



RVT System Performance Review

July 15, 2016

Performance Report
River Valley Transit

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AGENCY PUBLIC TRANSPORTATION PROFILE

Agency	Williamsport Bureau of Transportation (d.b.a. River Valley Transit, RVT)	
Year Founded	1969	
Reporting Fiscal Year End (FYE)	2013	
Service Area (square miles)	89	
Service Area Population	69,764	
Annual Operating Statistics*	Fixed-Route Bus	Paratransit (ADA)
Vehicles in Maximum Service (VOMS)	23	3
Operating Cost	\$5,975,903	\$18,326
Operating Revenues	\$1,270,429	\$4,030
Total (Actual) Vehicle Miles	869,146	8,011
Revenue Miles of Service (RVM)	822,866	8,011
Total Vehicle Hours	61,666	425
Revenue Vehicle Hours (RVH)	54,253	425
Total Passenger Trips	1,357,932	944
Senior Passenger (Lottery) Trips	228,885	0
Fixed-Route Operating Subsidy Formula Variables (Fixed Route + ADA Paratransit)		
Total Passenger Trips	1,358,876	
Total Senior Passenger (Lottery) Trips	228,885	
Total Revenue Miles of Service (RVM)	830,877	
Total Revenue Hours of Service (RVH)	54,678	
Act 44 Performance Statistics		
Passengers / RVH	25.03	2.22
Operating Cost / RVH	\$110.15	\$43.12
Operating Revenue / RVH	\$23.42	\$9.48
Operating Cost / Passenger	\$4.40	\$19.41
Other Performance Statistics		
Operating Revenue / Operating Cost	21.26%	21.99%
Operating Cost / Total Vehicle Hours	\$96.91	\$43.12
Operating Cost / Total Vehicle Miles	\$6.88	\$2.29
Total Passengers / Total Vehicle Hours	22.02	2.22
Operating Cost / RVM	\$7.26	\$2.29
RVM / Total Vehicle Miles	94.68%	100.00%
RVH / Total Vehicle Hours	87.98%	100.00%

* source: dotGrants 2013 reporting

EXECUTIVE SUMMARY

In July 2007 the Pennsylvania Legislature passed Act 44, establishing a framework for a Pennsylvania Department of Transportation (referred to as PennDOT or Department throughout the document) 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 Williamsport Bureau of Transportation (d.b.a. River Valley Transit, RVT) was started in September 2014. The performance review focused on fixed-route bus. Subsequent to the performance review, a cost allocation study was conducted in 2015 to analyze the financial relationships between RVT, the City of Williamsport, and other RVT supported activities (e.g., EMTA, City parking services, Hiawatha, etc.) in order to determine how or if those relationships could impact findings of the performance review. The study concluded that the costs and the relationships between the entities that RVT reported to PennDOT and RVT were accurate and the report was finalized.

This report addresses Act 44 established performance criteria specifically related to fixed-route bus services – RVT trends and a comparison of RVT to peers, targets for future performance (performance reviews are conducted on a five-year cycle), and opportunities for improvement which should assist RVT in meeting the future targets. This report also addresses the management, general efficiency and effectiveness of services.

After receipt of this performance review report, RVT will develop an action plan which identifies the steps RVT will take to meet the agreed to Act 44 performance criteria targets by FY 2018-19. The general goals are to maximize efficiency and promote cost savings, improve service quality, and increase ridership and revenue. The action plan should focus on the most critical areas for the agency, as prioritized by RVT 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 RVT to agree on a plan which, when approved by RVT Board, will be submitted as the final action plan. RVT 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. RVT's success will be measured in part on meeting performance targets established through this review.

ACT 44 PERFORMANCE DETERMINATION

Act 44 performance factors were analyzed to quantify RVT's fixed-route bus performance in comparison to its peer agencies in Fiscal Year End (FYE) 2012 and over a five-year trend period from FYE 2007 to FYE 2012 (the most recent NTD data available at the time of the peer selection).

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. “At Risk” performance factors provide a focus for the transit system’s Board and management to develop an action plan for improvement. The action plan and its implementation are good faith efforts to improve system performance. PennDOT recognizes that even the best efforts may not result in improved performance and will take that into consideration when assessing the agency’s performance during the next review. Agencies that do not implement the action plan and fail to meet performance targets in five years when the next performance review is conducted could be subject to a reduction in future State operating assistance.

An analysis of the eight key criteria mandated by Act 44 was conducted and **it was determined that RVT is “In Compliance” for six criteria and “At Risk” for two.** The peer comparison process as applied to Act 44 criteria (below, in bold typeface) revealed the following:

In Compliance

1. **FYE 2012 passengers / revenue vehicle hour** ranks 2nd of the 12 transit agencies in the peer group and is better than the peer group average.
2. The **five-year trend of passengers / revenue vehicle hour** is very close to the peer group average.
3. **FYE 2012 operating cost / revenue vehicle hour** is higher than the peer group average.
4. **FYE 2012 operating revenue / revenue vehicle hour** is the 3rd best of the peer group.
5. The **five-year trend for operating revenue/ revenue vehicle hour** is more than twice the peer group average.
6. **FYE 2012 operating cost / passenger** is very close to the peer group average.

At Risk

1. The **five-year trend for increase in operating cost / revenue vehicle hour** is significantly higher than the peer group average, though it is in line with what some other transit agencies in Pennsylvania have seen in recent years.
2. The **five-year trend for operating cost / passenger increase** is significantly higher than the peer group average. This is attributable to relatively modest increases in ridership combined with operating costs that 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	FYE	Determination	Rank (of 12)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2012	In Compliance	2	Better	25.60	21.85
	Trend	In Compliance	7	Worse	1.72%	2.15%
Operating Cost / Revenue Hour	2012	In Compliance	10	Worse	\$100.60	\$86.09
	Trend	At Risk	10	Worse	5.98%	3.53%
Operating Revenue / Revenue Hour	2012	In Compliance	3	Better	\$18.82	\$14.02
	Trend	In Compliance	5	Better	5.23%	2.37%
Operating Cost / Passenger	2012	In Compliance	7	Better	\$3.93	\$4.01
	Trend	At Risk	11	Worse	4.19%	1.38%

As shown in the following table, the variables that triggered the “**At Risk**” determinations for 5-year trend, operating cost increase per revenue hour and operating cost per passenger, continued their steep rate of increase through 2013.

Performance Criteria	FYE 2012 Value	FYE 2013 Value	One Year Change
Operating Cost / Revenue Hour	\$100.60	\$110.15	9.5%
Operating Cost / Passenger	\$3.93	\$4.40	12.0%

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 RVT 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.

BEST PRACTICES

1. Extensive proactive outreach and the community relations efforts of the General Manager.
2. Strong partnership and leadership in the community by successfully promoting and constructing mixed-use, transit oriented development (TOD) in downtown Williamsport.
3. Actively participating with the local MPO and the City of Williamsport to secure political support and funding.
4. Development of the first publically available CNG refueling station in a four-county area to promote the expanded use of green technology as well as provide a new source of revenue.
5. Undertaking a program to migrate its fleet to operate on compressed natural gas (CNG) to reduce operating costs.
6. Preparing an annual performance report of key indicators, accomplishments and strategic goals.
7. Implementing innovative marketing approaches such as its “bonus bucks” program.

8. Following a policy to “never miss a trip.”
9. Providing real time information to customers.
10. Maintaining 30 minute or less headways to sustain ridership.
11. Taking advantage of procurement training and conducting ICE analyses.
12. Taking advantage of online training courses for drivers.
13. Conducting weekly staff meetings to review performance and address issues as they arise.
14. Recognizing outstanding drivers with an annual driver review and safety awards ceremony.
15. Proactively addressing employee recruitment and retention.

OPPORTUNITIES FOR IMPROVEMENT TO ADDRESS IN THE ACTION PLAN

1. Evaluate the potential of supplementing the annual performance report with additional customer service metrics.
2. Track and report on all self-defined performance standards.
3. Establish goals related to maintaining or reducing the number of road calls.
4. Track and report on-time performance using available AVL technology.
5. Develop a system map to augment the information available on the RVT website.
6. Expand marketing plan to include an implementation schedule of proposed activities, performance results of previous activities and performance targets for future marketing activities.
7. Conduct periodic non-rider surveys.
8. Periodically assess discount fare media pricing policies.
9. Develop a formal succession plan that identifies roles and responsibilities to assure continuity of operations due to unexpected absences.
10. Report all sources of local match in dotGrants.
11. Identify and implement a cost-effective solution to provide regular off-site data backup.
12. Establish a farebox cash discrepancy threshold that triggers additional investigation.

FINANCIAL REVIEW

For the FYE 2009 to FYE 2013 period, local governments in the RVT service area have contributed monies to the City of Williamsport to help cover RVT’s operational funding requirements. Per dotGrants, RVT has used all of those amounts, in any given year, to balance its budget and comply with state requirements. The total of fixed-route farebox, route guarantee and contract revenues as a percentage of operating cost is similar to that in similar-sized transit systems in the Commonwealth hovering between 15% and 20%. Actual fixed-route full fares are \$2.25 and transfers are free. Less than 2% of RVT’s revenues come from full fare passenger trips. Most passenger revenue comes from multi-ride passes that are heavily discounted. Approximately 20% of revenue comes from transfer payments from the Williamsport Parking Authority that are used to balance RVT’s budget. RVT

management should continue to take appropriate actions to control costs and achieve farebox recovery goals to maintain RVT'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. These performance targets are required to comply with Act 44 and represent minimum performance levels that RVT 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 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	25.03	23.87	22.88	25.26	2.0%
Operating Cost / Revenue Hour	\$110.04	\$113.94	\$116.64	\$135.22	3.0%
Operating Revenue / Revenue Hour	\$23.40	\$20.67	\$19.32	\$21.76	2.0%
Operating Cost / Passenger	\$4.40	\$4.77	\$5.10	\$5.36	1.0%

NEXT STEPS

Upon final transmission of the performance review report, Act 44 regulations stipulate that RVT “...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 RVT 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 RVT.

The template for the Action Plan has been provided as an Appendix to this report. This template includes three parts:

- **Part 1- Act 44 Performance Metric Findings Template(s)** is where RVT should address its proposed actions to address the “*Opportunities for Improvement*” findings that directly affect the Act 44 performance metrics.
- **Part 2- Other Actions to Improve Overall Performance Template** should be used to address the “*Other Findings that Impact Overall Agency Performance*”. RVT 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*”. 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. RVT must select, prioritize and schedule its intended actions using the template.

RVT must submit the proposed draft Action Plan using the format provided to the Department for comment. The proposed draft Action Plan may then be revised based on consultation between RVT management and the Department. The finalized Action Plan must then be approved by the RVT Board and formally submitted to PennDOT. Subsequently, RVT 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 Williamsport Bureau of Transportation (d.b.a. River Valley Transit, RVT).

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 September 2014, an Act 44 mandated performance review was initiated for RVT. 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 RVT 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 September 29 and September 30, 2014.
 - An interview guide customized for RVT’s service was used for the review.
 - Topics covered during the interview process included:
 - Governance
 - 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

The Williamsport Bureau of Transportation (d.b.a. River Valley Transit, RVT) was created in 1969 in Lycoming County, Pennsylvania. RVT provides fixed-route bus service in and around the cities of Williamsport, Montoursville and Lock Haven. RVT is overseen by the seven member Williamsport City Council.

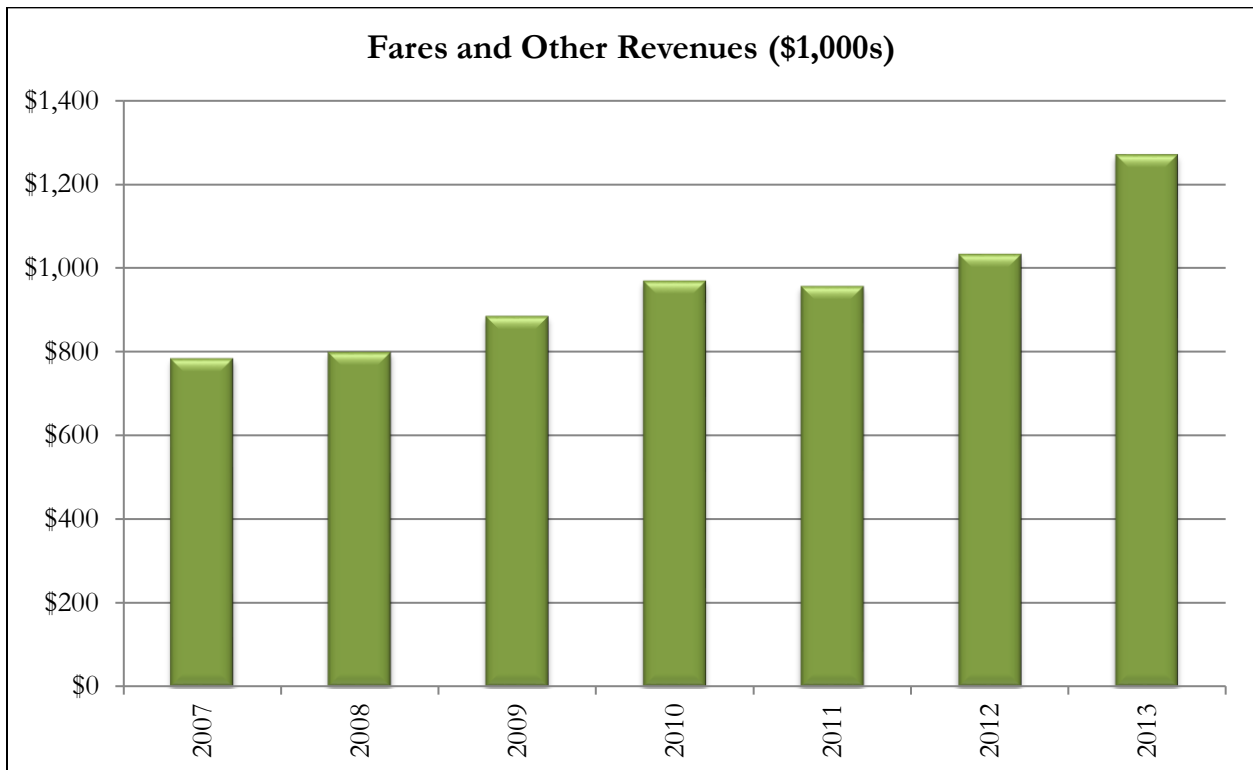
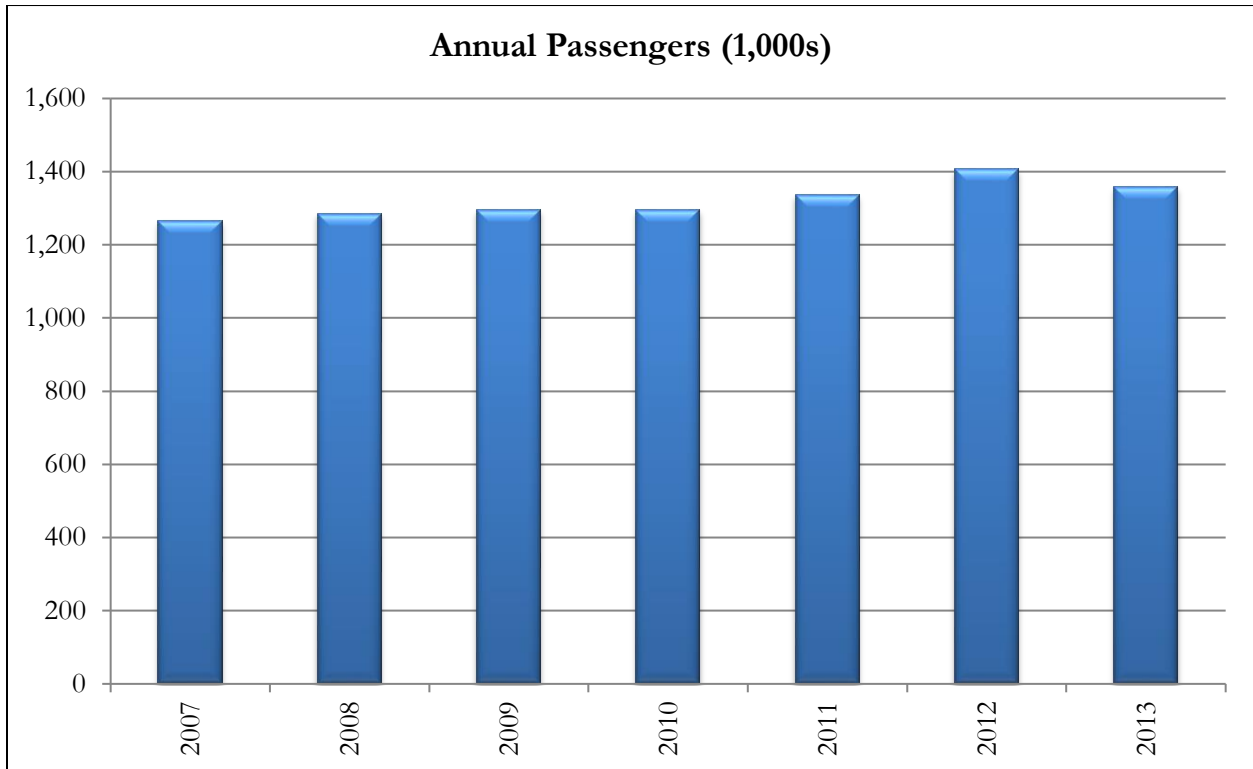
Currently, RVT operates 15 regular fixed-routes in addition to service for special events such as the Little League World Series. It also acts as the operator of the Williamsport Parking Authority, the Hiawatha river boat, the Endless Mountains Transportation Authority and commercial space in downtown Williamsport that serves the Trade and Transit Center and an intercity bus transfer facility/parking garage. **Exhibit 1** and **Exhibit 2** present fixed-route bus statistics for RVT derived from PennDOT dotGrants Legacy Reports.

It is noteworthy that in 2014, RVT participated in FTA's Small Transit Intensive Cities (STIC) program. By exceeding all six of the STIC performance factors, RVT received \$1,152,097 in discretionary federal funding that could be used for capital or operations¹. Other important observations evident from the trends in demand, revenues, and operating characteristics for the Legacy reporting period of Fiscal Year End (FYE) 2007 through 2013 are as follows:

1. RVT's annual fixed-route ridership has increased 7.3% since 2007 and was about 1,357,900 passengers per year in 2013.
2. RVT's 2013 total operating revenue (including passenger fares, parking fees, and other local revenues) is relatively low, averaging \$0.94 per passenger trip in FYE 2013. RVT's regular base fare is \$2.25 and transfers are free. Farebox recovery, passenger fares / operating cost, is actually much lower at \$0.62 / passenger. This equates to a farebox recovery of 14.1% of total operating expenses. Despite a lower fare recovery, overall operating revenue has increased on average 8.3% from FYE 2007 to FYE 2013.
3. Revenue hours of service increased by a net of less than 1% between 2007 and 2013. RVT provided 54,300 revenue hours of service in FYE 2013.
4. Total operating costs increased in total by about 47.7% between 2007 and 2013, an average 6.7% annual increase, going from about \$4,047,000 to \$5,976,000 annually.

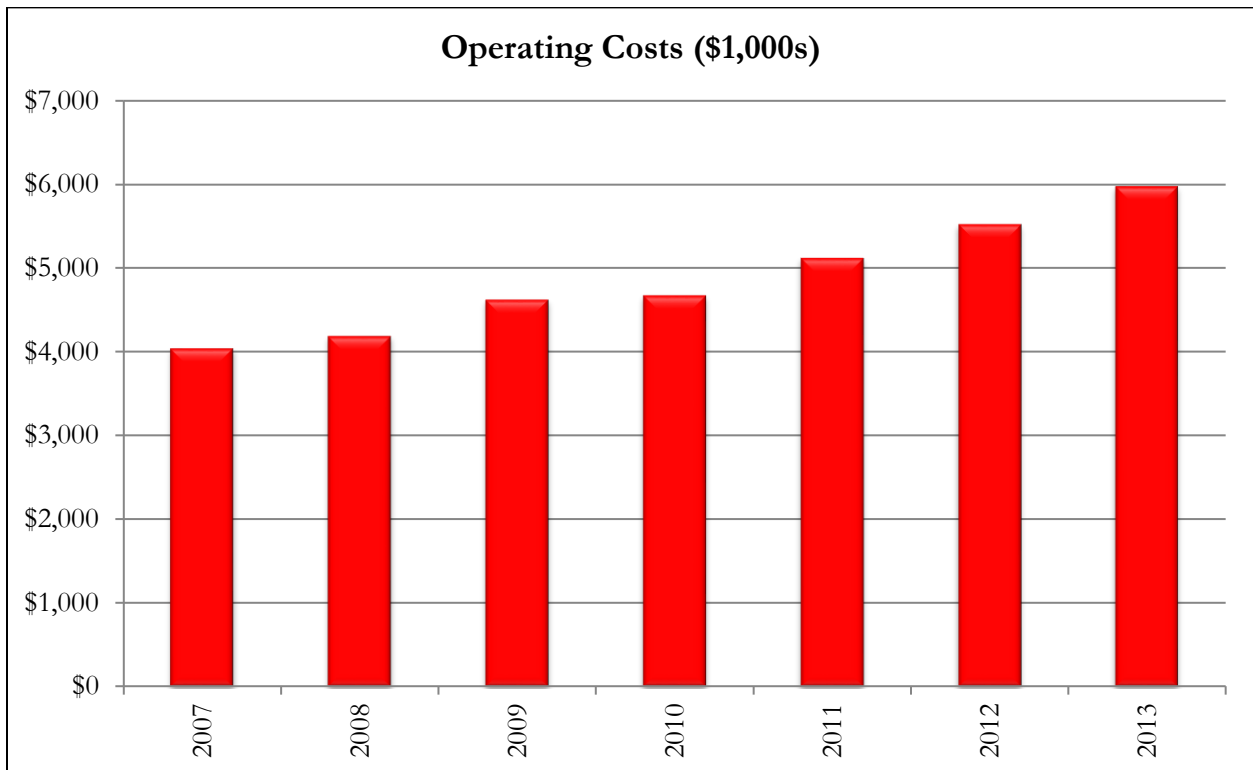
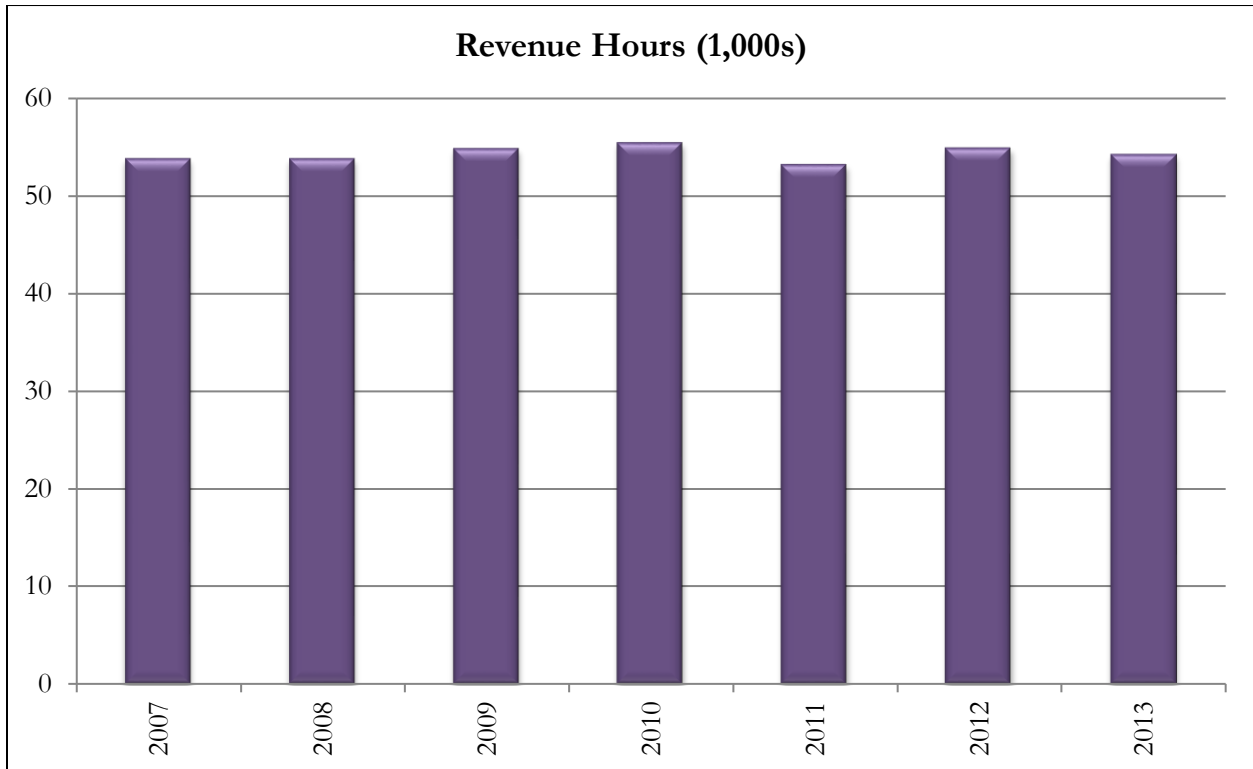
¹See http://www.fta.dot.gov/documents/Table_6_FY_2014_STIC.pdf for a list of STIC performance factors.

Exhibit 1: Fixed-Route Passengers and Revenues FYE 2007-2013



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

Exhibit 2: Fixed-Route Revenue Hours and Operating Costs FYE 2007-2013



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...”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
- 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
- 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 RVT management for review and comment. After discussions were complete, the following 11 peer systems, in addition to RVT, were included in subsequent analyses for peer comparison purposes:

1. Transit Services of Frederick County (TransIT) Frederick, MD
2. Altoona Metro Transit (AMTRAN) Altoona, PA
3. Asheville Redefines Transit (ART) Asheville, NC
4. Yakima Transit (YT) Yakima, WA
5. Missoula Urban Transportation District (Mountain Line) Missoula, MT
6. Davenport Public Transit (CITIBUS) Davenport, IA
7. Eau Claire Transit (ECT) Eau Claire, WI
8. LaCrosse Municipal Transit Utility (La Crosse MTU) LaCrosse, WI
9. Decatur Public Transit System (DPIS) Decatur, IL

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.

10. City of Monroe Transit System (MTS) Monroe, LA
11. Greater Portland Transit District (Metro) Portland, ME

ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of RVT 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 2012 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*: 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 RVT
- *Standard Deviation*: Standard deviation of all values being measured across all peer transit agencies, including RVT

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

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) 2012.

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.

Detailed results of the RVT 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	Single Year	Five-Year Trend
Passengers / Revenue Hour	In Compliance	In Compliance
Operating Cost / Revenue Hour	In Compliance	At Risk
Operating Revenue / Revenue Hour	In Compliance	In Compliance
Operating Cost / Passenger	In Compliance	At Risk

FIXED-ROUTE BUS PERFORMANCE COMPARISONS

For the 11 peer systems plus RVT, NTD and 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 “12th” indicates that it performs the poorest on any given metric.

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

1. RVT’s FYE 2012 passengers / revenue hour ranks 2nd of the twelve transit agencies in the peer group. Passengers / revenue hour have been increasing at about 1.7% per year.
2. RVT’s FYE 2012 operating cost / revenue vehicle hour is the 3rd costliest of all the agencies in the peer group. Though the rate of increase in operating cost is similar to that of other agencies in the Commonwealth, operating cost / revenue vehicle hour has increased at a rate higher than the peer group average. RVT ranked 10th amongst 12 peer agencies for this measure.
3. RVT’s 2012 operating revenue / revenue vehicle hour ranks as the 3rd best of the peers. The trend between FYE 2007 and FYE 2012 indicates that operating revenue / revenue vehicle hour is increasing at a rate greater than passengers / revenue hour. This is due, in part, to revenue transfers from the Williamsport Parking Authority.
4. RVT’s operating cost / passenger is better than the peer group average for FYE 2012 though the trend of annual operating cost / passenger increase (i.e., 4.2%) is higher than that of the peer group average of 1.4%.

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 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Transit Services of Frederick County	14.34	12	10.38	6.68%	1
Altoona Metro Transit	15.96	11	17.05	-1.32%	11
ART (Asheville Redefines Transit)	25.50	3	21.15	3.81%	4
Yakima Transit	28.37	1	23.48	3.86%	3
Missoula Urban Transportation District	20.45	9	18.61	1.90%	6
Davenport Public Transit	24.92	4	18.77	5.83%	2
Eau Claire Transit	22.05	6	22.22	-0.15%	10
LaCrosse Municipal Transit Utility	21.29	8	19.91	1.35%	8
Decatur Public Transit System	19.65	10	16.90	3.06%	5
City of Monroe Transit System	22.67	5	24.78	-1.77%	12
Greater Portland Transit District	21.42	7	20.54	0.84%	9
Williamsport Bureau of Transportation	25.60	2	23.51	1.72%	7
<i>Average</i>	<i>21.85</i>		<i>19.77</i>	<i>2.15%</i>	
<i>Standard Deviation</i>	<i>4.03</i>		<i>3.90</i>	<i>2.63%</i>	
<i>Average – 1 Standard Deviation</i>	<i>17.82</i>		<i>15.87</i>	<i>-0.47%</i>	
<i>Average + 1 Standard Deviation</i>	<i>25.88</i>		<i>23.68</i>	<i>4.78%</i>	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Better		Worse		

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

Operating Cost / Revenue Hour (MB)					
System	FYE 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Transit Services of Frederick County	\$64.47	1	\$56.29	2.75%	5
Altoona Metro Transit	\$94.76	9	\$92.78	0.42%	1
ART (Asheville Redefines Transit)	\$77.74	4	\$56.08	6.75%	12
Yakima Transit	\$111.60	12	\$94.79	3.32%	8
Missoula Urban Transportation District	\$79.05	5	\$70.55	2.30%	3
Davenport Public Transit	\$103.96	11	\$75.91	6.49%	11
Eau Claire Transit	\$79.72	6	\$69.58	2.76%	6
LaCrosse Municipal Transit Utility	\$82.79	7	\$75.56	1.84%	2
Decatur Public Transit System	\$71.63	2	\$61.28	3.17%	7
City of Monroe Transit System	\$73.38	3	\$64.24	2.70%	4
Greater Portland Transit District	\$93.44	8	\$77.43	3.83%	9
Williamsport Bureau of Transportation	\$100.60	10	\$75.23	5.98%	10
<i>Average</i>	<i>\$86.09</i>		<i>\$72.48</i>	<i>3.53%</i>	
<i>Standard Deviation</i>	<i>\$14.52</i>		<i>\$12.43</i>	<i>1.94%</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$71.58</i>		<i>\$60.05</i>	<i>1.59%</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$100.61</i>		<i>\$84.91</i>	<i>5.47%</i>	
Act 44 Compliance Determination	In Compliance		At Risk		
Compared to the Peer Group Average	Worse		Worse		

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

Operating Revenue / Revenue Hour (MB)					
System	FYE 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Transit Services of Frederick County	\$10.27	8	\$11.51	-2.27%	10
Altoona Metro Transit	\$19.36	2	\$16.30	3.51%	7
ART (Asheville Redefines Transit)	\$13.77	6	\$8.70	9.63%	1
Yakima Transit	\$10.19	9	\$8.43	3.87%	6
Missoula Urban Transportation District	\$7.64	11	\$12.20	-8.93%	12
Davenport Public Transit	\$7.56	12	\$7.58	-0.06%	9
Eau Claire Transit	\$17.00	4	\$12.93	5.62%	4
LaCrosse Municipal Transit Utility	\$14.53	5	\$9.39	9.12%	2
Decatur Public Transit System	\$7.81	10	\$7.73	0.20%	8
City of Monroe Transit System	\$10.50	7	\$12.70	-3.73%	11
Greater Portland Transit District	\$30.80	1	\$22.77	6.23%	3
Williamsport Bureau of Transportation	\$18.82	3	\$14.59	5.23%	5
<i>Average</i>	\$14.02		\$12.07	2.37%	
<i>Standard Deviation</i>	\$6.77		\$4.38	5.50%	
<i>Average – 1 Standard Deviation</i>	\$7.25		\$7.69	-3.13%	
<i>Average + 1 Standard Deviation</i>	\$20.79		\$16.45	7.87%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Better		Better		

Exhibit 7: Fixed-Route Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2012 Single Year		5 Year Change Since FYE 2007		
	Value	Rank	2007 Value	Annual Rate	Rank
Transit Services of Frederick County	\$4.50	11	\$5.42	-3.68%	1
Altoona Metro Transit	\$5.94	12	\$5.44	1.76%	7
ART (Asheville Redefines Transit)	\$3.05	1	\$2.65	2.83%	8
Yakima Transit	\$3.93	8	\$4.04	-0.52%	2
Missoula Urban Transportation District	\$3.87	5	\$3.79	0.40%	4
Davenport Public Transit	\$4.17	9	\$4.04	0.63%	6
Eau Claire Transit	\$3.62	3	\$3.13	2.91%	9
LaCrosse Municipal Transit Utility	\$3.89	6	\$3.80	0.49%	5
Decatur Public Transit System	\$3.64	4	\$3.63	0.10%	3
City of Monroe Transit System	\$3.24	2	\$2.59	4.54%	12
Greater Portland Transit District	\$4.36	10	\$3.77	2.97%	10
Williamsport Bureau of Transportation	\$3.93	7	\$3.20	4.19%	11
<i>Average</i>	\$4.01		\$3.79	1.38%	
<i>Standard Deviation</i>	\$0.74		\$0.91	2.30%	
<i>Average – 1 Standard Deviation</i>	\$3.27		\$2.88	-0.92%	
<i>Average + 1 Standard Deviation</i>	\$4.75		\$4.70	3.69%	
Act 44 Compliance Determination	In Compliance		At Risk		
Compared to the Peer Group Average	Better		Worse		

Exhibit 8: Fixed-Route Passengers / Revenue Vehicle Hour Trend FYE 2007-2012

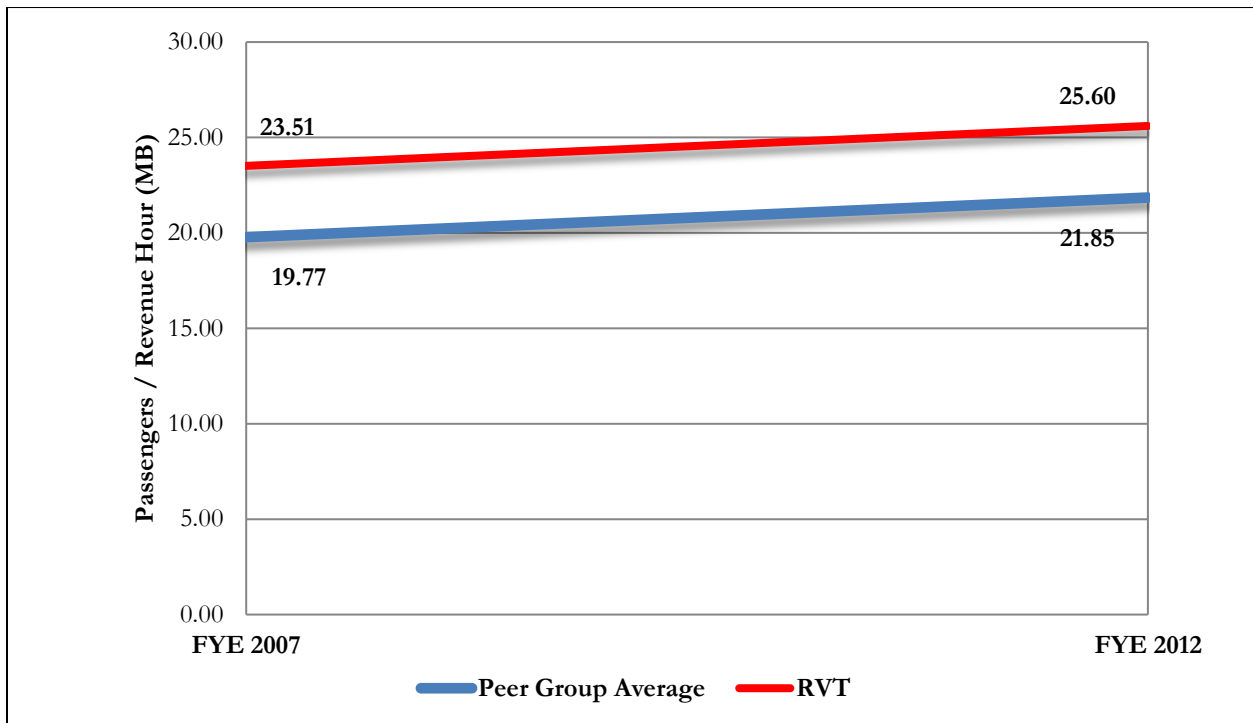


Exhibit 9: Fixed-Route Operating Cost / Revenue Vehicle Hour Trend FYE 2007-2012

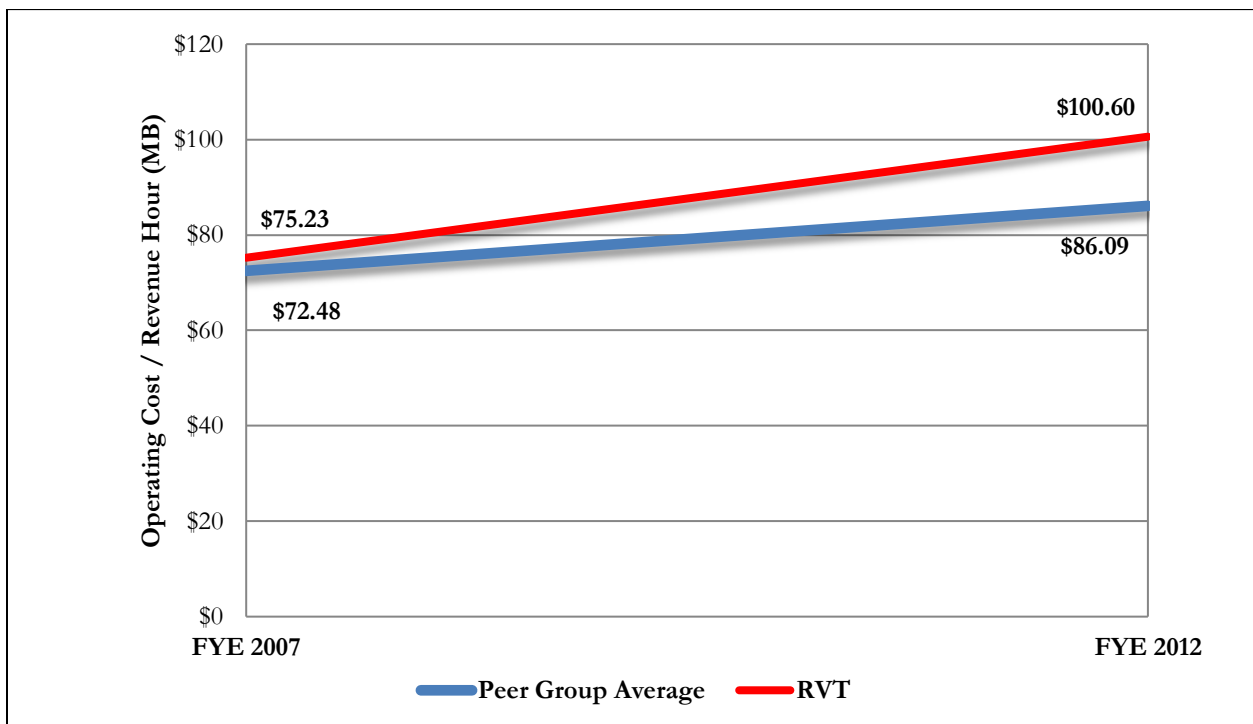


Exhibit 10: Fixed-Route Operating Revenue / Revenue Vehicle Hour Trend FYE 2007-2012

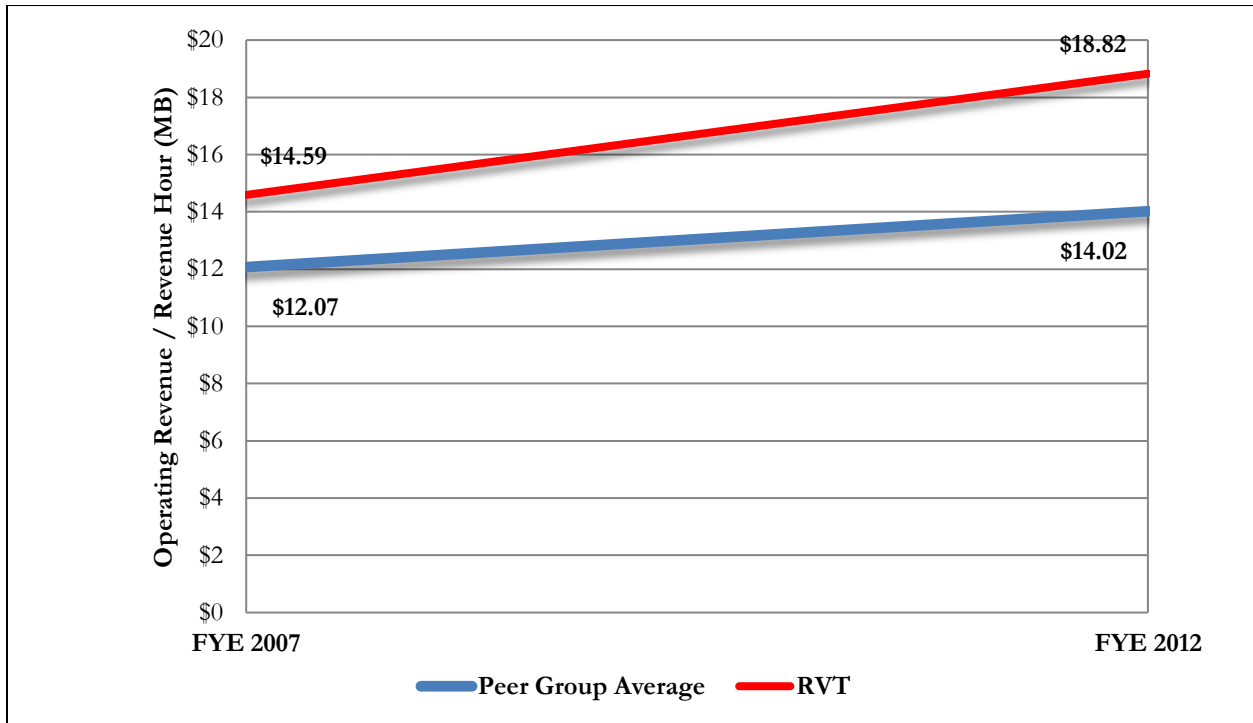
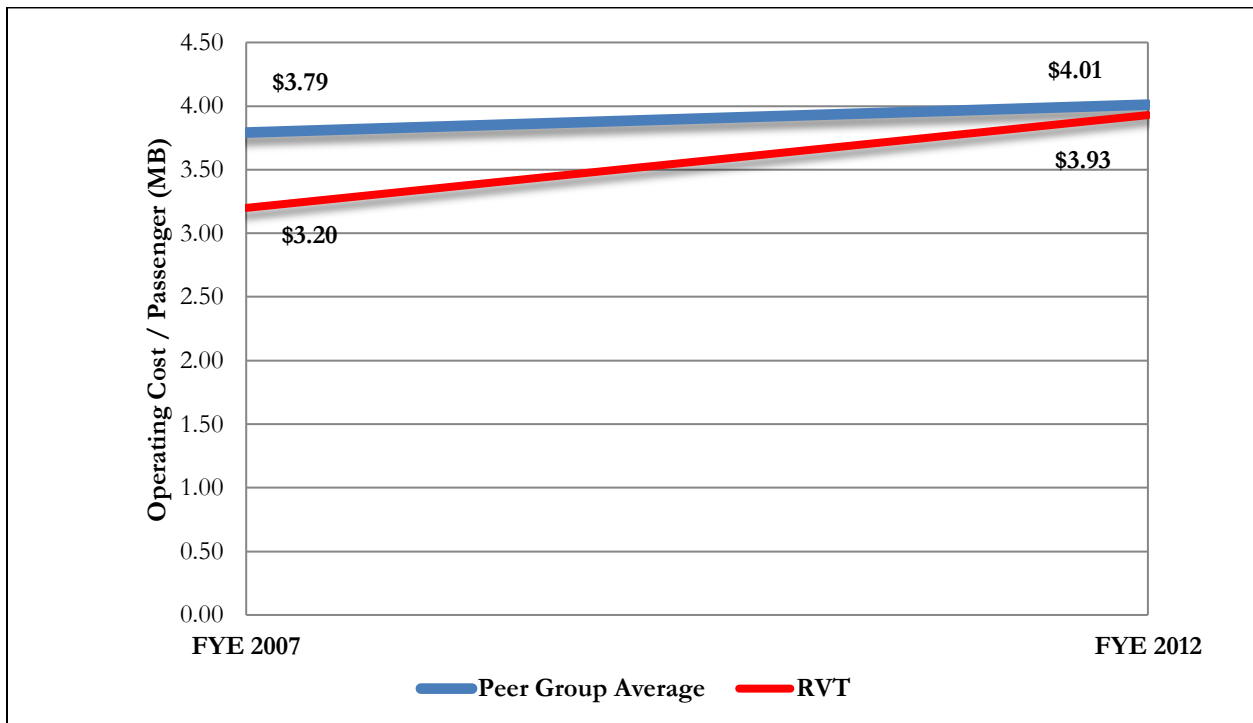


Exhibit 11: Fixed-Route Operating Cost / Passenger Trend FYE 2007-2012



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. RVT’s target has been set to 2% growth per year to help RVT maintain compliance with Act 44 metrics relating to ridership and revenue.

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. RVT’s target has been set to rate of 3% per year due to a need to make sure future costs and the expected level of future state subsidies are aligned.

Operating Revenue / Revenue Hour, like operating cost / revenue hour, is a measure that allows the agency to determine their fiscal solvency over 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%) to make sure that revenues keep pace with, or exceed, cost increases.

Operating Cost / Passenger measures both the efficiency and effectiveness of transit service delivery. The target is set as the difference between maximum operating cost / revenue hour increase (3%) goal less the minimum passengers / revenue hour goal (2%), or 1%.

These performance targets represent the minimum performance level that RVT 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-upon by PennDOT and RVT before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for RVT’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 2020 Target..... 25.26
 Interim Year TargetsAnnual increase of at least 2.0%

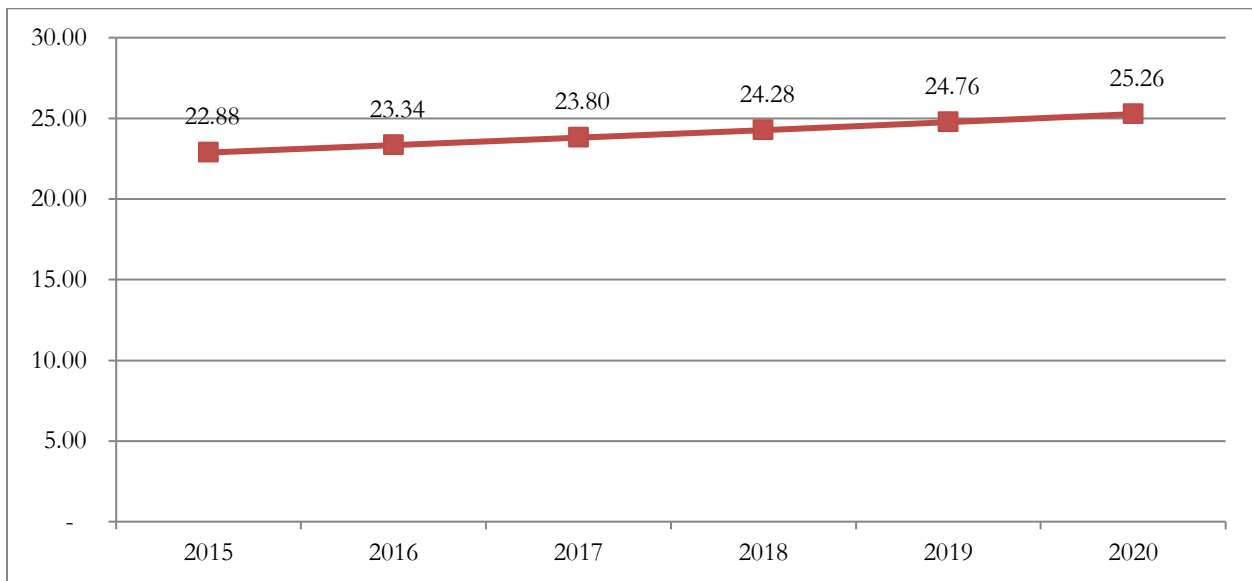


Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets

FYE 2020 Target..... \$135.22
 Interim Year TargetsAnnual increase of no more than 3.0%

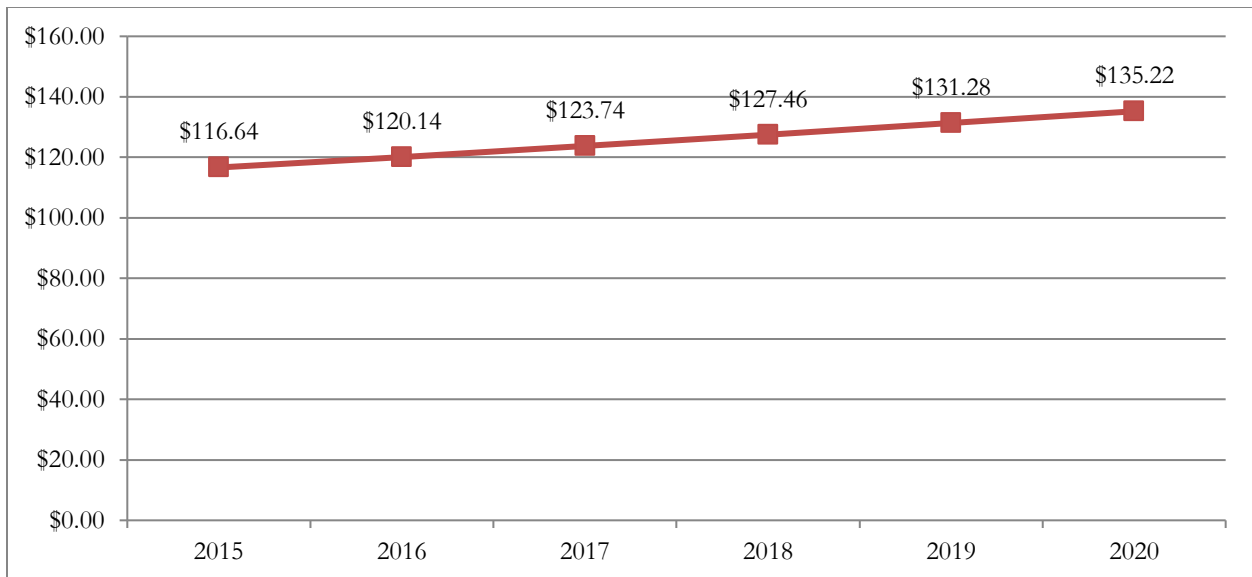


Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets

FYE 2020 Target.....**\$21.33**
 Interim Year Targets**Annual increase of at least 2.0%**

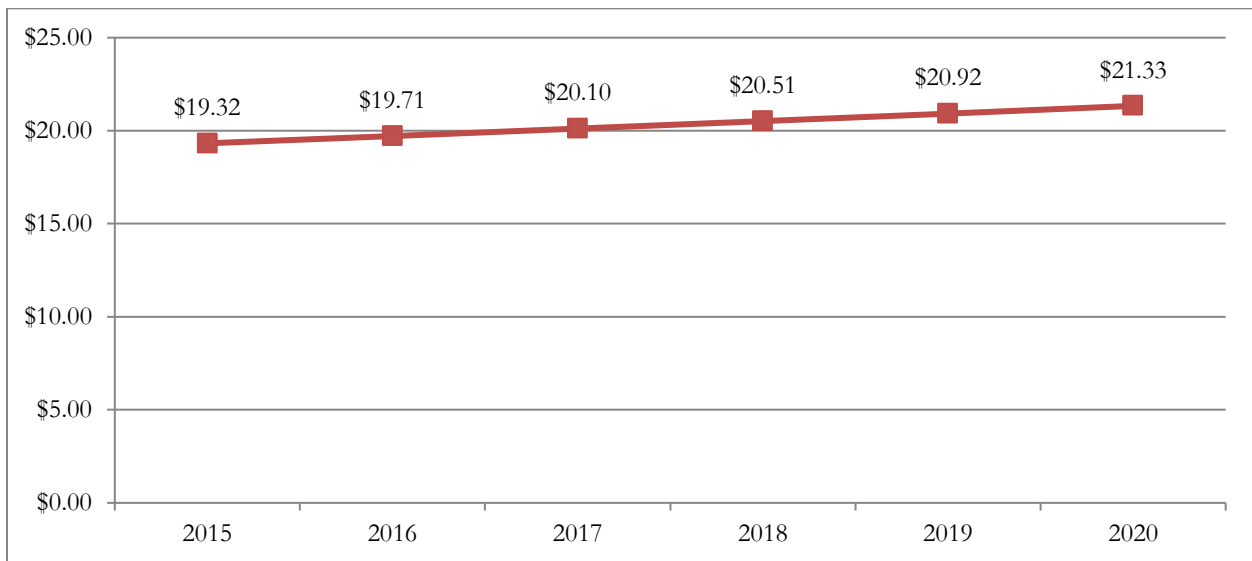
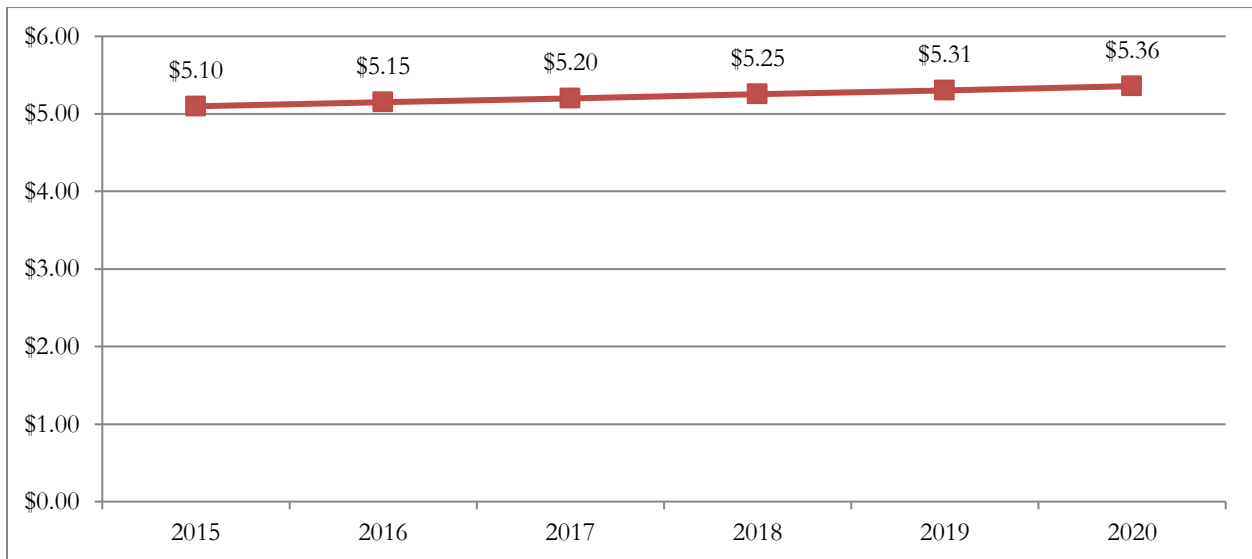


Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets

FYE 2020 Target.....**\$5.36**
 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 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 14 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; 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. **Operations** – Includes management of daily service operations, on-street supervision and control, dispatching, and general route management.
7. **Maintenance** – Includes vehicle and facilities maintenance management, procedures, and performance.
8. **Scheduling** – Includes route and driver scheduling and decision-making, pay premium considerations, general management, procedures, and performance.
9. **Safety and Security** – Includes vehicle and passenger safety, facility security, and emergency preparedness.
10. **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.
11. **Information Technology** – Includes automated mechanisms for in-house and customer service communication including future plans for new technology.
12. **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).
13. **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.
14. **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 14

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, 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, and that other transit agencies might find value in examining and adapting these practices to their agencies to improve performance.

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 RVT, Action Plan templates have been included in this document (pp. 32-34). It should be noted that specific actions may partially address the broadly noted opportunities for improvement found in the "General Findings" section of the report (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.

BEST PRACTICES

1. RVT has conducted outreach to colleges and has established a "LycoPass" and "PennPass" program where students can ride for free. It also provides loop service to the Penn College of Technology and nearby apartment complexes as well as to the Little League World Series. These all add ridership and revenue to RVT's bottom line. Additionally, RVT has instituted a "Bonus Bucks" program that provides gift certificates for frequent riders. Proactive marketing to major regional trip attractions helps to insure RVT maintains its high ridership levels.
2. RVT demonstrates strong partnership and leadership in the community by successfully promoting and constructing mixed-use, transit oriented development (TOD) in downtown Williamsport. This type of redevelopment revitalizes the City, provides new sources of ridership and helps RVT maximize the effectiveness and efficiency of its service.
3. RVT has a policy to "never miss a trip." If a vehicle is running behind schedule, there is another one sent out to help correct the situation. Proactively managing missed trips helps increase overall system reliability and corresponding customer satisfaction.
4. RVT has Avail and AVL technology that provides real time information to customers. Real time information is an important element of customer satisfaction that increases RVT's attractiveness, particularly to younger and more technologically astute passengers.

5. RVT generally operates on 30 minute headways. This is exceptional for an agency of this size. Management demonstrates a clear understanding of the importance of maintaining 30 minute or less headway to sustain ridership. Frequent service makes a transit service a more viable option for choice riders.

ELEMENTS TO ADDRESS IN PART 2-A OF THE ACTION PLAN (SEE P. 32)

1. In coordination with SEDA-COG, RVT should **schedule and continue to conduct non-rider surveys**, as it has done in the past, to better understand travel patterns, public perception and opportunities for improvement. The results of the surveys can be used to inform strategic and service planning.
2. RVT has customer service complaint/compliment forms that are used to log customer complaints and findings. Complaints are to be responded to within 24 hours. Expanding the customer service follow through process to document what proportion of complaints are followed through on-time as well as trends in complaints by type would help management evaluate the effectiveness of RVT's customer service. RVT should **include customer service metrics (e.g., proportion of complaints followed through, trends in complaints, etc.) as part of its annual performance report** to ensure RVT's customer service meets management's goals.
3. RVT has real-time bus information available on its website that is supported through AVL/Avail technologies. This same technology could provide management a means to report and track on-time performance trends and modify schedules to reflect "real world" operating conditions. **RVT should report on-time performance using AVL technology as a part of weekly management briefings**, so as to make best use of technology investments, as on-time performance is an important customer service metric.
4. A transit system map can help users understand how to go from an origin to a destination and often complements a website trip planner. RVT **should develop a system map** to support its other online marketing efforts.
5. RVT does not currently use social media marketing though it is a part of its marketing plan. It is unclear from RVT's marketing plan when this and other new marketing activities will occur. **RVT's marketing plan should be expanded to include an implementation schedule of proposed activities, performance results of previous activities and performance targets for future marketing activities.**

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. RVT is an active participant in the local MPO and has received Section 8 planning support funds from it. RVT is also a partner in the North-Central Regional Consolidation study. RVT coordinates with the County and the City of Williamsport on planning issues and recently

received funding support for its publicly-available CNG fueling station. Close coordination with partner agencies allows RVT to identify and secure the funding from sources that are not typically used by transit systems.

2. RVT's development of the first publicly available CNG refueling station in a four-county area promotes the expanded use of green technology as well as provide a new source of revenue for the agency.

ELEMENTS TO ADDRESS IN PART 2-B OF THE ACTION PLAN (SEE P. 32)

1. Base fares are higher than seen in most transit systems of similar size in the Commonwealth, but the effective fare is lower than most. This is due, in part, to the heavily discounted price of multi-ride tickets and free transfers. With a greater number of passengers using multi-ride tickets and passes, management should **periodically assess its discount pricing policies** to insure average effective fares keep pace with the rate of operating cost increases.

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, health care, 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. RVT participates in FTA and PennDOT procurement training including the National Rural Transit Assistance Program (RTAP), a federal program that provides technical assistance and free training for rural transit agencies. RVT also makes use of state contracts for items such as fuel and conducts Independent Cost Estimate (ICE) analyses. Such practices help insure RVT receives the best value for its purchases.
2. RVT takes full advantage of online training courses for drivers. Online training is a cost-effective way to ensure drivers are fully trained and up-to-date on issues they encounter on a daily basis.
3. RVT has undertaken a program to migrate its fleet to operate on compressed natural gas (CNG) fuel and recently installed a CNG fueling station onsite. CNG vehicles have demonstrated lower cost per mile to operate than traditional diesel-fueled vehicle and should help contain overall cost increases in future years.

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

1. Road calls are a primary indicator of the effectiveness of maintenance. Maintenance costs contribute to overall operating costs. Tracking and reporting trends in road calls helps management identify systemic issues in maintenance by supplier or manufacturer. RVT should **begin to report trends in road calls, identifying causes, and establishing goals related to reducing the number of road calls** over time.

For example, In FYE 2012, RVT had the second highest NTD reported rate of non-major mechanical breakdowns in the Commonwealth. The maintenance department reports that this is mostly attributed to farebox jams and the policy to take vehicles out of service and conduct running repairs whenever there is a farebox failure. As an initial step, management could evaluate the relative costs and benefits of its non-major mechanical breakdown policy, including farebox failures, to determine if there are cost-effective ways to minimize the number of required road calls.

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. RVT prepares an annual performance report of key indicators, accomplishments and strategic goals. By tracking and reporting its efforts and effectiveness to the community, RVT helps maintain its relevance and clearly demonstrates its value to the public and elected officials.
2. RVT coordinates with and is perceived positively by the City of Williamsport, the local MPO and the community at large. This is due, in large part, to extensive proactive outreach and the community relations efforts of the General Manager. As a result, RVT receives funds from the MPO to support planning. In addition, RVT has been given responsibility for overseeing several other business operations including the Williamsport Parking Authority, the Hiawatha river boat and the Endless Mountains Transit Authority (EMTA) in Bradford, Sullivan and Tioga counties.
3. RVT has weekly staff meetings to review performance and address issues as they arise. Weekly staff meetings among department heads promote good communication among management and staff allowing issues to be proactively managed as they arise.
4. RVT has an annual driver review and safety awards ceremony where it recognizes outstanding drivers. Recognizing and rewarding driver safety helps insure drivers understand how important safe operation is in their day-to-day job duties.
5. RVT proactively addresses employee recruitment and retention. For example, RVT will hire and train a driver to get a Commercial Driver’s License (CDL) if they have the right type of personality. RVT also recognizes and rewards outstanding attendance. By hiring drivers with an emphasis on personality and rewarding positive practices, RVT expands its potential pool of operators and reinforces the importance of driver characteristics in meeting customer expectations.

ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN (SEE P. 34)

1. RVT has a well-documented strategic plan that includes performance measures based on FTA’s small cities initiative. RVT also has a good set of performance standards beyond what are reported in its annual report. However, it appears to the review team, that RVT did not monitor many of their performance standards since 2010. For example, RVT’s strategic plan

establishes service standards relating to efficiency and none were met in 2013. It appears RVT has shifted focus to the FTA Small Transit Intensive Cities (STIC)⁷ standards due to funding availability. Because RVT did not monitor performance with respect to its own self-defined standards, actions were not taken to address areas where RVT fell short. RVT should take steps to **track and report on all self-defined performance standards**.

2. It is recommended that **RVT develop a formal succession plan** that includes documentation of each staff member's roles and responsibilities. Cross training of important functions should be one element of the succession plan so that unexpected or long-term absences do not cause disruptions in key agency functions and seamless continuity of operations is assured.
3. RVT reports receiving funds from local sources in addition to the City of Williamsport, but the sources are not discretely shown in dotGrants. In future submissions, RVT **should report all sources of local match in its dotGrants** submittals for both capital and operating applications.
4. RVT has RAID⁸ drives to provide local data redundancy. By supplementing its onsite data protection measures with off-site backup, RVT would have an additional measure in place to maintain continuity of operations in the event of an emergency at the main facility. RVT should **identify and implement a cost-effective solution to provide regular off-site backup** of its critical data systems. Such backups could be maintained at one of its other facilities, such as the Trade and Transit Center, or by a 3rd party provider of such services.
5. RVT's bus vaults are mixed and emptied twice per week leaving no way to check and reconcile farebox revenues against ridership reports. This is reported to be a cost saving approach because most passengers use fare media rather than cash. Though cash continues to be a small portion of overall passenger revenues, having a way to identify and isolate farebox discrepancies would help assure management that cash transactions are being handled properly. **Management should establish a periodic farebox sampling and discrepancy threshold** that, when exceeded, would trigger a set of procedures to isolate and remedy sources of any discrepancies.

⁷ See http://www.fta.dot.gov/documents/Table_6_FY_2014_STIC.pdf for a list of STIC performance factors.

⁸ Redundant Array of Independent Disks (RAID) is a data storage virtualization technology that combines multiple disk drive components into a logical unit for purposes of data redundancy or performance improvement.

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.

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, 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:

- High-Level Indicators of Financial Health
- Total Public Transportation Operational Expenditures and Funding
- Fixed-Route Funding
- ADA Paratransit Funding
- Balance Sheet Findings
- Financial Projections

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

Several high-level indicators of financial health and stability have been examined to determine RVT’s current state. As shown in **Exhibit 16**, RVT is in line with most industry goals and targets for all high-level financial indicators. Available cash reserves have hovered around 20% in most years and remain at acceptable levels. Available cash reserves are expected to remain stable in coming years. RVT does not have any carryover section 1513 funds separately identified in dotGrants.

Accounts payable and receivable amounts are negligible. The City of Williamsport secures a \$6,000,000 line of credit that can be used for RVT’s capital needs. The line of credit is about 50% used but will be paid off when state and federal capital grants are awarded in the next fiscal year. Because RVT is integral to the City’s budget and cash flow, and because the City is in a healthy financial condition, short-term and long-term cash flow issues should not arise at RVT.

RVT uses local contributions that amount to 4.8% of operating costs which equates to an 8.9% match of local funds to state funds (FYE 2013). Local match funds are contributed by the City of Williamsport to cover the whole portion of local match charged to all participating municipalities. As RVT receives local match from contributing municipalities, RVT repays the City of Williamsport for that municipality’s portion covered. In coming years, due to Act 44 requirements, local contribution amounts will steadily increase. Management reports some concern at the time of this review with finding sufficient local match from the City and has actively pursued additional sources of local match that could be contributed to the City which is the only official source of direct local match to RVT. Because RVT is a component of local government, it has greater flexibility in its financial capacity than an independent authority that relies only on its own revenues and bonding capacity.

Exhibit 16: High-level Financial Indicators

Indicator	RVT Value ⁹	Assessment Criteria / Rationale	Source
Cash Reserves / Annual Operating Cost ¹⁰	22.7%	The combined target should be 25%+. This provides flexibility to account for unexpected cost increases or service changes. ¹¹	FYE 2013 Audit and dotGrants
State Carryover 1513 Subsidies / Annual Operating Cost	0.0%		
Credit available/ Annual Payroll	0.0%		
Actual Local Match / Required Match	100.0%	Target 100%+. Local match that exceeds required minimums gives a transit agency flexibility to change service, to accommodate unexpected cost changes and make capital investments.	dotGrants 2013
Accounts Payable (AP) 90+ days	0.1%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	RVT reported value (7/17/14)
Accounts Receivable (AR) 90+ days	0.4%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	RVT reported value (7/17/14)
Operating Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2013 Audit

⁹ Values reported as end of reporting period balances.

¹⁰ This value is the result of a separate financial review. However, the source of cash reserves should be identified by RVT as it is not 1513 according to information entered into dotGrants.

¹¹ As a department of municipal government, RVT has access to the City's resources in the event of unexpected cost increases or service changes.

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, RVT public transportation has grown from a \$4.2 million per year operation in FYE 2008 to a \$6.0 million per year operation in FYE 2013, a 42.2% increase. Approximately 99.7% of RVT’s operational expenses are for fixed-route service. The remaining operational expenses are for ADA complementary paratransit service (0.3%), as shown in **Exhibit 18**.

RVT’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. RVT has used state and federal funds to finance both its fixed-route and ADA paratransit operations (**Exhibit 19**). Passenger fares and other revenues are an important share of total revenue, representing approximately 21% of total operating income. Combined state and federal operating subsidies remain the largest funding source for RVT (**Exhibit 20**), accounting for about three quarters of total operating income. Local funding is in line with Act 44 requirements.

Exhibit 17: Public Transportation Operating Expense by Service Type (FYE 2008 – FYE 2013)

Expense by Service Type	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Fixed-Route	\$4.19	\$4.58	\$4.64	\$5.12	\$5.53	\$5.98
ADA Paratransit	\$0.03	\$0.03	\$0.02	\$0.02	\$0.02	\$0.02
Total (\$ millions)*	\$4.22	\$4.60	\$4.66	\$5.15	\$5.55	\$5.99

* May not add due to rounding

Exhibit 18: Share of Public Transportation Operating Expenses by Service Type

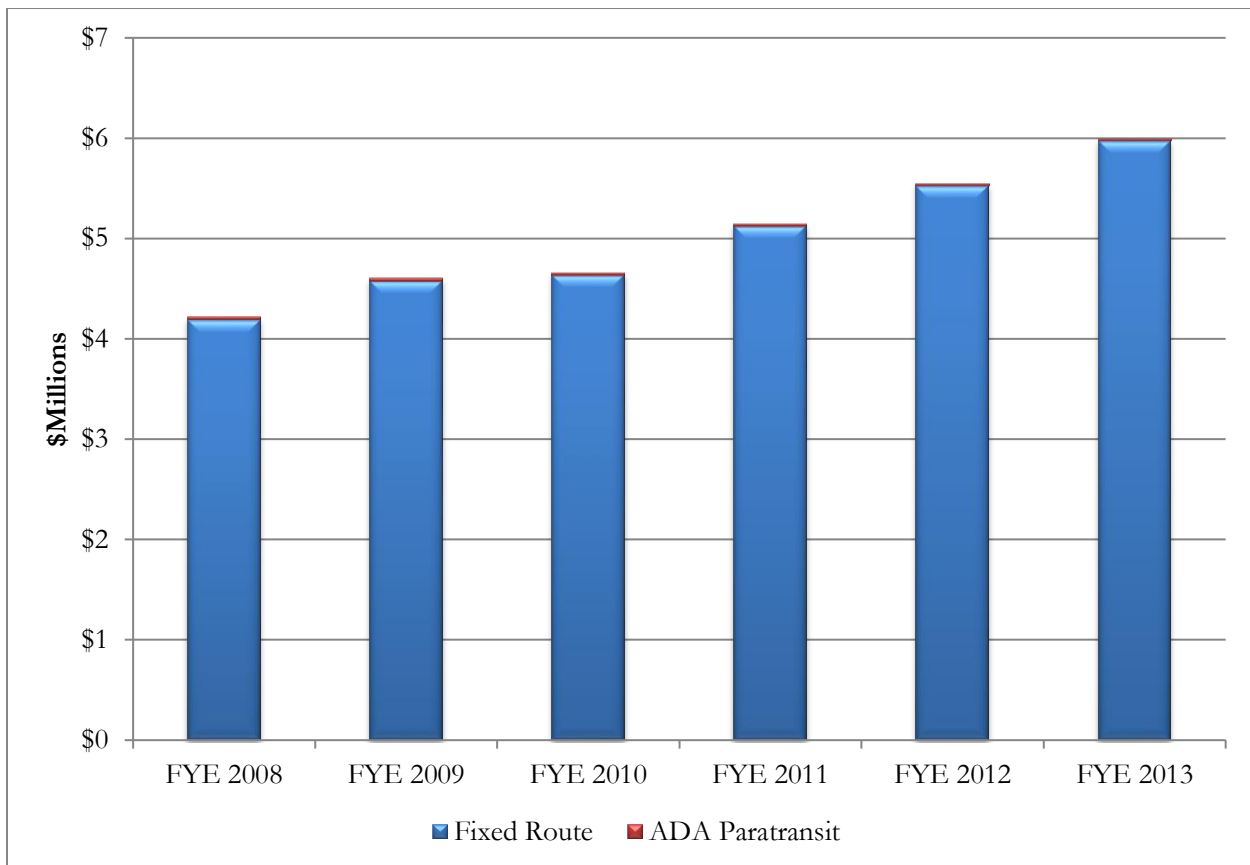
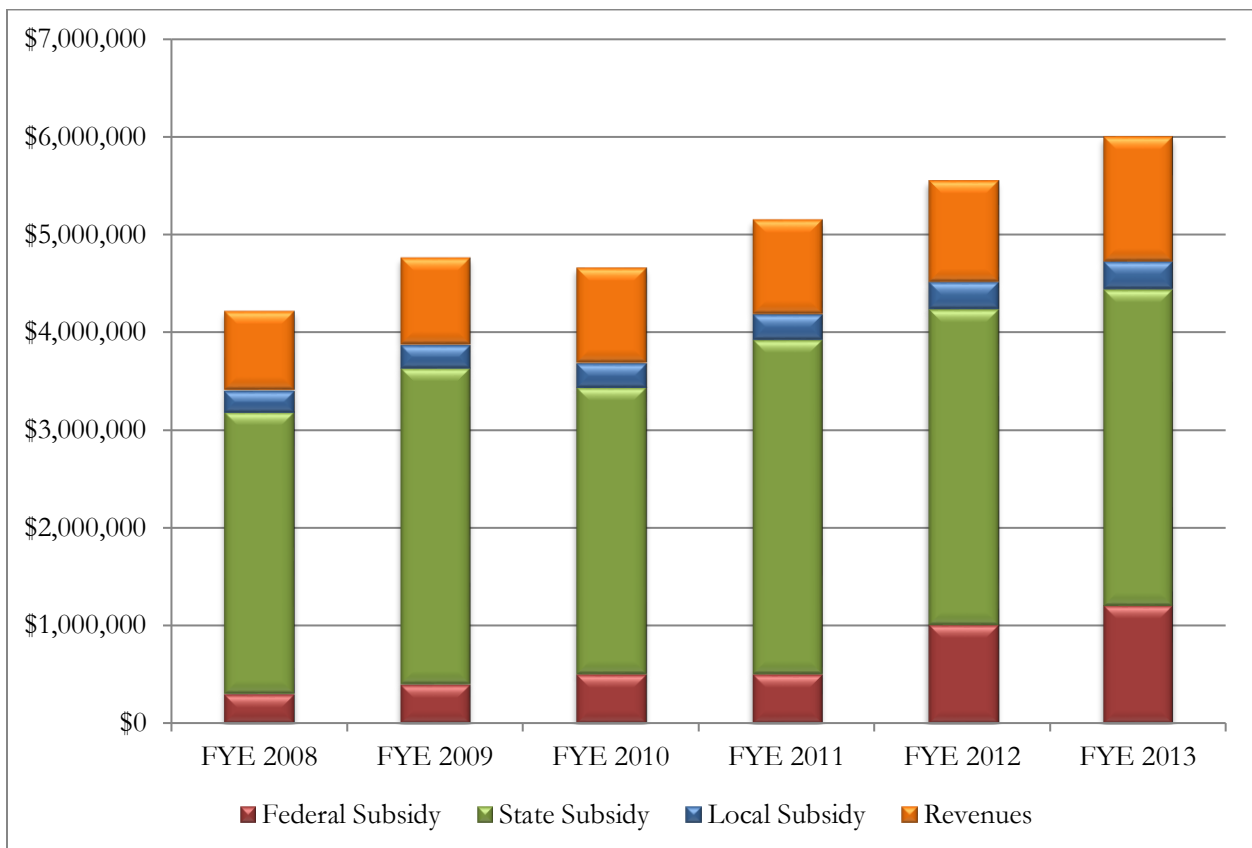


Exhibit 19: Public Transportation Operational Funding by Source (FYE 2008 – FYE 2013)

Share of Funding	2008	2009	2010	2011	2012	2013
Federal Subsidy	7.1%	8.4%	10.7%	9.7%	18.1%	20.0%
State Subsidy	68.4%	67.9%	63.0%	66.5%	58.2%	53.9%
Local Subsidy	5.4%	5.0%	5.3%	5.1%	5.0%	4.8%
Revenues (Non-Subsidy)	19.2%	18.7%	20.9%	18.7%	18.7%	21.3%
Local Subsidy / State Subsidy	7.8%	7.3%	8.5%	7.6%	8.5%	8.9%

Exhibit 20: Public Transportation (Fixed-Route + ADA Paratransit) Operational Funding



FIXED-ROUTE FUNDING

RVT's historic and proposed fixed-route funding is derived from general revenues and government subsidies. Direct passenger fares have covered between 14.1% and 17.3% of total operating revenues (**Exhibit 21**). The annual variation in passenger fares is due, in part, to decreases in revenues from charters and increases in revenues transferred from parking and other sources.

Based on the FYE 2009 to FYE 2013 dotGrants reporting, RVT operated using current year funding with no excess state funding being "carried over." No unspent state or local carryover funds were available at the end of FYE 2013.

Exhibit 21: Fixed-Route Funding (FYE 2009 – FYE 2013)

Funding Category	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Revenues					
Passenger Fares	\$786,977	\$800,798	\$811,972	\$865,917	\$844,295
Advertising	\$46,174	\$796	\$17,115	\$1,766	\$9,003
Charter	\$51,346	\$14,218	\$12,000	\$14,440	\$7,815
Route Guarantee	\$0	\$0	\$0	\$0	\$0
Other (Interest)	\$0	\$0	\$0	\$1,898	\$2,379
Other (Other Bus)	\$0	\$154,118	\$116,543	\$53,899	\$177,819
Other (Parking)	\$0	\$0	\$0	\$96,064	\$229,118
Subtotal	\$884,497	\$969,930	\$957,630	\$1,033,984	\$1,270,429
Subsidies					
Federal Operating Grant	\$398,116	\$498,154	\$497,860	\$998,746	\$1,197,862
Act44 (1513) State Prior	\$0	\$0	\$310,831	\$23,927	\$0
Act44 (1513) State Current	\$3,216,080	\$2,920,096	\$3,097,748	\$3,195,473	\$3,219,866
Municipal Prior	\$0	\$0	\$0	\$0	\$0
Municipal Current	\$236,207	\$248,168	\$260,531	\$273,787	\$287,746
Act 44 (1513) Advertising	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) Private	\$0	\$0	\$0	\$0	\$0
Act 3 BSG Grant (State)	\$0	\$0	\$0	\$0	\$0
Act 3 BSG Grant (Local)	\$0	\$0	\$0	\$0	\$0
Act 3 BSG Grant (State)	\$0	\$0	\$0	\$0	\$0
Act 3 BSG Grant (Local)	\$0	\$0	\$0	\$0	\$0
Special-(Federal)	\$0	\$0	\$0	\$0	\$0
Special-(State)	\$0	\$0	\$0	\$0	\$0
Special-(Local)	\$0	\$0	\$0	\$0	\$0
Subtotal	\$3,850,403	\$3,666,418	\$4,166,970	\$4,491,933	\$4,705,474
Total Funding	\$4,734,900	\$4,636,348	\$5,124,600	\$5,525,917	\$5,975,903
Passenger Fares/ Total Funding	16.6%	17.3%	15.8%	15.7%	14.1%

Source: PennDOT dotGrants Reporting System

ADA PARATRANSIT FUNDING

ADA paratransit funding is about 0.3% of RVT's public transportation operation and consists only of ADA complementary services. All other paratransit services in the area are provided by STEP, Inc. Local, state and federal subsidies as well as passenger fares are used to finance paratransit operating costs (**Exhibit 22**). The paratransit program has decreased from \$25,210 in FYE 2009 to \$18,326 in FYE 2013. The ADA complementary services budget is very small in proportion to RVT's fixed-route budget.

Exhibit 22: ADA Paratransit Funding by Source (FYE 2009 – FYE 2013)

Category	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Revenues					
1 Passenger Fares	\$6,988	\$5,056	\$5,132	\$4,536	\$4,030
2 Advertising	\$0	\$0	\$0	\$0	\$0
3 Lottery	\$0	\$0	\$0	\$0	\$0
4 PwD Reimbursement	\$0	\$0	\$0	\$0	\$0
9 AAA	\$0	\$0	\$0	\$0	\$0
10 MH/MR	\$0	\$0	\$0	\$0	\$0
11 W2W	\$0	\$0	\$0	\$0	\$0
12 MATP	\$0	\$0	\$0	\$0	\$0
13 Other- Titus Minister & Oth.	\$0	\$0	\$0	\$0	\$0
14 Other- Insurance Ref.	\$0	\$0	\$0	\$0	\$0
18 Other- Interest	\$0	\$0	\$0	\$0	\$0
19 Other- Lottery Repayment	\$0	\$0	\$0	\$0	\$0
Subtotal	\$6,988	\$5,056	\$5,132	\$4,536	\$4,030
Subsidies					
1 Federal Operating Grant	\$1,884	\$1,847	\$2,140	\$3,878	\$2,138
2 Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
3 Act 44 (1513) State Current	\$15,220	\$13,765	\$13,834	\$11,591	\$11,433
5 Municipal Current	\$1,118	\$1,022	\$1,120	\$947	\$725
Subtotal	\$18,222	\$16,634	\$17,094	\$16,416	\$14,296
Total Funding	\$25,210	\$21,690	\$22,226	\$20,952	\$18,326

Source: PennDOT dotGrants Reporting System

BALANCE SHEET FINDINGS

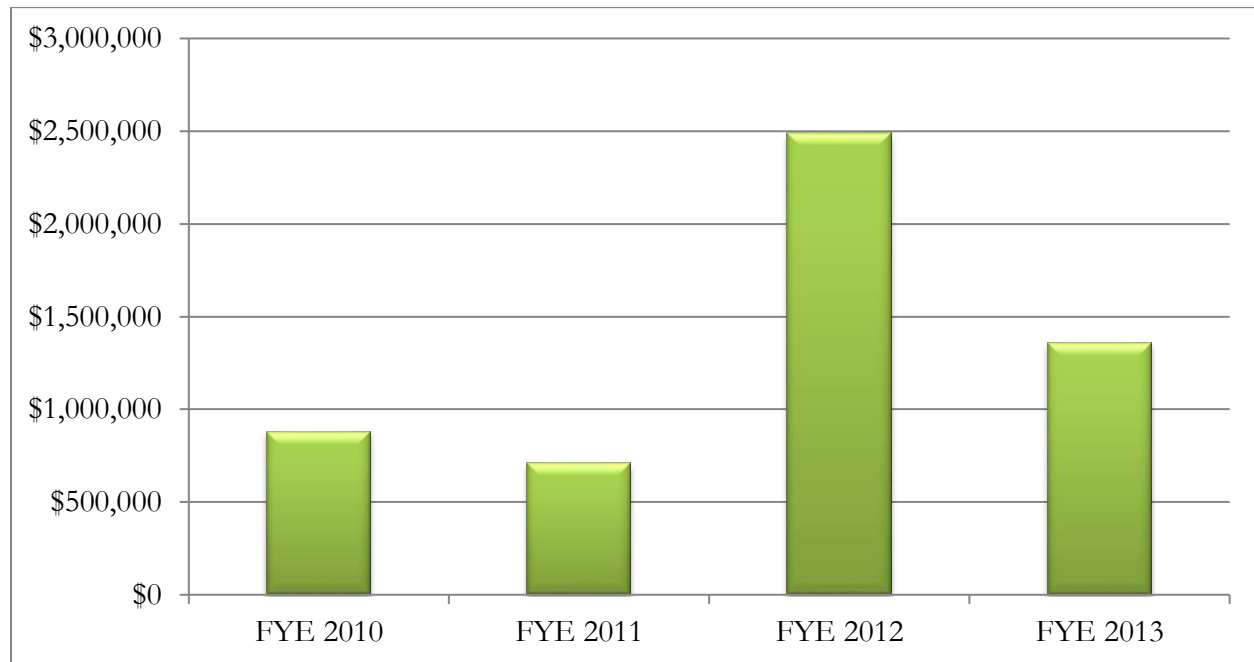
Review of balance sheets from RVT shows that the agency typically maintains reasonable available cash reserves (**Exhibit 23** and **Exhibit 24**) amounting to 22.7% of annual operational expenses in FYE 2013. The margin between current assets and liabilities is similar to that seen in many other transit agencies in the Commonwealth. Accounts payable remains at low levels. RVT has access to a \$4,000,000 line of credit maintained by the City of Williamsport that can be used to cover major capital expenses.

Exhibit 23: Balance Sheet Summary (FYE 2010 – FYE 2013)

Balance Sheet Report	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Cash Equivalent Balance	\$877,180	\$707,890	\$2,488,354	\$1,358,150
Investments	\$0	\$0	\$0	\$0
Grants Receivable (including capital)	\$5,294,040	\$4,617,889	\$1,127,189	\$1,418,577
Other Accounts Receivable	\$74,592	\$109,603	\$146,826	\$169,924
Interest	\$0	\$0	\$0	\$0
Inventory Value	\$359,667	\$384,856	\$406,616	\$423,750
Prepaid Expenses	\$36,321	\$45,196	\$48,310	\$54,598
Accounts Payable (including capital)	\$3,110,671	\$1,139,896	\$384,060	\$1,154,893
Accrued Expenses	\$335,152	\$511,833	\$21,124	\$63,170
Advances- City of Williamsport	\$10,832	\$5,788	\$5,788	\$189,646
Line of Credit, Unredeemed Tokens	\$1,015,341	\$1,557,542	\$1,526,837	\$15,400
Salaries, Wages, Fringe	\$379,848	\$342,222	\$391,214	\$415,818
Total Operating Expense	\$4,658,035	\$5,146,826	\$5,546,869	\$5,994,229
Cash Eqv. Bal / Total Operating Exp.	18.8%	13.8%	44.9%	22.7%
Line of Credit / Total Operating Exp.	0.0%	95.1%	90.1%	168.6%
Current Assets	\$6,641,800	\$5,865,434	\$4,217,295	\$3,424,999
Current Liabilities	\$4,851,844	\$3,557,281	\$2,329,023	\$1,838,927
Net Current Assets	\$1,789,956	\$2,308,153	\$1,888,272	\$1,586,072

Source: Annual Audit Reports and dotGrants

Exhibit 24: End-of-Year Cash Equivalent Balance (FYE 2010 – FYE 2013)



FINANCIAL PROJECTIONS

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

As shown in **Exhibit 25**, RVT's projected operating budget assumes an average annual increase of 3.9%. RVT expects available resources to increase beyond a reasonable projection, an annual increase of more than 3% until FYE 2017. RVT expects to maintain 1513 reserves.

Exhibit 25: Projected Operating Budget Summary (FYE 2014 - 2018)

Operating Budget	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Total Operating Expense	\$6,307,324	\$6,625,000	\$6,850,000	\$7,050,000	\$7,250,001
Total Operating Revenue	\$1,143,587	\$1,131,500	\$1,175,043	\$1,220,328	\$1,267,426
Total Operating Deficit	\$5,163,737	\$5,493,500	\$5,674,957	\$5,829,673	\$5,982,575
Federal subsidies	\$1,500,000	\$1,500,000	\$1,200,000	\$1,200,000	\$1,200,000
State subsidies	\$3,434,174	\$3,748,792	\$4,214,346	\$4,352,3650	\$4,487,735
Local subsidies	\$302,895	\$318,040	\$333,924	\$350,639	\$368,171
Total Funding	\$5,237,069	\$5,566,832	\$5,748,288	\$5,903,004	\$6,055,906
1513 Reserves	\$73,332	\$73,332	\$73,332	\$73,332	\$73,331
Operating Cost Change from Previous Year	5.55%	5.04%	3.40%	2.92%	2.84%

Current practices at RVT have not created a large state operating assistance reserve. The agency has recently completed two capital projects and the purchase of four CNG buses, and is planning a third capital project for FY 2015-16. RVT is in the process of converting their fixed-route fleet to CNG and must replace 18 vehicles before FY 2019-20. RVT's capital plan for the next five years focuses on vehicle and equipment purchases, stations and facilities.

RVT has relied on a GO bonds (2010, 2013 and 2014) issued by the City of Williamsport to pay for capital projects in addition to federal and state grants. RVT has also relied on the City of Williamsport's \$4 million dollar line of credit to finance capital projects for the interim when awaiting capital grants. The outstanding balance on the line of credit is \$3.5 million and is due in 2017. Interest payments on the outstanding line of credit balance are paid only with internally generated funds, which are based on RVT's capacity to charge excess local match to partner municipalities (with the exception of the City of Williamsport). This use of credit and municipal bonds has caused the City of Williamsport and RVT to use subsequent GO bonds (2010, 2013 and 2014) to pay portions of its annual debt service. Based on debt service issued and capacity to generate internal funds, RVT will need to secure additional funds to help repay debt beginning in FY 2014-15.

CONCLUSIONS

For the FYE 2009 to FYE 2013 period, local governments in the RVT service area have contributed monies to the City of Williamsport to help cover RVT's operational funding requirements. Per dotGrants, RVT has used all of those amounts, in any given year, to balance its budget and comply with state requirements. The total of fixed-route farebox, route guarantee and contract revenues as a percentage of operating cost is similar to that in similar-sized transit systems in the Commonwealth hovering between 15% and 20%. Actual fixed-route full fares are \$2.25 and transfers are free. Less than 2% of RVT's revenues come from full fare passenger trips. Most passenger revenue comes from multi-ride passes that are heavily discounted. Approximately 20% of revenue comes from transfer payments from the Williamsport Parking Authority that are used to balance RVT's budget. RVT management should continue to take appropriate actions to control costs and achieve farebox recovery goals to maintain RVT's overall financial health.

APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

PART 1- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATE(S)

1-A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

Recommendation (page)	RVT Action	Estimated Initiation Date	Estimated Completion Date
Conduct periodic non-rider surveys (p. 19)			
Evaluate the potential of including customer service metrics in the annual performance report (p. 19)			
Report on-time performance using AVL technology (p. 19)			
Develop a system map to put on the RVT website (p. 19)			
Expand marketing plan to include an implementation schedule of proposed activities, performance results of previous activities and performance targets for future marketing activities (p. 19)			

1-B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

Recommendation (page)	RVT Action	Estimated Initiation Date	Estimated Completion Date
Periodically assess discount fare media pricing policies (p. 20)			

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

Recommendation (page)	RVT Action	Estimated Initiation Date	Estimated Completion Date
Establish goals related to maintaining or reducing the number of road calls over time (p. 20)			

PART 2- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE

Recommendation (page)	RVT Action	Estimated Initiation Date	Estimated Completion Date
Track and report on all self-defined performance standards (p. 21)			
Develop a formal succession plan (p. 21)			
Report all sources of local match in dotGrants (p. 22)			
Identify and implement a cost-effective solution to provide regular off-site data backup (p. 22)			
Establish a farebox discrepancy threshold (p. 22)			

