

# **Allegheny County Council**

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## **Committee Meeting Minutes**

**Tuesday, August 15, 2006**

**4:00 PM**

**Conference Room 1**

## **Committee on Budget and Finance**

*William Russell Robinson, Chair; Jim Burn, Susan Caldwell, Joan Cleary, Matt Drozd, Mike Finnerty, Brenda Frazier, Vince Gastgeb, and Rich Nerone*

**I. Call to Order**

**Summary:** *Meeting was called to order at 4:00 p.m.*

**Invited Guests:**

**Jim Flynn, County Manager or Designee**  
**Amy Griser, Director, Budget & Finance**  
**Derek Uber, Assistant County Manager**  
**Stephen G. Bland, Chief Executive Officer**

**John A. Brooks, Chairman of the Board**  
**Joel Lennen, General Counsel**

**Summary:** *Invited Guests Present: Mr. Uber; John Brooks, Chairman of the Port Authority Board; Mr. Stephen Bland, CEO of the Port Authority; Mr. Joel Lennen, Port Authority General Counsel*

*Recognized Attendees: Pete Schepis and Guy Tumolo, Dept. of Finance*

*Council Staff Present: Joe Catanese, John Mascio, Jennifer Liptak, Jared Barker, Stephanie Buka*

**II. Roll Call**

**Summary:** *Non-Committee Council Members Present: John P. DeFazio*

*Ex-Officio Member Present: Rich Fitzgerald*

**Roll Call:** Present: Susan Caldwell, Joan Cleary, Michael Finnerty, Brenda Frazier, Vince Gastgeb, Rich Nerone, and Chair William Robinson  
Absent: Jim Burn  
Phone: Matt Drozd

**III. Approval of Minutes**

**2712-06** Motion to approve the Minutes of the June 27, 2006 Budget & Finance Committee Meeting.

**Action:** **A motion was made by Finnerty, seconded by Caldwell, that this matter be Passed. The motion carried by the following vote:**

**Votes:** Yes: 7 - Caldwell, Drozd, Finnerty, Frazier, Gastgeb, Nerone and Chair Robinson  
Abstain: 1 - Cleary  
Absent: 1 - Burn

**IV. Agenda Items****Resolutions**

**2487-06** A Resolution of the County of Allegheny, Commonwealth of Pennsylvania, setting forth County policy regarding the construction of a tunnel, commonly known as the North Shore Connector project.

**Sponsors:** Matt Drozd

**Summary:**

Chairman Robinson read a letter dated July 13, 2006 that he sent to Mr. Brooks of the Port Authority. The letter read as follows:

*Dear Chairman Brooks,*

*Currently, there is a Resolution (attached hereto) in the Committee on Budget and Finance setting forth County policy regarding the construction of the North Shore Connector project. Specifically, this bill addresses the potential negative financial impact the County may face if this project comes to fruition.*

*In addition, on July 12, 2006, Council passed a Motion (attached hereto) urging the Port Authority to vote against the North Shore Connector Project if the final project does not include both the Convention Center Line and Community College of Allegheny County (CCAC), or if the project cost exceeds \$381 million. The motion also requested further information from the Port Authority regarding the North Shore Connector Project.*

*With that, I ask that you, along with the Port Authority Executive Director and Solicitor, appear before the Budget and Finance Committee to address the concerns of this Council on August 15, 2006, at 4 p.m. in Conference Room 1 of the Allegheny County Courthouse. In addition, I ask that you bring with you any documentation the Port Authority may have that commits the County to fund this project. I ask that you submit this documentation to my attention in advance of the meeting no later than August 11, 2006.*

*I thank you for your cooperation. If you have any questions, please feel free to contact me at (412) 350-6570.*

*Robinson said he is not in receipt of any information from Mr. Brooks.*

*Chairman Robinson asked Mr. Bland if he brought any documentation that was requested in the letter and Mr. Bland said that he was not aware of it.*

*The Chair told Mr. Drozd that the representatives from the Port Authority did not bring any documentation with them concerning whether or not the County is committed to support this project.*

*Robinson asked Mr. Bland if there was any documentation stating that the County has committed funds to this project. Mr. Bland said that he was not aware of any such documentation.*

*Chairman Robinson said the first question asks if you could describe the local match requirement. Mr. Bland said a 20% share of non-federal dollars is expected.*

*Chairman Robinson said the second question is as follows: If this project is under review which ends on September 6th with construction scheduled to begin this fall, does this mean that the Port Authority is committed to fund the project? Mr. Bland responded in the affirmative, but said there is not a requirement to fund the entire project.*

*Robinson asked how much the Port Authority expects the non-federal match to total. Mr. Bland distributed an outline of budget and funding sources for the full project attached to a letter dated June 7, 2006 addressed to Executive Director James Hassinger of the Southwestern Pennsylvania Commission, related to North Shore Connector funding.*

*Councilwoman Frazier said that she has only received negative comments about the project from her constituents and asked Mr. Bland if he could provide the positive things about the project.*

*Mr. Bland said the rail system is an easy, accessible way into downtown and the South Hills. He added that a number of jobs will be created for the local workforce. He said the decision to move ahead with the project had been decided quite awhile ago and that the July 12th Board decision was just the approval of the first contract. He mentioned that this work would help DBE's. He said upon final build out the additional ridership is expected to be about 4.5 million people per year, with 12% of ridership coming from special events.*

*Councilwoman Frazier said that Mr. Bland was referring to the North Shore, but asked him about how it would serve the residents of the North Side. She said Mr. Bland was speaking about the future and construction being done in phases, but she wanted to know when the benefits would reach the North Side residents? In terms of economically, jobs and a better quality of life?*

*Mr. Bland said the benefits include easier access to the rest of the rail system, it will shorten overall trips by connecting the rail system, and in the federal ranking system it ranked very high for future development and extension.*

*Councilwoman Frazier asked about the stations and which station will be the first to undergo construction.*

*Mr. Bland said the plan is to begin work on the station across from the Carnegie Science Center, but there are no plans in place for the extension to the Pittsburgh International Airport at this time.*

*Councilwoman Frazier asked whether or not the line would connect to the West Penn Allegheny Health System, Allegheny General Hospital. Mr. Bland responded in the negative.*

*Chairman Robinson said that we should not lose sight of the fact that Mr. Bland will need to appear before the Budget & Finance Committee during the usual, annual capital budget process to request funds from the County.*

*Councilman Gastgeb asked about the accuracy of the numbers on the handout provided and whether the County would be responsible for 7 million.*

*Mr. Bland said to be technically correct it's called non-federal money. Councilman Gastgeb said he added the numbers so that the County would be contributing a total of \$14.5 million based on a project budget of \$435 million.*

*Mr. Bland said yes, Mr. Gastgeb's math is correct. Mr. Gastgeb asked whether or not there was anything to compel Council to provide such funds. Mr. Bland said there is nothing in writing about a commitment of County funds. Mr. Lennen said that this project has been going on for at least 10 years, and it's not the first time the Authority ever asked the County for assistance. Councilman Gastgeb understood but said Council never knew the payment parameters until now.*

*Councilman Gastgeb asked how public transportation performed during the All-Star Game and said if it performed satisfactorily, why change it?*

*Mr. Bland said the Authority performed well, however, with the North Shore Connector they could stage more vehicles and it would double their capacity to move people. One vehicle at S. Hills Junction and another at the Carnegie Science Center would handle the crowd more efficiently. People did have to wait on the Wood Street platform and so the North Shore Connector would help alleviate crowds.*

*Chairman Robinson said that Council should focus on the money. Over the last 2 years the County has provided 3.5 million in 2005-2006 in capital money with no attached requirements to that money, so the Authority may have spent money on this project that we're not aware of. In their budget presentation last year they accepted both criticism and support and they anticipated 80% of the total cost coming from the federal government. There is a great concern whether the amount they are anticipating is what we can provide, so during the budget presentation they can proceed accordingly.*

*Ms. Liptak said that Chairman Robinson requested information for the budget process and the Authority provided information and projected funding for the North Shore Connector project from 2006 to 2011 and this information was provided to all Council Members. She said roughly \$14 million is anticipated from 2006-2011. Chairman Robinson stated that thus far they are anticipating \$14 million dollars from the County for this project.*

*Councilwoman Caldwell asked Mr. Bland the following: This project seems to keep evolving and what is the impact of all of these changes?*

*Mr. Bland said the budget increased to \$435 million as a grand total so they revisited the project and removed the Convention Center Line due to rising costs, however, at the execution of the Full Funding Grant Agreement there will not be any additional changes.*

*Chairman Robinson said the Committee Members should keep in mind that the Authority chose to proceed with this project even though County Council passed a Resolution against the project.*

*Mr. Bland brought visuals and showed them to Council. He said the first contract awarded will work on Gateway Station then to an underground station adjacent to the SEA parking garage, then to Allegheny Station, next to the Carnegie Science Center. A later contract will remodel the Gateway Station.*

*Councilwoman Caldwell asked about the number of stations and Mr. Bland said there will be two brand new stations and a replacement of Gateway Station with a more*

*modern station.*

*Councilwoman Cleary said that a frequent criticism she hears from constituents is that they want the money to go towards other projects and she asked Mr. Bland whether this was an option.*

*Mr. Bland said no, that is not an option. He said New Starts funding is designated by law for new fixed guideway transit projects. He said they cannot use this money for bridges, etc. The Fixed Guideway Modernization Program Funds are formula funds that the Authority receives on an annual basis for maintaining the rail system and they're using this money for the update of Gateway Station, so in theory we could reallocate that money to a rail project, but not for buses, bridges, etc. Federal Flex funding has historically been used for congestion relief types of projects, and the majority of State funding, called "spike" funding, are allocations for large statewide projects, they are targeted towards high dollar projects.*

*Mr. Bland mentioned that the federal government in review of providing New Starts funding, considered the non-federal funding as weak. We are only one of five agencies that received New Start funding.*

*Councilwoman Cleary asked whether there were any other sources that could be tapped into for funding.*

*Mr. Bland said the federal contract requirement says it must be non-federal, but it doesn't specify whether that be from County funds, so there is not an expectation of going to the City of Pittsburgh or a Redevelopment Authority or SEA for those funds.*

*Councilman DeFazio said this is a \$400 million dollar project that we may lose and those funds would go to Denver or another city and we'll risk losing future funding. He said new projects will only get 50% federal funding, not the 80% funding which the Authority has secured.*

*Mr. Bland said he spoke to a lot of people at the federal level regarding this. He asked them if they lost the project, if they would be required to repay the federal monies. They told him that they look at the merits of the individual project on a case-by-case basis. Mr. Bland said that if the Authority tries to get money for a large-scale project after losing the North Shore Connector project, the question the federal government will ask is this: what has changed in the local government to make sure this will not happen again? So realistically, Mr. Bland said the federal government would probably pass us on future federal monies.*

*Port Authority Chairman Brooks said part to the original concept was to get to the Airport.*

*Councilman Drozd stated that the County cannot afford this tunnel, that it's not just \$14 million dollars, there's an additional \$7 million coming from the state, and it's a disservice to our residents when our bridges and roadways are in need of repair. The Governor is telling us that we don't have funds. He said he was disappointed with the Authority's response. He added that the return on those dollars is very low, stating that this is not what economic development is about, and the project will only create*

temporary jobs. He said one of the Port Authority's Board Members mentioned that this agency is close to bankruptcy, so who will maintain this tunnel in the long run? Mr. Drozd asked them to consider the Big Dig in Boston, which killed one person. He said their vision leaves a lot to be desired and wanted to know where the monies will come from for long-time maintenance.

Mr. Bland said the primary cost of operation is the cost of circulating air since it's a subterranean tunnel. He said the depreciation of a tunnel is longer than for a bridge, but the operation of a rail system is a large cost, about 5% in addition to our track mileage that we service, the total operating budget has 16% dedicated to rail operations, so this is the magnitude of maintenance costs. He added that this expense doesn't begin until the system opens and that if the Authority has not resolved their ongoing financial issues then the project is the least of their worries.

Councilman Drozd said the project has been worked and reworked and Mr. Bland shouldn't be giving expectations, or estimates of what operation costs would be, stating that there's a lot to question and we're at risk.

President Fitzgerald recommended bringing these Authority executives back for more discussion. He said one of the problems with this project is the public's lack of confidence in it, because they haven't had a good explanation about the funding. Fitzgerald said that perhaps they could help Council Members with instilling confidence in the public and asked whether there were other opportunities or alternative sources.

Councilman Drozd stated that this is an extravagance the County cannot afford.

Councilman Robinson asked Councilman Drozd (via teleconference) if he would like to physically be present in order to meet face to face with these individuals. Councilman Drozd responded in the negative and said he has no further questions for Mr. Bland, Mr. Brooks and Mr. Lennen.

Chairman Robinson asked to take a vote on the bill. Councilman Drozd made a motion but Councilman Gastgeb had a point of order, suggesting that since Councilman Drozd did not have the piece of legislation in front of him for review, that perhaps the bill should be held in committee.

Councilman Drozd withdrew his motion.

Councilman Drozd said he wanted to note that he met with Mr. Bland and thinks the Port Authority Board made a good decision in hiring him and that he has no disagreements against him, just with this project.

**Action:** Held in Committee

**2682-06**

A Resolution of the County of Allegheny amending the Grants and Special Accounts Budget for 2006 (Submission #07-06).

**Sponsors:** Chief Executive

**Summary:** Budget Director Ms. Liptak gave a summary of the bill and said that everything seems to be in order.

*Councilwoman Cleary asked Mr. Tumolo to explain the Heinz Endowment Fiscal & Operational Analysis project in the Controller's Department. He said it is for investment advice in an attempt to increase revenues without increasing taxes. She asked him if the City of Pittsburgh would be contributing to the grant match amount. He said he could not address this.*

*Chairman Robinson asked if someone from the administration could address this issue. Mr. Tumolo said that the City's involvement is wishful thinking but not a condition of the grant and he doesn't think there is any Agreement between the County and City regarding this grant.*

*President Fitzgerald said that the foundation community is encouraging the City to become involved in this planning.*

*Chairman Robinson said he was reluctant to allow loose language in the legislation and would like to hold the bill until it is re-phrased so that we clearly know who we are doing business with. He added that we need clarification from the Administration as to whether or not it is their intent to engage in some kind of business agreement with the City of Pittsburgh.*

*Mr. Tumolo recommended approving the bill because the Heinz Endowment could change their minds, although he agreed with the Chair and felt the language could be clearer.*

*Chairman Robinson said one option is to have this Committee amend the attachment and remove any references to the City. He reiterated the fact that Council needs to know the Administration's intent regarding the City of Pittsburgh's involvement.*

*The Chair said that he would like Ms. Liptak and Mr. Tumolo to work together, while the Administration could examine this legislation to see what the role of the City could be and to shape an amendment to the bill. Afterwards, Councilwoman Frazier could offer the amendment on the floor at the August 22, 2006 Regular Meeting of Council. Councilwoman Frazier and President Fitzgerald agreed to that option and Councilman Finnerty said he sees no reason to hold the bill in committee.*

*Chairman Robinson said he would like to approve the bill in committee so that it will be on the agenda for August 22, 2006, then have Ms. Liptak and Mr. Tumolo and the Administration meet to shape an amendment to assure this Council exactly what the intent of the bill is with regard to the City of Pittsburgh's involvement.*

*Councilman Gastgeb said he would like to hold the entire bill in committee.*

*The Chair said he wants to make sure that there will be someone at the August 22nd meeting that could speak authoritatively on this bill and have the option of amending the bill at that time, rather than holding the bill, which would delay the other items included in the bill.*

*Mr. Tumolo said that even if the City of Pittsburgh is not involved it is still a good bill for the County.*

*Councilwoman Cleary suggested that they move the bill forward with no recommendation. President Fitzgerald agreed with Councilwoman Cleary and Chairman Robinson.*

**Action:** A motion was made by Finnerty, seconded by Frazier, that this matter be Affirmatively Recommended. The motion carried by the following vote:

*Votes:* Yes: 6 - Cleary, Drozd, Finnerty, Frazier, Nerone and Chair Robinson  
No: 2 - Caldwell and Gastgeb  
Absent: 1 - Burn

**Discussion Topic:**

**Port Authority of Allegheny County**

**Summary:** *The discussion occurred during review of Bill No. 2487-06.*

**V. Adjournment**

**Summary:** *Meeting adjourned at 5:35 p.m.*