

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, OCTOBER 26, 2012

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, October 26, 2012 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 Mattola
Jeff Letwin
Mavis Rainey
John Tague
Joe Brimmeier (via phone)
Joel Lennen, General Counsel

Media:

Tom Fontaine, Tribune Review
Jon Schmitz, Post-Gazette

Port Authority Staff:

Stephen Bland, chief executive officer
Bill Miller, Bus Operations officer
Mike Cetra, assistant general manager Legal and Corporate Services
Wendy Stern, assistant general manager Planning and Development
Ellen McLean, chief financial officer
Keith Wargo, assistant general manager Engineering and Technical Support
Tony Trona, director Purchasing and Materials Management
Jim Ritchie, Communications officers
Heather Pharo, Public Relations & Communications Coordinator
David Leaf, senior internal auditor
Tom Noll, director Technical Support and Capital Programs
Deborah Skillings, Community Outreach coordinator
Diane Williamson, executive assistant

Other

Felicia Thomas, Sci-Tek Consultants	Chris New, Fore Property
Joseph Asturi, Controller's Office	Bob Schmitt
Jim Robinson, ACTC President	Carolyn Lenigan
Jonathan Robison, ACTC	Aaron Pittman, County Council
James Love, ACTC	Jon Smith
Annette Kroll	Joe Catanese, County Council
Glenn Walsh	Jann Chirdon, Controller's Office
Myra Woods	Austin Davis, County Exec's Office
Mike Warshafsky	Jeff Kent, Maher Duessel
Steve Newman	Dave Duessel, Maher Duessel
Joe DiFiore, Parsons	

Before starting the meeting, the Chairman welcomed the newest member of the Board of Directors, Mr. John Tague. John is probably a familiar face to many of us as he attends many Board and committee meetings and often attends our public hearings. He has a strong record of advocating for public transit, and a commitment to improving the lives of people with disabilities, having served on

Allegheny County Transit Counsel, the Committee for Accessible Transportation, and the Governor's Advisory Committee for People with Disabilities. John is also the Treasurer of the City/County Task Force on People with Disabilities, and serves on the Pittsburgh Commission on Human Relations and the State Vocation Rehabilitation Board.

The Chairman stated that he looks forward to working with John and expects that he will immediately become a valued member of the Board.

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the September 28, 2012 Regular Board Meeting. The motion was moved, seconded and passed.

The Chairman called on Mr. Steve Newman for a report. Mr. Newman reported that he is addressing this Board today because of the closing of the small stops along the light rail system, resulting in eliminating access for people who have limited physical capability. He also wanted to address what he sees as the Board's fiduciary responsibility which is to provide oversight to Port Authority management; he does not necessarily see this happening. Although the Board serves at the pleasure of the County Executive, and is not compensated, at the end of the day it is the Board's responsibility for the actions taken by Port Authority.

He continued reporting that we had a situation here where there was a surge of people wanting to go to the North Shore for various events, and it turned out that it was something Port Authority could not handle and it hit the papers. The County Executive then demanded that there be change, not really caring what the changes were, and part of that change was to modernize the system by eliminating the small stops on the Red and Blue Lines. No one asked how this will address the specific situation.

Mr. Newman concluded his report by stating that it is the Board's responsibility to inquire of management to see why they decided to close these stops; what they expect to gain from it; and what the losses would be to the riders and the community. So far, the closing of the stops have not encountered any improvement to the system, but have greatly impacted the people who use these stops.

The Chairman called on Mr. Jonathan Robison, Vice President of ACTC, for a report. Mr. Robison reported that now that we have funding for at least a year, we can start planning "a new day at PAT," noting that we can start planning but understands that we can't implement them until we get additional money. He suggested once again naming Port Authority of Allegheny County, simply PAT.

The Chairman called on Mr. Bland for a report. On behalf of the staff, Mr. Bland also welcomed Mr. Tague to the Board. A lot of us have worked with John over the years as a community leader, so we are anxious to see how he enjoys his new role as Board member.

Mr. Bland started by updating the Board on the development front; reporting that we are making progress on a few key projects. Last month, the Board approved an exclusive negotiation for the development of the upper lot at our South Hills Village location with Massaro Dawson. We recently held meetings to kick off this project officially, and we are working with the group to finalize lease agreements and looking at development and design concepts. We are in the process of working with them to develop a final package for review and approval of the Board and the Federal Transit Administration hopefully within the next four to six months.

We also continue to work with the Urban Redevelopment Authority of the City of Pittsburgh and Mosites Corporation on advancing the East Liberty Station Redevelopment. The URA was recently awarded a Tiger Grant by the United States Department of Transportation for our transit center on the East Busway to serve as a focal point of the development in that neighborhood. As the East Liberty neighborhood is a rejuvenating area of the city, we are excited to move that project forward.

Next Mr. Bland wanted to report on a few legislative items that are on our radar. Last week, he and Ms. Ellen McLean had the opportunity to attend a session in Harrisburg reviewing the provisions of Act 88, the recently adopted state legislation advancing public/private partnerships. It was very interesting, and one of the things that the National Council on Public/Private Partnerships identified is that Pennsylvania's legislation, while it is not perfect, is one of the better pieces of triple-P legislation in the county. In the next few months, one of the issues we will be bringing to your attention is the potential application of Act 88 towards advancing the possible conversion of our bus fleet over time to natural gas operations. Tools like public/private partnerships and ACT 88 are going to become increasingly important.

One of the other things that have happened in the past few months is at the federal level. They have passed the MAP 21 legislation, a two-year bill to replace the old SAFETEA-LU Transportation legislation. Our folks are assessing the overall impact, and we are going to be presenting more detail at the November Planning and Stakeholder Relations Committee meeting. On the initial examination of the law, it looks like probably a \$4 to \$5 million reduction in annual federal funding, so we are going to have to work that into our planning as well.

Mr. Bland concluded his report by giving an update on the Annual United Way Campaign. He reported that we have found over the years, and we are hoping to beat that this year, well over 50 percent of our employees participate and the campaigns seem to get better and better each year. Mr. Bland commended bus operator Robbie Gouch and Port Authority's Community Relations coordinator, for their leadership in guiding the campaign. They have brought a tremendous amount of energy and creativity to this year's campaign.

The Chairman called on Mr. Letwin for the report of the Performance Oversight Committee. Mr. Letwin reported that a meeting of the Performance Oversight Committee was held on Wednesday, October 17, 2012, and the notes from the previous meeting were approved by the committee.

First the FY 2012 audit was presented to the Committee from our auditors, Maher Duessel, and provided an unqualified opinion and reported no findings. Overall, FY 2012 had a loss before capital items of \$33.7 million, relating to non-cash OPEB, and pension accrued liability increased by \$35.2 million to \$202 million and a state operating assistance deferral of \$4.9 million. Mr. Letwin noted that this particular audit report was very gratifying to see. The management letter was a very good letter and it is a testament to Ms. McLean's department that things went well with this audit. The Performance Oversight Committee is recommending the adoption of the 2012 Audit Report. Mr. Letwin respectfully requested that a resolution be adopted in a form to be drafted by Port Authority's internal General Counsel, Mike Cetra. The motion was moved, seconded and passed and a copy of the resolution will be attached and made a part of these minutes.

Next, Mr. Letwin reported that the financial reports were presented to the Performance Oversight Committee. It was reported that passenger revenue is down \$1.9 million through September. Approximately \$1.5 million of this is due from the University of Pittsburgh [which has been invoiced but not received] and also due to the last two days of the month [September 29 and 30] falling on the

weekend. Revenues of approximately \$200,000 were processed on Monday, October 1, and will fall in this month's receipts. It is mostly a timing issue with respect to those items, including the Pitt invoice as well. Monthly passes are also below budget largely due to an approximate 50 percent drop in orders from the Pittsburgh Public Schools.

It was also reported that as of September 30, 2012, FY 2013 expenses are favorable to budget by about \$4.7 million across the board. We continue to have 61 open positions which caused an increase in overtime, but reduced spending on benefits [these positions are currently being filled]. Spending on materials and supplies is under budget, with approximately 60 percent related to timing, \$350,000 due to excellent lock-in pricing for diesel fuel, and utility rates are under budget due to negotiated rates. Mr. Letwin commended Ms. McLean and Mr. Trona and his team on continuing to do very well with respect to the negotiation of prices and keeping our costs down.

Mr. Letwin continued reporting that as to our surplus deficit at the end of September, performance is favorable at \$4,551,0976, and with respect to our cash flow statement, our cash on hand totaled \$23,612,000 with a line of credit draw of \$10 million. Cash balances for the month of December, January and February are low, which points to the importance of receiving revenue from the state and county. During the same period, we will have \$15 million to draw on the line of credit.

Mr. Letwin reported that there were four resolutions reviewed and being recommended by the Performance Oversight Committee for approval.

The Committee reviewed two procurement actions, which are listed in the Board packet, for a total of \$28,742,557. The Committee found these bids to have been submitted in accordance with the Authority's procurement policies and procedures, prices to be fair and reasonable, and bidders to be responsive and responsible. The Performance Oversight Committee recommends these items for award for a total cost of \$28,742,557.

Mr. Letwin noted that the funding for the articulated transit coach order is contingent upon the Board approving a related resolution that will be presented by Ms. Rainey on behalf of the Planning and Stakeholder Relations Committee in regards to the fiscal year budget.

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

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

The next resolution authorizes the Authority to amend and restate the Drug and Alcohol Abuse Policy. In October 2001, the Authority adopted its Drug and Alcohol Abuse Policy, and then in October 2006, the Authority's Board authorized the Authority to amend and restate the policy. Management at the Authority proposes to revise the policy at this time to incorporate changes in the Department of Transportation regulations, make other changes to closely align the policy with existing regulations and best practices, and change the contract information to reflect current representatives. The resolution would authorize the Authority to revise and restate the policy as proposed in Exhibit A to the resolution. This resolution will further authorize designated management of the Authority to revise the policy in the future without seeking Board approval where revisions would be made solely to comply with changes mandated by law.

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

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

The next resolution authorizes the Authority to extend and amend the agreements for temporary technical and clerical support. In November 2009, the Board authorized award of agreements to a pool of firms to provide temporary technical and clerical services for a total not-to-exceed amount of \$500,000 for an initial term of three years, with the option to extend up to an additional two years. The initial three-year term agreement expires on November 30 of this year. In January 2011, the Board authorized an increase of \$500,000 to the agreements for a revised total of \$1 million. The Authority has determined that it is in its best interest to extend the terms of agreements with Staffmark Holdings, Inc., and Marsetta Lane Temp Services, Inc., for temporary technical services and Staffmark Holdings Inc., Marsetta Lane Temp Services, Inc., and Sweetwater Personnel, Inc., for temporary clerical services for an additional one-year period to November 30, 2013, and to increase the total not-to-exceed amount by \$250,000. The resolution will extend the terms of the agreements for one additional year and increase the previously authorized total not-to-exceed amount of agreements from \$1 million to \$1.25 million.

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

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

The next resolution authorizes the Authority to extend and amend the agreement with FSC/Jones Worley Transit Marketing, LLC, a joint venture, to provide marketing services for the Automated Fare Collection System. In November 2009, the Authority solicited proposals to obtain the services of a contractor to develop and implement a plan to efficiently market the new automated fare collection system, and the Board authorized an award of agreement to FSC/Jones Worley to provide these services. The agreement provides for an initial term of three years, with the option to extend the term up to an additional two years. The total not-to-exceed amount of the agreement is \$1,196,240. The initial three-year term expires on December 31, 2012. The Authority has determined that it is in its best interest to exercise its option to extend the term for one additional year to December 31, 2013, with no increase to the previously authorized total not-to-exceed amount of the agreement.

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

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

Mr. Letwin also reported that the Performance Oversight Committee received a report from Ms. Brenda Fink, director Internal Audit, regarding the audit of internal controls for the annual physical inventory. Port Authority's internal auditors performed an audit of the FY 2012 physical inventory to determine if the quantities of inventory items are accurately reported into PeopleSoft to support operations and value inventory accurately for financial reporting purposes. The results of the audit indicated that the inventory was conducted in a manner that provides reasonable assurances that

these objectives are being met. Several recommendations for improvement of business processes were made as a result of the audit.

This concluded the report of the Performance Oversight Committee.

The Chairman called on Mr. Mattola for a report of the Planning and Stakeholders Relations Committee. Mr. Mattola also welcomed Mr. Tague to the Board, stating that as a very dedicated supporter of public transportation, we are looking forward to his many contributions.

Mr. Mattola reported that we did have our Planning and Stakeholder Relations Committee meeting last week, but unfortunately, he was unable to attend. Mr. Mattola called on Ms. Mavis Rainey, a committee member who was present at the meeting, to give the report.

Ms. Rainey reported that the Planning and Stakeholders Relations Committee had an interesting and informative meeting where they reviewed three items. The first was a resolution requesting authorization to adopt a revised capital budget for FY 2013 to include the purchase of 40 60-foot articulated buses. This purchase was originally excluded due to the pending service cuts, which thankfully we were able to avoid. Based on the Authority's Bus Replacement Plan, there is a need to replace the 40 45-foot coach buses with 40 60-foot articulated buses at an approximate cost of \$27,850,000 and the fiscal year budget has been revised to include this proposed procurement. The revised FY 2013 Port Authority Capital Budget will now have anticipated revenue totaling \$150,689,900 and expenditures totaling \$150,689,900.

On behalf of the Planning and Stakeholder Relations Committee, Ms. Rainey respectfully requested approval of the resolution as presented.

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

Ms. Rainey continued reporting that the next issue discussed was a brief update on the status of our funding request to the Regional Asset District. Ms. Rainey reiterated that as part of the solution to avoid the service cuts this fiscal year, two sources of funding have been proposed. One is the unspent drink tax fund in the amount of \$1.5 million and the remaining \$3 million from RAD funding. It was reported that RAD will hold a public hearing on the proposed budget on October 30, with final vote on November 27.

The final item discussed at the meeting was a status report on the ConnectCard Pilot Program, which involved over 350 participants testing various ConnectCard products. There was an overview of where the project stands and observations of the pilot program, with an open and participatory discussion designed to assist in making a determination about how to proceed with the roll-out of the ConnectCard to our riders. The agreed upon direction from this discussion was to begin with the sale of monthly ConnectCards for December and to proceed with the education of Customer Information to support this roll-out.

That concluded the report of the Planning and Stakeholder Relations Committee.

The Chairman reported that the Governance Committee did not meet this month.

There being no further business, the meeting was adjourned.

The next Regular Meeting of the Board will be Friday, November 30, 2012.

Approved