



HPT System Performance Review

January 29, 2021

Performance Report

Hazleton Public Transit d.b.a., HPT

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PREFACE

Pennsylvania law requires transit agency performance reviews and five-year performance targets to improve efficiency and effectiveness of service

COVID-19: Transit-dependent populations are bearing a heavy burden

Transit agencies are navigating new demands, plummeting ridership, and higher costs

PennDOT will reevaluate performance targets when long-term impacts of the pandemic are known

Act 44 of 2007 and Act 89 of 2013 increased funding for public transportation in Pennsylvania. The laws also required transit agencies to improve the efficiency and effectiveness of service delivery through increased ridership, revenue, and cost containment. PennDOT evaluates every fixed-route transit agency in the Commonwealth through a performance review at least once every five years to determine how well the agency satisfies these requirements. Act 44 also requires PennDOT to develop five-year performance targets for each agency as part of the performance review process.

Beginning in February 2020, COVID-19 caused significant social and economic disruptions as people sheltered in place to limit the spread of the disease. The adverse impacts throughout the Commonwealth of Pennsylvania were profound. The health and unemployment effects of COVID-19 disproportionately impacted senior, disabled, and low-income populations. These individuals also rely heavily on public transportation to meet their essential travel needs.

The impacts of COVID-19 on the public transportation industry were also numerous. Ridership decreased by more than 90 percent at some agencies during April 2020. Revenues dropped as agencies opted to waive fares to limit bus driver interactions and possible disease transmission from the handling of tickets and currency. Agencies increased the frequency and extent of bus cleaning, which increased operating costs. Some agencies furloughed drivers as they reduced service in response to plummeting passenger demand.

By late summer 2020 transit agencies had begun to stabilize from the initial impacts of COVID-19, however the pandemic is ongoing and the long-term effects on transit remain unknown. Social distancing guidelines could cause transit agencies to limit the number of passengers on buses and rail for years. Ridership, revenue, and operating cost trends used to develop this transit performance review report, including five-year performance targets, rely on information that predates the pandemic. PennDOT will continue to monitor the impacts of COVID-19 and reassess the transit agency's five-year performance targets when the long-term effects of the pandemic become known. If the performance targets are revised, they will be published as an addendum to this report.

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PUBLIC TRANSPORTATION SERVICE SUMMARY

Fiscal Year 2019-2020

Agency	City of Hazleton – Hazleton Public Transit (d.b.a. HPT)		
Year Founded	1982		
Reporting Fiscal Year End (FYE)	2020		
Service Area (square miles)	47		
Service-Area Population	57,482		
Annual Operating Statistics*	Fixed-Route	Paratransit (ADA)	Total (Fixed-Route + Paratransit)
Vehicles Operated in Maximum Service (VOMS)	8	3	11
Operating Cost	\$2,267,762	\$223,493	\$2,491,255
Operating Revenues	\$212,969	\$16,852	\$229,821
Operating Subsidies	\$2,054,793	\$206,641	\$2,261,434
Total (Actual) Vehicle Miles	387,435	41,132	428,567
Revenue Miles of Service (RVM)	374,561	35,386	409,947
Total Vehicle Hours	28,310	4,632	32,942
Revenue Vehicle Hours (RVH)	26,489	4,192	30,681
Total Passenger Trips	163,712	5,927	169,639
Senior Passenger (Lottery) Trips	48,978	0	48,978
Act 44 Performance Statistics			
Passengers / RVH	6.18	1.41	5.53
Operating Cost / RVH	\$85.61	\$53.31	\$81.20
Operating Revenue / RVH	\$8.04	\$4.02	\$7.49
Operating Cost / Passenger	\$13.85	\$37.71	\$14.69
Other Performance Statistics			
Operating Revenue / Operating Cost	9.39%	7.54%	9.23%
Operating Cost / Total Vehicle-Hours	\$80.10	\$48.25	\$75.63
Operating Cost / Total Vehicle-Miles	\$5.85	\$5.43	\$5.81
Total Passengers / Total Vehicle-Hours	5.78	1.28	5.15
Operating Cost / RVM	\$6.05	\$6.32	\$6.08
RVM / Total Vehicle-Miles	96.68%	86.03%	95.66%
RVH / Total Vehicle-Hours	93.57%	90.50%	93.14%
Operating Subsidy / Passenger Trip	\$12.55	\$34.86	\$13.33

*Source: unaudited dotGrants 2020 reporting

Note: Luzerne County Transportation Authority provides shared-ride trips within HPT's service area.

EXECUTIVE SUMMARY

Act 44 of 2007 increased state funding for public transportation operations by about 50 percent, from \$535 million per year to \$800 million in the first year of the legislation. The funding was provided to address the dire financial needs of local public transportation organizations across Pennsylvania. The public transportation organizations on the verge of major service cuts and significant fare increases were able to maintain existing service and fares and, with a predictable and growing source of operating assistance, plan service changes.

Act 44 also ushered in requirements for accountability, performance improvement, and maximizing return on investment. It established a framework for PennDOT to work with local public transportation organizations to:

- Assess efficiency and effectiveness of service, financial stability, and general management/business practices;
- Agree to five-year targets for Act 44-mandated performance criteria;
- Develop an Action Plan for improvement and to achieve performance targets;
- Provide technical assistance to implement the plan at the request of the transportation organization; and
- Reassess each organization on a five-year cycle.

The reassessment at the end of each five-year cycle is to evaluate:

- Whether the organization met the agreed-upon performance targets; and
- The sufficiency and effectiveness of the organization's actions to improve performance and management practices in its efforts to meet performance targets.

Act 44 regulations address PennDOT actions regarding performance reviews and the financial penalties for public transportation organizations that fail to meet performance targets. Section 427.12, Performance Reviews, states:

(E) The application of funding adjustment will be as follows:

1. Operating fund reductions in Section 1513(G) of the Act (relating to operating program) may be implemented for grantees subject to this section that are not satisfying the minimum performance standards, considering all other provisions of Section 1513. A funding reduction may be assessed in cases when a local transportation organization fails to report progress of, or fails to implement, the agreed-upon strategic Action Plan, or both.

PennDOT conducted a transit performance review for Hazleton Public Transit (HPT) in September 2015. Based on that review, PennDOT developed a performance report in March 2016 that established five-year performance targets and agreed to HPT's Action Plan to meet those targets. In November 2020, PennDOT reassessed HPT to determine whether HPT met its targets and to evaluate the actions taken to improve the agency's performance and management practices to maximize the return on investment of Commonwealth funding. This report summarizes PennDOT's findings.

IMPORTANT CHANGES SINCE THE 2015 PERFORMANCE REVIEW

PennDOT conducted the initial review of HPT in January 2015. Since finalizing HPT's 2016 report, the following factors impacted HPT's operations and finances:

1. **Improved Contract Management** – HPT previously contracted with two private transportation providers, where HPT was responsible for 75 percent of the fair market cost of bus repairs. The contracts did not have sufficient oversight requirement for maintenance. Therefore, HPT was unable to ensure contractors were adhering to preventative maintenance (PM) schedules. It was difficult to review contractor records because both companies used paper-based systems. The 2015 performance review recommended that HPT improve contract management to control maintenance costs that is incurred due to weak PM adherence. Since 2015, HPT re-bid its service and awarded it to one contractor instead of two. HPT improved oversight methods to include weekly data reports on maintenance performance statistics and review of electronic records to ensure PM schedule adherence. HPT incorporated vehicle maintenance as a performance standard to ensure the contractor performs PM according to schedule and negotiated a provision for liquidated damages if HPT determines the contractor to be non-compliant.
2. **Cross-County Service** – HPT provides weekday and Saturday service to Wilkes-Barre via Mountain Top. Previously, the HPT route ended at Mountain Top, where passengers would transfer to LCTA for service to Wilkes-Barre. However, LCTA discontinued this coordinated service in 2015, and HPT assumed responsibility for the full route to Wilkes-Barre. Despite this extended service, HPT has not reported an increase in overall fixed-route ridership.
3. **A Decline in Penn State–Hazleton Enrollment** – HPT provides weekday service between Penn State–Hazleton and downtown Hazleton, with stops at Walmart and the Laurel Mall. Since 2015, enrollment declined at Penn State–Hazleton by approximately 19 percent, from 831 full-time students in 2015 to 676 full-time students in 2019.

2015 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2015 performance review compared HPT to 13 peer agencies based on the four performance criteria required by Act 44. The analysis determined that HPT was "In Compliance" for three criteria and "At Risk" for five.

Performance Criteria	FYE*	Determination	Rank (of 14)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2013	At Risk	13	Worse	7.53	12.25
	Trend	At Risk	13	Worse	-3.10%	1.52%
Operating Cost / Revenue-Hour	2013	In Compliance	12	Worse	\$76.39	\$63.55
	Trend	At Risk	13	Worse	5.47%	2.49%
Operating Revenue / Revenue-Hour	2013	In Compliance	10	Worse	\$7.23	\$10.80
	Trend	In Compliance	3	Better	7.80%	1.74%
Operating Cost / Passenger	2013	At Risk	14	Worse	\$10.15	\$5.55
	Trend	At Risk	14	Worse	8.85%	1.08%

* The single-year and trend peer comparisons are based on the most current National Transit Database (NTD) information available at the time of the review.

HPT developed an Action Plan to address opportunities for improvement identified during the 2015 performance review and took the following steps to improve performance:

1. Began developing a transit development plan (TDP) to address the decline in ridership.
2. Developed a strategic marketing plan to capture existing market conditions, identify target markets, determine marketing objectives, and develop strategies and tactics to promote ridership among target markets.
3. Incorporated routine status reports covering ridership, farebox recovery, changes in operational costs, and customer service as part of the monthly Board reports.

PennDOT, in consultation with HPT's management, established the following performance targets that the agency was to attain before its next performance review:

- Increase passengers per revenue vehicle-hour by at least 3.0 percent per year on average;
- Increase operating revenue per revenue vehicle-hour by at least 3.0 percent per year on average;
- Contain increases in operating cost per revenue vehicle-hour to no more than 3.0 percent per year on average; and
- Prevent increases in operating cost per passenger per year on average.

The performance targets established in 2015 used the most accurate data available at that time.

Performance Criteria	2019 Target	2019 Actual	Met Target
Passengers / Revenue Vehicle-Hour	\$8.74	7.20	No
Operating Cost / Revenue Vehicle-Hour	\$88.21	\$84.27	Yes
Operating Revenue / Revenue Vehicle-Hour	\$8.89	\$9.00	Yes
Operating Cost / Passenger	\$10.10	\$11.71	No

HPT successfully met its five-year performance targets for operating cost per revenue vehicle-hour and operating revenue per revenue vehicle-hour due to improved contract management and diversified revenue streams. HPT re-bid its service from two contracts to one contract and increased oversight of maintenance to ensure PM schedule is adhered to and repairs are completed in a timely manner. Sales from HPT's advertising program, along with rental income, helped supplement revenue from passenger fares. Although HPT failed to achieve its target for passengers per revenue vehicle-hour, fixed-route ridership remained stable at about 7.5 passengers per revenue-vehicle hour.

2020 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2020 performance review compared HPT with 14 peer agencies based on the four Act 44 performance criteria. HPT was "In Compliance" with all performance measures.

Performance Criteria	FYE*	Determination	Peer Rank (of 15)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2018	In Compliance	12	Worse	7.41	9.60
	Trend	In Compliance	3	Better	-0.30%	-4.37%
Operating Cost / Revenue-Hour	2018	In Compliance	11	Worse	\$82.39	\$82.07
	Trend	In Compliance	4	Better	1.52%	4.14%
Operating Revenue / Revenue-Hour	2018	In Compliance	9	Better	\$8.97	\$8.72
	Trend	In Compliance	4	Better	4.39%	-2.80%
Operating Cost / Passenger	2018	In Compliance	13	Worse	\$11.12	\$9.46
	Trend	In Compliance	4	Better	1.83%	9.24%

*The single-year and trend peer comparisons are based on the most current NTD information available at the time of the review.

The criteria with the largest improvements in peer rank included:

- The five-year trend for passengers per revenue-hour (from 13 to 3);
- The five-year trend for operating cost per revenue-hour (from 13 to 4); and
- The five-year trend for operating cost per passenger (from 14 to 4).

Although the group of peer agencies varied between the 2015 and 2020 reviews, the rankings indicate significant improvement in HPT operations.

HPT outperformed the peer group average in:

- The five-year trend for passengers per revenue-hour;
- The five-year trend for operating cost per revenue-hour;
- The single-year FYE 2018 determination for operating revenue per revenue-hour;
- The five-year trend for operating revenue per revenue-hour; and
- The five-year trend for operating cost per passenger.

HPT underperformed the peer group average in:

- The single-year FYE 2018 determination for passengers per revenue-hour;
- The single-year FYE 2018 determination for operating cost per revenue-hour; and
- The single-year FYE 2018 determination for operating cost per passenger.

The 2020 performance review also identified steps that HPT could take to improve overall agency performance and will serve as the basis for HPT's Board-approved Action Plan:

1. Update service standards to consider passenger-miles as a factor for evaluating route productivity;
2. Reach out to neighboring transit systems that have successfully established revenue agreements to support enhanced service to industrial parks; and
3. Assess the potential impact of increased utilities on existing budgets and determine a sustainable price point for future contracts that ensures operating costs for the new facility are fully recovered.

2025 PERFORMANCE TARGETS

As required by Act 44, PennDOT and HPT management developed new five-year performance targets. The performance targets are intended to be aggressive yet achievable. This performance report uses the last full audited financial year (i.e., FYE 2019) before the impacts of the COVID-19 pandemic for developing five-year performance targets. HPT should achieve these targets, shown in the following table, to ensure continued eligibility for full Section 1513 funding.

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2019 Actual	2020 Actual	2025 Target	
Passengers / Revenue Vehicle-Hour	7.20	6.18	7.41	0.5%
Operating Cost / Revenue Vehicle-Hour	\$84.27	\$94.07	\$100.62	3.0%
Operating Revenue / Revenue Vehicle-Hour	\$9.00	\$8.02	\$10.75	3.0%
Operating Cost / Passenger	\$11.71	\$15.22	\$13.58	2.5%

FINANCIAL REVIEW

As of FYE 2020, HPT had a balanced operating budget. Its cash equivalent balance decreased between 2016 and 2020. Important elements of HPT's FYE 2020 financial condition are:

- HPT had \$3,076,868 in state and \$377,352 in local carryover funds.
- Combined carryover subsidies were equal to 126.3 percent of total operational funding.
- HPT had a cash balance equal to 130.9 percent of total annual operating expenses.
- HPT had no AP or AR amounts over 90 days.
- Current assets exceeded current liabilities.
- HPT had no long-term debt and no credit line.

Management should continue taking appropriate actions to manage costs (i.e., containing annual operating cost increases to 3.0 percent or less), achieve farebox recovery goals, and maintain cash reserves to preserve HPT's overall financial health. As they develop future year budgets, HPT should account for the cost increases due to the new facility.

NEXT STEPS

HPT's management and Board will develop an Action Plan in response to the complete list of "Opportunities for Improvement" identified in this performance review report. Some actions will be quickly implementable, while others may take several discrete steps to achieve over an extended

period. HPT's management must report to the Board and PennDOT quarterly on progress toward accomplishing the Action Plan and meeting its performance targets.

INTRODUCTION

PURPOSE

Act 44 of 2007 addressed the dire financial needs of local public transportation organizations across Pennsylvania by increasing state funding for public transportation operations by about 50 percent, from \$535 million per year to \$800 million in the first year of the legislation. Public transportation organizations that had been on the verge of significant service cuts and considerable fare increases could maintain existing service and fares and, with a predictable and growing source of operating assistance, plan service changes.

Act 44 also ushered in critical requirements for accountability, performance improvement, and maximizing return on investment. It established a framework for PennDOT to work with local public transportation organizations to:

- Assess efficiency and effectiveness of service, financial stability, and general management/business practices;
- Agree to five-year targets for Act 44-mandated performance criteria;
- Develop an Action Plan for improvement and to achieve performance targets;
- Provide technical assistance to implement the plan at the request of the transportation organization; and
- Reassess each organization on a five-year cycle.

The reassessment at the end of each five-year cycle is to evaluate:

- Whether the organization met the agreed-upon performance targets; and
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Act 44 regulations address PennDOT actions regarding performance reviews and the financial penalties for public transportation organizations that fail to meet performance targets. Section 427.12, Performance Reviews, states:

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PennDOT conducted a transit performance review for Hazleton Public Transit (HPT) in September 2015. Based on that review, PennDOT developed a performance report in March 2016 that established five-year performance targets and agreed to HPT's Action Plan to meet those targets. In November 2020, PennDOT reassessed HPT to determine whether HPT met its targets and to evaluate the actions taken to improve the agency's performance and management practices to maximize the return on investment of Commonwealth funding. This report summarizes PennDOT's findings.

AGENCY DESCRIPTION

Hazleton Public Transit (d.b.a. HPT) was incorporated as the Hazleton Transit Authority in 1982 in Luzerne County, PA. All transportation system projects were transferred from the Hazleton Transit Authority to the City of Hazleton in 1995 and rebranded as Hazleton Public Transit. HPT provides transit service in the Greater Hazleton Area in southern Luzerne County and portions of Carbon and Schuylkill Counties—a service area of approximately 51,000 residents. As a city government department, HPT has no Board for governance, and HPT reports directly to the mayor of the City of Hazleton. The City Council has a minor role and is only responsible for passing resolutions related to HPT projects and procurement.

HPT contracts with Easton Coach to operate fixed-route and ADA demand-response service and requires that the contractor provide a maintenance and storage facility for HPT vehicles. HPT's intermodal facility, the Church Street Station, leases space to a local restaurant and Fullington Autobus Company for use of the bus lane.

Currently, HPT operates eight regular fixed routes, typically between 5:30 a.m. and 9:45 p.m. Monday through Friday. HPT offers eight fixed routes for Saturday service and one Sunday route. Additionally, HPT offers weekday fixed-route service to Penn State–Hazleton Campus and a seasonal summer fixed route. Paratransit service operates Monday through Saturday, between 5:30 a.m. and 9:45 p.m.

HPT provided 163,712 fixed-route passenger trips as of FYE 2020, with eight vehicles operating in maximum service (VOMS). Paratransit ADA service represents a smaller portion of HPT's ridership at 5,927 passenger trips, with three vehicles operating in maximum service. In March 2020, HPT began to experience fixed-route ridership impacts due to COVID-19 ([Exhibit 1](#)).

[Exhibit 2](#) presents expanded fixed-route bus statistics for HPT from FYE 2015 through FYE 2020. [Appendix A: Data Adjustments](#) (p. 23) documents data discrepancies between NTD and dotGrants, and how those differences were reconciled.

Exhibit 1: Monthly Total Fixed-Route Passenger Trips (January 2020–October 2020)

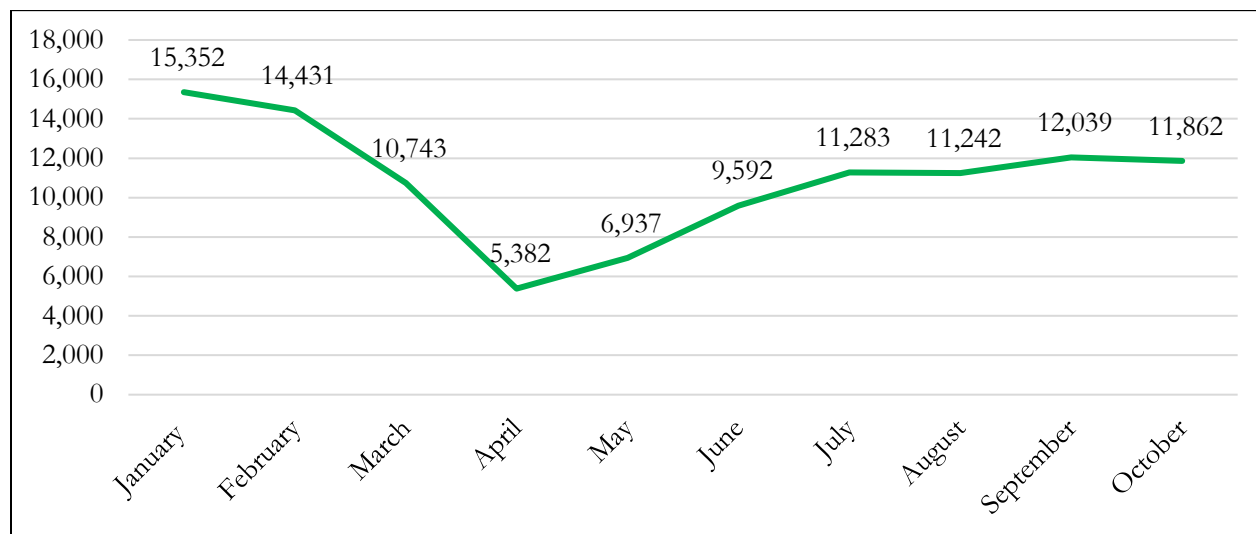
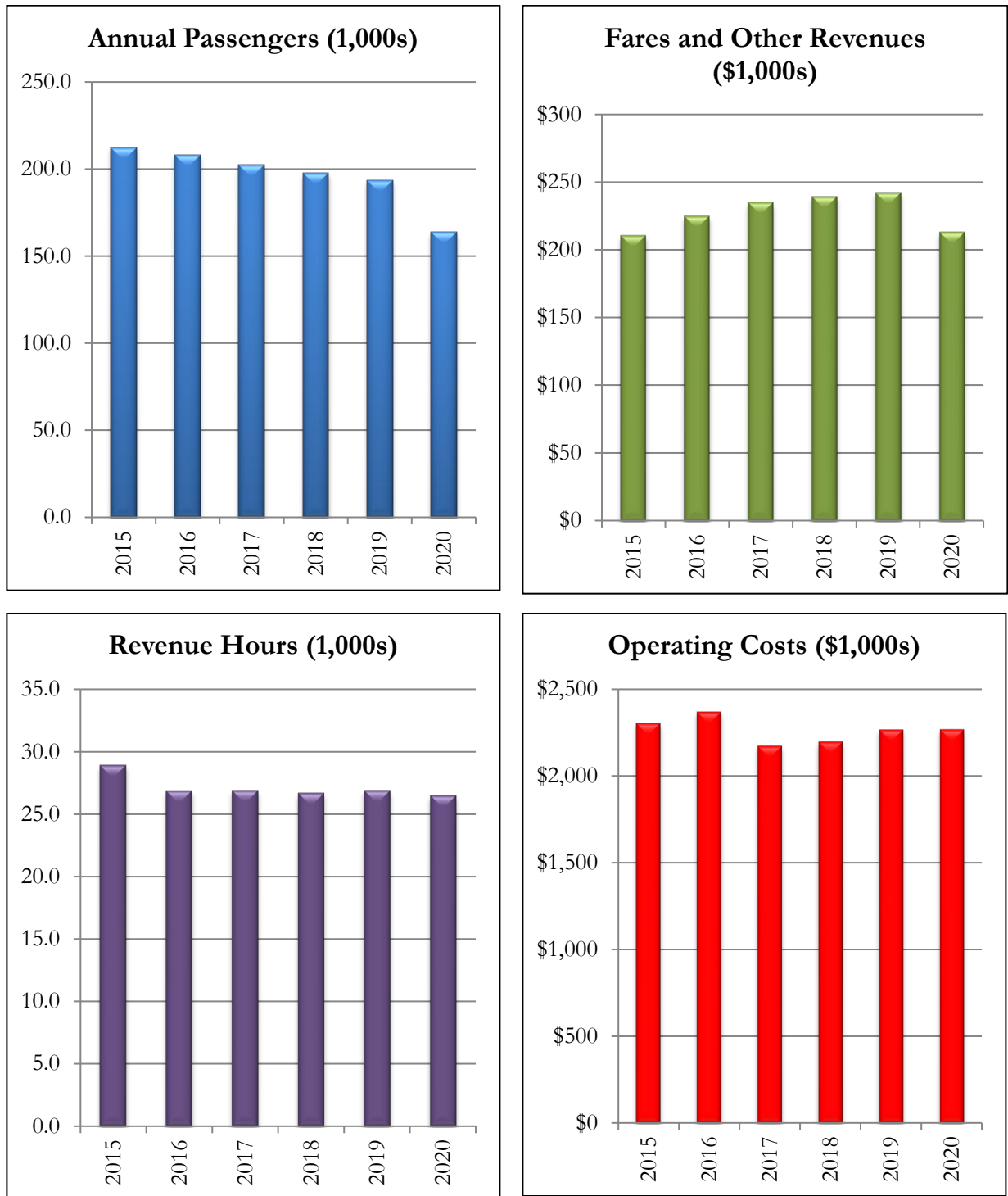


Exhibit 2: HPT Fixed-Route Bus Service Annual Performance Trends (2015–2020)



Source: NTD and PennDOT legacy reporting system (dotGrants)

PERFORMANCE REVIEW PROCESS

In November 2020, PennDOT initiated an Act 44-mandated performance review for HPT. The following outlines the review process:

1. Notify HPT of performance review schedule and transmit a document request.
2. Review available data and request additional information.
3. Agree upon a set of peer agencies for comparison (HPT and PennDOT).
4. Review the most recent customer satisfaction survey (CSS).
5. Assess Act 44 variables, including current performance, targets from the previous 2015 review, and Action Plan implementation.
6. Perform Act 44 performance criteria analysis.
7. Conduct onsite review, interviews, and supplementary data collection/reconciliation.
8. Evaluate performance, financial condition, and operations.
9. Report results and determine agency compliance with performance requirements.
10. Finalize the performance review report.
11. Develop, implement, and monitor a five-year Action Plan (HPT).
12. Provide technical assistance, if required, to help meet five-year performance targets.

These steps assess HPT's unique challenges, changes since the previous performance review, the accuracy and reliability of reported data, implemented practices, additional opportunities for improvement, and realistic goals to attain before the next performance review.

CUSTOMER SATISFACTION SURVEY

HPT conducted a customer satisfaction survey (CSS) between August 20, 2018, and August 27, 2018. The CSS consisted of 15 questions addressing customer satisfaction, rider characteristics, and patterns in service usage. HPT collected 354 responses, 52 of which were in Spanish. Based on survey results, HPT has between 450 and 900 unique passengers. The survey's margin of error is less than 4.0 percent. Results from the survey show:

1. Ninety-seven (97) percent of respondents indicated they were "satisfied" or "very satisfied" with HPT service.
2. Ninety-six (96) percent of respondents indicated they would continue to ride HPT.
3. Ninety-seven (97) percent of respondents indicated they would recommend HPT to others.

Riders rated a total of 19 performance measures addressing topics such as driver and staff performance, safety, capacity, frequency of service, schedule adherence, and clarity of bus schedules (**Exhibit 3**). The top-rated measures were:

1. Safe and competent drivers.
2. Driver courtesy and friendliness.
3. Availability of seats on the bus.

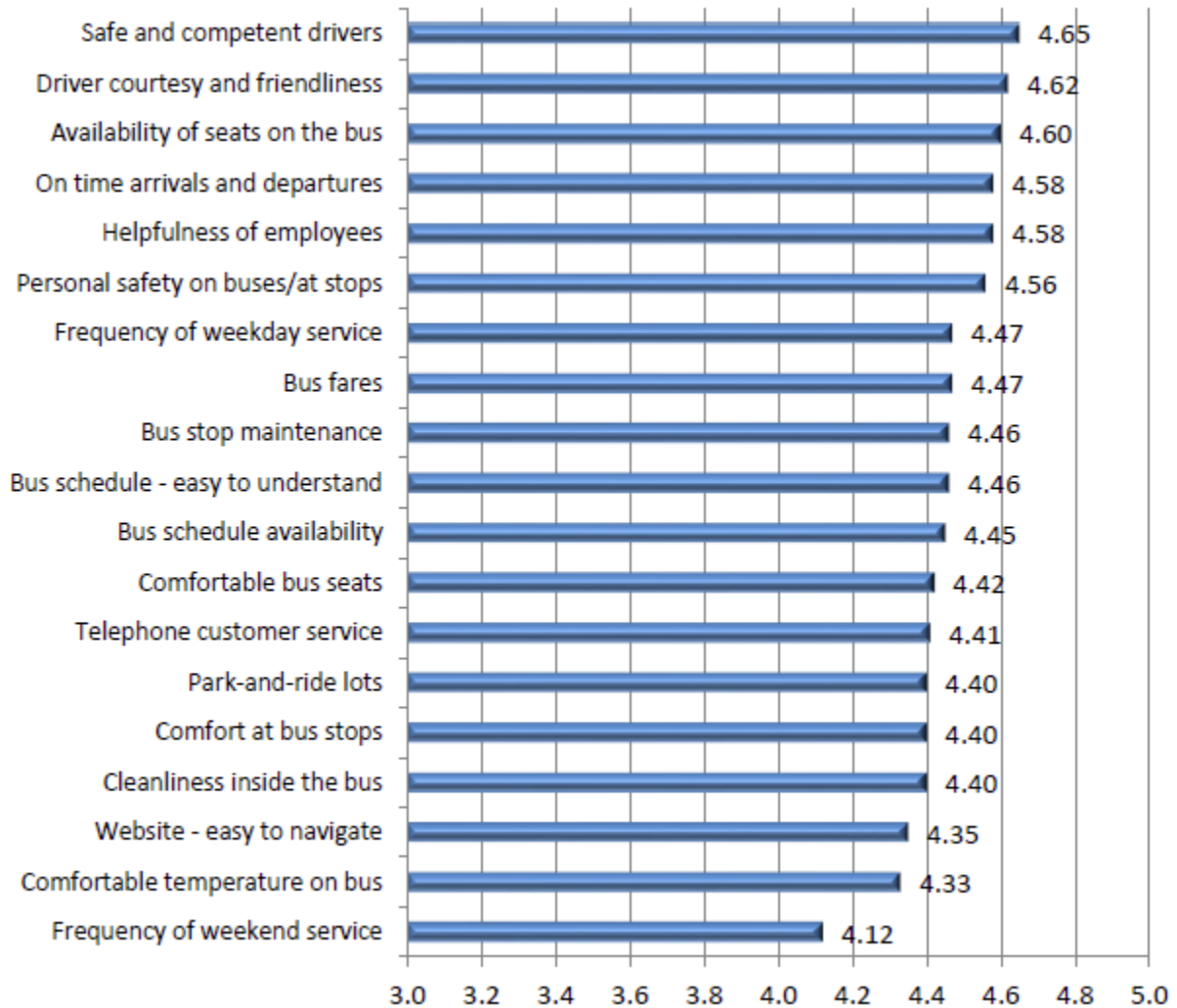
Measures that received the lowest average scores were:

1. Frequency of weekend service.
2. Comfortable temperature on the bus.
3. Website – easy to navigate.

A total of 78 respondents (22 percent) provided open-ended feedback. Common themes included:

1. Favorable comments about HPT's service (24 respondents).
2. Complimented HPT drivers and staff (23 respondents).
3. Requested shorter headways (eight respondents).
4. Requested additional weekend service (six respondents).
5. Expressed concerns with HPT buses, most related to difficulty in boarding buses with stairs (six respondents).
6. Expressed some dissatisfaction with driver courtesy (five respondents).
7. Requested additional evening service (six respondents).

Exhibit 3: Average Customer Satisfaction Score by Performance Measure



2015 ACT 44 PERFORMANCE ASSESSMENT

PRIOR REVIEW DETERMINATIONS AND FINDINGS

The 2015 performance review compared HPT to 13 peer agencies based on the four performance criteria required by Act 44. The analysis determined that HPT was "In Compliance" for three criteria and "At Risk" for five (Exhibit 4).

Exhibit 4: 2015 HPT Performance Review Act 44 Comparison Summary

Performance Criteria	FYE	Determination	Rank (of 14)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2013	At Risk	13	Worse	7.53	12.25
	Trend	At Risk	13	Worse	-3.10%	1.52%
Operating Cost / Revenue Hour	2013	In Compliance	12	Worse	\$76.39	\$63.55
	Trend	At Risk	13	Worse	5.47%	2.49%
Operating Revenue / Revenue Hour	2013	In Compliance	10	Worse	\$7.23	\$10.80
	Trend	In Compliance	3	Better	7.80%	1.74%
Operating Cost / Passenger	2013	At Risk	14	Worse	\$10.15	\$5.55
	Trend	At Risk	14	Worse	8.85%	1.08%

* The single-year and trend peer comparisons are based on the most current NTD information available at the time of the peer review.

In Compliance:

1. FYE 2013 operating cost per revenue-hour ranked 12th out of the 14 transit agencies. HPT performed worse than the peer group but remained in compliance because they were within one standard deviation of the peer group average.
2. FYE 2013 operating revenue per revenue vehicle-hour ranked 10th out of the 14 transit agencies. HPT performed worse than the peer group but remained in compliance because they were within one standard deviation of the peer group average.
3. The five-year trend for operating revenue per revenue vehicle-hour ranked 3rd out of the 14 transit agencies and was better than the peer group average.

At Risk:

1. FYE 2013 passengers per revenue vehicle-hour ranked 13th out of the 14 transit agencies and was worse than the peer group average.
2. The five-year trend of passengers per revenue vehicle-hour ranked 13th out of the 14 transit agencies and was worse than the peer group average.
3. The five-year trend for the increase in operating cost per revenue vehicle-hour ranked 13th out of the 14 transit agencies and was worse than the peer group average.
4. FYE 2013 operating cost per passenger ranked 14th out of the 14 transit agencies and was worse than the peer group average.
5. The five-year trend for operating cost per passenger ranked 14th out of the 14 transit agencies and was worse than the peer group average.

ACTION PLAN AND PERFORMANCE TARGETS

HPT developed an Action Plan to address opportunities for improvement identified during the 2015 performance review and took the following steps to improve performance:

1. Began developing a transit development plan (TDP) to address the decline in ridership.
2. Created a strategic marketing plan to capture existing market conditions, identify target markets, determine marketing objectives, and develop strategies and tactics to promote ridership among target markets.
3. Incorporated routine status reports covering ridership, farebox recovery, changes in operational costs, and customer service as part of the monthly reports to the City Council.

Appendix B: 2015 Performance Review Action Plan Assessment (p. 24) provides the complete list of HPT's previous Action Plan items and HPT's progress in addressing previously identified opportunities for improvement.

PennDOT and HPT established the following five-year performance targets in 2015:

- Increase passengers per revenue vehicle-hour by at least 3.0 percent per year;
- Increase operating revenue per revenue vehicle-hour by at least 3.0 percent per year;
- Contain increases in operating cost per revenue vehicle-hour to no more than 3.0 percent per year; and
- Maintain flat operating cost per passenger at 0% increase per year.

HPT met the performance target for operating cost per revenue vehicle-hour and operating revenue per revenue vehicle-hour. However, HPT did not meet its performance targets for passengers per revenue vehicle-hour or operating cost per passenger (**Exhibit 5**).

Exhibit 5: 2019 HPT Performance Targets

Performance Criteria	2019 Target	2019 Actual	Met Target
Passengers / Revenue Vehicle-Hour	\$8.74	7.20	No
Operating Cost / Revenue Vehicle-Hour	\$88.21	\$84.27	Yes
Operating Revenue / Revenue Vehicle-Hour	\$8.89	\$9.00	Yes
Operating Cost / Passenger	\$10.10	\$11.71	No

ASSESSMENT

Since finalizing HPT's 2016 report, the following factors impacted HPT's operations and finances:

1. **Improved Contract Management** – HPT previously contracted with two private transportation providers, where HPT was responsible for 75 percent of the fair market cost of bus repairs. The contracts did not have sufficient oversight requirement for maintenance. Therefore, HPT was unable to ensure contractors were adhering to preventative maintenance (PM) schedules. It was difficult to review contractor records because both companies used paper-based systems. The 2015 performance review recommended that HPT improve contract management to control maintenance costs that is incurred due to weak PM adherence. Since 2015, HPT re-bid its service and awarded it to one contractor instead of two. HPT improved oversight methods to include weekly data reports on maintenance performance statistics and review of electronic records to ensure PM schedule adherence. HPT incorporated vehicle maintenance as a performance standard to ensure the contractor

performs PM according to schedule and negotiated a provision for liquidated damages if HPT determines the contractor to be non-compliant.

2. **Cross-County Service** – HPT provides weekday and Saturday service to Wilkes-Barre via Mountain Top. Previously, the HPT route ended at Mountain Top, where passengers would transfer to LCTA for service to Wilkes-Barre. However, LCTA discontinued this coordinated service in 2015, and HPT assumed responsibility for the full route to Wilkes-Barre. Despite this extended service, HPT has not reported an increase in overall fixed-route ridership.
3. **A Decline in Penn State–Hazleton Enrollment** – HPT provides weekday service between Penn State–Hazleton and downtown Hazleton, with stops at Walmart and the Laurel Mall. Since 2015, enrollment has declined at Penn State–Hazleton by approximately 19 percent, from 831 full-time students in 2015 down to 676 full-time students in 2019.

HPT successfully met its five-year performance targets for operating cost per revenue vehicle-hour and operating revenue per revenue vehicle-hour. Management improved contract management, specifically maintenance oversight, and selected one vendor to provide all transportation services. Management credits the contract improvements with saving nearly \$300,000 since 2017. HPT also diversified revenue streams to include rental income from leasing space at the Church Street Intermodal Station and sales from an advertising program. Together, rental and advertising income represent 25 percent of fixed-route operating revenue as of FYE 2019.

HPT did not achieve its targets for passengers per revenue vehicle-hour and operating cost per passenger. Compared to its peer group, and other Pennsylvania systems, HPT has maintained stable ridership at an average rate of approximately 7.4 passengers per revenue vehicle-hour since 2015. HPT also improved its Act 44 peer determinations by bringing five "At Risk" findings into compliance. Management addressed many of the opportunities for improvement identified in the 2015 performance review, including increasing contractor oversight and initiating a transit development planning process to respond to changing demographics. HPT coordinates with a growing industrial park within its service area for opportunities to modify existing service to meet workforce transportation needs. HPT also improved its overall service quality from a customer standpoint by eliminating the need to transfer for the journey from Hazleton to Wilkes-Barre.

2020 ACT 44 PERFORMANCE ASSESSMENT

The 2020 performance review compared HPT to 14 peer agencies based on the four performance criteria required by Act 44.

PEER AGENCY COMPARISONS

Fourteen peer agencies were identified through a collaborative process between PennDOT and HPT using criteria defined in Act 44 and data from the most recently available National Transit Database (NTD)—FYE 2018. The systems identified for peer comparisons were:

1. Borough of Pottstown – Pottstown Area Rapid Transit (Pottstown, PA)*
2. City of Anderson Transportation System (Anderson, IN)*
3. City of Beloit Transit System (Beloit, WI)*
4. City of Lodi – Transit Division (Lodi, CA)
5. City of Tulare (Tulare, CA)
6. City of Tyler (Tyler, TX)
7. Crawford Area Transportation Authority (Meadville, PA)
8. Owensboro Transit System (Owensboro, KY)
9. Richland County Transit (Mansfield, OH)*
10. Springfield City Area Transit (Springfield, OH)
11. Terre Haute Transit Utility (Terre Haute, IN)
12. Texarkana Urban Transit District (Texarkana, TX)
13. The City of Bowling Green/Community Action of Southern Kentucky (Bowling Green, KY)
14. Washington County Transit (Hagerstown, MD)*

* Denotes an agency that was also a peer in the previous performance review.

Exhibit 6 presents the results of the 2020 HPT analysis and peer comparison. HPT is "In Compliance" for all measures. The detailed data used to develop the peer comparison summary is presented in **Appendix C: Peer Comparisons** (p. 26).

Exhibit 6: Current Performance Review Act 44 Peer Comparison Summary

Performance Criteria	FYE*	Determination	Peer Rank (of 15)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2018	In Compliance	12	Worse	7.41	9.60
	Trend	In Compliance	3	Better	-0.30%	-4.37%
Operating Cost / Revenue-Hour	2018	In Compliance	11	Worse	\$82.39	\$82.07
	Trend	In Compliance	4	Better	1.52%	4.14%
Operating Revenue / Revenue-Hour	2018	In Compliance	9	Better	\$8.97	\$8.72
	Trend	In Compliance	4	Better	4.39%	-2.80%
Operating Cost / Passenger	2018	In Compliance	13	Worse	\$11.12	\$9.46
	Trend	In Compliance	4	Better	1.83%	9.24%

ASSESSMENT

The 2020 review found HPT to be "In Compliance" for all eight metrics, whereas the 2015 review found HPT to be "In Compliance" for only three metrics. The most significant improvements in peer rank were for the five-year trend for passengers per revenue-hour (from 13 to 3), the five-year trend for operating cost per revenue-hour (from 13 to 4), and the five-year trend for operating cost per passenger (from 14 to 4).

HPT outperformed the peer group average in:

- The five-year trend for passengers per revenue-hour;
- The five-year trend for operating cost per revenue-hour;
- The single-year FYE 2018 determination for operating revenue per revenue-hour;
- The five-year trend for operating revenue per revenue-hour; and
- The five-year trend for operating cost per passenger.

HPT underperformed the peer group average in:

- The single-year FYE 2018 determination for passengers per revenue-hour;
- The single-year FYE 2018 determination for operating cost per revenue-hour; and
- The single-year FYE 2018 determination for operating cost per passenger.

2025 PERFORMANCE TARGETS

Act 44 of 2007 requires PennDOT, in consultation with agency management, to establish five-year performance targets for each of the four Act 44 metrics for fixed-route service. Setting performance targets for these metrics and regularly reevaluating performance are practices intended to improve service delivery effectiveness and efficiency. Furthermore, Act 89 of 2013 requires agencies to maintain a policy to adjust fares for inflation to keep pace with increases in operating costs. PennDOT uses the most recent audited and agency-verified values for passengers, operating costs, and operating revenues as the baseline for developing performance targets. Five-year targets reflect aggressive yet achievable expectations of improvement.

The 2020 performance review noted that HPT's performance was relatively stable over the past five years, maintaining existing ridership and improving contractor oversight to manage operating costs. HPT diversified revenue streams to include rental income and advertising revenue to supplement revenue from passenger fares. HPT plans to construct a new capital facility for bus maintenance and vehicle storage by 2021-22. HPT should anticipate higher utility expenses from the new facility, and expect a higher baseline operating cost per revenue vehicle-hour and passenger. Management should take steps to achieve the FYE 2025 performance targets, focusing on activities that increase ridership and contain operating costs.

PennDOT established the following performance targets in consultation with HPT:

- Increase passengers per revenue vehicle-hour by at least 0.5 percent per year on average.
- Contain operating cost per revenue vehicle-hour increases to no more than 3.0 percent per year on average.
- Increase revenue per revenue vehicle-hour by at least 3.0 percent per year on average.
- Contain operating cost per passenger trip increases to no more than 2.5 percent per year on average.

PennDOT based HPT's future-year performance targets on the last full audited financial year (i.e., FYE 2019) before the impacts of the COVID-19 pandemic are fully known. HPT must achieve these FYE 2025 targets, listed in **Exhibit 7**, to ensure continued eligibility for full Section 1513 funding.

Exhibit 7: FYE 2025 Act 44 Performance Targets

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2019 Actual	2020 Actual	2025 Target	
Passengers / Revenue Vehicle-Hour	7.20	6.18	7.41	0.5%
Operating Cost / Revenue Vehicle-Hour	\$84.27	\$94.07	\$100.62	3.0%
Operating Revenue / Revenue Vehicle-Hour	\$9.00	\$8.02	\$10.75	3.0%
Operating Cost / Passenger	\$11.71	\$15.22	\$13.58	2.5%

FUNCTIONAL REVIEW

PennDOT employs functional reviews to determine the reasons behind performance results, catalog best practices to share with other transit agencies, and identify opportunities for improvement to address in the Action Plan (see [Appendix D: Action Plan Template](#)). This report organizes functional review findings by Act 44 variables guiding the performance review: passengers, revenue, and operating costs.

The following sections summarize ways for HPT to deliver service more efficiently and effectively. Service must be responsive to the community's needs to achieve optimum service levels. During the review process, the observations recorded 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. Elements to Address in the Action Plan are recommendations that have the potential to maximize productivity, control operating costs, and achieve optimum revenue levels, which will enhance the system's future performance for one or more of Act 44's fixed-route performance factors.

[Appendix D: Action Plan Template](#) (p. 33) provides Action Plan templates for HPT's convenience. Some actions will be quickly implementable, while others may take several incremental steps to achieve over the five years leading up to the next performance review. The template provides a simple-to-follow order of findings of this report that the Action Plan should address.

OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

BEST PRACTICE

1. HPT successfully developed a dialogue with the growing Humboldt Industrial Park as part of marketing outreach and is in the process of formalizing a mutually beneficial relationship for workforce transportation.

ELEMENTS TO ADDRESS IN PART 1 OF THE ACTION PLAN

1. Current service standards consider vehicle load, headway, and on-time performance to guide decision-making for potential route adjustments. Most of HPT's routes are local to the greater Hazleton area except for Route 15, which provides weekday and Saturday service to Wilkes-Barre. Some routes serve specific sub-area markets such as Penn State–Hazleton and the Humboldt Industrial Park. HPT should **update its service standards to consider passenger-miles as a factor for evaluating route productivity**, which provides a more objective evaluation criterion for express and long-distance routes.
2. HPT has calibrated automatic passenger counters (APCs) as a method of ridership verification against driver logs. However, management stated that they are experiencing hardware issues with equipment and have since returned to spot checks to verify driver counts. HPT should **enforce the contract requirement for vehicle maintenance targeting the APCs**.

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

BEST PRACTICES

1. Management succeeded in diversifying HPT's revenue to include significant advertising and rental income to supplement passenger fares. HPT sells advertising on its fleet—complete bus wraps on the exterior and bus interior advertising. HPT also sells advertising on bus shelters and plans to sell advertising space on its ADA van fleet.
2. HPT generates rental income by leasing space at the Church Street Intermodal Station. One tenant (an intercity bus provider) closed its rented office due to COVID-19 at a loss of \$1,400 in monthly income for HPT. Despite this loss, HPT secured \$200 per month from this tenant for continued use of a bus lane and the station as a stop. HPT has committed to selling intercity bus tickets for a percentage of the sales while actively seeking a new long-term tenant.

ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN

1. HPT conducted outreach to the Humboldt Industrial Park Association to identify ways for improving HPT's Route 5 to meet workforce transportation needs better. Other Pennsylvania transit systems, such as the Lehigh and Northampton Transportation Authority (LANTA) and Central Pennsylvania Transportation Authority (CPTA), have successfully established revenue agreements with industrial parks to support enhanced service for accommodating work shifts at warehouses and industrial parks. HPT should **reach out to neighboring transit systems on how to best establish revenue agreements that support enhanced service to industrial parks.**

OPPORTUNITIES TO CONTROL OPERATING COSTS

BEST PRACTICE

1. HPT improved contract management to ensure that its service provider performs on-time preventative maintenance, which reduced repair expenses.

ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN

1. HPT expects to begin construction in Fiscal Year 2021-22 on a bus maintenance and vehicle storage facility. This project will markedly increase total utility expenses. As a small transit system that contracts service, HPT's expenses are relatively known. Given that the current service contract requires the contracted service provider to provide a facility for vehicle storage and maintenance, HPT's new facility could significantly impact future service agreements' rate structure. HPT should **account for the cost of the new facility in future budgets.**

OTHER OPPORTUNITIES TO IMPROVE PERFORMANCE

BEST PRACTICES

1. HPT developed a routine status report that provides a snapshot of ridership, farebox recovery, changes in operational costs, and customer service. The information presented is a concise and reader-friendly snapshot of key performance metrics.

ELEMENTS TO ADDRESS IN PART 4 OF THE ACTION PLAN

1. HPT has expressed interest in acquiring subscription-based analytical tools to perform demographic analyses. HPT has a good working relationship with the Lackawanna/Luzerne Metropolitan Planning Organization (MPO) for technical assistance with mapping and processing non-rider data. HPT should **reach out to the Lackawanna/Luzerne MPO to assess service-area demographics and support transit planning needs.**
2. HPT operates with lean management and administrative staff. While some employees have worked at HPT for decades, the agency struggles with frequent turnover for new employees. For example, HPT has lost three customer service representatives since 2015. Furthermore, the City of Hazleton should ensure HPT maintains a competitive position to attract and retain managerial staff as the agency faces potential retirements of longstanding employees. The City of Hazleton should **take the following steps to ensure adequate employee retention and support succession planning efforts:**
 - a. **Conduct a compensation analysis to determine the agency's competitive position amongst competing business/agencies for administrative and management functions; and,**
 - b. **Review all HPT employees' compensation packages to ensure HPT attracts and retains qualified staff.**

FINANCIAL REVIEW

The performance report's financial review presents high-level snapshot data and trend indicators to determine whether additional follow-up by PennDOT is warranted. The findings are based on audit reports, other financial reports, and budgets, and assess:

- High-level indicators of financial health
- Total public transportation operational expenditures and funding
- Fixed-route funding
- Paratransit funding
- Balance sheet findings

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

As shown in **Exhibit 8**, HPT has carryover subsidies (cash reserves) equal to more than 25 percent of total annual operating costs. These reserves provide liquidity in case of unexpected cost increases. As of FYE 2020, HPT had \$3.5 million in combined state and local carryover reserves.

Luzerne County provides annual local funds, which the City of Hazleton draws from available reserves for operating and capital match. HPT does not maintain a credit line as of FYE 2020. There are no accounts payable (AP)/ accounts receivable (AR) over 90 days.

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

HPT has maintained a total operating budget of approximately \$2.7 million from FYE 2016 to FYE 2020 (**Exhibit 9**). HPT achieved cost savings from a change in contracted service providers that reduced maintenance expenses in FYE 2017 but increased its total budget to account for an increase in fuel expenses in FYE 2020. In FYE 2020, 91.1 percent of HPT's operating expenses were for fixed-route service. The remaining operating costs (8.9 percent) were for paratransit service, as shown in **Exhibit 10**.

Agency-wide operating funds come from various sources, including passenger fares and local revenues such as rent and advertising, and state funds.¹ State subsidies are the largest share of income for HPT, accounting for 85.3 percent of total operating income. Revenues and local subsidies are the remaining funding sources, representing 14.7 percent of total operating income, as shown in **Exhibit 11** and **Exhibit 12**. HPT received its required local match to its Section 1513 state operating subsidy.

¹ In FYE 2017, HPT was requested to use existing state subsidies for operating expenses and shift federal funds to budget for capital expenses.

Exhibit 8: High-Level Financial Indicators

FYE 2020 Indicator	Value	Assessment Criteria / Rationale	Source
Total Carryover Subsidies / Annual Operating Cost	25%+	Combined target \geq 25%. This provides liquidity to cover unexpected cost increases or service changes without incurring interest fees from loans.	FYE 2020 Audit
Available Credit/ Annual Payroll	0.0%	Only necessary if combined carryover subsidies are less than 25% of annual operating costs. This ensures that the agency maintains sufficient cash flow and liquidity to pay all current bills.	FYE 2020 Audit and PennDOT dotGrants
Actual Local Match / Required Match	100.0%	Target \geq 100%. Local match that exceeds required minimums gives a transit agency flexibility to change service, accommodate unexpected cost changes, and make capital investments.	PennDOT dotGrants 2020
AP 90+ days	0.0%	Target is 0% over 90 days. Larger values indicate cash flow concerns.	HPT-reported value
AR 90+ days	0.0%	Target is 0% over 90 days. Larger values can cause cash flow problems.	HPT-reported value
Debt / Annual Operating Cost	0.0%	Target is 0%. Low debt amounts reduce interest costs.	FYE 2020 Audit

Exhibit 9: Public Transportation Operating Expense by Service Type (In Millions)

Service Type*	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Fixed-Route	\$2.4	\$2.2	\$2.2	\$2.3	\$2.5
Paratransit	\$0.3	\$0.3	\$0.3	\$0.3	\$0.2
Total	\$2.7	\$2.4	\$2.5	\$2.5	\$2.7

*May not add due to rounding.

Exhibit 10: Public Transportation Operating Expense Trends by Service Type

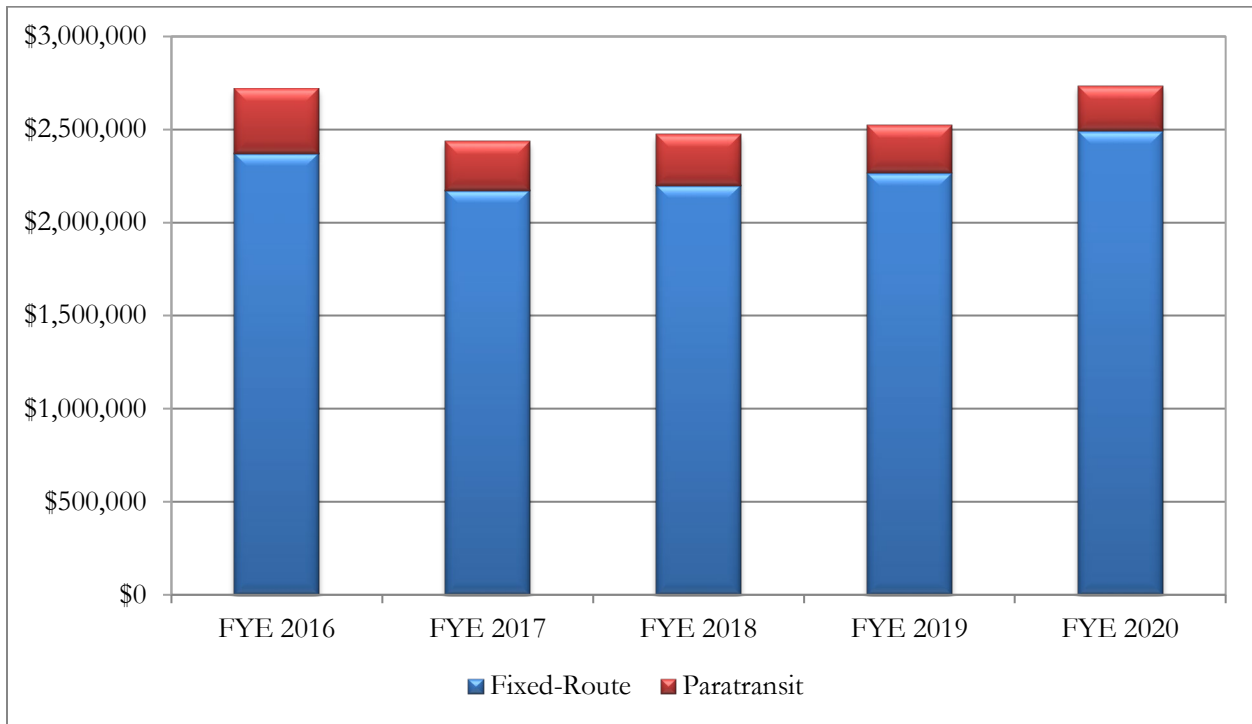
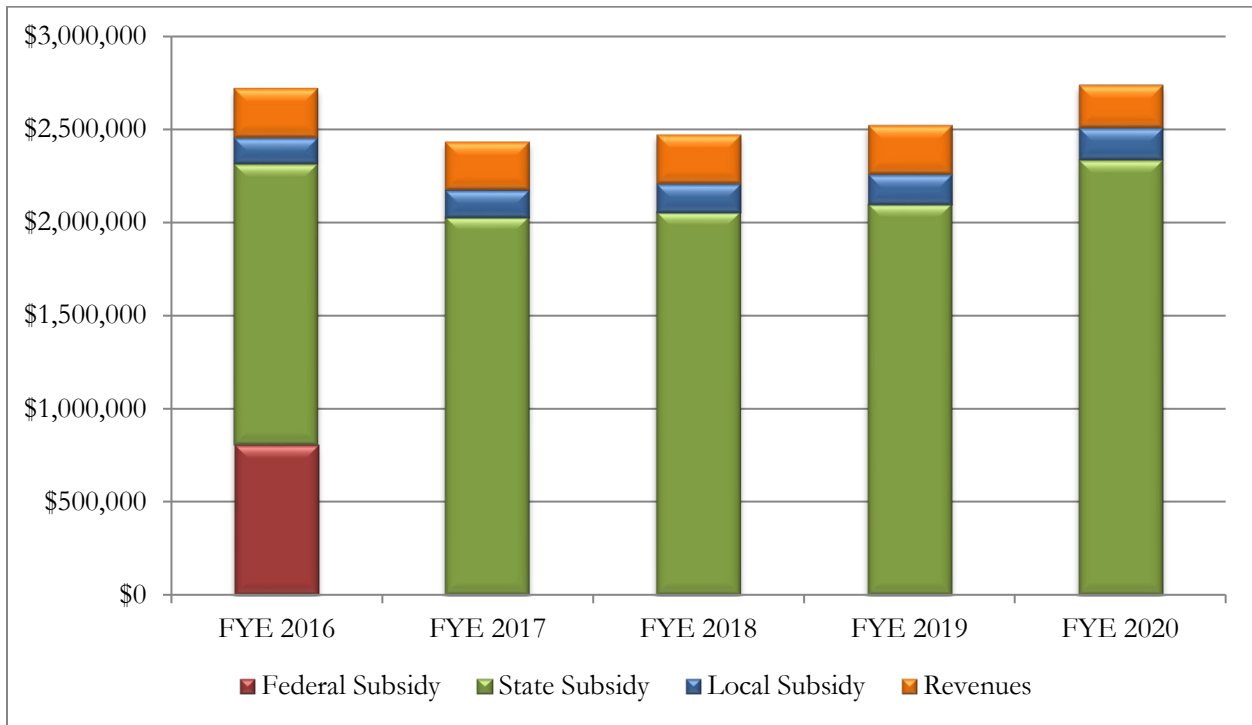


Exhibit 11: Percentage of Total Public Transportation (Fixed-Route + Paratransit) Operating Budget by Funding Source and Fiscal Year

Funding Source	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Federal Subsidy	29.6%	0.0%	0.0%	0.0%	0.0%
State Subsidy	55.5%	83.4%	83.1%	83.1%	85.3%
Local Subsidy	5.2%	6.1%	6.3%	6.5%	6.3%
Revenues	9.7%	10.6%	10.6%	10.4%	8.4%
Local Subsidy / State Subsidy	9.3%	7.3%	7.6%	7.8%	7.3%

Exhibit 12: Total Public Transportation (Fixed-Route + Paratransit) Operating Budget and Funding Sources by Fiscal Year



FIXED-ROUTE FUNDING

Fixed-route service, funded by general revenues and government subsidies, accounts for 91.0 percent of HPT's public transportation operating expenses. Between 2016 and 2020, direct passenger fares and organization-paid fares represented between 5.8 percent and 8.5 percent of HPT's total operating funding (**Exhibit 13**). Based on the FYE 2016 to FYE 2020 dotGrants reporting, HPT operated using current-year funding, with \$3,076,868 in state funds and \$377,352 in local funds carried over into Fiscal Year 2020-21. HPT experienced a drop in passenger fare revenue in FYE 2020 due to ridership losses attributable to the COVID-19 pandemic.

Exhibit 13: Fixed-Route Funding

Funding Source	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Revenues					
Passenger Fares	\$168,544	\$168,756	\$167,089	\$161,892	\$135,024
Organization-Paid Fares	\$16,000	\$16,000	\$17,674	\$18,698	\$10,723
Advertising	\$7,387	\$18,473	\$21,652	\$27,908	\$34,712
Other – Vending	\$1,744	\$2,073	\$2,148	\$2,190	\$1,694
Other – Rent	\$30,859	\$29,435	\$30,381	\$30,453	\$27,956
Other – Misc.	\$192	\$192	\$192	\$857	\$2,424
Subtotal	\$224,726	\$234,929	\$239,136	\$241,998	\$212,533
Subsidies					
Federal Operating Grant ²	\$803,229	\$0	\$0	\$0	\$0
State – Section 1513 (Prior Years)	\$0	\$113,014	\$71,435	\$45,957	\$228,429
State – Section 1513 (Current)	\$1,214,959	\$1,691,763	\$1,747,112	\$1,831,121	\$1,896,538
Local – Section 1513 (Current)	\$126,957	\$133,304	\$139,970	\$146,968	\$154,317
Subtotal	\$2,145,145	\$1,938,081	\$1,958,517	\$2,024,046	\$2,279,284
Total Funding	\$2,369,871	\$2,173,010	\$2,197,653	\$2,266,044	\$2,491,817
Passenger Fares + Organization-Paid Fares / Total Fixed-Route Funding	7.8%	8.5%	8.4%	8.0%	5.8%

Source: PennDOT dotGrants Reporting System

² As of FYE 2017 HPT allocates federal funds to vehicle replacement and major capital projects.

PARATRANSIT FUNDING

Paratransit (i.e., ADA complementary service), funded by state subsidies and passenger fares, accounts for 8.9 percent of HPT's public transportation operating expenses.³ HPT's paratransit program funding decreased from \$347,788 in FYE 2016 to \$242,618 as of FYE 2020 (**Exhibit 14**). Total paratransit trips decreased from 8,152 in FYE 2016 to 5,927 in FYE 2020 (**Exhibit 15**).

Exhibit 14: Paratransit Funding by Source

Category	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Revenues					
Passenger Fares	\$26,326	\$22,442	\$22,195	\$20,104	\$16,656
LCTA Shared-Ride Reimb. ⁴	\$12,711	\$0	\$0	\$0	\$0
Subtotal	\$39,037	\$22,442	\$22,195	\$20,104	\$16,656
Subsidies					
State – Section 1513 (Current)	\$294,645	\$225,343	\$237,505	\$220,419	\$208,816
Local – Section 1513 (Current)	\$14,106	\$14,812	\$15,552	\$16,330	\$17,146
Subtotal	\$308,751	\$240,155	\$253,057	\$236,749	\$225,962
Total Funding	\$347,788	\$262,597	\$275,252	\$256,853	\$242,618

Source: PennDOT dotGrants Reporting System

Exhibit 15: Paratransit Operating Statistics

Operating Category	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Paratransit Operating Statistics					
Total Paratransit Trips	8,152	7,924	7,627	7,196	5,927
Total Miles	64,457	46,757	51,495	47,536	41,132
Total Hours	7,298	5,237	5,695	4,955	4,632
VOMS	3	3	3	3	3

Source: PennDOT dotGrants Reporting System.

³ LCTA provides shared-ride trips for Luzerne County.

⁴ HPT previously provided paratransit trips for qualifying LCTA shared-ride clients within its paratransit service area. LCTA would reimburse HPT for the cost of the trip less the fare. This practice ended in FYE 2017.

BALANCE SHEET FINDINGS

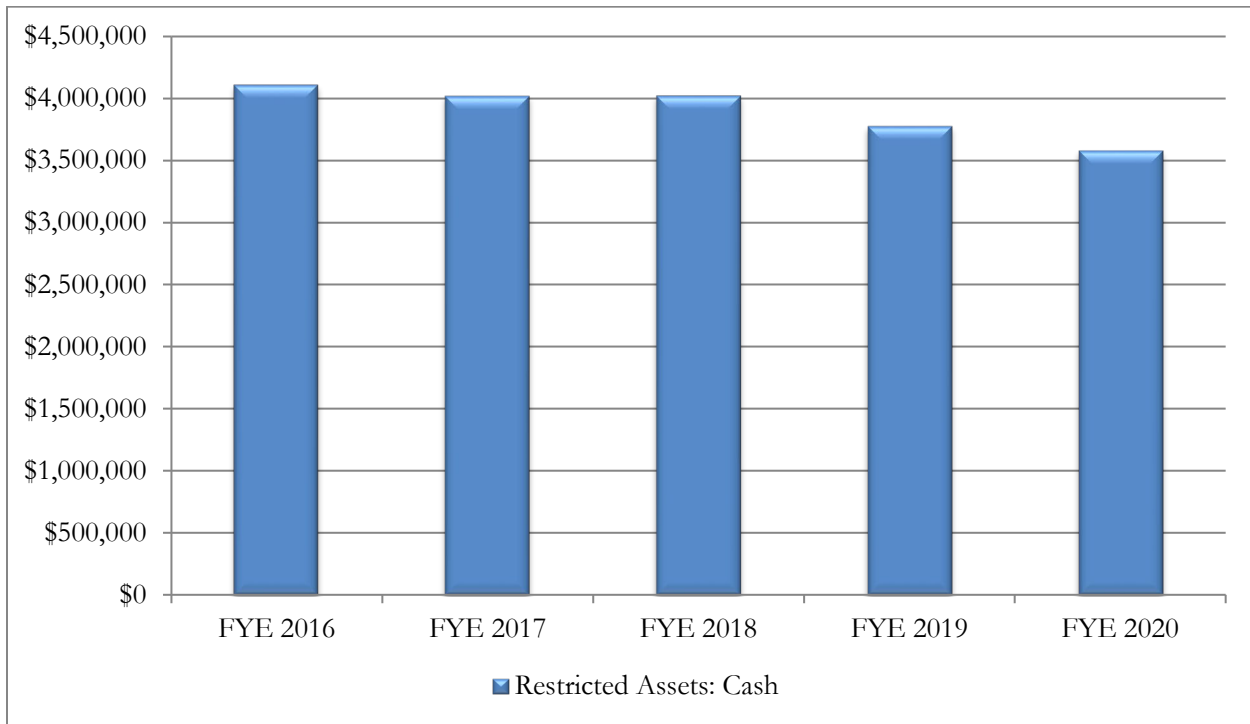
A review of balance sheets shows that between FYE 2016 and FYE 2020, HPT restricted cash decreased from \$4.1 million to \$3.5 million (**Exhibit 16** and **Exhibit 17**). As of FYE 2020, HPT maintained a balance of restricted cash equal to 130.9 percent of total operating expenses. Current assets exceed current liabilities. As of FYE 2020, HPT had no long-term debt or credit line.

Exhibit 16: Balance Sheet Summary (FYE 2016–FYE 2020)

Balance Sheet Report	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Current Assets					
Grants Receivable (incl. capital) ⁵	\$15,001	\$12,215	\$2,494	\$191,057	\$48,800
Other Accounts Receivable	\$1,318	\$2,776	\$3,129	\$3,922	\$24,322
Restricted Assets: Cash	\$4,106,882	\$4,016,621	\$4,020,310	\$3,775,602	\$3,578,735
Pre-paid Expenses	\$1,979	\$1,979	\$4,265	\$4,301	\$2,200
Current Liabilities					
Accounts Payable	\$177,373	\$186,030	\$166,845	\$168,693	\$182,760
Accrued Expenses	\$16,832	\$10,972	\$11,020	\$10,876	\$13,795
Deferred Revenue	\$3,619,863	\$3,515,704	\$3,522,324	\$3,471,115	\$3,301,973
Line of Credit	\$0	\$0	\$0	\$0	\$0
Current Maturities of Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Total Operating Expense	\$2,718,759	\$2,435,607	\$2,472,905	\$2,522,897	\$2,734,435
Cash Eqv. Bal + Restricted Cash / Total Operating Expense	151.1%	164.9%	162.6%	149.7%	130.9%
Line of Credit/Annual Payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets	\$4,125,180	\$4,033,591	\$4,030,198	\$3,974,882	\$3,654,057
Current Liabilities	\$3,814,068	\$3,712,706	\$3,700,189	\$3,650,684	\$3,498,528
Net Current Assets	\$311,112	\$320,885	\$330,009	\$324,198	\$155,529

Source: Annual Audit Reports and dotGrants

⁵ In FYE 2019, HPT reported \$191,057 in intergovernmental receivables for state capital projects.

Exhibit 17: End-of-Year Cash Balance (FYE 2016–FYE 2020)**ASSESSMENT**

As of FYE 2020, HPT had a balanced operating budget. Its cash equivalent balance decreased between 2016 and 2020. Important elements of HPT's FYE 2020 financial condition are:

- HPT had \$3,076,868 in state and \$377,352 in local carryover funds.
- Combined carryover subsidies were equal to 126.3 percent of total operational funding.
- HPT had a cash balance equal to 130.9 percent of total annual operating expenses.
- HPT had no AP or AR amounts over 90 days.
- Current assets exceeded current liabilities.
- HPT had no long-term debt and no credit line.

Management should continue taking appropriate actions to manage costs (i.e., containing annual operating cost increases to 3.0 percent or less), achieve farebox recovery goals, and maintain cash reserves to preserve HPT's overall financial health. As they develop future year budgets, HPT should account for the cost increases due to the new facility.

APPENDIX A: DATA ADJUSTMENTS

There were discrepancies between operating statistics reported in NTD and dotGrants that required adjustments to reconcile.

Fixed-Route Operating Costs	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
NTD-reported operating costs	\$2,196,453	\$2,303,708	\$2,259,245	\$2,075,664	\$2,086,341
dotGrants-reported operating costs	\$2,196,453	\$2,303,708	\$2,369,871	\$2,173,010	\$2,197,653
Adjustment	\$-	\$-	\$110,626	\$97,346	\$111,312
Reconciled operating costs	\$2,196,453	\$2,303,708	\$2,369,871	\$2,173,010	\$2,197,653

Fixed-Route Revenue Vehicle-Hours	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
NTD-reported revenue vehicle-hours	28,865	28,907	29,319	26,887	26,674
dotGrants-reported revenue vehicle-hours	28,865	28,907	26,863	26,887	26,674
Adjustment	-	-	(2,456)	-	-
Reconciled revenue vehicle-hours	28,865	28,907	26,863	26,887	26,674

After data adjustments and reconciliation, the resulting Act 44 performance metrics for HPT are as follows:

Act 44 Performance Metric	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Passengers/RVH	7.54	7.35	7.75	7.53	7.41
Revenue/RVH	\$7.67	\$7.28	\$8.37	\$8.74	\$8.97
Operating Cost/RVH	\$76.09	\$79.69	\$88.22	\$80.82	\$82.39
Operating Cost/Passenger	\$10.10	\$10.85	\$11.39	\$10.73	\$11.12

APPENDIX B: 2015 PERFORMANCE REVIEW ACTION PLAN ASSESSMENT

Last updated in 2017

Category	Suggested Action	Progress	Status
1. Ridership	Develop a TDP to address decline in ridership.	Currently in development.	In Progress
1. Ridership	Calibrate fleet APCs to verify manual rider counts.	Automatic passenger counters (APC) have been calibrated and are being used to verify passenger counts.	Complete
1. Ridership	Coordinate with Lackawanna/Luzerne MPO for mapping tools and non-rider data.	HPT plans to continue working with the Lackawanna/Luzerne MPO and the Luzerne County Planning department to access mapping tools and data.	Complete
2. Revenue	Develop a strategic marketing plan.	HPT has completed its strategic marketing plan	Complete

Category	Suggested Action	Progress	Status
3. Operating Cost	Require contractors to maintain a well-organized system for PM recordkeeping.	HPT's contractors are now using Dossier Maintenance software to track maintenance records.	Complete
3. Operating Cost	Develop an OTP goal for PM, and monitor and track progress.	HPT has an OTP goal in place and the contractor reports to HPT monthly.	Complete
4. Other	Complete PennTRAIN Board Training.	Hazleton's mayor is enrolled and working toward completing the PennTRAIN Board Training.	Ongoing
4. Other	Develop routine status report covering ridership, farebox recovery, changes in operational costs, and customer service.	HPT has developed a routine status report and is currently presenting it each month to the governing body.	Complete
4. Other	Develop a strategic IT plan.	HPT's strategic IT plan is complete.	Complete

APPENDIX C: PEER COMPARISONS

Comparison of HPT with the selected peer systems was completed using NTD-reported data and PennDOT dotGrants legacy statistics. Due to its consistency and availability for comparable systems, the NTD FYE 2018 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 variables used in the calculations are defined 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 by mode for both directly operated and purchased transportation
- Average – Un-weighted linear average of all values being measured across all peer transit agencies
- Standard Deviation – Standard deviation of all values being measured across all peer transit agencies

Act 44 stipulates that metrics fall into one of two categories: "In Compliance" or "At Risk." The following criteria are used to make the determination:

- "At Risk" if costlier 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

Passengers / Revenue Vehicle-Hour

Passengers / Revenue-Hour (Motor Bus (MB))					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 15	2013 Value	Annual Rate	Rank of 15
Washington County Transit	16.05	1	16.63	-0.71%	5
Terre Haute Transit Utility	7.53	11	8.53	-2.48%	8
Owensboro Transit System	8.80	9	19.07	-14.32%	15
Crawford Area Transportation Authority	10.96	5	12.22	-2.15%	6
City of Anderson Transportation System	8.46	10	8.40	0.13%	2
City of Lodi – Transit Division	11.87	4	10.35	2.77%	1
Texarkana Urban Transit District	12.90	2	13.19	-0.44%	4
Richland County Transit	10.39	6	14.07	-5.88%	11
City of Tulare	9.41	8	16.13	-10.21%	12
Springfield City Area Transit	10.17	7	12.92	-4.68%	10
City of Tyler	6.54	14	7.98	-3.91%	9
The City of Bowling Green	4.24	15	7.48	-10.74%	14
Pottstown Area Rapid Transit	12.19	3	13.71	-2.33%	7
City of Beloit Transit System	7.11	13	12.27	-10.35%	13
Hazleton Public Transit	7.41	12	7.52	-0.30%	3
<i>Average</i>	<i>9.60</i>		<i>12.03</i>	<i>-4.37%</i>	
<i>Standard Deviation</i>	<i>2.96</i>		<i>3.61</i>	<i>4.94%</i>	
<i>Average – 1 Standard Deviation</i>	<i>6.64</i>		<i>8.42</i>	<i>-9.31%</i>	
<i>Average + 1 Standard Deviation</i>	<i>12.56</i>		<i>15.64</i>	<i>0.57%</i>	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

Operating Cost / Revenue Vehicle-Hour

Operating Cost / Revenue-Hour (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 15	2013 Value	Annual Rate	Rank of 15
Washington County Transit	\$75.49	6	\$59.10	5.02%	11
Terre Haute Transit Utility	\$74.04	5	\$45.31	10.32%	15
Owensboro Transit System	\$72.19	4	\$47.71	8.64%	13
Crawford Area Transportation Authority	\$60.79	1	\$55.92	1.68%	5
City of Anderson Transportation System	\$78.90	8	\$74.91	1.04%	2
City of Lodi – Transit Division	\$96.86	12	\$78.91	4.18%	9
Texarkana Urban Transit District	\$68.96	3	\$69.52	-0.16%	1
Richland County Transit	\$76.47	7	\$65.37	3.19%	7
City of Tulare	\$79.58	9	\$68.88	2.93%	6
Springfield City Area Transit	\$100.41	13	\$65.65	8.87%	14
City of Tyler	\$67.90	2	\$52.34	5.34%	12
The City of Bowling Green	\$80.48	10	\$68.09	3.40%	8
Pottstown Area Rapid Transit	\$101.26	14	\$94.64	1.36%	3
City of Beloit Transit System	\$115.27	15	\$91.21	4.79%	10
Hazleton Public Transit	\$82.39	11	\$76.39	1.52%	4
<i>Average</i>	<i>\$82.07</i>		<i>\$67.60</i>	<i>4.14%</i>	
<i>Standard Deviation</i>	<i>\$14.90</i>		<i>\$14.38</i>	<i>3.11%</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$67.17</i>		<i>\$53.21</i>	<i>1.04%</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$96.96</i>		<i>\$81.98</i>	<i>7.25%</i>	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

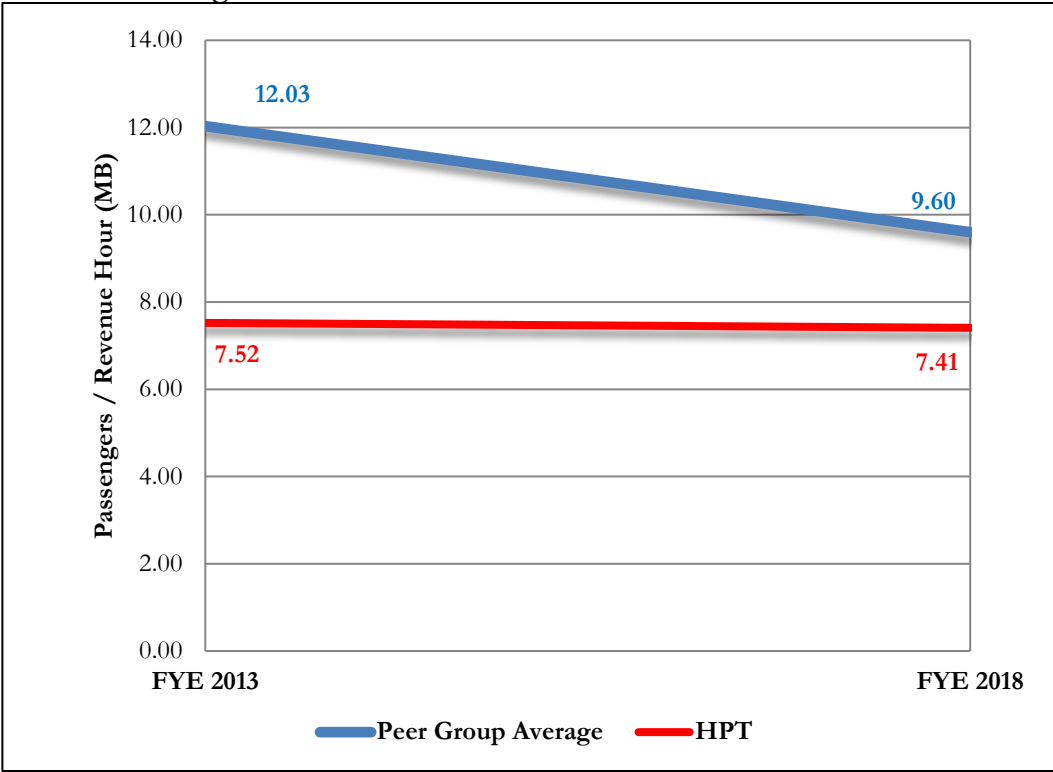
Operating Revenue / Revenue Vehicle-Hour

Operating Revenue / Revenue-Hour (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 15	2013 Value	Annual Rate	Rank of 15
Washington County Transit	\$9.97	6	\$12.96	-5.11%	11
Terre Haute Transit Utility	\$4.32	12	\$3.37	5.06%	3
Owensboro Transit System	\$3.92	14	\$5.66	-7.11%	13
Crawford Area Transportation Authority	\$9.77	7	\$9.31	0.97%	7
City of Anderson Transportation System	\$4.99	10	\$5.88	-3.22%	10
City of Lodi – Transit Division	\$13.57	3	\$7.03	14.05%	1
Texarkana Urban Transit District	\$4.50	11	\$10.63	-15.81%	14
Richland County Transit	\$9.42	8	\$10.96	-2.98%	9
City of Tulare	\$12.35	4	\$11.12	2.13%	5
Springfield City Area Transit	\$10.89	5	\$7.24	8.50%	2
City of Tyler	\$4.16	13	\$5.43	-5.18%	12
The City of Bowling Green	\$2.55	15	\$29.74	-38.81%	15
Pottstown Area Rapid Transit	\$16.10	1	\$14.81	1.69%	6
City of Beloit Transit System	\$15.27	2	\$15.73	-0.59%	8
Hazleton Public Transit	\$8.97	9	\$7.23	4.39%	4
<i>Average</i>	\$8.72		\$10.47	-2.80%	
<i>Standard Deviation</i>	\$4.43		\$6.43	12.20%	
<i>Average – 1 Standard Deviation</i>	\$4.28		\$4.04	-15.00%	
<i>Average + 1 Standard Deviation</i>	\$13.15		\$16.91	9.40%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Better		Better		

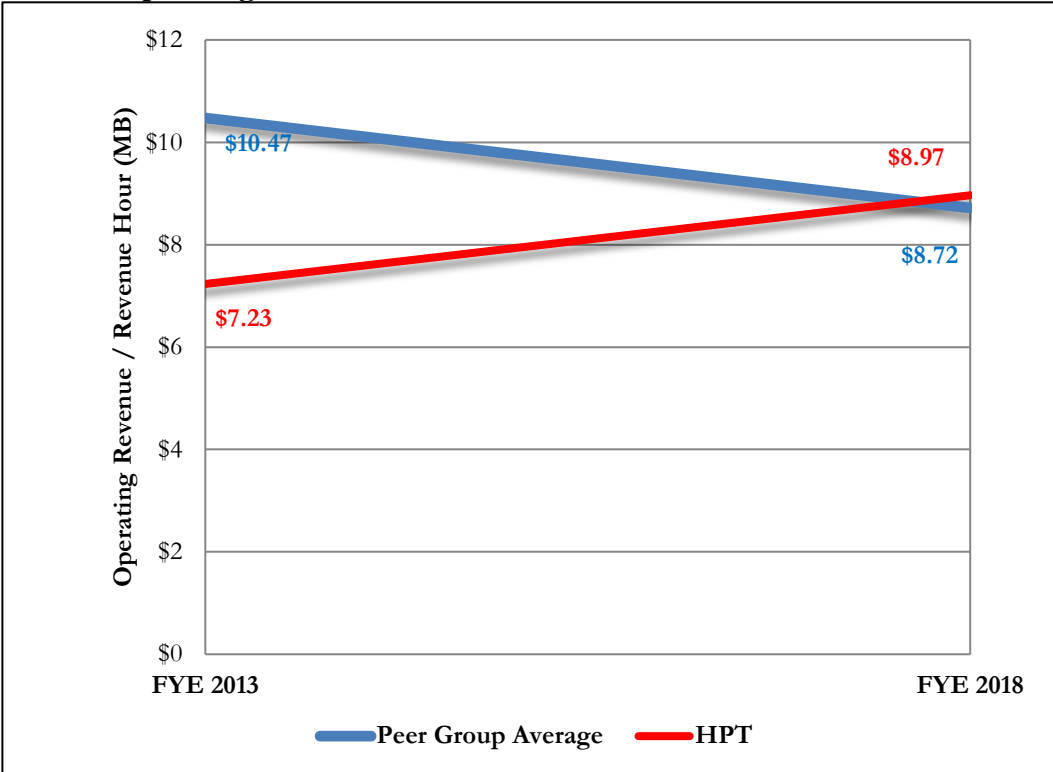
Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 15	2013 Value	Annual Rate	Rank of 15
Washington County Transit	\$4.70	1	\$3.55	5.76%	7
Terre Haute Transit Utility	\$9.84	10	\$5.31	13.12%	10
Owensboro Transit System	\$8.20	6	\$2.50	26.80%	15
Crawford Area Transportation Authority	\$5.55	3	\$4.58	3.92%	6
City of Anderson Transportation System	\$9.33	9	\$8.92	0.91%	2
City of Lodi – Transit Division	\$8.16	5	\$7.62	1.37%	3
Texarkana Urban Transit District	\$5.34	2	\$5.27	0.28%	1
Richland County Transit	\$7.36	4	\$4.65	9.64%	9
City of Tulare	\$8.45	8	\$4.27	14.63%	12
Springfield City Area Transit	\$9.87	11	\$5.08	14.22%	11
City of Tyler	\$10.38	12	\$6.56	9.63%	8
The City of Bowling Green	\$18.98	15	\$9.10	15.85%	13
Pottstown Area Rapid Transit	\$8.31	7	\$6.90	3.77%	5
City of Beloit Transit System	\$16.22	14	\$7.43	16.89%	14
Hazleton Public Transit	\$11.12	13	\$10.16	1.83%	4
<i>Average</i>	\$9.46		\$6.13	9.24%	
<i>Standard Deviation</i>	\$3.83		\$2.20	7.64%	
<i>Average – 1 Standard Deviation</i>	\$5.63		\$3.93	1.61%	
<i>Average + 1 Standard Deviation</i>	\$13.28		\$8.33	16.88%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

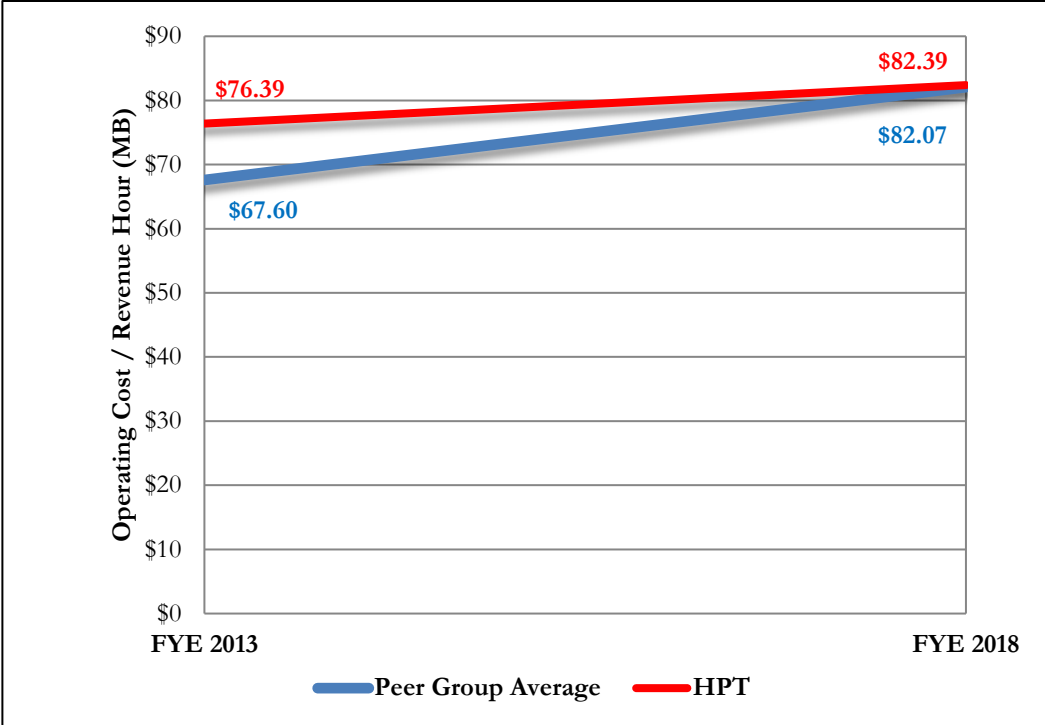
Trend – Passengers / Revenue Vehicle-Hour



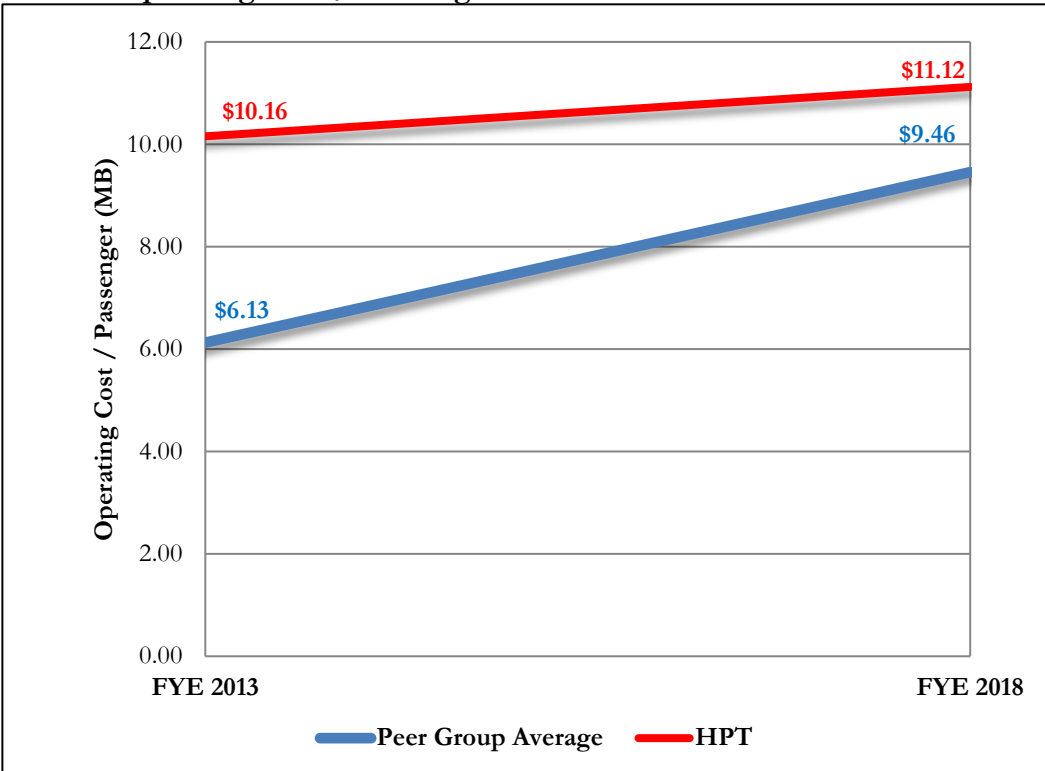
Trend – Operating Revenue / Revenue Vehicle-Hour



Trend – Operating Cost / Revenue Vehicle-Hour



Trend – Operating Cost / Passenger



APPENDIX D: ACTION PLAN TEMPLATE

PART 1 – ACTIONS TO INCREASE PASSENGERS / REVENUE-HOUR

Recommendation From the narrative starting on page 12	HPT Action	Estimated Initiation Date	Estimated Completion Date
1. Update its service standards to consider passenger-miles as a factor for evaluating route productivity.			
2. Enforce the contract requirement for vehicle maintenance targeting the APCs.			

PART 2 – ACTIONS TO INCREASE OPERATING REVENUE / REVENUE-HOUR

Recommendation From the narrative starting on page 13	HPT Action	Estimated Initiation Date	Estimated Completion Date
1. Reach out to neighboring transit systems on how to best establish revenue agreements that support enhanced service to industrial parks.			

PART 3 – ACTIONS TO REDUCE OR CONTAIN OPERATING COST / REVENUE-HOUR

Recommendation From the narrative starting on page 13	HPT Action	Estimated Initiation Date	Estimated Completion Date
1. Account for the cost of the new facility in future budgets.			

PART 4 – OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE

Recommendation From the narrative starting on page 14	HPT Action	Estimated Initiation Date	Estimated Completion Date
1. Reach out to the Lackawanna/Luzerne MPO to assess service-area demographics and support transit planning needs.			
2. Take the following steps to ensure adequate employee retention and support succession planning efforts: <ul style="list-style-type: none"> a. Conduct a compensation analysis to determine the agency's competitive position amongst competing business/agencies for administrative and management functions; and, b. Review all HPT employees' compensation packages to ensure HPT attracts and retains qualified staff. 			

