

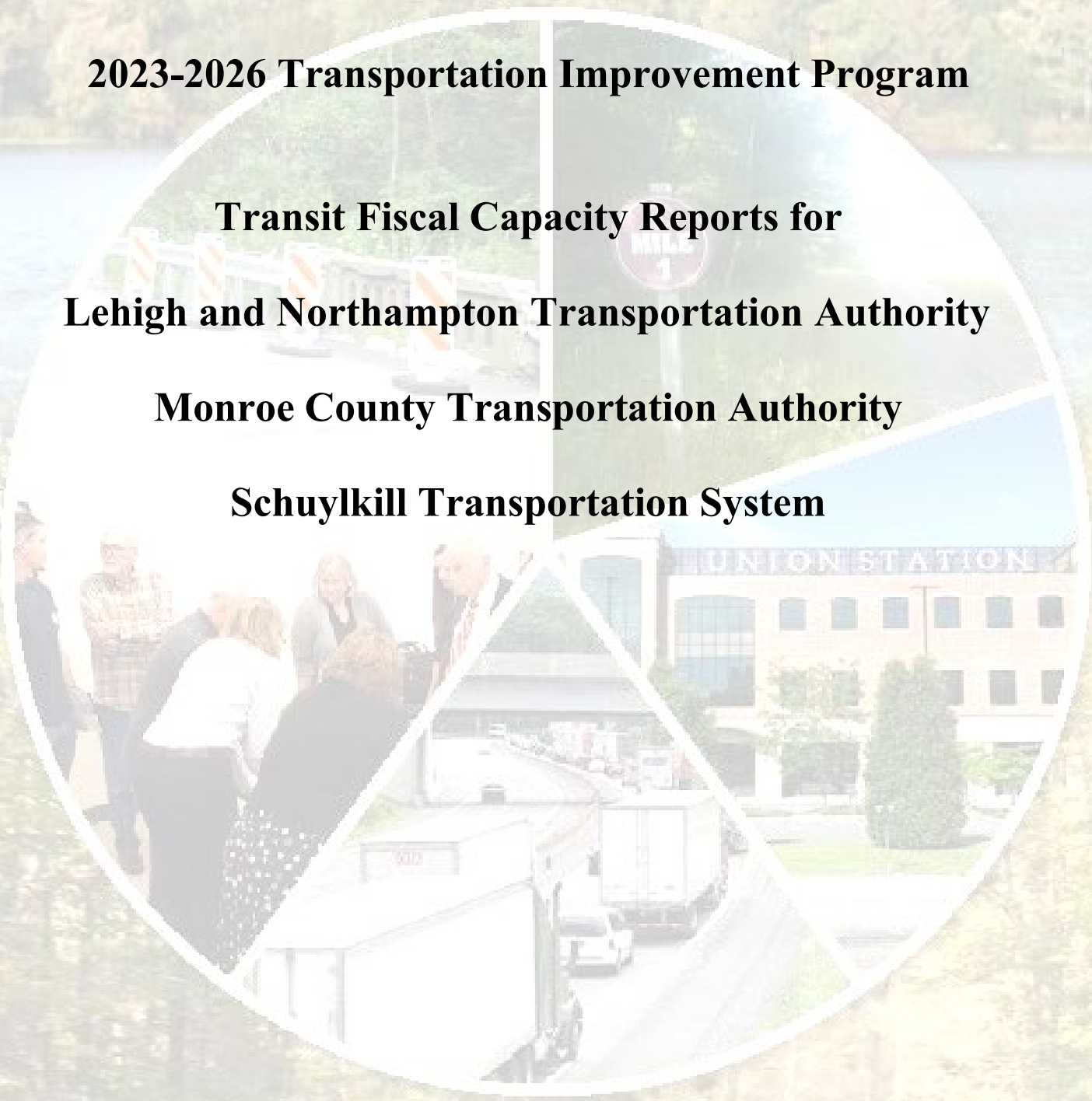
**Northeastern Pennsylvania
Metropolitan Planning Organization (NEPA MPO)**

2023-2026 Transportation Improvement Program

**Transit Fiscal Capacity Reports for
Lehigh and Northampton Transportation Authority**

Monroe County Transportation Authority

Schuylkill Transportation System



EXECUTIVE SUMMARY

LANTA - CARBON COUNTY

The purpose of this plan is to determine the financial capacity of LANTA - Carbon County to operate fixed route bus service in the years up to FFY2026. Utilizing financial capacity analysis, this plan documents present financial and productivity trends as a basis to predict LANTA – Carbon County’s future financial condition and capacity.

This document is required by the Federal Transit Administration (FTA) per guidance issued in 1987. It is based on this document that FTA will grant LANTA – Carbon County operating and capital assistance in the future as part of the Northeastern Pennsylvania Alliance (NEPA) Metropolitan Planning Organization (MPO) Transportation Improvement Program (TIP).

The available financial data include LANTA – Carbon County’s FFY2021 to FFY2026.

INTRODUCTION

On March 30, 1987, the Urban Mass Transportation (UMTA), now FTA, issued Circular C7008.1, Financial Capacity Policy, for Federal transit systems receiving Federal funding. The FTA Circular was issued to ensure that adequate review by the Metropolitan Planning Organization (MPO) of a transit system's financial capacity took place before Federal funds were committed to a major capital or planning project. FTA now requires that the local transit system and/or local community have the financial capacity to pay for such improvements in addition to operating and maintaining the existing transit system.

The purpose of this Financial Capacity Plan is to comply with the present FTA regulations and to determine the financial capacity of LANTA – Carbon County to undertake projects involving the acquisition, operation and maintenance of facilities and equipment partially funded by the Federal government. However, a financial capacity analysis is also an important tool for LANTA – Carbon County and the local municipalities that support public transit. It provides the framework to judge how cost-effective LANTA – Carbon County's public transit services are and gives the local municipalities that support public transit a yardstick to measure the value they are getting for their investment.

DEFINITION OF FINANCIAL CAPACITY

The Circular defined financial capacity as two (2) elements:

- Financial condition
- Financial capability

Financial condition refers to the ability of the operator to operate and maintain the transit system at its present level of service. Financial condition is reflected in working capital levels, capital accounts, operating cost and revenue, service levels and productivity and ridership.

Financial capability refers to the stability and reliability of revenue sources to meet future capital and revenue costs. Financial capability reflects a system's present and future financial condition in meeting future service needs.

INDICATORS OF FINANCIAL CONDITION AND FINANCIAL CAPABILITY FFY2021 TO FFY2026

Both indicators of financial capacity can be observed through various historical trends. For this plan, historical data will be utilized from LANTA – Carbon County FFY2021 to FFY2026. Trends derived from this data will provide the basis to predict future trends. LANTA – Carbon County audited financial statements were used to gather this data. For convenience, these trends can be grouped into the following categories:

OPERATING REVENUE TRENDS

- Total Federal eligible revenue (including passenger fares)
- Total non-Federal eligible revenue
- Total non-subsidy revenue

OPERATING ASSISTANCE TRENDS

- Federal operating assistance
- State operating assistance
- Local operating assistance

EXPENSE TRENDS

- Operating expenses
- Capital expenses

RIDERSHIP AND PRODUCTIVITY TRENDS

- Originating passenger trips
- Originating passengers per vehicle hour
- Farebox recovery trends

OPERATING REVNEUE

Operating revenue is comprised of three (3) types of revenue sources:

FEDERAL ELIGIBLE REVENUE

This source includes passenger farebox revenue. Federal eligible revenue is used to offset operating expenses. For example, in FY21, LANTA – Carbon County fixed route operating expenses were \$139,471 and farebox revenue in the amount of \$1,365 was used to offset operating expenses.

FEDERAL NON-ELIGIBLE REVENUE

This source includes investment income. Federal non-eligible revenues are funds that are not used to calculate Federal operating assistance.

NON-SUBSIDY REVENUE

Total non-subsidy revenue is the product of both Federal non-eligible revenue and Federal eligible revenue. The total amount is all the monies that are not considered subsidies from government sources to cover LANTA – Carbon County’s fixed route operating deficit.

OPERATING ASSISTANCE

Operating assistance is the subsidy revenue that comes from Federal, State and Local government sources to support LANTA – Carbon County’s operations.

SYSTEM EXPENSES

System expenses include operating and capital expenses. LANTA – Carbon County’s operating expenses are the costs incurred to operate fixed route transit services. Capital expenses are the costs related to either replacing or introducing major items that are necessary to the operation for the system such as vehicles and parts.

PRODUCTIVITY

Productivity can be defined as how effective the system is at producing “outputs” such as number of riders carried. The following indicators can be used to measure productivity:

ORIGINATING PASSENGER TRIPS

Originating passenger trips are the total number of trips provided by LANTA – Carbon County’s fixed route system.

RIDERSHIP CHARACTERISTICS

This measure is useful for Financial Capacity Analysis because it indicates the kind of passengers that travel on LANTA – Carbon County’s fixed route system and their impacts on Federal Eligible Revenue and Non-Federal Eligible Revenue.

ORIGINATING PASSENGERS PER VEHICLE HOUR

Total vehicle hours refer to hours run by LANTA – Carbon County’s fixed route system in any given year. Originating passenger trips divided by vehicle hours shows the level of productivity LANTA – Carbon County’s fixed route achieves in any given year.

FAREBOX RECOVERY TRNEDS

Farebox recovery is calculated by taking all sources of total Non-Subsidy Revenue and dividing it by operating expenses. The higher the level of farebox recovery, the healthier a system’s financial condition and future financial capacity is likely to be.

DISCUSSION OF FINANCIAL CONDITION AND CAPACITY

OPERATING ASSISTANCE TRENDS

State Operating Assistance

Act 89 was implemented in FY2014. The transition from Act 44 to Act 89 provided a significant increase in operating assistance.

Local Operating Assistance

LANTA – Carbon County receives its local operating assistance from the County of Carbon. As per Act 89 directives, the local share received must increase by 5% each year for the foreseeable future.

EXPENSE TRENDS

There are two (2) types of expenses, operating and capital.

Operating Expenses

Total operating expenses increased approximately 3% per year from FY2023 to FY2026 due to a new purchased transportation contract currently in place and other miscellaneous cost increases associated with operating the service.

Capital Expenses

Capital expenses are anticipated in the form of the purchase of replacement revenue vehicles upon reaching their designated useful life and the replacement of existing computer systems upon reaching their designated useful life.

PRODUCTIVITY TRENDS

Originating passengers

Total originating passenger trips

Originating passenger per vehicle hour

Farebox recovery

DISCUSSION OF PROJECTED FINANCIAL CONDITION AND CAPACITY

LANTA – Carbon County’s financial goals in the next four (4) years are designed to ensure that operating revenue increases keep pace with operating expenses.

OPERATING REVENUE PROJECTIONS

LANTA – Carbon County estimates the total operating revenue will continue to hold steady over the next four (4) fiscal years. State operating assistance is estimated to continue to increase.

OPERATING EXPENSE PROJECTIONS

LANTA – Carbon County estimates the total operating expenses will continue to increase over the next four (4) fiscal years.

In the event Federal, State or local operating assistance is cut drastically, LANTA – Carbon County will respond in an aggressive, yet positive, manner for the citizens of the County of Carbon. Any challenges will be met through extensive discussion and planning to adopt a course of action needed to ensure fiscally viable transit operations.

**LANTA – CARBON COUNTY
FIXED ROUTE RIDERSHIP
PRODUCTIVITY PROJECTIONS**

	FY21	FY22	FY23	FY24	FY25	FY26
PASSENGER FARES	\$1,365	\$ 2,419	\$ 2,419	\$ 2,419	\$ 2,419	\$ 2,419
VEHICLE REVENUE MILES	47,494	54,279	54,279	54,279	54,279	54,279
VEHICLE REVENUE HOURS	2,125	2,282	2,282	2,282	2,282	2,282
TOTAL PASSENGERS	3,889	4,806	4,806	4,806	4,806	4,806
SENIOR PASSENGERS	2,520	2,945	2,945	2,945	2,945	2,945
FAREPAYING PASSENGERS	1,369	1,861	1,861	1,861	1,861	1,861
PASSENGERS PER HOUR	1.83	2.11	2.11	2.11	2.11	2.11
OPERATING COST PER HOUR	\$ 65.63	\$ 64.21	\$ 66.14	\$ 68.12	\$69.11	\$72.27
OPERATING REVENUE PER HOUR	\$ 0.64	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.06
OPERATING COST PER TRIP	\$ 35.86	\$ 30.49	\$ 31.40	\$ 32.35	\$ 33.32	\$ 34.32
OPERATING COST PER MILE	\$ 2.94	\$ 2.70	\$ 2.78	\$ 2.86	\$ 2.95	\$ 3.04
FAREBOX RECOVERY	0.98%	1.65%	1.60%	1.56%	1.51%	1.47%
SUBSIDY	\$ 138,042	\$ 144,112	\$ 148,508	\$ 153,036	\$ 157,700	\$ 162,504
OPERATING EXPENSES	\$ 139,471	\$ 146,531	\$ 150,927	\$ 155,455	\$160,119	\$ 164,923
% INCREASE IN EXPENSES		5.06%	3%	3%	3%	3%



EXECUTIVE SUMMARY

MONROE COUNTY TRANSPORTATION AUTHORITY FINANCIAL CAPACITY ANALYSIS

The purpose of this plan is to demonstrate the financial capacity of the MCTA to operate bus service in the years: FFY2023 up to and including FFY2026. Utilizing financial capacity analysis, this plan documents present financial and productivity trends as a basis to predict MCTA's future financial condition and capacity.

This document is required by the Federal Transit Administration (FTA) per guidance issued in FTA C7008.1A dated January 30, 2002 which supersedes FTA C7008.1 of 1987. It is on the basis of this financial and statistical data that FTA will grant MCTA operating and capital assistance in the future as part of the NEPA MPO Transportation Improvement Program (TIP).

INTRODUCTION

On January 30, 2002, the Federal Transit Administration issued guidance under FTA C7008.1A, Financial Capacity Policy, for transit systems receiving federal funding. The Circular was issued to ensure adequate review could be made by the Metropolitan Planning Organization (MPO) of a transit system's financial capacity prior to federal funds being committed to the entity. The circular requires this review to ensure the transit system, in addition to operating and maintaining day to day operations, also has the financial capability to pay for capital improvements related to future planning.

This Financial Capacity Plan complies with the guidance put forth by FTA C7008.1A by demonstrating the financial history, current capacity, and future probability of being able to meet its financial obligations as mentioned previously. In addition to the ability to demonstrate financial solvency, this Plan also communicates to interested readers, the ability of the transit system to operate economically and efficiently.

FINANCIAL CAPACITY DEFINED

Two elements are defined within the circular:

1. Financial Condition
2. Financial Capability

Financial condition reports on the ability today of the Authority to manage its operating and capital programs. This includes daily measurable oversight of items such as appropriate levels of service, expenses and revenues, and fixed asset maintenance.

Financial capability looks at the reliability of the transit system to continue to generate revenues into the future, and, secure funds that will be needed to maintain capital assets. In essence, ensuring the transit agency will have the financial ability to meet the needs of tomorrow.

INDICATORS OF FINANCIAL CONDITION AND FINANCIAL CAPABILITY

FFY2023 TO FFY2026

Both indicators of Financial Capacity are based on historical trends. For the purpose of this plan, MCTA will use fiscal data starting with FFY2023 and ending with FFY2026; this information will allow us to update the original information based on the same methodologies. MCTA reviewed the data found in recent historical documents such as annual audits, financial reports to the Bureau of Public Transportation, and regularly maintained agency monthly statistical reports. The following categories were used to present this Plans demonstration of Financial Capacity.

OPERATING REVENUES

Total Federal Eligible Revenue (including passenger fares received)

Total Non-Federal Eligible Revenue

Total Non-Subsidy Revenue

OPERATING ASSISTANCE TRENDS

Federal Operating Assistance including stimulus funding based on COVID-19

State Operating Assistance

Local Operating Assistance

EXPENSE TRENDS

Operating Expenses

Capital Expenses

RIDERSHIP AND PRODUCTIVITY TRENDS

Originating Passenger Trips

Originating Passengers per Vehicle Hour

Farebox Recovery Trends

OPERATING REVENUE

Operating Revenue is comprised of three (3) types of revenue sources:

Federal Eligible Revenue

This source includes Passenger Farebox Revenue and Other Federal Eligible Revenue including advertising.

Federal Eligible Revenue is used to offset operating expenses. For example, in FFY2020 MCTA's operating expenses were \$3,217,96.14. MCTA received revenue of \$292,037.48 which reduced expenses to \$2,925,928.66 before any government subsidy was used. Examples of MCTA eligible revenues come in the form of passenger fares, advertising and route guarantees. The first three quarters of FFY2020 were much the same as the prior twenty years of authority generated revenue; COVID-19 struck at the beginning of the fourth quarter causing reductions in ridership, thereby reducing 'normal' levels of Federal Eligible Revenue for the balance of FFY2020. Ridership levels were lowest in FFY2021 and causing carryover reduction to Federal Eligible Revenue into FFY2021 and beyond. Using the first nine months of FFY2020 vs. FFY2021, this source of revenue was reduced by 42%.

Encouraging news in FFY2022 can be seen in the same three-quarter period comparison of July through March. FFY2022 vs. FFY2021 Federal Eligible Revenues have rebounded 100%, putting this source of revenue at \$310,002.07 compared to \$155,045.08 respectively. Revenues of FFY2022 vs. FFY2020 also show higher revenues in the FFY2022 period, further indicating a positive future.

Federal Non-Eligible Revenue

This source includes investment income. Federal Non-Eligible Revenue are funds that are not used to calculate Federal Operating Assistance. MCTA expends federal dollars within three days of receipt and therefore does not currently invest those dollars.

Non-Subsidy Revenue

Total Non-Subsidy Revenue is the product of both Federal Non-Eligible Revenue and Federal Eligible Revenue. The total amount is all the monies that are not considered subsidies from governmental sources to cover MCTA's operating deficit.

Operating Assistance

Operating Assistance includes the subsidy that comes from federal, state and local governmental sources to support MCTA operations. In the case of FFY2020, COVID-19 stimulus funds under the Coronavirus Aid Relief and Economic Recovery Act (CARES) funding was issued under both *formula* funding for small urban transit systems (5307), and *discretionary* state funding for rural systems (5311). MCTA is one of a few dual operating systems in Pennsylvania which benefited from both 5307 and 5311 stimulus funds. These funds were used in FFY2020 and FFY2021. Three rounds of stimulus funding were made by the Federal government. CARES funding was round one; Families First Recovery Act (FFRA) was round two; American Rescue Plan Act (ARPA) funding accounted for the third. MCTA received funds under FFY2020, FFY2021 and FFY2022 under CARES and ARPA only. No emergency assistance was used in Fixed Route during FFY2020; however, these funds were used in FFY2021 and FFY2022. This assistance allowed normally apportioned funds under 5307 to be applied to future needs beginning in FFY2023. Stimulus funds mentioned here were also used for our paratransit program known as Shared Ride.

Operating Assistance for FFY2020 was applied to Fixed Route in the following manner: Federal funds accounted for 36% of the overall Fixed Route budget while the State portion was 49%; local county support was 6%, and general revenues made up the 9% balance. MCTA receives both Urban Federal operating assistance which is derived by formula and apportioned through the Governor to MCTA as a direct recipient, and, Rural Federal operating assistance which is provided at the discretion of the state. Together, they represent a calculated percentage of MCTA's operating expenses not covered by Federal Eligible Revenue. MCTA also receives State Act 44/89 funding.

SYSTEM EXPENSES

Overall system expenses include operating and capital expenses. MCTA's Operating expenses are the costs incurred to operate day to day public transit services. Capital expenses are the costs related to fixed asset acquisitions; these are generally items such as buses, computer technology and building maintenance needs.

PRODUCTIVITY

Productivity looks at annual statistical data regarding various ridership delivery measurements. Examples of productivity are:

ORIGINATING PASSENGER TRIPS

Originating Passenger Trips are the total number of trips provided by MCTA.

RIDERSHIP CHARACTERISTICS

There are a wide variety of riders. Some riders travel using subsidized options while others pay full fare. Due to the wide variety of system users, Federal Eligible Revenue and Non-Federal Eligible Revenue are both affected to some degree. This measures individual trips in both categories.

ORIGINATING PASSENGERS PER VEHICLE HOUR

For productivity reporting, MCTA uses revenue hours. Revenue hours are the hours a vehicle is in service. (Pre-tripping and post-tripping of vehicles for example is not considered time the vehicle is in service, and therefore not included in revenue hours).

FAREBOX RECOVERY TRENDS

Farebox recovery is calculated by taking all sources of total Non-Subsidy Revenue and dividing it by operating expenses. The higher the level of farebox recovery, the healthier a system's financial condition and future financial capacity is likely to be. It should be noted that in FFY2020 farebox recovery was over 9%, the year had three successful quarters until the fourth, when COVID entered the picture. In in FFY2021, COVID played a major role in dropping ridership and subsequently farebox revenue. Farebox recovery dropped to 7.5%.

DISCUSSION OF FINANCIAL CONDITION AND CAPACITY

OPERATING REVENUE TRENDS

Total Federal 5311 and/or 5307 Revenue

MCTA receives both Rural and Urban Federal funds 5311/5307. Federal funding from both sources are expected including annual increases in total amounts based on historical productivity measurements.

OPERATING ASSISTANCE TRENDS

State Operating Assistance

Act 44 was implemented in FFY2008 and has proved to be significant in size to meet the 50% matching requirements for MCTA's dually Urban/Rural transit system. Federal funds of 5307/5311 require the match as stated in both FTA in circulars FTA C9030.1e and FTA C9040.1g.

Local Operating Assistance

MCTA's local operating assistance is received from the county. Act 44/89 requires the local share to be increased annually until such time the total local match reaches 15% of the Act 44/89 award. The FFY2020 shows MCTA at an annual percentage of 8.4%.

EXPENSES TRENDS

MCTA's transit system includes both Operating and Capital expenses.

Operating Expenses

Total operating expenses had a gradual decrease from FFY2019 to FFY2020 of 8%; levels declined as FFY2021 and COVID were at the height of the pandemic, expenses decreased an additional 5%. This decreasing trend began in March 2020 and hit its lowest point in FFY2021. Reductions of course related to the COVID pandemic. MCTA lost ridership, including two regular additions of the summer National Park Shuttle and local WaterPark Route guarantee. Another measurement of financial capacity is measuring Unlinked Passenger Trips (UPT) per Vehicle Revenue Hour (VRH); the more UPT per VRH, the more robust the service. In FFY2019 MCTA reported 251,527 UPTs and 32,849 VRH; this equates to 7.65 UPT/VRH. Conversely, in FFY2020 MCTA reported 208,635 UPT/27,659 VRH totaling 7.54 UPT/VRH. This decline was the result of COVID and its impacts which began in the fourth quarter of FFY2020. FFY2021 reported a dismal 142,797 UPTs and 21,699 VRH resulting in a further decline to 6.58 UPT/VRH. Fortunately, as we have

moved into FFY2022, we can compare annual figures based on ten months of actual data against FFY2021, the outlook is promising: Expenses are heading back up due to increased service; although slightly lower than FFY2019, expenses have increased 9.3% over FFY21- the year in which COVID hit hardest. UPTs are up 50% with VRH increasing only 2.5%. Lessons learned from the COVID era have helped us provide the needed service at less output which helped demonstrate the rebounding strength of the agency. The same formula mentioned here is up significantly in FFY2022 when compared to FFY2021 and shows 9.63 UPTs/VRH, very robust indeed. Fortunately, Route Guarantees have returned, and the summer National Park Shuttle, now in its twelfth year, are all demonstrating strength as we work to regain our footing. This shows the ability to explore new service possibilities to increase ridership and revenue.

Capital Assistance

MCTA has recently completed a \$1.2M renovation to its Bus Wash. A three-armed gantry system was completed in FFY2021 and several garage retrofits were made to accommodate our now fleet of seven (7) CNG buses and eight (8) low floor diesel Fixed Route vehicles. The wash bay design was also flexible enough to perform its function on nearly forty (40) smaller paratransit vehicles and ten plus (10) support vehicles.

New to FFY2022 is the Preliminary Design work for a 116,000 +/- square foot addition which will make room for our maintenance department to expand as well as make more efficient use of storage space for equipment as well as provide covered fleet parking and some administrative office space. In 2009 MCTA acquired a 32 +/- acre parcel with the intent to develop a transfer center and some other features. In today's environment we have reconsidered our priorities and elected to make the best move to protect our most costly assets, vehicles, while making critical space in the building for currently cramped storage and maintenance work. MCTA is still moving forward and looking at the possibilities for public transit in the short-term and distant future.

PRODUCTIVITY TRENDS

Origination Passengers

Total Originating Passenger Trips

Originating Passengers Per Vehicle Hour

Farebox Recovery

DISCUSSION OF PROJECTED FINANCIAL CONDITION AND CAPACITY

MCTA's financial goals in the next four (4) years are designed to ensure that operating revenue increases keep pace with operating expenses. As a dual operating system (Urban/Rural), MCTA has had to become proficient at managing multiple funding streams, dual reporting processes, and ensuring a zero-balanced budget adheres to new cost

allocation methods developed by the Chief Financial Officer (CFO) and Executive Director. One hurdle will be striving to recover from COVID, but one can see, we are well underway.

OPERATING REVENUE PROJECTIONS

Note: The COVID-19 Pandemic has introduced changes never before seen in our industry. MCTA, along with many small urban systems across the country, received apportioned federal 5307 CARES ACT and ARPA stimulus funding; MCTA's apportionment totals \$4,210,476 with no match requirement, and no lapse date for use. Eligible expenses are detailed in FTA circular 9030.1e; MCTAs current practice meets those eligible expenses and will continue to do so as we move from the current ridership levels back into a new 'normal' ridership pattern.

Federal 5311 Revenue

Not surprisingly rural federal funding has fluctuated due to federal emergency funds made available over the past three years. Beginning with FFY2020 these funds totaled \$660,000, and in order rose from \$1M in FFY2021, zero used in FFY2022, and \$732,611 scheduled for FFY2023. MCTA works together with PennDOT to establish reasonable subsidies needed and compares annual requests to state 1513 funds available in reserves. Further, the CFO and Executive Director monitor Vehicle Revenue Miles (VRM) and adjust our Cost Allocation Plan accordingly. Based on VRM, our current budget moving into FFY2023 remains roughly a 50/50 split between Urban and Rural. Obtaining a route guarantee in a rural portion of our service area can shift this allocation to as much as 60/40 in either direction. Additionally, because of the dual agency designation, some capital procurements are also made using 5311 funds. (ie: Diesel fleet replacements to CNG, and the Washbay Overhaul projects)

Federal 5307 Revenue

Urban Federal Funding has fluctuated greatly over the past three years due to COVID stimulus funds and operating demands. Beginning with FFY2020 these funds totaled \$500,000, and in order rose to \$1,668,872 in FFY2021, \$1,500,000 used in FFY2022, and \$1,000,000 scheduled for FFY2023. These funds are apportioned annually. Currently MCTA is using FFY2018 apportionments with over \$5M available through FFY2022.

State Operating Assistance

Total State Act 44/89 operating assistance has been a reliable funding source in recent years due to the 'hold harmless' provision which ensures funding at prior year levels. This is extremely beneficial when planning future transit services. These funds are the primary source used to meet the 50% matching requirement of federal operating subsidies. Annual subsidy ranges between \$2,150,000 to \$2,300,000.

OPERATING EXPENSE TRENDS

Operating Expenses

MCTA anticipates a range of 5-6.5% increase in operating expenses over the next four (4) years. Due to the COVID-19 Virus MCTA has experienced loss in ridership, decrease in farebox revenues, and expanded costs for remediation efforts. These trends will likely continue through FY2023. MCTA anticipates a return to the previous trend of increased ridership and route guarantees during this planning cycle. Primary areas of expense are monitored closely, such as: fuel, insurances and wages.

Capital Expenses

MCTA will continue capital maintenance and improvement projects based on available formula and discretionary funds from federal, state and other potential sources.

PRODUCTIVITY PROJECTIONS

Originating Passenger Trips and Ridership

Over the past decade MCTA's ridership increases have been fairly constant from year to year. In FFY2019 ridership levels reached their peak of 251,527 UPT. COVID has been a challenge for most, if not all, public transit systems. In the interim years of FFY2020, FFY2021, and FFY2022 (forecasted based on ten months actual data), ridership made a sharp decline, and rapid comeback. Ridership in the three years FFY2020 through FFY2022 were reported at 208,635, 142,797 and 214,175 respectively. Efforts continue into FFY2023, while MCTA is preparing to launch its first two demonstration projects under our new Pony Plus Microtransit service. We are providing Local Advisory Community Meetings to obtain input from the travelling public and continue a variety of other outreach efforts to mobilize trip takers. Our financial picture is sound; figuring out how to best use these funds to promote transit post-COVID is the challenge of the next four years.

Originating Passengers Per Vehicle Hour

This productivity factor is expected to show continued ridership increases as we move away from a disturbing COVID trend.

Farebox Recovery

We anticipate farebox recovery and operating revenue to remain stable for the planning period. MCTA plans operating budgets to meet a minimum of 10% annually, even during the pandemic.

CONCLUSION

MCTA was established by the Monroe County Commissioners in October 1979. For the past forty-three years public transportation service has been delivered to residents and guests of the county in a reliable and courteous manner. MCTA has grown in size over the last four decades and plans to continue seeking opportunities to grow our services and adapt to changes in ridership demands into the foreseeable future.

Changes may occur with governmental funding, ridership trends, and in other operational areas. Should the need arise to modify existing services in any way, MCTA will adhere to the policies and procedures already in place to communicate to the public and stakeholders so that acceptable levels of service may continue. MCTA will continue to develop programs and strategies to address the needs of the riding public and adhere to policies and procedures that are in place to do so.

RIDERSHIP PRODUCTIVITY PROJECTIONS							
	FFY2023		FFY2024		FFY2023		FFY2024
FAREBOX	\$420,913		\$441,959	5%	\$464,057	5%	\$494,221 (6.5%)
VEHICLE REVENUE MILES	383,406		391,074	2%	406,717	4%	431,120 (6%)
VEHICLE REVENUE HOURS	22,148		23,034	4%	25,337	10%	27,237 (7.5%)
PASSENGERS/REVENUE HOUR	11.38		11.16		10.45		10.31
OP COST/REVENUE HOUR	\$183.67		\$185.43		\$177.01		\$175.36
OP COST/TRIP	\$16.14		\$16.61		\$16.93		\$17.01
	252,113 base		257,155	2%	264,870	4 %	280,762 (6%)
OP COST/REVENUE MILE	\$10.61		\$10.92		\$11.03		\$11.08
FAREBOX RECOVERY	10.35%		10.35%		10.35%		10.35%
NON-SUBSIDY REVENUE	\$0		\$0		\$0		\$0
OPERATING EXPENSES	\$4,068,000		\$4,271,400	5%	\$4,484,970	5%	\$4,776,493 (6.5%)

Note: MCTA is awaiting FY2023 Performance Targets which will be recommended by the Pennsylvania Department of Transportation as required under Act 44 legislation. These Performance Targets will help to provide further guidance on goals as we move forward into this next four-year cycle. For the purpose of this report, goals were not yet recommended, however, similar methods, such as Farebox Recovery Ratios of >10% were used. A further review will occur after the Performance Report is received.

SCHUYLKILL TRANSPORTATION SYSTEM (STS)
INDICATORS OF FINANCIAL CONDITION AND FINANCIAL CAPABILITY
FY 2021-22 TO 2024-25

Both indicators of Financial Capacity can be observed through various historical trends. For this plan, historical data will be utilized from STS' fiscal year (FY) 2021-22 to 2024-25. Four (4) year trends derived from this data will provide the basis to predict future trends. STS' Audited Reports and Financial Statements were used to gather this data. For convenience, these trends can be grouped into the following categories.

1. OPERATING REVENUE TRENDS

- a. Total Federal Eligible Revenue (including passenger fares)
- b. Total Non-Federal Eligible Revenue
- c. Total Non-Subsidy Revenue

2. OPERATING ASSISTANCE TRENDS

- a. Federal Operating Assistance
- b. State Operating Assistance
- c. Local Operating Assistance

3. EXPENSE TRENDS

- a. Operating Expenses
- b. Capital Expenses

4. RIDERSHIP AND PRODUCTIVITY TRENDS

- a. Originating Passenger Trips
- b. Originating Passengers per Vehicle Hour
- c. Farebox Recovery Trends

OPERATING REVENUE

Operating revenue is comprised of three (3) types of revenue sources:

1. **Federal Eligible Revenue**

This source includes passenger farebox revenue and other federal eligible revenue, which includes advertising.

Federal eligible revenue is used to offset operating expenses. For example, in FY 20-21 STS' operating expense were \$2,147,468. We received Federal 5311 Revenue of \$1,104,197 which reduced our expenses to \$1,043,271.

2. **Federal Non-Eligible Revenue**

This source includes investment income. Federal non-eligible revenue are funds that are not used to calculate Federal operating assistance.

3. **Non-Subsidy Revenue**

Total non-subsidy revenue is the product of both Federal non-eligible revenue and Federal eligible revenue. The total amount is all the monies that are not considered subsidies from government sources to cover STS' operating deficit.

4. **Operating Assistance**

Operating assistance is the subsidy that comes from Federal, State and Local government sources to support STS operations. Federal operating assistance covers a calculated percentage of STS' operating expenses not covered by Federal eligible revenue. STS also receives State Act 44 funding (Sec 1513).

SYSTEM EXPENSES

System expenses include operating and capital expenses. STS' operating expenses are the costs incurred to operate public transit services. Capital expenses are the costs related to either replacing or introducing major items that are necessary to the operation for the system such as buses and major garage equipment.

PRODUCTIVITY

Productivity can be defined as how effective the system is at producing outputs such as number of riders carried. The following indicators can be used to measure productivity.

1. **Originating Passenger Trips**

Originating passenger trips are the total number of trips provided by STS.

2. **Ridership Characteristics**

This measure is useful for financial capacity analysis because it indicates the kind of passengers that travel on STS and their impacts on Federal eligible revenue and non-Federal eligible revenue.

3. Originating Passengers per Vehicle Hour

Total vehicle hours refer to hours run by STS buses in any given year. Vehicle hours divided by originating passenger trips shows the level of productivity STS achieves in any given year.

4. Farebox Recovery Trends

Farebox recovery is calculated by taking all sources of total non-subsidy revenue and dividing it by operating expenses. The higher the level of farebox recovery, the healthier a system's financial condition and future financial capacity is likely to be.

DISCUSSION OF FINANCIAL CONDITION AND CAPACITY

1. OPERATING REVENUE TRENDS

a. Total Federal Section 5311 Revenue

STS receives Rural Federal Section 5311 money. We will continue to receive funds from this source.

2. OPERATING ASSISTANCE TRENDS

a. State Operating Assistance

Act 44 was implemented in FY 2007-08 and amended by Act 89 (2013).

3. LOCAL OPERATING

a. Local Operating Assistance

STS' local operating assistance comes from the County of Schuylkill. As per Act 44 directives, the local share is approximately 4% of the full annual state allocation.

EXPENSE TRENDS

There are two (2) types of expenses, operating and capital.

a. Operating Expenses

Total operating expenses decreased approximately 4% from FY 2019-20 to 2020-21 due mostly to decreases in wage and wage related issues with the onset of COVID-19.

b. Capital Expenses

Over the past years we have replaced buses on a regular basis. The bus fleet that has a 10 or 12 year life cycle. STS continues to convert our fleet to CNG fuel this along with a new facility project, started in 2020, to enable STS to maintain these vehicles which will decrease our operating expenses in the future and possibly create a source for revenue through the sale of CNG fuel to the public.

PRODUCTIVITY TRENDS

- a. Originating Passengers
- b. Total Originating Passenger Trips
- c. Originating Passengers per Vehicle Hour
- d. Farebox Recovery

DISCUSSION OF PROJECTED FINANCIAL CONDITION AND CAPACITY

STS' financial goals in the next four (4) years are designed to ensure that operating revenue increases to keep pace with operating expenses.

1. OPERATING REVENUE PROJECTIONS

a. Federal Section 5311 Revenue

As previously reported, STS estimates the total operating revenue to continue to increase over the next four year period.

a. State Operating Assistance

State Act 44 (amended Act 89 2013) operating assistance increased slightly FY 2020-21. Act 44 states that no property shall receive less than the previous year. However, additional year increases cannot be guaranteed because funds are based on sales tax receipts.

2. OPERATING EXPENSE TRENDS

a. Operating Expenses

STS anticipates a of 5% - 6% increase in operating expenses for each year over the next four year period.

b. Capital Expenses

STS will continue capital maintenance and improvement projects including the completion of our new facility.

3. PRODUCTIVITY PROJECTIONS

a. Originating Passenger Trips and Ridership

Originating passenger trips have decreased over the past 2 years mostly because of COVID-19. STS expects a moderate increase in the next years depending on the Pandemic situation.

b. Originating Passenger Per Vehicle Hour

Our goal is to improve this factor over the next two years.

c. Farebox Recovery

We anticipate farebox recovery and operating revenue to remain stable for the planning period. STS has kept our fares the same over the past several years and have concentrated on marketing revenue from bus advertising, which has been successful.

CONCLUSION

STS has implemented a new southern loop route in November of 2019, which we will monitor and look for other possibilities. We have also completed an SBP Plan and will be implementing it in 2022. The goal of this project is to better serve Schuylkill County and become more efficient in the process. This along with the change to CNG fuel and our new facility may help STS to accomplish our goal.

In the event operating assistance at the federal, state or local level is cut drastically, STS will respond to these cuts in an aggressive yet positive manner for the citizens of Schuylkill County. Any challenges will be met through extensive discussion and planning with our Board of Directors who will provide the course of action needed to ensure fiscally viable transit operations.

STS financial goals in the coming years will be to maximize operating revenues to keep pace with operating expenses. STS is committed to providing safe, cost effective public transportation and will strive to continue to meet this goal.

Schuylkill Transportation System

RIDERSHIP PRODUCTIVITY PROJECTIONS

	21-22	22-23	23-24	24-25
PASSENGER TRIPS	120,990	127,050	133,400	140,070
			-	
VEHICLE REVENUE MILES	285,264	285,264	310,796	310,796
			-	
VEHICLE REVENUE HOURS	16,975	16,975	18,535	18,535
			-	
PASSENGERS PER HOUR	7.12	7.50	7.19	7.55
			-	
OP COST PER HOUR	\$ 135.06	\$ 142.87	\$ 138.37	\$ 146.44
			-	
OP REVENUE PER HOUR	<u>\$ 8.55</u>	<u>\$ 8.91</u>	<u>\$ 8.58</u>	<u>\$ 8.87</u>
			-	
OP COST PER TRIP	\$ 18.95	\$ 19.08	\$ 19.22	\$ 19.37
OP COST PER MILE	\$ 8.03	\$ 8.49	\$ 8.25	\$ 8.73
FAREBOX RECOVERY	6.33%	6.24%	6.14%	6.05%
NON SUBSIDY REVENUE	\$ 145,291	\$ 151,390	\$ 157,700	\$ 164,466
OPERATING EXPENSES	\$ 2,292,783	\$ 2,424,422	\$ 2,564,735	\$ 2,714,306