



LATS System Performance Review

February 25, 2016

LATS Transit Performance Review

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AGENCY PUBLIC TRANSPORTATION PROFILE

Agency	Lower Anthracite Transit System (d.b.a. LATS)
Year Founded	1982
Reporting Fiscal Year End (FYE)	FYE 2015
Service Area (square miles)	56
Service Area Population	33,000
Annual Operating Statistics*	Fixed-Route Bus
Vehicles in Maximum Service (VOMS)	3
Operating Cost	\$290,371
Operating Revenues	\$11,567
Total (Actual) Vehicle Miles	72,498
Revenue Miles of Service (RVM)	61,273
Total Vehicle Hours	5,624
Revenue Vehicle Hours (RVH)	5,058
Total Passenger Trips	29,205
Senior Passenger (Lottery) Trips	13,103
Act 44 Performance Statistics	
Passengers / RVH	5.77
Operating Cost / RVH	\$57.41
Operating Revenue / RVH	\$2.29
Operating Cost / Passenger	\$9.94
Other Performance Statistics	
Operating Revenue / Operating Cost	3.98%
Operating Cost / Total Vehicle Hours	\$51.63
Operating Cost / Total Vehicle Miles	\$4.01
Total Passengers / Total Vehicle Hours	5.19
Operating Cost / RVM	\$4.74
RVM / Total Vehicle Miles	84.52%
RVH / Total Vehicle Hours	89.94%

* source: dotGrants 2015 reporting

EXECUTIVE SUMMARY

In July 2007 the Pennsylvania Legislature passed Act 44, establishing a framework for a PennDOT driven transit agency performance review process. The purpose of a review is to assess efficiency and effectiveness of service, financial stability, and general management/business practices. The assessment identifies best practices that can be shared with other transit agencies and makes transit agencies aware of improvement opportunities.

The Act 44 transit performance review of the Lower Anthracite Transit System (d.b.a. LATS) was conducted in August 2015. The performance review focused on fixed-route bus service. This report addresses the performance criteria that Act 44 established, specifically related to fixed-route bus services. Also addressed are, LATS trends and a comparison of LATS to peers, targets for future performance, and opportunities for improvement which should assist LATS in meeting the future targets. This report also addresses the management, general efficiency and effectiveness of services.

On the basis of this performance report, LATS will develop an action plan that identifies the steps LATS will take to meet the agreed to Act 44 performance criteria targets by FY 2019-20. The general goals are to maximize efficiency and promote cost savings, improved service quality, and increased ridership and revenue. The action plan should focus on the most critical areas for the agency, as prioritized by LATS management and its governing board.

A draft action plan is due to the Department within 90 days of receipt of this report. PennDOT will work with LATS to agree on a plan which, when approved by the LATS governing body, the Borough Council, will be submitted as the final action plan. At the very least, LATS must report quarterly to the Borough Council and PennDOT on the progress of the action plan, identifying actions taken to date, and actions to be implemented. LATS' success will be measured in part on meeting performance targets established through this review.

BACKGROUND

When interpreting LATS historical trends, there are two important issues to be considered.

First, PennDOT made adjustments to LATS state funding based on overstated senior and total ridership from FYE 2006 through FYE 2012. Senior and total ridership are two components used in the allocation of state funding for the section 1513 Operating Assistance and section 1517 Capital Improvement Programs. As a result, in August of 2014, LATS had to repay \$229,111 of section 1513 and \$34,398 of section 1517 funds. Reported passenger values in this report for FYE 2012 and before are based on revised estimates developed by the Department.

Second, LATS procured a new operations contractor in 2014 based on suspicion that the former contractor had been overbilling LATS for services provided. The contract with the new operator is at a much lower cost per hour of service than the former, causing a large variance in LATS historical cost trends.

ACT 44 PERFORMANCE DETERMINATION

Act 44 performance factors were analyzed to quantify LATS' fixed-route bus performance in comparison to its peer agencies in Fiscal Year End (FYE) 2013 and over a five-year trend period from FYE 2008 to FYE 2013 (the most recent NTD data available at the time of the peer selection). Peers were selected through an analytical process and were agreed to by LATS.

A transit agency's performance can fall into two categories: "In Compliance" or "At Risk." The following criteria are used to make the determination:

- "At Risk" if more costly than one standard deviation **above** the peer group average in –
 - Single-year and five-year trend for Operating Cost / Revenue Vehicle Hour
 - Single-year and five-year trend for Operating Cost / Passenger
- "At Risk" if performing worse than one standard deviation **below** the peer average in –
 - Single-year and five-year trend for Passengers / Revenue Vehicle Hour
 - Single-year and five-year trend for Operating Revenue / Revenue Vehicle Hour

If the agency falls outside of these prescribed boundaries, it is considered "At Risk" for that factor and must improve as agreed upon between PennDOT and the agency.

An analysis of the eight key criteria mandated by Act 44 was conducted and **it was determined that LATS is "In Compliance" for all eight criteria and "At Risk" for none.** The peer comparison process as applied to Act 44 criteria (below, in bold typeface) revealed the following:

In Compliance

1. **FYE 2013 passengers / revenue vehicle hour** ranks 4th out of the 7 transit agencies and is worse than the peer group average.
2. The **five-year trend of passengers / revenue vehicle hour** is the best of the peer group average.
3. **FYE 2013 operating cost / revenue vehicle hour** ranks 2nd out of the 7 transit agencies and is better than the peer group average.
4. The **five-year trend for increase in operating cost / revenue vehicle hour** is better than the peer group average.
5. **FYE 2013 operating revenue / revenue vehicle hour** ranks 6nd out of the 7 transit agencies and is worse than the peer group average.
6. The **five-year trend for operating revenue/ revenue vehicle hour** is worse than the peer group average.
7. **FYE 2013 operating cost / passenger** ranks 3rd out of the 7 transit agencies and is better than the peer group average.
8. The **five-year trend for operating cost / passenger increase** is better than the peer group average.

At Risk

1. **None.**

A summary of the specific Act 44 measures and their values are presented in the following table.

Performance Criteria	FYE	Determination	Rank (of 7)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2013	In Compliance	4	Worse	4.81	5.01
	Trend	In Compliance	1	Better	2.58%	-3.06%
Operating Cost / Revenue Hour	2013	In Compliance	2	Better	\$51.85	\$65.15
	Trend	In Compliance	1	Better	-10.49%	0.43%
Operating Revenue / Revenue Hour	2013	In Compliance	6	Worse	\$2.65	\$5.35
	Trend	In Compliance	2	Better	9.09%	3.60%
Operating Cost / Passenger	2013	In Compliance	3	Better	\$10.77	\$14.76
	Trend	In Compliance	1	Better	-12.75%	4.12%

GENERAL FINDINGS

In accordance with Act 44, findings are indicated as “best practices” or “opportunities for improvement.” Best practices are current practices that enhance the efficiency, effectiveness, and/or quality of service of LATS and may be shared with other agencies as techniques for improvement. Improvement opportunities identify tasks that may be undertaken to increase the efficiency, effectiveness, and/or quality of service of the agency.

BEST PRACTICES

1. Targeting the region’s largest employer and developing a successful seasonal rider base
2. Executive Director rides the routes on a weekly basis and actively engages passengers

OPPORTUNITIES FOR IMPROVEMENT TO ADDRESS IN THE ACTION PLAN

1. Coordinate with PennDOT to develop an ADA program that meets federal requirements
2. Complete PennTRAIN Board training
3. Provide monthly status briefings and report to the Borough Council
4. Start the process for selecting the next contracted service contract well before the current contract is set to expire
5. Develop protocols to monitor and report missed service
6. Develop a marketing plan
7. Improve oversight of contractor preventative maintenance practices
8. Develop website that includes a system map, fares, route and schedule information
9. Evaluate the potential of route guarantee funding with Knoebel’s Amusement Resort
10. Improve security for farebox revenue handling
11. Routinely test and evaluate TDP recommendations
12. Coordinate with the Borough of Mount Carmel to develop a succession plan
13. Explore technical resource sharing opportunities with SEDA-COG

FINANCIAL REVIEW

Northumberland County, the Borough of Mount Carmel, and the surrounding municipalities contribute monies for LATS' local match funding requirements. LATS has no outstanding debt or line of credit. LATS has a balanced operating budget. LATS had \$369,995 available in state 1513 carryover funds and \$10,526 in local carryover funds at the end of FYE 2014. This amounts to state reserves equal to 112.4% of LATS' annual operating expenses. By the end of FYE 2015, state carryover subsidies had decreased to \$146,624 and local carryover subsidies had decreased to \$4,844.

During FYE 2015, LATS 1513 reserves decreased greatly. This was because in August of 2014, PennDOT adjusted LATS' state funding for section 1513 Operating Assistance and section 1517 Capital Improvement Programs. The adjustments were necessary due to LATS overstating their senior citizen passenger counts from fiscal year 2005-06 through 2012-13. The funding adjustments resulted in LATS repaying \$229,111 of section 1513 funding and \$34,398 of section 1517 funding. In order to maintain overall financial health, LATS management should continue to take appropriate actions to control costs, achieve farebox recovery goals and build cash reserves.

FIVE-YEAR PERFORMANCE TARGETS

This transit agency performance report outlines areas where improvements may be made to enhance the overall quality, effectiveness, and efficiency of the transit system. As a result of the performance review, a set of "performance targets" has been established. These performance targets are required to comply with Act 44 performance criteria and represent the minimum performance levels that LATS should work to achieve during the next review cycle (i.e., five years from the date of this report). These performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current unaudited PennDOT dotGrants information available (FYE 2015). Standards were extrapolated to FYE 2020 and are designed to be aggressive, yet achievable. They are summarized as follows:

Performance Criteria	Fiscal Year End (FYE)				Target Annual Increase
	2013 Actual	2014 Actual	2015 Actual	2020 Target	
Passengers / Revenue Hour	4.81	5.70	5.77	6.37	2.0%
Operating Cost / Revenue Hour	\$51.85	\$65.97	\$57.41	\$66.55	3.0%
Operating Revenue / Revenue Hour	\$2.65	\$2.33	\$2.29	\$2.52	2.0%
Operating Cost / Passenger	\$10.77	\$11.58	\$9.94	\$10.45	1.0%

NEXT STEPS

Upon final transmission of the performance review report, Act 44 regulations stipulate that LATS "...shall develop and submit to the Department within 90 days...a strategic action plan that focuses on continually improving the system to achieve the established minimum performance targets." The action plan should outline corrective action that will be taken to address "Opportunities for Improvement" – as prioritized by the LATS oversight council and management.

Functional area "opportunities for improvement" are areas in which improvement may result in cost savings, improved service quality, and ridership and/or revenue increases. Achieved improvements in these areas will assist in the meeting performance targets by directly addressing areas that affect Act 44 performance criteria. It should be noted that many functional areas are interrelated, and the action

plan should establish a comprehensive program that focuses on actions that address the larger issues within LATS.

An Action Plan template is provided as an appendix to this report. This template is where LATS should address its proposed actions to address the “*Opportunities for Improvement*” findings that directly affect the Act 44 performance metrics. Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. The template provides a simple-to-follow order of key findings. LATS must select, prioritize and schedule its intended actions using the template.

LATS must submit the proposed draft Action Plan to the Department for comment. The proposed draft Action Plan may then be revised based on consultation between LATS’ management and the Department. The finalized Action Plan must be approved by the LATS Borough Council and formally submitted to PennDOT. LATS’ management must report quarterly to the Borough Council and the Department on progress towards accomplishing the Action Plan including actions taken in the previous quarter and actions planned for upcoming quarter(s).

INTRODUCTION

PURPOSE

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

This performance review was conducted to emphasize the importance of good management, proactive planning, and efficient service, which maximizes the effectiveness of federal, state, and local funding. In addition, other important goals of the review process and this document are to:

- Find, document, and publicize best practices that contribute to efficient, high-quality public transit service delivery, encouraging other Pennsylvania transit agencies to apply them as appropriate.
- Provide guidance to transit agencies on cost-effective ways to improve efficiency, effectiveness, and quality of service.
- Identify and document legal, institutional, or other barriers beyond the control of the transit agency that may impede efficiency in service delivery and management.

PERFORMANCE REVIEW PROCESS

In August 2015, an Act 44-mandated performance review was conducted for LATS. PennDOT, with consultant assistance, conducted the review according to the steps outlined below:

1. Initial notification of performance review selection and transmission of document request
 - A review of available data and requests for what should be “off-the-shelf” information that may not be publicly available was transmitted.
2. Peer selection
 - A set of peers used for comparative analysis was jointly agreed upon by LATS and PennDOT.
3. Act 44 performance criteria analysis
 - Performance criteria mandated by Act 44 were analyzed for the peer group.
 - Additional performance criteria were calculated for informative purposes to help guide the on-site review.
4. On-site review
 - An on-site review was conducted on August 11, 2015.
 - An interview guide customized for LATS’ service was used for the review.
 - Topics covered during the interview process included:
 - Governance
 - Management
 - Finance
 - Contracted Service Provider
 - Human/Labor Relations
 - Operations
 - Maintenance
 - Safety and Security
 - Customer Service
 - Information Technology
 - Capital Planning
 - Marketing and Public Relations
 - Procurement
 - Planning

AGENCY DESCRIPTION

The Lower Anthracite Transit System (d.b.a. LATS) was created in 1982 in Northumberland County, Pennsylvania. LATS provides fixed-route bus service in the Borough of Mount Carmel, the City of Shamokin and surrounding municipalities. LATS is overseen by a nine member Council representing the Borough of Mount Carmel.

When interpreting LATS historical trends, there are two important issues to be considered.

First, PennDOT made adjustments to LATS state funding based on overstated senior and total ridership from FYE 2006 through FYE 2012. Senior and total ridership are two components used in the allocation of state funding for the section 1513 Operating Assistance and section 1517 Capital Improvement Programs. As a result, in August of 2014, LATS had to repay \$229,111 of section 1513 and \$34,398 of section 1517 funds. Reported passenger values in this report for FYE 2012 and before are based on revised estimates developed by the Department.

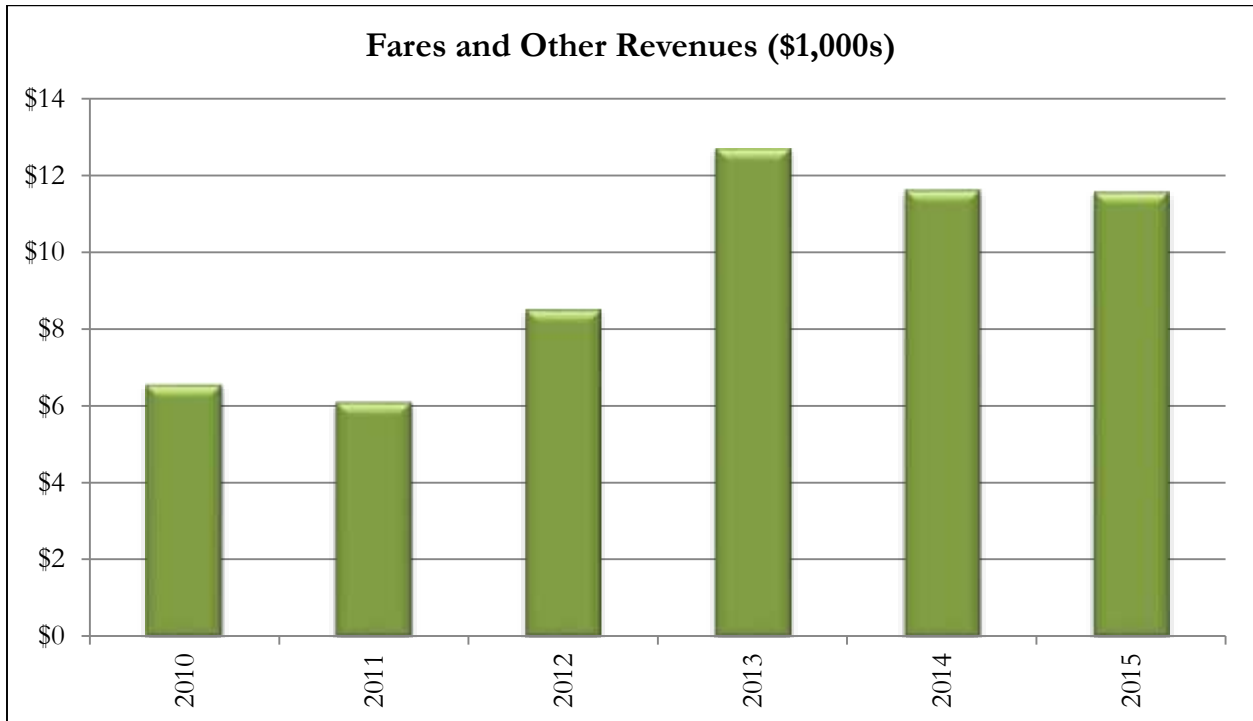
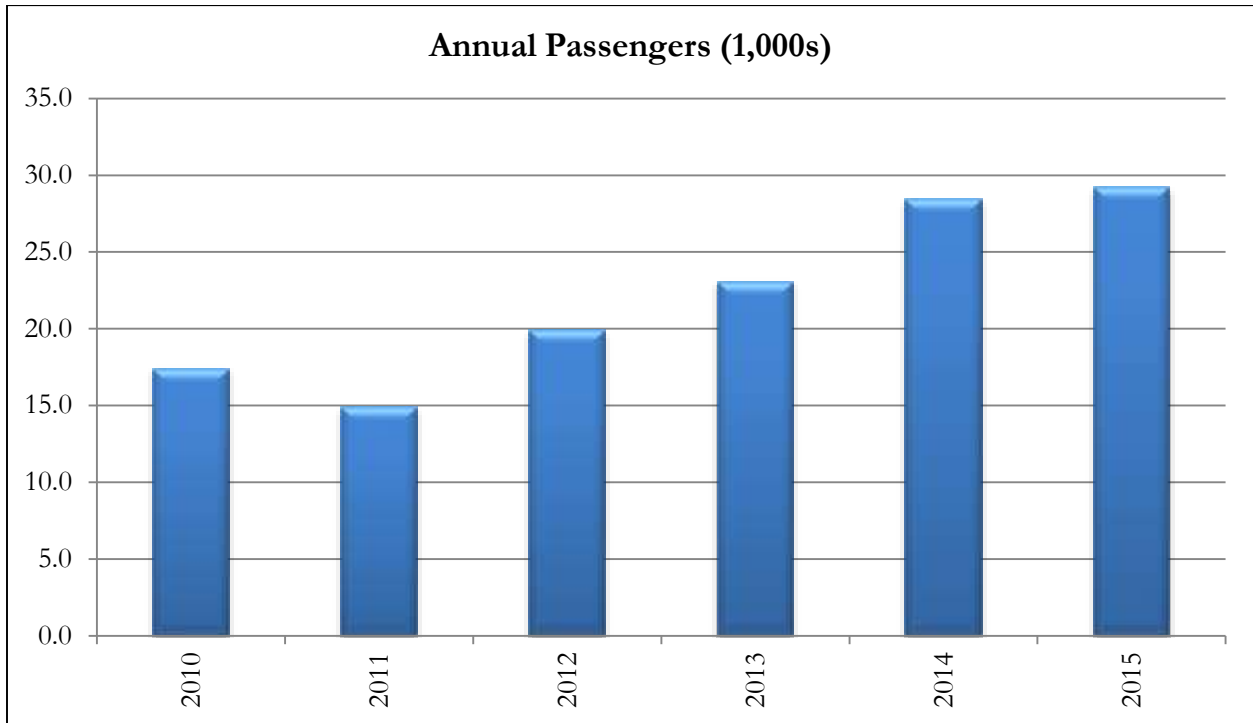
Second, LATS procured a new operations contractor in 2014 based on suspicion that the former contractor had been overbilling LATS for services provided. The contract with the new operator is at a much lower cost per hour of service than the former, causing a large variance in LATS historical cost trends.

Currently, LATS operates two regular fixed-routes between 8:00 a.m. and 4:30 p.m. Mondays through Fridays. These regular fixed-routes also operate on Saturdays but with reduced hours. LATS operates an additional bus route on Mondays through Saturdays during the summer. LATS contracts for all service delivery. **Exhibit 1** and **Exhibit 2** present fixed-route bus statistics for LATS derived from PennDOT dotGrants.

Important observations evident from the trends in demand, revenues, and operating characteristics for the Legacy reporting period of Fiscal Year End (FYE) 2010 through 2015 for LATS' fixed-route service are as follows:

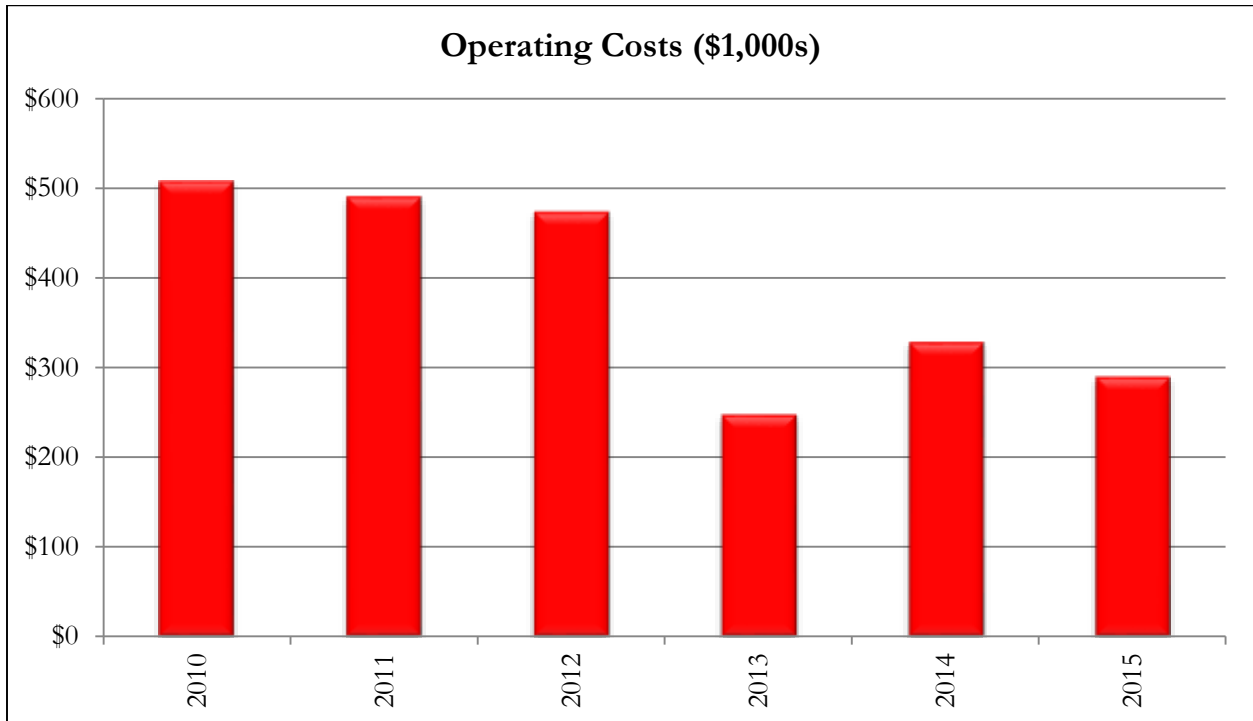
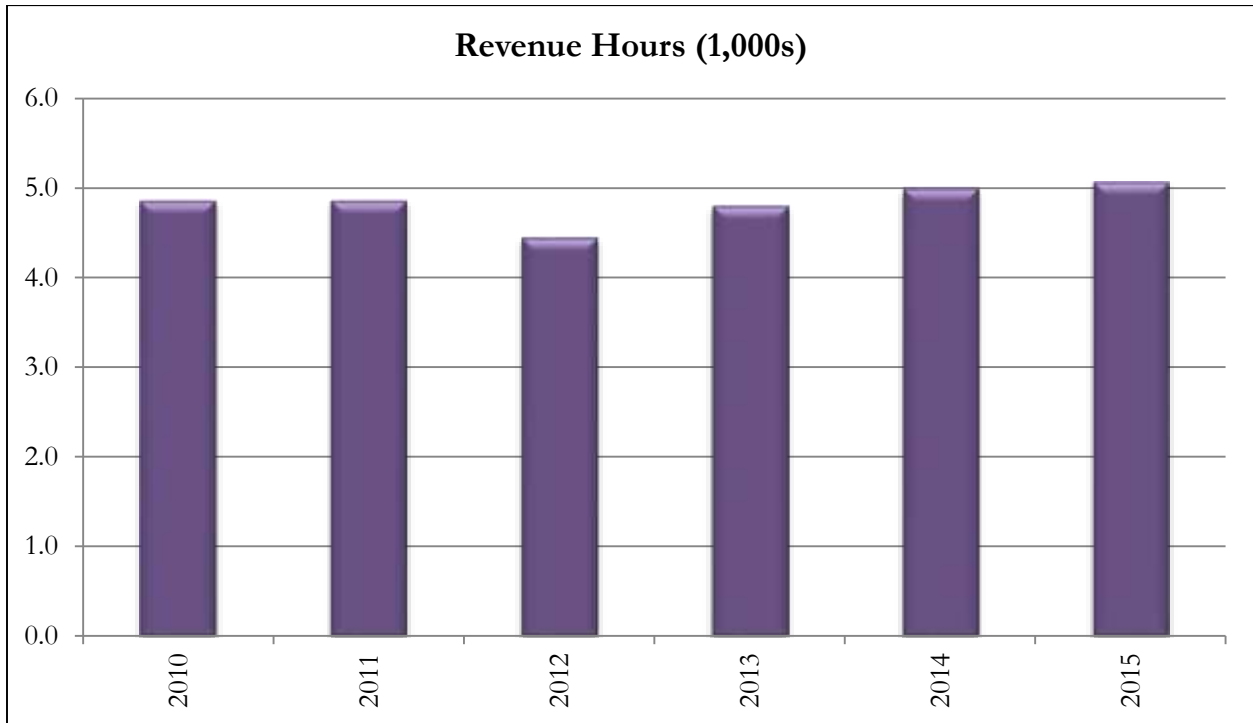
1. LATS' annual fixed-route ridership has increased 68.1% since 2010 and was about 29,205 passengers per year in 2015. This is largely due to an increase in riders from a seasonal route added in 2013, as well as increased community awareness that non-seniors are allowed to ride the bus.
2. LATS' 2015 total operating revenue (including passenger fares, advertising, and other local revenues) is \$0.40 per passenger trip in FYE 2014. LATS' regular base fare is \$1.00 and transfers are full fare price. The seasonal route is \$2.00. Farebox revenue is based solely on passenger fares. This equates to a farebox recovery of 4.0% of total operating expenses.
3. Revenue hours of service increased by 4.3% between 2010 and 2015. In 2012, LATS introduced a seasonal service route that increased revenue hours. LATS provided 5,058 revenue hours of service in FYE 2015 as compared to 4,850 revenue hours in FYE 2010.
4. Total operating costs decreased in total by about 42.8% between 2010 and 2015, an average 10.6% annual decrease, going from about \$507,997 to \$290,371. This decrease is due to LATS procuring a new contractor for fixed-route service in 2014 for a lower cost per revenue hour than previous years.

Exhibit 1: Fixed-Route Passengers and Revenues FYE 2010-2015



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

Exhibit 2: Fixed-Route Revenue Hours and Operating Costs FYE 2010-2015



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

ACT 44 PERFORMANCE ASSESSMENT

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

“The Department may conduct performance reviews of an award recipient under this section to determine the effectiveness of the financial assistance. Reviews shall be conducted at regular intervals as established by the Department in consultation with the management of the award recipient. After completion of a review, the Department shall issue a report that: highlights exceptional performance and identifies any problems that need to be resolved; assesses performance, efficiency, and effectiveness of the use of the financial assistance; makes recommendations on follow-up actions required to remedy any problem identified...”¹

The law sets forth the following performance criteria to be used to satisfy its objectives²:

- Passengers / revenue vehicle hour;
- Operating cost / revenue vehicle hour;
- Operating revenue / revenue vehicle hour;
- Operating cost / passenger; and,
- Other items as the Department may establish.

Performance criteria are to be compared for both the system being reviewed and for a group of five or more peers by mode, determined by considering the following:³

- Revenue vehicle hours;
- Revenue vehicle miles;
- Number of peak vehicles; and,
- Service area population.

The law further instructs PennDOT to prepare a five-year trend analysis for the local transportation organization under review and the peer systems by performance criteria and by mode, and make a determination of “In Compliance” or “At Risk” status based on findings.

PEER SYSTEM SELECTION

A list of tentative peers was submitted to LATS management for review and comment. After discussions were complete, the following 6 peer systems, in addition to LATS, were included in subsequent analyses for peer comparison purposes:

1. Village of Spring Valley Bus (Spring Valley Jitney) Village of Spring Valley, NY
2. Carbon County (Carbon) Jim Thorpe, PA
3. Venango County Transportation Office (VCTO) Franklin, PA
4. DUFAS (DuFAST) DuBois, PA
5. Transit Authority of Warren County (TAWC) Warren, PA
6. MID County Transit (MIDCO) Kittanning, PA

¹ Title 74 Pa. C.S.A. §1513 (e)

² Title 74 Pa. C.S.A. §1513 (f)

³ 67 Pa Code Chapter 427, Annex A . §427.12(d)(1)(i), Jan 2011.

ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of LATS with the selected peer systems was completed using NTD-reported data and PennDOT dotGrants Legacy statistics. Due to its consistency and availability⁴ for comparable systems, the NTD FYE 2013 Reporting Year database was selected as the primary data source used in the calculation of the five-year trend Act 44 metrics:

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

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

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

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

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

If an agency is within these limits, it is considered “In Compliance.” However, if an agency is “At Risk” for any given criterion, it must very closely monitor the effectiveness of remedial strategies identified in the action plan to achieve “Compliance” prior to the next performance review⁵.

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

⁴ NTD data is available for almost every urbanized area transit system in the United States. The latest data available at the time of the Peer Selection was for Fiscal Year End (FYE) 2013.

⁵ Act 44 identifies potential financial penalties for agencies determined “At Risk” during the review process that are not subsequently determined “In Compliance” within 5 years of the original “At Risk” finding.

Exhibit 3: Act 44 Compliance Summary

Metric	Single Year	Five-Year Trend
Passengers / Revenue Hour	In Compliance	In Compliance
Operating Cost / Revenue Hour	In Compliance	In Compliance
Operating Revenue / Revenue Hour	In Compliance	In Compliance
Operating Cost / Passenger	In Compliance	In Compliance

FIXED-ROUTE BUS PERFORMANCE COMPARISONS

For the 6 peer systems plus LATS, NTD and PennDOT dotGrants data were extracted and summarized for each of the required Act 44 metrics. Measures were put into histograms and tables for visual inspection, statistical analyses, and ordinal ranking purposes. The single-year results of these analyses are presented in **Exhibit 4, Exhibit 5, Exhibit 6, and Exhibit 7**. Five-year trend analyses are presented in **Exhibit 8, Exhibit 9, Exhibit 10, and Exhibit 11**.

For measures relating to passengers or operating revenue, ordinal rankings are based on a highest-to-lowest system. For measures relating to operating cost, ordinal rankings are based on a lowest-to-highest system. Thus a ranking of “1st” consistently indicates that the agency scores best amongst its peers and a ranking of “7th” indicates that it performs the poorest on any given metric.

The findings presented in the exhibits can be summarized as follows:

1. LATS’ FYE 2013 passengers / revenue hour ranks 4th out of the 7 transit agencies in the peer group. Passengers / revenue hour have been increasing at about 2.58% per year.
2. LATS’ FYE 2013 operating cost / revenue vehicle hour ranks 2nd out of the 7 transit agencies in the peer group. Operating cost / revenue vehicle hour was increasing at about 10.49% per year between FYE 2008 and FYE 2012. However, since LATS changed contractors for fixed-route service (FYE 2013), operating cost per revenue hour decreased by 51.4% during FYE 2013.
3. LATS’ 2013 operating revenue / revenue vehicle hour ranks as the 6th of the peers. The trend between FYE 2008 and FYE 2013 indicates that operating revenue / revenue vehicle hour increased at a rate of 9.09% per year while the peer average has increased at 3.60% per year.
4. LATS’ FYE 2013 operating cost / passenger ranks 3rd out of the 7 transit agencies in the peer group. The trend of annual cost/passenger decreased at a rate of 12.75% a year. This is the greatest instance of cost/passenger decrease among the peer group.

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

Exhibit 4: Fixed-Route Passengers / Revenue Vehicle Hour

Passengers / Revenue Hour (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank of 7	2008 Value	Annual Rate	Rank of 7
Village of Spring Valley Bus	3.03	7	6.10	-13.08%	7
Carbon County	3.43	6	4.99	-7.24%	6
Venango County Transportation	6.23	3	7.34	-3.20%	5
DUFAST	6.30	2	6.33	-0.10%	3
Transit Authority of Warren County	6.60	1	6.07	1.69%	2
MID County Transit	4.63	5	5.15	-2.10%	4
Lower Anthracite Transit System	4.81	4	4.24	2.58%	1
<i>Average</i>	5.01		5.75	-3.06%	
<i>Standard Deviation</i>	1.43		1.02	5.51%	
<i>Average - 1 Standard Deviation</i>	3.57		4.72	-8.57%	
<i>Average + 1 Standard Deviation</i>	6.44		6.77	2.44%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

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

Operating Cost / Revenue Hour (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank of 7	2008 Value	Annual Rate	Rank of 7
Village of Spring Valley Bus	\$104.13	7	\$65.95	9.57%	7
Carbon County	\$57.16	3	\$56.91	0.09%	4
Venango County Transportation	\$49.15	1	\$49.07	0.03%	3
DUFAST	\$57.82	4	\$68.56	-3.35%	2
Transit Authority of Warren County	\$75.92	6	\$55.72	6.38%	6
MID County Transit	\$60.03	5	\$57.74	0.78%	5
Lower Anthracite Transit System	\$51.85	2	\$90.25	-10.49%	1
<i>Average</i>	\$65.15		\$63.46	0.43%	
<i>Standard Deviation</i>	\$19.20		\$13.49	6.49%	
<i>Average – 1 Standard Deviation</i>	\$45.95		\$49.96	-6.06%	
<i>Average + 1 Standard Deviation</i>	\$84.35		\$76.95	6.92%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Better		Better		

Exhibit 6: Fixed-Route Operating Revenue / Revenue Vehicle Hour

Operating Revenue / Revenue Hour (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank of 7	2008 Value	Annual Rate	Rank of 7
Village of Spring Valley Bus	\$12.11	1	\$3.78	26.19%	1
Carbon County	\$0.78	7	\$2.14	-18.20%	7
Venango County Transportation	\$7.29	2	\$10.28	-6.63%	6
DUFAST	\$3.54	5	\$3.09	2.77%	5
Transit Authority of Warren County	\$4.32	4	\$3.40	4.89%	4
MID County Transit	\$6.72	3	\$4.77	7.13%	3
Lower Anthracite Transit System	\$2.65	6	\$1.72	9.09%	2
<i>Average</i>	\$5.35		\$4.17	3.60%	
<i>Standard Deviation</i>	\$3.74		\$2.88	13.76%	
<i>Average – 1 Standard Deviation</i>	\$1.61		\$1.29	-10.15%	
<i>Average + 1 Standard Deviation</i>	\$9.08		\$7.05	17.36%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

Exhibit 7: Fixed-Route Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2013 Single Year		5 Year Change Since FYE 2008		
	Value	Rank of 7	2008 Value	Annual Rate	Rank of 7
Village of Spring Valley Bus	\$34.38	7	\$10.81	26.05%	7
Carbon County	\$16.68	6	\$11.40	7.90%	6
Venango County Transportation	\$7.88	1	\$6.69	3.34%	4
DUFAST	\$9.17	2	\$10.83	-3.26%	2
Transit Authority of Warren County	\$11.51	4	\$9.18	4.62%	5
MID County Transit	\$12.95	5	\$11.20	2.95%	3
Lower Anthracite Transit System	\$10.77	3	\$21.30	-12.75%	1
<i>Average</i>	\$14.76		\$11.63	4.12%	
<i>Standard Deviation</i>	\$9.10		\$4.57	11.81%	
<i>Average – 1 Standard Deviation</i>	\$5.66		\$7.06	-7.69%	
<i>Average + 1 Standard Deviation</i>	\$23.87		\$16.20	15.93%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Better		Better		

Exhibit 8: Fixed-Route Passengers / Revenue Vehicle Hour Trend FYE 2008-2013

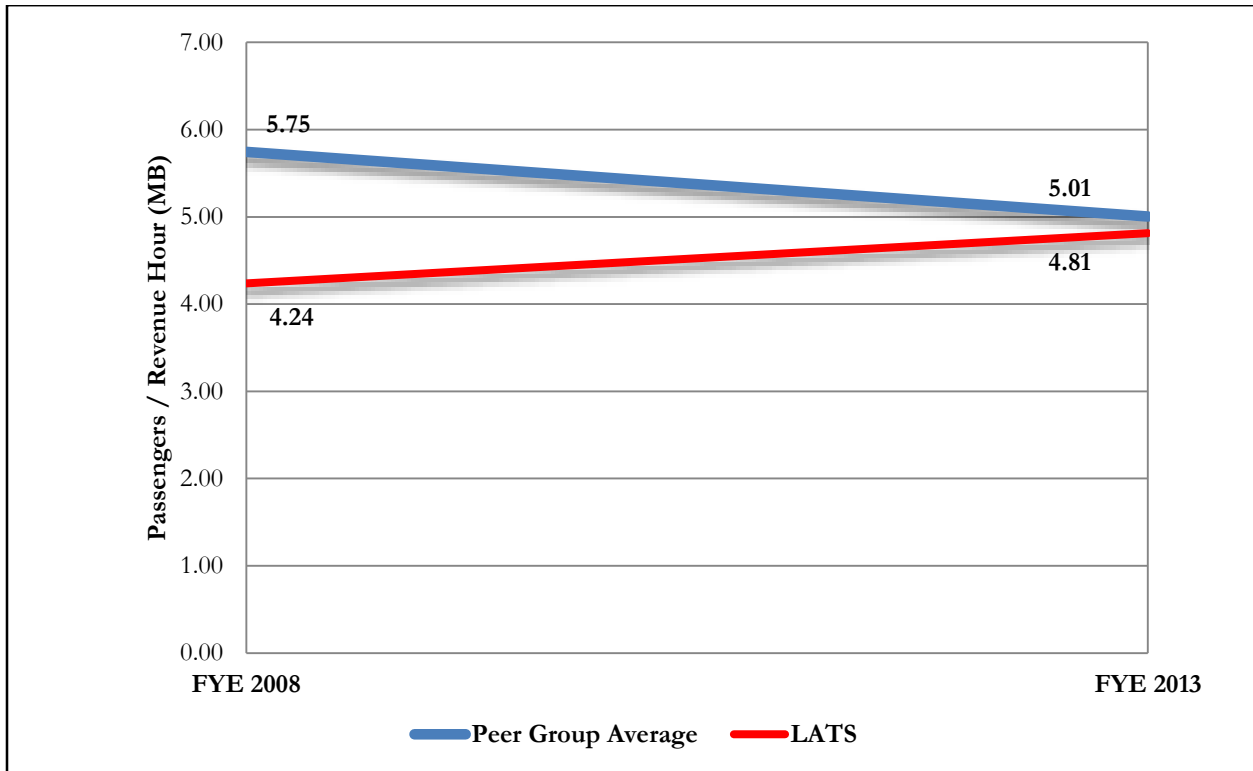


Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2008-2013

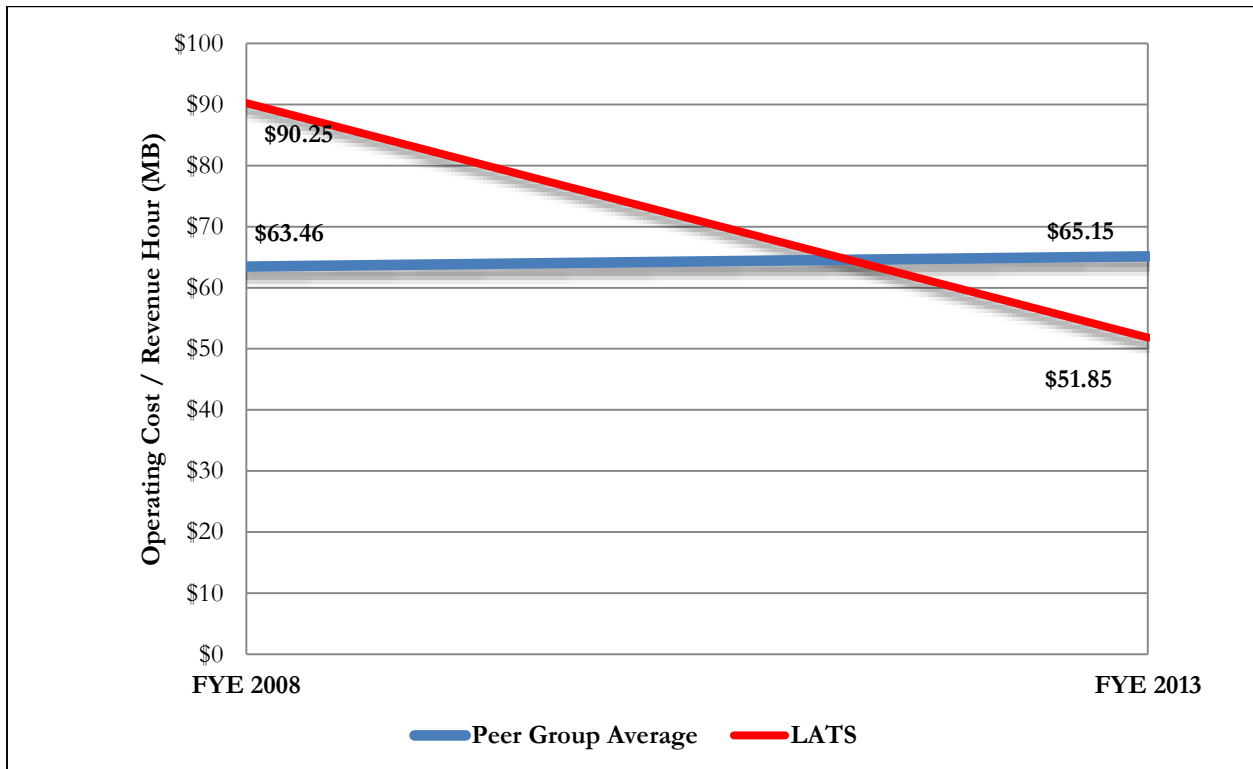


Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2008-2013

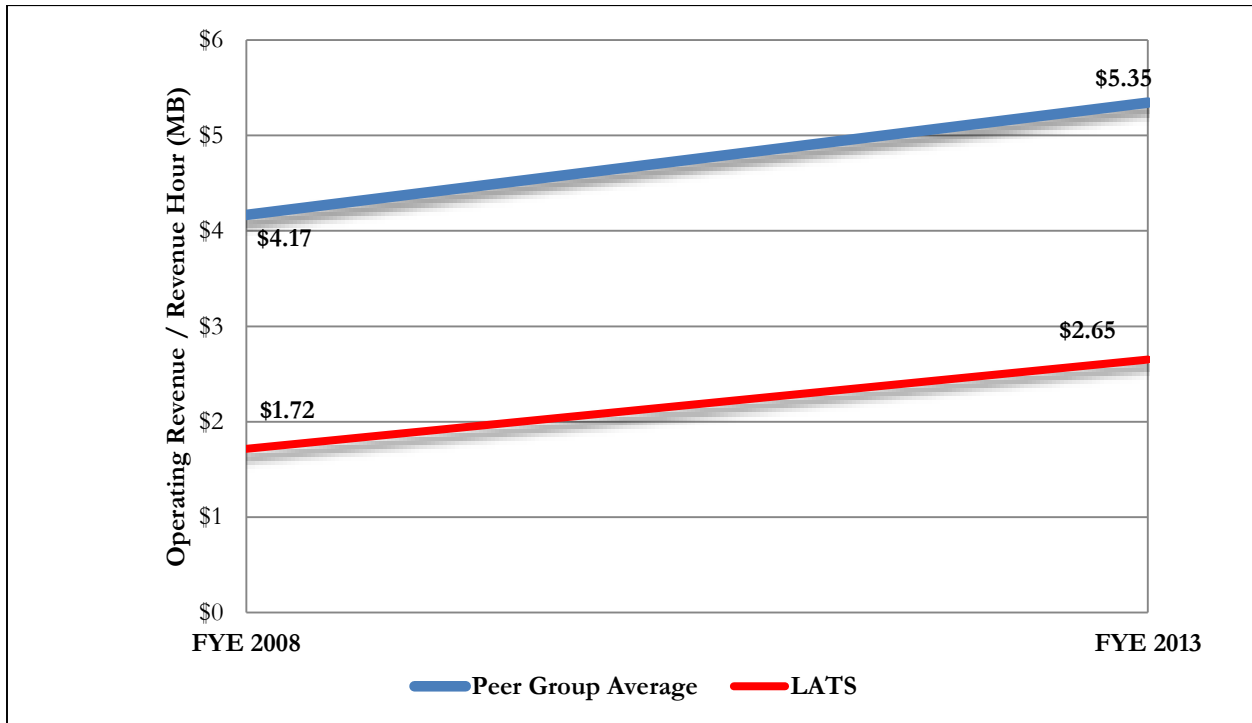
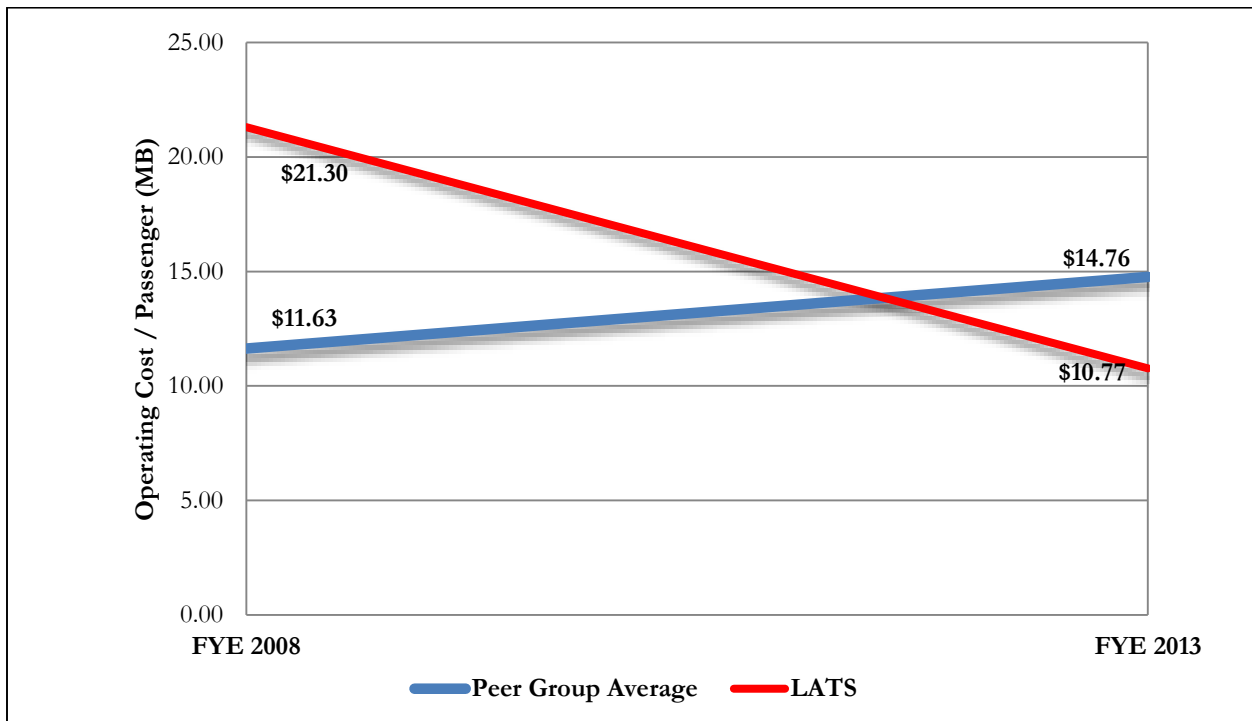


Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2008-2013



FIVE-YEAR FIXED-ROUTE PERFORMANCE TARGETS

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

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

These metrics are intended to improve both the effectiveness and efficiency of service delivery. PennDOT uses the most recent audited and agency-verified values for passengers, operating costs and operating revenues by mode as the “baseline” from which to develop the targets. Five-year targets are then developed based on realistic and achievable expectations of improvement.

Passengers / Revenue Hour is a measure of effectiveness of transit service. All else equal, passengers may increase due to successful marketing, customer service, improved route planning and natural growth. Declines in passengers / revenue hour can occur in spite of overall ridership increases due to the introduction of relatively inefficient service. Substantial improvements can be realized through the reduction of relatively inefficient services.

Typically PennDOT suggests a minimum targeted increase of 2% per year in passengers / revenue hour of service. This target is recommended because: it is consistent with statewide historic trends; it is achievable; and, it encourages agencies to better match service delivery with customer needs. LATS’ target has been set to 2% growth per year to help LATS maintain compliance on ridership, and improve revenues, for the next performance review.

Operating Cost / Revenue Hour quantifies the efficiency of service delivery. Costs should be managed through good governance, proactive management and effective cost containment. PennDOT suggests a target of no more than 3% per year increase in operating cost / revenue hour of service. LATS’ target has been set to rate of 3% per year due to a need to make sure future costs and future state subsidies are aligned.

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

Operating Cost / Passenger captures both the efficiency and effectiveness of transit service delivery. The target is set to be equal to the difference between maximum operating cost / revenue hour increase (3.0%) less the minimum passengers / revenue hour goal (2.0%), or 1.0%.

These performance targets represent the minimum performance level that LATS should achieve for each Act 44 criteria during the next performance review cycle – five years from the date of this report. The performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current certified audit information available. Standards were extrapolated to FYE 2020 and are designed to be aggressive, yet achievable. Performance targets will be agreed to between PennDOT and LATS before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for LATS’ Act 44 metrics are presented in **Exhibit 12**, **Exhibit 13**, **Exhibit 14**, and **Exhibit 15**.

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

FYE 2020 Target..... **6.37**
 Interim Year Targets **Annual increase of at least 2.0%**

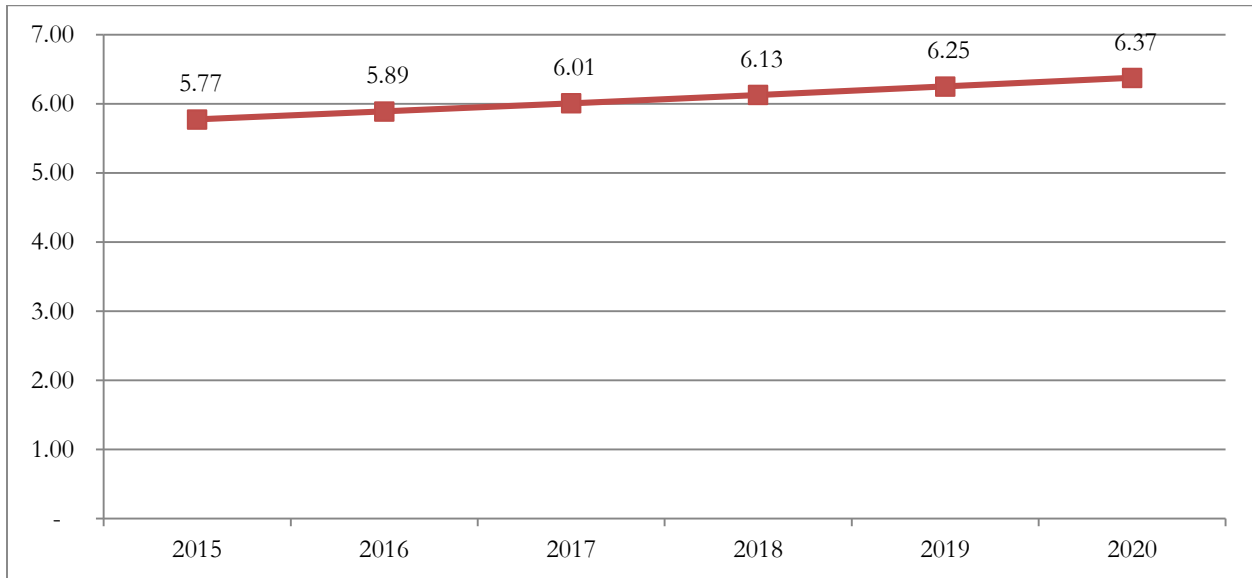


Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets

FYE 2020 Target..... **\$66.55**
 Interim Year Targets **Annual increase of no more than 3.0%**



Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets
 FYE 2020 Target..... **\$2.52**
 Interim Year Targets **Annual increase of at least 2.0%**

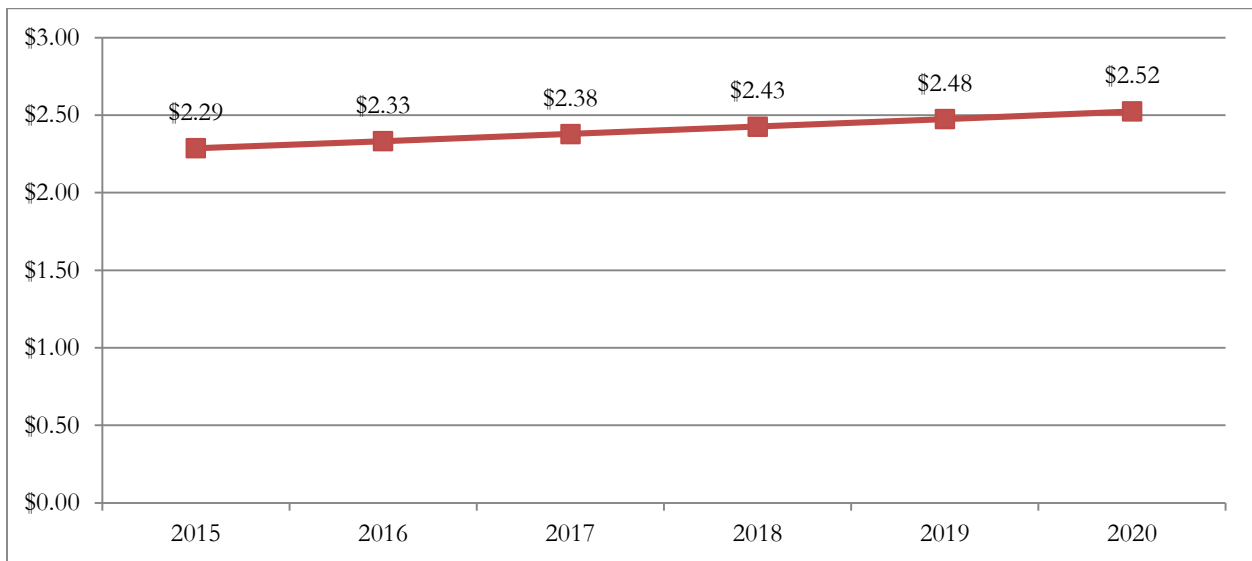
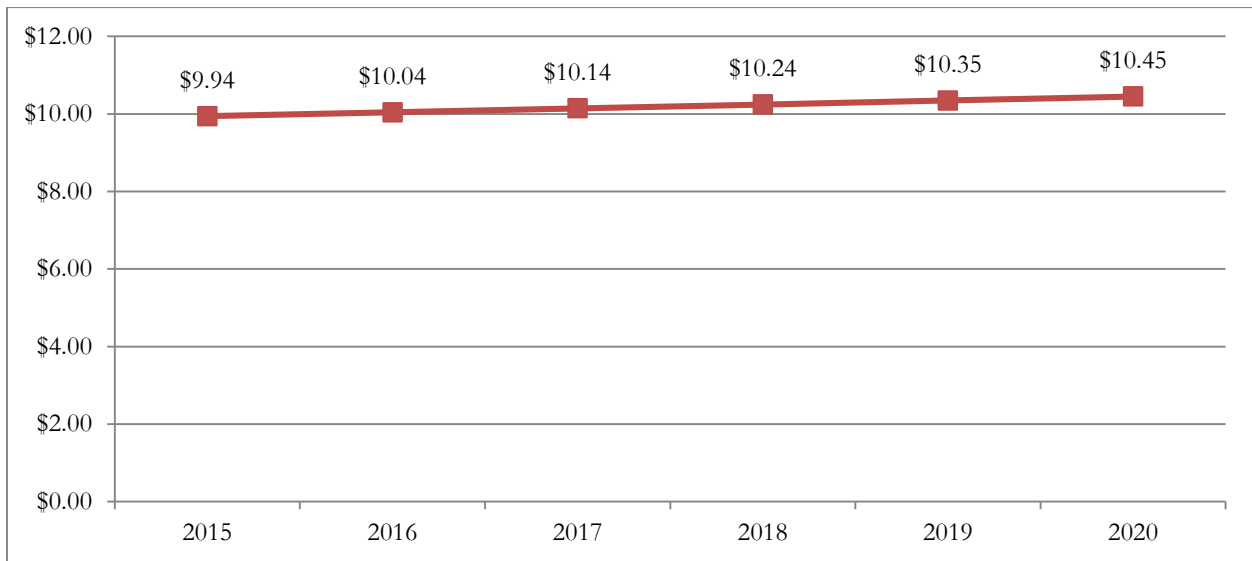


Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets
 FYE 2020 Target..... **\$10.45**
 Interim Year Targets **Annual increase of no more than 1.0%**



FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to catalog “best practices” to share with other transit agencies, and to identify opportunities for improvement that should be addressed in the Action Plan (see **Appendix A: Action Plan Improvement Strategies**). A total of 13 functional areas were reviewed through documents received from the agency and interviews conducted on-site. The functional areas are as follows:

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

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

The following sections summarize the ways that service can be delivered more efficiently and effectively. It is important that service is both sensitive and responsive to the community's needs, while maximizing productivity, effectively directing service hours, controlling operating costs, and achieving optimum revenue hours. The observations that were recorded during the review process are categorized as *Best Practices* or *Elements to Address* in the *Action Plan*. *Best Practices* are those exceptional current practices that are beneficial and should be continued or expanded.

Items to Address in the Action Plan are recommendations that have the potential to maximize productivity, to direct service hours effectively, to control operating costs, and to achieve optimum revenue levels that will enhance the system's future performance overall for one or more of the Act 44 fixed-route performance factors. For the convenience of LATS, Action Plan templates have been included in **Appendix A: Action Plan Improvement Strategies** (pp. 28-30). Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. The template provides a simple-to-follow order of key findings of this report that should be addressed in the Action Plan.

OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

Act 44 defines "passengers" as unlinked passenger trips, or passenger boardings, across all routes in the fixed-route transit system. Increases in ridership directly represent how effectively management has matched service levels to current demand for service.

BEST PRACTICES

1. LATS coordinated with Knoebels Amusement Resort, the largest seasonal employer within its service area to identify a new potential customer base. As a result, LATS developed a successful seasonal route that serves patrons and employees of Knoebels Amusement Resort, many of which are high school students.

ELEMENTS TO ADDRESS IN PART 1-A OF THE ACTION PLAN (SEE P. 28)

1. LATS uses social media for public outreach. However, social media is but one tool that can be used to promote ridership and raise awareness of transit service. **LATS should develop a public outreach and marketing plan** that includes the use of targeted mailings, e-mails and other low-cost but effective marketing approaches. The marketing plan should include a dedicated budget and goals related to each marketing activity.
2. LATS does not have a dedicated website. A Facebook page, although effective at penetrating the social media market and easily accessible from mobile devices, does not meet the expectation of many travelers for a web presence. **LATS should develop a website** that includes:
 - a system map
 - route information
 - fares
 - schedules
 - how to apply for a senior pass
 - hyperlinks to YATA for Northumberland County Shared-ride
 - contact information
 - ADA service once available
 - service notifications and weather disruptions

- LATS has no established protocol that requires the contractor to inform LATS if there are missed stops or weather cancellations. In the past, stops were missed and service was suspended without notification to LATS. **Management should develop a policy that requires the contractor to notify LATS if a stop is missed and if service is suspended due to weather or other circumstances.** LATS should make this information known to its customers as well via a website and social media.

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

Act 44 defines “revenues” as all non-subsidy revenues generated to help fund the operation of a transit system. The largest contributors to this are typically farebox revenues, route guarantees, interest on accounts, and advertising revenues.

BEST PRACTICES

- None.

ELEMENTS TO ADDRESS IN PART 1-B OF THE ACTION PLAN (SEE P. 28)

- LATS provides seasonal service to Knoebel’s Amusement Resort to provide access to employees, some of which are high school age students. Many transit agencies have been able to work with large employers to secure route guarantees or other funds to help offset the cost of such service and to provide discounted or free rides to their employees. **LATS should evaluate the potential of securing a route guarantee with Knoebel’s Amusement Resort** to increase funding and promote greater use of the route by Knoebel’s employees and visitors.

OPPORTUNITIES TO CONTROL OPERATING COSTS

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

BEST PRACTICES

- None.

ELEMENTS TO ADDRESS IN PART 1-C OF THE ACTION PLAN (SEE P. 29)

- Prior to 2013, LATS had one contractor for years. That contractor was found to overcharge the Borough for service and improperly maintain its buses. Since the contract was rebid in 2013, costs have dropped significantly. In a small and relatively remote location, there are a limited number of contractors willing to bid on a purchased transportation service contract. It is therefore important that LATS **start the contract rebidding process well before the current contract is set to expire** so as to raise awareness among potential contractors. As part of this process, LATS should work with the Department to identify best practices in contracting that can be used to help guide its efforts.

2. The LATS contractor has two mechanics that split time between LATS and non-LATS work. However, their shifts coincide mostly with LATS service time. This leaves only a small window of time for maintenance on LATS vehicles, for either an hour before service begins or after service ends. Due to the limited window for maintenance, LATS vehicles have not received proper preventative maintenance resulting in overdue maintenance and non-compliance with FTA regulations. **LATS should work with the contractor to ensure maintenance is properly tracked and performed on schedule** per the manufacturer's specifications.

OTHER FINDINGS THAT IMPACT OVERALL AGENCY PERFORMANCE

“Other Findings” is a collection of findings from the functional review that may, if addressed, improve current or future operations. While not directly tied to Act 44 measures, actions to address these findings will result in a more seamless operation and greater operational efficiencies.

BEST PRACTICES

1. The Executive Director rides the LATS routes weekly and actively engages passengers for feedback on LATS services. He also visits local high rises and senior centers to market LATS services. This level of engagement with customers by an Executive Director is exceptional.

ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN (SEE P. 30)

1. LATS is governed by the Borough's Council. However, the Council has no training or experience overseeing a transit system. To help the Council understand its roles and responsibilities, **LATS management and the Council should complete the PennTRAIN Board Training course.** The course is available online and can be completed in 15 minute sessions either at home or during regularly scheduled Council meetings.
2. Though LATS is a component of the Borough of Mount Carmel, LATS management rarely provides ongoing status and performance reports relating to its operations to the Borough Council. Concise information provided by LATS would assist the Council in its governance responsibilities. **LATS management should develop and present a concise monthly report for the City Council** that provides the Council with updates and trends on ridership, farebox recovery, changes in operational costs and customer service.
3. LATS lacks an established quality control program over the contractor's farebox reconciliation. Current practice is for the contractor to count farebox revenue in a minimally secure location at the contractors's office. In addition, LATS has no protocol for investigating differences between reported ridership and actual receipts. **LATS should improve the security of fare revenue handling.** Similar-size systems have been able to work with a local bank as a third party who will collect, count and deposit cash. Management then can reconcile cash collected against reported ridership to insure that cash receipts are in line with expectations.
4. In 2014, a transit development plan (TDP) was developed for LATS. The TDP identified several unmet needs that could be addressed through service development. **LATS should routinely test and evaluate the TDP's recommendations.** Service development efforts should include the identification of possible service changes, expected ridership and revenues,

farebox recovery goals and budget implications. This will allow LATS to evolve its service to meet changing community needs within available financial resources.

5. LATS does not offer ADA complementary service and is currently ineligible for federal 5311 funding. **LATS should coordinate with PennDOT to develop and implement ADA complementary paratransit service** that will put the agency on track to be eligible for federal funding and to better meet the needs of its mobility-limited population.
6. LATS has no succession plan in place for its only position, the Executive Director. A succession plan provides a framework to delegate authority when the Executive Director is on an extended leave or leaves employment with the agency. The succession plan will outline who within the Borough will be trained to take over for the Executive Director during their absence or position vacancy. **LATS should work with the Borough to design a succession plan** that includes cross-training of at least one Borough staff member on all of the roles and responsibilities of the LATS Executive Director.
7. LATS is a small agency within the municipal government of the Borough of Mount Carmel. Given there are limited funds and staff resources available to LATS, it may be cost-effective to share staff resources with SEDA-COG, the local RPO. **LATS should coordinate with SEDA-COG** to get technical assistance to satisfy some of its unmet needs such as developing a transit system map, demographic analyses and service planning.

FINANCIAL REVIEW

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

- Background
- High-Level Indicators of Financial Health
- Public Transportation Operational Expenditures and Funding
- Balance Sheet Findings

BACKGROUND

LATS overstated senior and total ridership from FYE 2006 through FYE 2012. Senior and total ridership are two components used in the allocation of state funding for the section 1513 Operating Assistance and section 1517 Capital Improvement Programs. As a result, in August of 2014, LATS had to repay \$299,111 of section 1513 and \$34,398 of section 1517 funds. This significantly impacted available reserves, which are mostly attributed to 1513 funds carried over from the previous year.

Additionally, the former LATS contractor (King Coal) was found to have overcharged the Borough for service and improperly maintained LATS buses. In 2014, the Borough selected a new contractor at a much lower cost who has been “playing catch up” on maintenance. This background is important to consider when interpreting LATS historic financial trends.

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

As shown in **Exhibit 16**, LATS is in line with most industry goals and targets for all high-level financial indicators. Available reserves, mostly attributable to state funds, has been above 25% of annual operating cost in recent years and local funds, while decreasing, remain at acceptable levels. LATS has about \$369,995 in carryover section 1513 funds identified in PennDOT dotGrants in FYE 2014. LATS had no carryover local funds at the end of FYE 2014. Carryover section 1513 funds decreased greatly in FYE 2015 due to a section 1513 funding adjustment to account for LATS overstating total and senior citizen ridership during fiscal years 2005-2006 through 2012-13. LATS will need to control future costs to maintain adequate reserves.

Accounts payable and receivable amounts are negligible. LATS does not have or need a line of credit at this time.

Local matching funds contributed by Northumberland County, the Borough of Mount Carmel and surrounding municipalities⁶ amount to 3.2% of LATS’ operating costs (FYE 2014). These local matching funds represent a 3.9% match of local to state funds. In accordance with Act 44 requirements, local contribution amounts will increase by 5% each fiscal year. At the time of this review, management reports no concerns with finding sufficient local match.

⁶ Mount Carmel Township, Borough of Marion Heights, Borough of Kulpmont, City of Shamokin and Coal Township

Exhibit 16: High-level Financial Indicators FYE 2014

Indicator	LATS Value⁷	Assessment Criteria / Rationale	Source
State Carryover 1513 Subsidies / Annual Operating Cost	50.5%	A combined target of 25% provides flexibility to account for unexpected cost increases or service changes.	FYE 2014 Audit and dotGrants
Local Carryover Subsidies/ Annual Operating Cost	0.0%		
Credit available/ Annual Payroll	0.0%		
Actual Local Match / Required 1513 Match	100.0%	Target 100%. Local match that exceeds required minimums gives a transit agency flexibility to change service, to accommodate unexpected cost changes and match federal and state capital awards.	dotGrants 2014
Accounts Payable (AP) 90+ days	0.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	FYE 2014 Audit
Accounts Receivable (AR) 90+ days	0.0%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	FYE 2014 Audit
Operating Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2014 Audit

⁷ Values reported as end of reporting period balances.

PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, LATS public transportation expenditures have decreased from a \$509,000 per year operation in FYE 2010 to a \$290,000 per year operation in FYE 2015, a 42.8% overall decrease, or on average 10.6% annually. LATS’ large decrease in operational expenses is attributed to a new service contract secured at a lower rate in FYE 2013. LATS’ operational expenses are shown in **Exhibit 18**. Shared-ride services in the area are provided by York Adams Transit Authority (d.b.a. YATA, Rabbitransit), a separate entity that is based in York and Adams Counties that provides shared-ride services in York, Adams, Cumberland and Northumberland Counties. LATS currently does not provide ADA service.

LATS’ operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares (**Exhibit 19**). Passenger fares and other revenues represent approximately 3.5% of total operating income. State operating subsidies remain the largest funding source for LATS (**Exhibit 20**) accounting for 92.3% of total operating income. LATS received no federal operating subsidy in FYE 2015.

Direct passenger fares have covered between 1.3% and 4.0% of total operating revenues (**Exhibit 21**). LATS has experienced an annual decrease in federal operating subsidies, most notably from FYE 2013 to FYE 2014. Based on the FYE 2010 to FYE 2015 dotGrants reporting, LATS operated using current year funding with \$369,995 in excess state 1513 funding being “carried over” at the end of 2014. LATS had no carryover local funds available at the end of 2014. Local funding is in line with Act 44 requirements.

Exhibit 17: Public Transportation Operating Expense (FYE 2010–2015)

Expense by Year	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Total (\$ thousands)	\$508	\$491	\$474	\$248	\$329	\$290

Exhibit 18: Public Transportation Operating Expenses by Year

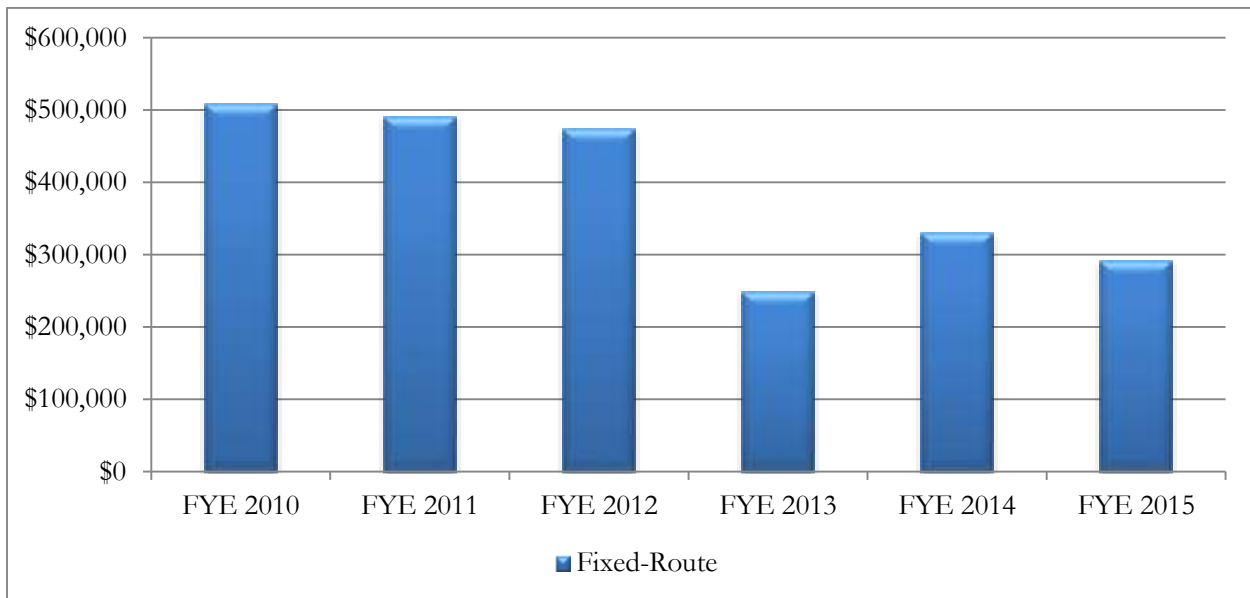


Exhibit 19: Public Transportation Operational Funding by Source (FYE 2010–2015)

Share of Funding	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Federal Subsidy	49.2%	49.6%	48.7%	47.4%	12.3%	0.0%
State Subsidy	47.8%	47.3%	47.5%	43.4%	81.0%	92.3%
Local Subsidy	1.7%	1.9%	2.0%	4.0%	3.2%	3.7%
Revenues	1.3%	1.2%	1.8%	5.1%	3.5%	4.0%
Local Subsidy / State Subsidy	3.6%	3.9%	4.2%	9.3%	3.9%	4.0%

Exhibit 20: Public Transportation Operational Funding

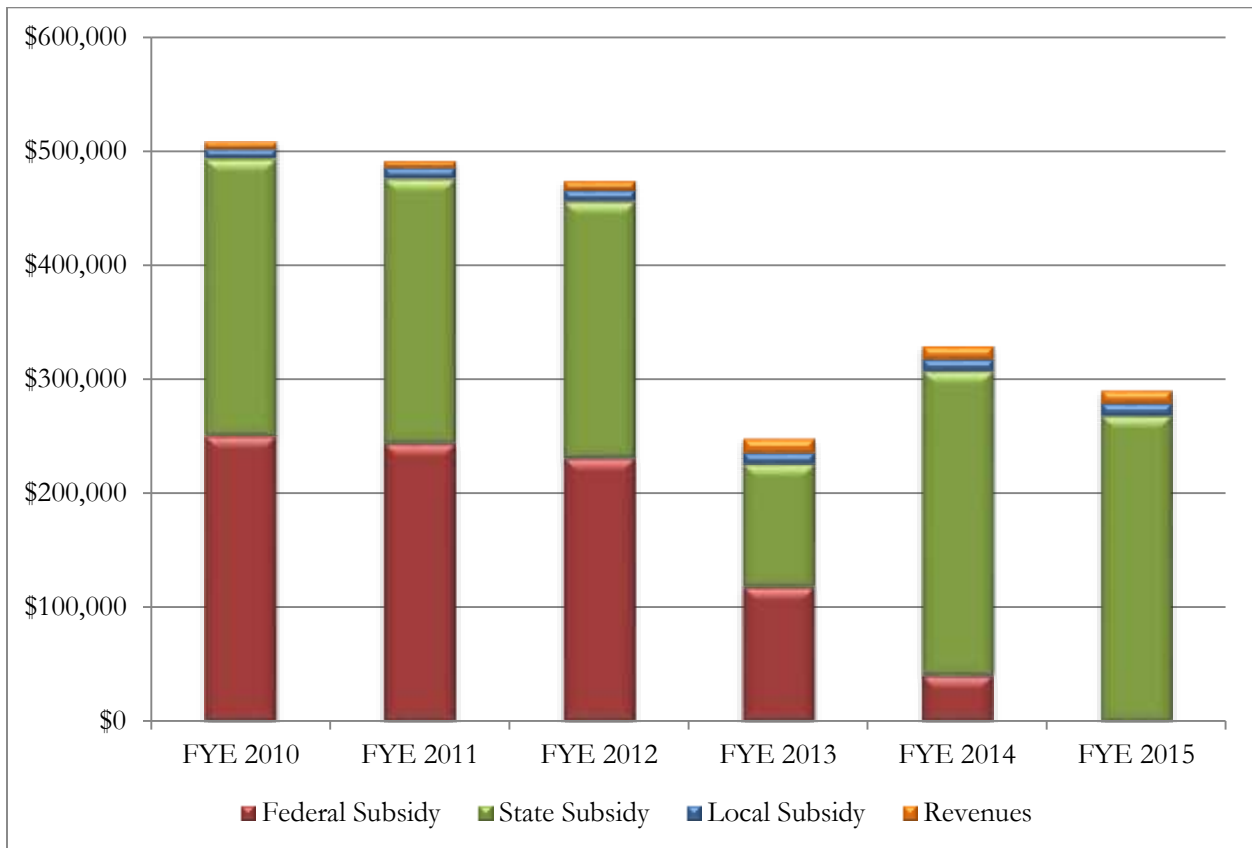


Exhibit 21: Fixed-Route Funding by Source (FYE 2011–2015)

Funding Category	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Revenues					
Passenger Fares	\$6,115	\$8,528	\$12,311	\$11,614	\$11,567
Advertising	\$0	\$0	\$0	\$0	\$0
Route Guarantee	\$0	\$0	\$0	\$0	\$0
Other (Misc)	\$0	\$0	\$0	\$389	\$0
Subtotal	\$6,115	\$8,528	\$12,700	\$11,614	\$11,567
Subsidies					
Federal Operating Grant	\$243,444	\$230,696	\$117,838	\$40,356	\$0
Act44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
Act44 (1513) State Current	\$232,143	\$224,863	\$107,814	\$266,620	\$268,110
Municipal Prior	\$0	\$0	\$0	\$0	\$0
Municipal Current	\$9,093	\$9,548	\$10,025	\$10,526	\$10,688
Subtotal	\$484,680	\$465,107	\$235,677	\$317,502	\$278,798
Total Funding	\$490,795	\$473,635	\$248,377	\$329,116	\$290,365
Passenger Fares/ Total Funding	1.2%	1.8%	5.0%	3.5%	4.0%

Source: PennDOT dotGrants Reporting System

BALANCE SHEET FINDINGS

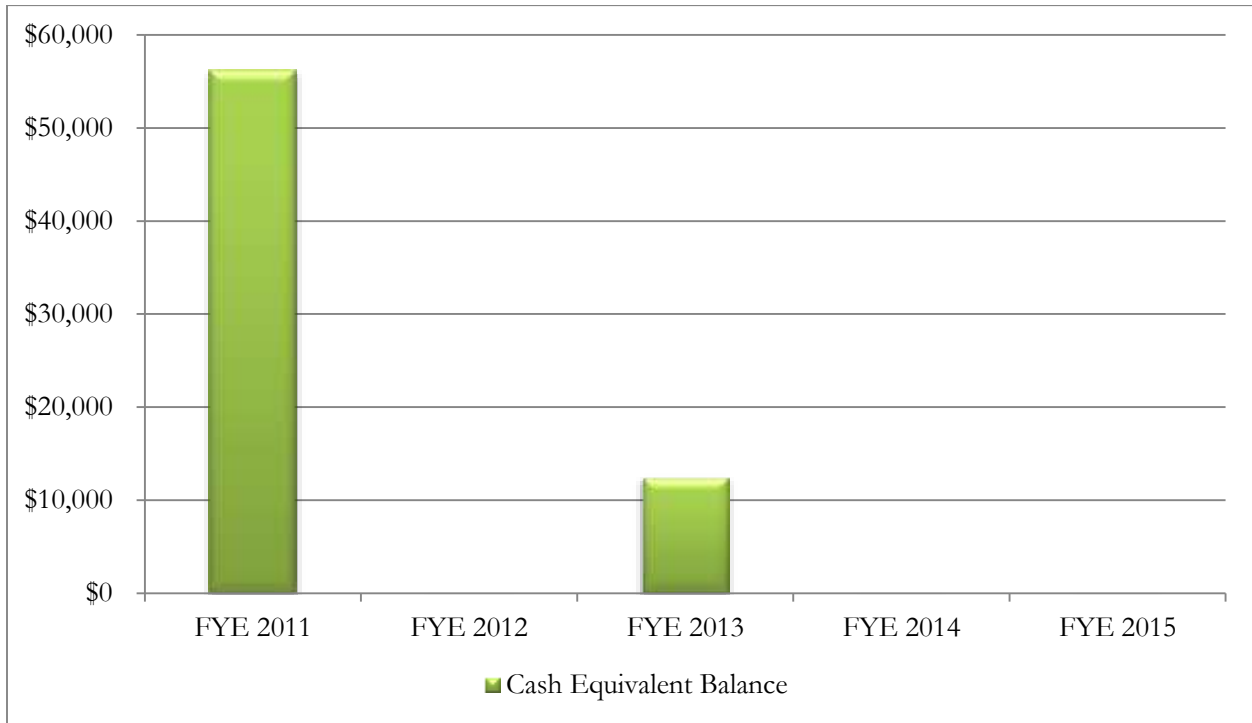
Review of balance sheets from LATS shows that the agency does not regularly maintain cash on hand (**Exhibit 22** and **Exhibit 23**). As a component of the Borough, this does not present a problem. The margin between current assets and liabilities is similar to that seen in many other transit agencies in the Commonwealth and has decreased over time. Accounts payable remains at low levels. LATS does not maintain a line of credit.

Exhibit 22: Balance Sheet Summary (FYE 2011–2015)

Balance Sheet Report	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Cash Equivalent Balance	\$56,169	\$0	\$12,416	\$0	\$0
Grants Receivable (including capital)	\$0	\$0	\$0	\$118,219	\$0
Other Accounts Receivable	\$1,872	\$19,368	\$5,681	\$5,681	\$11,318
Accounts Payable (including capital)	\$67,462	\$491	\$25,269	\$23,368	\$23,261
Deferred Revenue	\$4,695	\$9,197	\$728,415	\$706,338	\$154,036
Total Operating Expense	\$490,795	\$473,635	\$248,377	\$329,116	\$290,371
Cash Eqv. Bal / Total Operating Exp.	0.0%	0.0%	5.0%	0.0%	0.0%
Current Assets	\$498,184	\$493,513	\$728,873	\$704,895	\$155,207
Current Liabilities	\$72,157	\$9,688	\$753,684	\$729,706	\$177,297

Source: Annual Audit Reports and PennDOT dotGrants

Exhibit 23: End-of-Year Cash Equivalent Balance (FYE 2011–2015)



CONCLUSIONS

Northumberland County, the Borough of Mount Carmel, and the surrounding municipalities⁸ contribute monies for LATS’ local match funding requirements. LATS has no outstanding debt or line of credit. LATS has a balanced operating budget. LATS had \$369,995 available in state 1513 carryover funds and \$10,526 in local carryover funds at the end of FYE 2014. This amounts to state reserves equal to 112.4% of LATS’ annual operating expenses. By the end of FYE 2015, state carryover subsidies had decreased to \$146,624 and local carryover subsidies had decreased to \$4,844.

During FYE 2015, LATS 1513 reserves decreased greatly. This was because in August of 2014, PennDOT adjusted LATS’ state funding for section 1513 Operating Assistance and section 1517 Capital Improvement Programs. The adjustments were necessary due to LATS overstating their senior citizen passenger counts from fiscal year 2005-06 through 2012-13. The funding adjustments resulted in LATS repaying \$229,111 of section 1513 funding and \$34,398 of section 1517 funding. In order to maintain overall financial health, LATS management should continue to take appropriate actions to control costs, achieve farebox recovery goals and build cash reserves.

⁸ Mount Carmel Township, Borough of Marion Heights, Borough of Kulpmont, City of Shamokin and Coal Township

APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

PART 1- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATES

A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

Recommendation (page)	LATS Action	Estimated Initiation Date	Estimated Completion Date
Develop a public outreach and marketing plan (p. 18)			
Develop a website that includes a system map, fares, route and schedule information (p. 18)			
Track, report and notify the public about any service disruptions (p. 19)			

B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

Recommendation (page)	LATS Action	Estimated Initiation Date	Estimated Completion Date
Evaluate the potential of securing a route guarantee or other financial arrangement with Knoebel's Amusement Resort (p. 19)			

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

Recommendation (page)	LATS Action	Estimated Initiation Date	Estimated Completion Date
Start rebidding process for contracted service well before current contract is set to expire (p. 19)			
Improve oversight of contractor preventative maintenance practices (p. 20)			

PART 2- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE

Recommendation (page)	LATS Action	Estimated Initiation Date	Estimated Completion Date
Complete PennTRAIN Board training (p. 20)			
Develop and provide monthly LATS status reports to the Borough Council (p. 20)			
Improve the security of fare handling (p. 20)			
Develop a program to test and evaluate TDP recommendations (p. 20)			
Coordinate with PennDOT to implement ADA complementary service (p. 21)			
Coordinate with the Borough of Mount Carmel to develop a succession plan (p. 21)			
Explore technical resource sharing opportunities with SEDA-COG (p. 21)			

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