500	1,000,000	7,755,000	775,500
2015	Facility Construction	1,491,250	1,193,000	0	298,250
2015	Facility Improvements	100,000	80,000	0	20,000
2015	Replace Fixed Route Buses	1,400,000	1,162,000	0	238,000
2015	Shelter Amenities	12,500	10,000	0	2,500
2015	Postage Meter Lease	2,500	2,000	0	500
2015	Engines/Transmissions	100,000	80,000	0	20,000
2015	Technology Upgrades	25,000	20,000	0	5,000
2015	Shop Equipment	25,000	20,000	0	5,000
2015	Miscellaneous Equipment	25,000	20,000	0	5,000
2015	Replace Non-Revenue Vehicles	50,000	40,000	0	10,000
2015	Replace Paratransit Buses	450,000	373,500	0	76,500
2016	Operating Assistance	9,530,500	1,000,000	7,755,000	775,500
2016	Facility Construction	916,250	733,000	0	183,250
2016	Facility Improvements	100,000	80,000	0	20,000
2016	Replace Fixed Route Buses	1,400,000	1,162,000	0	238,000
2016	Shelter Amenities	12,500	10,000	0	2,500
2016	Postage Meter Lease	2,500	2,000	0	500
2016	Engines/Transmissions	100,000	80,000	0	20,000
2016	Technology Upgrades	25,000	20,000	0	5,000
2016	Shop Equipment	25,000	20,000	0	5,000
2016	Miscellaneous Equipment	25,000	20,000	0	5,000
2016	Replace Fare Boxes	625,000	500,000	0	125,000
2016	Replace Paratransit Buses	450,000	373,500	0	76,500
2017	Operating Assistance	9,530,500	1,000,000	7,755,000	775,500
2017	Facility Construction	1,541,250	1,233,000	0	308,250
2017	Facility Improvements	100,000	80,000	0	20,000
2017	Replace Fixed Route Buses	1,400,000	1,162,000	0	238,000
2017	Shelter Amenities	12,500	10,000	0	2,500
2017	Postage Meter Lease	2,500	2,000	0	500
2017	Engines/Transmissions	100,000	80,000	0	20,000
2017	Technology Upgrades	25,000	20,000	0	5,000
2017	Shop Equipment	25,000	20,000	0	5,000
2017	Miscellaneous Equipment	25,000	20,000	0	5,000
2017	Replace Paratransit Buses	450,000	373,500	0	76,500
2018	Operating Assistance	9,530,500	1,000,000	7,755,000	775,500
2018	Facility Construction	866,250	693,000	0	173,250
2018	Facility Improvements	100,000	80,000	0	20,000
2018	Replace Fixed Route Buses	1,400,000	1,162,000	0	238,000
2018	Shelter Amenities	12,500	10,000	0	2,500
2018	Postage Meter Lease	2,500	2,000	0	500
2018	Engines/Transmissions	100,000	80,000	0	20,000
2018	Technology Upgrades	25,000	20,000	0	5,000
2018	Shop Equipment	25,000	20,000	0	5,000
2018	Miscellaneous Equipment	25,000	20,000	0	5,000
2018	Replace Radio System	625,000	500,000	0	125,000
2018	Replace Non-Revenue Vehicles	50,000	40,000	0	10,000
2018	Replace Paratransit Buses	450,000	373,500	0	76,500
	TOTAL	52,847,000	16,002,000	31,020,000	5,825,000

Table 2

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

INCOME SOURCES	2010	2011	2012	2013
OPERATING EXPENSES	12,656,886	13,404,963	13,279,072	13,714,638
Passenger Revenue	1,452,584	1,533,657	1,652,679	1,627,673
Senior Revenue	0	0	0	0
School Bus Contract	733,064	752,714	703,378	988,603
Miscellaneous	355,588	570,111	496,573	628,720
Interest Income	4,049	2,271	1,717	0
Advertising	36,835	0	0	74,205
TOTAL REVENUE	2,582,120	2,858,753	2,854,347	3,319,201
FEDERAL ASSISTANCE	1,057,060	3,239,751	3,497,166	2,799,972
STATE ASSISTANCE	8,367,430	6,564,618	6,167,254	6,802,725
LOCAL MATCH	650,276	741,841	760,305	792,740
TOTAL DEFICIT	10,074,766	10,546,210	10,424,725	10,395,437
TOTAL INCOME	12,656,886	13,404,963	13,279,072	13,714,638