

SHENANGO VALLEY SHUTTLE SERVICE

FINANCIAL CAPACITY ANALYSIS REPORT

2015-2018 TRANSPORTATION IMPROVEMENT PLAN

Background

The Federal Transit Administration (FTA) through Section 5307(d)(1)(A) of Title 49, Chapter 53 requires a grantee receiving FTA assistance under the Urban Formula Program to certify that it “has or will have the legal, financial and technical capacity to carry out the Program of Projects submitted in the annual Transportation Improvement Plan (TIP). In addition Section 5309 (e)(2)(C) requires that grantees receiving capital funding also demonstrate that the project has an acceptable degree of stable and dependable non federal funding committed to it. FTA Circular C 7008.1A dated January 30, 2002 provides the proper guidance for providing a Financial Capacity Analysis.

Requirement

FTA Circular C7008.1A identifies two aspects of financial capacity that must be addressed. The first is the general financial condition of the SHENANGO VALLEY SHUTTLE SERVICE (SVSS) and the non-federal funding entities to include the State and local funding sources. The second aspect that must be addressed is the capability of SVSS and its funding sources to meet future financial commitments for operating and capital projects as outlined in the TIP. The level of detail required is proportionate to the size of the system and the projects included in the TIP. As SVSS's program requirements are relatively modest an extensive analysis is not appropriate or necessary to verify SVSS's capability to operate current levels of service and implement planned capital projects.

FY 2015-18 Transit Transportation Improvement Program

The Mercer County Metropolitan Planning Organization has adopted the 2015-18 TIP for transit related projects as shown in Table 1. This plan includes one operating assistance project for each of the four fiscal years from 2015 through 2018. The plan also includes five capital projects in the first and third year and four capital projects in the second and fourth year of the TIP. Additionally each fiscal year has projects for the Americans with Disabilities Act (ADA) and related expenses and safety and security and transit enhancement as required by FTA. Both the operating and capital projects combined require a total funding of \$6,741,833. Of this amount, Federal funds are projected to cover \$2,971,000. The State of Pennsylvania is expected to contribute \$3,405,606 and the remaining \$365,227 will be provided by the five jurisdictions that support SVSS.

The Federal funds required to implement this TIP are likely to be available

through SVSS's formula apportionment. The non-federal share of funding will be provided through State transit dedicated Act 89 grants designated to SVSS and from general revenues of the five participating municipalities.

Table 1. 2015-1018 Transportation Improvement Plan

Type of Funding	Project Description	Federal Share	State Share	Local Share	Total
Operating	2015-2016 Operating Assistance	0	696,789	56,038	752,827
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,711	3,539	106,250
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,111	3,539	105,650
Assistance Grant Capital	Asset Maintenance Expense	160,000	33,340	6,660	200,000
Assistance Grant Capital	ADA Related Expenses	67,500	14,065	2,810	84,375
Assistance Grant Operating	Two Small Transit Buses	104,000	21,671	4,329	130,000
Assistance Grant Capital	Shop/Garage Equipment	50,000	10,419	2,081	62,500
Assistance Grant Capital	Office Equipment	52,000	10,835	2,165	65,000
Assistance Grant Capital	Interior/Exterior Office & Garage Improvements	111,000	23,129	4,621	138,750
Assistance Grant Capital	Replace Service Vehicle (2008)	32,000	6,668	1,332	40,000
Capital Assistance Grant	Safety and Security	6,750	1,405	282	8,437
Capital Assistance Grant	Transit Enhancement Project	6,750	1,405	282	8,437
FFY 2015 Totals		760,000	854,548	87,678	1,702,226

Operating	2016-2017 Operating Assistance	0	696,789	58,840	755,629
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,711	3,539	106,250
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,711	3,539	106,250
Assistance Grant Capital	Asset Maintenance Expense	160,000	33,340	6,660	200,000
Assistance Grant Capital	ADA Related Expenses	67,500	14,065	2,810	84,375
Assistance Grant Capital	Shop/Garage Equipment	50,000	10,419	2,081	62,500
Assistance Grant Capital	Office Equipment	52,000	10,835	2,165	65,000
Assistance Grant Capital	Interior/Exterior Office & Garage Improvements	80,000	16,670	3,330	100,000
Assistance Grant Operating	Three Small Transit Buses	156,000	32,506	6,494	195,000
Capital Assistance Grant	Safety and Security	6,750	1,405	282	8,437
Capital Assistance Grant	Transit Enhancement Project	6,750	1,405	282	8,437
FFY 2016 Totals		749,000	852,856	90,022	1,691,878

Operating Assistance Grant	2017-2018 Operating Assistance	0	696,789	61,782	758,571
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,711	3,539	106,250
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,711	3,539	106,250
Capital Assistance Grant	Asset Maintenance Expense	160,000	33,340	6,660	200,000
Capital Assistance Grant	ADA Related Expenses	67,500	14,065	2,810	84,375
Capital Assistance Grant	Three Small Transit Buses	156,000	32,506	6,494	195,000
Capital Assistance Grant	Shop/Garage Equipment	40,000	8,333	1,667	50,000
Capital Assistance Grant	Office Equipment & Computers	40,000	8,333	1,667	50,000
Capital Assistance Grant	Interior/Exterior Office & Garage Improvements	60,000	12,502	2,498	75,000
Capital Assistance Grant	Replace Van	24,000	5,001	999	30,000
Capital Assistance Grant	Safety and Security	6,750	1,405	282	8,437
Capital Assistance Grant	Transit Enhancement Project	6,750	1,405	282	8,437
FFY 2017 Totals		731,000	849,101	92,219	1,672,320

Operating Assistance Grant	2018-2019 Operating Assistance	0	696,789	64,871	761,660
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,711	3,539	106,250
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	85,000	17,711	3,539	106,250
Capital Assistance Grant	Asset Maintenance Expense	160,000	33,340	6,660	200,000
Capital Assistance Grant	ADA Related Expenses	67,500	14,065	2,810	84,375
Capital Assistance Grant	Three Small Transit Buses	156,000	32,506	6,494	195,000
Capital Assistance Grant	Shop/Garage Equipment	40,000	8,333	1,667	50,000
Capital Assistance Grant	Office Equipment & Computers	40,000	8,333	1,667	50,000
Capital Assistance Grant	Interior/Exterior Office & Garage Improvements	60,000	12,502	2,498	75,000
Capital Assistance Grant	Replace Van	24,000	5,001	999	30,000
Capital Assistance Grant	Safety and Security	6,750	1,405	282	8,437
Capital Assistance Grant	Transit Enhancement Project	6,750	1,405	282	8,437
FFY 2018 Totals		731,000	849,101	95,308	1,675,409

Financial Condition of SHENANGO VALLEY SHUTTLE SERVICE

SVSS is a cooperative program of the Cities of Farrell, Hermitage and Sharon and the Boroughs of Sharpville and Wheatland. These five political jurisdictions have a cooperative agreement that empowers SVSS to operate public transportation on their behalf. These five entities annually provide matching funds for both operating and capital projects that are required for State dedicated financial assistance. A per capita formula is used to determine the local match. This per capita fee is \$1.00 and has provided a sufficient amount of funds to allow the SVSS to match State operating and capital funds in accordance with State Act 89 and establish a capital reserve.

Table 2 summarized key financial data for SVSS over an eight year period. As can be seen from this information, SVSS's operating expenses have had moderate increases over the period of time studied. Operating revenue during the same time period has increased. The SVSS has been able to balance its

budget and maintain service levels and capital programs due to increases in federal funding and state dedicated transit revenues. There is no reason to expect these trends in funding to change. Additionally, SVSS has no long-term liabilities or unfunded deficits. Therefore, SVSS can afford the projects proposed in the TIP.

The SVSS has no long-term liabilities or unfunded deficits. In addition, the SVSS maintains a capital reserve account that has a balance sufficient to cover the entire local share of the capital and operating projects in the four-year TIP. Therefore, the SVSS has the financial capacity to undertake the programs identified in the TIP.

Table 2. Trends in operations and expenses and sources of funds for SVSS*

	FY 06-07	FY 2010-11	FY 2012-13
Operating Expense	\$782,400	\$790,000	\$868,000
Operating revenue	\$116,400	\$50,000	\$74,000
Federal Operating Assistance	\$328,400	\$74,000	\$152,000
State Operating Assistance	\$305,600	\$622,000	\$594,000
Local Operating Assistance	\$32,000	\$44,000	\$44,000
Total Operating Assistance	\$835,000	\$790,000	\$868,000
Additional State Assistance**			
Total Income	\$782,400	\$790,000	\$868,000

*Data from the annual Pennsylvania Department of Transportation “Annual Performance Report”. Operating revenue decreased in 2010-11 and State operating assistance increased in 2010-11 partly because of the way the State lottery funds are now considered part of the State operating assistance rather than revenue.

Financial Capacity of Non-federal Funding Partners

The Commonwealth of Pennsylvania is the major non federal funding source for SVSS. Through regular appropriations from the General Assembly all public transit providers identified in Act 89 of 2013 (which includes SVSS) receive annual operating grants. Act 89 also provides dedicated funding for SVSS with annual increases. Act 89 funds may be used for operating and capital costs at the discretion of the designated recipient. SVSS is a designated recipient of these funds and will continue to be. The full faith and good will of the Commonwealth of Pennsylvania is behind the receipt and distribution of these funds and SVSS has every confidence that this funding source will be available during the project period outlined in the TIP.

The five local jurisdictions that also provide a portion of the non-federal share of these projects remain fiscally viable as evidenced in the continued increases shown in Table 2. Table 3 below shows several factors that indicate continued growth and that the five funding jurisdictions can reasonably be expected to continue providing the same level of support that they have been providing. While there continues to be a modest population decline the overall assessed evaluation and number of housing units appears to remain stable. Taken as a whole, the population and housing and income growth is sufficient to justify and continue the transportation projects on the TIP.

Table 3 Local Funding Partner Statistics

Municipality	Assessed Evaluation			Housing Units**	Population***			% +/-
	1999	2008*	% +/-		2000	2010	2013	
Farrell	\$18,969,650	\$19,411,066		2,756	6,050	5,111	4,879	
Hermitage	\$81,522,600	\$93,247,000		7,109	16,157	16,220	16,190	
Sharon	\$49,065,550	\$50,902,000		7,388	16,328	14,038	13,760	
Sharpsville	\$11,751,900	\$11,855,566		1,911	4,500	4,415	4,349	
Wheatland	\$3,905,200	\$3,630,710		375	748	632	623	
Total	\$165,205,900	\$179,046,000	+8.4	19,539	43,783	40,416	39,801	-1.5

*As of January 1, 2002, Mercer County converted to 100 percent assessed value as compared to estimated market value. Prior to that time, the assessed evaluation was based on 33 percent of estimated market value. The 2008 figures have been converted to the 33 percent basis for comparison purposes.

**Housing numbers derived from www.city-data.com.

*** Population from U.S. Census data.

Conclusion

Based on the analysis presented in this report, SVSS has the financial capacity to undertake the projects listed in the 2015-2018 TIP. SVSS is confident that its non-federal funding sources are stable and will continue to provide funding in the same or increased amounts that they have been providing. SVSS's ridership continues to grow and justify the reasonable level of public transportation provided in the SVSS service area. SVSS has no long-term liabilities and a capital reserve account adequate to provide the non-federal share of the projects listed on the TIP, if required, to continue SVSS services.

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