

COMMISSIONERS OF CUMBERLAND COUNTY

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Vice Chairman

Gary Eichelberger
Secretary

June 17, 2016

CAT Board of Directors
c/o William A. Jones
General Manager
Capital Area Transit
901 N. Cameron Street
Harrisburg, PA 17101

Dear CAT Board of Directors:

Pursuant to your recent requests regarding Cumberland County's disposition towards providing CAT with its share of matching funds for the last 6 months of 2016, we provide the following:

In our letter to you of November 9, 2015, regarding our County's local match for calendar year 2016; and citing our MOU with CAT of 2015, we committed to fund CAT \$146,838 to cover our obligations from January 1 through June of this year. The reasons for taking this action were twofold:

- A failure on CAT's part to achieve any significant progress on cost containment, as evidenced by an increase of 10% in CAT's audited expenses in 2014-15 over your previous fiscal year
- Lack of progress by CAT in moving towards regionalization as outlined in PennDOT's Phase II Study in order to achieve the cost savings and service enhancements contained therein.

It should be further noted that on February 25, 2016, the Cumberland County Board of Commissioners passed a resolution endorsing PennDOT's Phase II Study, stating in part that the Commissioners wished "to begin implementing regionalization on July 1, 2017 or otherwise at the earliest opportunity that assures a smooth, uninterrupted transition of service to the single regional transit authority."

In surveying these issues, now some 6 months later, as they relate to providing local match to CAT going forward, we must regrettably note that, at a minimum, there has been no significant progress on either front.

Our target date for implementation of a consolidated regional transit solution for Cumberland County remains July 1, 2017. Our fervent hope is that all CAT funding partners would join in such an effort. However, we respect that other CAT funding partners may wish at this time to pursue other options, such as proposed by Dauphin County in regards to a possible

collaboration with Lebanon Transit. In such an instance, Cumberland County would expect to be allowed by its fellow CAT funding partners to pursue its desired form of regional consolidation as much in alignment with the Phase II study as possible.

As Cumberland County wishes to ensure uninterrupted fixed route service for its residents, we will pay the remaining 2 quarterly installments for 2016; either as billed, a mutually agreed upon crediting of any surplus billings from prior years, or a combination of the two. However, the County's funding allocation for CAT from January 1, 2017 thru June 30, 2017 is dependent upon the following:

1. That a competent and mutually agreed upon third party be placed in charge of CAT management and operations via an appropriate method of engagement with the primary purpose of transitioning CAT either to a single consolidated regional transit entity as outlined in PennDOT's Phase II Study; or any number of "mini" consolidations (Cumberland/York, Dauphin/Lebanon, with Harrisburg determining its path) ; as soon as feasible (hereafter Option 1); OR
2. Failing such, that Cumberland County and any other current CAT funding partner so inclined be granted permission to withdraw from CAT by its Board of Directors without harm or prejudice as of July 1, 2017, to implement other options for its fixed route transit needs within the general parameters of the PennDOT Phase II Study (hereafter Option 2).

Under either Option 1 or 2, Cumberland County would agree to consider funding CAT, per the options presented above, in 2017 on a quarterly basis until such time as either CAT no longer exists in its current structure, or Cumberland County (and any other funding partner so inclined) withdraws from CAT as outlined above in Option 2.

Further, for as long a time that Cumberland County continues to fund CAT, our intention is to support financially and operationally via our representatives to the CAT Board only such measures that might be conducive to fixed route consolidation as outlined in the PennDOT Phase II model; or in so-called "mini" consolidations between Dauphin/Lebanon and Cumberland /York (with Harrisburg deciding if and which path to join). Support for such expenditures – including the possible engagement of a consultant through PennDOT - would be predicated on the extent to which they would make CAT's state of affairs more conducive to consolidation by either approach.

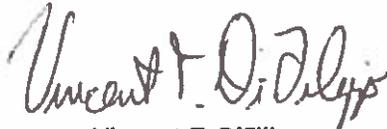
Under either Option, Cumberland County would be more than willing to participate in a second wave of consolidations with South Central Counties in any combination, 5 years hence if such mergers produced further cost savings and improvements in service.

The opportunity for partner subsidy savings and more/better service for our citizens, as embodied in PennDOT's Phase II Study, is too great to squander. It is time to move decisively in that direction.

With thanks for your patience and consideration, we remain at your disposal to provide any additional information you might require.

Sincerely,

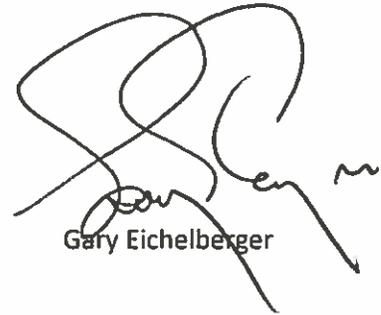
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Vincent T. DiFilippo



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Gary Eichelberger

cc: **CAT Board Members**
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