



STS Transit System Performance Review

February 3, 2020

# Performance Report

## Schuylkill Transportation System d.b.a., STS

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# CONTENTS

<b>List of Exhibits</b> .....	<b>ii</b>
<b>Public Transportation Service Summary</b> .....	<b>iii</b>
<b>Executive Summary</b> .....	<b>iv</b>
Important Changes Since the 2014 Performance Review .....	v
2013 Performance Review Determinations and Findings .....	vi
2019 Performance Review Determinations and Findings .....	vii
2024 Performance Targets .....	viii
Financial Review .....	viii
Next Steps.....	viii
<b>Introduction</b> .....	<b>1</b>
Purpose.....	1
Agency Description .....	2
Performance Review Process.....	4
Customer Satisfaction Survey .....	4
<b>2013 Act 44 Performance Assessment</b> .....	<b>6</b>
Prior Review Determinations and Findings.....	6
Action Plan and Performance Targets.....	6
Assessment .....	7
<b>2019 Act 44 Performance Assessment</b> .....	<b>9</b>
Peer Agency Comparisons .....	9
Assessment .....	9
<b>2024 Performance Targets</b> .....	<b>10</b>
<b>Functional Review</b> .....	<b>11</b>
Opportunities to Increase Fixed-Route Ridership.....	11
Opportunities to Increase Fixed-Route Revenues.....	12
Opportunities to Control Operating Costs.....	12
Other Opportunities to Improve Performance .....	13
<b>Financial Review</b> .....	<b>14</b>
High-Level Indicators of Financial Health .....	14
Total Public Transportation Operational Expenditures and Funding.....	14
Fixed-Route Funding .....	18
Paratransit Funding .....	19
Balance Sheet Findings .....	20
Assessment .....	21
<b>Appendix A: Data Adjustments</b> .....	<b>22</b>
<b>Appendix B: 2013 Performance Review Action Plan Assessment</b> .....	<b>23</b>
<b>Appendix C: Peer Comparisons</b> .....	<b>28</b>
<b>Appendix D: Action Plan Template</b> .....	<b>35</b>
Part 1- Actions to Increase Passengers / Revenue Hour .....	35
Part 2 - Actions to Increase Operating Revenue / Revenue Hour.....	35
Part 3 - Actions to Reduce or Contain Operating Cost / Revenue Hour .....	36
Part 4 - Other Actions to Improve Overall Performance .....	37

## LIST OF EXHIBITS

Exhibit 1: STS Fixed-Route Service Annual Performance Trends (FYE 2014-2019).....	3
Exhibit 2: Average Customer Satisfaction Score by Performance Measures.....	5
Exhibit 3: Previous Performance Review Act 44 Comparison Summary .....	6
Exhibit 4: 2019 Performance Targets .....	7
Exhibit 5: Current Performance Review Act 44 Peer Comparison Summary.....	9
Exhibit 6: FYE 2024 Act 44 Performance Targets.....	10
Exhibit 7: High-Level Financial Indicators .....	15
Exhibit 8: Public Transportation Operating Expense by Service Type.....	15
Exhibit 9: Public Transportation Operating Expense Trends by Service Type .....	16
Exhibit 10: Percent of Total Public Transportation (Fixed-Route + Paratransit) Operating Income by Funding Source .....	16
Exhibit 11: Total Public Transportation (Fixed-Route + Paratransit) Operating Income by Funding Source .....	17
Exhibit 12: Fixed-Route Funding.....	18
Exhibit 13: Paratransit Operating Revenue by Source .....	19
Exhibit 14: Paratransit Operating Statistics (FYE 2015 – FYE 2019).....	19
Exhibit 15: Balance Sheet Summary (FYE 2015 – FYE 2019).....	20
Exhibit 16: End-of-Year Cash Balance (FYE 2015 – FYE 2019).....	21

## PUBLIC TRANSPORTATION SERVICE SUMMARY

Agency	Schuylkill Transportation System (d.b.a. STS)		
Year Founded	1982		
Reporting Fiscal Year End (FYE)	FYE 2019		
Service Area (square miles)	782		
Service Area Population <sup>1</sup>	148,289		
Annual Operating Statistics*	Fixed-Route	Paratransit (Shared-Ride/ ADA)	Total (Fixed-Route + Paratransit)
Vehicles in Maximum Service (VOMS)	10	28	38
Operating Cost	\$2,000,715	\$2,390,423	\$4,391,138
Operating Revenues	\$178,610	\$1,528,977	\$1,707,587
Operating Subsidy	\$1,822,105	\$493,351	\$2,315,456
Total (Actual) Vehicle Miles	299,811	633,003	932,814
Revenue Vehicle Miles (RVM)	282,169	N/A	N/A
Total Vehicle Hours	19,513	35,926	55,439
Revenue Vehicle Hours (RVH)	17,291	N/A	N/A
Total Passenger Trips	182,731	81,885	264,616
Senior Passenger (Lottery) Trips	56,030	42,983	99,013
Act 44 Performance Statistics			
Passengers / RVH	10.57	N/A	N/A
Operating Cost / RVH	\$115.71	N/A	N/A
Operating Revenue / RVH	\$10.33	N/A	N/A
Operating Cost / Passenger	\$10.95	\$29.19	\$16.59
Other Performance Statistics			
Operating Revenue / Operating Cost	8.93%	63.96%	38.89%
Operating Cost / Total Vehicle Hours	\$102.53	\$66.54	\$79.21
Operating Cost / Total Vehicle Miles	\$6.67	\$3.78	\$4.71
Total Passengers / Total Vehicle Hours	9.36	2.28	4.77
Operating Cost / RVM	\$7.09	\$5.49	\$6.12
RVM / Total Vehicle Miles	94.12%	68.74%	76.90%
RVH / Total Vehicle Hours	88.61%	65.40%	73.57%
Operating Subsidy / Passenger Trip	\$9.97	\$10.52	\$10.14

\* Source: dotGrants 2019 reporting

<sup>1</sup> Service area population is based on agency reporting to NTD (FYE 2017).

## EXECUTIVE SUMMARY

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

At the same time Act 44 ushered in critical requirements for accountability, performance improvement, and maximum 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 achieved its performance targets set in the previous review; 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, failure to achieve performance targets and to determine if a financial penalty should be assessed if performance targets are not met in §427.12. *Performance Reviews*:

“(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 the progress of, or fails to implement the agreed-upon strategic action plan or both.”

PennDOT conducted a transit performance review for Schuylkill Transportation System (STS) in December 2013. Based on that review, PennDOT developed a performance report in 2014 that established five-year performance targets and agreed to STS’s action plan to meet those targets. In November 2019, PennDOT conducted the follow-up reassessment of STS to determine if STS successfully 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 2014 PERFORMANCE REVIEW

PennDOT conducted the initial review of STS in December 2013. Since finalizing the 2014 performance report, STS addressed many agency findings and was met with varying degrees of success in attempting to achieve its five-year performance targets:

- **Assessed opportunities to sustainably grow ridership** - STS experienced ridership declines after 2014, like those experienced in transit systems across the Commonwealth. STS was unable to achieve a 3.0% annual growth in passengers per revenue vehicle hour but managed to hold ridership at about 175,000 yearly passenger trips for the last two years after making minor service adjustments. STS proactively assesses new developments in Schuylkill County for realistic opportunities to provide sustainable service, for example:
  - STS began marketing for and initiated a new route in late 2019 in southern Schuylkill County prior to the opening of a major hospital. STS hopes establishing a route that serves a new major activity center will boost ridership from hospital employees and those needing access.
  - STS identified another opportunity to increase ridership by providing service to an industrial park off I-81 that is home to a growing warehouse industry. However, due to irregular work shifts that are outside of STS's fixed-route service hours, it is not financially feasible to provide expanded service without any additional means of cost-recovery aside from passenger fares.
- **Ensured revenues kept pace with inflation** - STS acknowledges the economic conditions of a rural county like Schuylkill County and is concerned with pricing out low-income riders with large fare increases. STS developed a fixed-route fare adjustment policy to ensure fare growth keeps pace with inflation in accordance with Act 89. STS's last fare increase was an incremental \$0.05 from \$1.45 to \$1.50 in July of 2017. STS successfully sells advertising on fixed-route buses to help diversify revenue streams. Advertising revenue accounted for 8.9% of total fixed-route revenue for FYE 2018. STS narrowly missed its operating revenue per revenue hour performance target by about \$0.50.
- **Maintain competitive wages** – STS reduced total fixed-route costs by 11.6% from \$1.9 million in FYE 2014 to \$1.7 million in FYE 2015. However, beginning in FYE 2016, costs began to increase at a significant rate. From FYE 2015 to FYE 2018, total fixed-route operating costs increased on average by 3.3% annually. Management attributes the increase of the expenses to wage increases. Labor negotiations lasted two years until arbitration in 2017. STS successfully negotiated 40-hour overtime for hours worked but agreed to wage increases to stay competitive with the private sector. STS missed its performance targets for cost containment by nearly \$8 per revenue vehicle hour and about \$3 per passenger trip.

## 2013 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2013 performance review compared STS with a group of peer agencies based on the four performance criteria required by Act 44. STS was found to be “In Compliance” for five performance criteria and “At Risk” for four metrics.

Performance Criteria	FYE*	Determination	Peer Rank (of 10)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle Hour	2012	<b>At Risk</b>	9	Worse	10.09	14.07
	Trend	In Compliance	3	Better	4.68%	0.61%
Operating Cost / Revenue Vehicle Hour	2012	<b>At Risk</b>	10	Worse	\$83.64	\$66.10
	Trend	<b>At Risk</b>	10	Worse	10.89%	4.04%
Operating Revenue / Revenue Vehicle Hour	2012	In Compliance	7	Worse	\$7.27	\$10.55
	Trend	In Compliance	2	Better	10.65%	4.51%
Operating Cost / Passenger	2012	<b>At Risk</b>	10	Worse	\$8.29	\$5.02
	Trend	In Compliance	5	Worse	5.93%	3.74%

\*NTD information most current at the time of the peer review is the basis of the single year, and trend peer comparisons.

The 2014 performance review determined that STS was “In Compliance” for four criteria and “At Risk” for four metrics. STS performed better than the peer group for increasing ridership and revenue for the five-year trends. STS performed worse than the peer group for containing costs and was “At Risk” for three out of four cost containment criteria. STS was also “At Risk” for passengers per revenue vehicle hour in the single-year FYE 2012 determination.

STS developed an Action Plan to address opportunities for improvement identified in the 2014 performance review report. Among the steps STS took to improve its performance were:

1. Evaluate the optimal use of 1513 funds for fixed-route and paratransit operations;
2. Develop a comprehensive marketing plan; and,
3. Prioritize surplus non-public revenue to reduce the shared-ride operating deficit.

PennDOT, in consultation with STS management, established the following performance targets that the agency should attain before the second performance review:

- Increase passengers per revenue vehicle hour by at least 3.0% per year on average
- Increase operating revenue per revenue vehicle hour by at least 3.0% per year on average
- Contain increases in operating cost per revenue vehicle hour to no more than 3.0% per year on average
- No change in operating cost per passenger

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

Performance Criteria	2018 Target	2018 Actual	Met Target
Passengers / Revenue Vehicle Hour	13.80	10.33	No
Operating Cost / Revenue Vehicle Hour	\$102.50	\$110.43	No
Operating Revenue / Revenue Vehicle Hour	\$10.83	\$10.30	No
Operating Cost / Passenger	\$7.42	\$10.69	No

STS worked toward achieving the 2018 performance targets by implementing actions listed in the 2014 Action Plan. These actions included developing a comprehensive marketing plan, reducing the amount of 1513 funding used to subsidize shared-ride losses, and adopting a farebox recovery policy. STS addressed many findings from the 2014 performance report but was met with varying degrees of success. STS expressed that the previous performance targets of 3.0% ridership growth and 3.0% revenue growth were not achievable on a per revenue vehicle hour basis due to the rural fixed-route service STS provides and the limited opportunities to sustainably grow ridership in Schuylkill County.

## 2019 PERFORMANCE REVIEW DETERMINATIONS AND FINDINGS

The 2019 performance review compared STS with a group of peer agencies based on the four performance criteria outlined by law. STS was found to be “In Compliance” for all performance measures and “At Risk” for none.

Performance Criteria	FYE	Determination	Peer Rank of (12)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2017	In Compliance	6	Better	10.87	10.38
	Trend	In Compliance	5	Better	-1.23%	-2.85%
Operating Cost / Revenue Hour	2017	In Compliance	12	Worse	\$100.62	\$84.84
	Trend	In Compliance	8	Worse	2.35%	2.21%
Operating Revenue / Revenue Hour	2017	In Compliance	3	Better	\$10.93	\$8.56
	Trend	In Compliance	4	Better	3.79%	1.51%
Operating Cost / Passenger	2017	In Compliance	10	Worse	\$9.26	\$8.98
	Trend	In Compliance	5	Better	3.62%	5.43%

\*Note: NTD information most current at the time of the peer review is the basis of the single year, and trend peer comparisons. Therefore, these factors differ from those presented on the Agency Profile page, which uses FYE 2019 data.

The 2019 performance review examined additional steps, beyond those specified in the 2014 Action Plan, that STS took to improve performance. The most notable action is assessing opportunities to sustainably grow ridership like the development and marketing of STS’s new south county route ahead of the opening of a new major hospital.

The 2019 performance review also identified actions that STS can take to improve overall agency performance including:

1. Develop a strategic plan to guide service improvements and prioritize investments.
2. Develop a farebox recovery goal to ensure agency revenue keeps pace with operating costs.
3. Identify cost drivers and implement cost control measures to ensure long-term fiscal sustainability.

PennDOT also identified additional opportunities for improvement during the 2019 performance review. The complete list of opportunities for improvement will serve as the basis for STS’s Board-approved action plan.

## 2024 PERFORMANCE TARGETS

As required by Act 44, PennDOT and STS management developed new five-year performance targets. Performance targets are designed to be aggressive, yet achievable. STS should work to achieve these targets, shown in the following table, over the next five years to ensure continued eligibility for full Section 1513 funding.

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2018 Actual	2019 Actual	2024 Target	
Passengers / Revenue Vehicle Hour	10.33	10.57	10.83	0.5%
Operating Cost / Revenue Vehicle Hour	\$110.43	\$115.71	\$134.14	3.0%
Operating Revenue / Revenue Vehicle Hour	\$10.30	\$10.33	\$11.40	2.0%
Operating Cost / Passenger	\$10.69	\$10.95	\$12.39	2.5%

## FINANCIAL REVIEW

STS currently has a balanced fixed-route operating budget. Noteworthy elements of STS's financial condition as of FYE 2019 are:

- STS had \$2 million in carryover local funds and \$151,231 state carryover funds available.
- STS plans to use approximately \$240,000 in local carryover funds to match federal and state funding for the new facility project.
- Carryover funds amount to 47.9% of annual operational funding.
- STS received its full local match as required by Act 44.
- STS maintained a cash equivalent balance equal to 46.3% of total annual operating expenses.
- STS's operating budget increased from of \$3.7 million in FYE 2015 to \$4.5 million in FYE 2019.
- Current assets exceed current liabilities.
- No accounts payable and receivable amounts past 90 days are negligible.
- STS uses current year fares, surplus revenue from current year "courier" service, and available 1513 funds (as needed) to balance its shared-ride operating budget.
- STS secured a \$1 million line of credit in FYE 2019 for their upcoming capital facility project.

Management should continue taking appropriate actions to manage costs, achieve farebox recovery goals, and maintain cash reserves to preserve STS's overall financial health.

## NEXT STEPS

STS management and Board will develop an Action Plan in response to the complete list of "Opportunities for Improvement" identified in the performance review report. Some actions will be quickly implementable while others may take several discrete steps to achieve over a longer period. STS's management must report to the Board and PennDOT quarterly on progress towards 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 the Commonwealth by increasing state funding for public transportation operations by about 50%, from \$535 million annually to \$800 million in the first year of the legislation. Public transportation organizations, which had been on the verge of major service cuts and significant fare increases, could maintain existing service and fares and, with a predictable and growing source of operating assistance, plan service changes.

At the same time Act 44 ushered in critical requirements for accountability, performance improvement, and maximum 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;
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- 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
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PennDOT conducted a transit performance review for Schuylkill Transportation System (STS) in December 2013. Based on that review, PennDOT established five-year performance targets and agreed to STS’s action plan to meet those targets. In November 2019, PennDOT conducted the follow-up reassessment of STS to determine if STS successfully met its targets and what actions were taken to improve the agency’s performance and management practices to maximize the return on investment of Commonwealth funding. This report summarizes PennDOT’s findings.

## AGENCY DESCRIPTION

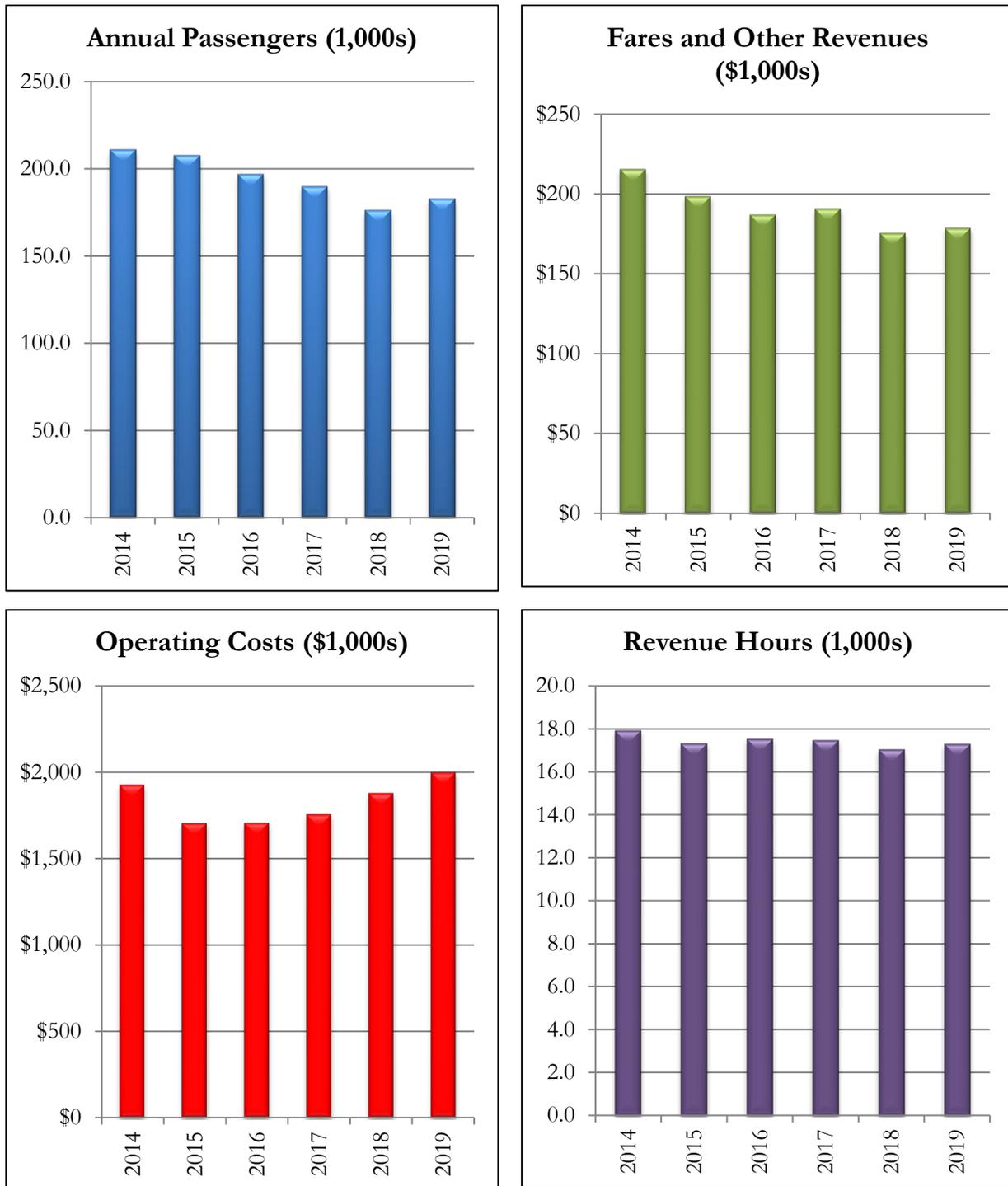
The Schuylkill Transportation System (d.b.a. STS) was created in 1982 in Schuylkill County, Pennsylvania by the Schuylkill County Commission under the Pennsylvania Municipal Authorities Act. STS expanded from a five fixed-route bus system in Pottsville, PA to a ten-route system providing rural public transportation in Schuylkill County. STS is governed by a nine-member Board of Directors appointed directly by Schuylkill County Commissioners.

STS provides fixed-route, shared-ride, and ADA complementary paratransit service in the City of Pottsville and Schuylkill County. All vehicles, assets, and facilities are owned by Schuylkill County. The County also serves as the grantee for public funds. STS serves as the operator of the service and directs the capital procurement process in consultation with Schuylkill County.

Currently, STS operates ten-weekday routes, two-weekend routes, and one seasonal route. STS provides rural fixed-route service, including a circulator in downtown Pottsville. Fixed-route service originates at Pottsville's Union Station. Opening in 2011, Union Station is the system's main transfer facility and customer service center. STS also provides fixed-route service to Penn State Schuylkill. STS acquired compressed natural gas (CNG) vehicles in 2018. In 2020 STS will start to construct a new administrative headquarter, maintenance garage, and bus storage facility. STS provided approximately 183,000 annual fixed-route passenger trips with ten vehicles operated in maximum service (VOMS) as of FYE 2019.

**Exhibit 1** presents fixed-route bus statistics for STS derived from PennDOT dotGrants Legacy Reports. Minor adjustments were made to fixed-route revenue and operating costs to reconcile NTD reported information to dotGrants reported values. A description of these adjustments around found in **Appendix A: Data Adjustments** on page 22.

**Exhibit 1: STS Fixed-Route Service Annual Performance Trends (FYE 2014-2019)**



Source: PennDOT Legacy Reporting System (dotGrants)

## PERFORMANCE REVIEW PROCESS

PennDOT initiated an Act 44-mandated performance review for STS during the fall of 2019. The following outlines the review process:

1. Initial notification of performance review selection and transmission of document request:
  - a. Review available data and request additional information.
  - b. Peer selection: STS and PennDOT agree to a set of peer agencies to use for comparative analysis.
2. Review of the most recent customer satisfaction survey (CSS).
3. Review of Act 44 variables including current performance, targets from the previous 2013 review, and action plan implementation.
4. Perform Act 44 performance criteria analysis.
5. Conduct on-site review, interviews, and supplementary data collection/reconciliation.
6. Evaluate performance, financial management and operations.
7. Report results and determine agency compliance with performance requirements.
8. Finalize the performance review report.
9. Develop, implement and monitor a five-year action plan.
10. Provide technical assistance, if required, to help meet five-year performance targets.

These steps help reviewers understand STS's unique challenges, changes that have occurred since the previous performance review, the accuracy and reliability of reported data, management policies and practices, additional opportunities for improvement, and realistic goals for the agency.

## CUSTOMER SATISFACTION SURVEY

STS conducted a fixed-route customer satisfaction survey from July 5, 2017, to July 11, 2017. The survey consisted of 15 questions, which address customer satisfaction, rider characteristics and patterns in service usage. STS collected nearly 300 completed surveys. Based on survey results, STS estimated between 500 and 1,100 unique riders. The survey margin error is less than 4.8%, therefore survey results reflect the complete population of riders within 4.8%. Results from the survey show:

1. 98% of respondents indicated they were satisfied or very satisfied with the STS service.
2. 94% of respondents indicated they would continue to ride STS.
3. 96% of respondents indicated they recommend STS to others.

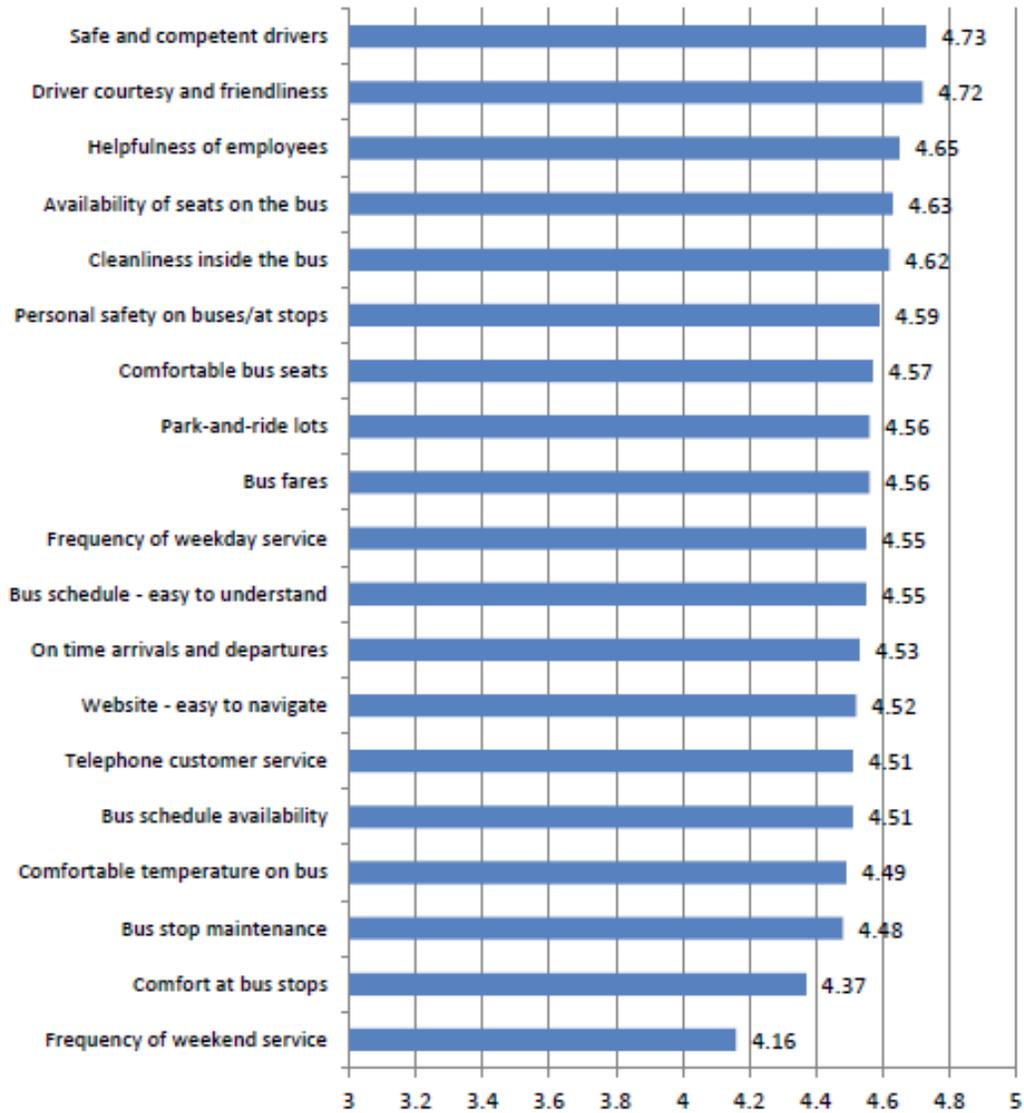
Riders were asked to rate a total of 19 performance measures addressing topics such as driver and staff performance, safety, capacity, frequency of service, schedule adherence, and bus schedules (**Exhibit 2**). The top-rated measures consisted of:

1. Safe and competent drivers;
2. Driver courtesy and friendliness;
3. Helpfulness of employees; and,
4. Availability of seats on the bus.

Measures that received the lowest average scores included:

1. Frequency of weekend service;
2. Comfort at bus stops;
3. Bus stop maintenance; and,
4. Comfortable temperature on the bus.

Exhibit 2: Average Customer Satisfaction Score by Performance Measures



The survey contained an open-ended portion. A total of 99 respondents, representing 33% of respondents provided feedback. Some themes from open-ended questions included:

1. Need for bus stop enhancements or maintenance;
2. Requests for additional weekend service;
3. Need for bus service to operate later in the evening;
4. New or altered routes; and,
5. Need for more frequent service.

## 2013 ACT 44 PERFORMANCE ASSESSMENT

### PRIOR REVIEW DETERMINATIONS AND FINDINGS

PennDOT conducted the initial review of STS in December 2013. The 2013 performance review compared STS with a group of peer agencies based on the four performance criteria required by Act 44. STS was found to be “In Compliance” with four performance criteria and “At Risk” for four (**Exhibit 3**). STS performed better than the peer group for increasing ridership and revenue for the five-year trends. STS performed worse than the peer group for containing costs and was “At Risk” for three out of four cost containment criteria. STS was also “At Risk” for passengers per revenue vehicle hour in the single-year FYE 2012 determination.

#### Exhibit 3. Previous Performance Review Act 44 Comparison Summary

Performance Criteria	FYE*	Determination	Peer Rank (of 13)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Vehicle Hour	2012	At Risk	9	Worse	10.09	14.07
	Trend	In Compliance	3	Better	4.68%	0.61%
Operating Cost / Revenue Vehicle Hour	2012	At Risk	10	Worse	\$83.64	\$66.10
	Trend	At Risk	10	Worse	10.89%	4.04%
Operating Revenue / Revenue Vehicle Hour	2012	In Compliance	7	Worse	\$7.27	\$10.55
	Trend	In Compliance	2	Better	10.65%	4.51%
Operating Cost / Passenger	2012	At Risk	10	Worse	\$8.29	\$5.02
	Trend	In Compliance	5	Worse	5.93%	3.74%

\*Note: The National Transit Database (NTD) information most current at the time of the peer review is the basis of the single year and trend peer comparisons.

### ACTION PLAN AND PERFORMANCE TARGETS

STS developed an Action Plan to address opportunities for improvement identified in the 2014 performance review report. Among the steps STS took to improve its performance were:

1. Evaluate the optimal use of 1513 funds for fixed-route and paratransit operations;
2. Develop a comprehensive marketing plan; and,
3. Prioritize surplus non-public revenue to reduce the shared-ride operating deficit.

The complete list of STS’s previous Action Plan items and STS’s progress in addressing previously identified opportunities for improvement is provided in **Appendix B: 2013 Performance Review Action Plan Assessment**.

The following performance targets were established with STS:

- Increase passengers per revenue vehicle hour by at least 3.0% per year on average;
- Increase operating revenue per revenue vehicle hour by at least 3.0% per year on average;
- Contain increases in operating cost per revenue vehicle hour to no more than 3.0% per year on average; and
- No change in operating cost per passenger.

As shown in **Exhibit 4**, STS was unable to meet performance targets that were established in the 2013 performance review.

#### Exhibit 4. 2019 Performance Targets

Performance Criteria	2018 Target	2018 Actual	Met Target
Passengers / Revenue Vehicle Hour	13.80	10.33	No
Operating Cost / Revenue Vehicle Hour	\$102.50	\$110.43	No
Operating Revenue / Revenue Vehicle Hour	\$10.83	\$10.30	No
Operating Cost / Passenger	\$7.42	\$10.69	No

\*2019 Unaudited dotGrants values.

#### ASSESSMENT

STS reported progress to PennDOT on the implementation of the 2014 Action Plan. Since finalizing the 2014 performance report, STS addressed many agency findings and was met with varying degrees of success in attempting to achieve its 2018 performance targets:

- **Assessed opportunities to sustainably grow ridership** - STS experienced ridership declines after 2014, like those experienced in transit systems across the Commonwealth. STS was unable to achieve a 3.0% annual growth in passengers per revenue vehicle hour but managed to hold ridership at about 175,000 yearly passenger trips for the last two years after making minor service adjustments. STS proactively assesses new developments in Schuylkill County for realistic opportunities to provide sustainable service, for example:
  - STS began marketing for and initiated a new route in late 2019 in southern Schuylkill County prior to the opening of a major hospital. STS hopes establishing a route that serves a new major activity center will boost ridership from hospital employees and those needing access.
  - STS identified another opportunity to increase ridership by providing service to an industrial park off I-81 that is home to a growing warehouse industry. However, due to irregular work shifts that are outside of STS's fixed-route service hours, it is not financially feasible to provide expanded service without any additional means of cost-recovery aside from passenger fares.
- **Ensured revenues kept pace with inflation** - STS acknowledges the economic conditions of a rural county like Schuylkill County and is concerned with pricing out low-income riders with large fare increases. STS developed a fixed-route fare adjustment policy to ensure fare growth keeps pace with inflation in accordance with Act 89. STS's last fare increase was an incremental \$0.05 from \$1.45 to \$1.50 in July of 2017. STS successfully sells advertising on fixed-route buses to help diversify revenue streams. Advertising revenue accounted for 8.9% of total fixed-route revenue for FYE 2018. STS narrowly missed its operating revenue per revenue hour performance target by about \$0.50.
- **Maintain competitive wages** – STS reduced total fixed-route costs by 11.6% from \$1.9 million in FYE 2014 to \$1.7 million in FYE 2015. However, beginning in FYE 2016, costs began to increase at a significant rate. From FYE 2015 to FYE 2018, total fixed-route operating costs increased on average by 3.3% annually. Management attributes the increase of

the expenses to wage increases. Labor negotiations lasted two years until arbitration in 2017. STS successfully negotiated 40-hour overtime for hours worked but agreed to wage increases to stay competitive with the private sector. STS missed its performance targets for cost containment by nearly \$8 per revenue vehicle hour and about \$3 per passenger trip.

STS worked toward achieving the 2018 performance targets by implementing actions listed in the 2014 Action Plan. These actions included developing a comprehensive marketing plan, reducing the amount of 1513 funding used to subsidize shared-ride losses, and adopting a farebox recovery policy. STS addressed many findings from the 2014 performance report but was met with varying degrees of success. STS expressed that the previous performance targets of 3.0% ridership growth and 3.0% revenue growth were not achievable on a per revenue vehicle hour basis due to the rural fixed-route service STS provides and the limited opportunities to sustainably grow ridership in Schuylkill County.

## 2019 ACT 44 PERFORMANCE ASSESSMENT

The 2019 performance review compared STS 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 STS management using criteria defined in Act 44 and data from the most recently available National Transit Database (NTD), FYE 2017. The systems identified for peer comparisons include:

1. Tuscaloosa County Parking and Transit Authority (Tuscaloosa, AL)
2. City of Tyler (Tyler, TX)
3. City of Murfreesboro (Murfreesboro, TN)
4. Terrebonne Parish Consolidated Government (Houma, LA)
5. Fort Smith Transit (Fort Smith, AR)
6. Richland County Transit (Mansfield, OH)
7. Springfield City Area Transit (Springfield, OH)
8. Longview Transit (Longview, TX)
9. Concho Valley Transit District (San Angelo, TX)
10. Huntington Area Rapid Transit (Huntington Station, NY)
11. City of Lodi – Transit Division (Lodi, CA)
12. City of Gastonia (Gastonia, NC)

Results of the current STS analysis and peer comparison are presented in **Exhibit 5**. STS was found to be “In Compliance” for all measures and “At Risk” for none. The detailed data used to develop the peer comparison summary is presented in **Appendix C: Peer Comparisons**.

### Exhibit 5: Current Performance Review Act 44 Peer Comparison Summary

Performance Criteria	FYE	Determination	Peer Rank of (12)	Relation to Peer Average	Value	Peer Average
Passengers / Revenue Hour	2017	In Compliance	6	Better	10.87	10.38
	Trend	In Compliance	5	Better	-1.23%	-2.85%
Operating Cost / Revenue Hour	2017	In Compliance	12	Worse	\$100.62	\$84.84
	Trend	In Compliance	8	Worse	2.35%	2.21%
Operating Revenue / Revenue Hour	2017	In Compliance	3	Better	\$10.93	\$8.56
	Trend	In Compliance	4	Better	3.79%	1.51%
Operating Cost / Passenger	2017	In Compliance	10	Worse	\$9.26	\$8.98
	Trend	In Compliance	5	Better	3.62%	5.43%

### ASSESSMENT

STS performed better than the peer group average for increasing operating revenue in the single-year FYE 2017 determination and for the five-year trend period. The decline in passenger trips per revenue vehicle hour since FYE 2012 was less than that experienced by the peer group. Operating costs continued to grow at an annual average of 2.35%. STS had the second-highest operating cost per revenue vehicle hour in FYE 2017 at \$100.62. The peer group average was \$84.84. STS successfully maintained operating revenue per revenue vehicle hour better than the peer group over the five-year trend period despite the ridership decline that occurred since FYE 2012.

## 2024 PERFORMANCE TARGETS

Act 44 requires PennDOT, in consultation with agency management, to establish five-year performance targets for each of the four Act 44 metrics for fixed-route service. Setting targets and reevaluating performance are intended to give management the information needed to monitor the effectiveness and efficiency of service delivery. PennDOT uses the most recent audited and agency-verified values for passengers, operating costs and operating revenues as the baseline from which to develop the targets. Five-year targets are then set based on realistic and achievable expectations of improvement.

The 2019 performance review noted that STS outperformed its peer agency trends for increasing operating revenue. It also performed better in managing ridership losses than the peer group trend. Operating costs continued to grow at an annual average rate of 2.35% between 2012 and 2017. STS should continue to work toward achieving its FYE 2024 targets, especially targeting efforts to increase fixed-route ridership and contain operating costs.

PennDOT established the following performance targets in consultation with STS:

- Increase passengers per revenue vehicle hour by at least 0.5% per year on average
- Contain operating cost per revenue vehicle hour increases to no more than 3.0% per year on average
- Increase operating revenue per revenue vehicle hour by at least 2.0% per year on average
- Contain operating cost per passenger trip increases to no more than 2.5% per year on average

Future year targets are based on the most recently available fiscal year-end data (i.e., FYE 2019). STS should work to achieve these targets, shown in **Exhibit 6**, over the next five years to ensure continued eligibility for full Section 1513 funding.

### Exhibit 6: FYE 2024 Act 44 Performance Targets

Performance Criteria	Fiscal Year End (FYE)			Target Annual Increase
	2018 Actual	2019 Actual	2024 Target	
Passengers / Revenue Vehicle Hour	10.33	10.57	10.83	0.5%
Operating Cost / Revenue Vehicle Hour	\$110.43	\$115.71	\$134.14	3.0%
Operating Revenue / Revenue Vehicle Hour	\$10.30	\$10.33	\$11.40	2.0%
Operating Cost / Passenger	\$10.69	\$10.95	\$12.39	2.5%

## FUNCTIONAL REVIEW

Functional reviews are used to determine the reasons behind performance results found in the Act 44 comparisons, to catalog STS best practices to share with other transit agencies, and to identify opportunities for improvement to address in the Action Plan (see **Appendix D: Action Plan Template**). Functional review findings are organized by a brief description of the Act 44 variables guiding the performance review: passengers, revenues, and operating costs.

The following sections summarize ways to deliver service more efficiently and effectively. It is essential that service is both sensitive and responsive to the community's needs while being able to maximize productivity, control operating costs, maximize revenue recovery and 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 to achieve optimum revenue levels to enhance the system's future performance for one or more of Act 44 fixed-route performance factors. For the convenience of STS, Action Plan templates are provided in **Appendix D: Action Plan Template** (see pg. 35). Some actions will be quickly implementable while others may take several discrete steps to achieve over an extended period. The template provides a simple-to-follow order of key findings of this report that must be addressed in the Action Plan.

### OPPORTUNITIES TO INCREASE FIXED-ROUTE RIDERSHIP

#### BEST PRACTICES

1. STS assessed the potential for increasing ridership by serving a new hospital opening in southern Schuylkill County. After a favorable assessment, STS created a new route. STS then marketed the route prior to the hospital's opening to raise community awareness of the new service.

#### ELEMENTS TO ADDRESS IN PART 1 OF THE ACTION PLAN (P. 35)

1. A strategic plan is a guiding document that sets agency direction. It helps define what's important by establishing goals like fiscal sustainability and high-quality service and provides a framework to guide Board advocacy efforts and agency activities to achieve results. STS should **develop a strategic plan to guide service improvements and prioritize investments**. The strategic plan should be a living document that establishes agency goals in support of STS's mission statement and vision for transit in Schuylkill County, and includes measurable objectives, implementable actions, and a framework for monitoring performance.
2. STS provides rural fixed-route and demand-response service in Schuylkill Count. The 2014 performance report recommended that STS develop a transit development plan (TDP) to evaluate existing service and propose improvements to optimize service. STS should **develop a TDP to assess existing service for opportunities for improvement that align with the goals of the strategic plan**. This is accomplished by:
  - a. Evaluating route performance

- b. Identifying unmet needs and target populations for growing ridership
  - c. Proposing route modifications to optimize service
  - d. Proposing recommended scenarios (i.e., short-term, intermediate, and long-term) for targeted investment
2. STS tracks schedule adherence and ridership by route to monitor performance. Key performance indicators (KPI) like on-time performance, passenger load, and farebox recovery can be used to monitor system performance. STS should **develop a service standards policy that formalizes the use of KPIs to identify high performing routes, underperforming routes, and when service adjustments (as a result of low ridership, low on-time performance, or low cost recovery) should be initiated.**
  3. Schedule adherence is critical to providing quality customer service and demonstrates to riders that STS can be relied on to arrive and depart on-time for daily transportation needs. For FYE 2019, systemwide on-time performance was 56.8%, with some routes as low as 25%. If STS is to commit to providing high-quality and reliable service, then STS should **develop systemwide and route-based on-time performance goals** as indicators of service reliability. Furthermore, if routes continue to operate below expectations, then STS **should reevaluate existing time points for opportunities to improve schedule adherence.**
  4. STS last completed a fixed-route customer satisfaction survey in 2017. Overall, 98% of respondents indicated a level of satisfaction with STS service. A non-rider survey would be an action STS could take to learn what improvements STS could make to attract new riders. STS should **coordinate with the Northeastern Pennsylvania Alliance (NEPA) to design and implement a non-rider survey.**

## OPPORTUNITIES TO INCREASE FIXED-ROUTE REVENUES

### BEST PRACTICE

1. STS diversifies its revenue streams with advertising, sponsorship with a local credit union, and providing maintenance services and selling fuel to Schuylkill County. Additional sources of fixed-route income help STS offset declines in passenger fares.

### ELEMENTS TO ADDRESS IN PART 2 OF THE ACTION PLAN (P.35)

1. STS developed a fixed-route fare adjustment policy in accordance with Act 89. The last fare increase was in 2017 and raised fares by \$0.05 to \$1.50. Farebox recovery is the amount of an agency's operating cost that is recovered through fare revenue. STS farebox recovery decreased from a high 10.4% in FYE 2015 down to 7.3% in FYE 2019. STS should **develop a farebox recovery goal to ensure agency revenue keeps pace with operating costs.**

## OPPORTUNITIES TO CONTROL OPERATING COSTS

### BEST PRACTICE

1. STS conducts periodic financial training for the Board of Directors. Training informs Board members how public agency finances for a transit system are handled.

2. STS coordinates with municipalities in Schuylkill County to replace faded bus signs, maintain bus shelters, and stencil-in curb cuts. By outsourcing routine maintenance of minor network assets to local partners, STS reduces its maintenance staff requirements.

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

1. Since FYE 2015, STS fixed-route operating costs have increased by 4.2% annually on average and are projected to be approximately \$2 million in FYE 2019. The current operating cost per revenue vehicle hour is \$117.73, a 6.6% increase from \$110.43 in FYE 2018. STS should **identify cost drivers and implement cost control measures to ensure long-term fiscal sustainability.**
2. STS's current labor agreement has a 10% annual increase for employer healthcare contributions built into the contract. The CBA lacks eligibility provisions on who and what is covered under the agreement's healthcare benefits. STS should **review peer agencies that experienced high health care costs and identify best practices for cost containment.**

### **OTHER OPPORTUNITIES TO IMPROVE PERFORMANCE**

#### **BEST PRACTICES**

1. STS developed a fixed-route driver training program for shared-ride van drivers. This program provides upward mobility for drivers already tested and familiar with STS.
2. STS cross-trains management staff on the roles and responsibilities needed to ensure continuity of operations in case of unexpected absences.

### **ELEMENTS TO ADDRESS IN PART 4 OF THE ACTION PLAN (P. 37)**

1. The STS Board of Directors and Executive Director have a good working relationship; however, STS lacks a formal review process for the executive director. By tying annual performance to the goals of the strategic plan, the executive director becomes responsible for plan implementation and the annual review process serves as Board oversight of plan implementation. The STS Board should **develop an annual review process the executive director that assesses agency performance from the prior year and clearly identifies goals for the coming year.**
2. While the executive director serves at the discretion of the Board, management staff supports the executive director in carrying out agency goals and Board directives. The executive director can assign tasks (e.g., implementation of TDP, ridership analyses, monitoring cost control, etc.) to management staff and annually review performance to ensure job duties are executed. The executive director should **assess prior year performance for management staff and identifies goals for the coming year.**

## FINANCIAL REVIEW

This financial review focuses on a high-level snapshot and trend indicators to determine if additional follow-up from PennDOT is warranted through the review of audit reports, other financial reports, and budgets. The review assesses the financial status 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 7**, STS has 47.9% in total carryover subsidies to total annual operating cost as of FYE 2019. Typically, these reserves provide liquidity in case of unexpected cost increases. STS received their required local match to 1513 state operating subsidy.

STS has \$2 million in local reserves. Schuylkill County owns all assets and is the grantee for state funds. Schuylkill County transfers state and local funds to STS for administration (i.e., operating service and managing capital procurement). STS will use about \$240,000 as local match for its new capital facility project scheduled to begin in 2020 and expects to continue building local reserves.

STS has no accounts payable and accounts receivable amounts past 90 days. STS opened a line of \$1,000,000 credit in 2019 for the upcoming capital facility project.

### TOTAL PUBLIC TRANSPORTATION OPERATIONAL EXPENDITURES AND FUNDING

STS operating budget increased from \$3.7 million in FYE 2015 to approximately \$4.5 million in FYE 2019 (**Exhibit 8**). Approximately 44.1% of STS's operational expenses are for fixed-route services. The remaining operational expenses (55.9%) are for demand-response paratransit, as shown in **Exhibit 9**.

Agency-wide operating funds come from a variety of sources including state funds, federal funds, local funds, passenger fares, and revenue from selling fuel and maintenance services to Schuylkill County. Federal and state subsidies account for 52.1% of total operating income (**Exhibit 10**). Local subsidies and revenues are the remaining funding sources, representing approximately 47.9% of total operating income (**Exhibit 11**).

**Exhibit 7: High-Level Financial Indicators**

<b>FYE 2019 Indicator</b>	<b>Value</b>	<b>Assessment Criteria / Rationale</b>	<b>Source</b>
Total Carryover Subsidies / Annual Operating Cost	47.9%	Combined target 25%+. This provides liquidity to account for unexpected cost increases or service changes without the need to incur interest fees from loans.	FYE 2019 Audit
Credit available/ Annual Payroll <sup>2</sup>	0.0%	Only necessary if combined carryover subsidies are less than 25% of annual. This ensures that the agency maintains sufficient cash flow / liquidity to pay all current bills.	FYE 2019 Audit and PennDOT dotGrants
Actual Local Match / Required Match	100.0%	Target 100%+. Local match that exceeds required minimums gives a transit agency flexibility to change service, to accommodate unexpected cost changes and make capital investment.	PennDOT dotGrants 2019
Accounts Payable (AP) 90+ days	0.0%	Target should be 0% over 90 days. Larger values indicate cash flow concerns.	STS reported value
Accounts Receivable (AR) 90+ days	0.0%	Target should be 0% over 90 days. Larger values can cause cash flow problems.	STS reported value
Debt / Annual Operating Cost	0.0%	Target should be 0%. Low debt amounts reduce borrowing costs.	FYE 2019 Audit

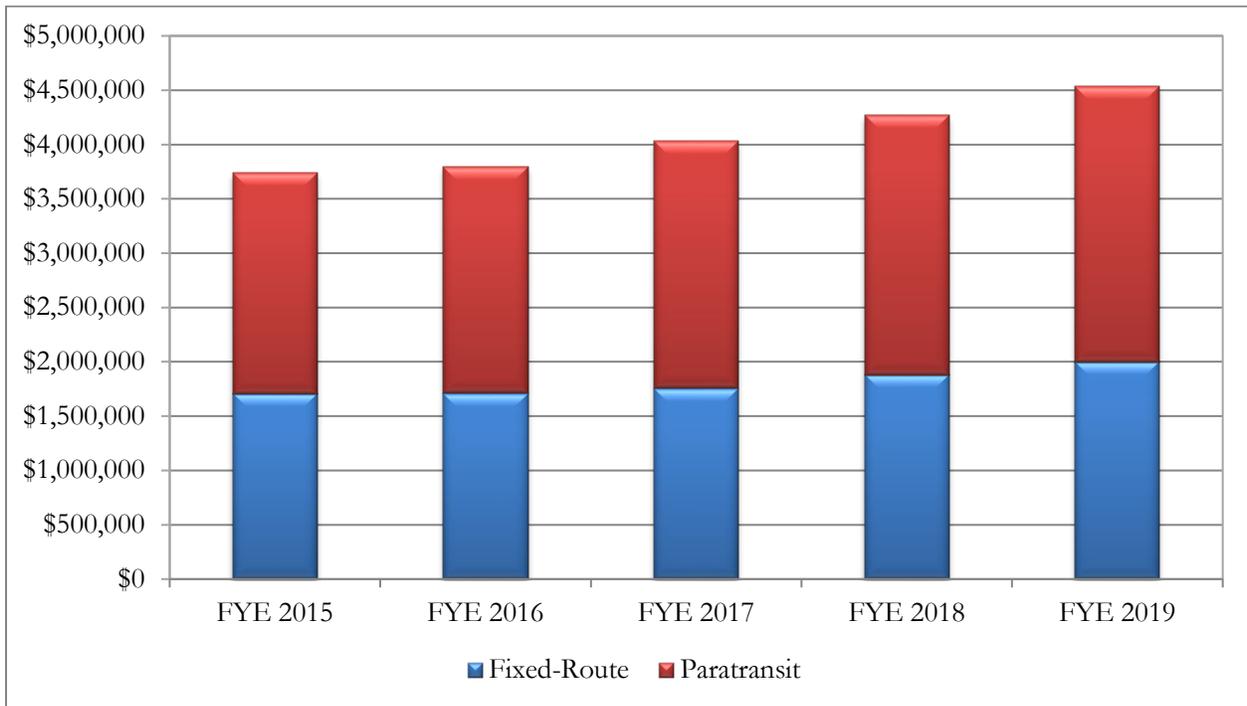
**Exhibit 8: Public Transportation Operating Expense by Service Type**

<b>Service Type (In Millions)</b>	<b>FYE 2015</b>	<b>FYE 2016</b>	<b>FYE 2017</b>	<b>FYE 2018</b>	<b>FYE 2019</b>
Fixed Route	\$1.7	\$1.7	\$1.8	\$1.9	\$2.0
Paratransit	\$2.0	\$2.1	\$2.3	\$2.4	\$2.5
<b>Total*</b>	<b>\$3.7</b>	<b>\$3.8</b>	<b>\$4.0</b>	<b>\$4.3</b>	<b>\$4.5</b>

\* May not add due to rounding.

<sup>2</sup> STS opened a \$1,000,000 line of credit in FYE 2019 to be used exclusively for the 2020 capital facility project.

**Exhibit 9: Public Transportation Operating Expense Trends by Service Type**

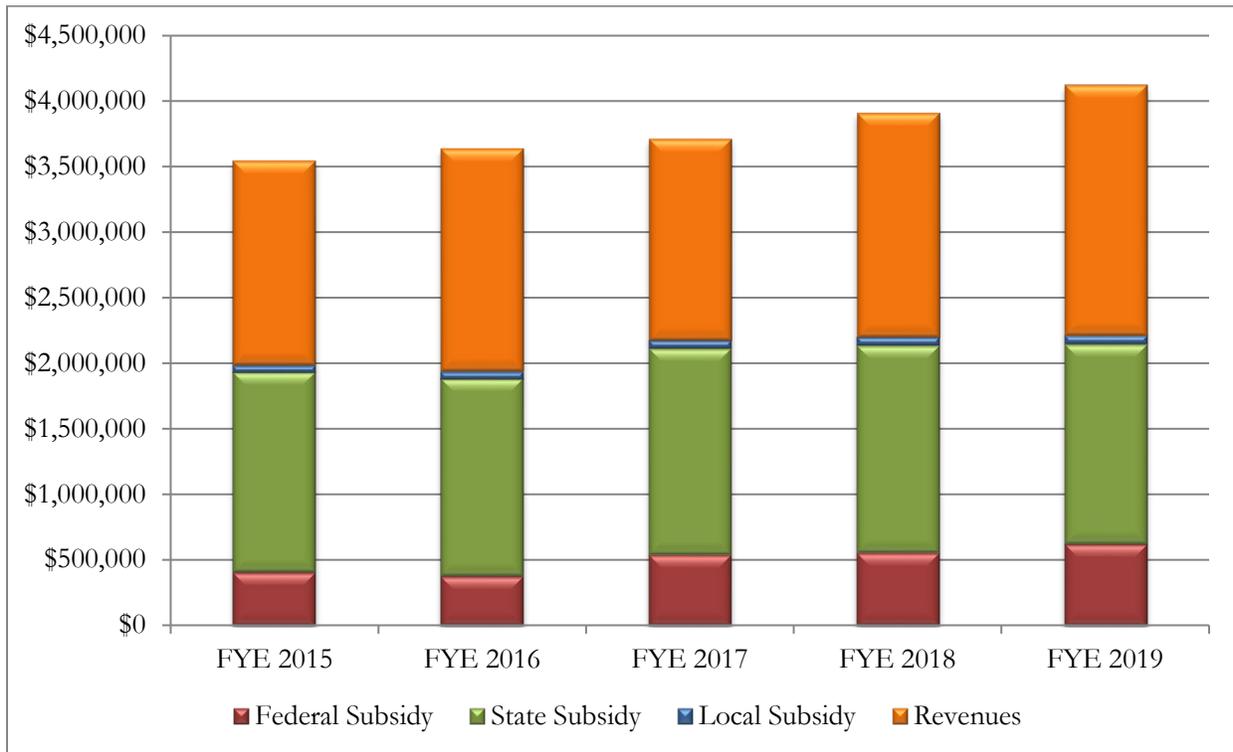


**Exhibit 10: Percent of Total Public Transportation (Fixed-Route + Paratransit) Operating Income by Funding Source**

Funding Source*	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Federal Subsidy	11.4%	10.4%	14.5%	14.1%	15.0%
State Subsidy	43.1%	41.5%	42.5%	40.5%	37.0%
Local Subsidy	1.6%	1.6%	1.7%	1.7%	1.6%
Revenues	43.9%	46.5%	41.4%	43.7%	46.3%
Local Subsidy / State Subsidy	3.7%	3.9%	3.9%	4.1%	4.5%

\* May not add due to rounding.

**Exhibit 11: Total Public Transportation (Fixed-Route + Paratransit) Operating Income by Funding Source**



## FIXED-ROUTE FUNDING

STS's fixed-route funding comes from general revenues and government subsidies. Together, direct passenger fares and other organization-based fares represent between 7.6% and 10.4% of total operating funding (**Exhibit 12**). STS last implemented a fixed-route fare increase in FYE 2017, the same year that new labor agreement took effect and wages began to increase for drivers and mechanics. Farebox recovery decreased despite STS's fare growth policy which ensures fare growth keeps pace with inflation.

STS operated using current year Act 44 (1513) state funding, with \$151,231 available to be carried over in the next fiscal year. STS maintains a local carryover fund balance from Schuylkill County with approximately \$2 million in local carryover funds available in FYE 2019. It should be noted that STS has been building a local carryover reserve to match state capital funds for its new facility project scheduled to begin in 2020.

### Exhibit 12: Fixed-Route Funding

Funding Source	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
<b>Revenues</b>					
Passenger Fares	\$177,076	\$172,250	\$170,489	\$125,518	\$135,214
Organization-Paid Fares <sup>3</sup>	\$0	\$0	\$0	\$23,743	\$16,167
Advertising	\$4,342	\$0	\$8,748	\$15,654	\$16,102
Other – Beiber Terminal Usage	\$10,117	\$10,457	\$7,394	\$5,716	\$0
Other – County Fuel	\$7,035	\$4,313	\$4,202	\$4,855	\$5,861
<b>Subtotal</b>	<b>\$198,570</b>	<b>\$187,020</b>	<b>\$190,833</b>	<b>\$175,486</b>	<b>\$178,610</b>
<b>Subsidies</b>					
Federal Operating Grant	\$404,189	\$167,928	\$537,340	\$551,781	\$618,000
Act 44 (1513) State Prior	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) State Current	\$1,047,163	\$1,086,589	\$967,392	\$1,088,728	\$1,136,190
Act 44 (1513) Local Current	\$55,874	\$58,668	\$61,601	\$64,681	\$67,915
Special – Federal	\$0	\$208,446	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$1,507,226</b>	<b>\$1,521,631</b>	<b>\$1,566,333</b>	<b>\$1,705,190</b>	<b>\$1,822,105</b>
<b>Total Funding</b>	<b>\$1,705,796</b>	<b>\$1,708,651</b>	<b>\$1,757,166</b>	<b>\$1,880,676</b>	<b>\$2,007,715</b>
<b>Fares &amp; Organization Paid Fares / Total Funding</b>	<b>10.4%</b>	<b>10.1%</b>	<b>9.7%</b>	<b>7.9%</b>	<b>7.6%</b>

Source: PennDOT dotGrants Reporting System.

<sup>3</sup> Beginning in FY 17-18, transit agencies were required to separate fare revenue reporting directly by third-party organizations.

## PARATRANSIT FUNDING

Paratransit funding accounts for 55.9% of STS's operating budget and consists of ADA and shared-ride. Government subsidies, as well as passenger fares, are used to finance paratransit operating costs. (**Exhibit 13**). Funding for paratransit increased from \$1,835,815 in FYE 2015 to \$2,115,780 in FYE 2019. Current year shared-ride expenses are funded through current year fares, surplus revenue from current year "courier" service, and available 1513 funds. Total paratransit passenger trips increased from 74,004 trips in FYE 2015 to 81,885 trips in FYE 2019 (**Exhibit 14**).

### Exhibit 13: Paratransit Operating Revenue by Source

Category	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
<b>Revenues</b>					
Passenger Fares	\$130,947	\$197,383	\$159,863	\$133,635	\$147,084
Shared-Ride Lottery Trip Reimb.	\$680,287	\$750,272	\$730,946	\$761,104	\$802,205
PwD Reimbursement	\$174,862	\$159,906	\$91,436	\$98,369	\$111,246
PwD Passenger Fares	\$31,363	\$27,575	\$16,129	\$17,359	\$19,628
AAA	\$50,344	\$57,391	\$52,101	\$56,844	\$57,114
W2W	\$13,073	\$0	\$0	\$0	\$0
MATP	\$175,929	\$244,320	\$226,192	\$395,188	\$513,858
Other – Third Parties	\$45,221	\$15,095	\$15,459	\$17,593	\$17,799
Other – County Maintenance	\$25,029	\$29,734	\$29,204	\$23,873	\$29,028
Other – County Fuel	\$24,299	\$16,240	\$16,221	\$17,765	\$18,375
Other – Misc.	\$4,139	\$6,238	\$5,659	\$7,247	\$10,708
<b>Subtotal</b>	<b>\$1,355,493</b>	<b>\$1,504,154</b>	<b>\$1,343,210</b>	<b>\$1,528,977</b>	<b>\$1,727,045</b>
<b>Subsidies</b>					
Federal Operating Grant	\$0	\$0	\$0	\$0	\$0
Act 44 (1513) State Prior	\$104,419	\$0	\$21,323	\$0	\$19,831
Act 44 (1513) State Current	\$375,903	\$420,616	\$586,245	\$493,351	\$368,904
Act 44 (1513) Municipal Prior	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$480,322</b>	<b>\$420,616</b>	<b>\$607,568</b>	<b>\$493,351</b>	<b>\$388,735</b>
<b>Total Funding</b>	<b>\$1,835,815</b>	<b>\$1,924,770</b>	<b>\$1,950,778</b>	<b>\$2,022,328</b>	<b>\$2,115,780</b>

Source: PennDOT dotGrants Reporting System.

### Exhibit 14: Paratransit Operating Statistics (FYE 2015 – FYE 2019)

Operating Category	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
<b>Paratransit Operating Statistics</b>					
Senior Trips	45,278	41,989	41,534	41,746	42,983
Total ADA Trips	986	5,318	10,207	8,000	6,480
Total Paratransit Trips	74,004	73,089	72,050	76,086	81,885
Total Miles	578,447	564,236	511,523	589,170	633,003
Total Hours	36,511	38,112	37,736	33,956	35,926
VOMS	20	28	26	26	28

Source: PennDOT dotGrants Reporting System.

## BALANCE SHEET FINDINGS

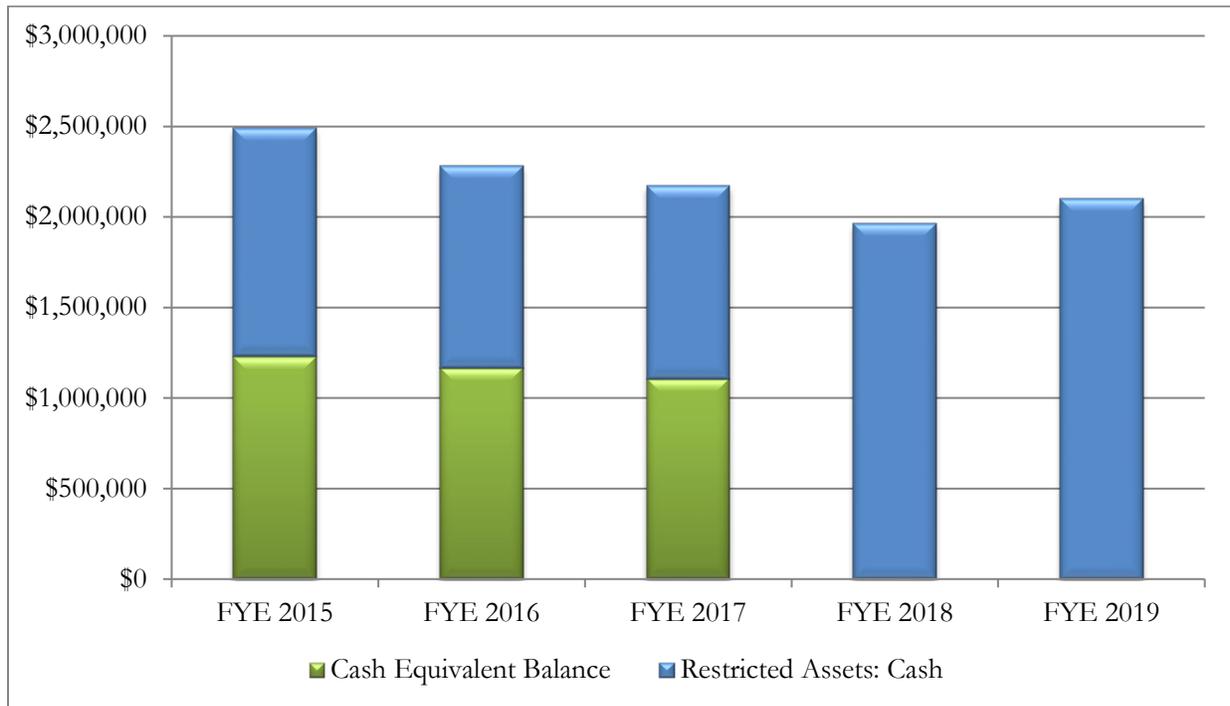
Review of balance sheets from STS shows that since FYE 2015, the agency decreased available cash assets on hand (**Exhibit 15** and **Exhibit 16**). Net current cash equivalent balance reported as of FYE 2019 was \$2,099,697. STS maintains a cash balance that equates to 46.3% of total operating expenses as of FYE 2019 and decreased from a high of \$2.5 million in FYE 2015.

STS plans to use approximately \$240,000 in cash reserves to match state and federal funding for its new capital facility project. Schuylkill County receives all federal and state funds and passes federal and state subsidies (in addition to local funds) to STS. Sometimes payments lag, and without a line of credit, STS may use local reserves until federal and state grants are received. Accounts payable were \$124,416 in FYE 2019.

### Exhibit 15: Balance Sheet Summary (FYE 2015 – FYE 2019)

Balance Sheet Report	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
<b>Current Assets</b>					
Cash Equivalent					
Balance/Restricted Cash	\$2,487,410	\$2,281,656	\$2,173,411	\$1,962,330	\$2,099,697
Grant Receivable (incl. capital)	\$536,131	\$554,688	\$0	\$416,391	\$505,336
Other Accounts Receivable	\$86,076	\$58,722	\$577,396	\$552,477	\$457,311
Inventory Value	\$121,824	\$109,485	\$110,562	\$108,163	\$121,618
Pre-paid Expenses	\$122,878	\$122,890	\$98,264	\$91,989	\$98,627
<b>Current Liabilities</b>					
Accounts Payable	\$66,078	\$115,036	\$124,114	\$84,444	\$121,416
Accrued Expenses	\$332,386	\$295,909	\$220,701	\$241,034	\$214,750
Deferred Revenue	\$0	\$0	\$0	\$2,192,886	\$2,333,437
Line of Credit	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Expense</b>	<b>\$3,739,288</b>	<b>\$3,795,751</b>	<b>\$4,029,589</b>	<b>\$4,271,099</b>	<b>\$4,539,800</b>
(Cash & Rest. Cash)/Total Op. Exp.	66.5%	60.1%	53.9%	45.9%	46.3%
Line of Credit/Annual Payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets	\$3,354,319	\$3,127,441	\$2,959,633	\$3,131,350	\$3,282,589
Current Liabilities	\$398,464	\$410,945	\$344,815	\$325,478	\$336,166
<b>Net Current Assets</b>	<b>\$2,955,855</b>	<b>\$2,716,496</b>	<b>\$2,614,818</b>	<b>\$2,805,872</b>	<b>\$2,946,423</b>

Source: Annual Audit Reports and dotGrants

**Exhibit 16: End-of-Year Cash Balance (FYE 2015 – FYE 2019)****ASSESSMENT**

STS currently has a balanced fixed-route operating budget. Noteworthy elements of STS's financial condition as of FYE 2019 are:

- STS had \$2 million in carryover local funds and \$151,231 state carryover funds available.
- STS plans to use approximately \$240,000 in local carryover funds to match federal and state funding for the new facility project.
- Carryover funds amount to 47.9% of annual operational funding.
- STS received its full local match as required by Act 44.
- STS maintained a cash equivalent balance equal to 46.3% of total annual operating expenses.
- STS's operating budget increased from of \$3.7 million in FYE 2015 to \$4.5 million in FYE 2019.
- Current assets exceed current liabilities.
- No accounts payable and receivable amounts past 90 days are negligible.
- STS uses current year fares, surplus revenue from current year "courier" service, and available 1513 funds (as needed) to balance its shared-ride operating budget.
- STS secured a \$1 million line of credit in FYE 2019 for their upcoming capital facility project.

Management should continue taking appropriate actions to manage costs, achieve farebox recovery goals, and maintain cash reserves to preserve STS's overall financial health.

## APPENDIX A: DATA ADJUSTMENTS

As a rural reporter, STS began reporting operating statistics to NTD in FYE 2015. Adjustments to NTD reported revenue and operating costs were performed to account for minor discrepancies in reporting between NTD and dotGrants information. STS reported higher revenue to dotGrants than NTD due to revenue earned on fuel sold to and maintenance performed on behalf of Schuylkill County. NTD values were reconciled to match dotGrants reported information.

A summary of these adjustments is provided below:

Fixed-Route	FYE 2015	FYE 2016	FYE 2017
NTD Reported Revenue	\$172,250	\$172,250	\$172,250
dotGrants Reported Revenue	\$198,570	\$187,020	\$190,833
Reconciliation Adjustment	\$26,320	\$14,770	\$18,583
Total Adjusted Revenue	\$198,570	\$187,020	\$190,833
NTD Reported Operating Cost	\$1,705,796	\$1,708,651	\$1,760,961
dotGrants Reported Operating Cost	\$1,705,796	\$1,708,651	\$1,757,166
Reconciliation Adjustment	\$-	\$-	(\$3,795)
Total Adjusted Operating Cost	\$1,705,796	\$1,708,651	\$1,757,166

Based on adjustments to fixed-route revenue and operating costs, the following Act 44 performance metrics were developed for STS.

Act 44 Performance Metrics	FYE 2015	FYE 2016	FYE 2017
Passenger/RVH	11.98	11.23	10.87
Revenue/RVH	\$11.47	\$10.67	\$10.93
Operating Cost/RVH	\$98.49	\$97.52	\$100.62
Operating Cost/Passenger	\$8.22	\$8.68	\$9.26

## APPENDIX B: 2013 PERFORMANCE REVIEW ACTION PLAN ASSESSMENT

Last Updated 3<sup>rd</sup> Quarter 2016

Category	Suggested Action	Corrective Action	Observation
1. Ridership	Evaluate the need for covered shelters	STS will determine the best performing stops, survey riders and businesses to determine need, and develop a plan to install and maintain such shelters.	Ongoing
1. Ridership	Develop a TDP	Work with PennDOT to acquire funding to utilize their open-end professional services contract to hire a qualified professional firm to evaluate the entire system and implement recommended improvements.	No completed
1. Ridership	Develop a comprehensive marketing plan	STS will develop a clearly documented budget, define an integrated approach and a means of evaluating effectiveness, and research the use of professional advertising firms in lieu of in-house sales. STS will also develop a board marketing committee.	Since there was no response to Bus/Van advertising RFP, STS will continue in house marketing at this time. We have secured a contract with a local credit union to "wrap" three buses.
1. Ridership	Replace and maintain bus stop signage	STS plans are two-fold: First is to replace existing worn signs, and second is to start an outreach program with local community leaders and businesses to aid STS in the replacement and maintenance of signage.	Completed

Category	Suggested Action	Corrective Action	Observation
<b>1. Ridership</b>	Establish fixed-route citizen's advisory group	Reevaluate TAC committee agenda and committee members to include both shared ride and fixed-route user groups.	Ongoing
<b>2. Revenue</b>	Develop and implement a formal farebox recovery policy	Review Act 89 and develop an effective written policy while examining the implementation of electronic fareboxes.	Ongoing
<b>2. Revenue</b>	Evaluate the potential to develop route guarantee arrangements with major employers and institutions	Work with local RPO and "Commuter Choice" to identify possible fixed-route sponsors.	STS will continue to reevaluate this on an ongoing basis.
<b>2. Revenue</b>	Evaluate the optimal use of 1513 funds for fixed-route and paratransit operations	Utilize current year non-public monies to offset current shared ride deficit.	Ongoing
<b>3. Operating Cost</b>	Strengthen cost containment	STS will be evaluating service levels, with possibly the aid of an outside consultant. During this time we will also evaluate driver utilization in order to lower overtime costs.	Electronic fare box project continues to move forward. The newest version of My Avail has been implemented.
<b>3. Operating Cost</b>	Conduct periodic cost allocation studies	Annually reevaluate cost allocation and adjust as necessary.	Ongoing

Category	Suggested Action	Corrective Action	Observation
3. Operating Cost	Formalize and periodically reselect professional services agreements (p.22)	Develop and issue an RFP for three to five-year professional contracts.	Ongoing
3. Operating Cost	Reevaluate the practice of paying board members	Board to reevaluate and submit recommendation to the county commissioners for final decision.	Closed
4. Other	Conduct periodic Board training	Present requirement to board of directors. Contact PPTA for training options. Training completed by board.	New Board members will be trained as needed.
4. Other	Formalize job description and employee oversight practices	STS will review, reevaluate, and update current job descriptions. A policy covering evaluations will be created.	Ongoing
4. Other	Implement campaign to recruit fixed-route drivers	Utilize paratransit drivers to fill fixed route positions, use part time drivers to fill split runs, and review hiring requirements and training practices.	Ongoing
4. Other	Develop performance targets for all key agency functions	STS will reach out to PennDot and other sources for assistance in implementing these targets. These targets will then be used by its board of directors to measure current service in relation to its targets.	Ongoing

Category	Suggested Action	Corrective Action	Observation
4. Other	Train first responders on ways to disable and enter STS vehicles.	Initiated such training, including a PowerPoint presentation and handout, on 3/1/14. This is to continue annually.	Ongoing
4. Other	Develop a strategic plan	Work with PennDot to obtain a sample plan and apply STS's goal and objectives.	Not Completed
4. Other	Conduct annual employee satisfaction surveys	Develop and initiate an annual employee satisfaction survey.	Will be implemented with Fall employee evaluations
4. Other	Establish formal board committees that meet at least quarterly	Work with board members to establish committees, including human resources, budget/finance, customer service, and service delivery, to meet quarterly.	Board committees do not meet quarterly, but as needed.
4. Other	Conduct formally organized regular management team meetings	Conduct formally organized regular management team meetings.	Ongoing
4. Other	Evaluate the potential benefits and cost of moving to fully-registering fareboxes	STS will examine the costs and benefits of fully-registering fareboxes.	Avail hardware to be installed in October '16

Category	Suggested Action	Corrective Action	Observation
4. Other	Develop a formal operations manual	Obtain a sample plan for review and formally document all operational procedures.	Work in Process
4. Other	Incorporate performance requirements in all future contract service agreements	STS to look for interest	Ongoing as opportunities arise
4. Other	Identify cost-effective means to provide greater on-street supervision	Utilize monthly ride audits and on-board evaluations of drivers as a cost-effective means to provide regular on-street supervision.	Training of existing staff to perform on-street supervision continues. Video surveillance is being used more to ensure compliance with safety requirements and policy.
4. Other	Reexamine relationship between STS and Schuylkill County	Work with the board of directors to reexamine STS's relationship with Schuylkill County.	Negotiations continue in this subject. A date for all parties involved to meet is being finalized.

## APPENDIX C: PEER COMPARISONS

Comparison of STS 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 2017 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
- Standard Deviation: Standard deviation of all values being measured across all peer transit agencies

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

## Passengers / Revenue Vehicle Hour

Passengers / Revenue Hour (MB)					
System	FYE 2017 Single Year		5 Year Change Since FYE 2012		
	Value	Rank of 13	2012 Value	Annual Rate	Rank of 13
Tuscaloosa County Parking and Transit Authority	15.97	1	15.09	1.15%	3
City of Tyler	6.74	12	8.17	-3.79%	9
City of Murfreesboro	11.94	4	14.00	-3.13%	7
Terrebonne Parish Consolidated Government	7.95	11	7.86	0.22%	4
Fort Smith Transit	11.24	5	12.65	-2.34%	6
Richland County Transit	9.63	9	13.33	-6.30%	10
Springfield City Area Transit	10.43	7	15.01	-7.01%	12
Longview Transit	12.62	2	11.15	2.51%	2
Concho Valley Transit District	10.12	8	12.00	-3.35%	8
Huntington Area Rapid Transit	5.67	13	10.33	-11.31%	13
City of Lodi - Transit Division	12.13	3	9.86	4.22%	1
City of Gastonia	9.61	10	13.61	-6.73%	11
<b>Schuylkill Transportation System</b>	<b>10.87</b>	<b>6</b>	<b>11.56</b>	<b>-1.23%</b>	<b>5</b>
<i>Average</i>	<i>10.38</i>		<i>11.89</i>	<i>-2.85%</i>	
<i>Standard Deviation</i>	<i>2.67</i>		<i>2.37</i>	<i>4.32%</i>	
<i>Average – 1 Standard Deviation</i>	<i>7.71</i>		<i>9.53</i>	<i>-7.17%</i>	
<i>Average + 1 Standard Deviation</i>	<i>13.05</i>		<i>14.26</i>	<i>1.47%</i>	
<b>Act 44 Compliance Determination</b>	<b>In Compliance</b>		<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>	<b>Better</b>		<b>Better</b>		

## Operating Cost / Revenue Vehicle Hour

Operating Cost / Revenue Hour (MB)					
System	FYE 2017 Single Year		5 Year Change Since FYE 2012		
	Value	Rank of 13	2012 Value	Annual Rate	Rank of 13
Tuscaloosa County Parking and Transit Authority	\$76.61	5	\$61.44	4.51%	11
City of Tyler	\$66.76	2	\$55.40	3.80%	9
City of Murfreesboro	\$80.31	6	\$76.82	0.89%	5
Terrebonne Parish Consolidated Government	\$91.98	10	\$76.13	3.85%	10
Fort Smith Transit	\$69.72	3	\$67.56	0.63%	3
Richland County Transit	\$69.89	4	\$67.55	0.68%	4
Springfield City Area Transit	\$95.82	11	\$71.12	6.14%	13
Longview Transit	\$91.54	9	\$87.36	0.94%	6
Concho Valley Transit District	\$61.50	1	\$57.97	1.19%	7
Huntington Area Rapid Transit	\$129.13	13	\$101.43	4.95%	12
City of Lodi - Transit Division	\$86.38	8	\$86.70	-0.08%	2
City of Gastonia	\$82.70	7	\$87.55	-1.13%	1
<b>Schuylkill Transportation System</b>	<b>\$100.62</b>	<b>12</b>	<b>\$89.60</b>	<b>2.35%</b>	<b>8</b>
<i>Average</i>		<i>\$84.84</i>	<i>\$75.90</i>	<i>2.21%</i>	
<i>Standard Deviation</i>		<i>\$17.90</i>	<i>\$13.96</i>	<i>2.22%</i>	
<i>Average – 1 Standard Deviation</i>		<i>\$66.94</i>	<i>\$61.94</i>	<i>-0.01%</i>	
<i>Average + 1 Standard Deviation</i>		<i>\$102.75</i>	<i>\$89.85</i>	<i>4.43%</i>	
<b>Act 44 Compliance Determination</b>		<b>In Compliance</b>	<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>		<b>Worse</b>	<b>Worse</b>		

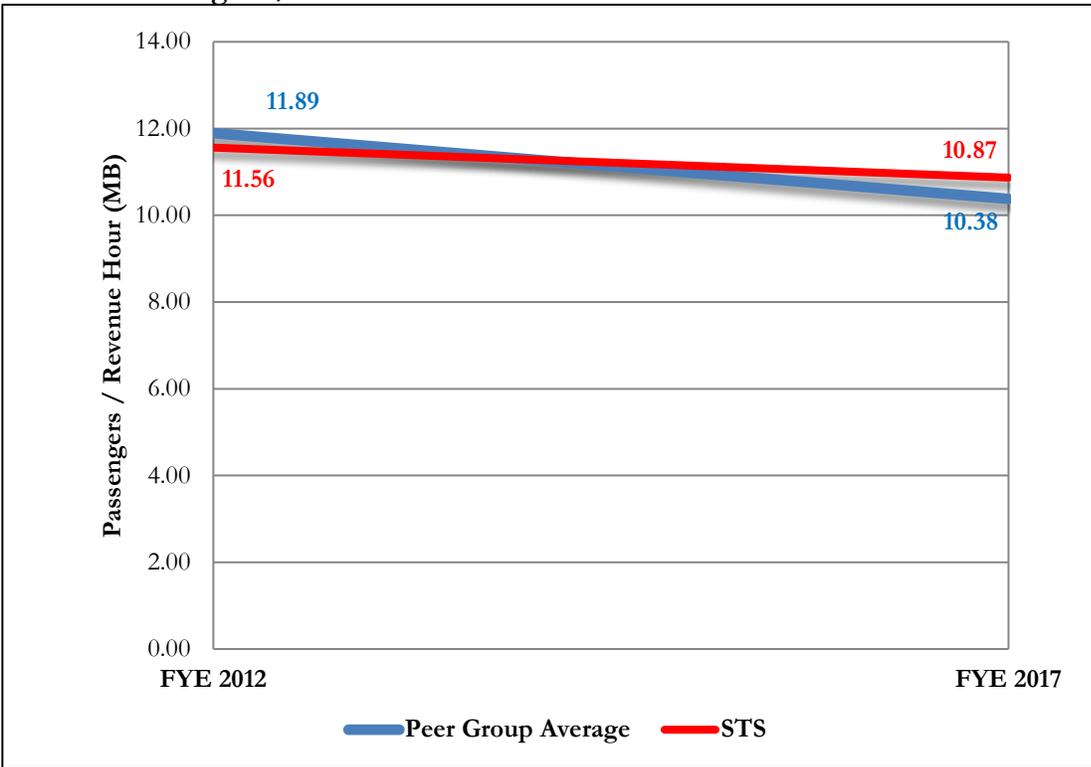
## Operating Revenue / Revenue Vehicle Hour

Operating Revenue / Revenue Hour (MB)					
System	FYE 2017 Single Year		5 Year Change Since FYE 2012		
	Value	Rank of 13	2012 Value	Annual Rate	Rank of 13
Tuscaloosa County Parking and Transit Authority	\$7.61	8	\$8.35	-1.84%	10
City of Tyler	\$4.43	13	\$5.02	-2.48%	11
City of Murfreesboro	\$5.62	11	\$6.79	-3.74%	12
Terrebonne Parish Consolidated Government	\$8.77	6	\$6.21	7.16%	1
Fort Smith Transit	\$7.35	9	\$6.91	1.25%	9
Richland County Transit	\$10.48	4	\$9.46	2.09%	7
Springfield City Area Transit	\$10.39	5	\$8.18	4.91%	3
Longview Transit	\$12.24	2	\$9.23	5.81%	2
Concho Valley Transit District	\$5.44	12	\$4.67	3.09%	6
Huntington Area Rapid Transit	\$12.68	1	\$11.57	1.85%	8
City of Lodi - Transit Division	\$8.50	7	\$7.26	3.22%	5
City of Gastonia	\$6.86	10	\$9.11	-5.51%	13
<b>Schuylkill Transportation System</b>	<b>\$10.93</b>	<b>3</b>	<b>\$9.07</b>	<b>3.79%</b>	<b>4</b>
<i>Average</i>		<i>\$8.56</i>	<i>\$7.83</i>	<i>1.51%</i>	
<i>Standard Deviation</i>		<i>\$2.65</i>	<i>\$1.94</i>	<i>3.84%</i>	
<i>Average – 1 Standard Deviation</i>		<i>\$5.92</i>	<i>\$5.90</i>	<i>-2.34%</i>	
<i>Average + 1 Standard Deviation</i>		<i>\$11.21</i>	<i>\$9.77</i>	<i>5.35%</i>	
<b>Act 44 Compliance Determination</b>		<b>In Compliance</b>	<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>		<b>Better</b>	<b>Better</b>		

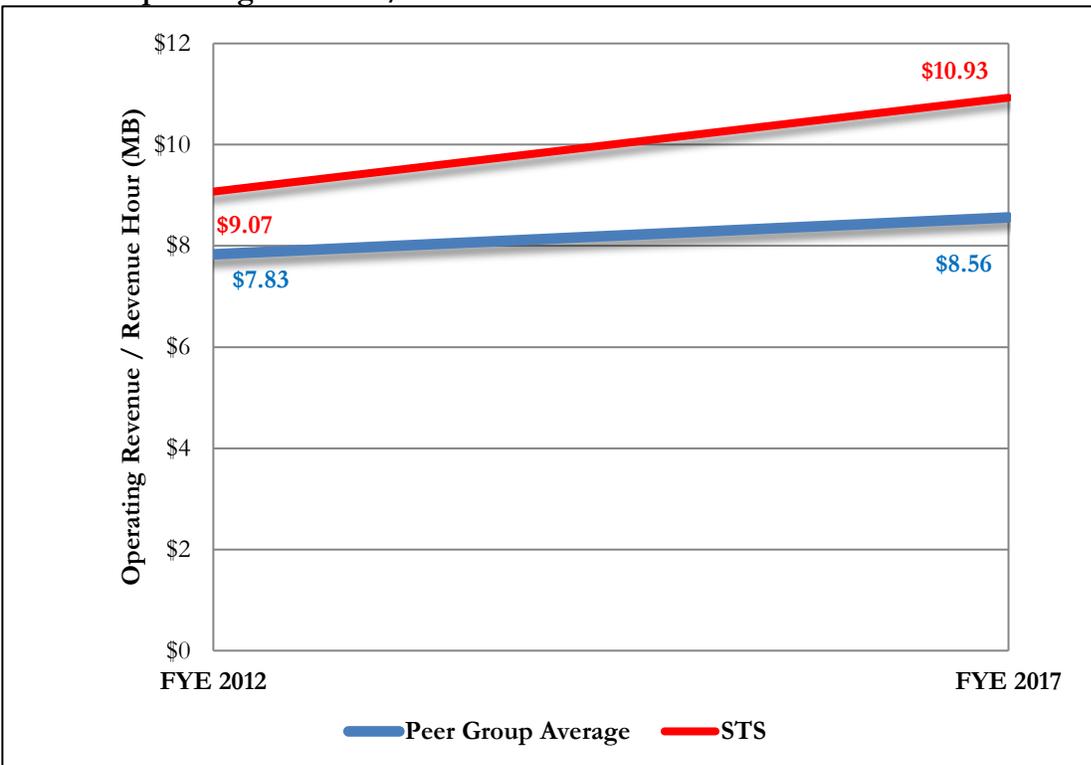
## Operating Cost / Passenger

Operating Cost / Passenger (MB)					
System	FYE 2017 Single Year		5 Year Change Since FYE 2012		
	Value	Rank of 13	2012 Value	Annual Rate	Rank of 13
Tuscaloosa County Parking and Transit Authority	\$4.80	1	\$4.07	3.32%	4
City of Tyler	\$9.91	11	\$6.78	7.89%	11
City of Murfreesboro	\$6.72	4	\$5.49	4.16%	7
Terrebonne Parish Consolidated Government	\$11.57	12	\$9.68	3.63%	6
Fort Smith Transit	\$6.21	3	\$5.34	3.04%	3
Richland County Transit	\$7.26	7	\$5.07	7.45%	10
Springfield City Area Transit	\$9.18	9	\$4.74	14.15%	12
Longview Transit	\$7.25	6	\$7.83	-1.53%	2
Concho Valley Transit District	\$6.08	2	\$4.83	4.70%	8
Huntington Area Rapid Transit	\$22.78	13	\$9.82	18.33%	13
City of Lodi - Transit Division	\$7.12	5	\$8.79	-4.12%	1
City of Gastonia	\$8.61	8	\$6.43	6.00%	9
<b>Schuylkill Transportation System</b>	<b>\$9.26</b>	<b>10</b>	<b>\$7.75</b>	<b>3.62%</b>	<b>5</b>
<i>Average</i>		\$8.98	\$6.66	5.43%	
<i>Standard Deviation</i>		\$4.53	\$1.95	5.86%	
<i>Average – 1 Standard Deviation</i>		\$4.45	\$4.71	-0.42%	
<i>Average + 1 Standard Deviation</i>		\$13.51	\$8.61	11.29%	
<b>Act 44 Compliance Determination</b>		<b>In Compliance</b>	<b>In Compliance</b>		
<b>Compared to the Peer Group Average</b>		<b>Worse</b>	<b>Better</b>		

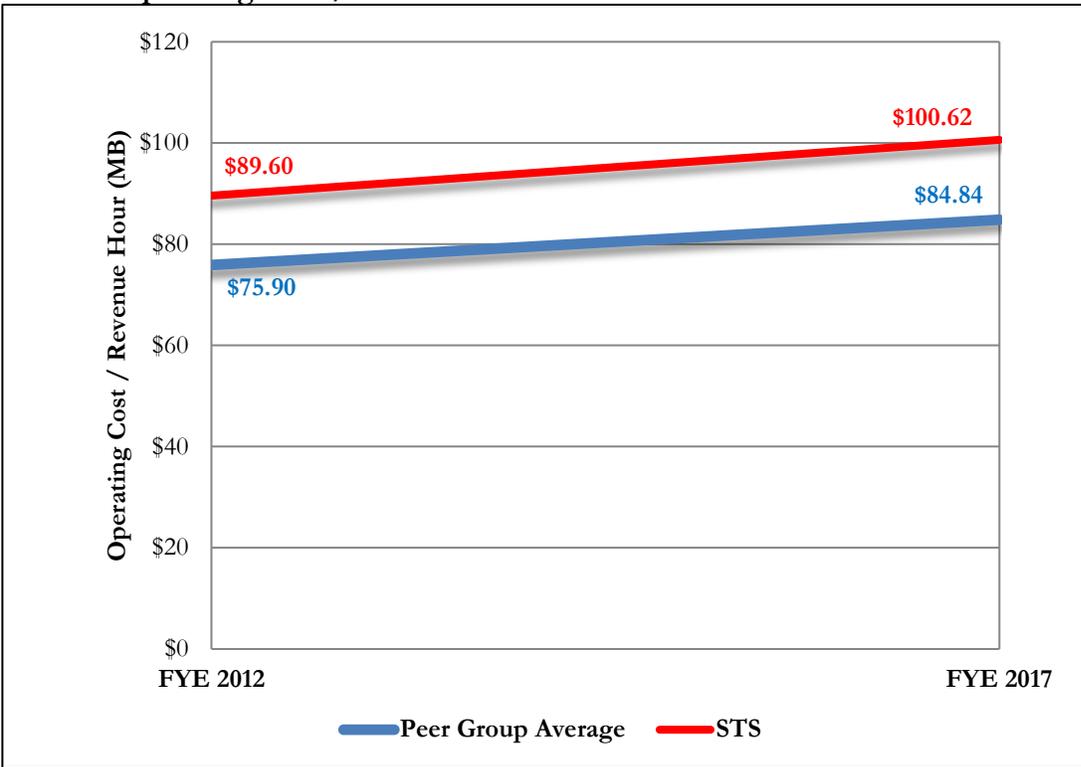
**Trend – Passengers / Revenue Vehicle Hour**



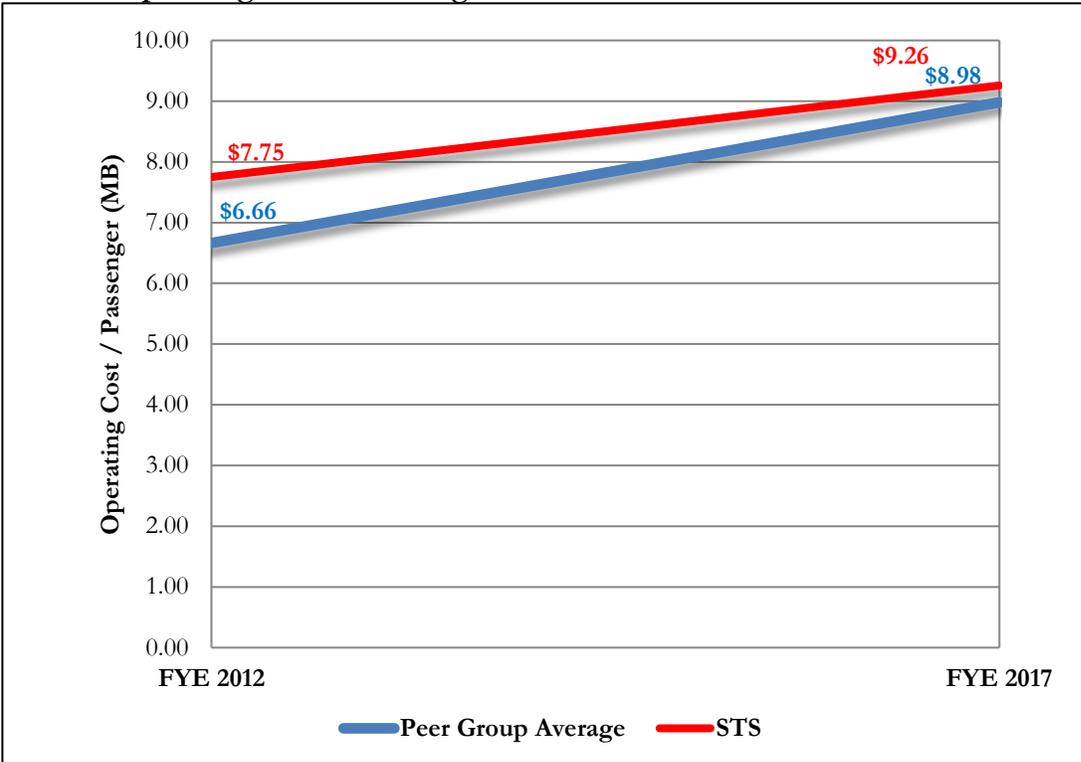
**Trend – Operating Revenue / Revenue Vehicle Hour**



**Trend – Operating Cost / Revenue Vehicle Hour**



**Trend – Operating Cost / Passenger**



## APPENDIX D: ACTION PLAN TEMPLATE

### PART 1- ACTIONS TO INCREASE PASSENGERS / REVENUE HOUR

Recommendation From narrative starting on page 11	STS Action	Estimated Initiation Date	Estimated Completion Date
1. Develop a strategic plan to guide service improvements and prioritize investments.			
2. Develop a TDP to assess existing service for opportunities for improvement that align with the goals of the strategic plan.			
3. Develop a service standards policy that formalizes the use of KPIs to identify high performing routes, underperforming routes, and when service adjustments (as a result of low ridership, low on-time performance, or low cost recovery) should be initiated.			
4. Develop systemwide and route-based on-time performance goals; reevaluate existing time points for opportunities to improve schedule adherence.			

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

Recommendation From narrative starting on page 12	STS Action	Estimated Initiation Date	Estimated Completion Date
1. Coordinate with the Northeastern Pennsylvania Alliance (NEPA) to design and implement a non-rider survey.			

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

<b>Recommendation</b> <b>From narrative starting on page 13</b>	<b>STS Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
1. Identify cost drivers and implement cost control measures to ensure long-term fiscal sustainability.			
2. Review peer agencies that experienced high health care costs and identify best practices for cost containment.			

**PART 4 - OTHER ACTIONS TO IMPROVE OVERALL PERFORMANCE**

<b>Recommendation</b> <b>From narrative starting on page 13</b>	<b>STS Action</b>	<b>Estimated Initiation Date</b>	<b>Estimated Completion Date</b>
1. Develop an annual review process the executive director that assesses agency performance from the prior year and clearly identifies goals for the coming year.			
2. Assess prior year performance for management staff and identifies goals for the coming year.			

