

Port Authority of Allegheny County

FY2014 Operating and Capital Improvement Budgets

Fiscal Year July 1, 2013 through June 30, 2014

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Port Authority of Allegheny County

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Executive Summary

Transportation is an integrated system of roadways, transit, freight rail, aviation, ports and passenger rail that moves goods, services, and people across rural and urban areas to support the economy of a region, a state, and the nation. For the last decade Pennsylvania has debated but deferred how best to fund the much needed system improvements. We have watched this play out most recently in the Commonwealth as the legislature continues to debate a funding package for much needed infrastructure improvements to our roads and bridges to enhance traffic flow, improve safety and reduce congestion. A dedicated, reliable funding source for transit is a significant factor in that debate. Pennsylvania can no longer disregard the importance of investments in transportation. Years of underinvestment is leaving Pennsylvania unable to meet future demand for commerce.

Pennsylvania's public transportation system relies on buses, paratransit, and rail cars to operate. Aging infrastructure (garage and maintenance facilities, rail bridges, and vehicles) and operating support that fails to keep pace with cost inflation jeopardize transit agencies' ability to maintain safe, reliable service. How we fund transportation and who pays have long been points of debate, often setting rural areas against urban. In Pennsylvania for every $1 rural counties contribute in revenue, they receive $1.72 for highway funding in return as compared with urban counties that receive only $0.97. Likewise, rural transit systems in Pennsylvania, which must make longer trips to provide people with access to work and medical appointments and help them maintain a quality of life, are also more heavily subsidized than urban transit systems. Per PennDOT, rural transit systems received approximately $6.00 per trip in subsidy; whereas, urban systems, such as Port Authority, enjoy only $2.00 in operating subsidy per trip.

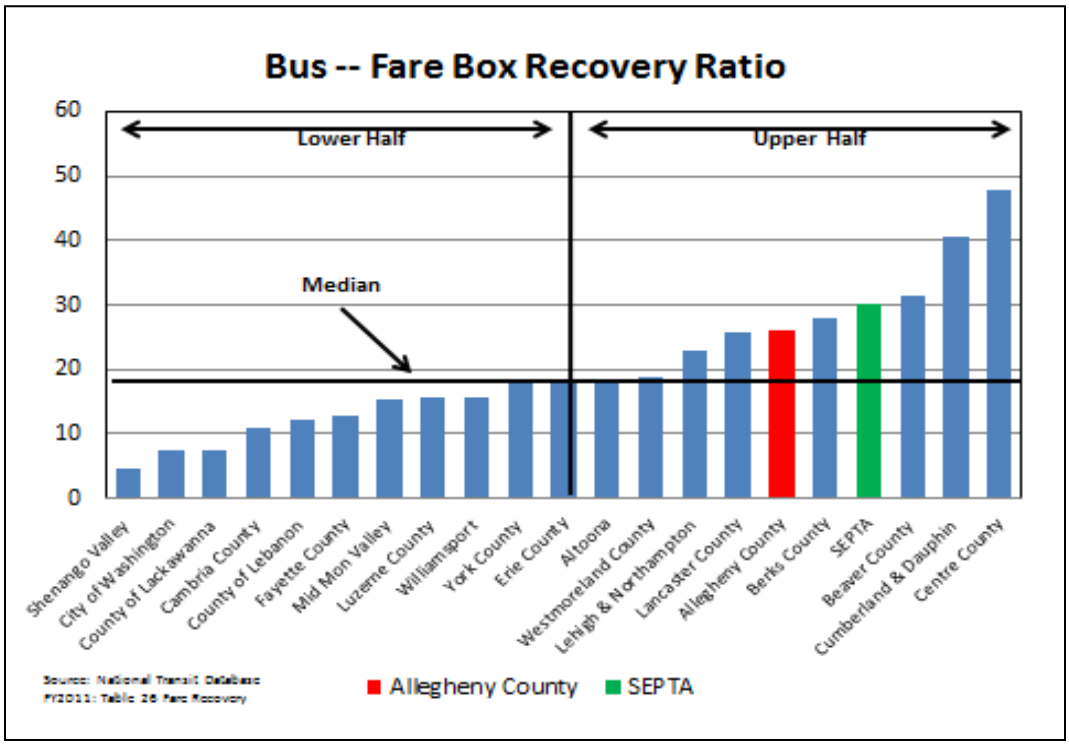
For Pittsburgh, public transportation plays a significant role in the quality of life and economic health of this region. Each day 220,000 riders use Port Authority services. More than 50% of the Downtown Pittsburgh workforce rides our system each weekday. Twenty-five percent of Oakland work trips are taken by public transportation. We are the 25th largest transit operator and 8th largest paratransit system in the U.S. by ridership. We serve not just Allegheny County. Twenty-five percent of our park-and-ride customers live outside Allegheny County. On average, based on data provided by the American Public Transportation Association, the average transit user in Pittsburgh saves approximately $796 per month and reduces traffic congestion.

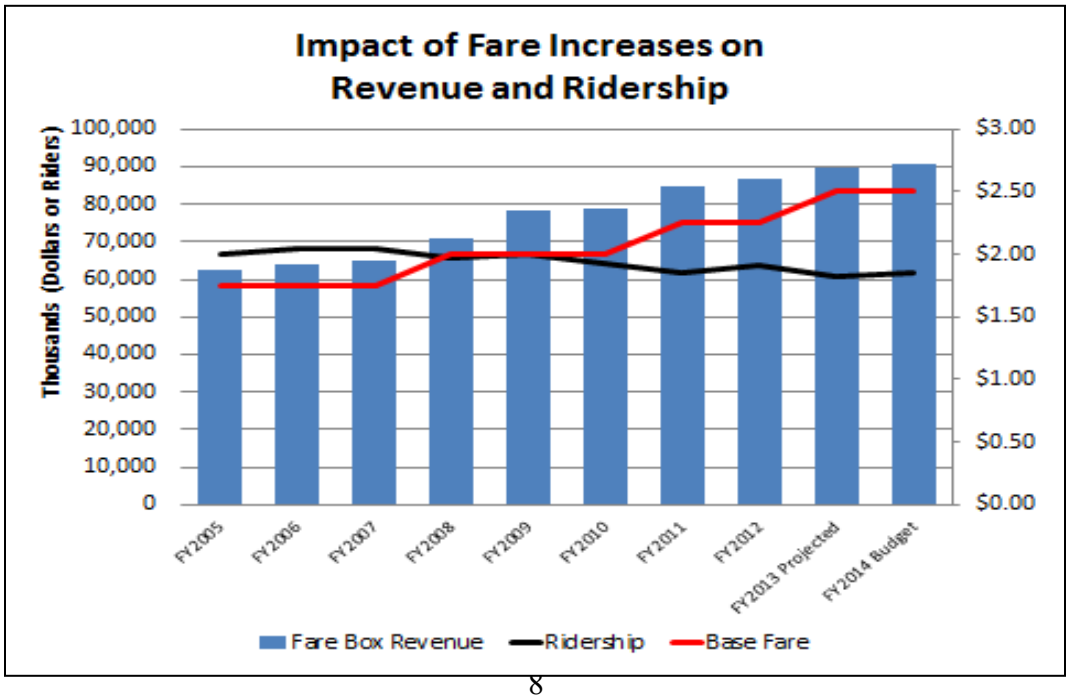
Today's Port Authority

On virtually every financial front we are not the same transit agency of years past. Port Authority today is a much leaner operation that provides a quality public transportation system -- bus, rail and paratransit -- for the benefit of the residents, corporate employers, and local businesses in Allegheny County as well as those of our surrounding counties. We have made some very significant changes in the last few years. Most specifically,

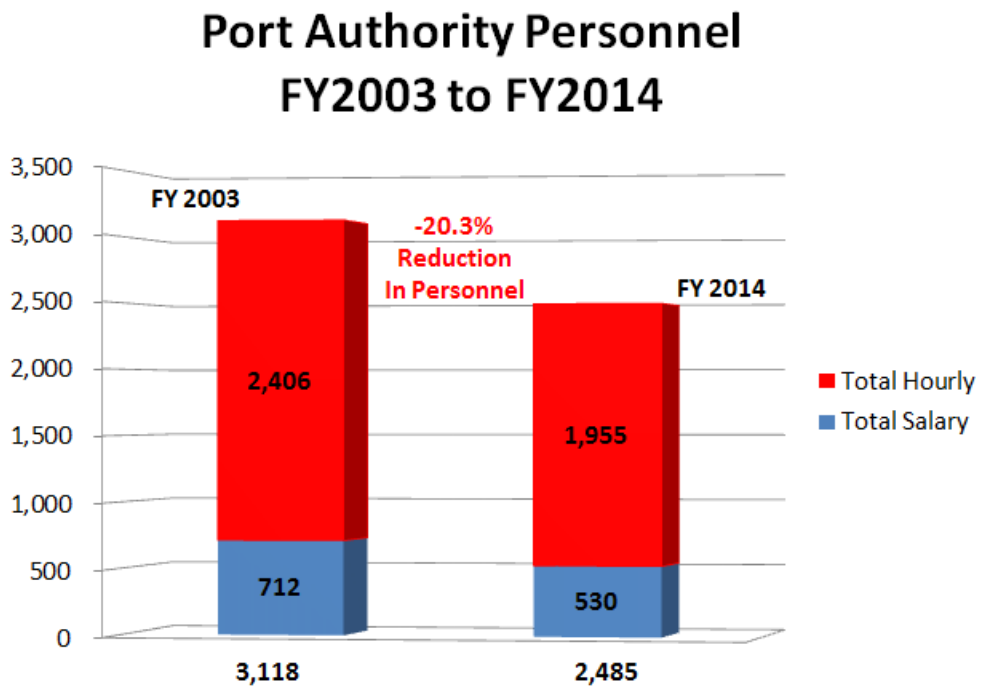
- We have increased operating revenue.
- We have cut more than $45 million in expenses by reducing our workforce by 20%.
- We have contained costs and improved efficiency.
- We have fixed our pension problem.
  And, with our largest labor union, ATU Local 85, we have changed retiree health benefits in a way that permanently reduces our legacy cost obligations.

Farebox revenue. We frequently hear we need to charge riders more to generate more revenue from the farebox. We have raised fares in fiscal years 2008, 2011 and again in 2013. Our farebox recovery ratio is 26% well above the median of 18% for transit systems in Pennsylvania. But today we have the highest base fare in Pennsylvania and are among the highest in the U.S. next to Portland, Atlanta, Dallas and Sacramento. We have reached a point today where an increase in elasticity indicates that our riders are increasingly more sensitive to fare increases and may be beginning to weigh alternative modes. As indicated in the slide below, ridership has declined as fares increase. For now we are not anticipating any additional increase in fares.

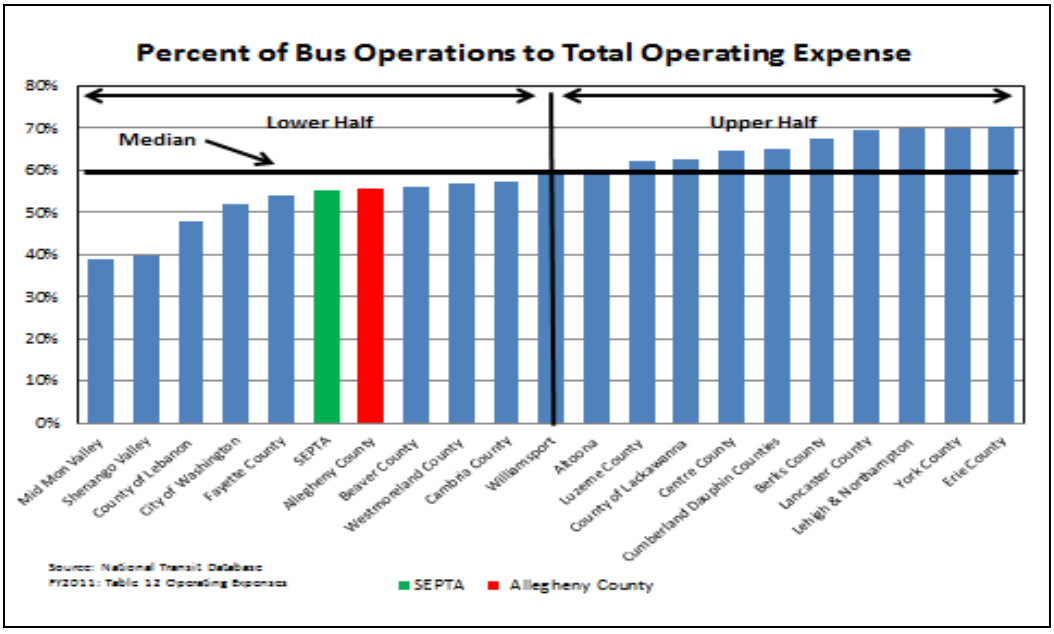




Personnel reduction. We have taken many steps to cut expenses. Our primary method has been through personnel reductions which account for as much as $45 million in expense reductions. The number of salary employees was reduced by 25.6%; the number of hourly, 18.7%. Today there are 633 fewer positions representing a 20.3% workforce reduction.



Cost Containment and Service Efficiency. The slide below provides an excellent picture of the net impact of our collective efforts with ATU Local 85 to reduce our operating expenses. Bus operating expenses -- operator wages, support staff wages, benefits, services, fuel and lubricants, and supplies -- as a percent of total Port Authority expenses are below the median for transit systems across Pennsylvania. Based on the National Transit Database the statewide median for bus operating

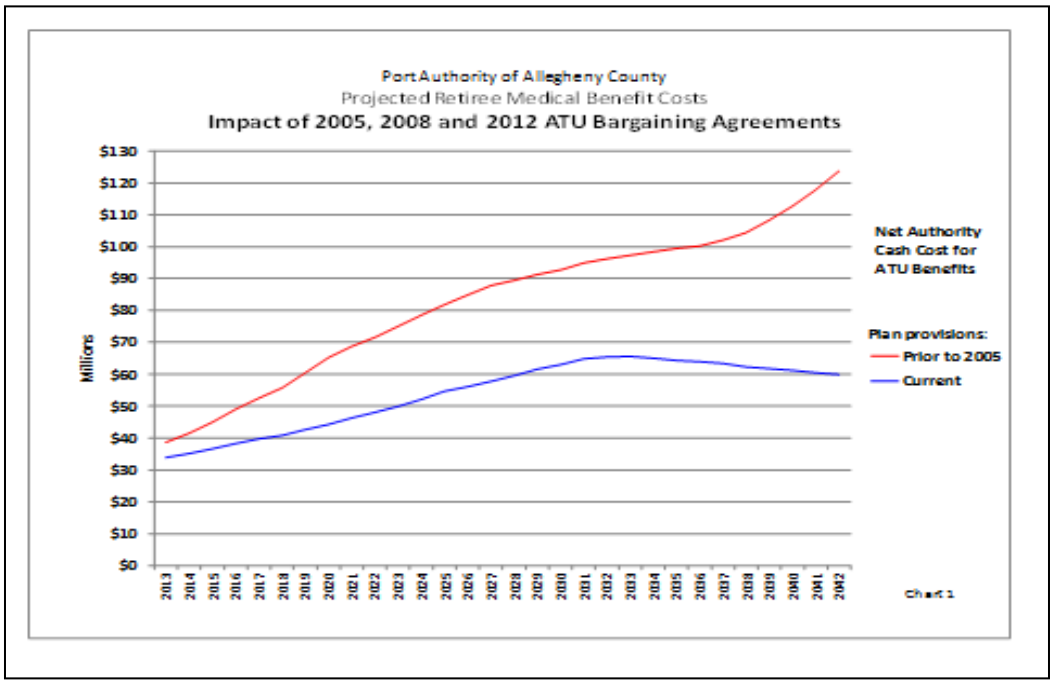


expenses to total expenses is 60%. Port Authority bus operating expenses are 55% on par with our counterpart across the state, SEPTA.

Legacy Cost Reductions. Port Authority has enjoyed healthy funding levels in its two defined benefits plans – the ATU Local #85 Pension Plan and the Consolidated Pension Plan for non-represented, IBEW, and police. Yet market collapses in 2002/2003 and again in 2008/2009 as well as ongoing volatility have increased the Authority's long-term liabilities. To address this issue the Port Authority has closed the defined benefit plan to all new non-represented, IBEW, and police employees and increased cost sharing for all remaining participants. Today participants in all defined benefit plans contribute 10.5% of salary, reducing the annual cost to the Port Authority. New employees in the non-represented, IBEW and police workforce participate in a defined contribution plan, thereby capping the Authority's long-term obligation to these employees. With the Consolidated Pension Plan closed to new participants, the Port Authority has begun an actuarial study to determine how the Authority might begin to immunize the Plan against future market volatility.

How to reduce the escalating cost of retiree medical promises has been a long standing issue for Port Authority management. In 2007 retiree healthcare for non-represented and police employees was eliminated without regard to years of service. Over three collective bargaining agreements, ATU Local #85 and IBEW employees have made significant concessions on eligibility and increased cost sharing resulting in reductions in long-term liabilities. Below provides a clear picture of the overall impact of those concessions. The red line shows cost trends prior to the 2005 collective bargaining agreement. The blue line shows the impact of concessions made in changing eligibility and increasing cost sharing. Today new hires in the ATU bargaining unit receive a maximum of three years healthcare at retirement. As a result, the climbing costs depicted by the red line have been significantly reduced and, in fact, are beginning to decline.

Going forward, management will search for ways to reduce healthcare costs for our active employees particularly in light of the added fees and taxes proposed under the new Affordable Care Act.



Financial Health

The Authority has carried a growing operating deficit for the last few years as Act 44 operating assistance failed to grow with inflation. Service cuts in March 2011 helped reduce that deficit, but by July 2012, despite increased fares and added cost containment efforts, the Port Authority scheduled a 35% reduction in service effective September 2, 2012. Before service reductions occurred, however, a new collective bargaining agreement was settled; a new package of State and local funding commitments were approved; and further management expense reductions were made.

On August 8, 2012 the Port Authority management reached a four-year agreement with its largest bargaining unit, Amalgamated Transit Union Local 85 (ATU #85). The collective bargaining agreement included an 18-month wage freeze and a 5% increase in employee pension contributions for a total of 10.5% of wages. An agreement to reduce legacy costs was also achieved – (1) a change in the pension asset valuation method, reducing the Authority's annual pension funding requirement; and (2) the elimination of lifetime retiree healthcare for new hires. New hires are now eligible for only three years of healthcare coverage at full retirement. This was the first step in reaching a comprehensive solution to our financial position.

The agreement triggered a $30 million annual commitment in increased operating support from the Commonwealth for the life of the contract and an additional $3.6 million in State and Federal support for ACCESS. Since State operating support funds require a 15% local match or $4.5 million, County Executive Richard Fitzgerald identified $1.5 million in existing dedicated transit funds from the County's car rental and drink tax proceeds and directed the Authority to seek $3 million in Regional Asset District grant funding. A grant request was submitted to and approved by the Board of the Regional Asset District on September 27, 2012.

In addition, $10.3 million of expenditure reductions were achieved through fuel hedging, position reductions, Treasury department reorganization, healthcare premium negotiations, and other cost cutting initiatives.

A Long-Term Transportation Funding Solution

The need for immediate and substantive investment in Pennsylvania's transportation infrastructure is well documented. A decade's worth of state and national analyses, including reports by Pennsylvania's own Transportation Funding and Reform Commission, Transportation Advisory Committee, and Transportation Funding Advisory Commission, all point to a widening gap between asset conditions and funding available to bring them to a state of good repair. Most recently Governor Corbett's Transportation Funding Advisory Commission (TFAC) estimated Pennsylvania's transportation needs at $3.5 billion and recommended a package of funding sources that added approximately $2.5 billion by Year 5 for highways, bridges, and transit.

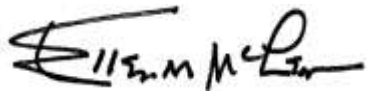
As the Commonwealth's second largest public transportation system, Port Authority is an essential partner in the southwestern Pennsylvania region's economy, moving 220,000 people daily to and from work, school, services, and entertainment. Despite fare increases, cost containment efforts including service reductions, and concessionary union agreements, Port Authority cannot keep pace alone with cost inflation in healthcare, fuel and materials, and services. Long-term stability is needed so every year individuals, corporations, universities, businesses and organizations that rely on Port Authority can be certain that service routes on our maps today will be there tomorrow.

On June 5, 2013 Senate Bill #1 passed the Senate and was referred to the House; however, a comprehensive reliable funding solution was not achieved by the close of legislative session on June

30th. Despite heroic efforts to reach consensus on the terms of the Bill, the debate will continue into the Fall when the legislature is back in session.

The Port Authority supports SB #1 as passed by the Senate and asks that the House pass it this Fall without amendments and without delay. SB #1 will permit the Port Authority to stabilize operations for the long-term and, equally important, enable the Authority to address many capital projects designed to enhance service in the region. Among the capital projects in the pipeline are bus rapid transit between Oakland and Downtown, real time arrival for bus and rail service, Wayfinders signage, alternative energy bus purchases, and improved regional partnerships. We will continue to work with the Governor's Office, PENNDOT, the State legislature and statewide advocacy groups in support of a strong and reliable funding package.

Respectfully submitted,



Ellen M. McLean
Interim Chief Executive Officer

FY 2014 Operating Budget

The FY 2014 Operating Budget process with Authority departments was relatively uneventful in comparison to the most recent past. Due to a wage freeze for employees represented by the Amalgamated Transit Union Local 85 (ATU #85) and a 5% increase in employee pension contributions for most employees, the Authority was able to reduce budgeted expense levels from $372.1 million to $366.6 million. This budgeted expense reduction was accomplished despite a 10% increase in healthcare premiums and new operating expenses to support on-going operations on the Automated Fare Collections System (AFCS). The Authority also continues to experience historically high diesel fuel prices that show no signs of abating while continuing to analyze the feasibility of utilizing Compressed Natural Gas (CNG) in portions of its fleet.

The FY 2014 Operating Budget is only balanced due to the renewed commitment to Port Authority demonstrated by both Governor Tom Corbett and his $30 million commitment in increased operating support from the Commonwealth and County Executive, Richard Fitzgerald and his operating support of an additional $1.5 million in dedicated transit funds from the County's car rental and drink tax proceeds. In addition, the County Executive has advocated on behalf of the Authority to seek $3 million in Regional Asset District grant funding. A grant request was submitted to the Board of the Regional Asset District for FY2014.

Together these new revenues and expenditure reductions enabled the Port Authority to issue a balanced FY2014 Operating Budget and fund full transit service in the Region. It does not, however, reflect a long term solution to the funding issues facing transportation in Pennsylvania. Port Authority continues to work with the Governor's Office, PENNDOT, the State legislature, Allegheny County and statewide advocacy groups in support of a strong and reliable funding package.

Operating Revenues

FY2014 revenues to support operations total $366.6 million and include passenger revenues and Federal, State, and local operating assistance and operating grants. Passenger revenues to support operations are projected to represent 29% of the Authority's operating support and include sales of Authority fare products, fare box receipts, ACCESS program fares, contract services through the U-

Pass program and station sponsorships, advertising, interest and other income. In FY 2014 passenger revenue is projected to decrease 3% over the FY 2013 budget due to a decrease in monthly pass purchases from the City of Pittsburgh Public Schools and in the yield from the fare increase that was instituted at the beginning of FY2013. Revenue increases are projected in contract services as a result of adjustments in the annual rates paid by the University of Pittsburgh, Carnegie Mellon University and Chatham College for U-Pass contract renewals. Fares are budgeted to remain unchanged from FY2013 levels.. .

Operating Revenue (000)		Budgeted FY2013		Budgeted FY2014	% change
Passenger Revenue					
Farebox Revenue	$	84,705	$	81,837	-3%
Access Program Service	$	12,501	$	13,023	4%
Contract Services	$	8,085	$	8,841	9%
Advertising	$	1,900	$	1,510	-2%
Interest Income	$	3	$	3	0%
Other Income	$	910	$	910	0%
Total Passenger Revenue	**$**	**108,104**	**$**	**106,124**	**-2%**
Operating Assistance					
State Operating Assistance	$	155,622	$	162,891	1.5%
County Operating Assistance	$	27,669	$	27,669	3%
Additional State Operating Assistance	$	30,000	$	30,000	0%
Additional County Assistance	$	1,500	$	1,500	0%
Regional Asset District	$	3,000	$	3,000	0%
Reserves	$	-	$	-	0%
Total Operating Assistance	**$**	**217,791**	**$**	**225,060**	**3%**
Operating Grants					
State Grants	$	20,944	$	7,511	-64%
Federal Grants	$	22,960	$	24,542	20%
County Grants	$	2,336	$	3,400	80%
Total Operating Grants	**$**	**46,240**	**$**	**35,453**	**-23%**
Total Revenue	**$**	**372,135**	**$**	**366,637**	**-1.5%**

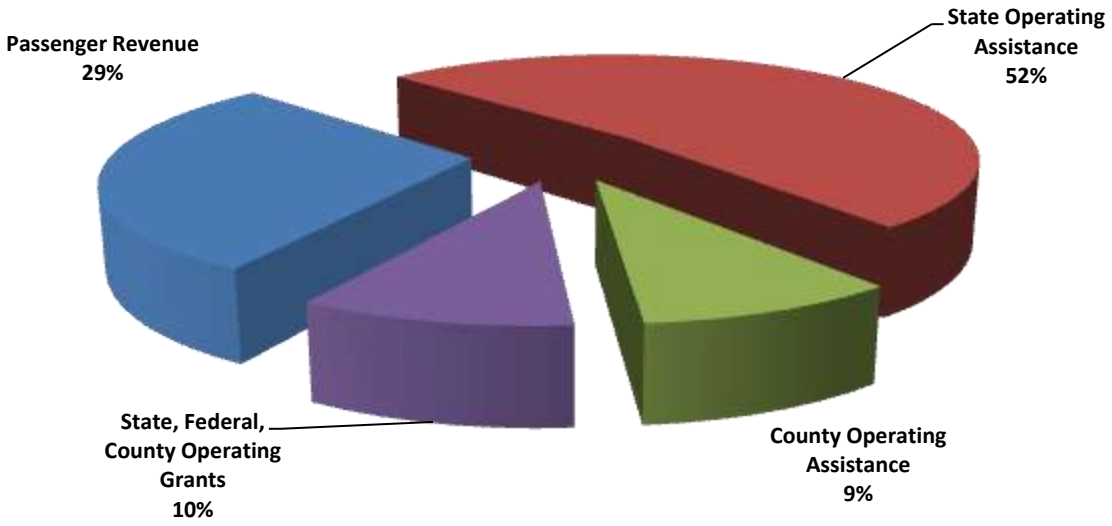
Overall, FY2014 total operating revenues are projected to decrease by $5.5 million from FY 2013 predominantly due to a reduction in Operating Grants.

Operating assistance from Federal, State and Local sources represents 61% of FY2014 revenue. State funding anticipated in FY 2014 includes Act 44 operating support totaling $162.8 million, an increase of approximately 1.5%, and a continued commitment of $30 million additional operating support. A 15% local match is required on all Commonwealth operating support. Therefore, in addition to the County's annual local match of $27.7 million on Act 44 monies, the County has committed the necessary $4.5 million necessary to match the new $30 million State support. The match on the new money will be comprised of an additional $1.5 million in alcoholic beverage and rental vehicle tax receipts and $3 million in a grant from the Allegheny Regional Asset District (RAD). RAD is a special purpose area-wide unit of local government authorized by an act of the Pennsylvania Legislature (Act 77 of 1993) that provides operating and capital grants from the proceeds of a 1% County Sales and Use Tax. The Authority has filed its request for $3 million which is subject to approval by the RAD Board. If approved, payment will be made in 2014 in monthly installments.

Federal, State and Local grants also support operating expenses and represent approximately 9.7% of FY2014 revenue. These grants underwrite expenses 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 on the Authority's and State Capital Bond funds used to support the Vehicle Overhaul Program (VOH) to extend the useful life of its fleet. Also included in this category are expenses associated with the Authority's staff (i.e. engineers) associated with the design and management of the Authority's capital projects.

FY 2014 Budgeted - Operating Revenue



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 FY2014 labor costs—wages, salaries, and benefits--represent

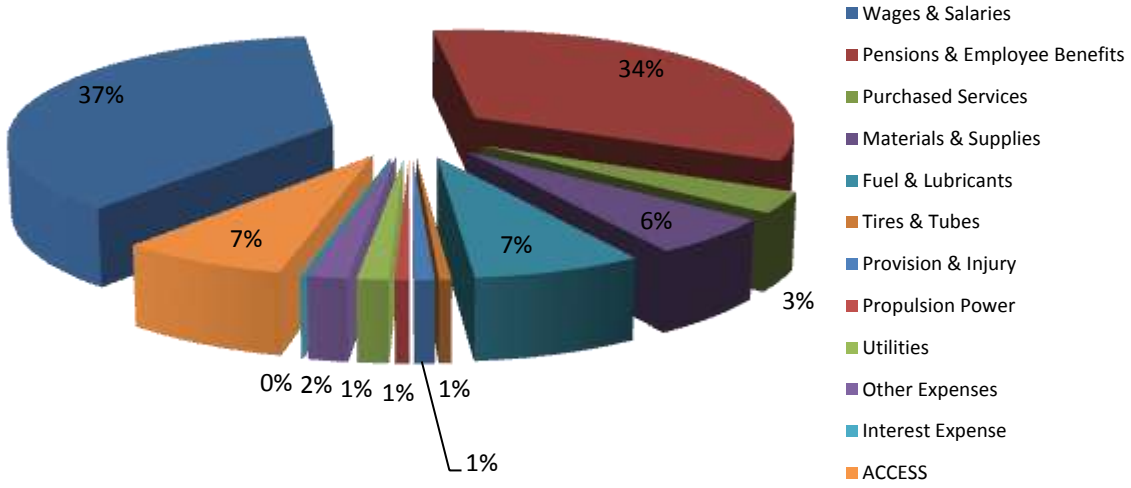
Operating Expenses in 1,000s	FY2014 Budget	FY 2013 Budget	% Change
Wages & Salaries	135,324	134,298	0.76%
Pensions & Employee Benefits	124,484	133,954	-7.07%
Purchased Services	12,150	10,349	17.40%
Materials & Supplies	21,533	20,660	4.23%
Fuel & Lubricants	27,126	27,738	-2.21%
Tires & Tubes	1,947	1,442	35.02%
Provision & Injury	3,209	2,843	12.86%
Propulsion Power	2,285	2,763	-17.29%
Utilities	4,987	5,927	-15.86%
Other Expenses	6,319	5,378	17.49%
Interest Expense	300	314	-4.51%
ACCESS	26,974	26,468	1.91%
Total Gross	**366,637**	**372,135**	**-1.48%**

71% of operating expenses. Wage and salary expense total $135.3 million up less than 1% from FY2013 due largely to step progression and no increase in compensation for ATU #85 employees.

Benefit expense total $124.5 million and cover healthcare for active employees and retirees, pension obligations, unemployment compensation, as well as vacation/sick/holiday pay and taxes. Approximately 75% of total benefit expenses cover Authority obligations for healthcare and pension. Healthcare premiums increased 10% over FY 2013; pension costs decreased by 42% due to increased contributions by ATU and Non-Represented employees and a change in the method of valuing pension assets.

Material and supplies expenditures are expected to increase by $873 thousand over FY 2013 spending due to vehicles leaving warranty. Provision for injuries and damages is budgeted 13% above FY 2013 levels. Purchase services include work done by outside contractors, equipment purchases, and general engineering expenses related to capital infrastructure expenditures. It is expected to increase by $1.8 million or 17% to support software and equipment maintenance agreements on the Authority's new Automated Fare Collection System (AFCS) project. Favorable price locks on natural gas, electricity and propulsion power are projected to keep FY2014 spending below to FY2013 levels for utility expenditures. Other expense line items include marketing and communication, insurance, rentals, banking services, employee development and training and are not projected to grow. Interest expense is slightly lower reflecting a decreased use of the Authority's line of credit for working capital. ACCESS expenses will increase by 2%.

FY2014 Budgeted - Operating Expenses



FY 2014 Capital Budget

The Port Authority's FY 2014 Capital Improvement Program Budget supports $125.8 million in capital expenditures. Federal MAP-21 Sections 5307, 5337 and 5339 funds coupled with Transit Security Grant funds are expected to total $55.4 million. State Act 44 and capital bond dollars are projected to be $61.6 million. Local county match funding is anticipated at $8.8 million. Port Authority's combined capital funds support debt obligations, bus purchases, fixed guideway and facility improvements, operating capitalizations, and support programs. During FY 2014, the Authority intends to replace 60 low floor buses with 60 new low floor clean diesel buses, commence the roll out Next Train Annunciation and Bus Real Time, and various other facility and infrastructure state of good repair initiatives. Like the FY2013 operating budget, the capital improvement budget is structurally balanced.

Capital Programs (000)	Federal	State	Local	Totals
Debt Service				
2011 Series Bond Debt Service	-	$21,349	$735	**$22,085**
Revenue Vehicle Lease	-	$10,206	$352	**$10,558**
Revenue Vehicle Replacement				
60 - 40' Low Floor Clean Diesel Buses	$19,728	$4,111	$821	**$24,660**
Fixed Guideway and Facility Improvements				
Other State of Good Repair	$3,761	$9,589	$2,566	**$15,916**
Net Train Annunciation at LRT High-Level Platforms	$3,632	$819	$464	**$4,915**
Automatic Trip Stop (ATS) System Replacement	$ -	$3,601	$ -	**$3,601**
West Mifflin – Bldg. Modification and New 3-Post Hoists	$ -	$2,500	$ -	**$2,500**
Ross – Perimeter Pavement, Storm water Separation and Concrete Pad Repairs	$ -	$2,175	$ -	**$2,175**
Bridge/Rail/Tunnel Inspection Program	$ 372	$ 77	$ 15	**$ 465**
Support Programs				
Information Technology Hardware/Software	$3,191	$ 665	$ 133	**$3,989**
Support Vehicles and Equipment	$1,008	$ 210	$ 42	**$1,260**
Other Support Equipment	$ 1,179	$ 12	$ 207	**$1,397**
Operating Capitalizations				
Capital Cost of Contracting - ACCESS	$8,431	$1,757	$351	**$10,539**
Preventive Maintenance	$11,795	-	$2,949	**$14,744**
Vehicle Overhaul Program	-	$3,500	-	**$3,500**
Associated Capital Maintenance	$2,000	$417	$83	**$2,500**
Grants Administration	$341	$71	$14	**$427**
New System Expansion				
BRT – Downtown to Oakland - NEPA	$ -	$ 495	$ 55	**$550**
Total FY 2014 Capital Programs	**$55,438**	**$61,555**	**$8,787**	**$125,780**

Authority Summary

Port Authority of Allegheny County (PAAC) was established in January 1958 and operates pursuant to the Commonwealth of Pennsylvania's Second Class County Port Authority Act. The Authority's Transit Division began operations on March 1, 1964 with the consolidation of 33 private transit carriers, including the Pittsburgh Railways Company and 32 other bus and inclined plane companies. The Authority was formed for the purpose of planning, acquiring, holding, constructing, improving, maintaining, and operating a comprehensive public transportation system within Allegheny County, which includes the City of Pittsburgh, and outside of the County to the extent necessary for an integrated system.

The powers of the Authority under existing law include, among other things, the power to: (1) borrow money for costs of projects of the Authority and (2) issue negotiable, interest-bearing debt obligations in connection with any such borrowings. Under no circumstances, however, shall any debt obligations issued by the Authority be or become an indebtedness or obligation of the Commonwealth or any political subdivision thereof, including the County of Allegheny.

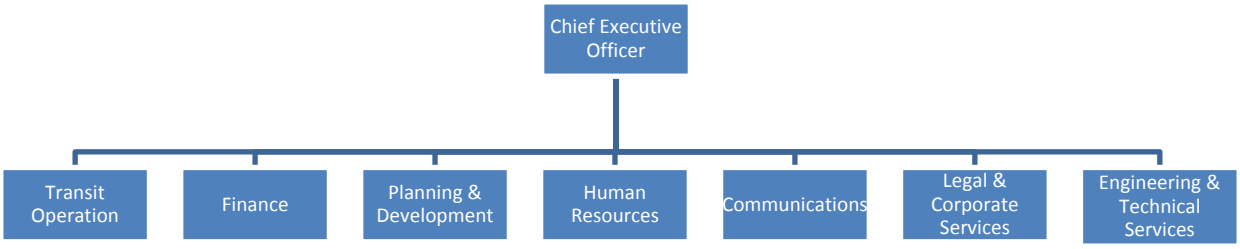
Port Authority operates transportation facilities within a 775-square mile area serving a population base of approximately 1.4 million within the City of Pittsburgh, all of Allegheny County, and the surrounding counties of Beaver and Westmoreland. Port Authority uses the full power of the Second Class County Port Authority Act to provide a family of services to Allegheny County residents.

Port Authority's transit network includes fixed route bus service, the light rail system, the Monongahela and Duquesne Incline. Ridership is expected to be approximately 61.9 million across all modes in FY2014. The Authority also provides ACCESS, a coordinated, shared-ride paratransit system offering door-to-door, advanced reservation transportation for elderly and handicapped persons. ACCESS, which has been in operation for over 20 years, remains one of the nation's largest and most successful paratransit operations, carrying approximately 1.7 million passengers.



Port Authority directly operates a fleet of 60 35-foot buses, 497 40-foot buses, 38 45-foot buses, 102 articulated buses, 83 light rail vehicles, and the Monongahela Incline. Among its facilities, the Authority provides service via three exclusive busways (the 4.3-mile South Busway, the 9.2-mile Martin Luther King, Jr. East Busway and the 5.0-mile West Busway) and the "T", a 25.4- mile light rail system. In March 2012 the Authority's 2.1 mile extension of the NorthShore Connector opened for revenue service. It has proven to be very successful expanding the downtown area free zone to include Pittsburgh's sports and entertainment venues located on the North shore of the Allegheny River.

Organization of the Authority



The Authority is organized into seven divisions which include the Office of the CEO, Transit Operations, Finance, Planning and Service Development, Human Resources, Legal and Corporate Services, Communications, and Engineering and Technical Services. A broad summary of duties, responsibilities, and budget history is detailed below for each division. Budget detail includes FY 2011 and FY 2012 audited spending and FY 2013 and FY2014 budgeted for comparison. Budget categories include wages & salaries, purchased services, material & supplies, other expenses. Employee benefits in division budgets do not include healthcare expense, which can be found in Human Resources under companywide fringe benefits, but rather such items as uniform allowance, holiday & vacation pay for hourly employees, shift differential, and paid sick leave. Transfers and capitalization line items are operating expenses offset by Federal, State and County capital programs.

The Chief Executive Officer reports to the Board of Directors. The Transit Operations Division is led by the Chief Operating Officer. Other divisions are led by Assistant General Managers or, in the case of Finance, the Chief Financial Officer. The divisions and departments work together to provide quality transportation services to the Allegheny County region.

Nearly 2,500 people work at the Port Authority of Allegheny County. The majority of the employees are members of Local 85 of the Amalgamated Transit Union (ATU). In addition, a small percentage of the employees are governed by collective bargaining agreements with the International Brotherhood of Electrical Workers (IBEW) and the Transit Police Union. The remaining employees are management staff, who supervise the day-to-day activities of the organization.

The Office of the Chief Executive Officer

The Office of the Chief Executive Officer provides leadership to the organization, working closely with the Port Authority Board of Directors to establish a strategic direction, and take into account the transit needs of the community. The Chief Executive Officer leads a senior management team in carrying out the duties of the Authority, all to make the Port Authority of Allegheny County an effective transit agency.

Office of the CEO (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 430	$ 241	$ 241	$ 296	22.8%
Purchased Services	$ 117	$ 2.7	$ 2.6	$ 2.6	0%
Materials and Supplies	$ 0.3	$ 0.1	$ 1	$ 1	0%
Other Expenses	$ 32	$ 24	$ 31	$ 31	0%
Gross Total	**$ 579**	**$ 268**	**$ 276**	**$ 331**	**0%**
Transfers and Capitalization	$ (15)	$ -	$ -	$ -	
Net Total	**$ 564**	**$ 268**	**$ 276**	**$ 331**	**20%**

Transit Operations Division

The Transit Operations Division is responsible for the safe and timely delivery of transit services. It is comprised of Bus Operations and Rail Operations which manage the maintenance of Port Authority's bus and rail vehicles. Port Authority Operations Division maintains five operating divisions, Ross, Collier, West Mifflin, East Liberty, the South Hills Rail Center, and two maintenance shops in Manchester and South Hills Junction.

Technical Support Division

Included in Operations is the Technical Support Division which 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 compliance coordination. Technical Support also oversees the implementation of the Automatic Fare Collection System, the new SmartCard technology.



Transit Operations (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 125,688	$ 116,740	$ 116,525	$ 116,701	0.15%
Employee Benefits	$ 16,453	$ 16,248	$ 16,666	$ 16,247	-2.52%
Purchased Services	$ 2,381	$ 1,899	$ 4,080	$ 5,624	37.84%
Materials and Supplies	$ 18,582	$ 19,077	$ 19,769	$ 20,571	-4.05%
Provision for Injuries	$ (261)	$ (216)	$ (88)	$ (88)	0%
Utilities	$ 5,019	$ 4,079	$ 5,077	$ 4,132	-18.6%
Fuel & Lubricants	$ 22,959	$ 24,646	$ 27,738	$ 27,126	-2.21%
Tires & Tubes	$ 1,485	$ 1,467	$ 1,442	$ 1,947	35.02%
Propulsion Power	$ 2,634	$ 2,424	$ 2,763	$ 2,285	-17.3%
Other Expenses	$ 407	$ 162	$ 426	$ 410	-3.8%
Gross Total	**$ 195,149**	**$ 186,527**	**$ 194,399**	**$ 194,955**	**0.3%**
Transfers and Capitalization	$ (8,179)	$ (7,735)	$ (7,000)	$ (6,000)	-14.3%
Net Total	**$ 186,970**	**$ 178,792**	**$ 187,399**	**$ 188,955**	**.83%**

Finance Division

The Finance Division is comprised of Financial Planning & Budgets, Grants & Capital Programs, Accounting, Payroll, Cash Management, Information Technology Services, and Purchasing & Materials Management. Responsibilities include annual operating and capital budgets; all accounting and financial documents; Federal, State, and County governments reporting and grant applications; revenue collection and processing; financial projections and analysis; purchasing, receiving, storage and distribution of materials and supplies consistent with Port Authority's needs; all hardware and software projects within the organization.

With the implementation of the new SmartCard technology for fare collection, the Finance Division continues to build the appropriate back office processes and procedures to support the Authority's continued efforts toward efficiencies. The Division will continue to provide support and expertise on the Automated Fare Collection System (AFCS) and Work Order project. The Finance Division's budget also includes non-departmental expenses including the ACCESS contract, and interest on the Authority's line of credit.

Finance (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 7,523	$ 7,263	$ 7,158	$ 7,228	1%
Employee Benefits	$ 380	$ 304	$ 315	$ 319	1%
Purchased Services	$ 202	$ 417	$ 1,945	$ 1,635	-16%
Materials and Supplies	$ 220	$ 96	$ 344	$ 410	19%
Provision for Injuries and Damages	$ 1,772	$ 75	$ 0	$ 0	0%
Other Expenses	$ 623	$ 619	$ 1,179	$ 1,590	35%
Utilities	$ 762	$ 785	$ 840	$ 840	0%
Total Gross	**$ 11,482**	**$ 12,045**	**$ 11,781**	**$ 12,022**	**2%**
Transfers and Capitalization	$ (348)	$ (348)	$ (481)	$ (462)	-4%
Net Total	**$ 11,134**	**$ 11,697**	**$ 11,300**	**$ 11,560**	**2%**

General Administration (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 0	$ 0	$ 77	$ 530	588%
FICA and Employee Benefits	$ 12,194	$ 10,741	$ 11,675	$ 11,722	0.4%
Purchased Services	$ 59	$ 135	$ 117	$ 254	117%
Materials and Supplies	$ 37	$ 41	$ 35	$ 35	0%
Other Expense	$ 1,879	$ 1,790	$ 2,358	$ 2,716	15%
Access	$ 25,711	$ 26,184	$ 26,468	$ 26,973	2%
Interest Repayment	$ 243	$ 128	$ 314	$ 300	-4%
Gross Total	**$ 40,123**	**$ 39,019**	**$ 41,044**	**$ 42,530**	**4%**
Transfers and Capitalization	$ (73,322)	$ (50,779)	$ (38,207)	$ (28,769)	-25%
Net Total	**$ (33,199)**	**$ (11,760)**	**$ 2,837**	**$ 13,761**	**385%**

Planning and Service Development Division

Port Authority's Planning and Service Development Division includes: Service Planning and Evaluation which is responsible for long range planning, as well as Customer Services and Retail Sales. Division staff work to increase the public's understanding and awareness of the importance of public transit to the Region, advance policy objectives that facilitate transportation investment and funding, promote ridership growth through system improvements, and maintain a viable system within available resources.



Planning and Services (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 3,183	$ 3,237	$ 2,765	$ 2,868	4%
Employee Benefits	$ 5	$ 3	$ 2	$ 2	0%
Purchased Services	$ 517	$ 602	$ 24	$ 24	0%
Materials and Supplies	$ 973	$ 577	$ 339	$ 339	0%
Provision and Injury	$ 0	448	$ 0	$ 0	0%
Other Expenses	$ 811	$ 432	$ 82	$ 237	194%
Utilities	$ 8	$ 6	$ 10	$ 15	50%
Gross Total	**$ 5,497**	**$ 5,305**	**$ 3,222**	**$ 3,485**	**8%**
Transfers and Capitalization	$ (79)	$ (96)	$ (552)	$ (85)	-85%
Net Total	**$ 5,418**	**$ 5,209**	**$ 2,670**	**$ 3,400**	**27%**

*Planning and Services Division had an re-organization of departments in FY 2013

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 Port Authority including the administration of healthcare, life insurance, unemployment compensation and other employee benefits programs, as well as training and organizational development.

Human Resources (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 1,860	$ 1,858	$ 1,801	$ 1,797	-0.2%
Employee Benefits	$ 33,675	$ 36,244	$ 1,347	$ 1,337	-0.7%
Purchased Services	$ 664	$ 649	$ 1,005	$ 1,053	5%
Materials and Supplies	$ 9	$ 7	$ 21	$ 22	5%
Other Expenses	$ 395	$ 290	$ 284	$ 315	31%
Net Total	**$ 36,603**	**$ 39,048**	**$ 4,458**	**$ 4,524**	**1.5%**

Fringe benefits for active employees and Port Authority retirees are accounted for in the Human Resources budget. Included are expenses related to pension, healthcare and unemployment benefits.

Companywide Fringe Benefits (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Pension	$ 23,787	$ 31,001	$ 32,703	$ 19,046	-42%
Active Healthcare	$ 35,610	$ 32,687	$ 35,042	$ 38,593	10%
Retiree Healthcare	$ 31,067	$ 32,074	$ 34,598	$ 35,862	4%
Misc.	$ 1,382	$ 2,013	$ 1,296	$ 1,029	-21%
Net Total	**$ 91,846**	**$ 97,775**	**$ 103,639**	**$ 94,530**	**-9%**

Legal and Corporate Services Division

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.

Legal (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 4,697	$ 4,869	$ 4,840	$ 5,032	4%
Employee Benefits	$ 204	$ 329	$ 310	$ 328	6%
Purchased Services	$ 2,195	$ 1,991	$ 2,725	$ 2,774	2%
Materials and Supplies	$ 46	$ 9	$ 34	$ 38	12%
Provision for Injury and Damages	$ 3,058	$ 1,959	$ 2,931	$ 3,297	12%
Other Expenses	$ 184	$ 188	$ 372	$ 374	0.5%
Gross Total	**$ 10,384**	**$ 9,345**	**$ 11,212**	**$ 11,843**	**6%**
Transfers and Capitalization	$ (39)	$ (67)	$ -	$ (135)	
Net Total	**$ 10,345**	**$ 9,278**	**$ 11,212**	**$ 11,708**	**4%**

Marketing and Communications Division

The Communications Division is comprised of Public Relations, Marketing, Creative Service and Advertising Sales. Responsibilities include all public relations, stakeholder relations, media relations and government affairs activities; marketing and promotion of services; production of most public materials, including timetables, brochures, maps and websites; management of social media; management of advertising on Authority properties and vehicles to generate revenue, and production of some advertising that also generates revenue.

Marking and Communications (000)	Audited FY2011	Audited FY2012	Budgeted FY2013	Budgeted FY2014	% Change
Salaries and Wages	$ 0	$ 0	$ 695	$ 678	-2.5%
Purchased Services	$ 0	$ 0	$ 258	$ 356	38%
Materials and Supplies	$ 0	$ 0	$ 62	$ 62	0%
Other Expenses	$ 0	$ 0	$ 641	$ 641	0%
Net Total	**$ 0**	**$ 0**	**$ 1,657**	**$ 1,738**	**5%**

*Marketing and Communications became its own Division in FY2013. Prior to FY2013 it was housed as a department within Service and Planning.

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.

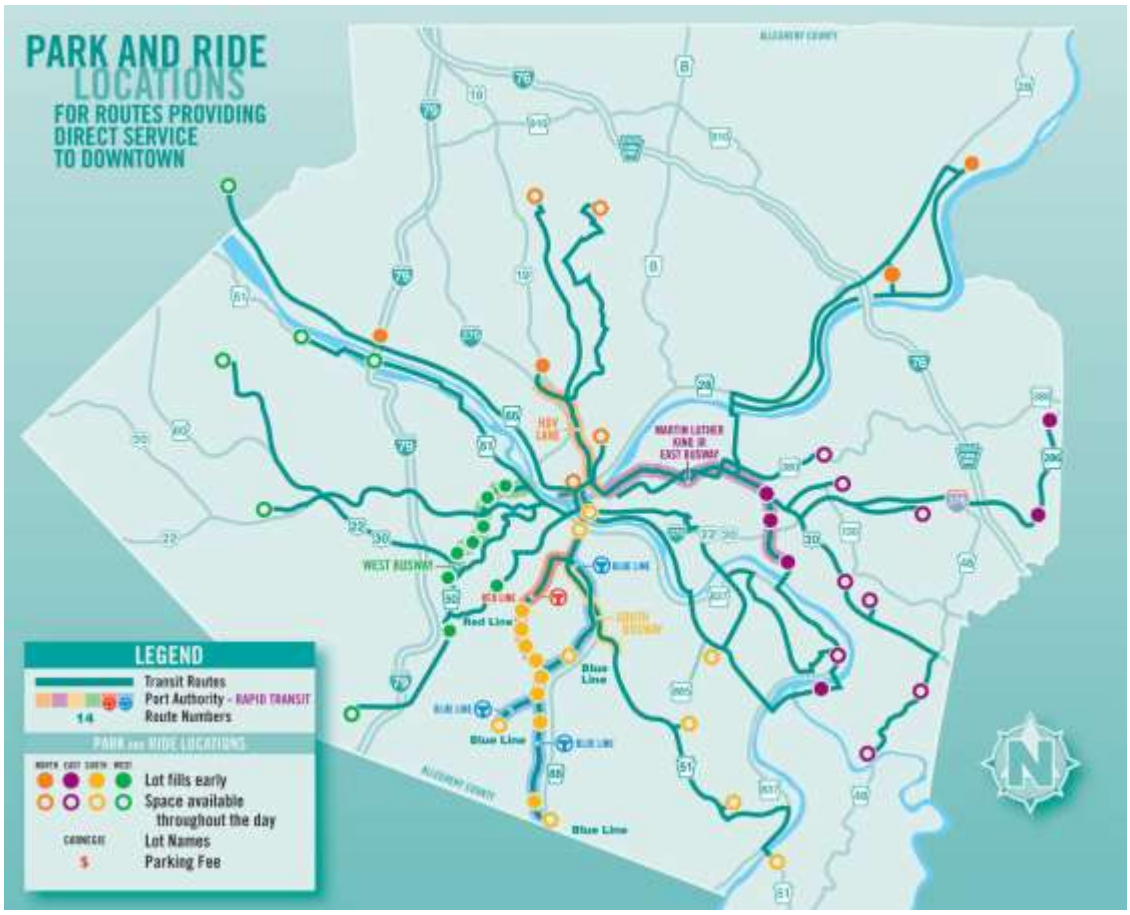
Manchester
The Main Shop is located at Manchester and is comprised of eight shop sections where heavy bus maintenance work and signage is performed for the system. Shop Sections include: the Engine Overhaul, Electrical Units, the Sign Shop, Transmission Overhaul, Body and Paint, Miscellaneous Units and 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 26.2-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.



General Information and Statistics about the Port Authority

(All Statistics are FY 2012 unless noted otherwise)

Port Authority began transit operations
March 1, 1964

Service Area: *Allegheny County, plus minor portions of Beaver and Westmoreland Counties*

Headquarters: *Port Authority of Allegheny County*
345 Sixth Avenue – Third Floor
Pittsburgh, PA 15222-2527

MODES OF TRANSPORTATION PROVIDED

Bus
Light Rail Transit
Inclines
Monongahela Incline
(Operated by Port Authority)
Duquesne Incline
(Operated by a non-profit society: Society for the Preservation of Duquesne Heights Incline.)
ACCESS Paratransit System
(Operated by seven for-profit and non-profit carriers from 7 distinct facilities under management of ATC / Veolia, d.b.a. ACCESS Transportation Systems, Inc.)

REVENUE VEHICLES (as of June 30, 2013)

Buses: 697
Light Rail Vehicles: 83
Monongahela Incline Cars: 2
Duquesne Incline Cars: 2
ACCESS Vehicles: 411

All the above except ACCESS Vehicles are owned by Port Authority.

SCHEDULED VEHICLES

	Weekdays	
	AM Peak	**PM Peak**
Bus	**541**	**552**
LRVs	**56**	**56**

VEHICLE MILES OPERATED

Bus: 25,197,496
Light Rail: 1,184,451
Monongahela Incline: 17,508
Duquesne Incline: 24,481
ACCESS: 11,471,482

VEHICLE HOURS OPERATED

Bus: 1,743,681
Light Rail: 90,582
Monongahela Incline: 7,501
Duquesne Incline: 6,880
ACCESS: 697,169

AVERAGE SPEEDS

Bus: 14.4
Light Rail: 13.1
Monongahela Incline: 2.3
Duquesne Incline: 3.6
ACCESS: 16.5

PASSENGERS CARRIED AS OF 2013

Bus: 53,088,096
Light Rail: 8,032,051
Monongahela Incline: 717,641
ACCESS: 1,716,098

Total Passengers Carried: 63,553,886
Total Fixed-Route
Senior Citizen Passengers Carried: 4,895,348

AVERAGE DAILY PASSENGERS (including ACCESS)

Average Weekday Passengers 220,082
Average Saturday Passengers 101,216
Average Sunday/Holiday Passengers 60,755

EMPLOYEES (as of June 30, 2013)

Total Active Employees:	2,406
ATU Local 85 Employees:	2,087
IBEW Local Employees:	60
Not Represented by a Union:	215
Transit Police Association:	44

FINANCIAL INFORMATION

FY 2012 Audited

REVENUES

Passenger Rev (with Contract Svcs) $86,817,781
ACCESS: $11,900,227
Other: $2,700,124
TOTAL: $101,418,132

Operating Assistance:

State Government: $165,037,154
Allegheny County: $27,668,700
TOTAL: $192,725,854

Total Revenues & Operating Assist: $294,143,986
Total Operating Expenses: $327,826,692
Revenue/Cost Ratio: 30.9%

GENERAL INFORMATION

(as of June 30, 2013)

No. of Timetables Printed:……1,718,0000
Transit Stops:……...7,210
Transit Shelters & Stations:……...292
Park & Ride Lots (13,930 Parking Spaces):……...53
Diesel Fuel Consumed: (Gallons)……. 7,009,301
Propulsion Power Consumed:(Kilowatt Hours)……28,955,368

FIXED GUIDEWAY FACILITIES
LIGHT RAIL TRANSIT

Opening Dates:

Downtown Subway	07/03/85
Stage I	05/22/87
Stage II	06/02/04
North Shore Connector	03/25/12
Total	26.4 miles

MARTIN LUTHER KING, JR. EAST BUSWAY

Opening Date: 2/19/83
Total: With Phase I EBX* 9.1 miles
*6/15/03 Opening of East Busway Extension

SOUTH BUSWAY

Opening Date: 12/18/77
Length: 4.3 miles

WEST BUSWAY

Opening Date: 9/10/00
Length: 5.0 miles

MONONGAHELA INCLINE

Year Constructed: 1870
Length: 630 feet

DUQUESNE INCLINE

Year Constructed: 1877
Length: 800 feet

CONTRAFLOW BUS LANES

Total Length of Contraflow Bus Lanes: 2.24 miles

HIGH OCCUPANCY VEHICLE (HOV) LANES

(Operated by Pennsylvania Department of Transportation)

Length of HOV facilities (mainline & ramps) 6.9 miles
Mainline: 5.3 miles

WABASH HOV FACILITY

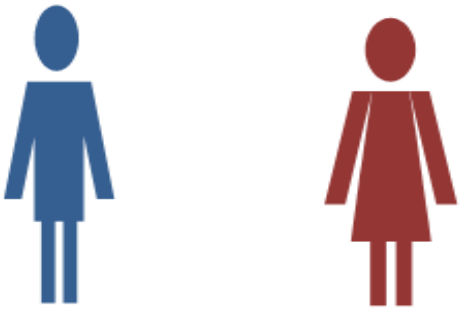
Year Constructed: 12/27/04
Length: 1.1 mile

PORT AUTHORITY OPERATING FACILITIES

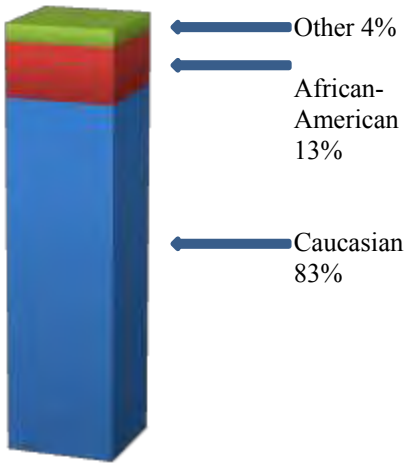
Division	# of Vehicles	Opening Date
Ross	146	03/31/68
Collier	134	06/30/69
West Mifflin	196	11/23/69
East Liberty	221	07/29/72
South Hills	83	04/15/84
Rail Center		
(Dedicated)		05/06/84

Ridership Statistics

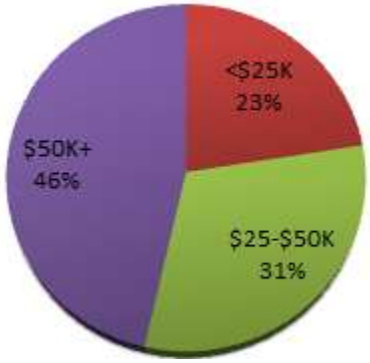
Gender Profile



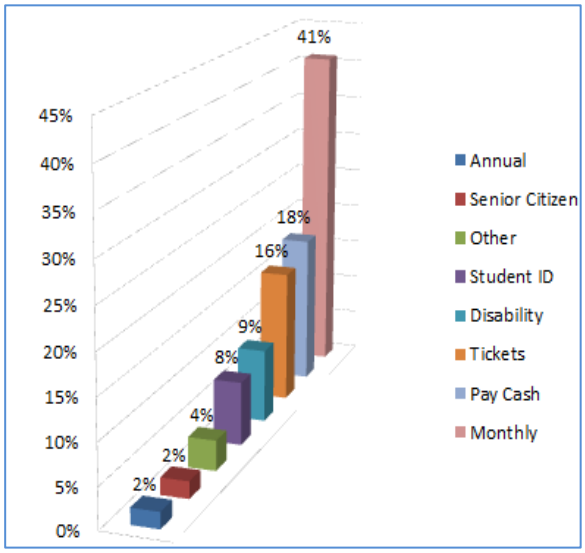
Race and Ethnicity



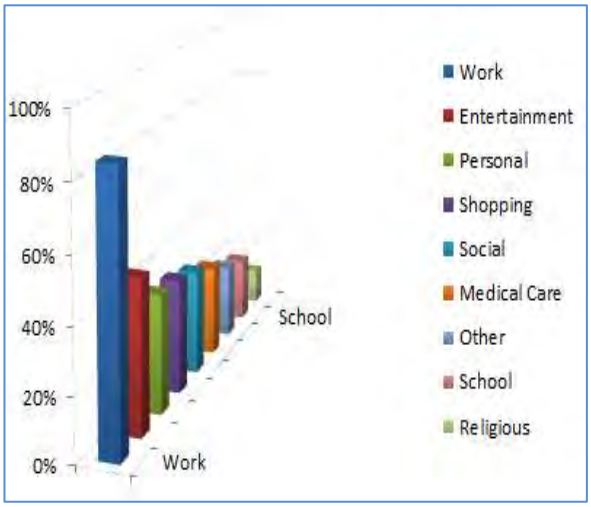
Income of Riders



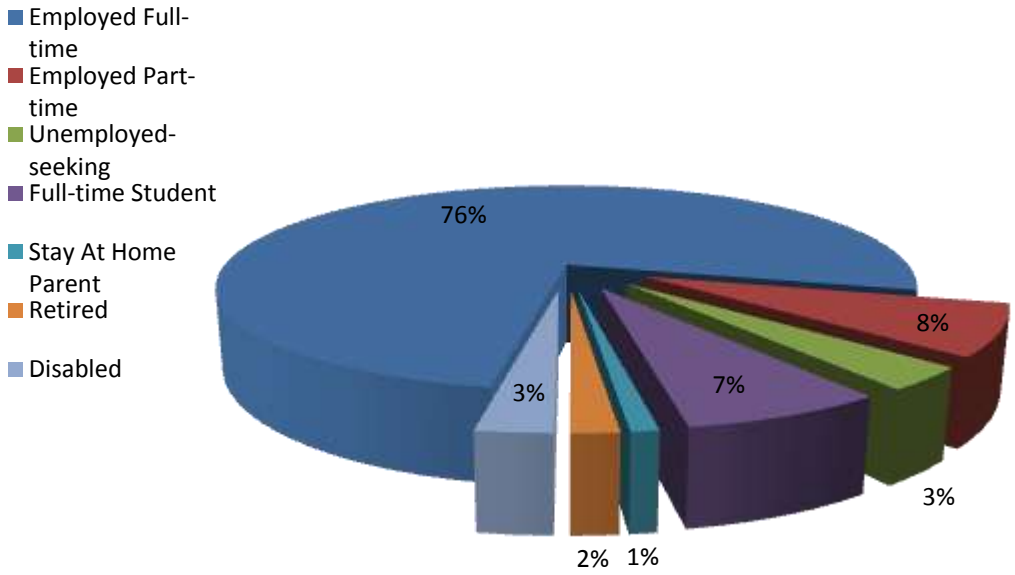
Media Usage



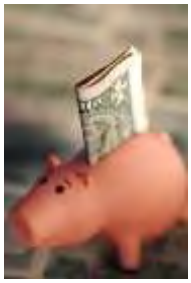
Trip Purpose



Occupational Status of Riders



Port Authority Saves Commuters 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

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Riders Reduce Traffic Congestion



59,000,000 Riders Annually

56% of the Riders use Port Authority 9 or More Times per Week

50,150,000 riders use Port Authority to commute to and from work Annually