

2012 ANNUAL REPORT

Tomorrow's Technology Today



Pittsburgh
PARKING
Authority

The Value Parking Network



DAVID G. ONORATO
Executive Director



BOARD OF DIRECTORS

The Parking Authority Board is appointed by Mayor Luke Ravenstahl. From left, Christopher D'Addario, Linda S. Judson, Fauna Solomon, Gabe Mazefsky. Not pictured: Natalia Rudiak.

Executive Director's Message

Both fiscally and operationally, the Pittsburgh Parking Authority continued its record of strong performance in the 12 months ended December 31, 2012.

We particularly view the year's continued improvement in our revenue-to-expense ratio as evidence of the effectiveness of our focus on managing our organization's overall business costs. And we again made an additional \$1.3 million payment to the City, equivalent to a doubling of our annual PILOT obligation.

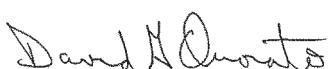
The Authority entered 2013 as nearly a \$40 million enterprise. While a portion of our revenue growth can be attributed to recent meter rate increases mandated by Pittsburgh's City Council, our widespread embrace of cutting-edge technology also contributed to the steadily rising results we've reported. That commitment also improved our ability to manage and deliver the full range of services we provide.

Virtually all of the technological upgrades we've adopted have enhanced our customers' parking experience. Garage and attended surface lot users now choose from cash-versus-card payment options at all locations, and their rapidly moving entry and exit lanes, even during high-volume periods, are managed by the most current generations of collection and revenue control equipment. Our garage customers, moreover, continue to benefit from below-market rates for full-day parking that have not increased since 2004. That rate structure, together with high service levels and convenient locations, enabled our facilities to fill nearly to their collective capacity on every business day of 2012. Given the volume they accommodate, it is critical that our garages be kept in sound structural condition. Three aging downtown facilities were the focus of our capital repair program in 2012. Our future attention to repair issues could possibly include the expansion or replacement of an existing garage.

Our June decision to purchase hundreds of multi-space, pay-by-license-plate meters established Pittsburgh as the first city in America to commit fully to that advanced concept.

The highlight of the year's investment in new technology markedly improves both our management of and the revenue performance of metered parking. Our April decision to purchase hundreds of multi-space, pay-by-license-plate meters established Pittsburgh as the first city in America to commit fully to that advanced concept. The scope of that commitment and its impact on Authority operations is detailed subsequently in this report.

Respectfully,



David G. Onorato

Operations Review

The Pittsburgh Parking Authority is a service-centered operation. Accordingly, 2012's principal focus was on improving the parking experience for every customer transaction at every on-street, surface lot and garage location. In advancing that objective, the organization must maintain the soundness of its financial position; preserve the structural integrity of its facility network; and address opportunities to expand capacity when and where additions are needed. It also stands ready to work cooperatively with others to effect economic and quality-of-life improvements within its service area. The year's results included progress in all these key measures of performance.

Historically, the Authority's annual capital spending totals were dominated by garage-related expenditures, either for new construction or for substantial repairs or equipment purchases for existing facilities. But in 2012, the year's single most significant capital investment was the \$3.7 million purchase, from Cale America, Inc., of the multi-space, pay-by-license-plate parking meters referenced in the Executive Director's report. The selection, which followed a rigorous evaluation of competing technologies, employs the entry of license plate data to identify vehicles as being legally parked. The concept was judged more customer-friendly than an approach that requires parkers to display meter receipts in their vehicles as proof of payment. The new meters also issue receipts, but only when requested during the parking purchase.

Step-by-step instructions contained on large meter display screens have contributed to favorable levels of customer acceptance for the new concept, and a comprehensive education program accompanying its introduction supported a favorable reception as well. In 2012, just one percent of user transactions required remedial action by the Authority. The new meters' capacity to accommodate payment by credit or debit card is likely the single most important determinant of their widespread public appeal. During the year's first two quarters, before the first pay-by-plate unit was installed and when the card form of payment was limited largely to off-street lots in high-traffic areas, credit/debit receipts were approximately 20 percent higher than those involving cash. During the fourth quarter, however, when the last of 2012's complement of the new machines were placed into service, the card-to-cash ratio increased to more than three to one.



Selection of the Cale system followed a rigorous review of competing technologies.

The new meters' capacity to accommodate payment by credit or debit card is likely the most widespread determinant of their widespread public appeal.

For the full year, nearly 40 percent of all meter revenue was generated by sites managed by multi-space equipment. And fully 70 percent of that total resulted from customers' use of cards as their payment option. Per-transaction data also provide a dimension of the nature of the machines' use. When paying by credit or debit card, customers recorded an average of \$3.00 for each parking stay; those paying in cash averaged \$1.25. The prevalence of card use, together with the additional on-street inventory generated by the adoption of a comprehensive multi-space system, surely contributed to 2012's increased meter revenue total. That calculation includes recognition of the 12-month impact of a five-year program of annual increases in rates for on-street metered parking legislated by City Council in 2010. Council's action resulted in another rise in on-street rates that went into effect on January 1, 2013.

Beyond the financial gains they generate, the new Cale units enable the Authority to improve the efficiency of all its meter-related operations. Their various features have reduced the frequency of collection activity; improved the effectiveness of enforcement practices; and increased the quality of documentation required to resolve any dispute following action by enforcement officers. The enforcement function will benefit further with the planned 2013 equipping of some officer vehicles with License Plate Recognition cameras for the monitoring of parked vehicles. In March 2013, the Authority evidenced its satisfaction with the performance of the new meter technology and design by ordering another 340 units to be delivered and installed by the end of summer. At that time, virtually all of Pittsburgh's metered spaces will be managed by pay-by-license-plate technology.

The year's emphasis on increasing the effectiveness of meter-related operations mirrors a series of Authority investments, made over several years, that enables its garages to function at peak levels of efficiency. Advanced management practices and state-of-the-art systems and equipment contribute to that performance standard, but the organization's commitment to preserving the structural integrity of its facilities is a factor as well. Parking garages in four-season climates present a distinct maintenance challenge. Fluctuating temperatures, shifting loads and corrosive anti-icing materials affect all above-ground deck levels, and their impact can be particularly damaging to buildings in service for a half century or more. The condition of the four downtown Authority garages in that category, therefore, is the focus of ongoing attention.



Authority-distributed key fobs enabled parkers to record their vehicles' plate data for easy reference.

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Enforcement officers adapted rapidly to the meters' mode of conveying the paid-for status of parking stays. Vehicles equipped with plate-reading cameras will further advance the enforcement process.



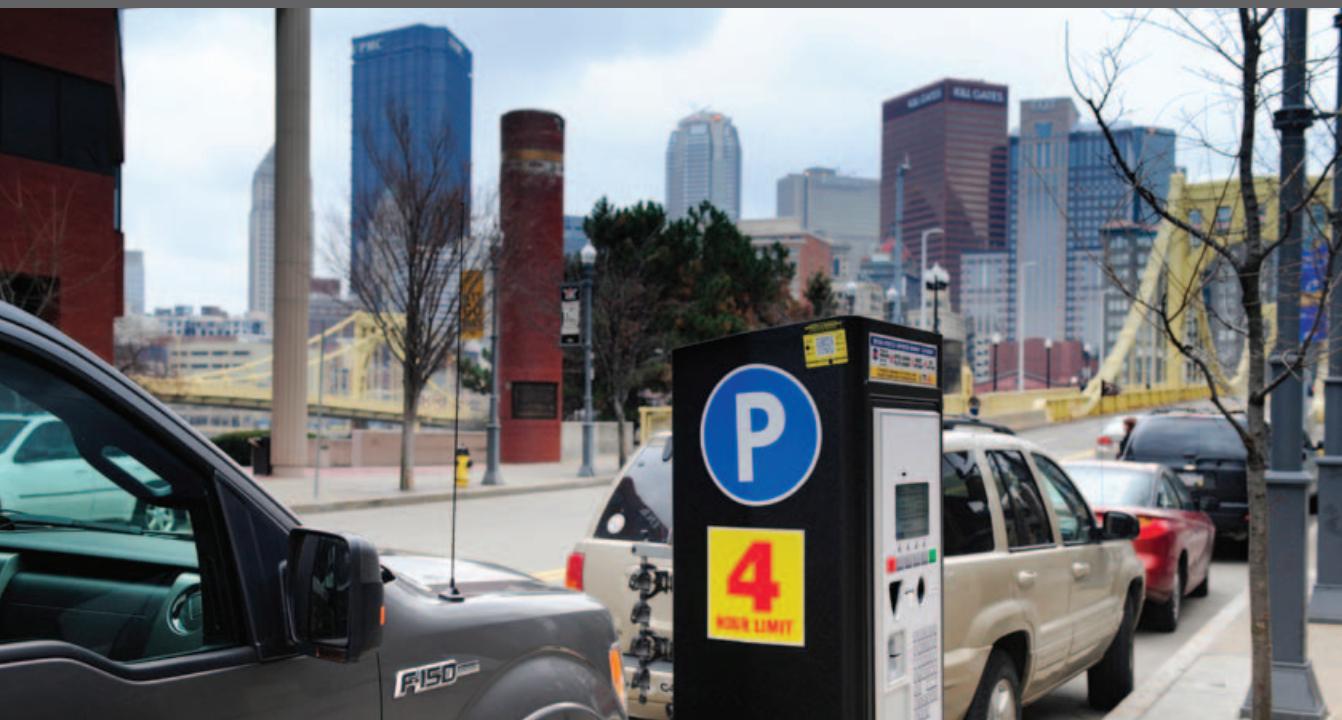
More Features, More Spaces

While the customer's choice to pay by credit or debit card has been standard in Authority garages and available in limited on-and-off-street metered locations, the adoption of the new pay-by-plate system expands that option virtually city-wide while also introducing other user-friendly features to the Pittsburgh market. Because purchased parking time is recorded by license plate across a specified zone within boundaries established on a cost-per-hour basis, vehicles may be moved within the zone space with no additional payment for still-available time. Similarly, payment for additional time in the zone space where the vehicle remains parked can be made at any meter within that zone.

Approximately 500 of the meters were installed on city streets by the close of 2012, and another 49 were placed in off-street Authority lots. Combined, those units manage parking for some 5,100 spaces. Installation activity began on the North Shore in July and continued through December in various South Side, Oakland, Downtown, Bloomfield and East End locations. In the process, single-space meters were removed and 500 additional on-street spaces were created. The new multi-space meters also dramatically improved the streetscape appearance of several of the city's high-traffic corridors.



Guided by on-screen instructions and triggered by the entry of license plate data, parking purchases are speedy and convenient.



Operations Review (continued)

Three of those facilities – the Third Avenue Garage is the fourth – accounted for most of the nearly \$1.8 million spent on structural repairs in 2012. Construction-related closures of substantial portions of the Smithfield/Liberty and Ft. Duquesne & Sixth Garages led to year-to-year revenue reductions at those locations. Parking volume at the Ninth & Penn Garage where repair activity was less intrusive, rose slightly from the facility's 2011 total. Work at Ft. Duquesne & Sixth will continue well into 2013 and will be followed by other projects to ensure the long-term structural integrity of Authority garages. Future capital plans include provision for the expansion or replacement of an existing garage facility.

One now-prominent function, virtually absent from the organization's founding mission, is the Authority's role in supporting and stimulating economic and life-quality developments in its service area. The year's contribution to community progress was marked by the realization of a commitment to sell an East Liberty surface lot to East End Cooperative Ministries. The transfer enables the social services provider to meet its 2012 target date for the construction of a new facility. Also in East Liberty, the Stevenson Place lot sold earlier to a local neighborhood group was incorporated into the expansion of a development zone originally anchored by the region's first Whole Foods market site – another project whose building footprint includes property obtained from the Authority.

As in 2011, retail, dining and entertainment venues in Pittsburgh's downtown core benefited from the Authority's decision to provide free garage parking on all holiday-season Saturdays beginning with the weekend of Light-Up Night. Some 45,000 vehicle visits were recorded during the period, and the program was again viewed as having succeeded in its objective of increasing business volume downtown. Other collaborative efforts included participating in pilot programs to increase the efficiency of parking practices in the area bordering Carnegie Mellon University and high-traffic East Liberty locations; expanding the Authority's role in reserving downtown garage spaces for call-ahead customers; freeing neighborhood lots for weekly use as Farmer's Market locations; and working with the growing number of television and filmmakers who choose Pittsburgh as their production sites.



Deck replacement work at Ft. Duquesne & Sixth headed the year's \$1.8-million garage capital repair program.

The Authority again provided free Saturday parking at all its garages throughout the holiday season. Some 45,000 vehicle visits were recorded.

STATEMENTS OF NET POSITION

December 31, 2012 and 2011

ASSETS

CURRENT ASSETS:

	2012	2011
Cash	\$ 8,088,822	\$ 9,702,152
Escrow - restricted cash	221,045	210,525
Investments	18,894,133	22,546,271
Accounts receivable	437,500	529,439
Note receivable - current portion	10,886	10,356
Accrued interest receivable and other assets	726,031	678,273
Total current assets	<u>28,378,417</u>	<u>33,677,016</u>

NONCURRENT ASSETS:

Investments	21,623,480	16,415,560
Note receivable	3,225,640	3,236,527
Bond issuance costs, net of accumulated amortization of \$1,650,296 and \$1,466,684 in 2012 and 2011, respectively	1,561,077	1,744,689
Capital assets, net	112,233,829	113,486,764
Leasehold improvements, net	9,101,400	6,347,821
Total noncurrent assets	<u>147,745,426</u>	<u>141,231,361</u>

TOTAL ASSETS

\$ 176,123,843 \$ 174,908,377

LIABILITIES AND NET POSITION

LIABILITIES:

Current liabilities:		
Accounts payable	\$ 3,398,024	\$ 2,048,970
Accounts payable - retention	549,312	27,013
Accounts payable - City of Pittsburgh	1,603,353	2,402,877
Accrued expenses	735,574	719,001
Accrued interest payable	1,313,122	280,506
Deferred revenue	965,297	954,393
Current portion of capital lease obligations	96,253	110,487
Current maturities of bonds payable	4,553,239	5,515,000
Total current liabilities	<u>13,214,174</u>	<u>12,058,247</u>
Noncurrent liabilities:		
Bonds payable - noncurrent portion	78,258,343	82,987,808
Other noncurrent liabilities	5,965,388	6,216,288
Total noncurrent liabilities	<u>84,223,731</u>	<u>89,204,096</u>
Total Liabilities	<u>97,437,905</u>	<u>101,262,343</u>

NET POSITION:

Net investment in capital assets	34,590,639	27,290,884
Restricted for, expendable:		
Capital	6,133,523	4,372,333
Debt service	2,957,025	4,236,931
Indenture funds	15,452,000	14,572,218
Total restricted	<u>24,542,548</u>	<u>23,181,482</u>
Unrestricted	19,552,751	23,173,668
Total Net Position	<u>78,685,938</u>	<u>73,646,034</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 176,123,843</u>	<u>\$ 174,908,377</u>

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended December 31, 2012 and the stub period ended December 31, 2011

	<i>(12 months)</i> 2012	<i>(3 months)</i> 2011
OPERATING REVENUES:		
Parking facility receipts	\$ 28,810,164	\$ 6,983,323
On-street/off-street meter receipts	9,644,142	2,176,724
Residential permit parking receipts	298,963	70,876
Commercial rentals	641,063	162,679
Parking court	9,503,699	2,606,778
Other income	34,511	46,220
Total operating revenues	48,932,542	12,046,600
OPERATING EXPENSES:		
Salaries	5,032,855	1,255,155
Retirement	543,380	115,275
Payroll taxes	428,090	98,130
Health benefits	1,391,660	354,270
Supplies and equipment	443,146	92,042
Utilities	1,162,526	316,816
Insurance	659,568	154,198
Repairs and maintenance	980,259	172,721
Fleet expenses	93,121	19,173
Facility and parking court management fees	2,005,159	497,369
Taxes and licenses	8,412,232	2,042,216
Contractual and professional services	1,662,464	362,113
Security	1,790,965	442,141
Depreciation and amortization	5,335,854	1,300,227
Other expenses	375,016	77,062
Total operating expenses	30,316,295	7,298,908
OPERATING INCOME	18,616,247	4,747,692
NONOPERATING REVENUES (EXPENSES):		
Interest income	327,695	83,352
Other income	390,803	21,349
Interest expense	(4,222,463)	(1,096,998)
In lieu of real estate taxes to the City of Pittsburgh	(1,354,039)	(343,742)
Meter, wharf, and parking court payments to the City of Pittsburgh	(7,376,844)	(2,030,728)
Other payment to the City of Pittsburgh	(1,300,000)	-
Other expenses	(41,495)	(10,694)
Total nonoperating revenues (expenses)	(13,576,343)	(3,377,461)
CHANGE IN NET POSITION	5,039,904	1,370,231
NET POSITION:		
Beginning of year	73,646,034	72,275,803
End of year	\$ 78,685,938	\$ 73,646,034

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2012 and the stub period ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

	(12 months)	(3 months)
	2012	2011
Parking facility receipts	\$ 28,833,394	\$ 7,116,250
On-street/off-street meter receipts	9,643,480	2,176,708
Residential permit parking and commercial rental receipts	833,623	187,177
Parking court receipts	9,540,341	2,660,955
Payments to and on behalf of employees	(6,954,467)	(1,672,773)
Payments to suppliers	(571,259)	(123,097)
Payments for utilities, insurance, repairs, and maintenance	(2,751,648)	(789,186)
Facility management fees	(2,031,075)	(515,955)
Taxes and licenses	(8,410,777)	(2,107,523)
Contractual and professional services	(1,680,724)	(347,578)
Security	(1,775,627)	(435,605)
Other receipts (expenditures), net	(388,900)	(18,210)
Net cash provided by (used in) operating activities	<u>24,286,361</u>	<u>6,131,163</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

In lieu of real estate taxes of the City of Pittsburgh	(1,417,329)	(1,197,444)
Meter, wharf, and parking court payments to the City of Pittsburgh	(8,113,078)	(2,530,938)
Other payment to the City of Pittsburgh	(1,300,000)	-
Deposits to restricted cash	(10,520)	(2,550)
Other receipts, net	(608,077)	(53,518)
Net cash provided by (used in) noncapital financing activities	<u>(11,449,004)</u>	<u>(3,784,450)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Additions to property, plant, and equipment	(2,502,600)	(289,258)
Additions to capital meters and leasehold improvements	(2,139,555)	(9,582)
Capital lease payments	(90,695)	(24,350)
Capital grants	380,920	19,864
Repayment of bonds	(5,515,000)	(5,145,000)
Interest paid	(3,344,016)	(882,684)
Net cash provided by (used in) capital and related financing activities	<u>(13,210,946)</u>	<u>(6,331,010)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Sale of investments	116,624,836	31,952,294
Purchase of investments	(118,180,618)	(26,878,493)
Payments received on notes receivable	10,357	2,509
Interest received	305,684	(840,909)
Net cash provided by (used in) investing activities	<u>(1,239,741)</u>	<u>4,235,401</u>
Increase (Decrease) in Cash and Cash Equivalents	(1,613,330)	251,104

CASH AND CASH EQUIVALENTS:

Beginning of year	9,702,152	9,451,048
End of year	<u>\$ 8,088,822</u>	<u>\$ 9,702,152</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:

Operating income	\$ 18,616,247	\$ 4,747,692
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,335,854	1,300,227
Change in:		
Accounts receivable	138,815	126,920
Other assets	(2,643)	(201,667)
Accounts payable and accrued expenses	198,088	157,991
Net adjustments	5,670,114	1,383,471
Net cash provided by (used in) operating activities	<u>\$ 24,286,361</u>	<u>\$ 6,131,163</u>
NON-CASH TRANSACTIONS		
Capital additions in accounts payable	\$ 2,039,437	\$ 84,980

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

HOMWOOD

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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Director of Project Management

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and Meter Services

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Director of Parking Services

JO-ANN WILLIAMS

Director of Finance



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