

SHENANGO VALLEY SHUTTLE SERVICE
FINANCIAL CAPACITY ANALYSIS REPORT
2021-2024 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 2021-24 Transit Transportation Improvement Program

The Mercer County Metropolitan Planning Organization has adopted the 2021-24 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 2021 through 2024. The plan also includes six capital projects in the first, second and fourth year and seven capital projects in the third year of the TIP. Additionally each fiscal year has projects for the Americans with Disabilities Act (ADA) and related expenses as well as safety and security as required by FTA. Both the operating and capital projects combined require a total funding of \$7,305,188. Of this amount, Federal funds are projected to cover \$2,907,420. The State of Pennsylvania is expected to contribute \$3,967,627 and the remaining \$430,141 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. 2021-2024 Transportation Improvement Plan

Type of Funding	Project Description	Federal Share	State Share	Local Share	Total
Operating	2020-2021 Operating Assistance	0	791,740	68,116	910,933
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	70,788	14,750	2,947	88,485
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	185,498	38,653	7,721	231,872
Assistance Grant Capital	Asset Maintenance Expense	180,000	37,507	7,493	225,000
Assistance Grant Capital	ADA Related Expenses	71,150	14,825	2,962	88,937
Assistance Grant Operating	Small Transit Buses	64,000	13,336	2,664	80,000
Assistance Grant Capital	Interior/Exterior Office & Garage Improvements	100,000	20,837	4,163	125,000
Assistance Grant Capital	Replace Adm. Vehicle	32,000	6,668	1,332	40,000
Assistance Grant Capital	Safety and Security	11,200	2,333	467	14,000
FFY 2021 Totals		738,726	945,663	98,873	1,783,262
Operating	2021-2022 Operating Assistance	0	839,411	75,098	914,509
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	70,788	14,750	2,947	88,485
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	104,496	21,774	4,351	130,621
Assistance Grant Capital	Asset Maintenance Expense	180,000	37,507	7,493	225,000
Assistance Grant Capital	ADA Related Expenses	71,846	14,970	2,991	89,807
Assistance Grant Capital	Shop/Garage Equipment	40,000	8,333	1,667	50,000
Assistance Grant Capital	Office Equipment	40,000	8,333	1,667	50,000
Assistance Grant Capital	Interior/Exterior Office & Garage Improvements	80,000	20,837	4,163	105,000
Assistance Grant Operating	Two Small Transit Buses	128,000	26,672	5,328	160,000
Capital Assistance Grant	Safety and Security	11,200	2,333	467	14,000
FFY 2022 Totals		726,330	994,920	106,172	1,827,422

Type of Funding	Project Description	Federal Share	State Share	Local Share	Total
Operating Assistance	2022-2023 Operating Assistance	0	839,411	78,853	918,624
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	70,788	14,750	2,947	88,485
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	192,800	40,174	8,026	241,000
Capital Assistance Grant	Asset Maintenance Expense	180,000	37,507	7,493	225,000
Capital Assistance Grant	ADA Related Expenses	72,279	15,061	3,009	90,349
Capital Assistance Grant	One Small Transit Buss	72,000	15,003	2,997	90,000
Capital Assistance Grant	Shop/Garage Equipment	24,000	5,001	999	30,000
Capital Assistance Grant	Office Equipment & Computers	8,000	1,667	333	10,000
Capital Assistance Grant	Interior/Exterior Office & Garage Improvements	96,000	20,004	3,996	120,000
Capital Assistance Grant	Safety and Security	11,200	2,333	467	14,000
FFY 2023 Totals		727,067	990,911	109,120	1,827,098

Operating Assistance Grant	2023-2024 Operating Assistance	0	839,411	82,796	922,207
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	70,788	14,750	2,947	88,485
Assistance Grant Capital	Vehicle Purchase (Fixed Route)	120,000	25,005	4,995	150,000
Capital Assistance Grant	Asset Maintenance Expense	180,000	37,507	7,493	225,000
Capital Assistance Grant	ADA Related Expenses	73,399	15,294	3,056	91,749
Capital Assistance Grant	Two Small Transit Buses	144,000	30,006	5,994	180,000
Capital Assistance Grant	Shop/Garage Equipment	40,000	8,333	1,667	50,000
Capital Assistance Grant	Office Equipment & Computers	8,000	1,667	333	10,000
Capital Assistance Grant	Interior/Exterior Office & Garage Improvements	60,000	12,502	2,498	75,000
Capital Assistance Grant	Safety and Security	11,200	2,333	467	14,000
Capital Assistance Grant	Replace Administrative Vehicle	32,000	6,668	1,332	40,000
FFY 2024 Totals		739,387	993,476	113,576	1,846,441

Financial Condition of SHENANGO VALLEY SHUTTLE SERVICE

SVSS is a cooperative program of the Cities of Farrell, Hermitage and Sharon and the Boroughs of Sharpsville 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 and is increased by 5% annually to the participating communities. 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 minimal 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 2016-17	FY 2017-18	FY 2018-19
Operating Expense	\$1,072,254	\$1,056,748	\$1,086,923
Operating revenue	\$63,964	\$52,225	\$60,449
Federal Operating Assistance	\$182,336	\$151,000	\$143,784
State Operating Assistance	\$767,113	\$791,740	\$817,818
Local Operating Assistance	\$58,841	\$61,783	\$64,872
Total Operating Assistance	\$1,072,254	\$1,056,000	\$1,086,923
Additional State Assistance**			
Total Income	\$1,072,254	\$1,056,000	\$1,086,923

*Data from the annual Pennsylvania Department of Transportation "Annual Performance Report".

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 have 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			% +/-
	2008	2016	% +/-		2010**	2016***	2018****	
Farrell	\$18,969,650	\$14,001,817		2,620	5,111	4,819	4,722	
Hermitage	\$81,522,600	\$88,315,650		7,875	16,220	16,077	15,812	
Sharon	\$49,065,550	\$36,229,200		7,537	14,038	13,659	13,378	
Sharpsville	\$11,751,900	\$10,380,200		2,075	4,415	4,304	4,202	
Wheatland	\$3,905,200	\$3,580,217		372	632	845	664	
Total	\$165,214,900	\$152,507,084	-7.7		40,416	39,704	38,778	-4.1%

*- American Community Survey estimate, 5-yr average (2012-2016)

**-U.S. Census, 2010

***-American Community Survey estimate, 5-year average (2010-2014)

****- American Community Survey estimate, 5-year average (2012-2016)

Conclusion

Based on the analysis presented in this report, SVSS has the financial capacity to undertake the projects listed in the 2021-2024 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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