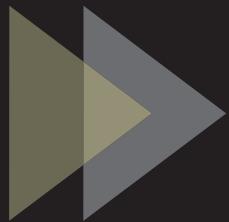




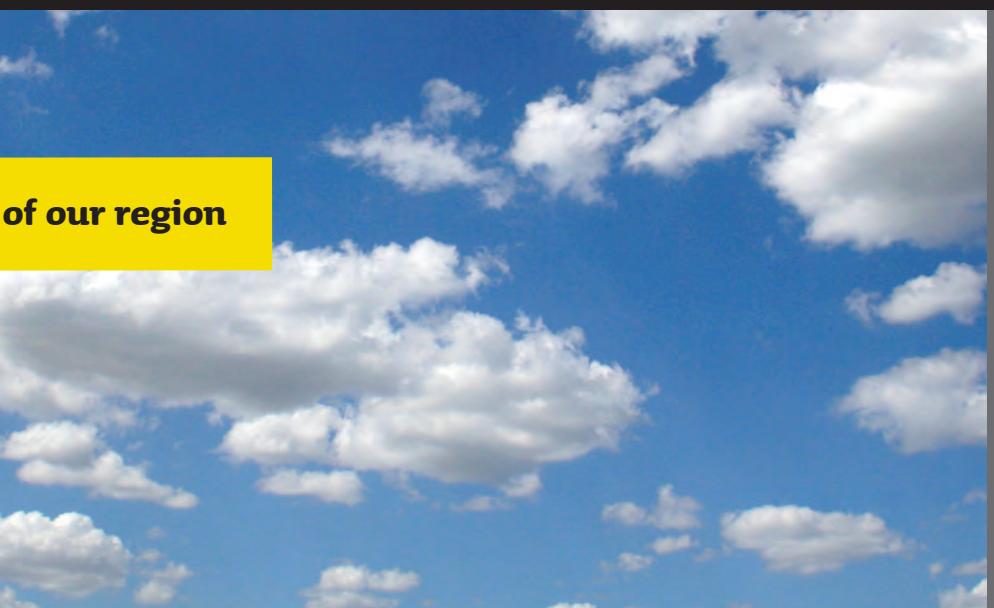
2011



PITTSBURGH

TODAY & TOMORROW

The facts and the future of our region



2011

PITTSBURGH TODAY & TOMORROW

A new era begins for Pittsburgh

 In January 1983, unemployment in metropolitan Pittsburgh reached 17.1 percent as deep recession and structural change rocked the region. Steel strikes raged, and famous mills went cold. In time, an unwelcome realization settled in: Pittsburgh would never be the city it had been. As the Bruce Springsteen lyrics went, "Foreman says these jobs are going, boys, and they ain't coming back—to your hometown."

The economic cataclysm sent untold thousands of young people from Pittsburgh to seek work elsewhere. It created the now legendary Pittsburgh diaspora and left a demographic hole that made Pittsburgh one of the nation's oldest regions. It also set in motion years of soul-searching, major reports commissioned on Pittsburgh's future, and, ultimately, a resolve in quarters across the city to remake Pittsburgh.

It's not a stretch to argue that 1980 marked the end of the 30-year, post-World War II expansion period in Pittsburgh and the beginning of another 30-year phase. These last 30 years have been an era of seeking a viable future and then swimming through open sea to reach its shores. From necessity, we began to think and cooperate as a region, along the lines of Ben Franklin's famous quote: "If we don't all hang together, then surely, we shall all hang separately."

Finally, in the last several years, a new city-state of Pittsburgh has emerged. It has a diversified economy built on brain power. And this new regional economy has stood as a rock of stability as "the Great Recession" has battered the nation. We're still strong in manufacturing, but we're a leader in energy, finance, healthcare and education as well. We're home to world-class sports teams and a vibrant arts scene; we've hosted the G-20 summit and World Environment Day, and our quality of life continues to win acclaim in national and international rankings.

We have by no means perfected the region, but after 30 years, we are poised to consider our regional future, not with a measure of fear, but from a position of strength.

Today, the Regional Indicators at pittsburghtoday.org publishes "Pittsburgh Today & Tomorrow," with an eye on the facts of our current situation and on our region's future. In the pages ahead, readers can assess where we stand compared with 14 other benchmark regions in 10 categories: Arts, Demographics, Economy, Education, Environment, Government, Health, Housing, Public Safety and Transportation.

The Regional Indicators considers Greater Pittsburgh to be a 22-county region, including eastern Ohio and northern West Virginia. And as part of this report, we have enlisted the help of leaders across this region; we asked them to describe a problem we need to solve or an opportunity we need to seize in order to build a strong future.

The history of Pittsburgh is a story of human accomplishment, beginning the day George Washington envisioned coal in the hills and a fort at the Point. Today we face the beginning of a new phase in the story of Pittsburgh. What should our goals be for the next 30 years? What kind of new leadership will we need in order to achieve them?

We hope that this report provides valuable information for forging a new strategic vision for our region's future.



Douglas Heuck, Director
THE REGIONAL INDICATORS pittsburghtoday.org





Rick Armstrong

DEMOGRAPHICS

TODAY

A UNIQUE PORTRAIT



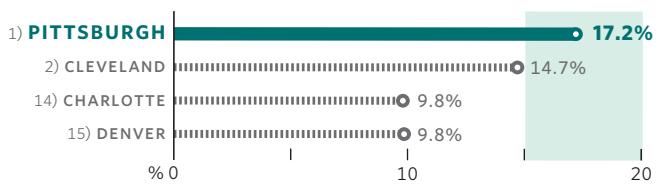
N TERMS OF demographics, the Pittsburgh region's profile is perhaps the most unusual of all of the 15 benchmark regions. For some time, it has been at the extremes in a variety of measures: population trends, age, racial diversity and poverty.

For the past three decades, Greater Pittsburgh has been nearly alone among major U.S. regions in experiencing population decline. The steel industry's collapse in the late 1970s and throughout the 1980s forced mainly young workers to seek their fortune elsewhere. They took their families and future generations of Western Pennsylvanians with them, leaving a demographic hole that made Pittsburgh one of the nation's oldest regions.

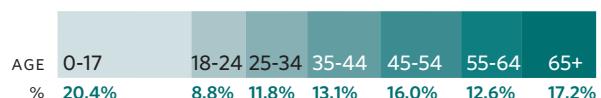
That trend of population decline, however, finally may be changing. For the first time in decades, domestic migration into the Pittsburgh region was positive in 2009, according to the U.S. Census Bureau's annual population estimates. The region saw a net gain of 1,144 people that year. In other words, more people

Pittsburgh remains an anomaly in population, race and poverty

% OF POPULATION, AGE 65 AND OVER | 2007-09



PITTSBURGH BY AGE GROUP | 2007-09



source: American Community Survey conducted by the U.S. Census



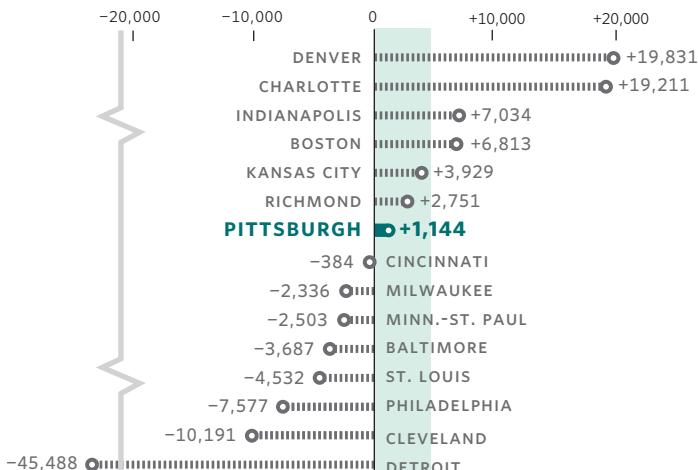
DEMOCRAPHICS

moved into the region from other places in the U.S. than left for other parts of the country. The last time this occurred was in 1991, when the Census recorded a small domestic migration gain for metro Pittsburgh of fewer than 1,000 people.

During the recession-plagued year of 2009, only six benchmark regions had higher domestic migration than Pittsburgh. And eight—Cincinnati, Milwaukee, Minneapolis-St. Paul, Baltimore, St. Louis, Philadelphia, Cleveland, and Detroit—saw negative domestic migration.

It won't be apparent until the 2010 Census numbers are released later this year whether this is a one-time phenomenon or the start of a trend for Greater Pittsburgh. However, local demographers believe a trend is in the making. "Our forecasts of the regional population have been projecting this turnaround in the migration trends for some time," says Chris Briem, regional economist at Pitt's University Center for Social and Urban Research. "It is not a large flow of folks moving here, and it is not likely we are going to experience the rates of population growth that some other fast-growing regions have experienced since World War II."

DOMESTIC MIGRATION ESTIMATES | 2009



source: U.S. Census Bureau

The recession is likely one reason for the change, Briem says. "It has now been over four years that the local unemployment rate has remained below, usually well below, the national rate. Relative economic performance measures like that are important to understanding migration flows within the U.S. In good times or bad, workers will move between the regions that are the worst off and those faring better. We've been one of the places faring better."

The Pittsburgh region still had an overall population loss of 434 from 2008 to 2009, due to the fact that our natural population change was negative—more people died than were born. In this, Pittsburgh was alone among the benchmark regions in losing population.

Looking at both the 1990 and 2000 Censuses, it's clear why Greater Pittsburgh had more deaths than births. The region had

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Key needs for the future

PITTSBURGH TOMORROW

Public-private partnerships have great power in our region. One example is the partnership formed in 2010 after the United Nations chose Pittsburgh as the North American host city for World Environment Day. The city and more than 100 organizations in the region came together around the theme, "Water Matters!" It spurred awareness and dialogue about the water stewardship so necessary to our region's sustainable progress. The region should continue such public-private models. The sum of our assets can make a real difference.

Greg Babe, President and CEO
BAYER CORPORATION

We need to have great concern about college graduation rates (through associate degree). The U.S. is now only No. 12 in the world among advanced economies, in sharp contrast to as recently as 1995. The economy of the future will require many more with at least baccalaureate degrees. This region is not a top performer even in this weak national context. We need to improve education at all levels in the region and the country.

Esther Barazzone, President
CHATHAM UNIVERSITY



The Greater Pittsburgh region has been blessed with a comprehensive transportation system. The arms of our transportation network work together and provide exceptional mobility options for people and goods. Today, the future of this regional asset is threatened by reduced investment at the local, state and federal levels. Failure to resolve this would increase travel times, worsen "ride quality," increase personal and business transportation costs, and hinder the region's ability to expand its economic base.

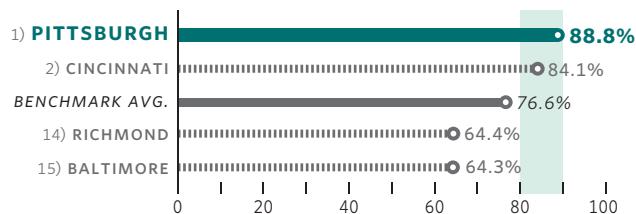
Stephen G. Bland, CEO
PORT AUTHORITY
OF ALLEGHENY COUNTY



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the highest percentage of elderly residents among the 15 benchmark regions. And not much has changed, according to American Community Survey data released by the Census Bureau last year for the years 2007–2008. The three-year estimate for the population over 65 was 17.2 percent, down only slightly from 17.7 percent in 2000. On the other end of the spectrum, the three-year estimate for the population under 18 also declined to 20.4 percent from 22.3 percent in 2000. Pittsburgh's percentage in this youngest group is the lowest of all benchmark regions.

% OF POPULATION, WHITE | 2007-09



source: American Community Survey conducted by the U.S. Census

RACE

Greater Pittsburgh's racial complexion has not changed much in the past few years, or even the past few decades. In 2000, the Pittsburgh region was 89.5 percent white; for the three-year esti-

mate for 2007–2009, the figure was 88.8 percent. Over the same period, the figure for the African American population was virtually unchanged at around 8 percent. Add the fact that the region's Hispanic and Asian populations remain virtually negligible in statistical terms—1.1 percent and 1.5 percent, respectively—and a portrait emerges of Pittsburgh as not

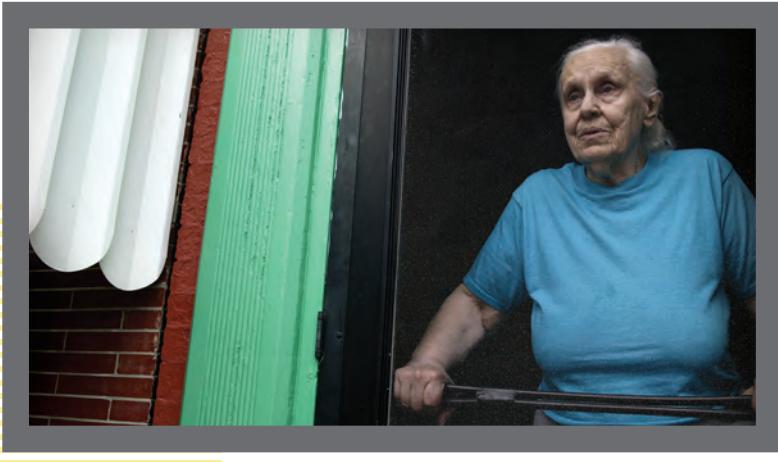
only the whitest of the benchmark regions, but also the least racially diverse.

"The main reasons are that we are not on the coast or the border, so we aren't an immigration destination," says Ralph Bangs of the Center on Race and Social Problems at the University of Pittsburgh. "A secondary effect is that immigrants often go where other immigrants have gone before them.... Many of the Mexicans that are here are from the same villages."

This has significant effects on the region's future, says Bangs. "Immigrants tend to have higher birth rates and start businesses."

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Rick Armstrong



Downtown Pittsburgh is the indispensable heart of the region. Its appearance and vitality are essential to regional pride and to attracting business and residents to the area. Continue this already successful revitalization through more public/ private cooperation. The riverfronts are increasingly inviting and accessible. Architectural gems and industrial lofts offer inviting spaces. The Cultural District is thriving with new restaurants and importantly, more residents. Apply smart transportation technologies in parking and traffic flow to increase Downtown's accessibility and attractiveness.

Bill Benter, Chairman
ACUSIS LLC

TOMORROW

Pittsburgh needs what the country needs: to think critically, to value the greatest thinkers and to hear opposing voices. The outdated sacred cows need to go out to pasture, whether they're "because we always did it that way" or "because my party has always voted this way" or "because in a different world we made a commitment that's not possible in the world we live in now." Pittsburgh can apply that to pensions, transit, local government, education. We also need to empathize. The arts teach critical thinking, so make art a part of education and life.

Karla Boos, Artistic Director
QUANTUM THEATRE



In classrooms of the future, students will meet in the public square as well as the campus quad, where community partnerships will challenge them to consider and relate their learning to real-world problems. In interactive, hands-on laboratories, students and faculty will use mobile technologies and online communities to answer our region's most critical questions. Educators must prepare students for jobs that have yet to be created and for a society that will need their skills—as creative and ethical thinkers, energetic entrepreneurs, and informed citizens—more than ever.

JoAnne Boyle, President
SETON HILL UNIVERSITY



PITTSBURGH TODAY & TOMORROW

DEMOGRAPHICS

<< POVERTY

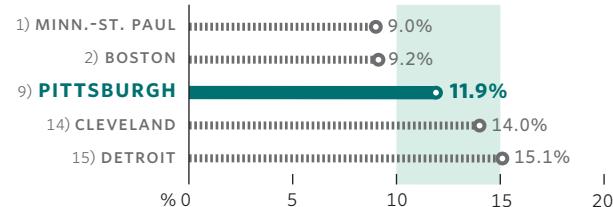
In the 2000 Census, Pittsburgh had a higher percentage of its regions living in poverty (11.6) than any benchmark region. Those numbers were for a 19-county Pittsburgh region. More recent numbers from the American Community Survey (of the Census) are for the seven-county metropolitan statistical area for 2007–2009; they show the region as just below the middle of the pack, among the benchmark regions, with 11.9 percent of residents living in poverty. When the 2010 Census figures are released later this year, we will get the most accurate picture possible of how this region compares with others in poverty.

Whites have fared worse in the region because of the economy, Bangs says. "Blacks do worse here for a variety of reasons, including decades of disadvantage and current racism and discrimination." Bangs expects that poverty rates will likely increase when more recent numbers are released but believes Pittsburgh's relative position will remain unchanged. ■



John Altidorfer

% IN POVERTY | 2007-09



sources: U.S. Census Bureau



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Martha Rial



ARTS TODAY

A REGIONAL MAINSTAY



PITTSBURGH IS KNOWN as an arts-rich region, with offerings on par with much larger regions. Go downtown on any given Friday night, and chances are you'll see people streaming in to catch an opera, play, ballet or concert. Nearby, you might find an art opening, a jazz concert or a poetry reading. And while the most

well-known arts groups reside within the city of Pittsburgh, the greater region is home to a variety of unique arts institutions seeking to build and maintain what they have.

“Everyone is looking to the arts to help attract businesses and give young families a reason to locate here,” says Kathleen McDermott, executive director of the Oglebay Institute, Wheeling’s largest arts organization, which hosts 115,000 visitors a year at its various exhibits, performances and classes.

Quantifying the overall strength of a region’s arts scene, however, is no easy matter. Though arts groups often commission studies showing the economic impact a healthy arts com-

Enduring through tough times is the key for Pittsburgh’s arts groups

munity has on a region, reliable and comparative regional arts statistics are hard to come by. The best numbers available come from the Urban Institute’s comparison of regions, “Cultural Vitality in Communities: Interpretation and Indicators.” And the most recent data released in December portray Pittsburgh as a relatively strong arts region.

A key measure is charitable giving to the arts. According to the Urban Institute numbers, the Pittsburgh Metropolitan Statistical Area (Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland counties) ranks in the middle of the pack when it comes to non-governmental contributions to arts, cultural and humanities organizations.

The giving figures show Pittsburgh at \$49 per capita—tied for ninth place among the 15 benchmark regions, with less than one third the amount of leading Boston at \$152. The figure includes all private contributions, including corporations, foun-

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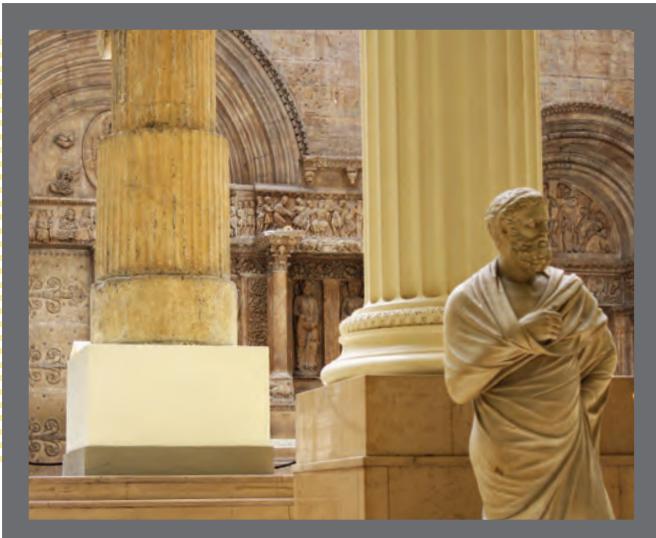


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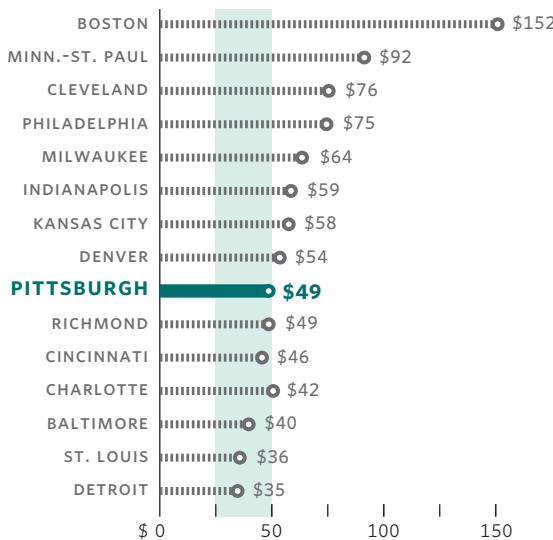
dations and individuals. The information is based on IRS 990 forms from arts groups.

If we add another layer of data onto the arts-giving picture, we can see how foundation giving to the arts compares with all other private giving. Below is the most recent data from the Foundation Center on foundation grants to arts groups for 2009. The data are based on a sampling of 1,384 large foundations and is limited to grants of \$10,000 or more. In this, Pittsburgh ranks third per capita, behind only Kansas City and Boston, and well above most benchmark regions.

With differing methodologies, not to mention years, between the 2008 Urban Institute and the 2009 Foundation Center statistics, the best way of comparing the two tables is proportionately.



PRIVATE GIVING TO THE ARTS | 2008
(per capita)



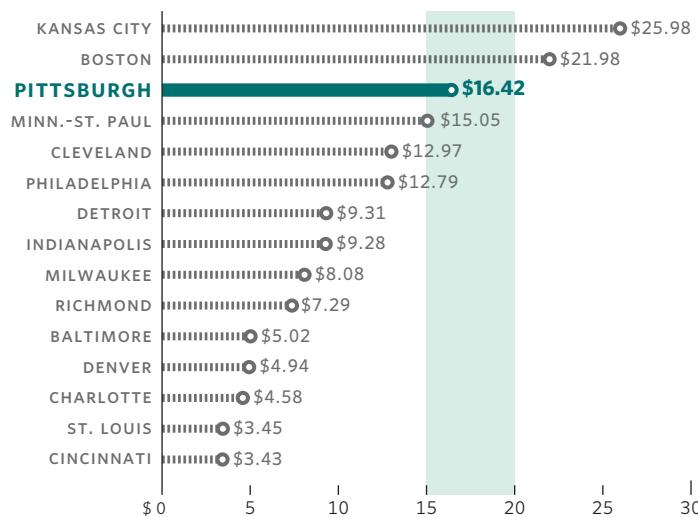
sources: The Urban Institute; The Census Bureau

And such a comparison indicates that, while Pittsburgh arts groups receive a disproportionately high per capita amount from foundations, the groups receive disproportionately low amounts from other private sources.

A third view of arts vitality can be found below in arts revenue per capita, which includes total revenue for regional arts groups from all sources, including the government, donations and ticket sales. This category could be said to measure the overall financial strength of the region's arts scene, and the 2008 numbers show Pittsburgh as the fifth strongest of the 15 regions.

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FOUNDATION GRANTS TO ARTS ORGANIZATIONS | 2009
(grant dollars received, per capita)



source: The Foundation Center

TOTAL ARTS ORGANIZATIONS REVENUE | 2008
(per capita)



source: The Urban Institute, National Center for Charitable Statistics



Martha Rial



ART JOBS

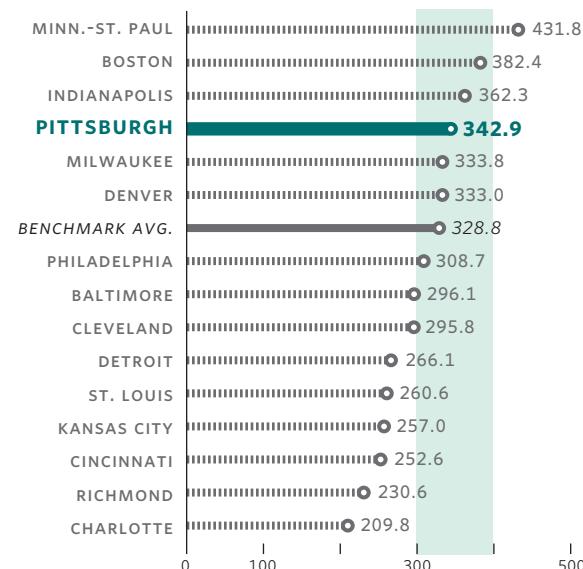
Our final arts graphic involves another key measure of the strength of a region's arts community—the number of people who earn their living working in the arts. In a comparison of the benchmark regions in the number of regional arts jobs per 100,000 residents, Pittsburgh ranks fourth (342.9) and well ahead of the benchmark average (328.8). Only Minneapolis, Boston and Indianapolis had higher numbers. In specific sectors within the arts category, Pittsburgh fared higher or lower. For instance, the Pittsburgh region was strongest of the 15 regions in museum employment, but near the bottom in employment at fine arts schools. (For more information on particular sectors, go to pittsburghtoday.org)

THE RECESSION & FUNDING

Statistics from 2008, such as most of those mentioned above, don't reflect the many changes in arts funding since that year. Governments now face major deficits—Harrisburg is looking at a \$5 billion hole for 2011, and state appropriations for arts and culture fell 41 percent last year. Arts ticket sales have

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EMPLOYMENT BY CULTURAL ESTABLISHMENTS | 2008
(per capita)



source: Urban Institute; U.S. Census Annual Population Estimates

For additional data on
the region, visit:
pittsburghtoday.org

The future of our region depends on matching careers and people. We have many young professionals who want to stay after college or return to the region, but there must be career opportunities available in their fields, job opportunities for today. On the other hand, our region has new fields of opportunities in sciences and engineering that won't be filled with the work force we currently have without training. We all need to get involved.

Helen Hanna Casey, President
HOWARD HANNA
REAL ESTATE SERVICES

Manufacturing and businesses mean good jobs for our region. Right now, we have a golden opportunity to work together—employers, employees and public officials—to strengthen our business climate, driving growth and creating jobs. Together, we can devise a strategy featuring a tax structure that attracts new businesses and encourages current employers to stay; fair regulation that protects us and our environment without creating burdensome and redundant reporting; and incentives for businesses that support workforce education and drive innovation.

Carlos M. Cardoso
President, Chairman and CEO
KENNAMETAL INC.

TOMORROW

Our region needs a good dose of both intellectual and financial capital. After 40 years of steady losses, our population has finally stabilized. For our region to prosper, we need to retain our university students and attract highly skilled labor from other parts of the country and the world. Intellectual capital attracts financial capital, and we need both to create a domino effect that will lift everyone in society and increase prosperity for all.

Lalit Chordia, Founder and CEO
THAR ENERGY LLC





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dropped. Foundations have had less to give, as have corporations, and a greater portion of largesse has been directed to human service needs brought on by the recession.

And finally, the stock market declines in 2008 and 2009 have also squeezed what private donors have been able to give.

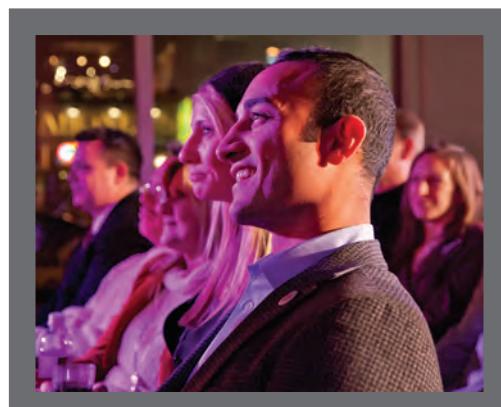
The result has been two years of hard times for arts organizations across the spectrum, as they have had to cut budgets, reduce staff, and produce programming that is both more likely to fill seats as well as reduce costs. A recent study by the Robert Morris University Bayer Center for Non-Profit Management found that 82 percent of local nonprofits of all kinds that it surveyed cut back last year, up from 54 percent in 2008 and 75 percent in 2009. Mergers and strategic partnerships are also on the rise—last year 42 percent of the nonprofits the Bayer Center surveyed said they'd looked into one.

The trick has been cutting expenses without harming mission. Many arts groups have reduced performance schedules and cut back on more experimental offerings. And for most, plans for expansion, new programs and innovative ideas have been shelved, as attention returns to core competencies.

Innovative ideas, however, are at a premium when it comes to raising money. Organizations hope that, as the stock market continues to rise, the resurrection of the economic wealth effect will loosen patrons' purse strings again. But they're taking more aggressive steps as well. One debuts May 11 with the Pittsburgh is Art Day of Giving. Initiated by the Greater Pittsburgh Arts Council and The Heinz Endowments, the program is modeled on the Pittsburgh Foundation's Pittsburgh Gives initiative. It allows arts supporters to donate to the organization of their choice and receive matching funds.

Thanks to an alliance of universities (Carnegie Mellon University, Penn State University, University of Pittsburgh, Virginia Tech, and West Virginia University) and the National Energy Technology Laboratory, our region has an extraordinary opportunity to be a world leader in energy research. I am proud that WVU is a part of this alliance and, along with my fellow presidents, I look forward to promoting our universities' academic and research strengths in energy to a global audience.

James Clements, President
WEST VIRGINIA UNIVERSITY



RELATIVE VITALITY

In the midst of the economic travails, however, regional successes continue to attract national attention. Perhaps the most obvious is Pittsburgh's Cultural District, which has helped arts thrive and has been instrumental in resurrecting Downtown. Founded in 1984, The Pittsburgh Cultural Trust comprises eight arts organizations that share resources, from theaters to ticketing to Web design. The district includes several theaters, which host opera, ballet, drama, and dance. Public art, galleries, restaurants and bars that cater to these crowds have cropped up around these venues, and attendance in the district has doubled in the past decade, from one to two million visitors per year.

"You go to a lot of cultural districts, and it's one theater and a restaurant and some street art," says Christopher Hahn, director of the Pittsburgh Opera. "One of the things we have here is a real understanding that the cultural life of the city and region is something that doesn't just happen."

John Alderfer

City Theatre's Artistic Director Tracy Brigden agrees. She left New York for Pittsburgh because the Pittsburgh theater scene was one of few that embraced new work. She credits local foundations. "The foundations are so strong here and so consistent, that's what's created the arts scene." ■

TOMORROW

Pittsburgh's research universities are engines of economic growth for our region. Through their direct employment, the companies they spin off, and the students, faculty and staff they attract, the universities have contributed significantly to Pittsburgh's economic and cultural success. But our region, while recognized as an emerging innovation hub, has not yet made it to the big leagues.

Establishing Pittsburgh as a major center in the global innovation economy requires more investment in the universities, continued support for our technology-based economic development organizations, more angel and venture capital, more immigration and some luck—the sort that allows some of our start-up companies to become industry leaders.

Our region will prosper and grow by retaining our talent and our young people, and by attracting the best and brightest from other parts of the country and the world. To do this, we need to create a pipeline of good jobs. And we have to ensure that our people have the education and skills needed to fill those jobs. UPMC is focused on both sides of the equation: building the pipeline and developing the talent.

Elizabeth Concordia
Executive Vice President
UPMC



Jared L. Cohon, President
CARNEGIE MELLON UNIVERSITY



John Altdufer

TRANSPORTATION

TODAY

PUBLIC TRANSIT CRISIS



A crossroads for the system

THE PORT AUTHORITY of Allegheny County is not unfamiliar with controversy and crisis. But none of the challenges faced during its 46-year history appears more serious than what the region's largest public transit system is left to deal with in the wake of the steep decline in state transit funding that rippled across Pennsylvania in 2010.

Pennsylvania's failure to win federal approval to place tolls on Interstate 80 in 2010 crippled its ability to fully fund Act 44, which was enacted to help finance public transit as well as road and bridge projects. Act 44 relied on two primary revenue sources—tolls along I-80 and higher Pennsylvania Turnpike tolls.

For the Port Authority, the shortfall led to a \$27 million reduction in state funding, which with rising costs opened a \$47 million budget gap for the transit system that plays a significant role in delivering workers to their downtown Pittsburgh jobs and employ-

ees and students to the universities and hospitals in the city's Oakland neighborhood.

By year's end, \$45 million in federal economic development funds targeted for southwestern Pennsylvania had been reallocated to offer the Port Authority a temporary deficit reprieve. The fiscal Band-Aid increased the likelihood that service cuts in 2011 would be less severe than the 35 percent reduction that had been proposed to cover the shortfall in state funds.

But the funding crisis of 2010 underscored the uncertain future of public transportation in southwestern Pennsylvania without reliable funding streams or consensus among policymakers as to its value to the region's residents, businesses and economic health.

REGION'S LARGEST SYSTEM

The Port Authority is by far the largest public transit system in southwestern Pennsylvania, with its 861 buses, 83 light rail transit vehicles, 457 ACCESS vehicles and 75 small transit vehicles carrying an average of 229,000 passengers every weekday.

One indicator that illustrates the breadth of the Port Authority's operations compared with other transit agencies in the



region is ridership or the number of passengers making trips on a fixed-route bus service. In fiscal 2010, total bus ridership in the 10-county region stood at 60.1 million, according to data compiled by the Southwestern Pennsylvania Commission (SPC). Port Authority ridership accounted for 56.4 million of those passengers—nearly 15 times the ridership of the nine other transit systems in the region combined.

Overall transit usage in southwestern Pennsylvania fell slightly in fiscal 2010—a little over 3 percent—which was not unexpected, given the economic weakness that lingered in the region. The number of riders commuting to work, for example, is sensitive to employment trends. The Port Authority, whose ridership slipped more than 3 percent, was one of six transit agencies to experience a decline. Four other regional transit systems gained ridership. Most saw small gains, with the exception of the Mid Mon Valley Transit Authority, whose ridership rose 14 percent.

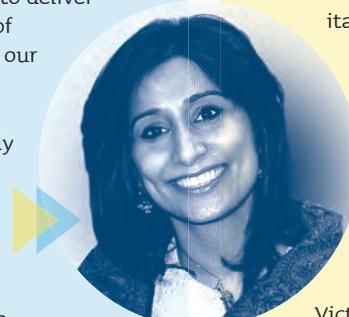
These transit systems rely on several sources to finance their operations, ranging from fare box revenue to federal, state and local subsidies. The reliance on a particular funding source varies from transit system to system, but all count on government funding to cover a significant share of their budgets. In fiscal 2010, state funds accounted for 45 percent of the Port Authority of Allegheny County

Jack Wolf



For me, if there is a theme to the region's challenges in the years ahead, it has to do with bridging our differences. Think about how our fragmented system of government impedes our ability to deliver better services at a time of fiscal crisis; or about how our inability to talk honestly about race keeps us from creating a region that truly works for everyone. Our next great move forward can only happen if we come together.

Aradhna Malhotra Dhanda
President and CEO
LEADERSHIP PITTSBURGH INC.



I believe that the region is missing out on attracting Hispanic businesses and investments. One out of every five people in this country is of Hispanic heritage. We are a young and entrepreneurial population that has a lot to offer. We talk about attracting a diverse immigrant population, but Hispanics are not the target of any local efforts. Focusing on these efforts should be a priority.

Victor H. Diaz, CEO
PITTSBURGH METROPOLITAN AREA
HISPANIC CHAMBER OF COMMERCE

operating budget. Only Washington City Transit relied on state funds to cover a larger share of its budget, according to SPC data.

PUBLIC TRANSIT IMPACT

Pittsburghers use public transportation more than many benchmark cities with comparable populations, including Cleveland, Cincinnati, Detroit, Indianapolis, Minneapolis, Kansas City, Richmond and Charlotte. And a significant number of those who use public transportation use it to travel to and from work.

Public transportation diverts thousands of vehicles from highways and city streets, easing traffic congestion and limited parking capacity, particularly in downtown garages.

The Port Authority estimates that 45–50 percent of downtown Pittsburgh workers commute by public transportation. Regional transit operators other than the Port Authority also operate as a feeder system into the city. Regional transit systems carried more than 900,000 riders into and out of the City of Pittsburgh in fiscal 2010. Trips to and from the city, for example, accounted for 58 percent of Washington City Transit ridership and 54 percent of Westmoreland County Transit Authority ridership last year.

For several employers, public transit is critical to getting their workers to the job. “PNC is one of the region’s largest employers, and half of all of its downtown Pittsburgh employees take public transportation to work,” says Fred Solomon, a PNC spokesman. In fact, he says, the bank located its downtown Firstside Center operations facility to take advantage of the site’s proximity to major bus routes and an extension of the Port Authority’s light rail system.

Another factor is public transit’s economic footprint, which includes the sums that transit operators spend in the region, state and federal dollars leveraged, and the money riders save on park-

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TOMORROW

At the heart of our region’s success lies our ability to foster an environment that encourages job creation and ultimately gives our young people a reason to stay. As a result, it’s in our collective interest to improve the budding entrepreneurs’ understanding of the resources that are available to them. Helping those who are passionate about blazing new trails and following their dreams will usher in the next generation of job creators and community leaders.

John J. Dolan, President and CEO
FIRST COMMONWEALTH FINANCIAL CORP.



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ing, fuel and other costs. The Port Authority, for example, employs 2,700 people. Its operating budget in a typical year is around \$335 million and its capital improvement budget ranges between \$100 million to \$130 million. In fiscal 2010, more than 70 percent of the Port Authority's operating budget was met by state and federal dollars, and most were spent in the region on wages and benefits, parts, fuel, construction and other expenses.

"There is a trickle-down benefit," says Stephen Bland, chief executive officer of the Port Authority of Allegheny County. "I tell people public transit is a profitable business, but we don't keep the profits. The profits go to riders or their employers or the communities we serve."

OUTLOOK UNCERTAIN

The prospect of reducing service is nothing new to the Port Authority. In 2007, it pared service hours by 15 percent and trimmed routes from 219 to 186. What followed in 2008 was not a decline in ridership, but a 3 percent increase, due in part to sharply rising gasoline prices.

In recent years, pressure to rein in costs and increase productivity has led to job cuts, fare increases, higher employee contributions to healthcare and pensions, and other measures. Such steps have helped the Port Authority pare \$52 million from the budget since 2007 and increase annual revenues by \$14 million. From fiscal 2007, for example, fare box revenue rose 20 percent to more than \$70 million in 2010.

Many of the routes eliminated in 2007 were neighborhood routes whose ridership had markedly declined over the years. The

pending service reductions will be different, says Bland. Which routes will be cut and how many are questions the Port Authority will answer in 2011. But few, if any, lightly used "boutique" routes will remain. Most of the 36 routes that had been targeted for elimination in November, when the authority was girding for a 35 percent cut in service, were, he says, "routes that in most transit agencies would be sustainable. They have high enough ridership that you would operate them. You couldn't say that about the routes we eliminated in 2007."

The impact of further reductions depends on the depth of the cuts and which routes will be eliminated. Those who work off-hour shifts and have limited means of transportation are highly vulnerable. But the hardship could be widely shared, even among those who don't use public transportation.

Eliminating routes that carry workers from the suburbs into downtown Pittsburgh heightens the risk of greater weekday traffic congestion and longer commute times. Congestion during peak traffic flow resulted in delays for the average Pittsburgh metro region driver that totaled an estimated 33 hours in 2009, according to the 2010 Urban Mobility Report released by the Texas Transportation Institute. And even a modest increase in people driving to work could trigger a parking crisis downtown, where the majority of garages are already filled to 90 percent or more of their capacity during weekdays.

Neighborhoods could also feel the impact of sharp reductions in Port Authority service. Recent years have seen significant investment in the urban core and the revitalization of several city neighborhoods, which have thrived on greater numbers of visitors and residents, but are limited in their ability to accommodate increases in vehicular traffic.

"To unlock that urban core, you need to get lots of people in

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What do we need for a brighter future for Pittsburgh? We need more success in our African American community—more jobs, more educational achievement, less crime. We need a more open door to new immigrants—Hispanics, Asians, Africans. We need careful, responsible use of our plentiful energy and water resources. We need more consolidation and cooperation in local government. We need to take greater advantage of our "eds and meds." And we need more love of God and neighbor.

Charles Dougherty, President
DUQUESNE UNIVERSITY



As we envision the future prosperity of the Pittsburgh region, leadership eyes should be keenly focused on the global stage. Corporate leaders must assert themselves as advocates for a regional infrastructure that promotes global expansion, while promoting our region as a great, vibrant place for employees to live and work. Equally so, all companies—start-ups and Fortune 100 alike—must embrace the world economy opportunistically as an essential frontier for expansion and growth.

Mark Evans
President and CEO
CONFLUENCE

TOMORROW

For more regional data, visit:
pittsburghtoday.org

We tell the world: "Pittsburgh. Imagine what you can do here." We need to live this. Let's work to ensure that we keep at least 30 percent more of the region's graduates each year. Let's also increase our use of Pittsburgh companies for outsourced work by at least 30 percent each year. Let's continue to be change makers to the world and strong brand stewards for our region. Pittsburgh. Imagine what you can do here!

Michele Fabrizi, President and CEO
MARC, USA



there in a way that stimulates the economy," says Chris Sandvig, regional policy manager at the Pittsburgh Community Reinvestment Group, a nonprofit consortium of community-based organizations that represents neighborhoods in and around Pittsburgh. "Single occupancy vehicles alone aren't going to get you there. The South Side has been very successful, but it's pretty maxed out on the traffic side. There are questions about whether Lawrenceville can continue its revival without mass transit. The Strip District is in a similar situation. Its continued health depends on getting more people there with fewer vehicles."

The outlook of public transit in southwestern Pennsylvania is clouded in uncertainty. In the absence of a stable state funding mechanism, that will likely continue to be the case. When and if that will happen remains an open question. "First we have to come to grips with the idea that public transit is a public good," says Bland. "Figuring out how to support it becomes an easier issue once there is a consensus that we should support it." ■

BY LAND OR BY AIR

The region faces infrastructure challenges, but smart transportation is on the way



THE PAINFUL RECESSION that gripped southwestern Pennsylvania and the nation in recent years delivered one, if only temporary, benefit to the region—federal stimulus funds for infrastructure improvements that led to an increase in much-needed projects to upgrade roads and bridges.

But other transportation sectors were not as lucky. Tighter budgets among airlines battered by recession, for example, made it more difficult to convince carriers to increase their service into and out of Pittsburgh International Airport, where passenger traffic continues to recover from the 2004 USAirways decision to move its hub operation from the airport, and the steep decline in flights that followed.

INFRASTRUCTURE CONCERN

Nearly 10,000 miles of non-interstate roads exist in the 10-county Pittsburgh region and the three PennDOT districts within it. Southwestern Pennsylvania's surface transportation infrastructure also includes more than 5,300 bridges. Most states and regions are struggling to maintain and upgrade that infrastructure, particularly those in the

northeastern U.S., and southwestern Pennsylvania is no exception.

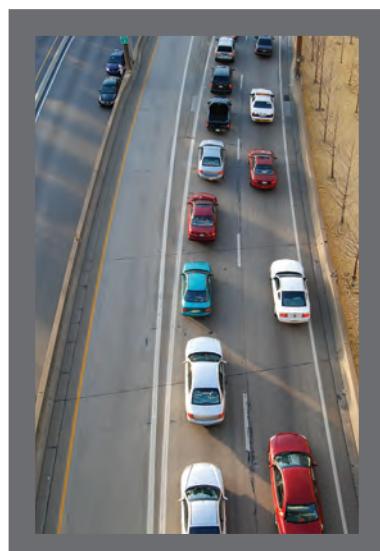
The region's bridges are perhaps of greatest concern. In the 10-county region, 32 percent of the bridges are deemed structurally deficient, according to 2009 data reported by the Southwestern Pennsylvania Commission (SPC). Structurally deficient bridges show significant deterioration to decks and other major components. The designation does not necessarily mean the bridge is unsafe and should be closed, but it does suggest a greater likelihood that weight restrictions and other measures will be imposed to limit their use.

Such restrictions may require many vehicles—emergency vehicles, commercial trucks and school buses, for example—to take alternative routes. Redirected trips lengthen travel time, consume more fuel, and lower the efficiency of the local economy. High percentages of structurally deficient bridges also warn of higher repair and replacement costs.

The county with the most bridges in the region is Allegheny, with 1,186 bridges, 30.5 percent of which were structurally deficient in 2009. Only Washington and Greene counties have a smaller percentage of structurally deficient bridges. The problem is most acute in Lawrence Co. where 45 percent of its 417 bridges are classified as structurally deficient.

About 20 percent of the road miles in the region are rated "poor," meaning they contain significant ruts, potholes or other visible signs of deterioration, according to data compiled by the SPC. These stretches of road are in need of resurfacing or reconstruction.

The county with the most miles of road is once again Allegheny Co., with nearly





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1,500, about 17 percent of which are rated poor. Armstrong Co. finds 48 percent of its 683 miles of road in poor condition, the highest percentage in the region. Among the 15 benchmark regions, only Kansas City, Detroit, Baltimore and Philadelphia had a greater percentage of poor or mediocre roads than the Pittsburgh metropolitan area in 2008.

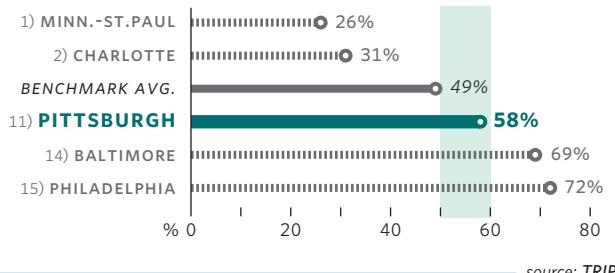
It takes a significant ongoing investment to keep good roads from falling into disrepair; resurfacing or reconstructing miles of mediocre or poor roads, maintaining bridges that are in good condition; and upgrading structurally deficient bridges or replacing those that are no longer safe enough to remain open.

The SPC estimates that in southwestern Pennsylvania it will cost more than \$610 million a year to do everything, from keeping good bridges in good shape to working off the backlog of projects and bringing the region's percentage of structurally deficient bridges down to 17 percent by 2025. In 2009, more than \$80 million in federal American Recovery and Reinvestment Act funds pushed bridge spending in the region to nearly \$330 million, which trimmed a portion of the backlog, but not as much as the estimated need. Without stimulus dollars, estimates for bridge spending from 2010 through 2012 fall below that which is needed to lower the percentage of structurally deficient bridges in the region. In fact, estimated spending in the coming years is less than what is considered necessary to prevent the number from climbing.

The challenge: Pittsburgh, like other regions, has not yet delivered to patients or purchasers the highest-value health-care possible—preventing and managing chronic diseases, caring for the frail elderly and assuring that every patient receives the right care for the lowest cost. If Pittsburgh were to attain the lowest rates of medical error, remove waste and inefficiency, and achieve the best clinical outcomes in the U.S., we'd have a competitive edge, attracting prospective businesses and Boomers seeking to relocate.

Karen Wolk Feinstein, President
THE JEWISH HEALTHCARE
FOUNDATION OF PITTSBURGH

% OF ROADS IN MEDIOCRE/POOR CONDITION | 2008



source: TRIP

It's a similar story with road maintenance. According to SPC estimates, nearly \$300 million will need to be spent in southwestern Pennsylvania in each of the coming 15 years to preserve good roads, maintain the current cycle of upgrading, and work off the backlog of projects to bring the system back to a reasonable state of repair. Some \$90 million in federal stimulus funds boosted road spending to nearly \$220 million in 2009, which was helpful, but still less than the annual amount necessary to upgrade the road system significantly. Without those additional dollars, road spending in the coming years is expected to fall below that which is considered necessary to maintain even the current rate of upgrades to roads at the end of their life cycle.

Meanwhile, road and bridge conditions pose significant challenges in coming years. Today, about one-third of the state-owned bridges in the region are between 71 and 100 years old.

'INTELLIGENT' TRANSIT SOLUTIONS

During the final days of December, The Pittsburgh Cultural Trust launched a pilot project that gives motorists with smartphones or Internet access real-time parking updates at eight garages located in and around the downtown Cultural District. The

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TOMORROW

Roads, bridges, water, rails and trails connect our diverse region. A good transportation network is critical for all commercial and public transit services. People use it to get to work, school, healthcare, shopping, and services. Overall, our system delivers somewhat better commute times and fewer travel delays than comparable places, but congestion remains a problem in major corridors. We need to stay focused on performance and how to get people the most for their money in any improvements.

Jim Hassinger, Executive Director
SOUTHWESTERN PENNSYLVANIA
COMMISSION



As the adage states: Nothing is certain but change. The opportunities which emerge from change foster thought, forge partnerships, create enterprise, embrace diversity, and yield new knowledge through innovation. The Pittsburgh region holds a critical advantage in the process of such transformation: education. Education provides insight and agility, opens minds, analyzes options, generates ideas—and prepares graduates for regional employment. Pittsburgh's universities thus contribute to emerging synergies which can strengthen the city's sustainable growth.

Mary Hines, President
CARLOW UNIVERSITY



system, ParkPGH, calculates the number of parking spaces available in the garages every 30 seconds, and the data can be accessed with a free smartphone application, or through a traditional Web site, mobile Web site, text messaging or call-in service.

The idea is to make the hunt for parking more efficient and less frustrating. It is one of several technology-based solutions being developed to improve the region's transportation system.

Traffic 21, a multidisciplinary research initiative at Carnegie Mellon University and a partner in the Parking-PGH project, is leading an effort to make southwestern Pennsylvania a hub of intelligent transportation. Among the ideas being developed is technology that uses existing PennDOT roadway cameras to detect traffic problems automatically, measure road occupancy, perform vehicle counts, and other tasks. Another is a smartphone application that provides public transit users with real-time bus information, such as delays, and for those who miss their bus, when and where they can catch another one to get them to their destination.

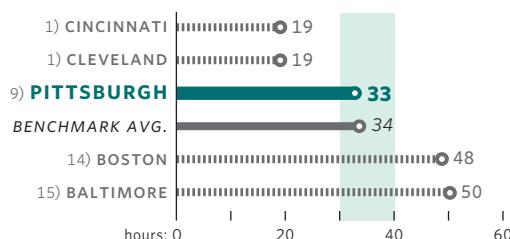
"The objective is to build on our reputation as a knowledge town and apply that knowledge to transportation," says Rick Stafford, a professor of public policy at Carnegie Mellon University and director of Traffic 21.

Also in development are intelligent traffic-signal control strategies that use real-time data to coordinate signals over a corridor and work to ease traffic congestion. Such a system could

reduce transit time for both buses and private vehicles.

Congestion during peak traffic flow cost the average Pittsburgh metro region driver an estimated 33 hours in 2009, according to the 2010 Urban Mobility Report released by the Texas Transportation Institute. The annual delay per commuter was more than 6 percent greater than the 31 hours reported in 2008, which had marked the lowest delay estimate in the region since 1994. The study's researchers suggest the recent increase in congestion-related delays seen in southwestern Pennsylvania and across the nation is largely due to an increase in commuter traffic spurred by economic recovery.

TRAFFIC DELAY | 2009 (annual hours of delay per peak traveler)



source: Texas Transportation Institute, Urban Mobility Report

AIRPORT RECOVERY

Recession, consolidation within the airline industry, the need for carriers to trim costs, and other factors have complicated Pittsburgh International Airport's recovery from having lost USAirways-hub status. But as the economy improved in 2010, the airport was able to recover some ground.

Passenger traffic increased nearly 11 percent in November, the eighth consecutive month that commercial scheduled traffic rose. And several airlines began, or announced plans to begin, new serv-

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Pittsburgh will need to meet the health challenges of the 21st century in order to drive economic growth. To propel innovation forward, it's paramount that we ensure the health of our communities and our young people through new educational initiatives and special programs that build healthy lifestyles. At UPMC Health Plan we're creating novel interactive, personalized health tools and community partnerships that nurture vital, healthy individuals to advance the potential and promise of tomorrow's industries.



Diane Holder
President and CEO
UPMC HEALTH PLAN

Perhaps the greatest challenge facing our region is matching skilled workers with current and emerging job opportunities that will increasingly require specialized training. In fact, studies indicate that most job openings require more than a high school diploma but less than a bachelor's degree. We must promote student success in programs that address the realities of the job market to provide a skilled and adaptable workforce and drive investment and economic growth in our region.

Alex Johnson, President
COMMUNITY COLLEGE
OF ALLEGHENY COUNTY

TOMORROW

Private industry, education and government need to collaborate and increase efforts focused on science, technology, engineering and math across the region. Prosperous businesses and industries recognize the importance of innovation and utilizing technology to compete and succeed in a global economy. We need to help grow local talent, help encourage and fund innovation in our schools and guide entrepreneurship through partnerships. Working together we can exceed expectations and drive this region's future.

Patricia Kirkpatrick, Chair
ARMSTRONG COUNTY
BOARD OF COMMISSIONERS

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ice. Delta Airlines, for example, announced plans for new Pittsburgh-to-Boston flights, and said its Pittsburgh-to-Paris non-stop service would become a daily service in 2011. Southwest Airlines announced it is adding flights to Denver.

Even with the increases, however, Pittsburgh International traffic is still far below what it was when the airport was the USAirways super-hub. Daily departures, for example, fell from 570 in 2000 to 150 in 2009, largely due to USAirways cutting the majority of its Pittsburgh service. The reality is that the airport isn't likely to reach its peak levels for passenger traffic, markets and daily departures again without the significant investment of a major airline.

Reduced service for consumers is one of the problems resulting from such a decline. Another is the financing of operations at the airport, which was built as a hub to accommodate 35 million passengers a year. In 2009, the airport saw just under 8 million passengers. The Allegheny County Airport Authority and the airlines that use the airport share the costs of operating it. The steep decline in business over the past six years has led to a steep increase in airline costs of doing business at Pittsburgh International.

But the long-term outlook for the airport does not appear as grim as the numbers suggest. The loss of its hub operation forced

the airport to search for alternative sources of revenue and ways to trim costs—something other airports are beginning to face in the wake of widespread consolidation within the airline industry. Pittsburgh International, for example, has gone into the business of building jetways for other airports and continues to find tenants for airport property, including the new \$150 million corporate headquarters of Dick's Sporting Goods.

"With all of the carving up going on because of hub consolidations, other airports are looking at Pittsburgh International as a model for going into the future," says Lucinda Harshman, Allegheny County Airport Authority director of air service development.

The airport authority refinanced some \$30 million in debt in 2010 to gain more favorable rates, and expects to receive more than \$12 million in gaming revenues from the state in 2011. Standard & Poor's upgraded its outlook for the airport authority debt from "stable" to "positive." Air traffic is again expected to rise in 2011. And the average airline cost per onboard passenger at Pittsburgh International is expected to fall to \$14.80, a 3 percent decrease over 2010, but still among the highest in the nation.

The departure of the USAirways hub and the so-called Southwest factor—the addition of several low-cost carriers—has made Pittsburgh International ticket prices a bargain, the likes of



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which passengers have not seen in decades. The average one-way domestic ticket price at Pittsburgh International fell from \$193 in 2000—among the highest in the nation—to \$132 in 2009, which is about 10 percent less expensive than the national average.

Two factors loom large in Pittsburgh International's future. First, because the airport was overdeveloped to accommodate its original hub operation, it will not likely need to incur the high capital costs that several dozen other airports in the nation are

facing to enhance their capacity. Second, the airport's remaining \$435 million debt will be paid off in 2017, eliminating the \$62 million annual debt service, significantly lowering the airport operating budget, and with it, the costs to airlines. "The biggest thing to remember is that when the debt service is done in 2017, we will be in a better position than almost any other airport in the country," says Harshman. ■

Bicycling on the rise

WHEN THE LEAGUE OF American Bicyclists bestowed its bronze Bicycle Friendly Community award upon Pittsburgh in 2010, it marked a sharp reversal in the city's national reputation as a place for cycling. Two decades earlier, Bicycling magazine had named the city among the 10 worst places for cyclists, largely because it lacked the infrastructure to accommodate them.

That has changed a great deal since 1990. Today, the city and surrounding neighborhoods boast 23 miles of bike trails, with 21 of those miles traveling along the banks of the Allegheny, Ohio and Monongahela rivers. Pittsburgh is now connected to the Great Allegheny Passage, the interstate bike trail that takes riders as far south as Washington, D.C. And bike lanes in the city have steadily increased, as have other amenities, such as public bike racks, including a growing number of racks on Port Authority of Allegheny County buses.

Such progress has even impressed Bicycling magazine, which dropped Pittsburgh from its "worst cities" list and today ranks it as the 28th most bike-friendly city in the nation.

Recent data suggest a growing number of cyclists are using the improved infrastructure. In 2009, an estimated 1.4 percent of Pittsburgh residents relied on biking as their primary mode of travel to and from their jobs, according to U.S. Census Bureau American Community Survey data. That marked a 206 percent increase in bike commuting in the city since 2000—the fourth highest increase among the nation's 60 largest cities.

Moreover, those figures likely underestimate the bike commuting population by excluding more casual bike commuters, says Scott Bricker, executive director of the nonprofit bicycling advocacy organization, Bike Pittsburgh. The group itself has seen significant growth, with the number of its members rising from about 100 to nearly 1,500 in the past five years.

Several factors have contributed to biking's rise in popularity, says Bricker, with improved infrastructure that has made cycling more accessible, safer and enjoyable playing a particularly important role. "The trail system is incredibly important. It's the backbone of what has made bicycling a viable option in Pittsburgh. They hug the rivers. They are relatively flat. They're sort of expressways for bicycles."

The heightened popularity of biking is part of the rise in the use of alternative modes of transportation by Pittsburgh commuters. An estimated 12.4 percent of Pittsburghers walk to work, according to American Community Survey data. That means cyclists and walkers account for an estimated 13.8 percent of commuters. Only in Boston do more commuters rely on their bikes or their legs to get to work. ■





Rick Armstrong

ECONOMY

TODAY

DIVERSIFIED STRENGTH



THE STORY OF Greater Pittsburgh's economy has been the stuff of national reports throughout the Great Recession of 2008–2009 as this region, which has so long been an economic laggard, outperformed much of the nation through difficult times.

With the unemployment rate well below national levels and job growth outstripping national trends, Pittsburgh has been a welcome port in the storm, largely because the region has escaped the relatively disastrous downturns in housing and the automotive sector. And regional strength in health, education, energy and finance not only has carried Pittsburgh through the recession, but it also should bode well for the future, experts say.

Pittsburgh's economy has been moving away from manufacturing and into the service sector for the past four decades and that trend continues. Education and health services now comprise 21 percent of all Greater Pittsburgh jobs. The total number

In key measures, the Greater Pittsburgh economy outperforms peer regions

of jobs in this sector was 240,300 in December 2010—an increase of 1.7 percent over the same month in

2009. Between 2000 and 2009, the education and health services sector had job growth of 17.6 percent.

Meanwhile, manufacturing, long the mainstay of our economy, continues to lose jobs, though at a much slower pace. The region lost 200 manufacturing jobs between December 2009 and December 2010. However, between 2000 and 2009, the total number of jobs lost was 41,200, or 31.7 percent.

Total job growth in the Pittsburgh region, like the rest of the country, has been sluggish at best over the past year, but it has been positive. In December, the total number of jobs in the Greater Pittsburgh region was 1,129,100, up 9,100 over December 2009. Only four of our benchmark regions had higher job growth rates over the same period.

And while local job growth rate is negative over the longer

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two- and three-year periods, Greater Pittsburgh has suffered less from the recession than other regions and the nation as a whole, with a regional job loss of 1.8 percent between December 2008 and December 2010. The average loss among the 15 benchmark regions was 4.1 percent. Detroit suffered the most, losing 9.2 percent of its jobs over the same period.

The forecast for 2011 is for sustained moderate growth, says Stuart Hoffman, chief economist at PNC Financial Services Group and chairman of the Regional Economic Indicators Committee. Hoffman expects to see about 1 percent job growth this year (10,000 to 12,000 jobs) in our region's economy, concentrated in retail, financial services, and energy. This growth, which should also include some manufacturing jobs but fewer jobs in construction and government, should lead to further declines in the region's unemployment rate.

The Pittsburgh region's 2009 unemployment rate was 7.4 percent. After being higher—at times much higher—throughout most of 2010, the regional rate was at 7.5 in December 2010. The revised 2010 unemployment rate will be released in March 2011, and Hoffman predicts that the rate for 2011 will be “lower by three-quarters of a percent than the average for 2010.”

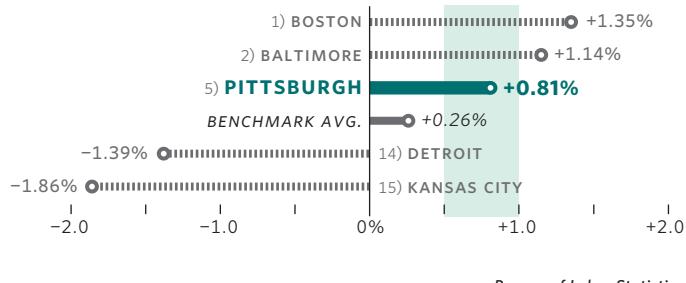
Wages, in addition to other sources of income, such as social security, pensions, investment dividends and government transfer payments, have a tremendous impact on a region's economy. Higher-paying occupations, such as those in the manufacturing sector, are especially important. And

while Pittsburgh's wages are still low compared with the 14 other benchmark regions, the gap is narrowing, according to the Bureau of Labor Statistics.

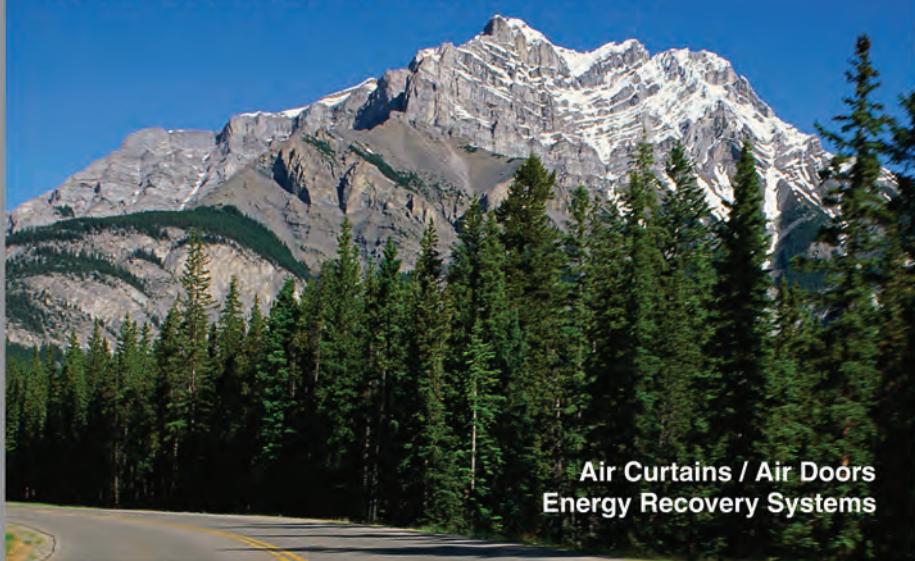
“Earned income is growing a little faster than in other

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JOB GROWTH | DEC. 2009-DEC. 2010 (% change)



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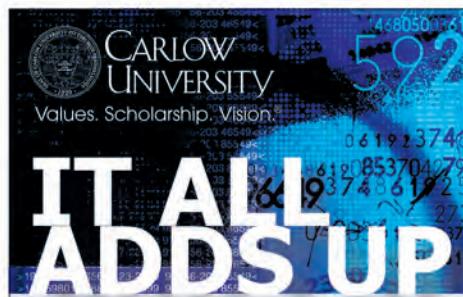


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regions," Hoffman says. In 2009, the average annual pay in the Pittsburgh region was \$44,234, a slight increase over the average wage in 2008. Only five benchmark regions had higher percentage increases and nine saw average pay decline in that period; the benchmark average change was -0.5 percent.

Certain Pittsburgh occupations do particularly well when compared to the benchmark regions. For instance the average 2009 wage for Pittsburgh family and general practitioners was \$190,760, fifth highest among the benchmark regions. In other occupations, for instance, elementary school teachers, Pittsburgh fares considerably worse. In 2009, the average wage for Pittsburgh elementary teachers was \$51,080, fifth from the bottom of the benchmark regions. The highest wage of any region was Boston, at \$62,120, and the lowest was Charlotte at \$32,590. For further information on how particular occupations compare with other regions, please go to pittsburghtoday.org

Hoffman predicts that 2011 will be "a year of restrained wage gains," likely hovering around 2 percent as was the case for 2010. He expects an increase in income from dividends, some decrease in government transfer payments and a total income scenario for 2011 that matches or slightly exceeds that of 2010.

In that context, Pittsburghers are likely to fare well in national terms because of our relatively low cost of living. In 2010,

Pittsburgh had the second-lowest overall cost of living among the benchmark regions, according to the Council for Community and Economic Research. Only St. Louis was lower. And in the housing and healthcare components of that index Pittsburgh's cost of living was the lowest of any region. In contrast, Pittsburgh transportation costs

were the highest. Overall, Hoffman expects "a moderate rise" in 2011 cost of living among the regions, including a sizable price rise in energy-related items.

The good economic news continued for Pittsburgh in venture capital investment. Young, entrepreneurial companies are vital to a region's economy and economic growth. Starting, financing, and growing young firms is a significant driver of job growth. And Pittsburgh's total

annual venture capital investment in 2010 was \$161 million, a 71 percent increase over the 2009 figure of \$94 million. The 2010 numbers from the PWC MoneyTree Survey rank Pittsburgh as fifth highest among the benchmark regions, behind Boston, Denver, Philadelphia and Baltimore—and nearly double the benchmark average of \$84 million.

While the amount of money invested is certainly important, that number can be skewed by a couple of big deals. Perhaps more important is the number of a region's companies that receive venture capital. And for 2010, 52 Pittsburgh-area firms were funded—

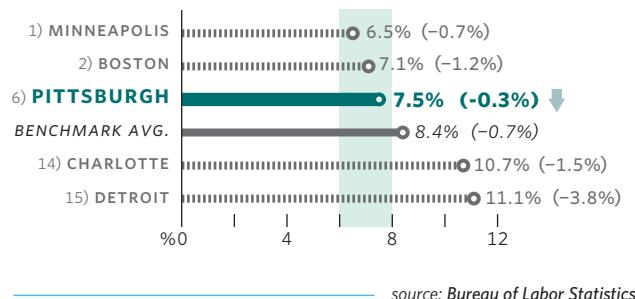
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For more information on how Pittsburgh stacks up, visit: pittsburghtoday.org

Many good things are happening in Pittsburgh, but none has the potential to shape the city's future in the way the Pittsburgh Promise® scholarship can. This extraordinary program is changing lives by inspiring and motivating our young people to pursue their studies beyond high school. Pittsburgh needs diverse, well-educated young people. By providing up to \$10,000 a year for qualified Pittsburgh Public Schools graduates, the Promise can energize our district and transform Pittsburgh's workforce.

Linda Lane, Superintendent
PITTSBURGH PUBLIC SCHOOLS

UNEMPLOYMENT RATE | DEC. 2010 (and % change from Dec. 2009-Dec. 2010)



Create job opportunities in under-resourced communities, which will have a dual outcome. It provides much-needed resources to families but also helps to address diversity issues. Focus on educating our young people to prepare them for specific sector positions (i.e. energy, technology, environment and finance). Build a comprehensive mass transit plan that helps our region leverage our geographic location along with our under-used, world-class airport. Reduce the amount of municipal entities and consolidate those functions which allow for better business growth and less taxes.

TOMORROW

Eric Mann, President and CEO
YMCA OF GREATER PITTSBURGH



Pittsburgh has a tremendous arts and cultural history, but the ongoing challenge for the arts, and non-profits in general, is the evolving landscape of philanthropy. Corporations and foundations have played a pivotal role in the successes of the Cultural District, but this support may shift as priorities change along with changing leadership. Nonprofits must focus on cultivating relationships with individual donors whose quality of life is impacted by the vitality of our organizations. This is a great challenge, but one of the greatest areas of opportunity for regional nonprofits.

J. Kevin McMahon, President and CEO
THE PITTSBURGH CULTURAL TRUST

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more than double the benchmark average of 23. In this measure, Pittsburgh ranked fourth among the benchmark regions, behind only Boston, Philadelphia and Denver.

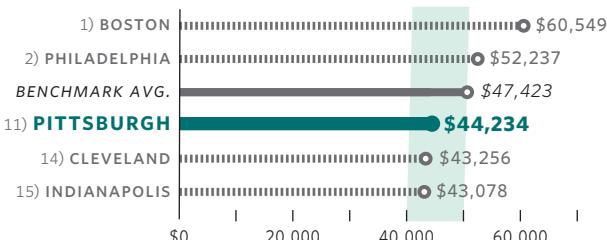
Another bright spot has been Pittsburgh's tourism industry, which has continued to flourish despite the recession. The

Pittsburgh region had higher hotel occupancy rates in 2010 than any other benchmark region, and the average room rate has increased significantly since 2008. The Marcellus shale boom is contributing significantly to this growth, especially in suburban and rural areas.

"The general affordability of homes is beneficial to this region and the fact that we didn't have the foreclosures, delinquencies and housing glut" that other regions experienced should position Pittsburgh well, Hoffman says. Additionally, Pittsburgh's commercial real estate market has fared well compared with other regions, with relatively higher occupancy rates, and lower percentages of vacancies.

The greatest single factor affecting any regional economy is the national economy, and as Hoffman says, "The national economy is transitioning to a self-sustaining expansion and the global economy is growing. This will have a positive impact on the Greater Pittsburgh regional economy in 2011." ■

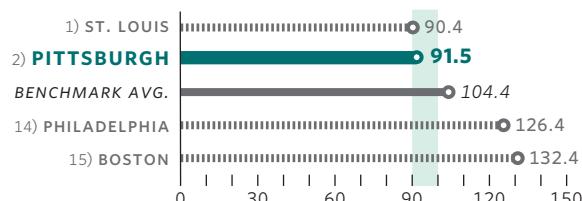
AVERAGE ANNUAL WAGE | 2009



source: Bureau of Labor Statistics

COST OF LIVING | 2010

(ACCRA Annual Composite Index, U.S. average = 100)



source: The Council for Community and Economic Research (C2ER)

Rick Armstrong

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Western Pennsylvania has great assets—especially in the areas of technology, healthcare, education, sports and the performing arts. However, in order for the region to flourish, we must create an environment that is conducive to business growth. We must attract companies that understand the tremendous resources available here and are willing to build and expand their businesses. This will generate new jobs, grow our local economy and provide support to sustain and grow the great assets we have.

Dr. Ken Melani, President and CEO
HIGHMARK INC.

TOMORROW

Nationally, healthcare continues to change and evolve. Managing care for an aging population with the increased need for chronic disease management requires the development of innovative technologies. A health information exchange that allows seamless and secure access—for providers and patients—with data collection at any point of care is the future of integrated healthcare delivery. As an epicenter for state-of-the-art healthcare delivery, the region's providers are poised to lead the transformation.

Norman F. Mitry, President and CEO
HERITAGE VALLEY HEALTH SYSTEM



Evidence abounds that Western Pennsylvania has forged a positive path into the 21st century. Pittsburgh has hosted the G-20 Summit, weathered the Great Recession and seen the emergence of higher education and health care as leading economic drivers. It is difficult to imagine further progress without modernized local government structures and

without schools that give all of our region's children the start in life that they deserve. Sustaining a "most livable Pittsburgh" in an increasingly competitive world also will require finding ways to deal, effectively and respectfully, with internal differences so that we can focus our energies on the external forces that will limit or enhance the possibilities that we can claim in the near term and begin building for the next generation.

Mark Nordenberg, Chancellor
UNIVERSITY OF PITTSBURGH





Jack Wolf

ENVIRONMENT

AIR QUALITY

TODAY



Cleaner, but not healthy enough

NOT SINCE THE DAYS BEFORE southwestern Pennsylvania's river valleys became home to heavy industry has the air we breathe been cleaner. The dense soot that earned Pittsburgh the reputation as the "Smoky City" is long gone. The region is more heavily regulated for air quality today than ever before. And yet, the air is still considered unhealthy by U.S. Environmental Protection Agency standards, exceeding the upper limits for ozone pollution and too-small-to-be-seen particles of soot known as PM_{2.5}.

The paradox doesn't end there.

In 2010, one of the region's most prolific sources of industrial emissions that form PM_{2.5} agreed to install new and more advanced pollution controls. That and an EPA regulatory proposal aimed at significantly lowering pollutants released from coal-burning power plants greatly improve the region's chances of meeting

PM_{2.5} standards within five years—even in the hottest of the region's air pollution hotspots.

Even then, long-awaited air quality "attainment" status will likely be short-lived, if it is achieved at all. EPA standards tend to be moving targets. And the agency is soon expected to ratchet PM_{2.5} standards even tighter in response to evidence linking lower levels of fine particle pollution to lung and heart disease, cancers and other serious illnesses.

A COMPLEX REGION

Key factors in understanding southwestern Pennsylvania's air quality include the region's topography, prevailing winds, local pollution sources and those located upwind in other states.

The region's rolling topography exacerbates its air quality problems. Unlike many regions of the country, air pollution in southwestern Pennsylvania is not uniformly distributed. Air quality in several areas of the region falls well within the current



acceptable EPA range for PM2.5, for instance, while the air quality readings in other communities fall short of regulatory compliance.

Take the region's river valleys. While attractive to heavy industries for the inexpensive water transport system they offer, few locations are worse in their ability to accommodate air pollutants. Poor air mixing and frequent temperature inversions in the valleys trap pollutants, creating intense pockets of unhealthy air. The hottest of these air pollution hot spots is a cluster of five communities immediately downwind of the U.S. Steel Clairton coke works, where recorded PM2.5 levels at the Allegheny County Health Department's Liberty Township monitor have for years been among the highest in the nation.

Pervading winds also greatly influence the region's air quality. They typically blow in from the west and southwest carrying pollutants from a dense concentration of Ohio River Valley and Midwest power plants, as well as from out-of-state industries and motor vehicle traffic in upwind cities. In fact, the majority of the particle pollution detected by southwestern Pennsylvania air monitors originates from out-of-state sources.

The Allegheny County Health Department's South Fayette monitor is one indicator of the quality of the air coming into the region. Annual PM2.5 readings from 2004 through 2008 show that particulate levels reached or exceeded 13 micrograms per cubic

meter in three of the five years. In other words, the air was already approaching the EPA's 15 micrograms per cubic meter annual PM2.5 limit when it entered the region.

RECENT TRENDS

Southwestern Pennsylvania contains two EPA "attainment areas" for air quality monitoring purposes: the seven-county Pittsburgh-Beaver consolidated metropolitan area and the Liberty-Clairton area near the U.S. Steel Clairton coke works in Allegheny County.

Both areas fell short of meeting annual PM2.5 and eight-hour ozone standards, despite a recent trend toward cleaner air. Perhaps most striking was the reduction in annual daily average PM2.5 at the Liberty monitor immediately downwind of the Clairton coke works. Levels there decreased from 21.4 micrograms per cubic meter in 2005 to 17 micrograms per cubic meter in 2008 before dropping to 15 micrograms per cubic meter in 2009.

Much of the sharp recent decrease in the levels of PM2.5, in particular, is associated with a recession-related drop in industrial activity, Allegheny County Health Department officials say. And that suggests the improvements will likely be temporary unless new measures are taken to control emission sources both local and in upwind states.

HELP ON THE HORIZON

The good news is that help appears to be on the way. Two recent developments, in particular, have the potential to improve the region's air quality significantly for years to come.

Better pollution control at the U.S. Steel Clairton coke works is one. In 2010, the Allegheny County Health Department and U.S. Steel signed a memorandum of understanding in which the company agreed to build two new, low-emission quench towers

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and install more effective pollution controls on several of the plant's older batteries. The agreement revised a U.S. Steel plan announced two years earlier to spend more than \$1 billion to upgrade its coke oven operations to make them more efficient and to reduce the level of pollutants they emit. U.S. Steel also shut down three of its oldest batteries in 2009 and is expected to replace them with a larger modern lower-emissions battery.

The proposed upgrades are expected to significantly lower plant emissions and are among the reasons why county Health Department modeling projects have reduced pollution levels low enough to bring the Liberty-Clairton area into compliance with EPA PM_{2.5} standards by 2015. Recent tests suggest the low-emission quench towers, in particular, could have a marked impact on the levels of particle pollution released from the plant.

"From our testing, we've found that the existing quench towers are emitting twice as much PM_{2.5} as we thought they were," says James Thompson, chief of the Allegheny County Department of Health Air Quality Program. "Around the country, people don't

usually test quench towers because it's difficult. But as part of a previous consent order, we required testing them and, as it turns out, the engineering estimates that everybody uses were wrong."

Also being counted on to help lower air pollution levels in the region is a proposed EPA rule for reducing ozone and PM_{2.5}-forming emissions from coal-fired power plants. The transport rule would cap emissions of sulfur dioxide and nitrogen oxides that often travel hundreds of miles on air currents, making it difficult for "tailpipe" regions like southwestern Pennsylvania to meet air quality standards. Proposed legislation in the U.S. Senate also seeks to reduce those emissions with a cap-and-trade program, and one such proposal also includes curbs of mercury emissions.

Whether the transport rule or proposed legislation will ever become law is another question altogether. The transport rule, for example, would supersede the Clean Air Interstate Rule, the implementation of which was slowed when it was struck down by a federal appeals court in 2008. "There is talk about the proposed transport rule, which will help," says Thompson. "But politics always come into this, and how that will affect the issue is something we don't know." ■

WATER QUALITY

The region faces billions in repairs to clean sewage from its rivers

A

FTER A RAIN, orange flags bearing the letters "CSO" flutter along southwestern Pennsylvania's rivers. They are indicators of both an important regional attribute and a long-standing challenge—abundant rainfall and aging, inadequate sewer and storm water systems.

CSO is the abbreviated warning of a "combined sewage overflow" and alerts boaters and other recreational users of the rivers to the presence of sewage diverted from overtaxed sewer systems designed nearly a century ago to handle both wastewater and storm water.

Each year, at least one-third of the recreational boating season on the region's rivers is lost due to poor water quality conditions caused mostly by sewage overflows, according to Allegheny

County Health Department data. Four times since 2000 such conditions claimed at least 50 percent of the season, which runs from May 15 through September 30. In 2004, CSO flags were flying during 90 percent of the season.

This kind of river contamination has lingered for nearly a century in a region that depends heavily on its rivers for drinking water. In Allegheny County, for example, about 90 percent of the drinking water is drawn from the rivers. Municipalities up and down the Ohio, Allegheny and Monongahela rivers may not have resolved the basic infrastructure problems at the root of the chronic overflows, but they have adapted by investing in sophisticated water plants to provide untainted, good-quality drinking water.

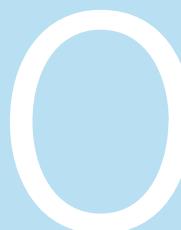
"The drinking water treatment plants in the region are quite advanced," says Jeanne VanBriesen, professor of civil and environmental engineering and director of the Center for Water Quality in Urban Environmental Systems (Water QUEST) at Carnegie Mellon University. "The presumption has been that, because we do have a sewer overflow problem, the water coming into those plants is not expected to be anywhere close to potable water quality. So extensive treatment is done; we do some fairly advanced engineering to it."

But water treatment, while necessary, does not address the

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Largely unseen, today's pollutants pose risks to air, water and health



NE OF THE CHARACTERISTICS of the major pollutants in southwestern Pennsylvania's air is that they are largely invisible. For more than 100 years, that was not the case.

Residents could see the pollution, and what they saw was dense soot, known as PM10. By 1985, however, the region had reduced that to levels low enough to meet federal environmental standards through a decades-long environmental recovery that earned national recognition and rid Pittsburgh of its sooty image.

But that visible threat masked the ozone pollution and fine PM2.5 particles that today linger over southwestern Pennsylvania and other regions throughout the northeastern United States in levels that exceed U.S. Environmental Protection Agency limits.

Those limits are based on scientific evidence associating air pollutants to health risks.

Studies suggest, for instance, that short-term exposure can trigger asthma attacks, while long-term exposure is associated with disorders such as reduced lung function, pulmonary congestion and heart disease. Mounting evidence also associates short- and long-term PM2.5 exposure with risks similar to those linked to smoking, including respiratory ailments, cardiovascular disease and cancer.

In December 2010, the Pittsburgh Post-Gazette reported in a series of articles that an analysis of Pennsylvania Department of Health data found the region's overall mortality rates for heart disease, respiratory disease and lung cancer to be significantly higher than what would be expected based on national rates for a comparable population. When adjusted for slightly higher smoking rates in Pennsylvania, the data showed the overall mortality rate to be more than 10 percent higher than would be expected, the newspaper reported.

CHARACTERISTICS AND SOURCES

Ozone, or smog, is one of the most widespread air pollutants regulated in the United States. This gas is formed by a reaction of sunlight and the vapors emitted when fuel is burned by cars and trucks, factories, power plants and other

sources. This process can take three or more hours to complete, meaning its impact is greatest several miles from its source. And ozone is largely a seasonal problem in climates such as southwestern Pennsylvania's, with its concentrations and health risks peaking during the summer months.

Unlike ozone, sulfur dioxide, nitrogen dioxide, lead, and most other regulated pollutants, PM2.5 is not a readily identifiable chemical compound or element. It is simply the total mass of particulate matter whose composition varies. These microscopic particles can consist of any number of compounds and are created by a variety of sources, the most prolific being coal-fired power plants, steel- and coke-making facilities, and motor vehicles.

The size of the particles has several implications. PM2.5 has a diameter that is a fraction of the diameter of a human hair, and as such is small enough to evade the body's

respiratory mucous membranes, nasal hairs and other defenses.

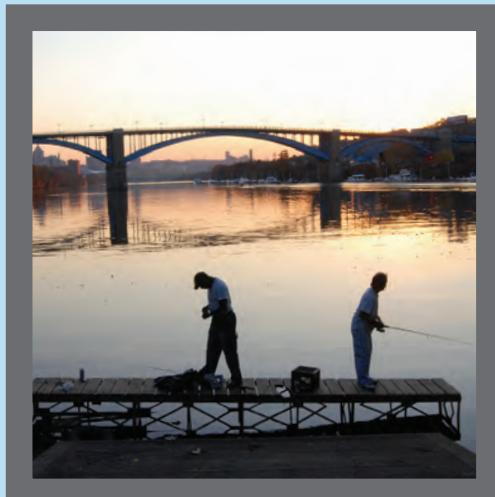
And once airborne, the microscopic particles are capable of traveling hundreds of miles from their source before being washed from the sky by rain—a characteristic that complicates local efforts to abate PM2.5.

WATER NOT IMMUNE

Airborne pollutants can also degrade water when they are washed from the sky and deposited in the watersheds below. "The association between air pollution and water quality is profound,"

says Conrad Daniel Volz, an assistant professor of environmental and occupational health at the University of Pittsburgh and director of the Center for Healthy Environments and Communities in the Graduate School of Public Health.

For several years, Volz and colleagues have studied fish taken from the rivers in and around Pittsburgh. Those studies found levels of mercury and selenium in the muscle tissue of fish that exceed EPA limits. They also reported that the levels were the highest in fish taken from the Allegheny River near Kittanning. Mercury and selenium are found in emissions from nearby coal-burning power plants. "We see quite definitively the deposition of air pollution from these plants falling in the watersheds north of Pittsburgh," says Volz. "That's why we believe the water impact, especially of these heavy metals, is due to air pollution." ■





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source of the chronic overflow problem that bedevils southwestern Pennsylvania and many other regions throughout the northeastern United States. Moreover, sewage overflows violate the Clean Water Act and raise the risk that restrictions will be imposed on adding new homes and businesses to municipal sewer systems.

LEGACY ISSUES

Construction of the region's sewage and storm water infrastructure began in the late 19th century. Early sewers in the City of Pittsburgh and surrounding communities were built as one set of pipes designed to carry both sewage and storm water away from streets, homes and businesses and direct it into the rivers.

Later, rising levels of sewage in the rivers led to the construction of wastewater treatment plants throughout southwestern Pennsylvania, the largest being the Allegheny County Sanitary Authority plant along the Ohio River, which was completed in 1959. Today ALCOSAN treats wastewater from 83 municipal collection systems, many of which are aging combined sewer systems.



Jim Judkis

The municipal systems are connected to the plant by a 90-mile network of large pipes called interceptors, which are located along rivers and streams. Outlets near the rivers and other regulating mechanisms control the flow from municipal collection systems to the ALCOSAN plant. When volumes are high, the control system diverts the sewage and storm water into the rivers, as had been the practice more than a century earlier.

This regularly occurs during a rain or snow melt, when a greater volume of storm water gets into the municipal collection systems through direct connections or cracked and leaky pipes. The high volume of combined wastewater and storm water over-

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whelms the collection system, and the untreated sewage overflows at hundreds of points before it reaches the ALCOSAN plant.

"The rivers meet water quality standards almost always during dry weather, although the smaller creeks are impacted almost continually," says John Schombert, executive director of 3 Rivers Wet Weather, a nonprofit working with local governments to address the overflow problem. "But our system is so sensitive to wet weather that in some parts of the region it takes less than one-tenth of an inch of rain to cause an overflow."

Chronic overflows that allow sewage into the rivers raise a number of health concerns and place a high burden on drinking water

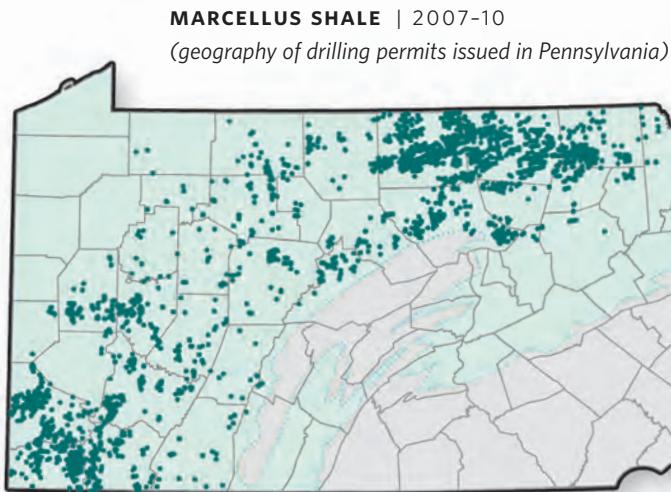
plants. Untreated sewage can be home to disease-causing organisms, such as giardia or cryptosporidium, as well as other risks.

Researchers have reported finding xenoestrogens in the flesh of fish taken from the Allegheny River. These estrogen-like substances, which have been associated with cancer cell growth, are found in many products commonly found in American households, such as laundry and dishwashing detergent, shampoo and cosmetics.

"We know there are of all kinds of xenoestrogens getting into water that are being accumulated in fish and that we can proliferate the growth of cancer cells from what we extract from the fish," says Conrad Daniel Volz, assistant professor of environmental and occupational health at the University of Pittsburgh and director of the Center for Healthy Environments and Communities in the Graduate School of Public Health.

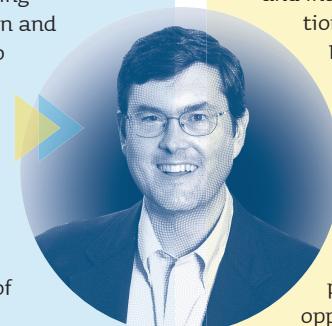
In addition to sewage overflows, the region has long struggled with water quality issues related to industrial pollutants, such as acid mine drainage. In 2010, for instance, high levels of bromide were found in the Monongahela River. The discovery triggered an investigation by the state Department of Environmental Protection to determine the source of the problem.

"The challenge we have as a nation and a society is to understand that almost everything that we put into the water somewhere is going to have to be taken out somewhere else," says VanBriesen. "You can take anything out of water. But it can be very expensive."



Researchers are monitoring the effects of drilling on regional water.

First and foremost, Pittsburgh needs the Pirates to return to our winning ways. We are doing everything possible to bring a consistent winner to PNC Park and reclaim the proud legacy of this historic franchise. We need to build on the rich entrepreneurial spirit that has transformed the area into a leading center of banking, education and healthcare. We also need to appreciate and protect the special natural landscapes that surround our region. The green mountains and clean streams of the Laurel Highlands host spectacular recreation opportunities as well as important pockets of natural diversity.



Robert Nutting, Chairman
PITTSBURGH PIRATES

This region needs to continue to plan and invest in our communities. Our region's health requires both a vibrant urban core and strong outlying communities. Cooperation and collaboration are key. Development and redevelopment plans are most successful when designed locally, by engaged citizens, with the financial and intellectual support of foundations and local government. Financial institutions must support this planning and be creative with their lending. The result can be a stronger region with quality housing and schools, sustainable jobs, safe streets, convenient transportation and vibrant cultural opportunities.

Robert P. Oeler, President and CEO
DOLLAR BANK

TOMORROW

One of our biggest challenges in the years ahead will be to resist taking for granted the tremendous strides our region has taken, especially in the past decade. If we want our transformation to be truly lasting—as our legacy for future generations—we must press ahead with efforts to protect our environment, expand opportunity and strengthen our quality of life, even as we take advantage of new economic opportunities in energy and other fields.

Grant Oliphant
President and CEO
THE PITTSBURGH FOUNDATION

tion over the long term. For the most part, that will require investing in major improvements to the region's sewer systems in order to prevent chronic sewage overflows.

Such an endeavor is expensive. Municipal sewer systems across the U.S., including those in southwestern Pennsylvania, have generally not benefited from routine investment in repairs and upgrades. Many are now reaching the end of their design life. Fixing the systems in Allegheny County, for example, is estimated to cost ALCOSAN and its member communities anywhere from \$3 billion to \$10 billion.

And making system-wide improvements is necessary if ALCOSAN and its member communities are to comply with a federal consent order that requires them to meet water quality standards by 2026 and all but eliminate annual overflows, which during a typical year number anywhere from 75 to 90 individual events.

The job requires overcoming substantial engineering, financing and governance challenges. 3 Rivers Wet Weather, for example, advocates a regional approach as the most efficient, cost-effective way to address improvements to the interconnected sewer systems. Such an approach, however, requires region-wide coordination and the cooperation of 83 disparate municipal governments, each of which is responsible for a portion of the network of sewer lines that feed the ALCOSAN plant.

Among the steps taken in recent years was a video inspection of all 4,000 miles of municipal sewer pipe and some 120,000 manholes. The initiative provided the data necessary for creating the first comprehensive map of the region's sewer system, which is being used to monitor its performance during wet weather, pinpoint problem areas, and help engineers set priorities for repairs and upgrades. "You have to be optimistic," says 3 Rivers' Schombert. "We are under a consent decree and that isn't going to change. And we need to make changes in governance and how we operate our systems. But the momentum is there to build on." ■

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Jim Judkis



HOUSING

TODAY

SLOW AND STEADY



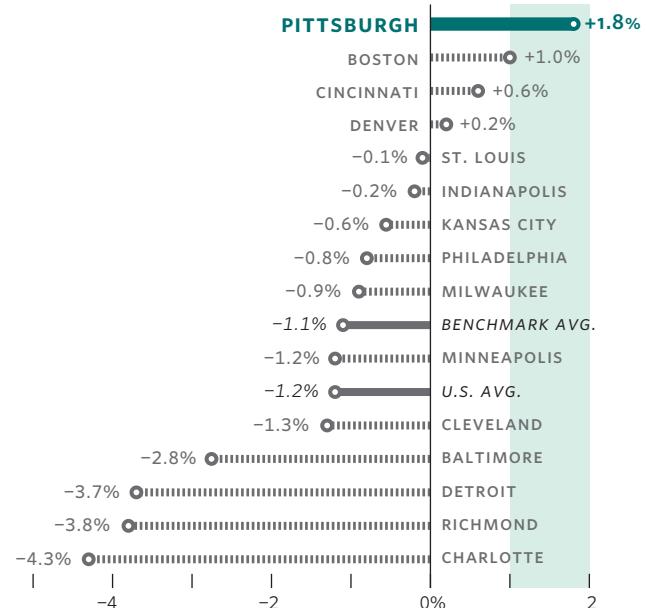
Pittsburgh homeowners
escape the national malaise

WHILE THE REST of the country continues to suffer from the fallout of steep declines in housing markets and high foreclosure rates, Greater Pittsburgh's housing market has remained stable and even prospered.

Over the past five years, home values in the Pittsburgh region have appreciated at a higher rate—9.4 percent—than those in all of the benchmark regions. Only four other regions—Charlotte, Richmond, Philadelphia and St. Louis—have seen positive appreciation over that period. The numbers from the third quarter of 2010 also show that Pittsburgh's one-year appreciation rate of 1.85 percent led all 15 regions. Only three others—Boston, Cincinnati and

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1-YEAR HOUSING APPRECIATION | 3RD QUARTER 2010



source: Federal Housing Finance Agency (FHFA)

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Denver—saw housing price gains in that period, according to the Federal Housing Finance Agency.

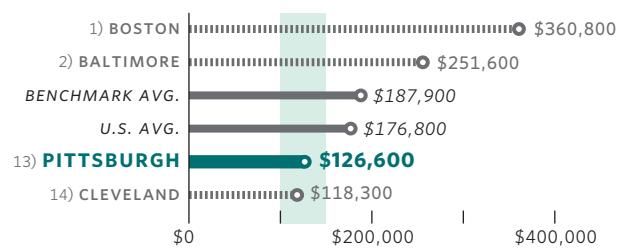
"It's a combination of Pittsburgh not being as variable a market as other regions and the foreclosure crisis," says Sabina Deitrick, co-director of the Urban and Regional Analysis Program at Pitt's University Center for Social and Urban Research. "In the recent period, the Pittsburgh market has been the anomaly," she says, not because Pittsburgh is doing remarkably well, but rather because of the foreclosure crisis having such a negative impact elsewhere. "It's been a different year for Pittsburgh."

As is well known here, Pittsburgh never experienced a housing bubble, in which prices ran up on both demand and speculation. As a result, there was no bubble to burst, no shock to experience. This relative price stability is reflected in the 10- and 20-year appreciation rates, where Pittsburgh is slightly above average and slightly below average, respectively, when compared to our benchmark regions.

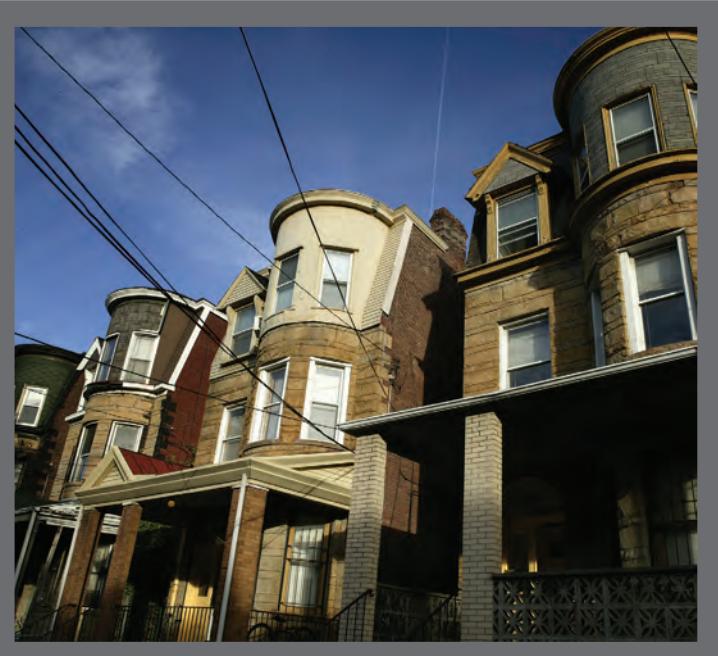
In terms of the cost of housing, the Pittsburgh region is still extremely affordable, contributing to an overall relatively low cost of living. The median sales price for existing single-family homes in the Pittsburgh region in the second quarter of 2010 was the second lowest of the benchmark regions at \$126,600, according to the National Association of Realtors. Only Cleveland had a lower median sales price at \$118,300. And Pittsburgh's median home sale price rose at a measured 1.9 percent

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MEDIAN SALES PRICE | 2ND QUARTER, 2009-10



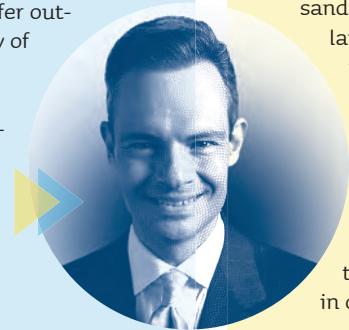
source: National Association of Realtors



Rick Armstrong

Conventional wisdom tells us that when someone is sick, a hospital provides the best care. Yet, while hospitals can provide great care, other sites can offer quality, personalized care that's often more efficient. We must transform healthcare as we know it. We can offer outstanding care in a variety of settings—in addition to the hospital—that place caring professionals closer to patients' homes to ensure broader access to high quality, affordable care in our region.

Dr. Christopher Olivia
President and CEO
WEST PENN ALLEGHENY
HEALTH SYSTEM



Allegeny County has worked hard to create a business climate that can compete with any region in the U.S. We've held the line on property taxes, created thousands of acres of shovel-ready land, streamlined the permitting process, and embraced sustainability. We've continued to invest in amenities that are important to businesses and their employees, such as arts, culture and recreation. We must continue to think and act competitively in order to grow our economy.

Dan Onoroto
ALLEGHENY COUNTY EXECUTIVE

TOMORROW

Opportunity: A sense of place is increasingly important. Perhaps it stems from the unnerving times in which we live, but people are returning or finding ways to stay in southwestern Pennsylvania rather than scrambling to get out. This is an opportunity for arts organizations to build audiences among our own populations, and also among those populations who are underserved or atypical. We need to break down barriers to the arts while continuing to nurture the audiences who have supported us steadfastly throughout the years.

Judith O'Toole, Director and CEO
WESTMORELAND MUSEUM
OF AMERICAN ART



from the second quarter of 2009 to the same period last year. Its rate of increase was in the middle of the benchmark pack but slightly above the U.S. average.

"The general affordability of homes is beneficial to this region," says Stuart Hoffman, chief economist at PNC, "and the fact that we didn't have the foreclosures, delinquencies, and housing glut" other regions experienced. Hoffman believes this is one of the key elements affecting our region's economy.

Over much of the past two decades, residents in other regions experienced a greater wealth effect as their greatest financial assets—their homes—appreciated dramatically. In the last five years, however, that wealth effect has turned negative in many regions as markets have fallen. By contrast, the relative wealth and economic power of Pittsburghers has risen in recent years.

In terms of foreclosures, Pittsburgh had the lowest rate

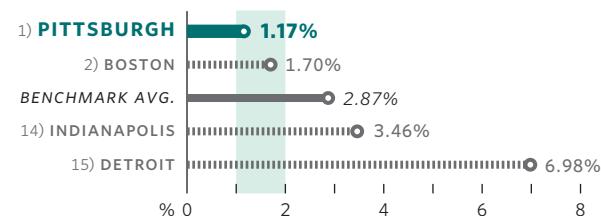
among all benchmark regions in 2010, with only 1.17 percent of all housing units being in some stage of foreclosure, according to RealtyTrac. Pittsburgh's rate was well ahead of second-placed Boston—1.70 percent; less than half the rate of the benchmark region average—

2.87 percent; and only a fraction of that of Detroit, which had the greatest foreclosure rate at 6.98 percent.

Aside from general price and economic stability in Pittsburgh, it may be that the region's relatively more conservative lending practices also explains part of Pittsburgh's lowest foreclosure rate.

Finally, in terms of home ownership, Pittsburgh continued to rank fourth among the benchmark regions with a home ownership rate of 71 percent according to the three-year average from 2007–2009 American Community Survey estimates. ■

FORECLOSURES | 2010 (as a % of total housing)



source: *RealtyTrac*

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Rick Armstrong

HEALTH

TODAY

A MATTER OF DIET



High heart disease and diabetes mar the region's health

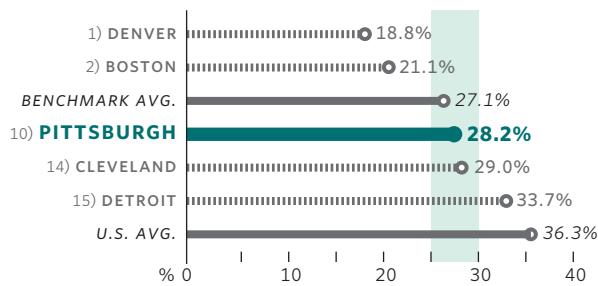
GREATERT PITTSTURGH HAS some of the world's finest doctors and hospitals, and it may be just as well that we do—because the region's overall health fares relatively poorly compared with other benchmark regions in a number of key indicators. In obesity, fatal heart attacks and diabetes, Pittsburgh is on the unhealthy end of the scale, rating higher in all three than the benchmark average, according to data from the Centers for Disease Control and Prevention.

"We've got a lot of hospitals, a lot of very good physicians, and relatively few people who are uninsured, but these things actually have a very small impact on mortality," says Dr. Lewis Kuller, a University of Pittsburgh epidemiologist.

The numbers point to a convergence of unhealthy lifestyles and socioeconomic factors that present considerable challenges to the health of the region. Yet Pittsburgh is by no means the only

OBESITY | 2009

(% of adults reporting a body mass index, or BMI, of 30.0 or more)



source: Centers for Disease Control and Prevention

place where unhealthy lifestyles have created public health problems. The CDC now calls the U.S. "obesogenic," because Americans' high-fat, high-calorie diets and lack of exercise are breeding grounds for obesity.

Obesity leads to hypertension, stroke, diabetes, and heart disease, the No. 1 killer in the U.S. In this critical area, Pittsburgh

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The things we do for solid relationships.



WEALTH MANAGEMENT

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Our team of financial advisors brings 65 years of combined experience.

Pictured left to right:

Robert Lepre, Sr. Vice President;
Bernadette Smith, Sr. Vice President;
Daniel Koller, Jr., Sr. Vice President.



The things we do for dreams.

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has plenty of room for improvement. Pittsburgh's 28.2 percent obesity rate among adults for 2009 was tied for fifth-highest among the 15 benchmark regions and just above the benchmark averages of 27.1. Denver had the lowest rate of obese adults at 18.8 percent.

The region also fared very poorly in heart disease, according to 1999–2005 averages. Among adults 35–64, Pittsburgh had 31.7 fatal heart attacks per 100,000 people, second only to St. Louis, which had 40.9. In Pittsburgh, both black and white men fared the worst, with numbers well above their peers in other regions.

The poor marks also extend to diabetes. The Pittsburgh region had the third-highest incidence of diabetes among the benchmark regions in 2009. With 9.5 percent of adults suffering with diabetes, Pittsburgh trailed only Detroit—10.6 percent—and Cleveland—10.5 percent. And Pittsburgh was significantly higher than the benchmark average of 7.9 percent. Among adult white Pittsburghers, 8.9 percent were diabetic in 2009, compared with 15.8 percent of African Americans.

With the relatively high incidence of obesity, heart disease and diabetes, we might expect Pittsburgh to rank high in its percentage of smokers. Surprisingly, however, the 2009 data show Pittsburgh has a slightly above average percentage of non smokers—81.5 percent, compared with the benchmark average of 81.2 percent. And Pittsburgh's percentage of smokers (18.5) is just below the benchmark average of 18.8 percent. Pittsburgh also is a virtual anomaly in that women here smoke more than men—19.3 percent to 17.6. This bucks the national and the benchmark statistics as well. Among the 15 benchmark regions, only Kansas City also saw more female smokers than male, but the sexes there were nearly even.

Another surprise comes in physical activity. Among the 15 regions, Pittsburgh is pretty active, ranking fourth-highest in the percentage of adults getting sufficient physical activity. The 2009 numbers show that 41.8 percent of Pittsburghers get enough activity, trailing only Richmond (45.1 percent), Denver (43 percent) and Minneapolis (42.1 percent).

Rick Armstrong

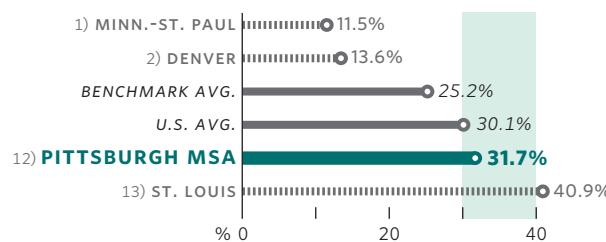


Without the expected culprits of smoking and sedentary lifestyles, "The only explanation left is diet," says Dr. Bernard Goldstein, professor of public health and former dean of the Graduate School of Public Health at Pitt. "We are simply consuming more calories than we can burn."

Access to healthcare can't be blamed either. Compared with the other regions, Pittsburgh's uninsured amounted to 9.6 percent of

FATAL HEART ATTACKS | 1999-2005

(% of heart attacks resulting in death)



source: Centers for Disease Control and Prevention

The natural gas boom being witnessed by southwestern Pennsylvania has the potential to benefit the region's economy far beyond just the energy industry. Responsible development of the Marcellus shale—undertaken by qualified operators and accompanied by an appropriate level of regulatory oversight—can bring thousands of jobs to this region, while helping our nation achieve energy independence, improved air and water quality and reduced greenhouse gas emissions. We should take advantage of this once-in-a-lifetime opportunity, and we must do so in the right way.

TOMORROW

To ensure a growth trajectory for our region, we must cultivate an inclusive business environment that attracts international talent and ensures a steady stream of capital. I believe these two elements are inextricably linked to our future success. A diverse and inclusive business climate is essential because innovation and new business creation are byproducts of an open business culture. We cannot stop there, as this innovation-driven ecosystem relies on high-risk growth capital to thrive.

Pittsburgh was an early leader in the green building movement. We need to capitalize on this and broaden our commitment to sustainability by harnessing the tremendous amount of talent that exists in the people of our region. Innovation and hard work have been hallmarks of Pittsburgh and will be our future. Pittsburgh led the last industrial revolution; we have the opportunity to be leaders in the next industrial revolution—which will be a green revolution.

Richard Piacentini, Executive Director
PHIPPS CONSERVATORY
AND BOTANICAL GARDENS

David Porges, President and CEO
EQT CORPORATION

Audrey Russo, President and CEO
PITTSBURGH TECHNOLOGY COUNCIL



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American smokers in 2007, the third highest percentage in 2008 and second highest percentage in 2009.

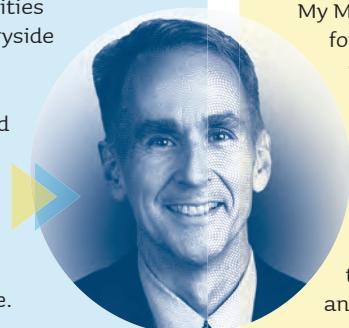
"The ideal solution is to raise the level of education, socio-economic status, and jobs for everybody," Dr. Kuller says. "If everybody would have a post-college degree, the rates of heart disease would go down." In lieu of this, Dr. Kuller suggests more "shoe leather" public health workers, who can do the slow and difficult work of changing attitudes and behavior about healthy living.

In one other area, Pittsburgh's health habits appear to have a correlation to higher mortality rates. Though the studies are not for the same years, the 2004 numbers show higher rates of breast cancer mortality for both white and black women in Pittsburgh, and lower incidence of having mammograms, which can detect breast cancer early. Particularly in white women, the breast cancer mortality rates are high compared with other regions—the second highest among benchmark regions at 27.3 per 100,000, behind only Philadelphia's 29.3.

In 2006, white women in Pittsburgh had the second-lowest rate of having mammograms among the benchmark regions—72.5 percent; and black women had the lowest rate among their counterparts in others regions—57.9 percent. In 2008, the numbers improved for both.

Dr. Nancy Davidson, director of the University of Pittsburgh Cancer Institute and the UPMC Cancer Centers, says she is encouraged that mammography rates inched up from 2006 to 2008 for both black and white women in the region. Only three other cities experienced gains for both groups. "It looks like we're improving in terms of our screening, and that wasn't true for some of our sister cities." ■

Visitors, residents and planners recognize Pittsburgh as visually stunning, with the urban density and form that make a great city. Equally significant is its beautiful natural setting between two important rivers, ringed by hills, with places for outdoor recreation—such as the Laurel Highlands and McConnells Mill—with a short drive. Few U.S. cities have such scenic countryside so close. We must preserve our magnificent natural assets and avoid becoming a sprawling region that loses its character. Our region's special beauty is one of our keys to economic health and quality of life.



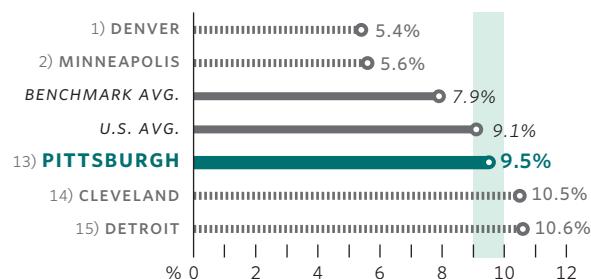
Thomas Saunders, President and CEO
WESTERN PENNSYLVANIA
CONSERVANCY

As a Pittsburgh native, I fondly remember growing up in this great city and experiencing the excitement of Downtown. Much has changed, while some things have thankfully remained the same. It's an honor to ensure some of our traditions continue such as Macy's Downtown store's holiday window displays and the My Macy's Holiday Parade. However, for a city to continue to flourish, we need to continue looking ahead and provide an array of new opportunities for growth, including business, retail—all competition is good—arts and entertainment and housing. Let's keep the spirit of our Downtown new and exciting.

Russell Schutte, Senior Vice President,
Director of Stores, Midwest Region
MACY'S

DIABETES | 2009

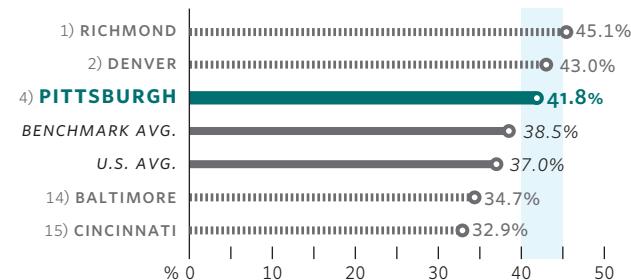
(% of adults affected)



sources for both: Centers for Disease Control and Prevention

PHYSICAL ACTIVITY | 2009

(% of adults reporting sufficient levels)



Additional health data

awaits at:

pittsburghtoday.org

TOMORROW

In the last year, we've seen respected national publications talk about Pittsburgh with high regard, commending our education system, medical facilities, sports teams, Cultural District and more. Being born and raised here and still living in the area, I say with some authority, we are fortunate to raise our families in such a city. But a common thread that runs through all of our achievements could derail if dedicated funding for public transportation (Port Authority) is not passed by the state legislature. A first-class city needs a first-class public transit system.

Jack Shea, President
ALLEGHENY COUNTY LABOR COUNCIL

John Altdorfer



EDUCATION

TODAY

EXPLORING EDUCATION



IN SOUTHWESTERN PENNSYLVANIA and across the state, significant progress has been made in preparing more young children for success in school, yet gaps in serving some of the region's most vulnerable children remain.

The good news is that children in half of the counties in the 10-county Pittsburgh region are at low risk or moderate-low risk of failing in school, including those in Allegheny Co., the region's most densely populated county. The troubling news is that four other southwestern Pennsylvania counties are identified as places where children face a high risk of school failure.

The ratings are part of the "Program Reach and Risk" assessment by the state Office of Child Development and Early Learning for the 2009–2010 fiscal year. The annual study is done to help the state identify communities at risk and determine how many children are being reached with quality early learning programs that can help lessen the risk of school failure.

It is one of many indicators that provide a glimpse of education in the region.

Pittsburghtoday.org routinely publishes two regional edu-

The region gets high marks in readiness and attainment but faces declining enrollment

cation indicators—school enrollment and education attainment—that compare the Pittsburgh region with other regions in the nation. Recent data show that the Pittsburgh MSA ranks favorably in terms of the percentage of residents who complete high school and the percentage of residents with an associate's degree. But overall school enrollment in Pittsburgh has fallen steadily in recent years.

EARLY EDUCATION

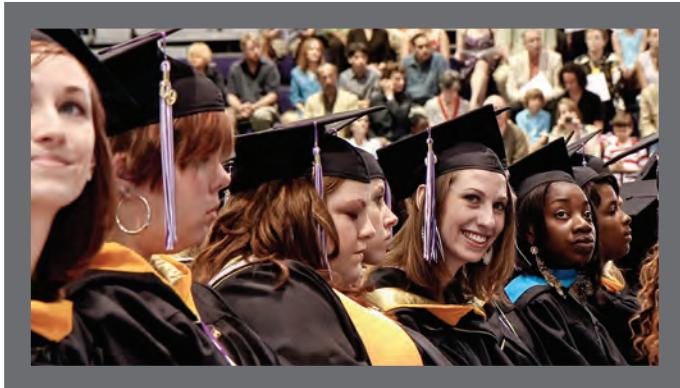
Developments over the past two decades underscore the importance of providing children with quality early education opportunities. Advances in brain research, for example, reveal

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that much of the brain's development occurs very early in a child's life and that stimulation early in life and supportive relationships greatly influence that development. And the past decade has seen increasing numbers of young children in childcare arrangements or preschool as family economics and welfare-to-work reforms lead more mothers to seek employment.



A number of factors have been found to increase the risk of a child failing in school, including low family income, low birth weight, a mother not receiving adequate prenatal care, poor student performance in the school the child attends, and so-called "toxic stress" factors, such as exposure to violence, physical and emotional abuse, and neglect.

Several programs show promise in lessening those risks. They range from Head Start, the preschool program for 3- to 5-year-olds funded with federal and state dollars, to initiatives such

as Pre-K Counts, a state-funded, intensive preschool program for at-risk children in Pennsylvania.

Each year, the state Office of Child Development and Early Learning considers children's enrollment in such programs along with several county-specific risk factors to rate each county's risk of school failure. The rough measure, which is intended to identify areas in need of early education support, rates counties as low risk, moderate-low risk, moderate-high risk or high risk.

In Greater Pittsburgh, children in Butler Co. were at low risk of failing in school during the 2009–2010 fiscal year. Allegheny was among four counties rated moderate-low risk, the second most favorable rating a county could receive. The combination of high percentages of children at risk and insufficient numbers of children in quality early-education programs resulted in four other counties being identified as places where children are at high risk of school failure.

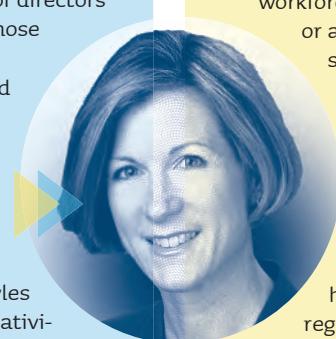
In Allegheny County, for example, the number of children in economically disadvantaged families is below the state average, as are other indicators of risk, such as births to mothers who do not receive prenatal care. The percentage of mothers with less than a high school education is about half the statewide average. And more than 39 percent of children under age 5 are involved in state-funded quality early-education programs, which is greater than the statewide average. In Fayette Co., one of four that received a high-risk rating, the percentage of children in families considered economically disadvantaged is much higher than the state average. The county's rate of mothers with less than a high school education also is higher than the statewide average. And the percentage of young children in early education programs is below the average across the state.

Such disparity, while signaling the need for improvement,

John Altidorfer

Recent research shows a correlation between gender-balanced leadership and organizational performance. A McKinsey study found the return on equity of Fortune 500 companies with three or more women on their board of directors was 83 percent higher than those with zero. To succeed in an increasingly multicultural and complex world, our leaders need to focus on integration of new ideas, participative decision-making, collaboration and inclusiveness—female leadership styles. The complementary skills and styles of men and women foster creativity and synergy—elements key to our future success.

Bernadette Smith, Senior Vice President & 2010 Greater Pittsburgh Athena Award Winner
FIFTH THIRD BANK



Others will probably say our greatest challenges will be developing a talented workforce, global interdependence, or achieving environmental sustainability. I'm concerned that none of these crucial issues will be resolved if we don't first learn how to engage our neighbors and the world with greater civility and respect. My experience here in the Pittsburgh region leads me to believe we can become the leaders in that effort as we have for other great civic transformations.

Robert Smith, President
SLIPPERY ROCK UNIVERSITY

Get the facts on
Greater Pittsburgh. Visit:
pittsburghtoday.org

TOMORROW

Southwestern Pennsylvania is the leader in energy technology, and the coal and gas industry is vital to this region's economic and employment outlook. We as a region, however, need to pool our resources and work together to sever our dependence on foreign oil. The bigger challenge, of course, is finding a way to achieve this goal and protect our environment and precious natural resources at the same time.

Pam Snyder, Chair
GREENE COUNTY COMMISSIONERS



ALLEGHENY COLLEGE

Recently, Kiplinger's named Allegheny as one of the top 100 "Best Values" among the nation's liberal arts colleges.

Recognition in the country's top college guides and rankings doesn't happen overnight. Since 1815, the accomplishments of our students have continued to strengthen the value of the Allegheny diploma.

Allegheny students combine their interests and talents to develop skills that employers seek most in today's global economy—being creative, analytical and innovative.

This is the Allegheny College culture.

Unusual combinations.
Extraordinary outcomes.

Spring Visit Days

Friday, April 15

Saturday, April 30

allegheny.edu/unusualcombinations
(800) 521-5293 • admissions@allegheny.edu

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believes the fact that the region and state have made significant progress in recognizing the critical role early education plays in children succeeding in school, in setting standards and in creating an infrastructure for improving early literacy and other aspects of school readiness. Only 10 years earlier, Pennsylvania was among the worst states in providing quality pre-kindergarten education. Today more state dollars are being spent on early education. And in southwestern Pennsylvania, early learning initiatives are attracting considerable private sector support as well.

Keystone STARS is an example of such progress. The initiative was created to raise the quality of child-care in neighborhoods across Pennsylvania by offering providers training and other assistance to improve their ability to promote early learning and by giving them financial incentives to do so. It has become so popular among providers that there is often a waiting list for the training and other support that is offered free of charge.

"There's been tremendous improvement in early education," says Laurie Mulvey, director of the University of Pittsburgh Office of Child Development Division of Service Demonstrations. "We have a system that supports programs to become better and programs want to do better."

Preparing more young children to enter school ready to learn does not guarantee their long-term success, however. That is influenced by several factors, not the least of which is the quality of education they find in the schools they attend during their academic careers. "The probability is greater today that a kindergarten teacher will get a child who is ready for school," says Raymond Firth, director of the Division of Policy Initiatives at Pitt's Office of Child Development. "But if you throw them into a school that is not that good, they are going to slip backward."

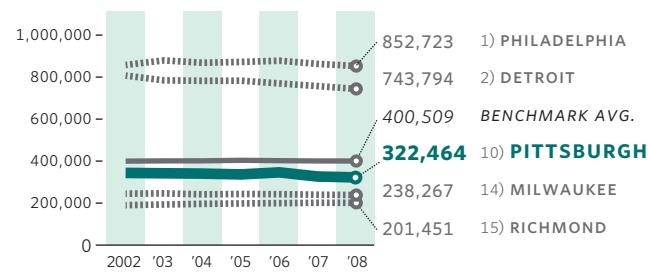
SCHOOL ENROLLMENT

Overall school enrollment in southwestern Pennsylvania has steadily fallen for the better part of a decade, although the decline has slowed in recent years. This trend has affected both public and private schools.

Public school enrollment in the Pittsburgh MSA, for example, dropped about 6 percent from 2002 to 2008, but slowed to 1 percent from 2007 to 2008. The region was not alone. Among the 15 benchmark regions, public school enrollment has declined in eight.

The Pittsburgh Public Schools, the region's largest district, has witnessed a

SCHOOL ENROLLMENT | 2002-08



source: National Center for Education Statistics (NCES)

profound decline in students, with enrollment falling 32 percent over the past 10 years. However, the decline has slowed recently, with enrollment in 2009 about 3 percent lower than in the previous year.

The city public school district is not alone. Overall public school enrollments have declined since 2000 in nine of 10 counties in the Pittsburgh region. Only in Beaver Co. did overall public school enrollment increase.

Enrollment trends are influenced by many factors and in many ways reflect other regional trends. For example, the economic decline endured by municipalities in the industrial valleys of southwestern Pennsylvania led to a loss of population, including students who had attended local schools. Whatever the reasons for sagging enrollment, a significant loss of students in a district has implications, including an increased possibility of school closings,

mergers, escalating costs, and reduction of the district's work-force.

Declining enrollment has been addressed in several ways within the region. For example, the Center Area and Monaca school districts dealt with enrollment decline by voluntarily merging in 2009. Other districts have tried to improve the quality of their instructional programs and resources to attract students.

"The growth of Pine-Richland would be an example of that," says Jerry Longo, a visiting associate professor of education at the University of Pittsburgh and co-director of the Educational Leadership Initiative. "If you go back 20 years, it was a small rural district. Today, it's one of the largest in Allegheny Co. One of the reasons is that the system developed innovative programming and a good reputation for education."

The Pittsburgh Public

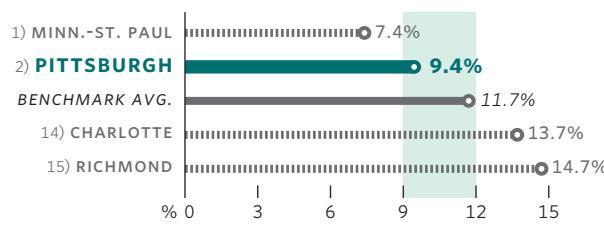
Schools are developing education and system reforms around the Pittsburgh Promise, an initiative funded by community contributions that guarantees graduates who meet academic and attendance requirements up to \$40,000 in scholarship dollars to attend state-supported colleges and universities, community colleges and some trade schools. The city public schools also recently received \$40 million from the Bill and Melinda Gates Foundation for initiatives to improve the effectiveness of their teachers. "They are trying to be innovative because in the end a scholarship for most people is not going to draw them into the city," says Longo. "But a scholarship coupled with a quality education might be the formula they are after."

The southwestern Pennsylvania region has an opportunity to once again be an industrial leader in the world. The discovery of Marcellus and Utica shale gas reserves and the new technology of horizontal drilling to extract the gas would put our region on the global map. We have the opportunity to create thousands of family-sustaining jobs, but we have to do it in a safe and clean environmental way.

Joe Spanik, Commissioner
BEAVER COUNTY

ATTAINMENT | 2007-2009

(% population (age 25+) with less than a high school diploma)



source: U.S. Census Bureau

EDUCATIONAL ATTAINMENT

Southwestern Pennsylvania stands out in a number of categories that measure the level of education its residents have achieved.

In fact, the 2006–2008 American Community Survey estimates show that the Pittsburgh MSA, when compared with other benchmark regions, can boast the second lowest percentage of residents with less than a high school diploma and the highest percentage of residents who've earned a high school diploma or GED.

"Across the region we are pretty strong in terms of school completion," says Longo. "One of the benefits we have in western Pennsylvania

is strong community colleges for young people and adults to continue their education and to address some of the workforce needs. We also have phenomenal higher education opportunities. It's part of who we are as a region and it is one of our strengths."

Educational attainment was one of six measures that accounted for Pittsburgh's high literacy ranking in a 2010 study done by Central Connecticut State University. Other measures included the number of bookstores, newspaper circulation, number of magazines and journals, Internet use and library resources. Based on the data, Pittsburgh was ranked the fifth most literate city in the nation behind Atlanta, Minneapolis, Seattle and Washington, D.C. ■

TOMORROW

Manufacturing is critical to sustaining a diverse, vibrant and wealth-creating economy. Without it, our region faces a long-term decline, no matter how successful we may be in the other categories. Each link in manufacturing's strong, extensive supply chain creates jobs—jobs that historically have paid family-sustaining wages. The deep and lasting impact of the recession has shown that the principles of a purely service-based economy espoused by some academicians as our nation's future are best left as theories.

John P. Surma, Chairman and CEO
UNITED STATES STEEL CORPORATION



We need to instill the importance of personal giving to the region's nonprofits. It's easy to assume that others will do this for us. The arts are a major reason why Pittsburgh is hailed as a top region in which to live and work. However, the cost of admission does not cover the cost of the experience. A special Pittsburgh is Art Day of Giving will be held May 11. Make a gift directly to the organization of your choice at www.pittsburghgives.org.

Mitch Swain, CEO
GREATER PITTSBURGH ARTS COUNCIL



Renee Rosensteel

PUBLIC SAFETY

TODAY

A SAFE HAVEN



High safety marks mean good quality of life for most residents

F YOU WANT TO LIVE IN A SAFE metropolitan area, Pittsburgh is the place to be. Among the 15 benchmark regions, Greater Pittsburgh ranks No. 1 in overall public safety. This is according to FBI statistics and a comparison of Pittsburgh's rates in a group of major crimes: aggravated assault, burglary, forcible rape, larceny theft, motor vehicle theft, murder, and robbery. Crime rates are always higher in core cities than their surrounding region, and Pittsburgh is no different. But even compared to core cities of its size, Pittsburgh has a lower than average crime rate for most types of offenses.

It's difficult to overestimate the value of public safety in terms of a region's quality of life. However, the good news these numbers paint obscures a sobering fact. In low-income neighborhoods, crime is often a fact of life, and, despite declining crime rates overall, homicide rates for black men continue at very high levels in the region.

PROBLEM POCKETS

As Pittsburgh community activist T. Rashad Byrdsong puts it, "it wasn't so safe for the people that got killed last year." Byrdsong is president of the Community Empowerment Association, which offers programs and services for inner-city youth. He lays the blame for high crime levels in some neighborhoods on a lack of opportunities, economic and otherwise, and a toxic mix of guns, the drug trade, and social pressure from peers.

Crime has devastating psychological and emotional impact on those communities most afflicted by it, says Stephanie Walsh, executive director of Pittsburgh's Center for Victims of Violence and Crime. "Crime in areas where it's more prevalent can be numbing. It paralyzes people. You have this layer of traumatic stress. It just becomes a part of everyday life."

Violent crime tends to arise as a result of competition for drug turf, robbery or simply rivalries among young men, says Allegheny

County Police Superintendent Charles Moffatt. "A lot of it's fueled by the drug trade, but most of it is one guy dissing another guy, disrespecting him in some way or another."

Such violent crime disproportionately affects the region's African American communities. After leading the nation in the rate of black homicide victimization, Pennsylvania dropped to second in the country, behind Missouri, according to a January report by the Washington D.C.-based Violence Policy Center. The group analyzed FBI homicide victim data from 2008 for 49 states, excluding Florida; the murder rate of black victims in Pennsylvania was 31.5 per 100,000 in 2008, second only to Missouri's rate of 39.9 and well above the national black victimization rate of 18.2.

A further breakdown of the FBI data shows the murder rate for blacks in the Pittsburgh region was 49.5 per 100,000. By comparison, the homicide rate for whites was 1.2, well below the national overall rate of 4.9 for all victims and 3.0 per 100,000 for white victims.

Multiple efforts are under way to combat the problem. The Pittsburgh Initiative to Reduce Crime uses a method pioneered in Boston by the criminologist David Kennedy. The program identifies known gang members and gives them a choice. If they choose job training and other services, they are rewarded. If any

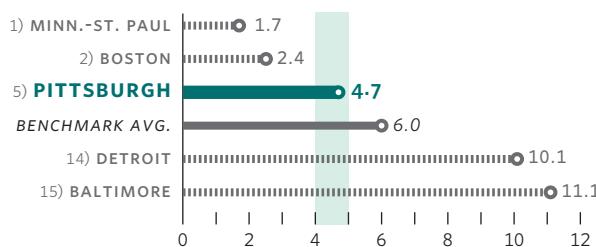
John Altdorfer

Funding equity and high-stakes testing are crippling our schools. Instead of implementing legislation with sanctions that further the funding imbalance, school systems could focus on differentiated and sustained professional development, grade-school literacy and numeracy, and high school graduation rates. Comprehensive, coherent and ambitious district plans would build on the successful practices of their neighbors and would increase staff levels so that teachers would have more study, collaboration, and planning time.



**Michelle Switala, Math teacher and
2010 Pennsylvania Teacher of the Year**
PINE-RICHLAND SCHOOL DISTRICT

MURDER RATE | 2009 (per 100,000 population)



source: FBI Uniform Crime Reports

member of the gang commits a serious crime, the whole group faces strict legal consequences. The program is only six months old in Pittsburgh—too early to show appreciable results—but local law enforcement officials say the young men targeted by the program are beginning to get the message.

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Our region has an abundant, reliable, renewable, natural resource—water. Our water provides industry and energy, commerce and transportation, and recreation and health, and it presents challenges as well as opportunities. Water and sewer infrastructure and river transportation systems were built by former generations, and represent their investment in the future. With advances in information technology—from sensing to data management—our investment in this critical life-enabling water infrastructure has the potential to transform our world and build a sustainable society.

**Jeanne M. VanBriesen, Professor of
Civil and Environmental Engineering**
CARNEGIE MELLON UNIVERSITY

**Get to know our region
by the numbers:
pittsburghtoday.org**

TOMORROW
Our region is blessed with an abundance of natural resources, but we are faced with the challenge of developing them in a manner that protects the environment and allows our region to prosper and contribute to our nation's goal of energy independence. Our vast coal reserves and the Marcellus shale provide our region with economic assets unparalleled in our history. But with this benefit comes the responsibility of protecting our water and environment.

**Diana Irey Vaughan, Commissioner
WASHINGTON COUNTY**



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WHY IS PITTSBURGH SAFER OVERALL?

Al Blumstein, a criminologist at Carnegie Mellon University, believes part of the reason for metropolitan Pittsburgh's comparative safety is its relatively stable population. There aren't as many people moving into the region, and movement within the region is relatively low as well. This stability creates "social control," which acts as a brake on criminal impulses.

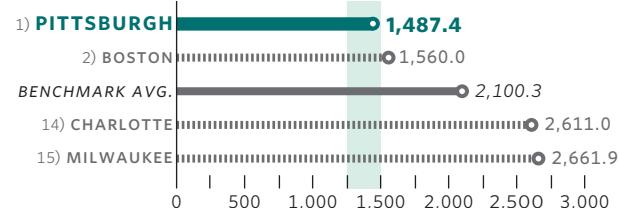
"The idea of social control is that a person doesn't do crime because there are lots of people around that he cares about and he doesn't want to embarrass them by getting caught doing crime. With a lot of strangers coming in who don't have the connections you find in a more stable environment, you'll have more crime," Blumstein says. "If it's the same people hanging around, that serves as a stronger social control."

Criminologists have debated what causes crime rates to go up or down. Economics, new policing tactics, and tougher sentencing laws have all been cited as possible reasons why the country's crime rates have dropped in recent years to 1960s levels.

Another, far simpler reason might also explain the region's low crime rate. A favorite adage of criminology is that the best crime deterrent is a 30th birthday. The bulk of crime is committed by teenagers and young adults. And among the 15 benchmark regions, Pittsburgh is the oldest. Blumstein, however, doesn't think age alone explains Pittsburgh's relative safety. There are plenty of young people in Pittsburgh, he says, to cause crime.

Whatever the causes, the region's overall safety is a major asset, even as efforts progress to reduce crime in the most afflicted areas. ■

LARCENY-THEFT RATE | 2009
(per 100,000 population)



source: FBI Uniform Crime Reports

You'll be inspired, naturally.

American Landscapes: Treasures from the Parrish Art Museum

January 30 – April 24, 2011

We are drawn to landscape images for their descriptive evocations of the natural world and for their power to remind us of places we have known. This, a selection of thirty-nine 19th and 20th century American landscape paintings on loan from the Parrish Art Museum in Southampton, NY, invites you to consider how artists have viewed and interpreted the landscape from realism to abstraction. These works of art will stir your feelings and reconnect you with the landscape around us – through artists' eyes.



THE WESTMORELAND
The Place for American Art

221 N. Main Street, Greensburg, PA 15601
724.837.1500 www.wmuseumaa.org

American Landscapes: Treasures from the Parrish Art Museum was organized by the Parrish Art Museum, Southampton, New York.

PENOBCOT BAY WITH YELLOW FIELD, 1968, Fairfield Porter (1907-1975). Oil on canvas, 37½ x 54½ inches.
Funding for American Landscapes: Treasures from the Parrish Art Museum exhibition is provided by The Heinz Endowments, Henry L. Hillman Foundation, Highmark Blue Cross Blue Shield, and Millstein Charitable Foundation.



Jim Judkis

GOVERNMENT

TODAY

A TIME BOMB



Public pension liabilities threaten the region's governments

IT'S WELL KNOWN THAT GREATER Pittsburgh is peculiar in the U.S. for its number of government entities. With 907, Pittsburgh has more governments, school districts and governmental authorities per capita than any benchmark region and twice the benchmark average.

Consolidation of local governments and services has long been a civic holy grail in some quarters, with regional efforts culminating in a 2008 report from a broad-based group led by University of Pittsburgh Chancellor Mark Nordenberg.

The region's governmental fragmentation also is at the heart of perhaps its most pressing governance problem: public pension debt. The City of Pittsburgh narrowly beat a Jan. 1 deadline to bolster its dramatically underfunded pension plan and avoid the plan's transfer to the Pennsylvania Municipal Retirement System

(PMRS). But the problem goes far beyond the city's borders.

In 2008, a University of Pittsburgh Institute of Politics study found that Pennsylvania has over 3,100 public pension plans—25 percent of all public pension plans in the U.S. At least 200 of the Pennsylvania plans are underfunded, and approximately 65 percent of Pennsylvania's plans have fewer than 10 members. "Any time you have that, it's very difficult to have efficiencies and economies of scale," says Terry Miller, director of the Institute of Politics.

In small plans, administrative costs are typically high and management expertise low. Local governments have often increased pension benefits—sometimes retroactively—without adequate plans to pay for future liabilities. Additionally, when facing deficits, many turned to a kind of Ponzi scheme of managing

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pensions—namely, paying for retiree benefits from the contributions of current workers. With the number of active workers often being dwarfed by the number of retirees, Miller says, “What’s being paid in to the plans and what’s going out is totally out of balance.”

The ultimate financial responsibility for each plan rests on its particular government; and experts expect an exponential increase in pension plan stress over the next four to five years.

Strategies to deal with the issue include reducing government services and employees. Such reduction, however, further skews the equation of too few workers contributing and too many retirees receiving benefits.

The Institute of Politics is not a lobbying organization, seeking instead to educate civic leaders about key issues. However, the Institute has suggested several possible policy options for addressing the pension problem.

One proposed first step would be requiring continuing education for managers of local plans. A larger step would be consolidating pension plans within the PMRS, a statewide entity that provides comprehensive, cost-efficient and professional pension plan management. Such an option would ensure prudent future management but would not address underfunded liabilities.

Another option is to change the state pension formula under Act 205, which governs state contributions to local government pension plans, and to make those contributions contingent on local governments’ commitment to control pension costs and not increase benefits. In that scenario, some of the funds available under that act could aid severely distressed municipalities.

A final caution is that with Harrisburg facing a projected 2011 budget deficit of \$4 billion to \$5 billion, tougher times are ahead for local governments. “Municipalities will have to do more with less,” Miller says. “If you add the pension obligations on top of that, it’s a serious problem. We can’t go into denial about this.” ■



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THE POWER OF 32

CRAFTING A SHARED VISION

Citizens see jobs and economy as top priorities for the region's future

WHEN RESIDENTS OF 32 COUNTIES in western Pennsylvania, West Virginia, Maryland and Ohio discuss the region's challenges, its future and what is necessary for it to thrive, jobs and economic issues top the list. They count the region's natural resources and higher education among its greatest strengths. And they claim with pride the characteristics and values of their neighbors and sense of community as assets on which to build a brighter future.

For nearly five months last year, some 3,300 residents gathered in communities large and small to share their thoughts and perspectives in 156 community conversations organized by Power of 32, an initiative to create a shared vision for the four-state region. It is modelled on similar, successful programs elsewhere and is based on the idea that a shared vision better positions the region for a future in which it will thrive rather than simply survive.

"It is one thing to do something in Pittsburgh, which is the largest city in the region. It's a lot harder when you are Wheeling, for example, and represent fewer than 40,000 people," says Selena Schmidt, executive director of Power of 32. "But when we come together as 4.2 million people represented by 10 members of Congress and eight U.S. senators, we become a powerful region. And

leveraging those resources collaboratively would be a huge advantage for what we want to accomplish in the future—much more than we can ever do individually."

The benefits of such regional collaboration can be seen in recent initiatives such as ShaleNET, a collaborative for training workers for the growing number of jobs in the Marcellus shale gas fields of Pennsylvania, West Virginia and Ohio. Training and employment services are being coordinated by a consortium of community colleges, including Westmoreland County Community College, with a \$4.9 million grant from the U.S. Department of Labor.

The first step taken by Power of 32 toward creating a shared regional vision was to gain the insights of a broad range of residents in a series of community conversations held in towns within each of the 32 counties. There was no pre-set agenda. Power of 32 trained 100 volunteer facilitators who conducted the sessions, each of which was guided by these questions:

- What motivated you to be here today?
- What does a thriving region look like?
- What key challenges must be addressed for our region to thrive?
- What key strengths can we build on?
- What possibilities must be pursued to ensure the region thrives? Why?
- It is 2025. What is it about our region that makes you most proud? What was key to getting us here?

The region's economic future is predicated on a relative abundance of clean water. Environmental threats to adequate amounts of high-purity water include emissions from existing coal-fired electrical generation facilities; crumbling sewer infrastructures; abandoned and active mine drainage; Marcellus shale gas extraction; and the patterns of non-sustainable residential and commercial development seen throughout the region. Air emissions and their deposition in watersheds have led to bioaccumulation of heavy metals in area fish, even in perceived pristine areas. Policymakers must address these issues aggressively, with the view that human prosperity is based on ecosystem vitality.

Conrad Daniel Volz, Director, Center for Healthy Environments and Communities, Graduate School of Public Health UNIVERSITY OF PITTSBURGH

TOMORROW



When I'm asked about Pittsburgh's future, I recall the day the children from the Pittsburgh Public School's Head Start preschool, located in the museum, came into my office to sing to me. Seventeen of the happiest, brightest, most diverse and wonderful 4-year-olds trooped in to sing "It's a Beautiful Day in the Neighborhood." They not only represent the future, they represent the best of us. By leveraging regional resources and working together, we can help ensure the future is "beautiful" for all of our children.

Jane Werner, Executive Director CHILDREN'S MUSEUM OF PITTSBURGH

Diversity and inclusion have become crucial to regional economic growth. Why? Because over half of all individuals entering the U.S. workforce are minorities. Thus, attracting and retaining diverse workers is key to future economic success. Where does the Pittsburgh region rank among the Top 40 U.S. metros in having a diverse workforce? Dead last! Our population continues to decline, reducing the supply of future workers. Our next renaissance needs to be a People Renaissance that embraces inclusion; ensures our region's growth by attracting, retaining and elevating talented individuals of all backgrounds; and promotes Pittsburgh—nationally and internationally—as a diverse, welcoming region of opportunity!

Sunil Wadhwanı
Co-founder and Co-chairman
IGATE CORP.

Participation exceeded the group's goal by 60 percent, Schmidt says. The result was a diverse citizen sample that ranged in age from 12 to 93 years and included foundation presidents, CEOs, clerks, farmers, stay-at-home parents and teenagers. Efforts to reach disenfranchised populations included sessions in domestic violence shelters, low-income communities and senior centers, with materials in large-print and Braille, as well as closed-caption video.

For the purpose of analysis, their responses to each of the questions were coded by major categories, such as economy and environment, and more specific subcategories,

such as jobs and unemployment, economic growth, natural resources and green energy. About 90 percent of the more than 6,500 responses recorded were from residents of western Pennsylvania.

Overall, the two concerns most mentioned during the community conversations were the economy and topics that fell under the general category of demographics, which includes comments related to issues ranging from sense of community and the character and values of residents to population growth, diversity and poverty.

Air quality, traffic congestion, urban sprawl, government regulations, parking and religion were among the least mentioned issues, regardless of the nature of the discussion.

The overall responses related to the economy most often focused on jobs and unemployment, followed by economic growth. Jobs and unemployment were the issues most mentioned in discussions about the challenges the region faces, its future and what is necessary for it to thrive. For example, one participant's idea of a thriving region was one in which "businesses and manufacturing abound to sustain family-supporting jobs and preserve our middle class."

Among the overall responses related to demographics, a sense of

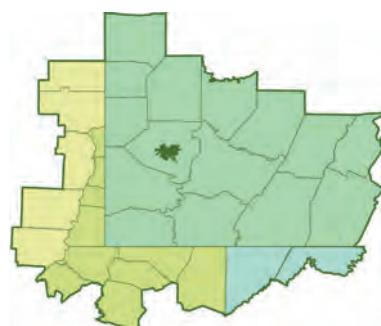
community and the characteristics and values of those who live in the region were issues most frequently mentioned. Participants often mentioned the character and values of their neighbors when discussing the region's strengths. A sense of community was among the most mentioned responses in several discussions, including those on challenges, the future and what the region needs to thrive. "A good place to raise a family" was one response to the question about the region's strength. Another participant was proud of the "high charity involvement" within the region.

Other issues also frequently found their way into the discussions. When discussions turned to the region's strengths, for example, it was the environment—the region's natural resources, in particular—that was most often mentioned. Leadership and collaboration were the two most mentioned issues when participants talked about the keys to realizing to the future that they envision. Higher education was recognized as a key regional strength. Public transit was among the most discussed challenges, as were the region's highways, roads and bridges. And the

fact that a diversified economy was often mentioned as both a challenge and a key to a thriving region suggests that residents understand, perhaps from experience, the perils of relying too heavily on a single sector of the economy to sustain communities in the long term.

In the coming months, Power of 32 plans to assemble teams of experts on the issues that emerged from the community conversations. They will be charged with reviewing the data and drafting a short list of achievable goals, informed by the voices of citizens, who again will have the opportunity to weigh in on the setting of regional priorities as part of a shared vision. Executive Director Schmidt says, "By starting with the community voice and ending with the community voice, it will directly represent the people who have a stake in this initiative." ■

POWER OF 32



The Pittsburgh region is now at the tipping point in energy production, distribution and management. With world-class universities, top global energy companies and a tremendous pool of young talent, we have the opportunity to be the hub of clean energy innovation. We must continue to invest and build upon these efforts and cultivate key sectors related to power systems, power quality, electrical vehicle infrastructure, energy efficiency and alternative energy.



Jerry Whitaker,
President, Americas Region
EATON CORP. Electrical Sector

The Pittsburgh region is as well-positioned competitively as we have been in a generation. Our economy is diverse, our workforce skilled, and our quality of life high. But to be a 21st century region, we must move forward with more innovative ways of: (1) financing infrastructure construction and maintenance through public-private partnerships; (2) establishing reliable transit funding; and (3) creating more adaptable, fiscally healthy local governments by instituting pension reform and other measures that help local officials match needs with available resources.

Dennis Yablonsky, CEO
ALLEGHENY CONFERENCE ON
COMMUNITY DEVELOPMENT

For more information, visit:
powerof32.org

I don't pretend to be a regional planner; I'm not. I am a shepherd of people. As such, I believe that what our region needs most is to exercise hope. Hope is not a wish. Hope is a belief in the promise of tomorrow. Pittsburghers have long been known to be strong in their faith. We need to stand on the foundation of faith, which in the end can make the seemingly impossible—possible.

David Zubik, Bishop
ROMAN CATHOLIC DIOCESE
OF PITTSBURGH

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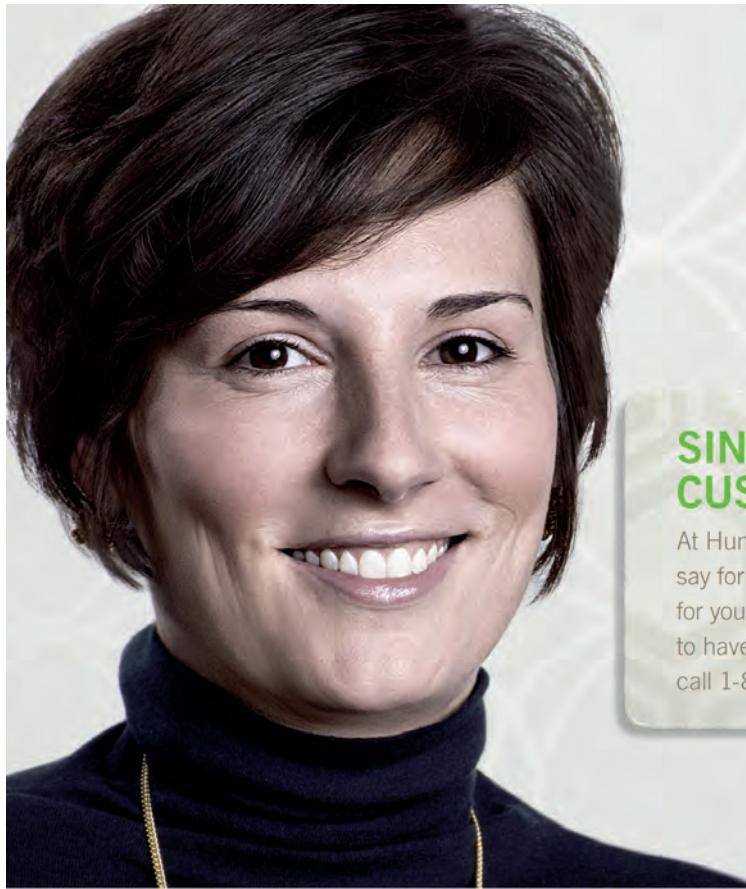
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The Regional Indicators at pittsburghtoday.org was created by the late John G. Craig Jr. to spark a more informed civic dialogue. By providing timely and accurate information about regional life, we hope to stimulate a discussion of where we are and where we hope to go. Comparing our region to other areas of the country lets us see how we measure up, and what our strengths and weaknesses are. It also gives us a way to measure progress as we move forward as a region.

The program is funded by the Claude Worthington Benedum Foundation, the Buhl Foundation, The Heinz Endowments, the Hillman Foundation, the McCune Foundation and the Richard King Mellon Foundation.

Our fiduciary home and partner is the University of Pittsburgh's University Center for Social and Urban Research.

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