

Port Authority of Allegheny County

MODAL BUDGET

Introduction

Port Authority's modal budget is presented as a component of the Operating and Capital Improvement Budgets. The purpose of the modal budget is to present the revenue and expense levels related to the modes of service provided by Port Authority. The modes of service provided are bus, light rail, inclined plane, and the ACCESS Program. The ACCESS program, or ACCESS, is a demand response, paratransit service provided for elderly and handicapped persons. ACCESS is operated on behalf of Port Authority by the management firm Veolia Transportation, Inc. Each of these 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 2007, 2008 and 2009. In addition, graphs illustrating revenue and expense amounts are presented for comparative purposes.

Modal ridership data for fiscal years 2007 and 2008 was calculated using monthly ridership reports. Anticipated ridership levels for FY 2009 were developed by Port Authority's Service Planning and Schedules Department for the bus, light rail, and inclined plane modes. Veolia Transportation, Inc. furnished detailed ridership information for the fiscal years 2007 and 2008 and developed the FY 2009 projections for demand responsive 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" 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 allocation. The distributions of expenses are allocated utilizing and adapting accepted methods of allocation for federal reporting purposes. ACCESS Program Expense is a purchased transportation service and is identified and shown separately.

Table 4.1 contains a comparative summary of Port Authority's revenues and expenses by each of the modes for fiscal years 2007, 2008, and 2009.

TABLE 4.1
COMPARATIVE SUMMARY BY MODE
FY 2007 Actual, FY 2008 Actual & FY 2009 Budget

	<u>FY 2007 ACTUAL</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 BUDGET</u>
Operating Revenues:			
Bus	\$73,376,000	\$66,147,736	\$66,298,000
Light Rail	8,527,000	8,478,000	8,629,000
Monongahela Incline ACCESS Program	841,000	849,000	877,000
	<u>11,941,000</u>	<u>12,969,007</u>	<u>12,884,000</u>
Subtotal	\$ 94,685,000	\$ 88,443,743	\$ 88,688,000
Operating Grants	91,180,713	183,020,400	212,127,000
Capitalizations:	<u>144,794,170</u>	<u>41,178,661</u>	<u>49,471,000</u>
Total Revenue & Grants:	\$ 330,659,883	\$ 312,642,804	\$ 350,286,000
Expenses:			
Bus	\$290,014,000	\$290,790,362	\$279,405,000
Light Rail	47,885,000	47,929,000	44,691,000
Monongahela Incline ACCESS Program	625,000	621,000	555,000
	<u>24,574,000</u>	<u>25,348,151</u>	<u>25,635,000</u>
Total Expenses:	\$ 363,098,000	\$ 364,688,513	\$ 350,286,000
Excess Revenue over Expense:	<u><u>\$ (32,438,117)</u></u>	<u><u>\$ (52,045,709)</u></u>	<u><u>\$ -</u></u>

Bus Mode

Of all the service modes, bus service is the largest of the transportation services provided by Port Authority. The active bus fleet as of June 2008 consists of 60 35-foot vehicles, 665 40-foot vehicles, 40 45-foot vehicles, 50 articulated buses, and 48 minibuses. The five bus garage locations where service originates are located in the following communities: Ross Township, Collier Township, West Mifflin Borough, Pittsburgh (East Liberty area), and Harmar Township. Port Authority's Main Shop, located in the Manchester neighborhood of the City of Pittsburgh, is a large facility where component rebuilding and major bus repairs are performed.

A decrease of 5.6 % in ridership for this mode is anticipated for FY 2009. This forecasted decrease is attributed partially to the Authority budgeting conservatively and to the fact that there was a fare increase in January 2008 resulting in a full year at the higher fare structure for bus passenger ridership in FY 2009.

In recent years, ridership has been impacted favorably by the contractual transit agreements with the University of Pittsburgh and Carnegie Mellon University. Port Authority actively pursues partnerships with businesses and institutions, such as the highly successful transportation program with the University of Pittsburgh. This program allows university students and employees the use of the transit system by showing their current university identification. Port Authority is then paid an agreed upon amount directly from the university.

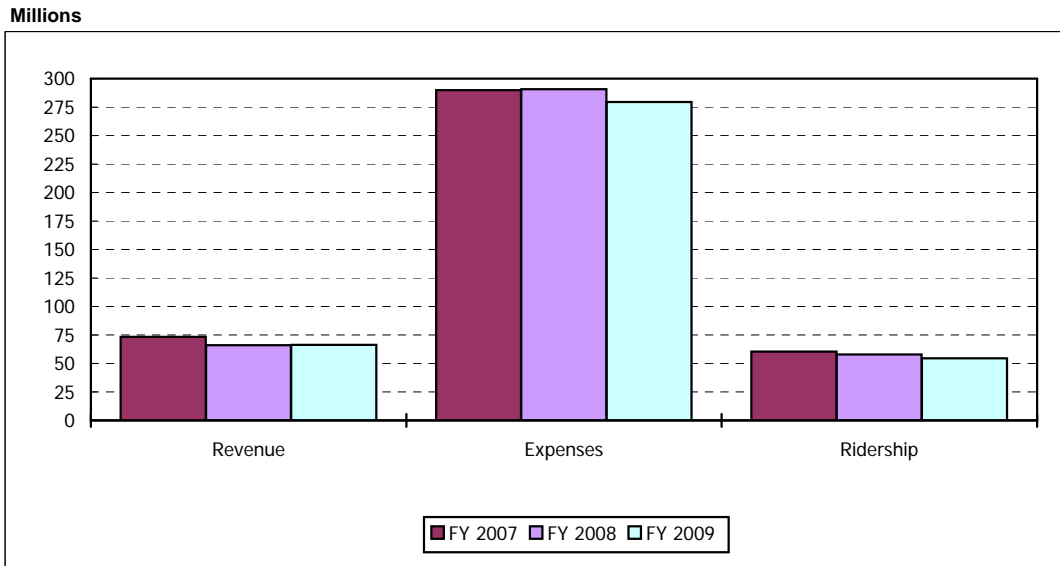
For FY 2009, bus revenues are projected to increase by 0.5% over FY 2008 actuals. This is due to the January 2008 fare increase. FY 2008 included 6 months of increased fares while FY 2009 includes a full year at the higher rates. Port Authority

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 decrease from FY 2008 by 3.9%. There are expected increases in materials and supplies, salaries and wages, utilities, and purchased services; however, the assumption is that a savings will be realized in employee fringe benefits through the labor negotiation process. Within the category of Materials & Supplies, higher costs are expected because of increases in the price of diesel fuel, gasoline and lubricants. Utility costs will be higher due to anticipated increases in the cost of natural gas and the cost of electricity generation and distribution.

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

TABLE 4.2
Port Authority of Allegheny County
BUS MODE



	<u>FY 2007</u> Actual	<u>FY 2008</u> Actual	<u>FY 2009</u> Budget	<u>FY09</u> Inc/Dec
<u>RIDERSHIP</u>				
Non-Seniors	54,986,000	52,246,000	49,409,000	
Seniors	5,325,000	5,487,000	5,071,000	
Total Ridership	<u>60,311,000</u>	<u>57,733,000</u>	<u>54,480,000</u>	-5.6%
<u>REVENUES</u>				
Passenger Revenue	57,396,000	62,081,736	63,396,000	
Sr Cit Reimbursement	9,328,000	0	0	
Other	6,652,000	4,066,000	2,902,000	
Total Revenue	<u>\$73,376,000</u>	<u>\$66,147,736</u>	<u>\$66,298,000</u>	0.2%
<u>EXPENSES</u>				
Salaries & Wages	119,936,000	114,208,362	117,227,000	
Fringe Benefits	121,479,000	124,078,000	90,284,000	
Materials & Supplies	35,066,000	34,907,000	49,915,000	
Prov for Inj & Damages	513,000	4,324,000	3,357,000	
Purchased Services	4,924,000	5,845,000	7,490,000	
Utilities	3,632,000	3,851,000	4,630,000	
Other Expenses	2,898,000	2,748,000	4,275,000	
Interest Expense	1,566,000	829,000	2,227,000	
Total Expense	<u>\$290,014,000</u>	<u>\$290,790,362</u>	<u>\$279,405,000</u>	-3.9%

Light Rail Mode

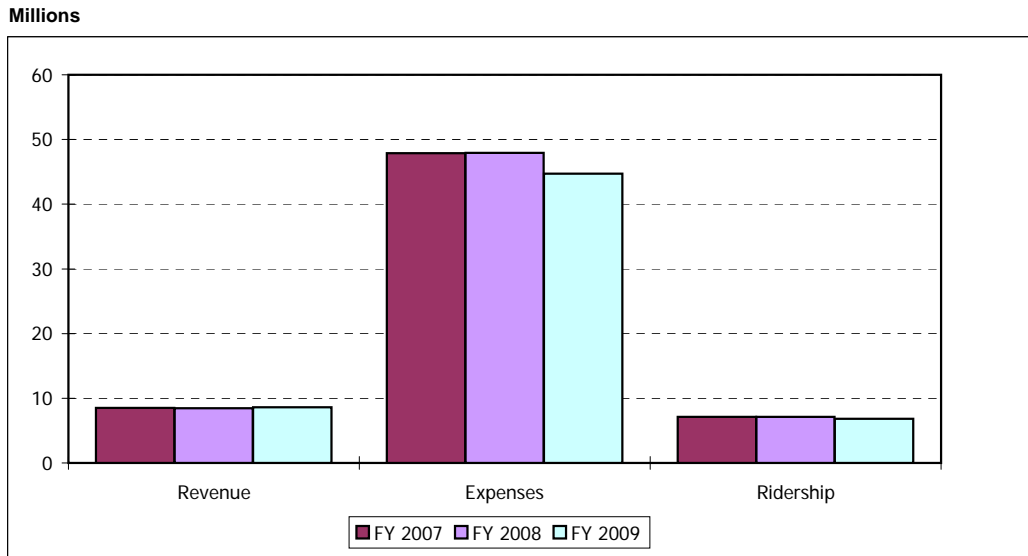
Port Authority's Light Rail Transit (LRT) System includes 48.9 miles of track and 83 light rail vehicles (LRVs). The LRT system has 5 routes, which includes a downtown subway system that provides service from Pittsburgh's South Hills to the downtown area. Service and maintenance for the light rail mode takes place at the South Hills Village location in Upper St. Clair and Bethel Park Townships. The Port Authority Board of Directors approved plans to extend the light rail system under the Allegheny River as part of the North Shore Connector Project. The North Shore Connector project is underway and when completed, will extend Port Authority's 48.9-mile Light Rail Transit system, the T, 1.2 miles from the Gateway Subway Station underneath Stanwix Street and the Allegheny River – in twin bored tunnels below the river - to the North Shore. While remaining underground along the North Shore, the alignment would 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 2009 are expected to decrease by 4.2% from the FY2008 total light rail ridership. This decrease is forecasted due to a 15% service reduction that occurred at the beginning of FY 2008; however, an increase in the base fare structure that took place in January 2008 is expected to increase FY 2009 revenues by 2.1% from FY 2008 levels.

Total expenses are expected to decrease by 6.7% from FY 2008. This decrease is primarily driven by the assumption that the Port Authority will realize a savings in employee fringe benefits through labor negotiations.

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

TABLE 4.3
Port Authority of Allegheny County
LIGHT RAIL MODE



	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY09 Inc/Dec</u>
<u>RIDERSHIP</u>				
Non-Seniors	6,709,000	6,697,000	6,430,000	
Seniors	406,000	445,000	415,000	
Total Ridership	<u>7,115,000</u>	<u>7,142,000</u>	<u>6,845,000</u>	-4.2%
	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY09 Inc/Dec</u>
<u>REVENUES</u>				
Passenger Revenue	7,003,000	7,957,000	8,251,000	
Sr Cit Reimbursement	712,000	0	0	
Other	812,000	521,000	378,000	
Total Revenue	<u>\$8,527,000</u>	<u>\$8,478,000</u>	<u>\$8,629,000</u>	1.8%
<u>EXPENSES</u>				
Salaries & Wages	20,422,000	19,447,000	19,961,000	
Fringe Benefits	20,684,000	21,127,000	15,373,000	
Materials & Supplies	1,816,000	1,808,000	2,586,000	
Prov for Inj & Damages	36,000	301,000	234,000	
Purchased Services	816,000	968,000	1,240,000	
Utilities	3,800,000	4,029,000	4,844,000	
Other Expenses	202,000	191,000	298,000	
Interest Expense	109,000	58,000	155,000	
Total Expense	<u>\$47,885,000</u>	<u>\$47,929,000</u>	<u>\$44,691,000</u>	-6.8%

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 406,446 passengers in FY 2008.

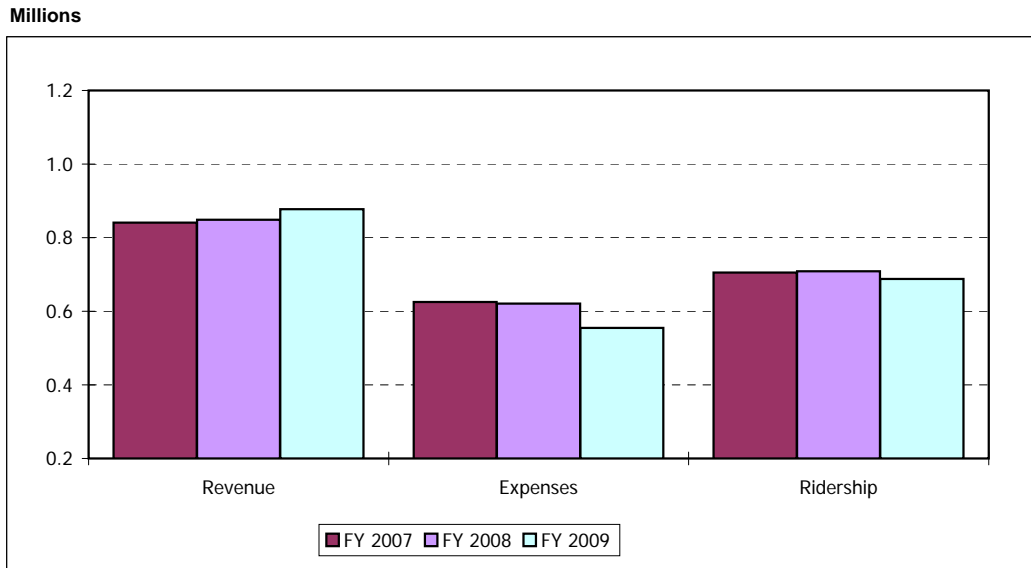
Port Authority operates the Monongahela Incline. The "Mon Incline" covers 635 feet and connects the Station Square area of the South Side with Mt. Washington. Originally built in 1870, the incline's two cars were rehabilitated in 1982 replicating their original style.

Ridership on the Mon Incline is anticipated to decrease by 3.0% in FY 2009 from the FY 2008 levels. Revenues in the same period are projected to increase by 3.7% due to the January 2008 fare increase.

Expenses for the Mon Incline are expected to decrease from FY 2008 by 10.5%. This decrease is due to the assumption that the Port Authority will realize a savings in benefits through labor negotiations.

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

TABLE 4.4
Port Authority of Allegheny County
INCLINED PLANE MODE



	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	<u>FY09</u> <u>Inc/Dec</u>
<u>RIDERSHIP</u>				
Non-Seniors	670,000	670,000	654,000	
Seniors	35,000	39,000	34,000	
Total Ridership	<u>705,000</u>	<u>709,000</u>	<u>688,000</u>	-3.0%
	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Budget</u>	<u>FY09</u> <u>Inc/Dec</u>
<u>REVENUES</u>				
Passenger Revenue	699,000	797,000	839,000	
Sr Cit Reimbursement	61,000	0	0	
Other	81,000	52,000	38,000	
Total Revenue	<u>\$841,000</u>	<u>\$849,000</u>	<u>\$877,000</u>	3.3%
<u>EXPENSES</u>				
Salaries & Wages	292,000	278,000	285,000	
Fringe Benefits	295,000	302,000	219,000	
Materials & Supplies	0	0	0	
Prov for Inj & Damages	0	2,000	2,000	
Purchased Services	1,000	1,000	2,000	
Utilities	34,000	36,000	43,000	
Other Expenses	2,000	2,000	3,000	
Interest Expense	1,000	0	1,000	
Total Expense	<u>\$625,000</u>	<u>\$621,000</u>	<u>\$555,000</u>	-10.6%

ACCESS Mode

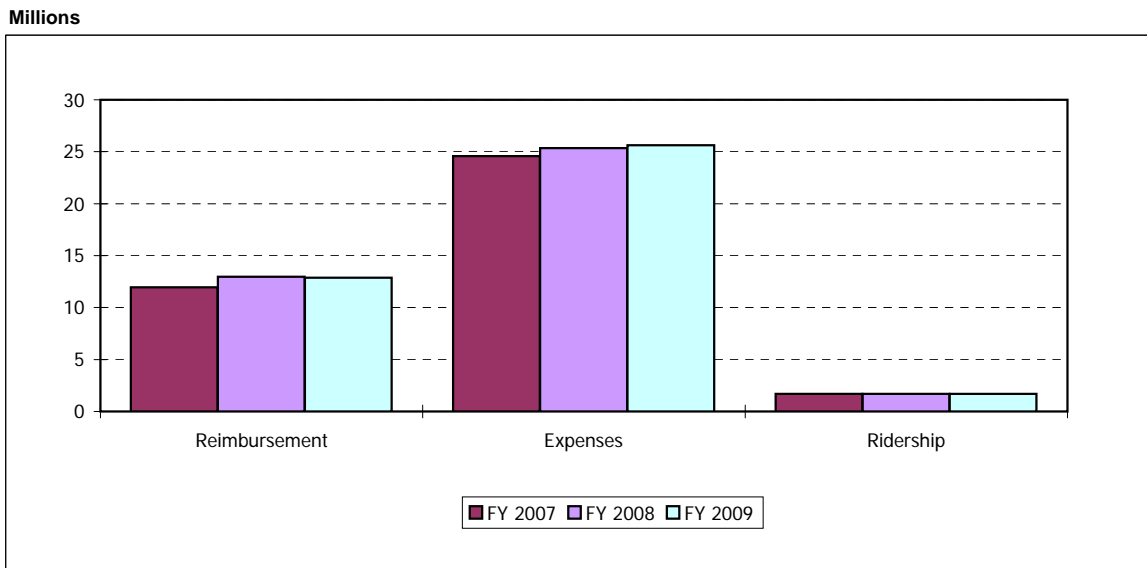
The ACCESS Program provides door-to-door service at reduced fares for older persons and those with disabilities in Allegheny County. This program is operated by Veolia Transportation, Inc., a management firm engaged by Port Authority. The actual transportation is provided by a combination of commercial carriers and non-profit community agencies. In FY 2009, 7 private companies are expected to provide transportation services from 9 operating locations within Allegheny County, under contract to Veolia Transportation, Inc.

The total expenditures projected for ACCESS in FY 2009 is \$34.8 million. Since ACCESS is a contracted carrier for Port Authority, only \$25.6 million of expenses pass through Port Authority's budget. Likewise, only \$12.9 million is reimbursed to Port Authority from the Commonwealth's Senior Citizen Fare Assistance Program for ACCESS senior ridership.

In FY 2009 ACCESS ridership is projected to decrease by 0.3%. Total ACCESS Program revenue, as shown in *Table 4.5* on the following page, is expected to decrease by 0.7% over FY 2008 levels.

Total expenses for the ACCESS Program are expected to increase by 1.1% for FY 2009. ACCESS is subjected to higher fuel costs as is the Port Authority; therefore, a slight increase in expenses is expected.

TABLE 4.5
Port Authority of Allegheny County
ACCESS MODE



	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY08 Inc/Dec</u>
<u>RIDERSHIP</u>				
Sr. Citizen Passengers	847,361	821,120	810,000	
Other Originating Pass.	861,089	872,528	878,500	
Total Ridership	<u>1,708,450</u>	<u>1,693,648</u>	<u>1,688,500</u>	-0.3%
	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY08 Inc/Dec</u>
<u>REIMBURSEMENTS</u>				
ACCESS Prgm Reimbursement	\$ 11,941,000	\$ 12,969,007	\$ 12,884,000	-0.7%
<u>EXPENSES</u>				
ACCESS Prgm Expense	\$ 24,574,000	\$ 25,348,151	\$ 25,635,000	1.1%