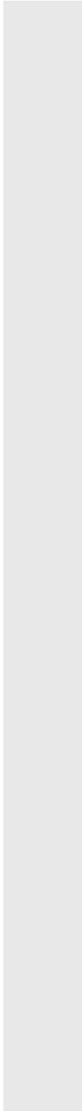


Port Authority of Allegheny County

Planning Committee Meeting May 29, 2019

FY 2020 Preliminary Operating and Capital Budget



Review of Act 89 Funding Details

Act 89 State Funding

- Southeastern Pennsylvania Transportation Authority's (SEPTA) funding issues were related to capital funding.
- Port Authority of Allegheny County's funding issues were related to its operating budget.
- State Operating Assistance increases would generate early year surpluses that would be used to offset later year operating deficits.
- In later years of Act 89, the Authority was projected to need a waiver to use Act 89 Capital Funding for Operating purposes. The Authority requested this language be included in Act 89.

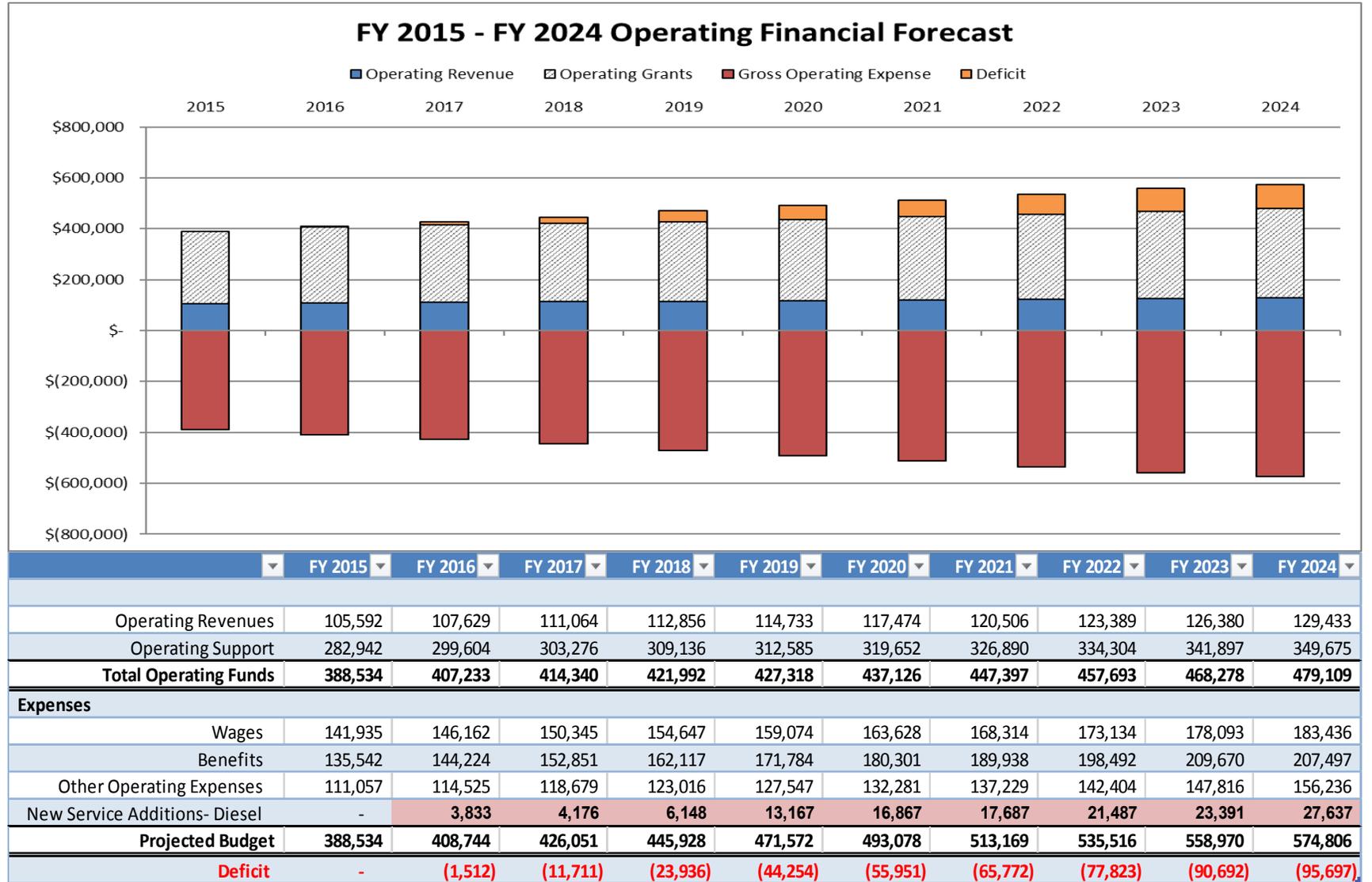
FY08 – FY19 Operating Subsidies

Port Authority Operating Budget Revenues

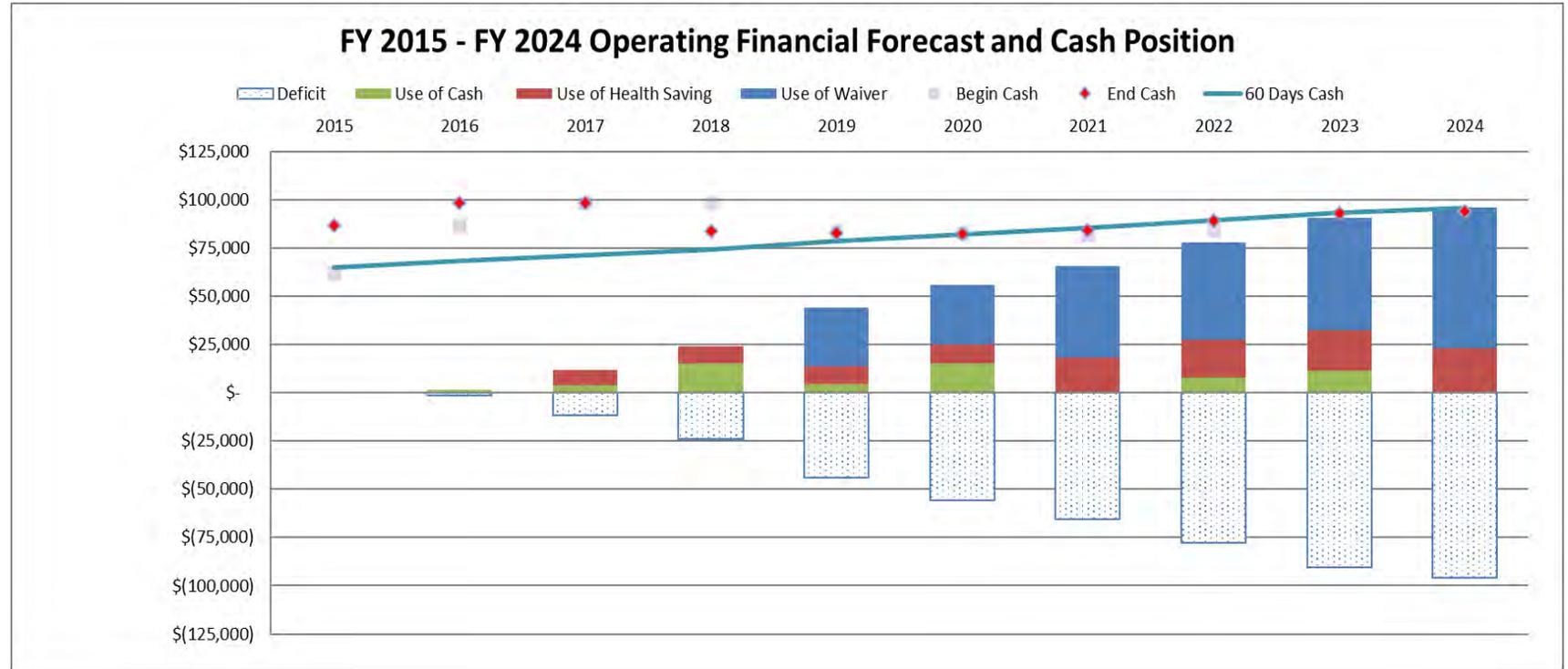
\$ 000's

	Transportation Revenues	Federal Subsidy	State Subsidy	Local Subsidy	Total Revenues	Transp. Rev %	Federal Subsidy %	State Subsidy %	Local Subsidy %
FY2008	\$ 76,087.16	\$ 2,454.95	\$ 189,353.55	\$ 27,637.68	\$ 295,533.34	25.7%	0.8%	64.1%	9.4%
FY2009	\$ 80,616.12	\$ 9,630.82	\$ 184,006.64	\$ 29,586.65	\$ 303,840.23	26.5%	3.2%	60.6%	9.7%
FY2010	\$ 81,442.29	\$ 5,640.00	\$ 210,011.43	\$ 29,078.70	\$ 326,172.42	25.0%	1.7%	64.4%	8.9%
FY2011	\$ 87,161.05	\$ 40,550.39	\$ 169,416.43	\$ 28,836.74	\$ 325,964.61	26.7%	12.4%	52.0%	8.8%
FY2012	\$ 89,523.08	\$ 19,369.71	\$ 187,917.05	\$ 30,123.50	\$ 326,933.34	27.4%	5.9%	57.5%	9.2%
FY2013	\$ 91,846.93	\$ 17,206.43	\$ 207,261.70	\$ 32,791.72	\$ 349,106.78	26.3%	4.9%	59.4%	9.4%
FY2014	\$ 91,624.50	\$ 22,149.51	\$ 204,788.43	\$ 35,882.75	\$ 354,445.19	25.9%	6.2%	57.8%	10.1%
FY2015	\$ 94,663.31	\$ 12,633.61	\$ 216,639.88	\$ 34,819.98	\$ 358,756.78	26.4%	3.5%	60.4%	9.7%
FY2016	\$ 95,048.55	\$ 18,769.91	\$ 226,679.13	\$ 37,880.72	\$ 378,378.31	25.1%	5.0%	59.9%	10.0%
FY2017	\$ 92,958.41	\$ 23,136.04	\$ 231,621.40	\$ 39,765.65	\$ 387,481.50	24.0%	6.0%	59.8%	10.3%
FY2018	\$ 95,386.02	\$ 22,755.52	\$ 240,757.92	\$ 41,099.89	\$ 399,999.35	23.8%	5.7%	60.2%	10.3%
FY2019 Budget	\$ 94,217.45	\$ 44,771.62	\$ 247,565.99	\$ 43,528.74	\$ 430,083.80	21.9%	10.4%	57.6%	10.1%
Total	\$1,070,574.87	\$239,068.51	\$ 2,516,019.55	\$ 411,032.72	\$ 4,236,695.65				
% of Total	25.3%	5.6%	59.4%	9.7%					
FY19 v. FY08 Increase	\$ 18,130.29	\$ 42,316.67	\$ 58,212.44	\$ 15,891.06	\$ 134,550.46				
FY19 v. FY08 % Increase	23.8%	1723.7%	30.7%	57.5%					

Operating Forecast FY15–FY24 (Original Strategic Plan)



Cash Forecast FY15–FY24 (Original Strategic Plan)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Begin Cash	61,735	86,519	98,518	95,327	77,331	76,682	82,180	84,365	89,253	93,162
End Cash	86,519	98,518	95,327	77,331	76,682	82,180	84,365	89,253	93,162	93,914
60 Days Cash	64,756	68,124	71,009	74,321	78,595	82,180	85,528	89,253	93,162	95,801
Deficit	-	(1,512)	(11,711)	(23,936)	(44,254)	(55,951)	(65,772)	(77,823)	(90,692)	(95,697)
Use of Cash	-	1,512	3,711	15,296	4,327	15,024	-	7,651	11,055	-
Health and Contractual Savings	-	-	8,000	8,640	9,331	10,078	18,078	19,524	21,086	22,773
Act 89 Use *	-	-	-	-	30,596	30,849	47,694	50,648	58,551	72,924
*Waiver is Required										

Operating Cash

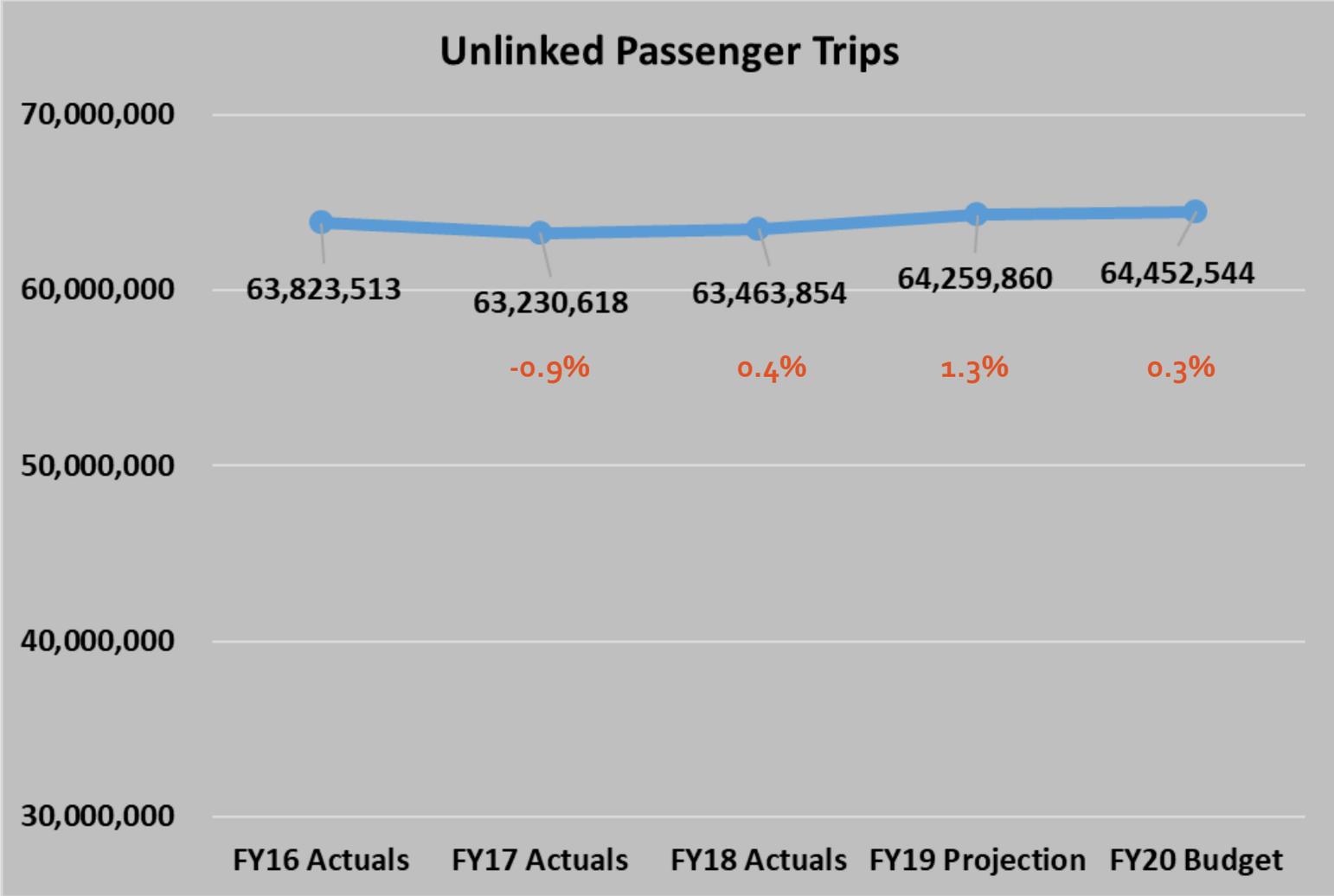
- Operating Cash June 30, 2018- \$149,884,225
- Projected Operating Cash June 30, 2019-
\$154,884,225

FY 2020 Operating Budget

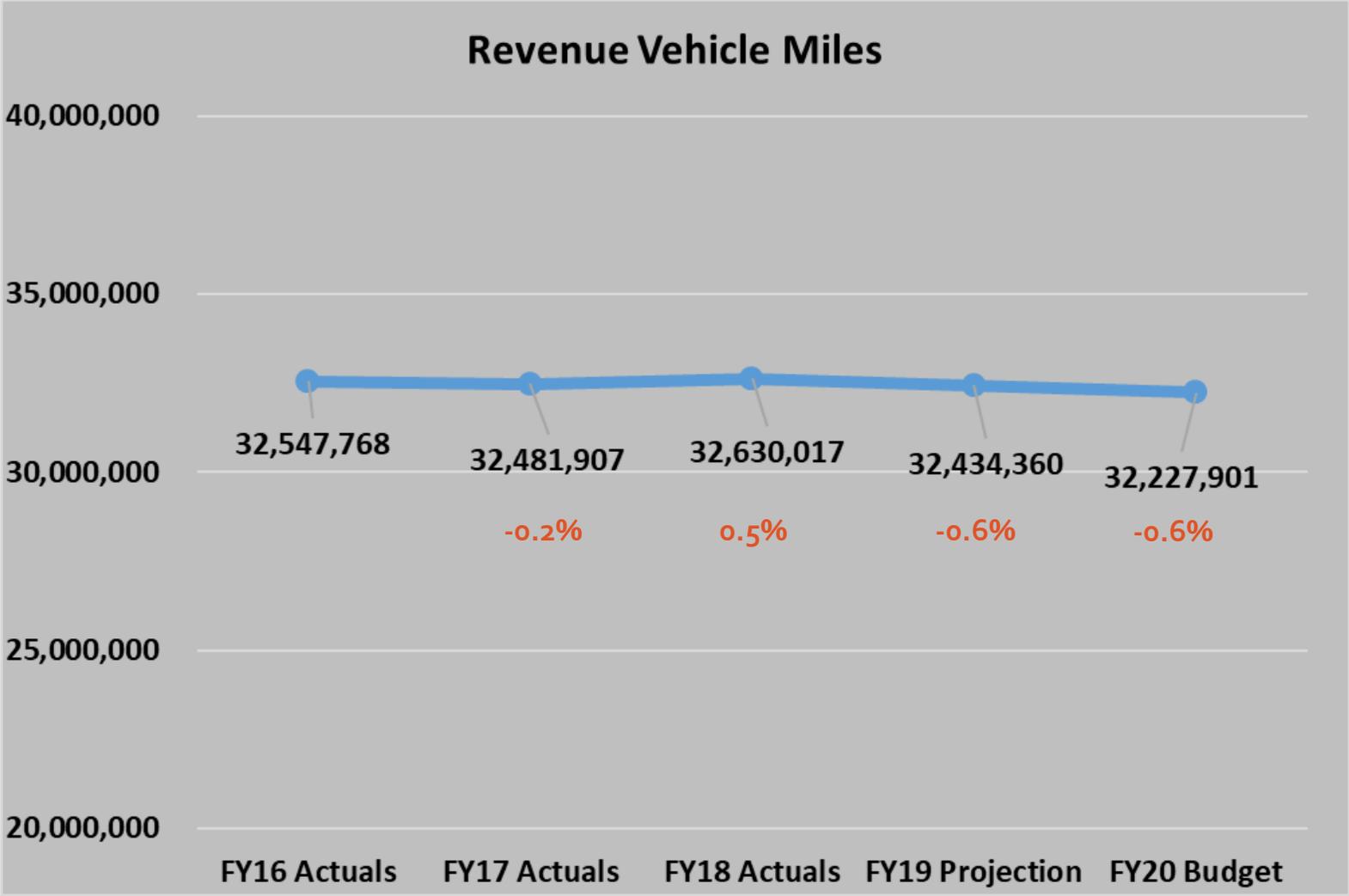
Budget Themes

- Total Operating Income is generally flat.
- Total State Operating Income is flat for FY2020. Previous projections assumed a 2% annual increase (per PennDot) that would have generated \$5.4 million in F2020.
- \$7.67 million was reallocated from Capital to Operating to increase capitalizations via Vehicle Overhaul.
- A 3% increase to wages and salaries adds approximately \$6.0 million annually to FY2020 cost structure.
- Pension Expense projected to increase by \$2.7 million.
- \$1.9 million in Work-Done-By-Outside Contractors that traditionally would have been included in Capital Budget.
- Total State Capital Funding is reduced from \$114.5 in FY2018 to \$34.8 million in FY2020. The Authority has not been formally notified of a restoration of these funds.
- Service Enhancement.

Unlinked Passenger Trips



Revenue Vehicle Miles



FY2020 Preliminary Budget

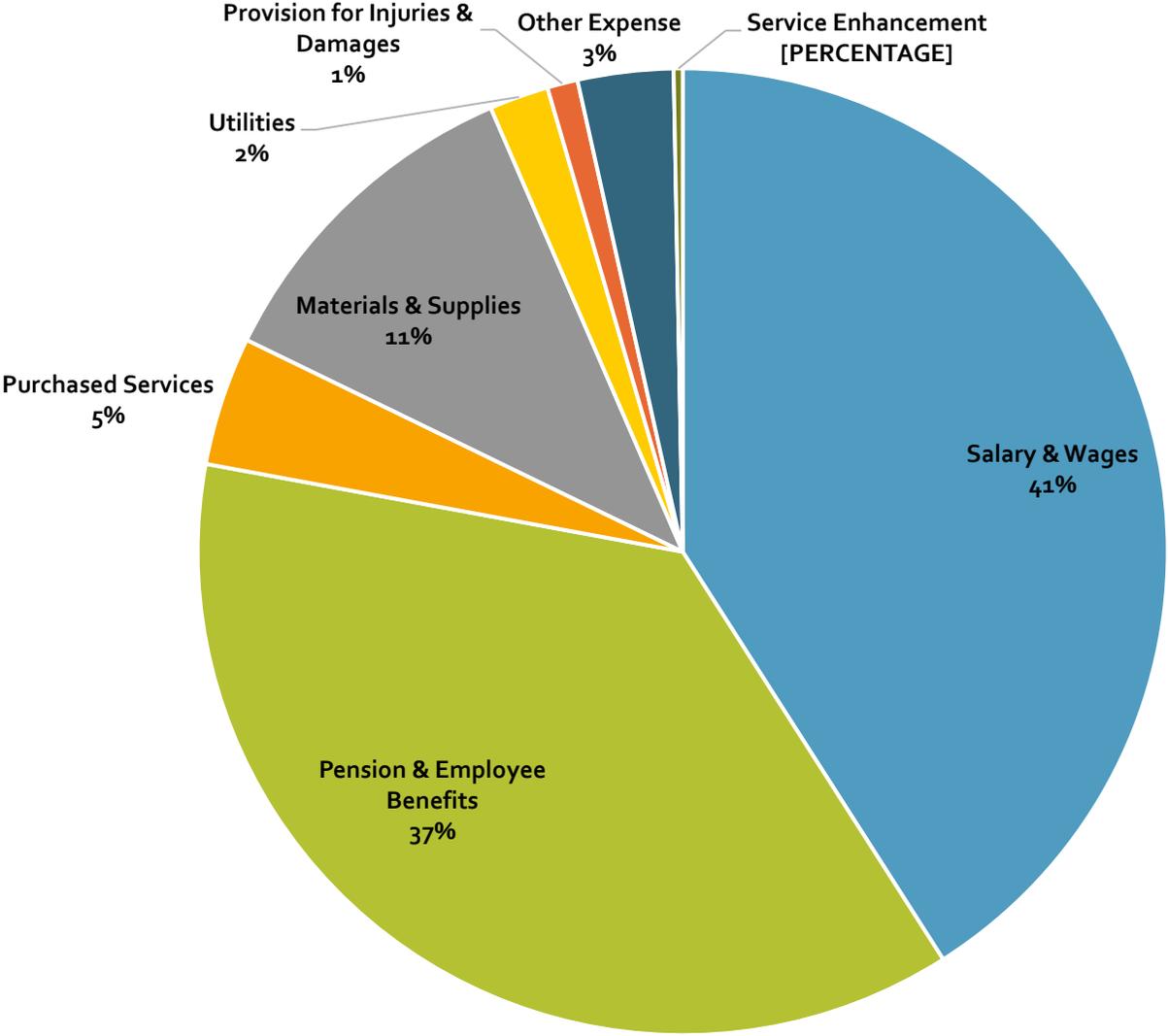
(000's)	FY2017	FY2018	FY2019	FY2019	FY2020	FY20 vs. FY19	FY20 vs. FY19
	Audited	Audited	FINAL Budget - July	Revised Budget - Dec.	Prelim Budget	\$ Change	% Change
REVENUES:							
PASSENGER REVENUE - BUS, LRT AND INCLINE	\$79,040.847	\$79,119.835	\$78,049.995	\$78,349.995	\$78,482.995	\$133.000	0.2%
ACCESS PROGRAM SERVICE	\$12,126.94	\$11,601.621	\$11,454.700	\$11,454.700	\$10,586.200	-\$868.500	-7.6%
CONTRACT SERVICES	\$10,329.409	\$11,190.435	\$10,779.471	\$10,879.471	\$11,250.647	\$371.176	3.4%
ADVERTISING	\$2,610.451	\$2,822.827	\$2,750.000	\$2,750.000	\$2,500.000	-\$250.000	-9.1%
INTEREST INCOME	\$472.282	\$1,067.127	\$916.000	\$1,516.000	\$1,950.000	\$434.000	28.6%
OTHER INCOME	\$505.422	\$843.332	\$721.981	\$721.981	\$794.126	\$72.145	10.0%
TOTAL REVENUE	\$105,085.351	\$106,645.177	\$104,672.147	\$105,672.147	\$105,563.968	-\$108.179	-0.1%

	FY2017	FY2018	FY2019	FY2019	FY2020	FY20 vs. FY19	FY20 vs. FY19
	Audited	Audited	FINAL Budget - July	Revised Budget - Dec.	Prelim Budget	\$ Change	% Change
EXPENSES:							
WAGES AND SALARIES	\$152,634.258	\$158,753.511	\$168,759.953	\$169,390.847	\$178,095.658	\$8,704.811	5.1%
PENSIONS AND EMPLOYEE BENEFITS	\$148,413.291	\$149,572.249	\$158,632.586	\$155,055.685	\$160,533.426	\$5,477.741	3.5%
MATERIALS AND SUPPLIES	\$37,703.317	\$41,626.519	\$45,622.754	\$49,215.181	\$49,129.536	-\$85.645	-0.2%
PROVISION FOR INJURIES AND DAMAGES	\$2,041.766	\$2,976.840	\$4,634.000	\$4,534.000	\$4,412.440	-\$121.560	-2.7%
PURCHASED SERVICES	\$9,810.379	\$10,515.339	\$15,051.481	\$14,795.761	\$18,731.168	\$3,935.407	26.6%
UTILITIES	\$8,023.033	\$7,462.088	\$8,482.844	\$8,382.844	\$8,598.900	\$216.056	2.6%
OTHER EXPENSE	\$6,016.228	\$7,734.237	\$11,906.072	\$11,981.072	\$13,835.267	\$1,854.195	15.5%
SERVICE ENHANCEMENT	\$0.000	\$0.000	\$0.000	\$0.000	\$1,300.000	\$1,300.000	100.0%
INTEREST	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	-
ACCESS	\$26,037.079	\$27,070.911	\$28,183.100	\$28,183.100	\$28,751.900	\$568.800	2.0%
AMOUNTS CAPITALIZED	-\$46,009.467	-\$53,380.383	-\$63,620.345	-\$59,620.345	-\$58,306.982	-\$1,313.363	-2.2%
TOTAL NET EXPENSE	\$344,669.885	\$352,331.310	\$377,652.445	\$381,918.145	\$405,081.313	\$23,163.168	6.1%
TOTAL GROSS EXPENSE	\$390,679.352	\$405,711.693	\$441,272.790	\$441,538.490	\$463,388.295	\$21,849.805	4.9%

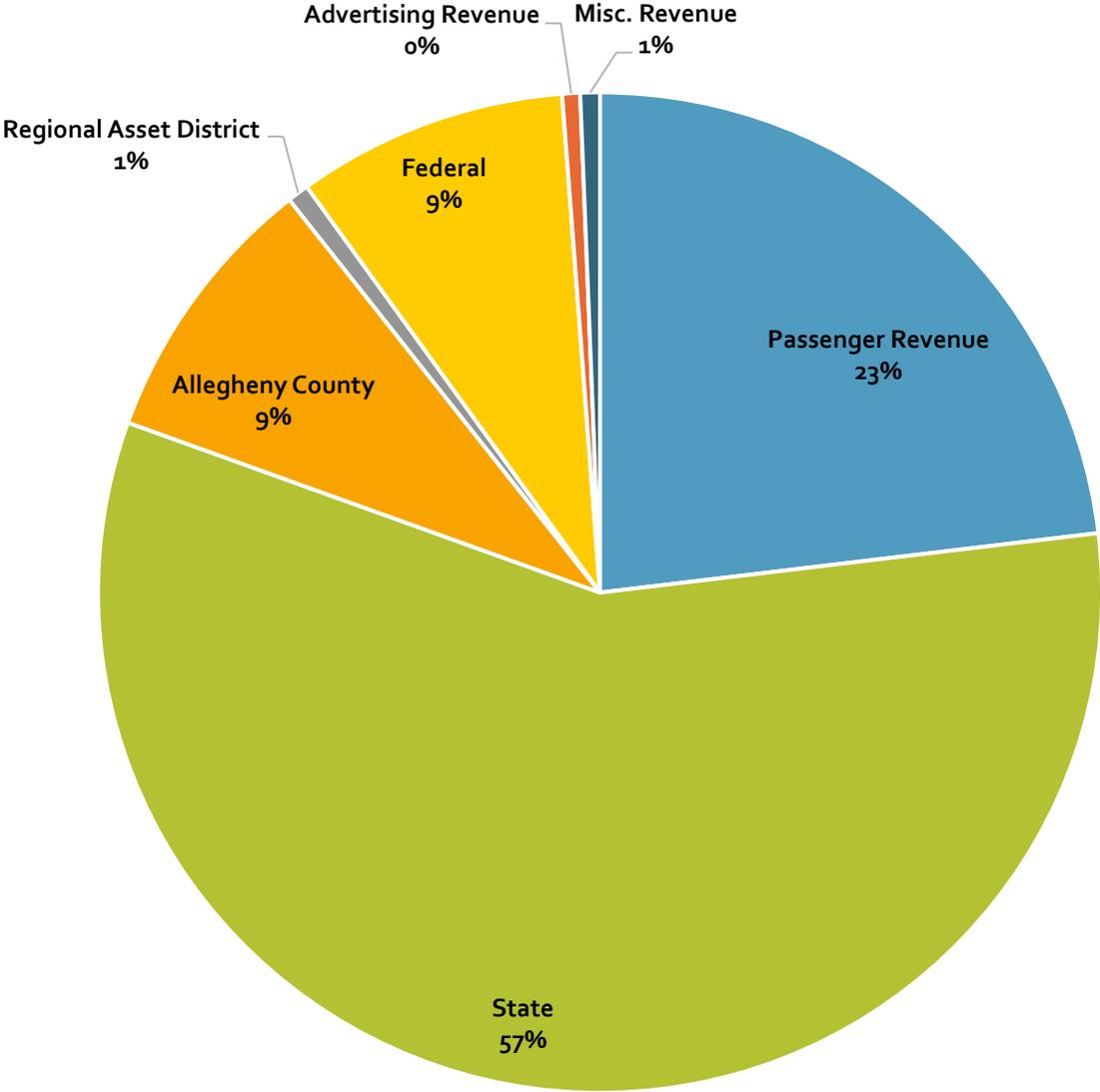
	FY2017	FY2018	FY2019	FY2019	FY2020	FY20 vs. FY19	FY20 vs. FY19
	Audited	Audited	FINAL Budget - July	Revised Budget - Dec.	Prelim Budget	\$ Change	% Change
OPERATING GRANTS:							
FEDERAL							
STATE OPERATING ASSISTANCE	\$224,939.240	\$229,460.994	\$234,298.508	\$234,298.508	\$234,333.508	\$35.000	0.0%
DEFERRED STATE OPERATING ASSISTANCE	\$0.000		\$2,617.014	\$5,882.714	\$0.000	-\$5,882.714	-100.0%
STATE OPERATING ASSISTANCE USED FOR ACCESS		\$579.758	\$800.000	\$800.000	\$765.000	-\$35.000	-4.4%
REGIONAL ASSET DISTRICT FUNDING	\$3,000.000	\$3,000.000	\$3,000.000	\$3,000.000	\$3,000.000	\$0.000	0.0%
COUNTY OPERATING ASSISTANCE	\$30,728.04	\$31,671.274	\$32,264.776	\$32,264.776	\$32,264.776	\$0.000	0.0%
TOTAL OPERATING GRANTS	\$258,667.283	\$264,712.026	\$272,980.298	\$276,245.998	\$270,363.284	-\$5,882.714	-2.1%

	FY2017	FY2018	FY2019	FY2019	FY2020	FY20 vs. FY19	FY20 vs. FY19
	Audited	Audited	FINAL Budget - July	Revised Budget - Dec.	Prelim Budget	\$ Change	% Change
OPERATING SURPLUS / (DEFICIT)	\$19,082.750	\$19,025.893	\$0.000	\$0.000	-\$29,154.060	-\$29,154.060	100.0%

FY2020 Preliminary Budget – Expenses by Category



FY2020 Preliminary Budget – Sources of Revenue



FY2020 Preliminary Budget – Wages and Benefits

- Required contractual increases for ATU#85, Police and IBEW employees
- Compensation Study for Non-Represented Employees
- Healthcare Premiums unchanged for 2nd consecutive year
- Pension Expense projected to increase \$2.7 million
- ATU contractual Uniform Allowance increase
- \$3,720,000 salary and benefit expense for new employees

FY2020 Preliminary Budget – Outside Contractors

- Legal & Consulting Svcs:
 - \$120,000 Real Estate Consulting Costs
- System Safety:
 - \$225,000 Safety Management System Development
 - \$100,000 Public Transit Safety Plan
- Technical Support:
 - \$300,000 Non-Ancillary Support (Engineering Contracts)
 - \$250,000 Bridge, Tunnel & Rail Inspection Contract (no longer under Capital)
 - \$200,000 Miscellaneous items no longer funded under Capital
- Heavy Repair:
 - \$320,000 HVAC Engineering Related Costs
 - \$120,000 CAF Engineering Related Costs
- Finance:
 - \$220,000 Fare Modeling Consultant
 - \$200,000 Strategic Plan

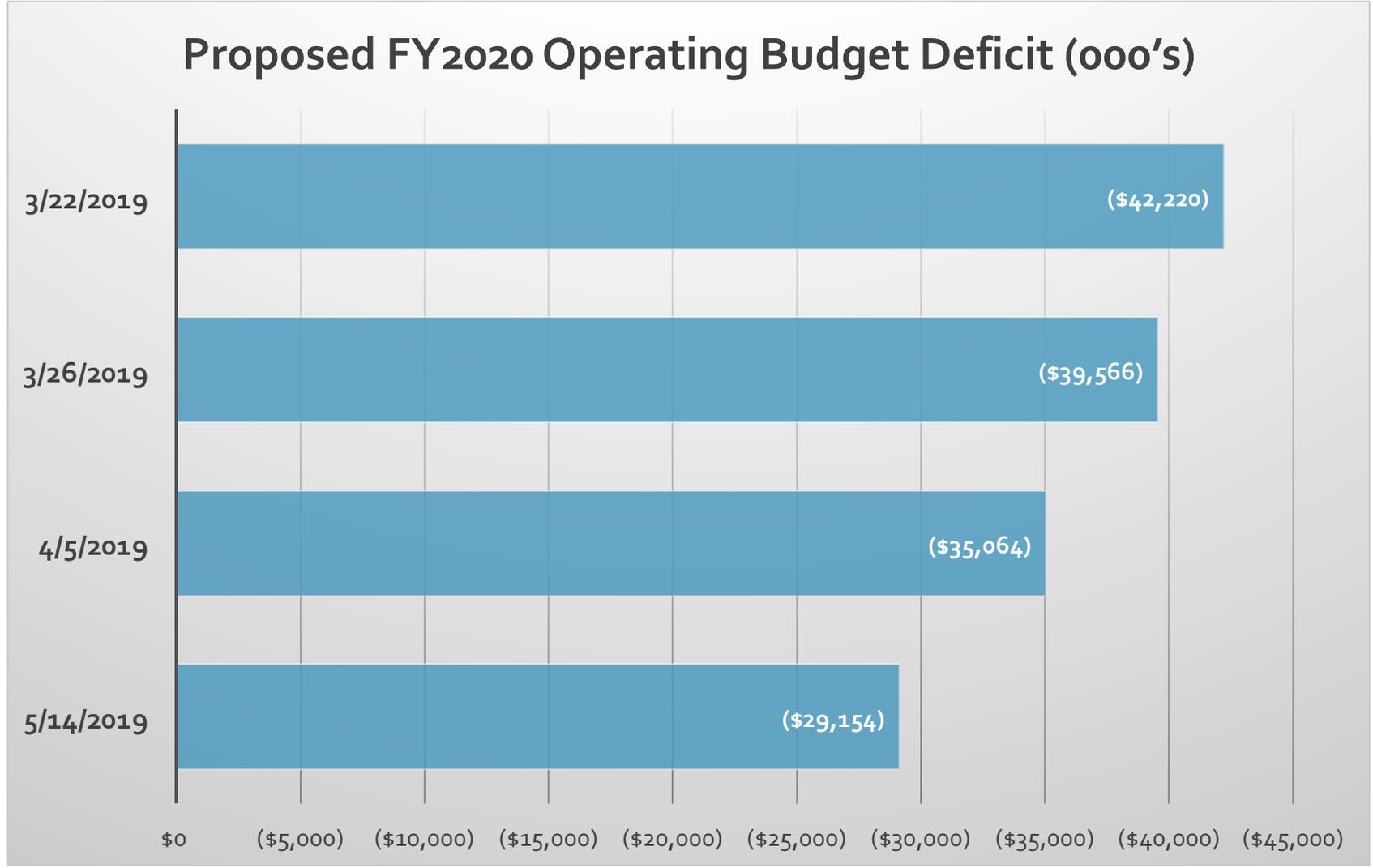
FY2020 Preliminary Budget – Other Expenses

- \$600,000 Software Licenses – Customer Service Trip Planning System & Procurement Contract Mgmt Software
- \$265,000 General Insurance – New Rail Bed Policy
- \$175,000 Travel and Training Requests - Training, Conferences, Seminars, etc
- \$160,000 Banking Services – Based on costs related to new TVM's
- \$150,000 Market Research – Rebranding research & Implementation
- \$110,000 Shop Equipment – Items not funded under Capital
- \$100,000 General Marketing Contracted Svcs – Branding & Strategic Marketing Plan
- ACCESS Expense – State MATP changes won't occur until July 2020 (FY2021)

Active Employees

Month	FY2018	FY2019	Increase
JUL	2,527	2534	
AUG	2,512	2,521	
SEP	2,521	2,530	
OCT	2,533	2,537	
NOV	2,533	2,544	
DEC	2,535	2,556	
JAN	2,535	2,551	
FEB	2,527	2,544	
Average	2,528	2,540	+12 or .5%

FY2020 Operating Deficit by Date

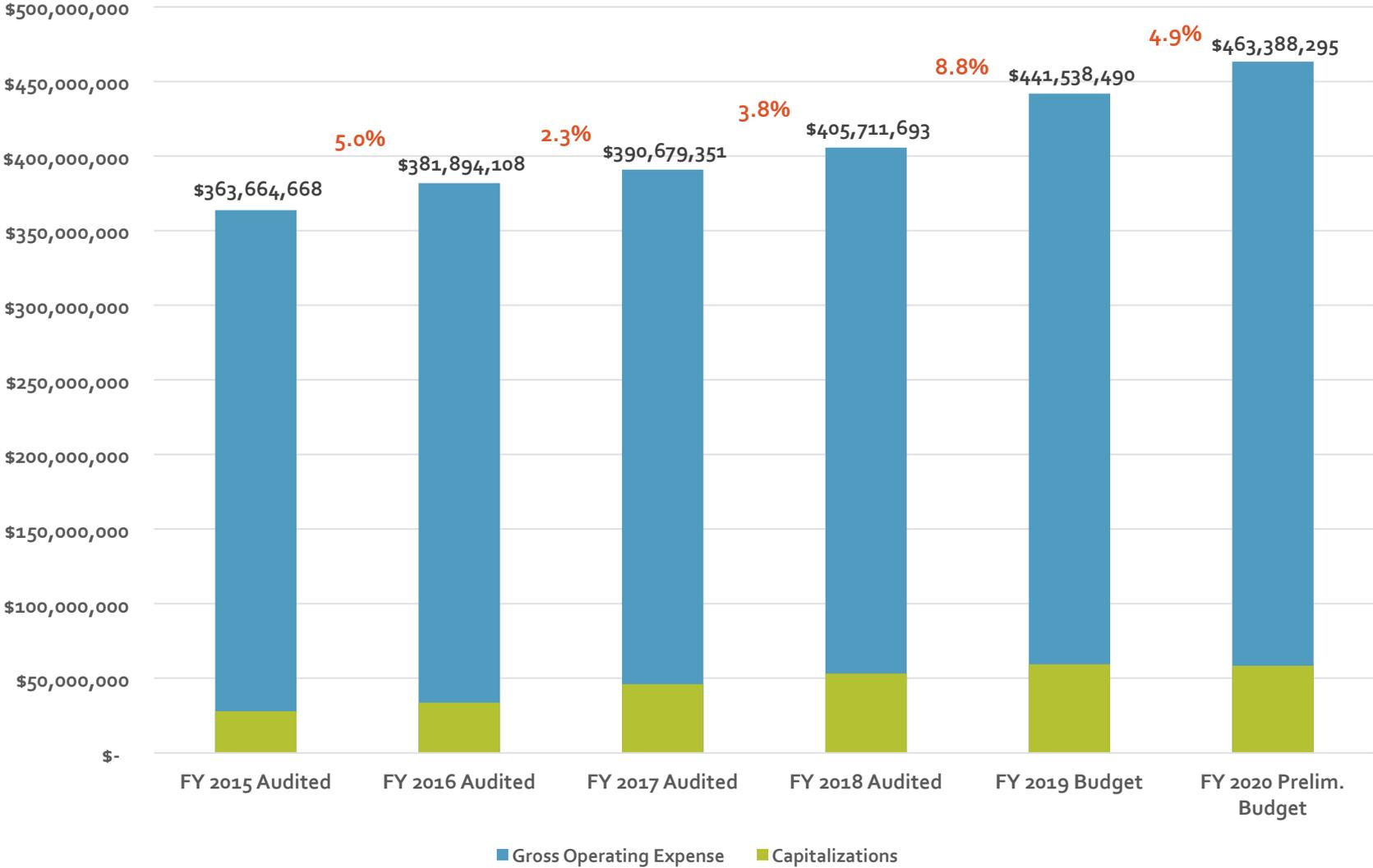


FY2020 Preliminary Staffing

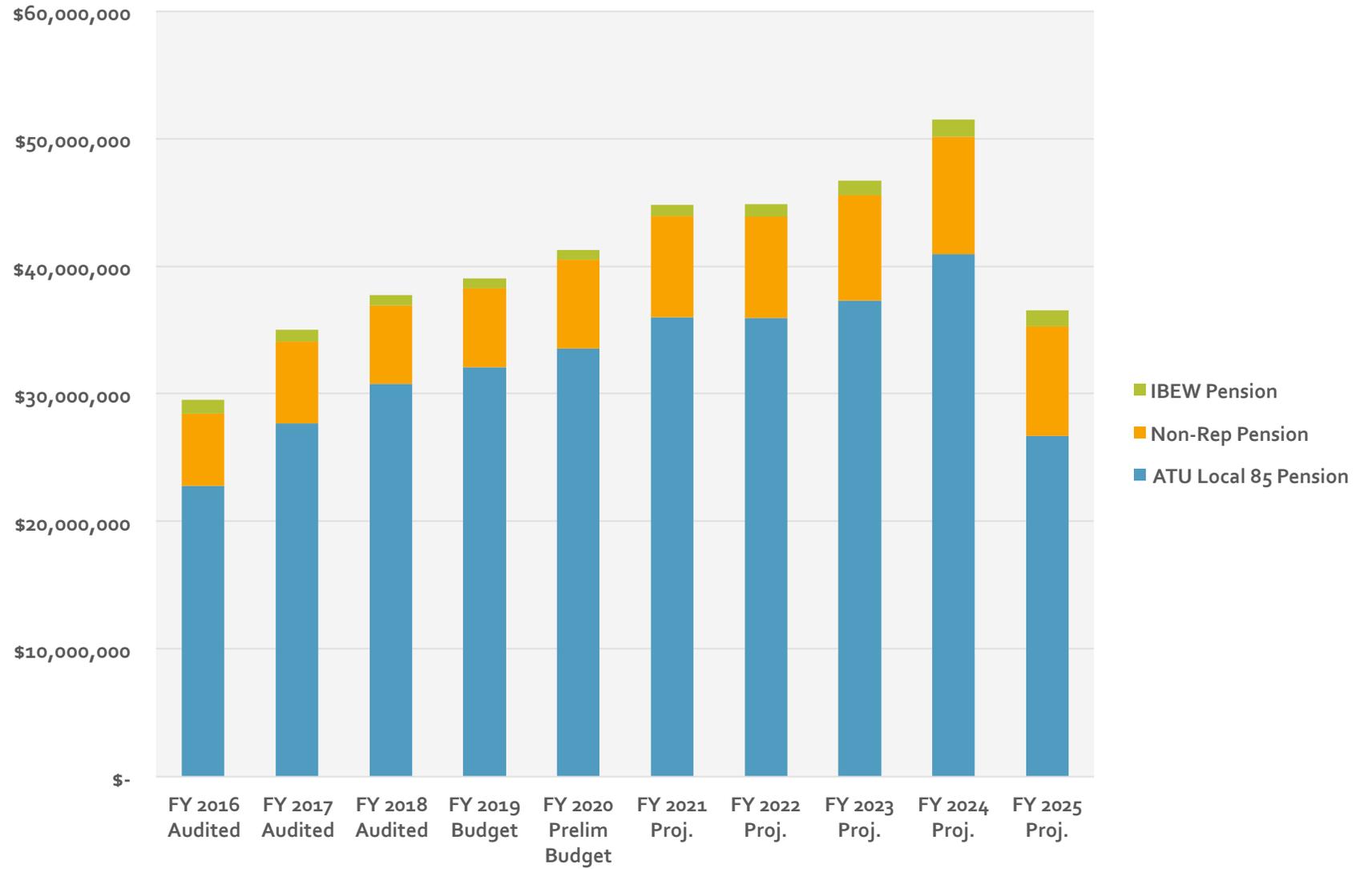
Summary of Budgeted Personnel by Category FY2019 Budget to Preliminary FY2020 Budget

	FY 2019 Budget	FY 2020 Prelim. Budget	Headcount Change	% Change
Salary:				
Non-Union Salary & Administrative	270	285	15	6%
Union Salary:				
IBEW	65	65	0	0%
ATU Local 85	210	214	4	2%
Transit Police	46	46	0	0%
Total Salary	591	609	19	3%
Hourly: (ATU Local 85)				
Operators	1,216	1,222	6	0%
Non-Operators:				
Maintenance	784	794	10	1%
Off-Board Fare Collectors	20	20	0	0%
Materials	35	37	2	5%
Total Non-Operators	839	851	12	1%
Total Hourly	2,055	2,073	18	1%
TOTAL PERSONNEL	2,646	2,683	37	1%

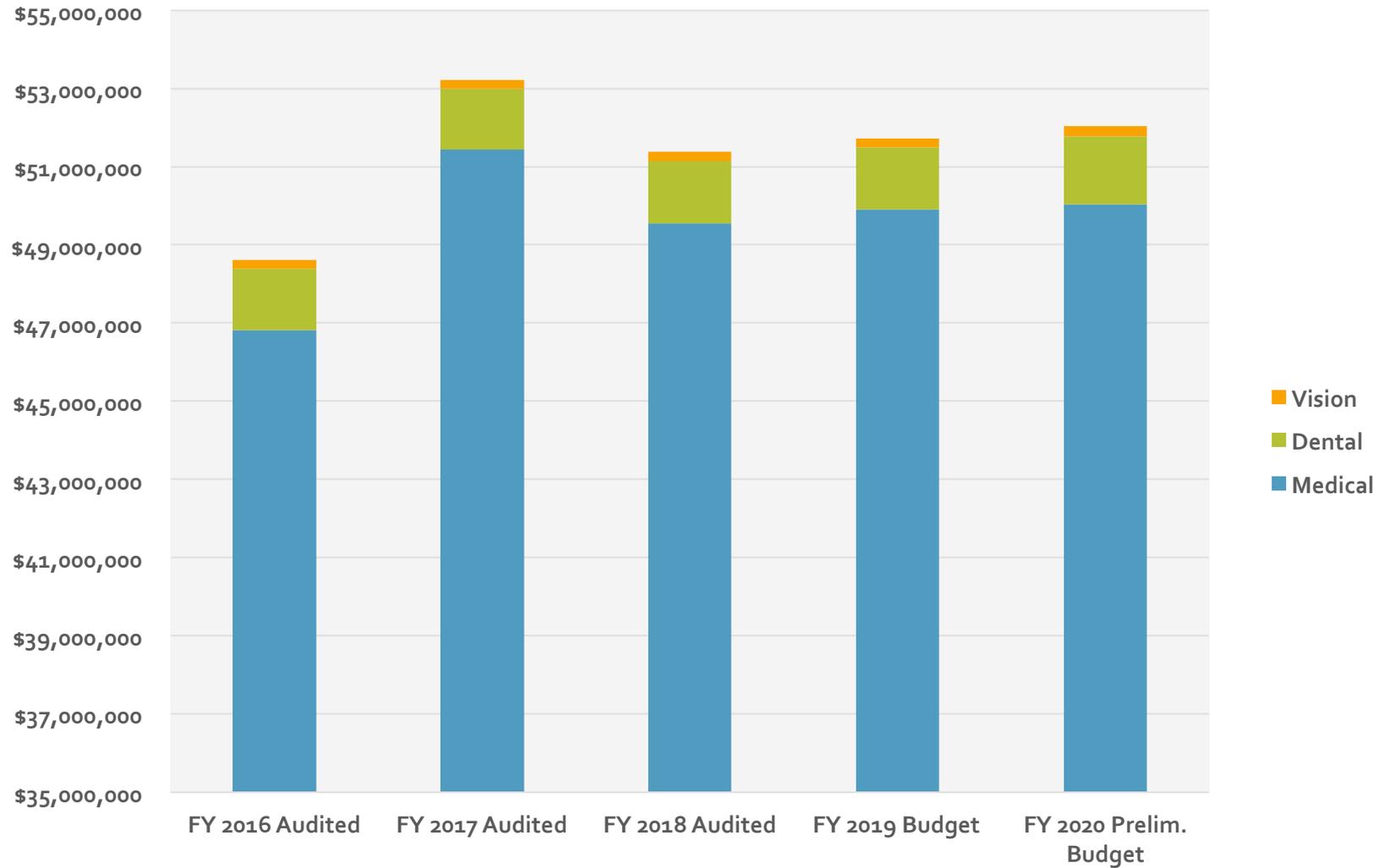
Gross Operating Expense



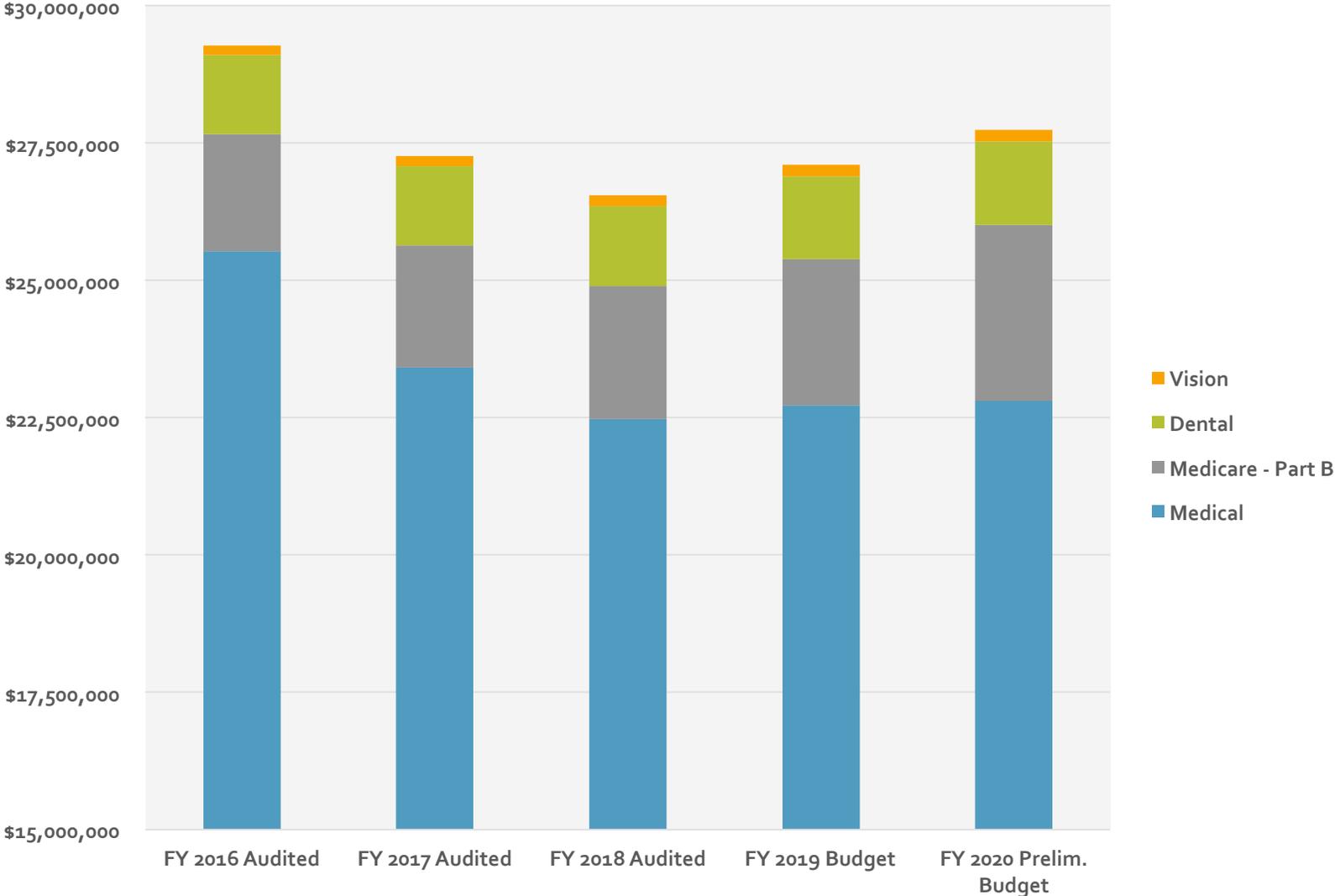
Pension Expense



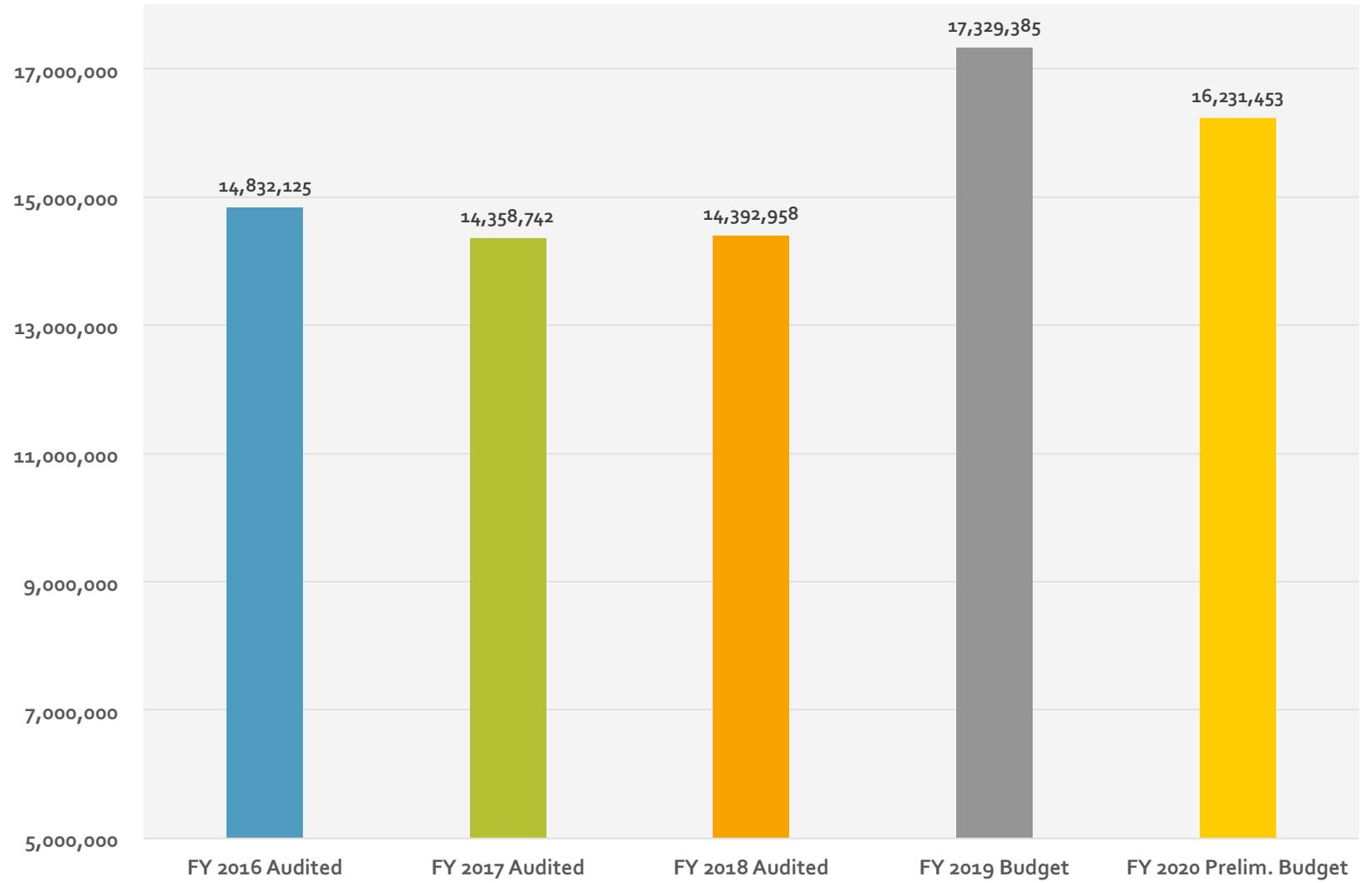
Active Employee Healthcare

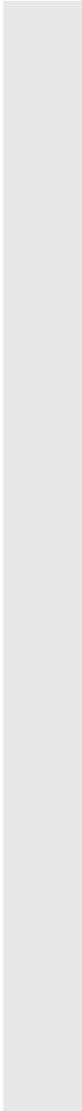


Retired Employee Healthcare



Diesel Fuel

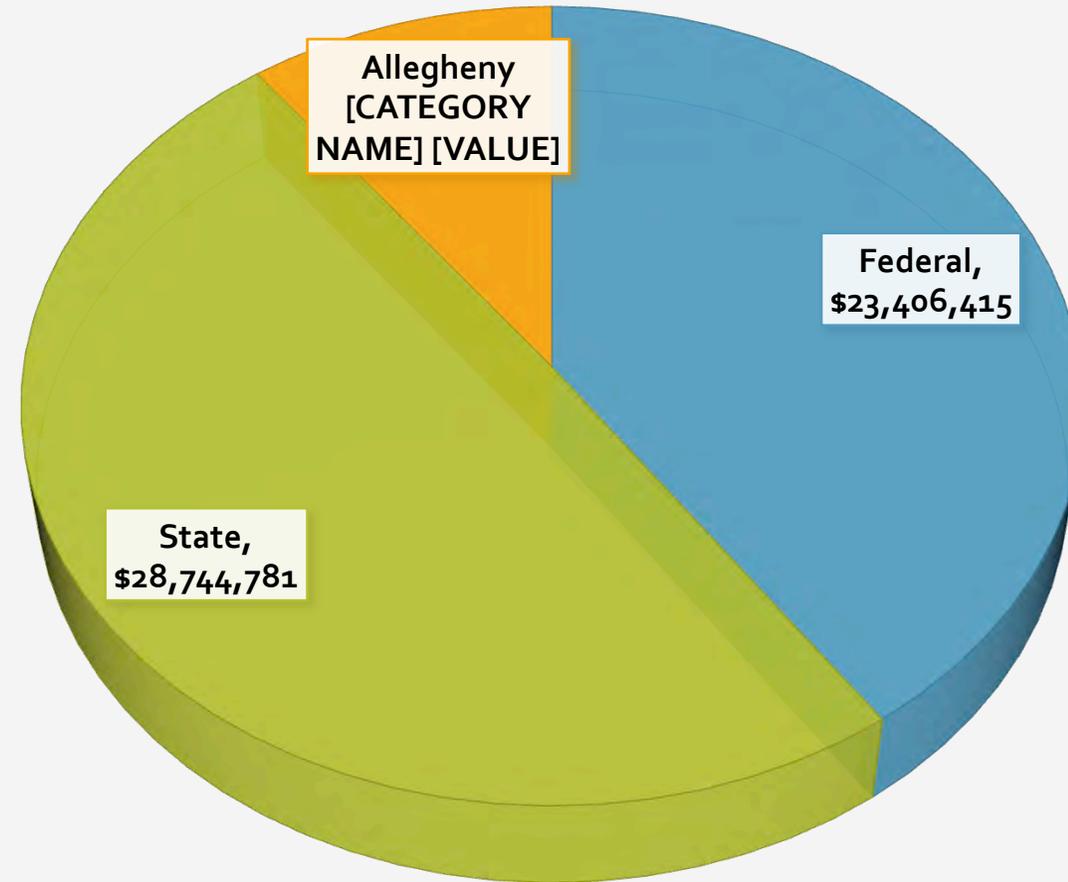




FY 2020 Capital Budget

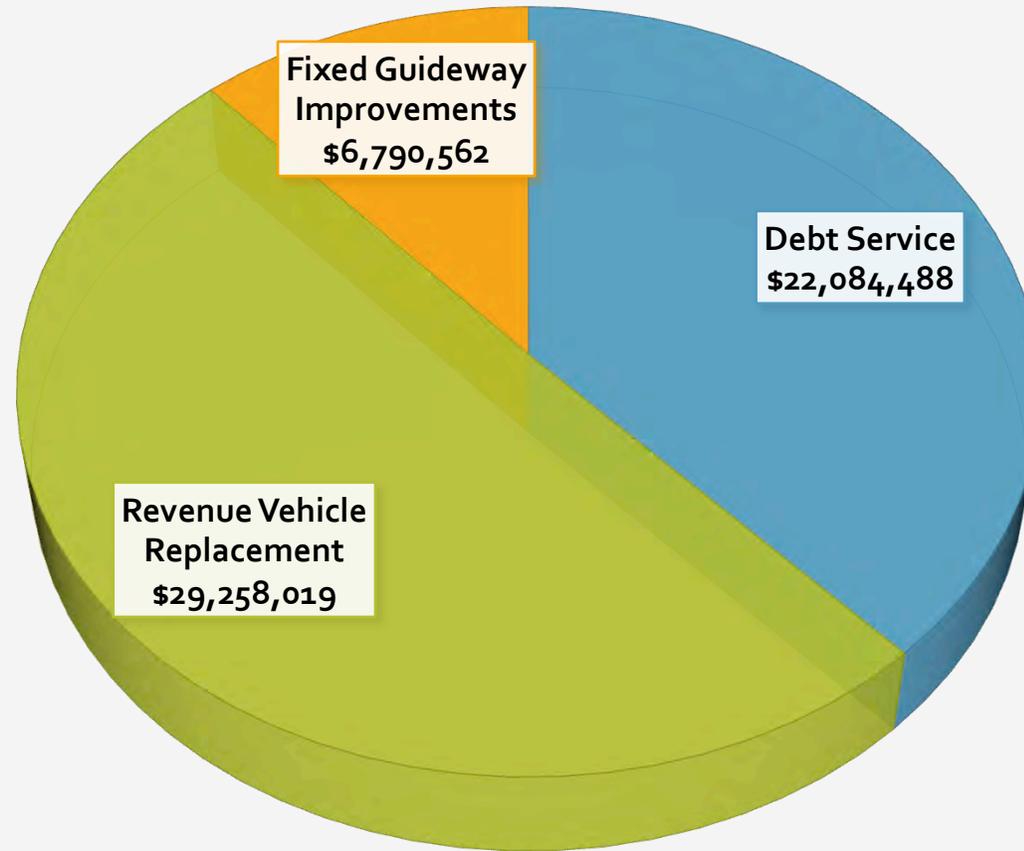
FY 2020 Capital Funding Sources

FY 2020 Total Capital Budget - \$58,133,069

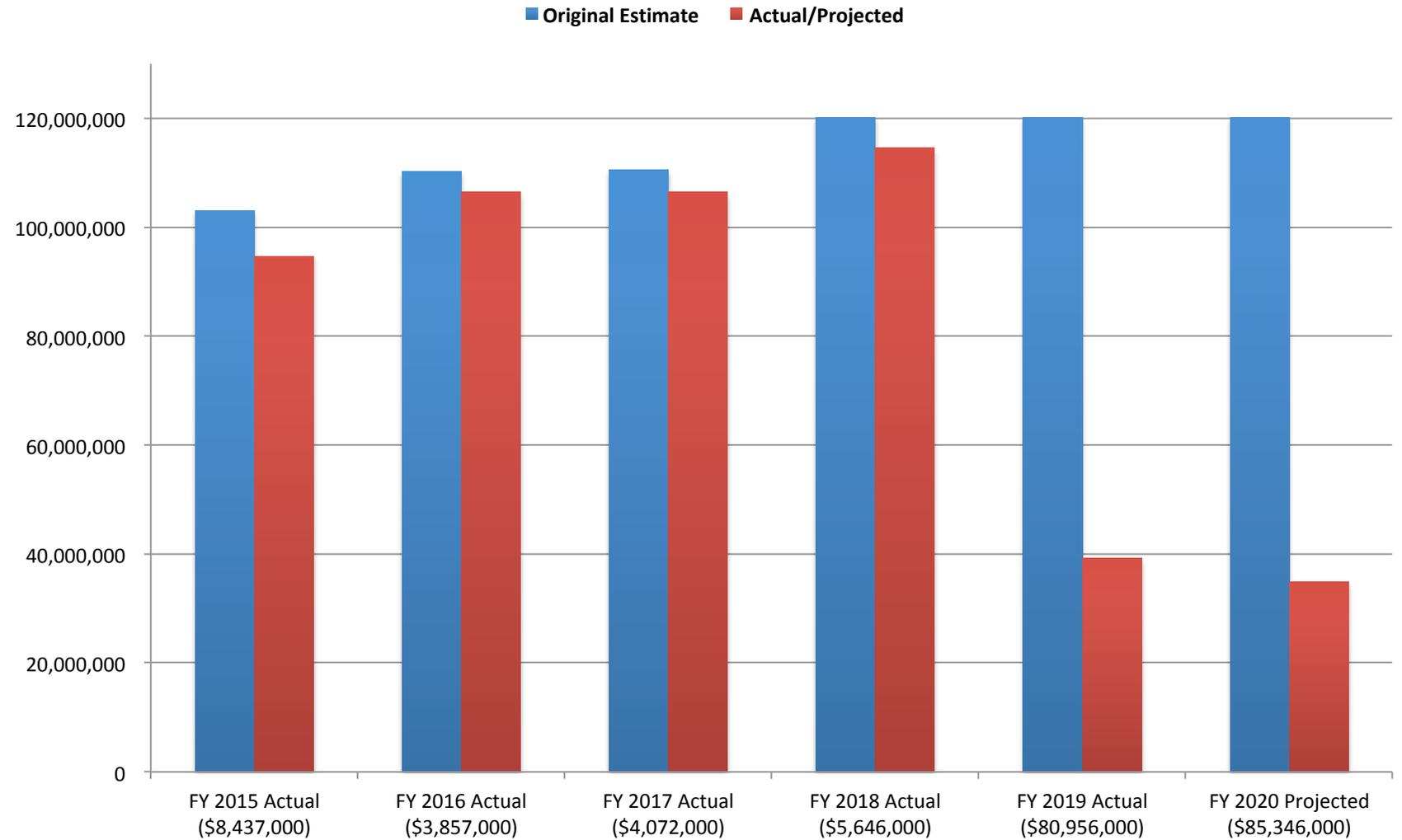


FY 2020 Capital Uses

FY 2020 Total Capital Budget - \$58,133,069



Act 89 Original Estimated Capital Funding vs. Actuals/Projected



FY 2019 Deferred Capital Projects – Fixed Guideway Improvements

- Library Line Grade Crossing Case Rehabilitation - Add Battery Back-up - \$500,000
- SHVRC - Wheel Measuring System/ Profiler on Yard Service Perimeter Track - \$600,000
- New LRT Radio System and Upgrade Bus Radio in Mt. Wash Tunnel, Upgrade Microwave System Design - \$500,000 (\$10M)
- SHJ M-Loop Waterline Replacement & Parking Area Replacement/ SHJ Site Improvements - \$11,400,000
- Bridge Preventative Maintenance - \$5,500,000
- Mt. Lebanon Tunnel Fan Replacement - \$4,375,000 (\$9.1M)
- CBD Plinth Repairs w/ DF Plates - \$4,200,000 (\$8.9M)

FY 2019 Deferred Capital Projects – Facility Improvements

- Dormont PNR Rehabilitation - \$2,750,000
- McKnight PNR Paving - \$2,500,000
- Heinz 57 Center Admin Building 3rd & 5th Floor Leasehold Improvements - \$900,000
- East Liberty - Carmon Exhaust System Replacement - \$400,000
- Main Shop – Carmon System, Fluid Reels & Pumps and Hoses 12 Bays - \$700,000
- Manchester Main Shop Overhead Crane - \$1,400,000
- Manchester Security Assessment and Improvements - \$300,000
- Manchester Main Shop Engine Dynamometer - \$2,000,000
- Wellness Program Exercise Rooms - \$1,710,000
- Mon Incline Improvements Ph II - Structure Rehab & Painting - \$3,800,000

FY 2019 Deferred Capital Projects – Facility Improvements Continued

- Wood St./ Steel Plaza Louvers, Dampers, Actuators, MCCs, Switchgear Replace Design - \$500,000
- South Busway Paving - \$6,000,000
- Ross - Maintenance area Expansion for Two Artic Bays/ Lifts - \$2,250,000
- SHJ Route Foreman Tower and E Busway Route Foreman Relief Building Improvements - \$1,000,000
- Garage Painting Maintenance and Storage Areas WM, Ross Collier, EL - \$1,000,000
- System Safety Improvements - Various Facilities - \$400,000
- SHV Carhouse Paintbooth Replacement Design - \$500,000 (\$8M)

FY 2019 Deferred Capital Projects – IT & ITS Support

- Impact 360 Workforce Management Software - \$93,000
- Clever Device Real Time Detour Module - \$1,000,000
- Microsoft SharePoint Implementation Phase 3 - \$750,000
- PeopleSoft HCM Upgrade to Version 9.2 Phase II - \$425,000
- AFCS – Sales Outlet Terminals and Handheld Devices - \$341,150

FY 2019 Deferred Capital Projects – Support Vehicles/Shop Equip & Other

- LRV CAF Cars Mid-Life Overhaul - \$1,000,000
- Manchester Training and Rail Maintenance Training NRV - \$95,000
- 4 Stockperson Carts for Manchester Storeroom - \$28,000
- 4 Forklifts - \$325,000
- Wayfinding Phase III - \$1,300,000
- Rail Simulator - \$700,000
- OCC Theatre Projection Screens - \$1,050,000
- LRV Bike Racks - \$500,000
- Transit Development Plan - \$900,000