

SUMMARY OF RESOLUTION

Authorization to Adopt FY 2011 Operating Budget and FY 2011 and FY 2012 Capital Improvement Budgets

This resolution authorizes passage of the Fiscal Year 2011 (July 1, 2010 - June 30, 2011) Operating and Capital Improvement Budgets of Port Authority of Allegheny County. The Operating Budget totals \$329,964,274 in net expenses and the Capital Improvement Budget totals \$181,740,500. The resolution also authorizes a proposed Fiscal Year 2012 Capital Improvement Budget of Port Authority of Allegheny County totaling \$192,125,500.

Although all three budgets balance, expenses with anticipated revenues and grants, the budgets are contingent upon various assumptions.

RESOLUTION

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

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

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

WHEREAS, the Authority is currently, however, facing a potential funding shortfall of \$47.1M. The operating budget, thus, assumes that the Commonwealth of Pennsylvania will address the shortfall created by the failure to toll I-80, and the Act 44 funding inadequacy that has resulted in no growth in Authority's operating assistance from FY2009 to FY2011; and

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Authority hereby adopts an operating budget for the Fiscal Year beginning July 1, 2010 and ending June 30, 2011, which anticipates total operating revenues and grants of \$329,964,274 and total net operating expenses of \$329,964,274 (Exhibit A), a capital budget for the same period providing for \$181,740,500 of capital project expenditures funded by \$144,740,500 of capital grant revenues, and a capital budget for the Fiscal Year beginning July 1, 2011 and ending June 30, 2012 providing for capital project expenditures of \$192,125,500 funded by \$136,125,500 of capital grant revenues (Exhibit B).

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

Exhibit A
 PORT AUTHORITY OF ALLEGHENY COUNTY
 FY2010 Budget, FY2010 Projection FY2011 Projection

(000's)	FY2010 Budget	FY2010 Projection	FY2011 Projection	\$ Change FY10 Proj v. FY11 Proj.	% Change FY10 Proj v. FY11 Proj.
REVENUES:					
PASSENGER REVENUE -					
BUS, LRT AND INCLINE	\$75,463	\$72,684	\$76,805	\$4,121	6%
ACCESS PROGRAM SERVICE	\$12,571	\$11,977	\$12,028	\$51	0%
CONTRACT SERVICES	\$6,305	\$6,610	\$7,399	\$789	12%
ADVERTISING	\$1,000	\$1,201	\$1,201	\$1	0%
INTEREST INCOME	\$300	\$31	\$50	\$20	64%
OTHER INCOME	\$818	\$582	\$582	\$0	0%
TOTAL REVENUE	\$96,456	\$93,084	\$98,065	\$4,981	5%
EXPENSES:					
WAGES AND SALARIES	\$141,600	\$143,770	\$146,745	\$2,975	2%
PENSIONS AND EMPLOYEE BENEFITS	\$128,797	\$132,893	\$130,777	-\$2,116	-2%
MATERIALS AND SUPPLIES	\$38,019	\$39,279	\$42,819	\$3,540	9%
PROVISION FOR INJURIES AND DAMAGES	\$3,587	\$2,700	\$2,793	\$93	3%
PURCHASED SERVICES	\$9,200	\$8,620	\$8,631	\$11	0%
UTILITIES	\$10,200	\$8,779	\$9,502	\$723	8%
OTHER EXPENSE	\$4,847	\$4,134	\$5,859	\$1,725	42%
INTEREST	\$1,000	\$96	\$478	\$382	398%
ACCESS	\$25,646	\$24,516	\$25,211	\$695	3%
AMOUNTS CAPITALIZED	-\$45,489	-\$45,557	-\$42,851	\$2,706	-6%
TOTAL EXPENSE	\$317,408	\$319,230	\$329,964	\$10,734	3%
OPERATING GRANTS					
STATE	\$184,458	\$184,458	\$184,458	\$0	0%
STATE OPERATING ASSISTANCE-PRIOR YEAR	\$8,825	\$8,825	\$0	-\$8,825	-100%
ADDITIONAL STATE OP ASST/ DEFICIT REDUCTIO	\$0	\$0	\$47,076		
COUNTY	\$27,669	\$27,669	\$27,669	\$0	0%
TOTAL OPERATING GRANTS	\$220,952	\$220,952	\$259,203	\$38,251	
OPERATING SURPLUS / (DEFICIT)	\$0	-\$5,195	\$27,303	\$32,498	-626%
IMPACT OF FAILURE TO TOLL I-80		\$0	-\$27,304	-\$27,304	
OPERATING SURPLUS / (DEFICIT) INCLUDING					
FAILURE TO TOLL I-80		-\$5,195	\$0		

**PORT AUTHORITY OF ALLEGHENY COUNTY
FY 2011 - 2012 CAPITAL IMPROVEMENT PROGRAM**

Exhibit B

<u>Anticipated Funding Sources</u>		<u>FY 2011</u>	<u>FY 2012</u>
I. Federal			
Section 5307 Block Grant	\$	25,940,000	\$ 24,600,000
Section 5309 Fixed Guideway		30,735,000	22,800,000
Section 5307 NSC Flex/Section 5309 New Starts		11,600,000	14,000,000
Transit Security Funds		900,000	500,000
Section 5316 - Job Access Reverse Commute		650,000	-
Subtotal	\$	69,825,000	\$ 61,900,000
II. State			
ACT 44 PTAF	\$	8,127,900	\$ 35,431,000
Operating Transfer for I-80		27,304,100	-
Capital Bond - State of Good Repair		23,000,000	23,000,000
Capital Bond - North Shore		7,000,000	7,000,000
Operating Assistance - Job Access Reverse Commute		650,000	-
Subtotal	\$	66,082,000	\$ 65,431,000
III. County			
Capital Bond - State of Good Repair	\$	5,978,000	\$ 5,939,000
Capital Bond - North Shore		1,635,000	1,635,000
ACT 44 PTAF		1,220,500	1,220,500
Subtotal	\$	8,833,500	\$ 8,794,500
Total Funding Sources	\$	144,740,500	\$ 136,125,500
<u>Capital Programs</u>			
I. Debt Service			
2001 Sr. Bond Debt Service	\$	19,750,000	\$ 19,749,000
Revenue Vehicle Leases		16,902,500	16,902,500
2001 Sr. Bond Debt Service - Swaption		590,000	2,925,000
Subtotal	\$	37,242,500	\$ 39,576,500
II. Revenue Vehicle Replacement			
80 - 40' Ultra Low Sulfur Diesel Buses	\$	37,000,000	\$ 37,000,000
25 - 60' Ultra Low Sulfur Diesel Buses		-	19,000,000
Subtotal	\$	37,000,000	\$ 56,000,000
III. Fixed Guideway and Facility Improvements			
Other State of Good Repair	\$	19,899,000	\$ 2,577,000
Warrington Avenue Track & Pavement Replacement		-	12,750,000
Ross - Roof Replacement		-	2,511,000
East Liberty - Perimeter Paving & Loop Detectors		-	2,220,000
Bus Radio System Replacement Phase II		4,500,000	-
Manchester - Deck/ Roof Drain Rehabilitation		4,200,000	-
East Liberty Roof and Exhaust Fan Replacement		3,736,000	-
Replacement of Automatic Trip Stop (ATS) Carborne		3,300,000	-
Mt. Lebanon Tunnel Repairs		3,000,000	-
Subtotal	\$	38,635,000	\$ 20,058,000
IV. Support Programs			
Other Support Equipment	\$	4,183,000	\$ 2,210,000
Support Vehicles and Equipment		2,555,000	2,124,000
Information Technology Hardware/Software		1,015,000	5,027,000
Subtotal	\$	7,753,000	\$ 9,361,000
V. Operating Capitalizations			
Infrastructure Safety Renewal Program	\$	15,000,000	\$ 16,000,000
Capital Cost of Contracting - ACCESS		15,000,000	15,000,000
Preventive Maintenance		4,550,000	4,550,000
Vehicle Overhaul Program		3,500,000	2,500,000
Associated Capital Maintenance		2,500,000	2,500,000
Job Access Reverse Commute		1,300,000	-
Grants Administration		800,000	830,000
Subtotal	\$	42,650,000	\$ 41,380,000
VI. New System Expansion			
Park and Ride Expansion/Transit Centers	\$	3,960,000	\$ 2,250,000
Downtown to Oakland BRT Implementation		-	6,000,000
North Shore Connector		14,500,000	17,500,000
Subtotal	\$	18,460,000	\$ 25,750,000
TOTAL CAPITAL PROJECTS	\$	181,740,500	\$ 192,125,500

Surplus/(Deficit) * \$ (37,000,000) * \$ (56,000,000)

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