



**Pittsburgh
PARKING
Authority**
The Value Parking Network

2014 ANNUAL REPORT

ABOUT THE COVER:

Having previously recognized the Pittsburgh Parking Authority in its award program's marketing category and ranked it among the nation's most progressive service providers, the International Parking Institute raised its praise to a new level by naming the Authority 2015's Parking Organization of the Year. A selection announcement credited the agency with a "distinctive organizational concept ... incorporating technology to improve efficiency, customer service and sustainability to serve as a model for others in the industry." Organizations account for more than 1,200 of the International Parking Institute's membership total. Reflecting IPI's truly international character, representatives from some 43 countries attended the organization's 2015 conference in July.



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

BOARD OF DIRECTORS

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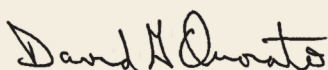
From the Executive Director

Increasing access to and improving the quality and convenience of all Authority services continue to receive our priority attention. But we also employ quantitative measures to gauge our annual performance. In that regard and even excluding the impact of garage and meter rate increases enacted during the year, revenue from all operational sources exceeded the levels recorded in 2013. And despite the rise in credit card fees resulting from our customers' demonstrated preference for that payment option, particularly for metered parking, 2014's revenue growth again was comfortably higher than the year's increase in operating expenses. Maintaining a healthy revenue-versus-expense margin as our business volume continues to expand remains a core Authority objective.

Well above \$14 million in 2014 and progressing toward nearly half of the facility receipt totals that traditionally dominate annual results, revenue from metered spaces continued to be driven by the contribution of the multi-space, pay-by-license-plate system now in its third year of service. The rise again included the effect of City Council's 2010 action authorizing a multi-year schedule of rate increases. To a much greater degree, we view the performance as evidence of the market's widespread acceptance of a new metering technology and its positive impact on customer compliance with posted parking restrictions. The planned 2015 implementation of the system's pay-by-phone component, moreover, is expected to increase future meter revenue results.

It's been our practice to leverage the immediate benefit of annually rising parking receipts by investing heavily to ensure the long-term effectiveness of all Authority activities. Accordingly, we've combined the acquisition of the latest generations of operating equipment and technology with a capital repair program sufficiently aggressive to maintain the structural soundness of a large facility network — some of it with six decades of use. Just over \$11 million was spent for that purpose in 2014, and 2015's repair expenditures are projected to match that total. Those costs and all other Authority spending are self-funded from ongoing operations, as are a series of annual payments to the City of Pittsburgh. Those payment amounts in any given year are determined by transfer agreements between the two parties. A summary of the recent results of revenue-sharing formulas in effect through 2014, including the projected impact of changes enacted for 2015 and beyond, appears on pages four and five of this report.

Respectfully,



David G. Onorato, CAPP

Operations Review:

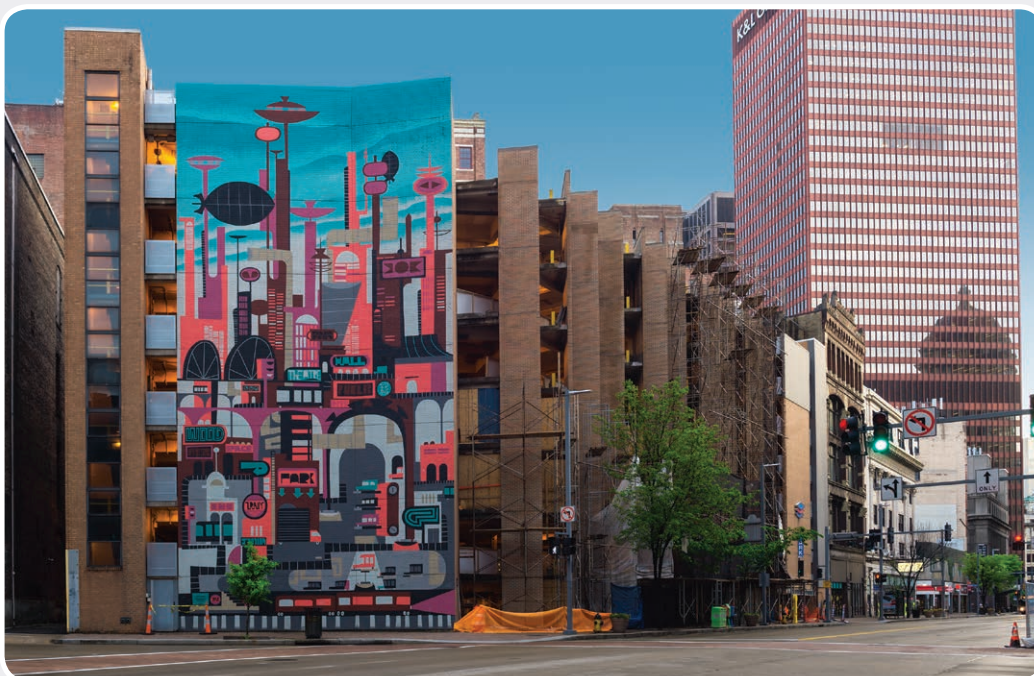
As evidenced by annually rising performance results and additions to its service scope that occur almost as frequently, the Pittsburgh Parking Authority is a larger, more productive and more sophisticated enterprise than it was just a few years ago. Investments in equipment and systems to improve the efficiency of an 8,500-space garage network were followed by the purchase of more than 900 units of the latest generation in metering devices to manage virtually all of the Authority's inventory of nearly 9,000 on-street and off-street spaces. Those measures and the adoption of companion technology-based advances have established the organization as a national leader in the providing of public parking services.

Gains in technological capacity have become a practical necessity in meeting the demands of an increasingly "wired" customer base. And several were certainly recorded during the year.



Begun in mid-2014, work at the Smithfield/Liberty Garage led the year's \$11 million in spending for capital repairs.

But at its core, parking remains largely a brick-and-mortar industry that requires constant attention to the structural integrity of its facilities. Exposed to weather and the corrosive materials employed to treat its extremes, garages necessarily represent the peak of the repair pyramid. And in 2014 they accounted for approximately \$10 million of the year's \$11-million capital budget. The largest of those projects, at the Smithfield/Liberty facility, continued well into the summer of 2015 and resulted in the average daily loss of 250 spaces throughout its lengthy construction period.



Despite a construction-related reduction in capacity, Smithfield/Liberty hosted its share of the 50,000 garage patrons accommodated during the six shopping days comprising the 2014 Holiday Free Parking Program.

The quality of the Authority's 33 off-street metered lots is routinely monitored as well, with activity in any given year focusing on lighting and surface conditions that could affect public safety. Investments in those locations also target other purposes, principally to maintain a level of "curb appeal" commensurate with the quality of the streetscapes that surround them. Projects of that nature in 2014 materially improved the appearance of the Homewood/Zenith lot and the Centre/Craig facility that anchors a busy intersection in the city's Oakland business district. Spanning work at 11 lot locations, the year's repair expenditures totaled \$1 million.

for its use and the introduction of dynamic pricing for metered parking in those neighborhoods where the concept is most applicable. Both additions to the meters' service scope were envisioned at the time of their acquisition, and the capacity to provide them was a requirement in the choice of equipment ultimately purchased.

Patrons served by the Authority's Parking Court and Residential Parking Permit (RPP) functions also benefitted from newly adopted technological upgrades. Online adjudication of disputed parking violations may now be conducted in minutes, a clear advantage over the time-and-travel



Principally to address potential safety issues, 11 metered lots underwent repair during the year. Work at Oakland's Centre/Craig facility included improvements to enhance the area's streetscape as well.

Technology's role in the year's results was again headed by the contribution of the multi-space, pay-by-license-plate meters that began arriving on Pittsburgh's streets in 2013. Having extended the customer option of paying by credit or debit card to every city neighborhood, the new system recorded 2014 revenue of nearly \$11 million in that payment form alone. The units also provide the platform for two major initiatives to be implemented during 2015: the pay-by-phone feature to be made available to patrons registering

commitments involved in the in-person contesting of issued tickets. Since its introduction, two of every three Parking Court hearings have taken place online. Similarly, the purchase and renewal of residential parking permits may be transacted using the online option. Nearly 20,000 permits were sold in 2014 as the program, established to maintain adequate levels of parking for residents of participating neighborhoods, was expanded to include 659 streets across 37 RPP districts.

Partners in Progress

The Pittsburgh Parking Authority began life during the Renaissance period that immediately followed the close of World War II. Its mission was to complement other civic initiatives that were remaking the profile of a great American city by adding the large-scale availability of low-cost public parking. The new organization hit the ground running. Its first four garages added nearly 3,000 new spaces to the downtown parking supply and, principally through the transfer of the parking taxes they generated, the organization began making meaningful annual contributions to the City's financial position. With the Authority's 1995 assumption of meter enforcement responsibilities, those payment amounts began to rise exponentially. Rising parking volume from subsequent capacity expansions added incrementally to yearly payment amounts, and a sharp parking tax increase in 2004 added

\$2.7 million to the 2003 total from the tax source alone. The year-later addition of responsibility for the collection and adjudication of fines resulting from ticketed violations created another Authority-based funding pool subject to the sharing concept.

Those organizational developments, together with the impact of recent rate increases authorized by City Council and the outstanding financial performance of the new metering system during its initial years of service, enabled the Authority to accommodate the restructuring of its revenue-sharing agreements with the City. Negotiations establishing new distribution formulas were completed during 2014, and the changes that took effect on January 1, 2015 represent a substantial escalation in Authority payment obligations – even considering the steady rising levels recorded recently. In 2010, for example, the year the current



IN WITNESS WHEREOF, the Authority and the City have caused this
Amendment to be duly executed as of the date first written above

PUBLIC PARKING AUTHORITY OF PITTSBURGH

By: David G. Onorato
Name: David G. Onorato
Title: Executive Director

CITY OF PITTSBURGH

By: [Signature]
Mayor

By virtue of this Amendment, ELA is no longer a party to the Governmental
Cooperation Agreements. Acknowledged and consented to by:

CITY OF PITTSBURGH EQUIPMENT LEASING AUTHORITY

By: [Signature]

covered by this report – a mark to be widely eclipsed by the approximately \$25 million projected to be transferred in 2015.

Addressing the potential impact of the formula increases on the Authority's financial position, its leadership team framed and adopted a policy designed to ensure its continued soundness. Accordingly, Resolution 33 of 2014 stipulates that, at the start of each fiscal year, the organization will maintain

a balance of unencumbered funds equal to 15 percent of the operating expenses projected in that year's approved budget. In passing the measure, Board members described the action as "financially prudent."

parking tax first took effect, \$14.8 million was disbursed for the City's use. That total comfortably exceeded \$18 million in 2012 and 2013 and reached a record \$20.3 million in the 12 months



Measures to increase Pittsburgh's profile as an environmentally conscious and recreation-friendly city gained traction during the year and, consistent with its history of advancing community-wide, life-quality initiatives, the Authority added its support. The city's network of bicycle-only traffic lanes was expanded exponentially to encourage greater use of that commuting mode. Following an exploration of areas in its facilities that could be set aside for safe, accessible daytime storage, the organization partnered with cycling organizations and other destination venues to install bike racks in those locations. Paced by a Third Avenue Garage installation containing a combination of 54 public and private spaces – together with a well-equipped repair station – the Authority's downtown capacity for daily bicycle storage now stands at just under 200 spaces. And except for the 24 located in the reserved portion of the Third Avenue facility, there is no charge for the parking service.

Complementing its increased accommodation of cycling commuters, the Authority is also taking modest first steps toward meeting the needs of another emerging customer category. Two First Avenue Garage & Station spaces have been equipped with charging stations for the free use



Open for business: upgrades and infrastructure repairs completed, the Homewood/Zenith lot was returned to service.

of drivers of electrically powered vehicles, and four more were installed at the Grant Street Transportation Center in June 2015. With Level II capacity ratings, all of the units are capable of delivering a full battery charge during a four-hour connection. They were obtained through close collaboration with the leadership of Pittsburgh Region Clean Cities. Continuing to work with that organization and others promoting "green" initiatives, the Authority intends to have charging capacity in place at all its major facilities at the earliest practical date.



Two Authority garages now house charging stations for the free use of customers driving electrically powered vehicles. A four-hour connection delivers a full battery charge.

STATEMENTS OF NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

ASSETS

Current assets:

Cash	
Escrow cash	
Investments	
Investments - restricted	
Accounts receivable	
Note receivable - current portion	
Accrued interest receivable and other assets	
Total current assets	

Noncurrent assets:

Investments	
Investments - restricted	
Note receivable	
Prepaid bond insurance	
Capital assets, net	
Leasehold improvements, net	
Total noncurrent assets	
Total Assets	

2014	2013
\$ 10,794,018	\$ 8,734,884
232,635	226,220
9,694,473	8,080,644
9,363,407	10,789,906
686,821	578,509
12,029	10,511
711,030	829,849
<u>31,494,413</u>	<u>29,250,523</u>
13,573,766	10,373,134
12,940,504	12,423,348
3,202,168	3,214,197
892,926	967,837
110,804,346	111,194,689
9,500,508	10,307,556
<u>150,914,218</u>	<u>148,480,761</u>
<u>182,408,631</u>	<u>177,731,284</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	
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1,776,955	1,942,632
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LIABILITIES

Current liabilities:

Accounts payable	
Accounts payable - retention	
Accounts payable - City of Pittsburgh	
Accrued expenses	
Accrued interest payable	
Unearned revenue	
Current portion of capital lease obligations	
Current maturities of bonds payable	
Total current liabilities	

2,796,167	1,959,152
421,178	369,445
2,739,578	2,289,288
681,160	781,304
1,508,455	1,393,009
886,432	934,873
60,855	114,363
4,459,795	4,503,814
<u>13,553,620</u>	<u>12,345,248</u>

Noncurrent liabilities:

Bonds payable - noncurrent portion	
Other noncurrent liabilities	
Total noncurrent liabilities	

70,131,948	75,382,900
5,400,059	5,669,496
<u>75,532,007</u>	<u>81,052,396</u>

TOTAL LIABILITIES

<u>89,085,627</u>	<u>93,397,644</u>
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NET POSITION

Net investment in capital assets	
Restricted for, expendable:	
Capital	
Debt service	
Indenture funds	
Total restricted	
Unrestricted	

43,464,257	39,292,402
10,133,454	7,655,418
3,088,399	3,202,392
17,875,065	17,264,588
<u>31,096,918</u>	<u>28,122,398</u>
20,538,784	18,861,472

TOTAL NET POSITION

<u>\$ 95,099,959</u>	<u>\$ 86,276,272</u>
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

OPERATING REVENUES

	2014	2013
Parking facility receipts	\$ 31,504,256	\$ 29,238,374
On-street/off-street meter receipts	14,344,531	13,594,423
Residential permit parking receipts	377,012	364,174
Commercial rentals	684,606	669,655
Parking court	9,912,536	9,462,438
Other income	82,859	15,842
Total operating revenues	<u>56,905,800</u>	<u>53,344,906</u>

OPERATING EXPENSES

Salaries	5,190,680	5,198,785
Retirement	601,722	581,259
Payroll taxes	443,280	431,678
Health benefits	1,297,859	1,225,634
Supplies and equipment	439,704	414,559
Utilities	1,183,592	1,156,351
Insurance	666,357	689,230
Repairs and maintenance	1,731,929	1,380,712
Fleet expenses	82,573	72,359
Facility and parking court management fees	2,172,750	2,099,412
Taxes and licenses	9,271,657	8,614,319
Contractual and professional services	2,672,280	2,320,149
Security	1,843,333	1,815,653
Depreciation and amortization	5,452,206	5,591,773
Other expenses	235,807	260,945
Total operating expenses	<u>33,285,729</u>	<u>31,852,818</u>

OPERATING INCOME

23,620,071 **21,492,088**

NONOPERATING REVENUES (EXPENSES)

Interest income	328,331	325,236
Other income	659,935	558,342
Interest expense	(3,771,394)	(3,989,266)
In lieu of real estate taxes to the City of Pittsburgh	(1,301,716)	(1,340,787)
Meter, wharf, and parking court payments to the City of Pittsburgh	(8,068,942)	(7,609,009)
Other payment to the City of Pittsburgh	(2,600,000)	(1,300,000)
Other expenses	(42,598)	(27,479)
Total non-operating revenues (expenses)	<u>(14,796,384)</u>	<u>(13,382,963)</u>

Change in Net Position

8,823,687 **8,109,125**

NET POSITION

Beginning of year, as restated	86,276,272	78,167,147
End of year	<u>\$ 95,099,959</u>	<u>\$ 86,276,272</u>

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

CASH PROVIDED FROM OPERATING ACTIVITIES:

	2014	2013
Parking facility receipts	\$ 31,384,639	\$ 29,195,003
On-street/off-street meter receipts	14,344,471	13,594,385
Residential permit parking and commercial rental receipts	857,675	830,530
Parking court receipts	9,929,908	9,397,116
Payments to and on behalf of employees	(7,257,307)	(7,000,653)
Payments to suppliers	(200,753)	(513,332)
Payments for utilities, insurance, repairs, and maintenance	(3,449,729)	(3,372,806)
Facility management fees	(2,130,443)	(2,099,218)
Taxes and licenses	(9,155,619)	(8,572,840)
Contractual and professional services	(2,687,738)	(2,294,424)
Security	(1,842,325)	(1,827,551)
Other receipts (expenditures), net	(163,111)	(223,767)
Net cash provided by (used in) operating activities	<u>29,629,668</u>	<u>27,112,443</u>

Cash Flows From Noncapital Financing Activities:

In lieu of real estate taxes of the City of Pittsburgh	(1,306,017)	(1,511,094)
Meter, wharf, and parking court payments to the City of Pittsburgh	(7,614,351)	(6,752,767)
Other payment to the City of Pittsburgh	(2,600,000)	(1,300,000)
Deposits to escrow cash	(6,415)	(5,175)
Other receipts (expenditures), net	(524,938)	(454,925)
Net cash provided by (used in) noncapital financing activities	<u>(12,051,721)</u>	<u>(10,023,961)</u>

Cash Flows From Capital and Related Financing Activities:

Additions to property, plant, and equipment	(3,115,844)	(4,391,784)
Additions to capital meters and leasehold improvements	(535,479)	(2,936,521)
Capital lease payments	(60,765)	(78,011)
Capital grants	556,360	532,676
Repayment of bonds	(4,518,420)	(4,553,238)
Proceeds from sale of capital assets	2,010	7,315
Interest paid	(4,266,824)	(4,223,641)
Net cash provided by (used in) capital & related financing activities	<u>(11,938,962)</u>	<u>(15,643,204)</u>

Cash Flows From Investing Activities:

Sale of investments	120,750,798	102,288,264
Purchase of investments	(124,655,919)	(103,437,682)
Payments received on notes receivable	10,511	11,818
Interest received	314,759	338,384
Net cash provided by (used in) investing activities	<u>(3,579,851)</u>	<u>(799,216)</u>

Increase (Decrease) in Cash and Cash Equivalents

2,059,134 646,062

Cash and Cash Equivalents:

Beginning of year	8,734,884	8,088,822
End of year	<u>\$ 10,794,018</u>	<u>\$ 8,734,884</u>

Reconciliation of Operating Income to Net Cash

Provided by (Used in) Operating Activities:

Operating income	\$ 23,620,071	\$ 21,492,088
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,452,206	5,591,773
Change in:		
Accounts receivable	(45,324)	(88,616)
Other assets	276,108	(92,991)
Accounts payable and accrued expenses	326,607	210,189
Net adjustments	6,009,597	5,620,355
Net cash provided by (used in) operating activities	<u>\$ 29,629,668</u>	<u>\$ 27,112,443</u>

Noncash Transactions:

Capital additions in accounts payable	<u>\$ 1,078,978</u>	<u>\$ 517,766</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

EXECUTIVE STAFF

DAVID G. ONORATO, CAPP
Executive Director

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The Value Parking Network

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