

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, SEPTEMBER 28, 2012

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, September 28, 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
Joe Brimmeier
Eddie Edwards (via phone)
Joel Lennen, General Counsel

Media:

Tom Fontaine, Tribune Review

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 officer
John Beeler, manager Customer Service
Brenda Fink, director Internal Audit
John DeAngelis, director Contract Administrator
Tom Noll, director Technical Support and Capital Programs
Deborah Skillings, Community Outreach coordinator
William Wagner, Detective Port Authority Police
Diane Williamson, executive assistant

Other

Felicia Thomas, Sci-Tek Consultants	Chris New, Fore Property
John Tague, CAT	Josepha Asturi, Controller's Office
Jim Robinson, ACTC President	Carolyn Lenigan
Jonathan Robison, ACTC	Aaron Pittman, County Council
Joan Natko, ACTC	James Love, ACTC
Annette Kroll	
Glenn Walsh, Speaker	

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the July 27, 2012 Regular Board Meeting and August 21, 2012 Special Meeting. The motion was moved, seconded and passed.

The Chairman called on Mr. James Love for a report. Mr. Love began his report by thanking Mr. Steve Bland, Port Authority Board, ATU Local 85, Governor Corbett and Mr. Fitzgerald on reaching

an agreement to avoid the service cuts proposed in September. He stated that he has a bigger view for regional transit than SPC. More waste must be eliminated by outlining counties. Mr. Love's concern is the revenue Port Authority is losing to other transit companies outside the county and suggested a 21-county transit system to include counties such as Altoona, Clarion and Venango to bring more passengers into mass transit.

The Chairman then called on Mr. Glenn Walsh for a report. Mr. Walsh reported that in 2003, he addressed the Port Authority Board asking that a walkway be built to the new Wilkesburg Station from the original inbound station platform. This would provide a seamless walk for Wilkesburg residents coming from the south side of Penn Avenue, and a wheelchair ramp from Wilkesburg's Pennsylvania Railroad Station would allow the disabled to reach the new station without crossing busy Penn Avenue. Mr. Walsh noted that his request was supported unanimously by Wilkesburg Borough Council.

He continued reporting that Port Authority officials refused to consider such a walkway, stating that pedestrians crossing the bus layover area would be in danger. Yet, they did not consider the danger of pedestrians crossing busy Penn Avenue since any pedestrian accidents on Penn Avenue would not affect Port Authority's legal liability.

Mr. Walsh then stated that he was in Wilkesburg recently and was surprised to see that the walkway he wanted, and Port Authority refused to build, had now been built. He does not understand why it took Port Authority nearly a decade to understand the value of this walkway to the residents of Wilkesburg and thanked the Authority for finally building this needed walkway.

Mr. Walsh reported that a large sign at the Hay Street Stop indicating that there is no pedestrian access to the Wilkesburg Station needed to be replaced with a sign indicating that there is now pedestrian access to the Wilkesburg Station.

The Chairman called on Mr. Bland for a report. Mr. Bland updated the Board on what happened with the Regional Asset District Board with regards to funding. The most recent meeting was held just yesterday with RAD Board of Directors, noting that Mr. Brooks and Mr. Brimmeier were in attendance, along with several others, all of whom generally in favor of this.

Mr. Bland recapped that last month Port Authority, County Executive Fitzgerald, ATU Local 85, and representatives of Governor Corbett's administration reached an historic agreement that achieves some extremely positive goals. First and foremost, it allowed Port Authority to avoid a drastic 35 percent service reduction, which would have been absolutely staggering to this community. It also addressed, in a very meaningful way, a significant labor agreement that protected jobs but also addressed long-term legacy costs that have been a mill stone around this Authority's neck. It also gained a commitment from the governor's office to address transportation funding, not just for the one year, but on a long-term basis. The agreement not only protects the level of service we offer today, but affords us an opportunity to operate on a more stable financial footing so that we can spend more time doing what we should be doing, which is focusing on improving the service and improving the quality of that service, than just fighting the chronic, annual operating deficits. This is the agreement our riders, our stakeholders and community have sought for a long time.

He continued saying that now we must match locally at 15 percent the funding that the State has committed to this initiative. And to do so, the County Executive has proposed spending an additional \$1.5 million locally coming through the County from the drink tax proceeds, and \$3 million requested

from the Regional Asset District. This \$4.5 million local contribution is absolutely essential to securing \$30 million from the Commonwealth of Pennsylvania. If we fall short, the State cannot meet that obligation. The RAD Board now is considering this request for \$3 million to benefit public transportation, and to benefit the Greater Pittsburgh region as a whole.

Mr. Bland continued reporting that we first met with the RAD Board of Directors and offered testimony about the value and benefits of public transportation to the region. Much to their credit, the members of the RAD Board, many of whom are very familiar with what Port Authority does and how we operate, asked a series of extremely intelligent and well-based questions that we have been able to respond to in a positive manner. Yesterday, the RAD Board formally proposed including the \$3 million allocation in its annual budget. This is not the last phase, this is just a proposal. Their proposal goes through a public comment process and will be ultimately voted on by the full RAD Board sometime later this year.

Mr. Bland assured the Board that as we continue to work with the Regional Asset District through this process, we will continue to update them, as well as our other stakeholders, as to that progress.

Mr. Bland noted that in the Performance Oversight Committee report, construction contracts will be presented for our Manchester facility. This process has been underway for quite a few years now. The Board approved two former capital budget requests in 2010 and 2011 relative to the funding of these projects. These discussions emerged following two external audits dating back to 2007 regarding the potential savings of possibly relocating the administrative headquarters back to Manchester. One of these audits was conducted by the State Auditor General's Office and one by the Allegheny County Controller. As always, at that time we had been looking for ways to save money and efficiency and we took these recommendations very seriously.

Our Engineering Facilities Department engaged outside engineering support to do a full examination of the Manchester Building to see what would have to be done to restore the building to an occupancy condition. And we also engaged our Financial Department's outside financial advisors to essentially do a cost/benefit analysis of an investment in that building. The physical review identified significant issues with the building, including HVAC, fire detection, elevator, electrical, plumbing, roofing, and window systems. So essentially, other than the steel structure that supports the building, the rest of the building would need reconstructed to have a real chance of occupancy. The cost/benefit analysis showed that the costs associated with these issues were too great and that the least expensive option for the Authority at the time was to work toward renegotiating our lease here at Heinz 57 Center and remaining here.

Mr. Bland continued reporting that the analysis also showed that the least costly course of action was to ultimately demolish the office tower above the Manchester facility while restoring those parts of the facility we need to continue operations in our primary bus overhaul shop, which is located at that facility. That is essentially what these contracts address. We anticipate that by enacting these recommendations it would be the last formal Board action that will need to be taken on this issue.

Mr. Bland next addressed the strong performance of Port Authority's Operations Department during the most recent Steelers game. A lot of folks had concerns, or issues, about how our T was going to perform at our first big event, and Operations personnel along with Port Authority's Police Department made sure that it was an absolutely successful introduction to that service for an awful lot of Steelers fans. At the end of the day, we carried just short of 14,000 people in and out of that event.

Mr. Bland concluded his report by commending Port Authority's Operations Division and Port Authority Police personnel and everyone associated with that effort on a job well done.

The Chairman called on Mr. Jonathan Robison for a report. Mr. Robison stated that it is good news about the funding. We have a year of funding now that RAD has included us in the budget. The public hearing on is scheduled for October 30 at 4:30 p.m. in the Gold Room to support this.

Mr. Robison then reported that he thinks PAT should maximize service, and this means making the T fully accessible, even if it would take a while and a little money we should plan for it anyway. Also, if we cut stops for express service, or BRT, we should maintain local buses. People would be happy to walk four blocks for a quicker, nicer bus, but there are people who just can't and we cannot exclude them from the system. Mr. Robison's final suggestion is to have PAT be PAT, noting that we don't have to spend a lot of money, we can phase into the new image.

The Chairman called on Mr. Letwin for a report of the Performance Oversight Committee.

Mr. Letwin reported that a Performance Oversight Committee meeting was held on Wednesday, September 19, 2012, and the notes of the previous meeting were approved by the committee.

First the committee reviewed the operating budget. It was reported that for FY 2013, passenger revenue is down approximately \$1.2 million with \$1 million due in contract services. Monthly and annual passes were down in August, but ticket sales and weekly permits were up. The operating revenues through August are below budget by \$1,330,514. It was also reported at the meeting that expenses for August 2013 are favorable to budget by approximately \$3 million. We were over budget in wages and salaries due to the need to fill overtime for approximately 60 vacant positions; however, we are under budget as a result of these benefits. Therefore, at the end of August, performance is \$4,008,525 better than the projected budget.

It was also reported that for the month ending August 31, 2012, cash-on-hand totaled \$38,648,000 with a line of credit draw of \$20 million.

The Performance Oversight Committee also reviewed two resolutions for recommendation by the entire Board. The committee reviewed five procurement actions that are listed in the Board packet for the total amount of \$21,557,316.76. 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 a total award cost of \$21,557,316.76.

On behalf of the Performance Oversight Committee, Mr. Letwin 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.

As Mr. Bland has already given the background on the next item regarding the Manchester facility, Mr. Letwin went directly to the resolution. The Performance Oversight Committee recommends the resolution that authorizes the Authority to award construction Contracts MAN-12-05 for general, HVAC, plumbing, and electrical services for the Manchester Office Tower Demolition and Garage Roof Slab and Drain Repair project.

The Contract MAN-12-05G provides for the general construction of the project; Contract MAN-12-05H provides for the heating, ventilation and air-conditioning construction; Contract MAN-12-05P provides for the plumbing; and Contract MAN-12-05E provides for the electrical construction for the project.

After review of the bids received, it was determined that the bid of Mosites Construction Company, in the amount of \$5,888,000, for the general construction; the bid of McKamish, Inc., in the amount of \$867,900, for the heating, ventilation and air conditioning construction; the bid of Wheels Mechanical Contracting & Supplier, in the amount of \$340,000, for the plumbing contract; and the bid of Clista Electrical, in the amount of \$457,700, for the electrical construction were the lowest responsible bidders meeting the Authority's specification for the contract.

On behalf of the Performance Oversight Committee, Mr. Letwin 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 Performance Oversight Committee then received a report on the results of the Triennial Review. As a grantee of federal transit funds, and pursuant to federal law, the FTA conducts a review of 24 broad areas of compliance every three years to ensure that the grantees are complying with the applicable laws, regulations and FTA requirements. The FTA reviewers were onsite to complete the review from August 21 through August 23, 2012. Staff reported that the overall results of Port Authority's Triennial Review were very positive, with only four findings and no repeat findings from the 2009 review. There were no findings in areas that other large transit agencies typically have, including no findings in the areas of procurement, preventative maintenance, drug and alcohol program and satisfactorily continuing control over federally funded assets. As for the four findings, staff advised the committee that the three findings directed to Port Authority, in the areas of finance, DBE and Title VI, all involved updating manuals and ensuring certain documents were submitted to the FTA. Staff completed the corrective action items for these three findings prior to the due dates set by FTA and these findings were officially closed when the final report was issued. The remaining finding has to do with notice for proposed projects being completed by our region's metropolitan planning organization, Southwestern Pennsylvania Planning Commission. Port Authority staff is working with SPC to ensure the timely completion and closure of this remaining finding.

On behalf of his fellow Board members, Mr. Letwin thanked staff for their hard work and effort that went into the Triennial Review this year, which is evident by the positive report we received from the FTA.

The Committee also received a brief update on the Automated Fair Collection System. The presentation included an update on equipment installation and the ConnectCard public pilot, as well as a review of the project schedule and budget. Potential enhancements to the system based on customer feedback and the preliminary project results were also presented.

This concluded the report of the Performance Oversight.

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

Mr. Mattola reported that the Planning and Stakeholder Relations Committee had a very interesting and informative meeting and he would like to report on three items.

First the committee reviewed a resolution requesting authorization to enter into exclusive negotiations for the South Hills Village upper lot development. Port Authority owns an approximately 6.43 acre paved and lighted surface lot adjacent to the South Hills Village parking facility and light rail system. In September 2006, the Board and the Redevelopment Authority of Allegheny County identified this as a prime location for a potential transit-oriented joint development project. After previous unsuccessful efforts to implement a project on this site, the Authority and the Redevelopment Authority issued a new public solicitation for development proposals on April 2, 2012. This solicitation was widely advertised and distributed.

Mr. Mattola continued reporting that a total of four proposals were received and distributed to an Evaluation Committee made up of the Authority and Redevelopment Authority personnel. The committee determined that two proposals would potentially be able to achieve the top-ranked status and advance a viable development project on the site. They were Massaro Dawson, a special proposed joint venture consisting of Massaro Properties, LLC, and the Dawson Company LLC, or Massaro Dawson and Fore Property.

The Redevelopment Authority requested further clarification and final and best financial offers from these two proposers. Based upon the original proposals and supplemental information received from Massaro Dawson and Fore, the committee identified Massaro Dawson as the proposer with the highest and most viable development proposal for the site.

Mr. Mattola noted that after the Evaluation Committee's preliminary vote relative to this project, Fore submitted a letter dated September 24, 2012 to staff concerning Fore's proposal and the award recommendation. This letter was provided to all members for review and consideration prior to this morning's Board meeting.

This resolution would authorize Port Authority, with assistance from the Redevelopment Authority of Allegheny County, to enter into an exclusive negotiation period with Massaro Dawson for a period of six months to attempt to finalize the material terms and conditions of a long-term ground lease for the site. This will be presented to this Board for final review and approval and to the FTA to seek concurrence with the development of the site and the ground release.

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

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

The Planning and Stakeholder Relations Committee then received a presentation on the Bus Rapid Transit, or BRT, study that is being conducted to assess the potential for BRT in Downtown Pittsburgh and Oakland and East End corridor. A collaborative of close to 40 stakeholder organizations, facilitated by Sustainable Pittsburgh, is leading this effort. Several stakeholders, including our own Board member, Mavis Raining, also representing the Oakland Transportation Management Association, or OTMA, were present and participated in the discussion. This effort, more commonly referred to as "Get there Pittsburgh," seeks improvements in the local transportation network to support community revitalization and economic development of initiatives in the corridor

neighborhoods. Staff reported to the committee some of the challenges this project faces going forward.

The Planning and Stakeholder Relations Committee was also treated to a short video on how BRT would function in this corridor, including real footage explaining how BRT could provide improved bus service, even in heavy traffic.

Mr. Darryl Phillips, representing the consulting team conducting the technical study, took us through a visual tour of four corridor alternatives that are currently being advanced to the public for further discussion. He noted that four community meetings are scheduled during the last week of September and the first two weeks of October to share information with the public and solicit feedback. The reduced set of four route alignments will be reviewed with particular attention to stations and street configurations to accommodate buses, bicycles, pedestrians, auto traffic and parking. Participants will also view the film clip as well as an interactive computer tool to illustrate features of BRT. The simulation allows for participants to explore different scenarios for stations and streets and record which options they prefer. Mr. Mattola encouraged anyone wanting additional information about these meetings to visit the website at gettherepgh.org.

Finally, the committee heard from Ms. Terry Landis, director Advertising Sales, about a one-year demonstration project that Port Authority is engaged in with Commuter Advertising, Inc., where they sell 10-second audio and text-scroll sponsorships on public transit systems. This is a one-year test program that will convert to a multi-year contract pending operational effectiveness and customer acceptance. Messages are triggered based on the location of the vehicle. We will use the existing announcement systems already on the buses. The partnership between Commuter Advertising and Port Authority will generate new revenue for Port Authority through new advertising sales. In addition, companies that advertise on the buses may offer Port Authority customers special promotions, discounts and giveaways.

This 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, October 26, 2012.