



TO: Performance Oversight Committee
Representative Austin Davis
Representative Lori Mizgorski

FROM: Michelle Zmijanac, Committee Chair

DATE: July 13, 2020

SUBJECT: Performance Oversight Committee – July 16, 2020

The next meeting of the Performance Oversight Committee is scheduled for Thursday, July 16, 2020, being held virtually via WebEx and conference call-in, immediately following the 9:00 a.m. Finance Committee meeting. The preliminary agenda is as follows:

1. Approval of Minutes of the June 18, 2020 Performance Oversight Committee Meeting.
2. Proposed Resolutions:
 - a. Awarding of Bids (Tony Trona)
 - b. Authorization to Extend and Amend Agreement for Property and Casualty Risk Management Services (Mike Cetra)
 - c. Authorization to Extend and Amend Lease Agreement with New Cingular Wireless PCS, LLC (Mike Cetra)
3. Audit of FY 2020 Annual Physical Inventory (Senior Internal Auditor Glenn Meister)
4. Adjourn

cc: Other Port Authority Board Members

PERFORMANCE OVERSIGHT COMMITTEE MEETING

June 18, 2020

The meeting was called to order and held virtually with the following in attendance:

Board Committee Members

Michelle Zmijanac, Chair
Representative Lori Mizgorski
Representative Austin Davis
Jeff Letwin

Other Board Member

John Tague
Ann Ogoreuc
Jennifer Liptak

1. Approval of Minutes:

The Committee approved the minutes from the May 21, 2020 Performance Oversight Committee meeting.

2. Proposed Resolutions:

The Performance Oversight Committee review five resolutions for consideration to take to the full board.

Mr. Trona first presented three procurement items and the Committee determined the bids to be in accordance with the Authority's procurement policies and procedures, the prices fair and reasonable, the bidders to be responsible and the bids responsive.

The Performance Oversight Committee agreed to recommend for award the bids listed in the resolution for the total amount of \$718,147.20.

Mr. Cetra presented the next resolution seeking authorization to enter into fourth amendments to designated agreements with University Pass Program Participants. As part of Port Authority's University Pass Program, the Authority entered into agreements with the University of Pittsburgh, Carnegie Mellon University and Chatham University.

The Performance Oversight Committee agreed to recommend extending agreements for one additional year for each university. The University of Pittsburgh agreement will be extended through June 30, 2021; the Carnegie Mellon University agreement will be extended through July 31, 2021 and the Chatham University agreement will be extended through September 30, 2021.

Mr. Cetra then presented the next resolution seeking authorization to enter into agreements with a pool of firms for investigative services on an as-needed basis.

He reported that the services would include assistance and support to the Authority in its investigations of work-related and non-occupational injuries, illnesses and liability claims.

Based on the review and evaluation of the proposals submitted, the proposals submitted by CSI Corporate Security and Investigations, Inc., Specialty Private Investigators, Inc., J.P. Investigative Group, Inc., Command Investigations, LLC and Gittings Private Investigations & Security, Inc., have been determined to be the highest-rated proposals for the performance of these services.

The Performance Oversight Committee agreed to recommend entering into an agreement with each of the above firms for a total not-to-exceed amount of \$200,000 for an initial three-year term with the option to extend the term of the agreements an additional two years at the sole discretion of the Authority.

Before the Performance Oversight Committee reviewed the next resolution seeking Authorization to Adopt and Implement Port Authority's Public Transportation Agency Safety Plan, Mr. Burt Jennings, chief safety officer, gave a presentation.

He reported that the Public Transportation Agency Safety Plan establishes the requirements for implementing Port Authority's Safety Management System policies and practices and supports efficient and effective achievement of Port Authority's overall safety goals and objectives.

Port Authority's Safety Management System is a formal, top-down, organization-wide approach to managing safety risk and assuring the effectiveness of a transit agency's safety risk mitigation. It includes systematic procedures, practices and policies for managing risks and hazards.

The Safety Management System offers a proactive method for managing safety that enables agencies to identify and resolve safety concerns and challenges before they result in incidents or accidents.

The Public Transportation Agency Safety Plan has been reviewed and received preliminary approval of the Pennsylvania Department of Transportation's Rail Transit Safety Review Program.

The Performance Oversight Committee agreed to recommend that the plan attached as Exhibit A to the resolution be adopted and implemented.

The final resolution was presented by Mr. Cetra seeking authorization to enter into an agreement to provide professional safety consulting and safety security management services on an as-needed basis.

He reported that three proposals were received, and the proposal submitted by K&J Safety and Consulting Services, Inc., has been determined to be the highest rated proposal for the performance of services.

The Performance Oversight Committee agreed to recommend entering into an agreement with K&J Safety and Consulting Services, Inc., in an amount not-to-exceed \$860,000, for the initial three-year period with the option to extend the term of the agreement up to an additional two years at the sole discretion of the Authority.

With no further business, the meeting was adjourned.

PROPOSED RESOLUTIONS

AWARDING OF BIDS

1. LRV PROPULSION SYSTEM CIRCUIT BOARD DIAGNOSIS, REPAIRS, REPLACEMENT PARTS AND TRAINING (SOLE SOURCE)

The Authority has identified a need to have component level diagnostics and repairs performed, and/or purchase certain replacement parts related to the light rail vehicle fleet's propulsion system. These propulsion system parts were developed specifically for the Authority's light rail vehicles by Bombardier Transportation, who is the sole owner of the proprietary technology for the parts. These parts include various electronic control boards and circuitry that contain pre-programmed logic specific to the safe and proper operation of the Authority's LRV fleet. The Authority has determined that there are no other sources able to provide the diagnostics, repairs or parts at this time, and Bombardier Transportation does not sell these parts (or services) through a distributor network. Rail Maintenance staff seeks a three-year agreement with Bombardier Transportation to provide these diagnostics, repairs and parts. These diagnostics, repairs and parts are expected to cost \$1,947,069.00.

The Authority also requires training for technicians and Maintenance instructors for car level diagnostics of the propulsion system in order to maintain the Authority's railcar fleet. This training will also satisfy the Authority's obligation under the Maintenance Apprenticeship Program (MAP) in accordance with the Collective Bargaining Agreement. Since the propulsion system is proprietary to Bombardier Transportation, there are no other entities able to provide the training. This training is expected to cost \$62,234.00, and the Maintenance Training staff seeks to schedule an agreement to provide this training program within one year.

RECOMMENDATION: That a contract be awarded to Bombardier Transportation, in the total not-to-exceed amount of \$2,009,303.00, to provide LRV propulsion system diagnostics, repairs, replacement parts and training for the Authority's technicians and instructors.

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

2. ELECTRIC BUS (CHANGE ORDER)

At its January 2019 meeting, the Board authorized an agreement with New Flyer of America Inc., to purchase two 40-foot low floor electric-powered coaches with an option to purchase up to an additional eight coaches over the next five years.

At this time, staff is requesting to exercise the option to purchase six additional coaches to continue the Authority's Coach Replacement Program. These six coaches will replace coaches that are at least 12 years old, have in excess of 500,000 miles and have reached the end of their useful service life. Prices for these coaches would be at the contracted price with applicable Producer Price Index (PPI) at the time of the purchase.

RECOMMENDATION: That a contract amendment be executed with New Flyer America Inc., in the amount of \$6,490,832.52, which will execute the option for six additional 40-foot low-floor electric-powered coaches.

This price for the additional coaches represents pricing received for the purchase of transit coaches in accordance with the existing approved contract from 2019. Staff has determined that the pricing is fair and reasonable and consistent with the funds budgeted.

3. SPLIT DISC ROTOR KITS - LRV

This bid was publicly advertised and ebusiness documents were distributed. Three firms accepted the invitation and two bids were received for split disc rotor kits for the Authority's LRV fleet.

RECOMMENDATION: That a contract be awarded to the low responsible bidder that submitted a responsive bid, Knorr Brake Company LLC, in the amount of \$137,360.00.

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

4. LED LIGHTING FIXTURES FOR SOUTH HILLS JUNCTION, ROSS & COLLIER

This bid was publicly advertised and ebusiness documents were distributed. Seven firms accepted the invitation and six bids were received for LED lighting fixtures for South Hills Junction, Ross and Collier facilities.

The lowest two bidders each submitted proposals for items that were not in compliance with the specifications and therefore are not eligible for award.

RECOMMENDATION: That a contract be awarded to the low responsible bidder that submitted a responsive bid, Scott Electric Co., in the amount of \$185,586.87.

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

5. HYBRID POWERTRAIN ROTOR ASSEMBLIES - COACH

This bid was publicly advertised and ebusiness documents were distributed. One firm accepted the invitation and one bid was received for hybrid powertrain rotor assemblies for the Authority's coach fleet over a two-year period.

RECOMMENDATION: That a contract be awarded to the low responsible bidder that submitted a responsive bid, Penn Power Group, LLC, in the amount of \$104,731.08 over the two-year period.

This price represents a nine percent increase over the previous contract prices for these items two years ago. Staff has determined the pricing to be fair and reasonable and consistent with the funds budgeted.

6. WIPER ARM ASSEMBLIES - COACH

This bid was publicly advertised and ebusiness documents were distributed. 10 firms accepted the invitation and eight bids were received for wiper arm assemblies for the Authority's coach fleet over a two-year period.

RECOMMENDATION: That a contract be awarded to the low responsible bidder that submitted a responsive bid, Vehicle Maintenance Program Inc., in the estimated amount of \$116,940.00 over the two-year period.

This price represents a four percent decrease over the previous contract prices for these items two years ago. Staff has determined the pricing to be fair and reasonable and consistent with the funds budgeted.

7. LRV INTERMEDIATE VOLTAGE POWER SUPPLY INVERTERS

This bid was publicly advertised and ebusiness documents were distributed. Five firms accepted the invitation and six bids were received for intermediate voltage power supply inverters for the Authority's LRV fleet.

RECOMMENDATION: That a contract be awarded to the low responsible bidder that submitted a responsive bid, Albatros North America Inc., in the estimated amount of \$911,907.00.

There has been no recent purchase of these items, 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**

July 24, 2020

Item	Description	Number Of Bids	Lowest Responsive Bidder	Award Amount	2nd Bidder Amount	Annual Percentage Change to Previous Purchase
1	LRV Propulsion System Circuit Board Diagnosis Repairs, Replacement & Training (Sole Source)		Bombardier Transportation	\$2,009,303.00	n/a	No Previous Contract
2	Electric Bus (Change Order)		New Flyer America Inc.	\$6,490,832.52	n/a	Contract Pricing
3	Split Disc Rotor Kits - LRV	2	Knorr Brake Company LLC.	\$137,360.00	\$169,400.00	No Previous Contract
4	LED Lighting Fixtures for SHJ, Ross & Collier	6	Scott Electric Co.	\$185,586.87	\$197,871.41	No Previous Contract
5	Hybrid Powertrain Rotor Assemblies - Coach	1	Penn Power Group LLC.	\$104,731.08	n/a	9% increase
6	Wiper Arm Assemblies - Coach	8	Vehicle Maintenance Program	\$116,940.00	\$117,000.00	4% decrease
7	LRV Intermediate Voltage Power Supply Inverters	6	Albatros North America Inc.	\$911,907.00	\$1,099,440.00	No Previous Contract

Total Purchases: \$9,956,660.47

SUMMARY OF RESOLUTION

Authorization to Extend and Amend Agreement for Property and Casualty Risk Management Services

In February 2016, Port Authority of Allegheny County (Authority), in accordance with its Board-adopted Procurement Policy and Procedures for Competitive Negotiations for Professional and Technical Services, issued Request for Proposals No. 16-04 to obtain a firm to provide property and casualty risk management services (Services) that can be utilized on an as-needed basis.

In October 2016, the Authority's Board authorized the award of Agreement No. R16-04 (Agreement) to Aon Risk Services, Inc. of Washington D.C. (Aon) to provide Services for an initial term of three years and for a total not-to-exceed amount of \$324,000, to be allocated on an as-needed basis through task specific work orders. Agreement also contains two option years to be exercised by the Authority in its sole discretion.

In July 2019, the Board authorized the exercise of the first option year, extending the term of Agreement until September 30, 2020, and increasing the total not-to-exceed amount to \$432,000.

To date, Services performed by Aon have been satisfactory and in compliance with Agreement.

The current term of Agreement expires on September 30, 2020. The Authority has determined that it is in its best interest to exercise the second option year, extending the term of Agreement to September 30, 2021, and increasing the total not-to-exceed amount for Agreement by \$108,000, in order for Services to continue to be performed.

The attached resolution authorizes an amendment to Agreement to extend the term of Agreement for one additional year to September 30, 2021, and to increase the previously authorized total not-to-exceed amount of Agreement from \$432,000 to \$540,000.

7/24/20
M. Zmijanac

RESOLUTION

WHEREAS, Port Authority of Allegheny County's (Authority) Board, following issuance of Request for Proposals No. 16-04, authorized the award of an agreement (Agreement) to Aon Risk Services, Inc. of Washington D.C. (Aon) to provide Property and Casualty Risk Management Services (Services) for an initial term of three years for a total not-to-exceed amount of \$324,000; and

WHEREAS, Agreement provides for an option to extend the term of Agreement for up to two additional years at the sole discretion of the Authority; and

WHEREAS, in July 2019, the Board approved the exercise of the first option year, extending the term of Agreement to September 30, 2020, and approving an increase to the total not-to-exceed amount to \$432,000.

WHEREAS, Services performed by Aon have been satisfactory and in compliance with Agreement; and

WHEREAS, the Authority has determined that it is in its best interest to exercise the second option year and extend the term of Agreement to September 30, 2021; and

WHEREAS, the Authority has also determined that an increase of \$108,000 to the previously authorized total not-to-exceed amount for Agreement is necessary to continue to have Services performed, which will increase the total not-to-exceed amount for Agreement to \$540,000.

NOW, THEREFORE, BE IT RESOLVED, that the chief executive officer and/or chief legal officer be, and hereby are, authorized to execute an amendment to Agreement with Aon, in a form approved by counsel, to extend the term of Agreement for one additional year to September 30, 2021, and increase the total not-to-exceed amount for Agreement from \$432,000 to \$540,000, and to take all such other actions as may be necessary and proper to carry out the purpose and intent of this resolution.

SUMMARY OF RESOLUTION

Authorization to Extend and Amend Lease Agreement with New Cingular Wireless PCS, LLC

Port Authority of Allegheny County (Authority) is party to a Lease Agreement (Lease) with New Cingular Wireless PCS, LLC (NCW) for the maintenance and operation of a cellular communications tower on a designated portion of the roof of the Authority's Wood Street Station. Lease was originally entered into in July of 2000 and is currently set to expire on July 31, 2020.

The Authority and NCW have negotiated a proposed amendment to Lease (Lease Amendment) to extend Lease up to an additional 20 years for a base rent in the first extension year of \$31,800 with annual rent adjustments of three percent. The Authority staff and its real estate consultants conducted a market assessment and have determined the rental rate is fair, reasonable and consistent with market rates.

Due to the ongoing federal interest in Wood Street Station, the Authority staff also sought Federal Transit Administration approval for the Authority to enter into Lease Amendment. On June 30, 2020, and subject to final approval by the Authority's Board, the FTA provided approval for the Authority to enter into Lease Amendment.

The resolution authorizes the Authority to enter into Lease Amendment with NCW, in a form approved by legal counsel.

7/24/20
M. Zmijanac

RESOLUTION

WHEREAS, Port Authority of Allegheny County (Authority) is party to a Lease Agreement (Lease) with New Cingular Wireless PCS, LLC (NCW) for the maintenance and operation of a cellular communications tower on a designated portion of the roof of the Authority's Wood Street Station; and

WHEREAS, Lease was originally entered into in July of 2000 and is currently set to expire on July 31, 2020; and

WHEREAS, the Authority and NCW have negotiated a proposed amendment to Lease (Lease Amendment) to extend Lease up to an additional 20 years for a base rent in the first extension year of \$31,800 with annual rent adjustments of three percent.

NOW, THEREFORE, BE IT RESOLVED, the Authority's chief executive officer, chief legal officer and/or chief financial officer be, and hereby are, authorized to enter into Lease Amendment with NCW, in a form approved by legal counsel, and to take any and all other actions necessary and proper to carry out the purpose and intent of this resolution.

AUDIT OF FY 2020 ANNUAL PHYSICAL INVENTORY

Audit of the FY 2020 Annual Physical Inventory

EXECUTIVE SUMMARY

INTRODUCTION

Port Authority internal auditors observed the fiscal year (FY) 2020 annual physical inventory (Inventory). The purpose of the Inventory is to ensure that the on-hand quantity for each inventory item is accurately recorded in the PeopleSoft financial system so that transit operations are supported by having materials and supplies available when needed. For FY 2020 through period 10, material and supply expenditures were approximately \$17.1 million (per the unaudited financial statements as of April 30, 2020).

OBJECTIVES, SCOPE AND METHODOLOGY

The audit objectives were to determine the adequacy of internal controls for the Inventory and to determine if items were accurately counted, variances and adjustments were recorded correctly in PeopleSoft and the cut-off process was properly followed for requisitions and receipts issued before and after Inventory. The scope of the audit was the FY 2020 Inventory and the full methodology used to accomplish the audit objectives is shown in Attachment A.

For additional information related to Port Authority's Inventory Business Process refer to Attachment B.

We observed the employees as they counted the inventory items, and we independently tested a sample of the inventory counts, the accuracy of the inventory cut-off process and assisted in resolving variances.

STATEMENT OF OPINION

In our opinion, in general, the FY 2020 Inventory was conducted in a manner that provides reasonable assurance that inventory items were accurately counted, adjustments to on-hand quantities were recorded correctly in PeopleSoft, the cut-off process was properly followed for requisitions and receipts issued before and after Inventory and significant variances were resolved and recorded correctly in PeopleSoft. Note that the FY2020 Annual Physical Inventory audit resulted in no observations.

STRENGTHS NOTED DURING THE AUDIT

- 1) Cut-off processes were well controlled. All 80 (100%) of the requisitions and receipts reviewed as part of the inventory cut-off testing were processed according to cut-off instructions.
- 2) Prior to the start of FY2020 Inventory, the Manager, Purchasing Materials worked with the Manager of Inventory Operations & Distribution to identify items with more than one bin location and to review and adequately resolve the items.

Audit of the FY 2020 Annual Physical Inventory

- 3) In general, the overflow stock notices were effectively used and typically placed for items with overflow stock.

RESULTS OF TEST COUNTS

Based on our statistically valid sample and a margin of error of plus or minus 5%, we are 95% confident that the true accuracy rate of item counts in the population is between 83.05% and 93.05%.

FOLLOW UP ON OUTSTANDING RECOMMENDATIONS FROM PREVIOUS AUDITS

We made several observations/recommendations during the previous audit and the recommended changes have been closed.