



CCCT System Performance Review

September 5, 2015

## Transit Performance Review Report Carbon County Community Transit (CCCT)

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## AGENCY PUBLIC TRANSPORTATION PROFILE

Agency	Carbon County Community Transit (d.b.a. CCCT, The Lynx)	
Reporting Fiscal Year End (FYE)	FYE 2013	
Annual Operating Statistics*	Fixed-Route Bus	Paratransit (Shared Ride + ADA)
Vehicles in Maximum Service (VOMS)	1	15
Operating Cost	\$101,744	\$1,965,374
Operating Revenues	\$1,394	\$1,765,375
Total (Actual) Vehicle Miles	34,900	854,485
Revenue Miles of Service (RVM)	33,156	683,500
Total Vehicle Hours	2,080	37,474
Revenue Vehicle Hours (RVH)	1,780	36,450
Total Passenger Trips	6,101	62,148
Senior Passenger (Lottery) Trips	4,725	31,930
Act 44 Performance Statistics		
Passengers / RVH	3.43	1.71
Operating Cost / RVH	\$57.16	\$53.92
Operating Revenue / RVH	\$0.78	\$48.43
Operating Cost / Passenger	\$16.68	\$31.62
Other Performance Statistics		
Operating Revenue / Operating Cost	1.37%	89.82%
Operating Cost / Total Vehicle Hours	\$48.92	\$52.45
Operating Cost / Total Vehicle Miles	\$2.92	\$2.30
Total Passengers / Total Vehicle Hours	2.93	1.66
Operating Cost / RVM	\$3.07	\$2.88
RVM / Total Vehicle Miles	95.00%	79.99%
RVH / Total Vehicle Hours	85.58%	97.27%

\* source: PennDOT dotGrants 2013 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 Carbon County Community Transit (d.b.a. CCCT, The Lynx) was conducted in November 2014. The performance review focused on fixed-route bus. This report addresses Act 44 established performance criteria specifically related to fixed-route bus services – CCCT trends and a comparison of CCCT to peers, targets for future performance (performance reviews are conducted on a five-year cycle), and opportunities for improvement which should assist CCCT in meeting the future targets. This report also addresses the management, general efficiency and effectiveness of services.

After receipt of this performance review report, CCCT will develop an action plan which identifies the steps CCCT will take to meet the agreed to Act 44 performance criteria targets by FY 2018-19. The general goals are to maximize efficiency and promote cost savings, improve service quality, and increase ridership and revenue. The action plan should focus on the most critical areas for the agency, as prioritized by CCCT 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 CCCT to agree on a plan which, when approved by CCCT Board, will be submitted as the final action plan. At the very least, CCCT 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. CCCT'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 CCCT'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 2007 to FYE 2012 (the most recent NTD data available at the time of the peer selection). Peers were selected through an analytical process and were agreed to in advance by CCCT.

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 CCCT is **“In Compliance”** for all eight criteria and **“At Risk”** for none. The peer comparison process as applied to Act 44 criteria (below, in bold typeface) revealed the following:

### ***In Compliance***

1. **FYE 2012 passengers / revenue vehicle hour** ranks 5<sup>th</sup> out of the 7 transit agencies in the peer group and is worse than the peer group average.
2. The **five-year trend of passengers / revenue vehicle hour** is worse than average, is declining steeply, and ranks 6<sup>th</sup> out of the 7 transit agencies in the peer group.
3. **FYE 2012 operating cost / revenue vehicle hour** is better than average and ranks as the 3<sup>rd</sup> least costly of the 7 peer agencies.
4. The **five year trend for operating cost / revenue vehicle hour** is better than average and ranks 3<sup>rd</sup> best of the 7 transit agencies in the peer group.
5. **FYE 2012 operating revenue / revenue vehicle hour** is the lowest of the peer group.
6. The **five-year trend for operating revenue/ revenue vehicle hour** ranks at number 1 and is much better than the peer group average.
7. **FYE 2012 operating cost / passenger** is the 4<sup>th</sup> highest of the peer group and is lower than the peer group average.
8. The **five-year trend for operating cost / passenger** is very close to the peer group average and ranks 5<sup>th</sup> out of the 7 transit agencies.

### ***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 7)</b>	<b>Relation to Peer Average</b>	<b>Value</b>	<b>Peer Average</b>
Passengers / Revenue Hour	2012	In Compliance	5	Worse	4.56	5.57
	Trend	In Compliance	6	Worse	-5.35%	-3.01%
Operating Cost / Revenue Hour	2012	In Compliance	3	Better	\$55.69	\$71.63
	Trend	In Compliance	3	Better	2.17%	4.20%
Operating Revenue / Revenue Hour	2012	In Compliance	7	Worse	\$1.50	\$4.45
	Trend	In Compliance	1	Better	10.42%	1.13%
Operating Cost / Passenger	2012	In Compliance	4	Better	\$12.20	\$14.30
	Trend	In Compliance	5	Worse	7.95%	7.94%

## **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 CCCT 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. Major themes are indicated below. Accounts on how these detailed issues were identified and should be addressed are found in the body of the report.

### **BEST PRACTICES**

1. Incorporating performance standards into shared-ride service delivery contracts including minimum passenger trips per hour (productivity) and financial incentives for productivity exceeding minimum standards
2. Outsourcing management of its operations given the size of CCCT’s service
3. Coordinating with LANTA on joint procurement opportunities

### **OPPORTUNITIES FOR IMPROVEMENT TO ADDRESS IN THE ACTION PLAN**

1. Define clearly the governance roles, responsibilities and reporting expectations between the Carbon County Board of Commissioners, LANTA’s Board and management
2. Designate a county staff member to oversee and report to the Commission on CCCT performance
3. Develop a comprehensive strategic plan that looks to:
  - a. Develop a comprehensive marketing plan and budget
  - b. Develop a formal set of performance goals and regularly report on agency performance to the Carbon County Commission
  - c. Assess the effectiveness of fixed-ride service and adjust CCCT service to better meet customer needs
4. Create a transit development plan (TDP) to improve fixed-route service and ridership
5. Promote the new CCCT website from the County website and make a link available from the LANTA website homepage
6. Explore the potential of generating revenues from bus advertising
7. Assess the potential benefits and costs of adding cameras when purchasing new vehicles
8. Reduce or eliminate the need to use fixed-route funding to subsidize shared-ride service
9. Conduct a comprehensive assessment of CCCT’s shared-ride service to identify potential cost saving strategies that could eliminate its operating loss and minimize the need for fare increases
10. Incorporate operating performance standards into future service delivery contracts

## FINANCIAL REVIEW

Carbon County contributes monies to the CCCT to help cover CCCT's operational funding requirements. CCCT has used all of those amounts, in any given year, to balance its budget and comply with state requirements. Fixed-route farebox revenues as a percentage of operating cost is much lower than that in similar-sized transit systems in the Commonwealth, typically hovering between 1% and 2%. Actual fixed-route full fares are \$1.50. Because the majority of passengers are seniors who ride free and there are few fare paying passengers, the result is a very low farebox recovery ratio.

CCCT uses fixed-route subsidies from the USDOT, the County and from the Commonwealth to help cover a portion of the losses in its shared-ride operations. CCCT uses 74% of its fixed-route 1513 state funds to subsidize the shared-ride program. No other Pennsylvania transit system in the peer group used for the Act 44 comparison uses more than 30% of its fixed-route funds to subsidize shared-ride expenses, and most do not use any fixed-route funding for this purpose. This use of fixed-route funding to subsidize shared-ride service severely limits potential investments that could improve the performance of CCCT fixed-route service.

CCCT's overall financial health is poor. This is largely attributable to losses in its shared-ride operations. Shared-ride operations account for approximately 95% of CCCT's total operating costs. CCCT's current liabilities exceed its current assets. This has been the case since at least 2008. If CCCT were an independent transit authority, its situation would be dire. The reason it is not bankrupt is because it has a line of credit from Carbon County and unpaid monies due to LANTA which has not forced collection. Furthermore, CCCT's fixed-route program will experience additional cost increases as operating costs are expected to rise by more than 30% in FYE 2015 based on new contract terms with Easton Coach. Management should take appropriate actions to control costs, address losses in its shared-ride operation, and improve fixed-route farebox recovery so as to improve CCCT's overall financial health.

## FIVE-YEAR PERFORMANCE TARGETS

This transit agency performance report outlines areas where improvements may be made to in order to enhance the overall quality, effectiveness, and efficiency of the transit system. As a result of the performance review, a set of "performance targets" has been established. These performance targets are required to comply with Act 44 performance criteria and represent the minimum performance levels that CCCT 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 2013). Standards were extrapolated to FYE 2019 and are designed to be aggressive, yet achievable. They are summarized as follows:

Performance Criteria	Fiscal Year End (FYE)				Target Annual Increase
	2011 Actual	2012 Actual	2013 Actual	2019 Target	
Passengers / Revenue Hour	4.12	4.56	3.43	4.59	5.0%
Operating Cost / Revenue Hour	\$54.85	\$55.69	\$57.16	\$68.25	3.0%
Operating Revenue / Revenue Hour	\$0.90	\$1.50	\$0.78	\$1.05	5.0%
Operating Cost / Passenger	\$13.30	\$12.20	\$16.68	\$14.77	-2.0%

## NEXT STEPS

Upon final transmission of the performance review report, Act 44 regulations stipulate that CCCT “...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 Carbon County Board of Commissioners 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 CCCT.

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

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

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. CCCT must select, prioritize and schedule its intended actions using the template.

CCCT must submit the proposed draft Action Plan using the format provided in **Appendix A: Action Plan Improvement Strategies** to the Department for comment. The proposed draft Action Plan may then be revised based on consultation between CCCT and the Department. The finalized Action Plan then must be approved by the Carbon County Board of Commissioners and formally submitted to PennDOT. At the very least, CCCT must report quarterly to the Commissioners and the Department on progress towards accomplishing the Action Plan including actions taken in the previous quarter and actions planned for coming quarter(s).

# INTRODUCTION

## PURPOSE

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

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 November 2014, an Act 44 mandated performance review was initiated for CCCT. 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 CCCT 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 November 20 and November 21, 2014.
  - An interview guide customized for CCCT’s service was used for the review.
  - Topics covered during the interview process included:
    - Governance
    - Management
    - Human/Labor Relations
    - Finance
    - Procurement
    - Contracted Service
    - Maintenance
    - Safety and Security
    - Customer Service
    - Information Technology
    - Capital Planning
    - Marketing and Public Relations
    - Planning

## AGENCY DESCRIPTION

Carbon County Community Transit (d.b.a. CCCT) provides fixed-route and shared-ride public transportation service in Carbon County, Pennsylvania. CCCT provides fixed-route bus service in and around the city of Jim Thorpe, Lehighon, the Lehigh Valley Mall and surrounding communities. CCCT is overseen by the three member Carbon County Board of Commissioners.

Currently, CCCT operates 1 bus serving 3 fixed-routes, collectively known as “The Lynx:”

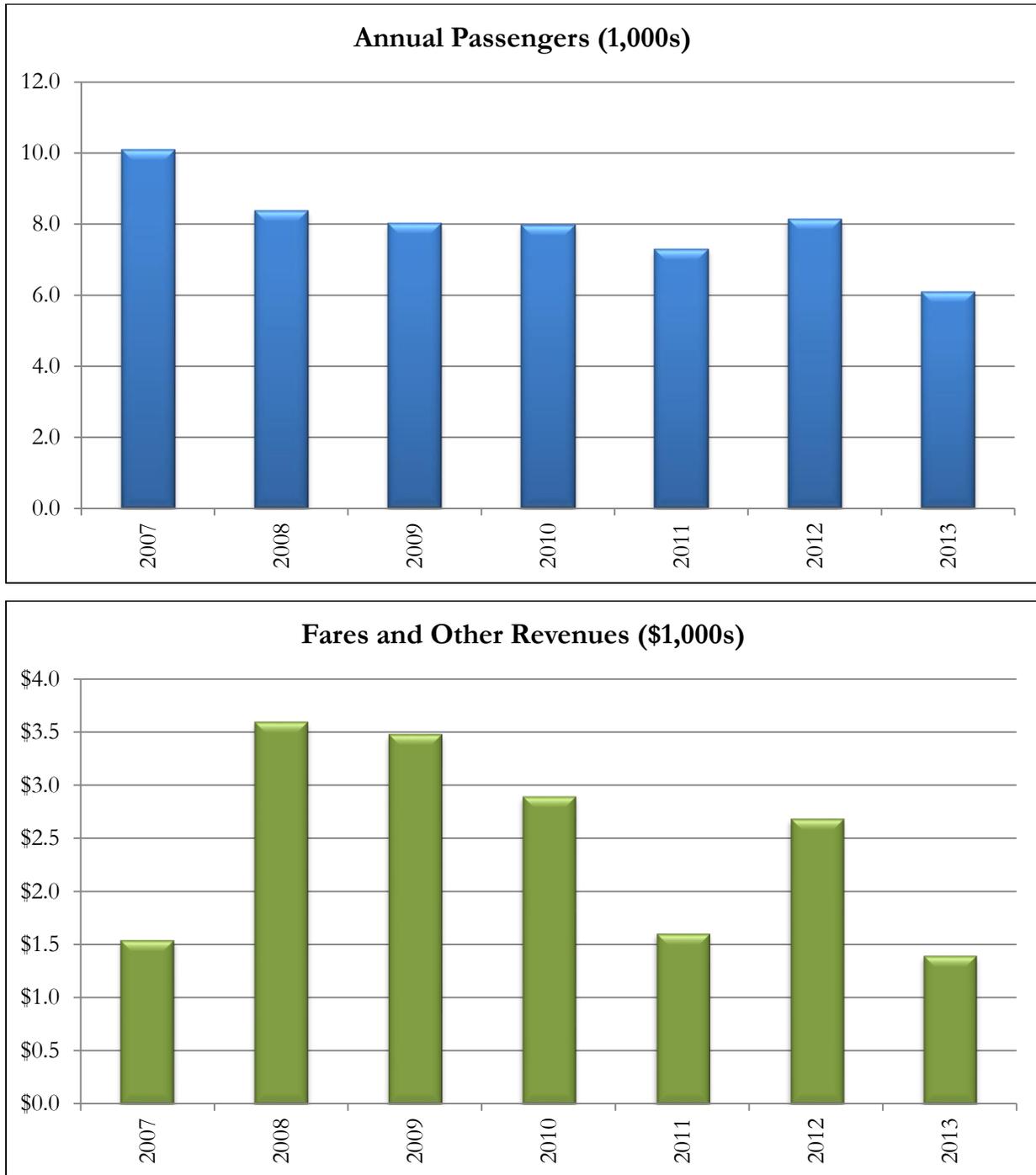
- Lynx 1 - Travels to the Lehigh Valley Mall & Nesquehoning, operates Tuesday and Thursday.
- Lynx 2 - Travels to Nesquehoning and Walnutport, operates Monday, Wednesday, and Friday.
- Lynx 3 - Travels to Nesquehoning and Tamaqua, operates Wednesday.

All CCCT service is contracted out. Easton Coach has a contract to operate and maintain Carbon County fixed-route and shared-ride service. LANTA provides all management and administrative support functions.

**Exhibit 1** and **Exhibit 2** present fixed-route bus statistics for CCCT 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 2013 are as follows:

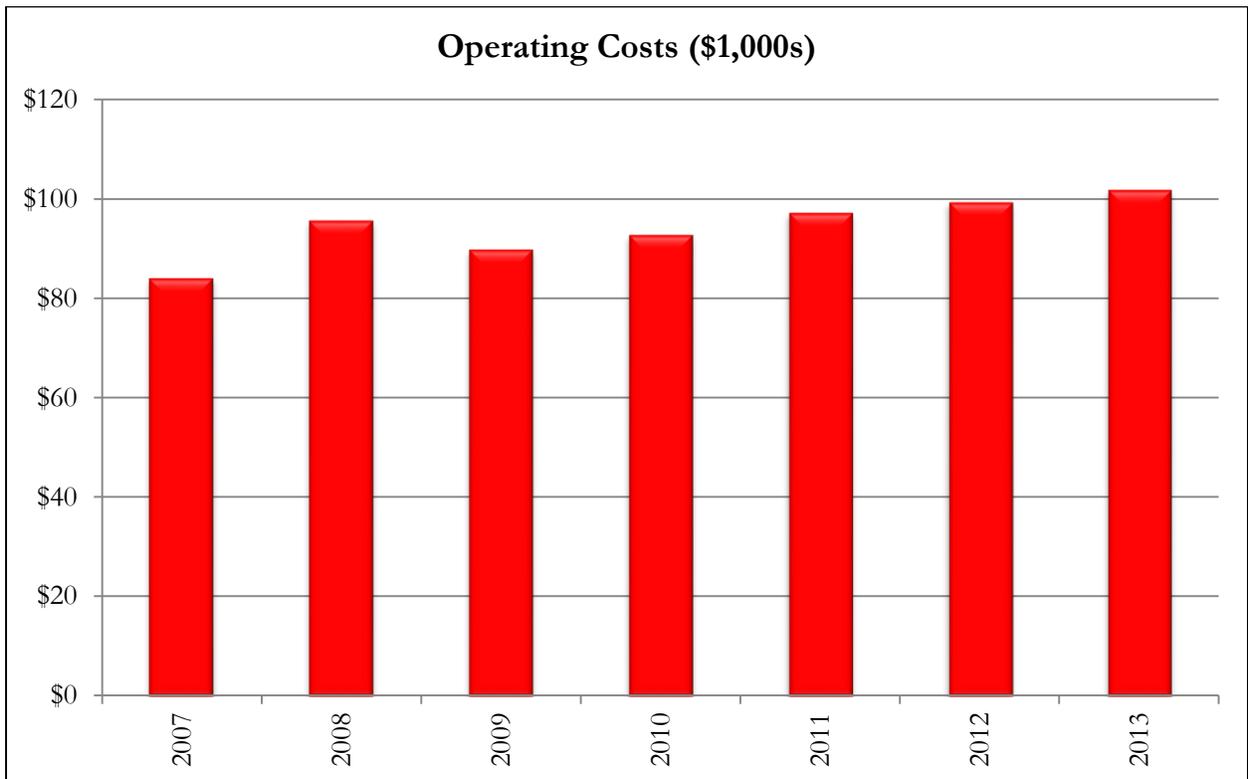
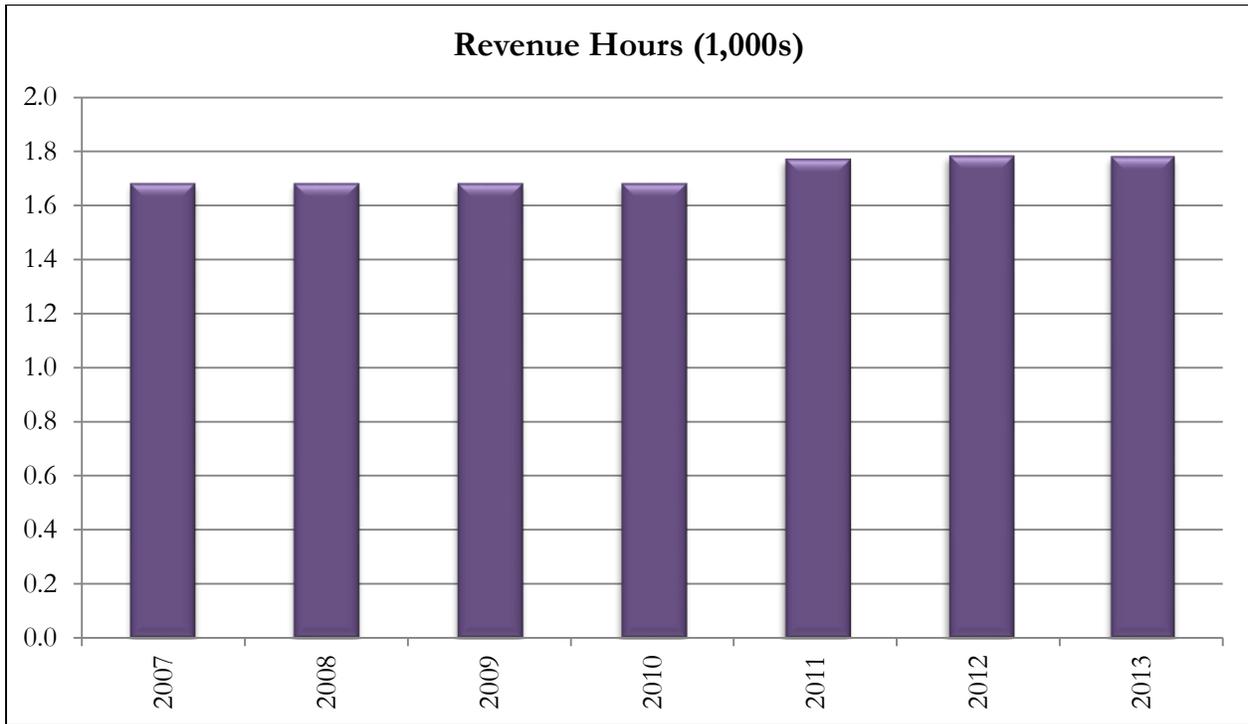
1. CCCT’s annual fixed-route ridership has decreased 39.5% since 2007 and was about 6,100 passengers per year in 2013. While this sounds like a dramatic decrease, it equates to a drop of approximately 16 passengers per day. At 6,100 passengers per year, CCCT’s fixed-route service carried approximately 24 passengers per day (i.e., 6,100 / 250 operating days).
2. CCCT’s 2013 total operating revenue, including passenger fares, is relatively low, averaging \$0.23 per passenger trip in FYE 2013. CCCT’s regular base fare for intra-county trips is \$1.50. Out-of-county trips to Lehigh County cost \$2.50 each way. This equates to a farebox recovery of 1.4% of total operating expenses. The low farebox recovery is due, in part, to such a large share of CCCT’s ridership coming from seniors (77%) who ride free on fixed-route bus service in Pennsylvania.
3. Revenue hours of service increased by 6.0% between 2007 and 2013. CCCT provided 1,800 revenue hours of service in FYE 2013.
4. Total operating costs increased in total by about 23% between 2007 and 2013, an average 3.51% annual increase, going from about \$84,000 to \$101,700 annually. Those costs are expected to rise by more than 30% in FYE 2015 due to new contract terms with Easton Coach, CCCT’s purchased transportation provider.

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



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

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



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

## ACT 44 PERFORMANCE ASSESSMENT

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

*“The Department may conduct performance reviews of an award recipient under this section to determine the effectiveness of the financial assistance. Reviews shall be conducted at regular intervals as established by the Department in consultation with the management of the award recipient. After completion of a review, the Department shall issue a report that: highlights exceptional performance and identifies any problems that need to be resolved; assesses performance, efficiency, and effectiveness of the use of the financial assistance; makes recommendations on follow-up actions required to remedy any problem identified...”<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 CCCT management for review and comment. After discussions were complete, the following 6 peer systems, in addition to CCCT, were included in subsequent analyses for peer comparison purposes:

1. Borough of Mount Carmel (BMC) Mt. Carmel (PA)
2. Venango County Transportation Office (VCTA) Franklin, PA
3. DUFAS (DuFAST) DuBois, PA
4. Transit Authority of Warren County (TAWC) Warren, PA
5. MID County Transit (MIDCO) Kittanning, PA
6. Village of Spring Valley Bus (Spring Valley Jitney) Spring Valley, NY

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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.

## ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of CCCT with the selected peer systems was completed using NTD-reported data and dotGrants Legacy statistics. Due to its consistency and availability<sup>4</sup> for comparable systems, the NTD FYE 2012 Reporting Year database was selected as the primary data source used in the calculation of the five-year trend Act 44 metrics:

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

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

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

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

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

If an agency is within these limits, it is considered “In Compliance.” However, if an agency is “At Risk” for any given criterion, it must very closely monitor the effectiveness of remedial strategies identified in the action plan so as to achieve “Compliance” prior to the next performance review<sup>5</sup>.

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

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<sup>4</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) 2012.

<sup>5</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 3: Act 44 Compliance Summary**

<b>Metric</b>	<b>Single Year</b>	<b>Five-Year Trend</b>
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 6 peer systems plus CCCT, NTD and PennDOT dotGrants and NTD 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 “7<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. CCCT’s FYE 2012 passengers / revenue hour ranks 5<sup>th</sup> out of the 7 transit agencies in the peer group. Passengers / revenue hour have been decreasing at about 5.35% per year.
2. CCCT’s FYE 2012 operating cost / revenue vehicle hour ranks 3<sup>rd</sup> out of the 7 transit agencies in the peer group. Operating cost / revenue hour has increased at a lower rate than the peer group giving CCCT the 3<sup>rd</sup> ranking of the 7 peer agencies for this measure.
3. CCCT’s FYE 2012 operating revenue / revenue vehicle hour ranks as the worst performing of the 7 peers. However, the trend between FYE 2007 and FYE 2012 ranks 1st out of 7.
4. CCCT’s FYE 2012 operating cost / passenger ranks 4th out of the 7 in the group. The trend of annual cost / passenger increase (7.95%) is about the same as the peer group average (7.94%).

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

**Exhibit 4: Fixed-Route Passengers / Revenue Vehicle Hour**

Passengers / Revenue Hour (MB)					
System	FYE 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Borough of Mount Carmel	4.48	6	11.20	-16.74%	7
Venango County Transportation	8.04	1	7.20	2.24%	2
DUFAST	6.77	2	5.78	3.21%	1
Transit Authority of Warren County	6.48	3	6.52	-0.14%	3
MID County Transit	4.78	4	5.04	-1.03%	4
Village of Spring Valley Bus	3.86	7	4.56	-3.26%	5
<b>Carbon County</b>	<b>4.56</b>	<b>5</b>	<b>6.01</b>	<b>-5.35%</b>	<b>6</b>
<i>Average</i>	5.57		6.62	-3.01%	
<i>Standard Deviation</i>	1.53		2.20	6.74%	
<i>Average – 1 Standard Deviation</i>	4.04		4.41	-9.75%	
<i>Average + 1 Standard Deviation</i>	7.10		8.82	3.73%	
<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>Worse</b>		

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

Operating Cost / Revenue Hour (MB)					
System	FYE 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Borough of Mount Carmel	\$106.77	7	\$82.49	5.30%	5
Venango County Transportation	\$49.00	1	\$34.43	7.31%	7
DUFAST	\$55.57	2	\$50.55	1.91%	2
Transit Authority of Warren County	\$74.59	5	\$55.38	6.14%	6
MID County Transit	\$62.19	4	\$57.21	1.68%	1
Village of Spring Valley Bus	\$97.59	6	\$76.95	4.87%	4
<b>Carbon County</b>	<b>\$55.69</b>	<b>3</b>	<b>\$50.01</b>	<b>2.17%</b>	<b>3</b>
<i>Average</i>	\$71.63		\$58.15	4.20%	
<i>Standard Deviation</i>	\$22.47		\$16.54	2.26%	
<i>Average – 1 Standard Deviation</i>	\$49.15		\$41.61	1.93%	
<i>Average + 1 Standard Deviation</i>	\$94.10		\$74.68	6.46%	
<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 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Borough of Mount Carmel	\$1.92	6	\$1.45	5.74%	3
Venango County Transportation	\$9.89	1	\$9.15	1.57%	6
DUFAST	\$4.01	4	\$2.67	8.52%	2
Transit Authority of Warren County	\$5.57	3	\$4.22	5.71%	4
MID County Transit	\$5.82	2	\$4.77	4.05%	5
Village of Spring Valley Bus	\$2.40	5	\$12.46	-28.08%	7
<b>Carbon County</b>	<b>\$1.50</b>	<b>7</b>	<b>\$0.92</b>	<b>10.42%</b>	<b>1</b>
<i>Average</i>	\$4.45		\$5.09	1.13%	
<i>Standard Deviation</i>	\$2.95		\$4.25	13.20%	
<i>Average – 1 Standard Deviation</i>	\$1.50		\$0.85	-12.06%	
<i>Average + 1 Standard Deviation</i>	\$7.40		\$9.34	14.33%	
<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 7: Fixed-Route Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Borough of Mount Carmel	\$23.82	6	\$7.37	26.46%	7
Venango County Transportation	\$6.09	1	\$4.78	4.97%	3
DUFAST	\$8.21	2	\$8.74	-1.26%	1
Transit Authority of Warren County	\$11.51	3	\$8.49	6.29%	4
MID County Transit	\$13.00	5	\$11.35	2.75%	2
Village of Spring Valley Bus	\$25.25	7	\$16.87	8.40%	6
<b>Carbon County</b>	<b>\$12.20</b>	<b>4</b>	<b>\$8.33</b>	<b>7.95%</b>	<b>5</b>
<i>Average</i>	\$14.30		\$9.42	7.94%	
<i>Standard Deviation</i>	\$7.41		\$3.82	8.82%	
<i>Average – 1 Standard Deviation</i>	\$6.89		\$5.60	-0.88%	
<i>Average + 1 Standard Deviation</i>	\$21.70		\$13.24	16.75%	
<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>Worse</b>		

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

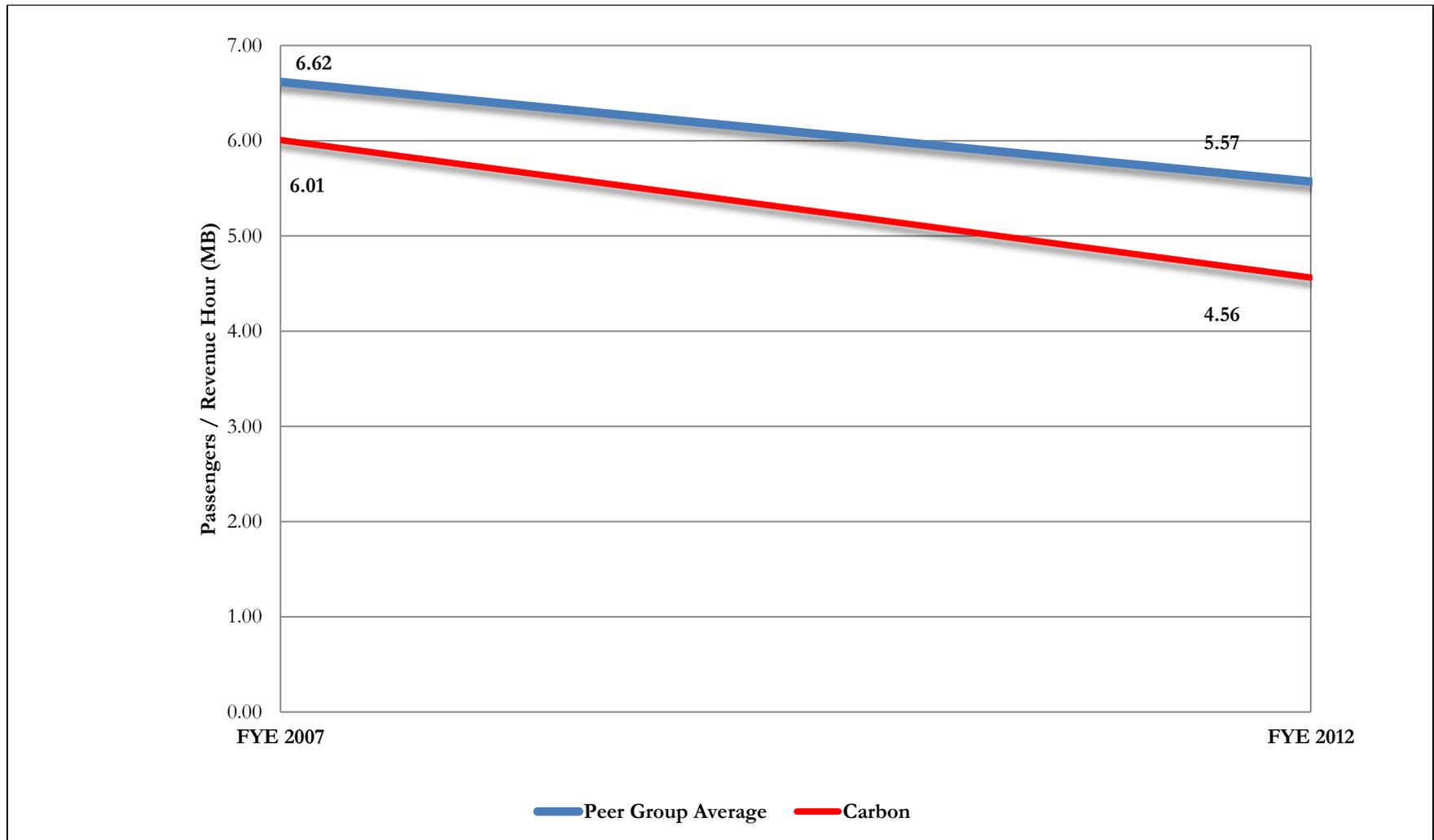


Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2007-2012

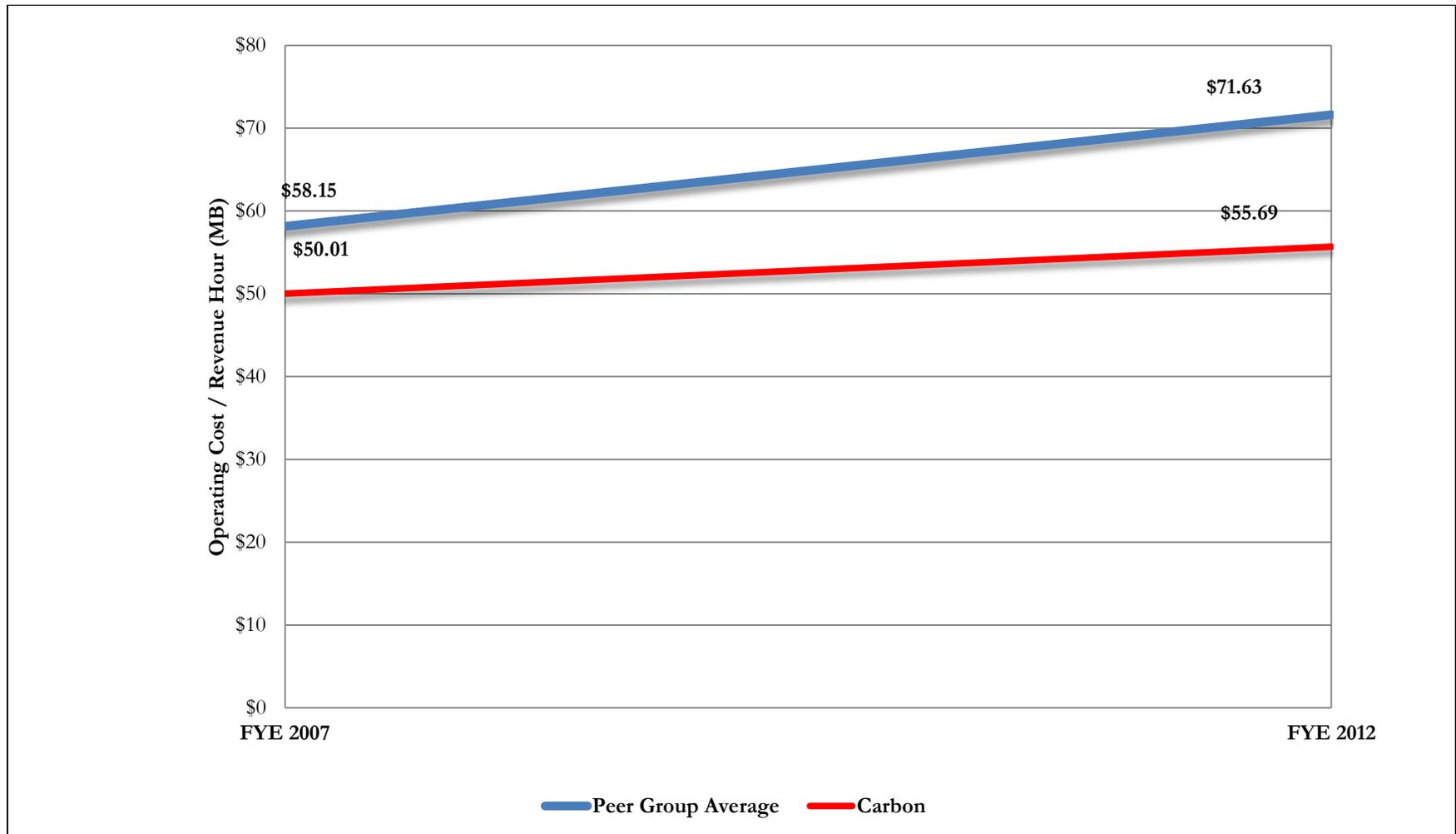


Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2007-2012

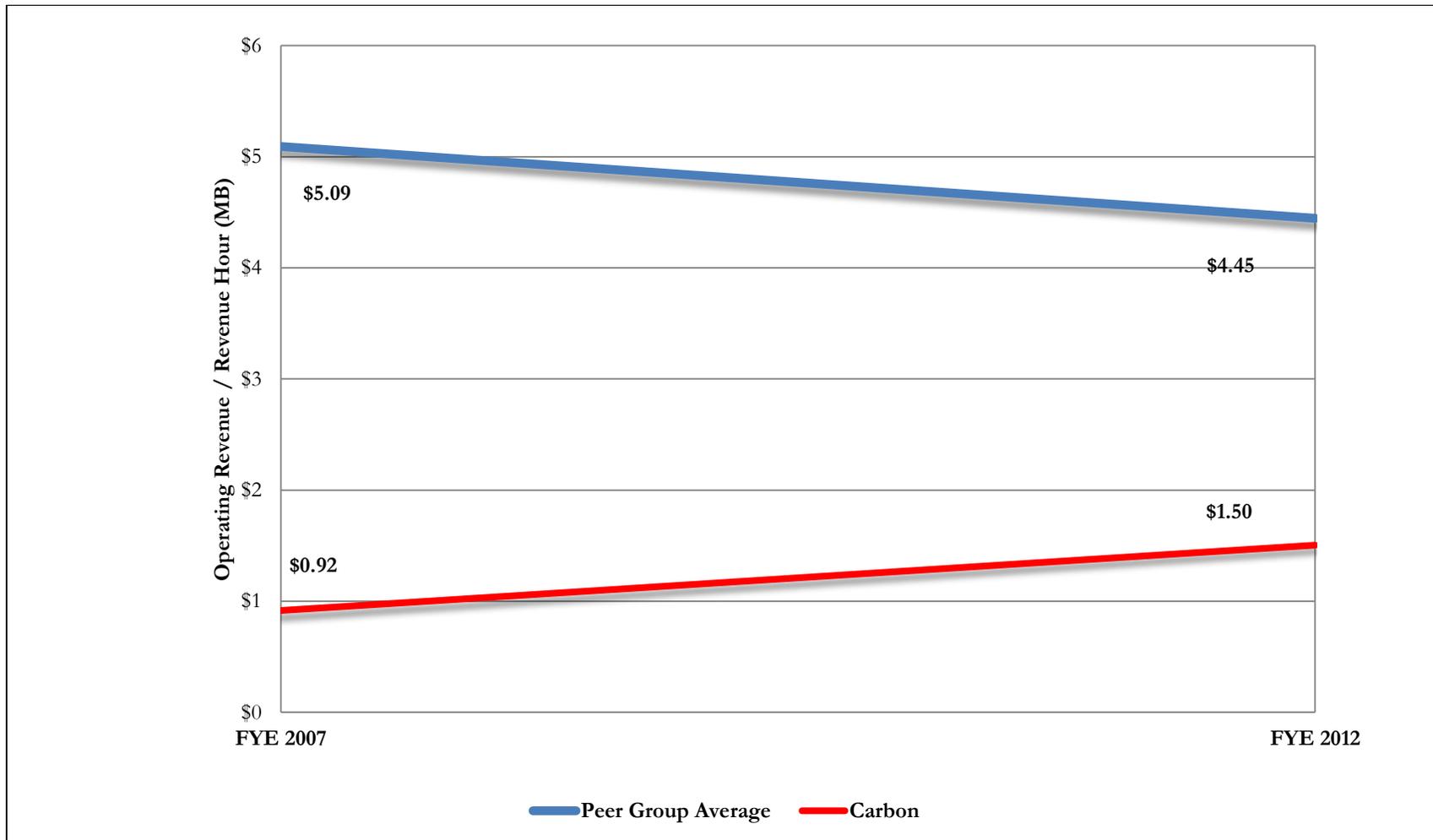
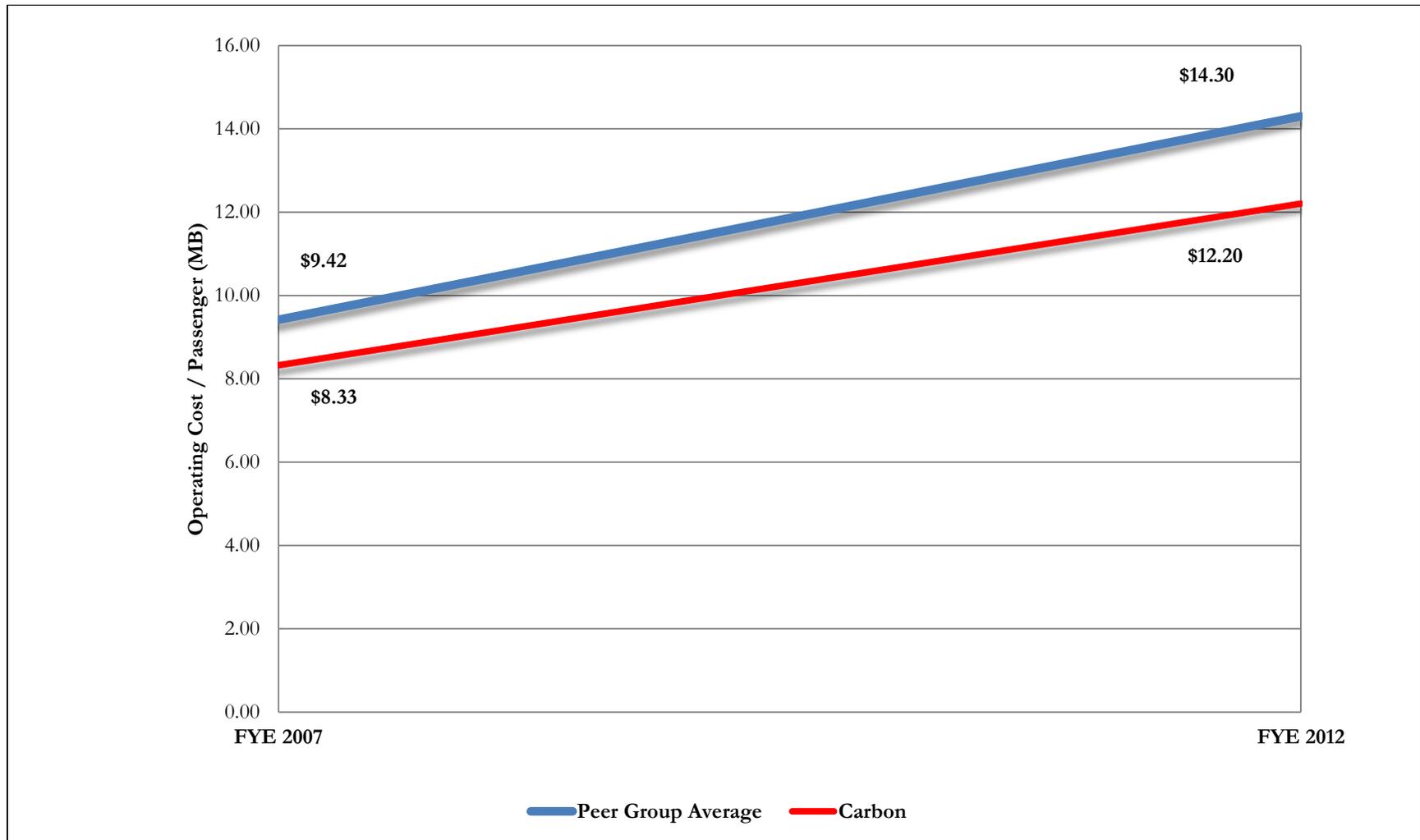


Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2007-2012



## FIVE-YEAR FIXED-ROUTE PERFORMANCE TARGETS

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

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

These metrics are intended to improve both the effectiveness and efficiency of service delivery. PennDOT uses the most recent audited and 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. Because CCCT has such a low ridership starting point, CCCT’s target has been set to 5% growth per year. This will help CCCT recover from steep declines in 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. CCCT’s target has been set to rate of 3% per year due to a need to make sure future costs and operating subsidies are aligned.

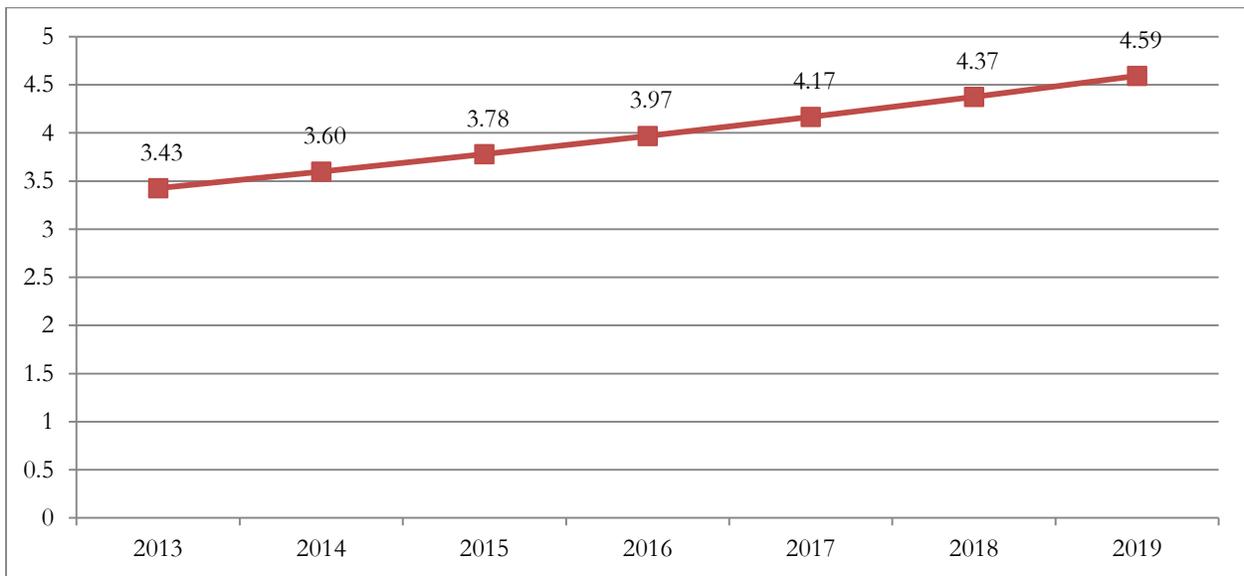
***Operating Revenue / Revenue Hour***, like operating cost / revenue hour, tries to ensure an agency remains financially solvent in the long run. Operating revenue is composed of fares and other non-subsidy revenues. The target is set to be the same as passenger / revenue hour (5%) to make sure that revenue increases keep pace with, 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 (5.0%), or a decline of two percent (-2.0%) per year.

These performance targets represent the minimum performance level that CCCT should achieve for each Act 44 criteria during the next performance review cycle – five years from the date of this report. The performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current certified audit information available. Standards were extrapolated to FYE 2019 and are designed to be aggressive, yet achievable. Performance targets will be agreed to between PennDOT and CCCT before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for CCCT’s Act 44 metrics are presented in **Exhibit 12, Exhibit 13, 14, and Exhibit 15.**

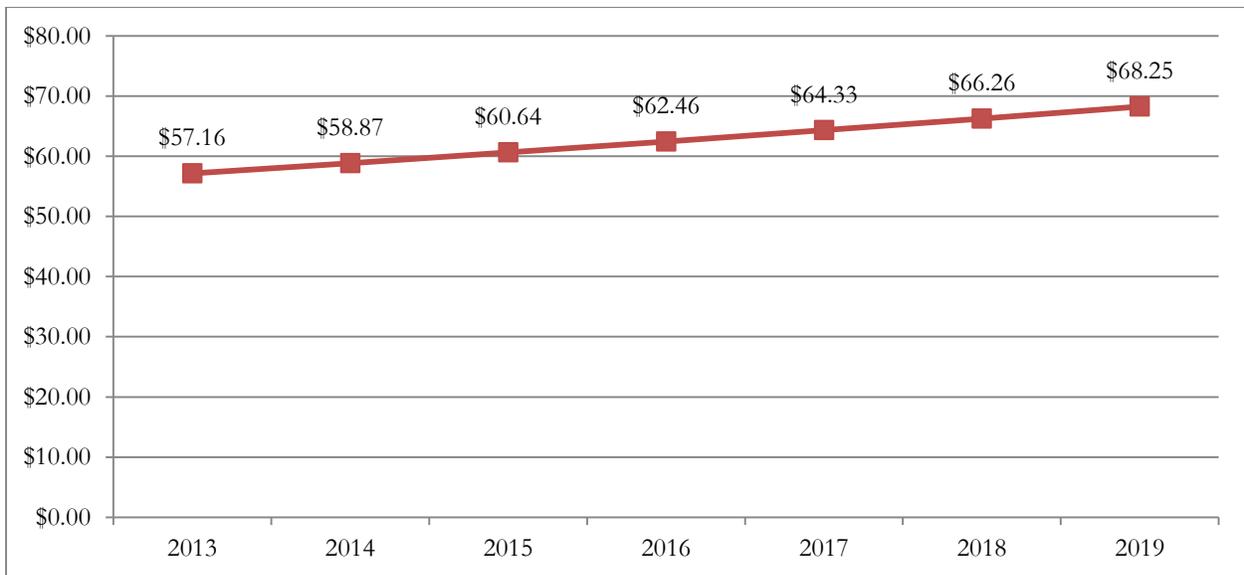
**Exhibit 12: Fixed-Route Passengers / Revenue Hour Performance Targets**

FYE 2019 Target..... **4.59**  
 Interim Year Targets ..... **Annual increase of at least 5.0%**



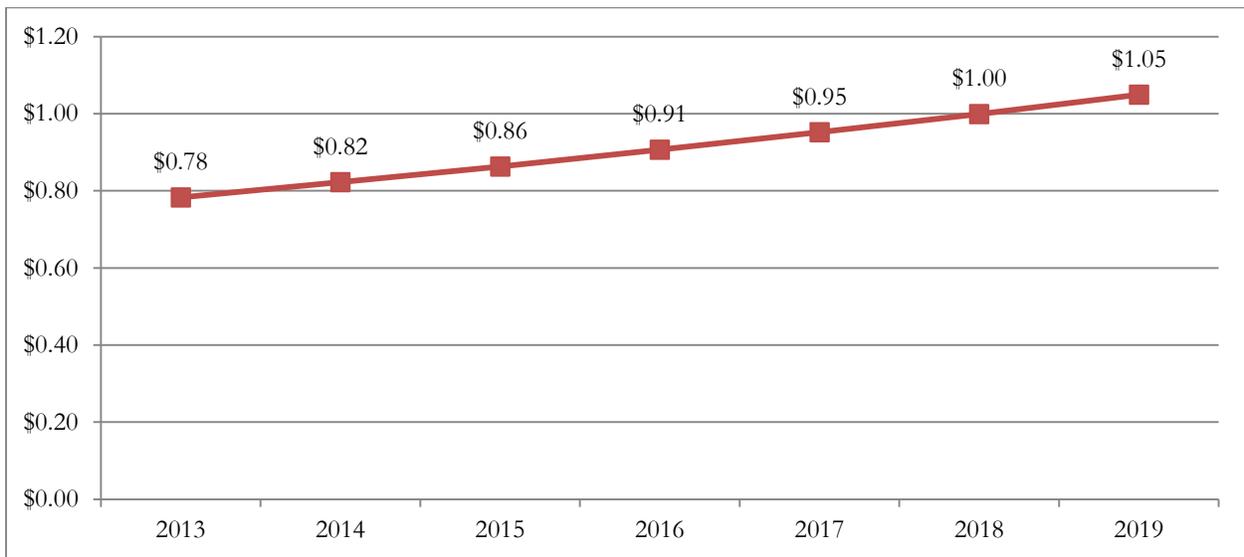
**Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets**

FYE 2019 Target..... **\$68.25**  
 Interim Year Targets ..... **Annual increase of no more than 3.0%**



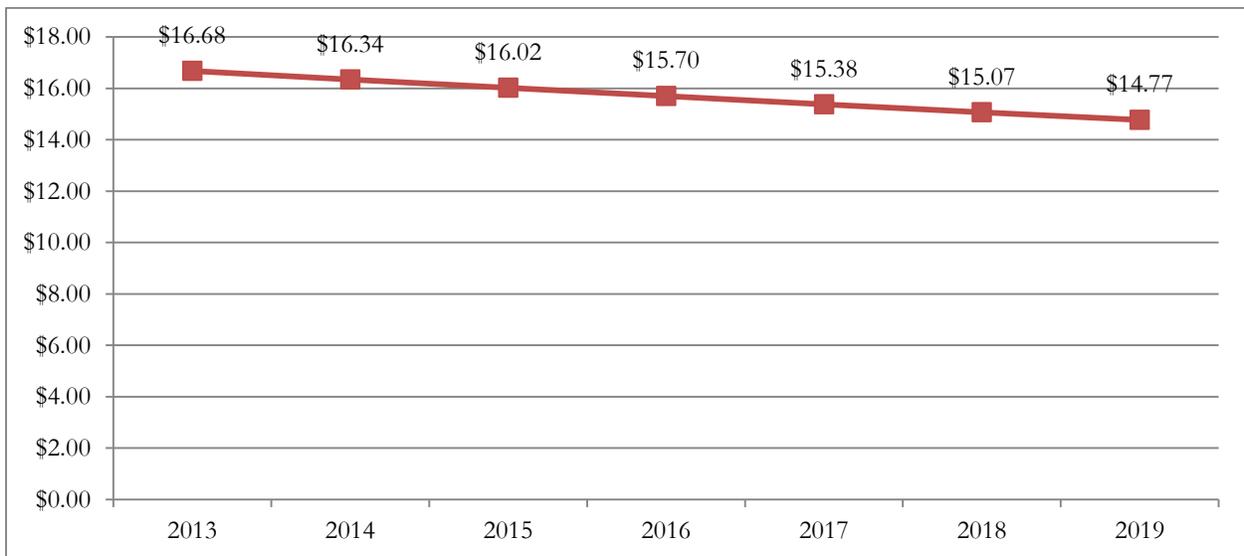
**Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets**

FYE 2019 Target.....**\$1.05**  
 Interim Year Targets ..... **Annual increase of at least 5.0%**



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

FYE 2019 Target.....**\$14.77**  
 Interim Year Targets ..... **Annual decrease of at least 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 13 functional areas were reviewed through documents received from the agency and interviews conducted on-site. The functional areas are as follows:

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

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

The following sections summarize the ways service could 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 could enhance the system's future performance overall for one or more of the Act 44 fixed-route performance factors. For the convenience of CCCT, Action Plan templates have been included in **Appendix A: Action Plan Improvement Strategies** (pp. 33-36). 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. None.

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

1. Carbon operates only one fixed-route bus that serves three (3) different routes on different days. Customer complaints about fixed-route service typically deal with the infrequency or inconvenience of the current fixed-route schedule and stop locations. However, management has not adjusted service to better meet customer needs. The Carbon County Board of Commissioners should **assess the effectiveness of fixed-route service** and **adjust CCCT service to better meet customer needs** to reverse recent declines in ridership.
2. It is very difficult to find information on CCCT's fixed-route service on Carbon County's website or LANTA's website. Users have to run a search on Carbon's website for “public transportation” in order to access transit information. Carbon's public transportation webpage provides information on transit within Carbon County, and it also displays the hyperlink to the new Carbon County Community Transit Website. Carbon County should **promote the new CCCT website from the County website**. Additionally, the Carbon County Board of Commissioners should coordinate with LANTA management to **make a link available from the LANTA website homepage** to promote CCCT services.
3. CCCT lacks a comprehensive marketing plan to promote its services. As a result, it lacks a comprehensive strategy and dedicated marketing budget that can guide marketing decisions on investments such as website upgrades, social media promotion, bus stop signage, etc. The Carbon County Board of Commissioners should **develop a comprehensive marketing plan and budget**, including marketing performance targets, to advertise and promote CCCT's services.

## 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. None.

### ELEMENTS TO ADDRESS IN PART 1-B OF THE ACTION PLAN (SEE P. 34)

1. CCCT does not generate any revenues from advertising or from sources other than passenger fares. Many agencies find non-traditional sources of revenues can supplement fare revenues to improve the financial health of the agency or minimize the need for fare increases. The Carbon County Board of Commissioners should **explore the possibility of generating advertising revenues**, perhaps by procuring a single entity to manage both LANTA and CCCT in-vehicle and on-vehicle ad sales. Ad space could be sold both on fixed-route and shared-ride vehicles.
2. As shown in **Exhibit 16**, CCCT heavily subsidizes shared-ride service using fixed-route funding. As a result, funds that could be available to improve or enhance fixed-route service are unavailable. The Carbon County Board of Commissioners should **find ways to reduce or eliminate the need to use fixed-route funding to subsidize shared-ride operations** to improve the financial health of CCCT, insure its long-term viability and provide public transportation service that best meets the evolving needs of the community.

### **Exhibit 16: CCCT Fixed-Route Subsidy Allocation**

Fiscal Year	Used on Fixed-Route Service				Used on Shared Ride Service			
	Federal	State	Local	Total	Federal	State	Local	Total
FYE 2008	\$42,148	\$42,385	\$7,480	\$92,013	\$70,134	\$168,483	\$12,428	\$251,045
FYE 2009	\$0	\$76,813	\$9,494	\$86,307	\$70,134	\$167,911	\$27,446	\$265,491
FYE 2010	\$0	\$81,636	\$8,227	\$89,863	\$70,134	\$120,804	\$28,713	\$219,651
FYE 2011	\$0	\$66,873	\$28,660	\$95,533	\$70,135	\$128,067	\$8,280	\$206,482
FYE 2012	\$36,825	\$45,298	\$14,492	\$96,615	\$70,135	\$155,633	\$22,448	\$248,216
FYE 2013	\$25,463	\$56,165	\$18,722	\$100,350	\$70,124	\$157,315	\$11,999	\$239,438

## OPPORTUNITIES TO CONTROL OPERATING COSTS

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

**BEST PRACTICES**

1. CCCT has outsourced management of its operations to LANTA since 1996. As a result, CCCT has been able to minimize management costs while at the same time achieving benefits of economies of scale such as joint procurements for contract service and vehicles, a full-time accounting staff, etc.
2. CCCT coordinates joint procurements with LANTA for vehicles, contract service delivery, etc. As a result, CCCT typically achieves a higher level of bargaining power than would otherwise be afforded a small transit agency.
3. CCCT's recently renegotiated service for contracted shared-ride service includes terms to require minimum passenger trip per hour productivity standards. The contract also includes financial incentives for productivity that benefit both CCCT and the contractor. By including productivity incentives in its contract, management encourages the contractor to take an active role in reducing the average cost per passenger trip for shared-ride service.

**ELEMENTS TO ADDRESS IN PART 1-C OF THE ACTION PLAN (SEE P. 35)**

1. CCCT vehicles lack cameras and other recording capabilities. Many transit agencies have found that cameras reduce potential liability claims and can be used to follow up on customer complaints in a cost-effective manner. CCCT should **assess the potential benefits and costs of adding cameras when purchasing new vehicles.**
2. CCCT's shared-ride service operates at a financial loss. Management has not evaluated this service to identify opportunities for cost containment such as reducing the span of service or providing service to certain portions of the County only on certain days. As a result, a shared-ride fare increase is planned to be implemented concurrently with the adoption of Ecolane scheduling software. The Carbon County Board of Commissioners should **conduct a comprehensive assessment of CCCT's shared-ride service to identify potential cost saving strategies** that could significantly scale down its operating loss and minimize the need for future fare increases.

**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. 36)**

1. No Carbon County staff member is responsible for day-to-day oversight of CCCT operations or LANTA coordination. As a result, routine reporting to the Commission and associated oversight is limited. The Carbon County Board of Commissioners should consider **designating a county staff member to oversee and report to the Commission on CCCT**

**performance** to communicate regularly with LANTA management on behalf of the Carbon County Board of Commissioners.

2. CCCT lacks a strategic plan. A strategic plan is often used to prioritize investments and to guide service planning in a way that is transparent to the Board, management and the public. CCCT should **develop a comprehensive strategic plan** that addresses the goals of the agency, expected resources, sustainability, investment strategies, performance goals and the respective roles of the public transportation services it provides to Carbon County residents.
3. CCCT is officially governed by the Carbon County Board of Commissioners. However, CCCT is also recognized as an operating division by LANTA. It is unclear what, if any, role LANTA's Board plays in CCCT oversight. The Carbon County Board of Commissioners provide input to operations only in as much as there are documents that require signatures or when customer complaints are brought to their attention. As a result, strategic guidance and oversight of CCCT's day-to-day performance reporting appears to "fall between the cracks" of both Boards. This is evidenced by the fact that no Carbon County employee is responsible for CCCT oversight and neither Board responded to, or demanded accountability for, the recent steep decreases in fixed-route ridership. The Carbon County Board of Commissioners should **clearly define governance roles, responsibilities and reporting expectations** so as to improve CCCT's effectiveness in the community.
4. The Carbon County Board of Commissioners should **develop a formal set of performance goals and measure where CCCT's current service performance is in relation to the targets directly outlined in the strategic plan**. Then, if necessary, CCCT should develop a performance enhancement strategy for all key agency functions.<sup>6</sup>

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. This is especially pertinent to CCCT when their contract rate is increasing by 30%.

5. CCCT's fixed-route ridership has declined dramatically in recent years. In 2007, CCCT carried more than 10,000 passengers per year. By 2014, that value had declined to less than 5,500 passengers per year. Of the 5,500 passengers, 4,000 were seniors who are eligible for shared-ride service leaving non-senior ridership of approximately 6 passengers per day (i.e., 1,500 annual passengers / 250 operating days).

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<sup>6</sup> See Page 19 for a list of key functional areas.

The Carbon County Board of Commissioners should **create a transit development plan (TDP) to improve fixed-route service** in a cost-effective manner. Improvements in fixed-route service have the potential to reverse CCCT's recent ridership declines.

6. While CCCT's new contract with Easton Coach includes productivity standards, it does not include operating standards or performance targets such as on-time performance or meeting customer satisfaction goals. Like productivity standards, operating standards and performance targets are often tied to contractor payments and penalties in service delivery contracts. CCCT should **incorporate operating performance standards**, in addition to productivity standards, **into future service delivery contracts**.

## FINANCIAL REVIEW

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

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

### HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

Several high-level indicators of financial health and stability have been examined to determine CCCT’s current state. As shown in **Exhibit 17**, CCCT is out of line with respect to most industry goals and targets for high-level financial indicators. CCCT has no carryover state or local funds available.

CCCT’s accounts receivable amounts are negligible. Accounts payable is very high at 13% of its total operating cost all of which is owed to LANTA, sometimes for a year or more. Carbon County provides a \$100,000 line of credit for LANTA that can be used for CCCT’s needs. The line of credit is typically 65% used. At least since 2008, CCCT’s current liabilities have exceeded its current assets making the agency officially bankrupt, at least on paper. Because CCCT is integral to and a small part of LANTA’s budget and cash flow management, this issue has not manifested itself as strongly as it would if CCCT was an independent transit authority.

CCCT uses local contributions that amount to 1.7% of total operating costs which equates to a 17.3% match of local funds to state funds (FYE 2013). Local match funds are contributed by Carbon County. Local match funds in excess of the required 15% local match to state funds requirement are used to subsidize debt service interest and to cover a portion of CCCT’s operating losses. Because CCCT is a component of local government, uncovered losses are the responsibility of Carbon County giving it greater flexibility in its financial capacity than an independent authority that relies only on its own revenues and bonding capacity.

Taken together, these high level indicators suggest CCCT is in poor overall financial health compared to most transit agencies in the Commonwealth.

**Exhibit 17: High-level Financial Indicators**

Indicator	CCCT Value <sup>7</sup>	Assessment Criteria / Rationale	Source
State Carryover 1513 Subsidies / Annual Operating Cost	0.0%	The combined target should be 25%+. This provides flexibility to account for unexpected cost increases or service changes.	FYE 2013 Audit and PennDOT dotGrants
Local Carryover Subsidies / Annual Operating Cost	0.0%		
Credit available/ Annual Payroll	N/A		
Actual Local Match / Required Match	120.2%	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 2013
Accounts Payable (AP) 90+ days	13.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	LANTA reported value (11/3/14)
Accounts Receivable (AR) 90+ days	0.0%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	LANTA reported value (11/3/14)
Operating Debt / Annual Operating Cost	3.1%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2013 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 18**, CCCT public transportation has grown from a \$1.9 million per year operation in FYE 2008 to a \$2.1 million per year operation in FYE 2013, a 10.5% increase. Approximately 95.2% of CCCT’s operational expenses are for shared-ride paratransit and ADA service. The remaining operational expenses are for Fixed-Route service (4.8%), as shown in **Exhibit 19**.

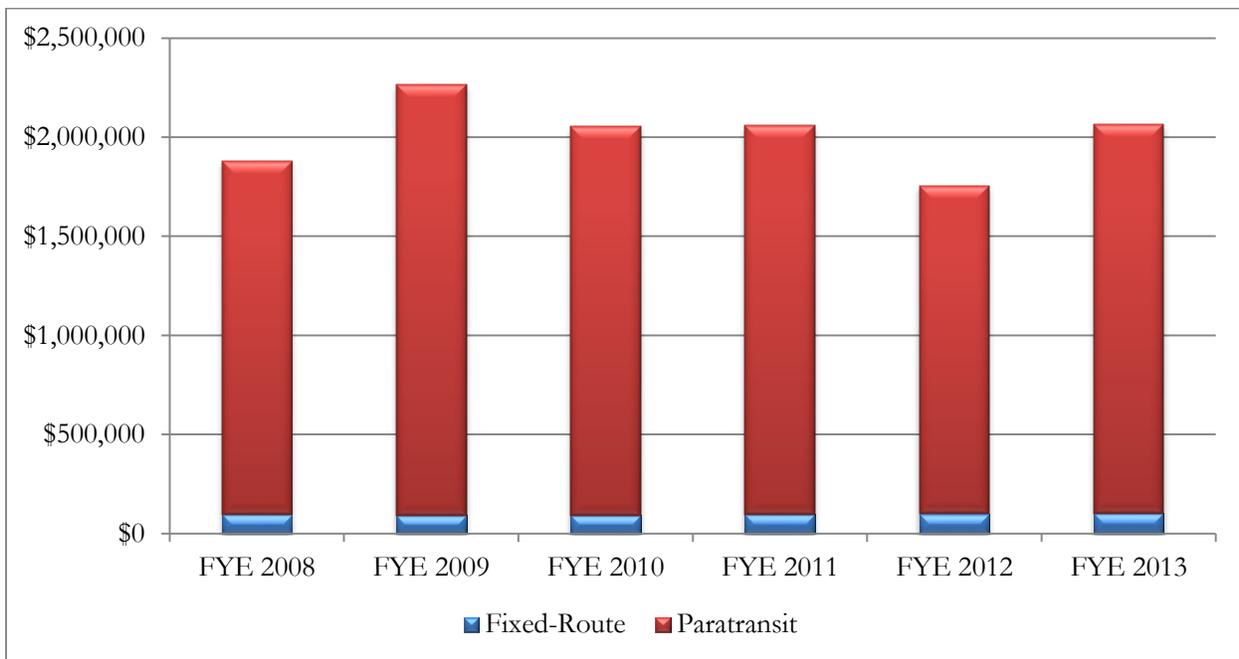
CCCT’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. CCCT has used state and federal funds to finance both its fixed-route and paratransit operations (**Exhibit 20**). Passenger fares and other revenues are an important share of total revenue, representing approximately 83.6% of total operating income. This includes contract revenue from the Department of Human Services for the administration of the MATP program. Combined state and federal operating subsidies remain a large funding source for CCCT (**Exhibit 21**) accounting for 14.6% of total operating income. Local funding exceeds Act 44 requirements.

**Exhibit 18: Public Transportation Operating Expense by Service Type (FYE 2008 –2013)**

Expense by Service Type	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Fixed Route	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
ADA + Shared-Ride Paratransit	\$1.8	\$2.2	\$2.0	\$2.0	\$1.7	\$2.0
<b>Total (\$ millions)*</b>	<b>\$1.9</b>	<b>\$2.3</b>	<b>\$2.1</b>	<b>\$2.1</b>	<b>\$1.8</b>	<b>\$2.1</b>

\* May not add due to rounding

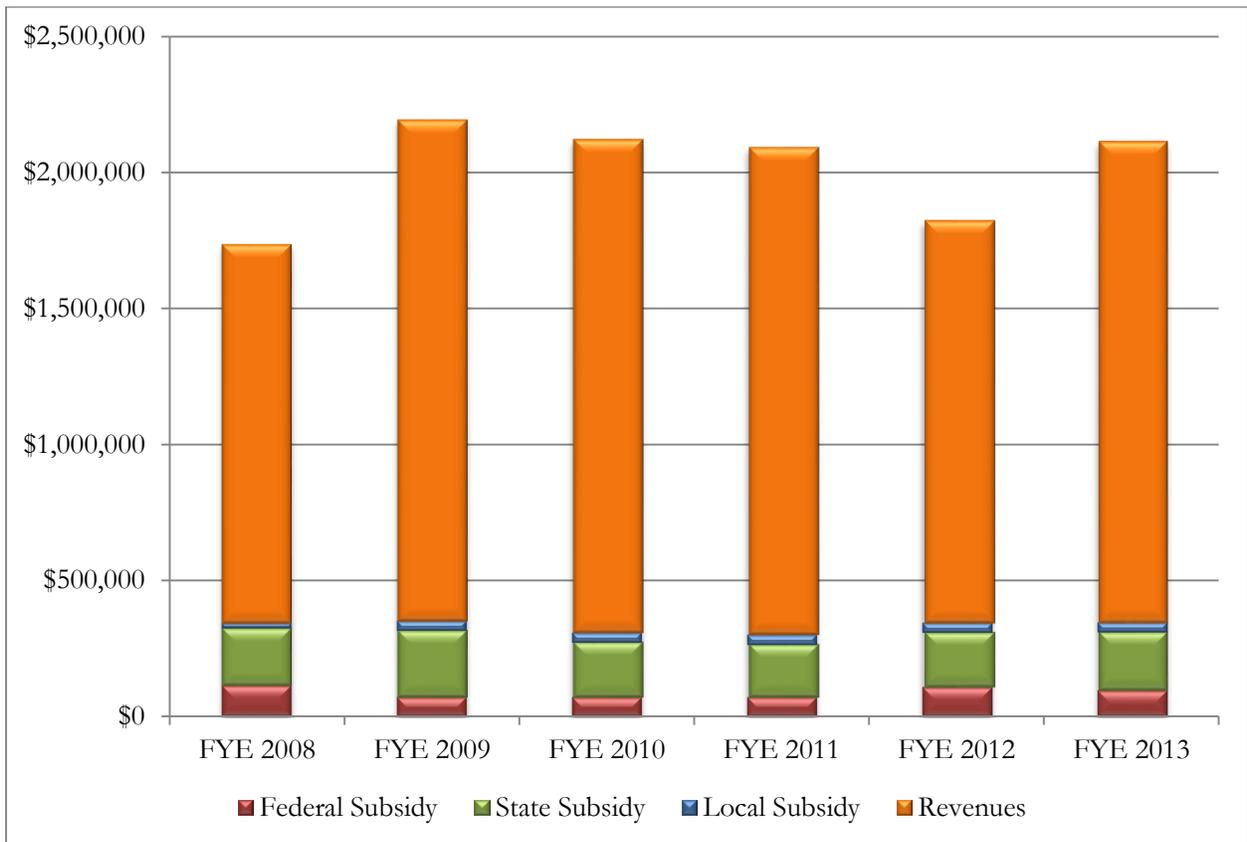
**Exhibit 19: Share of Public Transportation Operating Expenses by Service Type**



**Exhibit 20: Public Transportation Operational Funding by Source (FYE 2009 – 2013)**

Share of Funding	2008	2009	2010	2011	2012	2013
Federal Subsidy	6.5%	3.2%	3.3%	3.4%	5.9%	4.5%
State Subsidy	12.2%	11.2%	9.6%	9.3%	11.0%	10.1%
Local Subsidy	1.1%	1.7%	1.7%	1.8%	2.0%	1.7%
Revenues	80.2%	83.9%	85.4%	85.5%	81.1%	83.6%
Local Subsidy / State Subsidy	9.4%	15.1%	18.2%	18.9%	18.4%	17.3%

**Exhibit 21: Public Transportation (Fixed-Route + ADA Paratransit) Operational Funding**



## FIXED-ROUTE FUNDING

CCCT's historic and proposed fixed-route funding is derived from general revenues and government subsidies. Direct Passenger fares have covered between 1.4% and 3.9% of total operating revenues (**Exhibit 22**). The annual variation in passenger fares is due, in part, to variation in ridership that has occurred due to changes in the economy.

Based on the FYE 2009 to FYE 2013 PennDOT dotGrants reporting, CCCT operated using current year funding with no excess state funding being "carried over." No unspent state or local carryover funds were available at the end of FYE 2013.

### Exhibit 22: Fixed-Route Funding by Source

Funding Category	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
<b>Revenues</b>					
Passenger Fares	\$3,474	\$2,889	\$1,601	\$2,681	\$1,394
Advertising	\$0	\$0	\$0	\$0	\$0
Charter	\$0	\$0	\$0	\$0	\$0
Route Guarantee	\$0	\$0	\$0	\$0	\$0
Other (Interest)	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$3,474</b>	<b>\$2,889</b>	<b>\$1,601</b>	<b>\$2,681</b>	<b>\$1,394</b>
<b>Subsidies</b>					
Federal Operating Grant	\$0	\$0	\$0	\$36,825	\$25,463
Act44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
Act44 (1513) State Current	\$76,813	\$81,636	\$66,873	\$45,298	\$56,165
Municipal Prior	\$0	\$0	\$0	\$0	\$0
Municipal Current	\$9,494	\$8,227	\$28,660	\$14,492	\$18,722
Act 44 (1513) Advertising	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) Private	\$0	\$0	\$0	\$0	\$0
Act3 BSG Grant (State)	\$0	\$0	\$0	\$0	\$0
Act3 BSG Grant (Local)	\$0	\$0	\$0	\$0	\$0
Act 3 BSG Grant (State)	\$0	\$0	\$0	\$0	\$0
Act 3 BSG Grant (Local)	\$0	\$0	\$0	\$0	\$0
Special-(Federal)	\$0	\$0	\$0	\$0	\$0
Special-(State)	\$0	\$0	\$0	\$0	\$0
Special (Local)	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$86,307</b>	<b>\$89,863</b>	<b>\$95,533</b>	<b>\$96,615</b>	<b>\$100,350</b>
<b>Total Funding</b>	<b>\$89,781</b>	<b>\$92,752</b>	<b>\$97,134</b>	<b>\$99,296</b>	<b>\$101,744</b>
<b>Passenger Fares/ Total Funding</b>	3.9%	3.1%	1.6%	2.7%	1.4%

Source: PennDOT dotGrants Reporting System

## PARATRANSIT FUNDING

Paratransit funding is about 95.2% of CCCT's public transportation operation and consists of shared-ride and ADA complementary services. Local, state and federal subsidies as well as passenger fares are used to finance paratransit operating costs (**Exhibit 23**). The paratransit program has not changed substantially from FYE 2009 to FYE 2013 and has remained at about \$2 million. Paratransit funding is large in proportion to CCCT's fixed-route budget.

### Exhibit 23: Paratransit Funding by Source

Category	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
<b>Revenues</b>					
1 Passenger Fares	\$82,499	\$27,958	\$29,326	\$23,541	\$30,408
2 Advertising	\$0	\$0	\$0	\$0	\$0
3 Lottery	\$715,875	\$685,527	\$609,685	\$567,865	\$535,367
4 PwD Reimbursement	\$62,301	\$58,956	\$75,781	\$102,659	\$75,694
9 AAA	\$87,394	\$134,084	\$133,777	\$145,276	\$123,122
10 MH/MR	\$0	\$0	\$0	\$0	\$0
11 W2W	\$0	\$0	\$0	\$0	\$0
12 MATP	\$848,544	\$757,976	\$805,733	\$512,534	\$879,204
15 MATP Administration	\$38,332	\$141,971	\$132,051	\$122,418	\$121,572
18 Other- Interest	\$125	\$40	\$99	\$132	\$8
<b>Subtotal</b>	<b>\$1,835,070</b>	<b>\$1,806,512</b>	<b>\$1,786,452</b>	<b>\$1,474,425</b>	<b>\$1,765,375</b>
<b>Subsidies</b>					
1 Federal Operating Grant	\$0	\$0	\$0	\$70,135	\$70,124
2 Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
3 Act 44 (1513) State Current	\$167,911	\$120,804	\$128,067	\$155,633	\$157,315
4 Municipal Prior	\$0	\$0	\$0	\$0	\$0
5 Municipal Current	\$27,446	\$28,713	\$8,280	\$22,448	\$11,999
12 Special - Federal	\$70,134	\$70,134	\$70,135	\$0	\$0
14 Special - Local	\$0	\$0	\$0	\$0	\$6,219
<b>Subtotal</b>	<b>\$265,491</b>	<b>\$219,651</b>	<b>\$206,482</b>	<b>\$248,216</b>	<b>\$245,657</b>
<b>Total Paratransit Funding</b>	<b>\$2,100,561</b>	<b>\$2,026,163</b>	<b>\$1,992,934</b>	<b>\$1,722,641</b>	<b>\$2,011,032</b>

Source: PennDOT dotGrants Reporting System

## BALANCE SHEET FINDINGS

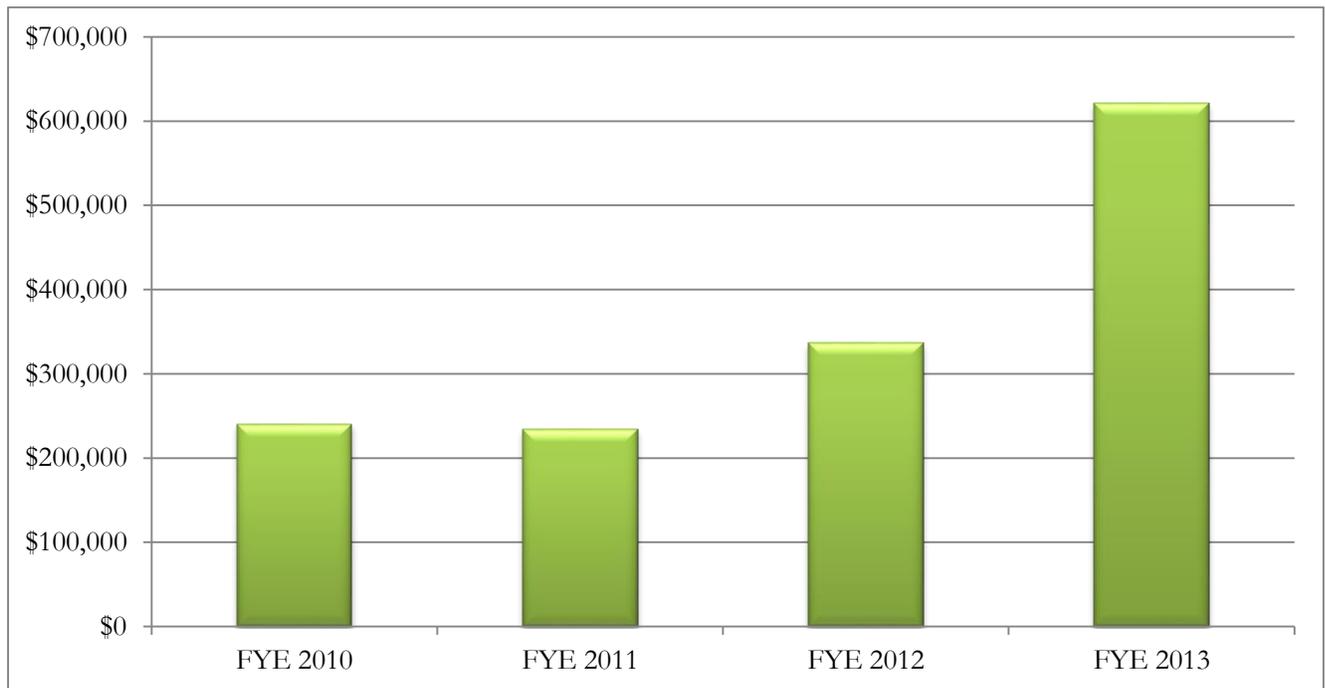
Review of end of year balance sheets from CCCT audits shows that the agency typically maintains reasonable available cash reserves (**Exhibit 24** and **Exhibit 25**) amounting to 30.1% of annual operational expenses in FYE 2013. The margin between current assets and liabilities is atypical of that seen in many other transit agencies in the Commonwealth in that CCCT has a negative current net worth. Current liabilities exceed current assets giving the agency a current ratio of less than 1.0. Accounts payable is at high levels with most debt payable to LANTA. CCCT maintains a \$100,000 line of credit that can be used to cover a portion of CCCT's expenses. In any given year, LANTA has borrowed \$65,000 against that line of credit.

**Exhibit 24: Balance Sheet Summary (FYE 2010 – 2013)**

<b>Balance Sheet Report</b>	<b>FYE 2010</b>	<b>FYE 2011</b>	<b>FYE 2012</b>	<b>FYE 2013</b>
Cash Equivalent Balance	\$240,485	\$234,565	\$336,733	\$621,255
Investments	\$42	\$0	\$0	\$0
Grants Receivable (including capital)	\$1,085,629	\$725,257	\$601,149	\$649,554
Other Accounts Receivable	\$48,562	\$329,532	\$43,009	\$118,228
Interest	\$42	\$0	\$0	\$0
Prepaid Expenses	\$0	\$0	\$600	\$600
Accounts Payable (including capital)	\$1,464,805	\$1,347,369	\$971,159	\$1,332,416
Accrued Expenses	\$65,000	\$65,000	\$65,000	\$65,000
Line of Credit	\$100,000	\$100,000	\$100,000	\$100,000
<b>Total Operating Expense</b>	<b>\$2,055,944</b>	<b>\$2,060,090</b>	<b>\$1,755,305</b>	<b>\$2,067,118</b>
Cash Eqv. Bal / Total Operating Exp.	11.7%	11.4%	19.2%	30.1%
Current Assets	\$1,374,676	\$1,289,354	\$981,491	\$1,389,637
Current Liabilities	\$1,529,805	\$1,412,369	\$1,036,159	\$1,397,416
<b>Net Current Assets</b>	<b>-\$155,129</b>	<b>-\$123,015</b>	<b>-\$54,668</b>	<b>-\$7,779</b>

Source: Annual Audit Reports and PennDOT dotGrants

**Exhibit 25: End-of-Year Cash Equivalent Balance (FYE 2010 – 2013)**



## CONCLUSIONS

Carbon County contributes monies to the CCCT to help cover CCCT's operational funding requirements. CCCT has used all of those amounts, in any given year, to balance its budget and comply with state requirements. Fixed-route farebox revenues as a percentage of operating cost is much lower than that in similar-sized transit systems in the Commonwealth, typically hovering between 1% and 2%. Actual fixed-route full fares are \$1.50. Because the majority of passengers are seniors who ride free and there are few fare paying passengers, the result is a very low farebox recovery ratio.

CCCT uses fixed-route subsidies from the USDOT, the County and from the Commonwealth to help cover a portion of the losses in its shared-ride operations. CCCT uses 74% of its fixed-route 1513 state funds to subsidize the shared-ride program. No other Pennsylvania transit system in the peer group used for the Act 44 comparison uses more than 30% of its fixed-route funds to subsidize shared-ride expenses, and most do not use any fixed-route funding for this purpose. This use of fixed-route funding to subsidize shared-ride service severely limits potential investments that could improve the performance of CCCT fixed-route service.

CCCT's overall financial health is poor. This is largely attributable to losses in its shared-ride operations. Shared-ride operations account for approximately 95% of CCCT's total operating costs. CCCT's current liabilities exceed its current assets. This has been the case since at least 2008. If CCCT were an independent transit authority, its situation would be dire. The reason it is not bankrupt is because it has a line of credit from Carbon County and unpaid monies due to LANTA which has not forced collection. Furthermore, CCCT's fixed-route program will experience additional cost increases as operating costs are expected to rise by more than 30% in FYE 2015 based on new contract terms with Easton Coach<sup>8</sup>. Management should take appropriate actions to control costs, address losses in its shared-ride operation, and improve fixed-route farebox recovery so as to improve CCCT's overall financial health.

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<sup>8</sup> Fixed-route operating costs were \$101,744 and \$103,263 in FYE 2013 and FYE 2014 respectively. The CCCT FYE 2015 budget for fixed-route operating costs is \$140,800.

## APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

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

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

Recommendation (page)	CCCT Action	Estimated Initiation Date	Estimated Completion Date
Assess the effectiveness of fixed-ride service and adjust CCCT service to better meet customer needs (p. 20)			
Promote the new CCCT website from the Carbon County website and make a link available from the LANTA website homepage to the CCCT website (p. 20)			
Develop a comprehensive marketing plan and budget (p. 20)			

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

Recommendation (page)	CCCT Action	Estimated Initiation Date	Estimated Completion Date
Explore the possibility of generating advertising revenues (p. 21)			
Find ways to reduce or eliminate the need to use fixed-route funding to subsidize shared-ride operations (p. 21)			

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

Recommendation (page)	CCCT Action	Estimated Initiation Date	Estimated Completion Date
Assess the potential benefits and costs of adding cameras when purchasing new vehicles (p. 22)			
Conduct a comprehensive assessment of CCCT's shared-ride service to identify potential cost saving strategies (p. 22)			

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

Recommendation (page)	CCCT Action	Estimated Initiation Date	Estimated Completion Date
Develop a comprehensive strategic plan (p. 23)			
Designate a Carbon County staff member to oversee and report on CCCT performance (p. 22)			
Clearly define governance roles, responsibilities and reporting expectations between Carbon County Board of Commissioners, the LANTA Board and management (p. 23)			
Develop a set of performance standards for all key agency functions (p. 23)			
Create a transit development plan (TDP) that identifies ways to improve fixed-route service and ridership (p. 23)			
Incorporate operating performance standards into future service delivery contracts (p. 24)			

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