

**ERIE METROPOLITAN TRANSIT AUTHORITY**  
**Financial Capacity Analysis**  
**2011-2014 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 2011-2014 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 2009-2012 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 2011, 2012, 2013, and 2014 and thirty (30) capital assistance projects that require total funding of \$50,331,700. Of this amount, Federal Sections 5307, 5309 and 5310 funds will provide \$15,695,853 and the State of Pennsylvania will be asked to provide \$31,353,851. The balance of \$3,281,996 remains to be covered as the local share for these projects. The adopted TIP includes programs for FFY 2011 through 2014.

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 Act 44 (Section 1513) 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.

	<u>2008</u>	<u>2009</u>	<u>Estimated</u> <u>2010</u>
City of Erie	235,000	235,000	237,000
County of Erie	247,500	330,000	330,000
Other Local Sources	31,100	49,600	51,750
<b>Total</b>	<b>513,600</b>	<b>614,600</b>	<b>619,250</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.

## 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 2011-2014 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**

<b>FFY</b>	<b>PROJECT</b>	<b>TOTAL COST</b>	<b>FEDERAL SHARE</b>	<b>STATE SHARE</b>	<b>LOCAL SHARE</b>
<b>2011</b>	<b>Operating Assistance</b>	<b>9,033,356</b>	<b>1,439,607</b>	<b>6,885,361</b>	<b>708,388</b>
2011	Replace Fixed Route Buses	1,524,000	1,264,920	215,951	43,129
2011	Spare Parts/ACM Items	76,000	0	76,000	0
2011	Engines/Transmissions	140,000	0	140,000	0
2011	Replace Radio System	700,000	560,000	116,690	23,310
2011	Technology Upgrades	50,000	0	50,000	0
2011	Shop Equipment	75,000	0	75,000	0
2011	Miscellaneous Equipment	75,000	0	75,000	0
2011	Replace Paratransit Buses	669,500	535,600	133,900	0
<b>2012</b>	<b>Operating Assistance</b>	<b>9,724,740</b>	<b>2,026,718</b>	<b>6,954,214</b>	<b>743,808</b>
2012	Replace Fixed Route Buses	1,570,000	1,303,100	222,469	44,431
2012	Spare Parts/ACM Items	78,000	0	78,000	0
2012	Engines/Transmissions	143,000	0	143,000	0
2012	Technology Upgrades	50,000	0	50,000	0
2012	Shop Equipment	75,000	0	75,000	0
2012	Miscellaneous Equipment	75,000	0	75,000	0
2012	Replace Paratransit Buses	689,585	551,668	137,917	0
<b>2013</b>	<b>Operating Assistance</b>	<b>9,859,059</b>	<b>2,054,304</b>	<b>7,023,757</b>	<b>780,998</b>
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 Paratransit Buses	710,273	568,218	142,055	0
<b>2014</b>	<b>Operating Assistance</b>	<b>9,395,606</b>	<b>1,481,563</b>	<b>7,093,995</b>	<b>820,048</b>
2014	Replace Fixed Route Buses	1,666,000	1,382,780	236,072	47,148
2014	Spare Parts/ACM Items	78,000	0	78,000	0
2014	Engines/Transmissions	151,000	0	151,000	0
2014	Replace Fareboxes	750,000	600,000	125,025	24,975
2014	Technology Upgrades	50,000	0	50,000	0
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	146,316	0
	<b>TOTAL</b>	<b>50,331,700</b>	<b>15,695,853</b>	<b>31,353,851</b>	<b>3,281,996</b>

## **TABLE 1 PROJECT NARRATIVE**

### **FY 2011**

Capital projects items include:

Replacement of 1996 transit buses, purchase Spare Parts/ACM items, rebuild spare engines/transmissions, replace bus radio system, implement technology upgrades to computer software, purchase shop and miscellaneous equipment, and replace <30' paratransit vehicles originally purchased in 2000.

### **FY 2012**

Capital projects items include:

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

### **FY 2013**

Capital projects items include:

Replacement of 1997 transit buses, purchase Spare Parts/ACM items, rebuild spare engines/transmissions, implement technology upgrades, purchase shop and miscellaneous equipment, and replace <30' paratransit vehicles originally purchased in 2002.

### **FY 2014**

Capital projects items include:

Replacement of 1999 transit buses, purchase Spare Parts/ACM items, rebuild spare engines/transmissions, replace electronic farebox equipment, implement technology upgrades, purchase shop and miscellaneous equipment, and replace <30' paratransit vehicles originally purchased in 2003.

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

**TABLE 2**

INCOME SOURCES	2006	2007	2008	2009
<b>OPERATING EXPENSES</b>	<b>9,414,044</b>	<b>10,071,333</b>	<b>11,712,494</b>	<b>12,339,590</b>
Passenger Revenue	1,361,340	1,338,896	1,471,285	1,513,712
Senior Revenue	177,422	210,822	0	0
School Bus Contract	571,803	606,641	681,372	720,943
Miscellaneous	88,008	312,993	74,722	236,068
Interest Income	99,433	64,333	14,113	8,028
Advertising	61,327	60,022	56,505	18,679
<b>TOTAL REVENUE</b>	<b>2,359,333</b>	<b>2,593,707</b>	<b>2,297,997</b>	<b>2,497,430</b>
FEDERAL ASSISTANCE	2,535,351	2,857,329	2,937,267	3,058,779
STATE ASSISTANCE	3,503,048	3,769,338	5,934,272	6,075,713
LOCAL MATCH	1,016,312	850,959	542,958	707,668
TOTAL DEFICIT	7,054,711	7,477,626	9,414,497	9,842,160
<b>TOTAL INCOME</b>	<b>9,414,044</b>	<b>10,071,333</b>	<b>11,712,494</b>	<b>12,339,590</b>