

Southwestern Pennsylvania Commission
Minutes of the Meeting of
December 14, 2009 – 4:30 p.m.
31st Floor • Regional Enterprise Tower • 425 Sixth Avenue • Pittsburgh, PA 15219

The eightieth meeting of the Southwestern Pennsylvania Commission was called to order by Vice Chairman Charles Camp.

Commission members present were: Tom Balya, Shirl Barnhart, Steve Bland, Andrew Boni, Bracken Burns, Charles Camp, Tom Ceraso, Daniel Cessna, Dave Coder, Steve Craig, Terry Daughenbaugh, Richard Fink, Kevin Gray, Jessica Greathouse, Lynn Heckman, Dave Johnston, John Paul Jones, Jim Kennedy, Robert Macey, Jack Machek, Kevin McCullough, David Miller, Mary Jo Morandini, Dale Pinkerton, Bill Piper, Carmen Rozzi, Jim Scahill, Mark Schneider, Kelly Shroads, Michael Silvestri, Pam Snyder, Joe Spanik, Anthony Spossey, Wendy Stern, Vincent Vicites, Gealy Wallwork, and Norma Wintermyer.

Commission members absent were: Tony Amadio, Rick DeBlasio, Joseph Dubovi, Karl Eisaman, Patricia Evanko, David Frick, Jim Gagliano, Jr., Dana Henry, Donald Kinosz, Patricia Kirkpatrick, James Lokhaiser, Larry Maggi, Robbie Matesic, Dan Onorato, William Peduto, Luke Ravenstahl, James Ritzman, Rod Ruddock, Robert Schiffbauer, Richard Shaw, Renee Sigel, Mark Snyder, Byron Stauffer, Jr., Rob Stephany, Joe Szczur, Letitia Thompson, Daniel Vogler, Jake Wheatley, Angela Zimmerlink, and Yarone Zober.

Staff: Kirk Brethauer, Chuck DiPietro, Linda Duffy, Chuck Imbrogno, Tom Klevan, Vince Massaro, Marge Nalesnick, Shannon O'Connell, Matt Pavlosky, Kay Tomko, Debbie Tritsch, and Sara Walfoort.

Others: Karen Rollins Fitch, Representative Jake Wheatley's Office; Michelle Hoke, and Karen McCarthy, Maher Duessel; Jon Smith, Allegheny County Transit Council; and John Verbanac, SPC Consultant.

1. Action on Minutes of the October 26th Meeting

A motion was made to approve the minutes of the October 26, 2009 meeting of the Southwestern Pennsylvania Commission by Commissioner Ceraso which was seconded by Commissioner Scahill. The affirmative vote to approve the minutes was unanimous.

2. Public Comment

None.

3. Financial Report

Mr. Massaro reported that the financial report reflects the operations of the Corporation, the Commission, and the Regional Enterprise Tower and is for the period July 1, 2009 to October 31, 2009 which reflects 33% of the fiscal year completed.

With 33% of the fiscal year completed, total revenues recognized and recorded to date, including encumbrances, are \$3,820,388 vs the annual budget of \$12,438,058 or 30.72% of the budget utilized. The anticipated revenues and expenditures at this time are as expected. All program grant funding is in place at this time and there haven't been any payment delays in our grant requests. As for the Carry-over Project Related Revenues, Mr. Massaro reported that recognized and recorded revenues to date, including encumbrances, are \$107,608 vs the annual budget of \$183,800 or 58.55 % of the budget utilized for the

reporting period. The carry-over projects include the Truck Parking Study and the West Busway TOD Study both of which are due to be completed by June 30, 2010.

Revenues relating to the operations of the RET through October 31, 2009 total \$1,671,162 vs the annual budget of \$5,071,115 or 32.95% of the budget. As of October 2009, the building tenant occupancy is at 81.11% compared to 87% this time last year. With the reduction in tenant occupancy over last year, building management continues to watch expenditures closely.

Budgeted revenues for the fiscal year remain sufficient to cover budgeted operating expenditures; Cash Flow remains positive at this time but limited. Building management has been notified that at least one core tenant (VisitPittsburgh) will not be renewing their lease after August 2010 and will be vacating their space on the 29th and 30th floor. This tenant accounts for 4.6% of the rentable space in the building. In addition, there is a second core tenant (Allegheny Conference on Community Development) with a September 2010 lease expiration that has issued an RFP for office space. The building leasing agent has responded with a lease proposal and discussions continue on renewing this tenant. This tenant accounts for approx 8% of the rentable space in the building. Together, these two tenants account for 12.4% of the rentable space in the building.

Next, Mr. Massaro reported on the Project Related Expenditures stating that recorded and encumbered to date are \$3,828,196 vs the annual budget of \$12,443,858 or 30.76% of the annual budget. Project expenditures are proceeding as budgeted. The BREP (Business Retention Expansion Program) contracts for the business calling end of the program are due to be in place by the end of January 2010. The Traffic Signal Design/Services project, that is, the SINC and SINCUP projects are proceeding with a number of agreements in place with various local municipalities.

Total Carry-Over Project Related Expenditures recorded and encumbered to date are \$100,000 vs the annual budget of \$178,000 or 56.18% of the budget. As mentioned earlier, the Carry-Over projects include the Truck Parking Study and the West Busway TOD Study. Expenses related to the operations of the RET before depreciation and amortization expense are \$1,531,909 vs the annual budget of \$5,071,115 or 30.21% of the budget.

4. Audit Report – Presentation and Discussion of 2008-2009 Annual Audit Report by Maher Duessel, CPAs

Mr. Massaro mentioned that the Audit Report was also presented to the Corporation Board.

Karen McCarthy of Maher Duessel gave highlights of the audit report package that was distributed. One is a letter which talks about required communication from the auditor to the SPC Board. The Single Audit for SPC and a smaller document that is a Primary Government Only Financial Statement.

She talked about the required communication stating that Maher Duessel is responsible to do taxing transactions towards the audit, and the financial statements are management's responsibility. We do not give absolute assurance on the financial results. Significant Accounting Policies outlined in the financial statement had no new accounting policies adopted during this fiscal year. Accounting Estimates had no particular weak estimates in the financial statements. Disclosures to the financial statements outlined in this letter deal with some disclosure related loan receivable, capital assets, debt, contingencies, and results of the operations of the Regional Enterprise Tower. There were no difficulties in performing the audit with full cooperation from management. All inquiries were met with full disclosure and all books and records were kept in good order.

In the Single Audit report for SPC she said they do what is called a yellow book opinion, which is based on government auditing standards. There were no findings in the yellow book opinion or in the major programming A1-33 opinion. Both opinions are clean with no findings of questions cost related to any

testing that we did.

There was no management letter issued this year.

Commissioner Camp mentioned that the Regional Enterprise Tower is leased primarily to government organizations and non-profits. However, two tenants of significant size, VisitPittsburgh and Allegheny Conference, could be moving out to take advantage of very competitive offers in a market with a lot of vacant space. Commissioner Camp said we were having discussions with them about the mission of the building, their leases and their requested upgrades and discounts now for months, but if they saw a cheaper deal down the street, they probably would be leaving us to take advantage of that. As you know we are oriented toward non-profits and this is a very bad year for all of us. The building is a regional resource mainly for non-profits but it still pays taxes and maintains a very tight budget. The building market value is really too low compared to mortgage obligations at the moment and it is difficult to compete with some of the offers in a market like this as a non-profit. In another year or so this problem could be more serious if they leave and aren't replaced. It is a non-recourse mortgage but we are currently looking at the contingencies.

5. Present TIP Webinar Video

Mr. DiPietro introduced a TIP video narrated and produced by SPC staff members Matt Pavlosky and Tom Straw, respectively. The video was well received by the commission members.

6. TIP Update Status Report

Mr. DiPietro presented a brief Power Point presentation of recent TIP update activity. Highlights of the presentation include:

1. Public Outreach

- November 9 – TIP Webinar
- PPP Education/Process Meetings
 - November 13 – Lawrence County
 - November 16 – Washington County
 - November 17 – Westmoreland County
 - December 3 – Armstrong County

2. SPC Regional Overview Presentation

- November 5 to State Transportation Commission Public Hearing
- November 24 to NAIOP Membership
- Presentation Outline
 - Roadway & Bridge Maintenance Needs
 - Transit Systems Needs
 - Needs vs. Revenues
 - Multimodal Needs
 - Competing Demands
 - Regional Planning & Project Prioritization
 - Local Roads & Bridges
 - Fundamental Issues

3. Transit Work Sessions

- With Each TOC Member Transit Property
 - Respond to schedule deadlines

Provide financial guidance
Update project listing/detail
Detail project phases by FFY
Assemble project narratives
Develop Preliminary Draft TIP by December 31st Deadline

4. Round 2 District Work Sessions

- With SPC member planning departments
Advance preliminary draft TIP
Refine project costs and schedules
Move to fiscal balance overall and by year
Review county/local priorities
- November 16 (AM) – District 12-0
- November 16 (PM) – District 10-0
- November 17 – District 11-0

5. Round 3 District Work Sessions

- With SPC member planning departments
Refine preliminary draft TIP
Begin to blend CMAQ Evaluation Committee recommendations
Review county/local priorities
Refine balance by FFY and by funding category
Check vs. % infrastructure and % SD bridges guidance
- December 8 – District 11-0
- December 9 – District 10-0
- December 15 – District 12-0

6. Summary of Preliminary Draft 2011-2014 TIP – Bridges Plus Roadway Capital Maintenance

7. Westmoreland County Priority Projects Under Continued Discussion

- Harrison City/Export Road
- Slickville Road
- Beatty Road Bridge
- Baldridge Bridge
- SR 981 – Kennametal to Westmoreland Airpark
- Local Bridge Line Items
- Safety Projects

8. CMAQ Evaluation Committee Status Report

- 23 members
- October 9, October 29, November 10, November 23, and December 7 Work Sessions
- 53 applications received @ \$142.2 Million
- Technical evaluations completed
- 32 carryover projects
- After December 10 TTC Concurrence, Status Report today to SPC Executive Committee

9. TIP Update Key Dates

- By December 31 – SPC Preliminary Draft TIP due to Central Office
- By Late January – Central Office visits to each District, statewide
- By February 13 – Central Office response to Preliminary Draft (including “spike” decisions)
- Mid February - Round 4 District Work Sessions – revisit Preliminary Draft per Central Office response
- By March 1 – closure with Central Office on Draft TIP, statewide

7. Other Business/Announcements

Next Meeting Date – January 25, 2010

Dr. Hassinger announced the Commissioners Annual Retreat would be held at Nemaquin Woodlands on February 18 and 19, 2010.

8. Adjourn

There being no further business to come before the Commission, the meeting adjourned at 5:30 p.m.

Respectfully submitted,

Rodney Ruddock
Secretary-Treasurer