



SVSS Transit System Performance Review

December 30, 2020

Performance Report

Shenango Valley Shuttle Service

d.b.a., SVSS, MCRCOG

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PREFACE

Pennsylvania law requires transit agency performance reviews and five-year performance targets to improve efficiency and effectiveness of service

COVID-19: Transit-dependent populations are bearing a heavy burden

Transit agencies are navigating new demands, plummeting ridership, and higher costs

PennDOT will reevaluate performance targets when long-term impacts of the pandemic are known

Act 44 of 2007 and Act 89 of 2013 increased funding for public transportation in Pennsylvania. The laws also required transit agencies to improve the efficiency and effectiveness of service delivery through increased ridership, revenue, and cost containment. PennDOT evaluates every fixed-route transit agency in the Commonwealth at least once every five years to determine how well the agency satisfies these requirements through a performance review. Act 44 also requires PennDOT to develop five-year performance targets for each agency as part of the performance review process.

During the spring of 2020, COVID-19 caused significant social and economic disruptions as people sheltered in place to limit the spread of the disease. The adverse impacts throughout the Commonwealth of Pennsylvania were profound. The health and unemployment effects of Covid-19 disproportionately impacted senior, disabled, and low-income populations. These individuals also rely heavily on public transportation to meet their essential travel needs.

The impacts of COVID-19 on the public transportation industry were also numerous. Ridership decreased by more than 90 percent at some agencies during April 2020. Revenues dropped as agencies opted to waive fares to limit bus driver interactions and possible disease transmission from the handling of tickets and currency. Agencies increased the frequency and extent of bus cleaning, causing higher operating costs. Some agencies furloughed drivers as they reduced service in response to plummeting passenger demand.

While transit agencies have begun to stabilize from the initial impacts of COVID-19, the long-term effects remain unknown. Social distancing guidelines could cause transit agencies to limit the number of passengers on buses and rail for years. Ridership, revenue, and operating cost trends used to develop this transit performance review report, including five-year performance targets, rely on information that predates the pandemic. PennDOT will continue to monitor the impacts of COVID-19 and reassess the transit agency's five-year performance targets when the long-term effects of the epidemic become known. If the performance targets are revised, they will be published as an addendum to this report.

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PUBLIC TRANSPORTATION SERVICE SUMMARY
Fiscal Year 2019-2020

Agency	Mercer County Regional Council of Governments (d.b.a. MRCOG, Shenango Valley Shuttle Service (SVSS), Mercer County Community Transit (MCCT))		
Year Founded	1971		
Reporting Fiscal Year (FYE)	2020		
Service Area (square miles)	173		
Service-Area Population	96,432		
Annual Operating Statistics*	Fixed-Route (SVSS)	ADA + Shared Ride (Paratransit) (MCCT)	Total (Fixed-Route + Paratransit)
Vehicles in Maximum Service (VOMS)	8	24	32
Operating Cost	\$893,136	\$1,704,843	\$2,597,979
Operating Revenues	\$42,673	\$1,482,899	\$1,525,572
Operating Subsidies	\$850,463	\$51,126	\$901,589
Total (Actual) Vehicle-Miles	131,864	646,141	778,005
Revenue Miles of Service (RVM)	124,015	N/A	N/A
Total Vehicle-Hours	11,934	34,090	46,024
Revenue Vehicle-Hours (RVH)	11,566	N/A	N/A
Total Passenger Trips	64,196	76,676	140,872
Senior Passenger (Lottery) Trips	10,033	38,134	48,167
Act 44 Performance Statistics			
Passengers / RVH	5.55	N/A	N/A
Operating Cost / RVH	\$77.22	N/A	N/A
Operating Revenue / RVH	\$3.69	N/A	N/A
Operating Cost / Passenger	\$13.91	\$22.23	\$18.44
Other Performance Statistics			
Operating Revenue / Operating Cost	4.78%	86.98%	58.72%
Operating Cost / Total Vehicle-Hours	\$74.84	\$50.01	\$56.45
Operating Cost / Total Vehicle-Miles	\$6.77	\$2.64	\$3.34
Total Passengers / Total Vehicle-Hours	5.38	2.25	3.06
Operating Cost / RVM	\$7.20	N/A	N/A
RVM / Total Vehicle-Miles	94.05%	N/A	N/A
RVH / Total Vehicle-Hours	96.92%	N/A	N/A
Operating Subsidy / Passenger Trip	\$13.25	\$2.89	\$7.61

*Source: dotGrants unaudited 2020 reporting

EXECUTIVE SUMMARY

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

Act 44 also ushered in requirements for accountability, performance improvement, and maximizing return on investment. It established a framework for PennDOT to work with local public transportation organizations to:

- Assess efficiency and effectiveness of service, financial stability, and general management/business practices;
- Agree to five-year targets for Act 44-mandated performance criteria;
- Develop an Action Plan for improvement and to achieve performance targets;
- Provide technical assistance to implement the plan at the request of the transportation organization; and
- Reassess each organization on a five-year cycle.

The reassessment at the end of each five-year cycle is to evaluate:

- Whether the organization met the agreed-upon performance targets; and
- The sufficiency and effectiveness of the organization's actions to improve performance and management practices in its efforts to meet performance targets.

Act 44 regulations address PennDOT actions regarding performance reviews and the financial penalties for public transportation organizations that fail to meet performance targets. Section 427.12, Performance Reviews, states:

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

1. Operating fund reductions in Section 1513(G) of the Act (relating to operating program) may be implemented for grantees subject to this section that are not satisfying the minimum performance standards, considering all other provisions of Section 1513. A funding reduction may be assessed in cases when a local transportation organization fails to report progress of, or fails to implement, the agreed-upon strategic Action Plan, or both.

In May 2015, PennDOT conducted the initial transit performance review for the Shenango Valley Shuttle Service (d.b.a. SVSS), operated by the Mercer County Regional Council of Governments (d.b.a. MCRCOG). Based on that review, PennDOT developed a performance report in 2016 that established five-year performance targets for SVSS and agreed to MCRCOG's Action Plan to meet those targets. In September 2020, PennDOT reassessed MCRCOG to determine whether SVSS met its targets and what actions it took to improve performance and management practices to maximize the return on investment of Commonwealth funding. This report summarizes PennDOT's findings.

IMPORTANT CHANGES SINCE THE 2015 PERFORMANCE REVIEW

PennDOT conducted the initial review of MCRCOG in May 2015. Since finalizing the original MCRCOG performance report in April 2016, the following changes and other factors impacted operations, finance, and statistical reporting at SVSS, as well as the performance targets established in 2015:

1. **A Reduction in MCRCOG Activities** – MCRCOG no longer manages the local animal shelter or the regional jail. MCRCOG's primary activity is public transportation, accounting for \$3.1 million, or 76 percent of the \$4.1 million FYE 2019 consolidated COG operating budget. MCRCOG still provides other municipal support services and manages recreational facilities such as the community pool and softball complex.
2. **A Change in Rental Revenue Reporting** – MCRCOG counted rental income on Federal Transit Administration (FTA)-funded COG properties as operating revenue until FYE 2017. In FYE 2018, MCRCOG began allocating rental income to its reserve accounts. SVSS performance targets established in the 2016 performance report assumed MCRCOG would continue to report rental income as SVSS operating revenue. The change in rental income reporting, reduced total fixed-route revenues by 41 percent, from \$87,555 in FYE 2017 to \$51,416 as of FYE 2018.
3. **Revised Accounting Practices** – Since FYE 2015, MCRCOG adopted new cost allocation procedures to assign SVSS and MCCT shared costs. MCRCOG also changed its accounting practices by transitioning from a calendar year to a fiscal year reporting structure consistent with PennDOT reporting requirements. SVSS operating costs decreased 14 percent from FYE 2016 to FYE 2017, declining from approximately \$964,000 to \$825,000. However, operating costs increased in FYE 2018 and remained at about \$1 million through FYE 2019.

2015 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2015 performance review compared SVSS to a group of peer agencies based on the four performance criteria required by Act 44. SVSS was "In Compliance" for seven performance criteria and "At-Risk" for operating cost per revenue vehicle-hour in the single-year FYE 2013 determination.

Performance Criteria	FYE*	Determination	Rank (of 13)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle-Hour	2013	In Compliance	2	Better	12.37	8.92
	Trend	In Compliance	4	Better	0.64%	-0.15%
Operating Cost / Revenue Vehicle-Hour	2013	At-Risk	9	Worse	\$100.24	\$73.74
	Trend	In Compliance	5	Better	1.64%	2.29%
Operating Revenue / Revenue Vehicle-Hour	2013	In Compliance	8	Worse	\$5.80	\$7.89
	Trend	In Compliance	4	Worse	3.38%	5.24%
Operating Cost / Passenger	2013	In Compliance	5	Better	\$8.10	\$8.76
	Trend	In Compliance	3	Better	1.00%	2.45%

* NTD information was the most current at the time of the peer review.

MCRCOG developed an Action Plan to address opportunities for improvement identified in the 2016 performance review report. Among the steps MCRCOG took to improve its performance were:

1. Development of a cost allocation plan to assign shared costs between SVSS and MCCT more accurately.
2. Addressing of audit findings by moving MCRCOG to a modified accrual accounting basis, closing dormant bank accounts, and transitioning from calendar-year financial reporting to fiscal year reporting consistent with PennDOT requirements.
3. Determination of the legal separation between transportation (SVSS and MCCT) and other COG functions, such as recreational activities, that are insured independently of MCRCOG.

In consultation with COG management, PennDOT established the following performance targets that the agency was to attain before its next performance review:

- Increase passengers per revenue vehicle-hour by at least 3.0 percent per year on average;
- Contain increases in operating costs per revenue vehicle-hour to no more than 3.0 percent per year on average;
- Increase operating revenue per revenue vehicle-hour by at least 3.0 percent per year on average; and
- Maintain a flat rate of operating costs per passenger per year on average.

PennDOT established the following performance targets using the most accurate data available at the time. MCRCOG successfully met one out four performance targets set in 2015.

Performance Criteria	2019 Target	2019 Actual	Met Target
Passengers / Revenue Vehicle-Hour	8.26	6.41	No
Operating Cost / Revenue Vehicle-Hour	\$98.43	\$78.72	Yes
Operating Revenue / Revenue Vehicle-Hour	\$11.06	\$3.79	No
Operating Cost / Passenger	\$11.92	\$12.28	No

Public transportation has become MCRCOG's primary focus since the 2016 performance report. To meet five-year performance target obligations, management acted by improving the accuracy of financial reporting, partnering with a regional health provider to raise awareness of SVSS and MCCT, and increasing service to the Mercer County Courthouse and the Grove City Premium Outlets mall. These efforts successfully increased total ridership, but passengers per revenue vehicle-hour (i.e., productivity) declined. With low farebox recovery, not reporting rental income, and a lack of supplemental revenue, MCRCOG did not meet targets for passengers per revenue vehicle-hour, operating revenue per revenue vehicle-hour, and operating cost per passenger.

2020 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2020 performance review compared SVSS with a group of peer agencies based on the four Act 44 performance criteria. SVSS was "In Compliance" with six performance measures and "At-Risk" for two—the five-year trend period determinations for passengers per revenue vehicle-hour and operating revenue per revenue vehicle-hour.

Performance Criteria	Fiscal Year*	Determination	Rank (of 13)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2018	In Compliance	9	Worse	6.73	7.34
	Trend	At Risk	13	Worse	-11.48%	-3.99%
Operating Cost / Revenue-Hour	2018	In Compliance	10	Worse	\$83.00	\$73.79
	Trend	In Compliance	4	Better	-3.71%	0.02%
Operating Revenue / Revenue-Hour	2018	In Compliance	8	Worse	\$4.19	\$4.96
	Trend	At Risk	11	Worse	-9.59%	-1.57%
Operating Cost / Passenger	2018	In Compliance	9	Worse	\$12.34	\$11.33
	Trend	In Compliance	9	Worse	8.79%	4.38%

*Note: NTD information that was current at the time of peer review (FYE 2018) formed the basis of single-year and five-year trend peer comparisons. These statistics differ from those presented on the Agency Profile page (FYE 2019).

SVSS performed better than the peer group for containing operating costs for the five-year trend determination but performed worse than the peer group in all other metrics. Passengers per revenue vehicle-hour and operating revenue per revenue vehicle-hour declined significantly between FYE 2013 and FYE 2018, by 11.48 percent and 9.59 percent, respectively. It will be necessary for MCRCOG to take appropriate steps to increase the efficiency and effectiveness of service and accurately report rental income as operating revenue to address both "At Risk" findings.

The 2020 performance review identified steps that SVSS could take to improve overall agency performance, including:

1. Developing a strategic plan to guide MCRCOG decision-making and long-term planning efforts for prioritizing SVSS and MCCT in addition to other COG activities.
2. Including a transit development plan (TDP) element as part of the strategic planning process to assess potential scenarios that optimize coverage and frequency to improve SVSS ridership.
3. Accurately reporting rental income earned from federally funded properties as SVSS operating revenue.

PennDOT also identified additional opportunities for improvement during the 2020 performance review. The complete list of opportunities for improvement will serve as the basis for MCRCOG's Board-approved Action Plan.

2025 PERFORMANCE TARGETS

As required by Act 44, PennDOT and MCRCOG management developed new five-year performance targets. Performance targets are designed to be aggressive yet achievable. MCRCOG should achieve the following table's 2025 targets to ensure continued eligibility for full Section 1513 funding.

Performance Criteria	Fiscal Year			Target Annual Increase
	2019 Actual	2020 Unaudited	2025 Target	
Passengers / Revenue Vehicle-Hour	6.41	5.55	5.69	0.5%
Operating Cost / Revenue Vehicle-Hour	\$78.72	\$77.22	\$89.52	3.0%
Operating Revenue / Revenue Vehicle-Hour	\$3.79	\$3.69	\$4.28	3.0%
Operating Cost / Passenger	\$12.28	\$13.91	\$15.74	2.5%

FINANCIAL REVIEW

MCRCOG's public transportation program currently has a balanced operating budget. A review of FYE 2019 audit reports revealed the misreporting of ADA federal subsidies as fare revenue, misreporting of operating revenue as capital reserves, and misreporting carryover subsidies as unrestricted funds. The net cash equivalent balance has decreased since 2015. Noteworthy elements of the public transportation program's financial condition as of FYE 2019 are:

- MCRCOG maintains separate accounts for SVSS and MCCT operational activities and SVSS and MCCT reserves. MCRCOG reported \$281,500 in total public transportation reserves.
- Reported public transportation reserves were equal to 10.4 percent of total public transportation operational funding.
- MCRCOG reported a cash balance of available and restricted cash equal to 36.1 percent of total annual public transportation operating expenses.
- Current assets exceeded current liabilities.
- MCRCOG allocates operating income from rents to SVSS reserve accounts.
- SVSS had a 4.7 percent fixed-route farebox recovery ratio, well below industry standards for a small urban system.
- MCRCOG's practice of reporting audit results by operating fund (i.e., SVSS and MCCT) makes it difficult to interpret the net position for public transportation activities comprehensively.

Based on financial misreporting and MCRGOG's inability to provide AP/AR reports for review, a thorough review of MCRCOG's financial practices by PennDOT is warranted. In particular, a detailed assessment of the sources and uses of funds in all reserve accounts will help accurately determine actual 1513 carryover balances and eligible uses of any remaining funds.

Management should continue to take appropriate actions to manage costs (i.e., containing cost growth within 3.0 percent annually), achieve farebox recovery goals, and maintain cash reserves to preserve and improve the public transportation program's overall financial health. MCRCOG should take additional steps to diversify income streams for SVSS to ensure fixed-route revenues keep pace with annual increases in operating costs.

NEXT STEPS

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

INTRODUCTION

PURPOSE

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

Act 44 also ushered in critical requirements for accountability, performance improvement, and maximizing return on investment. It established a framework for PennDOT to work with local public transportation organizations to:

- Assess efficiency and effectiveness of service, financial stability, and general management/business practices;
- Agree to five-year targets for Act 44-mandated performance criteria;
- Develop an Action Plan for improvement and to achieve performance targets;
- Provide technical assistance to implement the plan at the request of the transportation organization; and
- Reassess each organization on a five-year cycle.

The reassessment at the end of each five-year cycle is to evaluate:

- Whether the organization met the agreed-upon performance targets; and
- The sufficiency and effectiveness of actions taken by the organization to improve performance and management practices in its efforts to meet performance targets.

Act 44 regulations address PennDOT actions regarding performance reviews, and the financial penalties for public transportation organizations that fail to meet performance targets. Section 427.12, Performance Reviews, states:

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PennDOT conducted a transit performance review for the Mercer County Regional Council of Governments (d.b.a. MCRCOG) in May 2015. Based on that review, PennDOT developed a performance report in 2016 that established five-year performance targets for the Shenango Valley Shuttle Service (d.b.a. SVSS). PennDOT agreed to MCRCOG's Action Plan to meet those targets. In September 2020, PennDOT reassessed MCRCOG to determine whether SVSS met its targets and what actions were taken to improve the agency's performance and management practices to maximize the return on investment of Commonwealth funding. This report summarizes PennDOT's findings.

AGENCY DESCRIPTION

The Mercer County Regional Council of Governments (d.b.a. MCRCOG) was established in 1971 to provide regional services for 28 member governments in Mercer County, Pennsylvania. MCRCOG operates fixed-route and demand-response transportation in the Shenango Valley through the Shenango Valley Shuttle Service (SVSS) and Mercer County Community Transit (MCCT). Fixed-route transportation operated in Mercer County under the Shenango Valley Transportation Company until 1981, when services were transferred to MCRCOG. Today, public transportation is the majority of MCRCOG's budget. Other services provided include managing shared recreational facilities and supporting local governments with the following responsibilities:

- Cable TV Franchise Agreement Negotiations;
- Equipment-Sharing;
- Grant Administration;
- IT Support;
- Insect and Weed Control;
- Joint Bidding;
- Joint Tax Collectors Bid Bond;
- Lackawannock-Shenango-West Middlesex Community Pool;
- Shenango Valley Softball Recreation Complex;
- Refuse Collection Bidding;
- Transportation Planning Assistance;
- Uniform Construction Code; and
- Vehicle Maintenance.

MCRCOG has 31 member governments with representation on the Board of Directors. MCRCOG also receives a sub-allocation of FTA 5307 urbanized area formula funds as part of the Youngstown, Ohio–Pennsylvania, Urbanized Area (UZA) for SVSS from the Western Reserve Transit Authority (WRTA) of Youngstown, OH.

SVSS operates five fixed routes in and around the Hermitage–Sharon–Farrell area with service to the Mercer County Courthouse and the Grove City Premium Outlets. SVSS typically operates between 7:45 AM and 5:30 PM on weekdays and 8:00 AM and 4:00 PM on Saturdays. The SVSS base fare is \$1.25. MCRCOG charges \$0.60 Persons with Disabilities (PwD) and Medicare cardholders, and \$0.25 for K-12 students and transfers. MCRCOG also offers a ticket bundle pass (i.e., Big 40 Pass) for SVSS for \$30.00. MCRCOG operates the MCCT shared-ride program. The last shared-ride fare increase was in 2014.

SVSS provided 64,196 fixed-route passenger trips during FYE 2020, with eight vehicles operating in maximum service (VOMS). SVSS began to experience the ridership impacts from COVID-19 in March 2020 (**Exhibit 1**).

SVSS ridership continued to decline through April, and SVSS temporarily ceased operations on April 7, 2020, through May. However, MCRCOG still provided essential transportation services through MCCT. SVSS resumed operations in June 2020, and ridership began to increase into July 2020. **Exhibit 2** presents fixed-route bus statistics for SVSS as of FYE 2020. **Appendix A: Data Adjustments** (p. 25) documents data discrepancies between amounts reported to the National Transit Database (NTD) and PennDOT's dotGrants system and how values were reconciled.

Exhibit 1: Monthly Total Fixed-Route Passenger Trips: January 2020–July 2020

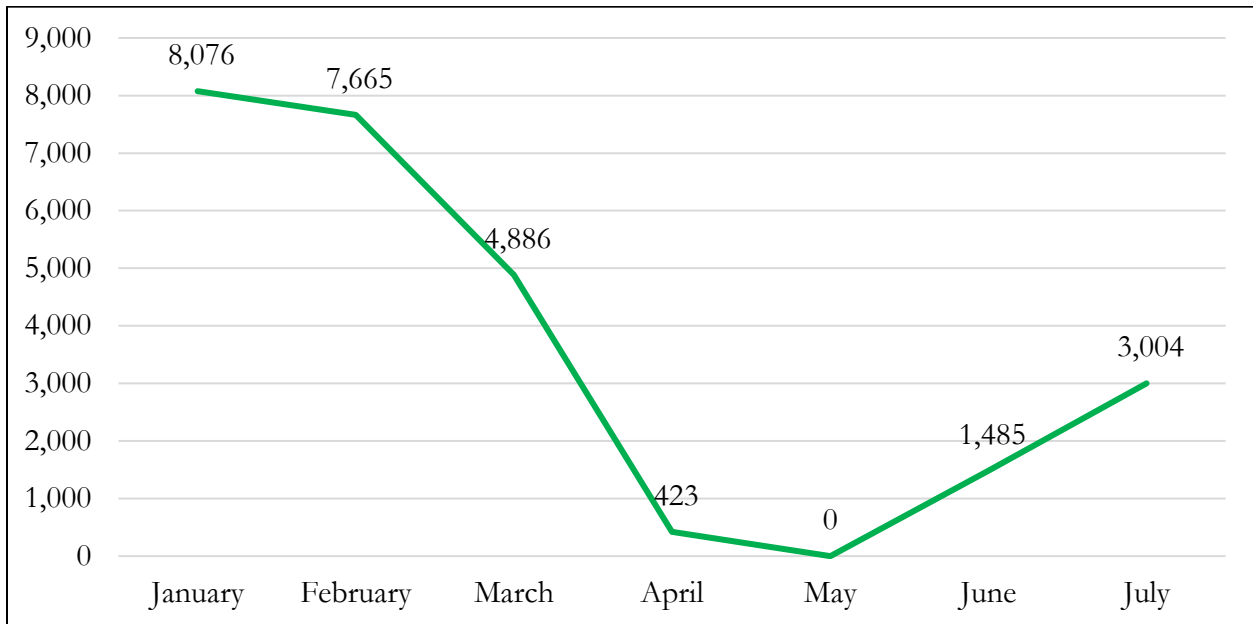
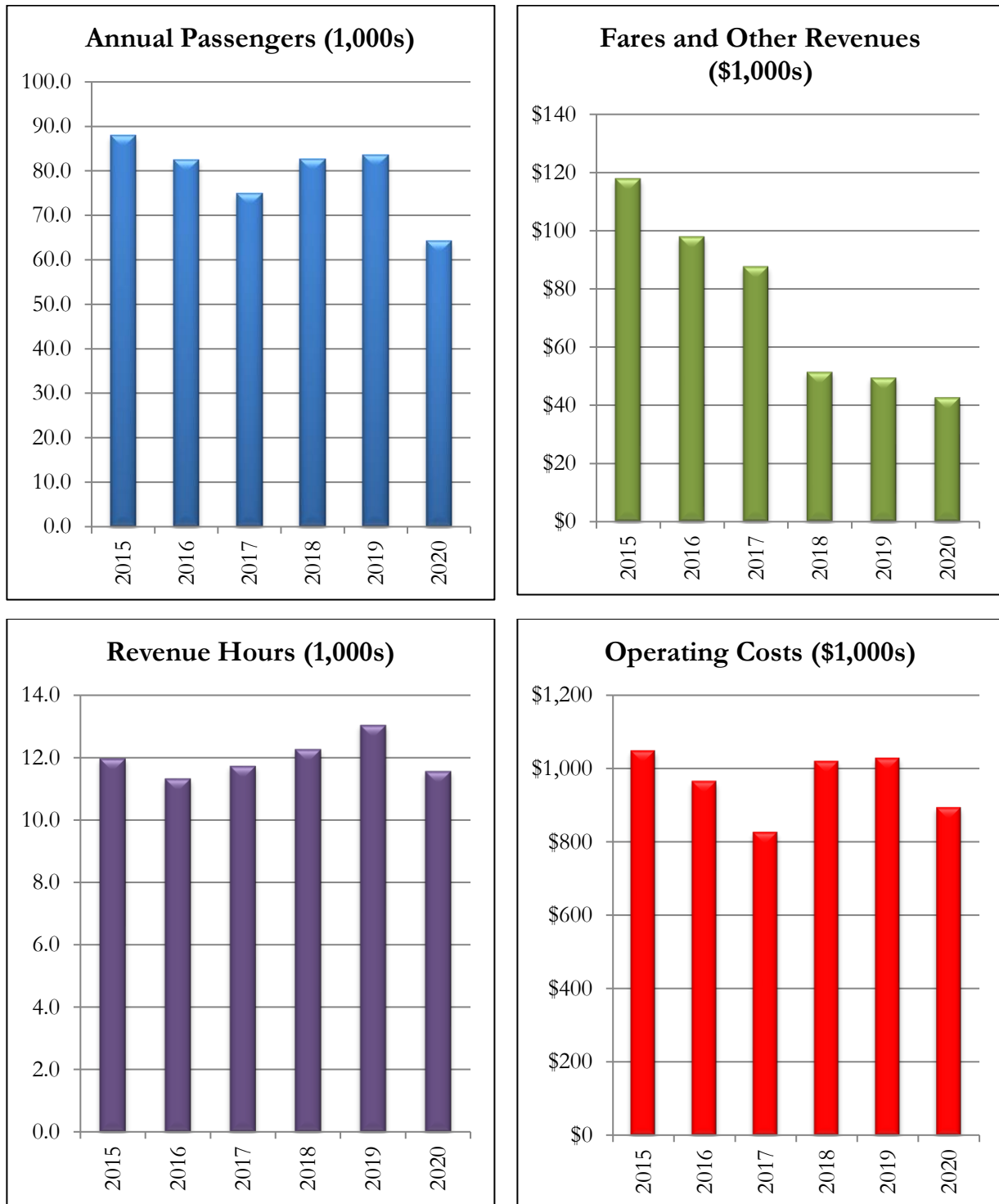


Exhibit 2: Fixed-Route Bus Service Annual Performance Trends (FYE 2015–FYE 2020)



Source: NTD and PennDOT Legacy Reporting System (dotGrants)

PERFORMANCE REVIEW PROCESS

In September 2020, PennDOT initiated an Act 44-mandated performance review for MCRCOG. The following outlines the review process:

1. Notify MCRCOG of performance review schedule and transmit a document request.
2. Review available data and request additional information.
3. Agree upon a set of peer agencies for comparison (MCRCOG and PennDOT).
4. Review the most recent customer satisfaction survey.
5. Assess Act 44 variables, including current performance, targets from the previous review, and Action Plan implementation.
6. Perform Act 44 performance criteria analysis.
7. Interview the management, staff, and Board.
8. Perform supplementary data collection and reconciliation.
9. Evaluate performance, financial management, and operations.
10. Report results and determine agency compliance with performance requirements.
11. Finalize the performance review report.
12. Develop, implement, and monitor a five-year Action Plan (MCRCOG).
13. Provide technical assistance, if required, to help meet five-year performance targets.

The performance review process assesses MCRCOG's unique challenges, changes since the previous performance review, the accuracy and reliability of reported data, implemented practices, additional opportunities for improvement, and realistic goals to attain before the next review.

CUSTOMER SATISFACTION SURVEY

MCRCOG last conducted a customer satisfaction survey (CSS) of SVSS in 2015. MCRCOG surveyed riders between March 16, 2015, and April 3, 2015. The CSS, consisting of 22 questions, addressed customer satisfaction, rider characteristics, and service usage patterns. MCRCOG collected 354 responses. Based on survey results, SVSS had between 416 and 521 individual riders. The survey's margin of error was less than 2.2 percent. Results from the survey show:

1. Ninety-two (92) percent of respondents indicated they were "satisfied" with SVSS service.
2. Ninety-five (95) percent of respondents indicated they would continue to ride SVSS.
3. Ninety (90) percent of respondents indicated they would recommend SVSS to others.

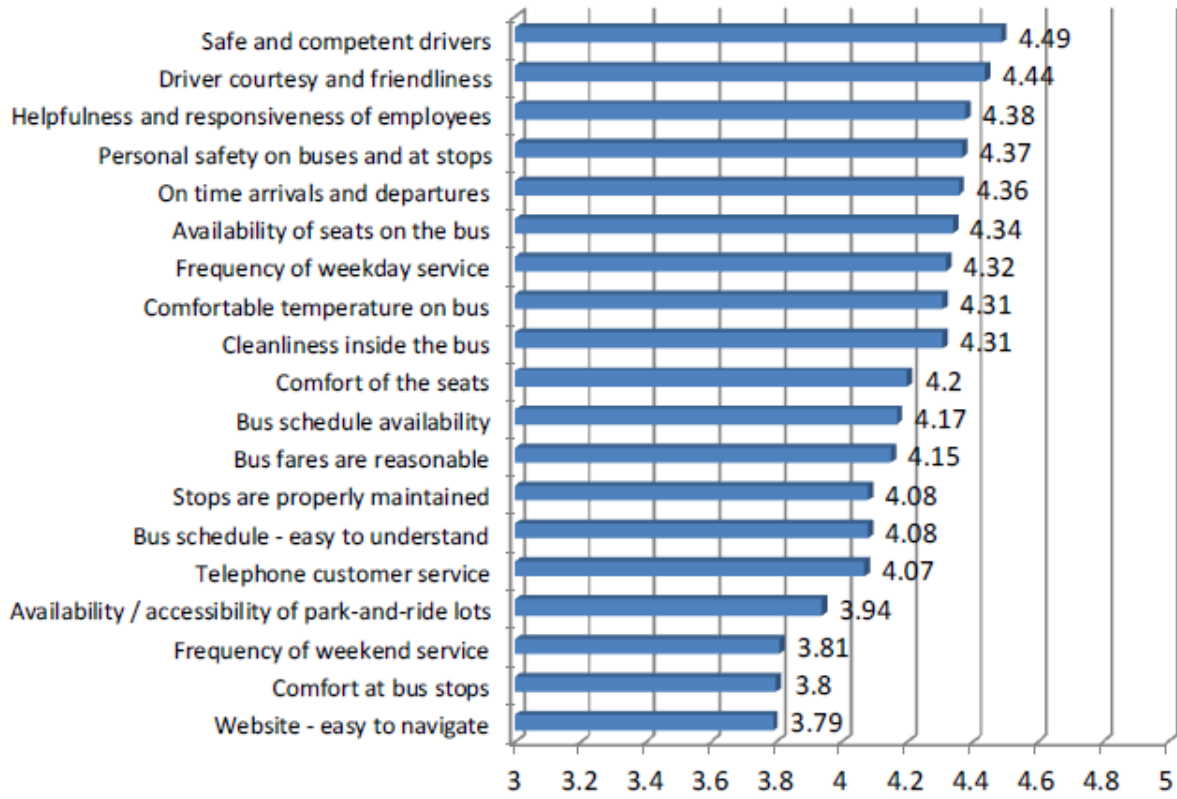
Riders rated a total of 19 performance measures addressing topics such as driver and staff performance, safety, capacity, frequency of service, schedule adherence, and clarity of bus schedules (**Exhibit 3**). The top-rated measures were:

1. Safe and competent drivers.
2. Driver courtesy and friendliness
3. Helpfulness and responsiveness of employees.

Measures that received the lowest average scores were:

1. Ease of navigating the SVSS website.
2. Comfort at bus stops.
3. Frequency of weekend service.

Exhibit 3: Average Customer Satisfaction Score by Performance Measure



A total of 83 respondents provided feedback via the open-ended question on the survey. Themes included:

1. Additional weekend service is desired;
2. Some needs are not being met with the current hours of service; and
3. More frequent service during the day is needed.

2015 ACT 44 PERFORMANCE ASSESSMENT

PRIOR REVIEW DETERMINATIONS AND FINDINGS

The 2015 performance review compared SVSS to a group of peer agencies based on the four performance criteria required by Act 44. SVSS was "In Compliance" for seven performance criteria and "At-Risk" for operating cost per revenue vehicle-hour in the single-year FYE 2013 determination (**Exhibit 4**). SVSS performed better than the peer group for increasing passengers per revenue vehicle-hour but worse for increasing operating revenue per revenue vehicle-hour. Despite an "At-Risk" finding for the single-year determination, SVSS performed better than the peer group for the five-year trend period for operating cost per revenue vehicle-hour and operating cost per passenger.

Exhibit 4: Previous SVSS Performance Review Act 44 Comparison Summary

Performance Criteria	FYE*	Determination	Rank (of 13)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle-Hour	2013	In Compliance	2	Better	12.37	8.92
	Trend	In Compliance	4	Better	0.64%	-0.15%
Operating Cost / Revenue Vehicle-Hour	2013	At-Risk	9	Worse	\$100.24	\$73.74
	Trend	In Compliance	5	Better	1.64%	2.29%
Operating Revenue / Revenue Vehicle-Hour	2013	In Compliance	8	Worse	\$5.80	\$7.89
	Trend	In Compliance	4	Worse	3.38%	5.24%
Operating Cost / Passenger	2013	In Compliance	5	Better	\$8.10	\$8.76
	Trend	In Compliance	3	Better	1.00%	2.45%

*Note: Single-year and five-year trend peer comparisons are based on the latest-available NTD information at the time of the peer review.

ACTION PLAN AND PERFORMANCE TARGETS

MCRCOG developed an Action Plan to address opportunities for improvement identified in the 2016 performance review report. Among the steps MCRCOG took to improve its performance were:

1. Development of a cost allocation plan to share costs between SVSS and MCCT more accurately.
2. Addressing of unaccounted audit findings by moving MCRCOG to a modified accrual basis, closing dormant bank accounts, and transitioning from calendar-year reporting to a fiscal year.
3. Determination of the legal separation between SVSS and MCCT and other COG functions, such as recreational activities that are insured independently of MCRCOG.

Appendix B: 2015 Performance Review Action Plan Assessment on page 26 provides the complete list of MCRCOG's previous Action Plan items and MCRCOG's progress in addressing previously identified opportunities for improvement.

The following performance targets were established with MCRCOG in 2015:

- Increase passengers per revenue vehicle-hour annually by 3.0 percent;
- Contain yearly increases in operating costs per revenue vehicle-hour by 3.0 percent;
- Increase annual operating revenue per revenue vehicle-hour by 3.0 percent; and
- Maintain a flat rate of operating costs per passenger per year on average.

As shown in **Exhibit 5**, MCRCOG met one of its four performance targets.

Exhibit 5: 2019 SVSS Performance Targets

Performance Criteria	2019 Target	2019 Actual	Met Target
Passengers / Revenue Vehicle-Hour	8.26	6.41	No
Operating Cost / Revenue Vehicle-Hour	\$98.43	\$78.72	Yes
Operating Revenue / Revenue Vehicle-Hour	\$11.06	\$3.79	No
Operating Cost / Passenger	\$11.92	\$12.28	No

ASSESSMENT

Since finalizing MCRCOG's 2016 report, the following factors impacted SVSS operations and finances:

1. **Shift in MCRCOG Activities** – MCRCOG no longer manages the local animal shelter or the regional jail. MCRCOG's primary activity is public transportation, which accounted for \$3.1 million, or 76 percent of the \$4.1 million FYE 2019 consolidated COG operating budget. MCRCOG still provides other municipal support services and manages recreational facilities such as the community pool and softball complex.
2. **Change in Rent Revenue Reported** – MCRCOG counted rental income on FTA-funded COG properties as operating revenue until FYE 2017. In FYE 2018, MCRCOG began allocating rental income to its reserve accounts. SVSS performance targets established in the 2016 performance report assumed MCRCOG would continue to report rental income as SVSS operating revenue. The loss of rental income reduced total fixed-route revenues by 41 percent, from \$87,555 in FYE 2017 to \$51,416 as of FYE 2018.
3. **Revised Accounting Practices** – MCRCOG adopted new cost allocation procedures since FYE 2015 that more accurately assigns shared costs between SVSS and MCCT. MCRCOG also revised its accounting practices, transitioning from calendar year reporting (1/1 – 12/31) to state fiscal year reporting (7/1 – 6/30). SVSS operating costs decreased 14 percent from FYE 2016 to FYE 2017, from approximately \$964,000 to \$825,000. However, operating expenses increased to about \$1 million in FYE 2018 and remained consistent through FYE 2019.

MCRCOG took steps to improve the accuracy of financial reporting, partnered with a regional health provider to raise awareness of SVSS and MCCT, and increased service to provide additional service (i.e., trips to the Mercer County Courthouse and the Grove City Premium Outlets). These efforts successfully increased overall ridership, but the rate of passengers per revenue vehicle-hour continued to decline. MCRCOG only achieved one out of four performance targets. Low farebox recovery and not reporting rental income also contributed to missing operating revenue per revenue vehicle hour.

2020 ACT 44 PERFORMANCE ASSESSMENT

The 2020 performance review compared SVSS to a group of peer agencies based on the four performance criteria required by Act 44.

PEER AGENCY COMPARISONS

Peer agencies were identified through a collaborative process between PennDOT and SVSS management using criteria defined in Act 44 and data from the most recently available National Transit Database (NTD), as of FYE 2018. The systems identified for peer comparisons were:

1. Warren County Transit Authority* – Warren, PA
2. Mid-County Transit Authority* – Kittanning, PA
3. City of Delano – Delano, CA
4. Medina County Public Transit – Medina, OH
5. Henderson County/ Apple Country Public Transit – Hendersonville, NC
6. Pine Bluff Transit – Pine Bluff, AR
7. City of Winchester – Winchester, VA
8. Middletown Transit System – Middletown, OH
9. Franklin Transit Authority – Franklin, TN
10. Ashland Bus System – Ashland, KY
11. Henderson Area Rapid Transit – Henderson, KY
12. Bettendorf Transit System – Bettendorf, IA

*Indicates a peer system also used in the 2016 performance report.

Results of the 2020 SVSS analysis and peer comparison are presented in **Exhibit 6**. The detailed data used to develop the peer comparison summary is presented in **Appendix C: Peer Comparisons**.

Exhibit 6: Current Performance Review Act 44 Peer Comparison Summary

Performance Criteria	Fiscal Year	Determination	Rank (of 13)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2018	In Compliance	9	Worse	6.73	7.34
	Trend	At-Risk	13	Worse	-11.48%	-3.99%
Operating Cost / Revenue-Hour	2018	In Compliance	10	Worse	\$83.00	\$73.79
	Trend	In Compliance	4	Better	-3.71%	0.02%
Operating Revenue / Revenue-Hour	2018	In Compliance	8	Worse	\$4.19	\$4.96
	Trend	At-Risk	11	Worse	-9.59%	-1.57%
Operating Cost / Passenger	2018	In Compliance	9	Worse	\$12.34	\$11.33
	Trend	In Compliance	9	Worse	8.79%	4.38%

*Note: NTD information that was current at the time of peer review (FYE 2018) formed the basis of single-year and five-year trend peer comparisons. These statistics differ from those presented on the Agency Profile page (FYE 2019).

ASSESSMENT

In 2020, SVSS was "In Compliance" with six Act 44 performance criteria and "At-Risk" for the five-year trend period determinations for passengers per revenue vehicle-hour and operating revenue per revenue vehicle-hour. SVSS performed better than the peer group for containing operating costs for the five-year trend determination but performed worse than the peer group in all other metrics. Passengers per revenue vehicle-hour and operating revenue per revenue vehicle-hour declined significantly between FYE 2013 and FYE 2018, by 11.48 percent and 9.59 percent, respectively. MCRCOG must take appropriate steps to increase service efficiency and effectiveness and diversify income streams to address both "At-Risk" findings.

2025 PERFORMANCE TARGETS

Act 44 requires that PennDOT and transit agencies establish five-year performance targets for each of the four Act 44 metrics for fixed-route service. Setting performance targets for these metrics and regularly reevaluating performance is intended to improve both the effectiveness and efficiency of service delivery. Act 89 requires agencies to maintain a policy to adjust fares for inflation to keep pace with increases in operating costs.

PennDOT uses the most recent audited and agency-verified values for passengers, operating costs, and operating revenues as the baseline from which to develop the targets. Five-year targets are then developed based on realistic and achievable expectations of improvement.

The 2020 performance review noted that SVSS outperformed most of its peers in containing operating costs over the five-year trend period and is "In Compliance" for six metrics. However, SVSS's rate of decline for passengers per revenue vehicle-hour and operating revenue per revenue vehicle-hour over the five-year trend period are both "At Risk." MCRCOG should continue to work toward achieving its FYE 2025 targets, focusing on efforts to increase SVSS ridership and operating revenue.

The following performance targets for SVSS were established in cooperation with MCRCOG:

- Increase passengers per revenue vehicle-hour by at least 0.5 percent per year on average.
- Contain operating cost per revenue vehicle-hour increases to no more than 3.0 percent per year on average.
- Increase revenue per revenue vehicle-hour by at least 3.0 percent per year on average.
- Contain operating cost per passenger trip increases to no more than 2.5 percent per year on average.

Future-year targets are calculated based on the most recently available data (i.e., FY 2019-20). Although FYE 2020 data was unaudited at the time of this report, management does not expect any significant changes as a result of the audit. MCRCOG must work to achieve the targets, listed in **Exhibit 7**, over the next five years to ensure continued eligibility for full Section 1513 funding.

Exhibit 7: FYE 2025 Act 44 Performance Targets

Performance Criteria	Fiscal Year			Target Annual Increase
	2019 Actual	2020 Unaudited	2025 Target	
Passengers / Revenue Vehicle-Hour	6.41	5.55	5.69	0.5%
Operating Cost / Revenue Vehicle-Hour	\$78.72	\$77.22	\$89.52	3.0%
Operating Revenue / Revenue Vehicle-Hour	\$3.79	\$3.69	\$4.28	3.0%
Operating Cost / Passenger	\$12.28	\$13.91	\$15.74	2.5%

FUNCTIONAL REVIEW

PennDOT uses functional reviews to determine the factors contributing to performance results found in the Act 44 comparisons, to catalog best practices to share with other transit agencies, and to identify opportunities for improvement that should be addressed in the Action Plan (see **Appendix D: Action Plan Template**). Functional review findings are organized by the Act 44 variables guiding the performance review: passengers, revenues, and operating costs.

The following sections summarize ways in which MCRCOG could deliver SVSS service more efficiently and effectively. Service must be responsive to the community's needs to achieve optimum service levels. During the review process, the observations recorded are categorized as Best Practices or Elements to Address in the Action Plan. Best Practices are those exceptional current practices that are beneficial and should be continued or expanded.

Elements to Address in the Action Plan are recommendations that can maximize productivity, control operating costs, or achieve optimum revenue levels, which will enhance the system's future performance for one or more Act 44 fixed-route performance factors.

For MCRCOG's convenience, Action Plan templates are included in **Appendix D: Action Plan Template** (see pg. 36). Some actions will be quickly implementable, while others may take several discrete steps to achieve over a more extended period. The template provides a simple-to-follow order of key findings of this report that should be addressed in the Action Plan.

OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

BEST PRACTICES

1. None.

ELEMENTS TO ADDRESS IN PART 1 OF THE ACTION PLAN

1. Public transportation is a considerable activity carried out by MCRCOG, with SVSS and MCCT accounting for 76 percent of its total operating budget as of FYE 2019. Currently, the MCRCOG Board has no strategic plan to guide decision-making and long-term planning efforts for prioritizing transit and its other activities. MCRCOG should **collaborate with the Board to develop a strategic plan that:**
 - a. **Defines the mission and vision statements of MCRCOG;**
 - b. **Establishes goals for all activities (e.g., transit, recreation, support services, etc.);**
 - c. **Sets strategic objectives with implementable actions; and**
 - d. **Includes performance measures to report on success between periodic plan updates.**

Furthermore, MCRCOG should report periodic progress to the Board on the strategic plan implementation and performance metrics.

2. Currently, MCRCOG has no long-term plan to manage its transportation network or account for changes in its service-area demographics. MCRCOG would benefit from a transit

development plan (TDP) based on the goals established for transit in the strategic plan. For example, MCRCOG could develop scenarios that optimize coverage and frequency to improve SVSS ridership. MCRCOG should **include a TDP element as part of its strategic planning process**. The TDP element would establish criteria for transit readiness for areas that may be viable for supporting transit.

3. MCRCOG last conducted a customer satisfaction survey (CSS) in 2015. As part of the strategic planning process and developing a TDP element, MCRCOG **should conduct a new CSS to understand rider preferences and obtain origin and destination information**.
4. SVSS has five fixed routes that provide transportation in and around the Hermitage–Sharon–Farrell area, the Mercer County Courthouse, and the Grove City Premium Outlets. Near the Ohio border SVSS's service area is relatively urban, but most of Mercer County is rural. Management should **explore cost-effective alternative service models compared to traditional fixed-route bus to increase overall SVSS ridership in Mercer County**. For example, other Pennsylvania transit systems have tested a range of alternative solutions, including contracted taxi service and first/last-mile solutions to improve the efficiency and effectiveness of fixed-route bus service.
5. MCRCOG recently benefited from Connecting Mercer County's marketing efforts, which helped publicize transportation options in Mercer County. However, MCRCOG does not actively market the transit services it offers. MCRCOG would benefit from a marketing strategy that identifies traditional marketing activities and communications and public relations activities to increase SVSS and MCCT exposure. Management should **develop a marketing plan that includes**:
 - a. **Marketing focus by mode (i.e., SVSS and MCCT);**
 - b. **Goals (i.e., raise awareness, increase ridership, increase social media engagement, etc.);**
 - c. **Objectives (e.g., measurable results of marketing activities, such as the number of website hits, shared-ride sign-ups, a target number of Big 40 passes sold, etc.);**
 - d. **Activities by medium and cost (i.e., radio, mail, website, digital advertisements, etc.); and**
 - e. **Performance measures such as the percentage of Big 40 passes sold compared to the previous year, the number of shared-ride customer sign-ups compared to the previous year, and social media impressions (e.g., number of times an ad was displayed).**

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

BEST PRACTICES

1. None.

ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN

1. MCRCOG used FTA capital funds to rehabilitate a portion of MCRCOG's office in Hermitage, PA, and to construct a visitor's center in Sharon, PA. In prior years, MCRCOG reported rental revenue earned from these properties as SVSS operating revenue. In 2017 MCRCOG began reporting rent as SVSS capital improvement funds. MCRCOG should **report rental income from FTA-and state-funded assets as operating revenue per FTA Circular 9030.1E and PennDOT requirements.**
2. MCRCOG sells its Big 40 passes to local nonprofits and organizations. MCRCOG successfully sold 600 Big 40 passes to the Buhl Health Foundation as part of the CMC initiative. However, MCRCOG has no formal agreements in place to guarantee organization-paid fare revenue. MCRCOG should **continue to market its Big 40 passes with existing organization customers and formalize these relationships into revenue agreements to provide guaranteed fixed-route income.**
3. Currently, MCRCOG does not sell advertising space on its vehicles. Advertising income is a source of operating revenue that can be used to help offset the cost of operating activities like marketing. Management should **explore opportunities to sell advertising space on SVSS vehicles.**

OPPORTUNITIES TO CONTROL OPERATING COSTS**BEST PRACTICE**

1. MCRCOG participated in CMC, a major transportation-outreach initiative for Mercer County that provided publicity for SVSS and MCCT at no cost to MCRCOG.

ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN

1. None.

OTHER OPPORTUNITIES TO IMPROVE PERFORMANCE**BEST PRACTICES**

1. None.

ELEMENTS TO ADDRESS IN PART 4 OF THE ACTION PLAN

1. MCRCOG receives FTA 5307 urbanized formula funds as part of the Youngstown UZA. However, the City of Sharon is the designated sub-recipient of federal funds from the Western Reserve Transit Authority (WRTA)—despite the MCRCOG Board voting to approve the sub-allocation of funds for SVSS. MCRCOG should **pursue an interlocal agreement to become the designated subrecipient of the apportioned FTA 5307 urbanized formula funds.** This action would shorten the amount of time it takes for MCRCOG to receive federal funds from WRTA.

2. MRCOG's Board lacks subcommittees as part of its governance structure. The Board may benefit from developing transit subcommittees to address finance, marketing, capital projects, and strategic initiatives. MRCOG should **amend its bylaws to include Board subcommittees to provide more detail-oriented oversight of specific functions critical to the success of public transportation.**

FINANCIAL REVIEW

This financial review considers high-level snapshot data and trend indicators to determine whether additional follow-up actions by PennDOT are warranted. It is based on the examination of audit reports, other financial reports, and budgets. This review assesses the agency based on:

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

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

MCRCOG manages its services by activity in separate fund accounts consisting of General, SVSS, MCCT, and Non-Major activities (**Exhibit 8**). Inter-fund transfers are typical amongst activity accounts. Between FYE 2018 and FYE 2019, MCRCOG’s net position for total government-wide activities increased 2 percent from \$1,366,216 to \$1,389,760. This performance report's financial review assesses the financial health of MCRCOG's SVSS and MCCT activity funds as MCRCOG's public transportation program.

Exhibit 8. MCRCOG Government-wide Activities by Fund Change in Net Position FYE 2019

MCRCOG Activity Fund Change in Net Position	General	SVSS	MCCT	Non-Major ¹	Total Funds
FYE 2018 Fund Balance	\$117,442	\$451,367	\$467,459	\$329,948	\$1,366,216
Expenses	\$465,484	\$1,024,763	\$2,056,378	\$528,679	\$4,075,304
Revenue	\$410,897	\$1,042,370	\$2,078,594	\$525,758	\$4,057,619
Excess/(Deficit)	(\$54,587)	\$17,607	\$22,216	(\$2,921)	(\$17,685)
Transfers from Other Funds	\$45,619	\$0	\$0	\$122,132	\$167,751
Transfers to Other Funds	(\$37,152)	(\$84,980)	\$0	(\$45,619)	(\$167,751)
Applied Interest/Rent	\$4,588	\$1,202	\$0	\$35,439	\$41,229
Total Other Sources	\$13,055	(\$83,778)	\$0	\$111,952	\$41,229
Change in Fund Balance	(\$41,532)	(\$66,171)	\$22,216	\$109,031	\$23,544
FYE 2019 Fund Balance	\$75,910	\$385,196	\$489,675	\$438,979	\$1,389,760
Change in Net Position	-35%	-15%	5%	33%	2%

Source: MCRCOG FYE 2019 Consolidated Audit

MCRCOG maintains other accounts for SVSS and MCCT reported under the Non-Major Activity fund as the SVSS Capital Improvement Fund, SVSS Capital Reserve Fund, and MCCT Capital Reserve Fund. The amount reported in these reserve accounts equals 10.4 percent of total public transportation annual operating costs for FYE 2019 (**Exhibit 9**).

¹ Non-Major Funds consist of the Shenango Valley Softball and Recreation Complex, the Lackawannock, Shenango and West Middlesex Community Swimming Pool, Lakelands Communications, Shenango Valley Regional Lock-up, Greenville Regional Lock-Up, small projects, and the Uniform Construction Code program.

Exhibit 9. MCRCOG Public Transportation Carryover Reserves FYE 2019

MCRCOG Capital Reserve Fund Carryover	SVSS Capital Improvement	SVSS Capital Reserve Fund	MCCT Capital Reserve	Public Transportation Reserves
FYE 2018 Carryover	\$114,945	\$27,365	\$64,682	\$206,992
Revenues	\$163,080	\$10,000	\$0	\$173,080
Expenses	\$208,759	\$9,680	\$0	\$218,439
Excess/(Deficit)	(\$45,679)	\$320	\$0	(\$45,359)
Transfers from Other Funds	\$84,980	\$0	\$0	\$84,980
Transfers to Other Funds	\$0	\$0	\$0	\$0
Applied Interest/Rent	\$32,992	\$471	\$1,424	\$34,887
Total Other Financing	\$117,972	\$471	\$1,424	\$119,867
Changes in Fund Balance	\$72,293	\$791	\$1,424	\$74,508
FYE 2019 Carryover	\$187,238	\$28,156	\$66,106	\$281,500

Currently, MCRCOG reports that it utilizes its full 1513 operating subsidy, then assigns rental income to its capital reserve accounts. This practice results in no 1513 carryover reserves and is incorrect. Income derived from an operational activity, like leasing, should be applied against operating expenses as operating revenue (i.e., like passenger fares) before applying state or federal subsidies to cover losses. Excess subsidies must be classified as 1513 carryover reserves. Furthermore, revenues generated from operating activities are prohibited sources of matching funds per Act 44 and Act 89. Therefore, any funds in MCRCOG's capital reserve accounts that were not directly provided by local governments as matching funds cannot be used to match state operating or capital funds.²

Based on current accounting practices, it is unclear if MCRCOG maintains adequate reserves to mitigate potential risks from unexpected operating cost increases. MCRCOG has no line of credit to help in the event of potential short-term cash flow issues. Management did not provide accounts payable (AP) and accounts receivable (AR) aging reports for review, despite repeated requests. As shown in **Exhibit 10**, MCRCOG's transportation program does not appear in line with industry goals and targets for high-level financial indicators. **Additional follow up review and actions by PennDOT are warranted.**

² 74 PA §1513(d)(3) : “Eligible local matching funds shall consist **only of cash contributions provided by one or more municipalities or counties**. The amount of the match and the time period during which the match must continue to be available shall be specified in the financial assistance agreement. Funding provided by local and private entities, including advertising or naming rights, may qualify as local matching funds to the extent they provide for the cost of transit service that is open to the public.

The following **shall not** be considered local matching funds:

- (i) **Any form of transit operating revenue or other forms of transit income provided by the local transportation organization.**
- (ii) Funds used to replace fares.”

PA Title 67 § 427.4(a) (5) “**All categories of local transportation organization operating revenue**, including passenger fares; public or private payments provided in lieu of fares including route guarantees, unless the route guarantee revenue is allowed as local match in accordance with paragraph (9); charter or school bus revenue; advertising revenue, unless the advertising revenue is approved for use as local match in accordance with paragraph (3); and interest income or other miscellaneous sources of revenue **do not constitute eligible sources of local matching funds.**”

PA Title 67 § 427.4(a) (7) “**Income generated from the subsidized public passenger transportation service is not eligible to be used as a source of local matching funds.**”

Exhibit 10: High-Level Financial Indicators

Indicator	FYE 2019 Value	Assessment Criteria / Rationale	Source
Total Reserves / Annual Operating Cost	10.4%	Combined target 25% or greater. This provides liquidity to cover unexpected cost increases or service changes without incurring interest fees from loans.	FYE 2019 Consolidated Audit
Available Credit / Annual Payroll	0.0%	Only necessary if combined carryover subsidies are less than 25% of annual operating costs. This ensures that the agency maintains sufficient cash flow / liquidity to pay all current bills.	FYE 2019 Consolidated Audit and PennDOT dotGrants
Actual Local Match / Required Match	100.0%	Target 100% or greater. Local match that exceeds required minimums gives a transit agency flexibility to change service, to accommodate unexpected cost changes, and make capital investments.	PennDOT dotGrants 2019
Accounts Payable (AP) 90+ days	Not Provided	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	MCRCOG-reported value
Accounts Receivable (AR) 90+ days	Not Provided	Target should be 0% over 90 days. Larger values can cause cash flow problems.	MCRCOG-reported value
Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce interest expense.	FYE 2019 Consolidated Audit

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

MCRCOG's public transportation operating budget increased from about \$2.4 million in FYE 2016 to about \$2.6 million in FYE 2020 (**Exhibit 11**). In FYE 2020, 34.4 percent of those expenses were for SVSS fixed-route service. The remaining operating costs (65.6 percent) were for MCCT paratransit service, as shown (**Exhibit 12**). Fixed-route bus service operating costs remained relatively consistent from FYE 2016 to FYE 2020, at approximately \$1.0 million. The cost of providing paratransit trips increased over that period, from \$1.4 million to \$1.7 million.

Public transportation operating funds come from various sources, including local revenue and public subsidies. Revenues and local subsidies (e.g., passenger fares, organization-paid fares, shared-ride trip reimbursements, SVSS sponsor funds, etc.) together are the largest share of public transportation income for MCRCOG, accounting for 64.2 percent of total operating income in FYE 2020. Federal and state subsidies are the remaining funding sources, representing 35.8 percent of total operating income in FYE 2020, as shown in **Exhibit 13** and **Exhibit 14**. MCRCOG reported receiving its required local match to its Section 1513 state operating subsidy.

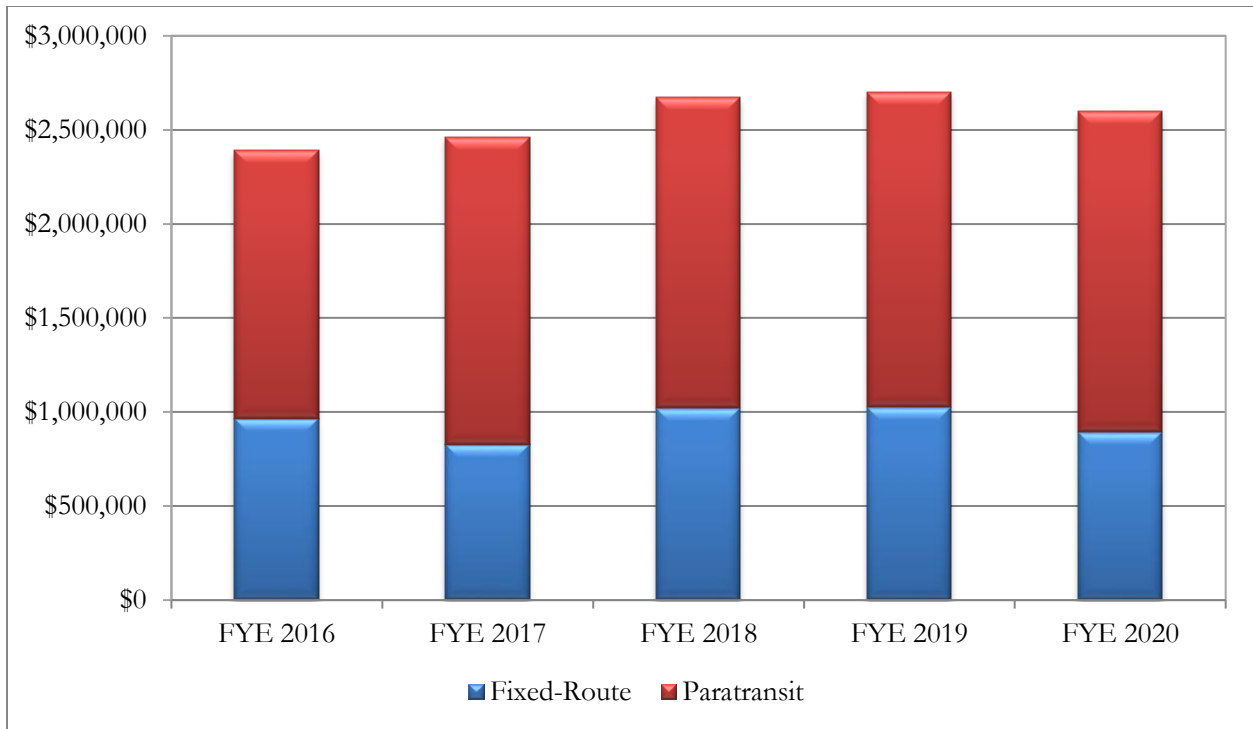
In FY 2019-20, the impacts of COVID-19 appeared in MCRCOG's finances, beginning in early 2020. Total operating costs and passenger fares decreased as MCRCOG reduced service, including a shutdown of SVSS during May 2020. MCRCOG received \$2 million in federal emergency CARES Act funding to offset extraordinary expenses and net operating losses.

Exhibit 11: Public Transportation Operating Expense by Service Type (in millions) (FYE 2016–FYE 2020)

Service Type	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020*
Fixed-Route	\$1.0	\$0.8	\$1.0	\$1.0	\$0.9
Paratransit	\$1.4	\$1.6	\$1.7	\$1.7	\$1.7
Total	\$2.4	\$2.5	\$2.7	\$2.7	\$2.6

*FYE 2020 values were unaudited at the time of this report.

Exhibit 12: Public Transportation Operating Expense Trends by Service Type (FYE 2016–FYE 2020)



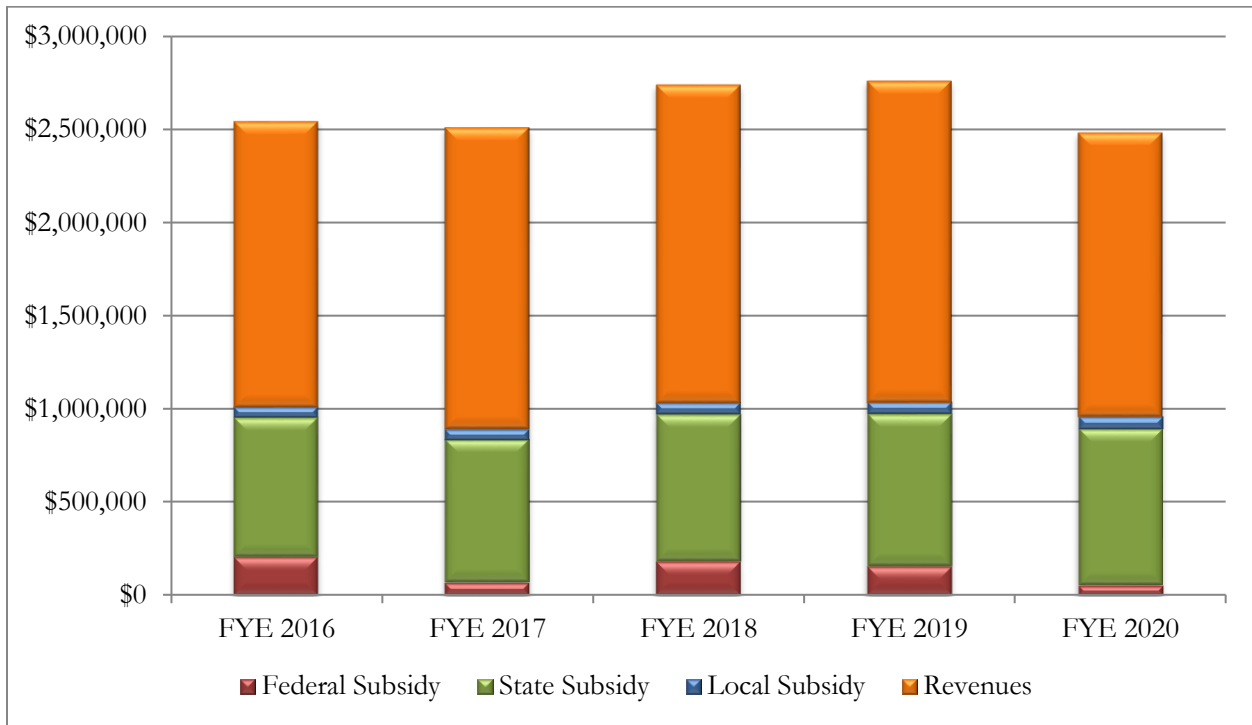
Note: FYE 2020 values were unaudited at the time of this report.

Exhibit 13: Percentage of Total Public Transportation (Fixed-Route + Paratransit) Operating Budget by Funding Source and Fiscal Year (FYE 2016–FYE 2020)

Funding Source	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020*
Federal Subsidy	7.9%	2.7%	6.5%	5.5%	2.1%
State Subsidy	29.5%	30.6%	28.9%	29.6%	33.8%
Local Subsidy	2.2%	2.3%	2.3%	2.4%	2.7%
Revenues	60.4%	64.4%	62.4%	62.5%	62.9%
Local Subsidy / State Subsidy	7.5%	7.7%	7.8%	7.9%	8.1%

*FYE 2020 values were unaudited at the time of this report.

Exhibit 14: Total Public Transportation (Fixed-Route + Paratransit) Operating Budget and Funding Sources by Fiscal Year (FYE 2016–FYE 2020)



*FYE 2020 values were unaudited at the time of this report.

FIXED-ROUTE FUNDING

Fixed-route service, funded by passenger revenues, rental income, and government subsidies, accounts for 34.4 percent of MCRCOG's public transportation operating expenses. Between FYE 2016 and FYE 2020, direct passenger fares represented between 4.5 and 5.9 percent of total SVSS operating funding (**Exhibit 15**). Rental income was a significant source of SVSS operating revenue in FYE 2016 and FYE 2017, accounting for 41.9 percent and 37.1 percent of total fixed-route operating revenue. In FYE 2018, MCRCOG began allocating most of its rental income to its SVSS capital improvement fund instead of applying it toward SVSS operating expenses. MCRCOG also sells bundles of its Big 40 passes to local organizations. Currently, MCRCOG generates no revenue from advertising.

Exhibit 15: Fixed-Route Funding

Funding Source	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020*
Revenues					
Passenger-Paid Fares	\$56,861	\$54,940	\$47,066	\$46,143	\$35,656
Organization-Paid Fares (Sum of Charter & Route Guarantees) ³	\$0	\$0	\$2,460	\$2,100	\$7,017
Advertising	\$0	\$0	\$690	\$0	\$0
Total Recoveries	\$0	\$0	\$0	\$0	\$0
Other - Rent	\$40,977	\$32,452	\$1,200	\$1,200	\$0
Other - Interest	\$0	\$163	\$0	\$0	\$0
Subtotal	\$97,838	\$87,555	\$51,416	\$49,443	\$42,673
Subsidies					
Federal Operating Grant	\$0	\$12,322	\$114,145	\$95,029	\$0 ⁴
Federal Capital Grant for Preventative Maintenance	\$161,559	\$0	\$0	\$0	\$0
Act 44 (1513) – State Prior	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) – State Current	\$649,370	\$667,113	\$791,740	\$817,818	\$839,411
Act 44 (1513) – Local Prior (Municipal)	\$0	\$0	\$8,264	\$0	\$11,163
Act 44 (1513) – Local Current (Municipal)	\$56,039	\$58,841	\$53,519	\$55,194	\$56,953
Act 44 (1513) – Local Current (Private)	\$0	\$0	\$0	\$9,680	\$0
Subtotal	\$866,968	\$738,276	\$967,668	\$977,721	\$907,527
Total Funding	\$964,806	\$825,831	\$1,019,084	\$1,027,164	\$950,200
Total Fare Revenue / Total Funding	5.9%	6.7%	4.9%	4.7%	4.5%

*FYE 2020 values were unaudited at the time of this report.

Source: PennDOT dotGrants Reporting System

³ Organization-paid fares were received from the Sharon Family Center, Community Counseling Center, Sharon Schools, Penn State Shenango, the Mercer County jail, Mercer County Treatment Court, and Prince of Peace Center.

⁴ MCRCOG received a \$175,000 federal grant for preventative maintenance after the close of the state fiscal year in September 2020.

PARATRANSIT FUNDING

MCCT paratransit service (i.e., shared-ride and ADA complementary service), funded by federal and state subsidies and passenger fares, accounts for 65.6 percent of MCRCOG's public transportation operating expenses (**Exhibit 16**). Paratransit funding increased from \$1,578,263 in FYE 2016 to \$1,733,373 in FYE 2019 but decreased to \$1,534,025 as of FYE 2020. MCRCOG's last shared-ride fare increase was in FYE 2014. MCRCOG subsidized paratransit operations in FYE 2016 and FYE 2017 with 1513 operating funds. Paratransit passenger fares reportedly increased in FYE 2018 and FYE 2019 due to increased interest from local human services agencies.⁵

From FYE 2016 through FYE 2019, total paratransit trips increased from 84,395 to 88,244 but decreased slightly at the end of FY 2019-20 to 76,676 total trips (**Exhibit 17**).

Exhibit 16: Paratransit Funding by Source

Category	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020*
Revenues					
Shared-Ride Passenger Fares	\$65,459	\$48,556	\$83,069	\$80,569	\$47,767
ADA Passenger Fares	\$7,654	\$7,712	\$9,296	\$9,532	\$9,016
Shared-Ride Lottery	\$641,130	\$691,691	\$652,152	\$699,662	\$640,472
PwD Reimbursement	\$47,449	\$47,000	\$54,420	\$76,303	\$106,432
PwD Passenger Fares	\$8,401	\$7,050	\$9,603	\$12,592	\$18,782
AAA	\$161,636	\$203,425	\$195,875	\$184,079	\$156,096
MH/MR	\$0	\$0	\$0	\$0	\$0
MATP	\$505,992	\$524,220	\$652,761	\$613,051	\$500,219
Other – Nursing Homes	\$0	\$0	\$0	\$0	\$4,115
Other – Misc	\$0	\$541	\$347	\$682	\$0
Subtotal	\$1,437,721	\$1,530,195	\$1,657,523	\$1,676,470	\$1,482,899
Subsidies					
1 Federal Operating Grant	\$40,542	\$54,216	\$62,960	\$56,903	\$51,126
2 Act 44 (1513) State Prior Year	\$0	\$0	\$0	\$0	\$0
3 Act 44 (1513) State Current Year	\$100,000	\$100,000	\$0	\$0	\$0
Subtotal	\$140,542	\$154,216	\$62,960	\$56,903	\$51,126
Total Funding	\$1,578,263	\$1,684,411	\$1,720,483	\$1,733,373	\$1,534,025

*FYE 2020 values were unaudited at the time of this report.

Source: PennDOT dotGrants Reporting System

Exhibit 17: Paratransit Operating Statistics

Operating Category	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020*
Paratransit Operating Statistics					
Total Paratransit Trips	84,395	84,844	88,020	88,244	76,676
Total Miles	560,810	660,164	732,251	741,629	646,141
Total Hours	40,956	37,693	N/A	38,466	34,090
VOMS	21	22	22	22	24

*FYE 2020 values were unaudited at the time of this report.

Source: PennDOT dotGrants Reporting System

⁵ MCRCOG's certified audit reports federal operating grants as ADA passenger fares, which overstates total paratransit revenue compared to values reported in dotGrants.

BALANCE SHEET FINDINGS

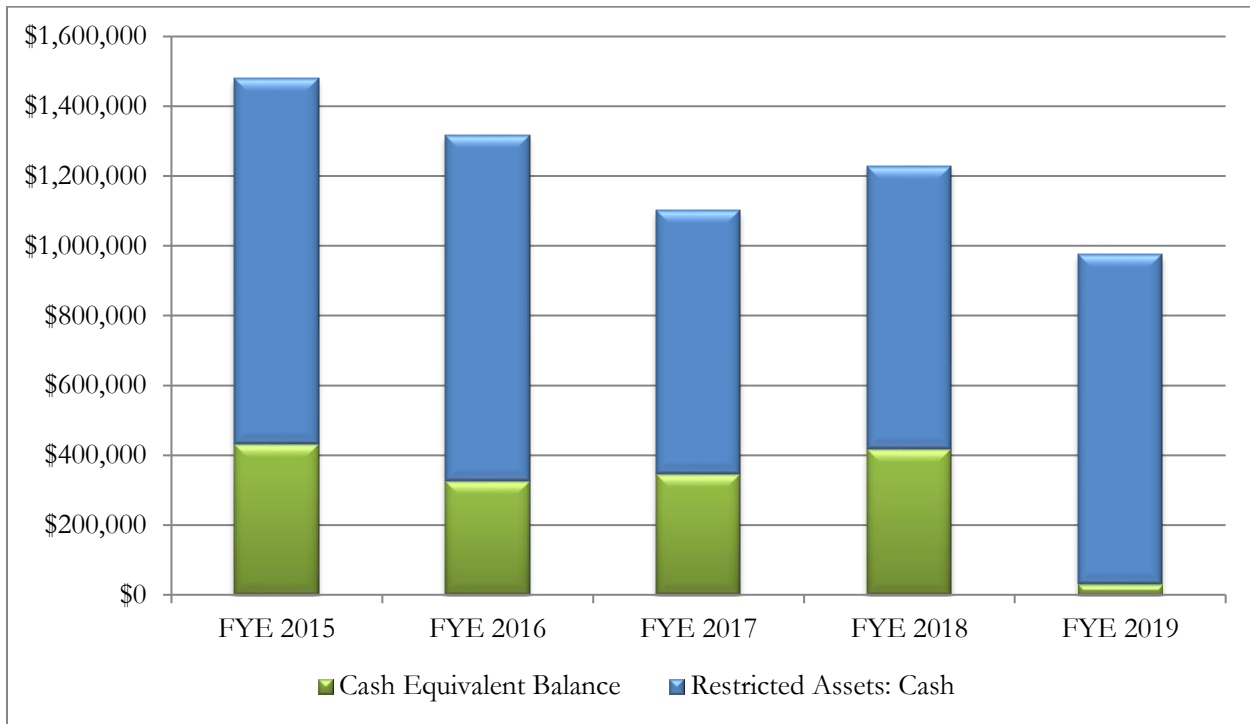
MCRCOG conducts an audit of government activities, which include funds restricted for SVSS and MCCT. Balance sheet findings from the consolidated audit indicate that MCRCOG decreased available cash on hand combined for SVSS and MCCT activity funds between FYE 2015 and FYE 2019 (**Exhibit 18** and **Exhibit 19**). The net current cash equivalent balance of \$975,001 was equal to 36.1 percent of total public transportation operating costs as of FYE 2019. The FYE 2019 audit reported \$18,923 in accounts payable at fiscal year-end.

MCRCOG's current reporting practices make it challenging to interpret inter-fund transfers and the source of funds transferred between transportation activities and reserve accounts. As a result, MCRCOG's public transportation operations' net position remains unclear based on how MCRCOG classifies its SVSS and MCCT operating and reserve accounts for public transportation and funds transfer between accounts.

Exhibit 18: SVSS and MCCT Activity Fund Balance Sheet Summary (FYE 2015–FYE 2019)

Balance Sheet Report	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Current Assets					
Cash Equivalent Balance	\$430,751	\$326,000	\$344,849	\$417,129	\$29,675
Grants Receivable (including capital)	\$54,550	\$0	\$0	\$0	\$0
Restricted Assets: Cash	\$1,049,219	\$990,052	\$756,004	\$811,704	\$945,326
Prepaid Expenses	\$21,255	\$17,115	\$25,888	\$22,419	\$25,427
Current Liabilities					
Accounts Payable (including capital)	\$79,255	\$78,392	\$79,617	\$85,249	\$18,923
Accrued Expenses	\$33,259	\$41,254	\$43,790	\$46,575	\$29,183
Deferred Revenue	\$1,069,722	\$1,355,459	\$128,086	\$200,602	\$205,671
Line of Credit	\$0	\$0	\$0	\$0	\$0
Total Operating Expense	\$2,532,555	\$2,390,022	\$2,461,607	\$2,671,577	\$2,701,354
Cash Equivalent Balance + Restricted Cash / Total Public Transportation Operating Expenses	58.4%	55.1%	44.7%	46.0%	36.1%
Line of Credit / Annual Payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets	\$1,555,775	\$1,333,167	\$1,126,741	\$1,251,252	\$1,000,428
Current Liabilities	\$1,182,236	\$1,475,105	\$251,493	\$332,426	\$253,777
Net Current Assets	\$373,539	-\$141,938	\$875,248	\$918,826	\$746,651

Source: Annual Audit Reports and dotGrants

Exhibit 19: End-of-Year Cash Balance (FYE 2015–FYE 2019)

ASSESSMENT

MCRCOG's public transportation program currently has a balanced operating budget. A review of FYE 2019 audit reports revealed the misreporting of ADA federal subsidies as fare revenue, misreporting of operating revenue as capital reserves, and misreporting carryover subsidies as unrestricted funds. The net cash equivalent balance has decreased since 2015. Noteworthy elements of the public transportation program's financial condition as of FYE 2019 are:

- MCRCOG maintains separate accounts for SVSS and MCCT operational activities and SVSS and MCCT reserves. MCRCOG reported \$281,500 in total public transportation reserves.
- Reported public transportation reserves were equal to 10.4 percent of total public transportation operational funding.
- MCRCOG reported a cash balance of available and restricted cash equal to 36.1 percent of total annual public transportation operating expenses.
- Current assets exceeded current liabilities.
- MCRCOG allocates operating income from rents to SVSS reserve accounts.
- SVSS had a 4.7 percent fixed-route farebox recovery ratio, well below industry standards for a small urban system.
- MCRCOG's practice of reporting audit results by operating fund (i.e., SVSS and MCCT) makes it difficult to interpret the net position for public transportation activities comprehensively.

Based on financial misreporting and MCRGOG's inability to provide AP/AR reports for review, a thorough review of MCRCOG's financial practices by PennDOT is warranted. In particular, a detailed

assessment of the sources and uses of funds in all reserve accounts will help accurately determine actual 1513 carryover balances and eligible uses of any remaining funds.

Management should continue to take appropriate actions to manage costs (i.e., containing cost growth within 3.0 percent annually), achieve farebox recovery goals, and maintain cash reserves to preserve and improve the public transportation program's overall financial health. MCRCOG should take additional steps to diversify income streams for SVSS to ensure fixed-route revenues keep pace with annual increases in operating costs.

APPENDIX A: DATA ADJUSTMENTS

The following table details adjustments made to resolve minor discrepancies in operating figures reported to NTD and dotGrants, and adjustments to reconcile revenue from rental income not reported to NTD.

Fixed-Route Operating Revenue	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
dotGrants reported revenue	\$94,700	\$117,730	\$97,838	\$87,555	\$51,416
NTD reported revenue	\$103,116	\$62,530	\$56,861	\$54,940	\$49,526
Reconciliation adjustment	-\$8,416	\$55,200	\$40,977	\$32,615	\$1,890
Adjusted operating revenue	\$94,700	\$117,730	\$97,838	\$87,555	\$51,416

Fixed-Route Operating Costs	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
dotGrants reported operating costs	\$1,060,811	\$1,047,561	\$964,840	\$825,831	\$1,019,084
NTD reported operating costs	\$1,060,017	\$1,041,173	\$990,691	\$802,324	\$942,335
Reconciliation adjustment	\$794	\$6,388	-\$25,851	\$23,507	\$76,749
Adjusted operating costs	\$1,060,811	\$1,047,561	\$964,840	\$825,831	\$1,019,084

The following Act 44 performance metrics were calculated for SVSS.

Act 44 Performance Metrics	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Passengers/RVH	9.74	7.34	7.28	6.38	6.73
Revenue/RVH	\$8.36	\$9.83	\$8.63	\$7.46	\$4.19
Operating Cost/RVH	\$93.64	\$87.45	\$85.12	\$70.34	\$83.00
Operating Cost/Passenger	\$9.62	\$11.92	\$11.70	\$11.03	\$12.34

APPENDIX B: 2015 PERFORMANCE REVIEW ACTION PLAN ASSESSMENT

Last Updated in 2018

Category	Suggested Action	Progress	Status
1. Ridership	Initiate a TDP to reflect changing demographics.	MCRCOG planned to work with a consultant to develop a TDP.	Incomplete
2. Revenue	Include a technical analysis prior to fare increases.	Adopted at the 2016 Board meeting.	Completed in 2016
2. Revenue	Develop a fare policy that keeps pace with inflation and maintains a satisfactory farebox recovery.	Management developed an SVSS Fare Policy that evaluates the base fare every two years against the Consumer Price Index, and also evaluates the fare structure based on budgetary and operational needs.	Completed in 2016
2. Revenue	Explore opportunities for advertising.	Staff continues to promote SVSS at key functions and events. MCRCOG will explore local media sources for advertising on TV, radio, and local newspapers.	Ongoing

Category	Suggested Action	Progress	Status
3. Operating Cost	Coordinate with PennDOT for a financial review of fixed-route and shared-ride programs to determine true program cost.	MCRCOG implemented a cost allocation plan in FY 2016-17. Staff monitor costs yearly and adjust accordingly.	Completed in 2018
3. Operating Cost	Address unaccounted audit findings.	MCRCOG moved to a modified accrual basis. Management closed dormant bank accounts.	Completed in 2018
4. Other	Perform policy GAP analysis to determine formal policy needs.	Staff were to perform a GAP analysis and determined formal policy needs as part of the TDP process. However, no progress has been made on developing a TDP as of the 2020 performance review.	Incomplete
4. Other	Establish a formal annual performance review process for the Executive Director.	Following the retirement of the previous Executive Director, the Board began developing a formal annual review for the Executive Director.	Ongoing
4. Other	Develop performance targets for all key agency functions.	Management indicated that performance targets would derive from the TDP. However, no progress has been made on developing a TDP as of the 2020 performance review.	Incomplete
4. Other	Complete PennTRAIN Board training	MCRCOG recruited Board representatives from the six SVSS sponsor communities and completed training modules as part of Board meetings.	Completed in 2018

Category	Suggested Action	Progress	Status
4. Other	Determine the legal separation between transit operations and other functions of MCRCOG.	Deferred to COG solicitor for an opinion.	In Process as of 2017
4. Other	Assess if funds dedicated to transit are at risk from litigation against MCRCOG from non-transit functions.	Recreational activities are insured by local municipalities.	Ongoing
4. Other	Adopt a quality control policy and develop a quality control program for data collection.	MCRCOG developed a Quality Control and Data Verification protocol that uses AVAIL for tracking and recording data for efficiency and compliance. This protocol assigns roles and responsibilities for drivers, mechanics, administration, management, and the Board.	Completed in 2017
4. Other	Adopt a formal emergency drill protocol.	Adopted at the November 2016 Board meeting.	Completed in 2016
4. Other	Adopt a formal accident reduction plan.	Adopted at the November 2016 Board meeting.	Completed in 2016

APPENDIX C: PEER COMPARISONS

Comparison of SVSS with the selected peer systems was completed using NTD-reported data and PennDOT dotGrants legacy statistics. Due to its consistency and availability for comparable systems, the NTD FYE 2018 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 variables used in the calculations are defined 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 by mode for both directly operated and purchased transportation
- Average: Un-weighted linear average of all values being measured across all peer transit agencies
- Standard Deviation: Standard deviation of all values being measured across all peer transit agencies

Act 44 stipulates that metrics be designated as either "In Compliance" or "At Risk." The following criteria are used to make the determination:

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

Passengers / Revenue Vehicle-Hour

Passengers / Revenue-Hour (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 13	2013 Value	Annual Rate	Rank of 13
Warren County Transit Authority	6.20	10	7.14	-2.78%	6
Mid-County Transit Authority	4.68	11	4.63	0.18%	3
City of Delano	8.98	5	13.64	-8.02%	11
Medina County Public Transit	3.20	12	4.45	-6.34%	10
Henderson County/ Apple Country Public Transit	8.29	6	10.38	-4.41%	7
Pine Bluff Transit	6.85	8	7.40	-1.53%	5
City of Winchester	9.46	4	8.57	1.99%	1
City of Middletown - Middletown Transit System	10.16	3	10.70	-1.03%	4
Franklin Transit Authority	3.03	13	3.99	-5.39%	9
Ashland Bus System	10.49	1	10.16	0.64%	2
Henderson Area Rapid Transit	10.36	2	13.28	-4.85%	8
Bettendorf Transit System	6.99	7	11.08	-8.80%	12
Shenango Valley Shuttle Service	6.73	9	12.38	-11.48%	13
<i>Average</i>	<i>7.34</i>		<i>9.06</i>	<i>-3.99%</i>	
<i>Standard Deviation</i>	<i>2.58</i>		<i>3.33</i>	<i>4.03%</i>	
<i>Average – 1 Standard Deviation</i>	<i>4.76</i>		<i>5.74</i>	<i>-8.01%</i>	
<i>Average + 1 Standard Deviation</i>	<i>9.92</i>		<i>12.39</i>	<i>0.04%</i>	
Act 44 Compliance Determination	In Compliance		At Risk		
Compared to the Peer Group Average	Worse		Worse		

Operating Cost / Revenue Vehicle-Hour

Operating Cost / Revenue-Hour (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 13	2013 Value	Annual Rate	Rank of 13
Warren County Transit Authority	\$72.51	6	\$77.78	-1.39%	7
Mid-County Transit Authority	\$73.73	7	\$60.03	4.20%	9
City of Delano	\$91.91	13	\$72.90	4.74%	11
Medina County Public Transit	\$52.59	1	\$64.15	-3.90%	3
Henderson County/ Apple Country Public Transit	\$82.21	9	\$56.22	7.89%	13
Pine Bluff Transit	\$81.19	8	\$95.67	-3.23%	5
City of Winchester	\$59.18	3	\$57.77	0.48%	8
City of Middletown - Middletown Transit System	\$61.74	4	\$71.76	-2.96%	6
Franklin Transit Authority	\$58.56	2	\$43.11	6.32%	12
Ashland Bus System	\$68.35	5	\$99.70	-7.27%	1
Henderson Area Rapid Transit	\$87.27	12	\$116.13	-5.55%	2
Bettendorf Transit System	\$87.10	11	\$69.30	4.68%	10
Shenango Valley Shuttle Service	\$83.00	10	\$100.25	-3.71%	4
<i>Average</i>	\$73.79		\$75.75	0.02%	
<i>Standard Deviation</i>	\$12.81		\$21.26	4.99%	
<i>Average – 1 Standard Deviation</i>	\$60.99		\$54.49	-4.96%	
<i>Average + 1 Standard Deviation</i>	\$86.60		\$97.01	5.01%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

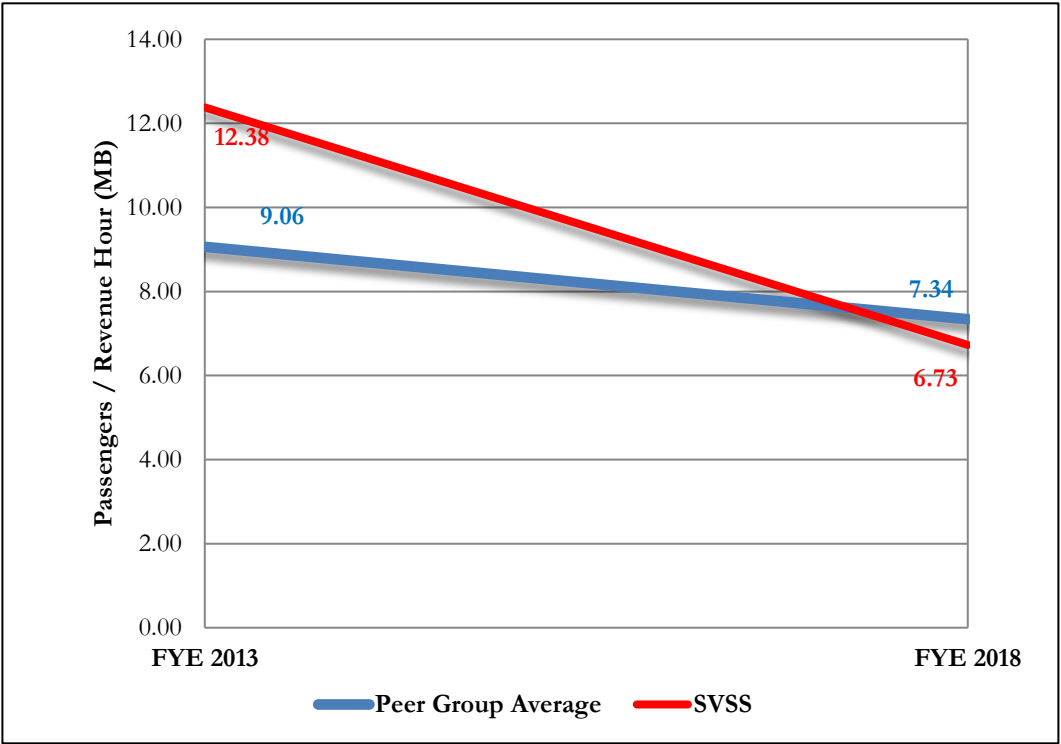
Operating Revenue / Revenue Vehicle-Hour

Operating Revenue / Revenue-Hour (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 13	2013 Value	Annual Rate	Rank of 13
Warren County Transit Authority	\$5.41	4	\$5.15	1.01%	5
Mid-County Transit Authority	\$4.68	6	\$3.80	4.28%	3
City of Delano	\$6.95	3	\$6.21	2.26%	4
Medina County Public Transit	\$5.03	5	\$4.96	0.26%	7
Henderson County/ Apple Country Public Transit	\$2.87	12	\$4.17	-7.20%	10
Pine Bluff Transit	\$4.46	7	\$4.33	0.60%	6
City of Winchester	\$7.99	2	\$6.30	4.88%	2
City of Middletown - Middletown Transit System	\$9.40	1	\$11.47	-3.90%	9
Franklin Transit Authority	\$3.45	11	\$1.81	13.72%	1
Ashland Bus System	\$4.10	9	\$9.07	-14.66%	13
Henderson Area Rapid Transit	\$2.10	13	\$2.15	-0.41%	8
Bettendorf Transit System	\$3.79	10	\$7.06	-11.69%	12
Shenango Valley Shuttle Service	\$4.19	8	\$6.93	-9.59%	11
<i>Average</i>	\$4.96		\$5.65	-1.57%	
<i>Standard Deviation</i>	\$2.06		\$2.66	7.72%	
<i>Average – 1 Standard Deviation</i>	\$2.90		\$2.99	-9.30%	
<i>Average + 1 Standard Deviation</i>	\$7.02		\$8.31	6.15%	
Act 44 Compliance Determination	In Compliance		At Risk		
Compared to the Peer Group Average	Worse		Worse		

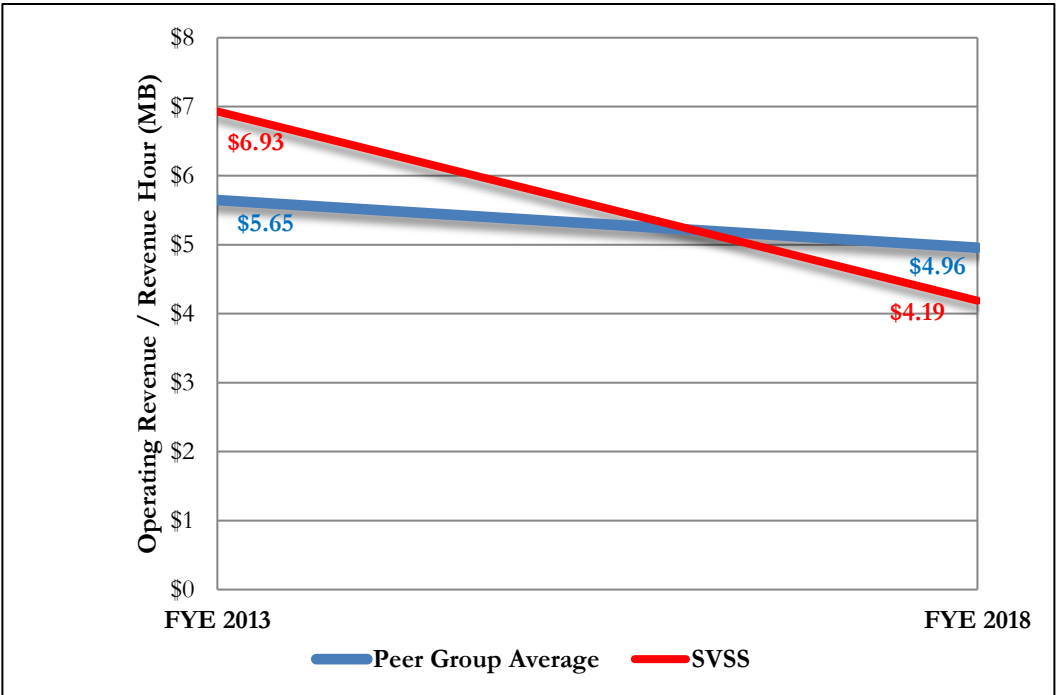
Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 13	2013 Value	Annual Rate	Rank of 13
Warren County Transit Authority	\$11.69	7	\$10.89	1.43%	6
Mid-County Transit Authority	\$15.77	11	\$12.95	4.01%	8
City of Delano	\$10.23	6	\$5.34	13.88%	12
Medina County Public Transit	\$16.41	12	\$14.43	2.61%	7
Henderson County/ Apple Country Public Transit	\$9.92	5	\$5.42	12.87%	11
Pine Bluff Transit	\$11.86	8	\$12.93	-1.72%	3
City of Winchester	\$6.26	2	\$6.74	-1.47%	4
City of Middletown - Middletown Transit System	\$6.08	1	\$6.70	-1.95%	2
Franklin Transit Authority	\$19.35	13	\$10.80	12.37%	10
Ashland Bus System	\$6.52	3	\$9.82	-7.87%	1
Henderson Area Rapid Transit	\$8.42	4	\$8.74	-0.74%	5
Bettendorf Transit System	\$12.45	10	\$6.25	14.77%	13
Shenango Valley Shuttle Service	\$12.34	9	\$8.10	8.79%	9
<i>Average</i>		<i>\$11.33</i>	<i>\$9.16</i>	<i>4.38%</i>	
<i>Standard Deviation</i>		<i>\$4.09</i>	<i>\$3.06</i>	<i>7.38%</i>	
<i>Average – 1 Standard Deviation</i>		<i>\$7.24</i>	<i>\$6.10</i>	<i>-3.00%</i>	
<i>Average + 1 Standard Deviation</i>		<i>\$15.42</i>	<i>\$12.23</i>	<i>11.76%</i>	
Act 44 Compliance Determination		In Compliance		In Compliance	
Compared to the Peer Group Average		Worse		Worse	

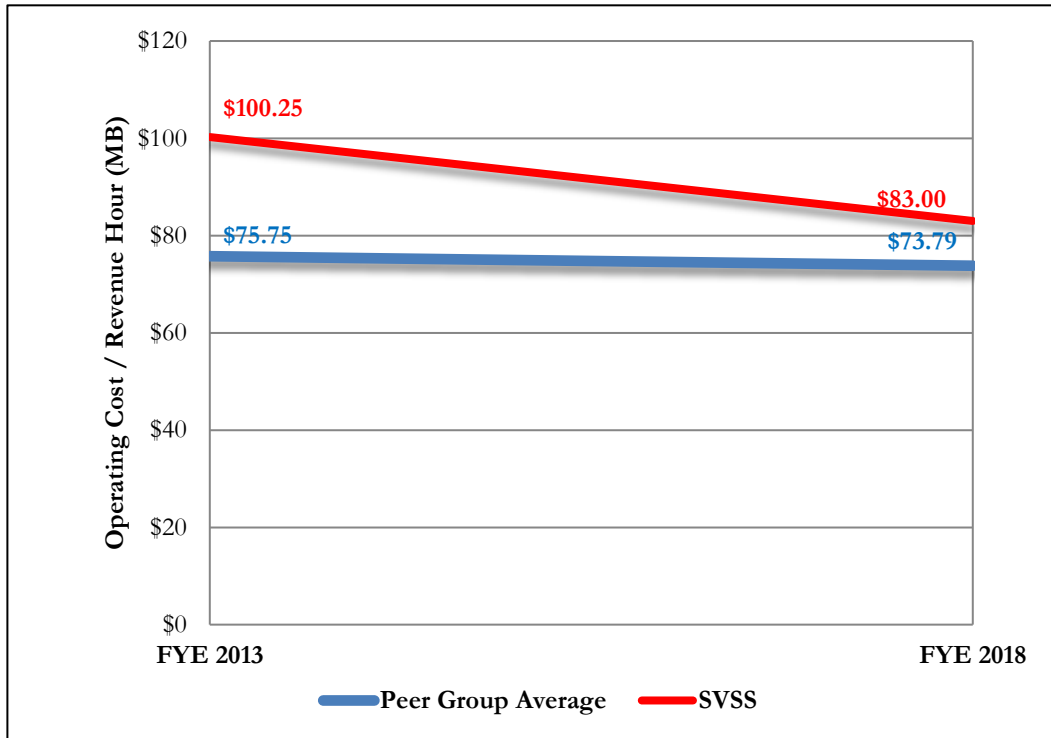
Trend – Passengers / Revenue Vehicle-Hour (FYE 2013–FYE 2018)



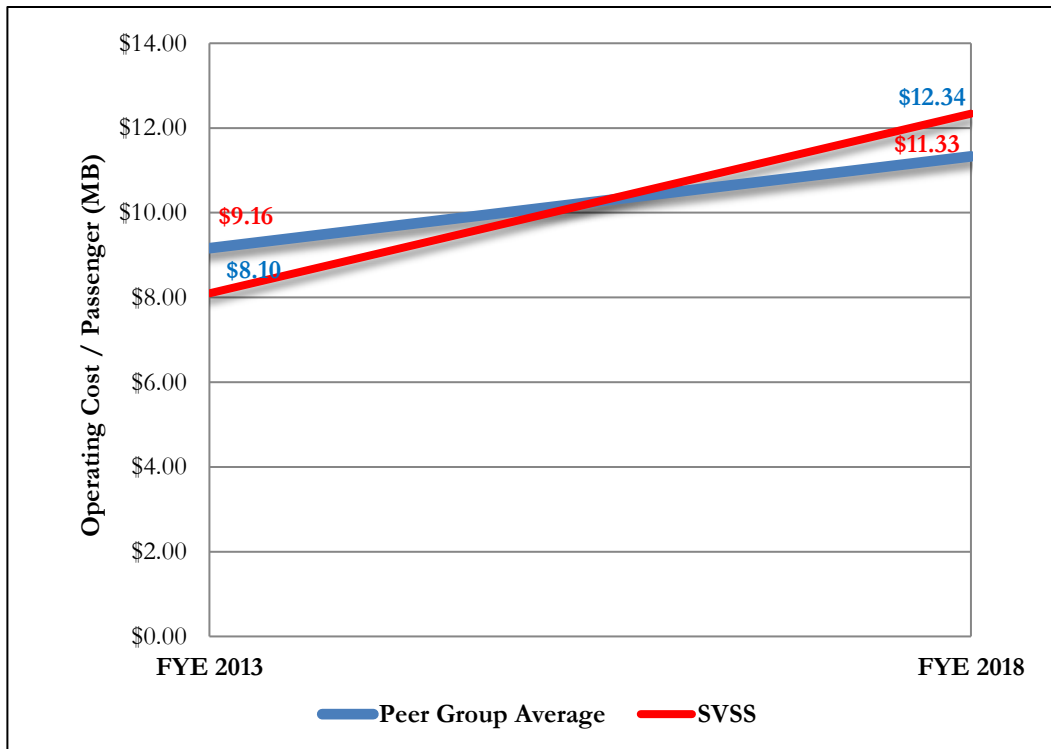
Trend – Operating Revenue / Revenue Vehicle-Hour (FYE 2013–FYE 2018)



Trend – Operating Cost / Revenue Vehicle-Hour (FYE 2013–FYE 2018)



Trend – Operating Cost / Passenger (FYE 2013–FYE 2018)



APPENDIX D: ACTION PLAN TEMPLATE

PART 1 – ACTIONS TO INCREASE PASSENGERS / REVENUE-HOUR

Recommendation From narrative starting on page 10	SVSS Action	Estimated Initiation Date	Estimated Completion Date
1. Collaborate with the Board to develop a strategic plan that: <ol style="list-style-type: none"> a. Defines the mission and vision statements of MCRCOG; b. Establishes goals for COG activities (e.g., transit, recreation, support services, etc.); c. Sets strategic objectives with implementable actions; and d. Includes measures of performance to report on success between periodic plan updates. Furthermore, report periodic progress to the Board on the strategic plan implementation.			
2. Include a Transit Development Plan (TDP) element as part of the strategic planning process.			
3. Conduct a new CSS to understand rider preferences and obtain origin and destination information.			
4. Explore cost-effective alternative service models compared to traditional fixed-route bus to increase overall SVSS ridership from Mercer County.			
5. Develop a marketing plan that includes: <ol style="list-style-type: none"> a. Marketing focus by mode (i.e., SVSS and MCCT); b. Goals (i.e., raise awareness, increase ridership, increase social media engagement, etc.); c. Objectives (e.g., measures from marketing activities such as the number of website hits, shared-ride sign-ups, a target number of Big 40 passes sold, etc.); 			

<ul style="list-style-type: none"> d. Activities by medium and cost (i.e., radio, mail, digital advertisements, etc.); and e. Performance measures such as percentage of Big 40 passes sold compared to the previous year, the number of shared-ride sign-ups compared to the preceding years, social media impressions, etc. 			
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PART 2 – ACTIONS TO INCREASE OPERATING REVENUE / REVENUE-HOUR

Recommendation From narrative starting on page 11	SVSS Action	Estimated Initiation Date	Estimated Completion Date
1. Report rental income from FTA-funded properties as operating revenue per FTA Circular 9030.1E and PennDOT financial reporting requirements.			
2. Continue to market Big 40 passes with existing organization customers and formalize these relationships into revenue agreements for guaranteed fixed-route income.			
3. Explore opportunities to generate revenue from advertising on SVSS vehicles.			

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

Recommendation From narrative starting on page 12	SVSS Action	Estimated Initiation Date	Estimated Completion Date
1. None.			

PART 4 – OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE

Recommendation From narrative starting on page 12	SVSS Action	Estimated Initiation Date	Estimated Completion Date
1. Pursue interlocal agreement to officially become the sub-recipient of the apportioned FTA 5307 urbanized formula funds.			
2. Amend bylaws to include Board subcommittees to provide more detail-oriented oversight of specific functions critical to the success of public transportation.			

