



LCTA System Performance Review

July 18, 2017

Performance Report

Luzerne County Transportation Authority d.b.a., LCTA

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PUBLIC TRANSPORTATION SERVICE SNAPSHOT

Agency	Luzerne County Transportation Authority (d.b.a. LCTA)		
Year Founded	1972		
Reporting Fiscal Year End (FYE)	FYE 2016		
Service Area (square miles)	56		
Service Area Population	295,020		
Annual Operating Statistics*	Fixed-Route	Paratransit (ADA + Shared Ride)	Total
Vehicles in Maximum Service (VOMS)	32	32	64
Operating Cost	\$8,765,710	\$3,520,162	\$12,285,872
Operating Revenues	\$1,250,536	\$2,790,262	\$ 4,040,798
Total (Actual) Vehicle Miles	1,156,636	916,367	2,073,003
Revenue Miles of Service (RVM)	1,120,077	N/A	N/A
Total Vehicle Hours	77,499	75,468	152,967
Revenue Vehicle Hours (RVH)	75,377	N/A	N/A
Total Passenger Trips	1,217,161	125,626	1,342,787
Senior Passenger (Lottery) Trips	196,758	48,032	244,790
Act 44 Performance Statistics			
Passengers / RVH	16.15	N/A	N/A
Operating Cost / RVH	\$116.29	N/A	N/A
Operating Revenue / RVH	\$16.59	N/A	N/A
Operating Cost / Passenger	\$7.20	\$28.02	\$9.15
Other Performance Statistics			
Operating Revenue / Operating Cost	14.27%	79.27%	32.89%
Operating Cost / Total Vehicle Hours	\$113.11	\$46.64	\$80.32
Operating Cost / Total Vehicle Miles	\$7.58	\$3.84	\$5.93
Total Passengers / Total Vehicle Hours	15.71	1.66	8.78
Operating Cost / RVM	\$7.83	N/A	N/A
RVM / Total Vehicle Miles	96.84%	N/A	N/A
RVH / Total Vehicle Hours	97.26%	N/A	N/A
Operating Subsidy / Passenger Trip	\$6.17	\$5.81	\$6.14

Source: dotGrants reporting

EXECUTIVE SUMMARY

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

At the same time Act 44 ushered in critical requirements for accountability, performance improvement, and maximum 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 achieved its performance targets set in the previous review; and
- The sufficiency and effectiveness of actions taken by the organization to improve performance and management practices in its efforts to meet performance targets.

Section §421.12 Performance Reviews of the Act 44 regulations address PennDOT actions regarding performance reviews, failure to achieve performance targets and to determine if a financial penalty should be assessed if performance targets are not met.

“(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 the initial review of Luzerne County Transportation Authority (LCTA) in August of 2011. Based on that review, PennDOT established five-year performance targets and agreed to LCTA’s action plan to meet those targets. After the development of the 2011 report, information regarding reported ridership was found to be overstated for several years. Thus, a revised report was issued in June 2014 with updated performance targets. In September 2016, PennDOT conducted the five-year reassessment of LCTA to determine if LCTA successfully met its targets and what actions were 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 PREVIOUS (2011) PERFORMANCE REVIEW

PennDOT conducted the initial review of LCTA County Transportation Authority (LCTA) in March 2011. Since the previous report was finalized, significant changes occurred that impact operations, finance and statistical reporting at LCTA, as well as performance targets established in 2011:

- **Overstated fixed-route ridership statistics-** After the development of the LCTA report in August 2011, information regarding reported ridership was determined to be overstated for several years. Due to the correction in the reported passenger variable, the initial five-year performance standards listed in the report were erroneous. A revised report was issued in June 2014 that updated performance targets for LCTA. It is the revised 2010 statistics and updated 2015 targets that are used in this report. NTD-reported values for LCTA's ridership are also erroneous through 2013 and have been adjusted to corrected values for peer agency trend comparisons.
- **Assumption of Luzerne & Wyoming Counties' shared-ride service-** In 2012, LCTA merged with the Luzerne County shared-ride program and began operating shared-ride service in Luzerne and Wyoming counties. Previously, LCTA only provided ADA paratransit service within Luzerne County. Since taking on shared-ride in 2012, LCTA's paratransit program has substantially grown. In 2014, LCTA closed shared-ride operations in Wyoming County due to the size of the service area; however, LCTA maintains shared-ride and ADA paratransit for Luzerne County. The addition of shared-ride service has increased LCTA's total operating budget. Since July 2015, LCTA used approximately \$750,000 in state Section 1513 operating assistance funding to offset shared-ride losses.
- **Change in all top management positions-** One effect from the overstated ridership is that none of the management team in place during the 2011 review were still with LCTA in 2016. This has caused a lack of institutional knowledge. Without formal documentation of how some reported variables were calculated like revenue service statistics, new management had to develop methods to calculate service statistics that may or may not have been consistent with prior approaches. The new management team was also unfamiliar with the previous performance report and its 2015 performance targets. Therefore, the new management team did not actively monitor LCTA's performance with respect to its performance targets.
- **Payback of 1513 subsidies -** While it doesn't directly impact Act 44 performance statistics, the overstated ridership led to LCTA having to repay approximately \$3 million in 1513 state subsidies that are allocated, in part, based on reported total and senior ridership.

From the perspective of the LCTA performance review, the most important of these changes has been the adjustment of ridership statistics and the new management team. These two changes have had a ripple effect throughout the agency's finances and performance reporting that have been addressed to the greatest possible extent in this report.

2011 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2011 performance review assess LCTA with a group of peer agencies based on the four performance criteria required by Act 44. LCTA was found to be "In Compliance" for all performance criteria and "At Risk" for none.

Performance Criteria	FYE*	Determination	Peer Rank (of 12)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2014	In Compliance	9	Worse	15.15	18.17
	Trend	In Compliance	8	Worse	-1.27%	0.44%
Operating Cost / Revenue Hour	2014	In Compliance	8	Worse	\$88.23	\$80.40
	Trend	In Compliance	5	Better	0.66%	1.88%
Operating Revenue / Revenue Hour	2014	In Compliance	8	Worse	\$14.83	\$17.73
	Trend	In Compliance	4	Better	3.29%	0.99%
Operating Cost / Passenger	2014	In Compliance	10	Worse	\$5.82	\$4.77
	Trend	In Compliance	6	Worse	1.96%	1.52%

*Note: The National Transit Database (NTD) information most current at the time of the peer review is used as the basis of the single year and trend peer comparisons.

The 2011 performance review noted that while LCTA's costs were within industry standards, ridership and revenue were low compared to its peer group. To improve the effectiveness of the service, the following revised performance targets were established with LCTA:

- Increase passengers per revenue hour by at least 2.0% per year
- Increase revenue per revenue hour by at least 3.0% per year
- Contain operating cost per revenue hour increases to no more than 3.0% per year
- Contain operating cost per passenger trip increases to no more than 1.0% per year

LCTA developed an action plan to address opportunities for improvement identified in the 2011 performance review. Among the steps LCTA took to improve its performance were:

1. Monitor performance metrics for route review- This allows management to inform the Board on the agency's progress each month towards achieving performance targets. By incorporating these measures in monthly briefings, the Board can be aware of areas needing improvement.
2. Establish a succession plan for key positions- This provides LCTA with a procedure for the continuation of operations in the event of an unexpected vacancy for management level staff. A succession plan outlines the essential duties related to each job function and identifies temporary staffing strategies for short-term and long-term absences. By having formal succession plan in place, the agency can manage temporary and long-term vacancies for key management positions.
3. Develop a marketing program- By establishing a formal program, LCTA can coordinate marketing efforts and budget for them accordingly. This assists management in engaging the public and local media through events and campaigns aimed at attracting new customers and building brand recognition.

Since the initial performance report was completed in August of 2011, information regarding reported LCTA ridership in the dotGrants system was determined to be overstated for several years. Due to the change in the reported passenger variable, the five-year performance in the August 2011 report were erroneous. Therefore, a revised performance report was issued for LCTA in June 2014 that updated LCTA's performance standards using the most accurate estimates of Act 44 performance data available.

The June 2014 performance targets, as presented below, supersede those presented in the August 2011 report. LCTA successfully met two out of four 2015 performance targets:

Performance Criteria	2010 Actual*	2015 Target*	2015 Actual	Met Target
Passengers / Revenue Hour	14.78	16.32	16.76	Yes
Operating Cost / Revenue Hour	\$88.49	\$105.66	\$120.89	No
Operating Revenue / Revenue Hour	\$13.99	\$16.70	\$17.49	Yes
Operating Cost / Passenger	\$5.99	\$6.36	\$7.21	No

*The 2010 actual and 2015 target values presented in this table reflect those of the June 2014 updated performance report and not those of the August 2011 previous performance review.

LCTA's operating cost per revenue hour significantly increased. Ridership and revenues have increased and are consistent with industry averages. These findings established a framework that was used to guide the 2016 performance review.

2016 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2016 performance review assessed LCTA with a group of peer agencies based on the four performance criteria outlined by law. The 2016 review found that LCTA has two "At Risk" findings. Both findings from the current performance review that are "At Risk," operating cost per revenue hour and operating cost per passenger, were "In Compliance" for the previous review.

Performance Criteria	FYE*	Determination	Peer Rank (of 12)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2014	In Compliance	6	Worse	17.00	17.35
	Trend	In Compliance	3	Better	2.33%	0.38%
Operating Cost / Revenue Hour	2014	At Risk	12	Worse	\$115.18	\$90.48
	Trend	In Compliance	11	Worse	5.29%	3.18%
Operating Revenue / Revenue Hour	2014	In Compliance	6	Worse	\$17.44	\$20.81
	Trend	In Compliance	5	Better	3.05%	0.84%
Operating Cost / Passenger	2014	At Risk	12	Worse	\$6.77	\$5.32
	Trend	In Compliance	7	Worse	2.89%	2.82%

*Note: The National Transit Database (NTD) information most current at the time of the peer review is used as the basis of the single year and trend peer comparisons. Therefore, these factors differ from those presented on the Agency Profile page, which uses FYE 2016 data.

The 2016 performance review examined additional steps, beyond those specified in the 2011 action plan, that LCTA has taken to improve performance. Most notably, LCTA underwent a major restructure for the management team that resulted in improved intra-agency communication, a proactive approach to marketing and practices that have significantly improved the accuracy of data reporting.

The 2016 performance review also identified actions that LCTA can take to address findings related to high operating costs including:

1. Developing a cost allocation plan to more accurately determine indirect costs between fixed-route and shared-ride

2. Integrating current IT investments (e.g., AVL, APC, fleet tracking maintenance software, etc.) for opportunities to improve operational efficiency

Additional opportunities for improvement were also identified during the 2016 performance review. The complete list of opportunities will serve as the basis for LCTA's Board-approved action plan.

2021 PERFORMANCE TARGETS

As required by Act 44, PennDOT and LCTA management have agreed to performance targets for 2021 in the table below. LCTA should work to achieve these targets over the next five years to ensure continued eligibility for full Section 1513 funding. Performance targets are designed to be aggressive, yet achievable.

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2015 Actual	2016 Actual	2021 Target	
Passengers / Revenue Hour	16.76	16.15	17.83	2.0%
Operating Cost / Revenue Hour	\$120.89	\$116.29	\$134.81	3.0%
Operating Revenue / Revenue Hour	\$17.49	\$16.59	\$18.32	2.0%
Operating Cost / Passenger	\$7.21	\$7.20	\$7.57	1.0%

FINANCIAL REVIEW

LCTA currently has a balanced operating budget. Operating cash reserves have steadily decreased since 2012. Internally developed projections of service levels and budgets indicate a plan to maintain a balanced budget over the next five years; however, LCTA expects the shared-ride operating loss to grow in coming years. Noteworthy elements of LCTA's financial condition are:

- LCTA has \$5,149,086 in carryover Section 1513 funds available in case of unexpected cost increases or service changes
- LCTA has sufficient required local matching funds and maintains a local fund carryover balance of \$43,558 as of FYE 2015
- Accounts payable and receivable amounts are negligible, and LCTA maintains no line of credit
- LCTA is pursuing a shared-ride fare increase in FYE 2017, as it expects the shared-ride deficit to grow from about \$644,611 in FYE 2016 to \$915,073 by FYE 2019.

Management should continue taking appropriate actions to manage costs, achieve farebox recovery goals, and to maintain cash reserves to preserve LCTA's overall financial health. The Board should work with Luzerne County to ensure continued commitment of local matching funds.

NEXT STEPS

LCTA management and Board will develop an Action Plan in response to the complete list of "Opportunities for Improvement" identified in the performance review report. Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period. LCTA's management must report to the Board and PennDOT quarterly on progress towards accomplishing the Action Plan and meeting its performance targets.

INTRODUCTION

PURPOSE

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

At the same time Act 44 ushered in critical requirements for accountability, performance improvement, and maximum return on investment, it established a framework for PennDOT to work with local public transportation organizations to:

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- 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 actions taken by the organization to improve performance and management practices in its efforts to meet performance targets.

Act 44 regulations address PennDOT actions regarding performance reviews, failure to achieve performance targets and to determine if a financial penalty should be assessed if performance targets are not met in §427.12 Performance Reviews.

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

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In 2012, LCTA merged with the Luzerne County Shared-Ride Program and began operating shared-ride service in Luzerne and Wyoming counties. Previously, LCTA only provided ADA paratransit

service within Luzerne County. In 2014, LCTA closed shared-ride operations in Wyoming County due to the size of the service area; however, LCTA maintains shared-ride and for Luzerne County.

In September 2016, PennDOT conducted the five-year reassessment of LCTA to determine if LCTA successfully met its targets and what actions were 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

In October 1972, the Luzerne County Board of County Commissioners used its power under the Municipal Authorities Act of 1945 to establish the Luzerne County Transportation Authority (LCTA). LCTA was designated as the applicant for urban public transportation operating assistance for transit within Luzerne County. Since the passing of the Americans with Disabilities Act (ADA) of 1990, LCTA has provided ADA paratransit services within Luzerne County. In January of 2012, LCTA consolidated with Luzerne/Wyoming Counties Transportation Department for introduction of the Shared-Ride paratransit service under LCTA operation.

As an authority established by Luzerne County, LCTA is governed by a nine-member Board of Directors appointed by the Luzerne County Council Commissioners. The Board oversees LCTA through several committees that meet on a monthly, and as needed, basis (i.e., finance, human resources, marketing, operations, bylaws, strategic planning and compliance). Committee recommendations are brought before the full Board for a vote on action.

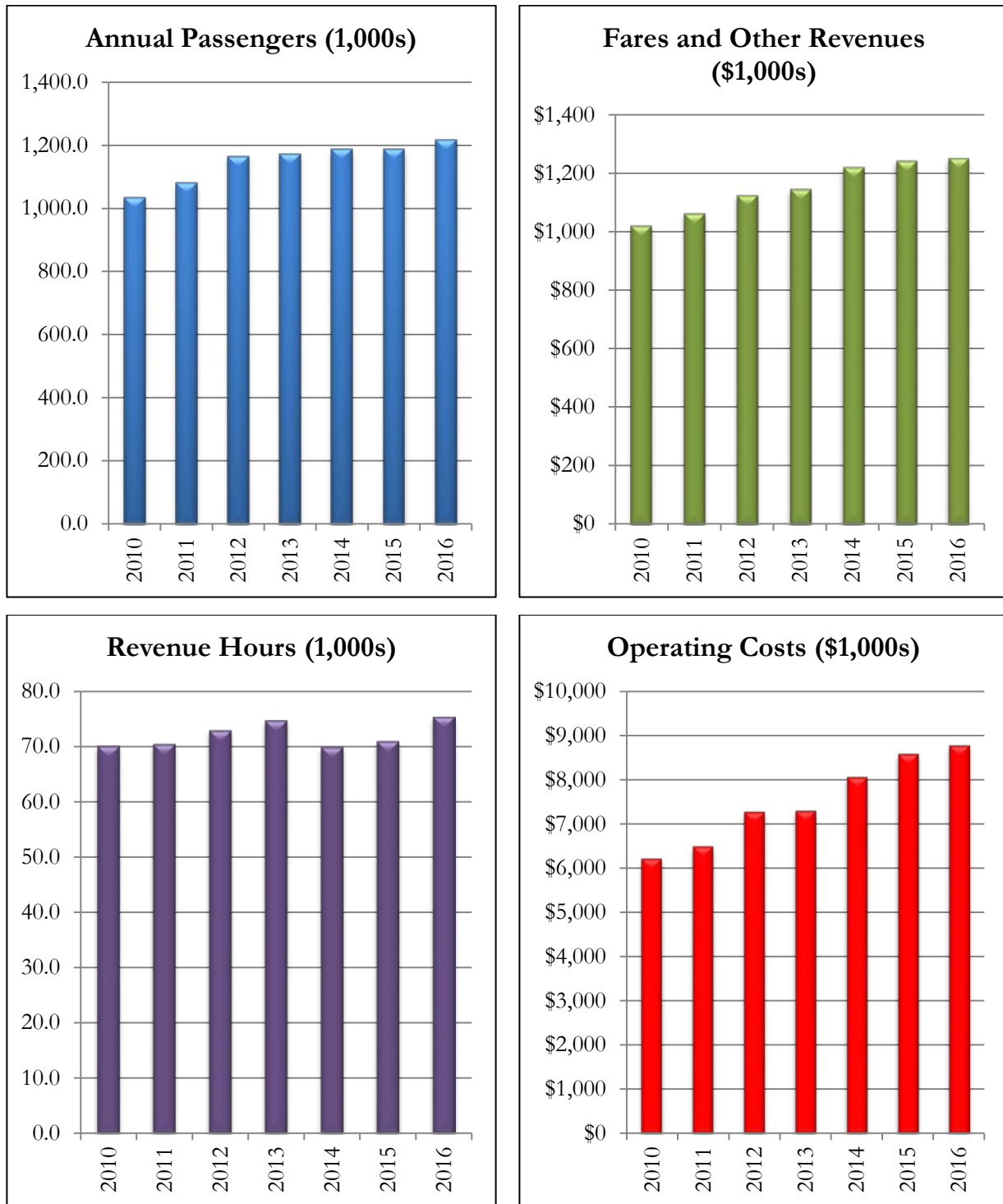
In 2012, LCTA merged with the Luzerne County Shared-Ride Program and began operating shared-ride service in Luzerne and Wyoming counties. Since taking on shared-ride in 2012, LCTA's paratransit program has substantially grown as result. In 2014, LCTA closed shared-ride operations in Wyoming County due to the size of the service area; however, LCTA maintains shared-ride and ADA paratransit for Luzerne County.

From May 2014 through July 2014, LCTA operated without a Human Resource Director, and from June 2014 through October 2014, LCTA operated without an Executive Director and Operations Manager due to several vacancies within the management team. From 2014 to 2016, LCTA underwent a Board-led restructuring of the management team that saw departures of senior staff and the appointment of new managers. By mid-2016, most members of the senior management team had about two years or less with LCTA. Under the guidance of the Board and the new management team, LCTA established an official Marketing Department to help rebuild its image within the community, created a compliance analyst position to help LCTA address compliance issues and placed an emphasis in accuracy for data reporting.

Today, LCTA provides public transportation throughout the Wilkes-Barre urbanized area and provides about 1.2 million fixed-route passenger trips annually, with a fleet of 38 fixed-route buses and 49 paratransit vehicles. LCTA is a zone-based system, with the Intermodal Center as the main central transfer facility in downtown Wilkes-Barre.

Exhibit 1 presents LCTA's fixed-route system operating statistics based on information reported to PennDOT within dotGrants. After a review of agency data, several data adjustments were necessary to account for revisions to data reporting due to previously overstated ridership, and changes in revenue reporting methodology to NTD. For a complete discussion of the adjustments to dotGrants and NTD reported data, see **Appendix A: Data Adjustments**.

Exhibit 1: LCTA Fixed-Route Service Annual Performance Trends



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

PERFORMANCE REVIEW PROCESS

An Act 44-mandated performance review was initiated for LCTA in September 2016. The following outlines the review process:

1. Initial notification of performance review selection and transmission of document request
 - Review available data and request additional information
 - Peer selection: LCTA and PennDOT agree to a set of peer agencies that would be used for comparative analysis
2. Conduct PennDOT-sponsored customer satisfaction survey
3. Review of Act 44 variables including current performance, targets from the revised performance review (2014), and action plan implementation
4. Perform Act 44 performance criteria analysis
5. Conduct on-site review, interviews and supplementary data collection/reconciliation
6. Evaluate performance, financial management, and operations
7. Report results and determine agency compliance with performance requirements
8. Finalize performance review report
9. Develop, implement and monitor five-year action plan

These steps in the performance review process help reviewers develop an understanding of LCTA's unique challenges, changes that have occurred since the previous performance review, the accuracy and reliability of reported data, best practices that have been implemented, additional opportunities for improvement, and realistic goals for the next performance review.

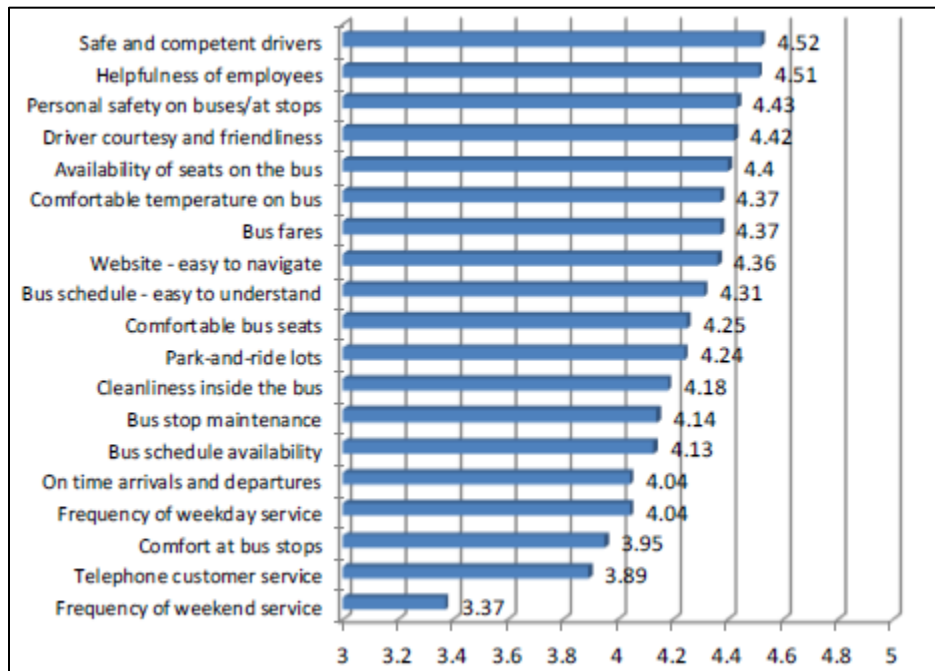
CUSTOMER SATISFACTION SURVEY

In 2016, PennDOT sponsored a fixed-route rider survey to be conducted for LCTA based on 15 questions that addressed customer satisfaction, rider characteristics and patterns in service usage. Over a five-day period in April 2016, LCTA surveyed their fixed-route passengers and collected 620 completed surveys:

1. 92% of respondents were satisfied or very satisfied with the service
2. 96% of respondents indicated they would continue using the service
3. 92% of respondents said they would recommend the service to others
4. 32% of respondents identified as vulnerable or highly vulnerable to switching to another mode of transportation if available

Passengers were asked to rate a total of 19 performance measures related to public transportation from the user experience (e.g., driver and staff performance, capacity, frequency of service, schedule adherence, clarity of bus schedules, etc.). **Exhibit 2** provides a summary of the average customer satisfaction score by performance measure.

Exhibit 2: Average Customer Satisfaction Score by Performance Measure



LCTA received the highest ratings for safe and competent drivers, helpfulness of employees, personal safety on buses/at stops, and driver courtesy and friendliness. LCTA received the lowest ratings for frequency of weekend service, telephone customer service, comfort at bus stops, frequency of weekday service and on time arrivals and departures.

The customer satisfaction survey identified several opportunities to improve the customer experience that LCTA should consider when developing performance standards to improve fixed-route ridership as part of its action plan:

1. Explore options to provide additional evening and weekend service
2. Assess conditions at stops, especially the intermodal facility
3. Consider opportunities to improve seating and shelter at least at high traffic stops
4. Monitor customer service staff to ensure proper practices are being followed
5. Assess on-time performance to determine if some schedule changes and / or some adjustments in driver behavior would be beneficial

PREVIOUS (2011) ACT 44 PERFORMANCE ASSESSMENT

PRIOR REVIEW DETERMINATIONS AND FINDINGS

The 2011 performance review assessed LCTA with a group of peer agencies based on the four performance criteria required by Act 44. LCTA was found to be in compliance with all performance criteria (**Exhibit 3**).

Exhibit 3: Previous Performance Review Act 44 Comparison Summary

Performance Criteria	FYE	Determination	Peer Rank (of 12)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2009	In Compliance	9	Worse	15.15	18.17
	Trend	In Compliance	8	Worse	-1.27%	0.44%
Operating Cost / Revenue Hour	2009	In Compliance	8	Worse	\$88.23	\$80.40
	Trend	In Compliance	5	Better	0.66%	1.88%
Operating Revenue / Revenue Hour	2009	In Compliance	8	Worse	\$14.83	\$17.73
	Trend	In Compliance	4	Better	3.29%	0.99%
Operating Cost / Passenger	2009	In Compliance	10	Worse	\$5.82	\$4.77
	Trend	In Compliance	6	Worse	1.96%	1.52%

*Note: NTD information most current at the time of the peer review is used as the basis of the single year and trend peer comparisons. This table reflects the determinations represented in the revised June 2014 performance report.

ACTION PLAN AND PERFORMANCE TARGETS

The 2011 performance review suggested that LCTA should identify ways to increase ridership while containing costs. To improve the effectiveness of the service, the following performance targets were established with LCTA:

- Increase passengers per revenue hour by at least 2.0% per year
- Increase revenue per revenue hour by at least 3.0% per year
- Contain operating cost per revenue hour increases to no more than 3.0% per year
- Contain operating cost per passenger trip to no more than 1.0% per year

LCTA developed an action plan to address opportunities for improvement identified in the 2011 performance review. Among the major steps LCTA took to improve its performance were:

1. Monitor performance metrics for route review- This allows management to inform the Board on the agency's progress each month towards achieving performance targets. By incorporating these measures in monthly briefings, the Board can be aware of areas needing improvement.
2. Establish a succession plan for key positions- This provides LCTA with a procedure for the continuation of operations in the event of an unexpected vacancy for management level staff. A succession plan outlines the essential duties related to each job function and identifies temporary staffing strategies for short-term and long-term absences. By having formal succession plan in place, the agency can manage temporary and long-term vacancies for key management positions.

3. Develop a marketing program- By establishing a formal program, LCTA can coordinate marketing efforts and budget for them accordingly. This assists management in engaging the public and local media through events and campaigns aimed at attracting new customers and building brand recognition.

The complete list of LCTA’s previous Action Plan items and LCTA’s progress in addressing previously identified opportunities for improvement is provided in **Appendix C: 2010 Performance Review Action Plan**.

As shown in **Exhibit 4**, LCTA successfully met two out of four of its 2015 performance targets that were established during the previous performance review.

Exhibit 4: Previous Performance Targets

Performance Criteria	2010 Actual*	2015 Target*	2015 Actual	Met Target
Passengers / Revenue Hour	14.78	16.32	16.76	Yes
Operating Cost / Revenue Hour	\$88.49	\$105.66	\$120.89	No
Operating Revenue / Revenue Hour	\$13.99	\$16.70	\$17.49	Yes
Operating Cost / Passenger	\$5.99	\$6.36	\$7.21	No

*The 2010 actual and 2015 target values presented in this table reflect those of the June 2014 updated performance report and not those of the August 2011 previous performance review.

ASSESSMENT

LCTA developed an action plan, made a good-faith effort to implement the plan, and satisfied two out of four of its 2015 Act 44 performance targets.

2016 ACT 44 PERFORMANCE ASSESSMENT

The 2017 performance review assessed BeST against a group of peer agencies based on the four performance criteria as required by Act 44.

PEER AGENCY COMPARISONS

Peer agencies were identified through a collaborative process between PennDOT and LCTA management using criteria defined in Act 44 and data from the most recently available National Transit Database (NTD), FYE 2014. The systems identified for peer comparisons include:

1. City of Appleton (Valley Transit) Appleton, WI
2. Green Bay Metro (GBM) Green Bay, WI
3. The Tri-State Authority (TTA) Huntington, WV
4. City of Waukesha Transit Commission (Waukesha Metro Transit) Waukesha, WI
5. Western Reserve Transit Authority (WRTA) Youngstown, OH
6. Housatonic Area Regional Transit (HARTransit) Danbury, CT
7. City of Rochester Public Transportation (RPT) Rochester, MN
8. Lakeland Area Mass Transit District (Citrus Connection) Lakeland, FL
9. Cape Fear Public Transportation Authority (Wave) Wilmington, NC
10. Bell Urban System (The Bus) Racine, WI
11. Su Tran LLC, d.b.a. Sioux Area Metro (SAM) Sioux Falls, SD

Results of the current LCTA analysis and peer comparison are presented in **Exhibit 5**. LCTA was found “**In Compliance**” for six measures and “**At Risk**” for two, both of which are a result of LCTA’s high operating cost. The detailed data used to develop the peer comparison summary is presented in **Appendix B: Peer Comparisons**.

Exhibit 5: Current Performance Review Act 44 Peer Comparison Summary

Performance Criteria	FYE	Determination	Peer Rank (of 12)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2014	In Compliance	6	Worse	17.00	17.35
	Trend	In Compliance	3	Better	2.33%	0.38%
Operating Cost / Revenue Hour	2014	At Risk	12	Worse	\$115.18	\$90.48
	Trend	In Compliance	11	Worse	5.29%	3.18%
Operating Revenue / Revenue Hour	2014	In Compliance	6	Worse	\$17.44	\$20.81
	Trend	In Compliance	5	Better	3.05%	0.84%
Operating Cost / Passenger	2014	At Risk	12	Worse	\$6.77	\$5.32
	Trend	In Compliance	7	Worse	2.89%	2.82%

ASSESSMENT

Since LCTA is “at risk” for two operating cost-based performance metrics, management’s efforts in coming years should focus on containing/reducing operating expense per revenue hour and operating expense per passenger.

2021 PERFORMANCE TARGETS

Act 44 requires that PennDOT and transit agencies 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 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 as the baseline from which to develop the targets. Five-year targets are then developed based on realistic and achievable expectations of improvement.

The 2016 performance review noted that while LCTA’s ridership and revenue grew modestly, operational costs were nearly highest of the peer group. To improve the effectiveness of the service, the following performance targets were established for LCTA (**Exhibit 6**):

- Increase passengers per revenue hour by at least 2.0% per year
- Contain operating cost per revenue hour increases to no more than 3% per year
- Increase revenue per revenue hour by at least 2.0% per year
- Contain operating cost per passenger trip increases to no more than 1% per year

Exhibit 6: FYE 2021 Act 44 Performance Targets

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2015 Actual	2016 Actual	2021 Target	
Passengers / Revenue Hour	16.76	16.15	17.83	2.00%
Operating Cost / Revenue Hour	\$120.89	\$116.29	\$134.81	3.00%
Operating Revenue / Revenue Hour	\$17.49	\$16.59	\$18.32	2.00%
Operating Cost / Passenger	\$7.21	\$7.20	\$7.57	1.00%

These performance targets represent the minimum performance level that LCTA should achieve for each Act 44 criterion during the next performance review cycle. Standards were extrapolated to FYE 2021 and are designed to be aggressive, yet achievable. PennDOT and LCTA have agreed to these performance targets.

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 D: Action Plan Template**). Functional review findings are organized by a brief description of the Act 44 variables guiding the performance review: passengers, revenues, and operating costs.

The following sections summarize ways to deliver service 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, control operating costs, maximize revenue recovery and achieve optimum service levels. The observations 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.

Elements to Address in the Action Plan are recommendations which have the potential to maximize productivity, to control operating costs, and to achieve optimum revenue levels which will enhance the system's future performance for one or more of the Act 44 fixed-route performance factors. For the convenience of LCTA, Action Plan templates have been included in the **Appendix D: Action Plan Template** (see pg. 43). Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period. The template provides a simple-to-follow order of key findings of this report that should be addressed in the Action Plan.

OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

BEST PRACTICES

1. LCTA developed a fixed-route performance scorecard that summarizes agency performance. Board members are provided with the scorecard as a part of monthly briefings, which informs them on LCTA's progress each month in achieving performance targets. Metrics included as part of the scorecard report on passengers, operating cost and revenue per hour, and operating cost per passenger. The scorecard also includes LCTA's cost recovery ratio (i.e., the percentage of operating costs covered by farebox and miscellaneous revenue).

ELEMENTS TO ADDRESS IN PART 1 OF THE ACTION PLAN (P. 43)

1. **Monitor and track fixed-route on-time performance** – In prior years, LCTA has not routinely reported on-time performance (OTP) for fixed-route operations. OTP is a key measure of reliability that directly affects customer perception and willingness to use transit. As noted in LCTA's 2016 customer service survey, OTP for existing service received one of the lowest scores reported. LCTA should develop a goal for OTP and track OTP for fixed-route service to help inform decision-making as it relates to potential service changes. These findings should be included as part of LCTA's monthly fixed-route performance scorecard.
2. **Develop customer service performance standards** – Customer service standards are a helpful means of understanding the community's perception of a transit agency from a user-standpoint. As LCTA continues to rebuild its brand, management should develop customer service standards with corresponding metrics (e.g., OTP, customer complaints, percentage of phone calls answered, etc.) to monitor agency performance within the community.

The customer satisfaction survey identified several opportunities to improve the customer experience that should factor into developing performance standards:

- a. Explore options to provide additional evening and weekend service
 - b. Assess conditions at stops, especially the intermodal facility
 - c. Consider opportunities to improve seating and shelter at least at high traffic stops
 - d. Monitor customer service staff to ensure proper practices are being followed
 - e. Assess on-time performance to determine if some schedule changes and / or some adjustments in driver behavior would be beneficial
3. **Develop a Transit Development Plan (TDP)** – LCTA last completed a route analysis and service planning study in 2010. The previous analysis used available data and field work to determine underperforming routes, identify new service opportunities, modify existing routes, develop new routes and implement service change recommendations. It has been about seven years since LCTA last evaluated its service area. Typically, an agency should examine its service area every five to ten years due to changing demographics like population loss and aging population, or to implement changes recommended from marketing and ridership studies. LCTA should develop and routinely update a TDP that addresses issues facing the agency for the next several years.

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

BEST PRACTICES

1. LCTA has a proactive marketing and public relations program that actively engages the local media and the public to support rebranding efforts. Marketing and public relations strategies are centered on innovative and cost-effective campaigns to attract new riders (e.g., Francis Slocum State Park route, veterans outreach campaign, development of a student advisory council, etc.).

ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN (P. 43)

1. None.

OPPORTUNITIES TO CONTROL OPERATING COSTS

BEST PRACTICES

1. LCTA achieved cost savings by negotiating for the creation of a new job classification (i.e., service employee) to separate out cleaners, fueling, wash rack, janitors and van mechanics from the Maintenance Department. LCTA will benefit from annual cost savings as a result of the new hours and compensation structure for service employees.

ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN (P. 43)

1. **Develop a formal cost allocation plan** – LCTA does not have a formal cost allocation plan in place and management's time is either allocated 100% to fixed-route or 100% to shared ride based on invoices for direct expenses. Although this approach may be functional for direct

expenses, the allocation of indirect expenses can potentially be misstated and lead to an over or underestimation for fixed-route and shared-ride expenses. To support this effort, a time study would help identify a more accurate split of management time between fixed-route and shared-ride. LCTA should develop a formal cost allocation plan that specifies how direct and indirect costs are designated between fixed-route and shared-ride. The plan should also establish how often cost allocation is reviewed and updated.

2. **Identify opportunities to integrate and use IT investments** – LCTA has made several technology investments since the previous review (e.g., Automated Passenger Counters (APC) on fixed-route vehicles, Automated Vehicle Location (AVL) system and fleet tracking maintenance software, etc.) to improve operational efficiency. Some of these investments (i.e., APC, AVL and fleet tracking maintenance software) have the potential to provide LCTA with additional benefits associated from cost savings. LCTA should identify and prioritize opportunities to integrate IT investments like:
 - a. Develop a method of verification for APCs and compare the results against farebox and driver logs for secondary ridership data verification;
 - b. Use of AVL technology to provide OTP monitoring for management; and,
 - c. Develop a parts movement system to track maintenance costs associated with vehicle repairs by integrating parts inventory and procurement software.

3. **Routinely check vehicle cameras as part of preventative maintenance** – LCTA has nine onboard cameras per fixed-route vehicle and is in the process of upgrading cameras to high definition. LCTA is also in the process of installing cameras on shared-ride vans. In past instances when LCTA needed to pull a hard drive to review video footage, there were occasions when the hardware was defective due to age and a lack of maintenance. To maintain these camera systems, LCTA should budget for and conduct preventative maintenance for onboard vehicle cameras and their support systems within the fixed-route and shared-ride fleets.

OTHER OPPORTUNITIES TO IMPROVE PERFORMANCE

BEST PRACTICES

1. LCTA adopted a Leadership Development and Emergency Succession plan that establishes a procedure in the event that the Executive Director or a management level employee is unable to fulfill their duties. The plan outlines, in detail, essential Executive Director and management level functions and identifies temporary staffing strategies for short-term and long-term absences and unexpected vacancies.

2. LCTA relies on two independent auditors for quality assurance and quality control in financial reporting. One auditor referred to internally as a fee accessor performs a monthly reconciliation of LCTA's books and the other prepares the annual audit. By using two independent auditors, LCTA has a secondary source verifying financial statements to enhance the accuracy of reported data.

3. Following a major management restructuring in 2014, LCTA brought on a compliance analyst to address and resolve prior agency findings. With this position, LCTA can monitor the

agency's progress in keeping compliance with federal and state regulations, and quickly address shortcomings if they arise.

ELEMENTS TO ADDRESS IN PART 4 OF THE ACTION PLAN (P. 43)

1. **Develop a Board approved strategic plan** – In last two years LCTA underwent significant restructure in management that brought on a renewed focus for compliance, data reporting and improved inter-agency communication. LCTA has also pursued marketing opportunities to rebuild its brand and improve its presence within the community. Although LCTA has internally improved with regards to its organizational structure, management and the Board should pursue the development a strategic plan to support agency efforts in the coming years. LCTA should consider the following as part of any strategic planning efforts:
 - a. Pursue a leadership retreat that includes Board members and executive level management to help outline a framework for a strategic plan;
 - b. Develop strategic objectives related to LCTA priorities and direction;
 - c. Identify how LCTA can provide value to its customers;
 - d. Recommend ways to set priorities and improve agency focus related to the delivery of service and major agency functions;
 - e. Develop definitions for success to be accomplished by the strategic plan;
 - f. Develop work tactics to support agency efforts in the coming years;
 - g. Develop a forward-thinking vision statement that accounts for the role of the Board in carrying out that vision; and,
 - h. Develop clear job descriptions for Board members and the Executive Director that outlines the roles and responsibilities required to support LCTA carrying out the strategic plan.

2. **Conduct routine Board training** – Board education is key to developing a supportive leadership structure that is active and engaged. Although many Board members have in the past completed Penn'TRAIN online Board Training modules, it is helpful to have additional opportunities for education. LCTA should develop a policy that requires new and existing Board members to receive Board training as part of ongoing educational efforts. For example, LCTA could incorporate Penn'TRAIN Board Training modules as part of monthly Board meetings.

FINANCIAL REVIEW

This financial review focuses on high-level snapshot and trend indicators to determine if additional follow up by PennDOT is warranted through the review of audit reports, other financial reports, and budgets. The review assesses the financial status based 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

As shown in **Exhibit 7**, LCTA is in line with most industry goals and targets for most high-level financial indicators. Available reserves, mostly attributable to state funds, are above 25% of annual operating cost. As of FYE 2015, LCTA had about \$5,591,526 in Section 1513 carryover funds available. Local matching funds are provided by Luzerne County. Accounts payable and receivable amounts are negligible. LCTA maintains no line of credit.

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

LCTA public transportation increased from a \$6.8 million per year operation in FYE 2011 to a \$12.1 million per year operation in FYE 2015. Most of this increase is attributable to LCTA assuming shared-ride services for Luzerne and Wyoming¹ counties in FYE 2012. Approximately 71.0% of LCTA's operational expenses are for fixed-route service. The remaining operational expenses (29.0%) are for ADA complementary and shared-ride paratransit service, as shown in **Exhibit 9**.

LCTA's operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. LCTA has used state, federal and local funds to finance both its fixed-route and paratransit operations (**Exhibit 10**). Combined, state and federal operating subsidies are the largest funding source, representing approximately 61.5% of total operating income. Passenger fares and other local funds represent the remaining (38.5%) of total operating income. (**Exhibit 11**).

¹ In 2014, LCTA ceased providing shared-ride service for Wyoming County due to the size of the service area.

Exhibit 7: High-level Financial Indicators

FYE 2015 Indicator	Value	Assessment Criteria / Rationale	Source
State Carryover 1513 Subsidies / Annual Operating Cost	48.3%	The combined target should be 25%+. This provides flexibility to account for unexpected cost increases or service changes.	FYE 2015 Audit and PennDOT dotGrants
Local Carryover Subsidies / Annual Operating Cost	0.4%		
Credit available/ Annual Payroll	0.0%		
Actual Local Match / Required Match	100.0%	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 2015
Accounts Payable (AP) 90+ days	0.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	LCTA reported value
Accounts Receivable (AR) 90+ days	0.0%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	LCTA reported value
Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2015 Audit

Exhibit 8: Public Transportation Operating Expense by Service Type

Service Type (\$ millions)	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Fixed Route	\$6.5	\$7.3	\$7.3	\$8.0	\$8.6
Paratransit	\$0.4	\$3.7	\$4.0	\$3.7	\$3.5
Total*	\$6.8	\$11.0	\$11.2	\$11.7	\$12.1

* May not add due to rounding.

Exhibit 9: Public Transportation Operating Expense Trends by Service Type

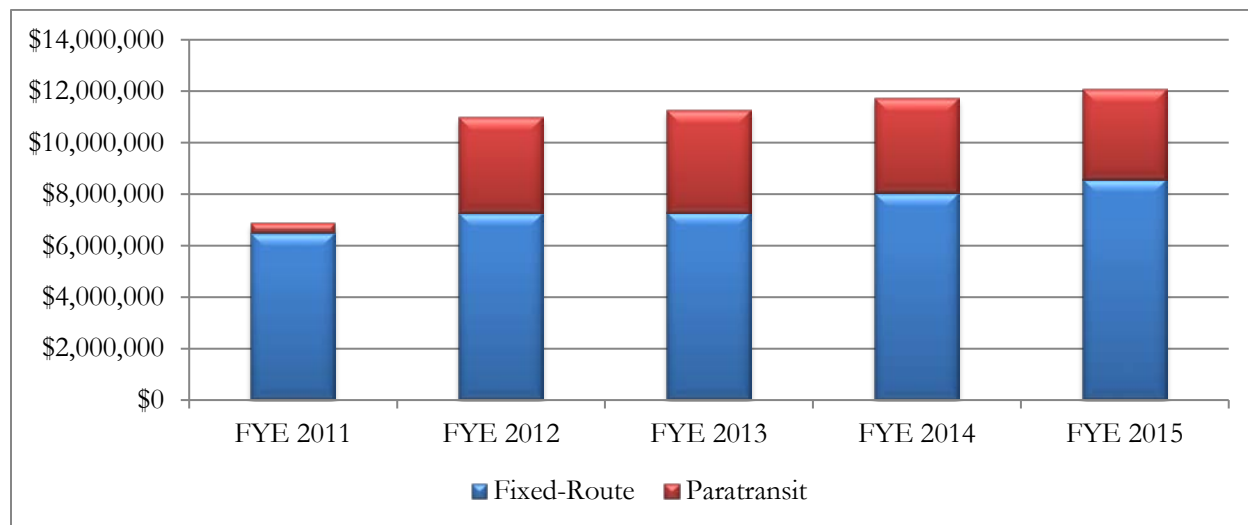
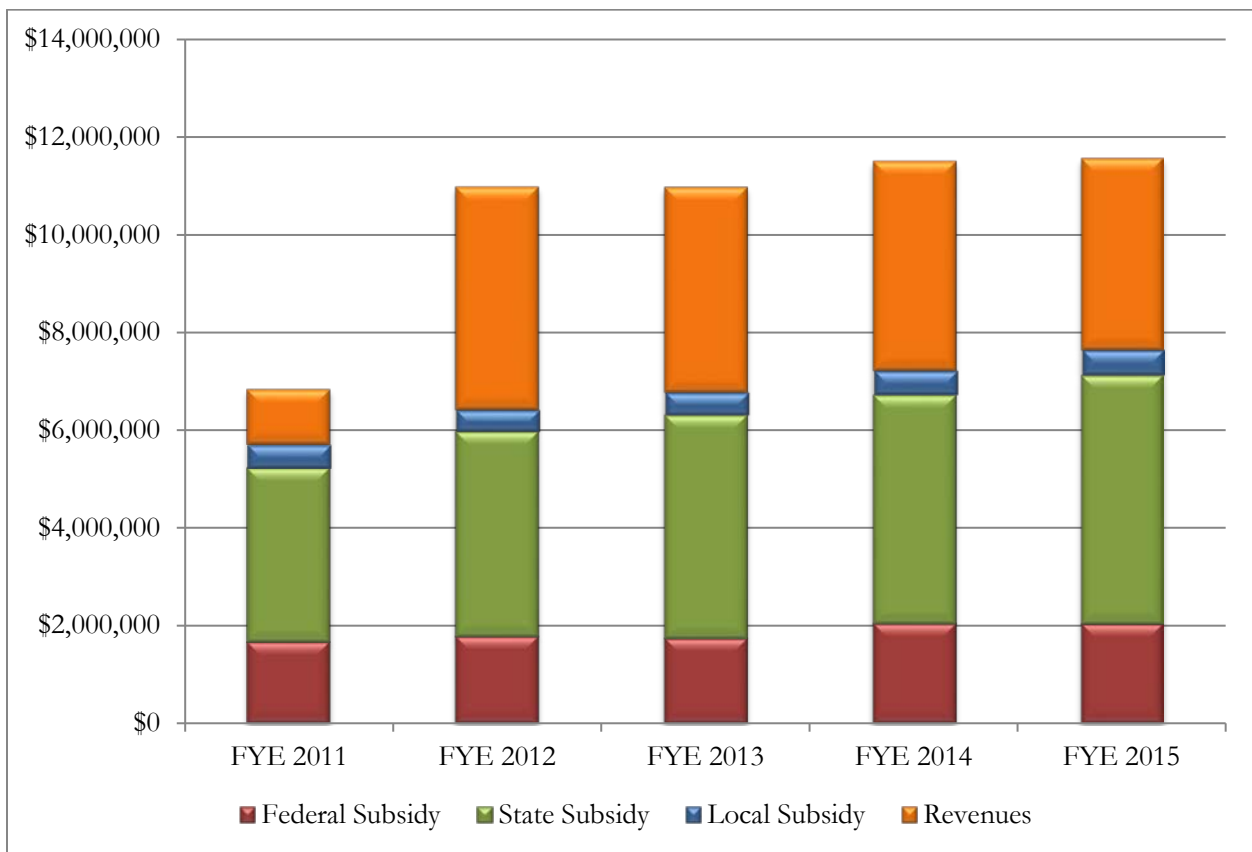


Exhibit 10: Percent of Total Public Transportation (Fixed-Route + Paratransit) Operating Budget by Funding Source

Funding Source	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Federal Subsidy	24.5%	16.3%	15.9%	17.8%	17.7%
State Subsidy	52.0%	38.2%	41.6%	40.6%	43.9%
Local Subsidy	7.0%	4.0%	4.2%	4.2%	4.4%
Revenues	16.4%	41.5%	38.3%	37.3%	34.0%
Local Subsidy / State Subsidy	13.5%	10.5%	10.1%	10.4%	10.1%

Exhibit 11: Total Public Transportation (Fixed-Route + Paratransit) Operating Budget by Funding Source



FIXED-ROUTE FUNDING

LCTA's fixed-route funding comes from general revenues and government subsidies. Direct passenger fares represented 12.8% of total operating funding as of FYE 2015 (**Exhibit 12**).

Based on the FYE 2011 to FYE 2015 dotGrants reporting, LCTA operated using current year funding with \$5,591,526 state funds being "carried over" at the end of 2015. LCTA had \$43,558 in local operating funds carried over at the end of 2015.

Exhibit 12: Fixed-Route Funding

Funding Source	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Revenues					
Passenger Fares	\$1,023,969	\$1,095,523	\$1,088,482	\$1,122,807	\$1,099,203
Advertising	\$10,185	\$11,805	\$14,601	\$57,208	\$56,258
Charter	\$0	\$0	\$0	\$0	\$0
Route Guarantees	\$0	\$0	\$0	\$0	\$0
Other- (Revenue)	\$13,547	\$13,952	\$12,600	\$0	\$0
Other- (Inv. Income/Misc.)	\$2,009	\$0	\$0	\$38,678	\$85,019
Other- (Sale of Assets-Disp. of Assets)	\$11,121	\$1,335	\$25,900	\$0	\$0
Other- (Misc)	\$0	\$773	\$2,319	\$0	\$0
Subtotal	\$1,060,831	\$1,123,388	\$1,143,902	\$1,218,693	\$1,240,480
Subsidies					
Federal Operating Grant	\$0	\$1,562,003	\$1,514,062	\$1,813,010	\$1,807,754
Act 44 (1513) State Prior	\$0	\$0	\$4,174,285	\$2,064,084	\$0
Act 44 (1513) State Current	\$3,563,648	\$4,139,881	\$0	\$2,469,699	\$5,018,975
Municipal	\$420,432	\$435,497	\$457,351	\$482,106	\$513,147
Special (Federal) PM & Tire Lease	\$1,440,770	\$0	\$0	\$0	\$0
Subtotal	\$5,424,850	\$6,137,381	\$6,145,698	\$6,828,899	\$7,339,876
Total Funding	\$6,485,681	\$7,260,769	\$7,289,600	\$8,047,592	\$8,580,356
Passenger Fares/ Total Funding	15.8%	15.1%	14.9%	14.0%	12.8%

Source: PennDOT dotGrants Reporting System.

PARATRANSIT FUNDING

Paratransit funding is about 29.0% of LCTA's public transportation operation and consists of ADA complementary, shared-ride (Lottery) and other service. State subsidies as well as passenger fares are used to finance paratransit operating costs (**Exhibit 13**). The paratransit program, although smaller than the fixed-route program has increased in budget from \$361,954 as of FYE 2011 to \$2,991,021 as of FYE 2015.

Since the previous performance review, LCTA merged with Luzerne County Shared-Ride Division in FYE 2012 and assumed shared-ride service within Luzerne and Wyoming counties. In FYE 2014, service in Wyoming County discontinued. From FYE 2012 to FYE 2015, senior ridership declined on average by 7.2% from FYE 2012 to FYE 2015, which contributed to an average annual decrease of 4.2% in total paratransit passenger trips. LCTA subsidized about \$5.16 per passenger trip as of FYE 2015 (**Exhibit 14**).

Exhibit 13: Paratransit Funding by Source

Category	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Revenues					
Passenger Fares	\$64,083	\$171,337	\$173,203	\$166,396	\$146,283
Advertising	\$0	\$0	\$0	\$0	\$0
Lottery	\$0	\$724,270	\$631,703	\$626,617	\$600,291
PwD Reimbursement	\$0	\$41,046	\$33,828	\$35,951	\$26,917
PwD Passenger Fares	\$0	\$0	\$0	\$0	\$5,949
AAA	\$0	\$19,143	\$13,058	\$14,117	\$12,802
MH/MR	\$0	\$196,410	\$222,552	\$231,435	\$187,376
MATP	\$0	\$1,263,555	\$944,489	\$975,670	\$858,343
Other- (HSDF)	\$0	\$14,412	\$6,364	\$5,809	\$0
Other- (Children & Youth)	\$0	\$49,991	\$29,115	\$38,570	\$30,043
Other- (User Agencies)	\$0	\$937,135	\$938,962	\$923,930	\$791,387
Other- (Interest & Misc.)	\$0	\$17,747	\$25,412	\$36,550	\$21,535
Other – (MATP Aid Reimbursement)	\$0	\$0	\$37,327	\$18,263	\$12,783
Subtotal	\$64,083	\$3,435,046	\$3,056,013	\$3,073,308	\$2,693,709
Subsidies					
Federal Operating Grant	\$0	\$226,692	\$232,708	\$235,076	\$236,353
Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) State Current	\$0	\$51,948	\$53,295	\$53,613	\$53,740
Municipal Prior	\$0	\$0	\$0	\$0	\$0
Municipal Current	\$0	\$4,725	\$4,882	\$5,156	\$5,318
Special- (Federal)	\$238,297	\$0	\$0	\$0	\$0
Special- (State)	\$0	\$0	\$339,418	\$88,231	\$1,901
Special- (Local)	\$59,574	\$0	\$0	\$0	\$0
Subtotal	\$297,871	\$283,365	\$630,303	\$382,076	\$297,312
Total Funding	\$361,954	\$3,718,411	\$3,686,316	\$3,455,384	\$2,991,021

Source: PennDOT dotGrants Reporting System.

Exhibit 14: Paratransit Operating Statistics

Operating Category	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Paratransit Operating Statistics²					
Senior Trips	0	52,461	45,458	45,337	41,991
Total Paratransit Trips	21,361	178,083	168,114	180,880	156,577
Total Miles	161,488	1,445,521	1,303,703	1,253,968	1,023,241
Total Hours	11,046	94,604	85,700	81,054	72,372
VOMS	12	110	90	90	90
Operating Subsidy / Passenger Trip	\$13.94	\$1.61	\$5.38	\$3.32	\$5.16

BALANCE SHEET FINDINGS

Review of balance sheets from LCTA shows that since FYE 2011, the agency has a decreasing cash equivalent balance on hand (**Exhibit 15** and **Exhibit 16**). Net current cash on hand reported as of FYE 2015 was about \$148,748. The margin between current assets and liabilities is greater than that seen in many other transit agencies in the Commonwealth. Accounts payable have increased from \$196,351 in FYE 2011 to \$563,949 as of FYE 2015. LCTA does not maintain a line of credit.

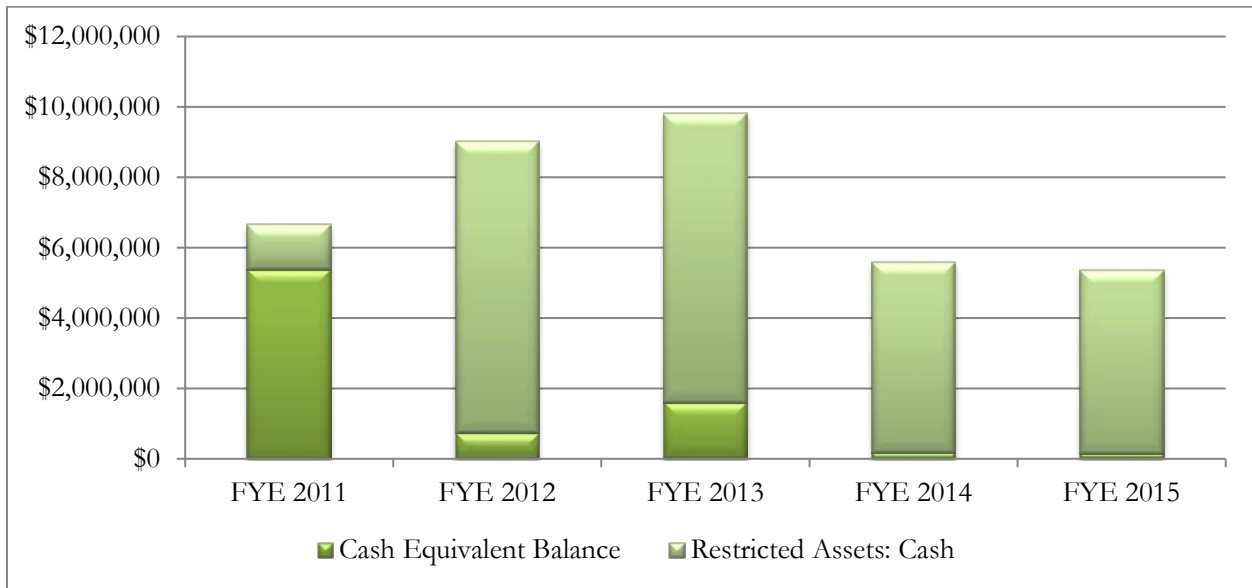
Exhibit 15: Balance Sheet Summary (FYE 2011 – FYE 2015)

Balance Sheet Report	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Current Assets					
Cash Equivalent Balance	\$5,375,536	\$735,902	\$1,591,873	\$182,762	\$148,748
Restricted Assets: Cash	\$1,278,857	\$8,284,240	\$8,218,597	\$5,408,528	\$5,215,083
Grant Receivable (incl. capital)	\$5,034,812	\$5,411,064	\$1,157,636	\$1,111,077	\$1,018,411
Other Accounts Receivable	\$30,658	\$505,836	\$514,227	\$483,501	\$587,234
Inventory Value	\$339,890	\$297,131	\$338,323	\$303,142	\$309,195
Pre-paid Expenses	\$252,338	\$324,088	\$440,978	\$479,379	\$445,235
Current Liabilities					
Accounts Payable	\$196,351	\$322,464	\$586,143	\$345,619	\$563,949
Accrued Expenses	\$208,453	\$1,057,892	\$1,945,940	\$445,899	\$722,871
Deferred Revenue	\$7,685,853	\$8,468,237	\$8,465,457	\$6,122,278	\$5,818,739
Line of Credit	\$0	\$0	\$0	\$0	\$0
Total Operating Expense	\$6,847,635	\$10,981,709	\$11,249,638	\$11,720,955	\$12,073,757
Cash Eqv. Bal / Total Operating Exp.	78.5%	6.7%	14.2%	1.6%	1.2%
Line of Credit / Annual Payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets	\$12,312,091	\$15,558,261	\$12,261,634	\$7,968,389	\$7,723,906
Current Liabilities	\$8,090,657	\$9,848,593	\$10,997,540	\$6,913,796	\$7,105,559
Net Current Assets	\$4,221,434	\$5,709,668	\$1,264,094	\$1,054,593	\$618,347

Source: Annual Audit Reports and dotGrants

² In FYE 2012, LCTA merged with Luzerne County Shared-Ride Division to assume shared-ride services. Prior to FYE 2012, LCTA only provided ADA paratransit service.

Exhibit 16: End-of-Year Cash Balance (FYE 2011 – FYE 2015)



FINANCIAL PROJECTIONS

All transit agencies in the Commonwealth that receive Section 1513 operating subsidies have been asked by PennDOT to develop a five-year projection of their operating and capital budgets. The purpose is to assess the relationship of planned service levels to operating budget projections, capital needs and available resources—federal and state subsidies which are expected to increase by no more than 3% per year. Projections are completed entirely by LCTA based on their own assumptions of future service levels as well as available operating and capital funding. Available financial projections are reported from FYE 2016 through FYE 2019

As shown in **Exhibit 17**, LCTA’s projected operating budget assumes an average increase of 4.1% from FYE 2016 to FYE 2019, as compared to 5.7% from FYE 2012 to FYE 2015. It also assumes \$3,208,301 in 1513 reserves by FYE 2019. As an urbanized area under direction of the Lackawanna/Luzerne the Metropolitan Planning Organization (MPO), the MPO Lackawanna and Luzerne counties, LCTA receives FTA 5307 funds for transit capital and operating assistance.

Internally developed projections for budgets (FYE 2016 through FYE 2019) assume software upgrades, preventative maintenance and vehicle replacement for paratransit vehicles, and upgrades to accommodate CNG vehicles that includes maintenance and storage facility modifications.

LCTA expects to replace five shared-ride vehicles by FYE 2020. Additionally, LCTA is looking into a new electronic fare collecting system by FYE 2020. LCTA reevaluates costs between the fixed-route and shared-ride program on an annual basis and has used fixed-route funds to address losses in the shared-ride program. LCTA is pursuing a shared-ride fare increase for FYE 2017, as it expects the operating loss to grow from about \$644,611 in FYE 2016 to \$915,073 by FYE 2019 (**Exhibit 18**).

Exhibit 17: Projected Fixed-Route Operating Budget Summary (FYE 2016-2019)

Operating Budget	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Total Operating Expenses	\$9,270,476	\$9,700,867	\$10,155,928	\$10,460,605
Total Operating Revenues	\$1,184,264	\$1,202,170	\$1,220,348	\$1,256,958
Total Operating Deficit	\$8,086,212	\$8,498,697	\$8,935,580	\$9,203,647
Federal Subsidy	\$2,003,154	\$2,196,815	\$2,402,031	\$2,474,091
State Subsidy	\$552,895	\$5,745,211	\$5,949,044	\$6,127,515
Local Subsidy	\$530,163	\$556,671	\$584,505	\$602,040
Total Funding	\$3,086,212	\$8,498,697	\$8,935,580	\$9,203,646
1513 Reserves	\$5,082,982	\$4,597,558	\$3,908,301	\$3,208,301
5307 Annual Allocation	\$2,447,033	\$2,520,444	\$2,596,058	\$2,673,940
5307 Available for Capital	\$200,010	\$72,444	\$64,694	-\$226,280
Operating Costs Change from Previous Year	-8.1%	4.6%	4.7%	3.0%

Exhibit 18: Projected Paratransit Operating Budget Summary (FYE 2016-2019)

Operating Budget Item	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Operating Expense	\$3,564,856	\$3,759,625	\$3,946,802	\$4,144,142
Passenger Revenue	\$96,113	\$98,996	\$101,966	\$107,064
Lottery/PWD/WTW	\$653,664	\$673,273	\$693,472	\$714,276
MATP	\$963,118	\$992,011	\$1,021,772	\$1,052,425
Other*	\$1,207,350	\$1,243,572	\$1,280,878	\$1,319,304
Total Operating Revenues	\$2,920,245	\$3,007,852	\$3,098,088	\$3,193,069
Excess Revenue/Deficit	-\$644,611	-\$751,773	-\$848,714	-\$951,073

*Includes revenues from AAA, MATP Aide, PwD Trip Reimbursement, MH/MR, Children & Youth and Other User Agencies.

ASSESSMENT

LCTA currently has a balanced operating budget. Operating cash reserves have steadily decreased since 2012. Internally developed projections of service levels and budgets indicate a plan to maintain a balanced budget over the next five years; however, LCTA expects the shared-ride operating loss to grow in coming years. Noteworthy elements of LCTA's financial condition are:

- LCTA has \$5,149,086 in carryover Section 1513 funds available in case of unexpected cost increases or service changes
- LCTA has sufficient required local matching funds and maintains a local fund carryover balance of \$43,558 as of FYE 2015
- Accounts payable and receivable amounts are negligible, and LCTA maintains no line of credit
- LCTA is pursuing a shared-ride fare increase in FYE 2017, as it expects the shared-ride deficit to grow from about \$644,611 in FYE 2016 to \$915,073 by FYE 2019.

Management should continue taking appropriate actions to manage costs, achieve farebox recovery goals, and to maintain cash reserves to preserve LCTA's overall financial health. The Board should work with Luzerne County to ensure continued commitment of local matching funds.

APPENDIX A: DATA ADJUSTMENTS

After the development of Luzerne County Transit Performance Report was completed in August 2011, information regarding reported ridership in the dotGrants system was questioned and subjected rigorous analyses including on-board video review and statistical testing. The analyses concluded that LCTA reported ridership information was overstated for several years. Ridership reporting serves as the basis for two of the five-year Act 44 performance standards described in the transit system performance review report: passengers per revenue hour and operating cost per passenger. Due to the change in the reported passenger variable, the five-year performance standards in the in the LCTA Performance Review Report of August 2011 are erroneous.

As a result, LCTA’s Performance Review Report was updated in July 2014 to revise passenger data and set new performance standards. The updated performance standards were developed using the most accurate estimates of Act 44 performance variables available at the time and were established in consultation with LCTA. Given this change in reported ridership from FYE 2009 through FYE 2013, data adjustments were necessary to reconcile NTD reported ridership with the revised values presented in the updated 2014 performance report.

LCTA required adjustments to NTD reported fixed-route revenues and operating expenses to reconcile values reported to dotGrants. From FYE 2009 through FYE 2013, LCTA did not report federal funding received through the Lackawanna-Luzerne MPO’s Unified Planning Work Program (UPWP) to NTD as “other revenues”, which resulted in about a 1% less total fixed-route revenues for those years than what was reported in dotGrants. Additionally, LCTA reported revenues derived from paratransit service to NTD within fixed-route reportings as other revenues, versus demand response for FYE 2013 and FYE 2014. Data adjustments were necessary to reconcile these discrepancies in NTD by adding the UPWP federal funding into fixed-route revenues for FYE 2009 through FYE 2013, and removing reported “other revenues” derived from paratransit service for FYE 2013 and FYE 2014.

From FYE 2009 through FYE 2013, LCTA had a less than 1% discrepancy in what was reported to NTD for fixed-route operating expenses than what was reported to dotGrants, apart from FYE 2014 where LCTA reported \$125,992 less in fixed-route maintenance wages to NTD. These required adjustments to reconcile NTD reported operating expenses from FYE 2009 through FYE 2014 with dotGrants reported values. The results of adjustments to fixed-route passengers, revenues and operating expenses are listed below:

dotGrants Reported Passenger Values*					
Fiscal Year End (FYE)	Originating	Transfer	Total	Senior	ADA
FYE 2009	1,545,575	94,224	1,639,799	777,891	20,733
FYE 2010	1,511,794	87,814	1,599,608	750,259	20,980
FYE 2011	1,581,045	94,193	1,675,238	789,091	21,361
FYE 2012	1,060,687	105,193	1,165,880	209,858	20,427
FYE 2013	1,082,009	99,983	1,181,992	220,728	20,820

*Original ridership values as reported to dotGrants were overstated for several years. Source: dotGrants reporting

Revised Passenger Totals*					
Fiscal Year End (FYE)	Originating	Transfer	Total	Senior	ADA
FYE 2009	956,883	94,224	1,051,107	189,199	20,733
FYE 2010	947,977	87,814	1,035,791	186,442	20,980
FYE 2011	986,474	94,193	1,080,667	194,520	21,361
FYE 2012	1,060,687	105,193	1,165,880	209,858	20,427
FYE 2013	1,072,290	99,983	1,172,273	211,009	20,820

*Revised passenger totals were developed based off of calculations to determine an estimate of true senior ridership and originating passenger totals.

Adjustments to Reconcile NTD with dotGrants Revised Passenger Totals*	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
dotGrants Reported Total Passengers	1,639,799	1,599,608	1,675,238	1,165,880	1,181,992
Revised Passenger Totals	1,051,107	1,035,791	1,080,667	1,165,880	1,172,273
NTD Reported Passengers	1,639,692	1,599,615	1,675,049	1,696,582	1,182,000
Adjustments to reconcile NTD with revised dotGrants values	(588,585)	(563,824)	(594,382)	(530,702)	(9,727)

*Source: dotGrants and NTD reporting

Adjustments to Reconcile NTD with dotGrants Reported Revenue Totals*	FYE 2013	FYE 2014
dotGrants Reported Fixed-Route Revenue	\$1,143,902	\$1,218,693
NTD Reported Fixed-Route Revenue	\$2,006,114	\$1,861,965
Adjustments to reconcile NTD with dotGrants values	(\$862,212)	(\$643,272)

*Source: dotGrants and NTD reporting

Adjustments to Reconcile NTD with dotGrants Reported Operating Expense Totals*	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014
dotGrants Reported Fixed-Route Operating Expenses	\$6,176,007	\$6,200,919	\$6,485,681	\$7,260,769	\$7,289,600	\$8,047,592
NTD Reported Fixed-Route Operating Expenses	\$6,162,919	\$6,186,401	\$6,470,146	\$7,245,379	\$7,286,650	\$7,921,600
Adjustments to reconcile NTD with dotGrants values	\$13,088	\$14,518	\$15,535	\$15,390	\$2,950	\$125,992

*Source: dotGrants and NTD reporting

Based on adjustments to fixed-route operating revenue and total passengers, LCTA’s Act 44 performance metrics are listed below:

Final Adjusted Metrics*	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Passenger/RVH	15.15	14.78	15.35	16.00	15.70	17.00	16.76
Operating Revenue/RVH	\$15.01	\$14.55	\$15.07	\$15.42	\$15.32	\$17.44	\$17.49
Operating Cost/RVH	\$89.01	\$88.49	\$92.14	\$99.65	\$97.60	\$115.18	\$120.89
Operating Cost/Passenger	\$5.88	\$5.99	\$6.00	\$6.23	\$6.22	\$6.77	\$7.21

*Source dotGrants reporting

APPENDIX B: PEER COMPARISONS

Comparison of LCTA 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 2014 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
- *Standard Deviation*: Standard deviation of all values being measured across all peer transit agencies

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

Passengers / Revenue Vehicle Hour

Passengers / Revenue Hour (MB)					
System	FYE 2014 Single Year		5 Year Change Since FYE 2009		
	Value	Rank of 12	2009 Value	Annual Rate	Rank of 12
City of Appleton - Valley Transit	16.20	8	14.90	1.70%	4
Green Bay Metro	19.91	2	18.92	1.02%	6
The Tri-State Transit Authority	15.03	11	12.97	2.99%	1
City of Waukesha Transit Commission	15.34	9	14.83	0.68%	7
Western Reserve Transit Authority	19.05	3	22.28	-3.08%	12
Housatonic Area Regional Transit	13.79	12	15.28	-2.04%	10
City of Rochester Public Transportation	24.53	1	25.37	-0.67%	9
Lakeland Area Mass Transit District	17.97	4	18.31	-0.38%	8
Cape Fear Public Transportation Authority	16.87	7	14.71	2.78%	2
Belle Urban System - Racine	17.22	5	15.85	1.66%	5
Su Tran LLC dba: Sioux Area Metro	15.24	10	17.25	-2.44%	11
Luzerne County Transportation Authority	17.00	6	15.15	2.33%	3
<i>Average</i>	<i>17.35</i>		<i>17.15</i>	<i>0.38%</i>	
<i>Standard Deviation</i>	<i>2.85</i>		<i>3.59</i>	<i>2.08%</i>	
<i>Average – 1 Standard Deviation</i>	<i>14.49</i>		<i>13.57</i>	<i>-1.70%</i>	
<i>Average + 1 Standard Deviation</i>	<i>20.20</i>		<i>20.74</i>	<i>2.46%</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 2014 Single Year		5 Year Change Since FYE 2009		
	Value	Rank of 12	2009 Value	Annual Rate	Rank of 12
City of Appleton - Valley Transit	\$80.25	3	\$74.58	1.48%	5
Green Bay Metro	\$87.14	6	\$83.64	0.82%	2
The Tri-State Transit Authority	\$97.70	9	\$78.71	4.42%	9
City of Waukesha Transit Commission	\$103.39	11	\$99.06	0.86%	3
Western Reserve Transit Authority	\$98.48	10	\$81.87	3.77%	8
Housatonic Area Regional Transit	\$86.87	4	\$75.34	2.89%	6
City of Rochester Public Transportation	\$93.23	8	\$73.08	4.99%	10
Lakeland Area Mass Transit District	\$89.15	7	\$89.16	0.00%	1
Cape Fear Public Transportation Authority	\$79.82	2	\$51.94	8.97%	12
Belle Urban System - Racine	\$86.97	5	\$73.47	3.43%	7
Su Tran LLC dba: Sioux Area Metro	\$67.58	1	\$63.41	1.28%	4
Luzerne County Transportation Authority	\$115.18	12	\$89.01	5.29%	11
<i>Average</i>	<i>\$90.48</i>		<i>\$77.77</i>	<i>3.18%</i>	
<i>Standard Deviation</i>	<i>\$12.36</i>		<i>\$12.40</i>	<i>2.54%</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$78.12</i>		<i>\$65.37</i>	<i>0.64%</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$102.85</i>		<i>\$90.17</i>	<i>5.72%</i>	
Act 44 Compliance Determination	At Risk		In Compliance		
Compared to the Peer Group Average	Worse		Worse		

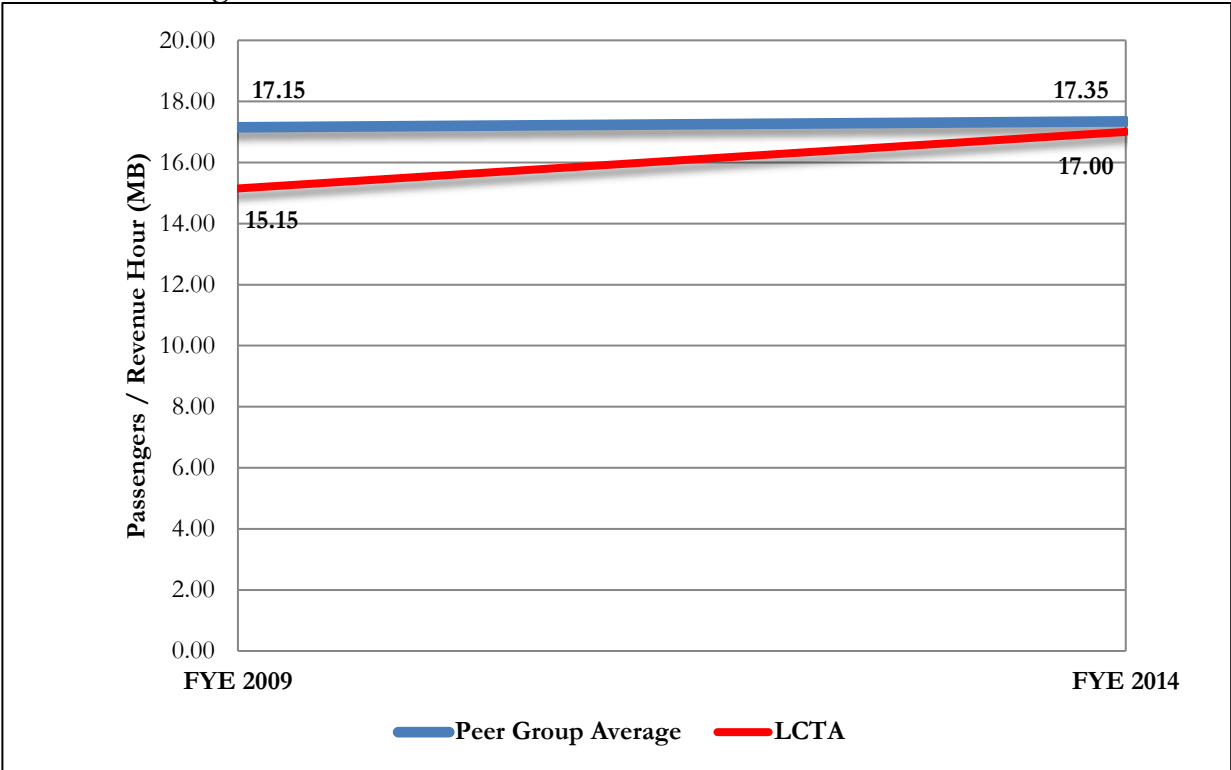
Operating Revenue / Revenue Vehicle Hour

Operating Revenue / Revenue Hour (MB)					
System	FYE 2014 Single Year		5 Year Change Since FYE 2009		
	Value	Rank of 12	2009 Value	Annual Rate	Rank of 12
City of Appleton - Valley Transit	\$15.11	8	\$15.70	-0.77%	10
Green Bay Metro	\$19.01	5	\$14.98	4.87%	4
The Tri-State Transit Authority	\$41.90	2	\$24.87	11.00%	2
City of Waukesha Transit Commission	\$5.32	12	\$21.49	-24.37%	12
Western Reserve Transit Authority	\$13.93	10	\$10.36	6.11%	3
Housatonic Area Regional Transit	\$15.75	7	\$14.77	1.30%	7
City of Rochester Public Transportation	\$30.44	3	\$31.25	-0.52%	9
Lakeland Area Mass Transit District	\$19.42	4	\$31.82	-9.40%	11
Cape Fear Public Transportation Authority	\$44.47	1	\$20.35	16.93%	1
Belle Urban System - Racine	\$14.89	9	\$14.50	0.53%	8
Su Tran LLC dba: Sioux Area Metro	\$12.05	11	\$11.29	1.32%	6
Luzerne County Transportation Authority	\$17.44	6	\$15.01	3.05%	5
<i>Average</i>		<i>\$20.81</i>	<i>\$18.86</i>	<i>0.84%</i>	
<i>Standard Deviation</i>		<i>\$11.95</i>	<i>\$7.21</i>	<i>10.25%</i>	
<i>Average – 1 Standard Deviation</i>		<i>\$8.86</i>	<i>\$11.65</i>	<i>-9.41%</i>	
<i>Average + 1 Standard Deviation</i>		<i>\$32.76</i>	<i>\$26.07</i>	<i>11.09%</i>	
Act 44 Compliance Determination		In Compliance		In Compliance	
Compared to the Peer Group Average		Worse		Better	

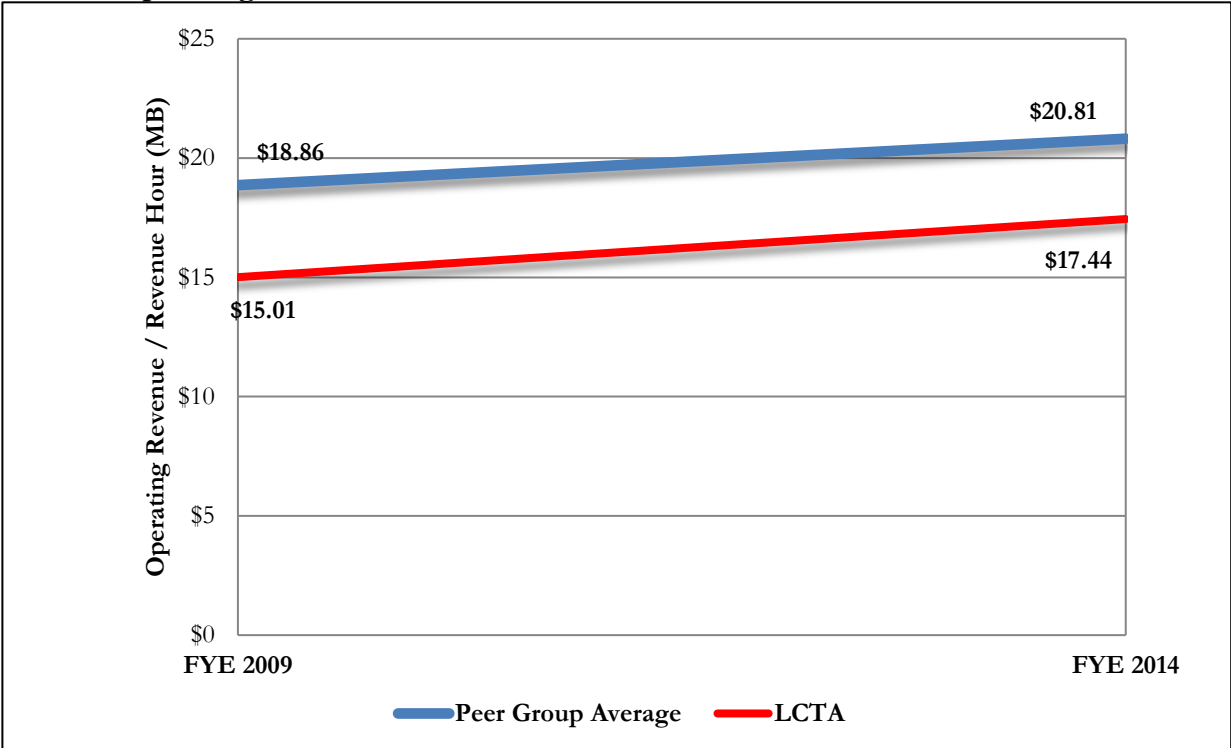
Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2014 Single Year		5 Year Change Since FYE 2009		
	Value	Rank of 12	2009 Value	Annual Rate	Rank of 12
City of Appleton - Valley Transit	\$4.95	5	\$5.01	-0.22%	1
Green Bay Metro	\$4.38	2	\$4.42	-0.20%	2
The Tri-State Transit Authority	\$6.50	10	\$6.07	1.38%	5
City of Waukesha Transit Commission	\$6.74	11	\$6.68	0.18%	3
Western Reserve Transit Authority	\$5.17	8	\$3.67	7.07%	12
Housatonic Area Regional Transit	\$6.30	9	\$4.93	5.03%	9
City of Rochester Public Transportation	\$3.80	1	\$2.88	5.70%	10
Lakeland Area Mass Transit District	\$4.96	6	\$4.87	0.38%	4
Cape Fear Public Transportation Authority	\$4.73	4	\$3.53	6.03%	11
Belle Urban System - Racine	\$5.05	7	\$4.63	1.74%	6
Su Tran LLC dba: Sioux Area Metro	\$4.43	3	\$3.68	3.82%	8
Luzerne County Transportation Authority	\$6.77	12	\$5.88	2.89%	7
<i>Average</i>		<i>\$5.32</i>	<i>\$4.69</i>	<i>2.82%</i>	
<i>Standard Deviation</i>		<i>\$1.01</i>	<i>\$1.14</i>	<i>2.64%</i>	
<i>Average – 1 Standard Deviation</i>		<i>\$4.31</i>	<i>\$3.55</i>	<i>0.17%</i>	
<i>Average + 1 Standard Deviation</i>		<i>\$6.32</i>	<i>\$5.82</i>	<i>5.46%</i>	
Act 44 Compliance Determination		At Risk		In Compliance	
Compared to the Peer Group Average		Worse		Worse	

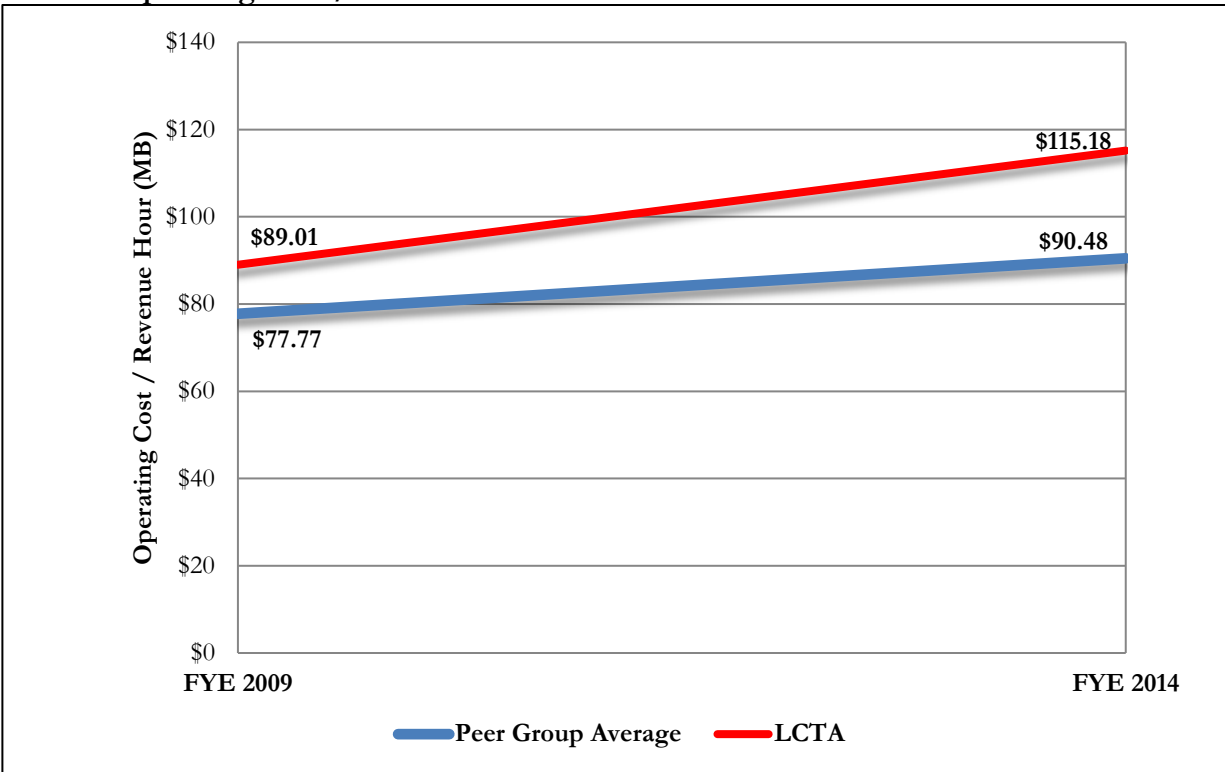
Trend – Passengers / Revenue Vehicle Hour



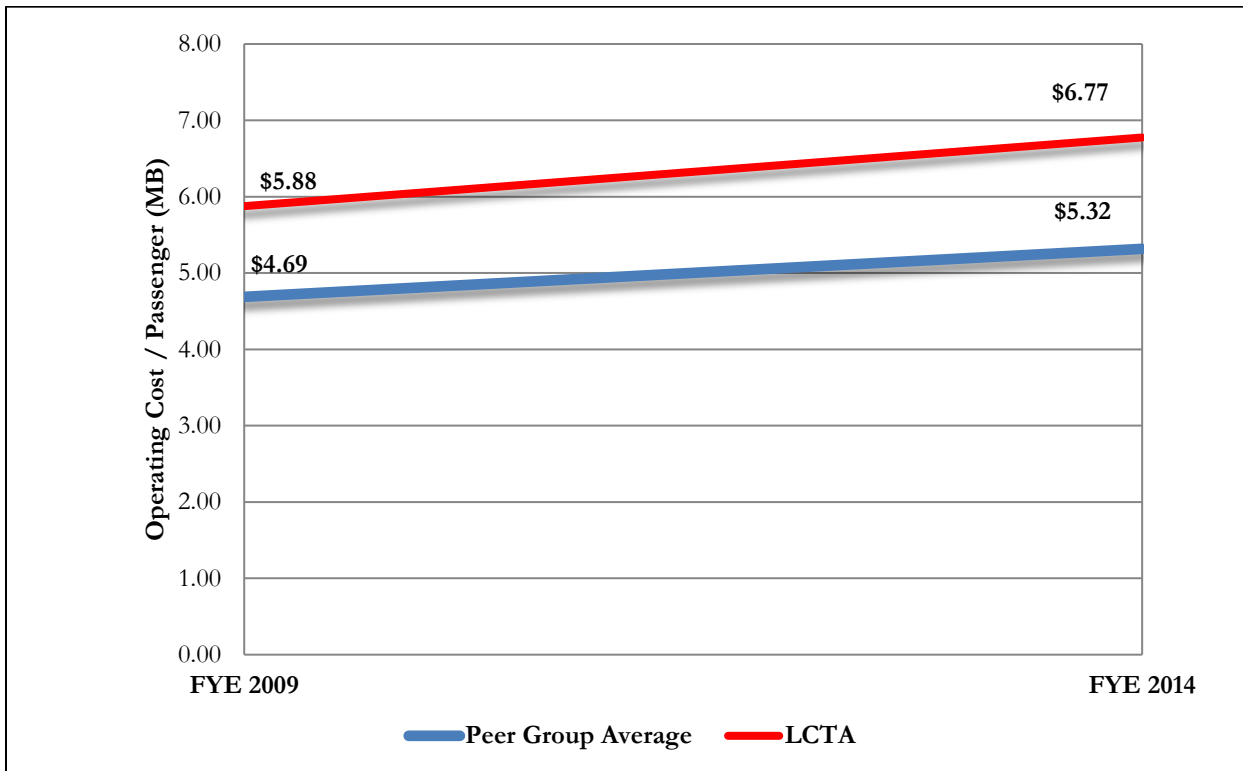
Trend – Operating Revenue / Revenue Vehicle Hour



Trend – Operating Cost / Revenue Vehicle Hour



Trend – Operating Cost / Passenger



APPENDIX C: 2010 PERFORMANCE REVIEW ACTION PLAN ASSESSMENT

Last Updated September 30, 2014

Category	Suggested Action	Corrective Action	Observation
1. Ridership	Development of strategic goals and objectives; monitor performance metrics for route review for on-time performance, passenger complaints; customer satisfaction and marketing campaigns for ridership improvement.	Implementation of AVL system in conjunction with the in-vehicle cameras and the establishment of the Ridership and Public Transportation Advisory Committees together will offer opportunities to monitor and potentially increase fixed-route ridership. LCTA will review the need to conduct a route analysis when financially feasible. LCTA intends to conduct passenger surveys on an every three (3) year basis minimum, which will identify customer satisfaction, bus cleanliness, driver courtesy, bus-time telephone assistance and route/rider satisfaction. LCTA set a minimum service standard of eight (8) persons per hour per bus with revenue equated to \$12 per hour. Additionally, LCTA will monitor the revenue recovery ratio by route to determine route efficiency by comparing revenue with operating expenses such as drivers wage, fuel consumption and cost and maintenance expenses. For complaints, another service standard will be set to determine the number of complaints received on a daily basis and responded to within 24 hours. Documentation will be maintained as to the nature of the complaint whether involving the bus, the driver, the times or the route.	Route performance analysis is ongoing. LCTA has made Act 44 performance measures part of its routine analysis. A monthly Act 44 compliance report is prepared and presented to the Board at each monthly meeting.

Category	Suggested Action	Corrective Action	Observation
1. Ridership	Establish minimum farebox recovery standards.	LCTA established a standard of eight (8) passengers per hour at the current fare of \$1.50 per passenger providing an hourly recovery rate of \$12 per hour per bus. Financial information is distributed to Board members as part of monthly Board meeting communication packages.	This action was presumed to have been handled by the prior administration; however, it was incomplete. LCTA will begin analyzing this data in the coming months.
1. Ridership	Establish Citizen's Advisory Committee for fixed-route service.	Establishment of Public Transportation Advisory Committee (PTAC) comprised of several LCTA passengers and Wilkes University students. Committee to review LCTA fixed-route service and ridership; discuss possible alterations to routes to better accommodate riding public and report to LCTA Ridership Committee and Board to review findings. Committee representatives attend monthly Board meetings to offer recommendations and/or to comment on any passenger problems or complaints that are made known to them. Ridership Committee consists of a minimum of three (3) LCTA drivers; three (3) LCTA Board members; three (3) members of PTAC and the Assistant Executive Director of Shared-Ride Services.	Closed as of 9/30/2014 per PennDOT.
1. Ridership	Expand use of in-vehicle cameras to investigate customer complaints.	In addition to cameras already in place, an in-vehicle camera was installed in the LCTA bus fleet positioned over the driver area to provide "real time" documentation of passenger complaints as well as incident and accident situations.	LCTA uses the in/out of vehicle cameras to follow-up with customer complaints, incidents and accidents. LCTA uses vehicle cameras as part of the data verification

Category	Suggested Action	Corrective Action	Observation
			process on a random basis. LCTA considers this issue resolved.
1. Ridership	Management should develop a marketing program.	The marketing program is based on three strategies that are designed to enhance service coordination as a means to strengthen LCTA's transit identity: (1) the LCTA logo provides a clean, crisp and consistent recognition to LCTA's identify; (2) a unified transit information program, to provide clear and complete information regarding transit services throughout Luzerne and Lackawanna counties to include continued telephone information center with future bilingual capacity; establish distribution network in high traffic locations (e.g., post offices, senior centers, medical clinics, etc.); an expanded website to be consistent with regional identify; and, (3) news release and display advertisements to maximize the exposure of new buses, special fare offers, Board meeting information, holiday promotional service and the availability of bicycle transport racks. LCTA will explore the possibility of a direct advertising campaign aimed at attracting new ridership.	Ongoing effort.

Category	Suggested Action	Corrective Action	Observation
1. Ridership	Development of a system map and include on LCTA website to investigate customer complaints.	AVL system will provide information including a system map providing passengers with real-time information for specific bus locations. Passengers will have the opportunity and communications needed to access bus locations via cell phone.	In addition to being placed online, there are printed copies of the system map that are available.
2. Revenue	LCTA should perform a review of fare policies and establish farebox recovery goals.	Fare policy has been established. Ridership Committee will also review fare structure and be afforded the opportunity to offer suggestions to the Board.	Ongoing effort. A new fare policy was approved at the June 2014 Board meeting as a result of Act 89 and required as a condition of grant approval.
2. Revenue	Determine the cost of proposed special services in negotiations with universities and special services.	In 2011, LCTA was approached by Luzerne County Community College to provide more extensive bus service to campus. In order to accomplish this in the most financially feasible manner, LCTA studied their request based on specific hours of service, destinations and anticipated ridership. The cost was determined through these factors coordinated with regular operating costs, which include driver's salary, benefits fuel and maintenance costs. Fare per student was derived from these criteria. LCTA continues to work with local colleges and universities focusing on programs to attract student ridership to LCTA.	Ongoing effort.

Category	Suggested Action	Corrective Action	Observation
2. Revenue	LCTA lacks adequate opportunities to provide point-of-sale choices for customers.	To provide additional opportunities for passengers to purchase bus tickets, LCTA will implement an online purchasing mechanism as well as establishing a ticket outlet at the Wilkes-Barre Intermodal Center. LCTA will also attempt to locate other retail ticket outlets.	Online purchasing of bus passes is now operation. In addition, bus passes are now sold at the Intermodal Center. Additional sources of purchasing will be explored on an on-going basis. LCTA considers this item resolved.
3. Operating Cost	Recommendation to utilize a professional labor lawyer for collective bargaining sessions.	LCTA management will consider using an outside negotiator for labor union negotiations.	Issue was resolved.
3. Operating Cost	Utilize part-time drivers more efficiently to reduce operating costs.	LCTA will attempt to re-negotiate the number of hours a part-time driver is allowed by contract to work each week. Increasing part-time hours will allow greater use of part-time drivers and reduce possible overtime by full-time operators.	Per contract negotiations, part-time hours for drivers were increased to 28 hours per week effective October 1, 2012. LCTA considers this item resolved.
3. Operating Cost	Establish continuous employee training program.	Expand the role of the Workplace Safety Committee to educate all employees in the performance of their duties in a safe and effective manner. Training in specific areas will be provided as situations dictate.	Remainder of LCTA employees received training by January 2013. LCTA considers this item resolved.

Category	Suggested Action	Corrective Action	Observation
3. Operating Cost	Utilize automated inventory tracking system.	Tracking system is available and accessible but awaiting updates to improve efficiency.	Ongoing effort.
3. Operating Cost	Excessive extraboard drivers.	Given LCTA's use and availability of part-time drivers, the current roster of extraboard operators is necessary in order to maintain efficient daily operation of runs.	Resolved.
3. Operating Cost	Reduce amount of driver overtime.	An attempt to utilize automated scheduling tools was made by LCTA in the somewhat recent past and was proven to be cost prohibitive to LCTA operations.	Resolved.
3. Operating Cost	Tracking of preventative maintenance trends to reduce mechanical failures and the cost of repairs.	The process of tracking preventative maintenance trends to a computerized system remains a high priority for LCTA. The implementation of the computerized system will allow for timely maintenance and repairs and ultimately provide a complete maintenance history for each vehicle. Regular maintenance leads to less mechanical failures and the reduction of the cost of repairs. The addition of a full-time IT employee in March 2012 will aid in the implementation of this project.	Installation of the DOSSIER system is completed. LCTA expects this system will allow for the better tracking of preventative maintenance routines and cut down on maintenance issues. LCTA considers this item resolved.

Category	Suggested Action	Corrective Action	Observation
<p>3. Operating Cost</p>	<p>Above average rate of major mechanical failure and the cost of repairs.</p>	<p>The inventory of seventeen (17) buses which had exceeded useful life resulting in mechanical failure contributed to the excessive maintenance costs and repairs. Ten of those buses have been replaced with the remaining seven to be replaced at the end of 2012. The addition of new model buses will reduce maintenance costs and repairs.</p>	<p>The Dossier maintenance software was installed in August and information was entered back from July 1, 2014. LCTA expects that once they are able to show a full year's worth of data in the system, LCTA will be able to better track and understand maintenance trends.</p>
<p>3. Operating Cost</p>	<p>Maintenance work outsourcing.</p>	<p>LCTA reaffirms its policy of doing all mechanical work "in-house" as more cost efficient; however, LCTA will take advisement under consideration during next labor contract negotiations.</p>	<p>The majority of maintenance work will continue to be done in-house. Outsourcing will be used for multiple major repairs to minimize downtime. LCTA considers this item resolved.</p>
<p>3. Operating Cost</p>	<p>Develop and utilize prioritized IT investment program.</p>	<p>With the addition of a full-time IT employee added in March 2012, the IT program will be reviewed and refined as needed.</p>	<p>Data migration, implementation and webinar training with GFI planned for November 2014 for upgrade to GFI farebox software upgrade. Planned two new computer purchases for Safety/Training Manager and IT System</p>

Category	Suggested Action	Corrective Action	Observation
			Specialist. Re-deployment of former Executive Director system for Compliance Analyst position. No other purchases planned for 4 th quarter of 2014.
3. Operating Cost	Replace vehicles on a more regular cycle.	Vehicles are replaced at the end of the required 12-year useful life cycle when funding permits.	Resolved.
3. Operating Cost	Conduct a cost-benefit study to determine efficiency in filling vacant positions.	As a result of the January 2012 consolidation process, positions were re-assigned to existing employees resulting in greater management efficiency and effectiveness. This provided a balanced and professional management staff. In the future, LCTA will look closely at the need to fill any position as it becomes vacant in order to maintain adequate staff while remaining within our financial constraints.	The Board approved a new organization chart which realigned existing positions as well as created some new ones. The Board recently appointed the Human Resources Director as the Interim Executive Director. All positions are currently filled and we expect this will allow for better oversight as well as created a more unified system with LCTA's Shared-Ride Division.

Category	Suggested Action	Corrective Action	Observation
4. Other	Recommended Board member training.	The LCTA bylaws state that newly appointed Board members attend the PennTRAIN Board Training Program within six (6) months of their appointment.	Training for new members was last provided in August 2012. Training will be scheduled for new Board members as they are appointed. LCTA considers this item resolved.
4. Other	Board committee meetings should be scheduled to reinforce the Board's primary responsibility of oversight.	Personnel Committee meetings have continued and have occurred at least one a month. Minutes, however, are not kept for these meetings. Ridership Committee meetings continue on a monthly basis. LCTA considers the issue resolved.	Personnel Committee meetings have continued. Committee meetings occur at least once a month. Minutes, however, are not kept for these meetings. Ridership Committee meetings also continue on a monthly basis. LCTA considers this issue resolved.
4. Other	Conflicts of Interest.	The adoption of a Nepotism Policy by the Board requiring a Board member to resign if an immediate family member is hired. Immediate family member would be clearly defined in the Board's bylaws.	Resolved.

Category	Suggested Action	Corrective Action	Observation
4. Other	Unfilled Board seats.	LCTA will make an official request to the Luzerne County Council within ten (10) days of the resignation, expired term or death of a Board member. LCTA will recommend to the officials of Luzerne County making Board appointments that the seats be filled within sixty (60) days of the expired term, resignation or death of a Board member.	Resolved.
4. Other	Management should establish a succession plan for key positions.	Prior to the 2012 consolidation, LCTA did not have a sufficient number of staff members to plan for a succession of personnel to fill positions that become vacant. LCTA staff was considered “lean” and short staffed by approximately two employees. However, the consolidation presented the opportunity for a more balanced level of staffing and will also allow for cross training of employees in certain areas. This will aid in the succession plan but in order to maintain and recruit qualified management employees, the Board has to evolve proper compensation planning. The LCTA Human Resources Department will develop a new salary structure for existing and new management employees following such guidelines as (1) comparable pay to similar duties in comparable sized transit systems; (2) bonus plan; (3) non-monetary benefits; and, (4) incentive pay for group effort.	Policy was approved by the Board at the October 2013 meeting.

Category	Suggested Action	Corrective Action	Observation
4. Other	Introduce employee satisfaction and performance reviews.	With the addition of a Human Resources Department in early 2012, the HR Director will be required to introduce formal mechanisms to measure employee satisfaction and customer service. The mechanisms can include report card ratings for employee facilities; positions filled internally and joint labor-management initiatives. Performance reviews for all management positions will be drafted and put into practice.	Employee satisfaction surveys have been completed and returned by 43% of staff as of September 2014. LCTA will continue to conduct employee surveys on a regular basis. LCTA considers this item resolved.
4. Other	Safety trends are not tracked.	Safety trends to be tracked more closely in order to assess the impact and return on investment of safety expenditures.	Resolved.
4. Other	LCTA lacks a strategic plan and needs assessment.	The Board and senior staff will work towards developing a strategic plan to understand the level of capital investment needs in order for LCTA to continue to provide reliable service and maintain the system in a state of good repair. Needs will be compared with available and or anticipated capital funds, prioritized appropriately and programmed through a capital planning process.	LCTA relies on its 12-year capital plan, TIP and capital projection presentations as tools for capital strategic planning.
4. Other	Unattainable DBE goal.	LCTA's DBE program is managed by the Procurement Manager. The program is in the process of being updated and revised in order to be in compliance with federal and state regulations as well as small business participation. Although LCTA has always experienced a very low DBE participation, the Procurement Manager is	LCTA's 2013 FTA Triennial Review, which included the evaluation of the DBE program had the following finding: LCTA had no deficiencies found in

Category	Suggested Action	Corrective Action	Observation
		exploring new avenues to increase DBE participation.	regards to USDOT requirements for DBE. LCTA considers this item resolved.
4. Other	Farebox cash discrepancy.	After a review of LCTA's GFI farebox system as well as discussions with several drivers, it was determined that the prevalent cause of farebox discrepancy is driver error from pressing the wrong key. LCTA initiated driver refresher training to address this issue. Additionally, LCTA will require that individual farebox data be audited regularly throughout the year by the Operations Director and Road Supervisor in order to properly monitor and account for farebox receipts. LCTA has established a 2% threshold for farebox discrepancies. If cash receipts are found to be outside of this range, LCTA will count cash receipts by individual vehicle to address farebox reconciliation.	Resolved.
4. Other	LCTA should prepare a five-year operating budget.	LCTA prepared a 5-year operating plan, which was presented to PennDOT in December 2011. The plan provided budget projections for fiscal years 2011 through 2016. The budget will be updated on an annual basis.	Five-year operating budget was prepared and submitted to PennDOT in September 2013. LCTA considers this item resolved.

APPENDIX D: ACTION PLAN TEMPLATE

PART 1- ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR

Recommendation From narrative starting on page 10	LCTA Action	Estimated Initiation Date	Estimated Completion Date
1. Monitor and track fixed-route on-time performance			
2. Develop customer service performance standards			
3. Develop a Transit Development Plan			

PART 2 - ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR

Recommendation From narrative starting on page 11	LCTA Action	Estimated Initiation Date	Estimated Completion Date
1. None			

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

Recommendation From narrative starting on page 11	LCTA Action	Estimated Initiation Date	Estimated Completion Date
1. Develop a formal cost allocation plan			
2. Identify opportunities to integrate IT investments			
3. Routinely check vehicle cameras as part of preventative maintenance			

PART 4 - OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE

Recommendation From narrative starting on page 12	LCTA Action	Estimated Initiation Date	Estimated Completion Date
1. Develop a Board approved strategic plan			
2. Conduct routine Board training			

