



TAWC System Performance Review

May 5, 2016

Final TAWC Performance Review Report

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AGENCY PUBLIC TRANSPORTATION PROFILE

Agency	Transit Authority of Warren County (d.b.a. TAWC)	
Year Founded	1978	
Reporting Fiscal Year End (FYE)	FYE 2014	
Service Area (square miles)	883	
Service Area Population	43,863	
Annual Operating Statistics*	Fixed-Route Bus	Paratransit (Shared Ride + ADA)
Vehicles in Maximum Service (VOMS)	3	10
Operating Cost*	\$782,339	\$484,511
Operating Revenues*	\$52,684	\$472,528
Total (Actual) Vehicle Miles	188,880	214,132
Revenue Miles of Service (RVM)	188,417	128,849
Total Vehicle Hours	10,380	19,231
Revenue Vehicle Hours (RVH)	10,280	9,693
Total Passenger Trips	69,442	35,288
Senior Passenger (Lottery) Trips	8,386	28,373
Act 44 Performance Statistics		
Passengers / RVH	6.76	3.64
Operating Cost / RVH	\$76.10	\$49.99
Operating Revenue / RVH	\$5.12	\$48.75
Operating Cost / Passenger	\$11.27	\$13.73
Other Performance Statistics		
Operating Revenue / Operating Cost	6.73%	97.53%
Operating Cost / Total Vehicle Hours	\$75.37	\$25.19
Operating Cost / Total Vehicle Miles	\$4.14	\$2.26
Total Passengers / Total Vehicle Hours	6.69	1.83
Operating Cost / RVM	\$4.15	\$3.76
RVM / Total Vehicle Miles	99.75%	60.17%
RVH / Total Vehicle Hours	99.04%	50.40%

* source: PennDOT dotGrants 2014 reporting. Operating cost and operating revenues have been reduced by \$20,729 to reflect a one-time insurance rebate and \$13,513 to account for excess utility costs incurred due to the colocation with Experience at the TAWC administrative building.

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 Transit Authority of Warren County (d.b.a. TAWC) was conducted in June 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, TAWC trends, and comparisons with TAWC peers, targets for future performance, and opportunities for improvement that should assist TAWC in meeting the future targets. This report also addresses the management, general efficiency and effectiveness of services.

On the basis of this performance report, TAWC will develop an action plan that identifies the steps TAWC will take to meet the agreed upon Act 44 performance criteria targets by FY 2019-20. 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 TAWC'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 TAWC to agree on a plan which, when approved by the TAWC Board, will be submitted as the final action plan. At the very least, TAWC 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. TAWC'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 TAWC'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 TAWC.

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 TAWC is “In Compliance” for six criteria and “At Risk” for two.** 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 6th out of the 9 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 7th out of the 9 transit agencies and is worse than the peer group average.
4. **FYE 2013 operating revenue / revenue vehicle hour** ranks 7th out of the 9 transit agencies and is worse than the peer group average.
5. The **five-year trend for operating revenue/ revenue vehicle hour** is better than the peer group average.
6. The **five-year trend for operating cost / passenger** is worse than the peer group average.

At Risk

1. The **five-year trend for increase in operating cost / revenue vehicle hour** is the steepest rate of cost increase in the peer group.
2. **FYE 2013 operating cost / passenger** ranks 8th out of the 9 transit agencies and is more costly than the peer group average.

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

Performance Criteria	FYE	Determination	Rank (of 9)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2013	In Compliance	6	Worse	7.14	8.99
	Trend	In Compliance	2	Better	3.31%	-0.53%
Operating Cost / Revenue Hour	2013	In Compliance	7	Worse	\$77.78	\$66.26
	Trend	At Risk	9	Worse	6.90%	1.59%
Operating Revenue / Revenue Hour	2013	In Compliance	7	Worse	\$5.15	\$7.67
	Trend	In Compliance	2	Better	8.71%	5.41%
Operating Cost / Passenger	2013	At Risk	8	Worse	\$10.89	\$8.11
	Trend	In Compliance	5	Worse	3.47%	2.30%

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 TAWC 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. Supports senior rider market through close proximity to a local area agency on aging
2. Annual award program for the most active senior who promotes TAWC service
3. Coordinates with Erie Metropolitan Transit Authority (the E) for major maintenance repairs

OPPORTUNITIES FOR IMPROVEMENT

1. Revise how utilities costs are allocated between TAWC and the Allegheny Community Center
2. Develop a formal cost allocation methodology for direct and indirect costs between fixed-route and shared-ride services
3. Develop a fare policy that includes a farebox recovery goal
4. Develop a preventative maintenance policy that establishes on time performance goals
5. Establish a Board education program that outlines Board member roles and responsibilities
6. Develop a system map
7. Develop an on-time policy that tracks schedule on-time performance
8. Remove consideration of early arrival as counting for ‘on-time’ arrival
9. Establish a service development program that periodically evaluates potential route changes
10. Develop agency-level performance standards, track and report these findings to the Board
11. Expand the advertising policy to include other agency property, such as bus shelters, as potential sources of advertising revenue
12. Explore resource sharing opportunities

FINANCIAL REVIEW

Warren County, the City of Warren and nearby municipalities contribute monies for TAWC’s local match funding requirements. Per PennDOT dotGrants, TAWC has a balanced operating budget. TAWC projections of service levels and budget indicate that TAWC plans to maintain a balanced budget over the next five years. However, 1513 reserves are projected to decrease significantly. TAWC had \$199,476 in state 1513 carryover funds and \$21,626 in local carryover funds at the end of FYE 2013. This amounted to state reserves equal to 25.2% of TAWC’s annual fixed-route operating cost or 15.4% of total operating cost. By the end of 2014, state carryover subsidies increased to \$237,155 and local matching subsidies decreased to \$17,739. This resulted in state reserves equal to 29.8% of TAWC’s annual fixed-route operating cost or 18.5% of total operating cost. Management should continue to take appropriate accounts to control costs, achieve farebox recovery goals, and maintain cash reserves to sustain TAWC’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 TAWC 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 2014). 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
	2012 Actual	2013 Actual	2014 Actual	2019 Target	
Passengers / Revenue Hour	6.48	7.14	6.76	7.17	1.0%
Operating Cost / Revenue Hour	\$73.30	\$77.78	\$76.10	\$90.87	3.00%
Operating Revenue / Revenue Hour	\$4.29	\$5.15	\$5.12	\$5.44	1.00%
Operating Cost / Passenger	\$11.31	\$10.89	\$11.27	\$12.69	2.00%

NEXT STEPS

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

The template for the Action Plan, provided as an appendix to this report, is where TAWC 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. TAWC must select, prioritize and schedule its intended actions using the template.

TAWC 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 TAWC’s management and the Department. The finalized Action Plan then must be approved by the TAWC Board and formally submitted to PennDOT. TAWC’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 Transit Authority of Warren County (d.b.a. TAWC).

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

AGENCY DESCRIPTION

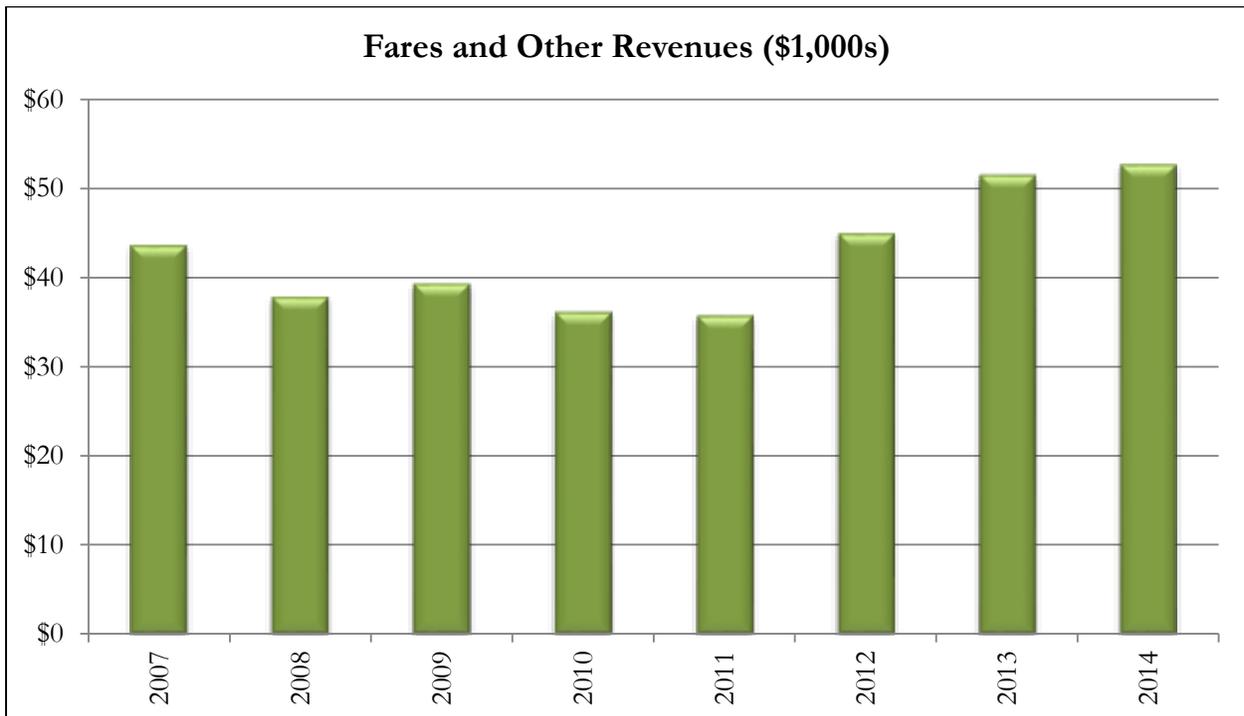
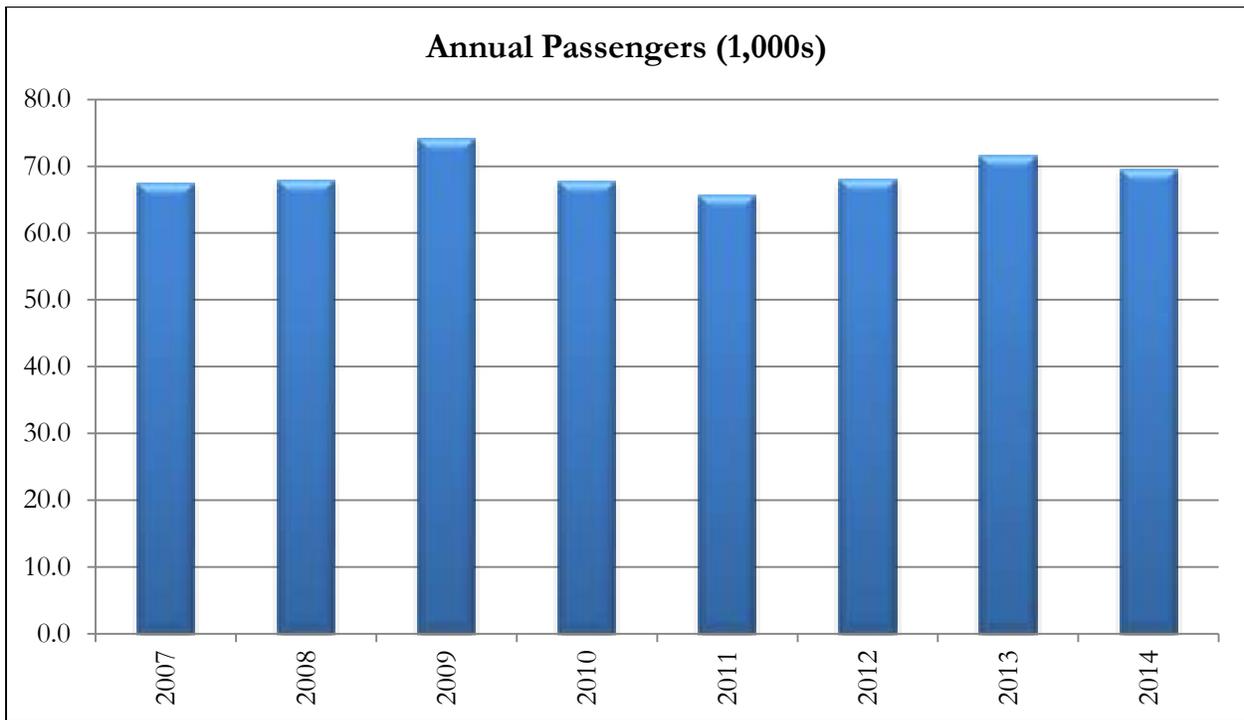
The Transit Authority of Warren County (d.b.a. TAWC) was created in 1978 in Warren County, Pennsylvania. It was formed with the initial purpose of providing fixed-route bus service to the residents of the City of Warren as well as surrounding townships. TAWC provides fixed-route bus service and demand-response throughout Warren County, as well as many administrative functions of the Medical Assistance (MA) transportation program. TAWC is overseen by a 9 member board appointed by the Warren County Board of Commissioners.

Currently, TAWC operates three weekday fixed-routes, typically operating between 4:30 a.m. and 7:00 p.m. On Saturdays, TAWC routes operate between 9:30 a.m. and 5 p.m. TAWC operates weekday paratransit services within Warren County. **Exhibit 1** and **Exhibit 2** present fixed-route bus statistics for TAWC derived from PennDOT dotGrants Legacy Reports.

Important observations evident from the trends in demand, revenues, and operating characteristics for the Legacy reporting period of Fiscal Year End (FYE) 2007 through 2014 for TAWC's fixed-route service are as follows:

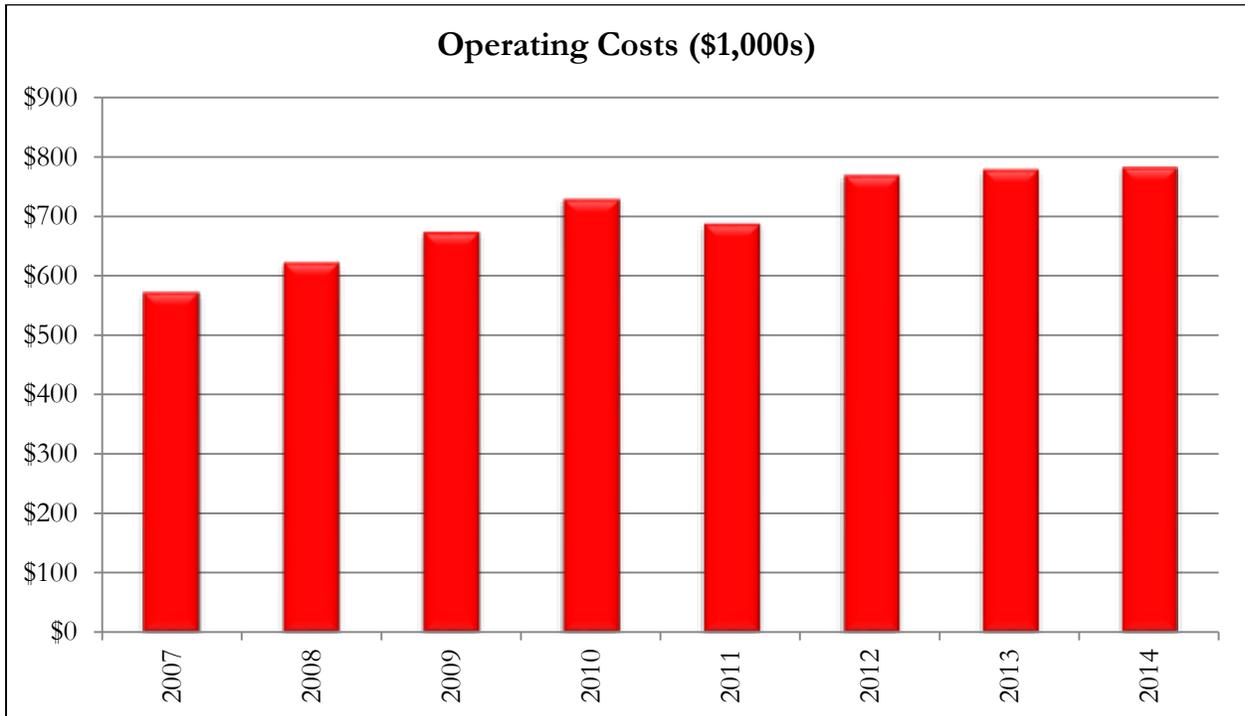
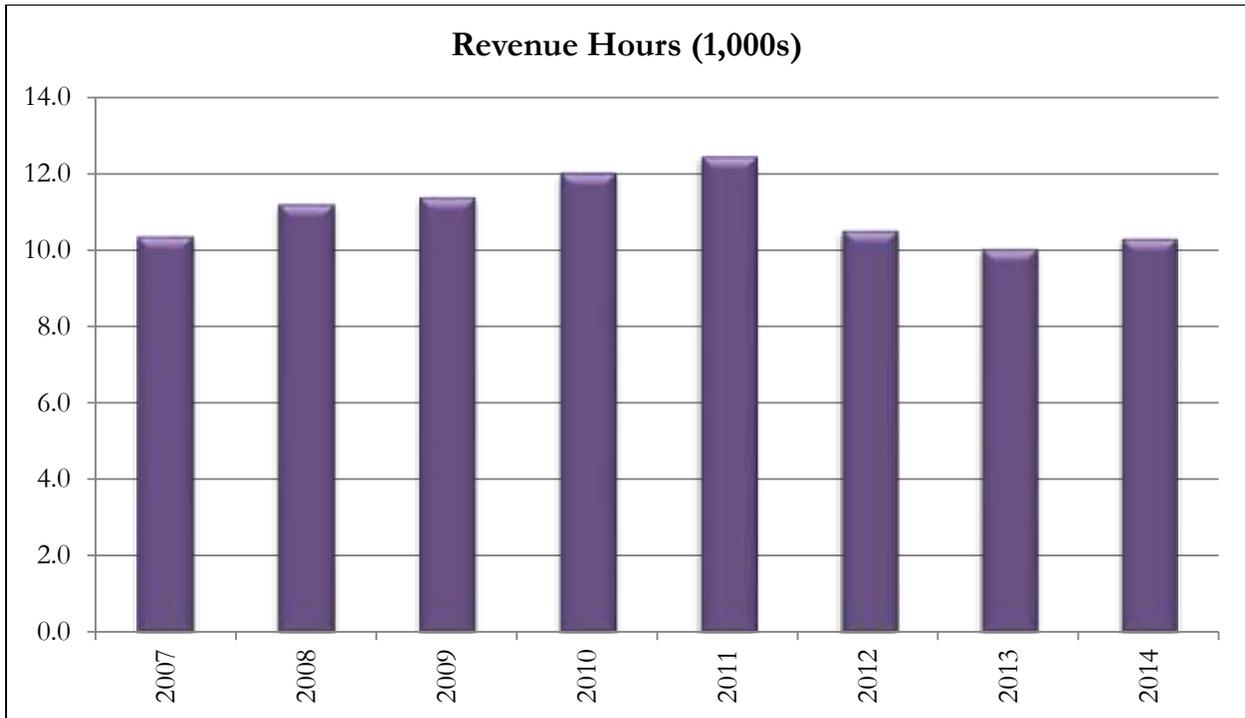
1. TAWC's annual fixed-route ridership has increased by about 2,000 passengers since 2007 and was about 69,500 passengers in FYE 2014.
2. TAWC's 2014 total operating revenue (including passenger fares, advertising and other local revenues) was \$52,684 in FYE 2014. This amount excludes a one-time insurance rebate of \$20,729 but includes \$6,487 in net rental income from space it leases to Experience. TAWC's regular base fare is \$1.00 and transfers are free. Students pay a one-way fare of \$0.25. Farebox revenues recover 5.9% of total operating expenses.
3. Revenue hours of service in 2014 are at comparable levels to 2007. TAWC provided 10,280 revenue hours of service in FYE 2014 as compared to 10,339 in FYE 2007.
4. Total operating costs increased by about 36.6% between 2007 and 2014, going from about \$572,547 to \$782,339 annually. The 2014 operating costs reported in dotGrants have been reduced to credit a one-time insurance rebate of \$20,729 towards operating expenses and \$13,513 in additional utility costs offset by rental income from space it leases to Experience.

Exhibit 1: Fixed-Route Passengers and Revenues FYE 2008-2014



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

Exhibit 2: Fixed-Route Revenue Hours and Operating Costs FYE 2007-2014



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

ACT 44 PERFORMANCE ASSESSMENT

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

“The Department may conduct performance reviews of an award recipient under this section to determine the effectiveness of the financial assistance. Reviews shall be conducted at regular intervals as established by the Department in consultation with the management of the award recipient. After completion of a review, the Department shall issue a report that: highlights exceptional performance and identifies any problems that need to be resolved; assesses performance, efficiency, and effectiveness of the use of the financial assistance; makes recommendations on follow-up actions required to remedy any problem identified...”¹

The law sets forth the following performance criteria to be used to satisfy its objectives²:

- 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:³

- 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 TAWC’s management for review and comment. After discussions were complete, the following 8 peer systems, in addition to TAWC, were included in subsequent analyses for peer comparison purposes:

1. City of Loveland Transit, (COLT), Loveland CO
2. City of Middletown – Middletown Transit System
3. Brunswick Transit Alternative (BTA) Brunswick, OH
4. Venango County Transportation (VCTA) Franklin, PA
5. DUFAS (DuFast) DuBois, PA
6. MID County Transit (MIDCO) Kittanning, PA
7. Butler Transit Authority (BTA) Butler, PA
8. Crawford Transit Authority (CATA) Meadville, PA

¹ Title 74 Pa. C.S.A. §1513 (e)

² Title 74 Pa. C.S.A. §1513 (f)

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

ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of TAWC with the selected peer systems was completed using NTD-reported data and PennDOT dotGrants Legacy statistics. Due to its consistency and availability⁴ 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 TAWC
- *Standard Deviation*: Standard deviation of all values being measured across all peer transit agencies, including TAWC

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

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

If an agency is within these limits, it is considered “In Compliance.” However, if an agency is “At Risk” for any given criterion, it must very closely monitor the effectiveness of remedial strategies identified in the action plan to achieve “Compliance” prior to the next performance review⁵.

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

⁴ 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.

⁵ 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	At Risk
Operating Revenue / Revenue Hour	In Compliance	In Compliance
Operating Cost / Passenger	At Risk	In Compliance

FIXED-ROUTE BUS PERFORMANCE COMPARISONS

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

For measures relating to passengers or operating revenue, ordinal rankings are based on a highest-to-lowest system. For measures relating to operating cost, ordinal rankings are based on a lowest-to-highest system. Thus a ranking of “1st” consistently indicates that the agency scores best amongst its peers and a ranking of “9th” indicates that it performs the poorest on any given metric.

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

1. TAWC’s FYE 2013 passengers / revenue hour ranks 6th out of the 9 transit agencies in the peer group and is below the peer group average. The Passengers / revenue hour trend has been increasing at about 3.31% per year.
2. TAWC’s FYE 2013 operating cost / revenue vehicle hour ranks 7th out of the 9 transit agencies in the peer group and is above the peer average. Operating cost / revenue hour trend is at risk, increasing at a rate higher than the peer group average at about 7.27% per year⁶.
3. TAWC’s 2013 operating revenue / revenue vehicle hour ranks 7th out of the peers and below the peer group average. The trend between FYE 2008 and FYE 2013 indicates that operating revenue / revenue vehicle hour is improving, increasing at a rate above the peer group average. This is attributable, in part, to net revenues from rent collected, beginning in 2012, on space leased to Experience⁷, the local Area Agency on Aging for Warren and Forest counties.
4. TAWC’s operating cost / passenger for FYE 2013 is worse than the peer group average, ranking 8th out of the peers and is at risk. The trend of annual cost / passenger increase (3.47%) is worse than the peer group average (2.30%).

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.

⁶ FYE 2013 costs reflected in this report reflect a (\$13,513) adjustment to dotGrants totals to subtract the additional cost of geothermal utility service provided to Experience. This amount is also subtracted from rents collected to yield “net other rental income” of \$6,487.00.

⁷ <http://www.experienceinc.org/>

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
City of Loveland Transit	12.86	2	15.47	-3.63%	8
City of Middletown - Middletown Transit System	10.70	4	17.15	-9.00%	9
Brunswick Transit Alternative	4.79	8	3.86	4.37%	1
Venango County Transportation	8.17	5	7.34	2.19%	3
DUFAST	6.30	7	6.33	-0.10%	5
MID County Transit	4.63	9	5.15	-2.10%	7
Butler Transit Authority	12.20	3	12.42	-0.36%	6
Crawford County Transportation Authority	14.12	1	13.74	0.55%	4
Transit Authority of Warren County	7.14	6	6.07	3.31%	2
<i>Average</i>	8.99		9.73	-0.53%	
<i>Standard Deviation</i>	3.58		4.97	4.05%	
<i>Average – 1 Standard Deviation</i>	5.41		4.76	-4.58%	
<i>Average + 1 Standard Deviation</i>	12.57		14.69	3.52%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

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 of 9	2008 Value	Annual Rate	Rank of 9
City of Loveland Transit	\$83.78	8	\$79.77	0.99%	4
City of Middletown - Middletown Transit System	\$71.76	6	\$64.93	2.02%	5
Brunswick Transit Alternative	\$39.47	1	\$53.14	-5.77%	1
Venango County Transportation	\$55.53	2	\$49.07	2.50%	6
DUFAST	\$57.82	4	\$68.56	-3.35%	2
MID County Transit	\$60.03	5	\$57.74	0.78%	3
Butler Transit Authority	\$94.06	9	\$70.19	6.03%	8
Crawford County Transportation Authority	\$56.10	3	\$45.74	4.17%	7
Transit Authority of Warren County	\$77.78	7	\$55.72	6.90%	9
<i>Average</i>	\$66.26		\$60.54	1.59%	
<i>Standard Deviation</i>	\$16.91		\$11.08	4.11%	
<i>Average – 1 Standard Deviation</i>	\$49.35		\$49.46	-2.53%	
<i>Average + 1 Standard Deviation</i>	\$83.17		\$71.62	5.70%	
Act 44 Compliance Determination	In Compliance		At Risk		
Compared to the Peer Group Average	Worse		Worse		

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 of 9	2008 Value	Annual Rate	Rank of 9
City of Loveland Transit	\$7.62	5	\$8.93	-3.14%	9
City of Middletown - Middletown Transit System	\$11.47	1	\$10.74	1.31%	6
Brunswick Transit Alternative	\$4.66	8	\$1.35	28.09%	1
Venango County Transportation	\$10.14	3	\$10.28	-0.28%	8
DUFAST	\$3.54	9	\$3.09	2.77%	5
MID County Transit	\$6.72	6	\$4.77	7.13%	3
Butler Transit Authority	\$10.80	2	\$9.35	2.93%	4
Crawford County Transportation Authority	\$8.93	4	\$8.41	1.21%	7
Transit Authority of Warren County	\$5.15	7	\$3.39	8.71%	2
<i>Average</i>	\$7.67		\$6.70	5.41%	
<i>Standard Deviation</i>	\$2.86		\$3.54	9.23%	
<i>Average – 1 Standard Deviation</i>	\$4.81		\$3.16	-3.81%	
<i>Average + 1 Standard Deviation</i>	\$10.53		\$10.24	14.64%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

Exhibit 7: Fixed-Route Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank of 9	2008 Value	Annual Rate	Rank of 9
City of Loveland Transit	\$6.52	2	\$5.16	4.79%	7
City of Middletown - Middletown Transit System	\$6.70	3	\$3.79	12.11%	9
Brunswick Transit Alternative	\$8.25	6	\$13.75	-9.72%	1
Venango County Transportation	\$6.79	4	\$6.69	0.30%	3
DUFAST	\$9.17	7	\$10.83	-3.26%	2
MID County Transit	\$12.95	9	\$11.20	2.95%	4
Butler Transit Authority	\$7.71	5	\$5.65	6.41%	8
Crawford County Transportation Authority	\$3.97	1	\$3.33	3.60%	6
Transit Authority of Warren County	\$10.89	8	\$9.18	3.47%	5
<i>Average</i>	\$8.11		\$7.73	2.30%	
<i>Standard Deviation</i>	\$2.64		\$3.66	6.15%	
<i>Average – 1 Standard Deviation</i>	\$5.46		\$4.07	-3.85%	
<i>Average + 1 Standard Deviation</i>	\$10.75		\$11.39	8.44%	
Act 44 Compliance Determination	At Risk		In Compliance		
Compared to the Peer Group Average	Worse		Worse		

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

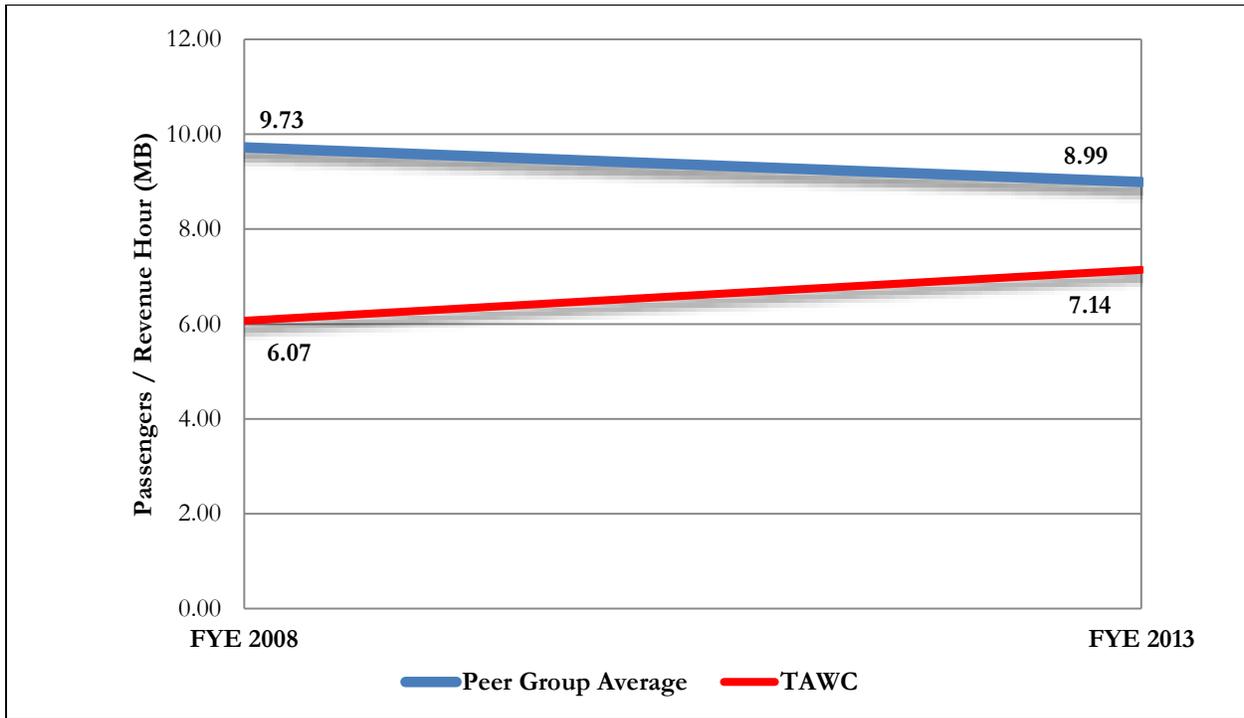


Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2008-2013

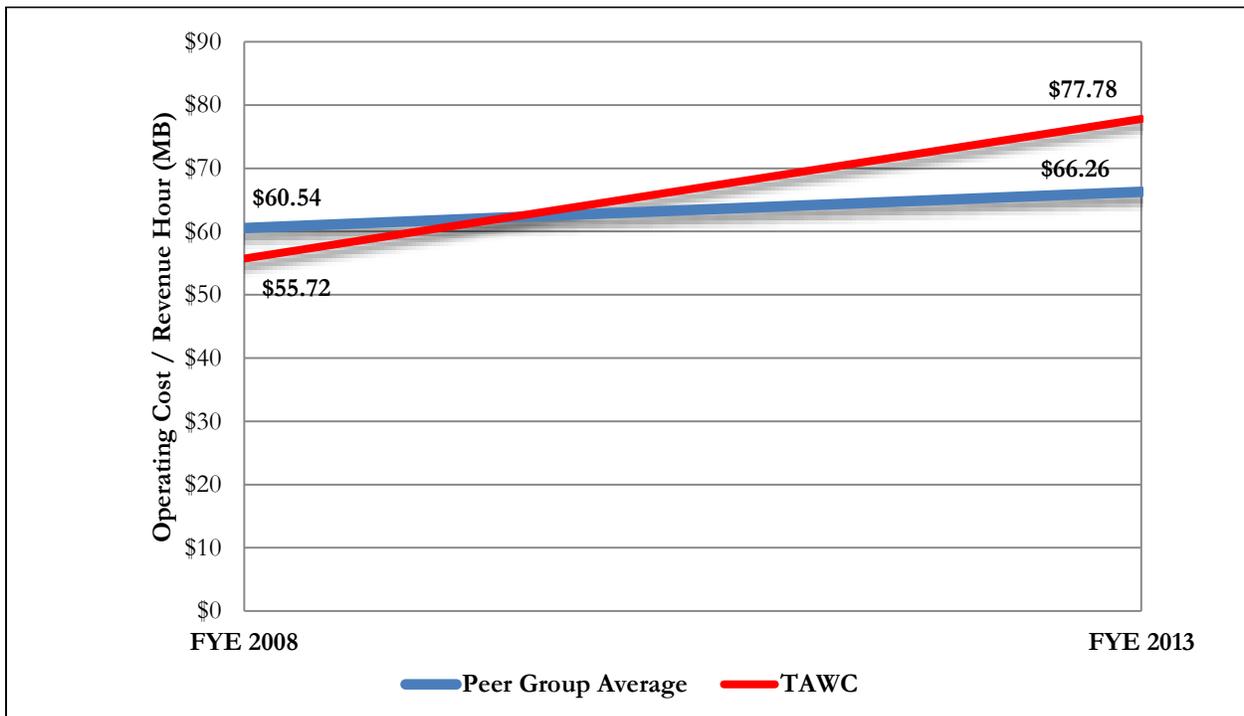


Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2008-2013

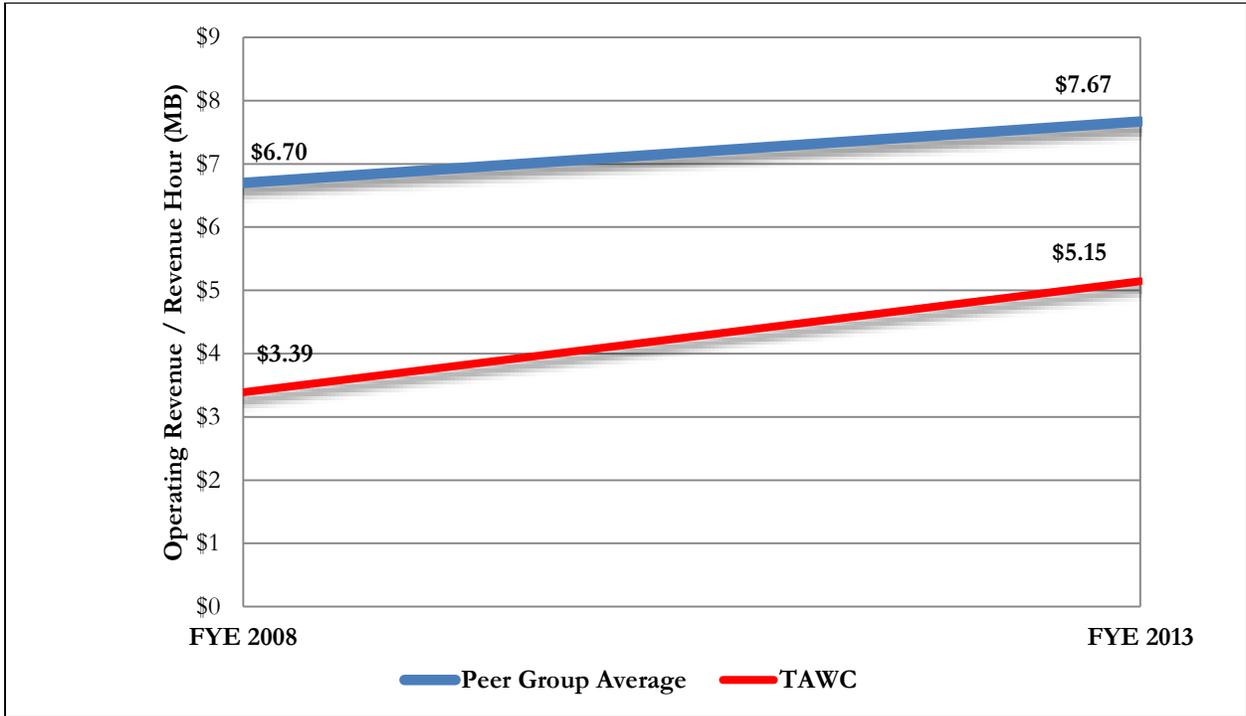
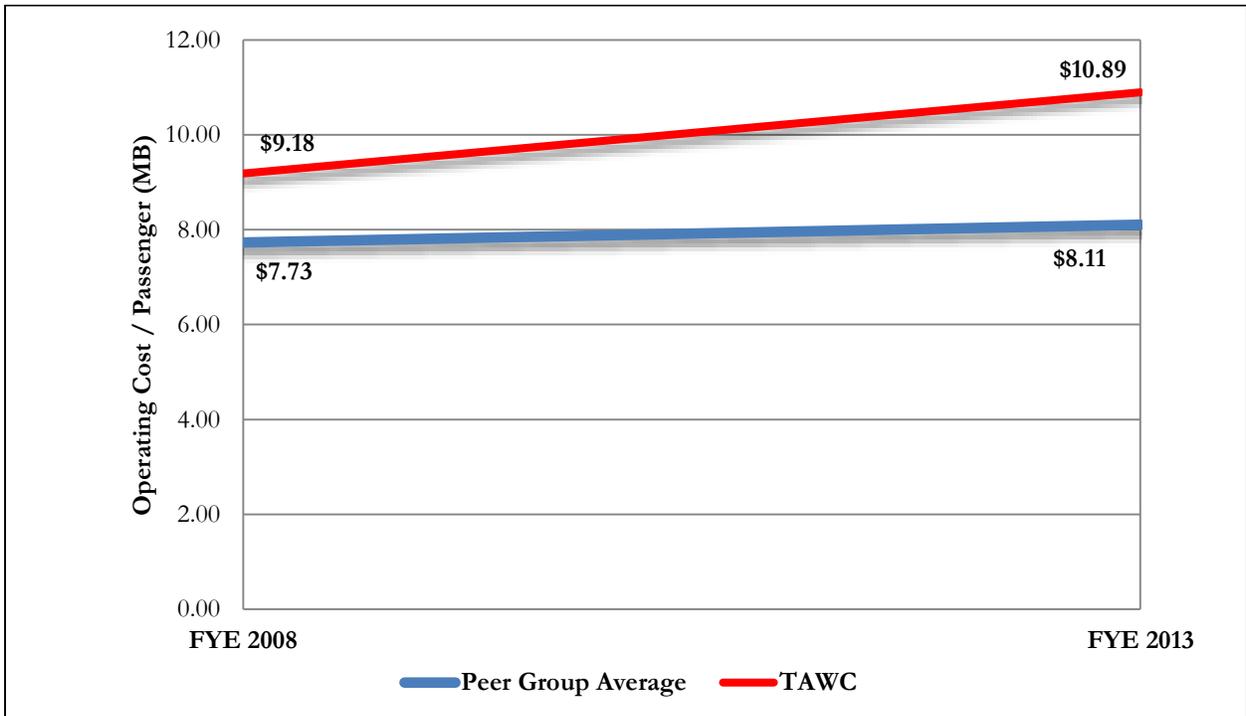


Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2008-2013



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. 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. TAWC’s target has been set to 1% growth per year to help TAWC 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. TAWC’s target has been set to a 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 (1%) 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 (1.0%), or 2.0%.

These performance targets represent the minimum performance level that TAWC should achieve for each Act 44 criteria during the next performance review cycle – five years from the date of this report. The performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current certified audit information available. Standards were extrapolated to FYE 2020 and are designed to be aggressive, yet achievable. Performance targets will be agreed to between PennDOT and TAWC before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for TAWC’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..... **7.10**
 Interim Year Targets **Annual increase of at least 1.0%**

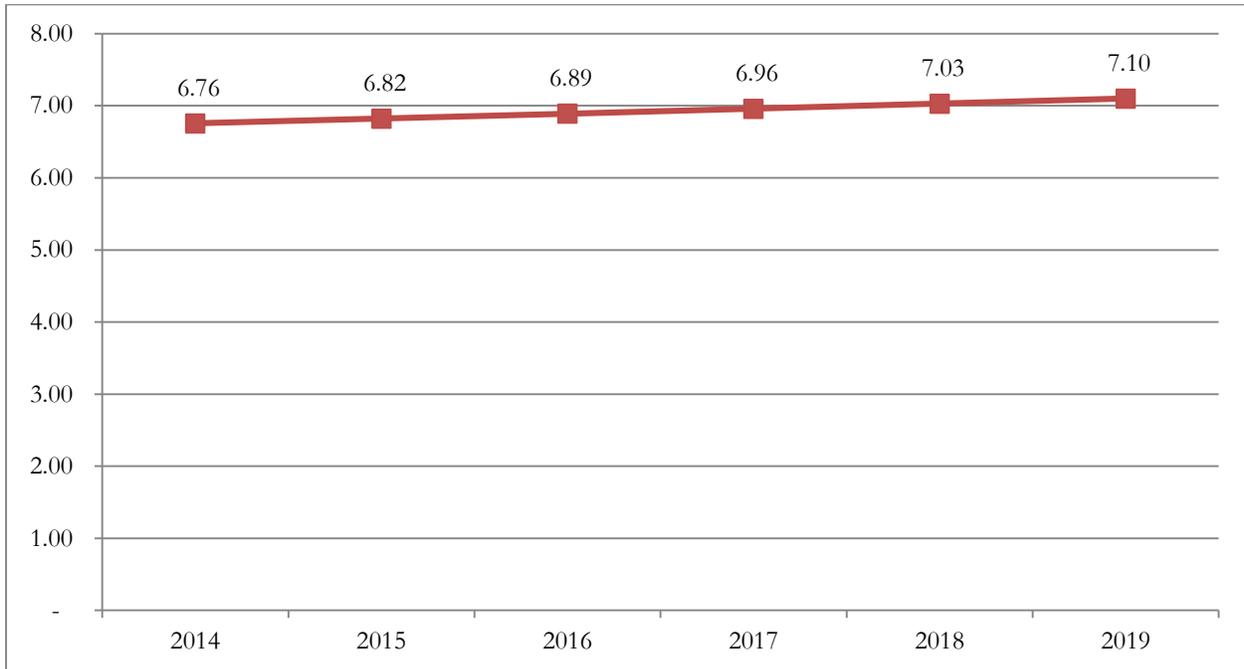


Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets

FYE 2019 Target..... **\$88.22**
 Interim Year Targets **Annual increase of no more than 3.0%**

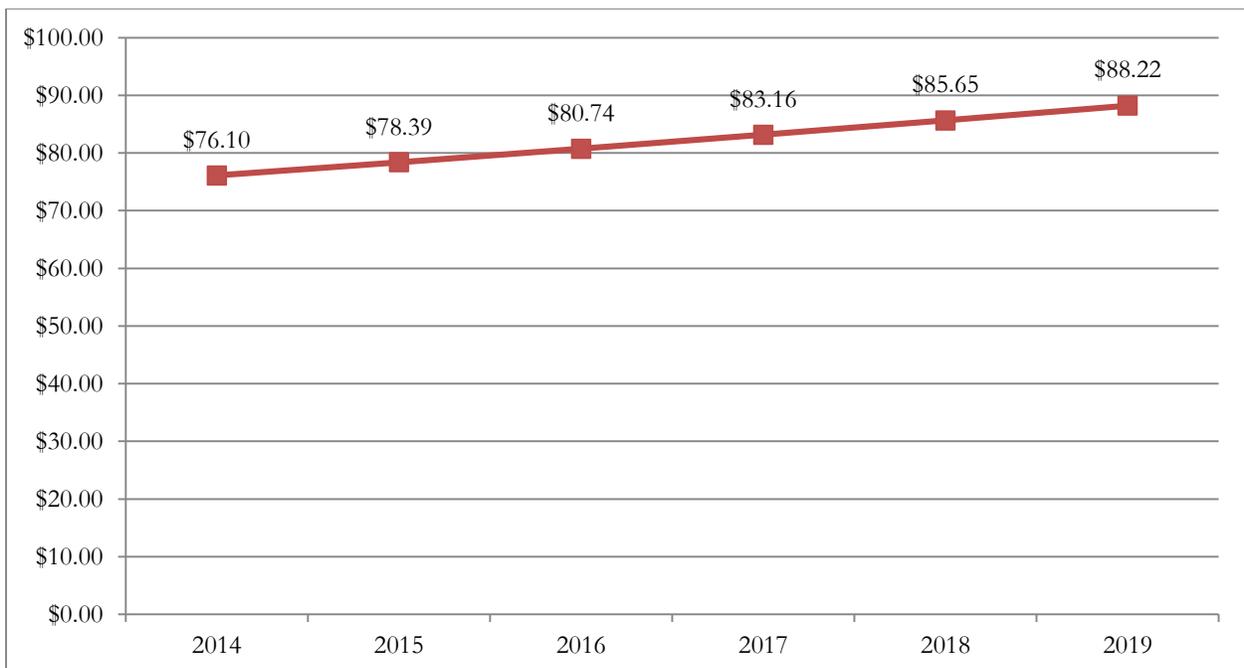


Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets
 FYE 2019 Target..... **\$5.39**
 Interim Year Targets **Annual increase of at least 1.0%**

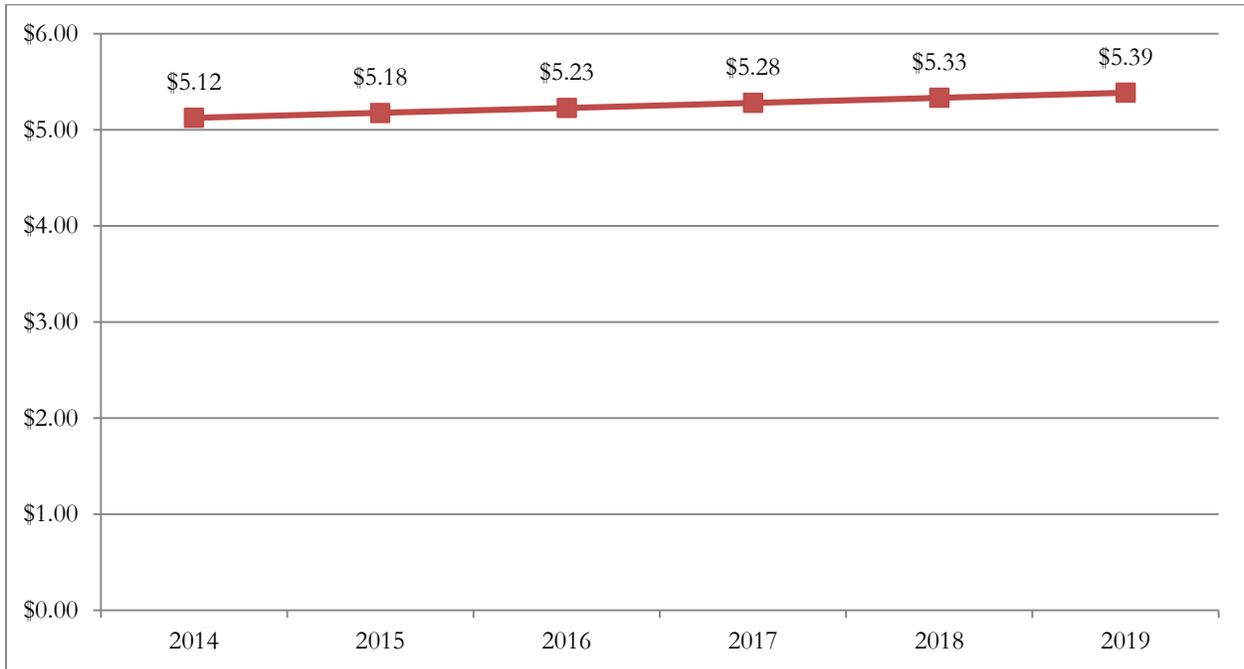
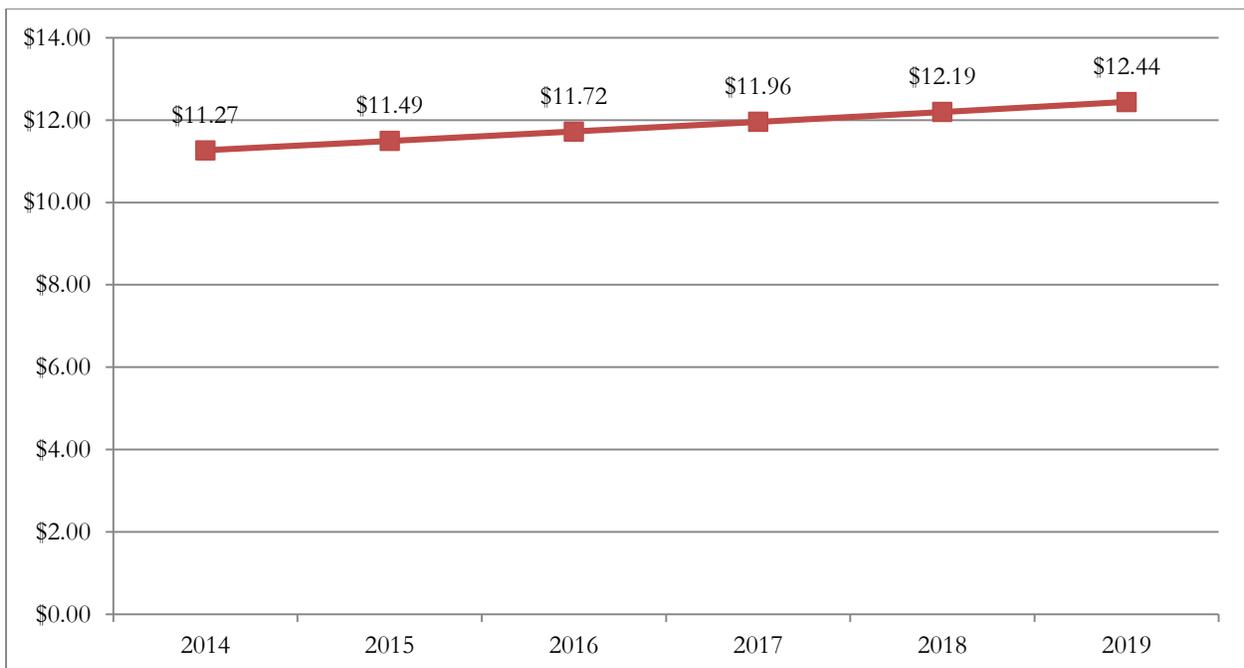


Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets
 FYE 2019 Target..... **\$12.44**
 Interim Year Targets **Annual increase of no more than 2.0%**



FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to catalog “best practices” to share with other transit agencies, and to identify opportunities for improvement that should be addressed in the Action Plan (see **Appendix A: Action Plan Improvement Strategies**). A total of 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 that 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 that have the potential to maximize productivity, to direct service hours effectively, to control operating costs, and to achieve optimum revenue levels that will enhance the system's future performance overall for one or more of the Act 44 fixed-route performance factors. For the convenience of TAWC, Action Plan templates have been included in **Appendix A: Action Plan Improvement Strategies** (pp. 31-34). 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. TAWC is collocated with the Allegheny Community Center, a major activity center serving the city of Warren, Warren County and Forest County. The facility also serves as TAWC's transfer center. This has allowed TAWC to provide easy access, one-seat trips for seniors who use the Community Center daily.
2. The Board gives an annual award to the senior passenger found to be most active in promoting TAWC service. This approach actively engages TAWC's rider base and is a cost effective approach for marketing.

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

1. TAWC does not track or monitor on-time schedule adherence. Currently, the operator handbook states that trips five minutes early or up to ten minutes late are considered on-time. TAWC has an on-time performance goal of 90% but does not track or report schedule adherence. Most agencies do not consider early arrival as on-time, because if a bus is early but the passenger is on-time, the bus will miss passengers who adhere to the schedule. TAWC **should remove early arrival from its definition of on-time and monitor on-time performance** to ensure that runs are on schedule and in adherence with its stated goals.
2. TAWC lacks a system map. Although schedule brochures include a basic map of the route, the agency website lacks an overall map that depicts all routes and available transfer points. TAWC **should develop a system map** that shows the entire fixed-route system.
3. TAWC has no strategy or program in place for service development. Although the region is declining in population, TAWC believes there is demand for service into Erie, PA and Jamestown, NY. Management **should periodically evaluate potential service changes** so

that the system will adapt to the changing needs of the community and its travel patterns. This will allow TAWC to make service changes in a balanced approach that is also cost effective between existing service and future service.

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

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

BEST PRACTICES

1. None.

ELEMENTS TO ADDRESS IN PART 1-B OF THE ACTION PLAN (SEE P. 32)

1. TAWC’s current fare policy is based on the adjustment of passenger fares to meet the general rate of inflation. However, TAWC’s operating cost per revenue hour (i.e., inflation) has been increasing at a rate higher than the general rate of inflation. This means that the percentage of operating costs recovered through the farebox will decrease over time. A fare recovery policy should consider farebox recovery of operating costs as well as other important factors such as ease of fare collection, environmental justice, Title VI and the impact of fare changes on ridership. TAWC **should update its fare policy to include farebox recovery** as one component of a broader strategy to ensure revenues keep pace with operating costs.
2. TAWC has a general policy statement regarding advertising on fixed-route buses, but does not address potential advertising opportunities for other agency assets. Currently there is no advertising on five out of six bus shelters. Furthermore, the existing policy only addresses fixed-route vehicles. Management **should expand the advertising policy to include other agency assets** such as bus shelters or its transfer center to maximize sources of advertising revenue.

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. As a cost savings measure, TAWC coordinates with Erie Metropolitan Transit Authority (the E) for major vehicle repairs. In addition to repairs, the E performs general PM on TAWC vehicles when serviced. Outsourcing major repairs saves the cost of hiring additional maintenance staff and equipment that would be rarely used thereby saving TAWC operating and capital costs.

ELEMENTS TO ADDRESS IN PART 1-C OF THE ACTION PLAN (SEE P. 33)

1. TAWC leases 13,061 square feet of space to the Allegheny Community Center and receives \$20,000 in annual rent (i.e., \$1,667 per month). TAWC pays the utility cost for geothermal heating the entire building including Allegheny Community Center's portion which amounts to \$13,513 annually (i.e., \$1,126 per month). Effectively, this reduces the net annual rent collected from the Allegheny Community Center to \$6,487, or about \$0.50 per foot (\$540 per month). This also has the effect of overinflating TAWC's public transportation expenses as reported in its audit. **Management and auditors should revise how geothermal utility costs are allocated between TAWC and the Allegheny Community Center** so as to paint a more accurate picture of the agency's finances.
2. TAWC does not have a consistent methodology for allocating the cost of utilities and casualty and liability insurance (i.e., indirect costs) as part of its cost allocation plan or audit. A formally developed and consistently applied methodology will assist TAWC in determining how indirect costs should be allocated between fixed-route and shared-ride services. For example, in the FYE 2014 audit, "Other materials and supplies" and "Utilities" are reported to be allocated based on vehicle hours. However, the allocation percentages to fixed-route and shared-ride programs are different. **TAWC should develop and document a formal allocation methodology for all indirect costs that is consistently applied to fixed-route and shared-ride services.**
3. TAWC does not track or report on-time preventative maintenance (PM) performance. The agency does have a maintenance plan in place that outlines when PM should be followed. However, without tracking performance, TAWC is not able to monitor the adherence of the PM schedule. On-time PM is critical to maintaining the health of the fleet and minimizing larger and more expensive repairs. **Management should develop a PM policy that establishes a performance goal to measure against current PM practices.** This will assist TAWC in ensuring PM is performed to schedule and minimize operating costs.

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. None.

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

1. TAWC has no established Board education program. Board members have no job descriptions and rely on an informal understanding of roles and responsibilities. **Establishing a Board education program will help guide Board members in their agency responsibilities and assist new Board members in understanding their roles.** TAWC should use PennTRAIN Board Training as a component of a board education program.
2. TAWC should **develop a formal set of performance goals and measure where its current service performance is in relation to the targets directly outlined in a strategic long-**

range plan. Then, if necessary, TAWC should develop a performance enhancement strategy for all key agency functions.⁸

Performance measures are objective indicators that can be used to strengthen management decision making, achieve results, and support accountability. Examples of important transit performance metrics are:

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

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

3. The Executive Director regularly attends the Northwest Regional Planning Organization's meeting on behalf of TAWC. Management **should explore resource sharing opportunities** and take advantage of regional planning partners and their technical capabilities in GIS and other planning tools.

⁸ See Page 19 for a list of key functional areas.

FINANCIAL REVIEW

Assessing the financial health and trajectory of transit agencies is an effort that relies on accurate data from certified audit reports, accounts payable, accounts receivable, PennDOT dotGrants, and interviews with management and financial staff. This financial review focuses on “high-level” snapshot and trend indicators to determine if additional follow up by PennDOT is warranted through the review of audit reports, other financial reports, and budgets. The 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**, TAWC is in line with most industry goals for all high-level financial indicators. Available reserves, mostly attributable to state funds, have been above 25% of annual operating costs in most years. This provides flexibility in case of unexpected cost increases or service changes. TAWC has about \$237,000 in carryover section 1513 funds and \$17,100 in carryover local funds separately identified in PennDOT dotGrants. TAWC will need to control future costs to maintain adequate 1513 reserves.

Accounts payable and receivable amounts are negligible. TAWC has a \$100,000 revolving line of credit with Northwest Savings Bank. There are no outstanding borrowings against the line as of FYE 2014.

Local matching funds contributed by Warren County and the City of Warren and nearby municipalities⁹, subsidize 3.1% of TAWC’s total operating costs (FYE 2014). These local matching funds represent a 6.5% 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 securing local match from Warren County may present a challenge as local contribution amounts are required to increase as a result of Act 44.

⁹ Pleasant Township, Borough of Youngsville, Conewango Township, Glade Township and Sheffield Township.

Exhibit 16: High-level Financial Indicators

Indicator	TAWC Value ¹⁰	Assessment Criteria / Rationale	Source
State Carryover 1513 Subsidies / Annual Operating Cost	18.7%	A combined reserve of 25% provides flexibility to account for unexpected cost increases or service changes.	FYE 2014 Audit and dotGrants
Local Carryover Subsidies / Annual Operating Cost	1.4%		
Credit available/ Annual Payroll	18.9%		
Actual Local Match / Required Match	100%	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 2014
Accounts Payable (AP) 90+ days	0.0%	Should be 0% over 90 days. Larger values indicate cash flow concerns.	TAWC reported value
Accounts Receivable (AR) 90+ days	0.0%	Should be 0% over 90 days. Larger values can cause cash flow problems.	TAWC reported value
Debt / Annual Operating Cost	0.0%	Should be 0%. Low debt amounts reduce borrowing costs.	FYE 2014 Audit

¹⁰ Values reported as end of reporting period balances.

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, TAWC public transportation has grown from a \$1.1 million per year operation in FYE 2009 to a \$1.3 million per year operation in FYE 2014, a 15.8% increase. Approximately 61.8% of TAWC’s operational expenses are attributed to fixed-route service. The remaining operational expenses are attributed to ADA complementary and shared-ride paratransit service (38.2%), as shown in **Exhibit 18**. However, cost allocation between fixed-route and shared-ride programs is an issue that likely should be revised based on the findings of the functional review of TAWC’s current cost allocation practices (p. 20).

TAWC’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. TAWC has used state and federal funds to finance both its fixed-route and ADA paratransit operations (**Exhibit 19**). Combined state and federal operating subsidies are an important share, representing approximately 55.4% of total operating income. Passenger fares and other revenues remain the largest source of operating income for TAWC (**Exhibit 20**) accounting for 41.5% of total operating income. Local funding is in line with Act 44 requirements.

Exhibit 17: Public Transportation Operating Expense by Service Type (FYE 2009-2014)

Expense by Service Type	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Fixed-Route	\$0.7	\$0.7	\$0.7	\$0.8	\$0.8	\$0.8
ADA and Shared-Ride Paratransit	\$0.4	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Total (\$ millions)*	\$1.1	\$1.2	\$1.2	\$1.3	\$1.3	\$1.3

* May not add due to rounding

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

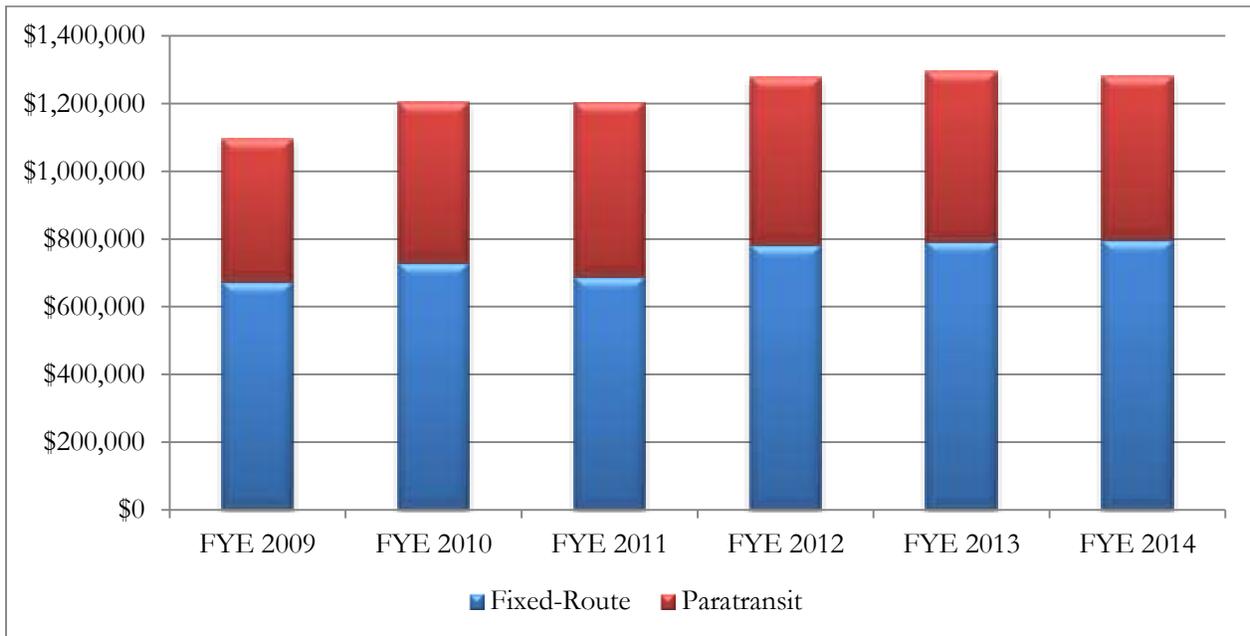
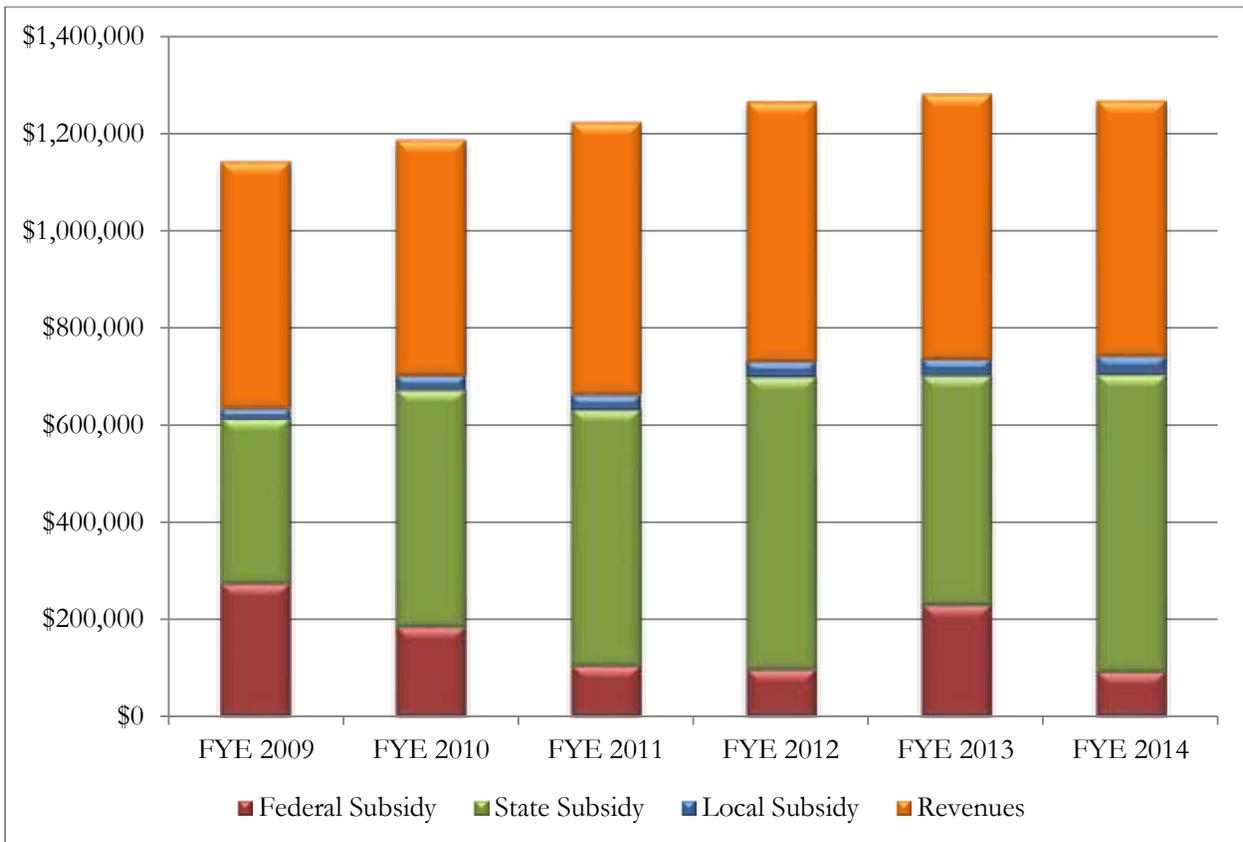


Exhibit 19: Public Transportation Operational Funding by Source (FYE 2009 – FYE 2014)

Share of Funding	2009	2010	2011	2012	2013	2014
Federal Subsidy	24.0%	15.7%	8.7%	7.8%	18.0%	7.4%
State Subsidy	29.7%	40.9%	43.0%	47.4%	36.7%	48.0%
Local Subsidy	1.9%	2.5%	2.6%	2.6%	2.7%	3.1%
Revenues (Non-Subsidy)	44.4%	40.8%	45.7%	42.2%	42.6%	41.5%
Local Subsidy / State Subsidy	6.4%	6.2%	6.0%	5.5%	7.4%	6.5%

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



FIXED-ROUTE FUNDING

TAWC's fixed-route funding is derived from general revenues and government subsidies. Direct Passenger fares have covered between 4.9% and 5.9% of total operating revenues (**Exhibit 21**). Other revenues derived from rent have consistently represented the largest source of revenue behind passenger fares since 2012.

Based on the FYE 2010 to FYE 2014 dotGrants reporting, TAWC operated using current year funding with \$237,155 state funds being "carried over" at the end of 2014. TAWC also had \$17,739 in carryover local funds available at the end of 2014.

Exhibit 21: Fixed-Route Funding

Funding Category	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Revenues					
Passenger Fares	\$35,763	\$34,860	\$36,470	\$44,840	\$46,055
Advertising	\$0	\$0	\$0	\$0	\$0
Charter	\$0	\$0	\$0	\$0	\$0
Route Guarantee	\$0	\$0	\$0	\$0	\$0
Other (Rent)	\$0	\$0	\$8,154	\$6,487	\$6,487
Other (Interest)	\$396	\$929	\$340	\$186	\$142
Subtotal	\$36,159	\$35,789	\$44,964	\$51,513	\$52,684
Subsidies					
Federal Operating Grant	\$186,572	\$100,265	\$95,543	\$227,939	\$94,003
Act44 (1513) State Prior	\$0	\$38,088	\$124,682	\$0	\$0
Act44 (1513) State Current	\$475,971	\$481,957	\$470,729	\$464,440	\$511,558
Municipal Prior	\$14,192	\$0	\$0	\$0	\$0
Municipal Current	\$7,250	\$0	\$17,372	\$23,033	\$32,868
Act 44 (1513) Advertising	\$8,532	\$25,352	\$15,675	\$11,666	\$3,566
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	\$84,773
Act 3 BSG Grant (Local)	\$0	\$0	\$0	\$0	\$2,887
Special-(Federal)	\$0	\$0	\$0	\$0	\$0
Special-(State)	\$0	\$0	\$0	\$0	\$0
Special (Local) Advertising	\$0	\$6,121	\$0	\$0	\$0
Subtotal	\$692,517	\$651,783	\$724,001	\$727,078	\$729,655
Total Funding	\$728,676	\$687,572	\$768,965	\$778,591	\$782,339
Passenger Fares/ Total Funding	4.9%	5.1%	4.7%	5.8%	5.9%

Source: PennDOT dotGrants Reporting System

PARATRANSIT FUNDING

Paratransit funding is about 37.2% of TAWC's public transportation operation 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**). The paratransit program has decreased from \$522,080 in FYE 2010 to \$483,974 in FYE 2014. The paratransit budget has decreased from 39.4% to 37.2% of the overall TAWC service budget from FYE 2010 to FYE 2014, remaining well below the fixed-route budget from FYE 2010 to FYE 2014.

Exhibit 22: Paratransit Funding by Source

Category	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Revenues					
1 Passenger Fares	\$4,009	\$6,249	\$7,713	\$11,474	\$10,628
2 Advertising	\$0	\$0	\$0	\$0	\$0
3 Lottery	\$333,551	\$379,913	\$363,335	\$354,165	\$305,652
4 PwD Reimbursement	\$1,716	\$2,096	\$2,214	\$1,092	\$1,563
5 PwD Administration	\$9,029	\$0	\$0	\$0	\$0
6 AAA	\$55,000	\$56,120	\$56,880	\$55,000	\$51,314
7 MH/MR	\$0	\$0	\$0	\$0	\$0
8 W2W	\$0	\$0	\$0	\$0	\$0
9 MATP	\$42,956	\$64,945	\$55,217	\$70,067	\$84,540
10 Other – Gain is Disposal of Cap.	\$0	\$0	\$0	\$1,018	\$1,250
11 Other – Escort	\$0	\$0	\$0	\$521	\$537
12 Other – Misc	\$1,078	\$741	\$3,716	\$50	\$17,044
13 Other – Local	\$1,000	\$12,687	\$0	\$0	\$0
Subtotal	\$448,339	\$522,751	\$489,075	\$493,387	\$472,528
Subsidies					
1 Federal Operating Grant	\$0	\$5,862	\$3,013	\$3,036	\$0
2 Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
3 Act 44 (1513) State Current	\$9,321	\$5,862	\$3,885	\$5,377	\$11,983
4 Act 44 (1513) Advertising	\$64,420	\$0	\$0	\$0	\$0
Subtotal	\$73,741	\$11,724	\$6,898	\$8,413	\$11,983
Total Funding	\$522,080	\$534,475	\$495,973	\$501,800	\$484,511

Source: PennDOT dotGrants Reporting System

BALANCE SHEET FINDINGS

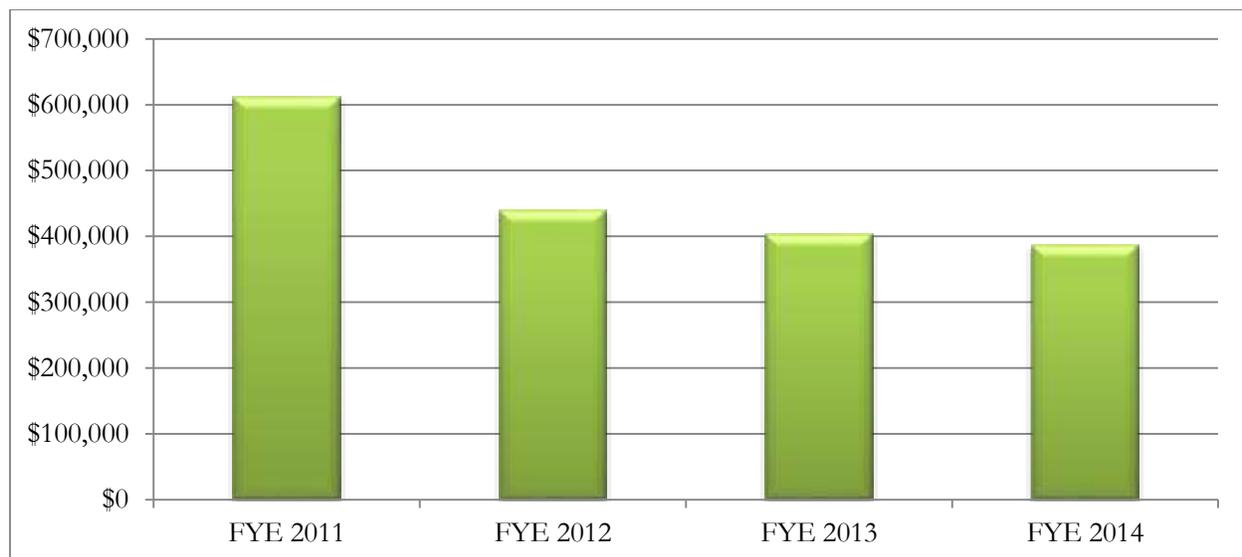
Review of balance sheets from TAWC shows that the agency regularly maintains adequate cash on hand (**Exhibit 23** and **Exhibit 24**). The margin between current assets and liabilities is similar to that seen in many other transit agencies in the Commonwealth, but have decreased over time. Accounts payable remains at low levels. TAWC maintains a strong cash flow, and a \$100,000 revolving line of credit from Northwest Savings Bank.

Exhibit 23: Balance Sheet Summary (FYE 2011 – FYE 2014)

Balance Sheet Report	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Cash Equivalent Balance	\$612,215	\$439,040	\$403,474	\$386,435
Grants Receivable (including capital)	\$0	\$0	\$0	\$0
Other Accounts Receivable	\$424,993	\$73,200	\$126,343	\$42,421
Restricted Assets: Cash	\$0	\$0	\$0	\$0
Inventory Value	\$0	\$0	\$0	\$0
Prepaid Expenses	\$0	\$0	\$0	\$0
Accounts Payable (including capital)	\$41,829	\$52,402	\$88,388	\$25,536
Accrued Expenses	\$123,501	\$128,932	\$127,599	\$126,129
Deferred Revenue	\$383,846	\$308,609	\$307,490	\$254,894
Line of Credit	\$490,772	\$0	\$0	\$0
Current Maturities of Long-term Debt	\$15,736	\$10,324	\$5,047	\$4,193
Total Operating Expense	\$1,202,576	\$1,263,559	\$1,280,391	\$1,266,850
Cash Eqv. Bal / Total Operating Exp.	50.9%	34.7%	31.5%	30.5%
Line of Credit / Annual Payroll	150.1%	11.5%	11.1%	11.4%
Current Assets	\$1,051,677	\$512,240	\$545,774	\$428,856
Current Liabilities	\$1,055,684	\$500,267	\$528,524	\$410,752
Net Current Assets	-\$4,007	\$11,973	\$17,250	\$18,104

Source: Annual Audit Reports and dotGrants

Exhibit 24: End-of-Year Cash Equivalent Balance (FYE 2011 – FYE 2014)



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

As shown in **Exhibit 25**, TAWC's projected operating budget assumes an average increase of 3% in FYE 2016 to FYE 2017. Operational expenses rise in FYE 2018 as a result of possible new fixed-route service between the City of Warren and the City of Corry in Erie County, PA. From FYE 2015 to FYE 2019, TAWC projects 1513 reserves to decrease at a steady rate. Should costs unexpectedly rise, available subsidies may not be sufficient to address cost overruns without adequate reserves.

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

Operating Budget	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Total Operating Expense	\$867,283	\$893,301	\$920,101	\$1,065,514	\$1,090,000
Total Operating Revenue	\$71,600	\$76,578	\$77,371	\$87,000	\$88,000
Total Operating Deficit	\$795,683	\$816,723	\$842,730	\$978,514	\$1,002,000
Federal Subsidies	\$75,120	\$75,120	\$75,120	\$125,000	\$125,000
State Subsidies	\$682,307	\$701,435	\$725,433	\$809,228	\$830,500
Local Subsidies	\$38,256	\$40,168	\$42,177	\$44,286	\$46,500
Total Funding	\$795,683	\$816,723	\$842,730	\$978,514	\$1,002,000
1513 Reserves	\$71,074	\$50,000	\$50,000	\$50,000	\$6,081
Operating Cost Change from Previous Year	9.0%	3.0%	3.0%	15.8%	2.3%

Currently, TAWC has no active capital projects. TAWC does not have any CNG vehicles, but is planning on converting to CNG in the future. Future capital projects include facility repairs and vehicle replacement for fixed-route and shared-ride fleets. TAWC is expecting to undergo facility repairs in FY 2016-17. Based on TAWC's future projections, which include possible service between the City of Warren and the City of Corry, TAWC is planning on procuring two new vehicles (either diesel or CNG if available). TAWC is scheduled to replace five fixed-route vehicles in FYE 2022 and ten shared-ride vehicles from FYE 2016 through FYE 2020.

CONCLUSIONS

Warren County, the City of Warren and nearby municipalities¹¹ contribute monies for TAWC's local match funding requirements. Per PennDOT dotGrants, TAWC has a balanced operating budget. TAWC projections of service levels and budget indicate that TAWC plans to maintain a balanced budget over the next five years. However, 1513 reserves are projected to decrease significantly. TAWC had \$199,476 in state 1513 carryover funds and \$21,626 in local carryover funds at the end of FYE 2013. This amounted to state reserves equal to 25.2% of TAWC's annual fixed-route operating cost

¹¹ Pleasant Township, Borough of Youngsville, Conewango Township, Glade Township and Sheffield Township.

or 15.4% of total operating cost. By the end of 2014, state carryover subsidies increased to \$237,155 and local matching subsidies decreased to \$17,739. This resulted in state reserves equal to 29.8% of TAWC's annual fixed-route operating cost or 18.5% of total operating cost. Management should continue to take appropriate accounts to control costs, achieve farebox recovery goals, and maintain cash reserves to sustain TAWC's overall financial health.

APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

PART 1- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATES

A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

Recommendation (page)	TAWC Action	Estimated Initiation Date	Estimated Completion Date
Develop an on-time policy that tracks on-time performance (p. 18)			
Remove consideration of early arrival as counting for 'on-time' arrival (p. 18)			
Develop a system map (p. 18)			
Establish a service development program that evaluates potential routes with existing routes (p. 18)			

B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

Recommendation (page)	TAWC Action	Estimated Initiation Date	Estimated Completion Date
Develop a fare policy that includes a goal of recovering operating costs (p. 19)			
Expand the advertising policy to include other agency property as potential sources of advertising revenue (p. 19)			

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

Recommendation (page)	TAWC Action	Estimated Initiation Date	Estimated Completion Date
Revise how utilities costs are allocated between TAWC and tenants (p. 20)			
Develop a formal cost allocation methodology for direct and indirect costs between fixed-route and shared-ride services (p. 20)			
Develop a preventative maintenance policy that establishes a performance goal to measure against current practices (p. 20)			

PART 2- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE

Recommendation (page)	TAWC Action	Estimated Initiation Date	Estimated Completion Date
Establish a Board education program that outlines Board member roles and responsibilities (p. 20)			
Develop a formal set of performance goals and measure where current service performance is in relation to the targets directly outlined in a strategic long-range plan (p. 20)			
Explore resource sharing opportunities (p. 21)			

