

PORT AUTHORITY OF ALLEGHENY COUNTY
MINUTES OF THE REGULAR BOARD MEETING
FRIDAY, OCTOBER 24, 2014

The Regular Meeting of the Board of Port Authority of Allegheny County was held on Friday, October 24, 2014, 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:

Robert Hurley, Chairman
Tom Donatelli
John Tague Jr.
Representative Dom Costa
Senator Jim Brewster
Rob Kania
D. Raja
Jeff Letwin
David White
Amanda Green Hawkins
Joel Lennen, General Counsel

Media:

Megan Harris, Tribune Review
Tom Fontaine, Tribune Review

Port Authority Staff:

Ellen McLean, chief executive officer, Bill Miller, Chief Operations Officer, Jim Ritchie, Communications Officer, Mike Cetra, assistant general manager Legal and Corporate Services, Pete Schenk, chief financial officer, Keith Wargo, assistant general manager Engineering and Technical Support, Barry Adams, assistant general manager Human Resources, John DeAngelis, manager Contract Administration, Amy Silbermann, data analyst, Tom Noll, director Technical Support, Ed Typanski, senior analyst Capital, Fred Mergner, assistant manager scheduling and service planning, Breen Masciotra, Communications coordinator, Dan DeBone, Government Affairs Representative, Deborah Skillings, Community Outreach coordinator, Michael Compel, assistant manager Operations, Steve McCauley, chief of police, Port Authority Police, Inez Colon, director Employment, Tony Trona, director Purchasing and Materials Management, Diane Williamson, executive assistant.

Other

Jim Robinson, ACTC President, Joan Natko, ACTC, Carolyn Lenigan, Molly Nichols, PPT, Dennis Donahoe, PPT, Mike Palombo, CDBP&M, Terry Breisinger, Betty Bickar, John Douglas, TW, Joseph Pass, Esq., Jubelirer, Pass & Intrieri P.C., Sabatino DiNardo, ATU Local 85, Steve Palonis, ATU Local 85, Jonathan Robison, ACTC.

Following the recital of the pledge of allegiance, recommendation was made for approval of the minutes of the September 26, 2014 Regular meeting. A motion was moved, seconded and passed.

Under the public comment portion of the agenda, the Chairman called on Mr. Terry Breisinger for remarks. Mr. Breisinger is a long-time resident of the Baldwin Borough and is visually impaired, and dependent on public transportation. Mr. Breisinger commended Port Authority's Service Department who extended routes that helped with the overcrowding on the Carrick route, but however, he stated that it does not help the people in Baldwin whose service was eliminated. Mr. Breisinger offered some suggestions and then presented a petition with over 1,500 signatures requesting that the Baldwin service be reinstated.

The Chairman called on Ms. Betty Bickar for remarks. Ms. Bicker also urged the Board to restore the Baldwin service that was eliminated during the 2011 service reductions and gave examples of the hardships this is causing the Baldwin community.

The Chairman called on Mr. Jonathan Robison for remarks. Mr. Robison suggested the Board urge our County Executive, Rich Fitzgerald, to use the money he has available to restore service that was cut due to the lack of adequate funding by the State, not because they were not needed. In regard to the drink tax money, Mr. Robison referenced a judge's decision, after reviewing it, that he stated is clear that the drink tax money must be used for Port Authority and there's nothing in there that precludes use of it for operating funds.

The Chairman called on Mr. Steve Palonis, President and Business Agent of ATU Local 85. Mr. Palonis wanted to share a little history with some of the new Board members. He stated that back in 2012, when he was elected president, Port Authority was facing huge budget deficits due in part to the state's inability to fund transportation needs for the Commonwealth. Port Authority at that time was seeking to reduce service levels by 35 percent as well as close two garages and lay off approximately 650 employees, most of which were members of ATU, Local 85. In an attempt to avoid these draconian cuts, County Executive, Rich Fitzgerald, along with Secretary of Transportation, Barry Schoch, took a very proactive role in the negotiations between Local 85 and Port Authority. As a result of these negotiations, Local 85 was required to provide at least \$20 million in concessions in the first three years of this contract.

In addition, Port Authority was required to find an additional \$10 million in savings, and the County was required to come up with additional new dollars to help keep the Authority operating at the current service levels until 2016. In addition to that, the State had committed that if we were able to meet these conditions, they would find additional money to fund the Authority until they came up with a comprehensive transportation bill which we all know they did.

Mr. Palonis continued saying that as part of ATU's obligation, our agreement provided that the union committed to generate an additional savings of \$1.8 million during the life of the agreement. In an effort to satisfy that obligation and pursuant to the expressed terms of the Collective Bargaining Agreement, a Health Care Committee, consisting of two Port Authority representatives as well as two union representatives, which had Towers Watson as the health care consultant, requested bids from various health care providers in the area.

In the end, there were three bidders competing for the business, including Highmark, Aetna, and UPMC Health Network. The Committee's main concern was to satisfy the \$1.8 million needed to fulfill our part of the bargaining and just as important, we wanted to make certain that our members and your employees would have access to both world-class facilities with the least possible disruption in the health care providers.

Mr. Palonis said that as everyone knows, health care is an essential necessity for all individuals. As those of us in this area realize, there is an ongoing dispute between Highmark and UPMC which could quite possibly limit significant employee access. The Health Care Committee worked long and hard to become educated on what was available in the marketplace and what would be the best opportunity for Port Authority to save money as well as cause the least amount of disruption to our members and employees.

Mr. Palonis continued saying that as a result of our efforts, the Committee received and reviewed three competitive bids and determined that Aetna was the best choice. Most significantly, they included in-service networks, UPMC, Highmark and all independent facilities to be in-network. In addition, it was for an 18-month period without any increase and a cap of 12 percent if extended.

Mr. Palonis stated that, “frankly, the decision selecting Aetna was a no-brainer. It provides the least amount of disruption, it allows a period of time to see how the local market will shape out, and in its inception \$6.5 million less than the nearest competitive bidder.”

Mr. Palonis, finished his remarks by commending Ms. Ellen McLean and Mr. Bill Miller, who without their tenacity and cooperation, this could have never been accomplished, and he urged the Board to accept these resolutions.

The Chairman called on Mr. Joseph Pass, Esquire, from Jubelirer, Pass & Intrieri P.C. Mr. Pass began his remarks by stating that he has had the honor and privilege for the last 45 consecutive years to represent Local 85, especially during negotiations and its disputes with Port Authority. He noted that he could not recall a single time in the history of this Authority and this union where in the middle of a contract the parties came to an agreement in order to solve a major, major problem. In effect they opened the agreement in order to resolve an issue that was both important to the union, to the employees and of course, to Port Authority.

As Mr. Palonis pointed out, Mr. Pass stated that part of our obligation in the last negotiation was to try and come up with an initial \$1.8 million savings after having actually given concessions equaling \$20 million and the only way we could was to see what we could save on health care costs.

Mr. Pass commended Ms. McLean stating that she understands that you have to listen to the other side and just doesn't say no. She has always been willing to listen to what we have to say and to cooperate. He continued saying that this is a perfect example of what happens when two parties, the union and the employer, get together and find a cooperative way to solve a major problem.

Mr. Pass concluded his remarks by urging the Board to adopt the two agreements before them today.

After the public comment period, the Chairman called on Representative Dom Costa for a report of the Performance Oversight Committee.

Representative Costa reported that a meeting of the Performance Oversight Committee was held on Thursday, October 16, 2014, and the minutes from the previous meeting were approved by the Committee with one minor correction.

Representative Costa also reported that the financial results for the period ending September 2014 were presented at the meeting and are detailed in the Board packet.

It was reported at the meeting that total operating income exceeded budget by approximately \$1.1 million for the month of September 2014, mainly due to passenger revenues exceeding budget. It was also reported that total expenses for the month of September were approximately \$2.3 million under budget and operating subsidies for the month were on budget.

From a year-to-date perspective, it was reported that total operating income is approximately \$810,000 over budget due to strong passenger revenues and total expenses are approximately \$7.8 million under plan. Total subsidies are under budget for the fiscal year.

Representative Costa stated that there were four resolutions reviewed at the meeting and are being recommended by the Performance Oversight Committee for approval.

The Committee first reviewed seven procurement actions and found these bids to be in accordance with the Authority's procurement policies and procedures, prices to be fair and reasonable, and the bidders to be responsive and responsible.

The Performance Oversight Committee therefore recommends award of the seven items outlined in the Board packet in the total amount of approximately \$3.3 million.

On behalf of the Performance Oversight Committee, Representative Costa respectfully requested approval of the resolution as presented.

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

Representative Costa explained that the next two resolutions are closely related pertaining to health care coverage for Port Authority's employees. The first resolution for the Board's consideration is authorization to enter into a health care cost savings agreement with ATU, Local 85.

Port Authority and Local 85 are parties to a Collective Bargaining agreement effective August 1, 2012 through July 31, 2016, covering terms and conditions of employment for rank and file employees and first level supervisors. A portion of the agreement specified that Local 85 would form a Committee with Port Authority management to generate additional cost savings of \$1.8 million in regard to health care.

As noted earlier, Steve Palonis, Union President and Business Agent and Union Secretary and Treasurer, Sam DiNardo, sat on the Committee with two management representatives which included Port Authority's CEO, Ellen McLean and Chief Operations Officer, Bill Miller.

After conducting an analysis and review of existing health care benefits and potential means to achieve cost savings, a public solicitation was issued seeking proposals for health coverage for an 18-month period commencing January 1, 2015. The Committee conducted a review of the responsive proposals and recommends an award of a health care coverage agreement to Aetna, Inc., that exceeds the cost savings target and addresses access concerns arising from the ongoing dispute between UPMC and Highmark.

Port Authority management and Local 85 representatives also entered into a tentative agreement memorializing the Committee's recommendation and agreed upon means to achieve the cost savings, which is attached as Exhibit "A" to the resolution.

This resolution seeks authorization for the Authority to enter into the health care cost savings agreement with Local 85

On behalf of the Performance Oversight Committee, Representative Costa respectfully requested approval of the resolution as presented.

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

The next resolution, which is closely related to the prior resolution, authorizes the Authority to enter into an agreement with Aetna, Inc., to provide health care coverage.

Port Authority requires a health insurance company to provide health care coverage to its employees and retirees for an 18-month period effective January 1, 2015, with the option to extend the period of coverage for one additional year at the Authority's sole discretion.

As previously reported, a request for proposals was publicly advertised and a total of five proposals were received seeking to provide this coverage.

Based upon evaluation criteria that included total cost savings and access to health care providers in the region, the Committee determined that Aetna submitted the highest rated proposal that includes total cost savings of approximately \$6.5 million and continued access to UPMC, Allegheny Health Network and other private healthcare facilities in the region.

The Committee therefore recommends that the Authority enter into an agreement with Aetna, Inc., to provide health care coverage to its employees and retirees for an 18-month period, effective January 1, 2015, for a total not-to-exceed amount of \$114,047,000. The agreement would include an option to extend the term of agreement up to one additional year, at a rate cap of 12 percent, at the sole discretion of the Authority.

On behalf of the Performance Oversight Committee, Representative Costa respectfully requested approval of the resolution as presented.

It was moved, seconded and agreed that the resolution be approved as presented. [Mr. Jeff Letwin abstained].

The final resolution authorizes the Authority to award a construction contract for the Bridge Repair Group project. This contract provides for the partial rehabilitation and preventive repairs for bridges along Port Authority's LRT System and its busways.

Bid documents were prepared and publicly advertised and three bids were received.

After review of the responsive bids, staff determined that the bid of Gulisek Construction LLC, in the amount of approximately \$5.5 million, is the lowest responsive bid.

This resolution recommends that the contract be awarded to Gulisek Construction, subject to completing the pre-award requirements.

On behalf of the Performance Oversight Committee, Representative Costa respectfully requested approval of the resolution as presented.

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 reported that the Planning and Stakeholder Relations Committee met on October 16, 2014. Before presenting a resolution for the Board's consideration, Mr. Tague reported on two projects that were updated at the meeting. First, staff provided an oversight of a new project involving the development of the Bioswell at our East Liberty Division property. Mr. Tague explained that this is a new initiative targeting mitigation of storm water runoff. The Authority is working with the Western Pennsylvania conservancy, Penn State Center, Pittsburgh Community Services, and Senator Jim Ferlo to address this issue in the East End. The goal is to better handle excess storm water in the area.

Next the Planning and Stakeholder Relations Committee received an update on the effort to identify a name for the Authority's Real-time System. The Authority sought ideas from riders and the public through a website and ultimately developed a name from the common themes. The name selected is "True Time" which now will be used in promotional and informational material about the Real-Time System. The project is on track with buses going live by the end of the year. Next year, the Authority will focus on the Light Rail System. In the meantime, a number of apps are now offered with the Authority's Real-Time information and more are expected as the rollout continues.

Mr. Tague then introduced a resolution for the Board's consideration. The resolution extends the exclusive negotiation period with Fore Property Company for one year until November 2015. This is a 1.8 acre site owned by Port Authority in Dormont. The Authority, Dormont Borough and Allegheny County Economic Development have been working on finalizing these terms and continue to make good progress.

On behalf of the Planning and Stakeholder Relations Committee, Mr. Tague respectfully requested approval of the resolution as presented.

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

Under new business, the Chairman had one item to bring to the Board's attention. Mr. Hurley reported that as everyone is aware, the last few months, Port Authority has been working with the City, County and the Urban Redevelopment Authority of Pittsburgh on developing an MOU to advance the BRT project that will connect Downtown Pittsburgh and Oakland.

This resolution will authorize a Memorandum of Understanding between the four parties that will delineate the responsibilities of each agency. Mr. Hurley said that it is important to point out that this project is a development project, and the Authority's responsibility and role in this project is to run the vehicles on it once it is built. Mr. Hurley reiterated that we will not be building it, we will not be funding it, and the URA and the City will actually take on that responsibility. Ultimately, we will provide the vehicles to transport people back and forth.

Mr. Hurley stated that enclosed in the Board packet is a Memorandum of Understanding which specifically spells out who will do what, and again, our role will be to assist with getting the initial engineering and environmental impact statement done so that we can move forward with the parties that we are entering into the agreement with to look for funding from the federal government, hopefully in August of 2016.

Mr. Hurley noted that part of the reason this has moved forward, is that we have a new mayor. The new mayor and his staff have taken up the task where this was delayed literally 18 months under the former administration. Mayor Peduto has sent a memo showing that they have come up with approximately \$1.6 million to conduct the TRID study. The TRID study is a way in which the final financing of the project, should the federal government support it, will be paid. Again the Port Authority will not be paying for that.

Mr. Hurley reported that we have one item that will be contingent upon this MOU going forward, and that is after the four parties have agreed to it, it will also be reviewed by PENNDOT. PENNDOT is being very clear in that this Authority will not put any of the money that has been provided to us under Act 89 towards the building of this project.

Mr. Hurley requested a motion to approve this resolution. It was moved, seconded and unanimously agreed to approve the resolution as presented.

The next regularly scheduled meeting of the Board is Friday, November 21, 2014.

As there was no more business to be conducted by the Board, the meeting was adjourned.