



# FY22 Preliminary Operating and Capital Budgets

Port Authority of Allegheny County  
May 2021

Katharine Kelleman  
Chief Executive Officer

Pete Schenk  
Chief Financial Officer

# Introduction

# FY 2022 Operating Budget

# FY2022 Preliminary Operating and Capital Budgets

## COVID Uncertainty

- Nearly 15 months after the start of the pandemic, average weekday ridership remains 35-40% of pre-pandemic levels.
- Ridership WILL return. But when?
- Other income remains in question.

## Act 89 Uncertainty

- Turnpike funding is scheduled to be reduced beginning FY2023.

- Total Operating Income \$54.8 million below budget.
- Bus ridership down by 69% & rail ridership by 83%
- Service hours 10% less than pre-pandemic.
- Safety for employees & riders is our priority.
- Federal funding has filled gaps: Port Authority can draw down from more than \$500 million from The Coronavirus Aid, Relief, and Economic Security (CARES) Act (March 2020), the Coronavirus Response and Relief Supplemental Appropriations Act (December 2020), and the American Rescue Plan (March 2021).

- Operating and capital budgets now reflect shifting from COVID challenges to PAAC initiatives.
- Operating revenue budgeted at pre-pandemic levels to ease Federal stimulus invoicing.
- Total passenger revenue reduced by \$1 million due to proposed fare changes.
- No overall service hour additions.
- Added staffing to fulfill PAAC initiatives.

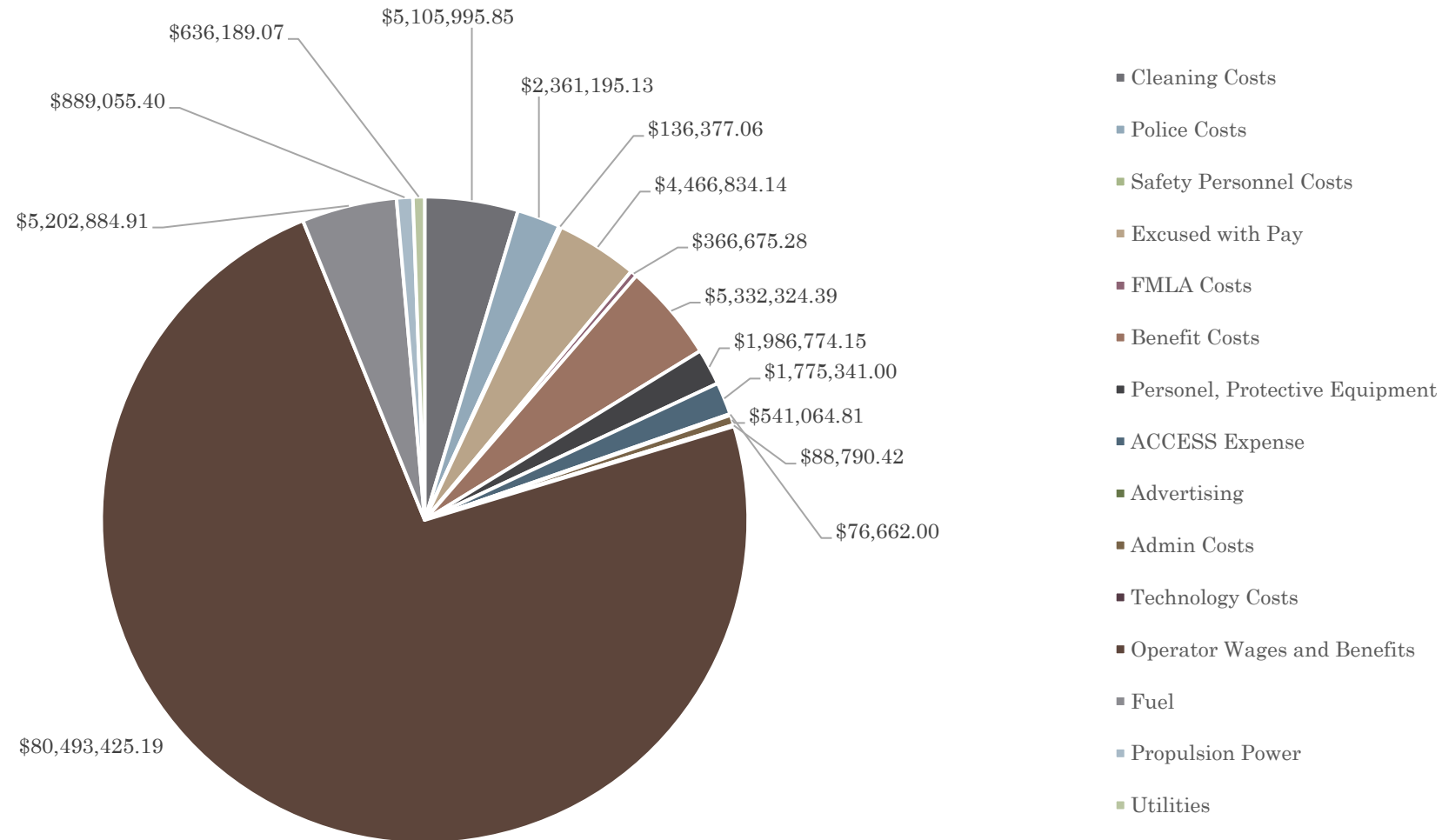
- State operating income is unchanged at \$244.85 million.
- Total state capital funding totals \$113.51 million.
- Total operating grant capitalizations reduced due to reduction in use of federal preventive maintenance.
- Lower energy prices should benefit the authority.
- No change to ACCESS fares or service levels.

# Federal Stimulus Update



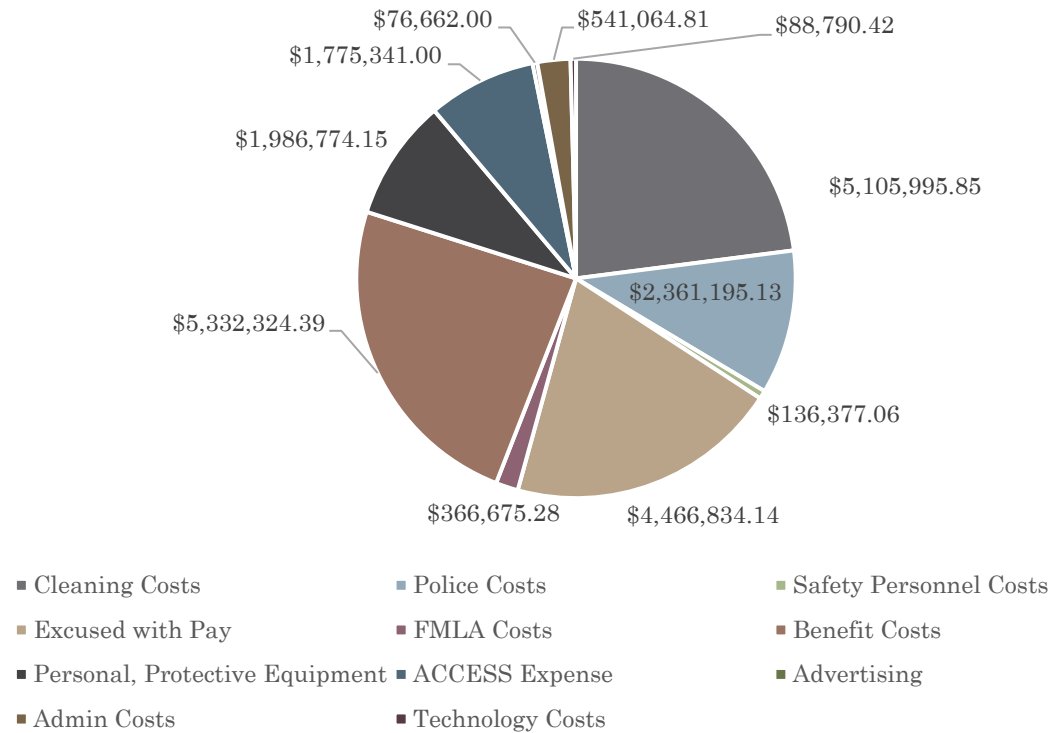
# Combined Port Authority and County CARES Funding

## CARES Invoicing of \$109.5 million by Category



# County CARES Only as Offset to Drink Tax Reduction

## Total of \$22.2 million



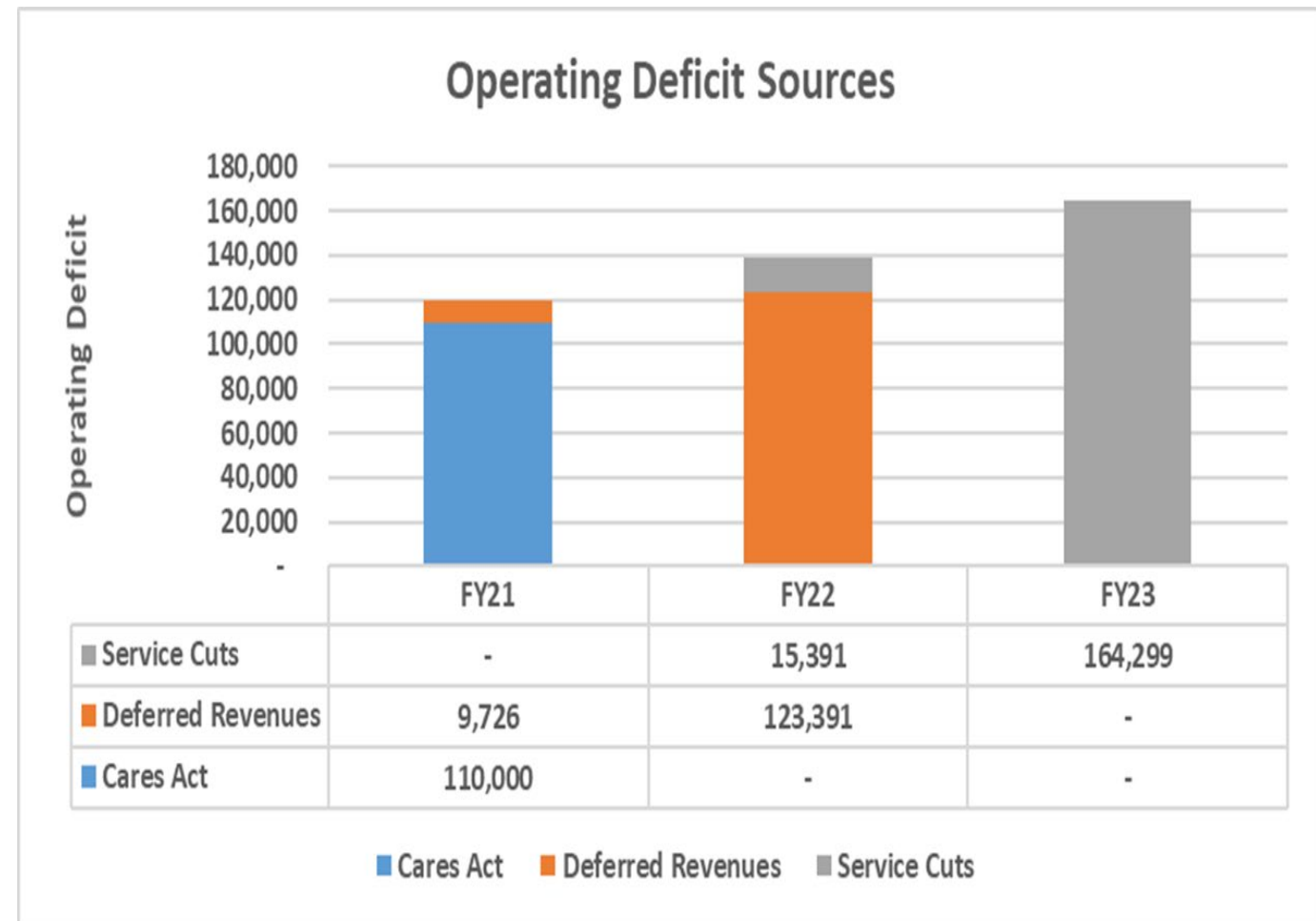
Cleaning Costs	\$5,105,995.85
Police Costs	\$2,361,195.13
Safety Personnel Costs	\$136,377.06
Excused with Pay	\$4,466,834.14
FMLA Costs	\$366,675.28
Benefit Costs	\$5,332,324.39
Personal, Protective Equipment	\$1,986,774.15
ACCESS Expense	\$1,775,341.00
Advertising	\$76,662.00
Admin Costs	\$541,064.81
Technology Costs	\$88,790.42

# CARES Act- 1st Round of Federal Stimulus Funding

- CARES Act Funding, with current ridership levels, was projected to sustain operations until first quarter of FY2022.
- The Authority has invoiced \$109.5 million in CARES Funding since March 2020.
- Approximately \$87.3 million originated from Port Authority's CARES Grant.
- Additional, \$22.2 million originated from Allegheny County to offset Drink Tax reduction.

## December 2020 Scenario with Only One Round of Federal Stimulus

- CARES Act exhausted this year
- Deferred revenues exhausted next year
- Annual service cuts would need to be approximately 50% of current service levels



# How has Port Authority utilized Federal Stimulus funding?

- The Authority has used federal stimulus funds for:
  - Maintaining service
  - No lay-offs
  - Cleaning and sanitizing vehicles and stations
  - Contact tracing
  - Paid time-off for those exposed or sick with Covid.
  - Personnel protective equipment (PPE)
  - Plexiglass driver shields
  - Vehicle air filtration systems
  - Facility air filtration systems

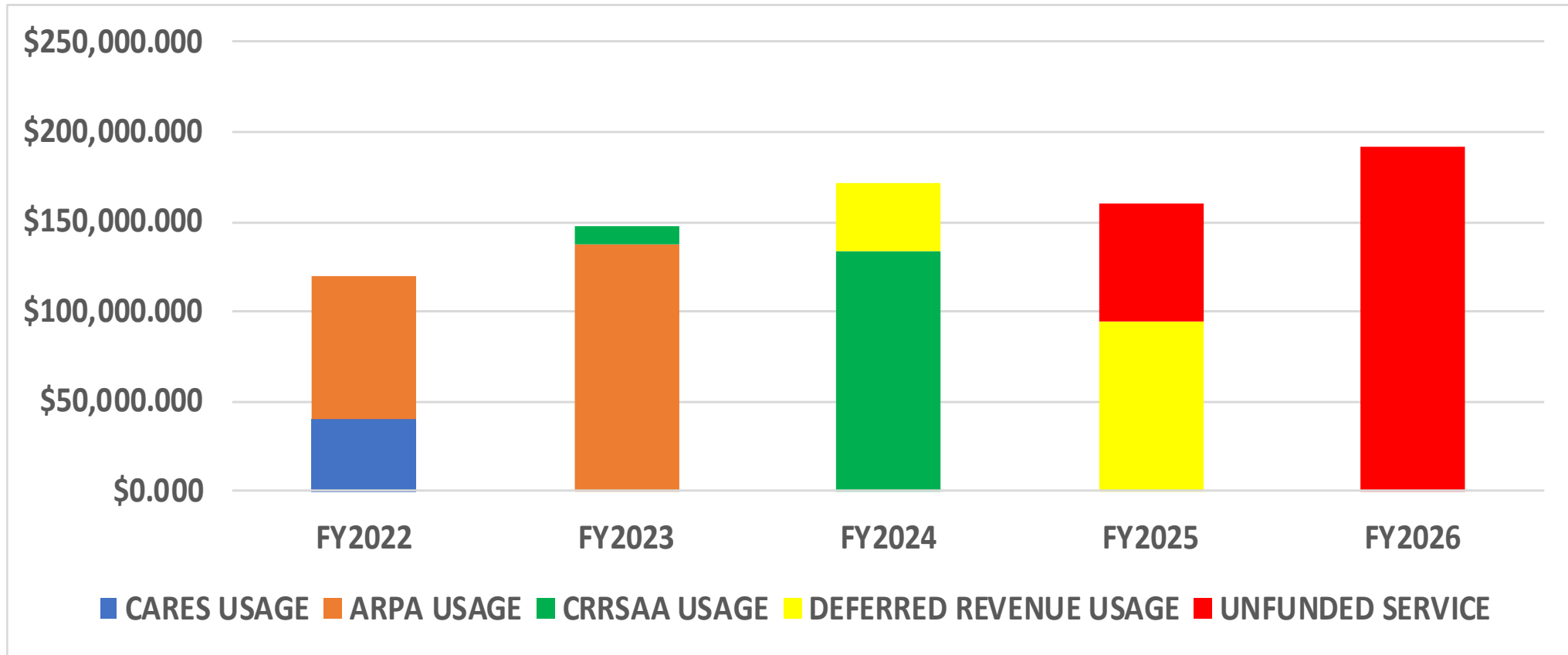
Federal Funding Package	Total
CARES Act	\$141,720,013
Coronavirus Response and Relief Supplemental Appropriations Act	\$143,786,423
American Rescue Plan	\$216,984,893
<b>Total</b>	<b>\$502,491,329</b>

# Federal Stimulus Funding Update

# All Three Rounds of Federal Stimulus with Current Ridership

- Second and Third Rounds of Federal stimulus permit the Authority to continue protect and preserve current routes in operation.
- Stimulus permits the Authority to maintain safety of both riders and employees.
- If ridership remains at current levels, the Authority will potentially exhaust its federal stimulus funding by FY2024.
- Current operating levels would be sustained in FY2024 with Deferred Revenues.

# 5 Year Operating Budget Projections - Current Ridership Levels



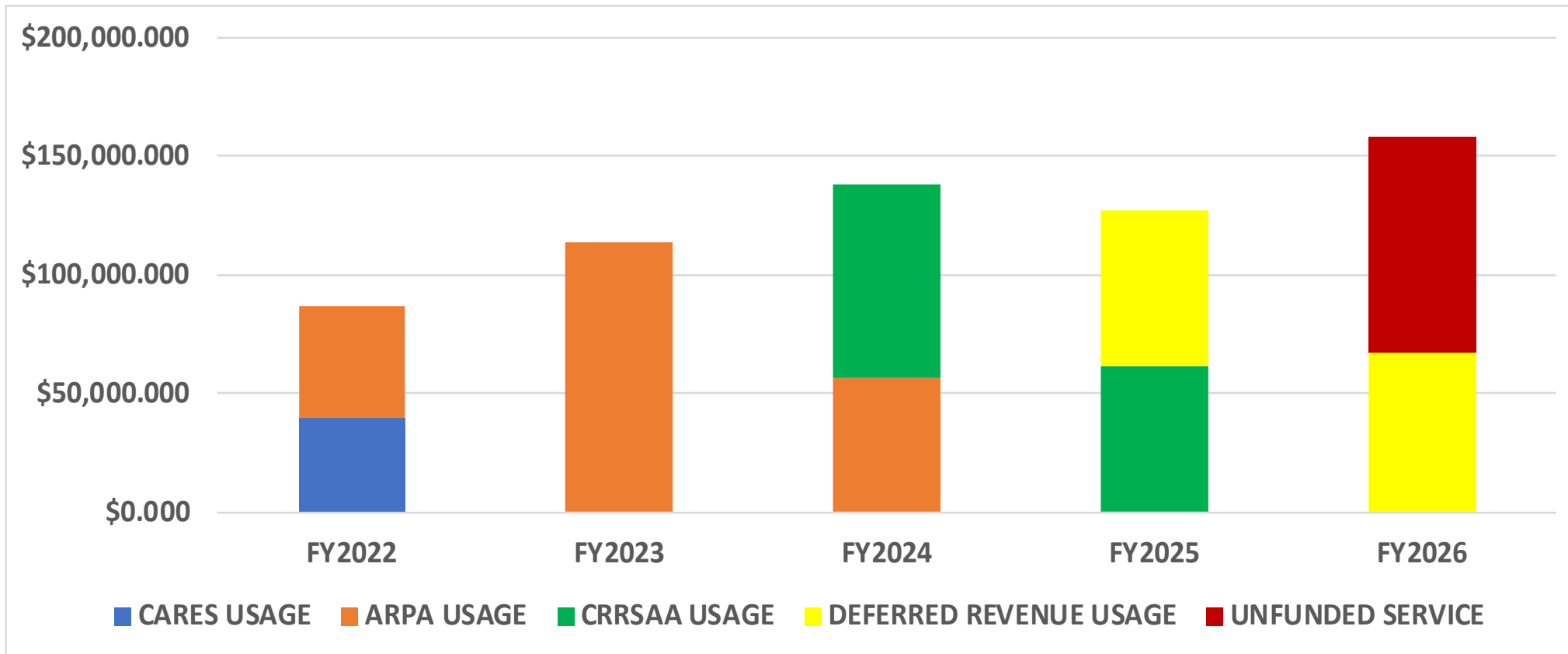


## All Three Rounds of Federal Stimulus with 50% Ridership Recovery from Current

- Second and Third Rounds of Federal stimulus permit the Authority to continue protect and preserve current routes in operation.
- Stimulus permits the Authority to maintain safety of both riders and employees.
- If ridership remains at current levels, the Authority will potentially exhaust its federal stimulus funding by mid FY2025.
- Current operating levels would be sustained in FY2025 with Operating Reserves.

# 5 Year Operating Budget Projections

## - 50% Passenger Recovery from Current

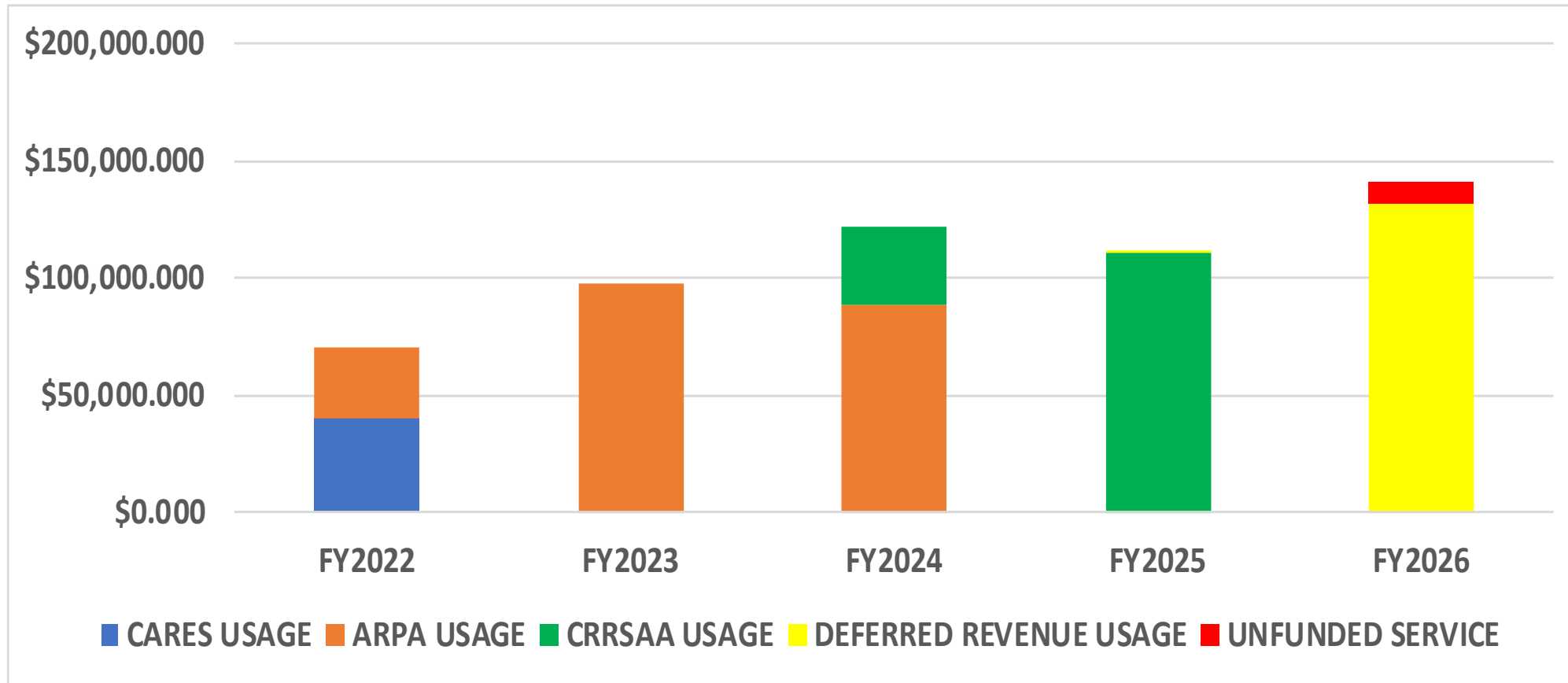


## All Three Rounds of Federal Stimulus with 75% Ridership Recovery from Current

- Second and Third Rounds of Federal stimulus permit the Authority to continue protect and preserve current routes in operation.
- Stimulus permits the Authority to maintain safety of both riders and employees.
- If ridership remains at current levels, the Authority will potentially exhaust its federal stimulus funding by the end of FY2025.
- Current operating levels would be sustained in FY2026 with Operating Reserves.

# 5 Year Operating Budget Projections

## - 75% Passenger Recovery from Current



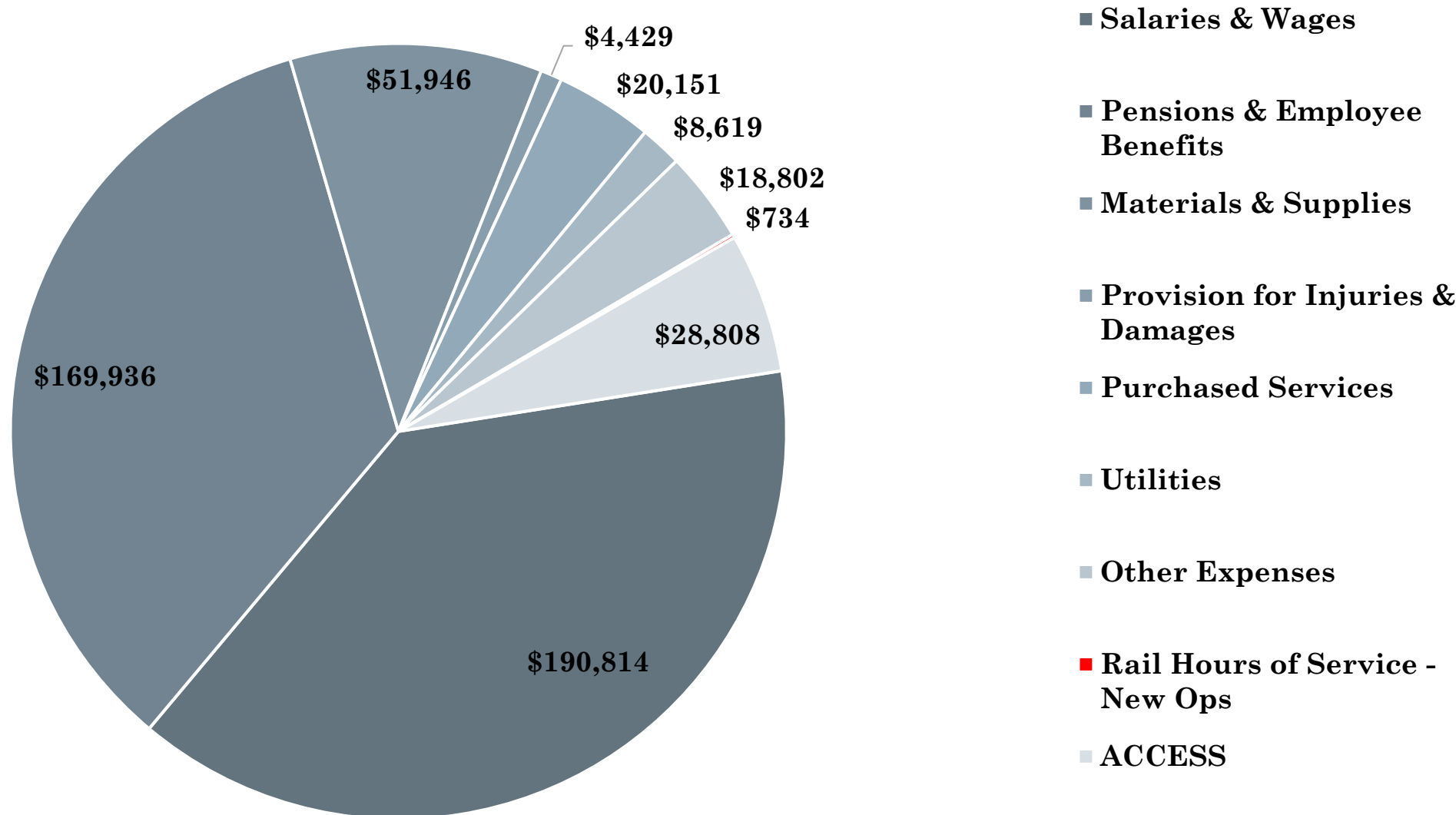
## Impact of Pandemic on Operating Reserves at the end of FY2021

- Operating reserves last year \$132.7 million (June 30, 2020).
- Projected operating reserves this year \$132.7 million (June 30, 2021).
- First round of CARES Act funding used to offset reduced revenue and sales tax for the current fiscal year.

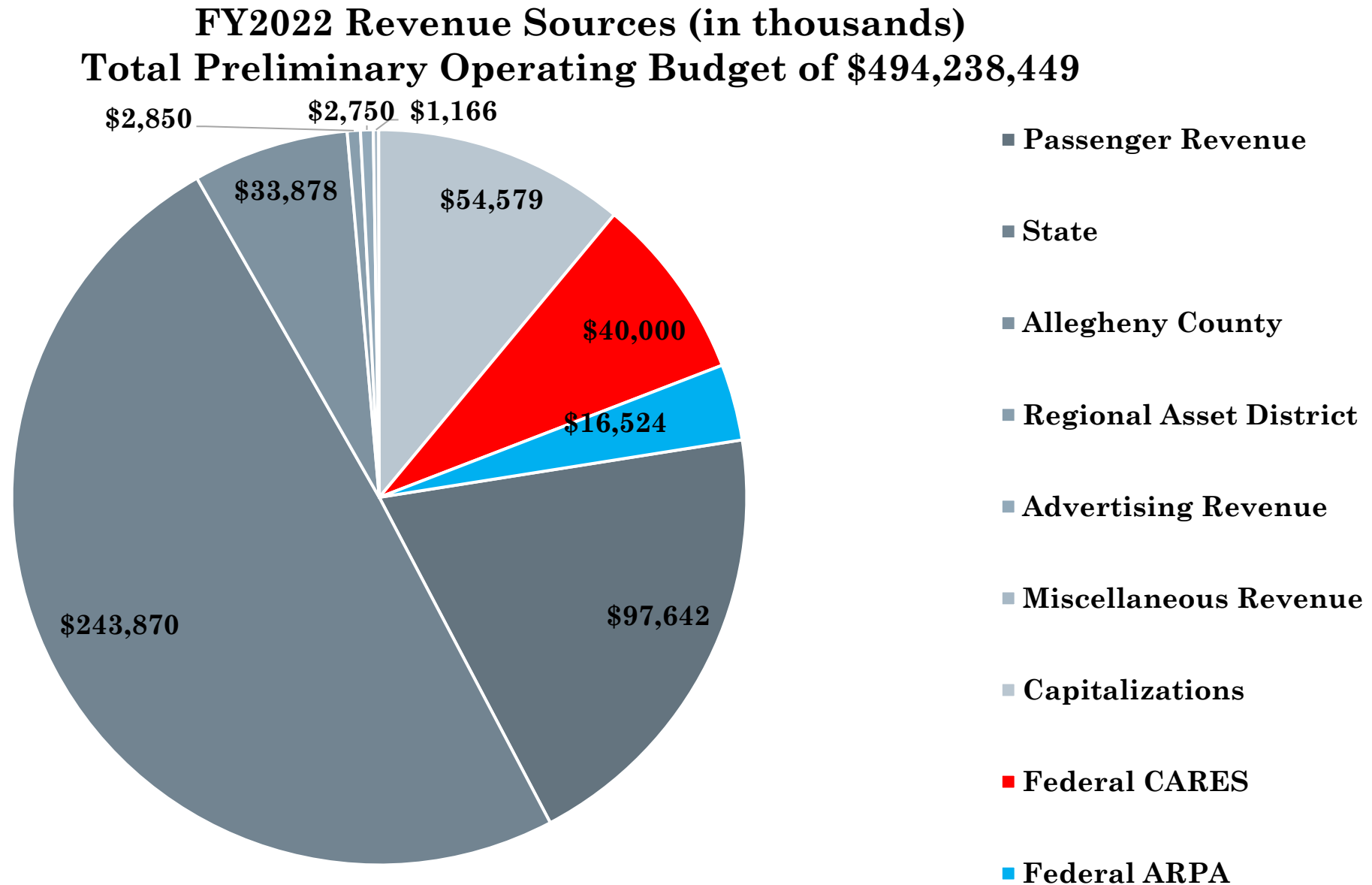
# Preliminary FY2022 Operating Budget Detail

# Budget – Expenses by Category

FY2022 Expense Categories (in thousands)  
Total Preliminary Budget \$494,238,449



# Budget – Sources of Revenue





# Operating Budget- Revenues

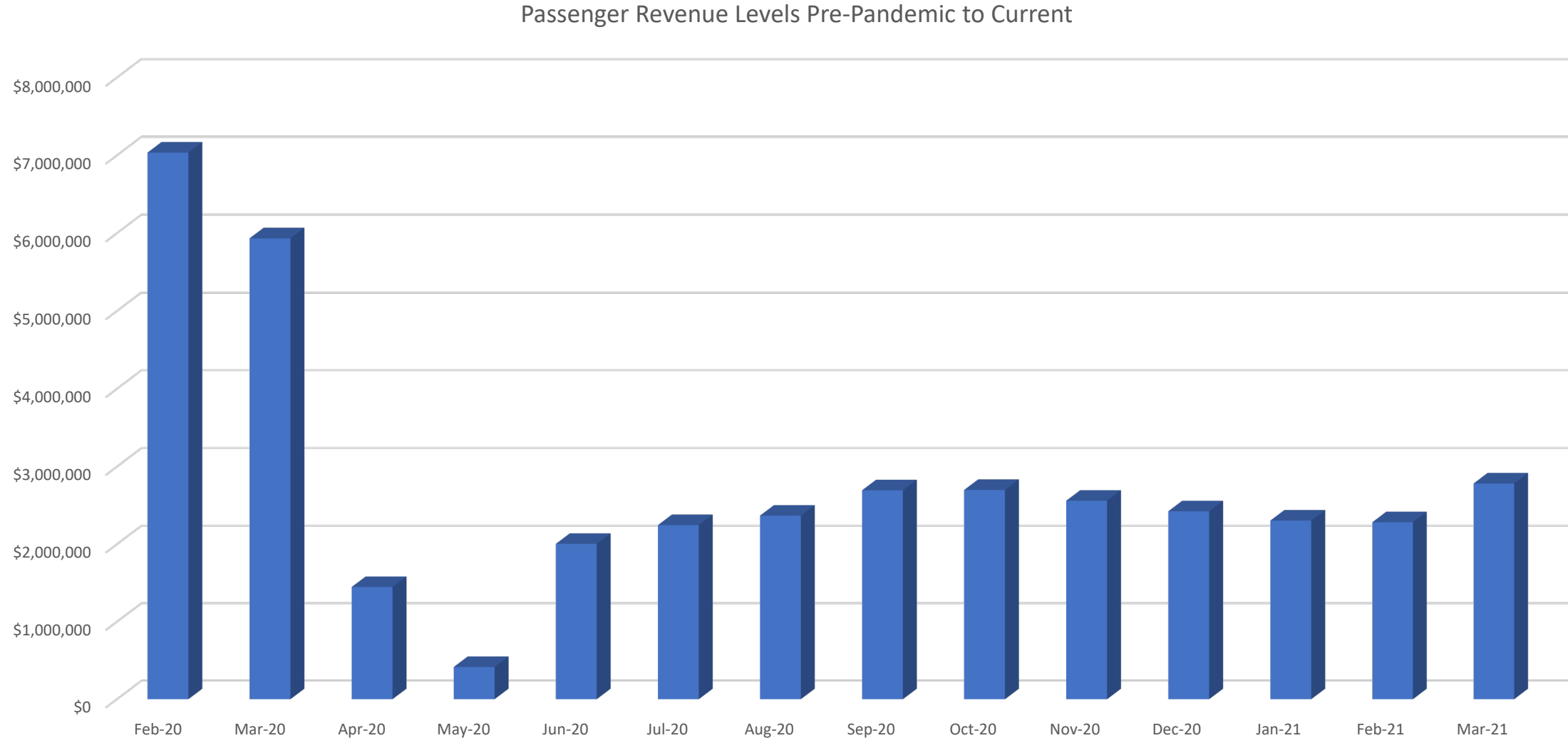
<b>REVENUES:</b>	<b>FY20</b>	<b>FY21</b>	<b>FY2022</b>	<b>FY21 Budget vs.</b>	<b>FY21 Budget vs.</b>
	<b>Final</b>	<b>Final</b>	<b>Preliminary</b>	<b>FY22 Prelim Budget</b>	<b>FY22 Prelim Budget</b>
	<b>Audited</b>	<b>Budget</b>	<b>Budget</b>	<b>Amount Change</b>	<b>Percentage Change</b>
PASSENGER REVENUES					
BUS, LRT AND INCLINE	\$ 60,763.917	\$ 77,136.356	\$ 76,134.356	\$ (1,002.000)	-1.30%
ACCESS PROGRAM SERVICE	\$ 8,607.351	\$ 10,393.700	\$ 9,993.200	\$ (400.500)	-3.85%
CONTRACT SERVICES	\$ 8,577.626	\$ 11,514.594	\$ 11,514.594	\$ -	0.00%
ADVERTISING	\$ 3,089.427	\$ 2,750.000	\$ 2,750.000	\$ -	0.00%
INTEREST INCOME	\$ 2,039.636	\$ 1,587.000	\$ 352.004	\$ (1,234.996)	-77.82%
OTHER INCOME	\$ 831.987	\$ 814.367	\$ 814.367	\$ -	0.00%
<b>TOTAL REVENUES</b>	<b>\$ 83,909.944</b>	<b>\$ 104,196.017</b>	<b>\$ 101,558.521</b>	<b>\$ (2,637.496)</b>	<b>-2.53%</b>

# Budget Highlights

## - Total Revenue

- Total revenue budgeted at pre-pandemic levels less \$1 million for fare change.
- U-PASS budgeted at \$1.25 per tap.
- Actual passenger revenue below \$3 million/month through COVID.
- ACCESS revenue budgeted at near pre-pandemic levels.
- Advertising revenue currently budgeted slightly below pre-pandemic levels.
- Interest Income budgeted below pre-pandemic rates due to lower interest rate environment.

# Passenger revenue levels through the pandemic



# Operating Budget- Expenses

<b>EXPENSES:</b>	<b>FY20</b>	<b>FY21</b>	<b>FY2022</b>	<b>FY21 Budget vs.</b>	<b>FY21 Budget vs.</b>
	<b>Final</b>	<b>Final</b>	<b>Preliminary</b>	<b>FY22 Prelim Budget</b>	<b>FY22 Prelim Budget</b>
	<b>Audited</b>	<b>Budget</b>	<b>Budget</b>	<b>Amount Change</b>	<b>Percentage Change</b>
WAGES AND SALARIES	\$173,182.416	\$180,755.712	\$190,814.098	\$10,058.386	5.56%
PENSIONS AND EMPLOYEE BENEFITS	\$160,521.132	\$180,411.795	\$169,935.975	-\$10,475.820	-5.81%
MATERIALS AND SUPPLIES	\$41,570.904	\$47,490.834	\$51,946.032	\$4,455.198	9.38%
PROVISION FOR INJURIES AND DAMAGES	\$3,056.659	\$4,649.000	\$4,429.000	-\$220.000	-4.73%
PURCHASED SERVICES	\$12,667.166	\$17,749.750	\$20,150.600	\$2,400.850	13.53%
UTILITIES	\$7,753.214	\$8,248.264	\$8,619.080	\$370.816	4.50%
OTHER EXPENSE	\$5,071.534	\$16,535.683	\$18,802.055	\$2,266.372	13.71%
FY21 NEW SERVICE EXPENSE	\$0.000	\$598.036	\$0.000	-\$598.036	-100.00%
RAIL HOURS OF SERVICE - NEW OPERATORS	\$0.000	\$0.000	\$734.079	\$734.079	100.00%
ACCESS	\$24,346.319	\$29,222.815	\$28,807.530	-\$415.285	-1.42%
AMOUNTS CAPITALIZED	-\$97,601.796	-\$57,179.904	-\$54,578.728	\$2,601.176	-4.55%
<b>TOTAL NET EXPENSES</b>	<b>\$330,567.548</b>	<b>\$428,481.985</b>	<b>\$439,659.721</b>	<b>\$11,177.736</b>	<b>2.61%</b>
<b>TOTAL GROSS EXPENSES</b>	<b>\$428,169.344</b>	<b>\$485,661.889</b>	<b>\$494,238.449</b>	<b>\$8,576.560</b>	<b>1.77%</b>

# Budget Highlights

## - Wages, Salaries, Benefits

- 32 additional staff to fulfill goals.
- Negotiated ATU rate increase of 2.75%.
- Merit pool of 3% for non-union personnel.
- Second round of Salary Equalization Study increases for certain non-union administrative positions.
- Pension expense budgeted at \$3.2 million less than projected FY2021 total due to higher stock market returns.
- Active Healthcare premiums unchanged until December 2022.
- Active Healthcare assumes filling 130 additional jobs from current level.

# Budget Highlights

## - Materials & Supplies

- Materials & supplies budgeted at \$51.9 million which is \$4.5 million higher:
- Diesel fuel at a blended average of \$2.06/gallon (7.08 million gallons)
- Materials budget \$840,000 higher due to driver shield extensions.
- Supplies increase by \$635,000 due to COVID.
- Re-conditioned units increase by \$1.5 million for various LRV overhaul campaigns.
- Tires & Tubes increase by \$400,000 due to anticipated return to pre-pandemic vehicle miles.

## Budget Highlights

### - Purchased Services and Miscellaneous Expense

- Outside Contractor work \$2.4 million higher:
  - Hastus upgrade \$1.2 million
  - Long range plan consulting \$700,000
  - S&B fare policy change order \$300,000
  - LRV Design Costs \$250,000
  - Strategic Plan consulting \$200,000
  - Year 1 Trid Study \$175,000

# Operating Budget- Subsidies and Deficit

<b>OPERATING GRANTS:</b>	<b>FY20</b>	<b>FY21</b>	<b>FY2022</b>	<b>FY21 Budget vs.</b>	<b>FY21 Budget vs.</b>
	<b>Final</b>	<b>Final</b>	<b>Preliminary</b>	<b>FY22 Prelim Budget</b>	<b>FY22 Prelim Budget</b>
	<b>Audited</b>	<b>Budget</b>	<b>Budget</b>	<b>Amount Change</b>	<b>Percentage Change</b>
STATE OPERATING ASSISTANCE	\$ 237,585.202	\$ 243,992.740	\$ 243,869.855	\$ (122.885)	-0.05%
STATE OPERATING ASSIISTANCE USED FOR ACCESS	\$ 615.259	\$ 857.415	\$ 980.300	\$ 122.885	14.33%
REGIONAL ASSET DISTRICT FUNDING	\$ 2,957.143	\$ 3,000.000	\$ 2,850.000	\$ (150.000)	-5.00%
COUNTY OPERATING ASSISTANCE	\$ 5,500.000	\$ 33,727.523	\$ 33,877.523	\$ 150.000	0.44%
<b>TOTAL OPERATING GRANTS</b>	<b>\$ 246,657.604</b>	<b>\$ 281,577.678</b>	<b>\$ 281,577.678</b>	<b>\$ -</b>	<b>0.00%</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>\$ -</b>	<b>\$ (42,708.290)</b>	<b>\$ (56,523.521)</b>	<b>\$ (13,815.23)</b>	<b>32.35%</b>
CARES USAGE	\$ -	\$ -	\$ 40,000.000	\$ 40,000.00	0.00%
ARPA USAGE	\$ -	\$ -	\$ 16,523.521	\$ 16,523.52	0.00%
DEFERRED REVENUE USAGE	\$ -	\$ 42,708.290	\$ -	\$ (42,708.29)	-100.00%
<b>ADJUSTED OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>



## FY2021 Preliminary Budget – Revenues and Subsidies

- State Operating Income is unchanged at \$244.85 million.
- Local operating match unchanged at \$36.72 million.
- RAD contribution is \$2.85 million – not \$3 million - due to COVID.
- \$33.88 million from Allegheny County.
- Capitalizations decreasing by \$2.6 million due to shift for bus purchase in 2023.

Summary of Budgeted Personnel by Category  
FY2021 Budget to Preliminary FY2022 Budget

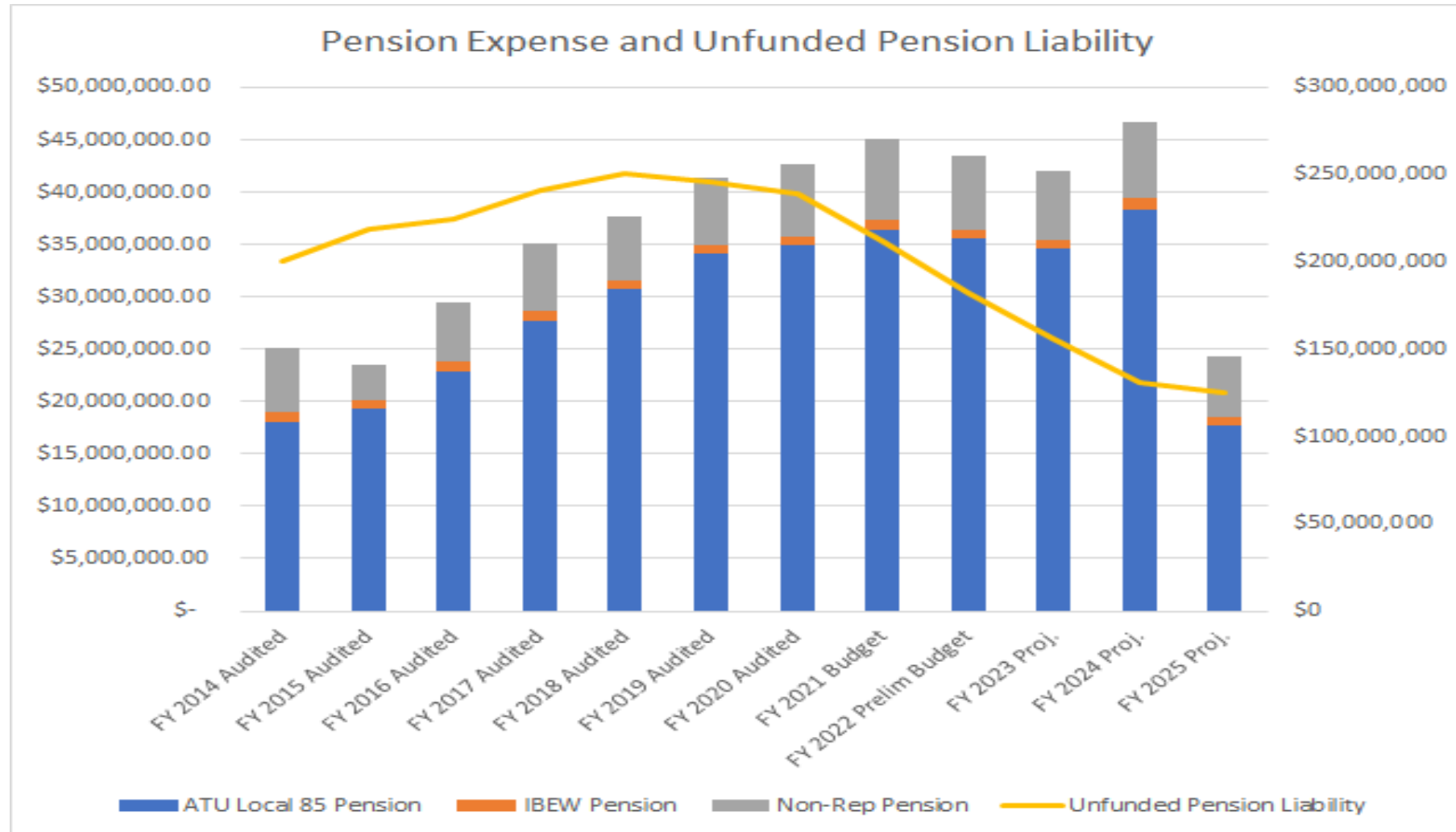
	FY 2020 Budget	FY2021 Budget	FY2022 Preliminary Budget	Headcount Change	% Change	Current Actives (4/13/21)
Salary:						
Non-Union Salary & Administrative	284	291	318	27	10%	274
Union Salary:						
IBEW	65	65	67	2	3%	54
ATU Local 85	214	220	223	3	1%	203
Transit Police	46	46	47	1	2%	44
Total Salary	609	622	655	33	6%	575
Hourly: (ATU Local 85)						
Operators	1,222	1,232	1,232	0	0%	1,155
Non-Operators:						
Maintenance	793	860	859	-1	(0%)	788
Off-Board Fare Collectors	20	20	20	0	0%	17
Materials	37	37	37	0	0%	36
Total Non-Operators	850	917	916	-1	(0%)	841
Total Hourly	2,072	2,149	2,148	-1	(0%)	1,996
TOTAL PERSONNEL	2,681	2,771	2,803	32	1%	2,571

# FY2022 Preliminary Staffing

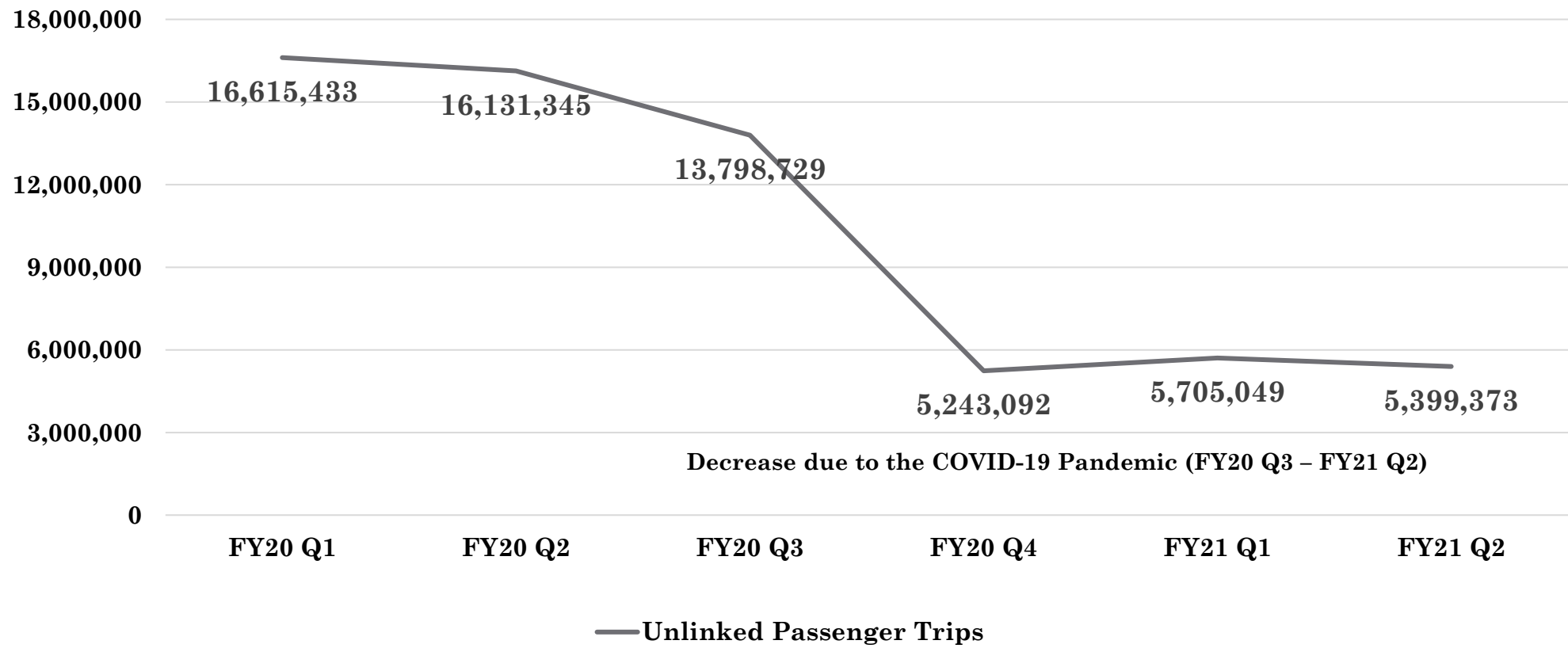
MONTH	FY2018	FY2019	FY2020	FY2021	INCR PCTG	INCR COUNT
JUL	2,527	2,534	2,534	2,509		
AUG	2,512	2,521	2,525	2,508		
SEP	2,521	2,530	2,525	2,510		
OCT	2,533	2,537	2,553	2,549		
NOV	2,533	2,544	2,550	2,557		
DEC	2,535	2,556	2,558	2,569		
JAN	2,535	2,551	2,550	2,570		
FEB	2,527	2,544	2,539	2,567		
MAR	2,519	2,542	2,531	2,567		
AVERAGE	2,527	2,540	2,541	2,545	0.72%	18

# Active Employees

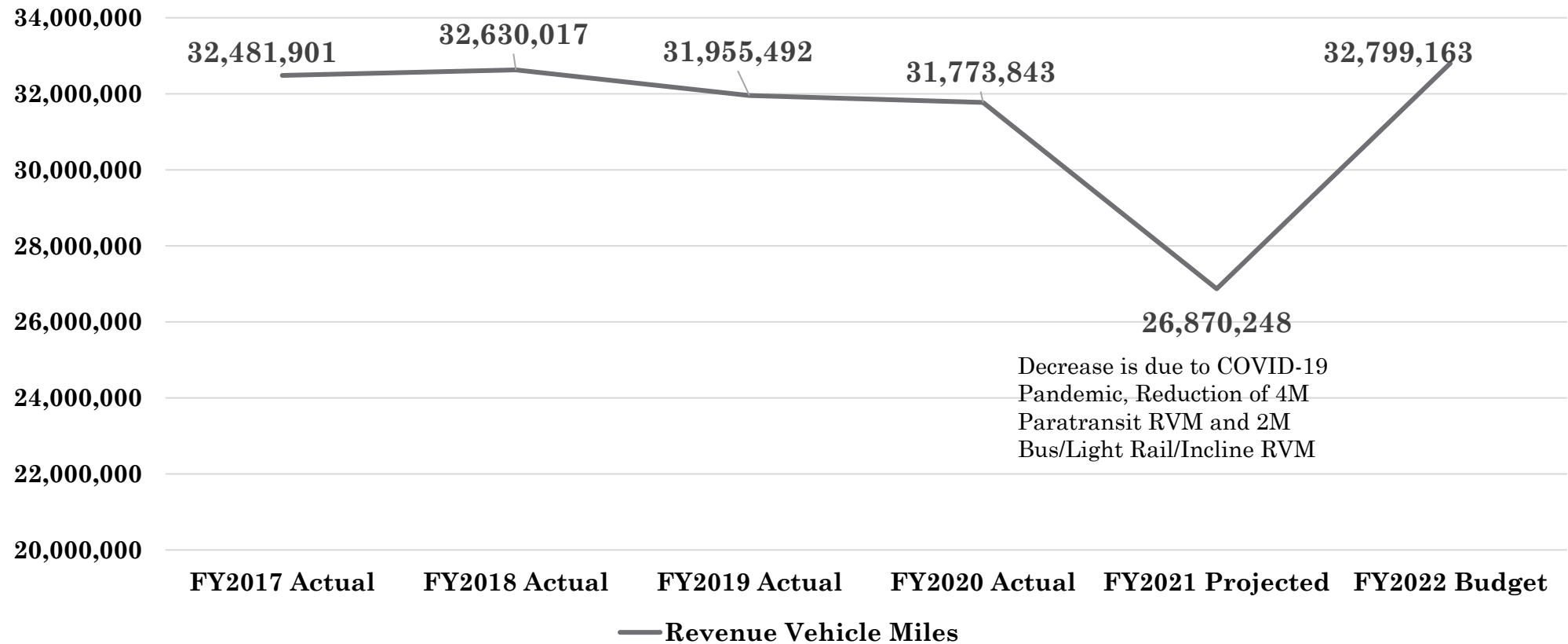
# Pension Expense



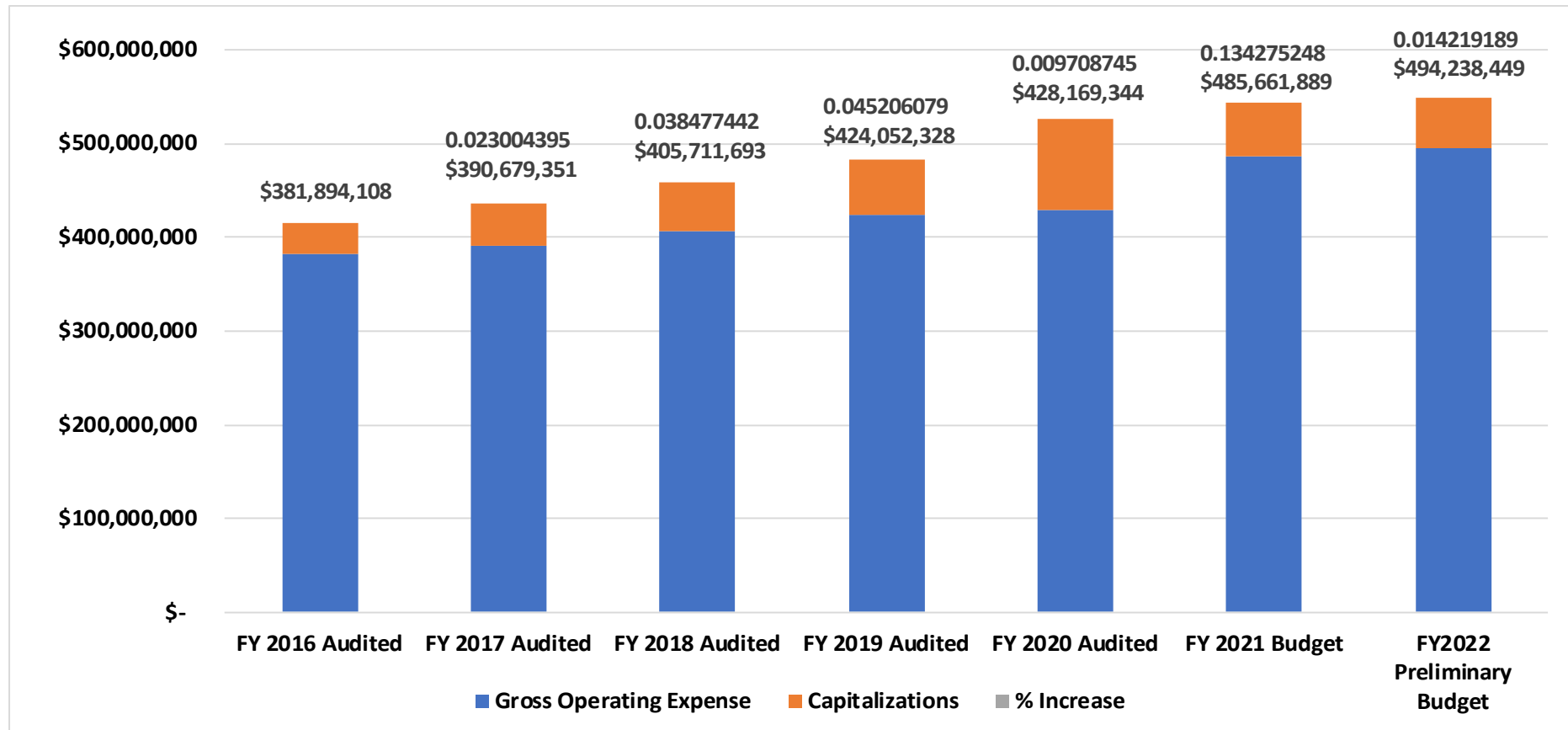
# Unlinked Passenger Trips



# Revenue Vehicle Miles



# Gross Operating Expense



# COVID-19 Impact on FY2021 Operating Budget Results



# Impact of Covid-19 Pandemic on Port Authority's FY2021 Budget

Revenue projected below budget by \$66.5 million (\$48.8 million is passenger revenue)

Interest income projected \$1.2 million below budget due to lower interest rates

Gross expense projected \$24.9 million below budget

Without CARES funding, operating deficit would total \$113.5 million

	FY2021 Budget	FY2021 Projection	\$ Variance
<i>Revenues 000's</i>			
BUS, LRT AND INCLINE	\$77,136.356	\$28,258.944	(\$48,877.41)
ACCESS PROGRAM SERVICE	\$10,393.700	\$6,080.229	(\$4,313.47)
CONTRACT SERVICES	\$11,514.594	\$983.840	(\$10,530.75)
ADVERTISING	\$2,750.000	\$1,470.200	(\$1,279.80)
INTEREST INCOME	\$1,587.000	\$352.004	(\$1,235.00)
OTHER INCOME	\$814.367	\$472.632	(\$341.74)
<b>TOTAL REVENUE</b>	\$104,196.017	\$37,617.849	(\$66,578.17)
<i>EXPENSES:</i>			
WAGES AND SALARIES	\$180,755.712	\$182,577.639	(\$1,821.93)
PENSIONS AND EMPLOYEE BENEFITS	\$180,411.795	\$178,713.836	\$1,697.96
MATERIALS AND SUPPLIES	\$47,490.834	\$41,030.000	\$6,460.83
PROVISION FOR INJURIES AND DAMAGES	\$4,649.000	\$2,955.000	\$1,694.00
PURCHASED SERVICES	\$17,749.750	\$13,511.000	\$4,238.75
UTILITIES	\$8,248.264	\$6,775.000	\$1,473.26
OTHER EXPENSE	\$16,535.683	\$8,330.000	\$8,205.68
FY21 NEW SERVICE EXPENSE	\$598.036	\$591.547	\$6.49
ACCESS	\$29,222.815	\$26,300.000	\$2,922.82
AMOUNTS CAPITALIZED	-\$57,179.904	-\$60,231.856	\$3,051.95
<b>TOTAL NET EXPENSE</b>	\$428,481.985	\$400,552.166	\$27,929.82
<b>TOTAL OPERATING GRANTS</b>	\$281,577.678	\$249,375.039	\$32,202.64
OPERATING SURPLUS / (DEFICIT)	-\$42,708.290	-\$113,559.278	(\$70,850.99)

Port Authority of  
Allegheny County

Preliminary Capital  
Budget

# Capital Budget Assumptions

Continued Turnpike payments to PennDOT

\$113.51 million in state funding

Includes debt service, facility improvements, fixed guideway improvements, support for the BRT project, and support for operating budget capitalizations.

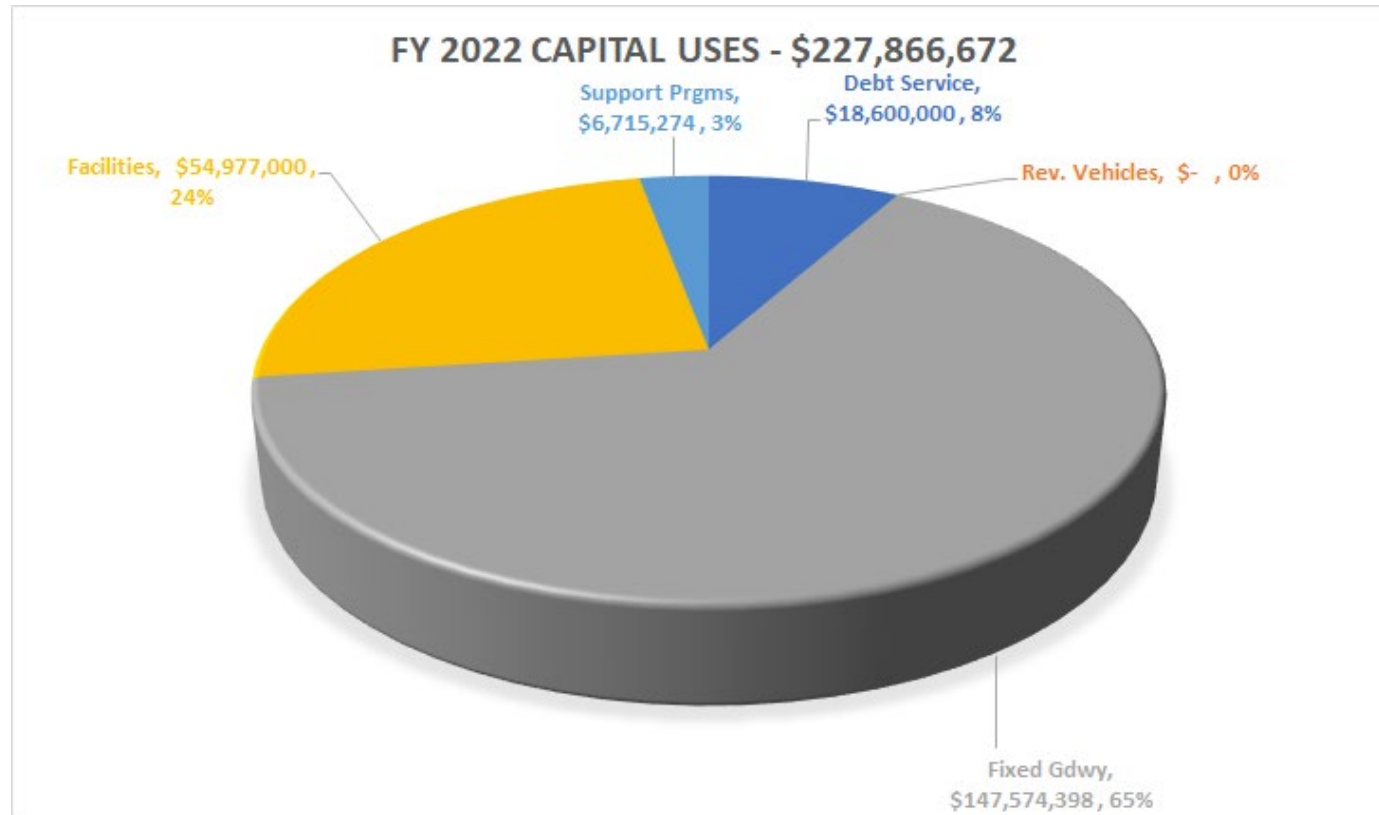
No scheduled bus purchase within FY 2022. However, 107 60' articulated buses are scheduled to be purchased within FY 2023.

<b>FY 2022 Draft Capital Improvement Program Anticipated Funding Sources</b>	<b>6/25/2021 Amount</b>
<b><i>I. Federal</i></b>	
FFY 2022 Section 5307 Flex	\$ 19,875,660
FFY 2021/2022 Section 5309 BRT CIG	\$ 99,950,000
Subtotal	\$ 119,825,660
<b><i>II. State</i></b>	
FY 2022 Net ACT 89 Section 1514 Discretionary	\$ 104,050,568
Previously Appropriated ACT 89 Section 1514 Discretionary	\$ 145,162
Subtotal	\$ 104,195,730
<b><i>III. County Capital Funds</i></b>	
2022 County Capital Net - State of Good Repair	\$ 3,840,444
Previously Appropriated County Capital - State of Good Repair	\$ 4,838
Subtotal	\$ 3,845,282
<b>Total Funding Sources</b>	<b>\$ 227,866,672</b>
<b><u>Capital Programs</u></b>	
<b><i>I. Debt Service</i></b>	
2020 Series Bond Debt Service	\$ 18,600,000
Subtotal	\$ 18,600,000
<b><i>II. Revenue Vehicle Replacement</i></b>	
None	\$ -
Subtotal	\$ -
<b><i>III. Fixed Guideway Improvements</i></b>	
Bridge and Tunnel Improvements	\$ 5,150,891
Fixed Guideway Rail and Bus Improvements	\$ 24,700,000
Bus Rapid Transit - Construction	\$ 117,723,507
Subtotal	\$ 147,574,398
<b><i>IV. Facility Improvements</i></b>	
Rail, Bus and PNR Facility Improvements	\$ 54,977,000
Subtotal	\$ 54,977,000
<b><i>V. Support Programs</i></b>	
Non-Revenue Support Vehicles and Shop Equipment	\$ 4,970,274
Other Support Programs	\$ 1,745,000
Subtotal	\$ 6,715,274
<b>Total Capital Programs</b>	<b>\$ 227,866,672</b>
<b>Surplus / (Deficit)</b>	<b>\$ -</b>

# FY 2022 Preliminary Capital Budget



# FY 2022 Capital Funding Sources



# FY 2022 Capital Uses



FY 2022 Debt Service  
- \$18,600,000



FY 2022 Bridge  
and Tunnel  
Improvements -  
\$5,150,891

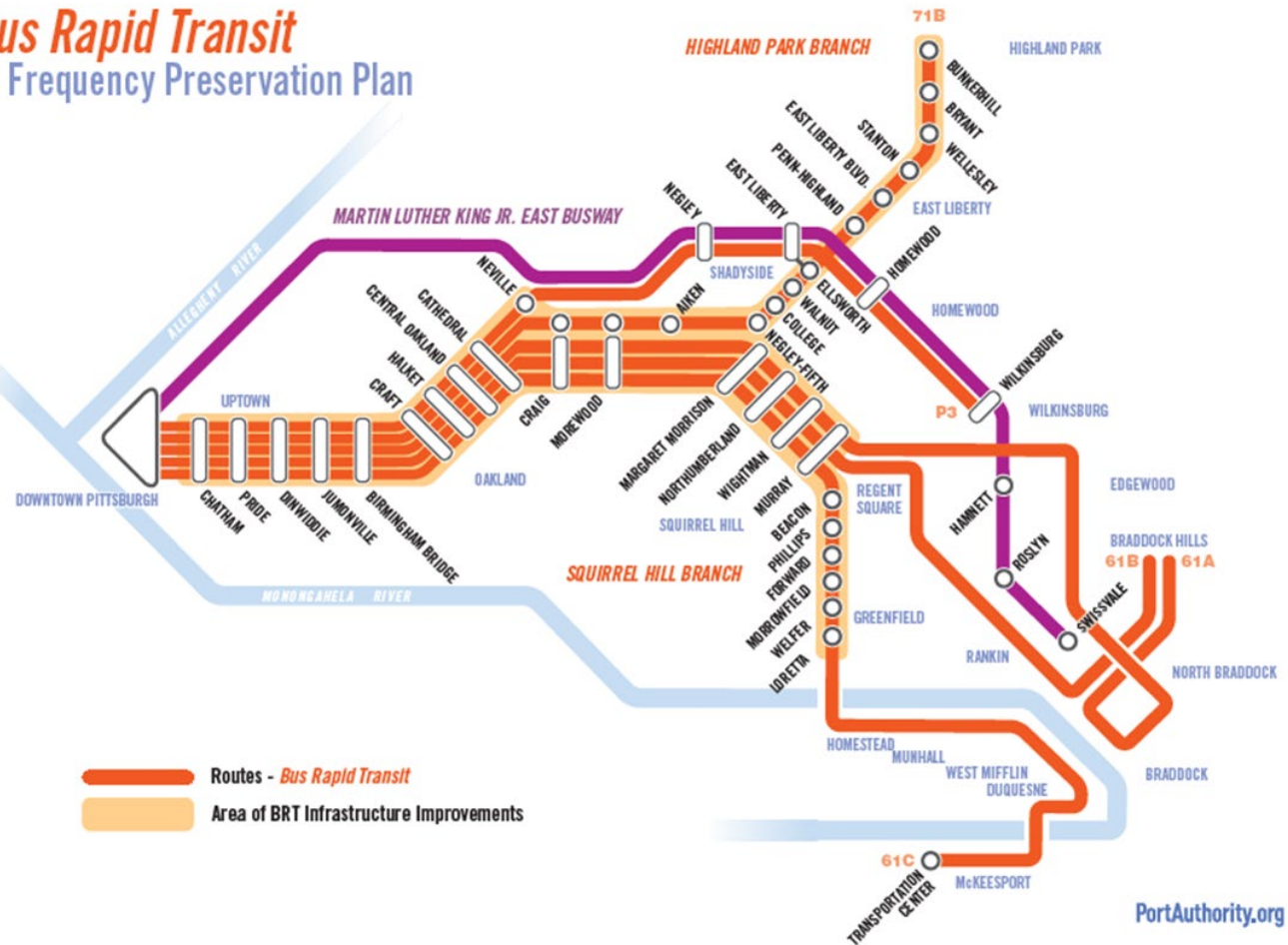
- Bridge/Tunnel/Rail Inspection  
NBIS/NTIS
- Kenmawr Ave Bridge
- Bridge Preventative Maintenance  
Program
- Wabash Tunnel Lighting  
Improvements
- CBD Tunnel Emergency Egress &  
Access
- Penn Tunnel Joint Replacement &  
Restoration

# FY 2022 Fixed Guideway Bus & Rail Improvements - \$24,700,000

- CBD Plinth Repairs
- Rail Wear & Geometry Inspection
- Restraining Rail Replacement
- Route 88 Grade Crossing Improvements
- Rail Grinding Program
- EB & LRT Retaining Walls Repairs
- South Busway Paving - Construction



## Bus Rapid Transit Frequency Preservation Plan



FY 2022 Bus  
Rapid Transit  
Construction -  
\$117,723,507

# FY 2022 Park and Ride Improvements - \$2,600,000

PNR Space  
Availability  
Program

Castle Shannon  
PNR Pavement  
Sealing and  
Repairs - Design

Carnegie Park  
and Ride  
Expansion -  
Design

# FY 2022 Rail and Bus Facility Improvements - \$52,377,000

Highlighted projects from this list:

- Electric Charging Infrastructure to Support Battery Electric Bus Operation - BRT
- Ross Lighting Upgrades
- Collier Maintenance and Ops HVAC Improvements – Design
- Underground Storage Tank Replacements at Ross, Collier, South Hills Village, SHJ, E. Liberty, Harmar Design
- West Mifflin Wash Rack Replacement, Building Extension – Design
- Belasco Station - Construction
- West Mifflin Perimeter Paving Construction
- Steel Plaza, Wood Street and 1st Ave Station Escalator Rehab – Construction
- SHV Carhouse Paintbooth Replacement - Construction

FY 2022 Non-  
Revenue Vehicles  
and Shop  
Equipment -  
\$4,970,274

- Landoll Trailer Replacement
- Manchester Parts Washer
- Bus and LRV Air and Surface Purification Devices

FY 2022 Other  
Support  
Programs -  
\$1,745,000

- Hamnett Station Area Plan (SAP)
- First Last Mile Program
- CCTV and Security Upgrades
- System Wide Security and Fire Alarm Systems - Design
- Tasers and Accessory Equipment - Police
- Ballistic Vests - Police

Questions





# Next Steps

## Next Steps

Present preliminary Operating and Capital Budget to ACTC.

Continue to monitor monthly revenues levels and invoice CARES Funding for shortfalls.

Continue to review budget requests and make changes where appropriate.

Reviewing vacant positions for repurposing or elimination.

Present final Operating and Capital Budgets at June Board meeting.

**THANK  
YOU!**

