

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, JUNE 22, 2012

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, June 22, 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 (via phone)
Constance Parker
Joe Brimmeier
Amanda Green Hawkins
Mavis Rainey
Eddie Edwards (via phone)
Joel L. Lennen, General Counsel

Media:

Tom Fontaine, Tribune Review
Jonathan Silver, Post-Gazette
Brenda Walters, KDKA-TV
Alexandria Chaklos, KQV

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, Communications Officer
Tom Noll, director Technical Support & Capital Programs
Heather Pharo, Public Relations & Communications Coordinator
Dan DeBone, Community and Government Relations officer
Brian Dudas, Supervisor Customer Relations
Fred Mergner, assistant manager Schedules and Service Planning
Denise Henderson, director Bus Operations
Stephen McCauley, Chief of Police Port Authority
John Beeler, manager Customer Service
Richard Wojnar, director Road Operations
Brenda Fink, director Internal Audit
Jeff David, Port Authority Intern
Shelagh Joyce, Port Authority Intern
Diane Williamson, executive assistant

Others:

Annette Kroll, Speaker
Glenn Walsh
Felicia Themcs, Sci-Tek Consultants
Joan Natko, ACTC Board
Emily Farah, EPR

Steve Palonis, ATU
Bill Heltzel, Public Service
S. C. DePasquale, W. G. Tomko, Inc.
Byron Shane, ATU

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the May 25, 2012 Regular Meeting. The motion was moved, seconded and passed.

The Chairman called on Ms. Annette Kroll. Ms. Kroll reported that she has spoken at Board meetings before, but she wanted to let the Board know the importance of public transportation and the impact that the proposed service reductions will have on not only her but the entire community.

She reported that June 10, 2012 was the 13th consecutive year that she participated in "Walk America" for the March of Dimes. The reason this charity is important to Ms. Kroll is that she was born with the visual impairment that she has had all her life and she does not want any more children to have to go through being bullied, or treated badly, because of something that is out of their control, or as adults, cannot reach their full potential. If the cuts that are proposed for September occur, she will be unable to participate in this fundraiser that means so much to her because every year this event is held on a Sunday and she will not have service.

Any vision loss from glaucoma is permanent, but having to deal with the added stress that these cuts would cause is of great concern. She does not know if she will be able to get to work, go grocery shopping, or just the normal things that others take for granted. She stated that she would really love to see the situation resolved as early as possible, noting that she does not want a safety net, but rather a spring board where she can reach her full potential and public transportation gives her that.

She continued saying that she remembers hearing from a woman who was here when her 46D route was cut. She would have to walk a mile and a half and ride two buses to work, noting that she can relate to someone who has to rely on public transportation to get to work. She also remembers a woman that spoke at an Allegheny Council Meeting with epilepsy who has to keep moving where she lives to keep up with public transportation in the County. Another instance was the woman who spoke at the last public hearing that had Down syndrome that liked her two jobs and wanted to remain in the workforce.

Ms. Kroll ended her report by saying that we all need to get together and solve the transportation funding crisis, whether it is public transportation or the roads and bridges. These are arteries that keep our economy moving. She said, "Please get this matter resolved quickly so that she and many other people can celebrate Independence Day like it should be, with life, liberty and the pursuit of happiness."

The Chairman called on Mr. Bland for a report. Mr. Bland reported that we are nearing the end of our current fiscal year, and on today's agenda, under the Planning and Development Committee, the Board will be considering a proposed operating and capital budget for the fiscal year that starts July 1, 2012.

Mr. Bland is not going to cover the same ground in terms of the magnitude of the service reductions, the layoffs of Authority staff, and the fare increases, but he wanted to speak directly to the possibility that if all of us can work together, Port Authority management, Port Authority union, State and County officials, that we still have an opportunity, although time is running short, to avert the service reductions and eliminations. He noted that there are four parties actively discussing how we can resolve the problem. We have leadership from the State, most directly both Governor Corbett and State Transportation Secretary, Barry Schoch, Allegheny County, under the leadership of Chief Executive Rich Fitzgerald, Port Authority management, and ATU leadership. Mr. Bland stated that we look forward to continuing that dialogue with new officers of ATU and he acknowledged both Mr.

Steve Palonis, the incoming ATU president and business agent, and Bryon Shane, who is also coming in as an ATU officer.

Mr. Bland continued reporting that all four parties have been very clear. The Governor's office, County, Port Authority, and ATU agree that the 35 percent service reductions and eliminations scheduled for September is absolutely unacceptable and needs to be avoided. So despite the service reductions that were approved in April, and is reflected in the budget that the Board will consider this morning, we are hopeful that at some point in the next month or two, we are able to schedule a special Board meeting to amend this budget and to rescind those earlier decisions.

Mr. Bland reiterated that this can still be avoided, but time is very short. From a management perspective, we will continue to do everything we can to avoid that eventuality.

Mr. Bland continued reporting that unfortunately, even though the cuts are still about two months away, the sheer uncertainty of our fiscal situation is really starting to take its toll, particularly in our service area. As reported in the media, we are experiencing a significant wave of employee retirements. In the last few months, we have had about 135 operating employees retire, which is really an unprecedented number, far more than we have seen in any similar period in recent memory. Then when you compound this with the fact that our dire financial circumstances of the last couple of years has precluded the hiring of any new employees, it has been over a year-and-a-half since we have hired new operators and new maintenance employees, this will directly impact the number of operators and service employees that we have on a daily basis to operate and maintain our fleet. Right now, we are about 30 positions short in the maintenance area and 40 positions short in the operator area, noting that this is after recalling all previously laid-off employees. That puts an enormous strain on our system and it puts an enormous strain on those employees that remain. We have been very pleased that the overwhelming majority of our employees have stepped up and are working the extra hours. Bill Miller, our chief operations officer, and his team are certainly monitoring the situation on a daily basis and doing everything possible to stabilize service, but until we resolve the financial stability of the Authority, it is going to be impossible to stabilize our service reliability and our service levels. This is happening despite the best efforts of everyone involved. We are doing everything possible to sustain the level of service, but it is important to note that it is becoming increasingly difficult every day.

Mr. Bland continued reporting that the North Shore Connector was honored once again. At the March of Dimes awards luncheon this past week they awarded the North Shore Connector project as its "Transportation Construction Project of the Year."

Mr. Bland ended his report by acknowledging a few employees from the Engineering and Operations Division who have been participating in the FTA's Environmental System Management Initiative. This has been an initiative by the FTA to really enhance transit as a sustainable green alternative by getting single-occupant autos off the road. The program that the FTA sponsored was conducted in conjunction with Virginia Tech University. We have had a number of folks through extensive training and also doing audit practices of environment management systems here within the Authority, our procedures, our processes and facilities.

Mr. Bland was happy to report that through hard work, Port Authority scored a 97 percent on the final exam. Pittsburgh continues to enhance its efforts to become widely known as the greenest city in America, and Port Authority is going to do its part in terms of reducing and minimizing our own carbon footprint.

That concluded Mr. Bland's report.

The Chairman called on Ms. Amanda Green Hawkins for a report of the Performance Oversight Committee.

Ms. Green Hawkins reported that a meeting of the Performance Oversight Committee was held on Wednesday, June 20, 2012, and the notes from the previous meeting were approved by the committee.

The Operating Budget was presented and it was reported that passenger revenues for May are up \$278,987 over May 2011, reflecting a ridership increase for the month of 13.6 percent. Year-to-date ridership system-wide is up 3.14 percent, despite the reduction of service hours in March 2011. Year-to-date passenger revenues are ahead of budget by \$3 million, largely as a result of greater than budgeted farebox revenue and sales of ticket and weekly and monthly passes.

Expenses as of May 31 were reported favorable to budget across the board as a result of Highmark's healthcare premium freeze, price locks on utilities, as well as general cost controls across the organization. It was also reported that for the month ending March 31, cash on-hand totaled \$29,555,000. Our line of credit draw is \$14 million, which is scheduled for repayment today.

Ms. Green Hawkins reported that there were several resolutions discussed at the meeting and the following were reviewed and are being recommended by the Performance Oversight Committee for approval.

First, the committee reviewed the five procurement actions listed in the Board packet in the amount of \$1,684,241.08. 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 the bidders to be responsive and responsible. The Performance Oversight Committee recommends these items for award for a total cost of \$1,684,241.08.

On behalf of the Performance Oversight Committee, Ms. Green Hawkins respectfully requested approval of the resolution as presented.

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

The next resolution authorizes the Authority to amend and update the Affirmative Action Policy. On March 12, 1987, the Authority's Board adopted an updated Equal Employment Opportunity Program, including goals and timetables. The Authority was required to have and maintain an Affirmative Action Plan as a condition for receiving federal grants from the FTA. The policy is being further revised to reflect the Authority's existing commitment to an Affirmative Action Program, which includes goals and timetables in order to address the exclusion of qualified individuals who happened to be women and/or minorities, groups who have historically experience discrimination. This resolution authorizes that the revised plan be adopted and replace the original Affirmative Action Plan.

On behalf of the Performance Oversight Committee, Ms. Green Hawkins respectfully requested approval of the resolution as presented.

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

The next resolution authorizes the Authority to file grant applications and enter into the Pennsylvania Department of Transportation's dotGrant system. The Authority is required to submit applications to PENNDOT throughout the year in order to receive operating and capital assistance provided to transit operators across the State under the Provision of Act 44 of 2007, Pennsylvania Public Transportation Program. PENNDOT has established an online dotGrant system to facilitate the grant application process and requires the Authority to identify position titles that are responsible for preparing applications electronically and act as liaisons with PENNDOT.

On behalf of the Performance Oversight Committee, Ms. Green Hawkins respectfully requested approval of the resolution as presented.

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

The next resolution authorizes the Authority to extend agreements for construction management and engineering support services with Parsons Brinckerhoff, Inc., Management Engineering Corporation and URS Corporation. The Authority entered into agreements with these three companies in July, 2009, to provide construction management and engineering support services. The services are issued on a work order basis as they are needed. The agreements are for a three-year period with the option to extend the term of agreements up to an additional two years. The initial three-year term of the agreements expires on June 30, 2012. The Authority has determined that it is in its best interest to exercise one of its two option years at this time to extend the term of agreements for one additional year to June 30, 2013, in order to continue to utilize the contractors on an as-needed basis through task-specific work orders.

On behalf of the Performance Oversight Committee, Ms. Green Hawkins respectfully requested approval of the resolution as presented.

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

The next resolution authorizes the Authority to award Construction Contract SYS-12-01 for central business district subway standpipe repair in Zones 2, 4, 6 and 9. The contract provides for the furnishing of all engineering, labor, material, equipment, tools, and incidental items necessary for the central business district subway standpipe repair. It was determined that W. G. Tomko, Inc., in the amount of \$765,206, is the lowest responsive bid from a responsible bidder meeting the Authority's specifications for the project. It is recommended that the contract be awarded to W. G. Tomko Inc., subject to completing pre-award requirements.

On behalf of the Performance Oversight Committee, Ms. Green Hawkins 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 Chester Engineers for environment contract services. The Authority requires a contractor to provide environmental-related consulting and other services for the Authority. Six proposals were received and reviewed by the Authority's Evaluation Committee, and the proposal submitted by Chester Engineers was determined to be the highest-rated proposal. The total not-to-exceed amount recommended for approval for the agreement of services is \$1.2 million and is 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 agreement up to an additional two years.

On behalf of the Performance Oversight Committee, Ms. Green Hawkins respectfully requested approval of the resolution as presented.

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

The final resolution authorizes the Authority to amend agreement R08-01 with Scheidt and Bachmann USA, Inc., for replacement Automated Fare Collection System. In November, 2008, the Authority's Board authorized entering into an agreement with Scheidt and Bachmann to replace the existing rolling stock farebox and related cash-handling system with an electronic smart card-based Automated Fare Collection System. Scheidt and Bachmann has progressed with the installation of replacement Automated Fare Collection System, and the Authority desires to pursue additional services to maintain, repair, and keep operational the new system. As a result of negotiations between the Authority and Scheidt and Bachman, it was agreed to amend the agreement to provide maintenance services for an increase of \$4.75 million to the total not-to-exceed amount over an initial three-year period with the option of extending up to an additional two years.

This agreement will increase the previously authorized total not-to-exceed amount of agreement from \$33 million to \$37.5 million. Ms. Green Hawkins noted that this does not increase the net cost of the AFCS project, but will become part of the ongoing operation of that system.

On behalf of the Performance Oversight Committee, Ms. Green Hawkins 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 Performance Oversight Committee then received a wrap-up presentation for the quality assurance elements of the North Shore Connector project from Talson Solutions. They cited the improved quality efforts on the project as well as the remaining area to ensure a successful closeout of the project.

Next the Internal Audit Department presented a report from the audit of Preventative Maintenance and Maintenance Campaigns for light rail vehicles to determine whether preventive maintenance procedures were performed on a timely basis during calendar year 2010 and documented in the Work Order System. Audit results showed that, in general, preventative maintenance for railcars was initiated on a timely basis and adequately documented on the inspection sheets in the Work Order System. Also, employees who are required certifications and licenses to perform their job duties were certified. Several opportunities to improve this process were identified.

Staff gave a presentation on the Automated Fare Collection System and provided an update on the equipment being installed at retail outlets throughout the system, the public pilot planning and an updated schedule and budget.

This concluded the report of the Performance Oversight Committee.

The Chairman gave the report of the Planning and Development Committee. He reported that our budget for the fiscal year starting July 1, 2012 is grim, to say the least. We must plan for the worst and assume that we are not able to avoid the 35 percent service cuts that were reluctantly adopted by the Board in April. This is not ideal, yet we are obligated to adopt a balanced budget. While riders will experience the fare increase in July, Port Authority will continue to work with local ATU leadership, Allegheny County and the State to find a lasting solution to avoid the September service cuts.

Mr. Brooks reminded everyone that at the April Board meeting, when the Board reluctantly approved the fare increase and service cuts, staff was directed to also plan for the best outcome, and to make sure that we are prepared to sustain current service levels so that the Board could convene on short notice to reverse these cuts if, and when, an adequate funding solution is found.

Mr. Brooks respectfully requested approval of the FY 2013 Operating and Capital Budgets and FY 2014 Capital Budget as listed in the Board packet.

It was moved by Mr. Brimmeier, seconded by Ms. Green Hawkins, and unanimously agreed that the resolution be approved as presented.

The other agenda item at the Planning and Development Committee meeting was a presentation by Mr. Paul Svoboda of the URA and Mr. Mark Minnerly of Mosites Company, updating the committee on the status of the East Liberty Transit Oriented Development project. An improved and modern transit hub is part of a comprehensive development strategy to drive transit system growth and social and economic growth by integrating transit and a regional workforce with 3,300 newly created jobs.

Mr. Brooks reported that the presentation was not only informative, but also very timely. The URA received the good news that the project was the successful recipient of a \$15 million grant from the FTA. Port Authority staff will continue working with the URA, Mosites, and the other involved parties on this very significant public/private effort.

This concluded the report of the Planning and Development Committee.

There was nothing to report from the Stakeholder Relations Committee and Governance Committee of the Board.

There being no further business, the meeting was adjourned.

The next Regular Meeting of the Board will be Friday, July 27, 2012.