

PORT AUTHORITY OF ALLEGHENY COUNTY

Operating and Capital Improvement Budgets

Fiscal Year 2011

July 1, 2010 – June 30, 2011





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Allegheny County Port Authority
Pennsylvania**

For the Fiscal Year Beginning

July 1, 2009

President

Executive Director

RESOLUTION

WHEREAS, the Board of Port Authority of Allegheny County (Authority) wishes to adopt a fiscally responsible operating budget covering the Authority for the Fiscal Year July 1, 2010 through June 30, 2011; and

WHEREAS, the Board of the Authority also wishes to adopt fiscally responsible capital budgets covering the Authority for the Fiscal Year July 1, 2010 through June 30, 2011 and for the Fiscal Year July 1, 2011 through June 30, 2012; and

WHEREAS, consistent with good business practice, the proposed operating budget contains estimates of anticipated revenues and expenses that are in balance with one another; and

WHEREAS, the Authority is currently, however, facing a potential funding shortfall of \$47.1 million. The operating budget thus assumes that the Commonwealth of Pennsylvania (Commonwealth) will address the shortfall created by the failure to toll I-80, and the Act 44 funding inadequacy that has resulted in no growth in the Authority's operating assistance from FY 2009 to FY 2011; and

WHEREAS, if additional funding is not forthcoming from Commonwealth, the Authority will need to implement a deficit reduction strategy to balance revenues and expenses, which will likely include the following actions:

- Service reductions beginning January 2011 of over 30 percent leaving entire communities without public transportation; and
- Personnel reductions of over 500 employees; and

WHEREAS, the FY 2011 and FY 2012 capital budgets have been prepared which balance capital program expenses with available capital grant funding amounts, but are contingent upon a multi-year bus fleet replacement plan and a financing strategy.

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Authority hereby adopts an operating budget for the Fiscal Year beginning July 1, 2010 and ending June 30, 2011, which anticipates total operating revenues and grants of \$329,964,274 and total net operating expenses of \$329,964,274 (Exhibit A), a capital budget for the same period providing for \$181,740,500 of capital project expenditures and a capital budget for the Fiscal Year beginning July 1, 2011 and ending June 30, 2012 providing for capital project expenditures of \$192,125,500 (Exhibit B).

FURTHER RESOLVED, that the chief executive officer be, and hereby is, directed to take such actions and/or make such recommendations as are necessary and proper to assure that the total operating and capital expenditures to be incurred by the Authority in the coming fiscal year do not exceed the operating revenues and grants and capital funding available for the period.

PORT AUTHORITY OF ALLEGHENY COUNTY
OPERATING AND CAPITAL IMPROVEMENT BUDGETS
FISCAL YEAR 2011
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Port Authority of Allegheny County

FISCAL YEAR 2011 OPERATING AND CAPITAL IMPROVEMENT BUDGETS

Executive Summary

Port Authority of Allegheny County's Fiscal Year 2011 Operating and Capital budgets reflect the agency's ongoing struggle to overcome increasing costs without a reliable and growing source of revenue from the Commonwealth of Pennsylvania.

Port Authority is seeking to provide the best transportation services possible despite the lack of adequate funding, caused in large part by the failed plan to charge tolls on Interstate 80. Once again, operating funds will have to be supplemented with capital dollars. Without intervention from the Commonwealth to resolve a shortfall in transportation funding for highways, bridges and public transportation, Port Authority will have to cut service and increase fares in early 2011.

The statewide funding shortfall - caused by the failure of Act 44 to generate the amount of revenue initially promised - is the primary issue in Port Authority's \$372.8 million FY 2011 Operating Budget. Even if Act 44 funded Port Authority at the same level as FY 2010, the lack of revenue growth would be a concern as total expenses are budgeted at a 3.2% increase. The total increase assumes a 9.86% increase in medical premiums, a 9% increase in dental premiums and a 7% increase in vision premiums. In addition, fuel prices are projected to increase 30% over FY 2010 levels. Passenger revenue is projected to increase 6.1% over FY 2010 levels due to a full year of higher fares from the 2010 increase and accounting for another fare increase in January 2011.

The Port Authority Board of Directors adopted a Capital budget for FY 2011 and reviewed the FY 2012 projected Capital Budget. The FY 2011 Capital Budget totals \$181.7 million and the proposed FY 2012 Capital Budget totals \$192.1 million. Some of the projects included in the FY 2011 Capital Budget include the following: replacement of older buses with ultra-low sulfur diesel buses, state of good repair maintenance work, repairs to the Mt. Lebanon Tunnel and \$14.5 million for the North Shore Connector.

Beyond the statewide transportation shortfall, there are positive changes to build on at Port Authority. Port Authority continues with the implementation of system-wide service improvements that are the result of a two-year Transit Development Plan process – the first overall route-by-route analysis in decades. These changes will firmly establish a more productive and responsive transit system across Allegheny County. The installation of new fare collection equipment and the introduction of smart card technology will also bring efficiency improvements and make the system more attractive to new riders. The Authority's light rail extension from Downtown into the booming North Shore is on schedule. The new North Shore stations are direct links from Downtown Pittsburgh and the South Side area; therefore, the long list of attractions on the North Shore of Pittsburgh will benefit when this project is complete and operational.

Port Authority will overcome the challenges and continue to focus on the work intended to benefit Allegheny County's communities and people for many years.



Stephen G. Bland
Chief Executive Officer

Operating Budget Summary

Port Authority of Allegheny County's FY 2011 Operating Budget for the period July 1, 2010 to June 30, 2011 projects gross revenues and expenses of \$372.8 million (Net expenses of \$329.9 million). This budget meets the requirements as set forth by Port Authority's Board of Directors and mandated by the Commonwealth's Act 76 of 1986 which requires Port Authority to operate within a balanced budget. The FY 2011 budget as presented balances revenues and expenses. However, the FY 2011 Operating Budget is predicated on receiving an additional \$47.1 million in State Operating Assistance.

Port Authority's most recent budget processes have all had unique circumstances and the FY2011 was no exception. The Authority began its budget process with a projected \$25.3 million deficit. This deficit was consistent with projections made one year earlier and fully anticipated. The FY 2010 Budget included a one-time use of \$8.8 million in prior year State Operating Assistance. Increases in wages, salaries, healthcare, pension combined with a dramatic increase in diesel fuel expense increased the structural deficit from \$8.8 million in FY 2010 to \$25.3 million in FY 2011. In February 2010, the Board of Directors was presented a very preliminary FY 2011 Budget to review potential issues.

Further complicating the budget process was the continued uncertainty surrounding the final notification as to whether the U.S. Department of Transportation would approve the major provision of the Commonwealth's Act 44 legislation, which was to toll Interstate #80. Absent this approval, the Authority

was faced with an additional \$27.3 million in Operating Budget deficit. In April 2010, Port Authority was formally notified the Commonwealth of Pennsylvania's application to toll I-80 was rejected.

In May 2010, the Port Authority's Planning and Service Development Committee was presented with a revised preliminary FY 2011 Operating Budget with a deficit in excess of \$50 million. Senior Staff presented various alternatives to the committee members for consideration including the following:

- Mid-year Fare Increase;
- Use of additional capital funds for operating purposes;
- Massive service reductions;
- Continuing to work with various stakeholders to secure additional funding.

No formal recommendations were made at the meeting to review the preliminary FY 2011 Operating and Capital Budgets. The Committee's general consensus was against both re-directing capital funds for operating purposes and cutting service by the required 35%. Broad Committee support existed for continuing the dialogue with various State and County stakeholders in order to garner support for additional transit funding. The Committee's comments were also generally in favor of a slight fare increase.

The Initial FY 2011 Capital Budget deficit of \$44.4 million was based on departmental requests and represented a "best case" scenario if capital funding

was more readily available. This initial Capital Budget projection included an Operations Division request to purchase 80 new buses.

In addition, Senior Management presented the Committee with FY 2012 projections for both the Operating and Capital Budgets. The outlook for FY 2012 was equally negative with the Operating Budget projected to have a deficit of over \$70 million and a Capital Budget deficit of approximately \$56 million.

Following the Committee meeting, Port Authority's Department of Financial Planning and Budgets continued to meet with each of the organization's divisions to review their FY 2011 Operating Budget requests. Reductions were made from the initial departmental requests when warranted. These reductions were made when historical expense patterns did not warrant a budget increase and no departmental justifications were provided for the increases.

Likewise, the Department of Grants and Capital Programs reconvened the Capital Planning Committee to re-evaluate requests and make reductions in projects that did not jeopardize system safety and security.

FY 2010 Budget to FY 2009 Budget Comparison

The FY 2011 budget contains a \$9.9 million or 2.7% increase in gross expenses from the FY 2010 Budget of \$362.9 million. This increase is primarily due to increases in the categories of Wages and Salaries, Pension and Employee Benefits, and Materials and Supplies. Wages and Salaries are expected to increase by \$5.1 million due to wage increases for union personnel where a collective bargaining agreement is in place, as well as salary increases for non-

represented personnel. The number of budgeted positions has been reduced by one from FY 2010 to a total of 2,755.

The Employee Benefits category is budgeted to increase by \$2.0 million from the FY 2010 Budgeted amount. This change is primarily due to a \$4.3 million or 6.0% increase in healthcare expense. This increase is partially offset by a \$3.4 million or 12.8% decrease in pension expense. The FY 2010 Budget included an anticipated January 2011 medical premium increase of approximately 9.8% for active employees and retirees under the age of 65.

The \$4.8 million increase in Materials and Supplies from the FY 2010 Budget level is attributable to increase in three line items. The expense for Materials used in maintenance of revenues vehicles is budgeted to increase by \$1.1 million or 10.5%. This increase is due to an aging bus fleet that requires additional maintenance with each passing fiscal year. The line item for Supplies is budgeted to increase by \$736,000 or 23.2%. Supplies are expended upon maintenance and repairs that are not vehicle related. Port Authority has contracted 50% of its anticipated diesel fuel needs in FY 2011 at \$2.61 per gallon for the first six months of FY 2011 and has not entered into a contract for the second six months of the fiscal year due to the uncertainty in service levels. The \$2.61 per gallon amount is considerably higher than the contracted amount in FY 2010 of approximately \$2.00 per gallon.

Provisions for Injuries and Damages is budgeted to decrease by \$794,000 or 22.1% from FY 2010 levels. Port Authority has traditionally budgeted this

category of expenses at a high level due to the uncertainty surrounding Workers Compensation and Litigated Settlements. In FY 2011, the company has reduced the budget to reflect more recent historical expense levels.

Purchased Services is budgeted to decrease by \$0.6 million from FY 2010 Budget levels. The majority of this increase is attributable to decreases in the line item budgets for Work Done by Outside Contractors, Labor and Technical Services and Maintenance of Office Equipment.

Utilities are budgeted to decrease by \$0.7 million due to an anticipated decrease in natural gas. Port Authority follows a practice of entering into longer-term utility contracts on its higher volume accounts when market prices are favorable. The company is expected to benefit from this long-term contracting in regards to its FY 2011 Budget for Natural Gas.

The category of Other Expense is budgeted to increase by \$1 million. This change includes an increase of \$403,000 in the Software Licensing expense line-item and a \$240,000 increase for Transit Development Plan marketing.

The Interest Expense budget has decreased by \$522,000 from the FY 2010 Budget levels. The FY 2010 Budget for Interest Expense had anticipated the use of a short-term Grant Anticipation Note (GAN). A GAN can result in higher interest payments since the company has to borrow a large sum at the beginning of the fiscal year. The FY 2011 cashflow scenarios indicate Port Authority can operate with a line of credit. A line of credit can be utilized in small or large increments and re-paid throughout the year reducing interest expense.

Historically, short-term borrowing such as this, in one form or another, has been common practice followed by Port Authority due to delays in receiving State and Federal grant funds. The company has entered into a line of credit for \$25 million for FY 2011. This will result in Port Authority incurring interest expense in FY 2011.

FY 2010 Unaudited Actuals to FY2010 Budget

Port Authority's unaudited FY 2010 expenses project the company to end the fiscal year with a \$14.4 million dollar operating deficit prior to an accounting adjustment for Other Post Employment Benefits (OPEB). The FY 2010 projected results were influenced by a number of factors from both a revenue and expense perspective.

A large portion of the FY 2010 deficit is attributable to an accounting entry of \$8.8 million representing the use of Prior Year State Operating Assistance. The Authority had \$9.2 million of State Operating Assistance revenue that was recognized in FY 2009 as Non-Operating Budget Revenue and added to Net Assets. Consequently, Port Authority was not permitted to recognize this revenue in its FY 2010 Operating Budget, but utilized the funds for cash purposes.

FY 2010 Total Revenues are projected to be below budget by \$3.6 million predominantly due to Passenger Revenues falling below budget by \$3.1 million or 4.1%. This variance was the result of the passenger ridership ending the year below budget. The category of Advertising Revenue exceeded budget by

\$244,000 or 24.4%. Interest Income was less than budget due to lower rates of return on Port Authority's invested cash and lower cash reserves.

Total Gross Expenses for FY 2010 are projected to be below budget by \$1.6 million or .4%. The expense categories of Wages and Salaries, Pensions and Employee Benefits, and Materials and Supplies exceeded budget by \$2 million, \$4.9 million and \$3.0 million respectively. Wages and Salaries were over budget due to overtime pay exceeding budget levels by \$4.6 million. This overtime variance was partially offset by a \$2.6 million in base wage savings due to vacant positions during the fiscal year. Pension and Employee Benefits exceeded budget by \$4.9 million. This variance was due to Pension Expense exceeding budget by \$7.7 million. Port Authority's pension valuations are conducted on a calendar year basis while it reports financial results on a fiscal year basis. This can result in large expense swings especially in a volatile stock market. The ATU-85 2009 calendar year valuation reported that the Authority had a substantial liability to the plan. This cash payment was made in Fiscal Year 2010 even though a portion of the payment was related to FY 2009. Materials and Supplies exceeded budget by \$3.0 million. This variance is primarily attributable to the line items of Materials, Material Adjustment, Supplies and Diesel Fuel exceeding budget by \$1.6 million, \$868,813, \$827,450 and \$592,249 respectively.

Port Authority was able to keep its Total Gross Expenses under budget due to lower than budgeted expenses in Provisions for Injuries and Damages,

Purchased Services, Utilities, Other Expenses, Interest Expense and ACCESS Expense. Provisions for Injuries and Damages were \$3.0 million below budget due to positive adjustments in the reserve accounts for Litigated Settlements and Workers Compensation.

The Authority was also able to achieve savings in Purchased Services from the FY 2010 Budget level ending the year \$2.6 million under budget. Predominantly, this result was due to lower expenses in the line items of Work Done by Outside Contractors, Other Services, Panel of Physicians, and Legal Expenses.

Utilities were projected to end the year under budget by \$1.8 million or 17.5%. The majority of this savings was attributable to natural gas expenses ending \$1.3 million under budget. The Authority was able to lock in favorable natural gas contracts below budgeted levels.

The category of Other Expense was projected to end the year \$1.4 million below budget. Savings in the line items for Organizational Development, Miscellaneous Expense and Membership and Dues were partially responsible for this positive year-end result, although most items in this category ended the year below budget.

Port Authority was able to internally manage its cashflow position to make it unnecessary to utilize any large amounts of its line of credit. This resulted in a \$877,000 savings in interest expense.

Finally, ACCESS expense was projected to end FY 2010 \$1.7 million under budget. ACCESS expense is correlated to the number of rides it provides on an annual basis. ACCESS ridership was lower in FY 2010 resulting in lower operating expenses for the fiscal year.

The company is projected to incur a Government Accounting Standards Board (GASB) #45 liability of \$33.8 million in FY 2010 which will result in a projected overall loss for the fiscal year of approximately \$48.2 million. The GASB #45 OPEB valuation liability was much higher than anticipated due to reduction in Federal Medicare reimbursements that was passed onto providers. Under current GASB regulation, Port Authority is not required to fund this outstanding liability. It had no cash impact on Port Authority during FY 2010.

The company's FY 2010 financial results are not altogether discouraging, but additional challenges lie ahead. Foremost, is the uncertainty that surrounds the Act 44 legislation that was first enacted in FY 2008 by the Commonwealth of Pennsylvania. This legislation was enacted in order to provide funding to public transportation systems throughout the Commonwealth. The centerpiece of the legislation was a proposed tolling of Interstate I-80 that would permit the Pennsylvania Turnpike Commission to provide over \$300 million annually to the Pennsylvania Department of Transportation (PennDot) upon federal approval. The application to toll I-80 was twice denied by the Federal Highway Administration (FHWA).

Without an additional source of State funding, Port Authority will be forced to curtail service by approximately 35%. This will undermine the central strategy of the Transit Development Plan (TDP) which was to have fewer routes and more trips. A 35% service reduction would cut the number of routes from 125 to approximately 80. The number of trips within these remaining routes would also be reduced.

Another threat to Port Authority's financial security is the company's growing pension expense. The company's employees participate in a defined benefit retirement program. Under this arrangement, both the company and the employee make contributions to pension trust funds. However, if market returns are inadequate to meet projected liabilities, it is the company's responsibility to provide additional funding.

The recent market downturn has dramatically increased Port Authority's pension expense. Pension expense is forecasted to exceed over \$30 million annually for the foreseeable future assuming historical market returns.

Port Authority's financial future is not all negative. The company is in the final stages of implementing its Connect 09 Transit Development Plan (TDP). The TDP involved utilizing an external consultant to review each of Port Authority's 187 routes for ridership, trip frequency and scheduling. The number of routes will be reduced to approximately 125 when the plan is fully implemented in FY 2011.

In addition, Port Authority is in the midst of implementing an Automated Fare Collection System (AFCS) project. This project will replace fareboxes on the entire Port Authority fleet with Smartcard enabled fareboxes. The new system, when fully operational, will provide much more detailed ridership information and reduce instances of fare avoidance. In turn, this should increase passenger revenues for Port Authority.

The FY 2011 financial plan, as communicated to management, union officials and employees is predicated on the following general goals:

- A Balanced Operating Budget;
- Retaining Current Service Levels;
- Keeping service affordable within the constraints of increasing costs for wages, healthcare, and pensions and no growth in State & Local Operating Assistance;
- Reducing the Port Authority's reliance on capital funds to balance the Operating Budget;
- Continuing the Automated Fare Collection System Project;
- Continuing the North Shore Connector Project;
- Maintaining Capital Assets/State of Good Repair.

In addition to the above stated goals, the following assumptions, or budget building blocks, were identified and used as a basis for allocating available resources:

- State operating assistance of \$204,230,820 which includes \$47.1 million of additional State Operating Assistance and a 15% local match of \$27,668,699 as mandated under Act 44;
- Fare increase to begin January 2011;

- Healthcare premium increase of between 9% to 7% for dental and vision plans beginning January 2011. Medical premium increases are budgeted at 9.86% beginning January 2011. The FY 2011 Healthcare Budget assumes full employment levels throughout the year;
- Minimal level of new retirees due to the continuation of ATU- #85 contract language addressing retiree healthcare.

For FY 2011, additional assumptions were made in preparing the budgets which will support and direct our resources toward fulfilling the budget goals. These assumptions are as follows:

- A total ridership decrease of 66,000 or less than 1% from FY 2010 actual levels, which includes a 35,000 rider increase in the ACCESS program.
- State program funding consistent with FY 2010 levels:
 - Continuation of Infrastructure Safety Renewal Program (ISRP)
 - Continuation of Vehicle Overhaul activities
- Use of Capital Funds to Offset Costs in the Operating Budget:
 - Associated Capital Maintenance (ACM)
 - Cost of Contracting
 - Preventive Maintenance
 - FTA funds for the Access-to-Jobs Program
- Capital Funding of Priority & State of Good Repair Projects

The funds associated with these assumptions comprise the majority of revenues and grants necessary to support the \$372.8 M of planned expenditures.

The Port Authority's continued success is dependent upon State and Local government support, the dedication, skills and ingenuity of its employees and

loyalty of its customer base. Revenues from operations combined with funds from other branches of government form the basis of the Port Authority's Operating Budget. Port Authority has been approved to receive \$184.5 million in operating assistance for FY 2011 from the Commonwealth of Pennsylvania, but \$27.3 million of this will be directed to pay debt service. This results in \$157.1 million available in FY 2011 for operations. Without additional State funding to make up for this shortfall, and the shortfall associated with inflationary increases, Port Authority will have no other option than to drastically cut its service.

The Allegheny County Calendar Year 2011 County Executive's Budget is recommending providing the full 15% match of State Operating Assistance Funding for a total of \$27.7 million. In addition, the short and long-term financial health of the Authority will require employees to continue providing efficient and economical service. Employees will continue to be called upon to assure the company's service remains cost competitive with other forms of transportation and similar sized systems nationwide. Finally, Port Authority must continue to address the needs of its customers as it re-works its service model to keep it both efficient and affordable.

In total, \$372.8 million in revenues are budgeted for FY 2011 of which \$98.1 million are in operating revenues, \$231.8 million in operating grants and \$42.9 million in amounts capitalized.

Operating Revenues

Port Authority continues to offer service that is both affordable and convenient. In FY 2010, Port Authority's total ridership levels decreased by approximately 2.5 million riders from FY 2009 while ACCESS ridership also decreased by 49,000. While it is difficult to pinpoint one underlying reason for the decrease, the slowing economy has had an impact. In addition, Pittsburgh hosted the G-20 Summit during the fiscal year that caused Downtown employers to close for 3 to 4 business days. The region also encountered a major blizzard in February 2010 that impacted ridership for a full week. The FY 2011 Budget forecasts a 5.6% increase in overall Operating Revenue from FY 2010 unaudited actuals. Passenger Revenues are budgeted to increase by \$4.4 million or 6.1% from FY 2010 unaudited levels. Passenger Revenues are projected to increase due to the January 2010 fare increase being in effect for a full year and the implementation of another fare increase January 2011. The organization remains hopeful that actual ridership will surpass projected FY 2011 ridership estimates given the upwardly trending cost of gasoline and the increased cost of parking in the central business district. ACCESS revenues are projected to increase by \$243,000 from FY 2010 unaudited levels due to higher ridership. Contract Service revenues, which include contractual arrangements with the University of Pittsburgh, Carnegie Mellon University and Chatham University, are expected to increase by 11.9% over the FY 2010 forecast. FY 2010 marked the first time

Chatham University contracted with Port Authority to transport members of its student body.

Operating Grants

Total operating grants utilized for FY 2011 are expected to increase from \$212.1 million in FY 2010 to \$231.9 million. The Operating Budget projects \$204.2 million and \$27.7 million from the Commonwealth of Pennsylvania and Allegheny County respectively. The County Executive has recommended \$27.7 million in his CY 2011 Proposed County Budget, but no progress has been made to date on obtaining the necessary Commonwealth legislation to address the Authority's deficit.

In FY 2011, \$42.9 million is budgeted as capitalizations, which provide reimbursements for certain operating expenses. This is an \$823,000 or 2.0% increase from FY 2010 projected capitalizations. This increase is primarily due to a \$3.6 million increase in the Capital Cost of Contracting account. A \$2.5 million decrease in the amount budgeted in FY 2011 for the Preventive Maintenance account partially offsets the increase in Capital Cost of Contracting. The Authority has made a commitment to reduce its usage of capital grant funds in the Operating Budget in order to maintain the state of good repair on Authority assets.

Given Port Authority's total amount of projected revenues, an annual expense level was established to meet the requirements of a balanced budget and to support the organizational goals, objectives and assumptions.

As depicted in *Exhibit A*, the operating budget projects total gross revenues and total expenditures in the balanced amount of \$372.8 million. This is an overall increase of \$11.5 million or 3.2% when compared to the FY 2010 unaudited spending levels.

Capital Budget Summary

Port Authority of Allegheny County's FY 2010 Capital Improvement Program anticipates expenditures of \$181.7 million. Given that Port Authority has assets with a net book value of \$1.51 billion, the FY 2011 Capital Improvement Budget is expansive in scope and focuses on the following key elements:

- State of Good Repair, replacement, and rehabilitation of assets in accordance with the four year Capital Improvement Plan
- Fiscal Efficiency and Responsibility
- Relief in the Operating Budget
- Safety and Security
- Expansion of service with Major Capital Projects

The Capital Improvement Budget is comprised of six (6) major program groups:

Debt Service	\$37.2 M
Revenue Vehicle Replacement	37.0 M
Fixed Guideway and Facility Improvements	38.6 M
Support Programs	7.8 M
Operating Capitalization	42.7M
New System Expansion	<u>18.4 M</u>
Total	\$181.7 M

The Debt Service component of the Capital Budget is comprised of debt service payments towards the Koch Master Agreement which provided for bus purchases and Series 2001 Senior Bond Debt service.

Port Authority's average age for bus vehicles exceeds industry standards. The Revenue Vehicle Replacement Program is directed toward the purchase of 80 additional Low Floor Clean Diesel Buses.

Projects within the Fixed Guideway and Facility Improvements component of the Capital Budget represent large investments in busway and rail line repairs and facility repairs and improvements. Examples of projects that fall within this category include the purchase of a Bus Radio System Replacement, Manchester Deck, Roof and Drain Rehabilitation, an Automatic Trip Stop System (ATS) for the rail mode, and Mt. Lebanon Tunnel Repairs.

The Support Programs section of the Capital Budget includes Information Technology (IT) Development and Infrastructure projects. It is necessary to keep the company's information systems in order to aid in management oversight and support daily operations. Support Programs also include a non-revenue vehicle replacement program. The company currently has a non-revenue vehicle fleet where the majority of the vehicles have exceeded their useful lives.

The balance of the capital budget is included in the New System Expansion category. The New System Expansion category is made up exclusively of the North Shore Connector project for FY2011. In FY 2011, North Shore Connector funding totals \$14.5 million.

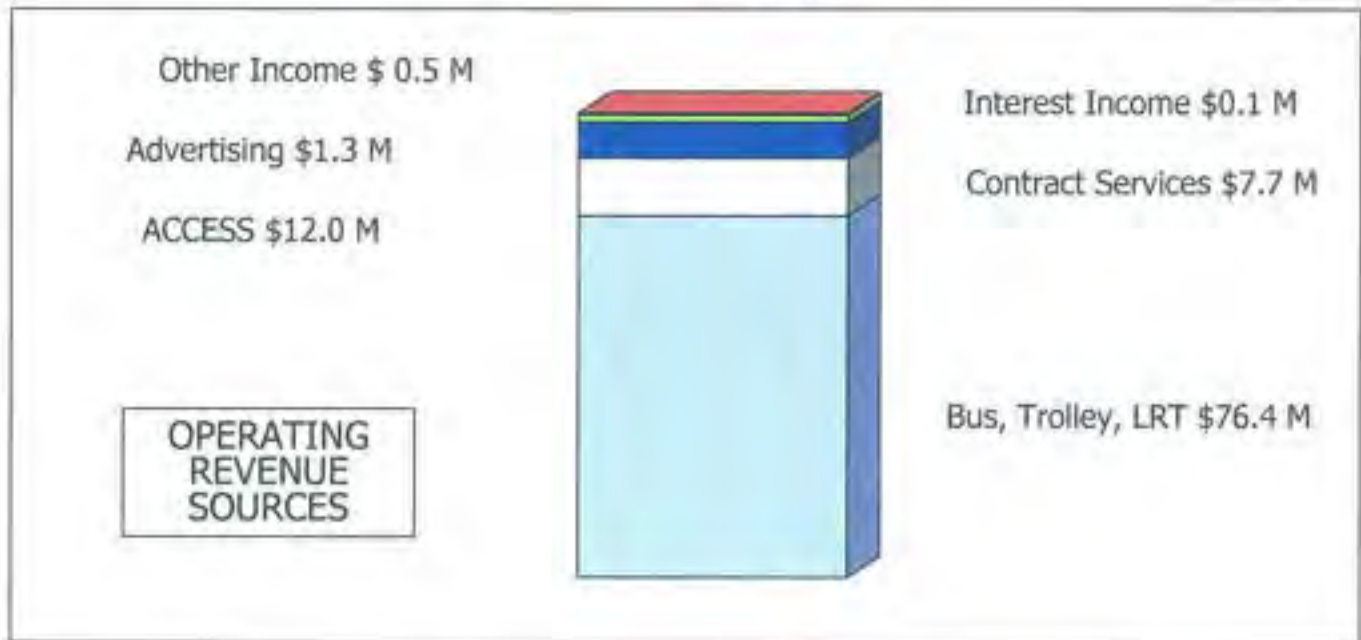
The Operating and Capital Improvement Budgets presented for FY 2011 represent Port Authority's continued commitment to exceed the expectations of its customers and invest in assets and infrastructure that will meet the future demands of the region.

PORT AUTHORITY OF ALLEGHENY COUNTY
FY2009 Audited, FY2010 Budget, FY2010 Unaudited, FY2011 Budget
Exhibit A

(000's)	FY2009 Audited	FY2010 Budget	FY2010 Unaudited	FY2011 Budget	\$ Change FY11 Bud v. FY10 Unaudited	% Change FY11 Bud v. FY10 Unaudited
REVENUES:						
PASSENGER REVENUE -						
BUS, LRT AND INCLINE	\$72,697	\$75,463	\$72,373	\$76,806	\$4,432	6.1%
ACCESS PROGRAM SERVICE	\$12,591	\$12,571	\$11,784	\$12,028	\$244	2.1%
CONTRACT SERVICES	\$5,473	\$6,305	\$6,610	\$7,399	\$789	11.9%
ADVERTISING	\$837	\$1,000	\$1,244	\$1,201	-\$43	-3.4%
INTEREST INCOME	\$409	\$300	\$33	\$50	\$17	51.8%
OTHER INCOME	\$1,200	\$818	\$790	\$582	-\$208	-26.3%
TOTAL REVENUE	\$93,207	\$96,456	\$92,834	\$98,065	\$5,231	5.6%
EXPENSES:						
WAGES AND SALARIES	\$136,758	\$141,600	\$143,611	\$146,745	\$3,133	2.2%
PENSIONS AND EMPLOYEE BENEFITS	\$107,818	\$128,797	\$133,668	\$130,777	-\$2,890	-2.2%
MATERIALS AND SUPPLIES	\$41,913	\$38,019	\$41,004	\$42,819	\$1,815	4.4%
PROVISION FOR INJURIES AND DAMAGES	\$2,397	\$3,587	\$608	\$2,793	\$2,185	359.1%
PURCHASED SERVICES	\$6,712	\$9,200	\$6,604	\$8,631	\$2,027	30.7%
UTILITIES	\$8,521	\$10,200	\$8,411	\$9,502	\$1,090	13.0%
OTHER EXPENSE	\$4,120	\$4,847	\$3,397	\$5,859	\$2,462	72.5%
INTEREST	\$0	\$1,000	\$123	\$478	\$355	288.6%
ACCESS	\$24,272	\$25,646	\$23,931	\$25,211	\$1,281	5.4%
TOTAL GROSS EXPENSE	\$332,510	\$362,897	\$361,358	\$372,816	\$11,458	3.2%
Capitalizations						
Cost of Contracting	-\$14,619	-\$15,000	-\$11,420	-\$15,000	-\$3,580	31.4%
ISR?	-\$16,000	-\$16,000	-\$16,000	-\$15,000	\$1,000	-6.3%
VOH	-\$2,500	-\$2,500	-\$2,500	-\$3,500	-\$1,000	40.0%
Grants	-\$994	-\$1,139	-\$1,272	-\$1,001	\$271	-21.3%
Preventive Maintenance	-\$9,100	-\$7,050	-\$7,050	-\$4,550	\$2,500	-35.5%
ACCESS To Jobs	-\$670	-\$1,300	-\$1,370	-\$1,300	\$70	-5.1%
ACM Capitalizations	-\$2,696	-\$2,500	-\$2,417	-\$2,500	-\$83	3.4%
TOTAL AMOUNTS CAPITALIZED	-\$46,579	-\$45,489	-\$42,029	-\$42,851	-\$823	2.0%
TOTAL NET EXPENSE	\$285,931	\$317,408	\$319,329	\$329,964	\$10,635	3.3%
OPERATING GRANTS						
STATE	\$175,258	\$184,458	\$184,458	\$184,458	\$0	0.0%
STATE OPERATING ASSISTANCE-PRIOR YEAR	\$0	\$8,825	\$0	\$0	\$0	0.0%
ADDITIONAL STATE OP ASST/ DEFICIT REDUCTION	\$0	\$0	\$0	\$47,076	\$0	100.0%
COUNTY	\$27,669	\$27,669	\$27,669	\$27,669	\$0	0.0%
TOTAL OPERATING GRANTS	\$202,927	\$220,952	\$212,127	\$259,203	\$47,076	
OPERATING SURPLUS / (DEFICIT)	\$10,203	\$0	-\$14,368	\$27,303	\$41,671	-290.0%
OTHER POST EMPLOYMENT BENEFITS	\$18,815	\$0	\$33,789			
IMPACT OF FAILURE TO TOLL I-80	\$0	\$0	\$0	-\$27,303	-\$27,303	
OPERATING SURPLUS / (DEFICIT) INCLUDING FAILURE TO TOLL I-80 AND OPEB	-\$8,612	\$0	-\$48,157	\$0		

EXHIBIT B

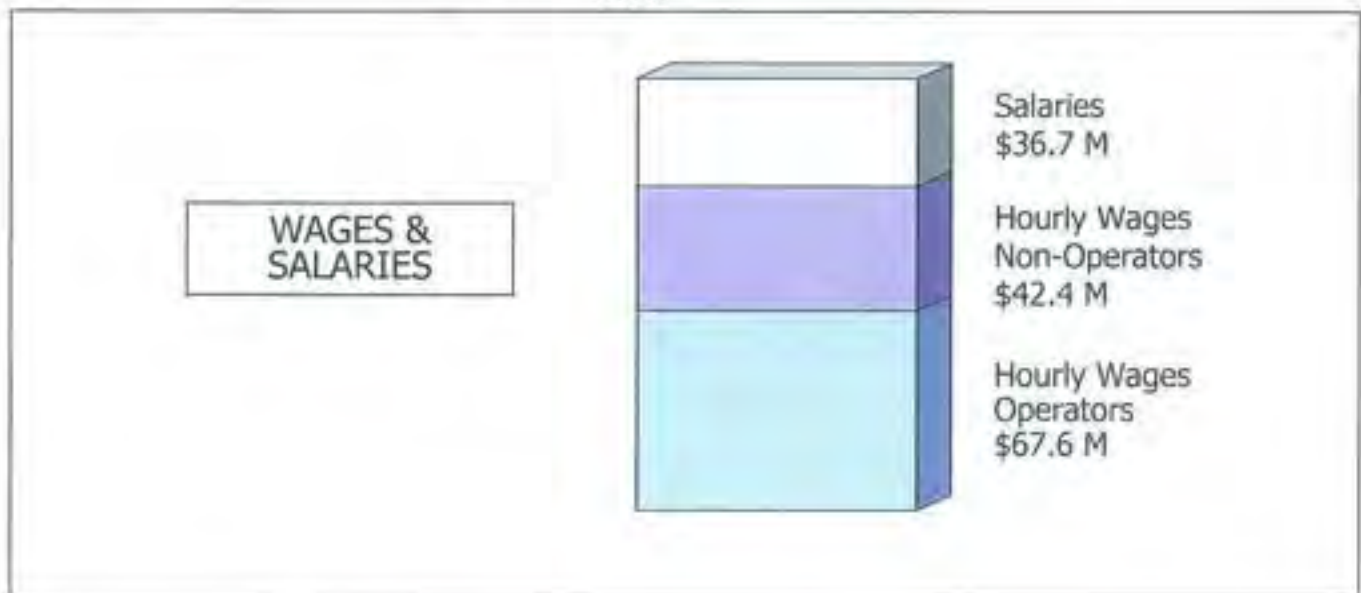
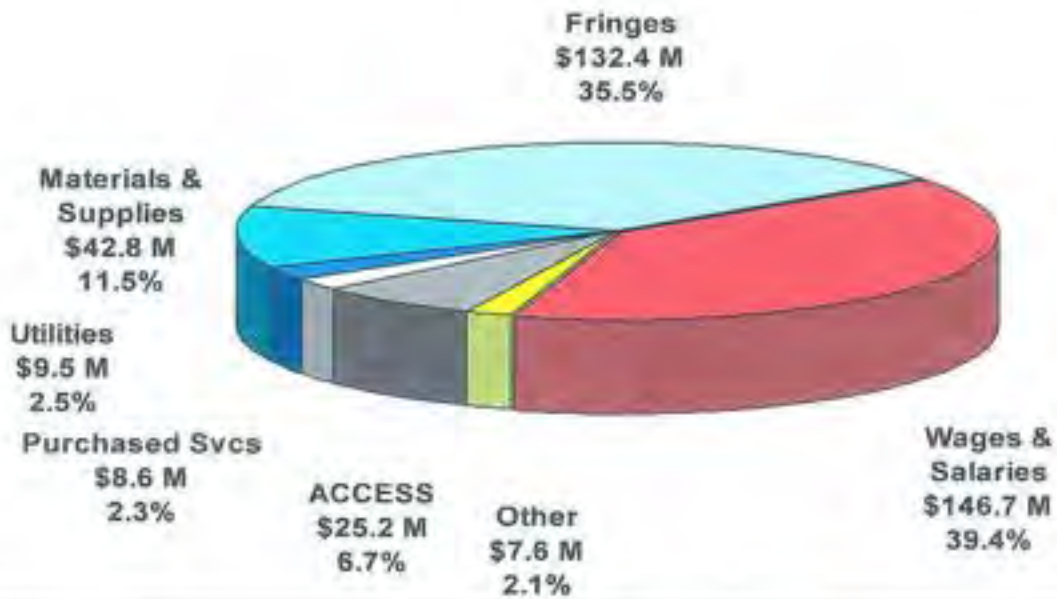
Port Authority of Allegheny County Operating Summary Fiscal Year 2011 Budgeted Revenues



Total FY 2011 Revenues : \$372,816,000

EXHIBIT C

Port Authority of Allegheny County Operating Summary Fiscal Year 2011 Budgeted Expenses

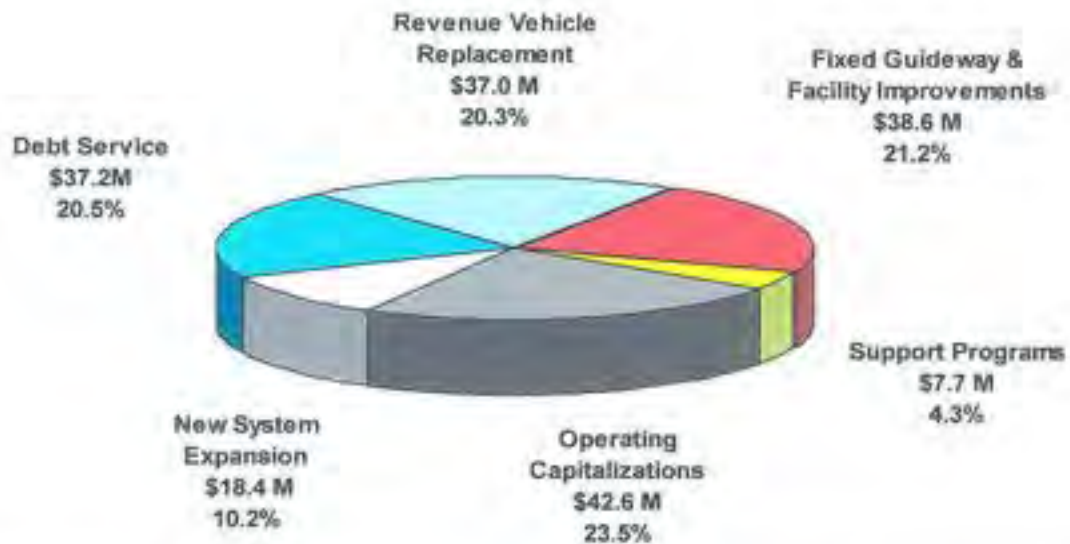


Total FY 2011 Expenses : \$372,816,000

Note: These expenses do not reflect the OPEB liability

EXHIBIT D

Port Authority of Allegheny County Capital Improvement Budget Fiscal Year 2011



Fixed Guideway & Facility Improvements

Replacement of
Automatic Trip Stop
\$3.3 M

Manchester Main
Shop Deck Rehab
\$4.2 M

Other State of Good
Repair \$19.9 M



Mt. Lebanon Tunnel
Repairs \$3.0 M

East Liberty Garage
Roof Replacement
\$3.7 M

Bus Radio System
Replacement \$4.5 M

Total FY 2011 Capital Improvement Program : \$181,740,500



Port Authority of Allegheny County

Organizational Structure and Background

Local Community

Allegheny County, Pennsylvania was created on September 24, 1788 from parts of Westmoreland and Washington Counties and named after the Allegheny River. Pittsburgh, the county seat, was named by General John Forbes in honor of William Pitt, a British statesman. The County originally extended all the way north to the shores of Lake Erie; however, the county's current borders were set by 1800. The County forms the nucleus of the Pittsburgh Metropolitan Statistical Area and the Pittsburgh Tri-State area of Pennsylvania, Ohio and West Virginia.

Geography and Climate

Allegheny County is the second largest of the 67 counties in Pennsylvania.



It is located in the Southwestern corner of the state and is known for the three rivers that flow through it. The Allegheny and the Monongahela rivers converge in downtown Pittsburgh to form the Ohio River. An additional river, the Youghiogheny, meets the Monongahela at McKeesport, 10 miles south of Pittsburgh.

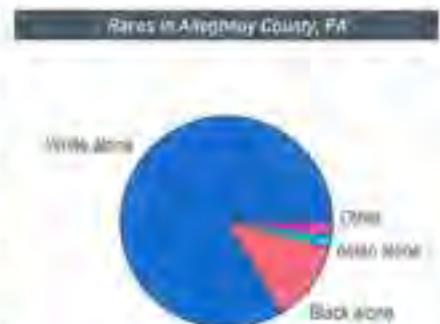
Much of Allegheny County is covered with forests, and it is surrounded by rural farming communities. At the time of the 2000 census, the county had a total area of 745 square miles: 730 square miles of land, and 15 square miles of water.

Average temperatures range anywhere from 18 degrees Fahrenheit lows in January to 83 degrees Fahrenheit highs in July. Yearly average precipitation is 36.85 inches of rain and 43 inches of snow, with the average monthly rainfall in Allegheny County estimated at 3.05 inches. There is an estimated 218 days of precipitation per year.

Demographics

Allegheny County is home to 10% of the state's population. There were 1,281,666 people, 537,150 households, and 332,495 families residing in the County as of the 2000 Census. In a 2009 estimate, population was 1,218,494, which represented a decrease of -4.90% from the 2000 census.

According to the last census, the population density was 1,755 per square mile. The average household size was 2.31 and the average family size was 2.96. The racial makeup was 84.33% White, 12.41% Black or African American, 0.12% Native American, 1.69% Asian, 0.03% Pacific Islander, 0.34% from other races, and 1.07% from two or more races. About 0.87% of the population was Hispanic or Latino of any race. The median age was 40, with 52.4% of the population female.



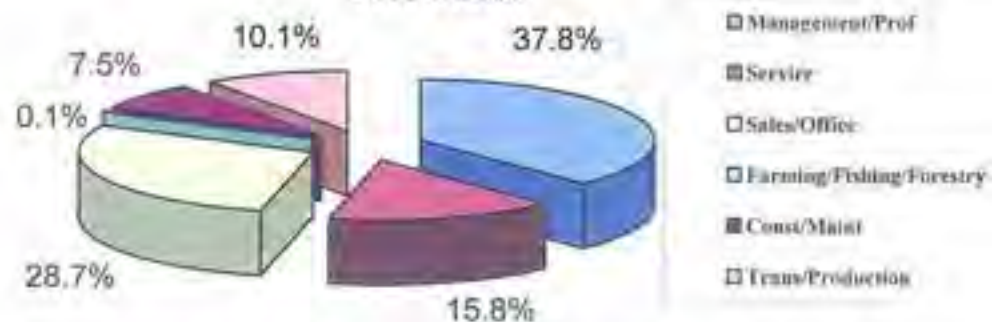
Local Economy

Since colonial times, Allegheny County has been a center for business and commerce. Natural resources including iron and coal and easy access to waterways enabled the area to become an important steel producer. Pittsburgh quickly became the largest inland port in the nation, which it remains today.

The workforce of Allegheny County has shifted from a concentration on heavy industry, with the decline of the steel mills, to more specialized industries and service providers, such as high technology, health care, education and finance. Allegheny County is home to Fortune 500 firms including Heinz, USX, PPG Industries, General Nutrition Centers, PNC Corporation, Bank of New York Mellon, and Alcoa.

There are more than 90 medical facilities in the area including hospitals, medical schools, rehabilitation centers, hospices and nursing homes. The University of Pittsburgh Medical Center was recently cited by the U.S. News and World Report as ranking 12th out of the 188 best hospitals in the United States. UPMC has long been recognized as a major transplant facility, performing more transplants than any other facility in the world. Allegheny University Hospital, Children's Hospital of Pittsburgh, The Western Pennsylvania Health System and Magee-Women's Hospital are also important members in the Allegheny County medical community. Kane Regional Centers have been recognized by the Pennsylvania Association of County Affiliated Homes as Nursing Home of the Year. The Kane Centers provide nursing and assisted care to more than 1400 residents in four locations across the County.

**Work Force Distribution Of Allegheny County
2000 Census**



The 2000 Census reported 6.1% unemployment. In 2002, the per capita personal income in Allegheny County was \$36,500. This was an increase of 24.6% from 1997. The 2002 figure was 118% of the national per capita income, which was \$30,906.

March 2010 Bureau of Labor Statistics show Allegheny County's current unemployment rate at 8.3, an increase of 1.6 from March of 2009. This still compares favorably with the unemployment rate in the City of Pittsburgh (8.9) and the state of Pennsylvania (9.0). The greatest decreases in employment over the most recent 12 month period were seen in Manufacturing, Construction, and Information. Despite the current recession, the area boasts gains in the health services and education fields. Two of the largest employers are the University of Pittsburgh, and the University of Pittsburgh Medical Center.

Education and Culture

The Pittsburgh Metropolitan area ranks in the top ten of the 50 largest metropolitan areas in the nation in terms of cultural facilities per 100,000 in population.

A 14 block area between the David Lawrence Convention Center and Stanwix Street in the heart of downtown contains the historic Cultural District, in which resident artist groups offer a cultural variety unmatched by many cities. It is within walking distance from the city's best hotels, restaurants, shops, and public parks. The Cultural District encompasses 88 retail shops, 47 dining establishments, 8 public parks, and 5 world class theaters in which 1400 performances are held each year. It is home to the Pittsburgh Public Theater, Pittsburgh Ballet Theater (the eighth largest ballet company in the United States), Pittsburgh Opera (the country's eighth oldest), Pittsburgh Civic Light Opera and the Pittsburgh Symphony.

The Carnegie Museums of Pittsburgh provide a full scope of culture and education. The Museum of Natural History was ranked sixth in the nation in the Travel Channel's top picks for "Best Museums for Dinosaur Sightings," and is acknowledged for having some of the best dinosaur exhibits in the world. Recipient of the 2003 National Award for Museum Service, the Carnegie Science Center connects science and technology with everyday



life. The Andy Warhol Museum celebrates one of Pittsburgh's own, who is widely acknowledged as one of the most influential artists of the twentieth century, and exhibits many of his works. The Carnegie Museum of Art offers a distinguished collection of contemporary art that includes film and video works. Other collections of

note include works of American art from the late nineteenth century, French Impressionist and Post-Impressionist paintings, and European and American decorative arts from the late seventeenth century to the present.

The Pittsburgh Zoo and PPG Aquarium is one of only six major zoo and aquarium combinations in the country. The 77-acre facility is home to thousands of animals



representing hundreds of diverse species. Committed to education, research and wildlife conservation, the Pittsburgh Zoo & PPG Aquarium is actively involved in 64 Species Survival Plans and proudly exhibits 72 threatened or endangered species.

The National Aviary is America's only independent indoor nonprofit bird zoo. Located in historic North Side's West Park, The Aviary is home to 600+ birds of more than 200 species. Many species are threatened or endangered in the wild. The natural, planted exhibits allow visitors an up-close view of the bird world.

Operating in association with the Smithsonian Institution, the Senator John Heinz Pittsburgh Regional History Center features a number of traveling and permanent exhibitions, such as the Western Pennsylvania Sports Museum, a dynamic museum-within-a-museum, and Capture the Moment: The Pulitzer Prize Photographs. The History Center highlights more than 250 years of Western Pennsylvania history. Visitors can explore a 1790s log cabin, discover how immigrants shaped this region, uncover the myths of the Underground Railroad, experience the thrill of Western Pennsylvania's unmatched sports legacy, and climb aboard a 1940s Pittsburgh trolley.¹

The most recent addition to the cultural assets of Allegheny County is the new August Wilson Center (AWC) for African American Culture. The formerly known African

American Cultural Center of Greater Pittsburgh is a non-profit organization that presents performing, visual and education programs celebrating the contributions of African Americans within the region. The distinctive new Center opened downtown in September of 2009, and contains exhibition galleries, a theater, and an education center. AWC presentations include dance, music, art, theater and other cultural, educational and artistic events.



Port Authority of Allegheny County

Background

Port Authority of Allegheny County 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; (2) issue negotiable, interest-bearing debt obligations in connection with any such borrowings; and (3) secure the payment of such obligations with a pledge of any or all of the revenues of the Authority. 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.

As shown in *Figure A*, 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, Washington, and Westmoreland.

FIGURE A

PortAuthority

SERVICE AREA



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 family of services can be broken into three (3) general categories:

1. Service provided directly by Port Authority employees which includes fixed route bus service, the light rail system, and the Monongahela Incline. It is expected that nearly 63.9 million riders will be carried on these modes in FY 2011.
2. Contracted service that Port Authority provides through for-profit and non-profit carriers. These services include ACCESS shared-ride transportation, provided by 7 separate carriers, and the Duquesne Incline. Approximately 1.7 million passengers will use these ACCESS services in FY 2011 and approximately 469,500 will ride the Duquesne Incline.
3. Port Authority authorizes, under its regulatory powers, private carrier services, which includes fixed route service, (typically park-n-ride shuttles); paratransit service; group and party (including charter) service; and service to Greater Pittsburgh International Airport. Some 4.5 million riders are expected to be carried during the next year by these private carriers. This category of service requires no subsidy from Port Authority's operating budget.

Port Authority's family of services, excluding private carrier service, will carry a total of 66.0 million riders in FY 2011. *Table A* recaps the demographics of Port Authority riders based on the most recent rider survey and the pages that follow provide general information about the Port Authority and some of the company's available statistics. Port Authority directly operates a fleet of 60 35-foot buses, 672 40-foot buses, 40 45-foot buses, 50 articulated buses, 83 light rail vehicles, 48 small transit 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-mile light rail system.

The Pittsburgh area has a strong history of transit use, and the ridership and scale of the Authority operations exceeds those of transit systems with service areas of comparable size and population. The Port Authority continues to explore options for making travel within the Pittsburgh region easier. One example of this progressive attitude is the company's commitment to the North Shore Connector project that will expand light rail transit by way of twin tunnels bored under the river to some of the region's newest economic



developments. Another example is the Transit Development Plan that reviewed all aspects of Port Authority service and how it interacts with regions outside Allegheny County. Port Authority has recommitted its efforts to be a custodian of the resources received from the taxpaying public.

TABLE A

Port Authority of Allegheny County
PASSENGER PROFILE

A survey conducted in the summer of 2005 gives the following depiction of Port Authority riders:

Profile	Core	Non-Core
Aged 18-44	42.6%	21.7%
Aged 45-64	48.6%	42.3%
Aged 65 or older	6.3%	31.3%
Employed full-time	71.6%	39.8%
Retired	6.3%	34.7%
Income below \$50,000	34.5%	27.9%
Income above \$50,000	19.4%	32.0%
Have access to the internet	79.4%	71.5%
Do not own a vehicle	21.8%	9.6%

Core Users: 20 or more rides per month, Non-Core: 1 ride per year to 19 rides per month.

GENERAL INFORMATION AND STATISTICS ABOUT PORT AUTHORITY
(All Statistics are Fiscal Year 2010 unless noted otherwise)

Date Port Authority

began transit operations: March 1, 1964

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

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

SCHEDULED VEHICLES

(as of June 30, 2010)

	<u>Weekdays</u>	
	<u>AM Peak Period</u>	<u>PM Peak Period</u>
Bus	642	693
LRV's	50	51

VEHICLE MILES OPERATED

Bus:	29,591,656
Light Rail:	1,276,408
Monongahela Incline:	16,001
Duquesne Incline:	21,251
ACCESS:	10,699,574

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.)

VEHICLE HOURS OPERATED

Bus:	1,952,012
Light Rail:	95,615
Monongahela Incline:	6,906
Duquesne Incline:	5,864
ACCESS:	689,850

AVERAGE SPEEDS

Bus:	15.2
Light Rail:	13.5
Monongahela Incline:	2.3
Duquesne Incline:	3.6
ACCESS:	15.5

REVENUE VEHICLES

(as of June 30, 2010)

Buses:	872
Light Rail Vehicles:	83
Monongahela Incline Cars:	2
Duquesne Incline Cars:	2
Small Transit Vehicles:	48
ACCESS Vehicles:	439

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

PASSENGERS CARRIED

Bus:	56,367,910
Light Rail:	7,006,477
Monongahela Incline:	660,822
Duquesne Incline:	459,174
ACCESS:	1,651,601

Total Passengers Carried: 66,151,663

Total Fixed-Route

Senior Citizen Passengers Carried: 5,842,330

AVERAGE DAILY PASSENGERS
(including ACCESS)
(as of June 30, 2010)

Average Weekday Passengers	224,771
Average Saturday Passengers	95,558
Average Sunday/Holiday Passengers	56,333

EMPLOYEES
(as of June 30, 2010)

Total Active Employees	2,721
ATU Local 85 Employees	2,352
IBEW Local Employees	73
Not Represented by a Union	244
Transit Police Association	52

FINANCIAL INFORMATION
(as of June 30, 2010)

Revenues:	
Passenger Revenue	\$78,983,688
Senior Citizen & ACCESS	\$11,784,088
Other	\$2,068,418
TOTAL	\$92,834,194

Operating Assistance:	
State Government	\$184,457,990
Allegheny County	\$27,688,700
TOTAL	\$212,126,690

Total Revenues & Operating Assistance	\$304,960,884
Total Operating Expenses	\$361,357,727
Revenue/Cost Ratio	18.4%

GENERAL INFORMATION

No. of Timetables Printed	3,476,000
Transit Stops	11,811
Transit Shelters & Stations	301
Park & Ride Lots (13,670 Parking Spaces)	62
Diesel Fuel Consumed: (Gallons)	8,160,212
Propulsion Power Consumed: (kilowatt Hours)	31,232,044

FIXED GUIDEWAY FACILITIES

LIGHT RAIL TRANSIT

Opening Dates:	Downtown Subway	7/3/85
	Stage I:	5/22/87
	Stage II:	6/2/04
Length:	(with the re-opening of Arlington Avenue on 5/16/93)	25.2 miles

MARTIN LUTHER KING, JR. EAST BUSWAY

Opening Date	2/18/83	
Length	(with the opening of Phase I Martin Luther King, Jr. EBE on 6/16/03)	9.1 miles

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:	3.7 miles
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HIGH OCCUPANCY VEHICLE (HOV) LANES

(Operated by Pennsylvania Department of Transportation)	
Total Length of HOV facilities (mainline & ramps)	8.9 miles
Mainline:	5.3 miles

WABASH HOV FACILITY

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

PORT AUTHORITY OPERATING FACILITIES

Division	No. of Vehicles (as of June 30, 2010)	Opening Date
Ross	148	03/31/88
Collier	182	06/30/69
West Mifflin	185	11/23/69
Harmer	192	11/13/70
East Liberty	185	07/09/72
South Hills Rail Center	83	04/15/84
		(converted) 05/05/84

Organization

Structure

The Authority is a body corporate and politic organized under the provisions of the Enabling Act and exercises the public powers of the Commonwealth of Pennsylvania as an agency thereof. The governing body of the Authority is a Board composed of not more than nine members appointed by the Chief Executive of Allegheny County. Members are appointed for five (5)-year terms on a staggered basis. Effective January 1, 2000, the County's government structure changed from a three (3)-member Board of County Commissioners to a fifteen (15)-member elected County Council, an elected County Executive, and an appointed Professional Manager.

As shown in *Figure B*, the Port Authority Board provides overall direction to the Chief Executive Officer. The Port Authority Board maintains several standing committees which are presented and briefly described in *Figure C*.

To manage its many tasks, Port Authority's organizational structure has been improved and updated as its business needs have changed. Today, Port Authority is divided into six (6) divisions reporting to the Chief Executive Officer. These are: Office of the CEO, Transit Operations, Finance, Human Resources, Planning and Service Development, and Legal and Corporate Services. The Office of the CEO contains the budgets for the Board of Directors, Media Relations, and Grants and Government Relations. *Figure B* presents these key components of Port Authority's organizational structure.

Figure B

PORT AUTHORITY OF ALLEGHENY COUNTY
Organizational Structure
FY 2011 Operating Budget

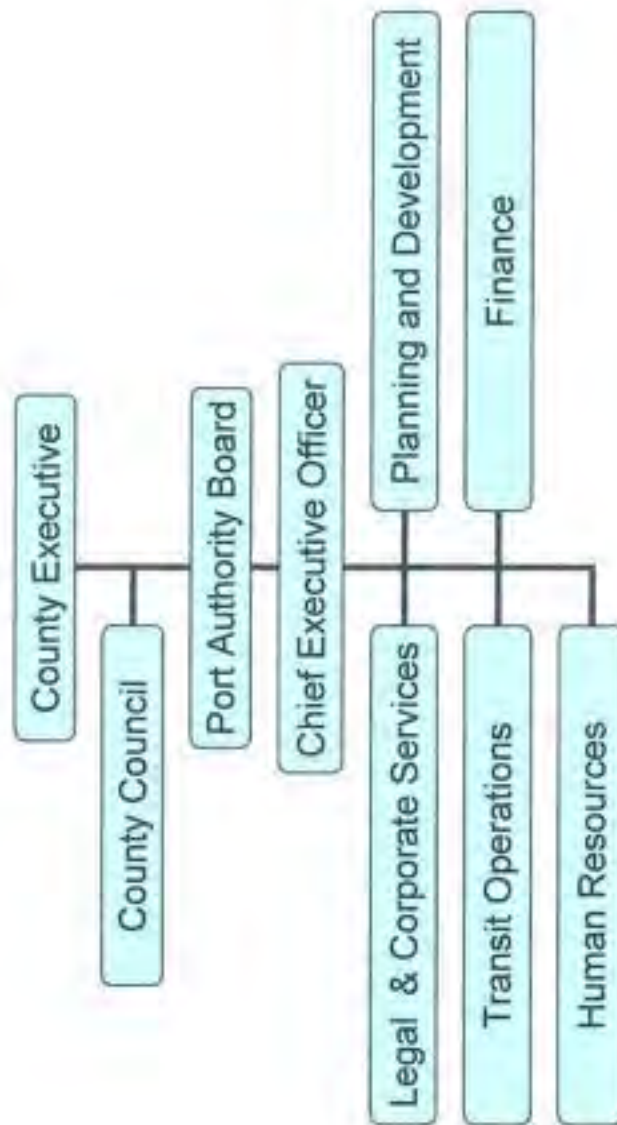


FIGURE C
Port Authority of Allegheny County
FY 2011 OPERATING BUDGET

**PORT AUTHORITY BOARD - STANDING
COMMITTEES**

- **Governance Committee -**

Responsible for the effective functioning of the Port Authority Board of Directors and for the maintenance and development of the Board-Chief Executive Officer working relationship.

- **Planning and Development Committee -**

Responsible for developing and leading the Board's participation in all Port Authority planning, including annual budget preparation, and for overseeing the development of the Authority's financial resources.

- **Performance Oversight and Monitoring Committee -**

Responsible for overseeing Port Authority's operational and financial performance and for updating operational policies and systems.

- **Stakeholder Relations Committee -**

Responsible for maintaining effective relationships with Port Authority's customers, the Allegheny County Chief Executive, the County Council, other stakeholders and constituencies, and the general public.

Personnel

The FY 2011 personnel budget contains 2,755 positions. The distribution of budgeted employees by division is as follows:

	<i><u>FY 2010</u></i> <i><u>Budget</u></i>	<i><u>FY 2011</u></i> <i><u>Budget</u></i>
* Office of the Chief Executive Officer.....	1	7
* Transit Operations	2,418	2,427
* Finance	157	153
* Human Resources.....	32	31
* Legal & Corporate Services	83	76
* Planning & Service Development	<u>65</u>	<u>61</u>
 Total Personnel.....	 <u>2,756</u>	 <u>2,755</u>

Financial and Budgetary Guidelines and Policies

The purpose of the financial and budgetary guidelines and policies at the Port Authority are to ensure and support sound fiscal management. Port Authority utilizes a company-wide, single enterprise fund for financial reporting purposes and adheres to an adopted balanced budget with revenues equaling expenses. This budget structure promotes financial efficiency and effectiveness. Port Authority's budget is prepared on a fiscal year basis. The fiscal year begins as of July 1 and ends on June 30. The following outlined guidelines apply to all Port Authority departments:

Basis of Budgeting

- **Balanced Budget** – The Port Authority is required to adopt balanced Operating and Capital budgets each fiscal year. A balanced budget is defined as a budget where revenues are equal to expenses. It is a policy of the Port Authority that the balanced budgets are presented to the Port Authority Board of Directors to be adopted at the June board meeting, prior to the start of the fiscal year on July 1st. The FY 2011 Operating and Capital balanced budgets that were adopted by the Board of Directors in June 2010 included the following: Operating - \$372,815,685 and Capital - \$181,740,500.
- **Basis of Accounting** - Because Port Authority is a governmental entity, the basis of accounting conforms to the Governmental Accounting Standards Board (GASB) Statement No. 11. The accrual basis of accounting is used in measuring financial position and operating results. Revenues are recognized in the accounting period in which they become available and

expenditures are recognized in the accounting period in which the liability is incurred. The budget is prepared on the same basis of accounting as the financial statements, except that depreciation is not budgeted. All transactions are accounted for in a single enterprise fund that combines both operating budget and capital budget activities into a consolidated financial statement.

- **Revenue Policies** – Port Authority has both Operating and Non-operating Revenues. Operating revenues consist of those revenues that result from the ongoing principal operations of the company and consist primarily of user charges. The Port Authority establishes and maintains fare rates that will result in a revenue stream tied to the operating expenses of the organization. Non-operating revenues consist of those that are related to grants received and other financing and investing types of activities. All revenues are recorded when earned.
- **Budget Controls** – Budgetary controls are established at various levels to have effective control over expenditures within the Port Authority. The budget is prepared by a financial analysis on both current and historical information. This analysis is used to project both revenues and expenses at the departmental level. Each fiscal year the Operating and Capital budgets go through many levels of review prior to final board adoption. This budget approval process provides control over expenditures and ensures that the budget reflects the strategies and goals that are adopted by the Port Authority Board of Directors. Other controls include the majority of

disbursements being made through purchase orders, the preparation of monthly and quarterly variance reports, and the ability for division managers to electronically access their budget performance. These division managers are accountable for over/under expenditures.

- **Fund Balances** - Port Authority currently utilizes a single enterprise fund for operating purposes. The General Fund is specifically established for the appropriation of revenues and expenses associated with transit operations. Port Authority does not utilize fund accounting in the traditional sense. Consequently, Port Authority reports total equity rather than fund balance.

TABLE B
Port Authority of Allegheny County
STATEMENT OF CHANGES IN EQUITY

	<i>FY2007 ACTUAL</i>	<i>FY2008 ACTUAL</i>	<i>FY2009 ACTUAL</i>	<i>FY2010 ACTUAL</i>	<i>FY2011 BUDGET</i>
Contributed Capital Beginning Balance	\$1,130,131,993	\$1,087,970,519	\$1,090,358,101	\$1,097,844,005	\$1,092,823,336
Contributed Capital Additions	\$103,578,797	\$148,732,444	\$173,866,868	\$177,212,401	\$137,171,467
Depreciation on Assets Acquired with Grants	(\$99,705,515)	(\$102,187,238)	(\$103,631,137)	(\$109,604,247)	(\$101,803,328)
Net Revenues Over Expenses	(\$46,034,756)	(\$44,157,624)	(\$62,749,827)	(\$72,628,823)	(28,000,000)
Total Equity	\$1,087,970,519	\$1,090,358,101	\$1,097,844,005	\$1,092,823,336	\$1,100,191,475

Debt Service

Port Authority of Allegheny County has allocated \$37,242,500 for the Debt Service Program for FY 2011. The following projects make up the Debt service Program: 2001 Sr. Bond Debt Service, the Revenue Vehicle Leases, and the 2001 Sr. Bond Debt Service – Swaption.

The Port Authority issued \$225,000,000 of Special Revenue Transportation Bonds Series 1999 on November 4, 1999. The proceeds of the bond sale were primarily used to fund capital additions (East Busway Extension) and improvements to the Stage II Light Rail System. Later, on March 2, 2001 the Port Authority issued \$250,695,000 of Special Revenue Transportation Bonds Series 2001. Approximately \$240,000,000 of these proceeds was used to advance the refund of the 1999 bonds.

Another debt service program that the Port Authority entered into is termed the Koch Master Agreement. In fiscal year 2003, the Port Authority entered into an agreement with Koch Financial Corporation whereby they would drawdown \$91,200,000 in term bonds to purchase buses. The authority requested an additional \$19,800,000 bringing the total principal balance to \$111,000,000. As of June 30, 2007, the Port Authority has incurred \$137,642,268 in principal and interest of debt related to this financing. The debt is secured by an equity interest in the purchase of each bus. A total of 400 buses were purchased with this agreement.

The final project in the Debt service Program is the 2001 Sr. Bond Debt Service – Swaption. Merrill Lynch paid \$10,101,000 for the right to put the Port Authority into a swap whereby the Authority would pay a fixed rate (4.53%) and receive 67% of 1 month LIBOR effective March 1, 2011 (the "2004 Swaption"). As of June 30, 2010,

under the current market conditions, the termination value of the Swap was \$46.98 million in cost to the Authority. The probability of the initial exercise, in March of 2011, is approximately 99%. Given the recent turmoil and overall market volatility, and with the option associated with the 2004 Swaption likely to be exercised by Merrill Lynch at the initial exercise date, the Authority will consider its structuring options in a challenging environment to access the variable rate debt market.

Service Standards

Port Authority establishes a series of service standards and performance evaluations that serve as operational goals for the organization. These measurements pertain to staffing ratios, productivity measures and fiscal indicators. Figures D through F provide a sample of the performance measures utilized by Port Authority.

Figure D indicates that the average number of bus revenue miles between major mechanical system failures increased from 6,638 miles in FY 2009 to 6,856 miles in FY 2010. The number of rail revenue miles between major system breakdowns decreased from 7,051 miles in FY 2009 to 6,618 miles in FY 2010.

Figure E indicates that Port Authority's on time performance for peak and non peak periods decreased slightly from FY 2009 levels. It is Port Authority's goal to maintain a minimum of 90% on time service delivery for FY 2011.

Figure F indicates that Port Authority's number of operating employees per administrative employees decreased from FY 2009 to FY 2010. The FY 2011 target for Operating Employees per Administrative Employee is 8 to 1. The number of buses per mechanic increased slightly in FY 2010 over FY 2009 levels and the number of rail vehicles per mechanic decreased slightly.

FIGURE D
Port Authority of Allegheny County
Operations Performance Measures - Miles between Road Calls
Service Standards
FY 2009, FY 2010, FY 2011 Target

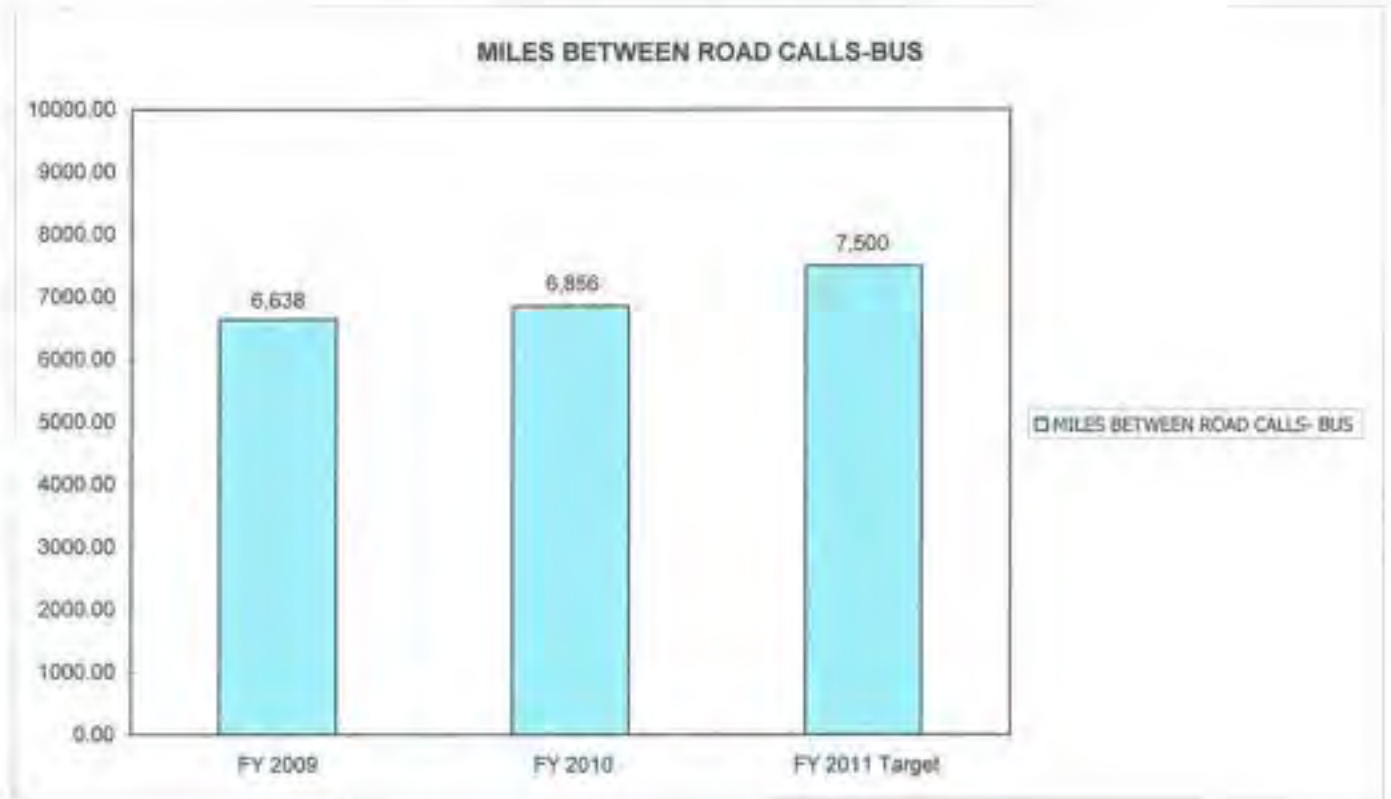


FIGURE E
Port Authority of Allegheny County
Operations Performance Measures - On time Performance
Service Standards
FY 2009, FY 2010, FY 2011 Target

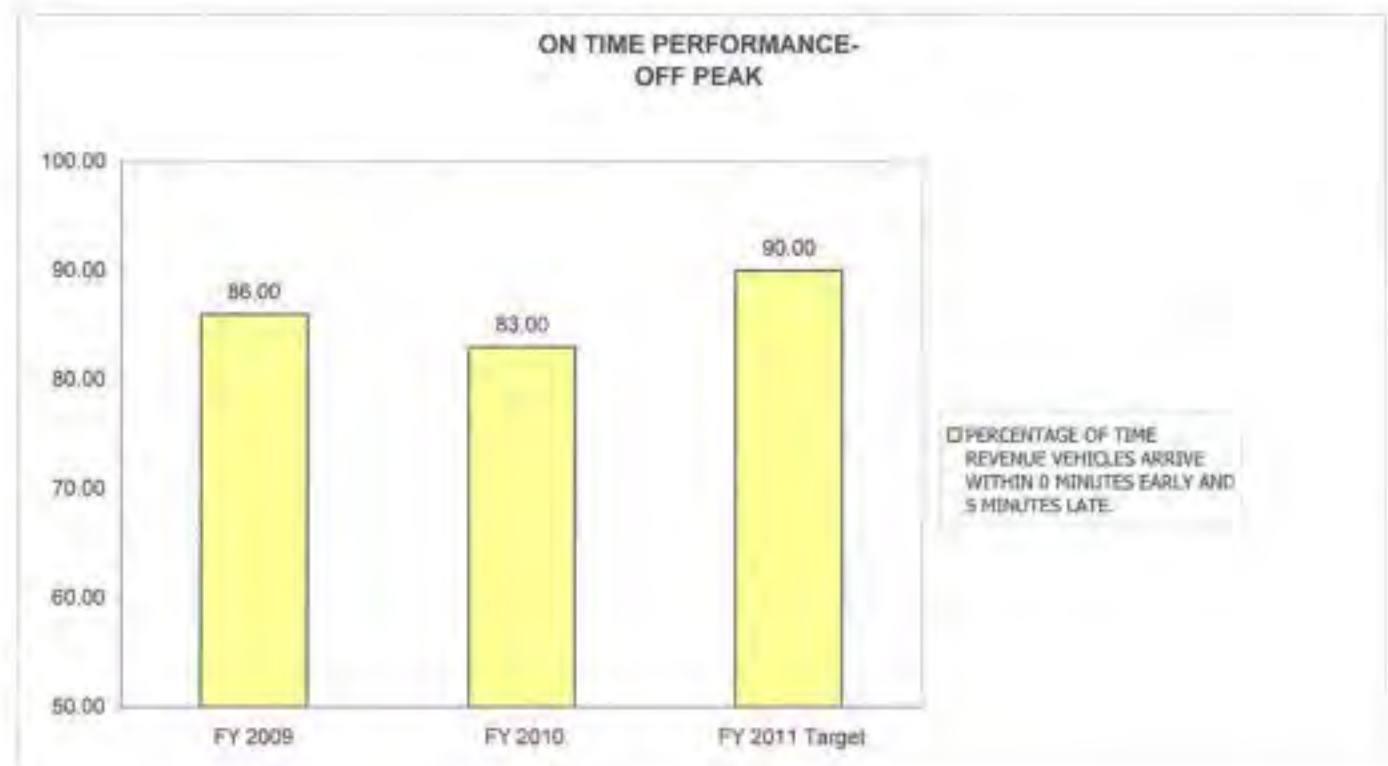
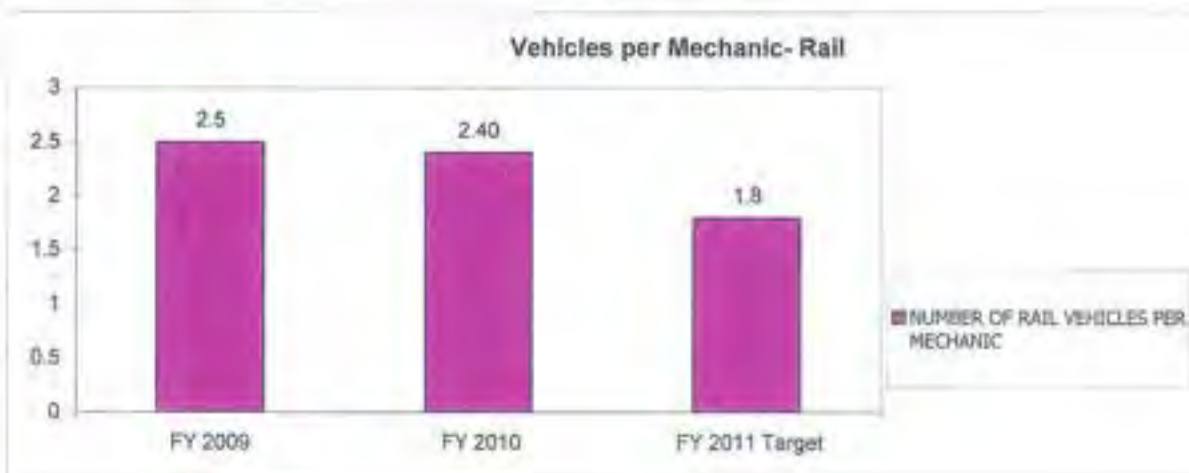
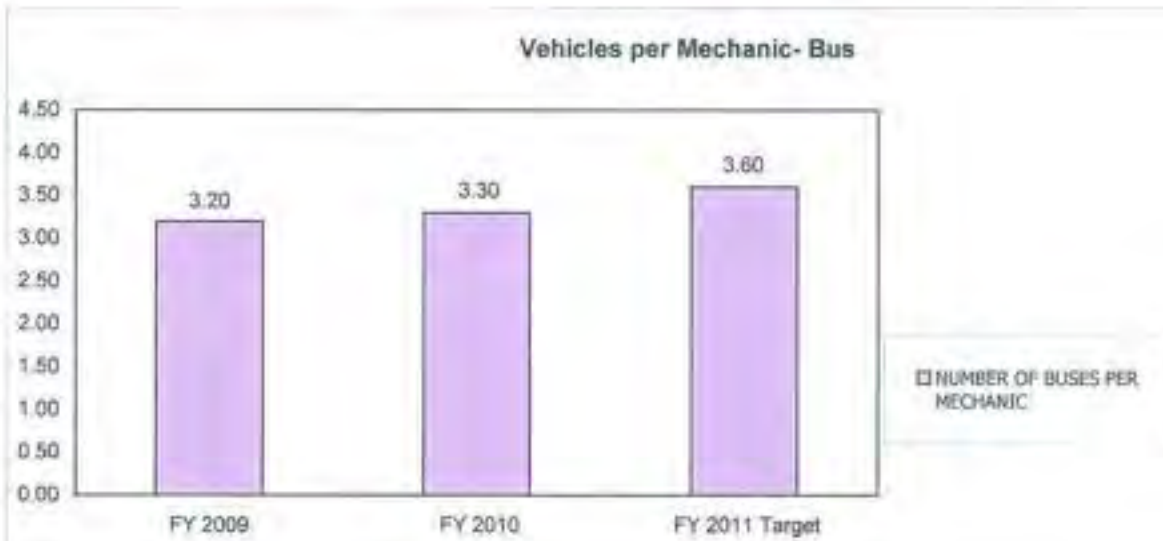


FIGURE F
Port Authority of Allegheny County
Operations Performance Measures - Staffing Ratios
Service Standards
FY 2009, FY 2010, FY 2011 Target





Port Authority of Allegheny County

BUDGET DEVELOPMENT

A budget represents a financial plan based on the best available information at a point in time. The Port Authority's annual operating budget, along with the performance against it, is the most visible element of fiscal responsibility. This fiscal responsibility is necessary to assure the long term success of the Port Authority and stable service for customers and the region. The FY 2011 budget development process engaged the Board of Directors and the public early in the budget planning process due to Port Authority's ongoing struggle to overcome increasing costs without a reliable, growing funding source from the Commonwealth of Pennsylvania.

Goals and Objectives

The development of the FY 2011 Operating and Capital budgets for the Port Authority was based upon the vision and strategic plan of the company. The Board of Directors and the Chief Executive Officer (CEO) Steve Bland provided overall direction, along with input from the managers, employees, and other external stakeholders for the best way to implement and attain this vision.

The formal vision of Port Authority continues to be to work toward becoming the premier public transportation agency in America. For Port Authority to fulfill its vision it must continue to focus on satisfying the needs of its customers. Becoming the best transportation agency requires Port Authority to establish priorities and develop a well-balanced strategy on how to move forward in its quest for excellence. It involves continually re-evaluating its operations and determining if changes must be made to align

with funding realities. As part of its strategic development, Port Authority revised its Business Plan in mid FY 2006 in order to list the goals and objectives of each division and assign task leaders to each item. Many of these items remain as central goals to the functions of each Division for FY 2011. Additionally, Port Authority launched a macro-review of its services in the form of a Transit Development Plan. This was an 18 month initiative that relied heavily on public input to revamp service delivery methods. A centerpiece of this initiative will be the introduction of new fare collection equipment on all buses and rail cars and the use of smart card technology not only at Port Authority, but also at other interested public transportation companies within the region.

In addition to the overall Vision of the company, the following objectives were identified specifically for FY 2011:

- Balance the Operating Budget
- Provide Exceptional Customer Service
- Retain Current Service Levels
- Keep service affordable within the constraints of increasing costs for wages, healthcare, and pensions, as well as no growth in State and Local Operating Assistance
- Reduce the reliance on Capital funds to balance the Operating Budget in order to maintain Capital Assets in a State of Good Repair
- Continue the North Shore Connector Project
- Continue the Automated Fare Collection System Project

EXHIBIT 1.1
Port Authority of Allegheny County
FY 2011 OPERATING AND CAPITAL
IMPROVEMENT BUDGET

VISION

To become America's premier public transportation company.

MISSION

To Connect People to Life

- Continually improving our services to meet the evolving needs of our customers
- Contributing to the economic vitality and quality of life of our community and region

EXHIBIT 1.2

Port Authority of Allegheny County

**FY 2011 OPERATING AND CAPITAL
IMPROVEMENT BUDGET**

OBJECTIVES

- Balance the Operating and Capital Budgets
- Provide Exceptional Customer Service
- Keep service affordable within the constraints of increasing costs for wages, healthcare, and pensions, as well as no growth in state and Local Operating Assistance
- Reduce or maintain the reliance on Capital funds to balance the Operating Budget in order to maintain Capital Assets in a State of Good Repair
- Continue the Automated Fare Collection System Project
- Continue the North Shore Connector Project

Operating Budget Process

Port Authority began its budget preparation cycle with a projected \$25.3 million deficit for FY 2011. The projected deficit resulted from State and County Operating Assistance levels that have been unchanged since FY 2009, in conjunction with higher wage and benefit costs. In addition, the FY 2011 Budget deficit was an extension of the FY 2010 Budget which included the use of \$8.8 million in prior year State Operating Assistance in order to balance revenues with expenses.

In April 2010 Port Authority was notified that the U.S. Department of Transportation had formally rejected the Commonwealth of Pennsylvania's application to toll I-80 which further added to the deficit. The impact to the Commonwealth of Pennsylvania was a \$250 million hole in transportation funding to the State's 36 public transit agencies. This State shortfall translated into another \$27.3 million reduction in available funding to Port Authority that increased the total Operating Budget deficit in excess of \$50.0 million.

Port Authority's funding reduction came in the form of dollars traditionally used for debt service. In FY 2011, the company will direct \$27.3 million of its \$184.4 million in State Operating Assistance toward debt service payments resulting in \$157.1 million available for Operating Assistance. In addition, the FY 2011 budget was predicated on \$41.1 million of additional State Operating financing.

The Chief Financial Officer and members of the Financial Planning & Budgets department held multiple meetings with both senior staff and departmental managers to assess the budgetary needs for the upcoming fiscal year, analyzed spending from prior years, and discussed ways to bridge the preliminary FY 2011 Operating deficit.

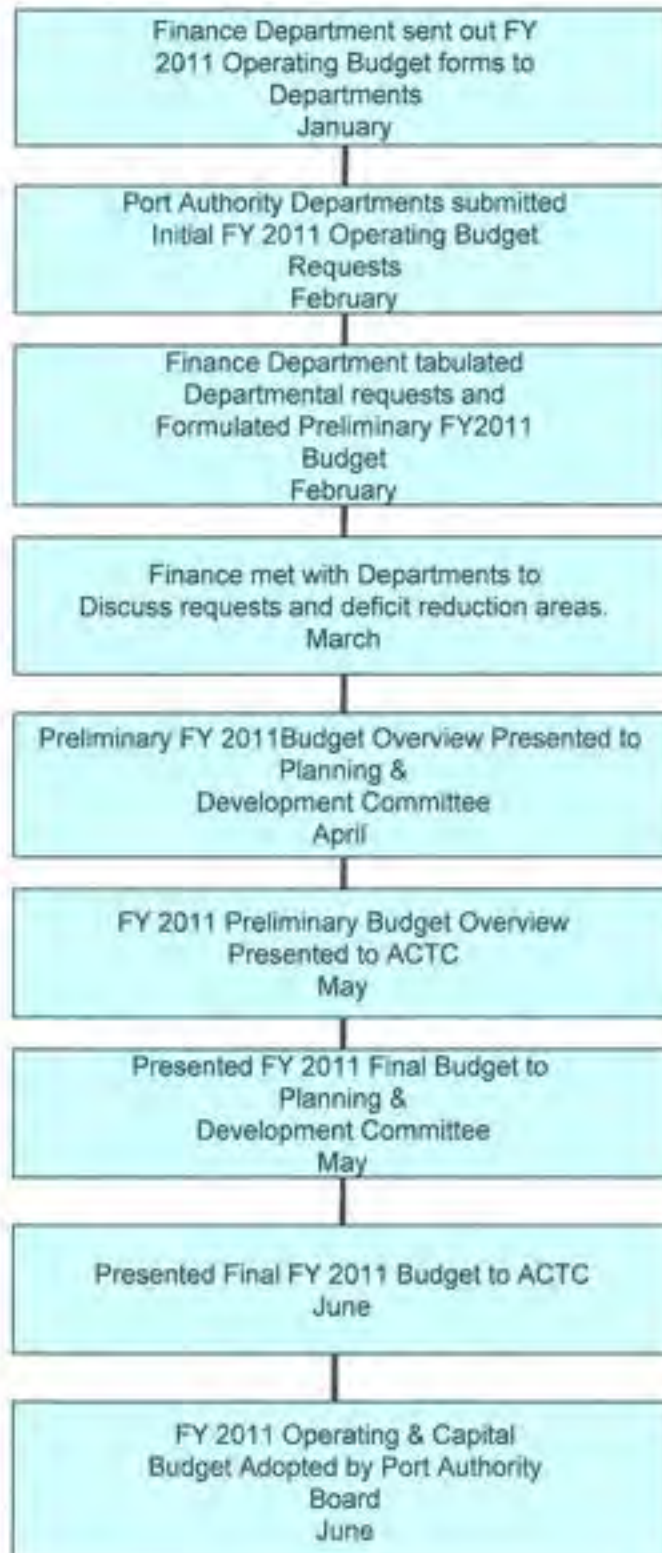
In May 2010 the Board of Directors was presented with a preliminary FY 2011 Budget with a \$50.6 million deficit. A number of strategies were presented to the Board including massive service reductions, a mid-year fare increase, higher usage of capital dollars in the operating budget and the use of financial reserves to balance the budget. While no formal recommendation was passed by the Board, the general consensus was that management should not jeopardize its capital infrastructure by utilizing additional capital funds in the Operating Budget. The Board also rejected the idea of using financial reserves to balance the FY 2011 Budget. Port Authority's Chief Executive Officer and Board of Directors did highlight the need for the Pennsylvania State General Assembly to fix the Act 44 legislation responsible for Port Authority's funding shortfall.

The same issues were brought to the Allegheny County Transit Council (ACTC) Executive Membership Committee and general membership, in order to solicit input on how to deal with the deficit. Alternatives discussed were as follows:

- The amount of capital funding that should be applied to the Operating Budget
- Potential application of carryover balances from previous fiscal years
- Potential fare increase
- Service modifications in line with system performance objectives

The entire Operating Budget process is presented in Figure 1.1.

Figure 1.1
Port Authority of Allegheny County
OPERATING BUDGET DEVELOPMENT PROCESS
FY 2011 Operating Budget



Capital Budget Process

The goals to ensure a successful Capital Budget development with the Port Authority have been defined as the following:

- Improve Service Quality
- Increase Service Productivity
- Improve Financial Stability
- Maximize Ridership
- Invest in Employee and Organizational Development
- Plan and Implement Capital Improvements.

The development of the FY 2011 Capital Improvement Program (CIP) originates with an annual review of the Port Authority's Capital Needs Study. The objective of this initiative is to evaluate assets, assess risk, prioritize needs, and forecast necessary capital expenditures to enhance transit service while maintaining the integrity of our current infrastructure. From this study, the Port Authority creates 2, 4, and 12 year projections. The Grants and Capital Programs Department supplies an Excel template to all departments within the Port Authority. Each department is responsible for formulating project lists and cost estimates for all three future scenarios. The 2, 4, and 12 year Capital Needs Study is reviewed and updated on an annual basis by the Capital Planning Committee.

The next step in the Capital Budget process involves the review of the capital projects listed on the CIP that are for the next fiscal year. Capital Budget request forms are completed by the departments and submitted to the Grants and Capital Programs

Department. These request forms are required documentation which include the type of project, cost estimate, and justification for expense. The requesting department's Assistant General Manager must authorize all requests prior to submission.

Upon receiving all Capital Request forms, the Grants and Capital Programs Department prepares a packet of information for the Capital Planning Committee to be used in the annual ranking meeting. The packet includes a listing of all submitted projects (including the prior year's deferred projects) by department with the ranking areas left blank so members of the committee can review, debate, and reach a ranking consensus.

The committee considers the following criteria during the review process:

- Discretionary vs. Non-Discretionary
- Financial Impact on the Operating Budget
- Service Quality
- Ridership
- Community Impact
- Business process/employee morale

The draft budget is created by pulling the highest ranking Capital Projects in comparison to the anticipated funds available from the Federal (Section 5307 & 5309), State (Act 44), Local, and Transit Security Sources. The established draft Capital Budget is then reviewed by the Chief Financial Officer. Upon approval, the CFO and Director of Grants and Capital Programs present the draft budget to Port Authority Senior Management, after which it is then presented to the Port Authority Board of Directors for adoption.

The Capital Planning Committee continues to meet on a quarterly basis, as well as on an as-needed basis, to review project status, milestone completion, and interim requests. As emergencies arise and interim requests are submitted, the committee convenes to rank the importance and/or discuss any alternatives. As required by law, the Port Authority must maintain a balanced budget so as interim funds are needed, the committee must decide how funding can be achieved or which projects will be put on hold. Once the interim request is approved by the committee, it is then submitted to the Chief Financial Officer and the Chief Executive Officer for approval.

The Operating and Capital Budgets at the Port Authority must be considered together, as they have become increasingly interdependent as certain sources of funds can be used interchangeably. These funds can be used to either offset the Operational expenses or used for Capital Project expenses. Historically, a significant amount of Capital funds have been utilized for operating purposes. Balancing this usage of Capital funding for operating purposes with expansion and state of good repair projects is the only way to address the daily requirements of the organization, assess the future Capital needs, and achieve the company vision and organizational goals established by the Port Authority.

Operating Budget Assumptions

In order to project expenses and revenues for FY 2011, it was necessary to make several key assumptions. These are briefly reviewed below under the following categories: (A) Fare and Service Levels, (B) Ridership, (C) Operating Grants, and (D) Capital Programs.

A. Fare and Service Levels

- * FY 2011 budgeted ridership is forecasted to fall slightly from FY 2010 levels, decreasing less than 1%.
- * Passenger revenues are projected to increase by \$5.2 million over FY 2010 projected revenue levels. A complete year of revenues from the January 2010 fare increase will aid in this increase, as well as accounting for another fare increase slated for early 2011. The ACCESS program revenues are projected to remain fairly consistent with FY 2010 levels. Revenues associated with contracted services with the University of Pittsburgh and Carnegie Mellon University are expected to increase by 15.0% over the FY 2010 levels. Port Authority renegotiated agreements with both institutions through FY 2012 for a 15% increase each contractual period, resulting in fares for students of these universities that are more in line with the fares paid by the general public.

B. Ridership

- * As presented in Table 1.1, overall ridership is expected to remain fairly constant with FY 2010 levels. Ridership on the bus mode of transportation is projected to increase by 5,000 riders; the rail mode is estimated to sustain a

ridership loss of 121,000 riders, and the incline mode an increase of 7,000 riders. The ACCESS program is forecasting an increase in ridership levels in FY 2011 by 35,000 riders.

Developing partnerships with Pittsburgh organizations and institutions continues to provide Port Authority with new opportunities to build ridership. The existing cooperative agreement with the University of Pittsburgh (Pitt) provided approximately 5.3 million rides to Pitt faculty, staff and students in FY 2010, the agreement with Carnegie Mellon University generated 1.6 million rides, Chatham University generated 131,000 rides. In addition, students within the City of Pittsburgh Public School system can utilize Port Authority transportation to and from school. Port Authority hopes to generate greater efficiency and increased ridership with its new Transit Development Plan while keeping bus, rail, and incline service an affordable transportation alternative.

C. Operating Grants

- * Port Authority receives operating assistance from state and county governments. For the fiscal year ending June 30, 2011, these funds are budgeted at a total of \$231.9 million with combined State Operating Assistance of \$204.2 million and an Allegheny County share of \$27.7 million. The following is a breakdown of each of the budgeted governmental operating subsidies for FY 2011:

1. State Operating Assistance - \$157.1 million

The level of State Operating Assistance remained relatively flat for FY 2011 as compared to the previous fiscal year; however, the transportation funding shortfall at the state level resulted in Port Authority having to utilize

State Operating Assistance funds for debt service. The Federal Government's failure to approve the tolling of I-80 resulted in Port Authority having to re-direct these funds to make up for this shortfall.

2. *Additional State Operating Funding - \$47.1 million*

Because of the Port Authority's state funding reduction for Operating Assistance, the FY 2011 Operating Budget was predicated on \$47.1 million of additional State Operating Financing.

3. *County Operating Assistance - \$27.7 million*

This budget assumes an Allegheny County Operating Assistance level sufficient to fully match available state funds. The Act 44 legislation includes a 15% local match requirement. The FY 2011 Budget anticipates Allegheny County will match 15% of the \$184.4 million budgeted for Operating Assistance and debt service.

TABLE 1.1

Port Authority of Allegheny County

FY 2011 OPERATING BUDGET

RIDERSHIP TRENDS
(000's)

<i>Ridership Category:</i>	<i>FY 2007 Actual</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Actual</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Budget</i>
• Port Authority Fixed					
Route Ridership:					
Bus	60,311	57,733	58,485	56,368	56,373
Light Rail	7,116	7,142	7,327	7,006	6,885
Incline	<u>704</u>	<u>710</u>	<u>719</u>	<u>661</u>	<u>678</u>
Subtotal	68,131	65,585	66,531	64,035	63,936
• ACCESS	<u>1,708</u>	<u>1,694</u>	<u>1,672</u>	<u>1,700</u>	<u>1,686</u>
Total Annual Ridership	<u>69,839</u>	<u>67,279</u>	<u>68,203</u>	<u>65,735</u>	<u>65,622</u>

D. Capital Programs

1. Infrastructure Safety Renewal Program (ISRP) is a state sponsored capital program which provides for renovation and/or rehabilitation of transit rail, busway systems, and building facilities. It is projected at \$15.0 million for FY 2011. Costs that are recovered under this program include the annual operating costs associated with following departments: LRT Systems, Power, Way & Structures, Facilities, and Technical Support.
2. Commonwealth of Pennsylvania's Vehicle Overhaul Program is expected to provide \$3.5 million to Port Authority during FY 2011. The Vehicle Overhaul Program funds the rebuild of revenue bus and rail vehicles. The goals of the program are to extend the useful life along with increasing the reliability of revenue vehicles. Port Authority will use these funds to capitalize labor, benefits, materials, supplies, and the cost of any services directly incurred in support of this program.

Based on the aforementioned assumptions of operating grants, dedicated funding, and capital funding, Port Authority developed the FY 2011 Budget.



Port Authority of Allegheny County

BUDGET SUMMARY

The Port Authority uses the budget structure to promote financial efficiency and effectiveness and utilizes a company-wide, single enterprise fund for financial reporting purposes. As such, Port Authority's FY 2011 Budget is a balanced budget with anticipated revenues and expenses totaling \$372,816,000. In order to assure the long term success of the company and stable service for customers and the region, fiscal responsibility is the cornerstone of the Authority's governance. The annual Operating Budget and the company's performance against it are the most visible element of that fiscal responsibility.

The Operating Budget is designed to address the daily needs of Port Authority's operations while recognizing the constraints of federal, state, and county funding. The FY 2011 budget process started with a projected \$25.7 million deficit, resulting from State and County Operating Assistance that has been unchanged since FY 2009 and higher wage and benefit costs for the Port Authority. The rejection of the Commonwealth of Pennsylvania's application to toll Interstate 80 led to another \$27.3 million reduction in available funding for the Port Authority and increased the total Operating Budget deficit to \$53.0 million. Port Authority's funding reduction came in the form of dollars traditionally used for debt service; therefore, in FY 2011, the company will direct \$27.3 million of its \$184.4 million in State Operating Assistance towards debt service payments.

Part of the FY 2011 budget development process included internal budget reviews that occurred throughout the process to ensure expense requests were constrained to a

level that would allow for maintaining high service standards. The Chief Financial Officer and members of the Financial Planning & Budgets Department held multiple meetings with both Senior Staff and departmental managers to assess the budgetary needs for the upcoming year, analyze spending from prior years, and discuss ways to bridge the preliminary FY 2011 Operating deficit. At this stage in the development process, the FY 2011 Operating Budget was still showing a significant deficit. This deficit was brought to the attention of the Board of Directors and other external stakeholders in order to seek input on how to deal with the situation. Several strategies were presented including massive service reductions, a mid-year fare increase, an increase in the usage of Capital dollars in the Operating Budget, and the use of financial reserves to balance the budget. While no formal recommendation was passed by the Board of Directors, the general consensus was that management should not jeopardize its capital infrastructure by utilizing additional Capital funds in the Operating Budget and the board rejected the strategy of using financial reserves to balance the FY 2011 budget. Port Authority's Chief Executive officer and Board of Directors highlighted the need for the Pennsylvania state General Assembly to fix the ACT 44 legislation responsible for Port Authority's funding shortfall.

Following current legislative requirements of adopting a balanced budget, Port Authority projects expenses to equal projected revenues. Port Authority's projected FY 2011 Operating budget totals \$372,816,000.

Table 1.2 presents a summary, net of capitalizations, of Port Authority's FY 2011 Operating budget. The key revenue and expense highlights of the FY 2011 budget are outlined in the pages that follow *Table 1.2*.

TABLE 1.2

Port Authority of Allegheny County

FY 2011 OPERATING BUDGET SUMMARY

FY 2008, FY 2009 ACTUALS, FY 2010 UNAUDITED, FY 2011 BUDGET

	<i>FY 2008 Actual</i>	<i>FY 2009 Actual</i>	<i>FY 2010 Unaudited</i>	<i>FY 2011 Budget</i>	<i>% Change FY 2011 Budget Over FY 2010 Unaudited</i>
<u>REVENUES</u>					
* Operating Revenue	\$88.7	\$93.3	\$92.8	\$98.1	5.7%
* Operating Grants	<u>210.5</u>	<u>200.9</u>	<u>212.1</u>	<u>231.9</u>	9.3%
Total Operating Revenues & Grants	\$299.2	\$294.2	\$304.8	\$330.0	8.3%
<u>EXPENSES</u>					
* Operating Expenses	\$328.1	\$330.2	\$361.4	\$372.8	3.2%
* Capitalizations	<u>41.2</u>	<u>46.4</u>	<u>42.0</u>	<u>42.8</u>	2.0%
Total Net Operating Expenses	\$287.0	\$283.8	\$319.4	\$330.0	3.3%
NET REVENUE OVER EXPENSE	<u>\$ 12.2</u>	<u>\$ 10.4</u>	<u>\$ -14.4</u>	<u>\$ 0.0</u>	

Operating Revenue Sources

Port Authority receives revenues from several sources. These can be categorized as revenues derived from operations or those obtained from governmental grants.

The broad category of operating revenues is comprised of five (5) major elements. One element of operating revenue is passenger revenues collected from bus, light rail, incline operations, park and ride revenue, and contracted services. A second element of operating revenues is ACCESS reimbursements. Advertising revenue, interest income, and other miscellaneous sources of revenue comprise the remaining three (3) elements of operating revenues.

Passenger revenues are collected directly from patrons paying for trips either with cash or with the various prepaid pass and ticket fare instruments offered by Port Authority. Additionally, \$7.4 million is projected in contract service revenue from agreements with the University of Pittsburgh, Carnegie Mellon University, and Chatham University. Port Authority also receives revenues from the Commonwealth of Pennsylvania to fund portions of its ACCESS program. The ACCESS Program revenues received by Port Authority are provided by the Pennsylvania Lottery Fund.

Beginning in FY 2008, the Senior Citizen Program ceased to function as a stand-alone program. In prior years, the Senior Program was predominantly funded through the Pennsylvania Lottery Fund as depicted on Figure 2.1. The remaining funding for the Senior Citizen Program was provided from the Commonwealth's General Fund. The Commonwealth's General Fund contributed the difference between the Port Authority's average fare (Passenger Revenue divided by Originating Passengers) and its base fare.

The Seniors Citizen Program funds are now combined with the State Operating Assistance Program. These funding sources provide free fares for senior citizens on Port Authority's fixed route services.

Advertising revenue is comprised of funds from third party organizations that place advertisements on exterior and/or interior locations of the bus and rail fleet. Interest income is primarily earned through short-term investments of cash reserves. Other revenues derive from such areas as real estate rents, concession income and Medicare Part D reimbursements from the federal government.

Operating assistance grants are received from two (2) sources: the Commonwealth of Pennsylvania and Allegheny County. Port Authority also receives capital improvement assistance from these entities as matching funds for the federal grants used for major construction projects such as the light rail transit system, busway enhancements or purchases such as new buses.

Public transportation in Pennsylvania is a subsidized service which relies on grant funding from state and local government to augment revenues collected from passenger fares. Operating assistance received from the Commonwealth of Pennsylvania and Allegheny County provides a significant amount of funding for daily operational needs. These sources of funds have grown in importance as Port Authority struggles to keep fares affordable at a time of increasing operating costs. The Commonwealth of Pennsylvania has historically been the most significant contributor to Port Authority's operations. State Operating Assistance (excluding State match of Capitalizations), makes up a majority of Port Authority's funding representing \$204.2 million of the \$372.8 million

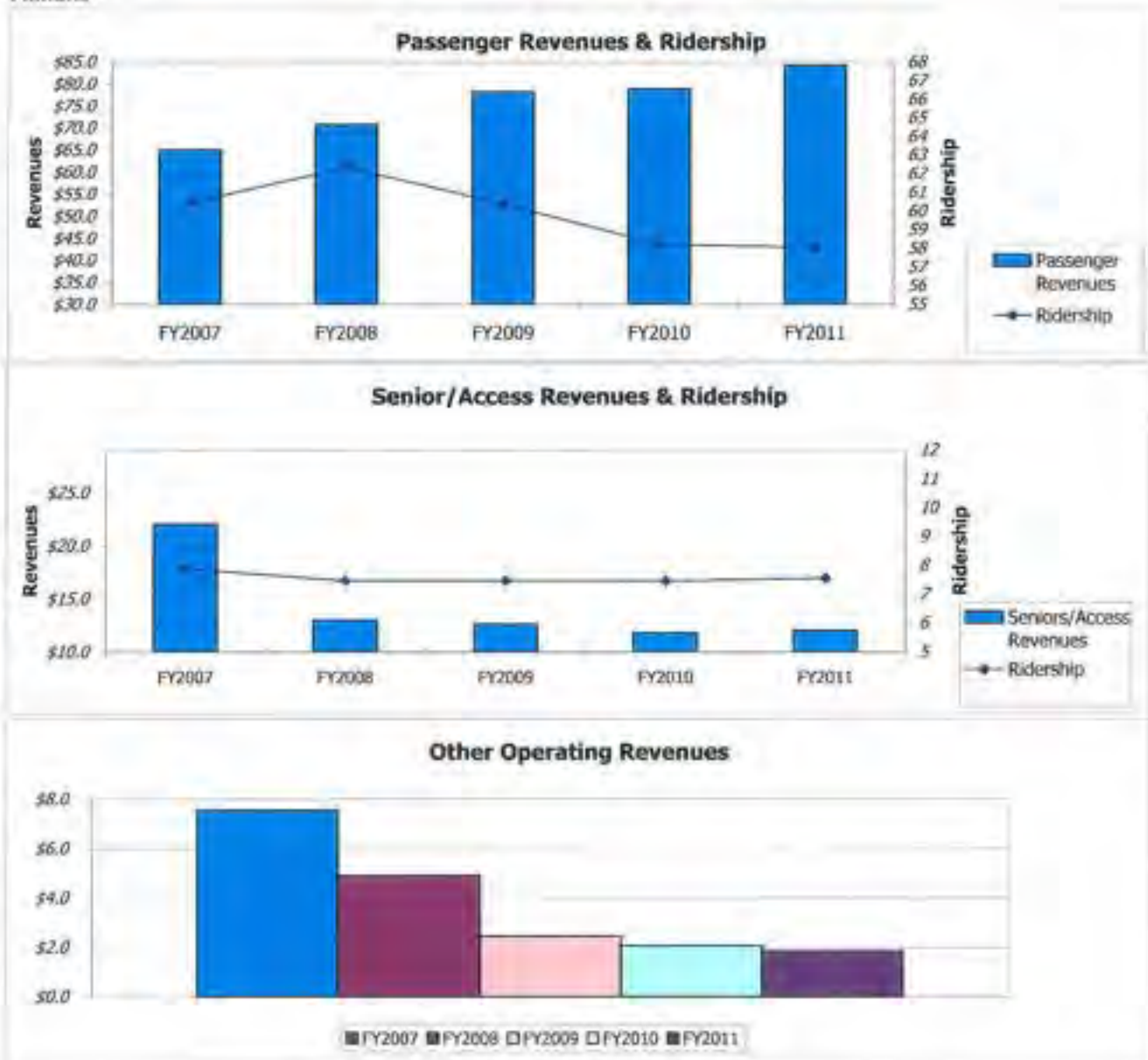
FY 2011 Budget. Port Authority has worked with State officials over the past decade to secure transit funding that is predictable and reliable. The passage of Act 44 by the Pennsylvania General Assembly marks the culmination of this work. Prior to FY 2007, operating assistance was distributed by the Pennsylvania Department of Transportation using a statewide formula that had set Port Authority's annual share of the state-approved mass transit assistance pool of funds at 25.3%. Beginning in FY 2008 and carried into FY 2009, Port Authority was subject to a new funding formula that distributes the same amount each year in base allocation from the statewide pool of funds. The consolidation of State funding into the State Operating Assistance category was thought to have the potential for the Port Authority to access additional funding; however, the State contributions have remained flat. In addition, the rejection of the Commonwealth of Pennsylvania's application to toll Interstate 80 is partially responsible for the \$53.0 million Operating Budget deficit for FY 2011.

At the local level, funds provided to Port Authority are authorized by the Allegheny County Executive and ratified by the County Council. An annual appropriation is made to the Port Authority as part of the County's budget process. For FY 2004 through FY 2007, these funds were used to match the available state operating assistance grant which, under State Act 26 of 1991, fixed the local match ratio to \$1.00 of local contribution for each \$3.00 of state operating assistance, and \$1.00 of local match for every \$29.00 of state dedicated funding. Beginning in FY 2008, the local match requirement was set at 15% of the State Operating Assistance amount. This remains in effect for FY 2011. Port Authority's FY 2011 budget assumes that Allegheny County will fully match the FY 2011

State Operating Assistance. Together, state and matching local funds are an integral part of Port Authority's operating budget.

FIGURE 2.1
Port Authority of Allegheny County
OPERATING REVENUES

Millions



	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Unaudited	FY 2011 Budget	FY 2011 Inc/Dec
Passenger	\$ 65.1	\$ 70.8	\$ 78.2	\$ 78.9	\$ 84.2	6.7%
Seniors/ACCESS	\$ 22.0	\$ 13.0	\$ 12.6	\$ 11.8	\$ 12.0	1.9%
Other	\$ 7.5	\$ 4.9	\$ 2.4	\$ 2.1	\$ 1.8	-11.2%
Total	\$ 94.7	\$ 88.7	\$ 93.2	\$ 92.8	\$ 98.1	5.7%

Projected Revenue

A. Operating Revenue

The trend in operating revenue, which is comprised of passenger revenue, ACCESS reimbursements, advertising revenue, and other miscellaneous revenue sources, is presented in *Figure 2.1*. As illustrated, operating revenues are expected to increase by 5.7% above actual revenue levels from FY 2010.

1. Passenger Revenues

The Port Authority is aware that escalating energy prices present a unique opportunity to make a lasting impression on a new group of consumers who previously have not utilized public transportation. Port Authority continues to focus on untapped markets within the context of greater utilization of existing capacity while maintaining quality service. This strategy is exemplified by the continued investments Port Authority makes in its fleet and its systems. The FY 2011 Capital Budget includes the purchase of eighty (80) 40' low floor clean diesel transit buses. FY 2010 saw the purchase of fifty-five (55) new buses, as well as eighty (80) in FY 2009. In fiscal years 2008 and 2009, the Port Authority improved the rider experience by adding rehabilitated LRVs into Port Authority's fleet.

In order to keep Port Authority's fleet functioning properly while maintaining fiscal integrity, the FY 2011 capital budget includes the replacement of the existing Maintenance Work Order System. This will allow the Port Authority to track, manage, and optimize performance levels of all assets critical to business operations. In addition to generating additional revenues through enhanced capacity utilization, the Port Authority is aware that future demands for its services will only remain strong if its service remains affordable. The FY 2011 Budget does include a fare increase in January 2011, but only raises the base fare from \$2.00 to \$2.25. FY 2011 will also include a new Automated Fare Collection System which will replace all fareboxes on the entire fleet with Smartcard enabled fareboxes, reducing fare avoidance and increasing passenger revenues. Finally, FY 2011 encompasses the implementation of Port Authority's Transit Development Plan (TDP). Each of Port Authority's 187 routes have been reviewed for ridership, trip frequency and scheduling. The implementation of this new TDP started in FY 2010 and will be completed during FY 2011. Upon completion of the TDP, Port Authority will have 125 routes.

2. Senior/ACCESS Revenues

Prior to FY 2008, the Senior/ACCESS category represented two distinct programs. Port Authority was reimbursed by both the State Lottery Program and, to a lesser extent, the State General Fund for senior rides. Beginning in FY 2008, Port Authority is no longer reimbursed separately for senior ridership on the fixed route system. Although Port Authority continues to report senior ridership to the Commonwealth, this revenue stream has been consolidated within Act 44 State Operating Assistance funding. Senior ridership is projected to increase slightly from 5.8 million in FY 2010 to 5.9 million in FY 2011.

ACCESS revenues derive from contracted demand response services. ACCESS ridership is projected to increase from 1,650,825 riders in FY 2010 to 1,686,000 riders in FY 2011.

Port Authority's FY 2011 operating revenues were forecasted using the ridership assumptions previously stated (see *Table 1.1*) with slight adjustments for historical trends of actual receipts and increased revenues due to a planned January 2011 fare increase. Operating revenues are projected to total \$98.1 million for FY 2011. This is an increase of \$5.3 million or 5.7% from FY 2010 actual levels. Passenger revenues generated by bus, LRV, incline operations and contracted services are expected to increase by \$5.2 million or 6.2%. Senior citizen and ACCESS reimbursements are budgeted to increase by approximately \$243,000 or 2.0% over FY 2010 actual levels. The group entitled Other Revenues, which includes advertising, interest, and miscellaneous revenues, is expected to decrease from FY 2010 levels due to a forecasted \$121,000 decrease in miscellaneous revenues and slight decreases in advertising and real estate revenues. Interest income continues to be budgeted conservatively due to a lower rate of return on cash balances.

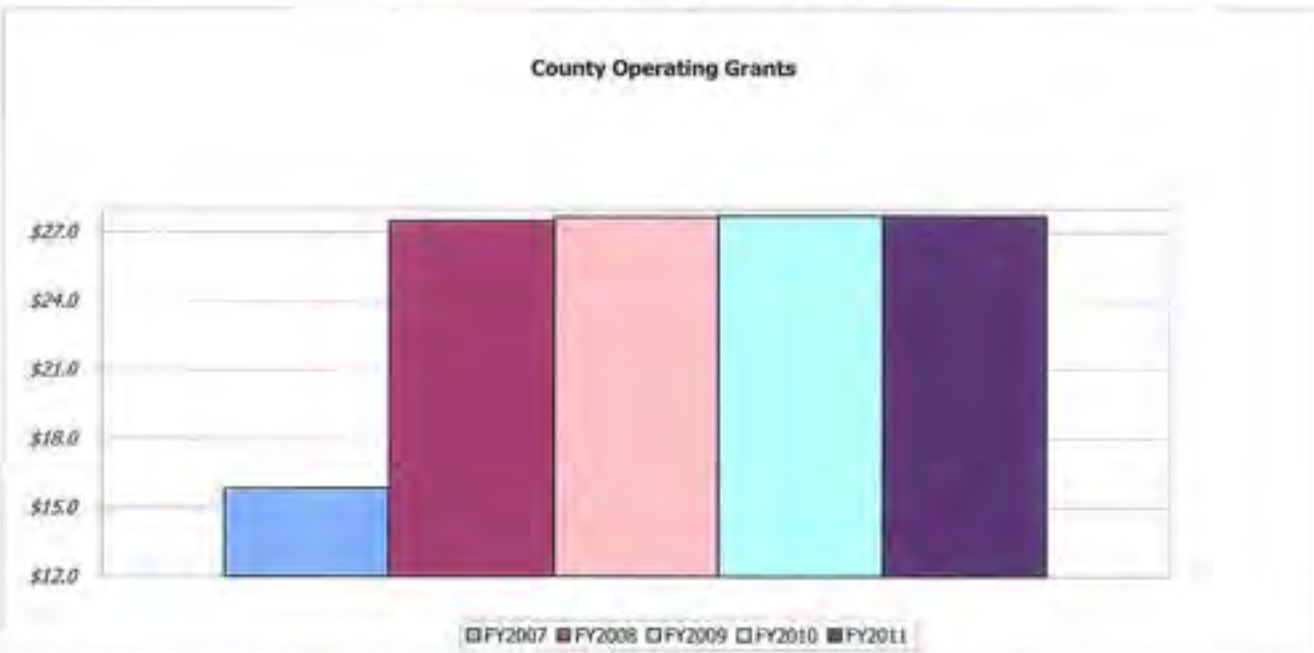
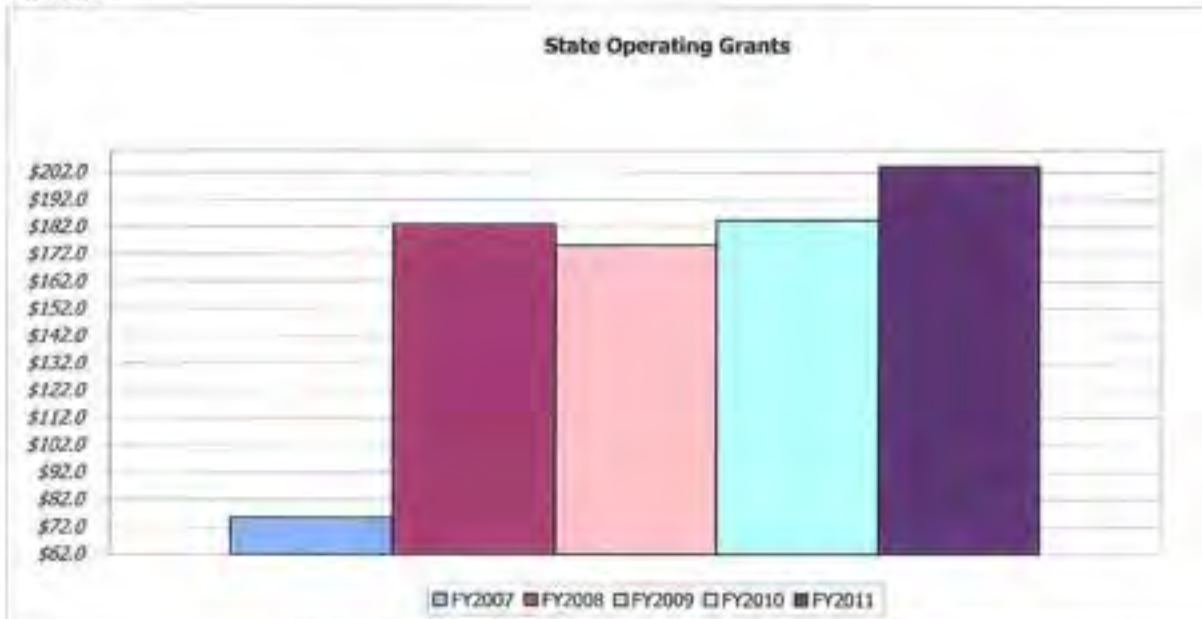
B. Operating Grants

Port Authority of Allegheny County receives operating assistance from two sources: the Commonwealth of Pennsylvania and Allegheny County. The FY 2011 Budget for State Operating Assistance is projected to remain unchanged from FY 2010 at \$184.5 million; however, \$27.3 million of this total will be re-directed towards debt service, reducing the amount available for Operating assistance to \$157.1 million. *Figure 2.2* illustrates that \$204.3 million in State Operating Assistance will be used for operating purposes in FY 2011; however, \$47.1 million will be received as additional state financing. With the Commonwealth's passage of Act 44, formerly individual State funding programs have been combined into the State Operating Grant category. This change has streamlined the funding process for Port Authority; however, the failure to pass the tolling of Interstate 80 has led to additional funding burdens for the Commonwealth and the Port Authority.

The County Operating Assistance level has changed under Act 44 as well. Prior to FY 2008, Allegheny County was mandated by legislation to pay \$1 in local match for every \$3 in operating assistance contributed by the Commonwealth. Beginning in FY 2008, Allegheny County was mandated to match 15% of the State Operating Grant amount. This remains the same for FY 2011. Port Authority is expecting to receive \$27.7 million in Operating Assistance from Allegheny County in FY 2011. This remains unchanged from FY 2010 funding levels.

FIGURE 2.2
Port Authority of Allegheny County
OPERATING GRANT REVENUES

Millions



	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Unaudited</u>	<u>FY 2011 Budget</u>	<u>FY 2011 Inc/Dec.</u>
State	\$ 75.3	\$ 183.0	\$ 175.3	\$ 184.5	\$ 157.2	10.7%
Prior Year/Additional State					\$ 47.1	
County	\$ 15.9	\$ 27.5	\$ 27.7	\$ 27.7	\$ 27.7	0.0%
Total	\$ 91.2	\$ 210.5	\$ 202.9	\$ 212.2	\$ 231.9	9.3%

Operating Expense Analysis

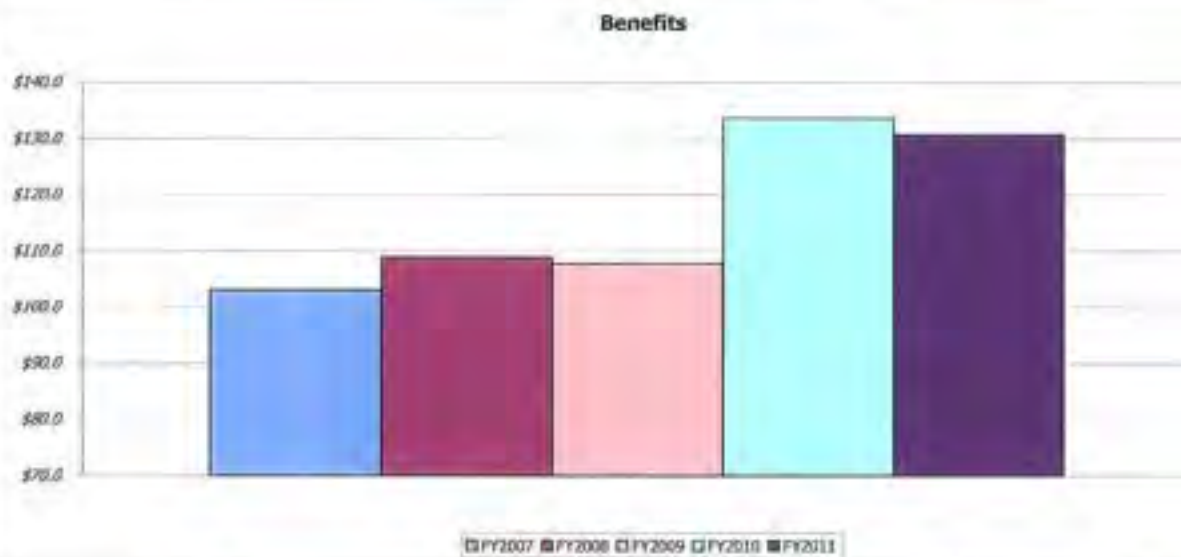
The expenses projected in the FY 2011 Operating Budget are presented at three (3) levels: total system, division/department, and modal. A discussion of the total system expenses is presented within this section. *Section 3* presents the operating expenses by both division and department. *Section 4* provides a breakdown of the FY 2011 operating expenses by Port Authority's transportation modes: buses, light rail, incline plane, and paratransit service.

The major operating expense line items in the FY 2011 Operating Budget are presented in *Exhibit A* within the Executive Summary. Following is an explanation of these expense items as compared to actual expenses for FY 2007 through FY 2011.

A. Salaries, Wages, and Benefits

Port Authority provides a service that is labor intensive. As such, salaries, wages and benefits comprise \$277.5 million, or approximately 75% of the \$372.8 million total FY 2011 Budget. Salaries, wages, and fringe benefits are projected to increase by 0.1% from FY 2010 actual figures. These expenses are presented in *Figure 2.3*.

FIGURE 2.3
Port Authority of Allegheny County
SALARIES, WAGES, & BENEFITS



	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Unaudited	FY 2011 Budget	FY 2010 Inc/Dec
Salaries	\$ 35,708,000	\$ 32,427,000	\$ 32,901,000	\$ 34,890,000	\$ 36,659,000	5.1%
Wages	104,955,000	101,504,000	103,856,000	108,721,000	110,085,000	1.3%
Benefits	103,109,000	108,885,000	107,818,000	133,664,000	130,777,000	-2.2%
	\$ 243,772,000	\$ 242,816,000	\$ 244,575,000	\$ 277,275,000	\$ 277,521,000	0.1%

1. Salaries

Salaries include compensation for employees who are paid based on a monthly earnings amount, and include both represented and non-represented employees.

- This line item includes the salaries for contractual and base wage adjustments for those salaried employees represented by the International Brotherhood of Electrical Workers (IBEW), salaried employees represented by the Amalgamated Transit Union (ATU-#85) and employees of the Port Authority Transit Police Association, as well as non-union personnel. The overall projected increase in salaries between FY 2010 and FY 2011 is estimated to be 5.1%. This increase is attributable to vacant positions in FY 2010 which lowered the totals for wages and salaries.

2. Wages

Wages include payments to those employees who are compensated by an hourly rate as dictated by labor agreements between Port Authority and ATU #85, Port Authority's largest union.

- The wages category includes payments to operators and non-operators/maintenance personnel and increased by 1.3% over FY 2010 actual levels. The adopted FY 2011 budget includes the same staffing levels as FY 2010 for operator personnel while the non-operator staffing level decreased by two. This category includes a January 2011 contractual increase of 3% for ATU #85 hourly personnel.

3. Benefits

Benefits consist of payments and accruals to others (e.g., insurance companies, healthcare plans) on behalf of Port Authority employees. This category includes costs for sick leave, vacation, holiday pay, etc, which arise from the employment relationship.

- The benefits category is projected to decrease by approximately 2.2%. This is due primarily to a projected decrease in pension expense for the Port Authority.

B. Fuel, Oil, Tires, and Materials & Supplies

As presented in *Figure 2.4*, an increase of 4.4% is projected in this expense category. This category combines expense line items for fuel, oil, tires, materials, and general supplies consumed in routine operation of the transit system. Highlights of this category are discussed below:

1. Diesel Fuel, Gasoline, Oil, and Tires

a. Diesel Fuel and Gasoline

The same forces that have impacted the individual consumer's gasoline prices have also affected Port Authority's operations in the form of higher diesel prices. Historically, diesel fuel prices have fluctuated drastically during the fiscal year due to changes in worldwide demand, natural disasters and worldwide political events that impact supply. During FY 2007, Port Authority was able to successfully transition to ultra low sulfur diesel as mandated by the Environmental Protection Agency (EPA).

Diesel costs will continue to be a major component of Port Authority's overall operating budget in FY 2011, accounting for \$20.4 million of the total \$42.8 million budget for materials and supplies.

- The FY 2011 budget for diesel fuel was developed based on a consumption rate of 7.8 million gallons at an annual average cost of \$2.58/gallon for ultra-low sulfur diesel. Port Authority has also budgeted for the use of 2% bio-diesel. Bio-Diesel is more expensive than ultra-low sulfur diesel and was budgeted at \$4.50/gallon.
- In addition to using diesel fuel for its revenue vehicle fleet, Port Authority utilizes gasoline for its maintenance fleet. Expenditures for gasoline are budgeted to decrease by less than .5%. The FY

2010 budget for gasoline was developed based on a consumption rate of 217,856 gallons at \$2.07/gallon.

b. Oil and Lubricants

This category includes the lubricants used for routine and preventive maintenance of equipment and vehicles.

- Oil and lubricant prices are subject to many of the same economic factors as diesel fuel and gasoline. The FY 2011 budget for oil and lubricants is set at \$1,060,000. This is a 0.6% projected decrease in expense below FY 2010.

c. Tires

Port Authority leases tires used on the buses and purchases tires for other vehicles. The annual lease costs are based on a monthly service fee and a usage rate based on mileage consumption.

- In FY 2011, an anticipated increase of \$10,000 above actual FY 2010 expenses is expected in the category of tires and tubes leased/purchased.

2. Materials

Materials include the parts that are directly consumed in maintaining Port Authority vehicles, equipment, and facilities. Port Authority carries over 40,000 individual items in inventory at its various storeroom locations. These items are expensed to both the materials and supplies expenditure accounts when the items are requisitioned from inventory. Materials expense also includes expenditures related to purchase requisitions and blanket order agreements. The materials inventory control process was re-engineered in FY 2002 to increase efficiency and control through greater utilization of the central warehouse concept and a lessened reliance on decentralized garage parts rooms. The result of this program has been reduced levels of materials held in inventory.

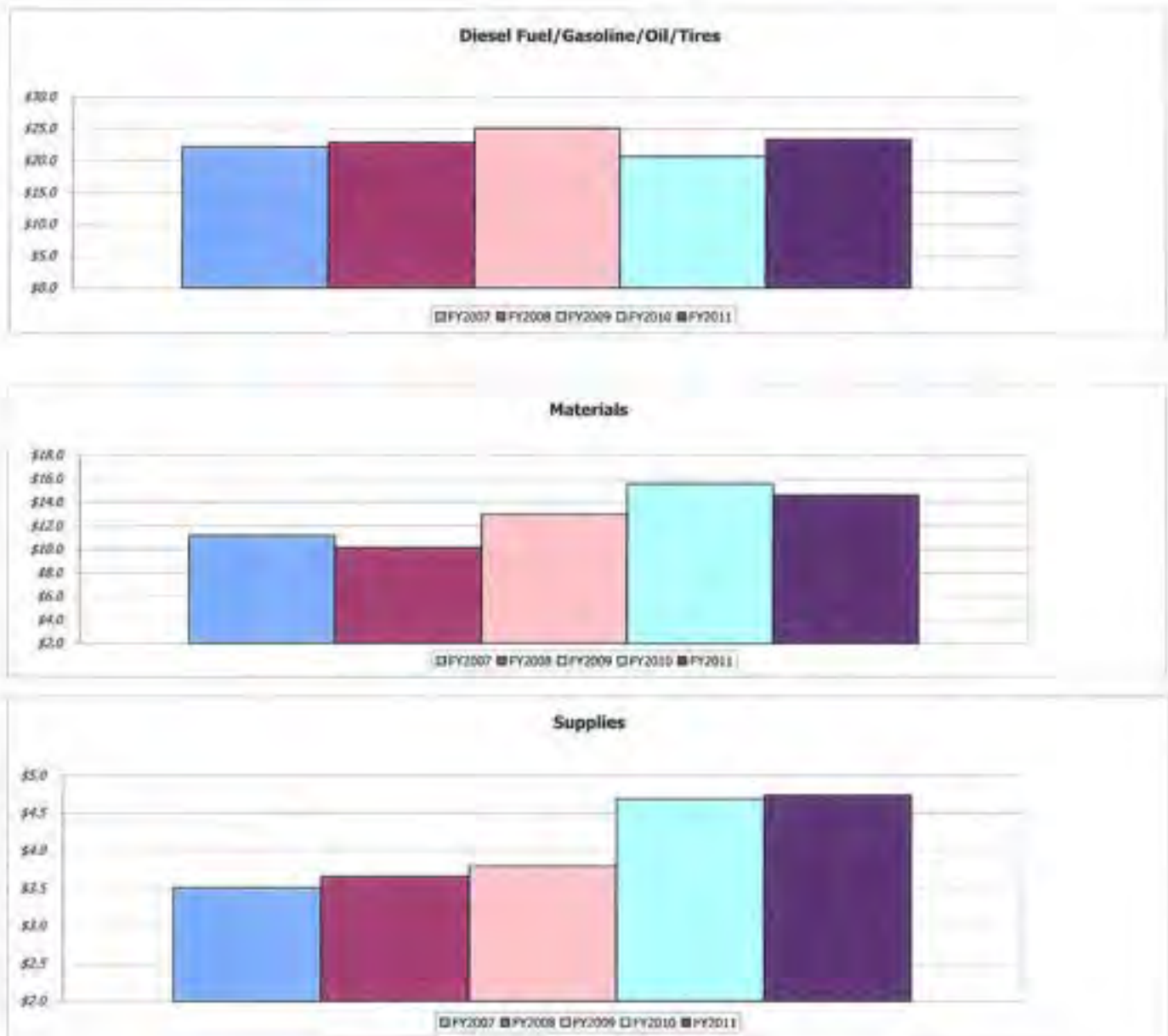
- Total Materials expense is expected to decrease by \$954,000 or 6.1% below FY 2010 actual levels.

3. Supplies

Supplies are normally differentiated from materials in that they are not items that are used to directly maintain equipment and vehicles. This category includes cleaning items, rock salt, photo supplies, timetable production, ticket printing, and office supply items.

- This category is expected to increase by \$52,000 or 1.1% over FY 2009 levels within all categories of supplies. The main contributor to the overall increase in the supply category is an increase in printing costs.

FIGURE 2.4
Port Authority of Allegheny County
FUEL/OIL/TIRES, MATERIALS, & SUPPLIES



	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Unaudited	FY 2011 Budget	FY 2011 Inc/Dec
Fuel/Gas/Oil/Tires	\$ 22,184,000	\$ 22,902,000	\$ 25,123,000	\$ 20,711,000	\$ 23,429,000	13.1%
Materials	11,186,000	10,155,000	12,993,000	15,605,000	14,651,000	-6.1%
Supplies	3,512,000	3,658,000	3,798,000	4,688,000	4,740,000	1.1%
Total	\$ 36,882,000	\$ 36,715,000	\$ 41,914,000	\$ 41,004,000	\$ 42,820,000	4.4%

C. Purchased Transportation and Services

These expense categories are presented in two (2) components. As shown in *Figure 2.5*, they are the ACCESS Program and Purchased Services.

1. ACCESS Program Transportation

Port Authority's ACCESS Program provides demand response transportation services for elderly and handicapped persons within Allegheny County. This service is subcontracted with Veolia Transportation.

- Costs associated with this program are expected to increase by 5.3% over FY 2010 levels. ACCESS expenses, such as labor and fuel costs for the seven (7) private carriers which are subcontracted by ACCESS, are subject to many of the same factors and variables as Port Authority. As such, ACCESS expenses are projected slightly higher for FY 2011 due in part to increased labor and employee benefit costs.

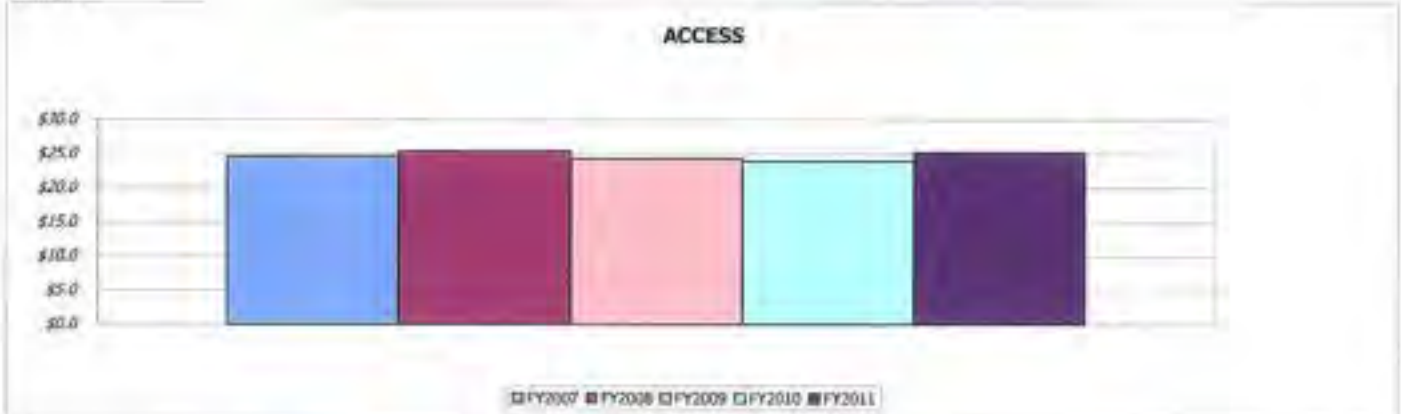
2. Purchased Services

Port Authority's Purchased Services category includes fees for outside professional services such as legal, information technology consulting, auditing, custodial, and engineering.

- In total, a \$2.0 million increase or 30.7% is projected for the category of Purchased Services. Much of this percentage increase is attributable to contractual increases associated with Work Done by Outside Contractors. This line item is budgeted to increase by \$396,000 above FY 2010 actual expenses.

FIGURE 2.5
Port Authority of Allegheny County
ACCESS & PURCHASED SERVICES

Millions



	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Unaudited	FY 2011 Budget	FY2011 Inc/Dec
ACCESS	\$ 24,574,000	\$ 25,394,000	\$ 24,272,000	\$ 23,931,000	\$ 25,211,000	5.3%
Purchased Services	5,741,000	6,814,000	6,711,000	6,604,000	8,631,000	30.7%
Total	\$ 30,315,000	\$ 32,208,000	\$ 30,983,000	\$ 30,535,000	\$ 33,842,000	10.8%

D. Utilities, Provisions for Injuries and Damages, Other Expenses, and Other Post Employment Benefits (OPEB)

This category includes utility costs, provisions for injuries and damages, a broad array of other expenses, and other post retirement benefits. In total, utility costs are expected to increase by 13.0%. Provisions for Injuries and Damages, which combine workers' compensation and payouts for public liability and property damage, are projected to increase by 49.6% from FY 2010 levels due to budgeting high workers' compensation indemnity payments in line with historical trends. The FY 2010 actual expenses were much lower than historical levels due to adjustments for the workers compensation and litigated settlements reserves. The broad category of Other Expenses is expected to increase by 45.1% over FY 2010 levels. The category of Other Post Employment Benefits (OPEB) is a liability entry the Port Authority makes at fiscal year end and is not included in the budgeting process. These components are presented in *Figure 2.6*.

1. Utilities

This category includes payments made to utility companies for resources including gas, water, electricity, sewage, telephone, and data communications. In addition to using utilities to operate Port Authority buildings, the organization utilizes electricity as a source of propulsion power for its light rail system.

Port Authority is able to mitigate some of the financial impact of utility price fluctuations by entering into fixed price agreements for natural gas as well as some of the larger electricity accounts. Contracted natural gas prices, while still high, are considerably lower than if Port Authority purchased its natural gas at market prices. For FY 2011, Port Authority was able to

negotiate fixed price agreements on propulsion power, electric, and natural gas accounts which will mitigate the expense volatility in this area.

The Port Authority continues to contract with an outside vendor to review utility bills for accuracy. These reviews help insure the Port Authority pays the lowest price for the utility services it receives. This vendor also provides information on anticipated market changes in the price of all utilities and recommends strategies for lowering utility expenses.

2. Provisions for Injuries and Damages

Included within this category are expenditures disbursed to employees and medical services associated with workers' compensation cases and payments incurred for uninsured public liability and property damage settlements. The FY 2011 Budget for Provision for Injuries and Damages is projected to increase by \$2.18 million above FY 2010 levels.

- The Legal Department, along with Claims and Workers' Compensation Departments, work in conjunction with one another to oversee the Workers' Compensation Program. The FY 2011 Budget for Workers' Compensation is projected to increase by approximately \$1,041,000 above FY 2010 actual expenses.
- The FY 2010 budgeted amount for uninsured public liability and property settlements is \$1.1 million above FY 2010 levels. Litigated Settlements expense ended FY 2010 with a \$566,000 credit due to an adjustment in the reserves. This amount is \$866,000 less than the amount budgeted in FY 2011.

3. Other Expenses

Within the broad category of Other Expense are two subgroups of expenditures that are described as other expense and interest expense. Other Expense captures those expenditures that are generally considered corporate in nature, i.e. corporate insurance, marketing, training, and other general expenses. The second subgroup of Other Expense includes the interest expense for borrowing short-term notes.

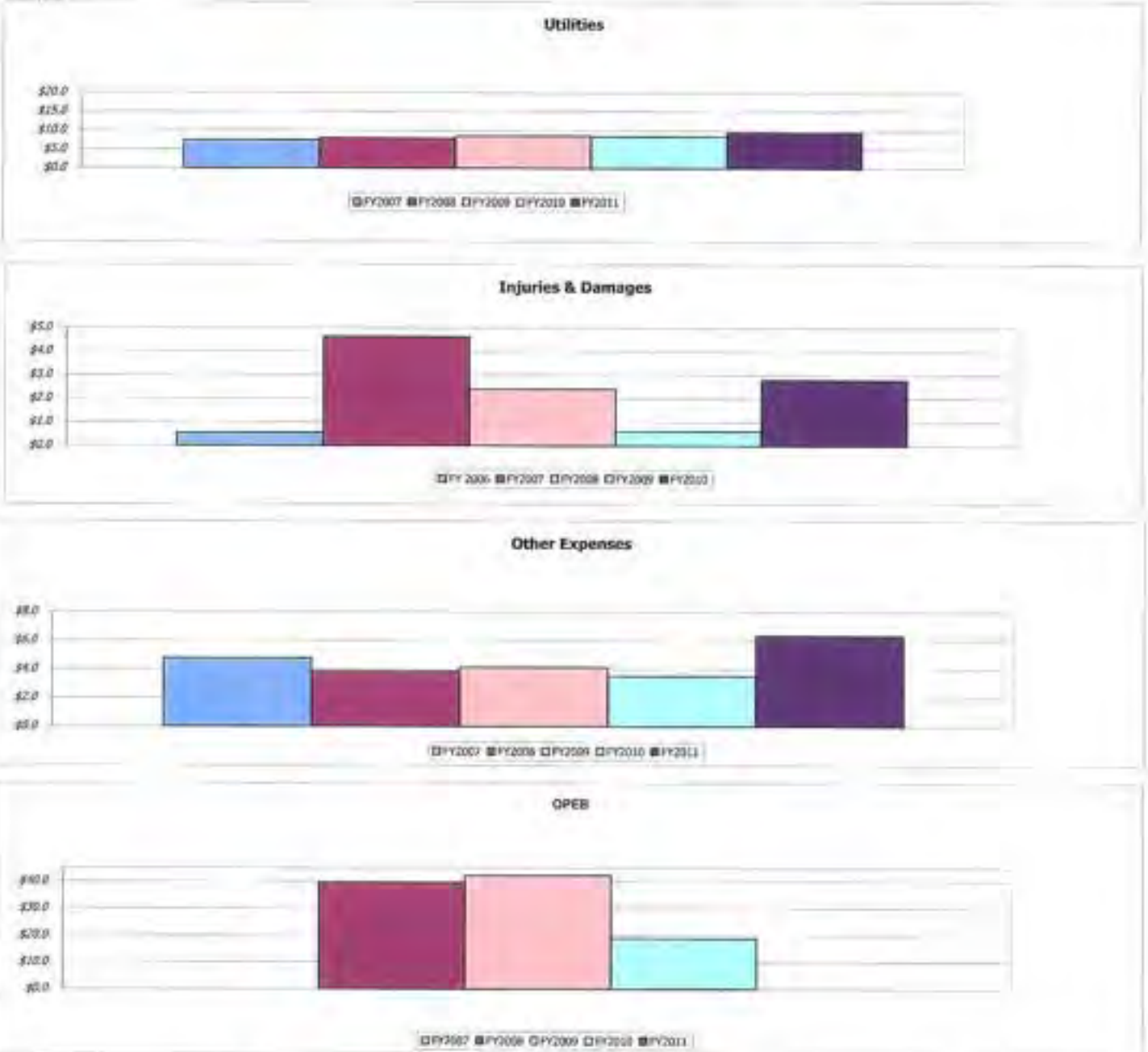
- The category of other expenditures is expected to increase by \$2.8 million or 80.01% from FY 2010 levels. A higher FY 2011 budget for the marketing of the Transit Development plan and for Software License Expense contributed to this increase.

4. *Other Post Employment Benefits (OPEB)*

The category of Other Post Employment Benefits (OPEB) is a liability entry that is made at fiscal year end, but is not included in the budgeting process.

FIGURE 2.6
Port Authority of Allegheny County
UTILITIES, INJURIES/DAMAGES, OTHER EXPENSES & OPEB

Millions



	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Unaudited	FY 2011 Budget	FY 2011 Inc/Dec
Utilities	\$ 7,464,000	\$ 7,916,000	\$ 8,521,000	\$ 8,411,000	\$ 9,502,000	13.0%
Prov. for Inj & Damages	549,000	4,628,000	2,397,000	610,000	2,793,000	357.9%
Other Expenses	4,767,000	3,830,000	4,120,000	3,520,000	6,337,000	80.0%
OPEB	39,350,000	42,155,000	18,815,000	33,800,000	0	0.0%
Total	\$ 52,130,000	\$ 58,529,000	\$ 33,853,000	\$ 46,341,000	\$ 18,632,000	-59.8%

E. Capitalizations

Capitalizations are contra-expense accounts for salaries, wages, benefits, and other expenses incurred in performing work related to current projects and programs, equipment acquisitions, and general maintenance of Port Authority physical facilities. The expenses incurred are recovered through various capital projects and programs including Federal Section 5307 Funding, Infrastructure Safety Renewal Program, and the Vehicle Overhaul Program. Expenses charged to capitalizations are expected to increase by 2.0% or \$822,000 above the FY 2010 levels. This increase is due primarily to a higher allocation made to the Operating Budget for Capital Cost of Contracting. Each Capitalization line item detail is presented in *Figure 2.7* and *Figure 2.8*.

1. Asset Maintenance

- Until FY 2008, funding for this program was provided by two distinct revenue sources that were used to offset operating expenses incurred for the general maintenance and repair of machinery, equipment, and physical facilities. The first source, provided by the Public Transportation Assistance Fund (PTAF), provided \$25.1 million of Port Authority's share of dedicated funds. The second source resulted from State Act 3 of 1997 which provided \$4.9 million of state-wide transit funds that were used as Asset Maintenance. Together, these funds provided \$30.0 million as an offset to operating expenses in FY 2007. Beginning in FY 2008, Asset Maintenance was no longer a stand-alone program included in the capitalizations.

2. Vehicle Overhaul

- This funding source will provide \$3.5 million in FY 2011. A state capital program reimburses labor and material expenses incurred in performing vehicle overhaul activities on the light rail and motor bus vehicles.

3. Basic Supplemental Grant

- Port Authority usage of Basic Supplemental Grant (BSG) for operating purposes varied between FY 2004 and FY 2007. Starting in FY 2008, Port Authority no longer received BSG funding.

4. Access to Jobs/New Service Initiatives

- In FY 2011, \$1.3 million of Federal funds will support the Small Transit Vehicle (STV) applications, including operating and maintenance costs, and offset costs associated with bus routes that transport people to areas with high concentrations of jobs. This revenue is through the Access to Jobs Program. In the past Port Authority had new service where grant funding was available to offset costs. In FY 2009 and FY 2010, Port Authority's eligible routes were negligible.

5. Capital Cost of Contracting

- Federal funding is provided to offset operating expenses incurred for the ACCESS Program service. These capital funds are provided for eligible costs that include vehicle depreciation and capital components of maintenance and overhead, and are capped at 50% of total ACCESS expense. For FY 2011, \$15.0 million of funding will be utilized for this program.

6. Preventive Maintenance

- Preventive Maintenance represents Federal funds that were initially authorized in late 1997 to be used to offset certain operating and maintenance expenses. Eligible expenses include inspection and maintenance of revenue vehicles, as well as related materials, supplies and associated wages. Port Authority has allocated \$4.55 million for this program in FY 2011, which is \$2.5 million below FY 2010 actuals.

7. New Preventive Maintenance- Federal Flex

- Between FY 2004 and FY 2007 budgets, Port Authority received grants of \$10.0, \$25.3, \$45.0 and \$32.0 million from the Commonwealth, approved by the Southwestern Pennsylvania Commission, in order to balance those fiscal years budgets. These funding streams ceased at the end of FY 2007. Funds approved with the passage of Act 44 substituted for these "Flex" funds starting in FY 2008 and are included within State Operating Assistance.

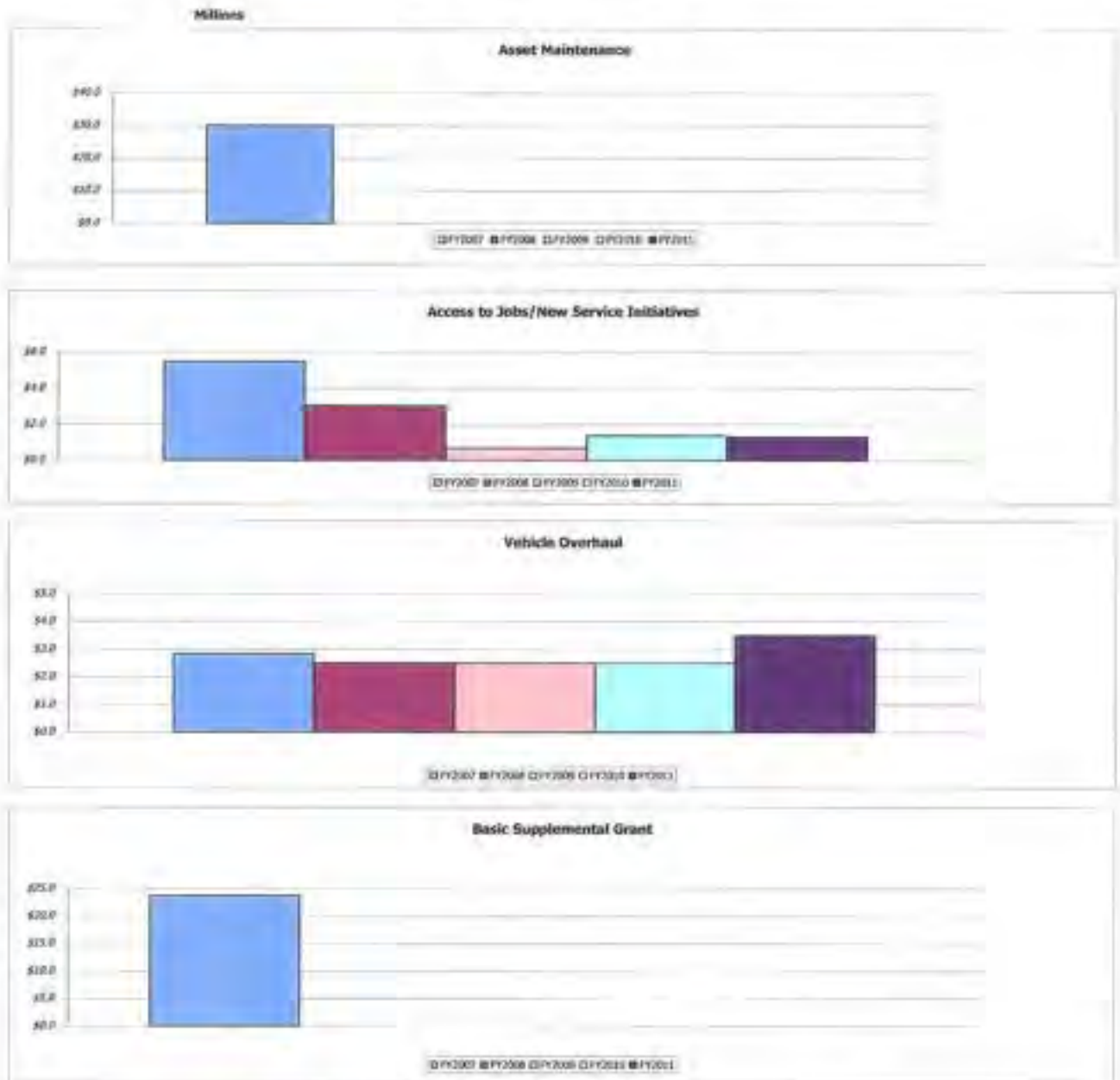
8. Infrastructure Safety Renewal Program (ISRP)

- This program provides state capital funds which are used to offset operating expenses related to the renovation and/or rehabilitation of transit and railroad bridges, track stations, signals, power, and associated components of Port Authority's transit and rail systems. This program will provide \$15.0 million in FY 2011 to offset related expenditures.

9. Other Capitalizations

- This category includes those expenditures related to engineering and technical support on capital projects, grants administration, and associated capital maintenance for major component parts used on buses and light rail vehicles. Capitalizations related to these types of expenditures are projected to decrease by \$188,000 in FY 2011. Predominantly this decrease is attributable to decreases in the line items Salaries and Fringe Benefits Redistributed to Capital Accounts.

FIGURE 2.7
Port Authority of Allegheny County
CAPITALIZATIONS*



* Amounts reflected as Contra Expenses

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY2010 Unaudited	FY2011 Budget	FY2011 Inc/Dec
Asset Maintenance	\$ (30,011,000)	\$ -	\$ -	\$ -	\$ -	
Access to Jobs/New Service Initiatives	(5,492,000)	(3,043,000)	(669,000)	(1,370,000)	(1,300,000)	-5.1%
Vehicle Overhaul	(2,829,000)	(2,500,000)	(2,500,000)	(2,500,000)	(3,500,000)	-40.0%
Basic Supplemental Grant (BSG)	(23,734,000)	-	-	-	-	100.0%
Capital Cost of Contracting	(15,000,000)	(15,000,000)	(14,619,000)	(11,420,000)	(15,000,000)	31.3%
Preventive Maintenance	(12,500,000)	(494,000)	(9,100,000)	(7,050,000)	(4,550,000)	-35.5%
New Preventive Maint. - Fed flex	(32,000,000)	-	-	-	-	
Other Capital	(6,009,000)	(4,142,000)	(3,691,000)	(3,689,000)	(3,500,000)	-5.1%
ISRP	(17,119,000)	(16,000,000)	(16,000,000)	(16,000,000)	(15,000,000)	-6.3%
Total	\$ (144,794,000)	\$ (41,170,000)	\$ (46,579,000)	\$ (42,029,000)	\$ (42,851,000)	2.0%

FIGURE 2.8
Port Authority of Allegheny County
CAPITALIZATIONS*



	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Unaudited	FY 2011 Budget	FY 2011 Inc/Dec
Asset Maintenance	\$ (30,011,000)	\$ (3,043,000)	\$ -	\$ -	\$ -	-
Access to Jobs/New Service Initiatives	(5,492,000)	(3,043,000)	(670,000)	(1,370,000)	(1,300,000)	-5.1%
Vehicle Overhaul	(2,829,000)	(2,500,000)	(2,500,000)	(2,500,000)	(3,500,000)	40.0%
Basic Supplemental Grant (BSG)	(23,734,000)	-	-	-	-	100.0%
Capital Cost of Contracting	(15,000,000)	(15,000,000)	(14,619,000)	(11,400,000)	(15,000,000)	31.3%
Preventive Maintenance	(12,600,000)	(494,000)	(9,100,000)	(7,050,000)	(4,550,000)	-35.5%
New Preventive Maint. - Fed Flex	(32,000,000)	-	-	-	-	-
Other Capital	(6,009,000)	(4,142,000)	(3,691,000)	(3,689,000)	(3,501,000)	-5.1%
ISRP	(17,119,000)	(16,000,000)	(16,000,000)	(16,000,000)	(15,000,000)	-6.3%
Total	\$ (144,794,000)	\$ (41,179,000)	\$ (46,580,000)	\$ (42,029,000)	\$ (42,851,000)	2.0%



Port Authority of Allegheny County

Divisional and Departmental

Introduction

All departments within the Port Authority of Allegheny County are currently grouped into six (6) divisions which include Office of the CEO, Transit Operations, Finance, Planning and Service Development, Human Resources, and Legal and Corporate Services.

The following tables present a summary of total system personnel by division, expense category, and expense by department respectively. These tables illustrate the size of each division relative to the total system in the areas of personnel and expense.

Included with the tables is a brief overview of each division, divisional organization charts, budget highlights, FY 2010 accomplishments, goals and objectives for FY 2011, as well as key performance indicators which include both financial and non-financial criteria used to evaluate progress towards achieving organizational long-term goals.

Figure 3.1
Port Authority of Allegheny County
Organizational Structure

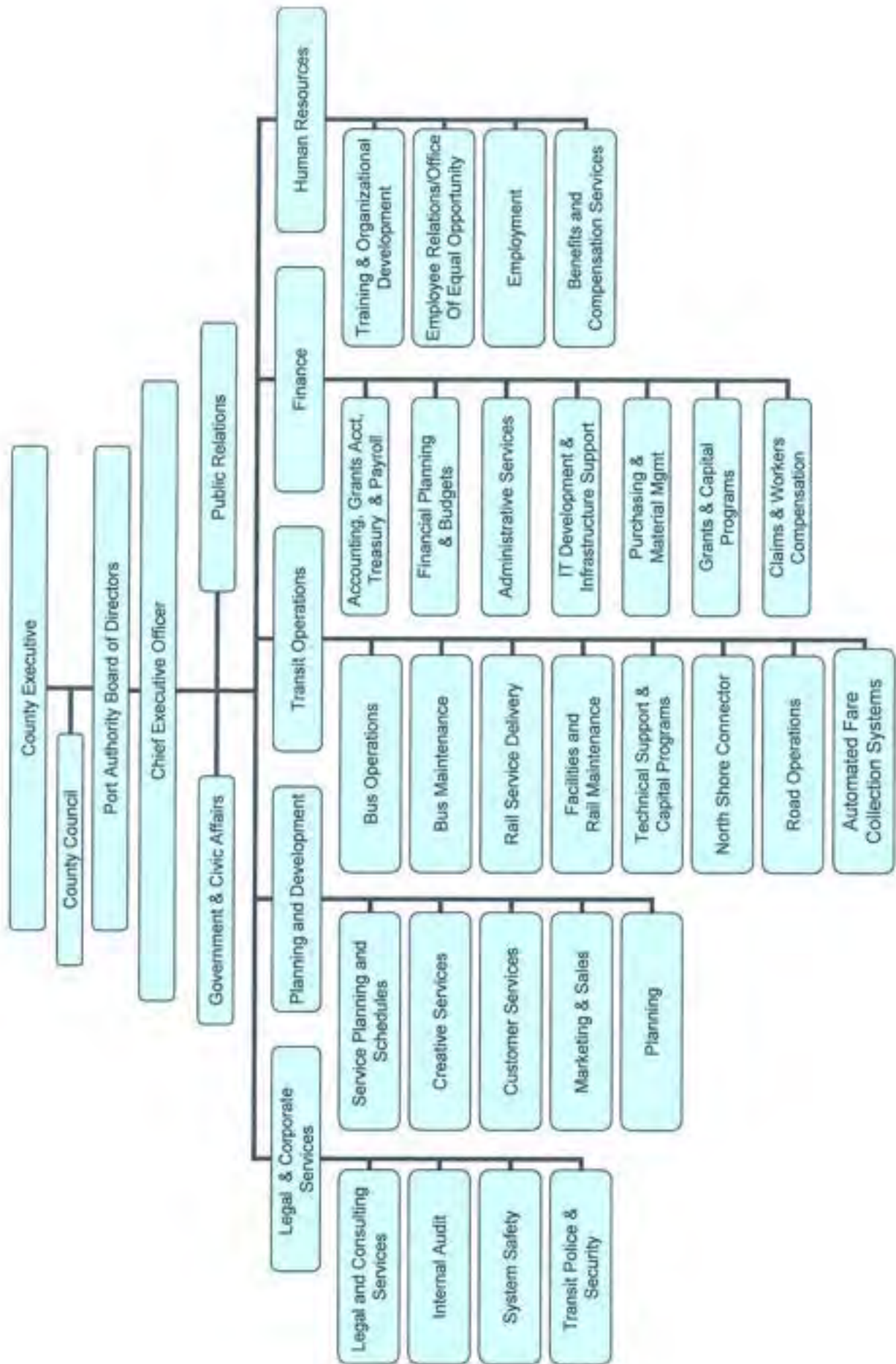
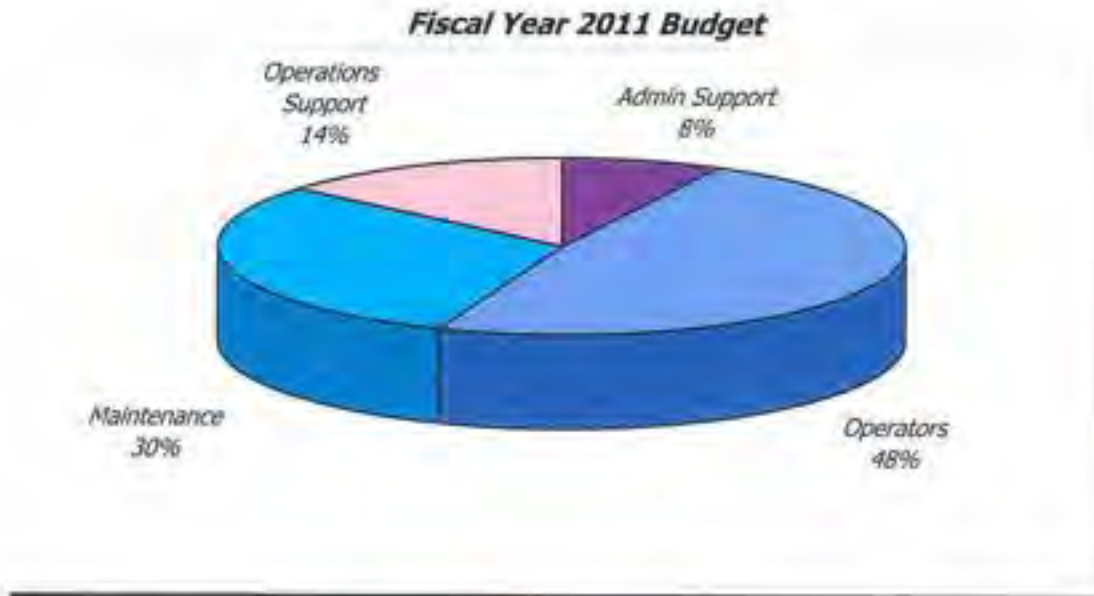


TABLE 3.1a

Port Authority of Allegheny County
PERSONNEL BY FUNCTION & DIVISION

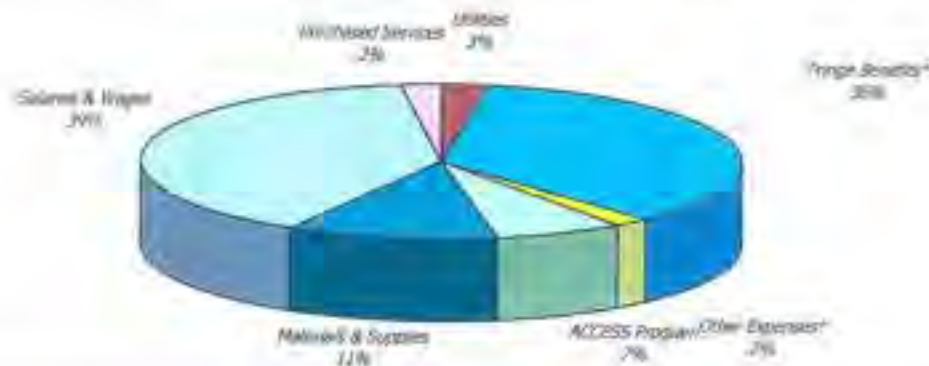


Personnel Summary (No. of Employees)

	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>
Office of the CEO	2	7	7
Transit Operations	2,379	2,393	2,421
Finance	154	152	158
Human Resources	32	31	32
Legal & Corporate Services	78	75	76
Planning & Development	61	61	61
Total Personnel	<u>2,706</u>	<u>2,719</u>	<u>2,755</u>

TABLE 3.1b

Port Authority of Allegheny County
EXPENSE BY CATEGORY



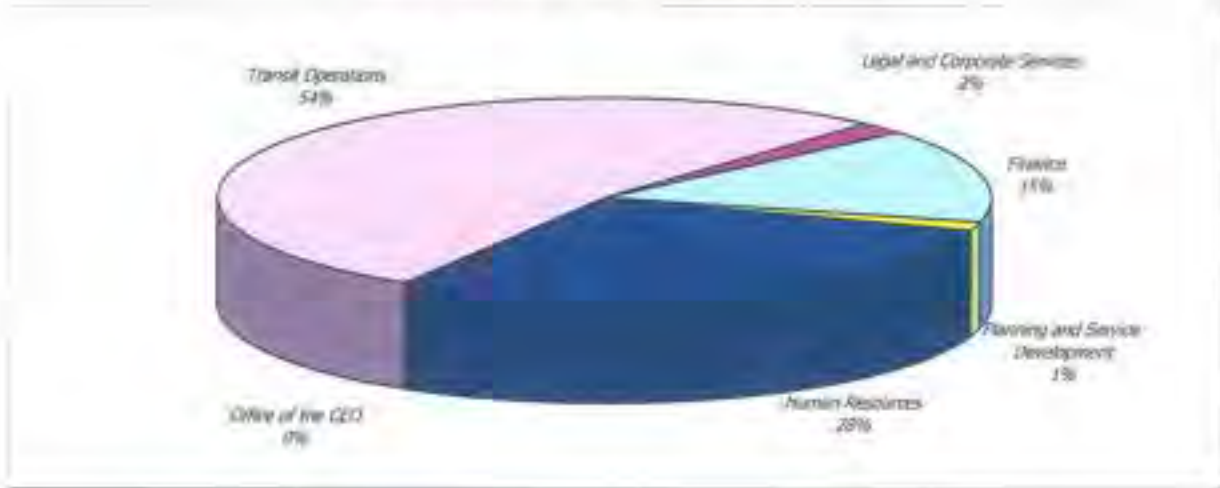
*Other Expenses include- Marketing, Interest & Prov. for Inj & Damages

*Fringe Benefits excludes \$45,489,119 in OPEB costs

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Salaries & Wages	136,757,826	143,611,264	146,744,757	2.2%
Fringe Benefits	127,964,603	134,267,227	132,418,296	-1.4%
Purchased Services	6,711,672	6,603,602	8,630,892	30.7%
ACCESS Program	24,271,974	23,930,837	25,211,400	5.4%
Prov for Inj. & Damages	1,694,270	1,004,604	2,444,748	143.4%
Materials & Supplies	41,912,943	41,004,313	42,819,399	4.4%
Interest Expense	-	122,997	478,000	100.0%
Utilities	8,520,673	8,411,287	9,501,709	13.0%
Other Expenses	3,491,852	2,401,595	4,566,484	90.1%
Transfers & Capitalizations	(46,579,499)	(42,028,799)	(42,851,411)	2.0%
	304,746,314	319,328,928	329,964,274	3.3%

TABLE 3.1c
Port Authority of Allegheny County
EXPENSE BY DIVISION*



Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Office of the CEO	295,790	898,893	968,795	7.8%
Transit Operations	185,675,957	191,712,777	198,271,813	3.4%
Finance	52,570,067	50,526,560	56,562,276	11.9%
Planning and Service Development	4,297,688	4,596,975	5,420,643	17.9%
Human Resources	101,917,577	107,606,826	104,771,543	-2.6%
Legal and Corporate Services	6,568,734	6,015,697	6,820,615	13.4%
	351,325,813	361,357,727	372,815,685	3.2%

* - Capitalizations and OPEB are excluded.

Port Authority of Allegheny County

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Overview

The Office of the Chief Executive Officer Division was restructured in FY 2009 to include the Public Relations and Government & Civic Affairs Departments. This division is also comprised of the Office of the Board of Directors, which is strictly an administrative department for the purpose of collecting Board expenses and has no personnel assigned. The Government and Civic Affairs Department represents Port Authority's interest at the federal, state and county levels of government to support legislative and funding programs for public transportation. This department, combined with the Public Relations Department, ensures that Port Authority information is distributed to the public, government officials, local organizations and riders in an accurate and timely manner.

It is the responsibility of the Office of the Chief Executive Officer to provide leadership to the Port Authority organization, work closely with the Port Authority Board of Directors to establish a strategic direction, and take into account the needs of the community, all to make Port Authority of Allegheny County the premier transit agency in the country.

Figure 3.2
Port Authority of Allegheny County
OFFICE OF THE CHIEF EXECUTIVE OFFICER

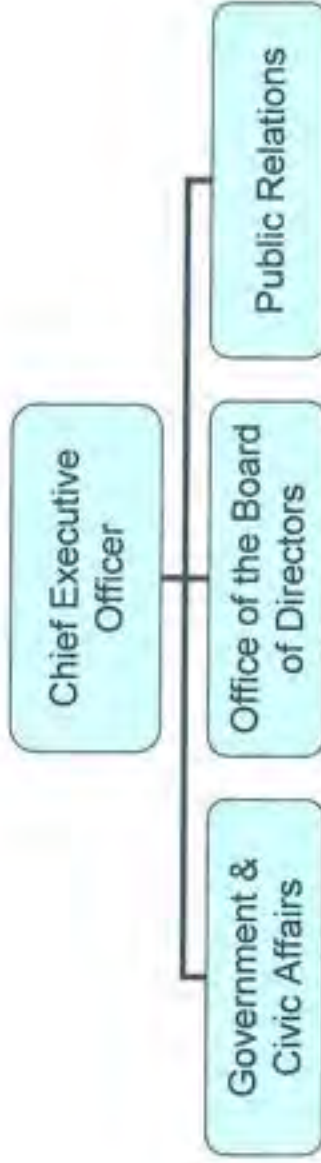
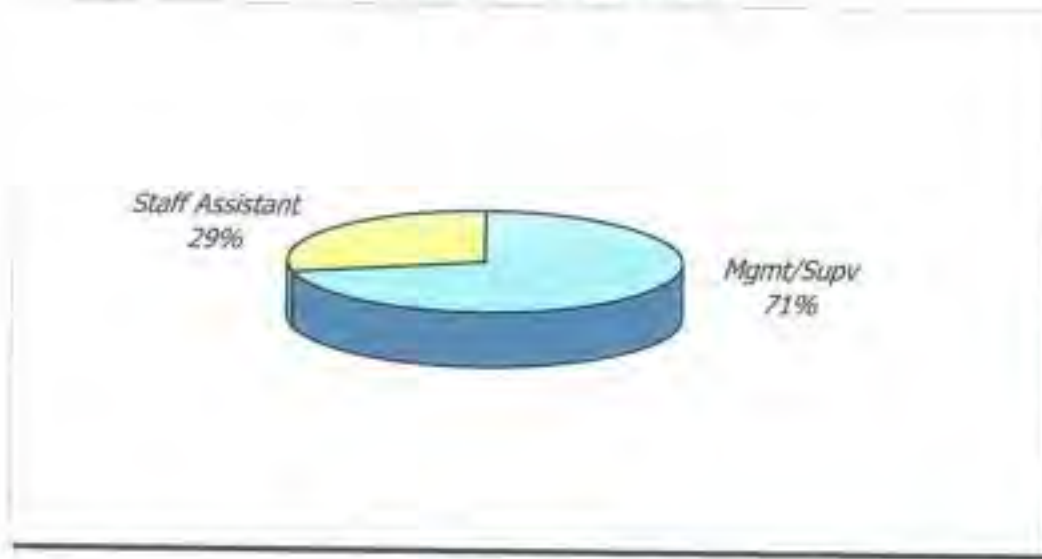


TABLE 3.2a
Port Authority of Allegheny County
OFFICE OF THE CHIEF EXECUTIVE OFFICER
Personnel by Function & Department

Fiscal Year 2011 Budget



Personnel Summary (No. of Employees)

	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>
Office of the CEO	2	2	2
Government & Civic Affairs*	0	2	2
Public Relations*	0	3	3
Total Personnel	<u>2</u>	<u>7</u>	<u>7</u>

* Department transferred from Legal and Corporate Services

TABLE 3.2b

Port Authority of Allegheny County
OFFICE OF THE CHIEF EXECUTIVE OFFICER

*Expense by Department***Expense Summary (Total Expense)**

	<u>FY 2009 Actual</u>	<u>FY 2010 Forecast</u>	<u>FY 2011 Budget</u>	<u>% Change from 2010</u>
	\$	\$	\$	%
Board of Directors	11,010	9,707	10,018	3.2%
Office of the CEO	277,647	262,332	272,369	3.8%
<u>Gov't and Civic Affairs</u>	-	345,903	411,148	18.9%
<u>Public Relations</u>	-	215,185	232,776	8.2%
Total Expense	<u>288,657</u>	<u>833,128</u>	<u>926,311</u>	<u>11%</u>

Bold and underlined items represent departments involved in company re-organization.

*Expense by Category***Expense Summary (Total Expense)**

	<u>FY 2009 Actual</u>	<u>FY 2010 Forecast</u>	<u>FY 2011 Budget</u>	<u>% Change from 2010</u>
	\$	\$	\$	%
Salaries & Wages	200,138	578,528	600,143	3.7%
Purchased Services	3,766	266,889	303,200	13.6%
Materials & Supplies	254	272	3,132	1050.7%
Utilities	248	-	-	-
Other Expenses	91,384	53,204	62,320	17.1%
Transfers & Capitalizations	(7,133)	(65,765)	(42,484)	822.0%
Total Expense	<u>288,657</u>	<u>833,128</u>	<u>926,311</u>	<u>11%</u>

Port Authority of Allegheny County

TRANSIT OPERATIONS DIVISION

Overview

Transit Operations is the largest division at Port Authority. This division consists of the Bus Operations and the Rail Operations & Engineering groups, which are responsible for providing bus, rail, and incline service to the citizens of Allegheny County, as well as maintaining Port Authority's vehicles, rights of way, and facilities. There are five bus operating facilities, one rail operating facility, one facilities maintenance complex, and one main shop used primarily for heavy bus maintenance. The Automated Fare Collection System Department (AFCS) has been added to the Transit Operations Division. This department was created to manage the migration to a "Smart-Card" data collection system that will replace the existing farebox and related cash-handling systems. In addition, the AFCS Department will be responsible for the implementation of a common regional fare infrastructure for all regional transit companies that elect to participate. The AFCS Department was created in FY 2010 under the Finance Division and moved to Transit Operations at the start of FY 2011.

The Transit Operations Division is committed to Port Authority's customers and continuously seeks better and more innovative ways to serve them while remaining mindful of fiscal obligations.

Divisional Expense Highlights

As a division, Transit Operations was unfavorable to budget overall in FY 2010, with the greatest factor being unfavorable in materials and supplies by \$3,122,598. This is primarily due to the rising costs of materials and supplies to support the fleet until new vehicles are purchased. The total expenses budgeted for FY 2011 are only 3.1% above the FY 2010 projected expense totals.

Figure 3.3a
Port Authority of Allegheny County
TRANSIT OPERATIONS DIVISION

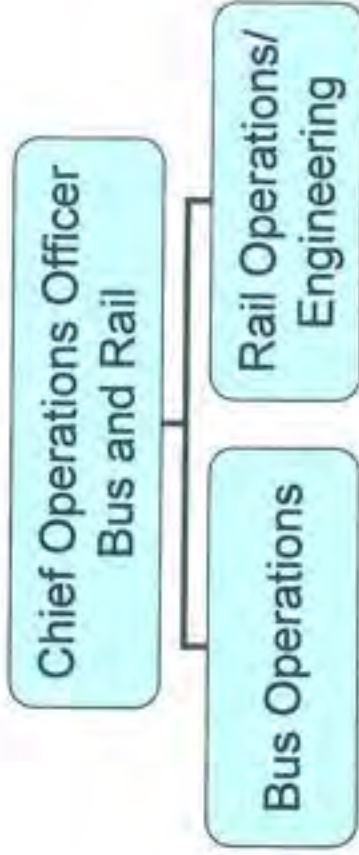


Figure 3.3b
Port Authority of Allegheny County
Bus Operations

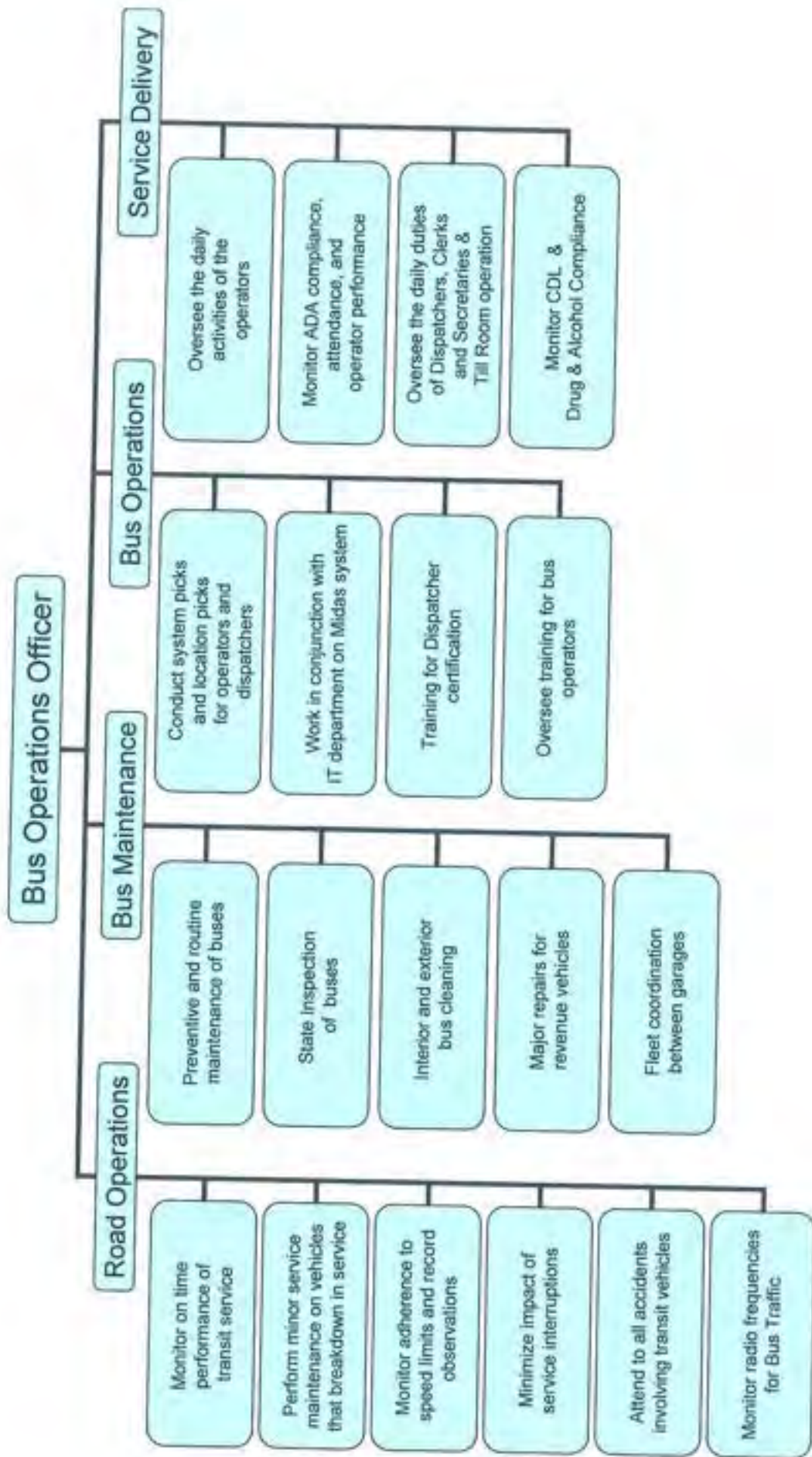


Figure 3.3c
Port Authority of Allegheny County
Rail Operations & Engineering

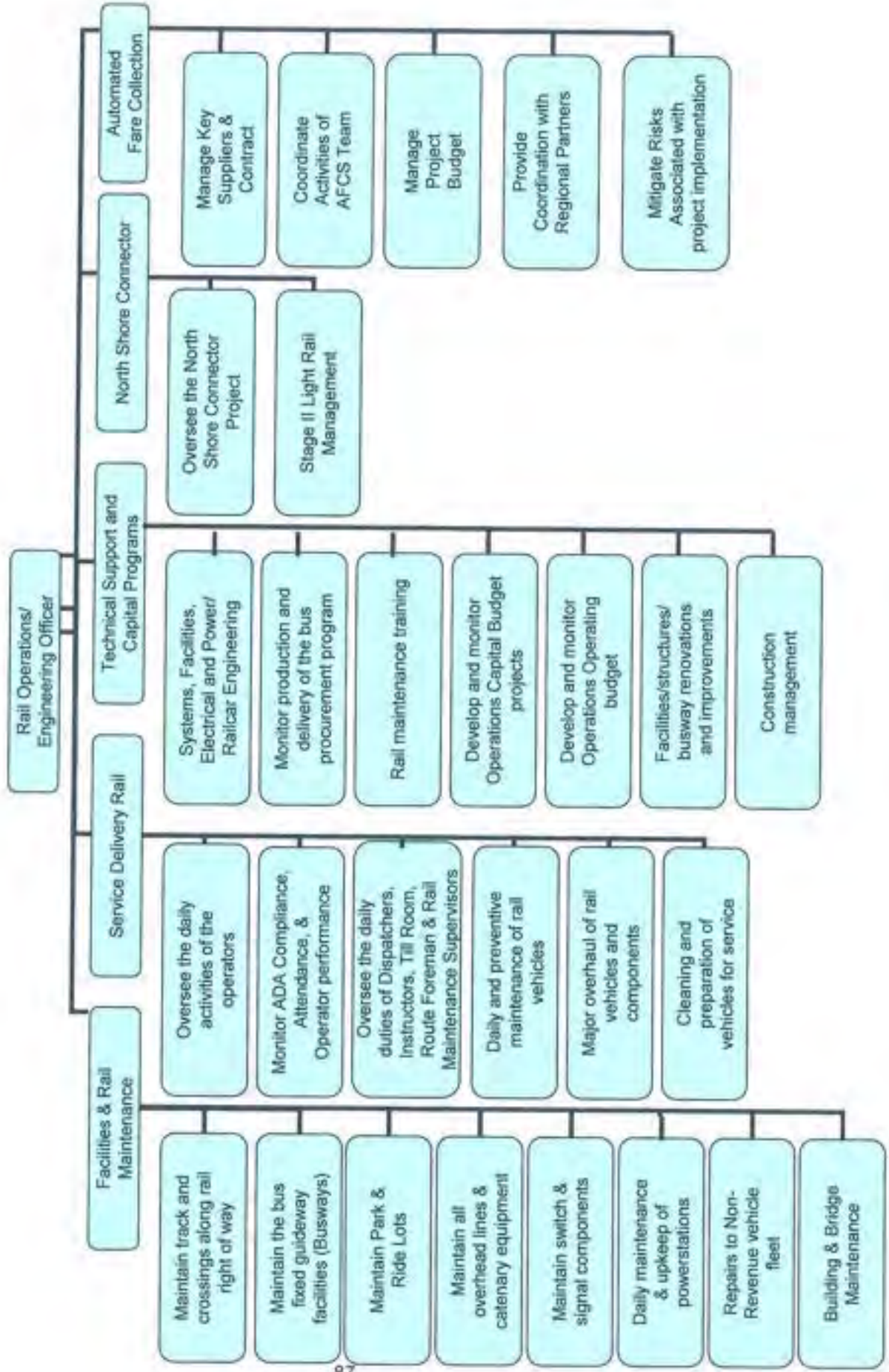
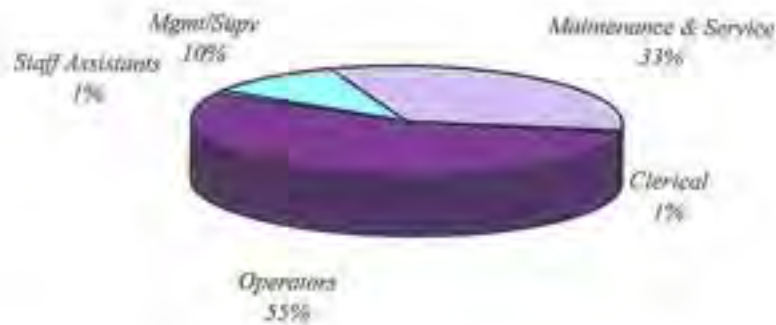


TABLE 3.3a
Port Authority of Allegheny County
TRANSIT OPERATIONS DIVISION
Personnel by Function & Group
Fiscal Year 2011 Budget



Personnel Summary (No. of Employees)

	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget
Chief Operating Officers (Bus and Rail)	3	4	4
Rail Operations	513	479	483
Bus Operations	1,863	1,910	1,934
Total Personnel	<u>2,379</u>	<u>2,393</u>	<u>2,421</u>

TABLE 3.3b
Port Authority of Allegheny County
TRANSIT OPERATIONS DIVISION

Expense by Department

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Bus Operations	77,946,499	80,763,522	84,732,675	4.9%
Bus Maintenance	60,281,057	61,290,392	62,124,428	1.4%
Office of the COO	305,372	376,801	437,710	16.2%
Rail Improvement Program	331,725	369,442	394,500	6.8%
Rail Operations	39,109,011	40,380,570	40,555,966	0.4%
<u>Automatic Fare Collection System</u>	-	-	251,535	
Technical Support	1,676,386	1,845,485	2,344,999	27.1%
Total Expenses	<u>179,650,051</u>	<u>185,026,212</u>	<u>190,841,813</u>	<u>3.1%</u>

Bold and underlined items represent departments involved in company re-organization.

Expense by Category

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Salaries & Wages	119,696,237	125,794,706	127,786,180	1.6%
Fringe Benefits	14,655,300	15,558,792	16,379,331	5.3%
Purchased Services	2,179,229	2,337,631	3,016,116	29.0%
Materials & Supplies	41,474,386	40,174,821	41,768,244	4.0%
Utilities	7,844,074	7,631,730	8,661,409	13.5%
Prov for Inj & Damages	(618,694)	(280,425)	(91,030)	-67.5%
Other Expenses	445,424	495,522	751,563	51.7%
Transfers & Capitalizations	(6,025,906)	(6,686,565)	(7,430,000)	11.1%
Total Expenses	<u>179,650,051</u>	<u>185,026,212</u>	<u>190,841,813</u>	<u>3.1%</u>

Port Authority of Allegheny County

Transit Operations

Bus Operations

Bus Operations is responsible for the delivery of bus service to all of Allegheny County, along with the maintenance and support activities needed. Functional areas and departments include Bus Service Delivery, Bus Maintenance, Bus Operations, and Road Operations.

Bus Service Delivery coordinates bus service throughout Port Authority's service area and utilizes five bus garages located in the following Allegheny County communities: Collier, East Liberty, Harmar, Ross, and West Mifflin. The Bus Maintenance Department supports bus operations by providing system-wide bus and small transit vehicle (STV) maintenance, performs vehicle maintenance and service functions at the bus divisions, develops and communicates maintenance standard procedures and practices, develops and monitors bus maintenance programs and training, plans and coordinates all activities related to the bus fleet, and manages the Main Shop and the Vehicle Overhaul Program. The department also works with the Technical Support Department on issues related to bus procurement and bus maintenance and assists the Procurement Department in specification development and compliance for materials, supplies, products, and contracts for bus maintenance. The Bus Operations Department coordinates the operator work picks, develops and implements training for

dispatchers, monitors bus service efficiency, and assists in the implementation of service changes. The Road Operations Department provides training for bus operators and field supervision, monitors service, coordinates bus detours and handles requests for special services.

FY 2010 Highlights

- Hired and trained 69 new bus operators.
- Achieved 97% wheelchair reliability rate when audited at the divisions, exceeding the goal of 90%.
- Averaged 6,856 miles between road failures, achieving 91% of our increased goal of 7,500 miles versus 6,856 miles in FY 2009.
- Captured and returned to budget \$2,500,000 from our vehicle overhaul program, with a total of 45 vehicles received either a full or partial overhaul during FY 2010.
- Captured and returned to budget \$153,446 in warranty claims and \$149,541 in core credits during FY 2010.
- The Bus Maintenance Training Department conducted and coordinated 172 classes in FY 2010 with 1,122 students attending training. The training included, but was not limited to, new hybrid orientation, basic electrical, air brake, torch safety and first responder training.
- The City of Pittsburgh was chosen as the host city for the G-20 Summit. This event entailed months of preparation with the planning of detours, schedule changes, security issues and special moves. The Road Operations Department monitored the entire event around the clock and played an extremely vital role in the event's success.
- Implemented the first phase of the Transit Development Plan (TDP) in April 2010. Operator instruction on new and current routes was provided by the Transportation Training Department to ensure the new service changes on April 4 were met.

- Ross Division was the pilot location for implementation of the Scheidt and Bachmann Automated Fare Collection System. Upon completion of the pilot, which included many changes, updates and revisions, all Ross buses have been installed with the new fareboxes.
- Completed installation of a new wash rack at the East Liberty Division in October 2009.
- Received delivery of 20 Gillig 40-foot, low-floor hybrid buses, placed them into service, and trained all necessary bus and maintenance transportation personnel.
- Retrofitted 116 buses from the old Safety Vision CCTV system to the new wireless download March Networks CCTV system.
- Ross Maintenance was selected for the introduction of bio-diesel fuel to the fleet. The fuel tanks were inspected for contaminants and/or water that could potentially pose a problem. The inspection was successful thus reducing the prep work prior to receiving the fuel. This process was completed at each of the locations and all are currently receiving bio-diesel for their fleet.
- Collier Division coordinated a major paving project at the location while maintaining daily service with modest complaints and minimal interruptions.
- Developed Community Outreach programs at each garage location during FY 2010.

FY 2011 Goals and Objectives

- Improve vehicle reliability for service and reduce hours of out-of-service due to equipment.
- Reduce absenteeism on both the transportation and maintenance side of the business by addressing issues that fall within the confines of the Absenteeism Policy in a more proficient and timely manner.
- Initiate a major safety campaign through the Road Operations Department, addressing areas such as speed, following distance, slips, falls, front-end collisions and other related bus standard operating procedures.

- Evaluate and update the on-time performance tracking process to establish more stringent monitoring methods.
- Receive delivery of 28 Gillig 40-foot, low-floor hybrid buses and 25 New Flyer 60-foot, articulated buses, place them into revenue service, and train all necessary bus and maintenance transportation personnel.
- Provide new technology training for Cummins Engine, Voith Transmission and ZF Transmission through the Bus Maintenance Training Department. Include theory of operation, diagnostics, and field repair.
- Meet goal of 7,500 miles between road failures.
- Continue to achieve a greater than 95% target rate for functional wheelchair lifts and ramps.
- Develop a Hybrid Troubleshooting class in order for mechanics to diagnose and repair the 28 hybrids currently in the bus fleet.
- Complete building modifications at the Ross Division to support articulated buses.
- Continue to encourage strong labor-management relations at all locations.
- Finish favorable to budget for the new fiscal year.

FY 2011 Key Performance Indicators

- Decrease customer service complaints.
- Meet established preventive maintenance goals.
- Reduce out-of-service due to manpower and equipment.
- Improve cleanliness of bus interiors and exteriors.
- Meet miles between road failure goal of 7,500 miles per month.
- Reduce absenteeism.
- Achieve wheelchair reliability target of 95%.

Rail Operations and Engineering

The Rail Operations/Engineering Group is responsible for providing Light Rail and Incline revenue service, light rail vehicle maintenance, fixed facility and right of way maintenance, and engineering design and construction. Departments include Rail Service Delivery and Railcar Maintenance, Facilities and Rail Maintenance, Technical Support and Capital Programs, North Shore Connector, and the Automated Fare Collection System Department.

Rail Service Delivery

Rail Service Delivery (RSD) is responsible for the planning, organization, implementation, and coordination of light rail and Mon Incline service, as well as railcar preventive maintenance and inspection. This includes operator and off-board fare collector assignments, rail operations training, road operations, field and Operations Control Center (OCC) activities, light rail vehicle maintenance, repair and inspection activities, investigation and resolution of customer complaints, update of rail operation standard operating procedures (SOP) and rulebook, evaluation and resolution of rail service delivery problems and the initiation of corrective and preventive actions. The RSD management team is tasked with evaluating general service levels, service interruption resolutions and making recommendations for improvement. The RSD team also provides operational input for future light rail expansion projects, such as the North Shore Connector project.

FY 2010 Highlights

- Implemented advanced customer relations course for Off-Board Fare Collectors.
- Qualified all Rail Technician As to operate the Light Rail Vehicles (LRV) throughout the rail system for Improved LRV and service recovery.
- Implemented managerial LRV cleanliness auditing process.
- Delivered extra rail service for special events.
- Completed work order revisions to facilitate more accurate data entry and trending abilities to support LRV reliability reporting.
- Implemented formal Movement Director monthly evaluations to monitor performance.
- Completed Way Department re-railing trainer training and training manual.
- Completed fleet-wide illuminated panic button modification to alert operators to depressed buttons and assist in equipment troubleshooting.
- Developed supervisor cross-training program for transportation and maintenance employees.
- Completed fleet-wide dead-man modification to reduce inadvertent full service braking while in service.
- Hosted several tours of OCC for both national and international visitors.
- Provided modified rail service during the G-20 Summit.
- Hosted N.T.I. Transit Academy.

FY 2011 Goals and Objectives

- Continue aggressive monitoring of on-time arrival through supervisor observation checks.
- Continue aggressive auditing of LRV cleaning process and procedures.
- Implement LRV Reliability Program.
- Evaluate transportation and maintenance functions for budget reduction opportunities.
- Conduct monthly budget reviews for strict budget adherence.

- Continue Operator Customer Service re-fresher training.
- Continue troubleshooting training for all levels of rail operations personnel.
- Implement Supervisor Cross Training Program.
- Develop North Shore Connector Operational Plan.
- Conduct first level supervisor quarterly budget information sessions.

FY 2011 Key Performance Indicators

- On-time arrival.
- Vehicle cleanliness.
- Discourtesy complaints.
- Mean distance between service interruptions.
- Preventive maintenance inspections within prescribed mileage window.

Facilities and Rail Maintenance

The purpose of the Facilities & Rail Maintenance Department is to provide Port Authority customers and employees with safe, clean and reliable facilities and to maintain non-revenue vehicles and equipment in optimal condition. The Department is comprised of the following: Facilities & Rail Maintenance Administration, Way, Facilities, Power and LRT Systems, and Non-Revenue Vehicles.

The Facilities & Rail Maintenance Department is responsible for providing direction for and oversight of the maintenance, service, and repair of elements of Port Authority infrastructure and support equipment. This includes the following:

- Repair and various janitorial labor functions for Port Authority facilities including rail, rail stations, rights-of-way, bus stations, Park and Ride lots, loops, layover areas, vehicle and equipment storage lots, and other support facilities;
- Maintenance of Port Authority's traction power system and signal system to provide an uninterrupted power supply and to ensure the safe operation of trains;
- Maintenance and repair of electronic equipment, radios, and public address systems and other communications systems;
- Maintenance, repair, and servicing of Port Authority's non-revenue vehicles and equipment.

FY 2010 Highlights

- Facilities & Rail Maintenance preventive maintenance completion rates remained consistent during FY2010 at an average of 88%.
- Began major Tamping Program meeting all goals.
- Completed the Homeland Security Lighting Project for the Rail.
- Created the Way Supervisor Position to enhance productivity in the Way Department.
- Began the Control upgrade of the Mon Incline to provide more integrity into the system.

FY 2011 Goals and Objectives

- Continue to Upgrade the Mon Incline controls.
- Continue to automate, where possible, to provide monitoring capabilities of vital systems such as the Incline, Substation, and mileage logs.
- Train supervisors in the use of all equipment associated with their respective departments. This will improve flexibility and enhance the ability to schedule work when certain personnel are not available.

- Improve the productivity of personnel and equipment on snow removal and evaluate costs to better manage the budgeted monies.
- Implement the new Work Order System to provide the Port Authority with a viable tool to track costs.
- Replace the rail and associated hardware in the Mt. Lebanon Tunnel.
- Install a new panelized road crossing at West Liberty crossing on Route 88.

FY 2011 Key Performance Indicators

- Strive towards greater workforce safety numbers.
- Continue to work with the union to resolve potential issues before going to Arbitration.
- Manage the departments to stay within budget and effectively get the work done.

Facilities

The Facilities Department is responsible for housekeeping and maintenance of the Subway, South Hills Junction, and Manchester locations. Mechanical, plumbing, carpentry, and electrical work are provided and heating and cooling service is maintained across the entire Port Authority system.

FY 2010 Highlights

- Replaced all street water valves at the South Hills Junction (SHJ) complex.
- Repainted the Mon Incline.
- Repaired and renewed all First Avenue Station Lighting.
- Completed the Mt. Lebanon Tunnel electrical work.
- Built Farebox Project Office space at the Manchester location.

- Replaced lighting along the Library Line and at the Park-n-Rides.
- Repaired corroded drain lines at the Manchester facility.

FY 2011 Goals and Objectives

- Replace Mt. Washington Tunnel Fans.
- Renew lighting system at Washington Junction Park-n-Ride.
- Renew lighting system at Wood Street.
- Renew East Liberty Garage fire pump plumbing.
- Upgrade Mon Incline control system.
- Repair gutter and storm water systems at SHJ buildings.
- Replace Sump pumps at Wood Street Station.

FY 2011 Key Performance Indicators

- Overtime usage not to exceed allocation.
- Average 90% of PMs completed per month.
- Clear complaints within one week of receipt.
- Complete training of electrical crews by end of fiscal year.

Non-Revenue Vehicles

The Non-Revenue Auto Shop handles the maintenance and repair of over 400 assets. This includes approximately 280 licensed vehicles and 120 pieces of garage support equipment. This department ensures that these assets are safe and reliable for employees to use.

FY 2010 Highlights

- Replaced twenty-seven non revenue vehicles / pieces of shop equipment: 3 Garage service trucks for road calls; 4 Supervisory vehicles; 4 Police vehicles including 1 Lieutenant unit and 1 unmarked unit; 1 tow truck; 5 garage pick-ups with snow removal equipment; 2 new relief vehicles; 5 riding floor scrubbers; 3 support vehicles for the Facilities and the Power & Signals departments. 70% of these vehicles were replaced with smaller, more fuel efficient vehicles.
- Updated Parts Room by eliminating obsolete inventory.
- Increased efficiencies and lowered costs by utilizing vendors that are providing the best prices and delivery options.
- Continued to reassign vehicles by mileage usage.

FY 2011 Goals and Objectives

- Replace 5 police vehicles.
- Replace an additional 3 garage service trucks.
- Replace 3 supervisory vehicles.
- Purchase 2 new smaller dump trucks with snow removal equipment.
- Replace 1 bucket truck.
- Replace 3 heavy duty crew trucks.
- Replace 3 shelter cleaning trucks.
- Purchase 4 compact street sweepers.
- Replace 3 crew cab pick-ups.
- Replace 3 full size work vans.
- Replace 1 stake body truck.
- Replace 1 skid steer.
- Replace 1 back hoe.
- Replace 6 Facilities work vans.
- Replace 2 Revenue Collection vault trucks.
- Replace 3 system support vans.

- Replace 1 tilt trailer.
- Continue to reassign vehicles by mileage use.
- Continue to look for ways to improve efficiencies.

FY 2011 Key Performance Indicators

- Total scheduled repairs made.
- Total unscheduled repairs made.
- Total work orders written.

Way

The Way Department is responsible for the inspection, maintenance, and repairs of Port Authority rail systems, bus rights-of-way, bridges and, in FY2009, assumed the responsibility for derailment re-railing.

Rail maintenance involves maintaining all components of the track structure such as rail, turnouts, ties, ballast, direct fixation, embedded track, and fastener systems. A daily track inspection program monitors these components and the inspection schedule includes monthly switch inspections, annual detailed switch inspections, and annual track geometry inspections.

The Way department maintains the track structure to standards set by the American Public Transportation Association (APTA).

FY 2010 Highlights

- Replaced 1490 ft of corroded base rail in twenty-eight different locations. All of these were in difficult to replace areas like road crossings and

pedestrian crossings (Station Square, Dorchester stop, Santa Barbara stop, Castle Shannon station, Mt. Lebanon tunnel, Caswell crossing, Cook Lane crossing, King school stop, West Library stop, Mesta stop, and Monroe stop).

- Replaced point, straight stock, curve closure, and both rails leading into SHJ #7. Poured new concrete at the pedestrian crossing outbound at SHJ station.
- Replaced straight stock and curved closure at SHJ #23.
- Replaced 400 ft of strap guardrail on curve L1 leading into the yard from SHV.
- Tightened all strap guard bolts system wide.
- Pocketed out all Insulated joints system wide.
- Began project to add spiked rubber plates to all Insulated joints system wide. Previously these plates were unclipped.
- Began project to replace fouled ballast system wide.
- Took over re-railing operation. Way Department responded to 4 separate derailments and had the LRVs re-railed in less than two hours each; with one re-railed in twenty minutes.
- Responded to 2 broken rails, 1 at Station Square and 1 at Dorchester stop, with limited service delay.
- Began extensive training and maintenance on tamper resulting in surfacing on mainline for the first time since 2006.
- Began training track maintenance crews on 12 chapter basic principles of track maintenance.
- Bought Insulated joint tester to check continuity of insulated joints.
- Repaired three Sperry defects on Broadway and 3 Sperry defects in Mt. Washington tunnel.
- Completed total revision of track standards manual.
- Replaced twelve catch basins on busways.

- Replace sidewalks/curbs at the McKeesport Transit Center, Penn Mall, Manchester, and Wood Street.
- Rehabilitated the Liberty ramp bus stop.
- Replaced ties on the Mon Incline and 1 bridge at Sandy Creek.
- Replaced expansion joint on Panhandle bridge.
- Installed new shelters, concrete pads and sidewalks (Amtrak, Duquesne Incline).
- Installed G-20 security fencing and traffic control barricading.
- Replaced concrete slabs at bus garages.
- Maintained vegetation and performed snow removal on Rights-of-Way.
- Maintained Rights-of-Way during severe storms (downed trees, flooding, etc.)
- Removed rock slides on EBA.
- Completed M- Loop gabion wall construction.
- Completed fifteen shelter work orders.
- Replaced over one hundred yards of concrete.

FY 2011 Goals and Objectives

- Surface Overbrook line and Library line.
- Insert rubber plates on all insulated joint ties system wide.
- Continue repairing Sperry defects on Arlington line.
- Continue fouled ballast replacement.
- Replace 200 ft gauge worn rail private drive.

- Replace catch basins on busways.
- Replace sidewalks/curbs at the Dormont and Castle Shannon Stations.
- Replace sidewalks/curbs on the South Busway.
- Rehabilitate McKeesport Transit center into Park-n-ride lot.
- Replace ties on the Mon Incline.
- Replace/repair concrete slabs inside bus garages.
- Fall seasonal tree vegetation cut back project on Rights-of-Way.
- Replace/Repair storm catch basins at bus garages.
- Installation of security fencing and bollards.
- Pre-winter maintenance on catch basin and busway crack sealing.
- Expansion joint cleaning.

FY 2011 Key Performance Indicators

- Timely and completed rail inspections.
- Rail replacement and maintenance projects completed.
- Complete all preventive maintenance on time.

Power and LRT Systems

The Power Department is responsible for the maintenance of electric power systems that provide subway lighting, signal power, traction power generation, current control, and delivery. The LRT Systems Department is comprised of the following three groups:

- The Signal Group - responsible for maintaining all rail signals, roadway signals, track circuits, and traffic computer systems.
- The Electronic Group - maintains the microwave backbone system, closed circuit TV systems, passenger information systems, radio transmitters and receivers, process control systems, LRV braking equipment, digital data systems and signal control circuit cards.
- The Radio Shop - handles the maintenance of police car and non-revenue vehicle radio equipment.

FY 2010 Highlights

- Replaced both safety and haul cables on the Mon Incline.
- Replaced Steel Plaza electrical transformer #2.
- Replaced 15,000 ft of trolley wire on Library Line.
- Installed 12 new aluminum poles for Library Line lighting.
- Repaired all lighting UPS systems on Stage 2 line.
- Completed TV camera installation on Mon Incline.

FY 2011 Goals and Objectives

- Complete thermal imaging program for substations.
- Complete Stage 2 Breaker PM procedures.
- Upgrade Mon Incline Drive Controllers.
- Upgrade Microwave System.
- Implement Arc Flash Electrical Safety Program.

FY 2011 Key Performance Indicators

- Number of delays due to Overhead Problems.
- Number of delays due to Traction Power Problems.
- Amount of lost time due to accidents.
- Overtime control.

Technical Support and Capital Programs

The functions of the Technical Support and Capital Programs Department include the management of the company's Capital Project Programs, providing technical support to Operations and the other divisions within the Authority, administering the Authority's rail maintenance training programs, assisting in the administering and monitoring of the Operations Division's capital and operating budgets.

Capital Program Management includes the following evaluation of corporate infrastructure assets: identification, estimation and prioritization of potential capital projects; design and construction of approved projects. Technical Support includes evaluation, recommendation and technical expertise for the bus and rail systems and the maintenance and repair of the facility infrastructure system. Technical Support is also responsible for the development of technical specifications for the procurement of services, materials, tools and equipment, the review and evaluation of system derailments, and the management and inspection of Port Authority's bridge infrastructure.

The department's budget responsibilities include variance reporting,

forecasting, and coordination of information between the Operations and the Finance Divisions. Additional responsibilities include providing support to division staff in identifying and developing utility and third party agreements, project management plans, and document control activities.

FY 2010 Highlights

Capital Programs

- **Morewood Point Landslide Remediation**
A hillside beneath the Morewood Point Housing Development along the East Busway required remediation and slope stabilization. Construction of this project was completed in fiscal year 2010.
- **Harmar Stormwater & Paving**
This project is separating the building floor drains from storm water conveyance systems and rerouting to sanitary sewer systems. The building roof drains are also being rerouted to bypass the storm water treatment system. Additionally, all perimeter roads and bus storage area pavement is being resurfaced with full-depth asphalt reconstruction. Construction of this project commenced in fiscal year 2010 with completion anticipated in early fiscal year 2011.
- **Collier Perimeter Paving**
This project removed and replaced existing pavement in the bus parking and egress areas at the Collier garage and established positive drainage away from the building. Construction of the project was completed in fiscal year 2010.
- **East Liberty Wash Racks**
This project replaced wash racks "A" and "B" at the East Liberty garage. Construction of the project was completed in fiscal year 2010.
- **East Busway Rehabilitation**
This project is rehabilitating approximately seven miles of the East Busway from Grant St. to Wilkinsburg Station. The project will include removal of reinforced concrete and brick pavement and replacement with plain cement concrete pavement from Grant Street to Penn Station. From Penn Station to Wilkinsburg Station, the existing concrete will be cracked and sealed, and overlayed with bituminous Superpave pavement. The design

was completed and bid and construction commenced in fiscal year 2010 with completion anticipated by the second quarter of fiscal year 2011.

- *Roof Replacements at South Hills Village and South Hills Junction*
This project is replacing approximately 145,000 sq ft of roof at two South Hills Village buildings, Maintenance and Operations Control, and the South Hills Junction Bldg#1, with a 3-ply modified bitumen roof system and new flashings. The specifications were completed and bid and construction commenced in fiscal year 2010 with completion anticipated by the second quarter of fiscal year 2011.
- *Manchester Paint Booth Replacement*
This project is replacing three (3) existing side-draft paint spray booths at the Manchester Main Shop with three (3) new down-draft paint booths. The design commenced in fiscal year 2010 with completion of design, bid and start of construction anticipated in fiscal year 2011.
- *Wheel Axle Press*
The specification for the new LRV axle press at the South Hills Village Rail Maintenance facility was completed in fiscal year 2010. The axle press will be bid and installed in fiscal year 2011.
- *Microwave System Replacement and Upgrade*
The specifications for replacement and upgrade of the existing microwave communications system was complete and bid in fiscal year 2010. The system will be installed in fiscal year 2011.
- *Mt. Lebanon Rail Replacement*
This project will replace approximately 13,000 linear feet of rail and associated components in the Mt. Lebanon Tunnel. The design commenced in fiscal year 2010. The completion of design, bid and construction will occur in fiscal year 2011.
- *Bus Lifts at Ross and West Mifflin Garages*
This project will replace two (2) existing bus lifts at Ross Garage and one (1) existing bus lift at West Mifflin Garage with 3-post self-contained shallow-pit lifts. The specifications were complete and bid in fiscal year 2010. The equipment will be installed by the second quarter of fiscal year 2011.
- *Rail Grinding*
Obtained a professional services firm to perform optical rail measurement and make recommendations for rail grinding. Optical rail measurements and recommendations will be complete in early fiscal year 2011.

- *LRV Procurement and Rehabilitation Project*

Continued working with CAF to address open engineering issues. Issued a Change Order to CAF for schedule extension through the end of calendar year 2011 to resolve all open issues.

Technical Support

- Completed the necessary testing of Authority wide fire alarm, fire detection and suppression systems.
- Began the process of scanning all full size as-built drawings on file in the South Hills Junction plans vault. Over 25,000 documents were scanned.
- Continued to perform Underground Utility Locating services in a timely manner.
- Continued to perform LRV derailment investigations and issue reports.
- Continued to oversee the Authority's Bridge Inspection Program.
- Assisted in development of Homeland Security Grant requests and the implementation of various projects.

Project Controls

- Began overseeing the trash, landscaping, and snow removal contracts at the Park and Ride lots.
- Gathered snow removal cost information, and submitted a request to the Federal Emergency Management Administration (FEMA) and Pennsylvania Emergency Management Administration seeking reimbursement for these costs under the Stafford Act.
- Assisted in the preparation of the National Transit Database report.
- Prepared the semi-annual Disadvantaged Business Enterprise (DBE) Summary Report.
- Assisted directors and managers in developing their annual operating and capital budgets.

- Provided support in developing third party agreements and work authorizations.

Environmental Compliance

- **Environmental Services Contracts**

Secured or extended the following environmental service contracts:
 Contract 09-158 - Hazardous/Non-hazardous Waste Removal and Disposal
 Contract 09-218 - Environmental Sampling, Testing and Reporting
 Contract 09-251 - Environmental Emergency Response
 Contract 09-021 - Cleaning of Oil/Water Separators
 Agreement 06-09 - Environmental Contract Services (extended)

- **Wastewater Management**

Provided environmental support on the design and construction of the Storm Water Separation and Paving Improvements at the Harmar Garage and Paving Project at the Collier Garage. These projects were developed in response to the Pennsylvania Department of Environmental Protection (DEP) draft consent order to improve the overall quality of the stormwater runoff discharged from these garages to the nearby streams.

- **Air Quality Management**

Completed and submitted the Semiannual Air Permit Reports for each of Port Authority's 8 major facilities as required by the air permit.
 Completed and submitted the Annual Air Permit Compliance Certification for each of Port Authority's 8 major facilities.
 Secured a Determination of Minor Significance for the new paint spray booth at South Hills Junction Building 4.

- **Storage Tank Management**

- Completed operations inspections of the underground storage tanks (USTs) at the Collier, Ross and South Hills Village facilities. The seventeen USTs located at these three facilities all were in compliance with the DEP storage tank regulations.
- Completed corrosion protection by a DEP certified corrosion technician on all thirty eight steel USTs located at the operating facilities. This testing fulfilled the regulatory requirements for periodic testing of the tanks imposed by the United States Environmental Protection Agency (EPA) and the DEP.

- **Waste Management**

- Completed and submitted to DEP the 2009 Biennial Hazardous Waste Report for each of the seven large quantity hazardous waste generating

facilities. These reports were completed in-house and submitted electronically at a cost savings to Port Authority.

- Due to the change in solid waste management companies, secured the waste disposal permit at Allied Waste's Imperial landfill for the garage sludge resulting from the permit-by-rule waste processing system located at South Hills Junction and wastewater treatment plant at the West Mifflin garage. Also, as part of this contract, completed a switch to Allied Waste & Air Cycle Corporation to recycle fluorescent and high intensity discharge (HID) tubes and bulbs throughout Port Authority as required by the universal waste regulations.

FY 2011 Goals and Objectives

Capital Programs

- *Harmar Stormwater & Paving*
Complete construction of the Harmar Stormwater and Paving Project that commenced in fiscal year 2010.
- *East Busway Rehabilitation*
Complete construction of the East Busway Rehabilitation project by the second quarter of FY 2011.
- *Roof Replacements at South Hills Village and South Hills Junction*
Complete Roof Replacement construction by the second quarter of fiscal year 2011.
- *Manchester Paint Booth Replacement*
This project is replacing three (3) existing side-draft paint spray booths at the Manchester Main Shop with three (3) new down-draft paint booths. Complete design, bid and start construction in fiscal year 2011.
- *Wheel Axle Press*
The specification for the new LRV axle press at the South Hills Village Rail Maintenance facility was completed in fiscal year 2010. Bid and install in fiscal year 2011.
- *Microwave System Replacement and Upgrade*
The specifications for replacement and upgrade of the existing microwave communications system was complete and bid in fiscal year 2010. Install system in fiscal year 2011.

- *Mt. Lebanon Rail Replacement*
This project will replace approximately 13,000 linear feet of rail and associated components in the Mt. Lebanon Tunnel. The design commenced in fiscal year 2010. Complete design, bid and construction in fiscal year 2011.
- *Bus Lifts at Ross and West Mifflin Garages*
This project will replace two (2) existing bus lifts at Ross Garage and one (1) existing bus lift at West Mifflin Garage with 3-post self-contained shallow-pit lifts. The specifications were complete and bid in fiscal year 2010. Install equipment by the second quarter of fiscal year 2011.
- *Repair of CBD Tunnel Zones 2, 6 & 9 Dry Standpipe*
This project will repair fire standpipe systems in the Central Business District light-rail tunnel, zones 2, 6 & 9. The design will be complete, bid and construction will commence in fiscal year 2011.
- *Busway Radio System Replacement Project*
This project will replace the existing bus radio system with FCC-compliant narrow band equipment. The specifications will be complete, bid and construction will commence in fiscal year 2011.
- *South Hills Village Wash Rack Replacement*
This project will replace the existing wash system at the South Hills Village Rail Center. The specifications will be complete, bid and construction will commence in fiscal year 2011.
- *Maintenance Work Order System*
This project will implement a new maintenance work order system to schedule, measure and track maintenance system-wide activities. The system requirements will be developed, RFP written and software vendor selected in fiscal year 2011.
- *Energy Audit*
This project will include a system-wide audit to inventory energy consuming equipment, inspection of building envelope characteristics, analysis of utility billing history and recommendation of energy savings measures. The audit requirements will be developed, RFP written and audit firm selected in fiscal year 2011.
- *Rail Grinding*
Conduct optical rail measurements and receive recommendations for rail grinding in early fiscal year 2011. Develop specifications, bid and implement grinding in fiscal year 2011.

- *LRV Procurement and Rehabilitation Project*
Continue working with CAF to address open engineering issues and proceed toward contract close-out.
- *Bridge Inspection Program*
The Bridge Inspection Program includes periodic inspections of each Port Authority bridge every two years. The inspections assess structural conditions and allow for the forecasting of rehabilitation and replacement needs before major crisis situations arise. The program also includes the periodic inspection of transit tunnels (every two years), radio towers (every six years), retaining walls (as needed) and inclines (every four years).

Technical Support

- Continue scanning all full size as-built drawings on file in the South Hills Junction plans vault and start scanning manuals. This process will entail the scanning to digital format of over 50,000 documents. When finished there will be back-up documents and an electronic library of all Authority as-builts.
- Continue the necessary testing of Authority wide fire alarm, fire detection and fire suppression systems.
- Continue to perform Underground Utility Locating services in a timely manner.
- Continue to perform LRV derailment investigations and issue reports in a timely manner.
- Continue to oversee the Authority's Bridge Inspection Program.
- Assist in development of Homeland Security Grant requests and the implementation of various projects.

Project Controls

- Assist directors and managers in developing their annual operating and capital budgets.
- Assist in the preparation of the National Transit Database report.

- Prepare the semi-annual Disadvantaged Business Enterprise (DBE) Summary Report.
- Provide support in developing third party agreements and work authorizations.

Environmental Compliance

- Wastewater Management
 - Complete upgrades to the wastewater treatment system at the South Hills Village Rail Center to negate overflow condition of current oil Interceptor and removal of associated waste oil holding tank.
 - Complete and submit ALCOSAN permit renewal applications and secure renewed permits for the wastewater discharges from the Collier, East Liberty, Manchester, Ross, S. H. Junction, S. H. Village and West Mifflin facilities.
 - Secure a renewed permit with the Allegheny Valley Joint Sewer Authority (AVJSA) for the wastewater discharges from the Harmar Garage.
 - Complete upgrades to the large parts washing and spray cleaning operations at the Manchester Shop that are the cause of oil and grease and pH exceedances of the ALCOSAN industrial wastewater permit limits.
- Storage Tank Management
 - Complete operations inspections by a DEP certified inspection company of the 30 USTs located at the East Liberty, Harmar, Manchester, South Hills Junction and West Mifflin facilities, as required by the DEP storage tank regulations.
 - Update the Storage Tank Release Detection Monitoring and Response Procedure to include recently revised DEP storage tank regulations and provide training to the locations on the revised procedure.

FY 2011 Key Performance Indicators

- Number of projects completed on time and within budget.
- Time to complete PA One Call tickets.
- Time to complete derailment reports.

Rail Maintenance Training

Rail Maintenance Training provides the development and delivery of skilled maintenance training programs for hourly maintenance personnel, as well as training of Authority employees on various pieces of non-revenue equipment.

FY 2010 Highlights

- Completed training for twenty six MAP apprentices. Training included both formal classroom and on-the-job elements and totaled over 35,000 hours. The classifications in which apprentices received diplomas included; Wireman, Substation Maintainer, HVAC Repair, Signalperson, Electronic Maintainer, Tech "A", Tech "B", and Shop Mechanics.
- Coordinated and performed Re-Railment Training for the Way Department due to the department assuming this responsibility. This training instructed students on the proper and safe procedures for re-railing LRVs and other rail capable work equipment that inadvertently disengages from the rail. Instructors also assisted in two emergency re-railment operations.
- Heavy Equipment Instructors developed and completed Crane and Rigging Training for the Heavy Equipment Operator / Maintainers in the Way Department. This training taught students the safe and proper setup to lift and move equipment using Port Authority's 20-ton Grove Crane.
- Coordinated the training for the Tamper and Resurfacing equipment used to align and repair Port Authority's twenty six miles of track. This equipment enables the track crews to perform track maintenance activities at a faster pace. This work is essential to providing customers with a smoother and safer ride.

FY 2011 Goals and Objectives

- Continue scheduling and administering the CAF Light Rail Vehicle training. This training will include Gearbox Overhaul, PTU Troubleshooting, and Contactor Overhaul.

- Continue involvement with the Keystone program, participating in course development and externally administered training programs.
- Complete development of daily lesson plans for the Signal, Radio Repairman, Wireman, and Tech "A" MAP job classification training programs.
- Maintain an above 90% approval rating by students who attend formal MAP classroom training.

FY 2011 Key Performance Indicators

- Attendance rosters and instruction materials for the CAF car contactor overhaul and advanced PTU Troubleshooting.
- Attendance of informational and work group meetings for the Keystone program.
- Daily lesson plans for the Signal, Radio Repairman, Wireman, and Tech "A" MAP Job Classification training programs.
- Above 90% approval on student generated course assessments given at the end of all formal MAP classes.

North Shore Connector

The North Shore Connector Team is responsible for the design, construction and overall project management of the light rail extension project to the North Side of the city. All construction contracts for the North Shore Connector are underway and are on budget and on schedule.

FY 2010 Highlights

- The NSC-003/006 twin bored tunnel work was completed and the tunnels were turned over to the NSC-009 Systems Contractor.

- The NSC-004R Contract, the Gateway Station Shell Contract, continued to advance and is over 80% complete.
- The NSC-007 Contractor completed the aerial structure and it was turned over to the NSC-009 Systems Contractor and the Station Finishes contractor to begin their work.
- The track crossover necessary for turn back operations at Wood Street Station was completed and is in full operation.
- Track installation was completed in both bored tunnels and through the North Side Station area. This represents in excess of 50% of the required trackwork.
- Construction Change Order management proactively limited cost changes to less than 2%, despite the most complex and challenging construction operations. This has allowed a \$10 million dollar reduction in the budget for the program.

FY 2011 Goals and Objectives

- Complete NSC-004R Construction Contract work necessary to reopen the intersection of Stanwix Street and Liberty Avenue by mid December.
- Complete the installation of the trackwork except for the Gateway Station area by December 31, 2010.
- Complete the installation of the traction power substation to allow permanent power service to the North Side Station by January 31, 2011.
- Advance the station finish work at the Allegheny Station to 85% level of completion.
- Complete installation of 75% of the rail by the NSC-009 contract.

FY 2011 Key Performance Indicators

- Complete the construction of the NSC-004R Contract by the end of February 2011 and begin contract closeout.

- Complete the construction of the North Side Station. Finishes construction by May 2011.
- Continue to manage construction contract changes to 5% or less of the original contract value.

Automated Fare Collection System

FY 2010 Highlights

- Established program management office to support program with controlling mechanisms.
- Successfully completed pilot program at the Ross Garage and Phase I Integration Testing.
- Developed preliminary fare policy to support software development by supplier.
- Conducted several training courses to facilitate Phase I activities.
- Installed and performed Phase I testing for Central Computer System.
- Began screen flow design for Ticket Vending Machines.
- Benchmarked two sister Transit Authorities smart card systems.

FY 2011 Goals and Objectives

- Complete fleet installation of Phase I equipment including fareboxes, garage computers, and vaulting equipment by Fall 2010.
- Complete design reviews and first article presentation of Ticket Vending Machines (TVMs) to stakeholder groups; Approve TVM design for production by Winter 2010:
 - Complete screen flows and develop software.
 - Present operational TVM to stakeholders groups for feedback and design revisions.
 - Complete all environmental testing.
 - Complete site engineering work to facilitate installation in Spring of 2011.

- Working with consultant, complete fare policy design, present and obtain board approval by end of Fiscal 2011.
- Conduct initial Smart Card testing with Authority employees to verify/validate the equipment and processes on a Pilot Basis – Fall 2010.
- Conduct initial smart card testing with the University of Pittsburgh faculty, administration and students Fall 2010; complete this roll out by Winter 2010.

FY 2011 Key Performance Indicators

- Achieve $\leq 5.0\%$ bill rejection or bill jam rate for all installed fareboxes.
- Achieve $\geq 98.0\%$ currency reconciliation accuracy rate.
- Replacement of all fareboxes on rolling stock, and replacement of vaults at all locations.
- Conclusion and acceptance of final test report for each Smart Card Test.
- Completed Fare Policy ready for presentation to Board for their approval by close of Fiscal Year 2011.
- Site preparation and installation at identified locations of all Ticket Vending Machines and Rail Platform Validators.
- Signed agreement between Port Authority and chosen Third Party Retail Outlets.

Port Authority of Allegheny County

FINANCE DIVISION

Overview

The Finance Division at the Port Authority is responsible for all financial, accounting, treasury, reporting and procurement related functions. In addition, Claims, Workers' Compensation, Grants Accounting, Information Technology and Capital Project Administration departments are part of this division. Specific responsibilities of the Finance Division include the following: prepare and monitor the annual operating and capital budgets; prepare financial documents and reports as required by federal, state, and county governments; collect and deposit revenues, cash management, financial projections and analysis; purchase, receive, store and distribute materials and supplies consistent with Port Authority's needs; perform payroll, accounts receivable, accounts payable, billing, and other accounting functions; review and process all liability, property, and workers' compensation claims made against the Authority; manage all hardware and software projects within the organization; apply for State, Federal and local grants; and perform the grants accounting functions.

The Finance Division provides oversight of the General Administrative Expenses of the Port Authority which include corporate and general insurance and interest expense. General Administrative Expense also includes all federal and state capital programs used to offset operating expenses. These budgeted dollars

are shown as a contra-expense account. For presentation purposes, the General Administrative departmental costs are shown separately.

Finance Division officials also serve on many committees: the attendance and absenteeism task force, IT steering committee, and capital planning committee. In addition, they serve as trustees for Port Authority's defined benefit retirement and disability plans.

Divisional Expense Highlights

The Finance Division ended FY 2010 favorable to budget. Salaries and Wages were favorable to budget by \$771,988 and Fringe Benefits by \$725,829. In addition, Purchased Services were favorable to budget by \$800,219. The total budgeted expenses for FY 2011 are 38.9% above the FY 2010 projected totals. This is primarily due to increases within the categories of Interest Expense and Software License & Support expense.

Figure 3.4
Port Authority of Allegheny County
FINANCE DIVISION

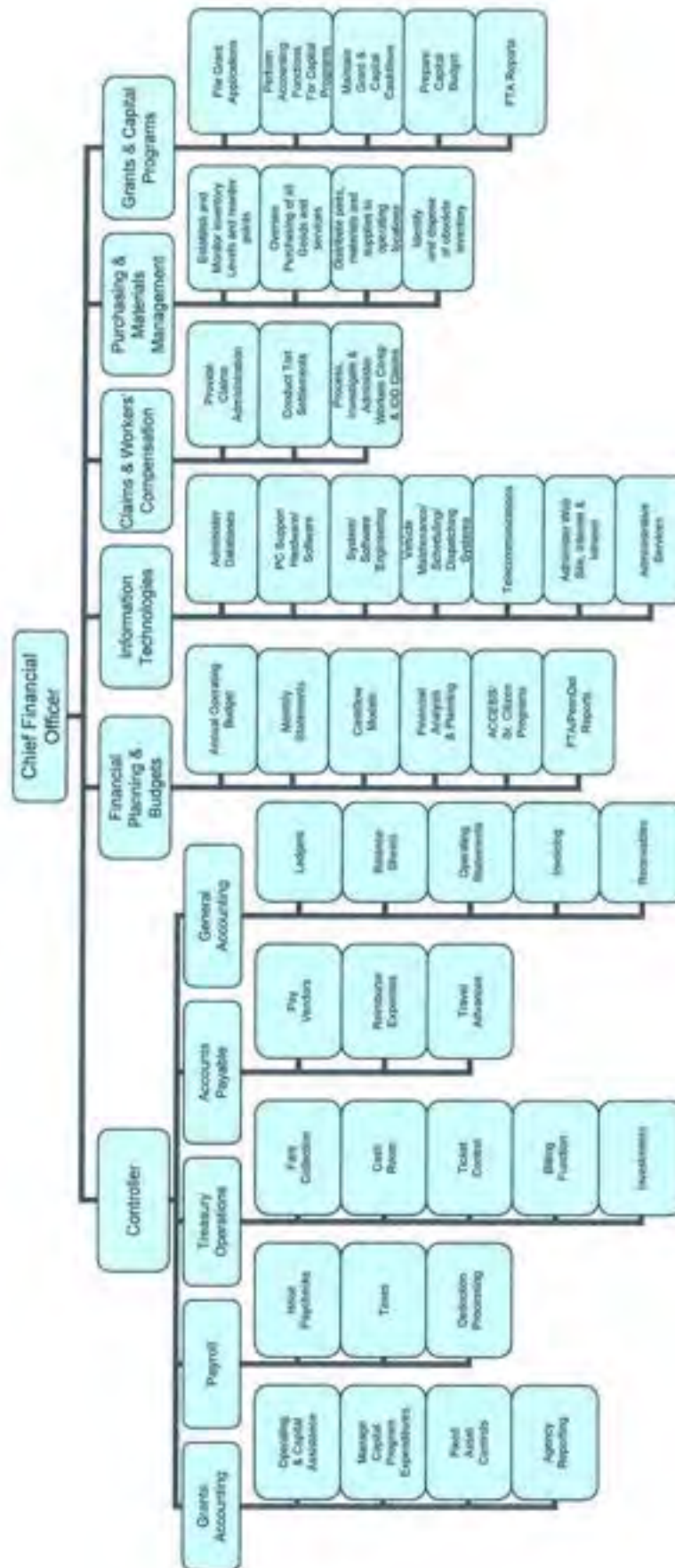
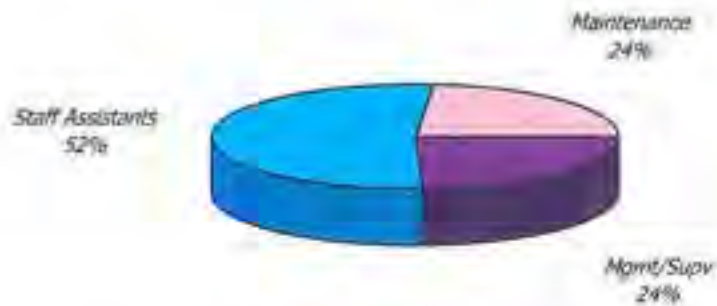


TABLE 3.4a

Port Authority of Allegheny County
FINANCE DIVISION
Personnel by Function & Department

Fiscal Year 2011 Budget



Personnel Summary (No. of Employees)

	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>
Exec & General - Finance	2	2	2
Materials	42	42	42
Claims & Workers' Compensation	15	14	14
Accounting	15	15	15
Treasury Operations	22	21	23
Financial Planning & Budgets	4	4	4
Grants Accounting	3	3	3
Procurement	19	19	19
IT System Development	12	12	15
IT Infrastructure & Support	9	9	10
Grants and Capital Programs	3	3	3
Administrative Services	8	8	8
Total Personnel	<u>154</u>	<u>152</u>	<u>158</u>

TABLE 3.4b

Port Authority of Allegheny County
FINANCE DIVISION

*Expense by Department***Expense Summary (Total Expense)**

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Exec. & General - Finance	178,441	200,902	197,647	-1.6%
Claims & Workers' Compensation	4,163,044	2,184,142	5,074,296	132.3%
Accounting	736,487	793,771	839,131	5.7%
Treasury Operations	921,676	947,562	1,024,382	8.1%
Financial Planning & Budgets	227,275	252,861	255,374	1.0%
Grants Accounting	(37,283)	1,758	8,597	389.1%
Materials	2,584,316	2,613,948	2,819,108	7.8%
IT System Development/Infrastructure	2,498,892	2,549,419	3,447,447	35.2%
<u>Automatic Fare Collection System</u>	-	122,390	-	-
Administrative Services & Technical Specs.	645,396	635,001	834,286	31.4%
Grants and Capital Programs	35,393	16,229	11,573	-28.7%
Procurement	1,058,077	1,098,413	1,147,944	4.5%
General & Administration	(764,456)	3,957,088	5,687,564	43.7%
Total Net Expense	12,247,257	15,373,483	21,347,349	38.9%

Bold and underlined items represent departments involved in company re-organization.

*Expense by Category***Expense Summary (Total Expense)***

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Salaries & Wages	7,928,950	8,304,945	8,980,328	8.1%
Employee Benefits	13,895,587	13,861,531	14,676,092	5.9%
Purchased Services	1,527,045	1,269,881	1,883,050	48.3%
Prov for Inj & Damages	2,305,413	1,283,029	2,535,778	97.6%
Materials & Supplies	(122,473)	113,980	210,869	85.0%
Utilities	656,297	769,911	822,000	6.8%
Interest Expense	-	122,997	478,000	100.0%
ACCESS	24,271,974	23,930,837	25,211,400	5.4%
Other Expenses	2,107,274	869,449	1,764,759	103.0%
Transfers & Capitalizations	(40,322,810)	(35,153,077)	(35,214,927)	0.2%
Total Net Expense**	12,247,257	15,373,483	21,347,349	38.9%

**Both the Expense by Department Analysis at top of page and Expense by Category at bottom of page include General Administration Expense that is not included in Table 3.4c.*

***Change in Total Net Expense due to re-categorization of Transfers & Capitalizations into State Operating Assistance*

TABLE 3.4c
Port Authority of Allegheny County
FINANCE DIVISION

Expense by Department

Expense Summary (Functional Group)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Exec. & General - Finance	178,441	200,902	197,647	-1.6%
Claims & Workers' Compensation	4,163,044	2,184,142	5,074,296	132.3%
Accounting	736,487	793,771	839,131	5.7%
Treasury Operations	921,676	947,562	1,024,382	8.1%
Financial Planning & Budgets	227,275	252,861	255,374	1.0%
Grants Accounting	(37,283)	1,758	8,597	389.1%
Materials	2,584,316	2,613,948	2,819,108	7.8%
IT System Development/Infrastructure	2,498,892	2,549,419	3,447,447	35.2%
Automatic Fare Collection System	-	122,390	-	-
Administrative Services & Technical Specs.	645,396	635,001	834,286	31.4%
Grants and Capital Programs	35,393	16,229	11,573	-28.7%
Procurement	1,058,077	1,098,413	1,147,944	4.5%
	<u>13,011,714</u>	<u>11,416,395</u>	<u>15,659,785</u>	<u>37.2%</u>

Bold and underlined items represent departments involved in company re-organization.

Expense by Category

Expense Summary (Functional Group)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Salaries & Wages	7,928,950	8,304,945	8,906,064	7.2%
Employee Benefits	1,870,475	1,042,677	2,229,561	113.8%
Purchased Services	1,366,465	1,231,681	1,694,050	37.5%
Prov for Inj & Damages	1,057,859	6,876	1,152,030	16654.5%
Materials & Supplies	105,154	68,261	185,069	172.3%
Utilities	655,693	769,911	822,000	6.8%
Other Expenses	395,432	381,140	1,051,263	175.8%
Transfers & Capitalizations	(368,314)	(389,096)	(301,052)	-2.1%
	<u>13,011,714</u>	<u>11,416,395</u>	<u>15,659,785</u>	<u>37.2%</u>

TABLE 3.4d

Port Authority of Allegheny County
FINANCE DIVISION

Expense by Department

Expense Summary (General & Admin. Group)

	<u>FY 2009 Actual</u>	<u>FY 2010 Forecast</u>	<u>FY 2011 Budget</u>	<u>% Change from 2010</u>
	\$	\$	\$	%
General Admin. Expense	(764,456)	3,957,088	5,687,564	43.7%
	<u>(764,456)</u>	<u>3,957,088</u>	<u>5,687,564</u>	<u>43.7%</u>

Expense by Category

Expense Summary (General & Admin. Group)

	<u>FY 2009 Actual</u>	<u>FY 2010 Forecast</u>	<u>FY 2011 Budget</u>	<u>% Change from 2010</u>
	\$	\$	\$	%
Salaries & Wages	-	-	74,264	
Employee Benefits	12,025,113	12,818,854	12,446,531	-2.9%
Purchased Services	160,580	38,200	189,000	394.8%
Materials & Supplies	(227,627)	45,719	25,000	-45.3%
Interest Expense	-	122,997	478,000	100.0%
Prov for Inf and Damages	1,247,554	1,276,153	1,383,748	8.4%
ACCESS	24,271,974	23,930,837	25,211,400	5.4%
Other Expenses	1,711,841	488,309	713,496	46.1%
Utilities	604	-	-	
Transfers & Capitalizations	(39,954,496)	(34,763,980)	(34,833,875)	0.2%
	<u>(764,456)</u>	<u>3,957,088</u>	<u>5,687,564</u>	<u>43.7%</u>

Port Authority of Allegheny County

FINANCE DIVISION

Purchasing and Materials

FY 2010 Highlights

- The contract bidding process, award and execution for approximately 54 RFBs (over \$100,000) at an estimated value of \$ 63,050,761.
- The contract bidding process, award and execution for approximately 53 RFQs (under \$100,000) at an estimated value of approximately \$1,526,479. Several of these RFBs and the RFQs have resulted in substantial savings to the Authority.
- Oversaw the sale of 43 scrap buses for a total revenue to the Authority of \$ 59,120.
- Processed and awarded 37 RFBs with an award value of \$18,189,274 and 13 RFQs with an award value of \$543,270 via the ebusiness website.
- Started fiscal year entering approximately 65% of bids via e-business and are currently entering about 97%.
- Worked closely with diesel fuel supplier, Ports Petroleum, in an effort to purchase diesel fuel in the most cost efficient manner. Although the price of this commodity has been very high and volatile, Port Authority locked up the majority of fuel below the daily market prices at a rate of \$2.01 per gallon for July through December 2009 and \$1.95 per gallon January through June 2010. This effort has resulted in a significant savings to the Authority's Operating Budget.
- Was instrumental in getting bio-diesel fuel onto the Port Authority property. The Port Authority is currently operating under a B-10 blend of bio-diesel.
- Completed FY 2010 physical inventory. After completing and calculating the actual physical counts and inventory values, the 2010 inventory count was 98.7% accurate with a system accuracy of 98.3%.
- Analyzed and improved the reduction of "Bus Downs" (The requisition of parts for busses out of service) at the Divisions. The current average bus

downs for FY 2010 is 382, FY 2009 had an average of 427 per month for all 5 Divisions as compared to 379 per month for all five Divisions for FY 2008. This reflects a substantial decrease of approximately forty five bus downs per month as compared to FY 2009.

- Increased the number of firms registered in e-business by approximately 29%.
- Expanded the use of e-business for professional services.
- Successfully solicited for eleven advertisements of professional services including multiple contracts and categories for the solicitations.
- Administered ninety-five professional services contracts, including acquiring services through solicitations; negotiated and processed agreements, work orders and amendments; monitored contract requirements and took steps to correct any deficiencies; and reviewed and processed invoices.
- Successful solicitation of construction contracts for East Busway Paving Rehabilitation, two contracts for Replacement of three Roofs, four contracts for Station Finishes on North Shore Connector Project, two contracts for Stormwater Separation and Paving Improvements at Harmar Garage, Paving improvements at Collier Garage, General Ancillary Services, and East Busway Slope Improvement contract.
- Administration of twenty construction contracts in respect to work orders, potential change orders, change orders, invoices, contract close out and monitoring of contract compliance.

FY 2011 Goals and Objectives

- Begin posting Bid Tabulation and Bid Award information onto the Authority Website.
- Increase the number of potential bidders registered on the Port Authority's e-business website by 20%.
- Create an e-Business Policy & Procedures manual for new users.
- The reduction of obsolete inventory will continue to be conducted on a monthly basis at all of the storerooms to reduce the physical inventory. With the anticipated retirement of the Nova bus fleet and obsolete rail and

facilities parts, along with the removal of the obsolete GFI parts, inventories should be reduced by 15% in the next eight months. This will allow for the purchase of inventories needed for the new bus/rail fleets without increasing total inventory.

- Improving the cycle counting procedure at the five Divisions to enable the ability to accurately track the use of parts and materials. Recent IT changes to Cycle Counting in People Soft will allow for items used in the Division to be identified. These changes and continued monitoring will enable all the necessary parts at the Division to be kept, but will be stocked at the minimum and the current inventory value at the five Divisions will be lowered by 3% over the next twelve months.
- Increase number of firms registered in e-business by 10%.
- Update Port Authority procedures manuals to reflect e-business and current regulations and procedures.
- Bid and successfully complete solicitation for five construction contracts in early FY 2011.

FY 2011 Key Performance Indicators

- Track number of registered bidders in e-business.
- Number of bidders per bid.
- Bus down activity per garage on a monthly basis.
- Total Inventory.
- Garage Inventory.
- Rail Center Inventory.

Financial Planning and Budgets

FY 2010 Highlights

- Reviewed, evaluated, and corrected all account, department, and subclass numbers in the Time and Labor module of PeopleSoft.
- Established and performed payroll/general ledger reconciliations to correctly reflect payroll expenses on the financial statements.
- Completed 2009 Cost Allocation Plan.
- Successfully completed the FY 2009 National Transit Database filing with the Federal Transit Administration.
- Submitted Port Authority's FY 2011 Operating Budget request as well as quarterly and year-end legacy financial results for FY 2010 using the Commonwealth of Pennsylvania's DOT Grant System.
- Trained timekeepers at various locations on the utilization of the task panel in the time and labor module of PeopleSoft to allow for the payroll expenses to be correctly classified.
- Participated in Request for Proposals for Executive Search, Marketing, Bus Procurement, Fare Model, and Temporary Agencies.
- Worked with HR and Payroll staff to inactivate employee position numbers no longer in use.
- Continued to verify personnel requests in relation to the FY 2010 budget.
- Met with Procurement and Operations Divisions and established realistic costs for the inventory items that are repaired In-house by Port Authority employees.
- Established and conducted budget review meetings with Operations division managers to aid in the establishment of the FY 2011 Operating Budget.
- Corrected invalid department numbers within the Inventory module of PeopleSoft to reduce the number of inventory errors when charges are expensed.

- Created RFQ for Fare Policy and Fare modeling; selected consultant from RFQ process.
- Created history and budget variance reports to aid in budget to actual tracking and reporting.
- Staff attended PeopleSoft query classes in order to minimize the time it takes to pull and compile reporting information.
- Worked with IT to establish drill-down capabilities within PeopleSoft to allow departmental managers the ability to research budget to actual variances.
- Staff attended several webinars on NTD reporting changes.
- Created monthly vacancy reports for salary and maintenance employees
- Created monthly financial reports that included encumbrances.

FY 2011 Goals and Objectives

- Complete an analysis of Port Authority's utility accounts, meter locations, and billing process.
- Establish chart field approval process for operating purchase orders and invoices.
- Evaluate performance reporting capabilities of existing work order system.
- Develop Financial Management Training Program for new and existing management in regard to the utilization of financial reports and variance analysis.
- Complete the FY 2010 NTD report in a timely fashion with minimal issues.
- Research the strategic advantages/disadvantages to implementing the PeopleSoft budgeting module.
- Create list of company-wide Key Performance Indicators and implement departmental updates.

FY 2011 Key Performance Indicators

- Track the number and nature of the budget journals processed due to entries being submitted that are over budget in a particular line item.
- Monitor percentage variance of actual revenues and expenditures to budgeted revenues and expenditures.
- Track the number of budget variance inquiries from departments.
- Document the number of job authorization forms and requests reviewed.

Office of the Controller

The Office of the Controller is comprised of the following departments: Grants Accounting, Payroll, Treasury Operations, Accounts Payable and General Accounting.

FY 2010 Highlights

- Implemented a management training program with the following curriculum:
 - a. Change Management for Managers
 - b. Communication Styles
 - c. Conflict Management
 - d. Coaching
 - e. Increasing Personal Productivity
 - f. Managing Employee Performance
 - g. Technical classes from the following subjects (At least one course annually):
 - i. Using Queries
 - ii. Using nVision
 - iii. Using Crystal Reports
 - iv. PeopleSoft
 - v. Grants Management
 - vi. GAAP updates
 - vii. Other appropriate courses as requested by employee

Goal= All managers complete 75% of required courses by 6/30/10, 100% by 12/31/10. As of 6/30/2010, required training was 92.3% complete.

- Implemented quarterly meetings for the entire staff of the controller's group. They featured presentations by various departments throughout the organization, presentations by controller's staff, teamwork exercises, news and Q&A. The meetings are intended to enhance communication and teamwork as well as improve the group's understanding of the company and our role in it.
- Implemented and redesigned processes that reduced month-end closing time from 18 days to 7 days and year-end closing time from 57 days to 30 days.
- Implemented and redesigned processes in accounts receivable that reduced the number of outstanding accounts by 20%; increased the percentage of balance that is current from 70% to 82%; decreased the average age of the A/R balance from 228 days to 36 days; and improved the cost per transaction from \$11.63 to \$11.06.
- Implemented and redesigned processes in capital accounting that improved the cost per transaction from \$44.86 to \$43.51 while improving the reliability of information in grant trial balances by 439%.
- Implemented and redesigned processes in Treasury Operations that improved the cost per \$1,000 processed from \$39.33 to \$37.23.
- Implemented and redesigned processes in the Accounts Payable Department that:
 - Increased the number of vendors paid via electronic funds transfer by 175%.
 - Increased the number of A/P vouchers processed by 7% annually.
 - Increased the amount of vendor discounts earned from \$77,967 to \$184,927 and the discount realization rate (discounts earned vs. discounts available) from 92.9% to 96.6%.
- Implemented "Flash" reports for each department that monitor key performance indicators. These helped each department to stay on track for the FY 2010 goals and objectives.

FY 2011 Goals and Objectives

- Enter all data into the financial accounting system on a daily rather than weekly or monthly basis. Implement more automation and preventive controls over daily processes that reduce the amount of errors and increase the reliability of data. This will free up staff time to be engaged in other more useful and productive activities that will reduce closing time and transactional costs.
- Implement a strategy of resource sharing and reallocation. Employ performance measurement techniques that will track the use of time and encourage the staff to constantly be engaged in productive activities inside their own department or on loan to another. The goal is to achieve a 90% productivity ratio while reducing transactional costs by 10%.
- Require all managers of the group to obtain at least 16 hours of training including 8 hours related to performance management and resource management.
- Decrease the average number of days needed for General Accounting and Grants Accounting to process the month-end transactions to 6 business days.

FY 2011 Key Performance Indicators

The following are productivity measures and goals for the departments in the Controller's group.

General	GOAL FY 2011	Actual FY 2010	GOAL FY 2010	Actual FY 2009
Days to close year end	30 days	30 days	30 days	57 days
Avg days to close the month	6	7	10	18
Realization (% of paid days worked)	85%	85.4%	85.5%	84.6%
Productivity Ratio	90%	N/A	N/A	N/A
% of required training classes taken	75%	92.3%	75%	37.4%

Accounts Payable

Avg # of vouchers processed per month	5,000	4,240	5,000	3,962
Vouchers processed per year	60,000	50,881	60,000	47,544
Avg vouchers per employee per month	1,050	992	1,000	1,080
Avg automated vouchers per month	800	273	800	0
Avg cost per voucher	\$3.60	\$3.88	\$3.60	\$3.75
Discounts Earned	\$195,000	\$184,927	\$195,000	\$77,967
Discounts Lost	\$3,000	\$6,453	\$3,000	\$5,987
Discount realization rate	98.5%	96.6%	98.5%	92.9%

	GOAL FY 2011	Actual FY 2010	GOAL FY 2010	Actual FY 2009
# of EFT Vendors	65	44	36	16
# of Vendors Submitting Electronic Invoices	65	45	5	0

Accounts Receivable/Operating Accounting

Total Transactions	18,000	17,511	15,140	15,206
Cost per transaction	\$10.95	\$11.06	\$12.03	\$11.63
# Journal lines	36,605	97,671	36,605	90,098
# of Outstanding Accounts-A/R	325	351	350	437
Avg Age of A/R balance	33 days	36 days	75	228
% of A/R balance that is current	80%	82%	80%	70%

Payroll

# Pay checks per month	5,890	5,842	5,890	5,837
# Pay checks per Year	70,680	70,105	70,680	70,044
# of off-cycle checks	300	340	436	236
Cost per Pay check	\$4.00	\$4.04	\$4.15	\$3.89
% of off-cycle checks vs. # of transactions	0.50%	0.48%	0.62%	0.34%

Capital Accounting

Avg Transaction \$ amount per Voucher	N/A	\$65,739	N/A	\$72,138
Cost per voucher	\$64.00	\$59.57	\$64.00	\$64.62
Cost per Transaction	\$43.00	\$43.51	\$44.66	\$44.86
Issue rate-Grant Trial Balances	5%	15.7%	10%	68.9%

Treasury

Cost per \$1,000 processed	\$36.00	\$37.23	\$38.00	\$39.33
% OT of Total Wages	0.75%	2.1%	0.75%	1.3%
% Temp help vs. total labor cost (excl. fringes)	2.0%	3.3%	0.5%	0.7%

Grants and Capital Programs

FY 2010 Highlights

- Continued Capital Planning Committee meetings, which included quarterly review of Project Status Reports (PSRs).
- Developed a two year Capital Improvement Program (CIP) for approval by the Board.
- Updated 4 and 12 year Capital Improvement Program (CIP).
- Continued working through the following capital funding challenges:

County funding request vs. proposal, State ACT 44 without I-80 tolls, Federal Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU) Reauthorization and Section 5309 New Rail Modernization Proposals.

- Continued working on funding sources for the North Shore Connector Project.
- Continued the Regional Automated Fare Collection Project.
- Successfully completed the Federal Transit Administration (FTA) FY09 Triennial Review.
- Successfully coordinated the submission of the new Title VI agreement.
- Trained new personnel on preparing and monitoring federal, state and county grants.
- Created and prepared monthly spreadsheets detailing shortfalls between funds expected and actual funds received.
- Prepared and submitted quarterly American Recovery and Reinvestment Act (ARRA) reports to FTA and monthly ARRA reports to PennDOT. Updated ARRA cash flow reports for quarterly Project Management Oversight Committee (PMOC) meetings.
- Prepared Project Status Reports (PSRs) for Finance, IT and AFCS and combined these reports with PSRs from various departments for quarterly PMO meetings.
- Participated in three Request for Proposals (RFPs):
 - Marketing Services for Automated Fare Collection System (AFCS);
 - South Hills Village Parking Garage Facility Management; and
 - Procurement of 40 foot Low Floor and 60 foot Articulated Buses.
- Monitored the progress of Board adopted Capital Improvement Programs (CIP) for previous fiscal years to ensure that projects did not exceed approved funding amounts.
- Closed out prior year federal grants.
- Developed the 2011-2014 Transportation Improvement Program (TIP), including being an alternate on the Congestion Mitigation Air Quality

(CMAQ) Selection Committee.

- Staff presented/attended the NTI (National Transit Institute) Transit Academy in Pittsburgh where the Port Authority hosted the annual four day event.

FY 2011 Goals and Objectives

- Apply and appropriate the funds and monitor the progress of the Board adopted FY 2011 Capital Improvement Program (CIP).
- Coordinate the submission of the new Equal Employment Opportunity (EEO) agreement.
- Monitor the progress of existing capital improvement projects with the Capital Planning Committee utilizing the redesigned Project Status Reports (PSRs) on a quarterly basis.
- Refine and update both the 4 and 12 year CIP.
- Continue to finalize the funding sources for the NSC project based upon final budget.
- Continue to finalize the funding sources for the FY 2010 Bus Procurement project based upon final budget.
- Finalize funding needed for all regional partners participating within the Automated Fare Collection System (AFCS) project.
- Continue working through the following capital funding challenges: County funding request vs. proposal, State ACT 44 without I-80 tolls, Federal SAFETEA-LU Reauthorization and Section 5309 New Rail Modernization Proposals.
- Continue to prepare and submit all ARRA reporting.
- Continue to perform on-going departmental functions/duties as outlined below in FY 2011 Key Performance Indicators.
- Continue to train/develop department personnel on departmental functions/duties.
- Close out prior year federal grants.

FY 2011 Key Performance Indicators

- Track number of grants administered throughout fiscal year in order to minimize outstanding grants and track of monetary restrictions.
- Track percentage completion and amount owed on all grants to ensure that projects stay within budgetary compliance.
- Monitor the time between grants completed and closed in order to establish time duration needed to accumulate the local match.
- Monitor progress of existing capital improvement projects for both deliverables and milestones.

Information Technology System Development

FY 2010 Highlights

- Implemented a new Railcar Reliability Reporting System for the Operations group at South Hills Village. This same system can be extended to work with the Bus side as well.
- Completed the data warehouse foundation and initial report for Key Performance Indicators (KPIs).
- Specified and installed the back-office computer equipment for the new Sheldt & Bachmann Automated Fare Collection System (AFCS). Installed servers and network hardware at Ross Garage and upgraded all remaining operating locations to handle equipment. Ridership data has been integrated into the existing Ridership Application.
- Developed a new web site and two new customer tools (Route lookups and an interactive system map) to promote the Transit Development Plan (TDP).
- Developed a new, automated, system to create a phone directory on ePort as well as all company BlackBerry devices.
- Completed Procurement Card rollout in eProcurement.
- Completed yearly Physical Inventory for main shop and all garages.

- Completed Utility Cost Cutter process into Accounts Payables in PeopleSoft and also interface to Erik Ryan to PeopleSoft.
- Completed the Total Rewards interface process into PeopleSoft Benefits module.

FY 2011 Goals and Objectives

- Replace company intranet with a new system that will allow for better file management and information sharing.
- Further develop data warehouse in support of AFCS and other Port Authority KPIs.
- Replace www.portauthority.org with a newly designed web site.
- Create the www.connectcard.org web site for the AFCS using Port Authority and Sheidt & Bachmann resources.
- Work with Infrastructure IT group to install Ticket Vending Machines (TVMs) for the AFCS project.
- Design an employee portal for www.portauthority.org.
- Implement Hastus GEO module.
- Implement new IVR (Interactive Voice Response) system for Customer Service.
- Complete the rollout of e-Procurement Module.
- Investigate / Select / Begin Implementation of a new Maintenance Work Order System.
- Start the upgrade process for the PeopleSoft HRMS modules: Version 8.8 to Version 9.1.
- Continue resolution of issues resulting from recent eBusiness (Procurement) implementation.

FY 2011 Key Performance Indicators

- Average response time to correct reported bugs / production issues.
- Percentage of application down-time (due to controllable reasons).
- Percentage of defects in customized production code (defects not equivalent to lack of specifications/requirements).

Information Technology Infrastructure

FY 2010 Highlights

- Completed upgrade to Windows XP.
- Completed upgrade to fiber-optic WAN.
- Completed upgrade of telecommunications system.
- Completed installation of CCTV video system at all bus garages.
- Completed installation of new Cisco switches at all locations.
- Completed majority of PC rollout and started monitor replacement.
- Completed Datacenter bid specification and RFP.
- Completed OCC upgrade system design, specifications and equipment list.
- Completed Disaster Recovery environment system design – hardware and software.
- Completed replacement of PAVMS / Station Control Units (28 SCUs).
- Completed implementation of web based Rail Notification Alert System.
- Completed transition of old tape back-up system (Heinz servers) to a disk back-up system using new WAN / SAN technology.

FY 2011 Goals and Objectives

- Complete desktop provisioning environment.

- Install CCTV video system at select park-n-rides and upgrade CCTV back-end equipment at Pitt Tower.
- Complete new monitors roll-out.
- Finalize a Microsoft Enterprise Agreement for software upgrades.
- Windows 7 and Office 2010 upgrade.
- Coordinate installation of North Shore Connector telephone and CCTV systems with existing architecture.
- Complete Datacenter relocation/co-location.
- Complete OCC Virtualization / SAN upgrade.
- Research / Implement Disaster Recovery environment (planned as part of OCC upgrade).
- Proceed with OCC SONET upgrade.
- Develop Network Area Storage (NAS) device for Port Authority Police Videos.

FY 2011 Key Performance Indicators

- Track available percentage of e-mail services to establish standards for mail box capabilities.
- Available percentage of Network.
- Available percentage of Production Servers.
- Percentage of e-mail Spam detection.

Administrative Services

FY 2010 Highlights

- Acquired a desk top Challenge Cutter Model Spartan 150-A for the Print Room at Heinz to replace the 30+ year old cutter located at Manchester that could not be repaired.

- Acquired and installed new Mail Addressing equipment.
- Implemented the Resource Reservation System to automate pool car and conference room reservations using Outlook.
- Decreased Pool Cars from 5 vehicles to 4 vehicles due to low mileage.
- Increased membership of Zipcar by 44%.

FY 2011 Goals and Objectives

- Complete testing of Office Depot's On-line Business Card Printing Request System that will meet 99% of the Port Authority's business card printing formats.
- Continue with existing Vendor for printer toner and printer repair. Maintain inventory of printers, and log of service calls.
- Study the performance of the pre-owned printers purchased and set up guidelines, connected with production levels, for determining new printer versus pre-owned printer purchases.
- Determine if another Contract Change Order would be required to upgrade any existing copier based on print volume and service record. Also determine if the fax option is required on additional copiers to replace aged stand alone fax machines.
- Continue updating records retention schedule and meet with Legal for final revisions.

FY 2011 Key Performance Indicators

- Monitor the percentage of satisfaction from Helpdesk customer survey.
- Average access time to retrieve documents from Electronic Document Management System (EDMS).
- Monitor service record of printers.

Port Authority of Allegheny County

HUMAN RESOURCES DIVISION

Overview

The Human Resources Division is the next largest expense component of Port Authority's FY 2011 operating budget behind the Operations Division due to the inclusion of all company health care expense. The Human Resources Division is comprised of the following departments: Employment and Development, Benefits & Compensation Services, Employee Relations and 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.

During FY 2011, Port Authority will continue bargaining with the Port Authority Transit Police Association (PATPA) in an effort to reach responsible settlements on two separate collective bargaining agreements. In support of the Authority's effort to become a performance driven organization, Human Resources will continue training provided to represented first level supervisors under the Workforce Performance Management Program launched in FY 2010 as part of a labor/management effort with Amalgamated Transit Union (ATU) Local 85. Additionally, the division will develop and implement an organizational specific training program for newly hired and promoted managers to provide them with pertinent skills and information necessary to be successful. The

division will monitor and evaluate the success of the new Performance Management Tool implemented for the FY 2011 performance review period for non-represented employees. The Authority will re-enroll in the Medicare Part D Reimbursement Program for CY 2011, as well as apply for funds through the Early Retiree Reinsurance Program made available under the Health Care Reform: Patient Protection and Affordable Care Act.

Divisional Expense Highlights

The Human Resources Division finished FY 2010 unfavorable to budget. Salaries, Wages, and Fringe Benefits were unfavorable to budget by \$4,580,262 mainly due to increased pension expense; however, Purchased Services ended the year favorable to budget by \$299,112, as well as Materials and Supplies by \$19,655. Fringe Benefit expense exceeded budget in FY 2010 primarily due to pension payments reflecting the prior calendar year actuarial valuation; however, this expense is expected to decrease in FY 2011. In addition, the FY 2011 budget shows a 131.6% increase in Other Services expense over FY 2010 projected amounts predominately due to an increase in the budgeted dollars requested for organizational development.

Figure 3.5
Port Authority of Allegheny County
HUMAN RESOURCES DIVISION

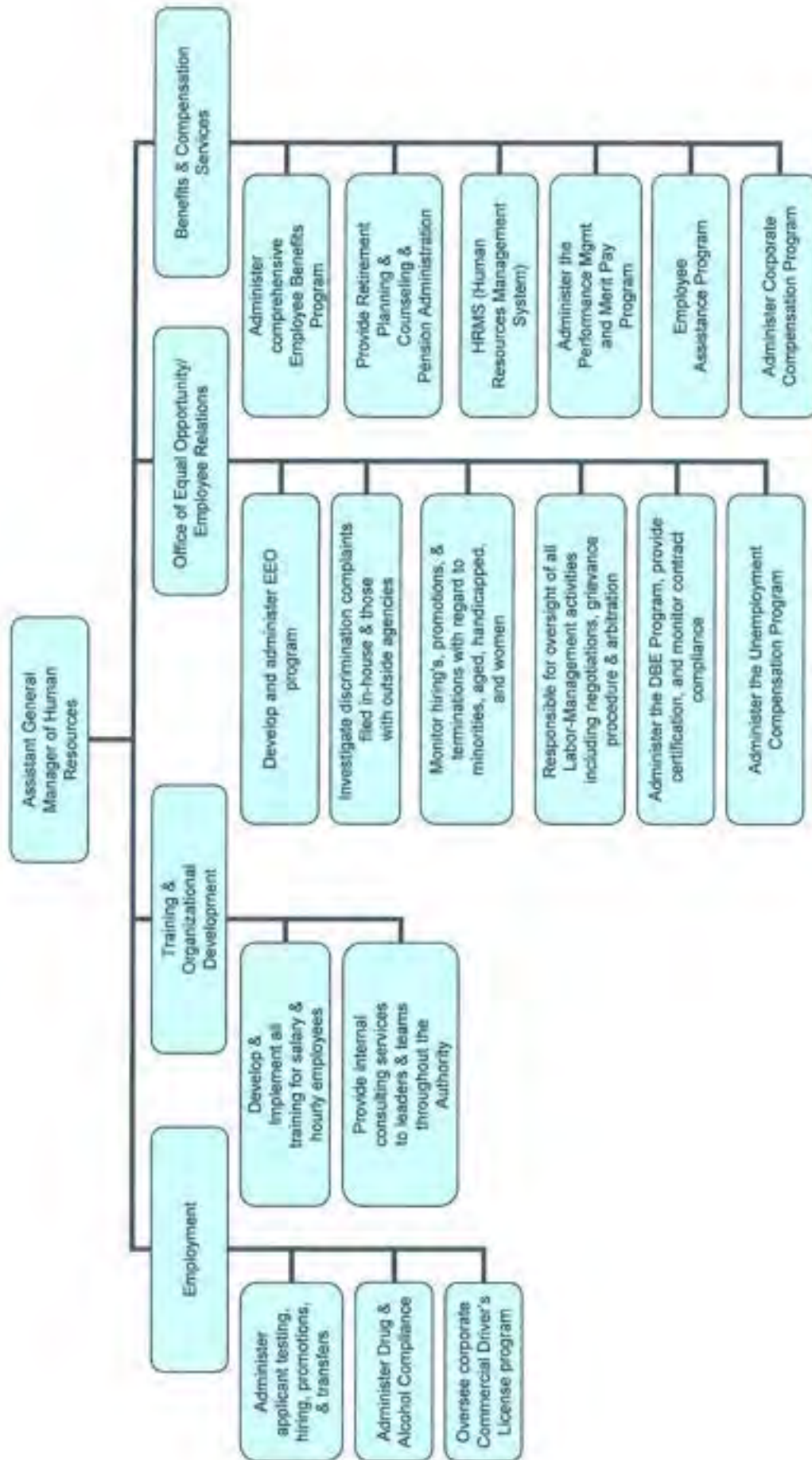


TABLE 3.5a

Port Authority of Allegheny County
HUMAN RESOURCES DIVISION
Personnel by Function & Department

Fiscal Year 2011 Budget



Personnel Summary (No. of Employees)

	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>
Exec & General - HR	3	3	3
Training	3	3	3
Employee Relations/OEO	10	10	10
Employment	6	6	6
Benefits & Compensation	10	9	10
Total Personnel	<u>32</u>	<u>31</u>	<u>32</u>

TABLE 3.5b
Port Authority of Allegheny County
HUMAN RESOURCES DIVISION

Expense by Department

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Exec. & General - HR	256,766	253,440	278,457	9.9%
Training & Org Development	353,867	433,434	753,673	73.9%
Employment	631,615	693,005	766,723	10.6%
Benefits & Compensation*	99,100,266	104,461,211	101,002,441	-3.3%
Employee Relations/EEO	1,575,063	1,765,736	1,970,249	11.6%
Total Expenses	<u>101,917,577</u>	<u>107,606,826</u>	<u>104,771,543</u>	<u>-2.6%</u>

Expense by Category

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Salaries & Wages	1,817,452	1,915,596	1,985,865	3.7%
Employee Benefits*	99,286,158	104,706,607	101,317,451	-3.2%
Purchased Services	588,209	714,038	841,150	17.8%
Materials & Supplies	6,660	6,925	16,320	135.7%
Utilities	-	-	-	-
Other Expenses	219,097	263,660	610,757	131.6%
Transfers & Capitalizations	-	-	-	-
Total Expenses	<u>101,917,577</u>	<u>107,606,826</u>	<u>104,771,543</u>	<u>-2.6%</u>

* Does not include OPEB Liability

Port Authority of Allegheny County

HUMAN RESOURCES DIVISION

FY 2010 Highlights

- Launched a joint labor/management effort for Workforce Performance Management to develop the interpersonal and functional skills of represented first level supervisors to enhance their ability to improve the efficiency, effectiveness and productivity of the workforce while enhancing their ability to make a personal contribution to the overall success of the organization. This ultimately increases their responsibility and accountability for the performance of the workforce assigned to their operating division or location.
- Transitioned the Performance Management Program for non-represented employees from anniversary date to a common focal date to align individual goals and objectives with the Authority's fiscal year goals.
- Launched and completed all training on a new Performance Management Program and tool for non-represented employees to evaluate individual accomplishment of goals and objectives tied to corporate goals and Key Performance Indicators (KPIs), as well as organizational and job specific competencies.
- Developed Total Rewards Statements for all employees which highlight the direct and indirect costs that the Authority contributes to an employee's overall compensation.
- Transitioned the Flexible Spending Account Program to a new third party administrator; gained greater efficiency and ease in processing for program participants.
- Continued negotiations with the Port Authority Transit Police Association (PATPA) on two collective bargaining agreements.
- Prevailed in significant arbitrations regarding Family and Medical Leave Act (FMLA) abuse, as well as a major contract interpretation issue that affirmed a 30+ year practice related to the make-up and pay of operator runs.

- Assisted operations management in negotiating a responsible Memorandum of Agreement with the union to draft a joint letter of support endorsing a revised cell phone policy, including consequences for violations of the policy.
- Worked with internal legal counsel to amend, consolidate and re-issue the Authority's Equal Employment Opportunity Policy, Policy Against Sexual Harassment and Notice Avenue of Appeals/Complaints.
- In anticipation of the new casino opening, the Authority's EAP Counselors took the necessary training to become National Certified Gambling Counselors and several problem gambling initiatives were implemented.

FY 2011 Goals and Objectives

- Continue bargaining with the Port Authority Transit Police Association (PATPA) in an effort to reach responsible settlements of two separate collective bargaining agreements.
- Continue training provided to represented first level supervisors under the Workforce Performance Management Program as part of the labor/management effort with Local 85.
- Finalize and implement a *Planning for Success* Training Program for newly hired and promoted managers to provide them with pertinent skills and information necessary to be successful. The program includes core training courses, professional development courses, a 360 degree assessment along with an individual development plan (IDP) generated from the results.
- Monitor and evaluate the success of the new Performance Management Tool implemented for the FY2011 performance review period for non-represented employees.
- Develop performance-based compensation system for non-represented employees, as part of the new Performance Management Program that links individual goals and objectives to corporate, division and department goals. Pay increases will be tied to individual performance based on job competencies and on goals and objectives.
- Revise the Performance Code for represented employees.

- Re-enroll in the Medicare Part D Reimbursement Program commencing CY11 and make application for the Early Retiree Reinsurance Program under the Health Care Reform: Patient Protection and Affordable Care Act.

Port Authority of Allegheny County
LEGAL AND CORPORATE SERVICES DIVISION

Overview

The Legal and Corporate Services Division is comprised of the following departments: Legal and Consulting Services, Internal Audit, System Safety, and Transit Police and Security Services. Each of these departments has a direct reporting relationship to the Office of the Chief Executive, allowing for immediate input and dialogue on issues affecting, among others, statutory and regulatory compliance, financial oversight and controls, and the safety and security of Port Authority passengers, employees, and facilities.

Major functions of the Legal and Corporate Services Division include the following: providing legal and risk-management advice and representation; examining and evaluating the Authority's system of internal controls; ensuring a safe and secure working and riding environment for customers and employees; serving as a liaison with the federal, state and local courts, funding, and oversight agencies; supervising the maintenance and development of Port Authority's real estate assets; providing support to the Port Authority Chief Executive Officer and Board of Directors, and representing the Chief Executive Officer in his absence.

Divisional Expense Highlights

The Legal and Corporate Services Division finished favorable to budget overall in FY 2010. This is primarily due to decreased legal expenses pertaining to Purchased Services and Other Expenses. In FY 2011, the expense category Other Expenses is expected to rise above FY 2010 projected amounts due to assumed increases in Park-n-Ride costs. This Increase is due primarily to route changes through the Transit Development Plan. The FY 2011 budget for Purchased Services has also increased over FY 2010 projected amounts due to expected cost increases for outside council and settlement contingencies.

Figure 3.6
Port Authority of Allegheny County
Legal and Corporate Services

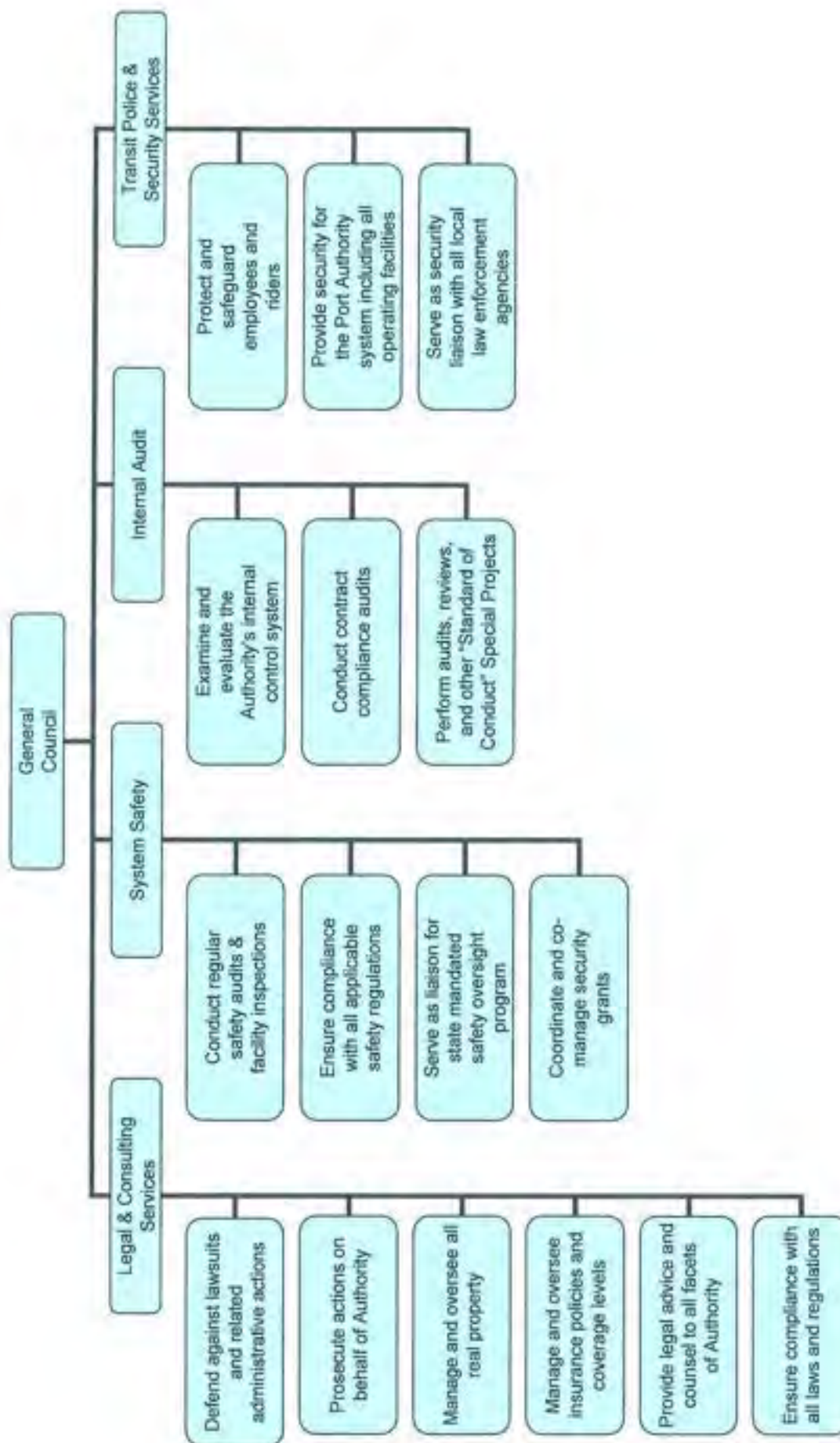


TABLE 3.6a
Port Authority of Allegheny County
Legal and Corporate Services
Personnel by Function & Department

Fiscal Year 2011 Budget



Personnel Summary (No. of Employees)

	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget
Executive & General Legal Services	1	1	1
Legal & Consulting Services	6	5	6
Internal Audit	5	5	5
System Safety	6	6	6
Transit Police and Security	57	58	58
Media Relations*	3	*0	0
Total Personnel	<u>78</u>	<u>75</u>	<u>76</u>

* Department transferred to Office of the Chief Executive Officer

TABLE 3.6b
Port Authority of Allegheny County
Legal and Corporate Services

Expense by Department

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
<u>Legal & Corporate Services</u>	2,466,826	2,096,914	2,602,432	24.1%
Executive & General Legal Services	73,057	103,060	114,382	11.0%
Internal Audit	294,232	276,939	514,575	85.8%
System Safety	407,769	404,787	454,074	12.2%
Transit Police	3,063,764	3,090,565	3,135,152	1.4%
<u>Media Relations</u>	155,073	-	-	
Total Expense	<u>6,460,721</u>	<u>5,972,264</u>	<u>6,820,615</u>	<u>14%</u>

Bold and underlined items represent departments involved in company re-organization.

Expense by Category

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Salaries & Wages	4,233,253	4,078,850	4,290,695	5.2%
Employee Benefits	42,030	38,369	39,900	4.0%
Purchased Services	2,075,670	1,672,830	2,048,896	22.5%
Materials & Supplies	35,989	33,738	32,414	-3.9%
Prov for Inj & Damages	7,552	2,000	-	-100.0%
Other Expenses	174,239	189,911	408,710	115.2%
Transfers & Capitalizations	(108,013)	(43,433)	-	-59.8%
Total Expense	<u>6,460,721</u>	<u>5,972,264</u>	<u>6,820,615</u>	<u>14%</u>

Port Authority of Allegheny County

LEGAL AND CORPORATE SERVICES DIVISION

FY 2010 Highlights

Legal and Consulting Services

- Efforts to aggressively defend Port Authority in legal actions at all levels of the state and federal courts, while reducing the utilization of outside counsel, resulted in internal Legal personnel obtaining several verdicts, arbitration awards and judgments in Port Authority's favor, including defense verdicts in three (3) separate jury trials, two (2) grants of summary judgment and two (2) favorable appellate rulings relating to sovereign immunity in lawsuits alleging negligent operation of Port Authority vehicles, while reducing spending on outside counsel by over 20%.
- Continued to identify and aggressively prosecute actions for the recovery of Port Authority claims, including claims for damages sustained by Port Authority property and claims for the breach of various contractual agreements for transit advertising and transit fare instruments, resulting in nearly \$100,000 of judgments and settlements for Port Authority.
- Continued to identify and pursue real estate development opportunities in conjunction with the Allegheny County Department of Economic Development, including ongoing efforts to advance the proposed Eastside development, Castle Shannon Transit Village project and Montour Church Road/Robinson Park and Ride project.
- Negotiated and finalized U-Pass agreement with Chatham University, which will result in approximately \$500,000 in revenue for Port Authority during the term of the agreement.
- Assisted Automated Fare Collection System team in successfully registering "CONNECTCARD" and "CONNECTIX" marks with Pennsylvania Trademark Office.
- Led cross-functional effort to make Port Authority's electronic scheduling and routing data available online for software and application developers'

use via Port Authority's website and via the Google Transit Feed utilized by multiple transit agencies across the country.

- Oversaw management of quality assurance auditing efforts for North Shore Connector Project, including regular audits, written audit reports and presentations to Port Authority's Board as to progress and status.
- Coordinated efforts of cross-organizational team to prepare for and continue Port Authority's business operations during Pittsburgh's hosting of the G-20 Summit in September 2009.
- Continued to provide legal advice and support to every facet of Port Authority operations, including Advertising, Finance, Engineering, Bus and Rail Operations, Information Technology and Procurement, including various efforts relative to the North Shore Connector Project, assisting in preparation of proposal package and agreements for the continued procurement of buses to meet Port Authority's long-term fleet needs and successfully finalizing and issuing for public comment the Final Environmental Impact Statement for the Pennsylvania Maglev project.

Internal Audit

- Completed 10 of the 18 audits/projects in the 2010-2011 Internal Audit Work Plan and made significant progress on three of the remaining eight audits/projects.
- Made a total of 65 recommendations for improvement in business processes.
- Completed the audit of the Treasury Function resulting in 14 recommendations for improvement in business processes.
- Completed three pre-award audits of Gillig Inc. and one pre-award audit of New Flyer Inc. for purchases of rolling stock as required by federal Buy America Regulations.
- Worked with employees in the Legal Department and the Purchasing and Materials Management Department to modify standard contract language to require vendors to provide Buy America information earlier in the purchasing process to improve the timeliness of completing required Buy America audits.
- Completed the Audit of Working Funds at the Downtown Service Center with four recommendations for improvement in business processes.

- Completed the Audit of the Annual Physical Inventory with 10 recommendations for improvement in business processes.
- Completed a Review of Internal Controls for Fare Instruments with 10 recommendations for improvements in business processes.
- In conjunction with employees in the Treasury Operations Department and Information Technology Services Department, assessed the state of Port Authority's compliance with Payment Card Industry Standards, identified gaps between existing practices and the standards and determined the steps that need to be taken to bridge the gaps.
- Completed the Audit of Inventory Items with Potential External Uses with six recommendations for improvement in business processes.
- Completed the Audit of the Accounts Payable Process to the draft report stage with 17 potential recommendations for improvement in business processes.
- Completed the Audit of Bulk Delivered Goods and Certain Professional Services to the draft report stage with four potential recommendations for improvement in business processes.
- Participated in four appeals committee hearings for the Pennsylvania Unified Disadvantaged Business Enterprise Certification Committee.
- All internal auditors met continuing professional education requirements as specified by the United States Government Auditing Standards and one internal auditor achieved certification as a Certified Internal Auditor from the Institute of Internal Auditors.
- Developed the FY 2010-2011 Internal Audit Work Plan to focus on operational audits and improving the ability to partner with management to effect improvements in business processes.

Police and Security Services

- Responded to 8700 calls for assistance, of which 3940 were proactive patrols in targeted areas. In these targeted areas, highly visible uniform patrols were used as well as plain clothes detectives. 1004 arrests were made by the Port Authority Police Department.

- Implemented a daily Home Land Security Saturation Patrol at various locations around the system. The focus was on the Subway as well as busy stations along the various busways. The saturation patrol was conducted with uniform officers, supervisors and K-9 teams flooding a stop or station and walking in around and through answering questions and talking to patrons and employees.
- Used the Police Reporting system to capture valuable data to assist with developing a patrol plan. The reporting system has also been a valuable tool to collect data and analyze trends to report to senior management.
- Continued working relationship with Region 13 as it relates to planning and preparedness. Also participated in several Drills this past year sponsored by Region 13.
- Continued to provide traffic control and security to the North Shore Project.
- Conducted a minimum of two VIPR Details per month with TSA and DHS Law enforcement at high profile locations around the system.

System Safety

- Continued to meet compliance standards set by the 49CFR 659 State Safety and Security Oversight through the following activities:
 - Revised, submitted to SSO for approval, and distributed the following Port Authority documents: System Safety Program Plan (SSPP); Security and Emergency Preparedness Plan (SEPP); Emergency Management Plan; Incident/Accident Investigation Procedures.
 - Participated in Quarterly FTA and Pennsylvania State Safety/Security Oversight meetings to review capital project safety, PAAC safety programs, safety statistics and follow up to corrective action plans and state findings
 - Completed internal operational/safety audits as defined and approved by State Safety Oversight; distributed reports to the SSO and internal staff.
 - Participated in the Transportation Security Administration TSA baseline security and emergency management audit.

- Continued to pursue grant opportunities through federal, state and regional agencies. During this report period the following activities occurred:
 - Closed out the 2006 Transit Security grant that awarded \$926,700 for four projects to enhance rail and bus security.
 - Continue to implement the 2007 Transit Security awards for a total of \$928,520 that were awarded in 2009. The investments included increased security for bus divisions, final phase of the CCTV digital upgrades, and funds to cover training, drills and tabletop exercises.
 - FY 2009 Transit Security Grants were awarded during this report period and Port Authority received \$1,189,749 for LRV Security Systems and funds for security upgrades to critical infrastructure along the rail alignment.
 - FY 2010 Transit Security Grants were also awarded this report period and Port Authority was awarded \$853,742 to enhance underground communication systems for emergency responders. All grants are determined from submitted Investment Justifications that compete nationally for the available funds.
- Maintained good working relationships with federal, state, regional and other emergency response agencies through participation in Region 13 Task Force.
- Continued to participate in North Shore monthly safety meetings, contractor safety program reviews, weekly and monthly site inspections, and to serve on the Safety and Security Certification committee. This effort has grown with the increased contractor activity on the project.
- Recognized by the Pennsylvania Department of Labor, Bureau of Workers Compensation, as a finalist for the most improved safety program.
- Participated in Port Authority hosting the 2010 Transit Academy sponsored by Rutgers National Transit Institute.
- Participated on Port Authority's Key Indicators Committee to develop program as recommended by Senior Staff.

FY 2011 Goals and Objectives

Legal and Consulting Services

- Continue to aggressively defend Port Authority in legal actions at all levels of the state and federal courts while maintaining the trend of minimizing outside counsel spending through the continued development of a well-rounded internal Legal Department.
- Continue to identify and aggressively prosecute actions for the recovery of damages Port Authority sustains as the result of property damage caused by the negligence of third parties, breaches of contracts entered into with Port Authority, and any related claims and causes of action.
- As part of the ongoing effort to reduce fees for outside counsel in the areas of labor and employment, continue to internalize responsibilities for day-to-day legal needs, represent Port Authority in unemployment compensation hearings, labor arbitration hearings and other administrative hearings, and closely monitor and manage outside counsel representing Port Authority in federal employment discrimination actions to ensure proactive and cost-effective representation.
- Continue to provide high-quality legal advice and support to every facet of Port Authority's operations.
- Continue to identify and pursue real estate development opportunities in conjunction with the Allegheny County Department of Economic Development.
- Continue to ensure Port Authority's compliance with all applicable statutes and regulations, including reporting requirements necessary to comply with changes in federal Medicare laws and ongoing compliance with Pennsylvania's Right-to-Know Law.
- Continue to maintain and develop Port Authority's productive and positive relationships with federal, state and local officers, courts, legislators and agencies.
- Continue to ensure that attorneys and support staff develop and hone their skills through continuing legal education courses and internal training opportunities focused on Port Authority's legal needs and requirements.

Internal Audit

- Complete the audits and projects in the FY 2011 Internal Audit Work Plan.
- Implement auditing software.

Police and Security Services

- Continue to provide a safe and secure environment for patrons and employees of the PAAC.
- Continue to provide proactive police response to areas of concern determined by evaluation of data from the new police reporting system.
- Review and update the Security Program Plan as well as the Emergency Preparedness Plan.
- Continue to participate with Region 13, Pittsburgh Emergency Management and TSA in training, planning and drills focusing on WMD response.
- Gather, evaluate, and share crime data with senior management on a monthly basis. Use this information to deploy limited police resources in areas and at times they can be most effective in reducing crime and disorder.
- Continue to support other departments within the PAAC in regards to Security and Law enforcement issues.
- Continue to provide physical security for the NSC project as well as reviewing security plans connected to the project.

System Safety

- Revise Port Authority Safety, Security and Emergency Plans to include:
 - System Safety Program Plan
 - Security and Emergency Preparedness Plan
 - Emergency Management Plan
 - The Incident/Accident Investigation Procedures.
- Conduct the following operational/system safety Tri-Annual audits:
 - Rail Car Maintenance (5)

- Rail Car Support (18)
 - Inclined Planes (2)
 - Busways (3)
 - Operational (5)
 - Safety Program Audits (21) Assist Internal Audit
 - Security Program Audits (5) Assist Internal Audit.
- Work with Grants Manager and Grants Committee to expend open FY 2007, FY 2009 and FY 2010 Transit Security Grants.
- Schedule regular meetings between Claims, Safety, Port Authority Police Department, Road Operations and Division Management to review bus accident claims and liability experience, trends and other issues that could be impacted through committee action, training, awareness and/or other policy/procedure changes.
- Work with Safety, Operations, Port Authority Police Department, Pittsburgh Emergency Management and Region 13 members to develop training and system drills that involve Port Authority North Shore Extension project in preparation of system opening.
- Continue to maintain outstanding relationships with Federal and State agencies, and regional emergency response agencies through participation with Region 13.
- Provide Safety and Security Oversight to the North Shore Project through the following activities:
 - Conduct regular safety/security/loss prevention site inspections with insurance carrier, contractor safety/management representatives, and the Program Management Safety/Security Manager.
 - Attend and participate in the Projects monthly Executive Safety/Security meetings to review claims, safety and security issues, general liability as well as provide committee direction for corrective action.
 - Participate in the North Shore Safety and Security Certification Committee through completion of the project.
 - Conduct design reviews relating to operational, safety and security issues.

- o Conduct/Chair Fire/Life safety committee meetings with city, county and state emergency responders. Committee reviews all aspects of fire/life safety including ventilation systems, communications, emergency egress, operational planning, fire systems and future planning of drills and required changes to emergency response procedures.
- Continue to pursue grant opportunities through Federal, State and Regional sources that benefit Port Authority and enhance Safety/Security and Emergency Preparedness efforts.
- Monitor and pursue individual staff goals and objectives that will ultimately affect the overall outcome of our program.

FY 2011 Key Performance Indicators

Legal and Consulting Services

- Monitor the number and types of matters being addressed and resolved on a day-to-day basis by the internal Legal Department, including claims litigation, labor and employment matters, purchasing issues and real estate matters, to continue to improve performance and efficiency of internal Legal Department, while also recording and analyzing Port Authority's monthly spending on outside counsel.
- Continue to track the amount of revenue captured by Legal's efforts to collect on Port Authority claims, including property damage judgments and recovery, judgments and recovery in contract-related actions, and the identification and recovery of unclaimed property and other claims for the benefit of Port Authority.
- Continue to monitor and report the amount of revenue obtained by Port Authority, in the form of sales, leases, license agreements, joint development agreements, and otherwise, from Legal's efforts to identify and market the use of appropriate Port Authority real estate to third parties.

Internal Audit

- Percentage completion of the FY 2011 Internal Audit Work Plan,
- Number of recommendations for improvement made and cost savings generated,
- Ratings from audit feedback surveys.

Police and Security Services

- Continue to provide the patrons and employees of the Port Authority a Police Department that is committed to the prevention of criminal activity through highly visible pro-active police patrols and vigorous enforcement of the laws of the Commonwealth of Pennsylvania.
- Using the new police reporting system as a guide, more scientifically deploy limited police resources to patrol zones at various times of the day to help reduce frequency of unlawful activity.
- Comply and cooperate with the Department of Homeland Security/Transportation Security Administration 49 CFR Parts 1520-1580 as it pertains to the Rail Security Audit and all related regulatory guidelines and oversight (Planning, Drills, and Training).

System Safety

- Continue to meet regulatory requirements of Safety, Security and Emergency Preparedness through interaction and compliance with the Federal Transportation Administration (FTA) 49CFR 659 State Safety and Security Oversight, Transportation Security Administration (TSA), Department of Homeland Security, Bureau of Workers' Compensation and other Federal, State and Local Agencies.
- Complete operational/system safety audits as defined in the annual 2010 audit list.
- Track and report total monthly safety inspections and investigations conducted by the Safety Department.
- Track percent complete or required Yearly Safety Plan revisions (SSPP, SEPP, and Accident Investigation Procedures).

- Track Percent complete of up-dated Corrective Action Plans.
- Track Employee Incident, Frequency and Severity Rates through monthly statistics.

Port Authority of Allegheny County
PLANNING & SERVICE DEVELOPMENT
DIVISION

OVERVIEW

The Port Authority's Planning and Development Division encompasses five departments including Marketing and Retail Sales, Service Planning and Schedules, Customer Service, Long Range Planning, and Creative Services.

The Marketing and Retail Sales Department undertakes all of the marketing activities for the Authority. In addition, it sells space for advertising on Port Authority assets such as buses and LRT stations. This department is also responsible for the downtown service center where fare media is sold and for the establishment of retail sales outlets throughout the region.

The Creative Services Department is responsible for the look and messaging for all of Port Authority advertising campaigns. In addition, it supports all other divisions and departments within the Port Authority with graphic and creative production for items such as bus and T designs, interior cards, print and radio production.

The Customer Service Department staffs the Transit Information Call Center. It provides information to customers about Port Authority services, fields customer questions and follows up on customer concerns and commendations.

The planning area includes the Service Planning & Scheduling Department

which focuses on developing the company's service pattern. As such it is committed to the importance of serving the Authority's customers while remaining mindful of fiscal constraints. The department is responsible for monitoring bus and rail service efficiency, implementing service changes, developing and distributing schedules and timetables, developing fare policies and procedures, collecting data for both state and federal reporting requirements, and maintaining databases for bus and rail stops and stations.

The Long Range Planning Department handles the Authority's long range planning projects. The Department works closely with other transit and planning agencies within the region on both Port Authority and regional initiatives.

Divisional Expense Highlights

The Planning and Service Development Division finished favorable to budget overall in FY 2010, primarily due to Materials & Supplies ending favorable to budget by \$49,762 and Other Expenses showing a significant decrease in expenses from 2009 levels. The budget for FY 2011 for this division shows an increase in expense, primarily due to additional printing of timetables for route changes tied to the Transit Development Plan.

Figure 3.7
Port Authority of Allegheny County
PLANNING AND SERVICE DEVELOPMENT DIVISION

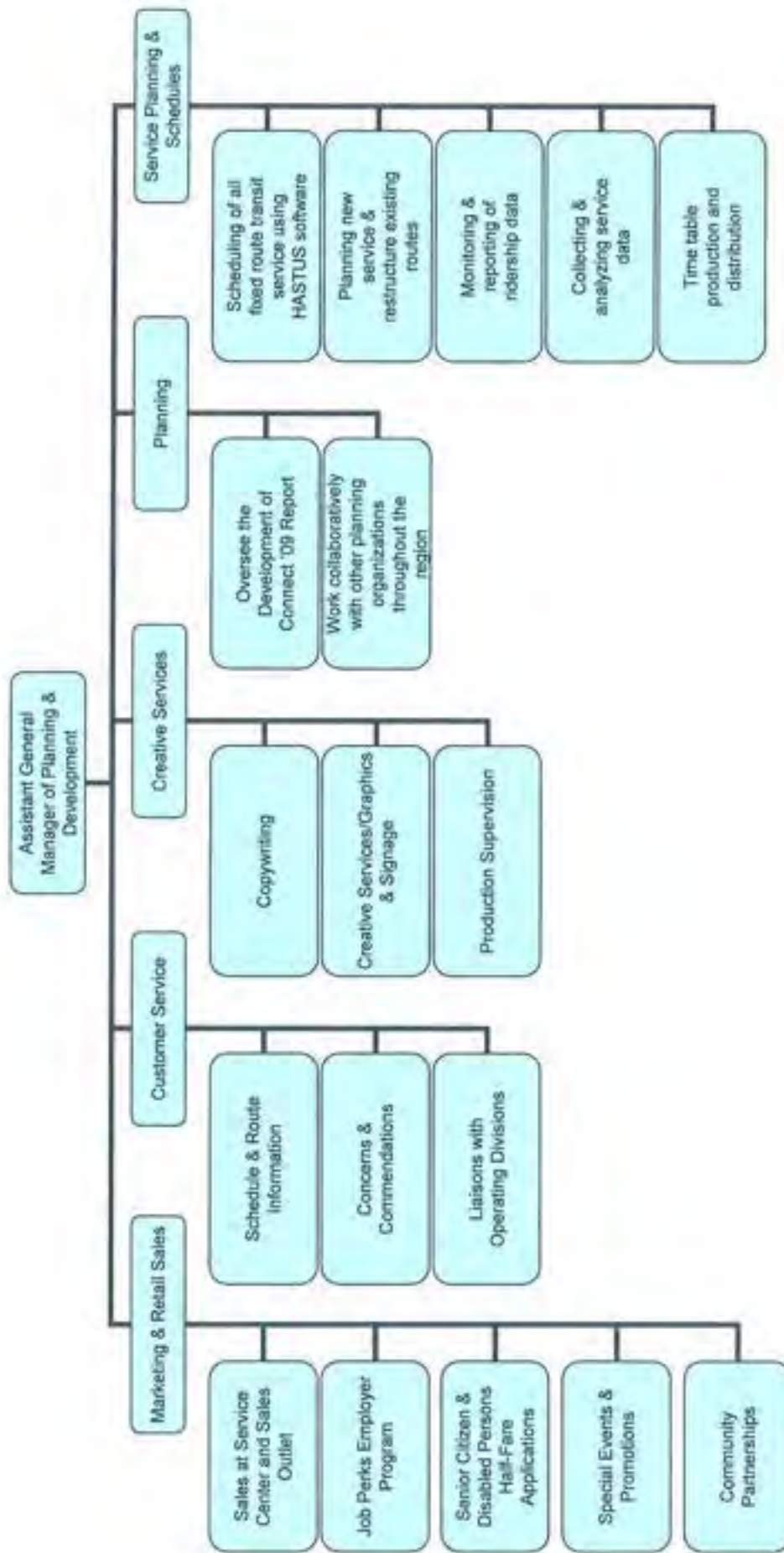
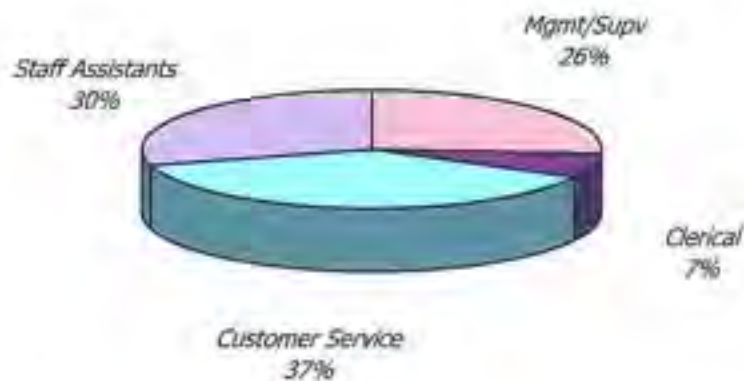


TABLE 3.7a

Port Authority of Allegheny County
Planning and Development
Personnel by Function & Department

Fiscal Year 2011 Budget



Personnel Summary (No. of Employees)

	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>
Exec & General	1	2	2
Service Planning & Schedules	20	21	21
Planning	2	1	1
Creative Services	5	5	5
Customer Services	22	22	22
Marketing & Retail Sales	11	10	10
Total Personnel	<u>61</u>	<u>61</u>	<u>61</u>

TABLE 3.7b
Port Authority of Allegheny County
Planning and Service Development

Expense by Department

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Exec. & General	207,126	155,856	172,967	11.0%
Creative Services	583,174	617,369	699,662	13.3%
Customer Services	923,094	971,205	1,025,887	5.6%
<u>Advertising</u>	581,502	623,781	652,315	4.6%
<u>Marketing</u>	199,462	284,682	737,108	158.9%
<u>Retail Sales</u>	312,490	314,133	342,573	9.1%
Planning	116,841	34,448	36,674	6.5%
Service Planning & Schedules	1,258,363	1,515,541	1,589,457	4.9%
Total Expense	<u>4,182,051</u>	<u>4,517,014</u>	<u>5,256,643</u>	<u>16.4%</u>

Bold and underlined items represent departments involved in company re-organization.

Expense by Category

Expense Summary (Total Expense)

	FY 2009 Actual	FY 2010 Forecast	FY 2011 Budget	% Change from 2010
	\$	\$	\$	%
Salaries & Wages	2,881,795	2,938,641	3,101,546	5.5%
Employee Benefits	85,527	101,929	5,522	-94.6%
Purchased Services	337,752	342,333	538,480	57.3%
Materials & Supplies	518,127	674,577	788,420	16.9%
Utilities	20,054	9,645	18,300	89.7%
Other Expenses	454,434	529,849	968,375	82.8%
Transfers & Capitalizations	(115,637)	(79,960)	(164,000)	105.1%
Total Expense	<u>4,182,051</u>	<u>4,517,014</u>	<u>5,256,643</u>	<u>16.4%</u>

FY 2010 HIGHLIGHTS

Customer Service

- Loaded Shortcut on desktops to track TDP complaints.
- Added option to customer service phone line to request schedules for TDP changes.
- Added additional mailbox to Lead CSR outlook to answer questions/concerns from customers via web site regarding the TDP.
- Customer relations processed 17,861 complaints, 891 commendations and 5,784 web site emails.
- Successfully operated call center at off site location during G-20.
- Customer Service Presentation at NTI Training Conference.
- Served as member of negotiating team to secure a successful IBEW contract.
- Maintained peer partnerships with other transit agencies for monthly conference calls to determine best practices for customer service centers.
- Appointed to the Executive Local Advisory Committee with the Division of Career & Technical Education for the Pittsburgh Public Schools representing Port Authority.

Creative Services

- Created design options and executed final design of Port Authority Smart Card - Connect card and Connect tix. Successfully pitched regional transit partners on the Connect card name and card design.
- Created Connect card TVM machine designs.
- Created, designed and produced messaging for three phases of TDP route changes, including redesign of schedule covers, redesign of route maps, web map, signage, and change communication such as queen cards, interior cards, Steel Plaza and Wood Street T station, Service Center signage and route changes brochures.

- Increased visibility and brand reinforcement through continued existing Community partnerships and pursued new trade agreements with Bike Pittsburgh, Three Rivers Arts Festival and Pittsburgh Filmmakers, among others.

Long Range Planning

- Develop scope of work for Downtown – Oakland – East End Bus Rapid Transit (BRT) Alternatives Analysis/National Environmental Policy Act (AA/NEPA) study.
- Planned the September 20, 2010 BRT Forum.
- Represented Port Authority on the Advisory Board of the National Bus Rapid Transit Institute.
- Managed prioritization of proposed new park-and-ride facilities and transit centers and prepared and submitted capital request forms.
- Provided extensive assistance to City of Pittsburgh for its procurement of a consultant to conduct a planning study for a Transit Revitalization Investment District (TRID) encompassing the LRT corridor from South Hills Junction through Beechview. This included serving on a consultant selection committee. Also provided input on an RFP for an East Liberty TRID planning study.
- Represented Port Authority on the Southwestern Pennsylvania Commission (SPC)/Allegheny County Department of Economic Development study of the potential for Transit-Oriented Development (TOD) at two West Busway stations.
- Participated in two American Public Transportation Association (APTA) Sustainability and Urban Design Standards Working Group meetings and reviewed and provided text and comments for technical documents.
- Represented Port Authority for the Urban Redevelopment Authority's Allegheny Riverfront Vision. Provided transit information and responded to transit service proposals.
- Continued to represent Port Authority on the Baum-Centre Initiative (BCI), a group formed to consider development along Baum Boulevard and Centre Avenue in Pittsburgh's East End.
- Organized field view for UPMC, Urban Redevelopment Authority, and City of Pittsburgh representatives and their consultants for an initial discussion

of possible locations for a new East Busway Station serving the Baum-Centre Corridor. The consultant's plan was reviewed and comments were provided. A presentation to BCI was also made.

- Made presentations on Development near the East Liberty Busway Station and Port Authority-SPC partnerships at the 2010 APTA Bus Conference.
- Presented on the NEPA – New Starts Interface and Mitigation of Impacts on Cultural Resources at the National Transit Institute "Advanced Seminar on Managing the Environmental Review Process."
- Administered the FY 2009-2010 Unified Planning Work Program (UPWP).
- Continued to represent Port Authority on the SPC's Transit Operators and Transportation Technical Committees.
- Prepared Port Authority's application for 2011 Job Access Reverse Commute funding for \$1.3 million to support the Route G2 operations. The Access to Work Interagency Task Force approved the funding.
- Represented Port Authority on SPC's Congestion Mitigation Air Quality (CMAQ) Evaluation Committee. Prepared and submitted CMAQ funding applications for Downtown and Oakland Rapid Bus Shelters, Bus-Mounted Bike Racks and a new Bridgeville Park-and-Ride facility. The CMAQ Evaluation Committee voted to recommend that all three projects be placed on the 2011 – 2014 TIP. The combined SPC technical evaluation and evaluation rating resulted in high scores for the bus shelter and bike rack projects and these were the projects placed on the TIP (2013-2014).
- The Pennsylvania State Historical and Museum Commission approved the Phase I/II Archaeology reports for the North Shore Connector LRT project.
- Reviewed interim documents and provided extensive technical input to the City of Pittsburgh's Hazelwood – Lawrenceville Commuter Rail Study.

Marketing and Retail Sales

- Promoted key messages and initiatives for the Transit Development Plan (TDP) to the public as outlined in the marketing plan.
- Conducted nine focus groups and a comprehensive phone/online survey to better determine customer needs and wants for the Automated Fare

Collection System (AFCS) project and to measure the effectiveness of our communication efforts for Transit Development Plan (TDP).

- Conducted peer research and site visits with numerous transit authorities nationwide to learn more about their smart card programs and business rules in preparation for the launch of Port Authority's new system in 2012.
- Participated in a variety of county-wide special events including: 2009 Toys for Tots event; the 2010 Spirit of King Award Ceremony; APTA's 2009 Dump the Pump event and others to promote specific Port Authority initiatives.
- Partnered with community organizations including the Pittsburgh Steelers, Pittsburgh Penguins, Pittsburgh Pirates, Steel City Media, the Kingsley Association, Giant Eagle and others to maximize marketing and advertising opportunities.
- Increased readership of the *Rider Report*, an electronic newsletter for Port Authority riders. Readership has now climbed to more than 10,000 subscribers. This newsletter has been used to communicate key Authority initiatives such as: the Transit Development Plan (TDP), North Shore Connector project and more to riders and the public.
- Achieved sales totaling more than \$10 million at Port Authority's Downtown Service Center. Furthermore, the Service Center successfully implemented steps to support the January 1, 2010 fare increase.
- Served as the top grossing pass and ticket outlet once again for WCTA (Westmoreland County Transit Authority), BCTA (Beaver County Transit Authority) and soon, MMVTA (Mid Mon Valley Transit Authority) customers to promote public transportation as a regional asset.
- Issued thousands of new senior citizen transit cards and reduced fare transit cards to qualified applicants.
- Prepared a business plan to determine best options for Port Authority Service Center location (current lease expires in fall 2010).
- Exceeded the 2010 fiscal year advertising budget by over 24%. Total revenue received was \$1,243,559.99.
- Attained new national advertisers: Fox Movie Premier's "Diary of a Wimpy Kid", Dietz & Watson and Slendertone.

- Created new advertising opportunities at various Park-n- Rides on the East Busway.
- Created new partnerships with printing companies that bring in additional revenue to PAAC. We are currently bringing in 40% in profit on advertising clients production orders.

Service Planning & Scheduling

- Finished within budget for scheduled service hours for FY 2010.
- Working with external consultant, completed Transit Development Plan planning process. The final plan was adopted by PAAC Board of Directors in October 2009.
- Began implementation of final TDP plan with the March 2010 and June 2010 service changes.
- Started introducing "new" timetable look with the implementation of the TDP in March 2010.
- Responded to large volume of customer and business correspondence regarding new TDP routes and service levels.
- Participated in numerous internal and external meetings to provide information on upcoming TDP changes.
- Continued to participate in PAAC core group for Automated Fare Collection System project.
- Achieved 100% completion of total ride checks needed for NTD.
- Updated all timetable folders on January 1st to reflect new fares.
- Completed procurement of Geo Module for Hastus scheduling software which will provide route GIS data for PAAC system.
- Developed updated specifications, bid and awarded uniform contracts for operators, supervisors and maintenance personnel.

FY 2011 Goals and Objectives

Customer Service

- Procure Interactive Voice Response (IVR) system for the customer service department and develop implementation plan including appropriate revisions to existing business practices.
- Integrate bilingual interactive voice response (IVR) system with current call management system.
- Create business plan including business rules to conduct customer service operations with migration of smart cards fare instrument.
- Complete Pilot Program for Route Shout and determine if it should be a permanent service.
- Continue to participate in community outreach activities as opportunities present themselves.
- Evaluate training needs for all customer service representatives arranging meetings and route reviews to learn new system changes for the TDP.
- Track TDP comments to assess major issues and coordinate information gathering and information dissemination with all involved departments.

Creative Services

- Increase awareness of the TDP changes, and initiatives and demonstrate how Port Authority is making the system more efficient to better meet the needs of the region.
- Build awareness of the new Port Authority and its products:
 - AFCS, Smart Card
 - New customer service systems
 - Regional connectivity.
- Utilize and grow community partnerships to help maximize visibility and familiarize the public with the Port Authority.
- Reinforce the Port Authority message with Benefits of Transit in print, radio and community events.

Long Range Planning

- Procure consultant for Downtown-Oakland-East End BRT AA/NEPA and begin study.
- Convene BRT Forum on September 20, 2010.
- Coordinate with the City of Pittsburgh, PennDOT and other stakeholders to advance the Downtown – Oakland – East End BRT project.
- Represent Port Authority on City of Pittsburgh's TRID planning study encompassing the LRT corridor from South Hills Junction through Beechview, the East Liberty TRID planning study and other TOD efforts to be led by the City of Pittsburgh, Allegheny County and SPC.
- Administer Port Authority's FY 2010-2011 Unified Planning Work Program (UPWP) and develop the 2011-2012 UPWP.
- Continue to assist in planning and implementing the regional transit cooperation and connectivity recommendations of the TDP and other planning efforts.
- Continue to plan for physical improvements in and around transit facilities including cooperative projects with other public and private entities for general and transit oriented developments.
- Represent Port Authority for the Allegheny County's Active Allegheny study.
- Continue to participate in APTA's Sustainability and Urban Design Standards Working Group.
- Prepare Port Authority comments on FTA Advance Notice of Proposed Rulemaking for New Starts and Small Starts.

Marketing and Retail Sales

- Work closely with our contracted marketing firm to execute the integrated marketing plan for upcoming projects.
- Enhance research efforts to obtain more detailed information about our customer base and their riding habits that will assist us in our marketing efforts.

- Engage selected retailers to become future sales outlets to sell and revalue smart cards.
- Deliver key messages and initiatives for the Transit Development Plan (TDP) to the public as outlined in the marketing plan.
- Exceed the 2011 fiscal year advertising revenue goal.
- Establish Naming Rights program for PAAC assets.
- Establish additional national advertising clients.
- Design and build out a new Port Authority Service Center as the lease is due to expire in fall 2010.

Service Planning & Scheduling

- Maintain 100% completion of total checks needed for NTD.
- Maintain Ratio of Vehicle Hours to Pay Hours for all picks. (Weekday 87%; Saturday 91%; Sunday 90%)
- Complete installation of Geo Module to Hastus scheduling software.
- Complete installation of Clever Devices schedule integration process and CleverAnalytics.
- Refine final TDP implementation schedule so that plan is in place by March 2012.
- Begin to refine TDP service based on Service Guidelines that were adopted with the final TDP plan.
- Assist in creating a new fare policy that would be used in future Smart Card implementation.
- Participate in the assessment of "Rapid Bus" opportunities in the Downtown to Oakland corridor.

FY 2011 Key Performance Indicators

Customer Service

- Maintain goal of answering 92% of all calls within 90 seconds
- Reduce abandonment rate to 8% and increase customer service information to 24x7 access with procurement of Interactive Voice Response System for customer service department.
- Work with Director of Automated Fare Collection System to develop business plan rules to conduct customer service operations with migration of smart cards fare instruments for implementation by November 2011.

Long Range Planning

- Begin BRT AA/NEPA in Fall 2010.
- Establish AA short (no more than three) list of build alternatives for detailed evaluation by Spring 2010.
- Develop draft outline of NEPA document for 15 environmental impact areas by Spring 2010.
- Have public and agency outreach program substantially under way by Spring 2011:
 - Create and convene at least two meetings of the study advisory committee;
 - Convene at least one meeting with each neighborhood and business organization in the study corridor;
 - Meet at least once with all educational, medical and cultural institutions in the study corridor;
 - Convene at least two meetings with City of Pittsburgh Department of Public Works and other agencies with jurisdiction over streets;
 - Make at least two presentations to PennDOT Agency Coordination Meeting (obtain concurrence on Purpose & Need);
 - Meet twice with ACTC and at least once with CAT on the project;
 - Have project website up and running.

Marketing and Retail Sales

- Achieve the monthly advertising sales goals as set by the CEO. Contact new and existing national advertising agencies in order to increase the advertising revenue from national accounts.
- Work with Senior Staff and CEO to establish the pricing of PAAC assets for Naming Rights. Create specific client proposals for Naming Rights as warranted.
- Review all documentation and participate in the planning process to install six new retail sales terminal machines with smart card capability at the Downtown Service Center and an additional 75 machines in retail outlets across Allegheny County.
- Work closely with our outside marketing firm, FSC/JW, to develop and implement an education and public awareness program for new Port Authority initiatives-including TDP-related service changes and Smart Card. This will include training and coordinating a 20-member street team, refining the TDP website, developing customer and employee training videos on use of the new fare boxes, etc. to assist the Authority in these efforts.
- Conduct a series of ongoing research studies with our contracted firm, Campos Research, Inc., to update our rider profile (demographics), monitor our communication efforts and gauge the success of projects such as the Transit Development Plan (TDP).
- Work with Real Estate and the legal department to pursue new locations for the Service Center that meet budget and space requirements.

Service Planning & Scheduling

- Pay Hours comparison to budget (by pick).
- Ratio of Vehicle Hours to Pay Hours (Weekday - 87%, Sat - 91%, Sun - 90%).
- Completion % of NTD checks.



Port Authority of Allegheny County

MODAL BUDGET

Introduction

Port Authority's modal budget is presented as a component of the Operating and Capital Improvement Budgets. The purpose of the modal budget is to present the revenue and expense levels related to the modes of service provided by Port Authority. The modes of service provided are bus, light rail, inclined plane, and the ACCESS Program. The ACCESS program, or ACCESS, is a demand response, paratransit service provided for elderly and handicapped persons. ACCESS is operated on behalf of Port Authority by the management firm Veolia Transportation, Inc. Each of the modes will be discussed individually in this section. A table is provided for each mode that indicates total ridership, revenue, and expense levels for the fiscal years 2009, 2010 and 2011. In addition, graphs illustrating revenue and expense amounts are presented for comparative purposes.

Modal ridership data for fiscal years 2009 and 2010 was calculated using monthly ridership reports. Anticipated ridership levels for FY 2011 were developed by Port Authority's Service Planning and Schedules and Financial Planning and Budgets Departments for the bus, light rail, and inclined plane modes. Veolia Transportation, Inc. furnished detailed ridership information for the fiscal years 2009 and 2010 and developed the FY 2011 projections for demand response service.

Passenger revenue distributions were allocated based upon the ridership and average fare analyses for each of the modes. Senior citizen amounts were calculated

separately and are shown independently from non-senior citizen passenger revenue. "Other Revenues" includes Advertising and Concession income and other non-transportation revenues such as Real Estate and Investment Income. These revenues were allocated based upon each mode's percentage of ridership relative to total Port Authority ridership. Modal expenses for bus, light rail, and inclined plane were distributed using a combination of direct cost and indirect cost allocations. The distribution of expenses is allocated utilizing and adapting accepted methods of allocation for federal reporting purposes. The ACCESS Program is a purchased transportation service and the expenses are identified and shown separately.

Table 4.1 contains a comparative summary of Port Authority's revenues and expenses by each of the modes for fiscal years 2009, 2010, and 2011.

TABLE 4.1
COMPARATIVE SUMMARY BY MODE
FY 2009 Actual, FY 2010 Actual, FY 2011 Budget

	<u>FY 2009 ACTUAL</u>	<u>FY 2010 ACTUAL</u>	<u>FY 2011 BUDGET</u>
Operating Revenues:			
Bus	\$ 70,548,000	\$ 71,011,000	\$ 75,524,000
Light Rail	9,170,000	9,186,000	9,580,000
Monongahela Incline	899,000	853,000	932,000
ACCESS Program	<u>12,591,000</u>	<u>11,784,000</u>	<u>12,028,000</u>
Subtotal	\$ 93,208,000	\$ 92,834,000	\$ 98,064,000
Operating Grants	202,927,000	212,127,000	231,899,000
Capitalizations	<u>46,580,000</u>	<u>42,029,000</u>	<u>42,852,000</u>
Total Revenue & Grants:	\$ 342,715,000	\$ 346,990,000	\$ 372,815,000
Expenses:			
Bus	\$ 272,421,000	\$ 280,805,000	\$ 289,323,000
Light Rail	53,994,000	55,956,000	57,606,000
Monongahela Incline	637,000	664,000	675,000
ACCESS Program	<u>24,272,000</u>	<u>23,931,000</u>	<u>25,211,000</u>
Total Expenses:	\$ 351,324,000	\$ 361,356,000	\$ 372,815,000
Excess Revenue over Expense:	\$ <u>(8,609,000)</u>	\$ <u>(14,366,000)</u>	\$ <u>-</u>

Bus Mode

Bus service is the largest of the transportation services provided by Port Authority. The active bus fleet as of June 2010 consists of 60 35-foot vehicles, 672 40-foot vehicles, 40 45-foot vehicles, 50 articulated buses, and 48 minibuses. The five bus garage locations where service originates are located in the following communities: Ross Township, Collier Township, West Mifflin Borough, Pittsburgh (East Liberty area), and Harmar Township. Port Authority's Main Shop, located in the Manchester neighborhood of the City of Pittsburgh, is a large facility where component rebuilding and major bus repairs are performed.



Ridership in FY 2011 for this mode of transportation is expected to remain relatively the same as it was in FY 2010. In recent years, ridership has been impacted favorably by the contractual transit agreements between the Port Authority and the University of Pittsburgh, Carnegie Mellon University, and Chatham University. Port Authority actively pursues partnerships with businesses and institutions such as the highly successful transportation programs with the local universities. These contractual arrangements allow university students and employees the use of the transit system by showing their current university identification. Port Authority is paid an agreed upon amount directly from the universities.

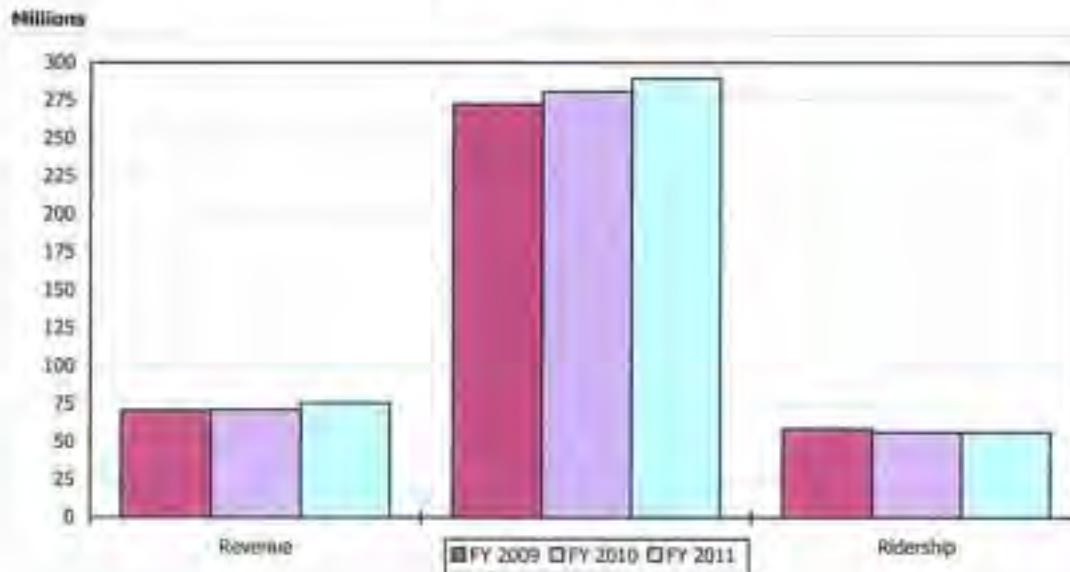
For FY 2011, bus revenues are projected to increase by 6.4% over FY 2010 actuals. This is attributed to a 15% increase in the contractual agreements with the universities and a full year of revenues generated from the January 2010 fare structure

increase. In addition, the FY 2011 budget includes 6 months of an increased fare structure starting January 2011. Port Authority continues to explore partnerships with institutions in the region that will improve utilization of the current fleet. By placing an increased emphasis on customer service, it is hoped that Port Authority will make a positive impression on existing customers as well as first time riders. Retaining consumers who are contemplating making a permanent switch to public transportation will lead to increased ridership and revenue into the future.

Overall expenses are expected to increase over FY 2010 by 3%. There are expected increases in salaries and wages, materials and supplies, provisions for injuries and damages, utilities, purchased services, and interest expense. Within the categories of salaries and wages, higher costs are expected due to contractual wage increases for unionized employees who comprise 85% of the total work force, diesel fuel costs are expected to be higher, and utility costs will be higher due to anticipated increases in the cost of natural gas and the cost of electricity generation and distribution.

The financial data, along with ridership figures and a graphical illustration of revenues and expenses pertaining to the bus mode, can be found in *Table 4.2* on the following page.

TABLE 4.2
Port Authority of Allegheny County
BUS MODE



	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY11 Inc/Dec
<u>RIDERSHIP</u>				
Non-Seniors	52,841,000	51,006,000	50,967,000	
Seniors	5,644,000	5,362,000	5,405,000	
Total Ridership	58,485,000	56,368,000	56,372,000	0.0%
	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY11 Inc/Dec
<u>REVENUES</u>				
Passenger Revenue	\$ 68,407,000	\$ 69,201,000	\$ 73,915,000	
Sr Cit Reimbursement	0	0	0	
Other	2,141,000	1,810,000	1,609,000	
Total Revenue	\$70,548,000	\$71,011,000	\$75,524,000	6.4%
<u>EXPENSES</u>				
Salaries & Wages	\$ 113,694,000	\$ 119,405,000	\$ 122,010,000	
Fringe Benefits	105,288,000	111,137,000	108,734,000	
Materials & Supplies	38,465,000	37,499,000	39,159,000	
Prov for Inj & Damages	2,220,000	563,000	2,587,000	
Purchased Services	4,954,000	4,874,000	6,370,000	
Utilities	4,119,000	4,066,000	4,593,000	
Other Expenses	3,816,000	3,147,000	5,427,000	
Interest Expense	0	114,000	443,000	
Total Expense	\$272,556,000	\$280,805,000	\$289,323,000	3.0%

Light Rail Mode

Port Authority's Light Rail Transit (LRT) System includes 48.9 miles of track and 83 light rail vehicles (LRVs). The LRT system has 5 routes, which includes a downtown



subway system that provides service from Pittsburgh's South Hills to the downtown area.

Service and maintenance for the light rail mode takes place at the South Hills Village location in Upper St. Clair and Bethel Park Townships. The

Port Authority Board of Directors approved plans to extend the light rail system under the Allegheny River as part of the North Shore Connector Project. The North Shore Connector project is underway and, when completed, will extend Port Authority's 48.9-mile Light Rail Transit system, the T, 1.2 miles from the Gateway Subway Station underneath Stanwix Street and the Allegheny River – in twin bored tunnels below the river - to the North Shore. While remaining underground along the North Shore, the alignment will travel adjacent to Bill Mazerowski Way accessing a station near PNC Park. Continuing below grade adjacent to Reedsdale Street, the alignment will transition to an elevated alignment near Art Rooney Avenue to a station along Allegheny Avenue near Heinz Field, before terminating near the West End Bridge. This project will give the Authority the capability to extend the LRT system in the future to either the North Hills or Pittsburgh International Airport.

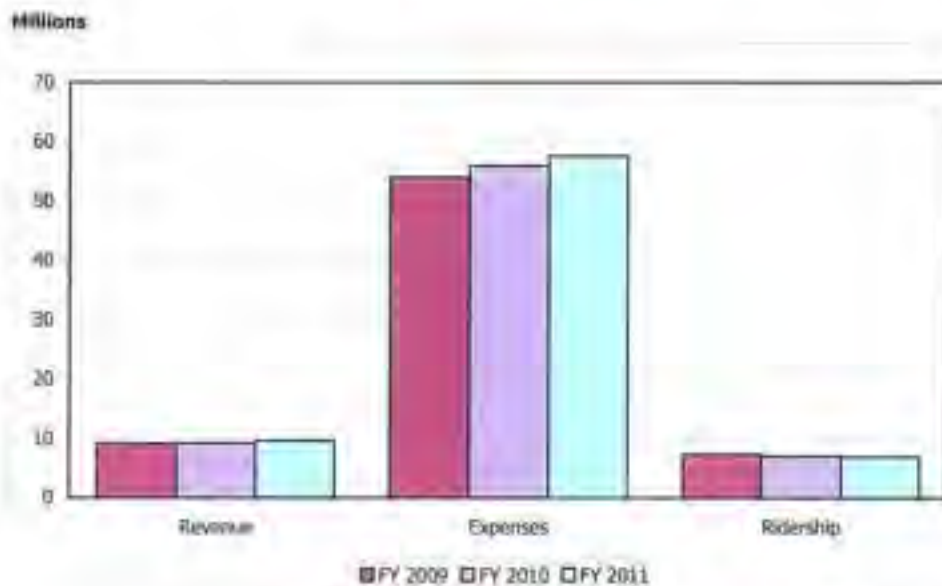
The ridership projections for FY 2011 are expected to decrease slightly by 1.7% from the FY2010 total light rail ridership. This decrease is forecasted due to an increase in

the base fare structure that is anticipated to take place in January 2011. This fare increase is also expected to increase FY 2011 revenues by 4.3% over FY 2010 levels.

Total expenses are expected to increase by 2.9% over FY 2010 levels, primarily in the salaries and wages and utility categories. This increase is expected due to the contractual wage increase for unionized employees who comprise 85% of the total workforce, along with anticipated rises in electricity and natural gas.

The financial data, along with ridership figures and a graphical illustration of revenues and expenses pertaining to the light rail mode, can be found in *Table 4.3* on the following page.

TABLE 4.3
Port Authority of Allegheny County
LIGHT RAIL MODE



	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY11 Inc/Dec
<u>RIDERSHIP</u>				
Non-Seniors	6,869,000	6,598,000	6,465,000	
Seniors	458,000	408,000	419,000	
Total Ridership	7,327,000	7,006,000	6,884,000	-1.7%
	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY11 Inc/Dec
<u>REVENUES</u>				
Passenger Revenue	\$ 8,892,000	\$ 8,952,000	\$ 9,376,000	
Sr Cit Reimbursement	0	0	0	
Other	278,000	234,000	204,000	
Total Revenue	\$ 9,170,000	\$ 9,186,000	\$ 9,580,000	4.3%
<u>EXPENSES</u>				
Salaries & Wages	\$ 22,743,000	\$ 23,886,000	\$ 24,407,000	
Fringe Benefits	21,062,000	22,232,000	21,751,000	
Materials & Supplies	3,594,000	3,503,000	3,658,000	
Prov for Inj & Damages	175,000	44,000	204,000	
Purchased Services	1,755,000	1,727,000	2,257,000	
Utilities	4,364,000	4,307,000	4,866,000	
Other Expenses	301,000	248,000	428,000	
Interest Expense	0	9,000	35,000	
Total Expense	\$ 53,994,000	\$ 55,956,000	\$ 57,606,000	2.9%

Incline Mode

Travel by the Incline mode dates back to the 19th century. The opportunity to experience incline travel remains an attraction for both life long residents as well as visitors to the area. Two inclines, the Duquesne and the Monongahela, remain in operation connecting Mt. Washington with the South Side of Pittsburgh. While both are owned by Port Authority, the Duquesne Incline is leased and operated by a non-profit organization, the "Society for the Preservation of the Duquesne Heights Incline". This incline covers approximately 800 feet of mountainside and carried over 459,000 passengers in FY 2010.



Port Authority operates the Monongahela Incline. The "Mon Incline" covers 635 feet and connects the Station Square area of the South Side with Mt. Washington. Originally built in 1870, the incline's two cars were rehabilitated in 1982 replicating their original style.

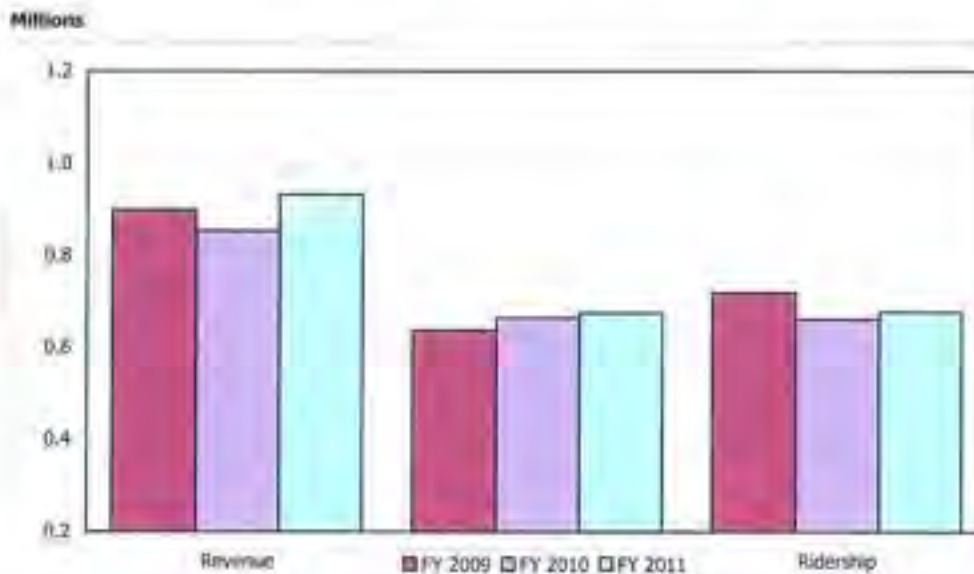
Ridership on the Mon Incline is anticipated to increase by 2.0% in FY 2011 over the FY 2010 levels. Revenues in the same period are projected to increase by 9.3% due to the anticipated

January 2011 fare increase.

As with the other modes of transportation, expenses for the Mon Incline are also expected to increase. Port Authority has budgeted for an 1.7% increase in expenses, primarily due to the contractual wage increase for unionized employees and an expected increase in utility costs.

The financial data and ridership figures and a graphical illustration of revenues and expenses pertaining to the Inclined Plane Mode can be found in *Table 4.4*.

TABLE 4.4
Port Authority of Allegheny County
INCLINED PLANE MODE



	2009 Actual	2010 Actual	2011 Budget	FY11 Inc/Dec
<u>RIDERSHIP</u>				
Non-Seniors	673,000	613,000	629,000	
Seniors	46,000	48,000	48,000	
Total Ridership	719,000	661,000	677,000	2.4%
	2009 Actual	2010 Actual	2011 Budget	FY11 Inc/Dec
<u>REVENUES</u>				
Passenger Revenue	\$ 872,000	\$ 831,000	\$ 912,000	
Sr Cit Reimbursement	0	0	0	
Other	27,000	22,000	20,000	
Total Revenue	\$ 899,000	\$ 853,000	\$ 932,000	9.3%
<u>EXPENSES</u>				
Salaries & Wages	\$ 305,000	\$ 321,000	\$ 328,000	
Fringe Benefits	283,000	298,000	292,000	
Materials & Supplies	2,000	2,000	2,000	
Prov for Inj & Damages	2,000	0	2,000	
Purchased Services	3,000	3,000	4,000	
Utilities	39,000	38,000	43,000	
Other Expenses	3,000	2,000	4,000	
Interest Expense	0	0	0	
Total Expense	\$ 637,000	\$ 664,000	\$ 675,000	1.7%

ACCESS Mode

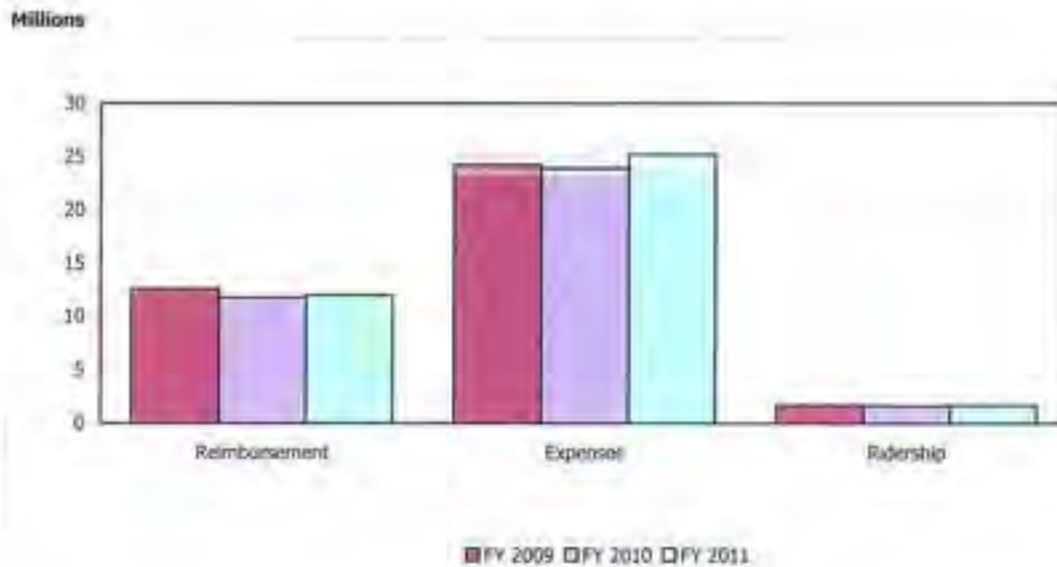
The ACCESS Program provides door-to-door service at reduced fares for older persons and those with disabilities in Allegheny County. This program is operated by Veolia Transportation, Inc., a management firm engaged by Port Authority. The actual transportation is provided by a combination of commercial carriers and non-profit community agencies. In FY 2011, 7 private companies are expected to provide transportation services from 9 operating locations within Allegheny County, under contract to Veolia Transportation, Inc.

The total expenditures projected for ACCESS in FY 2011 is \$35.4 million. Since ACCESS is a contracted carrier for Port Authority, only \$25.2 million of expenses pass through Port Authority's budget. Likewise, only \$12 million is reimbursed to Port Authority from the Commonwealth's Senior Citizen Fare Assistance Program for ACCESS senior ridership.

In FY 2011, ACCESS ridership is projected to increase by 2.1%. Total ACCESS Program reimbursement revenue is expected to decrease by 2.1% from FY 2010 levels and total expenses for the ACCESS Program are expected to increase by 5.3% for FY 2011.

The financial data and ridership figures, along with a graphical illustration of revenues and expenses pertaining to the ACCESS mode can be found in Table 4.5.

TABLE 4.5
Port Authority of Allegheny County
ACCESS MODE



	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY11 Inc/Dec
<u>RIDERSHIP</u>				
Sr. Citizen Passengers	753,000	766,000	753,000	
Other Originating Pass.	947,000	885,000	933,000	
Total Ridership	1,700,000	1,651,000	1,686,000	2.1%
	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY11 Inc/Dec
<u>REIMBURSEMENTS</u>				
ACCESS Prgm Reimbursement	\$ 12,591,000	\$ 11,784,000	\$ 12,028,000	2.1%
<u>EXPENSES</u>				
ACCESS Prgm Expense	\$ 24,272,000	\$ 23,931,000	\$ 25,211,000	5.3%



capital
improvement

Port Authority of Allegheny County

Capital Improvement Program

Port Authority of Allegheny County's (Authority) Fiscal Year 2011 Capital Improvement Program (CIP) is an integral component of the Authority's financial plan. The CIP is a financial plan of proposed projects, their costs, and their schedules. Continued investment in capital infrastructure will lead to improved efficiency, customer satisfaction, and key maintenance to the Authority's critical fixed assets.

With the limited availability of funding, much time and effort has been placed in prioritizing the best use of the Authority's resources in regard to the CIP. This program includes major capital projects such as revenue vehicle replacement, fixed guideway and facility improvements, new system expansion, and other capital initiatives. In accordance with Port Authority Board regulations, a FY 2011 budget has been prepared for these projects as well as a preliminary budget for the following fiscal year.

The CIP also encompasses support programs and debt service. The FY 2011 and FY 2012 CIP's project expenditures are \$181,740,500 and \$192,125,500

	FY2011 Capital Expenses	FY2012 Capital Expenses
Revenue Vehicle Replacement	\$37,000,000	\$56,000,000
Fixed Guideway/Facilities	\$38,635,000	\$20,058,000
New System Expansion	\$18,460,000	\$25,750,000
Support Programs	\$7,753,000	\$9,361,000
Operating Capitalizations	\$42,650,000	\$41,380,000
Debt service	\$37,242,500	\$39,576,500
Total	\$181,740,500	\$192,125,500

respectively. These Capital Improvements impact the Port Authority Operating

budget in multiple ways. The anticipated impacts and the Board Adopted FY 2011 CIP are included for review.

Major Capital Projects

Port Authority of Allegheny County's major capital projects for FY 2011 includes a revenue vehicle replacement program, fixed guideway and facility improvements, new system expansion, along with other initiatives. The following pages provide details and descriptions for the FY 2011 major capital projects.

Revenue Vehicle Replacement Program

The FY 2011 CIP allots \$37,000,000 for the purchase of replacement buses. The Port Authority of Allegheny County fleet consists of 707 buses in service, 179 spare buses, and 83 light rail vehicles. Federal Transit Administration (FTA) Circular 9030.1D allows for a Bus, Van, Trolley, and Rail Rolling Stock Useful Life Policy. The "useful life" of rolling stock begins on the date the vehicle is placed in revenue service and continues until it is removed from service. Minimum useful life for buses, vans, trolleys, and ferry boats is determined by years in service or accumulation of miles, whichever comes first. Large, heavy-duty transit buses (approximately 35 – 40 ft and articulated buses) utilized by the Port Authority have been defined with a minimum useful life of 12 years of service or an accumulation of at least 500,000 miles. As of August 2010, the average age of a bus within the Port Authority Fleet is 8.07 years and

the average service mileage carried is 304,611 miles, approaching the end of their useful life under both criteria. The basis for determining a reasonable spare ratio takes local circumstances into account, but, generally, the number of spare vehicles in the active fleet for recipients operating 50 or more fixed-route revenue vehicles should not exceed 20% of the number of vehicles operated in peak service, as stated within C5010.1D.

The FTA funding requested for FY 2011 is for the purchase of eighty (80) 40ft Low Floor Clean Diesel transit buses. These will replace low floor buses placed into service in 1999. The purchase included major components, training, and diagnostic equipment to cover changes for a new bus fleet, as well as contract administration and third party contracted online production inspection. The purchase is to be made by exercising options from the FY 2010 Bus Procurement Contract which was awarded on June 26, 2010.

These vehicles meet the ADA (Americans with Disabilities Act) requirements as well as Clean Fuel requirements set forth by the FTA. Upgrades to Hybrid or CNG (Clean Natural Gas) vehicles will also be considered contingent upon funding availability.

Fixed Guideway and Facility Improvements

The focus of the CIP for the past few years at the Port Authority has been on system expansion with the North Shore Connector Project; however, the FY 2011 CIP at the Port Authority allocates \$38,197,000 towards Fixed Guideways

and Facilities Improvements, with an emphasis on maintenance in order to keep Port Authority assets in a state of good repair. The main projects include the Bus Radio System Replacement Phase II, the Manchester Maintenance Facility Deck, Roof and Drain Rehabilitation, East Liberty Garage Roof and Exhaust Fan Replacement, Replacement of the Automatic Trip Stop (ATS) Carbone, Mt. Lebanon Tunnel Repairs, and various other state of good repair projects.

The Port Authority's Bus Radio System (base stations, mobile, and portable radios) has been in operation since 1993, far exceeding its useful life. The FY 2011 CIP allocates \$4,500,000 for this project. The base stations and associated equipment will be installed at 6 dedicated radio sites throughout Allegheny County. Mobile units in the revenue service bus fleet, support service vehicle maintenance fleet, and the police vehicle fleet will also be replaced. The age of the radio equipment, along with the pending implementation of the Federal Communications Commission's narrow band mandatory operation, dictated the need to upgrade the bus radio infrastructure. The narrow band operation known as "refarming" promotes spectrum efficiency by reducing the occupied bandwidth that is presently utilized, thus reducing bandwidth from 25 KHz to 12.5 KHz.

The structural roof slab (shop ceiling) and associated roof drain system at the Manchester Main Shop has been in place since the building's construction in the early 1970s. Over the past several years, the underside of the roof slab has exhibited deterioration with concrete debris falling into the shop area. The cast

iron roof drain pipes have cracked and leaked onto the shop floor and other administrative areas. Facilities Maintenance crews installed temporary catch pans under the crumbling concrete areas and repaired sections of the leaking pipes to protect the employees and equipment below; however, the rate of failure increased over the past year and has become a serious safety concern as well as an ongoing expense. The Capital Request for \$4,200,000 for this project will repair the underside of the structural roof slab and install a cathodic protection system to minimize the corrosive effects of the bus exhaust, which accelerated the deterioration. All cast iron plumbing is to be replaced with PVC pipe and new roof drains are to be placed on the parking deck above. The expansion joints and cracks in the parking deck topping slab are to be repaired to minimize moisture intrusion.

The East Liberty Garage requires a roof replacement as it has been in service for more than 25 years, exceeding its useful life. The roof has displayed leaks during recent precipitation. The existing exhaust fans are to be replaced and five additional fans are to be added. These fans function sporadically and are in need of service constantly throughout the year. The FY 2011 CIP allots \$3,736,000 for the completion of this project.

The replacement of the Automatic Trip Stop Carbone & Wayside Equipment is imperative to system safety; therefore, the FY 2011 CIP allocates \$3,300,000 towards this upgrade. The objective of this project is to upgrade the current Automatic Trip Stop System (ATS) used on the Port Authority's light rail

vehicles (LRVs). This system has been in operation since 1986 and was designed for the LRVs built by Siemens. Since that time, the original LRVs have been completely overhauled, thus requiring the equipment replacement. The ATS System is a safety feature that prevents LRT collisions by prohibiting a second vehicle/train from entering an already occupied track circuit. The ATS track components have become obsolete and more frequent false trips have occurred. These false trips affect operations and at times the ATS System has been bypassed in order to resume operations, thus leaving the circuits without protection and jeopardizing the safety of the riders and system.

The Mt. Lebanon Tunnel was constructed as part of the Stage I Light Rail Transit System in the mid 1980s. The tunnel has several deficiencies currently in need of repair. The modification and upgrade of the four existing tunnel emergency ventilation fans with variable speed drives would enable operation of the fans at lower speeds to minimize noise and maximize efficiency. Corroded electrical panels and vault covers need to be replaced and water abatement on the tunnel ceiling must occur to prevent further deterioration and falling debris. Finally, the tunnel drainage system must be modified and upgraded to address the disposal of leakage and/or moisture build-up within the tunnel. The FY 2011 Capital Request estimates these repairs will cost approximately \$3,000,000.

The FY 2011 CIP allocates \$19,899,000 for a multitude of other state of good repair projects. With the majority of the focus from previous years resting on the North Shore Connector Expansion project, many infrastructure repair

projects have taken a back seat due to various funding constraints. This has been addressed in the FY 2011 CIP, where infrastructure correction was made a priority. Some of the many infrastructure projects included in this category are: the FY 2011 Bridge and Rail Inspection Program, the Manchester Paint Booth Replacement (Phase II), Central Business District (CBD) Tunnel Zones 2,6,& 9 Stand Pipe Repair, CBD Tunnel Emergency Egress Hatch Replacement, East Liberty – Main Supply Valve Replacement, Harmar Garage Fire Protection System, Collier Garage Fire Protection System, a Retaining Wall on the Library LRV Line, Penn Tunnel Water Intrusion and Repair, System Rail and Track Work, as well as the East Liberty and Ross Garages Underground Storage Tank Cathodic Protection Upgrade. This is just a sampling of the projects listed in this category. Port Authority recognizes that fixed guideways and facilities must be maintained in a state of good repair in order to strive for cost efficiency and system safety for both riders and employees.

New System Expansion

The FY 2011 CIP has two main focuses concerning system expansion: Park-n-Ride Expansion/Transit Centers and the North Shore Connector. In total, \$18,460,000 was allocated to this category of projects.

The FY 2011 CIP allocates \$2,250,000, as recommended by the Transit Development Plan (TDP), to expand the existing network of Park-n-Ride lots at several locations around Allegheny County. The new Park-n-Ride lots are needed

to ensure that residents living in communities no longer directly serviced by a transit route will be able to access the transit system. The additional spaces will also accommodate increased demand resulting from added transit service in other areas and address current shortages of parking where current demand exceeds supply. A total of 1,150 new spaces will potentially be added to Port Authority's existing network of spaces. This project is a three year expansion totaling \$6,750,000. The improvements range from installation of signage, striping, and other upgrades of existing lots to development of new lots involving land acquisition and construction of new spaces. Failure to expand would reduce the effectiveness of the service changes scheduled over the next two years. Many commuters, particularly in the Pittsburgh's North Hills, would continue to experience frustration at not being able to access the transit system. This would result in revenue losses and lower efficiency and effectiveness of the suburban routes.

The FY 2011 CIP requests \$1,710,000 towards the installation of transit centers. As part of the TDP, Port Authority would convert several through routes to feeder services in order to reduce overall operating costs and increase service in some suburban communities. To facilitate transferring these routes, the TDP recommends the installation of transit centers in order to provide adequate customer waiting facilities and bus layover areas. Additionally, at locations where multiple feeder, cross-town and/or through routes converge, the installation of transit centers would facilitate transferring among these routes, thus maximizing

the traveler's choices. The total capital request for this project is \$3,420,000, and is for Phase I of a program to be implemented over a 2 year period. The Park -n- Ride and Transit Center projects will be pursued only if additional funding sources become available.

Also allocated for system expansion this fiscal year is \$14,500,000 in funding for the North Shore Connector Project. This request establishes the balance of the full funding grant agreement. Construction has been underway since 2006 and is scheduled for completion in March 2012. Twin tunnels have been bored under the Allegheny River to establish a 1.2 mile extension to the Light Rail System. This project will connect the downtown business district to the attractions and events on the North Shore of Pittsburgh,

Construction of the North Shore Connector has progressed to 72% completion as of May 2010. Both tunnels have been bored under the river, progress is continuing on the concrete shell for the Gateway Station, and construction on the Aerial Structure on the North Shore continued with surface restoration and completion of the platform. Installation of the rails and plinths in the tunnels is currently underway, finishing work is continuing on the North Side Station and construction has commenced on the foundation at the Allegheny Station. Installation and fabrication of the elevators and escalators are continuing,

Port Authority believes that this project will be a great success not only for daily commuter ridership, but also for special events occurring downtown. It will

connect more people located outside of the city in the suburban areas to downtown activities such as sporting events, the Rivers Casino, and surrounding businesses and hotels.

Other Initiatives

The Regional Automated Fare Collection System (AFCS) capital program was kicked off in 2009 with the award to Scheidt & Bachmann for the supply of Fareboxes, Depot and Central Computer Systems, Vaulting Equipment, Ticket Vending Machines, and other sales/technical support equipment. Also within their scope of supply was the software necessary to coordinate all aspects of the program and provide the data reports desired.

The Regional AFCS program's goal is to replace older, outdated fareboxes with newer boxes capable of validating currency inserted in addition to providing a platform that will allow the use of "Smartcard" technology. The migration to this technology would simplify and improve the riding customer's experience, reduce fare evasion, increase agency revenues, provide a seamless coordination of regional transit services, and provide a superior data collection system enhancing the Authority's ability to analyze and manage operations.

During FY 2010, the project had been segregated into two distinct phases: Phase One had seen the introduction of the new fareboxes and all support equipment operating under the same principles currently employed. Phase Two

would see the introduction of the "Smartcard" technology and the phasing out of all paper fare instruments.

Currently underway is the installation of the new fareboxes on the existing fleet. The rollout is being completed on a location basis. The Ross Garage was the pilot location. Installation, operator testing, and control unit redesign was completed. Equipment roll-out to the East Liberty, Collier, and West Mifflin garages is expected to be initiated within the first quarter of Fiscal Year 2011. The final step in Phase One will be the installation of equipment on the Light Rail Vehicles.

Essential to the success of this project is training and public awareness. Business practices and documentation are currently underway. At a preliminary level, administrator and back office training has been completed and refined. Administrators are now leading operator training sessions. The Port Authority has contracted with FSC Jones Worley to increase public awareness and understanding of the project. As the employees become familiar with the farebox equipment, ticket vending machines (TVM) will begin their preliminary test phase. The TVMs are being presented to stakeholders for comment. Functional testing of the ticket equipment is underway. Training materials and documentation have been and continue to be created.

In order to simplify the transition to the "Smartcard" program, the current fare collection policy has been reviewed. The fare policy to initiate software programming and development for the TVMs and retail sales terminals will

emulate the existing policy. The new fareboxes are able to accept currency as well as scan the "Smartcard". Live, however limited, "Smartcard" testing is expected to begin with Port Authority Employees as well as University of Pittsburgh Employees.

The new fareboxes and vaults are designed to stack paper currency, thus decreasing the time and resources needed for currency unfolding. The move towards the "Smartcard" will diminish the amount of physical cash handled and move towards an automated system. The new vaults have an increased capacity of more than 11,000 bills as opposed to the 6,300 bill capacity of the old equipment. The probe time has been decreased from 30 seconds per vault with the old system to 5 seconds.

The Port Authority of Allegheny County has spent much time involved in the creation of the TDP. Numerous public hearings were held to address the concerns of our riders. One of the resulting ideas was a Bus Rapid Transit (BRT) connecting Downtown, Oakland, and East End communities. The TDP proposes faster, more reliable, more easily understood, and more evenly scheduled trips through these communities. This would be accomplished through operational and physical improvements such as stop consolidations, establishment of additional bus lanes, and travel signal priority at key intersections. Other improvements suggested include the use of articulated coaches for all service, a provision for real-time passenger information, enhanced shelters, and special marketing/branding. Downtown Pittsburgh and Oakland are the second and third

largest generators of trips in the Commonwealth of Pennsylvania, only after Downtown Philadelphia. Downtown Pittsburgh is Southwestern Pennsylvania's major employment center, with approximately half of all employees commuting via public transportation. The Oakland area is home to two major universities, their related sports and research facilities, several large medical institutions and their related research facilities, as well as the Carnegie Library and Museum Complex. The dense residential development, as well as the cultural, educational, and medical institutions next to the Downtown office development make the Downtown-Oakland-East End Corridor one of the most heavily traveled in Southwestern Pennsylvania. The Port Authority is looking to commence the Alternatives Analysis as well as the appropriate level of environmental analysis in accordance with the National Environmental Policy Act to determine the viability of this project. The focus of the Port Authority of Allegheny County is to provide our riders with the best quality, safest, and most efficient service possible.

Major Support Programs

The FY 2011 CIP calls for expenditures of \$7,753,000 in the major support programs. The three main components of this section include Support Vehicles, Information Technology Hardware/Software, and Other Support Equipment.

Support Vehicles have become a top priority. Most of the vehicles within the Support Fleet have outlived their useful life and are exceeding 100,000 miles. Port Authority is looking to replace five police vehicles. These vehicles are

required to respond 24 hours a day to emergency calls throughout the system. Vehicles with high mileage produce elevated maintenance expense. For example, one vehicle required over \$4,000 in maintenance cost during last year alone and was out of commission for more than 29 days. Other vehicles scheduled for replacement during FY 2011 include a Rail Emergency Response Vehicle, a Ballast/High Rail Dump Truck, Stores Delivery Vehicles, Heavy Duty Crew Trucks, and various other support vehicles.

With all of the systemic expansion currently underway, the Information Technology Department has focused on the maintenance and support of current software until upgrades are inevitable with the introduction of the Regional Automated Fare Collection System. The current software licenses and support being maintained include Peoplesoft HR/FMS, Hastus Geo, Hastus ATP/Rider/Checker, Midas Dispatching, AFCS Oracle Licensing, and various hardware maintenance agreements. In order to increase system productivity, the Information Technology Department has begun to upgrade the Docutech 6100 Hardware and Software. The front-end portion of the DocuTech had been used to scan hardcopies, format print files, set finishing options, save/retrieve jobs, and submits jobs to the print & finishing modules. We have experienced increased performance issues and printer downtime requiring Xerox maintenance. The machine, in excess of seven years old, is not able to accommodate the latest Xerox software versions that would resolve the performance issues. Xerox has recommended the replacement of the front end

PC, scanner, MO Disk unit replacements, and the latest upgrades of Digipath and MakeReady Software to resolve these systemic performance issues.

There are multiple other programs rolled into the component of "Other System Equipment". Port Authority included the FY 2011 Small Transit Vehicle (STV) Leases and the Capital Cost of Contracting (CCOC) for maintenance on these vehicles within this budget section. There are a total of 38 STVs currently leased. Port Authority of Allegheny County has budgeted \$1,238,000 and \$1,006,000 for STV Leasing and Capital Cost of Contracting respectively in the FY 2011 CIP. Port Authority of Allegheny County contracts with a leasing company for the maintenance on these STVs. The FTA will fund 80% of the cost of the maintenance contract when the contractor provides the vehicles and maintenance and the grantee provides the service. Also included within this budget section is the lease of a centralized administrative area in the Heinz 57 Center located in downtown Pittsburgh. One full floor and a section of a second floor are rented. The FY 2011 CIP allocates \$1,023,338 for this lease agreement.

Sources of Funding

Federal Funding

Fiscal Year 2009 was the final year of Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). As work on the reauthorization of a new Surface Transportation bill continues, Congress and the President have approved an extension of SAFETEA-LU through December 31, 2010. The American Public Transportation Association (APTA) and

the transit industry are working with the Administration and members of Congress on reauthorization.

Funding programs applicable to the Port Authority are as follows:

- **Section 5307 - Urbanized Area Formula Program -**

This program provides funds for planning, acquisition, construction, and preventive maintenance, improvement, operating costs, and associated capital maintenance items. Distribution of Urbanized Area Formula funds is by statutory formula to individual urbanized areas. A portion of the Urbanized Area Formula funding is derived from the Federal General Fund. The remainder is from the Mass Transit Account of the Highway Trust Fund. Urbanized Area Formula funds apportioned to urbanized areas with populations of 200,000 and over cannot be used for operating assistance. Urbanized Area Formula assistance for most purposes is available on an 80 percent federal 20 percent local matching ratio. At least one percent of the Urbanized Area Formula funds apportioned to urban areas with populations of 200,000 and over must be expended for projects and project elements defined under the Urbanized Area Formula Program as "transit enhancements".

- **Section 5309 - Federal Capital Program -**

A portion of the funding authorized through this program is provided on a formula basis to individual urbanized areas for modernization and rehabilitation of public transportation fixed-guideway facilities (Fixed-Guideway Modernization Program). The remainder of the Capital Program funding is distributed on a discretionary basis to provide capital assistance for (1) fixed guideway systems; (2) introduction of new technology; (3) projects that enhance the effectiveness of mass transportation; and (4) acquisition, construction and improvement of bus and rail facilities and equipment. All Capital Program funds are available at an 80 percent federal 20 percent local matching ratio. The source of all federal Capital Program funding is the Mass Transit Account of the Highway Trust Fund.

- **Section 5316 – Job Access and Reverse Commute Program**

The Job Access and Reverse Commute (JARC) program provides formula funding to States and designated recipients to support the development and maintenance of job access projects designed to transport welfare

recipients and eligible low-income individuals to and from jobs and activities related to their employment, and for reverse commute projects designed to transport residents of urbanized areas and other than urbanized areas to suburban employment opportunities. States and designated recipients must solicit grant applications and select projects competitively, based on application procedures and requirements established by the designated recipient, consistent with the federal JARC program objectives. Funds are available to support the capital and operating costs of transportation services that address the needs of welfare recipients and eligible low-income individuals that are not met by other transportation services. The local match for both capital and operating assistance remains consistent with the TEA-21 authorization as a 50 percent federal/50 percent local matching ratio.

- **Section 5317 – New Freedom Program**

Established in SAFETEA-LU, The New Freedom program provides formula funding for new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act of 1990 that assist individuals with disabilities with transportation, including transportation to and from jobs and employment support services. States and designated recipients must solicit grant applications and select projects competitively, based on application procedures and requirements established by the recipient. Funds are available to support the capital and operating costs of new public transportation services and public transportation alternatives that are beyond those required by the Americans with Disabilities Act. Federal New Freedom funds may be used for 80 percent of capital expenses and 50 percent of operating expenses.

Other Federal Funding

- **Federal Flex -**

As part of an agreement between the Commonwealth of Pennsylvania and the transit community during the enactment of Act 3 of 1997, Port Authority of Allegheny County annually flexes federal highway funds for capital improvements.

- **Transit Security Grant Program (TSGP) –**

These grant programs are part of a comprehensive set of measures implemented by the Administration to help strengthen the Nation's critical infrastructure against risks associated with potential terrorist attacks.

State Funding

Funding programs applicable to the Port Authority are as follows:

- **Act 44 Section 1517 Formula Urban and Rural Capital Assistance-Capital Improvement Program –**

Annual state funding which is allocated to each local public transportation organization based on their proportion of overall statewide ridership. This capital funding is provided to help pay for the cost of durable assets such as buses, bus garages and related equipment including fare boxes, air conditioners, etc. The annual funding allocated for this program is provided by using 16.67 percent of the total amount of state sales tax revenue transferred each year to help fund public transportation programs.

- **Bond Funded Capital Assistance (CB) -**

State urban and rural bond-funded capital assistance is discretionary funding based on individual capital projects authorized in legislatively enacted state capital budgets. By policy, PennDOT annually releases approximately 25 percent of available state bond funding for Port Authority capital projects. Generally state bond funds cover 1/6 (16 2/3%) of the total cost of Port Authority capital projects. These funds are utilized to leverage (match) federal formula funds.

- **State Urban PTAF Dedicated Fund Program –**

Dedicated State PTAF funding comes from five different funding sources that are distributed monthly to the Department for capital assistance and asset maintenance. PTAF capital assistance funds may be used for all traditional capital purposes such as to procure vehicles, equipment and facilities that have a useful life of at least four years. Also PTAF funds may be used for asset leases, and debt service which are generally ineligible for state bond funding. The Department has developed a Cost Eligibility Matrix to provide guidance to urban grantees on which capital activities are eligible for the various sources of State capital funding. Generally State PTAF funds cover 1/6 (16 2/3%) of the total cost for 80% federal capital projects, or 96 2/3% of the total cost of asset maintenance projects and non-federal capital projects.

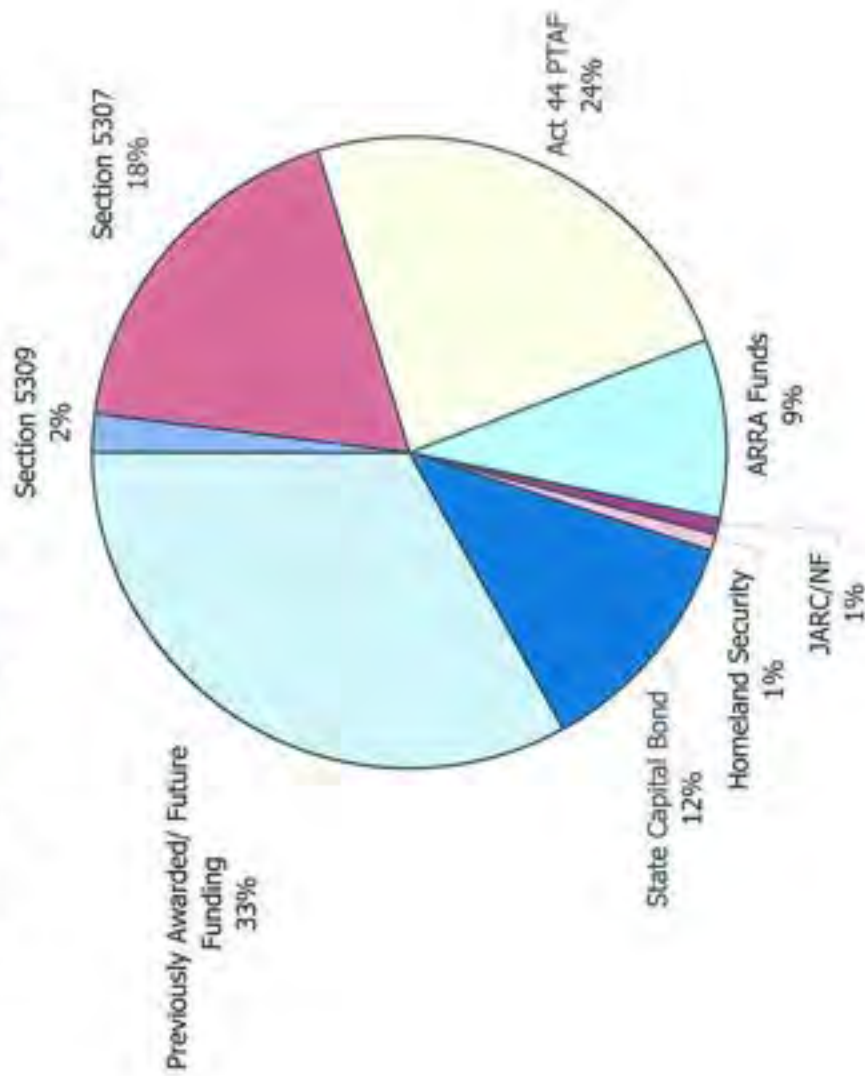
Loss of State Capital Funding Results in Deferral of Capital Projects

The Port Authority remains concerned about the long-term fiscal stability of Pennsylvania's Public Transportation Trust Fund, as established by Act 44 of 2007, and the uncertainty this creates for transit across the Commonwealth. Sales tax revenue, a key funding source for the Trust Fund, is 4.6% below Fiscal Year 2010 expectations, as of January, 2010. In addition, the Pennsylvania Turnpike Commission has been unable to obtain the approval of the Federal Highway Administration to begin tolling Interstate 80. Without full funding of Act 44, The Port Authority of Allegheny County anticipates a State funding shortfall of approximately \$26,100,000 in capital funds annually beginning in Fiscal Year 2011 (July 1, 2010). Such drastic reduction in capital funding will force Port Authority to defer various state of good repair projects listed within the capital improvement program.

Allegheny County Funding

Generally county funds cover 1/30 (3 1/3%) of the total cost of Port Authority capital projects. These funds are utilized to leverage (match) federal formula funds.

Port Authority of Allegheny County
Sources of Funding
FY 2011 Capital Improvement Program



- | | | |
|---|---|--|
| ☐ Section 5309 | ☐ Section 5307 | ☐ Act 44 PTAF |
| ☐ ARRA Funds | ☐ JARC/NF | ☐ Homeland Security |
| ☐ State Capital Bond | ☐ Previously Awarded/ Future Funding | |

Operating Capitalizations

The FY 2011 CIP provides for \$42,650,000 in Operating Capitalizations.

These programs include the following:

- Infrastructure Safety Renewal Program;
- Capital Cost of Contracting – ACCESS;
- Preventive Maintenance;
- Vehicle Overhaul Program;
- Associated Capital Maintenance;
- Job Access Reverse Commute;
- Grants Management.

The Infrastructure Safety Renewal Program

The Infrastructure Safety Renewal Program (ISRP) provided for the renovation and/or rehabilitation of bridges, track, stations, signals, power, building facilities, and associated components of Port Authority's rail and bus systems. The CIP was intended to address long range planning needs and projects. ISRP addressed immediate necessary improvements which must occur on an ongoing basis to keep the system safe and in a state of good repair. The priority of the program is fixed asset improvement to the infrastructure including:

- 48.9 miles of track and 44 crossings;
- 56.5 miles of busways;
- Overhead lines, switches, substations, and rail signals;
- 60 Park and Ride Locations;

- More than 80 bridges and bridge type structures owned and maintained by Port Authority.

Also included in this program is the responsibility for the fixed structural facilities of the Port Authority including the six bus garages (East Liberty, Ross, West Mifflin, Collier, Harmar, and Manchester), Pitt Tower Transit Police Headquarters, Monongahela Incline, and all downtown subway stations. There are more than 350 Port Authority owned stations/shelters throughout the service area. These facilities are vital to system safety and ongoing operations.

Allegheny County Coordinated Effort for Shared-Ride Services –

ACCESS Program

The Port Authority of Allegheny County contracts for its entire ACCESS paratransit service for elderly and disabled riders. Specifically, Port Authority contracts with Veolia Transportation, Inc., doing business as ACCESS Transportation Systems for the administration and coordination of its ACCESS program. In turn, ACCESS Transportation Systems contracts with private carriers to provide the specialized demand responsive paratransit service for persons who are elderly and/or disabled. ACCESS provides more than 1,700,000 passenger trips annually. Port Authority allocates \$15,000,000 to cover the capital costs for contracting these services. FTA Circular 9030.1D allows for capital assistance to be used to fund the cost of the capital portions of service or maintenance provided under contract. The FTA allows 50% of the cost of turnkey contracted

service (contractor provides vehicles, maintenance, and transit service) to be funded with Section 5307 capital dollars.

Preventive Maintenance Program

In 1996 the FTA announced that revenue vehicle maintenance costs would be eligible for reimbursement. The FY 2011 CIP allocates \$4,550,000 towards Preventive Maintenance which is a broadly defined federal program that allows for direct and indirect activities performed on revenue vehicles included under the line item "maintenance" in the NTD system of accounts.

Vehicle Overhaul Program

The Vehicle Overhaul Program (VOH) allocates \$3,500,000 for FY 2011. The VOH Program is a state bond financed capital program. According to the Pennsylvania Department of Transportation Guidelines, this program involves the replacement or rebuilding of specific vehicle components at specific intervals during the initial 12 year life of a bus. The purpose of vehicle overhaul is to ensure the continued safe, reliable operation of a bus during its useful life by replacing or rebuilding components which have a useful life less than 12 years. Overhaul work is scheduled for completion during the 4th and 8th year of service. A single overhaul may be scheduled for completion for those buses 6 years or older. Only vehicles in service as of the effective date of the guidelines or thereafter are eligible for overhaul. Vehicles which have exceeded their normal

service life are eligible only if the service life is extended in accordance with the useful life requirements. Components must be rebuilt or replaced at intervals of 4 years or more due to their condition or age in order for the bus to reach its useful life. Components eligible for overhaul reimbursement include the engine and its accessories, radiator, transmission, fuel tank, structural support, frame, exterior panels, climate control system, axles, suspension, steering, air system, electrical system, heater/defroster, flooring, seats, and stanchions. The repair or replacement of the following due to corrosion or fatigue is also eligible: front step well understructure, engine support structure, wheel well structure, fender skirt, battery box, front suspension pivot bracket welds and center door posts. All material and labor costs incurred during scheduled overhaul work for eligible components are allowable costs.

Associated Capital Maintenance Program

FTA Regulations allow for capitalizations entitled Associated Capital Maintenance (ACM). This program captures the cost of equipment or components whose unit cost is no less than one-half percent of the current market value of the rolling stock on which it is to be used. ACM items are related to items for revenue rolling stock only and do not include facilities, facility equipment, or non-revenue vehicles. An amount of \$2,500,000 has been budgeted for the purchase of bus and rail related ACM items. Examples of ACM items included bus transmission rebuilds, pump assembly-oil gear kits, block

assembly kits, engine rebuild kits, camshaft gears, bumper assemblies, housing assemblies, pump converters, wheel blowers and kit differentials. ACM items are acquired on an ongoing basis throughout the year. The purchase of ACM items is consistent with the FTA requirements in Circular 9030.1D.

The Job Access Reverse Commute Program

The Job Access Reverse Commute (JARC) Program allows for cost capitalizations for eligible low income and welfare recipients for urban and rural areas. The program's objective is the provision of maximum flexibility to job access projects designed to meet the needs of individuals who were not effectively served by public transportation. Coordination of this program is required between private, non-private, and public transportation providers and other federal programs including the New Freedom program and the Elderly and Disabled Program. \$1,300,000 has been allocated for JARC within the FY 2011 CIP.

Grants Management Program

\$800,000 has been allocated in FY 2011 for Grants Management. Federal regulations allow for capitalizations to cover the salary and administrative costs associated with the Section 5307 Urbanized Area Formula Program Grant; however, project administration is not to exceed 2% of the grant total. The

following chart provides a detailed description, budget amount, and funding source for each of the Operating Capitalizations:

Port Authority of Allegheny County

Fiscal Year 2011 Capital Budget

Major Operating-Related Capitalizations

Single - Year	Description	FY 2011 Budget	Anticipated Funding Source
Infrastructure Safety Renewal Program	Provides for improvements to facilities and infrastructure such as the rehabilitation and renovation of transit, railroad, and pedestrian bridges, track, stations, signals, and power supplies.	\$15,000,000	State Capital Bond Fund
Capital Cost of Contracting - ACCESS	Port Authority contracts for its entire ACCESS Paratransit service for elderly and disabled riders. Capital Assistance may be used to fund the cost of the capital portions of service or maintenance under contract.	\$15,000,000	Section 5307 Formula Funds
Preventive Maintenance	Preventive Maintenance is broadly defined as direct and indirect activities performed on revenue vehicles included under the line item "maintenance" in the NTD System.	\$4,550,000	Section 5307 Formula Funds
Revenue Vehicle Overhaul Program	Funding for improvements to the internal/external and mechanical overhaul of Port Authority's revenue vehicle fleet.	\$3,500,000	State Capital Bond Fund
Associated Capital Maintenance	To capitalize the cost of equipment or components whose unit cost is no less than one half percent of the current market value of the rolling stock on which it is to be used.	\$2,500,000	Section 5307 Formula Funds
Job ACCESS Reverse Commute	This program allows for cost capitalizations for eligible low income and welfare recipients for urban and rural areas.	\$1,300,000	Section 5316 Formula Funds
Administrative Grants Management	The Budget for Project Administration is not to exceed 2% of the grant total. This is to fund the costs of grants management and administrative costs.	\$800,000	Section 5307 Formula Funds
Program Totals		\$42,650,000	

Debt Service

The Port Authority of Allegheny County allocates \$37,242,500 for the Debt Service Program in FY 2011. The following projects compile the Debt Service Program: 2001 Sr. Bond Debt Service, the Revenue Vehicle Leases (Koch Master Agreement), and the 2001 Sr. Bond Debt Service – Swaption.

The Port Authority issued \$225,000,000 of Special Revenue Transportation Bonds Series 1999 on November 4, 1999. The proceeds of the bond sale were primarily used to fund the extension of the Martin Luther King East Busway the new Stage II Light Rail System.

Another debt service program that the Port Authority entered into is termed the Koch Master Agreement. In fiscal year 2003, the Port Authority entered into an agreement with Koch Financial Corporation to finance bus procurements. The debt was secured by an equity interest in the purchase of each bus. A total of 400 buses were purchased with this agreement.

The final project in the Debt Service Program is the 2001 Sr. Bond Debt Service – Swaption. Merrill Lynch paid \$10,101,000 for the right to put the Port Authority into a swap whereby the Authority would pay a fixed rate (4.53%) and receive 67% of 1 month LIBOR effective March 1, 2011 (the "2004 Swaption"). As of April of 2010, under the current market conditions, the termination value of the Swap is \$32.27 million in cost to the Authority. The probability of the initial exercise in March of 2011 is approximately 70%. Given the recent turmoil and overall market volatility, and with the option associated with the 2004 Swaption

likely to be exercised by Merrill Lynch at the initial exercise date, the Authority will consider various debt restructuring alternatives.

Impact of Capital Improvements on Operating Budget

The decisions made in regard to Port Authority's Capital Improvement Plan (CIP) advance the strategic vision of the company and maintain its core assets. These decisions impact the Port Authority's Operating Budget; therefore, the two budgets must be united and work together. The following provides details as to how some of the major Capital Projects for FY 2011 impact the Operating budget this year and the years to follow:

Transit Bus Purchase

The funding for FY 2011 provides for the purchase of eighty transit buses to replace buses that were placed into the fleet in 1999. The replacement of Port Authority's revenue vehicles help keep operating costs stable. New buses require fewer replacement parts and burn fuel more efficiently, reducing the dollars that need to be budgeted in these areas. New buses consume less fuel per mile and the decrease in costs for spare parts inventory, as well as maintenance labor cost reduction positively impact the Operating Budget.

Facility Improvements

The planned FY 2011 facility improvements will greatly improve safety and efficiency for the Port Authority. The FY 2011 CIP allocates Capital dollars to roof

replacements at several Port Authority facilities. Due to age and deterioration from weather exposure, the existing roofing system is no longer capable of providing water tight barriers and adequate insulation for these buildings. The renovation will provide protection for Port Authority assets, reduce maintenance and repair costs, and reduce the annual energy costs for the organization.

North Shore Connector

The FY 2011 CIP allocates \$14,500,000 towards the completion of the North Shore Connector project. This project involves twin tunnels that were bored under the river to support a 1.2 mile extension to the light rail system. This project is scheduled to be completed in March 2012. Connecting the downtown Business District with the North Shore of Pittsburgh will add incremental costs to Port Authority's Operating Budget. The 76 additional rail vehicle hours will add additional costs such as operator wages, maintenance labor, and propulsion power. The increase in vehicle hours will add a projected annual increase of \$45,000 to operating costs and the additional propulsion power will produce an estimated increase of \$300,000 each year. The North Shore Connector Project will support riders located outside of the city, special events occurring on the North shore and Downtown; therefore, some of these incremental costs will be offset by ridership revenue.

Automated Fare Collection System

The Automated Fare Collection System (AFCS) Capital program will replace outdated fareboxes and vaulting equipment, allow for the use of "Smartcard" technology, and will provide superior reporting capabilities for management at the Port Authority, as well as improve the ridership experience for Port Authority's customers. The following provides details as to how this project is expected to impact the Operating budget at the Port Authority;

Incremental Costs

- Increased Farebox technician time/headcount to conduct validating farebox preventive maintenance. Validating Fareboxes require more intensive PMs than standard boxes.
- Cost to Service and Maintain Ticket Vending Machines
 - Re-fills on the change dispensers
 - Collection of Cash
 - Machine Maintenance
 - Power Consumption
 - Wireless access for select machines
 - Replacement of ticket/card stock.
- Maintenance of
 - Platform Validators
 - Hand Held Validators
- Addition of 6 – 8 headcount (Port Authority Police) for Fare Inspectors.
- Fees associated with Merchant Card Services agreement.
- Smartcard Replacements/New Stock.
- Additional headcount – Information Technology to maintain system and website.

- Incremental power consumption for vaults, garage servers and central computer system.
- Costs for disaster recovery systems.
- Costs for software licensing agreements.
- Incremental Customer Service headcount to support Smartcards.

Incremental Savings

- Reduction in costs for the printing and storing and distribution of fare media.
- Increased revenue from a projected reduction in fare avoidance.
- Elimination of all paper media and transfers.
- Reduced farebox maintenance for failures.
- Better reporting capabilities allowing for a superior ability to analyze and manage operations.

PORT AUTHORITY OF ALLEGHENY COUNTY FY 2011 CAPITAL IMPROVEMENT PROGRAM

PERCENTAGE BY CATEGORY



FY 2011 CAPITAL PROGRAM CATEGORIES	
Debt Service	\$ 37,242,500
Revenue Vehicle Replacement	37,000,000
Fixed Guideway and Facility Improvements	38,635,000
Support Programs	7,753,000
Operating Capitalizations	42,650,000
New System Expansion	18,460,000
Total FY 2011 Capital Program	\$ 181,740,500



PORT AUTHORITY OF ALLEGHENY COUNTY

FY 2011 OPERATING AND CAPITAL IMPROVEMENT BUDGETS

GLOSSARY

ACCESS Program – A program that provides subsidized door-to-door, advance reservation transportation services for the elderly and handicapped residents of Allegheny County (Port Authority's demand response service).

Average Fare – A calculated fare statistic that is derived by dividing paid passenger revenues by the number of originating passengers.

Balanced Budget – A budget where total revenues and grants or operating subsidies equal total expenses.

Base Fare – Cash fare that is charged to an adult for regular local transit service.

Capital Improvement Program – A financial plan for the allocation of Capital Project funds necessary to acquire, improve, or maintain Port Authority's fixed assets.

Capital Needs Study – An assessment of annual expenditures needed to maintain and/or replace Port Authority's existing capital assets given the current level of service.

Dedicated Funding – Funds that are dedicated for a specific transit related purpose by the fund awarding entity, such as the State

Fixed Guideway – A separate right-of-way for the exclusive use of public transportation.

Fixed Route – An established route where transit vehicles follow a schedule over a prescribed route.

Incline – A fixed facility that is comprised of two (2) vehicles operating in opposite directions on angled, parallel tracks.

Light Rail – A type of electric rail transit system with a "light" volume traffic capacity compared to Heavy Rail.

Martin Luther King, Jr. East Busway Extension – The second phase of the Martin Luther King, Jr. East Busway which extended the fixed guideway from Wilkinsburg to Swissvale.

Modal Budget – A term used to describe an operating budget detailing each method of transit that is being operated (i.e. motor bus, light rail, incline, ACCESS).

National Transit Database (NTD) – The annual financial and statistical report compiled by all transit agencies as required by the Federal Transportation Administration (F.T.A.).

Operating Plan – Combines the financial plan for the allocation of projected revenues and expenses consumed in the daily operations of the transit system and specific programs to support achievement of Port Authority's vision statement.

Originating Passengers – A ridership statistic of passengers using a fare instrument and/or cash drop as payment of fare.

Overhead Expense – Operating expenses, which are not charged to a particular project or service.

Paratransit – Flexible forms of public transportation services that are not provided over a fixed route (Port Authority's ACCESS Program).

Park-N-Ride – A designated parking area where transit patrons may park their cars and board a transit vehicle.

Passenger Revenues – Revenues consisting of farebox collections, ticket sales, school permits and pass sales, weekly permit sales, monthly pass sales, and special event fare receipts.

Peak Period – Morning and afternoon time periods when transit riding is heaviest due to commuters traveling to and from their place of work.

Prepaid Fare Instruments – Tickets, permits, and passes that are purchased prior to boarding and represent a paid fare in lieu of a cash drop.

Ridership – Number of customers using Port Authority's services.

Rolling Stock – The vehicles used in a transit system, including buses and rail cars.

Second Class County Port Authority Act – The Commonwealth of Pennsylvania's legislative act that governs how our organization, Port Authority of Allegheny County, conducts its operations within the confines of Allegheny County.

Stage I – The first phase of Port Authority's LRT system, completed in 1987, which included the construction of the subway and the maintenance and control center.

Stage II – The second phase of Port Authority's LRT system serving the South Hills area and connecting with the downtown subway. It consists of the updating the Drake, Library and Overbrook trolley lines.

Vehicle Improvement Program – The terminology used by Port Authority for rehabilitation of its revenue vehicle fleet.

Vision Statement – An expression of how the organization desires to be perceived.

SOURCE: American Public Transit Association, A Glossary of Transit Terminology, September 1984.

ABBREVIATIONS

ACTC	-	Allegheny County Transit Council
ADA	-	Americans With Disabilities Act
ATU	-	Amalgamated Transit Union
CSMA	-	Car Storage Maintenance Area
DBE	-	Disadvantaged Business Enterprise
FTA	-	Federal Transportation Administration
FY	-	Fiscal Year
GAN	-	Grant Anticipation Notes
GASB	-	Government Accounting Standards Board
HOV	-	High-Occupancy Vehicle
HRIS	-	Human Resources Information System
HVAC	-	Heating Ventilation Air Conditioning
IBEW	-	International Brotherhood of Electrical Workers Union
IOD	-	Injury On Duty
ISRP	-	Infrastructure Safety Renewal Program
IT	-	Information Technologies
LRT	-	Light Rail Transit
LRV	-	Light Rail Vehicles
MAP	-	Maintenance Apprenticeship Program
MIS	-	Management Information Systems
NTD	-	National Transit Database
OCC	-	Operations Control Center
OEO	-	Office of Equal Opportunity
PAAC	-	Port Authority of Allegheny County
PCC	-	Presidential Conference Committee Cars
PTAF	-	Pennsylvania Transportation Assistance Fund
SAFETEA-LU	-	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
"T"	-	Port Authority Light Rail Line
VIP	-	Vehicle Improvement Program

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End Notes

¹ Overview

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