

South Central Pennsylvania Public Transportation Regionalization Study

September 21, 2012

Agenda

- Background
- Overall Approach and Purpose
- Analytical Approach
- Current Structure and Operating Profiles
- Key Assumptions for Regionalization Assessment
- Governance and Operating Structure of Regional Authority
- Organizational Structure
- Financial Impacts of Regionalization
- Other Benefits of Regionalization
- Potential Use of Cost Savings
- Next Steps

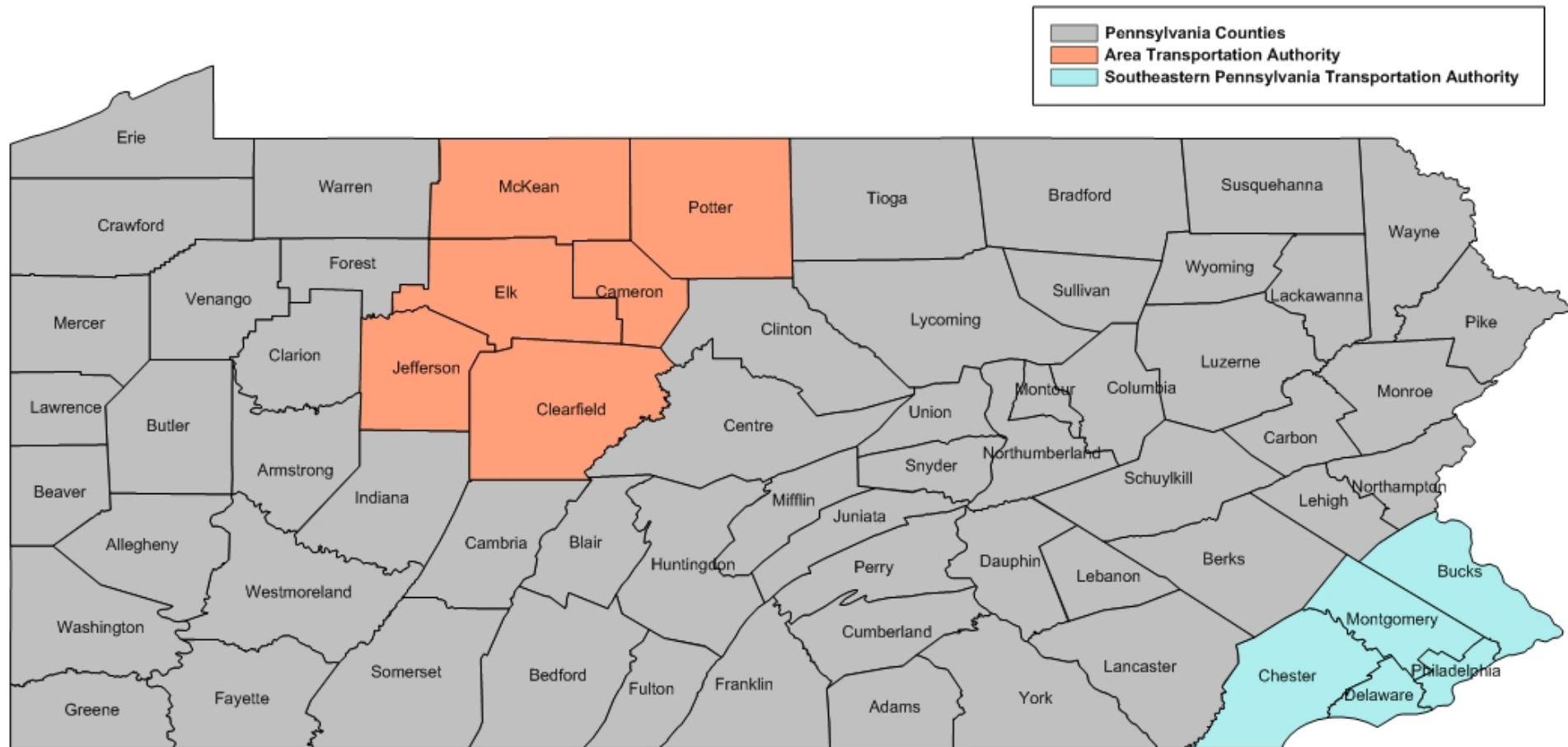
Background

- Prior studies and joint work efforts were undertaken to better coordinate planning and services
- Pennsylvania Governor's Transportation Funding Advisory Commission of 2011 called for the Commonwealth to examine the potential for the formation of regional transit agencies
- County requests of PennDOT to examine how transportation costs can be reduced and how customer service can be improved
- Current study commenced in 2012 and includes Adams, Berks, Cumberland, Dauphin, Lancaster, Lebanon, Perry, and York counties

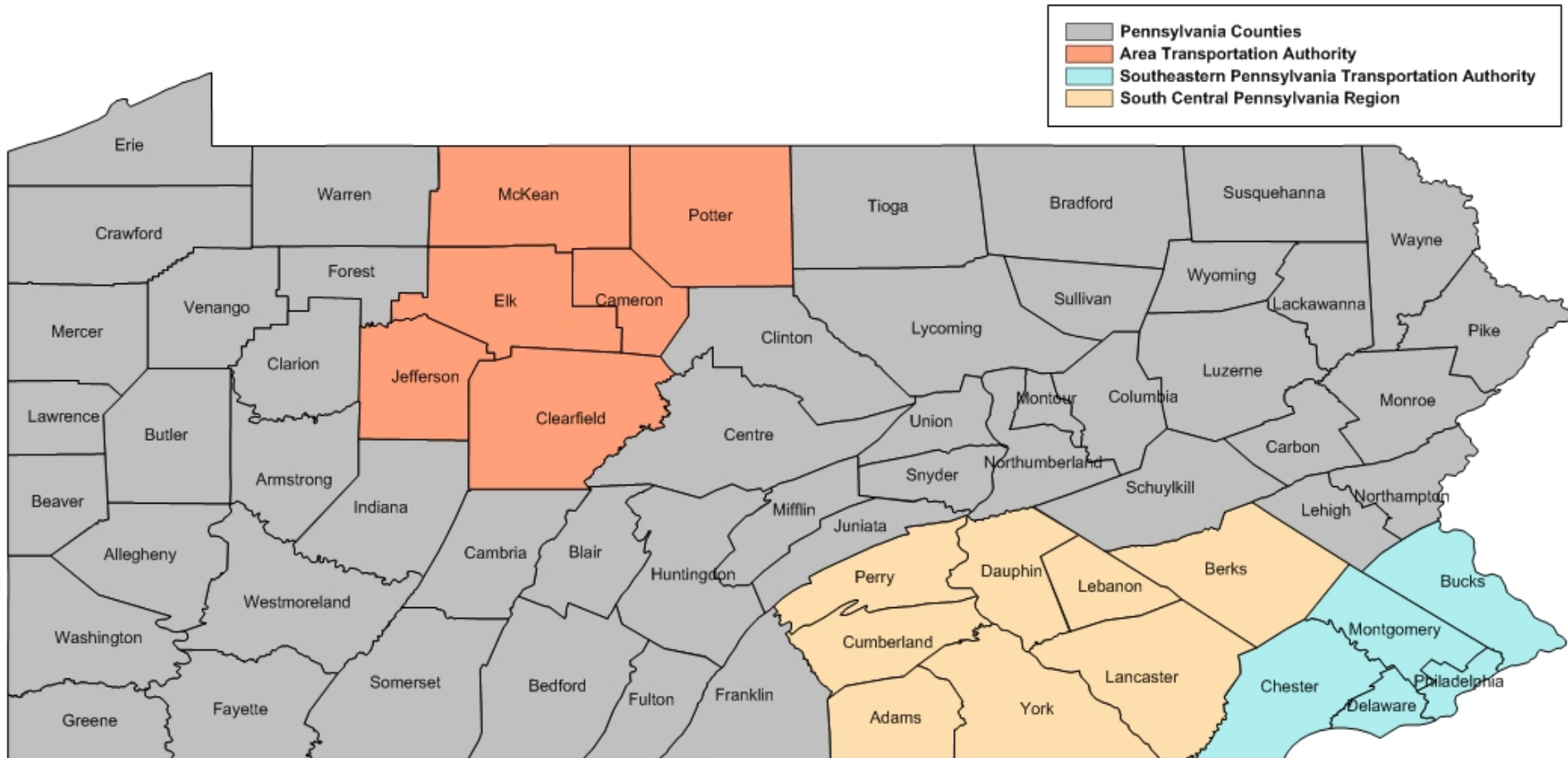
Overall Approach to Study and Purpose

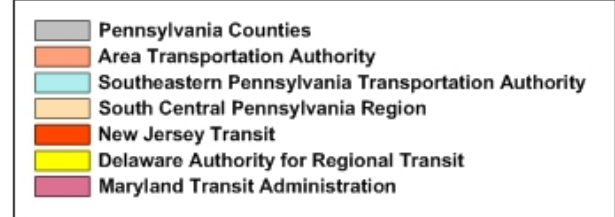
- Focused on developing a financial model that would project the estimated administrative cost savings by regionalizing public transportation in south central Pennsylvania
- Model assumed a single regionalized authority would be established since cost savings would be maximized under this scenario
- Operational analyses were not conducted as part of study
- Analysis stemming from this study is the result of applying governance and organizational assumptions which are not intended as recommendations or “must do” actions
 - Results from the single transit authority model provide a magnitude of savings and a starting point for discussion
 - Variations or changes in the underlying structure and assumptions will result in changes in the amount of savings that can be achieved

Large Regional Transit Authorities Already Exist in PA



South Central Could be the 3rd Large PA Regional Authority





Work Effort Approach

- Phase I
 - Kickoff meeting in December 2011
 - Conducted site visits at each transit agency in February 2012
 - Operating and financial profiles of existing transportation agencies
 - Governance and operational structure
 - Financial impact of regionalization on admin/management functions
- Phase II
 - Integrated service, fare, facility, and fleet plans
 - Detailed regionalization implementation plan
 - Resulting financial and organizational impacts
- Commencement of Phase II is conditional upon Phase I results

Analytical Approach to Phase I Financial Assessment

- All agencies' detailed revenue and expense data was analyzed
- Baseline (“do nothing”) financial forecasts vs. regional financial forecasts developed through FY2019-20
- Baseline financial forecasts rely upon each individual agency's historical trends
- Organizational needs of regional authority established from a clean slate rather than adjusting current structure
- Financial impacts focus on eliminating administrative redundancy and establishing new organization structure
- Financial impacts of service, facility, and fare integration are not included in these Phase I results

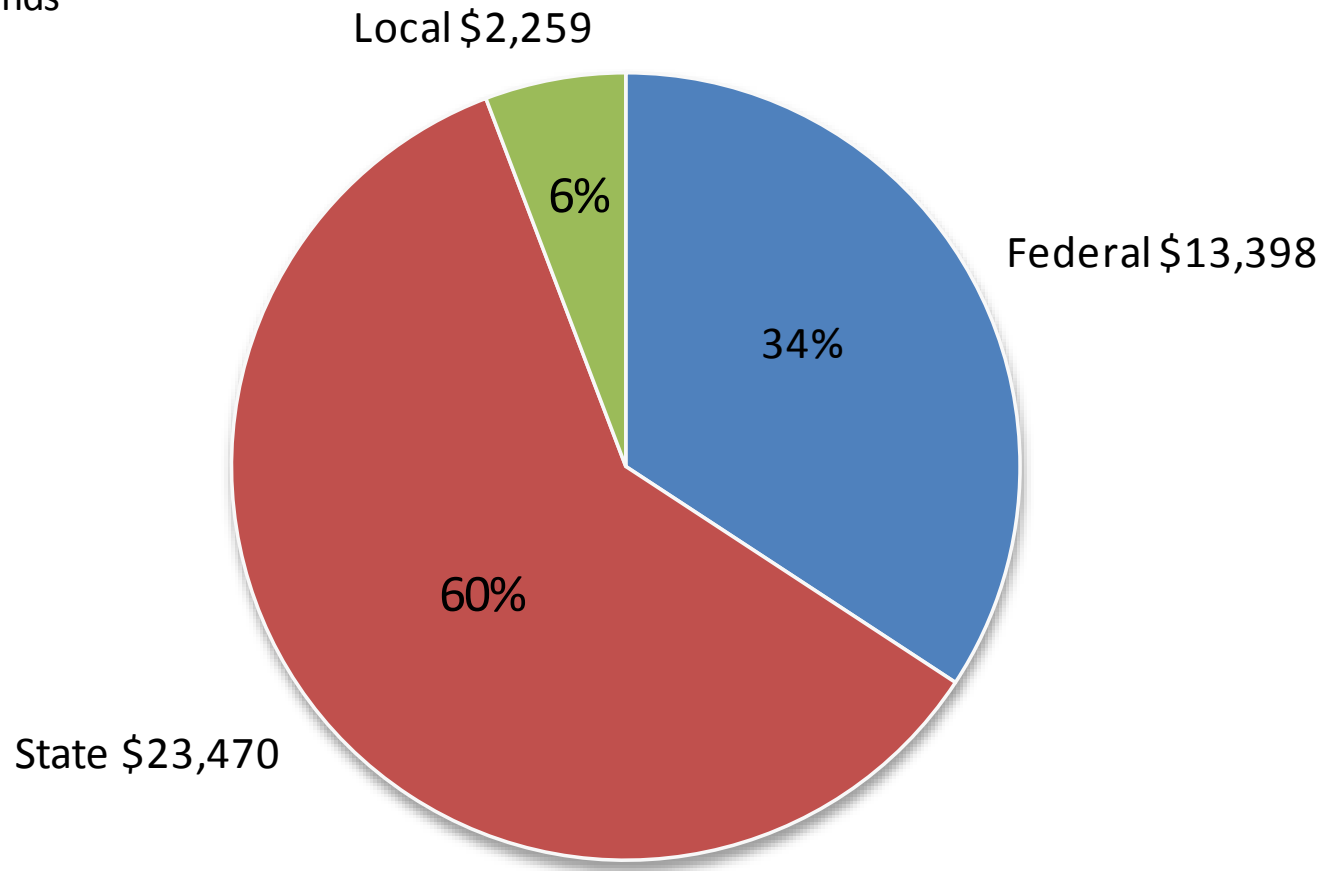
Current Combined Operating Profile (FY2010-11)

Structure	5 Transit Authorities and 2 County Departments of Transportation
Revenue	\$33.4 Million
Expenses	\$72.4 Million
Service	Fixed Route and Demand Response
Ridership	10.7 Million
Revenue Vehicle Miles	10.6 Million
Fleet Size	244 Fixed Route Vehicles 506 Demand Response Vehicles
Administration/Management FTEs	173
Labor Representation	None-ATU-IAM-Teamsters

Also see individual
Operating Profile
handouts

Current Operating Subsidies (FY2010-11)

\$ In Thousands



Key Assumptions

- Maintain existing service levels
- Reduce administrative costs through efficiencies, attrition, and eliminating duplicate positions
- Use existing assets and minimize new capital investment requirements
- Maintain existing labor contracts
- Two year transition period prior to regionalize operations
- Financial benefits are assumed to accrue immediately in Year 1 of regionalized operations

Steps Toward Regionalized Transit Operations



Summary Results of Regionalization



\$4.6 million in recurring annual administrative cost savings which could be used towards additional service and/or other local benefits

Regional Structure: Approach to Legal Entity

- Expand the geographic service area of an existing transit authority to serve the eight county region and rename it as the South Central Regional Transportation Authority
- Counties transfer responsibility for all transit service from existing transit agencies and departments to the new regional authority
- Counties are obligated to provide local match funding based on type, cost, and level of service provided to each county
- Counties and existing transit agencies transfer all assets, with the exception of the Cumberland maintenance facility and administrative office, to the new regional authority

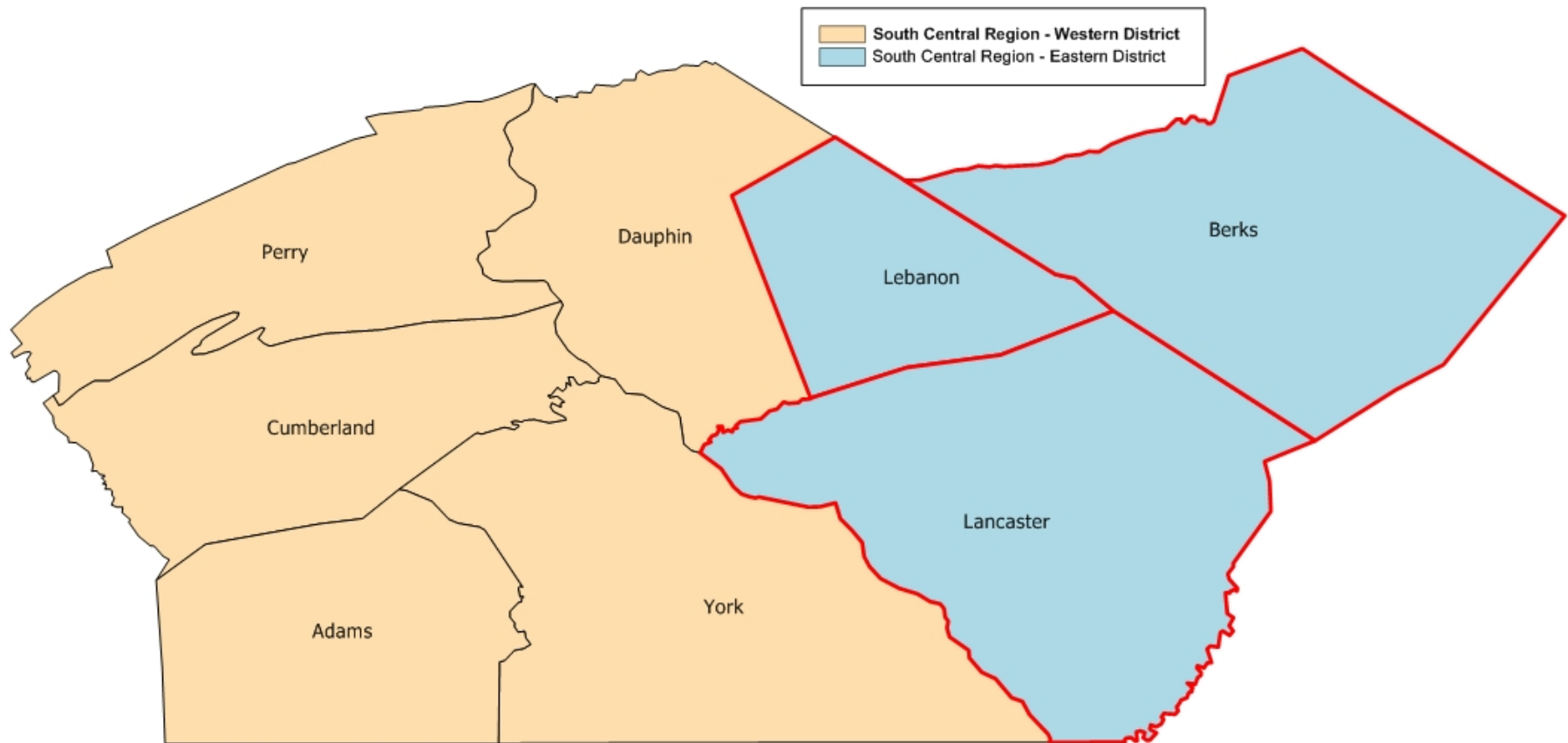
Regional Structure: Approach to Governance

- Board would be comprised of representation from Adams, Berks, Cumberland, Dauphin, Lancaster, Lebanon, Perry, and York counties
- Board representation would be based on the level of service provided within and the financial contribution made by each municipality
- PennDOT would appoint one Board member to serve in a non-voting capacity for the first two years of regionalized operations

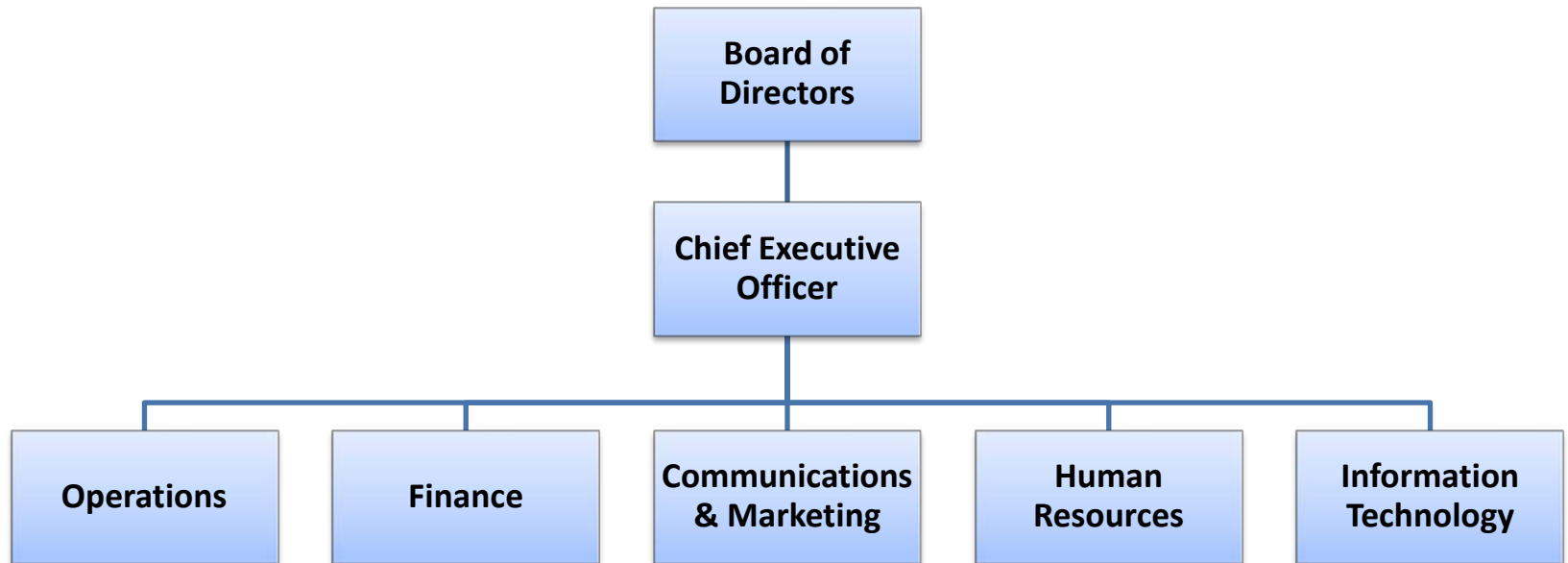
Regional Structure: Approach to Organization

- Centralized management and administration
- Operations and maintenance are divided into two districts
 - Western District: Adams, Cumberland, Dauphin, Perry, and York counties
 - Eastern District: Berks, Lancaster, and Lebanon counties
- Existing field operating bases throughout the region will be used for service, maintenance, overhaul, and fleet storage functions
 - Cumberland and Perry locations would be combined
- Operating divisions separately account for county activity and maintain existing labor agreements similar to York and SEPTA operations

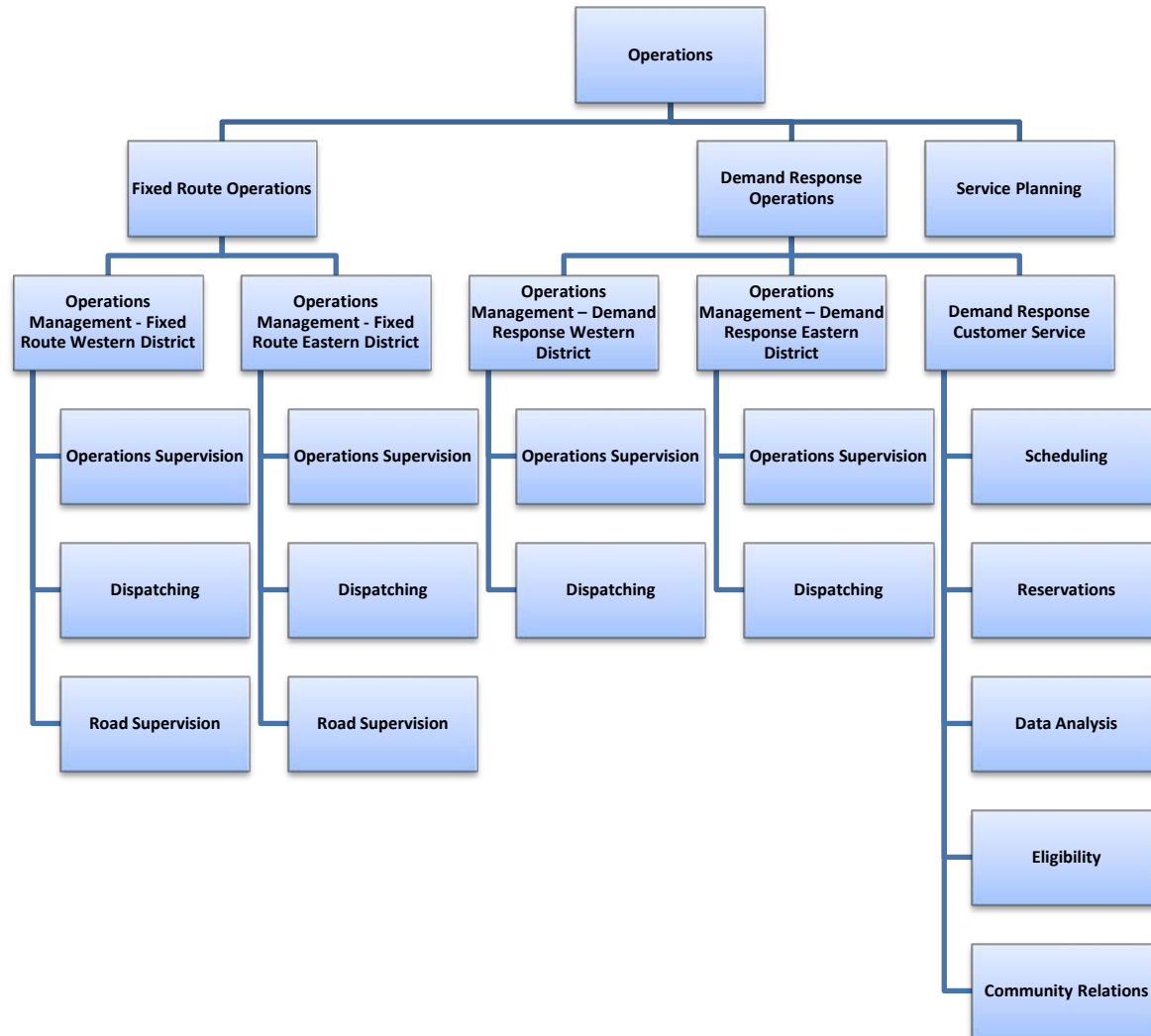
Regional Structure: Approach to Organization



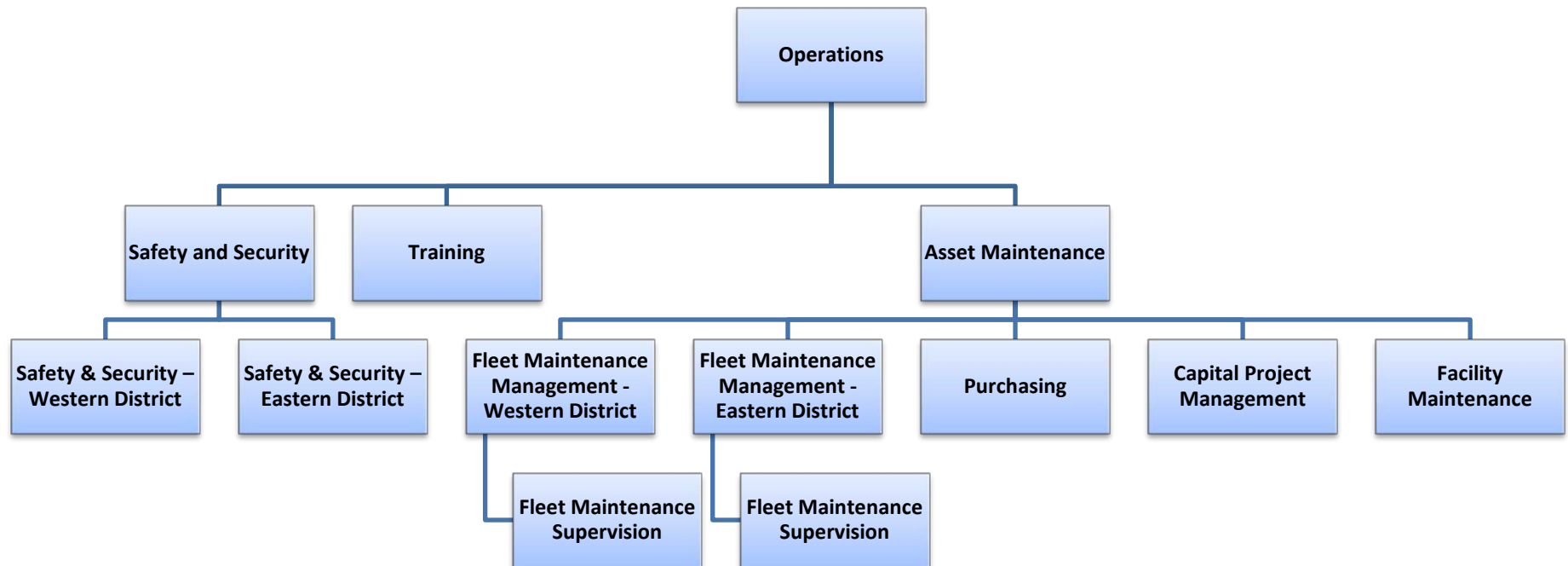
Regional Structure: Approach to Overall Organization



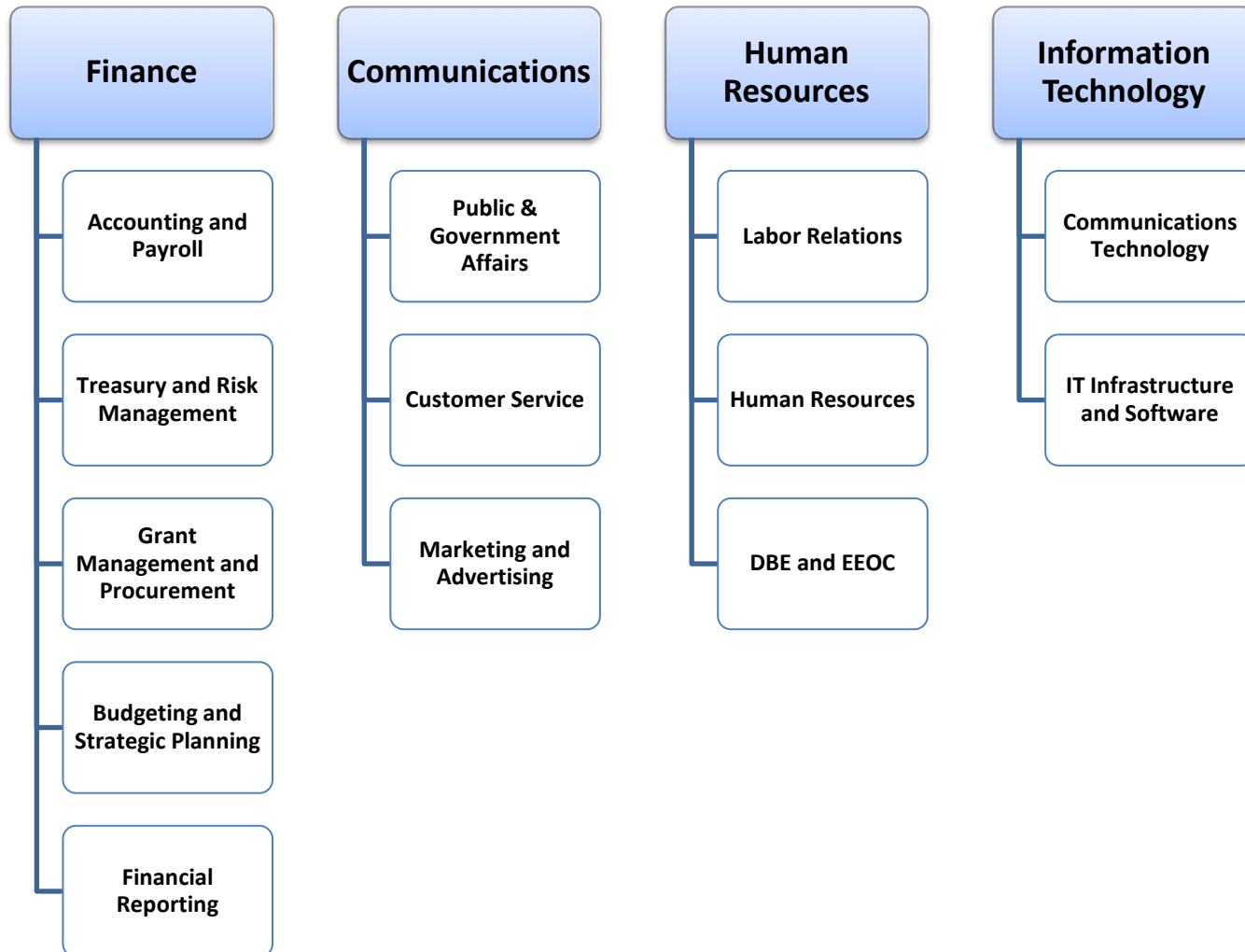
Regional Structure: Approach to Operations Organization Part I



Regional Structure: Approach to Operations Organization Part II



Regional Structure: Approach to Non-Operations Organization



Current Structure vs. Regional Structure

Current Structure FTEs

- 8 Executive
- 20 Finance
- 2 Information Technology
- 7 Human Resources
- 4 Communications/
Marketing
- 2 Procurement
- 114 Operations
- 16 Administration Support
- 173 Total Administration/
Management



Regional Authority FTEs

- 1 Executive
- 11 Finance
- 3 Information Technology
- 4 Human Resources
- 3 Communications/
Marketing
- 2 Procurement
- 96 Operations
- 2 Administration Support
- 122 Total Administration/
Management

Assumes no changes in service, fleet size and non-management FTEs

Estimated Transition Costs for Regionalization

In Thousands	Transition	
Costs	Year 1	Year 2
Transition Team Salaries	(\$230)	(\$238)
Transition Team Benefits	(66)	(71)
Transition Team Travel and Meetings	(5)	(6)
Legal	(135)	(140)
Accounting System Consolidation	0	(56)
Office Relocation	0	(28)
Website & Marketing	0	(146)
Total Costs	(\$436)	(\$685)

Financial Improvements Due to Regionalization

In Thousands	Regionalization				
Savings	Year 3	Year 4	Year 5	Year 6	Year 7
Salaries and Wages	\$1,667	\$1,730	\$1,796	\$1,864	\$1,935
Employee Benefits: Standardization	951	994	1,039	1,085	1,134
Employee Benefits: Position Reductions	461	481	503	526	549
Professional Services	379	407	438	472	509
Fuel	296	363	444	540	655
Casualty & Liability	267	270	272	275	278
Marketing & Advertising	221	229	237	246	255
Dues & Subscriptions	122	128	135	142	149
Office Expenses	72	76	79	83	87
Travel & Meetings	42	44	46	48	50
Total Management Savings	\$4,478	\$4,722	\$4,989	\$5,289	\$5,601

Net Financial Savings Resulting from Regionalization

\$ In Thousands	Transition		Regionalization				
	1	2	3	4	5	6	7
Savings (Costs)							
Management Savings	\$0	\$0	\$4,478	\$4,722	\$4,989	\$5,289	\$5,601
Transition Costs	(436)	(685)	0	0	0	0	0
Net Savings (Costs)	(\$436)	(\$685)	\$4,478	\$4,722	\$4,989	\$5,289	\$5,601

Financial Impact to Direct County Expenditures

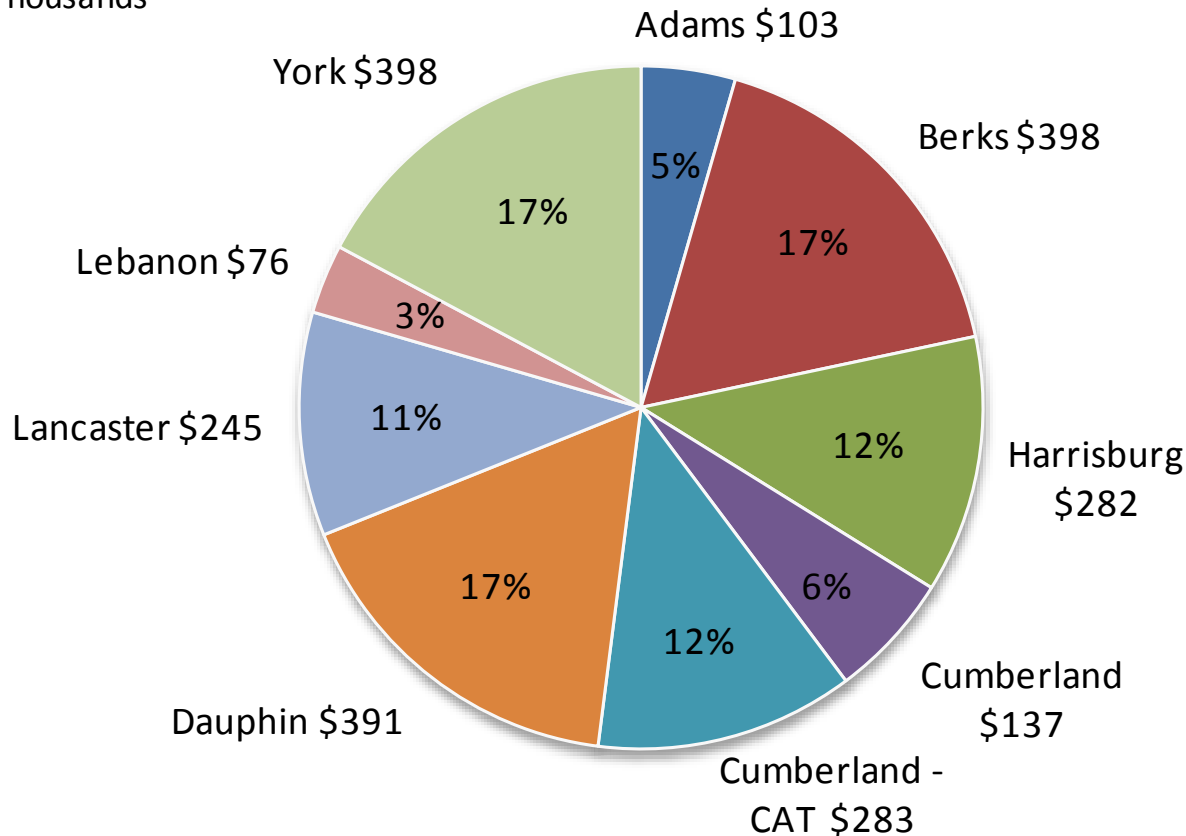
- Cumberland and Perry counties currently incur direct and overhead expenses on behalf of transit including accounting, payroll, treasury, risk management, human resources, etc.
- Neither county currently charges their transportation department for these services
- The counties would not incur these costs on behalf of transit as a result of regionalization

Other Benefits from Regionalization

- Riders benefit from a multi-county agency that can deliver service more efficiently across county lines
- More effective regional transit and land use planning
- Integrated fare system
- Coordination improvements with multiple human service agencies
- A larger organization allows people to fully perform functions that today receive no or partial attention due to limited resources
 - Safety and security, training, dispatching, road supervision, procurement, marketing, and human resources

Local Funding in FY2010-11

\$ In Thousands



Notes:

*Cumberland County contribution represents local funding for county's demand response service.

**Perry County does not provide any local funding.

Supporting Local Governments Involved in Transit Regionalization Efforts

- PennDOT's Bureau of Public Transportation is exploring policies and programs to reward local governments involved in transportation regionalization projects
- Potential Use of Cost Savings
 - Regional service improvements/additions
 - Delay in regional fare increases
 - Regional staffing transition program
 - Regional capital investments

Next Steps

- Q&A session at this meeting
- Presentation to transit agencies' Boards
- Prepare and distribute detailed draft report to all stakeholders
- Incorporate changes to draft report and issue final report
- Determine if Phase II should proceed
- If Phase II proceeds, draft work plan for phase II analysis and planning
 - Integrated service, fare, facility, and fleet plans
 - Detailed regionalization implementation plan
 - Resulting financial and organizational impacts