

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, MAY 25, 2012

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, May 25, 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 A. Mattola
Jeff Letwin
Constance Parker
Mavis Rainey (via phone)
Eddie Edwards (via phone)
Joel L. Lennen, General Counsel

Media:

Walt Golden, KQV
Tom Fontaine, Trib
Deanna Garcia, Essential Public Radio

Port Authority Staff:

Stephen Bland, chief executive officer; Bill Miller, chief operations officer; Tawnya Moore McGee, assistant general manager Human Resources; Wendy Stern, assistant general manager Planning and Development; Mike Cetra, assistant general manager Legal and Corporate Services; Keith Wargo, assistant general manager Engineering and Technical Support; Tony Trona, director Purchasing and Materials Management; Jim Ritchie, director Public Relations; Tom Noll, director Technical Support & Capital Programs, Deborah Skillings, Community Outreach coordinator, Heather Pharo, public relations and communications coordinator; Dan DeBone, Community and Government Relations officer; John DeAngelis, manager Contract Administration; Brian Dudas, Supervisor Customer Relations; Dottie Buchanan, SmartCard Customer Service Coordinator; Belinda Herman; Lizette Jackson-Hicks; Diane Williamson, executive assistant.

Others:

Jonathan Robison
Glenn Walsh
Austin Davis, County Executive's Office
Joe Bianco, M.E.C.
Karen Hoesch, ACCESS
Felicia Themcs, Sci-Tek Consultants
Joan Natko, ACTC Board
James Love, ACTC
Aaron Pittman, County Council
Jim Robison, ACTC President

Holly Dick, ACCESS
Eileen Caputo, ACCESS
Annette Kroll
Jon Smith, ACTC

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the April 27, 2012 Regular Meeting. The motion was moved, seconded and passed.

The Chairman called on Mr. Bland for a report. Mr. Bland addressed the issues that occurred recently on the light rail system that have attracted attention in the last couple of weeks, noting that there will be more reported on this subject later in the Performance Oversight Committee report. Mr. Bland assured everyone that collectively we have been taking quite a few steps to make the service more reliable, both in the short-term and the long-term. He stated that this has evolved nicely under

the leadership of the County Executive of Allegheny County. Mr. Bland wanted to especially thank ATU, Local 85 for their efforts and for working with us in a cooperative fashion to help make sure that riders remain our first and foremost concern.

Mr. Bland continued reporting that as many predicted that this extension would fail, it is now very obvious that the subway extension has become an extremely popular line for commuters, visitors, and anyone catching a game, concert, or other event on weekends. After only two months after the opening, rail ridership is up 31 percent from a year ago. That is about 7,000 additional rail riders on our light rail system. About 6,000 of those riders are specifically attributable to the subway extension. Not counting the bus riders who transfer at Allegheny Station, we have seen roughly a 21 percent increase in our average daily ridership due to the extension. Mr. Bland noted that these are mostly new riders, noting that no one has predicted this level of success so soon after the opening. So now we need to learn from the mistakes and do everything possible to provide reliable light rail service without taking away resources from the bus system. This obviously puts hurdles in our way in regards to the funding situation and the potential for the 35 percent service reduction this September. The current stress and uncertainty of our situation has shown in our employee ranks, where we have seen unprecedented turnover in the past few months with the departing of 135 employees. This extraordinary level of turnover has contributed significantly to the service reliability issue and the quicker we can stabilize our funding, the sooner we can stabilize our workforce.

Mr. Bland assured everyone that we are addressing the service issues and making changes that afford the connector every opportunity to be as successful as possible. This includes the recent call back of all remaining employees that were laid off last March. This rail extension is a tremendous asset for Allegheny County and for the region and we want to do everything we can to make sure it lives up to its full potential.

Next Mr. Bland reported that our ConnectCard project is progressing very nicely. We are starting to install the vending machines that riders will eventually be able to buy a Smart Card, reload it, and retrieve balance information. The first batch is being installed in various locations in our subway and busway stations and at the Downtown Service Center. Once they are installed and operating, throughout the course of the summer, this group of machines will conduct a customer pilot that will begin late this summer through the fall. We will test several hundred volunteer riders over about two months, to make sure that all of the ConnectCard system products are working properly, and that we have identified significant kinks before we launch this product to the general public later this year.

Mr. Bland continued reporting that the agreement with Giant Eagle to serve as the primary ConnectCard retail sales outlet, is complete. We are now in deployment planning with Giant Eagle on getting our point-of-sale units up and running. Similar to our customer pilot, Giant Eagle will be piloting those units in two of their retail locations. Mr. Bland concluded his report by saying that the key pieces of this project are coming together. We are in it for the long haul, but it should not make a fundamental difference in our operation.

This concluded Mr. Bland's report.

The Chairman called on Mr. Letwin for a report from the Performance Oversight Committee. Mr. Letwin reported that the Performance Oversight Committee was held on Wednesday, May 16, 2012, and the notes from the previous meeting were approved by the committee.

The financial statements and operating budget were first presented to the committee. It was reported that passenger revenues for April are up \$109,591 over April fiscal year 2011, reflecting a ridership increase for the month of 10 percent over April of 2011. Ridership year-to-date system-wide is up 2.16 percent. Year-to-date passenger revenue is ahead of budget by \$2.7 million, largely a result of greater than budgeted farebox revenue and sales of tickets and weekly and monthly passes. Operating income through April is up approximately \$2.98 million over budget. April expenses are favorable across the board to budget by approximately \$15.9 million, due primarily to Highmark's healthcare premium freeze, price locks on utilities and diesel fuel, as well as general cost controls across the organization.

It was also reported to the Performance Oversight Committee that for the month ending April 30, cash on hand totaled \$38,442,000 and currently \$14 million is drawn on our line of credit and \$27 million basic supplemental grant is in reserves.

The Performance Oversight Committee reviewed 13 resolutions and the following are being recommended by the committee.

The committee reviewed three procurement actions, which are listed in the Board packet, in the amount of \$1,851,533.60 and has 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 amount of \$1,851,533.60.

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

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

The next resolution authorizes the Authority to extend the agreements for construction management and engineering support services with PB Americas, Inc., Management Engineering Corporation and URS Corporation. The Authority entered into agreements with the three firms to provide construction management and engineering support services. The agreements are for a three-year period with the option to extend the term of agreement up to an additional two years. The initial three-year term of agreements expires on July 30, 2012. The Authority has determined that it is in its best interest to exercise its option to extend the term for two additional years to June 30, 2014, in order to continue to utilize the contractors to perform the services on an as-needed basis through task-specific work orders.

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

Mr. Mattola made a motion to postpone the consideration of this resolution for further discussion and to have staff re-present it to the Performance Oversight Committee in June.

It was moved, seconded and unanimously agreed that this resolution be tabled until June.

The next resolution authorizes the Authority to extend and amend the agreement with GAI Consultants, Inc., for inspection and engineering services for the Authority's Bridge Management

System and Bridge Inspection Program. In July 2008, the Authority's Board authorized an award of agreement to GAI Consultants, Inc., to provide the required services on a work order basis. The agreement provides for an initial term of three years with the option to extend the term of agreement up to an additional two years. The Authority has previously exercised its option to extend the term of agreement for one additional year. The initial three-year term and first-year extension term of the agreement expires on July 31, 2012. The Authority has determined that it is in its best interest to exercise its option to extend the term of agreement one additional year to July 31, 2013, and to increase the previously authorized total not-to-exceed amount of the agreement by \$1,100,000, increasing the previously authorized total not-to-exceed amount from \$3,300,000 to \$4,430,000 to be allocated on an as-needed basis.

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. Parker, and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to extend and amend the 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 June 30, 2012, 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. In order to close out the CAF-USA contract and provide for ongoing project support activities, services will be required beyond June 30, 2012. The Authority has determined that it is in its best interest to extend the term of the agreement with CH2M HILL to December 31, 2012, and to increase the previously authorized not-to-exceed amount of agreement by \$45,000, increasing the not-to-exceed amount of the agreement from \$4,448,926 to \$4,493,926.

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

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

The next resolution authorizes the Authority to establish the Ninth Incremental Work Program with Tri-Gold for the North Shore Connector project. The Authority entered into an agreement in February 2001, with Tri-Gold to provide project management and construction management services for the North Shore Connector project. The previous amendments to the agreement authorized services through December 31, 2012, with a total not-to-exceed amount of \$46,300,000. The Authority desires to enter into a Ninth Incremental Work Program related to close out the project through December 31, 2012. The not-to-exceed amount of the Ninth Incremental Program is \$400,000, thereby increasing the total not-to-exceed amount of the agreement to \$46,700,000.

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. Parker, and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to amend the general ancillary electrical service contract. This contract provides for general ancillary construction services for upgrades and improvements to the property and facilities owned and/or operated by Port Authority. In October, 2011, the Authority's Board authorized the award of contract to Schultheis Electric in a total not-to-exceed amount of \$1,000,000. Mr. Letwin noted that no change orders have been issued to date on this contract.

Mr. Letwin continued reporting that the original scope of the contract included work order number one for work associated with the fare collection equipment site preparation at stations and locations throughout the system and was based on a preliminary layout of equipment. Subsequent to the bid, site visits were conducted at each location, and it was decided that to maximize customer flow, the planned locations for the equipment would need to be relocated at several stations as well as adding new equipment. There was also a need to increase some of the planned conduit and wire sizes to meet voltage drops and code requirements. Because the revised scope increased the original cost estimate, a change order to the contract is necessary which will increase the overall contract not-to-exceed sum by \$700,000 for a new total not-to-exceed sum of contract of \$1,700,000.

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

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

The next resolution authorizes the Authority to amend and consent to the assignment of contract MAN-10-03G for general construction of the Manchester Main Shop Paint Booth Replacement project. On February 17, 2011, the Authority entered into a contract with Ionadi Corporation to perform general services and construction work for the paint booth replacement at the Manchester Main Shop. On behalf of Ionadi, Westchester Fire Insurance Company, as surety, executed a performance bond and payment bond for the contract. Ionadi commenced work on the project, but on September 22 of last year, advised Westchester that it was financially unable to complete the project. Ionadi subsequently filed for Chapter 11 Bankruptcy Protection, and the bankruptcy court entered an order assigning the contract to Westchester. On November 4, the Authority issued a notice of non-compliance to Westchester, and since that time, the parties have been negotiating the parameters of a settlement agreement to ensure project completion and that the Authority would be made reasonably whole for Ionadi's default. This resolution would authorize the Authority to enter into a settlement agreement with Westchester that would include assignment of the contract to Mosites Construction Company to complete the contract, Westchester resolving and protecting the Authority from claims from other prime contract actors on the project and Ionadi's subcontractors, and reimbursing the Authority for certain increased project management costs.

Mr. Letwin continued reporting that upon execution of the settlement agreement and completion of the assignment of the contract to Mosites, and as detailed more fully on Exhibits A and B to this resolution, the Authority would then execute change orders with Mosites to increase the contract amount by 336 days and increase the total not-to-exceed amount of the contract by \$963,277.43 up to a total amount of \$3,124,845.43. Of this increased amount, Westchester would reimburse the Authority \$826,319.50 for the additional costs resulting from Mosites completing the project that is directly related to Ionadi's default.

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. Parker, and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to extend and amend the 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 for its current and future transit improvement programs and for existing Authority-owned properties. The Authority's agreement with IAS expires on July 30, 2012. In order for them to continue to provide services, the agreement would need to be extended to the end of the year with no increase in the previously authorized total not-to-exceed amount.

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

It was moved by Ms. Parker, 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 Veolia Transportation Services, Inc., to provide professional paratransit services for individuals with disabilities and elderly persons in Allegheny County. The two proposals that were received were reviewed by an Evaluation Committee, and Veolia Transportation Services was determined to be the highest rated proposal for the performance of the services. Negotiations with Veolia have been initiated and are progressing on a proposed agreement to perform these services for a five-year period with a total not-to-exceed amount of up to \$2,300,000 for the first year of the five-year agreement.

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

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

The next resolution authorizes the Authority to file grant applications with the Pennsylvania Department of Transportation for Section 1514 and 1517 of Act 44 available for FY 2013. The Commonwealth provides Section 1514, Asset Improvement Program, and Section 1517, Capital Improvement Program, assistance to transit operators under the provision of Act 44. By law, the Authority must submit applications to PENNDOT throughout the year to obtain the funds available for the Authority. This resolution authorizes the filing of grant applications to PENNDOT and further authorizes the execution of the contracts with PENNDOT for the funds.

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

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

The next resolution authorizes the Authority to extend the term of a revolving credit facility with Huntington National Bank. The Authority receives annual operating grants from the Commonwealth and the County of Allegheny. The timing of the receipt of such grants is not expected to match the

operating expenditures which the Authority is required to make. Therefore, the Authority requires a revolving credit facility to fund working cash flow deficits.

An Evaluation Committee reviewed the three proposals that were received and Huntington National Bank was the highest rated proposal for the performance of services. Huntington National Bank's proposal included the right of the Authority to extend the working capital credit facility by two additional fiscal years upon mutual agreement of the parties. The Authority desires to exercise its first option year and enter into a working capital credit facility with Huntington in an amount not-to-exceed \$25,000,000 and with a term to begin on or about July 1, 2012 and no later than June 30, 2013.

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

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

Mr. Letwin continued reporting that each year Port Authority receives an allocation of the one percent of the 5307 Urbanized Area Formula Program funding from the FTA. These funds are used to support transit projects that qualify as enhancements under the Urbanized Area Formula Program. These funds will be used for improvement to the Authority's Wayfinding Signage Improvements Program. Federal funding is required in the amount of 80 percent of the total project costs, and requires a 20 percent non-federal match. This resolution authorizes filing the grant application and entering into an agreement with the FTA, PENNDOT and Allegheny County to fund their respective portions.

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. Parker, and unanimously agreed that the resolution be approved as presented.

Mr. Letwin reported that the final resolution authorizes the Authority to submit an application for State Operating Assistance. The Commonwealth provides financial assistance to transit operators such as the Authority under the provisions of Act 44. This law mandates that the Authority submit to PENNDOT an annual application for State operating financial assistance. This resolution authorizes the Authority to submit an application for assistance for FY 2013 in the amount of \$184,457,990.

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

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

The Performance Oversight Committee then received an update on the recent special event service issues and the steps that are being taken to improve service. At the presentation, Mr. Bill Miller, Port Authority's Chief Operations Officer, indicated that the laid-off operators are being called back to add to base rail service and supplement the extra board. Several additional operators will be available by Memorial Day, with more on board during June. Several bus operators who are already qualified to

operate the rail would be available as possible extra help for special events. Supervisors are also being deployed to operate rail when necessary.

Port Authority's Assistant General Manager Planning and Development, Ms. Wendy Stern, reported that beginning sometime in June, a schedule change would be made. Regularly scheduled weekend rail service will operate every 10 minutes between the North Shore, downtown and Station Square for most of the day, making it convenient to visit the North Shore for dining, museums, and other attractions. In addition, supplemental service will be provided, as necessary, to accommodate special events. Customer Service personnel are making announcements to communicate the train status to the crowds on the platform following major events. They are also advising customers who are, understandably, less familiar with the T, about ways to make the event travel a little smoother.

This concluded the report of the Performance Oversight Committee.

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

Mr. Mattola reported that the Planning and Development Committee did not meet this month; however, he wanted to take a moment to report some encouraging news regarding proposed legislation that would benefit ACCESS riders throughout Allegheny County. He reported that House Bill 2363 would make Allegheny County eligible for the State's program for persons with disabilities. The bill has moved from the committee level in Harrisburg and will be considered by the full House. The bill was introduced by State Representative Randy Vulakovich, and it is very much appreciated. When approved, this will help protect public transportation for thousands of ACCESS users who face being cut off from the system in September. There is likely to be more discussion about the legislation but we certainly want to take any steps possible to protect our most vulnerable riders and maintain their ability to travel on a daily basis.

Mr. Mattola continued by stating that he is encouraged that in the last weeks this issue has caught the attention of our leaders and a viable solution is now on the table. Much of the credit for bringing this important issue to the attention of the legislators goes to our Government and Community Affairs Officer, Dan DeBone and his staff.

This concluded the report of the Planning and Development Committee.

The Chairman announced that the Stakeholder Relations Committee and Governance Committee did not meet this month and there is nothing to report.

Under new business, Mr. Jonathan Robison addressed the Board. Mr. Robison reported that we still have a faint hope that the State will act in time to head off the disastrous service cuts that are scheduled. He stated that we should still contact business leaders, legislators and the Governor.

In conclusion, Mr. Robison announced that there is a rally scheduled for June 8 at 3:00 p.m. on Stanwix Street and Fort Pitt Boulevard.

There being no further business, the meeting was adjourned.

The next Regular Meeting of the Board will be Friday, June 22, 2012.