

County of Lebanon Transit Authority (LT)



EXECUTIVE SUMMARY

LEBANON TRANSIT FINANCIAL CAPACITY ANALYSIS PLAN

The purpose of this Plan is to evaluate the financial capacity of Lebanon Transit (LT) to operate and maintain its bus services through FY 2029/2030 and into the long-term future. Utilizing Financial Capacity Analysis, the Plan examines LT's current revenue sources, operating and capital cost trends, service performance, and funding assumptions. These elements are used to project LT's future financial condition and determine its ability to sustain existing services or support planned improvements.

This Plan is required by the Federal Transit Administration (FTA) per guidance issued in 1987. It provides the basis upon which the FTA evaluates LT's eligibility to receive future operating and capital assistance included in the Lebanon County Metropolitan Planning Organization (LEBCO MPO) Transportation Improvement Program (TIP). The analysis helps ensure that LT can continue to meet federal financial capacity requirements, maintain a balanced program of services, and responsibly plan for upcoming capital investments.

INTRODUCTION

On March 30, 1987, the Urban Mass Transportation Administration (UMTA), now the Federal Transit Administration (FTA), issued Circular C 7008.1, *Financial Capacity Policy*, establishing requirements for transit systems receiving federal funding. The Circular ensures that the Metropolitan Planning Organization (MPO) conducts an adequate review of a transit system's financial capacity before Federal funds are committed to major capital or planning projects. Under this policy, FTA requires the local transit system and/or local municipalities to demonstrate the financial capability to fund proposed improvements while continuing to operate and maintain the existing transit system.

The purpose of this Financial Capacity Plan is to comply with current FTA regulations and to determine Lebanon Transit's (LT) financial capacity to undertake capital projects and continue the acquisition, operation, and maintenance of transit facilities and equipment that are partially funded by the Federal Government. Beyond meeting federal requirements, the Financial Capacity Analysis serves as a valuable planning tool for LT and the municipalities that invest in public transit. It provides an objective framework to evaluate the cost-effectiveness and long-term sustainability of LT's services, as well as a measure by which local governments can assess the value and return on their annual contributions to public transportation.

DEFINITION OF FINANCIAL CAPACITY

According to FTA Circular C 7008.1, **Financial Capacity** is composed of two interrelated elements: *Financial Condition* and *Financial Capability*.

Financial Condition reflects the Authority's ability to operate and maintain the transit system at its current level of service. Key indicators of financial condition include working capital, capital accounts, operating costs and revenues, service levels, productivity, and ridership trends. A strong financial condition demonstrates that Lebanon Transit can sustain ongoing operations and respond effectively to routine maintenance and operational demands.

Financial Capability, on the other hand, refers to the stability and reliability of revenue sources to meet future operating and capital requirements. It considers both the present and projected financial condition of the system, providing a measure of whether Lebanon Transit can support planned service expansions, capital projects, and other long-term needs. Together, financial condition and capability form the foundation for evaluating LT's ability to continue providing reliable and cost-effective transit services while maintaining compliance with federal funding requirements.

INDICATORS OF FINANCIAL CONDITION AND FINANCIAL CAPABILITY
FY 2027/2028 to 2029/2030

Financial capacity can be evaluated through a variety of indicators that reflect both the current and projected performance of the transit system. For the purposes of this Plan, historical and trend data from Lebanon Transit's (LT) fiscal years 2019/2020 through 2024/2025 have been analyzed. Five-year (5) trends derived from this data provide the foundation for projecting future financial conditions and capabilities through FY 2027/2028 to FY 2029/2030. All data was obtained from LT's Audited Reports and Financial Statements to ensure accuracy and reliability.

For clarity and analysis, these indicators are grouped into the following categories:

Operating Revenue Trends

- Total Federal Eligible Revenue (including passenger fares)
- Total Non-Federal Eligible Revenue
- Total Non-Subsidy Revenue

Operating Assistance Trends

- Federal Operating Assistance
- State Operating Assistance
- Local Operating Assistance

Expense Trends

- Operating Expenses
- Capital Expenses

Ridership and Productivity Trends

- Passengers per Vehicle Revenue Hour
- Cost per Vehicle Revenue Hour
- Revenue per Vehicle Revenue Hour
- Cost per Passenger
- Farebox Recovery

By examining these categories, this Plan provides a comprehensive view of LT's financial performance, identifies patterns and trends, and assesses the system's ability to sustain and improve service in the years ahead. These indicators form the foundation for evaluating both the **Financial Condition** and **Financial Capability** of Lebanon Transit.

OPERATING REVENUE

Operating revenue for Lebanon Transit (LT) is composed of three primary types of revenue sources: **Federal Eligible Revenue**, **Federal Non-Eligible Revenue**, and **Non-Subsidy Revenue**. Each of these plays a key role in supporting LT's operations and offsetting operating expenses.

Federal Eligible Revenue includes passenger farebox revenue as well as other federally eligible sources, such as advertising. These revenues are applied directly to offset operating expenses. For example, in FY 2024/2025, LT's total operating expenses amounted to \$4,102,938, while operating revenue totaled \$387,132. After applying Federal Eligible Revenue, the net operating expenses were reduced to \$3,715,806.

Federal Non-Eligible Revenue primarily consists of investment income and other funds not used in calculating Federal Operating Assistance. While these revenues contribute to LT's overall financial resources, they are not considered when determining federal subsidy levels.

Non-Subsidy Revenue represents the sum of Federal Eligible Revenue and Federal Non-Eligible Revenue. This total reflects all monies generated by LT that are not derived from government subsidies, effectively reducing the system's reliance on public funds to cover operational deficits.

Operating Assistance refers to subsidies provided by Federal, State, and local government sources to support LT operations. Federal Operating Assistance, for instance, covers a calculated portion of operating expenses not offset by Federal Eligible Revenue. State and local operating assistance supplement this funding, ensuring that LT can maintain service levels and continue providing reliable transit to the community.

SYSTEM EXPENSES

System expenses for Lebanon Transit (LT) are composed of two main categories: **operating expenses** and **capital expenses**.

Operating expenses represent the annual costs required to provide public transit services. These include wages and benefits for employees, fuel and vehicle maintenance, contract services, and all other expenditures necessary to operate the transit system on a day-to-day basis.

Capital expenses refer to costs associated with acquiring, replacing, or upgrading major assets that are essential to system operations. This includes the purchase of buses, maintenance and support equipment, and other long-lived infrastructure items required to sustain or improve service. Capital expenses are typically funded through a combination

of federal, state, and local sources and are considered separately from operating costs when assessing financial capacity.

By evaluating both operating and capital expenses, LT can determine the total financial resources required to maintain existing services, support future growth, and ensure compliance with federal and local funding requirements.

PRODUCTIVITY

Productivity reflects how effectively Lebanon Transit (LT) converts resources into outputs, such as the number of passengers carried or service provided. Evaluating productivity provides insight into both operational efficiency and the system's overall financial condition. The following key indicators are commonly used to measure LT's productivity:

Passengers per Vehicle Revenue Hour

This measures the total annual number of originating passengers divided by the total annual number of "in-service" hours provided by LT. It provides a clear measure of how efficiently service hours are utilized to transport riders.

Cost per Vehicle Revenue Hour

Calculated by dividing the annual operating cost of services by the total annual number of "in-service" hours, this indicator reflects the efficiency of resource utilization in providing service.

Revenue per Vehicle Revenue Hour

This metric divides total annual operating revenue from farebox and other non-state, non-federal sources by the total annual number of "in-service" hours. It demonstrates the system's ability to generate revenue relative to the level of service provided.

Cost per Passenger

Calculated by dividing total annual operating costs by the total annual number of originating passengers, this metric shows the average cost to carry each passenger and is a key measure of service efficiency.

Farebox Recovery Trends

Farebox recovery is determined by dividing total non-subsidy revenue by operating expenses. A higher farebox recovery indicates a stronger financial condition and greater ability to support ongoing operations and future growth. Tracking this trend helps evaluate the system's sustainability and its capacity to rely on internally generated revenue.

DISCUSSION OF CURRENT FINANCIAL CONDITION AND CAPACITY TRENDS

OPERATING REVENUE TRENDS

Non-Subsidy Revenue

Non-subsidy revenue varies from year to year and is largely driven by passenger boardings. Historical data indicate that increases in ridership typically correspond to increases in passenger fare revenue, while decreases in ridership lead to lower revenues. Based on these historical trends, LT anticipates modest annual increases in non-subsidy revenue in future years, assuming ridership continues to grow steadily.

OPERATING ASSISTANCE TRENDS

Lebanon Transit (LT) relies on a combination of **Federal, State, and Local operating assistance** to support its daily operations. These funding sources provide the financial foundation that allows LT to maintain and expand transit services while offsetting the portion of operating expenses not covered by farebox or other non-subsidy revenues.

Federal Operating Assistance – (Urban 5307 Funds)

LT receives Federal Urban 5307 funds, which provide critical support for daily operations. Based on historical trends, these funds are expected to increase modestly, approximately 2% per year, reflecting typical adjustments for inflation and program growth. Federal operating assistance is calculated after applying Federal Eligible Revenue and is essential to sustaining service levels and covering operational costs not funded through fares.

State Operating Assistance

State operating assistance is provided in accordance with **PA State Act 44 (FY 2007/2008)** and **PA State Act 89 (FY 2014/2015)**. Act 44 significantly increased funding compared to prior legislation, while Act 89 links future funding increases to system productivity and performance metrics. LT has historically benefited from a reliable state funding stream; however, structural changes, such as reductions in Pennsylvania Turnpike Commission (PTC) contributions, have shifted reliance toward general fund and sales-tax-based revenues.

Recent legislative proposals, including the **Transit for All PA initiative (HB 1364)**, may provide additional or more stable funding for transit agencies statewide. While these measures have not yet been enacted, they represent potential opportunities to supplement state operating assistance. In projecting LT's financial capacity, this Plan assumes moderate, productivity-based growth in state operating assistance while acknowledging potential variability due to legislative changes and funding uncertainties.

Local Operating Assistance

LT receives local operating assistance from **Lebanon County**, which provides a critical component of the agency's funding base. In accordance with Act 44 directives, the local share for transit agencies is scheduled to increase by 5% annually until a full 15% contribution of operating expenses is achieved. This predictable, gradually increasing local support enhances LT's long-term financial stability and capacity to maintain and expand transit services.

The combination of Federal, State, and Local operating assistance ensures that LT can continue to provide reliable, cost-effective transit services. By monitoring legislative developments, maintaining productivity and performance metrics, and projecting funding based on historical trends, LT can assess its future financial capacity and plan for both routine operations and potential capital improvements.

EXPENSE TRENDS

Lebanon Transit's (LT) system expenses are comprised of two primary categories: **operating expenses** and **capital expenses**.

Operating Expenses

Over the past five (5) fiscal years, total operating expenses have increased by approximately 17.2%, averaging just over 3.4% per year from FY 2020/2021 through FY 2024/2025. Operating expenses include costs associated with wages, benefits, fuel, vehicle maintenance, contracted services, and all other expenditures necessary to provide daily transit service.

A significant factor influencing future operating expense trends is the **union contract effective July 1, 2024, through June 30, 2029**, which includes wage increases for represented employees. These wage adjustments will increase LT's annual operating costs, and this Plan incorporates these projected increases in forecasting LT's financial capacity for FY 2027/2028 through FY 2029/2030. Despite these higher costs, LT continues to manage expenses prudently while maintaining service levels and operational efficiency.

Capital Expenses

Capital expenses support the acquisition, replacement, or upgrade of major system assets essential to transit operations. In recent years, LT has invested in replacing several buses with Compressed Natural Gas (CNG) vehicles, upgrading computer systems, and acquiring small maintenance equipment for the Maintenance Department.

Additionally, LT is in the process of constructing a new facility at an estimated cost of \$46,000,000. This project is funded through a combination of federal and state grants, with a local share contribution, representing a significant long-term investment in the operational capacity and sustainability of the transit system.

By tracking both operating and capital expenses, including anticipated wage increases, LT can assess trends in financial resource utilization, anticipate future funding needs, and plan effectively for both routine operations and major capital projects. This approach ensures continued compliance with federal and state funding requirements while supporting long-term service stability and growth.

PRODUCTIVITY TRENDS

Productivity reflects how effectively Lebanon Transit (LT) uses its resources to provide service and generate ridership. The following indicators illustrate LT's performance trends over the past five (5) fiscal years.

Passengers per Vehicle Revenue Hour

Over the past five (5) years, LT's productivity has shown gradual improvement.

Fixed Route passengers per revenue hour increased from **6.61 in FY 2020/2021** to **7.78 in FY 2024/2025**. **Shared Ride** passengers per revenue hour increased from **2.30 to 2.46** over the same period.

These increases indicate modest gains in ridership efficiency as travel demand continued to recover following the COVID-19 pandemic.

Cost per Vehicle Revenue Hour

Fixed Route cost per hour increased from **\$120.28 in FY 2020/2021** to **\$157.04 in FY 2024/2025**. **Shared Ride** cost per hour increased from **\$104.23 to \$126.05** over the same period.

The **FY 2024/2025** increase reflects significant wage adjustments associated with the **union contract effective July 1, 2024–June 30, 2029**, which resulted in An average wage **increase of 21%** for Fixed Route and **23%** for Shared Ride employees. Increased benefit costs and inflationary pressures also contributed to higher hourly costs.

Revenue per Vehicle Revenue Hour

Fixed Route revenue per hour increased from **\$9.10 to \$14.82** between FY 2020/2021 and FY 2024/2025. **Shared Ride** revenue per hour increased from **\$48.20 to \$52.07** during the same period.

Revenue growth has been modest and has not kept pace with the rate of expense growth.

Cost per Passenger

Fixed Route cost per passenger rose from **\$18.20 in FY 2020/2021** to **\$20.18 in FY 2024/2025**. **Shared Ride** cost per passenger increased from **\$45.32 to \$51.21** over the same period.

These increases are largely due to rising operating costs combined with ridership levels that remain below pre-pandemic norms. The pandemic caused a substantial decline in

both Fixed Route and Shared Ride utilization, and although ridership continues to recover, it has not yet offset the higher cost structure.

Farebox Recovery

Farebox recovery represents the percentage of operating expenses covered by passenger revenue and other non-subsidy revenue sources.

Fixed Route farebox recovery increased from **7.56% in FY 2020/2021** to **9.44% in FY 2024/2025**. **Shared Ride** farebox recovery decreased from **46.25% to 41.31%**, reflecting rising costs and stagnant reimbursement-related revenue.

The long-term effects of the pandemic continues to impact farebox recovery across both modes. LT anticipates proposing a **fare increase for FY 2026/2027**, particularly for Shared Ride, as revenue streams are not keeping pace with the increased cost of providing service.

The following is a review of our **Financial Trends** from **FY 2020/2021 to FY 2024/2025**.

FIXED ROUTE FINANCIAL TRENDS					
	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025
	20-21	21-22	22-23	23-24	24-25
OPERATING REVENUES					
PASSENGER FARES	\$187,798.00	\$201,113.00	\$221,046.00	\$224,153.00	\$217,572.00
EMPLOYER SPONSORED ROUTE	\$26,893.00	\$27,564.00	\$32,426.00	\$40,083.00	\$41,402.00
ADVERTISING	\$16,238.00	\$48,138.00	\$58,407.00	\$45,833.00	\$50,000.00
MISC	\$13,410.00	\$133,089.00	\$37,073.00	\$72,405.00	\$78,158.00
TOTAL	\$244,339.00	\$409,904.00	\$348,952.00	\$382,474.00	\$387,132.00
OPERATING EXPENSES		1.1%	-2.6%	6.3%	17.2%
VEHICLE MAINTENANCE	\$563,815.00	\$531,486.00	\$501,272.00	\$491,476.00	\$522,802.00
FACILITY MAINTENANCE	\$92,005.00	\$69,629.00	\$53,168.00	\$69,932.00	\$127,219.00
VEHICLE OPERATIONS	\$1,721,597.00	\$1,821,791.00	\$1,758,416.00	\$1,852,015.00	\$2,235,361.00
GENERAL AND ADMINISTRATIVE	\$852,559.00	\$843,333.00	\$870,482.00	\$983,876.00	\$1,217,556.00
TOTAL	\$3,229,976.00	\$3,266,239.00	\$3,183,338.00	\$3,397,299.00	\$4,102,938.00
OPERATING LOSS	(\$2,985,637.00)	(\$2,856,335.00)	(\$2,834,386.00)	(\$3,014,825.00)	(\$3,715,806.00)
NON-OPERATING REVENUES					
FEDERAL 5307	\$0.00	\$603,022.00	\$1,388,194.00	\$1,338,639.00	\$1,184,154.00
COVID-19 FUNDING, CARES ACT	\$1,787,838.00	\$1,567,582.00	\$0.00	\$0.00	\$0.00
STATE ACT 89, SECTION 1513	\$1,086,608.00	\$564,719.00	\$1,325,499.00	\$1,549,505.00	\$2,396,688.00
LOCAL CONTRIBUTION	\$111,191.00	\$121,012.00	\$120,693.00	\$126,681.00	\$134,964.00
TOTAL	\$2,985,637.00	\$2,856,335.00	\$2,834,386.00	\$3,014,825.00	\$3,715,806.00
NET INCOME/LOSS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

SHARED RIDE FINANCIAL TRENDS					
	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025
	20-21	21-22	22-23	23-24	24-25
OPERATING REVENUES					
PASSENGER FARES	\$137,303.00	\$243,377.00	\$280,331.00	\$228,901.00	\$236,543.00
AGENCY REVENUE (AAA, MA, MHMR)	\$42,873.00	\$67,917.00	\$64,985.00	\$70,575.00	\$76,333.00
ADA FARES	\$6,107.00	\$10,582.00	\$13,313.00	\$16,358.00	\$12,420.00
ADA SUBSIDY	\$28,732.00	\$51,174.00	\$65,600.00	\$79,748.00	\$61,084.00
PWD FARES	\$13,973.00	\$19,562.00	\$17,565.00	\$17,758.00	\$18,609.00
PWD STATE	\$69,990.00	\$96,712.00	\$88,094.00	\$89,496.00	\$93,088.00
LOTTERY STATE	\$275,462.00	\$346,950.00	\$308,513.00	\$301,470.00	\$315,486.00
MISC	\$143.00	\$4.00	\$985.00	\$4.00	\$2,503.00
TOTAL	\$574,583.00	\$836,278.00	\$839,386.00	\$804,310.00	\$816,066.00
OPERATING EXPENSES		12.5%	0.2%	11.1%	19.0%
VEHICLE MAINTENANCE	\$162,783.00	\$167,849.00	\$192,979.00	\$194,609.00	\$252,237.00
FACILITY MAINTENANCE	\$15,728.00	\$18,490.00	\$18,807.00	\$24,243.00	\$35,700.00
VEHICLE OPERATIONS	\$751,441.00	\$881,248.00	\$847,253.00	\$978,416.00	\$1,207,606.00
GENERAL AND ADMINISTRATIVE	\$312,480.00	\$352,152.00	\$363,369.00	\$402,820.00	\$479,887.00
TOTAL	\$1,242,432.00	\$1,419,739.00	\$1,422,408.00	\$1,600,888.00	\$1,975,430.00
OPERATING LOSS	(\$667,849.00)	(\$583,461.00)	(\$583,022.00)	(\$795,778.00)	(\$1,159,364.00)
NON-OPERATING REVENUES					
COVID-19 FUNDING, CARES ACT	\$408,532.00	\$380,430.00	\$0.00	\$0.00	\$0.00
STATE ACT 89, SECTION 1513	\$248,317.00	\$196,995.00	\$571,022.00	\$783,778.00	\$1,147,364.00
LOCAL CONTRIBUTION	\$11,000.00	\$6,036.00	\$12,000.00	\$12,000.00	\$12,000.00
TOTAL	\$667,849.00	\$583,461.00	\$583,022.00	\$795,778.00	\$1,159,364.00
NET INCOME/LOSS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The following is a review of our **Ridership and Productivity Trends** from **FY 2020/2021 to FY 2024/2025**.

FIXED ROUTE RIDERSHIP PRODUCTIVITY TRENDS					
	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025
	20-21	21-22	22-23	23-24	24-25
PASSENGER TRIPS	177,438	187,099	204,365	214,655	203,312
VEHICLE REVENUE MILES	442,390	466,623	445,231	441,537	445,159
VEHICLE REVENUE HOURS	26,854	28,904	26,073	25,886	26,127
PASSENGER PER HOUR	6.61	6.47	7.84	8.29	7.78
OP. COST PER HOUR	\$ 120.28	\$ 113.00	\$ 122.09	\$ 131.24	\$ 157.04
OP. REVENUE PER HOUR	\$ 9.10	\$ 14.18	\$ 13.38	\$ 14.78	\$ 14.82
OP. COST PER TRIP	\$ 18.20	\$ 17.46	\$ 15.58	\$ 15.83	\$ 20.18
OP. COST PER MILE	\$ 7.30	\$ 7.00	\$ 7.15	\$ 7.69	\$ 9.22
FAREBOX RECOVERY	7.56%	12.55%	10.96%	11.26%	9.44%
NON-SUBSIDY REVENUE	\$244,339.00	\$409,904.00	\$348,952.00	\$382,474.00	\$387,132.00
OPERATING EXPENSES	\$3,229,976.00	\$3,266,239.00	\$3,183,338.00	\$3,397,299.00	\$4,102,938.00

SHARED RIDE RIDERSHIP PRODUCTIVITY TRENDS					
	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025
	20-21	21-22	22-23	23-24	24-25
PASSENGER TRIPS	27,413	39,202	39,407	38,168	38,572
VEHICLE REVENUE MILES	190,424	255,915	246,544	241,072	252,895
VEHICLE REVENUE HOURS	11,920	15,042	14,772	15,035	15,672
PASSENGER PER HOUR	2.30	2.61	2.67	2.54	2.46
OP. COST PER HOUR	\$ 104.23	\$ 94.38	\$ 96.29	\$ 106.42	\$ 126.05
OP. REVENUE PER HOUR	\$ 48.20	\$ 55.60	\$ 56.82	\$ 53.50	\$ 52.07
OP. COST PER TRIP	\$ 45.32	\$ 36.22	\$ 36.10	\$ 41.92	\$ 51.21
OP. COST PER MILE	\$ 6.52	\$ 5.55	\$ 5.77	\$ 6.64	\$ 7.81
FAREBOX RECOVERY	46.25%	58.90%	59.01%	50.27%	41.31%
NON-SUBSIDY REVENUE	\$574,583.00	\$836,278.00	\$839,386.00	\$804,310.00	\$816,066.00
OPERATING EXPENSES	\$1,242,432.00	\$1,419,739.00	\$1,422,408.00	\$1,600,088.00	\$1,975,430.00

DISCUSSION OF PROJECTED FINANCIAL CONDITION AND CAPACITY

LT’s financial goals over the next five (5) fiscal years are centered on maintaining long-term stability by ensuring that operating revenues keep pace with projected increases in operating expenses. These projections incorporate current funding structures, wage adjustments from the union contract effective July 1, 2024 through June 30, 2029, inflationary pressures, and anticipated ridership recovery. Overall, LT’s projected financial condition and capacity remain stable, supported by reliable federal, state, and local revenue streams.

REVENUE PROJECTIONS

Non-Subsidy Revenue

Over the next five (5) years, LT anticipates steady growth in both Fixed Route and Shared Ride non-subsidy revenue, driven primarily by passenger fares. Ridership has experienced gradual year-over-year increases and is expected to continue trending upward as travel patterns normalize. LT projects that both modes will approach or return to pre-pandemic ridership levels within the planning period, resulting in corresponding increases in farebox revenue. Additional non-fare sources, such as advertising and investment income, are expected to remain generally stable, with modest growth consistent with prior trends.

Federal 5307 Revenue

Federal Urbanized Area Formula Program (Section 5307) funding is expected to remain a consistent source of operating assistance. Based on historical allocations and projected federal apportionment levels, LT anticipates modest increases in annual Federal Operating Assistance over the next five (5) fiscal years. These incremental increases will

help offset rising operating costs, but federal funding alone will not be sufficient to absorb significant cost escalations such as wage adjustments or fuel volatility.

State Operating Assistance

State operating assistance through **Act 89** is projected to increase gradually over the next five (5) years. Funding growth is based on historic statewide allocations, LT's relative productivity, and the revenue performance of the Pennsylvania Public Transportation Trust Fund, under Act 89, increases are tied to both statewide economic conditions and agency performance indicators. LT's productivity trends, particularly improvements in passengers per revenue hour, support the expectation of steady year-over-year increases. No major legislative changes are anticipated within the projection period that would significantly alter the funding structure.

Local Operating Assistance

Local Operating Assistance from Lebanon County is expected to continue increasing by **5% annually** until the required **15% local match** is reached, in accordance with Act 44 funding requirements. Once the 15% threshold is achieved, LT anticipates local support will remain stable and aligned with statutory obligations. Continued local investment positions LT to leverage federal and state funding effectively and demonstrates regional commitment to sustaining public transit.

OPERATING EXPENSE PROJECTIONS

Operating Expenses

LT anticipates that both Fixed Route and Shared Ride operating expenses will continue to increase over the next five (5) fiscal years, but at a manageable and predictable rate. The current union contract, effective July 1, 2024 through June 30, 2029, includes a significant wage adjustment in Year 1, followed by average annual wage increases of approximately 2% for years two (2) through five (5). These scheduled wage adjustments represent the single largest contributor to projected operating expense growth.

Other categories of operating expenses, including fuel, vehicle maintenance, insurance, benefits, and contracted services, are projected to rise at modest rates consistent with inflation and historical spending patterns. LT expects overall operating expense growth to remain steady and moderate throughout the projection period, allowing the Authority to maintain consistent service levels while managing increases within anticipated revenue trends.

Capital Expenses

LT will continue to advance capital maintenance and improvement projects necessary to support safe and efficient operations. Over the next five (5) years, planned capital expenditures include:

- Replacement of aging buses with new vehicles equipped for Compressed Natural Gas (CNG) fueling;

- Upgrades to safety and security systems, including IT infrastructure enhancements;
- Ongoing rehabilitation, renovation, or expansion of facilities to meet operational needs.

These projects are expected to be funded through a combination of federal and state capital programs, with local match requirements incorporated into long-term planning. LT's capital program is designed to maintain the reliability of the transit fleet, improve safety, and support the future capacity needs of the system.

PRODUCTIVITY PROJECTIONS

Over the next five (5) years, LT anticipates stable or improved productivity across key performance measures.

Passenger per Vehicle Revenue Hour

Fixed Route Passenger per Hour is projected to improve significantly, increasing from **7.78** in FY 2024/2025 to **10.87** in FY 2029/2030. **Shared Ride** Passenger per Hour is projected to remain relatively the same at **2.46** over the next five (5) years.

Cost per Vehicle Revenue Hour

Fixed Route Cost per Hour is expected to rise moderately from **\$157.04** in FY 2024/2025 to **\$169.45** in FY 2029/2030. **Shared Ride** Cost per Hour is projected to decrease slightly, improving from **\$126.05** to **\$121.25** over the five-year (5) period.

Revenue per Vehicle Revenue Hour

Fixed Route Revenue per Hour is expected to grow modestly from **\$14.82** in FY 2024/2025 to **\$15.26** in FY 2029/2030. **Shared Ride** Revenue per Hour is expected to remain steady, shifting slightly from **\$52.07** to **\$51.84**.

Cost Per Passenger

Fixed Route Cost per Passenger is expected to improve from **\$20.18** in FY 2024/2025 to **\$15.59** in FY 2029/2030. **Shared Ride** Cost per Passenger is anticipated to decline gradually from **\$51.21** to **\$49.92**.

Farebox Recovery

Fixed Route Farebox Recovery is expected to remain consistent, moving from **9.44%** in FY 2024/2025 to **9%** in FY 2029/2030. **Shared Ride** Farebox Recovery is expected to improve slightly from **41.31%** to **42.75%** over the same period.

The following is a review of our **Financial Projections** through **FY 2029/2030**.

FIXED ROUTE FINANCIAL PROJECTIONS					
	BUDGET				
OPERATING REVENUES	25-26	26-27	27-28	28-29	29-30
PASSENGER FARES	\$230,571.00	\$249,016.68	\$268,938.01	\$290,453.06	\$313,689.30
ORGANIZATION FUNDS	\$39,611.00	\$31,212.00	\$13,212.00	\$13,212.00	\$13,212.00
ADVERTISING	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00
MISC	\$25,300.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
TOTAL	\$355,482.00	\$365,228.68	\$367,150.01	\$388,665.06	\$411,901.30
RIDERSHIP	278,899	306,789	337,468	371,215	337,468
OPERATING EXPENSES					
VEHICLE MAINTENANCE	\$586,433.00	\$568,175.00	\$579,873.00	\$592,526.00	\$606,530.00
FACILITY MAINTENANCE	\$95,747.00	\$98,547.00	\$100,793.00	\$103,127.00	\$105,516.00
VEHICLE OPERATIONS	\$2,372,771.00	\$2,431,746.00	\$2,547,216.00	\$2,622,476.00	\$2,717,607.00
GENERAL AND ADMINISTRATIVE	\$1,110,942.00	\$1,161,879.00	\$1,188,576.00	\$1,117,072.00	\$1,145,562.00
TOTAL	\$4,165,893.00	\$4,260,347.00	\$4,416,458.00	\$4,435,201.00	\$4,575,215.00
OPERATING LOSS	(\$3,810,411.00)	(\$3,895,118.32)	(\$4,049,307.99)	(\$4,046,535.94)	(\$4,163,313.70)
NON-OPERATING REVENUES					
FEDERAL 5307	\$1,483,271.00	\$1,516,723.00	\$1,661,943.00	\$1,695,181.86	\$1,729,085.50
STATE ACT 89, SECTION 1513	\$2,134,336.00	\$2,177,877.57	\$2,178,721.15	\$2,134,178.05	\$2,208,093.12
INTEREST	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
LOCAL CONTRIBUTION	\$142,804.00	\$150,517.75	\$158,643.84	\$167,176.03	\$176,135.08
TOTAL	\$3,810,411.00	\$3,895,118.32	\$4,049,307.99	\$4,046,535.94	\$4,163,313.70
NET INCOME/LOSS	\$0.00	\$0.00	(\$0.00)	\$0.00	(\$0.00)

SHARED RIDE FINANCIAL PROJECTIONS					
	BUDGET				
OPERATING REVENUES	25-26	26-27	27-28	28-29	29-30
AGENCY REVENUE	\$230,439.00	\$239,877.00	\$251,871.00	\$264,464.00	\$277,688.00
PASSENGER FARES	\$81,787.00	\$85,872.00	\$90,165.00	\$94,673.00	\$99,407.00
ADA FARES	\$13,581.00	\$13,797.00	\$14,487.00	\$15,211.00	\$15,972.00
ADA SUBSIDY STATE	\$52,563.00	\$55,602.00	\$58,382.00	\$61,301.00	\$65,366.00
ADA SUBSIDY LOCAL	\$3,331.00	\$3,524.00	\$3,700.00	\$3,885.00	\$4,079.00
PWD FARES	\$24,000.00	\$20,282.00	\$21,296.00	\$22,361.00	\$23,479.00
PWD SUBSIDY	\$92,049.00	\$101,573.00	\$106,651.00	\$111,984.00	\$117,583.00
PENNDOT	\$330,485.00	\$346,991.00	\$364,340.00	\$382,557.00	\$404,685.00
MISC INCOME	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
INTEREST	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
TOTAL	\$828,335.00	\$872,618.00	\$915,992.00	\$961,536.00	\$1,013,359.00
RIDERSHIP	39,097	41,051	43,103	42,259	47,251
OPERATING EXPENSES					
VEHICLE MAINTENANCE	\$339,955.00	\$347,164.00	\$352,560.00	\$360,574.00	\$368,901.00
FACILITY MAINTENANCE	\$33,552.00	\$34,549.00	\$35,322.00	\$36,131.00	\$36,958.00
VEHICLE OPERATIONS	\$1,298,992.00	\$1,347,795.00	\$1,379,820.00	\$1,420,940.00	\$1,463,160.00
GENERAL AND ADMINISTRATIVE	\$460,606.00	\$486,959.00	\$497,732.00	\$477,451.00	\$489,664.00
TOTAL	\$2,133,105.00	\$2,216,467.00	\$2,265,434.00	\$2,295,096.00	\$2,358,683.00
OPERATING LOSS	(\$1,304,770.00)	(\$1,343,849.00)	(\$1,349,442.00)	(\$1,333,560.00)	(\$1,345,324.00)
NON-OPERATING REVENUES					
STATE ACT 89, SECTION 1513	\$1,292,770.00	\$1,331,849.00	\$1,337,442.00	\$1,321,560.00	\$1,333,324.00
LOCAL CONTRIBUTION	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
TOTAL	\$1,304,770.00	\$1,343,849.00	\$1,349,442.00	\$1,333,560.00	\$1,345,324.00
NET INCOME/LOSS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The following is a review of LT's **Ridership and Productivity Projections** through **FY 2029/2030**.

FIXED ROUTE RIDERSHIP PRODUCTIVITY PROJECTIONS					
	25-26 bdgt data	26-27	27-28	28-29	29-30
PASSENGER TRIPS	215,644	232,896	251,527	271,649	293,381
VEHICLE REVENUE MILES	443,000	443,000	443,000	443,000	443,000
VEHICLE REVENUE HOURS	27,000	27,000	27,000	27,000	27,000
PASSENGER PER HOUR	7.99	8.63	9.32	10.06	10.87
OP. COST PER HOUR	\$ 154.29	\$ 157.79	\$ 163.57	\$ 164.27	\$ 169.45
OP. REVENUE PER HOUR	\$ 13.17	\$ 13.53	\$ 13.60	\$ 14.40	\$ 15.26
OP. COST PER TRIP	\$ 19.32	\$ 18.29	\$ 17.56	\$ 16.33	\$ 15.59
OP. COST PER MILE	\$ 9.40	\$ 9.62	\$ 9.97	\$ 10.01	\$ 10.33
FAREBOX RECOVERY	8.53%	8.57%	8.31%	8.76%	9.00%
NON-SUBSIDY REVENUE	\$ 355,482.00	\$365,229.00	\$367,150.00	\$388,665.00	\$411,901.00
OPERATING EXPENSES	\$ 4,165,893.00	\$4,260,347.00	\$4,416,458.00	\$4,435,201.00	\$4,575,215.00

SHARED RIDE RIDERSHIP PRODUCTIVITY PROJECTIONS					
	25-26 bdgt data	26-27	27-28	28-29	29-30
PASSENGER TRIPS	39,096	41,051	43,103	45,259	47,251
VEHICLE REVENUE MILES	257,255	270,118	283,624	297,805	312,695
VEHICLE REVENUE HOURS	16,004	16,804	17,644	18,527	19,453
PASSENGER PER HOUR	2.44	2.44	2.44	2.44	2.43
OP. COST PER HOUR	\$ 133.29	\$ 131.90	\$ 128.40	\$ 123.88	\$ 121.25
OP. REVENUE PER HOUR	\$ 51.76	\$ 51.63	\$ 51.63	\$ 51.63	\$ 51.84
OP. COST PER TRIP	\$ 54.56	\$ 53.99	\$ 52.56	\$ 50.71	\$ 49.92
OP. COST PER MILE	\$ 8.29	\$ 8.21	\$ 7.99	\$ 7.71	\$ 7.54
FAREBOX RECOVERY	38.83%	39.14%	40.21%	41.68%	42.75%
NON-SUBSIDY REVENUE	\$ 828,335.00	\$867,618.00	\$910,992.00	\$956,536.00	\$1,008,359.00
OPERATING EXPENSES	\$ 2,133,105.00	\$2,216,467.00	\$2,265,434.00	\$2,295,096.00	\$2,358,683.00

CONCLUSION

Lebanon Transit (LT) is confident in its ability to maintain adequate financial capacity to provide reliable, efficient, and sustainable public transit service in Lebanon County over the next five (5) years and beyond. The financial and productivity projections contained in this Plan are grounded in historical trends, current funding structures, and reasonable assumptions about future operating and capital conditions. Together, these factors provide a realistic foundation for evaluating LT's long-term financial stability.

While LT anticipates stable federal, state, and local support, the Authority also recognizes that unforeseen reductions in operating assistance could occur. In the event of significant funding cuts at any level, LT is prepared to respond promptly and strategically. LT will work closely with its Board of Directors to evaluate options, adjust operations as needed, and ensure that decisions are guided by fiscal responsibility and the needs of the citizens of Lebanon County.

Looking ahead, LT's primary financial goal is to continue maximizing operating revenues so they keep pace with projected operating expenses. Through careful financial management, continuous performance monitoring, and a commitment to cost-effective service delivery, LT will strive to maintain a strong financial posture and ensure the continued availability of quality public transportation for the community.

Lebanon Transit
200 Willow Street
Lebanon, PA 17046
717.274.3664

Lebanon Transit is a Drug-Free Workplace
Lebanon Transit is an Equal Employment Opportunity Employer