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Peers could guide Port Authority performance

By Colin McNickle

A recent state audit of the Port Authority of Allegheny County provided a limited snapshot of the mass transit agency's performance. A more expansive look would have better revealed the scope of the challenges facing the agency and perhaps lead to additional cost-savings suggestions, says a scholar at the Allegheny Institute for Public Policy.

"While the audit is to be commended for looking at other agencies to benchmark (the Port Authority's) time-related performance, quite a deeper look at the costs of mass transit service and how funding is provided could have been made part of the examination," says Eric Montarti, research director of the Pittsburgh think tank (in *Policy Brief Vol. 19, No. 6*).

The review, by the state Auditor General's Office, covered the two-year period between Jan. 1, 2016, and Dec. 31, 2017. State law requires an audit every four years. This audit covered hiring procedures; how service requests are processed; bus and light-rail on-time performance; the percentage of vehicles in service and passengers per revenue hour.
Four comparable mass transit systems were used to measure the Port Authority's performance – Baltimore's Metro Transit Authority; the Greater Cleveland Regional Transit Authority; the Bi-State system in St. Louis and Metro Transit in Minneapolis.

The audit found the Port Authority's in-service time for buses was 85 percent, slightly lower than the peer average of 90 percent. The authority cited the location of two bus garages and a union rule regarding meal breaks. The authority ranked second among the group for passengers per revenue hour.

But as the Allegheny Institute previously has noted, citing 2017 National Transit Database statistics, the Port Authority has serious cost structure issues. To wit, its bus operating expense per vehicle hour is $187.02, higher than the peer group average of $143.95.

"That figure cries out for attention given the sizeable gap," Montarti says. "It would have certainly raised a red flag if included in the (auditor general's) audit."

Additionally, the Port Authority's 2017 expenditure for salaries, wages and benefits was $301.9 million. That's higher than the audit peer group average of $239.9 million. The systems in Cleveland and St. Louis spent less than $200 million each.

"If the peers were selected for their similarities to (the Port Authority), an obvious question should be why the level of salaries/wages/benefits was the highest of the five," the think tank scholar says.

The auditor general's audit also recommended that instead of any Port Authority fare hike, the commonwealth should increase its subsidy. The agency receives 56 percent of its operating dollars from the state ($228 million annually in the audit period).

Which begs the question to what level the auditor general believes state subsidies for the Port Authority should rise. And if that argument would be made if the audit had included a peer group comparison of operating expenses and payroll to measure how far above others the agency is.

"Future performance audits, beginning with the next one in 2022, should utilize the peer agencies to measure (the authority's) standing on operating expenses per vehicle revenue hour, the amount and share of salaries/wages/benefits and the amount and share of state subsidy for the agency," Montarti says.

He reminds that previous think tank research has shown Port Authority bus costs to be greater than in such locales as Boston, Washington, D.C., Columbus and Buffalo. Only New York City's bus operation costs were higher.

"With enough attention paid to these measures it might be possible to reduce the gap between (the Port Authority) and its peers," Montarti concludes.

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