

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE SPECIAL BOARD MEETING
TUESDAY, NOVEMBER 1, 2011

A Special Meeting of the Board of Port Authority of Allegheny County was held on Tuesday, November 1, 2011 at 9:30 a.m. 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 A. Mattola
Eddie Edwards
Richard Taylor (via phone)
Joan Ellenbogen (via phone)
Jim Dodaro (via phone)
Amanda Green Hawkins (via phone)
Joel Lennen, General Counsel

Media:

Mike Zappone, KDKA-TV
Jon Schmitz, Post-Gazette
Lauren Daley, City Paper
Adam Kirk, KDKA

Port Authority Staff:

Stephen Bland, chief executive officer, Bill Miller, Bus Operations officer, Mike Cetra, assistant general manager Legal and Corporate Services, Winston Simmonds, Rail Operations/Engineering officer, Ellen McLean, chief financial officer, Tony Trona, director Purchasing and Materials Management, Jim Ritchie, Communications officers, Inez Colon, director Employment Department, Todd Stoker, director Claims, Dottie Buchanan, SmartCard/Customer Service coordinator, Deborah Skillings, Community Outreach coordinator, Diane Williamson, executive assistant

Other

John Tague, CAT, Annette Kroll, Jim Robinson, ACTC President, James Love, ACTC Member, Glenn Walsh, Jon Smith, ACTC member, Joan Natko, ACTC

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the September 23, 2011 Regular Board Meeting. The motion was moved, seconded and passed [Ms. Green Hawkins abstained]

The Chairman called on Mr. Mattola for the presentation of resolutions and awarding of bids.

Mr. Mattola reported that the Performance Oversight Committee reviewed six procurement actions that are listed in the Board packet in the amount of \$4,773,715.24. The committee found these bids to have been submitted in accordance with the Authority's procurement policies and procedures, the prices to be fair and reasonable, and the bidders to be responsive and responsible. The Performance Oversight Committee recommends these items for award for a total cost of \$4,773,715.24.

The Chairman respectfully requested approval of the 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 enter into an agreement with a pool of firms for medical case management and vocational case management services. Requests for proposals for services were received. An Evaluation Committee met to evaluate the proposals received. As a result of the review of proposals, the committee identified the following firms as the proposers with the highest rated proposals: Wellco Rehb, Inc., Alternative Careers and Transitions, Inc., Disability Care Management Professionals of Western Pennsylvania, Inc., and Associates in Rehabilitation Management, Inc.

The total not-to-exceed amount recommended for approval for the services is \$300,000 to be allocated by the Authority on an as-needed basis through task-specific work orders. The agreement will be for a three-year period with the option to extend the term of the agreement up to an additional two years at the sole discretion of the Authority.

The Chairman respectfully requested approval of the resolution as presented.

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

The next resolution authorizes the Authority to extend and amend an agreement with Interstate Acquisition Services ("IAS") for real estate services. In November 2006, the Authority Board approved entering into an agreement with IAS to provide real estate services to support the Authority's current and future transit improvement programs, and for its existing Authority-owned properties.

The Authority's agreement with IAS expires on December 31, 2011. In order for IAS to continue to provide services, the agreement will need to be extended to June 30, 2012 with no increase of the previously authorized total not-to-exceed amount of the agreement.

The Chairman respectfully requested approval of the resolution as presented.

Ms. Ellenbogen asked what the original not-to-exceed amount was and how much was remaining. Mr. Cetra, the Authority's assistant general manager Legal and Corporate Services responded that the original not-to-exceed amount was \$1.58 million and there is approximately \$700,000 remaining. Mr. Taylor asked if we are going to exhaust the balance in the next 10 months and Mr. Cetra replied absolutely not. The work order would probably be around \$130,000.

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

The next resolution presented by Mr. Mattola authorizes the Authority to enter into an agreement for the purchase of natural gas. Port Authority spends approximately \$2.9 million annually on the purchase of natural gas. Pennsylvania permits the purchase of natural gas from either local utilities or private suppliers. The purchase of natural gas from a private supplier may result in savings to the Authority depending on market prices at any given time.

In order to secure private suppliers, the Authority requested proposals from firms interested in providing natural gas to the Authority. Three proposals were received from Hess Corporation, Compass Energy, and EQT Energy, LLC, doing business as Equitable Energy, all of which have been determined as qualified to meet the natural gas requirements of the Authority.

Negotiations are underway with these firms in an effort to come to an agreement on the terms and conditions of supplying natural gas. Because of the volatile natural gas market, suppliers can only hold prices firm for a few hours, and the Authority wishes to have the flexibility to purchase natural gas from these firms based on the lowest price solicited and received. This resolution authorizes the Authority to enter into agreements with Hess Corporation, Compass Energy, and Equitable Energy for a five-year term to provide natural gas to the Authority based on the lowest price solicited and received.

The Chairman respectfully requested approval of the resolution as presented.

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

The next resolution authorizes the Authority to extend and amend the agreement for the Drug and Alcohol Compliance Program. In January 2008, the Authority Board authorized the award of an agreement to Commercial Consulting to provide services for a three-year period with two additional option years for a total not-to-exceed amount of \$300,000.

In March of 2009, the Board authorized an amendment to increase the not-to-exceed amount by \$400,000 to cover the remaining base term for a total not-to-exceed amount of \$700,000. In January 2011, the Board authorized and amended to extend the term of the agreement for one additional year to February 29, 2012 with no increase.

The Authority has determined that it is in its best interest to extend the term of the agreement for one additional year to February 28, 2013 and increase the total not-to-exceed amount of the agreement by \$500,000 in order for services to continue. This will increase the previously authorized not-to-exceed amount from \$700,000 to \$1,200,000.

The Chairman respectfully requested approval of the resolution as presented.

Ms. Ellenbogen questioned the price going up significantly. Mr. Mattola noted that he had concerns as well and had a long conversation with Ms. Inez Colon, director Human Resources this week.

Mr. Bland asked Ms. Colon to come up and explain further. She reported that in addition to mandated drug testing that is one component, we are averaging \$220,000 per year with respect to our Drug and Alcohol Program and the random drug testing is one component of that program [25 percent for drug and 10 percent for alcohol]. Another component is the monitoring of the safety sensitive contractors when we have contractors working on safety sensitive aspects. This is a variable cost since we cannot predict that in advance. Another component that is out of our control is the blind specimens and the assurance program. Pre-employment testing is also a variable cost coupled with post-accidents, reasonable suspicions, return to duty, and the follow-up program.

Ms. Colon continued by saying that in addition to that, the government and PENNDOT made some changes to the regulations and not only expanded the testing panel for drug and alcohol increasing our laboratory costs, coupled with the fact that we now have to directly observe individuals that have been tested positive again increasing the cost. While we thought we would have savings with the reduction in our workforce, that didn't occur with the regulation changes, averaging about \$18,000 a month, or approximately \$220,000 a year. She explained that when we previously elected to exercise our option to extend the contract to year four, we should have at that time increased the amount of money which we did not do.

Mr. Bland noted that it is not a retroactive increase since we have not yet exceeded the not-to-exceed amount.

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

The next resolution presented by Mr. Mattola authorizes the Authority to award General Ancillary Construction Services for upgrades and improvements to properties and facilities owned and/or operated by the Authority. Services will be identified and issued on an individual work order basis for a total contract amount not-to-exceed \$1 million for HVAC and \$1 million for electrical services both over a two-year period.

After the bids were publicly advertised, it was determined that the bid of SSM Industries, Inc., of \$610,600 for HVAC and the bid of T.S.B., Inc., doing business as Schultheis Electric, of \$945,715.15 for electrical services were the lowest responsible bids meeting the Authority's specifications for the contracts.

It is recommended that the General Services Contract rebid be awarded to SSM Industries, Inc., for HVAC services and Schultheis Electric for electrical services in an amount not-to-exceed of \$1,000,000 for each contract, both subject to completion of pre-award requirements.

The Chairman respectfully requested approval of the resolution as presented.

Ms. Ellenbogen asked for an explanation regarding the \$1,000,000 not-to-exceed amount on a \$600,000 bid for HVAC.

Mr. Bland explained that typically when these types of contracts are bid there is used a fairly standard work project to get quantity bids so you have an apples-to-apples comparison, an exercise our Procurement Department will go through. From that, the Engineering staff has to project, in that contract period, what is the actual work that will occur and how those quantities might be affected. In this case, the installation of the ticket vending machines, as part of the SmartCard Fare Collection project, is what is causing those adjustments to occur. So the bid amount typically won't correlate directly to the contract amount because there are changes to those values but the pricing is adjusted based on those bid prices.

Ms. Ellenbogen thanked Steve for his explanation and asked why we are separating the contracts. Mr. Bland explained because in Pennsylvania we must divide them under the Separations Act.

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

The next resolution authorizes the Authority to amend an agreement with CH2M Hill to provide light rail vehicle support services. The current agreement has a total not-to-exceed amount of \$4,448,926 through December 31, 2011 which provides for contract services to support the purchase of 28 new light rail vehicles and the rehabilitation of 55 existing light rail vehicles by CAF-USA.

Earlier this year, the Authority was advised that Booz Allen Hamilton, Inc., was in the process of selling its state and local transportation business to CH2M Hill, Inc., and as such on June 30, 2011, the Authority entered into an agreement with Booz Allen Hamilton and CH2M Hill, Inc., for the purpose of consenting to the assignment of the agreement from Booz Allen Hamilton, Inc. to CH2M Hill, Inc., which became effective on or about August 1, 2011.

The agreement is set to expire on December 31, 2011. Staff has determined that it is in the Authority's best interest to extend the agreement with CH2M Hill to March 31, 2012 with no increase in the previously authorized total not-to-exceed amount of the agreement.

The Chairman respectfully requested approval of the resolution as presented.

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

Mr. Mattola reported that the final resolution is being recommended for approval.

On July 31, 2009, the Collective Bargaining Agreement with Port Authority's Transit Police Association and the supervisors expired. Representatives of the Authority and representatives of the Association have agreed on proposed terms and conditions to be effective August 1, 2009 to July 31, 2014. The sergeants and lieutenants have ratified the proposed terms and conditions of the agreement.

This resolution seeks approval and ratification of the proposed terms and conditions of the agreement between the Authority and Port Authority's Transit Police Association supervisors effective August 1, 2009, through July 31, 2013, as set forth on the summary listed in the Board packet. Under the terms of the agreement, sergeants and lieutenants would accept a two-year freeze followed by wage increases of three percent effective immediately, two percent in 2012 and two percent in 2013.

Our Police Association, along with our non-represented staff, gave up all post-retirement healthcare benefits in 2007. Our Police Association, along with our non-represented staff, and most recently, employees represented by IBEW Local 29 have also frozen participation in the Defined Benefit Pension Program in lieu of a Defined Contribution Retirement Program. These actions taken by our police, non-represented staff, and IBEW employees are unprecedented at Port Authority and are a huge step toward addressing our biggest expense problem, legacy costs.

A contract covering our police officers was ratified by the Police Association and this Board in July leaving police supervisors as the only represented workforce in the Authority without a current Collective Bargaining Agreement. With ratification of this proposed agreement, all bargaining units within the Authority would have current Collective Bargaining Agreements.

The Chairman respectfully requested approval of the resolution as presented.

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

There was no new business.

The next Regular Meeting of the Board will be Wednesday, November 23, 2011.

The meeting was adjourned.

Approved