



ANNUAL REPORT 2017:

# TRANSFORMATION





ALLEGHENY COUNTY AIRPORT AUTHORITY  
PITTSBURGH INTERNATIONAL AIRPORT  
ALLEGHENY COUNTY AIRPORT

## WELCOME

The Allegheny County Airport Authority, the governing agency for Pittsburgh International Airport and Allegheny County Airport, welcomes you to its 2017 Annual Report. 2017 truly marked a transformational year, with the Airport Authority making important progress across all key measurements—including the launch of a Terminal Modernization Program, which promises to positively change the air travel experience in and out of Pittsburgh for decades to come.



It's no surprise that this region has been on the rise over the past few years. Technology and innovation are in our DNA. Coupled with our diverse economy, quality of life, arts and culture amenities, and our affordability, we continue to grow and thrive. Our airport, one of the most important elements of any region, needed to keep up. Work had to be done to provide Pittsburgh with an airport as dynamic and inspiring as the region it served.

Through the work of CEO Christina Cassotis and the Airport Authority Board of Directors, our airports are now part of that progress. For the past three years, incredible progress has been made at Pittsburgh International Airport. The team at the airport achieved another year of impressive results in 2017. They opened more of the nation and world to Pittsburgh business and personal travelers with nonstop flights, while at the same time making our airport more attractive to airlines by reducing the cost to operate here. We continue to see greater interest in attracting significant business investment, thanks in large part to improvements to the airport.

And we're not done yet. With plans unveiled this year to modernize the terminal at Pittsburgh International, we will change the face of air travel in Pittsburgh for many years to come. Christina and her team envision a flexible space with adaptable technology which is easier to approach and navigate for passengers and visitors. It will be properly sized and priced for airline partners, and represents a new era, a leap forward that would have been unimaginable just a few years ago.

I'm immensely proud of the work that has been done at our airport, and by the successes that Christina and her team have had this past year. I'm even more thrilled that they're not done with their efforts. It is a great time to be living in Pittsburgh, for many reasons—and the energy and the spirit of change at our airport is one of the top ones.

Sincerely,

A handwritten signature in blue ink that reads "Rich Fitzgerald". The signature is fluid and cursive, with the first letters of "Rich" and "Fitzgerald" being capitalized and prominent.

**Rich Fitzgerald**  
Allegheny County Executive

2017 was dynamic, energetic, fresh, challenging, proud, full of grit and an ambitious vision, and most of all, a transformational year for the Allegheny County Airport Authority. We continued to successfully transform as an organization, which has led to a plan to transform Pittsburgh International Airport itself through the Terminal Modernization Program—the physical manifestation of how our team, our city, and our airport have embraced change. Pittsburgh is getting the airport it deserves – and it’s going to get better.

We have built a strong internal culture focused on the growth of our staff, who now see our work at the airport both as a place of employment and as a source of pride in what we are doing for the community. This connects us to the city, where we are seeing evidence of business growth and the ease of connecting to desired travel destinations.

Our achievements reflect this environment of growth in 2017—capped by our being named Airport of the Year by Air Transport World magazine and Regional Airport of the Year by the CAPA Centre for Aviation – both for the strategy behind our turnaround and momentum. These honors verify that we are capable and eager to create the new, right now. Highlights of our journey in 2017 include:

- Doubling the number of nonstop destinations from 37 to 74 over the past three years including the addition of two new flights to Europe, and a regular nonstop to the highly coveted Seattle market.
- Increasing passenger traffic by 8.2 percent to almost 9 million passengers—the highest in a decade, and climbing.
- Instituting dedicated cargo service through Qatar Airways, directly connecting Pittsburgh companies with global markets.
- Boosting operations at Allegheny County Airport by nearly 10 percent.
- Becoming the first and only US airport to offer Airside access to the public through the myPITpass program.
- Installing new artwork and an artist-in-residence, along with new concessions and customer service improvements.
- Initiating a program to make the airport an “employer of choice,” both for existing staff and for candidates seeking employment.

An Economic Impact Study last year found that the airport impacts 148,000 jobs and \$29 billion in regional business revenues. The spirit of regional cooperation takes form in our collaborative air service coalition with local organizations, to help us determine needs, share goals, and discuss the best ways to achieve them.

All that we have accomplished in 2017 reinforces the belief that airports can compel people and a city into this new century, where humanity is more connected, and where an airport opens doors to greater cross-cultural understanding and a path to peace for the world. That’s admittedly quite an aspirational goal, and with continued support, we pledge to keep working toward it.

Sincerely,



Christina Cassotis  
CEO, Allegheny County  
Airport Authority

Sincerely,



David Minnotte  
Chairman, Allegheny County  
Airport Authority Board





**Chairman:**  
David Minnotte



**Vice Chairman:**  
Robert Lewis



**Treasurer:**  
Robert Hurley



**Secretary:**  
Ashley Henry Shook

## BOARD MEMBERS

On November 5th, 1999, a new era began when the Airport Authority assumed administration of both Pittsburgh International and Allegheny County Airports from Allegheny County. Under a lease with an initial term of 25 years and two additional 25-year option terms, the Allegheny County Airport Authority, governed by a board appointed by the Allegheny County Executive, operates the two premier airports that serve the Pittsburgh region.



Anthony Bridge



Cynthia Shapira



Jan Rea



Matthew Smith



Rich Stanizzo



TRANSFORMING  
PITTSBURGH'S AIRPORTS  
TO REFLECT AND SERVE  
THE COMMUNITY,  
INSPIRE THE INDUSTRY  
AND ADVANCE THE  
REGION'S ROLE AS A  
WORLD LEADER

The transformation seen at Pittsburgh International Airport during the past year has built on the continuing momentum and accelerated it. The airport reached a milestone by doubling its nonstop destinations from three years ago—from 37 to 74—and increased passengers by 1 million. These feats would not have been possible without a high-performing team committed to the Authority's vision. That vision of transforming Pittsburgh's airports to reflect and serve the community, inspire the industry and advance the region's role as a world leader drives strategy and decision-making every day for a workforce of 460, including seven labor unions.

A 2017 Economic Impact Study conducted for the Airport Authority found that Pittsburgh International and Allegheny County airports contributed a total impact of \$29 billion in business revenues and 148,000 jobs, including a direct effect of 71,000 jobs and \$16.6 billion in business revenues. The study shows that our airports are among the region's top economic generators.

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*CONTRIBUTED A  
TOTAL IMPACT OF  
**\$29 BILLION IN  
BUSINESS REVENUES  
AND 148,000 JOBS***  
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Serving the needs of today's Pittsburgh region and maximizing our airport assets to drive the regional economy are at the heart of the Airport Authority's progress. With flights and passengers up to levels not seen in a decade and new innovative partnerships unveiled during the past year, the next step in the Authority's transformation is to fix the outdated terminal structure itself, which is more than 25 years old.



## TERMINAL MODERNIZATION

The Airport Authority announced a **\$1.1 billion Terminal Modernization Program** in September to streamline the passenger and airline experience, decrease future airline and airport costs, infuse the latest technology, and right-size the space, all of which will finally give the Pittsburgh region an airport tailored to its needs and not dedicated to any single airline.

*THE PROJECT INVOLVES ZERO LOCAL TAX DOLLARS  
AND WILL BE FUNDED PRIMARILY THROUGH  
AIRLINE RATES AND CHARGES AND AIRPORT REVENUE  
SUCH AS PARKING, CONCESSIONS, REAL ESTATE  
INCOME AND NATURAL GAS DRILLING ROYALTIES.*

The project involves the construction of a new landside facility directly connected to the current Airside Terminal, eliminating the need for a train, shortening walk times, speeding up baggage delivery and creating a unified larger security checkpoint. Airlines serving PIT support the plan because it fixes an outdated structure, enhances their processes and lowers costs in the long run.

## INNOVATIVE PARTNERSHIPS

Pittsburgh International Airport became the first and only airport in the country to allow non-ticketed passengers beyond security checkpoint since Sept. 11, 2001. Named *myPITpass*, the program, in partnership with the Transportation Security Administration (TSA), allows non-fliers regular access to the airport's shops and restaurants and the ability to greet loved ones at the gate for the first time in nearly two decades.

TSA approved the airport program to operate Monday through Friday from 9 a.m. to 5 p.m. The program maintains all security parameters and procedures at current levels. Participants are vetted electronically the same way as ticketed passengers and are then screened through the security checkpoint along with the flying public.

In addition to the TSA, the Airport Authority expanded key partnerships with organizations such as Carnegie Mellon University, Richard King Mellon Foundation and many more. Community partnerships have been essential in the ongoing renaissance of Pittsburgh International Airport. The Pittsburgh Travel Coalition, consisting of VisitPittsburgh, the Allegheny Conference, Pittsburgh Technology Council, Butler County Tourism and Convention Bureau and others continued to pool resources throughout the year to achieve common promotional goals, particularly in relation to the airport and air service needs.

## STRONG FINANCIALS

Pittsburgh International Airport has achieved lower rates and charges to airlines for the fourth straight year in 2017, with that trend continuing in 2018. The airport's projected Cost per Enplaned (CPE) passenger of \$11.30 marked the lowest since 2005. CPE is a standard measurement of cost in the aviation industry. Non-aviation revenue rose in the past year and the Authority's debt continued to decrease. Like all major airports, Pittsburgh International Airport receives no taxpayer money for its operating budget. In 2013, the Airport Authority signed a deal with Consol Energy, making Pittsburgh International one of three airports in the country to allow natural gas drilling. The deal provided a \$46 million upfront payment and 18 percent royalties on gas drawn from the ground. Drilling began in 2016.

*LIKE ALL MAJOR AIRPORTS,  
PIT RECEIVES  
**NO TAXPAYER  
MONEY**  
FOR ITS OPERATING BUDGET*

## AIR SERVICE GAINS

Pittsburgh International Airport announced multiple new flights including new, highly coveted destinations like Seattle on a new carrier—Alaska Airlines—which will start this year, as well as additional capacity to markets like Boston, Chicago and San Francisco. New carriers include Spirit Airlines, serving eight markets. Spirit's arrival completes the airport's portfolio of ultra-low-cost carriers as they join Allegiant and Frontier in providing low-cost options for travelers.

WOW air, providing nonstop service to Reykjavik, Iceland, and beyond, and Condor Airlines, which serves nonstop to Frankfurt, Germany, saw successful years as they launched in 2017. Condor announced plans to double the number of seasonal flights in 2018 while WOW continues year-round service. Delta, which serves nonstop to Paris, France, announced plans to upgauge its aircraft to a larger 767.

And for the first time in its history, the airport secured nonstop international all-cargo service, eliminating the necessity for shippers to truck goods to larger, congested airports. Qatar Airways started twice-weekly service in October, a key opportunity for the region's businesses and part of a larger airport strategy to create an international logistics center around Pittsburgh International Airport.




## INTERCONNECTED STRATEGY

Everything the Authority does—from making air service gains to developing new real estate opportunities—shares a single goal: to maximize the airport asset for the region. The Authority updated its mission in 2017 to reflect the rapid progress and momentum of the past three years—to continue as a global aviation leader driving innovation, regional growth and prosperity by investing in our employees, customers, airlines, and partners. The Terminal Modernization Program is the physical manifestation of the airport's progress. It's the next step in propelling Pittsburgh International Airport to truly meet the needs of today's region.

A chalkboard in a cafe setting with handwritten text in blue and green chalk. The text on the board includes "NOW OPEN", "Poutine", "chili", "and much more!!", and "6 Packs Tobito". There are also some drawings like a smiley face with "33" and a star.

**2017 WAS A TRANSFORMATIONAL YEAR AND 2018 WILL CONTINUE THAT MOMENTUM. THE AIRPORT HAS TRANSITIONED FROM A MEGA-CONNECTING HUB TO A TOP ORIGIN-AND-DESTINATION FACILITY. WE INVITE YOU TO FIND OUT MORE THROUGH THE FOLLOWING 2017 ANNUAL REPORT.**



NONSTOP DESTINATIONS  
DOUBLED OVER THE  
PAST THREE YEARS, AND  
PASSENGERS INCREASED  
BY 1 MILLION OVER THE  
PAST FOUR YEARS.

## NONSTOP AIR SERVICE CONTINUES KEY GROWTH

Pittsburgh International Airport doubled its nonstop destinations over the past three years and increased its passengers by 1 million people over the past four years. 2017 saw the highest passenger growth since 2007. Contributors to the growth are new carriers that started service including WOW air, Condor Airlines, and Spirit Airlines. Additionally, Alaska Airlines will debut in Pittsburgh in September bringing long-sought nonstop service to Seattle.

Incumbent carriers like Southwest, Delta, Allegiant, OneJet, JetBlue and United also added new destinations or additional frequencies to existing markets. United announced plans to add a second daily nonstop flight to San Francisco this summer and Delta began service to Boston joining JetBlue and American.

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**8.2%** PASSENGER  
TRAFFIC GROWTH  
WAS THE **HIGHEST SINCE 2007**

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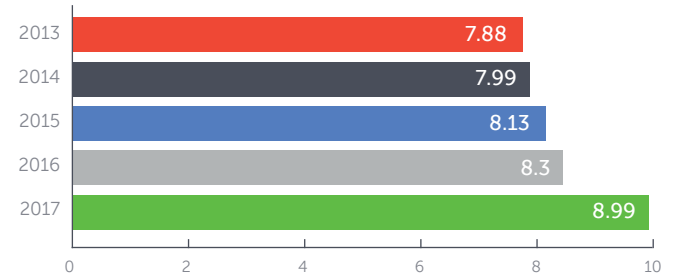
### DIVERSIFICATION OF NONSTOP AIR SERVICE

As noted in the chart, for the first time, a non-US Airways affiliate carried the most passengers from Pittsburgh International Airport with Southwest taking the lead. American (which merged with US Airways) continues to lead in the number of daily departures with more than 40 while Southwest serves the most nonstop destinations with 18, including seasonal destinations.

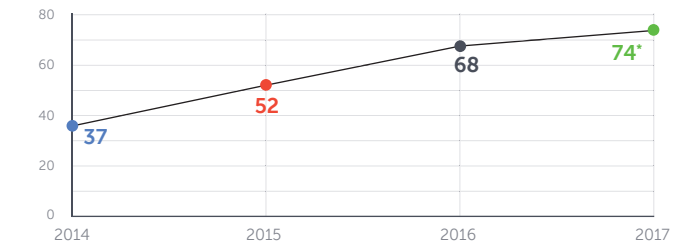
The diversification in carriers has led to increased competition and options for passengers. Allegiant and OneJet both base aircraft at the airport, leading to jobs and more opportunities for air service. American Airlines continues to have its heavy maintenance base at the airport, employing about 1,000 people.

OneJet selected Pittsburgh as its base of operations in 2016 and has grown to serve 12 markets from PIT. The seven-seat jets have been a hit with business-class passengers and larger 30-seat regional jets have been added for 2018. Southern Airways continues to connect passengers to Essential Air Service markets as well as Harrisburg.

### Passenger Traffic (In Millions)

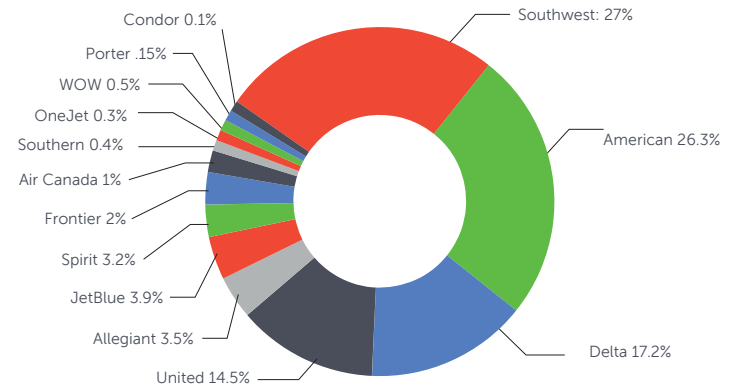


### Nonstop Route Gains



\*Includes January 2018 announcement of route from Delta to Salt Lake City

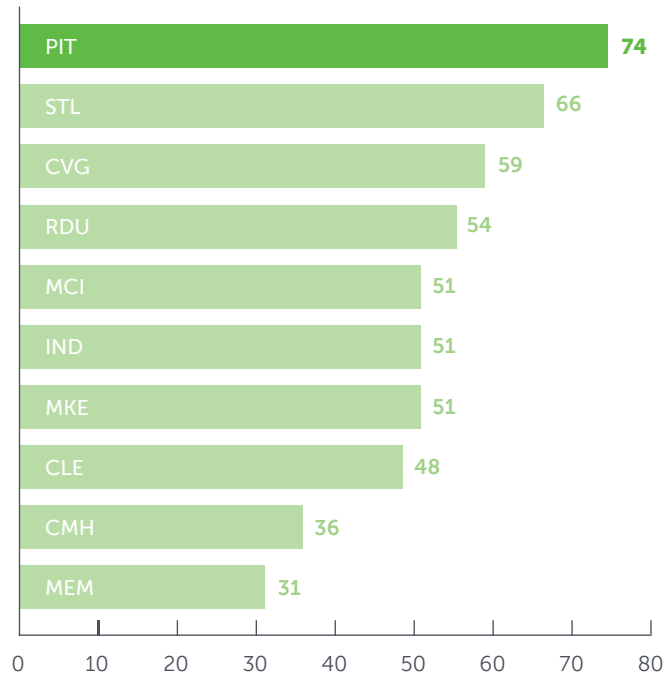
### Airline Breakdown



## RISING ABOVE

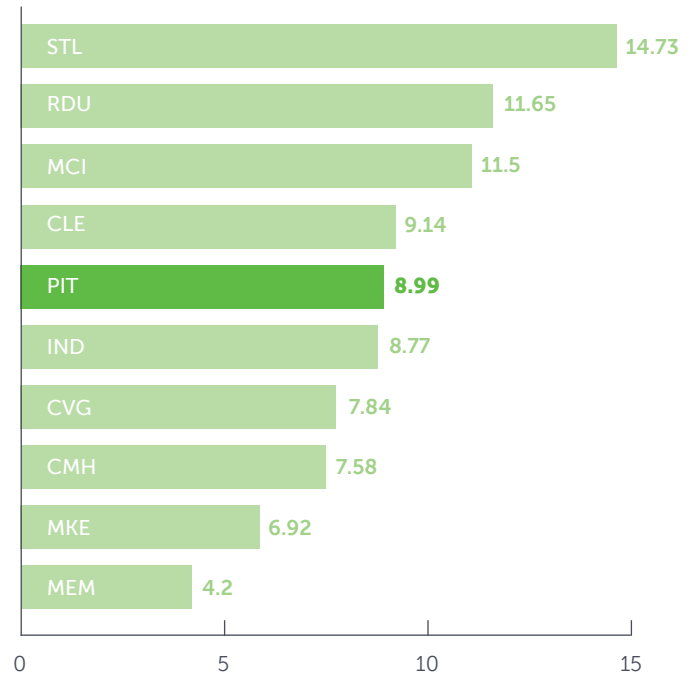
Currently, Pittsburgh International Airport has more international carriers offering service than any time in its history. The airport continues to outpace other medium-sized markets in terms of nonstop cities available.

### Nonstop Destinations Offered (2017)



Source: Annual Airport Traffic Reports 2017

### Annual Passengers (2017—In Millions)



Source: Airline Schedule Reports; Diio

PIT – Pittsburgh, PA • STL – Saint Louis, MO • CVG - Cincinnati, OH • RDU - Durham/Raleigh, NC • MCI - Kansas City, MO  
 IND- Indianapolis, IN • MKE - Milwaukee, WI • CLE - Cleveland, OH • CMH - Columbus, OH • MEM - Memphis, TN

## PIT LANDS QATAR AIRWAYS CARGO

Air cargo service is a vital economic driver for the region. Qatar Airways Cargo started service to Pittsburgh International Airport in October, becoming the airport's first-ever all-cargo international carrier. The arrival positions the airport, along with its real estate development options, with the opportunity to become an international logistics center. The introduction of twice-weekly Boeing 777 freighter services complements and enhances Qatar Airways Cargo's existing service to the United States. The Doha-Luxembourg-Atlanta-Pittsburgh-Luxembourg-Doha route will not only connect Pittsburgh with European markets via the cargo carrier's European hub in Luxembourg, but also link trade businesses in Asia and the Middle East through an easy transit at its state-of-the-art home base in Doha, Qatar.

Qatar adds to the domestic cargo services already offered with UPS and FedEx, both of which have a major presence at PIT. FedEx and UPS provide multiple daily flights from PIT to multiple destinations. These flights often occur during the overnight hours but provide an invaluable service connecting goods to the rest of the world. These carriers, known as integrators, are largely responsible for ensuring overnight packages, medical supplies, and online shopping arrive on time.

## WHAT CARGO MEANS FOR THE REGION

For Pittsburgh-based companies, having nonstop cargo options is estimated to save multiple days in transit time and U.S. Customs clearance. Additionally, trucking companies are able to haul goods to the airport from feeder markets to benefit the regional economy, providing an increased number of jobs and economic output. According to the Economic Impact Study commissioned by the Authority, the Qatar flight alone generates \$43 million annually in economic output for the region.



THE QATAR FLIGHT ALONE  
GENERATES **\$43 MILLION**  
ANNUALLY IN ECONOMIC  
OUTPUT FOR THE REGION.

## MODERNIZING FOR THE FUTURE: PITTRANSFORMED

Allegheny County Airport Authority officials announced in September plans to reshape the future of Pittsburgh International Airport, a plan that will reduce long-term costs, benefit the traveling public, and align the facility with the needs of a modern passenger experience. An updated design will allow for an expanded security checkpoint, the elimination of the costly train, a newly configured international arrivals process, the implementation of modern technology throughout the terminal, and an improved baggage delivery system, among other improvements.

The airport opened more than 25 years ago as a leading-edge facility. With the support of the airlines, Airport Authority officials are embarking on a plan to again make the airport industry-leading. Built as a mega-hub facility, the current airport finds itself built for the past—much too large in some areas and capacity-constrained in others. The centerpiece of the plan involves a new landside terminal adjacent to the renovated airside terminal with 51 gates—a dozen more than are being used today. *The plan does not include or require the use of local tax dollars.*



THE CENTERPIECE OF  
THE PLAN INVOLVES A  
NEW LANDSIDE TERMINAL  
ADJACENT TO THE  
RENOVATED AIRSIDE  
TERMINAL WITH 51 GATES.

## LOWERING AIRLINE COSTS

The budget, based on early conceptual designs, is \$1.1 billion. More detailed cost estimates will be available as the project reaches final design. The project is expected to create more than 10,000 direct and indirect jobs and produce \$1.66 billion in economic activity. It is also expected to generate more than \$28 million in state and local income taxes. Officials expect to break ground on the project in 2019 with anticipated completion in 2023.

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*THE PROJECT IS EXPECTED TO CREATE MORE THAN  
10,000 DIRECT AND INDIRECT JOBS AND  
PRODUCE \$1.66 BILLION IN ECONOMIC ACTIVITY.*

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The new design will allow the airport to be optimized for modern security needs. Plans will also save the Authority millions of dollars in annual operating and maintenance costs. The plan will keep airline costs stable and maintain the Authority's commitment to cost competitiveness.

The plans also call for a new parking garage and eliminates critical points of failure like the train and baggage delivery system. A new, expanded security checkpoint will help move passengers more quickly and efficiently through the security process. A redesigned terminal will also enhance concession revenue opportunities both before and after security.

The Authority has worked with its airline partners for the past several years in drafting a Master Plan, which all airports are required to file with the Federal Aviation Administration. As officials work through the process, designs or plans could change.



AS THE PROJECT PROCEEDS,  
THE LATEST NEWS AND  
INFORMATION WILL BE POSTED  
ON A DEDICATED PROJECT WEBSITE  
AT [PITTRANSFORMED.COM](http://PITTRANSFORMED.COM).

## PARTNERSHIPS CONTINUE TO PROPEL AIRPORT AUTHORITY PROGRESS


Airlines don't serve airports; they serve markets. In order to effectively sell the Pittsburgh market to the aviation industry, the Authority has built partnerships throughout the community and across agencies in order to maximize the benefit for the region.

Pittsburgh International Airport, in cooperation with the Transportation Security Administration, became the first airport in the country to allow the public to access shops and restaurants beyond the security checkpoint without requiring a boarding pass, while ensuring no reduction in security. The public has access to the Airside Terminal from 9 a.m. to 5 p.m., Monday through Friday.

The program is a direct result of public input for a desire to access the Airside Terminal without a ticket. The same security requirements as ticketed passengers are followed, ensuring no reduction in security.

### MEMBERS OF THE PUBLIC MAY ACCESS THE AIRSIDE TERMINAL BY FOLLOWING THESE PROCEDURES:

- 1 **Check in on** 3rd Floor Ticketing Level (across from Allegiant)
- 2 **Show a valid photo ID** (Driver's License or Passport)
- 3 **Have name vetted** and obtain stamped myPITpass
- 4 **Go through security checkpoint** observing the same rules as passengers boarding flights



**MYPITPASS BECOMES  
FIRST AND ONLY  
NON-TICKETED  
ACCESS PROGRAM  
IN THE COUNTRY**



## **PITTSBURGH REGIONAL TRAVEL COOPERATIVE CONTINUES SUCCESSFUL PROGRAM**

The Authority has pursued close relationships with VisitPITTSBURGH, the Allegheny Conference on Community Development and the Pittsburgh Technology Council as well as numerous chambers of commerce, individual companies, educational institutions and others.

To better formalize partnerships with key community organizations, the Authority initiated the Pittsburgh Regional Travel Cooperative and has continued the partnership for a second year with a goal of gaining additional nonstop air service. In addition to the Authority, the cooperative includes VisitPITTSBURGH, Allegheny Conference on Community Development, Butler County Convention and Tourism Bureau and Washington County Tourism Promotion Agency.

The cooperative has provided a regional presence at key travel shows around the world, secured in-market agencies to better promote the region and provided for familiarization trips of reporters around the world to come to the Pittsburgh region. The airport continues to coalesce the leadership and membership of these organizations around common air service goals for maximum leverage to airline network planners.



**THE COOPERATIVE HAS  
PROVIDED A REGIONAL PRESENCE  
AT KEY TRAVEL SHOWS AROUND  
THE WORLD.**



## CREATING A SENSE OF PLACE

Just as air service options are evolving to meet the needs of today's travelers, the physical assets should also reflect the vibrant flavor of the region the airport serves—including cultural attractions, sports teams, award-winning restaurants and longstanding regional institutions. When people land at our airport, they should know they're in Pittsburgh. From familiar voices on the train to enhancements in cuisine, more of Pittsburgh is coming into the terminal.

### FOOD GETS LOCAL

From Squirrel Hill's own Gaby et Jules macarons to the Strip Market, authentic Pittsburgh can be seen everywhere in the terminal. Penn Brewery beers made right in our region can now be sampled in the terminal. Steel Cactus, Marathon Diner, and other local brands have all opened in the past year.

*WHEN PEOPLE LAND  
AT OUR AIRPORT,  
THEY SHOULD KNOW  
THEY'RE IN PITTSBURGH.*

## ART IN THE AIRPORT EXPANDS

Expanding on the success of its Art in the Airport program that features world-class art and cultural installations, Pittsburgh International Airport partnered with the Office of Public Art to welcome its first Artist-in-Residence, Blaine Siegel.

Siegel, a multidisciplinary sculptor living in Pittsburgh, was selected from more than 70 artists from throughout the U.S. who applied to the open call last fall. Siegel will have his own studio space at the airport, spending the year-long residency engaging with travelers and joining airport workers in various operational capacities to better understand the overall environment. Siegel will ultimately produce a creative art project to be exhibited at the airport that reflects his research and engagement with multiple audiences. Pittsburgh International joins London Heathrow, San Diego and Tampa International Airports in having an artist-in-residence program. The residency is made possible by a grant from the National Endowment for the Arts.

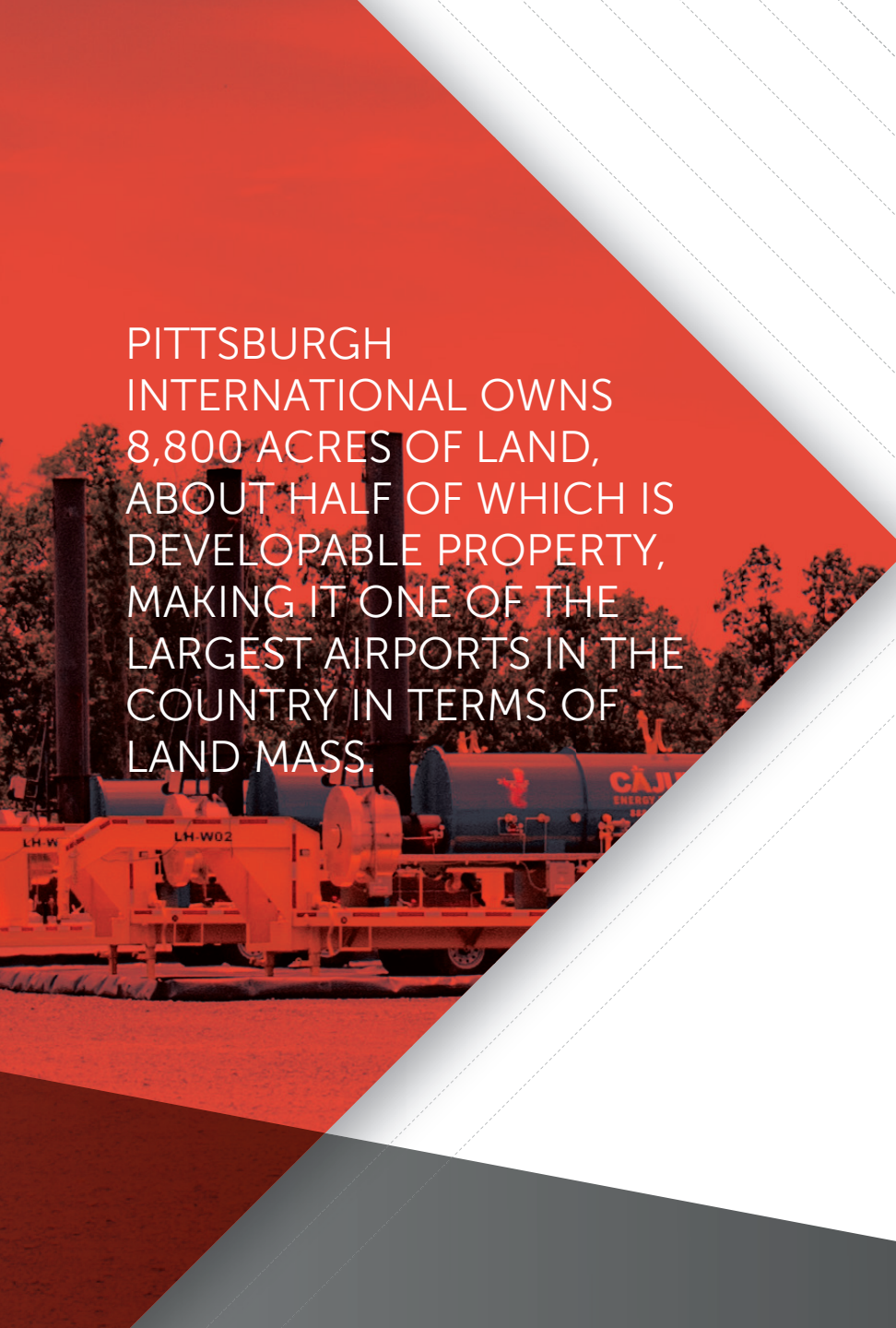
In addition to the artist-in-residence more than a dozen new art and cultural exhibits were installed throughout the terminal.

### New displays included:

- Three new installations from the Children's Museum of Pittsburgh in Kidsport in Concourse C
- Rotating items from current and upcoming fine art and fashion exhibitions at The Frick Pittsburgh in Concourse B
- Two installations from Carnegie Mellon University—EarthTime in Concourse D and IntraFace in Concourse C
- The Innovation Studio at Carnegie Museums of Pittsburgh's Cabinet of Curiosities in Concourse A
- Trashbot recycling installations near the Airside food court area and at Starbucks in Baggage Claim; and a display about innovation and entrepreneurship from Innovation Works in Concourse C

Sponsored by the Richard King Mellon Foundation, the works serve as an important component of the Art in the Airport program.





PITTSBURGH  
INTERNATIONAL OWNS  
8,800 ACRES OF LAND,  
ABOUT HALF OF WHICH IS  
DEVELOPABLE PROPERTY,  
MAKING IT ONE OF THE  
LARGEST AIRPORTS IN THE  
COUNTRY IN TERMS OF  
LAND MASS.

## REAL ESTATE DEVELOPMENT AROUND PIT CONTINUES TO CLIMB

As part of the Authority's mission to drive innovation, regional growth and prosperity, real estate development around the airport has become an economic engine for both the airport and region. Strategy surrounding development is tied to air service and the Terminal Modernization Program with a goal of maximizing the airport assets for the community. The Authority is in the midst of a land-use study to determine the highest and best use of available property.

Pittsburgh International owns 8,800 acres of land, about half of which is developable property, making it one of the largest airports in the country in terms of land mass. Over the past decade, private companies have invested more than \$350 million and developed more than 3 million square feet of manufacturing, industrial, office and cargo space leading to more than 5,000 jobs created or retained.

The Authority works closely with Findlay and Moon townships with any development. With Royal Dutch Shell's announcement to build an ethane cracker plant in Beaver County, the Authority is continuing to study the highest and best use of the land. Revenue generated from land development goes directly toward reducing rates and charges to the airlines as an important part of non-aviation revenue.

The Authority also completed an agreement last year with Allegheny County to house the county's 911 Center and Department of Emergency Services in the former US Airways flight operations center. The Authority purchased the 70,456 square foot building from the airline in 2016.

## A CLOSER LOOK AT DEVELOPMENTS

### Dick's Sporting Goods

- World Headquarters

### Pittsburgh International Business Park at Cherrington

- Tenants: ServiceLink and Mastech among others

### Airside Business Park

- Tenants: Michael Baker International, Canon, Viola Water

### Clinton Commerce Park

- Tenants: Knepper Press, Pittsburgh Post-Gazette, FedEx Ground
- Al. Neyer recently completed a 265,000 building and have also entered into development agreements on the remaining parcels with plans to construct as much as 1 million square feet industrial space in coming years.

### Industry Drive

- Tenants: Thermo Fisher, Under Armor, CH2M Hill
- PerkinElmer recently moved into new 21,000 square foot lab/offices.

### McClaren Road Business Park

- The site has been designed for 410,000 square feet of office space and is awaiting state environmental approval.

### World Trade Center

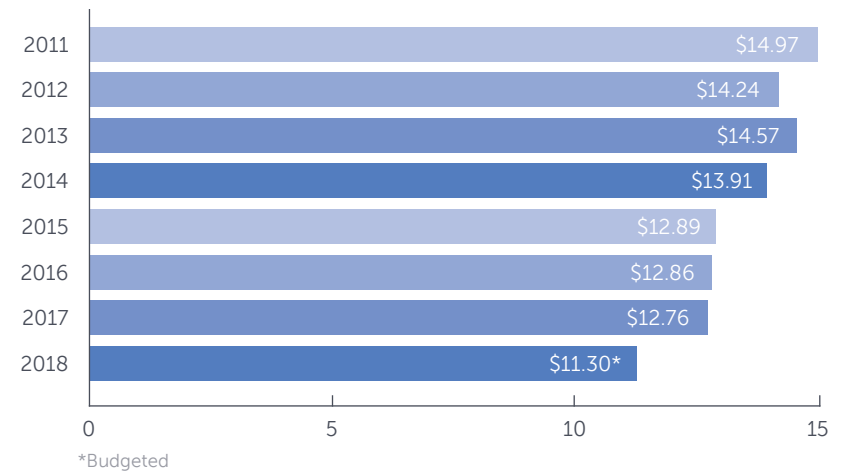
- The project is at 60 percent design
- Will be anchored by a large tenant that will be a net gain for the region
- The development will include office space, hotel and corporate hangars among other development.



## THE AIRPORT AUTHORITY'S FINANCIAL POSITION CONTINUES TO IMPROVE

The Allegheny County Airport Authority has worked aggressively to contain costs, pay down its debt, reduce airline rates and charges and be responsible stewards of public assets. The 2018 operating budget of \$109 million is reflective of those ideals and remaining a global aviation leader. The budget represents a 1.96 percent increase over the previous year. At the same time as debt has fallen, non-aviation revenue has increased, providing opportunity to lower Pittsburgh International's Cost Per Enplaned (CPE) passenger by 12 percent. The budget anticipates a decline in the CPE for the fifth straight year.

**Cost Per Enplaned Passenger**




Since the Airport Authority operates on a residual basis, the costs charged to signatory airlines are based on cost recovery. In the immediate aftermath of dehubbing more than a decade ago, airline passenger levels and leased terminal space decreased, causing the cost recovery rates to increase proportionally. This increase was reflected in the CPE, the industry standard for measuring charges to the airlines. Since that time, the budget has stabilized and airport costs are once again in a competitive industry position.

The budget funds the operations and some capital projects of Pittsburgh International Airport and Allegheny County Airport, which receive no local tax dollars in funding. The improved financial situation was recognized by Fitch and Standard & Poors, which both upgraded the Authority's credit rating to A/Stable in 2016. Moody's continued its rating of A3 Stable last year.

### **PRIORITIZING EXPENDITURES**

The prioritization of expenditures directly relates to the execution of our vision for Pittsburgh International Airport. Safety and security are our highest priorities. This year's budget demonstrates that commitment by funding safety and security personnel at existing levels and replacing a number of fleet vehicles relied upon to execute public safety initiatives and emergency response, as well as engaging in relevant safety exercises for disaster readiness.

The Authority will continue to maintain Pittsburgh International as a first-class facility while keeping the Terminal Modernization Program in mind with minimal long-term investments in areas slated to be updated as part of the plan.



THE BUDGET FUNDS  
THE OPERATIONS AND  
SOME CAPITAL PROJECTS OF  
PITTSBURGH INTERNATIONAL  
AIRPORT AND ALLEGHENY COUNTY  
AIRPORT, WHICH RECEIVE NO LOCAL  
TAX DOLLARS IN FUNDING.

## ALLEGHENY COUNTY AIRPORT TRAFFIC CONTINUES TO RISE

Allegheny County Airport (AGC) in West Mifflin serves the corporate and general aviation communities and is a key component in meeting the aviation needs of the region. Total operations have increased by nearly 20 percent since 2015. Over the past year AGC saw 61,512 landings and takeoffs making it the eighth busiest airport in Pennsylvania. Located only nine miles from Downtown Pittsburgh, AGC sits 1,252 feet above sea level and is one of the highest points in Allegheny County. Several companies base corporate jets at hangars at the airport.

### RESTORING AN ARCHITECTURAL GEM

The Airport Authority is restoring the exterior of AGC's historic art deco terminal, which was dedicated on Sept. 11, 1931. It served as the region's commercial airport until Greater Pittsburgh Airport opened in 1952. The Authority plans to begin rehabilitating the interior of the terminal this year.

Additionally, a multi-million dollar project to upgrade wildlife and security fencing was completed last year around the airport perimeter along with the installation of a new security camera system. AGC is also completing a new airport master plan that will guide the facility for years to come and capitalize on the momentum of the past three years.

### TAKEOFFS AND LANDINGS:



2017	<b>61,512</b>
2016	<b>56,548</b>
2015	<b>51,627</b>



## CORPORATE TRAFFIC AND PRIVATE PILOTS

Businesses routinely charter aircraft, ship and receive supplies and products and have customers and suppliers who arrive routinely via Allegheny County Airport. Flight training instructions are a dynamic part of AGC with the Pittsburgh Flight Training Center located on the facility as well as the Pittsburgh Institute of Aeronautics, which offers associate degrees in specialized technology for avionics and other aviation specialties.

### AGC'S OFFERINGS INCLUDE:

- Two full service fixed-base operators—Voyager Jet Center and Corporate Air
- Two paved and lighted runways
- FAA Air Traffic Control Tower operated 24/7—FAA offices located in Terminal Building
- 100 LL & Jet A fuel available
- High/low bottled & bulk oxygen available
- Administration Office, Security & Operations Office located in Terminal Building
- 35 T-Hangars
- 10 Corporate Hangars
- 13 Private Hangars
- Tie-down area
- On-site weather forecasts
- Avionic repairs, installations and sales
- Rental cars





**11%** INCREASE IN  
EMPLOYEE  
ENGAGEMENT

## ACAA EMPLOYEES: DEDICATED STAFF DRIVING THE TURNAROUND

The Allegheny County Airport Authority had a transformational year. Traffic at Pittsburgh International Airport was the highest in a decade. Nonstop flight options have doubled and are growing. The Authority finished under budget, with airline rates and charges decreasing. AGC operations are on the rise. Additionally the Authority built new partnerships with community stakeholders and continued to engage passengers. Passenger satisfaction scores increased for the fourth straight year and Pittsburgh International tied for third place among airports its size in North America for highest customer satisfaction scores, according to Airports Council International.

These achievements would not be possible without the dedication of the more than 450 Airport Authority employees who work together every day to ensure all partners and customers are cared for. Internal employee engagement surveys show a nearly 11 percent increase in employee engagement, signaling continuing momentum among the workforce.

The Authority is proud to have representation from seven labor unions including:

- Building and Construction Trades Council of Pittsburgh, AFL-CIO
- Construction General Laborers & Materials Handlers Union, Local 1058
- International Association of Firefighters, Local 1038
- International Association of Machinists and Aerospace Workers, District Lodge 98, Local Lodge 1060
- International Brotherhood of Teamsters, Local 249
- International Union of Operating Engineers, Local 95-95A
- Service Employees International Union, Local 32BJ

The Authority is continuing to invest in employee training, leadership development and succession planning, particularly as Baby Boomers plan for retirement. The dedication of the Authority's employees show every day the pride and quality of their work. It's the people who are fueling our mission as a global aviation leader driving innovation, regional growth and prosperity.



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# 2017 ANNUAL REPORT

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