



TAWC System Performance Review

January 8, 2021

Performance Report

Transit Authority of Warren County d.b.a., TAWC

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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 Spring 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 pandemic 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	Warren County Transit Authority (d.b.a. TAWC)		
Year Founded	1980		
Reporting Fiscal Year End (FYE)	2020		
Service Area (square miles)	899		
Service-Area Population	39,659		
Annual Operating Statistics*	Fixed-Route	Paratransit (ADA + Shared Ride)	Total (Fixed-Route + Paratransit)
Vehicles in Maximum Service (VOMS)	3	8	11
Operating Cost	\$756,112	\$670,581	\$1,426,693
Operating Revenues	\$44,233	\$509,746	\$553,979
Operating Subsidies	\$711,879	\$160,835	\$872,714
Total (Actual) Vehicle-Miles	189,208	239,572	428,780
Revenue Miles of Service (RVM)	188,744	N/A	N/A
Total Vehicle-Hours	10,419	14,850	25,269
Revenue Vehicle-Hours (RVH)	10,319	N/A	N/A
Total Passenger Trips	59,850	27,021	86,871
Senior Passenger (Lottery) Trips	11,027	18,652	29,679
Act 44 Performance Statistics			
Passengers / RVH	5.80	N/A	N/A
Operating Cost / RVH	\$73.27	N/A	N/A
Operating Revenue / RVH	\$4.29	N/A	N/A
Operating Cost / Passenger	\$12.63	\$24.82	\$16.42
Other Performance Statistics			
Operating Revenue / Operating Cost	5.85%	76.02%	38.83%
Operating Cost / Total Vehicle-Hours	\$72.57	\$45.16	\$56.46
Operating Cost / Total Vehicle-Miles	\$4.00	\$2.80	\$3.33
Total Passengers / Total Vehicle-Hours	5.74	1.82	3.44
Operating Cost / RVM	\$4.01	N/A	N/A
RVM / Total Vehicle-Miles	99.75%	N/A	N/A
RVH / Total Vehicle-Hours	99.04%	N/A	N/A
Operating Subsidy / Passenger Trip	\$11.89	\$5.95	\$10.05

*Source: dotGrants 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/or 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 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:

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

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

PennDOT conducted a transit performance review for TAWC in June 2015. Based on that review, PennDOT developed a performance report in 2016 that established five-year performance targets and agreed to TAWC's Action Plan to meet those targets. In October 2020, PennDOT reassessed TAWC to determine whether TAWC met its targets and what actions were taken to improve the agency's performance and management practices to maximize the return on investment of Commonwealth funding. This report summarizes PennDOT's findings.

IMPORTANT CHANGES SINCE THE 2015 PERFORMANCE REVIEW

The following changes and other factors impacted operations, finance, and statistical reporting at TAWC, as well as the performance targets established in 2015:

1. **Reduced Rental Income** – In FYE 2015 through FYE 2017, TAWC received \$20,000 in rental income from space on the second floor of its transit center leased to the Allegheny Community Center (ACC). Rental income contributed to 31 percent of TAWC's total fixed-route operating revenue in FYE 2017. However, in FYE 2018, ACC faced budget constraints and signed a new lease for a smaller square footage. TAWC's rental income decreased by 75 percent. TAWC has since signed new leases with other human service agencies and organizations to fill the space vacated by ACC, but rental income is still not at FYE 2015 to FYE 2017 levels. TAWC received \$11,238 in total rental revenue in FYE 2019—56 percent of the total rent received each year from FYE 2015 through FYE 2017.
2. **Appropriately Allocating Utilities** – TAWC has taken steps to improve how the authority allocates utility expenses for its geothermal heating system between TAWC and its tenants, as well as how shared expenses are allocated between TAWC's fixed-route and demand-response programs. In previous years, TAWC incurred the total utility costs for the transit center despite occupying only the building's ground level. Since 2018, TAWC has included a provision in its leases that assigns a percentage of utility costs to tenants based on square footage, which has reduced TAWC's net utility expenses.

2015 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2015 performance review compared TAWC with a group of peer agencies based on the four performance criteria required by Act 44. TAWC was found to be "In Compliance" with six performance criteria and "At Risk" for the five-year trend period determination for the operating revenue per revenue-hour and for the operating cost per passenger for the single-year FYE 2013 period. TAWC performed better than the peer group for the five-year trend period determinations for passengers per revenue-hour and operating revenue per revenue-hour but worse in all other metrics.

Performance Criteria	FYE*	Determination	Rank (of 9)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2013	In Compliance	6	Worse	7.14	8.99
	Trend	In Compliance	2	Better	3.31%	-0.53%
Operating Cost / Revenue-Hour	2013	In Compliance	7	Worse	\$77.78	\$66.26
	Trend	At Risk	9	Worse	6.90%	1.59%
Operating Revenue / Revenue-Hour	2013	In Compliance	7	Worse	\$5.15	\$7.67
	Trend	In Compliance	2	Better	8.71%	5.41%
Operating Cost / Passenger	2013	At Risk	8	Worse	\$10.89	\$8.11
	Trend	In Compliance	5	Worse	3.47%	2.30%

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

TAWC developed an Action Plan to address opportunities for improvement identified in the 2016 performance review report. Among the efforts TAWC undertook to improve its performance were:

1. Including a provision for utility payments as part of leasing contracts with transit center tenants.
2. Developing a formal cost allocation methodology for direct and indirect costs between fixed-route and shared-ride programs.
3. Developing a preventative maintenance policy to ensure the fleet's state of good repair.

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

- Increase passengers per revenue vehicle-hour annually by 1.0 percent;
- Contain yearly increases in operating costs per revenue vehicle-hour by 3.0 percent;
- Increase annual operating revenue per revenue vehicle-hour by 1.0 percent; and
- Restrict growth in the share of operating costs per passenger by 2.0 percent per year.

The following performance targets were established using the most accurate data available at the time.

Performance Criteria	2019 Target	2019 Actual	Met Target
Passengers / Revenue Vehicle-Hour	7.10	6.31	No
Operating Cost / Revenue Vehicle-Hour	\$88.22	\$71.59	Yes
Operating Revenue / Revenue Vehicle-Hour	\$5.39	\$4.73	No
Operating Cost / Passenger	\$12.44	\$11.34	Yes

TAWC worked to meet its performance targets and implement actions listed in the 2016 Action Plan. These actions included appropriately allocating utilities to all tenants, ensuring vehicles are properly maintained, and creating new partnerships with human services organizations that would drive traffic to the authority and increase rental income. TAWC successfully met its performance targets for operating cost per revenue vehicle-hour and operating cost per passenger. Despite not meeting its passengers per revenue-hour target, TAWC ridership remained relatively stable with an average of about six passengers per revenue vehicle-hour from FYE 2014 through FYE 2019. Although TAWC has found new tenants to increase lease revenue, the authority's supplemental rental income has not returned to FYE 2015–FYE 2017 levels. Management should continue seeking opportunities to expand ridership, increase revenue, and control operating costs.

2020 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2020 performance review compared TAWC with a group of peer agencies based on the four Act 44 performance criteria. TAWC was "In Compliance" with eight performance measures and "At Risk" for none.

Performance Criteria	FYE	Determination	Rank (of 11)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2018	In Compliance	9	Worse	6.20	7.85
	Trend	In Compliance	5	Better	-2.78%	-3.63%
Operating Cost / Revenue-Hour	2018	In Compliance	4	Better	\$72.51	\$75.00
	Trend	In Compliance	4	Better	-1.39%	0.33%
Operating Revenue / Revenue-Hour	2018	In Compliance	3	Better	\$4.94	\$4.75
	Trend	In Compliance	6	Better	-0.83%	-1.59%
Operating Cost / Passenger	2018	In Compliance	8	Worse	\$11.69	\$10.11
	Trend	In Compliance	5	Better	1.43%	4.29%

In 2020, TAWC performed better than the peer group for most metrics but worse for passengers per revenue-hour and operating cost per passenger for the single-year FYE 2018 period. TAWC sustained its passengers per revenue vehicle-hour since FYE 2013 and took steps to manage operating costs. As a result, TAWC brought its 2015 "At Risk" findings (operating cost per revenue vehicle-hour and operating cost per passenger) into compliance for the 2020 performance assessment.

The 2020 performance review also identified steps that TAWC should take to improve overall agency performance, including:

1. Develop a strategic plan that establishes a vision for transit in Warren County.
2. Create a dashboard report to brief Board members on operational performance.
3. Address prior audit findings and improve financial recordkeeping.

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 TAWC's Board-approved Action Plan.

2025 PERFORMANCE TARGETS

As required by Act 44, PennDOT and TAWC management developed new five-year performance targets. Performance targets are designed to be aggressive yet achievable. This performance report uses the last full audited financial year (i.e., FYE 2019) before the impacts of the COVID-19 pandemic for developing five-year performance targets. TAWC should work to achieve these targets, shown in the following table, to ensure continued eligibility for full Section 1513 funding over the next five years.

Performance Criteria	Fiscal Year			Target Annual Increase
	2019 Actual	2020 Actual	2025 Target	
Passengers / Revenue Vehicle-Hour	6.31	5.80	6.51	0.5%
Operating Cost / Revenue Vehicle-Hour	\$71.59	\$73.27	\$85.48	3.0%
Operating Revenue / Revenue Vehicle-Hour	\$4.73	\$4.29	\$5.65	3.0%
Operating Cost / Passenger	\$11.34	\$12.63	\$13.15	2.5%

FINANCIAL REVIEW

TAWC currently has a balanced operating budget. The total operating budget has been between \$1.3 million and \$1.4 million during the last five years. TAWC's restricted cash balance decreased since FYE 2017. Essential elements of TAWC's financial condition as of FYE 2020 are:

- TAWC had \$0 in local and \$210,083 in state carryover funds.
- Combined carryover subsidies were equal to 14.7 percent of total operational funding, lower than the 25 percent target.
- The local match fund received was 100.0 percent of the required amount.
- TAWC had a balance of restricted cash equal to 20.4 percent of total annual operating expenses.
- Current assets exceeded current liabilities.
- TAWC had a \$300,000 revolving line of credit and no outstanding debt.
- Fixed-route direct passenger fares represented 4.9 percent of total operating funding.

Management should take appropriate actions to manage costs (i.e., containing cost growth within 3.0 percent annually), achieve farebox recovery goals, and improve cash reserves to improve TAWC's overall financial health. TAWC should work to build total carryover subsidies to a level of 25 percent of annual operating costs and address prior audit findings. Furthermore, TAWC should address material weaknesses in financial reporting as described in its FYE 2020 audit.

NEXT STEPS

TAWC'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. TAWC's management must report to the Board and PennDOT quarterly on progress toward accomplishing the Action Plan and meeting its performance targets.

INTRODUCTION

PURPOSE

Act 44 of 2007 addressed the dire financial needs of local public transportation organizations across 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/or 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:

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AGENCY DESCRIPTION

The Transit Authority of Warren County (d.b.a. TAWC) was established in 1979 and began providing public transportation service in 1980. TAWC operates rural fixed-route and demand-response service in Warren County, Pennsylvania, including the Medical Assistance Transportation Program (MATP) on behalf of Warren County. A nine-member Board of Directors appointed by the Warren County Board of Commissioners governs TAWC.

Currently, TAWC operates three weekday fixed routes, typically running between 4:30 a.m. and 7:00 p.m. On Saturdays, TAWC routes operate between 9:30 a.m. and 4:00 p.m. TAWC operates weekday shared-ride services throughout Warren County.

TAWC provided 59,850 fixed-route passenger trips in FYE 2019, with three vehicles operating in maximum service (VOMS). In March 2020, TAWC began to experience fixed-route ridership impacts due to COVID-19 ([Exhibit 1](#)), recording its lowest level of passenger trips in April 2020. By September 2020, TAWC's ridership had improved to nearly 78 percent of January 2020 levels.

[Exhibit 2](#) presents fixed-route bus statistics for TAWC. [Appendix A: Data Adjustments](#) on page 22 details minor data reconciliations between dotGrants and National Transit Database (NTD)-reported operating statistics for TAWC.

Exhibit 1: Monthly Total Fixed-Route Passenger Trips (January 2020–September 2020)

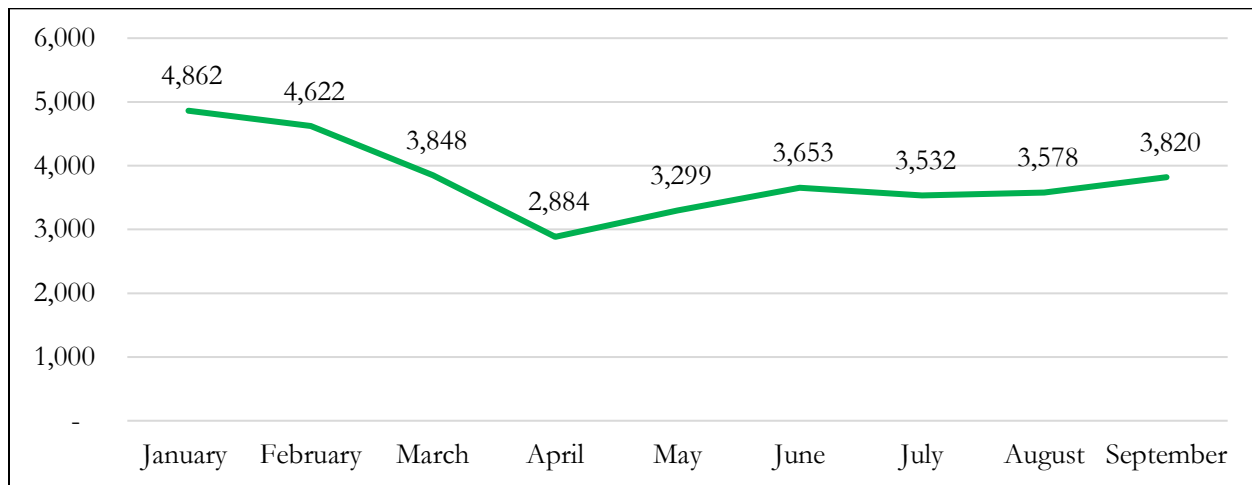
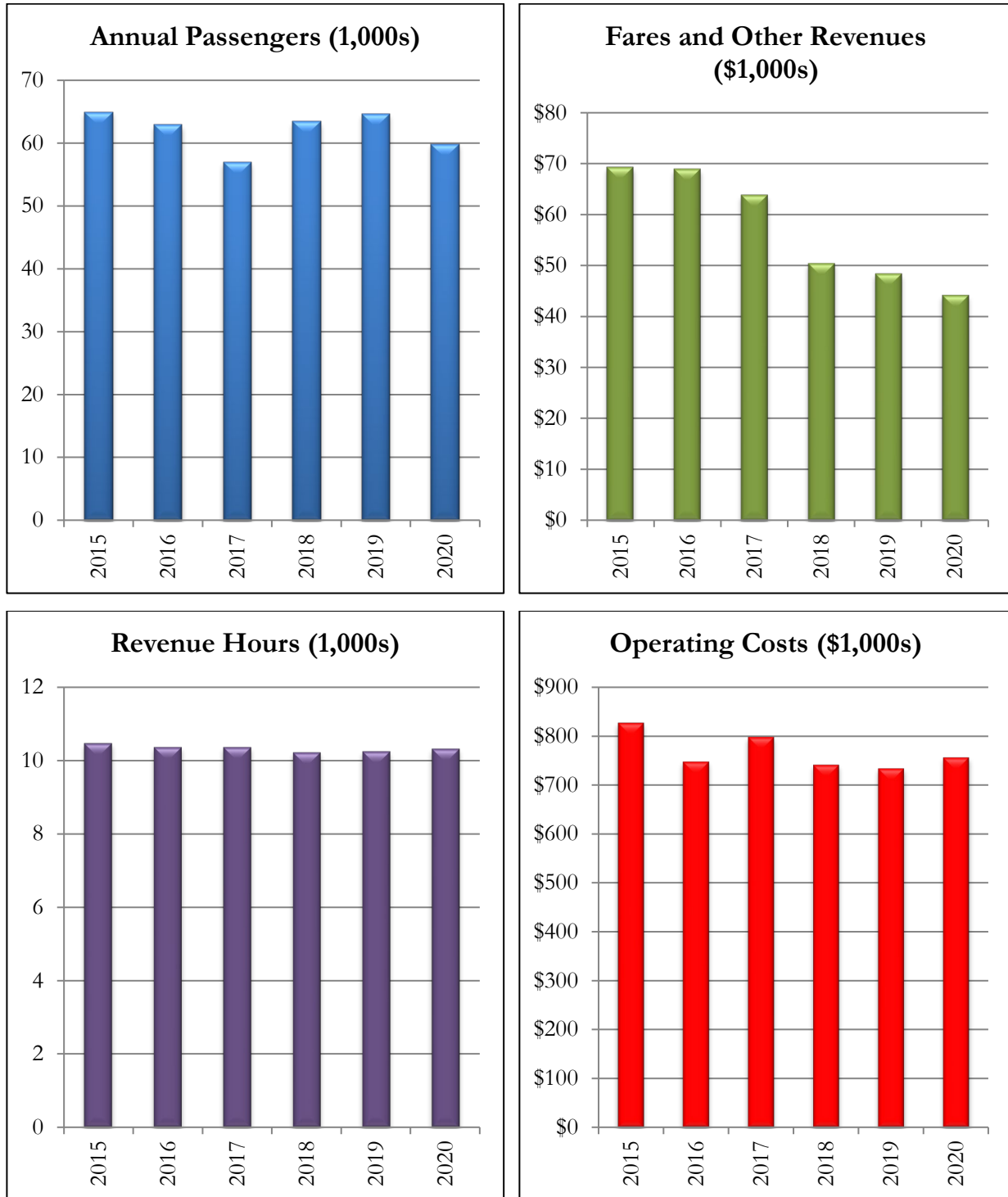


Exhibit 2: TAWC Fixed-Route Bus Service Annual Performance Trends (FYE 2015–FYE 2020)



Source: NTD and PennDOT legacy reporting system (dotGrants)

PERFORMANCE REVIEW PROCESS

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

1. Notify TAWC 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 (TAWC and PennDOT).
4. Review the most recent customer satisfaction survey (CSS).
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 (TAWC).
13. Provide technical assistance, if required, to help meet five-year performance targets.

These steps in the performance review process assess TAWC'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

TAWC conducted a customer satisfaction survey (CSS) between April 30, 2018, and May 4, 2018. The CSS consisted of 15 questions that address customer satisfaction, rider characteristics, and service usage patterns. TAWC collected 136 responses, which was less than the target of 221 surveys. Based on survey results, TAWC has an estimated 170 to 310 unique riders. The survey's margin of error is 6.2 percent. Results from the survey show:

1. Ninety-nine (99) percent of respondents indicated they were "satisfied" or "very satisfied" with TAWC service.
2. Ninety-six (96) percent of respondents indicated they would continue to ride TAWC.
3. Ninety-four (94) percent of respondents indicated they would recommend TAWC to others.

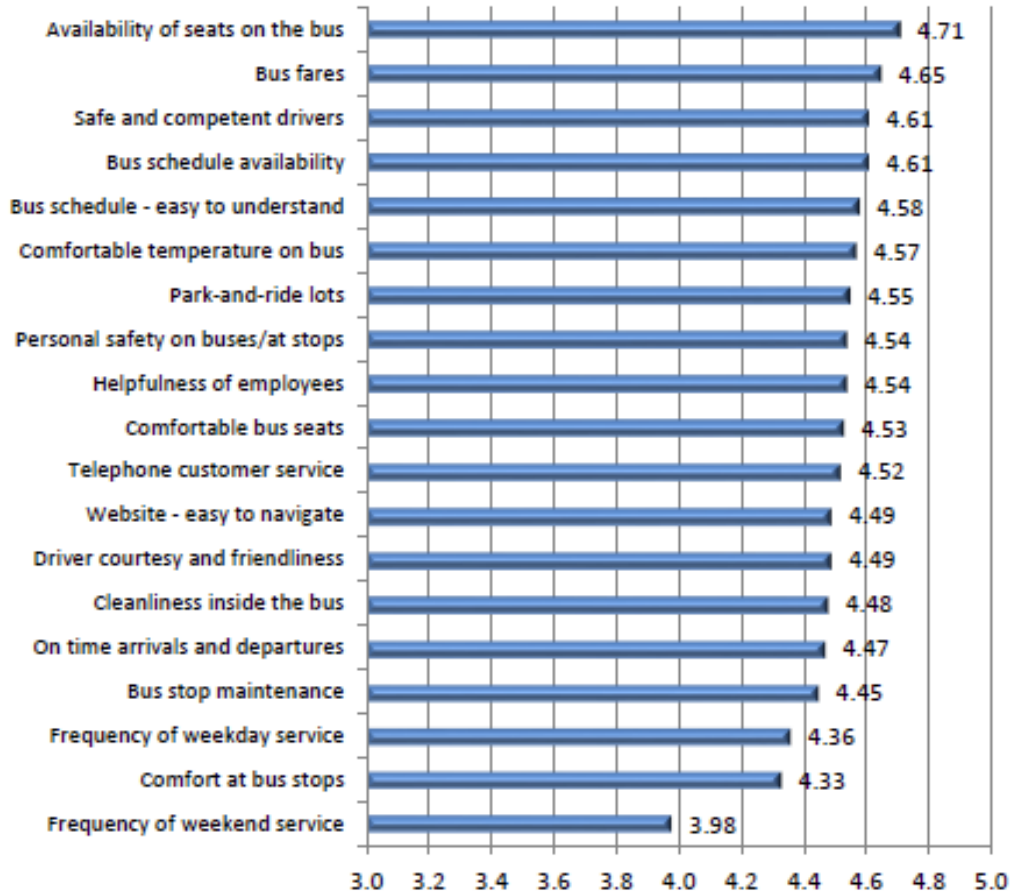
Riders rated a total of 19 performance measures addressing topics such as driver and staff performance, safety, capacity, frequency of service, schedule adherence, and clarity of bus schedules (**Exhibit 3**). The top-rated measures were:

1. Availability of seats on the bus.
2. Reasonable bus fares.
3. Bus schedule availability.

Measures that received the lowest average scores were:

1. Frequency of weekend service.
2. Comfort at bus stops.
3. Frequency of weekday service.

Exhibit 3: Average Customer Satisfaction Score by Performance Measure



A total of 35 respondents (26 percent) provided feedback via the open-ended question on the survey. Themes included:

1. Reports of driver unfriendliness;
2. Requests for additional weekend service; and
3. Requests for extended hours of operation (i.e., earlier service or later service).

2015 ACT 44 PERFORMANCE ASSESSMENT

PRIOR REVIEW DETERMINATIONS AND FINDINGS

The 2015 performance review compared TAWC to a group of peer agencies based on the four performance criteria required by Act 44. TAWC was "In Compliance" with six performance criteria and "At Risk" for the five-year trend period determination for the operating revenue per revenue-hour and the operating cost per passenger for the single-year FYE 2013 period determination (**Exhibit 4**). TAWC performed better than the peer group for the five-year trend period determinations for passengers per revenue-hour and operating revenue per revenue-hour but worse in all other metrics.

Exhibit 4: Previous TAWC Performance Review Act 44 Comparison Summary

Performance Criteria	FYE*	Determination	Rank (of 9)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2013	In Compliance	6	Worse	7.14	8.99
	Trend	In Compliance	2	Better	3.31%	-0.53%
Operating Cost / Revenue-Hour	2013	In Compliance	7	Worse	\$77.78	\$66.26
	Trend	At Risk	9	Worse	6.90%	1.59%
Operating Revenue / Revenue-Hour	2013	In Compliance	7	Worse	\$5.15	\$7.67
	Trend	In Compliance	2	Better	8.71%	5.41%
Operating Cost / Passenger	2013	At Risk	8	Worse	\$10.89	\$8.11
	Trend	In Compliance	5	Worse	3.47%	2.30%

*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

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

1. Including a provision for utility payments as part of leasing contracts with transit center tenants.
2. Developing a formal cost allocation methodology for direct and indirect costs between fixed-route and shared-ride programs.
3. Developing a preventative maintenance policy to ensure the fleet's state of good repair.

The complete list of TAWC's previous Action Plan items and TAWC's progress in addressing previously identified opportunities for improvement is provided in **Appendix B: 2015 Performance Review Action Plan Assessment**.

The following performance targets were established with TAWC in 2015:

- Increase passengers per revenue vehicle-hour annually by 1.0 percent;
- Contain yearly increases in operating costs per revenue vehicle-hour by 3.0 percent;
- Increase annual operating revenue per revenue vehicle-hour by 1.0 percent; and
- Restrict growth in the share of operating costs per passenger by 2.0 percent per year.

As shown in **Exhibit 5**, TAWC met two of its four performance targets.

Exhibit 5: 2019 TAWC Performance Targets

Performance Criteria	2019 Target	2019 Actual	Met Target
Passengers / Revenue Vehicle-Hour	7.10	6.31	No
Operating Cost / Revenue Vehicle-Hour	\$88.22	\$71.59	Yes
Operating Revenue / Revenue Vehicle-Hour	\$5.39	\$4.73	No
Operating Cost / Passenger	\$12.44	\$11.34	Yes

ASSESSMENT

Since the 2016 performance report was finalized, TAWC worked to address its performance targets and implement the actions listed in the 2016 Action Plan as described above. The following changes and other factors impacted operations, finance, and statistical reporting at TAWC, hindering TAWC's ability to achieve the performance targets established in 2015.

1. **Reduced Rental Income** – In FYE 2015 through FYE 2017, TAWC received \$20,000 in rental income from space on the second floor of its transit center leased to the Allegheny Community Center (ACC). Rental income contributed to 31 percent of TAWC's total fixed-route operating revenue in FYE 2017. However, in FYE 2018, ACC faced budget constraints and signed a new lease for a smaller square footage. TAWC's rental income decreased by 75 percent. TAWC has since signed new leases with other human service agencies and organizations to fill the space vacated by ACC, but rental income is still not at FYE 2015 to FYE 2017 levels. TAWC received \$11,238 in total rental revenue in FYE 2019—56 percent of the total rent received each year from FYE 2015 through FYE 2017.
2. **Appropriately Allocating Utilities** – TAWC has taken steps to improve how the authority allocates utility expenses for its geothermal heating system between TAWC and its tenants, as well as how shared expenses are allocated between TAWC's fixed-route and demand-response programs. In previous years, TAWC incurred the total utility costs for the transit center despite occupying only the building's ground level. Since 2018, TAWC has included a provision in its leases that assigns a percentage of utility costs to its tenants based on square footage, which has reduced TAWC's net utility expenses.

TAWC successfully met its performance targets for operating cost per revenue vehicle-hour and operating cost per passenger. Despite not meeting its passenger per revenue-hour target, TAWC ridership has remained relatively stable with an average of about six passengers per revenue vehicle-hour from FYE 2014 through FYE 2019. Although TAWC has found new tenants to increase lease revenue, the authority's supplemental rental income has not returned to FYE 2015–FYE 2017 levels. Management should continue seeking opportunities to expand ridership, increase revenue, and control operating costs.

2020 ACT 44 PERFORMANCE ASSESSMENT

The 2020 performance review compared TAWC 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 TAWC management using criteria defined in Act 44 and the most recent NTD data (FYE 2018). The systems identified for peer comparisons were:

1. Henderson Area Rapid Transit – Henderson, KY
2. Pine Bluff Transit – Pine Bluff, AR
3. Watertown CitiBus – Watertown, NY
4. Henderson County/ Apple Country Public Transit – Hendersonville, NC
5. City of Winchester – Winchester, VA
6. Bettendorf Transit System – Bettendorf, IA
7. Ashland Bus System – Ashland, KY
8. Shenango Valley Shuttle Service – Hermitage, PA
9. Borough of Mt. Carmel – Mount Carmel, PA
10. Mid-County Transit Authority* – Kittanning, PA

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

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

Exhibit 6: Current Performance Review Act 44 Peer Comparison Summary

Performance Criteria	FYE	Determination	Rank (of 11)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue-Hour	2018	In Compliance	9	Worse	6.20	7.85
	Trend	In Compliance	5	Better	-2.78%	-3.63%
Operating Cost / Revenue-Hour	2018	In Compliance	4	Better	\$72.51	\$75.00
	Trend	In Compliance	4	Better	-1.39%	0.33%
Operating Revenue / Revenue-Hour	2018	In Compliance	3	Better	\$4.94	\$4.75
	Trend	In Compliance	6	Better	-0.83%	-1.59%
Operating Cost / Passenger	2018	In Compliance	8	Worse	\$11.69	\$10.11
	Trend	In Compliance	5	Better	1.43%	4.29%

ASSESSMENT

In 2020, TAWC was "In Compliance" with all Act 44 performance criteria. TAWC performed better than the peer group for all performance criteria, except for the single-year FYE 2018 period determinations for passengers per revenue-hour and operating cost per passenger. Over the five-year trend period, TAWC's ridership decline was less than the peer average, with an annual decrease of 2.78 passengers per revenue vehicle-hour compared to the peer group average of 3.36 percent. TAWC performed better than most peers for operating revenue per revenue vehicle-hour by diversifying fixed-route revenue through increased organization-paid fares. TAWC also secured new tenants to offset losses in rental income. TAWC reduced fixed-route operating costs by including the cost of utilities in new rental agreements. Further, TAWC improved cost allocation procedures between fixed-route and demand-response programs. As a result, TAWC brought its 2015 "At Risk" findings (operating cost per revenue vehicle-hour and operating cost per passenger) into compliance for the 2020 performance assessment.

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 pre-COVID-19 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 TAWC no longer had the "At Risk" findings for operating cost per revenue vehicle-hour and operating cost per passenger noted in 2015 and performed better than the peer group in controlling costs and taking steps to increase operating revenues. TAWC performed better than most peers in ridership declines despite a 2.78 percent annual decrease in passengers per revenue vehicle-hour over the five years. The authority should work to achieve its FYE 2025 targets, focusing on efforts to increase ridership and contain operating costs.

PennDOT established the following 2025 performance targets in cooperation with TAWC:

- 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 2.5 percent per year, or less, on average.

This performance report uses the last full audited financial year (i.e., FYE 2019) before the impacts of the COVID-19 pandemic for developing five-year performance targets. TAWC must work to achieve these targets, listed in **Exhibit 7**, to ensure continued eligibility for full Section 1513 funding over the next five years.

Exhibit 7: FYE 2025 Act 44 Performance Targets

Performance Criteria	Fiscal Year			Target Annual Increase
	2019 Actual	2020 Actual	2025 Target	
Passengers / Revenue Vehicle-Hour	6.31	5.80	6.51	0.5%
Operating Cost / Revenue Vehicle-Hour	\$71.59	\$73.27	\$85.48	3.0%
Operating Revenue / Revenue Vehicle-Hour	\$4.73	\$4.29	\$5.65	3.0%
Operating Cost / Passenger	\$11.34	\$12.63	\$13.15	2.5%

FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to catalog best practices to share with other transit agencies, and to identify opportunities for improvement that should be addressed in the Action Plan. 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 TAWC could deliver service more efficiently and effectively. It is important that service is responsive to the community's needs to achieve optimum service levels. The observations recorded during the review process are categorized as Best Practices or Elements to Address in the Action Plan. Best Practices are those exceptional current practices that are beneficial and should be continued or expanded. Elements to Address in the Action Plan are recommendations that have the potential to maximize productivity, to control operating costs, and/or to achieve optimum revenue levels, which will enhance the system's future performance for one or more of the Act 44 fixed-route performance factors.

For TAWC's convenience, Action Plan templates are included in **Appendix D: Action Plan Template** (p. 33). Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period. The template provides a simple-to-follow order of key findings of this report that should be addressed in the Action Plan.

OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

BEST PRACTICES

1. TAWC leases the second floor of its transit center to human service agencies, which promotes the service to senior riders. This effort has helped TAWC maintain stable ridership since 2015, with about six passengers per revenue vehicle hour despite national declines in transit ridership.

ELEMENTS TO ADDRESS IN PART 1 OF THE ACTION PLAN

1. TAWC has taken steps to modernize the authority's organizational procedures and practices since the 2015 performance review. A strategic plan would strengthen the agency's overall decision-making by organizing the Board's interests into shared goals and empowering management to implement Board initiatives. TAWC should **develop a strategic plan that:**
 - a. **Defines the mission and vision statements of TAWC;**
 - b. **Establishes goals for all activities (e.g., improve mobility, enhance access, etc.);**
 - c. **Sets strategic objectives with implementable actions; and**
 - d. **Includes performance measures for reporting success between periodic plan updates.**
2. TAWC successfully promotes to senior riders due to the authority's lease agreements with human services agencies at its downtown Warren facility. However, according to TAWC's 2018 customer service satisfaction survey, nearly 63 percent of respondents were between 25 and 60. TAWC has no marketing plan to guide agency efforts in promoting its services beyond

senior ridership. TAWC should **develop a marketing strategy as part of a marketing plan that includes:**

- a. **Focus areas by mode** (i.e., fixed-route and demand-response);
- b. **Goals** (e.g., raise awareness, increase ridership, increase shared-ride sign-ups);
- c. **Activities by medium and cost** (i.e., radio, mail, website, digital advertisements, etc.);
- d. **Performance measures to determine the success of marketing activities;** and,
- e. **Quarterly progress reports to the Board.**

The PPTA marketing committee can serve as an excellent peer resource to help TAWC identify low-cost and effective marketing strategies.

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

BEST PRACTICE

1. TAWC has successfully diversified its revenue streams to include rental income and advertising to supplement passenger fares. As of FYE 2019, other revenue contributed 16 percent to total fixed-route revenue. TAWC can afford to keep a low base fare by maintaining additional income sources to offset operating costs.

ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN

1. None.

OPPORTUNITIES TO CONTROL OPERATING COSTS

BEST PRACTICES

1. In response to the 2015 Action Plan, TAWC now requires its tenants to pay a portion of the transit center's utilities as part of the lease agreement. TAWC reduced fixed-route utility costs by 63 percent between \$108,547 in FYE 2015 and \$40,279 in FYE 2019.

ELEMENTS TO ADDRESS IN PART 3 OF THE ACTION PLAN

1. TAWC developed a vehicle maintenance policy that established formal maintenance protocols to promote a state of good repair for the fleet. Additional measures would strengthen maintenance practices and lower maintenance costs. TAWC should **update its vehicle maintenance policy to include the following:**
 - a. **An on-time performance goal for routine preventative maintenance that is no less than 80 percent on-time** (e.g., 100% of vehicles within +/- 10% of PM interval); and
 - b. **Mechanic productivity standards for routine preventative maintenance jobs** (e.g., X hours for a 6,000 mile PM, X hours for a state inspection, etc.)).

OTHER OPPORTUNITIES TO IMPROVE PERFORMANCE

BEST PRACTICES

1. None.

ELEMENTS TO ADDRESS IN PART 4 OF THE ACTION PLAN

1. Since the 2015 performance review, TAWC has taken steps to modernize operations by tracking data to report ridership, revenue, and operating cost information to the Board. As TAWC continues to improve the quality of data available to management, the Board would benefit from a performance summary for agency operations as part of monthly Board meetings. TAWC should **develop a concise, reader-friendly performance dashboard report** that includes the following information:
 - a. **Act 44 performance metrics, current performance vs. targets;**
 - b. **On-time performance for fixed-route service;**
 - c. **A summary of complaints and compliments;**
 - d. **No-shows for shared-ride service;**
 - e. **On-time performance for preventative maintenance;**
 - f. **Farebox recovery;**
 - g. **Safety metrics; and**
 - h. **Marketing highlights (including advertising revenue).**

2. TAWC has a nine-member Board of Directors appointed by the Warren County Commission. The current Board has many longstanding members, with some having served multiple five-year appointments. Identifying ideal skill sets and experience desirable on its Board (e.g., finance, human services, transportation, etc.) would ensure that future Board members have the diverse set of experiences important to transit system governance. TAWC should **identify complementary skillsets for the Board and communicate these needs to the county commissioners when vacancies arise.**

3. TAWC holds its Board meetings on the third Thursday of each month at 4:30 p.m. Many of the current Board members have daytime jobs, making it difficult for some Board members to attend in-person meetings in the afternoon during the workweek. TAWC should **explore alternative times for Board meetings and opportunities for Board members to remotely participate** when travel is an issue, to facilitate regular participation in Board meetings.

4. TAWC operates a non-public transportation program for medical assistance trips with a fleet of minivans. In previous years, TAWC reportedly used Section 1514 capital funds to purchase new vans. Because this program is non-public, TAWC should **work with PennDOT and the Pennsylvania Department of Human Services (DHS) to secure funding for minivans used exclusively by DHS-funded programs.**

5. TAWC has unaddressed audit findings reported in its FYE 2020 certified audit. TAWC should **address the following prior audit findings:**
 - a. **Develop a formal process for reconciling MATP payments whereby the final cost is independently examined by a third-party financial reviewer and conformed to the general ledger.**
 - b. **Review the amount of unencumbered Section 1513 funds at the end of each fiscal year and transfer this amount into a separate interest-bearing account to ensure compliance with requirements set forth by the grant agreement.**

6. TAWC is slow to enter accounts payable and receivable items into its accounting system, resulting in misleading monthly financial statements. Furthermore, TAWC does not enter invoices for Warren County's MATP program into its accounting records, which may result in delayed invoice submissions and payments. TAWC's FYE 2020 audit found a material weakness in the authority's internal financial reporting due to its inability to produce financial statements. TAWC should **take the steps necessary to improve its accounting practices to enhance cash flow and financial reports' reliability:**
 - a. Enter bills into TAWC's accounting system when they are received;
 - b. Submit invoices on time to facilitate prompt payment; and,
 - c. Work with the auditor to find a cost-effective way to reconcile costs reported to the general ledger that helps identify potential issues in preparation for the annual audit.

FINANCIAL REVIEW

This financial review considers high-level snapshot data and trend indicators to determine whether additional follow-up by PennDOT is 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

As shown in **Exhibit 8**, TAWC has carryover subsidies (i.e., cash reserves) equal to 14.7 percent of total annual operating costs. These reserves provide liquidity in case of unexpected cost increases. TAWC's total carryover subsidies have decreased since 2017. In FYE 2018, TAWC relied on local reserves to meet the local matching requirement for state funds. Management reported that the authority's relationship with Warren County has improved and that TAWC received its full local match for FYE 2020. TAWC should work to build total carryover subsidies to a level of 25 percent of annual operating costs. TAWC has a \$300,000 revolving line of credit with no outstanding balance as of FYE 2020. TAWC does not enter bills and invoices into its accounting system when received, making it challenging to interpret agency finances on a monthly accrual basis.

TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

TAWC's total operating budget increased from \$1.3 million to \$1.4 million between FYE 2016 and FYE 2020 (**Exhibit 9**). In FYE 2020, 53.0 percent of TAWC's operating expenses were for fixed-route service. The remaining operating costs (47.0 percent) were for paratransit service, as shown in **Exhibit 10**. Operating costs for fixed-route bus service remained relatively consistent from FYE 2016 through FYE 2020 at about \$750,000. The cost of providing paratransit trips increased from roughly \$540,000 in FYE 2016 to \$670,000 in FYE 2020.

Agency-wide operating funds come from various sources, including passenger fares, rental income, and advertising revenue, and local, state, and federal funds. Subsidy allocation for rural agencies is determined at the state level. The use of state funds to leverage additional federal funds is maximized across the Commonwealth to meet rural agency needs. Federal and state subsidies are the largest share of income for TAWC, accounting for 57.7 percent of total operating income. Local subsidy and revenues (e.g., passenger and organization-paid fares, rental income, advertising) are the remaining funding sources, representing 42.3 percent of total operating income, as shown in **Exhibit 11** and **Exhibit 12**. TAWC received its required local match to its Section 1513 state operating subsidy.

Exhibit 8: High-Level Financial Indicators

Indicator	FYE 2020 Value	Assessment Criteria / Rationale	Source
Total Carryover Subsidies / Annual Operating Cost	14.7%	Combined target 25%. This provides liquidity to cover unexpected cost increases or service changes without incurring interest fees from loans.	PennDOT dotGrants (2020)
Credit Available / Annual Payroll	44.1%	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.	PennDOT dotGrants (2020)
Actual Local Match / Required Match	100.0%	Target 100%+. Local match that exceeds required minimums gives a transit agency flexibility to change service, accommodate unexpected cost changes, and make capital investments.	PennDOT dotGrants (2020)
Accounts Payable (AP) 90+ days	N/A	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	TAWC-reported value
Accounts Receivable (AR) 90+ days	N/A	Target should be 0% over 90 days. Larger values can cause cash flow problems.	TAWC-reported value
Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce interest expense.	PennDOT dotGrants (2020)

Exhibit 9: 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	\$0.7	\$0.8	\$0.7	\$0.7	\$0.8
Paratransit	\$0.5	\$0.7	\$0.7	\$0.7	\$0.7
Total	\$1.3	\$1.5	\$1.5	\$1.4	\$1.4

Note: Total may not add due to rounding

Exhibit 10: Public Transportation Operating Expense Trends by Service Type (FYE 2016–FYE 2020)

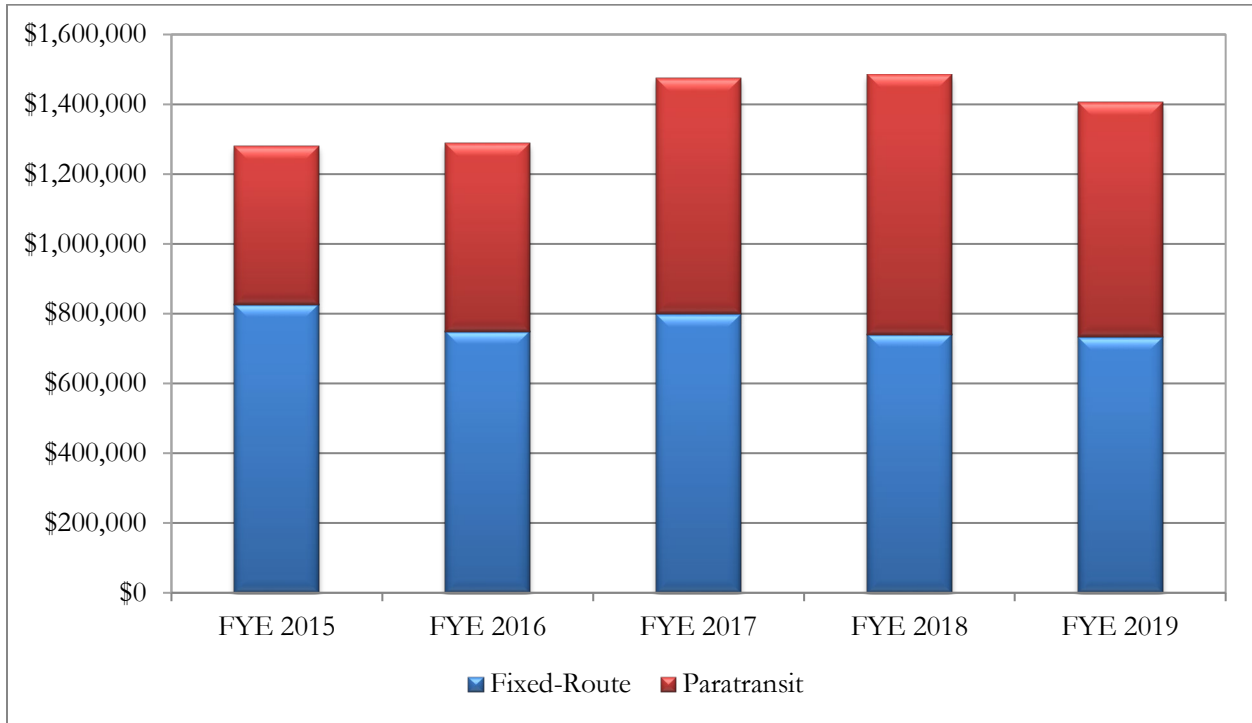
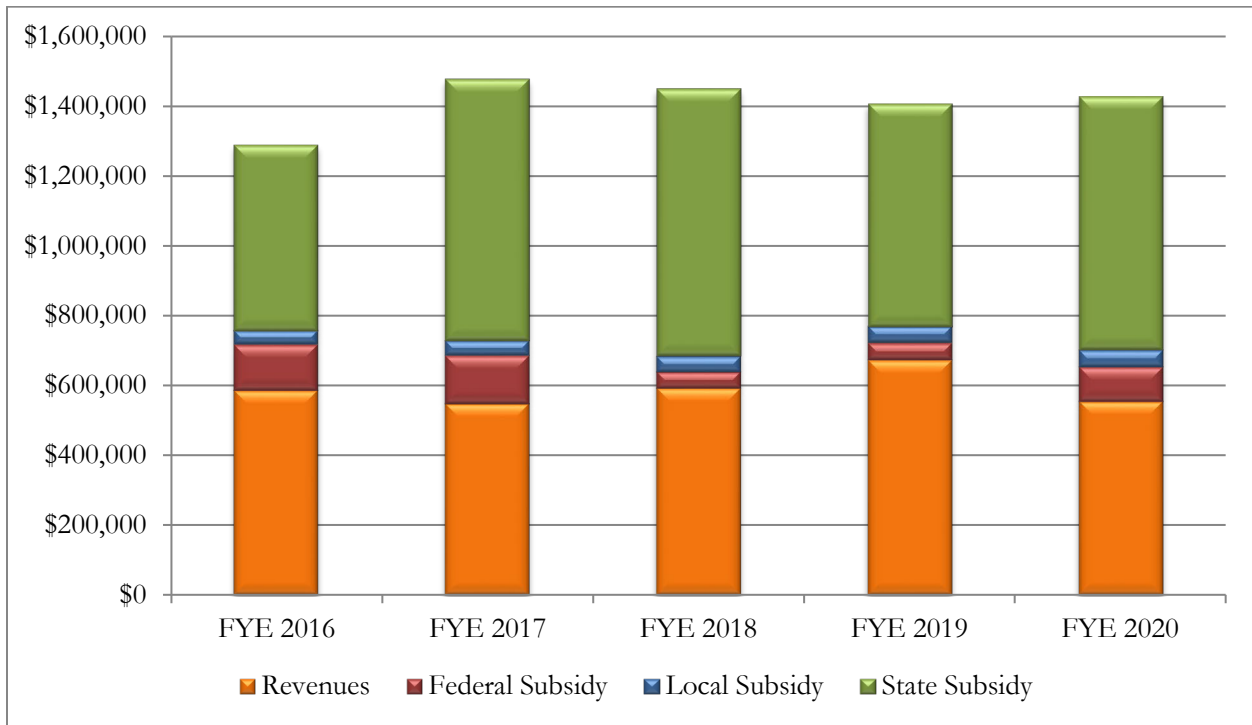


Exhibit 11: Percentage of Total Public Transportation (Fixed-Route + Paratransit) Operating Budget by Funding Source and Fiscal Year (FYE 2016–FYE 2020)

Funding Source	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Federal Subsidy ¹	10.2%	9.4%	3.4%	3.6%	7.0%
State Subsidy	41.3%	50.6%	52.7%	45.4%	50.7%
Local Subsidy	3.1%	2.9%	3.1%	3.3%	3.4%
Revenues	45.4%	37.1%	40.9%	47.8%	38.8%
Local Subsidy / State Subsidy	7.6%	5.6%	5.8%	7.3%	6.7%

¹ Federal subsidy allocation for rural agencies is determined at the state level, where the use of state funds to leverage additional federal funds is maximized across the Commonwealth to meet rural agency needs.

Exhibit 12: Total Public Transportation (Fixed-Route + Paratransit) Operating Budget and Funding Sources by Fiscal Year (FYE 2016–FYE 2020)



FIXED-ROUTE FUNDING

Fixed-route service, funded by general revenues and government subsidies, accounts for 50.4 percent of TAWC's public transportation operating expenses. In FYE 2020, direct passenger fares represented 4.9 percent of total operating funding (**Exhibit 13**). Based on the FYE 2020 dotGrants reporting, TAWC operated using current-year funding with \$210,083 in state funds and \$0 in local funds carried over into the fiscal year 2020-21. Yearly changes in fixed-route expenses result from changes in cost allocation variables, service provided, fuel, and labor costs.

Exhibit 13: Fixed-Route Funding

Funding Source	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Revenues					
Fares- Passenger Paid	\$39,761	\$38,206	\$35,019	\$39,562	\$34,378
Fares- Organization-Paid (Charter & Route Guarantee)	\$0	\$0	\$9,000	\$1,063	\$2,473
Advertising	\$3,832	\$3,082	\$1,422	\$2,896	\$2,902
Total Recoveries	\$0	\$0	\$0	\$0	\$0
Other – Rental Income	\$20,000	\$20,000	\$5,021	\$4,951	\$4,480
Other – Misc.	\$5,361	\$2,580	\$0	\$0	\$0
Subtotal	\$68,954	\$63,868	\$50,462	\$48,472	\$44,233
Subsidies					
Federal Operating Grant	\$138,814	\$138,814	\$48,898	\$50,000	\$100,000
Act 44 (1513) – State Current Year	\$507,527	\$553,477	\$578,409	\$588,652	\$563,054
Act 44 (1513) – Local Current Year (Municipal)	\$40,169	\$42,177	\$44,286	\$46,500	\$48,825
Subtotal	\$678,814	\$734,468	\$671,593	\$685,152	\$711,879
Total Funding	\$747,768	\$798,336	\$722,055	\$733,624	\$756,112
Fare Revenue / Total Funding	5.3%	4.8%	6.1%	5.5%	4.9%

Source: PennDOT dotGrants Reporting System

PARATRANSIT FUNDING

Paratransit service (i.e., shared-ride and ADA complementary service), funded by state subsidies and passenger fares, accounts for 49.6 percent of TAWC's public transportation operating expenses. Although funding increased from \$540,451 in FYE 2016 to \$670,581 in FYE 2020 (**Exhibit 14**), total paratransit trips decreased from 36,057 to 27,021 during the same period (**Exhibit 15**). Yearly changes in paratransit expenses result from changes in cost allocation variables, service provided, fuel, and labor costs.

Exhibit 14: Paratransit Funding by Source

Category	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Revenues					
Passenger Fares	\$10,510	\$13,718	\$34,743	\$36,202	\$26,532
Lottery	\$363,620	\$324,926	\$365,992	\$407,313	\$316,380
PwD Reimbursement	\$11,968	\$14,396	\$9,809	\$14,024	\$22,104
PwD Passenger Fares	\$2,140	\$2,979	\$1,731	\$2,474	\$3,901
AAA	\$54,584	\$51,671	\$45,874	\$49,247	\$36,506
MATP	\$68,195	\$74,567	\$77,302	\$105,715	\$94,958
Other - Escort	\$552	\$511	\$996	\$1,313	\$1,068
Other- Rental Income	\$0	\$0	\$4,853	\$6,287	\$8,047
Other Misc	\$4,408	\$1,145	\$0	\$200	\$0
Subtotal	\$515,977	\$483,913	\$541,300	\$622,775	\$509,746
Subsidies					
Act 44 (1513) State Current Year	\$24,474	\$193,156	\$184,980	\$48,695	\$160,835
Subtotal	\$24,474	\$193,156	\$184,980	\$48,695	\$160,835
Total Funding	\$540,451	\$677,069	\$726,280	\$671,470	\$670,581

Exhibit 15: Paratransit Operating Statistics

Operating Category	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Paratransit Operating Statistics²					
Total Paratransit Trips	36,057	37,177	36,395	32,874	27,021
Total Miles	242,901	222,594	273,166	255,807	239,572
Total Hours	17,402	21,810	17,064	16,542	14,850
VOMS	10	N/A	10	8	8

Source: PennDOT dotGrants Reporting System

² TAWC attributed the flux in operating statistics (i.e., miles and hours) in FYE 2017 and FYE 2018 to the implementation of Ecolane scheduling software, which management reported was sending two buses within a 30-mile area to pick up passengers up to 30 minutes apart. Since FYE 2018, TAWC has worked to better monitor shared-ride runs.

BALANCE SHEET FINDINGS

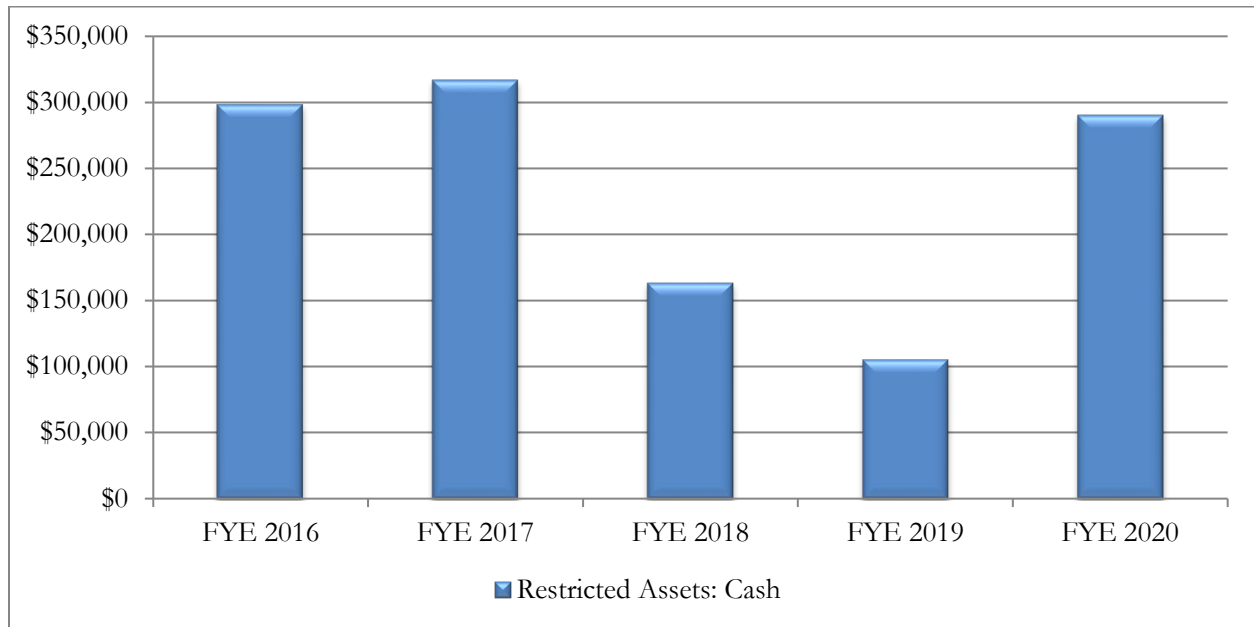
A review of balance sheets shows that TAWC increased its available cash on hand between FYE 2016 and 2020 (**Exhibit 16** and **Exhibit 17**). Restricted cash was \$290,532. TAWC had a total equivalent balance of restricted cash equal to 20.4 percent of total operating expenses as of FYE 2020. The FYE 2020 audit reported \$24,253 in accounts payable at fiscal year-end.

Exhibit 16: Balance Sheet Summary (FYE 2016–FYE 2020)

Balance Sheet Report	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Current Assets					
Restricted Cash	\$298,404	\$316,910	\$163,755	\$105,915	290,532
Grant Receivable (incl. capital)	\$110,111	\$72,996	\$189,139	\$380,074	\$42,973
Current Liabilities					
Accounts Payable (including capital) ³	\$33,458	\$31,340	\$43,501	\$240,161	\$24,253
Accrued Expenses	\$18,924	\$26,396	\$22,692	\$14,607	\$15,302
Line of Credit	\$0	\$0	\$125,000	\$0	\$0
Deferred Revenue	\$336,479	\$312,516	\$144,109	\$213,549	\$279,906
Current Portion of Long-Term Debt	\$4,541	\$4,726	\$4,071	\$0	\$0
Total Operating Expense	\$1,288,219	\$1,475,405	\$1,484,942	\$1,405,094	\$1,426,693
Restricted Cash/ Total Operating Expense	23.2%	21.5%	11.0%	7.5%	20.4%
Line of Credit / Annual Payroll	50.0%	44.6%	43.5%	44.4%	44.1%
Current Assets	\$408,515	\$389,906	\$352,894	\$482,512	\$333,505
Current Liabilities	\$393,402	\$374,978	\$339,373	\$464,840	\$319,461
Net Current Assets	\$15,113	\$14,928	\$13,521	\$17,672	\$14,044

Source: Annual Audit Reports and dotGrants

Exhibit 17: End-of-Year Cash Balance (FYE 2016–FYE 2020)



³ TAWC had \$208,507 in accounts payable related to the bus wash rehabilitation project in FYE 2019.

ASSESSMENT

TAWC currently has a balanced operating budget. The total operating budget has been between \$1.3 million and \$1.4 million during the last five years. TAWC's restricted cash balance decreased since FYE 2017. Essential elements of TAWC's financial condition as of FYE 2020 are:

- TAWC had \$0 in local and \$210,083 in state carryover funds.
- Combined carryover subsidies were equal to 14.7 percent of total operational funding, lower than the 25 percent target.
- The local match fund received was 100.0 percent of the required amount.
- TAWC had a balance of restricted cash equal to 20.4 percent of total annual operating expenses.
- Current assets exceeded current liabilities.
- TAWC had a \$300,000 revolving line of credit and no outstanding debt.
- Fixed-route direct passenger fares represented 4.9 percent of total operating funding.

Management should take appropriate actions to manage costs (i.e., containing cost growth within 3.0 percent annually), achieve farebox recovery goals, and improve cash reserves to improve TAWC's overall financial health. TAWC should work to build total carryover subsidies to a level of 25 percent of annual operating costs and address prior audit findings. Furthermore, TAWC should address material weaknesses in financial reporting as described in its FYE 2020 audit.

APPENDIX A: DATA ADJUSTMENTS

There were minor discrepancies in fixed-route operating revenue reported between NTD and dotGrants, mainly associated with rental income. This performance report adjusted NTD fixed-route revenue to account for rental income reported to dotGrants. PennDOT began reporting total operating statistics on behalf of rural agencies to NTD in FY 2014-15.

Fixed-Route Revenue	FYE 2015	FYE 2016	FYE 2017	FYE 2018
dotGrants-reported revenue	\$67,422	\$63,593	\$61,288	\$50,462
NTD-reported revenue	\$43,458	\$39,761	\$63,868	\$55,315
Reconciliation adjustment	\$23,964	\$23,832	(\$2,580)	(\$4,853)
Adjusted revenue	\$67,422	\$63,593	\$61,288	\$50,462

The following Act 44 performance metrics were calculated for TAWC.

Act 44 Performance Metrics	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Passengers/RVH	6.20	6.07	5.50	6.20
Revenue/RVH	\$6.44	\$6.14	\$5.92	\$4.94
Operating Cost/RVH	\$78.99	\$72.18	\$77.06	\$72.51
Operating Cost/Passenger	\$12.74	\$11.88	\$14.01	\$11.69

APPENDIX B: 2015 PERFORMANCE REVIEW ACTION PLAN ASSESSMENT

Last Updated in 2019

Category	Suggested Action	Progress	Status
1. Ridership	Develop an on-time policy that tracks on-time performance.	TAWC reviews loop and tally card times to monitor on-time performance. TAWC reportedly uses its loop and tally cards to re-evaluate routes at least annually to identify routes that are consistently missing their scheduled stop times.	Complete
1. Ridership	Remove consideration of early arrival as counting for on-time arrival.	TAWC reviews hard drives weekly to ensure drivers are not departing early.	Complete
1. Ridership	Develop a system map.	TAWC is working with a local IT professional to develop maps.	Ongoing
1. Ridership	Establish a service development program that evaluates potential routes with existing routes.	TAWC reviews existing routes as part of long-term planning efforts for any potential opportunities for expansion.	Ongoing

Category	Suggested Action	Progress	Status
2. Revenue	Develop a fare policy that includes a goal of recovering operating costs.	TAWC revised its fare growth policy in April 2020 per Act 89.	Complete
2. Revenue	Expand the advertising policy to include other agency property as potential sources of advertising revenue.	TAWC revised its advertising policy to include advertising at bus stops.	Complete
3. Operating Cost	Revise how utility costs are allocated between TAWC and tenants.	TAWC allocates utility costs proportionally to its tenants as part of rental agreements.	Complete
3. Operating Cost	Develop a formal cost allocation methodology for direct and indirect costs between fixed-route and shared-ride services.	TAWC developed a cost allocation methodology for assigning shared costs among fixed-route, shared-ride, and medical assistance transportation programs.	Complete
3. Operating Cost	Develop a preventative maintenance policy that establishes a performance goal to measure against current practices.	TAWC is working with its mechanic to establish a maintenance performance goal.	Ongoing

Category	Suggested Action	Progress	Status
4. Other	Establish a Board education program that outlines Board member roles and responsibilities.	TAWC has Board members participate in the PennTRAIN Board Training Program.	Ongoing
4. Other	Develop a formal set of performance goals and measures to compare current service performance with targets outlined in a strategic long-range plan.	TAWC reportedly reviews ridership and customer complaints with the Board on a monthly basis, but no performance goals and measures have been developed.	Incomplete
4. Other	Explore resource-sharing opportunities.	TAWC identified the Northwest Regional Planning Agency, neighboring transit systems, and local municipalities, in addition to local non-profit agencies, as potential partners for resource-sharing. TAWC has reached out to ATA and CATA for best practices in agency operations and management.	Complete

APPENDIX C: PEER COMPARISONS

Comparison of TAWC 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 11	2013 Value	Annual Rate	Rank of 11
Henderson Area Rapid Transit	10.36	3	13.28	-4.85%	7
Pine Bluff Transit	6.85	7	7.40	-1.53%	4
Watertown CitiBus	10.63	1	14.91	-6.55%	9
Henderson County/ Apple Country Public Transit	8.29	5	10.38	-4.41%	6
City of Winchester	9.46	4	8.57	1.99%	2
Bettendorf Transit System	6.99	6	11.08	-8.80%	10
Ashland Bus System	10.49	2	13.66	-5.15%	8
Shenango Valley Shuttle Service	6.73	8	12.37	-11.48%	11
Borough of Mt. Carmel	5.70	10	4.81	3.46%	1
Mid-County Transit Authority	4.68	11	4.63	0.18%	3
Warren County Transit Authority	6.20	9	7.14	-2.78%	5
<i>Average</i>		<i>7.85</i>	<i>9.84</i>	<i>-3.63%</i>	
<i>Standard Deviation</i>		<i>2.10</i>	<i>3.57</i>	<i>4.50%</i>	
<i>Average – 1 Standard Deviation</i>		<i>5.75</i>	<i>6.27</i>	<i>-8.13%</i>	
<i>Average + 1 Standard Deviation</i>		<i>9.95</i>	<i>13.41</i>	<i>0.87%</i>	
Act 44 Compliance Determination		In Compliance		In Compliance	
Compared to the Peer Group Average		Worse		Better	

Operating Cost / Revenue Vehicle-Hour

Operating Cost / Revenue-Hour (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 11	2013 Value	Annual Rate	Rank of 11
Henderson Area Rapid Transit	\$87.27	11	\$116.13	-5.55%	1
Pine Bluff Transit	\$81.19	7	\$95.67	-3.23%	3
Watertown CitiBus	\$86.89	9	\$74.17	3.21%	8
Henderson County/ Apple Country Public Transit	\$82.21	8	\$56.22	7.89%	11
City of Winchester	\$59.18	2	\$57.77	0.48%	7
Bettendorf Transit System	\$87.10	10	\$69.30	4.68%	10
Ashland Bus System	\$68.35	3	\$70.85	-0.72%	6
Shenango Valley Shuttle Service	\$76.75	6	\$100.24	-5.20%	2
Borough of Mt. Carmel	\$49.84	1	\$51.85	-0.79%	5
Mid-County Transit Authority	\$73.73	5	\$60.03	4.20%	9
Warren County Transit Authority	\$72.51	4	\$77.78	-1.39%	4
<i>Average</i>	\$75.00		\$75.46	0.33%	
<i>Standard Deviation</i>	\$12.11		\$20.54	4.27%	
<i>Average – 1 Standard Deviation</i>	\$62.89		\$54.91	-3.95%	
<i>Average + 1 Standard Deviation</i>	\$87.11		\$96.00	4.60%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Better		Better		

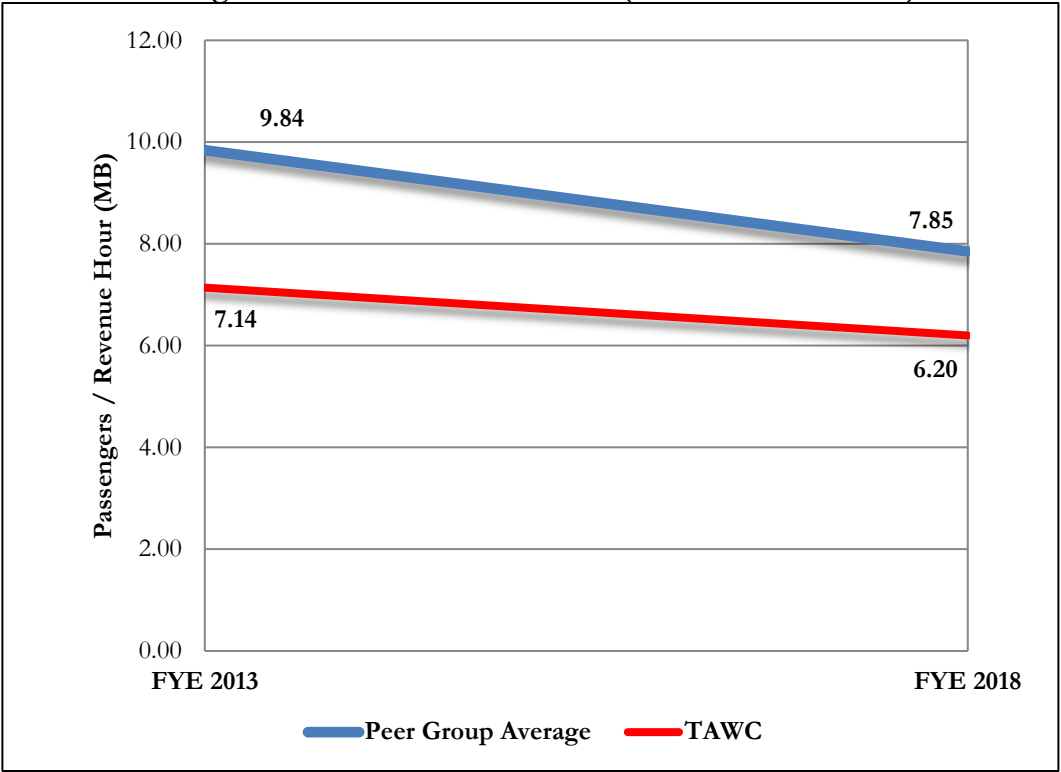
Operating Revenue / Revenue Vehicle-Hour

Operating Revenue / Revenue-Hour (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 11	2013 Value	Annual Rate	Rank of 11
Henderson Area Rapid Transit	\$2.10	11	\$2.15	-0.41%	5
Pine Bluff Transit	\$4.46	5	\$4.33	0.60%	4
Watertown CitiBus	\$10.62	1	\$13.70	-4.96%	8
Henderson County/ Apple Country Public Transit	\$2.87	10	\$4.17	-7.20%	10
City of Winchester	\$7.99	2	\$6.30	4.88%	1
Bettendorf Transit System	\$3.79	7	\$5.51	-7.21%	11
Ashland Bus System	\$3.60	8	\$4.22	-3.16%	7
Shenango Valley Shuttle Service	\$4.03	6	\$5.80	-7.00%	9
Borough of Mt. Carmel	\$3.15	9	\$2.65	3.49%	3
Mid-County Transit Authority	\$4.68	4	\$3.80	4.28%	2
Warren County Transit Authority	\$4.94	3	\$5.15	-0.83%	6
<i>Average</i>	\$4.75		\$5.25	-1.59%	
<i>Standard Deviation</i>	\$2.47		\$3.07	4.64%	
<i>Average – 1 Standard Deviation</i>	\$2.28		\$2.18	-6.23%	
<i>Average + 1 Standard Deviation</i>	\$7.22		\$8.32	3.04%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Better		Better		

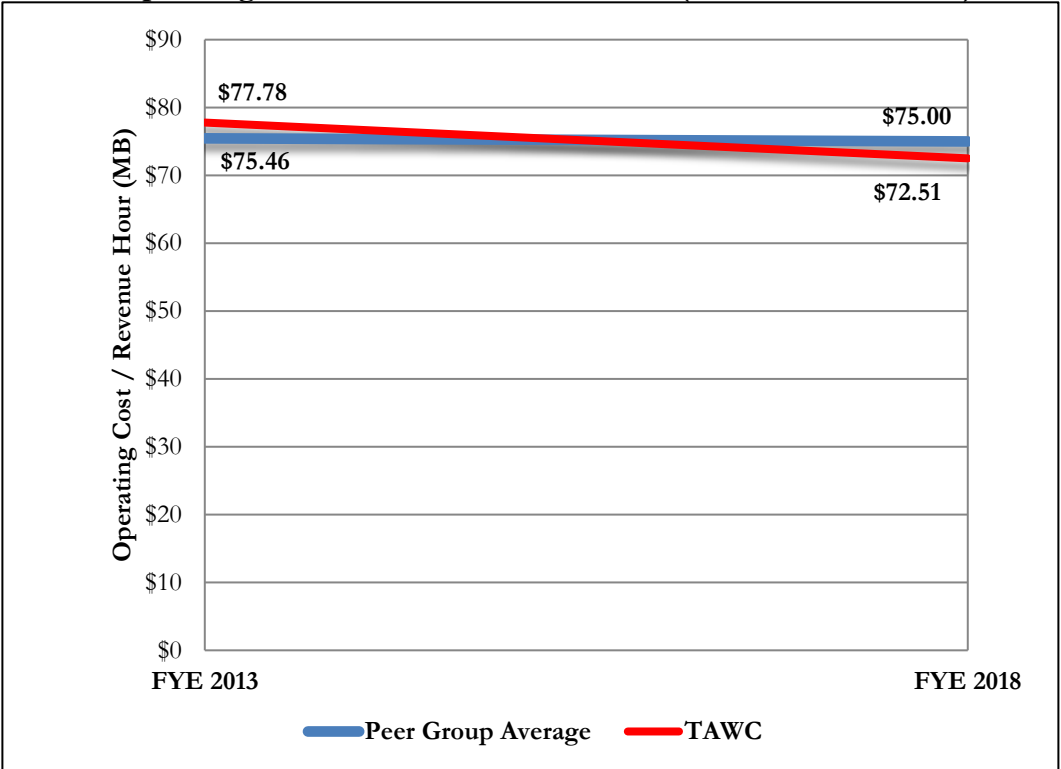
Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2018 Single-Year		Five-Year Change Since FYE 2013		
	Value	Rank of 11	2013 Value	Annual Rate	Rank of 11
Henderson Area Rapid Transit	\$8.42	4	\$8.74	-0.74%	4
Pine Bluff Transit	\$11.86	9	\$12.93	-1.72%	2
Watertown CitiBus	\$8.18	3	\$4.97	10.45%	9
Henderson County/ Apple Country Public Transit	\$9.92	6	\$5.42	12.87%	10
City of Winchester	\$6.26	1	\$6.74	-1.47%	3
Bettendorf Transit System	\$12.45	10	\$6.25	14.77%	11
Ashland Bus System	\$6.52	2	\$5.19	4.67%	7
Shenango Valley Shuttle Service	\$11.41	7	\$8.10	7.09%	8
Borough of Mt. Carmel	\$8.74	5	\$10.77	-4.11%	1
Mid-County Transit Authority	\$15.77	11	\$12.95	4.01%	6
Warren County Transit Authority	\$11.69	8	\$10.89	1.43%	5
<i>Average</i>	\$10.11		\$8.45	4.29%	
<i>Standard Deviation</i>	\$2.85		\$3.03	6.35%	
<i>Average – 1 Standard Deviation</i>	\$7.26		\$5.42	-2.05%	
<i>Average + 1 Standard Deviation</i>	\$12.96		\$11.48	10.64%	
Act 44 Compliance Determination	In Compliance		In Compliance		
Compared to the Peer Group Average	Worse		Better		

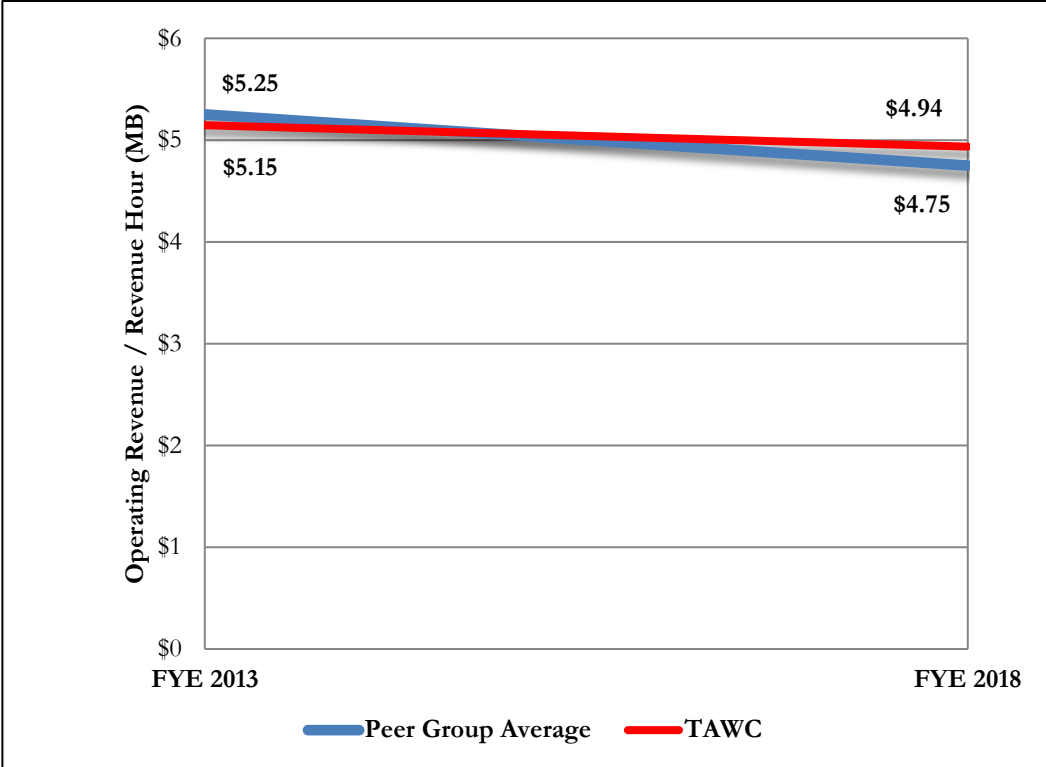
Trend – Passengers / Revenue Vehicle-Hour (FYE 2013–FYE 2018)



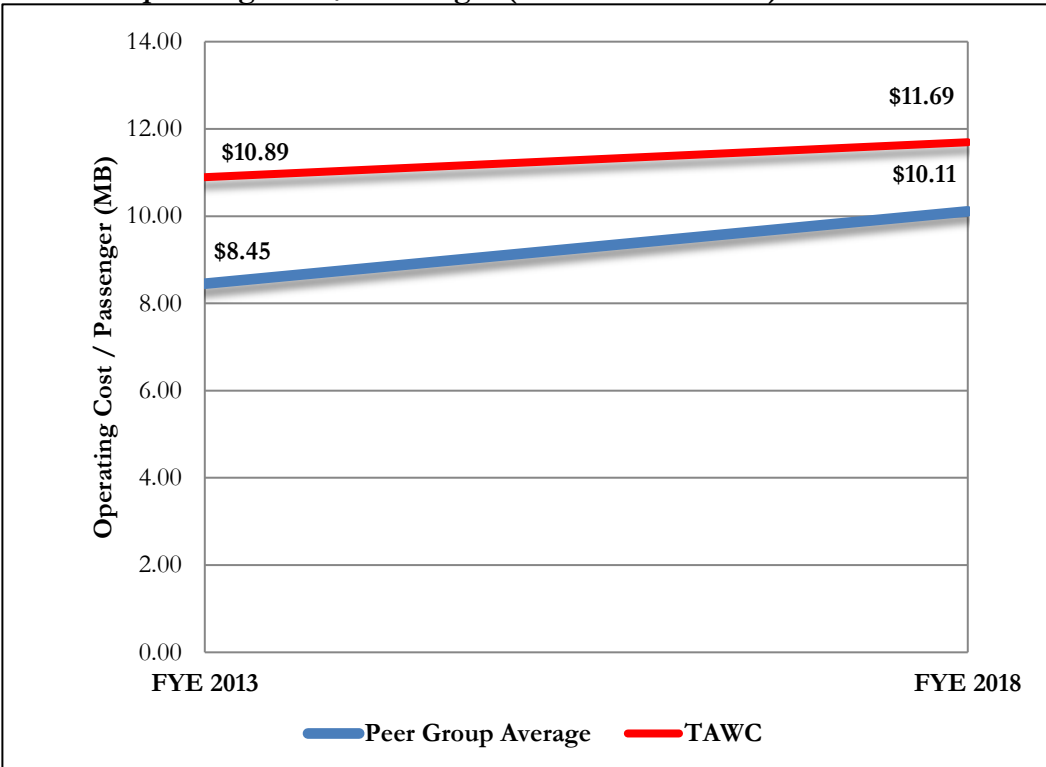
Trend – Operating Cost / Revenue Vehicle-Hour (FYE 2013–FYE 2018)



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



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



APPENDIX D: ACTION PLAN TEMPLATE

PART 1 – ACTIONS TO INCREASE PASSENGERS / REVENUE-HOUR

Recommendation From narrative starting on page 10	TAWC Action	Estimated Initiation Date	Estimated Completion Date
<ol style="list-style-type: none"> 1. Develop a strategic plan that: <ol style="list-style-type: none"> a. Defines the mission and vision statements of TAWC; b. Establishes goals for all activities (e.g., improve mobility, enhance access, etc.); c. Sets strategic objectives with implementable actions; and d. Includes performance measures for reporting success between periodic plan updates. 			
<ol style="list-style-type: none"> 2. Develop a marketing strategy as part of the strategic plan that includes: <ol style="list-style-type: none"> a. Focus areas by mode (i.e., fixed-route and demand-response); b. Goals (e.g., raise awareness, increase ridership, increase shared-ride sign-ups); c. Activities by medium and cost (i.e., radio, mail, website, digital advertisements, etc.); d. Performance measures to determine the success of marketing activities; and, e. Quarterly progress reports to the Board. 			

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

Recommendation From narrative starting on page 11	TAWC Action	Estimated Initiation Date	Estimated Completion Date
1. None.	N/A	N/A	N/A

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

Recommendation From narrative starting on page 11	TAWC Action	Estimated Initiation Date	Estimated Completion Date
1. Update its vehicle maintenance policy to include the following: <ul style="list-style-type: none"> a. An on-time performance goal for routine preventative maintenance that is no less than 80 percent on-time (e.g., 100% of vehicles within +/- 10% of PM interval); and b. Mechanic productivity standards for routine preventative maintenance jobs (e.g., X hours for a 6,000 mile PM, X hours for a state inspection, etc.)). 			

PART 4 – OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE

Recommendation From narrative starting on page 11	TAWC Action	Estimated Initiation Date	Estimated Completion Date
1. Develop a concise, reader-friendly performance dashboard report that includes the following information: <ul style="list-style-type: none"> a. Act 44 performance metrics, current progress vs. five-year targets; b. On-time performance for fixed-route service; c. No-shows for shared-ride service; d. On-time performance for preventative maintenance; e. Farebox recovery; f. Safety metrics; and g. Marketing highlights (including advertising revenue). 			
2. Identify complementary skillsets for the Board and communicate these needs to the county commissioners when vacancies arise.			
3. Explore alternative times for Board meetings and opportunities for Board members to remotely participate when travel is an issue—to facilitate regular participation in Board meetings.			
4. Work with the Pennsylvania Department of Human Services (DHS) to secure funding for minivans used exclusively by DHS-funded programs.			
5. Address the following prior audit findings:			

Recommendation From narrative starting on page 11	TAWC Action	Estimated Initiation Date	Estimated Completion Date
<ul style="list-style-type: none"> a. Develop a formal process for reconciling MATP payments whereby the final cost is independently examined by a third-party financial reviewer and conformed to the general ledger. b. Review the amount of unencumbered Section 1513 funds at the end of each fiscal year and transfer this amount into a separate interest-bearing account to ensure compliance with requirements set forth by the grant agreement. 			
<p>6. Take the steps necessary to improve its accounting practices to enhance cash flow and financial reports' reliability:</p> <ul style="list-style-type: none"> a. Enter bills into TAWC's accounting system when they are received; b. Submit invoices on time to facilitate prompt payment; and, c. Work with the auditor to find a cost-effective way to reconcile costs reported to the general ledger that helps identify potential issues in preparation for the annual audit. 			

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