

Southwestern Pennsylvania Commission
Minutes of the Meeting of
June 28, 2010 – 4:30 p.m.

31st Floor • Regional Enterprise Tower • 425 Sixth Avenue • Pittsburgh, PA 15219

The eighty-fourth meeting of the Southwestern Pennsylvania Commission was called to order by Chairman Charles Camp.

Commission members present were: Tony Amadio, Andrew Boni, Bracken Burns, Charles Camp, Tom Ceraso, Dave Coder, Terry Daughenbaugh, Joseph Dubovi, Kevin Gray, Lynn Heckman, Patricia Kirkpatrick, Ted Kopas, Robert Macey, Robbie Matesic, Kevin McCullough, Luke Ravenstahl, Carmen Rozzi, Rod Ruddock, Kelly Shroads, Michael Silvestri, Pam Snyder, Joe Spanik, Byron Stauffer, Jr., Gealy Wallwork, and Norma Wintermyer.

Commission members absent were: Tom Balya, Shirl Barnhart, Stephen Bland, Daniel Cessna, Jack Cohen, Steve Craig, Rick DeBlasio, Karl Eisaman, Patricia Evanko, Richard Fink, David Frick, Jim Gagliano, Jr., Jessica Greathouse, Dana Henry, Dave Johnston, John Paul Jones, Jim Kennedy, James Lokhaiser, Larry Maggi, David Miller, Mary Jo Morandini, Dan Onorato, William Peduto, A. Dale Pinkerton, William Piper, James Ritzman, Jim Scahill, Robert Schiffbauer, Mark Schneider, Richard Shaw, Renee Sigel, Mark Snyder, Anthony Spossey, Rob Stephany, Wendy Stern, Joe Szczur, Letitia Thompson, Vincent Vicites, Daniel Vogler, Jake Wheatley, Jr., Vincent Zapotosky, and Yarone Zober.

Staff: Jim Hassinger, Chuck DiPietro, Linda Duffy, Chuck Imbrogno, Vince Massaro, Cort McCombs, Marge Nalesnick, Shannon O'Connell, Matt Pavlosky, Kay Tomko, Debbie Tritsch, and Lew Villotti.

Others: Jon Smith, Allegheny County Transit Council; John Verbanac, SPC Consultant; Rich Lord, Pittsburgh Post-Gazette; Matthew Santoni, Tribune Review; and Mitch Margaria, Pitt-GSPIA.

Commissioner Camp welcomed Ted Kopas as a new commission member of SPC. He represents Westmoreland County where he has replaced Tom Ceraso as County Commissioner. Commissioner Kopas explained that he is a graduate of Allegheny College in Meadville and was the former chief of staff for Commissioner Tom Balya.

1. Action on Minutes of the April 26th Meeting

A motion was made to approve the minutes of the April 26, 2010 meeting of the Southwestern Pennsylvania Commission by Commissioner Coder which was seconded by Commissioner Amadio. The affirmative vote to approve the minutes was unanimous.

2. Public Comment

None

3. County Project – Patty Kirkpatrick

Commissioner Kirkpatrick reported on the Climax Bridge project. It is located on T-970 over Redbank Creek in Mahoning Township, Armstrong County very close to the border of Clarion County. Highlights include:

Original Bridge Facts

- Constructed in 1898
- The structure was a three-span deck truss bridge
- The span length was 253 feet
- Donated by the Climax Fire Brick Company to Armstrong and Clarion Counties in 1957 after deterioration forced its closing
- After assuming ownership, the Counties repaired the bridge and reopened it to traffic
- Major structural repair was again completed by the Counties in 1974

New Bridge Construction

- Contractor is Francis J. Palo of Clarion PA

New Bridge Facts

- Constructed in 2010
- The structure is a two-span steel girder bridge
- The span length is 260 feet
- The width is 15 feet curb to curb
- The bridge is jointly owned by Armstrong and Clarion Counties
- Total cost of construction \$1.9 million

4. SPC Staff Profile – Cort McCombs

Commissioner Camp introduced SPC staff member, Cort McCombs. Cort is a GIS Analyst reporting to Kirk Brethauer. He grew up in Ernest, PA, Indiana County. He graduated from Indiana University of PA in 2005 where he majored in Geography/GIS/Cartography. He worked in Washington DC for the Department of Defense before coming to Pittsburgh to work for SPC. He currently resides in Shadyside. His responsibilities include working with Tom Klevan on TOC and Transit Updates; with Tom Straw on the Parking Application; with Sara Walfoort on the Trails Update; and he designed a wall map for the G-20 that is currently displayed in the Regional Enterprise Tower's lobby.

5. Financial Report – Vince Massaro

Mr. Massaro reported that the financial report is for the 11-month period ending May 31st and includes the operations of the Corporation, the Commission, and the Regional Enterprise Tower.

The planning projects continue to move forward for completion as scheduled. Some projects, because of their funding and contractual obligations, are expected to carry-over into next fiscal year. One project for example is the Regional Traffic Signal Design and Construction project that is currently underway.

With 92% of the fiscal year completed, total project related revenues recognized and recorded to date, including encumbrances, are \$7,484,679 vs. the annual revised budget of \$12,053,646 or 62.09% of the budget. Federal CMAQ (Traffic Signals) funds along with project match (cash and in-kind) account for approx 25% of the budgeted funding that will carry-over into next fiscal year.

Total carry-over project related revenues recognized and recorded to date, including encumbrances, are \$136,269 vs. the annual revised budget of \$248,271 or 54.89% of the budget. The carry-over projects include the Project Planning and Evaluation and West Busway TOD Study projects, which are expected to be completed by June 30th. The Truck Parking Study has been extended into FY 2010-11.

Revenues relating to the operations of the RET, total revenues from operations are \$4,631,928 vs. the fiscal year revised budget of \$4,989,714 or 92.83% of the budget. Mr. Massaro mentioned that Building tenant occupancy remains at nearly 80.00% and that the leasing agent continues to pursue prospective tenants and continues to negotiate current tenant renewals.

Total project expenditures recorded and encumbered to date are \$7,524,656 vs. the annual revised budget of \$12,115,559 or 62.11% of the annual budget utilized and are proceeding as budgeted for the reporting period. The Traffic Signal Design/Services project, that is, the SINC and SINC-UP projects are proceeding as scheduled and there are a number of agreements in place with local municipalities to begin the preliminary design work. As mentioned earlier, the Traffic Signal project unexpended costs will carry-over into next fiscal year.

Mr. Massaro further reported that total carry-over project related expenditures, recorded and encumbered to date, are \$99,918 vs. the annual revised budget of \$186,358 or 53.62% of the budget recognized. Included in the carry-over projects are the Project Planning and Evaluation project, the Truck Parking Study, and the West Busway TOD Study.

Expenses related to the operations of the RET, before depreciation and amortization expense, \$4,448,716 vs. the annual revised fiscal budget of \$4,866,098 or 91.42% of the budget expended.

6. Action on Resolution 8-10 to Approve and Endorse the Region's Area Development Project Priority Listing and Authorize Submission of an Application for Funds – Lew Villotti

Mr. Villotti explained:

ARC Project Evaluation

- ARC grant programs are competitive
- Projects are evaluated and ranked by the Economic Development Strategy Committee
- Recommendation to the Commission
- ARC is not obligated to adhere to ranking, but it is “strongly considered”

ARC & EDA Project Evaluation

- Committee ranks ARC projects in two categories
 - ARC
 - 201 Local Access Road projects

- 214 Construction and 302 Non-Construction projects

A map was presented showing the location of the selected projects within the region.

- 201 Local Access Road projects
 1. Murtha Drive Extension, Greene County
- 214 Construction and 302 Non-Construction projects
 1. West Newton Town Square, Westmoreland County
 2. Be ONE Business Plan Competition, Butler County
 3. Local Economy Initiatives, Fayette County
 4. Aliquippa Downtown Revitalization Project, Beaver County
 5. Leslie House K-12 Project, Fayette County
 6. Victory Road Storm Water Overflow, Butler County
 7. Stowe Business District Streetscape, Allegheny County
 8. Catfish Creek Stormwater Management Project, Washington County

Mayor Ravenstahl asked if there were projects submitted in the City of Pittsburgh. Mr. Villotti said that because Pittsburgh is located in Allegheny County, in the past Allegheny County was designated an attainment county and therefore projects were ineligible for funding. This is the first year that Allegheny County carries a competitive designation and projects can now compete for funds. Pittsburgh did not submit any projects for this round of funding.

Commissioner Coder moved:

WHEREAS, the Appalachian Regional Commission (ARC) provides funding for projects through the 201 Local Access Road program; and,

WHEREAS, the Appalachian Regional Commission (ARC) provides funding for projects through the 214 Construction and 302 Non-Construction programs; and,

WHEREAS, it is the responsibility of the Local Development District (LDD) to establish a process for submitting construction and non-construction projects to ARC for funding; and,

WHEREAS, this is a competitive process for limited funding wherein county projects are prioritized and submitted to the State. Projects from across Pennsylvania compete for prioritization and are submitted to ARC for funding; and projects from all thirteen states in the Appalachian region compete for ARC funds; and,

WHEREAS, the eligibility and the ratio of funding is dependent upon the level of economic distress, as determined by ARC, of the county in which the project is located; and,

WHEREAS, SPC facilitated a meeting of its Economic Development Strategy Committee on June 11, 2010 to establish a ranked regional project list; and

WHEREAS, SPC's regional Enterprise Development Program (EDP) approved by Southwestern Pennsylvania Corporation Board of Directors Resolution 7-10 and Southwestern Pennsylvania Commission Executive Committee Resolution 4-10 on March-29, 2010 is the top regional project

for ARC's 302 Non-Construction funds and will provide direct hands-on assistance to businesses through international trade assistance, low interest loans, government procurement, and electronic commerce, and will provide direct assistance to communities through economic planning and research, and technology assistance; and,

WHEREAS, the Section 201 Local Access Road projects, priority ranked by the region's Economic Development Strategy Committee, include:

1. Murtha Drive Extension, Greene County

This project will develop an access road to the southern side of the Greene County Airport providing access to new commercial parcels.

WHEREAS, the Appalachian Regional Development Act, Section 214 Construction and the Appalachian Regional Development Act, Section 302 Non-Construction projects, priority ranked by the region's Economic Development Strategy Committee, include:

1. West Newton Town Square, Westmoreland County

This project will increase economic opportunities and commercial revitalization for West Newton by connecting the downtown area with the Great Allegheny Passage (GAP). This development will capitalize on the growing tourism market.

2. Be ONE Business Plan Competition, Butler County

This project will conduct a search for new business ideas and provide needed start-up capital to identified businesses.

3. Local Economy Initiatives, Fayette County

This program will promote a locally driven economy, via environmental sustainability projects through the production and purchasing of locally made and grown products in the areas of agriculture, commercial goods, energy, etc.

4. Aliquippa Downtown Revitalization Project, Beaver County

The City of Aliquippa will acquire and demolish structures in the Franklin Avenue Corridor to remove blight and assemble acreage for new residential and commercial uses.

5. Leslie House K-12 Project, Fayette County

The project entails program money for tutoring as part of a comprehensive after school program for at-risk youth.

6. Victory Road Storm Water Overflow, Butler County

This project covers engineering costs for replacement of a deteriorating steel storm water pipe that handles outflow from Victory Road Business Park.

7. Stowe Business District Streetscape, Allegheny County

This project includes streetscape improvements to Downtown Stowe that will focus investment on the commercial town center, as well as support investment going into the restoration of historic buildings on Broadway Avenue.

8. Catfish Creek Stormwater Management Project, Washington County

This project entails construction of stormwater management zones in the City of Washington in order to prevent flooding and improve water quality.

NOW, THEREFORE, BE IT RESOLVED that the Members of the Southwestern Pennsylvania Commission adopt and approve the aforementioned lists and projects, and authorize the Commission's Executive Director and the Corporation President to submit all necessary applications and enter into all agreements and contracts pursuant thereto.

Mr. Macey seconded and the affirmative vote to approve Resolution 8-10 was unanimous.

7. Transportation Funding Crisis Public Hearings – Joe Dubovi

Mr. Dubovi, District Executive of PennDOT District 10-0, gave a presentation from Secretary Biehler titled "The State of Our Transportation Infrastructure". He said he also gave this Secretary Biehler presentation on June 17th in Clairon, and Dan Cessna made the presentation on June 18th in Monroeville at the PA House of Representatives Transportation Funding Crisis Public Hearings.

Mr. Dubovi showed photos of bridges across the state that are structurally deficient and are not currently scheduled to be fixed due to funding constraints. Mr. Dubovi then showed photos of some roadways across the state that are deteriorating and cannot be repaired due to funding constraints.

The presentation next highlighted the 20-year history of three inflation indices – Construction Cost Index, PennDOT's Bid Price Index, and Consumer Price Index. We have been hit hard since 2003 due to inflation. Over the past several years our key materials have been increasing at a rate higher than that of inflation which affects our buying power.

On the highway maintenance side, we have not only seen a decline in the amount of revenue, but also a loss of buying power due to steep inflation. Since 2002, the loss equals about \$1.6 billion in funding that could have been put on the roads, equivalent to a little more than a year's worth of statewide funding.

Mr. Dubovi next noted that 74% of the Motor License Fund highway and bridge operating budget is spent on contracts with private industry. This supports our local and state economy. Capacity adding projects have dropped from 25% of the 2001-2004 TIP to 5% of the 2009-12 TIP. Our Transportation Improvement Program reflects this shift in focus as we have dramatically reduced the number of capacity adding projects over the past three TIP updates. Though we know we need to build capacity adding projects in certain places across the state to reduce congestion, we also have a network of over 40,000 miles of roadway and 25,000 state-owned bridges that are in need of repair, and we are committed to fixing the existing system as our first priority.

In response to the Funding and Reform Commission, the General Assembly adopted Act 44 in July 2007 and provided, on average, an additional \$950 million per year for highways, bridges and public transportation. This funding was provided by the PA Turnpike Commission and required approval from the Federal Government to toll Interstate 80. Act 44 mandated that if I-80 was not approved for tolling, funding for highway and transit dropped on July 1, 2010 to a total of \$450

million and remains constant for the next 46 years. Mr. Dubovi presented graphics that displayed the dramatic drop in highway/bridge and public transit Act 44 funding without I-80 tolls.

Over the past two decades, we have focused on paving and are seeing a downward trend in poor roadways across the Commonwealth. However, a slight rise in deficient roadways in 2009 is a concern.

From FY 2002 through FY 2008 the amount of structurally deficient bridges increased. We finally turned the corner in 2009, but cannot waiver from our focus on structurally deficient bridges. In both 2009 and 2010 there is a significant decline. But the 2010 number of structurally deficient bridges is still higher than in 2002. A statewide map was shown indicating 441 highway and bridge projects at risk of not being funded.

A graphic was then presented depicting the dramatic impact of reduced Act 44 funding on structurally deficient bridges. Over time, without sufficient funds to improve our bridges, Pennsylvania's infrastructure will continue to deteriorate.

The scope of that unmet transportation need in Pennsylvania was laid out in detail by the Transportation Funding and Reform Commission – in its November 2006 report. At that time, the bi-partisan commission estimated the annual transportation funding shortfall at \$1.7 billion. In May 2010, the Transportation Advisory Committee released its funding study and found that the needs have more than doubled to \$3.5 billion. Mr. Dubovi said that more detailed information can be found at www.fundpatransportationnow.com.

8. TIP Update: Status Report on Public Comment Period – Matt Pavlosky

Mr. Pavlosky reported:

The Strategy: Get the Word Out

“This is going to be a difficult TIP Cycle”

- ▶ Facing diminished revenues: Down 22% to 28%
- ▶ “Maintenance” TIP / Projects deferred or delayed
 - Rehabilitation of the Current System
 - Continued Bridge Maintenance
 - No new infrastructure
- ▶ New Revenue Sources Must Be Found
 - Tolls
 - Taxes
 - User Fees
 - Bond Financing

The Strategy: Tell the Story

- ▶ November 2009-June 2010:
- ▶ Include Public Participation Panel Chairs in 1st round of District Planning Sessions
- ▶ Launch first video to PPPs/public via SPC Website Introducing 2011-2014 Draft TIP
- ▶ Inform PPPs in each County:

- Confirm PPP Chairperson Participation
- Work to confirm PPP roster
- Establish Chain of Communication

The Strategy: Tell the Story

- ▶ Begin Series of PPP Meetings in the Region
 - At minimum, Two (2) meetings per County
 - First Session: Education, Background, Training
 - Second Session: 2011-2014 Draft TIP/County Testimony
- ▶ Potential “Stimulus 2” (March 2010)
 - Meetings held in each PennDOT District
 - Armstrong (Kittanning)
 - Washington (Washington)
 - Allegheny (Downtown)
 - Discuss potential legislation
 - Outline Success of 2009 Stimulus
 - Forecast issues of Draft TIP
- ▶ Focused Outreach
 - Regional COGs Network
 - Regional Disabilities Task Force
 - Regional Low-English/Literacy Groups

Challenges

- ▶ Extensive Infrastructure/Basic Maintenance Needs
 - Bridge Conditions (both State & Local)
 - Continued Maintenance of Roads (State & Local)
 - Construction Costs are up 80% from 2003-2008
- ▶ Limited State & Federal Funds
 - No adjustment in funding levels since 1993
 - Federal Authorization Pending (currently under extension)

TIP Challenges: Overview

- ▶ By the Numbers: Transportation
 - **7,000** – Number of miles of state-maintained roads in very poor condition
 - **\$3 Billion** – Backlog of road repairs needed
 - **5,646** – Structurally deficient bridges
 - **50** – Average age of state-owned bridge
- ▶ By the Numbers: Transit
 - **\$484 million** – Additional **funding** needed to maintain public transit systems
 - **400 million** – Rides given in PA commuters each year.
 - **10** Fixed Route Transit Providers in SWPA
 - **Transit isn’t “just buses”:**
 - Bridges
 - System Maintenance
 - Buildings

- Fare Collection

State Transportation Hearings

Thursday, June 17, 2010:

PENNDOT Districts 1 and 10

- PennDOT District 10-0 Executive, Joseph P. Dubovi III, P.E.
- Commissioner Rod Ruddock (Indiana, SPC Vice-Chairman)

Friday, June 18, 2010:

PENNDOT Districts 11 and 12

- PennDOT District 11-0 Executive, H. Daniel Cessna, P.E.
- PennDOT District 12-0 Executive, Joseph Szczur, P.E.
- Commissioner Charles Camp – (Beaver, SPC Chairman)
- Commissioner Patty Kirkpatrick
- Commission Member Mary Jo Morandini
- Five (5) County PPP Members

What are we hearing?

- ▶ 8 of 10 Regional PPP Meetings Complete
 - Lawrence, Indiana (June 10)
 - Fayette (June 15)
 - Washington (June 16)
 - Beaver (June 17)
 - Greene, Butler (June 23)
 - Allegheny (June 24)
 - Armstrong (June 29)
 - Westmoreland (June 30)
- ▶ 30 written comments, 10 verbal testimonies
 - Concern over future priorities
 - Fees or Taxes: “Yes: but how much will it cost?”
- ▶ Comment Period Ends: Tues. July 13, @ 4pm

9. Action on Resolution 9-10 to Adopt a Meeting Schedule for 2010-2011 – Jim Hassinger

Dr. Hassinger said that at this time of year we advertize our meetings for July through next June. We did our best to accommodate conflicts and this schedule reflects our best efforts to accommodate that.

Commissioner Spanik moved:

WHEREAS, the Pennsylvania Sunshine Law 84 requires that a Schedule of all Commission, Executive Committee and Advisory Committee Meetings for the fiscal year be adopted.

NOW, THEREFORE, BE IT RESOLVED that the Southwestern Pennsylvania Commission adopts the attached Meeting Schedule.

Commissioner Amadio seconded and the motion to approve Resolution 9-10 was unanimous.

10. Staff Report/Other Business/Announcements

Dr. Hassinger provided an update on the status of the Regional Enterprise Tower.

On the recommendation of the Southwestern Pennsylvania Corporation Regional Enterprise Tower Property Committee, the Executive Board authorized issuance of an RFP soliciting proposals for the potential sale of the property that could allow further advancement of the property as a regional resource center.

Oxford Development is assisting in the process. They have conducted a pre-bid conference for prospective buyers who were notified through direct mail by Oxford, newspaper advertisement and the SPC web site where the RFP has been a downloadable document. They have also arranged for a new appraisal of the property to be available to the SPC prior to any decision. We anticipate that we may have a recommendation for action for the July Corporation meeting.

While SPC is not a real estate company, it accepted the challenge of getting the concept off the ground, nevertheless, and after a decade of building ownership, the required multi-tenant renovations were completed, the building is now occupied by a mix of public, private and civic tenants working across sectors on a multitude of projects and programs that intersect for the common good of the region, the 23rd floor was rebuilt as a conference center with multiple meeting rooms, catering facilities and new conferencing technologies. The 31st floor was transformed from an executive office to a dramatic event location with a sweeping panoramic view of the Pittsburgh skyline, the first floor was converted to an information center and a major sustainability retrofit is now complete. The building may be sufficiently prepared to consider returning all the ownership responsibilities as well as the day-to-day responsibilities of real estate management, leasing, landlord-tenant matters back to the private sector. We are making a determination about the best potential ownership structure for this regional resource going forward. The board has authorized SPC to consider alternative ownership options for the Regional Enterprise Tower (RET) with an eye toward continuing to advance the function of the building.

Constructed in 1952 as the ALCOA Headquarters the building was offered to SPC in 1997, when ALOA began work on its new headquarters, with the intent of the property becoming a “Regional Resource Center.” Following discussions with ALCOA, the Allegheny Conference and other regional partners, who sponsored the “Working Together Consortium,” the Consortium recommended the purpose, initial ownership structure and transition arrangements, and identified SPC as the optimal organization best suited at that time to move forward what was not only a generous gift, but also a great challenge. The building had been listed for sale, but the private sector was largely uninterested at that time in taking on the task of converting one of the most unique corporate headquarter buildings into a multi-tenant property. The building required over 10 million dollars in renovation at its transfer to convert it to multi-tenant functioning.

SPC agreed to accept this great responsibility, and worked with our regional partners to begin the transition. SPC obtained the required \$10 million in funding for capital improvements to convert the floors into multi-tenant office space. SPC recently committed to improving the efficiency of the building and reinventing what was once an architectural vanguard into a vanguard of sustainability. In 2008, SPC embarked upon a \$3.1 million investment in building upgrades and improvements in

lighting, temperature control, restroom facilities and energy conservation—the Regional Enterprise Tower Conservation and Sustainability Project. This project featured energy conservation measures including:

- a complete lighting system retrofit to upgrade all lighting in the building to environmentally-friendly CFL and LED lighting
- installation of water conserving fixtures that save millions of gallons of water each year
- improvements to the building envelope and window seals that will enhance comfort and save electricity
- upgrading the building automation system to maximize energy conservation
- installation of the first rooftop 56-panel photovoltaic solar panel array in our downtown in order to generate clean, sustainable power from the sun’s energy for years to come

If proposals are received for purchase of the building, the Property Committee will meet to review them and the Corporation may be asked to consider a recommendation at their next meeting in July.

Dr. Hassinger said there are number of parties that have shown an interest per Oxford.

Commissioner Camp announced that the next meeting date is July 26th.

11. New Business

None

12. Adjourn

There being no further business to come before the Commission, the meeting adjourned at 5:35 p.m.

Respectfully submitted,

Steve Craig
Secretary-Treasurer