

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, JANUARY 22, 2016

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, January 22, 2016 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, Chair
Senator Jim Brewster
Jeff Letwin
John Tague
Rob Vescio
D. Raja
Representative Dom Costa
Constance Parker
Robert Kania
Michelle Zmijanac
Joel Lennen, General Counsel

Media:

M. Daniels, Tribune Review
Ed Blazina, Post-Gazette

Port Authority Staff:

Ellen McLean, chief executive officer, Bill Miller, Chief Operations Officer, Jim Ritchie, Communications Officer, Mike Cetra, assistant general manager Legal and Corporate Services, Pete Schenk, chief financial officer, Keith Wargo, assistant general manager Engineering and Technical Support, Barry Adams, assistant general manager Human Resources, Breen Masciotra, Communications coordinator, Robert Sechler, Professional Services contract specialist, Sheila Dillard, director Internal Audit, Nancy Vandling, manager Contract Administration, Ed Typanski, director Grants and Capital Programs, Tony Trona, director Purchasing and Materials Management, Mike Compel, manager Bus Operations, Michael Smith, route foreman, Melissa Rubin, Public Relations coordinator, Inez Colon, director Employment, Cindy Denner, Engineering and Construction contract specialist, Diane Williamson, executive assistant

Other

Molly Nichols, PPT, Glenn Walsh, Carolyn Lenigan, Jonathan Robison, ACTC, Joan Natko, ACTC, Jim Robinson, ACTC, M. Regina White, Brian Krul, Transystems, Casy Stelitano, PPT, Pete Wagner, BMA, Judy Gumash, Community Leaders United for Beechview

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the November 20, 2015 Regular Meeting. A motion was moved, seconded and unanimously passed.

The Chairman called on Ms. McLean for a report from the chief executive officer. Ms. McLean started her report by being the first to congratulate the slate of Board officers for 2016. She pointed out that the Board is a volunteer position, not paid, and it's certainly worth noting that the Board has invested a lot of time and effort to help push this agency forward and to establish

a vision for the future. These efforts benefit the thousands of people who have asked for public transportation, who use it each day, and the companies and businesses who benefit from the services we provide.

Ms. McLean continued reporting that on our agenda today is an item that will initiate a public comment process regarding our fare policy proposal. Although Mr. Tague plans to address this later in the meeting, she wanted to say that staff looks forward to hearing from our riders and the community about the proposal. If approved today, we'll have two public hearings, one in Oakland, the other downtown, and will shortly be announcing those dates and places. We'll accept public comment for 60 days even though only a 30-day comment period is required. She noted that anyone not able to attend the hearing will be able to provide comments online.

Ms. McLean concluded her report by stating that this is an exciting proposal that's intended not only to simplify how people ride Port Authority but also to encourage greater ridership and we believe it's a strong step forward.

The Chairman moved directly into public input and called on the first speaker, Mr. Pete Wagner of the Beechview Merchants' Association. Mr. Wagner wanted to speak concerning the project that the Chief Executive (Mr. Fitzgerald) brought up. He noted that he was happy to hear that Mr. Fitzgerald is tuned into the project and the importance of the project to not only the Beechview community but the outlying areas along the Red Line.

Mr. Wagner stated that he is here to ask specifically for public input on this project. The Beechview community and business community has not had the necessary input on this project. Mr. Wagner explained that the last time this project occurred in 1998, the community lost a number of businesses, in particular the Foodland, the anchor tenant in any small neighborhood, and the community is concerned about this happening again.

Public input has consisted of a meeting on September 15 of last year when a group of Port Authority employees came to Beechview and at that time we had some input. Port Authority will be holding a meeting on February 18, 2016 to discuss the project with the community, noting that this is five months from the previous time they had spoken to the community. Mr. Wagner stated that although we believe this project is necessary, we are only asking for public input. We are not trying to be adversarial to this project at all as the Port Authority and the Red Line helps our community in bringing people into the community, but we would like to do it with as little inconvenience to the community as possible. It is crucial that the community get some relief on this project. It is very, very hard to regain a customer when they have gone elsewhere for six months. Mr. Wagner stated that he is here today to ask that Port Authority meet with the community and the business owners before February 18.

The Chairman called on the next speakers from Pittsburghers for Public Transit, Ms. Casy Stelitano and Ms. Molly Nichols.

Ms. Stelitano, program coordinator for PPT, stated that they are currently developing a RealTime and Ridership Campaign in order to build more public support for transit, encourage usage and improve the experience of everyday riders. PPT would like to educate the riders and non-riders

about the RealTime services that are available in hopes of gaining more ridership in order to increase funding for service extensions and improvements. We would also like to acknowledge the drastic improvements at the bus stop at Sixth and Smithfield and the immense impact it is going to have on the lives of transit users and pedestrians. PPT would like to thank Port Authority for the role it played in remodeling the street curb and raising the shelter which will include RealTime technology. Thank you for choosing to honor the needs of transit users by creating a space for them in the city.

Ms. Molly Nichols wanted to echo those accolades and noted that PPT will actually be out there today talking to people to get feedback about what they think of the shelter so it can be communicated to Port Authority and other decision-makers, especially at the city level, including the mayor because he was really working to make that happen. We are hopeful we can get more projects like this to happen that benefit so many riders, noting that she thinks it's 6,500 riders a day that get on and off at that bus stop, so it is a really good step.

Ms. Nichols wanted to briefly say a few things about the fare policy. We know there are going to be 60 days to comment on that, and we'll work to help get voices of our riders heard, but we really want to highlight how significant the proposal is for including the fare reduction for Zone 2 riders. We know that it's especially important for those who struggle to make ends meet as the poverty rate in the outlying suburbs is growing. So to be acknowledging them is a testament to you, both the Board and staff, for listening to the concerns from riders that the fares are too high and to now be taking steps that will benefit so many people. We are however concerned about the \$.25 cent surcharge. We understand you want to encourage people to get ConnectCards, but it is crucial for there to be more adequate infrastructure in place to make sure that every resident has easy access to a ConnectCard and knows how to use it. Otherwise, this surcharge hurts low income people without adequate access.

Ms. Nichols continued saying that while we understand the importance of simplifying the system; we think that transfers on feeder routes should be free. It makes no sense that routes that are designed to require a transfer like a feeder route but then force people to pay that extra dollar is senseless.

The final issue raised by Ms. Nichols was in regard to ConnectCards. PPT thinks that they should remain free at both the Downtown Service Center and Giant Eagle locations, but understand if you have to charge at the ticket vending machines. We've heard from people who want to get a lot of passes for people in programs in human services. To still be able to get those cards for free to distribute to folks in need would be an important piece for them.

Ms. Nichols concluded her remarks by stating that PPT hopes you can pass an equitable fare policy that benefits all of us.

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

Mr. Letwin reported that a meeting of the Performance Oversight Committee was held on Wednesday, January 13, 2016, and the minutes from the November 2015 meeting were approved by the Committee.

Mr. Letwin gave a brief update of the financial results for the month of December 2015 that were presented at the meeting. He reported that Total Operating Income was \$59,000 under budget. Total Operating Expenses for the month of December were \$1.08 million under budget and Operating subsidies for the month were \$40,000 over budget. Halfway through the fiscal year, Total Operating Income is \$354,419 below budget. Total Operating Expenses through mid-year are \$11.6 million under budget. Mr. Letwin noted that the Authority continues to experience savings in healthcare expenses due to a lower active employee headcount and the number of new retirees. Low diesel fuel prices continue to generate savings on diesel usage that is not purchased under futures contracts. Operating subsidies are \$1.6 million lower than plan mainly due to timing issues.

In comparison to last fiscal year, it was reported that Total Operating Income is \$323,000 behind last year while Total Expenses are \$4.3 million higher than last year due to higher wage and benefit levels. Total Operating Subsidies are \$1.8 million ahead of last fiscal year due to higher State Operating Assistance. The Authority's cash position continues to remain healthy at \$62.9 million through the month of December.

There were 11 resolutions reviewed at the meeting and are being recommended by the Performance Oversight Committee for consideration.

Mr. Letwin reported that the Committee first reviewed six procurement actions and found the 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 therefore recommends for award the six items outlined in the Board packet in the total amount of approximately \$4.9 million.

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

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

The next resolution will authorize the Authority to award Construction Contracts for General Heavy Highway and General Building Ancillary Services. These contracts will provide general ancillary construction services for upgrades and improvements to property and facilities owned and/or operated by Port Authority.

Mr. Letwin noted that services for these contracts will be identified and issued on an individual work order basis over a three-year period up to a total not-to-exceed contract amount of \$4,000,000 for the General Heavy Highway Contract and \$2,500,000 for the General Building Contract. The work will be performed in accordance with the rates established in the contracts.

Mr. Letwin further reported that bid documents were prepared and made available to bidders for both contracts. Mr. Letwin explained that the bids submitted were based on an estimated quantity of services over a three-year period, including a not-to-exceed amount for two Work Orders under the General Heavy Highway Contract and one Work Order for the General Building

contract, which estimated quantities and not-to-exceed work order amounts were utilized for bidding and price comparison purposes.

The bid of Michael Facchiano Contracting, Inc. is the lowest responsive bid from a responsible bidder for the General Heavy Highway Contract and Arcon Contracting, Inc., is the lowest responsive bid from a responsible bidder for the General Building Contract.

This resolution will authorize the Authority to enter into a contract with Michael Facchiano Contracting, Inc., for the General Heavy Highway Contract in the total not-to-exceed amount of \$4,000,000 and authorizes the Authority to enter into a contract with Arcon Contracting, Inc., for a total not-to-exceed amount of \$2,500,000 for the General Building Contract, all subject to completing all pre-award requirements for both contracts.

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

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

Mr. Letwin stated that the next resolution for the Board's consideration authorizes the Authority to award a construction contract for the Broadway Avenue Track Renewal and Paving project. The contract will replace Port Authority's track and pavement for the center two lanes of Broadway Avenue from Need to Fallowfield Avenues in Beechview, and also includes track replacement at the north end of the Mt. Washington Transit Tunnel near Station Square.

To perform the work for the contract, bid documents were prepared and advertised and five bids were received. After review of the bids, it has been determined that the bid of Michael Facchiano Contracting, Inc., in the amount of \$8,393,914.26, is the lowest responsive bid from a responsible bidder meeting the requirements for the contract.

The Performance Oversight Committee recommends that the contract be awarded to Michael Facchiano Contracting for this amount, subject to completing the pre-award requirements.

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

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

The next resolution authorizes the Authority to extend and amend agreements to provide executive search, outplacement and coaching services.

Mr. Letwin reported that in January 2013, the Board authorized agreements with Krauthamer & Associates, Inc. and New Economy Dynamics, LLC, to provide executive search services at a total not-to-exceed amount of \$160,000 and with Calfe & Associates to provide outplacement services at a total not-to-exceed amount of \$50,000 and with Calfe & Associates to provide coaching services at a total not-to-exceed amount of \$25,000 to be allocated by the Authority on an as-needed basis through task specific work orders for three years. The agreements

provided an option to extend the term of agreements two additional years at the sole discretion of the Authority and the initial three-year term of the agreements expires on March 25, 2016.

In order for the firms to continue to provide the designated services, the Authority has determined that it is in its best interest to exercise the first option year and extend the agreements for one year and the Authority has determined that an increase of \$140,000 for the executive search services, an increase of \$40,000 for the outplacement services and no increase for the coaching services is necessary to continue these services.

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

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

The next resolution authorizes payment for the Montour Church Road project. Mr. Letwin explained that in the early 2000s, Port Authority was exploring the feasibility of construction of a multi-modal transit facility on a parcel of vacant land acquired by the Authority that fronts Montour Church Road in Robinson and North Fayette Townships.

Utilization of this property would have required various traffic signalization upgrades and the widening and extension of Montour Church Road to accommodate bus and vehicular traffic. Simultaneously, North Fayette Township, in cooperation with the North Fayette Transportation and Business Authority, PENNDOT and a private developer were exploring various traffic and roadway improvements to the Montour Church Road and Route 22/30 corridor as part of other development efforts.

To assist in this effort, the Authority entered into the Montour Church Road Project Agreement with North Fayette Transportation and Business Authority in August of 2004. The agreement provided that the Authority would reimburse North Fayette Transportation and Business Authority up to \$415,000 for the cost of the engineering work if the project was cancelled and the North Fayette Transportation and Business Authority was required to reimburse the federal highway funds it received for the project.

As funding was not identified for the road improvement construction, and pursuant to the project agreement, North Fayette is now seeking reimbursement from the Authority in the amount of \$415,000 for a portion of the engineering costs incurred. This resolution authorizes payment by the Authority to North Fayette.

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

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

The next resolution authorizes the Authority to adopt and implement the Audit Work Plan for FY 2016-17. By resolution dated November 21, 2007, the Board adopted an Internal Audit

Department Charter as a statement and an expressed commitment to providing financial and operational oversight.

The Internal Audit Department staff has conducted various audit and oversight activities over the past several years, including the finalization and reporting of certain audit reports directly to the Board. To continue these efforts, and to further strengthen the transparency and fiscal oversight of the Authority, the Internal Audit Department prepared the detailed 18-month Work Plan which is outlined in the Board packet. This resolution authorizes the Authority to implement the FY 2016-17 Work Plan.

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

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

The next resolution authorizes the Authority to enter into an agreement for bid dispatch and customer service programs. The Authority requires the services of a contractor to provide a software system to replace Port Authority's existing Bid Dispatch System and Customer Service Complaint System. A request for proposals was prepared and publicly advertised and five proposals were received and it was determined that the proposal submitted by GIRO, Inc. was the highest-rated proposal.

This resolution will authorize the Authority to enter into an agreement with GIRO, Inc., to provide services for a total not-to-exceed amount of up to \$2.7 million. The agreement will include software development, installation, testing and acceptance services, a one-year warranty, and maintenance and support services through the fifth year after the commencement of the agreement.

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

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 agreements for Federal FY 2016. During FY 2016, Port Authority expects to receive an allocation from the FTA of Urbanized Area Formula Program funding, flex program funding, State-of-Good-Repair Program funding and bus and bus facilities formula program funding. The Authority has identified projects for FY 2016 to improve its mass transit system as listed in Exhibits A through D to the resolution.

Mr. Letwin noted that the federal funds require a non-federal share of 20 percent of project costs.

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

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

The next resolution authorizes the Authority to enter into an agreement with Clever Devices Ltd., for SmartBus Software Maintenance and Support Services. The Authority has previously, and successfully, implemented certain Clever Devices Ltd., software and hardware modules, including the SmartBus Intelligent Vehicle Network System (IVN). The IVN software and system is copyrighted by, and proprietary to, Clever Devices, and only Clever is authorized to modify, support and service its software and system.

The Authority requires continued IVN software maintenance and support services in order to properly maintain the Authority's investment in Clever Devices' IVN software and systems and applications.

The Authority seeks authorization to enter into an agreement with Clever Devices Ltd. for these services for up to a three-year period through December 31, 2018 at a total not-to-exceed amount of \$430,000.

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

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

The next resolution authorizes the Authority to enter into an agreement to provide cloud-based data housing services. The services will include the planning, design, data migration, physical equipment relocation and service implementation associated with the hosting of the Authority's Production Data Center and Operations Control Center. The agreement will be for three years with the option of extending the agreement an additional two years at the sole discretion of the Authority.

A request for proposals was publicly advertised and one proposal from Ideal Integrations, Inc., was received. As a result of a review and reference checks, it was determined that Ideal submitted an acceptable proposal and is qualified to provide the required services.

This resolution will authorize the Authority to enter into an Agreement with Ideal Integrations, Inc., to perform the services, for a total not-to-exceed amount of up to \$3,101,443.20 for three years with the option to extend the term of Agreement up to an additional two years at the sole discretion of the Authority.

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

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

Mr. Letwin stated that the next resolution was for HASTUS software support services. He noted that this is also one that's proprietary to GIRO, and this is for a total amount not to exceed \$828,172.

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

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

That concluded the report of the Performance Oversight Committee.

Mr. Hurley then explained that there was a lot of information for Mr. Letwin to report on. All of this information is discussed at length at the committee meeting. So it might appear that we are just blowing through it as a Board, but the Board has already fully discussed each item.

At this time, Mr. D. Raja had a few questions regarding the financials. He stated that he sees a really nice positive trend, noting that we're about \$11 million lower in expenses, particularly in employee benefits, materials and supplies and purchase services. He asked if we can expect this to continue through the year or is it just a timing issue.

Port Authority's Chief Financial Officer, Mr. Pete Schenk responded that he would expect that we should end the year with a surplus, but not necessarily \$11 million.

Mr. D. Raja then asked what the material reasons were for this surplus, asking if there is anything that stands out. Mr. Schenk responded, diesel fuel, explaining that we contract 70 percent of it, but then we make an estimate on the other 30 percent. Mr. D. Raja then inquired about employee benefits. Mr. Schenk explained that employee benefits are two-fold. One, we still have a number of vacancies, approximately 30 operator vacancies and 10 to 15 maintenance vacancies, and we do have the potential for a significant number of retirements in the coming 12 to 48 months. Mr. D. Raja stated that he noticed we are behind about \$1.7 million on the operating assistance from the state and he asked that given this budget situation today, is there any jeopardy of us not getting the money. Mr. Schenk responded that we are not impacted by the budget impasse.

With no further questions, the Chairman called on Mr. John Tague for a report of the Planning and Stakeholder Relations Committee. Mr. Tague reported that he only had one resolution for the Board's consideration, but it is an important one. Over the years, there's been much discussion about fares and fare policies and we have discussed things like pay on enter and the elimination of zones.

Mr. Tague continued reporting that the current proposal contains major changes in the way people of Allegheny County will take public transportation, changes that require a community discussion and public input. The board has had a lot of discussion and it has resulted in a proposal with no bus fare increase. While the Authority reviews fares every few years, it's not often that there is a proposal that will impact nearly every trip for the foreseeable future.

Mr. Tague said that, as he expressed last week at the Planning and Stakeholder's Relations Committee, he is very happy to see half-fare options for weekly and monthly passes. The

disability community has been asking for these products for a while now, and noted that he has already received a lot of positive feedback.

Mr. Tague reported that the Board is eager to hear what the public has to say about our proposal, and we are eager to get the public process underway so the Planning and Stakeholder's Relations Committee is recommending authorization to proceed with the public hearing process on the proposed fare policy changes.

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

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

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

The Chairman commended staff at this time stating that they did a great job taking into account the public input and presenting the Board with a number of options for consideration. It really helped the Board become better informed of the requests and of the needs of our riders.

The Chairman called on Mr. D. Raja for a report of the Audit and Finance Committee. Mr. D. Raja reported that the Audit and Finance Committee had a public meeting Tuesday, November 24, 2015. Prior to the presentation by the audit firm, Maher Duessel, Port Authority management recognized the diligent efforts of persons within the Finance Division who were instrumental in the Authority once again receiving a clean audit opinion.

Mr. David Duessel and Mr. Jeffry Kent of Maher Duessel, Certified Public Accountants, reported to the Committee that the audit of financial statements were performed in accordance with Government Auditing Standards and found to have no significant deficiencies or material weaknesses noted. It was also reported that the Authority ended FY 2015 with approximately \$16.3 million surplus before noncash item adjustments for other post-employment benefits, pensions and depreciation. It was also reported at the meeting that the combined operating surpluses for the past four fiscal years totaled \$67.8 million, and that after noncash entries for other post-employment benefits, pensions and depreciation, the Authority's total net position was down \$70.1 million.

Mr. Raja proposed that the Board formally accept the FY 2015 Audit Report and approve that the Chair of the Authority's Board and the Chair of the Audit and Finance Committee are authorized to sign the FY 2015 Audit Report indicating its acceptance.

On behalf of the Audit and Finance Committee, Mr. D. Raja respectfully requested approval of the resolution.

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

That concluded the report of the Audit and Finance Committee meeting.

There was no further business to conduct.

The next Regular Meeting of the Board will be Friday, February 26, 2016.

The meeting was adjourned.

Approved