

Southwestern Pennsylvania Commission
Minutes of the Meeting of
December 12, 2016 – 4:30 p.m.
Two Chatham Center • Suite 400 • 112 Washington Place • Pittsburgh, PA 15219

The one hundred twenty-second meeting of the Southwestern Pennsylvania Commission was called to order by Chairman Chuck Anderson.

Members present were: Tony Amadio, Charles Anderson, Kevin Boozel, Scott Bricker, Tom Ceraso, Dan Cessna, Gina Cerilli, Dave Coder, Rich Fitzgerald, Kim Geyer, Joe Grata, Kelly Gray, Dick Hadley, Lynn Heckman, Fred Junko, Clifford Levine, Larry Maggi, Jeff Marshall, Joel MacKay, Amy McKinney, David Miller, Erin Molchany, Leslie Osche, Johnna Pro, Mavis Rainey, Aurora Sharrard, Michael Silvestri, Byron Stauffer, Jr., Jim Struzzi, Joseph Szczur, Archie Trader, Diana Ireya Vaughan, Vincent Vicites, and Blair Zimmerman.

Others: Ann Ogoreuc, Allegheny County Economic Development and Angela Sounders, District 12-0, PennDOT

Staff: Jim Hassinger, Kirk Brethauer, Linda Duffy, Chuck Imbrogno, Vince Massaro, Shannon O'Connell, Matt Pavlosky, Doug Smith, Kay Tomko, Lew Villotti, and Sara Walfoort.

1. Chairman Anderson called to order the December 12, 2016 meeting of the Southwestern Pennsylvania Commission

- a. Quorum – There being a quorum present the meeting proceeded.
- b. Any Conflict of Interest Declarations on Action Items – None.

2. Action on Minutes of the September 26, 2016 Meeting

A motion was made to approve the minutes of the September 26, 2016 meeting by Commissioner Vicites which was seconded by Commissioner Amadio. The affirmative vote was unanimous.

3. Public Comment – None.

4. Presentation of 2015-2016 Annual Audit Report – Maher Duessel, CPAs

Tim Morgus of Maher Duessel, CPAs reported on the results of the Audit Committee Meeting held on November 14, 2016.

Four reports will be issued:

- SAS 114 – Communication to Those Charged with Governance
- Single Audit Financial Statements
- Form 990 (Corporation)
- Grant Audits, as needed – 2 were issued this past year

Our responsibilities are under the GAAS and Uniform Guidance which provided some changes in the way we conduct our single audit and SPC as a client would handle that money. Referring to significant accounting policies, Mr. Morgus said that during the year we adopted three GASB

statements which had no impact for SPC. He also provided information on some pending GASB pronouncements that came after the SPC audit was performed.

Required audit communications include:

- Accounting Estimates – no significant estimates were found
- Disclosures – there were none
- Corrected and Uncorrected Misstatements – no adjustments were found
- Management Representations – we updated the letter at the end of our audit having management agree with our financial statements and make sure that everything was proper.
- Other Matters – there were none

Mr. Morgus said they issued an unmodified opinion which means we didn't modify the standard opinion. He reported that Single Audits are required if you expend more than \$750,000. SPC had about \$9.1M in federal expenditures. We are also required to test certain programs during the year and we did test two major programs.

Mr. Morgus reviewed the balance sheet:

- Total Assets – \$13.6 million
 - Majority of cash is restricted (grants; RLF's)
 - Minimal overall change in loans receivable
- Total Liabilities – \$13.1 million
 - Notes payable – SBF loan program
 - RLF unearned revenue
 - Grant advances
- Net Position - \$457,000

The financial trends showed a drop-off in the loan receivables. It was somewhat steady the past couple of years, but this is something we see in our clients with loan programs. The bank rates are pretty consistent with the governmental rates and the loan programs leveled off for that reason. There may be a few others. Your loans have been performing without any trouble so there is not any reason for concern.

There are two sets of financial statements. The Fund statements show:

- Total Revenues: \$10.3 Million
 - Overall increase of 7% (\$700,000) from prior year
 - Federal and state grants
- Total Expenses: \$10.3 Million
 - Corresponding increase in expenditures
 - Salaries and benefits; contractual expenditures
- Footnotes
 - No new footnotes or disclosures from prior audits

Mr. Morgus explained that revenue by source (Federal, State, Local) has stayed consistent from year to year. The expenditures include salaries and benefits, contractual and other. They all increased slightly this past year, but are fairly consistent with prior years. The governmental revenue shows a big spike in 2013 due to revenues we received.

Single Audit results:

- Single Audit
 - Total federal expenditures of \$9.1 Million
 - Major Programs:
 - CFDA #23.001 Appalachian Development District Assistance
 - CFDA #23.011 – Appalachian State Research, Technical Assistance, and Demonstration Projects (RLF)
 - Unmodified opinion on compliance for major programs
 - No findings or question costs reported

Form 990 results:

- No significant changes to core Form 990
- No new schedules
 - Applicable schedules: A, B, C, D, J, R, and O
- Public disclosure
 - Schedule B contributor information redacted
- Extension has been filed

Dr. Miller asked about the change in the outstanding loan programs. Mr. Villotti said after 2008 the interest rates have dropped, so the banks' rates are now competitive. If you get a loan with a bank, you no longer have to worry about all the reporting you have to do when you go through the economic development side and it doesn't take as long as the economic development system. Dr. Miller then asked about our programs. Mr. Villotti said there are revolving loan programs. There is no way to redirect those funds for use for anything else. In a lot of cases, the State is requiring with PIDA more counties to be certified. Some counties have staffing on board. This is relatively new, about a year old. The trend we're seeing now is we're becoming a PIDA certified organization on behalf of some of the counties so they could release their certification. The rule is you have to have so many people on staff that can do underwriting. You have to do a PIDA loan every year. Some of the counties can't afford to staff that, so they release their certification and we are becoming their PIDA certified go to.

Mr. Ceraso moved to accept the annual audit report and Mr. Silvestri seconded. The Commission accepted the audit report as presented.

5. Financial Report – Vince Massaro

Regarding the Form 990 Tax Return, Mr. Massaro said he would be sending that out for the Commissioners to look at via a link to SPC's website. It will have a secured password that you can access to view the 990 Tax Return.

Mr. Massaro reported on the financials for the period July 1, 2016 to October 31, 2016. The approved budget for revenues totals \$10.7M. Actual and encumbered revenues to date are \$4M or 38% of the budget recognized. The expenditure side shows that for every dollar expended, we have a dollar of revenue recognized. The federal expenditures on the budget side are \$10.7M. Actual and encumbered expenditures to date are \$4M or 38% of the budget recognized.

Mr. Massaro mentioned that our federal and state funding agreements have been fully executed. Revenues recognized represent actual payments received and just submitted billings based on encumbrances. Payments have all been received as of the end of November for the second installment

billing that went out to the members. For expenditures, there is not a lot to report, but everything is moving according to budget.

Mr. Massaro reported that at the January 2017 meeting, he would be presenting to the Corporation Board and Commission Executive Committee an updated budget for their review and approval.

Ms. Pro asked Mr. Massaro to explain the temporary personnel services for \$78,500 and the in-kind service match for \$605,861.

Mr. Massaro said the temporary personnel services relate to the HPMS traffic count program. We hire temporary personnel from a temp agency to assist with traffic counts. It's seasonal, usually July and August and comes back up in March or April. The in-kind service match is used to leverage funding dollars for all of our programs such as the in-kind services for this meeting. Your time and your services are calculated using the blue attendance sheet that we pass around. It's a non-cash item, but it leverages federal money.

Commissioner Boozel moved to accept the financial report and Commissioner Amadio seconded. The Commission accepted the financial report as presented.

6. Presentation on the Comprehensive Economic Development Strategy for Southwestern Pennsylvania – Lew Villotti

Mr. Villotti said we are presenting the draft Comprehensive Economic Development Strategy for Southwestern Pennsylvania for release on December 14 for its 30-day public comment period.

As the Economic Development District, SPC is the federally-designated organization charged with the development, maintenance, and implementation of the CEDS plan. It is guided by a CEDS Committee. They are on a five-year cycle. However, it is updated annually by CEDS performance reports. In the annual update process, if anything of relevance significantly changes during that period, it must go through a public comment period.

Prior to CEDS, it was called the Overall Economic Development Plan (OEDP). It was primarily a wish list of projects eligible for EDA funding. At that point in time, the EDDs across the country got together and ranked all the potential projects for EDA funding and then submitted those projects annually. That process has changed. Around 1990, it became the CEDS. There was still a project list at that point and the EDDs still ranked and submitted projects for consideration by the EDA. A number of plans back we began to integrate the CEDS and the Long Range Transportation Plan. The CEDS began a transition to a policy plan, where now it is more important to have "CEDS consistency" than it was to have a project included on the plan. That was precipitated by the move to Grants.gov. Prior to Grants.gov, it was based on the existence of EDA applications that came through the Economic Development District. There were some issues that the Economic Development Districts were being the so-called gatekeeper to EDA funds. So when they went to Grants.gov the idea of the project now had to have plan consistency more than be included by a plan.

Coinciding with the new CEDS requirements adopted in December 2014, SPC's CEDS has now become an implementation element of Mapping the Future. The Policy Goals of Mapping the Future were utilized for the CEDS "consistency". If you are a non-economic district participant looking to receive EDA funds, you would look to see if your project is consistent with those 16 policy statements listed in Mapping the Future". The Action Plan which is included in the draft CEDS is for use by SPC

and its partners in how it looks at implementing its plans and programs in terms of economic development. This change was precipitated by the Government Reporting and Performance Act (GRPA) because in the past every single project was drawn into the CEDS. In the GRPA, you have to say which projects moved and which ones didn't. They've now transitioned to this policy planning process where it's more about the policies and consistencies on the regional level than it is about the individual project.

The required sections under the new guidance are:

- Summary Background
- SWOT Analysis
- Strategic Direction/Action Plan: Built on the SWOT analysis and incorporate/integrate elements from other regional plans (e.g., land use and transportation, workforce development, etc.)
- Evaluation Framework: Performance measures used to evaluate the organization's implementation of the CEDS and impact on the regional economy
- Must incorporate the concept of economic resilience

Summary Background
(Mapping the Future)

- Demographics/Socioeconomic: Mapping the Future Section 4
- Environmental: Mapping the Future Section 4
- Infrastructure: Mapping the Future Section 4
- Relationship Area's Economy To That Of a Larger Region: Mapping the Future Section 4

Summary Background
(Supplemental)

- Business Environment
 - National Economic Rankings
 - Regional Exports
 - Business Diversity
 - Workforce Participation
 - Food Processing and Manufacturing
 - Impact of the Collapse of the Coal Industry
- Emerging/Declining Clusters or Sectors
- Sources: PA Dept. of Labor and Industry, EDA's US Cluster Mapping Website, & work done previously by the Allegheny Conference. Because of our plan in Mapping the Future says in one of its 16 policy statements we will support the emerging industry clusters, so we work with others to help identify those industry clusters. It's important to know that it's emerging and declining:
 - Advanced manufacturing
 - Healthcare and life sciences
 - Energy
 - Information technology
 - Financial and business services
 - Mining/Coal (declining cluster)
- Workforce
 - Employment Trends by Industry Sector
 - Current Employment

- Employment Projections
- Unemployment Rates
- Workforce Training Programs
- High Priority Occupations (HPOs)

If you've been involved in economic development in the last 6 to 12 months or even 18 months, you'll understand the importance of the workforce and demographic change in southwestern Pennsylvania and its potential impact on the regional economy.

SWOT - Sources

- SWOT research and reports done on the region (Moody's, PNC, Wells-Fargo, HIS Global Insight)
- County planning efforts
- Allegheny Conference
- Regional Partner Meetings (SPC Regional Policy Advisory Committee, PREP, etc.)

Summary of SWOT – Strengths

- Strong regional partnerships for economic development
- Strong regional transportation network
- Strong location in the Northeast
- Abundant water supply
- Natural resources
- Cultural and recreational amenities with professional sports
- Major healthcare companies
- Education and research institutions
- Diverse economy
- Work ethic

Summary of SWOT – Weaknesses

- Roads, bridges
- Lack of broadband in rural areas
- Lack of rail-served industrial sites, and sewer/water
- Too many units of government
- Under-funded government pension programs
- Cohesive economic development/workforce development system
- An aging population
- Lack of diversity
- Low national rankings for start-up businesses

Summary of SWOT – Opportunities

- Shale gas development
- Construction of the Shell cracker plant
- Downstream opportunities for industrial development, potential for petro-chemical development
- Development of brownfields using existing rail access
- Regional presence in medicine, education, research and the potential for technology development
- Engage more young people, develop more smart leadership and innovative projects

Summary of SWOT – Threats

- The collapse of the coal industry and its impact on local communities
- Conditions on the river network's locks and dams impact the economy and recreation
- A slowdown in the Marcellus Shale industry and environmental regulations from DEP and EPA were cited as threatening the region
- Workforce: Demographics

Regional Challenges

- The region gets low rankings for helping small businesses and entrepreneurs (tax structure)
- Low business formation rates (lower than the national average for MSA in a region this size)
- The slowdown in the metals industry leading to job losses
- Evolution of manufacturing
- Collapse of the coal industry and impact in the region
- Workforce: Demographics

Policy Goals (these are the 16 Policy Statements)

- Regional Places
 - Revitalization and redevelopment of the region's existing communities is a priority.
 - Investment in infrastructure improvements will be coordinated and targeted at the corridor level to optimize the impact of the investment.
 - The region will focus on the identification and development of industrial sites with special attention given to well-situated brownfield locations.
- Regional Connections
 - Maintenance of the existing transportation system will be a regional priority.
 - Transportation and development choices will reflect a priority on safe and secure multimodal and intermodal networks for both people and goods.
 - The region's transportation system will be actively managed and operated to allow the system to function at its full potential.
 - The region's transit system will connect people with resources throughout the entire region.
 - The entire region will have access to broadband communications infrastructure.
 - The region's infrastructure system will be designed to protect and enhance public health and the environment.
- Regional Activities
 - The region will place a priority on business development with a focus on existing business retention and expansion.
 - The region will support initiatives designed to improve both the quality and quantity of the region's workforce to meet emerging industry demands.
 - The region will support identified strategic industry clusters.
 - The region will place a priority on programs and services to attract and retain a diverse population with a particular focus on young adults and immigrants.
 - The region will proactively support the emerging role of colleges and universities in economic development.
 - The region will preserve, promote and develop the tourism and hospitality industries by capitalizing on historic, cultural, recreational and ecological assets.
 - The region will preserve and develop its agricultural industry.

Prioritized Policy Goals

The 16 policy statements that the CEDS incorporates are prioritized by the CEDS Committee:

- Revitalization and redevelopment of the region's existing communities is a priority.
- The region will place a priority on business development with a focus on existing business retention and expansion.
- The region will support initiatives designed to improve both the quality and quantity of the region's workforce to meet emerging industry demands.
- The region will place a priority on programs and services to attract and retain a diverse population with a particular focus on young adults and immigrants.
- The region will support identified strategic industry clusters.

These 5 priorities are consistent with the SWOT Analysis.

Action Plan

What the Action Plan does is guide the Economic Development District in the development of its plans and programs and how it's going to implement its services and how it can support those activities of our regional partners.

- Revitalization and redevelopment of the region's existing communities is a priority
 - Community Assistance Program (CAP)
 - Local Technical Assistance Program (LTAP)
 - Keystone Opportunity Zone (KOZ) Assistance
 - Water Resources Program
 - Alliance for Transportation Working in Communities (ATWIC)
 - Transportation Alternatives Program (TAP)
 - Livability through Smart Transportation Program (SMART)
 - The EDD will also seek to actively support partners and regional efforts targeted at revitalization and redevelopment of existing communities. Examples include but are not limited to programs and efforts such as land banking, blight removal, urban redevelopment and community sustainability efforts.

What the CEDS is saying, is we will actively support those as an organization.

- The region will place a priority on business development with a focus on existing business retention and expansion.
 - Partnership for Regional Economic Performance (PREP) – Partners include SPC as the Local Development District, the 5 Small Business Development Centers in southwestern Pennsylvania, the Industrial Resource Center which is Catalyst Connection, and all of our economic development organizations.
 - Business Finance Assistance Program
 - Export Development Program
 - Government Procurement Assistance
 - The EDD will also seek to actively support partners and regional efforts targeted to assist in retention and expansion of existing businesses. Examples include but are not limited to market diversification and growth both foreign and domestic, operational improvements, and access to capital.
- The region will support initiatives designed to improve both the quality and quantity of the region's workforce to meet emerging industry demands.
 - Participate with newly formed WIB partnerships to enhance coordination between local boards

- Support regional talent attractions and retention initiatives
- Support regional initiatives to align regional occupational supply and demand
- The EDD will actively support efforts to work with targeted industry sectors that are significantly impacted by the collapse of the coal industry
- The region will support identified strategic industry clusters.
 - PREP
 - Continued support for and participation in the region’s Investing in Manufacturing Communities Partnership
 - Support regional initiatives that focus on:
 - advanced manufacturing
 - healthcare and life sciences
 - energy
 - information technology
 - financial and business services
- The region will place a priority on programs and services to attract and retain a diverse population with a particular focus on young adults and immigrants.
 - Support regional talent attractions and retention initiatives
 - Support regional and member efforts that are designed to address the demographic and workforce challenges

Evaluation Framework

- Mapping the Future Section 5 and Appendix A – These were adopted as performance measures. We included standard economic performance measures to be able to track, knowing we would be tracking performance measures for both the Long Range Transportation Plan and the CEDS.
 - Number of Jobs
 - Net Job Creation
 - Cost of Living Index
 - Age
 - Foreign Born Population
 - Educational Attainment

Resiliency

- Incorporates resiliency into its overall development
- Actions that directly impact the economic resiliency efforts of the region will be identified as such in the Action Plan
- Two major keys to the future economic resiliency of the region:

Mr. Villotti stated that when EDA tracked economic resiliency originally, it was a reaction to New Orleans, New Jersey and New York. The long-term impact on their economy took place in a natural disaster. You have that sort of resiliency need in southwestern Pennsylvania. We looked at it in terms of the changing demographics we talked about earlier and in terms of workforce change in demographics as it affects the long term economic volatility of the region as well as the volatility of the energy sector.

- Changing Demographics
- Volatility of the energy sector
- Steady-State Actions – Long Term (proactive) – start to get involved in those activities before something happens

- Responsive Actions – Short Term (reactive) – once something happens, how do you respond?

Resiliency – Steady State – Long Term

- Volatility of the Energy Industry
 - Partnership for Regional Economic Performance (PREP)
 - Continue to participate and support The Greater Pittsburgh Metals Manufacturing Community IMCP

Again this is building on the business diversification to help diversify our businesses so they're not focused on one particular industry sector such as energy.

- Changing Demographics
 - Support regional talent attractions and retention initiatives
 - Support regional and member efforts that are designed to address the demographic and workforce challenges

Resiliency – Responsive Actions – Short Term

- Volatility of the Energy Industry
 - Work with targeted industry sectors that are significantly impacted by the collapse of the coal industry
 - Supply Chain Diversification
 - Actively support partners and regional efforts targeted to assist in retention and expansion of existing businesses
- Changing Demographics
 - Participate with newly formed WIB partnerships to enhance coordination between local boards

Summary

- CEDS is an implementation element of Mapping the Future and was developed on that framework
- Supported by background data, other regional plans and initiatives, and SWOT analysis
- It places a priority on five key policy goals
- Developed an Action Plan based on those policy goals to help guide SPC and partner efforts
- Identifies two major shocks and stresses to the economic resiliency of the region expressed as volatility of the energy industry, and work force and demographics
- It is a living document that is evaluated every year for relevancy

Dr. Miller asked how many dollars are we talking about in terms of the CEDS program. Mr. Villotti said there are no program projects any more. Dr. Miller stated that in effect we have a plan that doesn't necessarily have a funding source associated with it? Mr. Villotti said the rule is that if you are an economic development region that is designated as an Economic Development District, and you are applying for EDA funds, your region must have an adopted and approved CEDS or similar equivalent. If not, you are no longer eligible to apply for those EDA funds. Our CEDS allows organizations in the region to apply for EDA funds. Dr. Miller then stated that with the implementation of the CEDS into Mapping the Future that sequentially what we are doing is developing a long range transportation plan first. Mr. Villotti disagreed. Mr. Miller commented that we're trying to get a better understanding of how our economic development strategies are then guiding our overall strategies such that is the economic development strategy agreeable to the transportation plan? Mr. Villotti said that Mapping the Future itself is not the Long Range Transportation Plan. Mapping the Future itself is the aggregate result of the 16 policy statements and

the vision of what the region will look like. Based upon that framework, both the Long Range Transportation Plan and the Comprehensive Economic Development Strategy are based out of that framework with the idea that they work together as synergy, understanding that they're both coming from the same set of policy statements, goals and strategies. Dr. Miller said thinking forward to our next Long Range Transportation Plan, how is the economic development program – Project Region, Mapping the Future – how are these going to fit together with our strategy relative towards the next big picture? Mr. Villotti said as we develop the Plan, we teamwork together. The good thing about both the Long Range Transportation Plan and particularly with the Comprehensive Economic Development Strategy is that it's reviewed every year for relevance. So, if we start to go off-track, we can come back and amend and adopt as needed. Chairman Anderson said this is a moving document and as it goes along we'll best decide on a regular basis to add or subtract to see what is working and what isn't working. Mr. Smith mentioned that we're currently reviewing the NCHRP which is a national research program. It just came out with a new series of publications which revolve around big issues such as freight, energy, demographics, climate, etc. Staff is working on reviewing all those documents and we'll meet here in the next couple of weeks to review all of those and start to think about what they tell us about where we need to go for our next planning process. It's more scenario planning.

Mr. Bricker said it was mentioned that an organization or municipality or county to get EDA funds, it has to be in the strategy. But in order to get those funds, does the application have to abide with the strategy or can the strategy exist separately from the application? Mr. Villotti said that prior to when it was an open ended invitation to apply for grants.gov, it was necessary that the project be in the CEDS before an Economic Development District comes together with a priority listing just like we did with an Appalachian Regional Commission list. Since the move to grants.gov, there is a checkbox that says "are you consistent with the Comprehensive Economic Development Strategy? Does your region have an adopted Comprehensive Economic Development Strategy and are you consistent with it?" So you can check those boxes. The majority of EDA projects that come before us that we are aware of, the local Economic Development Representative from EDA will contact us and ask us if it is consistent with our Comprehensive Economic Development Strategy. And on more than one occasion, they will ask for a consistency letter from SPC.

7. Action on Resolution 15-16 to Endorse PennDOT's Application for U. S. DOT FASTLANE Funding – Doug Smith

Mr. Smith said that back in March we talked about the FAST Act and in May a discretionary program at the federal level called FASTLANE which stands for Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies. This program sets aside money primarily for highway and freight projects. In the first year of the program, 2016, there was \$800M at the federal level for these projects. Back in March, the Commission endorsed the submission by PennDOT to go after some of that money for the Banksville Interchange project on the Parkway West. Unfortunately, there was a really huge demand for that funding at the federal level and Pennsylvania didn't get any funding from that first round. In the meantime, we have been expecting that the next round of this would come out in March/April 2017 and we have been working with PennDOT to develop a strategy on how to approach that. As we were doing that, we received notice that the next round of applications is open and due December 15th. Because of the overwhelming demand from the first round, they decided to expedite the second cycle. What they are recommending is a resubmission of the first round because there were a lot of good projects. We're working with PennDOT to revamp the application from the first round for the Banksville Interchange project. For this fiscal year, there is \$850M available at the federal level. Only 10% of that funding is for small

projects, and for the purposes of this program, a small project is anything under \$100M. We typically don't plan a lot of projects over \$100M because we don't usually have that much money to spend on a single project. If we have a project like that, like the work on I-70 right now that's over \$100M, we tend to carve it up into pieces over multiple projects because that's what we need to do to deliver it. The application PennDOT submitted in March requested \$30M toward the Parkway West project, but it qualified as a small project. There was only \$78M nationwide available for small projects and we were asking for \$30M, so it didn't really put us in a position to be successful. We're revamping that application, packaging a number of improvements along the Parkway West including Banksville, Carnegie and Green Tree interchange improvements together. These may be delivered as separate projects, but in terms of a grant application it comes across as a bigger project to get us over the \$100M range which hopefully will put us in a better position to secure some of that funding.

A motion was made to approve Resolution 15-16 by Ms. Heckman which was seconded by Ms. Molchany. The affirmative vote was unanimous.

8. Action on Resolution 16-16 to Approve and Endorse the Region's Priority Listing and Submission of Critical Urban and Critical Rural Freight Corridors – Doug Smith

Mr. Smith reported that one of the priorities of the FAST Act is a new focus on freight. The FASTLANE program that we just talked about is a discretionary program focused on freight at the federal level, but there is also another program called the National Highway Freight Program which is money allocated to the states for freight projects. One requirement of the FAST Act, is for USDOT to establish a National Multimodal Freight Network (NMFN). We've been asked to nominate corridors in our region for designation as critical urban and critical rural freight corridors. The way this fits together is at the top there is this National Multimodal Freight Network (NMFN) that is required by the federal law. A big piece of that is the bulk of the interstate system. That's the National Highway Freight Network (NHFN). You've also got ports and railroads that make up the multimodal aspect of it. There are some sections on the interstate that aren't part of the primary network, but they are included as a separate piece of the NHFN. and Then there are these critical urban and critical rural connections.

We've been asked to prioritize additional corridors, to add to this network as critical regional freight corridor. The difficult part is there are statutory limits on how much we can add to the network. In Pennsylvania, the limitations are 282.53 miles for critical rural and 141.26 miles for critical urban. If you assume that SPC is about 25% of the state, you take 25% of those numbers and you can see it's not a lot that we can add to these networks. Over the past month or two we have worked with the Districts and member planning departments to look at the regional freight plan that we recently completed and use that as a base point for how we identify what the right corridors are. When we looked at that we recognized that the bulk of our industries are still along the river valleys. So the question really becomes, how do we better connect those river valleys where the industry is to the interstate network? That was the focus of the work that we've done with our planning partners. We've come up with a list of corridors that we would like to submit to PennDOT Central Office for consideration:

Proposed CUFC

- SR 51/McKees Rocks Bridge, ALCO
- SR 28 to I-76 Harmar Connection, ALCO
- SR 18/151/51 Shell Routing, BECO
- I-579 Access, City of Pittsburgh

- SR 519, WACO (Rural/Urban)
- SR 422, Mt. Chestnut Area, BUCO
- SR 119, Mt. Pleasant to SR 30, WECO
- SR 18, Monaca to I-376, BECO
- SR 88, Mon Valley Access, WACO
- SR 88, Mon Valley Extended Access, WACO
- SR 60, Crafton Industrial Park to I-79, ALCO
- SR 19/528, Jackson's Pointe, BUCO

Proposed CRFC

- SR 422 in Armstrong and Indiana Counties
 - 19 mile gap between two 4-lane highway segments
 - 1,600 trucks per day
 - Portions on TIP for 2019
- SR 519 near Houston, Washington County
 - Combined Urban (1.4 miles) and Rural (2.7 miles)

A motion was made to approve Resolution 16-16 by Commissioner Boozel which was seconded by Mr. Junko. The affirmative vote was unanimous.

9. Action on Resolution 17-16 to Revise the Urbanized Area Boundary in Washington County – Doug Smith

Mr. Smith reported on a request for adjustment to the region's urbanized area boundary. Every 10 years when the Census comes out one of the things that we do is look at the urbanized area boundaries and we are given the opportunity to make adjustments based on what we know about development and growth in the region and where we anticipate growth to occur. There is also a process in place to make adjustments to those boundaries in between Census cycles. We have a request from Washington County to make an adjustment to the urban boundary and to submit that to PennDOT and FHWA for approval. The primary impact of the urban/rural designation is that it dictates the design criteria used on roadway projects. If a roadway falls within the urban boundary, then it's designed to urban design criteria and if it falls in a rural area it's designed to rural design criteria. In terms of lane width and shoulder width and things like that it dictates those design criteria. This particular adjustment is in an area east of Washington in South Strabane Township near the south junction of Interstates 70 and 79 and has been identified as a targeted growth area by the Township and the County. Based on the Comprehensive Plan in Washington County and also in South Strabane Township, they would like to adjust that urban boundary to move it out to 519, which is more appropriate based on the plans that they have in the county.

Dr. Miller asked how does this urbanized definition compare to the MPO definition of urbanized space? Mr. Smith said there are different definitions for different purposes. This particular urban boundary is through FHWA, so the purpose of this is strictly for the design criteria. Dr. Miller then asked why Washington County wants to be considered here even though that's going to increase basically the cost of all construction? Mr. Smith said it won't necessarily increase the cost, it could actually decrease the cost because designing to urban standards may give you the ability to narrow the lane widths and shoulder widths so you could end up actually saving money by designing to the urban criteria.

Ms. Geyer asked if there had to be a population shift to the area to designate it urban versus suburban or rural? Mr. Smith said there doesn't have to be. When the Census data comes to us, it's based on population density and one of the reasons they ask us to smooth out the boundaries is because sometimes when you map things based strictly on population density, you don't necessarily catch all those areas that we know as urban. If you have something like an airport or a shopping mall for instance, it may not show up as urban because nobody lives there, but we know that it's part of the urban area. So they give us the flexibility to make adjustments like that. Part of it, too, is to be looking out over the next 10 years to identify areas where growth is expected to occur, so they give you the ability to make adjustments based on that. Mr. Smith said this request from Washington County is based on the planning that they've done.

A motion was made to approve Resolution 17-16 by Commissioner Zimmerman which was seconded by Mr. Silvestri. The affirmative vote was unanimous. Mr. Junko abstained.

10. Committee Reports

None

Commissioner Anderson mentioned that at the earlier Executive Committee meeting they had a briefing from Buchanan Ingersoll Rooney (BIR). They had a lot of information given the handicap in the last election, about who is sitting in what seats in the legislatures in Washington. We talked about Representative Shuster who is again going to be the Chairman of the Transportation Committee. BIR will be arranging a meeting for the Executive Committee to meet with legislators to make our case for transportation needs in our region.

11. Other Business/Announcements – Jim Hassinger

Dr. Hassinger said the Corporation has a contract with Buchanan Ingersoll Rooney, and their first visit was with the Board/Executive Committee earlier today. They'll be working with staff and talking about advancing priorities at the state level. Our engagement is primarily focused on items at the state level and they'll work with us particularly in terms of funding opportunities.

Dr. Hassinger mentioned that the public comment period will open on Wednesday and the CEDS will be available online for roughly 40 days until January 17th. Then we'll request approval to submit the Plan to EDA at the Commission meeting on January 30th.

Dr. Hassinger also announced that immediately following adjournment of this meeting we will go into the Annual Meeting of the Corporation Members. Members of the Corporation are all voting members of the Commission. They will meet to elect the Board of the Corporation. Following that meeting, the new Board of Directors will meet briefly to elect Officers.

Next Meeting Date – January 30, 2017

12. New Business – None

13. Adjourn

A motion was made to adjourn the meeting by Ms. Heckman which was seconded by Mr. Boozel. The affirmative vote was unanimous. There being no further business to come before the Commission, the meeting adjourned at 5:30 p.m.

Respectfully Submitted

Rich Fitzgerald
Secretary-Treasurer