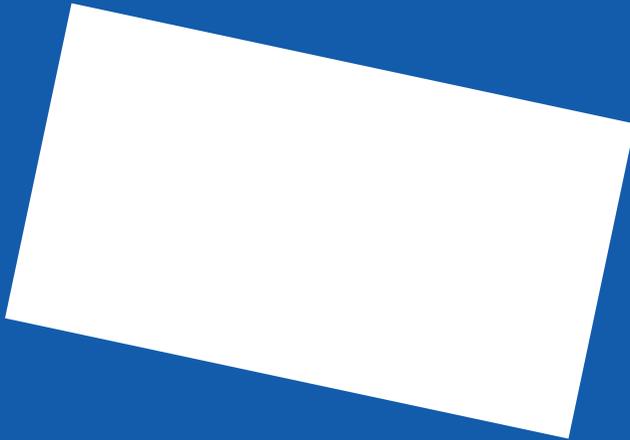


AFFIRMING OUR PROGRESS



2017 ANNUAL REPORT



accredit

[uh-kred-it]

verb

to ascribe or attribute credentials;
to assign official recognition, authorization;
to certify or guarantee as meeting required standards;
to regard as true.

From the Executive Director



Financially and operationally, our organization recorded another strong performance in 2017. Highlights included exceeding \$20 million in meter-sourced revenue for the first time; continuing a \$24 million capital repair program to extend the service life of three of our oldest garages; increasing the payment of Authority-sourced revenue to the City of Pittsburgh to \$29.5 million; and achieving significant

progress toward the start of work to replace our 586-space Ninth & Penn Garage with a substantially larger, thoroughly modern facility. The demolition phase of that project is scheduled to begin in

2018's fourth quarter, materially reducing our total downtown garage capacity until the targeted completion of construction – with its additional 200 to 400 spaces – in mid-2020.

Entering its fourth year, our major capital repair activity was timed to conclude in advance of the anticipated loss of spaces at Ninth & Penn, and its execution generated its own impact on garage revenue results. The program's 2017 component, at Ft. Duquesne and Sixth, involved the average daily loss of 250 spaces. Capacity reductions of that magnitude typically trigger changes in patron parking habits that linger beyond the completion of construction. Despite that market reality, we are pleased to report that the year saw full-day transactions at our

recently rebuilt Smithfield/Liberty and Third Avenue Garages return to their pre-construction levels.

We understand the importance of viewing the condition and convenience of our garages in the context of a changing parking climate. Consequently, the brighter, more attractive

customer environments resulting from those capital repair projects are being complemented by investments to enhance the appeal of other Authority locations.

We're confident that the installation of electric charging stations, new lighting and other amenities, together with our recognized position as the market's low-cost provider, will enable us to maintain traditional business levels even as the recent arrival of new facilities have added some 1,100 spaces to the downtown parking total. Given the Accredited Parking Organization emphasis on customer service, we view our continued commitment to meet the program's standards across the board as central to our ability to maintain our strong market share.



A handwritten signature in black ink that reads 'David G. Onorato'.

David G. Onorato, CAPP
Executive Director,
Public Parking Authority of Pittsburgh

2017 in Review:

ORGANIZATION

Well into a second century of the public's demonstrated preference for private transportation modes, the International Parking Institute is uniquely positioned to anticipate and fully address the challenges of an industry that has grown apace with automobile use itself. With a membership group that numbers into the thousands, the Institute's position atop a global pyramid of municipalities, universities, airports and vendors enables it to accumulate a wealth of data on the parking industry's best practices and technological advances and share them with the diverse roster of organizations and individuals it represents. Further, those gains are incorporated into a broad scope of IPI educational and professional development programs and offered

for industry-wide use. The Authority's degree of involvement with the organization's activities, particularly during the current decade, has been extensive. Three members of its leadership team have completed the necessary course work to gain recognition as Certified Accredited Parking Professionals (CAPP), and a fourth is nearing that status. Operationally, much of that span has been spent pairing IPI-sourced advances in parking management with an acute understanding of Pittsburgh's specific needs to establish the city as an international leader in the delivery of parking services. Evidencing the success of its efforts, the Authority was named the 2015 Parking Organization of the Year by a jury of diverse IPI professionals.



Given their shared history, it was not surprising that the Authority became one of the first municipal providers to obtain IPI recognition as an Accredited Parking Organization. Equally appropriate, its path to accreditation began in the third quarter of 2016, the program's introductory year. Led by the Director of On-Street and Metered Parking but with the participation of much of the organization's administrative and operational staff, all applicable Authority policies and practices were measured against the 14 performance standards that served as the basis for accreditation. The functions involved spanned both the macro and micro nature of organizational activities, from broad governance policies to

communications with individual customers. Predictably, submitting the necessary data in an accessible format required the transfer of ingrained, "cultural" operational behavior to the printed page. Completing that process within a tight timeframe enabled the application to be submitted to IPI in December 2016. There, its contents were examined and given an initial, favorable grade by an evaluating team, a process that was followed by the appointment of an experienced industry veteran who visited Pittsburgh in January to document the accuracy of the Authority's response on a more detailed level. The May 1917 IPI announcement of a successful outcome of the months-long process enables the Authority to identify itself as an

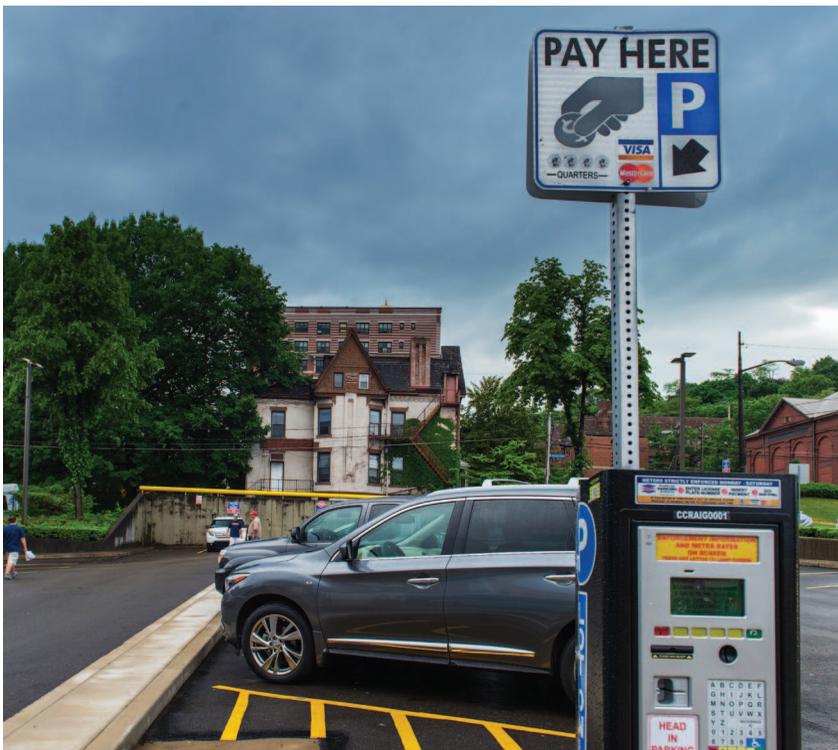


Securing IPI accreditation was an Authority-wide effort. The designation was awarded with distinction.

Accredited Parking Organization for a three-year timeframe immediately following the award date. The designation, moreover, was awarded with distinction, indicating that the program's evaluation phase resulted in scores markedly higher than those required for accreditation alone.

Given recent sequential and substantial investments in technology – the Authority is among the most technologically advanced operators in its field – ratings in that examination phase were predictably high and contributed to strong ratings in related measurement categories. The purchase of advanced revenue control equipment and complementary software support, for example, materially improved operating performance across a network of 13 staffed facilities. Similarly, the adoption of a multi-space, pay-by-license-plate and phone-app system to manage metered parking enhanced virtually all aspects of that function, from

customer convenience and revenue generation to enforcement effectiveness and resolution of ticketed violations. The continued strength of the Authority's governance structure, fiscal control and planning and budgeting practices were affirmed during the IPI evaluation process. While the difficulty of communicating with a public, open-to-all customer universe was identified as an area for improvement, the organization did score higher in its communications with parking leaseholders, residential permit buyers and other populations that could be targeted more directly. Authority leadership views the pursuit of accreditation as having been highly beneficial, both as a management resource and as an aid in sharpening employee awareness to the necessity of continuously improving all aspects of customer service. It expects to repeat the process with at least a similarly positive outcome during the IPI's 2020 award cycle.



Across-the-board investments in advanced equipment enabled the Authority to record high scores in accreditation categories measuring technological content.



A second round of major capital repairs is improving customer parking experiences at the Ft. Duquesne & Sixth Garage, a location of choice for PNC Park patrons.

OPERATIONS

Contracted for and partially completed in 2017, renovation of the 920-space garage at Ft. Duquesne Boulevard and Sixth Street represents the final stage of an internally funded, \$24 million Authority commitment to add at least a quarter-century to the service life of three of its oldest downtown facilities. The continuing \$8 million project essentially represents a second phase of major slab replacement and related work performed at the site in 2015. And, as with other locations targeted for major capital repair, it required the long-term loss of significant numbers of vehicle spaces. Those reductions in capacity inevitably affect revenue performance, for the garage directly involved and for total facility-based income as well. Historically, that network has typically accounted for two-thirds of annual

Authority revenue results. During recent reporting periods marked by heavy capital repair work, however, the yearly contribution ratio of facility-sourced revenue was reduced by a series of construction-related shutdowns in parking capacity. That curtailment of spaces was reflected in 2017's performance, and is likely to remain a factor in the organization's financial results until the replacement facility to be built at Ninth & Penn is completed and operational.

The year's investments in brick-and-mortar assets also included just under \$300,000 in improvements to the Authority's 88-space East Ohio Street metered lot on Pittsburgh's North Side. Pictured on the back cover of this document, the facility's surface material, parking curbs, surrounding concrete sidewalk



All Authority metered spaces offer the option of pay-by-phone parking. The five-millionth transaction employing that popular payment mode was recorded early in 2018.

and landscaping were removed and replaced, and new LED lighting, ornamental fencing and brick piers were installed. A bicycle parking component was added as well. The project's completion coincides with ongoing community-based measures to increase the scope and vibrancy of the area's commercial core.

The negative impact of construction on garage revenue was continued to be offset by the steady growth of receipts from metered operations, particularly from on-street locations where patron usage produced an increase of nearly \$1 million from 2016's record level. The public's rapid acceptance of the system's pay-by-phone component now in place at all metered sites was again evidenced by the year's breakdown of parking transactions as customer use of that payment mode reached an average of 40 percent during 2017's fourth quarter. And demonstrating that patron convenience can be a contributor to enhanced revenue generation, phone-based payment amounts averaged higher than those made by coin or credit/debit card. Viewed more broadly, the Authority's full-scale adoption of market-friendly, multi-space, pay-by-license-plate technology has established the organization as a national model of efficiency

in the control of metered spaces. Recognizing the advantages of Pittsburgh's market-friendly approach, parking officials from Atlanta and New York were among others who visited the city to become familiar with its management system.

The importance of assuring convenient parking for residents of city neighborhoods is the primary focus of the Authority's Residential Permit Parking (RPP) program. Building on technological gains adopted in 2016 when permits first became available online, 95 percent of the function's transactions occur via that mode. The operation is now entirely paper-free, having converted its enforcement component to the plate-reading concept employed for metered spaces. Further, the time required for effective coverage of posted parking areas has been sharply reduced by the increased use of camera-equipped vehicles to identify and cite overtime violations. Seven of those vehicles were in service during 2017, and four others will join the RPP fleet by mid-2018. The expanded enforcement capacity they will provide will materially increase the benefit of RPP participation for residents of the 453 neighborhood streets currently enrolled in the program.

STATEMENTS OF NET POSITION

DECEMBER 31, 2017 AND 2016

	2016	2016
ASSETS		
Current Assets:		
Cash	\$ 10,804,277	\$ 12,418,727
Escrow cash	263,768	255,965
Investments	12,248,916	10,157,465
Investments - restricted	27,290,550	28,694,170
Accounts receivable	1,021,048	952,297
Notes receivable - current portion	13,966	1,012,209
Accrued interest receivable and other assets	343,324	305,752
Total current assets	51,985,849	53,796,585
Noncurrent assets:		
Investments	11,778,590	9,778,350
Investments - restricted	8,941,672	8,889,677
Notes receivable	3,162,267	3,176,233
Prepaid bond insurance	216,636	244,000
Capital assets, net	122,336,438	120,139,371
Leasehold improvements, net	5,292,863	4,960,822
Net pension asset	3,222,004	1,870,398
Total noncurrent assets	154,950,470	149,058,851
Total Assets	206,936,319	202,855,436
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	4,509,665	5,037,559
Net difference between projected and actual earnings on pension investments		587,466
Total Deferred Outflows of Resources	4,509,665	5,625,025
LIABILITIES		
Current liabilities:		
Accounts payable	3,558,214	3,076,982
Accounts payable - retention	660,437	157,583
Accounts payable - City of Pittsburgh	13,601,989	14,569,325
Accrued expenses	835,576	778,119
Accrued interest payable	212,054	229,437
Unearned revenue	903,767	968,232
Current portion of capital lease obligations	19,367	18,921
Current maturities of bonds payable	4,910,000	5,215,000
Total current liabilities	24,701,404	25,013,599
Noncurrent liabilities:		
Bonds payable - noncurrent portion	52,477,091	58,724,124
Other noncurrent liabilities	4,604,094	4,848,101
Total noncurrent liabilities	57,081,185	63,572,225
Total Liabilities	81,782,589	88,585,824
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	2,507,862	2,789,117
Differences between expected and actual experience for pension plan	521,418	716,937
Net difference between projected and actual earnings on pension investments	671,019	-
Total Deferred Inflows of Resources	3,700,299	3,506,054
NET POSITION		
Net investment in capital assets	68,136,131	59,102,003
Restricted for, expendable:		
Capital	8,329,375	7,614,950
Debt service	536,931	533,739
Indenture funds	25,019,491	28,225,178
Pensions	2,022,086	1,733,446
Total restricted	35,907,883	38,107,313
Unrestricted	21,919,082	19,179,267
Total Net Position	\$ 125,963,096	\$ 116,388,583

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Parking facility receipts	\$36,055,798	\$35,273,990
On-street/off-street meter receipts	20,333,732	19,316,837
Residential permit parking receipts	424,451	428,049
Commercial rentals	631,098	624,887
Parking court	9,931,197	10,545,381
Other income	116,086	127,180
Total operating revenues	67,492,362	66,316,324
OPERATING EXPENSES:		
Salaries	5,714,727	5,594,633
Retirement	155,620	465,999
Payroll taxes	468,343	473,876
Health benefits	1,592,945	1,490,524
Supplies and equipment	457,924	421,603
Utilities	932,192	1,294,508
Insurance	685,174	675,116
Repairs and maintenance	2,361,333	2,210,332
Fleet expenses	110,380	118,462
Facility and parking court management fees	2,096,840	2,060,848
Taxes and licenses	10,472,020	10,265,761
Contractual and professional services	3,536,887	3,024,607
Security	2,110,614	2,038,298
Depreciation and amortization	6,669,090	5,961,814
Other expenses	419,810	274,471
Total operating expenses	37,783,899	36,370,852
Operating Income	29,708,463	29,945,472
NONOPERATING REVENUES (EXPENSES):		
Interest income	552,655	249,780
Other income	281,930	3,027,422
Interest expense	(1,590,791)	(1,548,072)
In lieu of real estate taxes to the City of Pittsburgh	(1,900,000)	(1,900,000)
Meter, wharf, and parking court payments to the City of Pittsburgh	(17,446,737)	(17,497,846)
Other expenses	(31,007)	(598,638)
Total nonoperating revenues (expenses)	(20,133,950)	(18,267,354)
Change in Net Position	9,574,513	11,678,118
NET POSITION:		
Beginning of year	116,388,583	104,710,465
End of year	\$125,963,096	\$116,388,583

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Parking facility receipts	\$36,009,681	\$35,334,226
On-street/off-street meter receipts	20,333,710	19,316,833
Residential permit parking and commercial rental receipts	842,258	853,479
Parking court receipts	9,919,497	10,508,870
Payments to and on behalf of employees	(7,698,259)	(7,782,908)
Payments to suppliers	(535,866)	(166,243)
Payments for utilities, insurance, repairs, and maintenance	(4,093,191)	(4,217,297)
Facility management fees	(2,115,453)	(2,068,775)
Taxes and licenses	(10,512,117)	(10,246,463)
Contractual and professional services	(3,513,256)	(3,027,373)
Security	(2,103,014)	(2,033,516)
Other receipts (expenditures), net	(315,924)	(145,399)
Net cash provided by (used in) operating activities	36,218,066	36,325,434
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
In lieu of real estate taxes of the City of Pittsburgh	(1,900,000)	(2,005,845)
Meter, wharf, and parking court payments to the City of Pittsburgh	(18,414,073)	(16,224,652)
Deposits to escrow cash	(7,803)	(13,650)
Other receipts (expenditures), net	(687,840)	(182,140)
Net cash provided by (used in) noncapital financing activities	(21,009,716)	(18,426,287)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to property, plant, and equipment	(7,696,714)	(9,041,279)
Additions to leasehold improvements	-	(2,098)
Capital lease payments	(18,921)	(18,486)
Capital grants	277,820	420,834
Repayment of bonds and refunding escrow transfers	(5,232,384)	(5,754,349)
Proceeds from sale of capital assets	-	2,180,000
Interest paid	(2,927,824)	(2,778,256)
Net cash provided by (used in) capital and related financing activities	(15,598,023)	(14,993,634)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	167,683,699	110,626,925
Purchase of investments	(170,423,765)	(112,215,915)
Payments received on notes receivable	1,012,209	13,726
Interest received	503,080	251,694
Net cash provided by (used in) investing activities	(1,224,777)	(1,323,570)
Increase (Decrease) in Cash and Cash Equivalents	(1,614,450)	1,581,943
CASH AND CASH EQUIVALENTS:		
Beginning of year	12,418,727	10,836,784
End of year	\$10,804,277	\$ 12,418,727
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	29,708,463	\$29,945,472
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,669,090	5,961,814
Change in:		
Accounts receivable	(68,750)	(66,795)
Other assets	(21,699)	(29,095)
Net pension asset	(1,351,606)	(728,745)
Deferred outflows related to pension plan	587,466	116,597
Deferred inflows related to pension plan	475,500	663,708
Accounts payable and accrued expenses	219,602	462,478
Net Adjustments	6,509,603	6,379,962
Net cash provided by (used in) operating activities	\$36,218,066	\$ 36,325,434
NONCASH TRANSACTIONS:		
Capital additions in accounts payable	\$2,074,313	\$ 495,550

NEIGHBORHOOD LOTS

EAST LIBERTY

Ansley/Beatty
Eva/Beatty
Harvard/Beatty
Penn Circle N.W.
Sheridan/Harvard
Sheridan/Kirkwood
Station/Collins
Stevenson Place
Tanello/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

BEECHVIEW

Beechview Boulevard

SOUTH SIDE

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

CARRICK

Brownsville/Sankey

WEST END

Main/Alexander

ALLENTOWN

Asteroid/Warrington
Walter/Warrington

BROOKLINE

Brookline Boulevard

NORTH SIDE

East Ohio Street
Observatory Hill

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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