

Southwestern Pennsylvania Commission
Minutes of the Meeting
December 13, 2021 – 4:00 p.m.
Cisco Webex Meeting

The one hundred and fifty-first meeting of the Southwestern Pennsylvania Commission was called to order by Chairman Fitzgerald.

Members: Brian Allen, Jennifer Beer, Morgan Boyd, Scott Bricker, Tom Ceraso, Douglas Chew, Ali Doyle, Pat Fabian, Rich Fitzgerald, Kim Geyer, Mark Gordon, Joe Grata, Kelly Gray, Lynn Heckman, Sherene Hess, Diana Ireya Vaughan, Fred Junko, Sean Kertes, William Kovach, Larry Maggi, Jack Manning, Jeff Marshall, Kevin McCullough, Leslie Osche, Johnna Pro, Mavis Rainey, Bob Regola, Aurora Sharrard, Nick Sherman, Larry Shifflet, Cheryl Moon-Sirianni, Gina Cerilli Thrasher, and Vince Vicites.

Others: Janet Feick, and Tim Morgus, Maher Duessel CPAs; Ms. Dusty Kirk, Reed Smith; Ann Orgoreuc, Allegheny County Economic Development; Mark Rafail, Fayette County and Jim Ritzman, Penonni Consultants.

Staff: Erin Kepple Adams, Jared Bedekovich, Kirk Brethauer, Ronda Craig, Margaret Fonner, Chuck Imbrogno, Jenn Lasser, Shannon O'Connell, Dee Pamplin, Kay Tomko, Dave Totten and Vincent Valdes.

1. Chairman Fitzgerald called to order the December 13, 2021 meeting of the Southwestern Pennsylvania Commission.
 - a. Quorum – There being a quorum present the meeting proceeded.
 - b. Any Conflict of Interest Declaration on Action Items – None
2. Action on Minutes of the October 25th Meeting.

A motion was made to approve the minutes of the October 25, 2021 meeting by Pat Fabian which was seconded by Gina Cerilli Thrasher. The affirmative vote was unanimous.
3. Public Comment – None
4. Presentation of 2020-2021 Annual Audit Report – Tim Morgus/Janet Feick, Maher Duessel, CPAs

Tim Morgus reported on SPCs Annual Audit to the members of the Commission Executive Committee at an earlier meeting, today. We found no issues with the audit that we need to be concerned about. We're finalizing the single audit, and we haven't found any issues to date and I don't expect any. I did want everybody to know that, we are very happy with the schedules and we are thankful for Vince Massaro. This work is all Vince's work. He prepared these schedules before he left as a part of his departure.

The reports that we issue as your independent auditors include a communication report and a governance letter that just tells you about the single audit. We do a single audit for SPC

because you expend more than \$750,000 dollars per year. The Corporation receives a single audit, files a form 990 with the Internal Revenue Service. Those are the reports that we issue.

We're required to report to you under Generally Accepted Auditing Standards and Uniform Guidance the results of the audit. No new significant accounting policies, no sensitive estimates or disclosures that we want to talk about. We had no corrected or uncorrected misstatements. We had no audit adjustments as a part of our audit, which is important to the Board because that means you can rely on the financial statements throughout the year to correct them at the end of the year. No disagreements with management or difficulties encountered performing the audit. We do have some supplemental information that we issue as a part of the audit process. We issued an unmodified opinion, which is the highest level of assurance that we can give. The single audit is still in progress. We had to test three major programs this year. Typically, we only test one or two. But because of your additional federal money, we had to test three. Wrapping up, we have no matters to report. There are no findings and no questioned costs.

A high overview of your financial statements balance sheet

Total Assets of \$13.7 million

Majority of cash is restricted (grants; RLF's)

Loans receivable of \$5.5 million (decrease of \$900,000)

Total Liabilities of \$13.2 million

Notes payable – PIDA/SBF loan program (\$2.9 million)

Unearned revenue

RLF unearned revenue (\$4.4 million)

Grant related unearned revenue (\$1.4 million)

Grant advances (\$1.8 million)

Fund Balance - \$457 thousand (no change during 2021)

That's money that you haven't recognized as income, because you don't have any eligible expenses for it. It's an important number to look at. Going forward that number goes up and down. During the year you had no change in net assets or fund balance. This is an overview of where your loans are, and how it depends on your current interest rates of banks and how the economy's doing.

Your income statement is \$11.1 million in total revenues and \$11.5 million in total expenses. Total federal revenues were up this year.

You're up from 2017, and were up a little in 2021 from 2020. This is by source, federal, state and local. The local revenues are by far the steadiest of all the revenues.

Federal revenue was up this year and is trending upward and the State has been flat over the past couple of years. You had Single Audit total federal expenditures of \$9.6 million. Those were the funds that we tested specifically as major programs.

The 990 Form is due for completion by May 16th, so there's still plenty of time to file. It's a public document, it's easily available on Guidestar and a few other places. Take a look and make sure you're familiar with it.

Chairman Fitzgerald asked Margaret if she had any issues with the report this being her first one. She was happy with the report. The Chairman thanked Tim and Margaret.

5. Financial Report – Margaret Fonner

Margaret reported on where we are with the budget for the year. We have a budget of \$13.9 million and \$3.7 million in revenue and expenses to date; that represents about 27.10% of the budget.

You already know about the audit that Tim just spoke about and we did pass a resolution in the board meeting to extend the contract for Buchanan Ingersoll, and Rooney for another year.

There are a few ongoing things in the finance department that I thought you might find of interest. I've had two staff retirements in the last month, our grants manager, departed on December 5th, and one of our accountants is retiring after 30 plus years on January 28th.

I will be presenting you with the revised annual budget in January. A question to Margaret asking her if the search has started for new replacements for the retirees? Margaret responded yes, we have posted the grants manager job and have received four applicants. We're working on updating the accountant's position. I hope to post that by the end of this week.

6. Report on Draft 2022-2024 Unified Planning Work Program (UPWP) and the 2023-2026 Transportation Improvement Program (TIP) – Vincent Valdes

Andy Waple couldn't be here today, so I will be covering for him.

As you may be aware, and I'm starting with the UPWP we're charged with preparing the UPWP and the TIP every two years and we're currently working on the 2022-2024 cycle. We've been working on the document over the last few months. We've presented our draft to PennDOT back in October for their detailed review. Our plan is to bring a final draft back to the Commission for adoption in the spring. Once adopted, it's good for two years, which is an important kind of basis document for how we do our work.

It's our guiding document, that focuses on important regional topics that range from:

- Updating freight planning
- 2025 TIP Update
- Update road safety audits, Incident, management
- Regional architecture and
- Data and modeling also feature prominently in this document

Now that we have an infrastructure bill with 19 separate competitive programs, as well as formula funding again, that data and modeling really does serve a role in helping us secure additional funding over the next year.

Developing the document itself, SPC has been doing its due diligence on coordination and public outreach, including Title VI efforts such as a limited English proficiency plan. We've made some significant improvements to our website to make it easier to get information about the overall process.

In terms of the TIP update the typical program development process with the usual nine steps we go through for creating the Plan. SPC has been doing this for years; and has been held as a model of TIP development. Public outreach and engagement play a central role in this work. We have collected comments and suggestions through a variety of avenues such as SPC meetings, PPP Panels and social media. This Commission meeting is being live streamed on Facebook and LinkedIn. We are stepping into 21st Century thinking.

IJJA - We're looking at an influx of close to half a billion dollars, for work on roads and bridges, and we're still waiting for the Federal Transit Administration to complete its calculus on what the transit tables will look like so that we know what additional funding we'll be receiving as a region. We do know that we will be receiving additional transit money, but we're not sure exactly how much.

There are a couple of major projects being supported through the current TIP in various stages of development and it's important to remember that these large projects take more than one TIP cycle to complete.

We have over 75 major projects in the TIP and many smaller projects. We still must question projects in every county in terms of considering all the important points of the projects. Every county should be aware of what's going on in other counties.

The transportation projects are the competitive projects at this point. We currently have 16 candidate projects that are requesting \$47 million dollars even though we only have \$35 million dollars available. There will be a \$12 million dollar shortfall in the transportation alternatives. While we are getting a large amount of money, we're still treading water.

Last Friday, with the legislators, the issue of the imbalance in spike funding continues to be a challenge for our region. There was 11.5% of statewide funding on average over the last 10 years for southwestern Pennsylvania. By comparison, 62% goes to eastern and central districts. We can't do what needs to be done if we are not allocated appropriate funding. But we're moving forward on our schedule and development cycles.

Central office is going to be getting a draft of the TIP in just a couple of weeks at the end of December and in the spring, we'll do our conformity and EJ analysis leading to a public comment period in early summer. We're going to ask for Commission adoption at the June meeting. I don't foresee any of these milestones slipping over the next few months and I don't see anything that would make us lose our pace. I'm happy to answer any questions that you might have.

Lynn Heckman asked what was the reaction of the legislators hearing about spike funds that are not coming to our region? Vincent responded, polite, quiet. Commissioner Osche added that it was almost disappointing, I think, only because we expected some conversation, some questions and we didn't get any. I think that we've decided we will be the squeaky wheel for the next year.

Perhaps they didn't know about the spike funds, and they didn't know what the next steps would be. So, I would think that Chuck Kolling should be working with everybody to help. Chairman Fitzgerald said we will be scheduling another visit with the legislators in the first quarter of next year, I believe in March. They may not know about 11% or 6%. We've got to make sure that our senators and representatives know the percentages.

Tom Ceraso asked what will be the next step? Vincent responded, I don't know the details. There will certainly be a formula aspect, and a competitive aspect as well. There are 19 separate competitive programs coming out of the DOT through the IIJA, the least of which is \$1 billion dollars.

Some of the numbers as big as \$46 billion dollars if I'm recalling my numbers correctly. It's a big plug of money, but I'm not sure how we're going to program it or allocate at this point; nor what the federal constraints are going to be. The legislators are in full chat right now, writing the requirement packages around each of those programs and the formula money as well.

My suggestion is that we, as a Commission, come up with two or three projects that we think are ready to go and let them know specifically what we want. Let them know that we are fully capable and fully intend to not endorse a third of a TIP and to not vote on a TIP. PennDOT can't do projects unless SPC approves them. We're a 50% partner in that and you hate to get to that point; but when you see the lack of funding that's coming to the region and then we play hardball as far as not just you know bending over and acquiescing to what the state wants.

Larry Shifflet responded that the new spike list that came out; all but two of those projects were carry over. The two new projects statewide, were both in the SPC region, and then one of the other things that needs to be considered one of the big driving numbers here in central Pennsylvania is a huge spike on I-83; we could spike the \$1 million dollars invested in that project and do I-83 with regular funding.

Right, and I do want to add one more thing if that's okay. I appreciate what Larry said. The idea is to keep on top of it all and if the two new projects have added up to a lot of money we wouldn't be at six percent which I know is what Larry is saying, you could have moved some projects into one place and some into another.

Lynn Heckman said most of the time a spike project in the past has been for economic development reasons in addition to fixing a road. The main thing is that Southwest Pennsylvania has to be sure we're getting our fair share and with some of the huge spikes happening, our percentage is going to be low while at the same time we're being looked at for tolls. We just have to keep on it.

Tom Ceraso said I have never seen a graph where our districts are receiving a disproportionate share of the regular funding, even with I-70 included in that, compared to the other districts.

7. Report of Nominating Committee and Action on Resolution 14-21 to Elect an Executive Committee and Resolution 15-21 to Elect Officers of the Commission for the years 2022 and 2023 – Lynn Heckman

Lynn Heckman reported that the nominating committee comprised of the City of Pittsburgh and a representative from each county met on December 2nd. We had 100 percent participation.

Commission Executive Committee:

Allegheny County, Rich Fitzgerald
City of Pittsburgh, Mayor Elect Ed Gainey
Armstrong County, Pat Fabian
Beaver County, Daniel Camp
Butler County, Leslie Osche
Fayette County, Vince Vicites
Greene County Mike Belding
Indiana County Sherene Hess
Lawrence County, Morgan Boyd

Washington County, Diana Irey Vaughn
Westmoreland County, Sean Kertes
At-Large, Gina Cerilli Thrasher
At-Large, Lynn Heckman
At-Large, Larry Maggi
PennDOT, Larry Shifflet
Governor's Appointee, Ali Doyle
DCED, Johnna Pro
SPC Executive Director, Vincent Valdes

A motion was made to approve Resolution 14-21 to elect the SPC Executive Committee for 2022-2023 by Kim Geyer, which was seconded by Joe Grata. The affirmative vote was unanimous.

SPC Officers:

Chair, Leslie Osche
Vice Chair, Pat Fabian
Secretary-Treasurer, Vince Vicites

A motion was made to approve Resolution 15-21 to elect the SPC Officers for 2022-2023 by Larry Maggi, which was seconded by Mike Belding. The affirmative vote was unanimous.

8. Action on Resolution 16-21 to Honor the Services of Mayor William Peduto – Rich Fitzgerald

A motion was made by Scott Bricker to approve Resolution 16-21 Honoring the Services of Mayor William Peduto, which was seconded by Gina Cerilli Thrasher. The affirmative vote was unanimous.

9. Message from the Executive Director – Vincent Valdes
Next Meeting Date January 31, 2022

I want to apologize to Commissioners Belding, Zimmerman and McClure because they did not receive the invite to the Legislative Meeting last Friday because of a spam filter on SPC's part.

On a more positive note, Southwestern Pennsylvania New Economy Collaborative for the Build Back Better challenge grant was selected. Southwestern Pennsylvania has been selected to move on to the next phase of the EDA Build Back Better Grant.

We're receiving \$500,000 dollars to write a grant proposal for a potential of \$100 million dollars to really build a new kind of industrial sector for southwestern Pennsylvania. It's a very exciting proposition as I understand it. If I'm correct, I think there were some 50 applications or proposals from Pennsylvania across the board and southwestern Pennsylvania came out on top.

10. Action on Resolution 17-21 to Honor the Services of Outgoing Chairman
Rich Fitzgerald – Vincent Valdes/Leslie Osche

Leslie Osche spoke –Without Rich driving, the change that needed to occur here at SPC and making sure that we had some vision and leadership, we probably wouldn't be in the place we are today. I am really excited not only to work with you and alongside you, and counting on the fact that you're still going to be here Rich and to make this move we want to particularly note, your leadership and service in driving through the last *SmartMoves for a Changing Region*, which I found to be an extremely valuable and enlightening process and reminding all of us to continue to look back at that plan. Also, in the recruitment of our new executive director, a well done process. Finally, just being a tireless leader speaking with one voice. We thank you for your leadership and we know you will be here to keep us in line and keep us moving.

A motion was made by Gina Cerilli Thrasher on Resolution 17-21 to Honor the Services of Outgoing Chairman Rich Fitzgerald. The motion was seconded by Diana Irey Vaughn. The affirmative vote was unanimous.

Chairman Fitzgerald thanked all the Commissioners for their support over the last two years. Working together as a region we accomplished a lot.

11. Other SPC Business

None

12. Adjourn

Chairman Fitzgerald moved to adjourn the meeting of the Southwestern Pennsylvania Commission at 4:50 p.m. and Lynn Heckman seconded. The affirmative vote was unanimous.

Respectfully Submitted,

Pat Fabian
Secretary-Treasurer