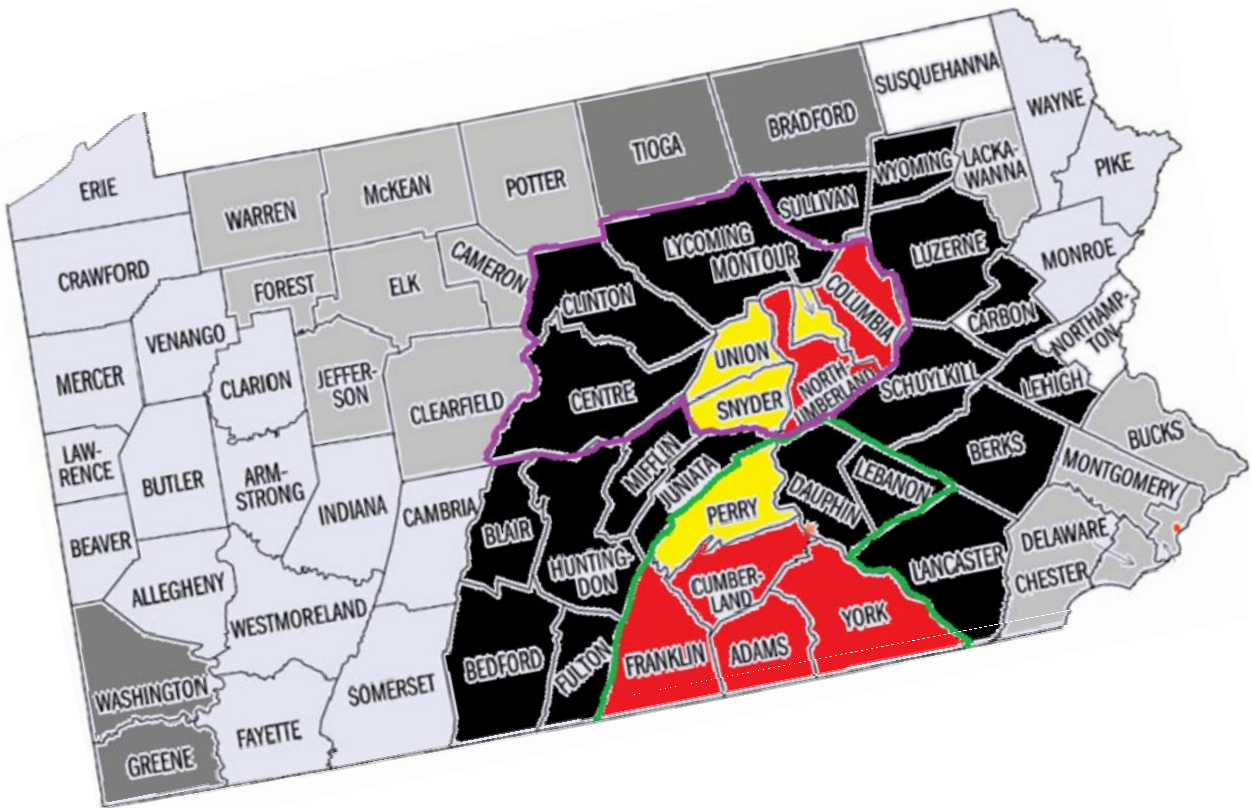




# Central Pennsylvania Transportation Authority

## FINANCIAL CAPACITY PROGRAM

April 2016





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#### Introduction

This assessment is in accordance with the FTA C. 7800.1.A and the Year of Expenditure requirement. The purpose of the Financial Capacity Policy is for transit grantees to demonstrate that they make capital investments based on the current and projected capability to maintain and operate current assets, and to determine the ability to operate and maintain the new assets on the same basis, providing at least the same level of service, for at least one replacement cycle of such assets. The program maintains two basic aspects: (1) demonstrate the general financial condition of the Central Pennsylvania Transportation Authority (CPTA); and (2) the communicate CPTA's sound financial planning efforts.

#### Assessment Requirements/Components

Planning and Project Development- Unified Planning Work Program. Transportation planning activities, such as database development and the development of analytical revenue and cost forecasting techniques needed to assess financial capacity, must be included in the urbanized area's Unified Planning Work Program of the Metropolitan Planning Organization. In addition, when the State and metropolitan planning organizations certify that the planning process is being carried out in accordance with Federal requirements, they must describe the region's public involvement process for balancing the cost of approved plans and programs with current and projected revenues.

Projected Cash Flow Statement – This is a multi-year projection, back five years (actual) and forward twenty years (CPTA forecasts a 12 year projection based on the EUL of the vehicles) of revenues and expenses (and related items such as depreciation) relating to the grantee as an organization. It identifies expected revenues and expenses for each year, incorporating and highlighting the effects of a planned capital project or program of projects.

Financial Condition – This includes historical trends and current experience in the financial ability of the grantee to operate and maintain its transit system at present levels of service. The information supporting the assessment of the financial condition of the grantee is usually provided in audited financial statements and other financial reports. Financial condition is reflected in working capital levels, cash balances, capital reserves, the presence and status of depreciation accounts, debt levels, trends in transit costs as compared to available revenues, and trends in other relevant economic indicators. Satisfactory financial condition means that the grantee can pay its current costs from existing revenues.

Financial Capability – This refers to the stability and reliability of revenue sources needed to meet future annual capital and operating and maintenance costs. Assessments of financial capability shall cover the greater of the period equivalent to one replacement cycle of the basic system; the retirement of any debt issued to finance the capital project; or 20 years. Financial capability considers the nature of funds pledged to support operating costs and capital replacement

programs (12 years for CPTA), as well as forecasted changes in fare and non-fare revenues. Capital costs include both replacement and rehabilitation of existing equipment and facilities as well as new investments. Operating and maintenance costs include those for the present system, as well as increases due to capital investment and service expansion.

Satisfactory financial capability means the grantee's ability to meet its expansion costs in addition to its existing operations from projected revenues.

Program Management and Compliance - Regular grant monitoring will emphasize whether the findings and self-certifications of financial capacity made at the grant approval stage retain their validity. The Triennial Reviews will be the instrument used for monitoring.

## **FINANCIAL CAPACITY ASSESSMENT**

### **1) Financial Condition**

#### **Historical Trends and Current Conditions-**

For Fiscal Year 2015, rabbittransit's total operating expenditures were \$16,187,475. Approximately, 36.1% of the total operating expenditures were used to operate paratransit service.

Since 2001, the cost of fuel, benefits and parts has increased by 146% while all other expenses increased by 120%. Despite these rising costs, rabbittransit boasts one of the lowest operating expenses per vehicle hour. rabbittransit's FY 2013 average cost per hour for all services was \$64.66, in FY 2015 it was \$66.65.

Ridership for FY 2015 was good considering the state of the economy. Fifty six percent of the fixed route riders have no other means of transportation. Additionally, 61% of the riders earn an average income of \$23,000\* or less per year and uses the bus for work purposes, up from 39% in 2013. Based on this information, rabbittransit has concluded that the majority of its passengers are excessively volatile to fare increases.

A significant factor affecting paratransit service is the trip length and onboard time. In FY 2015 the average shared ride trip length was 12.82 miles per trip and the average on-board time is 37.8 minutes. rabbittransit believes that there are two factors creating the increase in trip distances; the first is urban sprawl and the second is the fundamental changes in senior citizen needs for transportation.

rabbittransit is projecting FY 2016 expenses to be at \$9,555,400 for York, Hanover and Gettysburg fixed route service, system wide expenses are projected to be \$22,317,000. With the passing of Pennsylvania ACT 44 in 2007, rabbittransit experienced a 50% increase in state funding, an additional 2.8% is being provided in FY 2017 and has remained steady since.

*\*FY2014 fixed route ridership survey, the maximum margin of error with a sample of 596 is +/- 4.0% at the 95% level of confidence.*

Hourly Cost Comparison		
	2015	2016 (projected)
Fixed Route York	\$90.52	\$89.90
Fixed Route Hanover	\$76.21	\$71.70
Paratransit	\$48.59	\$49.65

## Financial Projections-

rabbitransit's financial capacity analysis is an eleven year combined operating and capital needs projection. The factors determining the outcomes are based on current and historical information. For Fiscal Year 2015 Operating and Capital plan the inflation factors were 3% and 5% respectfully. The analysis demonstrates that rabbitransit can continue to operate at FY 2015 service levels through fiscal year 2021.

rabbitransit works closely with the State and Federal Transportation Departments and other groups of interests when developing projections. The Central Pennsylvania Transportation Authority Board of Director's are aware of how public transportation in the Commonwealth of Pennsylvania is funded. It is the policy of the Board of Directors to have service levels that can be supported by funding levels. When funding levels fall short of needs, service levels and fares are adjusted accordingly.

## 2) Financial Capability

Local match funds from Adams County are a concern for CPTA. Service levels will be adjusted based on the ability to match operating and to maintain a state of good repair with rolling stock.

### Capital-

Funding remains a concern at the state level. With the loss of discretionary funding based on Congress ban on earmarks and the loss of FTA discretion grants, the capital burden falls back on the state. The FAST ACT provides an understanding of the future, the ACT does financially put transit on solid ground. ACT 89 provides a good foundation for a capital program, but Federal funds need to continue at historic level with the possibility of growth.

### Operating-

With the implementation of PA ACT 44, and recently ACT 89, state operating funds are steady. MAP 21 addressed the 200,000 population issue, allowing systems with 100 or less buses in peak service to utilize a percentage of the 5307 funds for operating.