

**Joint Meeting of the Transportation Committees  
Of the Pennsylvania Senate and House of Representatives**

**Testimony of  
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Executive Director  
Philadelphia Parking Authority**

Chairman Rafferty, Chairman Geist and Members of the Transportation Committees:

I want to thank the committee for this opportunity to review the operations of the Philadelphia Parking Authority. Often, our work is only viewed through distorted representations of isolated experiences of people who had a disagreement with our enforcement role. What often is lost is the fact that thousands of motorists were able to shop in our stores, deliver goods, visit a doctor, touch the Liberty Bell and engage in other activities because they were able to find convenient, reasonably priced parking. We understand that people do not come to Philadelphia to park. We also understand that without a well managed parking and transportation plan we would lose the economic vitality that elected officials in the General Assembly and in the City of Philadelphia have worked so hard to foster.

The Philadelphia Parking Authority generated \$233 million in revenue in the fiscal year which ended March 31. From our activities we contributed over \$100 million to various government entities to support vital programs. I cannot calculate the billions of dollars in economic activity generated because our programs increased parking opportunities, improved vehicle and pedestrian safety, reduced congestion, supported multi-modal transportation options, and provided a rational, balanced taxicab and limousine industry.

While today's meeting is to focus on the Authority's operations and finances, it is important that I set the context for what we do. Yes, we generate significant revenue. Yes, the efficiency of our operation is important so that those dollars can be maximized to support the important programs they fund. But our mission statement clearly articulates our reason for being:

The mission of the Philadelphia Parking Authority is to continually enhance the quality of life in Philadelphia through our strategic partnerships with the Commonwealth of Pennsylvania and the City of Philadelphia. That is accomplished by supporting the region's economic vitality through the provision comprehensive parking, regulatory, and transportation services. A focus improved access, greater mobility, and increased vehicular and pedestrian safety are the guiding principles of our program.

The Philadelphia Parking Authority was created on January 11, 1950, by an Ordinance of Philadelphia City Council pursuant to an act of the General Assembly of the Commonwealth of Pennsylvania enacted in 1947. The legal life of the Authority extends through 2037.

The organization's original, primary mission was to respond to the increasing demand for parking in Philadelphia's central business district. For over two decades the Authority concentrated exclusively on the development and operation of Center City, off-street parking facilities. The Authority constructed its first garage in 1964 at 8<sup>th</sup> & Filbert Streets. Currently, the Authority owns and/or operates ten facilities in Center City with nearly 6,000 spaces and manages over 50 neighborhood parking lots under an Agreement with the City of Philadelphia.

In October 1974, the Authority entered into the first of a series of leases and contracts for parking services with the City of Philadelphia to construct and operate all parking services at the Philadelphia International Airport. Pursuant to those contracts, the Authority on several occasions over the past thirty years issued revenue bonds for the construction and renovation of the public parking facilities at the Airport. The Authority owned facilities now include 18,841 garage spaces, 839 short term garage spaces, and 7,127 economy lot spaces. Pursuant to the current lease and contract for parking services, the Authority pays all net parking revenue to the City of Philadelphia, Division of Aviation (DOA).

In 1982, an Act of the General Assembly authorized the City of Philadelphia to assign responsibility for the management of on-street parking resources to the Authority. The City Council enacted an Ordinance the same year and the Authority entered into Agreements of Cooperation with the City to assume those responsibilities. In 1983, functions previously performed by six City departments were transferred to the Authority including; developing and posting parking regulations, installation, maintenance and collection of revenue from parking meters, issuing of Residential Parking Permits, issuing, processing and collecting revenue from parking tickets, towing and impounding illegally parked vehicles, and booting scofflaw vehicles. Under the terms of the original Agreements, all net program revenue was transferred to the City of Philadelphia. On February 10, 2005, the Governor signed Act 9 of 200, which codified most aspects of the most recent On-Street Agreements of Cooperation dated February 16, 1994, and extended the Agreements by those terms through March 31, 2014. Act 9 also established a formula by which net revenue from the On-Street Parking Program is split between the City of Philadelphia and the School District of Philadelphia. On June 30, 2012, the General Assembly removed the 2014 expiration date, securing our continued role managing Philadelphia's on-street parking resources. I would like to thank all of you for your confidence in our work by supporting that legislation.

The Authority's role in improving traffic safety expanded in fiscal year 2001 when the City Managing Director requested the Authority to be the exclusive towing and impoundment agent for the Live Stop Program, authorized by an Act of the General Assembly. That program requires the impoundment of vehicles which are found to be unregistered or operated by an unlicensed driver during a police stop. Subsequent Acts of the Legislature codified the Authority's role as the towing and impoundment agent. In addition, the Authority has responsibility for impounding unsafe trucks operating on the City's highways

at the request of City police. During fiscal year 2008, the Authority contracted with the Pennsylvania State Police to assist in the removal of abandoned and/or inoperable vehicles from the City's three interstate highways (I-95, I-76, and I-676).

In 2006, the General Assembly authorized a three-year pilot program of Automated Red Light Photo Enforcement. The legislation established the Authority as the administrator of the program in cooperation with the City of Philadelphia and the Pennsylvania Department of Transportation. Similar to the Live Stop Program, the Red Light Photo Enforcement Program is another tool for the Authority to address fundamental life safety issues in the City. This program saves lives and reduces property damage by assisting in reducing the number of red light related traffic accidents. Through improved traffic safety, it can also be used to make a stronger case for further auto insurance rate reductions. The initial success of the program in improving safety at dangerous intersections provided the basis for the General Assembly to act to extend the life of the program through 2017.

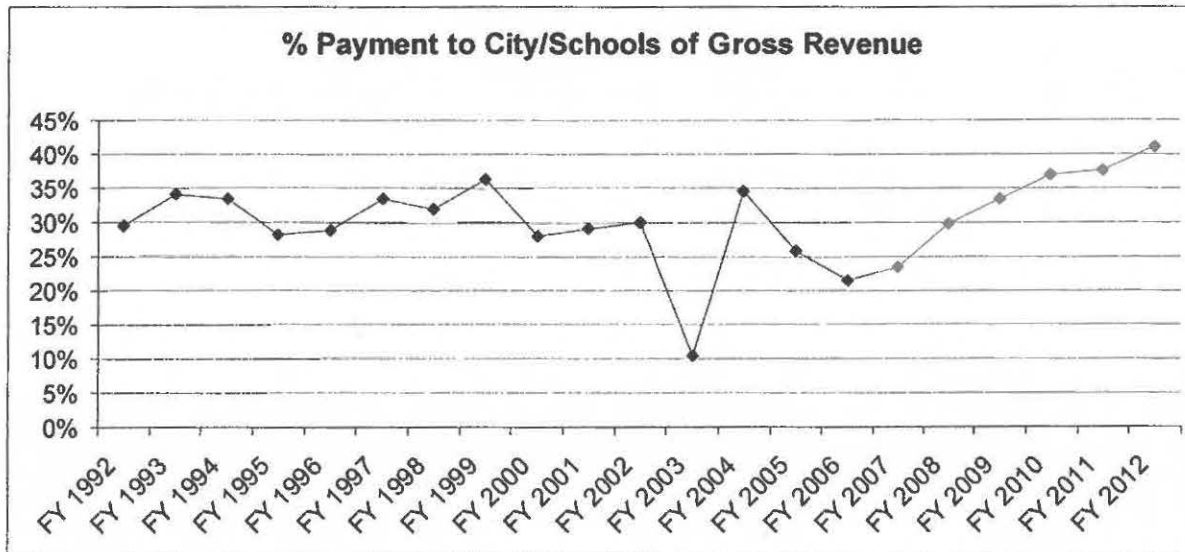
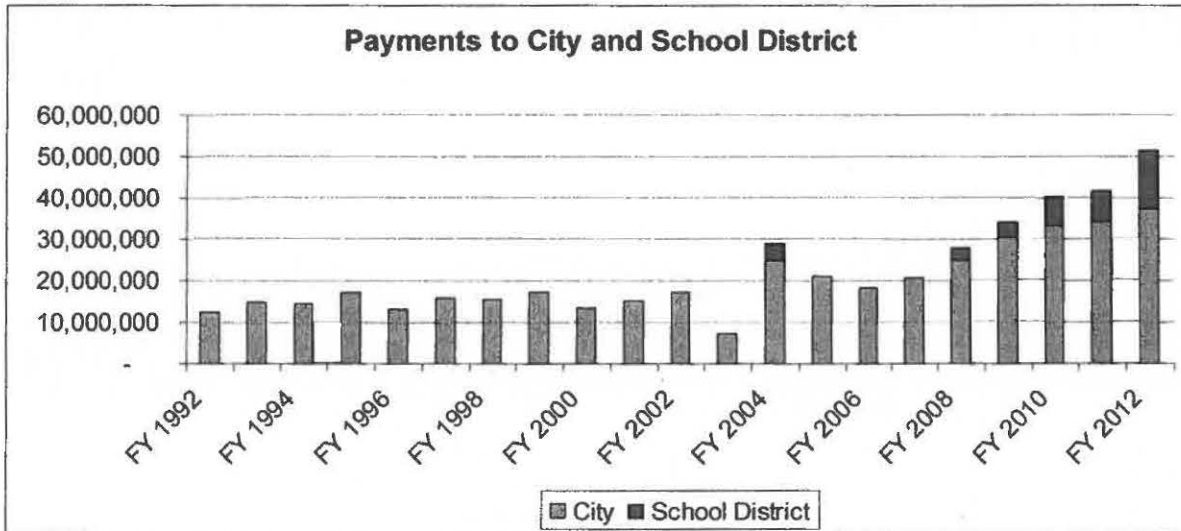
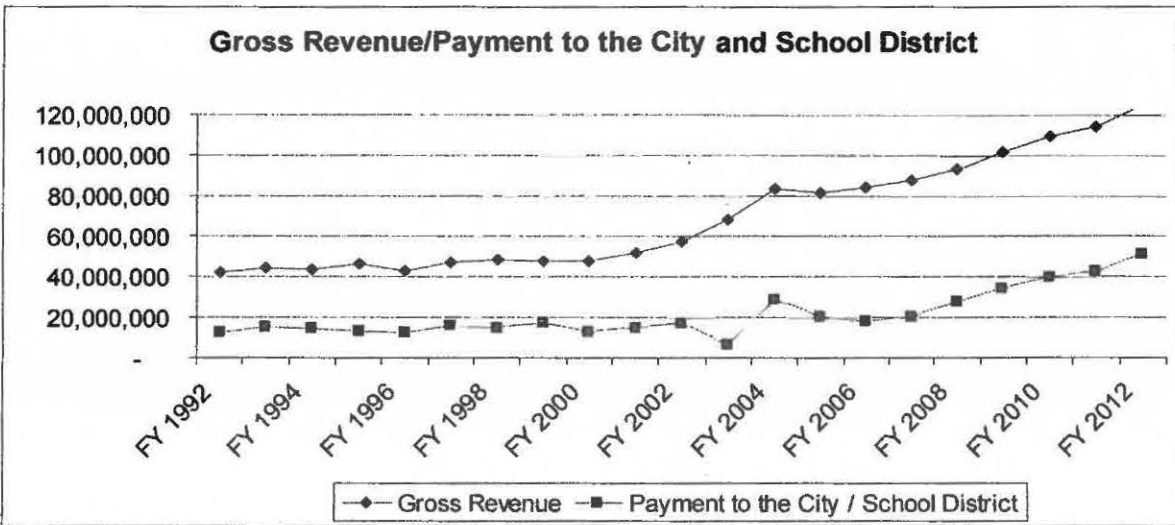
In keeping with the Authority's expanded mission to provide comprehensive parking and transportation services in the City of Philadelphia, regulatory responsibility for the taxicab and limousine industries were vested with the Authority pursuant to Act 94 of 2005. The transfer of responsibility came after years of complaints of substandard service. The Taxicab and Limousine Division is modeled after the classic administrative agency design. The Division suggests new regulations, following the process of the Independent Regulatory Review Commission, including significant opportunity for public and industry comment. In addition to the promulgation of regulations, the TLD is responsible for the registration of companies, vehicles, drivers and dispatchers as well as enforcement of the regulations and collection of fees and fines for violations. Consistent with the Authority's overall mission, the staff has concentrated on improving public service, including frequent and more comprehensive vehicle inspections, driver training, consistent enforcement, better public information, and implementing other policies to provide a positive experience for people using the system.

Today, the Authority's responsibilities have grown far beyond providing only off-street parking. The Authority's Strategic Plan, established in 2004, established a broad vision of the Authority's mission – to support the region's economic vitality by providing comprehensive parking management and transportation services through our partnership with the City of Philadelphia and the Commonwealth of Pennsylvania. As the elements of the plan evolve, the focus continues to be on making Philadelphia a more mobile city, improving the quality of life and supporting economic development.

As for our finances, we have fifteen business units, each with unique rules of operation, reporting requirements, and limitations on the use of funds generated by them.

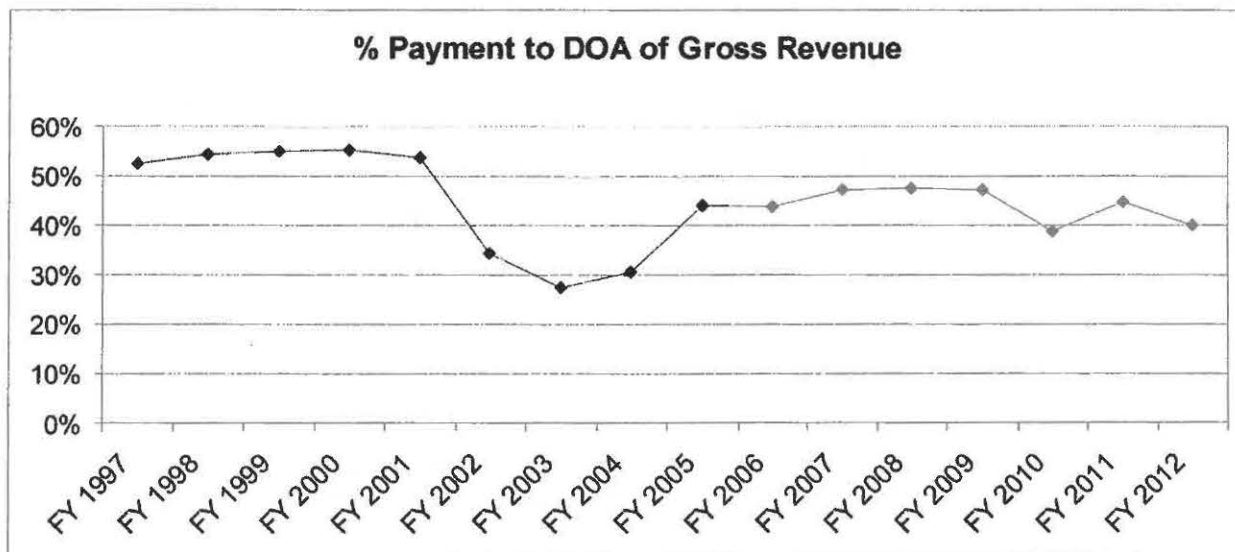
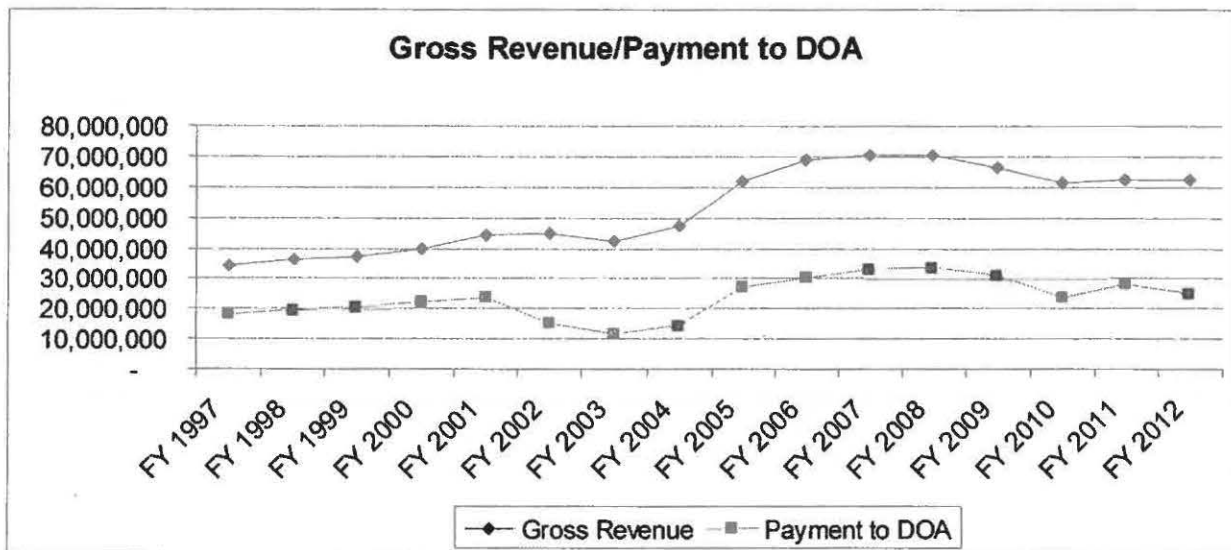
The On-Street Parking division is the largest and generates the highest gross revenue. Under state law referenced earlier, the net revenue from the program is sent to the City and School District of Philadelphia. In FY 2012, from gross revenue of nearly \$125 million, the Authority provided over \$37 million to the City's general fund and nearly \$14 million to the

Schools. As the charts below show, in addition to being the highest dollar amount ever contributed, it is also the highest percentage of gross revenue.

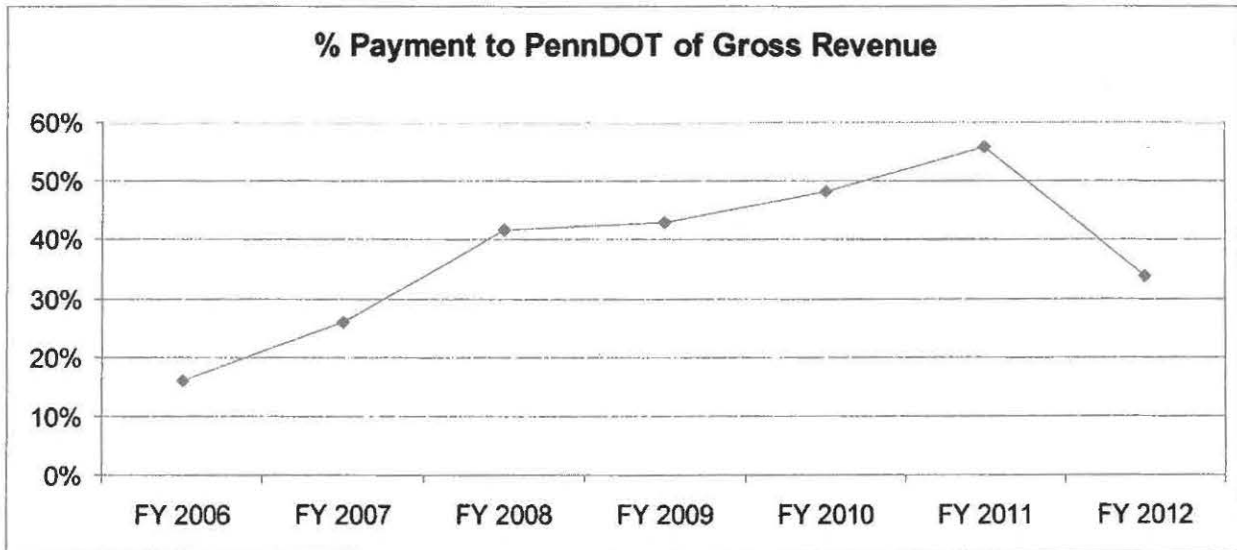
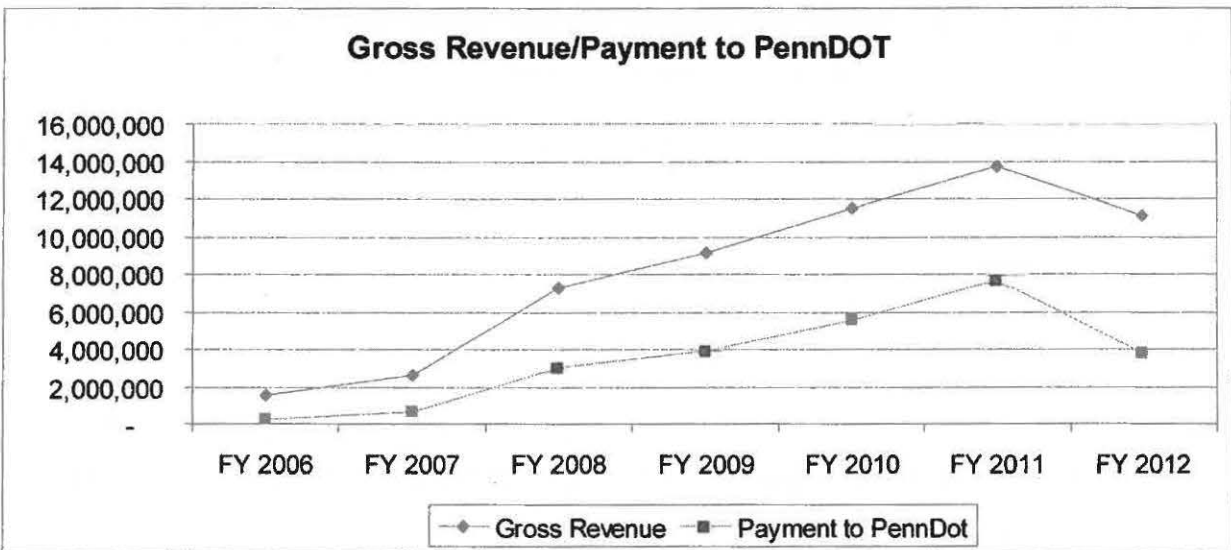




The second largest generator of revenue is from the parking operation at Philadelphia International Airport. Under federal law, all revenue generated on airport property must be returned to support airport operations. Therefore, all net revenue from parking operations is remitted to the City of Philadelphia Division of Aviation. From gross revenue of \$62.6 million, the Division of Aviation received \$25 million. The parking revenue at the airport is directly tied to air travel. This is subject to the impact of larger economic conditions than our other operations so you will see that there is a greater fluctuation here than in our other operations. Additionally, in cooperation with the City, we began a major facility expansion in the late 1990 which came on line in 2001 and 2002. As you will recall, the terrorist attacks of September 11, 2001 had a dramatic negative impact on air travel. At the same time debt service on the new facilities came due creating a significant dip in both revenue and payments to the Division of Aviation. We have since begun to move back to a greater profit margin however, current economic conditions continue to result in lower revenues at this facility.



The Automated Red Light Enforcement Program is the newest operation for the Authority. As noted previously, it began as a pilot program and has since been extended for the City of Philadelphia as well as newly authorized for certain other municipalities. The Philadelphia Parking Authority currently operates the program at 21 intersections with an additional four approved and ready for installation. Intersections are added only after a traffic study is completed indicating that there are a significant number of red light running violations, approval of Philadelphia City Council as well as from the Pennsylvania Secretary of Transportation. The equipment is installed and maintained by American Traffic Solutions, Inc., for which the Authority pays a monthly fee. They do not however, receive any share of the revenue from the program. All net revenue from the program is given to the Pennsylvania Department of Transportation Highway Safety Fund from which grants are awarded for highway safety programs in Philadelphia and throughout the Commonwealth.

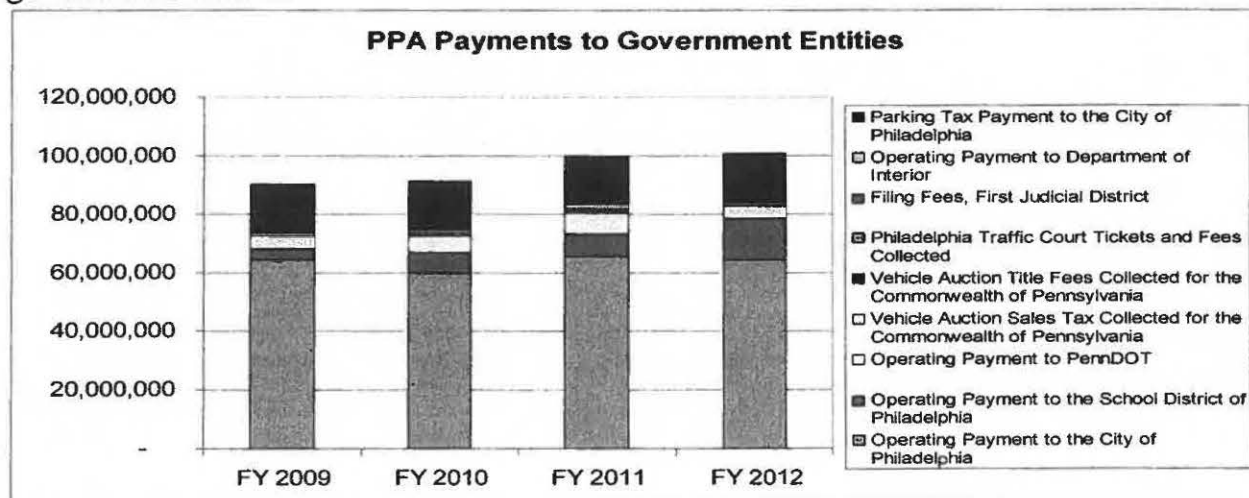


The Authority also operates two garages under a lease agreement with the City of Philadelphia and one under a lease agreement with the National Park Service. In each case the Authority makes rent payments based on facility revenue. We also partner with a private garage owner to manage the facility for which we are paid a management fee. Three parking garages are owned by the Authority, the net revenue from which is used to support Authority operations and future development. One surface parking lot was purchased several years ago as part of a planned larger development which did not materialize. Revenue from that facility is used to partially offset debt service on the purchase the balance of which is paid by the City of Philadelphia.

The Live Stop program was authorized by the General Assembly and the revenue from that program is required to be used to support only that operation. Those funds have been used to purchase towing equipment as well as leasing and maintenance of lots used for the impoundment of vehicles towed under the program.

Finally, the Taxicab and Limousine Division has consistently run a deficit. Since responsibility for the regulation of these industries was assigned to the Authority in 2004 by the General Assembly significant progress has been made in improving public service. However, no funding mechanism was provided when the program was transferred from the Public Utility Commission. Ongoing legal challenges, significant enforcement requirements, and training, testing and inspections, have increased costs beyond what was originally anticipated. The General Assembly responded by assessing a \$1 surcharge on parking tickets issued in Philadelphia to support the program. However, in the last fiscal year the division ran a deficit of \$700,000. We have used revenue in the Medallion Fund, created when medallions were auctioned when the system instituted to cover these losses. Unfortunately, we have not been able to reduce some fees on the industry by using the Medallion Fund to offset operating costs. Philadelphia City Council recently enacted an Ordinance to add an additional \$2 per parking ticket surcharge to support the program. The Ordinance is currently under review by the Mayor and we are hopeful that he will sign the Ordinance creating a more stable financial structure for this important operation.

The Chart below shows the total payments from Authority operations to various government entities.



It demonstrates the significant impact the Philadelphia Parking Authority has in supporting vital government programs. I would also note that success did not come merely by increasing fines, fees and parking rates. We have examined every aspect of our operation to improve efficiency, cut costs and streamline operations consistent with our mission. Since 2010 78 positions have been eliminated. Every expense has been examined to determine if it is essential to fulfilling our mission.

We have established open lines of communications with elected officials responsible for establishing our responsibilities and enacting the laws we are charged with enforcing. We take seriously our role in analyzing parking and transportation issues in the City of Philadelphia and reporting and making recommendations to elected officials. However, we are fully aware that we are responsible to elected representatives as the final word on policy matters. This opportunity to meet with you to discuss our role in overall transportation policy is an important part of that responsibility. I look forward to additional opportunities to share with you the work we do and am happy to answer any questions you may have.