



MMVTA System Performance Review

March 13, 2014

Mid Mon Valley Transit Authority Performance Report

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AGENCY PROFILE

Agency Name	Mid Mon Valley Transit Authority (d.b.a. Mid Mon Transit, MMVTA)	
Year Founded	1985	
Reporting Fiscal Year End (FYE)	2012	
Service Area (square miles)	79	
Service Area Population	56,508	
Type of Service Provided	Fixed-Route Bus	ADA Paratransit
Vehicles Operated in Maximum Service*	22	2
Annual Revenue Miles of Service*	803,848	5,223
Annual Revenue Hours of Service*	48,597	716
Annual Total Passenger Trips*	335,492	756
Annual Total Senior Lottery Trips*	46,028	0
Employees (full-time/part-time)*	6 / 0	0 / 0
Total Annual Operating Cost*	\$4,101,178	\$47,410
Total Annual Operating Revenues*	\$695,036	\$3,663
Total Annual Operating Revenue / Total Annual Operating Cost	16.9%	7.7%
Administrative Cost / Total Operating Cost	16.6%	0.0%
Operating Cost / Revenue Mile	\$5.10	\$9.08
Operating Cost / Revenue Hour	\$84.39	\$66.22
Passengers / Revenue Hour	6.90	1.06
Total Annual Operating Revenue / Revenue Hour	\$14.30	\$5.12
Operating Cost / Passenger	\$12.22	\$62.71

*Source: dotGrants FYE 2012

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 makes transit agencies aware of improvement opportunities and identifies best practices that can be shared with other transit agencies.

The Act 44 transit performance review of Mid Mon Valley Transit Authority (d.b.a. Mid Mon Transit, MMVTA) was conducted in October 2013. The performance review focused on fixed-route bus. This report addresses Act 44 established performance criteria specifically related to fixed-route bus services – MMVTA trends and a comparison of MMVTA to peers, targets for future performance (performance reviews are conducted on a five-year cycle), and opportunities for improvement which should assist MMVTA in meeting the future targets. This report also addresses the management and general efficiency and effectiveness of services.

After receipt of this performance review report, MMVTA will develop an action plan which identifies the steps MMVTA will take to meet the agreed to Act 44 performance criteria targets by FY 2017-18. 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 MMVTA management and its governing board.

A draft action plan is due to the Department within 60 days of receipt of this report. PennDOT will work with MMVTA to agree on a plan which, when approved by MMVTA Board, will be submitted as the final action plan. MMVTA must report at least quarterly to the Board and PennDOT on the progress of the action plan, identifying actions taken to date, and actions to be implemented. MMVTA's success will be measured in part on meeting performance targets established through this review (see *Five-Year Performance Targets*, p. vii).

ACT 44 PERFORMANCE DETERMINATION

Act 44 performance factors were analyzed to quantify MMVTA's fixed-route bus performance in comparison to its peer agencies in FY 2010-11 and over a five year trend period from FY 2005-06 to FY 2010-11 (the most recent NTD data available at the time of the peer selection). Peers were selected through an analytical process and were agreed to in advance by MMVTA.

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 MMVTA is “In Compliance” for five of the eight criteria and “At Risk” for three.** The peer comparison process as applied to Act 44 criteria (below, in bold typeface) revealed the following:

In Compliance

1. The **five-year trend of passengers / revenue vehicle hour** ranks second poorest of the 14 transit agencies in the peer group.
2. **FYE 2011 operating cost / revenue vehicle hour** is higher than the peer group average.
3. The **five-year trend for operating cost / revenue vehicle hour** is the third highest rate of cost increase in the peer group.
4. **FYE 2011 operating revenue / revenue vehicle hour** ranks eighth of the 14 peers and is slightly better than the peer group average.
5. The **five-year trend for operating revenue / revenue vehicle hour** is the poorest of the 14 peers. MMVTA's is declining over time while the peer group average is increasing.

At Risk

1. **FYE 2011 passengers / revenue vehicle hour** ranks as the second poorest of the 14 transit agencies in the peer group.
2. **FYE 2011 operating cost / passenger** is the highest of the peer group and is largely attributable to low ridership.
3. The **five-year trend for operating cost / passenger** is the poorest of the peer group. This is largely attributable to declines in ridership per revenue hour while operating costs per revenue hour have increased at a rate higher than the peer group average.

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

Performance Criteria	Fiscal Year End	Determination	Rank (of 14)	Comparison to Peer Avg.	Value	Peer Average
Passengers / Revenue Hour	2011	At Risk	13	Worse	7.03	15.32
	Trend	In Compliance	12	Worse	-0.87%	1.15%
Operating Cost / Revenue Hour	2011	In Compliance	10	Worse	\$82.30	\$72.17
	Trend	In Compliance	12	Worse	6.63%	4.25%
Operating Revenue / Revenue Hour	2011	In Compliance	8	Better	\$13.54	\$13.48
	Trend	In Compliance	14	Worse	-1.24%	7.19%
Operating Cost / Passenger	2011	At Risk	14	Worse	\$11.70	\$5.67
	Trend	At Risk	14	Worse	7.57%	3.10%

GENERAL FINDINGS

In accordance with Act 44, findings are indicated as “opportunities for improvement” or “best practices.” Improvement opportunities identify tasks that may be undertaken to increase the efficiency, effectiveness, and/or quality of service of the agency. Best practices are current practices that enhance the efficiency, effectiveness, and/or quality of service of MMVTA and may be shared with other agencies as techniques for improvement. Major themes are indicated below. Detailed recommendations on how these and more detailed issues identified should be addressed are found in the body of the report.

OPPORTUNITIES FOR IMPROVEMENT TO ADDRESS IN PART 1 OF THE ACTION PLAN (SEE P. 32)

1. **Develop Reasonable Minimum Ridership and Revenue Service Standards** – MMVTA is “at risk” for three of the eight Act 44 performance factors. This outcome is largely the result of its exceptionally low ridership. It appears that a significant amount of the service that is currently operated is relatively unproductive. MMVTA should determine the degree to which each route meets its minimum requirements and reduce, or eliminate the service that does not meet the minimum performance standards. Changes should be carefully construed as it appears that service reductions since 2010 have adversely impacted MMVTA’s overall passengers / revenue hour (see *Agency Description*, p. 2).
2. **Reexamine Board Size, Representation and Oversight Roles** - There are a number of concerns regarding the governance of the agency. The size of the agency’s Board of Directors is exceptionally high (21 members), which makes it very difficult to effectively govern the agency. Furthermore, the by-laws contribute to this situation, by requiring that there be a representative from any local community that contributes local funding, regardless of the amount that it annually provides, and not having a provision to enable the board to eliminate representatives from local communities if they choose to discontinue their annual financial support. Finally, the Board does not effectively evaluate the annual performance of its Executive Director. MMVTA should consider modifying its by-laws to require a minimum level of annual financial support from a local sponsor before it is entitled to have a seat on the Board. Also it is suggested that the by-laws include a provision to eliminate the Board seat for any community that decides later to discontinue providing the minimum amount of annual local funding. Finally, it is recommended that the Board conduct a formal annual evaluation of the Executive Director, by determining the extent the individual attained the Board’s established goals and objectives.
3. **Avoid Deferring Routine Items in Expectation of Regional Consolidation-** MMVTA’s management has deferred many routine items in expectation of a regional consolidation. However, regional consolidation, if it occurs, would likely be several years in the future. This expectation is probably not a good way to plan for the future and will only amplify issues that would naturally arise during any potential consolidation effort. Management should assess what items need to be addressed if a regional consolidation does not occur and develop plans to address those items, such as weak cash reserves, before they impede the agency’s ability to deliver high-quality service to its customers.
4. **Develop Performance Targets for All Key Agency Functions-** MMVTA’s Board should develop a formal set of performance targets and measure where current service is in relation to the targets. Then, if necessary, MMVTA should develop a performance enhancement

strategy for all key agency functions.¹ Performance measures are objective indicators of different activities of the agency that can be used to strengthen management decision making, achieve results, and support accountability. Eight basic performance targets are stipulated under Act 44, and are intended to motivate the organization to improve performance. Similar targets have not been set and/or monitored for most agency functions. This recommendation is consistent with MAP-21 and general trends in the transit industry where performance-based evaluation is rapidly becoming the norm.

FINANCIAL REVIEW

For the FYE 2008 to FYE 2012 period, the local governments in the MMVTA service area have contributed to help cover MMVTA's operational funding requirements. MMVTA has used all of those amounts in any given year to balance its budget and comply with state requirements. Farebox revenues as a percentage of operating cost is similar to that in similar-sized transit systems in the Commonwealth hovering around 15%. MMVTA has no available local carryover funds and has been depleting carryover state 1513 funds as well. Normally, this would be a great cause for concern. However, since MMVTA contracts for service delivery, it has some latitude to time payment terms consistent with receipt of operating grant payments thereby minimizing the risk of bankruptcy normally associated with such small net current assets compared to the overall operating budget. MMVTA management should continue to take appropriate actions such as controlling costs and increasing carryover reserves to improve MMVTA's overall financial health.

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 and detailed on page 16. These performance targets are required to comply with Act 44 and represent minimum performance levels that MMVTA should work to achieve for each Act 44 performance criteria 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 audited "dotGrants" information available (FYE 2012). Standards were extrapolated to FYE 2018 and are designed to be aggressive, yet achievable. They are summarized as follows:

Performance Criteria	Fiscal Year End (FYE)				Target Annual Increase
	2010	2011	2012	2018 Target	
Passengers / Revenue Hour	8.27	7.03	6.90	8.24	3.0%
Operating Cost / Revenue Hour	\$77.20	\$82.30	\$84.39	\$100.77	3.0%
Operating Revenue / Revenue Hour	\$15.77	\$13.54	\$14.30	\$17.08	3.0%
Operating Cost / Passenger	\$9.34	\$11.70	\$12.22	\$12.22	0.0%

NEXT STEPS

Upon final transmission of the performance review report, Act 44 regulations stipulate that MMVTA "...shall develop and submit to the Department within 90 days...a strategic action plan that focuses

¹ See Page 19 for a list of key functional areas.

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 MMVTA oversight board 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. Improvements in these areas will assist in the achievement of the 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 MMVTA.

The template for the Action Plan has been provided as an Appendix to this report (pp. 32-36). This template includes three parts:

- **Part 1- Executive Summary Findings Template** (p. 32) is where MMVTA should address its proposed actions to address the “*Opportunities for Improvement*” findings in the Executive Summary (pp. vi-vii).
- **Part 2- Act 44 Performance Metric Findings Templates** (pp. 33-35) is where MMVTA should address its proposed actions to address the “*Opportunities for Improvement*” findings that directly affect the Act 44 performance metrics (pp.19-22).
- **Part 3- Other Actions to Improve Overall Performance Template** (p. 36) should be used to address the “*Other Findings that Impact Overall Agency Performance*” identified starting on p. 23. MMVTA should use the format provided in Appendix A to develop its proposed draft Action Plan.

It should be noted that specific actions identified may partially address the broadly noted opportunities for improvement found in the “**General Findings**” (pp. vi-vii). 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. MMVTA must select, prioritize and schedule its intended actions using the template.

MMVTA must submit the proposed draft Action Plan using the format provided in **Appendix A: Action Plan Improvement Strategies** to the Department for comment. The proposed draft Action Plan may then be revised based on consultation between MMVTA management and the Department. The finalized Action Plan then must be approved by the MMVTA Board and formally submitted to PennDOT. Subsequently, MMVTA management must report at least quarterly to the Board and the Department on progress towards accomplishing the Action Plan including actions taken in the previous quarter and actions planned for coming 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 Mid Mon Valley Transit Authority (d.b.a. Mid Mon Transit, MMVTA).

Performance reviews are conducted to emphasize the importance of good management, proactive planning, and efficient service, which maximize 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 October 2013, an Act 44 mandated performance review was initiated for MMVTA. 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 MMVTA 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 October 28 and October 29, 2013.
 - An interview guide customized for MMVTA’s service was used for the review.
 - Topics covered during the interview process included:
 - Governance
 - Contracted Service
 - Management
 - Human/Labor Relations
 - Finance
 - Procurement
 - Operations and Scheduling
 - Maintenance
 - Safety and Security
 - Customer Service
 - Information Technology
 - Capital Programming
 - Marketing and Public Relations
 - Planning

AGENCY DESCRIPTION

MMVTA is a municipal authority, established in 1985, that provides transit service to the 21 communities that comprise the Monessen urbanized area. MMVTA subcontracts service delivery for fixed-route transit and ADA complementary paratransit services. In 2013, MMVTA switched from First Transit as its service provider to MV.

MMVTA operates three local fixed routes on weekdays. All three of the local routes operate on Saturdays year-round, three operate on Sundays year-round and one operates Sundays from August to May. Service hours vary by day and season, with maximum service provided when California University is in session. MMVTA also operates commuter service to Pittsburgh.

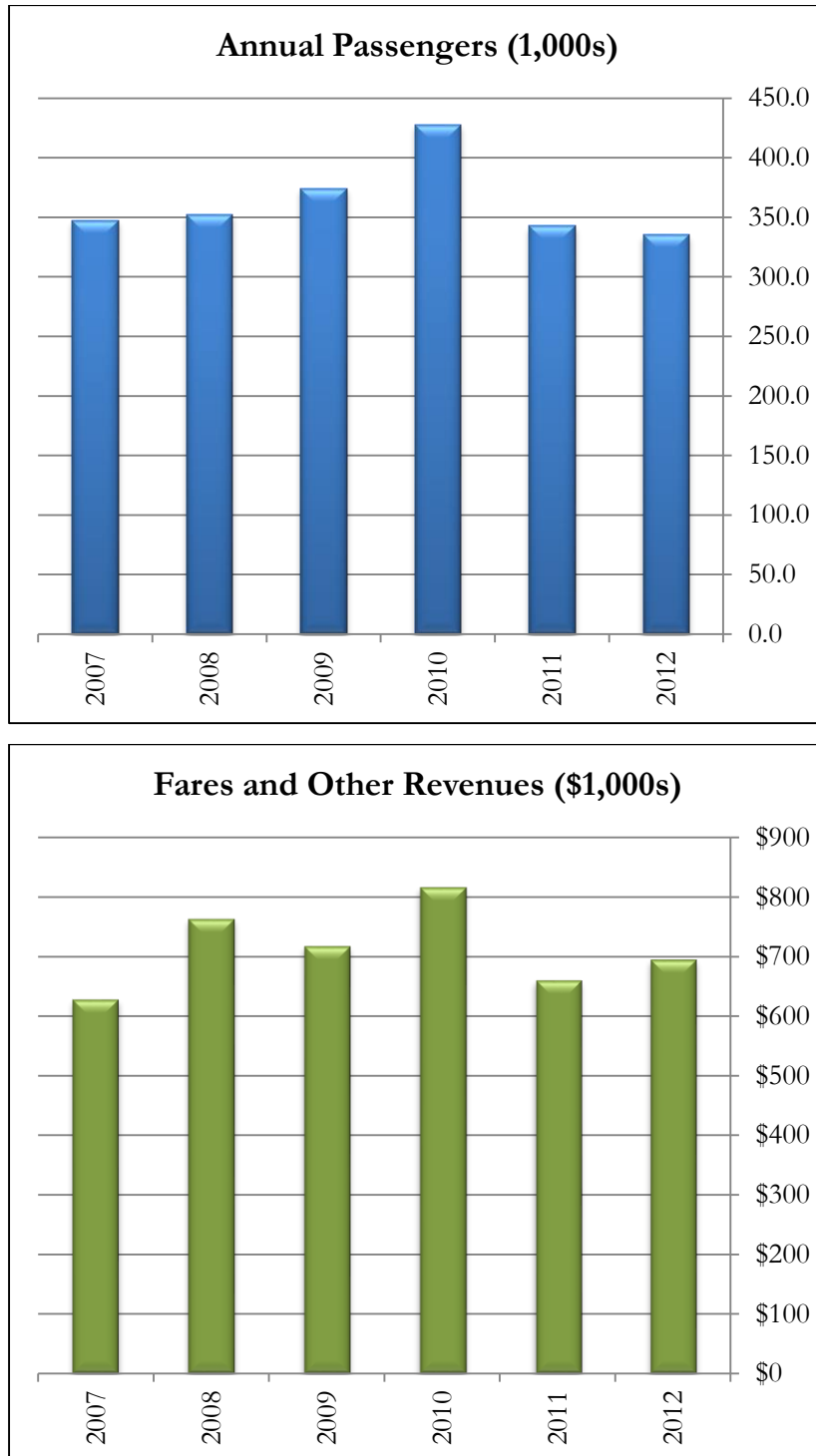
Exhibit 1 and **Exhibit 2** present fixed-route bus statistics for MMVTA derived from PennDOT dotGrants Legacy Reports. Fixed-route bus service includes local fixed-route and commuter service to Pittsburgh.

Important observations evident from the trends in demand, revenues, and operating characteristics for the Legacy reporting period of Fiscal Year End (FYE) 2007 through 2012 are as follows:

1. MMVTA's annual fixed-route ridership peaked in 2010 and has ranged between 335,000 and 427,000 passengers per year. Ridership in 2012 decreased from previous highs by about 92,000 passengers per year.
2. Revenue hours of service increased by a net of 6% between 2007 and 2012. However, 2009 was the year with the highest number of revenue hours.
3. MMVTA's operating revenue is relatively high given its relatively low ridership. This is because MMVTA has a zone-based fare system that is priced based on the distance a passenger travels. Revenues between 2007 and 2012 increased by about 11%, but are down from the 2010 peak by 15%.
4. Total operating costs increased by more than 40% between 2007 and 2012 going from about \$2.9 million to \$4.1 million annually.

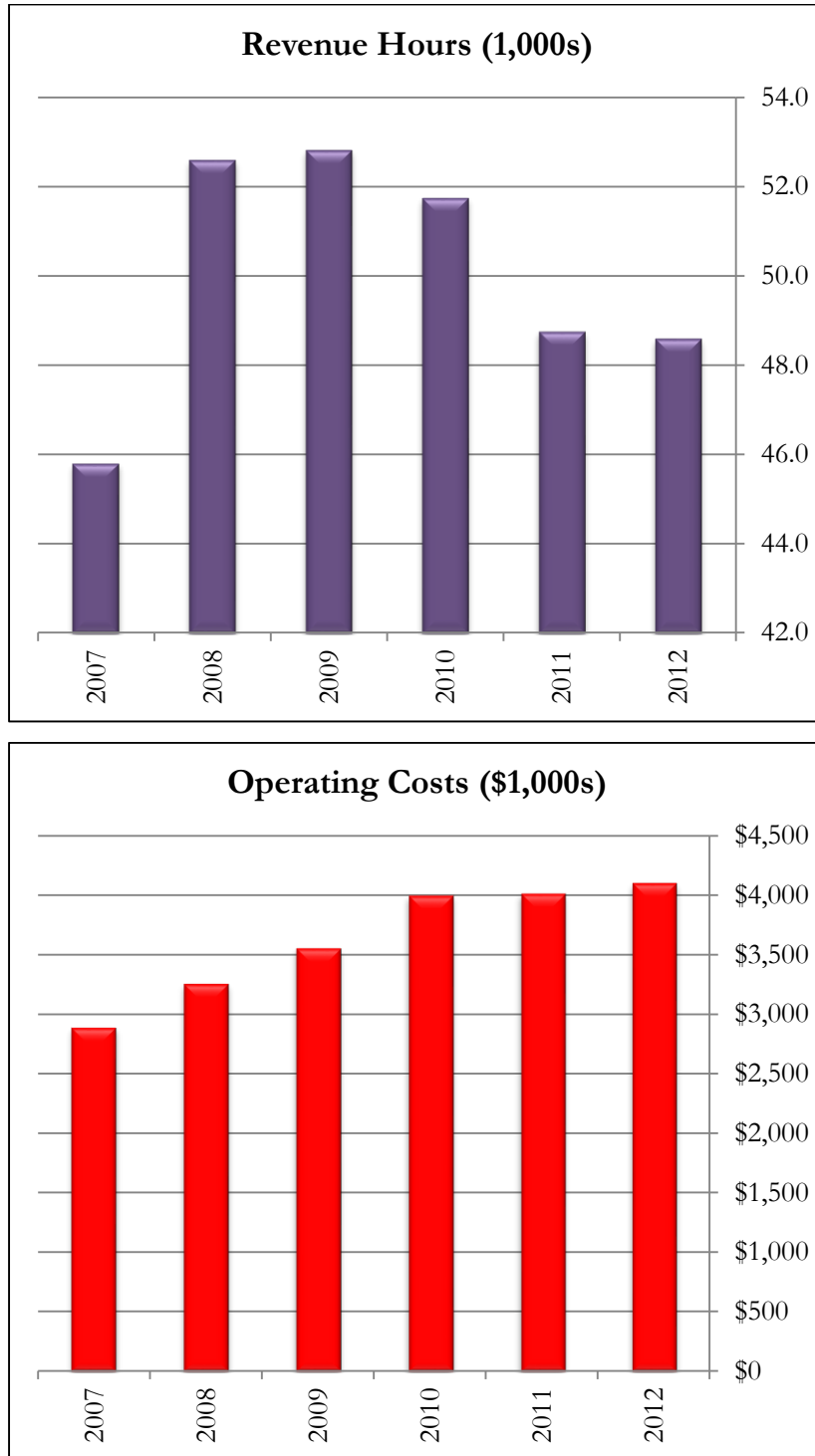
Change in the contract to provide shuttle service to California University occurred after FYE 2009 which resulted in fewer student passenger trips and decreased revenues. The conclusions that can be drawn from the combination of Exhibit 1 and Exhibit 2 are that California University service cuts from 2010 have had a negative impact on ridership, revenues hours and overall revenues, but not on overall operating costs.

Exhibit 1: MMVTA Fixed-Route Passengers and Revenues FYE 2007-2012



Source: PennDOT Legacy Reporting System (dotGrants)

Exhibit 2: MMVTA Fixed-Route Revenue Hours of Service and Operating Costs FYE 2007-2012



Source: 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...”²

The law sets forth the following performance criteria to be used to satisfy its objectives³:

- 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: ⁴

- 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 MMVTA management for review and comment. After discussions were complete, the following 7 peer systems, in addition to MMVTA, were included in subsequent analyses for peer comparison purposes:

1. Williamsport Bureau of Transportation (Williamsport, PA)
2. City of Monroe Transit System (Monroe, LA)
3. City of Bangor - BAT Community Connector (Bangor, ME)
4. Transit Services of Frederick County (Frederick, MD)
5. Ohio Valley Regional Transportation Authority (Wheeling, WV)
6. Shoreline Metro (Sheboygan, WI)
7. Altoona Metro Transit (Altoona, PA)
8. Kings County Area Public Transit Agency (Hanford, CA)

² Title 74 Pa. C.S.A. §1513 (e)

³ Title 74 Pa. C.S.A. §1513 (f)

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

9. Wausau Area Transit System (Wausau, WI)
10. Fredericksburg Regional Transit (Fredericksburg, VA)
11. Yakima Transit (Yakima, WA)
12. Jackson Transit Authority (Jackson, TN)
13. Fayette Area Coordinated Transportation (Lemont Furnace, PA)

ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of MMVTA with the selected peer systems was completed using NTD-reported data and dotGrants Legacy statistics. Due to its consistency and availability⁵ for comparable systems, the NTD FYE 2011 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 MMVTA
- *Standard Deviation*: Standard deviation of all values being measured across all peer transit agencies, including MMVTA

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

⁵ 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) 2011.

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 so as to achieve “Compliance” prior to the next performance review⁶.

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

Exhibit 3: Act 44 Compliance Summary

Metric	FYE 2011 Single Year	Five-Year Trend
Passengers / Revenue Hour	At Risk	In Compliance
Operating Cost / Revenue Hour	In Compliance	In Compliance
Operating Revenue / Revenue Hour	In Compliance	In Compliance
Operating Cost / Passenger	At Risk	At Risk

FIXED-ROUTE BUS PERFORMANCE COMPARISONS

For the 13 peer systems plus MMVTA, NTD 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 “14th” indicates that it performs the poorest on any given metric.

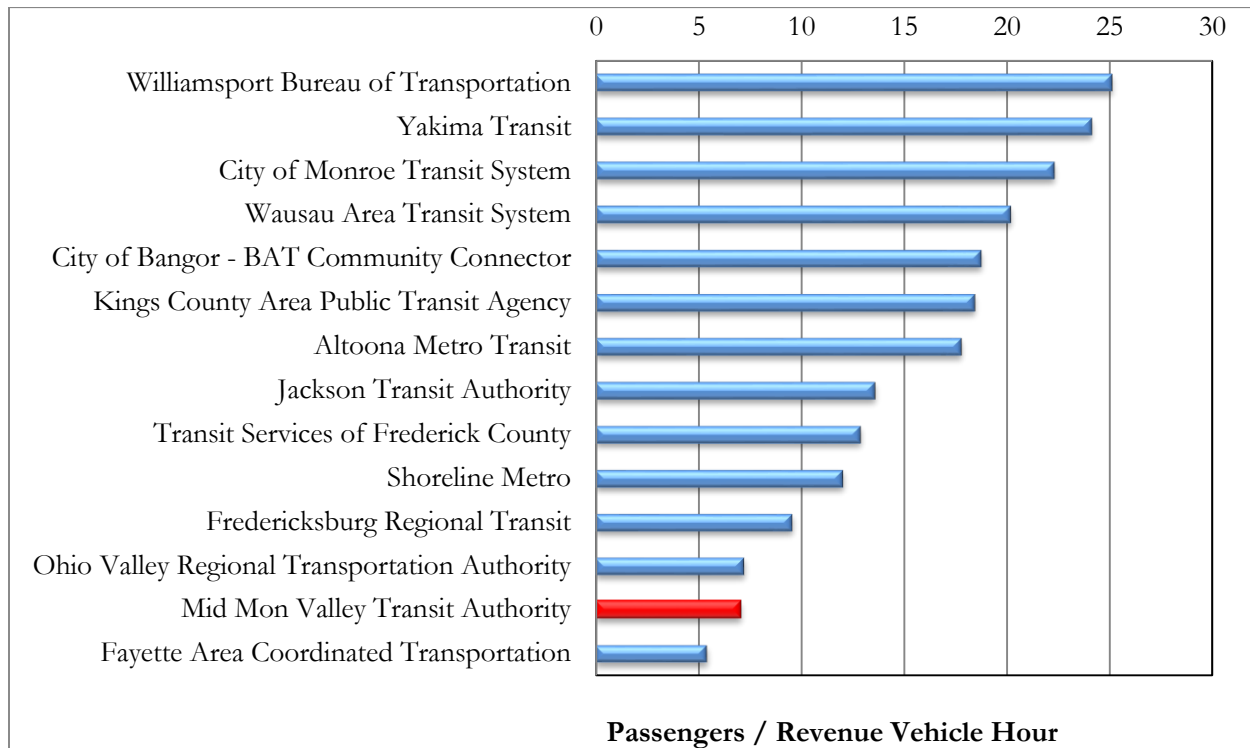
The findings presented in the exhibits can be summarized as follows:

1. MMVTA’s FYE 2011 passengers / revenue hour figure is the second worst of the 14 transit agencies in the peer group. Passengers / revenue hour have been declining as well. Management’s efforts should focus on reversing this trend.
2. MMVTA’s FYE 2011 operating cost / revenue vehicle hour is higher than the peer group average. Operating cost / revenue hour has increased at a rate higher than the peer group.
3. MMVTA’s 2011 operating revenue / revenue vehicle hour ranks as the eight best of the 14 peers. The trend between FYE 2006 and FYE 2011 indicates that operating revenue / revenue vehicle hour is decreasing as passengers / revenue hour decrease.
4. MMVTA has the highest FYE 2011 operating cost / passenger of the peer group. The trend of cost / passenger is about twice that of the peer group average. The high operating cost per passenger is largely due to very low ridership and above-average operating costs.

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.

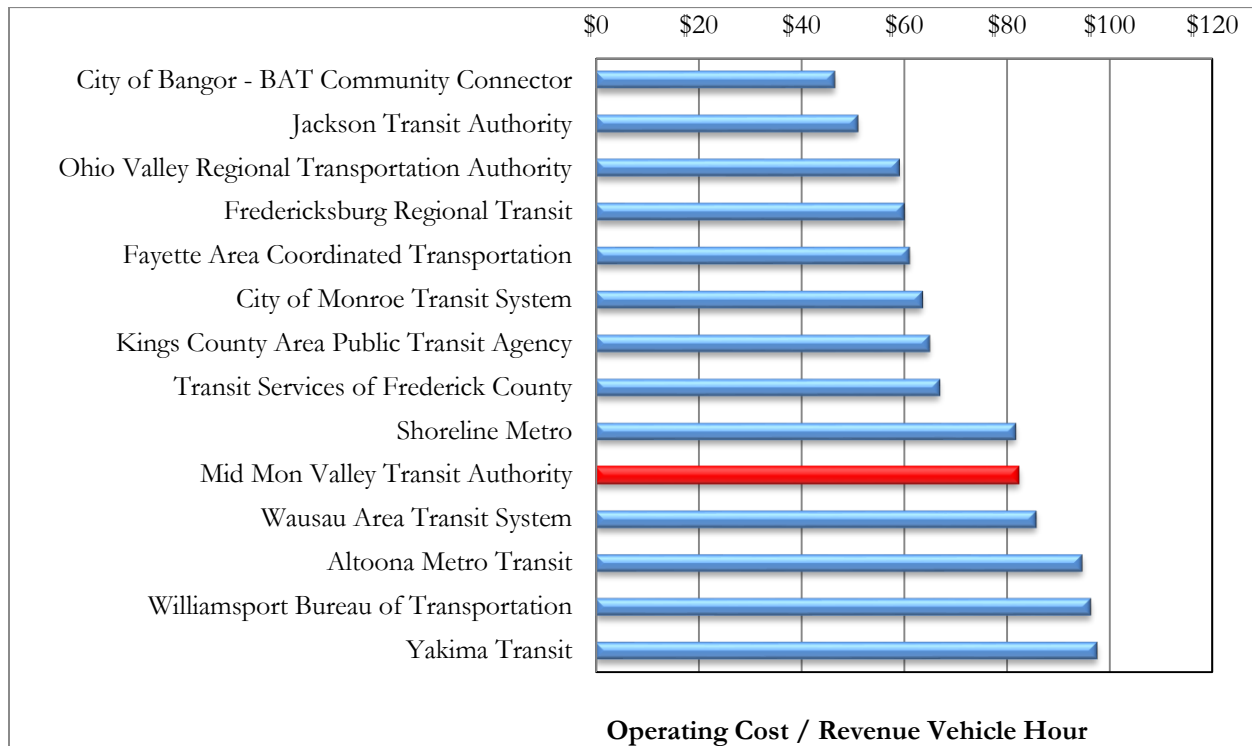
⁶ Act 44 identifies potential financial penalties for agencies determined “At Risk” during the review process that are not subsequently determined “In Compliance” within 5 years of the original “At Risk” finding.

Exhibit 4: Fixed-Route Passengers / Revenue Vehicle Hour FYE 2011



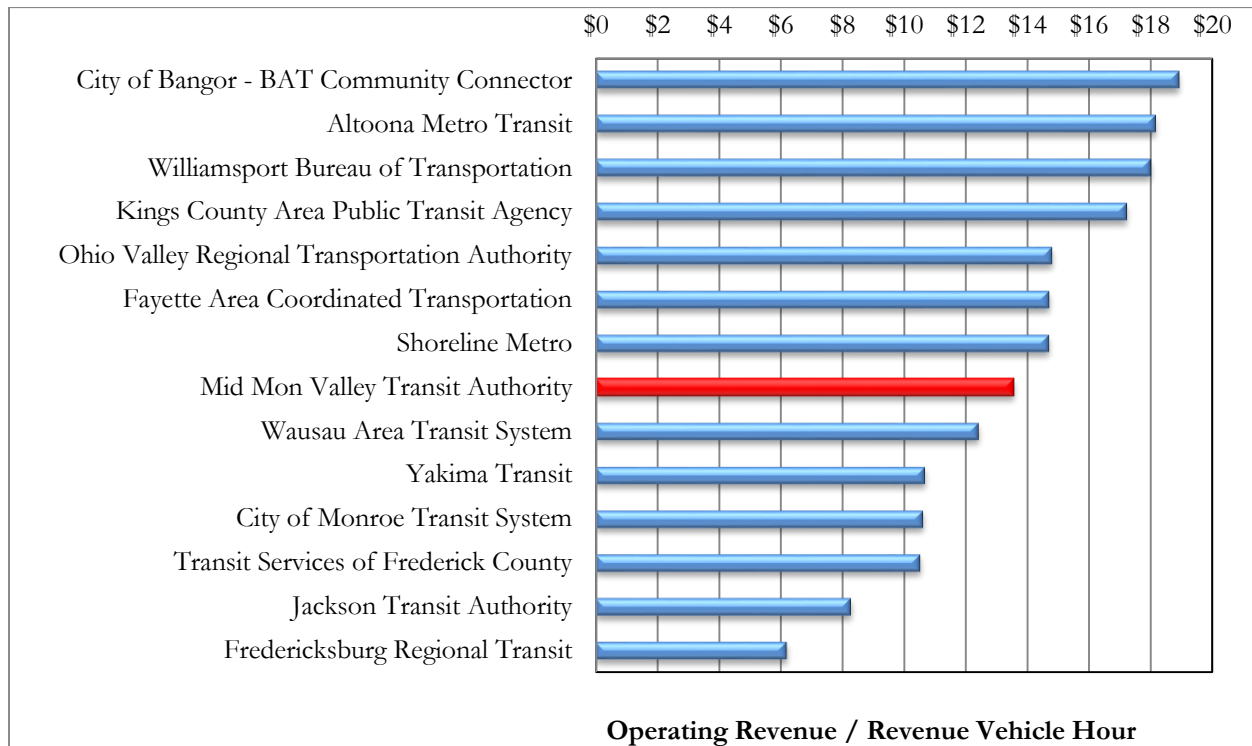
Passengers / Revenue Vehicle Hour		
System	Value	Rank
Williamsport Bureau of Transportation	25.10	1
Yakima Transit	24.12	2
City of Monroe Transit System	22.29	3
Wausau Area Transit System	20.19	4
City of Bangor - BAT Community Connector	18.75	5
Kings County Area Public Transit Agency	18.43	6
Altoona Metro Transit	17.78	7
Jackson Transit Authority	13.59	8
Transit Services of Frederick County	12.89	9
Shoreline Metro	12.03	10
Fredericksburg Regional Transit	9.57	11
Ohio Valley Regional Transportation Authority	7.23	12
Mid Mon Valley Transit Authority	7.03	13
Fayette Area Coordinated Transportation	5.43	14
<i>Average</i>	15.32	
<i>Standard Deviation</i>	6.55	
<i>Average – 1 Standard Deviation</i>	8.77	
<i>Average + 1 Standard Deviation</i>	21.87	
Act 44 Compliance Determination	At Risk	
Better or Worse Than Peer Group Average	Worse	

Exhibit 5: Fixed-Route Operating Cost / Revenue Vehicle Hour FYE 2011



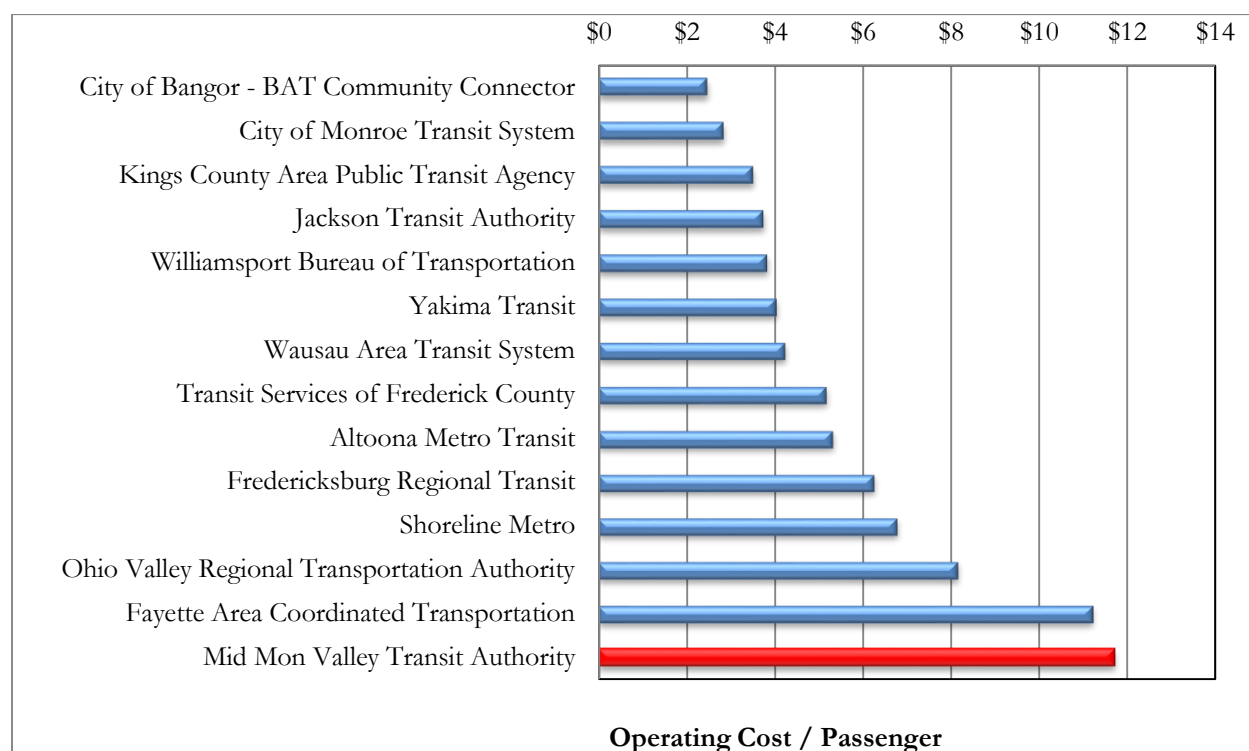
Operating Cost / Revenue Vehicle Hour		
System	Value	Rank
City of Bangor - BAT Community Connector	\$46.43	1
Jackson Transit Authority	\$50.94	2
Ohio Valley Regional Transportation Authority	\$58.99	3
Fredericksburg Regional Transit	\$59.92	4
Fayette Area Coordinated Transportation	\$60.89	5
City of Monroe Transit System	\$63.46	6
Kings County Area Public Transit Agency	\$64.84	7
Transit Services of Frederick County	\$66.80	8
Shoreline Metro	\$81.64	9
Mid Mon Valley Transit Authority	\$82.30	10
Wausau Area Transit System	\$85.66	11
Altoona Metro Transit	\$94.61	12
Williamsport Bureau of Transportation	\$96.30	13
Yakima Transit	\$97.54	14
<i>Average</i>	\$72.17	
<i>Standard Deviation</i>	\$17.16	
<i>Average – 1 Standard Deviation</i>	\$55.01	
<i>Average + 1 Standard Deviation</i>	\$89.32	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Worse	

Exhibit 6: Fixed-Route Operating Revenue / Revenue Vehicle Hour FYE 2011



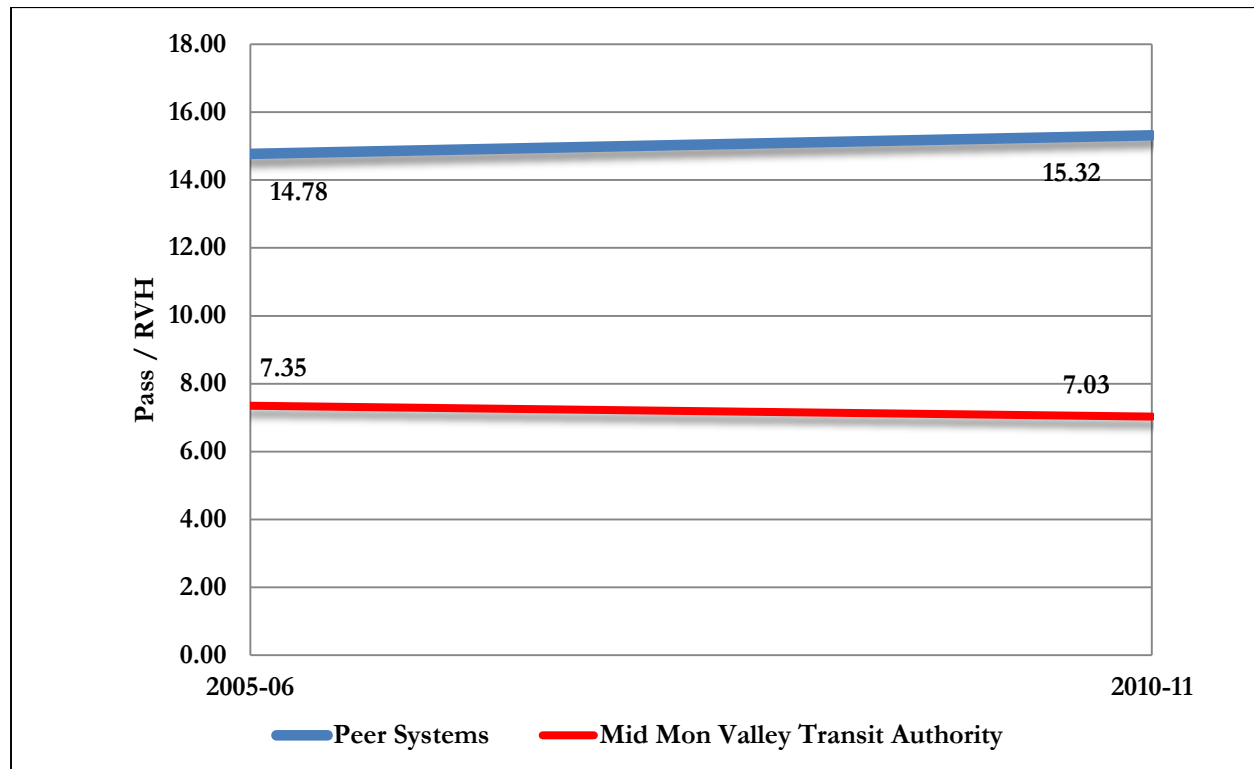
Operating Revenue / Revenue Vehicle Hour		
System	Value	Rank
City of Bangor - BAT Community Connector	\$18.90	1
Altoona Metro Transit	\$18.15	2
Williamsport Bureau of Transportation	\$17.99	3
Kings County Area Public Transit Agency	\$17.21	4
Ohio Valley Regional Transportation Authority	\$14.79	5
Fayette Area Coordinated Transportation	\$14.70	6
Shoreline Metro	\$14.69	7
Mid Mon Valley Transit Authority	\$13.54	8
Wausau Area Transit System	\$12.41	9
Yakima Transit	\$10.68	10
City of Monroe Transit System	\$10.61	11
Transit Services of Frederick County	\$10.53	12
Jackson Transit Authority	\$8.28	13
Fredericksburg Regional Transit	\$6.20	14
<i>Average</i>	\$13.48	
<i>Standard Deviation</i>	\$3.88	
<i>Average – 1 Standard Deviation</i>	\$9.59	
<i>Average + 1 Standard Deviation</i>	\$17.36	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

Exhibit 7: Fixed-Route Operating Cost / Passenger FYE 2011



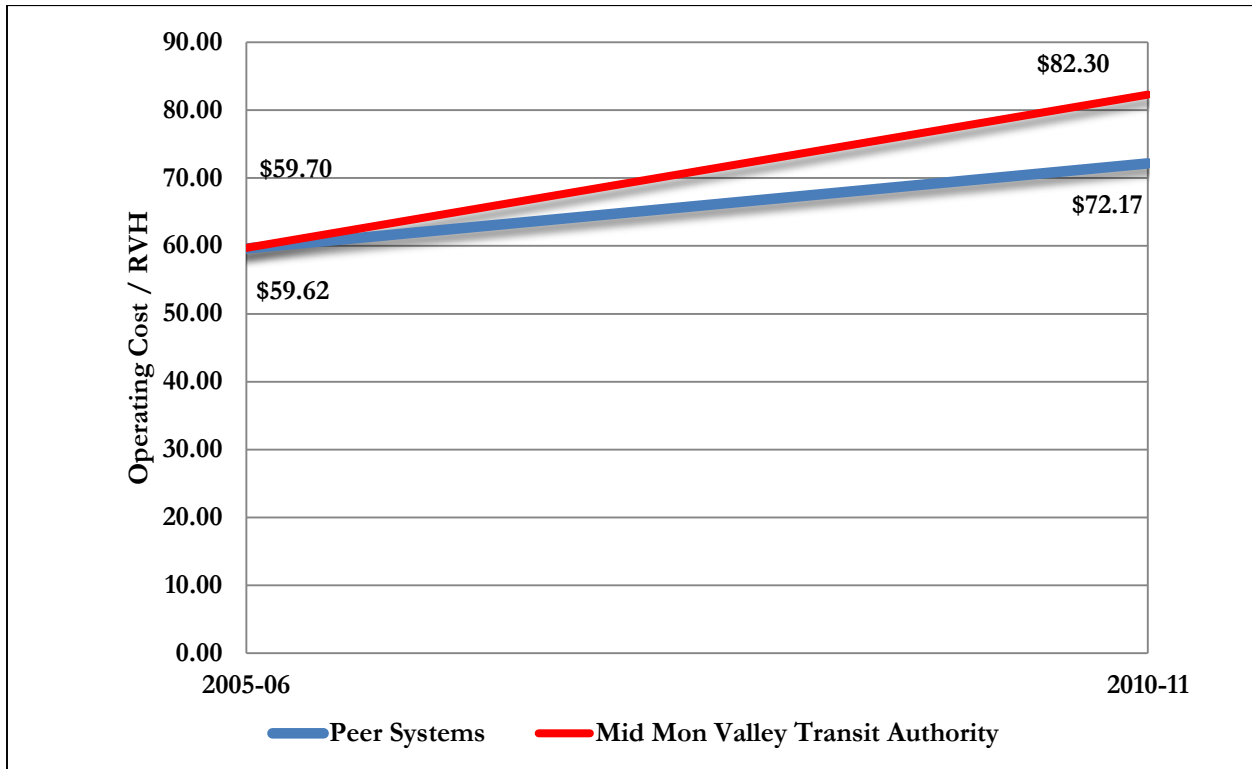
Operating Cost / Passenger		
System	Value	Rank
City of Bangor - BAT Community Connector	\$2.48	1
City of Monroe Transit System	\$2.85	2
Kings County Area Public Transit Agency	\$3.52	3
Jackson Transit Authority	\$3.75	4
Williamsport Bureau of Transportation	\$3.84	5
Yakima Transit	\$4.04	6
Wausau Area Transit System	\$4.24	7
Transit Services of Frederick County	\$5.18	8
Altoona Metro Transit	\$5.32	9
Fredericksburg Regional Transit	\$6.26	10
Shoreline Metro	\$6.79	11
Ohio Valley Regional Transportation Authority	\$8.16	12
Fayette Area Coordinated Transportation	\$11.21	13
Mid Mon Valley Transit Authority	\$11.70	14
<i>Average</i>	\$5.67	
<i>Standard Deviation</i>	\$2.91	
<i>Average – 1 Standard Deviation</i>	\$2.76	
<i>Average + 1 Standard Deviation</i>	\$8.57	
Act 44 Compliance Determination	At Risk	
Better or Worse Than Peer Group Average	Worse	

Exhibit 8: Fixed-Route Passengers / Revenue Vehicle Hour Trend FYE 2006-2011



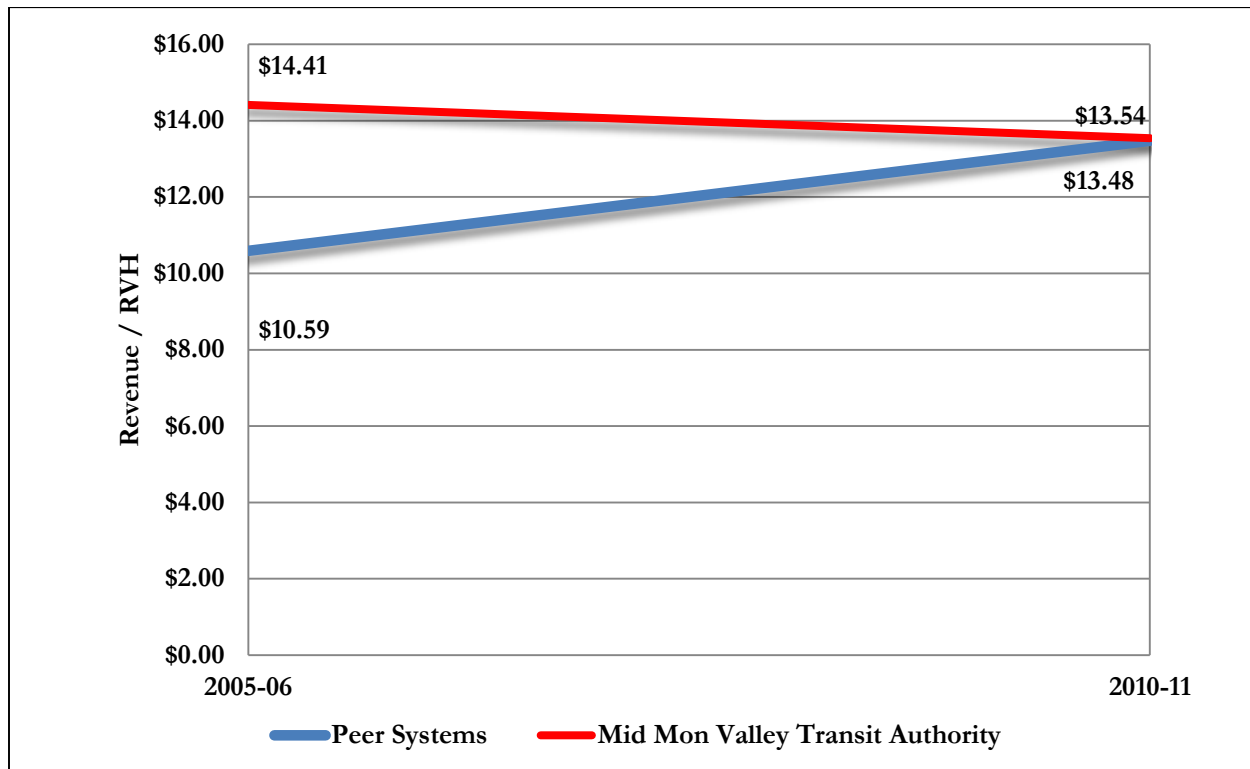
Passengers / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
Transit Services of Frederick County	6.04%	1
Fredericksburg Regional Transit	5.64%	2
Fayette Area Coordinated Transportation	4.56%	3
Jackson Transit Authority	3.02%	4
Altoona Metro Transit	1.83%	5
Yakima Transit	1.40%	6
City of Bangor - BAT Community Connector	0.97%	7
Shoreline Metro	0.43%	8
Williamsport Bureau of Transportation	-0.10%	9
Wausau Area Transit System	-0.66%	10
Kings County Area Public Transit Agency	-0.84%	11
Mid Mon Valley Transit Authority	-0.87%	12
City of Monroe Transit System	-1.61%	13
Ohio Valley Regional Transportation Authority	-3.68%	14
<i>Average</i>	<i>1.15%</i>	
<i>Standard Deviation</i>	<i>2.83%</i>	
<i>Average - 1 Standard Deviation</i>	<i>-1.68%</i>	
<i>Average + 1 Standard Deviation</i>	<i>3.98%</i>	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Worse	

Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2006-2011



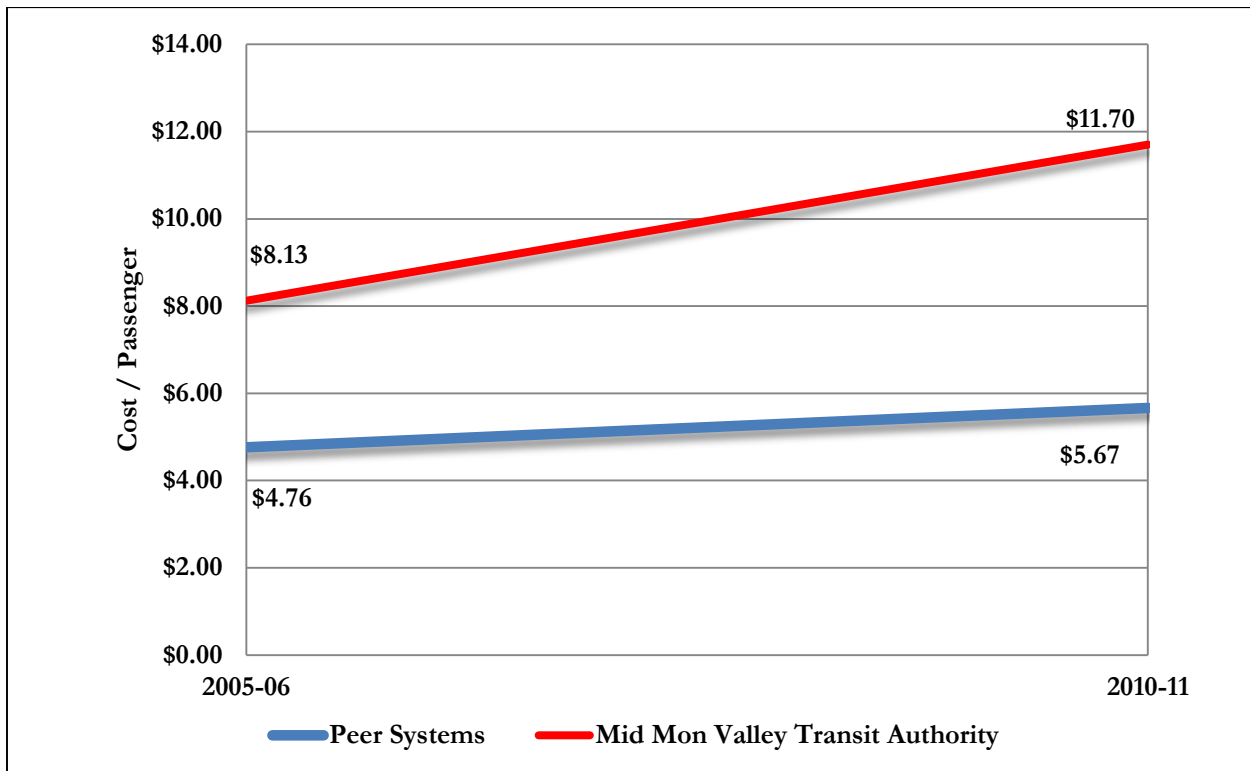
Operating Cost / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
Kings County Area Public Transit Agency	0.50%	1
Yakima Transit	0.56%	2
Altoona Metro Transit	1.78%	3
City of Monroe Transit System	2.26%	4
Ohio Valley Regional Transportation Authority	2.99%	5
Shoreline Metro	3.22%	6
Jackson Transit Authority	3.43%	7
Wausau Area Transit System	3.56%	8
City of Bangor - BAT Community Connector	4.25%	9
Transit Services of Frederick County	5.68%	10
Williamsport Bureau of Transportation	5.78%	11
Mid Mon Valley Transit Authority	6.63%	12
Fayette Area Coordinated Transportation	9.10%	13
Fredericksburg Regional Transit	9.82%	14
<i>Average</i>	4.25%	
<i>Standard Deviation</i>	2.86%	
<i>Average - 1 Standard Deviation</i>	1.40%	
<i>Average + 1 Standard Deviation</i>	7.11%	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Worse	

Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2006-2011



Operating Revenue / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
Fayette Area Coordinated Transportation	39.83%	1
Fredericksburg Regional Transit	19.35%	2
City of Bangor - BAT Community Connector	9.06%	3
Kings County Area Public Transit Agency	8.78%	4
Yakima Transit	7.62%	5
Jackson Transit Authority	6.70%	6
Altoona Metro Transit	3.28%	7
Wausau Area Transit System	3.24%	8
Williamsport Bureau of Transportation	2.57%	9
Ohio Valley Regional Transportation Authority	1.73%	10
Transit Services of Frederick County	1.19%	11
Shoreline Metro	-0.46%	12
City of Monroe Transit System	-0.99%	13
Mid Mon Valley Transit Authority	-1.24%	14
<i>Average</i>	7.19%	
<i>Standard Deviation</i>	10.86%	
<i>Average - 1 Standard Deviation</i>	-3.67%	
<i>Average + 1 Standard Deviation</i>	18.05%	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Worse	

Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2006-2011



Operating Cost / Passenger		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
Yakima Transit	-0.83%	1
Transit Services of Frederick County	-0.34%	2
Altoona Metro Transit	-0.05%	3
Jackson Transit Authority	0.39%	4
Kings County Area Public Transit Agency	1.35%	5
Shoreline Metro	2.78%	6
City of Bangor - BAT Community Connector	3.24%	7
City of Monroe Transit System	3.93%	8
Fredericksburg Regional Transit	3.95%	9
Wausau Area Transit System	4.24%	10
Fayette Area Coordinated Transportation	4.34%	11
Williamsport Bureau of Transportation	5.88%	12
Ohio Valley Regional Transportation Authority	6.92%	13
Mid Mon Valley Transit Authority	7.57%	14
<i>Average</i>	<i>3.10%</i>	
<i>Standard Deviation</i>	<i>2.69%</i>	
<i>Average – 1 Standard Deviation</i>	<i>0.41%</i>	
<i>Average + 1 Standard Deviation</i>	<i>5.79%</i>	
Act 44 Compliance Determination	At Risk	
Better or Worse Than Peer Group Average	Worse	

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. However, because MMVTA has been losing ridership and is “At Risk” for 3 of the eight Act 44 Performance Criteria that relate to passengers, a more aggressive target of 3% growth per year has been established to help MMVTA achieve compliance on ridership for the next performance review.

Operating Cost / Revenue Hour quantifies the efficiency of service delivery. To some extent, costs can be / 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. MMVTA’s target has been set to rate of 3% per year due to a need to contain cost increases.

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 (3%) 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%) less the minimum passengers / revenue hour goal (3%), or no change.

These performance targets represent the minimum performance level that MMVTA 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 2018 and are designed to be aggressive, yet achievable. Performance targets will be agreed to between PennDOT and MMVTA before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for MMVTA’s 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 2018 Target..... 8.24
 Interim Year Targets Annual increase of at least 3.0%

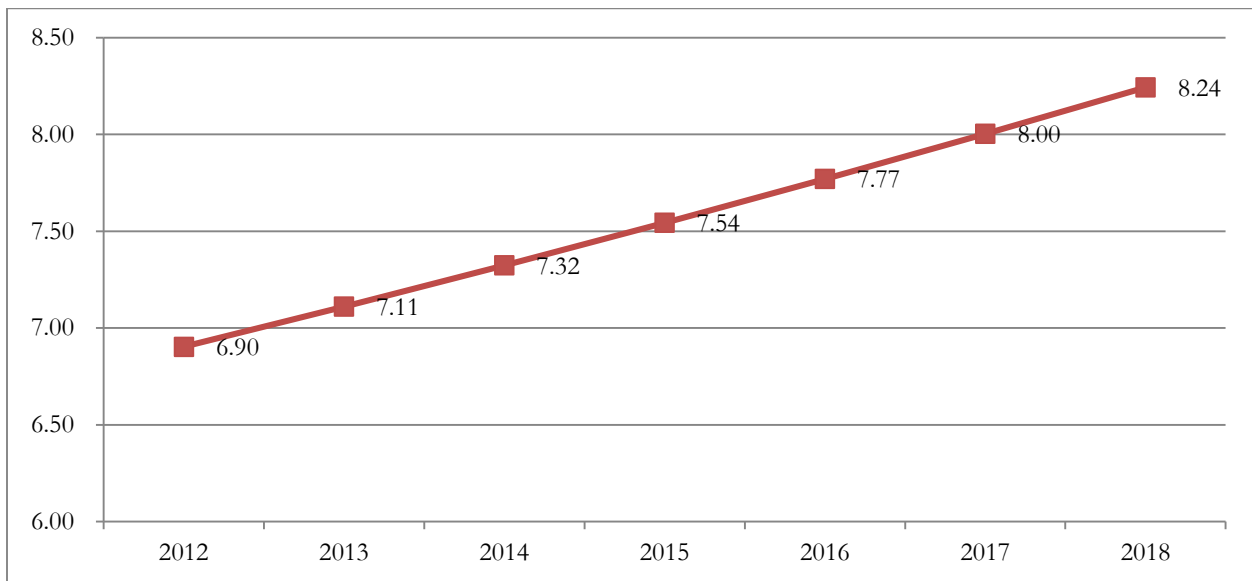


Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets

FYE 2018 Target..... \$100.77
 Interim Year Targets Annual increase of no more than 3.0%

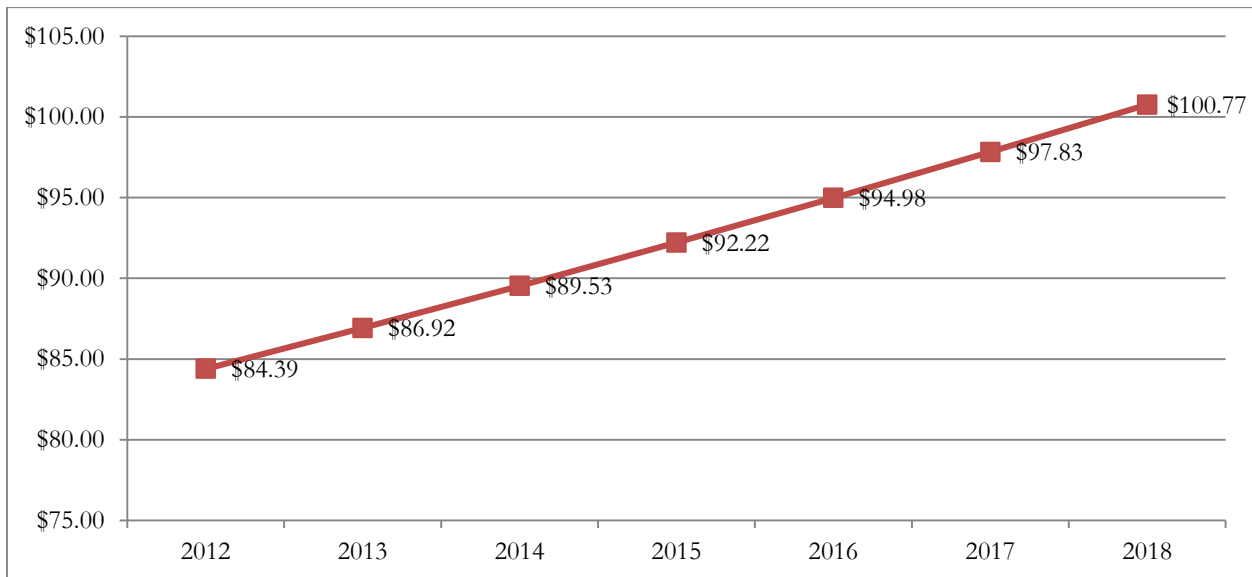


Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets

FYE 2018 Target.....\$17.08
 Interim Year Targets Annual increase of at least 3.0%

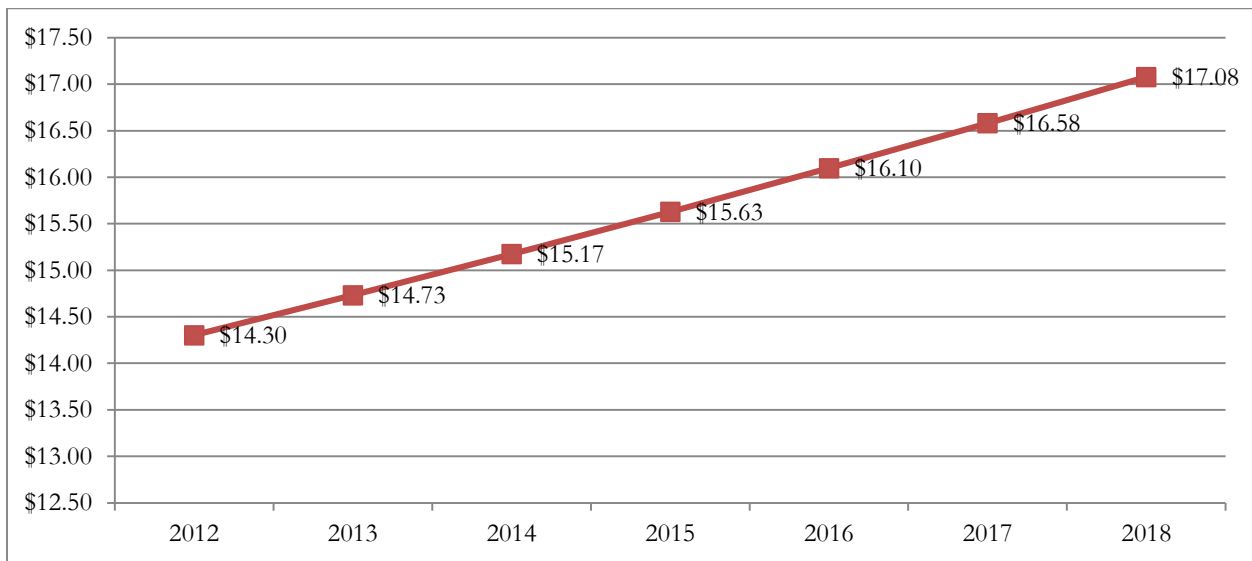
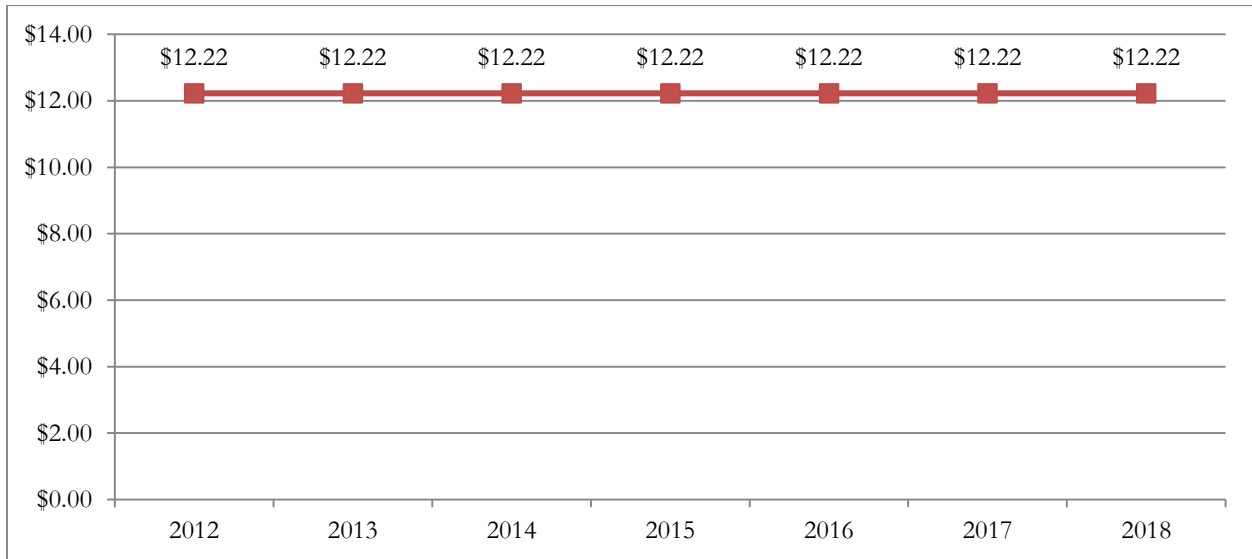


Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets

FYE 2018 Target.....\$12.22
 Interim Year Targets No Change



FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to find “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 15 functional areas were reviewed through documents received from the agency (see **Appendix B: Documentation Requests to General Manager**) and interviews conducted on-site. The functional areas are as follows:

1. **Governance** – Responsibilities include setting vision, mission, goals, and objectives; 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. **Contracted Service** – A review of the elements of service delivery provided by private contractors and a review of the relationship between the agency and contractors.
4. **Human Resources** – Responsible for employee retention, recruitment, training, performance reviews, grievance procedures, employee benefits, and labor relations.
5. **Finance** – Includes budgeting, accounting, cash flow management, revenue handling, and insurance.
6. **Procurement** – Includes acquisition of rolling stock, vehicle parts, non-revenue capital items (i.e., office equipment) and other operations-related items.
7. **Operations** – Includes management of daily service operations, on-street supervision and control, dispatching, and general route management.
8. **Maintenance** – Includes vehicle and facilities maintenance management, procedures, and performance.
9. **Scheduling** – Includes route and driver scheduling and decision-making, pay premium considerations, general management, procedures, and performance.
10. **Safety and Security** – Includes vehicle and passenger safety, facility security, and emergency preparedness.
11. **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.
12. **Information Technology** – Includes automated mechanisms for in-house and customer service communication including future plans for new technology.
13. **Capital Program** – 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).
14. **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.
15. **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 15 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 which service can be delivered more efficiently and effectively in ways that are sensitive and responsive to the community's needs, maximize productivity, direct service hours effectively, control operating costs, and achieve optimum revenue hours. The observations garnered during the review process are categorized as *Best Practices* or *Items 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 which have the potential to maximize productivity, to direct service hours effectively, to control operating costs, and to achieve optimum revenue levels which will enhance the system's future performance overall for one or more of the Act 44 fixed-route performance factors. For the convenience of MMVTA, Action Plan templates have been included in this document (pp. 32-36). It should be noted that specific actions may partially address the broadly noted opportunities for improvement found in the "**General Findings**" (pp. vi-vii). Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. The template does however provide 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.

ELEMENTS TO ADDRESS IN PART 2-A OF THE ACTION PLAN (SEE P. 33)

1. MMVTA lacks a current customer satisfaction survey. These surveys can be used to inform potential service changes and to make service better match the community's needs. **MMVTA should coordinate with PennDOT to identify and implement a customer satisfaction survey** based on the survey instrument recently developed by PennDOT.
2. MMVTA serves an economically depressed part of Pennsylvania that has a declining population. MMVTA has an aggressive marketing campaign for seniors. However, that too is a shrinking market. **MMVTA should work with SPC to conduct a market analysis** so that MMVTA can target growing demographic sectors of the Mid Mon Valley. One element of this market analysis should be a non-rider survey.
3. MMVTA's vehicles are all painted differently reducing brand recognition potential. This is somewhat a tradeoff with vehicle wraps that are used to generate advertising revenue. **MMVTA should explore various advertising options for its vehicles that allow it to continue to generate strong ad revenues but also maintain a stronger visual sense of its own brand.**
4. The agency should **update its transit development plan (TDP) and expand the scope to include an assessment of what existing service needs to be modified based on low**

ridership. The earlier TDP primarily focused on recommended additional new service, and did not adequately evaluate the effectiveness of current service.

5. **MMVTA should develop an updated marketing plan that incorporates a fully integrated marketing approach including measures of effectiveness such as market penetration.** Management reports that billboards were used before successfully and could be considered as one part of the overall marketing strategy. The updated marketing plan should also address how MMVTA will coordinate its marketing efforts with nearby transit agencies.
6. MMVTA provides commuter service to Pittsburgh. This appears to be a potential growth market. However, potential passengers would have no easy way to plan a trip that uses both MMVTA and PAAC busses as MMVTA does not participate in PAAC's trip planner or Google Transit services. Furthermore, neither MMVTA nor PAAC show each other's routes on one another's route or system maps. **MMVTA should explore ways to remove these barriers to passenger transfers with PAAC including coordinating schedules and perhaps encouraging PAAC to show MMVTA routes and times on their system map.**

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

1. MMVTA makes extensive use of advertising and collected about \$53,000 in advertising revenues in FYE 2012. This is exceptional for a relatively small transit system. These revenues can be used to offset one-time costs as well as the cost of MMVTA's marketing budget.

ELEMENTS TO ADDRESS IN PART 2-B OF THE ACTION PLAN (SEE P. 34)

1. MMVTA proposed a multi-year fare increase but has held off on implementation due to an expectation of regional consolidation. Given that any regional consolidation could be several years off in the future, **MMVTA management should proactively develop a farebox recovery policy and begin its implementation.**
2. MMVTA provides commuter service into Pittsburgh. While MMVTA has installed the regional farebox system, MMVTA and PAAC do not yet have revenue sharing arrangements that will allow both agencies to use an integrated regional fare card. **MMVTA should continue to work through the SPC Transit Providers Committee to advance a regional fare card and farebox revenue sharing arrangement** so as to maximize the investment in farebox technology.
3. **MMVTA should review and analyze its contract with the University of California** to determine if the level of financial support provided is sufficient to cover the actual cost of the special service that is provided. It appears that the current rate only covers part of the actual cost of this service.

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. Controlling operating cost increases is one key to maintaining current service levels.

BEST PRACTICES

1. MMVTA has a joint fuel contract with WCTA thereby increasing both agency’s purchasing power and reducing operating costs.
2. MMVTA asks its constituent communities to assume responsibility for bus stop signage and associated maintenance. Lamar is also responsible for all bus shelter maintenance. These steps help reduce maintenance costs to the agency.
3. MMVTA’s contractor (MV) provides and maintains the spare parts inventory. By shifting this responsibility to the contractor, MMVTA minimizes the carrying cost associated with parts inventories.

ELEMENTS TO ADDRESS IN PART 2-C OF THE ACTION PLAN (SEE P. 35)

1. MMVTA appears to operate a number of poorly utilized services such as 6 round trips to Pittsburgh on Saturdays and 3 on Sundays. Also, service runs very late. **MMVTA should reevaluate both its span of service and days of service** to make sure it is making the best possible use of limited financial resources. Any savings realized could be used to help rebuild MMVTA’s cash reserves.

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. MMVTA’s contracted service agreement has service standards included as well as penalties for non-compliance. Strong contract terms help MMVTA ensure that it delivers high-quality service.
2. Drivers must show their driver’s license and other state ID cards every day at check in. This approach allows MMVTA’s contractor (MV) to be proactive to manage any licensing issues that may have come up since the driver last reported.
3. MMVTA uses a security firm to help with issues on the bus and/or bus stops. This same service performs “secret rider” reviews. Annual cost is \$16,800. Two important functions are accomplished at a minimal cost.

4. MMVTA has agreements in place with local police and fire departments for MMVTA to provide assistance with emergency evacuations such as apartment fires, floods, etc. This raises MMVTA's image and standing in the community and with elected leaders.

ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN (SEE P. 36)

1. MMVTA does not train local first responders on how to enter and disable their vehicles. Management reports this is because of the large number of local governments served. However, **MMVTA should train at least the first responders in the communities where their vehicles spend the majority of their revenue hours of service.**
2. The MMVTA Board has not received training. Members have varying degrees of understanding of how to oversee MMVTA. **MMVTA management should coordinate with PPTA and PennDOT to conduct an onsite Board training** to better familiarize Board members with appropriate roles, oversight responsibilities and general changes in the transit industry.
3. MMVTA has no advisory boards. **The agency should establish a Citizens' Advisory Committee** as one of its many concerns with prior subcontractors was that the contractor did not make MMVTA management aware of ongoing issues. An advisory committee would be one way to provide better monitoring of issues.
4. MMVTA lacks a strategic plan along with goals and objectives. A strategic plan can help guide investment decisions and it helps management prioritize resource allocation. **MMVTA should develop a strategic plan** including supporting goals and objectives.
5. In addition to the 4 and 12year TIPs, **MMVTA should develop an unconstrained list of all its capital needs**, even if potential funding is not available at this time (e.g., determine its unmet capital needs), in case unexpected financial resources become available later.
6. MMVTA uses its tax depreciation schedule as its de facto asset management/inventory tool. **MMVTA should implement an asset management system** that tracks all capital assets, their state of repair and lifecycle replacement costs.
7. **MMVTA and its contract service provider(s) should conduct annual employee satisfaction surveys** to help identify potential personnel-related issues that need to be resolved, to enhance employee performance and retention.

FINANCIAL REVIEW

In an era of increasing costs and limited funding opportunities, many transit agencies are entering a difficult period. Many are pressed to reduce service while increasing fares to make ends meet. It is in the interest of the Commonwealth to monitor the financial health of transit agencies before manageable financial problems become much larger challenges. With almost 40 transit agencies in the Commonwealth funded by Act 44, PennDOT needs information to assess financial difficulties so a corrective course of action can be taken before financial challenges seriously impede the ability of local transit agencies to deliver service.

The challenge in assessing the “financial health” and trajectory of transit agencies without first-hand knowledge of day-to-day operations is that much of the information regarding financial indicators is often dated and relies on “end of year” indicators. Furthermore, costs, such as fuel, can vary widely year-to-year or even week-to-week. Funding sources, while more predictable, can change depending on the availability of federal funds, tax collections or funding formulae.

This financial review focuses on “high-level” snapshot and trend indicators to determine if additional scrutiny is warranted by reviewing audited information, other financial reports and budgets. The review assesses the following:

- High-Level Indicators of Financial Health
- Total Agency-wide Operational Expenditures and Funding
- Fixed-Route Funding
- Paratransit Funding
- Balance Sheet Findings

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

Several high-level indicators of financial health and stability have been examined to determine MMVTA’s current state. As shown in **Exhibit 16**, MMVTA is not in line with industry goals and targets for all high-level financial indicators. Cash reserves are much lower than observed in other agencies. Because MMVTA contracts for service delivery, this does not present as large of an issue as it might at an agency that directly operates service as payments can be made when grants are received.

Accounts payable and receivable also show larger percentages over 90 days than observed in other transit systems in the Commonwealth. This may be due to erroneous linkages in the accounting software, poor data entry or untimely accounting. MMVTA management should examine why excessive amounts are reported in the AP/AR reports and address the issue as appropriate.

Exhibit 16: High-level Financial Indicators

Indicator	MMVTA Value ⁷	Assessment Criteria / Rationale	Source
Cash Reserves / Annual Operating Cost	9.0%	The combined target should be 25%+. This provides flexibility to account for unexpected cost increases or service changes.	FYE 2012 Audit and dotGrants
State Carryover Subsidies / Annual Operating Cost	1.1%		
Actual Local Match / Required Match	100.0%	Target 100%+. Local match that exceeds required minimums gives a transit agency flexibility to change service and to accommodate unexpected cost changes.	dotGrants
Accounts Payable (AP) 90+ days	14.8%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	AP Aging Report (1/6/14)
Accounts Receivable (AR) 90+ days	5.6%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	AR Aging Report (1/6/14)
Operating Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2012 Audit
Credit available/ Annual Payroll	0.0%	Target should be 15%+ if other cash reserves are low. This gives the ability to cover payroll due to unexpected delays in accounts receivable.	FYE 2012 Audit

MMVTA receives local contributions that amount to 1.3% of operating costs which equates to a 2.2% match of local funds to state funds (FYE 2012). Local matching funds are sponsored by the local municipalities in MMVTA's service area.⁸ In coming years, due to Act 44 requirements, local contribution amounts will steadily increase. Management reports concerns with finding sufficient local match as some local governments are fiscally challenged. Discussions among local transit service providers including the City of Washington Transit (City Transit) and Washington Rides may provide an opportunity for regional consolidation of services and a restructuring of how local match is contributed to support local service. However, management should continue to seek additional local match inasmuch as regional consolidation, if it occurs, could take several years to complete.

⁷ Values reported as end of reporting period balances.

⁸ For FYE 2012, the following jurisdictions contributed local match in the following amounts to MMVTA per the Annual Financial Audit Schedule 1: *Dunlevy*(\$143), *North Charleroi*(\$549), *Donora*(\$2,452), *Roscoe*(\$107), *Monessen*(\$2,808), *Elco*(\$92), *Monongahela*(\$3,123), *Carroll Township*(\$2,988), *Stockdale*(\$150), *Speers*(\$561), *N. Belle Vernon*(\$348), *Charleroi*(\$2,591), *California*(\$2,425), *Allenport*(\$219), *Fallowfield Township*(\$890), *Belle Vernon Borough*(\$371), *Coal Center*(\$32), *New Eagle*(\$1,105), *Rostraver Township*(\$1,337), *Washington County*(\$15,299), *Westmoreland County*(\$30,313)

TOTAL AGENCY-WIDE OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, MMVTA has grown from a \$2.8 million per year operation in FYE 2007 to a \$4.1 million per year operation in FYE 2012, a 46% increase. Approximately 98.9% of MMVTA’s operational expenses are for fixed-route service. The remaining operational expenses are for ADA complementary paratransit service (1.1%), as shown in **Exhibit 18**.

MMVTA’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. MMVTA has used federal funds to finance both its fixed-route and ADA paratransit operations (**Exhibit 19**). Passenger fares are an important share of total revenue, accounting for between approximately 15% and 22% of operating income. State funding remains the largest funding source for MMVTA (**Exhibit 20**) accounting for about 60% of total operating income. Local funding is in line with Act 44 requirements.

Exhibit 17: MMVTA Total Operating Expense by Service Type (FYE 2007 – FYE 2012)

Expense by Service Type	FYE 2007	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Fixed Route	\$2.8	\$3.3	\$3.7	\$4.1	\$4.0	\$4.1
ADA Paratransit	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0
Total (\$ millions)	\$2.8	\$3.3	\$3.7	\$4.2	\$4.1	\$4.1

Exhibit 18: MMVTA Share of Agency-wide Operating Expenses by Mode

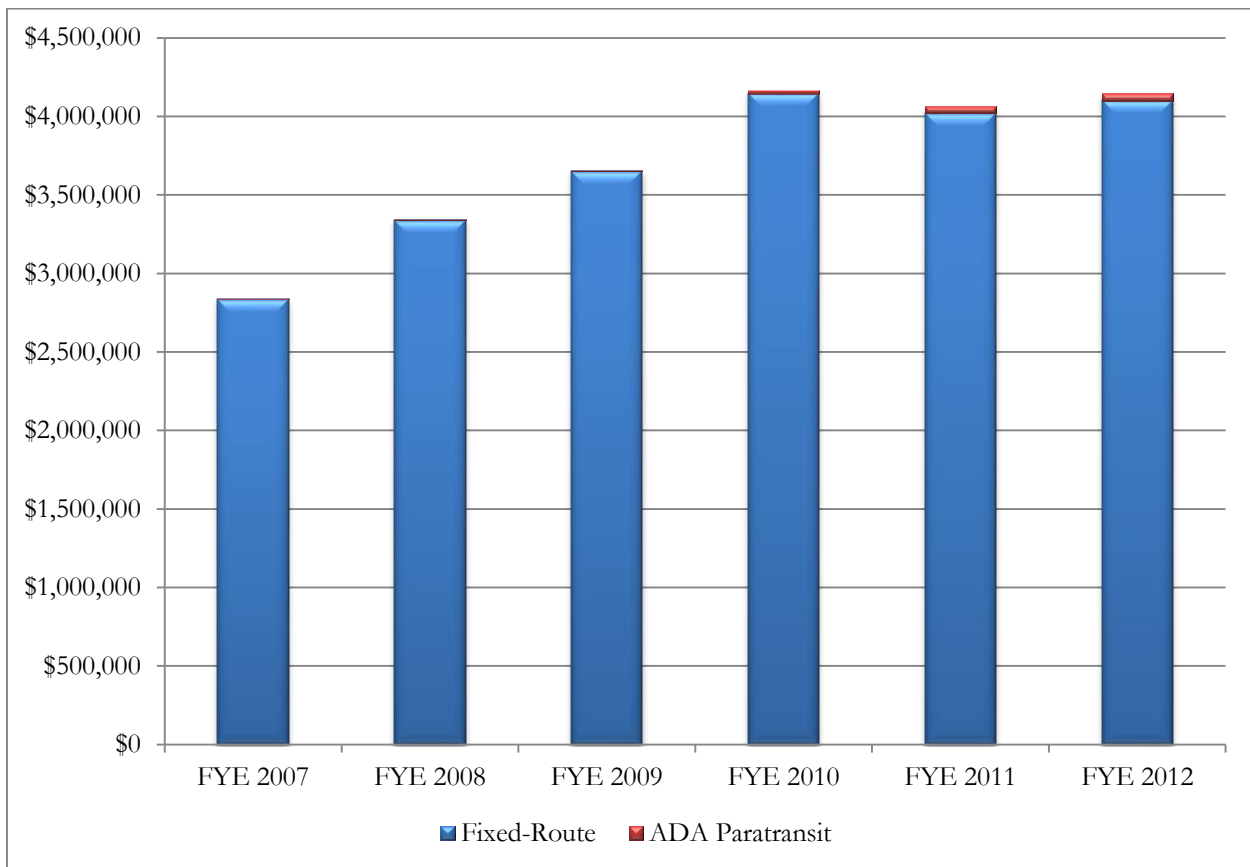
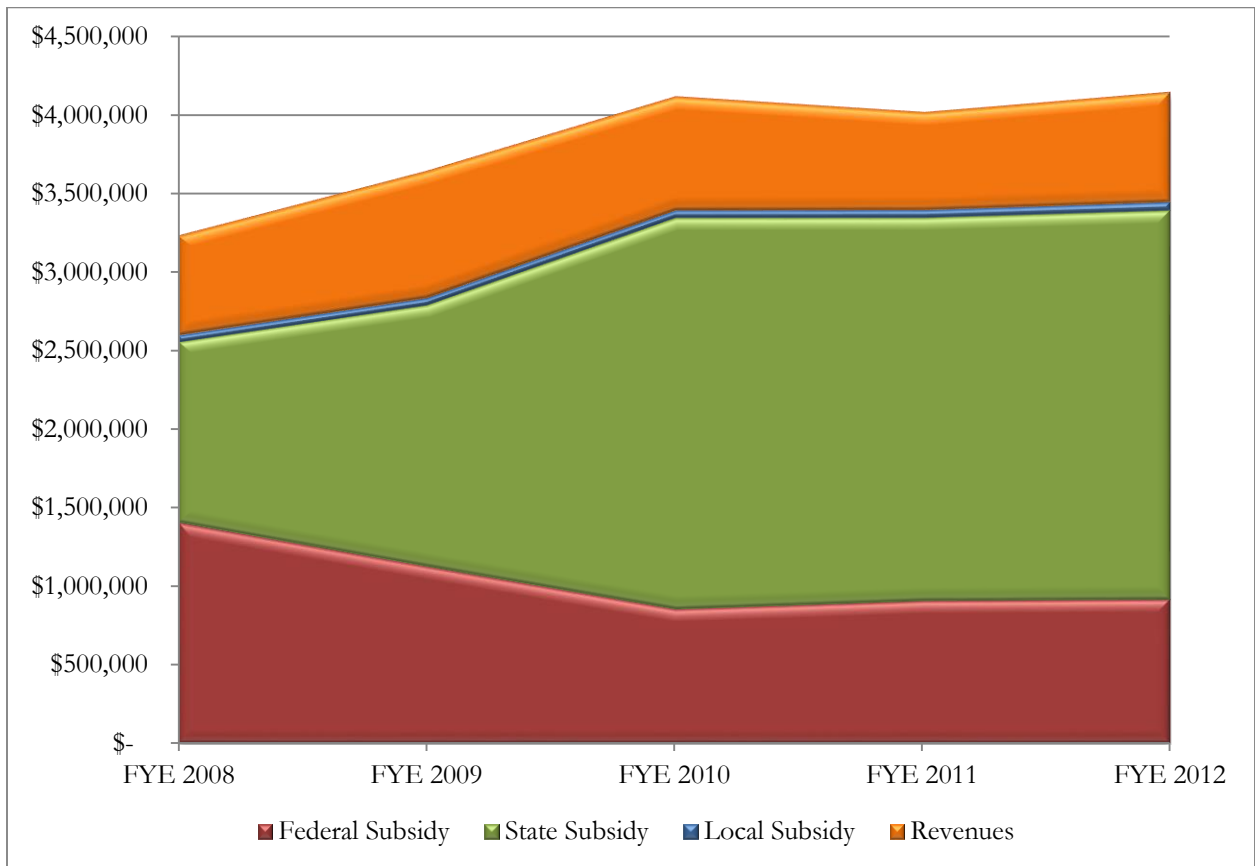


Exhibit 19: Agency-wide Operational Funding by Source (FYE 2008 – FYE 2012)

Share of Funding	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Federal Subsidy	42.1%	30.9%	20.8%	22.7%	22.1%
State Subsidy	34.4%	45.5%	60.5%	60.6%	59.7%
Local Subsidy	1.4%	1.3%	1.2%	1.3%	1.3%
Other Subsidy (Misc.)	3.2%	0.3%	0.0%	0.0%	0.0%
Revenues (Non-Subsidy)	19.0%	22.1%	17.5%	15.4%	16.8%
Local Subsidy / State Subsidy	3.9%	2.9%	2.0%	2.1%	2.2%

Exhibit 20: MMVTA Reported Agency-wide (Fixed-Route + ADA Paratransit) Operational Funding (FYE 2008 – FYE 2012)



FIXED-ROUTE FUNDING

MMVTA's historic and proposed fixed-route funding is derived from general revenues and government subsidies. Direct Passenger fares have covered between 14.6% and 15.9% of total operating revenues (**Exhibit 21**). Based on the FYE 2010 to FYE 2012 dotGrants reporting, MMVTA operated using current year funding with excess state funding being "carried over." No unspent local carryover match funds were available at the end of FYE 2012. Section 1513 carryover has decreased from \$786,201 in FYE 2010 to \$45,743 in FYE 2012.

Exhibit 21: Fixed-Route Funding

Funding Category	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Revenues					
Passenger Fares	\$500,132	\$534,526	\$653,642	\$597,676	\$631,755
Advertising	\$38,311	\$47,057	\$32,170	\$7,355	\$52,792
Charter	\$0	\$0	\$0	\$0	\$0
Route Guarantee	\$0	\$0	\$0	\$0	\$0
Other Misc.	\$95,625	\$224,457	\$34,374	\$10,625	\$10,489
Subtotal	\$634,068	\$806,040	\$720,186	\$615,656	\$695,036
Subsidies					
Federal Operating Grant	\$1,407,660	\$1,127,931	\$855,815	\$909,394	\$916,660
Act44 (1513) State Prior	\$0	\$743,033	\$1,228,860	\$786,201	\$406,600
Act44 (1513) Current	\$1,148,195	\$913,024	\$1,260,306	\$1,648,823	\$2,024,456
Municipal Prior	\$0	\$0	\$0	\$0	\$0
Municipal Current	\$45,119	\$47,374	\$49,743	\$52,230	\$54,842
Act3 BSG Grant (State)	\$0	\$5,764	\$0	\$0	\$0
Act3 BSG Grant (Local)	\$0	\$198	\$0	\$0	\$0
Special-(Federal)	\$0	\$0	\$0	\$0	\$0
Special-(State)	\$0	\$0	\$0	\$0	\$0
Special (Local)	\$105,660	\$10,294	\$0	\$0	\$0
Subtotal	\$2,706,634	\$2,847,618	\$3,394,724	\$3,396,648	\$3,402,558
Total Funding	\$3,340,702	\$3,653,658	\$4,114,910	\$4,012,304	\$4,097,594
Passenger Fares/ Total Funding	15.0%	14.6%	15.9%	14.9%	15.4%

Source: PennDOT dotGrants Reporting System

PARATRANSIT FUNDING

Paratransit funding is a very small part of MMVTA's operation and consists solely of ADA complementary services. State operating subsidies, advertising revenues and passenger fares are used to finance paratransit operating costs (**Exhibit 22**). The ADA program has grown from \$6,915 in FYE 2008 to \$47,304. This amount should be reduced in future years as a contract service agreement has been reached with Washington Rides to provide ADA paratransit for MMVTA. The new contract has more favorable terms than the previous contract with First Transit.

Exhibit 22: Non-Fixed Route (Paratransit) Funding

Category	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Revenues					
1 Passenger Fares	\$626	\$632	\$1,244	\$2,640	\$3,024
2 Advertising	\$6,289	\$5,333	\$13,921	\$39,195	\$533
Subtotal	\$6,915	\$5,965	\$15,165	\$41,835	\$3,557
Subsidies					
3 Act 44 (1513) State Current	\$0	\$0	\$0	\$0	\$43,747
Subtotal	\$0	\$0	\$0	\$0	\$43,747
Total Funding	\$6,915	\$5,965	\$15,165	\$41,835	\$47,304

Source: PennDOT dotGrants Reporting System

BALANCE SHEET FINDINGS

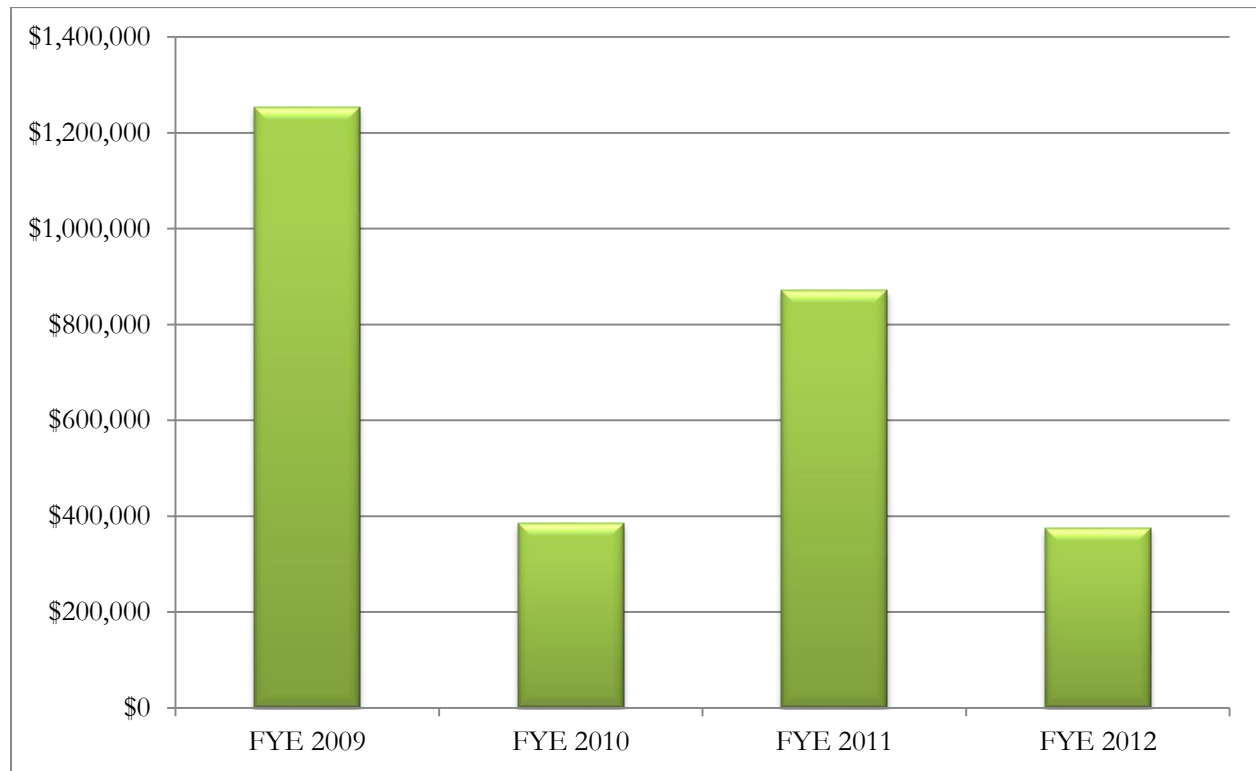
Review of balance sheets from MMVTA shows that the agency maintains very small cash reserves (**Exhibit 23** and **Exhibit 24**) amounting to 9.0% of annual operational expenses in FYE 2012. This margin between current assets and liabilities is much smaller than seen in many other transit agencies in the Commonwealth and has been decreasing since FYE 2010. The accounts payable amount are largely for purchased transportation and fuel. MMVTA does not maintain a line of credit to cover either major capital or operating expenses.

Exhibit 23: MMVTA Balance Sheet Summary (FYE 2009 – FYE 2012)

Balance Sheet Report	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Cash Equivalent Balance	\$1,253,833	\$385,850	\$871,579	\$375,341
Grants Receivable (including capital)	\$927,711	\$494,426	\$2,721	\$36,141
Other Accounts Receivable	\$92,580	\$50,915	\$23,829	\$24,444
Inventory Value	\$2,500	\$2,500	\$2,500	\$2,500
Accounts Payable (including capital)	\$2,111,368	\$241,440	\$230,809	\$239,250
Accumulated Absences/Payroll ⁹	\$2,734	\$4,515	\$5,144	\$6,637
Total Operating Expense	\$3,659,623	\$4,163,521	\$4,063,055	\$4,148,588
Cash Eqv. Bal / Total Operating Exp.	-\$857,535	\$144,410	\$640,770	\$136,091
Line of Credit / Total Operating Exp.	0.0%	0.0%	0.0%	0.0%
Current Assets	\$2,276,624	\$933,691	\$900,629	\$438,426
Current Liabilities	\$2,150,705	\$367,645	\$620,705	\$382,606
Net Current Assets	\$125,919	\$566,046	\$279,924	\$55,820

Source: Annual Audit Reports and dotGrants

Exhibit 24: MMVTA End-of-Year Cash Equivalent Balance (FYE 2009 – FYE 2012)



⁹ MMVTA’s auditor reports accumulated payroll as a long-term liability. Most auditors report this item as a current liability. For consistency with other performance review reports, accumulated payroll is included as current liabilities in this table.

CONCLUSIONS

For the FYE 2008 to FYE 2012 period, the local governments in the MMVTA service area have contributed to help cover MMVTA's operational funding requirements. MMVTA has used all of those amounts in any given year to balance its budget and comply with state requirements. Farebox revenues as a percentage of operating cost is similar to that in similar-sized transit systems in the Commonwealth hovering around 15%. MMVTA has no available local carryover funds and has been depleting carryover state 1513 funds as well. Normally, this would be a great cause for concern. However, since MMVTA contracts for service delivery, it has some latitude to time payment terms consistent with receipt of operating grant payments thereby minimizing the risk of bankruptcy normally associated with such small net current assets compared to the overall operating budget. MMVTA management should continue to take appropriate actions such as controlling costs and increasing carryover reserves to improve MMVTA's overall financial health.

APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

PART 1- EXECUTIVE SUMMARY FINDINGS TEMPLATE

IMPROVEMENT OPPORTUNITY	MMVTA Actions	Estimated Initiation Date	Estimated Completion Date
1. Develop reasonable minimum ridership and revenue service standards for its routes and runs (p.vi)			
2. Reevaluate governance structure, representation and oversight of management (p. vi)			
3. Evaluate items that have been deferred in expectation of regional consolidation and implement a plan to proceed with addressing items that have been deferred (p. vi)			
4. Develop performance targets for all key agency functions (p. vi)			

Note: Include additional pages as necessary.

PART 2- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATES

A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

Recommendation (page)	MMVTA Action	Estimated Initiation Date	Estimated Completion Date
1. Complete customer satisfaction survey (p. 20)			
2. Conduct market analysis for customer potential (p. 20)			
3. Evaluate bus branding and advertising (p. 20)			
4. Update transit development plan (p. 20)			
5. Update marketing plan (p. 21)			
6. Coordinate schedules and system maps with PAAC (p. 21)			

B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

Recommendation (page)	MMVTA Action	Estimated Initiation Date	Estimated Completion Date
1. proactively develop a farebox recovery policy and begin its implementation (p. 21)			
2 Advance regional fare card and regional farebox revenue sharing plan (p. 21)			
3. Review cost recovery of University of California contract (p. 21)			

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

Recommendation (page)	MMVTA Action	Estimated Initiation Date	Estimated Completion Date
1. Reevaluate span of service and days of week that service is provided for commuter routes (p. 22)			

PART 3- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE

Recommendation (page)	MMVTA Action	Estimated Initiation Date	Estimated Completion Date
1. Train local first responders on how to enter and disable MMVTA vehicles (p. 23)			
2. Conduct routine Board training (p. 23)			
3. Establish Citizens' Advisory Board (p. 23)			
4. Develop a strategic plan (p. 23)			
5. Develop an unconstrained capital needs plan (p. 23)			
6. Implement an asset management system (p. 23)			
7. Conduct annual employee satisfaction surveys (p. 23)			

APPENDIX B: DOCUMENTATION REQUESTS TO GENERAL MANAGER



ACT 44 PUBLIC TRANSPORTATION PERFORMANCE REVIEW INITIAL DOCUMENT REQUEST

PLEASE PROVIDE COPIES OF THE FOLLOWING:

1. Latest Strategic Plan (including Mission, Vision, Strategic Goals and Objectives)
2. Current Labor Agreement(s) and Sub Contractor Contract Agreement(s)
3. Current Service and Performance Standards
4. Current Board Bylaws
5. Contact information for all Board Members
6. Updated 5-Year Presentation, including:
 - Most recent 5-year Operating Budget (starting with FY13-14 Annual Budget plus additional 4-Year budget projections)
 - Current 4-Year and 12-Year Capital Budget plan, and/or additional 12-Year Capital Budget
7. Most Recent Federal Triennial Review and any other FTA-related reviews
8. Current Employee Form(s) used for Annual Job Evaluations
9. Latest Rider Survey and Non-Rider Survey
10. Past 12 months Management-Board Report Packets (including all attachments)
11. Latest Transit Development Plan (TDP)
12. Current Transit System Map
13. List of Software Used by Agency for Accounting/Financial, Maintenance, Scheduling, and Data Collection (e.g. AVL, Avail)
14. Contracts for Procurement of Services, and any Special Operating Agreements



**ACT 44 PUBLIC TRANSPORTATION PERFORMANCE REVIEW
SECONDARY DOCUMENT REQUEST**

PLEASE PROVIDE COPIES OF THE FOLLOWING:

1. GM Biography and contract (if available)
2. On-time performance reports pursuant to Section 37.ii of the contract service agreement.
3. On-street supervision reports pursuant to Section 37.v of the contract service agreement.
4. S&B daily ridership report by day by driver/run/hour since it was installed.
5. Bus stop, sign and shelter inventory (if it already exists, do not create).
6. An IT plan if it exists.
7. Latest parts inventory (MMVTA only, not contract service provider).
8. Documented training program for drivers pursuant to Section 60 of the contract service agreement.
9. List of accidents and damages associated with vehicles for last 5 years.
10. Results from last rider/customer survey, initial document request included survey form only.
11. Any agreements (guaranteed fare or otherwise) with California University of PA

To be reviewed during the on-site review:

12. Press Clippings
13. Operators' Manual
14. Emergency Operations Plan (if one exists)
15. Most recent facility (building) inspection reports.
16. Most recent liability insurance assessment report.
17. List of all MMVTA real estate holdings



**ACT 44 PUBLIC TRANSPORTATION PERFORMANCE REVIEW
ON-SITE FOLLOW UP DOCUMENT REQUEST**

PLEASE PROVIDE COPIES OF THE FOLLOWING:

1. MMVTA Employee Handbook
2. Job Descriptions
3. Passenger Survey and results
4. MV CBA
5. Safety/Security Plan
6. "Wish List" of capital projects
7. FY 2012-13 Trial Balances
8. Check origination and signing procedures

