

Southwestern Pennsylvania Commission
Minutes of the Meeting of
December 4, 2006 – 4:30 p.m.
Regional Enterprise Tower – 425 Sixth Avenue, 31st Floor – Pittsburgh, PA 15219

The sixtieth meeting of the Southwestern Pennsylvania Commission was called to order by Chairman, Bracken Burns.

Commission members present were: Andrew Boni, Bracken Burns, Charles Camp, Eric Carlson, Tom Ceraso, Daniel Cessna, Dave Coder, Steve Craig, Robert DeLotto, Patrick Ford, John Gardner, Kevin Gray, Lynn Heckman, David Johnston, James Kennedy, Ellen Kight, Larry King, Mark Lay, Phil Light, Scott Lowe, Larry Maggi, Robbie Matesic, Terry McMillen, David Miller, Larry Morris, Henry Nutbrown, Andrew Quinn, Carmen Rozzi, Rodney Ruddock, Michael Silvestri, Pam Snyder, Joe Spanik, Anthony Spossey, Gealy Wallwork and Norma Wintermeyer.

Commission members absent were: Glenn Anderson, Tom Balya, Stephen Bland, Susan Borinsky, Orlando Capretto, James Cheatham, Dan Donatella, Joseph Dubovi III, Patricia Evanko, Richard Fink, Edward Fosnaught, David Frick, Jim Gagliano, Jr., Joseph Hardy, Dana Henry, Patricia Kirkpatrick, Allen Kukovich, Kevin McCullough, Dan Onorato, William Peduto, Luke Ravenstahl, Dennis Regan, Daniel Santoro, James Scahill, Mark Schneider, Richard Shaw, Mark Snyder, Byron Stauffer, Jr., Joe Szczur, Vincent Vicites, Daniel Vogler, Jake Wheatley, and Angela Zimmerlink.

Others: Richard Donley, Chaska Property Advisors, Inc.; Adam Grimes, PennDOT; Karen McCarthy, Maher Duessel; Tim Morgus, Maher Duessel; Jon Smith, ACTC; and John Verbanac, SPC Consultant.

Staff: Jim Hassinger, Kirk Brethauer, Jamie Colecchi, Chuck DiPietro, Linda Duffy, Chuck Imbrogno, Vince Massaro, Marge Nalesnick, Shannon O'Connell, David Pinkosky, Kay Tomko, Debbie Tritsch, Carol Uminski and Lew Villotti.

Commissioner Burns began the meeting with introductions. Commissioner Snyder of Greene County introduced their newest member Kevin Gray, Director of the Greene County Bridge and Facilities Department. Mr. Gray is serving on the Commission as a citizen representative from Greene County. Introductions continued around the room.

1. Action on Minutes of the October 30th Meeting

The minutes of the October 30, 2006 meeting of the Southwestern Pennsylvania Commission were approved on a motion by Commissioner Kennedy which was seconded by Commissioner Coder. The affirmative vote was unanimous.

2. Public Comment – None

3. Audit Committee Report

As Chairman of SPC's Audit Committee, Commissioner Camp introduced the Audit Report. Mr. Massaro explained that the Corporation is required annually to have a Single Audit of the financial records of the Corporation, the Commission and the Operations of the Regional Enterprise Tower. The auditors presented the report to the Audit Committee in early November, and they also gave a brief summary of the report to the Corporation Directors at the earlier 2:30 p.m. meeting.

Karen McCarthy and Tim Morgus of Maher Duessel, CPA's, were introduced. Mr. Morgus explained that the report was for the period ending June 30, 2006. Mr. Morgus was happy to present the fact that there were no reportable findings in the audit report. They received complete cooperation from the SPC staff and were able to finish the audit on a timely basis. They were able to issue a non-qualified opinion on the financial statements which simply means that they were able to obtain audit evidence to support the financial statements. A management letter of recommendations was issued which were minor in nature related to a few housekeeping items within the Regional Enterprise Tower, but nothing that rose to the level of any reportable conditions.

The SPC ended the year with approximately \$33.7M worth of assets of which approximately \$2.5M are net assets. The income statement of revenues from the SPC organization, except for the Regional Enterprise Tower, which is a proprietary fund, has total revenues of approximately \$8M, expenses are at \$7M, and with other financing sources the net change is approximately \$6,000. In summary, expenses were able to be matched by revenue money and SPC is at about the same place as they were last year.

The income statement activity for the Regional Enterprise Tower shows positive news in the revenue category where rents went up by about \$500,000 to roughly \$5.2M and the other good news is the operating expenses went down approximately \$200,000 and the year ended with a total operating income of \$146,000. This is really good news as last year there was a loss of approximately \$540,000.

Mr. Miller asked that in a business like SPC, and the process we go through to recognize revenues, are we recognizing revenues at the same rate at which projects are being completed. What type of tasks can you measure so that we make sure to recognize the revenues at approximately the same percentage as which we're completing projects? Mr. Morgus said the way you recognize revenue is solely based upon the expenditures listed with the grants received. In order for the revenue to incur money you have to incur eligible expenses. So as you defer the eligible expenses you recognize mostly federal, state, and local grants. The one area that is of interest is on page 24 which shows the revolving loan funds. You get the loans out. Then once the corporations pay the loans back, you put that money into deferred revenues. The funding agencies require that you use that money for future loans and future related costs for the organizations. You can see that at the beginning of the year, SPC had approximately \$2.8M in deferred revenues and ended the year with approximately \$3M in deferred revenue. So deferred revenue actually went up which means that you could have incurred more costs, but it stayed the same. Actually it's a measure of how we did financially during the year. Since we have more money, it's a positive financial indicator. Revenue recognition is a very large part of the recent auditing standards tests in '99 brought about because of what happened during the Enron years. The risk is not very high

because we have the rent revenues to match because if there were expenses that were reported you have other revenues to match the expenditures. But there were no audit adjustments in that area.

Commissioner Craig moved that the Audit Report be accepted as presented and Mr. Boni seconded. The affirmative vote was unanimous.

Commissioner Camp commented on the professionalism in which the audit was carried out and extended accolades to the staff.

4. Action on Resolution No. 25-06 to Amend the 2007-2010 Transportation Improvement Program

Mr. DiPietro explained that this request comes from PennDOT District 11 and reflects a construction cost increase for the highly visible Boulevard of the Allies Bridge project and its east-bound and west-bound ramps to Forbes Avenue in the City of Pittsburgh. The second part of the resolution defers money to fund this project. The deferment proposed is the Etna Interchange Phase 4 project. Mr. DiPietro said that efforts will be made to bring Phase 4 back as soon as possible, but no later than the next TIP. They'll try to find the money in the interim, but it is very difficult. The proposed amendment was reviewed with the Transportation Technical Committee and they unanimously recommend action as proposed.

Mr. DiPietro also said all Commission members have received in advance the public comments submitted under the Public Comment period. Those comments and the response are included in today's packet. The 30-day comment period started November 1st. Three comments were received. The first is from a citizen who was in support of the project. The second and third are in opposition to the action because of the Route 28 deferred project. They were received from a West Leechburg Councilman and from a citizen. Staff response is detailed at the end. It basically points out the dilemma of how tight the money is in the program and how urgent it is to advance the Boulevard of Allies Bridge project. While the Route 28 project is critical and essential, it is not at the point of the urgency level of the Oakland project.

Commissioner Light moved:

WHEREAS, PENNDOT District 11-0 requests the following amendments to the region's 2007-2010 Transportation Improvement Program (TIP):

First, to reflect a construction cost increase for the Boulevard of the Allies Bridge project and its East-Bound and West-Bound Ramps to Forbes Avenue in the City of Pittsburgh (from \$27.65 million to \$35 million construction cost). The Boulevard of the Allies Bridge and East Bound and West Bound Ramps project consists of the replacement of existing bridge and roadway approach on SR 0885/Boulevard of Allies to Forbes Avenue, in the City of Pittsburgh, Allegheny County.

Second, the SR 28 (Section A22) Etna Interchange Phase 4 projects are proposed to be deferred to fund this cost increase. The Etna Interchange Phase 4 projects consist of various bridge rehabilitations within the interchange and improved acceleration and deceleration lanes. These projects will be reprogrammed on the next 2009-2012 TIP or will be considered for reprogramming on the current TIP should additional funding become available.

WHEREAS, the proposed amendment has been reviewed by the Transportation Technical Committee and recommended for approval in accordance with SPC's TIP amendment policies and public involvement process; and

WHEREAS, a 30-day public comment period was held for the proposed amendment consistent with the SPC Public Involvement Policy; and

WHEREAS, the proposed amendment maintains overall TIP fiscal balance; and

WHEREAS, the proposed amendment will not interfere with the implementation of any STIP project; and

WHEREAS, approval of this amendment to the 2007-2010 TIP will not alter the finding of conformity between 2007-2010 TIP and the Clean Air Act Amendments of 1990.

NOW, THEREFORE, BE IT RESOLVED that the Southwestern Pennsylvania Commission approves this amendment to the 2007-2010 TIP.

Commissioner Silvestri asked if work on the Etna Interchange Phase 4 project will be delayed because of this action. Mr. DiPietro replied that the Etna Interchange Phase 4 project is not scheduled to actually go to construction until the Spring of 2008. Today's requested action will not affect current engineering work on the project. In response to a comment from Commissioner Ceraso of the difficulty of programming a high cost project, Mr. DiPietro responded that the project has already been divided into five construction phases to assist programming and construction impact. Phases 1, 2 and 3 have been completed in 2000, 2002, and 2005, respectively. Commissioner Silvestri seconded. The affirmative vote was unanimous.

5. Project Region Status Report

Mr. Villotti reminded everyone that the second Regional Partners Meeting will be held on Friday, December 8 at the Omni William Penn Hotel beginning at 11:00 a.m. Hundreds of volunteers participated in the first Partners Group meeting. We expect a similar high level of partner group participation in this one. The 3 work groups, Transportation, Economic Development Strategy, and Finance, have also been meeting for the last couple months or so and have derived six potential sketch scenarios from the technical and policy input thus far. At the next partners meeting we ask that you assist us in reducing the number of scenarios to a feasible number for testing and evaluation and for follow up discussion. He urged everyone to attend the meeting on Friday.

6. Report of Nominating Committee and Action on Resolution 26-06 and 27-06 to Elect an Executive Committee and Officers of the Commission

Ms. Heckman, Chair of the Nominating Committee, presented a list of the Committee's recommendations for the SPC Executive Committee.

A RESOLUTION OF THE SOUTHWESTERN PENNSYLVANIA COMMISSION to elect the following members to the Executive Committee for calendar year 2007:

Allegheny County, Dan Onorato
Armstrong County, James Scahill
Beaver County, Joseph Spanik
Butler County, James Kennedy
Fayette County, Vincent Vicites
Greene County, Pam Snyder
Indiana County, Rodney Ruddock
Lawrence County, Steve Craig
Washington County, Bracken Burns
Westmoreland County, Tom Balya
City of Pittsburgh, Luke Ravenstahl
At-Large, Charles Camp
At-Large, Jake Wheatley
PennDOT, Larry King
Governor's Appointee, Allen Kukovich
Department of Community and Economic Development, TBA
SPC Executive Director, James Hassinger, ex officio

Commissioner Lowe moved and Mr. Quinn seconded and the affirmative vote was unanimous.

and

Ms. Heckman presented a list of the Committee's recommendations for Officers.

A RESOLUTION OF THE SOUTHWESTERN PENNSYLVANIA COMMISSION to elect Officers for calendar year 2007.

NOW, THEREFORE, BE IT RESOLVED that the following persons be and the same hereby are elected to serve as Officers of the Commission in the capacity set forth opposite their name below, from the date hereof until their successors are elected and qualified by the Commission:

Bracken Burns, Chairman
Dan Onorato, Vice Chairman
Charles Camp, Secretary-Treasurer

Ms. Heckman moved and Mr. Boni seconded. The affirmative vote was unanimous.

7. Action on Resolutions 28-06 and 29-06 to Honor the Services of Ellen Kight and Larry King

Commissioner Burns read:

WHEREAS, Ellen Kight has served with distinction as the Department of Community and Economic Development representative on the Southwestern Pennsylvania Commission since 1979; and

WHEREAS, she has served commendably as a member of the Executive Committee where she used her skills and knowledge to assist and lead in the advancement of many critical initiatives

including taking SPC from six to ten counties and in the designation of SPC as the Local Development District; and

WHEREAS, in her role of SPC Commissioner she has championed the cause of regionalism as the cornerstone of the region's health and prosperity and has provided valuable guidance in the development of the region's plans including the region's Comprehensive Economic Development Strategy; and

WHEREAS, she has consistently been an outspoken supporter of the region's community and economic development projects through her participation in the SPC's Area Development Committee for the Appalachian Regional Commission; and

WHEREAS, she has served as the Southwest Regional Director of Pennsylvania's Department of Community and Economic Development for the last ten years during which her leadership and experience has provided critical assistance to the region's local governments; and

WHEREAS, over the last 25 years she has worked tirelessly on behalf of the Commonwealth of Pennsylvania to support and improve communities and raise the quality of life of the citizens throughout Southwestern Pennsylvania; and

NOW, THEREFORE, BE IT RESOLVED that the Officers, Members and Staff of the Southwestern Pennsylvania Commission express their appreciation for her years of service and look forward to working with her in the years ahead.

Commissioner Camp moved and Commissioner Ceraso seconded. The affirmative vote was unanimous.

Ms. Kight thanked the members and said she enjoyed every minute of her time that she has been here. She is not leaving community development, she is just retiring from State government. She will become the President of the Pittsburgh Partnership for Neighborhood Development still working on community development activities not only in the City of Pittsburgh, but also around the region. She will revolve her efforts around local government and community development and community relations issues. She said this has been a very special time for her to be able to be involved in the initiatives where the region is moving forward in southwestern Pennsylvania. She thanked SPC for the recognition and said it is really great.

and

Commissioner Burns read:

WHEREAS, Larry King served with distinction as a Pennsylvania Department of Transportation representative on the Southwestern Pennsylvania Commission since 1991 sharing his extensive expertise and leadership in giving generously of his time and talents, including facilitation skills, to numerous working committees and forums associated with his appointments; and

WHEREAS, he always brought his partnering skills and wide range of technical expertise as he served on the Commission's Executive Committee since 1991 to directly assist and lead in the

advancement of many critical priorities and initiatives for southwestern Pennsylvania, including the expansion of the Commission from six to ten counties, the integration of the Local Development District into the Commission, the updates to the Long Range Transportation Plan and Transportation Improvement Programs, and aggressive funding assistance for planning through Annual SPC Unified Planning Work Programs; and

WHEREAS, his commitment and dedication to innovative partnerships across the Commonwealth of Pennsylvania continue to benefit southwestern Pennsylvania through such best practice initiatives he developed and championed as the statewide reengineering process every two years since 1997, the statewide MPO/RPO planning partners forum that reaches out for partnering and consensus-building for new initiatives; and

WHEREAS, his statesmanship and sound judgment as a key PennDOT Management Team leader, integrity and true concern and dedication for people he served, regularly turned potential conflict to cooperation and progress to collaborative solutions to difficult issues that face both the Commonwealth and southwestern Pennsylvania on a regular basis; and

NOW, THEREFORE, BE IT RESOLVED that the Officers, Members, and Staff of the Southwestern Pennsylvania Commission express their full and sincere appreciation to a true friend and planning partner for his years of dedicated service and sound advice and leadership and we wish Larry and his wife, Betty, the best.

Commissioner Coder moved and Mr. Spossey seconded. The affirmative vote was unanimous.

Mr. King said as he contemplates on what has happened over a space of 38 rapidly passing years in his professional experience he has had the good fortune to work on important issues and visit a lot of interesting places and most importantly has had the opportunity to work with some exceptionally talented people including those of you in this room. Thank you very much for the recognition. I am very grateful and appreciate not only your professionalism, but your friendship.

8. Appoint Nominating Committee for 2007

Commissioner Burns appointed the following members to the 2007 Nominating Committee:

Lynn Heckman – Allegheny County
Patricia Kirkpatrick – Armstrong County
Dan Donatella – Beaver County
Glenn Anderson – Butler County
Angela Zimmerlink – Fayette County
Dave Coder – Greene County
Byron Stauffer – Indiana County
James Gagliano – Lawrence County
Michael Silvestri – Washington County
Robert DeLotto – Westmoreland County
Pat Ford – City of Pittsburgh

Mr. Maggi moved and Mr. Johnston seconded. The affirmative vote was unanimous.

9. Other Business/Announcements

Dr. Hassinger introduced new staff member David Pinkosky, a Development Specialist reporting to Jamie Colecchi.

Next Meeting Date – January 29, 2007

10. Adjourn

There being no further business to come before the Commission the meeting adjourned at 5:08 p.m.

Respectfully submitted,

Charles A. Camp
Secretary-Treasurer