

Centre Area Transportation Authority (CATA) FY 2008/2009 Budget

DRAFT



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MEMO

To: Member Municipalities of the Centre Area Transportation Authority

From: Hugh A. Mose, General Manager

Re: CATA's FY 2008/2009 DRAFT Budget

Date: April 10, 2008

=====

On behalf of the Centre Area Transportation Authority (CATA) Board of Directors, I am pleased to present for your consideration CATA's FY 2008/2009 DRAFT Budget, as approved by the Board at their March 24, 2008 meeting.

Again this year, developing the CATA budget has been a challenge, but this time in a much more positive manner. As a result of the passage of Act 44, for first time in at least six years CATA has the ability to expand, beginning to restore some of the services that were cut, implementing projects that were deferred and addressing staffing needs that were set aside as we retrenched. However, just because CATA's funding situation has improved doesn't mean that the decisions are necessarily any easier.

The difficult questions today are not where to cut service and how much to raise fares, but with the new funding available, how much should be committed to new service, how much should be invested in capital projects, and how much should be kept in reserve. The matter is made more complicated by the growing resistance to the tolling of Interstate 80, one of the primary funding sources for Act 44. Given the uncertainty of tolling, the CATA Board has decided to proceed very cautiously.

Nonetheless, this budget provides funds for a number of service enhancements, mainly in the evening and on Saturdays, where over the past several years CATA has had to decrease frequencies, eliminate trips and cut operating hours. Also included are several additional positions, restoring ones that had been eliminated in past years, adding others that address emerging needs, and beginning to address the reality that all of CATA's senior management staff are nearing retirement.

The capital budget anticipates a number of significant projects. Federal funding earmarks secured by Rep. Peterson and Pennsylvania's two Senators, the new formula capital component of Act 44 and other miscellaneous sources of funding will allow CATA to continue its bus fleet restoration program with the rehabilitation of some buses and the replacement of others. Meanwhile, we will rebuild CATA's compressed natural gas (CNG) fueling station, complete the first phase of CATA's technology initiative, and begin the architectural and engineering work associated with an expansion of our Cato Park facility.

In their annual budget deliberations, the CATA Board of Directors discussed at length the matter of a fare increase. Even though it has been six years since CENTRE LINE fares were raised, the Board decided to hold off one more year on raising cash fares and pass and token prices. However, it should be noted that the large majority of CATA riders are riding on programs under which fares are prepaid, and these rates are negotiated upward each year. The Board also considered the issue of selling advertising on the exteriors of the buses, and, for a number of reasons, decided to maintain the status quo.

During the years when state funding was not keeping pace with the cost of providing transit service, CATA's local funding partners repeatedly increased local shares beyond the minimum required to moderate the service cuts that CATA was being forced to enact. With CATA's funding situation much improved, this year we are not seeking an increase in local shares to support the Operating Budget. Local funding totals \$419,795, which is only about 4.0% of the budget. Of this amount, only \$279,617 is requested from CATA's participating municipalities; contributions from Penn State and various public/private partnerships comprise the remainder.

For the Capital Budget, CATA is requesting \$62,400, the same dollar amount as last year. This request is consistent with the approach adopted seven years ago when the COG Finance Committee first suggested a capital reserve account to even out the large year-to-year fluctuations in local shares required for transit capital projects. The \$62,400 is more than the required local share for current projects for which local capital funding has not yet been provided. As was anticipated when the Capital Reserve was created, the excess will be held in the account until needed in future years.

As is the case each year, the increase in local shares is not allocated evenly among the participating municipalities. This year a significant increase occurs in the contribution to local shares made by Penn State, largely as a result of increased LINK service to the new Law School. As a result, the commitment requested of almost all of CATA's other funding partners actually decreases. The exception is the local shares associated with the X Route, which rise in concert with the increase in local funding authorized this year by Bellefonte Borough.

I and my colleagues on the CATA staff, as well as members of the CATA Board of Directors, will be pleased to meet with the COG Finance Committee, the COG General Forum and the Boards of Supervisors and Councils of the individual municipalities to discuss the details of the budget and address any issues you may have.

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SECTION I

BUDGET SUMMARY AND LOCAL SHARES

Introduction

The following five pages contain a line-item summary of the FY 2008/2009 Draft Operating Budget, presented in the standard COG Format to facilitate review by the COG Finance Committee, elected officials of CATA's member municipalities, and other local officials.

Also included is a one-page summary, designed to replicate the COG Format, which identifies those capital items for which CATA is requesting local share of 3⅓% as the required match for state and federal capital assistance. Again this year, as approved by the COG Finance Committee in FY 2007/2008, the local match amount is \$62,400, in anticipation of higher capital funding needs in future years. Because the total local funding request for capital projects for the current year is below \$62,400, the difference of \$17,400 is added to the Capital Reserve Account, established seven years ago to stabilize annual capital funding requirements from year to year.

Following the tables is a narrative describing the calculation and allocation of local shares. The text is accompanied by the spreadsheets used to calculate the miles of service in each municipality, estimate a regional factor for each route, and finally allocate the required local share by route among the participating municipalities and Penn State.

The complete budget, with an overview of transit funding and narratives explaining each individual line item, can be found in Section VI - Operating Budget.

The table below provides a summary of the total and individual local operating and capital contributions requested for FY 2007/2008.

FY 2008/2009 Local Shares: Operating and Capital

	OPERATING	CAPITAL	TOTAL
State College Borough	\$74,575	\$11,085	\$85,660
Ferguson Township	\$76,854	\$11,425	\$88,279
Patton Township	\$63,803	\$9,484	\$73,287
College Township	\$46,883	\$6,969	\$53,852
Harris Township	\$20,374	\$3,028	\$23,402
Bellefonte Borough	\$15,323	\$2,278	\$17,601
Spring Township	\$15,133	\$2,249	\$17,382
Benner Township	\$4,374	\$650	\$5,024
Penn State University	\$102,476	\$15,232	\$117,708
Total Operating and Capital	\$419,795	\$62,400	\$482,195

COMPARATIVE DETAIL OF REVENUES

AGENCY: Centre Area Transportation Authority

Acct. No.	Account	Budgeted Receipts 2006-2007	Actual Receipts 2006-2007	Budgeted Receipts 2007-2008	Estimated Receipts 2007-2008	Anticipated Receipts 2008-2009
	CASH BALANCE	N/A	N/A	N/A	N/A	N/A
	DEPARTMENT REVENUES					
	Interest Earnings	17,000	16,245	17,000	18,500	18,500
	Subtotal	17,000	16,245	17,000	18,500	18,500
	INTERGOVERNMENTAL REVENUE					
	FEDERAL GRANTS					
	CMAQ Projects	0	44,956	100,000	80,000	96,800
	Transportation Planning	0	0	0	0	0
	Operating Assistance:					
	Annual Apportionment +	1,852,952	1,823,280	1,817,883	1,945,631	2,042,912
	Prior Year Carry-In -	502,230	552,793	930,620	1,150,273	500,000
	Transferred to Capital Program	0	0	0	-1,505,452	-487,457
	* Total Operating Available:	2,355,182	2,376,073	2,748,503	1,590,452	2,055,455
	Total Operating Used:	2,050,420	1,225,800	2,298,032	1,090,452	1,555,455
	* Total Operating Not Used:	304,762	1,150,273	450,471	500,000	500,000
	Subtotal	2,050,420	1,270,756	2,398,032	1,170,452	1,652,255
	STATE/SPECIAL GRANTS					
	Senior Citizen Free Transit	45,500	48,789	48,000	0	0
	Senior Citizen Shared Ride	178,000	160,115	156,000	175,000	193,000
	Transportation Planning	0	0	0	0	0
	Operating Assistance	937,722	937,722	937,722	2,815,438	3,378,252
	Act 26 for Asset Maint.	283,712	283,712	283,712	0	0
	Act 3 Supplemental Funding	539,739	539,554	539,739	0	0
	New State Funding	448,372	448,372	0	0	0
	Welfare to Work Grant	0	0	0	0	0
	Special Demonstration Grants	0	10,080	0	0	0
	RideShare Support	0	32,875	34,190	33,862	33,862
	Subtotal	2,465,920	2,461,219	1,999,363	3,024,300	3,605,114
	MUNICIPAL CONTRIBUTIONS					
	Bellefonte Borough	14,731	14,731	14,598	14,598	15,323
	Benner Township	2,174	2,174	4,261	4,261	4,374
	College Township	50,202	50,202	51,021	51,021	46,883
	Ferguson Township	72,202	72,202	77,610	77,610	76,854
	Harris Township	20,673	20,673	22,170	22,170	20,374
	Patton Township	57,970	57,970	63,347	63,347	63,803
	Penn State University	85,732	85,732	93,160	93,160	102,476
	State College Borough	81,858	81,858	78,882	78,882	74,575
	Spring Township	14,263	14,263	14,746	14,746	15,133
	Subtotal	399,805	399,805	419,795	419,795	419,795

*Memo item only where shaded; only actual amount used added in those columns.

ANNUAL OPERATING BUDGET

COG FORMAT

COMPARATIVE DETAIL OF REVENUES

AGENCY: Centre Area Transportation Authority

Acct. No.	Account	Budgeted Receipts 2006-2007	Actual Receipts 2006-2007	Budgeted Receipts 2007-2008	Estimated Receipts 2007-2008	Anticipated Receipts 2008-2009
	MISCELLANEOUS REVENUE					
	Farebox	620,000	591,755	625,200	645,000	688,000
	"ONEPASS"	450,000	530,259	499,550	580,000	595,000
	Football Shuttle	40,000	45,841	48,400	56,235	48,500
	Paratransit	103,000	78,566	85,000	85,000	90,000
	Vanpool	0	0	0	51,400	113,000
	Special Purchase of Service	905,600	986,754	1,061,000	1,115,900	1,177,500
	LOOP Revenue	1,583,900	1,602,183	1,663,600	1,706,000	1,944,300
	Charter Service	0	0	0	325	0
	Advertising	24,800	18,208	20,700	14,000	16,000
	Vehicle Lease & Rental	0	0	0	0	0
	Miscellaneous	<u>2,100</u>	<u>10,841</u>	<u>5,600</u>	<u>25,100</u>	<u>15,100</u>
	Subtotal	3,729,400	3,864,406	4,009,050	4,278,960	4,687,400
	TOTAL:					
		8,662,545	8,012,430	8,843,240	8,912,007	10,383,064

CENTRE REGION COUNCIL OF GOVERNMENTS

ANNUAL OPERATING BUDGET

COG FORMAT

COMPARATIVE DETAIL OF APPROPRIATIONS AND EXPENDITURES

AGENCY: Centre Area Transportation Authority

Acct. No.	Account	Budgeted Appropriation 2006-2007	Actual Expenditure 2006-2007	Budgeted Appropriation 2007-2008	Estimated Expenditure 2007-2008	Anticipated Expenditure 2008-2009
	PERSONNEL					
	Salaries (Staff)	1,011,045	1,026,695	1,129,300	1,019,752	1,195,000
	Salaries (Part-Time Interns)	0	1,158	0	2,770	0
	Drivers' Wages	2,756,100	2,633,769	2,818,240	2,900,000	3,322,064
	Maintenance Wages	571,000	541,643	608,000	714,000	789,300
	Employee Benefits	<u>2,013,300</u>	<u>1,802,800</u>	<u>2,078,500</u>	<u>2,035,035</u>	<u>2,458,500</u>
	Subtotal	6,351,445	6,006,065	6,634,040	6,671,557	7,764,864
	OPERATING EXPENSES					
	MAINTENANCE					
	Revenue Vehicle Maintenance	265,000	299,735	285,000	285,000	310,000
	Service Vehicle Maintenance	4,000	2,972	3,300	4,000	4,500
	Radio Maintenance	6,300	6,019	8,800	9,100	10,100
	Building & Equipment Maintenance	84,000	92,244	124,000	100,000	110,000
	Uniforms & Accessories	16,500	11,666	14,000	16,000	18,100
	Contract Maintenance	5,600	4,911	9,000	7,000	12,400
	Utilities	120,000	101,777	114,500	116,000	150,000
	Paratransit	14,000	16,362	16,000	19,500	18,000
	Vanpool	0	0	0	10,000	11,000
	Training	5,500	2,342	6,600	6,600	9,600
	Miscellaneous	<u>8,200</u>	<u>12,574</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
	Subtotal	529,100	550,602	596,200	588,200	668,700
	TRANSPORTATION					
	Revenue Vehicles - Tires	48,600	46,869	50,000	50,000	53,200
	Service Vehicles - Tires	1,100	578	450	2,600	1,100
	Revenue Vehicles - Fuel & Lube	763,000	503,135	590,450	500,000	684,000
	Service Vehicles - Fuel & Lube	15,000	18,147	21,300	21,300	23,500
	Safety & Training	26,000	17,701	28,300	23,000	34,000
	Insurance	179,000	147,031	164,300	150,000	157,000
	Vehicle Lease	0	0	0	0	0
	Shelters & Signs	5,000	3,065	4,000	4,400	5,000
	Paratransit	396,000	347,162	360,000	390,000	435,000
	Vanpool	0	0	0	111,000	110,200
	Uniforms	4,200	256	4,800	5,550	8,000
	Miscellaneous	<u>5,700</u>	<u>9,625</u>	<u>12,400</u>	<u>11,500</u>	<u>12,000</u>
	Subtotal	1,443,600	1,093,570	1,236,000	1,269,350	1,523,000

CENTRE REGIONAL COUNCIL OF GOVERNMENTS

ANNUAL OPERATING BUDGET

COG FORMAT

COMPARATIVE DETAIL OF APPROPRIATIONS AND EXPENDITURES

AGENCY:	Centre Area Transportation Authority					
Acct. No.	Account	Budgeted Appropriation 2006-2007	Actual Expenditures 2006-2007	Budgeted Appropriation 2007-2008	Estimated Expenditures 2007-2008	Anticipated Expenditures 2008-2009
	ADMINISTRATION					
	Temporary Help	1,500	0	1,500	0	0
	Insurance	36,000	30,434	34,100	31,200	32,300
	Pass Sales & Supplies	9,800	8,845	9,400	12,500	10,000
	Professional Services	118,000	148,953	154,000	154,000	164,000
	Advertising	25,000	21,870	25,000	25,000	25,000
	Marketing Support	18,400	11,831	18,400	7,500	38,000
	Printing	3,000	1,702	2,000	1,100	2,500
	Schedule Printing & Design	25,600	38,960	30,500	23,000	31,300
	Telephone	18,000	14,220	18,000	15,000	18,000
	Office Supplies & Services	21,000	23,992	21,000	39,400	23,200
	Dues & Subscriptions	21,400	21,082	22,400	22,400	24,000
	Travel & Meetings	18,000	18,531	20,000	25,500	31,500
	Interest	0	0	0	0	0
	Miscellaneous	5,200	6,944	7,200	8,800	9,000
	Paratransit	17,500	14,828	13,500	16,200	16,200
	Vanpool	0	0	0	1,300	1,500
	Subtotal	338,400	362,194	377,000	382,900	426,500
	TOTAL:	8,662,545	8,012,431	8,843,240	8,912,007	10,383,064

CENTRE REGION COUNCIL OF GOVERNMENTS

ANNUAL OPERATING BUDGET

COG FORMAT

AGENCY: Centre Area Transportation Authority		2007/2008	2008/2009	2008/2009	2008/2009	2008/2009	2008/2009	2008/2009	2008/2009
Acct. No.	Account	Salary*	Proposed Salary Range	FICA	Medical Insurance	Workers' Compensation	Retirement	Disability/Life Insurance	Unemployment Insurance
	General Manager	\$100,152	N.A. - N.A.	\$7,968	\$9,943	\$427	\$23,956	\$609	\$0
	Director of Transportation	\$83,356	\$61,380 - \$86,736	\$6,887	\$9,943	\$369	\$20,706	\$516	\$0
	Director of Administration	\$75,582	\$58,427 - \$82,555	\$6,230	\$12,785	\$334	\$18,732	\$507	\$0
	Asst. Director of Administration	\$57,362	\$52,936 # \$74,797	\$4,164	\$5,522	\$223	\$4,355	\$301	\$0
	Service Development Manager	\$62,010	\$50,378 - \$71,198	\$5,136	\$5,522	\$275	\$5,371	\$426	\$0
	Maintenance Manager	N.A.	\$50,378 - \$71,198	\$3,910	\$5,522	\$210	\$4,089	\$329	\$0
	Asst. Director of Transportation	\$56,160	\$52,936 \$74,797	\$4,757	\$12,785	\$255	\$4,975	\$379	\$0
	Operations Supervisor	\$42,796	\$41,350 - \$58,427	\$3,534	\$5,522	\$189	\$3,695	\$279	\$0
	Operations Supervisor	\$47,216	\$41,350 - \$58,427	\$3,888	\$0	\$208	\$4,066	\$329	\$0
	Operations Supervisor	\$40,716	\$41,350 - \$58,427	\$3,317	\$5,522	\$178	\$3,469	\$239	\$0
	Operations Supervisor	\$47,242	\$41,350 - \$58,427	\$3,938	\$5,522	\$211	\$4,118	\$309	\$0
	Operations Supervisor	\$46,072	\$41,350 - \$58,427	\$3,671	\$9,943	\$197	\$3,839	\$309	\$0
	Operations Specialist	N.A.	\$41,350 \$58,427	\$3,202	\$5,522	\$172	\$1,674	\$227	\$0
	Safety & Training Officer	\$41,756	\$41,350 - \$58,427	\$3,396	\$0	\$182	\$3,551	\$269	\$0
	Bookkeeper	\$44,980	\$33,945 - \$47,964	\$3,786	\$5,522	\$203	\$3,959	\$209	\$0
	Human Resources Specialist	\$35,126	\$33,945 - \$47,964	\$2,801	\$9,943	\$150	\$2,930	\$219	\$0
	Bookkeeping Assistant	\$27,430	\$27,851 - \$39,353	\$2,226	\$12,785	\$119	\$2,328	\$219	\$0
	Marketing Manager	\$49,660	\$43,451 - \$61,380	\$4,033	\$9,943	\$216	\$4,217	\$338	\$0
	Executive Assistant	\$32,630	\$32,302 - \$45,656	\$2,643	\$9,943	\$142	\$2,764	\$229	\$0
	Customer Service Technician	\$28,132	\$26,520 - \$37,460	\$2,265	\$5,522	\$121	\$2,368	\$199	\$0
	Receptionist	\$25,480	\$25,230 - \$35,651	\$2,033	\$9,943	\$109	\$2,126	\$179	\$0
	Purchasing Agent	\$32,630	\$30,742 \$43,451	\$2,754	\$5,522	\$148	\$2,880	\$216	\$0
	Vanpool/RideShare Coordinator	\$36,920	\$33,945 - \$47,964	\$3,091	\$0	\$166	\$3,232	\$239	\$0
	SUBTOTAL	\$1,013,408	-	\$92,830	\$168,696	\$4,976	\$135,073	\$7,302	\$0
	Part-Time Office Assistant	\$13,86/Hr.	\$12.13-\$17.14/hr.	\$1,209	\$0	\$65	\$1,264	\$0	\$0
	Part-Time Fare Counter	\$11.10/Hr.	\$10.46-\$14.78/hr.	\$469	\$0	\$25	\$490	\$0	\$0
	TOTAL:	\$1,013,408	-	\$94,508	\$168,696	\$5,066	\$136,827	\$7,302	\$0

CENTRE REGION COUNCIL OF GOVERNMENTS

*As of 2/13/08

ANNUAL CAPITAL BUDGET FY 2007/2008 CAPITAL PROJECT LISTING

AGENCY: Centre Area Transportation Authority

CAPITAL PROJECT DESCRIPTION	Total Estimated Project Cost	Federal Share (80%)	State Share (16 2/3 %) or (96 2/3%)	Local Share 3.33%
VEHICLES AND VEHICLE EQUIPMENT				
Paratransit Vans	150,000	120,000	25,000	5,000
EQUIPMENT				
Advanced Public Transportation Systems	1,200,000	960,000	200,000	40,000
SUBTOTAL CAPITAL EXPENDITURES	<u>1,350,000</u>	<u>1,080,000</u>	<u>225,000</u>	<u>45,000</u>
OTHER				
Addition to Capital Reserve Account	N/A	N/A	N/A	<u>17,400</u>
TOTAL LOCAL CAPITAL CONTRIBUTIONS				62,400
State College Borough				11,085
Ferguson Township				11,425
Patton Township				9,484
College Township				6,969
Harris Township				3,028
Bellefonte Borough				2,278
Spring Township				2,249
Benner Township				650
Penn State University				15,232

Local Share Calculation and Allocation

This section of the budget addresses the Authority's local share request for FY 2008/2009, in the amount of \$419,795, equal to the amount requested and approved last year. However, as noted in previous years, changes in each municipality's share will vary from the individual amounts approved in FY 2007/2008 based on mileage, ridership and other factors used in the Miller Formula.

Once total local match has been determined, the Authority allocates amounts to each funding partner using a formula which first calculates costs, revenues, and deficit for each route, and then computes federal, state, and local funding needed to finance that deficit. Each route's deficit is then distributed to the municipalities based on mileage operated in each municipality; for certain routes, a second factor allocates a portion of local share on a regional basis. The formula calculates each municipality's share as follows:

Overview

For many years, the total local share provided was distributed among member municipalities solely on the portion of total system miles operated in each municipality. Each route's mileage in a particular municipality was determined and then added to calculate the percentage of total system miles in that municipality. The resulting percentages were then used to distribute total local funding. This version of the formula did not account for differing levels of cost recovery on each route due to variations in ridership (productivity); two routes with identical mileage were weighted equally in determining local share even if one covered a higher portion of its costs due to higher ridership.

A new formula was developed by Dr. Jim Miller in the early 90's to address this deficiency. It was simplified several years ago, but accomplishes the same result: both the costs of each route and its revenues are used to determine a "net" route deficit which takes into account differing levels of cost recovery. Federal, state and local subsidies are then allocated to each route to cover the deficit.

In FY 1998/1999, the formula was further modified in two ways. First, estimated ridership, mileage, revenue and expense data for the budget year replaced audited data from the most recently completed fiscal year. This change more accurately incorporates the impact of new and/or changed service planned for the budget period. Second, a "regional" component was added to the standard mileage-based portion of the formula to recognize that certain routes benefit the entire community. The formula was again modified in FY 2001/2002 to set the University's local share at the percentage of total system route mileage operated on the LOOPS and LINKs, to avoid extremely low local share requirements on these heavily-subsidized routes.

It is important to note that changes in ridership, cost, and/or mileage data used in the formula impact the percentage of total local share contributed by a given municipality even if total local funding does not change from one year to the next. For example, individual municipal shares will change if ridership on a route changes significantly, even though all other data, such as cost, mileage and total local share do not change from the previous year.

Details of the Formula

Note: All data items used in the formula (revenue, expenses, mileage, ridership, etc.) are budgeted or estimated values for FY 2008/2009.

1. Expenses are separated into fixed route and paratransit/vanpool categories and allocated to each route as follows:

a) Total annual fixed route costs (excluding paratransit and vanpool service) are divided by total fixed route miles to determine cost per mile of fixed route service.

b) Total miles for each route detailed on the separate “Revenue Mileage Allocation” spreadsheet are multiplied by the cost per mile to derive the cost of each fixed route.

c) Total paratransit and vanpool expenses are added to the fixed route expense of each route by calculating the percentage of total miles for each fixed route and multiplying that percentage times total paratransit expenses. For example, a route with 14% of total fixed route miles will be allocated 14% of total paratransit and vanpool expenses.

d) Fixed route, paratransit and vanpool expenses for each route are added for total route expense. The sum of the total expense for each route equals total budgeted expense.

2. Revenues are broken into different categories, depending on their source, for allocation to each route and then subtracted from each route’s expense to determine each route’s deficit before any subsidy funding is applied.

a) Revenues from apartment complex agreements and other contracts which provide fare-free transit on specified routes are allocated directly to those routes.

b) Operating revenues which cannot be directly attributed to specific routes, such as charter revenue, investment income, lottery-funded state senior citizen grants, and miscellaneous revenue, are totaled and allocated to each route based on the percentage of total fixed route miles for each route. For example, a route with 14% of total fixed route miles will be allocated 14% of total non-route revenue.

3. Net Route Expense is the total cost of each route after subtracting the total direct revenue and non-route revenue allocated to each route as noted above.

4. Passenger Revenue includes all receipts from fares, tokens, ONEPASSes, and PSU employee passes sold through the University’s “Ride for Five” program. Total passenger revenue is divided by total fare, token and pass riders to derive a system wide average revenue per passenger. Total fare, token and pass riders on each route are multiplied by the average revenue per passenger to obtain the passenger revenue for each route.

5. Net Route Deficit is the amount remaining after passenger revenue for each route is subtracted from net route expense. At this point, total expenses and revenues have been allocated to each route and only subsidy funding remains to be assigned to each route to cover the deficit.

6. Federal and State Subsidy equals total budgeted federal and state operating assistance, state dedicated funding for asset maintenance, and state supplemental funding.

a) Federal and state subsidies are allocated to each route by calculating the percentage of total net route deficit for each fixed route and multiplying that percentage times total federal and state subsidy. For example, a route with 14% of the total net route deficit will be allocated 14% of total federal and state subsidies.

b) Federal and state subsidies allocated to each route are subtracted from net route deficit for each route to derive the remaining deficit to be funded by local subsidy.

7. Local Subsidy for each route is the amount of deficit remaining after federal and state subsidies have been applied.

The attached spreadsheet shows the above calculations for each route; the last column identifies the total local subsidy required for each route.

Allocating Local Subsidy for Each Route

Once the formula has calculated each route's total local subsidy, those amounts are allocated to each municipality and funding partner using route mileage and, for selected routes, a "regional" factor to account for service which benefits and impacts a wider area than the municipalities in which it operates.

a) For routes with no regional impact, mileage is used to allocate local share by calculating the percentage of miles for each route which are operated in each municipality, and multiplying that percentage times the total local subsidy for each route. For example, Patton Township will be allocated 14% of the local subsidy required for a route with 14% of its miles in Patton Township.

b) The regional impact of each route is assessed using three weighted criteria: non-residential destinations served, connections to other routes, and non-productive mileage. For each route, a subjective assessment assigns a score between 0 and 5 for each of the three criteria; these scores are then multiplied by the weight for each criteria and summed, with the sum then used as the percentage of the route's local subsidy to be allocated regionally. The regional portion of the route is allocated based on the current COG formula for Parks and Recreation services. The process is detailed on the attached spreadsheet "Calculation of Regional Factors."

c) For routes which operate outside of the Centre Region, such as the X Route, all mileage outside of the Centre Region is considered "external" and is allocated on a mileage basis to the municipalities, such as Spring Township, Benner Township and Bellefonte Borough, which have contracted with CATA for the service. All mileage on these routes inside the Centre Region is considered to be regional, and allocated based on the COG formula.

d) Once the local, regional and external percentages of each route’s total local subsidy have been determined, a complex formula is used to apply those percentages to each route’s local subsidy amount, as detailed in the spreadsheet titled “CATA Local Share Allocation - Local, Regional and External Tiers.” Note that any Public/Private Partnership funds collected by a municipality to support service on a particular route are subtracted from that route’s local subsidy.

e) Once local taxpayer support for each route is determined, that amount is allocated to each municipality based on the local, regional and external percentages. The amounts for each route are then summed to determine each municipality’s local support for the coming year. These amounts are then added to any Public/Private Partnership monies expected to be collected to give the total local share required from each municipality. This amount is shown in the long box across the bottom of the spreadsheet. These numbers, plus the local share payment made by Penn State, equal CATA’s total local share requirement for the year.

These totals are in turn shown in the following table. Although final details of routing and scheduling for the new fiscal year have not yet been made, the mileage and ridership estimates used in the formula are based on the best information currently available and incorporate the most significant features of planned service for the budget year.

Municipality	2007/2008 Budget	% of total	2008/2009 Proposed	% of total	Percent Change
College Township	\$51,021	12.19%	\$46,883	11.17%	-8.11%
Ferguson Township	\$77,610	18.48%	\$76,854	18.31%	-0.97%
Harris Township	\$22,170	5.28%	\$20,374	4.85%	-8.10%
Patton Township	\$63,347	15.08%	\$63,803	15.20%	0.72%
State College Borough	\$78,882	18.79%	\$74,575	17.76%	-5.46%
Bellefonte Borough	\$14,598	3.48%	\$15,323	3.65%	4.97%
Spring Township	\$14,746	3.51%	\$15,133	3.60%	2.62%
Benner Township	\$4,261	1.01%	\$4,374	1.04%	2.65%
Penn State University	\$93,160	22.18%	\$102,476	24.41%	10.00%
TOTAL	\$419,795	100.00%	\$419,795	100.00%	0.00%

REVENUE MILEAGE - ALLOCATION TO MUNICIPALITIES - FY 2008/2009

4/2/2008

Route	Service Days	Trips	Mileage	PSU	St. College	Ferguson	College	Patton	Harris	Bellefonte	Spring	Benner
A Park Forest Overlook Hgts. Annual Total	Weekday Trips	5	9.6	0	3.7	4.4	0	0	0	0	0	0
	Subtotal Wk/dys	5	48	0	18.5	22	0	0	0	0	0	0
	Annual Total	255	1275	0	4777.5	5610	0	0	0	0	0	0
	Percent		12240	0.00%	38.54%	45.83%	0.00%	15.63%	0.00%	0.00%	0.00%	0.00%
B University Dr. Boalsburg	AM Peak Trips	1.5	21.1	0	6.4	0	3.4	0	11.3	0	0	0
	PM Peak Trips	2	23.2	0	6.4	0	3.4	0	13.4	0	0	0
	Midday/Evening Trips	4	21.1	0	6.4	0	3.4	0	11.3	0	0	0
	Subtotal Wk/dys	255	7.5	0	45.4	0	24.1	0	84.4	0	0	0
	Saturday Trips	52	21.1	0	6.4	0	3.4	0	11.3	0	0	0
	Annual Total	307	2120.5	43139.3	0	12757.4	0	6774.7	23607.2	0	0	0
	Percent		0.00%	29.57%	0.00%	15.70%	0.00%	54.72%	0.00%	0.00%	0.00%	
C Houserville Penn Hills Annual Total	Weekday Trips	4	16.9	0	3.9	0	13	0	0	0	0	0
	Subtotal Wk/dys	255	67.6	0	15.6	0	52	0	0	0	0	0
	Annual Total	255	1020	17238	0	3978	0	13260	0	0	0	0
	Percent		0.00%	23.08%	0.00%	76.92%	0.00%	0.00%	0.00%	0.00%	0.00%	
F Stonebridge Pine Grove Annual Total	Weekday Trips	5	22.6	0	6	16.6	0	0	0	0	0	0
	Subtotal Wk/dys	255	113	0	30	83	0	0	0	0	0	0
	Annual Total	255	1275	28815	0	7650	21165	0	0	0	0	0
	Percent		0.00%	26.55%	73.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
H Toftrees Colonnade Annual Total	Weekday Trips	17.5	13.7	0	2.9	0	3.9	6.9	0	0	0	0
	Subtotal Wk/dys	255	239.8	0	50.8	0	68.3	120.8	0	0	0	0
	Annual Total	52	12	164.4	0	2.9	0	3.9	6.9	0	0	0
	Percent		69685.1	0.00%	14750.9	0.00%	19837.4	35096.9	0.00%	0.00%	0.00%	
K N. College Ave Cato Park Annual Total	Daytime Trips	12	9.3	0	3.5	5.8	0	0	0	0	0	0
	Evening Trips	4.5	9.3	0	3.5	5.8	0	0	0	0	0	0
	Subtotal Wk/dys	255	16.5	0	57.8	95.7	0	0	0	0	0	0
	Percent		44933	0.00%	16910.3	28022.7	0.00%	0.00%	0.00%	0.00%	0.00%	
M Lemont Nittany Mall Annual Total	Weekday Trips	14	13.8	0	3.9	0	9.9	0	0	0	0	0
	Subtotal Wk/dys	255	193.2	0	54.6	0	138.6	0	0	0	0	0
	Saturday Trips	16	13.8	0	3.9	0	9.9	0	0	0	0	0
	Subtotal Sats	52	220.8	0	62.4	0	158.4	0	0	0	0	0
	Sunday Trips	10	13.8	0	3.9	0	9.9	0	0	0	0	0
	Annual Total	360	4932	68061.6	0	19234.8	0.00%	48826.8	0.00%	0.00%	0.00%	0.00%
	Percent		0.00%	28.26%	0.00%	71.74%	0.00%	0.00%	0.00%	0.00%	0.00%	

Route	Service Days	Trips	Mileage	PSU	St. College	Ferguson	College	Patton	Harris	Bellefonte	Spring	Benner
S Science Pk Rd Haymarket 1.30%	Weekday Trips	5.5	12.4	0	5.4	7	0	0	0	0	0	0
	Subtotal Wkdys	255	68.2	0	29.7	38.5	0	0	0	0	0	0
	Annual Total	255	1402.5	0	7573.5	9817.5	0	0	0	0	0	0
	Percent		17391	0.00%	43.55%	56.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Annual Total	159	3498	13371.9	89.54%	0.00%	10.46%	0.00%	0.00%	0.00%	0.00%	0.00%
UT University Dr. Bellare Ave. 1.00%	Weekday Trips	19	4	0	3.6	0	0	0	0	0	0	0
	Trippers	3	2.7	0	2.3	0	0.4	0	0	0	0	0
	Subtotal Wkdys	159	84.1	0	75.3	0	8.8	0	0	0	0	0
	Annual Total	159	3498	13371.9	11972.7	0	1399.2	0	0	0	0	0
	Percent			0.00%	89.54%	0.00%	10.46%	0.00%	0.00%	0.00%	0.00%	0.00%
V Vairo Blvd. Colonnade	Weekday (Full Svc.)	31	9.5	0	3.5	3	0	0	0	0	0	0
	Trippers/Short V/IE	159	3.8	0	1.1	1.5	0	0	0	0	0	0
	Trippers (Full) O/B	3	5	0	2.3	1.5	0	0	0	0	0	0
	Subtotal Full Wkdys	159	526.1	0	178.1	183	0	0	0	0	0	0
	Weekday (Red. Svc.)	28	9.5	0	3.5	3	0	0	0	0	0	0
	Trippers (Red) I/B	96	3.8	0	1.1	1.5	0	0	0	0	0	0
	Subtotal Red. Wkd	96	60.3	0	104.6	93	0	0	0	0	0	0
	Saturday (Full Svc.)	32	9.5	0	3.5	3	0	0	0	0	0	0
	Subtotal Full Sats	32	304	0	112	96	0	0	0	0	0	0
	Saturday (Red. Svc.)	20	9.5	0	3.5	3	0	0	0	0	0	0
	Subtotal Red. Sats	20	266	0	98	84	0	0	0	0	0	0
	Sunday Trips	15.5	9.5	0	3.5	3	0	0	0	0	0	0
	Subtotal Suns	53	15.5	147.3	54.3	46.5	0	0	0	0	0	0
	Annual Total	360	20138.5	124083	46778.8	45241.5	32062.7	0	0	0	0	0
	Percent			0.00%	37.70%	36.46%	0.00%	25.84%	0.00%	0.00%	0.00%	0.00%
W Park Forest Colonnade	Weekday (Full Svc.)	18	15.6	0	3.5	5	0	0	0	0	0	0
	Trippers	3	3.2	0	1.1	2.1	0	0	0	0	0	0
	Subtotal Full Wkdys	159	290.4	0	66.3	96.3	0	0	0	0	0	0
	Weekday (Red. Svc.)	18	15.6	0	3.5	5	0	0	0	0	0	0
	Subtotal Red. Wkd	96	280.8	0	63	90	0	0	0	0	0	0
Saturday Trips	12	15.6	0	3.5	5	0	0	0	0	0	0	
Subtotal Sats	52	187.2	0	42	60	0	0	0	0	0	0	
Annual Total	307	7563	82864.8	18773.7	27071.7	37019.4	0	0	0	0	0	
Percent			0.00%	22.66%	32.67%	0.00%	44.67%	0.00%	0.00%	0.00%	0.00%	
X Bellefonte Pleasant Gap 3.02%	Weekday Trips	7	19.3	0	0	0	0	0	0	0	0	0
	Saturday Wkdys	255	135.1	0	0	0	0	0	0	0	0	0
	Subtotal Trips	52	19.3	0	0	0	0	0	0	0	0	0
	Subtotal Sats	6	115.8	0	0	0	0	0	0	0	0	0
	Annual Total	307	2097	40472.1	0	0	0	0	0	0	0	0
Percent			0.00%	0.00%	0.00%	15.03%	0.00%	0.00%	0.00%	14.51%	39.90%	

System	Route	Service Days	Trips	Mileage	PSU	St. College	Ferguson	College	Patton	Harris	Bellefonte	Spring	Benner	
WLP	White LOOP	Weekday (Full Svc.)	130	3.1	3.1	0	0	0	0	0	0	0	0	
		Thurs/Fri Late Night	24	3.1	3.1	0	0	0	0	0	0	0	0	
		Subtotal Full Wkdy:	160	432.8	417.9	0	0	0	0	0	0	0	0	
		Saturday Trips	107	3.1	3.1	0	0	0	0	0	0	0	0	
		Subtotal Sats	31	107	331.7	0	0	0	0	0	0	0	0	
		Sunday Trips	69	3.1	3.1	0	0	0	0	0	0	0	0	
		Subtotal Suns	31	69	213.9	0	0	0	0	0	0	0	0	
		Annual Total	222	30096	83774.4	83774.4	0	0	0	0	0	0	0	
		Percent	6.25%			100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		BLP	Blue LOOP	Weekday (Full Svc.)	162	4.1	4.1	0	0	0	0	0	0	0
Thurs/Fri Late Night	12			4.1	4.1	0	0	0	0	0	0	0	0	
Subtotal Full Wkdy:	160			174	683.9	674	0	0	0	0	0	0	0	
Weekday (Red. Svc.)	84			4.1	4.1	0	0	0	0	0	0	0	0	
Subtotal Wkdy's Re	88			84	344.4	344.4	0	0	0	0	0	0	0	
Saturday Trips	31			87	4.1	4.1	0	0	0	0	0	0	0	
Subtotal Sats	31			87	356.7	356.7	0	0	0	0	0	0	0	
Sunday Trips	31			67	4.1	4.1	0	0	0	0	0	0	0	
Subtotal Suns	31			67	274.7	274.7	0	0	0	0	0	0	0	
Annual Total	310			412	166242.7	166242.7	0	0	0	0	0	0	0	
Percent	12.41%			100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
RLK	Red LINK	Weekday (Full Svc.)	64	8.7	8.7	0	0	0	0	0	0	0	0	
		Law School trips	30	4.7	4.7	0	0	0	0	0	0	0	0	
		Subtotal Full Wkdy:	160	94	697.8	697.8	0	0	0	0	0	0	0	
		Weekday (Red. Svc.)	39	8.7	8.7	0	0	0	0	0	0	0	0	
		Law School trips	30	30	4.7	4.7	0	0	0	0	0	0	0	
		Subtotal Wkdy's Re	88	69	480.3	480.3	0	0	0	0	0	0	0	
		Saturday Trips	22	22	10	10	0	0	0	0	0	0	0	
		Subtotal Sats	31	22	220	220	0	0	0	0	0	0	0	
		Sunday Trips	31	18	10	10	0	0	0	0	0	0	0	
		Subtotal Suns	31	18	180	180	0	0	0	0	0	0	0	
Annual Total	310	22352	166314.4	166314.4	0	0	0	0	0	0	0			
Percent	12.41%			100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
GLK	Green LINK	Weekday Trips W/B	54	1.4	1.4	0	0	0	0	0	0	0	0	
		Weekday Trips E/B	160	41	1.5	1.5	0	0	0	0	0	0	0	
		Subtotal Wkdy's	160	95	137.1	118.1	0	0	0	0	0	0	0	
Annual Total	160	15200	18896	18896	0	0	0	0	0	0	0			
Percent	1.41%			100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
System	Total mileage		1,339,633.80	435,227.50	331,776.60	189,076.80	148,700.30	144,316.60	23,607.20	13,827.60	28,909.70	24,191.60		
	Percentages		100.00%	32.49%	24.77%	14.11%	11.10%	10.77%	1.76%	1.03%	2.16%	1.81%		

MILEAGE/SUBSIDY FORMULA: ALL DATA REPRESENTS FY 2008/2009 ESTIMATES

Column:	1	2	3	4	5	6	7	8	9	10	11	12
Route	Vehicle Miles	Farepaying Passengers	Fixed Route Expense	Paratransit/Vanpool Plus Expense	Equals Total Expense	Less Direct Route Revenue	Less Non-Route Revenue	Equals Net Expense	Less Passenger Revenue	Equals Route Deficit	Less Federal/State Subsidies	Equals Local Subsidy
A	12,240	14,000	\$89,460	\$8,011	\$97,471	\$0	\$7,408	\$90,063	\$17,456	\$72,607	\$67,139	\$5,468
B	43,139	17,000	\$315,296	\$28,233	\$343,529	\$2,192	\$26,108	\$315,229	\$21,196	\$294,033	\$271,889	\$22,143
C	17,238	7,000	\$125,990	\$11,282	\$137,271	\$0	\$10,433	\$126,839	\$8,728	\$118,111	\$109,216	\$8,895
F	28,815	10,500	\$210,604	\$18,858	\$229,463	\$0	\$17,439	\$212,023	\$13,092	\$198,931	\$183,950	\$14,981
H	69,685	32,000	\$509,317	\$45,606	\$554,923	\$44,709	\$42,175	\$468,039	\$39,899	\$428,140	\$395,897	\$32,243
K	44,933	24,000	\$328,408	\$29,407	\$357,815	\$8,000	\$27,194	\$322,621	\$29,924	\$292,697	\$270,654	\$22,043
M	68,062	100,000	\$497,454	\$44,544	\$541,998	\$0	\$41,192	\$500,806	\$124,684	\$376,122	\$347,797	\$28,325
MX	58,012	23,000	\$424,000	\$37,967	\$461,967	\$0	\$35,110	\$426,857	\$28,677	\$398,180	\$368,193	\$29,987
N	99,667	145,000	\$728,450	\$65,228	\$793,679	\$181,057	\$60,320	\$552,302	\$180,792	\$371,510	\$343,532	\$27,978
NV	34,980	28,000	\$255,653	\$22,893	\$278,556	\$177,590	\$21,170	\$79,796	\$34,912	\$44,885	\$41,504	\$3,380
P	70,004	26,000	\$511,648	\$45,815	\$557,463	\$65,323	\$42,368	\$449,772	\$32,418	\$417,354	\$385,924	\$31,430
R	79,448	340,000	\$580,673	\$51,996	\$632,669	\$96,800	\$48,083	\$487,785	\$423,926	\$63,859	\$59,050	\$4,809
S	17,391	8,000	\$127,108	\$11,382	\$138,490	\$0	\$10,525	\$127,964	\$9,975	\$117,990	\$109,104	\$8,886
UT	13,372	3,500	\$97,734	\$8,751	\$106,485	\$88,347	\$8,093	\$10,046	\$4,364	\$5,682	\$5,254	\$428
V	124,083	190,000	\$906,903	\$81,208	\$988,111	\$453,540	\$75,097	\$459,474	\$236,900	\$222,574	\$205,812	\$16,762
W	82,865	48,000	\$605,647	\$54,232	\$659,879	\$40,544	\$50,151	\$669,184	\$59,848	\$509,335	\$470,978	\$38,357
X	40,472	13,000	\$295,803	\$26,487	\$322,291	\$0	\$24,494	\$297,796	\$16,209	\$281,588	\$260,382	\$21,206
WHITE LOOP	83,774	0	\$612,291	\$0	\$612,291	\$374,246	\$0	\$238,045	\$0	\$238,045	\$218,321	\$19,725
BLUE LOOP	166,243	0	\$1,215,044	\$0	\$1,215,044	\$742,661	\$0	\$472,382	\$0	\$472,382	\$433,240	\$39,142
RED LINK	166,314	0	\$1,215,563	\$0	\$1,215,563	\$742,979	\$0	\$472,584	\$0	\$472,584	\$433,425	\$39,159
GREEN LINK	18,896	0	\$138,108	\$0	\$138,108	\$84,414	\$0	\$53,694	\$0	\$53,694	\$49,244	\$4,450
TOTAL	1,339,633	1,029,000	\$9,791,164	\$591,900	\$10,383,064	\$3,102,400	\$547,362	\$6,733,302	\$1,283,000	\$5,450,302	\$5,030,507	\$419,795

NOTES:

- Column 1: Total miles operated on each route
- Column 2: OnePass, cash, and token passengers only
- Column 3: Cost per mile for all fixed route service (excluding paratransit) multiplied by route miles
- Column 4: Allocation of paratransit expenses to each route by its percentage of total fixed route miles
- Column 5: Column 3 plus Column 4; column total equals total operating expense
- Column 6: Purchase of service revenue, such as apartment contracts, attributed directly to appropriate routes
- Column 7: Allocation of other operating revenues (advertising, etc.) to each route by its percentage of total fixed route miles
- Column 8: Column 5 minus the sum of Columns 6 and 7
- Column 9: Average revenue per OnePass, cash, or token passenger times passengers on each route
- Column 10: Remainder of each route's expense (deficit) requiring federal, state and local subsidy
- Column 11: Allocation of total federal and state subsidies to each route by its percentage of total route deficit
- Column 12: Column 10 minus Column 11

CALCULATION OF "REGIONAL" FACTORS - FY 2008/2009

April 2, 2008

FACTOR	RANGE WEIGHT	ROUTE																		
		A	B	C	F	H	K	M	MX	N	N/V	P	R	S	UT	V	W	X		
Non-residential destinations served	0-5	10	0	1	0	0	1	3	4	4	na	2	0	0	3	1	2	0	2	1
Connections support other routes	0-5	6	0	0	0	0	0	0	4	4	na	1	0	0	1	1	0	0	1	0
Non-productive mileage	0-5	4	0	2	3	3	2	1	1	1	na	0	0	0	0	0	1	0	0	0
Totals		20	0	18	12	12	18	34	68	na	26	0	36	16	24	0	26	10	na	na
Local Percentage		100%	82%	88%	88%	82%	66%	32%	0%	74%	100%	32%	84%	76%	100%	74%	90%	0%	0%	0%
Regional Percentage		0%	18%	12%	12%	18%	34%	68%	47%	26%	0%	65%	16%	24%	0%	26%	10%	15%	na	na
External Percentage		0%	0%	0%	0%	0%	0%	0%	53%	0%	0%	3%	0%	0%	0%	0%	0%	85%	na	na
ROUTE	AREA SERVED	NOTES																		
A	Park Forest / Overlook Hgts.	Provides commuter level service to exclusively residential areas																		
B	University Dr. / Boalsburg	Serves University Drive, S. Atherton Street, residential areas of Boalsburg; most trips extend to Tussey Mountain																		
C	Houseville / Penn Hills	Serves Houseville and Penn Hills; commercial areas served are covered better by other routes; commuter level service only																		
F	Stonebridge / Pine Grove	Provides commuter level service to Greentree, Pine Grove Mills and western Ferguson Twp.																		
H	Toftrees / Colonnade	Serves the Village at Penn State and Toftrees; continues to the Colonnade																		
K	W. College Ave. / Cato Park	Serves Cato Park, Bristol Court, commercial areas along W. College Ave.; heavy ridership to Bank of America																		
M	Lemont / Nittany Mall	Serves E. College Ave., Lemont and Dale Summit; provides connecting service to X Route; heavily used by shoppers																		
MX	Mall / Bellefonte / Pl. Gap	Serves E. College Ave., Lemont and Dale Summit, with continuing service to Bellefonte and Pleasant Gap; mainly commuters																		
N	Martin St. / Aaron Dr. / Colonnade	Connects apartment complexes on Martin St. and Aaron Dr. to campus; also serves Northland Ctr. and the Colonnade																		
N/V	Martin St. / Vairo Blvd.	Provides additional capacity and frequency between student housing on Vairo Blvd. and Martin St. and campus; downtown																		
P	Scenery Pk. / Medical Ctr. / Airport	Serves Pugh St., Foxdale, Scenery Park on the south, Mt. Nittany Medical Ctr. on the north, with selected trips continuing to the Airport																		
R	Waupelani Dr.	Serves an almost entirely residential area; heavily used by students and other residents of SW Borough																		
S	Science Park Rd. / Haymarket	Serves employment centers along Science Park Road, residential areas further west, commercial areas along W. College Ave.																		
UT	University Dr. / Bellaire Ave.	Serves University Drive and Bellaire Avenue; operates during the school year only																		
V	Vairo Blvd. / Colonnade	Connects apartment complexes on Vairo Blvd to campus; also serves Wal-mart and the Colonnade																		
W	Park Forest / Colonnade	Serves Northland Ctr., Circleville Rd., Valley Vista Dr., western Park Forest and the Colonnade																		
X	Bellefonte / Pleasant Gap	Connects Bellefonte with the Mall; alternating trips travel via Pleasant Gap																		
WLP	White LOOP	Travels counter-clockwise around campus; uses Beaver Avenue in downtown State College																		
BLP	Blue LOOP	Travels clockwise around campus; uses College Avenue in downtown State College																		
RLK	Red LINK	Travels back and forth from the West Campus to Innovation Park via Curtin Rd. and East Park Ave.																		
GLK	Green LINK	Provides "express" service between peripheral parking lots and the core campus																		

CATA LOCAL SHARE ALLOCATION - FY 2008/2009

April 4, 2008

Route	Subsidy	Public/Pvt.	Local Sh.	Tier Percentage	Penn State	State College Boro	Ferguson Twp.	College Twp.	Patton Twp.	Harris Twp.	Bellefonte Boro	Spring Twp.	Banner Twp.
A	Park Forest Overlook Hts.	\$5,468	\$0	100% Local	0.00%	\$2,107	\$2,506	0.00%	\$85.4	0.00%	\$0	\$0	\$0
B	Boalsburg	\$22,143	\$4,490	82% Local	0.00%	\$4,281	\$853	15.74%	\$63	5.47%	\$302	\$0	\$0
C	Houseville	\$8,895	\$0	88% Local	0.00%	\$1,806	\$298	17.44%	\$0	0.00%	\$0	\$0	\$0
F	Stonebridge	\$14,981	\$0	88% Local	0.00%	\$3,500	\$683	17.44%	\$0	0.00%	\$0	\$0	\$0
H	Tritrees	\$32,243	\$1,000	82% Local	0.00%	\$5,423	\$483	17.44%	\$314	0.00%	\$0	\$0	\$0
K	WV. College Ave.	\$22,043	\$11,160	66% Local	0.00%	\$2,703	\$933	17.44%	\$0	0.00%	\$0	\$0	\$0
M	Lemont	\$28,325	\$2,958	32% Local	0.00%	\$2,294	\$645	17.44%	\$0	0.00%	\$0	\$0	\$0
MX	Nittany Mall	\$29,987	\$2,958	0% Local	0.00%	\$0	\$0	17.44%	\$0	0.00%	\$0	\$0	\$0
N	Martin / Aaron	\$27,978	\$3,738	74% Local	0.00%	\$7,021	\$810	17.44%	\$1,099	22.90%	\$4,107	\$0	\$0
NV	Martin St.	\$3,380	\$0	100% Local	0.00%	\$1,075	\$1,383	17.44%	\$0	27.27%	\$922	\$0	\$0
P	Seaman Park	\$31,430	\$659	32% Local	0.00%	\$4,194	\$5,251	17.44%	\$4,218	8.63%	\$755	\$0	\$0
R	Waupelan Dr	\$4,809	\$0	84% Local	0.00%	\$4,040	\$207	17.44%	\$134	20.54%	\$158	\$0	\$0
S	Science Pk. Rd.	\$8,886	\$0	76% Local	0.00%	\$2,941	\$3,812	17.44%	\$0	0.00%	\$0	\$0	\$0
UT	University Dr.	\$428.0	\$0	100% Local	0.00%	\$83	\$0	17.44%	\$45	0.00%	\$0	\$0	\$0
V	Vairo Blvd.	\$16,762	\$3,739	74% Local	0.00%	\$3,633	\$5,514	17.44%	\$0	25.84%	\$2,480	\$0	\$0
W	Park Forest	\$38,357	\$1,000	90% Local	0.00%	\$7,617	\$10,984	17.44%	\$652	0.00%	\$15,020	\$0	\$0
X	Bellefonte Pleasant Gap	\$21,206	\$4,000	0% Local	0.00%	\$0	\$0	15.03%	\$0	0.00%	\$0	\$0	\$0
WLP	White LOOP	\$19,725	\$0	100% Local	0.00%	\$19,725	\$0	0.00%	\$0	0.00%	\$0	\$0	\$0
BLP	Blue LOOP	\$39,142	\$0	100% Local	0.00%	\$39,142	\$0	0.00%	\$0	0.00%	\$0	\$0	\$0
RLK	Red LINK	\$39,159	\$0	100% Local	0.00%	\$39,159	\$0	0.00%	\$0	0.00%	\$0	\$0	\$0
GLK	Green LINK	\$4,450	\$0	100% Local	0.00%	\$4,450	\$0	0.00%	\$0	0.00%	\$0	\$0	\$0
TOTALS		\$419,795	\$37,702			\$74,576	\$66,694		\$40,308		\$15,884	\$0	\$0
	Local Tax Support					\$74,576	\$66,694		\$40,308		\$15,884	\$0	\$0
	Public/Pvt. Partnerships					\$0	\$11,160		\$6,575		\$4,000	\$0	\$0
	Penn State Support					\$0	\$0		\$0		\$0	\$0	\$0
	Total Local Share					\$74,576	\$77,854		\$46,883		\$15,323	\$15,133	\$4,374
	Local Tax Support					\$74,576	\$77,854		\$46,883		\$15,323	\$15,133	\$4,374
	Public/Pvt. Partnerships					\$0	\$0		\$0		\$0	\$0	\$0
	Penn State Support					\$0	\$0		\$0		\$0	\$0	\$0
	Total Local Share					\$74,576	\$77,854		\$46,883		\$15,323	\$15,133	\$4,374
	FY 07/08 Local Shares	\$93,160	\$78,882	\$77,610	\$51,021	\$63,947	\$22,170	\$14,589	\$14,746	\$4,261			
	FY 08/07 Local Shares	\$95,732	\$81,958	\$72,502	\$50,202	\$67,970	\$20,673	\$14,731	\$14,263	\$2,174			
	FY 05/06 Local Shares	\$91,651	\$75,127	\$64,191	\$49,468	\$63,138	\$21,496	\$14,668	\$14,091	\$0			
	FY 04/05 Local Shares	\$77,763	\$68,824	\$59,710	\$43,309	\$53,711	\$20,067	\$14,668	\$13,978	\$0			
	FY 03/04 Local Shares	\$74,006	\$67,327	\$58,510	\$43,309	\$53,711	\$19,991	\$12,629	\$12,991	\$0			
	FY 02/03 Local Shares	\$67,327	\$62,827	\$53,947	\$40,477	\$43,309	\$16,116	\$12,828	\$12,828	\$0			
	FY 01/02 Local Shares	\$62,827	\$58,030	\$51,552	\$39,022	\$43,309	\$11,867	\$11,552	\$11,552	\$0			
	FY 00/01 Local Shares	\$58,030	\$53,229	\$48,411	\$37,882	\$43,309	\$8,459	\$8,459	\$8,459	\$0			
	FY 99/00 Local Shares	\$47,500	\$41,819	\$37,882	\$29,970	\$33,062	\$6,327	\$6,327	\$6,327	\$0			
	FY 98/99 Local Shares	\$47,500	\$41,819	\$37,882	\$29,970	\$33,062	\$6,327	\$6,327	\$6,327	\$0			
	FY 97/98 Local Shares	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			

SECTION II

CATA FACT SHEET FY 2008/2009

BOARD OF DIRECTORS

John C. Spsychalski, Chairman (Ferguson Township)
Joseph Davidson, Vice Chairman (College Township)
Richard Kipp, Treasurer (Harris Township)
Gary Powers (Patton Township)
Kathryn Bittner (State College Borough)

SERVICE AREA

The CATA service area includes the Authority's five member municipalities: State College Borough, College Township, Ferguson Township, Harris Township and Patton Township. The service area also includes Bellefonte Borough, Benner Township, Spring Township and The Penn State University Park Campus through contracts with the Authority.

SERVICES

- CENTRE LINE - Fixed-route regional bus system connecting all participating municipalities with Downtown State College and The Penn State University Park Campus.
- LOOP & LINK – Frequent fare-free Downtown/Campus circulator and cross-Campus shuttle service.
- CENTRE RIDE - Curb-to-curb transportation primarily for senior citizens (persons age 65 and older) and persons whose disabilities prevent their use of CENTRE LINE buses.
- SPECIAL SERVICES – Shuttle service for special events including: Penn State home football games, the Central Pennsylvania Festival of the Arts™, Ag Progress Days, Bellefonte Arts & Crafts Fair, and First Night® State College.
- CENTRE COMMUTE – Family of CATA services that includes Rideshare (vanpools and carpools) and Guaranteed Ride Home. Program is designed to provide commuters with easy and economical ways to get to and from work via commute alternatives.
- PARK & RIDE – Program providing inexpensive perimeter parking for Downtown State College business employees.

STATISTICS - JULY 1, 2006 - June 30, 2007

Ridership: 6,232,158 Total Miles: 1,562,986 Total Hours: 135,078
Square Miles: 133
Population: Approximately 84,000

STAFF

<i>Hugh A. Mose</i> , General Manager	<i>Eric Bernier</i> , Service Development Manager
<i>Joseph Gilbert</i> , Director of Transportation	<i>Jacqueline Sheader</i> , Marketing Manager
<i>Sherry Snyder</i> , Asst. Director, Transportation	<i>Greg Kausch</i> , Transportation Planner
<i>Judith Minor</i> , Director of Administration	<i>Terri Quici</i> , Rideshare Coordinator

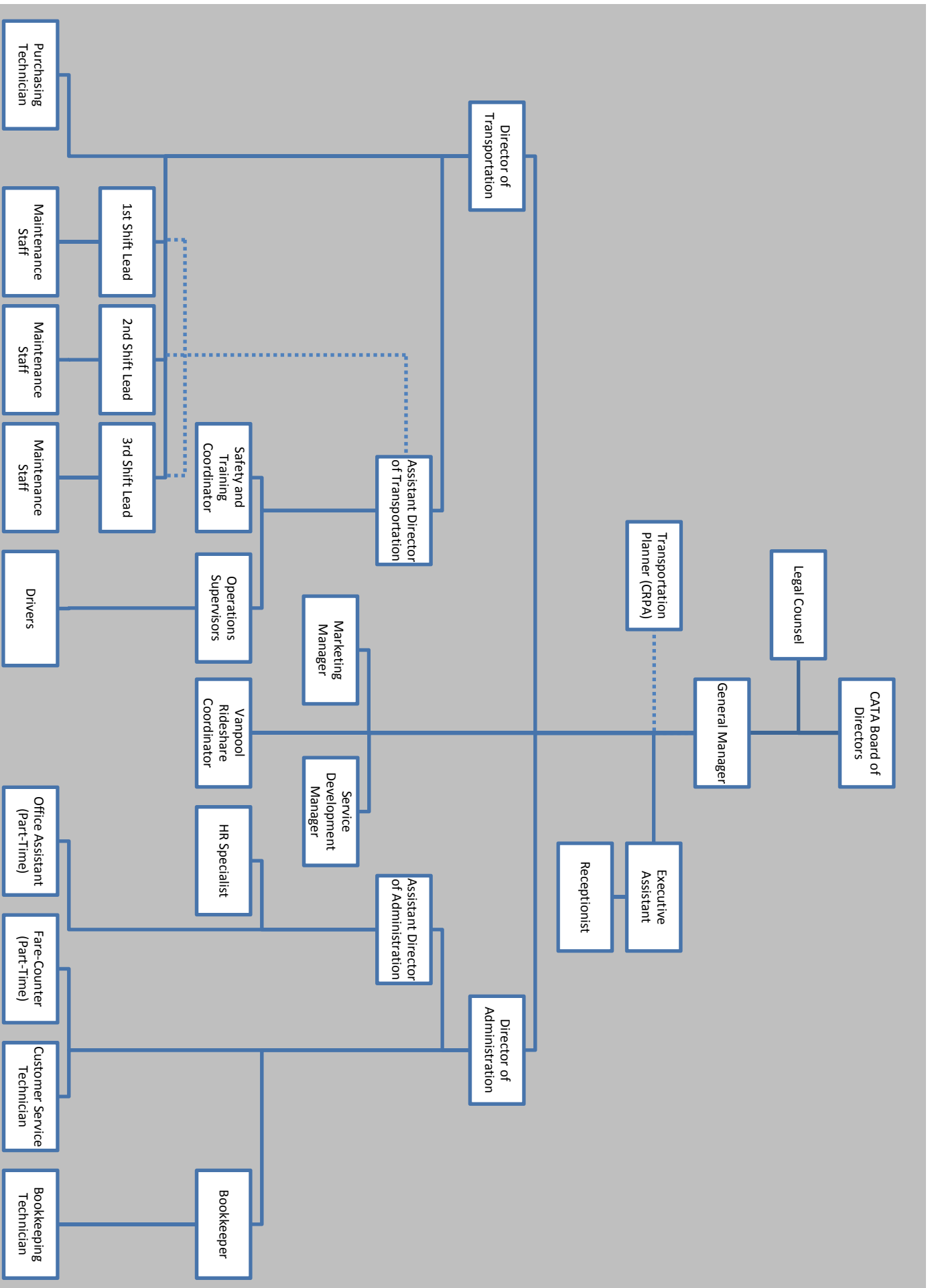
EMPLOYEES

Bus Drivers90	Maintenance Staff.....19
Administrative Support 11	Management/Supervisory.....12

CONTACT INFORMATION

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Telephone: (814) 238-CATA (2282)
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Email: cata@catabus.com
On the Web: www.catabus.com

CATA Organizational Structure



Ridership by Route

Route	Area Served	FY 2002/03	FY 2003/04	% Change	FY 2004/05	% Change	FY 2005/06	% Change	FY 2006/07	% Change	FY 07/08 (est.)	% Change
A	Park Forest / Overlook Hqts.	12,059	12,358	2.5%	11,539	-6.6%	13,030	12.9%	13,754	5.6%	14,700	6.9%
B	University Dr / Boalsburg	16,122	17,139	6.3%	16,857	-1.6%	17,133	1.6%	17,883	4.4%	20,500	14.6%
C	Houserville / Penn Hills	6,091	6,043	-0.8%	6,404	6.0%	6,605	3.1%	6,784	2.7%	7,800	15.0%
F	Stonebridge / Pine Grove	12,087	13,028	7.8%	11,997	-7.9%	11,734	-2.2%	11,074	-5.6%	11,200	1.1%
H	Toftrees / Colonnade	84,144	95,117	13.0%	100,141	5.3%	91,811	-8.3%	72,580	-20.9%	72,800	0.3%
K	W College Ave / CATO Park	21,043	26,958	28.1%	22,771	-15.5%	25,504	12.0%	26,856	5.3%	31,700	18.0%
M	Lemont / Nittany Mall	209,092	111,907	-46.5%	88,253	-21.1%	93,006	5.4%	107,992	16.1%	113,000	4.6%
N	Martin St / Aaron Dr / Colonnade	268,923	284,773	5.9%	270,515	-5.0%	308,079	13.9%	318,633	3.4%	367,000	15.2%
N/V	Martin St / Vairo Blvd	482,883	332,721	-31.1%	320,742	-3.6%	349,292	8.9%	444,194	27.2%	248,000	-44.2%
P	Scenery Pk / Medical Ctr / Airport	192,876	224,117	16.2%	210,602	-6.0%	109,975	-47.8%	95,906	-12.8%	115,000	19.9%
R	Waupelani Dr.	256,880	227,475	-11.4%	231,297	1.7%	239,775	3.7%	317,513	32.4%	484,000	52.4%
RE	Waupelani Dr. Express	85,142	46,537	-45.3%	45,087	-3.1%	45,493	0.9%	69,020	51.7%	0	-100.0%
S	Science Park Rd / Haymarket	4,450	4,194	-5.8%	5,761	37.4%	5,638	-2.1%	6,762	19.9%	8,100	19.8%
UT	University Dr / Bellaire Ave.	130,395	167,216	28.2%	129,411	-22.6%	119,522	-7.6%	117,997	-1.3%	141,000	19.5%
V	Vairo Blvd / Colonnade	428,330	423,553	-1.1%	421,404	-0.5%	454,352	7.8%	494,674	8.9%	756,000	52.8%
W	Park Forest / Colonnade	63,762	83,174	30.4%	66,681	-19.8%	82,780	24.1%	94,148	13.7%	103,000	9.4%
X	Bellefonte / Pleasant Gap	48,823	30,479	-37.6%	25,028	-17.9%	24,968	-0.2%	26,770	7.2%	30,900	15.4%
	Sub-total - Centre Line	2,323,102	2,106,789	-9.3%	1,984,490	-5.8%	1,998,697	0.7%	2,242,540	12.2%	2,524,700	12.6%
WL	White LOOP	1,554,544	1,226,867	-21.1%	1,241,497	1.2%	1,423,891	14.7%	1,481,071	4.0%	1,500,000	1.3%
BL	Blue LOOP	1,746,104	1,769,333	1.3%	1,814,125	2.5%	1,770,500	-2.4%	1,608,998	-9.1%	1,600,000	-0.6%
RL	Red Link	387,272	591,211	52.7%	470,557	-20.4%	447,773	-4.8%	485,196	8.4%	496,000	2.2%
GL	Green Link	0	477,340	na	470,033	-1.5%	436,083	-7.2%	338,320	-22.4%	304,000	-10.1%
	Sub-total - LOOP/LINK	3,687,920	4,064,751	10.2%	3,996,212	-1.7%	4,078,247	2.1%	3,913,585	-4.0%	3,900,000	-0.3%
TOTALS:		6,011,022	6,171,540	2.7%	5,980,702	-3.1%	6,076,944	1.6%	6,156,125	1.3%	6,424,700	4.4%

TRENDS IN REVENUE

The spreadsheet below shows Trends in Revenue for CATA over the past six years.

REVENUE SOURCES	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008 estimated	2008-2009 budgeted
Passenger Fares	3,088,329	3,281,985	3,387,394	3,574,780	3,835,357	4,239,535	4,656,300
Other Operating Revenue	54,108	41,886	49,191	62,900	45,294	57,925	49,600
State Tax Support	1,738,465	1,731,784	1,819,075	1,745,190	1,760,988	2,815,438	3,378,252
Special Reimbursement Funding	281,436	256,396	254,265	240,751	251,858	208,862	226,862
Penn State University	67,327	74,060	77,763	81,651	85,732	93,160	102,476
Local Tax Support	256,518	265,170	280,700	296,735	314,073	326,635	317,319
Federal Tax Support	814,582	1,009,730	1,213,762	1,622,501	1,719,128	1,170,452	1,652,255
Total Revenues	6,300,765	6,661,011	7,082,150	7,624,508	8,012,430	8,912,007	10,383,064

In comparing the data shown across years, note the following:

Passenger Fares include farebox, token, pass and purchase-of-service revenues for Centre Line, Centre Ride, Centre Commute, and purchase of service revenue from Penn State to provide fare-free LOOP/LINK service.

Other Operating Revenue includes charter, advertising and interest income, and miscellaneous revenue. Fluctuations within this revenue category are primarily associated with miscellaneous revenue from disposition of vehicles which have reached the end of their useful lives, so that sales proceeds are properly classified as operating income.

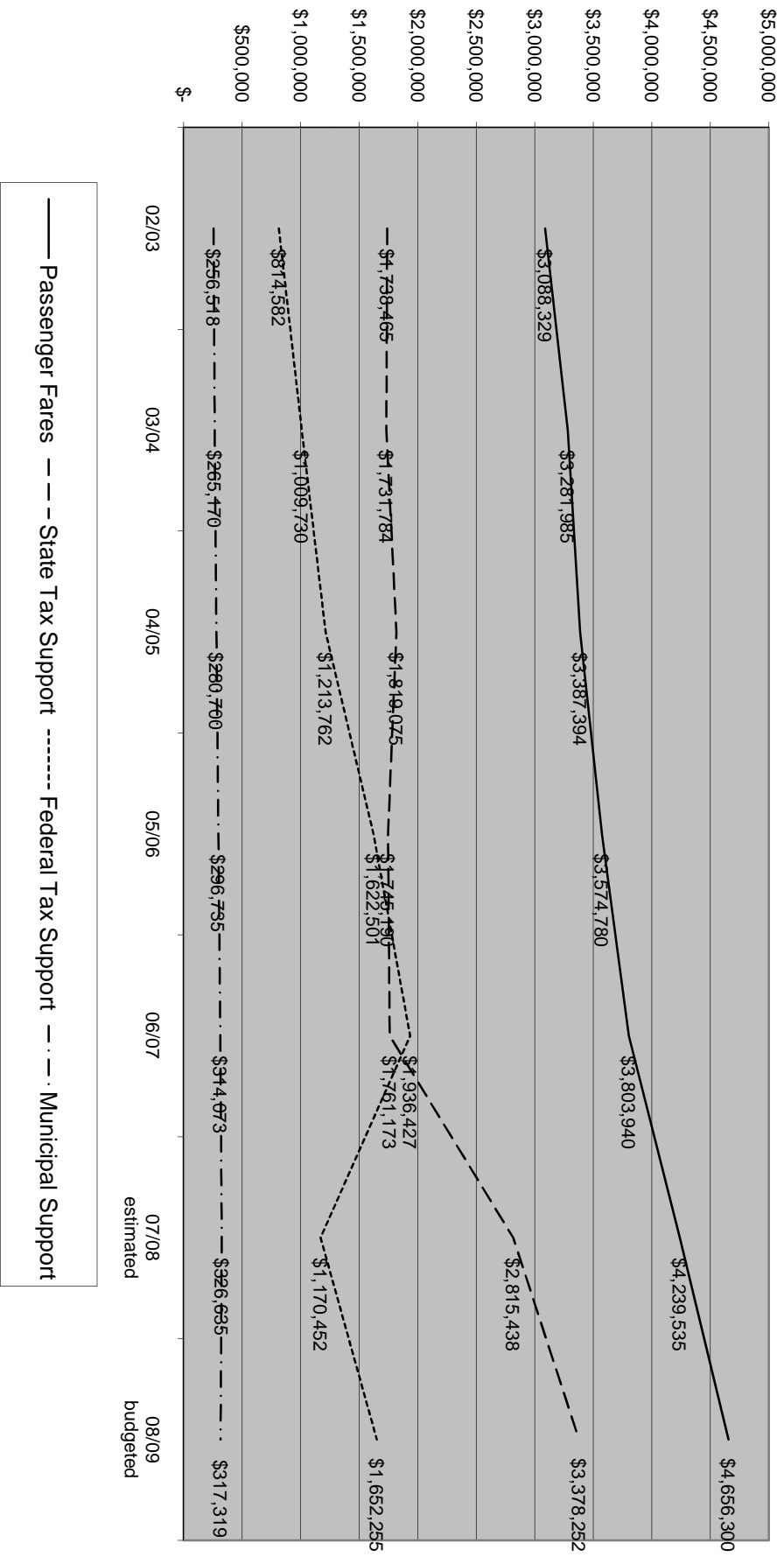
State Tax Support provides the major portion of CATA's subsidy funding. For FY 2006/2007, new state funding in the amount of \$448,372 was budgeted under a proposal by the Governor to assist transit properties statewide in meeting rising costs. However, the program was eventually implemented by a transfer of federal highway dollars to transit funding, and therefore it is shown in the table (and detailed below) as federal tax support. Absent this new funding, total state tax support for general fund operating assistance, PTAF dedicated taxes, and Act 3 supplemental grants essentially remained unchanged until FY 2007/2008, when new state

legislation under Act 44 was enacted, replacing separate state funding streams for operating assistance and providing the increased state funding shown in the table for the current and upcoming years.

Special Reimbursement Funding includes grants from the state and other entities for specific transit programs, including Penn State's support of rideshare program activities. Revenues vary primarily with changes in senior citizen shared ride grants and in state demonstration projects (one in FY 2002/2003, in FY 2003/2004 and in FY 2006/2007). Note that the lottery-supported program for free transit service to senior citizens, previously was included in this category, was ended in FY 2007/2008, when funding was included as part of Act 44 operating assistance. In FY 1998/1999, Penn State agreed to voluntarily contribute to general support of local transit service. The amounts shown for each year since then are counted as part of total local subsidy and therefore reduce the amount requested from the municipalities as Local Tax Support.

Federal Tax Support is highly variable because it is used only after all other revenue and subsidy monies have been applied. The decreased amount shown in FY 2002/2003 followed service adjustments and other cost reductions to reduce federal operating subsidy requirements when projected carryover from the prior year fell short. Since FY 2005/2006, the STIC (Small Transit Incentive Communities) program has provided additional funding to small, highly productive properties such as State College, reflected in increased federal operating subsidy for FY 2005/2006 and 2006/2007; with additional state operating assistance under Act 44 beginning in FY 2007/2008, the amount of federal operating assistance required to balance the budget has decreased. Note also that one-time funding under the state program described above is included in FY 2006/2007, and, for FY 2006/2007, 2007/2008 and 2008/2009, the total also includes funding under the Congestion Mitigation Air Quality (CMAQ) program for the specific projects detailed in the budget narrative.

Trends In Revenue



SECTION III

FY 2007/2008 RECAP

Goals Established by the CATA Board of Directors

Every year the CATA Board of Directors identifies a set of goals for the General Manager and the staff. This section of the Budget lists the goals established for FY 2007/2008 and gives a brief summary of the progress the CATA staff has made in addressing each.

Overarching – Integrity of the Service

Strive to ensure that the business processes of CATA are kept fully in order, and that the Authority consistently provides safe, on-time, customer-friendly service.

As always, this is CATA's highest priority, and as usual, we have been very successful. There are many examples: thanks to the diligence of the Administrative staff CATA received another clean audit; by transitioning to three full shifts in Maintenance CATA was able to assure that we would always have enough buses to "meet pull-out" each morning; the staff in Operations hired and trained enough new Bus Drivers so that the Dispatchers could cover every shift. One place where CATA was not able to do as well as we would have liked, was in the area of overcrowding, where increased ridership, particularly on the R (Waupelani) Route, meant that many buses were uncomfortably full.

Outreach/External Environment

Continue record of success in vigorous pursuit of pro-transit initiatives supportive of CATA's needs (both funding and other) at local, state, and national levels in both the public and private sectors.

On the federal level, CATA worked with Rep. Peterson and staff from the offices of Senators Specter and Casey to secure funding "earmarks" for the purchase of new buses. Early in the fiscal year the staff was very engaged in the state transit funding initiative, which resulted in the passage of Act 44, the new state transportation legislation that is expected to provide greatly increased funding for CATA. Locally, this past year CATA worked with a coalition of transit stakeholders, from both the private and public sectors, to encourage their advocacy of transit funding. CATA and our planning partners at the Centre Regional Planning Agency (CRPA) maintain a strong presence in the site plan review process.

Financial

Continue striving to obtain funding and achieve efficiencies sufficient to adequately support operating and capital needs and build and maintain an adequate financial reserve.

As noted above, the CATA staff worked hard to ensure that the new state transit funding program would treat Centre County equitably. While the final bill did not fully address the historical inequities in operating support among transit systems, it did include an unexpected increase in formula capital funding. Between the two new state programs, plus our federal formula funding and the “earmarks” we have been able to secure, CATA is in perhaps the best financial position in its history. As the new funding began to flow to CATA our first priority has been to create an operating reserve, and a formal reserve policy was recently adopted by the CATA Board.

Marketing

Continue to capitalize as fully as possible on the cost of motor fuel for private vehicle users, to obtain increases in the use of CATA services. Seek ways to adjust service offerings and/or marketing and promotion in directions that offer potential for attracting more non-student riders on Centre Line, and evaluate the feasibility of adding Centre Line service in non-traditional corridors where it might be offered with relatively little additional cost, e.g., through conversion of out-of-service deadhead miles to revenue service.

As the price of gasoline increased to record levels, CATA responded with its “Park Yours, Ride Ours, Save BIG” campaign, which has been run on multiple occasions. The Penn State Ride-for-Five program has continued to grow, with nearly 650 participants now enrolled. Last spring CRPA submitted a request for JARC (Job Access - Reverse Commute) funding for regional commuter bus service, but to-date PENNDOT has not released any funds. As an alternative, in October CATA took over the Penn State vanpool program, adding it to our carpool matching service and making it available to all long-distance commuters. The staff has determined that there is limited potential for converting deadhead miles to revenue service, although we have done so in one instance.

Capital Program

Continue identification and evaluation of options and implementation of programs for capital asset renewal and improvement, toward the twin goals of improving annual operating efficiency and increasing passenger revenue through higher quality service over the longer run.

CATA has been successful in advancing several of our key capital projects. Last summer we completed the first phase of our bus fleet restoration program, refurbishing four 1997 New Flyers. A fifth bus is currently being rehabbed, and five more are expected to follow in May. Looking ahead, federal earmarks and the Act 44 formula capital program will give CATA the resources to continue the program as approved by the Board in 2006. The next step is to purchase ten new buses to begin the replacement of the 1996 Orions. Over the past year CATA’s engineering consultants have completed the design work for the replacement of our 12-year old CNG compressors; installation is scheduled for this summer.

Technology

(1) Information systems – ensure that implementation of Phase I of the project with Avail Technologies is not slowed or stalled, and utilize evolving technology in ways that will

permit full realization of its capability for improving operational efficiency and customer service. (2) As part of capital program initiatives, identify alternative fuel options that hold potential for lower-cost, more environmentally friendly operation, e.g., hybrid CNG-electric bus propulsion systems.

Due first to unexpected communications issues and then the extreme complexity of CATA's routes and schedules, we have experienced repeated delays on the Advanced Public Transportation Systems (APTS) project. System acceptance testing has been pushed back several times, and is now expected to occur in April. With the award of federal earmark funds, we will begin the bus procurement project this spring. CATA staff has explored the possibility of advanced propulsion systems, including CNG-electric hybrids, and has determined that the best approach will be to solicit bids for buses with conventional CNG power plants, but request CNG-electric hybrids as an option.

Coordination with Centre County

Complete study of alternatives for future role of CATA in relation to Centre County Transportation Services and identify course or courses of action that offer greatest prospective net benefit for CATA and its constituents.

The implementation of this project has been set back due to Greg Kausch, the CRPA Transit Planner who will serve as Project Manager, having concentrated so much of his time and energy on the APTS initiative. With that project reaching the implementation stage, he is resuming work on the evaluation of how CATA and the Centre County Office of Transportation (CCOT) can more effectively work together. Earlier this year representatives from the CATA Board met with the new County Commissioners to confirm their interest in continuing the exploration of CATA and CCOT coordination. A Request for Proposals for consultant assistance has recently been released.

Regional Commuter Service

Identify and pursue opportunities for regional commuter service (fixed-route, van pooling, and or car pooling) and for tapping non-traditional funding sources (e.g., economic development money and partnering with groups such as affordable housing coalitions).

Last year, as the initial step in securing Job Access / Reverse Commute (JARC) funding for regional commuter bus service, the CRPA staff developed and submitted to PENNDOT a superb plan addressing the requirements for coordinating transit and human service transportation. Unfortunately, as a result of the PENNDOT staff first being fully consumed first by the run-up to Act 44 and more recently by its implementation, no funds have yet been released. Recognizing that the need for regional bus service is closely tied to the location of workforce housing in outlying areas, CATA has forged partnerships with the Centre County Affordable Housing Coalition and other housing interests.

Personnel

Continue progress toward providing for succession and closure of gaps in critical staff positions, giving top priority to Maintenance. Take action as appropriate, based on

consultant's report, to strengthen maintenance staffing and practices. Continue to strive to provide a work environment within CATA that will enable (1) attraction and retention of the best employees that the area has to offer, (2) high morale, and (3) efficient supply of high quality services.

Over the past year the CATA staff completed the evaluation of staffing needs in the Shop, and with the retirement of our long-time Maintenance Manager we transitioned to a new structure built around a Lead Mechanic on each shift supported by a Purchasing Technician, with the Director of Transportation taking an active role in day-to-day management of the Maintenance function. Through the continued efforts of the Human Resources staff, we recruited an exceptional group of new Bus Drivers, we have undertaken several initiatives to improve customer service, and a new Executive Assistant has brought a new "spark" to the front office.

Other Accomplishments

In addition to the goals established by the CATA Board of Directors, the FY 2007/2008 Budget included the following list of projects and activities that the staff expected to undertake over the course of the current year. Here is a brief report on the progress that has actually been made:

Funding

State Transit Assistance

The staff will continue to work with other transit stakeholders in our community and across the Commonwealth to advocate for a permanent solution to the ongoing state transit funding crisis, and in particular adequate funding for transit systems in growing communities like the Centre Region. Paid lobbying support may be retained if deemed necessary.

In addition to spreading the word about the impact on CATA of the state's transit funding crisis, the General Manager served on the Deputy Secretary of Transportation's task force that developed the new transit funding allocation mechanism included in the initial House bill that ultimately became Act 44. CATA was not able to develop a sufficient coalition of like interests to support the idea of hiring a lobbyist.

Congressional Earmarks

Again this year we have requested a federal appropriations earmark, this time to advance our bus fleet restoration program. If awarded, the requested funding will be used for the purchase of four 60-foot compressed natural gas powered articulated buses. These will replace six of our 1996 Orion buses, which will reach the end of their expected life in 2008.

Thanks to the support of Rep. Peterson and Pennsylvania's two Senators, this year CATA received two earmarks, totaling \$1.4 million, for the purchase of replacement CNG buses. These funds, along with a pre-existing earmark, are expected to be sufficient to replace ten of CATA's sixteen 1996 Orion buses. However, the staff is recommending procurement of standard 40-foot buses rather than the 60-foot articulated buses envisioned a year ago.

Local "Buy-down" of Transit Fares

As an alternative to "unlimited access," which Penn State has declined to embrace, the staff expects to work with the Borough of State College to develop a pilot program in the Waupelani Drive corridor that mirrors the University's "Ride-for-Five" program. The goal is to encourage transit ridership by using CMAQ and Borough funding to deeply discount the cost of riding the bus.

Due to the press of other business this project has been delayed. CATA staff have met with their counterparts from the Borough, but we were unable to agree on a pilot program that would be manageable in size and whose benefits could easily be measured. At the present time "the ball is in CATA's court" to recommend a way to try something innovative on the P (Pugh Street) Route.

Job Access / Reverse Commute (JARC), New Freedom (NF) and Section 5310

Greg Kausch and his colleagues at the Centre Regional Planning Agency (CRPA) will undertake the planning activities necessary for CATA to access these newly "formularized" federal programs. Once the background work is complete, CATA expects to apply for JARC funds for regional commuter bus service and perhaps work with Centre County on a joint project utilizing NF funds.

Early in the year Greg Kausch, CRPA Transit Planner, completed the Human Services Transportation Coordination Plan that was required before these new funds could be made available in Centre County. As a result, CATA was awarded Section 5310 funds for two new CENTRE RIDE vans. Unfortunately, PENNDOT did not make JARC or NF funds available to new applicants, so we were unable to apply. Earlier this spring, Greg completed a plan update as a precursor to future funding applications.

Administration

CATA's Business Processes

Just as the Operations staff spends most of their organizational energy ensuring the integrity of the service on the street, the Administration Department will once again devote itself to ensuring that CATA is financially sound and in full compliance with all state and federal regulations. In addition, we will work to ensure that our Assistant Director of Administration is fully prepared to take over if and when our Director is ready to retire.

Under the leadership of the Director of Administration, CATA was successful in preparing and administering the budget, completing the annual audit (once again with no findings), making application for all necessary grants, and keeping abreast of CATA's many reporting requirements. By the middle of the year the Assistant Director had become fully conversant on nearly all of the Department's major activities, but sadly she resigned to take a position at Penn State.

Computer Support Systems

Having joined with the COG and several municipalities in the Regional Technology Consortium, CATA will continue to expand its Information Technology program, replacing and upgrading our e-mail server, installing a new Accounting system, integrating our new "smart bus" program into our overall network, etc.

CATA has participated in the Regional Technology Consortium (RTC) since April 2006. Over that period we have relocated our Server Room, upgraded or replaced our network servers and all of our PC operating systems, and added a T-1 line to connect CATA's network to the Borough's. Computer support services have been greatly enhanced, but conversion of our e-mail to the RTC system has been delayed. The new Accounting system, procured by CATA staff, has been installed and is now fully functional.

Labor Contract Negotiations

CATA's current collective bargaining agreement with AFSCME Council 83 and Local 1203-B expires at the end of February, 2008. CATA's administrative staff will take the lead in working with CATA's Solicitor, who serves as our Labor Relations Attorney, to plan for and conduct the negotiations.

CATA's Solicitor has led the management team at the bargaining table, but as of this writing agreement on a new contract has not been reached. Management's goals at the bargaining table include a number of work rule changes that if enacted would give more flexibility in the creation of Bus Driver work assignments, which is expected to result in operating efficiencies and cost savings.

Planning and Service Development

Service Enhancements

The Service Development Manager will conduct the annual service planning process. With the expectation that additional state transit funds may be forthcoming within the next year, this effort will take on new significance, as CATA decides which unmet needs should be addressed first with any new resources.

Unlike last year, when the General Assembly's inability to deal with the state's transit funding crisis resulted in our simply redeploying existing resources to try to keep all of our existing services intact, this year CATA is indeed going to be able to begin addressing our long list of unmet needs. However, increases in ridership have required all available buses to be deployed, so the only service enhancements CATA will be able to consider are ones that occur in off-peak times.

Transportation Coordination Study

In response to a suggestion by the County Commissioners that CATA should take over the County's transportation service, the CRPA Transit Planner will undertake an evaluation of the transportation programs operated by CATA and the Centre County Transportation Office (CCTO). CATA staff will play an integral part in this undertaking to ensure that our interests are well-represented.

As a result of CATA's technology initiative consuming so much of the Transit Planner's time, this project has been delayed. However, earlier this spring representatives of the CATA Board did meet with the new County Commissioners to confirm their interest in pursuing the project. Currently the CRPA staff is circulating a Request for Proposals for consultant services.

Human Services Transportation Plan

CATA will also work with CRPA to undertake a Human Services Transportation Coordination Study. This plan is a requirement of the JARC program, and must be undertaken before CATA can apply for these funds to support regional commuter bus service.

Early in the year Greg Kausch, CRPA Transit Planner, completed an Interim Plan, which he subsequently updated pursuant to new PENNDOT guidance and resubmitted. The document was so well done that it is being held up as an example for other areas to emulate, and mainly as a result of his efforts CATA was the only transit system in the Commonwealth to be awarded Section 5310 funds.

Regional Commuter Bus Service

With the expectation that at long last JARC or other funding may be made available for "new start" projects, CATA and CRPA staff will resume planning for regional commuter bus service from Penns Valley and the Moshannon Valley, as well as Altoona (in conjunction with AMTRAN).

Regional Commuter Bus Service is still a work in process. In early 2007, Fullington explored starting commuter service from Altoona on its own, but backed away when public interest was disappointing. CRPA completed a Human Services Transportation Coordination Plan, a requirement for JARC funding, but then PENNDOT never solicited applications. One positive development, though, is that Act 44 may be a source for the required non-federal matching funds, which was going to be a major hurdle locally.

Transit Signal Priority (TSP) Project

Assuming that funding is eventually forthcoming and that the staff can work out any lingering institutional details, we will upgrade the controls on eleven signalized intersections on North Atherton Street, place the TSP system into service, and begin to evaluate its performance.

No further work has been done on this project. With PENNDOT Research and Development funding not materializing, and the municipalities involved moving ahead with their own plans to upgrade signals throughout the corridor, a decision has been made to try to incorporate Transit Signal Priority components into the overall upgrade project.

Public Information and Marketing

Transit Coalition

CATA's Marketing Manager is taking the lead in the creation of a Centre Region Transit Coalition, a group of transit stakeholders and other interested persons who can be called on to advocate for public transportation funding and otherwise encourage elected officials to "do the right thing" for transit.

Initial steps in the formation of a transit coalition were taken early in 2007. A steering committee was engaged to develop the framework for a formal organization, but we were overtaken by events in July, when the General Assembly passed Act 44. However, the CATA staff remains in contact with those early coalition participants, expecting that in time they will be re-engaged.

Annual Report

As soon as possible following the completion of this fiscal year, CATA will produce a formal Annual Report which will complement the Budget document, and also serve as CATA's primary community information piece.

Following the completion of CATA's annual audit, the Marketing staff produced CATA's first formal Annual Report. As with many new undertakings, it took longer than anticipated to develop the initial document, so instead of having it available in the fall, it wasn't finalized and printed until January.

Internet Homepage

The Advanced Public Transportation Systems (APTS) project will enable CATA to enhance the www.catabus.com website to include "real-time" route and schedule information. Longer term, we hope to be able to transmit that information wirelessly to passengers via cell phones and wireless PDA's.

Persistent delays in the roll-out of the APTS project have meant that real-time route and schedule information is not yet available to the public. The application is running on CATA's internal network server, so that our staff and our vendor can identify and address "bugs" in the system, and the project team expects to "go live" by the beginning of summer.

Transportation

CATA's Core Bus Service

As always, most of CATA's transportation efforts will be devoted to ensuring that there is a bus on every run, a Driver on every bus, and that all of the supporting elements are in place to keep the service running smoothly. At least ninety percent of CATA's organizational energy is devoted to this core function.

Virtually without exception, CATA's transit service ran as advertised. Thanks to the establishment of an overnight work shift in Maintenance and our giving more focus to Driver hiring and training, we have enjoyed a full complement of both buses and Drivers. However,

there were several times when lack of available Drivers kept us from running all of the extra “tripper” buses we had planned. On the other hand, this winter there were no service interruptions due to weather.

Service Quality

As time permits the staff will commit additional resources to ensuring that key indicators of CATA’s transit services – schedule adherence, bus cleanliness, customer service training, comment follow-up, etc. – meet or exceed transit industry and CATA’s own standards.

Over the past year CATA developed and maintains on an ongoing basis a comprehensive log of customer comments and our follow-up. Do to the press of other business the staff was not able to formally track our performance in the other key areas. However, anecdotal evidence seems to indicate that we continue to be successful in meeting our own – and the community’s – expectations for service quality, except in the area of overcrowding, where ridership growth has resulted in very full buses at certain times.

Bus Driver Training Curriculum

CATA has provided two buses and a minibus to the Central Pennsylvania Institute of Science and Technology (CPI) to enable them to begin a Bus Driver training program to mirror their truck-driving curriculum. We will continue to work with CPI to help the program achieve its intended goal of providing CATA a supply of pre-trained Bus Driver candidates.

CPI continues to use CATA buses in their Commercial Drivers License (CDL) curriculum, and to-date we have hired several of their graduates. However, the number of Bus Driver trainees coming from CPI has not lived up to our expectations.

Advanced Public Transportation Systems (APTS) Implementation

Considerable staff time will need to be invested this summer in system implementation. Major elements include insuring that all of the route, schedule and bus stop data has been properly entered, all of the on-board and fixed equipment has been properly installed, the software is functioning properly, all of the Drivers, Supervisors and others are fully trained, etc.

As stated above, the APTS implementation has endured repeated delays. The hardware installation went fairly smoothly, although there were issues with getting all of the components to “talk to each other” properly. By far the largest problem, though, has been the extreme complexity of CATA’s route and schedule system, and getting all of the data into the system and then addressing problems out on the street. Training has not been completed because the overall system is not yet fully functional.

Maintenance

Bus Maintenance

As the bulk of CATA’s bus fleet approaches the end of its life expectancy, additional work is being required to keep the buses in good working order. Over the coming year additional efforts will be made to address body corrosion, air systems deterioration, etc.

To address the need for increased maintenance as the fleet ages, last fall CATA reorganized the Shop to add an overnight shift, created three Lead Mechanic positions and placed one in charge of each shift, and installed a Purchasing Technician in the Parts Room. As time permitted, the Maintenance staff has undertaken the replacement of the most severely corroded body panels on the 1997 New Flyer buses.

Road Calls

The Maintenance staff will continue to evaluate the number and type of road calls (on-street mechanical problems), with the expectation that enhanced preventative maintenance procedures can reduce their incidence over the course of the year.

The Transportation staff tracks road calls on an ongoing basis and analyzes the data annually. However, to-date we have not been able to demonstrate that our efforts to identify high-frequency maintenance incidents have really resulted in improved bus service reliability.

Bus Stop Signage

In addition to making our usual annual investment in bus stop facility improvements, in FY 2007/2008 CATA will continue (and hopefully complete) the replacement of all 800+/- bus stops in the Centre Line system.

By the end of FY 2007/2008 CATA will have completed the replacement of the signs at every one of our CENTRE LINE bus stops. Prior to the new signs going in, the staff evaluated each stop and relocated many to more advantageous locations. At the same time the staff inventoried all of the amenities present and geo-coded each stop for future APTS applications.

Facilities Maintenance and Upkeep

As resources permit, Maintenance staff and contractor personnel will address various problems cropping up with our 16-year-old facility, so that the building and grounds continue to look good and work well. Of particular concern will be keeping our CNG compressors running for another year, until we can replace them.

Facilities maintenance problems have been addressed on an as-needed basis. A significant sinkhole south of the building has re-opened periodically, in spite of our efforts to fill it in with concrete. Repairs have been made to overhead doors, the HVAC system, parking lot paving, electrical systems, etc. Thanks to the efforts of our excellent Maintenance staff, we have been able to keep the CNG compressors in good running order in spite of their age.

Other

Old Fort Park and Ride Lot

To ensure that the Park-and-Ride project moves forward to construction, CRPA staff will continue to serve as liaison between the American Legion (who owns the land), PENNDOT (who is designing and overseeing the construction of the lot) and Potter Township (who will operate the facility).

The Park and Ride Lot project continues to experience setbacks. First it was archeological issues, then stormwater and drainage concerns. The most recent challenge has been the revelation that because the site is in a historical district additional steps – and costs – will be involved. It was hoped that a new commercial development unfolding on the south side of Route 45 might provide a more attractive location, but that alternative did not pan out.

Hydrogen Bus Research Project

The staff will continue to work with Penn State's Pennsylvania Transportation Institute (PTI) to complete the re-powering of Bus # 85 to burn a blend of Hydrogen and CNG (HCNG), then use it on the LOOP/LINK as a research platform. The bus is expected to be in revenue service by the start of FY 2007/2008.

The Hydrogen Bus project has endured repeated delays. Bus #85 has been re-powered with a Daewoo engine, the engine control module has been re-programmed and numerous issues with the new engine have been resolved. For awhile, the bus was running successfully on CNG, but it is now out of service again. Additional problems with the hydrogen reformer and the HCNG blending mechanism have also kept the project from reaching its full potential.

American Public Transportation Association (APTA) Involvement

With the support of the Board, the General Manager will continue serving as the APTA Vice Chair for Small Operations. In this position, he is the primary spokesperson for small transit systems throughout North America, and is regularly called on to serve on other task forces and committees.

In October the General Manager was re-elected to a second term as APTA Vice Chair, meaning that he is now the chief representative and spokesperson for the association's 200+ small transit systems. In this capacity he is engaged in numerous federal legislative, regulatory and funding initiatives.

SECTION IV

FY 2008/2009 POLICY CONSIDERATIONS

Background

The FY 2001/2002 Budget stated that “CATA’s financial position remains reasonably strong, with subsidies and operating revenues both trending upward.” Over the ensuing years, however, conditions deteriorated badly. State transit assistance – CATA’s largest source of subsidy – was virtually flat, while operating costs, particularly health care and energy, escalated beyond anything we could have imagined. In response CATA cut service three different times, by a total of 20%. We also raised fares for every service, including CENTRE LINE, CENTRE RIDE and our various special services, and we successfully negotiated higher rates with our purchase-of-service customers. We asked our municipal funding partners to increase their contributions, and year after year they responded with additional support. Nonetheless, financially CATA was hanging on by a shoestring.

In early 2005 it appeared that CATA, like almost every transit system in Pennsylvania, would simply not be able to create a balanced budget for FY 2005/2006. Fortunately, at the very last moment Governor Rendell stepped in and “flexed” bridge and highway funds to public transportation. This very controversial action allowed CATA to maintain operations, but essentially, placed us in a holding pattern until the end of calendar year 2006. Six months later the new federal transportation authorization bill, which has become known as SAFETEA-LU, provided a significant funding boost to CATA. Included in the legislation was a new funding tier called the Small Transit Intensive Cities program, or STIC. STIC provides additional funding to small urban areas with particularly strong transit systems, such as the Centre Region. This incentive program has resulted in CATA receiving an additional \$750,000 in federal transit assistance annually.

In FY 2006/2007 it finally looked like CATA might be in a position to address some of the many unmet needs that had arisen over the previous five years, when in spite of continued growth in the community, CATA was reducing services, deferring maintenance and otherwise cutting costs. Unfortunately, no sooner had we started to increase service then the impact of inflation began to take its toll on the new STIC funding, and once again CATA was back in a holding pattern. Fortunately, last July, as part of the state’s budget deliberations, the General Assembly passed Act 44, an omnibus transportation funding bill that dramatically increased, and completely restructured, state transit assistance. Although the new legislation “grandfathered in” many of the inequities of the former programs, going forward increases in transit assistance will be allocated on one unified formula that is based on service supplied and service consumed.

Act 44 includes two programs that should be of particular benefit to CATA and the Centre Region. The operating assistance component increased state funding by about 55%, or \$900,000, in the first year, with smaller increases scheduled for subsequent years. The formula capital program, which is based solely on passengers (and approach that is hugely beneficial to

CATA), will result in CATA receiving about \$1.1 million annually for all types of capital projects. Unfortunately, one of the funding sources for Act 44 is the conversion of Interstate 80 to a toll road. This decision of the General Assembly has proved to be extremely controversial, and it is not at all clear that this option will ever be realized. Even though Act 44 is structured so that no I-80 toll revenues go to transit, if opponents of tolling are successful in keeping it from happening, it is likely that the entire funding program will unravel.

Due to this uncertainty concerning Act 44 funding, the CATA Board of Directors has decided to take a very conservative approach in the commitment of these new funds. Nonetheless, this DRAFT Budget maintains all current programs and also includes funding for selected service enhancements and several additional staff positions. The capital portion provides for a number of critical investments, including the replacement of our CNG compressors, continues the bus fleet restoration program begun last year and moves our technology initiative ahead to Phase II.

Revenues

Operating Revenues

Fares

Even though the revenue from Act 44 has obviated the need to increase fares for financial reasons, since it will have been six years since CATA had its last general increase, at its Planning Work Session the CATA Board discussed the issue at length. It was noted that with more than eighty percent of our passengers riding fare-free courtesy of some type of pre-paid arrangement, little additional revenue would be gained from an increase in cash fares, token prices and OnePass rates. Even though the fares individuals pay are not increasing, each year CATA negotiates higher rates with our institutional customers, which causes our operating revenue to continue to rise, and in fact this year our “farebox recovery ratio” should be well in excess of fifty percent. Consequently the CATA Board decided to continue the current cash fare, token prices and pass rates for another year.

Apartment Contracts

When CATA last raised CENTRE LINE fares in FY 2002/2003, we established a revenue target of \$0.75 per trip on the apartment complex program. In FY 2004/2005, when ridership from the complexes declined, we were able to achieve an average revenue of \$0.85 per trip. However, following the run-up in gasoline prices last year, ridership from the apartment complexes increased significantly, driving per-trip yield back down below \$0.80. While this only about two-thirds of CATA’s base fare, we carry apartment riders very cost-effectively, so the subsidy required for these riders is the lowest of any fare category. Nonetheless, we will continue to negotiate higher rates with a number of the complexes in an effort to get our average apartment pass fare back up to at least \$0.85, and consequently this DRAFT Budget assumes increased revenue in the Purchase of Service category.

Penn State

For FY 2008/2009 we anticipate increasing the amount of service CATA provides to Penn State as we reconfigure the Red and/or Green LINKs to extend service to the new Law School and

other destinations north of Park Avenue. Although specific routes and schedules are not yet finalized, if we run one additional bus throughout the day Monday through Friday all year long, we will be adding as many as 3,500 hours of service annually. (Evening and weekend service may be possible by rerouting existing Red LINK service.) Although the Law School isn't set to open until January 2009, the University would like to start the new service in August.

In addition, the CATA staff will again negotiate an increase in the hourly rate. In FY 2007/2008 the University paid \$48.31 per revenue hour for LOOP and LINK service, a level that doesn't quite cover our direct costs and doesn't begin to support our overheads. However, due to the productivity of the campus service we qualify for the full amount available under the federal Small Transit Intensive Cities (STIC) program, almost \$750,000 annually, and the new state Act 44 will give us a similar amount each year in formula capital funding, thanks in part to all the riders on the Penn State service. The University also provides support for CATA's RideShare program, and the per-trip revenue on the Ride-for-Five program is among the highest of our fare categories.

Exterior Bus Advertising

Last year when the COG General Forum approved the local shares for the FY 2007/2008 Budget, at the request of a College Township Council member, CATA was specifically asked to assess the potential for exterior bus advertising prior to this year's budget review process. CATA's Marketing Manager, Jackie Sheader, conducted the evaluation and produced a preliminary report, which the Board discussed at its Planning Work Session in January, and a full report, which the Board considered at its Budget Work Session in March. Subsequently the Board took formal action confirming their position that advertising should not be placed on the exteriors of the buses in the coming fiscal year. The reasons for this decision include:

- As a result of Act 44, today CATA is in a better financial position than it has been for a number of years, so we don't really need the additional revenue that the sale of advertising would bring to keep our operations intact.
- While certain local elected officials have been vocal in their support of bus advertising, we are not convinced that this view represents the consensus of the municipalities we serve or of Penn State, which supports about a third of our bus service.
- Selling advertising on transit buses means we'll have to carefully balance the propriety of the messages we display against the free speech rights of potential advertisers, and this inherent tension will inevitably result in legal challenges.
- If a conflict between advertising content and any of Penn State's exclusive licensing agreements restricts the operation of certain buses on campus, our ability to serve our riders will be severely compromised.
- If CATA sells advertising, we'll have to deal with modifying our paint scheme to accommodate advertising space, hold buses out of service while the advertising media is installed or changed and repair the paint that is damaged when the wraps are removed.
- CATA's buses are our image in the community, and we work hard to ensure that they represent CATA in a positive manner. Philosophically, we just don't think that it makes good business sense to cover up our "brand" with someone else's paid advertising.

Subsidies

Local Shares

Centre Region

At its Planning Work Session in January the Board discussed whether CATA should once again ask our municipal funding partners for an increase in local shares, or with the new state assistance we should simply request the same dollar amount as last year. The Board discussed the pros and cons of asking for more local taxpayer support, but ultimately decided that while there might be advantages in requesting additional funding, they were most comfortable with asking the municipalities for the same local share funding as in FY 2007/2008. When the CRCOG Finance Committee considered the issue and several members spoke against any increase, the CATA staff did not pursue the matter further. As a result, this DRAFT Budget has been developed with the same local share amount as last year. However, the vagaries of the Miller Formula do cause the municipalities' and the University's individual shares to change.

Bellefonte and Pleasant Gap

You may recall that last year CATA struggled with how to configure the X Route (Bellefonte / Pleasant Gap) service, since Bellefonte Borough had declined to provide any additional local share funding. The final decision was to not reduce the number of trips, as we had done in the past, but instead to shorten the route within Bellefonte Borough, by running off-peak trips across Wilson Street and bypassing the areas further east. This approach allowed CATA to preserve all of the trips that were currently being operated, but it did result in a loss of service to the Weis Market and other points in extreme eastern Bellefonte, which disappointed some of our riders.

For the coming year the situation is reversed. Although CATA is not requesting an overall increase in local shares, this year the Bellefonte Borough Council has allocated 5.0% more funding, and on top of that, as service is increased in the Centre Region and on the Penn State campus, the portion of the local share attributable to the X Route will go down. Consequently, this year CATA is restoring some of the X Route service that has been lost over the past half-dozen years. The staff reviewed the requests for service we had received and worked backward through the Miller Formula to determine what could be added. We concluded that the best "fit" would be to restore one of the off-peak trips that had been dropped and add an early morning trip to enable commuters to reach the Penn State campus and downtown State College in time for a 7:30 AM work start.

State Assistance

Act 44

Although it's not perfect, Act 44 does provide a significant increase CATA's state operating assistance. In the current year CATA received a 55% "catch-up" increase in our total state operating support – nearly \$1.0 million in additional funding. Going forward, future increases will be determined by formula, subject to a 20% growth cap each year. At this point it looks like CATA will get the full 20% in both FY 2008/2009 and the following year. In FY 2008/2009 CATA's state operating assistance is projected to be about \$3.4 million, and ultimately it will have increased from \$1.9 million to somewhat over \$4.0 million. However, one of the major

sources of Act 44 funding is the tolling of Interstate 80, which is proving to be extremely controversial.

Even though there is no direct link between the tolling of I-80 and the transit portion of Act 44, if the tolling doesn't happen, the entire transportation funding program may start to unravel. Fortunately or unfortunately, Act 44 replaced almost all of the former state transit funding programs, so simply repealing Act 44 isn't really an option, because there is no underlying framework to fall back on. If the tolling of I-80 is not implemented, it's not clear how the state would make up for the lost revenue. Also, if Act 44 is reconsidered, the political process may result in changes to some of the more controversial internal components, such as the formula capital account that is so beneficial to CATA. As a result of all this uncertainty, this year's budget and service plan takes a very conservative approach.

Federal Assistance

FTA Section 5307 Formula Funding

For years CATA has used federal formula assistance, whose preferred use is capital investment, to "balance" the annual Operating Budget. Recently, because of CATA's precarious financial situation, we have built budgets that anticipated drawing down our year-end carry-forward of unspent federal funds. However, each year something has happened (SAFETEA-LU increasing our federal support, the Governor flexing highway funds, etc.) which has kept our carry-forward from disappearing. This past year the arrival of Act 44 funding has meant that CATA needed only about half of our FY 2007/2008 Section 5307 funding to support the operating budget, which has enabled us to commit some of these funds to capital and still forward nearly \$1.4 million into FY 2008/2009.

Looking ahead, between this \$1.4 million carry-forward and the \$2.0 million in new Section 5307 funds CATA will receive in FY 2008/2009, we should have approximately \$3.4 million available in the coming year. The service levels, programs and staffing proposed in this document require that CATA commit about \$1.5 million of this amount to support the operating budget. Of the remainder, we have committed to keep \$500,000 available as an operating reserve, leaving over \$1.3 million available for other uses. With the uncertainty surrounding Act 44, the Board has directed that CATA not utilize any of these funds for operating projects, but instead program the remainder for future capital. In the event that circumstances change, CATA could defer these planned capital investments to fund the operating program.

Congestion Management Air Quality (CMAQ)

In FY 2008/2009 CATA anticipates again receiving a share of the CMAQ funds available to Centre County. However, we understand that the CCMPO is considering a "set-aside" for public transportation instead of soliciting project applications for CMAQ funding. If that occurs, CATA could get as much as one-third of the roughly \$1.5 million available annually. When CATA's operating budget was in such dire straits, the staff saw CMAQ as a way to support certain operating costs. Looking ahead to the coming year, the plan is to continue using CMAQ for additional bus service in the North Atherton Street corridor, administrative costs for CATA's vanpool program and possibly implementation of a "fare buy-down" initiative. Any additional CMAQ funds made available will be invested in eligible capital projects.

New Federal Programs

In addition to the Section 5307 formula funds, SAFETEA-LU also contains three other federal programs that the State College urbanized area is eligible for – Job Access / Reverse Commute (for non-traditional employee transportation), New Freedom (for enhanced services for persons with disabilities) and Section 5310 (for seniors). The funds from these programs are allocated by PENNDOT, which will be undertaking a competitive process for their distribution. However, because of the uncertainty of how CATA might fare in the competition for these funds, none of these resources are included in the FY 2008/2009 Budget.

New Programs

The following are new programs planned for implementation in the coming year. Section VI of this DRAFT Budget describes all of the significant programs included in the Operating Budget while Section VII lists the major capital investments supported by the Capital Budget.

Local “Buy-Down” of Transit Fares

As an alternative to “unlimited access,” which Penn State has declined to embrace, the staff will continue working with the Borough of State College to try to develop a pilot program in the South Pugh Street corridor that mirrors the University’s “Ride-for-Five” program. The goal is to encourage transit ridership by using CMAQ and Borough funding to subsidize deeply discount pass prices, thereby greatly reducing the cost to the prospective transit rider.

Transportation Coordination Study

Over a year ago the then County Commissioners asked that CATA consider taking over Centre County’s transportation service. CATA was not willing to simply assume the operation of the program, but the request has led to the Centre County Metropolitan Planning Organization (CCMPO) securing funding for an evaluation of the transportation programs operated by both CATA and the Centre County Office of Transportation (CCOT). Although the work will be done under the auspices of the Centre Regional Planning Agency (CRPA), CATA staff will play an integral part in this undertaking.

Regional Commuter Bus Service

With the expectation that at long last JARC or other new funding may be made available for “new start” projects, CATA and CRPA staff will resume planning for regional commuter bus service from Penns Valley and the Moshannon Valley, as well as Altoona (in conjunction with AMTRAN) and possibly other areas. We are hopeful that within the next twelve months CATA can implement service, which will be operated by a private provider using over-the-road coaches, in at least two corridors.

Maintenance Facility Expansion

Later this year CATA will begin the expansion of the bus maintenance, servicing and storage areas of our Cato Park facility. Starting with a request for proposals for architectural and engineering services, we will proceed with plans to increase storage capacity by at least 30 buses, expand the bus maintenance area and enable it to better accommodate articulated buses, and enlarge the parts room. We will also add restroom facilities for our female Maintenance employees.

Enhanced ADA Paratransit Service

The Americans with Disabilities Act (ADA) requires that transit systems provide complementary paratransit for persons whose mobility or cognitive impairments preclude their use of conventional bus service. The ADA stipulates that reservations must be made at least one day ahead, and that coverage must be offered within three-quarters of a mile of every bus route. However, experience elsewhere has shown that allowing same-day scheduling and expanding the coverage area can make the service much more valuable. If CATA can access New Freedom funding, we may explore these concepts.

Evaluation of North Atherton Corridor Project

Over the past several years communities of our size have begun deploying Bus Rapid Transit (BRT) in their highest ridership corridors, and receiving multi-million-dollar federal capital grants to do so. The growth of CATA's bus service in the North Atherton corridor, along with the increasing traffic congestion there, suggests that there might be potential for consideration of a BRT project in the Centre Region. This DRAFT Budget includes a small allocation of funds to retain a consultant to assess our situation and make recommendations concerning the potential – and the challenges – of such a project.

Staffing Levels

This DRAFT Budget includes four new positions.

Maintenance Manager

When CATA's long-time Maintenance Manager retired in August 2007, his position was not immediately filled. Instead, we placed a Lead Mechanic on each shift, added a person in the Parts Room, and gave our Director of Transportation direct control over day-to-day operations. This arrangement was only intended as an interim solution until CATA's funding situation improved, which has now occurred. In addition, the Director of Transportation has made it known that he intends to retire within the next two years, which suggests that filling the Maintenance Manager position needs to be a priority.

Operations Supervisor

Back in 1995, when CATA was roughly half the size we are today, there were a total of four people covering dispatching, road supervision and all of the day-to-day Operations responsibilities. Today CATA has five, which is barely enough to have one person on duty in Dispatch throughout our operating week, and provides little opportunity for supervision out on the street, driver performance evaluations, and the various special projects we ask our Supervisors to handle. As a result, whenever anyone is on vacation, sick or otherwise off duty, we can't begin to cover everything. We need another Operations Supervisor.

Maintenance Person

About a half-dozen years ago CATA added a position in the Shop so that we could devote someone exclusively to the intensive cleaning of our rolling stock. No sooner had the slot been created than CATA's funding situation began to deteriorate, so we were never able to fill it. As a

result, CATA's bus cleaning efforts suffered, and we are keeping up with the work during the school year only by having other Maintenance employees come in (at overtime) on their days off, but that's only a temporary fix. We believe we can best address the problem by again adding one more position in Maintenance.

Operations Specialist

In addition to adding staff so that CATA can adequately supervise operations, assistance is also needed in the "back office" of the Transportation Department. While this could be done by a second Operations Supervisor, the position really demands more analytical, technical and administrative skills than we are likely to find by promoting a Bus Driver. If the position is created, the individual will support CATA's senior managers with their administrative tasks, help manage the CENTRE RIDE program, assist the Operations Supervisors with record-keeping, work on the development of Driver work assignments, etc.

Employee Compensation

Wage and Salary Adjustments

Each year CATA programs the funds necessary to cover the increase in wage and other compensation costs contained in our collective bargaining agreement. This year the DRAFT Budget was prepared prior to CATA and AFSCME reaching agreement on a new labor contract for CATA's blue-collar employees, so the staff has included an amount that we believe will be sufficient to cover the cost of the expected settlement. We have also included a market adjustment to the pay plan for non-represented employees that is commensurate with the increase we expect to negotiate with our bargaining unit employees.

Compensation Plan Update

CATA's Compensation Plan for non-represented employees calls for a review every five years. FY 2007/2008 was the year the plan should have been updated, but since CATA's labor agreement was up for renegotiation this year, it was decided that we should postpone the review until the coming fiscal year. The evaluation this time should include not only a look at how CATA's non-represented positions compare to other agencies' and fit together internally, but also a proposal to restructure our merit increase program, which is no longer working as originally intended.

Service Revisions

As a starting point for the FY 2008/2009 service planning process, at the annual Public Hearing held on February 25th, the CATA staff introduced a list of possible service enhancements for the coming year. Taking into consideration the comments received there, as well as suggestions provided by CATA's riders and the general public throughout the year, the staff developed a preliminary list of service enhancements to be implemented in August.

At the time that the DRAFT Budget was put together, CATA's service changes for FY 2008/2009 had not yet been finalized. However, in its Budget Work Session the Board authorized 4,000 additional revenue hours of CENTRE LINE service, plus approximately 3,500 revenue hours of new LOOP and/or LINK service. The following list of prospective service enhancements has begun to emerge, and the Operating Budget has been built around these concepts:

- Increased frequency on the N (Martin/Aaron), R (Waupelani) and V (Vairo) Routes, during almost all of the evening and weekend times when the buses now run only every 64 minutes. There are easily enough riders on these three routes to justify running buses more often than once an hour.
- Increased Saturday frequency on the H (Toftrees) and W (Park Forest) Routes, where the buses now run only every 120 minutes, and the K (Cato Park) Route, which only has a few trips, as well as earlier Saturday operating hours. These changes restore service abandoned several years back.
- Operation of Sunday Service on Independence Day in 2009, when July 4th will fall on a Saturday. These days many businesses are open on holidays, and when the buses don't run there are people who cannot get to work and to other destinations that are open in spite of it being a holiday.
- Addition of earlier inbound weekday trips on the M (Mall) and X (Bellefonte) Routes, as well as the S (Science Park) Route, to enable commuters to get to the Penn State campus and downtown State College before 7:30 a.m. We need to expand transit options to more commuters.
- One additional off-peak trip on the X Route (at a time yet to be determined) to provide improved service to transit dependent riders in Bellefonte Borough, as well as Spring and Benner Townships. As CATA has cut service on the X Route, service to riders other than commuters has really suffered.
- Realignment and enhancement of the Red and Green LINKs to provide service to the new Law School as well as the Blue Band Building and other destinations north of Park Avenue. This service is funded in large measure by Penn State.

CATA's list of unmet needs is much longer than can be accommodated this year, mainly because we don't have any more buses to put on the street during rush hour. However, as CATA is able to increase the size of the bus fleet we will use more of our new state transit assistance to address those other requests that cannot be satisfied this year. Nonetheless, the staff is confident that the changes listed above will provide the greatest possible benefit to CATA's ridership, given our current limitations.

Summary

This DRAFT Budget has been developed to include all of the revenues and expenditures associated with continuing CATA's existing service levels for another year, increasing CENTRE LINE and LOOP/LINK service by a total of 7,500 revenue hours, and adding four new positions plus the number of Bus Drivers necessary to cover the additional on-street service. The staff believes our assumptions about income are very reasonable and our projections for expenditures fairly conservative. Therefore we have a high degree of confidence that CATA can live within this budget for the coming year.

SECTION V

FY 2008/2009 WORK PROGRAM

Goals Set by the Board

The following list contains the goals formally articulated by the CATA Board of Directors in setting out their expectations for the General Manager, and thus the performance of the entire organization, for the coming year:

- **Overarching – Integrity of the Service:** Strive to ensure that the internal business processes of CATA are kept fully in order, and that the Authority consistently provides safe, on-time, customer-friendly transit service.
- **Succession:** Give top priority to planning and action for management team succession. Provide continuity in critical positions through staff development initiatives, internal promotion, and/or external recruiting, as required.
- **Outreach/External Environment:** Continue record of success in vigorous pursuit of pro-transit initiatives supportive of CATA’s needs (both funding and other) at local, state, and national levels in both the public and private sectors.
- **Financial:** Continue striving to monitor and maintain existing sources of funding, and pursue additional opportunities for funding. Achieve efficiencies to adequately support operating and capital needs and build and maintain an adequate financial reserve.
- **Marketing:** Continue to capitalize as fully as possible on the cost of motor fuel for private vehicle users, to obtain increases in the use of all categories of CATA services. Seek ways to adjust service offerings and/or marketing and promotion in directions that offer potential for attracting more non-student riders on Centre Line.
- **Capital Program:**
 - Successfully complete, in a timely and efficient manner, in-progress projects: (1) Phase I of the APTS; (2) replacement/upgrade of CNG fueling facility; and (3) rehabilitation of six 1997 New Flyer buses.
 - Advance major multiple-year capital projects, e.g.: (1) replacement of ten of the 1996 Orion buses and acquisition of such additional equipment as might be required to accommodate growth in ridership on existing routes and/or on new routes; (2) expansion of the maintenance, parts room, and bus storage areas; and (3) integration of various applications into the APTS “backbone.”

- **Technology:** Ensure utilization of APTS in ways that will permit full realization of its capability for improving operational efficiency and customer service.
- **Planning:** Continue active participation in study of alternatives for identifying the future role of CATA in relation to the Centre County Office of Transportation, and chart a course or courses of action that offer greatest prospective net benefit for CATA and its constituents.
- **Human Resources:** Continue to strive to provide a work environment within CATA that will enable (1) attraction and retention of the best employees that the area has to offer, (2) high morale, and (3) efficient provision of high quality services.

Other Programs, Services and Activities

The following list highlights those other key activities that the staff expects to pursue over the coming year, and for which resources are programmed in the DRAFT Budget. Not included here are new programs, which were under a heading of the same name in Section IV, and major capital projects, which are listed in the Capital Budget narrative in Section VII.

Planning and Service Development

Service Enhancements

The Service Development Manager will lead the annual service planning process. For the remainder of this year and again for FY 2009/2010 this will be a much more comprehensive undertaking, because CATA now has the resources to restore and expand service on the street. Also, the implementation of our APTS initiative adds a new layer of complexity to the process.

Site Plan Reviews

Making sure that new real estate developments are laid out and in ways that facilitate transit access and usability will continue to require significant effort on the part of the staff, as they work with the development community, planning commissions and local elected officials. This activity is critically important if public transit is going to be a viable alternative to driving.

Public Information and Marketing

Rebranding

As CATA has grown its “family of services” to include not just CENTRE LNE and CENTRE RIDE, but also the LOOP and LINK and now CENTRE COMMUTE, our current service marks and logo may no longer be sufficient to adequately identify our programs. To address the issue, over the coming year CATA’s Marketing Manager will lead a “rebranding” initiative.

Internet Homepage

In FY 2008/2009 CATA will update our www.catabus.com to replace the “streaming videos” that provide how-to-ride information, and integrate the real-time route and schedule information that we will have available as a result of the APTS project. If we are able to secure PENNDOT R&D funding we will also add a module to allow us to “push” breaking news to subscribers.

Administration

CATA's Business Processes

Just as the Operations staff spends most of their organizational energy ensuring the integrity of the service on the street, the Administration Department will once again devote itself to ensuring that CATA is financially sound and in full compliance with all state and federal regulations. In FY 2008/2009 CATA will undergo a Triennial Review by the Federal Transit Administration.

Human Resources

With the increased bus service planned for FY 2008/2009 requiring up to ten additional Drivers, four additional positions being added elsewhere in the organization, and the replacement of the half-dozen or so employees who are lost to attrition each year, recruiting, hiring and training will be a major focus in the coming year.

Computer Support Systems

As a member of the Regional Technology Consortium, CATA will continue to enhance its IT program, upgrading our overall system administration, providing additional staff training, integrating the new Advanced Public Transportation Systems (APTS) program into our overall network, etc. The largest single project will be the replacement of our e-mail system.

Transportation

CATA's Core Bus Service

As always, most of CATA's transportation efforts will be devoted to ensuring that there is a bus on every run, a Driver on every bus, and that all of the supporting elements are in place to keep the service running smoothly. At least ninety percent of CATA's organizational energy is devoted to this core function.

Service Quality

As time permits, the staff will commit additional resources to ensuring that key indicators of CATA's transit services – schedule adherence, bus cleanliness, customer service training, customer comment follow-up, etc. – meet or exceed transit industry and CATA's own standards.

Maintenance

Bus Maintenance

As the bulk of CATA's bus fleet approaches the end of its life expectancy, additional work is being required to keep the buses in good working order. Over the coming year special efforts are expected to address body corrosion, loss of engine power, air systems deterioration, etc., as well as selected component rebuilds.

Evaluation of Buses from LYNX

LYNX, the transit system in Orlando, Florida, is getting ready to surplus ten 1997 New Flyer CNG buses, virtually identical to those currently in our fleet. If acquiring these units is determined to be a good short-term solution to CATA's bus shortage situation, getting the buses transported to State College, made ready for use in our system and placed in service will be a major undertaking for Maintenance.

Facilities

Cato Park Facilities Upgrades

Now that CATA's Cato Park facility is 17 years old, we are doing more and more to replace worn out equipment and make modifications to accommodate current operations. Projects for the coming year include the rehabilitation of our stormwater retention basins, paving replacement in the bus circulation area, rebuilding of the automated bus washer and water recycling system and the installation of new walkways and landscaping.

Old Fort Park and Ride Lot

To ensure that the project continues to move forward, the CRPA Transit Planner will serve as liaison between the American Legion (who owns the land), PENNDOT (who is doing the design and overseeing the construction) and Potter Township (who will operate the facility). It is expected that this project, in process for nearly a decade, can finally reach the construction stage in FY 2008/2009.

Schlow Library Office Streetscape

Over the coming year, CATA will work with staff at the Borough and the Library to enhance both the aesthetics and the functionality of our bus waiting area at the Beaver Avenue end of the new Schlow Library. Included in the project will be new signage, better lighting, and improved placement of benches and other amenities.

Other

Hydrogen Bus Research Project

The staff will continue to work with Penn State's Pennsylvania Transportation Institute (PTI) to complete the transformation of Bus # 85 into a vehicle that can burn either CNG or HCNG - a blend of CNG and Hydrogen. When the bus is at last fully functional, it will be used in daily service on the LOOP and LINK, as a research platform as well as a passenger conveyance.

American Public Transportation Association (APTA) Involvement

With the support of the Board, the General Manager will continue serving as the APTA Vice Chair for Small Operations. In this position he is the primary spokesperson for small transit systems throughout North America, and is regularly called on to serve on other task forces and committees.

SECTION VI OPERATING BUDGET

Introduction

This page and the four pages that follow it provide the Receipts and Expenditures line items that comprise the FY 2008/2009 DRAFT Operating Budget.

CENTRE AREA TRANSPORTATION AUTHORITY FY 2008/2009 DRAFT BUDGET MARCH 24, 2008

RECEIPTS	Actual 06/07 <u>Receipts</u>	Current <u>07/08 Budget</u>	Estimated <u>Actual 07/08</u>	DRAFT <u>08/09 Budget</u>	% change from <u>07/08 Budget</u>
<u>Passenger Revenue</u>					
Farebox	591,754	625,200	645,000	688,000	10.04%
OnePass	530,259	499,550	580,000	595,000	19.11%
Football Shuttle	45,841	48,400	56,235	48,500	0.21%
Paratransit	78,566	85,000	85,000	90,000	5.88%
Vanpool	0	0	51,400	113,000	N/A
Purchase of Service	986,754	1,061,000	1,115,900	1,177,500	10.98%
LOOP Revenue	<u>1,602,183</u>	<u>1,663,600</u>	<u>1,706,000</u>	<u>1,944,300</u>	<u>16.87%</u>
Subtotal-Passenger Revenue	3,835,357	3,982,750	4,239,535	4,656,300	16.91%
<u>Other Operating Income</u>					
Charter	0	0	325	0	N/A
Advertising	18,208	20,700	14,000	16,000	-22.71%
Interest	16,245	17,000	18,500	18,500	8.82%
Vehicle Lease	0	0	0	0	N/A
Misc. Transportation Revenue	30	100	100	100	0.00%
Misc. Non-Transportation Revenue	<u>10,811</u>	<u>5,500</u>	<u>25,000</u>	<u>15,000</u>	<u>172.73%</u>
Subtotal-Other Operating Income	45,294	43,300	57,925	49,600	14.55%
<u>Special Reimbursement Funding</u>					
Senior Citizen Free Transit	48,789	48,000	0	0	-100.00%
Senior Citizen Shared Ride	160,114	156,000	175,000	193,000	23.72%
Transportation Planning Grants	0	0	0	0	N/A
Demonstration Grants	10,080	0	0	0	N/A
Welfare to Work	0	0	0	0	N/A
Rideshare Support	<u>32,875</u>	<u>34,190</u>	<u>33,862</u>	<u>33,862</u>	<u>-0.96%</u>
Subtotal-Special Reimbursements	251,858	238,190	208,862	226,862	-4.76%
Total Operating Revenue	<u>4,132,509</u>	<u>4,264,240</u>	<u>4,506,322</u>	<u>4,932,762</u>	<u>15.68%</u>

**FY 2008/2009 DRAFT BUDGET
MARCH 24, 2008**

RECEIPTS	Actual 06/07 <u>Receipts</u>	Current <u>07/08 Budget</u>	Estimated <u>Actual 07/08</u>	DRAFT <u>08/09 Budget</u>	% change from <u>07/08 Budget</u>
<u>Operating Assistance Grants</u>					
Federal Operating Assistance:	1,225,800	2,298,032	1,090,452	1,555,455	-32.31%
CMAQ Grants	44,956	100,000	80,000	96,800	-3.20%
State Operating Assistance	937,722	937,722	2,815,438	3,378,252	260.26%
Act 26 Asset Maintenance	283,712	283,712	0	0	-100.00%
State Supplemental Funding	539,554	539,739	0	0	-100.00%
State Funding - New	<u>448,372</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>
Subtotal- Operating Assistance	3,480,116	4,159,205	3,985,890	5,030,507	20.95%
<u>Local Contributions</u>					
State College Borough	81,858	78,882	78,882	74,575	-5.46%
Ferguson Township	72,202	77,610	77,610	76,854	-0.97%
Patton Township	57,970	63,347	63,347	63,803	0.72%
College Township	50,202	51,021	51,021	46,883	-8.11%
Harris Township	20,673	22,170	22,170	20,374	-8.10%
Bellefonte Borough	14,731	14,598	14,598	15,323	4.97%
Spring Township	14,263	14,746	14,746	15,133	2.62%
Benner Township	2,174	4,261	4,261	4,374	2.65%
Penn State University	<u>85,732</u>	<u>93,160</u>	<u>93,160</u>	<u>102,476</u>	<u>10.00%</u>
Subtotal - Local Contributions	399,805	419,795	419,795	419,795	5.00%
Total Subsidy	<u>3,879,921</u>	<u>4,579,000</u>	<u>4,405,685</u>	<u>5,450,302</u>	<u>19.03%</u>
Total Subsidy and Operating Revenue	<u>8,012,430</u>	<u>8,843,240</u>	<u>8,912,007</u>	<u>10,383,064</u>	<u>17.41%</u>

**CENTRE AREA TRANSPORTATION AUTHORITY
 FY 2008/2009 DRAFT BUDGET
 MARCH 24, 2008**

EXPENDITURES	<u>Actual 06/07 Expenditures</u>	<u>Current 07/08 Budget</u>	<u>Estimated Actual 07/08</u>	<u>DRAFT 08/09 Budget</u>	<u>% change from 07/08 Budget</u>
<u>Maintenance Expenses</u>					
Supervisory Wages	103,229	109,000	54,752	87,000	-20.18%
Supervisory Benefits	33,883	36,000	48,800	25,200	-30.00%
Maintenance Wages	541,643	608,000	714,000	789,300	29.82%
Maintenance Benefits	243,573	297,000	320,000	375,000	26.26%
Revenue Vehicle Maintenance	299,735	285,000	285,000	310,000	8.77%
Service Vehicle Maintenance	2,972	3,300	4,000	4,500	36.36%
Radio Maintenance	6,019	8,800	9,100	10,100	14.77%
Building and Equipment Maint.	92,244	124,000	100,000	110,000	-11.29%
Uniforms and Accessories	11,666	14,000	16,000	18,100	29.29%
Contract Maintenance	4,911	9,000	7,000	12,400	37.78%
Utilities	101,777	114,500	116,000	150,000	31.00%
Paratransit	16,362	16,000	19,500	18,000	12.50%
Vanpool	0	0	10,000	11,000	N/A
Training	2,342	6,600	6,600	9,600	45.45%
Miscellaneous Maintenance	<u>12,574</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0.00%</u>
Subtotal-Maintenance Expenses	<u>1,472,930</u>	<u>1,646,200</u>	<u>1,725,752</u>	<u>1,945,200</u>	<u>18.16%</u>

**CENTRE AREA TRANSPORTATION AUTHORITY
FY 2008/2009 DRAFT BUDGET
MARCH 24, 2008**

EXPENDITURES	<u>Actual 06/07 Expenditures</u>	<u>Current 07/08 Budget</u>	<u>Estimated Actual 07/08</u>	<u>DRAFT 08/09 Budget</u>	<u>% change from 07/08 Budget</u>
<u>Transportation Expenses</u>					
Supervisory Salary	392,476	463,900	420,000	527,000	13.60%
Supervisory Benefits	127,312	155,000	134,000	168,000	8.39%
Driver's Labor	2,633,769	2,818,240	2,900,000	3,322,064	17.88%
Driver's Benefits	1,215,843	1,380,500	1,352,000	1,678,800	21.61%
Paratransit	347,162	360,000	390,000	435,000	20.83%
Vanpool	0	0	111,000	110,200	N/A
Tires/Tubes:					
Revenue Vehicles	46,869	50,000	50,000	53,200	6.40%
Service Vehicles	578	450	2,600	1,100	144.44%
Fuel and Lubricants:					
Revenue Vehicles	503,135	590,450	500,000	684,000	15.84%
Service Vehicles	18,147	21,300	21,300	23,500	10.33%
Safety and Training	17,701	28,300	23,000	34,000	20.14%
Insurance	147,031	164,300	150,000	157,000	-4.44%
Vehicle Lease	0	0	0	0	N/A
Shelters and Signs	3,065	4,000	4,400	5,000	25.00%
Uniforms	256	4,800	5,550	8,000	66.67%
Miscellaneous Transportation	<u>9,625</u>	<u>12,400</u>	<u>11,500</u>	<u>12,000</u>	<u>-3.23%</u>
Subtotal-Transportation Expenses	<u>5,462,969</u>	<u>6,053,640</u>	<u>6,075,350</u>	<u>7,218,864</u>	<u>19.25%</u>

**CENTRE AREA TRANSPORTATION AUTHORITY
 FY 2008/2009 DRAFT BUDGET
 MARCH 24, 2008**

EXPENDITURES	<u>Actual 06/07 Expenditures</u>	<u>Current 07/08 Budget</u>	<u>Estimated Actual 07/08</u>	<u>DRAFT 08/09 Budget</u>	<u>% change from 07/08 Budget</u>
<u>Administrative Expenses</u>					
Staff Salary	530,990	556,400	545,000	581,000	4.42%
Staff Benefits	182,097	210,000	180,000	211,500	0.71%
Intern Wages	1,158	0	2,770	0	N/A
Intern Benefits	93	0	235	0	N/A
Temporary Help	0	1,500	0	0	-100.00%
Insurance	30,434	34,100	31,200	32,300	-5.28%
Pass Sales and Supplies	8,845	9,400	12,500	10,000	6.38%
Professional Services	148,953	154,000	154,000	164,000	6.49%
Advertising	21,870	25,000	25,000	25,000	0.00%
Marketing Support	11,831	18,400	7,500	38,000	106.52%
Printing	1,703	2,000	1,100	2,500	25.00%
Schedule Printing and Design	38,960	30,500	23,000	31,300	2.62%
Telephone	14,220	18,000	15,000	18,000	0.00%
Office Supplies and Services	23,992	21,000	39,400	23,200	10.48%
Dues and Subscriptions	21,082	22,400	22,400	24,000	7.14%
Travel and Meetings	18,531	20,000	25,500	31,500	57.50%
Interest	0	0	0	0	N/A
Miscellaneous Administrative	6,944	7,200	8,800	9,000	25.00%
Paratransit	14,828	13,500	16,200	16,200	20.00%
Vanpool	<u>0</u>	<u>0</u>	<u>1,300</u>	<u>1,500</u>	<u>N/A</u>
Subtotal-Administrative Expenses	<u>1,076,531</u>	<u>1,143,400</u>	<u>1,110,905</u>	<u>1,219,000</u>	<u>6.61%</u>
Grand Total-Operating Expenses	<u>8,012,430</u>	<u>8,843,240</u>	<u>8,912,007</u>	<u>10,383,064</u>	<u>17.41%</u>

BUDGET NARRATIVE INTRODUCTION

CATA maintains its financial records in accordance with National Transit Database (NTD) requirements of the Federal Transit Act. NTD defines specific accounts which cross-classify all revenues and expenses by functional category and object class in order to present consistent accounting for all transit authorities nationwide. The Authority's internal accounting system includes many individual accounts which are compiled into major functional categories in the 5-page line item budget.

The separate categories for revenue are:

PASSENGER REVENUE - revenues derived from passenger fares for fixed route (CENTRE LINE, LOOP/LINK), demand responsive (CENTRE RIDE) service, either paid directly by riders or through purchase-of-service contracts, such as those with apartment complexes, and the CENTRE COMMUTE vanpool program which was implemented in FY 2007/2008.

OTHER OPERATING INCOME - revenues from operations other than passenger fares, including income from transportation activities such as charter service or advertising on buses, or from non-transportation sources, such as vehicle leasing.

SPECIAL REIMBURSEMENT FUNDING - certain state and/or federal grants which reimburse all or part of fares for senior citizens or which finance specific planning or operating expenses. This section of the budget includes any demonstration grants from the Pennsylvania Department of Transportation, as well as RideShare program support provided by Penn State. Under NTD reporting, such revenues are considered operating revenue to distinguish them from general operating assistance.

FEDERAL, STATE AND LOCAL OPERATING SUBSIDIES - income from governmental entities to support general operating costs for transit service.

The separate categories for expenditures are:

MAINTENANCE - expenditures for personnel, materials and supplies, services, and utilities required to perform, supervise, and administer maintenance and repair of revenue and service vehicles, buildings, grounds and equipment.

TRANSPORTATION - expenditures for personnel, materials and supplies, services, and insurance directly related to operation of revenue service and its supervision and/or administration.

ADMINISTRATION - expenditures associated with general administration of the transit system, including, but not limited to, personnel costs, material and supplies, professional services, financing costs and marketing.

The following narrative details the specific assumptions and projections used to develop each line item in the FY 2008/2009 budget. Where appropriate, the narrative describes specific items included in each line and calls attention to significant differences between prior year and budgeted amounts.

PASSENGER REVENUE

FAREBOX **\$ 688,000**

Farebox revenue includes receipts from cash fares and tokens. With both revenue and cash ridership for FY 2007/2008 expected to be considerably higher than budget for the current year, receipts are budgeted at approximately 3% over the current year estimate, plus anticipated additional revenue from new service on a number of routes.

ONE PASS **\$ 595,000**

ONEPASS prices range from \$49 for a 1-month pass to \$499 for a 12-month pass. The current year estimate reflects higher-than-planned pass sales to both the general public and to participants in Penn State's "Ride for Five" program (under which the University subsidizes all but \$5 of the monthly cost), while the FY 2008/2009 budget assumes a 2.5% increase in the coming year.

FOOTBALL SHUTTLE **\$ 48,500**

The football shuttle provides economical and convenient access between downtown and local motels/hotels and Beaver Stadium on home game Saturdays. Estimated FY 2008/2009 revenue assumes no fare increase, but lower ridership based on the less attractive football schedule for the upcoming year.

PARATRANSIT **\$ 90,000**

This line item represents passenger revenue from CENTRE RIDE, CATA's paratransit program, serving senior citizens and persons with disabilities with curb-to-curb shared ride transportation in the CENTRE LINE service area. Those at least 65 years of age pay a reduced fare; a special state grant reimburses the Authority for all or most of the balance. CENTRE RIDE also provides complementary paratransit, as required by the Americans with Disabilities Act (ADA) for passengers with physical or cognitive impairments which prevent use of CENTRE LINE buses.

Although the FY 2007/2008 estimate is equal to the budget, ridership has been increasing modestly throughout the first 7 months of the year, but additional revenue is offset by lower general public ridership from Hearthside Nursing Home. The FY 2008/2009 budget is based on moderate ridership increases, no change in fares (\$1.50 per trip for those at least 65 years of age and \$2.50 per trip for ADA passengers) and estimated revenue from social service agencies paying full cost to transport clients under negotiated agreements (as permitted under the ADA), and from general public passengers paying full CENTRE RIDE fares.

VANPOOL FARES **\$113,000**

In October 2007, CATA began its vanpool program by assuming responsibility for 8 vanpools previously run by Penn State. The vanpools, along with CATA's carpool matching service, are part of the Authority's CENTRE COMMUTE program, which provides commuters with alternatives to single-occupancy vehicles for long-distance travel to and from work. Under the program, which has since been expanded from the original 8 vans, vans are provided to specific groups of individuals who pay a monthly fare which covers most of the program's non-administrative costs.

Fare revenue for the current year assumes the addition of 1 additional vanpool before the end of the year; fares are increased in the budget year with a full year of operation, 2 additional pools, and fare adjustments in July 2008 and January 2009.

PURCHASE OF SERVICE **\$ 1,177,500**

This line item includes contract revenue from large apartment complexes (Vairo Village, State College Park, University Terrace, Nittany Crossing, Lion's Crossing, Copper Beech, Oak Hill, The Pointe, Northbrook Greens, Parkway Plaza, and several properties owned by Nevins' Real Estate) for service provided to tenants on specified CENTRE LINE routes. Income from special services (such as Central

Pennsylvania Festival of the Arts, Ag Progress Days and First Night), contract revenue from Bank of America for free employee transit, from Tussey Mountain Ski Resort for free B-Route service for Penn State physical education students and from Penn State's purchase of fare-free service on selected CENTRE LINE routes which cross the University Park campus is also included. The FY 2008/2009 budget estimates contract rates for complexes currently served and revenue for special services and other sources as noted above.

LOOP/LINK **\$ 1,944,300**

The Authority operates fare-free service on the BLUE and WHITE LOOPS and RED and GREEN LINKs through a purchase-of-service contract with Penn State University. The FY 2008/2009 budget includes projected amounts for purchase-of-service contract revenue, including additional service to the new law school currently under construction near East Halls, and revenue from the sale of monthly Park and Ride subscriptions for service to and from designated campus parking lots and downtown State College.

OTHER OPERATING INCOME

CHARTER SERVICE **\$ 0**

Federal regulations have always restricted operation of charter service by federally-funded public transit authorities, and new regulations enacted in FY 2007/2008 will be even more limiting. No charter service revenue is anticipated for the coming year.

ADVERTISING **\$ 16,000**

During FY 2007/2008, Morgan Signs, with whom CATA had contracted for the sale of interior bus advertising, sold the business to a new entity, and estimated revenues for the current year are lower than anticipated based on the first 7 months of the year and the lack of a track record with the new firm to establish a baseline for their work. For the coming year, the Authority will seek and review proposals from for this service; with contract terms not yet known, only a small increase in revenue is budgeted.

INVESTMENT EARNINGS **\$ 18,500**

Interest earned on short term investment of available cash balances is budgeted here. FY 2007/2008 estimated and FY 2008/2009 budgeted revenues are based on assumed daily interest rates and average cash balances.

VEHICLE LEASE AND RENTAL **\$ 0**

With the Authority now providing campus bus service under a purchase-of-service contract, the University no longer leases buses from CATA for LOOP service, and no lease income from other entities is anticipated.

MISCELLANEOUS TRANSPORTATION REVENUE **\$ 100**

MISCELLANEOUS NON-TRANSPORTATION REVENUE **\$ 15,000**

These line items reflect revenue from sources not properly included on any other line item, and separate income into transportation and non-transportation categories to conform to NTD reporting requirements. FY 2007/2008 estimated revenue is higher-than-planned with income from disposition of two service vehicles, reimbursement from Penn State for expenses incurred by the Authority as part of a research project to convert a transit bus to operate on a mixture of CNG and hydrogen fuel, reimbursement by the contractor for warranty work on buses which were refurbished during the year, insurance proceeds for damage to a service vehicle, and renewal of employee identification cards for several municipalities and agencies. FY 2008/2009 revenue is reduced with completion of a number of these activities

SPECIAL REIMBURSEMENT FUNDING

SENIOR CITIZEN FREE TRANSIT**\$0**

This line item previously budgeted grant revenue from Commonwealth lottery receipts to reimburse CATA for free service to senior citizens under the state's "free transit" program. With new state funding legislation under Act 44, this revenue has been included as part of state operating assistance rather than through a stand-alone grant program.

SENIOR CITIZEN PARATRANSIT**\$ 193,000**

Shared-ride senior citizen paratransit service, known as CENTRE RIDE, is a lottery-funded companion to the "free transit" program above. In FY 2007/2008, service was again operated for the Authority by Handy Delivery, Inc., under a subcontract; the Authority will be seeking new proposals for service in the coming year.

The state grant establishes a general public fare structure; those at least 65 years of age pay 15% of that fare (currently \$1.50 per trip) and the Authority receives lottery funds to cover the remaining 85% (currently \$8.50 per trip). The total per-trip revenue (fares plus grant reimbursement) covers most of the per-passenger payment to Handy Delivery for CENTRE RIDE service for senior citizens.

Although ridership trends have been very inconsistent from year-to-year, the FY 2008/2009 budget assumes that ridership increases seen during the current year will continue into the coming year.

TRANSPORTATION PLANNING GRANTS**\$0**

Since FY 1999/2000, CATA and the Centre Region Planning Agency (CRPA) have agreed to utilize these funds to hire a transportation planner, and funding formerly included in CATA's budget for staff hours on planning tasks was retained by the CRPA instead. Therefore, no revenue is estimated or budgeted.

DEMONSTRATION GRANTS**\$0**

The Authority first received special one-time demonstration grants to finance the costs associated with approved activities in May 1997, and has been awarded several such grants over the years since that time. However, no such funding is anticipated in either the current or the budget year.

WELFARE TO WORK GRANTS**\$0**

In FY 1997/1998, Centre County received state funding to support additional service between Bellefonte and State College. However, no such funding has been available for a number of years and no revenue is estimated or budgeted in FY 2007/2008 or FY 2008/2009.

RIDESHARE SUPPORT**\$33,862**

The Authority's agreement with Penn State for LOOP service includes a separate provision for University support of a regional rideshare program. The FY 2007/2008 estimate and FY 2008/2009 budget both reflect anticipated revenues under the Penn State agreement.

OPERATING ASSISTANCE GRANTS

FEDERAL OPERATING ASSISTANCE

\$ 1,555,455

CATA receives an annual apportionment of federal “formula” funding which may be used for either operating assistance or capital projects. Because this funding may be carried forward to subsequent years if not used in the year of apportionment, it is applied to that portion of the operating deficit which remains after all other federal, state and local operating assistance has been used. This carryover funding is then available for operating assistance or capital projects in the next budget year (or beyond) and provides a contingency amount should actual revenues and expenses vary greatly from budgeted amounts, increasing the deficit and adding to the total operating assistance requirement.

Prior to FY 2001/2002, CATA routinely applied a portion of its annual formula funding to capital projects. However, since that time and until last year, the entire amount has been needed for operating assistance. In FY 2006/2007, CATA’s federal operating assistance apportionment of \$1,839,683 included an increase of almost \$800,000 over the prior year under the newly-enacted Small Transit Intensive Cities (STIC) initiative, which provides additional federal funding to properties such as CATA which are highly productive in relation to fleet and population size. When state operating assistance was also significantly increased, in FY 2007/2008, under new Act 44 legislation, the Authority had sufficient operating funding to consider service enhancements on the operating side and, for the first time in five years, to allocate a portion of its federal funding to capital projects.

For the current year, total available federal funding is projected to be \$3,095,904 (FY 2007/2008 federal formula funding of \$1,945,631 plus an estimated \$1,150,273 carried forward from the prior fiscal year). Of this total, \$1,090,452 is budgeted for FY 2007/2008 operating assistance. Of the remainder, \$500,000 has been programmed as operating reserve, carried over into the budget year, with the balance of \$1,505,452 allocated for future capital projects.

For the budget year, available federal formula funding, excluding the amount already programmed for capital activities, is projected to be \$2,542,912 (estimated FY 2008/2009 federal formula funding of \$2,042,912 plus \$500,000 from the current year, carried forward as operating reserve). Of this total, estimated operating assistance required is \$1,555,455, an increase over FY 2007/2008 with added service and positions as noted where appropriate in the budget narrative. Again, with \$500,000 programmed as operating reserve, the balance of \$487,457 is allocated for future capital projects.

However, because any changes to Act 44 may significantly reduce state operating assistance, as noted below, the Authority will closely monitor deficit financing requirements to assure that federal funds are available to replace any state grant funds which may be lost in the future.

CMAQ GRANTS

\$ 96,800

CMAQ (Congestion Management Air Quality) funding is transferred from the Federal Highway Administration to provide grants for activities which address traffic congestion. The Authority first applied for, and received, CMAQ funds in FY 2006/2007 for three separate projects: additional service on the North Atherton Street corridor, personnel costs for a Rideshare/Vanpool coordinator, and deeply-discounted passes for Borough residents; grant funds were partially expended with the start of those projects and remain available for two additional years. Anticipated grant reimbursement from this carryover CMAQ funding, plus a second grant which was received in FY 2007/2008, are reflected in the current and budget year amounts shown.

STATE OPERATING ASSISTANCE

\$3,378,252

In FY 2007/2008, new state legislation (Act 44) was enacted to allocate significantly increased funding for operating assistance to each of the Commonwealth’s transit systems, as shown in the estimated and budgeted revenue for the current and upcoming years. Under the formula used to distribute total funding among each of the state’s transit properties, systems such as CATA with high productivity (ridership

and service miles and hours) are to receive additional funding over and above baseline amounts from prior years, as well as formula-driven annual increases, so that new service or other enhanced activities can be supported with some stability.

However, Act 44 is not without controversy. The initial proposal to finance the program with tolls on Interstate 80 has met with resistance, and discussions to replace this system with revenues from leasing of the Pennsylvania Turnpike are underway. While it is not likely that Act 44 funding will be rescinded during the upcoming year, there is a great deal of uncertainty after that, and the Authority must be very cautious when projecting available funding over the next several years.

The estimated revenue for FY 2007/2008 assumes full expenditure of CATA's operating assistance grant, while the FY 2008/2009 budget is based on funding estimated provided by the Department of Transportation.

Note that Act 44 funding replaces a number of separate grant programs, as specified below.

ACT 26 FOR ASSET MAINTENANCE **\$ 0**

With enactment of Act 44, the separate Act 26 grant program has ended.

ACT 3 STATE SUPPLEMENTAL FUNDING **\$ 0**

With enactment of Act 44, the separate Act 3 grant program has ended.

NEW STATE FUNDING **\$ 0**

This interim program was enacted in FY 2005/2006; with the passage of Act 44, the program has ended.

LOCAL SHARES **\$ 419,795**

The total local share requested from member municipalities, Bellefonte Borough, Spring and Benner Townships, plus a contribution from Penn State in support of transit service, is budgeted at no increase from the amount requested and approved for FY 2007/2008. As in previous years, changes in each municipality's share will vary from the overall increase based on mileage, ridership and other factors used in the Miller formula.

The formula for allocating total local funding uses ridership, mileage by municipality, revenue and expense data, estimated for the budget year. Note that while this procedure provides a better "match" between revenues, expenditures, and proposed service for the budget year, estimated ridership by route and by fare category for the coming year may be imprecise, especially for new or expanded service where no previous ridership data exists on which to base such estimates. The allocation formula is fully detailed in the LOCAL SHARE section of the budget.

EXPENDITURE DETAIL

COMMON EXPENDITURES

Each of the three expenditure categories (maintenance, transportation, and administration) includes line item expenses for wages and benefits that are common to each and based on like assumptions. These expenditures are detailed below to eliminate duplication in the remainder of the narrative.

EMPLOYEE WAGES AND SALARIES

Drivers' wages are based on the number of hours required to operate scheduled bus service throughout the year, plus estimates for overtime, paid leave usage, training, and other items.

For both drivers and maintenance employees, the budget reflects an estimate for wages as of March 1, 2008, and over the remainder of the budget year, under the new collective bargaining agreement not yet finalized. Additional drivers for new service during the budget year and one new maintenance position (plus one maintenance position not yet filled) are included in the FY 2008/2009 budget.

Staff salaries are budgeted in accordance with the compensation plan previously adopted by the Authority, last updated at the beginning of FY 2003/2004. The budget includes 3 additional positions - a Maintenance Manager), an Operations Supervisor, and an Operations Specialist.

Wages for CATA's two supervisory maintenance staff are shown under Maintenance Expenditures. The Director of Transportation, Assistant Director of Transportation, six Operations Supervisors, Operations Specialist, Safety and Training Officer and Rideshare/Vanpool Coordinator are included under Transportation Expenditures (wages for the Rideshare/Vanpool Coordinator are budgeted separately on the vanpool line item under Transportation Expenditures). The Administrative budget includes salaries for CATA's General Manager, Director of Administration, Assistant Director of Administration, Service Development Manager, Marketing Manager, Human Resources Specialist, Executive Assistant, Customer Service Assistant, Bookkeeper, Bookkeeping Assistant, Receptionist, half-time Office Assistant and half-time fare counting position.

Wage line items also include estimates for longevity pay and drivers' uniform allowances as provided for under the Authority's labor contract, optional vacation leave buybacks and incentives to reduce medical coverage, and a transfer of wages to paratransit and vanpool line items for maintenance and administrative staff time associated with the CENTRE RIDE and CENTRE COMMUTE programs.

EMPLOYEE BENEFITS

Benefits for drivers are based on anticipated workforce requirements during the budget year, while benefits for maintenance personnel and for non-represented staff reflect the positions noted above. In all cases, benefits are based on the following assumptions:

FICA: The employer share of FICA is budgeted at 7.65% of wages.

Worker's Compensation: The budget reflects premium payments, administrative costs and other related expenses for coverage through the pooled insurance program (SAFTI) organized by the Pennsylvania Public Transportation Association (PPTA) over a decade ago. Workers' compensation costs impact primarily on benefit expenses for hourly employees, whose premium rate, before modification for loss experience and other items, is budgeted at 9.625% of wages, compared to 0.418% for staff. Note that final rates, which are established by the state for each job classification, and administrative fees paid to the SAFTI pool will not be finalized until later in the year, and are therefore subject to change.

Retirement Program: The budget reflects the 401(a) retirement program (with 4% employee / 8% employer contributions) established on January 1, 1999, replacing the IRA plan in effect prior to that time, plus supplemental retirement contributions for three senior employees to "catch up" for years in

which no retirement funding was provided beyond the IRA plan.

Life and Disability Insurance: The budget is based on current premiums for this coverage, plus estimates for increases associated with wage adjustments (coverage is based on a percent of earnings) and monthly premium charges.

Health and Medical Coverage: Two years ago, the Authority joined with other local municipal entities to form the Centre Region Insurance Cooperative, to provide coverage through Blue Cross at rates which represented a significant decrease over what Geisinger had proposed to continue its plan, and below what had been budgeted for the current year. Changes in monthly employee insurance co-pays, negotiated as part of the collective bargaining agreement, as well as an incentive plan under which employees who can obtain other coverage for themselves or their dependents are paid a monthly amount to reduce coverage through CATA, are other mechanisms used to reduce estimated and budgeted insurance costs. The FY 2008/2009 budget assumes a 12% increase at the next renewal on January 1, 2009. Dental coverage has been included as part of the cooperative's plan since last year; rates for vision coverage through Vision Benefits of America, fixed for two years, are budgeted at no increase.

Unemployment Compensation: Unemployment compensation is normally budgeted only for drivers (who are traditionally affected by seasonal reductions in bus service); the line item for drivers' benefits estimates expenditures for FY 2008/2009 based on actual costs during the prior year and the projected number of seasonal layoffs during the budget year.

MAINTENANCE EXPENDITURES

SUPERVISORY WAGES - MAINTENANCE \$ 87,000

SUPERVISORY BENEFITS - MAINTENANCE \$ 25,200

Wages and benefits for CATA's Maintenance Manager and Purchasing Agent are included in these line items. The FY 2007/2008 wage budget included a Maintenance Manager and a Maintenance Supervisor; with the retirement of the Maintenance Manager early in the fiscal year and re-structuring of the department shortly thereafter, only a Purchasing Agent position was filled. As a result, estimated expenditures for the current year are well below budget. For FY 2008/2009, maintenance staff wages are increased with the hiring of a Maintenance Manager. FY 2007/2008 estimated fringe benefits are above budget with a one-time contribution to a Health Savings Account for the Maintenance Manager at retirement; this special benefit was authorized in recognition of the 30+ years of service for that individual.

MAINTENANCE WAGES \$ 789,300

This line item budgets wages for hourly employees who repair and maintain vehicles, and includes expenses for overtime, holiday pay, and an adjustment for wages transferred to the paratransit and vanpool line items. Two additional mechanics were hired in FY 2007/2008, resulting in a current year estimate above budget. For FY 2008/2009, the two additional shop positions noted above are included.

MAINTENANCE BENEFITS \$ 375,000

Benefits for hourly maintenance employees are budgeted per the general assumptions above; the FY 2007/2008 estimate and FY 2008/2009 budget are increased with additional positions.

REVENUE VEHICLE MAINTENANCE \$ 310,000

During the past two years, the Authority has used capital grants under the Act 26 program to purchase the most expensive parts, reducing operating expenditures for this line item. However, with that program coming to an end, as noted above, remaining funding is being reserved for several larger projects, so that a smaller amount is available to supplement the revenue vehicle maintenance budget, resulting in the increased budget amount..

SERVICE VEHICLE MAINTENANCE \$ 4,500

This line item includes estimated and budgeted expenditures for repair and maintenance of the service vehicle fleet.

RADIO MAINTENANCE \$ 10,100

This line item budgets the monthly cost for a service contract on CATA's mobile radios, base station encoder and charger, monthly radio tower rental, and an estimate for necessary repair/maintenance work not covered by the service contract. Both the FY 2007/2008 estimate and FY 2008/2009 budget include increased tower rental expenses associated with operation of the AVL system currently being installed with capital funds.

BUILDING AND EQUIPMENT MAINTENANCE \$110,000

This line item budgets costs to maintain CATA's facility and equipment, including costs for janitorial service, routine supplies, small tool purchases, repairs to building systems and CNG compressors, etc. Estimated expenses, based on actual costs for the first seven months of the current year, include lower-than-anticipated costs for a number of items; a small increase is budgeted for FY 2008/2009.

UNIFORM AND ACCESSORIES \$ 18,100

Costs for rental/cleaning of maintenance employee uniforms, plus shoe and tool allowances provided under the labor contract, are included. The FY 2008/2009 budget reflects additional uniforms and shoe/tool allowances for added positions noted above.

CONTRACT MAINTENANCE**\$ 12,400**

This line item budgets costs for contracted services to remove waste oil and paint residue, maintenance agreements on time clocks and building fire alarm/sprinkler systems, waste oil and water removal from the Authority's CNG compressor station and oil/water separator system, and monthly fees for monitoring of the security system at the Authority's Cato Park facility. A number of these items, which are done approximately every two years, were budgeted for FY 2007/2008, but will be done in the coming year. As a result, the current year estimate is below budget while the budget for the upcoming year is increased.

UTILITIES**\$ 150,000**

Costs are budgeted for gas (heat), electricity, sewer, water, trash removal and cable. Because the major components of this line item, electricity and natural gas, are very sensitive to weather conditions, it is difficult to establish a consistent pattern. The FY 2007/2008 estimate, based on actual expenses for the first seven months of the year, is slightly above budget, primarily with higher electric usage. The FY 2008/2009 budget projects estimated rates and quantities for the coming year, and is increased in anticipation of higher rates for CNG and electricity, and additional electric usage when electric-powered replacement CNG compressors go on-line in the fall.

PARATRANSIT VEHICLE MAINTENANCE**\$ 18,000**

This line item covers repair and routine maintenance of CATA's lift-equipped small buses used in the CENTRE RIDE program. Expenditures for parts and mechanics' wages and benefits for work on these vehicles are included. The FY 2008/2009 budget is reduced from the current year estimate with replacement of two older vehicles at the start of the fiscal year.

VANPOOL**\$11,000**

This line item covers repair and routine maintenance of the vans used in the CENTRE COMMUTE vanpool program. Expenditures for parts and mechanics' wages and benefits for work on these vehicles are included.

TRAINING**\$ 9,000**

Development of in-house expertise in repair and rebuilding of vehicle components is a cost-effective approach to vehicle maintenance. This line item covers estimated and projected costs for training of supervisory and hourly maintenance personnel in the coming year. The FY 2008/2009 budget is increased in anticipation of additional training to be provided to the relatively-new Purchasing Agent and the new Maintenance Manager to be hired during the year. Specific seminars and training expenditures will be determined following evaluation of training needs, effectiveness of available training opportunities, and availability of specialty training for major component repairs.

MISCELLANEOUS**\$15,000**

The "Miscellaneous" line item within the Maintenance function is used to classify maintenance-related items which, under NTD reporting, cannot be included in any other Maintenance Expense line item.

TRANSPORTATION EXPENDITURES

SUPERVISORY SALARIES \$ 527,000
SUPERVISORY BENEFITS \$ 168,000

Wages and benefits for staff positions in the Transportation Department (with the exception of the Rideshare/Vanpool Coordinator, which is included separately below) are budgeted here, as noted in the general information section, including two new positions, an additional Operations Supervisor and an Operations Specialist. as noted above. The fringe benefit estimate and budget also include the supplemental pension plan established for one staff member during FY 2006/2007.

DRIVERS' LABOR \$ 3,322,064

This line item represents the Authority's single largest operating expenditure. The budget includes 155,927 pay hours for all scheduled transit service, special shuttles, and driver training. Hours have been increased for additional service planned for the coming year. An additional 35,181 hours are included for paid leave time of all types, holiday pay, overtime hours, and a contingency amount; leave usage amounts are budgeted based on previous years' historical experience. The budget also includes annual longevity payments and uniform allowances, paid to each driver as wages, as well as an estimate for wage increases in March 2008 and again in March 2009 to be negotiated as part of the new collective bargaining agreement.

DRIVERS' BENEFITS \$ 1,678,000

Benefits for drivers, including employer contributions to the 401(a) retirement plan, are budgeted in this line item as noted in the general information section. Because most of CATA's employees are drivers, and because driver wage expense exceeds \$3,300,000, even small increases in per-person benefits (primarily medical insurance) and percentage-based benefits (FICA, Workers' Compensation, 401a contributions) have a major impact on this line item.

PARATRANSIT \$ 435,000

This line item budgets costs for service currently operated by Handy Delivery, CATA's sub-contractor for CENTRE RIDE service, and for tires, lubricants and anti-freeze (fuel is provided by the subcontractor) for CATA's paratransit vans, as well as expenses associated with the subcontractor's participation in the federally-required drug and alcohol program. The current year estimate is above-budget primarily with unanticipated increases in ridership over the first 7 months of the year; the FY 2008/2009 is based on estimated increases in ridership, per-passenger rates to be paid to the subcontractor in the coming year, and the other items included here.

VANPOOL \$110,200

Vanpool expenses within the Transportation Function include the cost of tires, lubricants, fuel, insurance, and certain miscellaneous items (offset by fare revenues), as well as wages and benefits for CATA's **Rideshare/Vanpool Coordinator**.

The current year estimate includes the one-time transfer of purchase costs for 3 used vans acquired from Penn State which will be replaced within 4 years and therefore cannot be counted as capital grant expenses. The FY 2008/2009 budget is increased with full-year operation, the addition of 2 vanpools, and estimates for increases in fuel and insurance costs.

TIRES - REVENUE VEHICLES \$ 53,200

TIRES - SERVICE VEHICLES \$1,100

The line item for revenue vehicle tires is based on estimated total fleet miles and per-mile rates under the Authority's agreement to lease fleet vehicle tires, plus an amount for replacement of damaged tires, as provided for in the lease agreement. The FY 2008/2009 budget reflects contract rates for the year and increased miles with service to be added in the coming year.

FY 2007/2008 estimated expenditures includes the purchase of replacement truck tires for one vehicle;

the FY 2008/2009 budget is based on projected tire replacement needs during the year.

FUEL AND LUBRICANTS - REVENUE VEHICLES **\$ 684,000**

FUEL AND LUBRICANTS - SERVICE VEHICLES **\$ 23,500**

Revenue vehicle fuel represents one of the Authority's major operating expenses after wage and benefit costs. The Authority purchases natural gas under a fixed price contract which allows purchase of gas for up to 12 months when prices are advantageous, or for shorter periods when prices too high for long-term commitments.

While unit costs for most lubricants and anti-freeze rose during FY 2007/2008, the Authority was able to take advantage of very advantageous CNG costs for much of the current year, and the current year estimate is much lower than planned as a result.

However, with energy costs much higher in recent months, the FY 2008/2009 budget, based on estimated unit costs and usage for CNG, diesel fuel (for contingency buses used when additional service is needed), lubricants and anti-freeze, assumes the same CNG cost as was used in the prior year, and an estimated increase in unit costs of petroleum-based lubricants and other products. The budget also includes higher usage for the additional service planned for the budget year.

Both the current year estimate and budget year amount include the receipt of a federal tax credit equal to \$.50 per gallon equivalent of CNG, which reduces CNG expense by approximately \$200,000 per year. Note however that this tax credit is scheduled to expire on September 30, 2009, and there will be a significant increase in this line item in the next budget year unless the program is extended.

FY 2008/2009 budgeted expenditures for service vehicle fuel and lubricants are based on projected increases in unit costs for gasoline, anti-freeze, transmission fluid and lubricants for vehicles used for staff travel and for transporting drivers between shift changes.

SAFETY AND TRAINING **\$ 34,000**

The budget includes costs for Operations staff and driver training, safety awareness programs and materials, National Safety Council mailings and brochures, workshop fees and related travel, annual driver training held in August each year, and the federally-required drug/alcohol program. The current year estimate reflects the deferment of several activities to the coming year; the FY 2008/2009 budget is increased to include these activities as well as additional training for 2 new staff positions.

INSURANCE **\$ 157,000**

Costs for liability and physical damage insurance on CATA's buses and service vehicles under SAFTI, the pooled insurance program for small Pennsylvania transit properties formed in FY 1994/1995, are budgeted here. The line item includes SAFTI's administrative and premium fees, estimates for claims payments below policy deductibles, audit costs, credits from insurance recoveries, etc. FY 2007/2008 costs are less-than-anticipated; FY 2008/2009 expenses reflect estimates from the pool administrator.

VEHICLE LEASE **\$ 0**

No expense for leasing of buses is anticipated during the budget year.

SHELTERS AND SIGNS **\$ 5,000**

This line item budgets routine replacement and repair of CATA's bus shelters and bus stop signs. Both estimated and budgeted amounts reflect projected expenditures for each year.

UNIFORMS **\$ 8,000**

This line item includes costs to outfit newly-hired bus drivers; annual payments, included as wages, cover cleaning and replacement of uniform apparel after that. Both the FY 2007/2008 estimate and FY 2008/2009 budget project costs for new hires brought on board to fill vacancies; for the coming year,

the budget is increased for additional new hires associated with planned new service.

MISCELLANEOUS

\$12,000

Miscellaneous expenses within the Transportation function include items so defined under NTD reporting. The FY 2007/2008 estimate and FY 2008/2009 budget reflect projected expenditures for such items as miscellaneous supplies, the “guaranteed ride home” program under the CENTRE COMMUTE program, security personnel at Hills Plaza parking lots used by football shuttle passengers.

ADMINISTRATIVE EXPENSES

ADMINISTRATIVE SALARIES **\$ 581,000**

ADMINISTRATIVE BENEFITS **\$ 211,500**

Salaries and benefits for the Authority's administrative staff positions, as detailed in the general information section, are budgeted here in accordance with the Authority's compensation plan.

INTERN WAGES **\$ 0**

INTERN BENEFITS **\$ 0**

The FY 2007/2008 estimate reflects the use of interns to conduct on-board passenger counts, as required every three years by the Federal Transit Administration. As noted below, these expenses were originally budgeted under Temporary Help. No intern wages or benefits are included in the budget for the upcoming year.

TEMPORARY HELP **\$ 0**

This line item budgets the use of temporary agency personnel to conduct specific activities or to fill unanticipated staff vacancies which cannot be covered with current employees. As noted above, costs for personnel to assist with federally-required ridership sampling during the current year were included here for FY 2007/2008, but were not expended. No expenses are anticipated in the coming year.

INSURANCE **\$ 32,300**

This line item includes costs for general and property liability, public officials' liability and bonding under SAFTI, the pooled insurance program for small Pennsylvania transit properties formed in FY 1994/1995, associated administrative and audit fees, underground storage tank (UST) coverage through the Commonwealth of Pennsylvania's mandatory program and an estimate for claims payments below policy deductibles.

PASS SALES AND SUPPLIES **\$ 10,000**

Costs are budgeted for the purchase of tokens and supplies associated with the sale of passes (printer ribbons, blank plastic cards, film, pass printing, etc.) The FY 2007/2008 estimate is above -budget with the purchase of additional supplies during the year; the FY 2008/2009 budget assumes reduced purchasing requirements with the use of items already in stock.

PROFESSIONAL SERVICES **\$ 164,000**

This line item includes costs for legal ads, year-end auditing, legal services, retirement plan administration, arbitration fees, reimbursement to the Centre Region Planning Agency for transit planning time, fees for administration of a Section 125 plan, which allows pre-tax treatment (and savings) of employee health insurance co-pays, technology support through the Regional Technology Consortium, and contracts for other professional services. The FY 2008/2009 budget includes additional software maintenance for the accounting software installed during the current year and estimated costs for consulting services associated with updating of the Authority's compensation plan and several other planned projects.

ADVERTISING **\$ 25,000**

MARKETING SUPPORT **\$ 38,000**

These line items, taken together, budget expenses for the Authority's comprehensive marketing program. Advertising includes dissemination of service announcements and public information, target marketing, the Authority's Internet homepage, and direct mail campaigns. A second companion line item for marketing support budgets expenses for additional promotional activities, items and marketing materials. The FY 2008/2009 budget for marketing support is increased to include anticipated expenses for design services to "re-brand" the Authority's logo, vehicle paint scheme, etc. and to update CATA's website videos.

PRINTING **\$ 2,500**

This line item includes costs for printing of letterhead stationery and envelopes, comment cards, etc., external reports, bid documents, the annual budget, and similar items. The budget for the coming year is increased to cover costs for printing of stationery and envelopes during the year.

SCHEDULE PRINTING AND DESIGN **\$ 31,300**

This line item includes costs to design and print Ride Guides as well as individual route and special service brochures for distribution on buses and numerous outlets throughout the Centre Region. The budgeted amount reflect increased cost for printing and distribution of the Ride Guide by the Centre Daily Times and expenses for professional design services.

TELEPHONE **\$ 18,000**

Costs for monthly local and long distance telephone service, a telephone answering service to provide after-hours route and schedule information, high speed internet access and e-mail accounts, and a maintenance agreement on CATA's phone system are budgeted here. The budget for the coming year includes estimated costs associated with a planned upgrade of the Authority's internal e-mail system, as well as an estimated increase for telephone maintenance.

OFFICE SUPPLIES AND SERVICES **\$ 23,200**

Costs are included for postage, routine purchases of office supplies and maintenance agreements on office equipment. The FY 2007/2008 estimate is above-budget with one-time costs for cabling and other items which were required for the APTS system currently being installed and which are considered operating expenses.

DUES AND SUBSCRIPTIONS **\$ 24,000**

Membership dues are paid to the American Public Transportation Association (APTA) and the Pennsylvania Public Transportation Association (PPTA). Both organizations are instrumental in furthering transit legislation and providing technical assistance, data resources and professional development activities for staff. Dues are also paid to a number of local organizations, including the Chamber of Business and Industry of Centre County. Subscriptions to trade journals, professional development publications, the CDT and the Collegian, purchase of miscellaneous instructional materials and an annual fee for federally-mandated participation in Pennsylvania's Unified Certification Program, the state's database for minority business certification, are also included.

TRAVEL AND MEETINGS **\$ 31,500**

APTA, PPTA, PENNDOT and the Federal Transit Administration (FTA) all sponsor regional training sessions, annual conferences and workshops crucial to staff development and training. Estimated and budgeted expenses project costs for these activities, including expenditures associated with the General Manager's participation as APTA's Vice Chair for Small Operations, which is heavily involved in securing funding for small systems such as CATA, as well as additional staff travel to APTA's tri-ennial Expo, to be held during the coming year.

INTEREST **\$ 0**

With increased state funding under Act 44, and a monthly rather than quarterly payment cycle, no need to borrow short-term cash advances is anticipated during the upcoming year.

MISCELLANEOUS **\$ 9,000**

This line item is used for extraordinary, unanticipated and/or other expenses that cannot be properly charged to any other line item. Monthly bank service and credit card fees, costs for employee recognition activities, and other items of a miscellaneous nature are included.

PARATRANSIT **\$ 16,200**

This line item budgets costs for staff time, printing of CENTRE RIDE brochures and coupons, marketing, postage, and similar items associated with administration of the CENTRE RIDE program.

VANPOOL**\$1,500**

Vanpool expenses within the Administration function include those few items associated with the program which are not categorized as maintenance or transportation costs.

SECTION VII

FY 2008/2009 CAPITAL BUDGET

Listed below are those capital projects for which FY 2008/2009 capital funds are programmed and for which local share is requested. (Please note that local shares for other capital projects carried forward from the prior year have already been received.) Note also that with Act 44, state capital assistance is provided to each transit authority in the state under a formula and that funding requires no local match. Therefore, while such projects are included in the narrative description below, they are not shown in the table.

Also shown is the allocation of local shares for capital, based on the percentages calculated for each municipality and Penn State using the modified Miller Formula, as shown earlier in the Budget Summary and Local Shares section of this DRAFT Budget.

Capital Projects Requiring Local Match

Project	Total	Federal	State	Local
Vehicles				
Paratransit Vans	\$150,000	\$120,000	\$25,000	\$5,000
Equipment				
Advanced Public Transportation Systems - Phase II	\$1,200,000	\$960,000	\$200,000	\$40,000
Transfer to Capital Reserve Account				\$17,400
Total Capital Expenditures	\$1,350,000	\$1,080,000	\$225,000	\$62,400

Capital Local Share Allocation

<u>Municipality/University</u>	
State College Borough	\$11,085
Ferguson Township	\$11,425
Patton Township	\$9,484
College Township	\$6,969
Harris Township	\$3,028
Bellefonte Borough	\$2,278
Spring Township	\$2,249
Benner Township	\$650
Penn State University	\$15,232
Total Local Shares for Capital	\$62,400

Capital Budget Narrative

Over the past several years CATA has made great strides in updating its fleet, facilities, and equipment. In addition to those procurements, there are a number of active projects that are either being carried forward from the current year or will be initiated in FY 2008/2009. The following paragraphs describe the major capital items that are expected to see some level of activity over the coming year. Any capital funding for which local share is requested in FY 2008/2009 is **bold and underlined**.

Vehicles

Bus Replacement

As part of the bus fleet restoration plan approved by the CATA Board in 2006, in FY 2008/2009 we will acquire replacements for ten of CATA's 1996 Orion buses. The new buses will be CNG fueled, and if the technology is available, two of them will be powered by CNG-electric hybrid power plants. CATA has secured federal "earmarks" sufficient to support most of the project cost, but other federal funds are expected to be applied to the purchase as well.

Funding sources:

Federal Bus Capital "Earmark" (Section 5309), Federal Formula Funds (Section 5307), CMAQ - \$4,400,000

Bus Refurbishment

Consistent with the bus fleet restoration plan, CATA began a bus refurbishment program last year, using a portion of the funds “flexed” to CATA by Governor Rendell in FY 2005/2006. A second group of five 1997 New Flyer buses will be rehabilitated in FY 2008/2009, using the new Act 44 formula capital funds. Refurbishing these buses will extend their life expectancy by another 6-8 years.

Funding source:

State Act 44 Formula Capital Funds - \$1,000,000

Paratransit Vans

CATA owns four diesel paratransit vans that we provide to Handy Delivery for use in the CENTRE RIDE program. Of the three of these units that were purchased new in 2002, two are being replaced in the current year. If CATA’s upcoming FTA Section 5310 grant application is approved, the third will be replaced in FY 2008/2009. Also, if grant funding is sufficient, we will purchase an additional van to increase the fleet size to five.

Funding source:

Federal Elderly/Handicapped Transit Funds (Section 5310) - \$150,000

Vanpool Vans

Earlier this year CATA took over the vanpool program that Penn State had been operating for its own employees, and expanded its eligibility to include anyone commuting into the Centre Region. We used Act 26 funds to purchase the eight vans that the University was using for the service, and have since purchased two additional units, for a total of ten. In FY 2008/2009 we plan to purchase four vans – two for replacement and two for program expansion.

Funding source:

State Act 44 Formula Capital Funds - \$100,000

Facilities

CNG Compressor Replacement/Upgrade

CATA’s CNG compressors have been in daily use for twelve years, and they are reaching the end of their useful lives. A replacement/upgrade project, funded mainly by a federal funding “earmark,” has been in process for the past two years. The engineering work is nearly complete; the compressors, gas dryer and other equipment are on order; and bids for the actual construction will be awarded shortly. The work should be completed by the start of the fall semester. We plan to use State Act 26 funds to supplement the Congressional earmark.

Funding sources:

Federal Bus Capital “Earmark” (Section 5309) - \$826,000

State Public Transit Assistance Funds (Act 26) - \$450,000

Maintenance Facility Expansion

Over the past decade CATA's administrative, operating and maintenance base in Cato Park has been expanded twice – once to increase the bus storage capacity and a second time to address space needs in the office area. As CATA's fleet continues to grow we now need to expand the parts room area, the space devoted to maintenance bays, and once again the bus storage area. In addition, we need to provide restroom facilities for our female Maintenance employees. In the coming year CATA expects to undertake the architectural and engineering work; construction will follow as funds become available.

Funding source:

State Act 44 Formula Capital Funds - \$500,000

Equipment

Advanced Public Transportation Systems - Phase II

Once the initial APTS system is installed and working satisfactorily, CATA plans to add components such as automatic stop annunciators, automatic passenger counters, on-board video-cameras, etc. This next phase of our technology initiative will be undertaken subject to the receipt of the Congressional "earmark" we have requested in the FY 2008/2009 federal transportation appropriations bill. If the earmark is not received, the project will be delayed until alternative funding sources can be secured.

Funding sources:

Federal Bus Capital "Earmark" (Section 5309) - \$1,200,000

Fuel System Replacement

The sixteen Orion buses purchased in 1996 and the eight New Flyers acquired in 1997 use a primitive (and now obsolete) fueling system to regulate and inject the CNG into the engine's combustion chambers. As these units fail CATA is no longer able to acquire replacement parts, and as a result we are going to have to replace them with a more modern – and very expensive – system. Altogether we will need to install the new systems on a total of 24 buses.

Funding source:

State Act 44 Formula Capital Funds - \$200,000

SECTION VIII

LONG TERM OUTLOOK

CATA Strategic Plan

The essence of public transportation lies in the ability to effectively plan for the future while providing necessary services in the present. Strategic planning provides a vision and platform for this achievement. Over the last several years CATA worked closely with the Centre County Metropolitan Planning Organization (CCMPO) to update the County's Long Range Transportation Plan (LRTP). Part of this update was the creation of a Public Transportation Element and a new CATA Strategic Plan. This new Plan succeeds the Centre Area Public Transportation Plan which was adopted in 1998, and whose elements have largely been accomplished.

While the LRTP process was still going on, in January 2005 the CATA Board of Directors formally adopted a new Strategic Plan. The Plan is an ambitious program encompassing seventeen functional areas that include a wide range of recommendations for the growth and sustainability of public transportation in Centre County. Since its adoption the Plan has provided an effective "road map" for CATA, and looking ahead we expect that it will continue to do so for the remainder of this decade. Each area of the Plan is described briefly below:

Network Structure

At the core of public transportation is the fixed route network. CATA currently operates a radial network that focuses on downtown State College and the Penn State campus. CATA's network consists of 14 routes that operate year around throughout the community, three routes that operate only during the Fall and Spring Semesters at Penn State and four campus circulator routes that provide service within the core of campus and downtown business area. The strategic vision is to remain consistent with the operation of all routes focusing on downtown State College and Penn State, with the opportunity to create transfer points at key locations elsewhere in the community, such the Colonnade and Nittany Mall.

Service Levels

In public transportation, convenience to the rider is directly related to the frequency of the service. The Strategic Plan groups all CATA routes into several categories based on service frequency. The strategic vision is to allocate the necessary resources to provide the desired level of service for each route within the appropriate category. Routes designated as *Core - High Use Corridors* should provide service between 15 and 30 minute frequencies for the majority of the day, while areas referred to as *Core - Other Areas* should provide service at 30 - 60 minute frequencies. Finally, areas referred to as *Neighborhood* or *Fringe Corridors* should provide service with two AM, one mid-day and two PM trips.

Service Coverage

The Centre Region is a growing community where commercial and residential developments are being sited further and further away from the traditional downtown. As the community grows, so must CATA in order to achieve its mission. Service Coverage addresses the need to expand service to the periphery of the community. The strategic vision is to extend Centre Line service to the Gray's Woods community, University Park Airport and the Milesburg area. CATA must also address the need for transit service to connect other areas of Centre County, especially Penns Valley and the Moshannon Valley.

Campus/CBD Bus Routing

CATA maintains an effective working relationship with Penn State for the operation of transit service on campus. CATA and the University have worked together over the years to create transit accommodations throughout campus which include bus pull-offs and shelters. These amenities are necessary to ensure safe and convenient transit service for all passengers. The strategic vision is to continue to support transit investments on campus and to educate Penn State officials concerning the importance of appropriate accommodations. Also, CATA must continue to advocate for a bus route structure on campus that will ensure a one-seat trip for as many passengers as possible.

Regional Commuter Bus

When resources permit new or expanded transit service, consideration must be given to the need for some level of service to corridors traditionally outside of the CATA service area. The strategic vision is to evaluate the population trends and travel patterns of commuters from the Centre Hall / Millheim area (Penns Valley) and the Philipsburg area (Moshannon Valley) as candidates for such service. If regional commuter bus service were to be provided, a likely service level would include two AM, one midday and two PM trips to correspond with the conventional work day.

Demand Responsive Service

Demand response service, or paratransit, is a form of public transportation commonly associated with seniors and persons with disabilities, but it can also work in conjunction with regular fixed route bus service. Its use as a "feeder" allows a reservation-based service to pick up individuals and transport them to a fixed route bus stop to complete their trip. The advantages include allowing for service to be provided on an as-needed basis and to save resources associated with a permanent extension of fixed route transit. The strategic vision is to assess the feasibility of such a program in the Bellefonte area and potentially within and around Philipsburg.

Regional Mobility Management

Public transportation can take many forms. Fixed route service, demand responsive feeder service and carpool matching service can all be considered public transportation. As the community grows and CATA's "family of services" expands, there is a strategic need to create a mobility management plan to provide oversight for all levels of public transportation. The strategic vision is to develop a plan for park and ride lots and commuter services throughout the region, and coordinate ridesharing efforts with Penn State to include a general public vanpool program.

ADA Paratransit

This strategic issue focuses on the federally mandated program of complementary paratransit service for individuals who live within the CATA fixed route service area but are unable to use the service due to cognitive or mobility impairments. The strategic vision is for CATA to work on innovative policies and procedures to encourage those who are eligible for paratransit under the Americans with Disabilities Act (ADA) to begin using the fixed route service. This can be accomplished many ways – by travel training, fare incentives and better coordination of fixed route services.

Research Initiatives

CATA is fortunate to serve a major university, and have access to the unique research and development programs of the Pennsylvania Transportation Institute (PTI) and the Altoona Bus Testing Facility. These organizations provide the opportunity for coordinated research projects and demonstrations of innovative forms of public transportation. Currently CATA is in the process of developing a Hydrogen Bus initiative with Penn State. The strategic vision is to identify topics for research and development, such as the fuel cell and CNG-powered hybrids, and to pursue cooperative projects.

Transit Infrastructure

An essential element of public transportation is the maintenance of capital assets. CATA relies on a fleet of over 50 vehicles, a major operating and administrative base, a sophisticated CNG fueling station and a passenger facility in downtown State College, all of which must be maintained and periodically replaced, renewed or upgraded. The strategic vision for CATA's infrastructure is to maintain a capital improvement program and continue to work with the CCMPO to administer funds via the Transportation Improvement Program (TIP).

Intelligent Transportation Systems

The use of technology can provide for increased efficiency of service and enhanced allocation of resources for public transportation. Technology can take many forms - from vehicle location systems to traffic signal coordination to on-board vehicle surveillance. The strategic vision is for CATA to implement a "Smart Bus" program to include automatic vehicle location technology, and to continue lobbying state and federal lawmakers for additional funds to make CATA's program a showcase for the deployment of the latest in Advanced Public Transportation Systems (APTS) technology.

Fare Structure

It is important that public transportation be supported by passenger fares, or by entities who contribute so that their constituents can ride without having to pay each time they board. CATA has historically created and maintained innovative funding agreements with businesses and other organizations within the Centre Region. The strategic vision is to continue and enhance this innovative approach by negotiating with Penn State for a "U-Pass" program for all students, faculty and staff. In addition, CATA should consider the institution of one-day or multiple-day passes.

Public Transportation Organization

There are two independent organizations in Centre County that provide public transportation services: CATA and the Centre County Office of Transportation (CCOT). With two separate providers, the potential arises for various levels of coordination to minimize duplication of service. The strategic vision is for CATA to engage the County in discussions concerning the consolidation of various aspects of operation. To start, coordinated scheduling or marketing campaigns should be studied to determine how both agencies can work better together.

Management Performance Review

As required under the Commonwealth of Pennsylvania's Act of 3 of 1997, CATA is required to undertake a Management Performance Review (MPR) every seven years. The MPR conducted in 2003 identified a number of deficiencies, most of which were directly related to inadequate staffing levels. Although CATA has already addressed some of these needs, nonetheless there are several additional positions that CATA should consider, including an Assistant General Manager and Manager of Technology. The strategic vision is to prioritize the staffing recommendations of the MPR and develop a plan for implementing the remaining outstanding issues.

Succession Planning

The future success of the public transportation industry in general, and of CATA in particular, lies in the ability of each agency to develop its personnel so that they can effectively lead their respective organizations into the future. The strategic vision is to identify individuals with leadership potential and foster their growth so they can assume larger roles in the management of CATA. The degree to which these activities can be pursued will be dependent on the availability of funding.

Funding

The recommendations of this Strategic Plan represent an ambitious program for the delivery of public transportation services both now and in the future. CATA must progressively work with member municipalities and both state and federal lawmakers regarding the need for continued and increased investment in transit. As funding becomes available, the strategic vision is for CATA to improve service levels and service extensions to the growing community and internally have the staff and other resources to maintain a progressive public transportation organization.

Operating Budget - Five-year Projections

Operating Revenue, Expense and Deficit

Annually, as part of preparing the Budget, CATA updates its long-term financial projections. As noted elsewhere in the Budget, federal and state funding has increased in the last two years (under the STIC program and Act 44, respectively), allowing the Authority for the first time in quite a while to program additional service and staffing for FY 2008/2009 and to allocate a portion of federal formula assistance to future capital projects, as shown in the table which follows.

Our projections are based on several assumptions:

- Operating expenses will grow by 10.0% in FY 2009/2010 and FY 2010/2011 with increased funding supporting additional service enhancements, and by 5.0% thereafter.
- Operating revenue is expected to grow by 6.0% in FY 2009/2010, with increased service and riders, and by 3.0% per year thereafter.
- Federal funding is programmed to increase at 5% per year, with additional CMAQ funding for special projects shown separately.
- Traditional state funding under Act 44, replacing previous grant programs under Act 26 and Act 3 is projected to increase by 20.0% through FY 2009/2010, and by 3% per year thereafter
- Local share funding is programmed to grow at 5.0% annually.

The following table assumes that Act 44 funding will continue throughout the five-year period. However, as noted elsewhere, the tolling of I-80, which is one of the underlying funding sources for Act 44, is a controversial proposal which may eventually be changed, which could reduce grant amounts. Should this happen, federal assistance transferred to future capital activities under the current funding assumptions can be returned to the operating assistance category to at least partially offset state reductions.

PROJECTION OF OPERATING REVENUE, EXPENSE AND DEFICIT

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	actual	estimated	budgeted	projected	projected	projected	projected
Total Operating Revenue	\$4,132,509	\$4,506,322	\$4,932,762	\$5,228,728	\$5,385,590	\$5,547,157	\$5,713,572
Total Operating Expense	\$8,012,430	\$8,912,007	\$10,383,064	\$11,421,370	\$11,992,439	\$12,592,061	\$13,221,664
Operating Deficit	(\$3,879,921)	(\$4,405,685)	(\$5,450,302)	(\$6,192,643)	(\$6,606,849)	(\$7,044,904)	(\$7,508,092)
Required Operating Assistance	\$3,879,921	\$4,405,685	\$5,450,302	\$6,192,643	\$6,606,849	\$7,044,904	\$7,508,092
Federal Funding:							
Annual Apportionment	\$1,823,280	\$1,945,631	\$2,042,912	\$2,145,058	\$2,252,310	\$2,364,926	\$2,483,172
Carryover From Prior Year	\$552,792	\$1,150,272	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Transfer To/From Capital Program	\$0	(\$1,505,451)	(\$487,457)	(\$512,102)	(\$283,805)	(\$106,772)	\$0
Total Federal Operating Assist. Available	\$2,376,072	\$1,590,452	\$2,055,455	\$2,132,956	\$2,468,506	\$2,758,154	\$2,983,173
Federal Operating Assistance (Justified)	\$1,225,800	\$1,090,452	\$1,555,455	\$1,632,956	\$1,968,506	\$2,258,153	\$2,568,020
Other Federal Funding - CMAQ	\$44,956	\$80,000	\$96,800	\$65,000	\$0	\$0	\$0
Other Federal Funding - new state funding	\$448,372	\$0	\$0	\$0	\$0	\$0	\$0
State Funding:							
Operating Assistance	\$937,722	\$2,815,438	\$3,378,252	\$4,053,902	\$4,175,519	\$4,300,785	\$4,429,809
PTAF Asset Maintenance	\$283,712	\$0	\$0	\$0	\$0	\$0	\$0
Act 3	\$539,554	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$1,760,988	\$2,815,438	\$3,378,252	\$4,053,902	\$4,175,519	\$4,300,785	\$4,429,809
Local	\$399,805	\$419,795	\$419,795	\$440,785	\$462,824	\$485,965	\$510,263
TOTAL FEDERAL, STATE, LOCAL	\$3,879,921	\$4,405,685	\$5,450,302	\$6,192,643	\$6,606,849	\$7,044,904	\$7,508,092
Additional Operating Assistance Requirement	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Operating Assistance Carried Forward	\$1,150,272	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$415,153

Notes:

1. Future federal apportionment at 5.0% increase per year: CMAQ funding for special projects as shown
2. Assumes "flex" funding as "other federal funding" in FY 2006/2007 only
3. Assumes 20.0% increase in Act 44 state operating assistance in FY 2009/2010, 3.0% thereafter per formula
4. Assumes FY 2008/2009 revenues and expenditures per DRAFT Budget
5. Future years' revenue at 6.0 % increase in FY 2009-2010, 3.0% increase per year thereafter.
6. Future years' expenditures at 10.0% increase in FY 2009/2010 and FY 2010/2011, 5% thereafter
7. Future local share at 5% increase per year

Capital Improvement Program

Again this year, the DRAFT Budget includes a Capital Improvement Program (CIP), CATA's five-year projection of future capital investments. The CIP identifies all major capital activities, including both those that will be funded through dedicated state and federal funds, and therefore have a high probability of accomplishment, and those which are subject to discretionary funding, and therefore may or may not be implemented.

The CIP is presented on the table on the following page. Projects for which local share funding is requested in FY 2008/2009 are **underlined and in bold type**; projects not so denoted are those for which local share funding has already been received, or will not be required.

The projects shown for the first year of CIP were described earlier in SECTION VII – FY 2008/2009 CAPITAL BUDGET of this document.

Capital Reserve Account

Capital Revenues and Expenditures

The page following the Capital Improvement Program details CATA's five-year projections of capital revenues and expenditures associated with the CIP. Included are all of the projects shown on the CIP, whether they are expected to be supported by State capital funds, federal formula funds or by a Congressional earmark or other discretionary source.

Prior to Act 44, the Authority received an annual capital allotment from the state Public Transportation Assistance Fund (PTAF). With Act 44 capital funding replacing the PTAF program, the accrued balance from prior years, approximately \$530,000, is earmarked for previously-approved projects and will be expended over the next two years.

Capital Improvement Program

Project	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
1996 Orions (16) - Replacement					
Ten 40' Buses	\$4,400,000				
Four 60' Articulated Buses			\$3,000,000		
1997 New Flyers (10) - Refurbishment					
Five Buses	\$1,000,000				
1998 New Flyers (10) - Refurbishment & Replacement					
Five 35' Buses - Refurbishment				\$1,000,000	
Five 35' Buses - Replacement					\$2,400,000
2004 Cutaways (2) - Replacement					
Two 30' Buses					\$900,000
Bus Fleet Expansion					
Four 40' Buses		\$1,800,000			
Three 40' Over-the-Road Coaches (Used)			\$900,000		
Paratransit Vans (4)					
Two Vans					\$200,000
Two Vans	<u>\$150,000</u>				
One Van				\$100,000	
Vanpool Vans					
Four vans	\$100,000				
Four vans		\$100,000			
Four vans			\$100,000		
Four vans				\$100,000	
Four vans					\$100,000
Replacement CNG Tanks					
1996 Orions		\$400,000			
1997 New Flyers			\$200,000		
1998 New Flyers				\$200,000	
CNG Fueling Facility Replacement/Upgrade					
Engineering and Equipment	\$826,000				
Installation/Construction	\$450,000				
APTS					
Phase II	<u>\$1,200,000</u>				
Phase III				\$400,000	
Facility Expansion					
A&E	\$500,000				
Maintenance Area / Parts Room Construction		\$1,000,000			
Bus Storage Area Construction			\$3,000,000		
Fuel System Replacement	\$200,000				
Total - All Projects	\$8,826,000	\$3,300,000	\$7,200,000	\$1,800,000	\$3,600,000
Basis for FY 2008/2009 Request	\$1,350,000	\$0	\$0	\$0	\$0

PROJECTION OF CAPITAL REVENUES AND EXPENSES

All projects listed on Capital Improvement Program, including earmarks or special funding for those projects where applicable, are shown

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	budgeted	projected	projected	projected	projected
Total Capital Funding Available (excluding local share)	\$9,358,097	\$3,422,957	\$7,755,431	\$1,949,850	\$3,100,000
Federal Formula Capital Grants *	\$1,992,908	\$512,102	\$283,805	\$106,772	\$0
Approved Federal Bus and Bus Facility Earmarks	\$4,000,000	\$0	\$0	\$0	\$0
Prospective Federal Bus and Bus Facility Earmarks	\$1,200,000	\$0	\$1,500,000	\$0	\$1,200,000
Federal Elderly and Handicapped Grants	\$150,000	\$0	\$0	\$100,000	\$200,000
Federal CMAQ Funding	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Federal Job Access Reverse Commute (JARC) Grants	\$0	\$0	\$900,000	\$0	\$0
State Bond Funds to match Federal Grants	\$415,189	\$210,855	\$371,626	\$43,078	\$0
State Formula Capital Grants	\$1,100,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
State Discretionary Capital Grants	\$0	\$1,000,000	\$3,000,000	\$0	\$0
Total Capital Project Expense	\$8,826,000	\$3,300,000	\$7,200,000	\$1,800,000	\$3,600,000
(From Capital Improvement Program)					
Local Share Required	\$45,000	\$41,737	\$100,127	\$23,559	\$63,333
Contribution To/From Capital Reserve Account	\$17,400	\$20,663	(\$37,727)	\$38,841	(\$933)
Local Share Requested	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400
Capital Reserve Account: Previous Balance	\$80,267	\$97,667	\$118,330	\$80,603	\$119,444
Capital Reserve Account: Current Year	\$17,400	\$20,663	(\$37,727)	\$38,841	(\$933)
Capital Reserve Account: Ending Balance	\$97,667	\$118,330	\$80,603	\$119,444	\$118,511

* FY 2008/2009 Federal Formula Capital amount includes FY 2007/2008

Note: Local match requirement on JARC funding in FY 2010/2011 not yet determined

Future Local Share Requests

As noted in previous years, the uncertainty of federal earmarks and other special funding (JARC, state discretionary capital grants, etc.) makes establishing a capital reserve account somewhat challenging. However, for the purpose of planning ahead, we have projected a “best case” scenario, which assumes that CATA will receive all of the earmarks and other special funding, (including capital funding through Act 44, which is subject to change should the legislation be revised) shown in the Capital Improvement Program. The results are shown below:

CAPITAL RESERVE ACCOUNT - FIVE-YEAR PROJECTIONS

FISCAL YEAR	CAPITAL BUDGET	LOCAL SHARE REQUIRED	LOCAL SHARE REQUESTED	DIFFERENCE	ENDING BALANCE
2007/2008					\$80,267
2008/2009	\$8,826,000	\$45,000	\$62,400	\$17,400	\$97,667
2009/2010	\$3,300,000	\$41,737	\$62,400	\$20,663	\$118,330
2010/2011	\$7,200,000	\$100,127	\$62,400	(\$37,727)	\$80,603
2011/2012	\$1,800,000	\$23,559	\$62,400	\$38,841	\$119,444
2012/2013	\$3,600,000	\$63,333	\$62,400	(\$933)	118,511

Because formula funding under Act 44 provides 100% of the total project cost, there is no local match requirement for projects under that program. As a result, the capital funding projection shows adequate local match throughout the entire five year period and the projected annual amount for local capital funding has been held constant. However, should it be necessary to fund those projects through other grant programs, CATA will need to draw on the reserve account to provide required local matching funds.