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In pandemic, opportunity for Port Authority

By Colin McNickle

The Port Authority of Allegheny County, its ridership pummeled by the coronavirus-sparked shutdown and future funding streams a question mark, must begin to economize, concludes an analysis by the Allegheny Institute for Public Policy.

“Given financial resources will be even more scarce in the new fiscal year, steps must be taken to make the authority more cost-effective,” says Eric Montarti, research director of the Pittsburgh think tank (in *Policy Brief Vol. 20, No. 19*).

The average weekday bus ridership decline has been stark for the county’s mass-transit agency – down 37 percent in March and down 75 percent in April from year-ago figures. Average weekday light-rail ridership dropped 33 percent in March and an astounding 92 percent in April from year-ago levels.

Much, but not all, of the Port Authority’s service was restored on May 18. But even if average ridership numbers for May and June increase by 5 percent each month, ridership still could be down anywhere between 52 and 91 percent from their respective year-ago tallies.

Fewer riders, of course, meant less income from fares – millions of dollars less. Yet, as many businesses and government operations furloughed employees in the downturn, the Port Authority did not.

And, “Even with the decline in passenger revenue and uncertainty about ridership going forward, (the authority’s) preliminary operating budget for the fiscal year that begins July 1 is higher (by \$23.5 million) than the adopted budget for this year and adds employees (79),” Montarti notes.

While the Port Authority is expected to receive more than \$140 million in federal pandemic recovery money, other subsidy sources are considered anything but a given.

“State money could be affected by the decrease in Pennsylvania Turnpike traffic and sales taxes,” Montarti reminds. “Allegheny County levies on alcoholic drinks and vehicle rentals will most likely drop.

“An annual grant from the Regional Asset District (RAD) will decline as the RAD board announced in late May that all grant recipients would see a 20 percent cut,” he says.

The Port Authority received \$225,000 per month from January to April from a 2020 operating grant of \$3 million. The monthly amount going forward would be \$180,000. County and RAD monies provide the match for state dollars.

And do remember that the authority’s board of directors was reformed in 2013 to feature a mix of county and state appointees.

Thus, “Now is the time for those appointees to make it very clear that state and county revenue sources will be more limited ... and an increase in the (authority’s) budget or new employees is not realistic in this time of uncertainty and high private-sector unemployment,” Montarti says, adding that even the state passed an interim budget that will expire in November.

“If additional manpower is needed there is always contracting to outside vendors,” he added.

Clearly, the Port Authority’s financial situation will remain in flux if the effects of the pandemic shutdown continue for some time.

Businesses might continue to allow more employees to work from home. Pittsburgh Public Schools and universities might continue remote cyber learning. Prep, college and professional sporting events might remain canceled.

“(A)ll that will have a serious impact on ridership and revenue,” Montarti says, meaning next year’s budget will have to be revisited.

And then there’s this wildcard: The authority’s contract with its largest unionized employee group expires at the end of June.

“As we have said for years, the Port Authority of Allegheny County is much too costly and inefficient,” Montarti reiterates. “Now is the perfect time to examine all aspects of operations and move toward being a more cost-effective system to best serve the riders and taxpayers.”

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