



**Testimony before the
Pennsylvania Senate Transportation Committee
May 30, 2013 (Pittsburgh, PA)**

Good morning Chairman Rafferty, Minority Chairman Wozniak and distinguished members of the Senate Transportation Committee. My name is Ellen McLean. I'm currently serving as the Interim Chief Executive Officer for the Port Authority of Allegheny County. On behalf of the Board of Directors and employees of the Port Authority, I thank the Committee for providing an opportunity to testify before you today regarding the state of public transportation in Allegheny County.

However, before I begin, I would like to thank Senator Rafferty, his staff, and the other Legislators that helped initiate and introduce Senate Bill 1. The importance of obtaining a comprehensive transportation bill to repair and maintain 40,000 miles of roads and 25,000 bridges, while effectively sustaining paratransit and fixed route services throughout the Commonwealth of Pennsylvania is crucial. Although time is limited, we're hopeful that a predictable, reliable and growing funding package can be accomplished this session. We're happy to help in any way toward this end.

Port Authority has taken significant steps in recent years to improve the overall operation of the county's public transportation system, to implement measures that cut costs, increase revenues, generate ridership and maintain services for riders.

Port Authority is a vital part of the hub that makes this region stand out across the country. More than 50 percent of the Downtown Pittsburgh workforce rides on public transportation each weekday.

In total, about 200,000 riders use Port Authority services each day.

We very much want a transportation funding solution that provides longer-term stability so that the residents and riders of Allegheny County do not face the threat of service cuts every year. The individuals, corporations, universities, businesses and organizations that rely on Port Authority each day are unsure whether the routes on our maps today will be there tomorrow.

We are proud of the role that we play in Allegheny County and have taken significant steps in recent years to improve how we operate and to address those costs and revenues that are within our control. I will not list all of them in my spoken remarks and have listed them more comprehensively in attachments to my written testimony that has been submitted to the Committee; however, I will point out a few:

- We've improved service efficiency by 19 percent in the time period from 2006 through 2012.
- Despite losing more than 25 percent of our service hours, we've retained more than 91 percent of our 2006 ridership.
- Working along with Allegheny County Executive Fitzgerald, subway frequency has been improved to better serve weekend events and special events.
- Our rail extension to the North Shore has become a success story, now supporting the ongoing growth and development of that area as it was first intended.
- Four sponsors were secured to underwrite free fares on the subway system in Downtown and on the North Shore, resulting in \$360,000 of annual income and \$900,000 in annual cost avoidance.
- Weekday light rail ridership has increased by an average of 18 percent since the extension to the North Shore opened in March.

We've also made great strides with regard to containing employment and benefit costs.

- The last two collective bargaining agreements with ATU Local 85 have been successful, thanks in large part to the hard work of the County Executive's office and union leadership.
- We are now addressing the "legacy cost" problem by limiting post-retirement health care, increasing the age and years of service required for same for remaining eligible represented employees, and increasing employee contributions to pension.
- Post-retirement healthcare has been eliminated for non-represented and Police employees.
- New non-represented, Police and IBEW employees have been converted from a defined benefit pension plan to a defined contribution plan. Additionally, current non-represented and Police employees years of service necessary to vest in their applicable pension plan have been increased from 5 to 10 years.
- More than 70 administrative/management positions have been eliminated, establishing Port Authority as the agency with the 7th lowest percentage of budget spent on Administration among 21 in Pennsylvania and 5th lowest among 23 peer agencies nationally.
- Wages and salaries have been frozen for non-represented employees for more than 30 months; for Police employees from 2008 to January 2013, and Local 85 employees will experience a wage freeze for a total of 30 months until July 2014.

Finally, we have found ways to increase revenue and cut expenses.

- Our operating revenue has increased by 25% in this time, or the equivalent of \$20 million. This has primarily been due to more frequent fare increases, which was a recommendation made to public transit agencies across the state by former Governor Rendell's Transportation Funding Reform Commission in the 2006 timeframe. Additional revenues have also been generated by pursuing advertising, real estate, university pass agreement and related non-farebox revenue generating activities and opportunities.
- We have achieved cost reduction in several areas, including:
 - Reducing spending on outside legal counsel by more than 50% from FY2007 through FY 2012 (with no increase in internal legal personnel)
 - And, locking in prices for diesel fuel, which will result in almost \$1 million in savings versus budget in FY2013
 - We renegotiated institutional (University) pass programs resulting in a doubling of operating income from these sources over a five-year period. New agreements recently entered into with our University partners – Pitt, CMU and Chatham – also have all three universities converted over to Port Authority's new Automated Fare Collection/Smart Card System by the fall of 2015, which promises more accurate and efficient rider counts and billing of the Universities based upon actual rides taken.
- And, by entering into a strategic partnership with the Allegheny County Economic Development Department (ACED) and proactively engaging the real estate development community, Port Authority is nearing agreement on several transit-oriented joint development projects that will attract new ridership, generate income, provide an operational and maintenance savings and provide benefits (including new real estate tax revenue) to neighborhoods and municipalities throughout the County. These projects include the:
 - East Liberty Transit Center Project;
 - Shannon Transit Village Project; and
 - South Hills Village Upper Lot Project

- We are seeking to use Pennsylvania's new P3 legislation and have undertaken a study, thanks to a Heinz Endowments grant, to study the feasibility of a public-private partnership to convert all or a portion of our bus fleet to clean natural gas. If viable, this P3 arrangement could provide economic savings for the Authority, environmental benefits for the region and present a unique partnership opportunity for private industry and the philanthropic community.
- And, in conjunction with the County Executive's Office, the Authority has been exploring other means by which to generate new revenue, including new advertising initiatives, naming rights and sponsorship opportunities being actively marketed to private companies across the region.

This concludes my prepared remarks. Once again, on behalf of the Board of Directors and employees of the Port Authority, I thank the Committee for providing me with the opportunity to appear and testify before you today. I am happy to respond to any questions that you may have.