

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, FEBRUARY 22, 2013

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, February 22, 2013 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:

Jeff Letwin, Chairman
Thomas Donatelli
Constance Parker
John Tague Jr.
Mavis Rainey
Amanda Green Hawkins
Joe Brimmeier (via phone)
John Brooks (via phone)
Eddie Edwards (via phone)
Joel Lennen, General Counsel

Port Authority Staff:

Bill Miller, chief 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 officers, Heather Pharo, Public Relations & Communications Coordinator, Denise Henderson, director Bus Operations, Deborah Skillings, Community Outreach coordinator, Rich Wojnar, director Road Operations, Don Palmer, assistant director Road Operations, Fred Mergner, assistant manager Scheduling and Service Planning, Brenda Fink, director Internal Audit, Diane Williamson, executive assistant

Other

Jim Robinson, ACTC President
Jonathan Robison, ACTC
Glenn Walsh
Annette Kroll
Chris Sandvig, PCRG
Breem Mosciotra, PCRG
Carolyn Marks, RAD
Lee Palumbo, Auditor General's Office
Michele Simpson, Auditor General's Office
Mark Wiezorek, AG

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the February 1, 2013 Rescheduled Regular and Annual Meetings. Before approval of the minutes, Ms. Green Hawkins asked a question based on a conversation she had had with Mr. Brooks. Mr. Brooks had a concern about a change to some comments that he made, or didn't make, that were missing from the minutes.

Mr. Brooks reiterated that he wanted it on the record that the vote to terminate Mr. Bland was four to five, not three to five. His vote against the termination of Mr. Bland was not captured in the minutes.

The motion to approve the minutes, as amended, was moved, seconded and passed.

The Chairman called on Mr. Sandvig for his remarks. Mr. Sandvig began his remarks by thanking the Board for the opportunity to speak today. He said that he has often stood before the Board making the case for adequate, reliable and growing transit funding. We have seen some movement on that front in the last several weeks, but, of course, our work is not done.

Mr. Sandvig briefly touched on Mr. Bland's departure. Last month, we issued a statement, available on our PRCG's website, with our position regarding his replacement. We valued our relationship with Mr. Bland and look forward to an equally productive relationship with his successor. Mr. Sandvig continued reporting of the GoBurg initiative. GoBurg's work goes beyond funding advocacy and connects other pieces of the puzzle that can help improve transit, and in turn, generate revenue. We believe in community building transportation and transit leading funding to that end.

He was pleased to present the Board with a copy of the Transit Development topology study PRCG recently published, which is available for download at www.goburgh.org. This year's strategy focused on the busways, T and Monongahela Incline, with over a year of public agency, community, and private sector input. This topology provides a prioritization of investments to spur increased ridership along the fixed guideway network and provides a road map for fixed route network as well, noting that some of these long-term goals go beyond the scope of Port Authority. However, there are many small scale achievable efforts that we can work on now to improve the transit experience, its marketability and thereby to better connect transit to communities (i.e., increased visibility of transit stations, better information for transfers at stations, fare collection modifications, enhancing ped-bike access and bike storage, and more station access on busways, and simplifying routed designation on the busways). This report also reinforces the need for new fixed guideway assets tied to market opportunities in community development in the Lawrenceville to downtown and Oakland to downtown corridors.

Mr. Sandvig continued saying that he is not here to indict the Port Authority for falling down on its duties as PRCG's quarter century heritage of convening stakeholders and policymakers has taught us that many different coordinated actors and conversations are needed to improve neighborhoods and champions need to take the lead and the same applies here. We are not proposing much that has not been heard before. We now have an evidence-based process which has quantified the need for key strategic financial and community investments and prioritized them on a station-by-station basis.

Mr. Sandvig concluded his reported by stating that GoBurch and other stakeholders stand ready to work with Port Authority and all of the public-private agencies and private interests to advance the topology recommendations and improve transit and the communities we serve. We are all working toward the same thing, the goal of improving transportation that provides choice and equitable opportunities to people and makes our region competitive for young talent and jobs.

Ms. Green Hawkins remarked that just for everyone's knowledge and information, the County's Economic Development Department is working with Port Authority on the Castle Shannon Transit oriented development, which will be the first such development in this region. The residents of Castle Shannon are excited and we are very excited about it at the County. She noted that there are also discussions in place for transit oriented development in East Liberty and those discussions are ongoing.

The Chairman called on Ms. Parker for a report of the Performance Oversight Committee. Ms. Parker reported that a meeting of the Performance Oversight Committee was held on Wednesday, February 20, 2013, and the notes from the previous meeting were approved by the committee.

It was reported that operating income for the month of January 2013 was \$690,830 above last year due to bus, light rail and incline revenue. The revenues for the FY 2013 are \$1,222,394 under budget and \$896,177 of the year-to-date revenue variance is due to bus, light rail and incline revenue being below budget and \$265,748 of the year-to-date revenue variance is due to advertising revenue being below budget, which is due, in part, to the timing of the adoption of the new advertising policy last year versus budget projections.

It was also reported at the Performance Oversight Committee meeting that expenses for the month of January 2013 were \$351,092 higher than January 2012. Year-to-date expenses for 2013 are \$15.1 million under budget. Employee benefits are \$5.5 under budget and \$2.1 million of this variance is due to medical premiums being below budget because of the vacancies in Operations and Maintenance. Additional variance is due to pension expenses being \$2.5 million under budget and material and supplies are \$30.5 million under budget, predominantly due to our Procurement Department staff locking in favorable diesel rates resulting in \$1.7 million in savings year-to-date. Purchased services are \$3.18 million under budget, mostly due to the automated fare collections service contracts not starting at the times originally projected when the budget was prepared. At the end of January, overall financial performance is favorable by \$15,574,380. In regards to cash flow, it was reported that the Authority had \$17,690,000 in cash, and should all receipts arrive when scheduled, the Authority will have \$38.4 million at year-end.

Ms. Parker continued reporting that there were four resolutions discussed at the meeting and our being recommended by the Performance Oversight Committee. First, the committee reviewed five procurement actions in the amount of \$2,388,511.37. 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 in the total amount of \$2,388,511.37, and as described in the Board packet.

On behalf of the Performance Oversight Committee, Ms. Parker 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 file grant applications and enter into the Pennsylvania Department of Transportation 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 applicable provisions of Act 44 of the 2007 Pennsylvania Public Transportation Program. PENNDOT has established an online DotGrants System to facilitate the grant application process and requires the Authority to identify position titles, listed on Exhibit A in your Board book, that are responsible for preparing applications electronically and act as a liaison with PENNDOT.

On behalf of the Performance Oversight Committee, Ms. Parker 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 settle a public liability claim. On February 22, 2011, an accident occurred involving a Port Authority bus and bicycle at Second Avenue and B Street. The bicyclist suffered significant injuries to his left arm, spleen and abdomen. The monetary damage exposure for the Authority per statutory limit under the Pennsylvania Sovereign Immunity Act is \$250,000. The Authority and Mr. Katz, via his counsel, reached an amicable agreement to fully and finally settle the litigation in the amount of \$180,000, subject to approval by the Authority's Board in accordance with the Board-adopted Limits of Authority Policy. This resolution authorizes payment of this settlement amount not-to-exceed \$180,000 to fully and finally settle the litigation.

On behalf of the Performance Oversight Committee, Ms. Parker 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 adopt and implement the FY 2013-2014 Internal Audit Work Plan. On November 21, 2007, Port Authority Board adopted an Internal Audit Department Charter as a statement of policy and expressed commitment to providing financial and operational oversight to the Authority. To continue its effort, and further strengthen the transparency and fiscal oversight of the Authority, the Internal Audit Department has prepared an 18-month Internal Audit Work Plan for the period January 1, 2013 through June 30, 2014. A copy of the plan is included in your packets as Exhibit A to this resolution. This resolution adopts the Work Plan in its entirety and authorizes relevant Port Authority personnel to fully implement it.

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

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

Ms. Parker continued reporting that the Performance Oversight Committee then received a presentation from Ms. Brenda Fink, director Internal Audit, on the results of the Internal Audit Department's external peer review of its quality assurance system. These quality assurance reviews are required periodically by the United States Government Accounting Office "Government Auditing Standards" to assess compliance with auditing standards and to evaluate the quality of operations. The review was conducted through the American Public Transportation Association's Internal Audit Peer Review Program and covered all completed audits and management assistance projects performed in FY 2009 through 2012. The peer review panel concluded that Port Authority's Internal Audit Department fully complies with government auditing standards, policies and procedures are in place, and were judged to be in accordance with government auditing standards, and practices effective quality control procedures. Any deficiencies found were deemed minor and recommendations to improve processes were made and have been implemented. The "fully complies" rating is the highest rating that can be achieved in a peer review.

This concluded the report of the Performance Oversight Committee.

The Chairman congratulated Ms. Fink and her staff for this accomplishment.

The Chairman called on Mr. Robison for his remarks. Mr. Robison stated that we are all aware that the Governor has gone halfway towards his own mission, which is some progress. The democratic leadership, are saying, "We need more," and what is nice is that some republicans are saying, "We need more" as well, which is hopeful.

Mr. Robison announced that there will be a meeting on Wednesday, February 27, from two to four, at the United Cerebral Palsy at 4638 Center Avenue. It is for successful transportation where all of the different groups that are working on funding can effectively communicate with each other. Mr. Robison expressed his personal support for the Board, Ms. McLean and senior staff with the degree of uncertainty in the wake of the situation of the termination of the CEO.

The Chairman called on Mr. Tague for the report of the Planning and Stakeholders Committee.

Mr. Tague reported that the Planning and Stakeholder Relations Committee did not meet this month although he noticed that a lot of our stakeholders are chomping at the bit. Mr. Tague informed the stakeholders to keep doing what they are doing. We know there is some movement, as was indicated by Mr. Robison, and that the Governor has a plan out there. Mr. Tague encouraged everyone to talk to your legislative folks and encouraged people to speak during the public input portion of these meetings as he has learned a lot of interesting information and you engage the Board by doing that.

Mr. Tague announced that the Planning and Stakeholders Relations Committee will be meeting next month [March 20], and explained the reason he delayed the meeting a month, was that he wanted to give himself time to acclimate to the committee structure of the Board. He wanted to ensure everyone that he wants to engage with the stakeholder groups. For example, Port Authority provided four buses to go to what was referred to as the "Rumble in the Rotunda." There were four operators and four buses that were provided. It is important to remain engaged with our stakeholders.

Before concluding his report, Mr. Tague noted that he did have the opportunity to go to the presentation by GoBurgh on the transit oriented development.

Ms. Rainey commented at this time that she was also able to attend the transit rally and added that it was a wonderful event. It was great to see 130 representatives from Allegheny County that included Port Authority operators and customer service employees and the funding efforts of 80 representatives from other agencies who were there as well. It was great to see the two largest agencies in the State working together to address a very important issue. Representative Frankel, and a number of those who were there spoke highly of the collaborative effort that is coming out from the constituencies and encouraged the Governor to consider the recommendations in the T-PAC report.

The Chairman reported that although the Governance Committee did not meet, he had a resolution to present to clean up a small oversight from the last meeting. At the Annual meeting, the Board typically appoints some staff members to assistant treasurer and secretary positions. This resolution authorizes the appointment of Ellen McLean and Peter Schenk as assistant treasurers and Mike Cetra, Diane Williamson, Karen Bown, Debra Roode and Margaret Smith as assistant secretaries retroactively to February 1, 2013.

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

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

The Chairman asked if there was any new business.

Mr. Edwards commented that from a clean-up perspective, he asked if the item was resolved in bringing the Interim CEO, Ellen McLean's salary in line with that of the former CEO. After some discussion, it was agreed that this item be added as a discussion item for the Governance Committee before next month's meeting.

The next Regular Meeting of the Board will be Friday, March 22, 2013.

Approved