



# 2016 ANNUAL REPORT



On behalf of the Allegheny County Airport Authority, governing agency for Pittsburgh International Airport and Allegheny County Airport, welcome to the 2016 Annual Report. While the Airport Authority has made remarkable strides in reflecting Pittsburgh's revitalized region, it is only the beginning.

**Start scrolling**  
to view the  
progress and  
plans for the  
future.





## INTRODUCTIONS & SUMMARY

# Having a strong airport is essential to the Pittsburgh regional economy.

That's why county leadership has been focused on supporting the Allegheny County Airport Authority and Pittsburgh International Airport since I took office.

I couldn't be more proud of the progress the airport has made in the past two years. We now see more options both for business and leisure travelers. The expansion of new carriers like Allegiant, Condor, Frontier, OneJet, Porter, Southern, and WOW show that airlines are recognizing the strong regional economy and the pent-up demand for more nonstop service.

The flight and passenger increases speak for themselves and the recognition by *Air Transport World* magazine to name Pittsburgh as the 2017 Airport of the Year is a well-deserved tribute to the hard work by the Airport Authority staff. We continue to see opportunity for growth both in air service development and real estate development around the airport. We believe that with the announcement of the Royal Dutch Shell ethane cracker plant, the GE manufacturing plant and other local employment gains that airport development will become even more competitive with net new jobs – and that's good for our region.

I'm confident we will continue to see success at both Pittsburgh International and Allegheny County Airport in the coming year.

Sincerely,

Rich Fitzgerald  
Allegheny County Executive







## INTRODUCTIONS & SUMMARY

Welcome to the 2016 Annual Report. The goal of this report is to offer a high level understanding of the Airport Authority's progress at Pittsburgh International Airport and Allegheny County Airport, and discuss where challenges exist.



# Welcome to the Allegheny County Airport Authority's 2016 Annual Report.

We're excited to share our success story of the past year with the community and all of our important stakeholders. Pittsburgh International Airport and Allegheny County Airport are vital assets to our region that fuel nearly \$30 billion into the regional economy and more than 140,000 jobs.

Our success means regional success, and we're happy to be able to report that our key metrics have dramatically improved during the past two years. Nonstop destinations at Pittsburgh International have increased 80 percent – from 37 to 68 – and we added seven new carriers during that time. Our passengers in 2016 totaled more than 8.3 million people, the third straight year of gains and the highest passenger total since 2008.

We've taken an aggressive approach in selling the revitalized Pittsburgh region to air carriers and it's paying off. Our costs to the airlines have continued to decline and our finances have stabilized. We've established a new vision of becoming a global aviation leader and our momentum is getting recognized around the industry. We were recently named *Air Transport World* magazine's Airport of the Year for our impressive turnaround story, beating out global competition as the first U.S. airport to win and joining the company of Hong Kong, London Heathrow and Singapore. We are excited and grateful for the recognition, but we have much more we plan to accomplish in 2017 – more flights, more customer amenities, more real estate development and more opportunity.

Everyone at the Airport Authority has worked very hard to build the momentum of the past two years. The dedicated staff persevered through setbacks in the 2000s and is the key to our success today. We are stronger than ever and we strive, together, to take care of our customers in providing the best service possible. We are looking forward to continuing to grow and to continuing to help fuel our regional renaissance.

Sincerely,

Christina Cassotis  
CEO, Allegheny County  
Airport Authority

David Minnotte  
Chairman, Allegheny County  
Airport Authority Board







## INTRODUCTIONS & SUMMARY

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## Board Members

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On November 5, 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 nine-member board appointed by the Allegheny County Executive, operates the two premier airports that serve the Pittsburgh region.

**Chairman:** David Minnotte

**Vice Chairman:** Robert Lewis

**Treasurer:** Jennifer Liptak

**Secretary:** Ashley Henry Shook

Anthony Bridge

Jan Rea

Cynthia Shapira

Matthew Smith

Rich Stanizzo





## INTRODUCTIONS & SUMMARY



*Air Transport  
World 2017  
Airport of  
the Year*

# Pittsburgh International Airport is on the move.

The momentum seen at Pittsburgh International is building, from increased air service to strong finances and decreasing debt. The airport is matching the region's economic success, and the airport's vision of being a global aviation leader that inspires regional growth and prosperity is en route to becoming reality.

The mission of attracting, supporting and investing in its employees, customers, airlines and partners is the central driver behind the airport's success.

### Recovering Strong

No category is more emblematic of the airport's progress than its air service gains. Following US Airways' decision to dismantle its Pittsburgh hub operations more than a decade ago, flights and passengers dwindled. Nonstop destinations sank to 37 options and passenger traffic dipped below 8 million. That trend has reversed.

Nonstop destinations are up 80 percent, with 68 destinations now available. Passenger traffic has increased 2.2 percent over the last year, pushing traffic above 8 million. Gains in domestic and international routes prove that airlines consider Pittsburgh a rising star in the aviation industry.

The industry has taken notice of what's happening. In January, *Air Transport World* magazine named Pittsburgh International its 2017 Airport of the Year, making it the first American airport to receive the honor. Previous winners included Hong Kong, London Heathrow and Singapore Changi. The magazine's editor cited Pittsburgh International's impressive turnaround story in the selection.





## INTRODUCTIONS & SUMMARY



### Embracing Common Goals

Air service gains are possible because the entire Allegheny County Airport Authority has bought into a shared vision and mission, ultimately embracing four key priorities:

- Operational excellence
- Employee engagement
- Cost competitiveness
- Customer service

These goals have positioned the airport on a path of growth that continues to meet the economic and residential needs of Western Pennsylvania. The Airport Authority is proud to employ more than 450 people, including seven labor unions, to serve the travelers of the region and make the airport experience as seamless and enjoyable as possible.

### Engaging the Community

Community partnerships have been essential in rebuilding Pittsburgh International Airport. Airport leadership has spearheaded the community's first Pittsburgh Travel Coalition that includes the Allegheny Conference, VisitPITTSBURGH and the Pittsburgh Technology Council. This coalition pools resources to achieve common goals, particularly in relation to air service needs. Formalized community support, whether nonmonetary or monetary, is important for airline decision makers – many of whom are already taking notice.

This increased community engagement has led the airport to focus on building a better sense of place for travelers. When people arrive, they should feel that they have landed in a dynamic place with plenty to offer. That's why the airport is adding concessions, art installations and customer service offerings that are inspired by the region and feature local products and artists.

### Stabilizing Finances

Pittsburgh International Airport has been able to make changes while steadily decreasing airline rates and charges. Like all US airports, Pittsburgh International receives no taxpayer money for the operating budget. The airport's cost per enplaned passenger for 2017 – \$12.85 – is its lowest since 2008.

The airport has also sought creative ways to increase non-aeronautical revenue. 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, which provided a \$46 million upfront payment and 18 percent royalties on gas drawn from the ground. In 2016, gas began flowing from airport land.

Real estate development on airport land continues to flourish as companies like Dick's Sporting Goods look to expand. Plans for large real estate development projects, like the World Trade Center site, continue to move forward.







## INTRODUCTIONS & SUMMARY



### Adopting Innovation

The entire Airport Authority team has embraced the idea of innovation – stretching from how airlines are recruited to providing additional ground transportation options for travelers.

The Authority has taken an aggressive approach in discussions with airlines and increased its exposure at key strategic meetings such as the Routes World Conference. Pittsburgh International was also one of the first airports in the country to strike a deal with Uber and Lyft to allow for Transportation Network Companies to pick up passengers.

### Modernizing for the Future

The Airport Authority is modernizing its business structure while instituting benchmarking and measurement opportunities. As part of being a global aviation leader, the organization strives to be best in class. The organization is also taking a close look at its workforce, nearly a third of whom will retire within the next five years. The Authority is expanding its outreach and recruiting efforts to ensure its workforce is representative of the community.

Beyond business modernization, the Airport Authority is reviewing the Pittsburgh International facility. Next year, more than 75 percent of the original debt to build the airport will be paid off. Airport officials are looking at options on how to reinvest that money back into the facility in order to meet the needs of the region today and well into the future. The airport is paying for too much space in unused portions of concourses and maintenance costs will continue to rise as the facility reaches 25 years old this year.

Whatever changes are made, they will be done in an environment where airline rates and charges continue to decline, where additional revenue opportunities can be capitalized on and where the facility best reflects the region it serves.

The airport has transitioned from a mega-connecting hub to a top origin-and-destination facility. Everyone knows what the airport for US Airways looks like. The question now is **what should Pittsburgh's airport look like?**







## AIR SERVICE

Perhaps no area of growth within the Allegheny County Airport Authority has been more visible than the meteoric rise of air service options at Pittsburgh International Airport. The airport is focusing its air service efforts to meet the growing needs of Pittsburgh's economy.



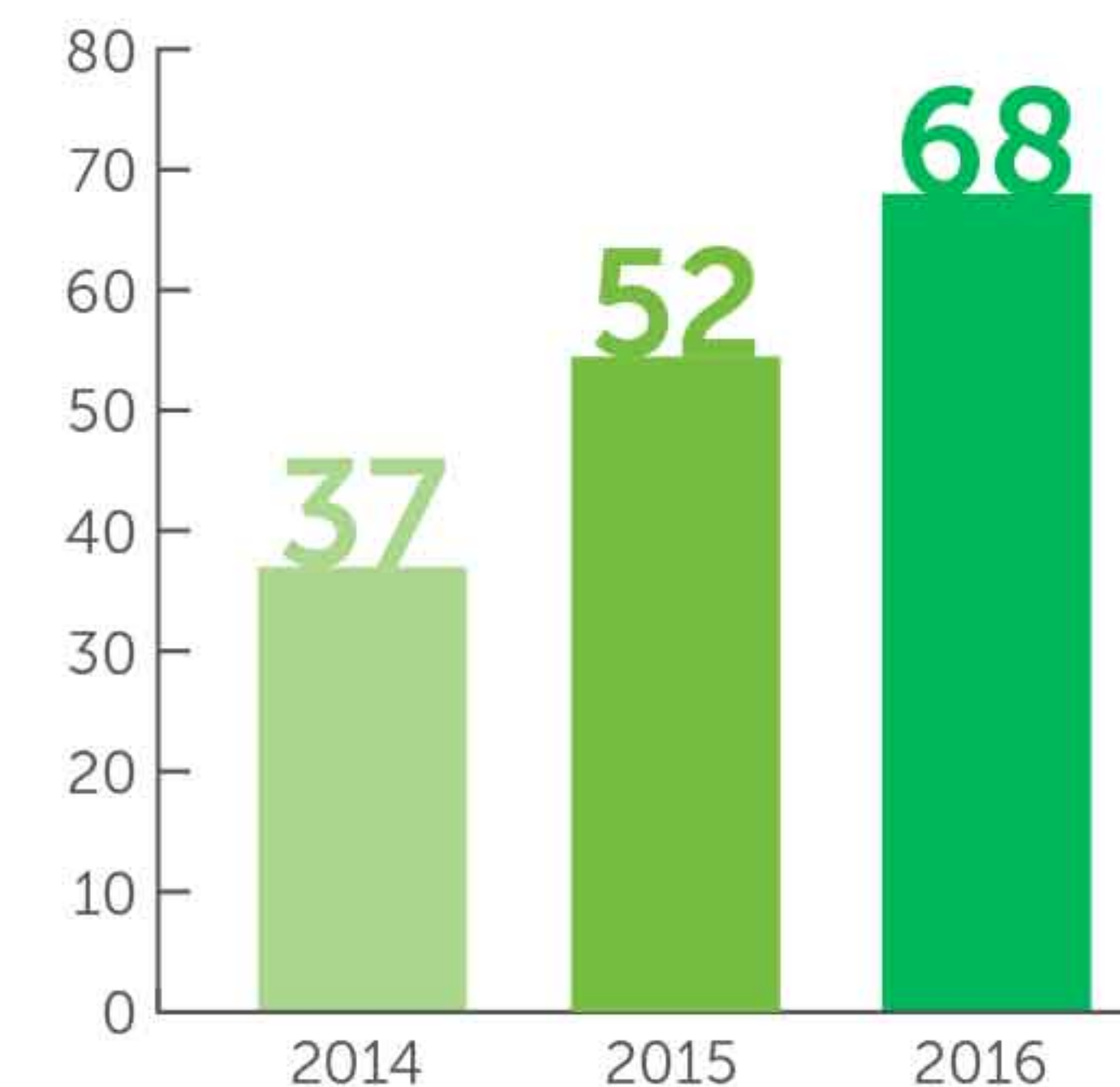
## Nonstop destinations are on the rise.

Over the past two years, Pittsburgh International Airport has experienced an 80 percent increase in nonstop destinations. Part of the reason for this increase is due to the arrival of several new carriers:

- Allegiant Air
- Condor
- Frontier Airlines
- OneJet
- Porter Airlines
- Southern Airways Express
- Vacation Express
- WOW air

The airport has also seen continued growth from Southwest Airlines, which has added new destinations such as Los Angeles, as well as Delta, which continues to serve Paris from May to September. The arrival of new carriers has diversified the airport's air service portfolio.

### Route Gains Over the Past Two Years







## AIR SERVICE

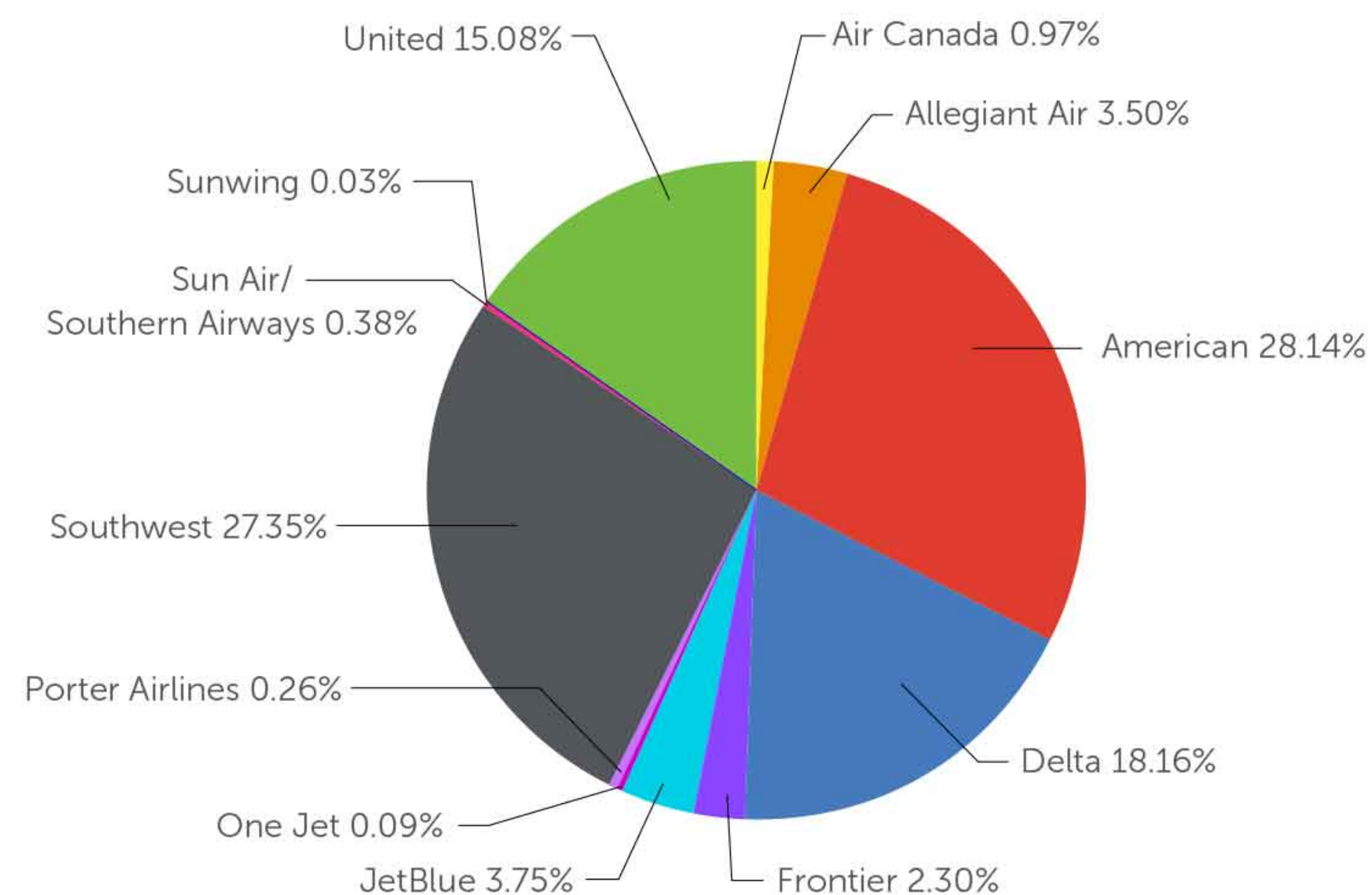


### Utilizing Multiple Carriers

With the addition of new carriers, the airport is no longer dependent on a single carrier for success. As indicated in the chart, American and Southwest have been virtually even for the past year. American leads in flights per day with more than 40, while Southwest leads all carriers in terms of destinations served with 16.

The diversification has led to growth from leisure carriers such as Allegiant, which has grown to serve nine destinations. Business-focused carriers, like OneJet, serve seven nonstop destinations, with five more expected by the end of 2017. Both of those carriers now base aircraft here and OneJet selected Pittsburgh as its focus city in 2016. The seven-seat jets offer a business-class product and have been a hit with working travelers. Southern Airways continues to connect passengers to essential air service markets as well as Harrisburg.

### Percentage of Passengers by Airline





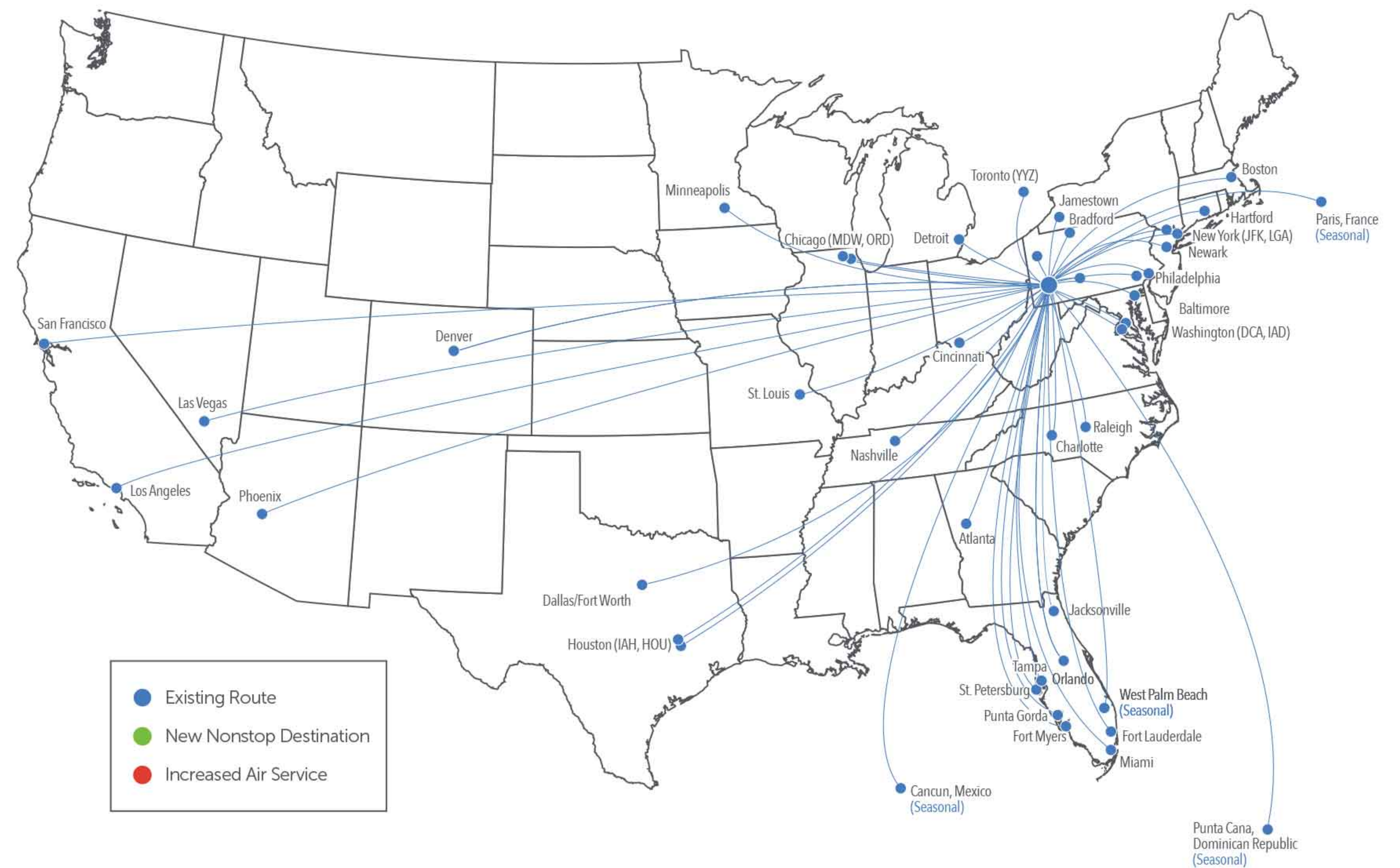


## AIR SERVICE

# A closer look at our strategy

Pittsburgh International Airport has taken a strategic approach to air service. Domestically, the airport has focused on regional growth and West Coast accessibility, while filling in service gaps based on passenger demand. Internationally, the airport has introduced additional European routes and expanded service to the Caribbean and Canada.

This initial map features the routes offered in early 2015. As you click "next," you will see the airport's growth over the past two years through new nonstop destinations and increased air service. Routes that were previously lost and have since been regained are included as a new route.



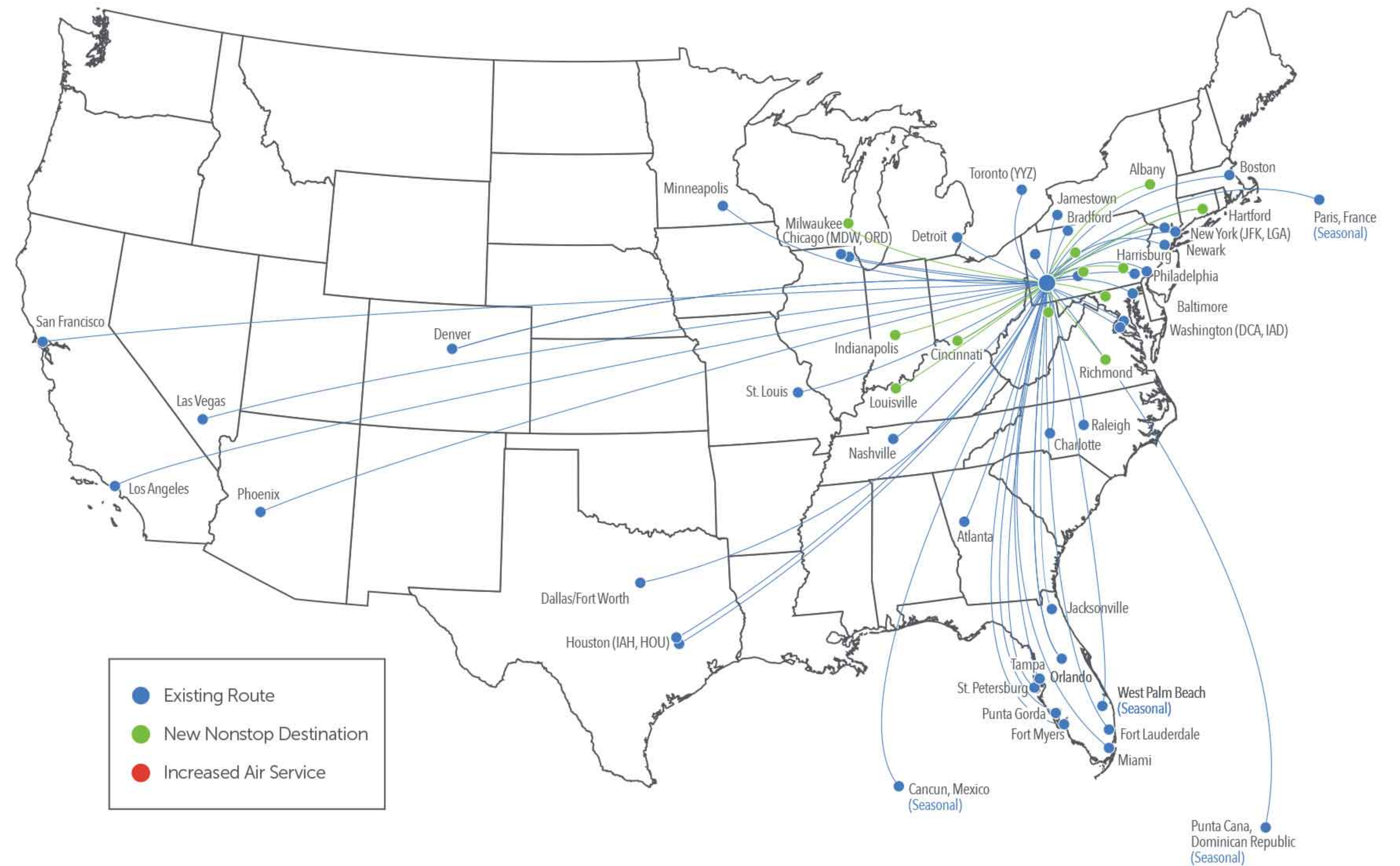




## AIR SERVICE

### Regional Growth

OneJet and Southern Airways have filled nonstop routes to regional cities such as Cincinnati, Hartford and cities within Pennsylvania. These two carriers help to support the region's businesses by saving time on connections and reducing the need to drive to markets from Pittsburgh.



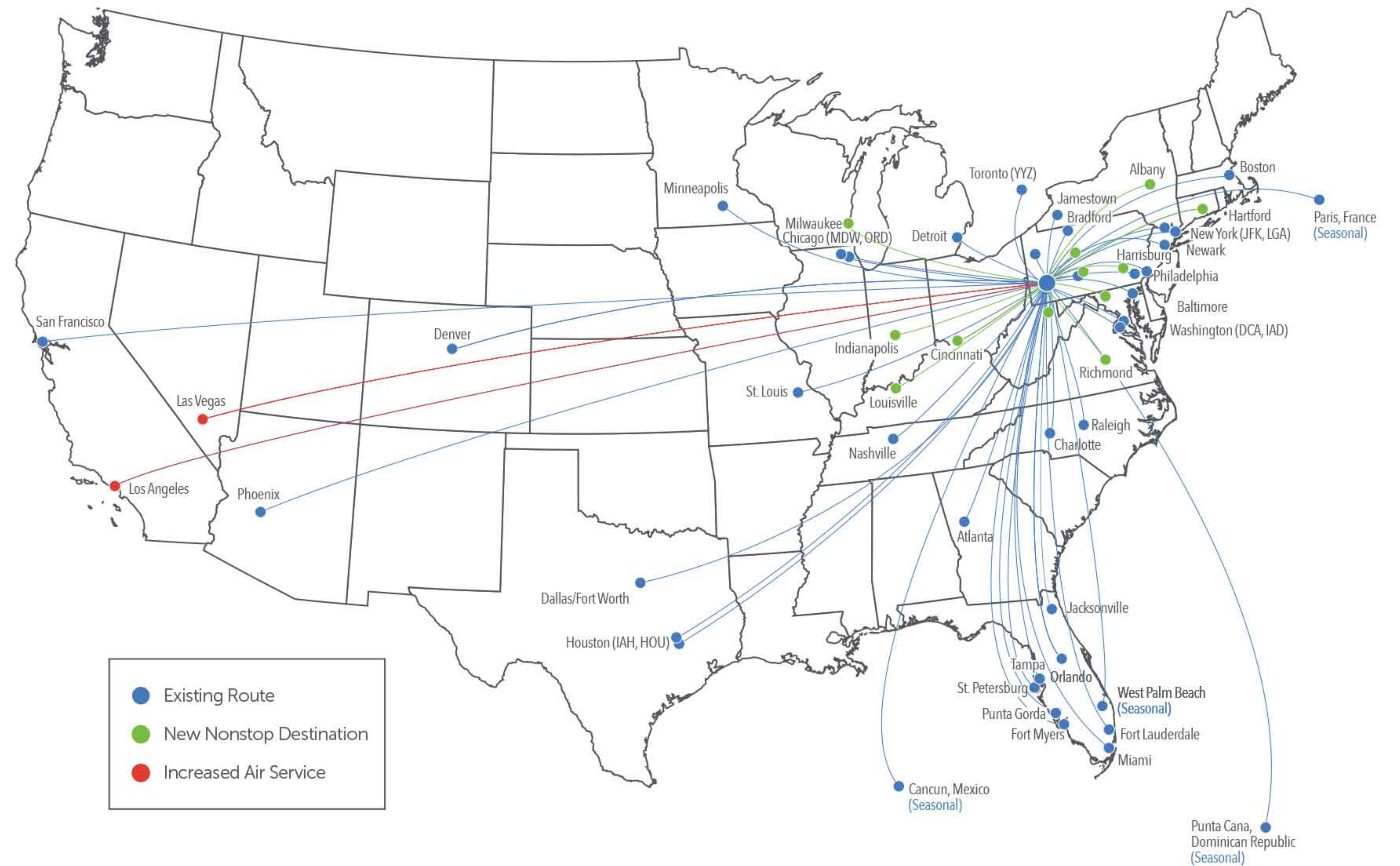




## AIR SERVICE

### West Coast Connectivity

Service to the West Coast saw the addition of flights to Los Angeles by Southwest as well as increased long-haul service to Las Vegas. Air service to the West Coast remains a top priority, for this connectivity will match the growing Pittsburgh tech economy that has numerous ties there.



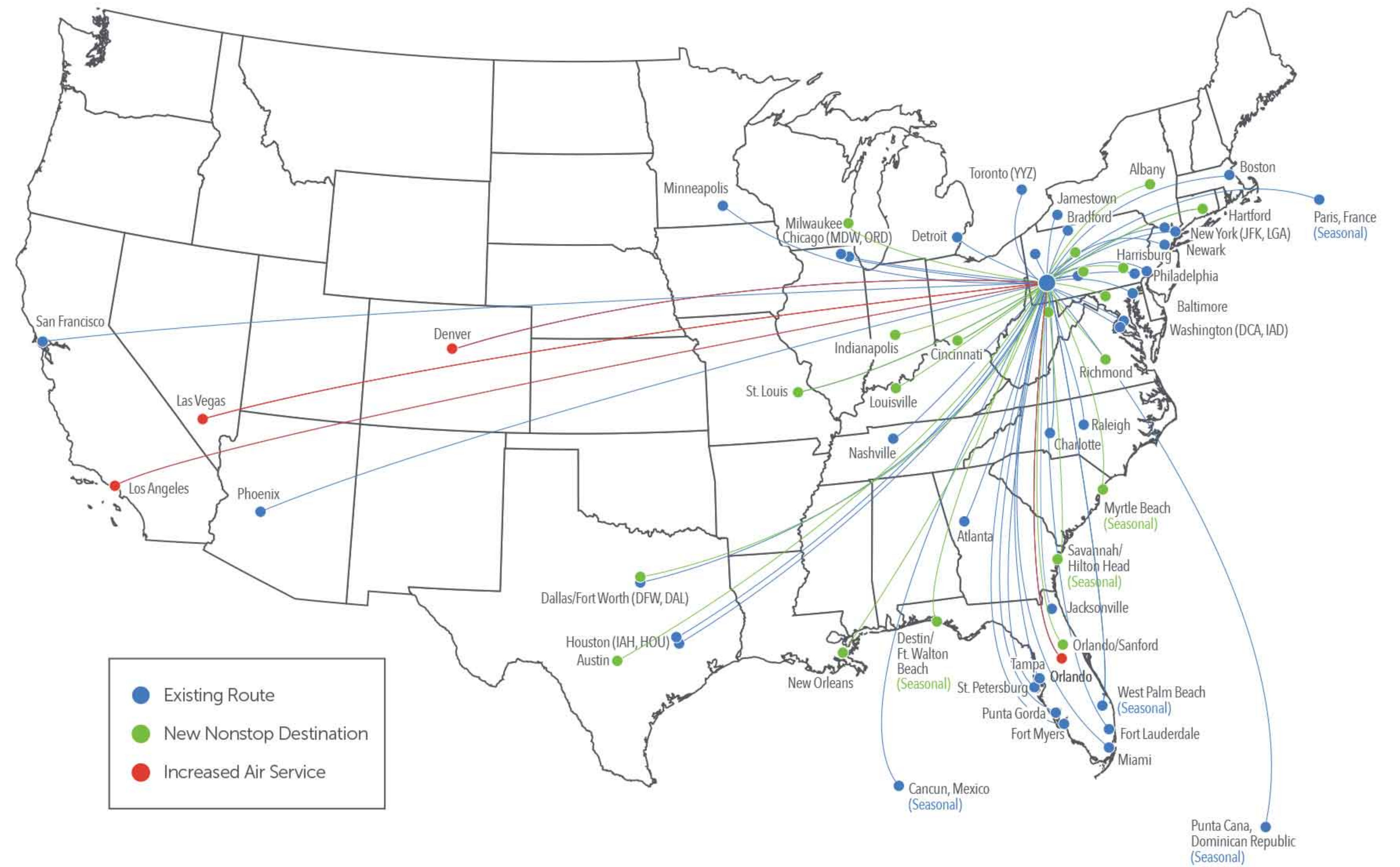




## AIR SERVICE

### Filling the Gaps

Based on passenger demand, Pittsburgh International Airport pushed for service in various cities throughout the continental U.S. From top vacation spots to cities with corporate ties to Pittsburgh, these new nonstops and expansions in service fulfilled the needs of leisure and business travelers.



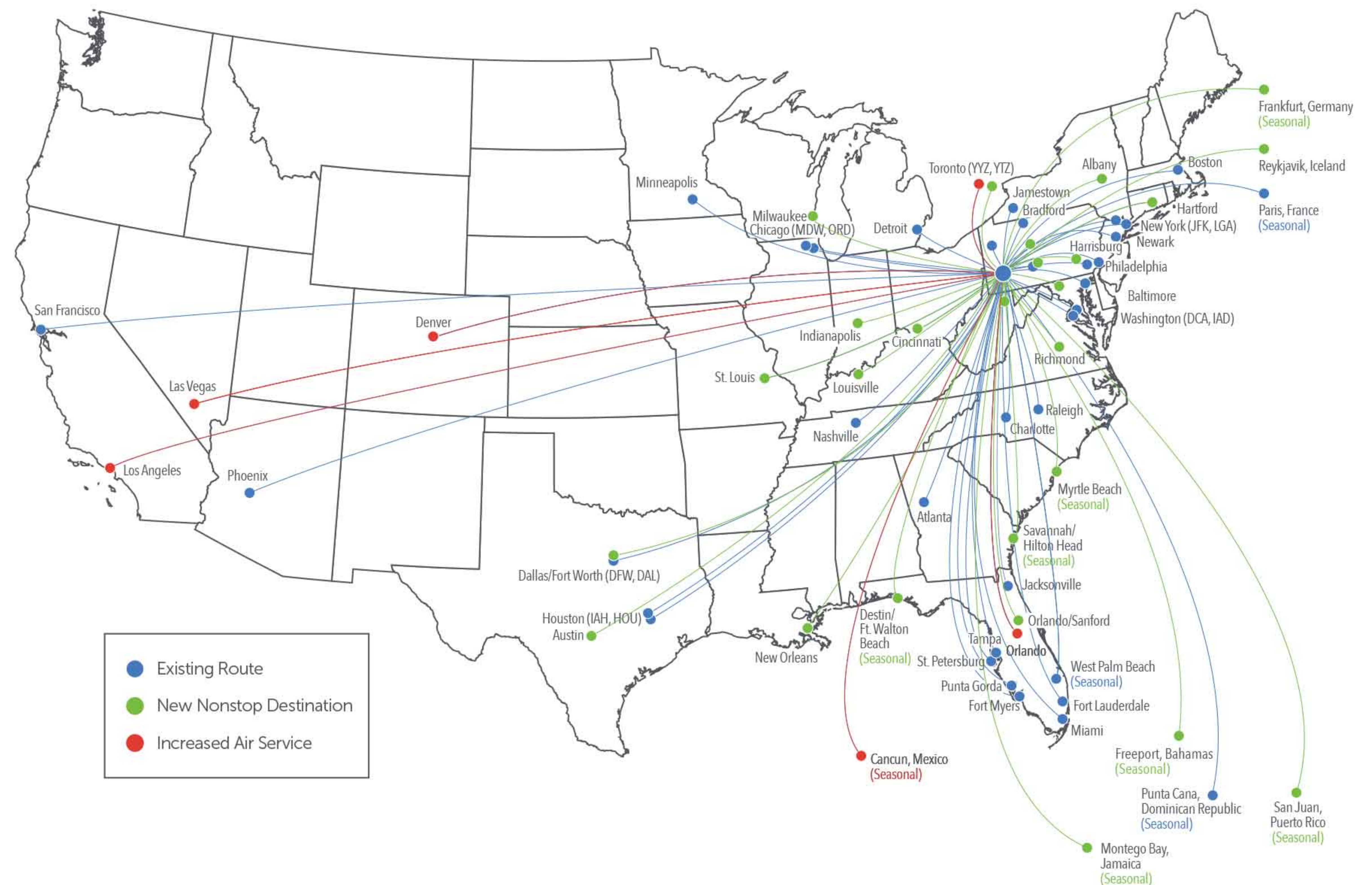




## AIR SERVICE

### Beyond Our Borders

The arrival of year-round transatlantic service on WOW air and nonstop seasonal service to Frankfurt on Condor were hugely important to both leisure and business travelers. The airport is focused on supporting these new routes, along with the existing seasonal service to Paris on Delta. These flights, along with other international nonstops, are matching demand.







## AIR SERVICE



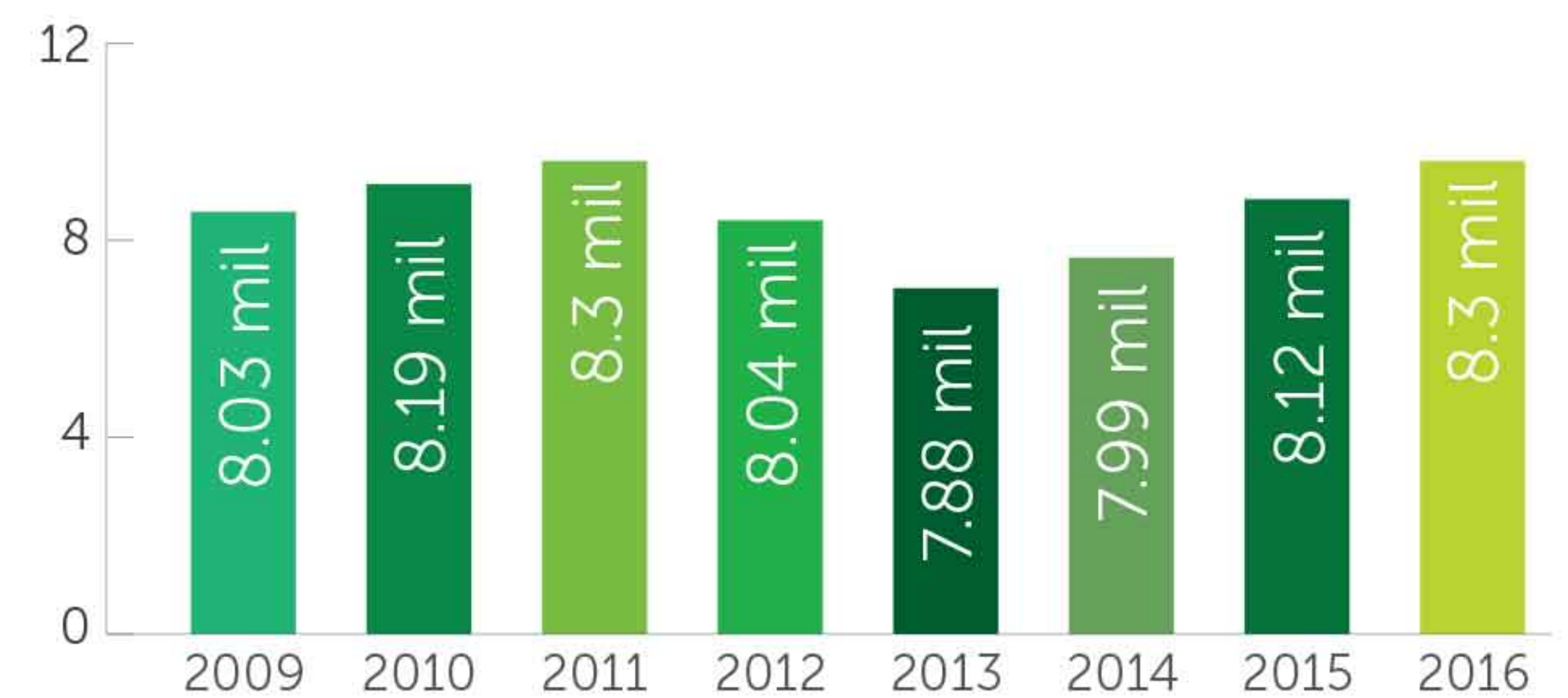
### Domestic Passenger Growth

The addition of new nonstop routes and carriers has fueled the airport's passenger growth for three straight years of gains, something that has not occurred in more than 15 years. In 2016, the airport saw a 2.2 percent increase in passengers.

### International Passenger Growth

There has been a nearly 30 percent jump in international passenger traffic, largely due to Porter service to Toronto, increased Caribbean service and a longer Paris season on Delta.

### Total Passenger Growth





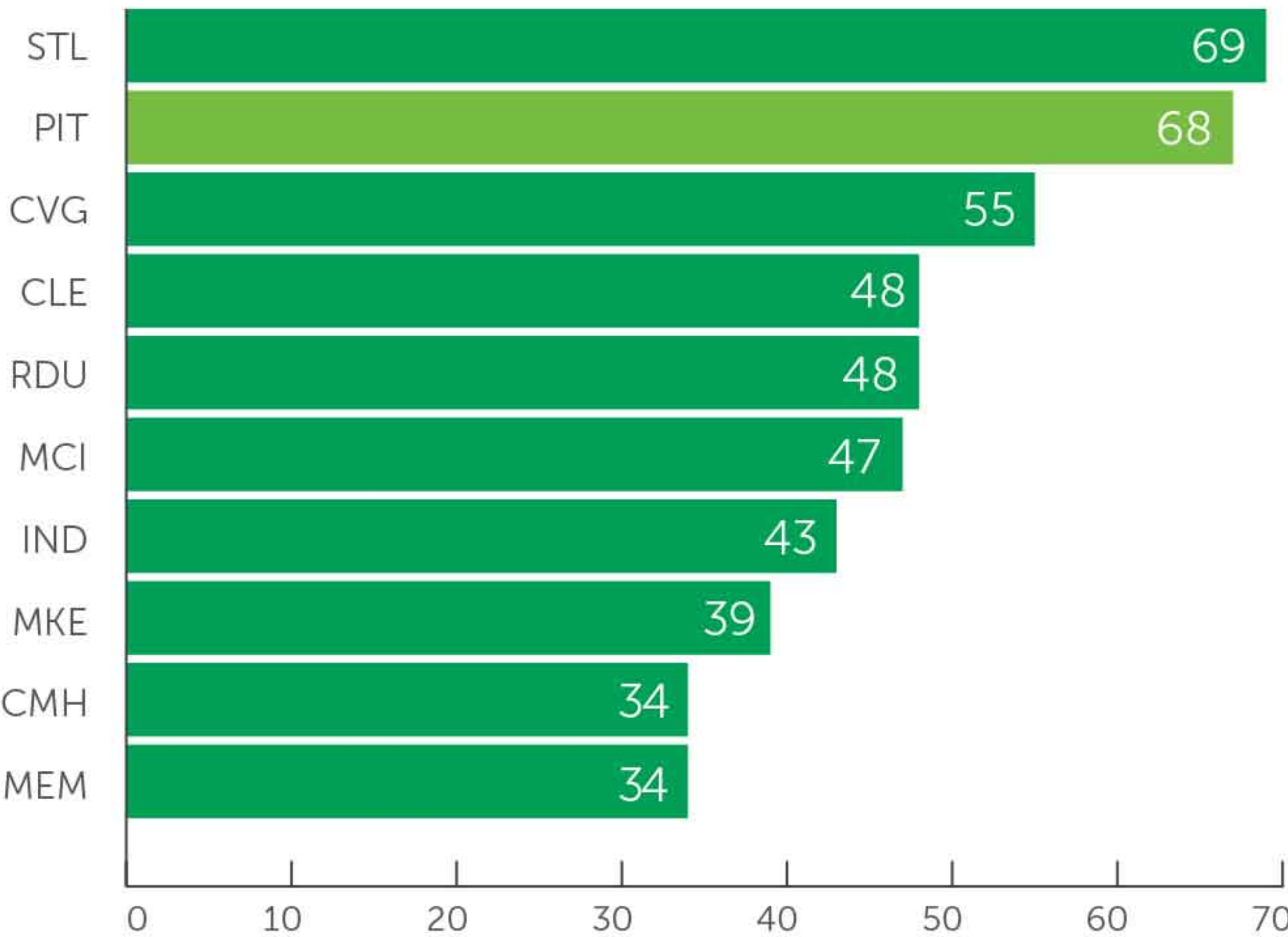


## AIR SERVICE

### Rising Above

Currently, Pittsburgh International Airport has more international carriers flying to the airport than any time in its history. The airport is also outpacing other medium-sized markets for adding service.

### Nonstop Destinations Offered in Medium-Sized Markets



Our rise in air service can be attributed to several factors including:

- The region's pent-up demand for more nonstop service
- Pittsburgh's renaissance and strong economy
- The airport's aggressive pursuit of new and existing carriers

The Pittsburgh region has been revitalized, yet old perceptions still exist in much of the airline industry. The airport has worked to change that perception and sell the region by pushing its high-tech economy and strong industries of finance, healthcare, energy and advanced manufacturing.







## AIR SERVICE



### An Important Behind-the-Scenes Asset

Air cargo service is a vital economic driver for the region, but largely remains a behind-the-scenes asset. Both UPS and FedEx have a large presence at Pittsburgh International and the airport continues to push for international air service.

In 2016, more than 75,000 tons of freight passed through Pittsburgh International Airport. This is an increase of 8.6 percent over 2015 and represents the growth of the Pittsburgh economy. For air cargo, much of the freight is high-value or time-sensitive goods. In 2015, freight arriving to the airport was valued at about \$7 billion. In total, over 1,200 jobs are dependent on businesses that purchase goods and services to make final products that are shipped via Pittsburgh International.

### Domestic Service

FedEx and UPS provide multiple daily flights from Pittsburgh International to multiple destinations. These flights occur often out of sight during the night, but provide an invaluable service of connecting Pittsburgh to the world. These carriers, known as integrators, are largely responsible for ensuring overnight packages, medical supplies and online shopping arrive on-time and quickly.

### 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 by utilizing Pittsburgh International Airport. 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.

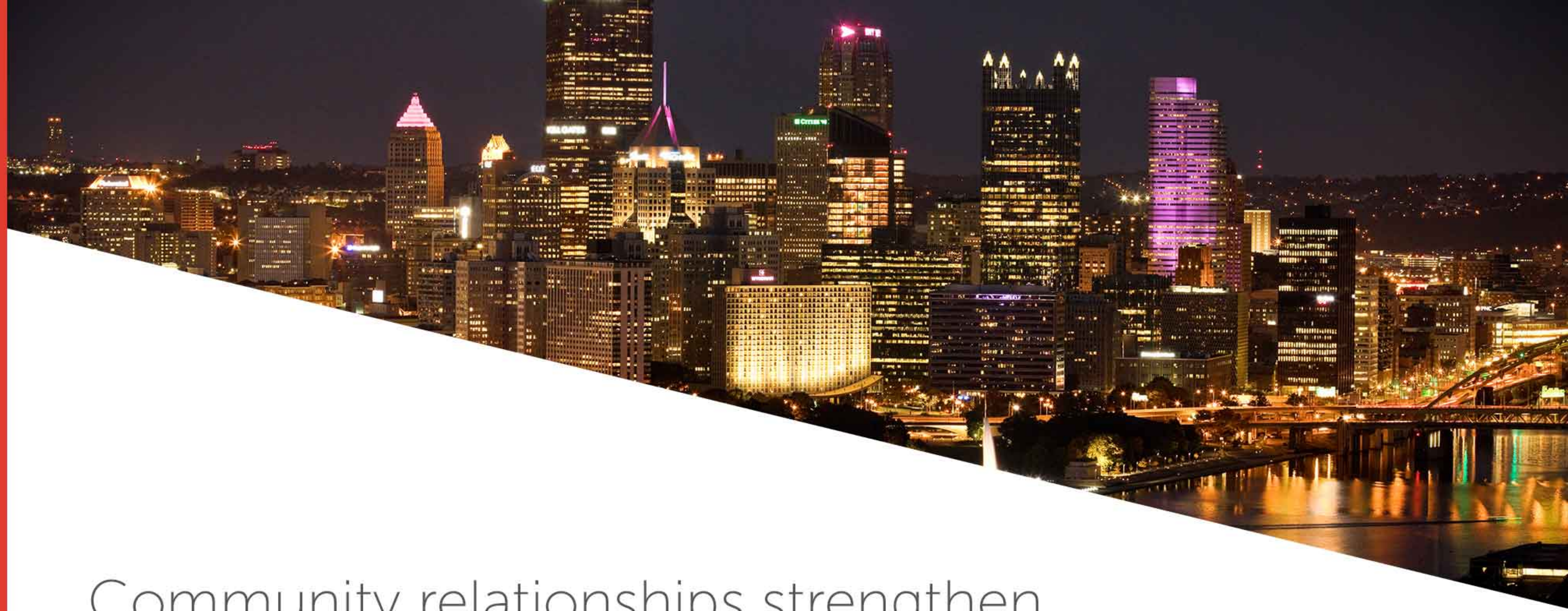






## PARTNERSHIPS & COMMUNITY

Partnerships and community engagement have allowed the Allegheny County Airport Authority to better sell the region to the aviation industry. By coming together, the world sees what Pittsburgh has to offer.



## Community relationships strengthen the Airport Authority's efforts.



Airlines don't serve airports; they serve markets. In order to effectively sell the Pittsburgh market to the aviation industry, the Airport Authority has led an initiative to combine resources and efforts of many businesses and community groups.

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

To better formalize these partnerships, the airport has spearheaded the Pittsburgh Travel Coalition that includes funding from all three entities and the airport to help secure additional air service. It's important to note that these funds are not incentive money. Instead, it will be used to promote the region and the airport through targeted market awareness including meetings with both corporate and leisure travel planners around the world.

The airport continues to coalesce the leadership and membership of these organizations around common air service goals for maximum leverage to airline network planners.





## PARTNERSHIPS & COMMUNITY

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### Partnerships that Help Passengers

The Airport Authority works closely with its airline partners, the Transportation Security Administration (TSA), Customs and Border Protection and Allegheny County Police, among others. TSA has been instrumental in moving people through the security line quickly compared to other airports around the country. Likewise, Customs officials have worked with the airport to minimize wait times for incoming international passengers, particularly as international service ramps up with flights to Germany, France and Iceland.

### The Community's Role

The community has also stepped up to partner with the airport and airlines. While the airport courted OneJet to make Pittsburgh a focus city, local private investors stepped in to help bolster the region's case. Their investment was key in helping the airport secure the service.

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The region's robust travel agent community has made an impact in the airport's success as well. The airport has hosted multiple events throughout the year to promote new service and raise awareness among many of the region's trip facilitators.

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Along with partnerships from a high-level perspective, the airport has also pursued a grassroots strategy to build support through community engagement. CEO Christina Cassotis has spoken to more than two dozen community groups in the last 18 months to explain the airport strategy, what's ahead and moving onward in a post-hub world. The airport has increased its community engagement through surveys, focus groups and customer service initiatives as well.







## TERMINAL IMPROVEMENTS

With the move to an origin-and-destination airport, away from a hub, it is important that the airport facilities reflect the changes in activity and the types of travelers. Numerous updates throughout the airport, with additional plans to come, have made for a more welcoming environment to travelers.



## Physical changes are improving the passenger experience.

Opened in 1992, Pittsburgh International Airport is an aging facility that was built as a megahub to serve the needs of a dominant carrier and its connecting passenger base. Today, the airport primarily serves Pittsburgh travelers and has become an origin-and-destination airport. Considering the primary passenger base has changed, the airport is making physical and operational changes to meet the needs of today's Pittsburgh traveler.

The facility itself is undergoing a review through the airport's Modernization Plan, and recommendations for potential improvements are due later this year. In the meantime, the airport has made some physical changes led by its Center Core renovation and award-winning terrazzo floor.

During this renovation, the information desk was moved to give a more open and sky-like feel as people reach the airside terminal. Several shops were also moved closer for visible access, and the terrazzo floor, designed by Carnegie Mellon University art professor Clayton Merrell, entitled "The Sky Beneath Our Feet" further adds to the sky-like feeling in the Airside Terminal.





## TERMINAL IMPROVEMENTS

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### Creating a sense of place

Just as air service options are shifting to meet the needs of Pittsburghers, the physical assets should also reflect the vibrant region the airport serves – including the cultural attractions, sports teams, award-winning restaurants and longstanding regional institutions. People are proud of the region and when you land at Pittsburgh International, you should know you're in Pittsburgh. From familiar voices on the train to enhancements in cuisine, the airport is bringing more of Pittsburgh into the terminal.

#### Upgrades at International Arrivals

Before an upgrade to the international arrivals area, travelers were required to go through security again whether they had a connecting flight or were going home. To fix this inconvenience, the airport devised a way, in cooperation with TSA, to get passengers to the Landside Terminal without rescreening and without compromising security. This temporary fix will be upgraded as part of the Modernization Plan. Given the 30 percent increase in international passenger traffic in 2016 and the arrival of Condor and WOW air in 2017, continued improvements are vital in attracting new air service.

#### U.S. Customs and Border Protection Improvements

The airport has also improved the customs experience for passengers arriving on international flights by adding four Automated Passport Control kiosks as well as Global Entry Kiosks. These improvements have streamlined passenger flow and reduced wait times. The airport has also worked with Customs leadership to lobby for additional staffing to allow for more flexible scheduling and further reduce wait times.

#### Renovated Restrooms, Seating and Baggage Claim

The airport has continued to upgrade restrooms in both airside and landside terminals while putting a renewed emphasis on keeping them clean for passengers. Additional seating has been added to pre-security to afford greeters a comfortable atmosphere, and baggage claim underwent a facelift with new carpeting and fewer walls to give the area a more open feel.

#### Concessions Enhancements

The airport's food and beverage options are shifting to reflect Pittsburgh's recognition as the #1 Food City by Zagat in 2015. Based on the city's historic Strip District, the Strip Market, which opened in the summer, features a grab-and-go menu from local establishments. Two new martini bars opened in the Airside and Landside Terminals as well as two Starbucks coffee shops. These amenities not only enhance the customer experience and meet demand, they also help drive non-aeronautical revenue for the airport.







## TERMINAL IMPROVEMENTS



### Keeping Families Entertained

Originally opened in March 1983 at the former Greater Pittsburgh International Airport, Kidsport was the first airport children's play area in the country. When Pittsburgh International Airport opened nearly 25 years ago, it also included a children's play area. This year, the airport partnered with the Richard King Mellon Foundation, the Children's Museum of Pittsburgh and Carnegie Museums of Pittsburgh to create a modern and updated version to accommodate travelers with children.

Located at the beginning of Concourse C, the new Kidsport opened in November as a colorful, 2,100 square-foot space featuring seven new interactive installations that challenge kids of all ages to explore concepts of live video, height comparison, movement and more.

- Installations like "Silly Faces" by Amanda Long for the Children's Museum of Pittsburgh, allow kids to create videos that are uploaded in real time to a rotating video wall.
- The Carnegie Science Center's "Dirty Water Fountain" shows bubbles going through a pipe demonstrating the technology needed to convert river water into fresh, drinkable water.

The new Kidsport was prepared and completed by more than 100 airport trade workers with assistance from the museums. This space not only speaks to the sense of place but also to community partners that are willing to step up to assist in improving the airport.

Richard  
King  
Mellon  
Foundation

children's  
museum  
PITTSBURGH

CARNEGIE | MUSEUMS  
OF PITTSBURGH

*Four distinctive museums*







## TERMINAL IMPROVEMENTS

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### Establishing the Terminal Operations Department

To better focus on the passenger experience as well as tenant issues, airport leadership created a Terminal Operations department. This department performs regular terminal inspections, oversees all ground transportation matters and ensures tenants follow all Airport Authority rules and regulations.

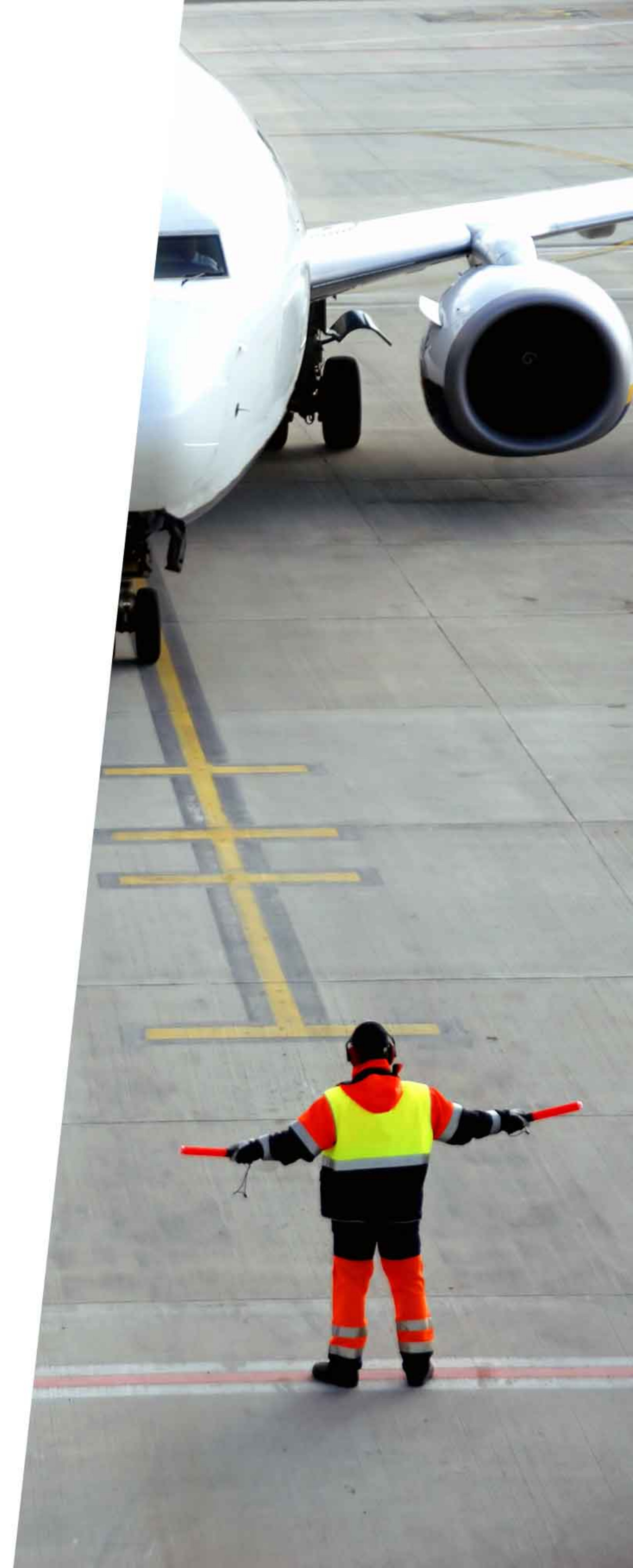
Terminal Operations regularly meets with tenant managers such as airline station managers, cleaning companies, TSA, and Customs and Border Protection, among others, to ensure all operations within the terminal run as smoothly and efficiently as possible.

### Enhancing Airfield Operations

Pittsburgh International Airport maintains four runways – three parallel and one crosswind around its midfield terminal. The Federal Aviation Administration inspects and certifies commercial airports, and in 2016, Pittsburgh International passed with stellar marks.

In addition, the airport's snow removal teams are among the best in the world and have been recognized with the prestigious Balchen Post Award five times for Outstanding Achievement in Airport Snow and Ice Control sponsored by the American Association of Airport Executives.

Further, the airport recognizes the potential danger for drone usage near the airfield and FAA guidelines prohibiting drones within five miles of the airport. The airport is working with surrounding communities to adopt similar ordinances placing restrictions on drone usage to maximize aircraft safety.







## REAL ESTATE DEVELOPMENT

With plans to develop over 3,000 acres of land, the airport generates additional revenue. These added revenue streams will ultimately result in cost-savings for airlines and passengers.

# The Airport Authority is increasing revenue through real estate.

As part of the airport's vision to inspire regional growth and prosperity, real estate development around the airport has become an economic engine for both the airport and the region.

Pittsburgh International owns 8,800 acres of land surrounding the airport – 3,800 of which are developable – making it one of the largest airports in the country in terms of land mass. Over the past decade, private companies have invested about \$350 million and developed more than 3 million square feet of manufacturing, industrial, office and cargo space in 19 buildings on airport property. This development has led to more than 5,000 jobs created or retained.

More than 30 million square-feet of buildable area remains on more than 3,000 acres. The airport works closely with Findlay and Moon Townships in developing the property. With the announcement of the Royal Dutch Shell cracker plant that will be built in Beaver County, and a GE additive manufacturing plant in Allegheny County, the airport is studying the highest and best use of its available land to industries that will follow. Much of the buildable areas in the region are full and the airport anticipates increased demand for its property.

The revenue generated from development on airport land goes directly toward reducing rates and charges to the airlines and is an important piece of non-aeronautical revenue. As the airport continues to enhance its cost-competitive position, increased development will further offset airport costs.







## REAL ESTATE DEVELOPMENT

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### Drilling Natural Gas

In 2013, the Allegheny County Airport Authority and Consol Energy signed a deal to allow for drilling across airport land in exchange for an upfront payment of more than \$46 million and 18 percent in royalty payments on gas mined from the ground. As part of the development of the project, Consol has designed a drilling plan where wells will be drilled from six pads located in different areas of the property.

In July 2016, gas began flowing from the first six wells on airport land. The airport estimates \$4.8 million in royalty revenue this year, which includes additional wells to come online in 2017. The airport will spread the upfront payment across at least six years to directly reduce rates and charges to the airlines in addition to funding capital projects.

### A Closer Look at Developments

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#### Dick's Sporting Goods

- World headquarters, with potential to expand

#### Pittsburgh International Business Park at Cherrington

- Tenants: ServiceLink and Mastech among others
- Currently constructing fifth building (Developer: Continental Chaska)

#### Airside Business Park

- Tenants: Michael Baker headquarters, Canon, Viola Water
- Just completed sixth building (Developer: Elmhurst)

#### Clinton Commerce Park

- Tenants: Knepper Press, Post-Gazette printing facility, FedEx Ground
- Phase 1 complete (Developer: Buncher)
- Phase 2 under building construction (Developer: Neyer)

#### Industry Drive, 3 buildings

- Tenants: Thermo Fisher, Under Armor, CH2M Hill
- 3 buildings (Developer: Burns Scalo, Industry Drive Partners)

#### McClaren Road Business Park

- Developer under bidding process

#### World Trade Center

- The project is at 30 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







## FINANCIALS

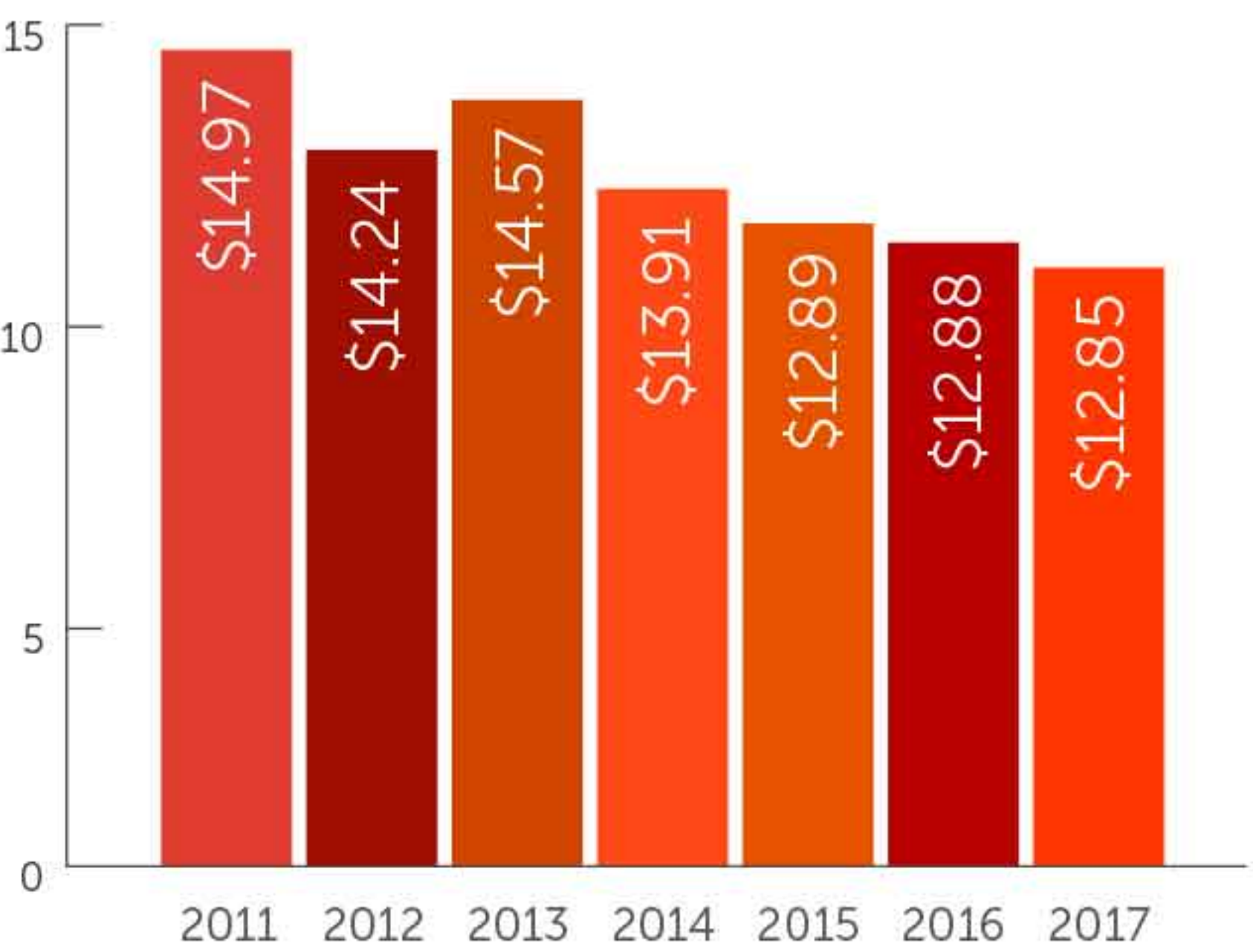
The Airport Authority's mission and vision statements outline the guiding strategic priorities over the long-term horizon. These priorities include achieving operational excellence, providing exceptional customer service, and keeping employees engaged.



# The Airport Authority's financial position is improving.

As Pittsburgh International Airport has transitioned from a hub to an origin-and-destination market, the financial strategy has changed as well.

### Cost Per Enplaned Passenger



Since Allegheny County Airport Authority operates on a residual basis, the costs charged to signatory airlines are based upon 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 Cost Per Enplaned Passenger (CPE) – the industry standard for measuring rates and charges to the airlines. Since that time, however, the budget has stabilized putting the airport costs in a competitive industry position.

The 2017 budget is reflective of the Airport Authority's ongoing commitment to stabilize rates and charges to operators, grow new revenue streams, contain costs, and to be a global aviation leader inspiring regional growth and prosperity. This budget includes an anticipated decline in airline rates for the fourth straight year, along with several important airport improvement projects.

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





## FINANCIALS

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### Prioritizing Expenditures

The prioritization of expenditures directly relates to the execution of the vision for Pittsburgh International Airport. As mentioned previously, safety and security are the highest priorities, and this year's budget demonstrates that commitment by:

- Funding safety and security personnel at existing levels
- Replacing a number of fleet vehicles relied upon to execute public safety initiatives and emergency response
- Engaging in relevant safety exercises for disaster readiness

Planning for the future and focusing on growing revenue streams is a major consideration in the budget process. While operating cost containment continues to be important, the Authority has a renewed focus on enhancing revenues. Therefore, the operational budget is based on a five-year strategy that looks to add key staff to focus on increasing all revenue streams, as well as opportunities to further reduce operational costs. This dual focus on increasing revenues and cost containment is referred to as "sweating the assets."

### Maintaining the Facility

The Airport Authority is dedicated to being good stewards of the facilities and assets that currently exist. The Airport Authority has committed the appropriate staff, materials and contractual support – as done in the past – for 2017 to maintain the facilities in first class condition. Proper maintenance of the assets:

- Protects the value of the airport
- Reduces downtime or costly repairs that have a sudden and drastic impact on operations and finances
- Enhances the level of customer satisfaction

Additionally, thorough maintenance programs extend the useful life of the airport's assets deferring the capital burden of asset/facility replacement. In 2017, the Authority will be continuing the implementation of a comprehensive asset management program to provide a complete analysis of the condition of the assets and the necessary repair and/or replacement schedules and associated costs. This process will ensure the operational reliability of the facility and provide critical information for capital and operating planning and budgeting.

The 2017 Capital Budget for Pittsburgh International also includes continuation of the Modernization Plan, which involves:

- Deicing pad rehabilitation
- Information system upgrades
- Rehabilitation/replacement of airfield and non-airfield pavement
- Airfield electrical system upgrades
- Parking lot rehabilitation
- Fire protection system infrastructure rehabilitation
- Various safety and security upgrades
- Carpet replacement and restroom rehabilitation in the Airside Terminal
- Next phase of design for one of the premier development sites, the World Trade Center

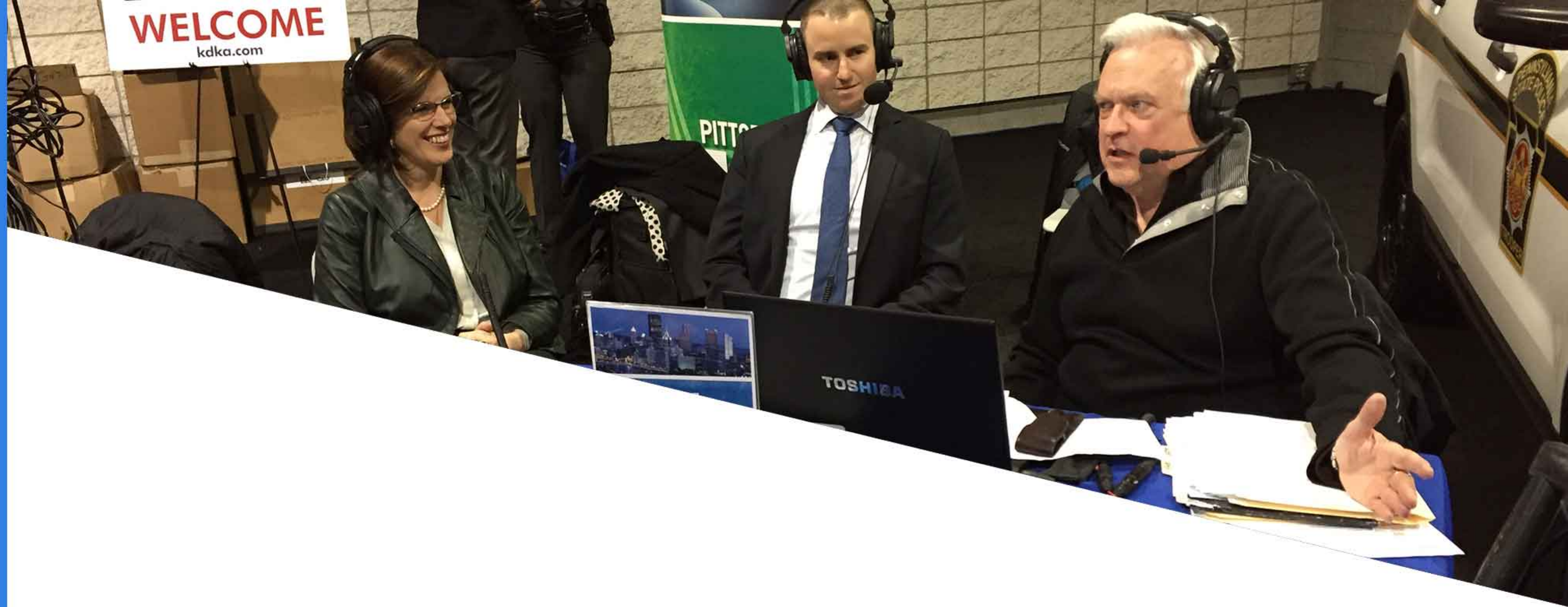






## MARKETING & MEDIA

With a new brand identity and a focus on customer service, the Airport Authority and Pittsburgh International Airport continue to change past perceptions.



## The Airport Authority is changing perceptions.

The airport's marketing and communications efforts promote and support the Allegheny County Airport Authority as well as the carriers and nonstop flights at Pittsburgh International Airport and Allegheny County Airport.

An aggressive campaign to turn around the public image of Pittsburgh International and to reflect the progress and success of the airport's gains continues to be a top priority.

In 2016, the Airport Authority unveiled a new brand that is reflective of the progress of the airport as well as the ongoing renaissance of the Pittsburgh region. The new brand, combined with targeted advertising, provided Pittsburgh International with a solid foundation for public awareness of new flights and progress. Increases in news stories, public events and community engagement provided credibility for the airport's positive perception.





## MARKETING & MEDIA

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### Awards and Recognition

Perhaps no recognition was as large as that of *Air Transport World*, a top industry publication, which named Pittsburgh International its 2017 Airport of the Year. Pittsburgh becomes the first U.S. airport to win the award following such international notables as Hong Kong, London Heathrow and Singapore Changi. The magazine selected Pittsburgh International because of its tremendous gains in air service, as well as its robust community and corporate partnerships.

Additionally, numerous departments have won prestigious awards throughout the year including marketing and communications, finance and field maintenance.

### Keeping Passengers Pleased

The continuing improvement of the customer experience at Pittsburgh International Airport remains a top goal. The airport participates in a worldwide survey program that ranks airports according to customer satisfaction. The scores achieved this year have seen a steady increase, moving Pittsburgh International up eleven spots. The airport received scores of 4.31 out of 5, the highest it has ever been.

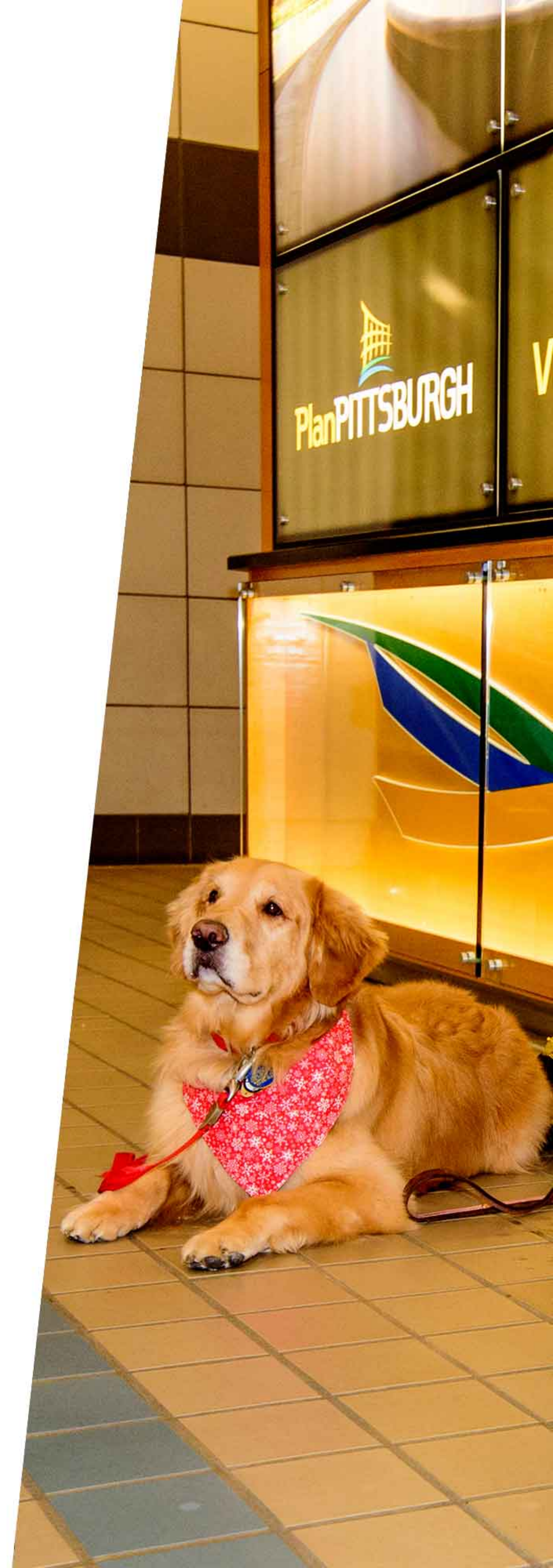
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Several new customer service programs have launched including:

- First-Time Flyers
  - Dog Therapy
- 

Additionally, the airport has been recognized for its Military Room, which provides active and retired military members a quiet place to lounge or visit with family, as well as its Mothers' Nursing Lounge.

As part of a commitment to improving digital customer service, Pittsburgh International launched an all-new, visually and functionally improved website at [FlyPittsburgh.com](http://FlyPittsburgh.com) featuring information on flights, parking availability and security wait times. The new site assists passengers, airport partners, employees and the general public in learning about the airport, providing easily accessible flight information and guiding visitors through the airport with an interactive map. The site incorporates the airport's new brand identity and is designed specifically with passengers' needs in mind.







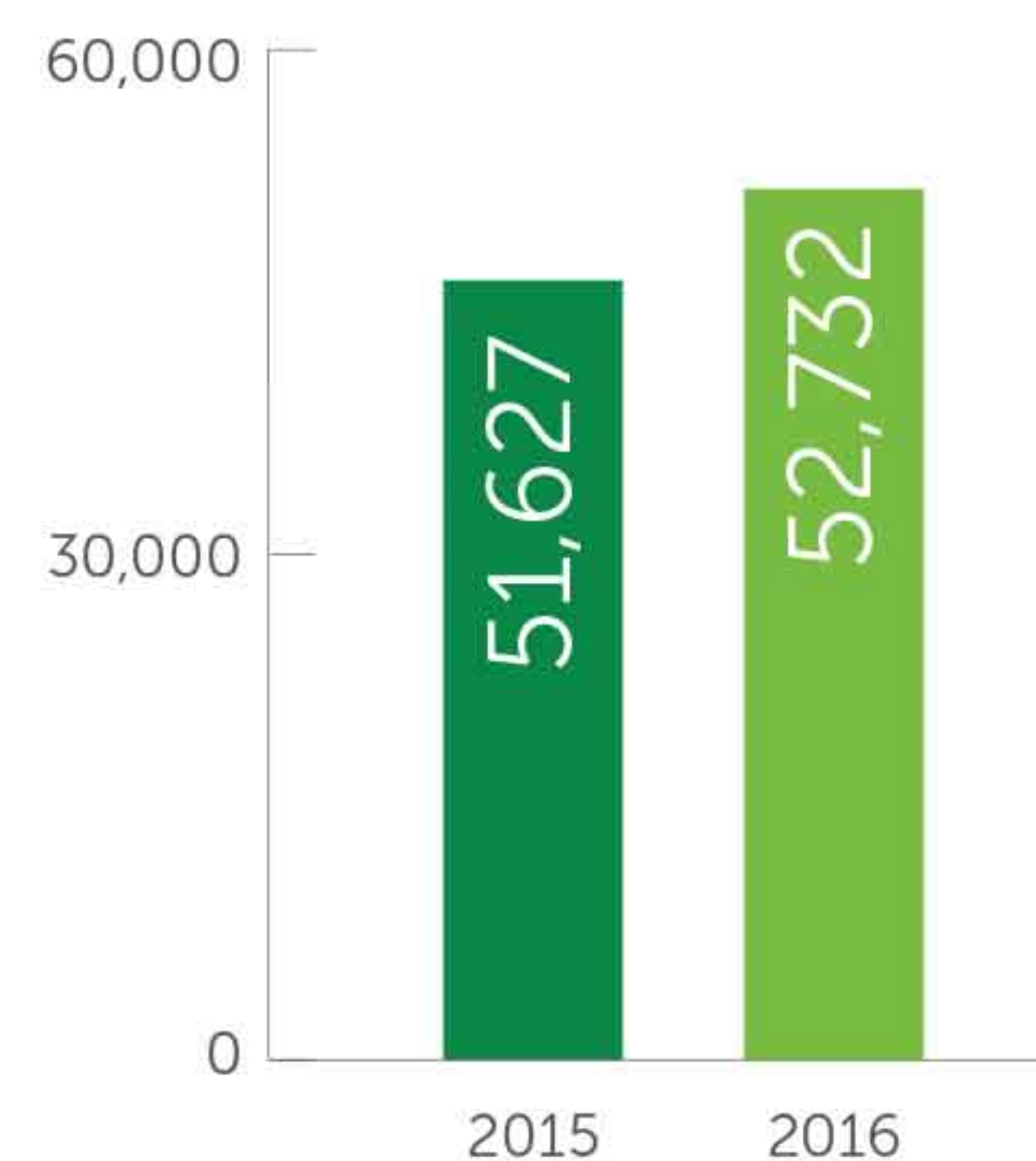
## ALLEGHENY COUNTY AIRPORT

As the reliever airport for Pittsburgh International, and home to many corporate and private planes, Allegheny County Airport continued to see an increase in traffic in 2016. Improvement efforts will continue at this location to increase landings and takeoffs.



## Traffic continues to increase at Allegheny County Airport.

Allegheny County Airport (AGC) in West Mifflin serves the corporate and general aviation community and is a key component in meeting the aviation needs of the region.



Over the past year, AGC saw 52,752 landings and takeoffs making it the eighth busiest airport in Pennsylvania. In 2017, the Airport Authority will continue the momentum gained in the previous two years to transform AGC into a leading General Aviation airport and solidify it as a premier aviation destination and an invaluable asset to the local community.

AGC is completing a development plan that will optimize the use of the terminal and airfield facilities, and continue efforts to efficiently manage facility assets.

The primary capital budget changes in 2017 for AGC include:

- The purchase of several snow removal and maintenance vehicles
- Design of a runway safety area
- Funding of an airport master plan and development analysis

Construction will also continue on many projects funded in the 2016 Capital Budget that were not completed prior to 2016-17 winter suspension. The projects include the Terminal Building rehabilitation, fence line and perimeter security upgrades, and various hangar improvements.





## ALLEGHENY COUNTY AIRPORT

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### Corporate Traffic and Private Pilots

Allegheny County Airport serves as the primary FAA-designated reliever airport for Pittsburgh International. In this role, the airport supports a high volume of business and corporate-related traffic, flight training and MedEvac. Many of the area's largest corporations base their aircraft there. Businesses routinely charter aircraft, ship and receive supplies and products, and have customers and suppliers who arrive via AGC.

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 that 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
- Retention of the Fire Department







## PEOPLE

The dedication of the Airport Authority's staff is evident every day in the pride and quality of their work. It's the people who are fueling the mission of becoming a global aviation leader inspiring regional growth and prosperity.



## The dedicated staff makes success possible.

All of the gains the Airport Authority has had in the past two years would not be possible without the employees who work hard every day to ensure airline partners are successful and passengers are taken care of.

More than 450 people work for the Airport Authority and the organization 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 workforce is continuing to change and adapt as Pittsburgh International transforms from a megahub to a successful origin-and-destination airport. About a third of the workforce is expected to retire over the next five years. The Airport Authority has implemented aggressive plans for talent acquisition and retention including new diversity partnerships. Additionally, the Authority has implemented leadership development programs and expanded the ACAA Academy, used for employee professional development.





# 20 16 ANNUAL REPORT

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Thank you for viewing the Airport Authority's  
progress and plans for the future.

STAY CONNECTED WITH THE AIRPORT



[info@FlyPittsburgh.com](mailto:info@FlyPittsburgh.com)