



BTA System Performance Review

August 25, 2015

Transit Performance Review Report Butler Transit Authority (BTA)

This page is intentionally blank to allow for duplex printing.

TABLE OF CONTENTS

| | |
|---|------------|
| List of Exhibits | ii |
| Agency Public Transportation Profile | iii |
| Executive Summary | iv |
| Act 44 Performance Determination..... | iv |
| General Findings..... | vi |
| Financial Review | vii |
| Five-Year Performance Targets..... | vii |
| Next Steps..... | vii |
| Introduction..... | 1 |
| Purpose..... | 1 |
| Performance Review Process..... | 1 |
| Agency Description..... | 2 |
| Act 44 Performance Assessment | 5 |
| Peer System Selection..... | 5 |
| Act 44 Fixed-Route Comparisons and Findings | 6 |
| Fixed-Route Bus Performance Comparisons | 7 |
| Five-Year Fixed-Route Performance Targets..... | 16 |
| Functional Review..... | 19 |
| Opportunities to Increase Fixed-Route Ridership..... | 20 |
| Opportunities to Increase Fixed-Route Revenues..... | 21 |
| Opportunities to Control Operating Costs..... | 21 |
| Other Findings that Impact Overall Agency Performance | 24 |
| Financial Review | 27 |
| High-Level Indicators of Financial Health | 27 |
| Total Public Transportation Operational Expenditures and Funding..... | 29 |
| Fixed-Route Funding | 31 |
| ADA Paratransit Funding..... | 32 |
| Balance Sheet Findings | 33 |
| Financial Projections | 34 |
| Conclusions | 35 |
| Appendix A: Action Plan Improvement Strategies | 36 |
| Part 1- Act 44 Performance Metric Findings Templates | 36 |
| Part 2- Other Actions to Improve Overall Performance Template..... | 39 |

LIST OF EXHIBITS

| | |
|---|----|
| Exhibit 1: Fixed-Route Passengers and Revenues FYE 2007-2013..... | 3 |
| Exhibit 2: Fixed-Route Revenue Hours and Operating Costs FYE 2007-2013 | 4 |
| Exhibit 3: Act 44 Compliance Summary | 7 |
| Exhibit 4: Fixed-Route Passengers / Revenue Vehicle Hour | 8 |
| Exhibit 5: Fixed-Route Operating Cost / Revenue Vehicle Hour..... | 9 |
| Exhibit 6: Fixed-Route Operating Revenue / Revenue Vehicle Hour..... | 10 |
| Exhibit 7: Fixed-Route Operating Cost / Passenger..... | 11 |
| Exhibit 8: Fixed-Route Passengers / Revenue Vehicle Hour Trend FYE 2007-2012..... | 12 |
| Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2007-2012..... | 13 |
| Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2007-2012..... | 14 |
| Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2007-2012 | 15 |
| Exhibit 12: Fixed-Route Passengers / Revenue Hour Performance Targets | 17 |
| Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets..... | 17 |
| Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets..... | 18 |
| Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets | 18 |
| Exhibit 16: High-level Financial Indicators FYE 2013 | 28 |
| Exhibit 17: Public Transportation Operating Expense by Service Type (FYE 2008 –2013)..... | 29 |
| Exhibit 18: Share of Public Transportation Operating Expenses by Service Type | 29 |
| Exhibit 19: Public Transportation Operational Funding by Source (FYE 2008 –2013) | 30 |
| Exhibit 20: Public Transportation (Fixed-Route + ADA Paratransit) Operational Funding | 30 |
| Exhibit 21: Fixed-Route Funding..... | 31 |
| Exhibit 22: ADA Paratransit Funding by Source..... | 32 |
| Exhibit 23: Balance Sheet Summary (FYE 2010 –2013) | 33 |
| Exhibit 24: End-of-Year Cash Equivalent Balance (FYE 2010 –2013) | 33 |
| Exhibit 25: BTA Projected Operating Budget Summary (FYE 2015 - 2019) | 34 |
| Exhibit 26: BTA Projected Capital Budget Summary (FYE 2015 - 2019)..... | 35 |

AGENCY PUBLIC TRANSPORTATION PROFILE

| Agency | Butler Transit Authority (d.b.a. BTA) | |
|---|--|-----------------|
| Year Founded | 1989 | |
| Reporting Fiscal Year End (FYE) | FYE 2013 | |
| Service Area (square miles) | 15 | |
| Service Area Population | 33,339 | |
| Annual Operating Statistics* | Fixed-Route Bus | ADA Paratransit |
| Vehicles in Maximum Service (VOMS) | 4 | Subcontracted |
| Operating Cost | \$1,677,037 | \$11,641 |
| Operating Revenues | \$192,601 | \$1,190 |
| Total (Actual) Vehicle Miles ¹ | 216,574 | 6,739 |
| Revenue Miles of Service (RVM) | 212,290 | 6,739 |
| Total Vehicle Hours ² | 18,451 | 192 |
| Revenue Vehicle Hours (RVH) | 17,829 | 192 |
| Total Passenger Trips | 217,446 | 832 |
| Senior Passenger (Lottery) Trips | 45,605 | 0 |
| Act 44 Performance Statistics | | |
| Passengers / RVH | 12.20 | 4.33 |
| Operating Cost / RVH | \$94.06 | \$60.63 |
| Operating Revenue / RVH | \$10.80 | \$6.20 |
| Operating Cost / Passenger | \$7.71 | \$13.99 |
| Other Performance Statistics | | |
| Operating Revenue / Operating Cost | 11.48% | 10.22% |
| Operating Cost / Total Vehicle Hours | \$90.89 | \$60.63 |
| Operating Cost / Total Vehicle Miles | \$7.74 | \$1.73 |
| Total Passengers / Total Vehicle Hours | 11.79 | 4.33 |
| Operating Cost / RVM | \$7.90 | \$1.73 |
| RVM / Total Vehicle Miles | 98.02% | 100.00% |
| RVH / Total Vehicle Hours | 96.63% | 100.00% |

* source: PennDOT dotGrants 2013 reporting

¹ BTA reported total fixed-route vehicle mileage was estimated due to some odometer equipment failures and misunderstanding of revenue vs. total reporting requirements by BTA.

² BTA reported fixed-route bus total vehicle hours are from Rural NTD reports.

EXECUTIVE SUMMARY

In July 2007 the Pennsylvania Legislature passed Act 44, establishing a framework for a PennDOT driven transit agency performance review process. The purpose of a review is to assess efficiency and effectiveness of service, financial stability, and general management/business practices. The assessment identifies best practices that can be shared with other transit agencies and makes transit agencies aware of improvement opportunities.

The Act 44 transit performance review of the Butler Transit Authority (d.b.a. BTA) was conducted in December 2014. The performance review focused on fixed-route bus. This report addresses Act 44 established performance criteria specifically related to fixed-route bus services – BTA trends and a comparison of BTA to peers, targets for future performance (performance reviews are conducted on a five-year cycle), and opportunities for improvement which should assist BTA in meeting the future targets. This report also addresses the management, general efficiency and effectiveness of services.

After receipt of this performance review report, BTA will develop an action plan which identifies the steps BTA will take to meet the agreed to Act 44 performance criteria targets by FY 2018-19. The general goals are to maximize efficiency and promote cost savings, improved service quality, and increased ridership and revenue. The action plan should focus on the most critical areas for the agency, as prioritized by BTA management and its governing board.

A draft action plan is due to the Department within 90 days of receipt of this report. PennDOT will work with BTA to agree on a plan which, when approved by BTA Board, will be submitted as the final action plan. At the very least, BTA must report quarterly to the Board and PennDOT on the progress of the action plan, identifying actions taken to date, and actions to be implemented. BTA's success will be measured in part on meeting performance targets established through this review (see *Five-Year Performance Targets*, p. vii).

ACT 44 PERFORMANCE DETERMINATION

Act 44 performance factors were analyzed to quantify BTA's fixed-route bus performance in comparison to its peer agencies in Fiscal Year End (FYE) 2012 and over a five-year trend period from FYE 2007 to FYE 2012 (the most recent NTD data available at the time of the peer selection). Peers were selected through an analytical process and were agreed to by BTA management.

A transit agency's performance can fall into two categories: "In Compliance" or "At Risk." The following criteria are used to make the determination:

- "At Risk" if more costly than one standard deviation **above** the peer group average in –
 - Single-year and five-year trend for Operating Cost / Revenue Vehicle Hour
 - Single-year and five-year trend for Operating Cost / Passenger

- "At Risk" if performing worse than one standard deviation **below** the peer average in –
 - Single-year and five-year trend for Passengers / Revenue Vehicle Hour
 - Single-year and five-year trend for Operating Revenue / Revenue Vehicle Hour

If the agency falls outside of these prescribed boundaries, it is considered "At Risk" for that factor and must improve as agreed upon between PennDOT and the agency.

An analysis of the eight key criteria mandated by Act 44 was conducted and **it was determined that BTA is “In Compliance” for seven criteria and “At Risk” for one.** The peer comparison process as applied to Act 44 criteria (below, in bold typeface) revealed the following:

In Compliance

1. **FYE 2012 passengers / revenue vehicle hour** ranks 3rd out of the 11 transit agencies and is better than the peer group average.
2. The **five-year trend of passengers / revenue vehicle hour** is better than the peer group average.
3. The **five-year trend for increase in operating cost / revenue vehicle hour** is better than the peer group average.
4. **FYE 2012 operating revenue / revenue vehicle hour** ranks 4th out of the 11 transit agencies and is better than the peer group average.
5. The **five-year trend for operating revenue/ revenue vehicle hour** is worse than the peer group average.
6. **FYE 2012 operating cost / passenger** ranks 6th out of the 11 transit agencies and is better than the peer group average.
7. The **five-year trend for operating cost / passenger increase** is better than the peer group average.

At Risk

1. **FYE 2012 operating cost / revenue vehicle hour** is the most expensive of the 11 transit agencies in the peer group.

A summary of the specific Act 44 measures and their values are presented in the following table.

| Performance Criteria | FYE | Determination | Rank (of 11) | Relation to Peer Average | Value | Peer Average |
|----------------------------------|-------|----------------|--------------|--------------------------|---------|--------------|
| Passengers / Revenue Hour | 2012 | In Compliance | 3 | Better | 13.61 | 9.12 |
| | Trend | In Compliance | 6 | Better | 1.23% | 0.99% |
| Operating Cost / Revenue Hour | 2012 | At Risk | 11 | Worse | \$87.18 | \$63.91 |
| | Trend | In Compliance | 5 | Better | 1.79% | 2.08% |
| Operating Revenue / Revenue Hour | 2012 | In Compliance | 4 | Better | \$9.60 | \$8.18 |
| | Trend | In Compliance | 9 | Worse | -0.46% | 2.79% |
| Operating Cost / Passenger | 2012 | In Compliance | 6 | Better | \$6.41 | \$8.58 |
| | Trend | In Compliance | 5 | Better | 0.55% | 1.10% |

GENERAL FINDINGS

In accordance with Act 44, findings are indicated as “best practices” or “opportunities for improvement.” Best practices are current practices that enhance the efficiency, effectiveness, and/or quality of service of BTA and may be shared with other agencies as techniques for improvement. Improvement opportunities identify tasks that may be undertaken to increase the efficiency, effectiveness, and/or quality of service of the agency.

BEST PRACTICES

1. Active use of automated vehicle location (AVL) to assess on-time performance and for customer service
2. Close coordination with the local MPO to secure funding for capital projects
3. Use of website and social media as primary instruments in marketing
4. Adopting, then adapting, procurement manual materials from peer agencies
5. Coordinated vehicle purchases with other Pennsylvania transit systems
6. Partnership with Slippery Rock University to evaluate on-time performance for all bus routes
7. Outsourcing of grant writing services in a cost effective manner
8. Use of Transportation Options/Transportation 101 forums to receive community and agency comments and suggestions
9. Sale of tokens to social service agencies

OPPORTUNITIES FOR IMPROVEMENT TO ADDRESS IN THE ACTION PLAN

1. Address shortcomings of current subcontracting practices including RFP development, basis of contractor payment and overall contract management
2. Conduct periodic formal Board training using resources available from PennTRAIN
3. Develop a formal strategic plan that is adopted by the Board
4. Publish Board meeting agendas and minutes online to promote transparency and to inform citizens of agency activities
5. Conduct a structured, well-documented annual review of the Executive Director
6. Develop formal succession plans for all key positions
7. Ensure that preventative maintenance (PM) on BTA vehicles is conducted within +/- 10% of manufacturers recommended service schedules
8. Develop performance targets for key agency functions
9. Adjust service planning to include a realistic assessment of operating resources available to support the proposed commuter service to Pittsburgh and coordinate with Myers Coach and NCATA to avoid duplication of service
10. Develop procedures to ensure that capital project plans are accompanied by realistic operating cost budgets and make sure that adequate funding is in place to support the increased long-term operating costs as well as the short-term capital costs

11. Refine approach to tracking revenue miles and hours of service used in Act 44 operating formula
12. Explore the potential of having a designated, separate and secured money counting room
13. Develop and implement a formal annual driver evaluation process where drivers are evaluated and provided feedback on important aspects of their duties such as customer service, safety, etc.
14. Adopt a formal protocol for customer complaint handling and follow up that encourages accountability, and has clear, but not redundant, responsibilities for BTA and its contractor

FINANCIAL REVIEW

Butler City and Butler Township contribute monies for BTA's local match funding requirements. BTA has no outstanding debt or line of credit. BTA has a balanced operating budget. BTA projections of service levels and budgets indicate that BTA plans to maintain a balanced budget over the next five years. Capital and operating budget projections do not account for the potential addition of commuter service into Pittsburgh. BTA had \$170,462 available in state 1513 carryover funds and \$284,208 in local carryover funds at the end of FYE 2013. This amounts to state reserves equal to 10.1% of BTA's annual operating cost. By the end of FYE 2014, state and local carryover subsidies had decreased to \$106,118 and \$246,572 respectively. Management should continue to take appropriate actions to control costs, achieve farebox recovery goals, and sustain cash reserves to maintain BTA's overall financial health.

FIVE-YEAR PERFORMANCE TARGETS

This transit agency performance report outlines areas where improvements may be made in order to enhance the overall quality, effectiveness, and efficiency of the transit system. As a result of the performance review, a set of "performance targets" has been established and detailed on page 16. These performance targets are required to comply with Act 44 and represent minimum performance levels that BTA should work to achieve for each Act 44 performance criteria during the next review cycle (i.e., five years from the date of this report). These performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current unaudited PennDOT dotGrants information available (FYE 2015). Standards were extrapolated to FYE 2020 and are designed to be aggressive, yet achievable. They are summarized as follows:

| Performance Criteria | Fiscal Year End (FYE) | | | | Target Annual Increase |
|----------------------------------|-----------------------|-------------|----------------|-------------|------------------------|
| | 2013 Actual | 2014 Actual | 2015 Unaudited | 2020 Target | |
| Passengers / Revenue Hour | 12.20 | 12.27 | 12.90 | 14.24 | 2.0% |
| Operating Cost / Revenue Hour | \$94.06 | \$100.26 | \$119.41 | \$138.43 | 3.0% |
| Operating Revenue / Revenue Hour | \$10.80 | \$10.51 | \$12.83 | \$14.17 | 2.0% |
| Operating Cost / Passenger | \$7.71 | \$8.17 | \$9.26 | \$9.73 | 1.0% |

NEXT STEPS

Upon final transmission of the performance review report, Act 44 regulations stipulate that BTA "...shall develop and submit to the Department within 90 days...a strategic action plan that focuses on continually improving the system to achieve the established minimum performance targets." The

action plan should outline corrective action that will be taken to address “Opportunities for Improvement” – as prioritized by the BTA oversight board and management.

Functional area “opportunities for improvement” are areas in which improvement may result in cost savings, improved service quality, and ridership and/or revenue increases. Improvements in these areas will assist in the achievement of the performance targets by directly addressing areas that affect Act 44 performance criteria. It should be noted that many functional areas are interrelated, and the action plan should establish a comprehensive program that focuses on actions that address the larger issues within BTA.

The template for the Action Plan has been provided as an appendix to this report. This template includes two parts:

- **Part 1- Act 44 Performance Metric Findings Templates** is where BTA should address its proposed actions to address the “*Opportunities for Improvement*” findings that directly affect the Act 44 performance metrics.
- **Part 2- Other Actions to Improve Overall Performance Template** should be used to address the “*Other Findings that Impact Overall Agency Performance*” identified during the review.

Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. The template provides a simple-to-follow order of key findings. BTA must select, prioritize and schedule its intended actions using the template.

BTA must submit the proposed draft Action Plan using the format provided in **Appendix A: Action Plan Improvement Strategies** to the Department for comment. The proposed draft Action Plan may then be revised based on consultation between BTA management and the Department. The finalized Action Plan must be approved by the BTA Board and formally submitted to PennDOT. BTA’s management must report quarterly to the Board and the Department on progress towards accomplishing the Action Plan including actions taken in the previous quarter and actions planned for upcoming quarter(s).

INTRODUCTION

PURPOSE

In July 2007 the Pennsylvania Legislature passed Act 44, which established a framework for a performance review process for all public transportation agencies receiving state financial assistance. This report documents the findings and observations of the public transportation agency performance review for the Butler Transit Authority (d.b.a. BTA).

This performance review was conducted to emphasize the importance of good management, proactive planning, and efficient service, which maximizes the effectiveness of federal, state, and local funding. In addition, other important goals of the review process and this document are to:

- Find, document, and publicize best practices that contribute to efficient, high-quality public transit service delivery, encouraging other Pennsylvania transit agencies to apply them as appropriate.
- Provide guidance to transit agencies on cost-effective ways to improve efficiency, effectiveness, and quality of service.
- Identify and document legal, institutional, or other barriers beyond the control of the transit agency that may impede efficiency in service delivery and management.

PERFORMANCE REVIEW PROCESS

In December 2014, an Act 44-mandated performance review was conducted for BTA. PennDOT, with consultant assistance, conducted the review according to the steps outlined below:

1. Initial notification of performance review selection and transmission of document request
 - A review of available data and requests for what should be “off-the-shelf” information that may not be publicly available was transmitted.
2. Peer selection
 - A set of peers used for comparative analysis was jointly agreed upon by BTA and PennDOT.
3. Act 44 performance criteria analysis
 - Performance criteria mandated by Act 44 were analyzed for the peer group.
 - Additional performance criteria were calculated for informative purposes to help guide the on-site review.
4. On-site review
 - An on-site review was conducted on December 16 and December 17, 2014.
 - An interview guide customized for BTA’s service was used for the review.
 - Topics covered during the interview process included:
 - Governance
 - Management
 - Human/Labor Relations
 - Finance
 - Procurement
 - Contract Service Delivery
 - Maintenance
 - Safety and Security
 - Customer Service
 - Information Technology
 - Capital Planning
 - Marketing and Public Relations
 - Planning

AGENCY DESCRIPTION

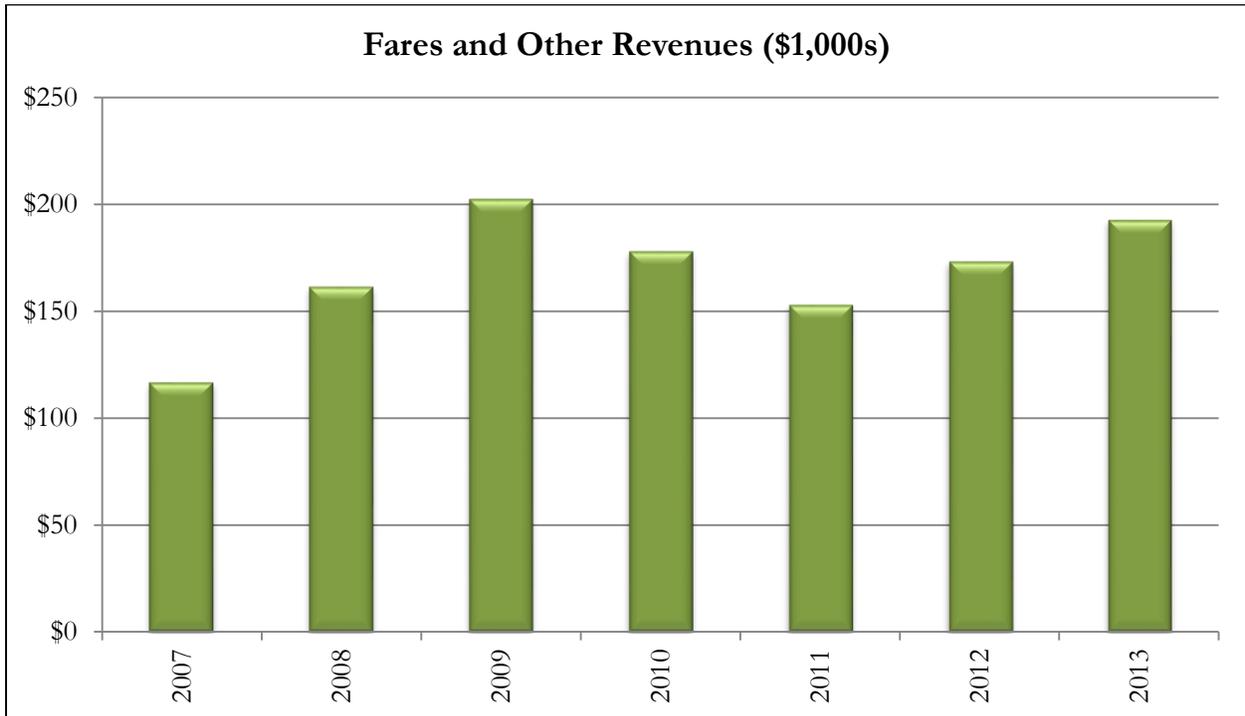
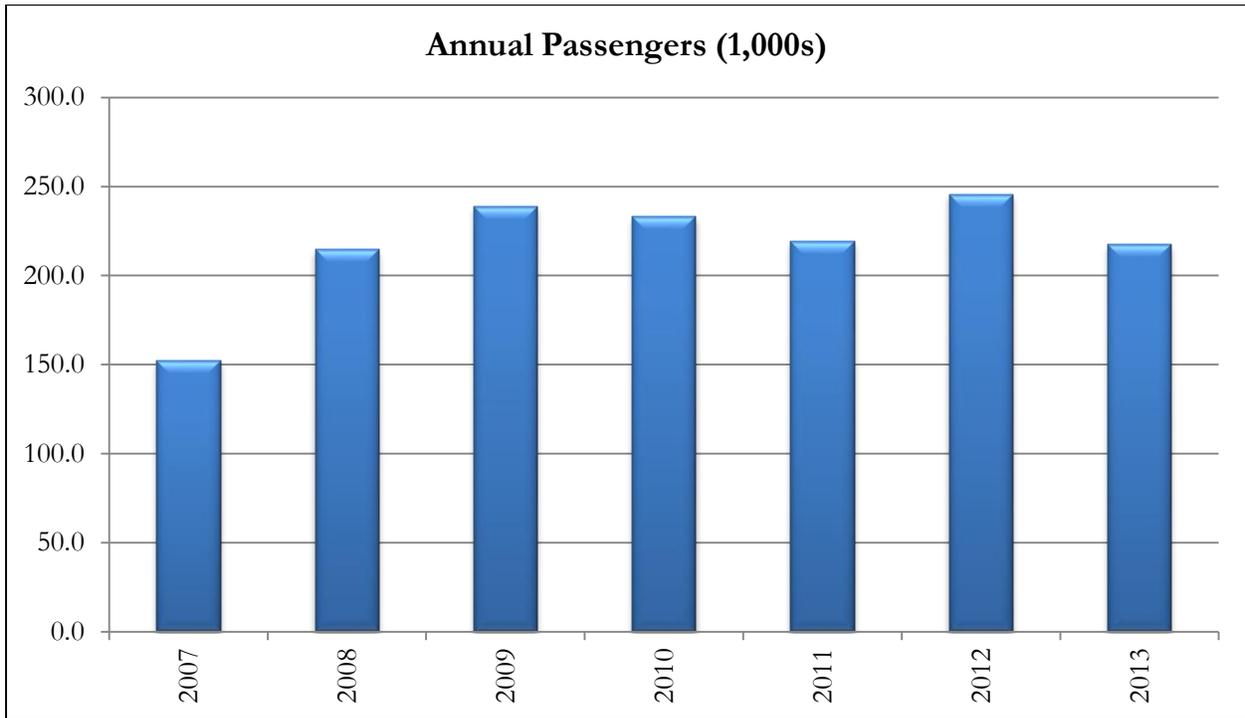
The Butler Transit Authority (d.b.a. BTA) was created in 1989 in Butler County, Pennsylvania. BTA provides fixed-route bus service in Butler Township, Butler City and surrounding municipalities. BTA is overseen by a six member Board representing Butler Township and the City of Butler with three members each.

Currently, BTA operates 5 regular fixed-routes, typically operating between 7:00 a.m. and 8:30 p.m. Monday through Friday. On Saturdays, BTA operates two routes. BTA contracts for all service delivery. **Exhibit 1** and **Exhibit 2** present fixed-route bus statistics for BTA derived from PennDOT dotGrants.

Important observations evident from the trends in demand, revenues, and operating characteristics for the Legacy reporting period of Fiscal Year End (FYE) 2007 through 2013 are as follows:

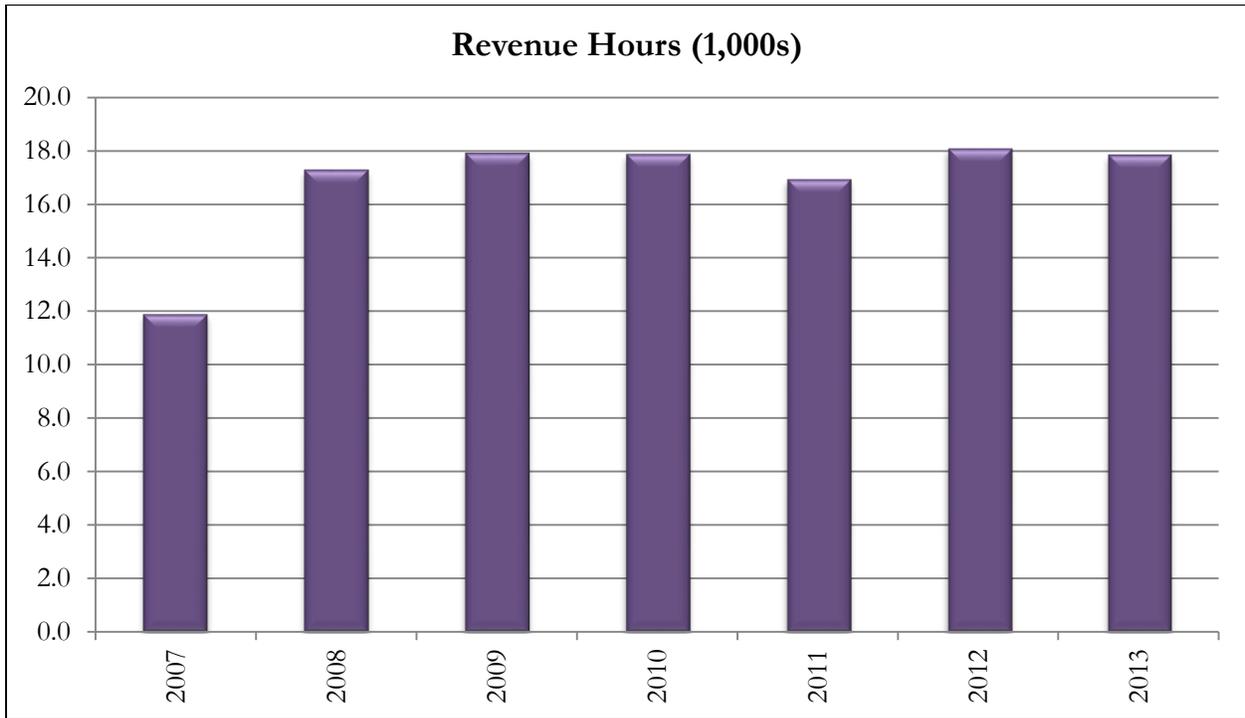
1. BTA's annual fixed-route ridership has increased 42.9% since 2007 and was about 217,400 passengers per year in 2013. This is largely due to an increase in revenue service hours in 2008.
2. BTA's 2013 total operating revenue (including passenger fares, advertising, and other local revenues) is \$0.89 per passenger trip in FYE 2013. BTA's regular base fare is \$1.25 and transfers are \$0.25. Farebox revenue alone is \$0.77 per passenger. This equates to a farebox recovery of 9.9% of total operating expenses.
3. Revenue hours of service increased by 49.6% between 2007 and 2013. BTA provided 17,800 revenue hours of service in FYE 2013 as compared to 11,900 revenue hours in FYE 2007. This increase is due to addition of Sunday service and a longer span of service during weekdays which was significantly reduced in FYE 2014.
4. Total operating costs increased in total by about 76.8% between 2007 and 2013, an average 10.3% annual increase, going from about \$948,300 to \$1,677,000 annually. This increase is partly due to an increase in revenue hours of service that occurred after the passage of Act 44.

Exhibit 1: Fixed-Route Passengers and Revenues FYE 2007-2013



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

Exhibit 2: Fixed-Route Revenue Hours and Operating Costs FYE 2007-2013



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

ACT 44 PERFORMANCE ASSESSMENT

Act 44 establishes the framework for a performance review process as follows:

“The Department may conduct performance reviews of an award recipient under this section to determine the effectiveness of the financial assistance. Reviews shall be conducted at regular intervals as established by the Department in consultation with the management of the award recipient. After completion of a review, the Department shall issue a report that: highlights exceptional performance and identifies any problems that need to be resolved; assesses performance, efficiency, and effectiveness of the use of the financial assistance; makes recommendations on follow-up actions required to remedy any problem identified...”³

The law sets forth the following performance criteria to be used to satisfy its objectives⁴:

- Passengers / revenue vehicle hour;
- Operating cost / revenue vehicle hour;
- Operating revenue / revenue vehicle hour;
- Operating cost / passenger; and,
- Other items as the Department may establish.

Performance criteria are to be compared for both the system being reviewed and for a group of five or more peers by mode, determined by considering the following:⁵

- Revenue vehicle hours;
- Revenue vehicle miles;
- Number of peak vehicles; and,
- Service area population.

The law further instructs PennDOT to prepare a five-year trend analysis for the local transportation organization under review and the peer systems by performance criteria and by mode, and make a determination of “In Compliance” or “At Risk” status based on findings.

PEER SYSTEM SELECTION

A list of tentative peers was submitted to BTA management for review and comment. After discussions were complete, the following 10 peer systems, in addition to BTA, were included in subsequent analyses for peer comparison purposes:

1. Crawford Area Transportation Authority (CATA) Meadville, PA
2. DUFAS (DuFAST) DuBois, PA
3. Indiana County Transit Authority (INDIGO) Indiana, PA
4. MID County Transit (MIDCO) Kittanning, PA
5. Twin Cities Area Transportation Authority (TCATA) Benton Harbor, MI
6. City of Middletown - Middletown Transit System (MTS) Middletown, OH
7. City of Washington (City Transit) Washington, PA
8. Schuylkill Transportation System (STS) Pottsville, PA
9. Transit Authority of Warren County (TAWC) Warren, PA
10. Venango County Transportation Office (VCTO) Franklin, PA

³ Title 74 Pa. C.S.A. §1513 (e)

⁴ Title 74 Pa. C.S.A. §1513 (f)

⁵ 67 Pa Code Chapter 427, Annex A . §427.12(d)(1)(i), Jan 2011.

ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of BTA with the selected peer systems was completed using NTD-reported data and PennDOT dotGrants Legacy statistics. Due to its consistency and availability⁶ for comparable systems, the NTD FYE 2012 Reporting Year database was selected as the primary data source used in the calculation of the five-year trend Act 44 metrics:

- Passengers / revenue vehicle hour
- Operating cost / revenue vehicle hour
- Operating revenue / revenue vehicle hour
- Operating cost / passenger

The definition of the variables used in the calculations is as follows:

- *Passengers*: Annual unlinked passenger boardings by mode for both directly-operated and purchased transportation
- *Operating Costs*: Annual operating cost of services provided (excluding capital costs) by mode for both directly-operated and purchased transportation
- *Operating Revenue*: Total annual operating revenue generated from farebox and other non-state, non-federal sources by mode for both directly-operated and purchased transportation
- *Revenue Vehicle Hours*: The total annual number of “in-service” hours of service provided by mode for both directly-operated and purchased transportation
- *Average*: Un-weighted linear average of all values being measured across all peer transit agencies, including BTA
- *Standard Deviation*: Standard deviation of all values being measured across all peer transit agencies, including BTA

Act 44 stipulates that metrics fall into two categories: “In Compliance” and “At Risk.” The following criteria are used to make the determination:

- “At Risk” if more costly than one standard deviation **above** the peer average in:
 - The single-year or five-year trend for Operating Cost / Revenue Vehicle Hour
 - The single-year or five-year trend for Operating Cost / Passenger
- “At Risk” if performing worse than one standard deviation **below** the peer group average in:
 - The single-year or five-year trend for Passengers / Revenue Vehicle Hour
 - The single-year or five-year trend for Operating Revenue / Revenue Vehicle Hour

If an agency is within these limits, it is considered “In Compliance.” However, if an agency is “At Risk” for any given criterion, it must very closely monitor the effectiveness of remedial strategies identified in the action plan to achieve “Compliance” prior to the next performance review⁷.

Detailed results of the BTA analysis and peer comparison are presented in the **Fixed-Route Bus Performance Comparisons** section below and can be summarized as follows:

⁶ NTD data is available for almost every urbanized area transit system in the United States. The latest data available at the time of the Peer Selection was for Fiscal Year End (FYE) 2012.

⁷ Act 44 identifies potential financial penalties for agencies determined “At Risk” during the review process that are not subsequently determined “In Compliance” within 5 years of the original “At Risk” finding.

Exhibit 3: Act 44 Compliance Summary

| Metric | Single Year | Five-Year Trend |
|----------------------------------|--------------------|------------------------|
| Passengers / Revenue Hour | In Compliance | In Compliance |
| Operating Cost / Revenue Hour | At Risk | In Compliance |
| Operating Revenue / Revenue Hour | In Compliance | In Compliance |
| Operating Cost / Passenger | In Compliance | In Compliance |

FIXED-ROUTE BUS PERFORMANCE COMPARISONS

For the 10 peer systems plus BTA, NTD and PennDOT dotGrants data were extracted and summarized for each of the required Act 44 metrics. Measures were put into histograms and tables for visual inspection, statistical analyses, and ordinal ranking purposes. The single-year results of these analyses are presented in **Exhibit 4, Exhibit 5, Exhibit 6, and Exhibit 7**. Five-year trend analyses are presented in **Exhibit 8, Exhibit 9, Exhibit 10, and Exhibit 11**.

For measures relating to passengers or operating revenue, ordinal rankings are based on a highest-to-lowest system. For measures relating to operating cost, ordinal rankings are based on a lowest-to-highest system. Thus a ranking of “1st” consistently indicates that the agency scores best amongst its peers and a ranking of “11th” indicates that it performs the poorest on any given metric.

The findings presented in the exhibits can be summarized as follows:

1. BTA’s FYE 2012 passengers / revenue hour ranks 3rd out of the 11 transit agencies in the peer group. Passengers / revenue hour have been increasing at about 1.23% per year.
2. BTA’s FYE 2012 operating cost / revenue vehicle hour ranks 11 and is the most costly of the 11 transit agencies in the peer group. Operating cost / revenue vehicle hour was increasing at about 1.79% per year between FYE 2007 and FYE 2012. However, since the peer analysis trend period (FYE 2007 – FYE 2012), operating cost per revenue hour has increased at 7.89% and 6.59% for FYE 2013 and FYE 2014 respectively. This further reinforces the “At Risk” finding and suggests that cost containment is an area where BTA management will need to make extra efforts in coming years.
3. BTA’s 2012 operating revenue / revenue vehicle hour ranks as the 4th best of the peers. The trend between FYE 2007 and FYE 2012 indicates that operating revenue / revenue vehicle hour decreased at a rate of -0.46% per year while the peer average has increased at 2.79% per year.
4. BTA’s FYE 2012 operating cost / passenger ranks 6th out of the 11 transit agencies in the peer group. The trend of annual cost / passenger increased at a rate of 0.55% a year which is a lower (better) rate of cost increase than the peer group average.

These findings provided a basis for further investigation during the on-site interviews and functional area reviews. Those findings are presented in the next section of the report.

Exhibit 4: Fixed-Route Passengers / Revenue Vehicle Hour

| Passengers / Revenue Hour (MB) | | | | | |
|--|----------------------|----------|------------------------------|---------------|----------|
| System | FYE 2012 Single Year | | 5 Year Change Since FYE 2007 | | |
| | Value | Rank | 2007 Value | Annual Rate | Rank |
| Crawford County Transportation Authority | 13.80 | 2 | 12.62 | 1.80% | 5 |
| DUFAST | 6.77 | 7 | 5.78 | 3.21% | 2 |
| Indiana County Transit Authority | 12.80 | 4 | 11.06 | 2.96% | 3 |
| MID County Transit | 4.78 | 9 | 5.04 | -1.03% | 8 |
| Twin Cities Area Transportation Authority | 4.41 | 10 | 4.69 | -1.23% | 9 |
| City of Middletown - Middletown Transit System | 14.48 | 1 | 17.20 | -3.39% | 11 |
| City of Washington | 3.57 | 11 | 3.93 | -1.94% | 10 |
| Schuykill Transportation System | 11.56 | 5 | 8.15 | 7.23% | 1 |
| Transit Authority of Warren County | 6.48 | 8 | 6.52 | -0.14% | 7 |
| Venango County Transportation | 8.04 | 6 | 7.20 | 2.24% | 4 |
| Butler Transit Authority | 13.61 | 3 | 12.80 | 1.23% | 6 |
| <i>Average</i> | <i>9.12</i> | | <i>8.64</i> | <i>0.99%</i> | |
| <i>Standard Deviation</i> | <i>4.19</i> | | <i>4.22</i> | <i>2.97%</i> | |
| <i>Average – 1 Standard Deviation</i> | <i>4.93</i> | | <i>4.42</i> | <i>-1.97%</i> | |
| <i>Average + 1 Standard Deviation</i> | <i>13.31</i> | | <i>12.86</i> | <i>3.96%</i> | |
| Act 44 Compliance Determination | In Compliance | | In Compliance | | |
| Compared to the Peer Group Average | Better | | Better | | |

Exhibit 5: Fixed-Route Operating Cost / Revenue Vehicle Hour

| Operating Cost / Revenue Hour (MB) | | | | | |
|--|----------------------|-----------|------------------------------|---------------|----------|
| System | FYE 2012 Single Year | | 5 Year Change Since FYE 2007 | | |
| | Value | Rank | 2007 Value | Annual Rate | Rank |
| Crawford County Transportation Authority | \$49.25 | 3 | \$43.82 | 2.36% | 8 |
| DUFAST | \$55.57 | 4 | \$50.55 | 1.91% | 6 |
| Indiana County Transit Authority | \$64.74 | 6 | \$68.37 | -1.08% | 2 |
| MID County Transit | \$62.19 | 5 | \$57.21 | 1.68% | 4 |
| Twin Cities Area Transportation Authority | \$27.54 | 1 | \$44.46 | -9.14% | 1 |
| City of Middletown - Middletown Transit System | \$68.05 | 7 | \$63.02 | 1.55% | 3 |
| City of Washington | \$79.04 | 9 | \$71.47 | 2.03% | 7 |
| Schuykill Transportation System | \$85.84 | 10 | \$57.59 | 8.31% | 11 |
| Transit Authority of Warren County | \$74.59 | 8 | \$55.38 | 6.14% | 9 |
| Venango County Transportation | \$49.00 | 2 | \$34.43 | 7.31% | 10 |
| Butler Transit Authority | \$87.18 | 11 | \$79.78 | 1.79% | 5 |
| <i>Average</i> | <i>\$63.91</i> | | <i>\$56.92</i> | <i>2.08%</i> | |
| <i>Standard Deviation</i> | <i>\$17.93</i> | | <i>\$13.34</i> | <i>4.68%</i> | |
| <i>Average - 1 Standard Deviation</i> | <i>\$45.98</i> | | <i>\$43.58</i> | <i>-2.60%</i> | |
| <i>Average + 1 Standard Deviation</i> | <i>\$81.84</i> | | <i>\$70.25</i> | <i>6.76%</i> | |
| Act 44 Compliance Determination | At Risk | | In Compliance | | |
| Compared to the Peer Group Average | Worse | | Better | | |

Exhibit 6: Fixed-Route Operating Revenue / Revenue Vehicle Hour

| Operating Revenue / Revenue Hour (MB) | | | | | |
|--|----------------------|----------|------------------------------|---------------|----------|
| System | FYE 2012 Single Year | | 5 Year Change Since FYE 2007 | | |
| | Value | Rank | 2007 Value | Annual Rate | Rank |
| Crawford County Transportation Authority | \$8.71 | 6 | \$8.64 | 0.16% | 8 |
| DUFAST | \$4.01 | 10 | \$2.67 | 8.52% | 2 |
| Indiana County Transit Authority | \$18.13 | 1 | \$13.98 | 5.34% | 5 |
| MID County Transit | \$5.82 | 8 | \$4.77 | 4.05% | 6 |
| Twin Cities Area Transportation Authority | \$2.06 | 11 | \$3.55 | -10.36% | 11 |
| City of Middletown - Middletown Transit System | \$10.69 | 2 | \$8.02 | 5.91% | 3 |
| City of Washington | \$6.43 | 7 | \$7.95 | -4.15% | 10 |
| Schuykill Transportation System | \$9.07 | 5 | \$4.63 | 14.42% | 1 |
| Transit Authority of Warren County | \$5.57 | 9 | \$4.22 | 5.71% | 4 |
| Venango County Transportation | \$9.89 | 3 | \$9.15 | 1.57% | 7 |
| Butler Transit Authority | \$9.60 | 4 | \$9.82 | -0.46% | 9 |
| <i>Average</i> | \$8.18 | | \$7.04 | 2.79% | |
| <i>Standard Deviation</i> | \$4.26 | | \$3.39 | 6.59% | |
| <i>Average – 1 Standard Deviation</i> | \$3.92 | | \$3.65 | -3.80% | |
| <i>Average + 1 Standard Deviation</i> | \$12.44 | | \$10.43 | 9.38% | |
| Act 44 Compliance Determination | In Compliance | | In Compliance | | |

Exhibit 7: Fixed-Route Operating Cost / Passenger

| Operating Cost / Passenger (MB) | | | | | |
|--|----------------------|----------|------------------------------|---------------|----------|
| System | FYE 2012 Single Year | | 5 Year Change Since FYE 2007 | | |
| | Value | Rank | 2007 Value | Annual Rate | Rank |
| Crawford County Transportation Authority | \$3.57 | 1 | \$3.47 | 0.55% | 4 |
| DUFAST | \$8.21 | 8 | \$8.74 | -1.26% | 3 |
| Indiana County Transit Authority | \$5.06 | 3 | \$6.18 | -3.93% | 2 |
| MID County Transit | \$13.00 | 10 | \$11.35 | 2.75% | 7 |
| Twin Cities Area Transportation Authority | \$6.24 | 5 | \$9.48 | -8.01% | 1 |
| City of Middletown - Middletown Transit System | \$4.70 | 2 | \$3.66 | 5.11% | 10 |
| City of Washington | \$22.16 | 11 | \$18.17 | 4.05% | 8 |
| Schuykill Transportation System | \$7.42 | 7 | \$7.06 | 1.00% | 6 |
| Transit Authority of Warren County | \$11.51 | 9 | \$8.49 | 6.29% | 11 |
| Venango County Transportation | \$6.09 | 4 | \$4.78 | 4.97% | 9 |
| Butler Transit Authority | \$6.41 | 6 | \$6.23 | 0.55% | 5 |
| <i>Average</i> | <i>\$8.58</i> | | <i>\$7.97</i> | <i>1.10%</i> | |
| <i>Standard Deviation</i> | <i>\$5.32</i> | | <i>\$4.18</i> | <i>4.29%</i> | |
| <i>Average – 1 Standard Deviation</i> | <i>\$3.26</i> | | <i>\$3.79</i> | <i>-3.19%</i> | |
| <i>Average + 1 Standard Deviation</i> | <i>\$13.90</i> | | <i>\$12.14</i> | <i>5.38%</i> | |
| Act 44 Compliance Determination | In Compliance | | In Compliance | | |
| Compared to the Peer Group Average | Better | | Better | | |

Exhibit 8: Fixed-Route Passengers / Revenue Vehicle Hour Trend FYE 2007-2012

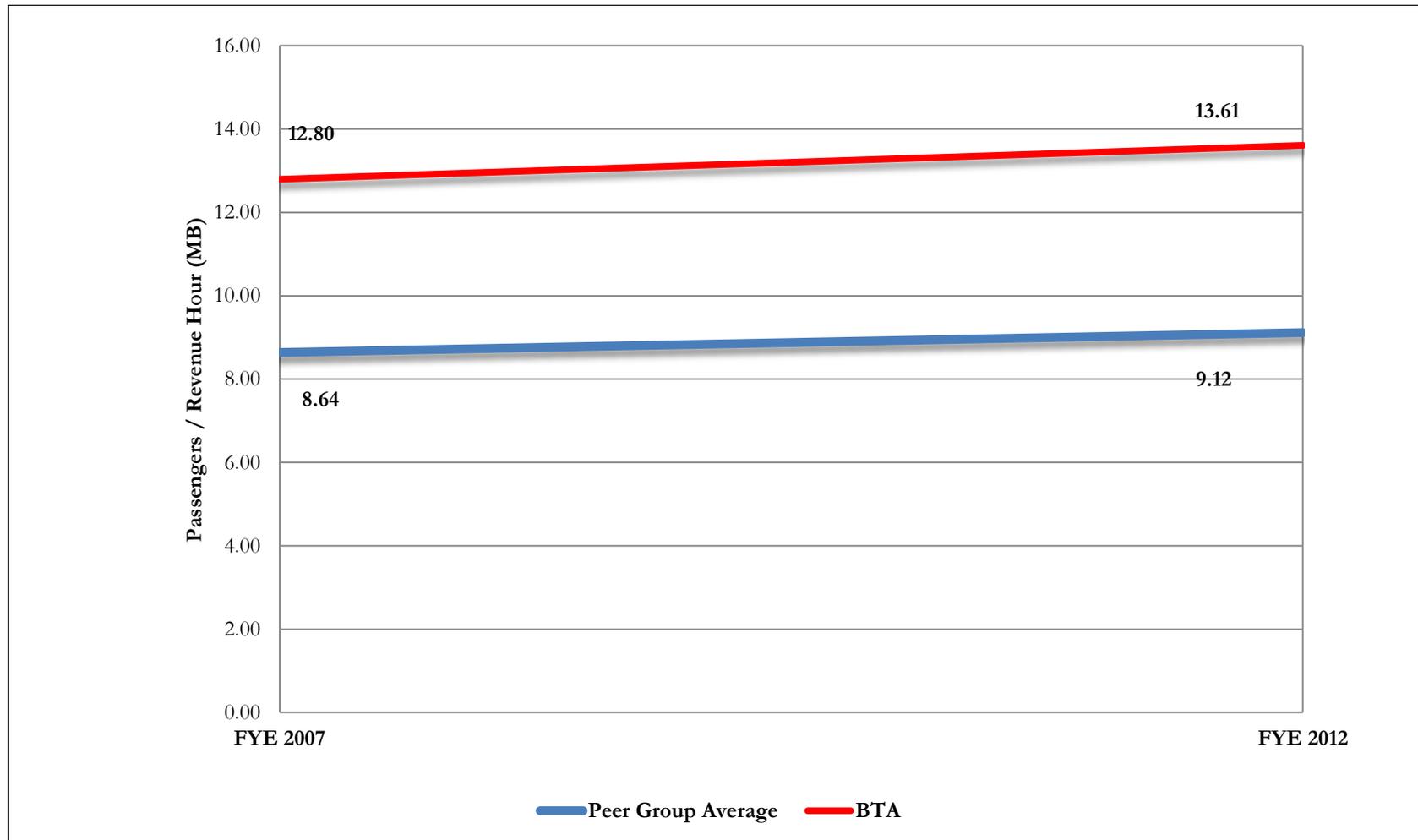


Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2007-2012

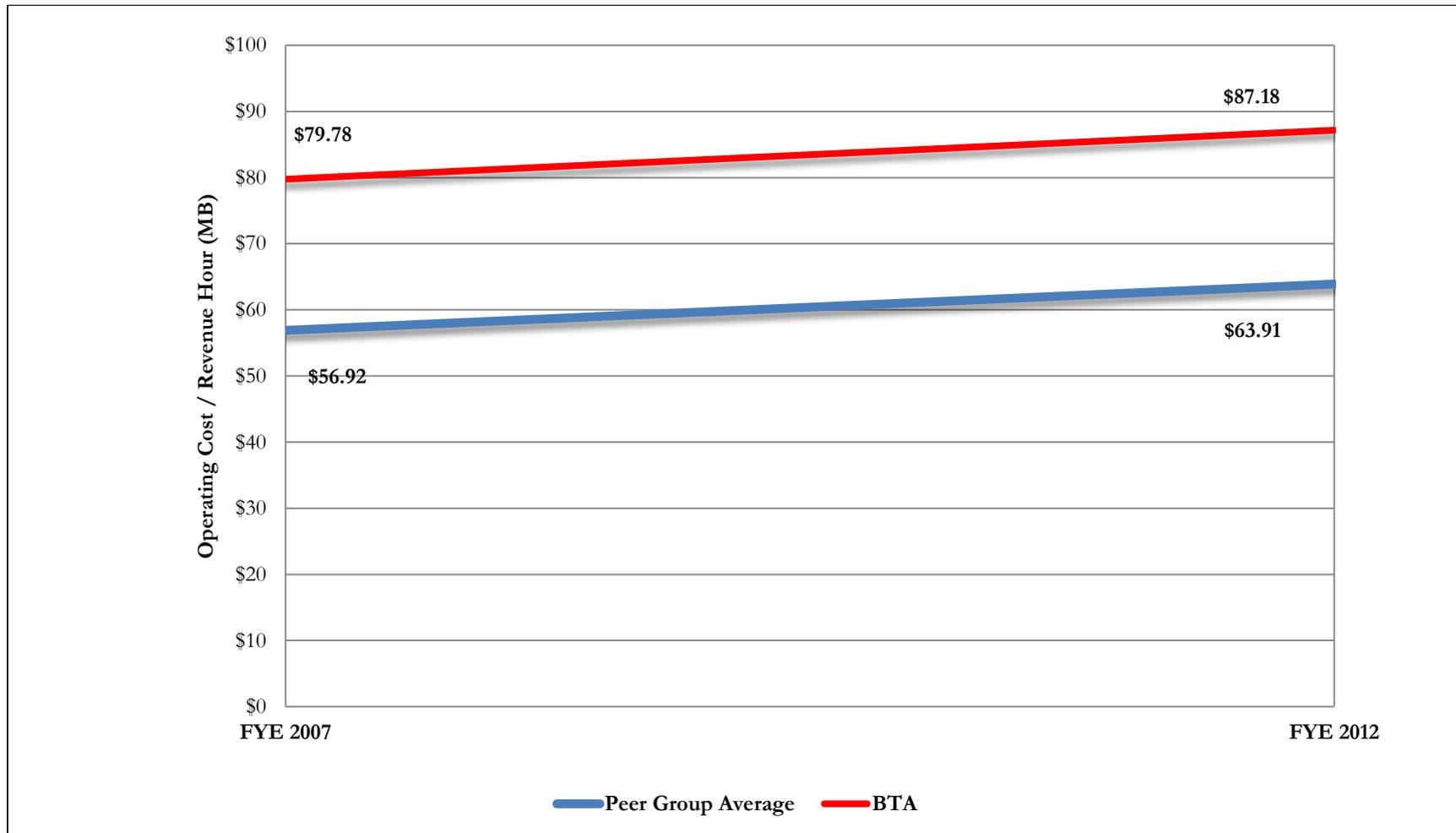


Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2007-2012

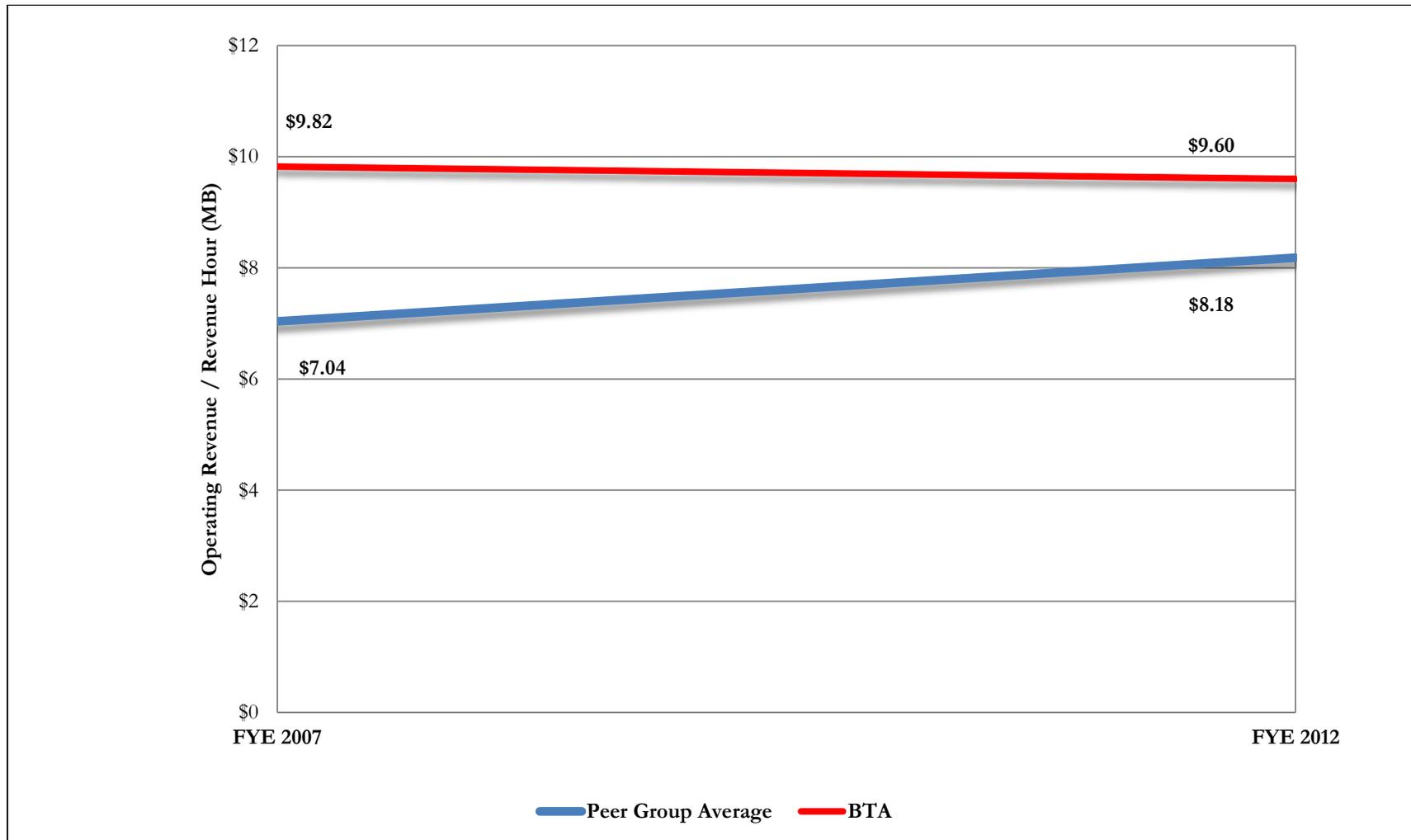
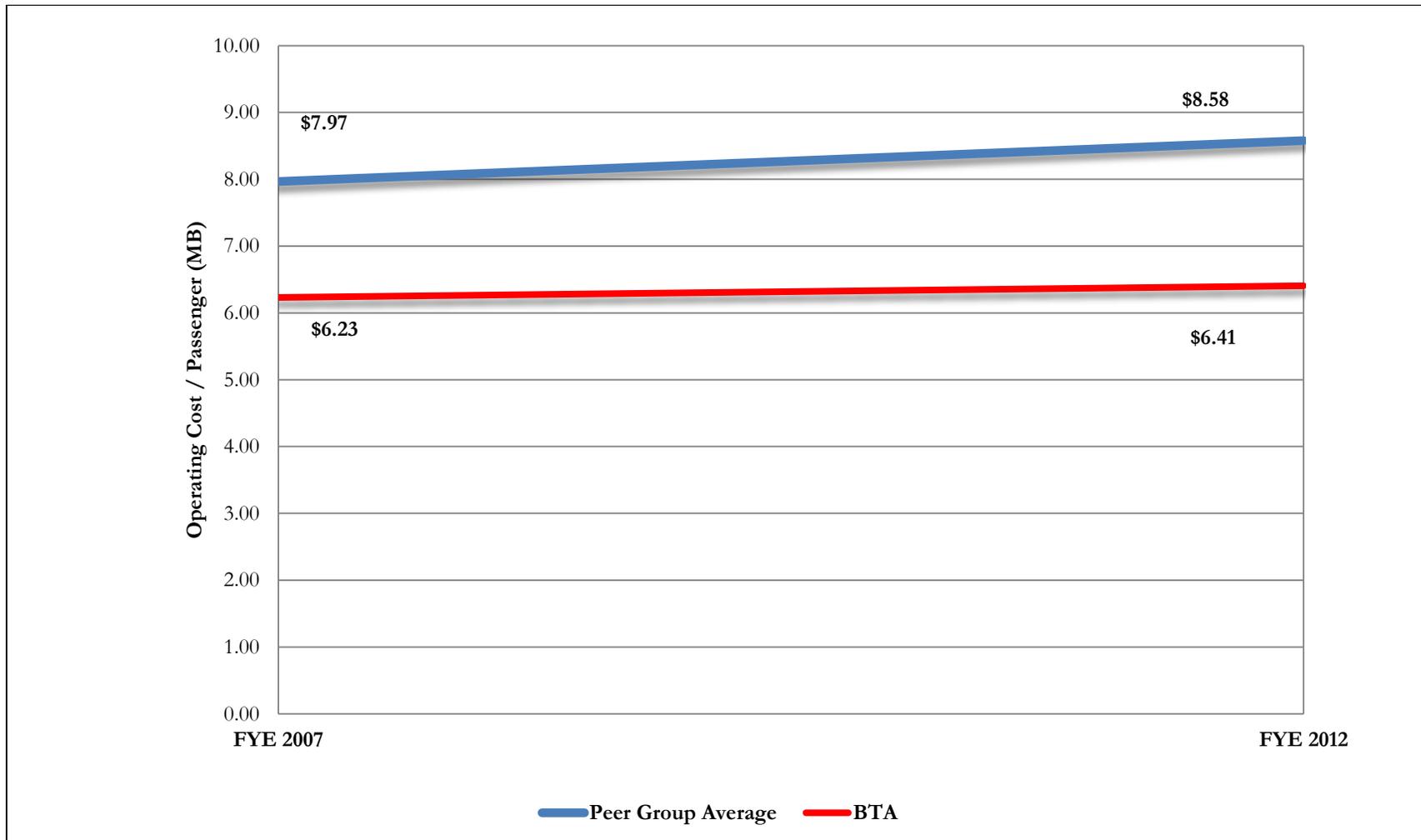


Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2007-2012



FIVE-YEAR FIXED-ROUTE PERFORMANCE TARGETS

Act 44 requires that PennDOT and all local transit agencies establish five-year performance targets for each of the following four core metrics:

- Passengers / Revenue Hour
- Operating Cost / Revenue Hour
- Operating Revenue / Revenue Hour
- Operating Cost / Passenger

These metrics are intended to improve both the effectiveness and efficiency of service delivery. PennDOT uses the most recent audited and/or agency-verified unaudited values for passengers, operating costs and operating revenues by mode as the “baseline” from which to develop the targets. Five-year targets are then developed based on realistic and achievable expectations of improvement.

Passengers / Revenue Hour is a measure of effectiveness of transit service. Passengers may increase due to successful marketing, customer service, improved route planning and natural growth. Declines in passengers / revenue hour can occur in spite of overall ridership increases due to the introduction of relatively inefficient service. Substantial improvements can be realized through the reduction of relatively inefficient services.

Typically PennDOT suggests a minimum targeted increase of 2% per year in passengers / revenue hour of service. This target is recommended because: it is consistent with statewide historic trends; it is achievable; and, it encourages agencies to better match service delivery with customer needs. BTA’s target has been set to 2% growth per year to help BTA maintain compliance on ridership, and improve revenues, for the next performance review.

Operating Cost / Revenue Hour quantifies the efficiency of service delivery. To some extent, costs can be / should be managed through good governance, proactive management and effective cost containment. PennDOT suggests a target of no more than 3% per year increase in operating cost / revenue hour of service. BTA’s target has been set to rate of 3% per year due to a need to make sure future costs and future state subsidies are aligned.

Operating Revenue / Revenue Hour, like operating cost / revenue hour, tries to ensure an agency remains financially solvent in the long run. Operating revenue is composed of fares and other non-subsidy revenues. The target is set to be the same as passenger / revenue hour (2%) to make sure that revenue increases keep pace or exceed cost increases.

Operating Cost / Passenger captures both the efficiency and effectiveness of transit service delivery. The target is set to be equal to the difference between maximum operating cost / revenue hour increase (3.0%) less the minimum passengers / revenue hour goal (2.0%), or 1.0%.

These performance targets represent the minimum performance level that BTA should achieve for each Act 44 criteria during the next performance review cycle – five years from the date of this report. The performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current certified audit information available. Standards were extrapolated to FYE 2020 and are designed to be aggressive, yet achievable. Performance targets will be agreed to between PennDOT and BTA before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for BTA’s Act 44 metrics are presented in **Exhibit 12**, **Exhibit 13**, **Exhibit 14**, and **Exhibit 15**.

Exhibit 12: Fixed-Route Passengers / Revenue Hour Performance Targets

FYE 2020 Target.....14.24
 Interim Year Targets Annual increase of at least 2.0%

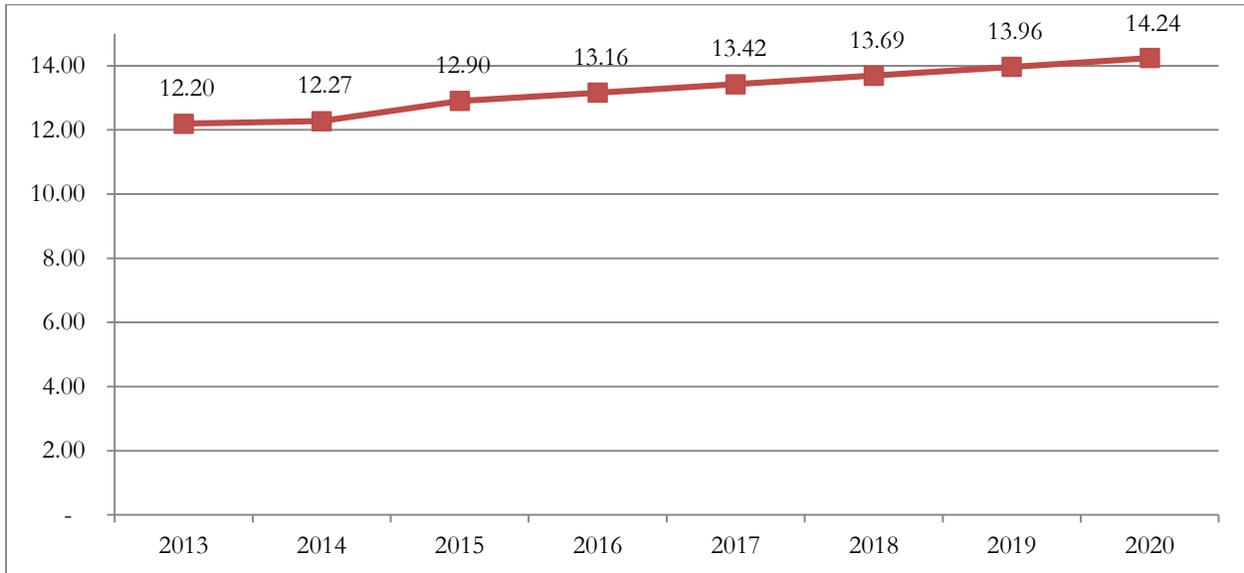


Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets

FYE 2020 Target..... \$138.43
 Interim Year Targets Annual increase of no more than 3.0%

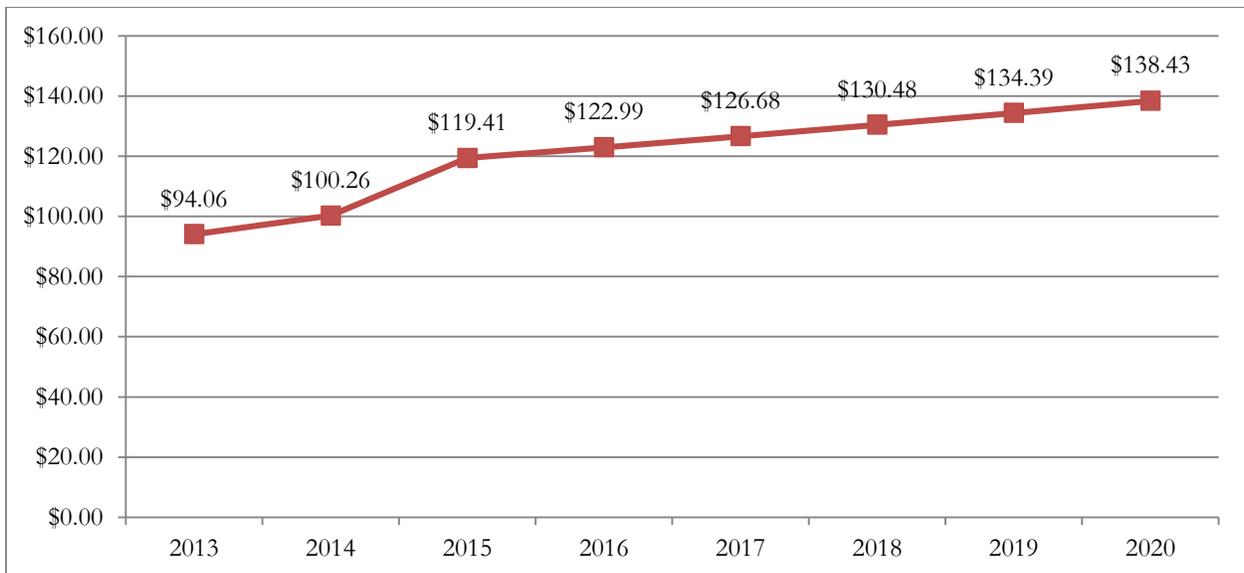


Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets

FYE 2020 Target..... **\$14.17**
 Interim Year Targets **Annual increase of at least 2.0%**

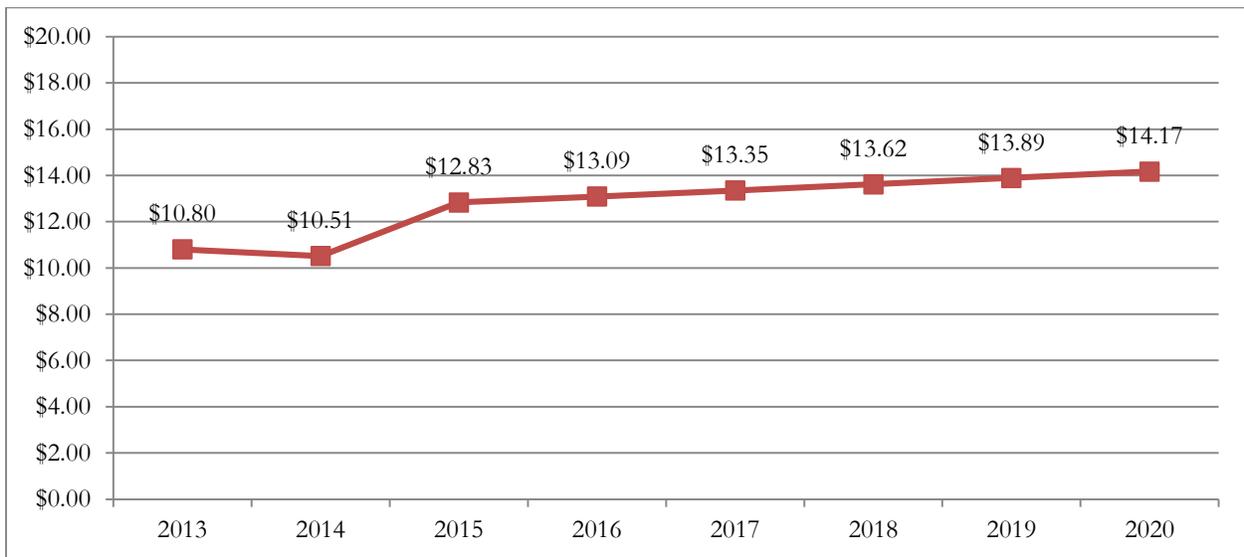
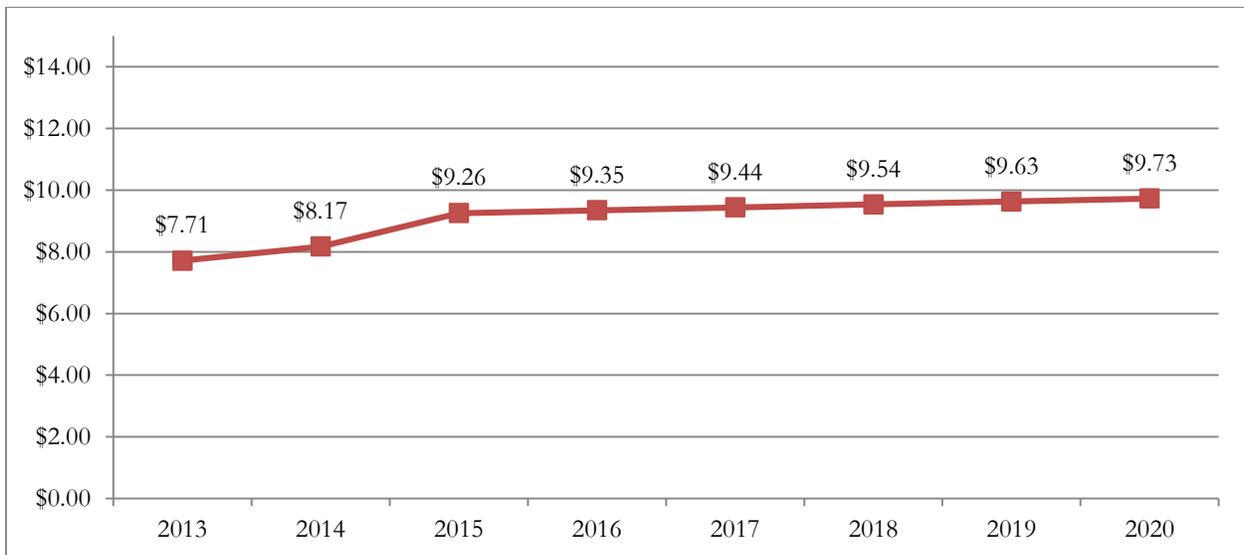


Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets

FYE 2020 Target..... **\$9.73**
 Interim Year Targets **Annual increase of no more than 1.0%**



FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to catalog “best practices” to share with other transit agencies, and to identify opportunities for improvement that should be addressed in the Action Plan (see **Appendix A: Action Plan Improvement Strategies**). A total of 13 functional areas were reviewed through documents received from the agency and interviews conducted on-site. The functional areas are as follows:

1. **Governance** – Responsibilities include setting vision, mission, goals, and objectives; management oversight; recruiting and retaining top management personnel; and advocacy for the agency’s needs and positions.
2. **Management** – Responsible for the day-to-day operations of the agency. Manage, monitor, analyze, direct, and plan for the future with regard to all functional areas. Inform and report to the Governing Body, and implement governing body direction.
3. **Human Resources** – Responsible for employee retention, recruitment, training, performance reviews, grievance procedures, employee benefits, and labor relations.
4. **Finance** – Includes budgeting, accounting, cash flow management, revenue handling, and insurance
5. **Procurement** – Includes acquisition of rolling stock, vehicle parts, non-revenue capital items (i.e., office equipment) and other operations-related items.
6. **Contracted Service** – Includes operations, on-street supervision and control, dispatching, general route management, vehicle and facilities maintenance management, procedures, and performance.
7. **Scheduling** – Includes route and driver scheduling and decision-making, pay premium considerations, general management, procedures, and performance.
8. **Safety and Security** – Includes vehicle and passenger safety, facility security, and emergency preparedness.
9. **Customer Service** – Includes management, procedures, and performance related to current and future customers of the fixed-route system and other topics such as service information and complaint handling processes.
10. **Information Technology** – Includes automated mechanisms for in-house and customer service communication including future plans for new technology.
11. **Capital Planning** – Includes assessing and programming current and future capital needs reflecting both funded and unfunded projects. Includes the Transportation Improvement Plan (TIP), 12-Year Capital Plan, 20-Year Long-Range Transportation Plan (LRTP), and Transit Development Plan (TDP).
12. **Marketing** – Includes maximizing current markets and expanding into new markets. Includes managing the perception of the agency by the public at-large to encourage current and future ridership.
13. **Planning** – Includes analysis of information to effectively plan for changes to the system in the short-, medium-, and long-term horizons, to help ensure continued success.

The functional review findings are organized by a brief description of the Act 44 variables guiding the performance review: passengers, fare and other non-subsidy revenues, and operating costs. These 13 areas work together to effectively meet the needs of passengers, to deliver high-quality service in a cost-effective manner and to provide resources that will adapt to changing needs.

The following sections summarize opportunities to deliver service more efficiently and effectively. It is important that service is both sensitive and responsive to the community's needs, while maximizing productivity, effectively directing service hours, controlling operating costs, and achieving optimum revenue hours. The observations that were recorded during the review process are categorized as *Best Practices* or *Elements to Address* in the *Action Plan*. *Best Practices* are those exceptional current practices that are beneficial and should be continued or expanded.

Items to Address in the Action Plan are recommendations which have the potential to maximize productivity, to direct service hours effectively, to control operating costs, and to achieve optimum revenue levels which will enhance the system's future performance overall for one or more of the Act 44 fixed-route performance factors. For the convenience of BTA, Action Plan templates have been included in **Appendix A: Action Plan Improvement Strategies** (pp. 36-39). It should be noted that specific actions may only partially address the broadly noted opportunities for improvement found in the "**General Findings**" section of the report (pp. vi-vii). Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. The template provides a simple-to-follow order of key findings of this report that should be addressed in the Action Plan.

OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

Act 44 defines "passengers" as unlinked passenger trips, or passenger boardings, across all routes in the fixed-route transit system. Increases in ridership directly represent how effectively management has matched service levels to current demand for service.

BEST PRACTICES

1. BTA is actively using automated vehicle location (AVL) to assess on-time performance, adjust schedules and monitor on-time departures. By monitoring each vehicle in real time, management can address on-time performance. On-time performance is one of the most important issues for passengers. BTA makes real-time bus location information available to customers on its website.
2. BTA uses its website and social media presence as primary instruments in its marketing strategy. These approaches to marketing are both cost-effective and a good way to reach out to and encourage younger riders to use BTA's service. BTA also conducts specific marketing campaigns designed to capture more senior ridership.

ELEMENTS TO ADDRESS IN PART 1-A OF THE ACTION PLAN (SEE P. 36)

1. BTA would like to offer commuter service to Pittsburgh. However, BTA's five-year budget projections do not reflect the capital and operating costs associated with providing new service. Similar service is currently offered by Myers Coach and by the New Castle Area Transit Authority (NCATA). Service planning should **include a realistic assessment of operating resources available to support the service and should include coordination with Myers Coach and NCATA to avoid duplication of service.**

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

Act 44 defines “revenues” as all non-subsidy revenues generated to help fund the operation of a transit system. The largest contributors to this are typically farebox revenues, route guarantees, interest on accounts, and advertising revenues

BEST PRACTICES

1. BTA sells tokens to social service agencies at full price. The tokens can be used for their customers’ travel needs. By selling tokens at full price, BTA maintains a reliable stream of fixed-route revenues. In addition to generating revenue, this approach has the added benefit of allowing BTA to be “pre-paid” for trips as opposed to operating with a debt model that places the burden of cost upfront on BTA as the agency waits for payments from partner agencies.
2. BTA works closely with the local MPO’s (Southwestern Pennsylvania Commission’s, a.k.a. SPC⁸) Transit Operators Committee and the Port Authority of Allegheny County (PAAC) to find funding. An example of this partnership was a CMAQ grant awarded to BTA for the construction of a park-and-ride lot. By working with the local MPO and PAAC, BTA is able to secure funding from non-traditional sources that can be used to accelerate capital project development.

ELEMENTS TO ADDRESS IN PART 1-B OF THE ACTION PLAN (SEE P. 37)

1. BTA’s fare policy is indexed to overall inflation. Although this approach may appear reasonable, it does not reflect the changes in costs the agency faces in its day-to-day operations. Management should **modify its fare policy to include target farebox recovery ratios** that take into consideration the inflation actually incurred by the agency. Farebox recovery ratios are the amount of the agency’s operating costs that are recouped through passenger fares.

OPPORTUNITIES TO CONTROL OPERATING COSTS

Act 44 defines “operating costs” as the non-capital costs incurred in the day-to-day operations of a transit system. Labor, maintenance, and operating costs such as fuel, tires and lubricants contribute to this measure in significant ways. Many transit agencies have noted cost increases much higher than the general rate of inflation. Compounding this is the reality that operating subsidies are not likely to increase at a comparable rate. Controlling operating cost increases is one key to maintaining current service levels.

BEST PRACTICES

1. BTA adopted COLTS’ FTA approved procurement manual with modifications applicable to BTA. The approach of adopting, then adapting, materials from peer agencies is a cost-effective approach to satisfy BTA’s administrative needs.

⁸ SPC is the official MPO serving the Pittsburgh 10-county area. For more information, visit www.spcregion.org.

2. BTA coordinates vehicle purchases with other Pennsylvania transit systems. This approach to vehicle procurement gives BTA greater purchasing power and resultant economies of scale otherwise not afforded to smaller transit systems.
3. BTA has developed a collaborative partnership with Slippery Rock University to assist in the evaluation of on-time performance for all bus routes. This could lead to adjustments in scheduled service. Cooperation with local universities is a cost-effective way to provide technical capacity to agencies like BTA that have limited staff time and resources.
4. BTA has an independent contractor who is responsible for grant writing services. Typically, this contractor's services cost BTA less than \$2,000 per year. Outsourcing specialized, but rarely needed, functions is a cost effective approach to meeting BTA's needs.

ELEMENTS TO ADDRESS IN PART 1-C OF THE ACTION PLAN (SEE P. 38)

1. BTA's operating costs are high and result in an "At Risk" assessment for Operating Cost/Revenue Hour. In part, this can be attributed to the structure of the contract with the service provider and BTA's management of the contract. BTA's approach to **subcontracting services, RFP/contract structure and contract management should be aligned with industry best practices** to help reduce costs. Specifically:
 - The current service delivery hourly rate that BTA pays its subcontractor (\$27.06/RVH), Butler Motor Coach (BMC), includes a limited portion of operating costs. For agencies that contract service delivery, the contract hourly rate typically includes maintenance, workers' compensation, driver training, vehicle insurance and health care costs, making the subcontractor responsible for managing those costs and associated risks. BTA's RFP required a separate hourly rate for maintenance (see below), requiring separate management by BTA. In addition, BTA elected to pay workers' compensation, vehicle insurance (\$3.21/RVH) and health care directly even though BTA has no direct control of labor which significantly influences these costs. BTA assumes the direct cost and risk of these expenses with limited ability to manage or control costs.
 - The RFP and the contract require BTA to pay the contractor the hourly rate for **revenue vehicle hours**. At the time of the performance review, BTA paid the contractor the hourly rate for **total vehicle hours**. BTA paid for more hours (3 to 4% more) than required by the contract, resulting in higher hourly costs for the system and higher than necessary costs in total.
 - The contract with BMC requires BTA to pay an hourly rate (\$64.00) for maintenance services where mechanic time is charged per hour on an "as-needed" basis. Normally, contracted service is charged a flat rate per revenue vehicle hour for all operations and maintenance so that the contractor is incentivized to properly maintain the buses to minimize their maintenance costs.

With regard to BTA management of the maintenance hourly charges, it appears that review and/or enforcement of some contract terms is insufficient. As a result, BTA pays for costs that the contractor should not charge to BTA. Examples of these costs include:

- BMC performing preventative maintenance (PM) in advance of/more frequently than required by the vehicle vendor's PM schedule
- BTA defers responsibility for parts procurement to BMC without adequate oversight of competitive pricing.

This results in BTA spending more on maintenance than would otherwise be required. Furthermore, the complex structure of the RFP pricing scheme limits the number of potential contractors willing to respond because they are accustomed to a standard RFP for contract service.

BTA's structuring and management of the contract has resulted in higher costs and a greater degree of complexity to manage the contract than necessary. Management should structure future contracts consistent with recognized industry best practice.

- A single price per revenue hour for operations and routine maintenance
- Explicit terms defining what is covered under the contract and what is not
- Contractor assumes responsibility for all costs attributable to its employees
- Manage contractor reimbursement consistent with the terms of the contract

The intent of these recommendations is for BTA to know how much it will cost to provide service at the time the contract is signed and to simplify management's oversight responsibilities. This will allow them to better focus on contractor performance and service delivery. Under the current contract many costs are unknown, variable and must be managed separately. The complexity of the contract terms requires a high level of detailed management oversight.

2. BTA manages advertising sales using "in-house" staff. However, many transit agencies have found it more cost-effective to outsource this function. Given BTA's limited staff size and the large number of functions required from each staff member, it may be more cost-effective to contract out advertising services. Management should **evaluate staff availability, skill sets and costs used to manage advertising** to determine if it would be more cost effective to outsource the management of advertising sales.
3. BTA's operating facility, constructed in 2011, increased the agency's overall operating cost. BTA management should **develop procedures to ensure that future capital project plans are accompanied by realistic operating cost budgets** and make sure that adequate funding is in place to support those operations.
4. Butler Motor Coach (BMC), BTA's contractor, conducts routine vehicle maintenance well before maintenance is due to be performed. BMC has been following their own maintenance protocols rather than BTA's. Because BMC is an over-the-road carrier, their protocols require a vehicle receive preventative maintenance (PM) 20-30% ahead of what is called for by the manufacturer. Since BTA pays BMC a separate hourly rate that is billed "as-needed" for maintenance (i.e., maintenance costs are separately paid for apart from the general cost of operations), this approach results in BTA spending more on routine maintenance than would otherwise be required. BTA should **ensure that PM on its vehicles is conducted within +/- 10% of manufacturers recommended service schedules.**

5. BTA would like to offer commuter service to Pittsburgh. However, BTA's five-year capital and operating budgets do not appear to have the capacity to absorb the cost of such service. Before BTA advances potential service changes, management should **develop realistic estimates of the operating and capital costs of service changes, and secure funding**, to ensure costs can be accommodated in a sustainable and balanced budget.

OTHER FINDINGS THAT IMPACT OVERALL AGENCY PERFORMANCE

“Other Findings” is a collection of findings from the functional review that may, if addressed, improve current or future operations. While not directly tied to Act 44 measures, actions to address these findings will result in a more seamless operation and greater operational efficiencies

BEST PRACTICES

1. BTA utilizes Transportation Options/Transportation 101 forums for receiving community and agency comments and suggestions. Through this form of stakeholder engagement, BTA can respond to changes in ridership needs. Community outlets such as Transportation 101 allow agencies to receive public feedback regarding their local transportation options, and give transit agencies an opportunity to respond to rider satisfaction.
2. BTA has instituted a rigorous ridership quality control program and has confirmed that ridership is accurately reported. This approach to ridership verification ensures a high degree of confidence for certified ridership data.
3. When BTA implemented the new smart card fare collection technology, management extensively tested the system and identified/resolved issues prior to actual implementation. This resulted in a more successful and more customer friendly implementation process.

ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN (SEE P. 39)

1. BTA's Board would benefit from formal training. **All Board members should attend PennTRAIN Board training** at the first opportunity and at least once every few years. Board Training is now available as a series of online modules that can be completed during a Board meeting. By attending board training, the BTA Board and management will develop a clearer sense of their roles and a better understanding of ways to effectively oversee and manage the agency.
2. BTA lacks a formal strategic plan that is adopted by the Board. Informal and undocumented strategies do not effectively promote an organized approach to accomplishing documented, clear goals. BTA should **develop a formal strategic plan** that defines what success looks like for BTA and then establish clear metrics, owners and reporting of results against stated goals. An outgrowth of the strategic plan should be a transit development plan (TDP).
3. BTA's Board has adopted performance standards for the four measures stipulated under Act 44. The Act 44 metrics are intended to motivate organizations to improve performance in terms of effective service which maximizes ridership and efficiency which minimizes expense. The BTA Board has not established targets or monitored other functions that are important to a transit agency and its customers.

BTA's performance metrics and targets should be expanded to promote a performance enhancement strategy for all key agency functions.⁹ Performance measures are objective indicators that can be used to strengthen management decision making, achieve results, and support accountability. Examples of important transit performance metrics are:

- breakdowns per 1,000 vehicle miles
- percent of maintenance conducted within 10% of manufacturers' recommendations
- customer satisfaction
- farebox recovery

This recommendation is consistent with MAP-21 (federal transit legislation) and general trends in the transit industry where performance-based evaluation is rapidly becoming the norm because it enables transit management to use data for informed decision-making.

4. BTA has had a difficult time verifying revenue service provided. **Revenue miles and revenue hours of service** are key variables in the state's operating subsidy formula. In the past, BTA management confused the definitions of revenue vs. total miles and hours. While the miscalculations are minor in magnitude, management should take extra care to **accurately track and report these variables** based on scheduled revenue service less exceptions for missed trips, delays and detours.
5. The BTA Board does not regularly conduct a structured, well-documented annual review of the Executive Director. Formal annual reviews help management understand the Board's vision and help management prioritize among what are often competing goals. BTA's Board should **establish a formal annual performance review process for the Executive Director** that includes specific actions and measurable goals to ensure a direction consistent with the strategic plan and TDP and accountability.
6. BTA provides notices of Board meeting dates on its website. However, it does not provide online copies of meeting agendas or meeting minutes. To inform the public of topics that may be of interest to them, BTA should **publish Board meeting agendas and minutes online** to promote transparency and to inform citizens of agency activities.
7. BTA lacks succession plans for key positions. Succession plans are key to ensuring there is a smooth transition when longstanding employees leave an organization, new members step into new roles or assume additional responsibilities. Succession plans include the written documentation of processes as well as alternate personnel assignments. Management should **develop formal succession plans for all key positions**.
8. Though BTA has the space for it, there is not a separate and secured money counting room. Money counting is conducted in a shared office with video surveillance. For security purposes, BTA should **assess unused space in their existing facility to explore the potential of having a designated, separate and secured money counting room**
9. Driver evaluation is based on complaints as opposed to part of an annual performance evaluation. BTA should work with its contractor to **develop and implement a formal**

⁹ See Page 19 for a list of key functional areas.

annual driver evaluation process where drivers are evaluated and provided feedback on important aspects of their duties such as customer service, safety, etc.

10. Both BMT and BTA directly receive and handle customer complaints. This could allow complaints to “slip through the cracks” and lessens accountability. BTA should **adopt a formal protocol for customer complaint handling and follow up** that encourages accountability, and has clear, but not redundant, responsibilities for BTA and its contractor.

FINANCIAL REVIEW

Assessing the financial health and trajectory of transit agencies is an effort that relies on accurate data from certified audit reports, accounts payable, accounts receivable, PennDOT dotGrants, and interviews with management and financial staff. This financial review focuses on “high-level” snapshot and trend indicators to determine if additional follow up by PennDOT is warranted through the review of audit reports, other financial reports, and budgets. The focus is on:

- High-Level Indicators of Financial Health
- Total Public Transportation Operational Expenditures and Funding
- Fixed-Route Funding
- ADA Paratransit Funding
- Balance Sheet Findings
- Financial Projections

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

As shown in **Exhibit 16**, BTA is in line with most industry goals and targets for all high-level financial indicators. Available reserves, mostly attributable to local funds, has been above 25% of annual operating cost in most years and, while declining, still remains at acceptable levels. BTA has about \$170,000 in carryover section 1513 funds and \$284,000 in carryover local funds separately identified in PennDOT dotGrants. BTA will need to control future costs in order to maintain adequate reserves.

Accounts payable and receivable amounts are negligible. BTA does not have or need a line of credit at this time.

Local matching funds contributed by Butler City and Butler Township amount to 2.3% of BTA’s operating costs (FYE 2013). These local matching funds represent a 4.9% match of local to state funds. In coming years, in accordance with Act 44 requirements, local contribution amounts will increase by 5% each fiscal year. At the time of this review, management reports no concerns with finding sufficient local match.

Exhibit 16: High-level Financial Indicators FYE 2013

| Indicator | BTA Value¹⁰ | Assessment Criteria / Rationale | Source |
|--|-------------------------------|--|-------------------------------|
| State Carryover 1513 Subsidies / Annual Operating Cost | 10.1% | A combined target of 25% provides flexibility to account for unexpected cost increases or service changes. | FYE 2013 Audit and dotGrants |
| Local Carryover Subsidies/ Annual Operating Cost | 16.8% | | |
| Credit available/ Annual Payroll | 0.0% | | |
| Actual Local Match / Required 1513 Match | 100.0% | Target 100%. Local match that exceeds required minimums gives a transit agency flexibility to change service, to accommodate unexpected cost changes and match federal and state capital awards. | dotGrants 2013 |
| Accounts Payable (AP) 90+ days | 0.0% | Target should be 0% over 90 days. Larger values indicate cash flow concerns. | BTA reported value (10/31/14) |
| Accounts Receivable (AR) 90+ days | 1.2% | Target should be 0% over 90 days. Larger values can cause cash flow problems. | BTA reported value (10/31/14) |
| Operating Debt / Annual Operating Cost | 0.0% | Target should be 0%. Low debt amounts reduce borrowing costs. | FYE 2013 Audit |

¹⁰ Values reported as end of reporting period balances.

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, BTA public transportation has grown from a \$1.2 million per year operation in FYE 2008 to a \$1.7 million per year operation in FYE 2013, a 41.7% overall increase, or on average 7% annually. Almost 100% of BTA’s operational expenses are for fixed-route service as shown in **Exhibit 18**. Shared-ride services in the area are provided by Butler Area Rural Transit (BART), a separate entity that is co-located in BTA’s operating facility. BTA contracts out ADA service delivery to BART.

BTA’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. BTA has used state, federal and local funds to finance both its fixed-route and ADA paratransit operations (**Exhibit 19**). Passenger fares and other revenues represent approximately 11.5% of total operating income. Combined state and federal operating subsidies remain the largest funding source for BTA (**Exhibit 20**) accounting for 86.2% of total operating income. Local funding is in line with Act 44 requirements.

Exhibit 17: Public Transportation Operating Expense by Service Type (FYE 2008 –2013)

| Expense by Service Type | FYE 2008 | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|-----------------------------|----------|----------|----------|----------|----------|----------|
| Fixed Route | \$1.21 | \$1.26 | \$1.34 | \$1.38 | \$1.57 | \$1.68 |
| ADA Paratransit | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.01 |
| Total (\$ millions)* | \$1.21 | \$1.26 | \$1.34 | \$1.38 | \$1.58 | \$1.69 |

* May not add due to rounding

Exhibit 18: Share of Public Transportation Operating Expenses by Service Type

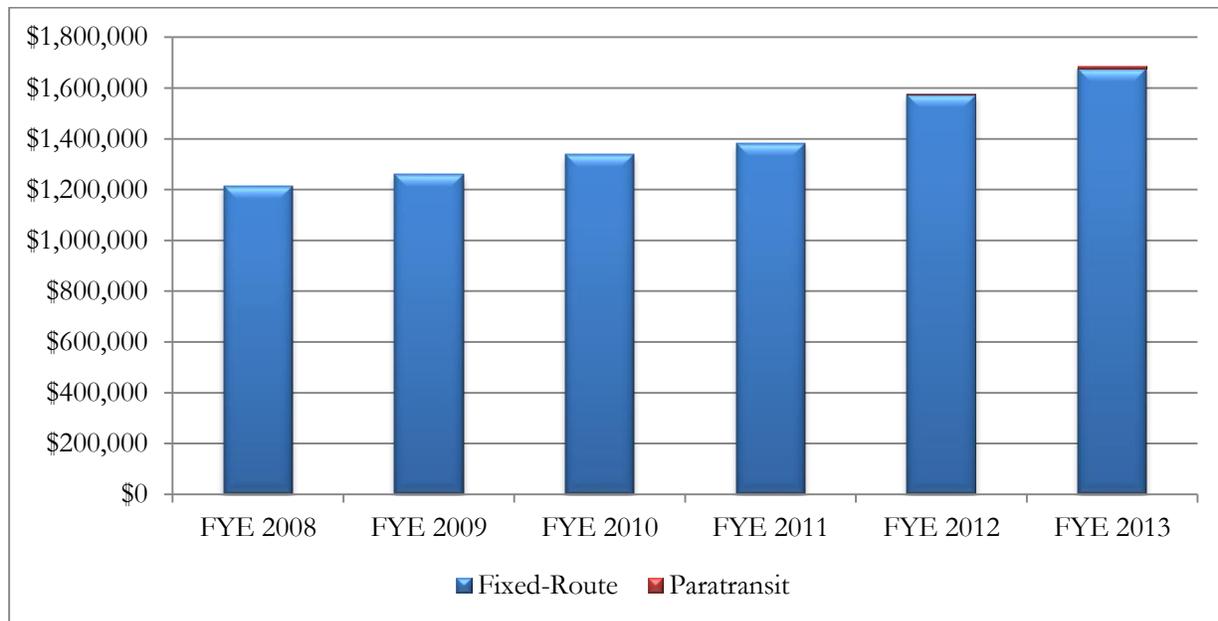
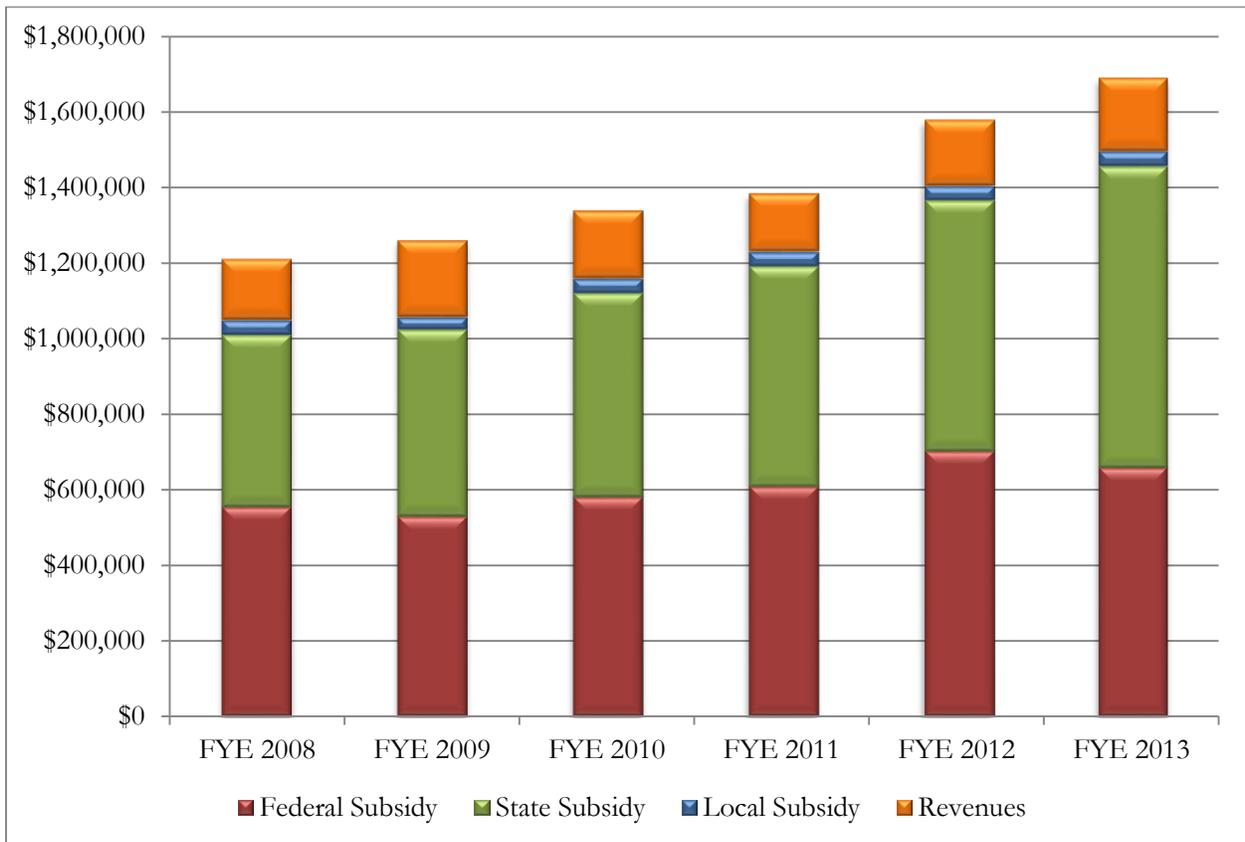


Exhibit 19: Public Transportation Operational Funding by Source (FYE 2008 –2013)

| Share of Funding | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Federal Subsidy | 45.8% | 42.0% | 43.4% | 43.9% | 44.5% | 39.0% |
| State Subsidy | 37.7% | 39.4% | 40.5% | 42.2% | 42.1% | 47.2% |
| Local Subsidy | 3.2% | 2.6% | 2.8% | 2.8% | 2.4% | 2.3% |
| Revenues | 13.3% | 16.1% | 13.3% | 11.1% | 11.0% | 11.5% |
| Local Subsidy / State Subsidy | 8.5% | 6.5% | 7.0% | 6.5% | 5.6% | 4.9% |

Exhibit 20: Public Transportation (Fixed-Route + ADA Paratransit) Operational Funding



FIXED-ROUTE FUNDING

BTA's historic and proposed fixed-route funding is derived from general revenues and government subsidies. Direct Passenger fares have covered between 9.1% and 13.1% of total operating revenues (**Exhibit 21**). The annual variation in passenger fares is due, in part, to decreases in revenues from charters and increases in revenues transferred from parking and other sources.

Based on the FYE 2009 to FYE 2013 dotGrants reporting, BTA operated using current year funding with \$170,462 in excess state 1513 funding being "carried over" at the end of 2013. BTA also had \$284,208 in carryover local funds available at the end of 2013.

Exhibit 21: Fixed-Route Funding

| Funding Category | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | |
| Passenger Fares | \$165,577 | \$144,844 | \$128,494 | \$143,926 | \$166,740 |
| Advertising | \$31,759 | \$29,780 | \$21,826 | \$24,459 | \$23,121 |
| Charter | \$0 | \$0 | \$0 | \$0 | \$0 |
| Route Guarantee | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other | \$5,065 | \$3,385 | \$0 | \$4,862 | \$0 |
| Other (Misc) | \$0 | \$0 | \$0 | \$0 | \$2,740 |
| Other (Rental) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other (Interest) | \$0 | \$0 | \$2,695 | \$0 | \$0 |
| Subtotal | \$202,401 | \$178,009 | \$153,015 | \$173,247 | \$192,601 |
| Subsidies | | | | | |
| Federal Operating Grant | \$529,508 | \$580,286 | \$607,204 | \$700,257 | \$655,000 |
| Act44 (1513) State Prior | \$0 | \$0 | \$15,136 | \$77,776 | \$155,197 |
| Act44 (1513) State Current | \$496,731 | \$542,220 | \$568,574 | \$585,230 | \$635,125 |
| Municipal Prior | \$0 | \$0 | \$0 | \$0 | \$0 |
| Municipal Current | \$32,179 | \$33,788 | \$35,477 | \$37,251 | \$39,114 |
| Act 44 (1513) Advertising | \$0 | \$0 | \$0 | \$0 | \$0 |
| Act 44 (1513) Private | \$0 | \$0 | \$0 | \$0 | \$0 |
| Act3 BSG Grant (State) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Act3 BSG Grant (Local) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Act 3 BSG Grant (State) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Act 3 BSG Grant (Local) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Special-(Federal) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Special-(State) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Special (Local) | \$0 | \$4,278 | \$2,783 | \$0 | \$0 |
| Subtotal | \$1,058,418 | \$1,160,572 | \$1,229,174 | \$1,400,514 | \$1,484,436 |
| Total Funding | \$1,260,819 | \$1,338,581 | \$1,382,189 | \$1,573,761 | \$1,677,037 |
| Passenger Fares/ Total Funding | 13.1% | 10.8% | 9.3% | 9.1% | 9.9% |

Source: PennDOT dotGrants Reporting System

ADA PARATRANSIT FUNDING

ADA paratransit funding is about 0.7% of BTA's public transportation operation and consists only of ADA complementary services. All other paratransit services in the area are provided by Butler Area Rural Transit (BART). State and federal subsidies as well as passenger fares are used to finance paratransit operating costs (**Exhibit 22**). The paratransit program has increased from \$0 in FYE 2009 to \$11,641 in FYE 2013. The ADA complementary services budget is very small in proportion to BTA's fixed-route budget.

Exhibit 22: ADA Paratransit Funding by Source

| Category | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|-------------------------------|------------|------------|----------------|----------------|-----------------|
| Revenues | | | | | |
| 1 Passenger Fares | \$0 | \$0 | \$100 | \$552 | \$1,190 |
| 2 Advertising | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 Lottery | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 PwD Reimbursement | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal | \$0 | \$0 | \$100 | \$552 | \$1,190 |
| Subsidies | | | | | |
| 1 Federal Operating Grant | \$0 | \$0 | \$964 | \$1,785 | \$3,000 |
| 2 Act 44 (1513) State Prior | \$0 | \$0 | \$0 | \$0 | \$4,451 |
| 3 Act 44 (1513) State Current | \$0 | \$0 | \$964 | \$1,785 | \$3,000 |
| 4 Municipal Prior | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5 Municipal Current | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6 Act 44 (1513) Advertising | \$0 | \$0 | \$0 | \$0 | \$0 |
| 7 Act 44 (1513) Private | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal | \$0 | \$0 | \$1,928 | \$3,570 | \$10,451 |
| Total Funding | \$0 | \$0 | \$2,028 | \$4,122 | \$11,641 |

Source: PennDOT dotGrants Reporting System

BALANCE SHEET FINDINGS

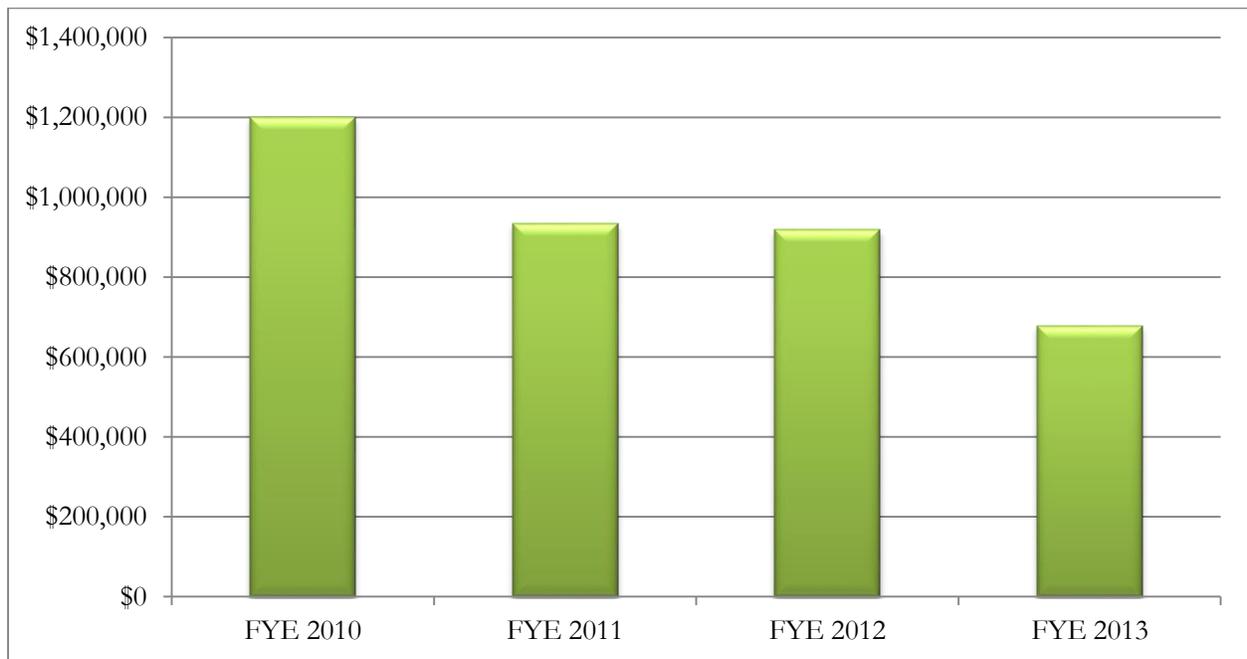
Review of balance sheets from BTA shows that the agency regularly maintains adequate cash on hand (**Exhibit 23** and **Exhibit 24**). The margin between current assets and liabilities is similar to that seen in many other transit agencies in the Commonwealth, but has decreased over time. Accounts payable remains at low levels. BTA does not maintain a line of credit.

Exhibit 23: Balance Sheet Summary (FYE 2010 –2013)

| Balance Sheet Report | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Cash Equivalent Balance | \$1,200,469 | \$935,379 | \$919,178 | \$678,524 |
| Grants Receivable (including capital) | \$2,092,475 | \$103,939 | \$42,752 | \$127,330 |
| Other Accounts Receivable | \$3,841 | \$14,468 | \$13,623 | \$30,845 |
| Accounts Payable (including capital) | \$2,149,470 | \$149,599 | \$129,315 | \$142,272 |
| Deferred Revenue | \$133,780 | \$43,846 | \$606,469 | \$454,670 |
| Due to Commonwealth | \$60,671 | \$0 | \$0 | \$0 |
| Line of Credit | \$0 | \$0 | \$0 | \$0 |
| Total Operating Expense | \$1,338,581 | \$1,384,217 | \$1,577,883 | \$1,688,678 |
| Cash Eqv. Bal / Total Operating Exp. | 89.7% | 67.6% | 58.3% | 40.2% |
| Current Assets | \$3,296,785 | \$1,053,786 | \$975,553 | \$836,699 |
| Current Liabilities | \$2,343,921 | \$193,445 | \$735,784 | \$596,942 |
| Net Current Assets | \$952,864 | \$860,341 | \$239,769 | \$239,757 |

Source: Annual Audit Reports and PennDOT dotGrants

Exhibit 24: End-of-Year Cash Equivalent Balance (FYE 2010 –2013)



FINANCIAL PROJECTIONS

All transit agencies in the Commonwealth that receive 1513 operating subsidies have been asked by PennDOT to develop a five-year projection of their operating and capital budgets. The purpose is to assess the relationship of planned service levels to operating budget projections, capital needs and available resources—federal and state subsidies which are expected to increase by no more than 3% per year. Projections are completed entirely by BTA based on their own assumptions of future available operating and capital funding.

As shown in **Exhibit 25**, BTA's projected operating budget assumes an average increase of less than 3% per year starting in FYE 2016. BTA also projects maintaining 1513 reserves and increasing them by FYE 2019. FYE 2018's decrease in operating cost assumes implementation of CNG fueling. If CNG is not implemented by 2017, operating expenses will continue to increase further reducing available 1513 reserves. It is important to note that these operating projections do not include expanded service into Pittsburgh.

Exhibit 25: BTA Projected Operating Budget Summary (FYE 2015 - 2019)

| Operating Budget | FYE 2015 | FYE 2016 | FYE 2017 | FYE 2018 | FYE 2019 |
|---|-------------|-------------|-------------|--------------|-------------|
| Total Operating Expenses | \$1,919,674 | \$1,974,395 | \$1,996,748 | \$1,973,916 | \$2,029,984 |
| Total Operating Revenue | \$194,533 | \$190,666 | \$193,999 | \$197,042 | \$200,482 |
| Total Operating Deficit | \$1,725,141 | \$1,783,729 | \$1,802,749 | \$1,776,874 | \$1,829,502 |
| Federal Subsidy | \$862,570 | \$891,864 | \$901,374 | \$888,437 | \$914,751 |
| State Subsidy | \$803,352 | \$827,453 | \$852,277 | \$877,845 | \$904,180 |
| Local Subsidy | \$43,124 | \$45,280 | \$47,544 | \$49,921 | \$52,417 |
| Total Funding | \$1,618,964 | \$1,764,597 | \$1,801,195 | \$1,816,201 | \$1,871,348 |
| 1513 Reserves Used | \$16,095 | \$19,132 | \$1,554 | \$0 | \$0 |
| 1513 Reserves Unspent | \$90,023 | \$70,891 | \$69,337 | \$108,666 | \$150,512 |
| 1513 Reserves Recovered | \$0 | \$0 | \$0 | \$39,329 | \$41,846 |
| Operating Cost Change from Previous Year | 5.1% | 2.9% | 1.1% | -1.1% | 2.8% |

Exhibit 26 presents BTA's 5 year capital budget assumptions. It shows a combination of vehicle overhauls and vehicle replacement funded by mostly federal funds. It includes approximately \$6 million for stations and facilities, mostly attributable to CNG implementation in FYE 2017. Like the operating budget assumptions, the capital budget does not assume increases in the number of vehicles that would be needed to provide commuter service into Pittsburgh.

Exhibit 26: BTA Projected Capital Budget Summary (FYE 2015 - 2019)

| Capital Budget Item | FYE 2015 | FYE 2016 | FYE 2017 | FYE 2018 | FYE 2019 |
|----------------------------|------------------|--------------------|--------------------|------------------|--------------------|
| Federal Funds | \$141,149 | \$2,300,000 | \$5,255,980 | \$80,000 | \$1,531,200 |
| State Funds | \$240,002 | \$556,456 | \$1,271,618 | \$19,586 | \$370,359 |
| Local Funds | \$6,822 | \$18,544 | \$42,377 | \$414 | \$12,441 |
| Total Funding | \$387,973 | \$2,875,000 | \$6,569,975 | \$100,000 | \$1,914,000 |
| Vehicle & Equipment | \$3,550 | \$0 | \$3,569,975 | \$0 | \$1,914,000 |
| Vehicle Overhauls | \$143,486 | \$0 | \$0 | \$0 | \$0 |
| Stations and Facilities | \$0 | \$2,875,000 | \$3,000,000 | \$100,000 | \$0 |
| Technology | \$240,937 | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures | \$387,973 | \$2,875,000 | \$6,569,975 | \$100,000 | \$1,914,000 |

CONCLUSIONS

Butler City and Butler Township contribute monies for BTA's local match funding requirements. BTA has no outstanding debt or line of credit. BTA has a balanced operating budget. BTA projections of service levels and budgets indicate that BTA plans to maintain a balanced budget over the next five years. Capital and operating budget projections do not account for the potential addition of commuter service into Pittsburgh. BTA had \$170,462 available in state 1513 carryover funds and \$284,208 in local carryover funds at the end of FYE 2013. This amounts to state reserves equal to 10.1% of BTA's annual operating cost. By the end of FYE 2014, state and local carryover subsidies had decreased to \$106,118 and \$246,572 respectively. Management should continue to take appropriate actions to control costs, achieve farebox recovery goals, and sustain cash reserves to maintain BTA's overall financial health.

APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

PART 1- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATES

A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

| Recommendation (page) | BTA Action | Estimated Initiation Date | Estimated Completion Date |
|---|------------|---------------------------|---------------------------|
| Coordinate any plans for commuter service with other providers of such service to avoid duplication (p. 20) | | | |

B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

| Recommendation (page) | BTA Action | Estimated Initiation Date | Estimated Completion Date |
|---|------------|---------------------------|---------------------------|
| Modify fare policy to consider target farebox recovery goals (p. 21). | | | |

C. ACTIONS TO REDUCE OR CONTAIN OPERATING COST / REVENUE HOUR TEMPLATE

| Recommendation (page) | BTA Action | Estimated Initiation Date | Estimated Completion Date |
|--|------------|---------------------------|---------------------------|
| Align approach to subcontracting services, RFP/contract structure and contract management with industry best practices (p. 22) | | | |
| Evaluate staff availability and staff costs used to manage advertising (p. 23) | | | |
| Develop procedures to ensure that any future capital project plans are accompanied by realistic operating cost budgets (p. 23) | | | |
| Ensure that PM is conducted within +/- 10% of manufacturers recommended service schedules (p. 23) | | | |
| Develop realistic estimates of the operating and capital costs of potential service changes to insure costs can be accommodated in a sustainable and balanced budget (p. 24) | | | |

PART 2- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE

| Recommendation (page) | BTA Action | Estimated Initiation Date | Estimated Completion Date |
|--|------------|---------------------------|---------------------------|
| Schedule and conduct PennTRAIN Board training (p. 24) | | | |
| Develop a formal strategic plan (p. 24) | | | |
| Develop performance targets for all key agency functions (p. 24) | | | |
| Establish a rigorous process to verify certified revenue miles and revenue hours of service are accurately reported (p.25) | | | |
| Establish a formal annual performance review process for the Executive Director (p. 25) | | | |
| Publish Board meeting agendas and minutes online (p. 25) | | | |
| Develop succession plans for all key positions (p. 25) | | | |
| Assess unused space to explore the potential of having a designated, separate and secured money counting room (p. 25) | | | |
| Develop and implement a formal annual driver evaluation process (p. 25) | | | |
| Adopt a formal protocol for customer complaint handling and follow up (p. 26) | | | |

