



Central Pennsylvania Transportation Authority

FINANCIAL CAPACITY PROGRAM

Introduction

This assessment is in accordance with the FTA C. 7008.1A 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 (MPO). In addition, when the State and MPOs 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 2019, rabbittransit's total operating expenditures were \$27,663,164. Approximately, 53.3% of the total operating expenditures were used to operate paratransit in a ten-county service area. This was generated through a combination of non-fixed route (all demand response) and ADA paratransit services operating expenditures.

Ridership levels for FY 2019 were steady. 66% percent of the fixed route riders have no other means of transportation with 65% of riders using fixed route service 5 or more days per week. Additionally, 61% of the riders earn an average income of \$23,000* or less per year. 44% of fixed route riders use rabbittransit for trips to/from work and 21% use the bus to access medical/dental services. Based on this information, rabbittransit has concluded that the majority of its passengers are very susceptible to fare increases.

*FY2019 fixed route ridership survey, the maximum margin of error with a sample of 499 is +/-4.2% at the 95% level of confidence

A significant factor affecting paratransit service is the trip length and onboard time. In FY 2019 the average shared ride trip length was 13.3 miles per trip and the average on-board time was 38 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 older adults' needs for transportation.

rabbittransit is projecting FY 2021 expenses to be at \$ 14,022,216 for fixed route, express and microtransit services; system wide expenses are projected to be \$ 30,011.179 which includes the paratransit service. With the passing of Pennsylvania ACT 44 in 2007, rabbittransit experienced a 50% increase in state funding, with an average of 5.2% additional each year since. For FY2021, the increase in state funding to rabbittransit will be 7.5%.

Financial Projections-

rabbittransit's financial capacity analysis is a six-year combined operating and capital needs projection. The factors determining the outcomes are based on current and historical information. For this Operating and Capital Capacity Plan, the inflation factors were 3% and 5% respectfully. The analysis demonstrates that rabbittransit can continue to operate at FY 2020 service levels through FY 2023.

rabbittransit works closely with the State and Federal Transportation Departments and other groups of interests when developing projections. The CPTA Board of Directors 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 historically have been a concern for CPTA. Last year Adams County provided an increase that reduced this concern level. If local match cannot meet legislative mandates, service levels will be adjusted based on the level of match for operating and to maintain a state of good repair with rolling stock. State funding would be returned to the state and most likely permanently lost

Capital-

Funding remains a concern at the state level. With the loss of discretionary funding based on the Congressional 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. All eyes are on the sunset clause in ACT 44 in relation to the funding provided to PennDOT by the Turnpike.

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.

rabbitransit - Operating & Capital Capacity Plan

Fiscal Year	Project Description	Total Expense	Fare Revenue	Advertising Revenue	Total Balance	Federal 5307 Operating	State 1513 Operating	Federal 5309/5307/JA RC Capital	Federal 5339 Capital	State - 1514	State 1516 CTC	Local Funds	Federal 5307 CARES/CRRSAA/ ARP Operating	State Act 3 Operating Funds
FY2019	Ending Balance					\$ -	\$ 5,816,959	\$ 4,064,064	\$ 1,094,023	\$ 1,193,719	\$ 3,974,792	\$ 628,434	\$ -	
	Actual Funds FY2020					\$ 3,156,493	\$ 7,335,394					\$ 673,454	\$ 12,297,935	\$ 44,382
FY 2020	Beginning Balance					\$ 3,156,493	\$ 13,152,353	\$ 4,064,064	\$ 1,094,023	\$ 1,193,719	\$ 3,974,792	\$ 1,301,887	\$ 12,297,935	\$ 44,382
	Actual Operating - Fixed Route/Express/Microtransit	\$ 12,462,871	\$ 1,343,686	\$ 37,531	\$ 11,081,653	\$ 2,990,545	\$ 3,277,024					\$ 619,937	\$ 4,149,765	\$ 44,382
	Operating - Paratransit & ADA	\$ 14,272,454	\$ 12,842,593		\$ 1,429,861	\$ 95,870	\$ 95,870						\$ 1,514,278	
	Capital Projects	\$ 8,397,540			\$ 8,397,540			\$ 865,152	\$ 539,520	\$ 1,193,719.00	\$ 3,974,792.00	\$ 33,949		
	Ending Balance					\$ 70,078	\$ 9,779,459	\$ 3,198,912	\$ 554,503	\$ -	\$ -	\$ 648,001	\$ 6,633,892	\$ -
	Actual Funds To Be Received - FY2021					\$ 3,504,874	\$ 7,619,916	\$ 834,317	\$ 418,246	\$ 1,263,527	\$ 5,975,000	\$ 649,327	\$ 8,306,873	
FY 2021	Beginning Balance					\$ 3,574,952	\$ 17,399,375	\$ 4,033,229	\$ 972,749	\$ 1,263,527	\$ 5,975,000	\$ 1,297,328	\$ 14,940,765	
	Projected Operating - Fixed Route/Express/Microtransit	\$ 12,589,330	\$ 1,062,250	\$ 271,975	\$ 11,255,105	\$ 2,552,846	\$ 2,552,847					\$ 649,327	\$ 5,500,085	
	Operating - Paratransit & ADA	\$ 12,331,510	\$ 10,803,463		\$ 1,528,047		\$ 1,528,047						\$ 1,528,047	
	Capital Projects	\$ 9,314,500			\$ 9,314,500.00			\$ 2,006,400		\$ 1,263,527	\$ 5,975,000	\$ 27,874		
	Ending Balance					\$ 1,022,106	\$ 13,318,481	\$ 2,076,829	\$ 972,749	\$ -	\$ -	\$ 620,127	\$ 7,912,633	\$ -
	Expected Funds Received - FY2022					\$ 3,844,587	\$ 7,954,703	\$ 1,577,994	\$ 422,428	#####	\$ 8,972,450	\$ 681,793		
FY 2022	Beginning Balance					\$ 4,866,693	\$ 21,273,184	\$ 3,604,823	\$ 1,395,177	\$ 1,334,132	\$ 8,972,450	\$ 1,301,920	\$ 7,912,633	
	Estimated Operating - Fixed Route/Express/Microtransit	\$ 13,092,903	\$ 1,115,363	\$ 105,000	\$ 11,872,541	\$ -	\$ 3,278,115					\$ 681,793	\$ 7,912,633	
	Operating - Paratransit & ADA	\$ 12,701,455	\$ 11,559,705		\$ 1,141,750		\$ 1,141,750							
	Capital Projects	\$ 15,417,450			\$ 15,417,450.00			\$ 3,604,823	\$ 1,395,177	\$ 1,334,132	\$ 8,972,450	\$ 110,868		
	Ending Balance					\$ -	\$ 16,853,319	\$ 0	\$ 0	\$ -	\$ -	\$ 509,259	\$ 0	
	Expected Funds Received					\$ 3,844,587	\$ 8,193,344	\$ 947,496	\$ 426,653		\$ 2,940,102	\$ 715,883		
FY 2023	Beginning Balance					\$ 3,844,587	\$ 25,046,663	\$ 947,496	\$ 426,653	\$ 287,909	\$ 2,940,102	\$ 1,225,142		
	Estimated Operating - Fixed Route/Express/Microtransit	\$ 13,616,619	\$ 1,171,131	\$ 105,000	\$ 12,340,489	\$ 3,487,780	\$ 8,136,827					\$ 715,883		
	Operating - Paratransit & ADA	\$ 13,082,499	\$ 12,368,885		\$ 713,614	\$ 356,807	\$ 356,807							
	Capital Projects	\$ 3,602,727			\$ 3,602,727			\$ 360,000		\$ 287,909	\$ 2,940,102	\$ 14,716		
	Ending Balance					\$ -	\$ 16,553,030	\$ 587,496	\$ 426,653	\$ -	\$ -	\$ 494,544		
	Expected Funds Received					\$ 3,844,587	\$ 8,439,144	\$ 975,921	\$ 430,919	\$ 357,995	\$ 6,426,017	\$ 751,677		
FY 2024	Beginning Balance					\$ 3,844,587	\$ 24,992,174	\$ 1,563,416	\$ 857,572	\$ 357,995	\$ 6,426,017	\$ 1,246,221		
	Estimated Operating - Fixed Route/Express/Microtransit	\$ 14,161,284	\$ 1,229,687	\$ 105,000	\$ 12,826,597	\$ 3,724,453	\$ 8,350,467					\$ 751,677		
	Operating - Paratransit & ADA	\$ 13,474,974	\$ 13,234,707		\$ 240,267	\$ 120,134	\$ 120,134							
	Capital Projects	\$ 7,161,046			\$ 7,161,046			\$ 360,000		\$ 357,995	\$ 6,426,017	\$ 17,034		
	Ending Balance					\$ -	\$ 16,521,573	\$ 1,203,416	\$ 857,572	\$ -	\$ -	\$ 477,510		
	Expected Funds Received					\$ 3,844,587	\$ 8,692,319	\$ 1,906,982	\$ 435,228	\$ 1,257,808	\$ 6,939,273	\$ 789,261		
FY 2025	Beginning Balance					\$ 3,844,587	\$ 25,213,892	\$ 3,110,399	\$ 1,292,801	\$ 1,257,808	\$ 6,939,273	\$ 1,266,771		
	Estimated Operating - Fixed Route/Express/Microtransit	\$ 14,727,735	\$ 1,291,172	\$ 105,000	\$ 13,331,564	\$ 3,844,587	\$ 8,697,717					\$ 789,261		
	Operating - Paratransit & ADA	\$ 13,879,223	\$ 14,161,136		\$ (281,913)									
	Capital Projects	\$ 12,700,798			\$ 12,700,798			\$ 3,110,399	\$ 1,292,801	1257808	\$ 6,939,273	\$ 100,517		
	Ending Balance					\$ -	\$ 16,516,175	\$ (0)	\$ (0)	\$ -	\$ -	\$ 376,993		
	Expected Funds Received					\$ 3,844,587	\$ 8,953,088	\$ 1,286,562	\$ 439,581	\$ 294,783	\$ -	\$ 828,724		
FY 2026	Beginning Balance					\$ 3,844,587	\$ 25,469,264	\$ 1,286,562	\$ 439,581	\$ 294,783	\$ -	\$ 1,205,718		
	Estimated Operating - Fixed Route	\$ 15,316,845	\$ 1,355,730	\$ 105,000	\$ 13,856,115	\$ 3,844,587	\$ 9,182,805					\$ 828,724		
	Operating - Paratransit	\$ 14,295,600	\$ 15,152,416		\$ (856,816)									
	Capital Projects													
x	Ending Balance					\$ -	\$ 16,286,459	\$ 1,286,562	\$ 439,581	\$ 294,783	\$ -	\$ 376,994		