

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, MAY 25, 2018

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, May 25, 2018, 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
Representative Dom Costa
Michelle Zmijanac
Ann Ogoreuc
John Tague
Rob Kania
Stephanie Turman
D. Raja
Rob Vescio
Senator Jim Brewster (via phone)
Joel Lennen, General Counsel

Media

Ed Blazina, Post-Gazette

Port Authority Staff

Katharine Kelleman, chief executive officer, Keith Wargo, assistant general manager Engineering and Technical Support, Jim Ritchie, assistant general manager Marketing, Planning and Communications, Jeffrey Devlin, chief information officer, Mike Cetra, assistant general manager Legal and Corporate Services, Barry Adams, assistant general manager Human Resources, Ed Typanski, director Grants and Capital Programs, Catherine Terrill, Professional Services contract specialist, Jerimaine Ward, manager Contract Administration, Adam Brandolph, Public Relations representative, Darcy Cleaver, assistant manager Passenger Amenities, Tony Trona, director Procurement and Materials Management, Tom Noll, director Technical Support, Vasti Amaro, organizational structure consultant, John DeAngelis, manager Contract Administration, Melissa Dunbar, Professional Services contract specialist, Melissa Rubin, Public Relations coordinator, Diane Williamson, executive assistant.

Other

Carolyn Lenigan, Don Rothley Jr., MoRO, Glenn Walsh, Matt Sickles, CDM Smith, Cathy Williams, ACCESS, Brian Schull, SAI, Mike Moorman, WSP, Steve DeGenero, Siemens.

The Chair called the May 25, 2018 Regular Meeting of the Board to order.

After the recital of the pledge of allegiance, a recommendation was made for approval of the minutes of the April 27, 2018 Regular Meeting. A motion was made, seconded and unanimously passed.

The Chair called on Ms. Kelleman for a report of the Chief Executive Officer. Ms. Kelleman started her comments by honoring Port Authority employees and retirees who have passed in the last month. These employees are Ronald Lutz, retired operator, Greg Yawkins, operator, Stanley Novaleski, retired operator and Charles Hest, retired operator. Ms. Kelleman stated that we thank them for their service and time here at the Authority.

Next Ms. Kelleman reported that she is excited to be presenting a preliminary version of her first capital and operating budgets as the CEO of Port Authority. The preliminary budgets were reviewed at the Planning and Stakeholder Relations Committee last week.

Ms. Kelleman stated that she is very focused on looking forward, but wanted to take a moment to reflect on where we've been in the past and have a good groundwork for this conversation. It is no secret that in the previous decade there have been tight times for us here at the Authority. Like many agencies in this circumstance, in an attempt to keep our operating costs low, we cut a lot of things which were short-term changes that just felt extraneous and they've become longer term implications. Then came Act 89, which stabilized our funding for a decade. Local and state leadership embraced public transit and recognized the importance for our region, not just as a means of transportation but as a means to fuel our economy and for economic growth. As a result, in the past few years we've been very stable, making some modifications in service, but in a very stable financial situation. Just as you would do at your house, you don't make a decision just for a week. You look forward and to the future. You don't want to do something that's good for three months, knowing you'll change it in six months. So as we've prepared the budget this year, we've taken the longer-term focus on where we could make adjustments from this stable position.

Ms. Kelleman stated that to deliver what our patrons need but also our communities and our stakeholders, it's time for us to invest in the maintenance and the bones of public transportation. Now, how do we measure this? We'll be setting goals on the quality of the service which we provide and to give staff the resources and opportunities to deliver excellent service every time they interact with a patron, stakeholder or anybody here internally. First and foremost, we are committing to an excellent experience for our existing customers. We'll be making a lot of investments and focusing on existing service to ensure it meets our customer standards on what is excellent. We'll do this by getting feedback from our riders who will have a voice in a customer campaign. We'll be surveying on all of our routes, trains and systems, focusing on improving our on-time performance, ensuring that our vehicles are ready for service at 4:00 a.m.; every bus that needs to be ready to go and every train is completely ready to go into service.

Ms. Kelleman continued reporting that we are also going to be focusing on facilities and a longer-term vehicle maintenance plan, not just keeping the lights on, but making an investment to keep these assets and these investments running for our community. We will also develop a robust employee engagement program to make sure, not just that our employees are compensated fairly but they are trained, engaged and ready to do this very critical important work we do here in Allegheny County.

We will codify the financial goals, which we use and present it as a stability plan. Ms. Kelleman noted that we are of course financially stable today, but it is time for us to make sure we have these goals in a place for our stakeholders and taxpayers to see, so they can understand how we are making these investments.

We will develop an agency-wide safety program to pull together all of our ongoing safety efforts and employ a strategic plan for our information technology. Ms. Kelleman announced that toward that particular goal, Mr. Jeffrey Devlin started on Monday as our chief information officer. Mr. Devlin comes to us with more than 25 years in technology experience. He has already begun the process of evaluating all the technology here at the Authority and how we can remove friction for our passengers.

Ms. Kelleman concluded her comments by reporting that we will develop the Strategic Communications Bargaining Plan, re-brand or brand Port Authority and introduce new tools which make riding easier and just easier to figure out what's going on. We'll be kicking off the Community Relations Program as well. As she has said in the past, we don't own this service, we operate the services. Our communities own it. Our goals are simple to start. Place the groundwork for success this year so we are ready to turn the next budget cycle for a full, robust, strategic plan that delivers an excellent customer experience and fuels our growth here in Allegheny County.

That concluded the report of the Chief Executive Officer.

The Chairman called on Ms. Zmijanac, Chair of the Performance Oversight Committee, for the report from the committee. Ms. Zmijanac reported that a meeting of the Performance Oversight Committee was held on May 17, 2018 and the minutes from the previous meeting were approved by the Committee.

Ms. Zmijanac stated that at the meeting, Mr. Schenk reported that Total Operating Revenues through April were approximately 5.1 million dollars higher than budget, principally due to higher Passenger Revenues. It was also reported that Total Expenses through April were approximately 15.6 million dollars under budget. Total subsidies were approximately \$335,000 under budget, which is a timing issue with the State Operating Assistance.

Ms. Zmijanac presented eight resolutions being recommended by the Performance Oversight Committee for consideration by the Board.

The Committee first reviewed seven procurement items. The Committee 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. The Performance Oversight Committee therefore recommended for award the seven items highlighted in the resolution for the total amount of \$38,260,962.73.

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.

The next resolution considered was the proposed award of a construction contract for the replacement of the North Braddock Avenue Bridge, which carries the East Busway over North Braddock Avenue. Ms. Zmijanac reported that the work will consist of the demolition of the existing piers and superstructure, concrete repairs of existing abutments and the construction of a new superstructure. Bid documents were prepared and publicly advertised and four bids were received and it was determined that the bid of Joseph B. Fay Company is the lowest responsive bid from a responsible bidder meeting the Authority's requirements for the contract.

The resolution sought approval to award the contract to Joseph B. Fay Company in the amount of \$2,837,872.

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 reported that the next resolution relates to the previous construction resolution. Ms. Zmijanac explained that The Norfolk Southern Railway Company has a railroad line adjacent to the North Braddock Avenue Bridge project. The Authority wishes to enter into a Construction Agreement with Norfolk Southern that would include the review and approval of the plans, engineering and inspection for the project and flagging and other protective services.

Through the resolution, Port Authority requested the approval to enter into an agreement with Norfolk Southern in the amount of \$96,928.

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 is authorization to award a construction contract for the East Liberty Garage Tank Replacement Project. The work includes the installation of two new underground diesel storage tank systems and one new gasoline storage tank system, which would replace the existing systems.

Bid documents were prepared and publicly advertised and two bids were received. It has been determined that the bid of McRO Tank Division, Inc., is the lowest responsive bid from a responsible bidder meeting the Authority's requirements for the contract.

The resolution requested approval to award the contract to McRO in the amount of \$1,485,600, subject to completing all pre-award requirements.

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 reported that the next resolution presented was authorization to extend and amend a Farebox Warranty Agreement with Scheidt and Bachmann USA, Inc. Ms. Zmijanac stated that on May 27, 2016, the Board passed a resolution approving a two-year agreement with Scheidt and Bachmann to provide the farebox warranty repair services, noting that the agreement includes an option to extend the agreement for one year that may be exercised at the sole discretion of the Authority. Approval is now sought to exercise the one-year extension to May 31, 2019, and increase the previously authorized total not-to-exceed amount by \$820,800.

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.

The next resolution for consideration was authorization to establish the second year budget with Transdev Services, Inc.

Ms. Zmijanac reported that in April 2017, the Authority entered into a five-year agreement with Transdev to provide professional services to coordinate and administer paratransit services for individuals with disabilities and elderly persons in Allegheny County. Ms. Zmijanac explained that the agreement requires that a not-to-exceed budget be established by the Board each fiscal year. The not-to-exceed amount proposed for the Agreement's second year is \$2,587,500.

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.

The next resolution for consideration was authorization to enter into agreements to provide executive search, outplacement and coaching services.

Ms. Zmijanac reported that the proposals submitted by Krauthamer & Associates, Inc., and The Bradley Partnerships, Inc., were determined to be the highest-rated proposals for the performance of the executive search services. The proposals submitted by Calfe & Associates and The Bradley Partnerships, Inc., were determined to be the highest-rated proposals for the performance of the outplacement services. The proposals submitted by The Bradley Partnerships, Inc., and Calfe & Associates were determined to be the highest-rated proposals for the performance of the coaching services.

Through the resolution, Port Authority sought approval to enter into agreements with each firm for the identified categories of services for a total not-to-exceed amount of \$272,671, to be allocated on an as-needed basis through task specific work orders, for an initial three-year period with the option to extend the term of the agreements up to an additional two years.

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

It was then moved and seconded, but before taking the vote, Mr. D. Raja explained that he would be voting no on this resolution in regard to the executive search contract. Mr. Raja said that he does not know or have anything against these firms, however, he believes these executive positions are presented in the upcoming budget. From his perspective, as it relates to new positions or new expenses, he wants to see how they are prioritized, particularly relative to service and the long-term impact. Since we have not gotten there yet, he will vote no as this is asking for approval prior to approval of any new executive positions that may be presented in the budget.

Thereafter, the resolution was approved with ten yays and one nay.

Ms. Zmijanac continued her report by presenting the final resolution for consideration seeking authorization to extend and amend a Commercial Lease Agreement with DSH Associates, LLC.

She explained that the Authority is in the process of rehabilitating and expanding the West Mifflin Garage. While the project is being completed, alternative space for the parking, layover and storage of our buses and for employee parking is needed. As such, the Authority previously entered into a commercial lease agreement with DSH, which owns a lot located adjacent to the garage, through September 30, 2018. To ensure the Authority continues to have the ability to utilize the lot during the

completion of the project, Authority wishes to extend the lease one additional year through September 30, 2019 at a total rental amount of \$60,000.

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.

That concluded the report of the Performance Oversight Committee.

The Chairman called on Mr. Tague for a report of the Planning and Stakeholder Relations Committee. Mr. Tague stated that the Planning and Stakeholder Relations Committee met last week and he had a few items to report to the Board.

First, Ms. Amy Silbermann gave a presentation of the 2017 Annual Service Report. It was reported that all ridership is down nationally. It is important to note however that our ridership is just down one percent. Ridership levels are doing much better here than in many top-transit systems. On average, our on-time performance was 67 percent for 2017. Improving on-time performance is a key organizational goal. Mr. Tague pointed out that the report is available on Port Authority's website.

Next, Mr. Peter Schenk presented the preliminary operating budget for fiscal year 2019. The preliminary operating budget totals \$441 million, which reflects about a five percent increase over last year's budget. Primary expense categories are salary and wages and pension and employee benefits. The budget does not call for fare increases, and ridership is expected to remain stable for the upcoming year. New initiatives outlined in the budget include enhancing customer communications, overhaul light rail stations, including Station Square, a Light Rail Vehicle Rehabilitation Program, establish a Planning and Development Division and improving maintenance functions.

Next, Mr. Ed Typanski reviewed the preliminary capital budget, which totals about \$145 million. The sources for the capital budget include \$104 million from the state, \$27 million from the federal government and \$14 million from Allegheny County. Significant projects include purchase of 59 40-foot clean diesel buses and two New Flyer electric buses plus rapid transit fuel design, station improvements, bridge and tunnel improvements, automatic trip stop project, escalator rehabilitation, McKeesport Park and Ridge, Phase II and the Way Finder project.

Mr. Tague noted that Mr. Schenk reviewed the preliminary budget earlier this month with Allegheny County Transit Council.

Mr. Tague concluded his report by announcing that a final budget will be presented for consideration in June.

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

The next Regular Meeting of the Board will be Friday, June 29, 2018.