

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, NOVEMBER 30, 2012

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, November 30, 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
Amanda Green Hawkins
Constance Parker
John Tague Jr.
Joe Brimmeier
Joel Lennen, General Counsel

Media:

Tom Fontaine, Tribune-Review
Jon Schmitz, Post-Gazette

Port Authority Staff:

Stephen Bland, chief executive officer
Ellen McLean, chief financial officer
Bill Miller, Bus Operations officer
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
Heather Pharo, Public Relations & Communications Coordinator
Inez Colon, director Employment
Denise Henderson, director Bus Operations
John Beeler, manager Customer Service
Brenda Fink, director Internal Audit
Tom Noll, director Technical Support and Capital Programs
Deborah Skillings, Community Outreach coordinator
Diane Williamson, executive assistant

Other

Felicia Thomas, Sci-Tek Consultants
Josepha Asturi, Controller's Office
Jim Robinson, ACTC President
Jonathan Robison, ACTC
Joan Natko, ACTC
Glenn Walsh, Speaker
S. Patel, Cosmos Technologies
Jason Venier, CDM Smith

Steve Palonis, ATU Local 85
Andre Young, Clever Devices
Carolyn Lenigan
Max Starks, III, Starks Engineering
M. Little, Muela
Katie Breen, County Executive's Office

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the October 26, 2012 Regular Board Meeting. The motion was moved, seconded and passed.

The Chairman called on Mr. Bland for a report. As this is the last meeting until next year, Mr. Bland had a few updates to report. First, Mr. Bland reported on the status of the ConnectCard. He announced that we are selling smart card monthly passes out of the Downtown Service Center and also out of the two pilot Giant Eagle stores. We have also been using the smart card with the University of Pittsburgh students, staff and faculty for over a year now, along with the 400 pilot users for several months. Mr. Bland was happy to report that as of this morning, we have had very few glitches and to date, have distributed more than 1,500 ConnectCards to our customers.

Although Mr. Brooks will be presenting the agreement with the University of Pittsburgh later in the meeting, Mr. Bland reported that in cooperation with the University of Pittsburgh, all students, staff and faculty have free access to the public transportation system through Allegheny County. The most recent contact expired this past June 30, and we have been working on a series of extensions while we continued to negotiate with the University. Earlier this week, we got a signed offer from them on the earlier proposals that we had worked on. Mr. Bland noted that this has been a positive program for Port Authority, the University, and Ms. Rainey can probably agree, for the Oakland community at large, so we look forward to continuing that relationship with the University.

In conclusion, Mr. Bland reported that several members of Port Authority's Police Department and their families and friends are once again participating in the "Battle of the Badges," which is a friendly competition with other police departments to raise money for Special Olympics. At the moment our team is in first place, having raised more than \$30,000. Two of our officers, Dave Rose and Danielle Hillgartner, will participate in the Super Polar Plunge, which involves jumping into the frigid Allegheny River every hour on the hour for 24 hours. This Sunday, the entire team, 33 individuals in all, will jump into the river together, led by Team Captain, Sergeant Matt Porter. They won't be alone, as there are more than 1,200 people that participate in the event, noting that this benefits a very worthy cause that is very near and dear to our hearts at Port Authority.

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 met on Wednesday, November 21, 2012, and the notes from the previous meeting were approved by the Committee.

It was reported at the meeting that passenger revenue for the month of October is ahead of budget in both cash and product sales. The University of Pittsburgh's \$1.4 million back payment for the months of July through September was billed and received. Year-to-date ticket and weekly permit sales continue to outpace sales of monthly and annual passes. The decline in monthly pass sales reflects a 50 percent reduction in orders from the Pittsburgh Public Schools.

Mr. Letwin reported that advertising revenue is below budget to date but expected to meet budget projections by year-end. As of October 31, FY 2013 expenses are favorable to budget by approximately \$5.3 million. Open positions in Operations and Maintenance continue to drive overtime. Full staffing is anticipated by year-end. A \$2.2 million favorable balance in employee benefits is directly related to vacancies. Spending on materials and supplies is favorable, partly as a result of timing, as well as excellent lock-in pricing for diesel fuel through December. Recent price locks negotiated for January through June are expected to save an additional \$566,000. Mr. Letwin acknowledged Mr. Tony Trona and his staff for their efforts. The remaining favorable balances are largely the result of timing. At the end of October, performance is favorable at \$7,146,407. For the month ending October 31, cash on hand totaled \$21,403,000 with a line-of-credit draw outstanding of \$17 million.

Mr. Letwin continued reporting that there were seven resolutions discussed at the meeting and the following resolutions are being recommended by the Performance Oversight Committee for approval.

The Performance Oversight Committee reviewed eight procurement actions listed in the Board packet in the amount of \$4,063,121. 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 aggregate award cost of \$4,063,121.

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 Ms. Green Hawkins, and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to file grant applications with PENNDOT to receive additional capital assistance during FY 2013. The Authority must submit applications to PENNDOT throughout the year to obtain funds available for the Authority under Section 1514, the Asset Improvement Program under the provisions of Act 44 of 2007. This resolution authorizes the filing of grant applications to PENNDOT to receive an additional \$2 million available for bus procurement and \$9,322,915 available for debt service. This resolution further authorizes the execution of contracts with PENNDOT for these funds upon approval of the applications.

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 Ms. Green Hawkins, and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to amend the agreement with Clever Devices, Ltd., for the upgrade and purchase of software and related services. In September 2010, the Board authorized entering into an agreement with Clever Devices for the purchase and implementation of software, which included schedule integration software, buslink distribution software, Clever

Reports software, an upgrade of the bustools software, associated licenses, training and related services. As part of the Authority's ongoing initiatives to improve its monitoring capabilities and add useful life to the existing system, the Authority desires to procure additional hardware, software and licenses from Clever Devices. This upgrade will also allow the Authority to advance plans for deployment of a real-time bus arrival information system. The hardware and software to be purchased from Clever Devices is the only equipment which can be readily interfaced and which will allow the Authority to maintain the integrity of the Authority's existing system. This resolution authorizes the Authority to amend the agreement with Clever Devices for the acquisition of the referenced hardware, software and related services in a total not-to-exceed amount of \$500,000.

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

The Authority requires a contractor to provide services to maintain the Drug and Alcohol Compliance Program. In order to obtain a qualified firm to perform the services, a request for proposals detailing the required scope of services was received from Commercial Consulting, who is currently providing services to the Authority. The single proposal was reviewed and Commercial Consulting was determined to be qualified to perform the services. A total not-to-exceed amount of up to \$900,000 is recommended for approval with a term of three years, and is to be allocated on an as-needed and negotiated basis through the term of the proposed agreement. This resolution authorizes the Authority to enter into an agreement with Commercial Consulting for the Drug and Alcohol Compliance Program.

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 Ms. Green Hawkins, and unanimously agreed that the resolution be approved as presented.

The Authority requires a contractor to provide real estate consulting services and expertise and technical support to the Authority. Four proposals were received when the request for proposals was publicly advertised. An Evaluation Committee determined that the proposal of Interstate Acquisition was the highest rated proposal to perform the services. A total not-to-exceed amount of up to \$1,275,000 is recommended for approval and is to be allocated 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. This resolution authorizes the Authority to enter into an agreement with Interstate Acquisition Services to provide real estate consulting services.

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

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

The next resolution authorizes the Authority to award construction contracts for the East Liberty and Ross Garage Roof and Exhaust Unit Replacement project. In order to perform the work, bid documents were prepared and publicly advertised by the Authority. After review of the bids by staff and counsel of the Authority, it was determined that the bid of Miller-Thomas-Gyekis, Inc. in the amount of \$2,683,000 for the replacement of the East Liberty garage roof; Kalkreuth Roofing and Sheet Metal, Inc., in the amount of \$2,703,924.00 for the replacement of the Ross garage roof; and Gunning, Inc., in the amount of \$118,400.00 for the HVAC construction at the two garages, are the lowest responsive bids from responsible bidders meeting the Authority's specifications for the contracts. The respective bids of Miller-Thomas-Gyekis, Kalkreuth Roofing and Sheet Metal, and Gunning, Inc., are recommended for award.

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

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

The Authority requires services of a contractor to provide energy audits for the Authority-owned facilities. The next resolution authorizes the Authority to enter into an agreement with CDM Smith, Inc., to perform these services. A request for proposals was prepared and public advertised and seven proposals were received and reviewed by the Authority's Evaluation Committee. Three of the highest rated firms were subsequently interviewed. The proposal submitted by CDM Smith, was determined to be the highest rated proposal for the performance of services. It is recommended that the Authority enter into agreement with CDM Smith, to provide energy audit services into an amount not-to-exceed \$245,000 for a one-year period, with the option to extend the term of agreement up to an additional one year at the sole discretion of the Authority.

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

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

At their meeting, the Performance Oversight Committee then heard from Ms. Brenda Fink, director Internal Audit Department, as to the results of the audits of receipt and disbursement of bulk delivered items. The report was on the internal controls on materials delivered in bulk form such as salt, sand and engine oils. Audit results indicated that, in general, prices and quantities on invoices were accurate and employees were verifying deliveries. Several recommendations to improve processes were made and have been implemented

This concluded the report of the Performance Oversight Committee.

The Chairman called on Mr. Mattola for a report of the Planning and Stakeholder Relations Committee. Mr. Mattola reported that since he was not able to attend the Committee meeting, Mr. John Tague will present the report.

Mr. Tague reported that the Planning and Stakeholder Relations Committee met on Wednesday, November 21, 2012. At this month's meeting, the Committee discussed three items. The first was a report on the study that was initiated two-and-a-half years ago to determine the feasibility of converting Port Authority's bus fleet to natural gas. Mr. David Ross, from EQT Corporation, presented the results of the feasibility study of converting our Bus Operations Division to operating a natural gas fleet. The study was conducted by the engineering firm of Gladstein, Neandross & Associates, and the Committee members were provided a preliminary report.

The study has indicated that while there are potential significant operating savings due to the lower cost of natural gas compared to diesel fuel, a large upfront capital investment would be required for retrofitting garages to be able to accommodate natural gas fueling, and the higher cost of CNG vehicles, as compared to the cost of the 40-foot and 60-foot buses we have in our fleet today.

Mr. Ross indicated that the Ross Division was not feasible for conversion due to site constraints and that conversion of the West Mifflin Division would be extremely expensive due to the need to raise the roof on the bus storage facility. He indicated that the East Liberty Division would be the most feasible and the Collier and Manchester overhaul shop could also be undertaken. Mr. Ross also reported to the Planning and Stakeholder Relations Committee that Gladstein, Neandross estimated the cost of adapting the East Liberty Division and the Manchester facility to natural gas operation could be expected to range from \$15.7 million to \$20.8 million.

The next step is an effort to assess whether the Commonwealth's recently enactment of Public Private Partnerships, P3 legislation, may provide the opportunity to fund some of the cost for some of the conversion and what additional resources may be available to fill the funding gap, noting that it was Act 88 signed by Governor Corbett that created the Public Private Partnerships. Mr. Tague continued reporting that the Heinz Endowment will fund the next phase of the study in the first quarter of next year.

The Planning and Stakeholder Relations Committee then received a presentation on the new federal transportation authorization, Map 21, with the specific focus on what it means for the Pittsburgh region. Map 21 was signed into law on July 6, 2012, and authorizes the program for two years through September 30, 2014. While Map 21 provides a steady and predictable funding source through certain transit programs, it also results in an overall funding decrease for the Pittsburgh region. The region allocation is being reduced by 7.5 percent and Port Authority will experience a five percent reduction in FY 2013, relative to FY 2012. This will put further stress on our capital budget. In addition, the Job Access and Reverse Commute System, which is separately funded, have been eliminated in Map 21. Port Authority uses \$1 million in funding annually to fund the 28X Airport Flyer route.

The Planning and Stakeholder Relations Committee then reviewed a resolution requesting authorization to purchase the Forest Hills Park and Ride Lot. Since April 1999, Port Authority leased an approximately 53,000 square foot parcel from the Westinghouse Electrical

Corporation, LLC, that is located along Route 30 at the intersection of Ardmore Boulevard and Avenue B in the boroughs of Forest Hills, North Braddock, and Allegheny County. The property, commonly known as the Forest Hills Park and Ride Lot, is a 168-space lot used by transit riders. This past summer, the Authority received notice that Westinghouse was in the process of finalizing sale of the Forest Hills Division Manufacturing Facility, a portion which includes the property to P&L Investments, LLC.

P &L intends to redevelop the facility for residential use and indicated to the Authority that it would be interested in conveying the subject property to the Authority since it was not needed for development purposes. An appraisal and review appraisal were obtained to determine the fair market purchase value. The fair market purchase value was determined to be \$123,000. P&L has agreed to convey the property to the Authority for that amount, if the purchase of the property can be completed in a timely manner. Relevant Legal and administrative personnel of the Authority have reviewed the proposed purchase and believe it is in the Authority's best interest to acquire the property. This resolution authorizes the chief executive officer and/or the assistant general manager Legal and Corporate Services to complete the proposed purchase of property from P&L for the purchase price of \$123,000 in a form approved by counsel.

On behalf of the Planning and Stakeholder Relations Committee, Mr. Tague 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.

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

The Chairman gave a report from the Governance Committee. Mr. Brooks reported that as per Port Authority bylaws, the election of Board officers for 2013 shall be held during the Annual meeting prior to the Regular meeting of January 25, 2013. Mr. Brooks appointed Mr. Guy Mattola as Chair of the Nominating Committee for the election of offices, and appointed Amanda Green Hawkins and Eddie Edwards to serve on this Committee.

That concluded the report of the Governance Committee.

Under new business, and as mentioned in Mr. Bland's remarks, the Chairman reported that because it developed after the committee meetings last week, he had a resolution for consideration to enter into an agreement with the University of Pittsburgh.

Mr. Brooks reported that since 1998, Port Authority enjoyed a relationship with the University of Pittsburgh. They have provided increasing levels of financial support to allow all 40,000 of their students, staff and faculty to have access to our transit system. Since our previous agreement with Pitt expired on June 30, 2012, we have been negotiating with the University and have arrived at a new agreement.

The resolution would authorize a new five-year agreement retroactively from July 1, 2012 through June 30, 2017. Since all University of Pittsburgh riders are using smart cards, the contract calls for reimbursement based on actual usage of the system, recorded by the smart

card taps at 50 percent of our Zone 1 fare, for all recorded trips, including transfers, with increases tied to increases in the Port Authority base fare and are capped at no more than a \$1.50 per ride. By way of comparison, our annual pass holder averages paying about 70 percent of the base fare. When you add our program with Pitt, Carnegie Mellon, Chatham University, about 600,000 rides are taken in each month, or about 11 percent of the total Port Authority ridership. Since the start of our last contract with the University of Pittsburgh in 2007, payments from the University to the Authority have increased 223 percent, an average of 33 percent per year. This compares with the average of 4.2 percent for cash-paying riders.

Mr. Brooks stated that we benefit through the significant increase in the operating income, but additional saving is realized as the University administers their own smart card program. The University also benefits because payments will be based on actual uses of the transit system by their students, staff, and faculty, and our smart card system can provide them with much more detailed information and also the usage.

The Chairman made a motion to adopt the resolution as presented and outlined in the Board packet.

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

The Chairman called on Ms. Katie Breen from the County Executive's Office to present a proclamation for Mr. Guy Mattola.

On behalf of the County Executive, Ms. Breen read the following proclamation:

"Whereas, Mr. Guy A. Mattola is retiring from the Board of the Port Authority of Allegheny County after many years of service in the organization, most recently as Vice Chairman of the Board. A native Pittsburgher and resident of Allegheny County, Mr. Mattola is known as an outstanding businessman and public servant, who continues to make contributions to the community in which he lives."

"Whereas, the former President and Owner of Allegheny Business Machines, Inc., Icon Office Solutions, built his business so that the future of his industry belonged to the businesses that offered the best technology and supported their customers with the highest quality service as possible."

"Whereas, that same premise has been applied to his service on the Port Authority Board. Mr. Mattola has long been seen as an advocate for customers of the Port Authority and believes that the riders should receive the highest quality of service possible. His ongoing solutions to improving customer service and using the best technology to make improvements has been a hallmark of his service."

"Whereas, in addition to his business background and Port Authority Board service, Mr. Mattola has a strong community spirit. He serves on the Finance Committee for Saint Joan of Arc Church in Library, Pennsylvania, and is an annual supporter of the Allegheny Valley School and Pittsburgh Vision. Mr. Mattola has also been honored as "Man of the Year" by the Italian

American Sports Hall of Fame, and the Italian Heritage Society, and the Italian Sons and Daughters of America, and the National Italian American Hall of Fame, and the Pittsburgh Columbus Day Parade.”

“Therefore, let it be resolved that Allegheny County Executive Rich Fitzgerald congratulates Mr. Guy Mattola on his well-deserved retirement from the Port Authority of Allegheny County, and we thank him for his tireless years of services.”

Mr. Mattola thanked Ms. Breen and stated that as a result of moving out of the County, he regretfully submitted his resignation from the Port Authority Board. He stated that he is going to miss working with this Board and that his time spent here was both challenging and rewarding. We know what the challenges were, but he wanted to, although there were many, mention three highs. The first was being here when the contract was signed that brings us real close to a sustainable funding solution for public transportation. He congratulated the County Executive, Rich Fitzgerald and Mr. Bland and his staff for their tireless efforts.

Mr. Mattola continued saying that the second big high he had was having the privilege to be on the Selection Committee for hiring Mr. Steve Bland as chief executive officer. He has done an outstanding job over the six years he has been here.

Mr. Mattola said that the third high was that he has gained a lifelong friend in Mr. Brooks since serving on this Board side by side. He said he will miss everyone and goodbye.

Mr. Letwin said that although he does like to tease Guy a lot, it is all in good fun. His heart and soul have been with this organization, and the entire time Mr. Letwin has been on this Board, he enjoyed working with him and will miss having him.

Mr. Brooks said that when he was first on the Board, the then Chairman and friend Mr. Holmes asked Mr. Brooks to talk to Guy about his enthusiasm. Mr. said at the time that if he has to shut up he does not want to stay on this Board and has never lost that enthusiasm throughout his tenure.

Mr. Brooks thanked Mr. Mattola for his service and thanked him for always being able to count on him for his support.

There being no further business, the meeting was adjourned.

The next Regular Meeting of the Board will be Friday, January 25, 2013.