



**Pittsburgh
PARKING
Authority**

The Value Parking Network

Brighter Than Ever...

2018 ANNUAL REPORT

From the **Executive Director**



David G. Onorato, CAPP

Executive Director,
Public Parking Authority of Pittsburgh

About the Cover:

While the title references the 2018-19 installation of LED lighting across our garage system, it also conveys management's performance expectations during 2019 and beyond.

Volume increases across all customer-based functions enabled the Authority to surpass the record operating revenue total we reported for 2017. Our annual contribution to City of Pittsburgh operations rose as well, to \$29.9 million from \$29.5 million a year ago.

Results from parking facilities – our largest income source – were particularly impressive when viewed in the context of capacity reductions and more competitive market conditions that were present during much of the year. Most prominently, they included the removal from service of 120 spaces at the Ninth & Penn Garage for the full fourth quarter; a

six-month, construction-related loss of as many of 100 spaces per day at our Ft. Duquesne & Sixth facility; a near-record 43 full-day, flooding-caused closures of the Monongahela Wharf surface lot; and the 1,100-space increase in downtown garage inventory that was in effect all year following the completion of two new, private-sector additions built and opened in 2017. Importantly, our facility-based performance was again accompanied by record receipts generated by the 1,040 multi-space units that manage all our metered parking. Revenue from that source continued its steady rise in 2018 to now approach \$21 million annually, a trend that began earlier in the decade when we committed to the network-wide adoption of an advanced, multi-space system of control.

The year-end drop in capacity at Ninth & Penn relates directly to our intention to replace that facility with a slightly larger one now being designed and located to accommodate plans for a more comprehensive redevelopment of the area. Consequently, our new 700-space structure will rise to nine levels; contain portals for arrivals and departures facing Ninth Street and a third exit-only lane toward Eighth; and include the capacity-expanding capability to meet the needs of additional residential or commercial patrons. The broader development plan for the site includes the addition of a large public plaza and retail components along Penn

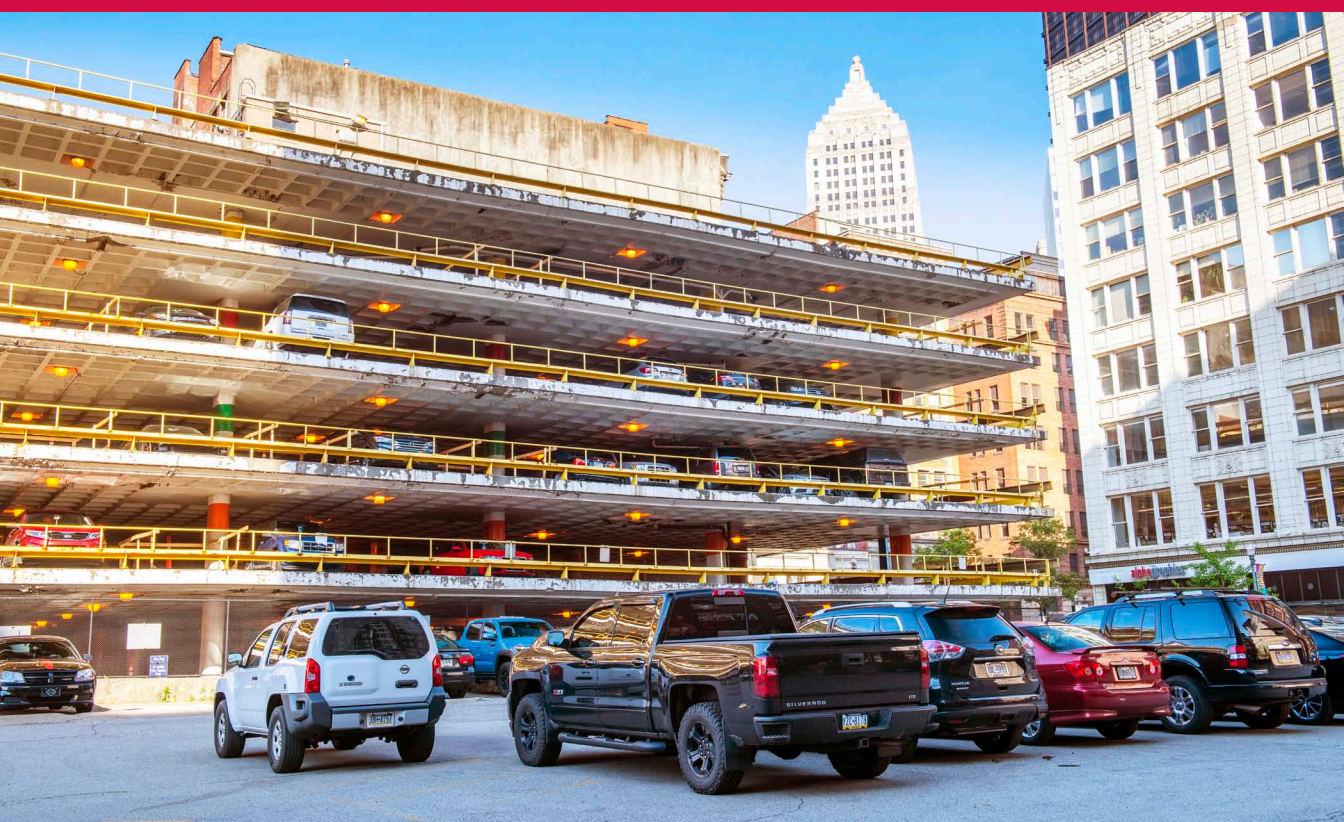
Avenue. While their inclusion will increase the vibrancy and curb appeal of the garage's present position facing Penn, their presence resulted in a design reconfiguration that adds a second access-egress location fronting Ninth Street. The project is scheduled to begin with demolition in 2019's third quarter, with construction to be underway during September. The facility's targeted completion date is early 2021.

Recent editions of these annual summaries have included coverage of the Authority's growing reputation as a leading provider of public parking services, with evidence of our progress usually expressed in awards or editorial praise from national and international industry organizations. During the closing weeks of 2018, recognition of our increased stature was further demonstrated by our ability both to attract candidates for a then-vacant senior management position from a truly national talent pool and fill the post early in 2019 with an outstanding applicant from that group. Also, we continued to share details of our operating practices with other municipal parking providers. In 2018, we consulted for that purpose with representatives from Philadelphia, Colorado Springs and Columbus, Ohio.



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2018 Operations in Review



Demolition of the popular Ninth & Penn Garage will begin in mid-2019; a new, larger structure will begin accommodating parkers early in 2021.

Earlier in this decade, the Authority retained a nationally prominent, parking-focused engineering firm to perform a comprehensive evaluation of the structural integrity and the operational effectiveness of its four oldest downtown garages. A five-year capital repair program begun in response to that review enabled the organization to extend – by decades – the service life of three of those facilities. The condition of a fourth structure, at Ninth Street and Penn Avenue, however, was judged to require replacement rather than repair, with that project

timed to begin when all other Authority garages in or near its service area were again operating at full capacity. That benchmark will have been met when demolition work at Ninth & Penn gets underway in July 2019, and the condition will remain in effect throughout the projected 18 months of the 600-space building's absence from the system. Unlike even the most extensive of garage repair projects, which are funded entirely from internally sourced revenue, construction of the replacement facility will be financed from bonds issued for that purpose.



Implementation of the capital program referenced above began in 2015 at the Ft. Duquesne & Sixth Garage, then moved sequentially to the organization's Smithfield/Liberty and Third Avenue facilities before returning for a second round of work at Ft. Duquesne & Sixth. Including the 2018 costs of a first phase of elevator modernization work at the below-ground Mellon Square Garage and a network-wide adoption of LED lighting technology, the Authority's investment total over the five-year period approached \$30 million. Annual revenue reductions resulting from long-term, construction-related losses of garage spaces during those years were substantial as well. In contrast to the 2019 impact of replacement work



at Ninth & Penn, repair activity scheduled during the year should have no material effect on normal garage operations. Planned projects for the period include completion of the elevator work at Mellon Square; upgrading that facility's fire suppression and sprinkler systems; and bringing the fire and panic alarm functions at eight Authority-owned facilities into compliance with increasingly nuanced local, state and federal codes.

Shiloh Street Repairs

The 31 off-street locations that form the organization's network of metered surface lots are closely monitored as well, with the prioritization of any necessary repairs determined by the outcome of a comprehensive lot evaluation process. The dual-level Shiloh Street Parking Plaza in Mt. Washington was assigned that priority in 2018, resulting in a \$450,000 upgrade of the facility's structural components and improvements to its customer amenities as well – the latter including an outdoor bulletin board to convey information on community events. Unlike large garages where space reductions can be scheduled sequentially, major lot repair projects typically result in full closings.

Both parking tiers of the Shiloh Street off-street facility were addressed during the year's largest lot repair project. Improvements to the surrounding streetscape were included in the work.



Shiloh's 73 spaces were out of service for the full three months of construction while work during the year at Authority lots in the South Side and East Liberty triggered the loss of 45 and 76 spaces, respectively, both for nearly a month.

For an extended period of Authority history, receipts from metered operations reliably contributed approximately one-third to annual revenue results. In 2018, the meter-sourced share again represented more than 40 percent of the year's total. Customer use of the metering system's pay-by-phone component rose to account for 44 percent of recorded payments, nearly matching the 48 percent generated by credit and debit cards. The number of on-street, Authority-managed spaces increased



Installed system wide, multi-space units again generated record-level revenue from metered spaces.

incrementally during 2018, to 9,500. The potential impact of those additions, however, was partially offset by the transfer of some curbside locations previously designated for parking to a growing network of driving lanes set aside solely for bicycle use. Since its 2014 inception, more than 150 formerly metered spaces have been incorporated into the City of Pittsburgh's bike-only program.

Enforcement Efficiency

Notwithstanding the diverse scope of the Authority's role as the market's leading provider of public parking, it is likely that most residents of its service area are likely to view the organization principally through the lens of its enforcement function. Uniformed officers are certainly highly visible, particularly downtown and in the city's busiest neighborhood business districts, and they did issue just under a quarter-million tickets for parking violations during 2018. Reflecting the impact of increased officer access to advanced monitoring equipment, the ratio of disputed tickets versus the total number written continued to decline. In that regard, the efficiency and accuracy of enforcement coverage benefits considerably from the wider use of mobile license plate recognition (LPR) technology – a camera-equipped fleet capable of “reading” the plate information of stationary vehicles and immediately notifying enforcement personnel of any unauthorized or overtime stays.

The 11-unit LPR fleet assists in the management of all on-street parking under Authority control, and its application to neighborhood locations enrolled in the Residential Permit Parking (RPP) program has proven particularly effective.



Eleven vehicles equipped with License Plate Recognition technology now patrol enforcement areas across Pittsburgh's neighborhoods. Their coverage capacity is particularly beneficial to Residential Permit Parking program participants.

The RPP objective is to increase the availability of convenient parking on participating streets for vehicle owners who reside there. The process involves issuing permits to those residents; establishing one-hour or two-hour parking limits for the streets they live on; and – crucial to the program's success – employing timely, reliable enforcement practices to foster compliance with posted restrictions. And in 2018, some 28,000 households received increased value of their RPP enrollment as the wider use of LPR-equipped vehicles, principally by expanding the reach and shortening the time of coverage activity, contributed to the issuance of a record 43,000 tickets for unauthorized parking on participating streets. The year's total was 15,000 higher than the number resulting from 2017's RPP enforcement measures.

The Authority's Parking Court unit performs a wide range of services resulting from the organization's ticketing operations. Outsourced to and managed by a private firm, Court staffers essentially complete the enforcement process by collecting and documenting fine payments; adjudicating issues in dispute; implementing a city-wide booting and towing program; and submitting a comprehensive summary of annual financial results for auditor review. Representing an 88-percent clearance rate, Court-collected fine revenue in 2018 totaled \$9.6 million, and the year's adjudication calendar included resolution of just over 26,000 claims of invalid ticketing. Four in five of those reviews were conducted online, an 18-percent increase in patron use of the online hearing option from the year-earlier total.

On December 31, 2018 the Authority completed its first full year as an Accredited Parking Organization with Distinction, having been recognized at that level during 2017 by the industry-wide group then known as the International Parking Institute. And the year's results affirmed the continued ability to meet or exceed the performance standards established for accreditation initially. Those measurements include the delivery of routine services, facility safety and security, frequency and quality of communications, and – always an Authority strength – accommodating third-party, life-quality events and initiatives requiring operational or capacity adjustments. Now named the International Parking and Mobility Institute (IPMI), the organization will accept 2020 applications for a second, three-year cycle of accreditation status late in 2019. Based on its perception of value received to

date, the Authority's leadership team intends to continue its participation in the IPMI program.

Going Forward

The replacement-related loss of Ninth & Penn's contribution to results will be felt until early in the next decade, but the organization entered 2019 fully prepared to extend the strong financial and operational trends recorded in recent years. Leadership's optimism stems from three conditions already in place: the availability of all remaining facility spaces throughout Ninth & Penn's construction period: the continued performance of on-street and off-street metered functions; and the revenue impact of technology-aided increases in the scope and effectiveness of enforcement practices. When a larger, thoroughly contemporary Ninth & Penn Garage is returned to service, it will rejoin an Authority system that will have remained highly productive during its absence.



Partially funded by organizations engaged in clean-energy initiatives, all Authority indoor parking locations now feature LED lighting. Evidencing the brightness increase realized, the Third Avenue Garage is depicted during the changeover from original to new equipment.

STATEMENTS OF NET POSITION

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash	\$11,839,613	\$ 10,804,277
Escrow cash	227,025	263,768
Investments	14,701,504	12,248,916
Investments - restricted	26,456,978	27,290,550
Accounts receivable	599,103	1,021,048
Notes receivable - current portion	13,485	13,966
Accrued interest receivable and other assets	494,887	343,324
Total current assets	54,332,595	51,985,849
Noncurrent assets:		
Investments	11,570,485	11,778,590
Investments - restricted	9,133,111	8,941,672
Notes receivable	3,147,582	3,162,267
Prepaid bond insurance	189,272	216,636
Capital assets, net	122,642,949	122,336,438
Leasehold improvements, net	5,733,609	5,292,863
Net pension asset	1,067,134	3,222,004
Total noncurrent assets	153,484,142	154,950,470
Total Assets	207,816,737	206,936,319
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	3,981,771	4,509,665
Net difference between projected and actual earnings on pension investments	847,312	
Changes in assumptions for pension plan	509,867	
Total Deferred Outflows of Resources	5,338,950	4,509,665
LIABILITIES		
Current liabilities:		
Accounts payable	3,663,687	3,558,214
Accounts payable - retention	647,555	660,437
Accounts payable - City of Pittsburgh	14,069,336	13,601,989
Accrued expenses	774,582	835,576
Accrued interest payable	195,688	212,054
Unearned revenue	1,012,837	903,767
Current portion of capital lease obligations	16,027	19,367
Current maturities of bonds payable	5,105,000	4,910,000
Total current liabilities	25,484,712	24,701,404
Noncurrent liabilities:		
Bonds payable - noncurrent portion	46,189,758	52,477,091
Other noncurrent liabilities	4,381,423	4,604,094
Total noncurrent liabilities	50,571,181	57,081,185
Total Liabilities	76,055,893	81,782,589
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	2,226,606	2,507,862
Differences between expected and actual experience for pension plan	582,069	521,418
Net difference between projected and actual earnings on pension investments	-	671,019
Total Deferred Inflows of Resources	2,808,675	3,700,299
NET POSITION		
Net investment in capital assets	74,917,064	68,136,131
Restricted for, expendable:		
Capital	9,074,485	8,329,375
Debt service	612,394	536,931
Indenture funds	24,482,771	25,019,491
Pensions	2,087,890	2,022,086
Sustainability initiatives	101,022	
Total restricted	36,358,562	35,907,883
Unrestricted	23,015,493	21,919,082
Total Net Position	\$134,291,119	\$ 125,963,096

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
OPERATING REVENUES:		
Parking facility receipts	\$36,423,886	\$36,055,798
On-street/off-street meter receipts	20,750,081	20,333,732
Residential permit parking receipts	441,927	424,451
Commercial rentals	622,200	631,098
Parking court	9,852,537	9,931,197
Other income	184,663	116,086
Total operating revenues	68,275,294	67,492,362
OPERATING EXPENSES:		
Salaries	5,918,725	5,714,727
Retirement	520,291	155,620
Payroll taxes	480,960	468,343
Health benefits	1,587,552	1,592,945
Supplies and equipment	511,753	457,924
Utilities	1,081,809	932,192
Insurance	653,766	685,174
Repairs and maintenance	2,394,484	2,361,333
Fleet expenses	120,272	110,380
Facility and parking court management fees	2,046,154	2,096,840
Taxes and licenses	10,570,432	10,472,020
Contractual and professional services	3,778,099	3,536,887
Security	2,746,866	2,110,614
Depreciation and amortization	7,437,755	6,669,090
Other expenses	697,311	419,810
Total operating expenses	40,546,229	37,783,899
Operating Income	27,729,065	29,708,463
NONOPERATING REVENUES (EXPENSES):		
Interest income	1,124,123	552,655
Other income	411,071	281,930
Interest expense	(1,545,595)	(1,590,791)
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	(17,443,276)	(17,446,737)
Other expenses	(47,365)	(31,007)
Total nonoperating revenues (expenses)	(19,401,042)	(20,133,950)
Change in Net Position	8,328,023	9,574,513
NET POSITION:		
Beginning of year	125,963,096	116,388,583
End of year	\$134,291,119	\$125,963,096

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Parking facility receipts	\$36,817,716	\$36,009,681
On-street/off-street meter receipts	20,750,059	20,333,710
Residential permit parking and commercial rental receipts	859,921	842,258
Parking court receipts	9,852,537	9,919,497
Payments to and on behalf of employees	(6,295,431)	(7,698,259)
Payments to suppliers	356,556	(535,866)
Payments for utilities, insurance, repairs, and maintenance	(4,400,202)	(4,093,191)
Facility management fees	(2,027,672)	(2,115,453)
Taxes and licenses	(10,507,443)	(10,512,117)
Contractual and professional services	(3,805,811)	(3,513,256)
Security	(2,751,635)	(2,103,014)
Other receipts (expenditures), net	(2,315,791)	(315,924)
Net cash provided by (used in) operating activities	36,532,804	36,218,066
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
In lieu of real estate taxes of the City of Pittsburgh	(1,900,000)	(1,900,000)
Meter, wharf, and parking court payments to the City of Pittsburgh	(16,975,929)	(18,414,073)
Disbursements from (deposits to) escrow cash	36,743	(7,803)
Other receipts (expenditures), net	342,694	(687,840)
Net cash provided by (used in) noncapital financing activities	(18,496,492)	(21,009,716)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to property, plant, and equipment	(9,216,108)	(7,696,714)
Capital lease payments	(7,278)	(18,921)
Capital grants	-	277,820
Repayment of bonds and refunding escrow transfers	(4,910,000)	(5,232,384)
Proceeds from sale of capital assets	146,750	-
Interest paid	(2,497,655)	(2,927,824)
Net cash provided by (used in) capital and related financing activities	(16,484,291)	(15,598,023)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	123,343,276	167,683,699
Purchase of investments	(124,945,626)	(170,423,765)
Payments received on notes receivable	15,166	1,012,209
Interest received	1,070,499	503,080
Net cash provided by (used in) investing activities	(516,685)	(1,224,777)
Increase (Decrease) in Cash and Cash Equivalents	1,035,336	(1,614,450)
CASH AND CASH EQUIVALENTS:		
Beginning of year	10,804,277	12,418,727
End of year	\$11,839,613	\$10,804,277
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	\$27,729,065	29,708,463
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,437,755	6,669,090
Change in:		
Accounts receivable	421,947	(68,750)
Other assets	(84,818)	(21,699)
Net pension asset	2,154,870	(1,351,606)
Deferred outflows related to pension plan	(1,357,179)	587,466
Deferred inflows related to pension plan	(610,368)	475,500
Accounts payable and accrued expenses	841,532	219,602
Net Adjustments	8,803,739	6,509,603
Net cash provided by (used in) operating activities	36,532,804	\$36,218,066
NONCASH TRANSACTIONS:		
Capital additions in accounts payable	\$1,007,986	\$2,074,313

NEIGHBORHOOD LOTS

EAST LIBERTY Ansley/Beatty Eva/Beatty Harvard/Beatty Penn Circle N.W. Sheridan/Harvard Station/Collins Stevenson Place Tamello/Beatty	SOUTH SIDE 12Th & East Carson 18Th & Sidney 18Th & Carson 19Th & Carson 20Th & Sidney Parking Plaza
SQUIRREL HILL Beacon/Bartlett Forbes/Shady Douglas/Phillips Forbes/Murray (Library) Forbes Avenue (JCC)	CARRICK Brownsville/Sankey
SHADYSIDE Ivy/Bellefonte	WEST END Main/Alexander
BLOOMFIELD Friendship/Cedarville Taylor Street	ALLENTOWN Asteroid/Warrington Walter/Warrington
LAWRENCEVILLE 42nd & Butler 5224 Butler Street Parking Plaza	BROOKLINE Brookline Boulevard
BEECHVIEW Beechview 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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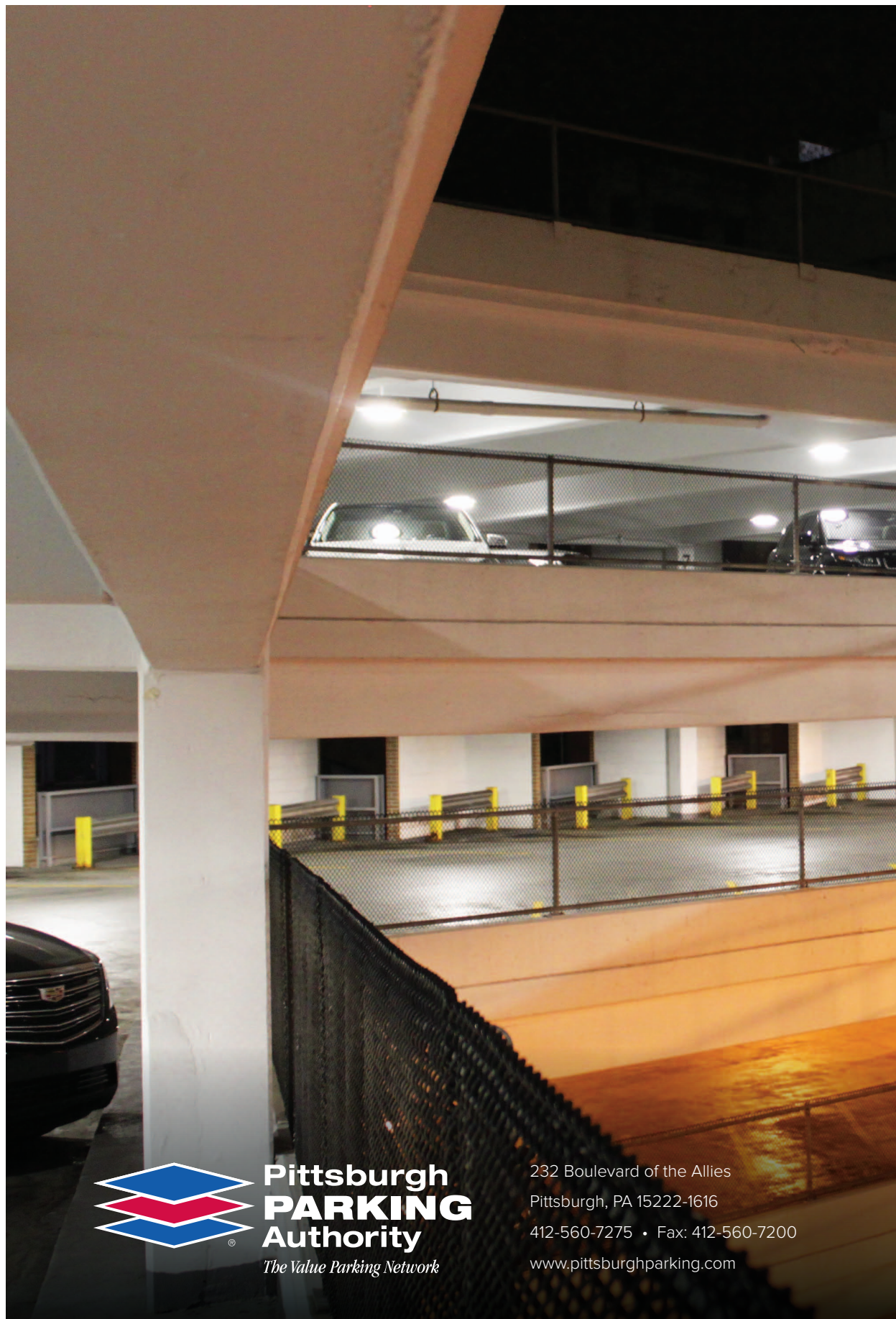
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