

OPERATING AND CAPITAL IMPROVEMENT BUDGETS

FISCAL YEAR 2012
JULY 1, 2011 – JUNE 30, 2012



Port Authority
of Allegheny County
Pittsburgh, PA



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Allegheny County Port Authority
Pennsylvania**

For the Fiscal Year Beginning

July 1, 2010



President

Executive Director

RESOLUTION

WHEREAS, the Board of Port Authority of Allegheny County (Authority) wishes to adopt and maintain a fiscally responsible operating budget covering the Authority for the Fiscal Year July 1, 2011 through June 30, 2012; and

WHEREAS, the Board of the Authority also wishes to adopt a fiscally responsible capital budget covering the Authority for the Fiscal Year July 1, 2011 through June 30, 2012 and for the Fiscal Year July 1, 2012 through June 30, 2013; and

WHEREAS, consistent with good business practice, a proposed operating budget has been prepared which contains estimates of anticipated revenues and expenses that are in balance with one another, and the proposed capital budgets have been prepared which also 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; and

WHEREAS, the operating budget assumes no fare increase or service reductions, but utilizes \$29,457,905 in one-time reserves and \$11,426,235 in remaining Federal Flex Funds.

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Authority hereby adopts an operating budget for the fiscal year beginning July 1, 2011 and ending June 30, 2012 which anticipates total operating revenues and grants of \$370,151,875 and total operating expenses of \$370,151,875 (Exhibit A), a capital budget for the same period providing for \$182,896,000 of capital project expenditures and a capital budget for the fiscal year beginning July 1, 2012 and ending June 30, 2013 providing for capital project expenditures of \$149,239,000 (Exhibit B).

FURTHER RESOLVED, that the chief executive officer be, and hereby is, authorized and 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 Authority in the coming fiscal year do not exceed the operating revenues and grants and capital funding available for the period.

OPERATING AND CAPITAL IMPROVEMENT BUDGETS

FISCAL YEAR 2012

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EXHIBIT 1.1

Port Authority of Allegheny County

**FY 2012 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 2012 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

Port Authority Board of Directors



Mr. John A. Brooks
Chairman



Mr. Guy A. Mattola
Vice-Chairman



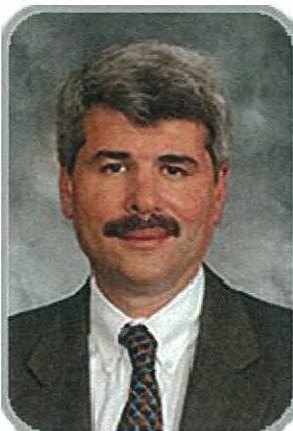
Mr. James J. Dodaro
Treasurer



Mr. Richard W. Taylor



Ms. Joan Ellenbogen



Mr. Jeffrey W. Letwin



Eddie Edwards, Jr.



Mavis Rainey



FISCAL YEAR 2012 OPERATING AND CAPITAL IMPROVEMENT BUDGETS

Executive Summary

Port Authority of Allegheny County's FY 2012 Operating and Capital budgets reflect a year on hold following one of the most challenging years in the agency's history.

In FY 2011 the Port Authority experienced a 19% decrease in State (Act 44) operating subsidy, which accounts for over 50% of the Authority's revenues. A planned use of reserves in the Port Authority's initial operating budget and a 35% service reduction to balance the budget were averted when \$45 million in one-time Federal Flex funding was made available by Governor Rendell. In order to provide the opportunity for further discussions at the State on transportation funding, the Port Authority's Board of Directors extended Flex funding use over two years - fiscal year 2011 and fiscal year 2012. In doing so, the Port Authority used \$33.5 million of Flex funding in fiscal year 2011, implemented service reductions of 15%, and eliminated approximately 260 positions on March 27, 2011. Failure of the State to enact adequate funding for transportation in fiscal year 2012 is expected to result in additional service reductions and fare increases in fiscal year 2013.

FY 2012 Operating and Capital budgets offer a quiet period for Port Authority riders and staff and a window of opportunity for elected leaders to begin the much-needed work of establishing long-term solutions for sustainable, predictable transportation funding that grows with inflation.

Elected leadership recognizes the significance of this task. In April 2011, Governor Tom Corbett assembled a Transportation Funding Advisory Commission to develop solutions for funding public transportation, roads and bridges. In August 2011, the Commission presented its recommendations to the Governor, which included a reallocation of \$100 million in highway monies to transit. To date, Port Authority, along with transportation agencies throughout Pennsylvania, await Governor Corbett's response to the Commission's proposal.

If the transportation funding crisis is not resolved by the end of FY 2012, Port Authority will return to the same difficult position it faced in FY 2011, forced once again to cut routes and service hours, implement higher fares and lay off additional employees.

The FY 2012 operating budget includes \$370.2 million total expenses, up from \$356.6 million in FY 2011 – about a 3.8 % or \$13.6 M increase. This increase assumes a projected 3% increase in medical premiums, a 5% increase in dental premiums, a 5% increase in vision premiums and a 5% increase in Medicare supplement. Historically high fuel costs are expected to impact the budget via a projected \$5.5 million increase, and the operating budget also assumes a pension contribution increase of \$13.2 million due to the ongoing need to recover from market losses. The budget includes a wage freeze for all non-represented employees and a contractual 3% wage increase for employees belonging to the Amalgamated Transit Union

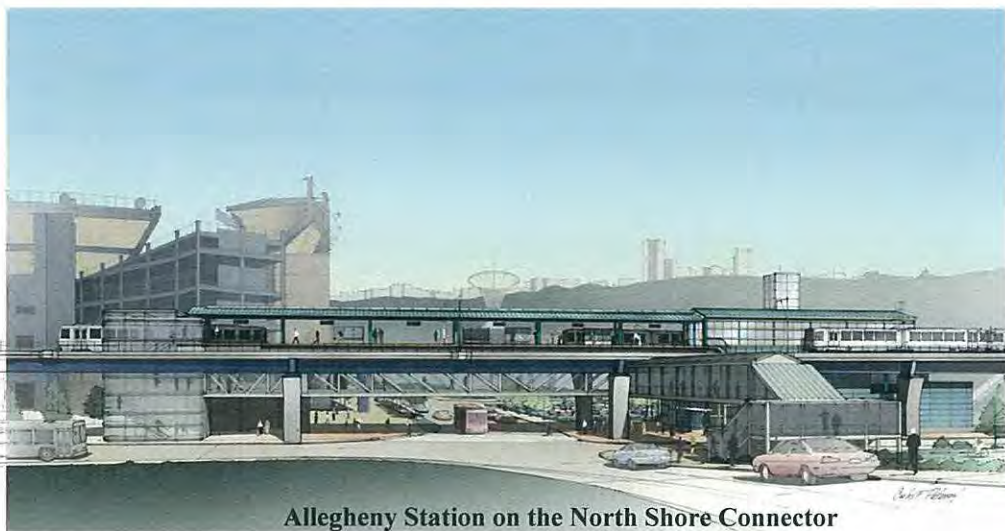
Total Expenses	
FY 2012 Budget	\$370,151,875
FY 2011 Actual	\$352,344,773
FY 2010 Actual	\$355,122,506
FY 2009 Actual	\$351,325,813

(including bus/light rail operators and maintenance staff) and the International Brotherhood of Electrical Workers union (including customer service and treasury staff).

Port Authority's Board of

Directors also adopted a capital budget for FY 2012 totaling \$182.9 million. Major projects reflected in this budget include the completion of the North Shore Connector light rail extension and the continued modernization of Port Authority's bus fleet, which will result in lowered maintenance costs and more reliable service.

In spite of ongoing funding uncertainty, Port Authority continues to implement operating efficiencies. The North Shore Connector, a 1.2 mile extension of the light rail system



Allegheny Station on the North Shore Connector

from the Gateway Center Station, under the Allegheny River to the North



Shore, will be completed and operational in March 2012. Following the successful installation of new fareboxes on all vehicles, Port Authority's ConnectCard program is moving forward, with riders from the University of Pittsburgh providing the first external test of smart card technology. Other groups of riders will begin to use branded ConnectCards in 2012, with full implementation anticipated by year's end.

Even as the future remains uncertain, Port Authority continues its mission to connect people to life, whether by advocating for reliable transit funding or by making improvements to the way we do business.

Stephen G. Bland
Chief Executive Officer



Operating Budget Summary

Port Authority of Allegheny County's FY 2012 Operating Budget for the period July 1, 2011 to June 30, 2012 projects gross revenues and expenses of \$370.2 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 2012 budget as presented balances revenues and expenses but does so by using the remaining \$11.4M in stopgap, Federal Flex funds as well as \$29.5M in reserves. Port Authority will enter the FY 2013 Budget cycle with a projected \$10M in reserves and a \$55 M deficit without additional assistance from the Commonwealth.

Port Authority's financial difficulties did not begin with FY 2012. On March 27, 2011 , the Board of Directors reduced service by 15%. This decision resulted in the elimination of approximately 260 budgeted positions and the closure of the Harmar Bus garage, but was necessary in order to give newly elected State officials the needed time to study the state-wide transportation funding crisis. Even with the service and personnel reductions at the end of FY 2011, Port Authority was projecting an approximate \$40M deficit with only contractual union wage raises and anticipated increases in fringe benefits factored in.

The decision to downsize by 15 percent in March 2011 was made with the acknowledgement that a greater reduction would be detrimental to the region, leaving entire neighborhoods without public transportation service. Reductions in excess of this threshold would mean the Port Authority would cease to offer a comprehensive transportation network.

At the May 2011 Planning and Development Committee meeting, senior staff presented year-end projections for the FY 2011 operating budget and proposed FY 2012 Operating and Capital Budgets. The Financial Planning and Budgets Department forecasted ending FY 2011 with an operating deficit. The Committee was presented a summary of assumptions for FY 2012 that included:

- No service or staffing changes from the levels enacted March 2011;
- Expenditure of the remaining \$11.4 M in Flex Funds provided by the Rendell Administration and \$29.5 M in Port Authority reserves;
- Completion of the North Shore Connector project with service to begin March 2012 and continued implementation of the Automated Fare Collection System;
- No further fare increase planned for FY 2012.

No formal recommendations were made at the meeting to review the preliminary FY 2012 Operating and Capital Budgets. It was noted by senior staff, and acknowledged by the Committee, that without increased State Operating Assistance in the immediate future, Port Authority would have to entertain massive cutbacks in 2013.

The FY 2012 Capital Budget focused on completion of the North Shore Connector project, sustaining “State of Good Repair” projects, and the Authority’s planned bus replacement cycle to enhance service reliability and operating cost control.

Following the Committee meeting, Port Authority's Chief Executive Officer, Chief Financial Officer, and members of the Department of Financial Planning and Budgets met with each of the organization's divisions to re-visit FY 2012 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 2012 Budget to FY 2011 Budget Comparison

The FY 2012 budget contains a \$13.6 million or 3.8% increase in gross expenses from the FY 2011 Budget of \$356.6 million. This increase is primarily due to increases in the categories of Pension and Employee Benefit, Materials & Supplies and ACCESS expense. The Employee Benefits category is budgeted to increase by \$14.3 million or 11.9% from the FY 2011 Budgeted amount. This change is primarily due to a \$13.0 million increase in pension expense.

The \$5.3 million increase in Materials and Supplies from the FY 2011 Budget level is attributable to increases in two line items. The expense for Materials used in maintenance of revenues vehicles is budgeted to increase by \$1.1M or 9.3%. Until Port Authority is able to fully implement its bus fleet replacement plans, Materials expense will continue to increase

above inflationary levels. Another factor for the increase in Materials and Supplies is the large increase in diesel fuel prices. Diesel fuel is budgeted to increase by \$3.9M or 19.1% from FY 2011 Budget levels. In February 2011, Port Authority was able to contract approximately 42 percent of its diesel fuel needs for the months of July through December at \$3.29/gallon. Given the volatility of energy prices, Port Authority budgeted diesel fuel at \$3.39/gallon based on the market price at the time the budget was being finalized. ACCESS expense is budgeted to grow by \$1.0M or 4.1%. The ACCESS program is faced with the some of the same operational challenges as Port Authority due to continued energy increases. In addition, reductions in Port Authority service levels causes a migration to ACCESS services for those qualified individuals which increases ACCESS expense.

Provisions for Injuries and Damages is budgeted to increase by \$336,600 or 12.1% from FY 2011 Budget levels. Port Authority has traditionally budgeted this expense category high due to the uncertainty surrounding Workers Compensation and Litigated Settlements and with an eye to pending claims.

Wages and Salaries are budgeted \$6.5M or 4.6% below FY 2011 levels due to the savings from approximately 260 fewer positions in the FY 2012 Budget. Budget amounts, however, do reflect contractual increases for union employees. Non-represented staff salaries are frozen for FY 2012.

Purchased Services is budgeted to decrease by \$105,200 from FY 2011 Budget levels. The majority of this decrease is attributable to decreases in the line item budgets for Temporary Help and Work Done by Outside Contractors.

Utilities are budgeted to decrease by \$59,000 principally due to anticipated decreases in electricity and natural gas usage with the closure of the Harmar garage.

The category of Other Expense is budgeted to decrease by \$540,313 or 9.3%. This reduction is due to decreases in the line-items of Organizational Development, Rental of Buildings and Grounds and Miscellaneous Expense.

The Interest Expense budget has decreased by \$194,000 or 4.1% from the FY 2011 Budget levels. The FY 2012 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 2012. Port Authority was able to secure a line of credit in FY2012 at more favorable rates than in FY 2011 and with no monthly fees imposed on the unused portion. Overall, borrowing costs will be lower in FY 2012.

FY 2011 Unaudited Actuals to FY 2011 Budget

Due to lower non-personnel related expenditures, Port Authority's unaudited FY 2011 expenses project the company to end the fiscal year with a \$5.9 million dollar operating surplus prior to an accounting adjustment for Other Post Employment Benefits (OPEB). The FY 2011 projected results were influenced by a number of factors predominantly from an expense perspective.

Total Gross Expenses for FY 2011 are projected to be below budget by \$4.3 million or 1.2%. Port Authority was able to keep its Total Gross Expenses under budget due to lower than budgeted expenses in Fringe Benefits, Purchased Services, Utilities, Other Expenses, and Interest Expense.

A large portion of the FY 2011 projected surplus is attributable to fringe benefits ending the year \$2.5M under budget. In part, this was due to savings Port Authority was able to realize in its healthcare expense by virtue of a 12 month freeze in health insurance premiums. In addition, Unemployment Compensation was less than anticipated due to a timing difference in invoicing.

The Authority was also able to contain its Purchased Service expense in FY2011 which were \$2.7M under budget. Purchased Services were projected to be under budget due to lower expense levels in Work Done by Outside Contractors, Other Services and Legal Expenses for Equal Employment Opportunity issues.

Utilities were projected to end the year under budget by \$1.0 million or 11%. The majority of this savings was attributable to electricity expenses ending \$497,127 under budget.

The category of Other Expense was projected to end the year \$1.9 million below budget. Savings in the line items for Rental- Buildings & Grounds, Miscellaneous Expense, Software License Support and Organization Development 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 \$235,428 savings in interest expense.

Despite the fact Port Authority is projected to end the fiscal year under budget there were a few expense categories that exceeded planned budgetary levels. Specifically, the expense categories of Wages and Salaries and Materials and Supplies exceeded budget by \$1.7 million and \$1.9 million respectively. Wages and Salaries were over budget due to overtime pay exceeding budget levels by \$4.8M. Vacant positions contributed to base wages ending the year \$3.1M which negated some the overtime expenses.

Materials and Supplies exceeded budget by \$1.9 million. This variance is primarily attributable to the line items of Materials, Timetables and Diesel Fuel exceeding budget by \$641,989, \$325,990 and \$1.2 million respectively. Finally, ACCESS expense was projected to end FY 2011 \$199,943 over budget. ACCESS expense is correlated to the number of rides it provides on an annual basis. ACCESS ridership was slightly higher in FY 2011 resulting in higher operating expenses for the fiscal year.

The company is projected to incur a Government Accounting Standards Board (GASB) #45 liability of \$32.6 million in FY 2012 which will result in a projected overall loss for the fiscal year of approximately \$26.7 million. The GASB #45 OPEB valuation continues to remain high due to reductions in Federal Medicare reimbursements that result in healthcare premium increases being passed onto providers such as Port Authority. Under current GASB

regulation, Port Authority is not required to fund this outstanding liability. It had no cash impact on Port Authority during FY 2011.

Total Revenues are projected to be above budget by \$431,433 predominantly due to Non Transportation Revenues exceeding budget by \$674,051 or 116%. Passenger Revenues fell below budget by \$247,582, and was the result of the passenger ridership ending the year below budget due to a January fare increase and a 15% service reduction implemented in March. The category of Advertising Revenue exceeded budget by \$72,221. Interest Income was less than budget due to lower rates of return on Port Authority's invested cash and lower cash reserves.

The company's FY 2011 financial results, while positive, mask the more immediate financial hurdles facing the Port Authority. Without the State Legislature's and Governor's consideration of the recommendations made by the Transit Funding Advisory Committee (TFAC), Port Authority will have to implement massive service reductions of between 30-40% and dramatically increase fares in FY 2013. These reductions will be unprecedented in scope and simply continue the downsizing that no other transit property in the State has had to implement over the past five to six years.

The second financial obstacle faced by the Port Authority is the expiration of its contract with the Amalgamated Transit Union, Local #85 on June 30, 2012. Without a major restructuring, of its wage and/or benefit structure, Port Authority's ability to deliver public transportation in the region will be in jeopardy.

Despite the challenges of its financial future, Port Authority has seized opportunities where possible. The company has successfully transitioned all Non-Represented, IBEW and Police new hires to a defined contribution (DC) plan. Traditionally, the company's employees participate in a defined benefit (DB) 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. While pension expense is forecasted to exceed over \$30 million annually for the foreseeable future assuming historical market returns, the change to defined contribution plans will offer Port Authority long-term savings.

In addition, Port Authority was able to successfully issue 2011 Refunding Series Bonds that permitted the termination of a 2004 Swaption contract with Bank of America Merrill Lynch. The issuance eliminated an estimated \$7.5 million in added interest expense risk in FY 2012.

The Port Authority is implementing two major developments to its system which may have far reaching benefits to the financial future in terms of service and efficiency. The company began testing railcars on its North Shore Connector project in 2011. When operational, the project will permit transit riders to access the thriving North Shore area with its mix of entertainment and new employment opportunities.

In addition, Port Authority is in the midst of implementing an Automated Fare Collection System (AFCS) project. This project has replaced fareboxes on the entire Port Authority fleet with Smart Card 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 by reducing fare avoidance situations.

The FY 2012 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;
- Retain Current Fare 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;
- Implementing the Automated Fare Collection System Project;
- Completing 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 \$155,789,189 and a 15% local match of \$27,463,950 as mandated under Act 44;
- Healthcare premium increase of 5% for dental and vision plans beginning January 2012. Medical premium increases are budgeted at 3% in FY2012, although



supplemental Medicare insurance for retirees is budgeted to increase by 5%. The FY 2012 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 2012, 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 approximately 2.6 million or 4.2% from FY 2011 actual levels, which excludes ACCESS ridership. This reduction is predominantly due to the 15% service reduction.
- State program funding consistent with FY 2011 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 and State of Good Repair Projects.

The funds associated with these assumptions comprise the majority of revenues and grants necessary to support the \$370.2 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 and patience 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 \$183.1 million in operating assistance for FY 2012 from the Commonwealth of Pennsylvania, but \$27.3 million of this will be directed to pay debt service. This results in \$155.8 million available in FY 2012 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 2012 County Executive's Budget is recommending providing the full 15% match of State Operating Assistance Funding for a total of \$27.5 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 by making the most prudent decisions with its scarce resources. Decisions on where to place its services will continue to be based on where the maximum impact can be made.

In total, \$370.2 million in revenues are budgeted for FY 2012 of which \$98.2 million are in operating revenues, \$194.8 million in operating grants, and \$77.2 million in amounts capitalized.



Operating Revenues

Port Authority continues to offer service that is both affordable and convenient. In FY 2011, Port Authority's total ridership levels decreased by approximately 2.4 million riders from FY 2010 while ACCESS ridership increased by 58,745. While it is difficult to pinpoint one underlying reason for the decrease, the combination of a fare increase in January 2011 coupled with the 15 percent service reduction were definitely contributing factors. The FY 2012 Budget forecasts a 0.9% decrease in overall Operating Revenue from FY 2011 unaudited actuals. Passenger Revenues are budgeted to decrease by \$609,675 or 0.8% from FY 2011 unaudited levels largely due to the 15% service cuts put into place in March of 2011. The organization remains hopeful that actual ridership will surpass projected FY 2012 ridership estimates given the high cost of gasoline and the increased cost of parking in the downtown Pittsburgh business district. ACCESS revenues are projected to increase by \$36,506 from FY 2011 unaudited levels due to higher Shared Ride ridership. Contract Service revenues, which include contractual arrangements with the University of Pittsburgh, Carnegie Mellon University and Chatham University, are expected to increase by 2.8% over the FY 2011 unaudited actuals.

Operating Grants

Total FY 2012 operating grants are expected to decrease from \$211.5 million in FY 2011 to \$194.5 million. The reduction in Operating Grants is due to Port Authority's utilization of \$11.4 M in Federal Flex funds in FY 2012 versus \$33.6 M in FY 2011. The Operating Budget projects \$155.8 million and \$27.5 million from the Commonwealth of Pennsylvania and

Allegheny County, respectively. The County Executive has recommended \$27.5 million in his CY 2012 Proposed County Budget.

In FY 2012, \$77.2 million is budgeted as capitalizations, which provide reimbursements for certain operating expenses. This is a \$29.6M or 62.1% increase from FY 2011 projected capitalizations. This increase is primarily due to planned use of reserves — \$22.0M in Basic Supplemental Grant (BSG) revenue and \$7.5M in funds formerly dedicated for Other Post Employment Benefits (OPEB) — to offset the Authority’s revenue short fall.

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 \$370.2 million. This is an overall increase of \$17.8 million or 5.1% when compared to the FY 2011 unaudited spending levels.

Capital Budget Summary

Port Authority of Allegheny County’s FY 2012 Capital Improvement Program anticipates expenditures of \$182.8 million. Given that Port Authority has assets with a net book value of \$1.53 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	\$39.0M
Revenue Vehicle Replacement	34.9M
Fixed Guideway and Facility Improvements	42.9M
Support Programs	7.3M
Operating Capitalization	46.3M
New System Expansion	<u>12.4 M</u>
Total	\$182.8M

The Debt Service component of the Capital Budget is comprised of debt service payments due on the Koch Master Agreement, providing for bus purchases, and Refunding Series of 2011 bonds.

Port Authority’s average age for bus vehicles exceeds industry standards. The Revenue Vehicle Replacement Program is directed toward the purchase of 45 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 Warrington Ave Track and Pavement Replacement, Manchester Tower Demolition and Ross and Wood Street Roof Replacement.

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 Authority 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 of the North Shore Connector project and Park & Ride Expansion for FY2012. In FY 2012, North Shore Connector funding totals \$11.9 million with \$500,000 designated for Park and Ride Expansion.

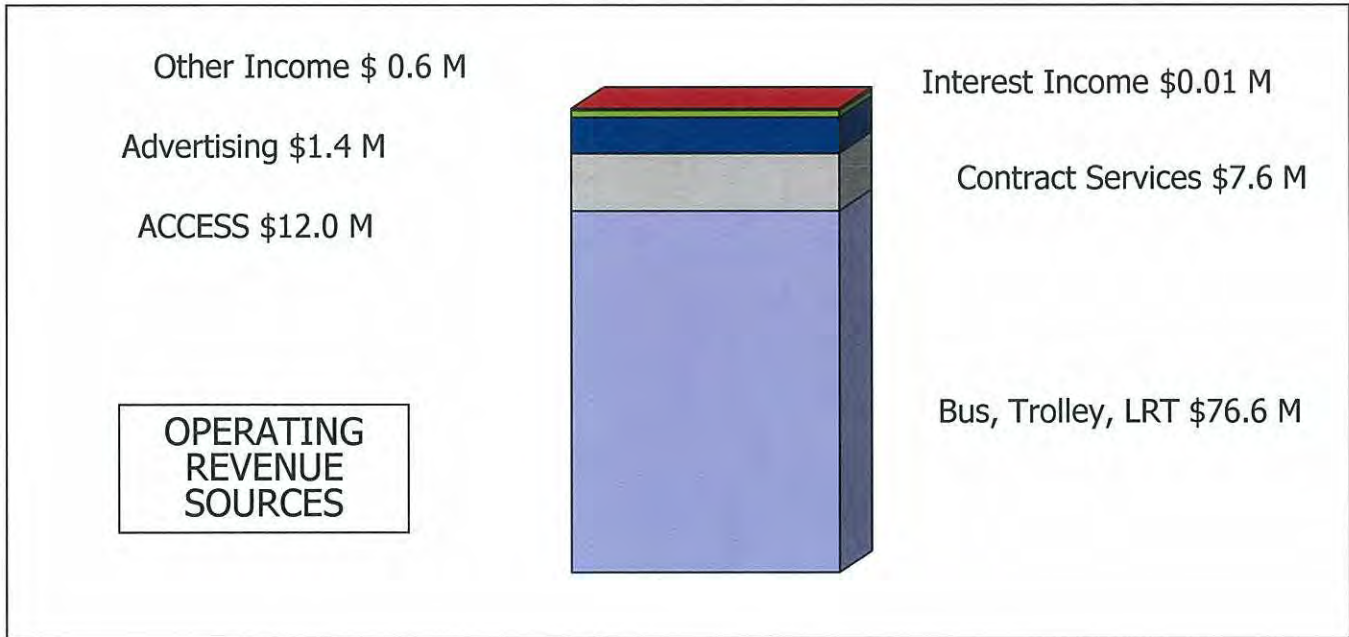
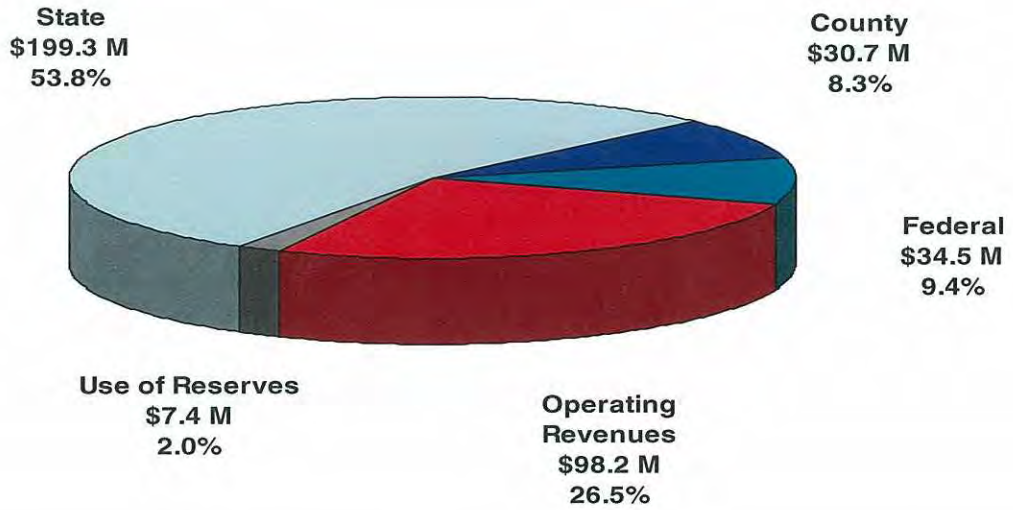
The Operating and Capital Improvement Budgets presented for FY 2012 represent Port Authority's continued commitment to exceed the expectations of its customers and invest in assets and infrastructure that will meet the future demands of the region.

PORT AUTHORITY OF ALLEGHENY COUNTY
FY2010 Audited, FY2011 Budget, FY2011 Unaudited, FY2012 Budget
Exhibit A

(OOO's)	FY2010 Audited	FY2011 Budget	FY2011 Unaudited	FY2012 Budget	\$ Change FY12 Bud v. FY11 Unaudited	% Change FY12 Bud v. FY11 Unaudited
REVENUES:						
PASSENGER REVENUE -						
BUS, LRT AND INCLINE	\$72,373	\$77,420	\$77,173	\$76,563	-\$610	-0.8%
ACCESS PROGRAM SERVICE	\$11,811	\$12,028	\$11,993	\$12,030	\$37	0.3%
CONTRACT SERVICES	\$6,610	\$7,399	\$7,407	\$7,616	\$209	2.8%
ADVERTISING	\$1,244	\$1,201	\$1,273	\$1,381	\$108	8.5%
INTEREST INCOME	\$33	\$50	\$10	\$14	\$4	45.2%
OTHER INCOME	\$1,183	\$582	\$1,256	\$642	-\$614	-48.9%
TOTAL REVENUE	\$93,253	\$98,680	\$99,112	\$98,245	-\$866	-0.9%
EXPENSES:						
WAGES AND SALARIES	\$143,611	\$141,613	\$143,282	\$135,123	-\$8,159	-5.7%
PENSIONS AND EMPLOYEE BENEFITS	\$126,165	\$120,526	\$118,071	\$134,823	\$16,752	14.2%
MATERIALS AND SUPPLIES	\$41,005	\$42,099	\$44,015	\$47,373	\$3,359	7.6%
PROVISION FOR INJURIES AND DAMAGES	\$608	\$2,793	\$3,067	\$3,130	\$62	2.0%
PURCHASED SERVICES	\$6,604	\$8,602	\$5,933	\$8,497	\$2,564	43.2%
UTILITIES	\$8,411	\$9,452	\$8,413	\$9,393	\$980	11.6%
OTHER EXPENSE	\$4,639	\$5,825	\$3,910	\$5,284	\$1,374	35.2%
INTEREST	\$123	\$478	\$243	\$284	\$41	17.1%
ACCESS	\$23,956	\$25,211	\$25,411	\$26,245	\$833	3.3%
TOTAL GROSS EXPENSE	\$355,123	\$356,599	\$352,345	\$370,152	\$17,807	5.1%
Capitalizations						
Cost of Contracting	-\$11,420	-\$18,580	-\$17,188	-\$15,000	\$2,188	-12.7%
ISRP	-\$16,000	-\$15,000	-\$15,000	-\$15,000	\$0	0.0%
VOH	-\$2,500	-\$3,500	-\$3,500	-\$3,500	\$0	0.0%
Grants	-\$1,310	-\$34,575	-\$2,336	-\$1,249	\$1,087	-46.5%
Preventive Maintenance	-\$7,050	-\$4,550	-\$4,550	-\$9,520	-\$4,970	109.2%
BSG	\$0	\$0	\$0	-\$22,000	-\$22,000	100.0%
Use of OPEB Funds	\$0	\$0	\$0	-\$7,458	-\$7,458	100.0%
ACCESS To Jobs	-\$1,370	-\$1,300	-\$2,284	-\$1,000	\$1,284	-56.2%
ACM Capitalizations	-\$2,417	-\$2,425	-\$2,783	-\$2,500	\$283	-10.2%
TOTAL AMOUNTS CAPITALIZED	-\$42,067	-\$79,930	-\$47,641	-\$77,227	-\$29,586	62.1%
TOTAL NET EXPENSE	\$313,056	\$276,669	\$304,703	\$292,925	-\$11,779	-3.9%
OPERATING GRANTS						
STATE	\$184,458	\$150,320	\$150,221	\$155,789	\$5,568	3.7%
FEDERAL FLEX			\$33,574	\$11,426		
COUNTY	\$27,669	\$27,669	\$27,669	\$27,464	-\$205	-0.7%
TOTAL OPERATING GRANTS	\$212,127	\$177,989	\$211,464	\$194,679	-\$16,784	-7.9%
OPERATING SURPLUS / (DEFICIT)	-\$7,676	\$0	\$5,872	\$0	-\$5,872	-100.0%
OTHER POST EMPLOYMENT BENEFITS	\$33,789	\$0	\$32,577	\$0	-\$32,577	-100.0%
OPERATING SURPLUS / (DEFICIT) INCLUDING FAILURE TO TOLL I-80 AND OPEB	-\$41,465	\$0	-\$26,705	\$0	\$26,705	

EXHIBIT B

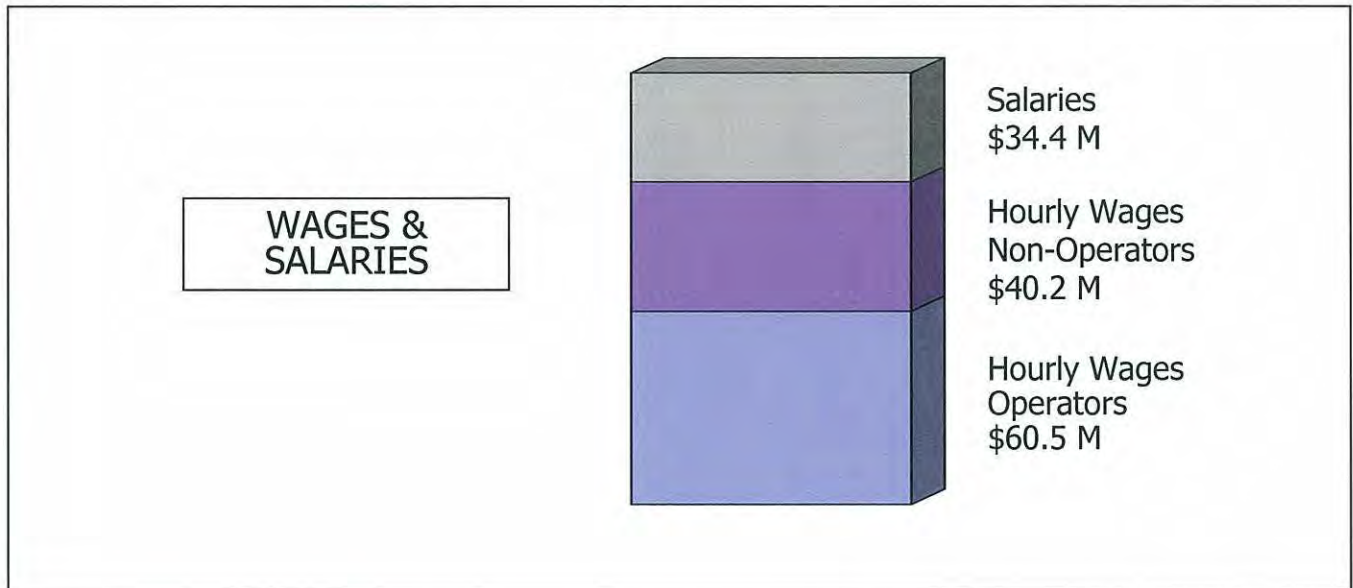
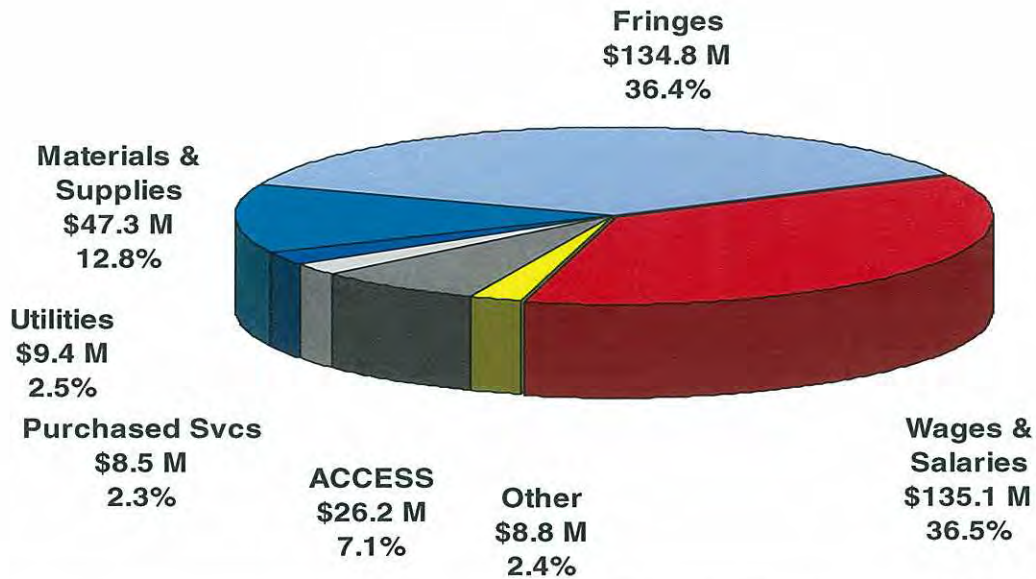
Port Authority of Allegheny County Operating Summary Fiscal Year 2012 Budgeted Revenues



Total FY 2012 Revenues : \$370,152,000

EXHIBIT C

Port Authority of Allegheny County Operating Summary Fiscal Year 2012 Budgeted Expenses

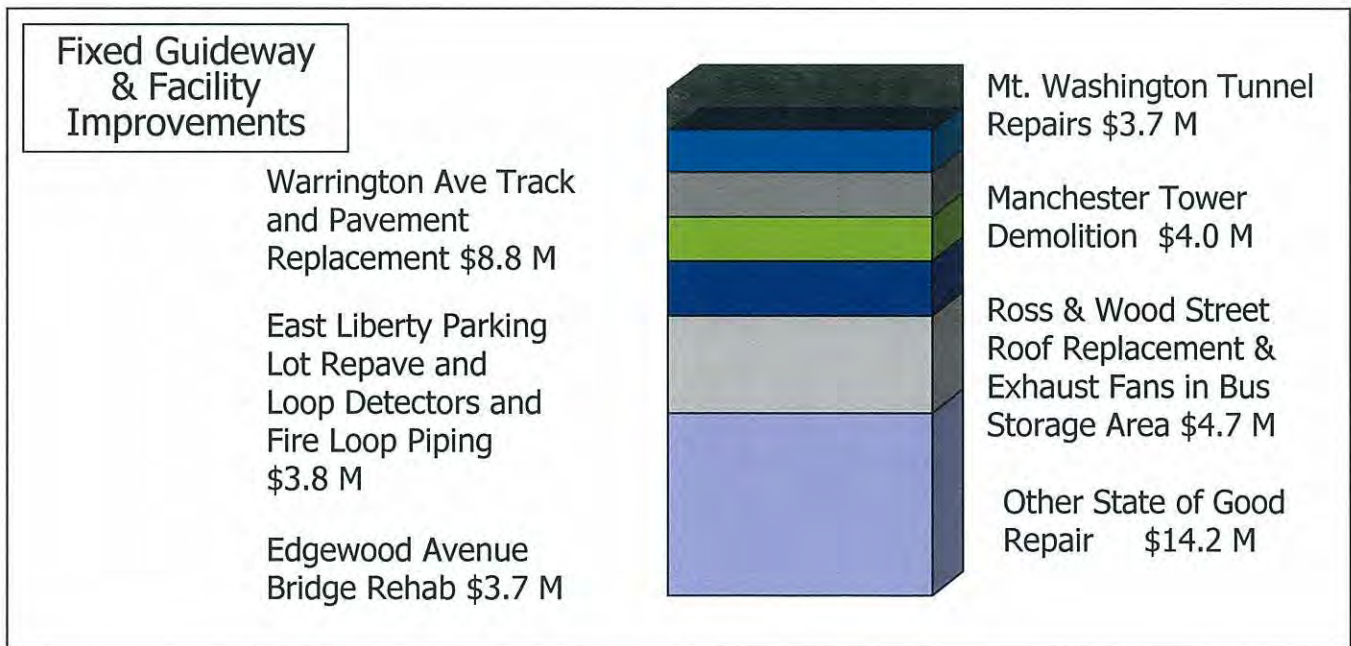
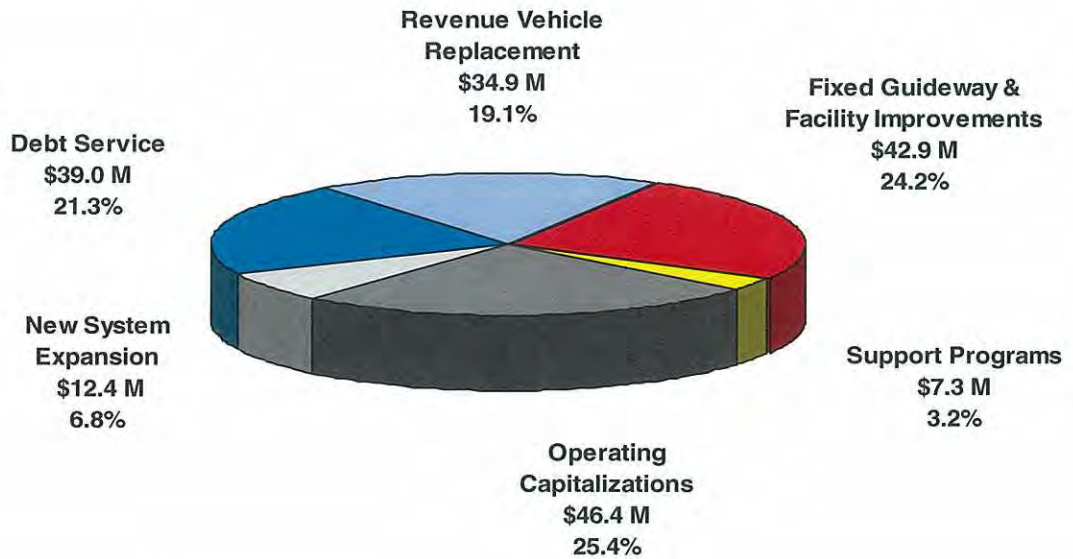


Total FY 2012 Expenses : \$370,152,000

Note: These expenses do not reflect the OPEB liability

EXHIBIT D

Port Authority of Allegheny County Capital Improvement Budget Fiscal Year 2012



Total FY 2012 Capital Improvement Program : \$182,895,857

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



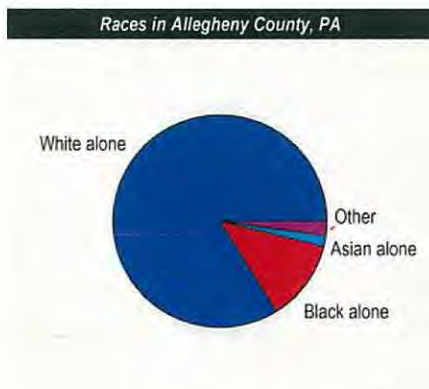
Allegheny County is the second largest of the sixty-seven (67) counties in Pennsylvania. It is located in the Southwestern corner of the state and is known for the three rivers that flow through it. The Allegheny and the Monongahela rivers converge in downtown Pittsburgh to form the Ohio River. An additional 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. As of the 2010 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 9.6% of the state’s population. According to the most recent census, 2010, there are 1,223,348 people and 524,584 households residing in the County, which is down 4.6% from the 2000 census.



■ The population density is 1,675.8 per square mile.

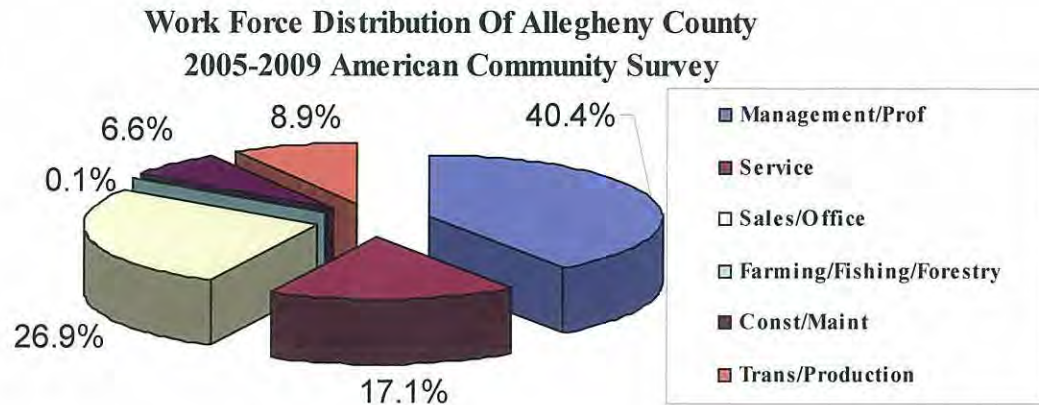
The average household size is 2.26. The racial makeup is 81.5% White, 13.2% Black or African American, 0.1% Native American, 2.8% Asian, 0.0% Pacific Islander, and 1.8% from two or more races. About 1.6% of the population is Hispanic or Latino of any race. The median age is 41.3, with 52.2% of the population 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 ninety (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 1,400 residents in four locations across the County.



In 2009, the per capita personal income in Allegheny County was \$28,825. This was an increase of 24.6% from 1997 and 107% of the national per capita income, which was \$27,041.

June 2011 Bureau of Labor Statistics show Allegheny County's current unemployment rate at 7.1, a decrease of 0.7 from June 2010. This compares favorably with the unemployment rate in the City of Pittsburgh (7.4) and the state of Pennsylvania (8.2). The greatest decreases in employment over the most recent twelve (12) month period were seen in Manufacturing, Construction, and Information Technology. 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 1,400 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.

Background of the Authority

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.

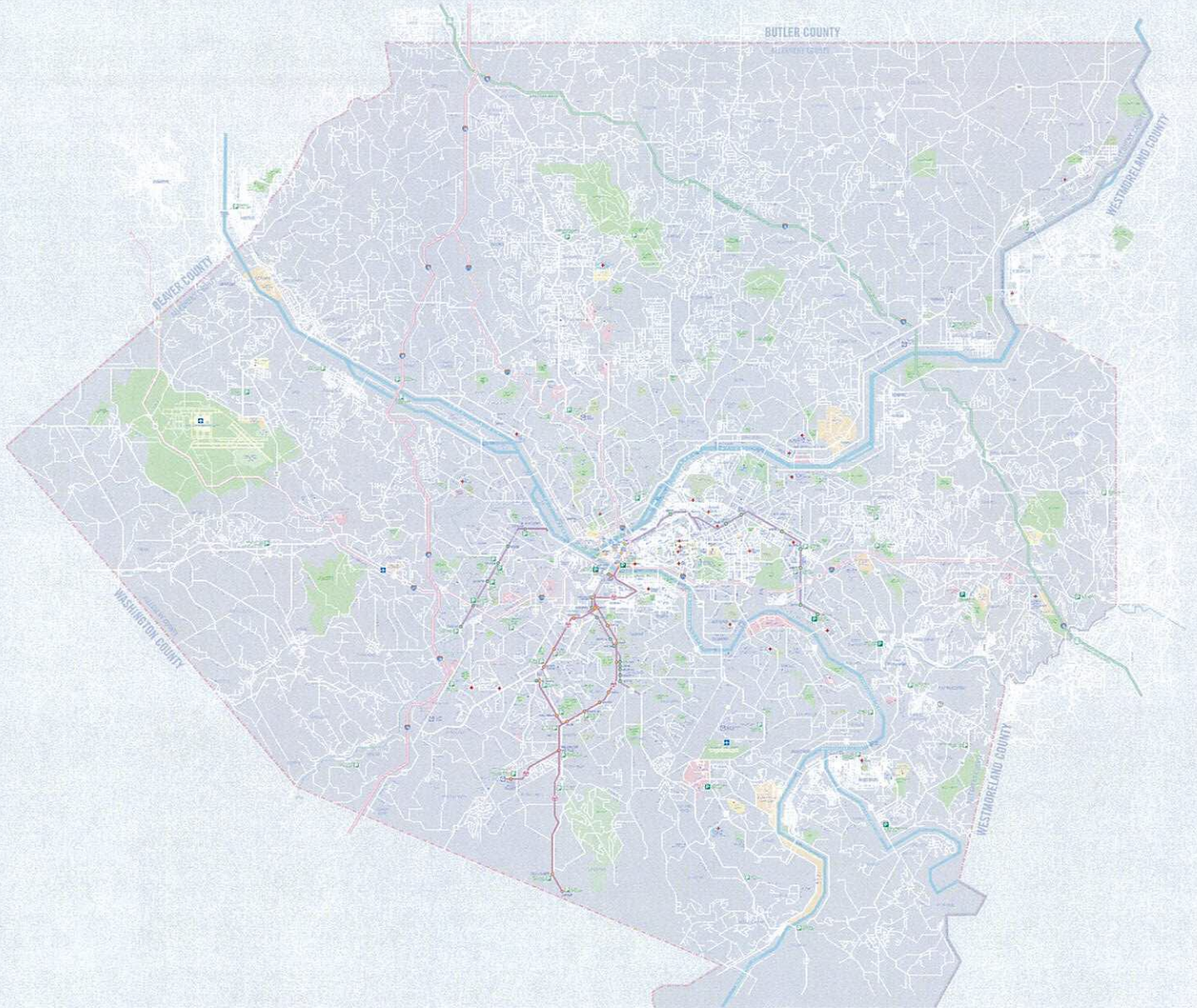
As shown in *Figure A*, Port Authority operates transportation facilities within a 775-square mile area serving a population base of approximately 1.4 million within the City of



FIGURE A

Port Authority

SERVICE AREA



Pittsburgh, all of Allegheny County, and the surrounding counties of Beaver, Washington, and Westmoreland.

Port Authority uses the full power of the Second Class County Port Authority Act to provide a family of services to Allegheny County residents. Port Authority's 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 59.5 million riders will be carried on these modes in FY 2012.



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 2012 and approximately 487,800 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 61.6 million riders in FY 2012. *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, 597 40-foot buses, 40 45-foot buses, 49 articulated buses, 83 light rail vehicles, and the Monongahela Incline. Among its facilities, the Authority provides service via three exclusive busways (the 4.3-mile South Busway, the 9.2-mile Martin Luther King, Jr. East Busway and the 5.0-mile West Busway) and the "T", a 25-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. This service is scheduled to begin in March of 2012.

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 ARIDER/CUSTOMER PROFILE

A survey conducted in 2010 gives the following depiction of Port Authority riders:

Demographics	
Less than 25 years	15.3%
Aged 25-64	82.0%
Aged 65 or older	2.6%
Employed full-time	75.4%
Retired	2.0%
Income below \$50,000	53.6%
Income above \$50,000	46.4%
Have a Mobile Phone	94.2%
Do not own a vehicle	22.0%

Purpose of Trip	
Work	84.3%
School/job training	19.9%
Medical Care/Appointments	28.5%
Personal Business	37.0%
Shopping	35.7%
Entertainment/Social	79.8%
Religious	10.9%
Other	23.2%

Payment Method	
Monthly Pass	39.5%
Weekly Pass	7.2%
Tickets	16.8%
Senior Citizen Pass (65+)	2.3%
Annual Pass	2.3%
Disability or Half Fare	1.0%
Cash	18.6%
Student ID	8.2%
Other	4.1%

GENERAL INFORMATION AND STATISTICS ABOUT PORT AUTHORITY
(All Statistics are Fiscal Year 2011 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

MODES OF TRANSPORTATION PROVIDED

Bus

Light Rail Transit

Inclines

Monongahela Incline

(operated by Port Authority)

Duquesne Incline

(operated by a non-profit society: Society for the Preservation of Duquesne Heights Incline.)

ACCESS Paratransit System

(operated by seven for-profit and non-profit carriers from 7 distinct facilities under management of ATC/Veolia, d.b.a. ACCESS Transportation Systems, Inc.)

REVENUE VEHICLES

(as of June 30, 2011)

Buses: 746
 Light Rail Vehicles: 83
 Monongahela Incline Cars: 2
 Duquesne Incline Cars: 2
 ACCESS Vehicles: 398

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

SCHEDULED VEHICLES

(as of June 30, 2011)

	<u>Weekdays</u>	
	<u>AM Peak</u>	<u>PM Peak</u>
	<u>Period</u>	<u>Period</u>
Bus	597	607
LRVs	48	46

VEHICLE MILES OPERATED

Bus:29,347,772
 Light Rail:1,239,090
 Monongahela Incline:17,141
 Duquesne Incline:22,902
 ACCESS:11,221,803

VEHICLE HOURS OPERATED

Bus:1,965,320
 Light Rail:95,708
 Monongahela Incline:7,356
 Duquesne Incline:6,330
 ACCESS:699,723

AVERAGE SPEEDS

Bus:16.4
 Light Rail:16.2
 Monongahela Incline:2.3
 Duquesne Incline:3.6
 ACCESS:15.5

PASSENGERS CARRIED

Bus:54,078,553
 Light Rail:6,918,141
 Monongahela Incline:623,839
 Duquesne Incline:494,278
 ACCESS:1,722,354

Total Passengers Carried:63,837,165

Total Fixed-Route

Senior Citizen Passengers Carried:5,351,979

AVERAGE DAILY PASSENGERS
(including ACCESS)
(as of June 30, 2011)

Average Weekday Passengers.....214,025
 Average Saturday Passengers.....97,842
 Average Sunday/Holiday Passengers.....56,681

EMPLOYEES
(as of June 30, 2011)

Total Active Employees: 2,446
 ATU Local 85 Employees: 2,115
 IBEW Local Employees: 66
 Not Represented by a Union: 226
 Transit Police Association: 39

FINANCIAL INFORMATION
(as of June 30, 2011)

Revenues:
 Passenger Rev (with Contract Svcs)..... \$84,579,525
 ACCESS:..... \$11,993,194
 Other: \$2,538,914
 TOTAL: \$99,111,632

Operating Assistance:
 State Government: \$150,221,302
 Allegheny County:..... \$27,668,700
 TOTAL: \$177,890,002

Total Revenues & Operating Assistance: ..\$277,001,634
 Total Operating Expenses:..... \$352,344,773
 Revenue/Cost Ratio: 28.0%

GENERAL INFORMATION

No. of Timetables Printed:..... 2,786,000
 Transit Stops:..... 7,429
 Transit Shelters & Stations: 290
 Park & Ride Lots (12,836 Parking Spaces):..... 53
 Diesel Fuel Consumed: (Gallons)..... 7,563,871
 Propulsion Power Consumed: (Kilowatt Hours) 31,134,031

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 2/19/83
 Length: (with the opening of Phase I Martin Luther King, Jr. EBE on 6/15/03) 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

HIGH OCCUPANCY VEHICLE (HOV) LANES

(Operated by Pennsylvania Department of Transportation)
 Total Length of HOV facilities (mainline & ramps) 6.9 miles
 Mainline: 5.3 miles

WABASH HOV FACILITY

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

PORT AUTHORITY OPERATING FACILITIES

<u>Division</u>	<u>No. of Vehicles</u> <u>(as of June 30, 2011)</u>	<u>Opening</u> <u>Date</u>
Ross	169	03/31/68
Collier	156	06/30/69
West Mifflin	191	11/23/69
East Liberty	230	07/09/72
South Hills Rail Center	83	04/15/84
		(dedicated) 05/06/84

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, and the Chief Executive Officer. *Figure B* presents these key components of Port Authority's organizational structure.

Figure B

**PORT AUTHORITY OF ALLEGHENY COUNTY
Organizational Structure
FY 2012 Operating Budget**

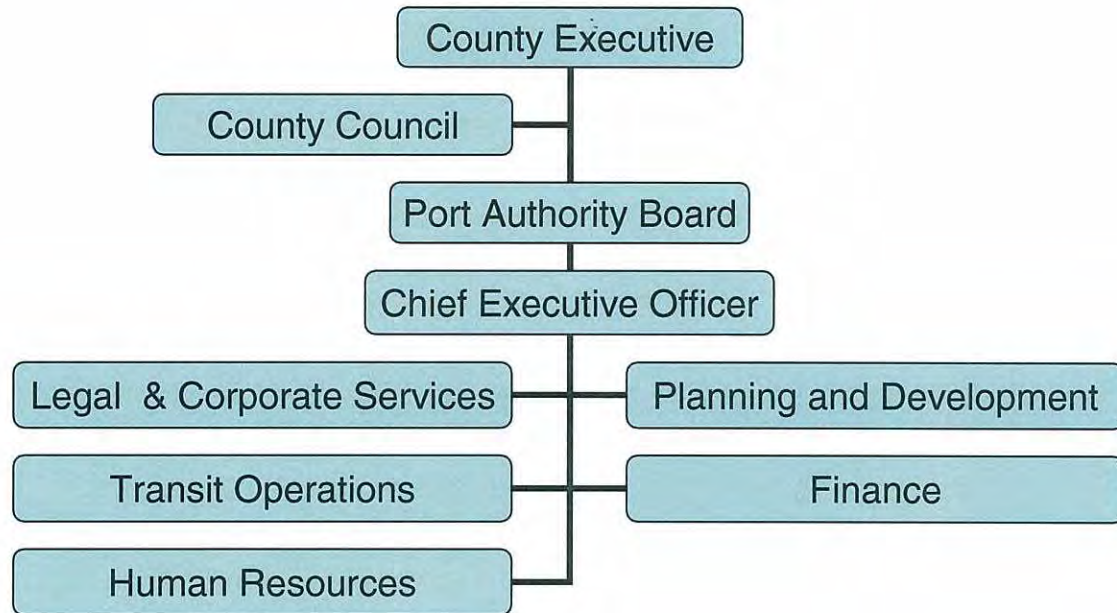


FIGURE C

FY 2012 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 2012 personnel budget contains 2,494 positions. The distribution of budgeted employees by division is as follows:

	<i><u>FY 2011</u></i> <i><u>Budget</u></i>	<i><u>FY2012</u></i> <i><u>Budget</u></i>
Office of the Chief Executive Officer	7	2
Transit Operations	2,427	2,176
Finance	153	137
Human Resources	31	31
Legal & Corporate Services	76	85
Planning & Service Development	<u>61</u>	<u>63</u>
Total Personnel	<u>2,755</u>	<u>2,494</u>



Overview of the Operating Budget

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 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 2012 Budget is a balanced budget with anticipated revenues and expenses totaling \$370,152,000. 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 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 2012 budget process started with a projected \$40.0 million deficit with only contractual wage increases and anticipated increases in fringe benefits taken into account. The rejection of the Commonwealth of Pennsylvania's application to toll Interstate 80 in FY 2011 accounts for \$27.3 million of the initial \$40.0 million deficit. Port Authority's funding reduction came in the form of dollars traditionally used for debt service; therefore, in FY 2012, the company will direct \$27.3 million of its \$183.1 million in State Operating Assistance towards debt service payments. The remainder of the deficit

can be attributed to the fact that the company's State and County subsidy has not grown since the passage of Act 44 to offset Port Authority's inflationary increases.

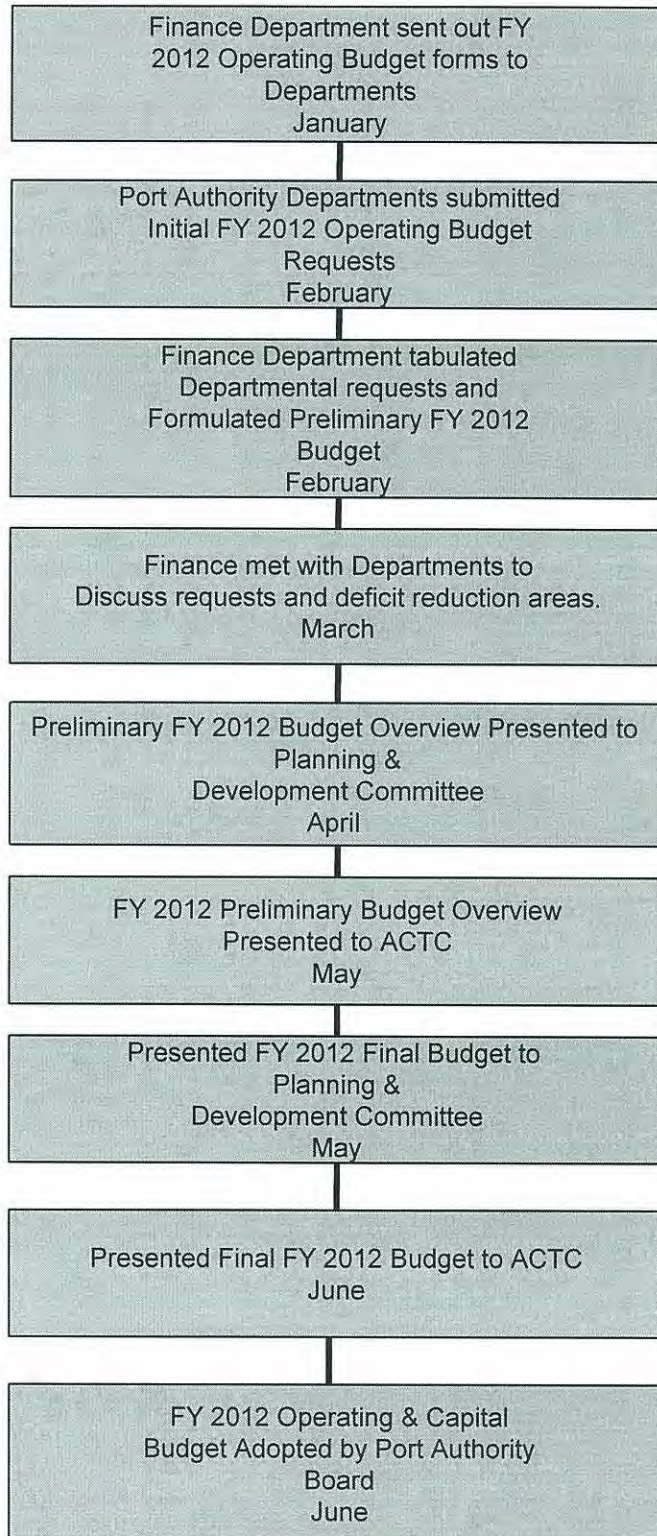
Part of the FY 2012 budget development process included internal budget reviews that occurred throughout the process to ensure expense requests were constrained to a level that would allow for maintaining high service standards. Members of the Financial Planning & Budgets Department held multiple meetings 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 reduce expenses. At this early stage in the development process, the FY 2012 Operating Budget was still showing a significant deficit. In May, at the initial presentation of the FY 2012 Budget to the Planning and Development Committee, senior management's central focus was on preserving adequate reserves to end the fiscal year without relying on any further service or staff reductions. While no formal recommendations were made at the May meeting of the Planning and Development Committee, it was determined that an in depth review of each departmental request would be conducted before final passage of the FY 2012 Budget at the June Board of Directors meeting.

Further meetings were held with each Department Director in early June where additional reductions were made. 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.

In addition to briefing members of the Planning and Development Committee, Port Authority's Finance staff presented the preliminary and final FY 2012 Operating and Capital Budgets to the Allegheny County Transit Council (ACTC). ACTC's membership is made up of concerned Port Authority riders who advocate for public transit issues at the County, State and Federal level.

The entire operating budget process is presented in Figure 2.0.

Figure 2.0
Port Authority of Allegheny County
OPERATING BUDGET DEVELOPMENT PROCESS
FY 2012 Operating Budget



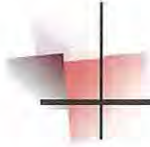


Table 2.1 presents a summary, net of capitalizations, of Port Authority's FY 2012 Operating budget. The key revenue and expense highlights of the FY 2012 budget are outlined in the pages that follow *Table 2.1*.

TABLE 2.1

Port Authority of Allegheny County

FY 2012 OPERATING BUDGET SUMMARY

FY 2009, FY 2010 ACTUALS, FY 2011 UNAUDITED, FY 2012 BUDGET

	<i>FY 2009 Actual</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Unaudited</i>	<i>FY 2012 Budget</i>	<i>% Change FY 2012 Budget Over FY 2011 Unaudited</i>
<u>REVENUES</u>					
* Operating Revenue	\$93.3	\$93.3	\$99.1	\$98.2	-0.91%
* Operating Grants	<u>200.9</u>	<u>212.1</u>	<u>211.5</u>	<u>194.7</u>	-7.94%
Total Operating Revenues & Grants	\$294.2	\$305.4	\$310.6	\$292.9	-5.70%
<u>EXPENSES</u>					
* Operating Expenses	\$330.2	\$355.1	\$352.3	\$370.1	5.05%
* Capitalizations	<u>46.4</u>	<u>42.1</u>	<u>47.6</u>	<u>77.2</u>	62.18%
Total Net Operating Expenses	\$283.8	\$313.1	\$304.7	\$292.9	-3.87%
NET REVENUE OVER EXPENSE	\$ 10.4	\$ -7.7	\$ 5.9	\$ 0.0	

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, \$7.6 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.

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 \$155.8 million of the \$370.2 million FY 2012 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, Port Authority has been 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

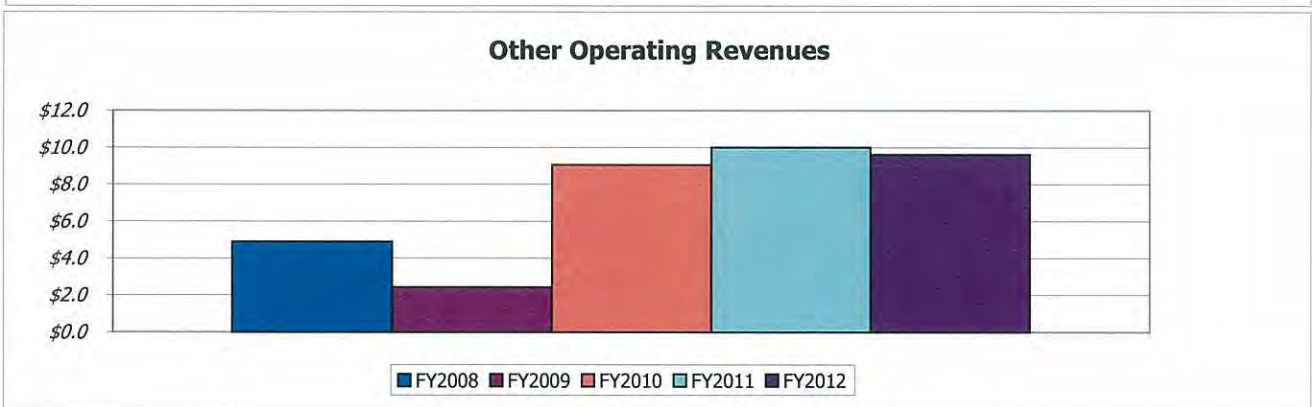
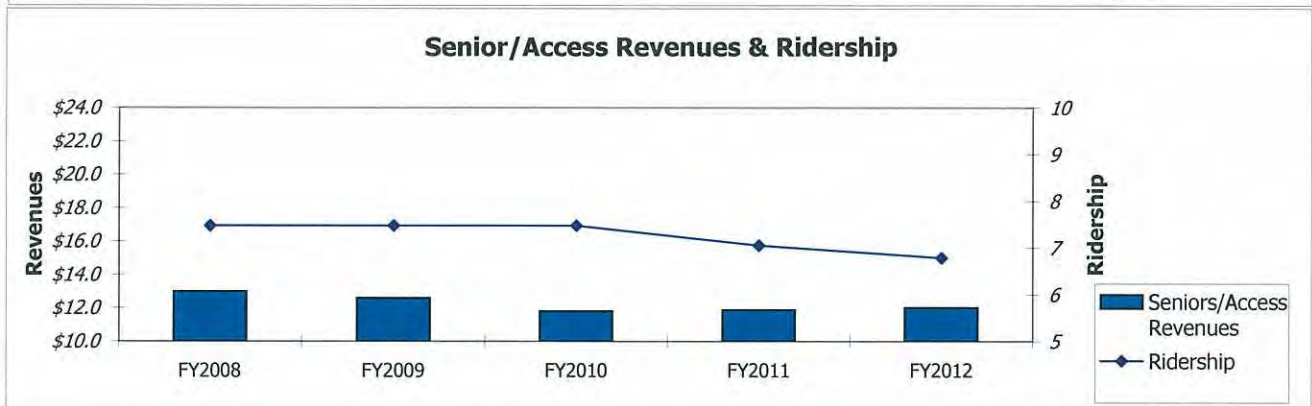
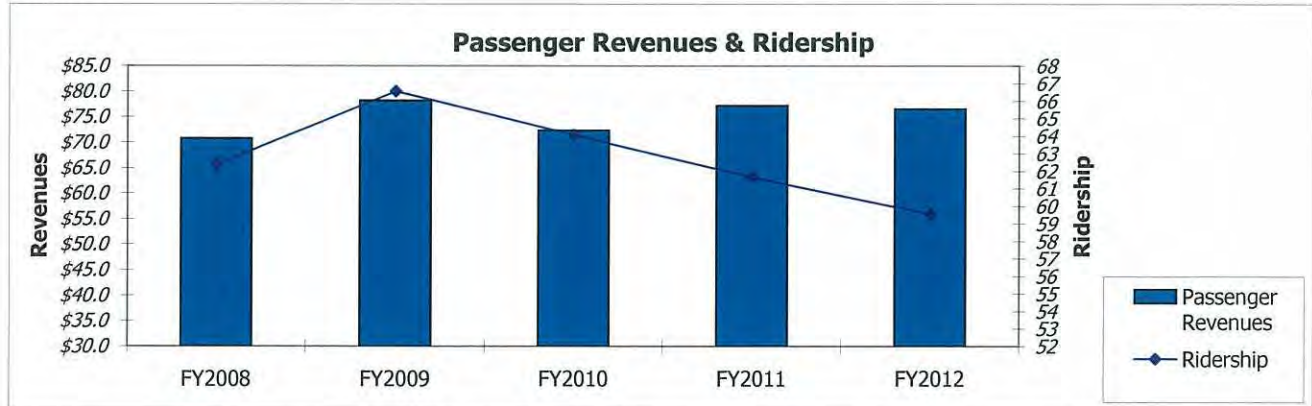
addition, the rejection of the Commonwealth of Pennsylvania's application to toll Interstate 80 is partially responsible for the initial \$40.0 million Operating Budget deficit for FY 2012.

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 2012. Port Authority's FY 2012 budget assumes that Allegheny County will fully match the FY 2012 State Operating Assistance. Together, state and matching local funds are an integral part of Port Authority's operating budget. However, Port Authority has been cognizant that its fare structure must be kept in balance with its subsidy levels.

Following current legislative requirements of adopting a balanced budget, and based upon the aforementioned assumptions of operating grants, revenues, and capital funding, Port Authority developed and adopted the FY 2012 Budget.

FIGURE 2.1
Port Authority of Allegheny County
OPERATING REVENUES

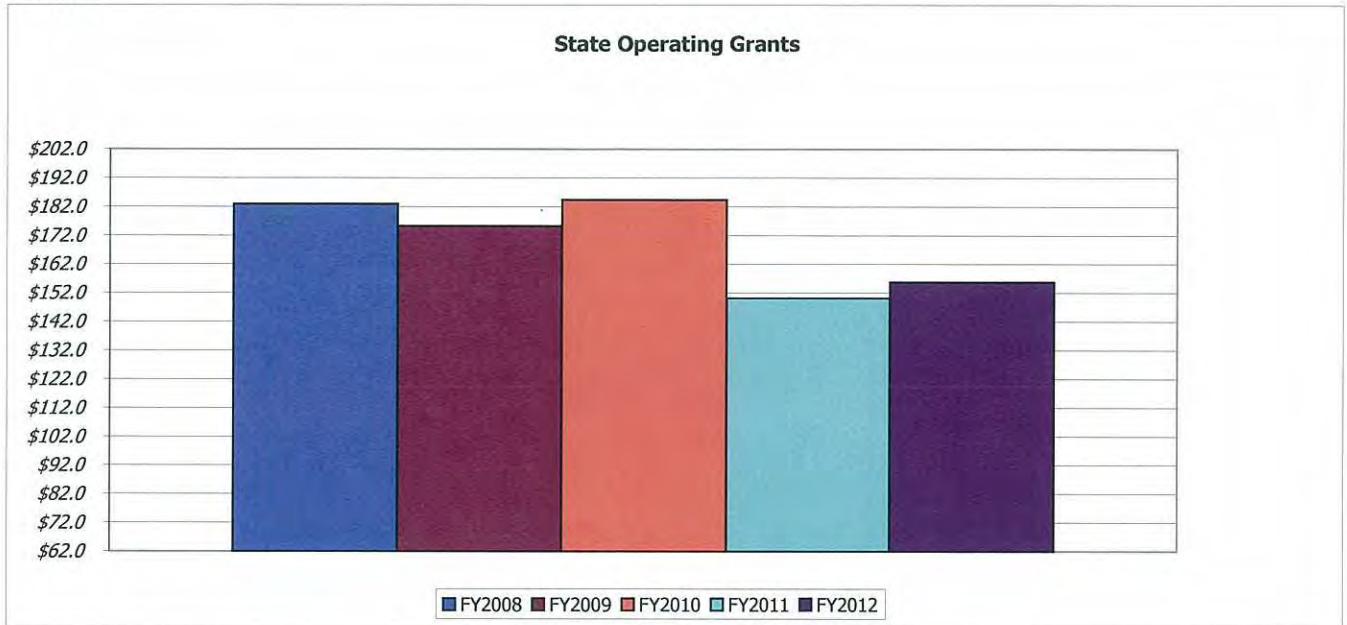
Millions



	<u>FY 2008 Actual</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Unaudited</u>	<u>FY 2012 Budget</u>	<u>FY 2012 Inc/Dec</u>
Passenger	\$ 70.8	\$ 78.2	\$ 72.4	\$ 77.2	\$ 76.6	-0.8%
ACCESS	\$ 13.0	\$ 12.6	\$ 11.8	\$ 11.9	\$ 12.0	1.1%
Other	\$ 4.9	\$ 2.4	\$ 9.1	\$ 10.0	\$ 9.6	-4.0%
Total	\$ 88.7	\$ 93.2	\$ 93.3	\$ 99.1	\$ 98.2	-0.9%

FIGURE 2.2
Port Authority of Allegheny County
OPERATING GRANT REVENUES

Millions



	<u>FY 2008 Actual</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Unaudited</u>	<u>FY 2011 Unaudited</u>	<u>FY 2012 Budget</u>	<u>FY 2012 Inc/Dec</u>
State	\$ 183.0	\$ 175.3	\$ 184.5	\$ 150.2	\$ 155.8	3.7%
Federal Flex Funds				\$ 33.6	\$ 11.4	-66.1%
County	\$ 27.5	\$ 27.7	\$ 27.7	\$ 27.7	\$ 27.5	-0.7%
Total	<u>\$ 210.5</u>	<u>\$ 202.9</u>	<u>\$ 212.2</u>	<u>\$ 211.5</u>	<u>\$ 194.7</u>	<u>-8.0%</u>

TABLE 2.2

Port Authority of Allegheny County

FY 2012 OPERATING BUDGET

RIDERSHIP TRENDS

(000s)

<i><u>Ridership Category:</u></i>	<i><u>FY 2008 Actual</u></i>	<i><u>FY 2009 Actual</u></i>	<i><u>FY 2010 Actual</u></i>	<i><u>FY 2011 Actual</u></i>	<i><u>FY 2012 Budget</u></i>
* Port Authority Fixed					
Route Ridership:					
Bus	57,733	58,485	56,368	54,079	51,895
Light Rail	7,142	7,327	7,006	6,918	6,969
Incline	<u>710</u>	<u>719</u>	<u>661</u>	<u>624</u>	<u>660</u>
Subtotal	65,585	66,531	64,035	61,621	59,524
* ACCESS	<u>1,694</u>	<u>1,672</u>	<u>1,651</u>	<u>1,722</u>	<u>1,741</u>
Total Annual Ridership	<u>67,279</u>	<u>68,203</u>	<u>65,686</u>	<u>63,343</u>	<u>61,265</u>

Operating Expense Analysis

The expenses projected in the FY 2012 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* provides a breakdown of the FY 2012 operating expenses by Port Authority's transportation modes: buses, light rail, incline plane, and paratransit service. *Section 4* presents the operating expenses by both division and department. The major operating expense line items in the FY 2012 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 2008 through FY 2011.

A. Salaries, Wages, and Benefits

Port Authority provides a service that is labor intensive. As such, salaries, wages and benefits comprise \$269.9 million, or approximately 73% of the \$370.2 million total FY 2012 Budget. Salaries, wages, and fringe benefits are projected to increase by 3.3% from FY 2011 actual figures. These expenses are presented in *Figure 2.3*.

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 decrease in salaries between FY 2011 and FY 2012 is estimated to be

1.4%. This decrease is attributable to service reductions including lay-offs, which lowered the totals for wages and salaries.

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.

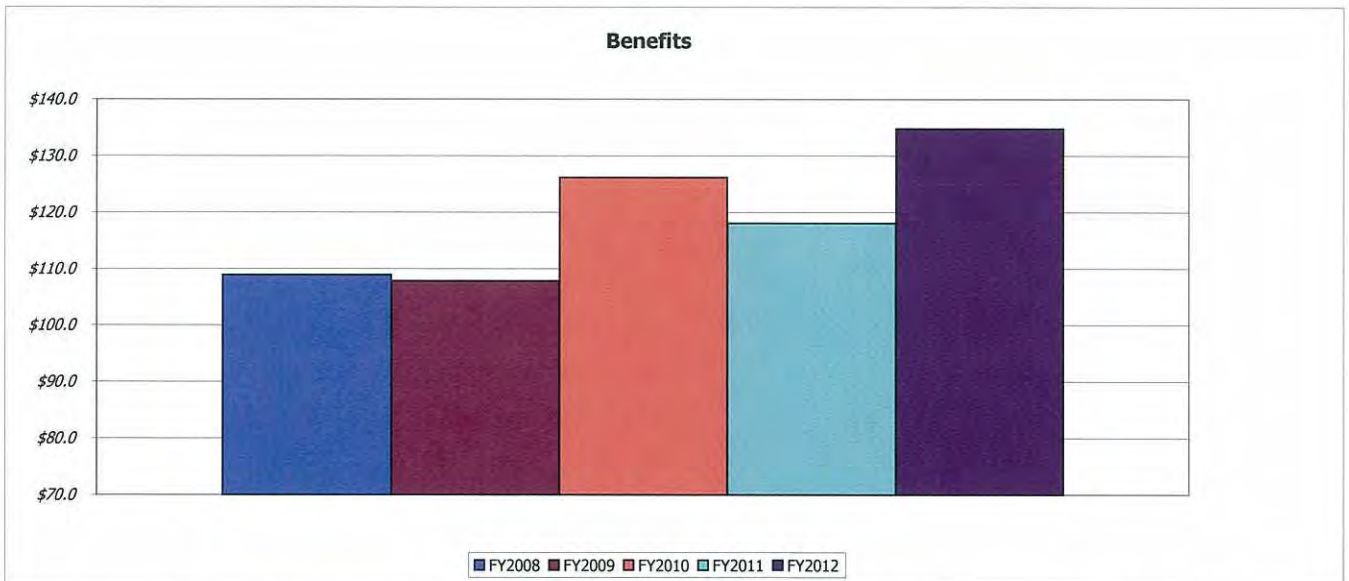
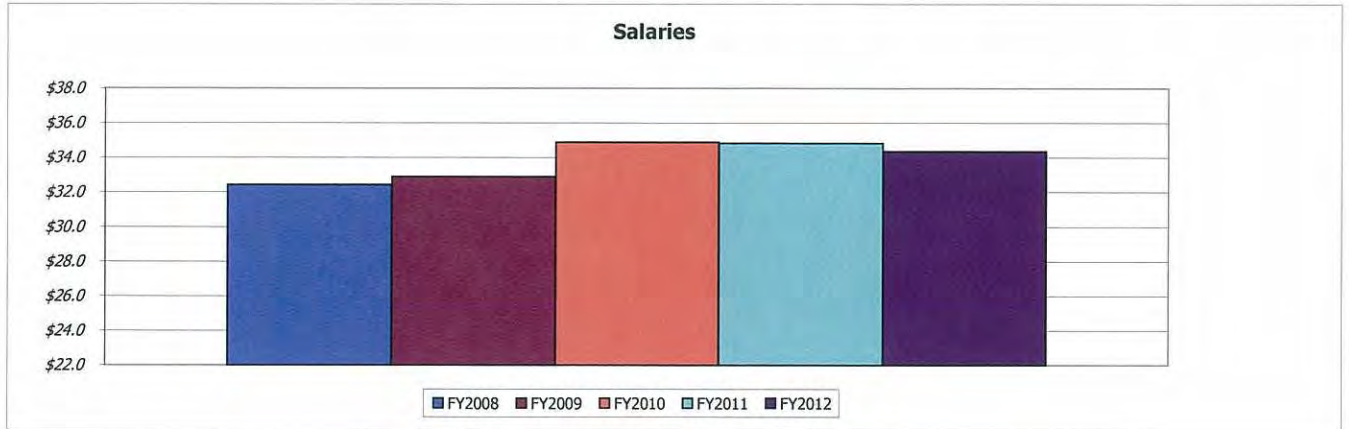
- The wages category includes payments to operators and non-operators/maintenance personnel and decreased by 7.1% over FY 2011 actual levels. The adopted FY 2012 budget reflects decreases in operating and non-operating. This category includes a January 2012 contractual increase of 3% for ATU #85 hourly personnel.

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 increase by approximately 14.2%. This is due primarily to a projected increase in pension expense for the Port Authority.

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



	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Unaudited	FY 2012 Budget	FY 2012 Inc/Dec
Salaries	\$ 32,427,000	\$ 32,901,000	\$ 34,890,000	\$ 34,844,000	\$ 34,364,000	-1.4%
Wages	101,504,000	103,856,000	108,721,000	108,437,000	100,759,000	-7.1%
Benefits	108,885,000	107,818,000	126,165,000	118,071,000	134,823,000	14.2%
	\$ 242,816,000	\$ 244,575,000	\$ 269,776,000	\$ 261,352,000	\$ 269,946,000	3.3%

Fuel, Oil, Tires, and Materials & Supplies

As presented in *Figure 2.4*, an increase of 7.6% 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:

Diesel Fuel, Gasoline, Oil, and TiresDiesel 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 2011, Port Authority transitioned to 2% Bio-Diesel fuel as mandated by the State Environmental Protection Agency (EPA). In FY 2010 and FY 2011, Port Authority received a State grant to help offset the higher costs associated with bio-diesel fuel. Port Authority will not benefit from such a grant in FY 2012.

Diesel costs will continue to be a major component of Port Authority's overall operating budget in FY 2012, accounting for \$24.1 million of the total \$47.3 million budget for materials and supplies.

- The FY 2012 budget for diesel fuel was developed based on a consumption rate of 7.1 million gallons at an annual average cost of \$3.39/gallon for 2% BioDiesel fuel. This rate is more expensive than the ultra-low sulfur diesel that was used in FY 2011.
- 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 5.6%. The FY 2011 budget for

gasoline was developed based on a consumption rate of 210,688 gallons at \$2.57/gallon.

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 2012 budget for oil and lubricants is set at \$1,068,728. This is a 16.0% projected increase in expense over FY 2011.

Tires and Tires and Tubes Leased

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

- In FY 2012, an anticipated decrease of 4.2% below actual FY 2011 expenses is expected in the category of tires and tubes leased/purchased. This reduction is due to a reduced number of bus vehicle miles.

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 de-centralized garage parts rooms. The result of this program has been reduced levels of materials held in inventory.

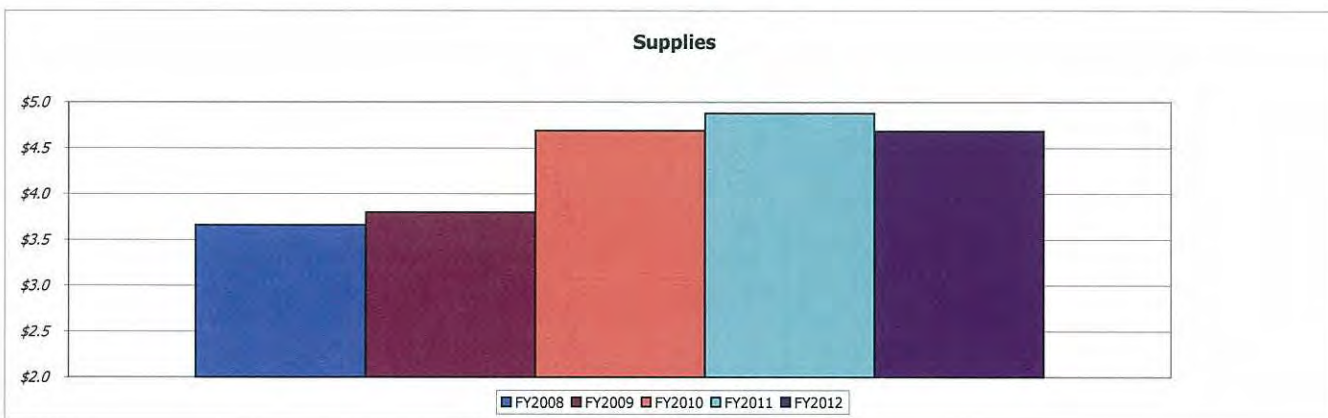
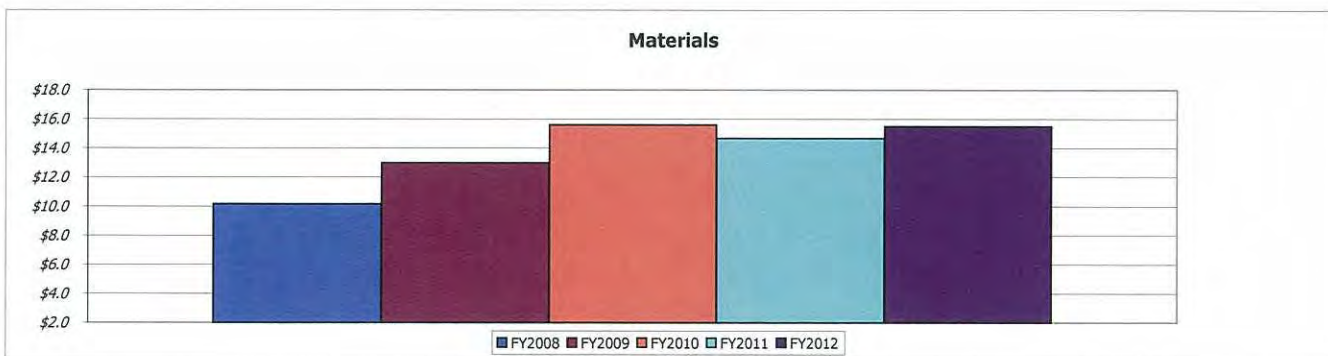
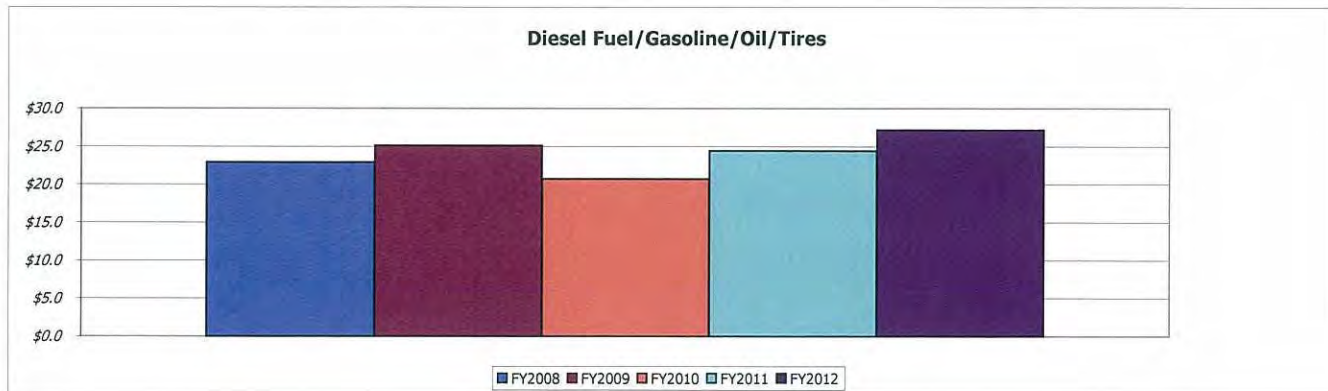
- Total Materials expense is expected to increase by \$806,506 or 5.5% above FY 2011 actual levels. The company's aging bus fleet has put upward pressure on materials expense.

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 decrease by \$195,378 or 4.0% from FY 2011 levels. The main contributor to the overall decrease in the supply category is a decrease in Timetable expense. The company's timetable expense level in FY 2011 was extraordinarily high due the service reduction in March 2011. New timetables had to be printed in order to reflect the reduced schedule.

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



	<u>FY 2008</u> Actual	<u>FY 2009</u> Actual	<u>FY 2010</u> Actual	<u>FY 2011</u> Unaudited	<u>FY 2012</u> Budget	<u>FY 2012</u> Inc/Dec
Fuel/Gas/Oil/Tires	\$ 22,902,176	\$ 25,122,463	\$ 20,711,240	\$ 24,443,392	\$ 27,191,029	11.2%
Materials	10,154,756	12,992,529	15,605,672	14,692,522	15,499,028	5.5%
Supplies	3,658,062	3,798,951	4,688,331	4,878,701	4,683,323	-4.0%
Total	<u>\$ 36,714,993</u>	<u>\$ 41,913,943</u>	<u>\$ 41,005,243</u>	<u>\$ 44,014,615</u>	<u>\$ 47,373,380</u>	<u>7.6%</u>

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.

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 3.3% over FY 2011 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 2012 due to higher fuel costs.

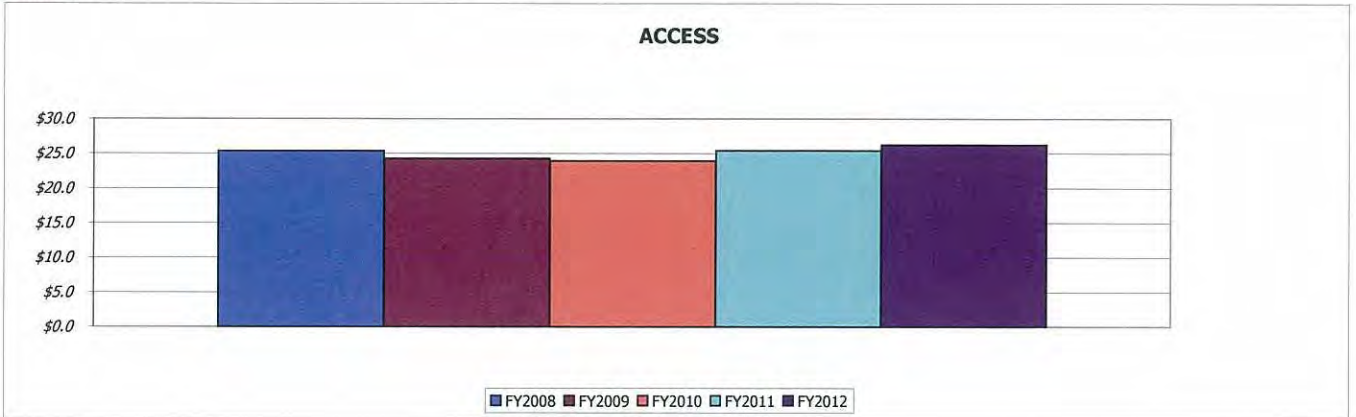
Purchased Services

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 \$2.5 million increase or 43.2% 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 and Other Services. These line items are budgeted to increase by \$621,478 and \$536,674 respectively above FY 2011 actual expenses.

FIGURE 2.5
Port Authority of Allegheny County
ACCESS & PURCHASED SERVICES

Millions



	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Unaudited	FY 2012 Budget	FY2012 Inc/Dec
ACCESS	\$ 25,394,000	\$ 24,272,000	\$ 23,956,000	\$ 25,411,000	\$ 26,245,000	3.3%
Purchased Services	6,814,000	6,711,000	6,604,000	5,933,000	8,497,000	43.2%
Total	\$ 32,208,000	\$ 30,983,000	\$ 30,560,000	\$ 31,344,000	\$ 34,742,000	10.8%

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 11.6%. Provisions for Injuries and Damages, which combine workers' compensation and payouts for public liability and property damage, are projected to increase by 2.1% from FY 2011 levels due to budgeting high workers' compensation indemnity payments in line with historical trends. The FY 2011 actual expenses were higher than historical levels due to adjustments for the workers compensation and litigated settlements reserves. Port Authority is re-visiting the process for adjusting its Litigated Settlements and Workers Compensation Reserve accounts in order to mitigate large year over year changes. The broad category of Other Expenses is expected to increase by 35.1% over FY 2011 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*.

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 2012, 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.

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 2012 Budget for Provision for Injuries and Damages is projected to increase by \$63,000 above FY 2011 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 2012 Budget for Workers' Compensation is projected to decrease by approximately \$5,477 below FY 2011 actual expenses.
- The FY 2012 budgeted amount for uninsured public liability and property settlements is \$31,167 below FY 2011 levels. Litigated Settlements is \$101,741 less than the amount budgeted in FY 2012.

Other Expenses

Within the broad category of Other Expense are two subgroups of expenditures 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 \$1.4 million or 34.1% from FY 2011 levels. A higher FY 2012 budget for the Rental of

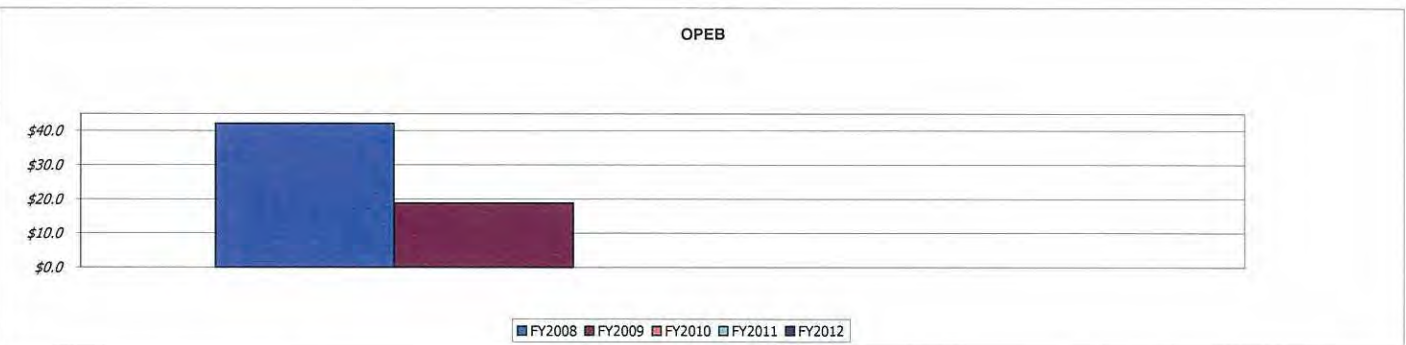
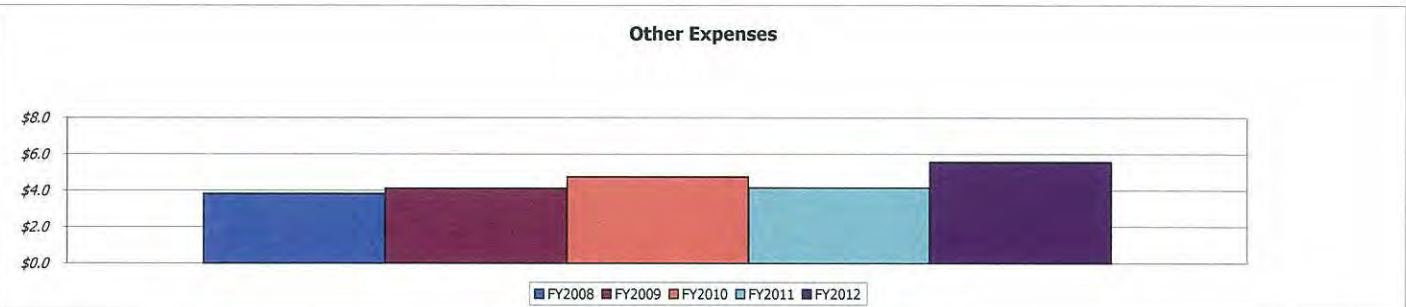
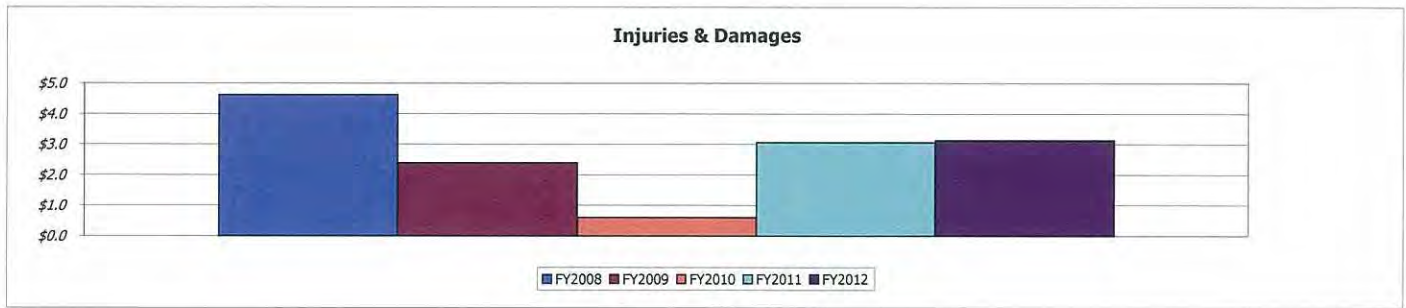
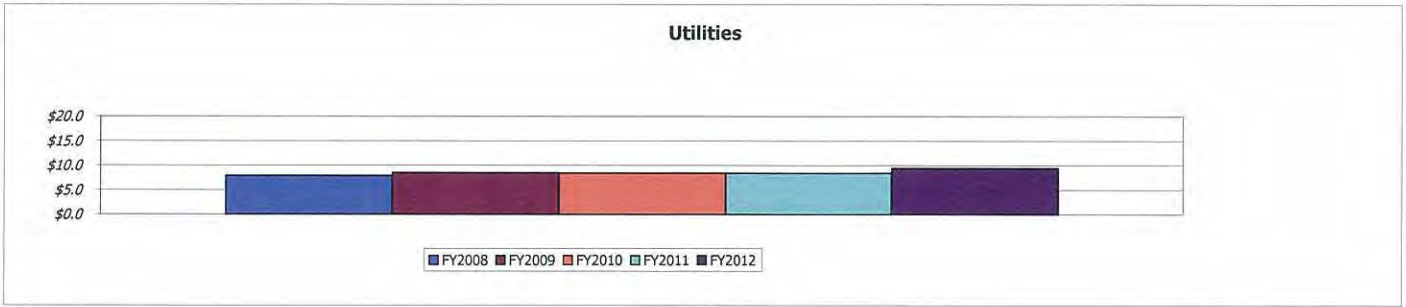
Buildings and Grounds and for Software License Expense contributed to this increase.

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 a budgeted item. Port Authority is not currently required to set aside funds for this future liability. Funds that had been set aside to partially address this future liability will be budgeted for operating purposes in FY 2012 and FY 2013.

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

Millions



	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Unaudited	FY 2012 Budget	FY 2012 Inc/Dec
Utilities	\$ 7,916,000	\$ 8,521,000	\$ 8,411,000	\$ 8,413,000	\$ 9,393,000	11.6%
Prov. for Inj & Damages	4,628,000	2,397,000	608,000	3,067,000	3,130,000	2.1%
Other Expenses	3,830,000	4,120,000	4,762,000	4,152,000	5,568,000	34.1%
OPEB	42,155,000	18,815,000	33,800,000	32,577,000	0	0.0%
Total	\$ 58,529,000	\$ 33,853,000	\$ 47,581,000	\$ 48,209,000	\$ 18,091,000	-62.5%

- 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 62.1% or \$29.6 million above the FY 2011 levels. This increase is due primarily to the use of \$22.0 million of Basic Supplemental Grant (BSG) funds and \$7.5 million in reserves that had previously been set aside for Other Post Employment Benefits (OPEB). Each Capitalization line item detail is presented in *Figure 2.7* and *Figure 2.8*.

Vehicle Overhaul

- This funding source will provide \$3.5 million in FY 2012. A state capital program reimburses labor and material expenses incurred in performing vehicle overhaul activities on the light rail and motor bus vehicles.

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. BSG funding was flexible in that it could be used for either Capital Budget or Operating Budget purposes. It was Port Authority's original intent to use these funds for future bus purchases, but funding constraints made this infeasible.

Access to Jobs/New Service Initiatives

- In FY 2012, \$1.0 million of Federal funds will 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. Port Authority uses these funds to offset costs of its 28X route that transports riders out to Robinson Town Center and its businesses.

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 2012, \$15.0 million of funding will be utilized for this program.

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 \$9.52 million for this program in FY 2012, which is \$4.9 million more than FY 2011 actuals.

Use of Other Post Employment Benefit Funds

- Port Authority has realized Operating Budget surpluses at various points in time over the past ten years. Even though it was not a requirement, the company set aside some of these surplus funds to address the Other Post Employment Benefit (OPEB) liability. Approximately, \$7.5 million of these reserves are being re-programmed for Operating Budget purposes in FY 2012.



Infrastructure Safety Renewal Program (ISRP)

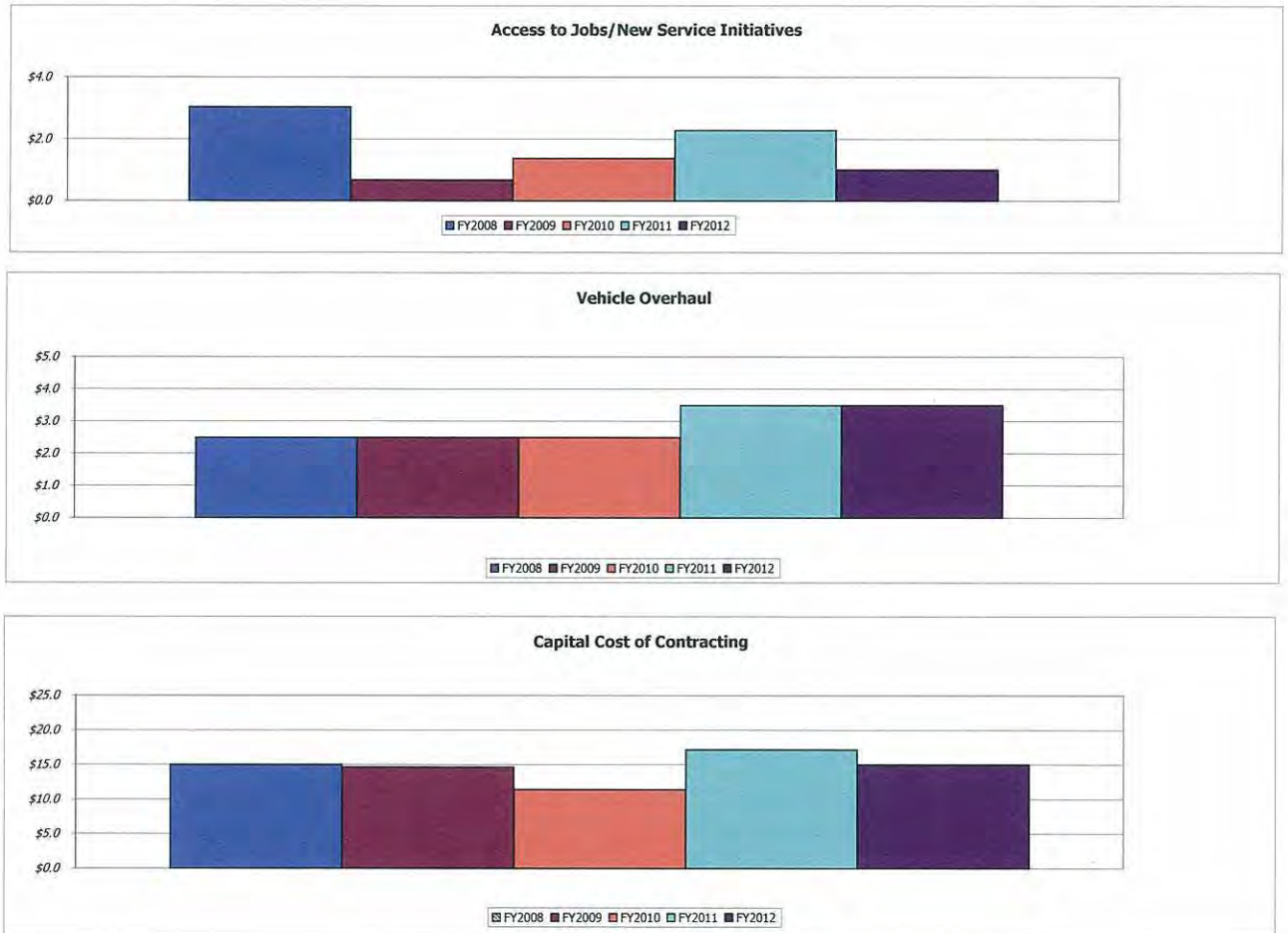
- This program provides state capital funds which are used to offset operating expenses related to the renovation and/or rehabilitation of transit and railroad bridges, track stations, signals, power, and associated components of Port Authority's transit and rail systems. This program will provide \$15.0 million in FY 2012 to offset related expenditures.

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 \$1.4 million 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*

Millions

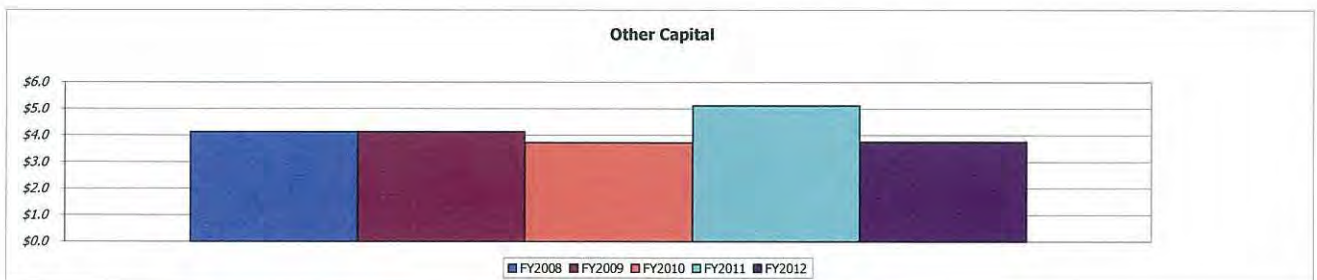
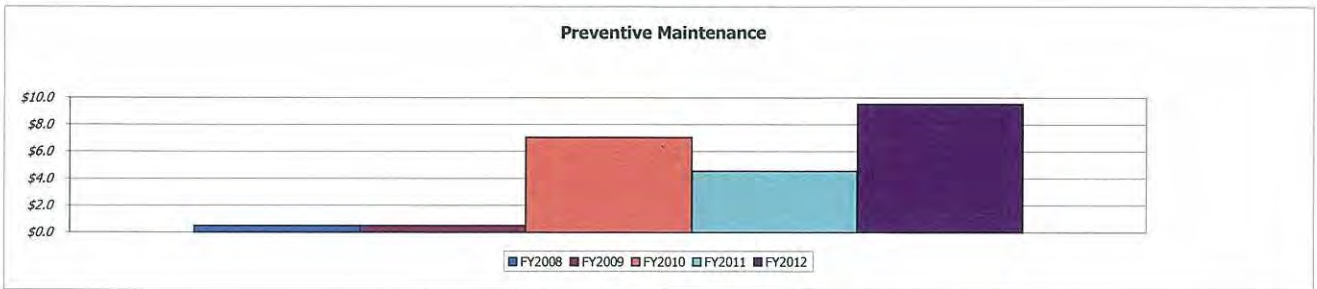


* Amounts reflected as Contra Expenses

	FY 2008 Actual	FY 2009 Actual	FY2010 Actual	FY2011 Unaudited	FY2012 Budget	FY2012 Inc/Dec
Access to Jobs/New Service Initiatives	(3,043,000)	(669,000)	(1,370,000)	(2,284,000)	(1,000,000)	-56.2%
Vehicle Overhaul	(2,500,000)	(2,500,000)	(2,500,000)	(3,500,000)	(3,500,000)	0.0%
Basic Supplemental Grant (BSG)	-	-	-	-	(22,000,000)	100.0%
Capital Cost of Contracting	(15,000,000)	(14,619,000)	(11,420,000)	(17,188,000)	(15,000,000)	-12.7%
Preventive Maintenance	(494,000)	(9,100,000)	(7,050,000)	(4,550,000)	(9,520,000)	109.2%
Use of OPEB Funds	-	-	-	-	(7,458,000)	-
Other Capital	(4,142,000)	(3,691,000)	(3,727,000)	(5,119,000)	(3,749,000)	-26.8%
ISRP	(16,000,000)	(16,000,000)	(16,000,000)	(15,000,000)	(15,000,000)	0.0%
Total	\$ (41,179,000)	\$ (46,579,000)	\$ (42,067,000)	\$ (47,641,000)	\$ (77,227,000)	62.1%

FIGURE 2.8
Port Authority of Allegheny County
CAPITALIZATIONS*

Millions



* Amounts reflected as Contra Expenses

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Unaudited	FY 2012 Budget	FY 2012 Inc/Dec
Access to Jobs/New Service Initiatives	(3,043,000)	(669,000)	(1,370,000)	(2,284,000)	(1,000,000)	-56.2%
Vehicle Overhaul	(2,500,000)	(2,500,000)	(2,500,000)	(3,500,000)	(3,500,000)	0.0%
Basic Supplemental Grant (BSG)	-	-	-	-	(22,000,000)	100.0%
Capital Cost of Contracting	(15,000,000)	(14,619,000)	(11,420,000)	(17,188,000)	(15,000,000)	-12.7%
Preventive Maintenance	(494,000)	(9,100,000)	(7,050,000)	(4,550,000)	(9,520,000)	109.2%
Use of OPEB Funds	-	-	-	-	(7,458,000)	
Other Capital	(4,142,000)	(3,691,000)	(3,727,000)	(5,119,000)	(3,749,000)	-26.8%
ISRP	(16,000,000)	(16,000,000)	(16,000,000)	(15,000,000)	(15,000,000)	0.0%
Total	\$ (41,179,000)	\$ (46,579,000)	\$ (42,067,000)	\$ (47,641,000)	\$ (77,227,000)	62.1%

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

- Ø **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 2012 Operating and Capital balanced budgets that were adopted by the Board of Directors in June 2011 included the following: Operating - \$370,151,875 and Capital - \$182,895,857.

- Ø **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.

- Ø **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.

- Ø **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.

- Ø ***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

STATEMENT OF CHANGES IN EQUITY

	<u>FY 2008</u> <u>ACTUAL</u>	<u>FY 2009</u> <u>ACTUAL</u>	<u>FY 2010</u> <u>ACTUAL</u>	<u>FY 2011</u> <u>ACTUAL</u>	<u>FY 2012</u> <u>BUDGET</u>
Contributed Capital Beginning Balance	\$1,087,970,519	\$1,090,358,101	\$1,097,844,005	\$1,092,823,336	\$1,104,188,917
Contributed Capital Additions	\$148,732,444	\$173,866,868	\$177,212,401	\$157,647,198	\$164,364,728
Depreciation on Assets Acquired with Grants	(\$102,187,238)	(\$103,631,137)	(\$109,604,247)	(\$107,476,361)	(\$105,724,746)
Net Revenues Over Expenses	(\$44,157,624)	(\$62,749,827)	(\$72,628,823)	(\$38,805,256)	(\$54,585,383)
Total Equity	\$1,090,358,101	\$1,097,844,005	\$1,092,823,336	\$1,104,188,917	\$1,108,248,517

Debt Service

Port Authority of Allegheny County has allocated \$38,986,385 for the Debt Service Program for FY 2012. The following projects make up the Debt service Program: \$22,083,916 is budgeted toward the 2011 Special Revenue Transportation Bonds, and \$16,902,469 is earmarked toward the Revenue Vehicle Leases.

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.

Port Authority's recent Debt service Program also consisted of 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”). Due to market conditions the termination of the Swap was forecasted to be unfavorable to the Port Authority. Consequently, Port Authority went to market with the Special Revenue Transportation Bonds- Refunding Series 2011. The proceeds of this sale were used to Refund the 2001 Bonds Issuance and terminate the Swaption agreement.

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 decreased from 6,856 miles in FY 2010 to 5,916 miles in FY 2011. The number of rail revenue miles between major system breakdowns increased from 6,618 miles in FY 2010 to 12,865 miles in FY 2011.

Figure E indicates that Port Authority’s on time performance for peak decreased and non peak periods increased slightly from FY 2010 levels. It is Port Authority’s goal to maintain a minimum of 90% on time service delivery for FY 2012.

Figure F indicates that Port Authority’s number of operating employees per administrative employees decreased from FY 2010 to FY 2011. The FY 2012 target for Operating Employees per Administrative Employee is 8 to 1. The number of buses per

mechanic increased slightly in FY 2011 over FY 2010 levels and the number of rail vehicles per mechanic increased slightly. These changes were predominantly the result of the March 2011 staffing reductions.

FIGURE D
Port Authority of Allegheny County
Operations Performance Measures - Miles between Road Calls
Service Standards
FY 2010, FY 2011, FY 2012 Target

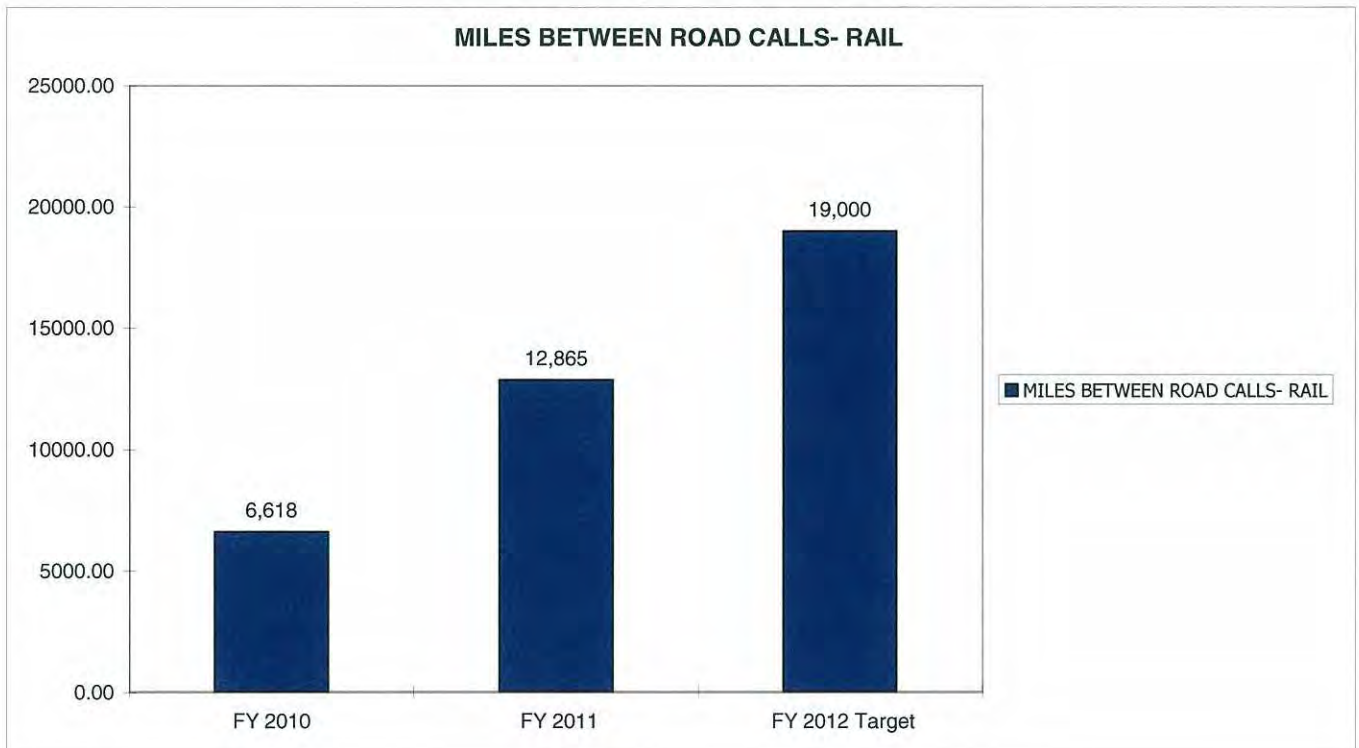
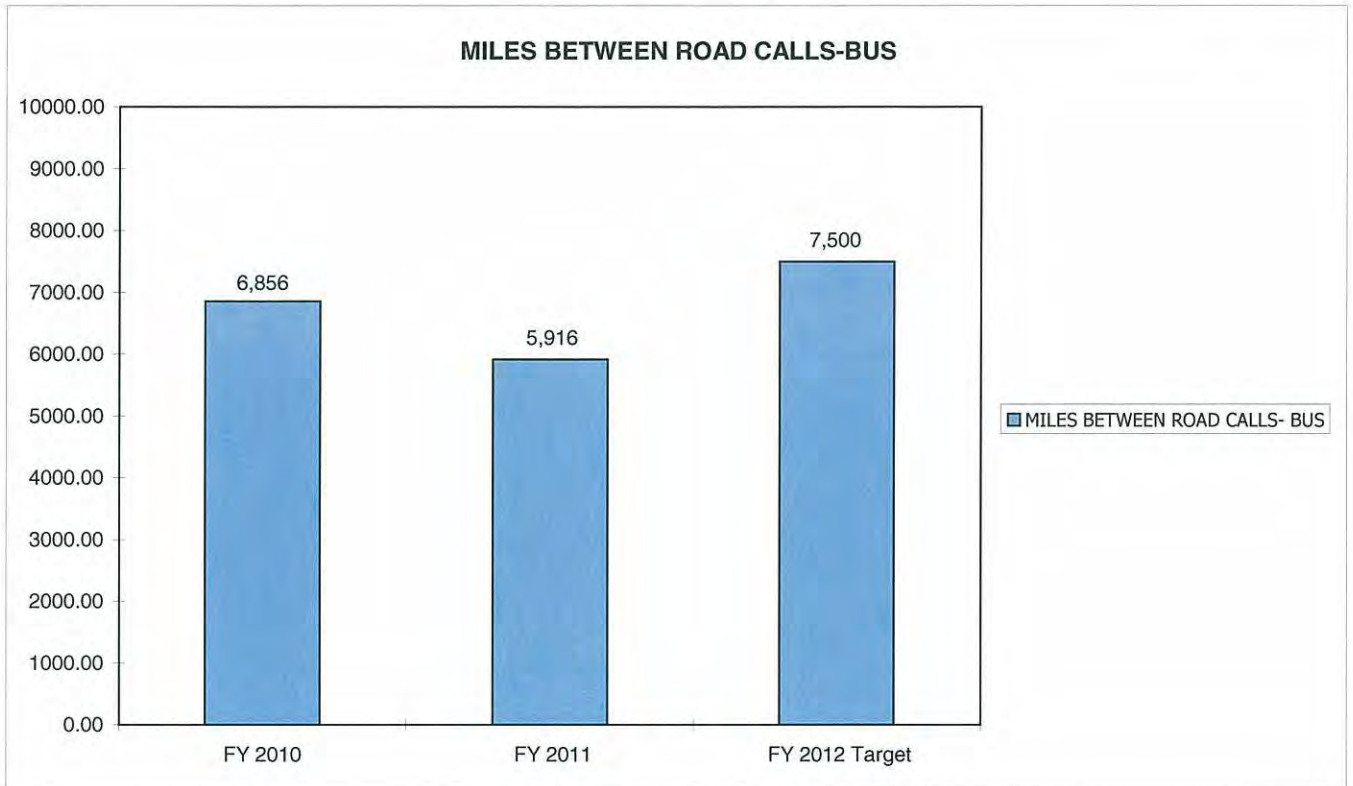


FIGURE E
Port Authority of Allegheny County
Operations Performance Measures - On time Performance
Service Standards
FY 2010, FY 2011, FY 2012 Target

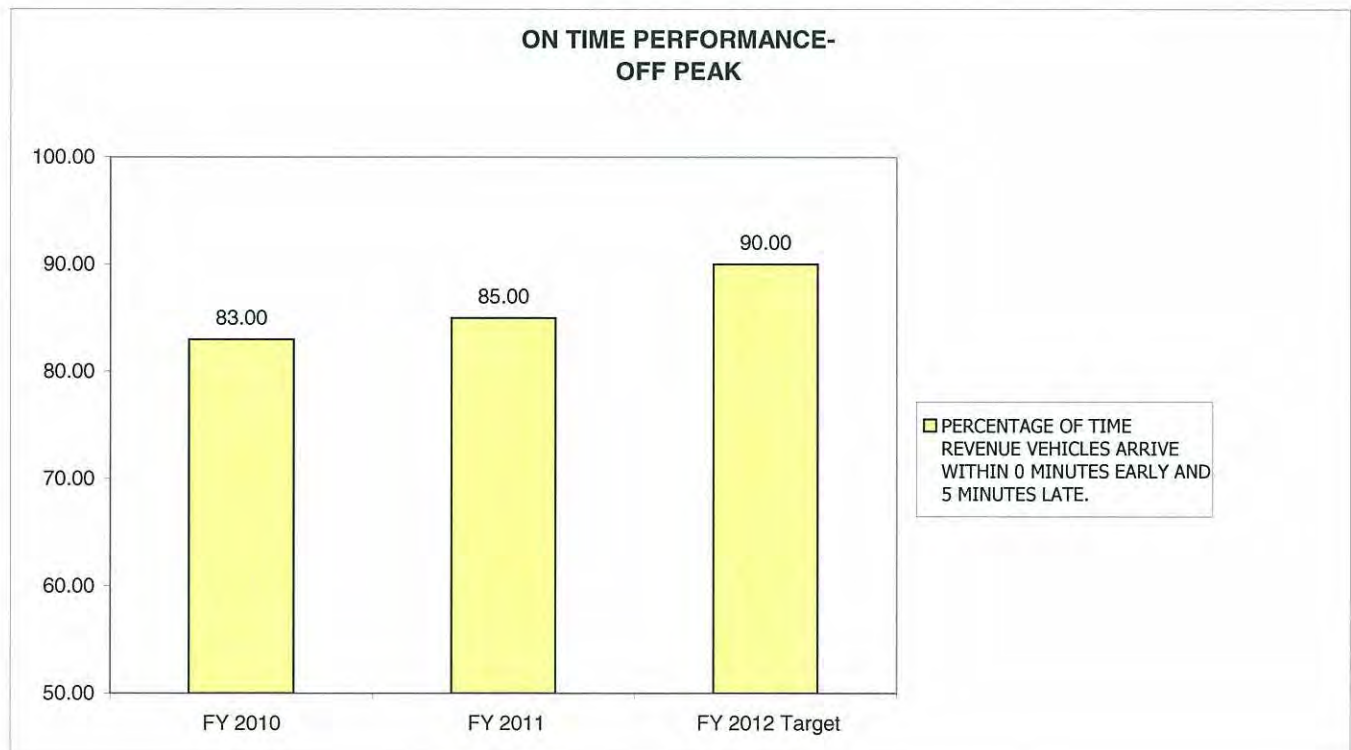
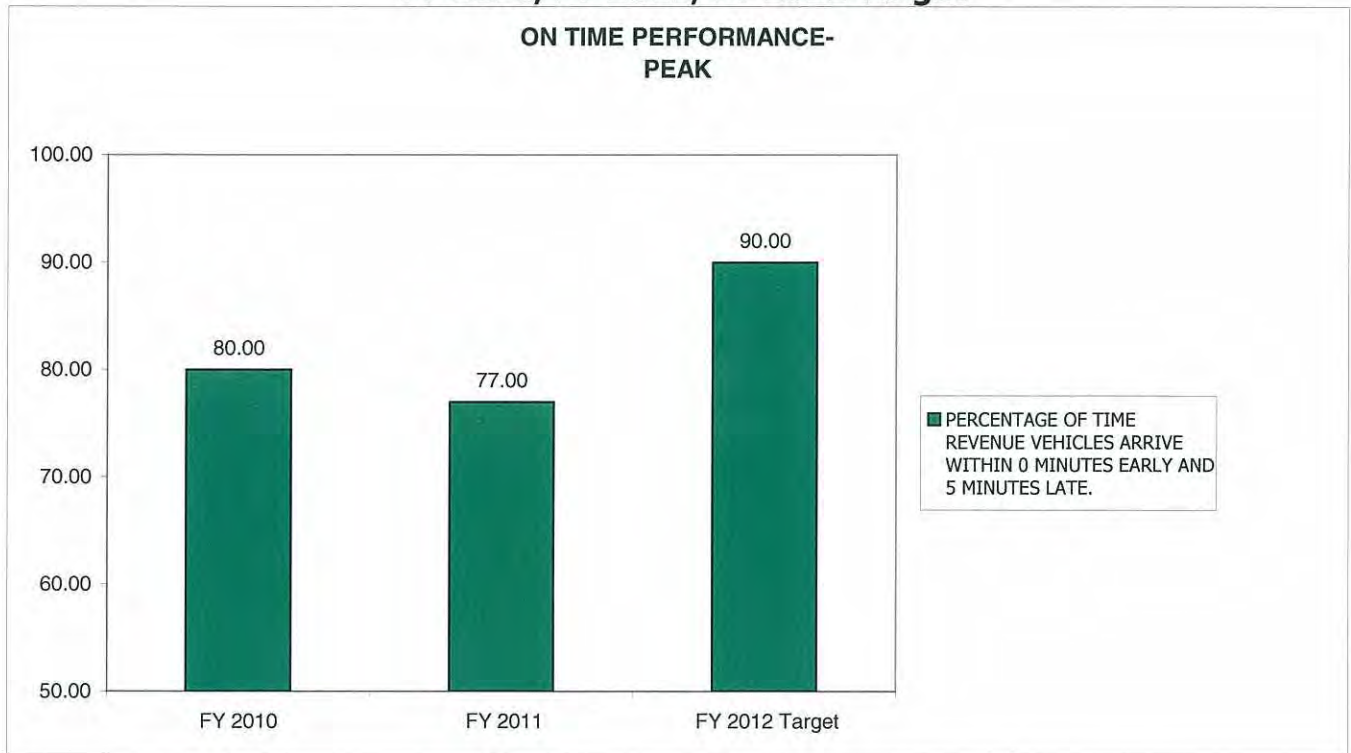
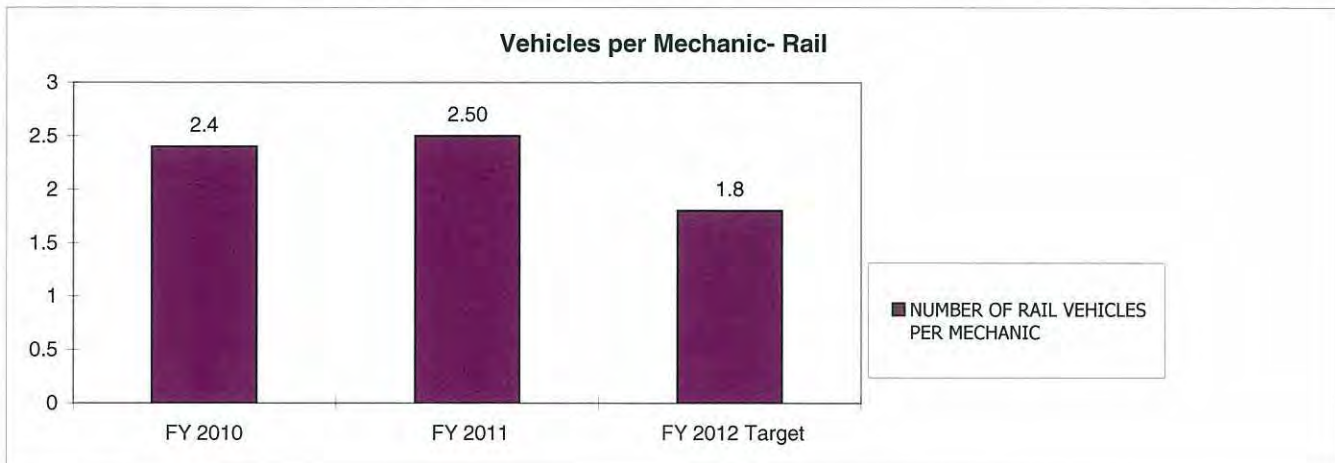
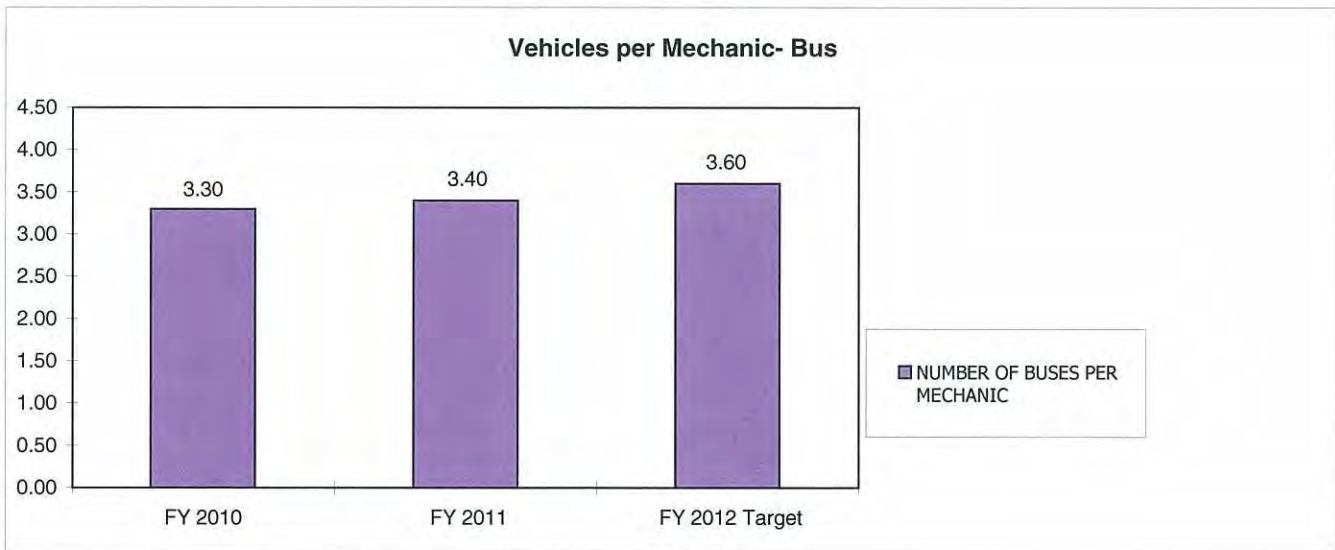
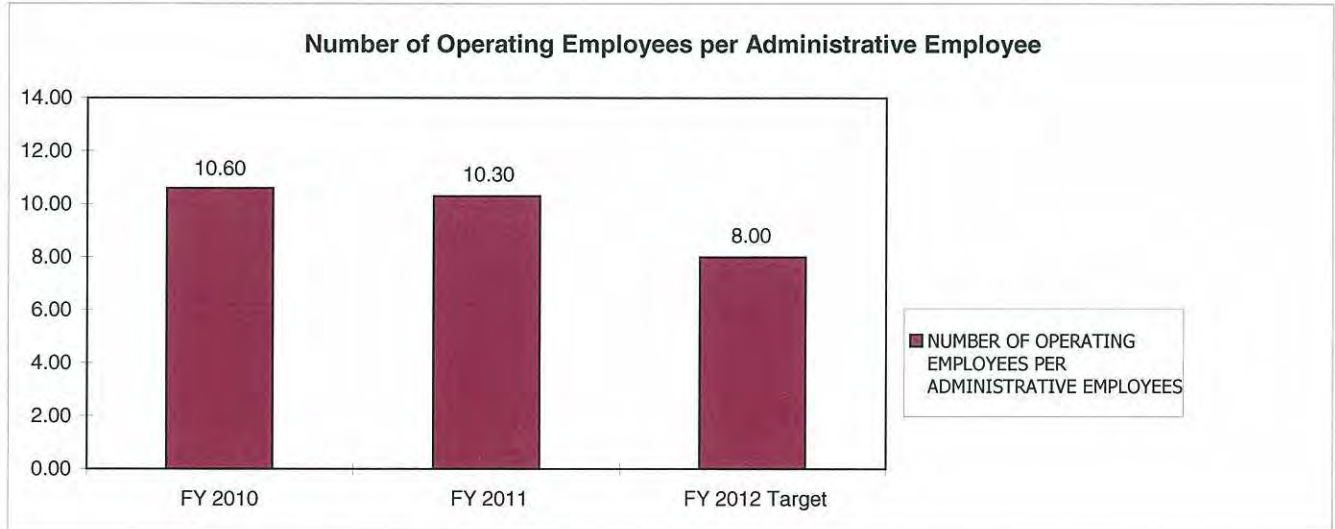


FIGURE F
Port Authority of Allegheny County
Operations Performance Measures - Staffing Ratios
Service Standards
FY 2010, FY 2011, FY 2012 Target



Goals and Objectives

The development of the FY 2012 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 2012. 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 is 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 2012:

- 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;
- Implement the North Shore Connector Project;
- Implement the Automated Fare Collection System Project.



modal
budget

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 2010, 2011 and 2012. In addition, graphs illustrating revenue and expense amounts are presented for comparative purposes.

Modal ridership data for fiscal years 2010 and 2011 was calculated using monthly ridership reports. Anticipated ridership levels for FY 2012 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 2010 and 2011 and developed the FY 2012 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 3.1 contains a comparative summary of Port Authority's revenues and expenses by each of the modes for fiscal years 2010, 2011, and 2012.

TABLE 3.1
COMPARATIVE SUMMARY BY MODE
FY 2010 Actual, FY 2011 Actual, FY 2012 Budget

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 BUDGET
Operating Revenues:			
Bus	\$ 71,355,000	\$ 76,102,000	\$ 74,829,000
Light Rail	9,231,000	10,106,000	10,403,000
Monongahela Incline	857,000	912,000	983,000
ACCESS Program	11,811,000	11,993,000	12,030,000
Subtotal	\$ 93,254,000	\$ 99,113,000	\$ 98,245,000
Operating Grants	212,127,000	152,987,900	205,253,000
Capitalizations	42,067,000	81,215,000	59,196,000
Total Revenue & Grants:	\$ 347,448,000	\$ 333,315,900	\$ 362,694,000
Expenses:			
Bus	\$ 308,988,000	\$ 277,159,000	\$ 291,524,000
Light Rail	55,377,000	49,038,000	51,610,000
Monongahela Incline	840,000	736,000	775,000
ACCESS Program	23,956,000	25,411,000	26,245,000
Total Expenses:	\$ 389,161,000	\$ 352,344,000	\$ 370,154,000
Excess Revenue over Expense:	\$ (41,713,000)	\$ (19,028,100)	\$ (7,460,000)

Bus Mode

Bus service is the largest of the transportation services provided by Port Authority. The active bus fleet as of June 2011 consists of 60 35-foot vehicles, 597 40-foot vehicles, 40 45-foot vehicles, and 49 articulated buses. The four bus garage locations where service originates are located in the following communities: Ross Township, Collier Township, West Mifflin Borough and Pittsburgh (East Liberty area). 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.



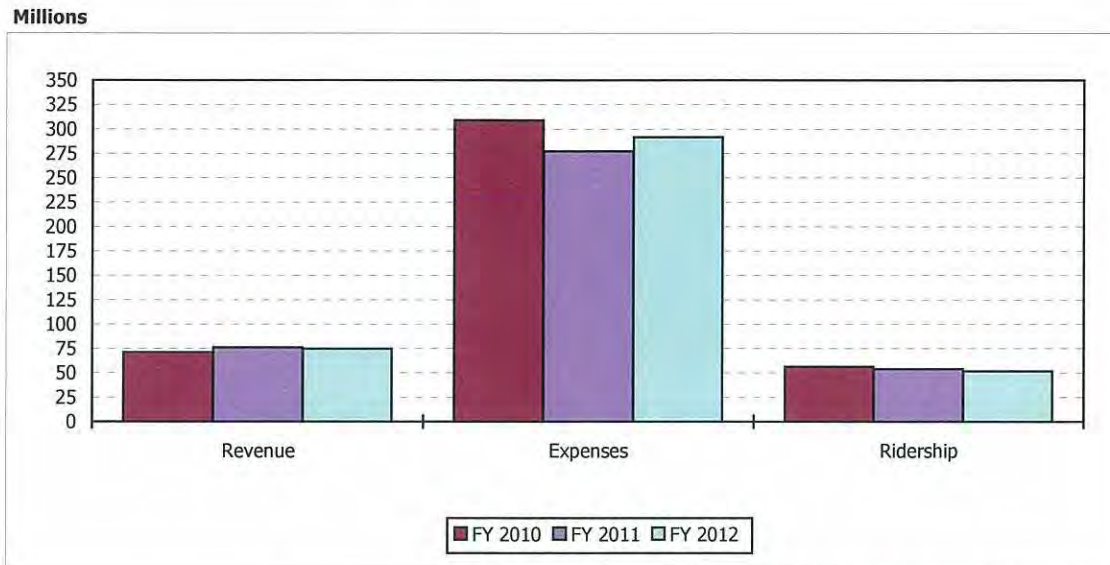
Ridership in FY 2012 for this mode of transportation is expected to decrease due to the 15% service cut put into place in March of 2011. Despite decreases, ridership continues to be impacted favorably by the contractual transit agreements between the Port Authority and the University of Pittsburgh, Carnegie 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 2012, bus revenues are projected to decrease by 1.7% below FY 2011 actuals. This is also attributed to the 15% service reductions. 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 2011 by 5.2%. There are expected increases in salaries and wages, materials and supplies, utilities, purchased services, and other 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 3.2* on the following page.

TABLE 3.2
Port Authority of Allegheny County
BUS MODE



	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY12 Inc/Dec</u>
<u>RIDERSHIP</u>				
Non-Seniors	51,006,000	49,176,000	47,278,000	
Seniors	5,362,000	4,903,000	4,617,000	
Total Ridership	<u>56,368,000</u>	<u>54,079,000</u>	<u>51,895,000</u>	-4.0%
	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY12 Inc/Dec</u>
<u>REVENUES</u>				
Passenger Revenue	\$ 69,190,000	\$ 73,884,000	\$ 73,062,000	
Sr Cit Reimbursement	0	0	0	
Other	2,165,000	2,218,000	1,767,000	
Total Revenue	<u>\$71,355,000</u>	<u>\$76,102,000</u>	<u>\$74,829,000</u>	-1.7%
<u>EXPENSES</u>				
Salaries & Wages	\$ 121,014,000	\$ 120,749,000	\$ 113,873,000	
Fringe Benefits	134,805,000	99,503,000	113,659,000	
Materials & Supplies	38,746,000	41,188,000	44,332,000	
Prov for Inj & Damages	561,000	2,841,000	2,857,000	
Purchased Services	5,511,000	4,951,000	7,091,000	
Utilities	4,079,000	4,080,000	4,555,000	
Other Expenses	4,293,000	3,622,000	4,894,000	
Interest Expense	114,000	225,000	263,000	
Total Expense	<u>\$309,123,000</u>	<u>\$277,159,000</u>	<u>\$291,524,000</u>	5.2%

Light Rail Mode

Port Authority's Light Rail Transit (LRT)

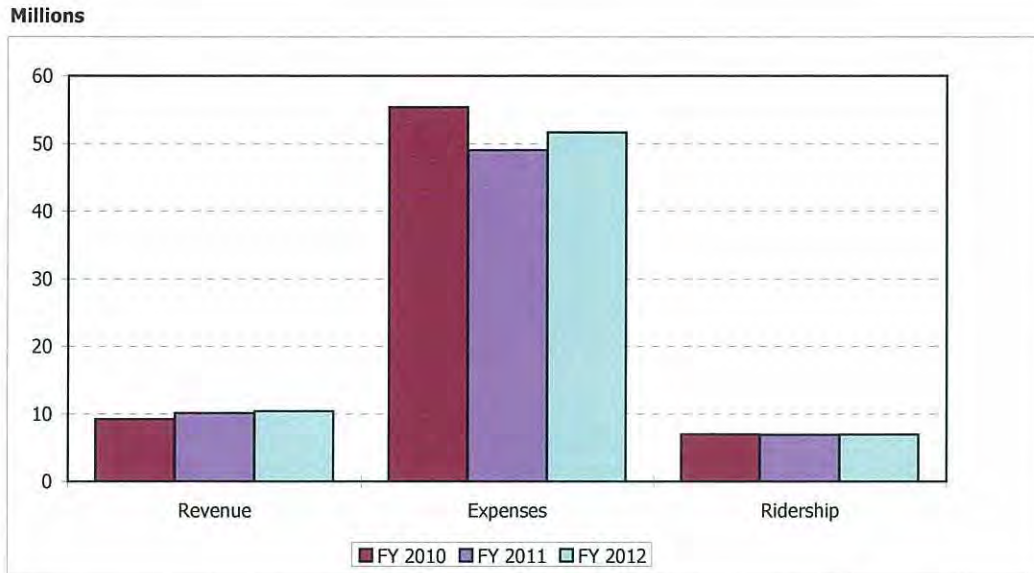
System includes 48.9 miles of track and 83 light rail vehicles (LRVs). The LRT system has 3 routes, which includes a downtown subway system that provides service from Pittsburgh's South Hills to the downtown area. Service and maintenance for the light rail mode takes place at the South Hills Village location in Upper St. Clair and Bethel Park Townships. During fiscal year 2012 the light rail system will be extended under the Allegheny River as part of the North Shore Connector Project. The North Shore Connector project 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 2012 are expected to increase slightly by 0.7% from the FY 2011 total light rail ridership. This increase is forecasted due to the anticipated March 2012 opening of the North Shore Connector.

Total expenses are expected to increase by 5.2% over FY 2011 levels, primarily in the purchased services and utility categories. This increase is expected due to the opening of the new stations for the North Shore, 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 3.3* on the following page.

TABLE 3.3
Port Authority of Allegheny County
LIGHT RAIL MODE



	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY11 Inc/Dec</u>
<u>RIDERSHIP</u>				
Non-Seniors	6,598,000	6,530,000	6,573,000	
Seniors	408,000	388,000	396,000	
Total Ridership	<u>7,006,000</u>	<u>6,918,000</u>	<u>6,969,000</u>	0.7%
	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY11 Inc/Dec</u>
<u>REVENUES</u>				
Passenger Revenue	\$ 8,951,000	\$ 9,811,000	\$ 10,157,000	
Sr Cit Reimbursement	0	0	0	
Other	280,000	295,000	246,000	
Total Revenue	<u>\$ 9,231,000</u>	<u>\$ 10,106,000</u>	<u>\$ 10,403,000</u>	2.9%
<u>EXPENSES</u>				
Salaries & Wages	\$ 22,227,000	\$ 22,178,000	\$ 20,915,000	
Fringe Benefits	24,760,000	18,276,000	20,876,000	
Materials & Supplies	2,643,000	2,809,000	3,024,000	
Prov for Inj & Damages	44,000	224,000	226,000	
Purchased Services	1,072,000	963,000	1,379,000	
Utilities	4,283,000	4,284,000	4,783,000	
Other Expenses	339,000	286,000	386,000	
Interest Expense	9,000	18,000	21,000	
Total Expense	<u>\$ 55,377,000</u>	<u>\$ 49,038,000</u>	<u>\$ 51,610,000</u>	5.2%

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 494,000 passengers in FY 2011.

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

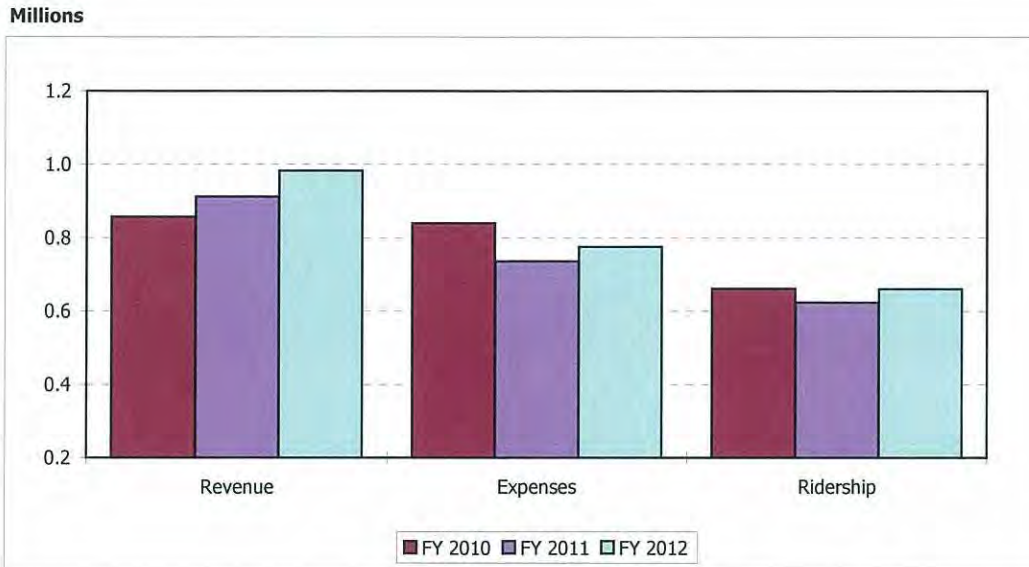


Mon Incline is anticipated to increase by 5.8% in FY 2012 over the FY 2011 levels. Revenues in the same period are projected to increase by 7.8% due to the January 2011 fare increase.

As with the other modes of transportation, expenses for the Mon Incline are also expected to increase. Port Authority has budgeted for a 5.3% increase in expenses, primarily due to increases in purchased services and 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 3.4*.

TABLE 3.4
Port Authority of Allegheny County
INCLINED PLANE MODE



	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Budget</u>	<u>FY12 Inc/Dec</u>
<u>RIDERSHIP</u>				
Non-Seniors	613,000	589,000	621,000	
Seniors	48,000	35,000	39,000	
Total Ridership	<u>661,000</u>	<u>624,000</u>	<u>660,000</u>	5.8%
	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Budget</u>	<u>FY12 Inc/Dec</u>
<u>REVENUES</u>				
Passenger Revenue	\$ 831,000	\$ 885,000	\$ 960,000	
Sr Cit Reimbursement	0	0	0	
Other	26,000	27,000	23,000	
Total Revenue	<u>\$ 857,000</u>	<u>\$ 912,000</u>	<u>\$ 983,000</u>	7.8%
<u>EXPENSES</u>				
Salaries & Wages	\$ 355,000	\$ 354,000	\$ 334,000	
Fringe Benefits	396,000	292,000	334,000	
Materials & Supplies	16,000	17,000	18,000	
Prov for Inj & Damages	0	2,000	2,000	
Purchased Services	21,000	19,000	28,000	
Utilities	49,000	49,000	55,000	
Other Expenses	3,000	3,000	4,000	
Interest Expense	0	0	0	
Total Expense	<u>\$ 840,000</u>	<u>\$ 736,000</u>	<u>\$ 775,000</u>	5.3%

ACCESS Mode

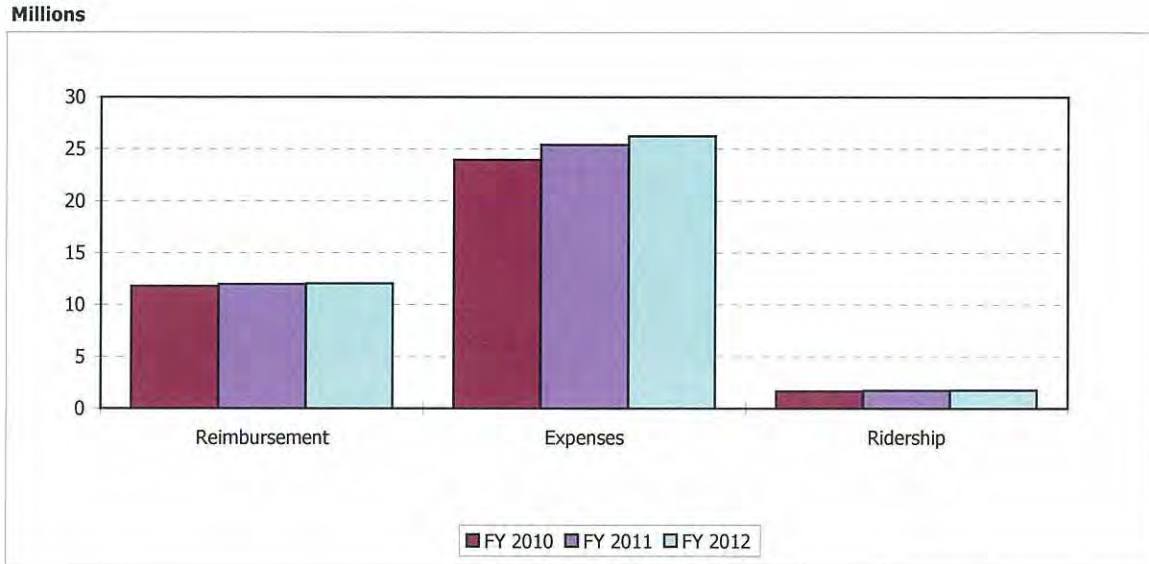
The ACCESS Program provides door-to-door service at reduced fares for older persons and those with disabilities in Allegheny County. This program is operated by Veolia Transportation, Inc., a management firm engaged by Port Authority. The actual transportation is provided by a combination of commercial carriers and non-profit community agencies. In FY 2012, seven (7) private companies are expected to provide transportation services from nine (9) operating locations within Allegheny County, under contract to Veolia Transportation, Inc.

The total expenditures projected for ACCESS in FY 2012 is \$38.2 million. Since ACCESS is a contracted carrier for Port Authority, only \$26.2 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 2012, ACCESS ridership is projected to increase by 1.1%. Total ACCESS Program reimbursement revenue is expected to remain fairly constant (+0.3%) from FY 2011 levels and total expenses for the ACCESS Program are expected to increase by 3.3% for FY 2012.

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 3.5.

TABLE 3.5
Port Authority of Allegheny County
ACCESS MODE



	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY12 Inc/Dec</u>
<u>RIDERSHIP</u>				
Sr. Citizen Passengers	766,000	732,049	730,375	
Other Originating Pass.	885,000	990,305	1,010,375	
Total Ridership	<u>1,651,000</u>	<u>1,722,354</u>	<u>1,740,750</u>	1.1%
	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY12 Inc/Dec</u>
<u>REIMBURSEMENTS</u>				
ACCESS Prgm Reimbursement	\$ 11,811,000	\$ 11,993,000	\$ 12,030,000	0.3%
<u>EXPENSES</u>				
ACCESS Prgm Expense	\$ 23,956,000	\$ 25,411,000	\$ 26,245,000	3.3%



divisional and
departmental

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 2011 accomplishments, goals and objectives for FY 2012, 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 4.1
Port Authority of Allegheny County
Organizational Structure

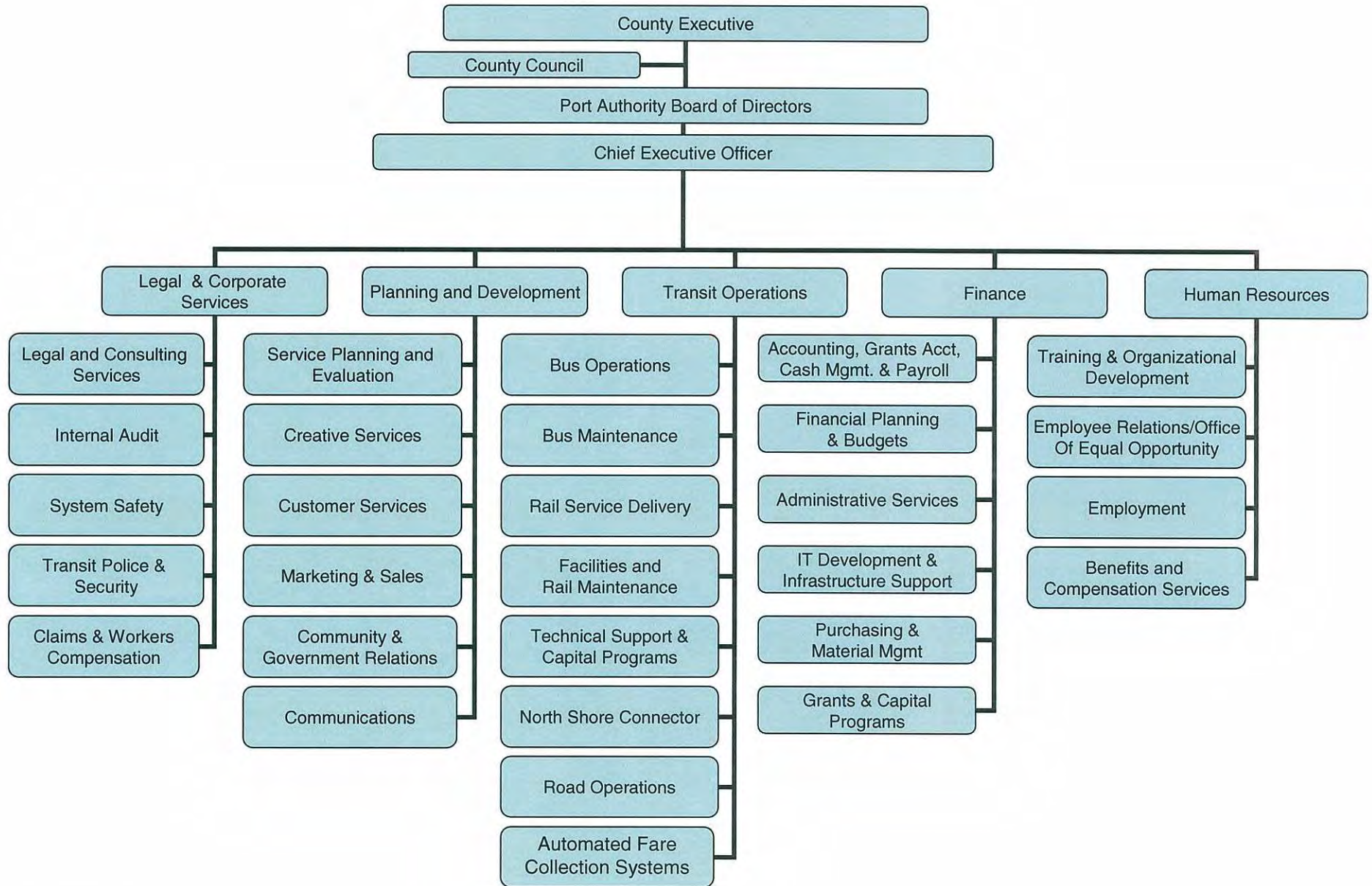
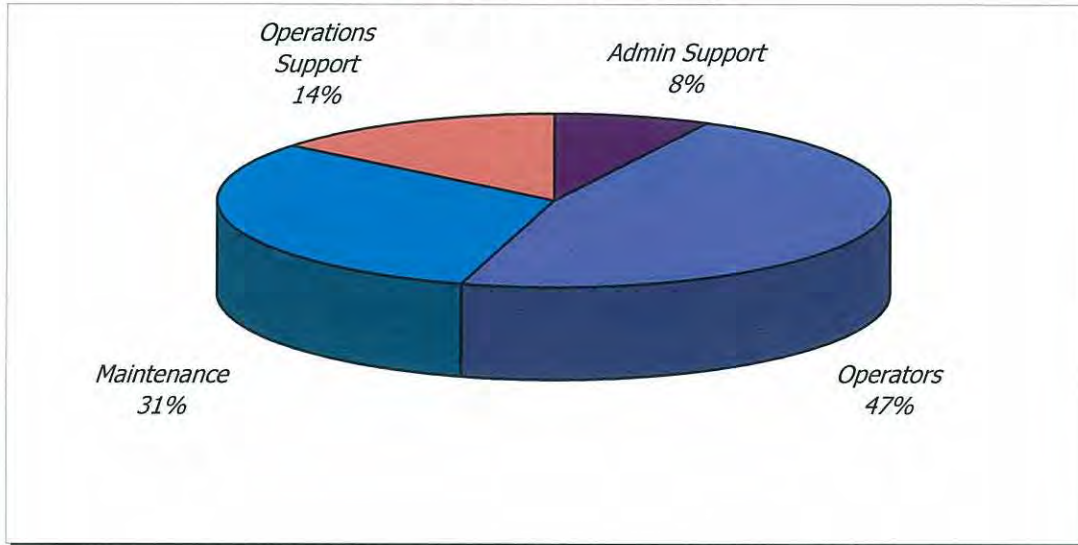


TABLE 4.1a

Port Authority of Allegheny County
PERSONNEL BY FUNCTION & DIVISION

Fiscal Year 2012 Budget

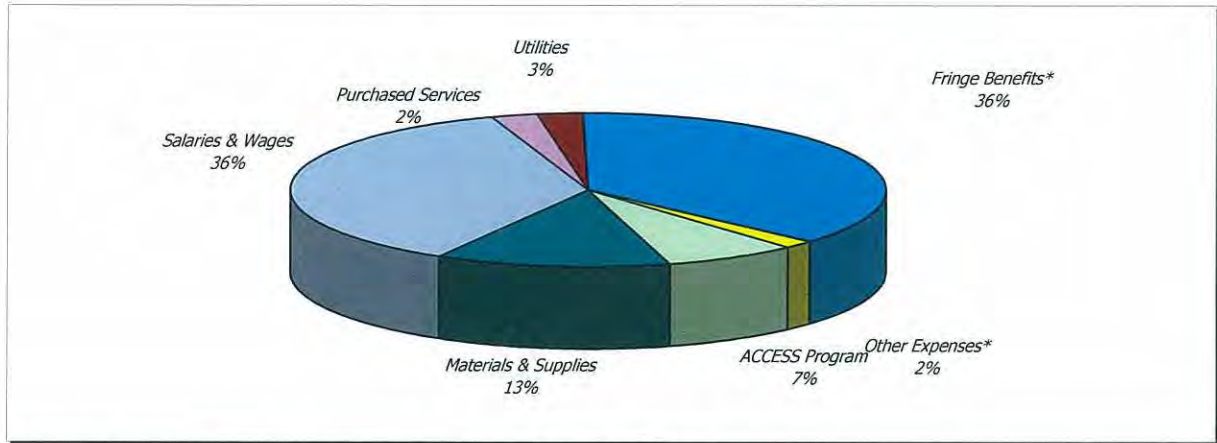


Personnel Summary (No. of Employees)

	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>
Office of the CEO	7	3	2
Transit Operations	2,393	2,145	2,176
Finance	152	125	137
Human Resources	31	30	31
Legal & Corporate Services	75	84	85
Planning & Development	61	59	63
Total Personnel	<u>2,719</u>	<u>2,446</u>	<u>2,494</u>

TABLE 4.1b

Port Authority of Allegheny County
EXPENSE BY CATEGORY

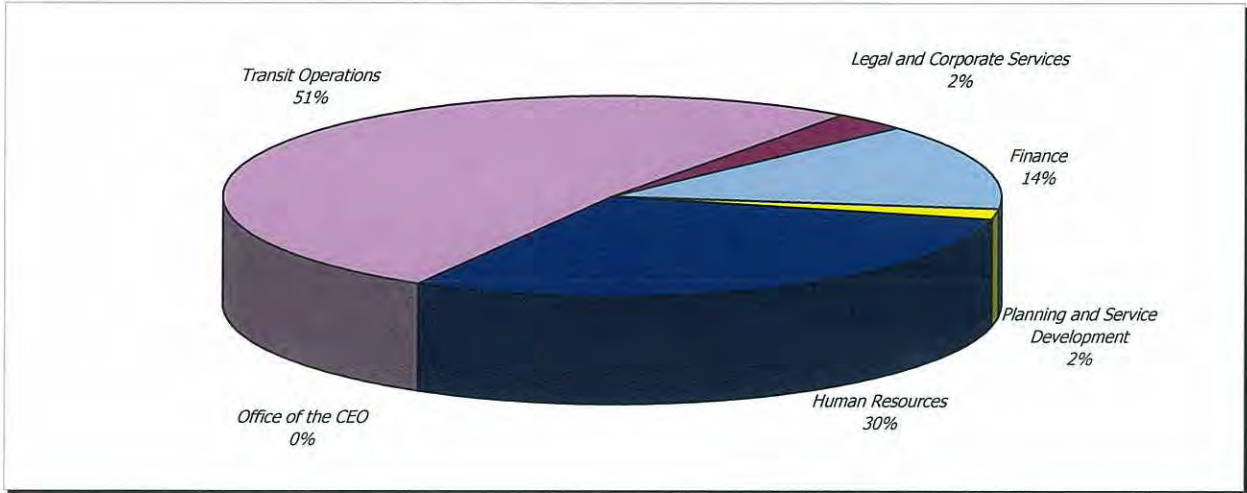


**Other Expenses include- Marketing, Interest & Prov. for Inj & Damages*

Expense Summary (Total Expense)

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Forecast</u>	<u>FY 2012</u> <u>Budget</u>	<u>% Change</u> <u>from 2011</u>
	\$	\$	\$	%
Salaries & Wages	143,611,264	143,281,916	135,122,729	-5.7%
Fringe Benefits	160,824,954	119,866,791	136,613,255	14.0%
Purchased Services	6,336,985	5,933,032	8,497,231	43.2%
ACCESS Program	23,955,544	25,411,343	26,244,700	3.3%
Prov for Inj & Damages	1,004,604	2,250,443	2,546,678	13.2%
Materials & Supplies	41,005,243	44,014,615	47,373,380	7.6%
Interest Expense	9,105,731	(2,747,232)	284,000	-110.3%
Utilities	8,411,287	8,412,886	9,392,600	11.6%
Other Expenses	3,640,009	2,931,175	4,077,302	39.1%
Transfers & Capitalizations	(42,066,809)	(81,215,114)	(66,653,495)	-17.9%
	<u>355,828,812</u>	<u>268,139,856</u>	<u>303,498,380</u>	<u>13.2%</u>

TABLE 4.1c
Port Authority of Allegheny County
EXPENSE BY DIVISION*



Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Office of the CEO	898,893	579,894	276,230	-52.4%
Transit Operations	191,713,707	194,782,448	190,732,029	-2.1%
Finance	60,772,415	45,994,378	51,088,788	11.1%
Planning and Service Development	4,596,975	5,587,989	5,859,497	4.9%
Human Resources	133,897,663	91,940,867	110,260,727	19.9%
Legal and Corporate Services	6,015,697	10,469,395	11,934,604	14.0%
	<u>397,895,349</u>	<u>349,354,970</u>	<u>370,151,875</u>	<u>6.0%</u>

* - Capitalizations and OPEB are excluded.

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Overview

The Office of the Chief Executive Officer Division was restructured in FY 2011 to move the Public Relations and Government and Civic Affairs Departments to the Planning and Development Division. This division is 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.

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 4.2
Port Authority of Allegheny County
OFFICE OF THE CHIEF EXECUTIVE OFFICER

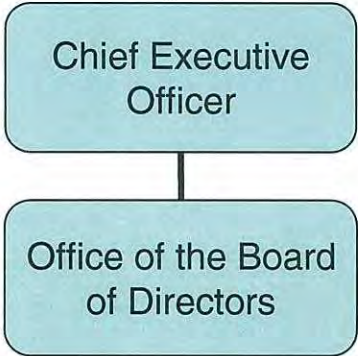
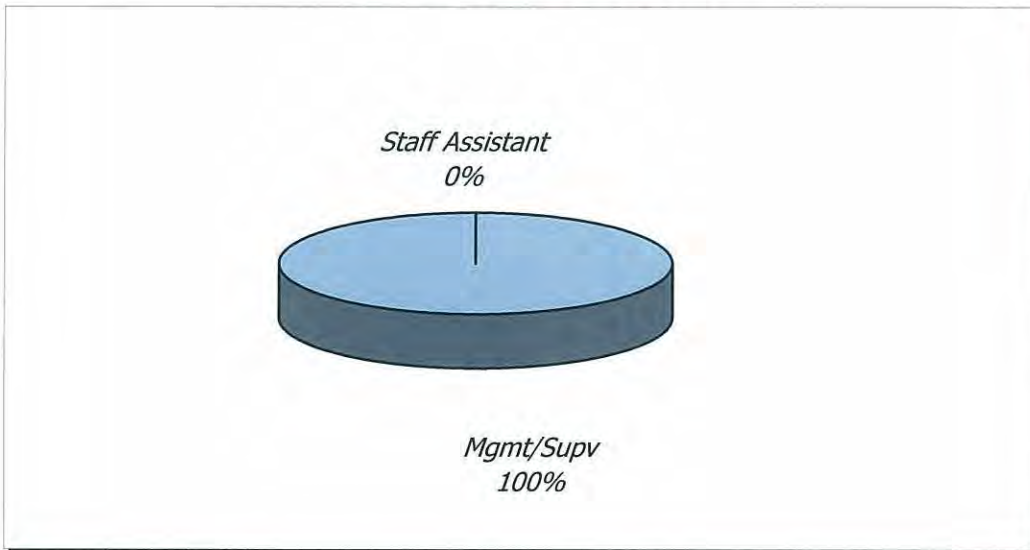


TABLE 4.2a
Port Authority of Allegheny County
OFFICE OF THE CHIEF EXECUTIVE OFFICER
Personnel by Function & Department

Fiscal Year 2012 Budget



Personnel Summary (No. of Employees)

	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>
Office of the CEO	2	2	2
Government & Civic Affairs*	2	-	-
Public Relations*	3	1	-
Total Personnel	<u>7</u>	<u>3</u>	<u>2</u>

*** Department transferred to Planning and Service Development.**

TABLE 4.2b

Port Authority of Allegheny County
OFFICE OF THE CHIEF EXECUTIVE OFFICER

Expense by Department

Expense Summary (Total Expense)

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Forecast</u>	<u>FY 2012</u> <u>Budget</u>	<u>% Change</u> <u>from 2011</u>
	\$	\$	\$	%
Board of Directors	9,707	15,229	10,018	-34.2%
Office of the CEO	262,332	241,308	266,212	10.3%
<u>Gov't and Civic Affairs</u>	345,671	112,721	-	
<u>Public Relations</u>	215,185	194,848	-	
Total Expense	<u>832,896</u>	<u>564,105</u>	<u>276,230</u>	<u>-51%</u>

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

Expense by Category

Expense Summary (Total Expense)

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Forecast</u>	<u>FY 2012</u> <u>Budget</u>	<u>% Change</u> <u>from 2011</u>
	\$	\$	\$	%
Salaries & Wages	578,528	430,603	241,212	-44.0%
Purchased Services	266,889	116,935	3,200	-97.3%
Materials & Supplies	272	266	660	147.9%
Other Expenses	53,204	32,089	31,158	-2.9%
Transfers & Capitalizations	(65,997)	(15,789)	-	
Total Expense	<u>832,896</u>	<u>564,105</u>	<u>276,230</u>	<u>-51%</u>

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 four 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) is also a part of 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 2011, with the greatest factor unfavorable in materials and supplies by \$2,552,545. This was primarily due

to the rising costs of materials and supplies to support the fleet until the new vehicles arrived in late 2011. The total expense budget for FY 2012 is 1.8% below the FY 2011 projected expense totals due to the service reductions which took place in March of 2011.

Figure 4.3a
**Port Authority of Allegheny County
TRANSIT OPERATIONS DIVISION**

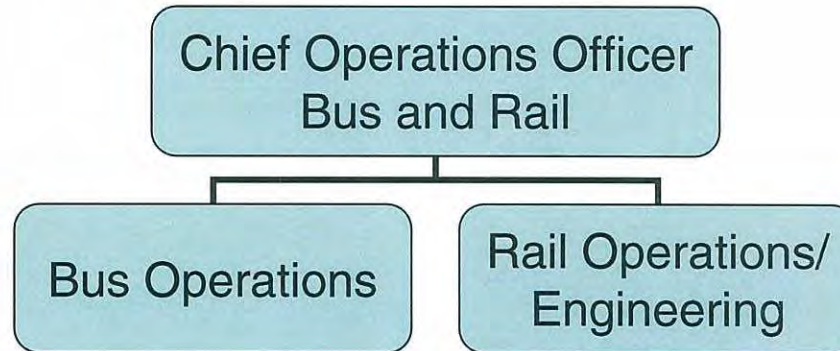


Figure 4.3b
Port Authority of Allegheny County
Bus Operations

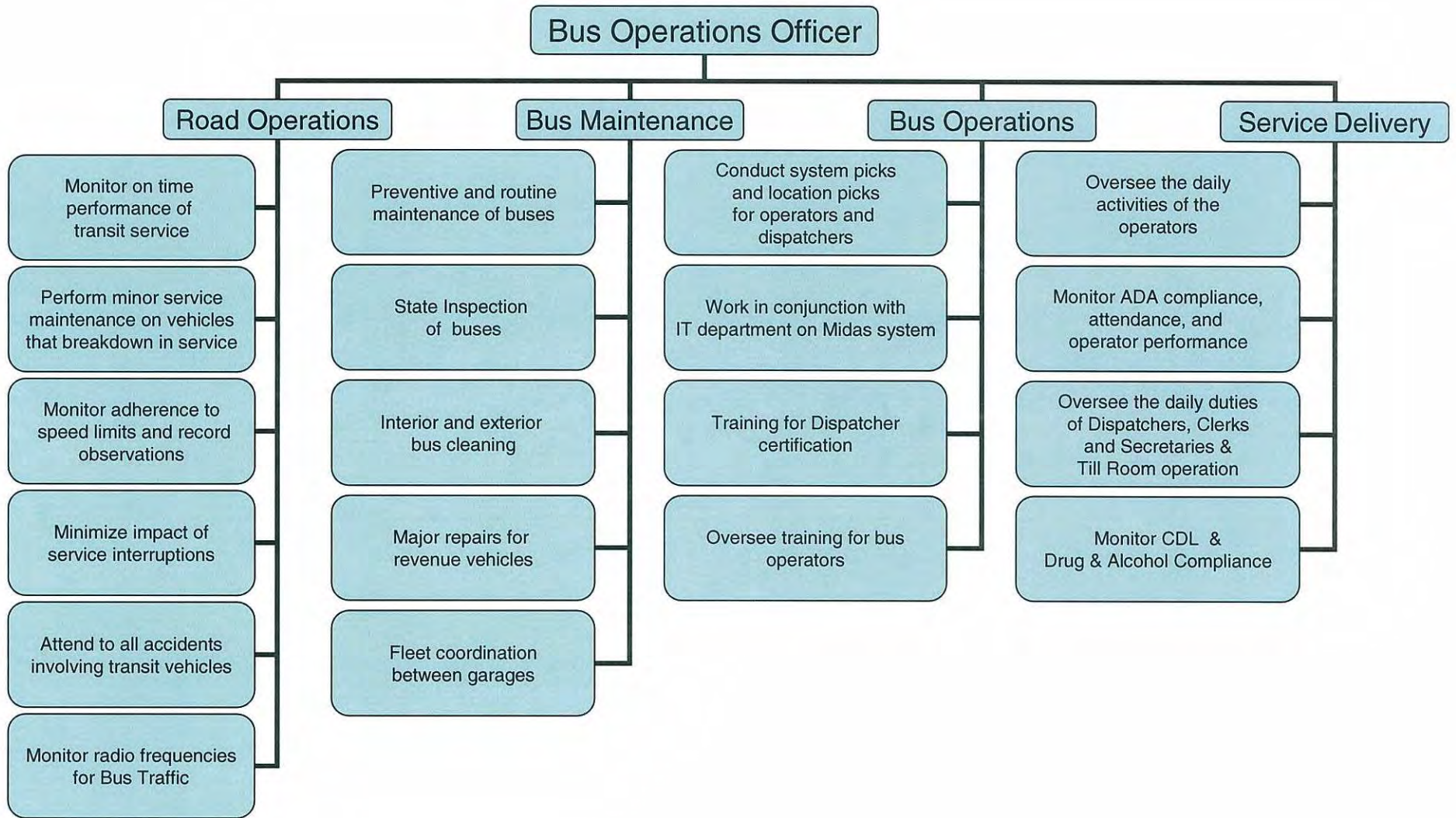


Figure 4.3c
Port Authority of Allegheny County
Rail Operations & Engineering

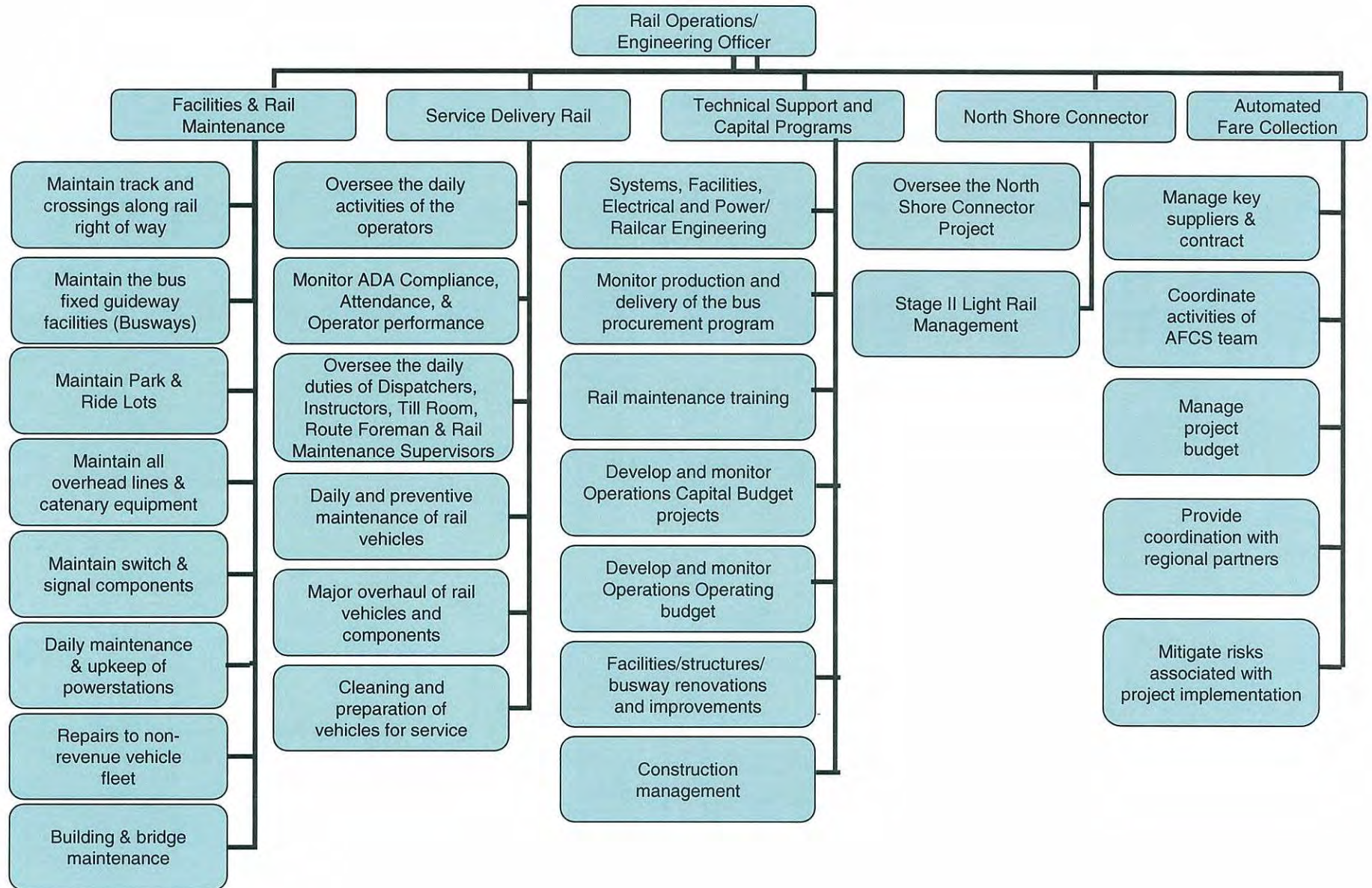
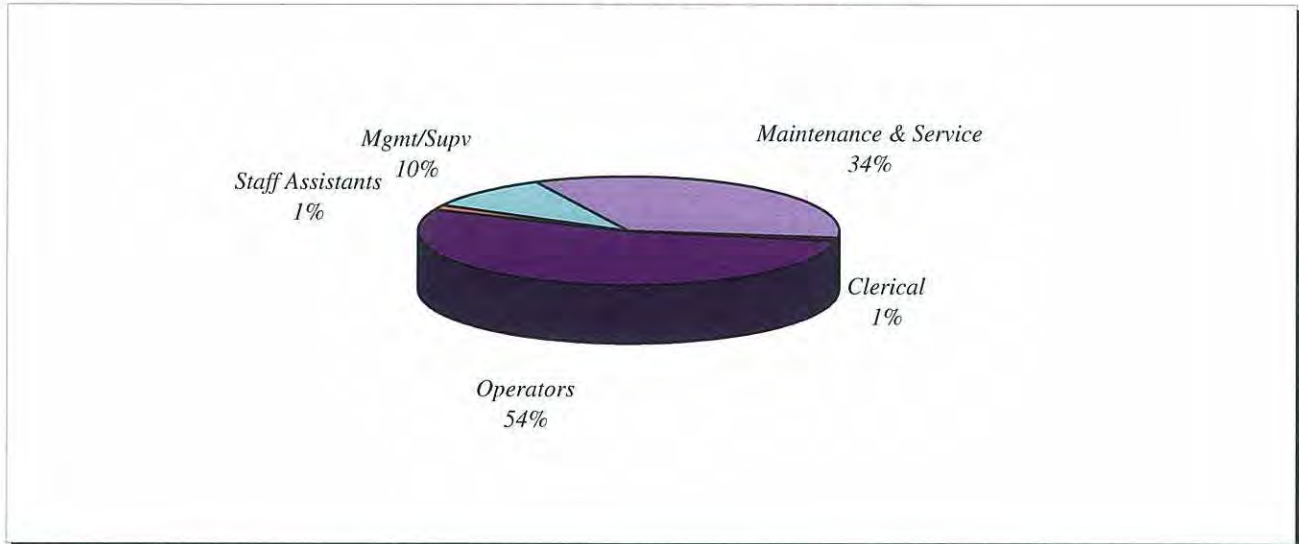


TABLE 4.3a

Port Authority of Allegheny County
TRANSIT OPERATIONS DIVISION
Personnel by Function & Group

Fiscal Year 2012 Budget



Personnel Summary (No. of Employees)

	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>
Chief Operating Officers (Bus and Rail)	4	4	4
Rail Operations	479	462	468
Bus Operations	1,910	1,679	1,704
Total Personnel	<u>2,393</u>	<u>2,145</u>	<u>2,176</u>

TABLE 4.3b
Port Authority of Allegheny County
TRANSIT OPERATIONS DIVISION

Expense by Department

Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Bus Operations	80,758,423	81,234,100	75,600,564	-6.9%
Bus Maintenance	61,291,322	63,711,269	64,362,257	1.0%
Office of the COO	376,801	354,130	381,912	7.8%
Rail Improvement Program	369,442	378,964	381,854	0.8%
Rail Operations	40,380,570	38,896,660	40,115,342	3.1%
<u>Automatic Fare Collection System</u>	-	156,341	188,524	20.6%
Technical Support	1,845,485	1,871,999	2,226,576	18.9%
Total Expenses	<u>185,022,044</u>	<u>186,603,462</u>	<u>183,257,029</u>	<u>-1.8%</u>

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

Expense by Category

Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Salaries & Wages	125,794,706	125,629,081	116,898,202	-6.9%
Fringe Benefits	15,558,792	16,452,982	15,877,569	-3.5%
Purchased Services	2,337,631	2,183,448	2,672,796	22.4%
Materials & Supplies	40,175,751	42,728,296	46,365,818	8.5%
Utilities	7,631,730	7,643,229	8,534,000	11.7%
Prov for Inj & Damages	(280,425)	(260,514)	(88,110)	-66.2%
Other Expenses	495,522	405,927	471,754	16.2%
Transfers & Capitalizations	(6,691,663)	(8,178,986)	(7,475,000)	-8.6%
Total Expenses	<u>185,022,044</u>	<u>186,603,462</u>	<u>183,257,029</u>	<u>-1.8%</u>

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 Procurement, Bus Operations and Road Operations.

Bus Service Delivery coordinates bus service throughout Port Authority's service area and utilizes four bus garages located in the following Allegheny County communities: Collier, East Liberty, Ross, and West Mifflin. The Bus Maintenance Department provides system-wide bus 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 including new bus procurement, and manages the Main Shop and the Vehicle Overhaul Program. The department also works with the Technical Support Department and the Procurement Department in specification development and compliance for materials, supplies, shop equipment, 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 2011 Highlights

- Received delivery of one (1) Gillig 40-foot, low-floor pilot bus and one (1) New Flyer 60-foot, articulated pilot bus. On-going training is currently underway for all bus and maintenance personnel on the new buses which are scheduled for delivery in FY 2012.
- Retrofitted one hundred and sixty-four (164) buses from the old Safety Vision CCTV system to the new wireless download March Networks CCTV system.
- Completed the seven (7) remaining repower buses and returned the vehicles to revenue vehicle service. The repower consisted of the removal of the original 2003 Fifty Series Detroit engine and replacing it with a Cummins ISL engine with a newer emission package and diesel particulate filter (DPF), resulting in a cleaner running vehicle by reducing particulate matter as well as engine emissions leaving the vehicle exhaust pipe. The repowers were funded by a grant in coordination with the Allegheny County Health Department.
- Achieved 97 percent wheelchair reliability rate when audited at the divisions, exceeding the goal of 95 percent.
- Captured and returned to budget \$3,073,071 from the Vehicle Overhaul Program, with a total of forty-five (45) vehicles receiving either a full or partial overhaul during FY 2011.
- Captured and returned to budget \$679,387 in warranty claims and \$201,573 in core credits during FY 2011.
- Bus Maintenance Training Department conducted and coordinated two hundred and eleven (211) classes in FY 2011 with nine hundred and eleven (911) students attending training. The training included, but was not limited to, hoist safety, vapor doors, Cummins on-site software, torch safety and first responder training.
- Planned, purchased and coordinated delivery and installation of one hundred and eighty (180) bike racks. This completes the on-going campaign to install bike racks on all Port Authority buses.
- Completed Ross Division building modification to accommodate articulated buses. The project was completed on time and within budget.

- Negotiated and coordinated early termination of the Small Transit Vehicle (STV) lease with Hunter Ideal Lease for the thirty-eight (38) remaining STVs no longer needed after service reductions. Savings to the Port Authority in lease and maintenance costs was \$329,329.
- Implemented the 15 percent service reduction effective March 27, 2011 which included the closure of the Harmar Garage. All Bus Operations divisions were involved in the planning and coordination of reassigning buses, employees, tools and equipment to the remaining four (4) divisions.
- Ross Division had an interactive role in Scheidt and Bachmann rolling out the automated fare collection system equipment throughout the system. On-site assistance was provided to troubleshoot problems that had previously been experienced at the Ross Division during their pilot program and implementation.

FY 2012 Goals and Objectives

- Receive delivery of the remaining twenty-seven (27) Gillig 40-foot, low-floor buses (includes four (4) hybrids), and sixty (60) New Flyer 60-foot articulated buses, place them into revenue service and train all necessary bus and maintenance transportation personnel.
- Bus Maintenance Training will review the training contracts for the New Flyer articulated buses and the Gillig 5800 Series low floor buses. Training will be coordinated to ensure all shifts at all bus divisions and the Main Shop receive the necessary new technologies training in order to service the buses.
- Bus Maintenance Training staff will attend Gillig and New Flyer factory training. Staff will monitor classes for contract compliance, completeness, accuracy and report discrepancies. The material and knowledge obtained in these classes will be used to develop in house curriculum for training as well as preventive maintenance manuals.
- A committee has been formed to develop ways to reduce chargeable accidents.
- Improve vehicle reliability for service and reduce hours of out-of-service due to equipment.
- Reduce absenteeism on both the transportation and maintenance sides of the business by addressing issues that fall within the confines of the Absenteeism Policy in a more proficient and timely manner.

- Meet goal of 7,500 miles between road failures.
- Continue to achieve a greater than 95 percent target rate for functional wheelchair lifts and ramps.
- Continue to encourage strong labor-management relations at all locations.
- Finish favorable to budget for the new fiscal year.

FY 2012 Key Performance Indicators

In July 2010, The Port Authority went live with a newly developed Key Performance Indicator (KPI) database by location. These locations currently include the Ross, Collier, West Mifflin and East Liberty bus garages, the Bus Main Shop, Bus and Rail Route Foremen, the South Hills Village Rail Center, and South Hills Junction.

The KPI database currently provides information on a monthly basis for sixty-nine (69) indicators. These indicators range in topics from service delivery, maintenance, customer service system safety and employee relations. In addition to the monthly analysis, the KPI report also provides annual trending data by comparing the current and prior fiscal years on a month by month basis for each of the sixty-nine (69) indicators presented.

The following indicators were selected by the Bus Operations Officer as the indicators of the highest level of importance for Bus Operations:

<u>Indicator</u>	<u>FY10 Monthly Average</u>	<u>FY11 Monthly Average</u>	<u>FY12 Monthly Target</u>
Hours Out of Service (Manpower and Equipment)	426	497	413
Total Actual Operating Expense	\$11,855,733	\$12,112,253	\$13,016,010
Overtime Hours (Ops/Maint/Supv)	30,099	30,712	17,030
Chargeable Accidents	23.8	20.3	13.5
Mechanical Failures Resulting in Delays	688	783	705
NTD Chargeable Major Mechanical Failures	337	374	337
Mean Distance Between Failures	8,907	7,369	7,500

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 2011 Highlights

- Developed and implemented railcar reliability database and website.
- Reduced State Safety Oversight findings.
- Delivered extra rail service for special events and sporting games.
- Completed fleet-wide pilot bar shoulder bolt modification to address pilot bar stability issues.
- Implemented fleet-wide LRV weight imbalance correction plan to improve LRV operation.
- Implemented Supervisor Cross Training Program to enhance supervisory skills.
- Supported various emergency agency drills to assess agency response times.
- Increased participation in employee wellness activities.
- Conducted several tours of the Rail Center for local officials, national and international visitors.
- Hosted American Society for Quality Design and Construction (ASQ).

FY 2012 Goals and Objectives

- Increase field monitoring of Road Operations Supervisor observation checks.
- Continue aggressive evaluation of transportation and maintenance functions for budget reduction opportunities.
- Conduct quarterly budget reviews for hourly employees.
- Continue troubleshooting training for all levels of rail operations personnel.

- Support North Shore Connector Operational Integration Plan.
- Develop North Shore Connector Operations Training Plan.

FY 2012 Key Performance Indicators

In July 2010, The Port Authority went live with a newly developed Key Performance Indicator (KPI) database by location. These locations currently include Ross, Collier, West Mifflin, East Liberty, Bus Main Shop, Bus Route Foremen, Rail Route Foremen, South Hills Village and South Hills Junction.

This KPI database provides information on a monthly basis currently for sixty-nine (69) indicators. These indicators range in topics from service delivery, maintenance, customer service, system safety, and employee relations. In addition to the monthly analysis, the KPI report also provides annual trending data and compares it to the prior fiscal year on a month-by-month basis for each of these sixty-nine (69) indicators.

The following indicators were selected by the Rail Operations/Engineering Officer and the Director of Rail Service Delivery as the indicators that were of the highest level of importance for Rail Service Delivery.

<u>Indicator</u>	<u>FY10 Monthly Average</u>	<u>FY11 Monthly Average</u>	<u>FY12 Monthly Target</u>
Mechanical Failures Resulting in Delays	82.9	86.8	80.0
Overtime Hours (Ops/Maint/Supv)	4,417	3,911	3,900
Complaints per 100,000 Riders	4.8	6.1	5.0
On-Time Performance	89.2%	90.1%	95.0%
Mean Distance Between Failures	17,332	10,792	19,000
Class II Accidents	0.33	0.60	0.20

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 2012 Key Performance Indicators

In July 2010, The Port Authority went live with a newly developed Key Performance Indicator (KPI) database by location. These locations currently include Ross, Collier, West Mifflin, East Liberty, Bus Main Shop, Bus Route Foremen, Rail Route Foremen, South Hills Village and South Hills Junction.

This KPI database provides information on a monthly basis currently for 69 indicators. These indicators range in topics from service delivery, maintenance, customer service, system safety, and employee relations. In addition to the monthly analysis, the KPI report also provides annual trending data and compares it to the prior fiscal year on a month-by-month basis for each of these 69 indicators.

The following indicators were selected by the Rail Operations/Engineering Officer and the Director of Facilities and Rail Maintenance as the indicators that were of the highest level of importance for Facilities and Rail Maintenance.

<u>Indicator</u>	<u>FY10 Monthly Average</u>	<u>FY11 Monthly Average</u>	<u>FY12 Monthly Target</u>
Rail System Failures Resulting in Delays	3.1	7.3	5.0
Maintenance Overtime Hours	3,286	3,113	1,523
Maintenance Complaints	28.5	15.5	12.0
Expense Budget Variance	\$(13,292)	\$19,323	\$0
Chargeable Accidents	0	0	0

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 2011 Highlights

- Replaced East Liberty Garage fire pump plumbing.
- PLC replaced on Mon Incline control system.
- Completed repair of gutter and storm water systems at building 2 and 4.

FY 2012 Goals and Objectives

- Replace Sump pumps at Wood Street Station.

- Complete supervisor and hourly training for the North Shore Connector.

FY 2012 Key Performance Indicators

- Overtime usage not to exceed allocation.
- Average 90% of Preventive Maintenance completed per month.
- Clear complaints within one week of receipt.
- Implement work plan and schedule system by the end of the fiscal year.

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 - maintains 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 2011 Highlights

- Thermal imaging program for substations was initiated.
- Completed Stage 2 Breaker Preventive Maintenance procedures.

- Completed 25% of the upgrade to the Mon Incline Drive Controllers.
- Started to upgrade Microwave System.
- Started to implement Arc Flash Electrical Safety Program.

FY 2012 Goals and Objectives

- Complete the upgrade to the Microwave System.
- Complete the implementation of the ARC Flash Electrical Safety Program.
- Install the Narrow Band Radio System.
- Complete Bus Duct Replacement on Stage I Substations.
- Complete Training and Implementation of the North Shore Connector System.
- Implement Standard Maintenance Program for the Wabash Tunnel.

FY 2012 Key Performance Indicators

- Reduce number of delays due to Overhead Problems by 10%.
- Reduce number of delays due to Traction Power Problems by 10%.
- Reduce amount of lost time due to accidents by 10%.
- Manage under the overtime budget.
- Implement work plan and schedule system by the end of the fiscal year.

Non-Revenue Vehicles

The Non-Revenue Auto Shop handles the maintenance and repair of over four hundred assets. This includes approximately two hundred eighty licensed vehicles and one hundred twenty pieces of garage support equipment. This department ensures that these assets are safe and reliable for employees to use.

FY 2011 Highlights

- Replaced forty-seven (47) non revenue vehicles / pieces of shop equipment. Three (3) of these vehicles were for Garage service trucks for road calls; two (2) were Supervisory vehicles; five (5) were Police vehicles including two (2) K-9 units, one (1) prisoner transport unit, one (1) marked and one (1) unmarked unit; two (2) small dumps with snow removal equipment; one (1) overhead platform truck; three (3) heavy duty crew trucks; three (3) shelter cleaning trucks; five (5) new relief vehicles; three (3) compact street sweepers; three (3) crew cab pick ups; three (3) full size work vans; one (1) stake body truck; one (1) skid steer; one (1) back hoe; six (6) facilities work vans; three (3) system support vans; two (2) heavy equipment trailers. Seventy percent (70%) of these vehicles were replaced with smaller, more fuel efficient vehicles.
- Continued to update Parts Room eliminating obsolete inventory.
- Increased efficiencies and lowered costs by checking prices from different vendors that are giving the best prices and are willing to deliver.
- Continued to reassign vehicles by mileage usage.

FY 2012 Goals and Objectives

- Replace five (5) walk behind scrubbers.
- Replace one (1) overhead maintenance truck.

- Replace three (3) heavy duty crew trucks.
- Replace five (5) police vehicles.
- Replace six (6) cutaway vans.
- Replace brush hog tractor.
- Replace three (3) Crew Cab pick-ups.
- Replace Unimog (used to re-rail LRVs after derailment).
- Replace one (1) revenue collection truck.
- Replace one (1) Back Hoe.
- Replace hy-rail dump.
- Replace two (2) stores delivery trucks.
- Replace six (6) tech support/IT vehicles.
- Replace hy-rail sewer truck.
- Replace two (2) fork lifts.
- Continue to reassign vehicles by mileage use.
- Continue to look for ways to improve efficiencies.

FY 2012 Key Performance Indicators

- Complete all scheduled repairs.

- Complete 90% of all unscheduled repairs.

Way

The Way Department is responsible for the inspection, maintenance, and repair of Port Authority rail systems, bus rights-of-way, and bridges. In FY 2009, Way Department assumed 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. Our 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 APTA.

FY 2011 Highlights

- Replaced 1,165 feet of rail replaced system-wide.
- Continued the project to add spiked rubber plates to all insulated joints and replace fouled ballast system wide.
- Continued the training and maintenance for the tamper.
- Completed a revision of the track standards manual by having Zeta Tech analyze and correct current manual.
- Overhauled the track inspection schedule to improve efficiencies and to lower the need for overtime.

- Aligned all supervisor pass days to match up with their crew's pass days, and reduced the need for supervisor overtime for certain jobs if a supervisor is already on the property.
- Replaced the walkways and curbs at South Hills Junction.
- Replaced and repaired concrete slabs both inside and outside the bus garages, installed security fencing and bollards, and performed pre-winter maintenance on catch basin and busway crack sealing.
- Installed and replaced security fencing around West Mifflin Garage.
- Installed security bollards at OCC.
- Implemented a new plan for winter equipment readiness.

FY 2012 Goals and Objectives

- Surface Overbrook line and Library line.
- Continue to insert rubber plates on all insulated joint ties system wide.
- Continue fouled ballast replacement.
- Start new annual switch inspection using new form that is more comprehensive.
- Start frog welding training.
- Start switch inspection training.

FY 2012 Key Performance Indicators

- Complete 100% of all rail inspections.
- Complete Rail replacement and maintenance projects within budget and schedule.

- Complete 100% of all preventive maintenance work orders.
- Implement work plan and schedule system by the end of the fiscal year

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, the management and inspection of Port Authority's bridge infrastructure, and environmental compliance coordination.

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 2011 Highlights

Capital Programs

- Harmar Stormwater and Paving

This project involved separating the building floor drains from storm water conveyance systems and rerouting to sanitary sewer systems. The building roof drains were also rerouted to bypass the storm water treatment system. Additionally, all perimeter roads and bus storage area pavement was resurfaced with full-depth asphalt reconstruction. Construction of this project was completed in fiscal year 2011.

- East Busway Rehabilitation

This project rehabilitated approximately seven miles of the East Busway from Grant St. to Wilkinsburg Station. The project included 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 was cracked and sealed, and overlaid with bituminous Superpave pavement. Construction of this project was completed in fiscal year 2011.

- Roof Replacements at South Hills Village and South Hills Junction

This project replaced approximately 145,000 square 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. Construction of this project was completed in 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 construction started in fiscal year 2011 and will be completed in fiscal year 2012.

- Wheel Axle Press

The project is replacing the LRV wheel axle press at the South Hills Village Rail Maintenance facility. Fabrication of the new press started in fiscal year 2011 and will be installed in fiscal year 2012.

- Microwave System Replacement and Upgrade

The project is replacing the digital microwave system which provides the communications link for all of Port Authority bus, road operations and police radio traffic. Replacement started in fiscal year 2011 and will be completed in the first quarter of fiscal year 2012.

- Mt. Lebanon Rail Replacement

This project replaced approximately 13,000 linear feet of rail and associated components in the Mt. Lebanon Tunnel. Construction of this project was completed 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. Construction of this project was completed in fiscal year 2011.

- Rail Grinding

Obtained a professional services firm to perform optical rail measurement and make recommendations for rail grinding. Optical rail measurements were completed in fiscal year 2011. Specifications for the rail grinding implementation will be completed, project will be bid and grinding will start in fiscal year 2012.

- 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.

- 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 started in fiscal year 2011. Design will be completed, project will be bid and construction will commence in fiscal year 2012.

- Busway Radio System Replacement Project

This project will replace the existing bus radio system with FCC-compliant narrow band equipment. The design was completed in fiscal year 2011. The project will be bid and installation will commence in fiscal year 2012.

- South Hills Village Wash Rack Replacement

This project will replace the existing wash system at the South Hills Village Rail Center. The design was completed and project was bid in fiscal year 2011. Construction will be completed by first quarter of fiscal year 2012.

- Maintenance Work Order System

This project will implement a new maintenance work order system to schedule, measure and track maintenance activities. The business process design and system requirements were developed in fiscal year 2011. The Request for Proposal (RFP) will be advertised, software vendor will be selected and software development design will commence in fiscal year 2012.

- 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 were developed and the Request for Proposal (RFP) was drafted in fiscal year 2011. The RFP will be advertised and audit firm selected in fiscal year 2012.

- East Liberty Roof and Exhaust Fan Replacement

This project will replace the roof and exhaust fans at the East Liberty Garage. The

design started in fiscal year 2011. The design will be completed, project will be bid and construction will commence in fiscal year 2012.

Technical Support

- Completed the necessary testing of Authority wide fire alarm, fire detection and suppression systems.
- Continued the process of scanning all full size as-built drawings on file in the South Hills Junction plans vault.
- 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.

Environmental Compliance

- Environmental Management System

Port Authority was selected along with nine (9) other transit agencies from across the United States to participate in the Federal Transit Administration's Environmental and Sustainability Management System (ESMS) training and development program following the ISO 14000 standards. The program was at the midpoint by the end of the fiscal year.

As an ESMS outreach activity to the regulatory, held a PA Department of Environmental Protection (DEP) corrosion protection inspection and testing class at the Ross Division.

- Environmental Services Contracts

Administered 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 RFB10-021 - Cleaning of Oil/Water Separators;

Contract RFB4008R – Periodic Tank Cleaning/Tank Monitoring Services;

Agreement 06-09 - Environmental Contract Services.

- Wastewater Management

Completed upgrades to the wastewater treatment system at the South Hills Village Rail Center to negate overflow condition of current oil interceptor and to remove the associated waste oil holding tank.

- Developed and implemented a Wet Weather Wastewater Storage Plan at the Manchester Shop to hold wastewater during rain events. This decreases the load on the ALCOSAN treatment system and prevents untreated discharge to the rivers.

- Completed and submitted ALCOSAN permit renewal applications and commented on proposed permits for the wastewater discharges from the Collier, East Liberty, Manchester, Ross, S. H. Junction, S. H. Village and West Mifflin facilities.

- Secured a renewed permit with the Allegheny Valley Joint Sewer Authority (AVJSA) for the wastewater discharges from the Harmar Garage.

- Provided environmental support to the Paint Booth Replacement and Wastewater Treatment Upgrades project underway at the Manchester Shop. These upgrades will address the oil and grease and pH exceeding of the ALCOSAN industrial wastewater permit limits.
- Coordinated with the Way & Facilities Departments and the operating locations in implementing best management practices (BMPs) for stormwater runoff at each of Port Authority's major operating facilities.
- Conducted facility inspections with ALCOSAN of the seven Port Authority facilities with industrial wastewater discharge permits. All facilities met the requirements of their wastewater discharge permit.

- 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.

- Storage Tank Management

Completed operations inspections by a DEP certified inspection company of the 30 Underground Storage Tanks (USTs) located at the East Liberty, Harmar, Manchester, South Hills Junction and West Mifflin facilities, as required by the DEP storage tank regulations.

- Updated the Storage Tank Release Detection Monitoring and Response Procedure to

include recently revised DEP storage tank regulatory requirements.

- Waste Management

Provided for the removal and recycling/disposal of 250 drums of various hazardous and non-hazardous wastes generated by each operating division on a non-routine basis. Removed over 50 various containers for recycling/disposal of various hazardous and non-hazardous wastes generated through the cleanup of the Harmar Bus Garage for closure.

- North Shore Connector

Provided environmental permitting support to the NSC project. Obtained an extension to the DEP Stream Encroachment and Obstruction permit for the project and submitted the final annual SMCR wastewater monitoring report to ALCOSAN for the project.

FY 2012 Goals and Objectives

Capital Programs

- Manchester Paint Booth Replacement

Complete construction in fiscal year 2012.

- Wheel Axle Press

Install new wheel axle press by the third quarter of fiscal year 2012.

- Microwave System Replacement and Upgrade

Complete installation by the first quarter of fiscal year 2012.

- Rail Grinding

Complete specifications for the rail grinding implementation, bid project and start grinding in fiscal year 2012.

- LRV Procurement and Rehabilitation Project

Continue working with CAF to address open engineering issues and proceed toward contract close-out.

- Repair of CBD Tunnel Zones 2, 6 & 9 Dry Standpipe

Complete design, bid project and commence construction will commence in fiscal year 2012.

- Busway Radio System Replacement Project

Bid project and start installation in fiscal year 2012.

- South Hills Village Wash Rack Replacement

Complete construction by first quarter of fiscal year 2012.

- Maintenance Work Order System

Advertise RFP, select software vendor and commence software design in fiscal year 2012.

- Energy Audit

Advertise RFP and select audit firm in fiscal year 2012.

- East Liberty Roof and Exhaust Fan Replacement

Complete the design, bid project and start construction in fiscal year 2012.

- Manchester Renovations

This project will demolish the top 3 floors of the office tower and rehabilitate the shop ceiling, parking deck and roof drainage system at the Manchester Main Shop. The design will be completed in fiscal year 2012.

- East Liberty and Collier 3-Post Lifts

This project will add new 3-post lifts, one each at East Liberty and Collier Bus Garages. The design will be completed, project will be bid and construction will commence in fiscal year 2012.

- Mt Washington Tunnel Fan Replacement

This project will replace eleven existing ventilation fans and upgrade the fan control center in the Mt. Washington Tunnel. The design will be completed, project will be bid and construction will commence in fiscal year 2012.

- Automatic Trip Stop System

This project will replace existing carborne and wayside automatic trip stop equipment on the light rail vehicles. The design will be completed and project will be advertised for bid in fiscal year 2012.

- Mt. Lebanon Tunnel Repairs

This project will replace four (4) existing ventilation fans with new variable speed fans, fix tunnel drainage system and mitigate water leaking from tunnel ceiling. The design will be completed and project will be advertised for bid in fiscal year 2012.

- Edgebrook Bridge Rehabilitation

This project will rehabilitate this structurally deficient bridge carrying the South Busway over Edgebrook Avenue. The design will be completed in fiscal year 2012.

- Stage 1 Substation Bus Duct Replacement

This project will replace substation bus ducts at five Stage 1 light rail system substations. The design will be completed and project will be advertised for bid in fiscal year 2012.

- Collier Garage Fire Protection System

This project will install a new fire sprinkler system in the Collier Garage. The design will be completed in fiscal year 2012.

- 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 (2) years), radio towers (every six (6) years), retaining walls (as needed) and inclines (every four (4) years).

- **Automated Fare Collection System**

This project will provide for a new automated fare collection system for the Authority. The project includes fare boxes, ticket vending machines, validators, vaults and all required computer software and hardware. Activities for Fiscal Year 2012 will include the completion of the installation of the new Fare Boxes on all Light Rail Vehicles. The necessary site work for the ticket vending machines and the installation of the machines as well as the launch of various smart card products will be completed throughout the fiscal year.

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.

Environmental Compliance

- Environmental Management System

Complete the Federal Transit Administration's Environmental and Sustainability Management System (ESMS) training. Develop and implement the ESMS program within Port Authority.

Update the Preparedness, Prevention and Contingency (PPC) Plans for each Port Authority operating facility. These plans are required by manufacturing or commercial installations that have the potential for causing accidental pollution of air, land or water or endangerment of public health and safety.

- Wastewater Management

Secure renewed ALCOSAN permits for the wastewater discharges from the Collier, East Liberty, Manchester, Ross, S. H. Junction, S. H. Village and West Mifflin facilities.

- Complete wastewater treatment upgrades to the large parts washing and spray cleaning operations discharges at the Manchester Shop that are the cause of oil and grease and pH exceeding the ALCOSAN industrial wastewater permit limits.

- Storage Tank Management

Complete operations inspections by a DEP certified inspection company of the seven (7) USTs located at the Ross Division, as required by the DEP storage tank regulations.

- Complete 3rd party independent training for Storage Tank Release Detection

Monitoring and Response as required under the recently revised DEP storage tank regulations and provide training to the locations on the revised procedures.

- Complete cathodic protection upgrades by a DEP certified corrosion installation firm on the East Liberty and Ross Division diesel USTs to meet the regulatory requirements for corrosion protection of tanks imposed by the United States Environmental Protection Agency (EPA) and the DEP.
- Waste Management

Continue implementing the Source Reduction Strategies (SRS) for Port Authority's facilities that are large quantity generators of hazardous waste with the goal of reclassifying the locations as small-quantity generators.

FY 2012 Key Performance Indicators

- Number of projects completed on time and within budget.
- Time to complete PA One Call tickets.
- Time to complete derailment reports.
- Timely completion of all bridge inspections.
- Timely completion of all environmental inspections and permits.
- Completion of FTA's ESMS Program.

Project Controls

FY 2011 Highlights

- Began tracking force account costs and preparing force account plans to support capital projects.
- Continued overseeing trash, landscaping, and snow removal contracts at Park and Ride lots.
- Assisted in the development, and implementation of the Authority's Key Performance Indicator (KPI) Report.
- Assisted in the preparation of the National Transit Database report.
- Prepared the semi-annual Disadvantaged Business Enterprise (DBE) Summary Report.
- Assisted Operations directors and managers in developing their annual operating and capital budgets.
- Provided support in developing third party agreements and work authorizations.

FY 2012 Goals and Objectives

- Collaborate with IT, Payroll, and Finance to develop an open position / absence report.
- Monitor the KPI Report to ensure accuracy of the information of being reported.
- Assist in developing a new Project Management handbook.
- 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.

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 2011 Highlights

- Completed development of daily lesson plans for the Signal, Radio Repairman, and Wireman MAP job classification training programs.
- Completed training for thirteen (13) Maintenance Apprentice Program (MAP) apprentices. Training included both formal classroom and on-the-job elements and totaled over 15,000 hours. The classifications in which apprentices received diplomas included Wireman, Substation Maintainer, HVAC Repair, HVAC Technician, Signalperson, Tech “B”, and Shop Mechanics.
- Rail Maintenance Training assumed the role of Management Coordinator for the Keystone partnership as of September 2010. In the subsequent 10 months, Rail training helped coordinate welding, hydraulic, pneumatic, small engine repair, and upholstery sewing classes for Port Authority hourly personnel.

FY 2012 Goals and Objectives

- Coordinate and track North Shore Connector (NSC) maintenance and familiarization training for all necessary Port Authority personnel.
- Develop scheduled preventive maintenance procedures for the new fare boxes.
- Incorporate NSC maintenance and repair procedures into current MAP training curriculum.
- Assist in the purchase and implementation of the new Maintenance Work Order System.

- Maintain an above 90% approval rating by students who attend formal MAP classroom training.

FY 2011 Key Performance Indicators

- Written preventive maintenance procedures for the new fare collection system.
- Attendance rosters and training schedule for the North Shore Connector and Maintenance Work Order System.
- Daily lesson plans for each MAP job classification affected by the North Shore Connector.
- 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 2011 Highlights

- The project reached 94% completion level.
- The NSC-003/006 work was completed, all issues were resolved with the contractor and the final contract amount resulted in a credit.
- The NSC-004R Contract, the Gateway Station Shell Contract, was completed and turned over to the NSC-009 Systems Contractor.

- Track installation was completed for the entire length of the project.
- The traction power substation was delivered and is supplying power to the North Side Station.
- Substantial progress was made by the finishes contractors in all three stations. The estimated completion levels were: North Side – 98%, Allegheny – 87%, and Gateway - 72%.
- Construction Change Order continued to be managed proactively with limited overall cost changes to less than 2%. This has allowed a \$ 5.5 million dollar reduction in the budget for the program in addition to the previous \$10 million dollar reduction.

FY 2012 Goals and Objectives

- Complete the construction of the NSC-009 Contract to allow vehicle testing in December 2011.
- Complete the construction of the Gateway Station Finishes construction by mid-November 2011.

FY 2012 Key Performance Indicators

- Begin revenue operations by the end of March 2012.
- Continue to manage cumulative construction contract changes to 2% or less of the original contract value.
- Settle any contractor issues without litigation.

FINANCE DIVISION

Overview

The Finance Division at the Port Authority is responsible for all financial, accounting, treasury, reporting and procurement related functions. In addition, 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 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 2011 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 2012 are 13.8% above the FY 2011 projected totals. This is primarily due to increases within the categories of Interest Expense and Software License & Support expense.

Figure 4.4
Port Authority of Allegheny County
FINANCE DIVISION

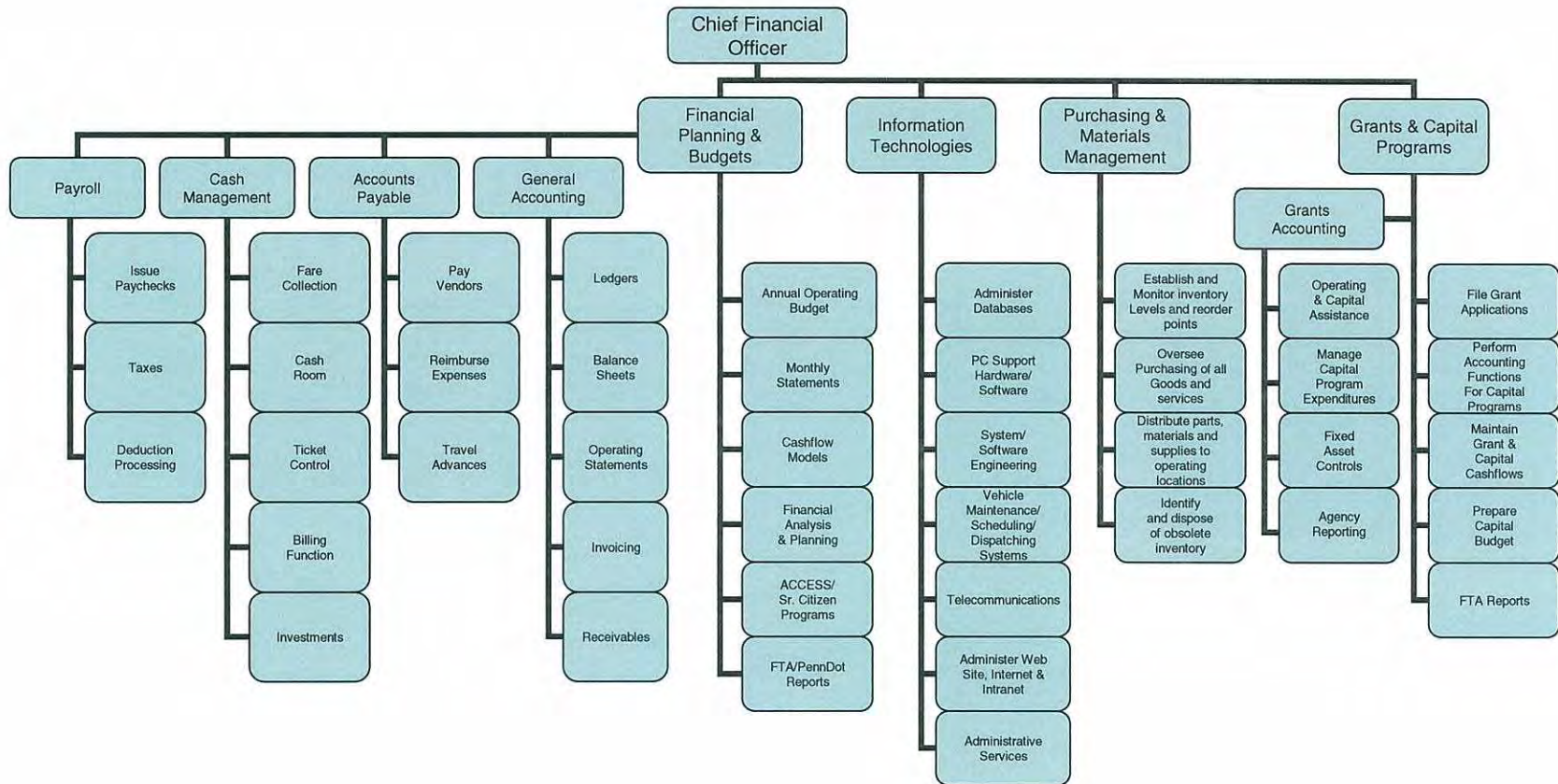
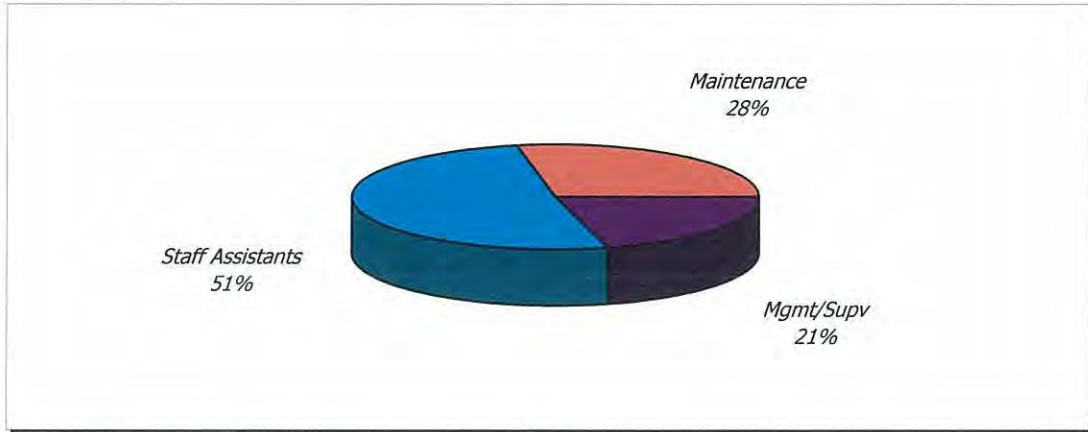


TABLE 4.4a

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

Fiscal Year 2012 Budget



Personnel Summary (No. of Employees)

	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>
Exec & General - Finance	2	2	2
Materials	42	40	40
Claims & Workers' Compensation *	14	-	-
Accounting	15	13	15
Treasury Operations	21	16	19
Financial Planning & Budgets	4	4	4
Grants Accounting	3	2	3
Procurement	19	16	18
IT System Development	12	11	13
IT Infrastructure & Support	9	10	12
Grants and Capital Programs	3	3	3
Administrative Services	8	8	8
Total Personnel	<u>152</u>	<u>125</u>	<u>137</u>

* Moved to Legal and Corporate Services

TABLE 4.4b

Port Authority of Allegheny County
FINANCE DIVISION

Expense by Department

Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Exec. & General - Finance	199,613	186,354	185,380	-0.5%
<u>Claims & Workers' Compensation</u>	2,184,142	-	-	
Accounting	793,726	766,728	840,125	9.6%
Treasury Operations	947,315	821,736	894,726	8.9%
Financial Planning & Budgets	252,861	246,901	228,616	-7.4%
Grants Accounting	1,758	20,236	3,080	-84.8%
Materials	2,613,948	2,888,070	2,797,112	-3.1%
IT System Development/Infrastructure	2,549,419	2,498,610	3,576,574	43.1%
<u>Automatic Fare Collection System</u>	121,341	-	-	
Administrative Services & Technical Specs.	635,001	676,266	814,648	20.5%
Grants and Capital Programs	15,470	21,141	5,580	-73.6%
Procurement	1,098,413	1,031,513	1,078,562	4.6%
General & Administration	14,189,197	(36,066,048)	(18,162,390)	-49.6%
Total Net Expense	<u>25,602,205</u>	<u>(26,908,493)</u>	<u>(7,737,987)</u>	<u>-71.2%</u>

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

Expense by Category

Expense Summary (Total Expense)*

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Salaries & Wages	8,304,945	7,509,341	7,831,197	4.3%
Employee Benefits	13,861,531	12,198,557	11,828,193	-3.0%
Purchased Services	1,269,881	259,960	693,117	166.6%
Prov for Inj & Damages	1,283,029	1,239,203	1,295,158	4.5%
Materials & Supplies	113,980	257,166	233,302	-9.3%
Utilities	769,911	761,931	840,000	10.2%
Interest Expense	9,105,731	(2,747,232)	284,000	100.0%
ACCESS	23,955,544	25,411,343	26,244,700	3.3%
Other Expenses	2,107,863	1,104,109	1,839,121	66.6%
Transfers & Capitalizations	(35,170,210)	(72,902,871)	(58,826,775)	-19.3%
Total Net Expense**	<u>25,602,205</u>	<u>(26,908,493)</u>	<u>(7,737,987)</u>	<u>-71.2%</u>

***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 4.4c*Port Authority of Allegheny County***FINANCE DIVISION***Expense by Department***Expense Summary (Functional Group)**

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Exec. & General - Finance	199,613	186,354	185,380	-0.5%
<u>Claims & Workers' Compensation</u>	<u>2,184,142</u>	<u>-</u>	<u>-</u>	
Accounting	793,726	766,728	840,125	9.6%
Treasury Operations	947,315	821,736	894,726	8.9%
Financial Planning & Budgets	252,861	246,901	228,616	-7.4%
Grants Accounting	1,758	20,236	3,080	-84.8%
Materials	2,613,948	2,888,070	2,797,112	-3.1%
IT System Development/Infrastructure	2,549,419	2,498,610	3,576,574	43.1%
<u>Automatic Fare Collection System</u>	<u>121,341</u>	<u>-</u>	<u>-</u>	
Administrative Services & Technical Specs.	635,001	676,266	814,648	20.5%
Grants and Capital Programs	15,470	21,141	5,580	-73.6%
Procurement	1,098,413	1,031,513	1,078,562	4.6%
	<u>11,413,007</u>	<u>9,157,554</u>	<u>10,424,403</u>	<u>13.8%</u>

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

*Expense by Category***Expense Summary (Functional Group)**

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Salaries & Wages	8,304,945	7,509,341	7,806,197	4.0%
Employee Benefits	1,042,677	283,387	305,706	7.9%
Purchased Services	1,231,681	201,116	579,117	188.0%
Prov for Inj & Damages	6,876			#DIV/0!
Materials & Supplies	68,261	219,898	208,302	-5.3%
Utilities	769,911	761,931	840,000	10.2%
Other Expenses	381,140	523,384	1,098,981	110.0%
Transfers & Capitalizations	(392,484)	(341,504)	(413,900)	21.2%
	<u>11,413,007</u>	<u>9,157,554</u>	<u>10,424,403</u>	<u>13.8%</u>

TABLE 4.4d**Port Authority of Allegheny County
FINANCE DIVISION***Expense by Department***Expense Summary (General & Admin. Group)**

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
General Admin. Expense	14,189,197	(36,066,048)	(18,162,390)	-49.6%
	14,189,197	(36,066,048)	(18,162,390)	-49.6%

*Expense by Category***Expense Summary (General & Admin. Group)**

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Salaries & Wages	-	-	25,000	
Employee Benefits	12,818,854	11,915,170	11,522,487	-3.3%
Purchased Services	38,200	58,844	114,000	93.7%
Materials & Supplies	45,719	37,268	25,000	-32.9%
Interest Expense	9,105,731	(2,747,232)	284,000	100.0%
Prov for Inj and Damages	1,276,153	1,239,203	1,295,158	4.5%
ACCESS	23,955,544	25,411,343	26,244,700	3.3%
Other Expenses	1,726,724	580,725	740,140	27.5%
Transfers & Capitalizations	(34,777,726)	(72,561,367)	(58,412,875)	-19.5%
	14,189,197	(36,066,048)	(18,162,390)	-49.6%

FINANCE DIVISION

Purchasing and Materials

FY 2011 Highlights

- Increased firms registered in Port Authority's electronic purchasing ebusiness system by 22.8%. The Authority currently has over 2,800 bidders registered in the system for competitive bids.
- 100% of solicitations for professional services were completed through ebusiness process.
- Utilized ebusiness database to invite bidders for construction contracts through MicroSoft Outlook email, thereby saving costs related to printing and mailing of ad.
- Administered approximately ninety-five (95) 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.
- Administered eighteen (18) construction contracts in respect to advertisement, solicitation, work orders, potential change orders, change orders, invoices, contract close out and monitoring of contract compliance.
- Completed the FY 2011 Physical Inventory and recorded 96.8 % accuracy.
- Developed and implemented auto update/edit feature that eliminated the need to manually update the replenishment requisition process in the PeopleSoft system. This has greatly reduced user error and increased efficiency with the daily replenishment process.
- Created and developed a proposal and implemented a plan for the removal of all inventory and supply items from the Harmar Garage location. Project was completed successfully in advance of the scheduled completion date.
- The contract bidding process awarded and executed approximately fifty-six (56) Request for Bids (over \$100,000) at an estimated value of \$31,693,915.

- The contract bidding process awarded and executed approximately thirty-seven (37) Request for Quotes (under \$100,000) at an estimated value of \$1,522,622.
- The Purchasing Department was also able to execute four (4) piggy-back purchases in the estimated amount of \$8,590,412.

FY 2012 Goals and Objectives

- Increase the number of potential bidders registered on the Port Authority's ebusiness website by 5%.
- Maintain and update purchasing administration manuals for construction and professional services and adjust procedures, as necessary, to be in compliance with Port Authority policies and procedures, as well as any changed state and federal regulations.
- Increase the number of bidders participating in the Authority's bids by one bidder per bid event.
- Reduce the lag time between contract award and agreements by 30 days.
- Implement e-Procurement into the organization. This will allow the elimination of "non-stock" buyers and the creation of a requisition based ordering system.
- Implement "punch-out" capabilities to allow for end users to purchase selected items from vendor's web-sites such as Grainger, Fastenal, and MSC. This process would allow users to choose only approved items for purchase. A requisition will be created in PeopleSoft which would require approval. Once approved a purchase order will be generated and automatically sent to the vendor.
- Reduce overall inventory by 8%.

Financial Planning and Budgets

FY 2011 Highlights

- Consolidated the Payroll, Treasury, Operating Accounting and Accounts Payable functions under the Director of Financial Planning and Budgets.
- Staff was instrumental in preparing three separate FY 2011 Operating Budgets that were approved by the Board of Directors throughout the year due to funding shortfalls.
- Completed 2011 Cost Allocation Plan.
- Assisted the Marketing Department by developing a Customer Service Staffing model for use with SmartCard implementation.
- Staff participated in the Federal Transportation Administration's (FTA) Financial Management Oversight (FMO) by providing information regarding the Cost Allocation Plan and Preventive Maintenance invoicing procedures.
- Completed yield analysis related to the January 2011 fare increase.
- Successfully completed the FY 2010 National Transit Database filing with the Federal Transit Administration.
- Submitted Port Authority's FY 2012 Operating Budget request as well as quarterly and year-end legacy financial results for FY 2011 using the Commonwealth of Pennsylvania's DOT Grant System.
- Participated in Request for Proposals for Auditing, Healthcare Consulting, Bond Underwriting, Bus Procurement and Marketing.
- Worked on preliminary analysis of cash management costs in order to determine the feasibility of using a third party for cash collections.
- Continued to verify personnel requests in relation to the FY 2011 budget.

- Established and conducted budget review meetings with Operations Division managers to aid in the establishment of the FY 2012 Operating Budget.
- Staff attended training seminar on new fare model developed by TranSystems Inc.
- Staff attended several webinars on NTD reporting changes.
- Researched the strategic advantages/disadvantages to implementing the PeopleSoft budgeting module.
- Developed Financial Management Training Program for new and existing management in regard to the utilization of financial reports and variance analysis.

FY 2012 Goals and Objectives

- Complete an analysis of Port Authority's utility accounts, meter locations, and billing process.
- Implement a Utility System map that could be utilized company-wide.
- Continue to assist on the AFCS project by developing a financial reporting structure that integrates well with current Peoplesoft financial system.
- Develop a procedure for monitoring system-wide overtime.
- Successfully contract out the cash collection and processing function.
- Oversee the procurement process for installing a Time and Attendance system.
- Complete the FY 2011 NTD report in a timely fashion with minimal issues.

FY 2011 Key Performance Indicators

	<u>FY2012</u>	<u>FY2011</u>	<u>FY2010</u>
Number of Budget Journals Processed	270	290	N/A
Job Authorization Forms Processed	25	28	N/A
Actual to Budget Revenue Variance	1.0%	0.43%	N/A
Actual to Budget Expense Variance	1.0%	-1.12%	N/A

Operating Accounting**FY 2011 Highlights**

- Accounts Receivable Collections

Improved the current Customer Conversation process by creating standard naming conventions, procedures for closing out conversations and creating new reports to aid in reviewing customer issues

- Bank Reconciliation of PNC Operating Account

Improved the Revenue Bank Reconciliation process to be more efficient and completed on a timely manner. This has been completed by automating processes and creating new streamlined procedures.

- Daily Activity Process

Improved the journal entry process by recording all bank activity into the general ledger daily. This information assists in identifying issues and making any necessary adjustments immediately.

FY 2012 Goals and Objectives

- Work closely with the Automated Fare Collection System (AFCS) development team to insure financial reporting procedures are in place when system is operational.
- Successfully integrate additional Billing Clerks that will transfer from the Cash Management Department.
- Successfully hire, train and integrate new Accounts Payable Clerks into the Accounts Payable area.
- Improve the Accounts Receivable process by tracking and categorizing all payments by check.

Payroll

FY 2011 Highlights

- The Payroll Department met with the Financial Planning Department to review the time and labor set-up as it pertains to the charging of salary expense to the correct departments. Fixes were identified and subsequently implemented with the proper set-up changes being made to the time and labor modules.
- The Payroll Manager arranged a meeting with sales representatives from Empower for them to demonstrate their time and attendance product to members of management and the IT Department.

- The Payroll Manager and the Assistant Payroll Manager interviewed the final four candidates for the Accounting Assistant/Payroll Specialist position. A candidate was selected and started in February 2011. Her training/probation period was successful and she is now a productive member of the department. In addition, she trained one day per week in the Accounts Payable Department to enable the position to serve as a back-up as needed.

FY 2012 Goals and Objectives

- Successfully hire and train a new employee who will learn both Payroll and Operating Accounting processes and provide back-up in these areas when needed.
- Meet the new requirement of Act 32 which requires a new methodology for withholding and paying local taxes.

FY 2011 Key Performance Indicators

The following are productivity measures and goals for the departments in the Accounting group.

Accounts Payable

	<u>Goal</u> <u>FY 2012</u>	<u>Actual</u> <u>FY 2011</u>	<u>Goal</u> <u>FY 2011</u>	<u>Actual</u> <u>FY 2010</u>
Avg # of vouchers processed per month	3,300	3,317	5,000	4,240
Vouchers processed per year	40,000	39,808	60,000	50,881
Avg # Checks per Month	1,300	1,324	1,350	1,378
Avg automated vouchers per month	300	297	800	273
Discounts earned	\$100,000	\$95,947	\$195,000	\$184,927
Discounts Lost	0	\$143	\$3,000	\$6,453
# of EFT vendors	65	53	65	44

Accounts Receivable/Operating Accounting

	<u>Goal</u> <u>FY 2012</u>	<u>Actual</u> <u>FY 2011</u>	<u>Goal</u> <u>FY 2011</u>	<u>Actual</u> <u>FY 2010</u>	<u>Goal</u> <u>FY 2010</u>
# of outstanding accounts-A/R	300	309	325	351	350
% of A/R balance that is current	85%	91%	80%	82%	80%

Payroll

	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2010</u>
# Pay checks per month	5,312	5,569	5,890	5,842	5,890
# pay checks per year	63,744	67,913	70,680	70,105	70,680
# of off-cycle checks	300	345	300	340	436
Cost per Pay check	\$4.00	\$4.49	\$4.00	\$4.04	\$4.15
% of off-cycle checks vs. # of transactions	0.50%	0.51%	0.50%	0.48%	0.62%

Treasury

	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2010</u>
Cost per \$1,000 processed	\$33.00	\$33.55	\$36.00	\$37.23	\$38.00
% OT of Total Wages	0.75%	0.77%	0.75%	2.1%	0.75%
% Temp help vs. total labor costs (excl. fringes)	2.0%	2.6%	2.0%	3.3%	0.5%

Grants and Capital Programs Department; Grants Accounting Department

FY 2011 Highlights

- Continued Capital Planning Committee meetings, which included quarterly review of Project Status Reports (PSRs), review and approval of various interim capital requests, and capital budgeting planning for the FY 2012 & FY 2013 Capital Improvement Program (CIP).
- Developed and coordinated a two year Capital Improvement Program (CIP) for approval by the Board for FY 2012 & FY 2013.
- Updated 4 and 12 year CIP, and also developed a long range 20 year CIP.
- Continued working through the following capital funding challenges: County funding request vs. proposal, State ACT 44 without I-80 tolls – Review of the governor’s Transportation Funding Advisory Committee, Federal Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU) Reauthorization and Section 5309 New Rail Modernization Proposals.
- Finalized and received the final federal funding for the North Shore Connector Project.
- Continued the Regional Automated Fare Collection Project and received additional state technical assistance funding to support the project.
- Successfully compiled information and coordinated various Federal Transit Reviews/ audits throughout the year including: Improper Payments Information Act (IPIA), Office of Inspector General (OIG) ARRA IPIA, Procurement System Review (PSR) and Financial Management Oversight (FMO).
- Continued to prepared and submit quarterly American Recovery and Reinvestment Act (ARRA) reports to Federal Transit Administration 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 PMOC meetings.
- Appropriated funding and monitored the progress of Board adopted Capital Improvement Programs (CIP) for previous fiscal years to ensure that projects did not exceed approved funding amounts.
- Continued to prioritize and close-out older federal and state grants.
- Successfully produced the monthly consolidated Income Statement and Balance Sheet.

FY 2012 Goals and Objectives

- Apply and appropriate the funds and monitor the progress of the Board adopted FY 2012 Capital Improvement Program (CIP).
- Attend Triennial Training; coordinate and compile all necessary information needed for the FY 2012 FTA Triennial Review.
- Continue to monitor the progress of all existing capital improvement projects with the Capital Planning Committee utilizing the redesigned Project Status Reports (PSRs) on a quarterly basis. Also, prepare and distribute the PSRs on a monthly basis.
- Refine and update both the 4 and 12 year CIP and the long range 20 year CIP.
- Develop the 2013-2016 Transportation Improvement Program (TIP), including being an alternate on the Congestion Mitigation Air Quality (CMAQ) Selection Committee.
- Commence a multiyear financing plan for the FY 2012 and FY 2013 Bus Procurement projects.
- Continue working through and monitor 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.

Perform projections based upon the results of the governor's Transportation Funding Advisory Committee report and any eventual proposed legislation.

- Close-out all ARRA grants and submit all final ARRA reports.
- Continue to perform on-going departmental functions/duties as outlined below in FY 2012 Key Performance Indicators.
- Continue to train/develop department personnel on inter departmental functions/duties.
- Close-out older federal (3) and state grants (3) as requested at the FTA PMOC quarterly meetings.
- Identify and correct errors within the grant trial balances by holding monthly review meetings with the entire grants department.
- Produce a consolidated income statement and balance sheet on a monthly basis.
- Reconcile all capital cash balances for all capital funds, and compare federal funds received to disbursements within TEAM.
- Compile and submit all necessary capital information for the Authority's annual independent single audit.
- Conduct the Authority's biennial inventory of Revenue Vehicles.
- Coordinate, compile and submit FTA quarterly narrative reports and federal financial reports.
- Perform grant cash account clean-up, and the trial balance consolidation of "old" grants.

FY 2012 Key Performance Indicators

- Track number of grants administered throughout fiscal year in order to minimize outstanding grants and keep track of monetary restrictions.

- Monitor the time between grants completed and closed in order to establish time duration needed to accumulate the local match, not to exceed 1 year.
- Monitor progress of existing capital improvement projects for both deliverables and milestones as listed within each department's PSRs.
- **Grant Applications**
 - Complete C & A (Certification and Assurance) within 90 days after Federal Register – due December 31st.
 - Submit complete grant applications for all program funds requiring Department of Labor (DOL) Certification:
 - Federal (by July 15th):
 - Section 5309 Fixed Guideway Modernization Program Funds
 - Section 5307 Urbanized Area Formula Program (Block Grant)
 - Section 5307 Federal Flex – STP Funds
 - Section 5309 Bus and Bus Related Facilities Funds (Discretionary Grants)
 - State Capital Bond Funds Application (by October 31st)
 - County Requisition (by August 31st).
- **Monthly Reporting**
 - Distribute North Shore Connector Monthly Costs Report within 2 business days after month end;
 - Update and distribute quarterly Project Status Reports (PSRs) within 30 days of month end being reported;
 - Compile and submit FTA quarterly narrative reports and federal financial reports to FTA and PennDOT within 30 days of quarter end.



- Produce the monthly consolidated income statement and balance sheet within 8 business days of month end.
- **On going tasks**
 - Prepare coding sheets for all capital projects with 90% accuracy;
 - Maintain PeopleSoft system for commitment control and project costing as needed;
 - Submit Grant revisions to Grants Accounting department within 3 days after being identified;
- **Annual**
 - Finalize write-ups for Budget Book by August 15th to incorporate final Capital Budget approved at June Board Meeting.
 - Finalize the Authority's biennial inventory of Revenue Vehicles by September 30.
- **Grants Management**
 - Continually review, monitor and close out five old grants by June 30.
 - Continue quarterly presentations of grant close outs to FTA.
 - Complete clean-up of all capital accounts by fiscal year end.
- **Capital Budget**
 - Meet with Capital Planning Committee from January – June to present, rank and recommend Capital Budget for final approval by Board at the June Meeting.
 - Monitor the progress of existing capital improvement projects quarterly with the Capital Planning Committee utilizing the redesigned Project Status Reports (PSRs).
- **North Shore Connector ARRA Reporting**

- Prepare and submit quarterly 1512c reports to FTA by the 10th of the month following a quarter end.
- Prepare and submit monthly BPT reports to PennDOT by the 5th of the current month for previous month..
- Close-out of both ARRA grants by September 30.

Information Technology

Architecture Development

FY 2011 Highlights

- Completely rebuilt www.portauthority.org. Implementation is scheduled for summer of 2011. This includes a new, graphical, Trip Planner using Google maps for route visualization and quick Next Bus timetable lookups.
- The new www.portauthority.org website will now also work on mobile devices.
- Implemented all IT related tasks to support the implementation of the new Transit Development Plan (TDP).
- Implemented the Hastus GEO module.
- Created a new, more manageable, PATO reporting system based on Hastus. This replaces an old Access-based system.
- Automated the data processing of nearly all KPI data into the data warehouse. Added new KPIs and refined existing KPIs based on management requests.
- Implemented the University Pass Scheidt & Bachman interface with the University of Pittsburgh.

FY 2012 Goals and Objectives

- Implement new IVR (Interactive Voice Response) system for Customer Service.
- Implement Scorecard/Dashboards using the data warehouse.
- Implement the Scheidt & Bachmann data warehouse and integrate it into the Port Authority data warehouse.
- Implement the Scheidt & Bachmann web portals.
- Implement interfaces between Port Authority legacy systems and the Scheidt & Bachmann system.
- Work with Customer Service to implement the Interactive Voice Response system.
- Implement SharePoint 2010 to replace the Port Authority intranet (ePort).
- Implement the newly designed www.portauthority.org website. This will also include a new Mobile version.
- Create a more integrated system for managing and distributing alerts within the Port Authority as well as to our customers.
- Select a vendor and begin implementation of a new Maintenance Work Order System.

FY 2012 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).

System Development

FY 2011 Highlights

- Completed Procurement Card rollout in eProcurement.
- Completed yearly Physical Inventory for main shop and all garages.
- Completed loading budget audit data into production.
- Completed automating accounts payable checking on account receivables.
- Completed 1099 process and sent file to IRS.
- Completed Accounts Payable/ General Ledger reconciliation project on the Operation side.
- Working on PeopleSoft eProcurement punch-out interface with Grainger's.
- Working to rollout eProcurement module in PeopleSoft.
- Working on archiving Accounts Payable Projects.
- Started the upgrade project on Aug 15, 2011 for the PeopleSoft HRMS modules: Version 8.8 to Version 9.1.
- Design and implement all changes for the new Defined Contribution Plan in PeopleSoft HR Benefits.
- Working on developing new reports for Operation and Payroll SQR reports in HR.
- Working on new program change with PennDOT.

FY 2012 Goals and Objectives

- Complete the rollout of e-Procurement Module.
- Complete PeopleSoft eProcurement punch-out interface with Grainger's.
- Complete Accounts Payable archiving project.
- Complete the upgrade project for the PeopleSoft HRMS modules: Version 8.8 to Version 9.1.
- Continue to maintain and support ebusiness applications in Procurement.
- On-going queries for Internal Audit, HR and Operations.
- Working on daily production issues in PeopleSoft Finance and HR.

FY 2012 Key Performance Indicators

- Available percentage of Production Servers.
- 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).

Administrative Services

FY 2011 Highlights

- Postage savings for FY2011 by using the bulk mailing presort software was \$5,141. Total cost of postage without presorting would have been \$9,895. Total cost of postage using presort was \$4,754.
- To protect confidential information that is being copied on or printed to the Xerox copiers, two (2) copies of the Image Overwrite Security Software were purchased for the Xerox Model WCP128 copiers in the Manchester Receiving Department and the Stores Department at SHJ, Bldg #4. This software was installed and enabled by the Service Technicians from Amcom (contracting Vendor for this contract). This software has been enabled on all the Port Authority Xerox 5655PT copiers located on the 3rd and 5th floors at the Heinz 57 Center location. Instructions were written and emailed to specific contacts at the other Port Authority locations to assist them with enabling this software on their Xerox 5638PT and Xerox 5655PT copiers. By activating this software, if the hard drive is removed for replacement purposes or when the copiers are removed by the Vendor at the end of the lease, no one will be able to extract any confidential data from these drives.
- Decreased Pool Cars from four (4) vehicles to two (2) vehicles due to low mileage and usage.

FY 2012 Goals and Objectives

- Request for Bid to replace hi-speed Copier for Port Authority's Printroom.
- Request for Bid for new convenience copier contract.
- Request for Bid for offsite storage contract.
- Perform a records inventory of all departments.
- Create a Records Retention Committee.
- Update the Records Retention Schedule.
- Purchase replacement of the microfiche reader in Administrative Services.

- Obtain approval from Procurement and purchase a specific model as the EDMS scanner replacements (completed).

FY 2012 Key Performance Indicators

- Provide procurement with job volume projections, and specifications for the hardware, software, training and testing for the RFB for the Docutech replacement prior to December 2011.
- Draft the specifications for the RFB for convenience copiers and select a vendor for the new contract to be effective July 1, 2012
- Draft the specifications for the RFB for offsite storage and select a vendor for the new contract to be effective December 1, 2011.
- Have all Records Custodians perform an inventory of existing records in their department. The inventory will provide a clearer picture of what can be deleted or added to the Records Retention Schedule. This initiative will be 50% completed by December 2011.
- Create a committee that is charged with reviewing and approving all retention schedules formulated by the Records Custodian and the Records Administrator. The committee will contain representatives from several departments. This will be completed by February 2012.
- Start reviewing the existing records retention schedule with Legal and Department Heads. Update and revise records that have been examined in regard to usage patterns, departmental needs, historic value and legal issues. This goal will be 35% complete by June 2012.
- Obtain approval from Procurement for purchase of replacement scanners and have on-site prior to September 2011.
- Submit documentation to Procurement to support the Model and Vendor for the Microfiche Reader replacement hardware/software by October 2011.

Infrastructure

FY 2011 Highlights

- Completed desktop provisioning environment.
- Upgraded CCTV back-end equipment at Pitt Tower.
- Completed roll-out of new flat screen LCD monitors.
- Began installation of North Shore Connector telephone and CCTV systems with existing architecture.
- Completed Network Area Storage (NAS) device for Port Authority Police Video.
- Completed Rail System Image backups to design and build a ghost server to hold updated software images of OCC Consoles and related OCC computer/server images.
- Completed Rail Time Server to design a Centralized Time Server so all computers will have the correct time via a CDMA receiver from cell towers.
- Completed replacement of APC units at remote locations.
- Completed NAC (Network Access Control) to provide Internet access for vendors while maintaining network security.
- Completed Upgrade of DSL connections to Fiber for security and network access.

FY 2012 Goals and Objectives

- Install CCTV video system at select park-n-rides.
- Finalize a Microsoft Enterprise Agreement for software upgrades.
- Complete coordination of NSC telephone and CCTV systems.

- Complete Manchester Datacenter relocation/co-location.
- Complete OCC Virtualization / SAN upgrade.
- Implement Disaster Recovery environment (planned as part of OCC upgrade).
- Roll out the new Helpdesk system.
- Active Directory Upgrade - Implement 2008 domain controllers.
- Exchange Server 2010 Upgrade.
- Tutorial Server for viewing video tutorials.
- Upgrade Blackberry Enterprise Server to Version 5.
- Streamline New Rail Station Control Unit (PA/VMS) and Console Configuration/Setup.
- Expand the Network to include the East and West Busways.
- Allow CCTV sharing with City of Pittsburgh. Install and configure switches and firewalls at Pitt Tower to permit and restrict access.
- Laser intrusion detection project. Add CCTV cameras to specific Subway tunnel entrances with laser relays to initiate camera movement.
- East Bus way CCTV project -Deploy network hardware and software to specific East Bus way locations.
- VMView Implementation.
- PCI compliance.

FY 2012 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.

HUMAN RESOURCES DIVISION

Overview

The Human Resources Division is the next largest expense component of Port Authority's FY 2012 operating budget behind the Operations Division due to the inclusion of all company health care expense within the department. The Human Resources Division is comprised of the following departments: Employment and Development, Benefits and 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 2012, Human Resources will implement a new defined contribution retirement program for new hires in the I.B.E.W., police and non-represented employee groups. Bargaining with the Port Authority Transit Police Association (PATPA) in an effort to reach responsible settlements on two separate collective bargaining agreements will continue. Additionally, we will commence bargaining with Amalgamated Transit Union, Local 85, as the current collective bargaining agreements covering terms and conditions of employment for the rank and file unit and the supervisory unit expire June 30, 2012 and July 31, 2012, respectively. The division will work with the Information Technology and Payroll departments to upgrade all Human Resources and Benefits modules in the PeopleSoft Human Resources Management System (HRMS) from version 8.8 to version 9.1. The upgrade will provide system enhancements and business process improvements to eliminate repetitive activities within the

organization and improve information flow and delivery of services. One such enhancement will be the implementation of web-enabled applications that will allow our employees and retirees to enroll, view and update benefit and personal information on-line. The Authority will re-enroll in the Medicare Part D Reimbursement Program for CY 2012 and apply for additional 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 2011 favorable to budget by \$3.4 million. Salaries, Wages, and Fringe Benefits were favorable to budget by \$3,031,390 and other expenses were favorable to budget by \$400,680. During calendar year 2010, Port Authority received in excess of \$393,000 in Medicare Part D reimbursements through continued participation in the Retiree Drug Subsidy (RDS) Program and received over \$1.8 million during FY 2011 by participating in the Early Retiree Reinsurance Program made available under the Health Care Reform: Patient Protection and Affordable Care Act.

Figure 4.5
Port Authority of Allegheny County
HUMAN RESOURCES DIVISION

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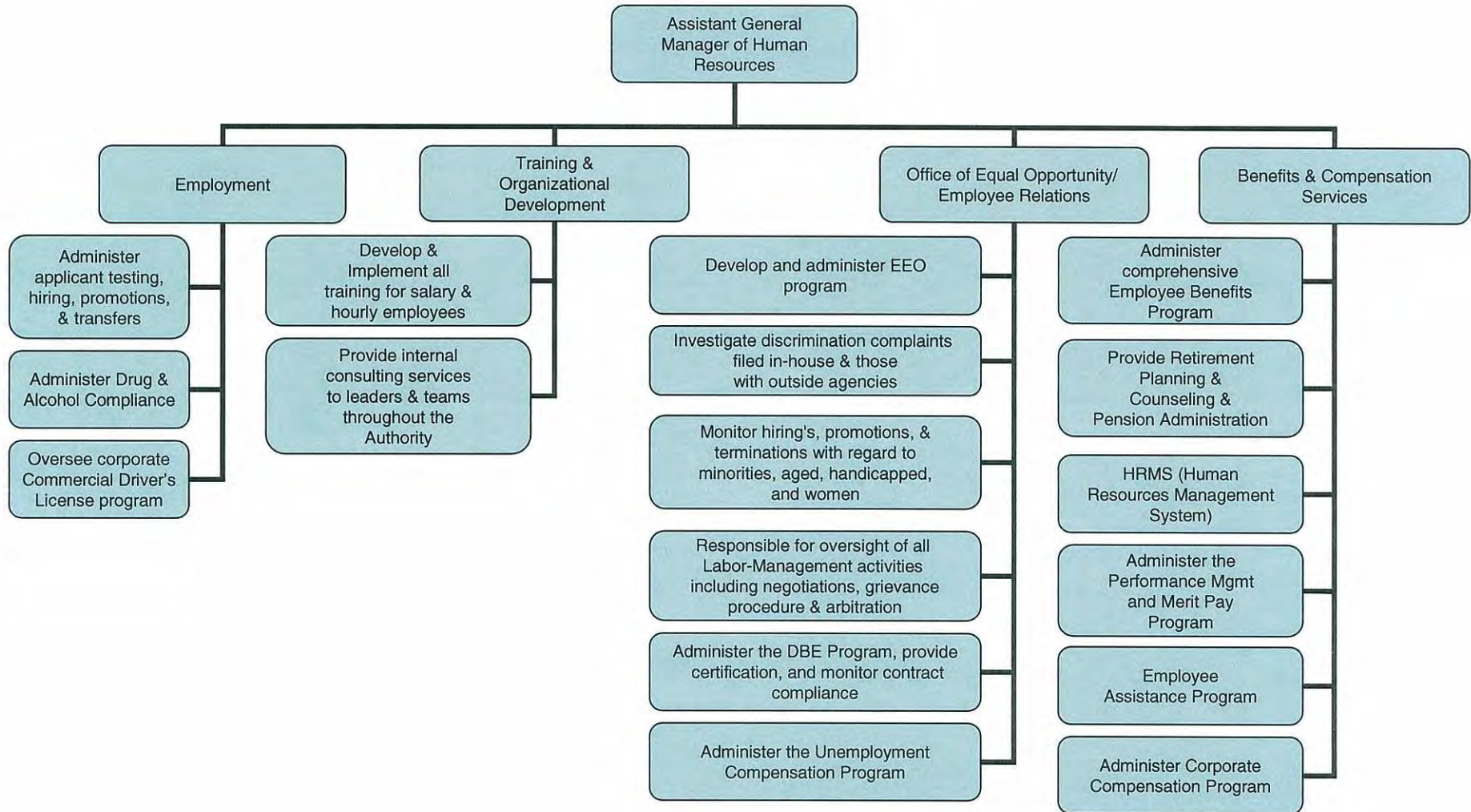
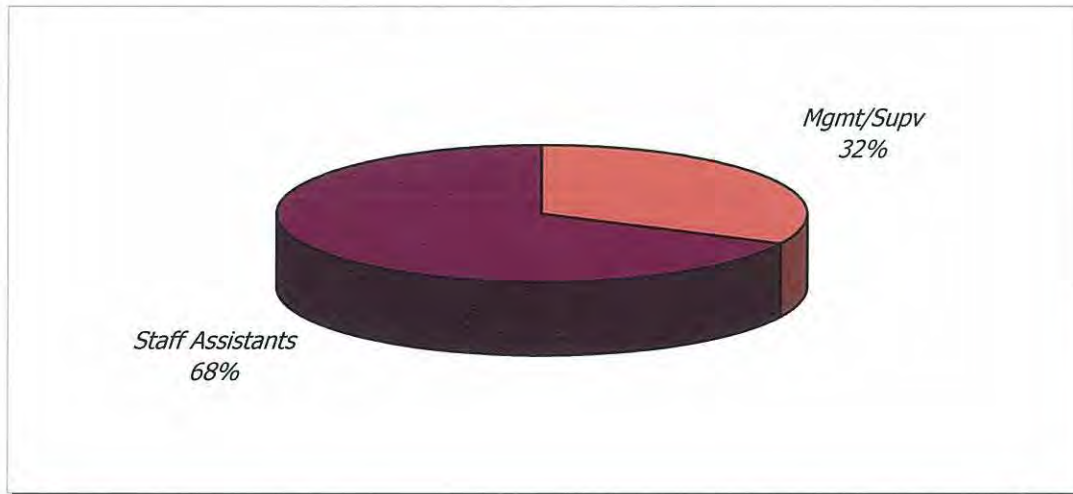


TABLE 4.5a

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

Fiscal Year 2012 Budget



Personnel Summary (No. of Employees)

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Actual</u>	<u>FY 2012</u> <u>Budget</u>
Exec & General - HR	3	2	3
Training	3	3	3
Employee Relations/OEO	10	10	10
Employment	6	6	6
Benefits & Compensation	9	9	9
Total Personnel	<u>31</u>	<u>30</u>	<u>31</u>

TABLE 4.5b
Port Authority of Allegheny County
HUMAN RESOURCES DIVISION

Expense by Department

Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Exec. & General - HR	253,440	254,088	266,387	4.8%
Training & Org Development	433,434	571,600	634,330	11.0%
Employment	693,005	641,985	734,578	14.4%
Benefits & Compensation*	130,752,048	88,376,495	105,586,892	19.5%
Employee Relations/EEO	1,765,736	2,096,699	3,038,540	44.9%
Total Expenses	<u>133,897,663</u>	<u>91,940,867</u>	<u>110,260,727</u>	<u>19.9%</u>

Expense by Category

Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Salaries & Wages	1,915,596	1,859,899	1,938,885	4.2%
Employee Benefits*	130,997,444	89,013,422	106,806,093	20.0%
Purchased Services	714,038	663,919	1,018,850	53.5%
Materials & Supplies	6,925	9,075	17,320	90.9%
Other Expenses	263,660	394,553	479,579	21.6%
Transfers & Capitalizations	-	-	-	
Total Expenses	<u>133,897,663</u>	<u>91,940,867</u>	<u>110,260,727</u>	<u>19.9%</u>

* Does not include OPEB Liability

HUMAN RESOURCES DIVISION

FY 2011 Highlights

- Coordinated and implemented a major reduction in force, affecting approximately 260 positions in all work groups throughout the Authority. Activities included: issue Worker Adjustment and Retraining Notification (WARN) Act letters to affected employees; conduct employee bumps in accordance with various collective bargaining agreements; coordinate employee meetings with Department of labor and industry Rapid Response; prepare separation packages; and secure and coordinate outplacement services.
- Developed and initiated comprehensive plan for implementation of a new defined contribution retirement program for new hires in the police and non-represented employee groups. Activities include weekly meetings to coordinate efforts between investment consultant, pension plan counsel, record keepers and various Authority staff to identify new investment funds and fund mapping to transition existing accounts from current to new record keeper; review legal documents for execution; set-up and test new plans in HRIS and move employees with existing 457 accounts into new plans; train benefits and payroll staff, conduct employee meetings and process all enrollment information.
- Re-enrolled in the Retiree Drug Subsidy (RDS) Program and received in excess of \$393,000 in Medicare Part D reimbursements.
- Completed application to participate in the Early Retiree Reinsurance Program made available under the Health Care Reform: Patient Protection and Affordable Care Act; received an initial payment in excess of \$1.8 million during FY 2011.
- Concluded all three training levels of 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.

- Completed the first full cycle of the new Performance Management Program for non-represented employees in an effort 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. The process included the setting of Goals and Objectives for the upcoming year; conducting a brief mid-year review and finally the year-end performance evaluation.
- Conducted an audit of all non-represented positions for FLSA exemption status. All were found to be in compliance.
- Continued negotiations with the Port Authority Transit Police Association (PATPA) on two collective bargaining agreements.
- Conducted company-wide equal employment opportunity/anti-harassment training; achieving a 97% completion rate.

FY 2012 Goals and Objectives

- Finalize plans and successfully implement the new defined contribution retirement program for new hires in the I.B.E.W., police, and non-represented employee groups.
- Continue bargaining with the Port Authority Transit Police Association (PATPA) in an effort to reach responsible settlements of two separate collective bargaining agreements.
- Commence bargaining with Amalgamated Transit Union, Local 85, in an effort to reach responsible settlements of two separate collective bargaining agreements as the current agreements covering terms and conditions of employment for the rank and file unit and the supervisory unit expire June 30, 2012 and July 31, 2012, respectively.
- Work with the Information Technology and Payroll departments to upgrade all Human Resources and Benefits modules in the PeopleSoft Human Resources Management

System (HRMS) from version 8.8 to version 9.1. The upgrade will provide system enhancements and business process improvements to eliminate repetitive activities within the organization and improve information flow and delivery of services. One such enhancement will be the implementation of web-enabled applications that will allow our employees and retirees to enroll, view and update benefit and personal information on-line.

- Complete the Planning for Success Training Program for the initial thirty (30) participating supervisory/management employees. The program includes core training courses, professional development courses, a 360 degree assessment along with an individual development plan (IDP) generated from the results. Participants and their managers are provided with periodic updates of progress.
- Finalize revisions and implement the Performance Code for represented employees, as well as the Drivers License Policy and Drug and Alcohol Program.
- Re-enroll in the Medicare Part D Reimbursement Program commencing CY 2012 and apply for additional funds through the Early Retiree Reinsurance Program under the Health Care Reform: Patient Protection and Affordable Care Act.
- Provide support for activities associated with the launching of the Automated Fare Collection System (AFCS), including, but not limited to, training and negotiations with unions, as needed, regarding the impact to affected positions.

LEGAL AND CORPORATE SERVICES DIVISION

Overview

The Legal and Corporate Services Division is comprised of the following departments: Claims and Workers' Compensation, 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; reviewing and processing all liability, property, and workers' compensation claims made against the Authority; 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 2011. This is primarily due to decreased legal expenses pertaining to Purchased Services and Other Expenses. In FY 2012, the expense category Other Expenses is expected to rise above FY 2011 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 2012 budget for Purchased Services has also increased over FY 2011 projected amounts due to expected cost increases for outside council and settlement contingencies.

Figure 4.6
Port Authority of Allegheny County
Legal and Corporate Services

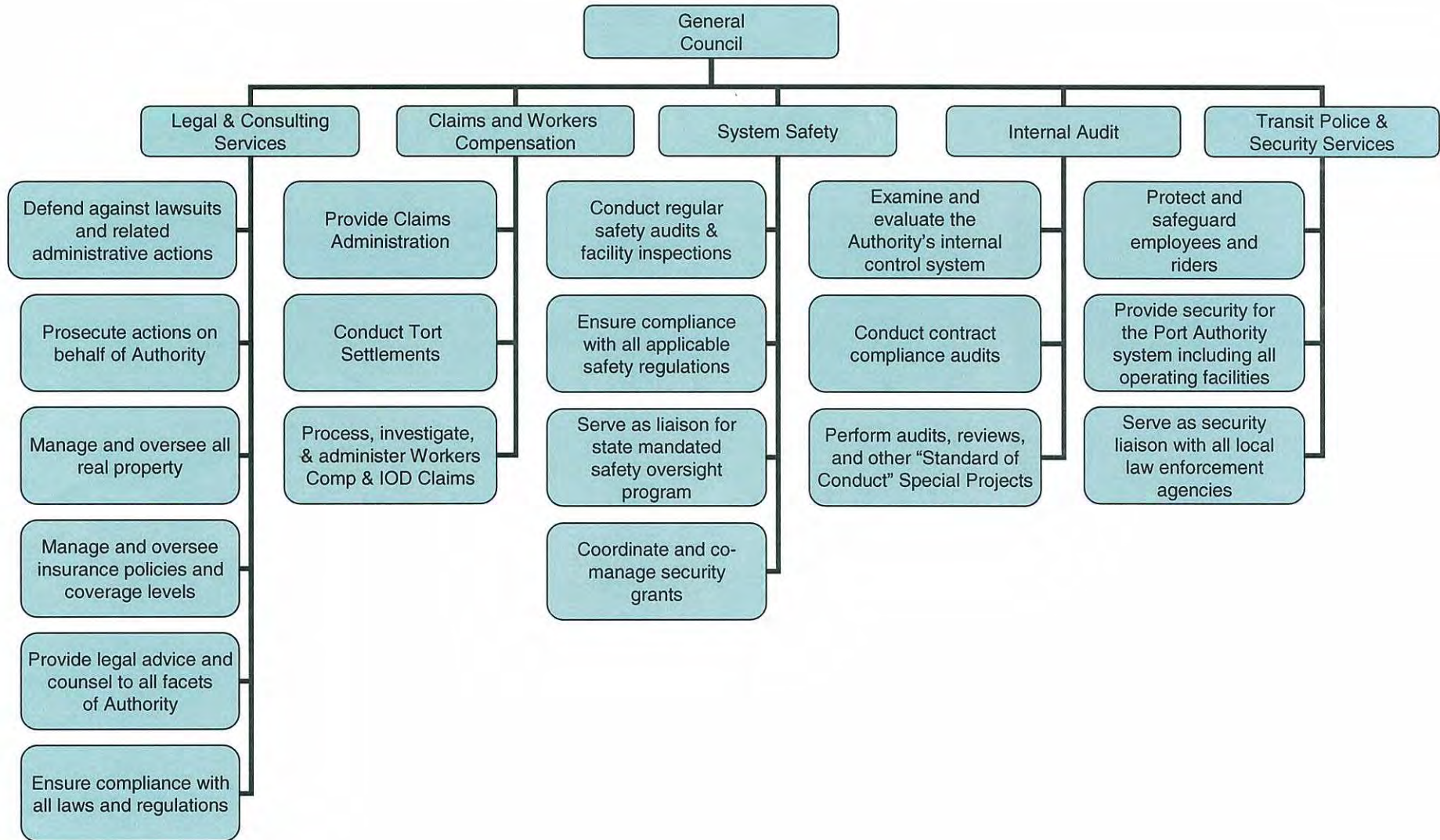
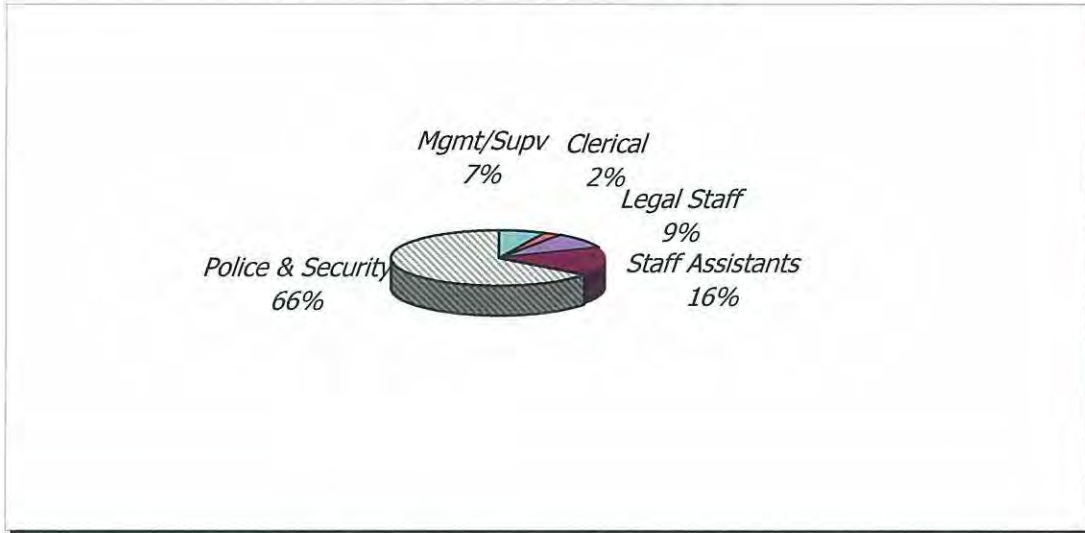


TABLE 4.6a
Port Authority of Allegheny County
Legal and Corporate Services
Personnel by Function & Department

Fiscal Year 2012 Budget



Personnel Summary (No. of Employees)

	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>
Executive & General Legal Services	1	1	1
Claims & Workers' Compensation *	-	13	13
Legal & Consulting Services	5	5	6
Internal Audit	5	4	4
System Safety	6	6	6
Transit Police and Security	58	55	55
Total Personnel	<u>75</u>	<u>84</u>	<u>85</u>

* Moved from Finance

TABLE 4.6b

Port Authority of Allegheny County
Legal and Corporate Services

Expense by Department

Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Legal & Corporate Services	2,096,914	1,713,995	2,612,758	52.4%
Executive & General Legal Services	103,060	105,811	104,712	-1.0%
Internal Audit	276,939	320,452	391,899	22.3%
System Safety	404,787	430,120	439,060	2.1%
Transit Police	3,090,565	2,990,186	3,056,869	2.2%
<u>Claims</u>	-	4,870,167	5,329,306	9.4%
Total Expense	<u>5,972,264</u>	<u>10,430,731</u>	<u>11,934,604</u>	<u>14%</u>

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

Expense by Category

Expense Summary (Total Expense)

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Salaries & Wages	4,078,850	4,679,399	4,847,300	3.6%
Employee Benefits	38,369	2,096,600	2,100,400	0.2%
Purchased Services	1,672,830	2,191,538	3,238,788	47.8%
Materials & Supplies	33,738	46,475	33,728	-27.4%
Prov for Inj & Damages	2,000	1,271,754	1,339,630	5.3%
Other Expenses	189,911	183,629	374,758	104.1%
Transfers & Capitalizations	(43,433)	(38,664)		
Total Expense	<u>5,972,264</u>	<u>10,430,731</u>	<u>11,934,604</u>	<u>14%</u>

LEGAL AND CORPORATE SERVICES DIVISION

FY 2011 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 a published Commonwealth Court decision upholding summary judgment in Port Authority's favor in a personal injury action where the Court recognized the continued validity of "jerk and jolt" doctrine, a non-jury verdict in Port Authority's favor for a property damage claim involving an accident between a Port Authority bus and a van and a unanimous jury verdict for individual Port Authority police officers in a lawsuit filed by an individual alleging certain civil rights violations arising out of the individual's arrest, while reducing spending on outside counsel to its lowest overall level since the early 1990s.
- 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 \$90,000 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 South Hills Village Upper Lot Project and Eastside IV transit-oriented development.
- Conducted negotiations and finalized agreement with Pepsi subsidiary for PepsiMax "Free Transit Day" on Port Authority's system on January 1, 2011.
- Negotiated and finalized agreement with Department of Veterans Affairs for the provision of bus service for disabled veterans and their assistants during the 2011 National Veterans Wheelchair Games held in Pittsburgh in early August of 2011.

- Continued to oversee 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-functional teams to prepare for, participate in and finalize responses and follow-up action items for various audits and reviews that were conducted by the Federal Transit Administration and other Federal and State oversight agencies during FY 2011, including a Procurement System Review, Financial Management Oversight Review and an Office of Inspector General conducted ARRA funds audit.
- 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 and continued roll-out and implementation of Port Authority's Automated Fare Collection System.

Internal Audit

- Completed twelve (12) of the eighteen (18) audits/projects in the 2010-2011 Internal Audit Work Plan and made significant progress on six (6).
- Completed the audit of the Accounts Payable Function resulting in five (5) recommendations and eight (8) advisory comments to improve business processes.
- Completed a Buy America domestic content review for twenty-two (22) buses purchased under a piggyback option with Akron Metro Regional Transit Authority.
- Completed an audit of Port Authority's System Safety Program Plan and Security and Emergency Preparedness Plan as required by federal and state regulations resulting in three (3) recommendations for improvements in business processes.
- Completed the audit of the Inventory Items with Potential External Uses resulting in six (6) recommendations to improve business processes.

- Completed an audit of Determination of Practices used to assign work tasks to employees in the service persons job class.
- Completed twelve (12) audits of petty cash/working funds resulting in two (2) recommendations for improvements in business processes.
- Made significant progress on the audits for:
 - a) The audit of ACCESS Service Providers Operators Drivers' Licenses, Motor Vehicle Registrations and State Inspections resulting in three (3) recommendations to improve business processes.
 - b) Verification of Monthly and Weekly Fare Instruments.
 - c) Bulk-Delivered Products and Certain Professional Services.
 - d) Consistency of Discipline for Excessive Absenteeism.
 - e) ACCESS Redeemed Scrip.
 - f) Preventive Maintenance for Light Rail Vehicles.
- Assisted other employees at Port Authority to define new business processes for the implementation of the Automated Fare Collection System.
- Participated as a member of the PCI Compliance Team to identify steps to take to bring Port Authority into compliance with Payment Card Industry requirements for protecting customers' credit card information.
- Participated in the successful completion of the Federal Transit Administration's Procurement System Review by providing documentation, participating in interviews and meetings, and preparing management responses.
- Participated in the successful completion of the Federal Transit Administration's Financial Management Oversight Review by providing documentation, participating in interviews and meetings, and preparing management responses.

- Completed the fiscal year 2011 portion of the Pennsylvania Unified Certification Program by participating as a member of the appeals committee.
- Developed the FY 2012-2013 Internal Audit Work Plan focusing on operational audits.
- Implemented Auto Audit software to achieve efficiencies by automating the audit work paper preparation processes.
- Developed a pamphlet entitled “The Role of Internal Audit and the Audit Process” to help explain the audit process to internal and external stakeholders.
- Each member of the department completed at least forty (40) hours of continuing professional education as required by the Institute of Internal Auditors.

Police and Security Services

- Responded to 8,200 calls for service; of that number, 3,120 were pro-active patrols in targeted areas. In these targeted areas, we used highly visible uniform patrols as well as plain clothes detectives.
- 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.
- Utilized the Police Reporting System to capture valuable data to assist with developing a patrol plan. The reporting system was used to identify locations as well as times of the day that increased police coverage was needed. It also led to the adjustment of starting times of all shifts.
- 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.

- The Police Department partnered with the Safety Department to train over ninety (90) firefighters in the new North Shore Stations.
- Continued to provide traffic control and security to the North Shore Connector Project.
- Have been conducting a minimum of two VIPR Details per month with TSA and DHS Law enforcement at high profile locations around our system to enhance security and emergency preparedness on and about Port Authority's transit system.

System Safety

- Continue to meet compliance standards set by the 49 CFR s. 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); Incident/Accident Investigation Procedures;
 - Participated in Quarterly FTA and Pennsylvania State Safety/Security Oversight meetings as required 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.
- Continued to pursue grant opportunities through federal, state and regional agencies. During this report period the following activities occurred:
 - Continued to implement the FY 2007, FY 2009 and FY 2010 Transit Security Grant awards. Conducted periodic reviews with the Grants Committee and Grants Department to assess status of the various projects. Developed re-allocation plan for the 2007 grant and submitted to FEMA for approval;

- FY 2011 Transit Security Grant Investment Justifications were developed along with required Environmental/Historical reports and submitted to FEMA for consideration. Awards should be published by August 31, 2011.
- Maintained good working relationships with federal, state, regional and other emergency response agencies through participation in Region 13 Task Force. Developing multi-agency exercise through the region involving the North Shore extension. The drill is tentatively scheduled for June 2012.
- Continued to participate in North Shore Connector Project monthly safety meetings, contractor safety program reviews, weekly and monthly site inspections, and serve on the Safety and Security Certification committee. As the project comes closer to completion, emphasis has shifted to Rail Standard Operations Procedure development, Emergency Response Procedure revisions and planning emergency response training activities.

FY 2012 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 transit-oriented joint development opportunities and other opportunities to generate additional real estate revenue for Port Authority in conjunction with the Allegheny County Department of Economic Development.
- Continue to ensure Port Authority's compliance with all applicable statutes, ordinances, regulations and funding requirements, including ongoing compliance with Port Authority's annual Certifications and Assurances for the receipt of federal funds and 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 and business needs, requirements and interests.

Internal Audit

- Complete the audits and projects in the FY 2011-2012 Internal Audit Work Plan to a minimum overall level of 80%.
- Assist stakeholders in identifying risks and actions that can be taken to eliminate or minimize them and improving business processes through audits and participation on committees and special projects.

- Continue to participate as a member of the PCI Compliance Team to identify steps to take to bring Port Authority into compliance with Payment Card Industry requirements for protecting customers' credit card information.
- Continue to participate in the Pennsylvania Unified Certification Program by participating as a member of the appeals committee.

Police and Security Services

- Continue to provide a safe and secure environment for patrons and employees of the Port Authority.
- Continue to provide proactive police response to areas of concern determined by the evaluation of data from the Police Reporting System.
- Gather, share and evaluate crime data with senior management on a monthly basis. Use this information to deploy limited police resources in areas and at times they can most effectively reduce crime and enhance overall safety of Port Authority's transit system.
- Continue to participate with Region 13, Pittsburgh Emergency Services and TSA in training and planning drills that focus on WMD and terrorism/disaster response in general.
- Continue to provide support to other departments within Port Authority as it pertains to security, safety and law enforcement issues.

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 annual audits:
 - Rail Car Maintenance;
 - Rail Car Support (6);
 - Maintenance Inspection Records (5);
 - Busways (3);
 - Operational (2).
- Work with Grants Manager and Grant Committee to expend open FY 2007, FY 2009, FY 2010 and FY 2011 Transit Security Grants (TSGs). Recently, FEMA informed the Authority the FY2008 TSG will be executed in the near future. Grants Committee working on re-allocation of funds.
- Continue regular scheduled meetings of the Accident Review Committee. Members include Claims, Safety, PAPD, Road Operations and Division Management and are tasked with reviewing bus accident claims, liability experience, trends and other issues that could be impacted through committee action, training, awareness and/or other policy/procedure changes. To date several issues have been identified for corrective action that when implemented will reduce accident claims.
- Continue work with Safety, Operations, PAPD, Pittsburgh Emergency Management and Region 13 members to develop training and system drills that involve Port Authority North Shore Connector Project in preparation of system opening. To date, over 120

Emergency Responders have been trained in the first phase. An additional 130 plus are currently being scheduled through Safety and Police staff.

- Continue to maintain positive and mutually productive 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 Connector 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;
 - Participate in the monthly Executive Safety/Security meetings to review claims, safety and security issues, general liability and 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;
 - 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;
 - Monitor the development of North Shore Operations Procedures, Emergency Plans, Rail Activation Plans and revisions to the Safety/Security Certification Plans.
- 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 2012 Key Performance Indicators

Legal and Consulting Services

- Continued the ongoing monitoring of 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.
- 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.
- Continue to play a key role in supporting relevant operational personnel with major ongoing initiatives of Port Authority, including the North Shore Connector Project and Automated Fare Collection System Project.

Internal Audit

- Percentage completion of the FY 2011-2012 Internal Audit Work Plan.
- Number of recommendations for improvement made and cost savings generated.
- Ratings from auditee feedback surveys.

Police and Security Services

- Continue to provide the patrons and employees of Port Authority with a Police and Transit Security 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.
- Analyze and use the data gathered from the Police Reporting System to deploy limited police resources to patrol zones at various times of the day to help reduce the frequency of crime.
- Comply and cooperate with the Department of Homeland Security/ Transportation Security Administration as it pertains to rail security audits and all related regulatory guidelines for transit system safety and security preparedness and responsiveness.

System Safety

- Continue to meet regulatory requirements of Safety, Security and Emergency Preparedness through interaction and compliance with the Federal Transportation Administration (FTA) 49 CFR s. 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 2011 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.

PLANNING and SERVICE DEVELOPMENT DIVISION

OVERVIEW

Port Authority's Planning and Service Development Division encompasses the three areas of Service Planning and Evaluation (including long range planning), Community and Government Relations (including customer service and passenger amenities) and Communications and Marketing (including creative services and advertising sales). Working together the Division is responsible for increasing understanding and awareness of the importance of public transit to the Pittsburgh region; advancing policy objectives that facilitate transportation investment and funding; fostering ridership growth by promoting positive system changes and maintaining a viable system within available resources.

Divisional Expense Highlights

The Planning and Service Development Division finished favorable to budget overall in FY 2011, primarily due to Purchased Services ending favorably to budget by \$321,247 and Other Expenses showing a decrease of \$180,360 in expenses from 2010 levels. The budget for FY 2012 for this division shows a decrease in expense, primarily due to the need in FY 2011 for additional printing of timetables for route changes tied to the Transit Development Plan.

Figure 4.7
Port Authority of Allegheny County
PLANNING AND DEVELOPMENT DIVISION

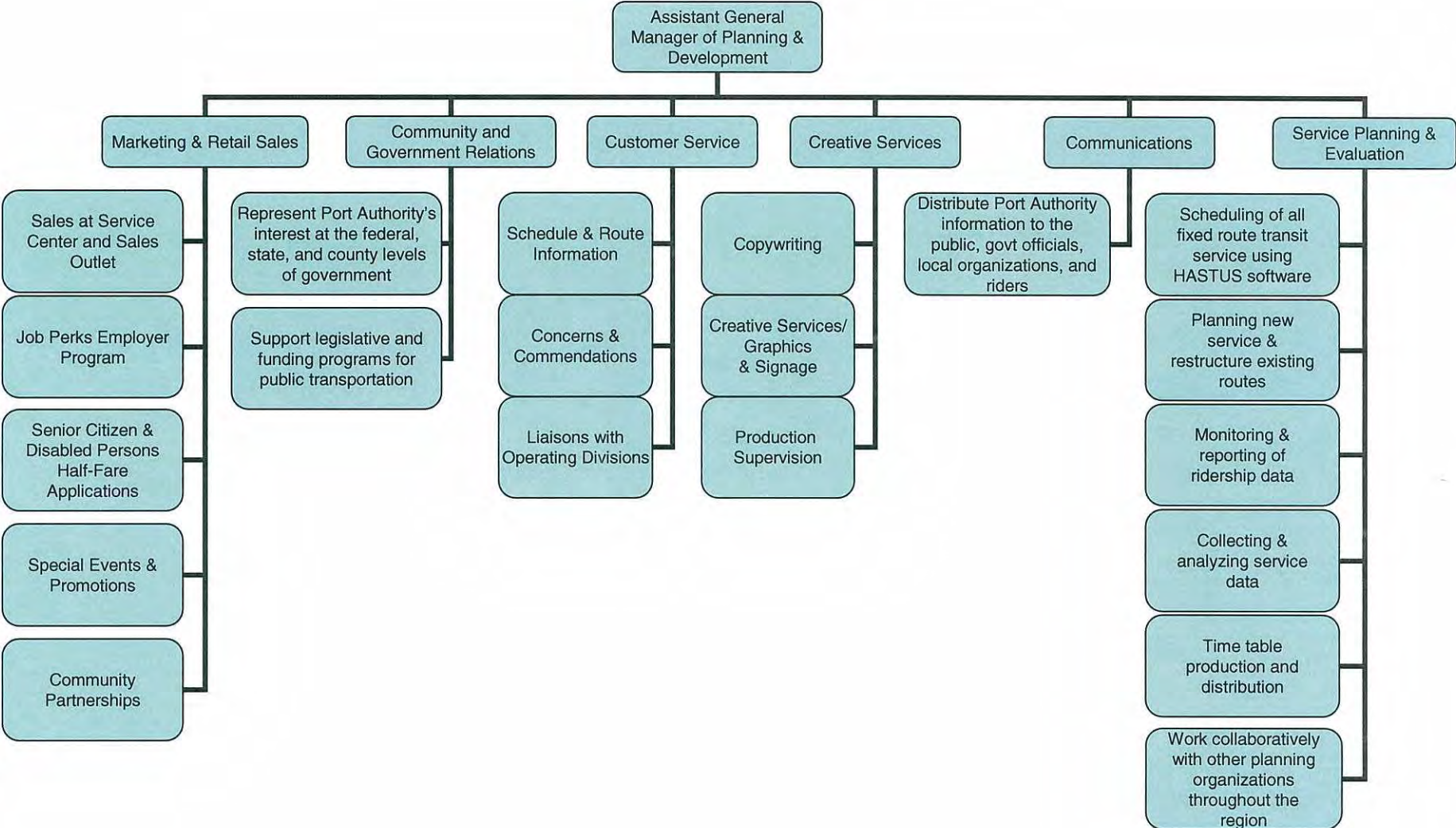
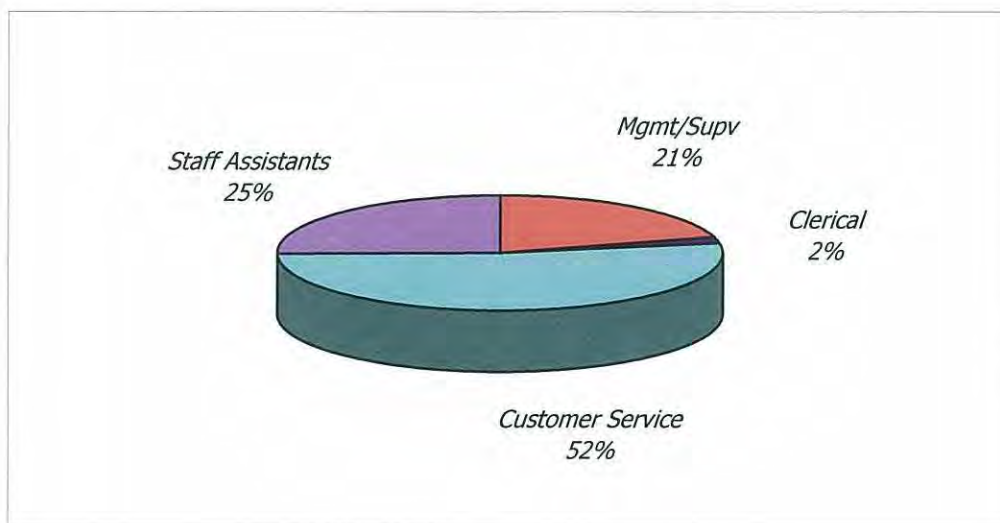


TABLE 4.7a

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

Fiscal Year 2012 Budget



Personnel Summary (No. of Employees)

	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>
Exec & General	2	2	2
Marketing *	0	2	2
Advertising Sales *	0	3	3
Service Planning & Schedules	21	19	18
Planning *	1	0	0
Creative Services	5	5	4
Customer Services	22	19	22
Government & Civic Affairs*	0	4	5
Public Relations*	0	0	2
Retail Sales *	10	5	5
Total Personnel	<u>61</u>	<u>59</u>	<u>63</u>

*** Involved with Division Reorganization and Consolidation of Departments**

TABLE 4.7b

Port Authority of Allegheny County
Planning and Service Development

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

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Exec. & General	154,346	177,007	183,008	3.4%
Creative Services	617,369	599,274	653,712	9.1%
Customer Services	971,205	964,521	924,544	-4.1%
Advertising	623,781	594,219	959,890	61.5%
Marketing	284,419	580,276	337,616	-41.8%
Retail Sales	314,133	320,767	338,479	5.5%
<u>Planning</u>	21,140	(18,638)	-	
<u>Public Relations</u>	-	-	147,714	
<u>Gov't and Civic Affairs</u>	-	346,966	624,620	80.0%
Service Planning & Schedules	1,515,076	1,944,791	1,338,194	-31.2%
Total Expense	<u>4,501,469</u>	<u>5,509,184</u>	<u>5,507,777</u>	<u>0.0%</u>

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

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

	FY 2010 Actual	FY 2011 Forecast	FY 2012 Budget	% Change from 2011
	\$	\$	\$	%
Salaries & Wages	2,938,641	3,173,593	3,365,933	6.1%
Employee Benefits	101,929	105,231	1,000	-99.0%
Purchased Services	342,333	517,233	870,480	68.3%
Materials & Supplies	674,577	973,337	722,552	-25.8%
Utilities	9,645	7,726	18,600	140.8%
Other Expenses	529,849	810,869	880,932	8.6%
Transfers & Capitalizations	(95,506)	(78,804)	(351,720)	346.3%
Total Expense	<u>4,501,469</u>	<u>5,509,184</u>	<u>5,507,777</u>	<u>0.0%</u>

PLANNING and SERVICE DEVELOPMENT DIVISION

FY 2011 HIGHLIGHTS

Service Planning and Scheduling

- Finished within budget for scheduled service hours for FY 2011.
- Continued the implementation of Transit Development Plan (TDP) with the September 2010, November 2010 and March 2011 service changes.
- Prepared numerous service reductions plans for review. The originally approved 35% Plan was revised to 15% as a result of a \$45 million infusion of state funds. The Plan was implemented in March 2011 and resulted in the elimination of twenty-nine (29) routes, reduced service on thirty-seven (37) others and closing of the Harmar bus operating location.
- Completed installation of scheduling software (Geo Module for Hastus) which will provide route Geographic Information System (GIS) data for the Port Authority system.
- Completed procurement of Clever Devices scheduling integration and reporting software which will provide schedule adherence, boardings and alightings by stop and other data for evaluation.

Long Range Planning

- Advanced the Downtown – Oakland – East End Bus Rapid Transit (BRT) Alternatives Analysis/National Environmental Policy Act (AA/NEPA) study with the hiring of PB Americas to conduct the technical evaluation.

- In coordination with Sustainable Pittsburgh, successfully convened the September 20, 2010 BRT Forum with over one hundred (100) in attendance.
- Prepared the 2012 Job Access Reverse Commute (JARC) funding request, receiving \$1.0 million to support 28X service to Robinson Town Centre and the Pittsburgh International Airport. Prepared application and received funding from the RK Mellon Foundation for \$32,500 to match federal Congestion Mitigation Air Quality (CMAQ) funds in order to equip the entire bus fleet with bike racks.
- Represented Port Authority at public meetings, steering committees and on national committees including:
 - City of Pittsburgh’s Transit Revitalization Investment District (TRID), Livable Transit Corridors;
 - Urban Redevelopment Authority’s Allegheny Riverfront Green Boulevard Steering Committee;
 - Oakland 2025 Community Plan initiative including serving on the Steering Committee;
 - Pittsburgh Community Reinvestment Group’s Go Burgh task force;
 - Allegheny County’s Active Allegheny Committee.

Government Relations

- Assisted with the updated five (5) and ten (10) year Capital Improvement Program (CIP).
- Continued working through the capital and operating 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.

- Discussed the benefits of the Regional Automated Fare Collection Project, the North Shore Connector and the Transit Development Plan with city, county, state and federal legislators.
- Prepared and submitted American Recovery and Reinvestment Act (ARRA) reports to FTA and PennDOT; prepared a proposal to obtain additional funding to support hybrid bus purchase and program.
- Developed short and long term legislative strategies with the Keystone Funding Coalition and the Pennsylvania Public Transportation Association (PPTA) to increase the awareness and education in obtaining a comprehensive transportation funding package to the general public and state legislators.

Community Outreach

- Participated in over one hundred and two (102) community affairs events and presented at town hall meetings to communicate and promote Port Authority's current and future initiatives.
- Met with legislators, community groups and organizations, educational institutions, and transportation management associations to distribute information regarding the ConnectCard, TDP, 15% service reductions and other key messaging.
- Participated in new student orientation fairs at several colleges, universities, and trade schools, such as University of Pittsburgh, Carnegie Mellon University, Point Park and Pittsburgh Art Institute.

- Worked at transportation, health and wellness, employer benefit and career fairs including Carnegie Mellon University, UPMC Health Systems Pressley Ridge and Bank of New York Mellon.
- Partner with OASIS, CommuteInfo and American HealthCare Group on transportation outreach projects.
- Worked with OTMA and University of Pittsburgh to promote the Smart Card information.
- Served as Port Authority's liaison to ACTC and CAT Committees.
- Organized/assisted with special projects, such as:
 - Junior Achievement Bowl-A-Thon and Autism Awareness;
 - Bench Press Contest for Lou Gehrig's Disease (East Liberty Division) charitable event raised over \$6,000;
 - Collier Garage "Toys for Tots" drive and collecting of pop-can tabs for the Ronald McDonald House;
 - Coordination of volunteers to work the 2011 National Wheelchair Games.
- Registered over five hundred (500) new senior citizen transit cards.

Customer Service

- Answered 1,047,070 calls and abandoned 180,638 calls for an 85% calls answered average; processed 22,442 complaints, 866 commendations and 8,858 web site emails.
- Served on the team to procure an Interactive Voice Response (IVR) system.

Downtown Service Center

- Recognized by the Performance Oversight Committee for maintaining an accuracy rate for inventory control of current fare instruments of 99.99%.
- Achieved average monthly sales for 2011 of approximately \$1,000,000 a month.
- Informed thousands of patrons of route information/changes thru the TDP implementation.
- Cross trained staff to improve patron satisfaction by decreasing the wait time for senior and half fare passes.
- Began development of project business goals and objectives for ConnectCard project Standard Operating Procedures (SOPs).
- Developed and implemented Payment Card Industry (PCI) Compliance initiatives for the mail order process.
- Served as the top grossing pass and ticket outlet for Westmoreland Transit, Beaver County Transit and Mid Mon Valley Transit to promote public transportation as a regional asset.
- Issued thousands of new senior citizen transit cards and reduced fare transit cards to qualified applicants.

Passenger Amenities

The Supervisor of Passenger Amenities position was transferred to the Government and Community Relations Department in July 2011 with responsibility for timetable distribution, liaison for the ACCESS Paratransit Program, the park and ride and shelter program and fare instrument contracts.

- Conducted training sessions for human service agencies. The training sessions include how to read a bus schedule, which route to take, latest information on route and schedule changes, how to transfer from bus to bus, a ride on a transit vehicle, ADA amenities, information about the various transportation options that are available and other valuable resources.
- Opened a new South Fayette Park and Ride to accommodate TDP service changes for riders of routes 31 and G31.
- Successfully obtained an additional twenty-five (25) parking spaces at the Monroeville Plaza Park and Ride which is consistently at capacity.
- Represented Port Authority at the CommuteInfo Partner Committees, Rt. 51 Corridor Planning Committees, ACTA's PCTI Stakeholder Committees, and served on the ATWIC Technical Team.

Smart Card Customer Relations Program Coordinator – New

A new position of Smart Card Customer Relations Program Coordinator was created to assist with all customer service related aspects of the ConnectCard implementation.

- Participated in training for Smart Card Customer Relations Program Coordinator
 - Two-day National Transit Institute (NTI) workshop in Columbus, Ohio, *Implementing Contactless Fare Collection Systems*.
 - In-house self-directed course, Fundamentals of Smart Card Technology.
- Lead developer of Scope of Work for Interactive Voice Response (IVR).

Communications and Marketing

Communications

- Developed key plans to guide Marketing, Advertising and Public Relations through key projects, including AFCS implementation, ConnectCard development, North Shore Connector and an Integrated Marketing Plan.
- Media: Improved media relations strategies to deliver key messages. Maintained strong media relationships despite decrease in staffing. Television, radio and print pieces of Port Authority averaged about six to seven (6-7) significant items per day in FY 2010.
- Stakeholders: Revamped the focus of the Board's Stakeholder Relations Committee with guidance from Board members and senior staff to generate broader community participation and greater attention to key issues, such as State funding. Supported Board members and staff who attended and participated in the annual Spirit of King event.
- Websites: Initiated a top-to-bottom overhaul of Port Authority's main website, portauthority.org, improving content, structure and design. Coordinated with IT and consultant FSC to generate a new look for the website, which was implemented in FY 2011. Expansion into social media continued with Twitter, TransitBlog and LinkedIn. The Authority's Twitter site, @pghtransit, grew to more than 4,500 followers. An issues-based microsite called "The Straight Line" also was developed to provide a public tool for educating the public on topics such as financing, legacy costs and system improvements.
- Riders: Generated public materials with Marketing and Service Planning to help riders understand proposed route changes. Also, Public Relations worked closely with Operations to deliver timely and clear messages about service changes and disruptions throughout the year.
- Public Relations developed strategic written and verbal communications, including:
 - Legislative testimony;

- Public speeches;
 - Board communications;
 - Website content and social media messaging;
 - Press releases;
 - Direct communications;
 - Internal communications.
- Issues of focus for Public Relations in FY 2011 included:
 - Port Authority's operating and capital budgets;
 - Legacy costs;
 - Major service disruptions, including poor weather, Super Bowl, Winter Classic and movie filming;
 - Financing, including receipt of a \$45 million allocation from the State for operating assistance.

Creative Services and Marketing

- Developed a plan and timelines to ensure maximum exposure for two new Port Authority initiatives: ConnectCard and North Shore Connector.
- Built awareness and excitement for Phase I of the ConnectCard project by using marketing vehicles such as brochures, street teams, display units and weekly e-blasts to deliver important messages and updates to employees and the public.
- Conducted *Your Voice Counts* research, Port Authority's most comprehensive market research project in the past two decades. More than 4,600 individuals participated in the online/phone survey that yielded a wealth of demographical data and information about

riding habits for future marketing efforts.

- Met with large-scale retailers throughout Allegheny County regarding the possibility of becoming a new Port Authority retail sales outlet for the launch of ConnectCard.
- Participated in a number of special events to promote specific Port Authority projects and services including: 2010 Toys for Tots; the 2011 Spirit of King Award Ceremony; APTA's 2010 Dump the Pump event, Car Free Friday.
- Increased Port Authority visibility by increasing marketing/advertising opportunities with community partners such as: Bike Pittsburgh, Three Rivers Arts Festival, Pittsburgh Filmmakers, the Pittsburgh Downtown Partnership (PDP), Pittsburgh Steelers, Pittsburgh Pirates, Steel City Media, Kingsley Association and The New Pittsburgh Courier.
- Tested and launched Port Authority's re-designed web site offering new features and enhancements for riders and transit enthusiasts.
- Distributed the *Rider Report*, a monthly electronic newsletter, to more than 10,000 subscribers. This newsletter has been used to communicate key messages including progress on the ConnectCard and North Shore Connector project to readers.

Advertising

- Exceeded the 2011 fiscal year advertising budget by \$72,222. Total revenue received was \$1,273,222.
- Started working with Titan Advertising to bring new national advertisers into the market. This is the first non-exclusive agreement of its kind with a National Representative firm.
- Established a testing agreement with Vivid Digital Concepts to install video screens in Steel Plaza Station and sell advertising. The project will be a revenue producer for the Authority

with 10% of the sales generated by Vivid going to our operating costs (30% if Port Authority staff sells the contract).

- Worked closely with Pittsburgh Downtown Partnership and Lauteri Associates on Port Authority Naming Rights for the North Shore Connector project. Active discussions with interested corporations are continuing.

FY 2012 Goals and Objectives

Service Planning and Scheduling

- Maintain 100% completion of total checks needed for National Transit Database.
- Develop schedules within approved budget consistent with available manpower.
- Complete installation of Clever Devices schedule integration and reporting.
- Implement final TDP route changes by September 2011.
- Begin to evaluate TDP service based on Board adopted Service Guidelines.
- Assist in creating a new fare policy that would be used in future Smart Card implementation.
- Participate in the assessment of Bus Rapid Transit opportunities in the Downtown to Oakland corridor.

Long Range Planning

- Continue to advance the Downtown-Oakland-East End Bus Rapid Transit (BRT)

Alternatives Analysis / National Environmental Policy Act (AA/NEPA) study, in coordination with Sustainable Pittsburgh, City of Pittsburgh, Allegheny County, Uptown Partners, Oakland Planning and Development Corporation, and other stakeholders.

- Represent Port Authority on the City of Pittsburgh's East Liberty Transit Revitalization Investment District (TRID) planning study, Allegheny River Green Boulevard study and other Transit Oriented Development (TOD) efforts to be led by the City of Pittsburgh, Allegheny County and Southwestern Pennsylvania Commission (SPC).
- Administer Port Authority's FY 2011-2012 Unified Planning Work Program (UPWP) and develop the 2012-2013 UPWP.
- Continue to assist in planning and implementing the regional transit cooperation and connectivity recommendations of the TDP and other planning efforts.
- Continue to participate in the Transit Cooperative Research Program (TCRP)'s Panel H-45, Livable Transit Corridors: Methods, Metrics and Strategies.

Government Relations

- Increase and improve communication with State, Federal, County and City officials on Port Authority major initiatives and the ongoing funding.
- Meet with State and County Legislators on a monthly basis and state legislative local staff and county, federal and city staff on a quarterly basis, to ensure that Port Authority initiatives are communicated and understood.
- Maintain peer partnerships with other transit agencies for monthly conference calls to determine best practices for customer service centers.

Customer Service

- Procure Interactive Voice Response (IVR) system for the Customer Service Department and develop implementation plan.
- Assist in the development and training for the Customer Service Representatives (CSRs) for the ConnectCard project.
- Participate in community outreach activities.
- Evaluate training needs for all customer service representatives arranging meetings and route reviews to learn new system changes.
- Procure recording system to enhance training for the CSRs in order to deliver improved customer service.

Downtown Service Center

- Continue to work with the AFCS Team on Service Center initiatives relating to the ConnectCard project including:
 - Ticket Vending Machine (TVM) installation / testing for functionality;
 - Photo ID equipment for Half Fare card patrons;
 - Point of Sale equipment / testing for functionality;
 - Staff training on new Schiedt Bachman Point Of Sale system Redemption plan for paper fare instruments;
 - Working with the Authority's consultant, LTK, on process reviews / procedures for the ConnectCard project;

- Work with Internal Audit on inventory control for new ConnectCards and returning paper fare instruments from teller's inventory.
- Continue to support outreach efforts for the ConnectCard project for the Marketing Department.
- Work with Finance on plan for ConnectCard payment conflict issues / charge back issues.
- Continue to foster relationship with the National Transit Call Center Peer Group by participating in conference calls to develop best practices in relation to Smart Card implementation efforts.

Community Outreach:

- Promote and educate the public on projected service changes.
- Market and educate the riders, key stakeholders and business community on ConnectCard and use of Ticket Vending Machines (TVMs).
- Promote the North Shore Connector's opening and service to riders, key stakeholders and businesses.
- Increase involvement with various community committees, boards and projects.
- Continue to work with the Transportation Management Associations (TMAs) to promote and educate Port Authority's initiatives.
- Increase community outreach charitable programs with the Divisions.
- Represent Port Authority on new community Advisory Boards.
- Register riders for the 65 plus senior citizen transit cards.

- Convert half-fare pass holders to the new ConnectCard.
- Develop Standard Operating Procedures (SOPs) for Smart Card Specialists to conduct customer service operations regarding ConnectCard.
- Manage details for future ConnectCard Specialists positions, including but not limited to:
 - Develop and maintain a list of Frequently Asked Questions (FAQs) to assist Customer Service Representatives (CSRs) and ConnectCard Specialists;
 - Work with Training Department and Customer Service Supervisors to develop and implement training for ConnectCard Specialists and CSRs;
 - Work with Customer Service Supervisors to develop ConnectCard SOPs for CSRs.
- Continue to support Community Outreach initiatives of introducing, informing, and educating the public about ConnectCard as needed.
- Continue to foster relationship with National Transit Call Center Peer Group (NTCCPG) by participating in conference calls and webinars to develop best practices. Continue to support NTCCPG leadership initiatives by performing duties as Membership Chairperson.

Communications

- Media: Continue efforts to build new media relationships, improve existing relationships, and develop strategies to benefit Authority efforts.
- Stakeholders: Continue the successes of the Board's Stakeholder Relations Committee by expanding the direct involvement of community organizations and engaging stakeholders on all key Authority efforts including:

- ConnectCard;
 - North Shore Connector;
 - Service;
 - Bus Rapid Transit.
- Websites: Completely revamp PortAuthority.org website content and rollout the improved website skin. Also rollout a mobile website. Continue development and expansion of social media involvement, including use of YouTube and Flickr.
 - General Communications: Continue development of quality tools for use in verbal and written communications, ranging from media releases to speeches and internal letters.
 - Ensure plans for key projects are carried out and successful, including efforts for ConnectCard, North Shore Connector and BRT.

Creative Services and Marketing

- Build awareness for Port Authority's new products and services including:
 - ConnectCard and all of its products and benefits;
 - North Shore Connector and the extended services;
 - New Port Authority website and mobile website.
- Promote new routes and connectivity.
- Support Advertising Sales and Naming rights opportunities.
- Increase awareness of Port Authority's use of social media.

- Lend support to the Rapid Bus initiative in the appropriate capacity.
- Increase awareness and participation in the Rider Rewards and Job Perks programs.
- Utilize and grow community partnerships to help maximize Port Authority visibility.
- Work closely with our contracted marketing firm to execute key strategies outlined the integrated marketing plan.

Advertising

- Exceed the 2012 fiscal year advertising revenue goal.
- Continue the selling of PAAC assets for Naming Rights.
- Establish additional national advertising clients.
- Develop a testing agreement for audio advertisements on the bus system.
- Create media presentation for Vivid Digital ads and establish invoice system.

FY 2012 Key Performance Indicators

Service Planning and Scheduling

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

Long Range Planning

- Begin Bus Rapid Transit AA/NEPA in Fall 2011, establishing two route alternatives for detailed evaluation by Winter 2012.
- Have public and agency outreach program substantially under way by the end of 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;
 - Meet with ACTC and CAT;
 - Have project website up and running.

Government Relations

- Review and tracking of monthly and quarterly notes from meetings with legislators and staff to assess message penetration.
- Reports from lobbying firms on key issues and legislators' position on major issues.

Customer Service

- Weekly and monthly call statistic trends. Increase the number of calls answered before ninety (90) seconds once IVR is instituted.
- Decrease the number of outstanding customer complaints on a weekly and monthly basis once the IVR is instituted by allowing additional staff time to process, research and follow-up with divisions and customers.
- Track ConnectCard statistic and information reports by category (general questions, use of TVMs, card registration, etc.) to assess trends. Number of card registrations relative to overall ridership in general and current pass holders in particular.
- Track IVR statistics on a monthly basis for each category of use. Increase number of callers obtaining schedule and ConnectCard information using IVR versus agent.

Downtown Service Center

- Track and compare sales data to the number and type of fare instruments sold by payment method (cash, credit card, third party sponsor, business, etc.).
- Track and compare sales data to the value of ConnectCard transactions by payment method (cash, credit card, third party sponsor, business, etc.).

Community Outreach

- Review and tracking of monthly and quarterly notes from community, stakeholder and organizational meetings to assess message penetration and key issues.

- Initiatives developed jointly with Marketing, Media Relations and Government Affairs to coordinate messaging in relation to current and future initiatives, projects and objectives.

Communications

- Double the number of key stakeholders involved in the Board's Stakeholder Relations Committee.
- Generate regular monthly communications tools for stakeholders.
- Meet all target deadlines for communications/marketing efforts related to ConnectCard, North Shore Connector and BRT projects.
- Provide annual review of website content, use and reach.
- Provide annual assessment of social media use and reach.
- Provide assessment of the effectiveness of mobile website.
- Provide assessment of media reach, interaction and presence.

Creative Services and Marketing

- Signed agreements and new retail sales terminal machines installed in approximately seventy-five to eighty (75-80) locations across Allegheny County.
- Positive research results reflecting communication efforts designed to promote ConnectCard and the opening of the North Shore Connector.

- Launch of new campaigns designed to attract new riders and increase ridership in target areas.

Advertising

- Achieve the monthly advertising sales goals as per the FY2012 budget. Contact new and existing national advertising agencies (including Titan) in order to increase the advertising revenue from national accounts.
- Have the testing agreement developed for placing audio advertisements on the buses.
- Work with the Marketing Department on the development of and opening events for the renaming of Downtown “T” stations.



capital
improvement

CAPITAL IMPROVEMENT PROGRAM**Introduction**

The Capital Improvement Plan (CIP) is an integral component of the Port Authority's Financial Plan which provides the mechanism to finance the Operating Budget through Operating Capitalizations. Another major factor in achieving the Port Authority's strategic business plan goals is the long term investment of capital dollars to upgrade existing facilities, vehicles and service. The development of the FY 2012 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. 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.

Capital Budget Process

The Port Authority's Capital Improvement Plan is a two year plan (FY 2012 - FY 2013) consisting of proposed projects in FY 2012 and preliminary projects for FY 2013. Significant

and continual investment in capital infrastructure will lead to improved efficiency, customer satisfaction and maintenance of critical fixed assets. The CIP identifies estimated costs, funding sources and schedules. 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 process by which capital needs are determined begins annually in December-January as Department Heads are asked to formally prepare capital funding requests for the

forthcoming year. These requests have estimated costs greater than \$5,000 and add value to the useful life of an asset. The requests include project budget estimates, detail of design and construction management costs, construction costs, and a justification of the proposed project and anticipated milestones. The

	FY 2012 Capital Expenses	FY 2013 Capital Expenses
Revenue Vehicle Replacement	\$34,916,000	\$30,900,000
Fixed Guideway/Facilities	\$42,910,000	\$29,931,000
New System Expansion	\$12,400,000	\$1,200,000
Support Programs	\$7,333,000	\$6,838,000
Operating Capitalizations	\$46,350,000	\$41,380,000
Debt service	\$38,987,000	\$38,990,000
Total	\$182,896,000	\$149,239,000

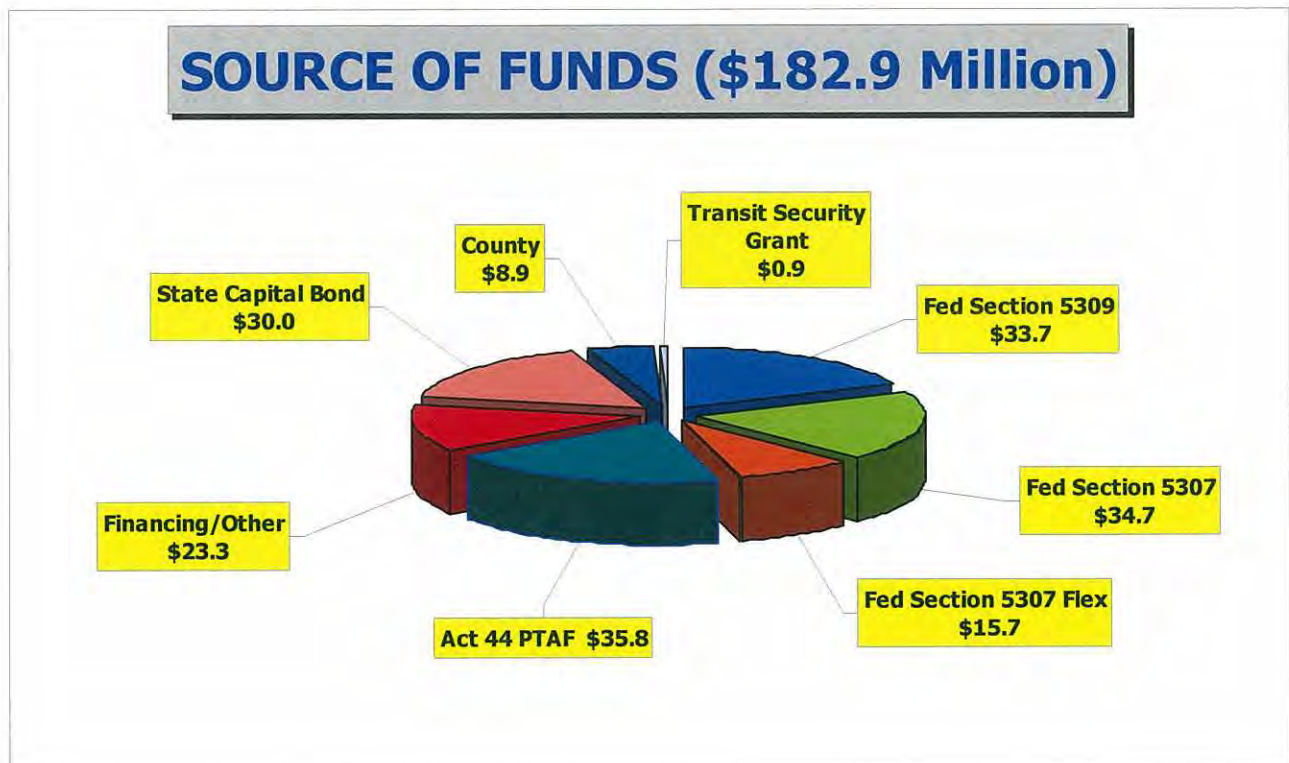
Capital Planning Committee (CPC), comprised of representatives of personnel from various divisions, reviews and ranks all non-core capital project requests. Using structured evaluation criteria, each project is determined to be Discretionary vs. Non-Discretionary and then scored in terms of the following criteria: Financial, Service Quality, Ridership, Community Impact, and Employee Morale/Business Process. A prioritized list of projects is then presented and reviewed by Senior Management to determine the final list of projects based upon available funding. This final list becomes the CIP and is recommended to the Board for approval annually at their June meeting.

Overview

The CIP is fiscally constrained within available funding over the two year period. It contains sixty-nine (69) projects totaling \$182.9 million for FY 2012 and sixty-four (64) projects totaling \$149.2 for FY 2013.

In FY 2009, the Authority was the beneficiary of \$62.5 million of American Recovery and Reinvestment Act (ARRA) funds. These stimulus funds enabled the North Shore Connector (a major \$523.3 million project to construct a 1.2 mile underground rail tunnel and three subway stations) to remain on schedule. In addition, during FY 2010, the Authority was awarded \$22.7 million of discretionary grant funds through the Federal Transit Administration's State of Good Repair (SGR) program which will provide funding towards the replacement of 14 40' Low Floor and 36 60' Articulated buses.

Even with the ARRA and SGR funding, the Port Authority still needed to defer capital projects due to limited funding. Senior Management must decide how to allocate the amount of capital funding based upon the Authority’s mission to provide safe, reliable transportation services to the public. In order to follow that mission, the Authority must remain committed to replacing its bus fleet (rolling stock) on a consistent and timely basis. Bus purchases in the FY 2012 CIP are not fully funded with anticipated grant funds and would need to be purchased through some type of financing arrangement that would be approved by the appropriate government agencies and PAAC’s Board of Directors.



In addition to the core projects such as Debt Service (mandatory payments on previous financing agreements for prior purchases of bus replacements and infrastructure expansions); Operating Capitalizations (various projects needed to supplement the operating budget due to shortfalls in the operating funding); and continued funding of the North Shore Connector project; the Authority plans to fund thirty-six (36) Fixed Guideway and Facility Improvements projects; and twenty-three (23) Support Programs projects in FY 2012.

In addition to Port Authority's core projects such as replacement of buses, ongoing construction of the North Shore Connector, continuation of the implementation of the Automated Fare Collection System, payment of debt service, and the supplementation of the Operating Budget through Operating Capitalizations; the Port Authority will initiate an Alternatives Analysis (AA) and a National Environmental Policy Act (NEPA) study to review a Bus Rapid Transit (BRT) link between Downtown, Oakland and other East End neighborhoods in the City of Pittsburgh. These projects are described in further detail under the "Use of Funds by Category" section.

Source of Funds

Capital funding is primarily dependent upon federal grants; which are partially matched by funds from the Commonwealth of Pennsylvania and Allegheny County. Generally, the funding split is 80% federal, 16.67% state and 3.33% county. Exceptions to this were the American Recovery and Reinvestment Act (ARRA) funds and one-time Federal Highway Administration (FHWA) funding flexed to PAAC by Governor Rendell for operating preventive maintenance both of which provided 100% federal funding.

The Authority's state capital contributions are funded from Act 44 Section 1514 State Capital Bonds and Public Transportation Assistance Funds (PTAF).

The Authority's local capital contributions are funded from annual Allegheny County bond issuance proceeds.

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 several Continuing Resolutions (CR) extensions of SAFETEA-LU. 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:

(Note: Amounts in parentheses after the program represent the amount budgeted for the Fiscal Year 2012 Capital Projects.)

- **Section 5307 - Urbanized Area Formula Program (\$34,679,000)**

This program provides funds for planning, acquisition, construction, and preventive maintenance, improvement, operating capitalizations, 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”. Examples of Transit Enhancements are historic preservation of transit buildings, bus shelters, landscaping, public art, pedestrian access, bicycle access, transit connections to parks, signage, and access for persons with disabilities to mass transit.

It should be noted that the Section 5307 formula grant program represents a significant portion (24%) of the revenue stream supporting the FY 2012 CIP. Congress has yet to approve legislation establishing long term spending authorizations for this program. A series of continuing resolutions have sustained funding at current levels. Therefore, for future planning, the Port Authority has assumed that formula 5307 funding for the FY 2012 CIP will remain flat.

Section 5309 - Federal Capital Program (\$33,676,000)

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. These 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.

Other Federal Funding

- **Federal Flex (\$6,172,200 + \$9,520,000)**

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 receives FHWA Surface Transportation Program Flex funds for various capital improvements. These funds will be utilized during FY 2012 for bus procurement and to finish construction of the North Shore Connector project.

- **Transit Security Grant Program (TSGP) (\$900,000) –**

The Transit Security Grant Program (TSGP) is one of five grant programs that constitute the Department of Homeland Security's (DHS) focus on transportation infrastructure security activities. These grant programs are a comprehensive set of measures implemented by the Administration to help strengthen the Nation's critical infrastructure against risks associated with potential terrorist attacks. The TSGP is a discretionary grant program. Port Authority applies for funding annually, and the FY 2012 focus will be to further enhance Port Authority's expanding Closed-Circuit Television (CCTV) infrastructure.

State Funding

Funding programs applicable to the Port Authority are as follows:

- **Act 44 Section 1514 State Capital Bond (CB) (\$30,000,000)**



State urban and rural bond-funded capital assistance is discretionary funding based on individual capital projects authorized in legislatively enacted state capital budgets. PennDOT annually releases approximately 25 percent of available state bond funding for Port Authority capital projects. Generally state bond funds cover 16.67% of the total cost of Port Authority capital projects. These funds are utilized to leverage (match) federal formula funds.

· **State Urban Act 44 PTAF Dedicated Fund Program (\$35,756,000)**

Dedicated State PTAF funding comes from different funding sources that are distributed monthly to the Department for capital assistance and asset maintenance. PTAF sources include a \$1.00 new tire fee, .947% Commonwealth sales and uses tax receipts, 3% motor vehicle lease tax, and \$2.00 per day motor vehicle rental fee. 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. Port Authority uses its PTAF funds (approximately 25.4% of PTAF revenues) for debt service on its 2011 Special Revenue Transportation Bonds Refunding Series of 2011 and debt service for a prior bus financing agreement.

Allegheny County Funding (\$8,898,000)

- Generally, county funds match 3.33% of the total cost of Port Authority capital projects. These funds are utilized to leverage both state and federal formula funds.

Bus Financing/Other (\$23,295,000)

- To address Port Authority's backlog of bus needs, the Authority will be pursuing another financing agreement to bridge the FY 2012 unfunded portion of the bus needs. Options under consideration include a similar transaction to the current bus financing agreement, or potentially grant anticipation revenue vehicles (GARVEEs).

Loss of State Capital Funding Results in Deferral of Capital Projects

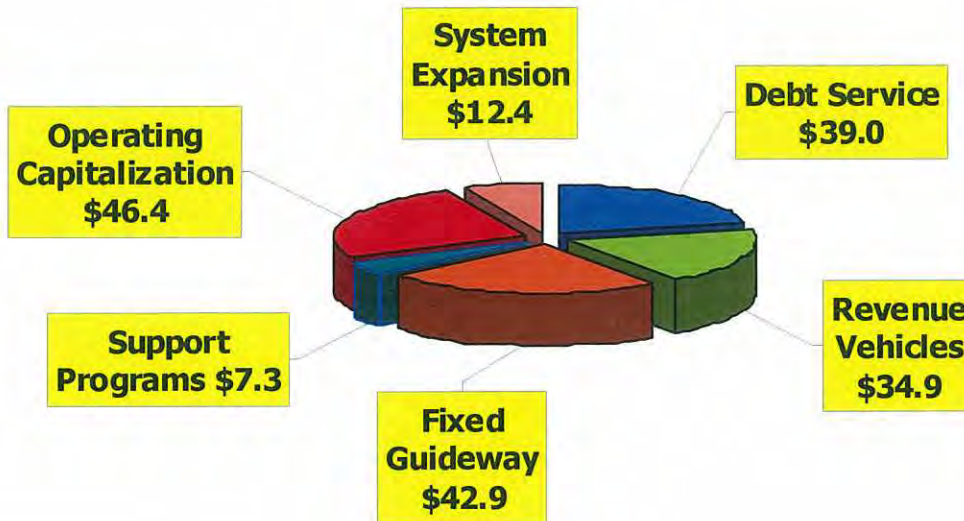
The Port Authority remains concerned about the long-term fiscal stability of Pennsylvania's Public Transportation Trust Fund, as established by Act 44 of 2007, and the uncertainty this creates for transit across the Commonwealth. The Pennsylvania Turnpike Commission has been unable to obtain the approval of the Federal Highway Administration to begin tolling Interstate 80. Without full funding of Act 44, The Port Authority of Allegheny County anticipates no growth of State funding. Port Authority may be forced to defer various state of good repair projects listed within its future capital improvement program.

Use of Funds by Category

All capital projects contained within Port Authority's two year Capital Improvement Program can be classified among the following categories: Revenue Vehicle Replacement; Fixed Guideway and Facilities; New System Expansion; Support Programs; Operating Capitalizations; and Debt Service.



USE OF FUNDS (\$182.9 Million)



Revenue Vehicle Replacement

Port Authority recognizes that timely replacement of its revenue fleet is an integral part of maintaining long-term financial stability and providing excellence in customer service. A total of \$65.8 million is planned for the upcoming two year period for 118 buses to be replaced. As previously explained, the Authority will be pursuing future financing agreements to bridge the unfunded portion of these bus needs. Providing a modern bus fleet provides customer satisfaction, safety and reduces the overall operating costs of maintaining an older, outdated

fleet; therefore, a main objective of Port Authority's operating division is to strive towards the replacement of older buses to result in an average bus fleet age of the industry standard of 6-7 years and achieving optimal bus maintenance costs to the operating budget.

Fixed Guideway/Facilities Improvements

Port Authority remains committed to maintaining and improving its busways, railways and facility buildings. With the main focus of previous years resting on the North Shore Connector Expansion project, state of good repair projects had taken a back seat due to various funding constraints. Rectification of this backlog was addressed in the FY 2011 CIP and has continued in the FY 2012 CIP, where Fixed Guideway/Facilities Improvement correction was made a priority. This correction is crucial in order to reduce costly emergency capital requests and ongoing charges to the operating budget due to outdated and delayed improvements in keeping the Port Authority's assets in a state of good repair.

The CIP allocates \$42.9 million to 33 projects in FY12 towards the Fixed Guideway and Facilities category. Proposed projects over \$1 million each for FY 2012 include the following:

- Rehabilitation of the South Busway Edgebrook Avenue Bridge (built in 1975). The bridge is currently classified as structurally deficient;
- Replacement of eleven (11) existing tunnel ventilation fans (originally installed in 1984) in the Mt. Washington Tunnel, a dedicated right of way utilized by both bus and rail vehicles;
- Moderate maintenance repairs for nine (9) of the eighty (80) Port Authority owned and maintained bridges along the Authority Transit System as part of the annual Bridge Preventive Maintenance Program;

- Replacement of Substation Bus Ducts at South Hills Junction and at 3rd Avenue, Dormont, Castle Shannon and South Hills Village is critical due to recent bus duct failures;
- Replacement of roofs at the Port Authority owned bus garage in Ross Township (22 years old) & Wood Street stop in the Central Business District (27 years old) & the installation of additional exhaust fans in the Ross bus garage storage area to reduce fumes;
- Implementation of the rail grinding recommendations resulting from the most recent Track Measurement Study which includes the grinding of all existing rail (last performed in 2001) in addition to the newly installed rail of the North Shore Connector and Mt. Lebanon Tunnel. The grinding of transit rail systems is considered to be the single most effective practice to maximize value from the rail asset;
- Partial demolition of the Manchester Office Tower due to deterioration of the building;
- Paving of the existing asphalt perimeter in the bus access routes around the Port Authority owned bus garage (15-20 years old) & employee parking lot (25 years old) in East Liberty;
- Rehabilitation of the East Busway 26th St. Ramp and Bridge (built in 1980). The bridge is currently classified as structurally deficient with the deck in poor condition;
- Replacement of track along Warrington Avenue between Haberman Avenue and Arlington Avenue (in place since early 1980's). This concrete trackbed serves public vehicular traffic;
- Rehabilitation of the Mt. Washington Tunnel (constructed in the early 1900s) Portal Face to ensure the protection of the portal building which houses the electrical, communications and fiber optic equipment that supports the Light Rail Transit System from rockslides and hillside failure.

The remaining twenty-two (22) Fixed Guideway and Facilities Improvement projects total \$5.2 million.

New System Expansion

The FY 2012 CIP includes funding for two projects in this category, specifically, the final funding of the North Shore Connector project (\$11.9 million) and Park and Ride Expansion (\$.5 million).

The \$523.3 million North Shore Connector project (construction ongoing since 2006) is a 1.2 mile extension of Port Authority's 25 mile LRT system that will significantly enhance transit service within Pittsburgh's Central Business District – known locally as the Golden Triangle - and link travelers arriving or departing downtown to the rapidly developing North Shore area. The Project is comprised principally of the construction of two bored tunnels beneath the Allegheny River and three light rail stations – two new stations on the North Shore and an expansion and reconfiguration of Port Authority's existing LRT station at the Gateway Center. Scheduled revenue operation date is set for March, 2012.

The investment in Park and Ride Expansion is a continuation of the FY 2011 CIP which allocated funds as recommended by the Transit Development Plan (TDP) towards expansion of the Port Authority's existing park and ride network at several locations around Allegheny County. The expanded 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.

Support Programs

This category totaling \$7.3 million for twenty three (23) projects consists of three sub-categories:

- Support Vehicles & Equipment

The support vehicles (non-revenue fleet) and shop equipment subcategory includes a variety of trucks, automobiles and specialty vehicles and equipment that support transportation operations and maintenance. This fleet and equipment ensures safe and reliable support service to customers and employees. The Port Authority has programmed \$3 million for fourteen (14) projects which includes the purchase of thirty-two (32) vehicles and various pieces of facilities equipment.

- IT Hardware/Software

The IT capital budget for FY 2012 consists of seven (7) projects totaling approximately \$2.4 million. The largest project, at \$1.1 million, is for the annual software support and licensing for third party applications/software. The second largest project for \$620,000 is to replace the existing PC virtualization environment with the VMWare View product. This replacement would be more efficient and less costly than the current product being used by the Port Authority. Five other IT projects totaling \$650,000 make up this sub-category.

- Other Support

This sub-category consists of two projects: \$1 million for the annual rent on administrative office space and \$.9 million for a Transit Security project to install CCTVs in the North Shore Connector Tunnel.

Operating Capitalizations

Traditionally, the Port Authority allocates a significant portion of its annual Section 5307 formula grant funds, for items technically considered “capital” expenses by federal regulations, to essentially function as a subsidy for operating expenses. To help offset the reduction of Act 44 state operating assistance for the 2012 fiscal year, this plan includes over \$46 million of subsidy to the operating budget. The impact of this subsidy is significant in that it allows the Port Authority to maintain bus/rail routes and keep bus garages open. Without this subsidy, further elimination of bus and rail routes and the closing of various operating facilities would be considered.

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

Port Authority of Allegheny County
Fiscal Year 2012 Capital Budget
Table 5.1

Major Operating-Related Capitalizations

Single - Year	Description	FY 2012 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, station, signals, and power supplies.	\$16,000,000	State Capital Bond Fund - 100%
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 - 80% State Capital Bond Funds - 16.67% Allegheny County Funds - 3.33%
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.	\$9,520,000	Section 5307 Formula Funds - 80% Allegheny County Funds - 20%
Revenue Vehicle Overhaul Program	Funding for improvements to the internal/external and mechanical overhaul of Port Authority's revenue vehicle fleet.	\$2,500,000	State Capital Bond Fund - 100%
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 - 80% State Capital Bond Funds - 16.67% Allegheny County Funds - 3.33%
Administrative Grants Management	The Budget for Project Administration not to exceed 2% of the grant total. This is to cover the costs of grant management and administrative costs.	\$830,000	Section 5307 Formula Funds - 80% State Capital Bond Funds - 16.67% Allegheny County Funds - 3.33%
Program Totals		\$46,350,000	

Debt Service

Port Authority budgeted almost \$39 million for Debt Service for the FY 2012 capital budget which consists of \$22 million for the Special Revenue Transportation Bonds Refunding Series of 2011 and \$16.9 million for previous revenue vehicle replacement purchases (400 Buses).

On-Going/New Initiatives**Automated Fare Collection System (AFCS) Initiative**

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 superior data collection system enhancing the Authority's ability to analyze and manage operations, and eventually provide a seamless coordination of regional transit services.

Project Status Highlights

- All buses and light rail vehicles have been equipped with the new Scheidt & Bachmann (S&B) fareboxes;
- Smart card pilot passes in use throughout the system by Port Authority employees;
- University of Pittsburgh Pass Program launched with approximately 40,000 faculty, staff & students using their Pitt ID to ride the system;
- Screen flow design for the Ticket Vending Machines and Sales Office Terminals completed and in development;
- Customer Service & Customer Self-Service Web Portal design completed and in development; and
- 60 Ticket Vending Machines built and awaiting installation.

FY 2012 Goals and Objectives

- Conduct internal pilot testing with Authority employees to verify/validate ConnectCard products – Winter 2011;
- Complete installation of new fareboxes in the fare booths;
- Issue ConnectCard passes to Port Authority employees & retirees;
- Launch ConnectCard with Annual Pass subscription holders – Spring 2012;
- Complete installation of Sales Office Terminals at Downtown Service Center and Retail Outlets;
- Install Ticket Vending Machines and Validators throughout the system;
- Complete customer pilot testing with all ConnectCard products systemwide; and
- Conduct training courses to facilitate product and equipment deployment activities.

Bus Rapid Transit Downtown to Oakland Initiative

The purpose of this effort is to develop a Downtown-Oakland-East End Bus Rapid Transit (BRT) Project which would qualify for funding under the FTA's Small Starts Program. The study involves Alternatives Analyses (AA) and the appropriate level of National Environmental Policy (NEPA) analysis for a BRT project linking Downtown, Oakland and other East End neighborhoods in the City of Pittsburgh.

This work will advance a recommendation for a Rapid Bus service in Port Authority's Transit Development Plan (TDP) which was completed in 2009. The TDP proposes faster, more reliable, more evenly spaced and more easily understood service in the Downtown – Oakland – East End Corridor. This would be accomplished through implementation of various operational and physical improvements such as stop consolidation, extension of existing exclusive bus lanes and traffic signal priority at key intersections. Other improvements proposed in the TDP include assignment of articulated coaches for all service, provision of real-time passenger information, enhanced shelters and special marketing and branding.

What is Bus Rapid Transit (BRT)?

- BRT is an enhanced bus system that operates on bus lanes or other transit ways in order to combine the flexibility of buses with the efficiency of rail.
- BRT operates at faster speeds, provides greater service reliability and increased customer convenience.
- BRT uses a combination of advanced technologies, infrastructure and operational investments that provide significantly better service than traditional bus service.

What are BRT characteristics?

- Frequent and more evenly spaced service
- Limited stops
- Traffic Signal Priority
- Branding of vehicles and stop facilities
- Stop/station amenities
- Off-vehicle fare collection
- Real time passenger information

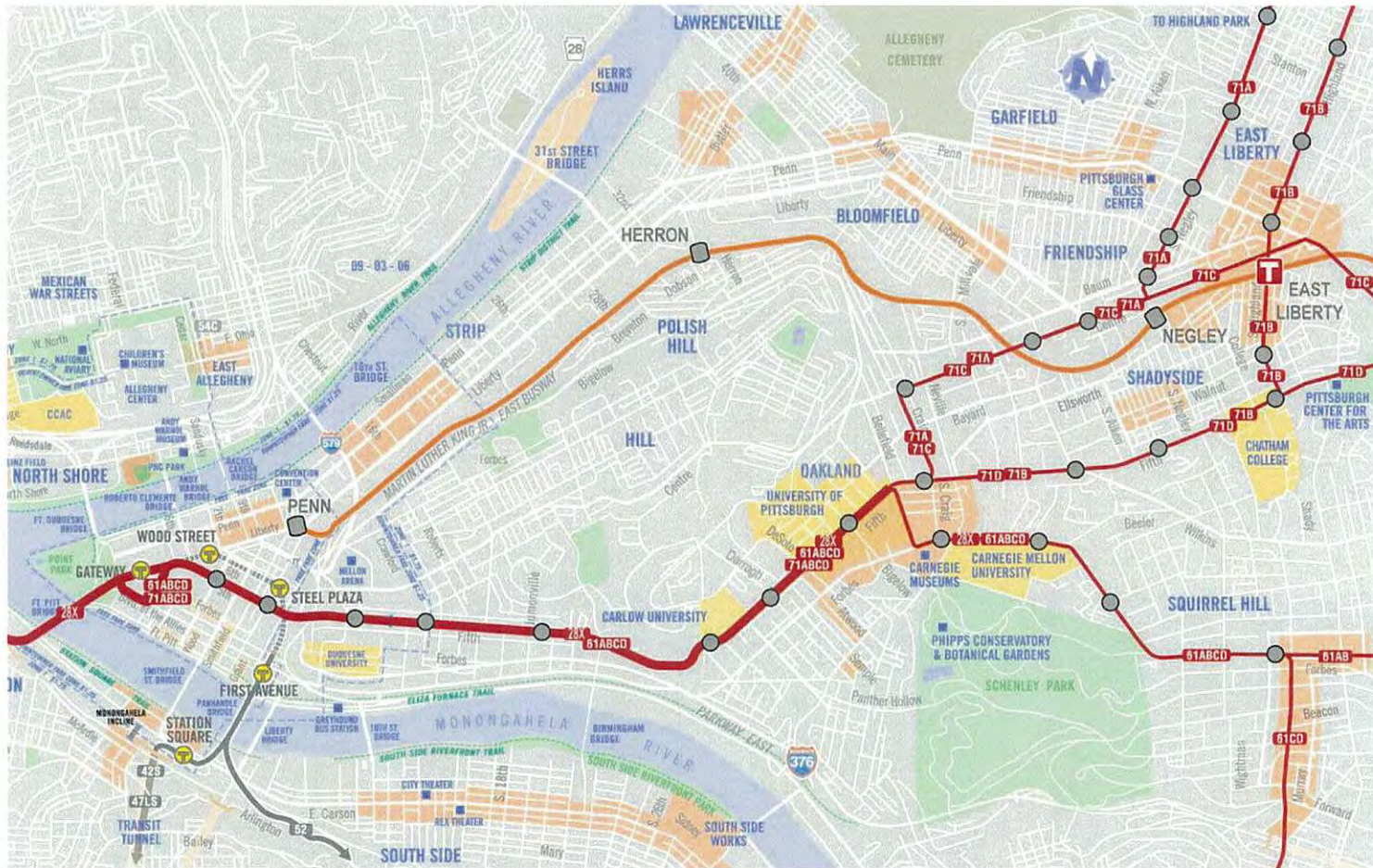
What are potential BRT benefits?

- Reduced travel times
- Improved service reliability
- Increased transit ridership
- Improved air quality/reduced energy use
- Support transit oriented development and neighborhood revitalization

BRT Downtown - Oakland

Proposal

Figure 5.1



FY 2012 CAPITAL IMPROVEMENT PROGRAM IMPACT ON OPERATING BUDGET:

The FY 2012 Capital Improvement Program (CIP) provides for \$46,350,000 in Operating Capitalizations. These funds enable a balanced operating budget. Without this capital funding, the operating budget would be presented with huge deficit, and service hours and personnel would have to be reduced. The following expenditures are paid out of the Operating Budget and then reimbursed from the CIP:

Infrastructure Safety Renewal Program

The Infrastructure Safety Renewal Program (ISRP) provides 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 is intended to address long range planning needs and projects. ISRP addresses immediate necessary improvements which must occur on an ongoing basis to keep this system safe and in a state of good repair. This program encompasses activities under the following sections: Power and Way, Building and Electrical, Electronic Systems, and Technical/Facilities Support. The Power and Way section is responsible for fixed asset improvement to the infrastructure pertaining to the following:

- 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

The Building and Electrical section is responsible 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, Duquesne Incline, and all downtown subway stops. There are more than 350 Port Authority owned stations/shelters throughout the service area. This department houses trade personnel such as plumbers, electricians, janitors, and HVAC technicians. The Electronic Systems Department is responsible for all electronic equipment throughout the Port Authority. Many of these systems are vital to the safety and ongoing operations. This section's responsibilities include the installation and maintenance of all mobile radios, base station communications/monitoring equipment, audio and closed circuit systems, treasury, and other locations where safety and security are paramount. For all of the above improvements, administrative and technical/engineering supports are required. The Technical/Facilities Support section plays a critical role in this process by the development and design of procurement specifications, bridge inspection/management program, providing technical drawings and computer aided drafting for various facility and right of way projects, review engineering plans and drawings from outside contractors, budget development and analysis, capital project management, and management of outside service contracts.

Capital Cost of Contracting – ACCESS Program

The Port Authority of Allegheny County contracts for its entire ACCESS paratransit service for elderly and disabled riders. Specifically, Port Authority currently contracts with Veolia Transportation, Inc. doing business as ACCESS Transportation Systems for the administration and coordination of its ACCESS program that provides specialized demand responsive paratransit service for persons who are elderly and/or disabled. In turn, ACCESS Transportation Systems contracts with eight private carriers to provide the actual transportation services. ACCESS provides over 1,700,000 passenger trips annually. Port Authority has allocated \$15,000,000 to cover the capital costs for contracting ACCESS paratransit 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 to be funded with Section 5307 capital dollars.

Preventive Maintenance Program

The FY 2012 Capital Budget allocates \$9,520,000 towards Preventive Maintenance. In 1996 the FTA announced that revenue vehicle maintenance costs would be eligible for reimbursement. Preventive maintenance is a broadly defined federal program that allows for direct and indirect activities performed on revenue and non-revenue vehicles included under the line item “maintenance” in the National Transit Database system of accounts

The Vehicle Overhaul Program

The Vehicle Overhaul Program (VOH) allocates \$3,500,000 for FY 2012. The VOH 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 over haul 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 engine and 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. Repair or replacement of the following due to corrosion or fatigue is eligible: front stepwell understructure, engine support structure, wheelwell 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 the capitalization of the 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. Associated Capital Maintenance items relate to items for revenue rolling stock only and do not include facilities, facility equipment, or non-revenue vehicles. An amount of \$2,500,000 is budgeted for the purchase of bus and rail related ACM items. Examples of ACM items include 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.

Grants Management Program

The FY 2012 Grants Management allocation of \$800,000. Project administration is not to exceed 2% of the grant total. Federal regulations allow for this capitalization to cover the salary and administrative costs associated with the Section 5307 Urbanized Area Formula Program Grant. The salary and fringe benefit costs associated with the Grants and Capital Programs Department and the Grants Accounting are capitalized at 100%. Also capitalized is a portion of the expense for the annual independent third party single audit.

FY 2012 Capital Projects Impacting the Operating Budget

The following are Capital Projects that will have an operating budget impact during FY 2012:

North Shore Connector

The North Shore Connector is scheduled for revenue operations at the end of March 2012. This new service will require additional operator pay hours that are estimated at 196 weekly hours, costing about \$260,000 per year. Additional costs for utilities, including water, electricity, and propulsion power will also have a negative impact on the FY 2012 operating budget. These costs are estimated at \$500,000 per year. All of these operating costs are expected to be negated by a negotiated sponsorship of the North Shore Connector's three stations. This sponsorship will enable passengers to ride from Pittsburgh's north shore to the downtown golden triangle free of charge.

Automated Fare Collection System

The Automated Fare Collection System (AFCS) is expected to enhance revenues and data tracking once it's fully implemented. During FY 2012 Phase I will be completed, and all Port Authority buses will be equipped with new smart card enabled fareboxes. This phase will have minimal impact on the operating budget. Phase II will not be implemented until FY 2013 with the rollout of Port Authority's smart card known as the "Connect Card." The future operating budget impacts of this project include the following:

Financial - Increase cash flow, reduce fare evasion, reduce personnel costs, reduce cash as a method of payment, improve revenue control, and reduce future capital outlays.

Regulatory & Reporting - Improve modal and regional data collection and reporting, streamline fare collection process, improve boarding and alighting, and meet performance measurement requirements as specified within state ACT 44.

Bus Replacement

The replacement of buses during FY 2012 is expected to have a positive operating budget impact. These new buses will replace buses that have been in service for over fourteen years. These new buses will on average receive between .75 and 1 mile per gallon greater than the buses being replaced. This will have a significant impact on the budgeted diesel fuel costs. Also, these new buses are covered under warranty for one year bumper to bumper, therefore resulting in lower inventory costs for parts and bus maintenance costs. 35 of these 80 buses being purchased will be 60' Articulated buses. These buses will replace 40' Low Floor buses. These greater capacity buses will enable the operations division to schedule less trips on certain routes while maintaining current rider-ship numbers. The direct result will be lower operating budget labor costs associated with bus operations.

**PORT AUTHORITY OF ALLEGHENY COUNTY
FY 2012 CAPITAL IMPROVEMENT PROGRAM**

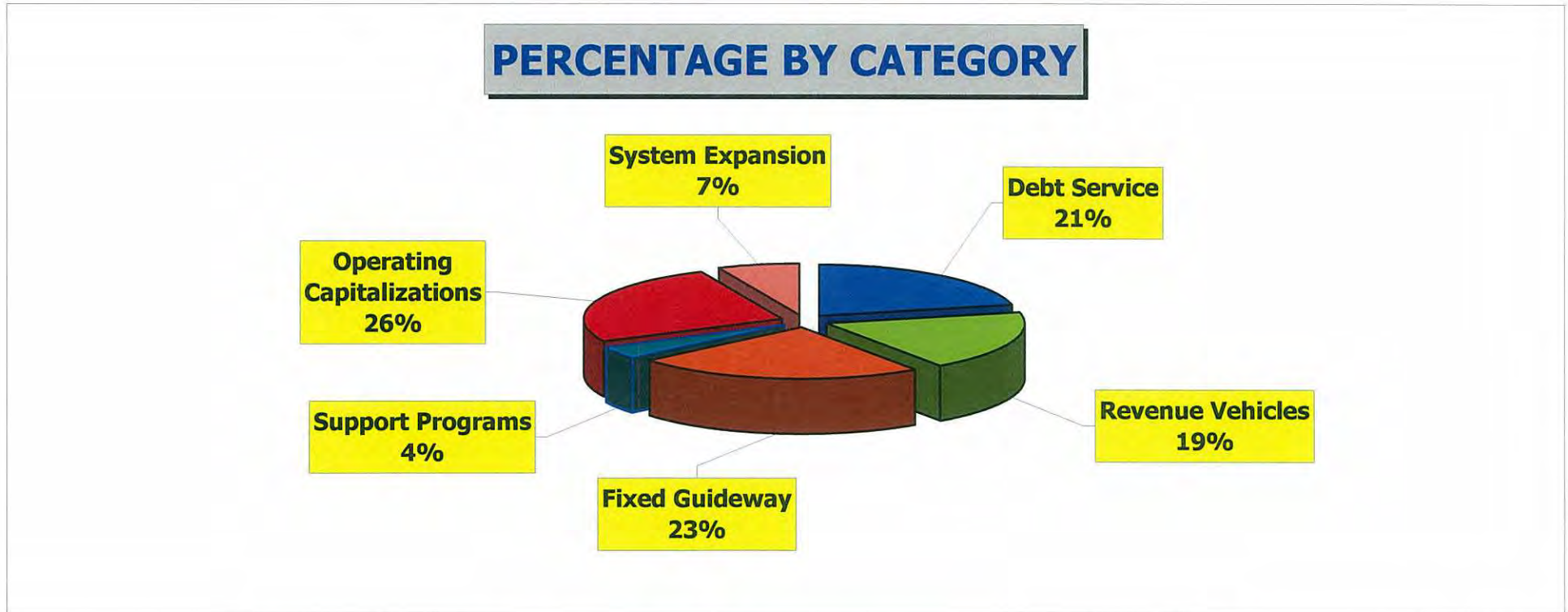
**Table 5.2
Anticipated Funding Sources FY 2012**

I. Federal		
Section 5307 Block Grant	\$	29,679,000
Section 5307/5309 - Bus		13,972,000
Section 5309 Fixed Guideway		30,876,000
Section 5307 NSC Flex/Section 5309 New Starts		9,520,000
Section 5307 CMAQ Flex - Bus Shelters		-
Transit Security Grant Funds		900,000
		<hr/>
Subtotal	\$	84,947,000
II. State		
ACT 44 PTAF	\$	35,756,000
Capital Bond - State of Good Repair		23,000,000
Capital Bond - North Shore		7,000,000
North Shore Prior Period Expenditure Match Adjustment		-
		<hr/>
Subtotal	\$	65,756,000
III. County Capital Funds/Other Working Capital		
Capital Bond - State of Good Repair	\$	5,631,000
Capital Bond - North Shore		1,635,000
North Shore Prior Period Expenditure Match Adjustment		-
ACT 44 PTAF		1,632,000
Restricted Working Capital		5,845,000
		<hr/>
Subtotal	\$	14,743,000
Total Funding Sources	\$	165,446,000
		<hr/>
		Capital Programs
I. Debt Service		
2011 Bond Debt Service	\$	22,084,000
Revenue Vehicle Leases		16,903,000
		<hr/>
Subtotal	\$	38,987,000
II. Revenue Vehicle Replacement		
40' Ultra Low Sulfur Diesel Buses	\$	7,716,000
60' Ultra Low Sulfur Diesel Buses		27,200,000
		<hr/>
Subtotal *	\$	34,916,000 *
III. Fixed Guideway and Facility Improvements		
Other State of Good Repair	\$	9,535,000
Warrington Avenue Track & Pavement Replacement		8,800,000
Edgebrook Avenue Bridge Rehabilitation		3,675,000
Mt. Washington Tunnel Fan Replacement - Construction		3,700,000
Ross - Roof Replacement & Exhaust Fans in Bus Storage Area		4,650,000
Manchester Tower Demolition		4,000,000
East Liberty - Perimeter Paving, Loop Detectors, and Fire Loop Piping		3,800,000
26th St. Ramp Bridge Rehabilitation		2,750,000
Bridge Preventive Maintenance Program		2,000,000
		<hr/>
Subtotal	\$	42,910,000
IV. Support Programs		
Other Support Equipment	\$	1,923,000
Support Vehicles and Equipment		3,040,000
Information Technology Hardware/Software		2,370,000
		<hr/>
Subtotal	\$	7,333,000
V. Operating Capitalizations		
Infrastructure Safety Renewal Program	\$	16,000,000
Capital Cost of Contracting - ACCESS		15,000,000
Preventive Maintenance		9,520,000
Vehicle Overhaul Program		2,500,000
Associated Capital Maintenance		2,500,000
Grants Administration		830,000
		<hr/>
Subtotal	\$	46,350,000
VI. New System Expansion		
Downtown & Oakland Rapid Bus Shelters	\$	-
Park N Ride Expansion		500,000
North Shore Connector		11,900,000
		<hr/>
Subtotal	\$	12,400,000
TOTAL CAPITAL PROJECTS	\$	182,896,000
		<hr/>
Surplus/(Deficit)	* \$	<u>(17,450,000)</u> *

Management recommends a multi-year approach to bus fleet replacement to normalize replacement cycles.

PORT AUTHORITY OF ALLEGHENY COUNTY FY 2012 CAPITAL IMPROVEMENT PROGRAM

Figure 5.2



<u>FY 2012 CAPITAL PROGRAM CATEGORIES</u>	
Debt Service	\$ 38,987,000
Revenue Vehicle Replacement	34,916,000
Fixed Guideway and Facility Improvements	42,910,000
Support Programs	7,333,000
Operating Capitalizations	46,350,000
New System Expansion	12,400,000
Total FY 2012 Capital Program	\$ 182,896,000



PHOTO: PERI WEINSTEIN

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

OFFICE OF THE CHIEF EXECUTIVE OFFICER

General Manager/Chief Executive Officer
Executive Assistant

OPERATIONS

Bus Operations

Bus Operations Officer
Administrative Assistant
Director - Bus Operations
Assistant Manager - Bus Operations
Secretary

Bus Maintenance

Director - Main Shop, Maintenance Support & Training
Secretary
Manager - Bus Maintenance Training
Maintenance Technical Trainer
Fleet Maintenance Coordinator
Fleet Maintenance Information Specialist
Fleet Vehicle Specialist - Bus
Fleet Warranty Program Specialist
Maintenance Relief Clerk
Manager - Bus Maintenance Support
Quality Assurance Contract Specialist - Main Shop
Vehicle Project Coordinator
Assistant Manager- Main Shop
Fleet Maintenance Clerk
Manager - Main Shop
Shop Section Supervisor
Shop Section Supervisor - Relief
Body person Painter
Handyperson
Machinist
Serviceperson
Sheet Metal Worker
Shop Welder
Automotive Repairperson
Engine Overhaul Mechanic
Transmission Overhaul Mechanic
Seat and Sign Repairperson
Electrical Equipment Repairperson
Electrical Unit Overhaul Mechanic
Vehicle Overhaul Mechanic
Misc Unit Overhaul Mechanic
Sign Maintenance Repairperson
Sign Painter A
Body person Painter

Road Operations

Director - Road Operations
Assistant Manager - Road Operations
Assistant Manager - Transportation Training
Secretary

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

Route Foreman
Instructor

Ross Division

Director of Service Delivery
Assistant to the Director of Service Delivery
Dispatcher
Bus Operators
Manager - Maintenance and Service
Assistant Manager - Maintenance and Service
Garage Foreman
Relief Garage Foreman
Automotive Mechanic
Automotive Repairperson
Body person Painter
Bus Assignment Shifter
Division Maintenance Clerk
Farebox Repairperson
Serviceperson
Wheel Changer
Radio Repairperson

Collier Division

Director of Service Delivery
Assistant to the Director of Service Delivery
Dispatcher
Bus Operators
Manager - Maintenance and Service
Assistant Manager - Maintenance and Service
Garage Foreman
Relief Garage Foreman
Automotive Mechanic
Automotive Repairperson
Body person Painter
Bus Assignment Shifter
Division Maintenance Clerk
Farebox Repairperson
Serviceperson
Wheel Changer
Radio Repairperson

West Mifflin Division

Director of Service Delivery
Assistant to the Director of Service Delivery
Dispatcher
Bus Operators
Manager - Maintenance and Service
Assistant Manager - Maintenance and Service
Garage Foreman
Relief Garage Foreman
Automotive Mechanic
Automotive Repairperson
Body person Painter
Bus Assignment Shifter
Division Maintenance Clerk
Farebox Repairperson
Serviceperson

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

Wheel Changer
Radio Repairperson

East Liberty Division

Director of Service Delivery
Assistant to the Director of Service Delivery
Dispatcher
Bus Operators
Manager - Maintenance and Service
Assistant Manager - Maintenance and Service
Garage Foreman
Relief Garage Foreman
Automotive Mechanic
Automotive Repairperson
Auto Repairperson-Tow Truck Operator
Body person Painter
Bus Assignment Shifter
Division Maintenance Clerk
Farebox Repairperson
Serviceperson
Wheel Changer
Radio Repairperson

Rail Operations

Rail Operations/Engineering Officer
Administrative Assistant
Rail & Facilities Administrator
Secretary

Technical Support and Capital Programs

Director - Technical Support and Capital Programs
Assistant Director - Capital Programs
Drafter
Environmental Compliance Coordinator
Manager of Project Controls
Manager - Capital Programs Facilities
Manager - Capital Programs Systems
Operations Management Analyst - Operating
Project Engineer
Senior Engineering Technician
Systems Engineer
Operations Management Analyst - Capital
Power/Railcar Engineer
Instructor
Maintenance Training Specialist
Manager - Rail Maintenance Training

Non Revenue Vehicles and Way

Manager - Way and Non-Revenue Vehicles
Body person Painter
Auto and Truck Shop Foreman
Automotive Mechanic
Fleet Maintenance Clerk
Serviceperson
Assistant Manager Way
Crew Leader

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

Heavy Equipment Operator/Maintainer
Special Equipment Operator/Maintainer
Special Work Repairperson
Track Service Person
Way Maintenance Repairperson
Way Supervisor

LRT Systems and Facilities

Director - Facilities and Rail Maintenance
Manager - LRT Systems and Facilities
Building Maintainer
Serviceperson
Wire person
Assistant Manager - Facilities
Building Maintainer
Facilities Supervisor
HVAC Repairperson
Incline Work Repairperson
Farebox Repairperson
Assistant Manager - LRT Systems
Radio Repairperson
Signalperson
Electronic Maintainer
LRT Systems Supervisor
Radio Repairperson
Division Maintenance Clerk
Lineman
Substation Maintainer
Working Foreperson - Overhead Lines

Rail Service Delivery

Director of Rail Service Delivery
Assistant Manager - Rail Operations
Manager of Rail Service Delivery
Dispatcher
Movement Director
Route Foreman
Secretary
Rail Operator
Off-Board Fare Collectors
Instructor
Manager - Rail Car Maintenance
Assistant Manager of Railcar Maintenance
Car House Foreman
HVAC Technician
Rail Assignment Shifter
Technician A
Technician B
LRV Structural Mechanic
Machinist
Shop Mechanic
Warranty Administrator

North Shore Connector

Director - North Shore Connector
Project Manager

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

Senior Project Engineer

Automatic Fare Collection System

AFCS Program Director

Manager Smart Card Program

FINANCE

Chief Financial Officer

Administrative Assistant

Director - Financial Planning and Budgets

Manager - Financial Planning and Reporting

Senior Analyst - Operating

Senior Analyst - Reporting

Purchasing and Materials Management

Director - Purchasing and Materials Management

Manager - Contract Administration (Bus and Rail)

Manager - Contract Administration (C & PS)

Manager - Materials

Supervisor - Inventory

Stores Supervisor

Stores Supervisor - Rail

Buyer

Associate Contract Administrator - Con & PS

Associate Contract Administrator - Nconst

Contract Specialist

General Procurement Contract Specialist

Inventory Analyst and Control Specialist

Material Control Specialist

Procurement Clerk

Professional Services Contract Specialist

Senior Professional Services Contract Specialist

Material Delivery person A

Manager - Inventory Operations and Distribution

Receiver

Serviceperson

Stockperson

Accounting

Controller

Accounting Assistant - AP Specialist

Manager - Accounts Payable

Accounting Assistant- Payroll Specialist

Assistant Manager of Payroll

Manager - Payroll

Accounting Assistant

Manager - Operating Accounting

Senior Accountant

Manager - Grants and Capital Accounting

Assistant Manager of Accounting

Staff Accountant - Grants

Treasury Operations

Manager - Treasury Operations/Cash Room

Supervisor - Cash Room Operations

Assistant Supervisor - Revenue Collection

Supervisor - Revenue Collection

Chauffeur Guard

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

Collector - Traffic Receipts
Currency Processing Clerk
Currency Unfolder
Treasury Clerk
Vault and Coin Processing Clerk

Information Technologies

Chief Technology Officer
Director IT Management and Planning
Applications Systems Developer
Database Administrator II
Internet/Intranet Developer
Internet/Intranet Maintainer
Manager - Systems Development
Manager - System Architecture and Development
Project Lead
Project Lead - Web
Project Lead - People Soft
Security Administration Specialist
AFCS Treasury Support
Help Desk Analyst
IT Support Technician II
Manager - IT Datacenter
Network Administrator
System Specialist II
Systems Specialist I
Telecommunications and Security Administrator

Grants and Capital Programs

Director - Grants and Capital Programs
Manager - Grants and Capital Programs
Senior Grants and Capital Programs Analyst

Administrative Services

Manager - Administrative Services
Administrative Relief Clerk
Courier (Admin Services)
Duplication Clerk
Electronic Document Management Administrator
Project Controls Specialist
Receptionist - Clerk Typist

HUMAN RESOURCES

Assistant General Manager - Human Resources
Special Assistant To Director of Human Resources
Administration & HRIS Associate

Employee Relations and Office of Equal Opportunity

Director - Employee Relations and OEO
Assistant Director - Employee Relations and OEO
Manager - Employee Relations
Employee Relations Representative
Employee Relations and OEO Assistant
EEO Investigator
DBE Contract Compliance Officer
FMLA/Attendance Administrator

Employment and Development

Director - Employment and Development

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

Employment Administrator

Associate Employment Administrator - Maintenance Coordinator

Associate Employment Administrator

Administrator - Drug and Alcohol Compliance

Secretary

Manager - Employment and Organizational Development

Training Specialist

Benefits and Compensation

Director of Benefits Administration

Compensation Program Manager

Supervisor - Benefits Administration

Employee Record Clerk

Benefits Clerk

HRIS Specialist

Pension Clerk

EAP Counselor

Manager - Employment Assistance Program

LEGAL AND CORPORATE SERVICES

General Counsel

Counsel - Employment

Counsel - Litigation

Counsel Litigation - Junior

Insurance Administrator

Legal Svcs Administrator

Secretary

Claims

Director - Claims

Case Manager

Claims Administrator

Claims Coordinator

Claims Expeditor

Claims Supervisor

Court Clerk

Secretary

Senior Adjuster

Senior Adjuster

Workers Compensation Specialist

Workers Compensation Supervisor

Internal Audit

Director - Internal Audit

Manager- Internal Audit

Senior Internal Auditor

Senior Internal Auditor

System Safety

Director - Systems Safety

Industrial Hygienist

Safety Specialist- Bus

Safety Specialist - Rail

Secretary

Senior Safety Specialist - Bus

Transit Police and Security

Chief - Transit Police and Security Services

Crime Information Clerk

Port Authority of Allegheny County
Position Summary and Schedule by Division and Department
FY 2012 Budget

Detective
Detective Sergeant
Lead Transit Security Officer
Lieutenant - Transit Police
Police Telecommunications Specialist
Sergeant - Transit Police
Transit Police Officer
Transit Police Officer/Sergeant
Transit Security Officer/Telecommunications Specialist
Transit Security Officer

SERVICE PLANNING AND DEVELOPMENT

Assistant General Manager Planning and Service Development
Administrative Assistant
Communications Officer

Service Planning and Scheduling

Director - Service Planning and Evaluation
Assistant Manager - Data and Passenger Amenities
Assistant Manager - Schedule Writing
Assistant Manager - Scheduling and Service Planning
Associate Service Planner
Information Administrator
Program Manager - Extended Range Planning
Schedule Maker A
Timetable Courier
Traffic Surveyor

Community and Government Relations

Community and Government Relations Officer
Community Outreach Coordinator
Secretary
Smart Card Relations Program Coordinator
Supervisor - Passenger Amenities
Director - Customer Service and Retail Sales
Lead Customer Service Representative
Supervisor - Customer Relations
Supervisor - Customer Service
Customer Service and Community Representative
Customer Relations Representative
Customer Service Representative
Assistant Manager - Customer Sales
Customer Service Assistant
Customer Service Clerk
Director - Advertising Sales
Account Executive
Junior Account Representative

Marketing and Creative Services

Director - Marketing and Creative Services
Creative Designer
Production/Traffic Coordinator
Social Media and Communications Representative
Manager - Marketing
Marketing Associate

PORT AUTHORITY OF ALLEGHENY COUNTY

FY 2012 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 Wilksburg 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.).

North Shore Connector – Project to extend the Light Rail System 1.2 miles from the Gateway Subway Station underneath Stanwix Street and the Allegheny River to the North Shore.

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

AA/NEPA	-	Alternatives Analysis/National Environmental Policy Act
ACTC	-	Allegheny County Transit Council
AFCS	-	Automated Fare Collection System
ADA	-	Americans With Disabilities Act
ATU	-	Amalgamated Transit Union
BRT	-	Bus Rapid Transit
CMAQ	-	Congestion Mitigation Air Quality
CSMA	-	Car Storage Maintenance Area
CSR	-	Customer Service Representative
DBE	-	Disadvantaged Business Enterprise
FEMA	-	Federal Emergency Management Agency
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
IVR	-	Interactive Voice Response
JARC	-	Job Access Reverse Commute
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
SPC	-	Southwestern Pennsylvania Commission

- “T”** - Port Authority Light Rail Line
- TCRP** - Transit Cooperative Research Program
- TOD** - Transit Oriented Development
- TRID** - Transit Revitalization Investment District
- UPWP** - Unified Planning Work Program
- VIP** - Vehicle Improvement Program

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End Notes

¹ Overview

http://en.wikipedia.org/wiki/Allegheny_County,_Pennsylvania

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