

MINUTES OF THE REGULAR MEETING OF THE BOARD  
PORT AUTHORITY OF ALLEGHENY COUNTY  
9:30 A.M., FEBRUARY 26, 2010

The Regular Meeting of the Board of Port Authority of Allegheny County was held at 9:30 a.m., Friday, February 26, 2010 at the Authority's Administration Offices, 345 Sixth Avenue, Pittsburgh, Pennsylvania 15222-2527, pursuant to due public notice given as required by law.

**Board Members:**

John A. Brooks, Chairman  
Guy Mattola, Vice Chairman  
Joan Ellenbogen  
Richard Taylor  
Mavis Rainey  
Jeff Letwin  
Joel L. Lennen, General Counsel

**Media:**

Matthew Santoni – Tribune Review  
Jon Schmitz – Post Gazette  
Lauren Daley – City Paper

**Port Authority Staff:**

Stephen Bland, chief executive officer, Claudia Allen, chief financial officer, Bill Miller, Bus Operations officer, Winston Simmonds, Rail Operations/engineering officer, Judi McNeil, communications officer, Tawnya Moore-McGee, assistant general management Human Resources, Wendy Stern, assistant general manager Planning and Development, Jim Ritchie, director Public Relations, Mike Cetra, Legal counsel, Tony Trona, director Purchasing and Materials Management, Heather Phara, Public Relations representative, Tom Noll, director Technical Support & Capital Programs, Jeff Woodrow, chief technology officer, Denise Henderson, director Bus Operations, Tim Mudrinich, director of Service Delivery Harmar, Bill Steinmetz, director of Service Delivery Collier, Dante Bongiorno, director Road Operations, Dan DeBone, director Government & Civic Affairs, Deborah Skillings, Community Relations, Coordinator, Erik McKibben, program manager, Joe Cook, project lead, Joel Brudowsky, Internet/Intranet maintainer, Robert Almond, bus operator, Matt Vybiral, assistant director Service Delivery, Audrey Snyder, director Customer Service, Dante Calderone, manager Marketing, Mark Ferrari, manager Contract Administration, Deb Roode, administrative assistant Julie Leistner, administrative assistant, and Diane Williamson, executive assistant.

**Others:**

Jon Smith, ACTC, Joe Catanese, Allegheny County Council, Andre Young, Clever Devices, Shelley Mayhak, Marshal Mayhak, and Daniel Mayhak.

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the January 22, 2010 Annual and Regular Board Meetings. The motion was moved, seconded and passed.

The Chairman called on Mr. Bland for a report. Mr. Bland reported that he would like to update the Board on the upcoming service changes. He reported that the first round of changes is coming up on April 4, and we will be hearing more about that under Mr. Mattola's report.

Also related to “transit development,” Mr. Bland mentioned news coverage recently of County Executive Onorato’s initiatives to solicit private sector interest in potential projects in and around Oakland through a public/private partnership approach. The Port Authority, as well as numerous other public and private sector organizations, have been partnering in this process for some time, noting that Mr. Taylor was the Authority’s original representative to the Transportation Task Force.

Mr. Bland continued by saying it is very clear that our traditional sources of funding mega-transit projects like this are drying up, and new and creative strategies will need to be deployed. He noted that the focus of this board has been and continues to be focusing on reinvestment in our core infrastructure and making sure we fix it first before we look at any significant system expansion.

Through the transportation action partnership task force, the County Executive is soliciting a worldwide net. Only through the engagement of institutional and real estate interests, along with private transportation entities, do we have a realistic chance of making these investments real. Mr. Bland noted that the timing of this effort could not be more perfect. With the completion of both the County’s and SPC’s long-range plans over the past two years, this board’s adoption of our Transit Development Plan last year [and implementation this year], and Mayor Ravenstahl’s recent announcement about his MOVEPgh Transportation Planning initiative, all of which calling out a prominent role for mass transit and sustainable communities, all the pieces are moving into place.

On the financial front, we will hear more from Chairman Mattola on some of the initial projections on the budget. But this is the time of year we typically enter into next year’s budget conversations, and it will again be a very challenging year for Port Authority.

Aside from the typical financial matters that we struggle with about this time every year, there are some specific issues relative to Act 44 and the realities of the Act. Not only do we face the possibility of significant reductions in funding under Act 44, given the vague status of the Interstate 80 tolling initiative, we’re facing the very real fact that growth in funding of Act 44 for Port Authority is not happening. We are not seeing any growth in that source, and that’s an issue we’ll be discussing more with the board over the next few months as we move through the budget process.

Mr. Bland then reported that it has been three weeks since the initial snowstorm that hit our region, and our service continues to recover. It was just yesterday that the Allentown light rail line was able to be returned to its regular route, and we still have a few routes on detour because of impassable street conditions. Mr. Bland noted that this is the type of thing that Port Authority probably does better than we do anything else. It was an extremely overwhelming storm. There were periods of time where we did have to discontinue service, but our employees should be recognized for the manner in which we responded and how we communicated changes in the status to our service. Even as the snow continued to pile higher and higher, our operators continued their routes as long as they possibly could to maintain service.

Mr. Bland noted that to support the City of Pittsburgh, we plowed the Fifth Avenue contraflow lane in Oakland, which is a critical connection for us. We worked each day to restore as much bus and T service as we possibly could.

He reported that on a normal day, our web page sees a hit rate of about 6,000 hits. During, on average, the five days following the snowstorm, we were seeing 40,000 hits a day.

Mr. Bland reported that in the couple of weeks since the storm, he has received more commendations than ever before about the Port Authority, and acknowledged our riders who were very patient with us and recognized that we were doing the best to get them from point A to point B.

Mr. Bland ended his report by recognizing Port Authority's Rail Operations/Engineering Officer, Winston Simmonds. He reported that Winston came to Port Authority in 2004 to run the rail operations, and with all the changes we had in 2006 and 2007, he took on an even larger role, taking on Engineering and Construction as a function, including the North Shore Connector. Mr. Simmonds was recognized by the Pittsburgh of the American Society for Civil Engineers as their government engineer of the year.

On that same night, that group honored Mr. Jon Schmitz of the Post Gazette, who is in the audience, with their journalism of the year award. Mr. Bland congratulated both Winston and Jon for their accomplishments.

This ended Mr. Bland's report.

The Chairman called on Mr. Letwin for a report of the Performance Oversight Committee. He was unable to make the meeting on February 17, but thanked Ms. Rainey for filling in for him and providing her notes of the meeting. The first order of business was approval of the notes of the January 20, 2010 meeting. Next, the committee reviewed the operating budget results for the month of January. Total revenues for January and year-to-date were unfavorable to budget primarily due to reduced passenger revenues. Expenses for the month and year-to-date were favorable due to amounts capitalized and new purchased services. Mr. Letwin noted that the most significantly unfavorable variance was employee benefits, and that was attributed to the pension expense for the seven-month year-to-date.

The committee then received a pension plan update from Claudia Allen, who reviewed the investment performance results for the retirement and disability allowance plans for employees represented by Local 85 of ATU, employees represented by Local 29 of IBEW and for the non-represented employees for the period ending December 31, 2009. Mr. Letwin noted that the total ATU plan assets had increased to 574,768,000; the total plan results for the year-to-date period was 18.5 percent; the total assets for the consolidated plan had increased to \$71,720,000; and the total plan performance for the 12-month period was 20.8 percent.

There were four resolutions reviewed by the committee and the following resolutions are being recommended.

The committee reviewed procurement actions for two items totaling \$1,138,553.86. The committee found these bids to have been submitted in accordance with the Authority's procurement practices and policies and prices to be fair and reasonable and bidders to be responsive and responsible.

On behalf of the Performance Oversight Committee, Mr. Letwin requested approval of these items identified in the packet for award for a total cost of \$1,138,553.86.

It was moved by Mr. Taylor, seconded by Mr. Mattola and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to extend the term and increase the maximum price to the agreement with Buchanan Ingersoll & Rooney for legislative consulting services. The Authority has determined the services performed by Buchanan have been satisfactory, and it is in the Authority's best interest to exercise its first option year to extend the referenced agreement for one additional year until March 31, 2011, and to increase the previously-approved not-to-exceed amount from \$750,000 to \$902,000.

On behalf of the Performance Oversight Committee, Mr. Letwin respectfully requested approval of this resolution as presented.

It was moved by Ms. Ellenbogen, seconded by Mr. Mattola and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to amend the cafeteria plan. The cafeteria plan offers certain benefits on a pre-tax basis to offer reimbursement accounts for certain medical and dependent care expenses. The Authority wishes to amend the plan to make certain changes required by recent legislation, including proposed regulations under the internal revenue code Section 125 and the privacy rules under HIPAA to eliminate the grace period for medical claim reimbursements, and to make other clarifying and conforming changes.

On behalf of the Performance Oversight Committee, Mr. Letwin respectfully requested approval of this resolution as presented.

It was moved by Mr. Mattola, seconded by Ms. Ellenbogen and unanimously agreed that the resolution be approved as presented.

The final resolution authorizes the Authority to extend the term of agreement with Chester Engineers for the performance of environmental contract services. To date, services performed by Chester Engineers have been satisfactory and in compliance with the agreement. The Authority has determined it is in its best interest to extend the term of the agreement for an additional two years to March 31, 2012, without any increase in the previously-approved amount of \$900,000.

On behalf of the Performance Oversight Committee, Mr. Letwin respectfully requested approval of this resolution as presented.

It was moved by Mr. Taylor, seconded by Ms. Ellenbogen and unanimously agreed that the resolution be approved as presented.

The committee then received an update on the North Shore Connector project and the automatic train protection operation.

The committee then reviewed the Eric Ryan contract. The Performance Oversight Committee had recommended, back in June, that the board approve a two-year renewal of that contract along with

the recommendation that, in the interest of fiscal responsibility, management was required to review the contract to assure that it's cost-justified and to receive assurance that the contract was a worthwhile contract.

The committee then received an update of the Automatic Fare Collection System project. There had been some problems with the project, but are being addressed at this time.

This concluded the report of the Performance Oversight Committee.

The Chairman called on Mr. Guy Mattola for a report from the Planning and Development Committee.

Mr. Mattola reported that the Planning and Development Committee met on February 17 where the committee quickly reviewed an agenda of ongoing committee priorities but focused on the FY 2010 and 2011 operating and capital budgets. Port Authority's fiscal year begins July 1, and February marks the kickoff of our budget process when staff presents the Planning and Development Committee with projections for the upcoming year. Mr. Mattola noted that these projections do not represent a budget proposal but are a projection forward if our existing operations are carried out next year in the same manner with market and environmental conditions we know about. He continued by saying that at this point, staff is preparing budget proposals and monitoring conditions, like funding and cost trends for significant cost drivers, like fuel.

The Planning and Development Committee will present an outline of key budget issues in an interactive format with a full board at the April 23, 2010 meeting. Based on the board's input at that meeting, we will fine-tune the budgets through April and May and present final budget proposals for approval in June.

In terms of the projections reviewed at the committee's meeting in February, Ms. Allen presented the trends and led the discussion of the group. In a familiar message for this time of year, our 2010 and 2011 budget will be more challenging than almost any this board has faced. Assuming that Pennsylvania Act 44 remains intact and Interstate 80 tolling is approved by the federal government, we are projecting an operating budget deficit of approximately \$25 million. If I-80 tolling is not approved, we project this operating deficit to grow to just over \$50 million, which amounts to about 15 percent of our total budget. Mr. Mattola reported that according to an article in yesterday's Post-Gazette, a decision on this issue could be just days away.

Mr. Mattola added that several major factors contribute to these issues. On the expense side, we are projecting an increase in health insurance premiums of just under 10 percent (even with the plan design changes we achieved in collective bargaining to reduce costs). Also, like everyone in the market, our pension funds took a huge hit with the market meltdown of 2008. Prior to this crisis, our largest plans were close to fully funded, something very few government agencies can say. During 2008, our funds took about a 30 percent hit in the worldwide economic crisis. Though performance has improved during the past year, we do anticipate pension contributions to be about \$10 million above normal in the upcoming year.

Fuel is an item that saved our budget during the current fiscal year, as we were able to lock in diesel prices at an incredibly low \$1.98 per gallon last year. However, this price expires in the upcoming

years, and we project prices of approximately \$2.50 a gallon based on current market conditions. This is a hit of about \$5 million.

These three items alone represent an increase of about \$21 million above this year's expenses and make up the bulk of the projected \$25 million deficit.

Mr. Mattola reported that we also have two major factors in play that make the current environment even more difficult on the revenue side. With the current state of the economy and higher unemployment, it should come as no surprise that our ridership is down. Trips to work make up a significant majority of our ridership. This is materializing in the current budget, and we see no immediate sign that it will let up in FY 2011. Mr. Mattola added that of even greater consequence, we continue to see no increase in state and local funding under Act 44. Act 44 funds make up over 60 percent of our operating budget. As Steve alluded to in his remarks, this is an issue that we'll pay even more attention to in the next few months.

On a more positive note, Mr. Mattola reminded the members of the board's educational workshop meeting in April where we will discuss alternatives to balance our budgets. As always, and as is required by law, Ms. Allen and her staff will deliver a balanced budget by the end of June.

Next Mr. Mattola reported on the Transit Development Plan, one of the most significant initiatives in the history of Port Authority. As Steve said, the first round of service changes enacted from that plan will kick in on April 4. When coupled with the opening of the North Shore Connector and introduction of our new smart card fare system, it is not unfair to say that Port Authority of 2012 will bear little resemblance to what we see today. We've also said that these changes will be challenging as our riders and employees adjust. Good information, good communication and patience are the keys to success.

Mr. Mattola introduced Ms. Wendy Stern, Port Authority's assistant general manager Planning and Development to update the board on the public information efforts that are currently underway to help our valued customers through this transition.

Ms. Stern reported that the last time staff updated the board, we gave a preview of what was going on in terms of our public information and education outreach to get ready for the implementation of the first phase of the TDP. At that time, we talked a little bit about the web site which was under construction and the different meetings we were going to have. This has been an ongoing effort since the board officially adopted the plan.

Ms. Stern reported that our official go-live date in terms of going out publicly was February 12, but the reality is Deborah Skillings, Port Authority's Community Outreach coordinator, was meeting with the communities and getting the word out before that time. After a short presentation, we will also be giving a live demonstration of our web site. It is a great opportunity for customers, and the public at large, to fully understand what we're doing and to more fully appreciate the changes that are taking place. Ms. Stern introduced Ms. Judi McNeil, Port Authority's communications officer, to come up and discuss the public outreach and education campaign.

Ms. McNeil reported that a lot of public information started on February 12. We've already distributed 60,000 informational brochures, produced take-one cards, and the new schedules are printed and out on the streets. The web site has been live and receiving hundreds and thousands of hits since it has gone live. We have our e-blast list that now has more than 10,000 subscribers that we are e-blasting information, and we also have an email alert system that we have designed which basically allows customers to sign up to receive information on a specific route and will be alerted when it is going to change. We already have approximately 2,200 subscribers on that list. Ms. McNeil added that we continue with our Twitter and blogging on the issue, and have over 2,000 followers and thousands of people reading and posting on our bog. Ms. McNeil added that the news media is also a vital tool for us as far as getting the information out, both electronically and in print. And as Ms. Stern reported Ms. Skillings has been busy with community outreach. She has visited community organizations, and met with advocacy groups and government agencies to get the information out. Ms. Skillings has also been working with ACTC and Citizens for Accessible Transportation (CAT). Specifically, we are working very hard with the Transportation Management Association, Oakland Transportation Management, Pittsburgh Downtown Partnership, and Airport Corridor Transit Association to help us get the word out. Mr. DeBone, Port Authority's director Government & Civic Affairs, is busy meeting with elected officials, county council and the state and federal delegations.

Ms. McNeil also reported that we are going to be having street teams going out on the street the week of March 16. We're going to be standing at major transfer points and bus stops where the changes are going to be taking place in April. Staff will be passing out information and at hand to answer any questions.

We also sent out a letter to employees explaining the changes, why we did the TDP, and informed them that the changes are starting in April. We are also this afternoon having a lunch-and-learn session here in the Board room giving our employees an opportunity to learn more about the TDP and inquire about changes to their specific routes.

Ms. Stern will now be talking about our marketing efforts. Ms. Stern reported that all of our downtown locations, as well as the Downtown Service Center, are stocked with the new schedules. She explained that we have installed another rack at downtown locations which holds only the new schedules of only the routes that will be changed during this phase. She explained that all routes have been redesigned [color-coded] in terms of how we name them and the schedules also reflect this change, noting that the bus stop signs are also color-coded. We wanted to try to make it more easily identifiable for our customers, and a little easier for people to discern what is going on. A banner stating that change is coming has been produced and will be placed in buses, LRV vehicles and in the stations. We are doing everything possible to make the change as visible as possible and that our customers are as prepared as they can be on April 4.

Mr. Jim Ritchie, Port Authority's director Public Relations, then gave a brief presentation on Port Authority's new web site. He reported that the web site obviously tends to be something that functions hand-in-hand with printed material. It's an option for people who have internet access, but it is not intended to replace print material. The idea behind the web site was simplicity. We wanted to make it easy and simple to understand. Mr. Ritchie gave a brief demonstration. The highlights included a list of the routes that will be changing, and if it is changing, it gives you a brief description of the change and lists your options. You are also able to click on a link so that you can actually see

the individual route map you would be using. A system map is also available to visualize your area and what other routes might be available to you. A list of all hand schedules is also available for printing.

After the demonstration, Ms. McNeil recognized the IT team responsible for designing the web site. They included Joe Cook, Joe Brudowsky, and Erik McKibben. Mr. Taylor commended the team for the great job and noted that the web site appears to be very user-friendly.

Ms. Stern reported that one of the challenges we've had is how we handle all of the questions and telephone calls that come in. She noted that Audrey Snyder, director Customer Service, has been doing a tremendous job getting her team ready to maximize the availability of our Customer Service representatives. Ms. Snyder has designated a lead customer service representative to actually oversee the entire TDP in terms of answering questions, and we have hired two temporary representatives. She noted that we have added a new prompt which is actually the first prompt that you can access, giving you the opportunity to leave your information if you are requesting a schedule. So between the web site and the ability to leave that information, we're trying to handle as many of the calls that don't require actual physical human assistance, as possible.

Because this is only the first phase of the TDP implementation, and we want to know how we are delivering the information, we have engaged a market research firm. They will be surveying our frequent riders, occasional riders and non-riders because part of the TDP is really getting new ridership, so we not only want to talk to the customers that use our services every day but those people who have not tried us but we would like to entice them to try.

Mr. Mattola thanked the staff at this time. He noted that after listening to the presentation, it is obvious that our efforts are both comprehensive and impressive, but noted that we've only scratched the service today and it is an ongoing effort.

This concluded the report of the Planning and Development Committee.

The Chairman called on Ms. Ellenbogen for a report from the Stakeholder Relations Committee.

Ms. Ellenbogen reported that although the Stakeholder Relations Committee did not meet in February, there are a few items to report. She reported that the community outreach teams have been busy this month. The Collier Division is planning to host a blood drive and clothing collection effort for underprivileged families as well as a "biggest loser" weight contest to raise funds for the Haitian orphans. The East Liberty Division has started to develop and outline their outreach efforts for 2010. The Harmar Division implemented a Haiti's relief fund to collect desperately-needed clothing and other basic necessities. The Ross Division started a food drive for the Greater Pittsburgh Food Bank in conjunction with the Consortium for Public Education's "books for children" collecting efforts. The South Hills Rail Division continues to collect needed items for U.S. troops serving in Iraq and Afghanistan. And finally, the Heinz employees have started their own Community Outreach Team. The group will be collecting donations of gently used handbags and briefcases for the Pennsylvania Women's Career Program.

Ms. Ellenbogen then reported that in January she read a letter written by Ms. Shelley Mayhak and published in the Pittsburgh Post-Gazette's random acts of kindness column. Ms. Mayhak's letter

commended a Port Authority bus driver for helping a visually-impaired rider off the bus through the snow to his or her destination, although at the time, Ms. Mayhak could not identify the driver. Due to the diligent work of Towana Gatewood, East Liberty's director of Service Delivery, we were able to identify the driver who was able to join us today.

Ms. Ellenbogen acknowledged Operator Robert Lee Almond.

Operator Almond is a 17-year veteran operator and is currently working out of the East Liberty Division. She noted that when she met Mr. Almond earlier this morning, he was very humble and said this is what a lot of bus drivers do, and we do it all the time.

On behalf of the Board, Ms. Ellenbogen thanked Operator Almond for going above and beyond the call of duty to help our customers, adding that he exemplifies this wonderful customer service and we are pleased that we were able to publicly recognize you today.

Mr. Bland commented at this time. He also spoke with Operator Almond this morning Mr. Almond suggested that somebody get an effort going because it is a challenge for folks in wheelchairs with snow piled up on the sidewalks. Our operators have a tough time seeing them, and they have a tough time getting from the sidewalk to the curb level to get onto a bus. In many cases, they have to go into the street, into the flow of traffic. Mr. Bland implored the media present to see if we could appeal to property owners where we know wheelchair riders board the bus.

Ms. Ellenbogen then introduced the author of the letter commending Operator Almond. Ms. Shelley Mayhak, along with her son Daniel, who was with her in the car when they witnessed Operator Almond's good work, addressed the board at this time.

Ms. Mayhak stated that she was humbled after witnessing the good deed, especially since she was so impatient that day, and she is especially pleased to hear that the operator is getting the recognition he deserves. She noted that it was a great thing for her son to witness.

Ms. Ellenbogen thanked Ms. Mayhak and her son for being here this morning and for writing the letter in the first place.

In closing, Ms. Ellenbogen wanted to read a letter and email received by Port Authority.

In January, she reported on Port Authority's Annual Spirit of King Award Ceremony in which we recognized two late Pittsburgh residents who worked in the pursuit of equal rights in the spirit of Dr. Martin Luther King Jr. One of the recipients was Bishop Charles H. Foggie, and accepting that award for him was his daughter, Charlene Foggie-Barnett, who wrote this letter following the ceremony to Steve:

*Dear Mr. Bland, I want to thank you and the Board of the Pittsburgh Port Authority for bestowing my father, Bishop Charles H. Foggie, with the Spirit of King Award on January 14. It was a lovely ceremony, and I was quite honored to accept on his behalf. My dad was indeed, in my biased opinion, an incredible yet humble man. In his lifetime, he was given many honors, but I suspect this one would carry a large degree of significance for him. To that end, my family and I are very grateful for this accolade and acknowledgement of his life's mission.*

*As a side note, I'm writing a book about our family and my parents' incredible lives. I will be sure to get a copy to Port Authority upon its completion.*

*Again, it was a pleasure meeting you, and thank you from the bottom of my heart, signed Charlene Foggie-Barnett.*

Ms. Ellenbogen said, "I speak for the entire Board, I hope, when I say that it's our honor to be able to recognize such outstanding citizens in Bishop Foggie, and of course, we will be looking forward to reading Ms. Barnett's book."

Ms. Ellenbogen then read the following email that was sent to Steve on February 24 from Ms. Annette Kroll:

*Hello, Mr. Bland, I just wanted to let you know that I appreciated the service provided by the bus operators during the recent snowstorm activity. I would like to especially thank the drivers of the 36A and 41B routes, who let me off at the driveway of my apartment building since the sidewalks were never cleared, and also the driver of the 33E, that leaves downtown around 4:30 p.m. on Thursday, who radioed in to make sure I would get a connected bus from Railroad and Station Street to Bank and Winfield. They all did a wonderful job in making sure not only that I was safe but other riders as well. Thanks, Annette Kroll.*

This concludes the report from the Stakeholder Relations Committee.

The Governance Committee did not meet this month.

The next regular meeting will be Friday, March 26, 2010.

The meeting was adjourned.