



CATA System Performance Review

August 27, 2014

Crawford Area Transportation Authority Performance Review Report

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TABLE OF CONTENTS

LIST OF EXHIBITS.....	II
AGENCY PUBLIC TRANSPORTATION PROFILE.....	III
EXECUTIVE SUMMARY.....	IV
Act 44 Performance Determination.....	iv
General Findings.....	v
Financial Review	vii
Five-Year Performance Targets.....	vii
Next Steps.....	viii
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.....	22
Other Findings that Impact Overall Agency Performance	23
FINANCIAL REVIEW.....	25
High-Level Indicators of Financial Health	25
Total Public Transportation Operational Expenditures and Funding.....	27
Fixed-Route Funding	29
Paratransit Funding	30
Balance Sheet Findings	30
Conclusions	32
APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES	33
Part 1- Executive Summary Findings Template.....	33
Part 2- Act 44 Performance Metric Findings Templates.....	34
Part 3- Other Actions to Improve Overall Performance Template.....	37

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 FYE 2012.....	8
Exhibit 5: Fixed-Route Operating Cost / Revenue Vehicle Hour FYE 2012.....	9
Exhibit 6: Fixed-Route Operating Revenue / Revenue Vehicle Hour FYE 2012	10
Exhibit 7: Fixed-Route Operating Cost / Passenger FYE 2012	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	26
Exhibit 17: Public Transportation Operating Expense by Service Type (FYE 2008 – FYE 2013)....	27
Exhibit 18: Share of Public Transportation Operating Expenses by Service Type	27
Exhibit 19: Public Transportation Operational Funding by Source (FYE 2009 – FYE 2013).....	28
Exhibit 20: Public Transportation (Fixed-Route + Paratransit) Operational Funding.....	28
Exhibit 21: Fixed-Route Funding.....	29
Exhibit 22: Non-Fixed Route (Paratransit) Funding.....	30
Exhibit 23: Balance Sheet Summary (FYE 2010 – FYE 2013).....	31
Exhibit 24: End-of-Year Cash Equivalent Balance (FYE 2010 – FYE 2013).....	31

AGENCY PUBLIC TRANSPORTATION PROFILE

Agency	Crawford Area Transportation Authority (d.b.a. CATA)	
Year Founded	1979	
Reporting Fiscal Year End (FYE)	2013	
Service Area (square miles)	12	
Service Area Population	20,060	
Annual Operating Statistics*	Fixed-Route Bus	Paratransit (ADA + Shared Ride)
Vehicles in Maximum Service (VOMS)	5	16
Operating Cost	\$927,914	\$753,548
Operating Revenues	\$147,643	\$607,918
Total (Actual) Vehicle Miles	236,697	234,804
Revenue Miles of Service (RVM)**	231,205	134,308
Total Vehicle Hours	17,429	19,659
Revenue Vehicle Hours (RVH)**	16,539	8,306
Total Passenger Trips	233,555	40,980
Senior Passenger (Lottery) Trips	36,708	30,860
Fixed-Route Operating Subsidy Formula Variables (Fixed Route + ADA Paratransit)		
Total Passenger Trips	237,705	
Total Senior Passenger (Lottery) Trips	36,708	
Total Revenue Miles of Service (RVM)	238,645	
Total Revenue Hours of Service (RVH)	17,424	
Act 44 Performance Statistics		
Passengers / RVH**	13.40	2.08
Operating Cost / RVH**	\$56.10	\$90.72
Operating Revenue / RVH**	\$8.93	\$73.19
Operating Cost / Passenger**	\$3.97	\$18.39
Other Performance Statistics		
Operating Revenue / Operating Cost	15.9%	80.7%
Operating Cost / Total Vehicle Hours	\$53.24	\$38.33
Operating Cost / Total Vehicle Miles	\$3.92	\$3.21
Total Passengers / Total Vehicle Hours	13.40	2.08
Operating Cost / RVM**	\$4.01	\$5.61
RVM / Total Vehicle Miles**	97.7%	57.2%
RVH / Total Vehicle Hours**	94.9%	42.3%

* source: dotGrants 2013 reporting

** For paratransit, values represent the summation of ADA "Revenue" service and Shared-Ride "Live" service statistics

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 makes transit agencies aware of improvement opportunities and identifies best practices that can be shared with other transit agencies.

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

After receipt of this performance review report, CATA will develop an action plan which identifies the steps CATA 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 CATA 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 CATA to agree on a plan which, when approved by CATA Board, will be submitted as the final action plan. CATA must report at least quarterly to the Board and PennDOT on the progress of the action plan, identifying actions taken to date, and actions to be implemented. CATA'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 CATA's fixed-route bus performance in comparison to its peer agencies in FY 2011-12 and over a five-year trend period from FY 2007-08 to FY 2011-12 (the most recent NTD data available at the time of the peer selection). Peers were selected through an analytical process and were agreed to in advance by CATA.

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 CATA is “In Compliance” for all eight criteria and “At Risk” for none.** 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 4 of the 10 transit agencies in the peer group and is better than the peer group average.
2. The **five-year trend of passengers / revenue vehicle hour** is better than average and ranks fourth best of the 10 transit agencies in the peer group.
3. **FYE 2012 operating cost / revenue vehicle hour** is the least costly of the peer group.
4. **The five-year trend for increase in operating cost / revenue vehicle hour** is the sixth best of the peer group and is better than the peer group average.
5. **FYE 2012 operating revenue / revenue vehicle hour** is the fourth best of the peer group.
6. The **five-year trend for operating revenue/ revenue vehicle hour** is worse than the peer group average.
7. **FYE 2012 operating cost / passenger** is the least expensive of the 10 transit agencies in the peer group.
8. The **five-year trend for operating cost / passenger** is better than the peer group average.

At Risk

1. **None.**

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

Performance Criteria	Fiscal Year End	Determination	Rank (of 10)	Comparison to Peer Avg.	Value	Peer Average
Passengers / Revenue Hour	2012	In Compliance	4	Better	13.80	11.27
	Trend	In Compliance	4	Better	1.80%	1.51%
Operating Cost / Revenue Hour	2012	In Compliance	1	Better	\$49.25	\$70.76
	Trend	In Compliance	6	Better	2.36%	3.21%
Operating Revenue / Revenue Hour	2012	In Compliance	4	Better	\$8.71	\$8.05
	Trend	In Compliance	7	Worse	0.16%	2.08%
Operating Cost / Passenger	2012	In Compliance	1	Better	\$3.57	\$8.38
	Trend	In Compliance	4	Better	0.55%	1.77%

GENERAL FINDINGS

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

that enhance the efficiency, effectiveness, and/or quality of service of CATA and may be shared with other agencies as techniques for improvement. Major themes are indicated below. Detailed recommendations on how these and more detailed issues identified should be addressed are found in the body of the report.

BEST PRACTICES

1. CATA's Executive Director is an active participant in PPTA and national transit organizations. He also serves in an advisory role to the Endless Mountains Transportation Authority and has experience at two other transit agencies. By encouraging the Executive Director's training and participation in the operations of other transit agencies, CATA is able to learn from and adapt experiences of other agencies to improve CATA's operations in ways atypical for a small transit agency.
2. CATA's Executive Director is actively involved with the local Chamber of Commerce, the United Way and the local Rural Planning Organization (RPO). The Executive Director's involvement with the community and local planning agencies keeps CATA exceptionally "in tune" with Crawford County's needs and opportunities.
3. All of CATA's key managers are graduates of a professional supervisors program. This gives CATA a level of oversight and professionalism uncommon in a small transit agency.
4. CATA is an active participant in the *Northwest Regional Transit Consolidation Study* being conducted with Crawford, Warren, Clarion, Forest and Venango counties. This study is a proactive step to assess operations, control future cost increases and better coordinate regional transit service. Recently, CATA convened a meeting of seven (7) Regional transit directors to initiate discussions to identify opportunities for greater cooperation regardless of the outcome of the Consolidation Study.
5. CATA recently entered into a maintenance partnership with the Erie Metropolitan Transit Authority (EMTA) for heavy maintenance service on CATA's large bus engines. This type of arrangement reduces the cost to both agencies, leverages EMTA's capital investment in heavy-duty equipment, and provides CATA expertise in transit maintenance thereby saving the time and resources necessary to develop this expertise in-house.

OPPORTUNITIES FOR IMPROVEMENT TO ADDRESS IN PART 1 OF THE ACTION PLAN (SEE P. 33)

1. **Develop a Comprehensive Strategic IT Plan** - There is an opportunity to more fully automate many aspects of CATA including maintenance tracking and adding AVL / vehicle location reporting for CATA's customers. Each of these investments may be worthwhile individually. However, CATA should have a strategic IT plan that identifies benefits, costs and opportunities for systems integration that prioritizes CATA's IT needs so that CATA gets the most from its IT investments.
2. **Develop a Formal Strategic Plan** - CATA lacks a formal strategic plan that is adopted by the Board. Informal and undocumented strategies promote jumping from one fire to the next without a clear goal in mind. CATA should develop a formal strategic plan that defines what success looks like for CATA and then establish clear metrics, owners and reporting of results

against stated goals. An outgrowth of the strategic plan should include a long-term, unconstrained capital plan that identifies and prioritizes all of CATA's long-term capital needs.

3. **Develop Performance Targets for All Key Agency Functions** - CATA's Board should develop a formal set of performance targets and measure where current service is in relation to the targets. Then, if necessary, CATA should develop a performance enhancement strategy for all key agency functions.¹ Performance measures are objective indicators of different activities of the agency that can be used to strengthen management decision making, achieve results, and support accountability. Eight basic performance targets are stipulated under Act 44, and are intended to motivate the organization to improve performance. Similar targets have not been set and/or monitored for most agency functions. This recommendation is consistent with MAP-21 and general trends in the transit industry where performance-based evaluation is rapidly becoming the norm.

FINANCIAL REVIEW

For the FYE 2009 to FYE 2013 period, local governments in the CATA service area have contributed to help cover CATA's operational funding requirements. CATA has used most of those amounts, in any given year to balance its budget and comply with state requirements but has taken successful steps to increase local match reserves. The total of fixed-route farebox, route guarantee and contract revenues as a percentage of operating cost is similar to that in similar-sized transit systems in the Commonwealth hovering between 15% and 20%. Actual fixed-route full fares are low (i.e., \$1.00) and transfers are free. Per trip reimbursement arrangements with local universities contribute to CATA's fixed-route farebox recovery. CATA management should continue to take appropriate actions to control costs so as to continually improve CATA's overall financial health.

FIVE-YEAR PERFORMANCE TARGETS

This transit agency performance report outlines areas where improvements may be made 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 CATA 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 audited "dotGrants" information available (FYE 2013). Standards were extrapolated to FYE 2019 and are designed to be aggressive, yet achievable. They are summarized as follows:

Performance Criteria	Fiscal Year End (FYE)				Target Annual Increase
	2011	2012	2013	2019 Target	
Passengers / Revenue Hour	15.11	13.80	14.12	15.90	2.0%
Operating Cost / Revenue Hour	\$53.22	\$49.25	\$56.10	\$66.99	3.0%
Operating Revenue / Revenue Hour	\$8.83	\$8.71	\$8.93	\$10.05	2.0%
Operating Cost / Passenger	\$3.52	\$3.57	\$3.97	\$4.22	1.0%

¹ See Page 19 for a list of key functional areas.

NEXT STEPS

Upon final transmission of the performance review report, Act 44 regulations stipulate that CATA “...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 CATA 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 CATA.

The template for the Action Plan has been provided as an Appendix to this report (pp. 33-37). This template includes three parts:

- **Part 1- Executive Summary Findings Template** (p. 33) is where CATA should address its proposed actions to address the “*Opportunities for Improvement*” findings in the Executive Summary (pp. vi-vii).
- **Part 2- Act 44 Performance Metric Findings Templates** (pp. 34-36) is where CATA should address its proposed actions to address the “*Opportunities for Improvement*” findings that directly affect the Act 44 performance metrics (pp.19-23).
- **Part 3- Other Actions to Improve Overall Performance Template** (p. 37) should be used to address the “*Other Findings that Impact Overall Agency Performance*” identified starting on p. 23. CATA should use the format provided in Appendix A to develop its proposed draft Action Plan.

It should be noted that specific actions identified may partially address the broadly noted opportunities for improvement found in the “**General Findings**” (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. CATA must select, prioritize and schedule its intended actions using the template.

CATA 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 CATA management and the Department. The finalized Action Plan then must be approved by the CATA Board and formally submitted to PennDOT. Subsequently, CATA management must report at least 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 coming 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 Crawford Area Transportation Authority (d.b.a. CATA).

Performance reviews are conducted to emphasize the importance of good management, proactive planning, and efficient service, which maximize 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 May 2014, an Act 44 mandated performance review was initiated for CATA. 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 CATA 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 April 2 and April 3, 2014.
 - An interview guide customized for CATA’s service was used for the review.
 - Topics covered during the interview process included:
 - Governance
 - Management
 - Human/Labor Relations
 - Finance
 - Procurement
 - Operations and Scheduling
 - Contracted Maintenance
 - Safety and Security
 - Customer Service
 - Information Technology
 - Capital Programming
 - Marketing and Public Relations
 - Planning

AGENCY DESCRIPTION

The Crawford Area Transportation Authority (d.b.a. CATA) was created in 1979 in Crawford County, Pennsylvania. CATA provides fixed-route bus service in and around the cities of Meadville and Titusville in Crawford County Pennsylvania. CATA has a five member Board of Directors consisting of citizens appointed by the Crawford County Board of Commissioners.

CATA has an administrative management team comprised of 3.5 full-time employees (i.e., Executive Director, Finance Manager, Compliance Officer and a part-time office assistant) and an operations management team of 5 full-time employees (i.e., 1 Operations Manager and 4 Operations Supervisors). CATA outsources all light-duty maintenance activities to local contractors. Vehicles are stored at uncovered and unpaved surface lots supplied by CATA's maintenance contractors.

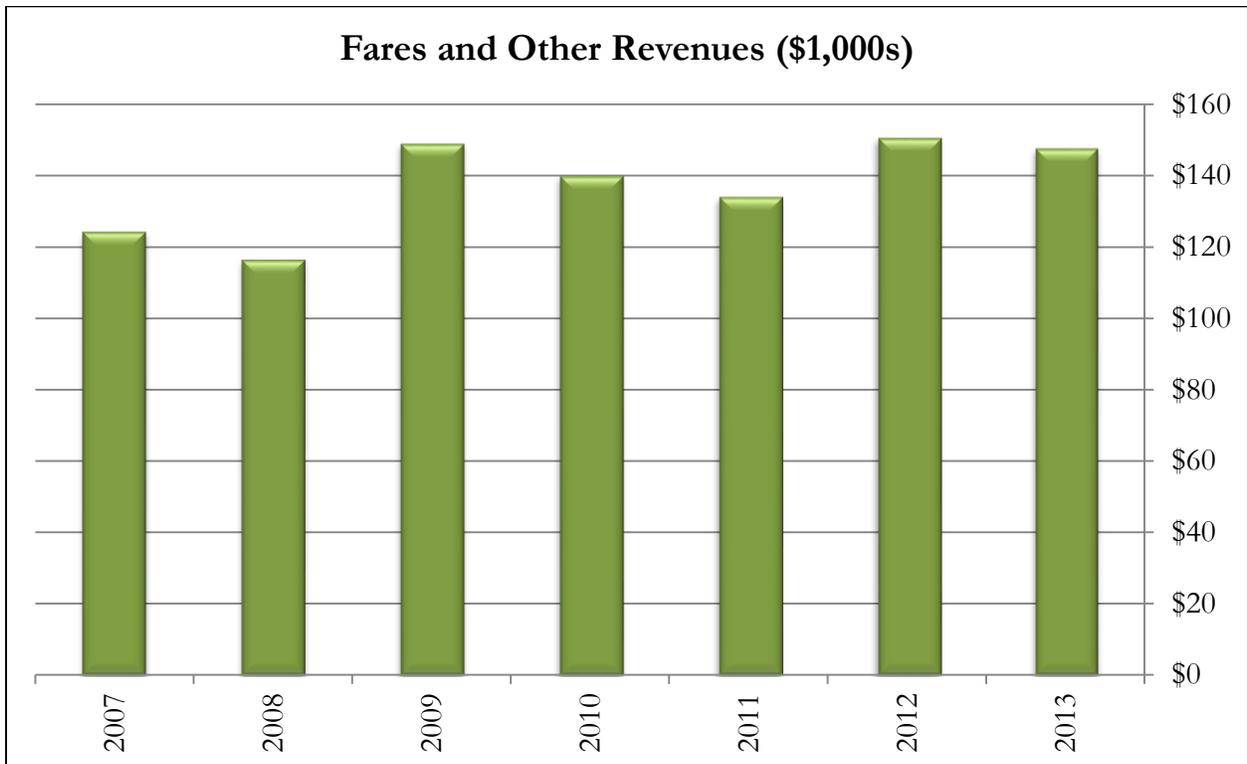
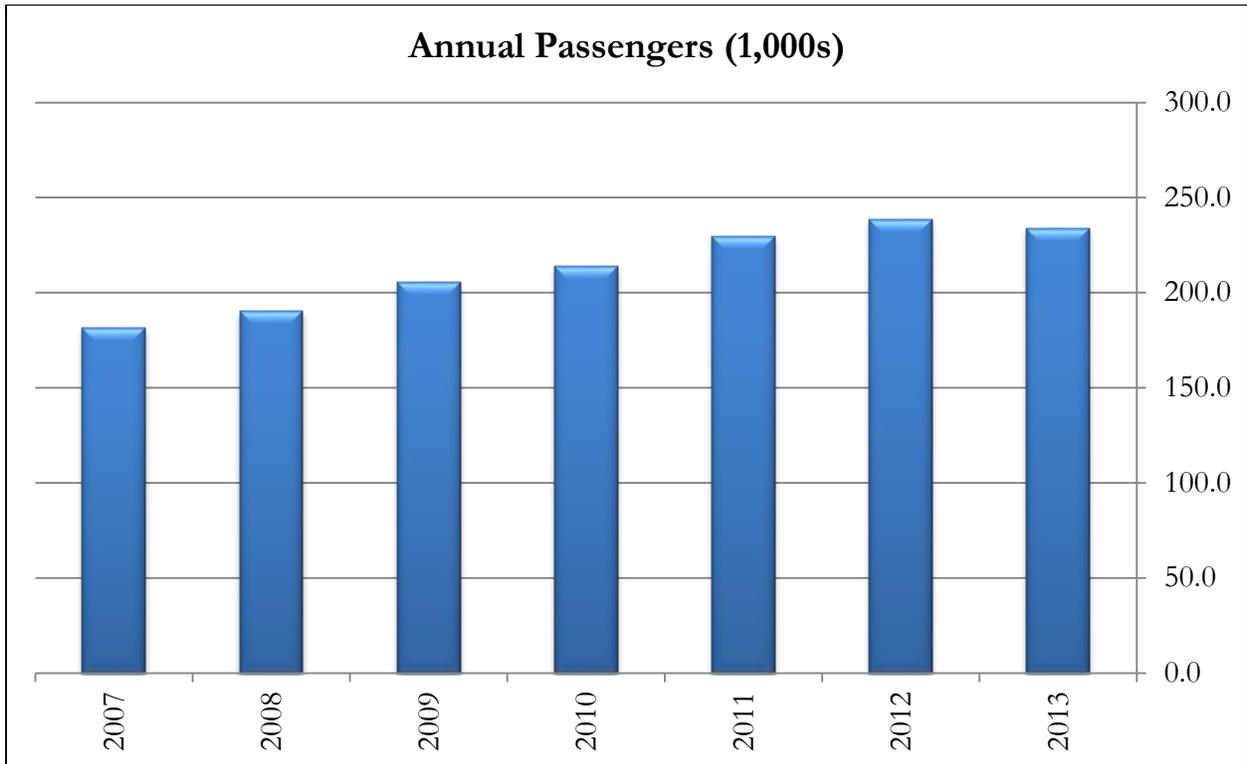
Currently, CATA operates 7 regular fixed-routes and provides service to Edinboro University, Allegheny College and the University of Pittsburgh at Titusville. **Exhibit 1** and **Exhibit 2** present fixed-route bus statistics for CATA derived from PennDOT dotGrants Legacy Reports.

It is noteworthy that CATA maintains the lowest operating expense per fixed-route passenger trip amongst all rural transit providers in the Commonwealth². Other important observations evident from the trends in demand, revenues, and operating characteristics for the Legacy reporting period of Fiscal Year End (FYE) 2007 through 2012 are as follows:

1. CATA's annual fixed-route ridership has increased since 2007 and is now about 240,000 passengers per year.
2. CATA's 2013 operating revenue is relatively low averaging \$0.63 per passenger trip in FYE 2013. CATA's regular base fare is \$1.00 and transfers are free.
3. Revenue hours of service increased by a net of 14.9% between 2007 and 2013. CATA provided 16,500 revenue hours of service in FYE 2013.
4. Total operating costs increased by about 47.1% between 2007 and 2013 going from about \$634,000 to \$928,000 annually.

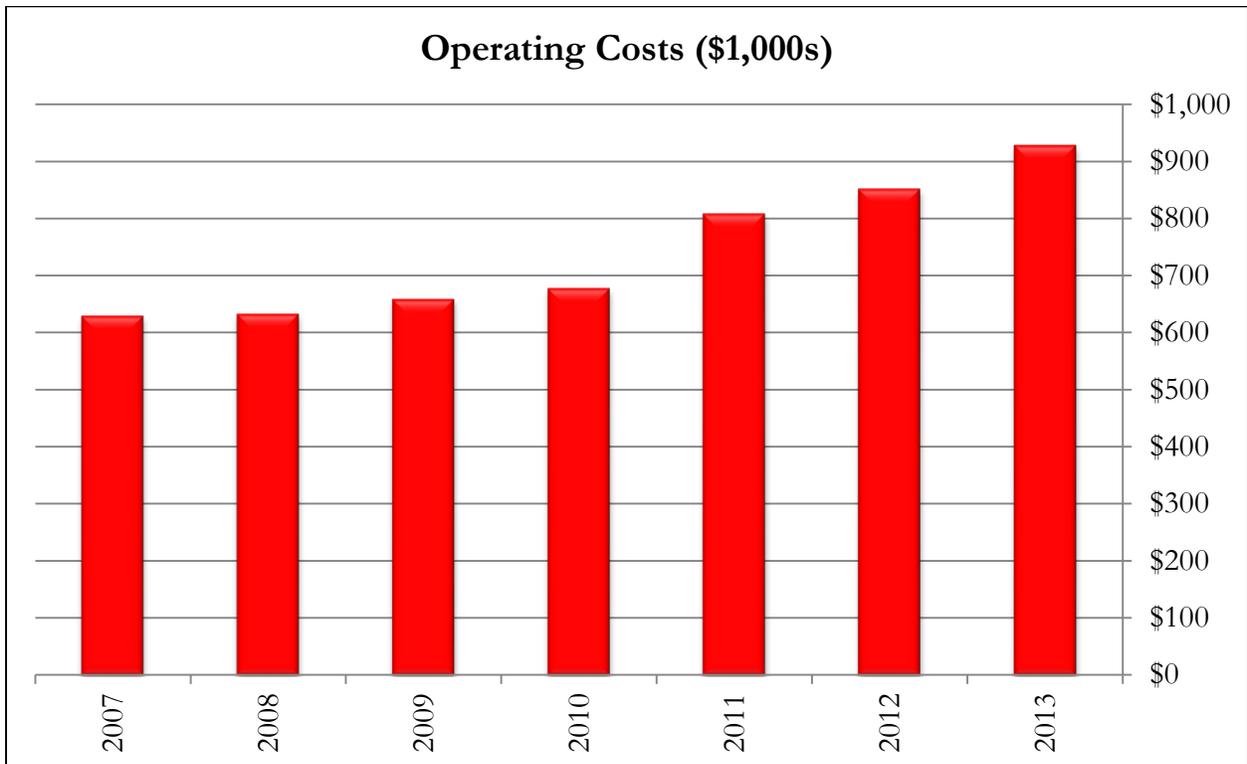
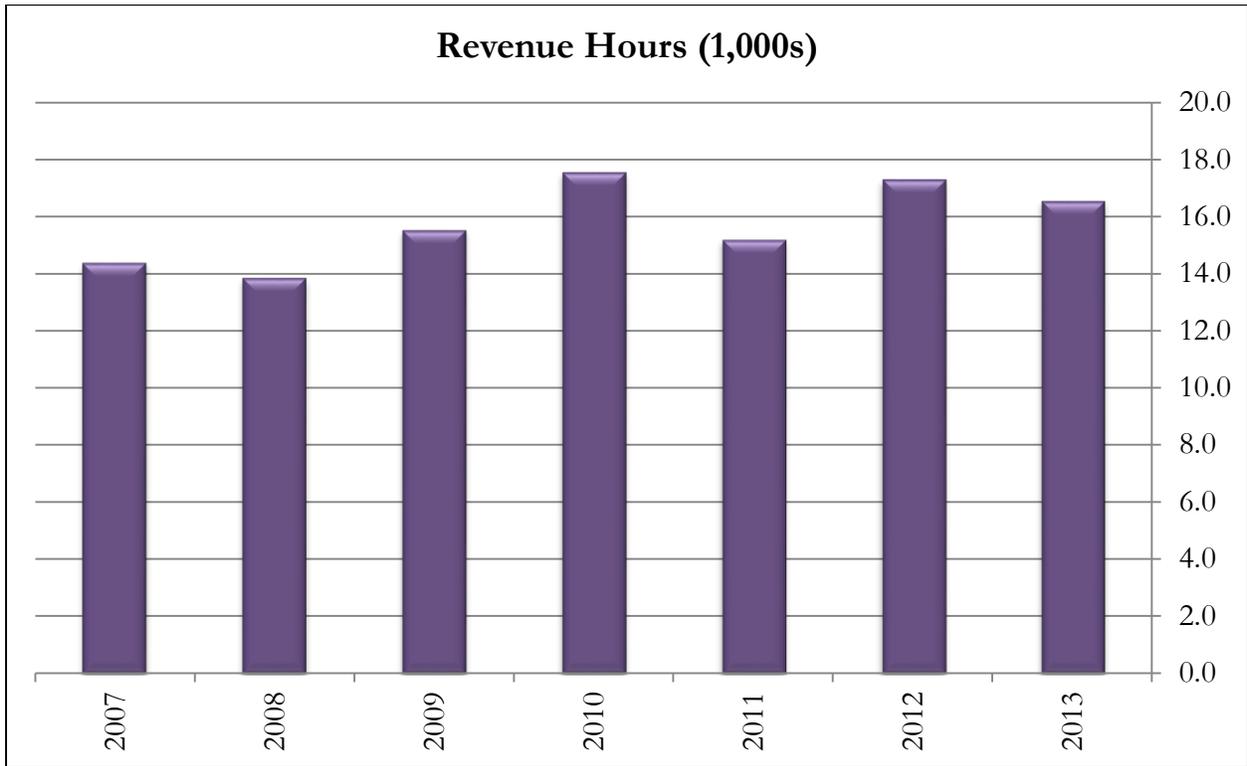
²<ftp://ftp.dot.state.pa.us/public/bureaus/PublicTransportation/GeneralInformation/FY1213AnnualReportFinal.pdf>

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



Source: PennDOT Legacy Reporting System (dotGrants)

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



Source: 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 CATA management for review and comment. After discussions were complete, the following 9 peer systems, in addition to CATA, were included in subsequent analyses for peer comparison purposes:

1. Butler Transit Authority (Butler, PA)
2. MID County Transit (Kittanning, PA)
3. DUFAS (DuBois, PA)
4. Transit Authority of Warren County (Warren, PA)
5. Fort Smith Transit (Fort Smith, AR)
6. Middletown Transit System (Middletown, OH)
7. RiverCities Transit (Longview, WA)
8. City of Danville Mass Transit System (Danville, VA)
9. City of Washington (Washington, 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 CATA with the selected peer systems was completed using NTD-reported data and 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 CATA
- *Standard Deviation*: Standard deviation of all values being measured across all peer transit agencies, including CATA

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 so as to achieve “Compliance” prior to the next performance review⁷.

Detailed results of the CATA 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	In Compliance	In Compliance
Operating Revenue / Revenue Hour	In Compliance	In Compliance
Operating Cost / Passenger	In Compliance	In Compliance

FIXED-ROUTE BUS PERFORMANCE COMPARISONS

For the 9 peer systems plus CATA, NTD and 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**.

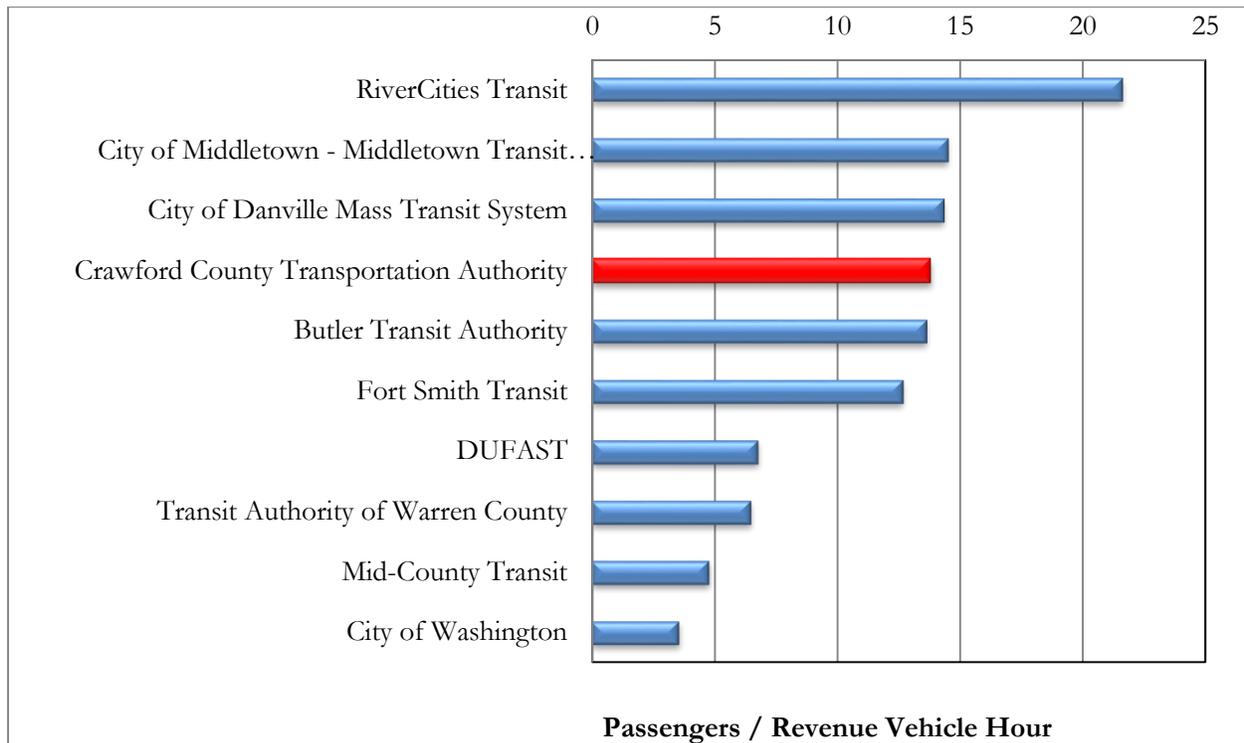
For measures relating to passengers or operating revenue, ordinal rankings are based on a highest-to-lowest system. For measures relating to operating cost, ordinal rankings are based on a lowest-to-highest system. Thus a ranking of “1st” consistently indicates that the agency scores best amongst its peers and a ranking of “10th” indicates that it performs the poorest on any given metric.

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

1. CATA’s FYE 2012 passengers / revenue hour ranks fourth of the ten transit agencies in the peer group. Passengers / revenue hour have been increasing at about 1.8% per year.
2. CATA’s FYE 2012 operating cost / revenue vehicle hour is the least costly of all the agencies in the peer group. Operating cost / revenue hour has increased at a slower pace than the peer group giving CATA the sixth best ranking of the peer agencies for this measure.
3. CATA’s 2012 operating revenue / revenue vehicle hour ranks as the fourth best of the peers. The trend between FYE 2007 and FYE 2012 indicates that operating revenue / revenue vehicle hour is increasing slightly while passengers / revenue hour is increasing at a steeper rate.
4. CATA has the least costly operating cost / passenger of the peer group for FYE 2012. The trend of cost / passenger is also good at about one-third that of the peer group average rate of cost increase.

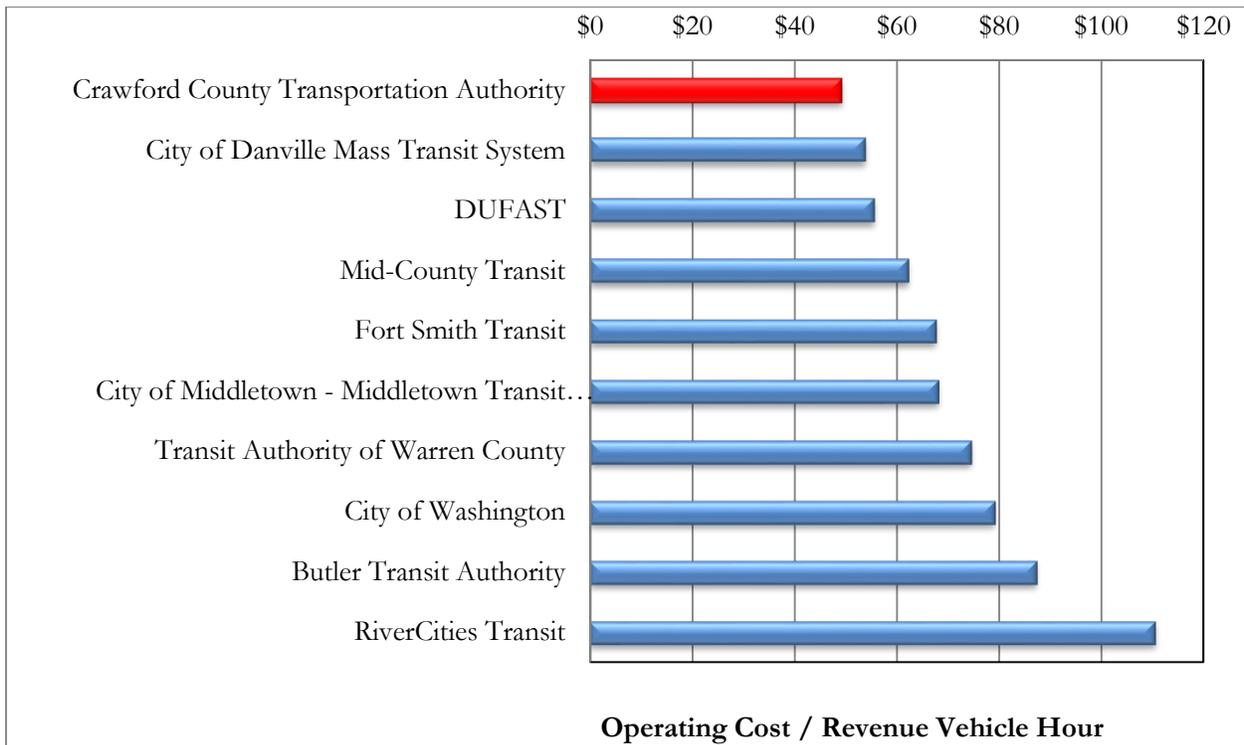
These findings provided a basis for further investigation during the on-site interviews and functional area reviews. Those findings are presented in the next section of the report.

Exhibit 4: Fixed-Route Passengers / Revenue Vehicle Hour FYE 2012



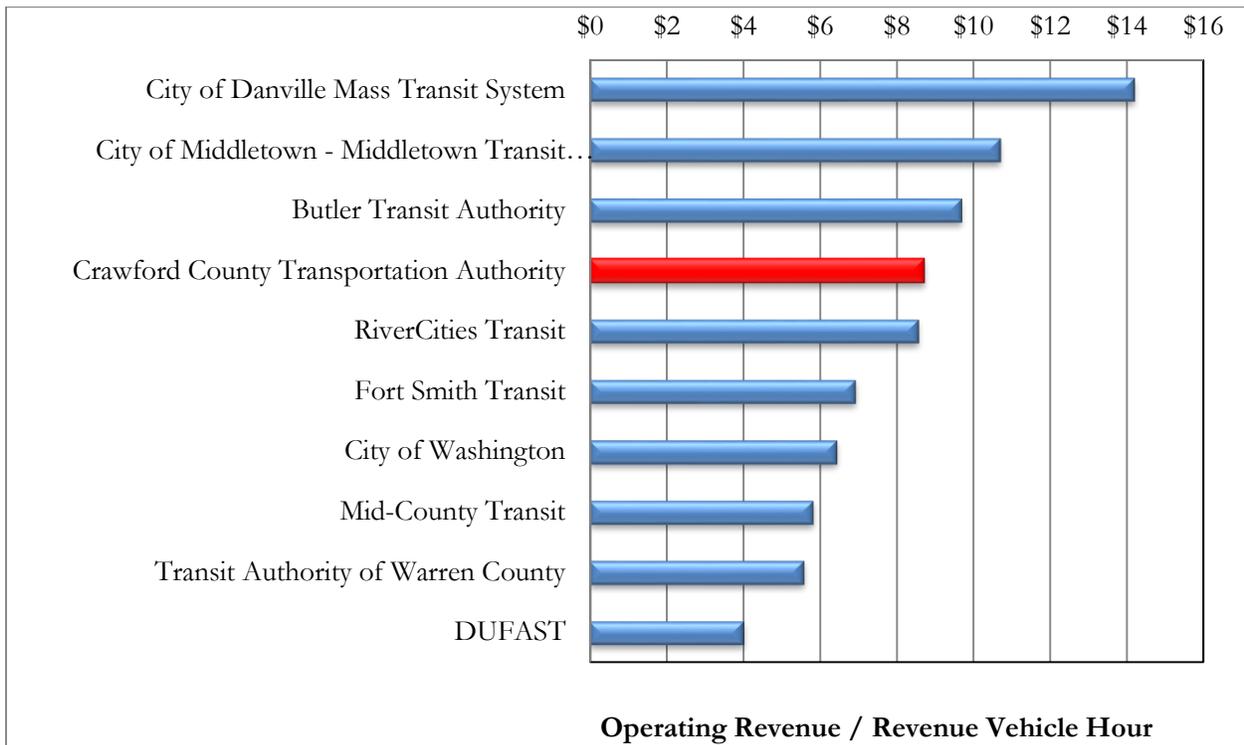
Passengers / Revenue Vehicle Hour		
2011-12 DATA		
System	Value	Rank
RiverCities Transit	21.59	1
City of Middletown - Middletown Transit System	14.48	2
City of Danville Mass Transit System	14.31	3
Crawford County Transportation Authority	13.80	4
Butler Transit Authority	13.61	5
Fort Smith Transit	12.65	6
DUFAS	6.77	7
Transit Authority of Warren County	6.48	8
Mid-County Transit	4.78	9
City of Washington	3.57	10
<i>Average</i>	11.20	
<i>Standard Deviation</i>	5.62	
<i>Average – 1 Standard Deviation</i>	5.58	
<i>Average + 1 Standard Deviation</i>	16.82	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

Exhibit 5: Fixed-Route Operating Cost / Revenue Vehicle Hour FYE 2012



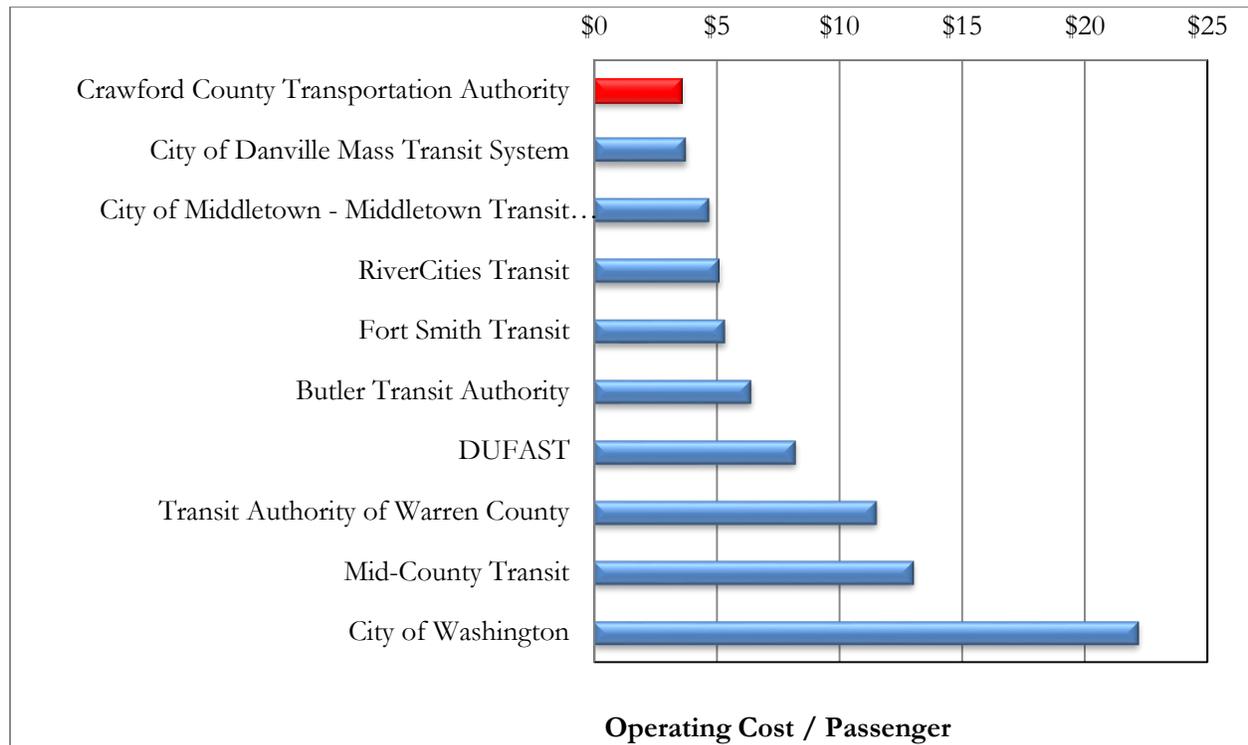
Operating Cost / Revenue Vehicle Hour		
2011-12 DATA		
System	Value	Rank
Crawford County Transportation Authority	\$49.25	1
City of Danville Mass Transit System	\$53.83	2
DUFAS	\$55.57	3
Mid-County Transit	\$62.19	4
Fort Smith Transit	\$67.56	5
City of Middletown - Middletown Transit System	\$68.05	6
Transit Authority of Warren County	\$74.44	7
City of Washington	\$79.04	8
Butler Transit Authority	\$87.18	9
RiverCities Transit	\$110.53	10
<i>Average</i>	\$70.76	
<i>Standard Deviation</i>	\$18.27	
<i>Average – 1 Standard Deviation</i>	\$52.49	
<i>Average + 1 Standard Deviation</i>	\$89.03	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

Exhibit 6: Fixed-Route Operating Revenue / Revenue Vehicle Hour FYE 2012



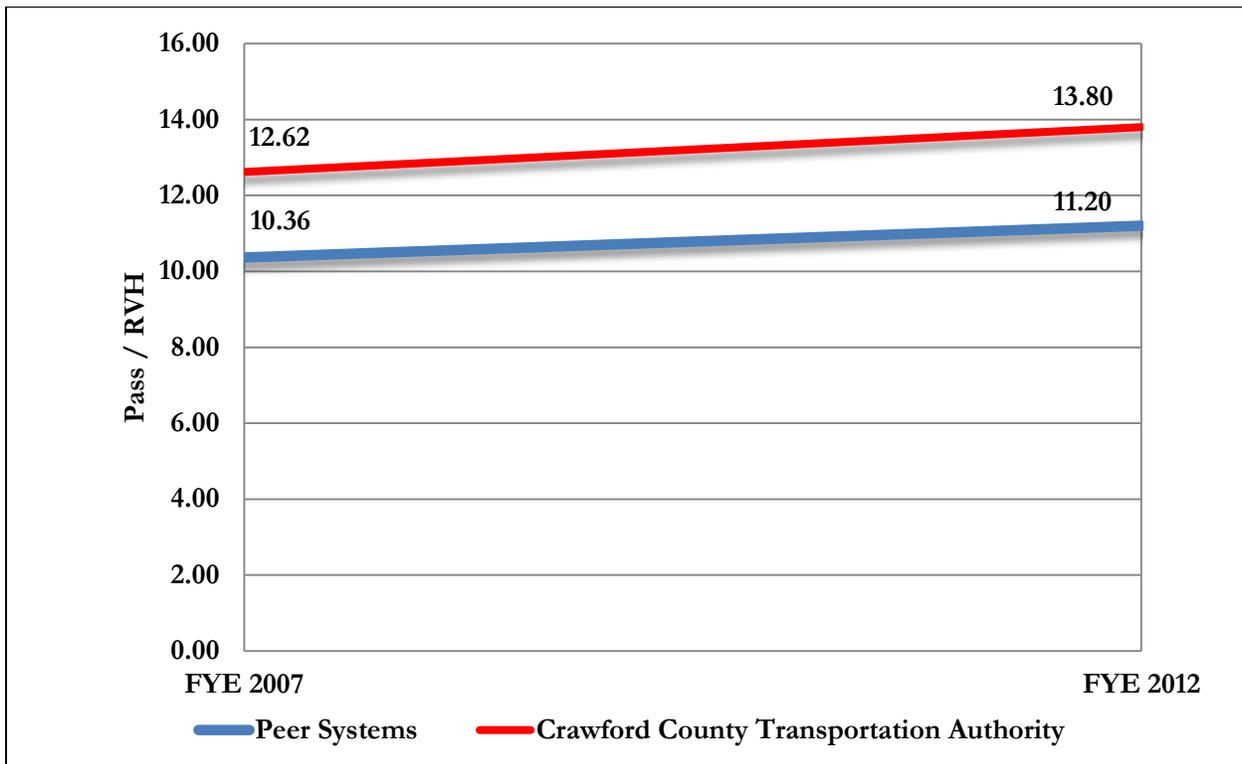
Operating Revenue / Revenue Vehicle Hour		
2011-12 DATA		
System	Value	Rank
City of Danville Mass Transit System	\$14.18	1
City of Middletown - Middletown Transit System	\$10.69	2
Butler Transit Authority	\$9.68	3
Crawford County Transportation Authority	\$8.71	4
RiverCities Transit	\$8.55	5
Fort Smith Transit	\$6.91	6
City of Washington	\$6.43	7
Mid-County Transit	\$5.82	8
Transit Authority of Warren County	\$5.57	9
DUFAS	\$4.01	10
<i>Average</i>	\$8.06	
<i>Standard Deviation</i>	\$2.97	
<i>Average – 1 Standard Deviation</i>	\$5.09	
<i>Average + 1 Standard Deviation</i>	\$11.02	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

Exhibit 7: Fixed-Route Operating Cost / Passenger FYE 2012



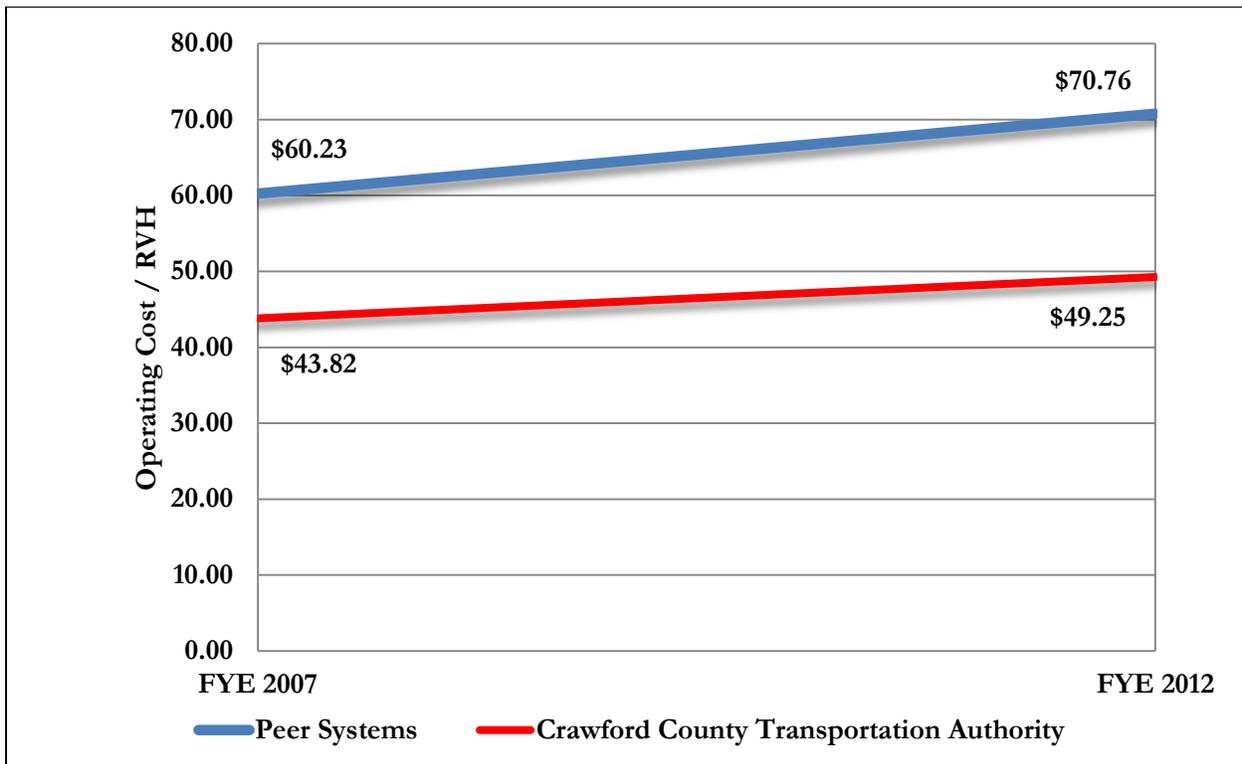
Operating Cost / Passenger		
2011-12 DATA		
System	Value	Rank
Crawford County Transportation Authority	\$3.57	1
City of Danville Mass Transit System	\$3.76	2
City of Middletown - Middletown Transit System	\$4.70	3
RiverCities Transit	\$5.12	4
Fort Smith Transit	\$5.34	5
Butler Transit Authority	\$6.41	6
DUFAST	\$8.21	7
Transit Authority of Warren County	\$11.49	8
Mid-County Transit	\$13.00	9
City of Washington	\$22.16	10
<i>Average</i>	\$8.38	
<i>Standard Deviation</i>	\$5.80	
<i>Average - 1 Standard Deviation</i>	\$2.58	
<i>Average + 1 Standard Deviation</i>	\$14.18	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

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



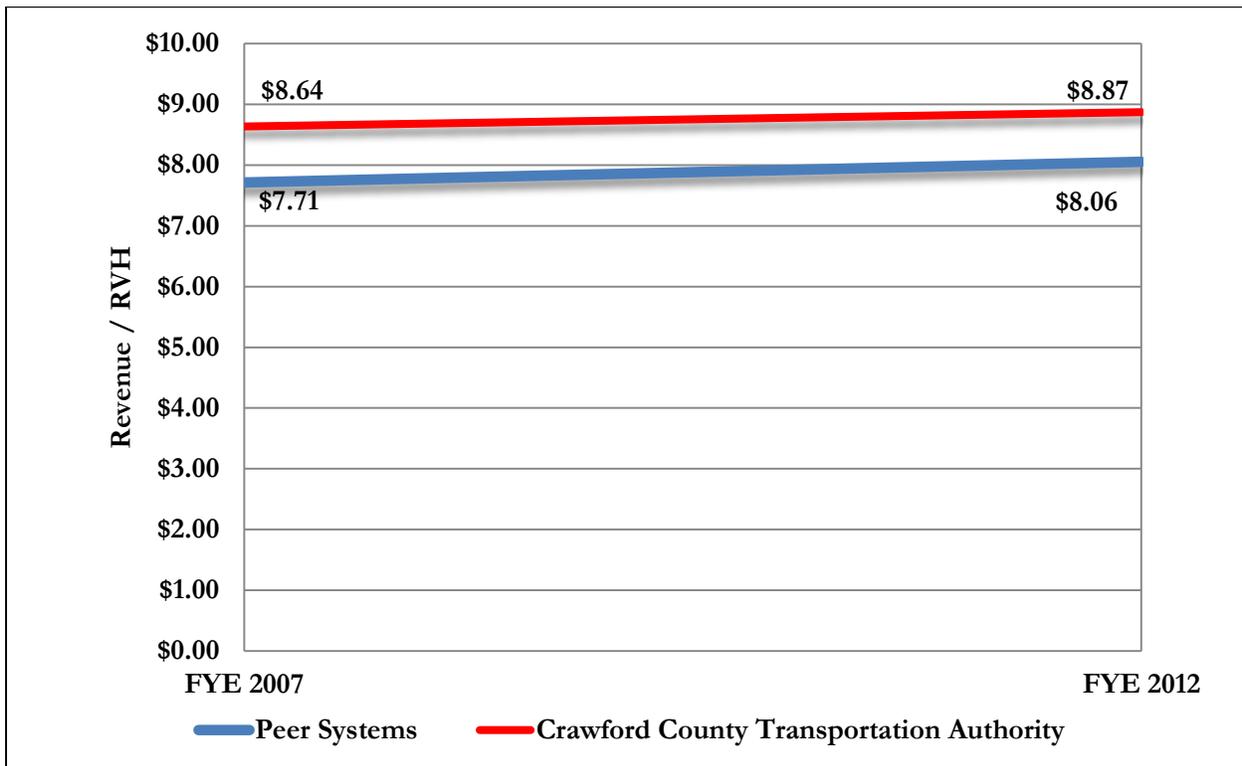
Passengers / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
Fort Smith Transit	9.56%	1
City of Danville Mass Transit System	4.52%	2
DUFAST	3.21%	3
Crawford County Transportation Authority	1.80%	4
RiverCities Transit	1.30%	5
Butler Transit Authority	1.23%	6
Transit Authority of Warren County	-0.14%	7
Mid-County Transit	-1.03%	8
City of Washington	-1.94%	9
City of Middletown - Middletown Transit System	-3.39%	10
<i>Average</i>	<i>1.51%</i>	
<i>Standard Deviation</i>	<i>3.68%</i>	
<i>Average - 1 Standard Deviation</i>	<i>-2.17%</i>	
<i>Average + 1 Standard Deviation</i>	<i>5.19%</i>	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

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



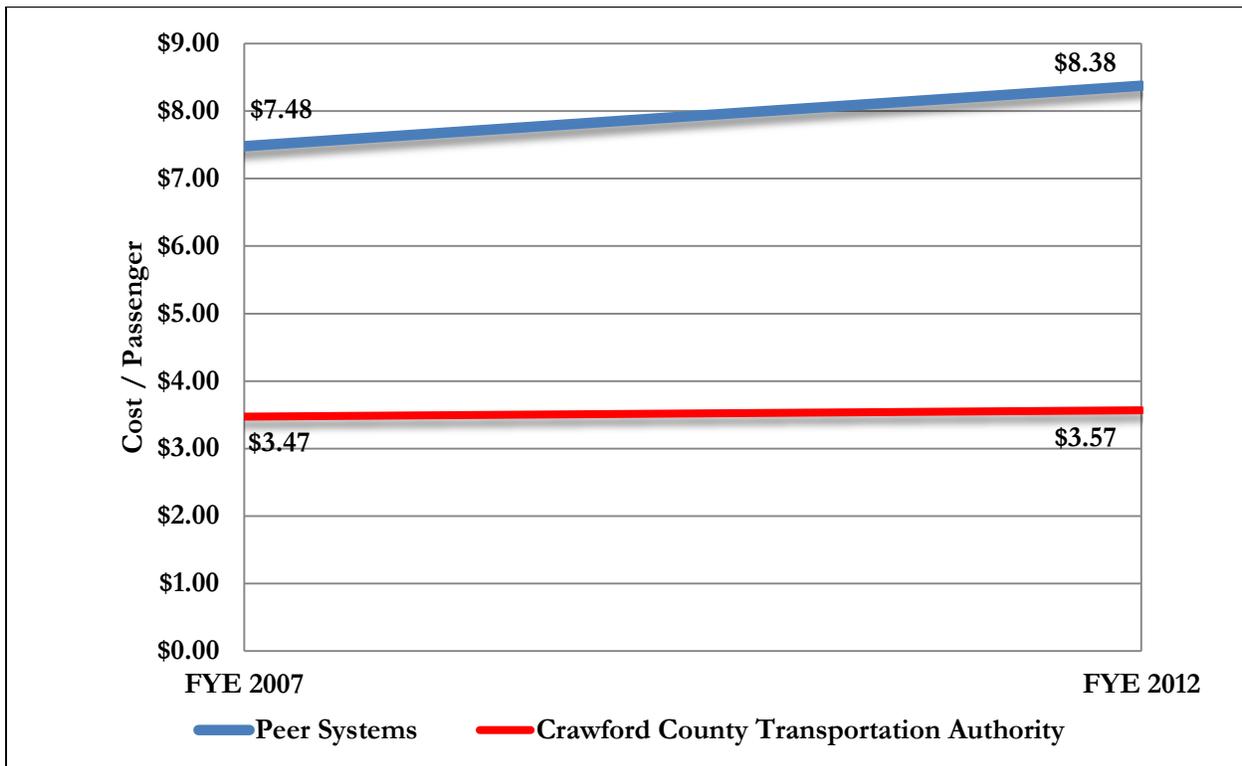
Operating Cost / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
City of Middletown - Middletown Transit System	1.55%	1
Mid-County Transit	1.68%	2
Butler Transit Authority	1.79%	3
DUFAST	1.91%	4
City of Washington	2.03%	5
Crawford County Transportation Authority	2.36%	6
City of Danville Mass Transit System	4.44%	7
Fort Smith Transit	4.50%	8
RiverCities Transit	5.76%	9
Transit Authority of Warren County	6.10%	10
<i>Average</i>	3.21%	
<i>Standard Deviation</i>	1.79%	
<i>Average - 1 Standard Deviation</i>	1.42%	
<i>Average + 1 Standard Deviation</i>	5.00%	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

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



Operating Revenue / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
DUFAST	8.52%	1
Fort Smith Transit	6.26%	2
City of Middletown - Middletown Transit System	5.91%	3
Transit Authority of Warren County	5.71%	4
Mid-County Transit	4.05%	5
City of Danville Mass Transit System	2.75%	6
Crawford County Transportation Authority	0.16%	7
RiverCities Transit	-0.22%	8
City of Washington	-4.15%	9
Butler Transit Authority	-8.06%	10
<i>Average</i>	2.09%	
<i>Standard Deviation</i>	5.18%	
<i>Average - 1 Standard Deviation</i>	-3.09%	
<i>Average + 1 Standard Deviation</i>	7.28%	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Worse	

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



Operating Cost / Passenger		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
Fort Smith Transit	-4.61%	1
DUFAST	-1.26%	2
City of Danville Mass Transit System	-0.08%	3
Crawford County Transportation Authority	0.55%	4
Butler Transit Authority	0.55%	5
Mid-County Transit	2.75%	6
City of Washington	4.05%	7
RiverCities Transit	4.40%	8
City of Middletown - Middletown Transit System	5.11%	9
Transit Authority of Warren County	6.24%	10
<i>Average</i>	1.77%	
<i>Standard Deviation</i>	3.34%	
<i>Average - 1 Standard Deviation</i>	-1.57%	
<i>Average + 1 Standard Deviation</i>	5.11%	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

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 agency-verified 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. All else equal, 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. CATA’s target has been set to 2% growth per year to help CATA 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. CATA’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 CATA 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 2019 and are designed to be aggressive, yet achievable. Performance targets will be agreed to between PennDOT and CATA before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for CATA’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 2019 Target.....**15.90**
 Interim Year Targets **Annual increase of at least 2.0%**

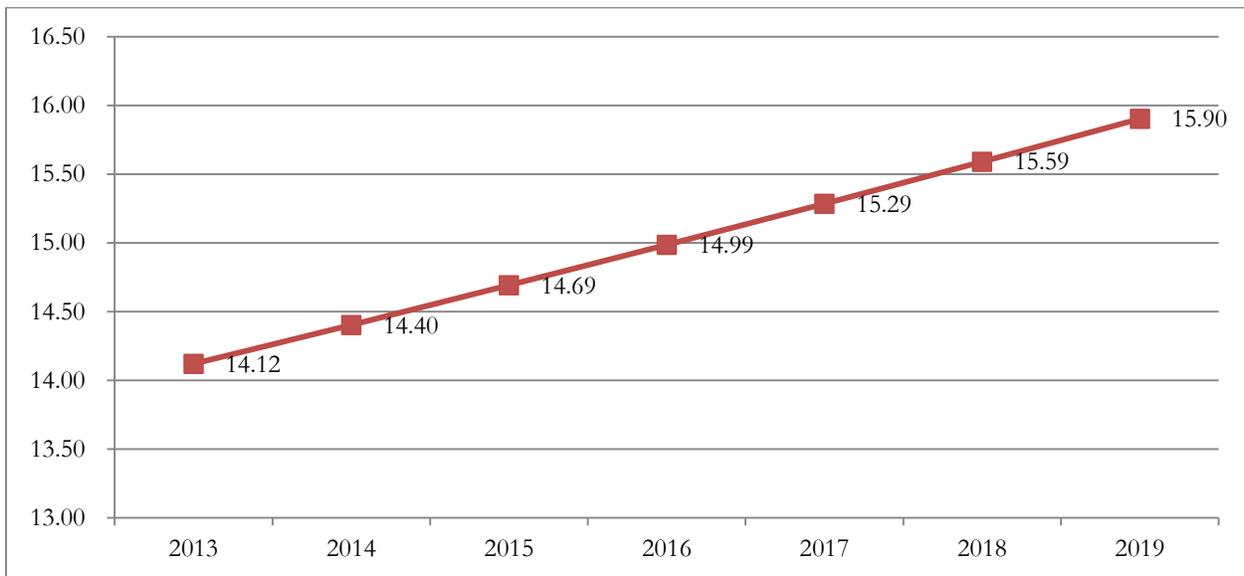


Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets

FYE 2019 Target.....**\$66.99**
 Interim Year Targets **Annual increase of no more than 3.0%**

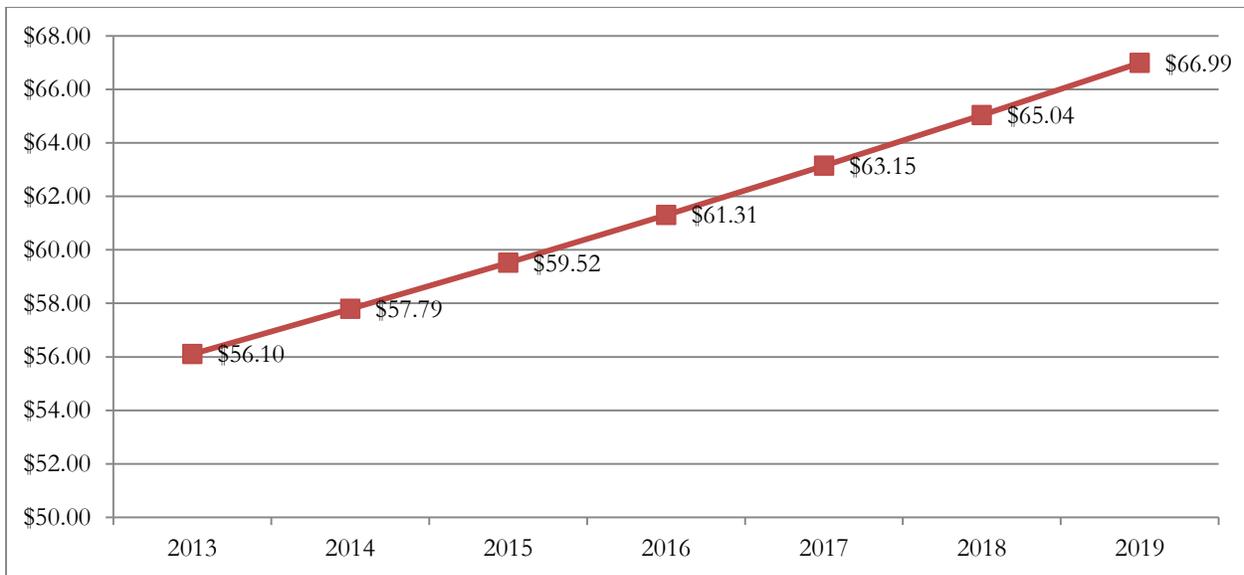


Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets

FYE 2019 Target.....**\$10.05**
 Interim Year Targets **Annual increase of at least 2.0%**

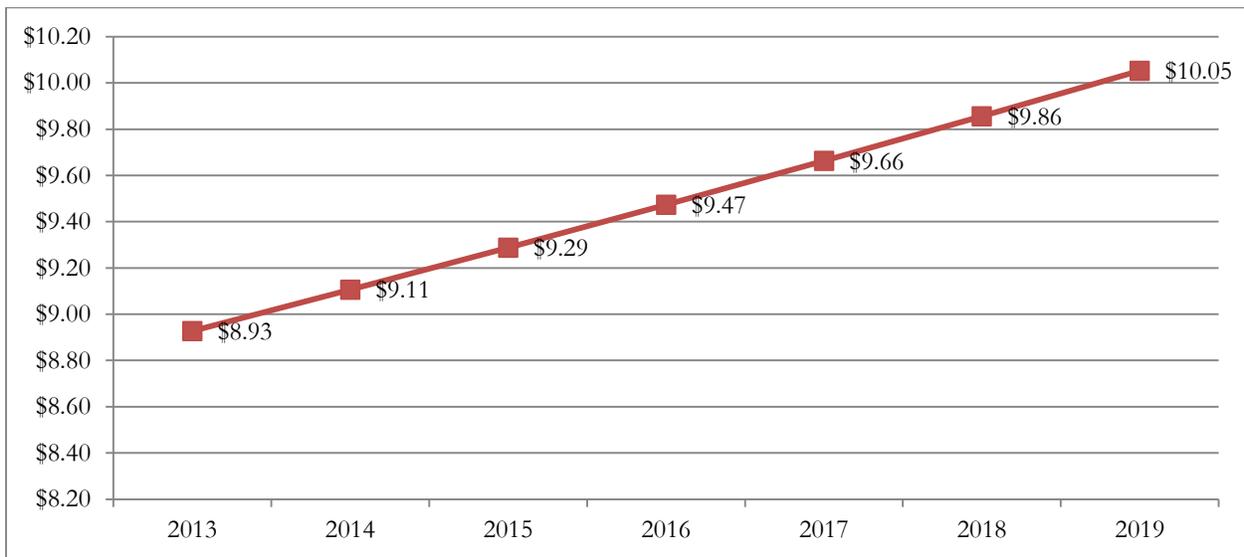
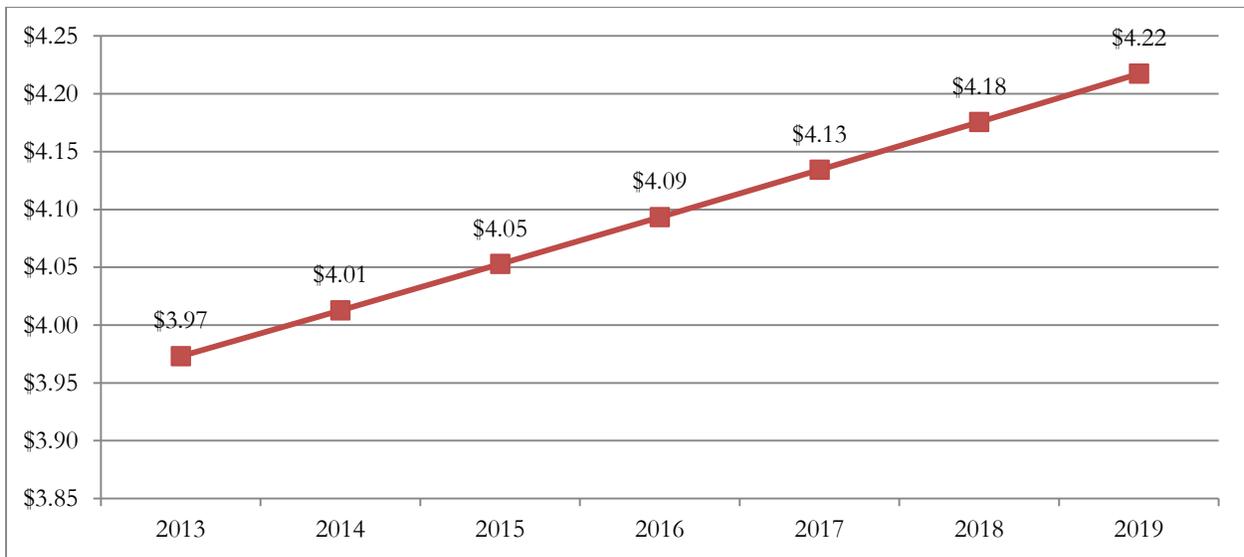


Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets

FYE 2019 Target..... **\$4.22**
 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 find “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 14 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. **Operations** – Includes management of daily service operations, on-street supervision and control, dispatching, and general route management.
7. **Contracted Maintenance** – Includes vehicle and facilities maintenance management, procedures, and performance.
8. **Scheduling** – Includes route and driver scheduling and decision-making, pay premium considerations, general management, procedures, and performance.
9. **Safety and Security** – Includes vehicle and passenger safety, facility security, and emergency preparedness.
10. **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.
11. **Information Technology** – Includes automated mechanisms for in-house and customer service communication including future plans for new technology.
12. **Capital Program** – 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).
13. **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.
14. **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 14

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 the ways which service can be delivered more efficiently and effectively in ways that are sensitive and responsive to the community's needs, maximize productivity, direct service hours effectively, control operating costs, and achieve optimum revenue hours. The observations garnered during the review process are categorized as *Best Practices* or *Items 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 CATA, Action Plan templates have been included in this document (pp. 33-37). It should be noted that specific actions may 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 does however provide 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. CATA regularly conducts rider satisfaction surveys that are used to inform service changes. This proactive approach to customer service allows CATA to optimize service delivery with respect to customer expectations.
2. CATA has a good process to manage and track customer complaints. Complaints are managed through a process where they are categorized by type and followed up on by CATA if the customer's contact information has been provided. By effectively managing complaints, customers are given a sense that CATA is responsive to their concerns and are more likely to remain loyal customers.

ELEMENTS TO ADDRESS IN PART 2-A OF THE ACTION PLAN (SEE P. 34)

1. CATA does not routinely conduct surveys of non-riders. The last non-rider survey was conducted in 2006 before the economic recession. CATA should **develop a program to conduct periodic non-rider surveys** to better understand travel patterns, public perception and opportunities for improvement. The results of the surveys should then be used to inform service planning.
2. Unlike many agencies, CATA makes little use of the local media to establish its brand. CATA should **identify and take greater advantage opportunities to develop a positive image in the local media**. The local coverage of CATA assisting local first responders could serve as a template for increasing CATA's visibility.

3. CATA's College Loop route operates very late (4:00 p.m. – 3:00 a.m.) Wednesday, Friday and Saturday evenings while college is in session. **Cost recovery needs to be carefully monitored** for all routes, but this route in particular, as student passenger fares are reimbursed by the College on a per passenger basis vs. a per hour basis. Additionally, because the Loop service operates outside the normal hours of operation, CATA confronts the choice of operating the route without on-street supervision and dispatch part of the time the route is in service or increasing the overall cost of operations.
4. Erie's transit system, EMTA, provides connections throughout Erie County including downtown Erie, the largest regional employment center. CATA has developed a strong working relationship with EMTA and other adjacent transit agencies in areas such as parts and information sharing. CATA should continue to work with these agencies to **identify innovative means of joint marketing and possible service coordination**, such as timed-transfers or vanpool operations.
5. CATA does not conduct direct mail campaigns or other targeted marketing. Such campaigns typically offer marketing to residents that live along routes to raise awareness of the available service and to provide incentives for these individuals to ride CATA. Many systems have found this to be a very cost effective tool to help increase ridership. Management should **assess the potential of targeted direct marketing** to increase ridership on corridors where it already provides service.
6. CATA does not have an annual or periodic process to assess route productivity and efficiency. This type of assessment is typically conducted during the development or update of a transit development plan (TDP). CATA should **update its transit development plan (TDP)** to determine the productivity of CATA fixed-route services and assess whether the geographic distribution of service and the span of service (e.g., on weekends and weekday evenings) is optimal. The TDP should also consider the availability of driver supervision on hours of operation as CATA currently operates evening service with no driver supervision and the addition of evening supervision will increase operating costs.

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. CATA has established UPASS arrangements with Allegheny College and the University of Pittsburgh at Titusville that are based on a per-trip reimbursement at nearly full-fare. Proactively pursuing non-subsidy revenues from universities increases CATA's revenues and also its presence in the community.
2. CATA's Executive Director has taken a very proactive approach to local match by requesting a flat amount that will cover both capital and operating needs for the next several years (vs. going back to the County Commission asking for annual increases). This will allow CATA to bank future year local match before it is needed and makes it easier for both CATA and the County to budget.

ELEMENTS TO ADDRESS IN PART 2-B OF THE ACTION PLAN (SEE P. 35)

1. None.

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. CATA keeps a limited parts inventory. For parts that are difficult to obtain locally in a timely fashion, CATA has worked out an arrangement with EMTA (Erie) to borrow the part then return it once the new part arrives. This minimizes the need to maintain a stockpile of rarely used parts and therefore helps minimize operating cost while minimizing the potential of service disruptions.
2. CATA, as a primary partner in the 2012 PennCrest Consortium CNG Feasibility Study, has explored the potential of CNG fueling and has determined it is not cost-effective at this time. Assessing the cost effectiveness of various technologies before advocating or committing to their implementation helps CATA maintain cost efficiency.
3. CATA uses streamlined procurement procedures including COSTARS (DGS) and joint procurements (e.g., Red Rose and West Virginia). By coordinating purchases, CATA achieves economies of scale that would otherwise be unavailable to a small transit agency.

ELEMENTS TO ADDRESS IN PART 2-C OF THE ACTION PLAN (SEE P. 36)

1. CATA has a thorough and well-reasoned approach to cost allocation. However, CATA lacks a current cost allocation study. As such, it is unclear if costs are being borne accurately between the fixed-route, shared-ride and non-public transportation services. Management should **periodically conduct a cost allocation study** to ensure that program costs are borne appropriately amongst the services it provides.
2. CATA is an active participant in the local RPO though it has not sought or received any technical support or funding from it. The RPO can provide a cost-effective way to provide additional technical or financial resources to support CATA’s operations. CATA’s management **should assess its technical and financial needs and work closely with the RPO to identify capital funding opportunities and ways the RPO can enhance CATA’s technical capacity** in a cost-effective manner. For example, the RPO could assist in the evaluation of potential vanpool service to Erie or the development of a system map that could be published on CATA’s website.

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. CATA recently instituted a proactive driver hiring and incentive program. It allows for annual incentives up to \$700 per driver to encourage attendance and good customer service.
2. Some of CATA’s paratransit drivers can be used to cover fixed-route services should fixed-route drivers be unavailable. Having such redundancy helps reduce the likelihood of missed trips and service disruptions.

ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN (SEE P. 37)

1. It is recommended that **CATA develop a formal succession plan** as an abrupt change in the management team could have an adverse impact on CATA’s oversight and regulatory compliance. Cross training of important functions should be one element of the succession plan so that unexpected or long-term absences do not cause disruptions in key agency functions.
2. CATA’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. In this way, the Board and management will develop a clear sense of their roles and a better understanding of ways to effectively oversee and manage the agency.
3. **CATA should conduct annual employee satisfaction surveys** to help identify potential issues that can be readily addressed and to enhance employee performance, retention and satisfaction.
4. CATA does not document, track or analyze road calls. Road calls are a primary indicator of the effectiveness of maintenance. Tracking road calls will help management identify systemic issues in maintenance or by vehicle manufacturer. **CATA should start tracking road calls and establish goals related to maintaining or reducing the number of road calls** over time.
5. Currently CATA has no process to reconcile the number of transfers issued vs. the number of transfers collected. To some extent this is due to interlining where passengers are not issued a transfer ticket but are counted at the interline point. However, drivers are instructed to destroy and dispose of transfer tickets when they are collected. This practice should be discontinued. **CATA should reconcile transfer coupons collected to transfer coupons issued and identify methods that will allow management to verify transfers** where routes are interlined.
6. In recent years, CATA’s financial reporting of certain line items was different than most other transit agencies in the Commonwealth. For example, payroll taxes were reported as taxes in dotGrants vs. fringe benefits. While it is believed that all corrections have been made, CATA’s

new financial staff should **continue working with PennDOT BPT to insure reporting consistency** so that statewide comparisons can be more accurately represented.

7. It appears that a formal evaluation of the Executive Director has not been completed for at least the last year. The evaluation form provided does not set forth specific goals, targets, etc. **The evaluation of the Executive Director should be conducted annually and the evaluation form revised to include clearly established, quantifiable goals** at the beginning of the fiscal year so the Board is evaluating results, rather than effort or technique.
8. CATA does not have a formal variation threshold to investigate fare box discrepancies. Given the misappropriation of funds that has occurred in the transit industry over the years, **management should establish a farebox discrepancy threshold** that, when exceeded, would trigger a set of procedures to isolate and remedy the source of the discrepancy.
9. CATA does not have formally documented protocols for the signing and execution of contracts. CATA's Board and management should **establish formal written protocols and limits that document whose signatures are required to execute contracts** of various amounts.
10. Inventory is not secured at the fixed-route maintenance subcontractor location. The new **maintenance and storage facility plans should be reviewed to make sure it has a level of security** for the parts room that is consistent with the value of the parts it stores. Until the new facility is constructed, CATA should inventory its parts which are located at its subcontractor locations at least annually.
11. CATA does a good job of actively participating in local first responder exercises, as CATA vehicles have served as emergency shelters for firefighters during winter emergencies. CATA should expand this positive practice to **periodically train first responders on how to enter and disable each type of vehicle in revenue service** so as to improve the outcome of potential incidents.

FINANCIAL REVIEW

In an era of increasing costs and limited funding opportunities, many transit agencies are entering a difficult period. Many are pressed to reduce service while increasing fares to make ends meet. It is in the interest of the Commonwealth to monitor the financial health of transit agencies before manageable financial problems become much larger challenges. With almost 40 transit agencies in the Commonwealth funded by Act 44, PennDOT needs information to assess financial difficulties so a corrective course of action can be taken before financial challenges seriously impede the ability of local transit agencies to deliver service.

The challenge in assessing the “financial health” and trajectory of transit agencies without first-hand knowledge of day-to-day operations is that much of the information regarding financial indicators is often dated and relies on “end of year” indicators. Furthermore, costs, such as fuel, can vary widely year-to-year or even week-to-week. Funding sources, while more predictable, can change depending on the availability of federal funds, tax collections or funding formulae.

This financial review focuses on “high-level” snapshot and trend indicators to determine if additional scrutiny is warranted by reviewing audited information, other financial reports and budgets. The review assesses the following:

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

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

Several high-level indicators of financial health and stability have been examined to determine CATA’s current state. As shown in **Exhibit 16**, CATA is in line with most industry goals and targets for all high-level financial indicators. Cash reserves and state 1513 carryover subsidies declined in 2013 due to a short-term reduction in federal operating subsidies but remain at acceptable levels. Cash and carryover reserves are expected to increase in coming years.

Accounts payable and receivable amounts are negligible. CATA has a \$250,000 line of credit that can be used for operating or capital needs. This line of credit amounts to 25.1% of annual payroll and insures CATA against any short-term cash flow issues. The line of credit remains unused.

Exhibit 16: High-level Financial Indicators

Indicator	CATA Value ⁸	Assessment Criteria / Rationale	Source
Cash Reserves / Annual Operating Cost ⁹	5.8%	The combined target should be 25%+. This provides flexibility to account for unexpected cost increases or service changes.	FYE 2013 Audit and dotGrants
State Carryover 1513 Subsidies / Annual Operating Cost	7.5%		
Credit available/ Annual Payroll	25.1%		
Actual Local Match / Required Match	129.8%+	Target 100%+. Local match that exceeds required minimums gives a transit agency flexibility to change service, to accommodate unexpected cost changes and make capital investments.	dotGrants 2013
Accounts Payable (AP) 90+ days	0.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	CATA reported value (5/14/14)
Accounts Receivable (AR) 90+ days	0.0%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	CATA reported value (5/14/14)
Operating Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2013 Audit

CATA uses local contributions that amount to 2.2% of operating costs which equates to a 4.2% match of local funds to state funds (FYE 2013). Local matching funds are sponsored by the local municipalities in CATA's service area.¹⁰ In coming years, due to Act 44 requirements, local contribution amounts will steadily increase. Management reports no concerns at the time of this review with finding sufficient local match and has consistently received local match funds greater than operating requirements. Management has taken a very proactive approach to securing local match that will provide Crawford County a consistent amount of subsidy per year yet allow CATA to build excess local match that can be used for future year operating expenses and/or capital needs.

⁸ Values reported as end of reporting period balances.

⁹ The amount of cash reserves from the audit report includes section 1513 carryover funds. Since this is reported as a separate line item in this table, the 1513 funds are separated from other cash reserves.

¹⁰ For FYE 2013, the following are the sources of operating fund local match per the Annual Financial Audit Schedule 1: Crawford County Commissioners (\$31,238), City of Meadville (\$9,124) and West Mead Township (\$200).

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, CATA public transportation has grown from a \$1.3 million per year operation in FYE 2008 to a \$1.7 million per year operation in FYE 2013, a 30.4% increase. Approximately 55.2% of CATA’s operational expenses are for fixed-route service. The remaining operational expenses are for ADA complementary and shared-ride paratransit service (44.8%), as shown in **Exhibit 18**.

CATA’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. CATA has used state and federal funds to finance both its fixed-route and shared-ride operations (**Exhibit 19**). Passenger fares and other revenues are an important share of total revenue, accounting for between approximately 46% of total operating income. Combined state and federal operating subsidies remain the largest funding source for CATA (**Exhibit 20**) accounting for about one-half of total operating income. Local funding is in line with Act 44 requirements.

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

Expense by Service Type	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Fixed Route	\$0.6	\$0.7	\$0.7	\$0.8	\$0.9	\$0.9
Paratransit	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.8
Total (\$ millions)*	\$1.3	\$1.3	\$1.4	\$1.5	\$1.5	\$1.7

* May not add due to rounding

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

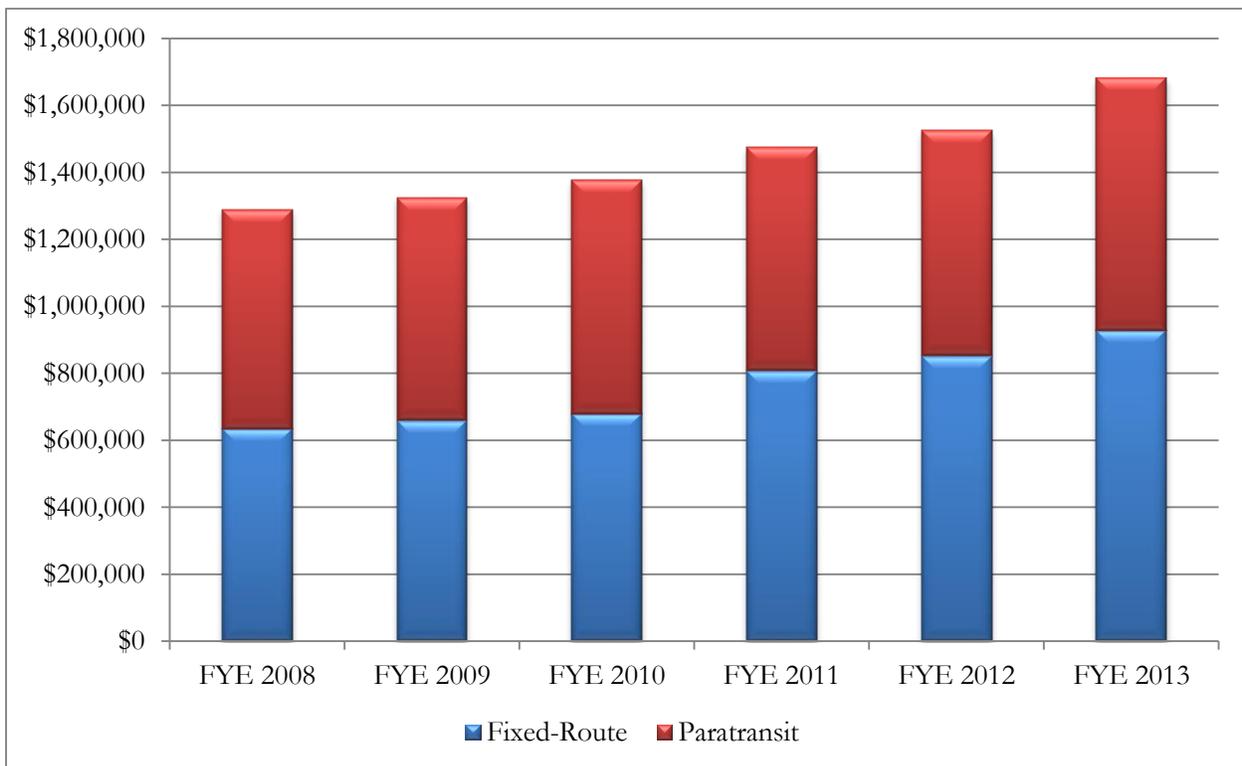
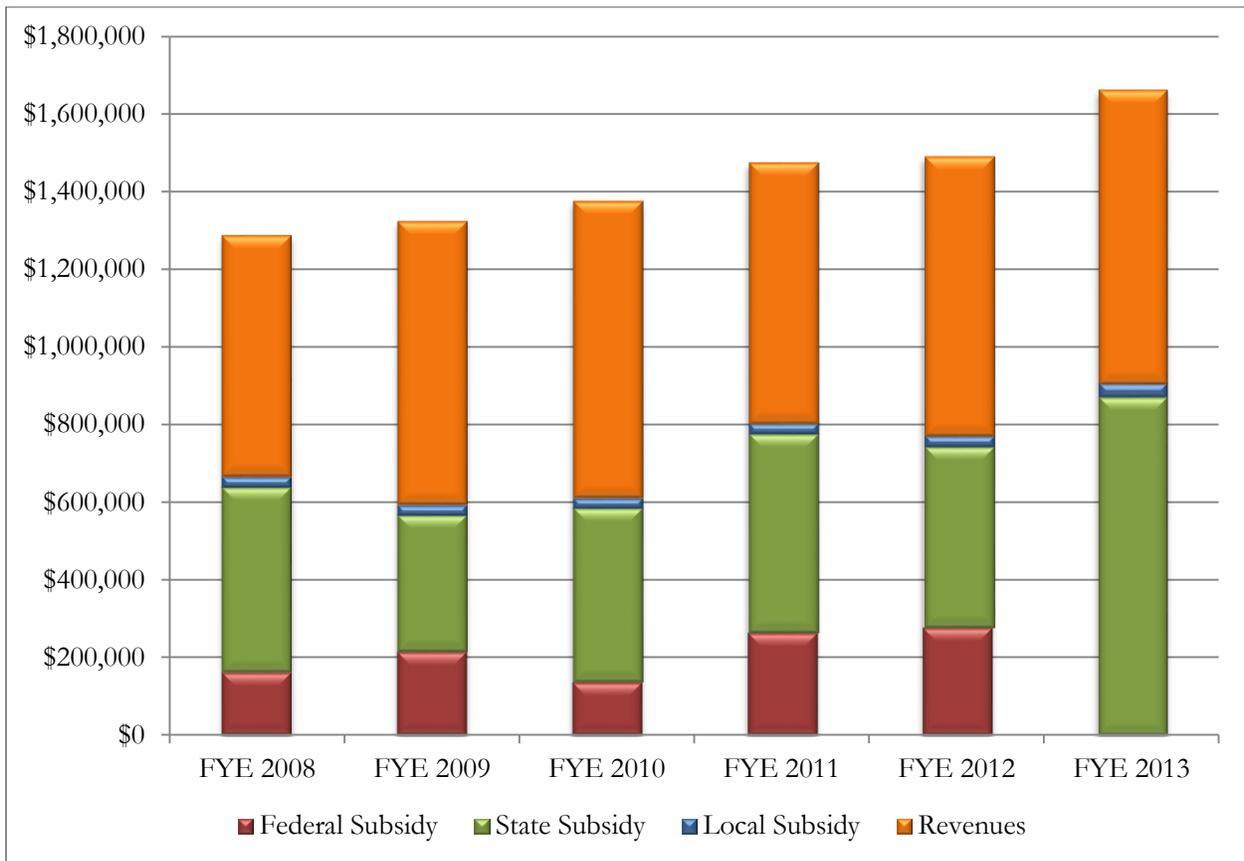


Exhibit 19: Public Transportation Operational Funding by Source (FYE 2009 – FYE 2013)

Share of Funding	2008	2009	2010	2011	2012	2013
Federal Subsidy	12.6%	16.2%	9.9%	17.8%	18.5%	0.0%
State Subsidy	36.9%	26.6%	32.6%	34.7%	31.3%	52.3%
Local Subsidy	2.3%	2.1%	2.0%	1.9%	2.0%	2.2%
Revenues (Non-Subsidy)	48.2%	55.1%	55.5%	45.6%	48.3%	45.5%
Local Subsidy / State Subsidy	6.1%	7.8%	6.0%	5.5%	6.4%	4.2%

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



FIXED-ROUTE FUNDING

CATA's historic and proposed fixed-route funding is derived from general revenues and government subsidies. Direct Passenger fares have covered between 15.3% and 20.4% of total operating revenues (**Exhibit 21**). The annual variation in passenger fares is due, in part, to changes in per-trip reimbursements from local universities.

Based on the FYE 2009 to FYE 2013 dotGrants reporting, CATA operated using current year funding with excess state funding being "carried over." No unspent local carryover match funds were available at the end of FYE 2013. Section 1513 carryover has decreased from \$416,369 in FYE 2012 to \$125,148 in FYE 2013.

Exhibit 21: Fixed-Route Funding

Funding Category	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Revenues					
Passenger Fares	\$100,768	\$138,678	\$133,906	\$150,427	\$140,317
Advertising	\$1,980	\$1,263	\$180	\$180	\$180
Charter	\$0	\$0	\$0	\$0	\$0
Route Guarantee	\$0	\$0	\$0	\$0	\$0
Other Insurance Refund	\$46,168	\$0	\$0	\$0	\$7,146
Other Interest	\$0	\$0	\$0	\$0	\$0
Subtotal	\$148,916	\$139,941	\$134,086	\$150,607	\$147,643
Subsidies					
Federal Operating Grant	\$214,494	\$110,482	\$262,392	\$252,704	\$0
Act44 (1513) State Prior	\$0	\$0	\$0	\$0	\$120,910
Act44 (1513) State Current	\$270,326	\$375,036	\$337,749	\$363,928	\$557,537
Municipal Prior	\$0	\$0	\$0	\$0	\$0
Municipal Current	\$25,699	\$26,984	\$28,333	\$29,750	\$31,238
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	\$26,007	\$0	\$0	\$0
Special-(State)	\$0	\$0	\$44,878	\$54,761	\$64,946
Special (Local) HAP HSDF	\$0	\$0	\$0	\$0	\$5,640
Subtotal	\$510,519	\$538,509	\$673,352	\$701,143	\$780,271
Total Funding	\$659,435	\$678,450	\$807,438	\$851,750	\$927,914
Passenger Fares/ Total Funding	15.3%	20.4%	16.6%	17.7%	15.1%

Source: PennDOT dotGrants Reporting System

PARATRANSIT FUNDING

Paratransit funding is about 45% of CATA's public transportation operation and consists of shared ride, MATP, PwD and ADA complementary services. State operating subsidies, federal subsidies and passenger fares are used to finance paratransit operating costs (**Exhibit 22**). The paratransit program has increased from \$0.6 million in FYE 2009 to \$0.8 million in FYE 2013. Most of the increase is attributable to increases in lottery-funded and PwD shared-ride funded trip making. These increases have been offset, to a degree, by steep declines in MATP. CATA is not the MATP program coordinator in Crawford County. However, it is a MATP transportation service provider.

Exhibit 22: Non-Fixed Route (Paratransit) Funding

Category	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Revenues					
1 Passenger Fares	\$43,985	\$56,804	\$44,142	\$49,589	\$57,569
2 Advertising	\$0	\$0	\$0	\$0	\$0
3 Lottery	\$365,780	\$393,123	\$359,964	\$414,623	\$426,960
4 PwD Reimbursement	\$27,777	\$40,632	\$32,436	\$40,017	\$44,017
9 AAA	\$32,172	\$26,649	\$38,546	\$42,838	\$33,642
10 MH/MR	\$0	\$0	\$0	\$0	\$0
11 W2W	\$0	\$0	\$7,196	\$825	\$0
12 MATP	\$82,762	\$85,265	\$73,493	\$40,086	\$28,145
13 Other- Titus Minister & Oth.	\$28,569	\$22,027	\$6,524	\$5,824	\$10,439
14 Other- Insurance Ref.	\$0	\$0	\$0	\$0	\$7,146
18 Other- Interest	\$0	\$0	\$1,761	\$1,552	\$0
19 Other- Lottery Repayment	\$0	\$0	-\$26,454	-\$26,453	\$0
Subtotal	\$581,045	\$624,500	\$537,608	\$568,901	\$607,918
Subsidies					
1 Federal Operating Grant	\$0	\$0	\$0	\$22,807	\$0
2 Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$125,294
3 Act 44 (1513) State Current	\$30,718	\$73,331	\$129,433	\$47,256	\$0
10 Act 3 BSG Grant (State)	\$51,420	\$0	\$0	\$0	\$0
11 Act 3 BSG Grant (Local)	\$1,773	\$0	\$0	\$0	\$0
Subtotal	\$83,911	\$73,331	\$129,433	\$70,063	\$125,294
Total Funding	\$664,956	\$697,831	\$667,041	\$638,964	\$733,712

Source: PennDOT dotGrants Reporting System

BALANCE SHEET FINDINGS

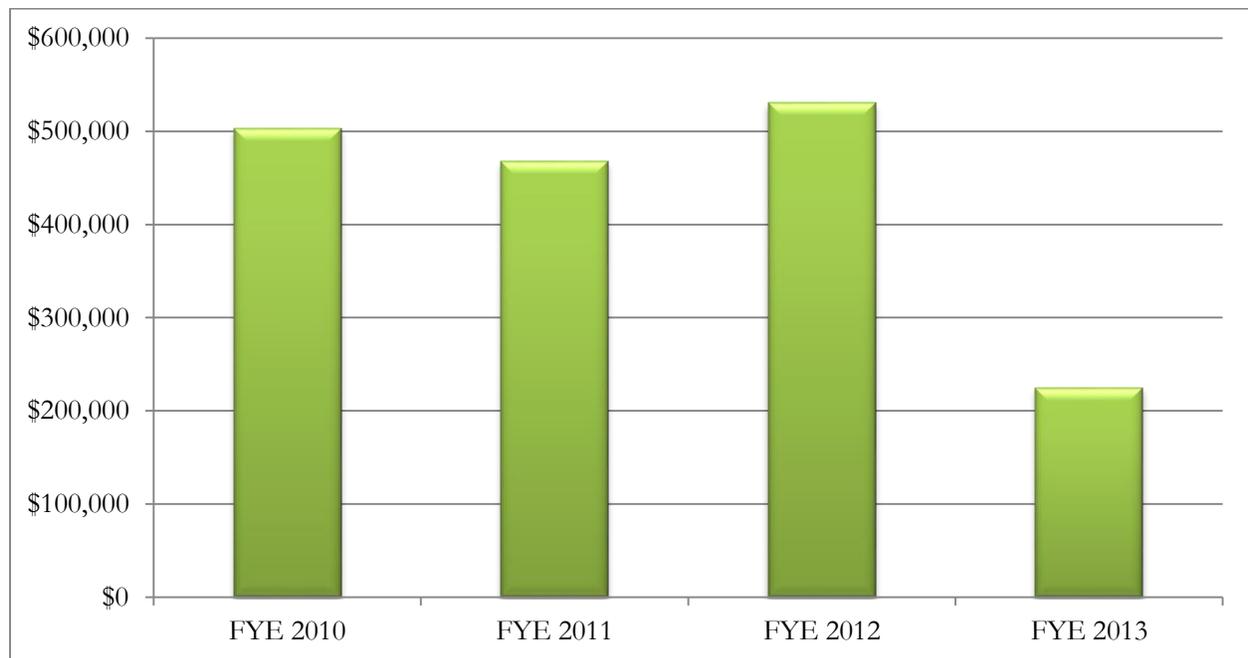
Review of balance sheets from CATA shows that the agency typically maintains reasonable cash reserves (**Exhibit 23** and **Exhibit 24**) amounting to 13.4% of annual operational expenses in FYE 2013. The margin between current assets and liabilities is similar to that seen in many other transit agencies in the Commonwealth. Accounts payable has decreased substantially since CATA moved from a purchased transportation (PT), to a directly operated (DO), service model. CATA maintains a \$250,000 line of credit that can be used to cover either major capital or operating expenses.

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

Balance Sheet Report	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Cash Equivalent Balance	\$502,708	\$467,688	\$530,363	\$224,534
Investments	\$0	\$0	\$0	\$0
Grants Receivable (including capital)	\$205,627	\$267,853	\$85,436	\$99,650
Other Accounts Receivable	\$0	\$0	\$0	\$33,798
Interest	\$0	\$0	\$0	\$0
Inventory Value	\$0	\$0	\$0	\$0
Prepaid Expenses	\$12,966	\$12,966	\$23,178	\$50,083
Accounts Payable (including capital)	\$95,484	\$244,012	\$57,244	\$53,299
Accrued Expenses	\$11,069	\$16,412	\$21,681	\$70,946
Grants Refundable	\$15,464	\$15,465	\$15,465	\$15,465
Total Operating Expense	\$1,376,281	\$1,475,005	\$1,524,927	\$1,681,462
Cash Eqv. Bal / Total Operating Exp.	36.5%	31.7%	34.8%	13.4%
Line of Credit / Total Operating Exp.	0.0%	48.7%	31.9%	25.1%
Current Assets	\$721,301	\$748,507	\$638,977	\$408,065
Current Liabilities	\$122,017	\$275,889	\$94,390	\$139,710
Net Current Assets	\$599,284	\$472,618	\$544,587	\$268,355

Source: Annual Audit Reports and dotGrants

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



CONCLUSIONS

For the FYE 2009 to FYE 2013 period, local governments in the CATA service area have contributed to help cover CATA's operational funding requirements. CATA has used most of those amounts, in any given year to balance its budget and comply with state requirements but has taken successful steps to increase local match reserves. The total of fixed-route farebox, route guarantee and contract revenues as a percentage of operating cost is similar to that in similar-sized transit systems in the Commonwealth hovering between 15% and 20%. Actual fixed-route full fares are low (i.e., \$1.00) and transfers are free. Per trip reimbursement arrangements with local universities contribute to CATA's fixed-route farebox recovery. CATA management should continue to take appropriate actions to control costs so as to continually improve CATA's overall financial health.

APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

PART 1- EXECUTIVE SUMMARY FINDINGS TEMPLATE

IMPROVEMENT OPPORTUNITY	CATA Actions	Estimated Initiation Date	Estimated Completion Date
Develop a comprehensive IT plan (p. vi)			
Develop a formal strategic plan (p. vi)			
Develop performance targets for all key agency functions (p. vii)			

Note: Include additional pages as necessary.

PART 2- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATES

A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

Recommendation (page)	CATA Action	Estimated Initiation Date	Estimated Completion Date
Conduct periodic non-rider surveys (p. 20)			
Identify innovative ways to promote a positive image in the local media (p. 20)			
Establish minimum cost recovery thresholds on College Loop service (p. 21)			
Assess potential for joint marketing and service coordination with adjacent transit systems (p.21)			
Assess the potential of targeted direct marketing (p. 21)			
Update the TDP (p. 21)			

B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

Recommendation (page)	CATA Action	Estimated Initiation Date	Estimated Completion Date
None.			

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

Recommendation (page)	CATA Action	Estimated Initiation Date	Estimated Completion Date
Periodically conduct a cost allocation study (p. 22)			
Work with RPO to identify additional technical and capital funding opportunities (p. 22)			

PART 3- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE

Recommendation (page)	CATA Action	Estimated Initiation Date	Estimated Completion Date
Develop a formal succession plan (p. 23)			
Conduct PennTRAIN Board training (p. 23)			
Conduct annual employee satisfaction surveys (p. 23)			
Track, analyze and establish goals for road calls (p. 23)			
Reconcile and verify reported transfers (p. 23)			
Continue to work with PennDOT to insure dotGrants reporting consistency (p.23)			
Conduct annual performance evaluation of Executive Director (p. 24)			
Establish farebox discrepancy threshold that triggers additional review (p. 24)			
Develop formal protocols for contract execution (p. 24)			
Review parts storage security and inventory (p. 24)			
Train first responders on how to enter and disable vehicles (p.24)			

