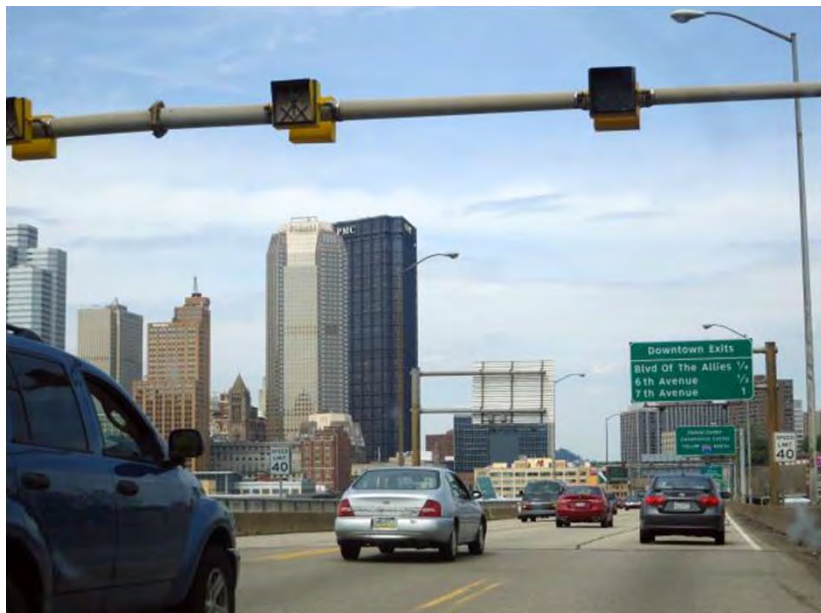
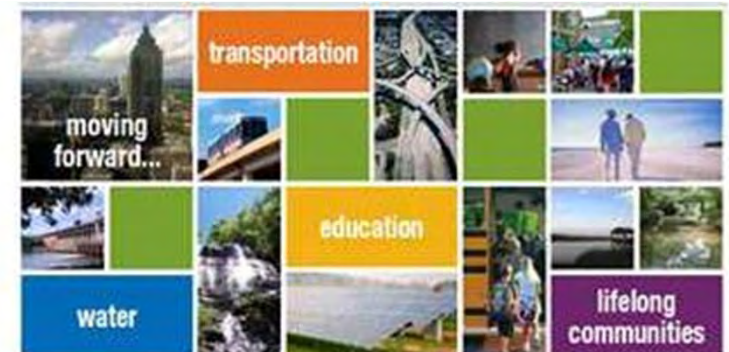
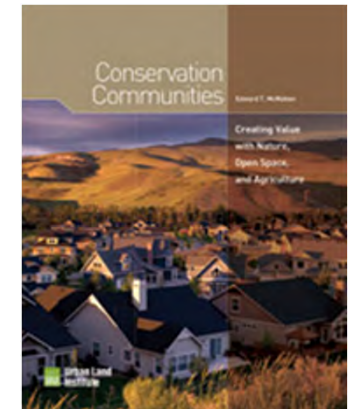
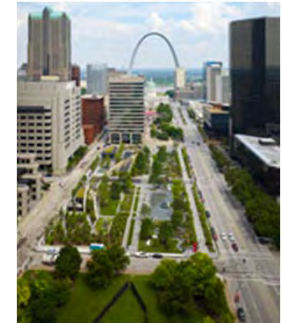


Pittsburgh, Pennsylvania
May 10-16, 2014



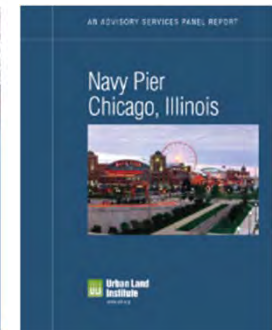
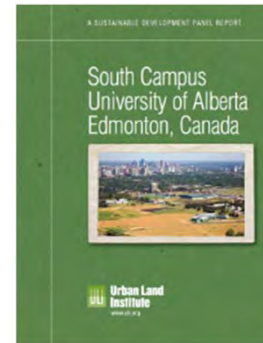
About the Urban Land Institute

- The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.
- ULI is a membership organization with nearly 30,000 members, worldwide representing the spectrum of real estate development, land use planning and financial disciplines, working in private enterprise and public service.
- What the Urban Land Institute does:
 - Conducts Research
 - Provides a forum for sharing of best practices
 - Writes, edits and publishes books and magazines
 - Organizes and conducts meetings
 - Directs outreach programs
 - Conduct Advisory Services Panels



The Advisory Services Program

- Since 1947
- 15 - 20 panels a year on a variety of land use subjects
- Provides independent, objective candid advice on important land use and real estate issues
- Process
 - Review background materials
 - Receive a sponsor presentation & tour
 - Conduct stakeholder interviews
 - Consider data, frame issues and write recommendations
 - Make presentation
 - Produce a final report



The Panel

Chair

David Leininger, DART

Dallas, Texas

Panelists

Mary Clayton, Parsons Brinckerhoff

Charlotte, North Carolina

Marsha Kaiser, PB Placemaking

Washington DC

**William Lashbrook, PNC Real State
Finance**

East Brunswick, New Jersey

William Lawrence, Cityscope, Inc.

Providence, Rhode Island

Mike Levitan, DART

Dallas, Texas



Tracy Sayegh Gabriel, D.C. Office of Planning
Washington DC

Halina Steiner, Dland Studio
Brooklyn, New York

Ross Tilghman, Tilghman Group
Seattle, Washington

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THE HEINZ ENDOWMENTS

HOWARD HEINZ ENDOWMENT • VIRA I. HEINZ ENDOWMENT



PITTSBURGH
DOWNTOWN
PARTNERSHIP



PA Community
Infrastructure & Tourism Fund

Allegheny Conference
on Community Development

The logo for the Allegheny Conference on Community Development features a stylized bridge with three arches in shades of blue and grey, positioned above the text.

Order of Presentation

- Economic Trends
- Revisiting and Leveraging the Transit Backbone
- Enhancing the Customer Experience
- A Path to Transit Solutions
- TOD and Real Estate Capability
- Funding the Port Authority
- Recognize the Transit Bargain
- Managing Culture Change Inside a Transit Agency



Urban Land
Institute

Advisory Services Program

Economic Trends

Demographics

2013 Data (except where specified)	Pittsburgh MSA	Allegheny County	Pittsburgh
Population 1990	2,468,289	1,336,449	369,879
Population 2000	2,431,052	1,282,568	334,242
Population 2010	2,356,285	1,223,325	305,687
Population 2013	2,361,874	1,229,577	307,705
Population aged 20-34 (Millennials)	433,735	251,134	93,242
Millennial as % of Population	18.4%	20.4%	30.3%
College Degree	475,740	295,997	71,455
Degreed as % of Adult Population	28.3%	34.0%	35.2%
Labor Force	1,954,139	1,019,547	263,747
Unemployment Rate	4.7%	4.7%	5.8%
Median Household Income (2000)	37,453	41,814	31,058
Median Household Income (2010)	46,820	52,037	39,039
Median Household Income (2013)	48,346	55,031	41,058
Average Travel Time to Work (2010)	21.9	23.1	20.6
% Who Take Transit to Work (2010)	5.9%	9.9%	19.1%

Demographics

The Millennials are here!

2013 Data	Pittsburgh MSA	Allegheny County	Pittsburgh
Population aged 20-34 (Millennials)	433,735	251,134	93,242
Millennial as % of Population	18.4%	20.4%	30.3%

Economic Trends

Pittsburgh Market Area

- Region recovering from loss of 100,000 steel jobs in the 1980s; loss of nearly half the population of Pittsburgh as a result of out-migration to outside the city and outside the region
- Relatively little job decline in the last 5 years
- Strong economy, stalled employment: employment at an all time high, but additional job growth is expected to remain flat for 2014
- Unemployment for the region dropped from a high of 7.2% to 6.1%
- 126,000 employees are located in downtown; 54% commuting on transit
- 6 Fortune 500 companies

Economic Trends

Office Market

- Regional SMSA total of 72 M square feet; 7.1 M SF vacant or 10% vacancy (3rd lowest in the U.S.)
- 2.3 M SF under construction
- In Pittsburgh CBD area, 37.1 M square feet total; 17 M Class A (45%); same vacancy

Economic Trends

Pittsburgh Housing Market

- Overall housing stock has a 10% vacancy rate; average cost of single family house
- Pittsburgh apartment market—historical vacancy rate of 4.85%
- Pittsburgh rental vacancy rate is 3.1% among the lowest in the nation
- Shady Side/Oakland is 1.8% vacancy rate
- Current rental rate is \$1,224/month
- Economic growth/jobs are the drivers of rental demand
- New supply expected of 961 units/year to 2019; vacancies up to 3.9%, still below historic
- Mayor's objective is to attract 20,000 new residents over the next decade

Economic Trends

Pittsburgh Market Area

- Region recovering from loss of 100,000 steel jobs in the 1980s; loss of nearly half the population of Pittsburgh as a result of out-migration to outside the city and outside the region
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- 6 Fortune 500 companies

Economic Trends

Other Attractions Trip Generators

Hospitality

- 4,570 rooms operating at 67.3% occupancy

Industrial

- Total Inventory 116 M SF; Vacancy of 7.8%
- 700,000 SF under construction

Retail

- Retail has migrated out of the downtown; need for grocery market.

Downtown Sports Venues

- Around 4 million/year attendees

Convention Center Bureau

- 700,000 attendees

Downtown Performing Arts

- 1.2 million attendees

Economic Trends

Economic Drivers for the Next Decade

- Marcellus Shale tract development and related spin-offs
- Numerous buildings under construction or planned in downtown and Oakland
- Emerging job growth in medical, financial, energy and technology—88,900 new jobs by 2019
- Low cost of living relative to other big cities—the mini New York with a maxi life style
- Local university graduates increasingly want to stay in the area—Millenials seeking urban life styles, transit options, walkable neighborhoods
- Other demographic trends—Baby Boomers looking to downsize from suburban homes to more urban settings; seek out metro areas with colleges and universities and culture/arts

Economic Trends

Why Transit is a Vital Part of the Pittsburgh Market Attraction

- High capacity highway routes into downtown are severely congested;
- Geography limits feasibility of expanding access at key choke points in the system
- Federal and state fiscal constraints currently limit new transportation construction options
- Employment centers in downtown and Oakland are relatively concentrated, making transit service more efficient
- Downtown parking expense (\$8 to \$11/day) and sometimes parking availability make commuting option by car infeasible for many
- Three transit busways allow for users to by-pass congested highways, although transit capacity issues are real on many local lines.

Conclusion: Travel times, congestion, parking/travel costs, and increasingly transit access are major determinants of location decisions for new businesses and residents.



2006



2010



2011



2012



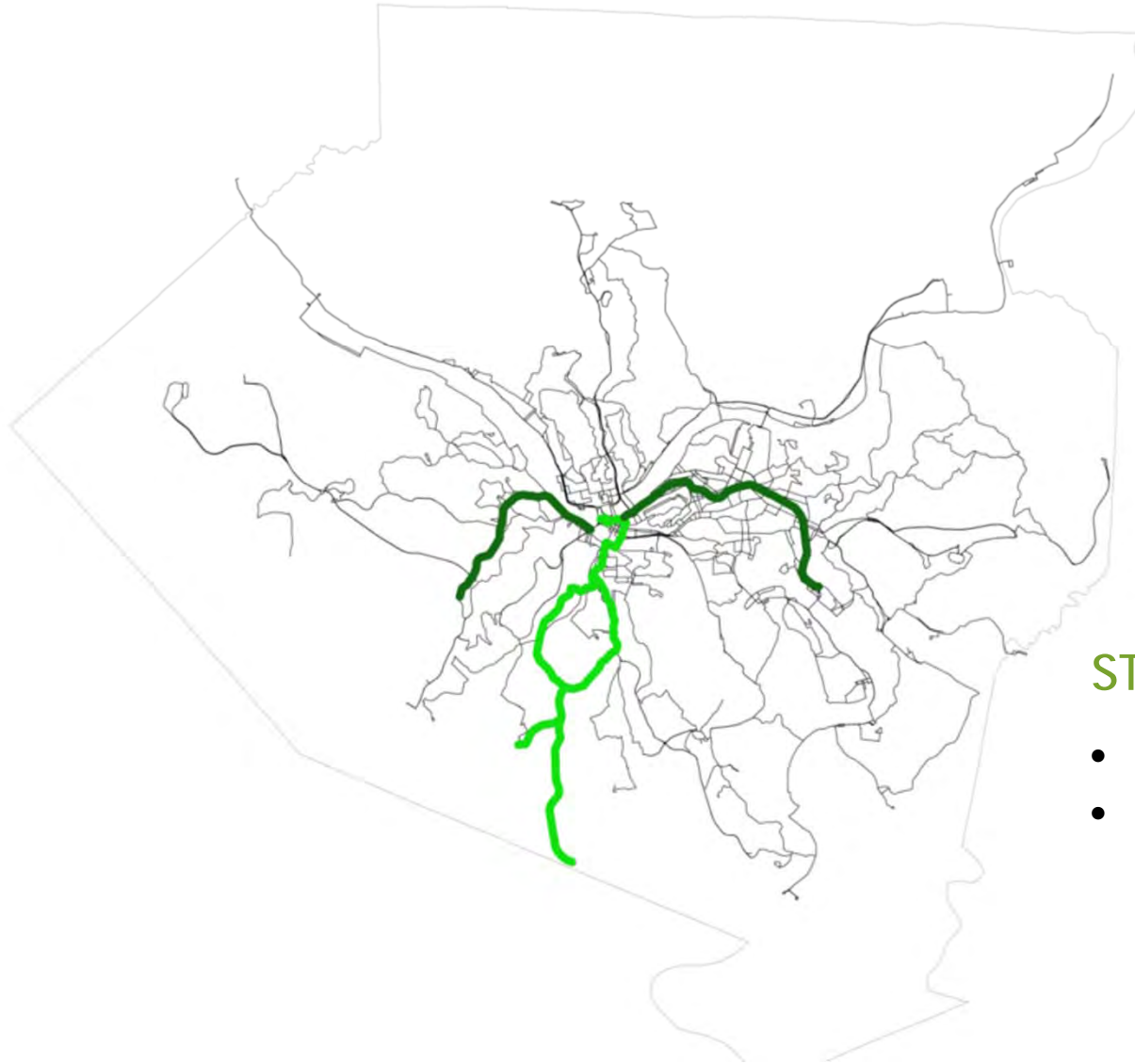
2013



2014



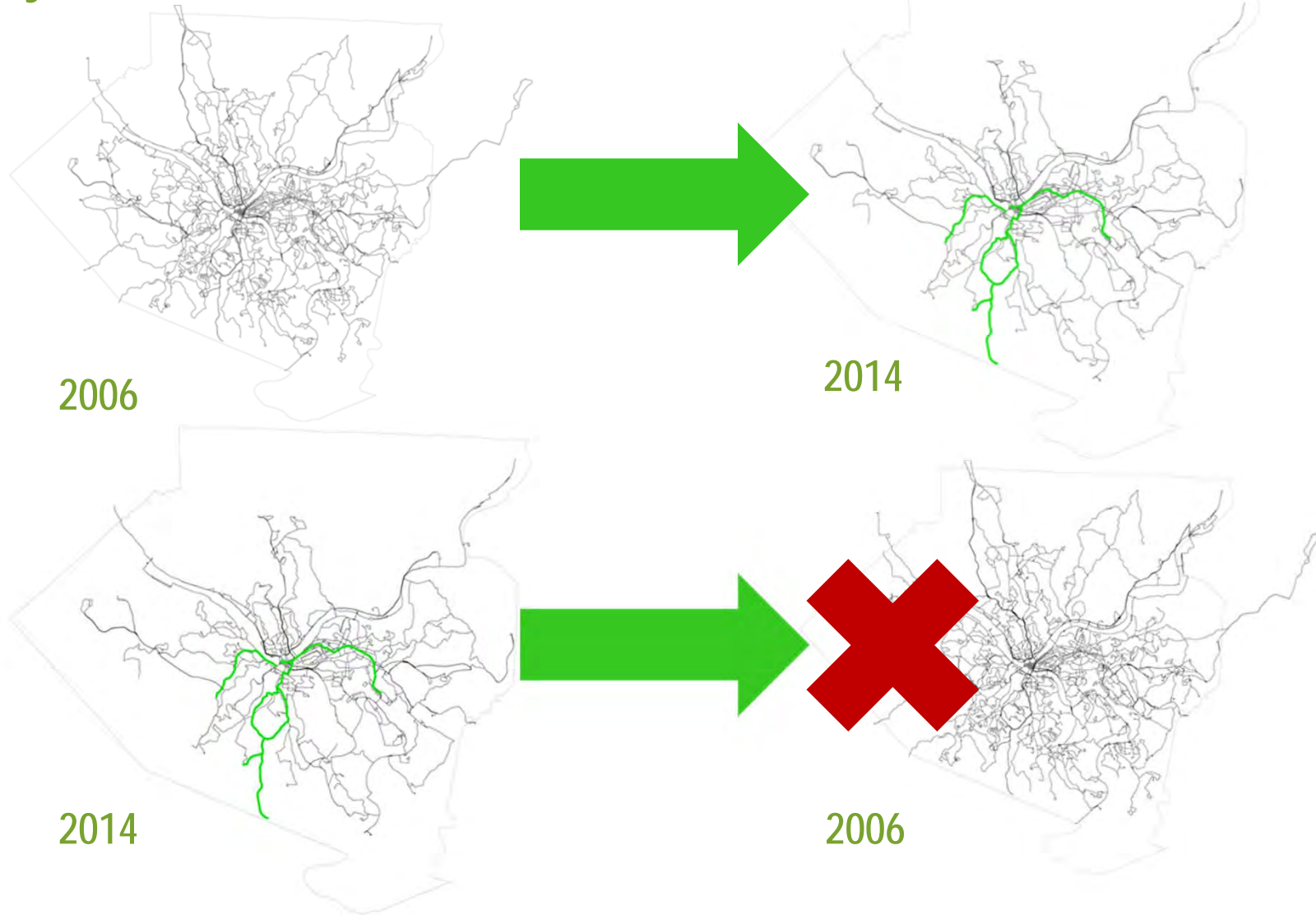
System Backbone



STATS

- 18.4 Miles of Busways
- 26.2 Miles of Lightrail

System Backbone



The Existing Backbone in Relationship to a Dynamic Region

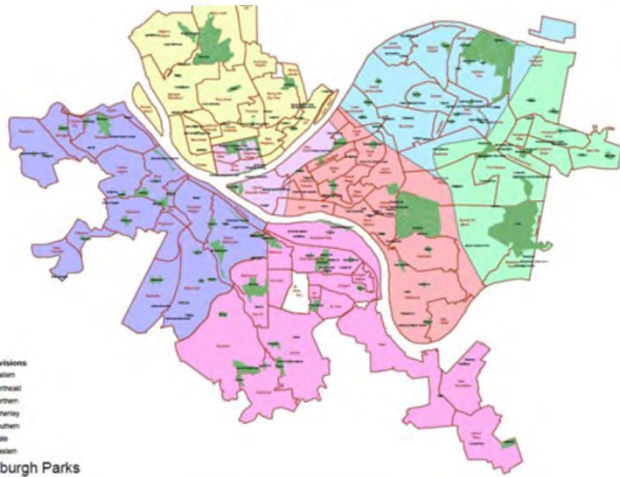
EXISTING CONNECTIONS

- Cultural Amenities
- Sports Entertainment
- Employment Centers
- Recreational Areas
- Bike Lanes and Trails

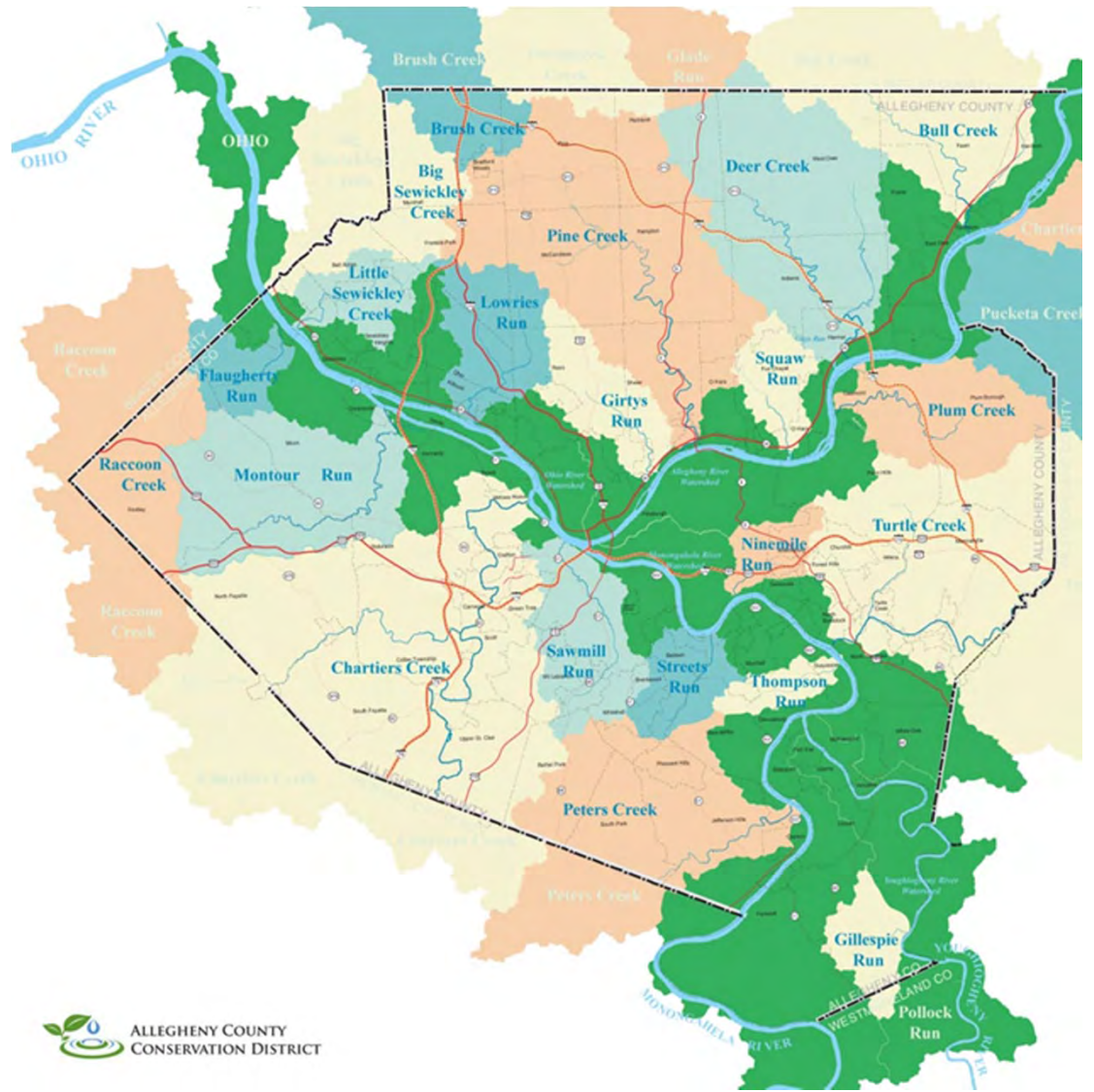
THE REGION

- Employment Centers
- Service Dependent Population

Place Based Connections

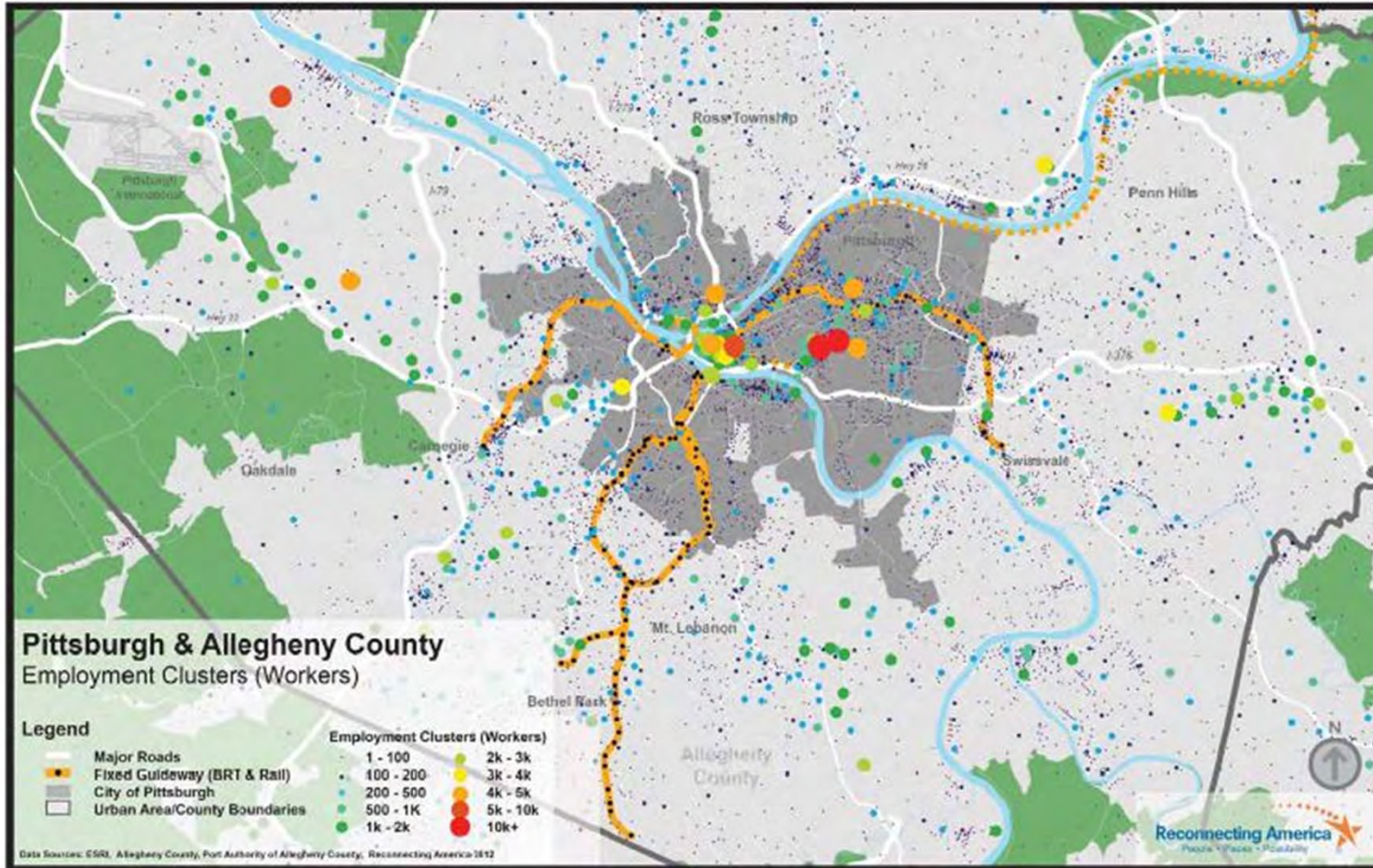


Other System Network Connections

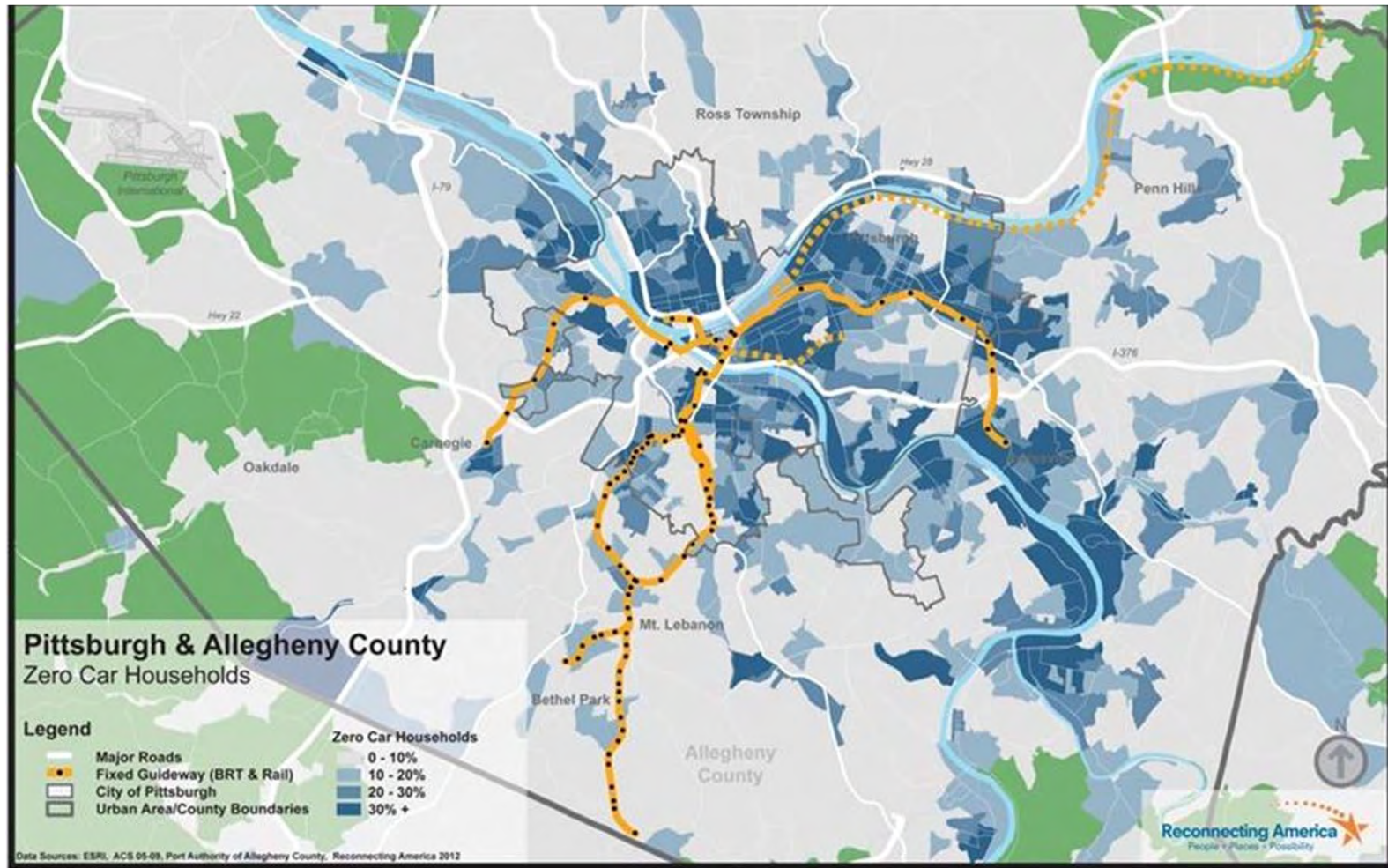


Demand Generated by Employment Clusters

Figure II-1: Employment Clusters in Allegheny County, Relative to Fixed-Guideway Transit Network

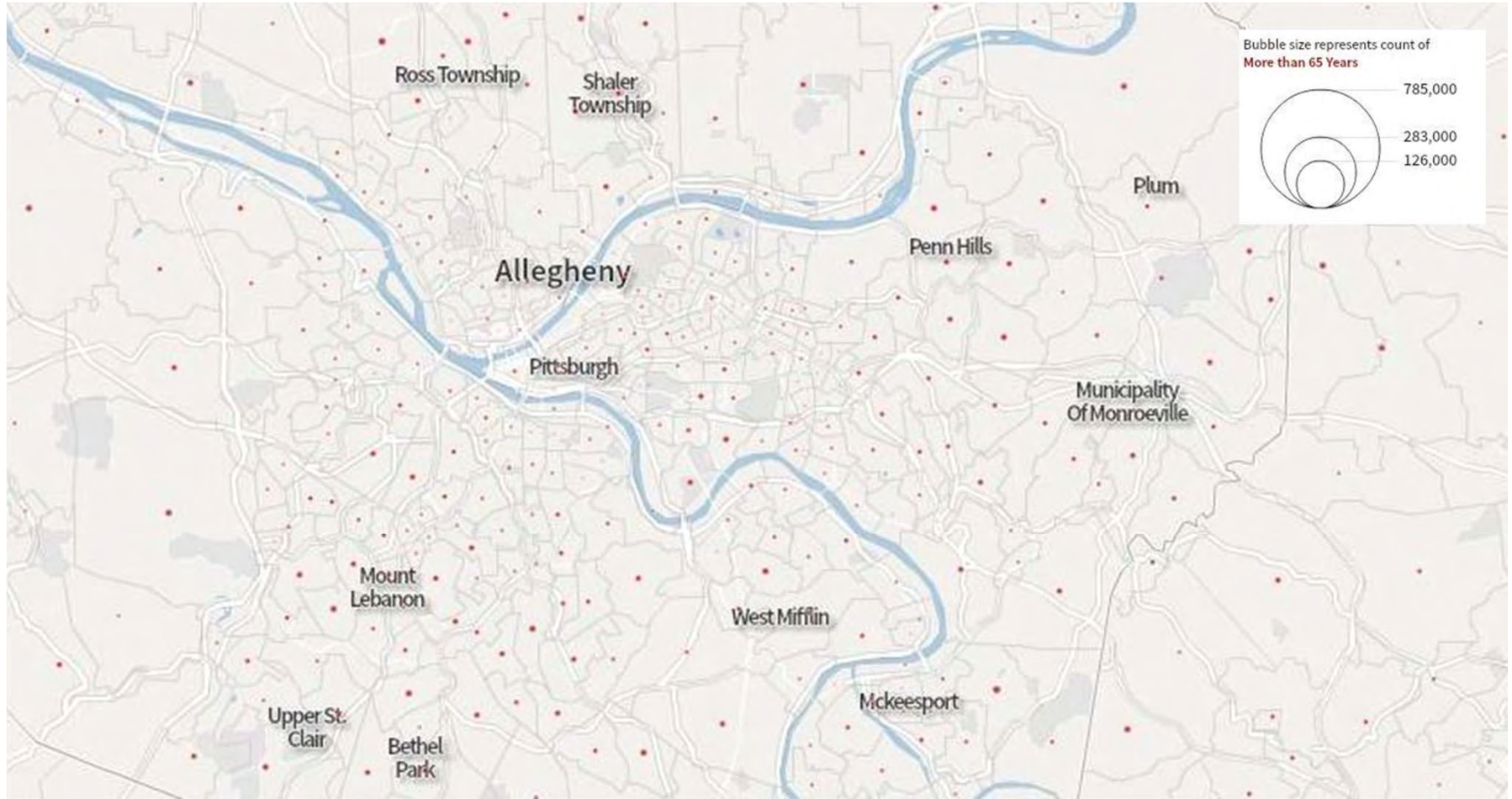


Demand Generated by Zero Car Household



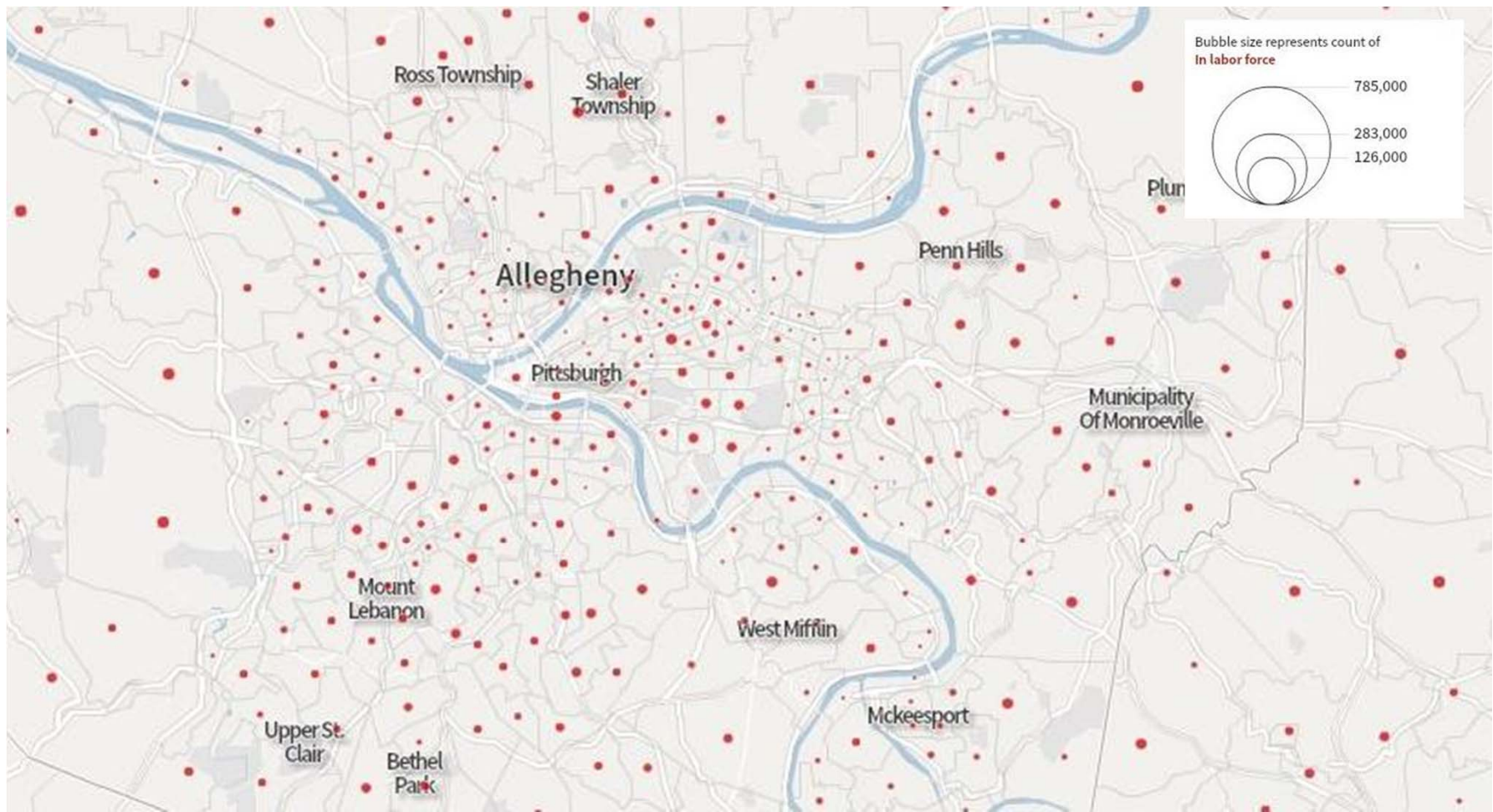
2012 Census Data

POPULATION 65 AND OVER



2012 Census Data

IN LABOR FORCE



The Existing Backbone in Relationship to a Dynamic Region

RE-EXAMINATION OF EXISTING NETWORK POTENTIAL

- Park and Ride
- Improvement on Heavily Trafficked Routes
- Opportunities to create more comprehensive network



RIDERSHIP

Service	Annual Ridership	%
Busways	10,400,000	16%
Rail	9,100,000	14%
Oakland Corridor	13,000,000	20%
Other Bus	31,850,000	49%
Incline	650,000	1%
Total	65,000,000	100%

Daily ridership averages 215,000

Transit Usage

- 20% of Pittsburghers take Public Transit

2013 Data	Pittsburgh MSA	Allegheny County	Pittsburgh
Average Travel Time to Work	21.9	23.1	20.6
% Who Take Transit to Work	5.9%	9.9%	19.1%
Target Market	94.1%	90.1%	80.9%

- 86% of transit users are for the daily commute

Park & Ride Use

Provider	Locations	Spaces	Utilization
Port Authority	27	7,742	71%
Others	26	6,072	80%
Total	53	13,814	75%

- But – over half of lots are full or overflowing
 - A few large, underutilized locations skew average
- Strong demand indicates need to expand Park & Ride facilities

Opportunities to Leverage the Transit System

Increase access

- Expand Park & Rides where demand warrants it
- Implement local feeder routes where possible
- Improve ped/bike access to stops and stations

Opportunities to Leverage Transit System

Enhance the Network

- Increase profile of service to airport
 - Understand market for airport access (travelers & employees)
 - Consider streamlining route for direct Airport to Downtown service
 - Promote it
- Coordinate with regional services
 - Consider joint service agreements in un- and under-served areas of Allegheny County
- Explore strategic connections between major lines including select north/south routes that create a more comprehensive network

Opportunities to Leverage Transit System

Support Development

- Coordinate with major health and educational institutions to maximize ridership
- Investigate opportunities for contracted services for both peak periods and nights
- Coordinate with other public agencies and private entities to achieve convenient access to station areas
 - Serve all modes
 - Install good signs and wayfinding
 - Provide adequate capacity (Park & Ride/Bike Storage/Transit)



Enhancing the customer experience in order to improve the value proposition for the customer and the overall system

The Points to be addressed

What's needed, what's necessary, what must take place

Define the various audiences who will respond

How to effectively illustrate an appetite for change

Enhance the Customer Experience

Some Current Customer Views

“The system is currently not based on the needs of the user. If it were, there would be a better set of services responding to those who know how to use what is out there.”

“The current focus is on funding, not riders.”

“Please recognize how important the rider's voice is to the services issue overall.”

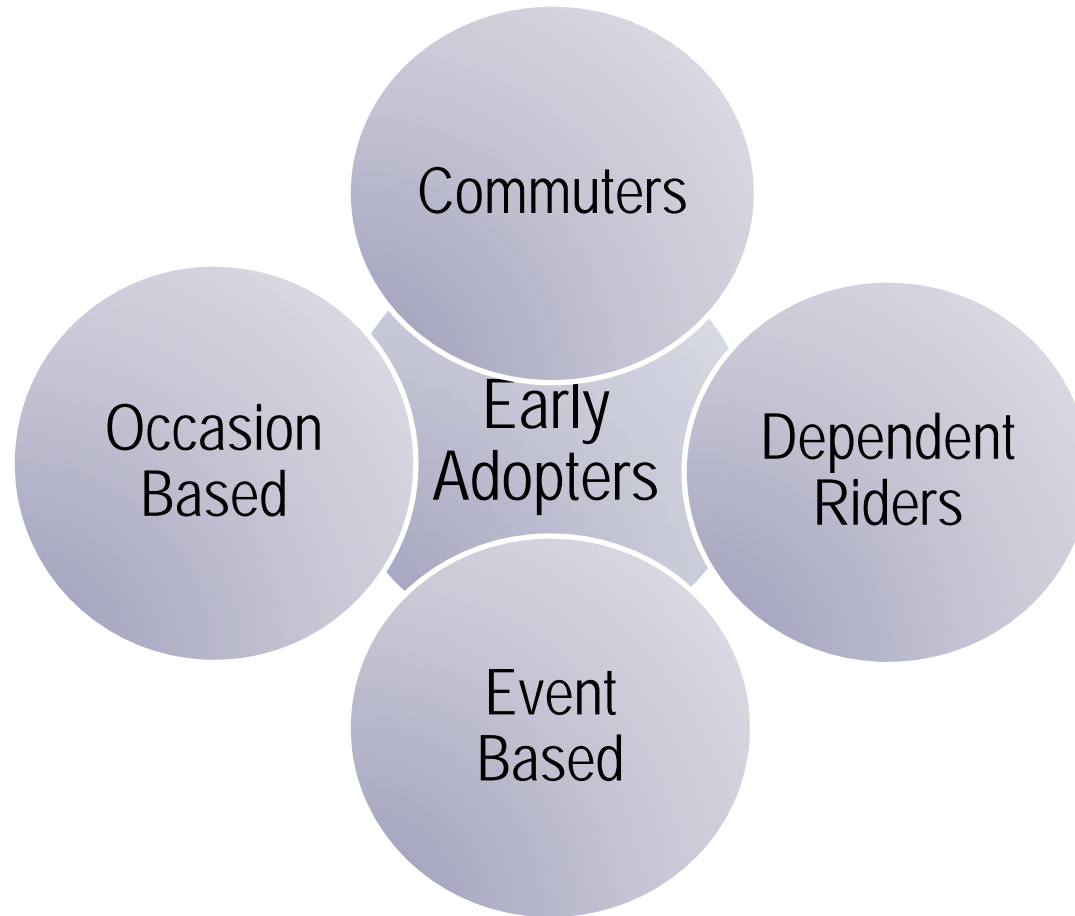
“The people in this county are committed to finding a solution to the problems plaguing this transit system, but you must first find someone who is really willing to listen and use what they will hear.”

Enhance the Customer Experience

Customer Use Cases

- Understanding the use case differences among independent ridership groups and the changing expectation of the riders
- The customer use case: commuter, event based, occasion based, transit dependent
- Business to business, conferences, university and corporate employer
- Changes in independent ridership driven by changing demographics - rise of the millennials

Target Market



Enhance the Customer Experience

Bus stops, shelters and platforms

- Communicate quickly and understandably – observe the 8 second rule
- Enhance the system of stops, shelters and platforms to make them more easily located, providing better information and include real time schedule information and service status information wherever possible
- Keep it interesting
- Partner with allied interests to share the cost burdens associated with ongoing programming and maintenance (advertisers, adjacent property owners, community organizations)

Enhancing the Customer Experience

Ridership Drivers

- Employment
- Cost of commuting (gasoline, parking, ownership)
- Freeway level of congestion and impact on commute times
- Service availability (frequency of headways, # of transfers)
- Transit dependency
- Events and entertainment demand

Enhance the Customer Experience

Ridership Shrinkers

- Travel (speed and rider experience, monitoring)
- Reliability
- Boarding/alighting and speeds associated
- Safety and security
- Pricing overall affordability and perceptions
- Fare Payment options
- Service integration issues
- Comfort, ease of use
- Poor accessibility
- Poor user information and system information design (for the user), including updates
- Courtesy and responsiveness of various personnel
- Attractiveness of key system impact 'pieces'
- Amenities, including stations

Enhance the Customer Experience

Meeting Customer Expectations

- Marketing system services must be continuous
- Identify the best opportunities to exceed expectations (hint – where the outcome of the customer encounter is not knowable)
- Provide accurate, discreet (locational) trip disruption information available via mobile and onboard vehicles and on platforms
 - a) Use “Publisher function – co-locate social media rep in dispatch)
 - b) Make the information specific to the routes affected – not “all points announcements”
- Simplify-simplify-simplify (very challenging to do well but essential to high customer satisfaction)

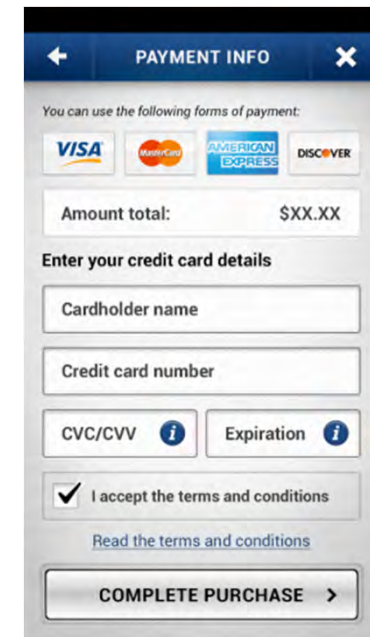
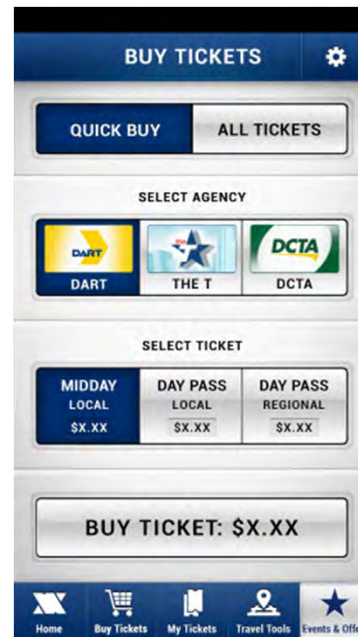
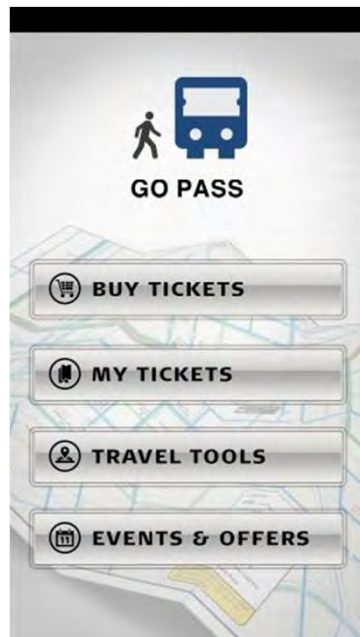
Enhance the Customer Experience

Meeting Customer Expectations

- Make payment choices easy to understand and convenient to accomplish Customers like the ability to purchase in advance of the trip and avoid the tension associated with payment at the platform or on the bus
 - a) Give customers the ability to pay the way they prefer (online via credit or debit card, mobile payment)
 - b) The emerging opportunity in bundled purchases and couponing - improving the value proposition
- Make trip planning easy and quick, use the tools available on transit apps
- Make Next Bus, Where's my Bus, Next Train information easy and quick

Idea – Mobile Application

- Provide riders with a “one-stop” solution
- One single platform/One single interface for D/FW transit riders
- A robust back-end designed to facilitate multiple banking activity



Enhancing the Customer Experience

Make platform and at bus shelter maps, schedule information easy to find and read, interactive and tactile where possible and incorporate “geo-fencing information on available services and establishments within close proximity



Contemporary Bus Shelters





Enhancing the Customer Experience

Develop a customer focused service culture aiming to achieve “Five Star Service” to the customer, emphasizing customer service and hospitality training for all customer facing employees (bus operators, customer service personnel, sales personnel).

The Port Authority Opportunity

- A local solution, local/self-reliance, back to basics
- Three major focuses
 - Improve the quality of the service
 - Increase the efficiency of the system
 - Stabilize future funding to enable capital investment and service expansion
- Successful outcomes
 - Greater penetration of available market
 - Higher ridership
 - Increased operating revenues
 - Collaboration within the community and other local government entities
 - Local funding options

Improve the Quality of Service

Some things we heard, some things we learned

- Service attitude
 - A smile makes a difference!
- Improve maintenance processes to minimize service lost because of lack of available equipment
- Improve on-time performance
 - 69% is unacceptable
 - Running early is unacceptable and easy to fix
- Improve overall system accessibility
 - Paratransit efforts get an A+ (from interviews)
- Improve community and front-line employee input in routes and schedules
 - Transparent decision-making
 - Complete the feedback loop
- Customer-driven transit agenda
- Improve downtown circulation
- Better system signage
 - Visit your system as if it were your first time
- Enhanced bus shelter program



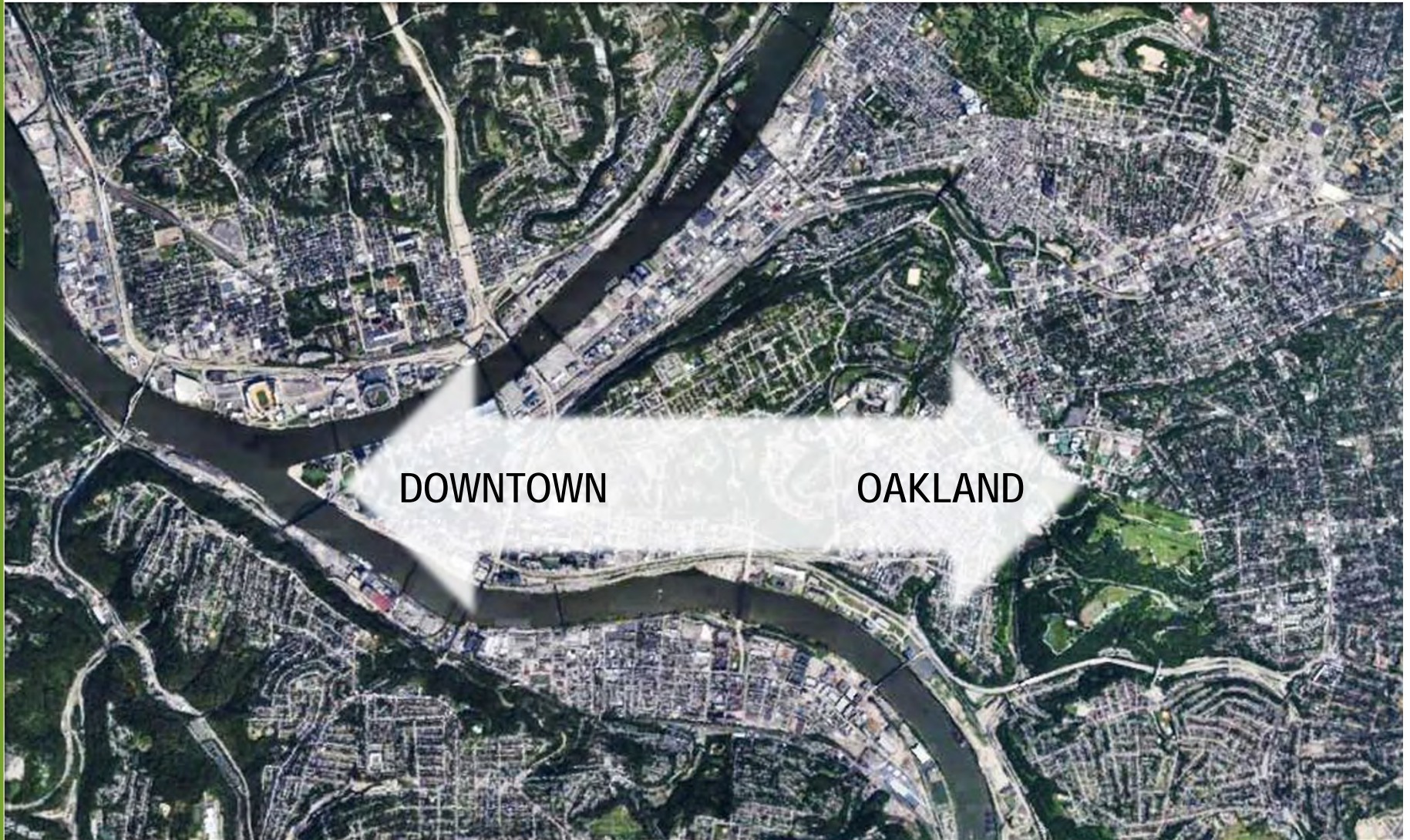
Increase System Efficiency

- Utilization of excess capacity on busways
 - Carpools, Vanpools, other
 - Revenue opportunity?
- Eliminate fare-paying bottlenecks in buses
- Ensure that regular service reviews are performed and the resulting system is performance-based
- Proceed with “Where’s my Bus” technology; enhanced customer communication
- Collaborate with the City on traffic signal prioritization

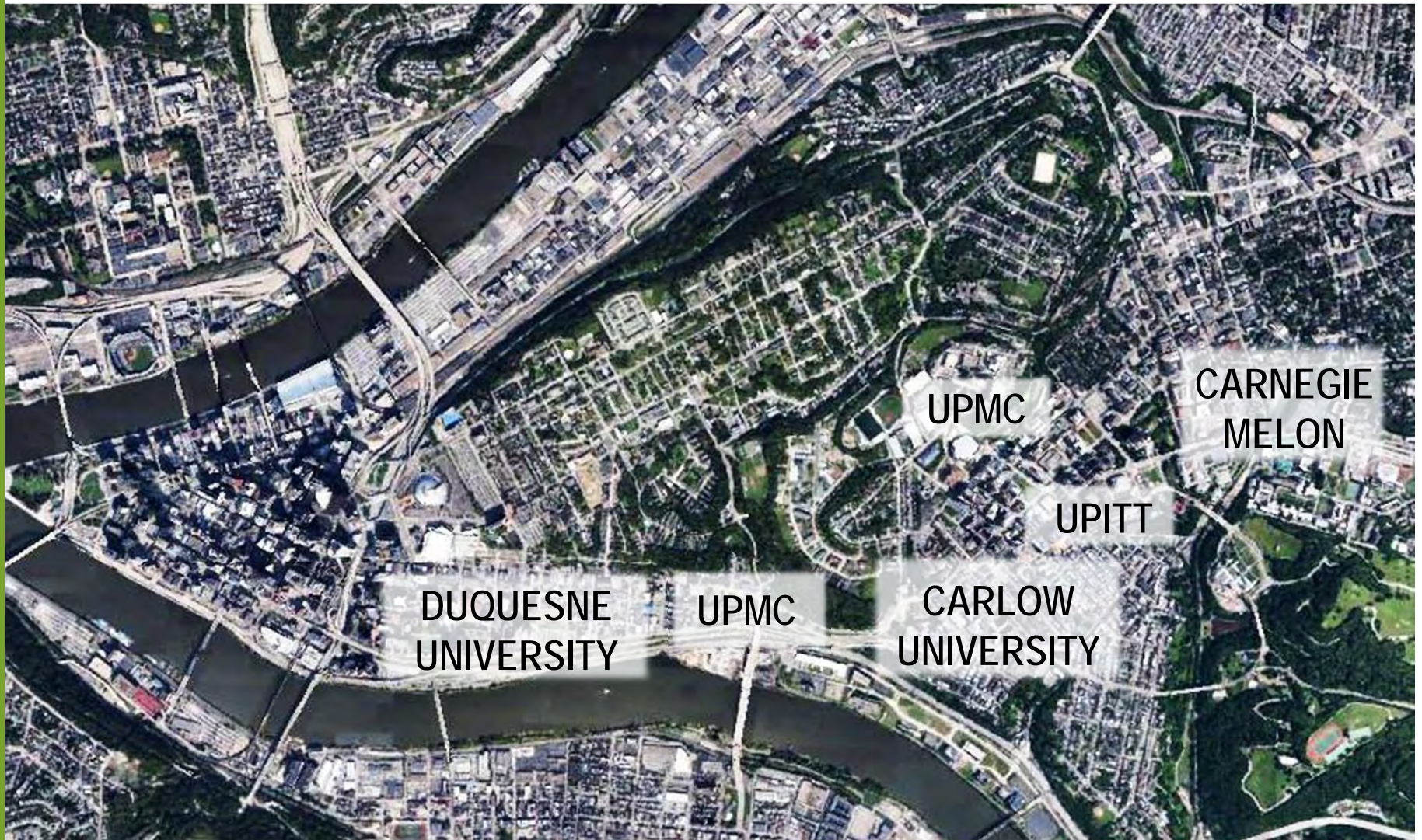




Downtown to Oakland Corridor

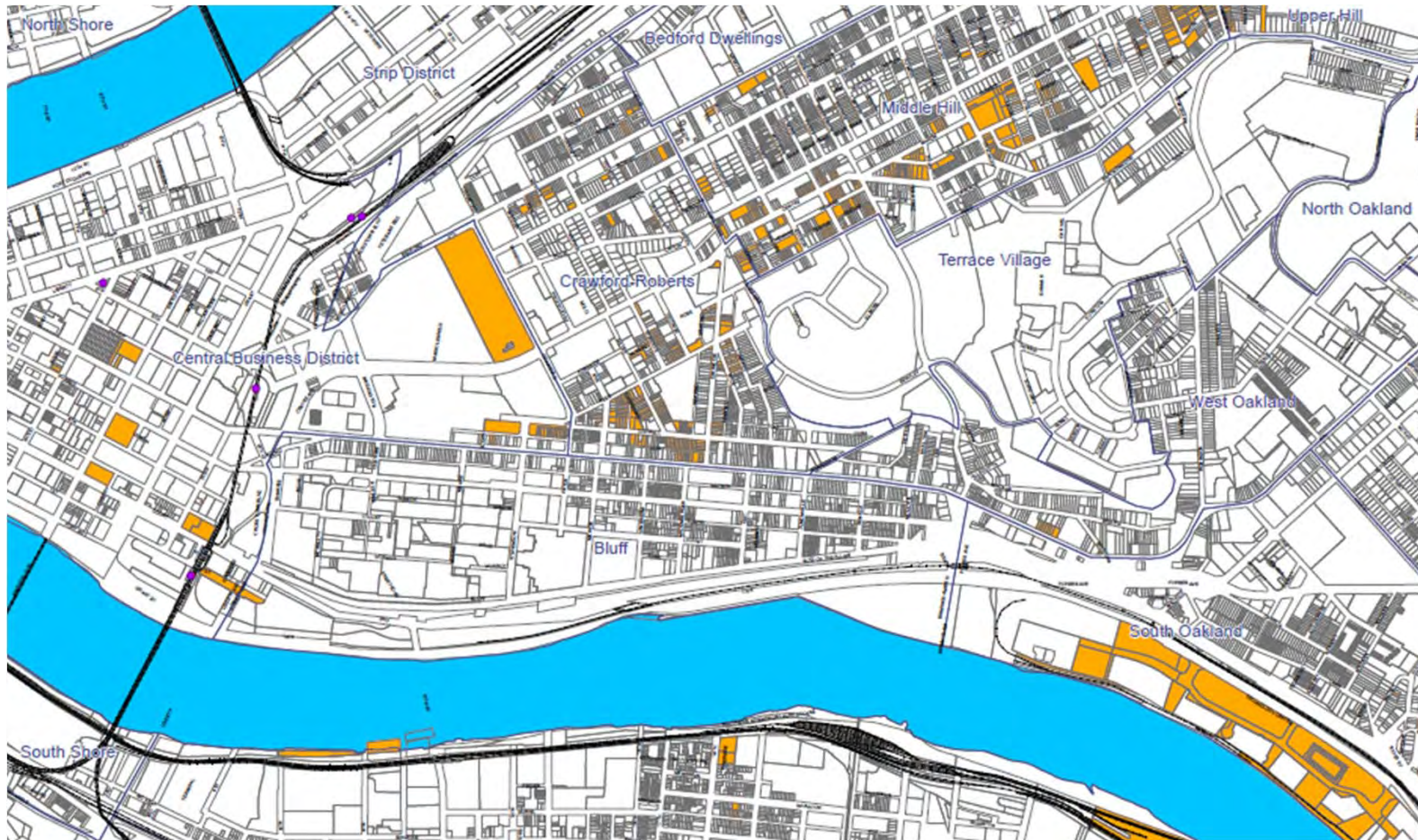


Major Institutions and Employers



Major Development Opportunities Along Corridor

Significant Underutilized Public, URA and Stadium-owned Land



 URA Owned Properties

BRT Considerations

What is BRT?

Pittsburgh has BRT!

Many varieties exist:

- Separate, dedicated busways
- Dedicated lanes on streets
- Part-time bus lanes
- No special lanes



BRT Considerations

Service Characteristics

- Longer trips
- Fewer stops (1-3 per mile)
- Frequent arrivals (every 5 to 10 mins)
- Faster service

Other Characteristics

- Distinctive vehicles
- Special stations/shelters



BRT Considerations

Key Questions

- Where do riders want to go?
- How much time will it save?
- How many new riders will it carry?
- What's the cost per new rider?



BRT Considerations

BRT & Development

Success factors:

- 1) Strength of government support for development (regulatory, financial assistance)
- 2) Market potential for development
- 3) Quality of transit investment

BRT Discussion is Premised on Economic Development

What we heard as goals for the Downtown – Oakland Corridor

- Strengthen physical connection between two cores: Downtown and Oakland
- Support **economic and community development**
- Spur a **transformative impact for expansion and growth of Oakland** as an employment and residential center
- Enhance **place-making and livability** through sustainable infrastructure and an attractive and pedestrian-friendly public realm

BRT Discussion is Premised on Economic Development

What we heard as goals for the Downtown – Oakland Corridor (Continued)

- Support streets with **vibrant retail** and exciting **destinations**
- Reinforce the **Oakland/Uptown “brand”** around **innovation**
- Create a stronger linkage between **land use** and **transportation**
- Catalyze **development opportunity** sites
- Provide safe, reliable, and convenient **multi-modal transportation** options
- Capture **revenue from new development** for infrastructure and transit improvements
- Grow Oakland as a **sustainable** live, work, play community

Priority for Economic Development and Transit Enhancement

**Everybody is interested
in corridor development:
county, city, community
and Port Authority**

Panel Suggested Near-Term Corridor Strategy

Make Downtown-Oakland Corridor a Showcase in Community Investment

transportation, technology/design, and community-based planning

1. Focus on Immediate Service Enhancements
(Lead: Port Authority)
2. Pilot Innovative Interventions for Transit Technology, State-of-the-Art Shelters and Complete Streets
(Lead: Port/Institutional Partners/City)
3. Develop a Corridor Plan through a Community-based Planning Process
(Lead: City)

Near Term Service Enhancements

Port Authority

- Refinements of existing system
- Balance capacity
- Optimize Routes
- Implement Traffic Signal Revisions (CMAQ Funding)



Pilot for Street Innovation in Pittsburgh

Port Authority + City + Institutional Partners

- Technology
- Contemporary shelters
- Sustainability demonstrations
- Testing ground for improvements: parklets, pedestrian plazas, bike connections, etc.



Recent Studies

OAKLAND 2025
MASTER PLAN

BUS RAPID
TRANSIT

INSITUTIONAL
MASTER PLAN
CARNEGIE MELLON
UNIVERSITY

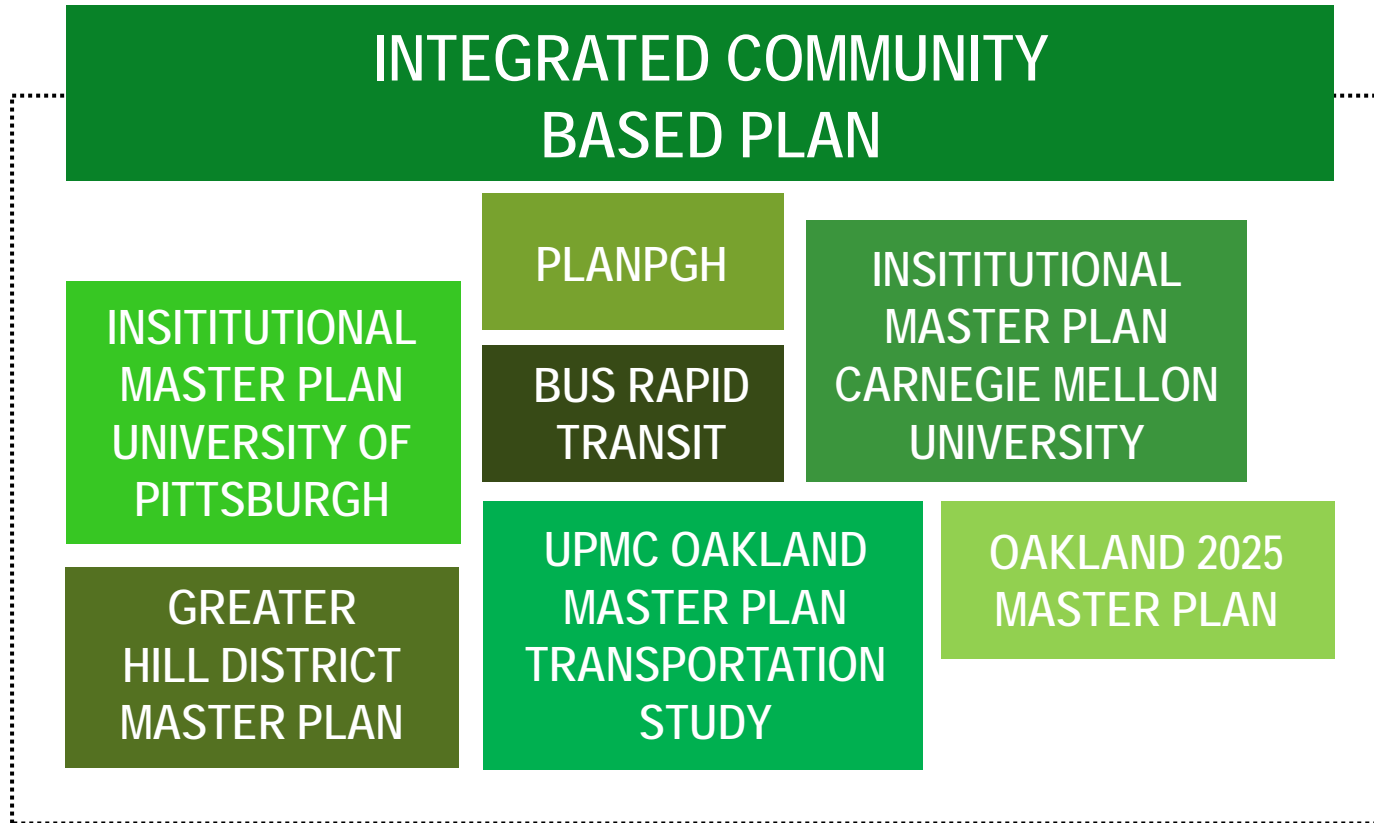
INSITUTIONAL
MASTER PLAN
UNIVERSITY OF
PITTSBURGH

PLANPGH

GREATER
HILL DISTRICT
MASTER PLAN

UPMC OAKLAND
MASTER PLAN
TRANSPORTATION
STUDY

Recent Studies



Corridor Plan

Structure for a Community-based Planning Process

- City as Lead
- Neighborhood Advisory Committee including: Institutions, Civic Organizations, Community/Resident Leaders, CDCs/ CBOs, BIDs
- Inter-Agency Working Group including: Port Authority, Parking Authority, PennDOT, Mayors Office, URA, City Planning, Public Works, Parks Department, PWSA
- Direct Public Engagement



A Comprehensive Vision for the Corridor

Topics and Analysis Areas

- Land use/development and market-analysis (Retail, Commercial, Housing)
- Corridor mobility solutions
- Urban design/character/preservation
- Implementation strategy
- Other Considerations
 - Consistency with the Comprehensive Plan work
 - Sustainability as an overarching lens
 - Basis for a TRID Plan along the corridor

Plan Implementation

Next Steps

- Pursue new zoning to support desired corridor development
- Determine Public Investment Priorities
- Further Development of Special Projects Based off Planning Process
- Complete the assessment of the preferred mobility solution



TRANSIT ADJACENT DEVELOPMENT OR TOD?

- Both designs:
 - Same land uses
 - Same transit
 - Same cost
- One encourages TOD at the station
- One separates the station from the community
- One creates a place – the other creates a splash of buildings



- **Transit Adjacent Development**
 - Limited development on publicly owned land
 - Development focused
 - Acceptable, though more limited impact
- **Transit Oriented Development**
 - Area w/in a 5 minute walk of station
 - Public + private land together build value
 - Transit facility embraced by development
 - Synergizes transportation with land uses to create:
 - compact, dense development
 - support a mix of uses - housing, retail, and commercial - around the transit
 - walkable, sustainable communities that enhance transit ridership and provide affordable transportation choices



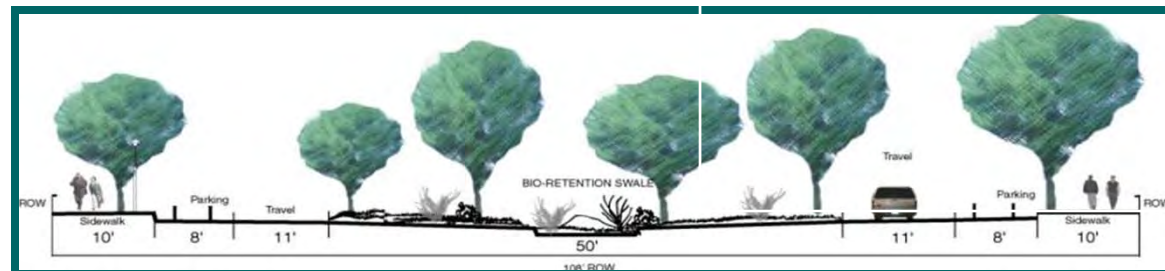
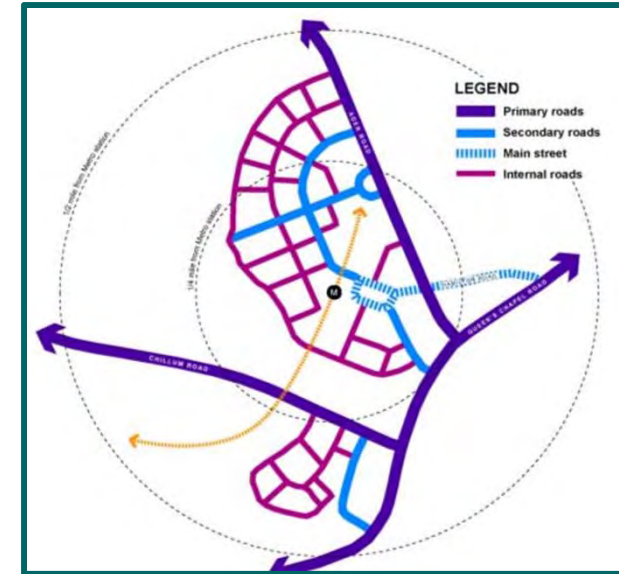
Mixed Use

- Vertical or Horizontal
- Most difficult TOD element
- Great TOD benefits
 - More walking
 - More ridership
 - Reduced auto-use
- Experienced developer key



Multi-modal Access the Rules – Access

- Attractive, visible state of the art shelters
- Enhanced mobility to/from station, the “connective tissue” between stop and the on street environment
- Good orientation thru clear wayfinding maps and signs
- Enhanced and clear bicycle and pedestrian access and bicycle storage facilities
- Strong interface between transfers and modes
- Green infrastructure opportunity

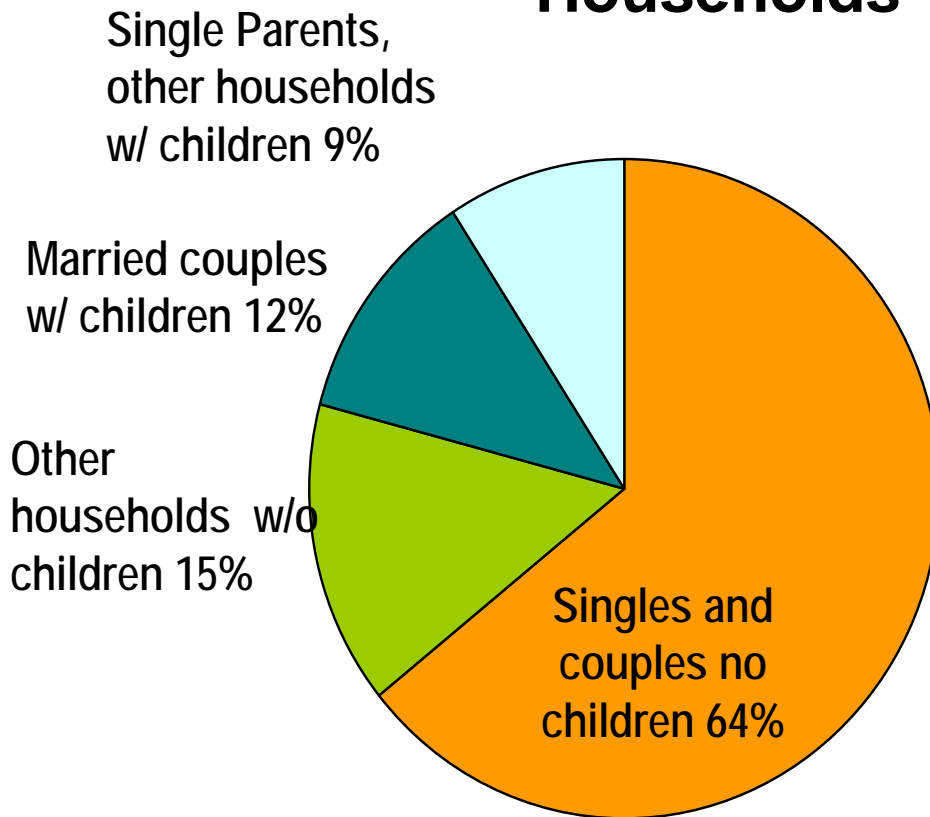


Station Access

- Attractive, visible state of the art shelters
- Enhance mobility to/from station, the “connective tissue” between stop and the on street environment
- Good orientation thru clear wayfinding maps and signs
- Enhanced and clear bicycle and pedestrian access and bicycle storage facilities
- Green infrastructure opportunity
- Strong interface between transfers and modes

FUTURE DEMAND FOR TOD

14.6 million US TOD Households (2025)



- 64% of demand
- Single households
 - Couples without children
- 20% of demand
- Households with children

Source: Center For Transit Oriented Development

Market for TOD Established

- ▶ Growing demand for residential TOD
- ▶ Mixed-use TOD rated a top prospect in *Emerging Trends in Real Estate*

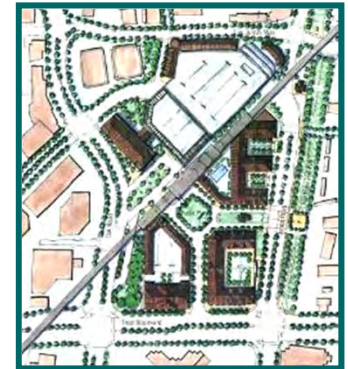
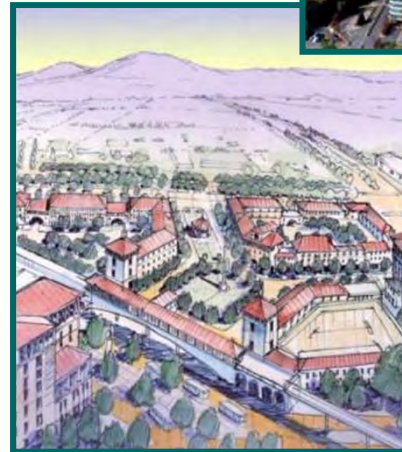


Planning for TOD Matters

“Build it and they will come”
has not always happened

Planning building blocks:

- Regional Vision
- Local Leadership
- Collaboration
- Station Area Plans
- Put land use/zoning in place



Pleasant Hill BART, Contra Costa, CA

Leadership Vital

- Leadership essential
- Political champion key to
 - Create the vision focus
 - Marshal resources
 - Build coalitions
 - Resolve disputes



Fruitvale Transit Village
Oakland, CA

Land Use Planning/Community Planning/Station Area Planning

- Build local support and vision
- Market driven process, not transit driven
- Based in market reality and financial feasibility
- Create predictability for developers
- Ensures proper zoning is in place to maximize development potential, increase ridership and streamline the implementation



Power of Partnerships

COLLABORATION AND ACTIONS

- Success requires a strong partnership:
 - Transit agency
 - Planning Agencies
 - City & County and regional agencies
 - Developers
- Each should be project focused, bringing their expertise for the best outcome
- The type of leadership dependent upon the project and phase

TOD in Pittsburgh

Opportunities and Challenges

- Timing is right
 - Younger population desires to be near transit, market wants TOD
 - Numerous studies have been conducted, energy level is high
 - City comprehensive planning process provides opportunities
 - State and Federal programs focused on TOD
 - TRID, HUD, EPA, FTA, NMTC
 - Projects are moving forward, East Liberty a good example
 - Port Authority and other public owned parcels available to incentivize development
- Limitations
 - Staffing and resources limited in most agencies
 - Activities and plans seem fragmented not implemented
 - No obvious champion



Recommendations

- Make it easy to do TOD
- Create places to come back to
- Build communities, not projects
- Partner for success
- Program leadership essential
- Link to communities' vision
- Design for the pedestrian; modal connections

Future Real Estate Capability

Strengths

- Current negotiations on development of 4 most promising stations (East Liberty, Castle Shannon, Dormont, South Hills) require real estate expertise beyond legal expertise
- Over 21 park and ride lots owned in fee by Port Authority
- Over 1,000 parcels with little value to Port Authority but perhaps great value to others
- Under-utilized land close to transit held by other public agencies, potential for greater scale
- Rights of way with potential for revenue generation through advertising, utility, fiber optics and other creative uses; great source of on-going revenue production

Future Real Estate Capability

Strengths (Continued)

- Charges for busway access by over six surrounding county transit systems under a maintenance fee agreement
- The growing population base is younger (45% under 40, 27% under 30), with over \$100,000 in medium income who want to live near transit
- Numerous activities and studies espousing the value of transit oriented development and transit investment (PCRG, SPC, Pittsburgh Downtown Partnership, 10,000 Friends, URA, Riverlife, Oakland, Pittsburgh Comprehensive Plan Process, etc)
- Special programs to attain some funding– Transit Revitalization Investment District grants, TIFs, CRIZ , and Value Capture at state/local level, TIGER, HUD Sustainable Communities funding, FTA TOD and Joint Development Guidance at the Federal Level; most require collaboration

Future Real Estate Capability

Weakness

- Shrinking staff greatly overloaded with responsibilities
- Administrative budgets severely reduced
- Lack of expertise in land planning, real estate and in financial valuation
- Limited accounting and GIS mapping of total real estate assets and rights of way
- Lack of consistent and professional valuation of assets and process to monetize the assets

Future Real Estate Capability

Opportunities

- Creates a new revenue source for the Authority from unleveraged assets, many of which could be recurring revenues
- Putting Authority and other public properties back on tax rolls generate new sustained revenue
- Increases ridership for increased revenue
- Creates projects that address growing residential demand
- Add to livability and sustainability of the city
- Provides Authority with outreach opportunities to further core mission
- Leverage private resources to augment Port Authority's budget

Future Real Estate Capability

Threats

- While acknowledging Authority's principle role is providing transit services, the reluctance to acknowledge the importance in future land use decisions within its territory
- Potential for process slow down due to currently staff levels
- Lost opportunities and revenues

Future Real Estate Capability

Assumptions

- Have statutory authority to evaluate and manage the sale or lease of properties
- There are properties that may lend themselves to TOD including potentially the 21 park and ride lots owned in fee
- It is good stewardship to leverage the value of those assets
- There are options to leverage financial resources to have the capacity to realize TOD
- There may be opportunities beyond the four active Port Authority TOD projects to create a more robust program
- Access to professional real estate capabilities is required to optimize this stewardship

Future Real Estate Capability

Assumptions

- Relevant functions relate to:
 - GIS data base on all real estate holdings including rights of way and all related private easements
 - General real estate competency including land use planning, design and real estate finance
 - Valuation of parcels owned
 - RFP preparation process
 - Draft contracts, negotiating deal structure
 - Right of way and encroachment management
 - Accounting functions
 - Involvement in community planning processes

Future Real Estate Capability

Option 1

In-house management of outsourced real estate related functions

- One person in-house real estate coordinator
- Real estate program costs will be covered by real estate program income
- Procurement of real estate program support services done by an RFP process
- Compensation structure should include a base fee for GIS data base creation and maintenance; commission paid on project revenues generated

Pros

- Financial needs covered by program revenues new to the Authority
- Agency exercising management responsibility to optimize real estate holdings
- Provides access to professional real estate expertise
- With the right management contract, the Authority and out-sourced agent are incentivized to make deals and get projects built

Cons

- Costs money to make money; may create a perception problem

Future Real Estate Capability

Option 2: More in-house capabilities with management of limited out-sourced functions

- In-house staff would:
 - Develop and manage a GIS data base on real estate holdings
 - Develop RFP and conduct contract preparation
 - Deal structure negotiations with support of expert; Port Authority lead to be determined based on deal complexity
 - Accounting and collection of debts
- Additional program costs covered by new revenue sources and deal revenues
- Outsource all disciplines that do not require full time staff

Pros:

- Financial needs covered by program revenues new to the Authority
- Agency exercising management responsibility to optimize real estate holdings
- Provides access to professional real estate expertise
- With the right management contract, the Authority and out-sourced agent are incentivized to make deals and get projects built
- Total out-of-pocket might be less

Cons:

- Technical software and maintenance requirements could be burdensome, mishandled and more expensive in-house
- Higher overhead burden for in-house staff
- Authority salary structure may not attract the expertise needed

Future Real Estate Capability

Option 3: Real estate office established within agency

- All functions carried out by a newly established department within agency

Pros:

- Financial needs covered by program revenues new to the Authority
- Agency exercising management responsibility to optimize real estate holdings
- Provides access to professional real estate expertise
- Agency maintains complete control and knowledge of all activities

Cons:

- Technical software and maintenance requirements could be burdensome, mishandled and more expensive in-house
- Highest overhead burden for in-house staff
- Authority salary structure may not attract the expertise needed



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Advisory Services Program

Funding the Port Authority

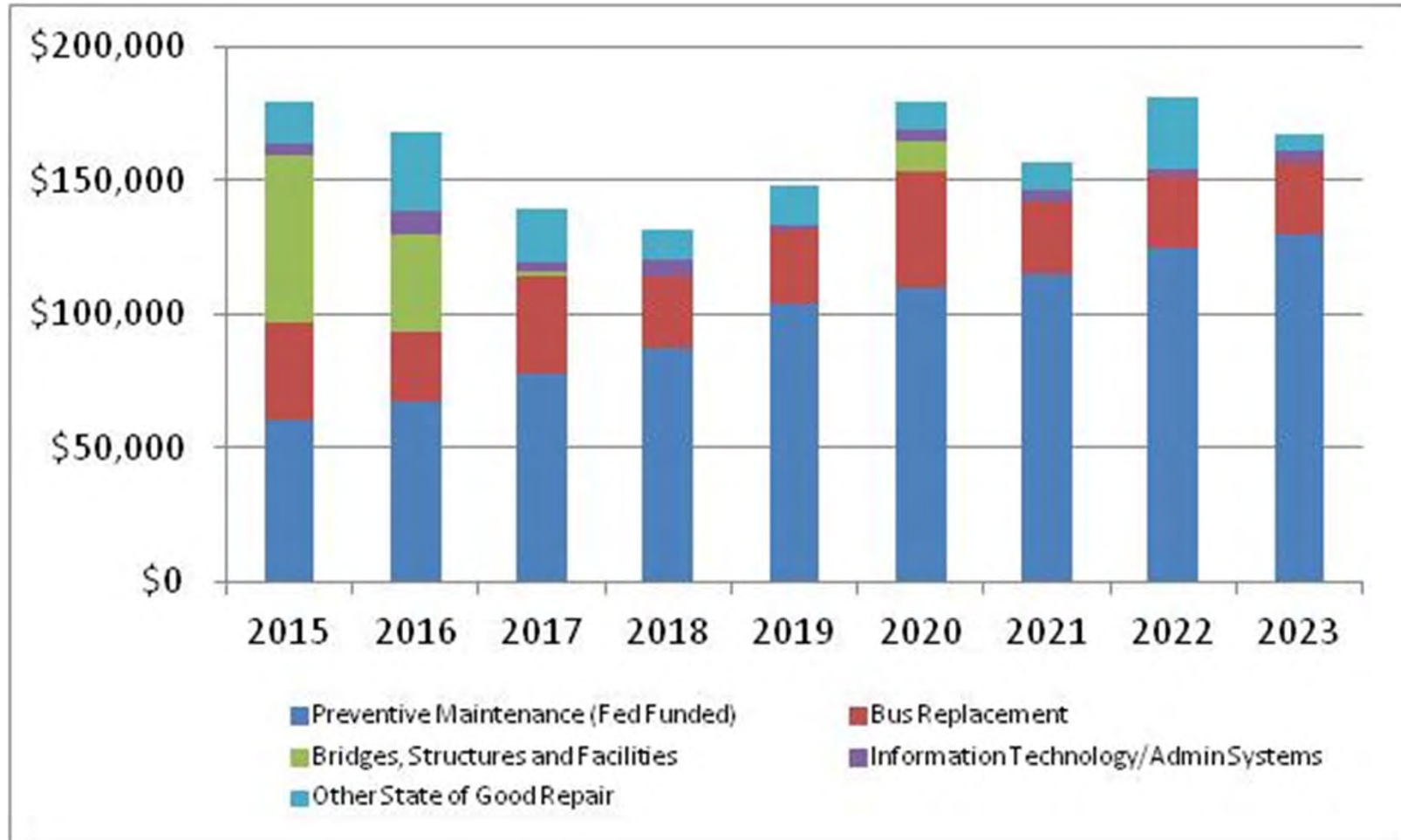
State Funding Status

Act 89 Impact

- Increased funding by over \$500 million through 2019
- The boost in financing from Act 89 has allowed the Port Authority to:
 - Eliminate near-term operating deficits, and
 - Make substantial progress toward completing the necessary capital asset rehabilitation and replacements to maintain the transit system in a state of good repair
- This additional funding from Act 89 is **not** sufficient to:
 - Fund the construction any significant new capital additions, nor
 - Accommodate a significant increase in service levels (e.g. restoration of previously eliminated service)
- There is no significant likelihood of significant additional state funding
- So, where else can Port Authority go for additional funding?

Service Quality – Maintaining a State of Good Repair

Port Authority Projected Capital Program 2015 thru 2023

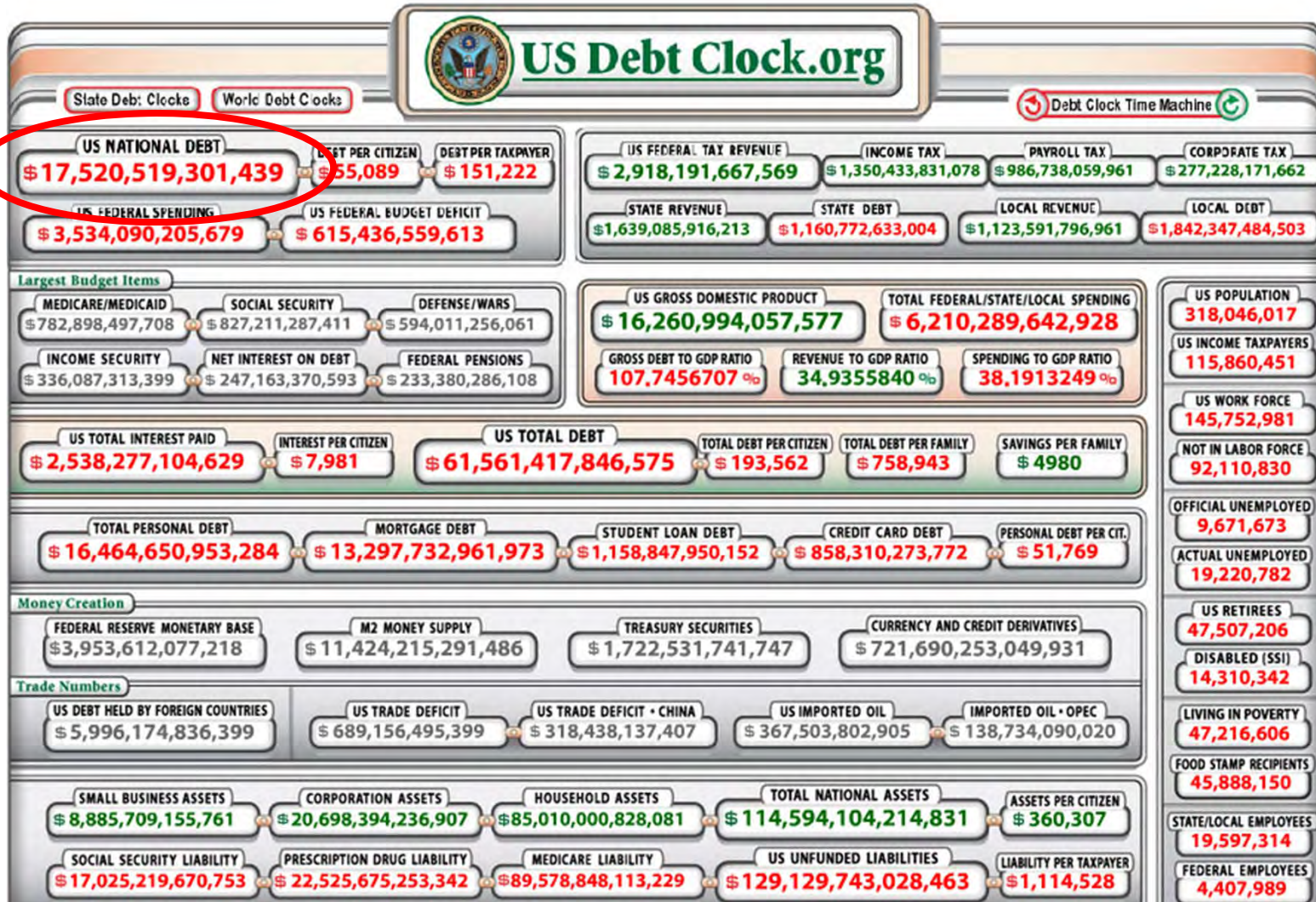


Federal Funding Status



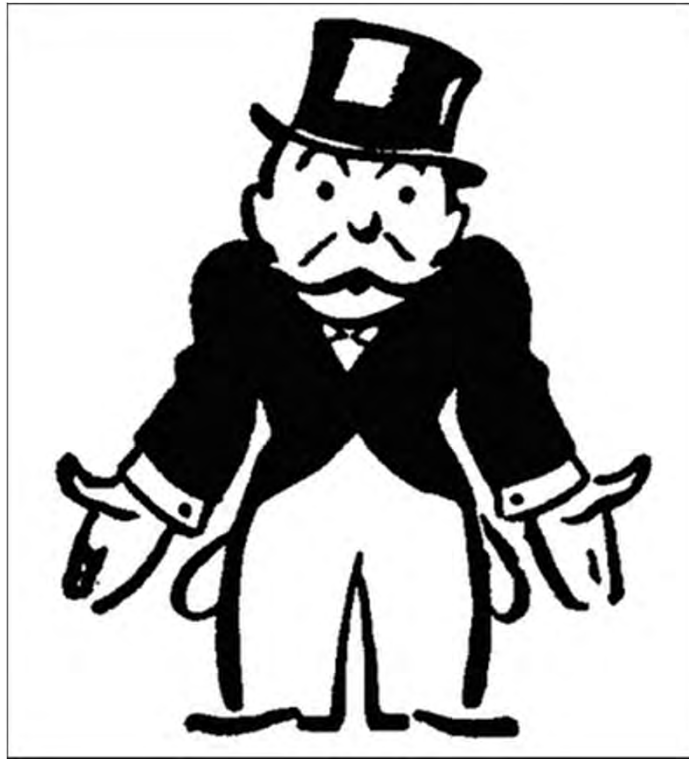
- The Federal Highway Trust fund is broke
 - The estimated balance will reach \$0 around July 1
- MAP-21 (the Federal Transportation funding bill) expires on September 30, 2014
- The House Bill (unanimously approved) is intended to be a 6-year bill and includes the following allocations:
 - Highways - \$40.25B (contingent on enacting a new surface transportation bill)
 - Transit - \$8.6B (FTA formula program)
 - Rail
 - No funding for high-speed rail
 - Amtrak \$1.19B
 - TIGER - \$100M – Down from \$600M in 2014
 - \$2.4B for projects of regional and national significance
- The Senate funding bill is expected no earlier than May 19
- Triangle Transit (Raleigh, NC) funding experience

Federal Funding Opportunities (or not!)



Federal Funding Status

- Conclusion: There is likely no additional financial help from the Federal Government



So where else to turn...?

Bring it on home!



It must be a regional, home-grown solution

Funding Opportunities

- Parking fees
- Passenger fares
- Regional solutions
- Port Authority real estate opportunities
- Other Opportunities

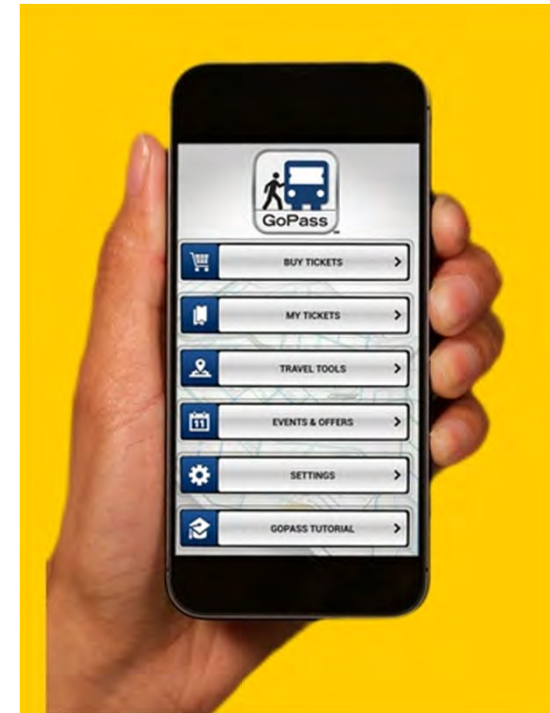
Parking Fees – Regional Collaboration

- Charging \$2 per day parking fee at all Port Authority owned commuter lots will generate approximately \$3 million a year.
- Everyone benefits from transit, even those that don't use it. Public transit takes tens of thousands of cars off the roads every day.
- More cars on the roads cost everyone in terms of wear and tear on roads, gridlock delays and pollution.
- We suggest regional cooperation to discourage use of private vehicles and increased incentives to ride public transit.
 - In partnership with the Port Authority parking fee, we would suggest the evaluation of the feasibility of adding a city or county surcharge of \$2 per day on **all** paid (public and private) commuter parking lots.
 - The revenues from these fees would be remitted to the Port Authority for use in enhanced transit service.



Passenger fares

- Ensure all riders pay the appropriate fare
- Examine the equity of the free-fare zone and overall fare structure
- Enhance fare payment options



Regional Solution

Broad based, robust, recurring tax product (sales taxes)

- Allegheny County collects a 1% sales tax
- Surrounding counties do not collect sales taxes
- The 2014 Sales Tax Revenue budget for Allegheny County is \$44.8 million
- A regional 1% sales tax (including Allegheny, Armstrong, Beaver, Butler, Washington and Westmoreland counties) would generate an estimated \$69.3 million in 2014
- Sales tax is an ideal transit funding source because it is indexed for inflation and population growth



Other Opportunities

- Blueprint for the future
 - Need a clear understanding of roles and responsibilities of the Port Authority, the County and the local city governments
- Coordinate redevelopment plans and programs creating new commercial uses in the greater downtown area
- Raise property values/taxes on a more equitable basis, equaling improved services
- Excess busway capacity
 - Other regional users



Recognize the Transit Bargain

Demographics

2013 Data (except where specified)	Pittsburgh MSA	Allegheny County	Pittsburgh
Population 1990	2,468,289	1,336,449	369,879
Population 2000	2,431,052	1,282,568	334,242
Population 2010	2,356,285	1,223,325	305,687
Population 2013	2,361,874	1,229,577	307,705
Population aged 20-34 (Millennials)	433,735	251,134	93,242
Millennial as % of Population	18.4%	20.4%	30.3%
College Degree	475,740	295,997	71,455
Degreed as % of Adult Population	28.3%	34.0%	35.2%
Labor Force	1,954,139	1,019,547	263,747
Unemployment Rate	4.7%	4.7%	5.8%
Median Household Income (2000)	37,453	41,814	31,058
Median Household Income (2010)	46,820	52,037	39,039
Median Household Income (2013)	48,346	55,031	41,058
Average Travel Time to Work (2010)	21.9	23.1	20.6
% Who Take Transit to Work (2010)	5.9%	9.9%	19.1%

The Cost of Commuting

Daily Cost of Commute

1-Way Commute Mileage	Fed Mileage Rate	Cost	Parking	Daily Cost of Commute
5	\$0.56	\$5.60	\$11	\$16.60
10	\$0.56	\$11.20	\$11	\$22.20
20	\$0.56	\$22.40	\$11	\$33.40
One-way Base Fare		\$2.50	Round Trip	\$5.00
One-way Zone 2 Fare		\$3.75	Round Trip	\$7.50
One-way Average Fare		\$1.37	Round Trip	\$2.74

The Cost of Commuting

Annual Cost of Commute (based on 240 days)

1-Way Commute Mileage	Fed Mileage Rate	Cost	Parking	Annual Cost of Commute
5	\$0.56	\$1,344	\$2,640	\$3,984
10	\$0.56	\$2,688	\$2,640	\$5,328
20	\$0.56	\$5,376	\$2,640	\$8,016
Annual Pass - Zone 1				\$1,072
Annual Pass - Zone 2				\$1,609

The Value of Taking Public Transportation

Annual Cost of Commute (based on 240 days)

1-Way Commute Mileage	Fed Mileage Rate	Cost	Parking	Annual Cost of Commute
10	\$0.56	\$2,688	\$2,640	\$5,328
Annual Pass - Zone 1				\$1,072
Annual Savings				\$4,256

The Value of Taking Public Transportation

- The median household income in Allegheny County is \$55,031.
- \$4,256 represents approximately 8% of Allegheny County median household income.

“Give yourself a \$4,256 annual raise, tax free... Take Transit!”

- 18-year savings at 6% compound interest saves \$139,427. That pays for your child’s tuition to Pitt!



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Managing Culture Change Inside a Transit Agency

Resetting the Transit Agenda

New conditions exist

- The governance structure for the Port Authority has recently undergone a reformation and a restructuring
- The Port Authority's financial circumstances have been stabilized for a multi-year period
- System service reductions and overall staff reductions have largely been accomplished
- Enhancing the customer experience will take on special importance as the agency seeks to restore confidence in the ability of the agency to provide services in a safe, reliable, efficient and quality way

Resetting the Transit Agenda (continued)

A new strategic plan is needed

- Board will need to develop a Board level process for establishing strategic priorities to guide the authority's leadership team
- Need for a new service plan to reflect contemporary conditions and market demand are largely going to be an open discussion and not governed by historical schedules
- Realignment of services must find a way to reintroduce some late evening transit services to support workforce needs
- System additions and improvements, while lacking current funding streams, need to be identified, prioritized and positioned for implementation as sustainable new funding for such improvements and their associated ongoing support is identified and secured
- The appropriate role for the authority in economic development and transit oriented development needs to be defined

Resetting the Transit Agenda

A new business planning process

- Scarce resources require focus and discipline
- Execution at a high level of performance at the operational level by the leadership team will be required
- A “best practices” culture should be the expectation
- An emphasis on continuous process improvement should be maintained
- A shift from a utility service delivery to a hospitality delivery model is needed
- Leadership will need to direct a mid-term process to develop a long term financially sustainable business model that the community will support

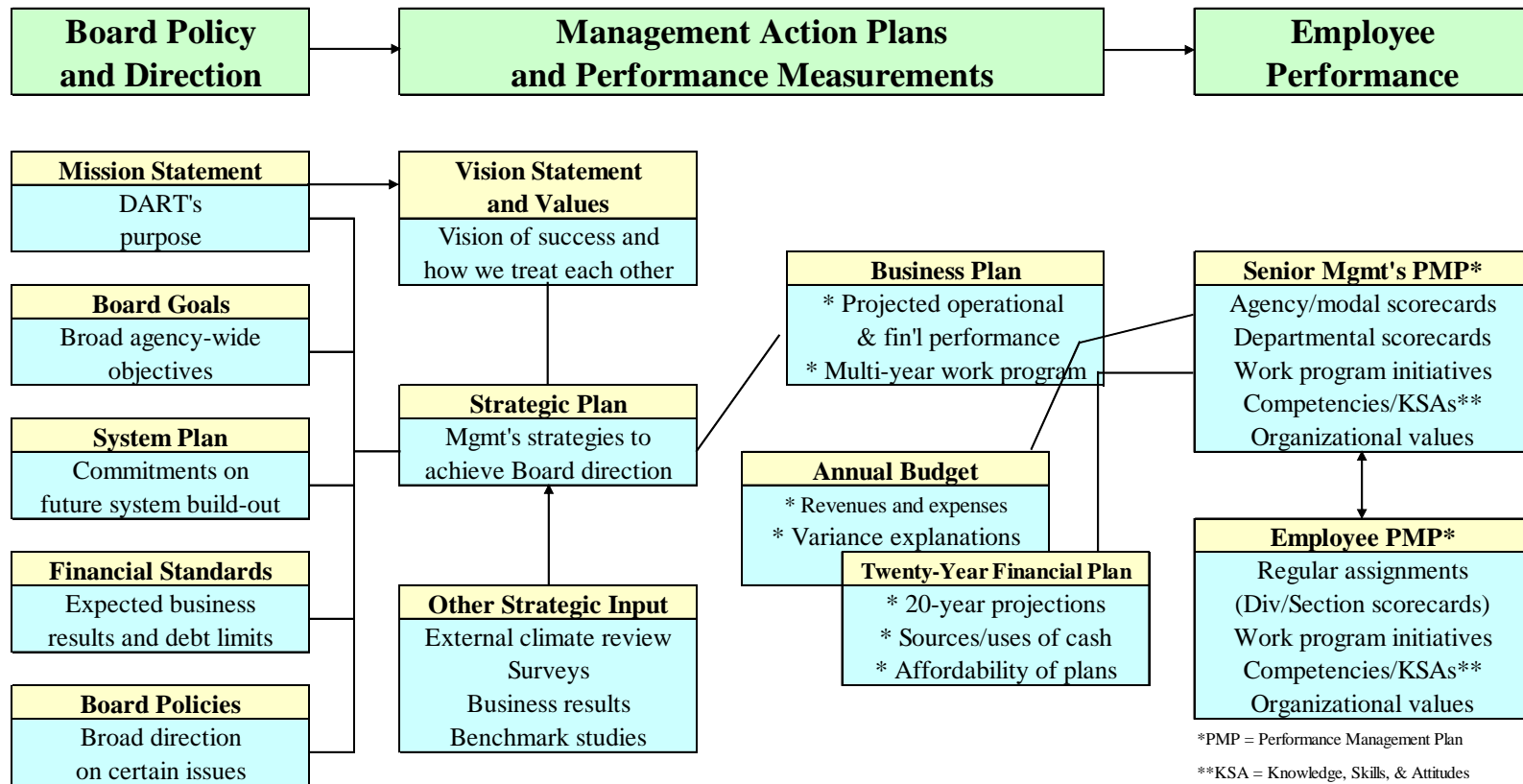
Commitment to Governance Best Practices

Tools that the Board can use

- Mission –Vision-Value Statement
- Strategic Priorities
- Management Goals
- Business Plan

Illustrating the Strategic Alignment Process

DART Example



Mission Statement

Defining the purpose of the Agency

Mission Statement – DART’s mission statement defines the purpose for which the Agency was created:

The mission of Dallas Area Rapid Transit is to build, establish, and operate a safe, efficient, and effective transportation system that, within the DART Service Area, provides mobility, improves the quality of life, and stimulates economic development through the implementation of the DART Service Plan as adopted by the voters on August 13, 1983, and as amended from time to time.

Vision Statement

Achieving the Mission

Vision Statement – To help achieve the Board's mission and strategic priorities, the Board has approved a vision statement to address DART's customers and stakeholders.

DART: Your preferred choice of transportation for now and in the future...

Board Strategic Priorities – To achieve this mission and ensure Agency alignment, in April 2009 the Board adopted six Strategic Priorities:

Strategic Priority I: Strive to Exceed Customer Expectations

Strategic Priority II: Manage System Development & Maintain Infrastructure

Strategic Priority III: Build & Maintain DART's Regional Transportation Leadership

Strategic Priority IV: Drive Change Through Employee Engagement

Strategic Priority V: Maximize Funding Resources

Strategic Priority VI: Use Technology to Integrate and Advance Services and Systems

Management Action Plans and Performance Measurements

DART organization values

DART Organizational Values – The Agency’s values statement is: At DART, employees value being:

Focused on Our Customers

- We are dedicated to meeting our customers’ needs.
- We strive for continuous improvement.
- We deliver quality.

Committed to Safety and Security

- We expect safety and security to be the responsibility of every employee.
- We are committed to ensuring the safety and security of our passengers and employees.

Dedicated to Excellence

- We demonstrate a high regard for each other.
- We are committed to innovation and learning from our experiences.
- We hold ourselves accountable.
- We coach, reinforce, and recognize employees.
- We foster an environment promoting diversity of people and ideas.

Good Stewards of the Public Trust

- We responsibly use public funds and property.
- We maintain open communication with customers and stakeholders.
- We respect the environment.
- We strive to mitigate risk.
- We demand integrity and honesty.

DART's Strategic Measurements

Performance-based management

Management Objectives	Key Leading Indicators	Key Lagging Indicators
Customer Focus		
Customer Satisfaction	<ul style="list-style-type: none"> * On-time performance * Accidents per 100k miles * Complaints per 100k passengers * Call center service levels * Mean Distance between Service Calls 	<ul style="list-style-type: none"> * Ridership * Passengers per mile/hour * Customer satisfaction surveys
Manage System Growth	<ul style="list-style-type: none"> * Revenue miles/hours * Actual schedule vs. plan for system expansion 	<ul style="list-style-type: none"> * Ridership * Passengers per mile/hour * Customer satisfaction surveys
Improve Efficiency	<ul style="list-style-type: none"> * Operator lost time claims * Unscheduled absences * Pay-to-platform ratio * Average system speed * Deadhead ratio * Timely replacement of assets 	<ul style="list-style-type: none"> * Subsidy per passenger * Administrative ratio * Sales taxes for operations * Unused financing capacity
Improve Business Processes and Information	<ul style="list-style-type: none"> * Cycle time/process measurements * Project implementation vs. plan * Benchmark comparisons 	<ul style="list-style-type: none"> * Sales taxes for operations * Administrative ratio
Internal Focus - Employee		
Promote Employee Development and Alignment	<ul style="list-style-type: none"> * Employee verbal feedback * Number of grievances * Corrective disciplinary actions * Retention/absenteeism 	<ul style="list-style-type: none"> * Employee satisfaction survey
External Focus - Stakeholder		
Build Relationships with Stakeholders	<ul style="list-style-type: none"> * Complaints/commendations * Press clippings 	<ul style="list-style-type: none"> * Climate satisfaction survey * Completion of TSP commitments * Joint development created

Resetting the Transit Agenda

Concluding Thoughts

- It is a good time to live in Pittsburgh
 - Strong local economy, world class universities and medical institutions, strong urban core with excellent cultural, sports and entertainment facilities
- It is a good time to take on community infrastructure issues and opportunities
 - Alignment between the County and City Executives
 - New leadership at the City and the Port Authority with a demonstrated willingness to collaborate
 - Engaged community groups
- It is an essential time for the Port Authority to re-establish itself in the eyes of its customers and stakeholders. And it starts with improving your service.

Thank You!

The residents of Pittsburgh, Allegheny County, and the surrounding communities.

County Executive Rich Fitzgerald

The Port Authority of Allegheny County, and all the sponsors that supported the panel.

All the interviewees and organizations that participated in the project, and all people that made this process possible.

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Questions?

