

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, DECEMBER 7, 2018

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, December 7, 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
Michelle Zmijanac
Ann Ogoreuc
John Tague
Stephanie Turman
D. Raja
Senator Jim Brewster
Representative Dom Costa
Rob Vescio
Rob Kania
Joel Lennen, General Counsel

Media:

Ed Blazina, Post-Gazette
John McKee, WTAE
Mike Holden, WPXI
Joe Destio, KDKA Radio

Port Authority Staff:

Katharine Kelleman, chief executive officer, Inez Colon, chief Human Resources officer, Keith Wargo, chief engineer, Mike Cetra, chief legal officers, Pete Schenk, chief financial officer, Jim Ritchie, chief communications officer, Jeffrey Devlin, chief information officer, David Huffaker, chief development officer, Marsha McCall, associate internal auditor, Melissa Rubin, Public Relations coordinator, Tony Trona, director Purchasing and Materials Management, Glenn Meister, senior internal auditor, Catherine Terrill, Professional Services contract specialist, Adam Brandolph, Public Relations representative, Amy Silbermann, manager Data & Evaluation Department, Melissa Dunbar, Professional Services contract specialist, Deborah Skillings, Community Outreach coordinator, Diane Williamson, executive assistant.

Other:

Carolyn Lenigan, Anna Nelson, Celeste Scott, Dan Yablonsky, Dean Mougianis, Diane Stein, Helen Gerhardt, Jim Bonner, Jonah McAllister-Erickson, Joshua Malloy, Laura Wiens, Lisa Gonzalez, Mel Packer, Mischelle McMillen, Ralph Williams, Sue Scanlon, Teireik Williams, Debra Green, Kathleen Davis, WESA, Crystal Jennings, Lydia Yoder, Grant Cole, Faun Waker-Montgomery, Brian Schull, SAI, Dave Duessel, Carin Davis, Phoebe Sharp, Jordana Rosenfeld, Will Anderson, Paige Anderson.

The Chair called the December 7, 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 October 26, 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 first acknowledged the tragedy at the Tree of Life Synagogue and asked for a moment of silence. Ms. Kelleman then acknowledged Port Authority retirees that passed away since the last Board meeting,

who were Laverne Heisler, Maintenance Clerk, Richard Preden, service person, Raymond Kreplin, automotive mechanic and operators Paul Meister, Clyde Furby and Charles Simm.

Ms. Kelleman reported that our Port Authority police played a small but important role at the Tree of Life Synagogue on October 27. When the first calls went out for assistance, Port Authority's police were some of the first to respond. Ms. Kelleman thanked Lieutenant O'Malley, Sergeants Lucas and Atkins, and Officers Martsolf, DeSole and Fontaine for their courage, bravery and heroism.

Ms. Kelleman reported that ridership in October increased more than six percent over October 2017 and nearly three percent over last fiscal year. Ms. Kelleman added that she anticipates being able to provide a more comprehensive look at our annual ridership numbers for the Board next month.

Continuing our new tradition of highlighting an employee who goes above and beyond, on November 16, a rider said the following about Operator Norman Wingate: "This driver is very professional and friendly, always calm and consistent, and pays attention to everybody on his bus. If anyone needs help, he's always willing to help." Mr. Wingate is a 21-year veteran at Port Authority, and we commend him for his work and attitude.

Ms. Kelleman announced that we just launched a new website today that you can use very easily on your mobile phone.

Next Ms. Kelleman stated that she knows many of the folks are here today to support our efforts to provide fair and equitable access to transit, and she is encouraged by that, especially since Port Authority serves many low-income communities throughout Allegheny County. More than a year ago, she stood inside the Kingsley Center for the annual Spirit of King Awards ceremony, a week even before her first day on the job, and spoke about the importance of having a transit system that serves the entire community. In the year since, we scrapped plans for police officers to conduct fare enforcement on light rail and made the BRT proposal more equitable.

We need to continue to look at the services we provide and the fares we charge in the same manner and with the same diligence. That includes a wide-range of possible recommendations such as free transfers, fare capping and reduced-fare program, some of which are being implemented by some transit systems across the country. However, Ms. Kelleman noted, before we move ahead and make any recommendations to this Board, there are several considerations that need to be evaluated. Logistically, we will need to work with our ConnectCard vendor to determine the scope and cost of potential changes to our system, including software for the card readers and the way data is stored. Financially we need to find a way to pay for any changes made.

Ms. Kelleman continued reporting that our Board today will be asked to approve an amended budget that reflects \$75 million less than what we had anticipated at the beginning of the year due to issues with state funding.

Ms. Kelleman stated that she wants Port Authority to develop comprehensive plans that make sense for the long run. Our system should make sense. It should run on time. The fares should be affordable. Riders should have an excellent experience and we should get you where you need to go.

As the year ends, Ms. Kelleman expressed her sincere gratitude to County Executive Rich Fitzgerald and the Board for bringing her on as CEO earlier this year. She stated that she and her family feel as though they have found their home here in Allegheny County and she is grateful for the opportunity.

That concluded the report of the Chief Executive Officer.

The Chair called on Ms. Zmijanac for a report of the Performance Oversight Committee. Ms. Zmijanac reported that the Performance Oversight Committee met on Thursday, November 15, 2018 and the Committee approved the minutes from the previous meeting.

At the meeting, CFO Peter Schenk reported that Total Operating Income for the month of October was \$262,360 under budget primarily due to lower Passenger Revenues. Total Expenses for the month of October exceeded budget by \$792,079, which was primarily due to a \$1.4 million payment related to repairs associated with this summer's flood. He also reported that total subsidies for the month were at \$3.3 million under budget due to a timing issue associated with State Operating Assistance.

There were three resolutions reviewed by the Performance Oversight Committee.

Ms. Zmijanac reported that the Committee first reviewed five procurement items and determined that the bids were in accordance with the Authority's procurement policies and procedures, the prices to be fair and reasonable, the bidders to be responsible and the bids responsive. The Performance Oversight Committee agreed to recommend awarding the five items listed in the resolution for the total amount of approximately \$29.3 million.

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 seeks authorization to Award a Construction Contract for the West Mifflin Garage Oil/Water Separator Replacement Project. It was explained at the meeting that the separators are part of a system required by the Authority's stormwater management permit to provide treatment of stormwater runoff generated in the operating areas of the garage property. The work will consist of the installation of new oil/water separators, replacing the two approximately 30-year old separators located at the West Mifflin Garage.

Bid documents were prepared and publicly advertised. After review of the bids by staff, it was determined that the bid of Wheels Mechanical Contracting & Supplier, Inc. was the lowest responsive bid from a responsible bidder meeting the Authority's requirements for the contract.

The Performance Oversight Committee agreed to recommend awarding the contract to Wheels Mechanical Contracting & Supplier, Inc., for \$1,315,570, subject to completing the 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.

The final resolution presented at the Committee meeting seeks authorization to adopt and implement the FY 2019-20 Internal Audit Work Plan. It was reported at the meeting that on November 21, 2007, the Board adopted an Internal Audit Department Charter as a statement of policy and an expressed commitment to provide financial and operational oversight for the Authority. In accordance with the Charter, the Authority's Internal Audit Department has conducted various audit and oversight activities over the past several years pursuant to Board approved Audit Work Plans.

Ms. Zmijanac reported that the current resolution seeks approval and adoption of the FY 2019-20 Audit Work Plan for the period January 1, 2019 through June 30, 2020.

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 continued reporting that at the Committee meeting, PennDot representatives provided the Committee an overview and summary of Pennsylvania's Rail Transit Safety Review Program and an update on ongoing activities. The 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 Chair called on Mr. Tague for a report of the Planning and Stakeholder Relations Committee. Mr. Tague reported that the Planning and Stakeholder Relations Committee met on November 15 and he had two resolutions to present to the Board for approval.

The first resolution sought authorization to enter into an agreement with Bike Share Pittsburgh, Inc., doing business as Healthy Ride, for a ConnectCard Bike Rental Program. Port Authority conducted a pilot program with Healthy Ride from August 2017 to December 2018. Over 2,000 ConnectCard users took advantage of the program. The program adds real value to the ConnectCard, and Port Authority would like to see it continue.

Mr. Tague stated that approving this resolution would allow for implementation of the program beginning January 1, 2019.

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.

Mr. Tague stated that as mentioned in Ms. Kelleman's report, the second resolution seeks approval to adopt an amended FY 2019 operating budget, FY 2019 capital budget and FY 2018 capital budget. At the Committee meeting, CFO Peter Schenk provided an update on the operating and capital budgets and explained there is litigation against the Pennsylvania Turnpike Commission by the Independent Truckers Association. The Turnpike typically transfers \$450 million to PennDot, which then provides money to the Authority and other transit systems in the Commonwealth. PennDot has notified the Authority that we will not get the full capital funding anticipated for 2019.

As a result, Port Authority will have a shortfall of \$75 million that was budgeted in the FY 2019 capital budget. As such, the operating and capital budgets that were approved in June are now out of balance. Management has developed, and proposed revisions to the FY 2018 and FY 2019 capital budgets and the FY 2019 operating budget so that they may remain in balance.

Mr. Tague stated that it is important to note that there will be no impact on service in FY 2019 because of these budget amendments if approved by the Board.

On behalf of the Planning and Stakeholder Relations Committee, Mr. Tague respectfully requested approval of the resolution. The resolution was moved and seconded. Before a vote was taken, Mr. D. Raja requested to speak.

Mr. Raja commented that he voted no on the budgets in June because he felt that we had no increases in funding and yet there were a number of new positions added. As you know, Port Authority is very constrained with the funds we have and the use of those funds. This position is exacerbated right now. We have a \$75 million cut as you have heard and he has the same concerns as in June.

Mr. Raja noted that the new positions that were added continue to remain. He would prefer to see a freeze on any new positions and any new spending needs be evaluated. Any expenses would go through a detailed review with the priorities that we have. Mr. Raja stated that he will vote no for this resolution.

A vote was then taken and the resolution passed with 10 yay votes and one nay vote.

The Chair called on Mr. Rob Vescio for a report of the Technology Committee. Mr. Vescio reported that the Technology Committee met on Thursday, November 15 and he had two items to report.

The first is a resolution seeking authorization to extend and amend the agreement with Ideal Integrations to provide cloud-hosting services. Mr. Vescio reported that at its February 26, 2016 meeting, the Board authorized the award of an agreement to provide cloud server hosting for the Production Data Center to Ideal Integrations for an initial term of three years for a total not-to-exceed amount of approximately \$3.1 million. The agreement also contains two option years to be exercised by the Authority in its sole discretion.

To date, Ideal Integrations has performed the services to the satisfaction of the Authority and it was determined that it is in Port Authority's best interest to exercise the first option year extending the term of the agreement to January 31, 2020, and increasing the total not-to-exceed amount of the agreement by \$1,655,266.05.

The resolution seeks to extend the agreement with Ideal Integrations for one year and increase the total not-to-exceed amount of the agreement to \$4,756,709.25.

On behalf of the Technology Committee, Mr. Vescio respectfully requested approval of the resolution. It was moved, seconded and unanimously agreed that the resolution be approved as presented.

Mr. Vescio reported that the second resolution seeks authorization to enter into an agreement with Clever Devices for maintenance and support services. Mr. Vescio reported that beginning in 2000,

the Authority began outfitting new buses with Clever Devices' SmartVehicle Intelligent Vehicle Network Systems incorporating automated voice annunciation and automated passenger counting systems, including wireless data communications, hardware and software. Currently, the Authority's entire bus and LRV fleet is equipped with Clever Devices systems.

The proposed agreement with Clever Devices will provide maintenance and support system services in order to properly and efficiently maintain this investment in software and systems. The proposed agreement with Clever Devices is for up to five years, through December 31, 2023, at a total not-to-exceed amount of \$2,741,006.

On behalf of the Technology Committee, Mr. Vescio 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 Technology Committee.

The Chair called on Mr. D. Raja for a report of the Financial Audit Committee. Mr. Raja reported that the Financial Audit Committee met on Tuesday, December 4, 2018. David Duessel, Jeff Kent and Dustin Starr of Maher Duessel, certified public accountants, reported to the Committee that an audit of financial statements was performed in accordance with Government Auditing Standards and found no significant deficiencies or material weaknesses.

It was reported that the Authority ended FY 2018 with an approximate \$19 million surplus before noncash adjustments for other post-employment benefits, pensions and depreciation. It was also reported at the meeting that the combined operating surpluses over the past seven years were \$120 million after accounting for noncash entries related to the post-employment benefits, pensions and depreciation. The Authority's total net position was up by \$5.5 million mainly due to nonoperating revenues and capital grant funding.

Mr. Raja continued reporting that Mr. Kent informed the Committee that the Authority's Statement of Net Position reflects adoption of Government Accounting Standards' Board Pronouncement No. 75. The required adoption of this pronouncement increased the Authority's reported accrued OPEB liability by approximately \$283.9 million from FY 2017 levels.

On behalf of the Committee, Mr. Raja proposed that the Board formally accept the FY 2018 Audit Report and approve that the Chair of the Board and the Chair of the Financial Audit Committee be authorized to sign the FY 2018 Audit Report.

On behalf of the 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 Financial Audit Committee.

Under new business, Mr. Letwin announced that Mt. Rob Kania agreed to once again chair the Nominating Committee. Ms. Stephanie Turman and Ms. Ann Ogoreuc have agreed to serve on the Committee.

Before calling the first speaker under public comment, Mr. Letwin reminded everyone that there are a number of speakers this morning and it is important to stay within the allotted three minutes.

A total of 17 speakers addressed the Board regarding fair transit fares. This included a video prepared by Pittsburghers for Public Transit. The speakers called on Port Authority to take steps to build a more equitable, efficient transit system. They urged the Authority to reduce cash fares, make all transfers free, and implement fare capping.

With no further business, the meeting was adjourned.

The next Regular Meeting of the Board will be Friday, January 25, 2019.

Approved