



IndiGO System Performance Review

March 2, 2016

# IndiGO Transit System Performance Report

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## AGENCY PUBLIC TRANSPORTATION PROFILE

Agency	Indiana County Transit Authority (d.b.a. INDIGO)	
Year Founded	1979	
Reporting Fiscal Year End (FYE)	FYE 2015	
Service Area (square miles)	830	
Service Area Population	89,994	
Annual Operating Statistics*	Fixed-Route	Paratransit (ADA + Shared Ride)
Vehicles in Maximum Service (VOMS)	18	11
Operating Cost	\$2,107,213	\$615,217
Operating Revenues	\$685,268	\$460,716
Total (Actual) Vehicle Miles	408,823	311,078
Revenue Miles of Service (RVM)	393,649	258,484
Total Vehicle Hours	31,411	14,753
Revenue Vehicle Hours (RVH)	31,324	12,289
Total Passenger Trips	436,985	27,055
Senior Passenger (Lottery) Trips	12,053	23,498
Act 44 Performance Statistics		
Passengers / RVH	13.95	2.20
Operating Cost / RVH	\$67.27	\$50.06
Operating Revenue / RVH	\$21.88	\$37.49
Operating Cost / Passenger	\$4.82	\$22.74
Other Performance Statistics		
Operating Revenue / Operating Cost	32.52%	74.89%
Operating Cost / Total Vehicle Hours	\$67.09	\$41.70
Operating Cost / Total Vehicle Miles	\$5.15	\$1.98
Total Passengers / Total Vehicle Hours	13.91	1.83
Operating Cost / RVM	\$5.35	\$2.38
RVM / Total Vehicle Miles	96.29%	83.09%
RVH / Total Vehicle Hours	99.72%	83.30%

\*source: PennDOT dotGrants 2015 reporting.

## 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 Indiana County Transit Authority (d.b.a. IndiGO) was conducted in September 29-30<sup>th</sup>, 2015. The performance review focused on fixed-route bus service. This report addresses the performance criteria that Act 44 established, specifically related to fixed-route bus service. Also addressed are, IndiGO trends and comparisons with IndiGO peers, targets for future performance, and opportunities for improvement that should assist IndiGO in meeting the future targets. This report also addresses the management, general efficiency and effectiveness of services.

On the basis of this performance report, IndiGO will develop an action plan which identifies the steps IndiGO will take to meet the agreed upon Act 44 performance criteria targets by FY 2019-20 (FYE 2020). The general goals are to maximize efficiency and promote cost savings, maximize service quality, and maximize ridership and revenue. The action plan should focus on the most critical areas for the agency, as prioritized by IndiGO's 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 IndiGO to agree on a plan which, when approved by the IndiGO Board, will be submitted as the final action plan. IndiGO management 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. IndiGO's success will be measured, in part, on meeting performance targets established through this review.

### ACT 44 PERFORMANCE DETERMINATION

Act 44 performance factors were analyzed to quantify IndiGO's fixed-route bus performance in comparison to its peer agencies in Fiscal Year End (FYE) 2013 and over a five-year trend period from FYE 2008 to FYE 2013 (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 IndiGO.

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 IndiGO 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 2013 passengers / revenue vehicle hour** ranks 11<sup>th</sup> out of the 14 transit agencies and is worse than the peer group average.
2. The **five-year trend of passengers / revenue vehicle hour** is better than the peer group average.
3. **FYE 2013 operating cost / revenue vehicle hour** ranks 4<sup>h</sup> out of the 14 transit agencies and is better than the peer group average.
4. The **five-year trend for change in operating cost / revenue vehicle hour** is better than the peer group average.
5. **FYE 2013 operating revenue / revenue vehicle hour** ranks 3<sup>rd</sup> out of the 14 transit agencies and is better than the peer group average.
6. The **five-year trend for operating revenue/ revenue vehicle hour** is better than the peer group average.
7. **FYE 2013 operating cost / passenger** ranks 7<sup>th</sup> out of the 14 transit agencies and is worse than the peer group average.
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.

<b>Performance Criteria</b>	<b>FYE</b>	<b>Determination</b>	<b>Rank (of 14)</b>	<b>Relation to Peer Average</b>	<b>Value</b>	<b>Peer Average</b>
Passengers / Revenue Hour	2013	In Compliance	11	Worse	12.47	16.74
	Trend	In Compliance	2	Better	4.02%	1.05%
Operating Cost / Revenue Hour	2013	In Compliance	4	Better	\$65.64	\$79.86
	Trend	In Compliance	3	Better	-0.83%	1.55%
Operating Revenue / Revenue Hour	2013	In Compliance	3	Better	\$17.74	\$12.89
	Trend	In Compliance	1	Better	8.62%	2.21%
Operating Cost / Passenger	2013	In Compliance	7	Worse	\$5.26	\$5.03
	Trend	In Compliance	1	Better	-4.66%	0.54%

## **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 IndiGO 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. Instituted a fare policy that includes a targeted farebox recovery goal as one element to consider when setting fares
2. Negotiated a route guarantee from a private developer for service to a housing complex
3. Set up video cameras on all fixed-route and paratransit vehicles, and uses video footage for customer service as well as claim resolution
4. Video footage for all routes are randomly reviewed each month, and the results are compared to AVAIL data as a secondary method of verifying ridership
5. Established a vehicle overhaul (VOH) program that performs a benefit cost analysis on each vehicle to determine if it is worth extending useful life
6. Hired an independent CPA to perform quarterly reviews and a different CPA to conduct the annual audit
7. Appointed Board members from geographically diverse parts of Indiana County
8. Board members ride buses and interact with passengers and drivers
9. Customer service policy ensures that complaints are addressed personally and in a timely manner
10. Partnered with the Indiana County Emergency Management Agency to develop a local emergency management plan

### **OPPORTUNITIES FOR IMPROVEMENT TO ADDRESS IN PART 1 OF THE ACTION PLAN**

1. Expand marketing plan to include a budget tied to a schedule and a return on investment
2. Report on the progress of the strategic plan to the Board
3. Assess shared-ride program costs and fare pricing to identify strategies that recover more of the actual cost of shared-ride service
4. Develop a system map depicting all available service within Indiana County
5. Update the transit development plan (TDP) every five years to account for changes within the service area

6. Evaluate the potential of advertising on bus shelters where none currently exists to generate additional revenues
7. Develop an annual target for maintenance parts turnover
8. Expand annual evaluation of Executive Director to include measures directly tied to performance goals of the strategic plan
9. Develop a strategic IT plan to prioritize and guide IT investment decisions
10. Evaluate the potential of developing an internship program with IUP

## FINANCIAL REVIEW

Indiana County contributes money for IndiGO's public transportation funding requirements. IndiGO has a \$350,000 line of credit available, a balanced operating budget and no outstanding debt. IndiGO's operating budget projections indicate that IndiGO plans to maintain a balanced budget over the next five years. IndiGO had \$605,620 in 1513 carryover funds available, and \$173,151 in local carryover funds at the end of FYE 2014. By the end of FYE 2015, IndiGO had \$780,887 in available state carryover subsidies and local carryover subsidies had increased to \$180,889. A projected annual increase of 8.0% in operating costs reflect uncertainty in the projected cost of labor and fringe benefits. Management should take appropriate actions to control costs and achieve farebox recovery goals to maintain IndiGO'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. These performance targets are required to comply with Act 44 performance criteria and represent the minimum performance levels that IndiGO should work to achieve 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 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 Actual	2020 Target	
Passengers / Revenue Hour	12.47	14.25	13.95	15.40	2.0%
Operating Cost / Revenue Hour	\$65.64	\$64.78	\$67.27	\$77.99	3.1%
Operating Revenue / Revenue Hour	\$17.74	\$19.53	\$21.88	\$24.15	2.0%
Operating Cost / Passenger	\$5.26	\$4.55	\$4.82	\$5.07	1.1%

In FYE 2014, IndiGO received a one-time insurance rebate of \$74,733. This amount has been removed from revenues and credited to offset (reduce) fixed-route operating costs. In FYE 2015, IndiGO received a one-time alternative fuel rebate of \$51,255 that reduced the cost of fuel and subsequently, overall operating costs. To account for the rebate, IndiGO's operating cost target has been set to a rate of 3.1% to more closely reflect operating costs in future years.

## NEXT STEPS

Upon final transmission of the performance review report, Act 44 regulations stipulate that IndiGO “...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 IndiGO oversight board and management.

Functional area “*Opportunities for Improvement*” are areas in which adjustments may result in cost savings, improved service quality, and ridership and/or revenue increases. Achieved improvements in these areas will assist in meeting 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 IndiGO.

The template for the Action Plan, provided as an appendix to this report, is where IndiGO should address its proposed actions to address the “*Opportunities for Improvement*” findings that directly affect the Act 44 performance metrics. Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. IndiGO must select, prioritize and schedule its intended actions using the template.

IndiGO must submit the proposed draft Action Plan using the format provided in the appendix to the Department for comment. The proposed draft Action Plan may then be revised based on consultation between IndiGO’s management and the Department. The finalized Action Plan then must be approved by the IndiGO Board and formally submitted to PennDOT. IndiGO’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 Indiana County Transit Authority (d.b.a. IndiGO).

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 September 2015, an Act 44-mandated performance review was initiated for IndiGO. 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 IndiGO 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 September 29 through September 30, 2015.
  - An interview guide customized for IndiGO’s service was used for the review.
  - Topics covered during the interview process included:
    - Governance
    - Management
    - Human/Labor Relations
    - Finance
    - Procurement
    - Operations and Scheduling
    - Maintenance
    - Safety and Security
    - Customer Service
    - Information Technology
    - Capital Planning
    - Marketing and Public Relations
    - Planning

## AGENCY DESCRIPTION

The Indiana County Transit Authority (d.b.a. IndiGO) was incorporated in 1979 in Indiana County, Pennsylvania, and is overseen by a seven member Board of Directors appointed by the Indiana County Commissioners. IndiGO employs 55 Indiana County residents and operates a fleet of 35 vehicles.

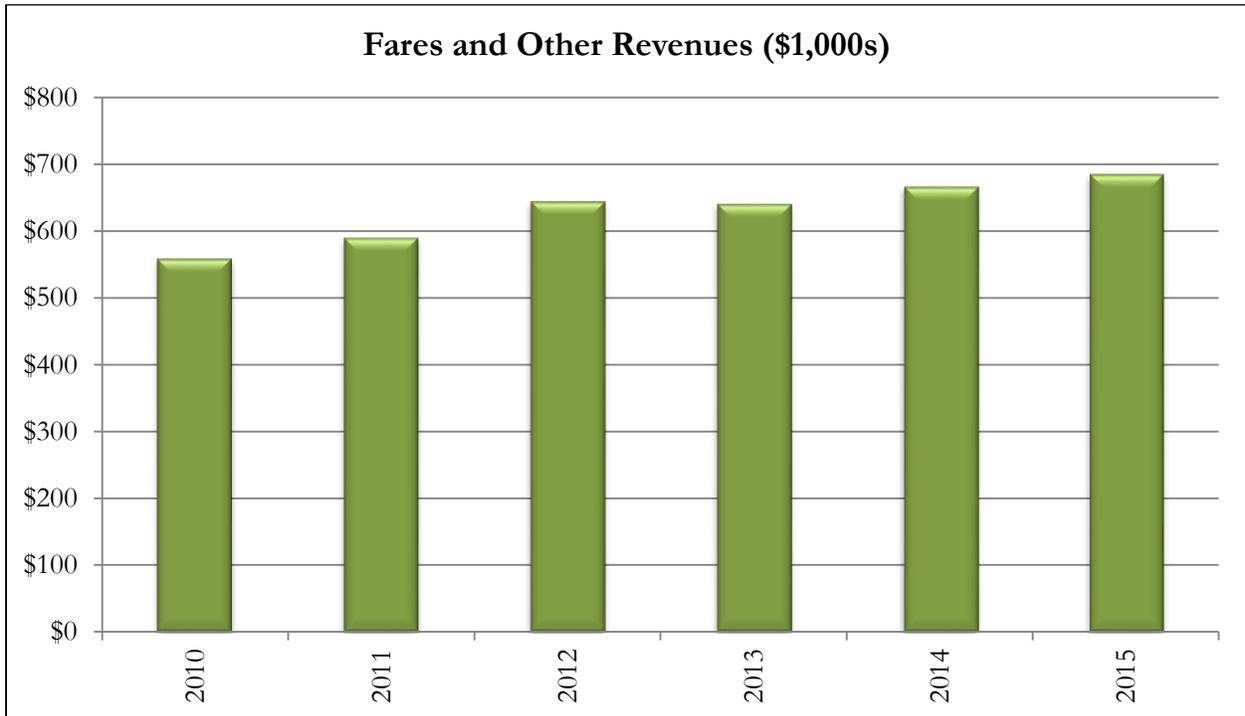
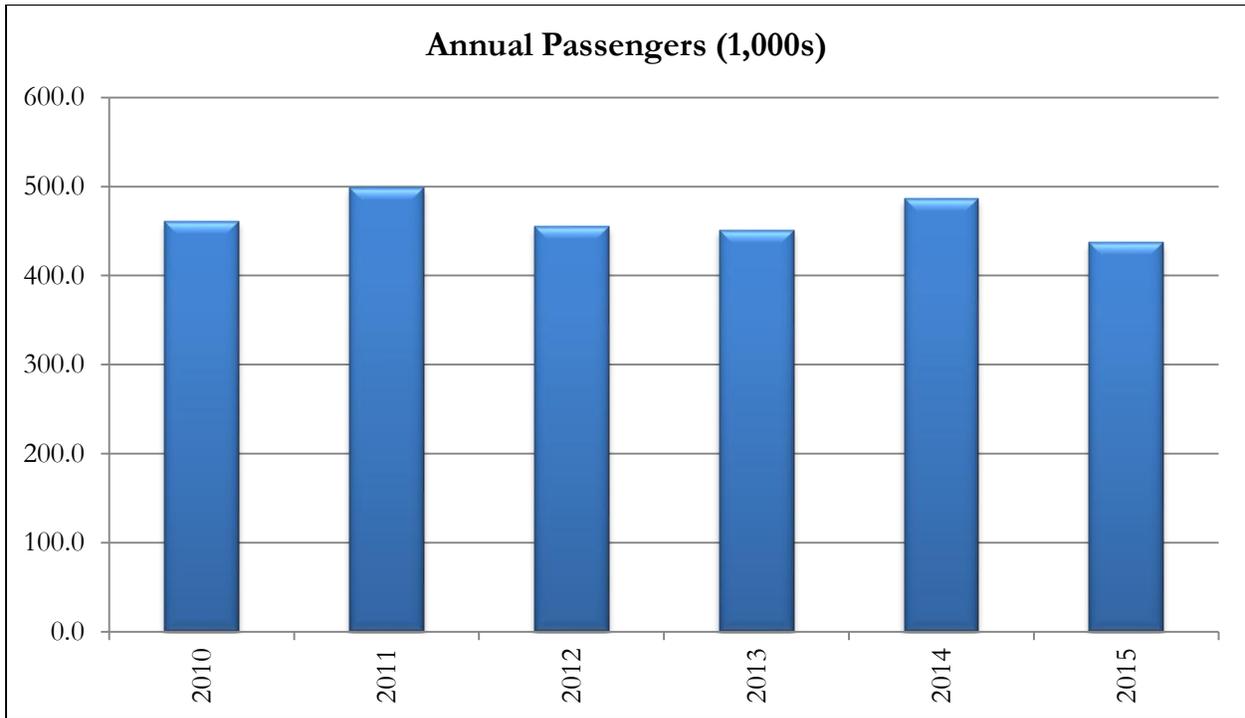
IndiGO categorizes each of its fixed-routes as either campus based, non-campus rural in downtown Indiana or rural (outside the City of Indiana). There are five campus-based routes designed to serve the Indiana University of Pennsylvania (IUP) students and faculty. These are IndiGO's highest ridership generating routes that operate specialized service designed around the needs of university students. Campus routes typically operate during spring and fall semester hours, seven days a week, between 7:00 a.m. and 8:00 p.m., with some night routes operating until 3:00 a.m. There are 11 non-campus routes that operate Monday through Saturday from 7:00 a.m. until 9:25 p.m. IndiGO operates two rural routes on select days of the month, Mondays and Wednesdays from 8:05 a.m. until 4:30 p.m. IndiGO operates on a zone based fare system, with in-town service for \$1.30 within the first zone, \$1.55 for the second zone and \$2.05 for the third zone. IUP students with their IUP student ID cards ride for no charge on IndiGO fixed-routes as part of a route guarantee between IndiGO and IUP.

**Exhibit 1** and **Exhibit 2** present fixed-route bus statistics for IndiGO 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) 2010 through 2015 for IndiGO's fixed-route service are as follows:

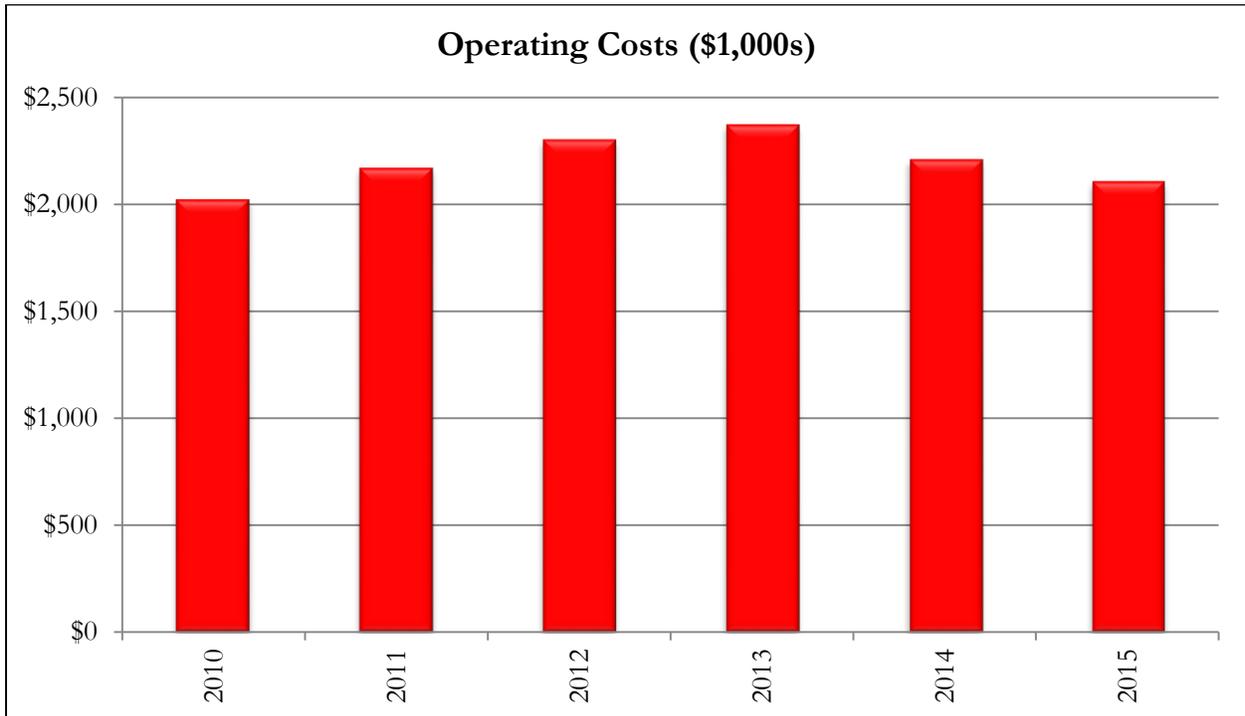
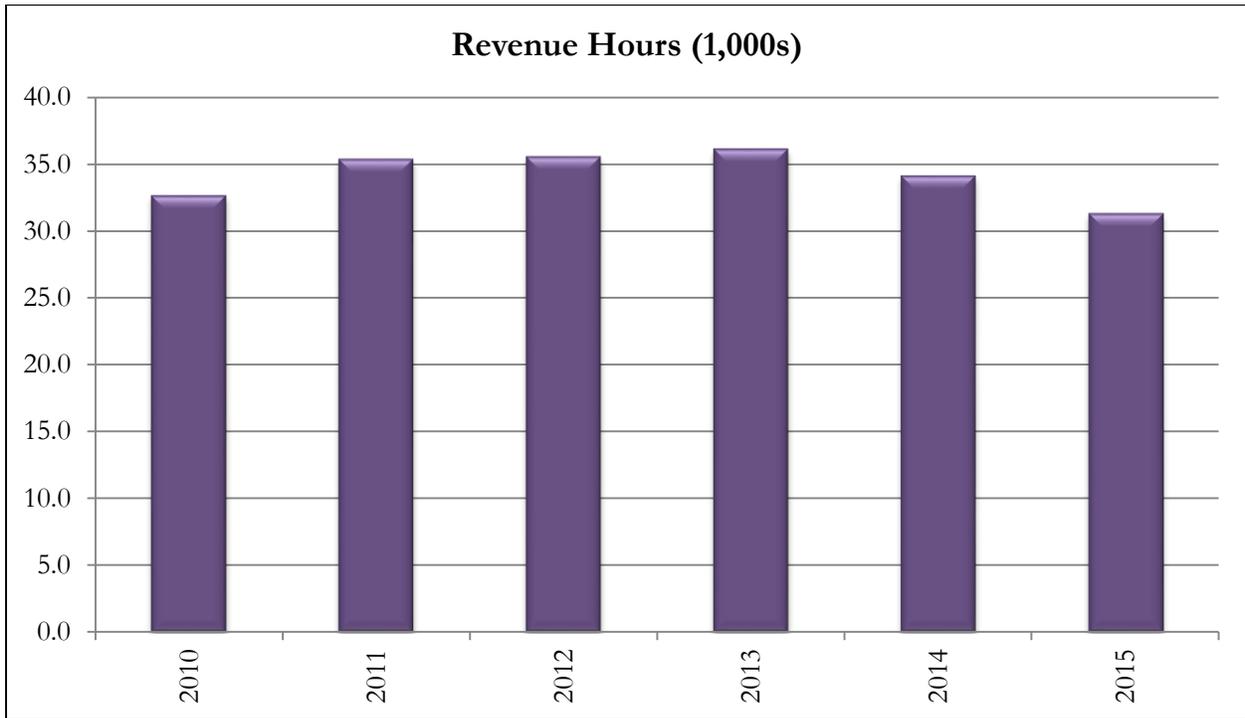
1. IndiGO's annual fixed-route ridership has decreased an average of 1.0% since 2010 and was about 437,000 passengers in FYE 2015. IUP students make up 79% of IndiGO passengers, and as enrollment has declined about 5.0% at the university since 2010. It is likely that IndiGO can expect student ridership to decrease as IUP enrollment declines.
2. IndiGO's 2015 total operating revenue (including passenger fares, advertising and other local revenues) is \$1.57 per passenger trip in FYE 2015. IndiGO's regular base fare is \$1.30. Discount transfers are not available. Direct passenger fares only recover 3.3% of IndiGO's operating costs. However, when route guarantees, advertising and other miscellaneous sources of revenues are considered, IndiGO's revenue recovery ratio is 32.5%.
3. Revenue hours of service decreased by a net of 4.1% between 2010 and 2015. IndiGO provided 31,300 revenue hours of service in FYE 2015 as compared to 32,600 revenue hours in FYE 2010.
4. Total operating costs increased in total by about 4.2% between 2010 and 2015, going from about \$2,022,500 to \$2,107,200 annually. However, operating costs were higher during some intermediate years, namely FYE 2013 when expenses totaled \$2,371,800.

**Exhibit 1: Fixed-Route Passengers and Revenues FYE 2010-2015**



Source: PennDOT Legacy Reporting System (dotGrants)

**Exhibit 2: Fixed-Route Revenue Hours and Operating Costs FYE 2010-2015**



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...”<sup>1</sup>*

The law sets forth the following performance criteria to be used to satisfy its objectives<sup>2</sup>:

- 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:<sup>3</sup>

- 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 IndiGO’s management for review and comment. After discussions were complete, the following 13 peer systems<sup>4</sup>, in addition to IndiGO, were included in subsequent analyses for peer comparison purposes:

1. Janesville Transit System (JTS) Janesville, WI
2. Johnson City Transit System, (JCT) Johnson City, TN
3. Oshkosh Transit System (GO Transit) Oshkosh, WI
4. The Lawton Area Transit System (LATS), Lawton, OK
5. Great Falls Transit District (GFTD) Great Falls, MT
6. Battle Creek Transit (BCT) Battle Creek, MI
7. Sheboygan Transit Commission (Shoreline Metro) Sheboygan, WI

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<sup>1</sup> Title 74 Pa. C.S.A. §1513 (e)

<sup>2</sup> Title 74 Pa. C.S.A. §1513 (f)

<sup>3</sup> 67 Pa Code Chapter 427, Annex A . §427.12(d)(1)(i), Jan 2011.

<sup>4</sup> Many of the peer systems selected, although classified as urban systems with NTD, were selected for analysis based on their size and service as comparable to IndiGO.

8. Missoula Urban Transportation District (Mountain Line) Missoula, MT
9. Central New York Regional Transportation Authority (Centro of Cayuga), Syracuse, NY
10. Altoona Metro Transit (AMTRAN) Altoona, PA
11. Wausau Area Transit System (WATS) Wausau, WI
12. City of Dubuque (The Jule) Dubuque, IA
13. City of Alexandria (Atrans) Alexandria, LA

## ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of IndiGO with the selected peer systems was completed using NTD-reported data and PennDOT dotGrants Legacy statistics. Due to its consistency and availability<sup>5</sup> for comparable systems, the NTD FYE 2013 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 IndiGO
- *Standard Deviation*: Standard deviation of all values being measured across all peer transit agencies, including IndiGO

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

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<sup>5</sup> 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) 2013.

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 review<sup>6</sup>.

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

### 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 13 peer systems plus IndiGO, 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 “1<sup>st</sup>” consistently indicates that the agency scores best amongst its peers and a ranking of “14<sup>th</sup>” indicates that it performs the poorest on any given metric.

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

1. IndiGO’s FYE 2013 passengers / revenue hour ranks 11<sup>th</sup> out of the 14 transit agencies in the peer group and is below the peer group average. Passengers / revenue hour increased at about 4.02% per year.
2. IndiGO’s FYE 2013 operating cost / revenue vehicle hour ranks 4<sup>th</sup> out of the 14 transit agencies in the peer group and is better than the peer group average. Operating cost / revenue hour decreased at about 0.83% per year between FYE 2008 and FYE 2013.
3. IndiGO’s 2013 operating revenue / revenue vehicle hour ranks as the 3<sup>rd</sup> of the peers. The trend between FYE 2008 and FYE 2013 indicates that operating revenue / revenue vehicle hour increased at a rate of 8.62% per year while the peer average increased at 2.21% per year. IndiGO revenues are based heavily upon route guarantees.
4. IndiGO’s annual operating cost / passenger ranks 7<sup>th</sup> out of 14 transit agencies in the peer group. The annual cost / passenger decreased at a rate of 4.66% a year between FYE 2008 and FYE 2013.

These data analyses provide a basis for further investigation during the on-site interviews and functional area reviews. The results are presented in the next section of the report.

<sup>6</sup> 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 4: Fixed-Route Passengers / Revenue Vehicle Hour**

Passengers / Revenue Hour (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank	2008 Value	Annual Rate	Rank
Janesville Transit System	15.39	8	17.07	-2.05%	12
Johnson City Transit System	22.17	3	15.77	7.05%	1
GO Transit	24.14	1	26.94	-2.17%	13
The Lawton Area Transit System	10.94	14	10.33	1.16%	7
Great Falls Transit District	13.17	10	12.11	1.70%	5
Battle Creek Transit	16.61	6	17.89	-1.47%	11
Shoreline Metro	11.96	13	13.39	-2.25%	14
Missoula Urban Transportation District	19.85	5	18.65	1.25%	6
Centro of Cayuga, Inc.	14.19	9	13.53	0.96%	9
Altoona Metro Transit	16.38	7	15.48	1.14%	8
Wausau Area Transit System	22.79	2	20.83	1.81%	4
City of Dubuque	12.15	12	10.51	2.95%	3
City of Alexandria	22.16	4	21.44	0.66%	10
<b>Indiana County Transit Authority</b>	<b>12.47</b>	<b>11</b>	<b>10.24</b>	<b>4.02%</b>	<b>2</b>
<i>Average</i>	<i>16.74</i>		<i>16.01</i>	<i>1.05%</i>	
<i>Standard Deviation</i>	<i>4.62</i>		<i>4.87</i>	<i>2.58%</i>	
<i>Average – 1 Standard Deviation</i>	<i>12.12</i>		<i>11.14</i>	<i>-1.53%</i>	
<i>Average + 1 Standard Deviation</i>	<i>21.36</i>		<i>20.88</i>	<i>3.64%</i>	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Worse</b>		<b>Better</b>		

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

Operating Cost / Revenue Hour (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank	2008 Value	Annual Rate	Rank
Janesville Transit System	\$100.74	14	\$91.43	1.96%	7
Johnson City Transit System	\$60.08	1	\$48.65	4.31%	13
GO Transit	\$81.71	8	\$73.72	2.08%	9
The Lawton Area Transit System	\$60.52	2	\$46.43	5.44%	14
Great Falls Transit District	\$73.84	7	\$64.23	2.83%	10
Battle Creek Transit	\$99.56	13	\$95.67	0.80%	6
Shoreline Metro	\$68.29	6	\$77.94	-2.61%	1
Missoula Urban Transportation District	\$85.57	9	\$71.26	3.73%	12
Centro of Cayuga, Inc.	\$98.58	12	\$89.31	2.00%	8
Altoona Metro Transit	\$96.41	11	\$106.08	-1.89%	2
Wausau Area Transit System	\$96.27	10	\$80.95	3.53%	11
City of Dubuque	\$63.05	3	\$62.39	0.21%	4
City of Alexandria	\$67.75	5	\$67.01	0.22%	5
<b>Indiana County Transit Authority</b>	<b>\$65.64</b>	<b>4</b>	<b>\$68.42</b>	<b>-0.83%</b>	<b>3</b>
<i>Average</i>	<i>\$79.86</i>		<i>\$74.54</i>	<i>1.55%</i>	
<i>Standard Deviation</i>	<i>\$15.98</i>		<i>\$17.14</i>	<i>2.36%</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$63.87</i>		<i>\$57.40</i>	<i>-0.81%</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$95.84</i>		<i>\$91.67</i>	<i>3.92%</i>	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Better</b>		<b>Better</b>		

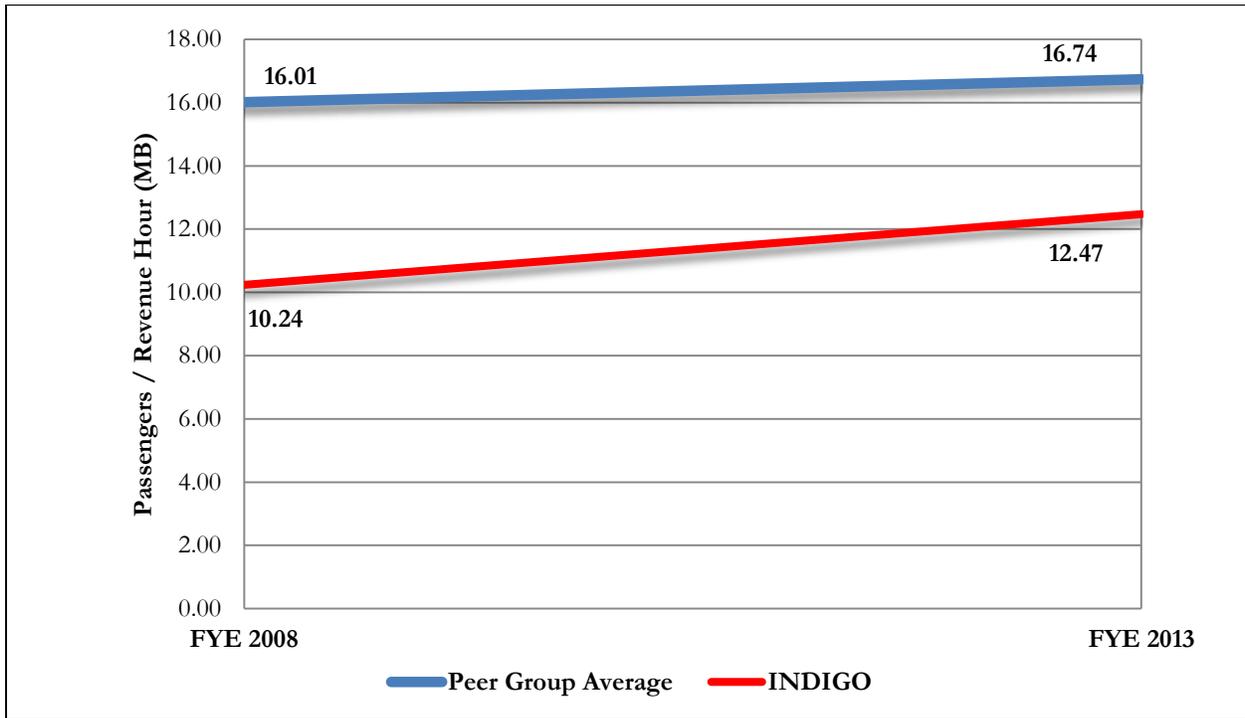
## Exhibit 6: Fixed-Route Operating Revenue / Revenue Vehicle Hour

Operating Revenue / Revenue Hour (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank	2008 Value	Annual Rate	Rank
Janesville Transit System	\$20.75	1	\$15.52	5.97%	3
Johnson City Transit System	\$6.77	14	\$6.31	1.41%	9
GO Transit	\$13.62	7	\$11.01	4.35%	5
The Lawton Area Transit System	\$9.08	10	\$7.36	4.29%	6
Great Falls Transit District	\$9.06	11	\$8.88	0.40%	11
Battle Creek Transit	\$11.60	9	\$11.02	1.03%	10
Shoreline Metro	\$12.34	8	\$14.97	-3.78%	13
Missoula Urban Transportation District	\$8.08	12	\$12.11	-7.78%	14
Centro of Cayuga, Inc.	\$14.25	5	\$11.09	5.15%	4
Altoona Metro Transit	\$19.46	2	\$20.45	-0.99%	12
Wausau Area Transit System	\$17.00	4	\$12.36	6.58%	2
City of Dubuque	\$6.93	13	\$5.65	4.15%	7
City of Alexandria	\$13.70	6	\$12.72	1.51%	8
<b>Indiana County Transit Authority</b>	<b>\$17.74</b>	<b>3</b>	<b>\$11.74</b>	<b>8.62%</b>	<b>1</b>
<i>Average</i>	<i>\$12.89</i>		<i>\$11.51</i>	<i>2.21%</i>	
<i>Standard Deviation</i>	<i>\$4.61</i>		<i>\$3.89</i>	<i>4.36%</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$8.28</i>		<i>\$7.62</i>	<i>-2.16%</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$17.49</i>		<i>\$15.40</i>	<i>6.57%</i>	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Better</b>		<b>Better</b>		

## Exhibit 7: Fixed-Route Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank	2008 Value	Annual Rate	Rank
Janesville Transit System	\$6.55	13	\$5.36	4.10%	12
Johnson City Transit System	\$2.71	1	\$3.08	-2.55%	4
GO Transit	\$3.38	3	\$2.74	4.35%	14
The Lawton Area Transit System	\$5.53	8	\$4.50	4.23%	13
Great Falls Transit District	\$5.61	9	\$5.30	1.11%	8
Battle Creek Transit	\$5.99	12	\$5.35	2.31%	10
Shoreline Metro	\$5.71	10	\$5.82	-0.37%	6
Missoula Urban Transportation District	\$4.31	5	\$3.82	2.44%	11
Centro of Cayuga, Inc.	\$6.95	14	\$6.60	1.03%	7
Altoona Metro Transit	\$5.89	11	\$6.85	-3.00%	2
Wausau Area Transit System	\$4.22	4	\$3.89	1.68%	9
City of Dubuque	\$5.19	6	\$5.94	-2.66%	3
City of Alexandria	\$3.06	2	\$3.12	-0.44%	5
<b>Indiana County Transit Authority</b>	<b>\$5.26</b>	<b>7</b>	<b>\$6.68</b>	<b>-4.66%</b>	<b>1</b>
<i>Average</i>	<i>\$5.03</i>		<i>\$4.93</i>	<i>0.54%</i>	
<i>Standard Deviation</i>	<i>\$1.30</i>		<i>\$1.41</i>	<i>2.92%</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$3.73</i>		<i>\$3.52</i>	<i>-2.38%</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$6.32</i>		<i>\$6.34</i>	<i>3.46%</i>	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Worse</b>		<b>Better</b>		

**Exhibit 8: Fixed-Route Passengers / Revenue Vehicle Hour Trend FYE 2008-2013**



**Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2008-2013**

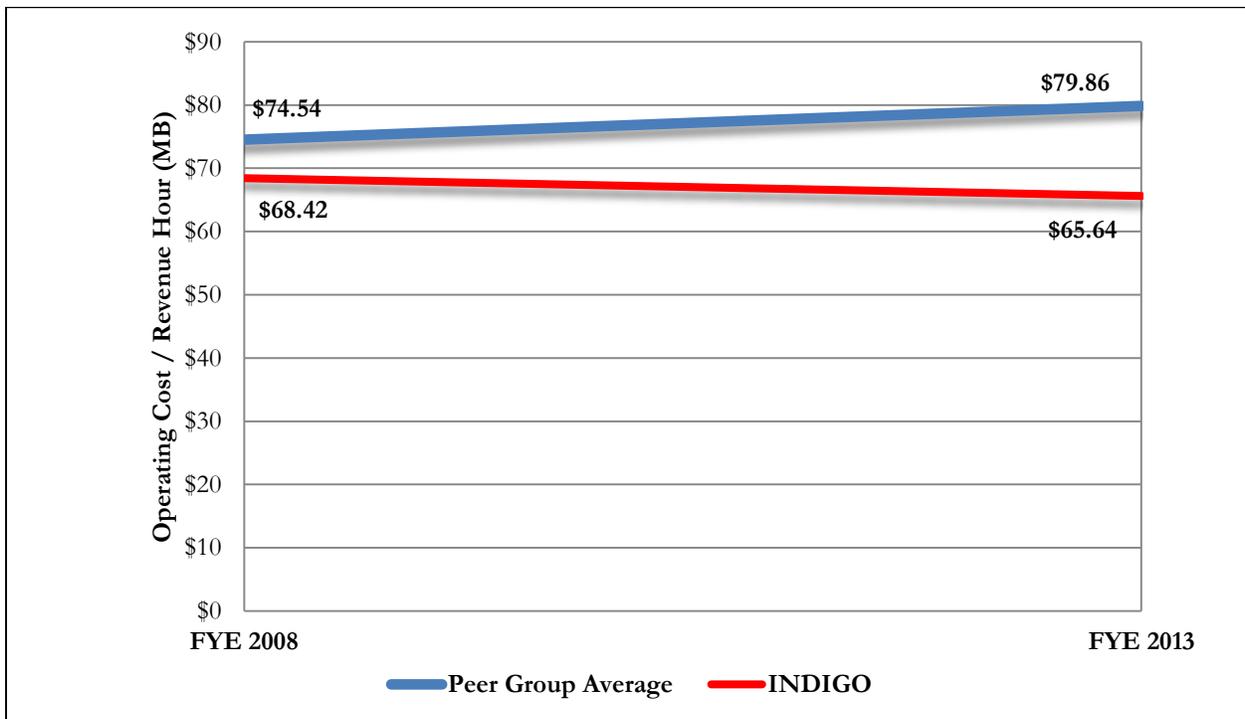


Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2008-2013

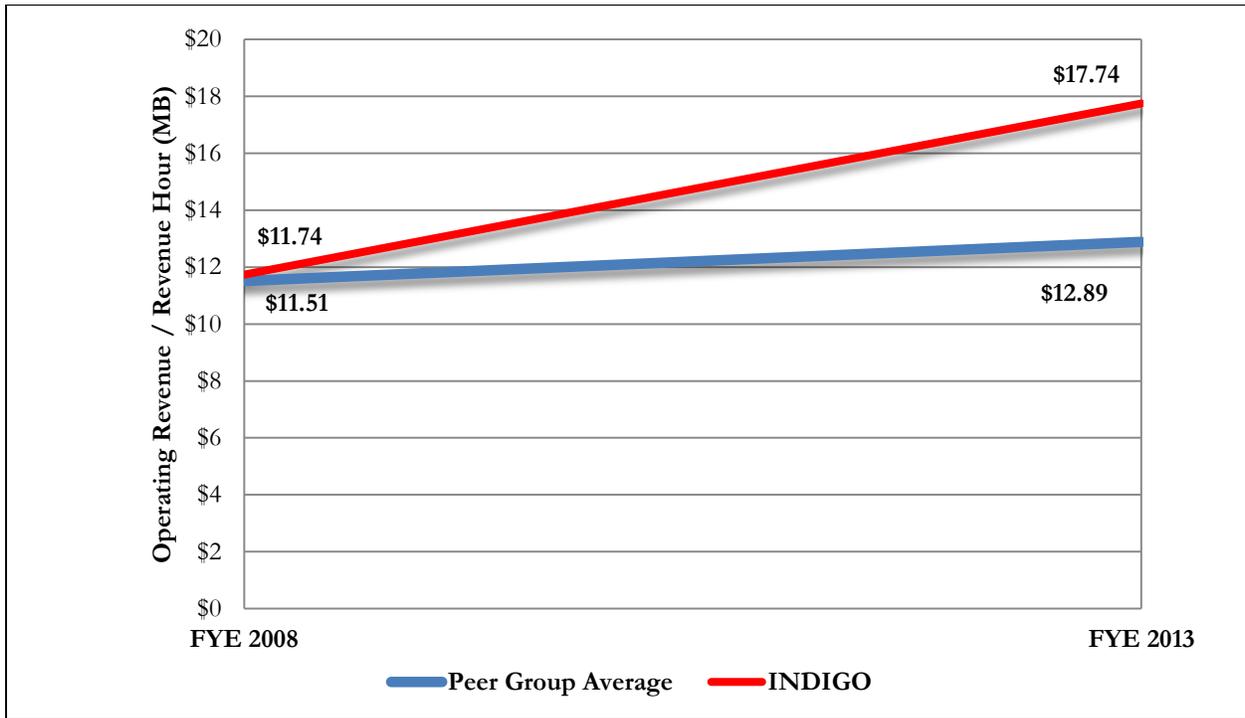
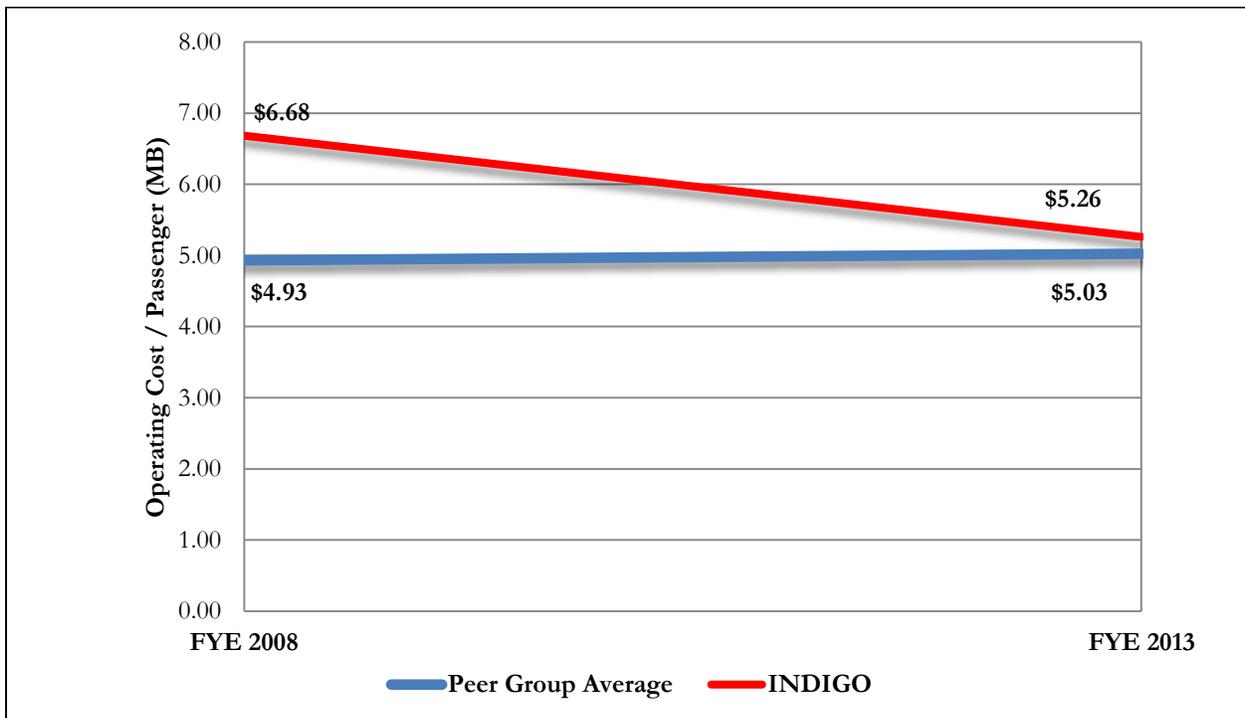


Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2008-2013



## 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. 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. IndiGO’s target has been set to 2% growth per year to help IndiGO 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. In addition to ensuring that future costs and future state subsidies are aligned, IndiGO’s target has been set to an annual rate of 3.1% to account for a one-time fuel rebate received in FY 14-15 that lowered operating costs by \$51,255.

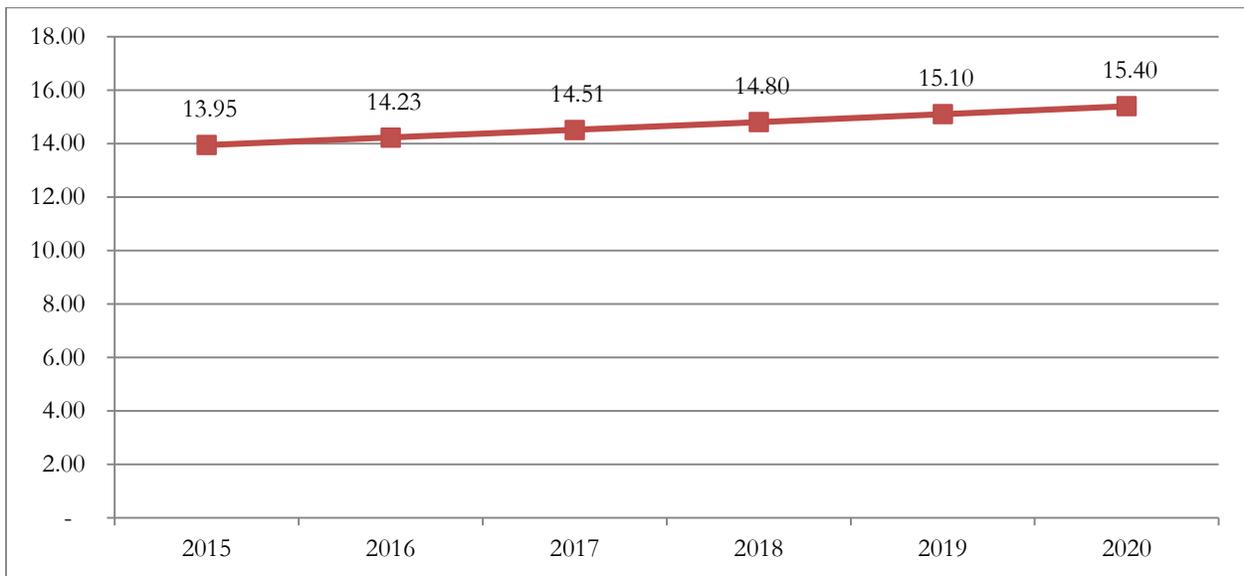
***Operating Revenue / Revenue Hour***, like operating cost / revenue hour, tries to ensure an agency remains financially solvent in the long run. Operating revenue is composed of fares and other non-subsidy revenues. The target is set to be the same as passenger / revenue hour (2%) to make sure that 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 (3.1%) less the minimum passengers / revenue hour goal (2.0%), or 1.1%.

These performance targets represent the minimum performance level that IndiGO 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 were agreed on between PennDOT and IndiGO before they were finalized so that expected anomalies are reflected in the standards. The suggested performance targets for IndiGO’s Act 44 metrics are presented in **Exhibit 12, Exhibit 13, Exhibit 14, and Exhibit 15.**

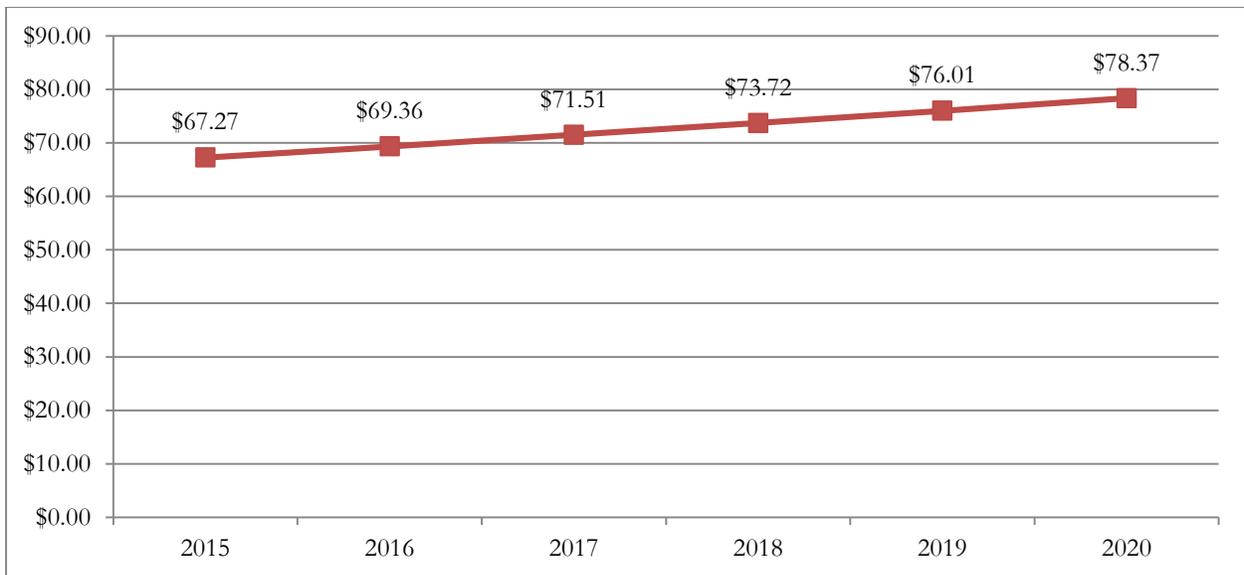
**Exhibit 12: Fixed-Route Passengers / Revenue Hour Performance Targets**

FYE 2020 Target.....15.40  
 Interim Year Targets ..... Annual increase of at least 2.0%



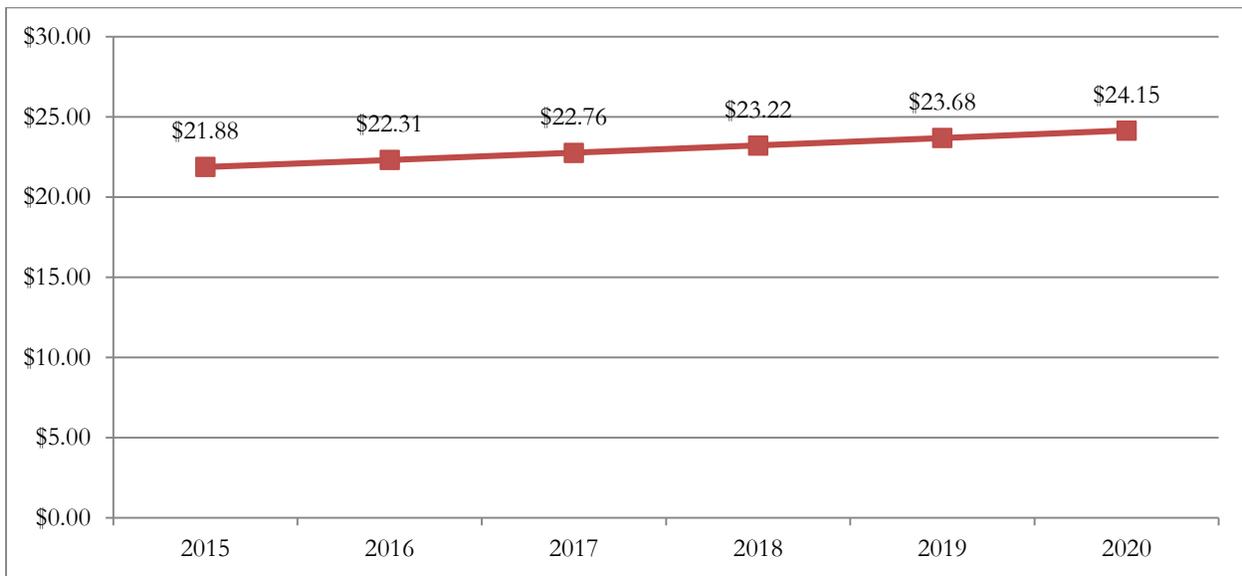
**Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets**

FYE 2020 Target..... \$78.37  
 Interim Year Targets ..... Annual increase of no more than 3.1%



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

FYE 2020 Target.....\$24.15  
 Interim Year Targets ..... Annual increase of at least 2.0%



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

FYE 2020 Target..... \$5.07  
 Interim Year Targets ..... Annual increase of no more than 1.1%



## 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 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. **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 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).
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. It is important that service is both sensitive and responsive to the community's needs, while being able to maximize productivity, direct service hours effectively, control operating costs, and achieve 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 IndiGO, Action Plan templates have been included in **Appendix A: Action Plan Improvement Strategies** (pp. 30-32). 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. IndiGO's customer service policy makes an effort to follow-up personally with each customer complaint. Management resolves complaints in a timely manner and relies on video footage to validate complaints.

### **ELEMENTS TO ADDRESS IN PART 1-A OF THE ACTION PLAN (SEE P. 30)**

1. IndiGO currently has no system map available on the agency's website. A system map helps customers by depicting each route on a map of the service area. Although IndiGO has individual route maps available online, IndiGO **should develop and publish a system map** that shows all available fixed-route service within Indiana County.
2. IndiGO's last transit development plan (TDP) was conducted in 2007. Since then, no updates or changes were made to the plan. From FYE 2010 to FYE 2015, IndiGO experienced demographic change as a result of declining student populations and saw overall ridership decrease 5.1%. From 2010 to 2014, IUP enrollment declined 5%, going from about 15,100 to 14,400 total students. Wyotech-Blairsville, a local technical college experienced a corporate bankruptcy and enrollment dropped from about 1,800 students in 2013 to 350 students in 2015. Since IndiGO relies heavily on students its rider base, IndiGO **should update the TDP every five years** to reflect changing needs based on changes within the service area.

## **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, and advertising revenues.

**BEST PRACTICES**

1. IndiGO negotiated a route guarantee with The Grove, a large off-campus housing complex for IUP students. In exchange for the route guarantee, residents of The Grove receive onsite service from IndiGO.
2. IndiGO's fare policy establishes a minimum farebox recovery goal (20%) and requires management to monitor farebox recovery as part of budgeting process. Farebox recovery is one factor considered in IndiGO's overall fare policy.

**ELEMENTS TO ADDRESS IN PART 1-B OF THE ACTION PLAN (SEE P. 30)**

1. IndiGO has a marketing plan with several important elements such as marketing objectives, target markets and strategic priorities. However, the plan lacks a budget and a timeline, two elements that are essential for a plan. As the marketing plan stands, it is more of a strategic marketing approach. Management should **expand the marketing plan to include a budget tied to an implementation schedule and expected results** from its marketing efforts.
2. IndiGO currently has advertising on 24% of its bus shelters. Management **should evaluate the potential of generating additional advertising revenues from shelters.**

**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. Consequently, controlling operating cost increases is one key to maintaining current service levels.

**BEST PRACTICES**

1. IndiGO set up a vehicle overhaul program (VOH) that assesses each vehicle throughout its estimated useful life (EUL) to determine if it is viable to extend EUL to 18 years. The VOH policy requires a cost-benefit analysis per vehicle to make this determination. Assessing the potential benefits and costs of maintenance allows management to make informed decisions that help contain future operating costs.

**ELEMENTS TO ADDRESS IN PART 1-C OF THE ACTION PLAN (SEE P. 31)**

1. IndiGO monitors parts inventory by manual inspection and tracking software, and reorders parts based on need. However, as parts are replenished, IndiGO has no annual target for inventory stock turnover. IndiGO **should develop an annual target for parts turnover**, in line with industry standards, to ensure their maintenance inventory is kept at optimal levels.

2. IndiGO is using fixed-route funds to subsidize shared-ride program costs. While this is allowable, it depletes funds that could otherwise be used to improve fixed-route service or build cash reserves. Management should **perform a detailed assessment of the shared-ride program costs, fare pricing and overall service to identify strategies that recover more of the actual cost of shared-ride service.** By reducing the net cost of shared-ride service to the agency, IndiGO will be able to free up fixed-route funds allowing them to be used for their intended purpose.

## **OTHER FINDINGS THAT IMPACT OVERALL AGENCY PERFORMANCE**

“Other Findings” is a collection of findings from the functional review that may 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. The Indiana County Commissioners specifically appoint IndiGO Board members based on geography, which allows for equitable distribution of Board seats based on location and ensures that each part of Indiana County is represented.
2. IndiGO Board members regularly ride the routes and interact with drivers and passengers. Interaction between the Board and the community provides face-to-face experience with ground operations, the general public and a familiarity with the system.
3. IndiGO contracts an independent CPA for quarterly reviews and different CPA for the year-end audit. By using a mix of independent CPAs, in addition to in-house accounting, IndiGO is able to provide an extra degree of financial oversight that is useful in a small agency.
4. All IndiGO vehicles, including paratransit vehicles are outfitted with cameras. Management reviews camera footage every 30 days as part of the garage inspection. Video footage is used to improve customer service and to investigate vehicle crashes.
5. Since January of 2014, IndiGO has used video footage as a secondary method of data verification for ridership. Routes are selected at random on a monthly basis, and the video footage is compared to ridership reported by AVAIL.
6. IndiGO partnered with the Indiana County Emergency Management Agency for the initial development of the local emergency management plan. This improves IndiGO’s standing and visibility in the community.

### **ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN (SEE P. 32)**

1. IndiGO established a strategic plan with defined and measurable goals. However, progress towards these goals is not monitored. When information is presented to the Board, most reports do not include benchmarks or goals that the Board may use to evaluate performance and progress. Management **should incorporate a strategic plan progress report in monthly Board packages.**
2. The Board annually evaluates the performance of the Executive Director. However, the evaluation is primarily qualitative and has no substantive metrics that could be used to measure

performance. IndiGO should **expand the annual evaluation of the Executive Director to include measurable quantitative metrics and goals that tie directly to performance goals defined in the IndiGO Strategic Plan.**

3. IndiGO is partnered with Wyotech Blairsville for a maintenance apprenticeship program. Management has identified the opportunity for internships with IUP as a potential source of local talent to assist in GIS, planning, marketing and safety. Management **should pursue the opportunity to coordinate with IUP departments to establish an internship program** to attract local, cost-effective talent.

## 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 report, and budgets. The review assesses the financial status through a review of the following:

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

### HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

As shown in **Exhibit 16**, IndiGO’s transit operations are in line with industry goals and targets for high-level financial indicators. Typically, an agency should have at least a 25% combined target of state and local carryover subsidies as available reserves, IndiGO has 28% reserves available attributed to state and local carryover subsidies. Accounts payable and receivable amounts are negligible. IndiGO has a \$350,000 available line of credit.

Indiana County subsidized 1.9% of IndiGO’s operating costs in FYE 2014. These local matching funds represent a 4.2% 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 a sufficient local match.

Available reserves, attributable to state and local funds, have been above 25% of the annual operating cost. Available state reserves, which amount to 21.7% of the annual operating cost in FYE 2014, increased 11.6% from \$542,801 in FYE 2013 to \$605,620 in FYE 2014. IndiGO had \$173,151 in carryover local funds, which amount to 6.2% of the annual operating cost in FYE 2014. Carryover local funds are identified separately in PennDOT dotGrants.

**Exhibit 16: High-level Financial Indicators**

<b>Indicator</b>	<b>IndiGO Value<sup>7</sup></b>	<b>Assessment Criteria / Rationale</b>	<b>Source</b>
State Carryover 1513 Subsidies / Annual Operating Cost	21.7%	The combined target should be 25%+. This provides flexibility to account for unexpected cost increases or service changes.	FYE 2014 Audit and PennDOT dotGrants
Local Carryover Subsidies / Annual Operating Cost	6.2%		
Credit available/ Annual Payroll	16.9%		
Actual Local Match / Required Match	100%	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.	PennDOT dotGrants 2014
Accounts Payable (AP) 90+ days	0.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	IndiGO reported value
Accounts Receivable (AR) 90+ days	0.0%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	IndiGO reported value
Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2014 Audit

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<sup>7</sup> Values reported as end of reporting period balances.

### TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, IndiGO public transportation has decreased from a \$2.9 million per year operation in FYE 2010 to a \$2.7 million per year operation in FYE 2015, a 5.4% decrease. Approximately 77.4% of IndiGO’s operational expenses are for fixed-route service. The remaining operational expenses are for ADA complementary and shared-ride paratransit service (22.6%), as shown in **Exhibit 18**.

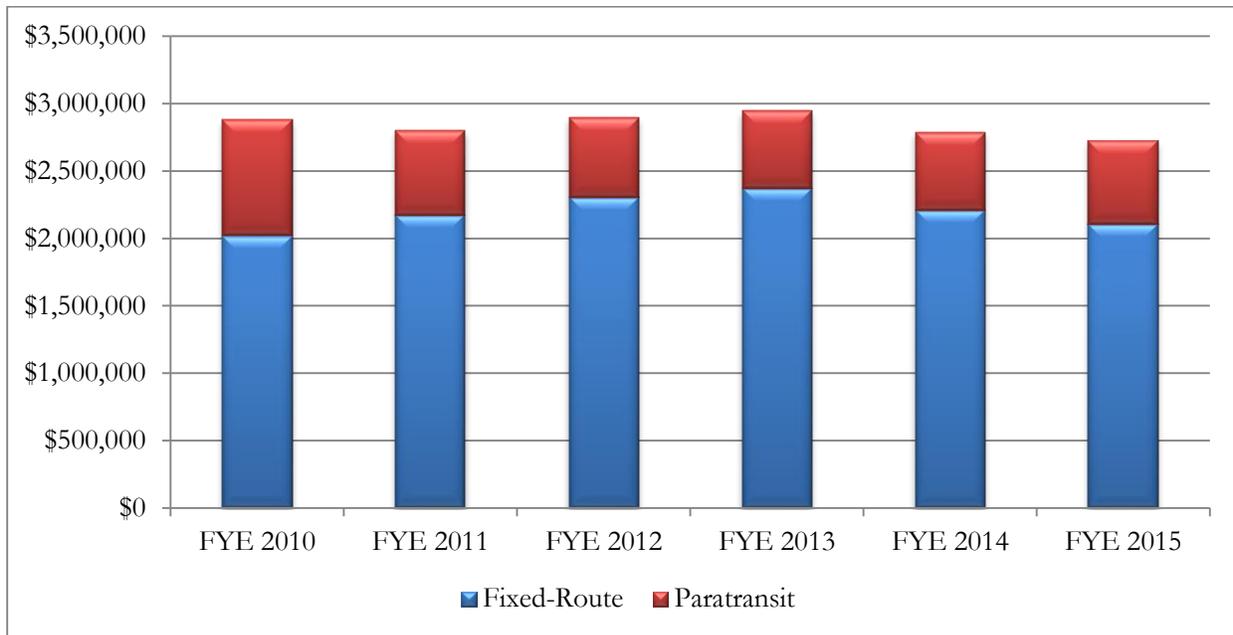
IndiGO’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. IndiGO has used state, federal and local funds to finance both its fixed-route and paratransit operations (**Exhibit 19**). Combined state and federal operating subsidies are an important share, representing approximately 55.9% of total operating income. Passenger fares and other revenues are the second largest funding source for IndiGO (**Exhibit 20**) accounting for 41.1% of total operating income. Local funding is in line with Act 44 requirements.

**Exhibit 17: Public Transportation Operating Expense by Service Type (FYE 2010-2015)**

Expense by Service Type	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Fixed Route	\$2.0	\$2.2	\$2.3	\$2.4	\$2.2	\$2.1
ADA and Shared-ride Paratransit	\$0.9	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
<b>Total (\$ millions)*</b>	<b>\$2.9</b>	<b>\$2.8</b>	<b>\$2.9</b>	<b>\$2.9</b>	<b>\$2.8</b>	<b>\$2.7</b>

\* May not add due to rounding

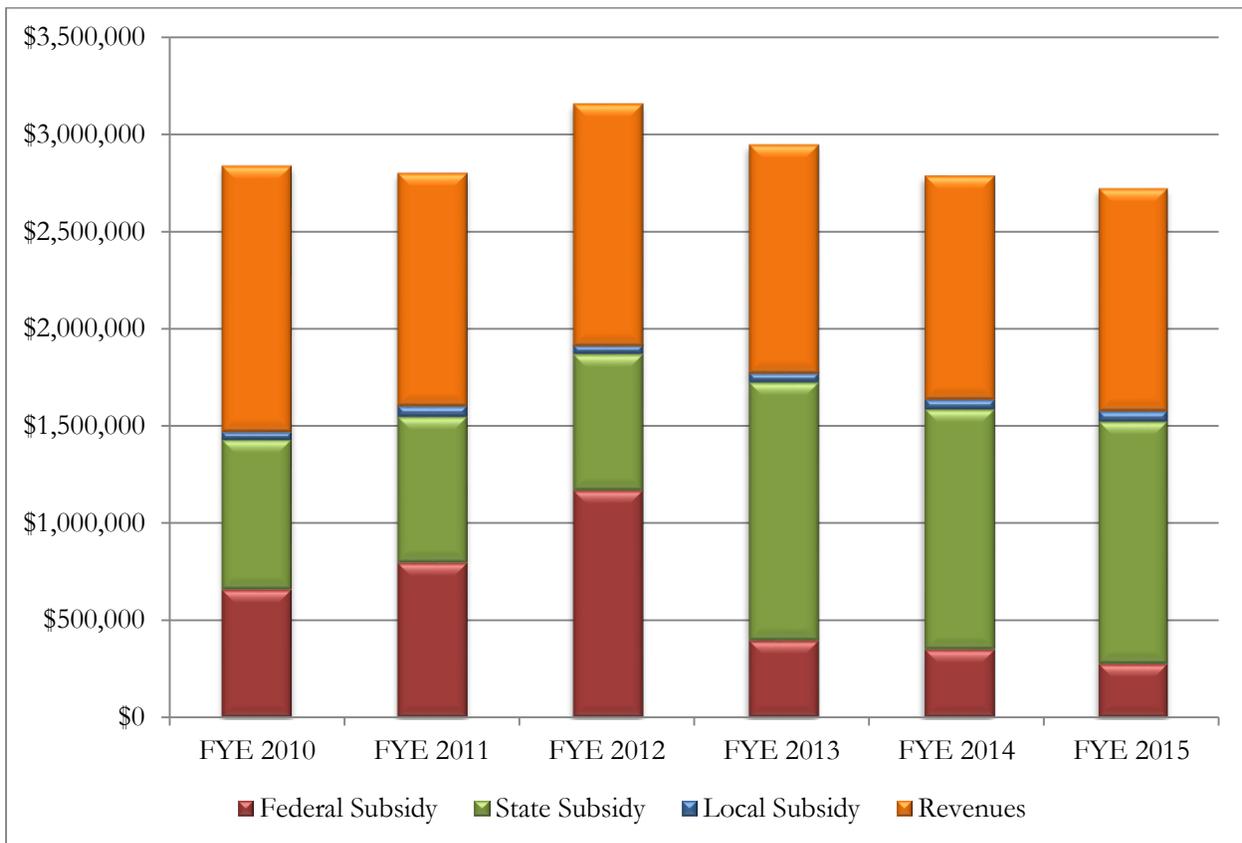
**Exhibit 18: Share of Public Transportation Operating Expenses by Service Type**



**Exhibit 19: Public Transportation Operational Funding by Source (FYE 2010-2015)**

Share of Funding	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Federal Subsidy	23.2%	28.4%	37.0%	13.5%	12.6%	10.2%
State Subsidy	27.2%	26.8%	22.1%	45.0%	44.2%	45.7%
Local Subsidy	1.5%	2.1%	1.5%	1.7%	1.9%	2.0%
Revenues	48.2%	42.7%	39.4%	39.9%	41.3%	42.1%
Local Subsidy / State Subsidy	5.5%	7.7%	6.7%	3.7%	4.2%	4.4%

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



## FIXED-ROUTE FUNDING

IndiGO's fixed-route funding is derived from general revenues and government subsidies. Direct passenger fares have covered between 2.7% and 3.3% of total operating revenues (**Exhibit 21**).

Based on the FYE 2011 to FYE 2015 dotGrants reporting, IndiGO operated using current year funding with \$780,877 state funds being "carried over" and the end of 2015. IndiGO had \$180,889 in carryover local funds available at the end of 2015.

### Exhibit 21: Fixed-Route Funding

Funding Category	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
<b>Revenues</b>					
Passenger Fares	\$64,145	\$66,688	\$64,181	\$62,552	\$69,427
Advertising	\$0	\$0	\$0	\$20,775	\$30,002
Route Guarantee	\$517,295	\$548,189	\$555,352	\$583,208	\$583,347
Other (Misc Revenue)	\$8,957	\$0	\$0	\$0	\$2,067
Other (Non-transportation)	\$0	\$29,920	\$21,642	\$0	\$117
Other (MATP)	\$0	\$0	\$0	\$0	\$308
Other (Interest)	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$590,397</b>	<b>\$644,797</b>	<b>\$641,175</b>	<b>\$666,535</b>	<b>\$685,268</b>
<b>Subsidies</b>					
Federal Operating Grant	\$790,472	\$916,972	\$393,996	\$348,271	\$277,216
Act44 (1513) State Prior	\$436,000	\$0	\$177,077	\$0	\$0
Act44 (1513) State Current	\$307,809	\$693,940	\$1,110,222	\$1,143,939	\$1,090,302
Municipal Current	\$44,777	\$47,016	\$49,367	\$51,835	\$54,427
Special-(Federal)	\$0	\$244,569	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$1,579,058</b>	<b>\$1,902,497</b>	<b>\$1,730,662</b>	<b>\$1,544,045</b>	<b>\$1,421,945</b>
<b>Total Funding</b>	<b>\$2,169,455</b>	<b>\$2,547,294</b>	<b>\$2,371,837</b>	<b>\$2,210,580</b>	<b>\$2,107,213</b>
<b>Passenger Fares/ Total Funding</b>	3.0%	2.6%	2.7%	2.8%	3.3%

Source: PennDOT dotGrants Reporting System

## PARATRANSIT FUNDING

Paratransit funding is about 22.6% of IndiGO's public transportation funding and consists of ADA complementary and shared-ride services. Local, state and federal subsidies as well as passenger fares are used to finance paratransit operating costs (**Exhibit 22**). Funding for (revenue + subsidy) the paratransit program has decreased by 2.5%, going from \$630,703 in FYE 2011 to \$615,217 in FYE 2015. The paratransit budget is smaller in proportion, only 29.2% the size of IndiGO's fixed-route budget.

### Exhibit 22: Paratransit Funding by Source

Category	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
<b>Revenues</b>					
Passenger Fares	\$35,686	\$33,113	\$21,721	\$28,853	\$21,470
Advertising	\$0	\$0	\$0	\$0	\$0
Lottery	\$448,774	\$437,241	\$397,352	\$358,263	\$357,695
PwD Reimbursement	\$18,797	\$19,633	\$18,293	\$25,957	\$13,404
PwD Passenger Fares	\$0	\$0	\$0	\$0	\$2,067
AAA	\$66,633	\$65,645	\$74,433	\$61,269	\$57,545
MH/MR	\$30,880	\$30,720	\$12,800	\$0	\$0
MATP Admin	\$0	\$0	\$8,727	\$0	\$0
Other	\$0	\$12,849	\$0	\$0	\$0
Other- Revenue Interest	\$5,424	\$0	\$680	\$10,970	\$0
<b>Subtotal</b>	<b>\$606,194</b>	<b>\$599,201</b>	<b>\$534,006</b>	<b>\$485,312</b>	<b>\$460,716</b>
<b>Subsidies</b>					
1 Federal Operating Grant	\$4,681	\$5,000	\$2,758	\$2,825	\$0
2 Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
3 Act 44 (1513) State Current	\$6,567	\$4,475	\$37,420	\$89,382	\$154,501
4 Special- (Local)	\$13,260	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$24,508</b>	<b>\$9,475</b>	<b>\$40,178</b>	<b>\$92,207</b>	<b>\$154,501</b>
<b>Total Funding</b>	<b>\$630,702</b>	<b>\$608,676</b>	<b>\$574,184</b>	<b>\$577,519</b>	<b>\$615,217</b>

Source: PennDOT dotGrants Reporting System

## BALANCE SHEET FINDINGS

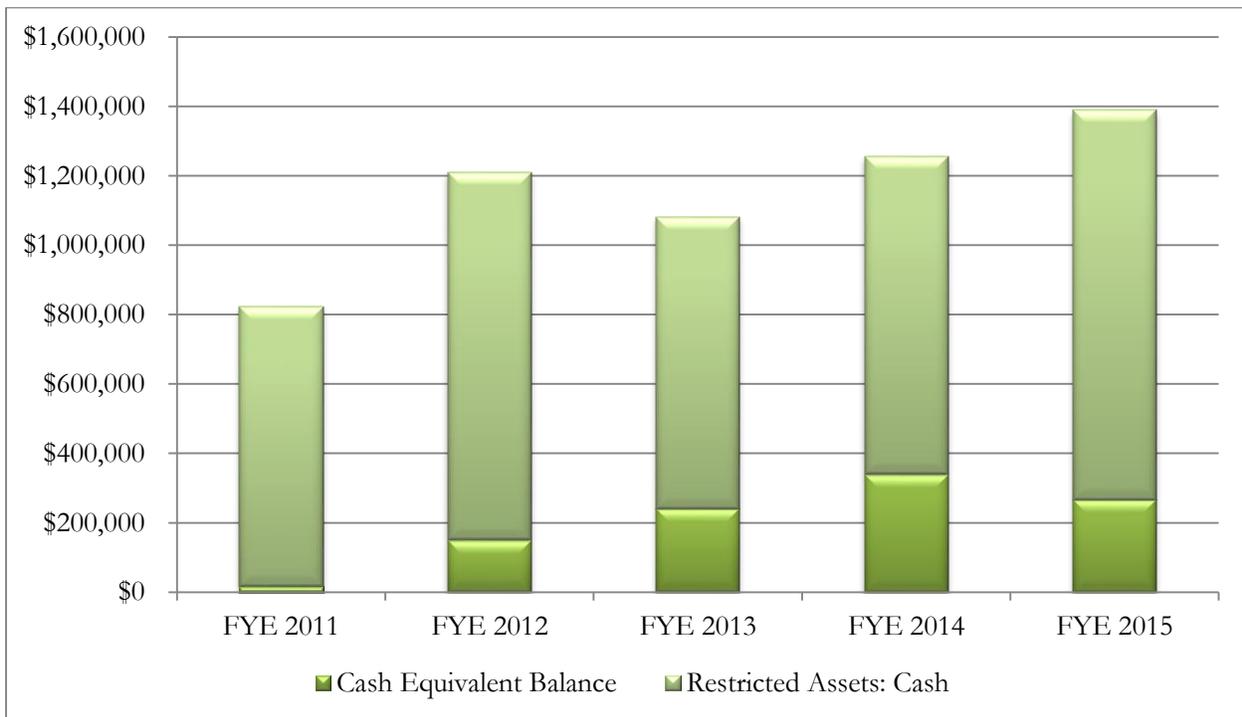
Review of balance sheets from IndiGO shows that the agency regularly maintains adequate cash on hand (**Exhibit 23** and **Exhibit 24**). The margin between current assets and liabilities is similar to that seen in many other transit agencies in the Commonwealth. Accounts payable remains at low levels. IndiGO has a \$350,000 available line of credit which had a zero balance for FYE 2015.

**Exhibit 23: Balance Sheet Summary (FYE 2012 – FYE 2015)**

<b>Balance Sheet Report</b>	<b>FYE 2012</b>	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
Cash Equivalent Balance	\$149,180	\$239,538	\$338,140	\$266,441
Grants Receivable (including capital)	\$1,061,042	\$841,696	\$917,688	\$1,123,426
Other Accounts Receivable	\$142,974	\$67,395	\$97,414	\$102,101
Restricted Assets: Cash	\$255,006	\$224,485	\$175,179	\$159,946
Inventory Value	\$98,022	\$67,722	\$53,183	\$75,061
Prepaid Expenses	\$31,319	\$73,107	\$36,992	\$34,498
Accounts Payable (including capital)	\$165,270	\$136,121	\$151,330	\$117,195
Accrued Expenses	\$162,798	\$150,256	\$174,354	\$141,728
Line of Credit	\$196	\$196	\$0	\$0
<b>Total Operating Expense</b>	<b>\$2,893,775</b>	<b>\$2,946,021</b>	<b>\$2,788,099</b>	<b>\$2,722,430</b>
Cash Eqv. Bal / Total Operating Exp.	5.16%	8.13%	12.13%	9.79%
Line of Credit / Annual Payroll	17.85%	16.99%	16.90%	0.00%
Current Assets	\$1,737,543	\$1,513,943	\$1,618,596	\$1,761,473
Current Liabilities	\$328,264	\$286,573	\$325,684	\$258,923
<b>Net Current Assets</b>	<b>\$1,409,279</b>	<b>\$1,227,370</b>	<b>\$1,292,912</b>	<b>\$1,502,550</b>

Source: Annual Audit Reports and dotGrants

**Exhibit 24: End-of-Year Cash Equivalent Balance (FYE 2011 – FYE 2015)**



## 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 IndiGO based on their own assumptions of future service levels as well as available operating and capital funding.

As shown in **Exhibit 25**, IndiGO's projected operating budget assumes an average increase of 8.0% from FYE 2015 to FYE 2019, as compared to a 0.7% average decrease from FYE 2011 to FYE 2015. The high rate of budgeted cost increase accounts for uncertainty in the projected cost of labor and fringe benefits. Based on current use of 1513 funds, IndiGO projects \$146,859 in carryover reserves available in FYE 2019.

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

Operating Budget	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Total Operating Expenses	\$2,107,213	\$2,539,420	\$2,961,859	\$2,772,620	\$2,862,622
Total Operating Revenue	\$685,268	\$811,595	\$819,160	\$821,080	\$822,445
Total Operating Deficit	\$1,421,945	\$1,727,825	\$1,872,699	\$1,951,540	\$2,040,177
Federal Subsidy	\$277,216	\$88,369	\$277,216	\$277,216	\$277,216
State Subsidy	\$1,090,302	\$1,474,128	\$1,535,478	\$1,549,956	\$1,549,946
Local Subsidy	\$54,427	\$57,148	\$60,005	\$63,005	\$66,156
Total Funding	\$1,421,945	\$1,727,825	\$1,872,699	\$1,951,540	\$2,010,177
1513 Reserves	\$780,887	\$75,828	\$14,478	\$61,363	\$146,859
<b>Operating Costs Change from Previous Year</b>	<b>-7.8%</b>	<b>20.5%</b>	<b>16.6%</b>	<b>-6.4%</b>	<b>3.2%</b>

IndiGO plans to maintain its fixed-route fleet size by replacing three New Flyer buses with three CNG buses. It also plans to replace three minivans used for shared-ride by FYE 2016. IndiGO plans to replace three diesel body on chassis (BOC) vehicles used for the IUP park-and-ride routes with CNG vehicles of similar size in FYE 2017. IndiGO's capital budget currently focuses on vehicle replacements, technology upgrades and a new CNG fueling station.

## CONCLUSIONS

Indiana County contributes money for IndiGO's public transportation funding requirements. IndiGO has a \$350,000 line of credit available, a balanced operating budget and no outstanding debt. IndiGO's operating budget projections indicate that IndiGO plans to maintain a balanced budget over the next five years. IndiGO had \$605,620 in 1513 carryover funds available, and \$173,151 in local carryover funds at the end of FYE 2014. By the end of FYE 2015, IndiGO had \$780,887 in available state carryover subsidies and local carryover subsidies had increased to \$180,889. A projected annual increase of 8.0% in operating costs reflect uncertainty in the projected cost of labor and fringe benefits. Management should take appropriate actions to control costs and achieve farebox recovery goals to maintain IndiGO's overall financial health.

## APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

### PART 1- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATE

#### A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

Recommendation (page)	IndiGO Action	Estimated Initiation Date	Estimated Completion Date
Develop a system map depicting all available service within Indiana County (p. 18)			
Update TDP every five years to account for changes in service area demographics (p. 18)			

#### B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

Recommendation (page)	IndiGO Action	Estimated Initiation Date	Estimated Completion Date
Expand marketing plan to include a budget tied to a schedule and expected return on investment (p. 19)			
Evaluate the revenue potential of advertising on bus shelters (p. 19)			

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

Recommendation (page)	IndiGO Action	Estimated Initiation Date	Estimated Completion Date
Develop an annual target for maintenance parts turnover (p. 19)			
Assess shared-ride program costs and fare pricing to identify strategies that recover more of the actual cost of shared-ride service (p. 20)			

**PART 2- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE**

<b>Recommendation (page)</b>	<b>IndiGO Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
Incorporate the progress of implementing the strategic plan in Board packages (p. 20)			
Expand the annual evaluation of the Executive Director to include measures directly tied to performance goals of the strategic plan (p. 20)			
Evaluate the potential of internship programs with IUP (p. 21)			

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