



**REGULAR MEETING OF THE BOARD  
9:30 A.M., FRIDAY, FEBRUARY 22, 2019  
PRELIMINARY AGENDA**

- I. Call to Order – Mr. Jeff Letwin, Chairman**
- II. Pledge of Allegiance**
- III. Approval of Minutes:**
  - 1. January 25, 2019 Annual Meeting**
  - 2. January 25, 2019 Regular Meeting**
- IV. Report of the Chief Executive Officer – Ms. Katharine Kelleman**
- V. Report of Performance Oversight Committee – Ms. Michelle Zmijanac, Chair**
  - 1. Financial Statements**
  - 2. Awarding of Bids**
- VI. Report of Planning and Stakeholder Relations Committee – Mr. John L. Tague Jr., Chair**
- VII. Report of Technology Committee – Mr. Rob Vescio, Chair**
  - 1. Awarding of Bids**
- VIII. New Business**
- IX. Public Comment:**
  - 1. Edward Garbade**
  - 2. James Love**
- X. NEXT REGULAR MEETING – March 29, 2019**
- XI. Adjournment**

# **REPORT OF PERFORMANCE OVERSIGHT COMMITTEE**

## **FINANCIAL STATEMENTS**



Port Authority of Allegheny County  
**CONSOLIDATED STATEMENT OF NET POSITION**  
*For the Current Period*  
**As of January 31, 2019**

	<u>OPERN</u>	<u>CAPTL</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 112,449,833.97	\$ 12,196,450.89	124,646,284.86
Capital grants receivable	13,772.22	12,613,807.43	12,627,579.65
Other receivables	7,504,845.28	0.00	7,504,845.28
Prepaid expenses	1,298,222.66	-	1,298,222.66
Materials & supplies	14,958,104.76	-	14,958,104.76
<b>Total Current Assets</b>	136,224,778.89	24,810,258.32	161,035,037.21
NONCURRENT ASSETS			
Restricted assets for capital additions and related debt	-	23,982,296.94	23,982,296.94
Designated for reserve fund	34,982,415.00	-	34,982,415.00
Capital assets, net of accumulated depreciation	-	1,314,790,183.52	1,314,790,183.52
<b>Total Non-Current Assets</b>	34,982,415.00	1,338,772,480.46	1,373,754,895.46
<b>TOTAL ASSETS</b>	<b>\$ 171,207,193.89</b>	<b>\$ 1,363,582,738.78</b>	<b>\$ 1,534,789,932.67</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred charge on refunding	-	7,965,418.19	7,965,418.19
Related to pensions	59,850,178.00	-	59,850,178.00
Related to OPEB	60,976,741.00	-	60,976,741.00
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 120,826,919.00</b>	<b>\$ 7,965,418.19</b>	<b>\$ 128,792,337.19</b>
<b><u>LIABILITIES</u></b>			
CURRENT LIABILITIES			
Accounts payable	7,148,139.86	1,908,592.29	9,056,732.15
Accrued compensation, benefits & withholdings	14,331,158.11	-	14,331,158.11
Unearned revenue	122,736,066.35	24,343,182.03	147,079,248.38
Reserves for claims & settlements	5,415,596.00	-	5,415,596.00
Current portion of bond payable	-	12,520,000.00	12,520,000.00
Other current liabilities	-	3,986,057.30	3,986,057.30
<b>Total Current Liabilities</b>	149,630,960.32	42,757,831.62	192,388,791.94
NONCURRENT LIABILITIES			
Bond payable, net	-	172,869,674.15	172,869,674.15
Reserves for claims & settlements	6,119,474.00	-	6,119,474.00
Accrued OPEB liability	631,119,563.00	-	631,119,563.00
Net pension liability	322,797,115.00	-	322,797,115.00
<b>Total Non-Current Liabilities</b>	960,036,152.00	172,869,674.15	1,132,905,826.15
<b>TOTAL LIABILITIES</b>	<b>\$ 1,109,667,112.32</b>	<b>\$ 215,627,505.77</b>	<b>\$ 1,325,294,618.09</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Related to pensions	\$ 60,624,852.00	\$ -	\$ 60,624,852.00
<b><u>NET ASSETS</u></b>			
<b>TOTAL NET POSITION</b>	<b>\$ (878,257,851.43)</b>	<b>\$ 1,155,920,651.20</b>	<b>\$ 277,662,799.77</b>

PORT AUTHORITY OF ALLEGHENY COUNTY

COMPARATIVE SUMMARY OF REVENUES AND EXPENSES



	Month of January 2019			7 Month Year-to-Date			Notes on Variances
	Budget	Actual	Variance	Budget	Actual	Variance	
<b>REVENUE :</b>							
Passenger revenue -							
Bus, Light Rail & Incline Plane	\$7,613,527	\$7,188,178	(\$425,349)	\$52,168,512	\$52,603,269	\$434,757	
ACCESS program service	832,499	744,299	(\$88,200)	6,736,277	6,344,594	(\$391,683)	
Advertising	229,166	272,618	\$43,452	1,604,162	1,762,279	\$158,117	
Interest income	162,047	189,665	\$27,618	705,759	1,111,551	\$405,792	
Other income	60,164	77,393	\$17,229	421,148	482,174	\$61,026	
<b>Total Operating Income</b>	<b>\$8,897,403</b>	<b>\$8,472,153</b>	<b>(\$425,250)</b>	<b>\$61,635,858</b>	<b>\$62,303,867</b>	<b>\$668,009</b>	Total Operating Income for the month of January was \$425,250 under budget due to lower Passenger Revenues. However, Total Operating Income from a year-to-date perspective is \$668,009 over budget.
<b>EXPENSE :</b>							
Wages & salaries	\$13,511,119	\$12,606,414	\$904,705	\$94,390,755	\$93,031,246	\$1,359,509	
Employee benefits	16,719,067	16,692,454	\$26,613	91,541,064	89,855,206	\$1,685,858	
Materials & supplies	4,186,148	3,377,573	\$808,575	27,878,056	26,101,368	\$1,776,688	
Provision for injuries & damages	392,828	216,752	\$176,076	2,944,820	2,082,743	\$862,077	
Purchased services	1,214,474	1,269,387	(\$54,913)	8,920,381	7,844,447	\$1,075,934	
Utilities	756,854	829,231	(\$72,377)	4,673,118	3,961,051	\$712,067	
Other expense	943,499	938,794	\$4,705	7,233,893	5,199,075	\$2,034,818	
Interest	0	0	\$0	0	0	\$0	
ACCESS program service	2,348,592	2,032,217	\$316,375	16,440,144	15,797,927	\$642,217	
<b>Total Expense</b>	<b>\$40,072,581</b>	<b>\$37,962,822</b>	<b>\$2,109,759</b>	<b>\$254,022,231</b>	<b>\$243,873,063</b>	<b>\$10,149,168</b>	Total Expenses for the month of January were \$2.1 million under budget primarily due to lower Wages & Salaries and Materials & Supplies. Year-to-date expenses are \$10.15 million under budget with all expense categories under budget.
<b>Deficit before Subsidy</b>	<b>(\$31,175,178)</b>	<b>(\$29,490,669)</b>	<b>\$1,684,509</b>	<b>(\$192,386,373)</b>	<b>(\$181,569,196)</b>	<b>\$10,817,177</b>	
<b>Operating Subsidy:</b>							
County Drink Tax Revenue			\$0			\$0	
RAD Assistance - Local	225,000	225,000	\$0	1,875,000	1,875,000	\$0	
Gen Operating Assist - State	19,591,541	18,503,480	(\$1,088,061)	137,140,787	138,055,019	\$914,232	
Defer State Operating Assist			\$0			\$0	
Cost of Contracting	2,160,900	2,160,900	\$0	5,368,590	5,704,454	\$335,864	
Redistribute to Vehicle Overhaul			\$0			\$0	
Redistribute to Capital Accounts	170,333	186,184	\$15,851	1,071,998	1,153,537	\$81,539	
Fringe Benefits Redistrib Cap Accs	85,000	83,323	(\$1,677)	595,000	562,893	(\$32,107)	
Preventive Maintenance	2,329,662	2,330,310	\$648	32,509,400	32,498,907	(\$10,493)	
ACM Capitalizations			\$0			\$0	
Third Party Reimbursements	5,000	156,486	\$151,486	141,800	259,135	\$117,335	
ACCESS-JARC/New Freedom	66,667	377,929	\$311,262	466,669	377,929	(\$88,740)	
ACCESS-5310 revenue	46,725	47,722	\$997	327,075	355,163	\$28,088	
<b>Total Subsidy</b>	<b>\$24,680,828</b>	<b>\$24,071,335</b>	<b>(\$609,493)</b>	<b>\$179,496,319</b>	<b>\$180,842,037</b>	<b>\$1,345,718</b>	Subsidies for the month are \$609,435 under budget due to lower State Operating Assistance, but over budget from a year-to-date perspective.
Surplus/Deficit	(\$6,494,350)	(\$5,419,334)	\$1,075,016	(\$12,890,054)	(\$727,159)	\$12,162,895	



PORT AUTHORITY OF ALLEGHENY COUNTY  
COMPARATIVE SUMMARY OF REVENUES AND EXPENSES

Notes on Year over Year Variances

	Monthly Actuals		Year to Date Actuals		Variance
	January 2018	January 2019	FY2018	FY2019	
<b>REVENUE :</b>					
Passenger revenue -					
Bus, Light Rail & Incline Plane	\$7,555,133	\$7,188,178	\$53,445,333	\$52,603,269	(\$842,064)
ACCESS program service	913,695	744,299	7,102,023	6,344,594	(\$757,429)
Advertising	145,348	272,618	2,021,712	1,762,279	(\$259,433)
Interest income	91,009	189,665	549,127	1,111,551	\$562,424
Other income	65,820	77,393	517,404	482,174	(\$35,230)
<b>Total Operating Income</b>	<b>\$8,771,005</b>	<b>\$8,472,153</b>	<b>\$63,635,599</b>	<b>\$62,303,867</b>	<b>(\$1,331,732)</b>
<b>EXPENSE :</b>					
Wages & salaries	\$12,348,632	\$12,606,414	\$87,968,632	\$93,031,246	(\$5,062,614)
Employee benefits	13,449,955	16,692,454	88,146,683	89,855,206	(\$1,708,523)
Materials & supplies	3,673,604	3,377,573	22,079,986	26,101,368	(\$4,021,382)
Provision for injuries & damages	142,526	216,752	1,625,814	2,082,743	(\$456,929)
Purchased services	1,118,779	1,269,387	5,536,865	7,844,447	(\$2,307,582)
Utilities	840,964	829,231	3,819,200	3,961,051	(\$141,851)
Other expense	1,123,494	938,794	3,361,626	5,199,075	(\$1,837,449)
Interest		0	0	0	\$0
ACCESS program service	2,170,270	2,032,217	16,596,456	15,797,927	\$798,529
<b>Total Expense</b>	<b>\$34,868,224</b>	<b>\$37,962,822</b>	<b>\$229,135,262</b>	<b>\$243,873,063</b>	<b>(\$14,737,801)</b>
<b>Deficit before Subsidy</b>	<b>(\$26,097,219)</b>	<b>(\$29,490,669)</b>	<b>(\$165,499,663)</b>	<b>(\$181,569,196)</b>	<b>(\$16,069,533)</b>
<b>Operating Subsidy:</b>					
County Drink Tax Revenue					
RAD Assistance - Local	225,000	225,000	1,875,000	1,875,000	-
Gen Operating Assist - State	17,956,073	18,503,480	133,522,139	138,055,019	4,532,881
Defer State Operating Assist					
Cost of Contracting	993,309	2,160,900	4,654,087	5,704,454	1,050,367
Redistribute to Vehicle Overhaul			1,576,203	1,576,203	-
Redistribute to Capital Accounts	192,812	186,184	1,360,294	1,153,537	(206,757)
Fringe Benefits Redistrib Cap Accts	96,046	83,323	488,762	562,893	74,132
Preventive Maintenance	1,903,457	2,330,310	14,137,778	32,498,907	18,361,129
ACM Capitalizations					
Third Party Reimbursements	60,347	156,486	219,034	259,135	40,100
ACCESS-JARC/New Freedom					
ACCESS-5310 revenue		377,929	636,585	377,929	377,929
ACCESS-PWD	101,189	47,722		355,163	(281,422)
<b>Total Subsidy</b>	<b>\$ 21,528,232</b>	<b>\$24,071,335</b>	<b>\$ 158,469,881</b>	<b>\$180,842,037</b>	<b>\$ 22,372,155</b>
<b>Surplus/Deficit</b>	<b>\$ (4,568,987)</b>	<b>(\$5,419,334)</b>	<b>\$ (7,029,782)</b>	<b>(\$727,159)</b>	<b>\$6,302,622</b>

Total Operating Income is \$1.0 below last fiscal year. However, last Fiscal Year had a \$1.3 million accounting adjustment.

Total Expense is \$14.7M higher than last fiscal year. All categories except ACCESS Expense is above last fiscal year.

Total Subsidies are \$22.37 million higher than last fiscal year. The Authority is budgeted to utilize higher levels of State Operating Assistance and Preventive Maintenance.

## **PROPOSED RESOLUTIONS**

## **AWARDING OF BIDS**

### **1. PRINTING OF PUBLIC TIMETABLES (CHANGE ORDER)**

At its February 2017 meeting, the Board authorized a contract with Knepper Press to provide printing of public timetables over a two-year term in the estimated amount of \$632,850.00, with two additional one-year optional periods to be exercised at the Authority's sole discretion.

The contractor has performed well to date, and at this time, staff is requesting the optional periods be exercised to continue the Authority's ability to provide its ridership with printed schedules as required.

**RECOMMENDATION:** That a contract amendment be executed with Knepper Press in the estimated amount of \$632,850.00 over the remaining two-year option period.

This price is the contract pricing and represents no increase over the prices currently paid for these services. Staff has determined the pricing to be fair and reasonable and consistent with the funds budgeted.

### **2. GARAGE DOORS**

At its October 2018 meeting, the Board authorized an Agreement with Specified Supply Inc., for the purchase of 75 garage doors to be installed throughout the Authority's Maintenance facilities in the amount of \$635,084.00. Specified Supply has failed to execute the agreements and cannot provide the required Performance Bond.

The next lowest bidder, Thomas V. Giel Corporation, has agreed to hold their bid pricing in anticipation of a contract award.

**RECOMMENDATION:** That the contract award to Specified Supply in the amount of \$635,084.00 be rescinded, and a contract be awarded to the next lowest responsible bidder that submitted a responsive bid, Thomas V. Giel Corporation, in the amount of \$835,425.00.

There has been no recent replacements of these types of garage doors, however, staff has determined the pricing to be fair and reasonable and consistent with the funds budgeted.



### **3. SUBSTATION EQUIPMENT (DC BREAKERS)**

This bid was publicly advertised and ebusiness documents were distributed. Three firms accepted the invitation and two bids were received for the purchase of substation equipment (DC breakers) for use within the Authority's Light Rail Transit System over a two-year period.

**RECOMMENDATION:** That a contract be awarded to the low responsible bidder that submitted a responsive bid, Myers Controlled Power LLC., in the estimated amount of \$738,290.00 over the two-year period.

There has been no recent purchase of these DC breakers, however, staff has determined the pricing to be fair and reasonable and consistent with the funds budgeted.

### **4. JANITORIAL SUPPLIES (GENERAL)**

This bid was publicly advertised and ebusiness documents were distributed. Twelve firms accepted the invitation and 11 bids were received for the purchase of general janitorial supplies over a three-year period.

The low bidder for three of the items proposed items that do not meet the specifications. As such, the low bidders for these three items are not eligible for award.

**RECOMMENDATION:** That a contract be awarded to the low responsible bidders that submitted responsive bids as follows:

- Veritiv; eight items in the estimated amount of \$58,587.20
- Randall Industries LLC; one item in the estimated amount of \$2,230.00
- Pitt Specialty Supply Inc.; seven items in the estimated amount of \$18,038.80
- Paper Products Company Inc.; two items in the estimated amount of \$3,380.00
- Lico Incorporated; three items in the estimated amount of \$2,282.00
- Fairmont Supply Co.; six items in the estimated amount of \$41,056.10
- ConServ Flag Company; two items in the estimated amount of \$1,381.00

There has been no recent purchase of these items, however, staff has determined the pricing received to be fair and reasonable and consistent with the funds budgeted.

### **5. RAIL BRAKE REPLACEMENT PARTS**

This bid was publicly advertised and ebusiness documents were distributed. Two firms accepted the invitation and two bids were received for the purchase of rail brake replacement parts used in the maintenance of the Authority's light rail vehicle fleet over a three-year period.

**RECOMMENDATION:** That a contract be awarded to the low responsible bidder that submitted a responsive bid, CAF USA Inc., in the estimated amount of \$1,148,484.96 over the three-year period.

There has been no recent purchase of these parts, however, staff has determined the pricing received to be fair and reasonable and consistent with the funds budgeted.

#### **6. ELEVATOR AND ESCALATOR MAINTENANCE SERVICE (CHANGE ORDER)**

At its May 2016 meeting, the Board authorized a contract with Schindler Elevator Corporation (Contractor) to provide elevator and escalator maintenance services over a three-year period. The current total not-to-exceed amount for the contract is \$1,106,239. Over the course of the contract to date, the Authority has required substantial unforeseen repairs to several escalators and elevator units and Contractor is still in the process of completing repairs to those units.

Contractor has satisfactorily performed under the contract to date, and as such, the Authority is requesting that the Board increase the overall not-to-exceed amount of the contract by the amount of \$325,985, and extend the contract term an additional three months to ensure the timely completion of the repairs of the affected units and to provide time for the Authority to complete a new bid solicitation for elevator and escalator maintenance services.

**RECOMMENDATION:** That a contract amendment be executed with Schindler Elevator Corporation to extend the term of the contract an additional three months and to increase the total not-to-exceed of the contract from \$1,106,239.00 to \$1,432,224.

Staff has determined the pricing to be fair and reasonable.

### **RESOLUTION**

**RESOLVED**, that recommendations as set forth in the report are accepted and that the chief executive officer or chief financial officer be, and hereby are, authorized and directed to execute such documents on behalf of Port Authority of Allegheny County as shall be required for the entry of proper contracts covering those items recommended for acceptance.

**Port Authority of Allegheny County  
Procurement Summary**

February 22, 2019

Item	Description	Number Of Bids	Lowest Responsive Bidder	Award Amount	2nd Bidder Amount	Annual Percentage Change to Previous Purchase
1	Printing of Public Timetables (Change Order)	n/a	Knepper Press Corporation	\$632,850.00	n/a	contract pricing
2	Garage Doors	3	Thomas V. Giel Corporation	\$835,425.00	\$1,235,346.00	no previous contract
3	Substation Equipment DC Breakers	2	Myers Controlled Power LLC	\$738,290.00	\$860,160.00	no previous contract
4	Janitorial Supplies - General	11	Veritiv (8 items)	\$58,587.20	n/a	
			Randall Industries LLC (1 item)	\$2,230.00	n/a	
			Pitt Specialty Supply Inc. (7 items)	\$18,038.80	n/a	
			Paper Products Company Inc. (2 items)	\$3,380.00	n/a	no recent contract
			Lico (3 items)	\$2,282.00	n/a	
			L. M. Colker (3 items)	\$17,224.00	n/a	
			Fairmont Supply Co. (6 items)	\$41,056.10	n/a	
			ConServ Flag Company (2 items)	\$1,381.00	n/a	
5	Rail Brake Replacement Parts	2	CAF USA Inc.	\$1,148,484.96	\$1,450,652.64	no recent contract
6	Elevator & Escalator Maintenance Service (Change Order)	n/a	Schindler Elevator Corporation	\$325,985.00	n/a	contract pricing

Total Purchases: \$3,825,214.06

## **REPORT OF TECHNOLOGY COMMITTEE**

## **PROPOSED RESOLUTIONS**

## **AWARDING OF BIDS FOR TECHNOLOGY COMMITTEE**

### **1. 4G REPLACEMENT MODEMS**

This bid was publicly advertised and ebusiness documents were distributed. Five firms accepted the invitation and three bids were received for the purchase of 4G replacement modems. These units will be used on the Authority's revenue service vehicles to upgrade existing units to the current communication technology.

**RECOMMENDATION:** That a contract be awarded to the low responsible bidder that submitted a responsive bid, Express Systems & Peripherals, in the amount of \$1,329,551.19.

There has been no recent purchase of these 4G modems, however, staff has determined the pricing to be fair and reasonable and consistent with the funds budgeted.

### **RESOLUTION**

**RESOLVED**, that recommendations as set forth in the report are accepted and that the chief executive officer or chief financial officer be, and hereby are, authorized and directed to execute such documents on behalf of Port Authority of Allegheny County as shall be required for the entry of proper contracts covering those items recommended for acceptance.

**Port Authority of Allegheny County  
Procurement Summary - Technology**

February 22, 2019

Item	Description	Number Of Bids	Lowest Responsive Bidder	Award Amount	2nd Bidder Amount	Annual Percentage Change to Previous Purchase
1	4G Replacement Modems	3	Express Systems & Peripherals	\$1,329,551.19	\$2,336,650.00	no previous contract

Total Purchases: \$1,329,551.19

Jeffrey Letwin  
February 22, 2019

**RESOLUTION**

**WHEREAS**, the Board of Port Authority of Allegheny County (Authority) previously appointed Katharine Eagan Kelleman (Kelleman) as the Chief Executive Officer of the Authority pursuant to the terms and conditions of a certain Employment Agreement (Agreement) between Authority and Kelleman, dated November 8, 2017 and effective on January 16, 2018; and

**WHEREAS**, Paragraph 2.b.i of the Agreement provides that during the first year of the Agreement (2018), Kelleman will be eligible to receive a bonus of up to ten percent (10%) of her base salary which will consist of a retention bonus in the amount of five percent (5%) of her base salary, provided Kelleman remained in the employment of the Authority as of December 31, 2018 (Retention Bonus), and a performance bonus with respect to the 2018 calendar year of up to five percent (5%) of her base salary as determined by the Board (Performance Bonus); and

**WHEREAS**, Kelleman's base salary is \$230,000; and

**WHEREAS**, as Kelleman was employed by the Authority as of December 31, 2018, she is entitled to the receipt of the Retention Bonus which totals \$11,500; and

**WHEREAS**, based upon Kelleman's performance in 2018, the Board also wishes to provide Kelleman with a Performance Bonus in the amount of \$10,051.

**NOW, THEREFORE, BE IT RESOLVED**, that Kelleman receive and be paid by the Authority, a Retention Bonus in the amount of \$11,500 and a Performance Bonus in the amount of \$10,051.