

**MINUTES OF A REGULAR MEETING
of the
Port of Pittsburgh Commission
March 13, 2009**

A regular meeting of the Board of the Port of Pittsburgh Commission was held in the Board Room of the Allegheny/HYP Club at 619 William Penn Place, Pittsburgh, PA.

In attendance were Commissioners:

Brown	Coder
Craig	Ferlo
Janairo	Stephaich
Woodward	

Participating via telephone was Comptroller, Joe Lawruk.

Staff present included: James McCarville, Executive Director; Mary Ann Bucci, Assistant Executive Director; J.D. Fogarty, Development Director and Mike Brinza, Staff Analyst. Others in attendance included Ron Brown, representing counsel, Grogan Graffam; Chuck Kolling, governmental affairs liaison; Col. Michael Crall, representing the Corps of Engineers; Ron Kerfeld, representing Hanson Aggregates; Dave McQuiston, representing the River Terminal Operators Association; Herb Packer from PennPORTS; and Jeff Vargas and Sam Stephenson from Parente Randolph. Joe Lawruk, Comptroller, participated by phone. Gloria Ralston, Assistant Secretary of the Port of Pittsburgh Commission, acted as Recording Secretary for the meeting.

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Vice chairman Stephaich called the meeting to order at 12:30 PM.

Agenda Item 1. Welcome

The vice chairman welcomed the assembled group and introductions were made.

Agenda Item 2. Old Business

Agenda Item 2. A. – Minutes of December 5, 2008 meeting.

Motion to approve Minutes of December 5, 2008 meeting.

Upon motion by Commissioner Brown (Commissioner Woodward), the minutes of the December 5, 2008 meeting were unanimously approved.

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Agenda Item 3. New Business

Agenda Item 3.A. – Audit Report

The Audit Committee provided a written summary of the auditor's report in the meeting packet. Sam Stephenson addressed the key points of the audit. First, he identified the items that were distributed to the Board as (1) the audited financial statement; (2) the required communication piece for those responsible for governance; (3) the internal control letter, and (4) a bound presentation of the required communications.

In compliance with GASB 34, the audit report begins with Management's Discussion & Analysis. The auditors issued a clean opinion on the financial statements; but an error in the Fund's Financial Statement from a previous year was found and corrected. The crane and patent are reflected in the government-wide statement and did not need to be on the fund statement as explained in Note 13. Notes 2 and 10 explain the Commission's compliance with GASB 45 recognizing Other Post Employment Benefits. This compliance resulted in minimal effect on the financial statements.

The building known as the Ferchill Project did not impact the financial statement because it was built with conduit debt with no liability to the Commission. Note 8 discloses the conduit debt.

Agenda Item 3.B. – Resolution #09-03-B to Revise Budgets for FY09 and FY10.

The audit provided the Commission with a new beginning balance for FY09 which ultimately affected the beginning balance for the proposed FY10 budget. The other changes come under the category of Grants & Subsidies. The revised budgets allow for up to \$100,000 to be granted in each fiscal year under the newly-adopted small grant program and \$620,000 is allowed as a possible match for the proposed \$3.1 million Navigation Pilot Program.

Motion to adopt Resolution #09-03-B to Revise Budgets for FY09 & FY10

Upon motion by Commissioner Janairo (Commissioner Brown), the resolution to adopt the revised budgets was unanimously passed.

Agenda Item 3.C. – Resolution #09-03-A Commendation for Andrew Quinn

Because of professional obligations, Mr. Quinn resigned from the Board of the Port of Pittsburgh Commission and his service as a board member, Finance Committee chair and Treasurer is being duly recognized by resolution.

Motion to adopt Resolution 09-03-A Commending Andrew Quinn.

Upon motion by Commissioner Coder (Commissioner Brown), the resolution to commend Andrew Quinn was unanimously passed.

Agenda Item 3.D. – Motion to elect new Commission Treasurer

Commissioner Woodward, representing the Nominating Committee, reiterated the need to elect a new Treasurer due to the resignation of Andrew Quinn and submitted Commissioner William Brown for consideration.

Motion to Elect William Brown to the Office of Treasurer of the Port of Pittsburgh Commission

Upon motion by Commissioner Janairo (Commissioner Coder), the resolution to elect William Brown to the office of Treasurer was unanimously passed.

Agenda Item 3.E. – Resolution 09-03-C to urge the Fish & Boat Commission to Consider Commercial Navigation Interests

The Executive Director reported that the state Fish & Boat Commission (FBC) is proposing the reclassification of five (5) types of mussels by adding them to the state roster of endangered species. At this time, these species do not appear on the federal endangered species list. These mussels are considered critical to the healthy ecology of the river system. Protection of these species, however, would force the curtailment of some dredging operations. This, in turn, creates a ripple effect as commercial dredging operations affect tonnage calculations which affect funding allocations that affect lock & dam operations which affect transporters of other waterborne commerce as well as hydropower generation and recreational boating activities. Vice chairman Stephaich also pointed out that keeping the current volume of waterborne commerce on the rivers rather than on trucks or trains positively impacts other environmental and social concerns such as air quality and traffic congestion. Several representatives of the Board, along with the Executive Director, prepared a resolution urging the FBC to consider not only the environmental impacts of the mussel populations but the economic, commercial and recreational aspects as well.

Mr. Kerfield from Hanson Aggregates and Commissioner Janairo favored a more strongly worded resolution that would highlight the negative impacts of the mussel reclassification. Commissioner Ferlo favored a less stringent approach but added that he could support the original resolution. He also offered his opinion that resolutions such as the one being discussed be presented for review and a comment period before being voted on. After considerable discussion, Resolution 09-03-C, as originally presented, was presented for a vote.

Motion to adopt Resolution 09-03-C Urging the FBC to Consider the Economic and Environmental Impacts of the Mussel Reclassifications

Upon motion by Commissioner Coder (Commissioner Brown), the motion to adopt Resolution 09-03-C was unanimously passed.

Agenda Item 3.F. – Motion to Renew Vision Internet Contract

Vision Internet provides the web hosting service for the Commission's website and proposes to do so for another year at a cost of \$210 per month.

Motion to Renew the Vision Internet Contract for the Period of July 1, 2009 through June 30, 2010 at a cost of \$210 per month.

Upon motion by Commissioner Woodward (Commissioner Coder), the resolution to renew the Vision Internet contract was unanimously passed.

Agenda Item 3.G. – Motion to Renew Charles Kolling’s Contract

Mr. Kolling’s contract as governmental liaison was negotiated in 2007 and allows four annual renewals at the same terms, conditions and remuneration i.e., \$150/hr. up to a total of \$2,000/month and expenses capped at \$3,000 per year.

Motion to Renew Charles Kolling’s Contract as Governmental Affairs Liaison for FY10

Upon motion by Commissioner Ferlo (Commissioner Brown), the resolution to renew Charles Kolling’s contract was unanimously passed.

Agenda Item 3.H. – Report of the Grant Committee/Motion to Approve Grants

The Executive Director reported that seventeen applications totaling over \$251,000 were under consideration in the first round of the Commission’s small grant program. The review committee comprising Commissioners Ferlo, Craig, and Stephaich along with the Executive Director recommended funding the following nine applications totaling \$82,537:

Borough of Tarentum: \$5,000	Milestone Center, Inc.: \$5,000
Friends of the Riverfront: \$5,000	River Quest: \$20,000
Allegheny Cleanways: \$10,000	River Life Task Force: \$10,000
Pgh. Safe Boating Council: \$7,537	Rivers of Steel: \$10,000
Allegheny Ridge Corp.: \$10,000	

Motion to Grant Funds to the Nine Applicants Recommended by the Grant Review Committee.

Upon motion by Commissioner Ferlo (Commissioner Janairo), the nine recommended grant applications were unanimously approved for funding.

Agenda Item 3.I. – Report on Proposed City of Pittsburgh Harbor Ordinance

The Executive Director reported that City of Pittsburgh attorneys have drafted a Harbor Ordinance that has been reviewed by an admiralty lawyer. Some concerns have been raised since there are many diverse ways in which the waterways are used but the Executive Director is confident that they will be addressed. At this point in time, no action has been taken on the ordinance by the city and no action is required of the Commission.

Agenda Item 3.J. – Executive Director’s Report

Commission Reappointments. The Executive Director reported that Commissioners Ferlo, Mustio and Preston have been reappointed by their respective caucuses.

Cargo. The waterborne cargo report for 2007, the latest available, shows a decrease of nine percent or 4 million tons. Reduced coal movements accounted for 75 percent of that decrease.

Lock & Dam Funding. The Omnibus Bill signed by the President finally sets the lock and dam appropriations for FY09 at \$42 million for construction and \$53 million for operations & maintenance. Those numbers, however, are a mere fraction of the funding needed. The worst funding news was the \$15.9 million appropriated for the Lower Mon Project, a victim of the temporarily insolvent Inland Waterways Trust Fund that must cost-share the project 50/50 with the federal government.

Col. Crall offered the Corps' perspective on the current funding issues. He noted that while \$95 million sounds like a lot of money, it is the lowest budget the Corps has had to work with in the last five years, primarily because of the inability to obligate money for the Lower Mon Project. The Corps capability for the Lower Mon in FY08 was \$40.8 million. There is still \$25 million in unobligated carryover from FY08 funding because the trust fund could not match the federal dollars.

A lockage fee is under consideration by the President for the FY10 budget. The industry has not arrived at a consensus on an alternative plan. The Corps has expressed a capability for FY10 of approximately \$225 million. The Corps requested \$800 million in the stimulus package that was pared down to \$240 million.

Col. Crall also reported that the Corps is looking to quantify the benefit of federal dollars spent on locks & dams by a method other than calculating the tonnage of cargo moving through the locks. The water supply, hydropower and environmental advantages need to be quantified with less anecdotal information by bringing the Department of Transportation, the Corps and academia together to develop a better basis of measurement. Comments from the floor included the possibility of forming a committee to help move this process along.

Fredericktown Ferry. The FTA grant, as previously reported, has been transferred for use by the Fredericktown Ferry and the Commission's offer to lend the partner counties the required match will not be necessary.

Agenda Item 3.K. – Ass't Executive Director's Report.

Port Security Grant Program. The Assistant Executive Director reported that seven local awards were made from the \$1.2 million available in the FY2007 Supplemental Port Security Grant Program. The local awards ranged from approximately \$32,000 to over \$84,000 for various security-related projects and should receive final approval by the end of April. Investment justifications for the FY2008 funds will be submitted 90 days after final approval of FY2007 Supplemental funding. An application has been submitted for \$2.3 million for FY2009.

Gamesa. The ports of Pittsburgh and Erie along with PennDOT and DCED are working together to develop a logistics solution for moving large windmill components for a manufacturer with facilities in Fairless Hill, PA and Ebensburg, PA.

Events. The Commission is again co-hosting the Traffic Club Day breakfast with the Port of Philadelphia on March 19 and hosting a port tour for college students participating in the Council of Supply Chain Management's annual College Challenge on March 26.

Coast Guard Change of Command. On June 25 Cmdr. Wischman will be replaced by Cmdr. Timme from Washington, DC.

Agenda Item 3.L. – Development Director’s Report.

The Development Director reported on the following:

Allegheny County Health Department. The Development Director met with the Health Department to jointly file an application for air quality stimulus funds that could be used for retrofits and repowers. .

Flabeg. The \$9 million the Governor awarded for this project has been returned; the project is no longer viable.

Ferchill. Negotiations for leased space are ongoing with the University of Pittsburgh. Ferchill may come back to the Commission for an additional \$15 million to make lease improvements for the proposed tenants. Much of this would go for an upgraded HVAC system.

Regatta. The Commonwealth will not provide any funding for the Regatta in 2009. Private sponsorships are being solicited.

Carlow University. Carlow University is looking for \$30 million in financing to construct a new building adjacent to their campus on property currently owned by the Allegheny County Health Department. If the county donates the property, Carlow promises to provide space for the Health Department in the new building.

Colonna. The terminal is looking for financing to purchase a \$250,000 training simulator to train 300 truck drivers. Current rules limit the training to new employees.

Cork Factory. The project has been added to the TIP and is ready to go. The project will cost \$582,000 with \$465,000 coming from federal funding.

Delta Queen. There will be no riverboat visits to Pittsburgh this year due to the economy

Warnaco. This project is probably no longer viable.

Agenda Items 3.M. – Comptroller Report.

Comptroller Joe Lawruk briefly outlined the changes in comptroller operations brought about by the Finance Transformation project. Currently, comptroller offices are set up to fully serve one or more agencies i.e., the LCB comptroller’s office services the liquor control board and the ports of Pittsburgh and Philadelphia. After Finance Transformation, services will be provided by function such as accounting, payable services, etc. Transformation is to go live by the end of the fiscal year. Commonwealth payroll operations will remain the same. Staff will be trained in their new roles.

Agenda Items 3.N. – Personnel & Compensation Committee Report.

Commissioner Ferlo reported that the status quo would be maintained for the coming year.

Agenda Items 3.O. – PennPORTS Report.

Herb Packer reported that the new acting secretary of the Department of Community and Economic Development is George Cornelius who has a very active interest in port development and who will be visiting the area in the near future. In addition to Gamesa, German windmill manufacturers are looking to Pennsylvania to set up manufacturing but are concerned about logistics. Mr. Packer is encouraging them to move their components as well as raw materials by water.

A feasibility study has been commissioned to research an “inland port” for Pennsylvania and the Pittsburgh region is being considered. Such a facility would function as a rail yard, intermodal hub and container classification area.

Agenda Items 3.P. – Governmental Affairs Report.

No report.

Agenda Item 4. Other items.

The Executive Director advised the Commission that meetings are continuing with the Tantara Group regarding bringing wireless broadband to the inland waterways.

Commissioner Ferlo announced that Acting Secretary Cornelius will be speaking on March 18 at the Millvale Community Center.

With no further business coming before the Board, Commissioner Brown (Commissioner Ferlo) moved and seconded that the meeting adjourn. The meeting adjourned at 2:12 PM.

Respectfully submitted,

Gloria A. Ralston, Assistant Secretary
Port of Pittsburgh Commission