



TACT System Performance Review

July 10, 2018

# Performance Report

## Mid County (Armstrong) Transit Authority d.b.a., Town & Country Transit (TACT)

**This page is intentionally blank to allow for duplex printing.**

<b>List of Exhibits .....</b>	<b>ii</b>
<b>Public Transportation Service Snapshot .....</b>	<b>iii</b>
<b>Executive Summary .....</b>	<b>iv</b>
Important Changes Since the 2011 Performance Review .....	v
2011 Performance Review Determinations and Findings .....	v
2018 Performance Review Determinations and Findings .....	vii
2022 Performance Targets .....	vii
Financial Review .....	viii
Next Steps.....	viii
<b>Introduction.....</b>	<b>1</b>
Purpose.....	1
Agency Description .....	2
Performance Review Process.....	4
Customer Satisfaction Survey .....	4
<b>2011 Act 44 Performance Assessment .....</b>	<b>6</b>
Prior Review Determinations and Findings.....	6
Action Plan and Performance Targets.....	6
Assessment .....	8
<b>2018 Act 44 Performance Assessment .....</b>	<b>9</b>
Peer Agency Comparisons .....	9
Assessment .....	9
<b>2022 Performance Targets.....</b>	<b>10</b>
<b>Functional Review.....</b>	<b>11</b>
Opportunities to Increase Fixed-Route Ridership.....	11
Opportunities to Increase Fixed-Route Revenues.....	12
Opportunities to Control Operating Costs.....	12
Other Opportunities to Improve Performance .....	14
<b>Financial Review .....</b>	<b>16</b>
High-Level Indicators of Financial Health .....	16
Total Public Transportation Operational Expenditures and Funding.....	16
Fixed-Route Funding .....	19
Paratransit Funding .....	20
Balance Sheet Findings .....	21
Assessment .....	22
<b>Appendix A: 2011 Performance Review Action Plan Assessment.....</b>	<b>23</b>
<b>Appendix B: Peer Comparisons .....</b>	<b>32</b>
<b>Appendix C: Action Plan Template .....</b>	<b>39</b>
Part 1- Actions to Increase Passengers / Revenue Hour .....	39
Part 2 - Actions to Increase Operating Revenue / Revenue Hour .....	40
Part 3 - Actions to Reduce or Contain Operating Cost / Revenue Hour .....	40
Part 4 - Other Actions to Improve Overall Performance .....	41

## LIST OF EXHIBITS

Exhibit 1: TACT Fixed-Route Service Annual Performance Trends (FYE 2012-2017) .....	3
Exhibit 2: Average Customer Satisfaction Score by Performance Measure .....	5
Exhibit 3: Previous Performance Review Act 44 Comparison Summary .....	6
Exhibit 4: Previous Performance Targets .....	7
Exhibit 5: Current Performance Review Act 44 Peer Comparison Summary .....	9
Exhibit 6: FYE 2022 Act 44 Performance Targets.....	10
Exhibit 7: High-Level Financial Indicators .....	17
Exhibit 8: Public Transportation Operating Expense by Service Type.....	17
Exhibit 9: Public Transportation Operating Expense Trends by Service Type .....	17
Exhibit 10: Percent of Total Public Transportation (Fixed-Route + Paratransit) Operating Budget by Funding Source .....	18
Exhibit 11: Total Public Transportation (Fixed-Route + Paratransit) Operating Budget by Funding Source .....	18
Exhibit 12: Fixed-Route Funding.....	19
Exhibit 13: Paratransit Funding by Source .....	20
Exhibit 14: Paratransit Operating Statistics (FYE 2013 – FYE 2017).....	21
Exhibit 15: Balance Sheet Summary (FYE 2013 – FYE 2017).....	21
Exhibit 16: End-of-Year Cash Balance (FYE 2013 – FYE 2017).....	22

## PUBLIC TRANSPORTATION SERVICE SNAPSHOT

Agency	Mid-County Transit Authority (d.b.a., Town and Country Transit, TACT)		
Year Founded	1975		
Reporting Fiscal Year End (FYE)	2017		
Service Area (Square Miles)	24		
Service Area Population	11,837		
Annual Operating Statistics*	Fixed-Route	Paratransit (ADA + Shared-Ride)	Total
Vehicles in Maximum Service (VOMS)	4	12	16
Operating Cost	\$592,705	\$777,903	\$1,370,608
Operating Revenue	\$34,305	\$567,794	\$602,099
Operating Subsidies	\$558,400	\$210,109	\$768,509
Total (Actual) Vehicle Miles	139,021	338,712	477,733
Revenue Miles of Service (RVM)	129,117	N/A	N/A
Total Vehicle Hours	10,743	17,352	28,095
Revenue Vehicle Hours (RVH)	9,539	N/A	N/A
Total Passenger Trips	37,221	30,696	67,917
Senior Passenger (Lottery) Trips	10,616	20,336	30,952
Act 44 Performance Statistics			
Passengers / RVH	3.90	N/A	N/A
Operating Cost / RVH	\$62.13	N/A	N/A
Operating Revenue / RVH	\$3.60	N/A	N/A
Operating Cost / Passenger	\$15.92	\$25.34	\$20.18
Other Performance Statistics			
Operating Revenue / Operating Cost	5.79%	72.99%	43.93%
Operating Cost / Total Vehicle Hours	\$55.17	\$44.83	\$48.78
Operating Cost / Total Vehicle Miles	\$4.26	\$2.30	\$2.87
Total Passengers / Total Vehicle Hours	3.46	1.77	2.42
Operating Cost / RVM	\$4.59	N/A	N/A
RVM / Total Vehicle Miles	92.88%	N/A	N/A
RVH / Total Vehicle Hours	88.79%	N/A	N/A
Operating Subsidy / Passenger Trip	\$15.00	\$6.84	\$11.32

\*Source: dotGrants most recently available reporting (FYE 2017).

## 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
- 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

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:

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 Mid-County Transit Authority (d.b.a. Town and County Transit, TACT) in June 2011. Based on that review, PennDOT established five-year performance targets and agreed to TACT’s action plan to meet those targets. In March 2018, PennDOT conducted the five-year reassessment of TACT to determine if TACT 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 2011 PERFORMANCE REVIEW

PennDOT conducted the onsite review of Mid County Transit Authority (d.b.a. Town and Country Transit, TACT) in June 2011. However, due to an emergency shared-ride assessment, the performance review report was delayed until March 2013. Since the 2013 report was finalized, the following external forces should be considered when comparing the 2013 performance report and five-year performance trends presented in this report:

1. **Decline in service area population** – From 2000 to 2010, Armstrong County declined by approximately 4.8% from 72,392 to 68,941 residents. Senior population declined in this period by approximately 2.8%. This trend continued from 2010 to 2017 with an additional 4.8% decline in total population from 68,941 to 65,642 residents.
2. **Right-sized fleet** – In previous years, TACT operated fixed-route service with 35’ buses. However, as ridership declined since 2011 (about 13.9% between 2011 and 2013), passenger demand did not require larger vehicles to meet ridership needs. TACT modified the fixed-route fleet by replacing 35’ buses with body-on-chassis (BOCs) vehicles. This proved to be a cost savings measure by reducing overall operating and maintenance expenses, and helped combat the perception of empty buses.
3. **Brought paratransit operations in-house** – Following the 2011 performance review, and subsequent actions to address the shared-ride operating loss, TACT brought paratransit operations in-house in 2013. Based on the previous contract structure, TACT was not able to rely on revenues and subsidies to cover costs. The previous contract structure was too expensive, even after TACT restructured it. In 2014, TACT began directly operating their paratransit service as a cost saving measure.

## 2011 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2011 performance review compared TACT with a group of peer agencies based on the four performance criteria required by Act 44. TACT was found to be “In Compliance” for all 8 performance criteria.

Performance Criteria	FYE*	Determination	Peer Rank (of 10)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle Hour	2009	In Compliance	6	Worse	5.00	6.42
	Trend	In Compliance	5	Better	0.91%	-1.37%
Operating Cost / Revenue Vehicle Hour	2009	In Compliance	7	Worse	\$55.35	\$53.72
	Trend	In Compliance	8	Worse	4.28%	0.49%
Operating Revenue / Revenue Vehicle Hour	2009	In Compliance	8	Worse	\$2.59	\$4.40
	Trend	In Compliance	7	Worse	-10.89%	-10.20%
Operating Cost / Passenger	2009	In Compliance	9	Worse	\$11.06	\$9.08
	Trend	In Compliance	8	Worse	3.34%	2.10%

\*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 reported that TACT was “In Compliance” for all eight measures. But in 2009 the agency performed worse than its peers for all five-year trend measures, except for the

passenger / revenue vehicle hour trend. The following performance targets were established with TACT:

- Increase passengers per revenue vehicle hour by at least 2.5% per year on average
- Increase operating revenue per revenue vehicle hour by at least 5% per year on average
- Contain operating cost per revenue vehicle hour increases to no more than 3% per year on average
- Contain operating cost per passenger increases to no more than 1% per year on average

TACT developed an action plan to address opportunities for improvement identified in the 2011 performance review, which called for significant financial oversight. Among the major steps TACT took to improve its performance are the following:

1. **Reduced total operating expenses** –TACT reduced operating expenses by discontinuing costly rental contracts for maintenance equipment and uniforms, right-sizing the agency fleet from large buses to body-on-chassis vehicles (BOCs), and successfully negotiating a union contract that held wages steady for all represented employees for FYE 2012 and FYE 2013.
2. **Developed a multi-year plan to retire all debt** – In 2009, TACT was technically bankrupt from nearly \$900,000 in debt from outstanding accounts payable and two lines of credit. This was due to longstanding financial mismanagement and a lack of adequate ongoing financial oversight by the Board. Under a new general manager and with technical assistance from PennDOT, TACT addressed its outstanding debt. As part of the action plan, TACT was required to develop a multi-year financial plan to pay off all remaining debts. In FYE 2012, TACT owed \$132,756 to shared-ride vendors, \$88,579 on a line of credit, and a \$34,268 mortgage. Most debts were retired as of September 2013. Vendor debt was paid in full by February 2015.
3. **Reduced headways on midday service runs** – TACT targeted midday service (10:00 a.m. – 2:00 p.m.) for reduced headways to boost fixed-route ridership at its most popular stops. TACT added approximately 1,600 annual revenue vehicle hours beginning in July 2016 (FYE 2017) reducing headways from one hour to thirty minutes. This pilot service was eliminated in FYE 2018 because it was determined to be unproductive.

The 2016 targets presented in the table below, were developed based on five-year projections benchmarked from 2011 dotGrants reported values:

Performance Criteria	2016 Target	2016 Actual	Met Target	2017 Actual
Passengers / Revenue Vehicle Hour	5.60	5.09	No	3.90
Operating Cost / Revenue Vehicle Hour	\$68.28	\$69.04	No	\$62.13
Operating Revenue / Revenue Vehicle Hour	\$3.84	\$4.66	Yes	\$3.60
Operating Cost / Passenger	\$12.51	\$13.56	No	\$15.92

TACT missed its 2016 ridership and cost-based targets. Ridership did not achieve the 2% annual growth target and costs outpaced the 3% containment target. In FYE 2017, TACT management tried increasing midday service frequency to improve agency performance. However, ridership did not increase meaningfully. The result was a one-time decrease in all “per revenue hour” performance metrics reported in FYE 2017 (i.e., passengers, operating cost and operating revenue) and a large increase in operating cost per passenger. Midday service was restored to its pre-2017 service level in FYE 2018.



The largest single issue identified in the 2011 performance review was a history of fiscal mismanagement that threatened the agency with bankruptcy. Management worked with PennDOT to address outstanding debt and stabilize its finances through improved management strategies. These efforts were successful. Though it did not meet its five-year performance targets, PennDOT concludes that TACT did demonstrate a good faith effort to improve its performance.

## 2018 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2018 performance review compared TACT with a group of peer agencies based on the four performance criteria outlined by law. TACT was found to be “In Compliance” for seven performance measures and “At Risk” for one.

Performance Criteria	FYE*	Determination	Peer Rank (of 9)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle Hour	2016	In Compliance	8	Worse	5.09	8.00
	Trend	In Compliance	4	Better	0.56%	0.34%
Operating Cost / Revenue Vehicle Hour	2016	In Compliance	6	Worse	\$69.04	\$68.62
	Trend	In Compliance	4	Worse	2.51%	1.49%
Operating Revenue / Revenue Vehicle Hour	2016	In Compliance	4	Worse	\$4.66	\$5.69
	Trend	In Compliance	6	Worse	3.07%	6.13%
Operating Cost / Passenger	2016	<b>At Risk</b>	9	Worse	\$13.56	\$9.51
	Trend	In Compliance	4	Worse	1.93%	1.60%

\*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. Therefore, these factors differ from those presented on the Agency Profile page, which uses FYE 2017 data.

The 2018 performance review also identified actions that TACT can take to improve overall agency performance including:

1. Raise community awareness of fixed-route and shared-ride services offered using targeted outreach to transit-dependent populations.
2. Assess fixed-route service productivity by time of day and route, and implement strategies to improve overall system productivity.
3. Develop board-approved policies for operating standards such as fixed-route ridership and shared-ride service cost recovery.

Additional opportunities for improvement were also identified during the 2018 performance review. The complete list of opportunities for improvement will serve as the basis for TACT’s Board-approved action plan.

## 2022 PERFORMANCE TARGETS

As required by Act 44, PennDOT and TACT management developed new five-year performance targets. Performance targets are designed to be aggressive, yet achievable. The standard approach is to base future year targets on the most recently available audited year data (i.e., FYE 2017). However, TACT increased service in FYE 2017 by approximately 1,600 revenue vehicle hours, and subsequently eliminated this service at the start of FYE 2018. The result is that FYE 2017 performance metrics do not represent expected agency performance in coming years. Therefore, targets were developed based on FYE 2016 performance metrics projected forward six years to FYE 2022. This approach better

reflects expected future-year service levels and agency performance. TACT should work to achieve these targets, shown in the following table, over the next five years to ensure continued eligibility for full Section 1513 funding.

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2016 Actual	2017 Actual	2022 Target*	
Passengers / Revenue Vehicle Hour	5.09	3.90	5.41	1.0%
Operating Cost / Revenue Vehicle Hour	\$69.04	\$62.13	\$77.76	2.0%
Operating Revenue / Revenue Vehicle Hour	\$4.66	\$3.60	\$4.94	1.0%
Operating Cost / Passenger	\$13.56	\$15.92	\$14.39	1.0%

\*Targets are based on 2016 actuals due to pilot service that was introduced in 2017 and subsequently eliminated in 2018.

## FINANCIAL REVIEW

TACT currently has a balanced operating budget. Operating cash reserves have increased since 2013. Noteworthy elements of TACT's financial condition as of FYE 2017 are:

- TACT had \$43,882 in carryover local funds and \$236,998 in carryover state funds
- Combined carryover subsidies amount to 20.5% of total operational funding
- TACT received its full local match as required by Act 44
- TACT maintains a cash equivalent balance equal to 19.5% of total operating expenses
- Current liabilities exceed current assets, though the amount has decreased over time
- Shared-ride operating subsidies jumped from \$125,837 in FYE 2016 to \$188,465 in FYE 2017
- Accounts payable and receivable amounts are negligible
- TACT maintains a \$100,000 line of credit

Compared to FYE 2011, TACT's financial health is greatly improved. However, growing losses in paratransit threaten the progress TACT made in recent years. TACT must develop a strategy to contain shared-ride operating losses. This will take Board direction, management effort and coordination with PennDOT. Once paratransit losses are contained, management should continue to contain operating costs, increase revenues, and ensure sufficient cash reserves to further improve TACT's overall financial health.

## NEXT STEPS

TACT 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. TACT'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 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
- 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
- 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:

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 the Mid-County Transit Authority (d.b.a. Town and Country Transit, TACT) in June 2011. PennDOT established five-year performance targets based on that review, and agreed to TACT’s action plan to meet those targets. PennDOT conducted the five-year reassessment of TACT in March 2018 to determine if TACT successfully met its targets and to discuss 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**

Mid County Transit Authority (d.b.a., Town & Country Transit, TACT) established in 1975, is a rural transportation provider for Armstrong County, PA. Armstrong County is an economically distressed area with a declining population. The service area population declined approximately 4.8% from 72,392 to 68,941 residents from 2000 to 2010. This trend continued from 2010 to 2017 with an additional 4.8% in population loss from 68,941 to 65,642 residents. Population decline, and subsequent declines in ridership, resulted in a fleet change in 2012 from 35' buses to BOCs to accommodate passenger demand. Currently, fixed-route and ADA service is provided in the greater Kittanning and Ford City areas and shared-ride service is provided throughout the County.

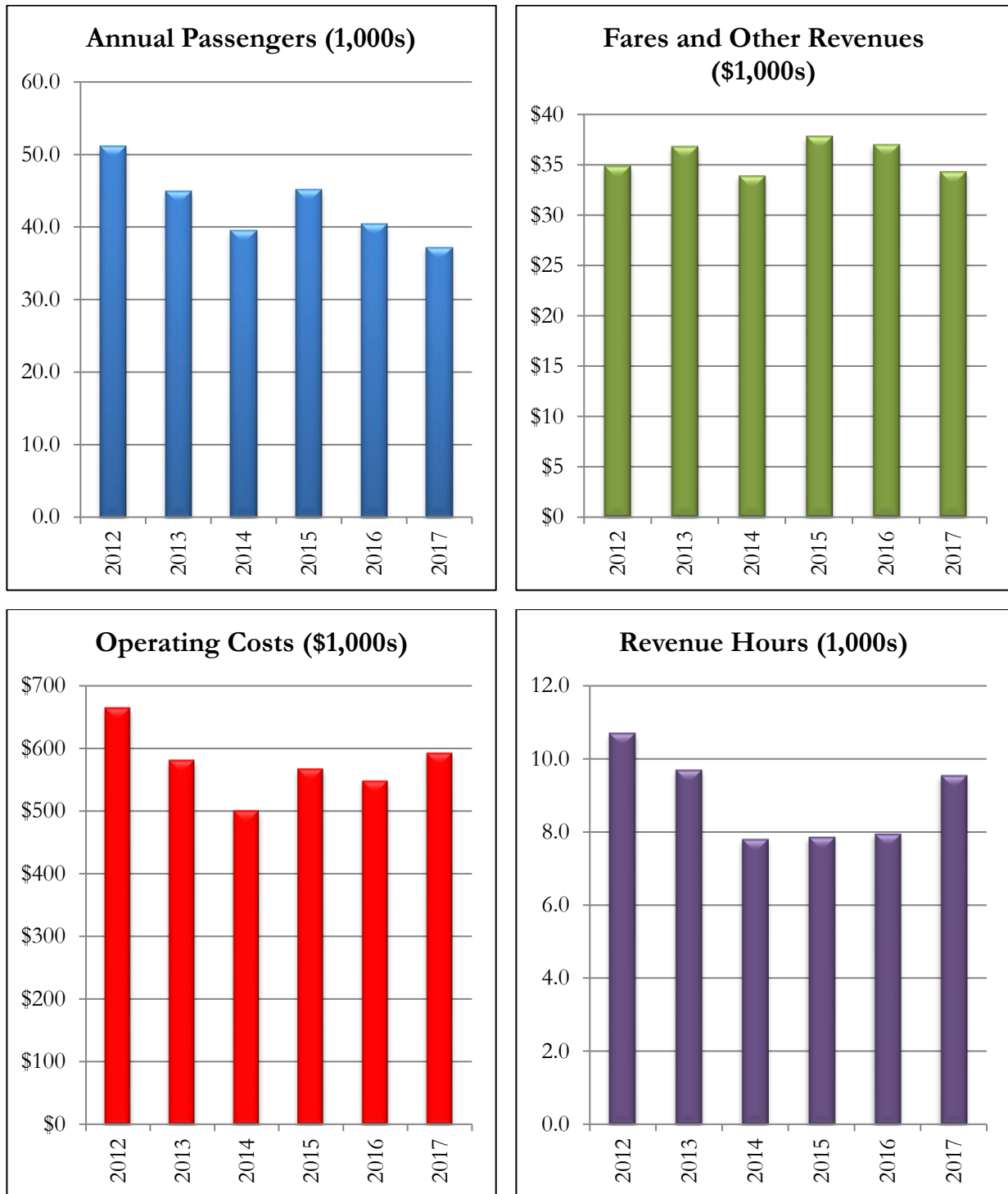
TACT is governed by a seven-member Board of Directors (Board). Members are appointed by municipalities that provide local financial support. This includes Applewold, East Franklin, Ford City, Kittanning, Manor, Manorville and West Kittanning. Armstrong County also provides local matching funds, but does not appoint members to the Board.

As of FYE 2017, TACT provided approximately 37,000 fixed-route passenger trips and 31,000 paratransit passenger trips annually, with a fleet of four fixed-route buses and twelve paratransit vehicles. TACT maintains 3 fixed-routes (Green, Blue and Yellow Lines). TACT operates fixed-route transportation services Monday through Friday from 5:30 a.m. until 10:40 p.m. and Saturdays from 8 a.m. until 4 p.m. TACT provides shared-ride service throughout Armstrong County, operating Monday through Friday from 6:00 a.m. until 5:00 p.m., and Saturdays from 5:00 a.m. until 3:00 p.m.

TACT had its initial Transit Performance Review in December 2011. At that time, the agency was in dire financial condition. PennDOT immediately conducted an emergency shared-ride assessment delaying the release of the Performance Report until March 2013. At that time, TACT was found to be “in compliance” for all eight key criteria for fixed-route bus service and was given an Action Plan to address opportunities for improvement. However, continuing shared-ride financial losses threatened to disrupt the entire agency.

The most important action identified in the performance review was to address the large deficit in the shared-ride program. Years of financial mismanagement had TACT on the verge of bankruptcy. Contractors were not being paid and the agency was approximately \$900,000 in debt. In response, TACT changed management, brought paratransit operations in-house and implemented a shared-ride fare increase. TACT's finances eventually stabilized and the agency built up a reserve that included \$148,873 of state 1513 carryover funds by FYE 2015. The 1513 carryover fund balance grew to \$236,998 by FYE 2017.

**Exhibit 1: TACT Fixed-Route Service Annual Performance Trends (FYE 2012-2017)**



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

## PERFORMANCE REVIEW PROCESS

In March 2018, PennDOT initiated an Act 44-mandated performance review for TACT. The following outlines the review process:

1. Initial notification of performance review selection and transmission of document request:
  - a. Review available data and request additional information.
  - b. Peer selection: TACT and PennDOT agree to a set of peer agencies that would be used for comparative analysis.
2. Conduct PennDOT-sponsored customer satisfaction survey (CSS).
3. Review of Act 44 variables including current performance, targets from the previous 2011 review, 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 suggested actions, and monitor implementation of the five-year action plan.
10. Provide technical assistance, if requested, to help meet five-year performance targets.

These steps in the performance review process help reviewers understand TACT's unique challenges, changes that have occurred since the previous performance review, the accuracy and reliability of reported data, TACT practices that have been implemented, additional opportunities for improvement, and realistic goals for the next performance review. In addition, these steps identify the role that PennDOT plays in offering technical assistance and the opportunity to modify targets if appropriate.

## CUSTOMER SATISFACTION SURVEY

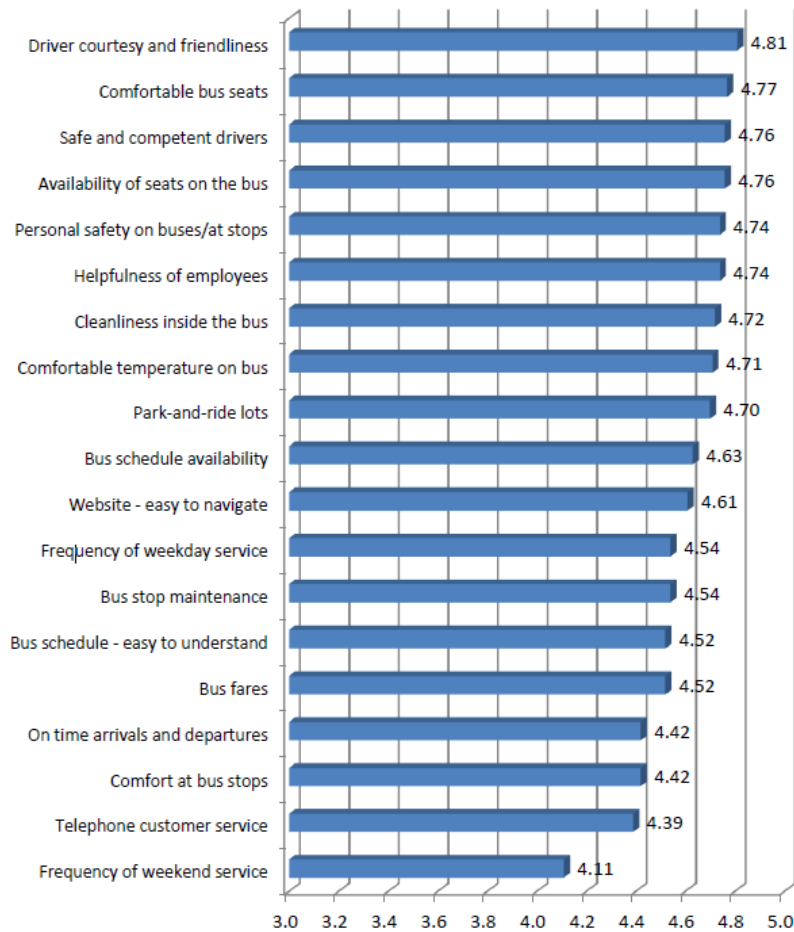
In 2017, PennDOT sponsored a fixed-route rider survey to be conducted for TACT based on 15 questions that addressed customer satisfaction, rider characteristics, and patterns in service usage. Over a period from January 16, 2017 to February 3, 2017 TACT surveyed their fixed-route passengers and collected 94 completed surveys:

1. 99% of respondents were satisfied or very satisfied with the service.
2. 99% of respondents indicated they would continue using the service.
3. 98% of respondents said they would recommend the service to others.

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.

TACT received the highest ratings in driver courtesy and friendliness, comfortable bus seats, safe and competent drivers, and availability of seats on the bus. TACT received the lowest ratings for, comfort at bus stops, telephone customer service, and frequency of weekend service.

Exhibit 2: Average Customer Satisfaction Score by Performance Measure



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

1. On time arrivals and departures;
2. Comfort at bus stops;
3. Telephone customer service; and,
4. Frequency of weekend service.

# 2011 ACT 44 PERFORMANCE ASSESSMENT

## PRIOR REVIEW DETERMINATIONS AND FINDINGS

The 2011 performance review assessed TACT against a group of peer agencies based on the four performance criteria required by Act 44. TACT was found to be “In Compliance” for all eight performance criteria (**Exhibit 3**).

### Exhibit 3: Previous Performance Review Act 44 Comparison Summary

Performance Criteria	FYE*	Determination	Peer Rank (of 10)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle Hour	2009	In Compliance	6	Worse	5.00	6.42
	Trend	In Compliance	5	Better	0.91%	-1.37%
Operating Cost / Revenue Vehicle Hour	2009	In Compliance	7	Worse	\$55.35	\$53.72
	Trend	In Compliance	8	Worse	4.28%	0.49%
Operating Revenue / Revenue Vehicle Hour	2009	In Compliance	8	Worse	\$2.59	\$4.40
	Trend	In Compliance	7	Worse	-10.89%	-10.20%
Operating Cost / Passenger	2009	In Compliance	9	Worse	\$11.06	\$9.08
	Trend	In Compliance	8	Worse	3.34%	2.10%

\*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.

## ACTION PLAN AND PERFORMANCE TARGETS

Using the four criteria, TACT’s fixed-route service performance was analyzed for FY 2008-09 and over a five-year trend period from FY 2003-04 to FY 2008-09. Despite the “In Compliance” determination for all criteria and for both single year and trend, TACT performed worse than its peer’s average except in ridership five-year trend. The following performance targets were established with TACT:

- Increase passengers per revenue vehicle hour by at least 2.5% per year on average
- Increase operating revenue per revenue vehicle hour by at least 5% per year on average
- Contain operating cost per revenue vehicle hour increases to no more than 3% per year on average
- Contain operating cost per passenger increases to no more than 1% per year on average

TACT developed an action plan to address opportunities for improvement identified in the 2011 performance review, which called for significant financial oversight. Among the major steps TACT took to improve its performance included the following:

1. **Reduced total operating expenses** –TACT reduced operating expenses by discontinuing costly rental contracts for maintenance equipment and uniforms, right-sizing the agency fleet from large buses to body-on-chassis vehicles (BOCs), and successfully negotiating a union contract that held wages steady for all represented employees for FYE 2012 and FYE 2013.



2. **Developed a multi-year plan to retire all debt** – In 2009, TACT was technically bankrupt from nearly \$900,000 in debt from outstanding accounts payable and two lines of credit. This was due to longstanding financial mismanagement and a lack of adequate ongoing financial oversight by the Board. Under a new general manager and with technical assistance from PennDOT, TACT addressed its outstanding debt. As part of the action plan, TACT was required to develop a multi-year financial plan to pay off all remaining debts. In FYE 2012, TACT owed \$132,756 to shared-ride vendors, \$88,579 on a line of credit, and a \$34,268 mortgage. Most debts were retired as of September 2013. Vendor debt was paid in full by February 2015.
3. **Reduced headways on midday service runs** – TACT targeted midday service (10:00 a.m. – 2:00 p.m.) for reduced headways to boost fixed-route ridership at its most popular stops. TACT added approximately 1,600 annual revenue vehicle hours beginning in July 2016 (FYE 2017) reducing headways from one hour to thirty minutes. This pilot service was eliminated in FYE 2018 because it was determined to be unproductive.

The complete list of TACT's previous Action Plan items and TACT's progress in addressing previously identified opportunities for improvement is provided in **Appendix A: 2011 Performance Review Action Plan Assessment**.

As shown in **Exhibit 4**, TACT successfully met only one out of four performance targets that were established during the 2011 performance review.

#### **Exhibit 4: Previous Performance Targets**

<b>Performance Criteria</b>	<b>2016 Target</b>	<b>2016 Actual</b>	<b>Met Target</b>	<b>2017 Actual</b>
Passengers / Revenue Vehicle Hour	5.60	5.09	No	3.90
Operating Cost / Revenue Vehicle Hour	\$68.28	\$69.04	Yes	\$62.13
Operating Revenue / Revenue Vehicle Hour	\$3.84	\$4.66	No	\$3.60
Operating Cost / Passenger	\$12.51	\$13.56	No	\$15.92

TACT reported progress to PennDOT on the implementation of the 2011 Action Plan. During the 2018 performance review several factors were noted that should be considered when evaluating TACT's ability to meet its performance targets:

1. **Decline in service area population** – From 2000 to 2010, the Armstrong County declined by approximately 4.8% from 72,392 to 68,941 residents. Senior population declined in this period by approximately 2.8%. This trend continued from 2010 to 2017 with an additional 4.8% decline in total population from 68,941 to 65,642 residents.
2. **Right-sized fleet** – In previous years, TACT operated fixed-route service with 35' buses. However, as ridership declined since 2011 (about 13.9% between 2011 and 2013), passenger demand did not require larger vehicles to meet ridership needs. TACT modified the fixed-route fleet by replacing 35' buses with body-on-chassis (BOCs) vehicles. This proved to be a cost savings measure by reducing overall operating and maintenance expenses, and helped combat the perception of empty buses.
3. **Brought paratransit operations in-house** – Following the 2011 performance review, and subsequent actions to address the shared-ride operating loss, TACT brought paratransit operations in-house in 2013. Based on the previous contract structure, TACT was not able to rely on revenues and subsidies to cover costs. The previous contract structure was too

expensive, even after TACT restructured it. In 2014, TACT began directly operating their paratransit service as a cost saving measure.

## **ASSESSMENT**

TACT missed its 2016 ridership and cost-based targets. Ridership did not achieve the 2% annual growth target and costs outpaced the 3% containment target. In FYE 2017, TACT management tried increasing midday service frequency to improve agency performance. However, ridership did not increase meaningfully. The result was a one-time decrease in all “per revenue hour” performance metrics that in FYE 2017 (i.e., passengers, operating cost and operating revenue) and a large increase in operating cost per passenger. Midday service was restored to its pre-2017 service level in FYE 2018.

The largest single issue identified in the 2011 performance review was a history of fiscal mismanagement that threatened the agency with bankruptcy. Management worked with PennDOT to address outstanding debt and stabilize its finances. These efforts were successful. Though it did not meet its five-year performance targets, PennDOT concludes that TACT did demonstrate a good faith effort to improve its performance.

## 2018 ACT 44 PERFORMANCE ASSESSMENT

The 2018 performance review assessed TACT against a group of peer agencies based on the four performance criteria required by Act 44.

### PEER AGENCY COMPARISONS

Peer agencies were identified through a collaborative process between PennDOT and TACT management using criteria defined in Act 44 and data from the most recently available National Transit Database (NTD), FYE 2016. The systems identified for peer comparisons include:

1. Dubois, Falls Creek, Sandy TWP Joint Transit Authority, DuBois, PA
2. Venango County Transportation Office, Franklin, PA
3. Borough of Mt. Carmel, Mount Carmel, PA
4. Warren County Transit Authority, Warren, PA
5. Butler Transit Authority, Butler, PA
6. Ashland Bus System, Ashland, KY
7. Intracity Transit, Hot Springs, AR
8. Brunswick Transit Alternative, Brunswick, OH

Results of the current TACT analysis and peer comparison are presented in **Exhibit 5**. TACT was found to be “In Compliance” for seven measures and “At Risk” for one. 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 9)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle Hour	2016	In Compliance	8	Worse	5.09	8.00
	Trend	In Compliance	4	Better	0.56%	0.34%
Operating Cost / Revenue Vehicle Hour	2016	In Compliance	6	Worse	\$69.04	\$68.62
	Trend	In Compliance	4	Worse	2.51%	1.49%
Operating Revenue / Revenue Vehicle Hour	2016	In Compliance	4	Worse	\$4.66	\$5.69
	Trend	In Compliance	6	Worse	3.07%	6.13%
Operating Cost / Passenger	2016	<b>At Risk</b>	9	Worse	\$13.56	\$9.51
	Trend	In Compliance	4	Worse	1.93%	1.60%

TACT was found to be “At Risk” for the FYE 2016 single year determination for operating cost per passenger. Operating costs have steadily decreased from 2011 to 2016 at 2.51% per year, however TACT was among the lowest of the peers for passengers per revenue hour in 2016, which offset the drop in costs.

### ASSESSMENT

TACT had one “At Risk” finding for the FYE 2016 single year determination for operating cost per passenger. Given the sharp decline in ridership, rates of trend changes for ridership-based variables should be viewed critically. Management’s efforts should continue to focus on containing costs, addressing the shared-ride deficit, increasing ridership, and improving farebox recovery.

## 2022 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 targets and reevaluating performance are intended to give management the information needed to monitor 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 2018 performance review noted that TACT underperformed its peers on all four criteria. TACT should continue to work toward achieving its FYE 2022 targets, especially targeting efforts to increase fixed-route ridership.

The following performance targets were established in consultation with TACT:

- Increase passengers per revenue vehicle hour by at least 1% per year on average
- Contain operating cost per revenue vehicle hour increases to no more than 2% per year on average
- Increase operating revenue per revenue vehicle hour by at least 1% per year on average
- Contain operating cost per passenger trip increases to no more than 1% per year on average

As required by Act 44, PennDOT and TACT management developed new five-year performance targets. Performance targets are designed to be aggressive, yet achievable. The standard approach is to base future year targets on the most recently available audited year data (i.e., FYE 2017). However, TACT increased service in FYE 2017 by approximately 1,600 revenue vehicle hours, and subsequently eliminated this service at the start of FYE 2018. The result is that FYE 2017 performance metrics do not represent expected agency performance in coming years. Therefore, targets were developed based on FYE 2016 performance metrics projected forward six years to FYE 2022. This approach better reflects expected future-year service levels and agency performance. TACT should work to achieve these targets, shown in **Exhibit 6**, over the next five years to ensure continued eligibility for full Section 1513 funding.

### Exhibit 6: FYE 2022 Act 44 Performance Targets

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2016 Actual	2017 Actual	2022 Target*	
Passengers / Revenue Vehicle Hour	5.09	3.90	5.41	1.0%
Operating Cost / Revenue Vehicle Hour	\$69.04	\$62.13	\$77.76	2.0%
Operating Revenue / Revenue Vehicle Hour	\$4.66	\$3.60	\$4.94	1.0%
Operating Cost / Passenger	\$13.56	\$15.92	\$14.39	1.0%

\*Targets are based on 2016 actuals due to pilot service that was introduced in 2017 and subsequently discontinued in 2018.

## FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to catalog TACT practices to share with other transit agencies, and to identify opportunities for improvement that should be addressed in the Action Plan (see **Appendix C: 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 TACT, an Action Plan templates has been included in the **Appendix C: Action Plan Template** (see pg. 39). 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 PRACTICE

1. None.

#### ELEMENTS TO ADDRESS IN PART 1 OF THE ACTION PLAN (P. 39)

1. TACT has experienced a steady decline in fixed-route ridership over the last five-years. Ridership dropped from 51,151 in 2012 to 37,221 in 2017, an average decline of 6.2% per year. Management should work with the Board to **develop a strategy to address declining ridership**. An effective strategy, at a minimum, should **identify opportunities to maximize agency presence within the community** to potentially attract new riders, such as:
  - a. **Hold monthly “meet and greets” annually at local senior centers;**
  - b. **Conduct monthly outreach events annually at local senior housing facilities;**
  - c. **Collaborate with local organizations for partnership opportunities** (e.g., Armstrong County Tourism Bureau, Downtown Kittanning Inc., Ford City Summerfest, etc.);
  - d. **Participate in, and manage a “How to Ride Town & Country Transit” outreach booth at community events** (e.g., Fort Armstrong Folk Festival, Memorial Day Parade, etc.); and,
  - e. **Progress on actions targeting fixed-route ridership should be reported to the Board each month.**

2. TACT does not track on-time performance, a common measure of system performance. The 2017 fixed-route rider survey reported that TACT's score for "on time arrivals and departures" as a measure of customer satisfaction is among its lowest scores. On-time performance can be defined as a fixed-route vehicle arriving, passing, or leaving a stop along its route within a time that is no more than (x) minutes earlier and no more than (y) minutes later than the published time schedule. Management should work with the Board to **develop a policy for on-time performance** by determining a figure for how many minutes late is acceptable for a fixed-route vehicle to be considered on-time. This will support future technology investments at TACT like the statewide Fixed-Route Intelligent Transportation System (FRITS) that will track on-time performance in real time, and help TACT examine on-time performance across the system to improve schedule adherence.
3. TACT maintains an ADA compliant policy and follow-up procedures. Currently, there is no formal protocol for handling fixed-route complaints. Complaints are followed up with a phone call, but are not logged or tracked. Management should **develop a formal customer service protocol that lists follow-up procedures for fixed-route complaints**. Additionally, management should include customer service metrics as part of monthly Board reports.

## OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

### BEST PRACTICE

1. None.

### ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN (P. 40)

1. TACT generates minimal advertising revenue. Management should **reassess opportunities to sell advertising space annually**. This includes exterior and interior advertising on the fleet and bus shelters.
2. TACT has a fixed-route fare adjustment policy that is designed to keep pace with inflation. TACT last pursued a fixed-route fare increase in April 2012, and last assessed whether to implement a fare increase in April 2017. In addition to keeping pace with inflation, a fare policy should consider the rate of farebox recovery to operating expenses. TACT's farebox recovery ratio is at 5.4% as of FYE 2017. Typically, rural transit agencies should be between 8.0% and 12.0%. TACT should **update its fixed-route fare adjustment policy to include a farebox recovery goal** as an additional metric that can be used to assess potential fare changes or service changes.

## OPPORTUNITIES TO CONTROL OPERATING COSTS

### BEST PRACTICE

1. TACT right-sized the fixed-route fleet from 35' buses to five BOC vehicles in 2012 to match service, which reduced costs from using previously larger vehicles.
2. During previous years of financial strain, TACT contained wages for represented employees for two years (FYE 2012 and FYE 2013) during collective bargaining agreement negotiations.

**ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN (P. 40)**

1. TACT operates three-fixed routes Monday through Saturday. The earliest route (Blue Line) departs at 5:30 a.m. and returns at 10:40 p.m., which gives TACT a 17-hour span of service. In FYE 2017, TACT carried 3.9 passengers per revenue vehicle hour at an operating cost of \$62.13 per revenue vehicle hour, for an operating cost of \$15.92 per passenger. Currently, there are times with very few passengers riding the system, particularly in the earliest and latest hours. Management should **analyze the current fixed-route span of service by route and time-of-day to identify strategies to improve productivity that target unproductive hours** where demand is low. This will decrease operating costs (e.g., driver wages and fringe, fuel, vehicle maintenance, etc.) and improve systemwide passengers per hour and operating cost per passenger performance.
  
2. TACT improved financial oversight in recent years following a change in management to include basic reporting of financial information. However, current financial information is reported to the Board with little interpretation to understand cost drivers (i.e., an activity that triggers a change in costs) and trends (i.e., general cost directions, either increases or decreases). **To provide opportunities for stronger oversight, management should track and report the following statistics to the Board each month:**
  - a. **Cash reserves ratio** (cash on hand + accounts receivable)/annual operating cost compared to target (25%);
  - b. **Current ratio** (current assets / current liabilities) compared to target (1.0 or greater);
  - c. **Accounts receivable by due date** (i.e., <30 days, 30-60 days, 60-90 days, 90 days +);
  - d. **Accounts payable by due date** (i.e., <30 days, 30-60 days, 60-90 days, 90 days +);
  - e. **Balance of, and rationale for, any outstanding debt** or line of credit;
  - f. **Operating expenses by agency function** (i.e., operations, maintenance and administration) compared to previous year, previous year-to-date and budget;
  - g. **Act 44 fixed-route performance metrics** compared to performance targets;
    - i. Passengers per revenue hour
    - ii. Operating cost per revenue hour
    - iii. Revenue per revenue hour
    - iv. Operating cost per passenger
  - h. **Operating cost per mile** by mode (i.e., fixed-route, ADA and shared-ride) compared to previous year;
  - i. **Operating subsidy (operating cost – revenues) per passenger trip** by mode (fixed-route and shared-ride); and,
  - j. **Farebox recovery ratio** (passenger fares/operating cost) by mode (fixed-route and shared-ride).

When presenting this information and other items at the Board's and management's discretion, management should develop charts, tables and graphics that will help Board members quickly identify short-term and long-term trends that could adversely impact TACT's financial health or service delivery.

## OTHER OPPORTUNITIES TO IMPROVE PERFORMANCE

### BEST PRACTICES

1. None.

### ELEMENTS TO ADDRESS IN PART 4 OF THE ACTION PLAN (P. 41)

1. TACT has an active Board with longstanding members. Recently, TACT brought on two new Board members, but there was no official onboarding process to explain the roles and responsibilities expected for members to serve as effective agency advocates. The function of a Board is to oversee performance and provide policy direction to be implemented by management. TACT should **develop a formal Board education program that clearly defines Board member roles and responsibilities** such as:
  - a. **Primary functions** (e.g., sets policy, approves budget, agency oversight, voting, etc.);
  - b. **Secondary functions** (e.g., signatory duties, advocates on behalf of agency, etc.); and,
  - c. **Governance sub-committee structure, membership and official duties** (i.e., Finance Committee, Marketing, and Human Resources); and,
  - d. **Meeting attendance requirements.**

The Board should also **incorporate PennTRAIN Board Training 101 modules as part of monthly Board meetings for ongoing refresher training.**

2. TACT currently has a succession plan in place that provides guidance in the event of unexpected protracted absences for key staff. The plan lists who would assume the duties of key positions, but does not specifically call out essential functions and duties to keep operations uninterrupted. Management should **update the succession plan to distinguish and assign key management functions** like the following:
  - a. **General Manager** – agency leadership, Board administration, funding oversight and management, financial management, budget preparation, and community and public relations.
  - b. **Operations** – driver bids, route assessment, dispatch oversight, benefits administration, interviews, personnel record management, workers compensation, benefits enrollments, EEO and TITLE VI, and drug and alcohol reporting.
  - c. **Finance** – payroll process, grants oversight, audit, journal entries, bank reconciliations, procurement and quarterly reporting.
  - d. **Maintenance** – work assignments, payroll reporting, vehicle inspection, and preventative maintenance logs.
  - e. **Office Manager** – farebox reconciliation, inventory control, and benefits enrollment.

The updated succession plan should list transition steps for interim positions following permanent unplanned absences.

3. TACT developed a strategic plan that outlines the primary challenges facing TACT and four strategic goals to carry out the agency's mission statement. Each goal currently lists three to four objectives for goal achievement, but there are no specific actions called out to support



each objective. Management should **update the strategic plan to include measurable actions and performance standards.** For example:

- a. Goal: Improve customer satisfaction;
- b. Objective: Ensure system efficiency and reliability;
- c. Action: Achieve (x)% on-time performance; and,
- d. Performance Standard: Maintain (x)% on-time performance record within (y) period.

A clear plan with specific objectives and measures promotes a thorough allocation of resources when priorities compete (e.g., operating cost performance vs. service expansion). This will inform decision-making on trade-offs when deciding how to allocate resources.

4. Due to prior financial mismanagement, TACT had a contract structure in place that did not recover operational expenses for contracted paratransit services. This caused TACT to incur annual debt that the agency was unable to pay. Through a combination of one-time PennDOT subsidies and fare increases, TACT eliminated its contractor debt and stabilized shared-ride cost recovery. However, the shared-ride program resumed operating at a deficit in FYE 2015, relying on fixed-route carryover subsidies to pay for shared-ride losses:
  - FYE 2015 required \$107,855 in fixed-route carryover subsidies
  - FYE 2016 required \$125,837 in fixed-route carryover subsidies
  - FYE 2017 required \$188,465 in fixed-route carryover subsidies

The Board should **develop a shared-ride cost recovery policy** and instruct management to implement the following:

- a. **Identify opportunities to contain or reduce costs per passenger trip (e.g., increase passengers per hour by consolidating vehicle trips, etc.);**
- b. **Assess fare zones, fares and productivity;**
- c. **Set a cost recovery goal; and,**
- d. **Understand the impact of fare changes on ridership and sponsorship arrangements to correctly assess the financial impact of those fare changes.**

For example, TACT can target fare zones with areas of relatively low boardings for opportunities to increase productivity. This would likely require TACT to limit the number of vehicle trips to these zones and increase boardings per vehicle trip. This will reduce cost per passenger, but at the expense of the quality of service (e.g., longer rides, less locations, less days, etc.). However, cost recovery will improve.

**The shared-ride cost recovery policy should be designed to break even over a three-year period between fare increases to ensure that costs do not outpace revenues:**

- First year - revenues will outpace costs
- Second year - revenues and costs will break even
- Third year - costs will outpace revenues

TACT management should **work closely with PennDOT staff to identify a mutually acceptable shared-ride fare recovery policy.**

## 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

### HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

As shown in **Exhibit 7**, TACT has 20.5% in total carryover subsidies to total annual operating cost. These reserves account for available liquidity in case of unexpected cost increases. In FYE 2017, TACT received their required local match to 1513 state operating subsidy.

TACT has no accounts payable and receivable amounts over 90 days. TACT maintains a \$100,000 line of credit that is available for cash flow purposes, and currently there is no outstanding debt. Although TACT is below the 25% goal for liquidity through available reserves, the agency's overall financial standing has greatly improved since the 2011 performance review. However, TACT continues to rely on fixed-route carryover subsidies to support shared-ride service.

### TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

TACT operating budget decreased slightly from \$1.5 million in FYE 2013, but has remained relatively stable in the past five years and was approximately \$1.4 million in FYE 2017 (**Exhibit 8**). Approximately 56.8% of TACT's operational expenses are for paratransit services. The remaining operational expenses (43.2%) are for fixed-route services, as shown in **Exhibit 9**.

Agency-wide operating funds come from a variety of sources including state funds, federal funds, local funds and passenger fares. TACT used state, federal and local funds to finance both fixed-route and paratransit operations (**Exhibit 10**). Combined, state and federal subsidies are the largest share of income for TACT, accounting for 53.0% of total operating income. Passenger fares and other local funds are the remaining funding sources, representing approximately 47.0% of total operating income (**Exhibit 11**).

**Exhibit 7: High-Level Financial Indicators**

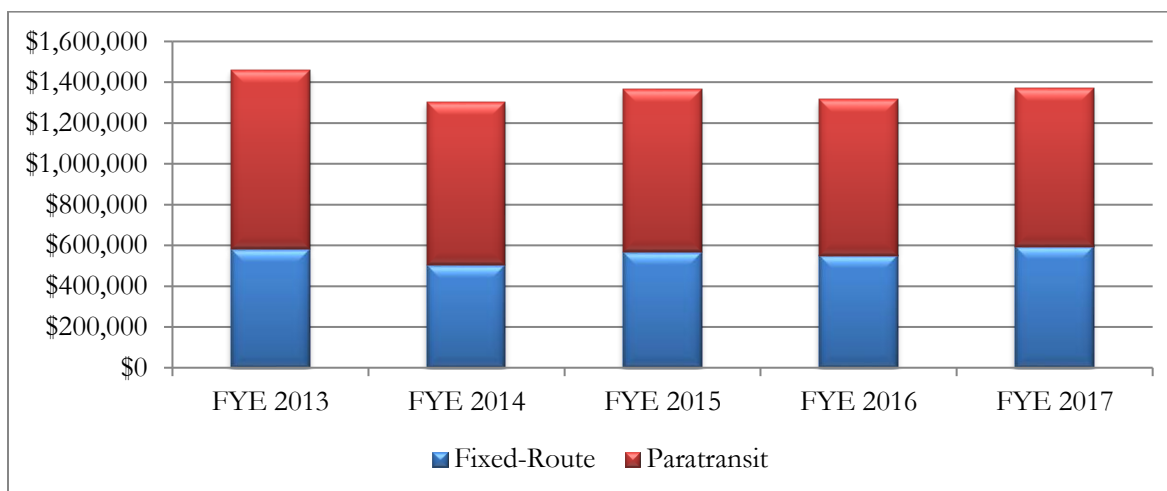
FYE 2017 Indicator	Value	Assessment Criteria / Rationale	Source
Total Carryover Subsidies / Annual Operating Cost	20.5%	Combined target 25%+. This provides liquidity to account for unexpected cost increases or service changes without the need to incur interest fees from loans.	FYE 2017 Audit
Credit available/ Annual Payroll	9.9%	Only necessary if combined carryover subsidies are less than 25% of annual. This ensures that the agency maintains sufficient cash flow / liquidity to pay all current bills.	FYE 2017 Audit and PennDOT dotGrants
Actual Local Match / Required Match	100%+	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 2017
Accounts Payable (AP) 90+ days	0.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	TACT reported value
Accounts Receivable (AR) 90+ days	0.0%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	TACT reported value
Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2017 Audit

**Exhibit 8: Public Transportation Operating Expense by Service Type**

Service Type	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
Fixed Route	\$581,699	\$501,464	\$567,985	\$548,561	\$592,705
Paratransit	\$878,970	\$802,008	\$795,438	\$766,525	\$777,903
<b>Total*</b>	<b>\$1,460,669</b>	<b>\$1,303,472</b>	<b>\$1,363,423</b>	<b>\$1,315,086</b>	<b>\$1,370,608</b>

\* May not add due to rounding.

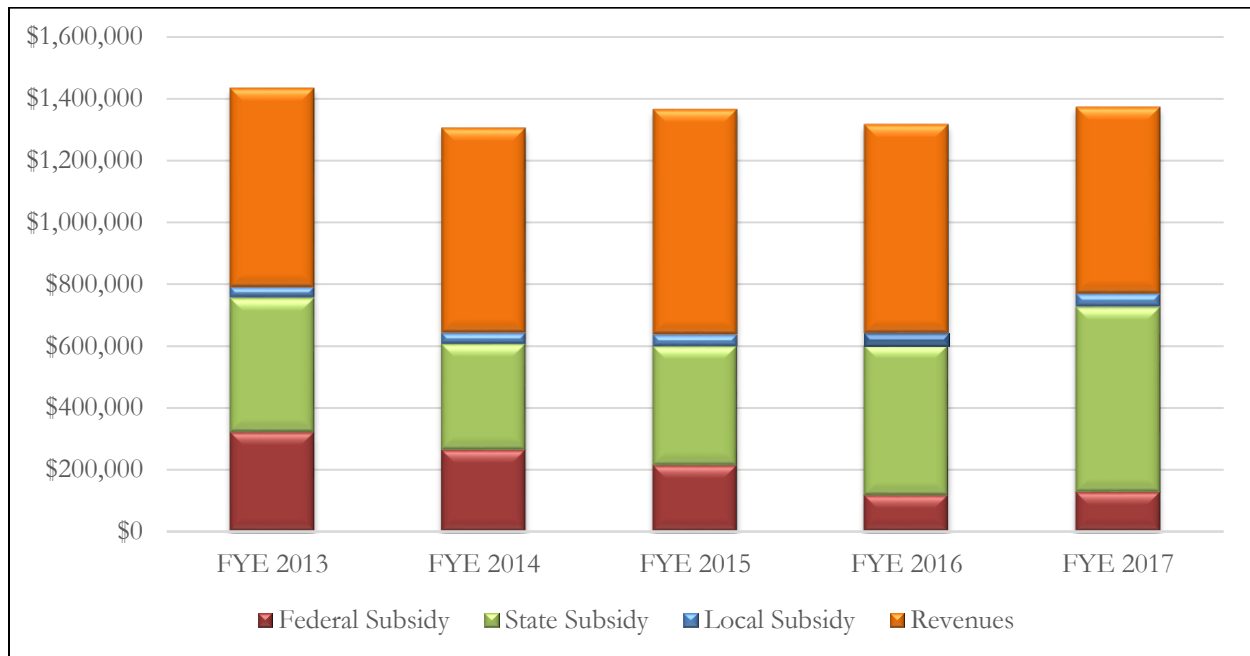
**Exhibit 9: Public Transportation Operating Expense Trends by Service Type**



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

Funding Source	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
Federal Subsidy	22.4%	20.2%	15.7%	9.0%	9.4%
State Subsidy	30.2%	26.3%	28.3%	36.7%	43.6%
Local Subsidy	2.4%	2.8%	2.8%	3.1%	3.1%
Revenues	44.9%	50.7%	53.2%	51.2%	43.9%
Local Subsidy / State Subsidy	8.0%	10.7%	10.0%	8.3%	7.1%

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



## FIXED-ROUTE FUNDING

TACT's fixed-route funding comes from general revenues and government subsidies. Direct passenger fares represent between 5.4% and 6.5% of total operating funding (**Exhibit 12**). Based on FYE 2017 dotGrants reporting, TACT operated using current year funding with \$236,998 in Act 44 (1513) state carryover funds available. TACT had \$42,337 in local carryover funds available.

### Exhibit 12: Fixed-Route Funding

Funding Source	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
<b>Revenues</b>					
Passenger Fares	\$32,456	\$31,579	\$36,708	\$35,283	\$32,232
Advertising	\$1,374	\$420	\$0	\$803	\$444
Charter	\$0	\$0	\$0	\$0	\$0
Route Guarantees	\$0	\$0	\$0	\$0	\$0
Other- Multi-Ride Passes	\$2,432	\$1,615	\$920	\$750	\$1,110
Other- Interest	\$549	\$275	\$167	\$161	\$148
Other- Gain on Sale of Bus	\$0	\$0	\$0	\$0	\$371
Other- Reimbursement	\$0	\$0	\$21	\$0	\$0
<b>Subtotal</b>	<b>\$36,811</b>	<b>\$33,889</b>	<b>\$37,816</b>	<b>\$36,997</b>	<b>\$34,305</b>
<b>Subsidies</b>					
Federal Operating Grant	\$199,126	\$144,289	\$130,155	\$118,524	\$128,234
Act 44 (1513) State Prior	\$0	\$0	\$0	\$148,873	\$0
Act 44 (1513) State Current	\$103,832	\$130,361	\$256,613	\$203,846	\$387,829
Municipal Prior	\$0	\$0	\$0	\$0	\$0
Municipal Current	\$34,830	\$36,572	\$38,401	\$40,321	\$42,337
Special- (Federal)	\$122,305	\$119,660	\$84,000	\$0	\$0
Special- (State)	\$56,449	\$36,693	\$21,000	\$0	\$0
Special- (Local)	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$516,542</b>	<b>\$467,575</b>	<b>\$530,169</b>	<b>\$511,564</b>	<b>\$558,400</b>
<b>Total Funding</b>	<b>\$553,353</b>	<b>\$501,464</b>	<b>\$567,985</b>	<b>\$548,561</b>	<b>\$592,705</b>
<b>Passenger Fares/ Total Funding</b>	<b>5.9%</b>	<b>6.3%</b>	<b>6.5%</b>	<b>6.4%</b>	<b>5.4%</b>

Source: PennDOT dotGrants Reporting System.

## PARATRANSIT FUNDING

TACT's paratransit operating budget is larger than that of the fixed-route budget, and consists of ADA service and shared-ride service. The paratransit funding mainly relies on agency's general revenues, such as passenger fares and senior passenger (lottery) fare reimbursement. State subsidies are used to finance paratransit operating costs as well (**Exhibit 13**). In the past three years (FYE 2015-2017), the total paratransit funding was reduced compared to that in FYE 2013 and 2014. Less state subsidies were needed to support shared-ride in FYE 2015 (\$107,855) than in previous years, but state subsidies increased in FYE 2016 (\$125,387) and FYE 2017 (\$188,465). There was \$777,903 in total funding for paratransit services in FYE 2017.

From FYE 2013 to FYE 2017, total paratransit passenger trips fluctuated between 30,474 and 36,585 with lowest point at FYE 2017 (**Exhibit 14**).

### Exhibit 13: Paratransit Funding by Source

Category	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
<b>Revenues</b>					
Passenger Fares	\$50,609	\$48,737	\$30,285	\$28,352	\$27,336
Advertising	\$0	\$413	\$495	\$496	\$495
Lottery	\$329,471	\$334,638	\$389,464	\$353,331	\$320,048
PwD Reimbursement	\$81,778	\$94,624	\$93,554	\$87,927	\$57,185
PwD Passenger Fares	\$0	\$0	\$16,535	\$15,860	\$10,336
AAA	\$50,245	\$49,312	\$53,606	\$50,465	\$45,193
MH/MR	\$91,041	\$95,663	\$86,174	\$85,007	\$84,014
W2W	\$0	\$0	\$0	\$0	\$0
MATP	\$0	\$0	\$14,807	\$11,278	\$9,819
Other- MR Sheltered Workshops	\$0	\$1,967	\$2,310	\$2,030	\$3,106
Other - Co-pay Agreements	\$0	\$414	\$326	\$1,589	\$4,045
Other - Admin Reimbursement	\$0	\$907	\$0	\$0	\$1,296
Other - W2W Admin	\$0	\$0	\$0	\$0	\$4,921
Other- Mills, RSVP, Manor, Millersburg	\$0	\$0	\$27	\$0	\$0
Other- MATP waiver	\$1,055	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$604,199</b>	<b>\$626,675</b>	<b>\$687,583</b>	<b>\$636,335</b>	<b>\$567,794</b>
<b>Subsidies</b>					
Federal Operating Grant	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) State Current	\$272,923	\$175,333	\$81,398	\$130,190	\$210,109
Special- (State)	\$0	\$0	\$26,457	\$0	\$0
<b>Subtotal</b>	<b>\$272,923</b>	<b>\$175,333</b>	<b>\$107,855</b>	<b>\$130,190</b>	<b>\$210,109</b>
<b>Total Funding</b>	<b>\$877,122</b>	<b>\$802,008</b>	<b>\$795,438</b>	<b>\$766,525</b>	<b>\$777,903</b>

Source: PennDOT dotGrants Reporting System.

**Exhibit 14: Paratransit Operating Statistics (FYE 2013 – FYE 2017)**

Operating Category	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
<b>Paratransit Operating Statistics</b>					
ADA Trips	0	0	0	211	926
Senior (Lottery) Trips	23,796	21,699	24,969	22,470	20,999
PwD Trips	5,039	5,069	5,115	4,898	3,098
Other Trips	6,859	6,889	6,501	6,132	5,451
Total Paratransit Trips	35,694	33,657	36,585	33,711	30,474
Total Miles	436,050	447,536	444,749	390,500	338,712
Total Hours	22,097	22,931	22,248	20,408	17,352
VOMS	15	18	16	15	12

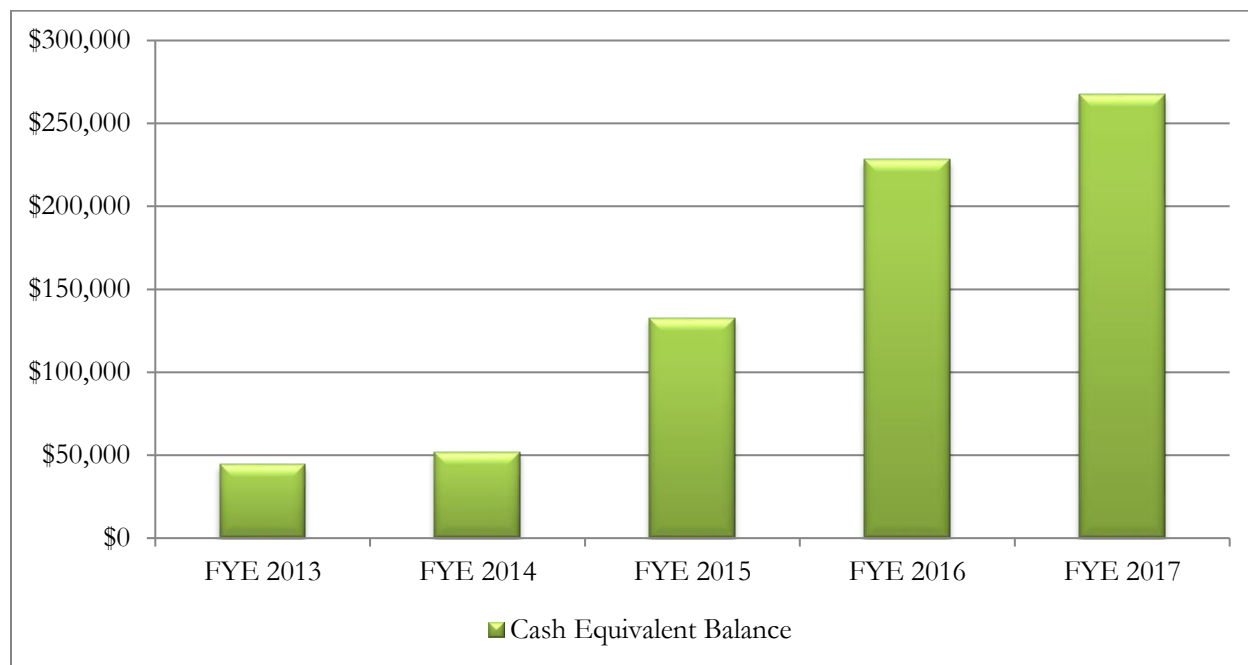
**BALANCE SHEET FINDINGS**

Review of balance sheets from TACT shows that since FYE 2013, the agency increased available cash on hand (**Exhibit 15** and **Exhibit 16**). Net current cash equivalent balance reported as of FYE 2017 was about \$267,530. TACT maintains a cash equivalent balance to 19.5% of total operating expenses as of FYE 2017. Accounts payable have decreased from a high of \$257,099 in FYE 2013 to \$55,121 as of FYE 2017. TACT did not maintain a line of credit from FYE 2013 to FYE 2017.

**Exhibit 15: Balance Sheet Summary (FYE 2013 – FYE 2017)**

Balance Sheet Report	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
<b>Current Assets</b>					
Cash Equivalent Balance	\$44,541	\$51,890	\$132,712	\$228,087	\$267,530
Investments	\$0	\$0	\$0	\$0	\$0
Grant Receivable (incl. capital)	\$0	\$0	\$0	\$0	\$0
Other Accounts Receivable	\$154,066	\$141,010	\$208,414	\$296,606	\$114,109
Restricted Assets: Cash	\$0	\$0	\$0	\$0	\$0
Inventory Value	\$26,998	\$21,460	\$21,753	\$22,732	\$14,376
Pre-paid Expenses	\$0	\$0	\$0	\$0	\$0
<b>Current Liabilities</b>					
Accounts Payable	\$257,099	\$124,934	\$126,505	\$178,004	\$55,121
Accrued Expenses	\$102,599	\$60,718	\$66,443	\$91,661	\$57,923
Deferred Revenue	\$32,385	\$43,914	\$184,439	\$289,408	\$286,760
Line of Credit	\$0	\$0	\$0	\$0	\$0
Current Maturities of Long-term Debt	\$53,692	\$16,270	\$0	\$0	\$0
<b>Total Operating Expense</b>					
Cash Eqv. Bal./Total Op. Exp.	3.0%	4.0%	9.7%	17.3%	19.5%
Line of Credit/Annual Payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets	\$225,605	\$214,360	\$362,879	\$547,425	\$396,015
Current Liabilities	\$445,775	\$245,836	\$377,387	\$559,073	\$399,804
<b>Net Current Assets</b>	<b>-\$220,170</b>	<b>-\$31,476</b>	<b>-\$14,508</b>	<b>-\$11,648</b>	<b>-\$3,789</b>

Source: Annual Audit Reports and dotGrants

**Exhibit 16: End-of-Year Cash Balance (FYE 2013 – FYE 2017)****ASSESSMENT**

TACT currently has a balanced operating budget. Operating cash reserves have increased since 2013. Noteworthy elements of TACT's financial condition as of FYE 2017 are:

- TACT had \$43,882 in carryover local funds and \$236,998 in carryover state funds
- Combined carryover subsidies amount to 20.5% of total operational funding
- TACT received its full local match as required by Act 44
- TACT maintains a cash equivalent balance equal to 19.5% of total operating expenses
- Current liabilities exceed current assets, though the amount has decreased over time
- Shared-ride operating subsidies jumped from \$125,837 in FYE 2016 to \$188,465 in FYE 2017
- Accounts payable and receivable amounts are negligible
- TACT maintains a \$100,000 line of credit

Compared to FYE 2011, TACT's financial health is greatly improved. However, growing losses in paratransit threaten the progress TACT made in recent years. TACT must develop a strategy to contain shared-ride operating losses. This will take Board direction, management effort and coordination with PennDOT. Once paratransit losses are contained, management should continue to contain operating costs, increase revenues, and ensure sufficient cash reserves to further improve TACT's overall financial health.



## APPENDIX A: 2011 PERFORMANCE REVIEW ACTION PLAN ASSESSMENT

Last Updated December 31, 2017

Category	Suggested Action	Corrective Action	Observation
<b>General</b>	Create a vision and mission for the entire agency with measurable strategic goals and objectives	Board of Directors of Mid-County Transit Authority will work to draft and adopt a new vision and mission statement with measurable strategic goals and objectives. Technical assistance provided as needed by SPC.	Completed at October 18 <sup>th</sup> , 2016 BOD's Meeting.
<b>General</b>	Enact performance-based management and data-based decision making	Management will develop plans for performance-based management and data-based decision making with technical assistance from SPC staff in identifying best practices in these areas.	Final policies adopted at BOD Meeting. Need time to develop, finalize, and adopt policies. PPTA BOD training completed by full Board 6/5/17.
<b>General</b>	Improve data integrity and sharing of internal documents and reports	MidCo will identify key reports. Area already available on server, which is accessible by all authorized users, to save and retrieve documents as necessary.	Completed 12/31/2013
<b>General</b>	Enact long-term plans to improve fiscal health and promote active financial management	Management will work with BOD and Finance Committee to solidify plans for improving fiscal health and promoting active financial management and oversight. Fiscal stability/health is a key component in a successful comprehensive strategic planning effort. Technical assistance provided as needed by SPC.	Completed 6/30/2015

Category	Suggested Action	Corrective Action	Observation
<b>General</b>	Stabilize management structure	Current management structure has in place since 2011, with individual employees having nearly 50 years in public transportation. No need to address management structure at present time.	Completed 6/30/2013
<b>General</b>	Improve shared-ride system efficiency	Adjustment to the shared-ride program were made following an in-depth analysis of the program by both management and PennDOT consultant, Bill Davis. Changes were first implemented in April and July 2012. Additional changes and adjustments continue to be made as on-going analysis continues to best serve our riders and needs of our agency are assessed. Ecolane implementation in December 2015 was huge asset to effective and efficient scheduling.	Efficiency has improved since this review. Part of good management would be to monitor the shared-ride program on an on-going basis for efficient use of resources. Status changed 3rd quarter 2017.
<b>1. Ridership</b>	Redesign timetables	Consistent headways assist customers in knowing when buses leave for specific destinations. Will work on redesigning timetables.	Completed 6/30/2014
<b>1. Ridership</b>	Publish a full system map and place on the website	Links full system maps with hand schedules on our web site to SPC's web site. Contains street, satellite, and map views for rider convenience for stop recognition.	Completed 10/31/2015

Category	Suggested Action	Corrective Action	Observation
1. Ridership	Move forward with an agency Newsletter	Job duties assigned to specific people in preparation of April 2016 publication/ mailing of first newsletter including local and mailed distribution.	Completed on 2/21/2018
1. Ridership	Create a Citizens' Advisory Committee	MidCo will actively pursue creation of CAC with assistance from SPC regarding best practices and examples.	Completed on 1/1/2018. It is the plan to have bi-monthly or quarterly meetings of the CAC running in early 2018.
1. Ridership	Compare annual rider surveys to detect trends	MidCo will utilize SPC staff's assistance with analyzing past survey results and designing a complete customer survey instrument. SPC staff and AECOM could also assist with organizing and implementing a survey effort, including researching resources for survey labor.	Ongoing, beginning 10/2/2017 for fixed-route survey
1. Ridership	Maintain a more consistent interior and exterior cleaning schedule	A consistent interior and exterior cleaning schedule has already been implemented.	Completed 3/15/2013
1. Ridership	Install bus stop signs where appropriate	As capital funds are available, MidCo will install signage to increase visibility.	Completed 6/30/2015
2. Revenue	Create and implement a threshold for fare discrepancy investigation	As capital funds are available, MidCo will install an electronic fare collection system.	In discussing this with Bureau Staff at PPTA, the state is investigating procurement for statewide procurement of FRITS. MidCo is monitoring its current system while

Category	Suggested Action	Corrective Action	Observation
			checking for reasonableness based on fare-paying passengers.
<b>2. Revenue</b>	Evaluate current fare policies and create a formal fare policy	MidCo will adopt a formal fare policy.	Completed 4/14/2014
<b>2. Revenue</b>	Investigate advertising revenue potential	MidCo has begun discussions with a new advertising company with considerable transit experience.	Completed 4/30/2013
<b>2. Revenue</b>	Investigate route guarantees, sponsorships, or other creative funding techniques	Creative funding techniques, sponsorships and route guarantees are part of the plan in discussion with the new advertising company.	Ongoing
<b>3. Operating Cost</b>	Prepare a multi-year financial plan to pay off all debt	Management has a multi-year plan in place to retire all debt.	Completed 6/30/2012
		All long-term debt retired as of 9/2013; vendor debt paid in full 2/2015.	Completed 2/6/2015. No other debt remains except month-to-month debt remains.
<b>3. Operating Cost</b>	Establish a direction for the provision of shared-ride service focused on cost recovery	MidCo implemented changes in the hours and way service was provided in April and July 2012 to address the low-cost recovery on the shared-ride program. On-going analysis continues and minimal fare increase was applied for to be effective August 2013 to assist in cost recovery. An additional increase of 4.59% was approved for a	In order to continue to address low cost recovery on the shared-ride program, updates effective 7/1/2016 to improve efficiency for the shared-ride program were implemented. Additionally, tools available in Ecolane are utilized to monitor efficiency in scheduling. Adjustments are made in driver

Category	Suggested Action	Corrective Action	Observation
		<p>7/01/2015 shared ride fare increase to address fare recovery. Fare recovery issues are reviewed on a regular basis.</p>	<p>scheduling to minimize costs as much as possible, most notably overtime. Data is reviewed to inform management's decisions on service areas, demands, and times. These types of reviews to program delivery are made on a regular basis to continue improvements in efficiency for the program. Minor changes are planned to the shared-ride program effective 7/1/2017. Fare increase application planned for effective date 7/1/2018.</p>
<p><b>3. Operating Cost</b></p>	<p>Make service adjustments to shared-ride to retain essential service and lower expenses and deficit</p>	<p>Changes in services times and areas were first made in April 2012. Service runs were tightened in July 2012. Constant review of service runs and areas are made; generally biannual updates are made with minor tweaks (clarifications in January) and more substantial changes in July each year, on an as needed basis, to ensure effective and efficient delivery of service. Advanced notice is given via direct mailing to active customer database one month prior to effective date.</p>	<p>In order to continue to address low cost recovery on the shared-ride program, updates effective 7/1/2016 to improve efficiency for the shared-ride program were implemented. Additionally, tools available in Ecolane are utilized to monitor efficiency in scheduling. Adjustments are made in driver scheduling to minimize costs as much as possible, most notably overtime. Data is reviewed to inform management's decisions on service areas, demands, and times. These types of reviews to program delivery are made on a regular basis to continue improvements in efficiency for the program. Minor changes are planned to the shared-ride program effective 7/1/2017.</p>

Category	Suggested Action	Corrective Action	Observation
			Fare increase application planned for effective date 7/1/2018.
<b>3. Operating Cost</b>	Improve Board reports to include more financial reporting ridership, and route performance	BOD Finance Committee will establish new reporting needs.	Completed 12/31/2013
<b>3. Operating Cost</b>	Track pay for all drivers on the basis of straight pay hours	MidCo currently tracks hours as straight pay hours.	Completed 11/1/2012
<b>3. Operating Cost</b>	Examine trends in budget creation and implement 5-year budget cycle	MidCo will work with SPC Staff to develop a viable financial plan based on the PennDOT assessment.	Will use the budget comparison spreadsheet from BPT as starting point for consistency. Preliminary budgets will begin following November closing (mid-December). This process is following the timeline as indicated.
<b>3. Operating Cost</b>	Evaluate merits of early PM performance and take appropriate action	MidCo has adjusted PM schedules and is currently tracking vehicle performance and parts usage. MidCo adopted a written Maintenance Policy 10/15/2014, which PennDOT approved.	Completed 2/28/2013 Updated 10/15/2014
<b>3. Operating Cost</b>	Prepare action plan for implementing new fareboxes	As capital funds are available, MidCo will install an electronic fare collection system.	Perhaps this will be available in conjunction with FRITS or as an option between FRITS and a capital project at that time. In the meantime, MidCo is monitoring its current system for reasonableness based on fare-paying passengers.

Category	Suggested Action	Corrective Action	Observation
4. Other	Vision and mission statements should be established by the governing board, outlining the high-level direction for the future of Mid County	Board of Directors of Mid-County Transit Authority will work to draft and adopt a new vision and mission statement with measurable strategic goals and objectives. Technical assistance provided, as needed by SPC.	Completed at October 18 <sup>th</sup> , 2016 BOD's Meeting.
4. Other	Governing board and management should work together to develop a strategic plan, transit development plan (TDP), or equivalent document	MidCo BOD and Management will work to draft and adopt strategic and transit development plans. Technical assistance provided by SPC.	The BOD's completed PPTA's Board Training as a group 6/5/2017. The BOD will work together to draft and adopt strategic and transit development plans by 2/21/2018.
4. Other	Develop and monitor performance metrics for all key agency functions and operations to track improvement	Management will work together with SPC's consultant's, AECOM, to draft, develop, and establish essential metrics in order to measure quality and efficiency of operations to present to the BOD for adoption. Technical assistance provided by SPC.	Completed at October 18 <sup>th</sup> , 2016 BOD's Meeting.
4. Other	Develop board committees, particularly a financial committee	At FY13/14 Reorganization meeting (6/12/13), BOD elected officers and formed committees, including a financial, marketing, and human resources committee.	MidCo's FY 17/18 Reorganizational Meeting will be held 6/20/2018.
4. Other	Increase the use of technology in the agency:  Investigate developing more automated reports in the maintenance function	Updated Truck Tracker software, which now provides additional reporting capabilities. Hired new Admin Assistant and Maintenance Forman who are using program to its fullest capabilities.	Truck Tracker software is updated annually. Currently using the software to the fullest capabilities, with marked improvement in function and reporting.

Category	Suggested Action	Corrective Action	Observation
4. Other	Increase the use of technology in the agency:  Expand use of spreadsheets in the scheduling function	With implementation of Ecolane, necessity of use of spreadsheets in scheduling have been minimized. Use spreadsheets to track no-shows, center trips, late cancels, etc.	Spreadsheets are on shared network drives, accessible by all employees, to aid in ease of scheduling and tracking functions.
4. Other	Increase the use of technology in the agency:  Improve data integrity, using technology to cross reference internal and external reporting	Steps are underway to improve data integrity for all reporting needs.	Waiting for assistance from BPT through statewide FRITS procurement for assistance in tracking data for reporting needs, both internal and external. Continue to look for best practices to ensure data integrity.
4. Other	Formally document a Strategic IT Plan	Adopt a formal Strategic IT plan.	
4. Other	Document staff functions through desk manuals	Administrative staff desk manuals complete. Management level personnel due by FYE. All update annually or when major systems change / upgrade.	All administrative staff have their desk manuals completed and revised, as necessary since duties are fluid and processes change. Management personnel is in the process of completion of their manuals.
4. Other	Create a facility master plan to detail the long-term use of the facility	Waiting for direction from BPT on this line item. Needs include safety-related issues with the Granary; leaking roof issues with administrative building; antiquated lighting fixtures; and lack of space for staffing to name a few.	Completed 12/31/2013



Category	Suggested Action	Corrective Action	Observation
4. Other	Create a formal policy for employee evaluation	A policy will be created to mirror what is currently followed by MidCo.	Adopted at BOD meeting on 2/21/2018
4. Other	Consider contracting out paint work and take appropriate action	As part of the facilities study, MidCo will consider if any available space would be appropriate to utilize for bodywork and painting. If not, then appropriate action will be taken.	Completed 3/31/2014
4. Other	Measure daily revenue hours and miles by route and service day	This is currently being done.	Completed 12/31/2012
4. Other	Develop a prioritized list of capital needs	Management will work on a complete list of prioritized, funded and unfunded, capital needs.	Completed 12/31/2013
4. Other	Formalize a process to obtain input from drivers	Process is in place, including but not limited to, quarterly drivers' meetings and individual interviews with drivers regarding proposed route changes. Operations Manager always seeks input prior to annual pick as well as other times throughout the year.	Completed 13/31/2012
4. Other	Create a written Safety Security and Emergency Preparedness Plan (SSEPP) and increase safety training	MidCo sent Financial Manager to a two-day seminar on this topic and will prepare a formal document. MidCo is active with the 911 disaster preparedness committee in Armstrong County.	Completed 4/30/2014

## APPENDIX B: PEER COMPARISONS

Comparison of TACT 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 2016 Single Year		5 Year Change Since FYE 2011		
	Value	Rank of 9	2011 Value	Annual Rate	Rank of 9
DuBois, Falls Creek, Sandy TWP Joint Transit Authority	6.15	4	5.50	2.27%	3
Venango County Transportation Office	5.85	6	7.73	-5.41%	8
Borough of Mt. Carmel	5.72	7	3.07	13.30%	1
Warren County Transit Authority	6.07	5	5.28	2.84%	2
Butler Transit Authority	13.26	1	12.95	0.47%	5
Ashland Bus System	12.79	3	12.54	0.39%	6
Intracity Transit	13.19	2	18.91	-6.96%	9
Brunswick Transit Alternative	3.90	9	4.88	-4.41%	7
<b>Mid County Transit Authority</b>	<b>5.09</b>	<b>8</b>	<b>4.95</b>	<b>0.56%</b>	<b>4</b>
<i>Average</i>	8.00		8.42	0.34%	
<i>Standard Deviation</i>	3.87		5.24	5.99%	
<i>Average – 1 Standard Deviation</i>	4.13		3.18	-5.65%	
<i>Average + 1 Standard Deviation</i>	11.87		13.67	6.33%	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Worse</b>		<b>Better</b>		

## Operating Cost / Revenue Vehicle Hour

Operating Cost / Revenue Hour (MB)					
System	FYE 2016 Single Year		5 Year Change Since FYE 2011		
	Value	Rank of 9	2011 Value	Annual Rate	Rank of 9
DuBois, Falls Creek, Sandy TWP Joint Transit Authority	\$64.49	5	\$53.56	3.78%	7
Venango County Transportation Office	\$54.83	2	\$50.61	1.62%	3
Borough of Mt. Carmel	\$59.00	3	\$101.19	-10.23%	1
Warren County Transit Authority	\$72.18	7	\$55.31	5.47%	8
Butler Transit Authority	\$109.07	9	\$81.76	5.93%	9
Ashland Bus System	\$64.35	4	\$68.19	-1.15%	2
Intracity Transit	\$84.12	8	\$73.65	2.70%	5
Brunswick Transit Alternative	\$40.48	1	\$35.29	2.78%	6
<b>Mid County Transit Authority</b>	<b>\$69.04</b>	<b>6</b>	<b>\$61.00</b>	<b>2.51%</b>	<b>4</b>
<i>Average</i>	<i>\$68.62</i>		<i>\$64.51</i>	<i>1.49%</i>	
<i>Standard Deviation</i>	<i>\$19.36</i>		<i>\$19.38</i>	<i>4.86%</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$49.26</i>		<i>\$45.13</i>	<i>-3.38%</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$87.98</i>		<i>\$83.89</i>	<i>6.35%</i>	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Worse</b>		<b>Worse</b>		

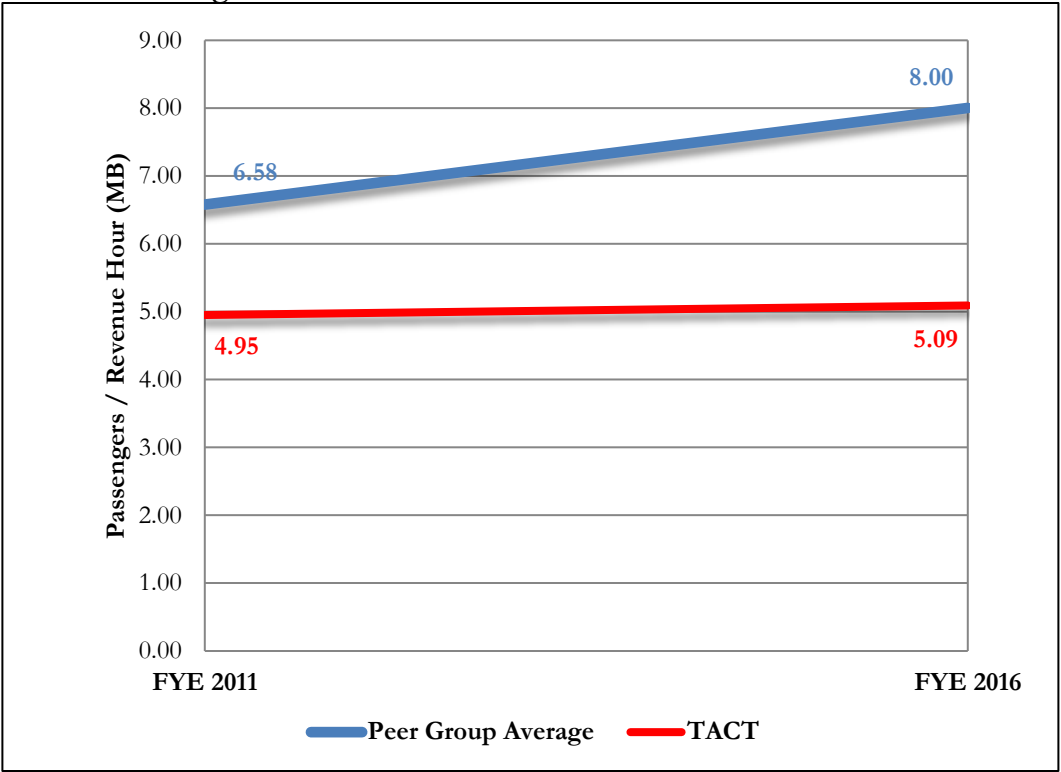
## Operating Revenue / Revenue Vehicle Hour

Operating Revenue / Revenue Hour (MB)					
System	FYE 2016 Single Year		5 Year Change Since FYE 2011		
	Value	Rank of 9	2011 Value	Annual Rate	Rank of 9
DuBois, Falls Creek, Sandy TWP Joint Transit Authority	\$3.17	8	\$2.69	3.36%	5
Venango County Transportation Office	\$6.62	3	\$9.04	-6.03%	9
Borough of Mt. Carmel	\$3.09	9	\$1.26	19.62%	2
Warren County Transit Authority	\$3.84	6	\$2.88	5.92%	3
Butler Transit Authority	\$10.39	2	\$9.05	2.79%	7
Ashland Bus System	\$4.32	5	\$4.20	0.55%	8
Intracity Transit	\$11.59	1	\$9.25	4.62%	4
Brunswick Transit Alternative	\$3.58	7	\$1.37	21.29%	1
<b>Mid County Transit Authority</b>	<b>\$4.66</b>	<b>4</b>	<b>\$4.00</b>	<b>3.07%</b>	<b>6</b>
<i>Average</i>	\$5.69		\$4.86	6.13%	
<i>Standard Deviation</i>	\$3.20		\$3.34	8.81%	
<i>Average – 1 Standard Deviation</i>	\$2.50		\$1.52	-2.68%	
<i>Average + 1 Standard Deviation</i>	\$8.89		\$8.20	14.94%	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Worse</b>		<b>Worse</b>		

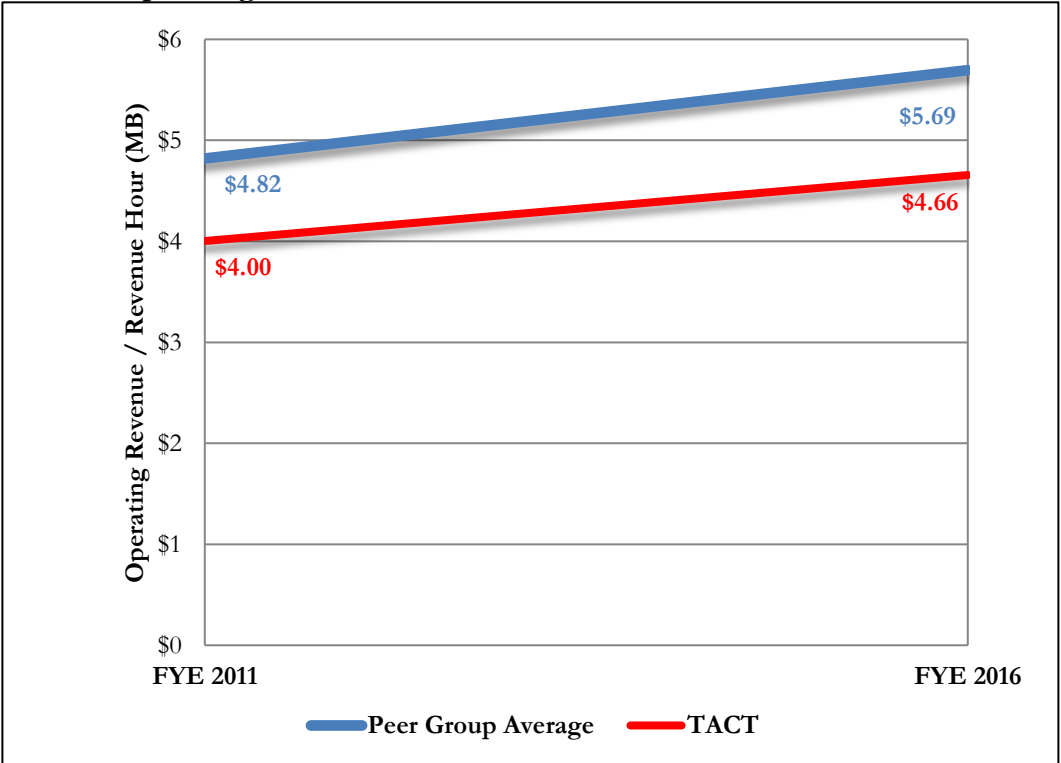
## Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2016 Single Year		5 Year Change Since FYE 2011		
	Value	Rank of 9	2011 Value	Annual Rate	Rank of 9
DuBois, Falls Creek, Sandy TWP Joint Transit Authority	\$10.49	7	\$9.75	1.48%	3
Venango County Transportation Office	\$9.37	4	\$6.55	7.43%	7
Borough of Mt. Carmel	\$10.31	5	\$33.00	-20.76%	1
Warren County Transit Authority	\$11.88	8	\$10.48	2.55%	5
Butler Transit Authority	\$8.23	3	\$6.31	5.44%	6
Ashland Bus System	\$5.03	1	\$5.44	-1.54%	2
Intracity Transit	\$6.38	2	\$3.89	10.38%	9
Brunswick Transit Alternative	\$10.39	6	\$7.23	7.52%	8
<b>Mid County Transit Authority</b>	<b>\$13.56</b>	<b>9</b>	<b>\$12.32</b>	<b>1.93%</b>	<b>4</b>
<i>Average</i>	\$9.51		\$10.55	1.60%	
<i>Standard Deviation</i>	\$2.64		\$8.83	9.16%	
<i>Average – 1 Standard Deviation</i>	\$6.87		\$1.72	-7.56%	
<i>Average + 1 Standard Deviation</i>	\$12.16		\$19.38	10.77%	
<b>Act 44 Compliance Determination</b>	<b>At Risk</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Worse</b>		<b>Worse</b>		

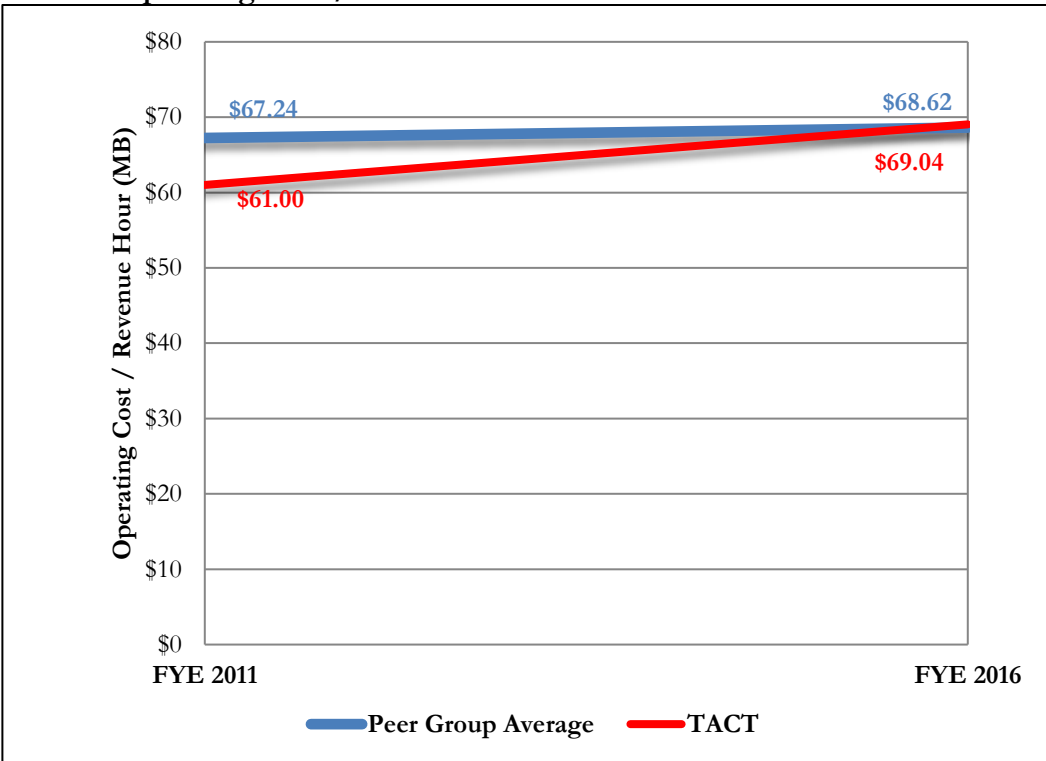
**Trend – Passengers / Revenue Vehicle Hour**



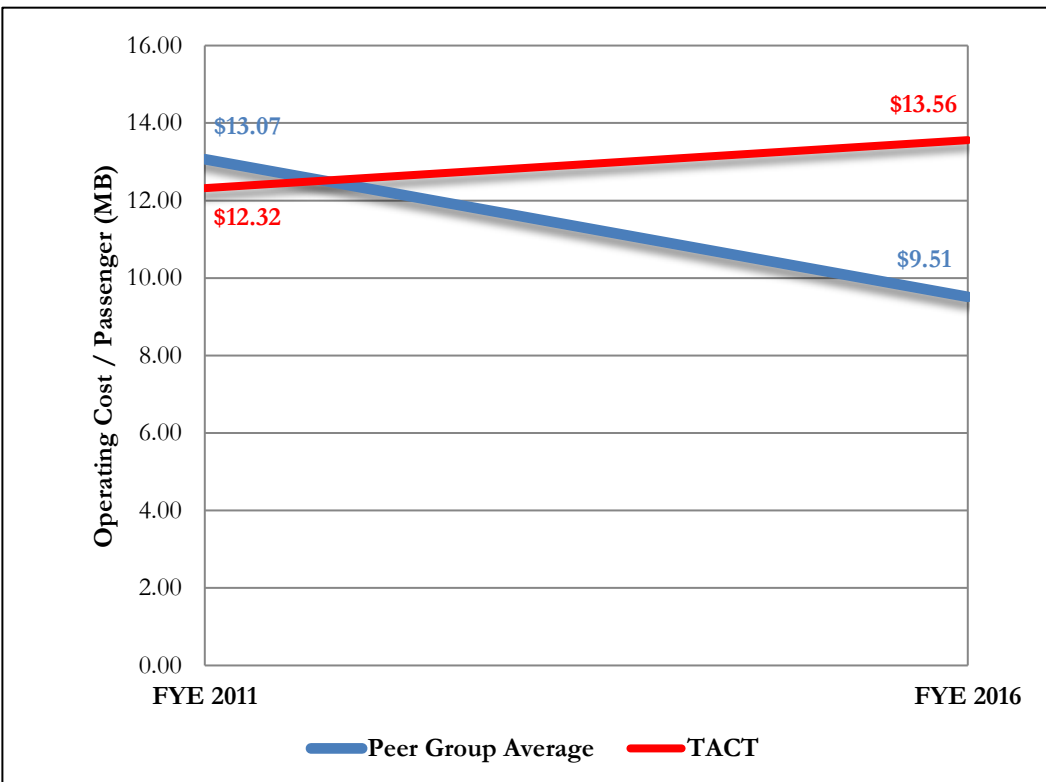
**Trend – Operating Revenue / Revenue Vehicle Hour**



Trend – Operating Cost / Revenue Vehicle Hour



Trend – Operating Cost / Passenger





## APPENDIX C: ACTION PLAN TEMPLATE

### PART 1- ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR

Recommendation From narrative starting on page 11	TACT Action	Estimated Initiation Date	Estimated Completion Date
1. Develop a strategy to address declining ridership.			
2. Identify opportunities to maximize agency presence within the community like: <ul style="list-style-type: none"> <li>a. Hold 12 “meet and greets” annually at local senior centers;</li> <li>b. Conduct 12 outreach events annually at local senior housing facilities;</li> <li>c. Collaborate with local organizations for partnership opportunities (e.g., Armstrong County Tourism Bureau, Downtown Kittanning Inc., Ford City Summerfest, etc.); and,</li> <li>d. Participate in, and manage a “How to Ride Town &amp; Country Transit” outreach booth at community events (e.g., Fort Armstrong Folk Festival, Memorial Day Parade, etc.).</li> </ul>			
3. Report progress on actions targeting fixed-route ridership to the Board each month.			
4. Develop a policy for on-time performance.			
5. Develop a formal customer service protocol that lists follow-up procedures for fixed-route complaints.			

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

<b>Recommendation</b> <b>From narrative starting on page 12</b>	<b>TACT Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
1. Reassess opportunities to sell advertising space annually.			
2. Update fixed-route fare adjustment policy to include a farebox recovery target as a metric when assessing whether a fare increase should be pursued.			

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

<b>Recommendation</b> <b>From narrative starting on page 13</b>	<b>TACT Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
1. Analyze the current fixed-route span of service by route and time-of-day to identify strategies to improve productivity that target unproductive hours where demand is low.			
2. Track and report the following statistics to the Board each month to improve oversight: <ul style="list-style-type: none"> <li>a. Cash reserves ratio (cash on hand + accounts receivable)/annual operating cost compared to target (25% or greater);</li> <li>b. Current ratio (current assets / current liabilities) compared to target (1.0 or greater);</li> <li>c. Accounts receivable by due date (i.e., &lt;30 days, 30-60 days, 60-90 days, 90 days +);</li> <li>d. Accounts payable by due date (i.e., &lt;30 days, 30-60 days, 60-90 days, 90 days +);</li> <li>e. Balance of, and rationale for, any outstanding debt or line of credit;</li> <li>f. Operating expenses by agency function (i.e., operations, maintenance and administration) compared to previous year, previous year-to-date and budget;</li> <li>g. Act 44 fixed-route performance metrics compared to performance targets;</li> </ul>			

<b>Recommendation</b> <b>From narrative starting on page 13</b>	<b>TACT Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
<ul style="list-style-type: none"> <li>i. Passengers per revenue hour</li> <li>ii. Operating cost per revenue hour</li> <li>iii. Revenue per revenue hour</li> <li>iv. Operating cost per passenger</li> <li>h. Operating cost per mile by mode (i.e., fixed-route, ADA and shared-ride) compared to previous year;</li> <li>i. Operating subsidy (operating cost – revenues) per passenger trip by mode; and,</li> <li>j. Farebox recovery ratio (passenger fares/operating cost) by mode.</li> </ul>			
<p>3. Develop charts, tables and graphics to help Board members quickly identify short-term and long-term trends that could adversely impact TACT’s financial health or service delivery</p>			

**PART 4 - OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE**

<b>Recommendation</b> <b>From narrative starting on page 14</b>	<b>TACT Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
<p>1. Inform PennDOT if action items are not progressing and if performance targets are determined to be potentially at risk.</p>			
<p>2. Develop a formal Board education program that clearly defines Board member roles and responsibilities such as:</p> <ul style="list-style-type: none"> <li>a. Meeting attendance requirements;</li> <li>b. Primary functions (e.g., sets policy, approves budget, agency oversight, voting, etc.);</li> <li>c. Secondary functions (e.g., signatory duties, advocates on behalf of agency, etc.); and,</li> </ul>			

<b>Recommendation</b> <b>From narrative starting on page 14</b>	<b>TACT Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
d. Governance sub-committee structure, membership and official duties (i.e., Finance Committee, Marketing, and Human Resources).			
3. Incorporate PennTRAIN Board Training 101 modules as part of monthly Board meetings for ongoing refresher training.			
4. Update the succession plan to distinguish and assign key management functions like the following: <ul style="list-style-type: none"> <li>a. General Manager – agency leadership, Board administration, funding oversight and management, financial management, budget preparation, and community and public relations.</li> <li>b. Operations – driver bids, route assessment, dispatch oversight, benefits administration, interviews, personnel record management, workers compensation, EEO and TITLE VI, and drug and alcohol reporting.</li> <li>c. Finance – payroll process, grants oversight, audit, journal entries, bank reconciliations, procurement and quarterly reporting.</li> <li>d. Maintenance – work assignments, payroll reporting, vehicle inspection, and preventative maintenance logs.</li> <li>e. Office Manager – farebox reconciliation, inventory control, and benefits enrollment.</li> </ul>			
5. List transition steps for interim positions following permanent unplanned absences as part of the updated succession plan.			

<b>Recommendation</b> <b>From narrative starting on page 14</b>	<b>TACT Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
6. Update the strategic plan to include measurable actions and performance standards. For example: <ul style="list-style-type: none"> <li>a. Goal: Improve customer satisfaction;</li> <li>b. Objective: Ensure system efficiency and reliability;</li> <li>c. Action: Achieve (x)% on-time performance; and,</li> <li>d. Performance Standard: Maintain (x)% on-time performance record within (y) period.</li> </ul>			
7. Develop a shared-ride cost recovery policy and instruct management to implement the following: <ul style="list-style-type: none"> <li>a. Identify opportunities to contain or reduce costs per passenger trip (e.g., increase passengers per hour by consolidating vehicle trips, etc.);</li> <li>b. Assess fare zones;</li> <li>c. Set a cost recovery goal; and,</li> <li>d. Understand the impact of fare changes on ridership and sponsorship arrangements to correctly assess the financial impact of those fare changes.</li> </ul>			
8. Develop a shared-ride recovery policy that is designed to break even between fare increase periods as a measure of cost containment.			
9. Work closely with PennDOT staff to identify a mutually acceptable shared-ride fare recovery policy.			

