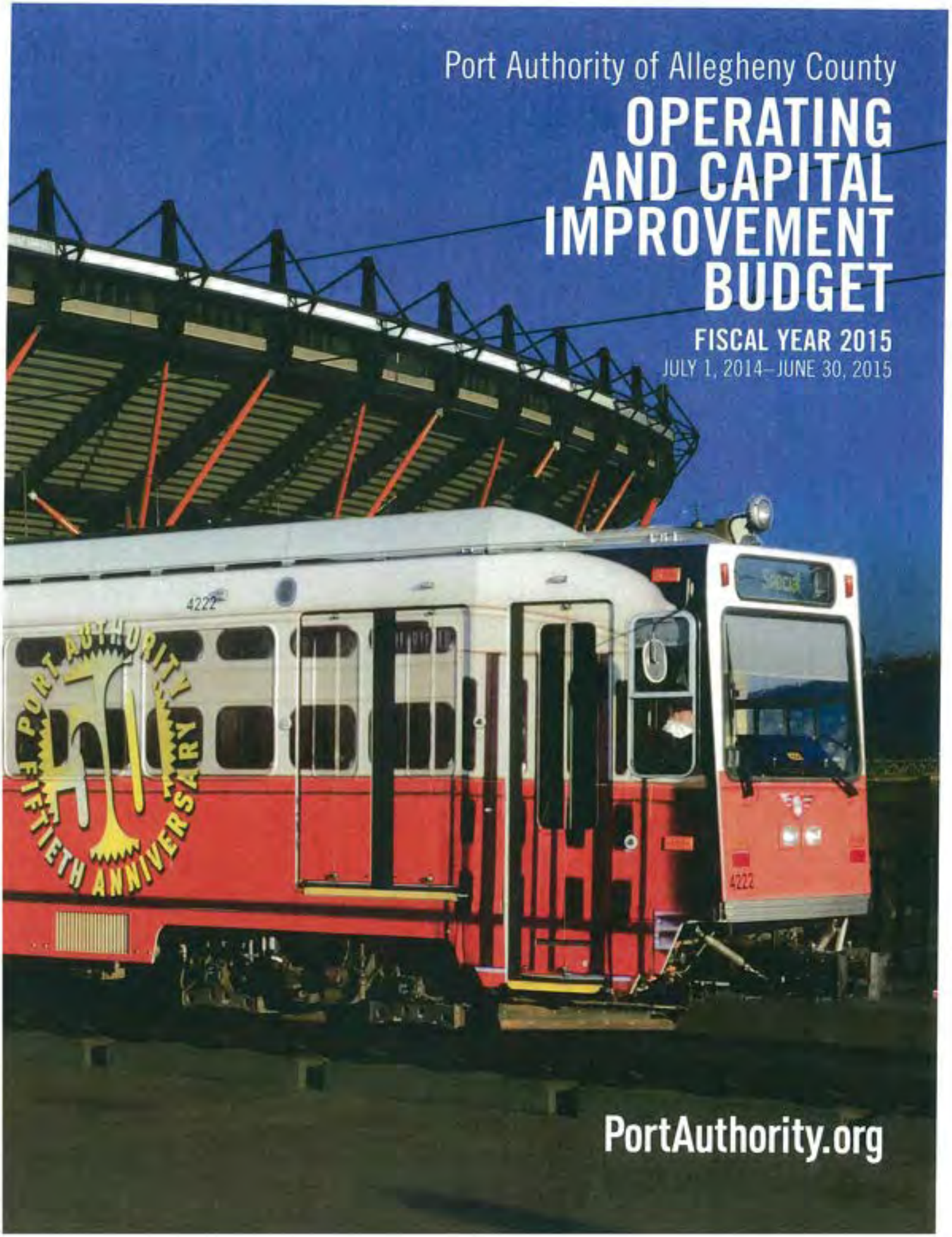
Port Authority of Allegheny County

OPERATING AND CAPITAL IMPROVEMENT BUDGET

FISCAL YEAR 2015

JULY 1, 2014–JUNE 30, 2015



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Executive Summary

The debate on how best to fund Pennsylvania's transportation system – its roadways, transit, freight, aviation, ports and passenger rail – has spanned a decade. In November 2013 the Pennsylvania State Legislature passed and Governor Corbett signed a robust funding bill (Act 89) enabling the repair of our aging bridges and unsafe roads and the improvement of our ports, rail lines and mass transit systems. With passage of Act 89 the Port Authority is turning the page on years of service cuts, layoffs, and minimal capital spending for maintenance and technology. Today, the Port Authority is entering a new era where it can play a significant partnership role in supporting this region's economic vitality and the quality of life for all its residents. While the new funding is intended to preserve and enhance existing service, not full service restoration, it does provide significant opportunities to add capacity to reduce crowding, improve on-time performance and enhance reliability; to enhance the customer experience through added fare products, technology, and other passenger amenities; and to think strategically about how best to increase service through system expansion and targeted ridership growth.

Act 89 for Pennsylvania's transit agencies is expected to generate an additional $60 million in the first year and grow to approximately $497 million by year five. Funding for public transit is derived, in large part, from the $450 million annual bond proceeds issued by the PA Turnpike and increases in vehicle registration fees, surcharges on certain moving violations, and increased fees currently deposited into the Motor License Fund. The Act sunsets the Pennsylvania Turnpike's $450 million obligation in eight years replacing the bond revenue with sales tax revenue derived from the sale of motor vehicles. Bond proceeds are the reason Act 89 funding is considered support for capital needs with any use for operating support requiring a waiver from PennDOT. It is because of the restrictions on use that Port Authority must carefully consider how best to deploy its streams of revenue -- federal, state, and local -- to insure the long-term financial health of the organization, thereby avoiding the service uncertainty of the last decade. Prudent management of our resources is imperative.

With long-term financial stability as the underpinning and recognizing the capital constraints of Act 89, Port Authority set out this spring to engage the community in building consensus around a vision for transit in our region. We asked our stakeholders, "How would you define a modern transit system for this region? What would you like to see?" Two community engagement activities took place simultaneously this May through June -- a week-long Urban Land Institute (ULI) Advisory Services Panel and our online MindMixer site. Both were designed to elicit stakeholder feedback and inform the Authority's strategic direction.

From May 10th - 16th a ULI panel of transit, finance, and place-making experts came to Pittsburgh to engage the community in a conversation around connectivity, enhancing the customer experience, transit oriented development, and service improvements and technology. Over 100 stakeholders representing community-based organizations; federal, state and local agencies; and key advocacy groups participated in the week-long discussion. The final results of the panel's work will be incorporated into the Port Authority's long term strategic business plan.

In addition, Port Authority created and hosted its own online engagement site, *MindMixer*, for feedback from our riders and the community-at-large. It's best thought of as an electronic Town Hall meeting on transit for our region. The site was open five weeks and engaged 3,444 unique visitors. What we heard

was that our residents want greater connectivity within the existing system; they would like light rail extension, bus rapid transit, and the expansion of our existing busways; they want real time arrival information and on-vehicle passenger information screens; they want reliability and signage.

The FY 2015 Operating and Capital Budgets presented here puts in motion what we heard over the last few months. First and foremost, we are making adjustments to improve service on high demand routes. Our goal is to reduce overcrowding and improve service efficiency. We are adding fare collection personnel to address fare evasion at our rail stops, adding service personnel to improve station cleanliness, adding bus and maintenance personnel to support the 2.7% increase in service scheduled to begin on September 1st. Our new Real Time technology offers the opportunity to directly communicate with riders so that they know about service disruptions (accidents, mechanical issues, etc.) using text, email, digital screens at stations, and apps. This is a function that currently does not exist within the Authority but will be staffed through the FY 2015 budget. Obviously reducing fare evasion will improve our revenue picture. We are also adding an advertising sales representative bringing our ad staff to three fulltime and one part time.

Our capital budget for FY 2015 allows the Authority to focus on, for the first time in a decade, not just deferred maintenance issues but significant transit improvement projects designed to improve efficiency, reduce costs, and encourage new ridership. The FY 2015 Capital Budget supports 90 new buses, Next Train technology, real time signage, and the start of much delayed maintenance and repair of our facilities, fixed guideways, and park and rides. A number of new initiatives are also supported. The first stages of bus rapid transit from Downtown to Oakland will begin in partnership with the City of Pittsburgh and Allegheny County. It will bring faster service, fewer stops and frequent arrivals in this city's second busiest corridor. With funding now approved we are able to begin in earnest our move to CNG for fuel diversification. Feasibility and design studies on retrofitting an existing garage or building a CNG-only garage are supported in this capital budget.

Today, we have a real opportunity to think about growth. With the successful passage of Act 89, Port Authority enjoys fiscal stability for the first time in a decade and the wherewithal to partner across the county on economic and business development plans that promote comprehensive and sustainable growth. Transit spurs development and if done right can revitalize and reshape Pittsburgh and the region.

To our Governor, to our Republican and Democratic legislators in the House and Senate, to our County Executive, and to our many stakeholders who lobbied valiantly for funding, the Port Authority extends its thanks and appreciation. We are committed to be prudent stewards of these monies.

Sincerely,

Ellen M. McLean
Chief Executive Office

Fiscal Year 2015 Operating Budget Summary

The FY 2015 budget was developed with a central vision of improving the Authority. To ensure the Port Authority improvements, six strategic goals were created as a road map for all departments. These goals enabled the Authority to prioritize expenditures for Fiscal Year 2015.

Strategic Goals

- Maintain and Enhance System-Wide Safety and Well-Being of Riders and Workforce
- Enhance Rider Experience and Public Image
- Support Financial Sustainability through Innovative Operations and Growth with Budget
- Continuously Improve Business Processes
- Insure Compliance with Regulatory and Governing Agencies
- Facilitate Greater Workforce Stability, Accountability, and Talent Growth

The Port Authority of Allegheny County will increase service by 2.7% in September. This increase will target overcrowding within critical corridors and alleviate routes that have ridership levels above max capacity. This Fiscal Year all bus routes will have real-time capabilities, enabling riders to see when the next bus will arrive. Additionally, the Authority will begin to replace bus signage with new signs that are more informative and aesthetically pleasing. New technology will continue to drive improvements for transit users, such as interactive routing kiosks, ticket vending machines, on-line purchasing of transit passes, and mobile friendly apps.

Prior years' budgets were generated with the need to curtail expenses, obtain short-term commitments from the Commonwealth and local officials, and garner union concessions. In Fiscal Year 2015 with the passage of Act 89, a steady funding stream of State and Local support eliminates the need for concessions and temporary revenue streams as a means of balancing the budget. Act 89 replaced Act 44 funding and changed the State funding calculations. This year's budget is balanced through multiple revenue streams including ridership revenue, advertising and federal, state, and local subsidies.

The Port Authority is working to ensure sound fiscal stewardship by making strategic decisions that are data-driven. The Authority continues to work aggressively to limit health-care, fuel, and utility expenses. The Wellness Committee, a collaborative effort by Management, IBEW, ATU, Police, and Non-represented employees continues to advocate and support a healthy and active work environment, reducing health claims and days missed at work. Escalating fuel and utility expenses have been controlled by active monitoring of the changing markets.

Operating Revenues

FY 2015 revenues for operations are approximately $389 million and includes passenger revenues, federal, state, and local operating assistance and capitalization grants. Passenger revenues to support operations are expected to represent 27% of the Authority's operating revenue. This includes the sale of fares products, cash fare payments, ACCESS program fees, contracted services through the U-Pass program, interest income, and advertising revenue. Fares are budgeted to remain at the same price and structure as FY 2014.

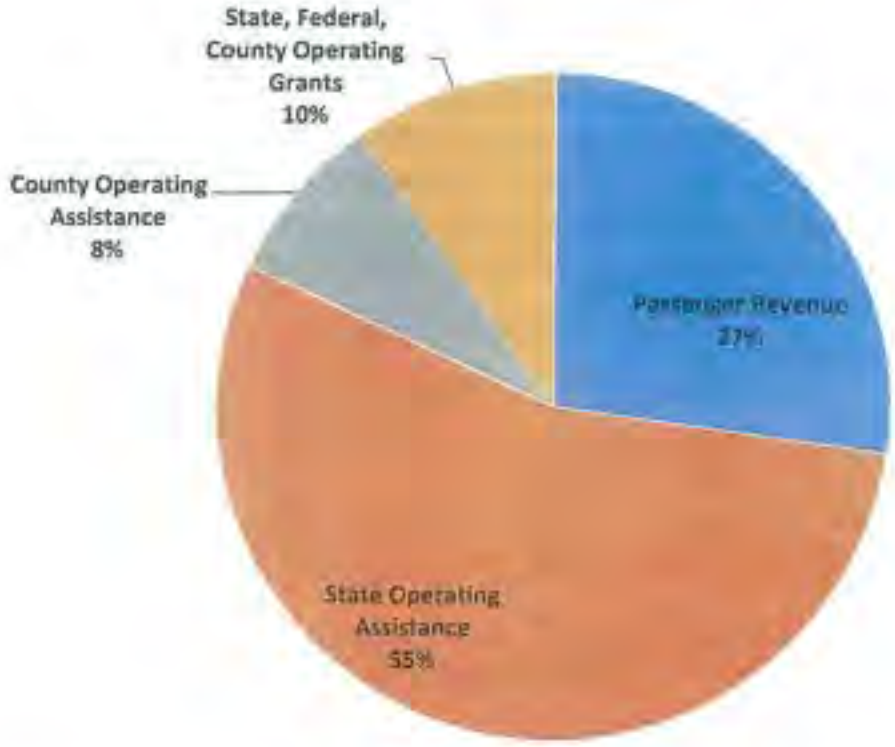
Table 1: Operating Revenue

$000	Budgeted FY2014	Budgeted FY2015	% change
Passenger Revenue			
Farebox Revenue	$ 81,837	$ 80,943	-1.0%
Access Program Service	13,023	12,983	-.03%
Contract Services	8,841	9,456	7.0%
Advertising	1,510	1,575	4.3%
Interest Income	3	11	267%
Other Income	910	624	-31%
Total Passenger Revenue	**106,124**	**105,592**	**-0.5%**
Operating Assistance			
State Operating Assistance	162,891	212,450	30%
County Operating Assistance	29,169	28,867	4.3%
Additional State Operating Assistance	30,000	-	-
Regional Asset District	3,000	3,000	-
Reserves	-	-	-
Total Operating Assistance	**225,060**	**244,317**	**8.3%**
Operating Grants			
State Grants	7,511	6,055	-19%
Federal Grants	24,542	28,336	15%
County Grants	3,400	4,233	25%
Total Operating Grants	**35,453**	**38,624**	**9%**
Total Revenue	**366,637**	**388,533**	**6%**

Overall, FY 2015 total operating revenue is projected to increase by approximately $22 million due to the passage of Act 89.

Operating Assistance from federal, state, and local sources provide the other portion of budgeted revenue. State Operating Assistance is $ 212.45 million. As was the case under Act 44, State Operating funding requires a 15% local match. Allegheny County will contribute $28.9 million. The remaining $3 million will be matched by the Allegheny Regional Asset District (RAD). RAD is a special purpose County-wide district that administers grants to "regional assets," such as museums, parks, and transportation. Grants are made possible by a portion of the proceeds of a 1% County Sales and Use Tax.

Figure 1: Operating Revenue Sources



Federal and State Capital grants supplement operating expenses and represents 10% of FY 2015 revenue. These grants underwrite expense in the Authority's operating budget that are, by definition, eligible expenses under State and Federal capital assistance grants. Examples include eligible preventive maintenance activities to sustain federally-funded capital assets, "State of Good Repair" projects of the Authority's, and State Capital Bond funds used to support the Vehicle Overhaul Program (VOH), which extend the useful life of its fleet. Also included in this category are expenses associated with the Authority's staff who work on engineering design and management of the Authority's capital projects.

Operating Expenses

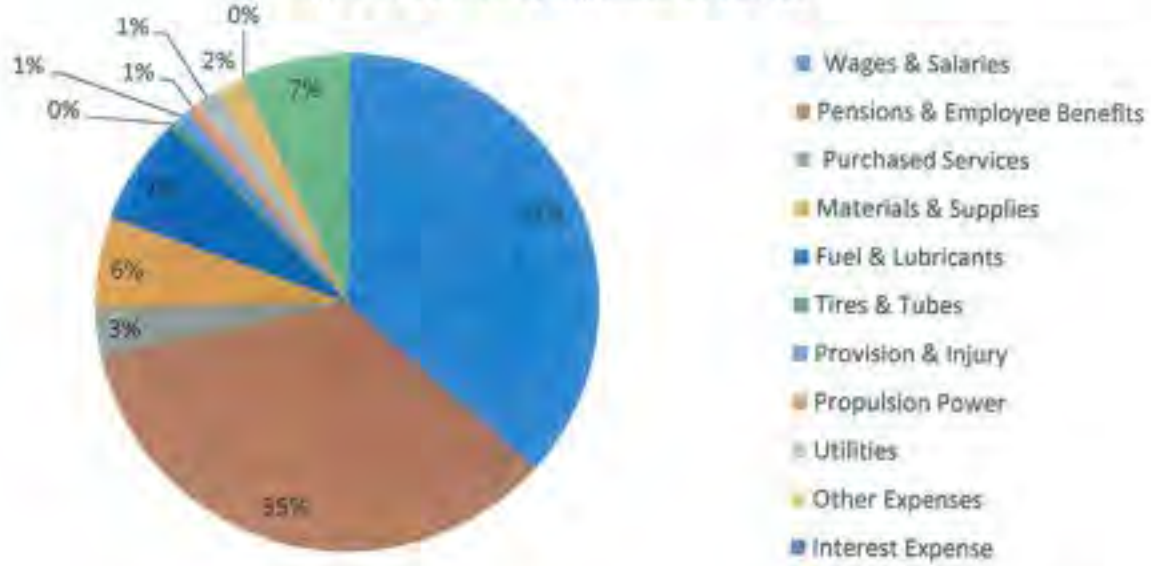
Operating expenses include wages and salaries, pension and employee benefits, materials and supplies, provision for injuries and damages, purchased services, utilities, general expenses, interest, and ACCESS contracted services. In FY2015 labor costs—wages, salaries, and benefits--represent 37% of operating expenses. Wage and salary expense total $141.9 million and increased due to contractual wage increases and wage progressions. Benefit expenses total $135.5 million and include healthcare for active employees and retirees, pension obligations, unemployment compensation, as well as vacation, sick, holiday pay and taxes. Approximately 50% of total benefit expenses are dedicated to the Authority's obligations for healthcare and pension. Healthcare premiums increased 8.5% over FY 2014; pension costs increased due to the expiration of a pension credit that existed in FY 14 from moving to a 10-year smoothing period.

Table 2: Operating Expenses by Account

Expense Accounts $000	FY2014 Budget	FY2015 Budget	% Change
Wages & Salaries	$ 135,324	$ 141,935	4.9%
Pensions & Employee Benefits	124,484	135,542	8.9%
Purchased Services	12,150	12,114	-0.3%
Materials & Supplies	21,533	22,941	6.5%
Fuel & Lubricants	27,126	26,702	-1.6%
Tires & Tubes	1,947	1,889	-3.0%
Provision & Injury	3,209	3,933	22.6%
Propulsion Power	2,285	2,977	30.3%
Utilities	4,987	5,695	14.2%
Other Expenses	6,319	7,306	15.6%
Interest Expense	300	300	-
ACCESS	26,974	27,200	0.8%
Total Gross	**366,637**	**388,534**	**6%**

Material and supplies expenditures are expected to increase by $1.4 million over FY 2014 budget due to vehicles leaving warranty and increased service. Provision for injuries and damages is budgeted 22.6% above FY 2014 levels. This change is due to anticipated increases in litigated expenses. Purchased services include work done by outside contractors, equipment purchases, and general engineering expenses related to capital infrastructure expenditures. It is expected to decrease by $36,000 or -0.3%. Utilities including natural gas, electricity and propulsion power are projected to increase over FY2014 levels largely due to delivery charge increases as a result of the EPA consent decree for ALCOSAN. Other expense line items include marketing and communication, insurance, rentals, banking services, employee development and training. Marketing strategies designed to enhance the rider experience account for the increase. ACCESS expenses will increase by 0.8%.

Figure 2: Operating Expenses by Source



Fiscal Year 2015 Capital Budget Summary

Table 3: Capital Expense By Project Designation

Capital Project Designations	Federal	State	Local	Total
Debt Service	$ -	$ 28,941,442	$ 964,465	$29,905,907
Revenue Vehicle Replacement	28,873,968	5,975,979	1,150,053	36,000,000
Fixed Guideway Improvements	1,553,354	19,447,933	500,404	21,501,692
Facility Improvements	-	5,285,617	176,140	5,461,757
Information Technology Hardware/Software Support Programs	-	6,938,770	231,230	7,170,000
Other Support Programs	1,258,670	2,857,285	299,887	4,415,842
Operating Capitalizations	26,567,257	4,829,940	4,311,829	35,709,026
New System Initiatives	-	1,971,294	1,013,706	2,985,000
Total Capital Projects	**58,489,249**	**115,057,000**	**10,000,000**	**183,546,249**

Port Authority's FY 2015 Capital Improvement Budget (CIP) will be its most robust CIP ever to be focused solely on currently held infrastructure assets. On November 25, 2013, Governor Corbett signed into law Act 89, a comprehensive transportation funding bill for the Commonwealth of Pennsylvania. This historic legislation provides long-term, dedicated funding for public transit as well as roads, bridges and multimodal transportation. Act 89 along with federal MAP-21 funds, and local matching funds will provide Port Authority a predictable, growing source of funds to make critical infrastructure repairs and improvements for years to come.

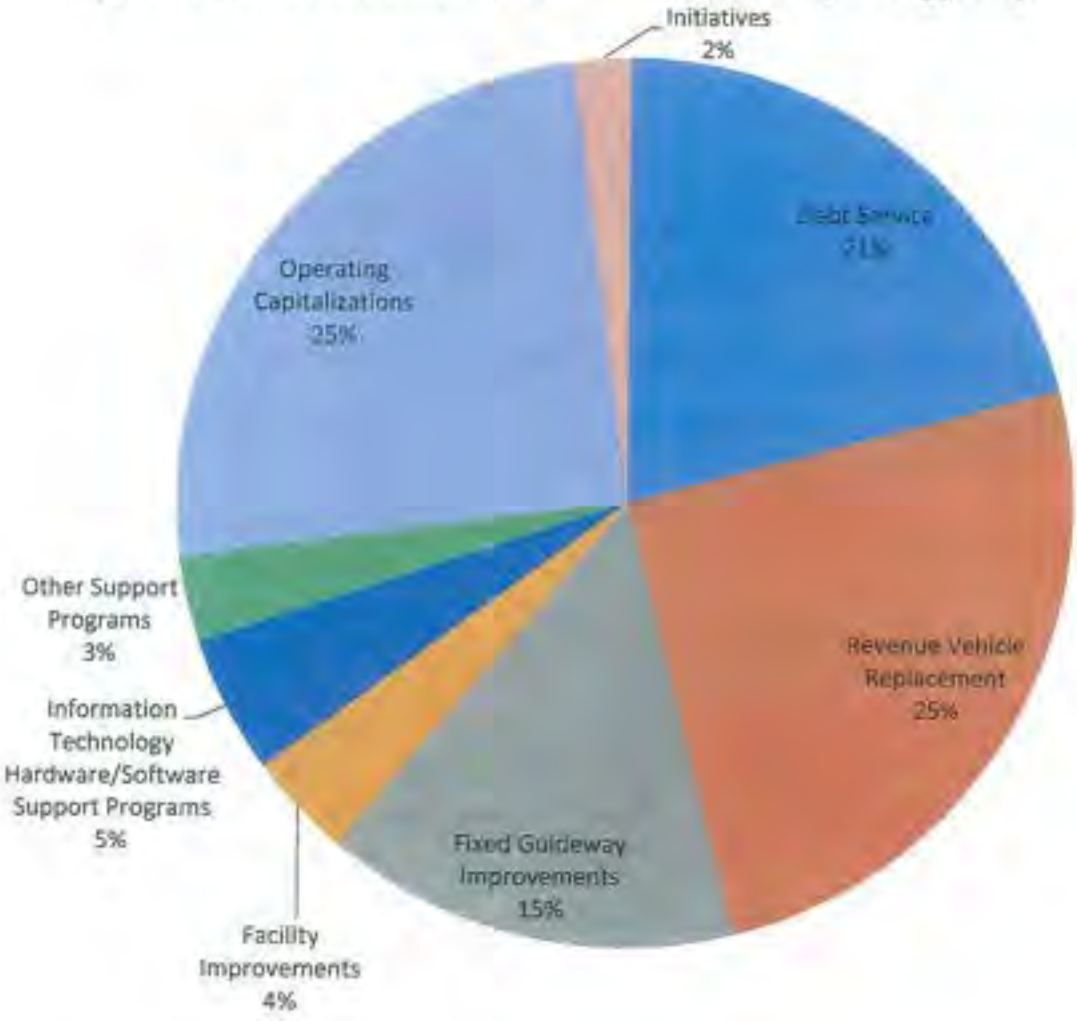
The projected growth in Act 89 funding is anticipated to more than triple Port Authority's annual CIP over the next five years. This increase in capital funding will permit Port Authority to begin addressing its $500 million State of Good Repair/Deferred Maintenance backlog due to chronic funding shortfalls. Port Authority's FY 2015 CIP will initiate capital programs to repair and/or replace assets that have long exceeded their useful life.
Port Authority's FY 2015 CIP totaling $183.5 million, includes $115 million in state funds, $58.5 million federal funds, and $10 million local funds.

With the anticipated FY 2015 funds, Port Authority has allocated projects that will bring assets to a state of good repair, enhance system safety, and various improvements transit service. Capital improvement programs are focused on the following categories:

- *Debt Service – Bond debt incurred for the construction of the LRT Stage II Line and construction costs for the expansion of the Martin Luther King East Busway*
- *Bus Replacement – The Replacement of buses that have met or exceeded their useful life (12 years)*
- *Fixed Guideway Improvements – Rehabilitation of Port Authority's various Fixed Guideways including 3 busways, 2 LRT Lines, and 81 Transit Bridges.*

- *Facility Improvements – Rehabilitation of Port Authority's various Facilities including 4 bus operation facilities, the South Hills Rail facility, communication towers, and our Heavy Equipment facility.*
- *Transit Support Program – Includes enhancing Information Technologies, updating Port Authority's CCTV monitoring infrastructure, implementation of Bus Real Time and Next Train, and the replacement of various non-revenue support vehicles.*
- *Operating Capitalizations – Includes Port Authority's Revenue Vehicle Overhaul Program, infrastructure preventive maintenance activities, Capital Cost of Contracting for our Paratransit service, and grants administration.*
- *New System Initiatives – Includes environmental and preliminary engineering funding for the Bus Rapid Transit project from Downtown Pittsburgh to Oakland, a facility retro-fit study to accommodate a Condensed Natural Gas fueling facility, and a conceptual study for a new Condensed Natural Gas operating facility.*

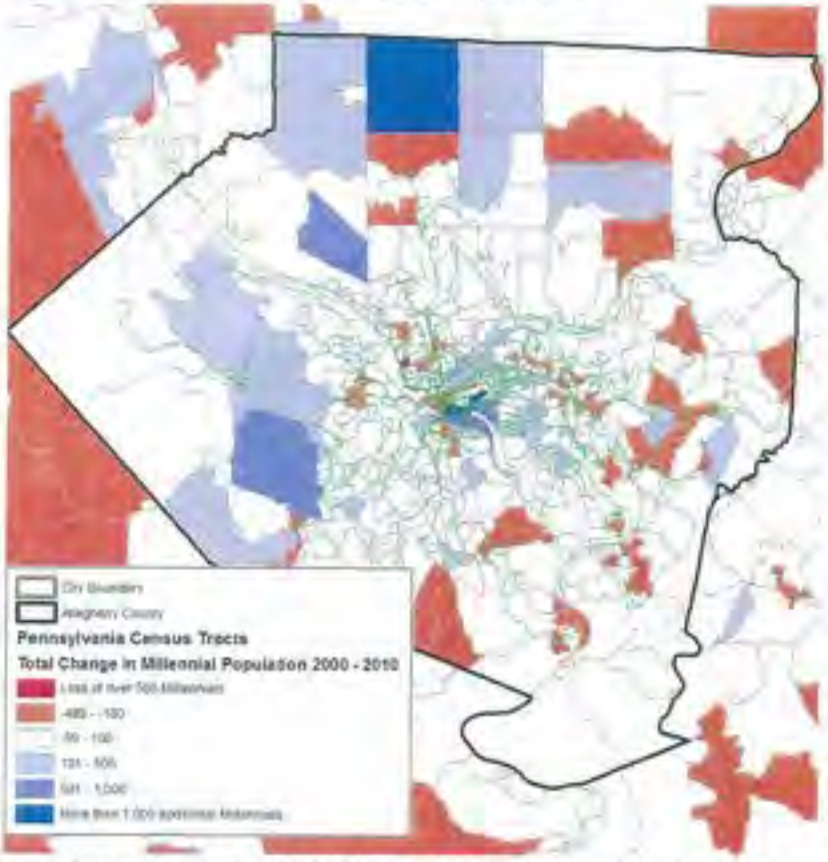
Figure 3: Capital Expense By Project Percentages



Current Trends

Allegheny County is experiencing a changing population. Historically, the County's population was decreasing due to the exodus of the steel industry and the lack of economic opportunities. Nevertheless, flight from the region bottomed out in 2010 and today the region is experiencing growth. The strengthening of Educational and Medical Centers has spurred a revitalized, vibrant economy that has received accolades, such as Pittsburgh being labeled the "Most Livable City." Unemployment rates in Allegheny County are lower than the national average and 34% of the population has a college degree.

Figure 4: Total Population Change in Millennial Population

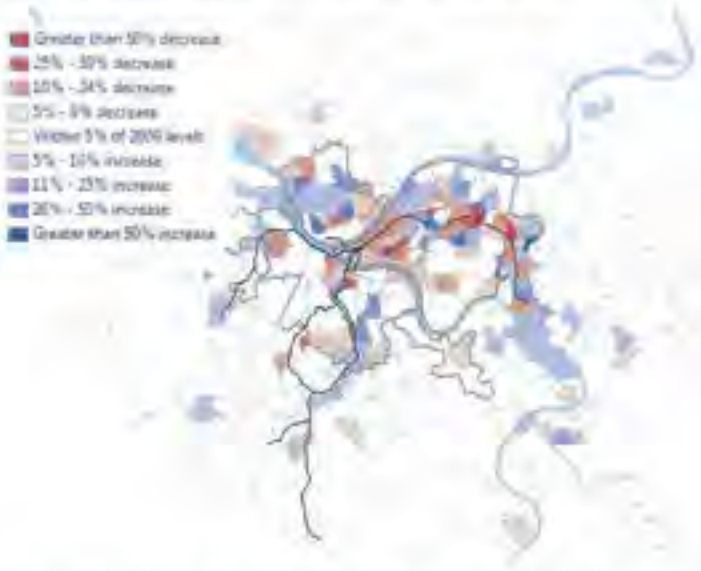


Population growth has shifted demographics. Millennials account for 20.4% of the County's population and 30.3% of the City of Pittsburgh's population. This population group will continue to create unique opportunities for economic development and produce new demands on public transportation.

The Rockefeller Foundation in a 2014 survey found that 66% of millennials rank public transportation as a top priority for migrating to a region. Of those millienials making $30,000 or less, 92% stated affordable public transportation is a must. Figure 3 illustrates the change in the millennial population since 2000. Millennials have moved to the north, west, and central (Pittsburgh) regions of Allegheny County. These trends will great opportunities for enhanced public transportation ridership.

Starting in 2000 the County, in particular the City of Pittsburgh, has increased the use of public transportation for commuting to work. Figure 4 highlights areas in blue that have increased the use of public transit for traveling to and from work. Although Figure 4 also demonstrates areas of decreased usage, the Authority at the same time experienced

Figure 5: Change in Percent of Population Commuting with Public Transportation



tumultuous service reductions. Secure funding through Act 89 will ensure the Port Authority's goal to improve service and enhance rider experiences. These strategies should assist in increasing public transportation usage.

Allegheny County

Allegheny County is located in the Southwestern corner of Pennsylvania. It was founded in 1788 by General John Forbes, who combined portions of Westmoreland and Washington Counties. At the center of the County, the Allegheny and the Monongahela rivers converge to create the headwaters of the Ohio River. The City of Pittsburgh, located in the heart of the three rivers, is the county seat. The County is 745-square miles, the majority of the property is forests and farmland. Temperatures are highest in July with an average of 83 degrees and January is the coldest with an average low of 23 degrees. Average precipitation is 3.05 inches per month. Sixty percent of the year has some level of precipitation.

The County is home to several Fortune 500 companies including Heinz, PPG, ALCOA, PNC Corporation, Bank of New York Mellon, Mine Safety Appliances, and Dicks Sporting Goods. In addition to corporate headquarters, Allegheny County has world renowned cultural attractions. The Carnegie Museums, the Andy Warhol Museum of Art, the Pittsburgh Zoo, the National Aviary, and the Heinz History Center are all located in the region. These cultural attractions validated Pittsburgh and Allegheny County as one of the "Best All-American Vacation Destinations" for the summer of 2014, according to the *Travel Channel*.

The County is governed under a Home Rule Charter. This structure was implemented in 2000 and abolished a three-commissioner system. Under the Home Rule Charter, the County residents elect a County Chief Executive Officer and a 15 member Council.

Port Authority of Allegheny County

The Port Authority of Allegheny County was established in January of 1958 and operates pursuant to the Commonwealth of Pennsylvania's Second Class County Port Authority Act. The transit operations for the modern day Port Authority began on March 1, 1964, with the formal consolidation of 33 private transportation carriers. The Authority was created for the purpose of planning, acquiring and holding, constructing, improving, maintaining, and operating a comprehensive public transportation system within Allegheny County by utilizing the full

powers of the Second Class County Port Authority Act. The powers of the Authority also includes the ability to borrow money for costs of projects related to the Authority and to issue negotiable, interest-bearing debt obligations. Any debt issuance by the Authority is the obligation of the Authority and shall not become indebted or an obligation to the Commonwealth or Allegheny County.

The Port Authority operates within the 745-sq miles of the County, serving a population base of 1.4 million people. The transit network includes fixed route bus service, the light rail system, and the Monongahela. Ridership on these services are expected to increase slightly in FY 2015. The Authority also provides ACCESS service, a coordinated, shared-ride paratransit system offering door-to-door, advanced reservation transportation for elderly and handicapped persons. ACCESS has been recognized as one of the nation's premier paratransit systems.

The Port Authority directly operates 700 buses that vary in size from 35 to 65 feet, 83 light rail vehicles, and one incline plane. Port Authority assets include 7 maintenance and storage garages, 3 exclusive busways (the 4.3-mile South Busway, the 9.2-mile Martin Luther King Jr. Busway, and the 5-mile West Busway) and the 25.4 mile light rail system.

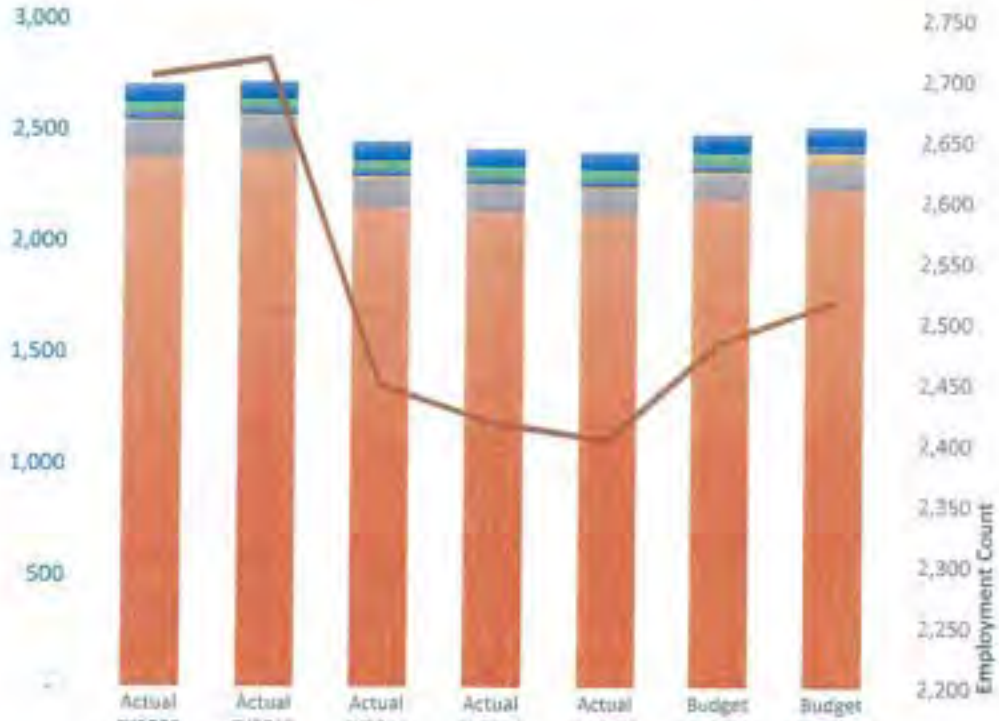
In 2013 the Commonwealth of Pennsylvania passed legislation that altered the composition of the Port Authority of Allegheny County's Board of Directors. Under the new legislation the board increased to 11 members that are appointed by the Governor, two caucuses of the General Assembly, the County Executive, and County Council. The board structure provides representation from the funding stakeholders.

The Port Authority turns 50! March 1, 2014 marked the official 50th Anniversary of the Port Authority. The celebration will continue into Fiscal Year 2015 with rider appreciate give-a-ways and celebratory events throughout the year. Riders should be on the lookout for custom designed bus and rail-car wraps that capture the retro appearance of bus and street cars. The Authority has partnered with a local radio station WYEP 93.1 FM to market various events throughout the 50th year-long celebration.

Port Authority Structure

The Authority is organized into seven divisions, the Office of the CEO, Transit Operations, Finance, Communications, Human Resources, Legal and Consulting Services, and Engineering and Technical Support. In FY 2014 the Port Authority underwent a re-organization eliminating the Planning and Service Development Division as a standalone division and merging staff under Transit Operations, Finance, and Communications. The budget is developed based on these seven divisions and those departments reporting within each division. The Port Authority has over 90 departments at 12 locations reporting to the seven various divisions.

Figure 6: Port Authority of Allegheny County Personnel



	Actual FY2009	Actual FY2010	Actual FY2011	Actual FY2012	Actual FY2013	Budget FY2014	Budget FY 2015
Legal and Consulting	79	75	84	79	78	83	83
Planning and Service Development	49	42	42	51	50	54	0
Human Resources	32	31	30	29	28	29	29
Communications	12	12	16	12	12	14	48
Finance	154	154	125	115	111	114	120
Transit Ops	2,376	2,402	2,151	2,130	2,123	2,189	2,236
Office of the CEO	2	2	2	2	2	2	2
Total	2,704	2,718	2,450	2,418	2,404	2,485	2,518

The Chief Executive Officer provides direction to daily operations of the Authority and reports to the Board of Directors. The executive leadership team is responsible for managing the daily operations of the Port Authority of Allegheny County. Figure 7 is a high level organizational leadership chart. Together divisions and departments work to provide quality transportation services to the Allegheny County region.

The Port Authority of Allegheny County has over 2,500 employees. There are three separate collective bargaining units. Over 85% of the workforce is Amalgamated Transit Union (ATU) employees, a small fraction are International Brotherhood of Electrical Workers (IBEW) union members, and the Transit Police are a separate bargaining unit. The remainder of the employees are non-represented employees. Personnel will increase by 1.2% in FY 2015. Figure 5 depicts the employee counts for each division. The Transit Operations Division has the largest number of employees. The average length of employee's service is 13.5 years. Longevity has increased by 25%, since 2000.

Figure 7: Personnel by Pay Classification

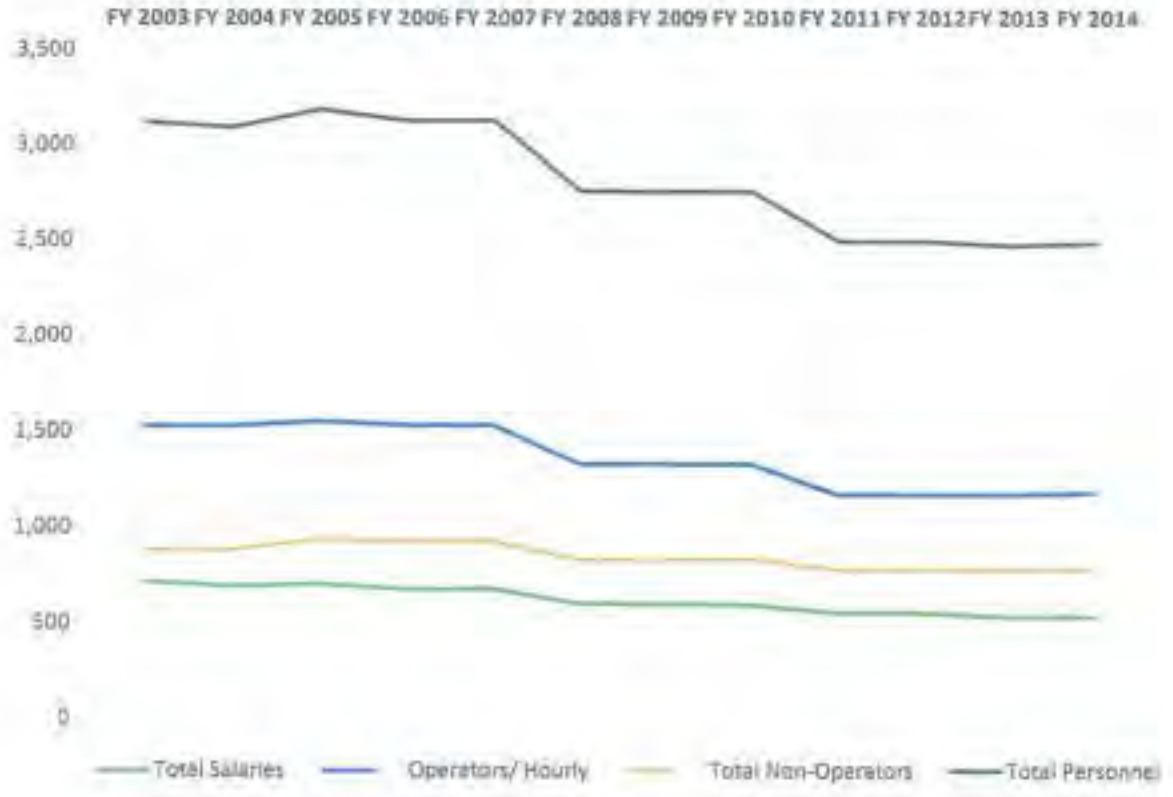
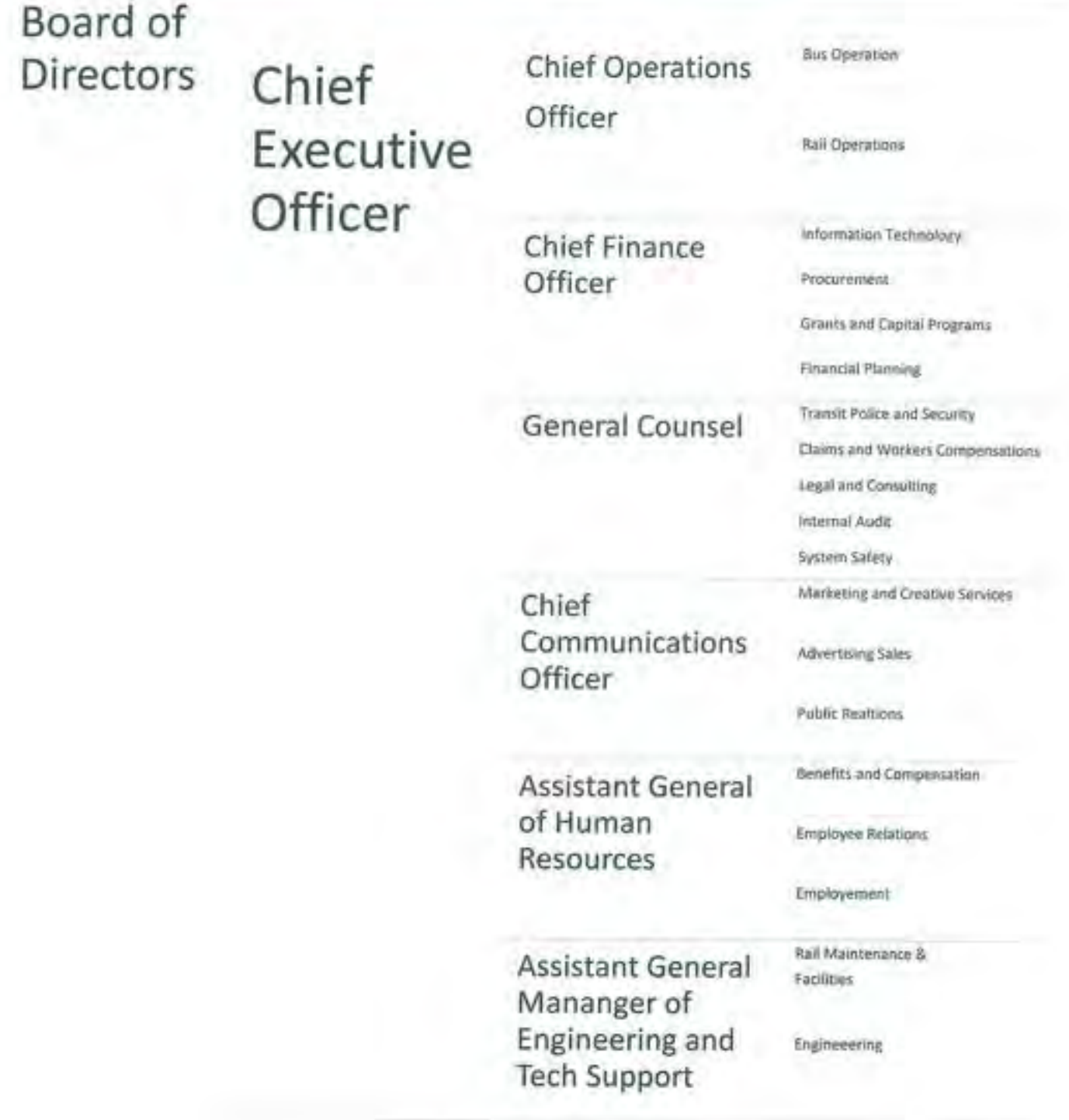


Figure 8: Organizational Structure



The Office of the Chief Executive

The Chief Executive Officer is responsible for all aspects of managing and overseeing the planning, financing, administration, operations, Safety and Security of Authority's services, operations and activities. The Chief Executive Officer serves as the Authority's representative with governmental units, agencies, and transit organizations at the federal, state, and local levels. The CEO works closely with the Port Authority of Allegheny County Board of Directors. The Board of Directors develops the strategic direction of the organization through governance oversight. This division contains the expenses for the Board of Directors. The Board is not compensated but expenses may be incurred for travel, printing, and legal counsel.

Table 4: Office of the Chief Executive Expenses

Expense Accounts	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Total Salary & Wages	241,459	336,853	296,208	279,360	-5.69%
Purchased Services	2,746	2,347	2,628	2,628	0.00%
Materials and Supplies	124	100	660	660	0.00%
Other Expenses	24,292	18,128	31,158	31,158	0.00%
Net Total	**268,620**	**357,428**	**330,654**	**313,806**	-5.10%

In May of 2014 the Port Authority of Allegheny County invited transit, economic, community development, and financial experts to evaluate and explore the long-range capabilities of the Agency. The Urban Land Institute's Advisory Services Panel convened for a week-long, intensive exploration and analysis of the Port Authority services and future development strategies. Recommendations and analysis from the Panel can be found at www.portauthority.org

The Urban Land Institute is a nonprofit education and research organization that encourages high standards of land use planning and development. ULI is recognized as one of North America's most respected and widely quoted sources of objective information on urban planning, growth and development. The panel members were selected based on their expertise.

Transit Operations

The Transit Operations Division is responsible for the safe and timely delivery of transit services. It is comprised of Bus and Rail Operations and the maintenance of Port Authority's bus and rail vehicles. The Transit Operations Division oversees service delivery, service planning, maintenance and, major overhauls. There are four bus garages (Ross, East Liberty, West Mifflin, and Collier) that provides daily service and maintenance and one major overhaul bus garage (Manchester). Rail Service delivery has one garage for daily and overhaul maintenance (South Hills Village). South Hills Junction is a support service garage. South Hills Junction houses the Way, Facilities, Power, and Light Rail Transit System.

Mission

To provide Allegheny County residents and surrounding communities with a safe, reliable, efficient, clean and courteous public transportation system

Goals

- Maintain FY2015 budget expenses within projected numbers and identify opportunities for innovative approaches for additional savings.
- Enhance customers experience by delivering safe, reliable, and courteous service.
- Reduce out-of-service hours caused by manpower and equipment shortages.
- Improve route productivity and on-time performance using Clever Device/UTA information reporting system.
- Support the innovation and development of advanced technologies and techniques for improving public transportation.
- Ensure revenue fleet vehicles are meeting the preventative maintenance (PM) schedule.
- Ensure building maintenance campaigns and all PM's are completed on time.
- Identify the changing needs of our service area and develop strategies to meet those needs.
- Provide training and development opportunities to improve efficiencies of our current work staff.
- Improve overall cleanliness to vehicles by adhering to compliance with scheduled interior cleans and any additional innovative processes to enhance appearance.
- Reduce chargeable accidents.

Engineering and Technical Support Division

For expense purposes Technical Support is included in operations. This division provides engineering support on Port Authority projects, oversees capital investments, develops technical specifications for the procurement of services and materials, reviews and evaluates engineering conditions and environmental coordination, and provides ancillary operational support. This division is also responsible for facility management which includes maintaining clean and functional T-stations throughout the system. Technical Support also oversees the implementation of the Automatic Fare Collection System (AFCS), our ConnectCard fare system.

Mission

To help promote safe, dependable and efficient transit service for our customers by providing quality engineering, facility management and technical support to all departments within the Port Authority

Goals

- Provide the Engineering and Technical Support necessary to develop, implement, and manage the Authority's multi-million dollar Capital Program.
- Administer Port Authority's Environmental Compliance Program to ensure applicable federal, state and local environmental regulatory requirements governing Port Authority concerning hazardous, residual and municipal waste generation, hazardous material management, air quality, water quality, and storage tanks are addressed.
- Successfully administer several of the Authority's mandatory regulatory programs including Bridge and Structure Management and Inspection, Fire Protection Maintenance, and Pennsylvania One-Call Programs.
- Provide engineering and technical assistance to the Authority's Operations and Facilities Departments as required for emergencies, derailment investigations, regulatory compliance issues as well as miscellaneous construction and facility improvement projects.
- Develop, coordinate, and implement employee training and qualification programs required for the Authority's maintenance employees and the Maintenance Apprenticeship Programs (MAP).
- Implement upgrades to the AFCS system to provide customers with additional sales and feature options and provide the Authority with efficiencies in administration of the fare collection system.
- Complete Preventative Maintenance Programs on various facilities and equipment to maintain the sustainability of the assets.
- Increase frequency of station cleaning to enhance the rider experience and improve the overall Authority image.
- Work with managers to improve accountability for crew productivity and manage overtime expenses.

Table 5: Transportation Operation Expenses

Expense Accounts	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Total Salary & Wages	116,740,323	117,039,626	116,701,026	124,194,639	6.42%
Total Fringe	16,248,402	15,407,974	16,246,558	16,857,436	3.76%
Purchased Services	1,898,624	2,693,634	5,672,100	5,354,580	-5.60%
Materials and Supplies	19,076,875	18,255,179	20,570,899	22,140,659	7.63%
Fuel and Lubricants	24,645,789	24,133,024	27,126,384	26,702,667	-1.56%
Tires and Tubes	1,466,796	1,491,755	1,947,090	1,888,752	-3.00%
Provision and Injury	(216,132)	(204,096)	(88,110)	(34,080)	-61.3%
Propulsion Power	2,424,439	2,419,773	2,285,345	2,977,205	30.27%
Utilities	4,079,147	3,612,477	4,131,607	4,322,288	4.62%
Other Expenses	162,392	181,832	410,195	423,162	3.16%
Gross Total	**186,526,655**	**185,031,177**	**195,003,094**	**204,827,308**	5.04%
Transfers and Capitalizations	(7,735,048)	(378,648)	(6,000,000)	(5,518,400)	-8.03%
Net Total	**178,791,608**	**184,652,529**	**189,003,094**	**199,308,908**	5.45%

Finance Division

The Finance Division is comprised of Financial Planning & Budgets, Grants & Capital Programs, Accounting, Payroll, Cash Management, Information Technology, and Procurement & Materials Management. Responsibilities include preparing annual operating and capital budgets; all accounting and financial documentation; Federal, State, and County government reporting and grant applications; revenue collection and processing; financial projections and analyses; purchasing, receiving, storage and distribution of materials and supplies and all hardware and software projects within the Authority.

The Finance Division is mission driven and goal focused. This approach has aided and will continue to advance the performance of the finance division by improving fare products, revenue collection, financial forecasting, responsive information technological support, and efficient accounting and payroll management.

Mission

To provide timely, accurate, clear, and complete information to internal and external customers while ensuring citizens the department is operating in the most efficient manner

Goals

Accounting

- Provide transparent and informative monthly Operating Income Statement and Balance Sheet.
- Monitor Accounts Receivable aging report to ensure all customer invoices are paid in a timely manner.
- Perform necessary reconcillations to ensure all business processes are being followed and ensure proper accountability.
- Provide pertinent financial information to internal and external agencies.
- Provide courteous, prompt customer service for patrons to Port Authority Service Center.

Payroll

- Conduct payroll cycles that are timely and accurate.

Financial Planning and Budgets

- Create and monitor the annual Port Authority of Allegheny County Operating Budget and prepare associated documentation
- Monitor budget to actual revenue and expenses.
- Spearhead *TransitStat* topics and provide ongoing monitoring
- Prepare timely and accurate quarterly and annual reports required by Federal, State, Local agencies

Cash Management

- Provide fare products to the riding public.
- Ensure timely and accurate collection of farebox revenue.
- Provide reliable fare equipment for the purchase and use of fare products.
- Maintain and manage outside contracts with third party retail outlets and fare collection vendors.
- Continue business process improvements in the Automated Fare Collection System (AFCS).

The Finance Division in concert with Technical Support has successfully implemented a new SmartCard technology for fare collection. With this successful implementation, the Finance Division continues to roll-out new fare products and streamline procedural processes for this new technology. Additionally, this division has launched and will continue to utilize TransitStat, a data driven-performance management program that uses analytics to identify cost driving

trends, performance trends, and customer utilization. In Fiscal Year 2015 the Finance Division will also oversee the Retail Sales Outlet, located in Downtown Pittsburgh. Having the Retail Sales outlets under Finance will further the Division's goal of timely and accurate revenue collection and reporting by streamlining Accounting and Cash Management.

Table 6: Finance Division Expenses

Expense Accounts	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Total Salary & Wages	7,263,321	6,925,026	8,287,965	8,094,318	-2.02%
Total Fringe	(349,650)	64,993	318,767	330,338	3.63%
Purchased Services	417,431	1,007,838	1,587,467	2,274,685	43.29%
Materials and Supplies	95,501	167,192	409,735	471,690	15.12%
Provision and Injury	74,840	(1,003,836)	-	-	0.00%
Utilities	785,145	805,783	840,000	1,368,553	62.92%
Other Expenses	619,377	852,114	1,590,457	2,565,049	61.28%
Gross Total	**8,905,965**	**8,819,110**	**13,034,391**	**15,404,633**	15.8%
Transfers and Capitalizations	(340,730)	(275,563)	(612,540)	(24,000)	-96.0%
Net Total	**8,565,235**	**8,543,547**	**12,421,851**	**15,380,633**	23.8%

Table 7: General Administration Expenses

Expense Accounts	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Total Fringe	10,740,713	11,117,688	11,721,649	11,940,286	1.87%
Purchased Services	134,500	104,997	254,000	268,000	5.51%
Materials and Supplies	40,580	39,536	34,992	34,992	0.00%
Provision and Injury	-	-	-	149,999	0.00%
Other Expenses	1,789,522	1,986,482	2,716,163	2,584,071	-4.86%
Interest Expense	127,854	144,802	300,000	300,000	0.00%
ACCESS	26,184,443	25,154,899	26,973,000	27,200,000	0.84%
Gross Total	**39,017,612**	**38,548,404**	**41,999,804**	**42,477,348**	1.14%
Transfers and Capitalizations	(50,779,147)	1,228,619	(28,769,197)	(32,965,826)	14.59%
Net Total	**(11,761,534)**	**39,777,023**	**13,230,607**	**9,511,522**	-28.1%

Legal and Corporate Services

The Legal and Corporate Services Division includes the following departments: Claims and Workers' Compensation, Legal and Consulting Services, Internal Audit, System Safety, and Transit Police and Security Services. The Division provides legal and risk-management advice and representation; reviews and processes all liability, property, and workers' compensation claims made against the Authority; examines and evaluates the Authority's system of internal controls; ensures a safe and secure working and riding environment for employees and customers; serves as a liaison with the Federal, State and Local courts, funding, and oversight agencies; and supervises the maintenance and development of Port Authority's real estate assets.

Table 8: Legal and Corporate Services Expenses

Expense Accounts	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Total Sal & Wages	4,868,584	4,732,672	5,031,659	5,160,964	2.57%
Total Fringe	328,846	294,436	327,624	329,724	0.64%
Purchased Services	1,991,275	1,752,514	2,774,006	2,855,998	2.96%
Materials and Supplies	8,523	19,619	38,221	46,528	21.73%
Provision and Injury	1,959,384	2,865,325	3,296,634	3,783,004	14.75%
Other Expenses	187,632	123,172	373,650	335,899	-10.1%
Gross Total	**9,344,244**	**9,787,739**	**11,841,794**	**12,512,117**	5.66%
Transfers and Capitalizations	(67,095)	(108,288)	(135,120)	(43,200)	-68%
Net Total	**9,277,149**	**9,679,451**	**11,706,674**	**12,468,917**	6.51%

The goals of Legal and Corporate Services focus on a wide variety of services that support the Port Authority for daily operations. They range from safe and secure transportation to regulatory compliance.

Mission

To ensure that Port Authority operates in compliance with all laws and in a safe and efficient manner with skilled and dedicated personnel that respond to internal and external stakeholders and customers in a timely and professional manner for the overall advancement of the Authority's purpose to connect people to life via its public transportation system.

Goals

- Aggressively prosecute and defend actions on behalf of the Authority before federal and state courts, district magistrates, unemployment compensation referees and in other administrative settings in order to advance and protect the best interests of the Authority
- Provide high-quality and timely legal advice and support to every facet of Port Authority's operations, including the strategic use and cost-effective management of outside counsel for appropriate matters.
- Ensure the Authority's compliance with all applicable federal, state and local laws, regulations and ordinances, including monitoring and reporting of relevant legislative changes and court or administrative decisions that may affect the Authority's operations or business practices.
- Identify and pursue transit-oriented development opportunities, in cooperation with the Allegheny County Department of Economic Development and other stakeholders, in a manner that generates revenue and enhances the Authority's overall public transportation system and attractiveness to existing and new patrons.
- Review, analyze and maintain Port Authority's insurance program, including identifying areas of risk and exposure where additional or modified coverage may be warranted.
- Timely review, update and maintain evidence of insurance for contractors and other third parties accessing Port Authority real property and facilities.
- Develop and maintain productive and positive relationships with federal, state and local officers, courts, legislators, oversight agencies, law enforcements agencies and professional organizations relevant to the Division's mission and day-to-day functions of each Department.
- Monitor and identify claim and accident trends and work with relevant Authority management and Union leadership to review and training where appropriate.
- Operate within budget and identify and implement further cost savings strategies where appropriate.
- Identify and pursue both external and internal opportunities for continued training and professional development of Division personnel, as well as developing succession plans for relevant management-level positions within the Division.

Goals Continued

- Complete the audits and projects identified in the FY2015-16 Internal Audit Work Plan, including the timely reporting of same to the Board and Senior Management.
- Identify opportunities for business process improvement in collaboration with relevant Departments within the Authority.
- Revise and update annually the Authority's Safety, Security and Emergency Plans, including the System Safety Program Plan, Security and Emergency Preparedness Plan, Emergency Management Plan and Incident/Accident Investigation Procedures.
- Coordinate with Grants personnel to identify and apply for appropriate transit security grants and related funding opportunities that can fund training, equipment or other goods and services that will enhance the overall safety and emergency preparedness of the Authority.
- Conduct scheduled safety audits of various aspects of the Authority's infrastructure and operations, including the timely reporting of results to relevant Authority management and follow-up to ensure corrective actions and recommendations for improvement are implemented.
- Track material crimes statistics on a monthly basis and utilize same for the strategic deployment of the Authority's limited police and security resources across the Authority's transit system.
- Provide a safe and secure environment for the Authority's patrons and employees, including the timely response to and full investigation of reported crimes and related incidents.
- Respond to and process claims made against the Authority timely, including third party injury claims, property damage claims and worker's compensation claims.

Human Resources Division

The Human Resources Division includes the following departments: Employment, Training and Development, Benefits & Compensation Services, Employee/Labor Relations, and the Office of Equal Opportunity. This division provides a full range of human resources services to the Port Authority including the administration of healthcare, life insurance, unemployment compensation and other employee benefits programs, as well as training and organizational development.

The Human Resources Divisional goals are designed to enhance the productivity and performance by evaluation, recruitment, and fringe benefits support. Further, Human Resources will continue to ensure continued strong relationships with the three collective bargaining units.

Mission

To provide superior and innovative Human Resources support to all departments and employees of the Port Authority

Goals

- Oversee annual review of employee performance process.
- Manage the recruiting, hiring, training and promotion of employees' processes to ensure the best talent is in place and trained.
- Review benefits programs offered to provide most cost-effective yet, complete coverage available.
- Participate in successful labor negotiations.
- Certify compliance with all HR applicable Regulatory Agencies.
- Maintain adherence to applicable union contracts.
- Operate within budget and proactively search for methods of savings.
- Ensure OEO and DBE compliance and resolution of related issues.

Table 9: Human Resources Division Expenses

Expense Accounts	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Total Sal & Wages	1,858,358	1,791,261	1,797,025	1,903,538	6%
Total Fringe	38,257,101	40,827,526	2,336,260	2,792,290	20%
Purchased Services	648,611	666,645	1,052,640	737,140	-30%
Materials and Supplies	7,212	9,578	22,040	27,040	23%
Other Expenses	289,938	162,153	314,905	350,366	11%
Net Total	**41,061,220**	**43,457,163**	**5,522,870**	**5,810,374**	5%

Table 10: Company Wide - Fringe Benefit Expenses

Expense Accounts	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Pension	31,001,211	19,832,549	19,045,750	26,531,998	39%
Active Healthcare	32,686,923	33,397,171	38,592,832	41,480,434	7%
Retiree Healthcare	32,073,542	32,198,218	35,861,920	35,421,146	-1%
Transfers and Capitalizations	-	-	-	(73,600)	-
Net Total	**95,761,676**	**85,427,938**	**93,500,502**	**103,359,978**	**11%**

Communications Division

The Communications Division oversees Public Relations, Marketing, Creative Services, Advertising, Government Affairs, and Customer Service. The responsibilities of this division include public engagement through advertising and social outreach, stakeholder relations, media relations, marketing and promotion of services; production of most public materials, such as brochures, advertising, maps, and websites; management of social media; management of advertising on Port Authority Assets to generation additional revenue. The Communications Department absorbed the Customer Service Department in Fiscal Year 2014. This helps to coordinate and streamline Port Authority messaging. The large increase in Salaries and Wages reflects the addition of the Customer Service Team.

Table 11: Communications Division Expenses

Account Expenses	FY2012 Audited	FY2013 Audited	FY2014 Budget	FY2015 Budget	Percent Change
Total Salary & Wages	-	788,577	872,366	2,475,665	183.79%
Total Fringe	-	-	-	-	-
Purchased Services	-	369,701	782,496	620,496	-20.70%
Materials and Supplies	-	48,536	117,676	219,472	86.51%
Utilities	-	-	-	4,000	0.00%
Other Expenses	-	255,367	644,978	1,050,255	62.84%
Gross Total	**-**	**1,462,182**	**2,417,516**	**4,369,888**	80.76%
Transfers and Capitalizations	-	(331)	-	-	-
Net Total	**-**	**1,461,851**	**2,417,516**	**4,369,888**	80.76%

The Communications Division will work to integrate modern technology as a means to actively communicate with riders. Mobile applications will make it easier for the rider to pinpoint the exact location of the next bus. Further, new signage will more effectively communicate designated routes and enable riders to interact with service schedules. Fiscal Year 2015 will also mark the launch of a new advertising campaign to attract new riders to the Port Authority.

Mission

To continually improve how we speak with riders and the public; to promote our services and attract new riders; and to generate revenue that supports the services we offer.

Goals

- Improve the image of Port Authority using the internal Marketing team and the Marketing Services contract to promote significant rider-focused enhancements slated for this year, including real time information, improved rider communications, ConnectCard web portal, customer service improvements, wayfinding signage, service improvements, infrastructure improvements and long-term financial stability, among other similar items.
- Improve rider communications using technology becoming available through Service Planning's Real Time information project.
- Improve advertising revenue by hiring an additional salesperson, expanding the valuable space for sale within the Authority's system, identifying new advertising opportunities, and adding value to existing Authority properties through wayfinding efforts, the real time project and/or digital screen technology.
- Movie forward with a strategic marketing plan to promote Authority properties for sponsorship, and especially seeking increased sponsorship revenue from Allegheny and North Side stations as the initial terms for those properties expire in the coming year.
- Enact a public perception survey and demographic survey this year to provide valuable information used Authority-wide.
- Implement customer service enhancements, including the launching of an IVR system, expanding evening call center hours, requiring public PAAC clothing at stations/events, and potentially assisting with new rider communications efforts.
- Launch first phase of wayfinding program to improve the ease with which riders, and potential customers, use the system.
- Launch a new rider campaign aimed at attracting new riders to the segments of the system that have capacity for additional customers. Connect Marketing with our data analyst within Service Planning to identify target markets for ridership promotion and advertising opportunities.
- Revamp Authority stakeholder relations program to improve community interaction, restore relationships and help achieve strategic goals.

Port Authority of Allegheny County Physical Plant

Administrative Headquarters
Heinz 57 Center
345 Sixth Avenue
Pittsburgh, Pennsylvania 15222-2527

Administrative Offices occupy the third and fifth floors and house the Operations and Technical Support, Human Resources, Finance, Planning and Development, and Legal and Corporate Services Divisions and the Office of the Chief Executive Officer.

Operating Divisions
Operating Divisions are located within Allegheny County and supply transit service to the County, the City of Pittsburgh and minor portions of Beaver and Westmoreland Counties. Each division is staffed by a Director of Service Delivery, an Assistant to the Director, a Manager and Assistant Manager of Maintenance, and a secretary. First line supervisors at the division level include dispatchers, instructors, maintenance foremen, and route foremen. Levels of hourly maintenance employees and operators vary depending upon the size of the division and service area.

Ross Division
The Ross Division opened in March of 1968 and services areas to the North and East of Allegheny County.

Collier Division
The Collier Division opened in June of 1969 and services areas to the South and West of the County.

East Liberty Division
The East Liberty Division opened in July of 1972 and is located on the Martin Luther King, Jr. East Busway. It is the largest of the Port Authority divisions.

West Mifflin
The West Mifflin Division opened in November of 1969 and is the second largest division at the Port Authority.

Manchester
The Main Shop is located at Manchester and is comprised of eight shop sections where heavy bus maintenance work and signage is performed for the system. Shop Sections include: Engine Overhaul, Electrical Units, Sign Shop, Transmission Overhaul, Body and Paint, Miscellaneous Units and Vehicle Overhaul.

South Hills Village Rail Center
The Rail Center houses all rail transportation and heavy and running repair maintenance services for the Light Rail vehicles. It opened in April of 1984.

South Hills Junction

The Junction is comprised of five buildings which house the Non-Revenue Vehicles, Facilities, LRT Systems and Power, and the Way Departments. These departments are responsible for maintaining the fixed assets of Port Authority: fixed guideways (rail, incline, busways), power and signaling operation, and non-revenue vehicle maintenance. Port Authority also owns and maintains an extensive network of transit properties and rights of way throughout Allegheny County.:

Busways

1. South Busway, 4.3 miles
2. Martin Luther King, Jr. -- East Busway, 9.1 miles
3. West Busway, 5.0 miles

Park and Ride Lots

Lots are located throughout Allegheny County with many locations along busways and T lines. We offer 53 lots with over 13,000 spaces.

Light Rail (T System)

The T is a 52.4-mile light rail system that runs from the North Shore and Downtown Pittsburgh through Pittsburgh's southern neighborhoods and many South Hills suburbs.

Monongahela Incline

The incline is a popular tourist attraction that also serves daily commuters. The upper station is in the city's Mt. Washington neighborhood and the lower station is located at Station Square, where riders may transfer to the T.

Ridership Reduces Traffic Congestion

OVER 50,000,000 riders use Port Authority to commute to and from work annually

Port Authority Saves You Money

$5,482 Annual Savings*

*Based on average commute of 22 miles with Park-N-Ride 5 Miles from Home and Average City of Pittsburgh Parking Authority Monthly Rate