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2013 ANNUAL REPORT

From the Executive Director

By any historic measure, the Pittsburgh Parking Authority recorded a milestone performance in the fiscal year ended December 31, 2013. Operating revenues, including Parking Court, exceeded \$50 million for the first time while receipts from metered parking rose 40 percent to account for more than one-quarter of that total. Meter-related income benefited to a limited degree from a January 1 rate increase authorized by City Council for some city neighborhoods. But the principal source of the gain was the public's acceptance – and widespread use of – the pay-by-license-plate technology we purchased and installed during 2012 and 2013.

Importantly, overall revenue growth continued to outpace the year's increase in operating expenses. The latter category included approximately \$1 million in credit card fees, indicating a strong customer preference for that payment mode for parking services. As a result of ongoing, substantial investments in advanced revenue control equipment, all but 700 of the nearly 16,000 spaces under our control accommodate card use with no pass-through charge to parking patrons.

From the conduct of daily operations to meeting capital needs and debt service obligations, all Authority activity is self-funded. And again in 2013, we assigned appropriate attention to maintaining our facilities in sound structural condition. Our downtown garages fill to their collective capacity every business day, and the impact of the volume vehicles they accommodate requires that we budget aggressively for capital repairs. A total of \$7.3 million was spent for that purpose during the reporting period, and we expect a very active fiscal 2014 with expenditures in excess of \$10 million.

While operating independently from Pittsburgh's executive leadership and a nine-member City Council, our organization has formal working relationships with both entities. Council, for example, establishes the city-wide parking tax rate and the zone-by-zone charges for metered spaces. The City's share of Authority-sourced revenue – garage and meter receipts, fines for violations, etc. – is also governed by cooperation agreements between the two parties. Our 2013 contribution approached \$18.9 million. As in 2012, the total again included a \$1.3 million addition to the in-lieu-of-taxes payment we are obligated to provide.

This message focuses principally on the year's financial results. The text pages that follow summarize the operational achievements of our 150-member organization.



Pittsburgh is the first city in America to manage its metered parking with pay-by-license-plate technology.



DAVID G. ONORATO, CAPP
Executive Director, Public Parking Authority of Pittsburgh

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Operations Review:

Authority initiatives, whether highly visible or detectable only in line items of year-end financials, typically target a hierarchy of principal objectives. They include solidifying the organization's financial position; increasing its inventory of available spaces; advancing its operating efficiencies; and, perhaps most importantly, improving the collective parking experience of the driving public. Projected to address all four, the city-wide adoption of multi-space, pay-by-license-plate meter technology was featured prominently in the 2012 edition of this report. The new meters' performance in fiscal 2013 continued to merit attention.

Metered parking across the Authority's service area is now managed largely by just 890 multi-space units, and their operational impact has met all pre-installation expectations. Buoyed by the additional 500 on-street spaces gained during the placement process, meter-sourced revenue increased nearly \$4 million from the year-ago total. The meters' presence also triggered a change in customer payment practices. Of nearly six million parking transactions, 56 percent of users chose the previously unavailable option of payment by credit or debit card to account for nearly 80 percent of total meter receipts. A breakdown of revenue per individual transaction also evidences the impact of card usage: payments in that form average \$3.10 for each parking stay while coin purchases average two dollars less. The resulting reduction of cash in the system enabled management to reduce the frequency of collection activity, permitting the assignment of personnel to related tasks.



Of six million meter transactions, 56 percent of payments were by credit or debit card.

While future year-to-year revenue gains will not be as dramatic and card usage will rise at a slower pace, the Authority will continue to benefit from its adoption of the new metering system. A rise in enforcement efficiency, for example, is accompanying the 2014 implementation of a meter component capable of interpreting data recorded by plate-reading cameras installed on officers' vehicles. The technology upgrade will permit more rapid monitoring of the paid-versus-unpaid status of occupied spaces, and officer coverage areas could be affected as well. The motorized enforcement mode was introduced early this year in support of the Residential Parking Permit program (RPP), an Authority initiative that manages neighborhood parking to ensure greater availability for vehicles whose owners reside there. Participation in the program is secured through requests from a majority of a street's residents and some 500 Pittsburgh streets are now patrolled to enforce posted RPP restrictions.

Increases in customer convenience resulting from the meters' features will continue. Not all patrons, for example, realize that additional parking time

may be purchased for their vehicles at any meter in the zone in which they are parked. The ability to move vehicles from one metered space to another in the same zone with the transfer of paid-for parking time to the second location also is likely to be used more frequently with increased system familiarity. Additionally, the pay-by-phone payment option popular in cities where it is available on a limited basis is scheduled to become operational in 2014. And in Pittsburgh, the concept will be employed system-wide. Patrons who enroll in the program will register their phone numbers and the credit or debit card information they've chosen to process payments. Individual parking transactions will be activated by punching appropriate data either directly into the controlling meter or the customer's telephone keypad. Bringing the new meters' pay-by-phone component on line also permits its users to buy additional parking time no matter how far they might be from their vehicles' locations.

The year's technological upgrades included a focus on the Authority's management of its garage system and ticket adjudication function as well. Beginning in October, motorists contesting the validity of tickets issued for parking violations were given the opportunity to complete the process on line. Of the 3,900 hearings conducted by the Authority's Parking Court unit in 2013's closing quarter, nearly 1,500 occurred electronically. The ratio of on-line versus in-person adjudications increased during the first three months of 2014, indicating a growing comfort with the distance option. Garage parkers, meanwhile, are benefitting from their facilities' adoption – completed or underway – of advanced revenue and lane control techniques. All garages are equipped with lobby-located, card-accepting machines for pre-or-post-parking payments as preferred by the customer. And well before the close of 2014, all will accept card payments at stations identical to those already installed in the exit lanes of six downtown



A grant obtained through the office of Pennsylvania Senator Jim Ferlo funded the restoration of Bloomfield's popular Friendship/Cedarville lot. The work improved the facility's lighting, landscaping and lighting features. It also enhanced its accessibility for parkers with disabilities.



BEFORE: Prior to its new BikePark configuration, Third Avenue's ground-level storage equipment could accommodate just 12 bicycles.

We Built It. They Came.

Not unlike many progressive, forward-thinking initiatives, the request arrived with not enough money to fund it. To be fair, a suggestion from the combined forces of The Pittsburgh Downtown Partnership, a local economic development engine, and BikePgh, a cycling advocacy group, was accompanied by a \$10,000 stipend to cover some early costs. Their proposal was to convert a ground-level portion of a downtown Authority garage for use not simply by bicycle commuters – at no charge for their stays – but to include a repair station and a secure storage and changing area as well. Another objective, to enhance the project's appeal for recreational and weekend use, was that the garage location would ideally sit in close proximity to a popular downtown destination.

Working from that wish list and with its successful implementation far from assured, the Authority's operations team surveyed its system for suitable

sites. No location met the proposal's criteria more completely than the Third Avenue Garage. Critically, the facility contained non-revenue-generating space directly between its entry and exit lanes. And sufficiently sized for its new purpose, no loss of vehicle parking would result from the space's conversion to bicycle use. Third Avenue's heart-of-downtown setting adjacent to Market Square, moreover, satisfied the desired proximity requirements as well. The obstacle represented by the funding shortfall remained – the \$10,000 on hand was less than half of the amount needed. But with all other project components now capable of being addressed, the Authority was fully on board to proceed.

The necessary support arrived from a variety of sources. A talented Pittsburgh architect donated her services, designing the space and supervising the BikePgh and Authority workers who installed its colorful and durable flooring. The Authority itself funded fencing material and directional signage; joined its partners in installing bike racks, lockers and the fix-it station for equipment repair; and secured the assistance of the supplier of its garage revenue control systems to design a means of access to the new facility's secured, private area.

Opened in July as part of the city's broader Project Pop-Up: Downtown campaign, Third Avenue BikePARK joined several new businesses and services launched in 2013 to increase activity in Pittsburgh's central core. Unlike the year's other arrivals, however, the bike-centered operations was intended as a permanent addition. Its users have the free use of public-



The PDP/BikePgh proposal “wish list” included this repair station for bicycle owners. There is no charge for its use.

Photos courtesy of BikePGH.

area racks containing space for about 30 bicycles. A private, fenced-off location, available at an annual fee of \$100 on a first-come, first-served basis, houses rack space for another 24 subscribed members and assigned lockers for them as well. Both user groups have access to the fix-it station and its equipment. Prior to its conversion to accommodate increase services to cyclists, Third Avenue assigned just 12 spaces for that purpose. The 54 it now contains represents a more than four-fold increase from that base. Importantly, the Authority has pledged that revenue generated from the facility's paid-for component will be applied to future bike-friendly initiatives, either downtown or elsewhere in its parking system.



AFTER: The Third Avenue facility now features a more-than four-fold increase in bicycle spaces – 30 free of charge – and an adjacent area housing lockers and ‘round-the-clock parking privileges for subscription users.



Always an Authority focus, the year's capital maintenance program was headed by a \$4.6-million deck replacement and repair project at the heavily used Ft. Duquesne & Sixth Garage.

locations. The new equipment's data-recording components, moreover, shaves seconds from the exiting time of each departing vehicle and speeds facility emptying during peak volume periods.

Several of the Authority's downtown garages have been in service for more than half a century. And while all of its facilities are subject to an aggressive inspection schedule to ensure their continued structural soundness, those older locations typically are the focus of annual capital repair activity. That was the case in 2013 when major renovation projects at the Ft. Duquesne & Sixth and Smithfield-Liberty Garages accounted for 93 percent of the year's nearly \$4.9 million in expenditures for capital improvements. The trend will continue; the ongoing work at Smithfield-Liberty is projected to account for just under half of the more than \$10 million budgeted for capital purposes during fiscal and calendar 2014. Looking ahead, the prospect of constructing a new garage, or replacing one, is likely to be considered later in this decade.

Planned months ahead or in response to near-term requests for support or assistance, the Authority's role in advancing economic or quality-of-life interests across its service area becomes more prominent with each successive year. Its contribution may involve converting a neighborhood surface lot to a weekly Farmers' Market or transferring property assets to aid initiatives that add vitality to a particular neighborhood or business district. A notable 2013 example: the completion of a large and attractive East Liberty facility that centralizes the numerous services provided by East End Cooperative Ministries. The new building's footprint includes space formerly occupied by a metered surface lot. Garage-based measures were again headed by free Saturday parking during the holiday season. All 11 Authority facilities participated in the program that, while resulting in some \$184,000 in "lost" revenue, generated substantial increases in customer traffic for the businesses it was intended to support.

STATEMENTS OF NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

ASSETS

Current assets:

Cash	\$ 8,734,884	\$ 8,088,822
Escrow cash	226,220	221,045
Investments	8,080,644	9,795,878
Investments - restricted	10,789,906	9,098,255
Accounts receivable	578,509	437,500
Note receivable - current portion	10,511	10,886
Accrued interest receivable and other assets	829,849	726,031
Total current assets	<u>29,250,523</u>	<u>28,378,417</u>

Noncurrent assets:

Investments	10,373,134	9,525,507
Investments - restricted	12,423,348	12,097,973
Note receivable	3,214,197	3,225,640
Prepaid bond insurance	967,837	1,042,286
Capital assets, net	111,194,689	112,233,829
Leasehold improvements, net	10,307,556	9,101,400
Total noncurrent assets	<u>148,480,761</u>	<u>147,226,635</u>

TOTAL ASSETS

177,731,284

175,605,052

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding

1,942,632

2,108,311

LIABILITIES

Current liabilities:

Accounts payable	1,959,152	3,398,024
Accounts payable - retention	369,445	549,312
Accounts payable - City of Pittsburgh	2,289,288	1,603,353
Accrued expenses	781,304	735,574
Accrued interest payable	1,393,009	1,313,122
Unearned revenue	934,873	965,297
Current portion of capital lease obligations	114,363	96,253
Current maturities of bonds payable	4,503,814	4,553,239
Total current liabilities	<u>12,345,248</u>	<u>13,214,174</u>

Noncurrent liabilities:

Bonds payable - noncurrent portion	75,382,900	80,366,654
Other noncurrent liabilities	5,669,496	5,965,388
Total noncurrent liabilities	<u>81,052,396</u>	<u>86,332,042</u>

TOTAL LIABILITIES

93,397,644

99,546,216

NET POSITION

Net investment in capital assets	39,292,402	34,071,847
Restricted for, expendable:		
Capital	7,655,418	6,133,523
Debt service	3,202,392	2,957,025
Indenture funds	17,264,588	15,452,000
Total restricted	<u>28,122,398</u>	<u>24,542,548</u>
Unrestricted	<u>18,861,472</u>	<u>19,552,752</u>
TOTAL NET POSITION	<u>\$ 86,276,272</u>	<u>\$ 78,167,147</u>

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

OPERATING REVENUES

	2013	2012
Parking facility receipts	\$ 29,238,374	\$ 28,810,164
On-street/off-street meter receipts	13,594,423	9,644,142
Residential permit parking receipts	364,174	298,963
Commercial rentals	669,655	641,063
Parking court	9,462,438	9,503,699
Other income	15,842	34,511
Total operating revenues	<u>53,344,906</u>	<u>48,932,542</u>

OPERATING EXPENSES

Salaries	5,198,785	5,032,855
Retirement	581,259	543,380
Payroll taxes	431,678	428,090
Health benefits	1,225,634	1,391,660
Supplies and equipment	414,559	443,146
Utilities	1,156,351	1,162,526
Insurance	689,230	659,568
Repairs and maintenance	1,380,712	980,259
Fleet expenses	72,359	93,121
Facility and parking court management fees	2,099,412	2,005,159
Taxes and licenses	8,614,319	8,412,232
Contractual and professional services	2,320,149	1,662,464
Security	1,815,653	1,790,965
Depreciation and amortization	5,591,773	5,265,232
Other expenses	260,945	375,016
Total operating expenses	<u>31,852,818</u>	<u>30,245,673</u>

OPERATING INCOME

21,492,088 **18,686,869**

NONOPERATING REVENUES (EXPENSES)

Interest income	325,236	327,695
Other income	558,342	390,803
Interest expense	(3,989,266)	(4,222,463)
In lieu of real estate taxes to the City of Pittsburgh	(1,340,787)	(1,354,039)
Meter, wharf, and parking court payments to the City of Pittsburgh	(7,609,009)	(7,376,844)
Other payment to the City of Pittsburgh	(1,300,000)	(1,300,000)
Other expenses	(27,479)	(41,495)
Total non-operating revenues (expenses)	<u>(13,382,963)</u>	<u>(13,576,343)</u>

Change in Net Position

8,109,125 **5,110,526**

NET POSITION

Beginning of year, as restated	78,167,147	73,056,621
End of year	<u>\$ 86,276,272</u>	<u>\$ 78,167,147</u>

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

CASH PROVIDED BY OPERATING ACTIVITIES:

	2013	2012
Parking facility receipts	\$ 29,195,003	\$ 28,833,394
On-street/off-street meter receipts	13,594,385	9,643,480
Residential permit parking and commercial rental receipts	830,530	833,623
Parking court receipts	9,397,116	9,540,341
Payments to and on behalf of employees	(7,000,653)	(6,954,467)
Payments to suppliers	(513,332)	(571,259)
Payments for utilities, insurance, repairs, and maintenance	(3,372,806)	(2,751,648)
Facility management fees	(2,099,218)	(2,031,075)
Taxes and licenses	(8,572,840)	(8,410,777)
Contractual and professional services	(2,294,424)	(1,680,724)
Security	(1,827,551)	(1,775,627)
Other receipts (expenditures), net	(223,767)	(388,900)
Net cash provided by (used in) operating activities	<u>27,112,443</u>	<u>24,286,361</u>

Cash Flows From Noncapital Financing Activities:

In lieu of real estate taxes of the City of Pittsburgh	(1,511,094)	(1,417,329)
Meter, wharf, and parking court payments to the City of Pittsburgh	(6,752,767)	(8,113,078)
Other payment to the City of Pittsburgh	(1,300,000)	(1,300,000)
Deposits to escrow cash	(5,175)	(10,520)
Other receipts, net	(454,925)	(608,077)
Net cash provided by (used in) noncapital financing activities	<u>(10,023,961)</u>	<u>(11,449,004)</u>

Cash Flows From Capital and Related Financing Activities:

Additions to property, plant, and equipment	(4,391,784)	(2,502,600)
Additions to capital meters and leasehold improvements	(2,936,521)	(2,139,555)
Capital lease payments	(78,011)	(90,695)
Capital grants	532,676	380,920
Repayment of bonds	(4,553,238)	(5,515,000)
Proceeds from sale of capital assets	7,315	-
Interest paid	(4,223,641)	(3,344,016)
Net cash provided by (used in) capital and related financing activities	<u>(15,643,204)</u>	<u>(13,210,946)</u>

Cash Flows From Investing Activities:

Sale of investments	102,288,264	116,624,836
Purchase of investments	(103,437,682)	(118,180,618)
Payments received on notes receivable	11,818	10,357
Interest received	338,384	305,684
Net cash provided by (used in) investing activities	<u>(799,216)</u>	<u>(1,239,741)</u>
Increase (Decrease) in Cash and Cash Equivalents	646,062	(1,613,330)

Cash and Cash Equivalents:

Beginning of year	8,088,822	9,702,152
End of year	<u>\$ 8,734,884</u>	<u>\$ 8,088,822</u>

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:

Operating income	\$ 21,492,088	\$ 18,686,869
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,591,773	5,265,232
Change in:		
Accounts receivable	(88,616)	138,815
Other assets	(92,991)	(2,643)
Accounts payable and accrued expenses	210,189	198,088
Net adjustments	<u>5,620,355</u>	<u>5,599,492</u>
Net cash provided by (used in) operating activities:	<u>\$ 27,112,443</u>	<u>\$ 24,286,361</u>

Noncash Transactions:

Capital additions in accounts payable	<u>\$ 517,766</u>	<u>\$ 2,039,437</u>
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NEIGHBORHOOD LOTS
EAST LIBERTY

Ansley/Beatty
Eva/Beatty
Harvard/Beatty
Penn Circle N.W.
Sheridan/Harvard
Sheridan/Kirkwood
Tamello/Beatty

SQUIRREL HILL

Beacon/Bartlett
Forbes/Shady
Douglas/Phillips
Forbes/Murray
(Library)
Forbes Avenue (JCC)

SHADYSIDE

Ivy/Bellefonte

BLOOMFIELD

Friendship/Cedarville
Taylor Street

LAWRENCEVILLE

42nd & Butler
5224 Butler Street
Parking Plaza

NORTH SIDE

East Ohio Street
Observatory Hill

OAKLAND

Centre/Craig

BEECHVIEW

Beechview Boulevard

SOUTH SIDE

12th & East Carson
18th & Sidney
18th & East Carson
19th & East Carson
20th & Sidney
Parking Plaza

CARRICK

Brownsville/Sankey

ALLENTOWN

Asteroid/Warrington
Walter/Warrington

BROOKLINE

Brookline Boulevard

WEST END

Main/Alexander

MT. WASHINGTON

Shiloh Street
Parking Plaza

HOMEWOOD

Homewood/Zenith

GARAGES
DOWNTOWN

First Avenue Garage
& Station
Fort Duquesne/Sixth
Grant Street
Transportation Center
Mellon Square
Ninth/Penn
Oliver Garage
Smithfield/Liberty
Third Avenue
Wood/Allies

OAKLAND

Forbes/Semple

SHADYSIDE

Shadyside

ATTENDED LOTS
DOWNTOWN

Monongahela Wharf
Second Avenue
Parking Plaza

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