

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, DECEMBER 8, 2017

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, December 8, 2017, 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, Chair
Jennifer Liptak
Ann Ogoreuc
John Tague
Rob Vescio
Representative Dom Costa
Senator Brewster (via telephone)
Rob Kania
Michelle Zmijanac
Stephanie Turman
Joel Lennen, General Counsel

Media:

Ed Blazina, Post-Gazette

Port Authority Staff:

David Donahoe, interim chief executive officer, Bill Miller, chief operations officer, Keith Wargo, assistant general manager Engineering and Technical Support, Jim Ritchie, Communications officer, Barry Adams, assistant general manager Human Resources, Mike Cetra, assistant general manager Legal and Corporate Services, Adam Brandolph, Public Relations representative, Catherine Terrill, Professional Services Contract Specialist, Robert Sechler, Professional Services Contract Specialist, Breen Masciotra, TOD Project manager, John Beeler, manager Customer Service, Fred Mergner, assistant manager Scheduling and Service Planning, John DeAngelis, manager Contract Administration, Jermaine Ward, manager Contract Administration, Amy Silbermann, manager Data Analysis, Diane Williamson, executive assistant.

Other:

Carolyn Lenigan, Laura Wiens, PPT, Jonah McAllister-Erickson, Speaker, Mel Packer, Speaker, Helen Gerhardt, Speaker, Dawn Marie Smith, PPT, Deb Watson, Speaker, Chandana Cherukupalli, PPT, Jay Walker, Speaker, Bridget McLoy, Ralph Williams, Speaker, Linda Warman, Speaker, Moyisi Warrant, Speaker, Debra Green, Speaker, Mark Eubanks, Speaker.

The Chairman called the meeting to order. After the recital of the pledge of allegiance, a recommendation was made for approval of the minutes for both the October 27, 2017 Regular Meeting and the November 8, 2017 Special Meeting. A motion was made, seconded and unanimously passed.

The Chairman called on Mr. Donahoe for a report of the interim chief executive officer.

Mr. Donahoe reported that we continue to make progress on the various funding elements of the FY 2018 Operating Budget. On November 28, the Allegheny Regional Asset District awarded the Authority a \$3 million operating grant for 2018, which represents our full request.

He continued reporting that we also appeared before County Council during November in support of the County Executive's request for \$31.7 million in operating support and \$15.2 million in capital support. A final vote on the County budget will occur this month.

Mr. Donahoe directed everyone's attention to the financial statements and pointed out that the Authority is meeting its farebox estimates and improving cash flow. We continue to see growth in ConnectCard utilization, encouraged by convenience and by the fare policy adopted last year. Ticket vending machine sales for October were the highest month ever and sales at our retail partners increased five percent. In addition, the software fixes applied to the TVM machines and validator functions saw the doubling of card dispensing at the machines in November and significant increases in successful validator transactions. The increasing reliability should make for additional growth in non-cash products.

Mr. Donahoe then stated that as requested by the Board's Fare Technology Committee, staff is now looking at ways and costs associated with bringing fare products directly onto mobile devices.

He also reported out that we recently amended our Jobs Perks Program, which is the employer-sponsored ConnectCard purchase via payroll. Until recently, the popular stored value function was not available to Job Perks riders. Port Authority has changed this to attract more customers into this program.

On the capital side, Mr. Donahoe reported that the Neville Street ramp from the East Busway to Oakland reopened on schedule. The \$6 million construction was funded by State and County grants.

He also reported that the \$6.6 million Emsworth Bridge project is essentially complete except for some safety fencing. We anticipate a January reopening.

Capital work on the Berry Street Tunnel is proceeding well. The ceiling lighting project was completed on the outbound lane and Mr. Donahoe said that he can testify that the lighting improvement there is significant and it will result in a 40 percent reduction in energy utilization when completed.

Mr. Donahoe noted that these are among the some 60 capital projects that are being bid, under design or are under construction, made possible largely as a result of the Act 89 funding commitment from the State, along with the continuing commitment of Allegheny County.

On a different matter, Mr. Donahoe reported that last week he, along with CEOs from other major rail service providers, met with officials from the United States Department of Transportation to urge the inclusion of transit and infrastructure funding that might become available. He was able to point out our extensive fixed guideway infrastructure, particularly highlighting tunnels and bridges. A proposal from the administration is expected early next year.

Mr. Donahoe continued reporting that during November, we experienced several service challenges. In addition to a late Thursday night Steelers game followed the very next day by Light-Up Night, there were some 23 other special events in October and November, including several night time sporting events. Service for these events was well planned and executed by our Operations team.

Mr. Donahoe directed everyone's attention to the agenda where it includes adoption of the service guidelines for FY 2019. He stated that this is where we analyze the requests that have been submitted for service changes, noting that there are a number of folks here today who are submitting such changes and they will all be analyzed under the guidelines.

Next, Mr. Donahoe called attention to a letter received from Age-Friendly Pittsburgh, a collaboration of agencies, businesses and local governments and residents that work together to foster an inclusive community. They have expressed appreciation for the Authority's efforts to serve older adults and cite employees Ms. Darcy Cleaver, Mr. Bob Duffy and Ms. Deborah Skillings as being particularly attentive to the mission. This type of effort, along with the special drives for United Way and collecting holiday toys and clothing, is indicative of the spirit he found here.

Mr. Donahoe stated that based on the current schedule, this will be his final Board meeting as interim CEO. He thanked the Members for this opportunity to serve, and stated a special thank you to his Port Authority colleagues up and down the line for their support.

Mr. Donahoe said that he will happily return to his status as senior passenger in January but will remember his time at the Port Authority as a positive experience. The Authority is a true asset and a strong company. He noted that very few understand the complex series of the tasks needed to deliver over 200,000 rides every day. What they need to know is that serious people are serving on the Board and in the ranks to see that the mission is accomplished.

That concluded the report of the interim Chief Executive Officer.

The Chairman, Mr. Letwin, stated that the job Mr. Donahoe performed in his role as interim was just incredible. He stepped into an organization for which he had no background and really led us in the most unbelievable way, going way above and beyond what anybody had expected of him. Mr. Letwin also commended Ms. Liptak for spotting his talent initially and suggesting him to us.

The Chairman then called on Ms. Zmijanac for a report of the Performance Oversight Committee. Mr. Zmijanac reported that a meeting of the Performance Oversight Committee was held on Thursday, November 16, 2017, and minutes from the previous meeting were approved by the Committee.

Financial results for October were presented at the meeting. It was reported that Operating Revenues were \$1.3 million over budget for the month, primarily due to higher passenger revenues. Total expenses were \$932,000 under budget, mostly resulting from healthcare savings. Total subsidies for the month were \$172,000 under budget due to timing issues.

For fiscal year 2018 to date, Ms. Zmijanac reported that revenues are 3.2 million over budget, expenses are \$8.7 million under budget and total subsidies for the year are approximately \$956,000 over budget.

Ms. Zmijanac stated that there were four resolutions reviewed at the meeting and are being recommended by the Performance Oversight Committee for consideration.

The Committee first reviewed four procurement actions and found the bids to be 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. She stated that the Performance Oversight Committee

therefore recommends the four items outlined in the resolution, in the total approximate amount of \$2.3 million, for award.

On behalf of the Performance Oversight Committee, Ms. Zmijanac respectfully requested approval of the resolution.

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

Ms. Zmijanac stated that the next resolution for consideration seeks authorization to extend and amend the current agreement with Parkway Parking of Pennsylvania, Inc., for facility management services at the South Hills Village Parking Garage.

Ms. Zmijanac explained that in May 2015, the Authority entered into a three-year agreement with Parkway to provide general management and operation of the parking garage for a total authorized not-to-exceed amount of \$500,000. The agreement, which also provides an option to extend the term of the Agreement up to an additional two years, currently expires on April 30, 2018. The Performance Oversight Committee therefore recommends exercising the first option year extending the Agreement until April 30, 2019 and increasing the total authorized not-to-exceed amount by \$175,000.

On behalf of the Performance Oversight Committee, Ms. Zmijanac respectfully requested approval of the resolution.

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

Ms. Zmijanac then presented the next resolution requesting authorization to extend and amend the current agreement with WSP USA, Inc., previously known as Parsons Brinckerhoff, Inc., for Bus Rapid Transit project activities.

In order to qualify for federal funding for the BRT project, the Authority entered into an agreement with WSP to perform an alternatives analysis, a National Environmental Policy Act review and various other services. Ms. Zmijanac reported that the agreement currently expires on December 31, 2017.

As a result of a higher than expected level of work to perform the historic resource assessment, and coordinate with the Federal Transit Administration and the Pennsylvania Historic and Museum Commission and to further advance the project, Ms. Zmijanac stated that it is necessary to extend the length of the agreement through June 30, 2018.

The Performance Oversight Committee recommends extending the agreement with WSP through June 30, 2018, with no change in the total not-to-exceed amount of the agreement. On behalf of the Performance Oversight Committee, Ms. Zmijanac respectfully requested approval of the resolution.

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

Ms. Zmijanac presented the final resolution being recommended by the Performance Oversight Committee requesting authorization to enter into an agreement with Enghouse Transportation, LLC, to provide Hosted Interactive Voice Response services.

In order to obtain a qualified firm to perform the services, a request for proposals was prepared and publicly advertised and three proposals for the services were received. After review and evaluation of the proposals by the Authority's Evaluation Committee, the proposal submitted by Enghouse Transportation, LLC was determined to be the highest rated proposal for the performance of the services.

The Performance Oversight Committee therefore recommends entering into an agreement with Enghouse for an initial five-year period, with the option to extend the agreement up to an additional three years, for the total not-to-exceed amount of \$1,153,579. On behalf of the Performance Oversight Committee, Ms. Zmijanac respectfully requested approval of the resolution.

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

Ms. Zmijanac then reported that PennDot representatives also provided the Committee with an overview and summary of the Pennsylvania Rail Transit Safety Review Program and an update on ongoing activities. She explained that the Rail Transit Safety Review Program provides comprehensive and ongoing safety and security assessments of fixed guideway transit systems within the Commonwealth. The activities include oversight of Port Authority's light rail system, busways and the Monongahela Incline.

That concluded the report of the Performance Oversight Committee.

The Chairman called on Mr. John Tague for a report of the Planning and Stakeholder Relations Committee. Mr. Letwin stated that Mr. Tague's first order of business is the transit service guidelines and suggested that everybody pay attention because it affects discussions that we'll be having later.

Mr. Tague reported that the Planning and Stakeholder Relations Committee met on November 16. As the Chairman mentioned, Ms. Amy Silbermann presented an update on service guidelines to the Committee.

Mr. Tague stated that the Board passed a resolution in June 2015 to adopt the initial transit service guidelines. The guidelines are reviewed for update every two years. He said it is important to note that the proposed changes incorporate feedback provided by various stakeholder groups. There are five significant changes to the service guidelines for consideration by the Board.

Mr. Tague stated, first, ACCESS and paratransit service guidelines will be added. Paratransit was previously not included in the initial service guidelines. Secondly, we will adjust the efficiency on lower performing routes to push for better efficiency. We will also be revising the definition of a major service change. We will be adding a base level of efficiency to the process of evaluation requests for services changes. We will also include a system-wide equity measure to the annual service report.

Mr. Tague reported that the resolution today authorizes the Authority's adoption of the amended guidelines to make the discussed 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.

Next Mr. Tague reported that Ms. Silbermann presented to the Committee an update on the Bus Rapid Transit surveys. As of November 16, Port Authority had received 500 responses to the BRT survey. We believe the results to be a good representation of a diverse population. The Authority has received additional surveys since then, and is in the process of compiling that information before finalizing the results.

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

In the absence of Mr. Raja, who is the chair of the Financial Audit Committee, and with Senator Brewster participating by phone, the Chairman gave the report of the Committee.

Mr. Letwin reported that the Financial Audit Committee held a public meeting on Wednesday, November 29, 2017. Prior to the presentation by the audit firm, Maher Duessel, Port Authority management recognized the diligent efforts of personnel within the Financial Division who were instrumental in the Authority once again receiving a clean audit opinion.

Mr. David Duessel, Mr. Jeff Kent and Mr. Dustin Starr of Maher Duessel reported to the Committee that an audit of the financial statements was performed in accordance with Government Auditing Standards and found to have “no significant deficiencies or material weaknesses noted.” It was reported that the Authority ended FY 2017 with an approximate \$19.1 million surplus before non-cash item adjustments for other post-employment benefits, pensions and depreciation. It was also reported at the meeting that the combined operating surpluses over the past five fiscal years totaled approximately \$101 million. The Authority’s total net position was down \$42.5 million mainly due to increases in net pension and accrued OPEB liabilities.

Mr. Letwin continued reporting that Mr. Kent also informed the Financial Audit Committee that upcoming Government Accounting Standards Board Pronouncement #75 will potentially add another \$400 million in OPEB Liability to the Balance Sheet beginning in FY 2018.

Mr. Letwin moved that the Board formally accept the FY 2017 Audit Report and approve that the Chair of the Authority’s Board and the Chair of the Financial Audit Committee are authorized to sign the FY 2017 Audit Report indicating its acceptance.

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

Under new business, the Chairman announced the appointment of a Nominating Committee for 2018. The Nominating Committee is to consist of Robert Kania who will continue as Chair of the Committee and Ms. Ann Ogoreuc and Ms. Stephanie Turman have agreed to serve on the Committee as well. The Committee is to make their recommendations at the Annual Meeting in January.

Also under new business, Mr. Letwin presented a resolution for consideration. He reported that Port Authority had previously established a money purchase pension plan which only applies to post September 1, 2011 participants as defined in the plan.

At the Board’s November 8, 2017 meeting, the Board approved the appointment of Katharine Eagan Kelleman as the Chief Executive Officer of the Authority, effective January 16, 2018, and the execution of an employment agreement for Ms. Kelleman. The employment agreement for Ms. Kelleman has been executed, and pursuant to the agreement, Port Authority has agreed to make

certain payments to the pension plan on an annual calendar year basis, during the term of the employment agreement, on behalf of Ms. Kelleman. In order to effectuate such payments, the Authority desires to amend and restate the pension plan effective January 16, 2018, substantially in the form of Exhibit A to the resolution.

Pursuant to the pension plan, Port Authority has reserved to itself the right to amend the plan. Mr. Letwin reported that this resolution: allows the Authority to amend the plan in substantially the form of Exhibit A, provides the interim chief executive officer, chief financial officer and assistant general manager, Human Resources, authority to execute the amendment; and allows them to take all such other actions as are necessary and proper to carry out the purpose of this resolution.

The Chairman requested approval of the resolution and called for a motion. It was moved, seconded and unanimously agreed that the resolution be approved as presented.

During the public comment period, a group of Duquesne residents addressed the Board requesting Port Authority to extend service to their apartment complex to eliminate a walk of a mile or more to a bus stop. The service was eliminated into the community as part of the service cuts in 2011. Residents of the Hilltop Parkview Manor Apartments expressed their concerns about the lack of sidewalks and limited streetlights.

There were also a few people who addressed the Board stating their concerns with BRT local service impacts to the 61 and 71 routes and concerns regarding the proposed fare policy on the T and fare enforcement.

There being no further business to conduct, the meeting was adjourned.

The next Regular Meeting of the Board will be Friday, January 26, 2018.