



### **Port Authority is Facing Several Pesky Issues**

**Summary:** A CEO search, a second delay of cashless fares, a performance review, and updated light rail statistics are in the news for the Port Authority. Some of the recent news does not put PAT management and operations in a very good light, especially operating cost numbers. Efforts by a transit support group to influence the CEO selection have the potential to slow the process.

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#### **CEO Search**

The former Chief Executive Officer (CEO) moved from interim to full-time in 2014 and served until June 1<sup>st</sup> of this year. The Authority is now being led by an interim CEO until a new full-time leader is hired.

That process began in April with a contract with a search firm for \$91,925 and expenses of \$20,000. The same firm conducted the search that resulted in the February 2014 hiring of the former full-time CEO. There is no deadline for hiring a CEO according to an agency spokesman.

On June 30<sup>th</sup> the board accepted \$100,000 from a foundation grant to pay for the expenses related to the search. The same spokesman noted that the reason it applied for the foundation grant was so that it did not have to use its own funds for the search. That raises the question: what does the foundation want for aiding in the search for head of an authority? Is this a good practice? If the foundation is attempting to help low income users, it might want to set up a fund to subsidize monthly passes for them. PAT already benefits from RAD contributions and Turnpike borrowing of \$450 million a year that gets passed through to mass transit in the Commonwealth. Then too, it gets other state and federal funding and the County's matching funds.

In an attempt to add to the extensive list of qualifications that PAT included in its job opening announcement, a local transit group presented the board with a request that "labor, riders, policy advocates, neighborhood groups and foundations" be involved in the initial screening process for a new CEO. A particularly absurd demand by the group is that the CEO include community voices in all decisions. They also want the CEO to

recognize that mass transit is to provide service and not make a profit. With taxpayer subsidies covering over half of ridership costs, one wonders where the notion that PAT has ever considered or will ever consider profit as a motive comes from. If the transit group has its way, it will create a long-term problem of inaction on needed objectives and actions on that make operations more expensive and even less efficient.

Clearly, the CEO working with the duly appointed board will set goals and strategic plans. Where public input is relevant on large, significant service changes, it will no doubt be sought. PAT's job description does mention building internal and external relationships with various groups. But for all decisions to go before community groups would be a time consuming, controversy inducing disaster.

### **Missed Deadlines**

Speaking of deadlines, the target date for implementation of the cashless fare system on the light rail system that was set for July 1<sup>st</sup> was pushed back earlier this year and has now been moved to later in the year. It now appears that the system will not go cashless until October at the earliest. PAT said the delay is related to issues with the contractor supplying the equipment related to paying off board the vehicle according to a June 28<sup>th</sup> press release. PAT announced its fare enforcement policy with on-board validation by uniformed PAT police in May with an implementation date of August 1<sup>st</sup>. That too will be on hold until the cashless system is up and running. Concerns were also raised about whether citations would be handed out to riders who do not pay for fear that it might reveal people who are undocumented aliens.

### **Performance Review**

Another piece of information that finally came to light was the performance review of PAT that was mandated by Act 44 of 2007. The review has a cover date of November 2016 but according to staff in the Bureau of Public Transportation it was not posted until April 2017. The review presents data on transit operations and a bit of recent history of the Authority. But the heart of the review consists of comparisons of PAT's bus and light rail operations to a peer group of thirteen transit agencies. Comparisons are made for FY 2014 and over a five year period ending in 2014. The comparisons utilize data reported to the National Transit Database (NTD), a source we have utilized frequently.

Measurements for PAT are found to be either "in compliance" or "at risk" on both cost and performance (cost related measures are operating cost per passenger and revenue vehicle hour, and performance related measures are passengers per revenue vehicle hour and operating revenue per revenue vehicle hour, presented on both an annual and five-year basis). The determination of "in compliance" is made by using the standard deviation from the group average. One standard deviation above on cost measures or one standard deviation below on performance measures places PAT's grade in the "at risk" category

For bus service, PAT was found to be in compliance with all measurements except operating costs per revenue vehicle hour, where PAT’s value was \$186.60 for FY 2014 compared to \$136.56 for the peer group average—37 percent higher—and for light rail where the operating cost per passenger of \$6.69 for FY 2014 was well above the peer group average of \$5.11 (31 percent higher). The five year trend for light rail showed almost a \$2 difference (\$7.06 for PAT to \$5.07 group average).

PAT’s highest ranking for bus service among the thirteen peer agencies was on operating revenue per revenue vehicle hour while coming in twelfth on operating cost per passenger, but was found to be in compliance on the cost per passenger metric because its value of \$5.18 per rider was lower than the sum of peer group average cost and standard deviation total of \$5.58.

It is interesting to note that over a longer time period (2005-14) based on NTD statistics that bus vehicle revenue miles and vehicle revenue hours have both been reduced by almost the same magnitude (30%) while the unlinked passenger trip count fell only ten percent (from 59.1 million to 53.4 million) during those same years. That indicates a lot of underutilized routes were eliminated along with cut backs in frequency of service on some routes. It should be noted while the performance review showed PAT was “in compliance” on most reviewed metrics; it was one of five agencies with a bus operating cost per passenger of \$5 or more in FY 2014. With other transit systems having lower costs than PAT, there is a lot of room for improvement. This is even more true with respect to costs per revenue hour of operations. That ratio was obviously not improved by the elimination of underused routes and cuts in frequency of service.

### Light Rail

Lastly, on the subject of light rail, as we have done since the opening of the North Shore Connector in 2012, we continue to monitor the ridership of the light rail system. NTD data for 2015 is now available.

Measurements	FY11	FY12	FY13	FY 14	FY 15	% Change, FY14 to FY15
Total Unlinked Trips (000s)	6,918	7,130	8,032	7,937	8,047	1.4
Total Fare Revenue (000s)	\$8,670	\$8,711	\$9,786	\$11,385	\$11,589	1.8
Total Operating Expense (000s)	\$48,143	\$52,043	\$51,528	\$53,118	\$55,717	4.9
Fixed Directional Route Miles	47.4	49.6	49.6	49.6	49.6	0.0
Vehicles Available for Maximum Service	79	83	83	83	83	0.0
Vehicles Operated in Maximum Service	48	56	56	56	56	0.0

As seen in the table, ridership was up 1.4 percent in 2015 and recorded its highest total in the five year period. However, rider count was very little changed from 2013, the first full year of North Shore Connector operations. Fare revenue was up 1.8 percent from 2014 to 2015 but was outpaced by the increase in total operating expense. The impact of expanding the free fare zone from the Golden Triangle to include the North Shore stations obviously had an impact on ridership when it first opened but the effect of the North Shore free rides on total ridership has not carried over in further increases since

2013. However, operating expense rose eight percent from 2013 to 2015 and stands \$44 million above operating revenue.

With the change to a single fare (the elimination of zone pricing at the beginning of the year) and the elimination of free bus rides Downtown it would have made sense to also do away with free light rail trips. Later in the year as the cashless system presumably goes into effect and fare validation is implemented then the free rides and required proof of payment outside the free fare zone will likely become a political and operational nightmare.

With Act 89 of 2013 the dedicated funding PAT had clamored for over many years has been achieved. But PAT's underlying cost problems have yet to be addressed in a substantial way.

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