



STS System Performance Review

Schuylkill Transportation System Performance Review Report

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AGENCY PUBLIC TRANSPORTATION PROFILE

Agency Name	Schuylkill Transportation System (d.b.a. STS, SCTA)		
Year Founded	1982		
Reporting Fiscal Year End (FYE)	2011 – 2012		
Service Area (square miles)	782		
Service Area Population	148,289		
Type of Service Provided	Fixed-route Bus	ADA Paratransit	Shared Ride
Vehicles Operated in Maximum Service	11	12	28
Annual Revenue Miles of Service	331,355	3,630	493,250
Annual Revenue Hours of Service	21,155	166	29,332
Annual Total Passenger Trips	244,575	561	92,251
Annual Total Senior Lottery Trips	96,812	0	57,663
Total Annual Operating Cost	\$1,815,914	\$6,228	\$1,616,604
Total Annual Operating Revenues	\$191,927	\$1,122	\$1,539,542
Total Annual Operating Revenue / Total Annual Operating Cost	10.6%	18.0%	95.2%
Administrative Cost / Total Operating Cost	26.2%	Purchased	27.4%
Operating Cost / Revenue Mile	\$5.48	\$1.72	\$3.28
Operating Cost / Revenue Hour	\$85.84	\$37.52	\$55.11
Passengers / Revenue Hour	11.56	3.38	3.15
Total Annual Operating Revenue / Revenue Hour	\$9.07	\$6.76	\$52.49
Operating Cost / Passenger	\$7.42	\$11.10	\$17.52

*Source: dotGrants FYE 2012

EXECUTIVE SUMMARY

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

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

After receipt of this performance review report, STS will develop an action plan which identifies the steps STS will take to meet the agreed to Act 44 performance criteria targets by FY 2018-19. The general goals are to maximize efficiency and promote cost savings, improved service quality, and increased ridership and revenue. The action plan should focus on the most critical areas for the agency, as prioritized by STS management and its governing board.

A draft action plan is due to the Department within 90 days of receipt of this report. PennDOT will work with STS to agree on a plan which, when approved by STS Board, will be submitted as the final action plan. STS must report at least quarterly to the Board and PennDOT on the progress of the action plan, identifying actions taken to date, and actions to be implemented. STS's success will be measured, in part, on meeting performance targets established through this review (see *Five-Year Performance Targets*, p. vii).

ACT 44 PERFORMANCE DETERMINATION

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

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

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

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

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

In Compliance

1. The **five-year trend of passengers / revenue vehicle hour** ranks third best of the 10 transit agencies in the peer group.
2. **FYE 2011 operating revenue / revenue vehicle hour** ranks seventh of the 10 peers and is worse than the peer group average.
3. The **five-year trend for operating revenue / revenue vehicle hour** is the second best of the 10 peers. STS is increasing at about 3 times the rate of the peer group.
4. The **five-year trend for operating cost / passenger** is the fifth highest rate of cost increase in the peer group and is increasing at a rate much higher than inflation.

At Risk

1. **FYE 2011 passengers / revenue vehicle hour** ranks as the second poorest of the 10 transit agencies in the peer group.
2. **FYE 2011 operating cost / revenue vehicle hour** is the highest of the peer group.
3. **The five-year trend for increase in operating cost / revenue vehicle hour** is the steepest of the peer group. STS is increasing at a rate of about 2.5 times that of the peer group.
4. **FYE 2011 operating cost / passenger** is the most expensive of the 10 transit agencies in the peer group.

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

Performance Criteria	Fiscal Year End	Determination	Rank (of 10)	Comparison to Peer Avg.	Value	Peer Average
Passengers / Revenue Hour	2011	At Risk	9	Worse	10.09	14.07
	Trend	In Compliance	3	Better	4.68%	0.61%
Operating Cost / Revenue Hour	2011	At Risk	10	Worse	\$83.64	\$66.10
	Trend	At Risk	10	Worse	10.89%	4.04%
Operating Revenue / Revenue Hour	2011	In Compliance	7	Worse	\$7.27	\$10.55
	Trend	In Compliance	2	Better	10.65%	4.51%
Operating Cost / Passenger	2011	At Risk	10	Worse	\$8.29	\$5.02
	Trend	In Compliance	5	Worse	5.93%	3.74%

GENERAL FINDINGS

In accordance with Act 44, findings are indicated as “opportunities for improvement” or “best practices.” Improvement opportunities identify tasks that may be undertaken to increase the

efficiency, effectiveness, and/or quality of service of the agency. Best practices are current practices that enhance the efficiency, effectiveness, and/or quality of service of STS and may be shared with other agencies as techniques for improvement. Major themes are indicated below. Detailed recommendations on how these and more detailed issues identified should be addressed are found in the body of the report.

BEST PRACTICES

1. **Proactive Customer Service-** STS has a number of policies and practices in place to accommodate its riders. Examples include the following: the agency conducts, and uses, two customer satisfaction surveys each year; the agency conducts an annual, non-rider survey, and uses the results to coordinate medical appointments between patients and physicians; the agency employs a “buddy program” to acquaint new riders with using the bus; and the authority has a “user friendly” customer complaint process to personally review and evaluate customer complaints, and report the outcome of the review back to the customer.

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

1. **Conduct Periodic Board Training-** STS has a relatively new Board with many members that have not attended PPTA’s PennTRAIN Board Training. That training helps Board members better understand their role in agency oversight. Items covered in the training include formal annual evaluation of an Executive Director; development of concise Board agendas, the responsibilities of senior management and the guidance on latest laws and regulations in the transit industry.
2. **Formalize Job Descriptions and Employee Oversight Practices-** STS lacks formal job descriptions and formal annual evaluations of employees. Clearly documented job descriptions help management identify the most qualified applicants for a position and can serve as the basis of annual reviews. Annual employee reviews serve as an important tool to help employees and managers understand how a position complements the agency’s overall goals. As part of developing a formal employee review, management should develop and enforce written guidelines, procedures and policies governing absenteeism and tardiness as well as identify strategies to encourage driver retention.
3. **Strengthen Cost Containment-** STS has a high operating cost per revenue hour for a rural transit system. The rate of cost increase per revenue hour has also been increased an average of 10.9% per year for the last five years. Management will need to address many areas within STS to find savings. For example, overtime costs are high; fuel and lubricant costs are higher than average; workers’ compensation costs are reported to be significantly higher than average; and service levels could be adjusted during the year to better match changes in demand.
4. **Implement an Aggressive, Flexible Campaign to Recruit Fixed-Route Drivers-** Currently, STS is experiencing avoidable overtime costs resulting from its long-term inability to fill all its available positions for fixed-route operators. Among the alternatives that should be considered are: (1) utilizing more paratransit drivers to fill vacant fixed-route positions; (2) utilizing part-time drivers to handle split runs when the pieces of work are largely in the morning and evening peak hour periods, and (3) reducing minimum job entry requirements, and relying more on training to provide the necessary fixed-route driver skills.

5. **Develop Performance Targets for All Key Agency Functions-** STS's Board should develop a formal set of performance targets and measure where current service is in relation to the targets. Then, if necessary, STS should develop a performance enhancement strategy for all key agency functions.¹ Performance measures are objective indicators of different activities of the agency that can be used to strengthen management decision making, achieve results, and support accountability. Eight basic performance targets are stipulated under Act 44, and are intended to motivate transit agencies to improve performance. Similar targets have not been set and/or monitored for most agency functions. This recommendation is consistent with MAP-21 and general trends in the transit industry where performance-based evaluation is rapidly becoming the norm. STS's planned investment in IT and information systems could be leveraged to provide much of this information.

FINANCIAL REVIEW

For the FYE 2008 to FYE 2012 period, Schuylkill County has contributed local funds to help cover STS's operational funding requirements. STS has used most of those amounts in any given year to balance its budget and comply with state requirements but also has been able to build a substantial local reserve. Fixed-route farebox revenues, hovering between 7% and 9% operating cost, is lower than that in similar-sized transit systems in the Commonwealth. Overall, STS is in good financial condition. STS management should continue to take appropriate actions such as controlling costs, evaluating farebox recovery policies and increasing carryover reserves to continuously improve STS's overall financial health.

FIVE-YEAR PERFORMANCE TARGETS

This transit agency performance report outlines areas where improvements may be made to enhance the overall quality, effectiveness, and efficiency of the transit system. As a result of the performance review, a set of "performance targets" has been established and detailed on page 16. These performance targets are required to comply with Act 44 and represent minimum performance levels that STS should work to achieve for each Act 44 performance criteria during the next review cycle (i.e., five years from the date of this report). These performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current audited "dotGrants" information available (FYE 2012). Standards were extrapolated to FYE 2018 and are designed to be aggressive, yet achievable. They are summarized as follows:

Performance Criteria	Fiscal Year End (FYE)				Target Annual Increase
	2010	2011	2012	2018 Target	
Passengers / Revenue Hour	9.71	10.09	11.56	13.80	3.0%
Operating Cost / Revenue Hour	\$73.53	\$83.64	\$85.84	\$102.50	3.0%
Operating Revenue / Revenue Hour	\$5.88	\$7.27	\$9.07	\$10.83	3.0%
Operating Cost / Passenger	\$7.57	\$8.29	\$7.42	\$7.42	0.0%

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

NEXT STEPS

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

Functional area “opportunities for improvement” are areas in which improvement may result in cost savings, improved service quality, and ridership and/or revenue increases. Improvements in these areas will assist in the achievement of the performance targets by directly addressing areas that affect Act 44 performance criteria. It should be noted that many functional areas are interrelated, and the action plan should establish a comprehensive program that focuses on actions that address the larger issues within STS.

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

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

It should be noted that specific actions identified may partially address the broadly noted opportunities for improvement found in the “**General Findings**” (pp. vi-vii). Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. The template provides a simple-to-follow order of key findings. STS must select, prioritize and schedule its intended actions using the template.

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

INTRODUCTION

PURPOSE

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

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

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

PERFORMANCE REVIEW PROCESS

In December 2013, an Act 44 mandated performance review was initiated for STS. PennDOT, with consultant assistance, conducted the review according to the steps outlined below:

1. Initial notification of performance review selection and transmission of document request
 - A review of available data and requests for what should be “off-the-shelf” information that may not be publicly available was transmitted.
2. Peer selection
 - A set of peers used for comparative analysis was jointly agreed upon by STS and PennDOT.
3. Act 44 performance criteria analysis
 - Performance criteria mandated by Act 44 were analyzed for the peer group.
 - Additional performance criteria were calculated for informative purposes to help guide the on-site review.
4. On-site review
 - An on-site review was conducted on December 2 and December 3, 2013.
 - An interview guide customized for STS’s service was used for the review.
 - Topics covered during the interview process included:
 - Governance
 - Management
 - Human/Labor Relations
 - Finance
 - Procurement
 - Operations and Scheduling
 - Maintenance
 - Safety and Security
 - Customer Service
 - Information Technology
 - Capital Programming
 - Marketing and Public Relations
 - Planning

AGENCY DESCRIPTION

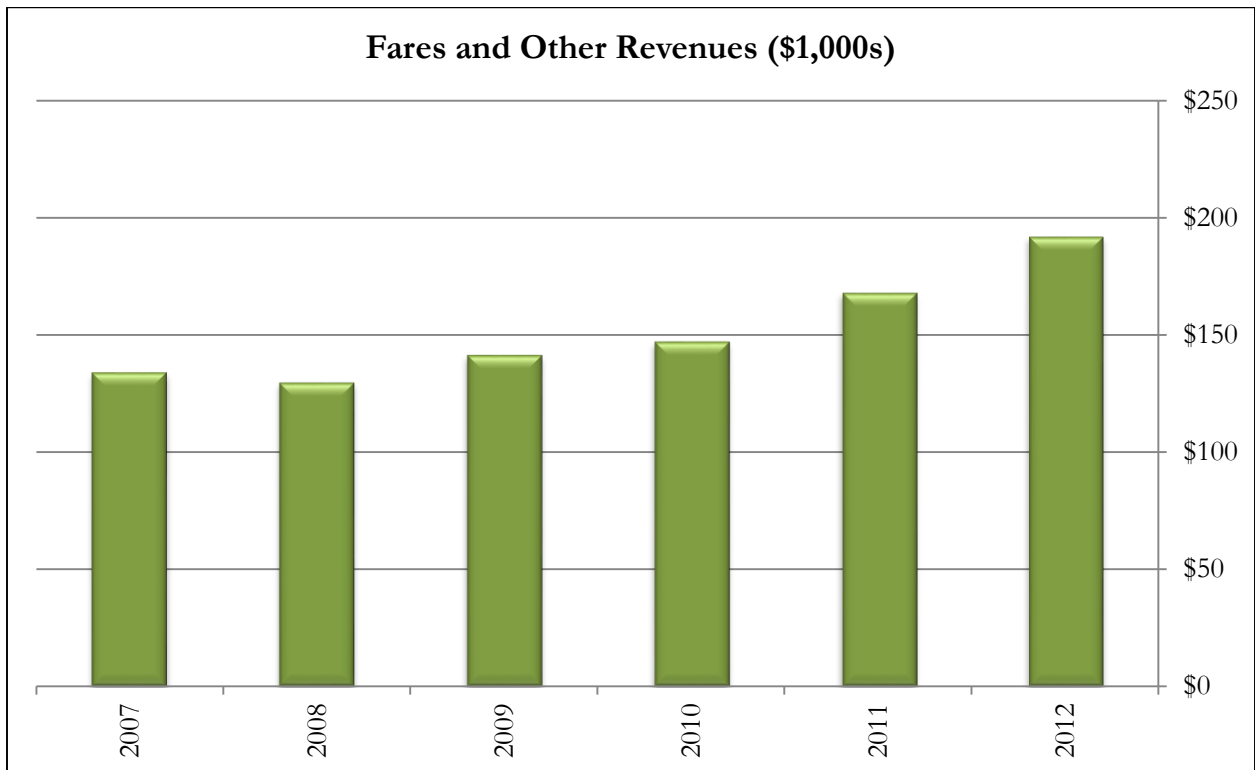
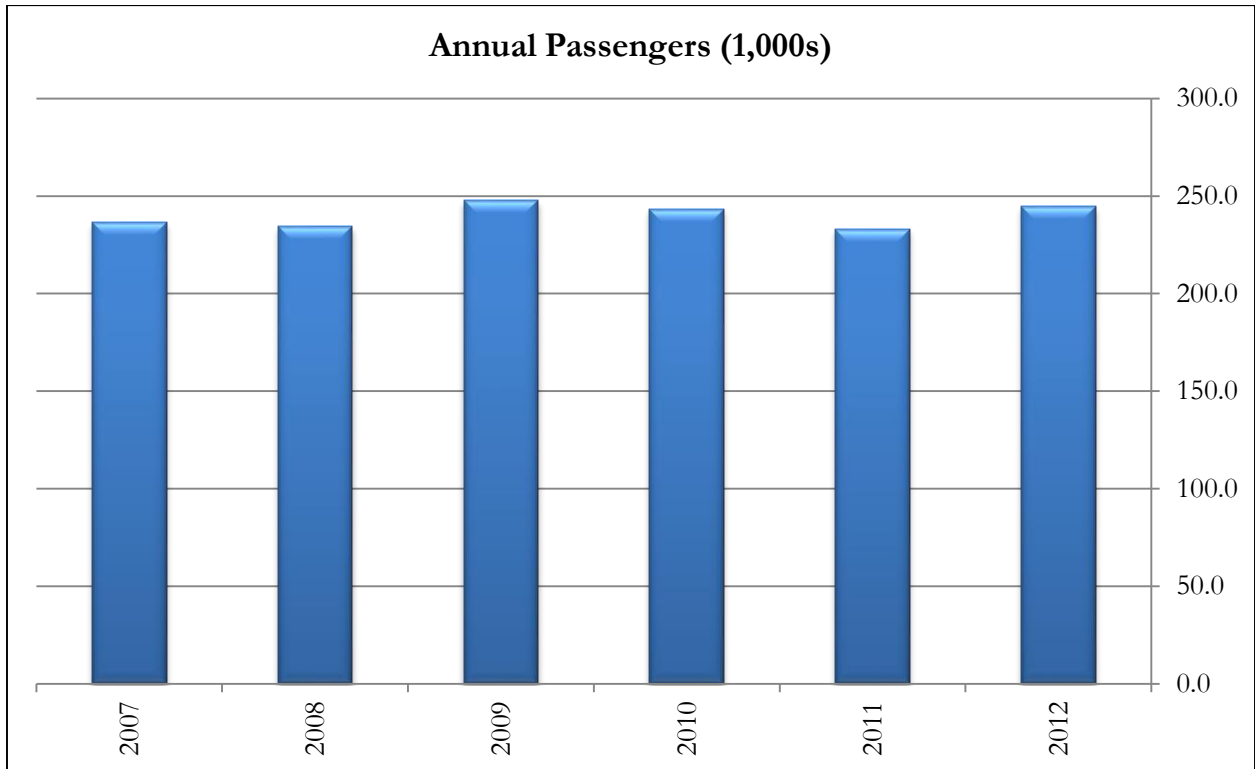
STS was created in 1982 in Schuylkill County, Pennsylvania. The original fixed bus routes have expanded over the years. In May, 1988 STS opened a new maintenance and administrative facility. In 2011, STS opened the Union Station to facilitate intermodal transfers. All members of the STS Board of Directors are appointed by Schuylkill County Commissioners.

Exhibit 1 and **Exhibit 2** present fixed-route bus statistics for STS derived from PennDOT dotGrants Legacy Reports. Fixed-route bus service is comprised of 13 local routes, including two routes with seasonal service only.

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

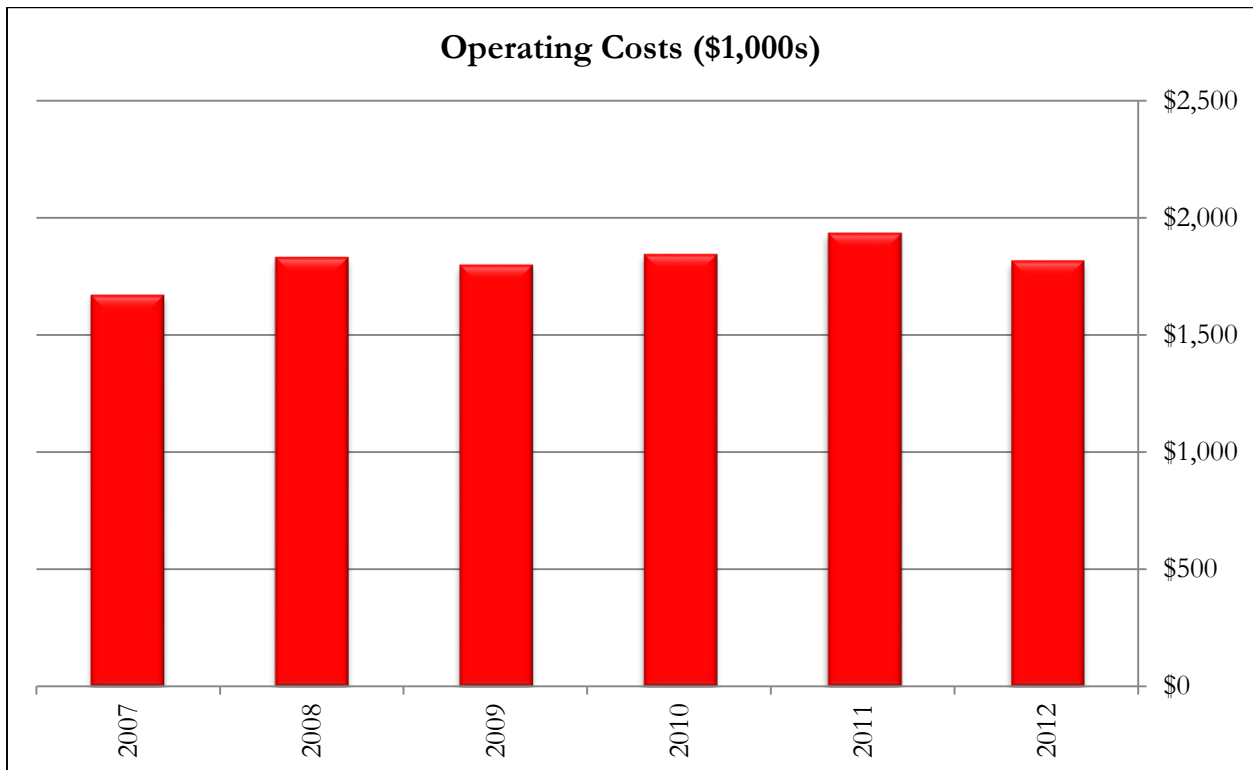
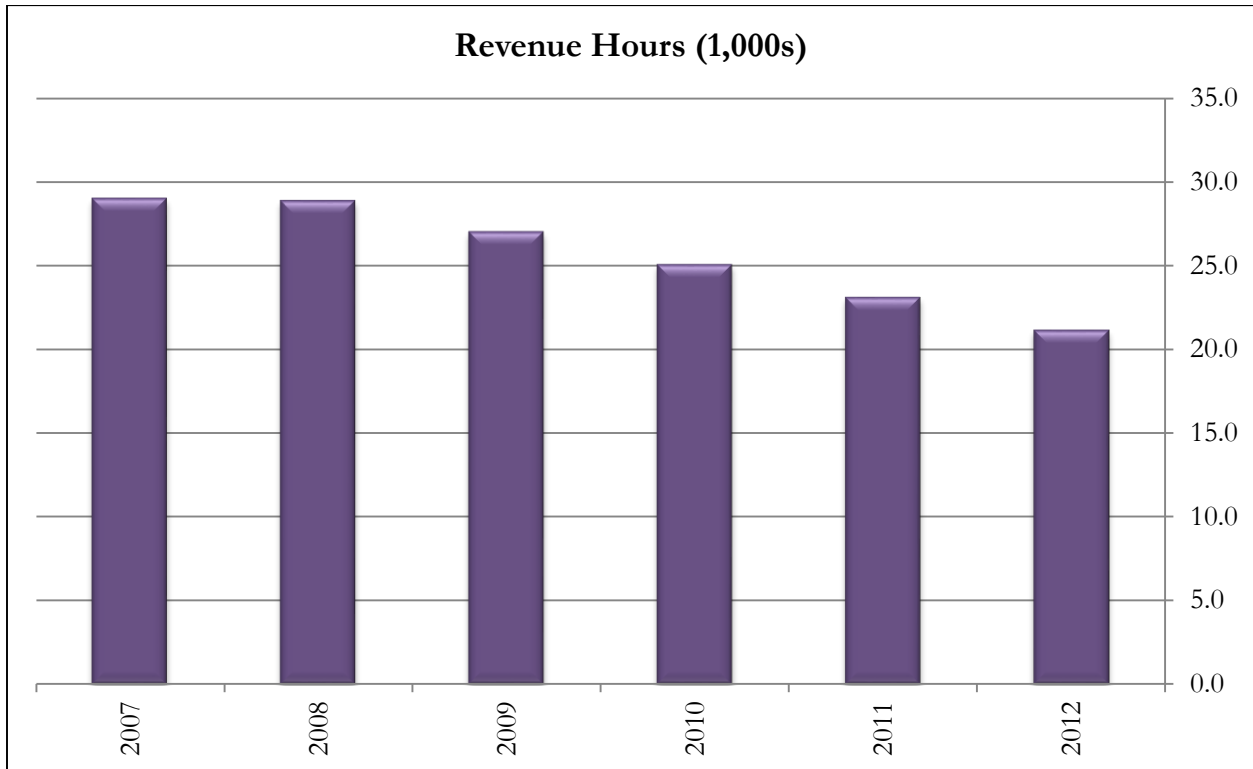
1. STS's annual fixed-route ridership peaked in 2009 and has ranged between 233,000 and 247,000 passengers per year. Ridership in 2012 is slightly lower than previous highs by about 3,000 passengers per year.
2. Revenue hours of service decreased by a net of 25% between 2007 and 2012. The highest number of revenue hours was in 2007.
3. STS's operating revenue is relatively low. This is because STS has a relatively large number of senior riders compared to total ridership. Revenues between 2007 and 2012 increased by about 46%.
4. Total fixed-route operating costs increased by about 9% between 2007 and 2012 going from about \$1.6 million to \$1.8 million annually.

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



Source: PennDOT Legacy Reporting System (dotGrants)

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



Source: PennDOT Legacy Reporting System (dotGrants)

ACT 44 PERFORMANCE ASSESSMENT

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

“The Department may conduct performance reviews of an award recipient under this section to determine the effectiveness of the financial assistance. Reviews shall be conducted at regular intervals as established by the Department in consultation with the management of the award recipient. After completion of a review, the Department shall issue a report that: highlights exceptional performance and identifies any problems that need to be resolved; assesses performance, efficiency, and effectiveness of the use of the financial assistance; makes recommendations on follow-up actions required to remedy any problem identified...”²

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

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

Performance criteria are to be compared for both the system being reviewed and for a group of five or more peers by mode, determined by considering the following:⁴

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

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

PEER SYSTEM SELECTION

A list of tentative peers was submitted to STS management for review and comment. After discussions were complete, the following 9 peer systems, in addition to STS, were included in subsequent analyses for peer comparison purposes:

1. City of Jackson Transportation Authority (Jackson, MI)
2. Nashua Transit System (Nashua, NH)
3. Concho Valley Transit District (San Angelo, TX)
4. City of Bend, Public Works Department (Bend, OR)
5. City of Dubuque (Dubuque, IA)
6. Abilene Transit System (Abilene, TX)
7. Springfield City Area Transit (Springfield, OH)
8. Fort Smith Transit (Fort Smith, AR)
9. Bettendorf Transit System (Bettendorf, IA)

² Title 74 Pa. C.S.A. §1513 (e)

³ Title 74 Pa. C.S.A. §1513 (f)

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

ACT 44 FIXED-ROUTE COMPARISONS AND FINDINGS

Comparison of STS with the selected peer systems was completed using NTD-reported data and dotGrants Legacy statistics. Due to its consistency and availability⁵ for comparable systems, the NTD FYE 2011 Reporting Year database was selected as the primary data source used in the calculation of the five-year trend Act 44 metrics:

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

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

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

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

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

If an agency is within these limits, it is considered “In Compliance.” However, if an agency is “At Risk” for any given criterion, it must very closely monitor the effectiveness of remedial strategies identified in the action plan so as to achieve “Compliance” prior to the next performance review⁶.

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

⁵ NTD data is available for almost every urbanized area transit system in the United States. The latest data available at the time of the Peer Selection was for Fiscal Year End (FYE) 2011.

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

Exhibit 3: Act 44 Compliance Summary

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

FIXED-ROUTE BUS PERFORMANCE COMPARISONS

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

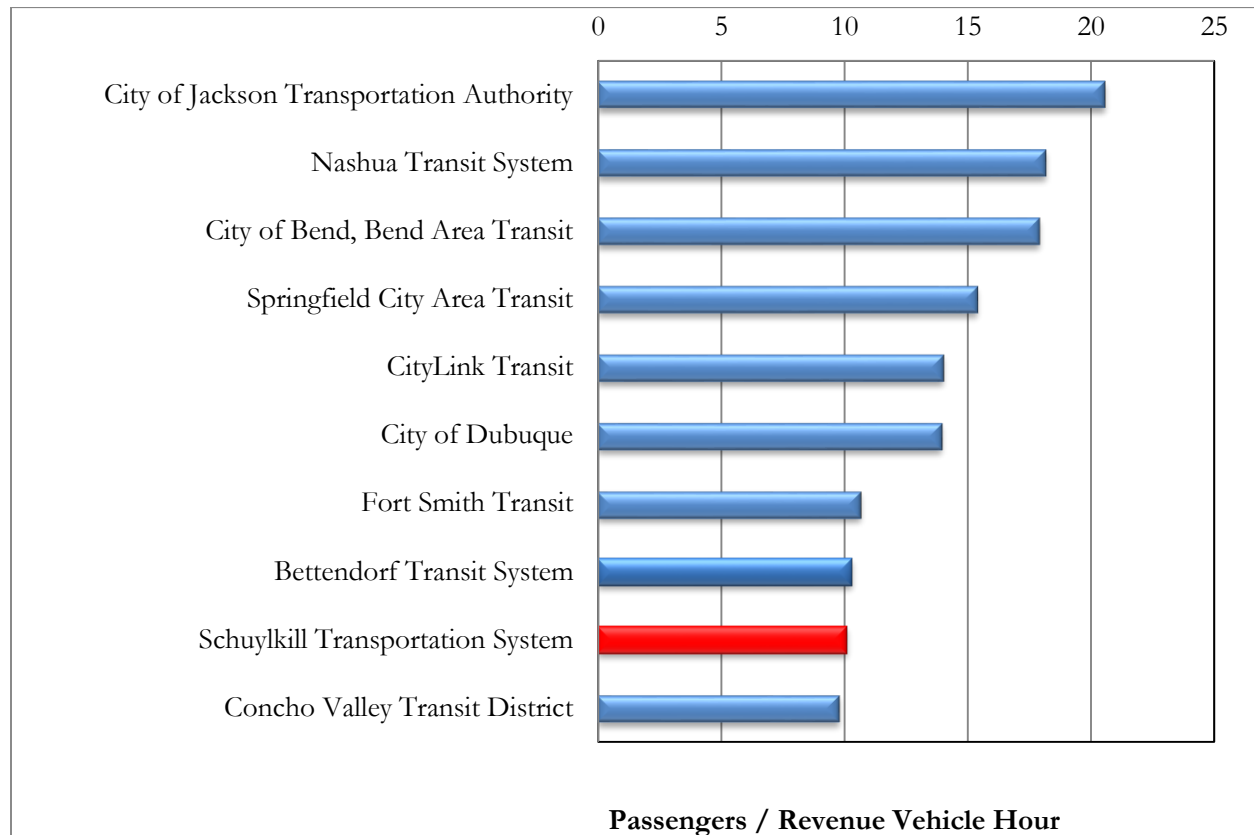
For measures relating to passengers or operating revenue, ordinal rankings are based on a highest-to-lowest system. For measures relating to operating cost, ordinal rankings are based on a lowest-to-highest system. Thus a ranking of “1st” consistently indicates that the agency scores best amongst its peers and a ranking of “10th” indicates that it performs the poorest on any given metric.

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

1. STS’s FYE 2011 passengers / revenue hour figure is among the lowest in the peer group. However, passengers / revenue hour has been increasing at a healthy rate of 4.7% per year. Management’s efforts should focus on maintaining this trend.
2. STS’s FYE 2011 operating cost / revenue vehicle hour is highest in the peer group. Operating cost / revenue hour has also increased at the steepest rate of the peer group- 10.9% annually. This is due, in part, to the number of revenue hours decreasing (Exhibit 2) while total costs have been increasing.
3. STS’s 2011 operating revenue / revenue vehicle hour ranks seventh of the 10 peers. The trend between FYE 2007 and FYE 2011 indicates that operating revenue / revenue vehicle hour is keeping pace with the rate of cost increases.
4. STS has the highest FYE 2011 operating cost / passenger of the peer group. The trend of operating cost / passenger increase is about 1.5 times that of the peer group average. The high operating cost per passenger is largely due to low ridership and above-average operating costs.

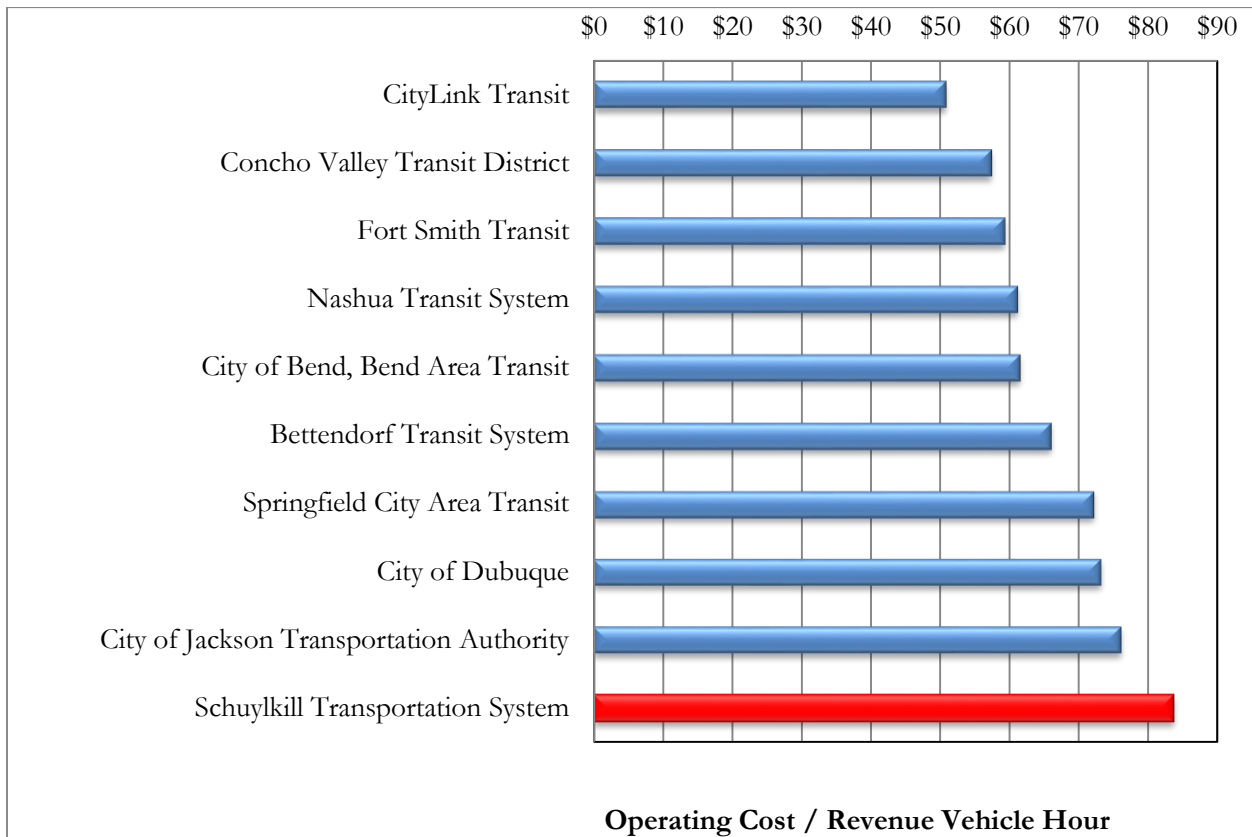
These findings provided a basis for further investigation during the on-site interviews and functional area reviews. Those findings are presented in the next section of the report.

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



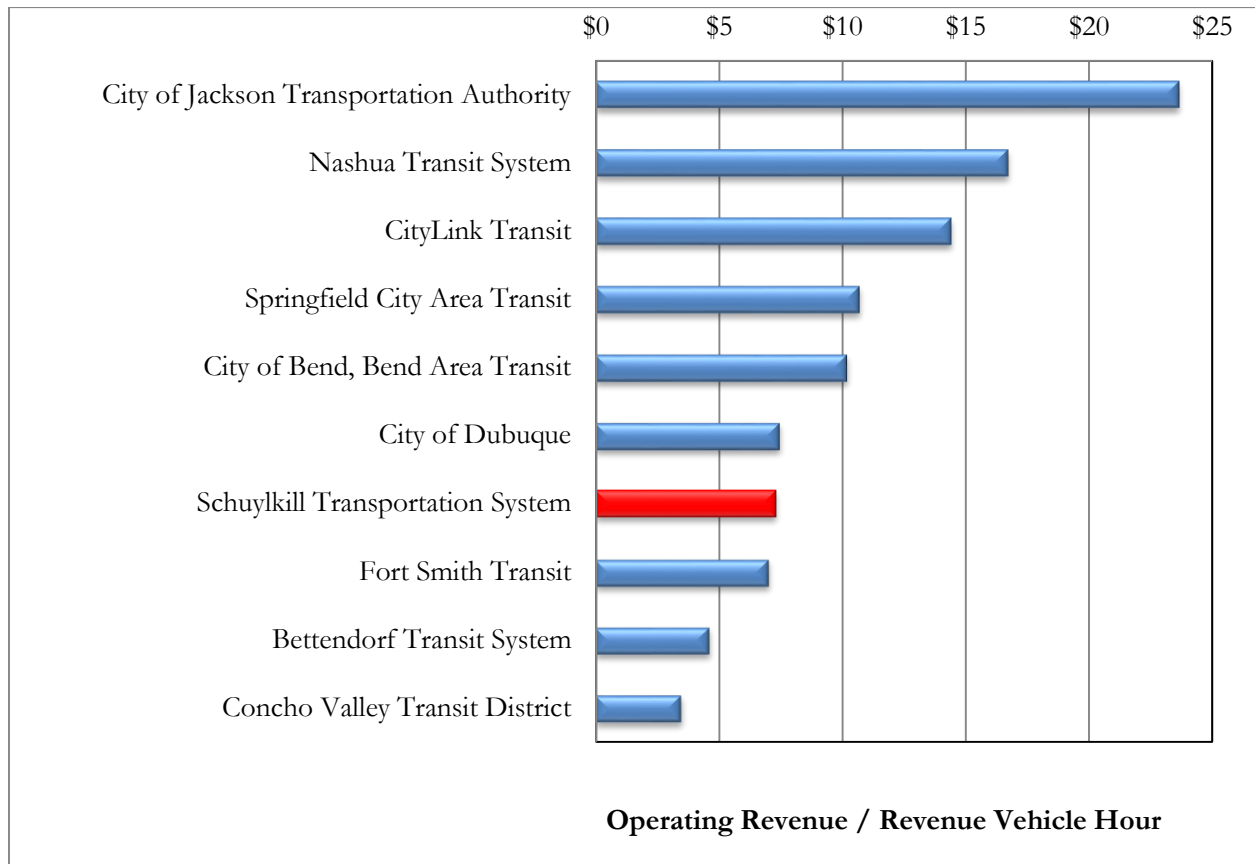
Passengers / Revenue Vehicle Hour		
2010-11 DATA		
System	Value	Rank
City of Jackson Transportation Authority	20.56	1
Nashua Transit System	18.16	2
City of Bend, Bend Area Transit	17.90	3
Springfield City Area Transit	15.38	4
CityLink Transit	13.99	5
City of Dubuque	13.92	6
Fort Smith Transit	10.65	7
Bettendorf Transit System	10.29	8
Schuylkill Transportation System	10.09	9
Concho Valley Transit District	9.79	10
<i>Average</i>	14.07	
<i>Standard Deviation</i>	3.88	
<i>Average – 1 Standard Deviation</i>	10.19	
<i>Average + 1 Standard Deviation</i>	17.95	
Act 44 Compliance Determination	At Risk	
Better or Worse Than Peer Group Average	Worse	

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



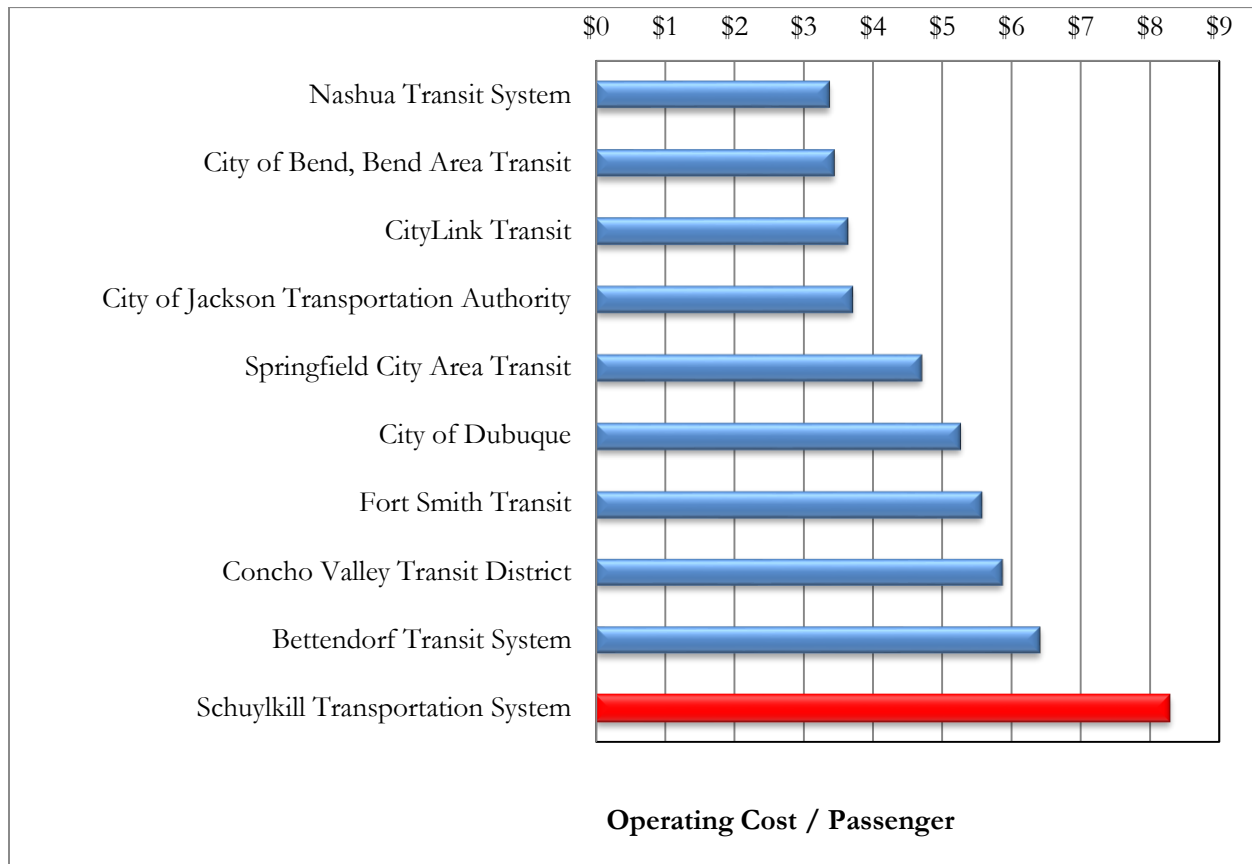
Operating Cost / Revenue Vehicle Hour		
2010-11 DATA		
System	Value	Rank
CityLink Transit	\$50.75	1
Concho Valley Transit District	\$57.36	2
Fort Smith Transit	\$59.29	3
Nashua Transit System	\$61.10	4
City of Bend, Bend Area Transit	\$61.50	5
Bettendorf Transit System	\$65.96	6
Springfield City Area Transit	\$72.16	7
City of Dubuque	\$73.20	8
City of Jackson Transportation Authority	\$76.09	9
Schuylkill Transportation System	\$83.64	10
<i>Average</i>	\$66.10	
<i>Standard Deviation</i>	\$9.99	
<i>Average – 1 Standard Deviation</i>	\$56.11	
<i>Average + 1 Standard Deviation</i>	\$76.10	
Act 44 Compliance Determination	At Risk	
Better or Worse Than Peer Group Average	Worse	

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



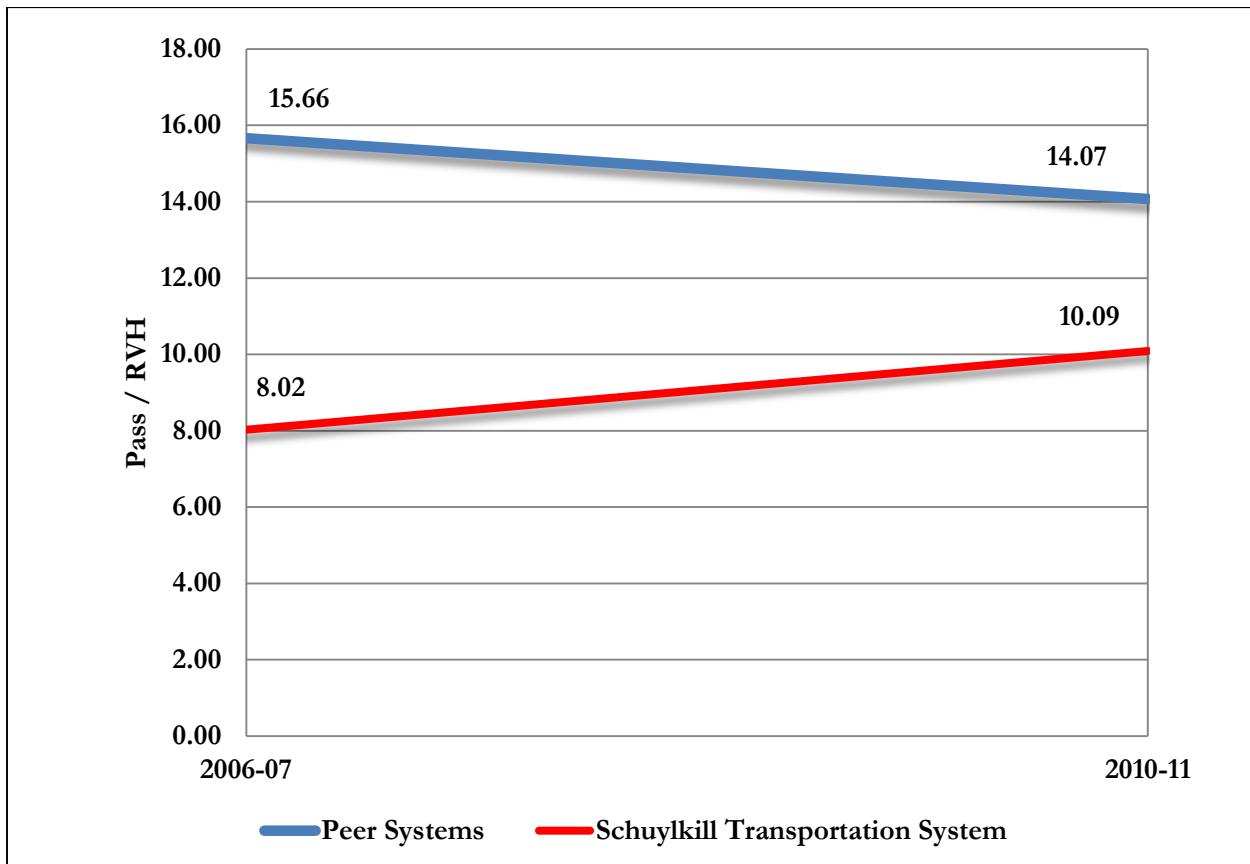
Operating Revenue / Revenue Vehicle Hour		
2010-11 DATA		
System	Value	Rank
City of Jackson Transportation Authority	\$23.63	1
Nashua Transit System	\$16.71	2
CityLink Transit	\$14.41	3
Springfield City Area Transit	\$10.71	4
City of Bend, Bend Area Transit	\$10.20	5
City of Dubuque	\$7.47	6
Schuylkill Transportation System	\$7.27	7
Fort Smith Transit	\$7.03	8
Bettendorf Transit System	\$4.62	9
Concho Valley Transit District	\$3.49	10
<i>Average</i>	<i>\$10.55</i>	
<i>Standard Deviation</i>	<i>\$6.16</i>	
<i>Average – 1 Standard Deviation</i>	<i>\$4.39</i>	
<i>Average + 1 Standard Deviation</i>	<i>\$16.72</i>	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Worse	

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



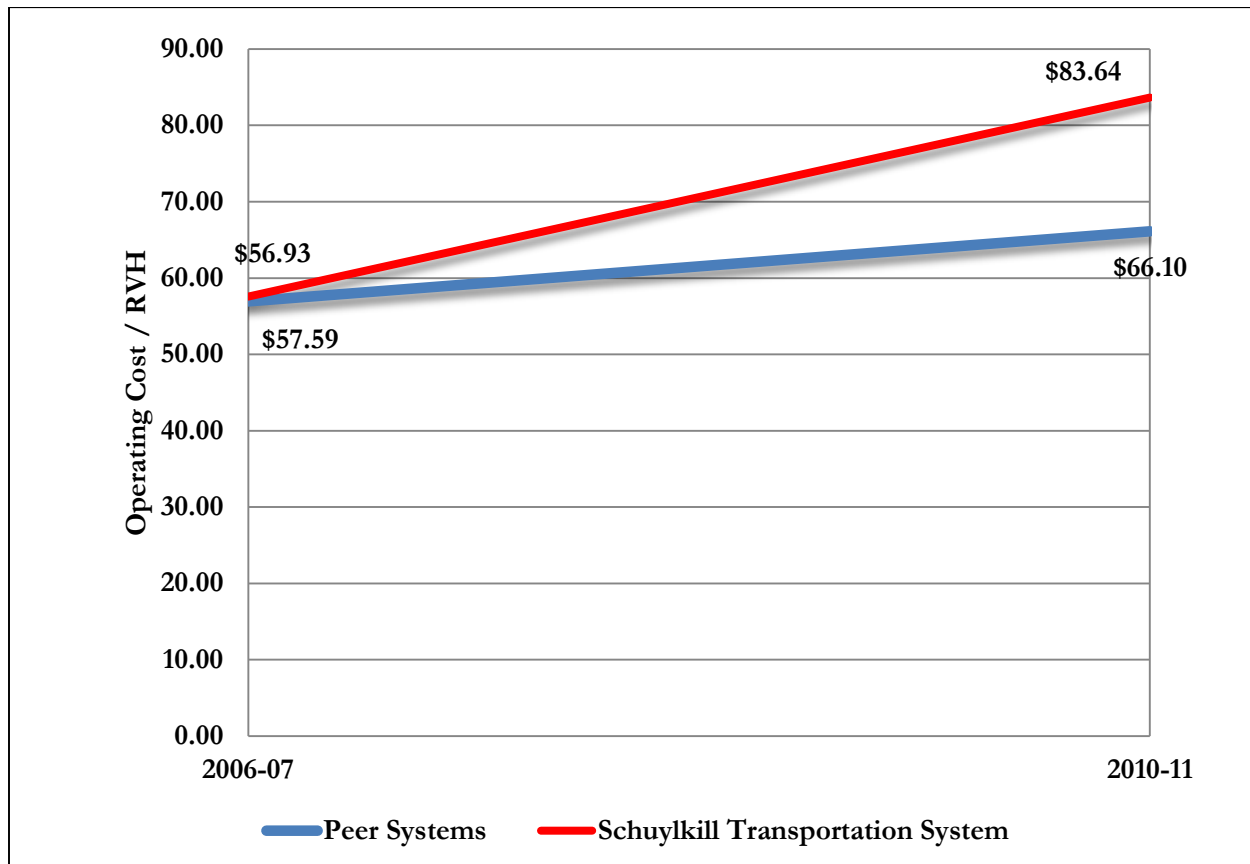
Operating Cost / Passenger		
2010-11 DATA		
System	Value	Rank
Nashua Transit System	\$3.36	1
City of Bend, Bend Area Transit	\$3.44	2
CityLink Transit	\$3.63	3
City of Jackson Transportation Authority	\$3.70	4
Springfield City Area Transit	\$4.69	5
City of Dubuque	\$5.26	6
Fort Smith Transit	\$5.57	7
Concho Valley Transit District	\$5.86	8
Bettendorf Transit System	\$6.41	9
Schuylkill Transportation System	\$8.29	10
<i>Average</i>	\$5.02	
<i>Standard Deviation</i>	\$1.59	
<i>Average – 1 Standard Deviation</i>	\$3.43	
<i>Average + 1 Standard Deviation</i>	\$6.61	
Act 44 Compliance Determination	At Risk	
Better or Worse Than Peer Group Average	Worse	

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



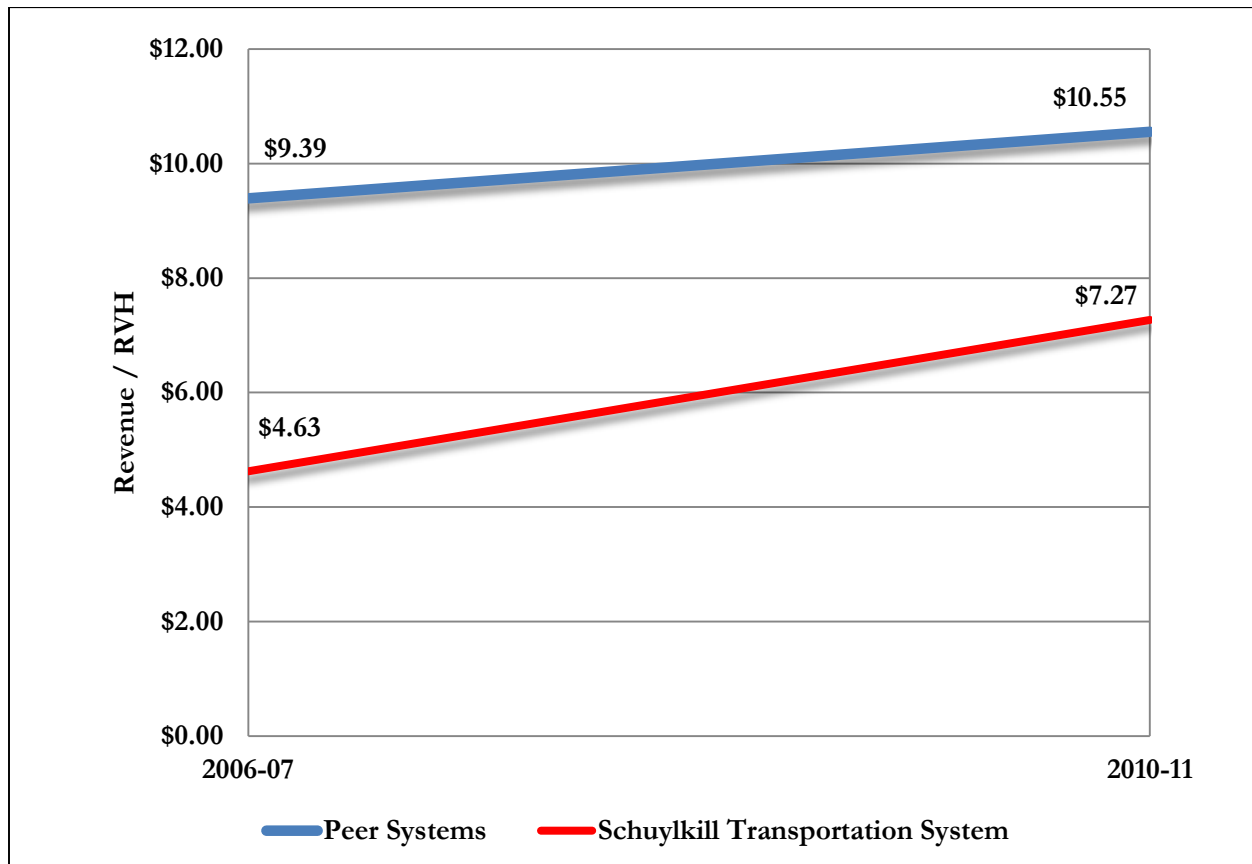
Passengers / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
Fort Smith Transit	7.28%	1
City of Bend, Bend Area Transit	6.82%	2
Schuylkill Transportation System	4.68%	3
Concho Valley Transit District	4.32%	4
Bettendorf Transit System	2.45%	5
Nashua Transit System	2.05%	6
City of Jackson Transportation Authority	-2.16%	7
CityLink Transit	-3.22%	8
Springfield City Area Transit	-5.20%	9
City of Dubuque	-10.89%	10
<i>Average</i>	<i>0.61%</i>	
<i>Standard Deviation</i>	<i>5.84%</i>	
<i>Average - 1 Standard Deviation</i>	<i>-5.23%</i>	
<i>Average + 1 Standard Deviation</i>	<i>6.46%</i>	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

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



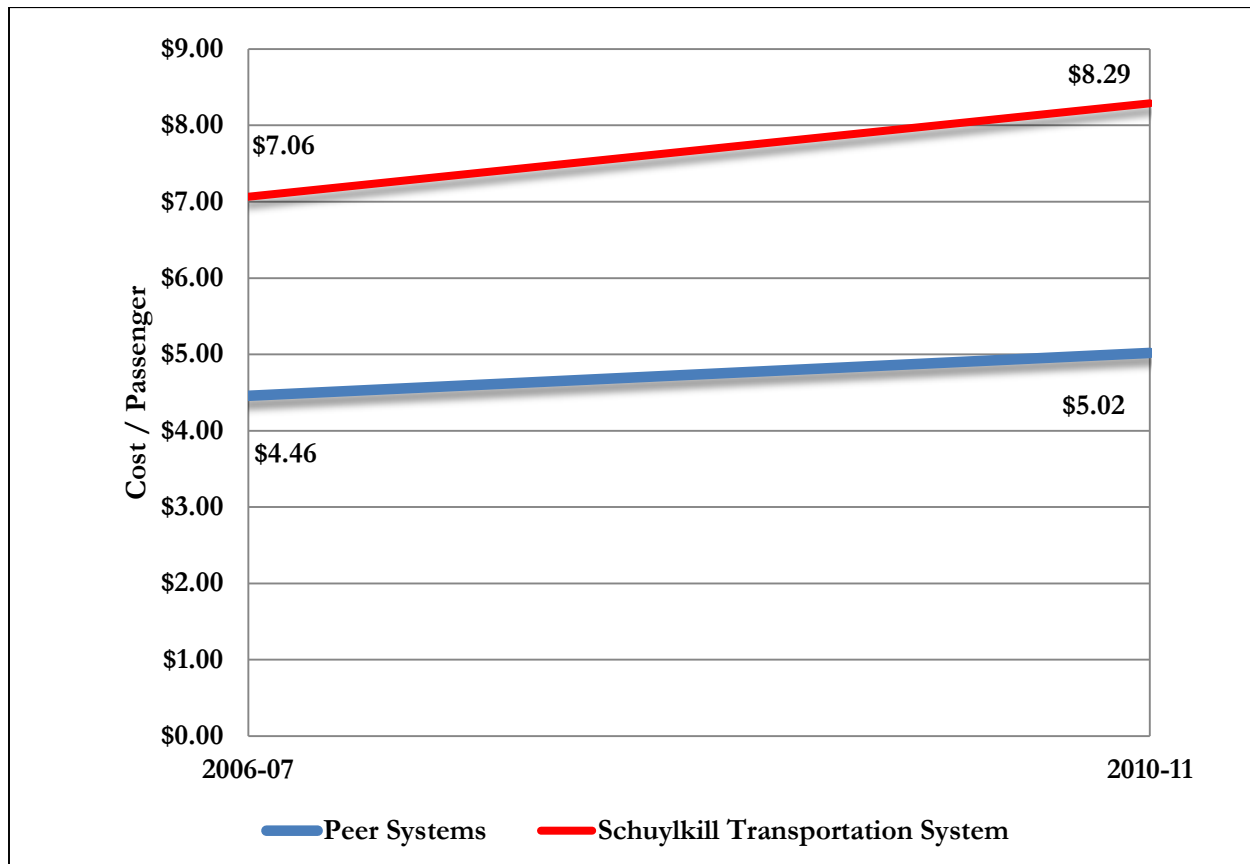
Operating Cost / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
City of Bend, Bend Area Transit	-6.86%	1
Springfield City Area Transit	0.68%	2
Nashua Transit System	1.27%	3
Fort Smith Transit	2.92%	4
City of Jackson Transportation Authority	3.66%	5
City of Dubuque	3.81%	6
Bettendorf Transit System	5.37%	7
CityLink Transit	7.90%	8
Concho Valley Transit District	10.76%	9
Schuylkill Transportation System	10.89%	10
<i>Average</i>	4.04%	
<i>Standard Deviation</i>	5.25%	
<i>Average - 1 Standard Deviation</i>	-1.21%	
<i>Average + 1 Standard Deviation</i>	9.29%	
Act 44 Compliance Determination	At Risk	
Better or Worse Than Peer Group Average	Worse	

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



Operating Revenue / Revenue Vehicle Hour		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
City of Bend, Bend Area Transit	14.19%	1
Schuylkill Transportation System	10.65%	2
Bettendorf Transit System	8.91%	3
Nashua Transit System	7.90%	4
City of Dubuque	4.49%	5
Springfield City Area Transit	4.14%	6
Concho Valley Transit District	1.84%	7
CityLink Transit	1.30%	8
Fort Smith Transit	0.98%	9
City of Jackson Transportation Authority	-9.35%	10
<i>Average</i>	<i>4.51%</i>	
<i>Standard Deviation</i>	<i>6.54%</i>	
<i>Average – 1 Standard Deviation</i>	<i>-2.03%</i>	
<i>Average + 1 Standard Deviation</i>	<i>11.06%</i>	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Better	

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



Operating Cost / Passenger		
5 Year Trend Average Annual Rate of Change		
System	Value	Rank
City of Bend, Bend Area Transit	-12.80%	1
Fort Smith Transit	-4.06%	2
Nashua Transit System	-0.77%	3
Bettendorf Transit System	2.85%	4
Schuylkill Transportation System	5.93%	5
City of Jackson Transportation Authority	5.95%	6
Concho Valley Transit District	6.17%	7
Springfield City Area Transit	6.21%	8
CityLink Transit	11.49%	9
City of Dubuque	16.50%	10
<i>Average</i>	<i>3.71%</i>	
<i>Standard Deviation</i>	<i>8.16%</i>	
<i>Average – 1 Standard Deviation</i>	<i>-4.44%</i>	
<i>Average + 1 Standard Deviation</i>	<i>11.87%</i>	
Act 44 Compliance Determination	In Compliance	
Better or Worse Than Peer Group Average	Worse	

FIVE-YEAR FIXED-ROUTE PERFORMANCE TARGETS

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

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

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

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

Typically PennDOT suggests a minimum targeted increase of 2% per year in passengers / revenue hour of service. This target is recommended because: it is consistent with statewide historic trends; it is achievable; and, it encourages agencies to better match service delivery with customer needs. However, because STS is “At Risk” for 2 of the eight Act 44 Performance Criteria that relate to passengers but has been increasing passengers, a more aggressive target of 3% growth per year has been established to help STS achieve compliance on ridership for the next performance review.

Operating Cost / Revenue Hour quantifies the efficiency of service delivery. To some extent, costs can be / should be managed through good governance, proactive management and effective cost containment. PennDOT suggests a target of no more than 3% per year increase in operating cost / revenue hour of service. STS’s target has been set to rate of 3% per year due to a need to contain cost increases to be in line with expected state funding.

Operating Revenue / Revenue Hour, like operating cost / revenue hour, tries to ensure an agency remains financially solvent in the long run. Operating revenue is composed of fares and other non-subsidy revenues. The target is set to be the same as passenger / revenue hour (3%) to make sure that revenue increases keep pace or exceed cost increases.

Operating Cost / Passenger captures both the efficiency and effectiveness of transit service delivery. The target is set to be equal to the difference between maximum operating cost / revenue hour increase (3%) less the minimum passengers / revenue hour goal (3%), or no change.

These performance targets represent the minimum performance level that STS should achieve for each Act 44 criteria during the next performance review cycle - five years from the date of this report. The performance targets were created using historical data analyzed during the five-year trend analysis as well as the most current certified audit information available. Standards were extrapolated to FYE 2018 and are designed to be aggressive, yet achievable. Performance targets will be agreed to between PennDOT and STS before they are finalized so that expected anomalies are reflected in the standards. The suggested performance targets for STS’s Act 44 metrics are presented in **Exhibit 12, Exhibit 13, Exhibit 14, and Exhibit 15.**

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

FYE 2018 Target.....**13.80**
 Interim Year Targets **Annual increase of at least 3.0%**

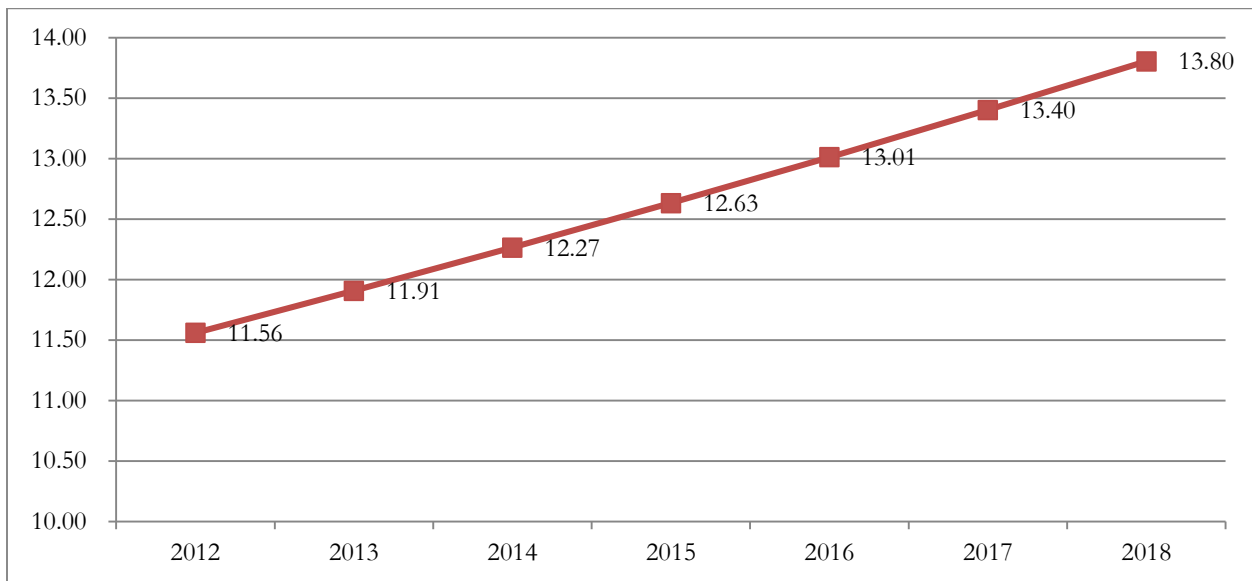


Exhibit 13: Fixed-Route Operating Cost / Revenue Vehicle Hour Performance Targets

FYE 2018 Target..... **\$102.50**
 Interim Year Targets **Annual increase of no more than 3.0%**

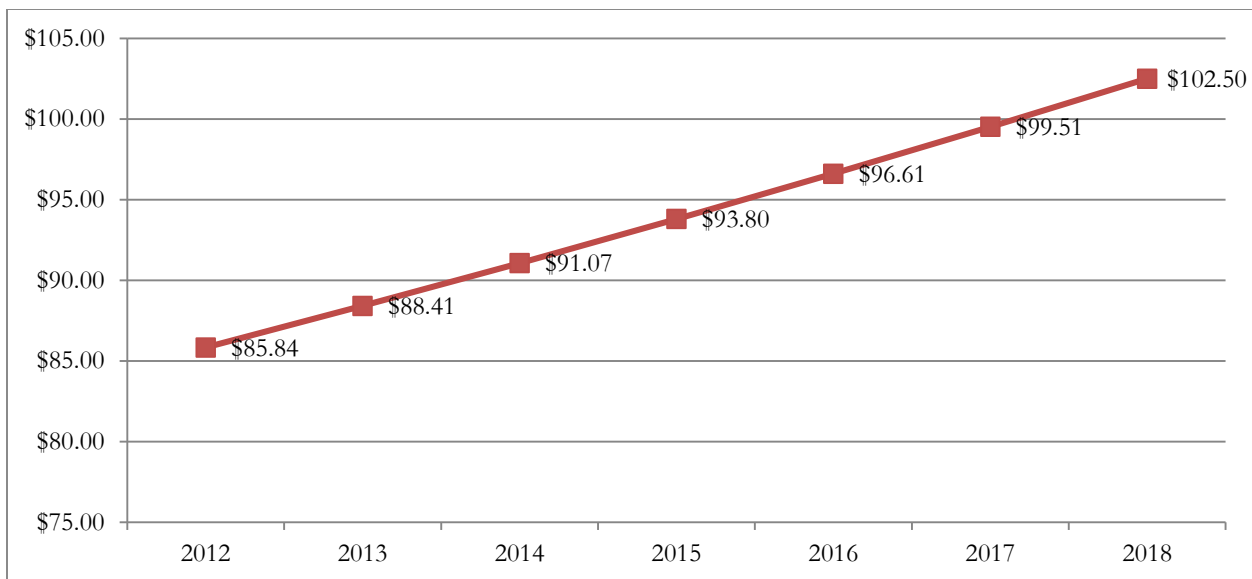


Exhibit 14: Fixed-Route Operating Revenue / Revenue Vehicle Hour Performance Targets
 FYE 2018 Target.....\$10.83
 Interim Year Targets Annual increase of at least 3.0%

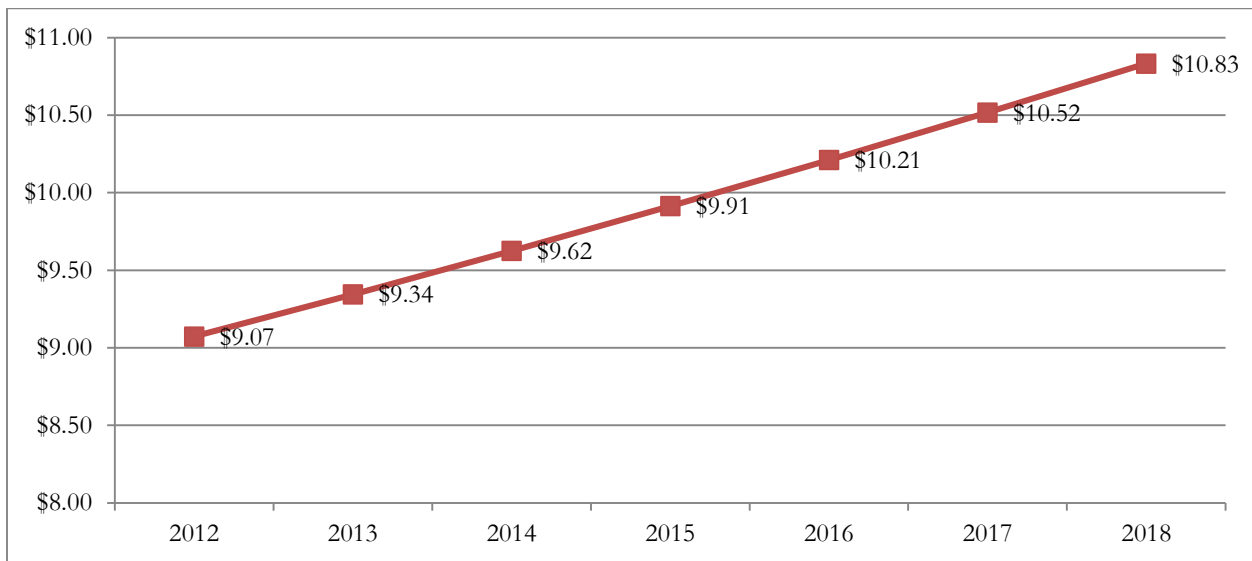
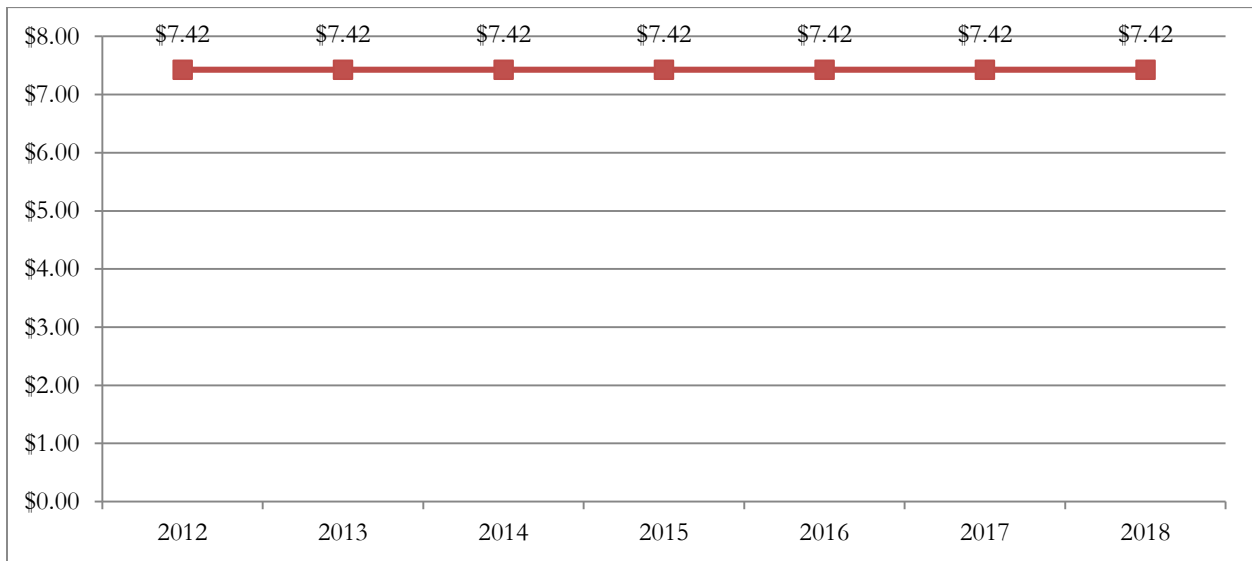


Exhibit 15: Fixed-Route Operating Cost / Passenger Performance Targets
 FYE 2018 Target..... \$7.42
 Interim Year Targets No Change



FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to find “best practices” to share with other transit agencies, and to identify opportunities for improvement that should be addressed in the Action Plan (see **Appendix A: Action Plan Improvement Strategies**). A total of 14 functional areas were reviewed through documents received from the agency and interviews conducted on-site. The functional areas are as follows:

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

The functional review findings are organized by a brief description of the Act 44 variables guiding the performance review: passengers, fare and other non-subsidy revenues, and operating costs. These 14

areas work together to effectively meet the needs of passengers, to deliver high-quality service in a cost-effective manner and to provide resources that will adapt to changing needs.

The following sections summarize the ways which service can be delivered more efficiently and effectively in ways that are sensitive and responsive to the community's needs, maximize productivity, direct service hours effectively, control operating costs, and achieve optimum revenue hours. The observations garnered during the review process are categorized as *Best Practices* or *Items to Address in the Action Plan*. Best Practices are those exceptional current practices that are beneficial and should be continued or expanded.

Items to Address in the Action Plan are recommendations which have the potential to maximize productivity, to direct service hours effectively, to control operating costs, and to achieve optimum revenue levels which will enhance the system's future performance overall for one or more of the Act 44 fixed-route performance factors. For the convenience of STS, Action Plan templates have been included in this document (pp. 32-36). It should be noted that specific actions may partially address the broadly noted opportunities for improvement found in the "**General Findings**" (pp. vi-vii). Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period of time. The template does however provide a simple-to-follow order of key findings of this report that should be addressed in the Action Plan.

OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

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

BEST PRACTICES

1. STS has a weekly radio show to advertise and to familiarize listeners with the agency and upcoming events. This is funded by means of a swap with ads on busses for the sponsoring radio station. Cost effective advertising is a good way to build brand recognition and ridership.

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

1. STS has very few covered shelters. STS should **evaluate its best performing bus stops and find cost effective ways to build additional covered stops** where appropriate. Some transit systems have been able to work with advertisers to fund part or all of the cost of shelters as a way to provide additional amenities with little if any additional cost to the agency.
2. STS should **develop a transit development plan (TDP) and include in the scope an assessment of what existing service needs to be modified based on low ridership**. The 2005 service evaluation report, styled in part after a TDP, made a number of recommendations to improve the efficiency of the service but should be updated based on "post-recession" conditions. The TDP should also address seasonal variations in demand and how services should be adjusted accordingly.
3. **STS should develop a comprehensive marketing plan, with a clearly documented budget, that incorporates a fully integrated marketing approach including measures of effectiveness** such as market penetration. Results of rider and non-rider surveys currently conducted by STS should be used to inform the marketing plan's development.

4. Given its limited marketing budget, STS should work with local communities to **replace and maintain bus stop signage** that is either missing or damaged.
5. STS currently has a **citizen’s advisory committee** that meets quarterly to review paratransit issues. This committee, or a different group representing the citizens of STS’s service area, should be **organized to periodically review and provide recommendations on ways to enhance STS’s fixed-route service**.

OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

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

BEST PRACTICES

1. The Union Station facility is new and multi-use. Rental receipts provide an additional source of revenue and tenants provide an additional customer base for STS. These actions will continue to help STS’s revenues keep pace with projected cost increases.
2. Revenue from advertising has been growing in recent years and is strong for an agency of STS’s size. Advertising accounts for more than 8% of total revenues. Aggressively pursuing advertising revenues is one way a transit agency can make sure revenues keep pace with cost increases.
3. STS has a good process to verify fare variances. Daily, individual fareboxes are reconciled to individual driver logs before being taken to the bank. This proactive approach to farebox management minimizes the likelihood of cash misappropriation and gives management a solid understanding of individual route performance.

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

1. STS lacks a documented farebox recovery policy. Consistent with the requirements of Act 89, **STS management should proactively develop a farebox recovery policy and begin its implementation.**
2. STS currently does not receive revenues from route guarantees. Many agencies have found route guarantees an effective way to generate additional revenues. STS management and marketing staff should **work with the local RPO to identify potential fixed-route service sponsors** such as large employers or colleges and enter into agreements that cover the fully-allocated cost of service.
3. STS has excess funding in “non-public other” contracts. These funds should be used to subsidize operating losses on paratransit services before 1513 funds (typically used for fixed-route operations) are committed to paratransit operations. Management should **reexamine its practice of using section 1513 funds to subsidize paratransit** operations so that it can maximize the amount of funding available for fixed-route operations.

OPPORTUNITIES TO CONTROL OPERATING COSTS

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

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

1. STS lacks a current cost allocation study. As such, it is unclear if costs are being borne accurately between the fixed-route and shared-ride service. Management should **periodically conduct a cost allocation study** to ensure that program costs are borne appropriately between the fixed-route and paratransit systems.
2. Routine professional services are not selected by RFP (e.g., attorney, auditor, etc.). STS **should have a written contract with specific terms** including renewal period(s) for all professional services contracts. By competitively selecting contracts, STS management can be assured they receive the best value for their expenditures.
3. STS currently pays Board members \$100 to attend Board meetings. This is an atypical arrangement for a Board of a public authority. **STS should reexamine this practice** to see if these funds could be better used to meet the agency’s needs.

OTHER FINDINGS THAT IMPACT OVERALL AGENCY PERFORMANCE

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

BEST PRACTICES

1. STS has a safety manual for each piece of equipment in the maintenance facility. Safety manuals can help new or experienced mechanics safely operate equipment that is rarely used or with which they lack familiarity.

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

1. STS does not train local first responders on how to enter and disable their vehicles. **STS should periodically train local first responders on ways to enter and disable all types of vehicles it currently operates** in revenue service.
2. STS lacks a strategic plan along with goals and objectives. A strategic plan can help guide investment decisions and help management prioritize resource allocation. **STS should develop a strategic plan** including supporting goals and objectives.
3. **STS should conduct annual employee satisfaction surveys** to help identify potential personnel-related issues that need to be resolved and to enhance employee performance, retention and satisfaction.

4. STS's Board does not have clearly defined committees and committee rosters. Active **standing committees, that meet at least quarterly, should be formed** to oversee major aspects of the organization including human resources, budget/finance, customer service and service delivery.
5. STS's management team meets periodically on an "as needed" basis. Many agencies benefit from a regular monthly management team meeting structure, schedule and agenda to help make sure items aren't "slipping through the cracks" and to assess performance related to goals. The Executive Director should **establish a monthly staff meeting with managers** that includes a routine agenda. The agenda should cover staff briefings, performance trends and other issues that arise during the normal course of business.
6. STS currently uses manual fareboxes. Management should **examine the cost/benefits of using fully-registering fareboxes** as part of its implementation of AVL and other technologies. Fully-registering fareboxes, especially if integrated with AVL and APC, can provide a wealth of data for route planning as well as additional security in cash and pass management.
7. STS lacks an operations manual. An operations manual is used to document the routine and emergency procedures of the operations department. It is also a useful tool to help insure smooth operations when there is management transition. STS management should **examine and formally document its operations procedures** including scheduling, dispatch and on-street supervision in a **comprehensive operations manual**.
8. STS contracted service agreements do not have requirements, incentives or penalties to encourage good performance. Management should **include performance requirements in any future contractor agreements**.
9. Currently, road supervisors, and dispatchers do not spend much time monitoring the performance of STS's fixed-route operators. The result is that potential problems do not get observed, or corrected, and operators cannot be meaningfully evaluated. Management should identify **cost-effective means to provide regular on-street supervision**.
10. **The relationship between the STS and Schuylkill County should be reexamined** now that "REDCO" no longer manages the agency. For example, currently the County owns all the assets, in spite of the existence of an authorized public transportation authority to handle this activity. This is an atypical arrangement for a transit authority.

FINANCIAL REVIEW

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

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

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

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

HIGH-LEVEL INDICATORS OF FINANCIAL HEALTH

Several high-level indicators of financial health and stability have been examined to determine STS’s current state. As shown in **Exhibit 16**, STS is in line with industry goals and targets for all high-level financial indicators. Cash reserves are higher than observed in many other agencies. STS does not have a need for a capital or operating line of credit given its large cash reserves.

STS receives local contributions that amount to 1.2% of public transportation operating costs which equates to a 2.9% match of local funds to state funds (FYE 2012). Local matching funds are sponsored by Schuylkill County. In coming years, due to Act 44 requirements, local contribution amounts will steadily increase. Management reports no concerns with finding sufficient local match.

Accounts payable and receivable are in line with expectations. All high-level indicators suggest STS is in a healthy financial state.

Exhibit 16: High-level Financial Indicators

Indicator	STS Value⁷	Assessment Criteria / Rationale	Source
Cash Reserves / Annual Operating Cost	79.5%	The combined target should be 25%+. This provides flexibility to account for unexpected cost increases or service changes.	FYE 2012 Audit and dotGrants
State Carryover Subsidies / Annual Operating Cost	11.3%		
Actual Local Match / Required Match	100.0%	Target 100%+. Local match that exceeds required minimums gives a transit agency flexibility to change service and to accommodate unexpected cost changes.	dotGrants
Accounts Payable (AP) 90+ days	0.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	AP Aging Report (10/1/13)
Accounts Receivable (AR) 90+ days	0.3%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	AR Aging Report (10/1/13)
Operating Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2012 Audit
Credit available/ Annual Payroll	0.0%	Target should be 15%+ if other cash reserves are low. This gives the ability to cover payroll due to unexpected delays in accounts receivable.	FYE 2012 Audit

⁷ Values reported as end of reporting period balances.

PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

As shown in **Exhibit 17**, STS has grown from a \$3.4 million per year operation in FYE 2007 to a \$3.5 million per year operation in FYE 2012, a 3.2% increase. Approximately 52% of STS’s FYE 2012 public transportation operating expenses is for fixed-route service. The remaining is for shared ride and ADA complementary paratransit service (48%), as shown in **Exhibit 18**.

STS’s operational funding comes from a variety of sources including state funds, federal funds, local funds and passenger fares. STS has used federal funds to finance both its fixed-route and paratransit operations (**Exhibit 19**). Passenger fares are a modest but important share of total revenue, accounting for between approximately 8% and 10% of total operating income. State funding remains the largest funding source for STS (**Exhibit 20**) accounting for between 55% and 67% of total operating income. Local funding is in line with Act 44 requirements.

Exhibit 17: Public Transportation Operating Expense by Mode (FYE 2007 – FYE 2012)

Expense by Service Type	FYE 2007	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Fixed-route	\$1.6	\$1.8	\$1.8	\$1.8	\$1.9	\$1.8
Paratransit	\$1.8	\$1.9	\$1.8	\$1.7	\$1.7	\$1.7
Total (\$ millions)	\$3.4	\$3.8	\$3.6	\$3.5	\$3.7	\$3.5

Exhibit 18: Public Transportation Operating Expense by Mode

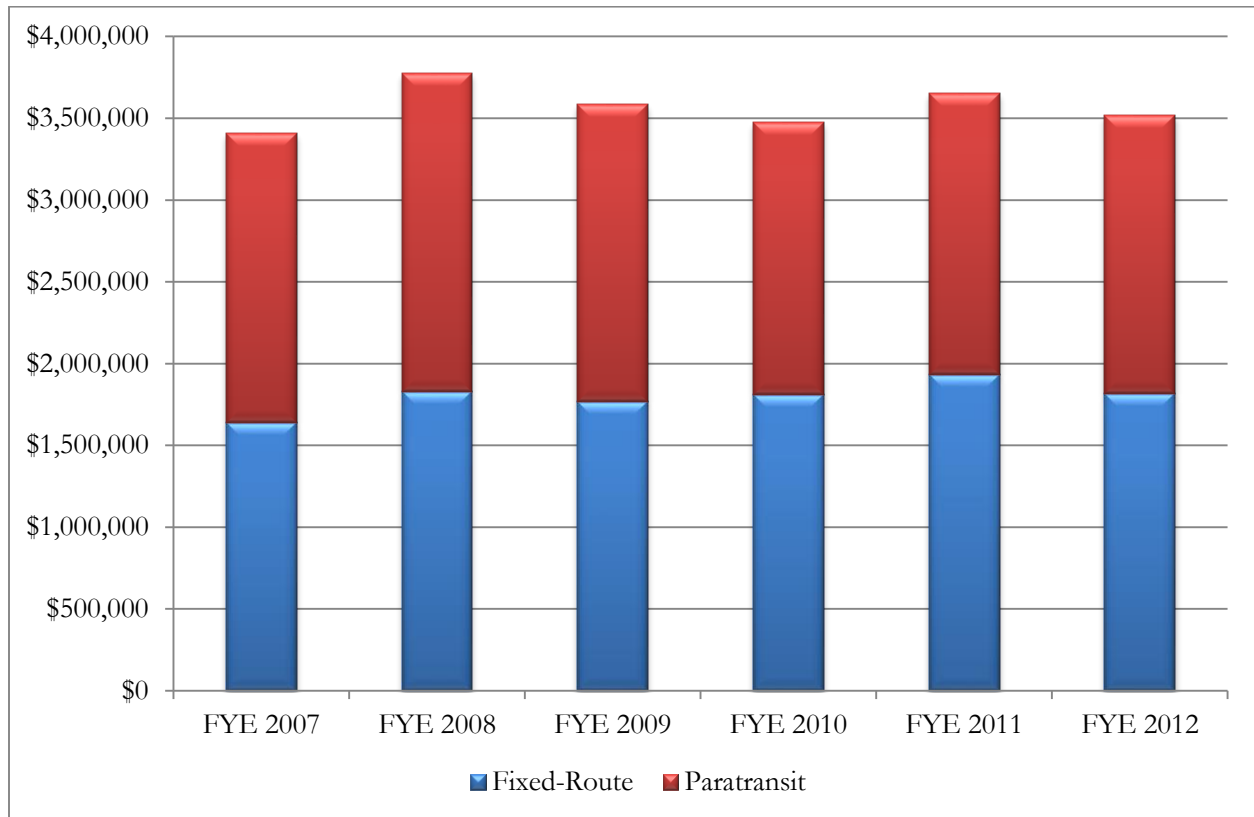
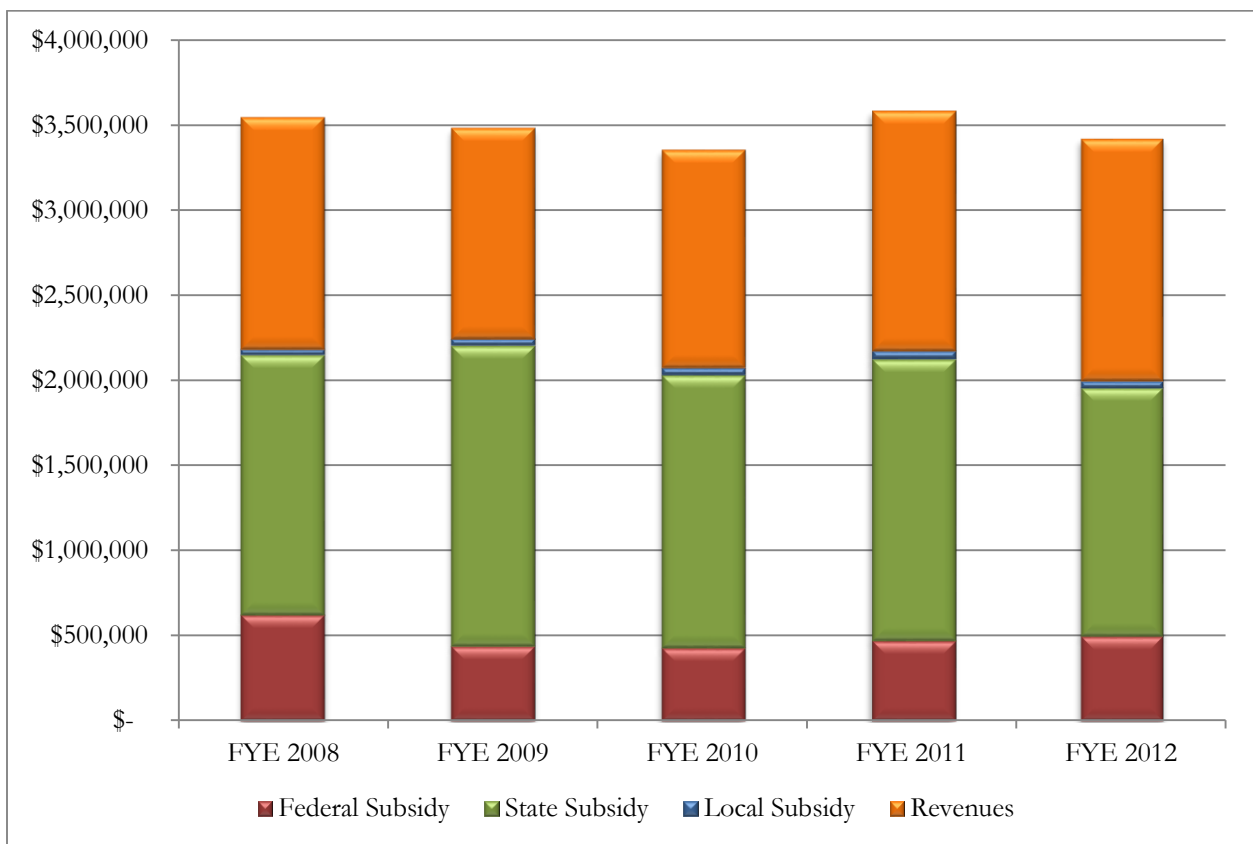


Exhibit 19: Public Transportation Operational Funding by Source (FYE 2008 – FYE 2012)

Share of Funding	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Federal Subsidy	17.2%	12.4%	12.6%	12.8%	14.2%
State Subsidy	42.4%	49.9%	46.9%	45.3%	41.8%
Local Subsidy	0.9%	1.2%	1.2%	1.3%	1.2%
Other Subsidy (Misc.)	1.8%	1.6%	1.9%	1.7%	1.9%
Revenues (Non-Subsidy)	37.7%	35.0%	37.4%	38.9%	40.8%
Local Subsidy / State Subsidy	2.2%	2.3%	2.6%	3.0%	2.9%

Exhibit 20: Public Transportation Operational Funding (FYE 2008 – FYE 2012)



FIXED-ROUTE FUNDING

STS's historic and proposed fixed-route funding is derived from general revenues and government subsidies. Direct Passenger fares have covered between 7.0% and 8.6% of total operating revenues (**Exhibit 21**). Based on the FYE 2010 to FYE 2012 dotGrants reporting, STS operated using current year funding with excess state funding being "carried over." Local carryover match funds in the amount of \$1,094,929 were available at the end of FYE 2012. Section 1513 carryover has decreased from \$422,186 in FYE 2010 to \$394,633 in FYE 2012.

Exhibit 21: Fixed-Route Funding (FYE 2008 – 2012)

Funding Category	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Revenues					
Passenger Fares	\$128,986	\$141,474	\$147,321	\$158,209	\$165,912
Advertising	\$600	\$0	\$0	\$9,839	\$15,872
Charter	\$0	\$0	\$0	\$0	\$0
Route Guarantee	\$0	\$0	\$0	\$0	\$0
Other Misc. (Rent)	\$139	\$0	\$0	\$0	\$10,143
Subtotal	\$129,725	\$141,474	\$147,321	\$168,048	\$191,927
Subsidies					
Federal Operating Grant	\$603,822	\$434,411	\$426,816	\$467,703	\$399,861
Act44 (1513) State Prior	\$0	\$0	\$1,226,878	\$50,972	\$0
Act44 (1513) Current	\$939,952	\$1,181,363	\$0	\$1,300,315	\$1,169,785
Municipal Prior	\$0	\$0	\$0	\$1,756	\$40,384
Municipal Current	\$32,908	\$40,885	\$42,426	\$44,892	\$0
Act3 ASG Grant (State)	\$119,871	\$0	\$0	\$0	\$0
Act3 ASG Grant (Local)	\$4,129	\$0	\$0	\$0	\$0
Special-(Federal)	\$0	\$0	\$0	\$0	\$93,559
Special-(State)	\$0	\$0	\$0	\$0	\$0
Special (Local)	\$0	\$0	\$0	\$0	\$0
Subtotal	\$1,700,682	\$1,656,659	\$1,696,120	\$1,865,638	\$1,703,589
Total Funding					
Passenger Fares/ Total Funding	\$1,706,407	\$1,798,133	\$1,843,441	\$2,033,686	\$1,895,516

Source: PennDOT dotGrants Reporting System

PARATRANSIT FUNDING

Paratransit funding is a very significant part of STS's operation and consists of ADA complementary and shared-ride services⁸. State operating subsidies, advertising revenues and passenger fares are used to finance paratransit operating costs (**Exhibit 22**). The paratransit program has shrunk from \$1,898,631 in FYE 2008 to \$1,586,021 in FYE 2012 though the amount of the program funded by state operating subsidies has increased in the last two fiscal years.

Exhibit 22: Paratransit Funding (FYE 2008 – 2012)

Category	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Revenues					
1 Passenger Fares	\$120,601	\$145,836	\$143,576	\$200,483	\$190,734
2 Advertising	\$0	\$0	\$0	\$0	\$0
3 Lottery	\$813,077	\$716,696	\$755,264	\$759,926	\$758,218
4 PwD Reimbursement	\$173,906	\$164,708	\$155,107	\$183,832	\$194,375
9 AAA	\$64,663	\$56,571	\$63,569	\$62,458	\$67,618
10 MH/MR	\$100,777	\$69,540	\$37,394	\$6,369	\$0
11 W2W	\$46,667	\$8,897	\$17,036	\$15,520	\$28,416
12 MATP	\$478,106	\$506,475	\$332,499	\$209,235	\$190,233
13 Other- Human Services	\$21,396	\$20,570	\$13,590	\$2,658	\$10,707
14 Other- County Fuel	\$55,414	\$40,248	\$45,299	\$77,361	\$43,132
15 MATP Admin	\$0	\$0	\$0	\$21,680	\$20,420
16 Other MATP	\$0	\$37,109	\$50,772	\$0	\$0
19 Other- County Maintenance	\$63,477	\$50,589	\$28,893	\$0	\$31,773
Subtotal	\$1,874,607	\$1,729,541	\$1,563,334	\$1,539,522	\$1,503,853
Subsidies					
1 Federal Operating Grant	\$15,230	\$2,488	\$1,671	\$1,019	\$2,553
2 Act 44 (1513) State Prior	\$0	\$0	\$0	\$61,281	\$74,496
3 Act 44 (1513) State Current	\$8,794	\$5,537	\$4,757	\$2,902	\$2,553
4 Municipal Prior	\$0	\$0	\$0	\$2,111	\$2,566
Subtotal	\$24,024	\$8,025	\$6,428	\$67,313	\$82,168
Total Funding	\$1,898,631	\$1,737,566	\$1,569,762	\$1,606,835	\$1,586,021

Source: PennDOT dotGrants Reporting System

BALANCE SHEET FINDINGS

Review of balance sheets from STS shows that the agency maintains very significant cash reserves (**Exhibit 23** and **Exhibit 24**) amounting to 79.5% of annual operational expenses in FYE 2012. This margin between current assets and liabilities is larger than seen in many other transit agencies in the Commonwealth and has been increasing since FYE 2011. The outstanding accounts payable amount is largely for fuel. STS does not maintain a line of credit to cover either major capital or operating expenses.

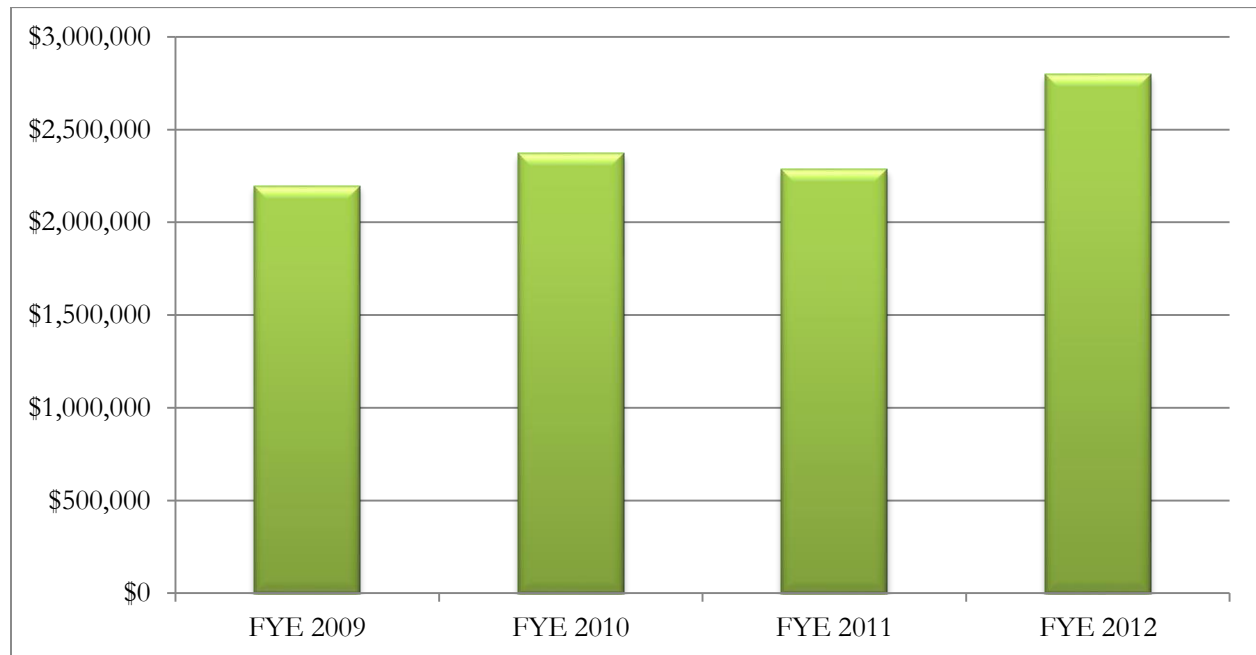
⁸ STS also provides non-public transportation services including head start and MATP.

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

Balance Sheet Report	FYE 2009	FYE 2010	FYE 2011	FYE 2012
Cash Equivalent Balance	\$2,196,670	\$2,371,309	\$2,285,892	\$2,798,793
Grants Receivable (including capital)	\$514,413	\$456,399	\$328,227	\$300,576
Other Accounts Receivable	\$466,584	\$11,584	\$0	\$0
Inventory Value	\$126,360	\$126,878	\$116,334	\$136,718
Accounts Payable (including capital)	\$115,660	\$114,900	\$109,047	\$184,000
Accumulated Absences/Payroll	\$53,620	\$61,818	\$55,317	\$60,316
Total Operating Expense	\$3,585,026	\$3,474,942	\$3,651,964	\$3,518,348
Cash Eqv. Bal / Total Operating Exp.	61.3%	68.2%	62.6%	79.5%
Line of Credit / Total Operating Exp.	0.0%	0.0%	0.0%	0.0%
Current Assets	\$3,323,229	\$2,981,872	\$2,795,302	\$3,279,589
Current Liabilities	\$939,209	\$1,045,495	\$1,184,803	\$1,557,380
Net Current Assets	\$2,384,020	\$1,936,377	\$1,610,499	\$1,722,209

Source: Annual Audit Reports and dotGrants

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



CONCLUSIONS

For the FYE 2008 to FYE 2012 period, Schuylkill County has contributed local funds to help cover STS's operational funding requirements. STS has used most of those amounts in any given year to balance its budget and comply with state requirements but also has been able to build a substantial local reserve. Fixed-route farebox revenues, hovering between 7% and 9% operating cost, is lower than that in similar-sized transit systems in the Commonwealth. Overall, STS is in good financial condition. STS management should continue to take appropriate actions such as controlling costs, evaluating farebox recovery policies and increasing carryover reserves to continuously improve STS's overall financial health.

APPENDIX A: ACTION PLAN IMPROVEMENT STRATEGIES

PART 1- EXECUTIVE SUMMARY FINDINGS TEMPLATE

IMPROVEMENT OPPORTUNITY	STS Actions	Estimated Initiation Date	Estimated Completion Date
Conduct periodic Board training (p. vi)			
Formalize job descriptions and employee oversight practices (p. vi)			
Strengthen cost containment (p. vi)			
Implement campaign to recruit fixed-route drivers (p. vi)			
Develop performance targets for all key agency functions (p. vii)			

Note: Include additional pages as necessary.

PART 2- ACT 44 PERFORMANCE METRIC FINDINGS TEMPLATES

A. ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR TEMPLATE

Recommendation (page)	STS Action	Estimated Initiation Date	Estimated Completion Date
Evaluate the need for covered shelters (p. 20)			
Develop a TDP (p. 20)			
Develop a comprehensive marketing plan (p. 20)			
Replace and maintain bus stop signage (p. 21)			
Establish fixed-route citizens' advisory group (p. 21)			

B. ACTIONS TO INCREASE OPERATING REVENUE / REVENUE HOUR TEMPLATE

Recommendation (page)	STS Action	Estimated Initiation Date	Estimated Completion Date
Develop and implement a formal farebox recovery policy (p. 21)			
Evaluate the potential to develop route guarantee arrangements with major employers and institutions (p. 21)			
Evaluate the optimal use of 1513 funds for fixed-route and paratransit operations (p. 21)			

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

Recommendation (page)	STS Action	Estimated Initiation Date	Estimated Completion Date
Conduct periodic cost allocation studies (p. 22)			
Formalize and periodically reselect professional services agreements (p. 22)			
Reevaluate the practice of paying Board members (p. 22)			

PART 3- OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE TEMPLATE

Recommendation (page)	STS Action	Estimated Initiation Date	Estimated Completion Date
Train first responders on ways to disable and enter STS vehicles (p. 22)			
Develop a strategic plan (p. 22)			
Conduct annual employee satisfaction surveys (p. 22)			
Establish formal Board committees that meet at least quarterly (p. 23)			
Conduct formally organized regular management team meetings (p. 23)			
Evaluate the potential benefits and cost of moving to fully-registering fareboxes (p. 23)			
Develop a formal operations manual (p. 23)			
Incorporate performance requirements in all future contract service agreements (p. 23)			
Identify cost-effective means to provide greater on-street supervision (p. 23)			
Reexamine relationship between STS and Schuylkill County (p. 23)			

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