

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, JANUARY 24, 2014

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, January 24, 2014, at 9:40 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:

Robert Hurley, Chairman
Tom Donatelli
John Tague Jr.
Senator Jim Brewster
Representative Dom Costa
Jeff Letwin
Amanda Green Hawkins
David White
Robert Kania
Constance Parker (via phone)
Joel Lennen, General Counsel

Media:

Alex Zimmerman, City Paper
Jon Schmitz, Post-Gazette
Bob Kerlik, Tribune Review
James Knox, Tribune Review
Alexandria Chaklos, KQV
Keith James, KDKA

Port Authority Staff:

Ellen McLean, interim chief executive officer, Mike Cetra, assistant general manager Legal and Corporate Services, Keith Wargo, assistant general manager Engineering and Technical Support, Bill Miller, Chief Operations Officer, Jim Ritchie, Communications officers, Wendy Stern, assistant general manager Planning and Development, Peter Schenk, interim CFO, Heather Pharo, Public Relations & Communications Coordinator, John DeAngelis, manager Contract Administration, Amy Silbermann, data analyst, Tom Noll, director Technical Support and Capital Program, Fred Mergner, assistant manager, Scheduling and Service Planning, Bill Wagner, Port Authority Police Department, Dan DeBone, Government Affairs representative, Tony Trona, director Purchasing and Materials Management, Deborah Skillings, Community Outreach coordinator, Susie Altemus, Compensation Program manager, John Beeler, manager Customer Service, Sheila Dillard, director Internal Audit, Diane Williamson, executive assistant

Other

Jim Robinson, ACTC President, Glenn Walsh, Austin Davis, Allegheny County Controller, Annette Kroll, Rommie Hawkins, Jeff DiPerna, ATU Local 85, Sabatino DiNardo, ATU Local 85, Steve Palonis, ATU Local 85, Melanie Marenski, Controller's Office, Jeff Barner, Cosmos Technologies R. Akers, Ryan Herbinko, City of Pittsburgh Controller's Office

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the November 22, 2013 Regular meeting. The motion was moved, seconded and passed.

The Chairman called on Mr. David White for a report of the Performance Oversight Committee. Mr. White reported that a meeting of the Performance Oversight Committee was held on

Wednesday, January 15, 2014, and the notes from the previous meeting were approved by the Committee.

Mr. White reported on the financial results as of December 2013. It was reported that the Authority's total revenues for December 2013 are \$87,703 over budget and total expenses are \$3,043,937 under budget for this same period. This positive variance is due to the categories of employee benefits, materials & supplies and purchased services.

Mr. White continued reporting that through the half-way point of the fiscal year, year-to-date total revenues are \$335,638. Passenger revenues are \$820,185 over budget which is partially offset by ACCESS/Shared Ride Revenue being under budget. Through the first six months of the fiscal year, total expenses are \$12.6 million under budget. This positive variance is also due to employee benefits, materials & supplies and purchased services.

It was also reported at the meeting that total subsidies through the first six months of the fiscal year are under budget, but this category should end the fiscal year within plan.

Mr. White noted that while the advertising revenue numbers appear to be under budget so far this year, they don't accurately reflect our sales performance. The Communications Division tracks advertising contracts signed each month and compares those against budget. Using those figures, we're roughly 17 percent over budget through December.

There were three resolutions discussed at the Performance Oversight Committee meeting and copies are contained in the Board packet.

Mr. White reported that the following resolutions were reviewed and are being recommended by the Performance Oversight Committee for approval:

The committee reviewed four procurement actions and found these bids to be 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 in the total amount of approximately \$1.2 million as described in the Board packet.

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

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

The next resolution authorizes the Authority to award Construction Contract #LRT-13-04 Rebid for repairs of the Mt. Lebanon Tunnel on Port Authority's light rail system.

Bid documents were prepared and publicly advertised and six bids were received to perform the work.

After review of the responsive bids by staff and counsel of the Authority, it was determined that the bid of Mosites Construction Company is the lowest overall responsible bid from a responsible bidder meeting the Authority's specifications for the contract.

It is recommended that the contract be awarded to Mosites Construction Company in the amount of approximately \$5.1 million, subject to completing pre-award requirements.

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

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

The final resolution authorizes the Authority to enter into a software license and services agreement with Oracle America, Inc., for maintenance and support services.

The Authority previously entered into a software license and services agreement with PeopleSoft USA, Inc., for elements such as, but not limited to, payroll processing, time and labor tracking, procurement, and supplier management. Noting that, Port Authority later acquired additional maintenance and support services for software.

As previously reported, PeopleSoft USA has changed its name to Oracle America, Inc. The Authority desires to enter into a new agreement with Oracle to continue the maintenance and support services in order to maintain the Authority's investment in Oracle's PeopleSoft software systems and applications.

Mr. White noted that the services are being acquired as a sole source procurement, as Oracle is the only source from which the Authority can acquire the necessary support and services.

It is recommended that the Authority enter into an agreement with Oracle for maintenance and support services for up to five years at a total not-to-exceed amount of approximately \$2.7 million. The initial one-year term of the agreement will not exceed \$482,500, and each year thereafter, the agreement will not exceed an annual increase of more than five percent from the previous year

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

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

Mr. White further reported that the Performance Oversight Committee then received an update on the Automated Fare Collection System from the Project Manager, Tom Noll. Mr. Noll was very informative educating the group on the benefits of having an automated fare collection system, the installation of fareboxes, ticket vending machines and validators, sales outlet terminals at the Downtown Service Center, the universities programs, projects launched, such as annual, weekly and monthly passes, and the next steps. Mr. Noll advised the Committee that the original contract term for the base contract is set to expire in March of 2014. Prior to that date, S&B will be authorized to perform and complete certain changes, primarily related to

the provision of additional fare collection equipment and related software. The actual completion of the delivery of some of this equipment and software will extend beyond the March date. Additionally, S&B will remain under contract for certain maintenance and warranty work addressed via separate work orders previously approved by the Board.

Also, Mr. White noted that the Performance Oversight Committee received a Quality Assurance Auditing Update from Talson Solutions. Mr. White reported that from 2009 until 2012, Talson was responsible for the quality assurance and risk assessments of the North Shore Connector project. They are now responsible for the quality assurance of S&B's compliance for the Automated Fare Collection System.

Talson's overall quality assessment is that S&B is generally compliant with quality control and quality assurance activities and there are no critical observations impacting S&B's system quality. Opportunities have been identified to improve the accuracy and content of quality documents and the ongoing verification of recommendations required.

It was noted that Port Authority is in agreement with Talson's observations and recommendations to date. Corrective actions are communicated to S&B by Port Authority staff and S&B is in the progress of resolving any open issues. Port Authority will ensure quality documents are amended as needed.

This concluded the report of the Performance Oversight Committee.

Mr. Tague reported that the Planning and Stakeholder Relations Committee did not meet this month and therefore nothing to report.

Mr. White reported that the Financial Audit Committee did not meet this month.

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

Under new business, the Chairman reported that the search for a new Chief Executive Officer has been ongoing over the last several months. The Chairman continued by stating that for the past six months, Ms. Ellen McLean has worked as the interim Chief Executive Officer; giving this Board an opportunity to get to know her. During this interim position, Ms. McLean has done a remarkable job and has been effectively engaged in working with local and state officials to help ensure the success of a comprehensive transportation funding bill that directly benefits public transportation in Allegheny County. After a nationwide search was completed, it was determined that Ms. McLean was the right person to lead this organization.

[Note: Ms. Constance Parker joined the meeting via phone.]

The Chairman then presented the following resolution, which is attached and made a part of these minutes, for the Board's consideration:

RESOLUTION

WHEREAS, Port Authority of Allegheny County (Authority) has been seeking a Chief Executive Officer to replace Authority's former Chief Executive Officer; and

WHEREAS, a Search Committee of Authority's Board was formed and developed a scope of requirements for the position and contracted with an executive search consultant, Krauthamer & Associates & Inc. (Krauthamer); and

WHEREAS, Krauthamer thereafter conducted a nationwide search under direction of the Board; and

WHEREAS, after a full review of all qualified candidates, Authority's Board (Board) has selected Ellen M. McLean (McLean) as the best qualified candidate of all those eligible; and

WHEREAS, furthermore, McLean was previously appointed Interim Chief Executive Officer for Authority by the Board on February 1, 2013 and has performed such role in an outstanding manner; and

WHEREAS, the Board has determined that it is in the best interests of the Authority, based upon McLean's qualifications, performance and her contributions to the Authority, to employ her as the Chief Executive Officer for the Authority.

NOW, THEREFORE, BE IT RESOLVED, that subject to the execution of an Employment Agreement, as approved by, and in a form satisfactory to, the Board's General Counsel, Ellen M. McLean be, and she hereby is, appointed Chief Executive Officer of Port Authority of Allegheny County effective on or about February 1, 2014, to serve at an initial annual salary of \$215,000.00 plus other benefits, and under such other terms and conditions as may be contained in the Employment Agreement.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Chairman of the Board be, and hereby is, authorized to execute the Employment Agreement on behalf of Port Authority of Allegheny County and to take all such other actions necessary and proper to carry out the purpose and intent of this resolution.

Thereafter, the Chairman requested approval of the resolution, which was moved and seconded, and unanimously approved as set forth in the poll of the Board:

Mr. Robert J. Kania Jr.	Yay
Ms. Amanda Green Hawkins	Yay
Mr. Jeffrey Letwin	Yay
Mr. Thomas Donatelli	Yay
Representative Dom Costa	Yay
David B. White	Yay
John L. Tague Jr.	Yay
Senator Jim Brewster	Yay

Mr. Robert Hurley Yay
Ms. Constance Parker Yay

Additionally, the Chairman stated that due to inclement weather we are experiencing, Mr. D. Raja was stranded out of the country and unable to attend the meeting. Although Mr. Raja is unable to vote, he asked the Chairman to express his support for Ms. McLean.

The Chairman asked Ms. McLean if she would like to speak at this time.

Ms. Mclean thanked the Board for its support. She said that she was very pleased to lead this agency and looks forward to working collaboratively to make our transit system work better for this region. She stated that she cannot stress enough that this is a team effort. She is thrilled to lead alongside a strong Board of Directors, an engaged ATU leadership, a talented management staff, devoted and hardworking employees, community partners and support from public officials.

Ms. McLean ended her remarks by saying that together, we can make very positive changes in our public transportation system. We intend to step forward in a strategic and deliberate manner.

There was no more business to conduct.

The next Regular Meeting of the Board will be Friday, February 28, 2014.

The meeting was adjourned.