



Transit Financial Analysis

presented to

Space Coast Transportation Planning Organization

CAMBRIDGE
SYSTEMATICS

space
Coast
AREA TRANSIT

SCAT Financial Review

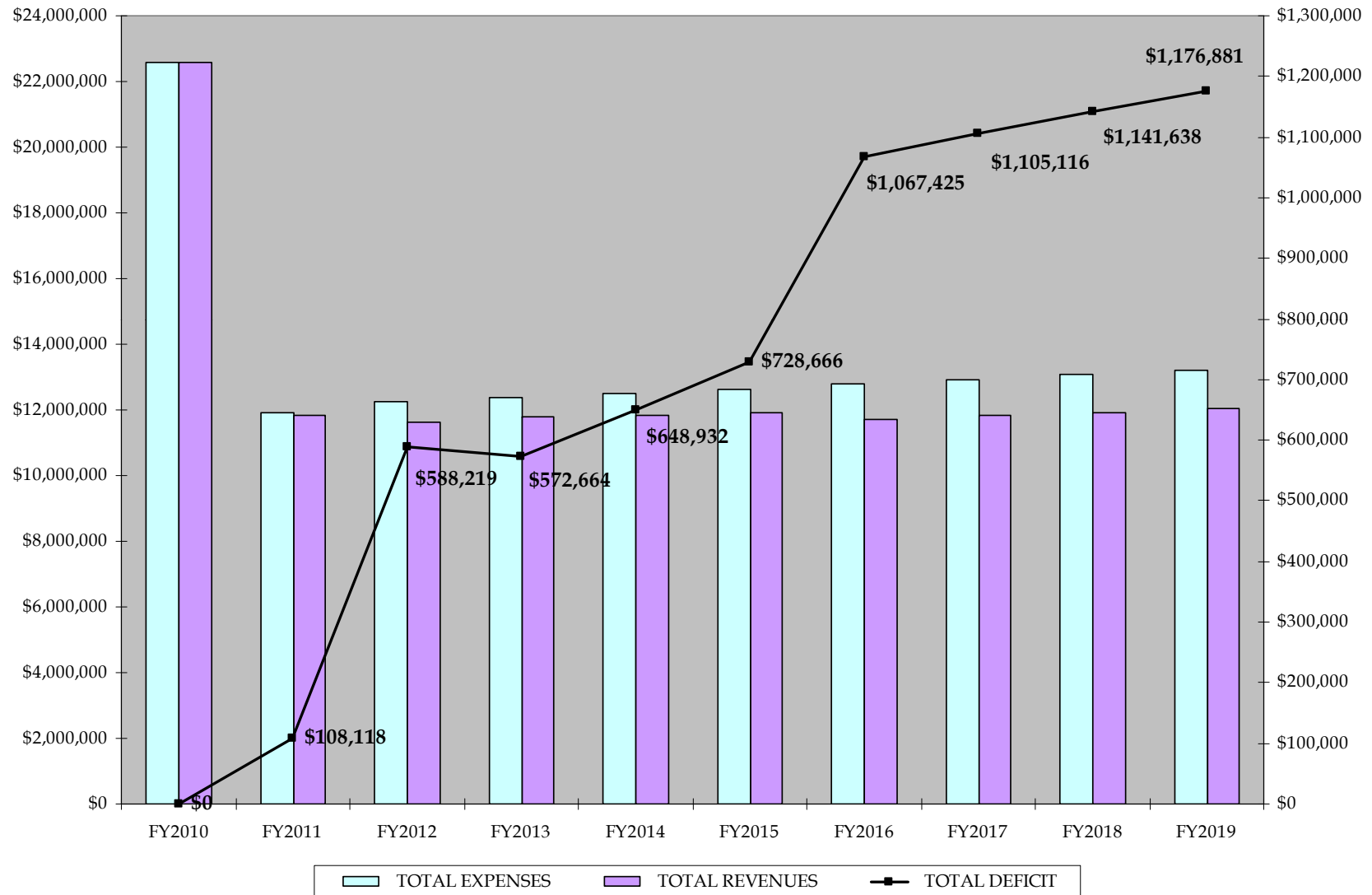
Key Observations



- Operating revenues vary largely year to year.
- SCAT's deficit in FY 2011 will be over \$100,000.
- This deficit will grow to over \$1 million by FY 2016.
- SCAT does not always have the ability to carry forward the complete amount of surplus for the following fiscal year.
- The ability to keep balance forward would help offset the projected deficit and better plan year to year.

SCAT Financial Review

Ten-Year Budget Projections



Peer Systems Analysis

Operating Revenue Sources



- SCAT and its peers rely heavily on local, state, and federal operating assistance to cover operational costs.
- Share of local funding received by SCAT is among the least when compared to its peer systems.
- SCAT has the second highest percentage of passenger fare contribution.

Alternative Funding Options



- Federal, state and local funding options identified are limited or already used by SCAT.
- A comprehensive list of potential financing options was identified based on state and national case studies, but these are more long-term solutions.
- SCAT finances will greatly benefit with the ability to roll over 100 percent of its operating surplus.



Funding and Operating Scenarios

Scenario 1: Increase Farebox Revenue

Scenario 2: Cut Service Hours

Scenario 3: Increase Farebox Revenue and Cut Service Hours

Scenario 4: Increase Level of Municipal Contributions

Scenario 5: Increase Level of Local Operating Assistance

Scenario 6: Levy Local Option Sales Tax

Scenario 7: Levy Local Option Fuel Tax

Funding and Operating Scenarios

Scenario 1 - Increase Farebox Revenue



- Only fixed route service was considered for this scenario.
 - No reduction in service for demand response service.
- Multiple tiered farebox increases are necessary for SCAT to operate without a deficit through FY 2019.
 - FY 2011 – 16 percent
 - FY 2012 – 58 percent
 - FY 2016 – 20 percent
- Over the forecast period the base fare would need to triple from \$1.25 to \$3.75.

Funding and Operating Scenarios

Scenario 2 - Cut Service Hours



- Only fixed route service was considered for this scenario.
 - No reduction in service for demand response service.
- Multiple tiered service cuts are needed to balance budget.
 - Cuts needed in FY 2011, 2012, 2014 2015, and 2016.
 - Cumulative cuts of over 25 percent during the forecast period.
 - Reduction amounts to over 8,000 service hours between FY 2010 and FY 2018.

Funding and Operating Scenarios

Scenario 3 - Increase Farebox Revenue + Cut Service Hours



- A combination of farebox increases and service cuts would be less extreme.
- Multiple tiers of farebox increase and service cuts are needed.
 - Farebox increases and service cuts needed in FY 2011, 2012, 2015 and 2016.

Funding and Operating Scenarios

Scenario 3 - Increase Farebox Revenue + Cut Service Hours



Funding Scenario	Baseline	Farebox Increase and Service Hours Cut with Balance Forward			Farebox Increase and Service Hours Cut without Balance Forward		
	Surplus/Deficit	% of Farebox Increase	% of Service Cuts	Surplus/Deficit	% of Farebox Increase	% of Service Cuts	Surplus/Deficit
FY 2010	\$0			\$0			\$0
FY 2011	-\$108,118	5%	2%	\$7,559	5%	2%	\$7,559
FY 2012	-\$588,219	9%	10%	\$12,421	9%	10%	\$4,862
FY 2013	-\$572,664	-	-	\$46,809	-	-	\$34,388
FY 2014	-\$648,932	-	-	\$19,285	4%	-	\$7,775
FY 2015	-\$728,666	1%	2%	\$13,731	-	2%	\$22,002
FY 2016	-\$1,067,425	15%	5%	\$25,721	13%	5%	\$25,091
FY 2017	-\$1,105,116	-	-	\$27,452	-	-	\$15,373
FY 2018	-\$1,141,638	-	-	\$20,936	-	-	\$7,690
FY 2019	-\$1,176,882	-	-	\$8,321	-	-	\$2,182

Funding and Operating Scenarios

Scenario 4 - Increase Level of Municipal Contributions



- Contributions were assessed based on total service hours per route weighted by the share of the city's 2008 population estimates.
- Full municipal contributions would result in \$5 million based on current service hours relative to population size.
 - Only 20 percent or one-fifth of the full contributions are needed to balance the deficit through FY 2015.

Funding and Operating Scenarios

Scenario 4 - Increase Level of Municipal Contributions



Cities	Routes	Population	Service Hours ¹	Full Contribution	20% of Full Contribution
Cape Canaveral	9	10,147	344	\$25,343	\$3,620
Cocoa	1	16,478	3,600	\$264,910	\$52,982
Cocoa Beach	4, 7, 9	11,920	1,193	\$87,824	\$17,565
Indialantic	26	2,931	27	\$1,983	\$397
Indian Harbor Beach	26	8,311	76	\$5,623	\$1,125
Melbourne	1, 21, 24, 25, 26, 27, 28	77,351	17,159	\$1,262,744	\$252,549
Palm Bay	22, 23, 25, 27	100,786	9,732	\$716,160	\$143,232
Rockledge	1, 6	24,747	4,623	\$340,243	\$68,049
Titusville	1, 2, 5	44,756	4,099	\$301,659	\$60,332
Satellite Beach	26	11,762	108	\$7,958	\$1,592
West Melbourne	23, 24, 25, 27, 28	15,328	2,196	\$161,633	\$32,327
Unincorporated Areas	1, 3, 4, 5, 9, 26	201,690	25,069	\$1,844,810	\$368,962
SCAT Service Area		526,207	68,228	\$5,020,890	\$1,004,178

¹ Service Hours represent the total service hours per city relative to the city's population size.

Funding and Operating Scenarios

Scenario 5 - Increase Level of Operating Assistance



- A total LOA increase of 75% is needed to ensure no deficit through FY 2019.

Scenario 6 - Levy Local Option Sales Tax

- Brevard County is authorized to levy the *Charter County Transportation System Surtax* up to one penny (1%) to fund transit operations and capital expenses.
- A half penny sales tax with 10% dedicated to SCAT would completely eliminate SCAT's deficit through FY 2019.
 - County General Funds would not be required under this scenario.

Funding and Operating Scenarios

Scenario 7 - Levy Local Option Fuel Tax



- Brevard County has the capacity to levy the *Ninth-Cent Fuel Tax* or a one cent per motor fuel gallon increase to fund transit operations.
 - Supermajority vote of the BoCC or countywide referendum is needed.
- A 50-50 distribution of the tax revenue will cover SCAT operating costs and other countywide transportation expenditures.
- Providing the entire penny to SCAT would nearly eliminate the need to use any Brevard County general revenue to assist SCAT.

Funding and Operating Scenarios

Scenario 7 - Levy Local Option Fuel Tax



Funding Scenario	Full Ninth-Cent Fuel Tax		Half Ninth Cent-Fuel Tax	
	Tax Revenue	Surplus/ Deficit	Tax Revenue	Surplus/ Deficit
FY 2010	\$0	\$0	\$0	\$0
FY 2011	\$2,231,647	\$1,671,344	\$1,115,824	\$555,520
FY 2012	\$2,241,479	\$1,333,878	\$1,120,739	\$213,139
FY 2013	\$2,251,354	\$1,365,512	\$1,125,677	\$239,835
FY 2014	\$2,261,273	\$1,299,163	\$1,130,636	\$168,526
FY 2015	\$2,271,235	\$1,270,799	\$1,135,618	\$135,182
FY 2016	\$2,281,241	\$1,242,893	\$1,140,621	\$102,273
FY 2017	\$2,291,292	\$1,216,125	\$1,145,646	\$70,479
FY 2018	\$2,301,386	\$1,190,597	\$1,150,693	\$39,904
FY 2019	\$2,311,526	\$1,166,417	\$1,155,763	\$10,654

Short Term Funding Recommendation

Key Observations



- Scenarios 1, 2 and 3 would hurt transit riders in these tough economic times.
 - Raising fares and/or cutting service would impact vulnerable communities that rely on SCAT to access employment.
 - This would result in cutting routes and ridership.
- Scenarios 4 and 5 would be difficult to implement as county and city revenue streams are shrinking.
- Previous failed attempts to levy a discretionary sales tax (Scenario 6) indicate a sales tax for transit would also be unsuccessful.

Short Term Funding Recommendation

Study Recommendation



- It is recommended to levy the Ninth-Cent Fuel Tax.
- Implementation could be completed with a supermajority vote of the BoCC or by voter approval in a countywide referendum.
- SCAT's operating shortfall would be erased and there would be additional money for other countywide transportation investments.
- Without increased revenue SCAT will be forced to cut service and/or raise fares to reduce operating expenses.



Questions and Discussion