

ALLEGHENY COUNTY COUNCIL

2014 BUDGET HEARING

- - -

BEFORE:

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|--------------------------|---|----------------------------|
| Dr. Charles J. Martoni | - | President, District 8 |
| Nicholas Futules | - | Vice President, District 7 |
| John P. DeFazio | - | Council-At-Large |
| Heather S. Heidelbaugh | - | Council-At-Large |
| Matt Drozd | - | District 1 |
| Jan Rea | - | District 2 |
| Michael J. Finnerty | - | District 4 |
| Krista Harris | - | District 5 |
| John Palmiere | - | District 6 |
| Robert J. Macey | - | District 9 |
| William Russell Robinson | - | District 10 |
| Barbara Daly Danko | - | District 11 |

Allegheny County Courthouse
Fourth Floor, Gold Room
436 Grant Street
Pittsburgh, Pennsylvania 15219

Tuesday, November 13, 2013 - 4:59 p.m.

SARGENT'S COURT REPORTING SERVICE, INC.
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Pittsburgh, PA 15219
(412) 232-3882 FAX (412) 471-8733

IN ATTENDANCE:

Walter Szymanski - Budget Director
Jared Barker - Director, Legislative Services

CHAIR ROBINSON: The hour of 5:00 having arrived, the Chair wants to reconvene our meeting from yesterday. So that everybody is on the same page, as soon as Mr. McKain enters the room, he and Mr. Finkel can come to the front.

In the meantime, let me talk about some housekeeping matters. Once Mr. McKain and Mr. Finkel conclude their presentation which started yesterday, I'm going to go to Ms. Heidelbaugh, who had some questions and she was kind enough to hold those questions until today. I'm then going to encourage my colleagues to allow us to go on with today's meeting which is centered on the capital budget and our friends from the Community College and Port Authority. There will be plenty of opportunities for myself and the members to chew on this year's budget. No votes will be taken today. Anxiety should be high but not at a dangerously high level. We have plenty of time, and working cooperatively I'm sure we will get through this budget process and come up with something that probably won't meet everybody's expectations, certainly not mine, but it will be something that will represent our best effort to help the people of this county.

Mr. McKain has entered the room. As soon as he gets his papers and everything else situated, I'm going to ask him to continue with his presentation from yesterday. And when he finishes, I'm going to go to Ms. Heidelbaugh, who graciously held some questions she had until yesterday. Once Mr. McKain finishes and Ms. Heidelbaugh finishes, I'm going to ask my colleagues if we can move on to today's agenda and that we have plenty of opportunity to get back to some very serious issues.

For those of you who are camera conscious and you want to know about the recording of yesterday's meeting and today's meeting, and when it will be available, if you talk to Mr. Szymanski, he can help you through that process. If you're camera conscious, we are not on a live feed to my knowledge but you can get a recording of these proceedings. If you work through Mr. Szymanski he'll help you do that. I'm going to introduce all the members, some of them weren't here yesterday, and I'll start on my far right. Ms. Daly-Danko, our president, Dr. Charles Martoni, my colleague, Mr. John Palmiere, my colleague, Ms. Heather Heidelbaugh who has a name that begins and ends with an H, and my colleague, Mr. Michael Finnerty. As other members come in I'll introduce

them so that we can appreciate who is here because some members were unable to join us yesterday. Just coming into the room is my colleague, Mrs. Jan Rea, to my right, Councilman Bob Macey. Mr. DeFazio was in the room and should be back very shortly.

We will not be taking any votes today. This is our time to listen and ask questions as Council members. To my knowledge, we don't have anybody in the public who wants to speak this evening. This process accommodates the public. No one spoke yesterday. No one is speaking today. We are holding these hearings pursuant to the rules. That's what we're supposed to do. That's why we're doing it. Transparency is of the utmost. And I thank all my colleagues who put in five hours yesterday, and we started at 4:00. Hopefully we won't have to put that much time in today. The second day is usually less strenuous. But I'll leave that up to my colleagues. I'll stay here as long as they want. If they want to stay here until 9:00, 10:00, 12:00, I don't mind. But I would hope we don't have to do that. Is there any one of my colleagues who is unready to move forward? If not, Mr. McKain, the floor belongs to you and Mr. Finkel.

MR. MCKAIN: Thank you, Mr. Chairman. Thanks for having us back again, County Council. I would like to ask your indulgence on one topic. Yesterday there was a lot of information shared by various agencies, including the District Attorney regarding narcotics. I would like to provide additional information for the Council as they go through their deliberations. The County Police do a wonderful job. Our communities, many of our communities, do not have the resources to do investigations with homicides, violent crimes and drugs. Just to give you some statistics on the other side of the conversation, drug arrests for the County Police this year, we have 189 cases that are narcotics this year. We made 106 arrests here to date.

Some perspective, in 2012, 136 narcotics arrests; 2011, 128; 2010, 121. That does not account for the arrests that we do with the task force, that we partner with task force with the DEA, the Attorney General and the Federal Government. They compile and take those statistics when they make those arrests but the County Police participate. A lot of our communities don't have detective bureaus or the resources to investigate homicides, assaults and those type of things. And when

they call, our police respond. We believe that they do a wonderful job. I will tell you, today, as a matter of fact, if you don't know that there was a grave incident outside the Brashear High School where there is active shooters and the city police called upon our county police to respond in a collaborative effort, have surrounded the suspects and hopefully that will come to a remedy soon. But there were injured children and our police responded to that. Superintendent Moffatt is here and he would be able to go into any other particulars but I just wanted to make sure that we had the opportunity to share with Council some statistics and to show you the seriousness that we take in combating drugs and investigating drugs and narcotics and how we collaborate with municipal law enforcement in our County. So I wanted to thank you for allowing us to give the other side and share information to Council.

CHAIR ROBINSON: Thank you very much. Let me indicate that we do have a live feed today. I think your comments were very much on point. For those who didn't have a chance to hear or see what was happening yesterday, they can read the local papers. They got a little short version of it. And I thank Mr. McKain for giving us additional information. I thank our technicians for making sure that we do have a live feed, folks need to be aware, whatever you're saying or doing, it's live. So for those who are camera conscious and who need the kind of presence, the now presence, you got it. So if you're talking or whatever you're doing, somebody is watching it somewhere somehow. My father used to always tell me, foretold is forewarned. Mr. McKain?

MR. MCKAIN: That was my opening statement. When we concluded yesterday we had concluded our presentation. We talked about revenues. We talked about the variances. And it's a 2.2 percent increase. We hit the highlights as far as the variances of various departments and what we felt was justifiable increases. We talked about our shared partnership with Council to help our financial position, the \$1 million that we saved with our dependent healthcare audit, the \$1 million that we saved with our jail collaborative effort to have a new healthcare provider. With County Council's approval we've increased fees at the Health Department, Real Estate, Public Works, Parks and so on and so forth. We believe that it's a solid budget, and we welcome your

deliberations and will provide you with any information you need to make an informed decision.

CHAIR ROBINSON: Thank you. Let me also indicate that to my far right Councilman Matt Drozd and next to him, Councilman Nicholas Futules. As members come in I'll make sure that they are recognized. Ms. Heidelbaugh, are you ready? Correct me if I'm wrong, Ms. Heidelbaugh, this is the second round for you? You asked a question on the first round and then you deferred ---?

MS. HEIDELBAUGH: I don't recollect, Mr. Chairman.

CHAIR ROBINSON: Okay. Let me say this is the second round. And I believe you were the only person at that time who expressed an interest. Please, two questions on this second round.

MS. HEIDELBAUGH: Thank you, Mr. Chairman. I believe that Mr. Finkel and Mr. McKain were going to give me the correct number for the yearly interest payments on the debt service.

MR. MCKAIN: And you want it for --- like perhaps for 2014?

MS. HEIDELBAUGH: Yes.

MR. MCKAIN: Okay. Would you be able to provide that?

MR. FINKEL: Yes, I would. The estimated interest is \$39,559,990. The reason I say estimated is because a certain portion of the outstanding debt is a variable rate debt. The rate changes weekly, on a weekly basis. So we won't know the exact amount until the conclusion of the year.

MS. HEIDELBAUGH: Is that my second or I get three then? Thank you. I have some real legal concerns, and maybe we'll need the solicitor to accompany you, because I'm not asking you a legal question but your remarks talked about that it was good for the County that we were going to be taking revenue for operations out of the drink tax revenues. And my question is really whether you have received a legal opinion as to whether we can, as a County do that from the drink tax. Because my concern is two concerns. One is the legal concern, whether you can do that. And then two it's a perception concern. You know, it was a very controversial tax. It remains a controversial and sort of acrimonious tax and hard for a small business owner to collect the tax. And, you know, everybody, sort of pun intended, swallowed the tax,

swallowed the drink tax based on the fact that it was sold as a tax to save the Port Authority so that people could get to and from work. And to hear now that the funds from the drink tax will be used for capital projects of the Port Authority versus operating is of concern to me. And if you could address those two issues.

MR. MCKAIN: I don't know what the Judge's name is. My understanding is that those can be used to support --- and one is recalling the Judge's decision, to support Port Authority operations and that this would be an allowable and legal application of those funds. We can follow up on your request and have our solicitor's office opine on that.

MS. HEIDELBAUGH: Okay. And the second concern?

MR. MCKAIN: The perception?

MS. HEIDELBAUGH: Yeah, that the public really sort of bought into this, that this was going to be used for operating and not for capital.

MR. MCKAIN: Yeah. I'm not sure --- I'm sorry. My deputy informed me that Judge Olsen's opinions specifically stated that it can be used for capital purposes of the Port Authority.

MR. FINKEL: If you want we can get you a copy of that.

MR. MCKAIN: As far as perception, I'm not sure what the public's perception is but it is to support the Port Authority operation which include a significant investment in their capital fleet. So if it's not coming from this source, they're going to have to derive it from other sources to be able to buy their capital projects and infrastructure.

MS. HEIDELBAUGH: Well, fleet is different than some of the projects that the Port Authority has engaged in over the years which, arguably, have been less than thoughtful; the South Hills garage which is vacant, the Wabash tunnel, the bus ways which aren't used. So is this money that we're proposing that the County is going to expend going to be for buses or is it going to be for some of these other projects like the bus rapid transit that the county executive had talked about?

MR. MCKAIN: In our capital budget there is money going from the drink tax for the bus rapid transit to plan that, initially, and then also for their fleet and for operations. And so it's for a widespread use.

CHAIR ROBINSON: If I might, Ms. Heidelbaugh, some of the concerns relative to capital, if you could hold those until we get to the capital budget. Otherwise, we're going to stray off into today's program. We're still in yesterday. And the capital should not be an issue. And I don't want these gentlemen to get confused. We're finishing up from yesterday. If you like, once we get to the capital, I'll be more than happy to put you first on the agenda.

MS. HEIDELBAUGH: I'm happy to follow the Chair's direction but the only reason I brought it up was because this was addressed by Mr. McKain in his remarks. So do I have one more question or should I move on? Thank you. I'm curious about another statement you made in your opening remarks, that the Law Department is 8.76 percent up in request for expenditures to hire experts on non-profit status, when you say experts, do you mean lawyers?

MR. MCKAIN: Yes. We want to make sure that our Law Department has some funding resources available to analyze any of the submissions made by complex not for profits. It will be primarily with attorneys, but the solicitor is here and he can help respond to that. But any resources that he deems appropriate to help do a professional review of that submission.

MS. HEIDELBAUGH: So my questions are going to be, are there going to be outside Counsel hired, is this an RFP, has that gone out yet?

MR. MCKAIN: No. First of all, the budget would have to be approved by Council and then at a certain point next year when we get into the second phase, the solicitor will deem it appropriate if he needs any outside resources or expertise.

MS. HEIDELBAUGH: Will that be by RFP?

MR. MCKAIN: I'm not sure if we've thought about that at this point.

MS. HEIDELBAUGH: Andy said ---.

MR. MCKAIN: I think it depends on the volume and the complexity and we'll see if we have any internal resources that do that or an existing resource under contract. I'm not sure yet.

MS. HEIDELBAUGH: Well, the last follow-up is that if you're asking for an increase of 8.76 percent and you don't know whether you need the expertise now, that's kind of hand and glove, isn't it?

MR. MCKAIN: But that increase is not all made up of that effort. I mean, there are increases in there because of increased fringe benefits with health care and some other collective bargaining type of increase for clerical staff. And there's about \$30,000 that we have tucked aside in that increase to help have that outside expertise if appropriate.

MS. HEIDELBAUGH: So the number you're asking for is \$30,000?

MR. MCKAIN: For that effort, yeah.

CHAIR ROBINSON: Thank you. Let the Chair recognize to my far left Councilwoman Krista Harris. Also, let me recognize for those of you were not with us yesterday soon to be Councilwoman Susan Means, who is here. I thank her for being diligent. And I've advised my colleagues that we ought to be on our best behavior so we don't scare her away. I thank her for being present. I don't see any other potential Council members here but if they enter our proceedings at any time we certainly will recognize them. These members are not eligible to vote or officially partake in any of our meetings but I appreciate them coming and trying to get a feel for us and the issues.

Also, let me remind everybody because we have a live feed and because your microphones are live, everything you say may be heard by somebody else. And let me say to my colleagues, when our colleagues have the floor, let's give them every opportunity to proceed uninterrupted. And be mindful that when we're talking among ourselves, even though sometimes were flexing and we want to do what we want to do, it's not fair to other members. And none of us would like people talking and doing other things while we're talking. The Chair asks everybody to please be mindful to give everybody the same respect that you would want them to give you. It's hurtful when it's turned on you. I'm speaking from experience. So let's be mindful of that, please. I'd appreciate it very much.

We have almost finished the second round from yesterday. We're still in yesterday. This is the recessed meeting. We have another meeting scheduled for today that will follow this meeting. I see Mr. Finnerty raising his hand. This would for --- Mr. Finnerty, if I understand it, would be starting round three. Mr. Finnerty, two questions.

MR. FINNERTY: No, it's only two. I don't really have two questions. I just want to make sure that everybody understands clearly what happened with the drink tax and the car rental tax. They were both designed to pay our portion of the Port Authority that we owe every year and for capital improvements for the Port Authority. It was never presented, and I voted for it, as saving the Port Authority. The majority of funding for the Port Authority comes from the state government and the federal government. Our portion is not that much, It's 28 or 29 million. And that's what that was about. I just wanted to make that clear. Thank you.

CHAIR ROBINSON: Thank you, Mr. Finnerty. Anybody else in round two or three? Ms. Danko?

MS. DANKO: I want to follow-up on the comment of the County Manager about the County Police. I had spoken to Chief Moffatt after the meeting yesterday and asked him to make sure he got us numbers, that some of us were a little blindsided by the comments of the District Attorney. I would ask that the numbers that you recited be given to us in some kind of report because I didn't write fast enough. So I would appreciate that.

MR. MCKAIN: Sure.

CHAIR ROBINSON: Is that it, Ms. Danko?

MS. DANKO: Uh-huh.

CHAIR ROBINSON: Mr. Drozd, you had a concern?

MR. DROZD: Is he first?

CHAIR ROBINSON: Oh. Anyone to my right still have questions for Mr. McKain because I'm --- Mr. McKain, I believe, and Mr. Finkel are finished with their formal presentation and are prepared to go to today's meeting. But if there are persons to my right or left that still have concerns, I'd like to have those addressed. Mr. Drozd?

MR. DROZD: They're not concerns, just questions or points in the glitches that we see on the --- I understand, and you explained very well and the Sheriff -- - and hopefully that will, you know, those fees will come back in to bring that in line. The human resources end, those areas, those more extraneous costs, do you see that maybe that may be that may come in line next year, that we may not see that glitch? And the other thing, I noticed in the --- and it always troubles me and I'm sure it does you, too, don't get me wrong, in the miscellaneous agencies, there's a significant, you know, \$6 million, 11

percent increase in those areas. I'd like to see that broken down, why that happened and what are those miscellaneous agencies? In more detail, what's going on there? We need clarification, I think.

MR. MCKAIN: I think I can. If you turn to page 112 of our CFP there's a nice little chart that, I think, shows you the variances that you're asking for. And you'll see that primarily the difference is in the drink and car rental tax being transferred to the Port Authority. And if you look at page 112, you'll see the 14 proposed and the 13 adopted. Do you see where the two zeroes in on the 13 adopted? If you add those up, that's \$5.8 million. That's really the difference. Again, we have to run the appropriations through the operating budget to get the drink tax transferred over to Port Authority. So the only increase, if you look at the variances, is that.

As far as HR, I do see that leveling off. It's an investment to properly study and bring a third party in to help us with the FMLA. It's a significant transaction in this County. Workers' Comp; for years, many organizations have third parties that help us manage it and monitor it. We're asking for permission to put in HR a similar resource for FMLA. FMLA is a law. It's the right that employees have. We just want to make sure that we have a uniform approach. It creates enormous scheduling problems when it's intermittent, especially on the 24/7. So to answer your question, I believe it will level off, but this is an investment that I think will bear a lot of dividends for us.

MR. DROZD: Excellent. In that essence, you know, if the return's there, it's a good investment. My question though is a little more --- one more as my follow-up second, is when you refer to those, it's almost like a reverse accrual, do you see what I'm saying? You know, when you have costs, you have those costs, you accrue for those costs. In this case, are you saying that we're going to recapture some of those monies later down the road in that miscellaneous area because of the drink tax, because of the car rental tax; and if so, then where do those monies for Council, you know, in the administration of the County. Where will you put those monies? Are they dedicated, are they earmarked, or are they just going to be there for the use of; do you see what I mean?

MR. MCKAIN: I'm going to let Warren expand upon that variance; okay?

MR. DROZD: Okay. Thank you.

MR. FINKEL: Because we had to incorporate an appropriation for these in the operating budget, you have to tag a department to it. So the only department that made sense was the miscellaneous agencies because the operating subsidy was already there. And, basically, the variance amounts to that \$5,893,600 because we did not put anything in the operating budget last year to cover Port Authority capital from the drink tax. This is the first year. And it's going to continue into the future. We're going to subsidize the capital using drink tax funds.

MR. MCKAIN: And I know we had talked briefly and Mr. Robinson said we'll talk about it more capital. Said another way, we have historically given the Port Authority out of our bond money, our 20-year bond money to give to them for their capital assets. So that means we had the this debt on our books, the asset on theirs, not a good business model. Because we have the drink tax, we're using that non real estate operating resource that is dedicated to the Port Authority to help them fund, not just their operations, but a portion of their capital. So I would say it's more that we can use that and help Port Authority if approved, that that is a good model to have as opposed to us issuing debt and giving them our debt, our bonds, while we take the debt.

MR. FINKEL: We would have to issue additional bonds to cover that if we chose to go through the bond route again. I don't know if that helps, but ---.

CHAIR ROBINSON: Mr. Drozd?

MR. DROZD: Just for comment, you've got to be careful on that debt service that we aren't funding operations for the debt and growing debt. We got to be very careful that we don't grow debt and we're funding our operations out of debt. Those were some of the concerns yesterday. That was mine. Thank you very much. Thank you for the explanation. I appreciate it.

CHAIR ROBINSON: Any other questions for Mr. McKain and company? Remember, this is yesterday. We're finishing up yesterday, we're finishing up our recessed meeting. If there aren't any further questions for these gentlemen at this time, they will be back when we get to the proposed revenue sources and the capital budget. We changed things around a little bit this year to give you a

little break and so we have the Port Authority and the Community College next up, unless there's still some further questions. They will be back. They're not going anywhere. If there are not any other questions and staff doesn't have any things that need to be done, the Chair would like to end the meeting from yesterday and start our meeting for today. The recessed meeting is adjourned.

RECESSED MEETING ADJOURNED AT 5:00 P.M.

CHAIR ROBINSON: The Chair recognizing that 5:00 has arrived ---.

PRESIDENT MARTONI: It passed us.

CHAIR ROBINSON: It passed us, the president said. We are going to start our second day of budget hearings. The parties who are with us today are going to be the Port Authority, the Community College of Allegheny County and then we're going to go to our operating and capital budget, our sources of revenue, et cetera, et cetera. We'll use the same procedure that we used yesterday. Once the presenters have made their presentation, members will be able to ask questions and respectfully if you'll ask two questions on each round so we can accommodate everybody that wants to ask questions. Then we'll go back and we'll do as many rounds as we have to so we can accommodate everybody and move efficiently.

When our transcriptionist gives me the signal that either her hands are cramping up or she has to change her paper, the Chair will ask everybody to stand at ease until she's ready to proceed. I promised her we wouldn't be here for five hours. She's on a salary. So staying here for a long period of time doesn't benefit her. The sooner she gets out of here the better really, the sooner all of us get out of here really, but we want to make sure we're doing this correctly in a transparent way and in a very thoughtful way. If the representatives of the Community College are present --- I see the current president, Dr. Michael Murphy. I call him the current president because I don't want to use that other term. It's not because I don't know it but he's the current president. And so that's what I'm going to call him until he's no longer the current president. I hope he understand why I'm doing that.

If the current president would come forward with whatever staff he has, introduce himself, give to Mr.

Barker or Mr. Szymanski any documents that have to be passed out, I will give him an opportunity to present. But let's wait at least until Mr. Szymanski and Mr. Barker pass out their material. We welcome all the people here from the Community College and we thank you. You already know how Doc and I feel about you so I'll skip that part.

DOCTOR MURPHY: Joining me at the table is Vice President Joyce Breckenridge. Joyce is our Vice President for Business and Finance. She's here to make sure I don't add the numbers up incorrectly so that you can get the correct information. Behind me are Nancilee Burzachechi and Rose Ann DiCola and I'll allude to them in a minute because of some work that they've done collaboratively that's really helped the college over the last few years, along with Dr. Johnson's effort. And, also, Elizabeth Johnson who is with Ms. Burzachechi who is here with us tonight.

Let me start just by giving you a little information, briefly, on the presidential search. As Councilman Robinson said, I'm a short-timer. I came here in July and I'll be leaving in December. As always, I've certainly enjoyed my time here in Allegheny County and in Pittsburgh. I had several occasions in the time I was here, because I wear shirts that say CCAC on them, to be seen at grocery stores and places, all reputable, I assure you. That where someone says, oh, you're at CCAC. And then that follows with incredible statements about how proud they are of the college and their experience with it or their children's experience with it or their grandchildren's experience with it. So I think that all of us here have a lot to be proud of in terms of what the college contributes to the overall community.

It is amazing to me what the reputation of the college is in Allegheny County compared to other places where I have been. It's so well-known relative to those places. Not long after I came and not long after I spoke to you the last time I was on a radio program here in Pittsburgh. It's a college program which quite frankly scared me a bit, but we were talking about costs and availability of educational opportunity. The first caller was a working mother. And she called and she said, well, I want to tell you about my experience with Community College of Allegheny County. And this speaks to the question you raised to me. She said I went there very afraid of whether or not I could succeed as a college

student. I was a single parent, working mother and I was really struggling but I knew the only way I could rear my daughter effectively is to get an education. She said I wound up in the honors program at the Community college of Allegheny County and I finished with honors graduating. It cost me \$3,000 a year to go to the Community College of Allegheny County. I then transferred, I don't think they'll mind my saying this, to Carnegie Mellon where it cost me \$30,000 a year. And every course that I took at the community college was transferred. I also joined the honors program at Carnegie Mellon and I graduated with honors from Carnegie Mellon.

That says a lot about what you all are doing. And I don't take any credit for that whatsoever. I'm just pleased to have been here for a couple of months. And I think it stresses the importance of what's taking place and the partnership that the County and college have had over these many years, 50 years, in fact, as of 2016 which will be a remarkable celebration, I'm sure. The presidential search is winding down. Let me just briefly tell you that there are four semi-finalists, as I understand it. I am in no way involved with the search so I can't speak to the candidates per se. And I believe the Board remains committed to trying to recommend to their fellow board members a candidate for selection by the end of this current year, sometime in late November or December, with a beginning date shortly thereafter at the beginning of the new year. I don't know the candidates but I have been told by a number of people who interviewed them that the whole group of some 35 or 40 candidates were particularly strong. And they feel very good about their ability to find a worthy successor to Dr. Johnson.

Let me move on and then talk a little bit about the financial situation just to give you a comprehensive background of what's in play here. Some of you no doubt know this. As of this point the only information we have relative to funding for fiscal year '15, next fiscal year, is the information we received from Chairman Fitzgerald where he has proposed a \$500,000 increase in operating expenses for the college, we're very appreciative of that, over the current year. Unfortunately, given the situation that you all face there are no capital dollars whereas routinely we have had some capital funding. It's ranged from roughly a million and a half, two and a half, three million over the course of time. But we are pleased that

the County Executive has indicated an interest in increasing funding. We have no information from the State of Pennsylvania from which we also receive support. Over the last five years there has been no increase in funding and those five years were preceded by about a ten percent decrease in funding. So at the point of time when the college was growing enrollment rapidly, in part because of the recession that the country was experiencing, the state was unable to commit the kind of funding that would have been justified by the enrollment increases. In fact, what the state did was go off of the enrollment funding formula. And I'm speculating here, I admit that, but I suspect it was because it simply couldn't afford to support the growth that was being experienced across the 14 community colleges in Pennsylvania and perhaps the other institutions of higher education as well.

There is no decision at this point with regard to tuition for next year. That will be left to the Board and the incoming president when we get a better idea of sponsor funding from you and from the state in the months ahead. Student tuition, I want to differentiate something here just to make it clear. Student tuition per se has gone up slightly but one of the things that the college has done which speaking only for myself, I don't think is the best way of doing it, they have tried to keep tuition flat. And they have been able to do that. But then when the recession crisis hit they had to generate a big bump to offset. I think, this is personally just my opinion now and others may well disagree with good reason, but while that is a nice thing to be able to do, when a problem arises as was the case with the state funding decline and so forth, then you have to bump tuition up precipitously and it looks worse than it actually turns out to be.

Now, that said, in addition to tuition, the college for a number of reasons, like all other community colleges raises --- has fees associated with various portions and various other functions of the college, for example the technology fee. And that's to offset the cost of rising technology demands in virtually everything we do. There are very few exceptions at this point in terms of how technology is used, up to and including labs of one kind or another where students have access to technology so that they can complete their coursework through that means.

So that's where we stand in terms of where we are at this point. I will say, in part because of enrollment growth and in part because of the most recent tuition increases, or I should say tuition and fee increases, tuition and fees are becoming a larger percentage of the college budget. Growth drives that in part but also declining support elsewhere will drive that percentage differentiation. So you fully understand, you can only get to 100 percent when you talk about percentages and I'm trying to give you sort of a ratio of where tuition and fees, money coming from students, county sponsored, state sponsored funding as a percentage of the total is going.

Having said all of that, tuition and fees at Community College of Allegheny County remain well below the state average for community colleges and very far below the two other large community colleges in Pennsylvania, that being the Community College of Philadelphia and Harrisburg. Both of them are large multi-campus institutions as we are. And their tuition and fees are, at least in one case, 50 percent higher than our own. So I think the college over time has done a very good job with your support of trying to maintain tuition and fees at the lowest possible rate.

The other thing that's helped us over this last period of time is the ability to attract grants. And here's where Ms. Burzachechi and her staff and Ms. DiCola and her staff along with Dr. Johnson have done a superb job. You have information in your packet on pages six and seven that will give you a sense of the amount of grant funding that was acquired over the last several years. By and large those funds have been used to promote the college's student success initiatives. And I can elaborate on that either now or when questions are raised. But it's allowed us to do things that we wouldn't have otherwise been able to do in the form of various and sundry student service efforts, math laboratories, learning laboratories, various things that would supplement classroom instruction in ways to help, particularly, those students who are less than well academically prepared for a post high school educational experience. As you well know this is a very generous community with wonderful foundations from which to draw on and they were very responsive during that period of time.

That said, the big challenge with grants is that they sometimes and often come to an end. The sustainability is then left up to the institutions if the grants prove to be successful in terms of their goal, which in our case is student success. We face several million dollars of grants that are terminating over the next couple of years and the decision that will have to be made in that period of time is whether or not we can continue them with available resources. And that will be a major challenge that the next president and board are going to have to face. It is less likely to go back to a funder with the same idea and ask them to support continuation. They're looking for sustainability when they provide funding. And that sustainability becomes problematic for us in flat or declining revenues from other sources.

Let me talk a little bit about enrollment. Over the period of time when enrollment increased dramatically, which it did for a number of years, and public support could not keep up with it, the college was able to sustain those operations because the growth itself was generating tuition and fee revenues. Which is not to say efforts weren't made to reduce costs where we could, to defer things where we could do that. But that being said, those tuition and fee dollars became very critical --- more critical relatively speaking to the operation of the college. Now the student enrollment, in Southwestern Pennsylvania, in particular, as a part of Pennsylvania, is beginning to decline. And we're experiencing that decline. It's also declining elsewhere in the country, just so you know, less so in other parts of Pennsylvania than the Southwestern part but two of the larger institutions in Southwestern Pennsylvania, we and Westmoreland, are experiencing greater decline. I can't answer why that is. I don't know for sure. I can tell you that in general there are a couple of reasons for the --- two or three reasons for the decline.

One is that the economy is improving. Meaning that those who are out of work have less opportunity and maybe in their minds less need for continuing their education to acquire new skills. The second and probably the larger impact is the size of the high school graduating class of the districts we serve is dropping dramatically and will continue to drop over the next couple of years until another burst of enrollment,

occurring through the graduating classes at the high schools begins to grow again. We are watching that very carefully and, in the meantime, we are in the midst of attempting to do some things with adult students, particularly those who started their education and were able to go back to work when the consequences of the recession were disappearing to remind them that they're on the path of something that may be beneficial to them sometime down the road. And we're singling them out, if you don't mind the expression, we're kind of micro marketing a little bit more rather than mass marketing. We're looking at various targets of students and asking what we can do in particular to serve their needs better given the fact that they're now working, they're now rearing their families but they may wind up in a situation not unlike the one they were already in when either the economy gets worse or there's a continuation of outsourcing or various and sundry other things that could occur.

So all of those things are underway in an effort to make sure that students are aware that we're available to them hopefully in a way that meets their needs and their expectations. I will say though that one of the challenges that is not always appreciated is that the areas where employment opportunities exist in good numbers with the opportunity to enter into middle class life tend to be more expensive to deliver. When I went to college, I think I had a couple of laboratory courses in science and that was about the end of it. Now, with the emergentive healthcare all of the classes have some kind of laboratory component, most of them very expensive. The same applies to emergency medicine, EMTs, nurses, on and on and on. And we have a plethora of such programs that really are serving the expansive health community in the Greater Allegheny Area. And they are not offered at the same --- cannot be offered at the same cost as a program that is classroom based with 25 or 30 chairs, a chalkboard and maybe a good PC. We're talking about very sophisticated equipment. This year, for example, we had to get tags for our students because they were dealing with radioactive material in their radiology program. Well, those tags become very expensive but obviously, they're absolutely critical because we don't want our students exposed to adverse conditions.

So much of the growth that we're experiencing is in areas where the cost of delivery exceeds the typical cost of delivery that might have occurred just a few years ago. Some community colleges, I don't think CCAC at this point at least, have actually stopped offering programs that are too expensive. They simply said even though there's a demand, a legitimate one, we can't afford to offer it so we won't offer it. We're trying to be as responsive as we can because we think it presents the best opportunity for our students.

Let me say a word or two about facilities. The college being 50 years old and many of its facilities reaching that age, some, of course, are much older because we took them over, is confronted with an inevitable situation. And that is the increased rapidity of the deterioration of those facilities, the infrastructure in them and not just what they are, what they were originally intended to do from an educational point. It's one thing to convert a classroom to a lab, it's quite another to deal with the plumbing and the heating and the air conditioning and so forth. And that becomes a very large struggle for us to try to maintain and capital funding is critical for that to happen. We have focused on --- I'll tell you an interesting story in a second, but we have focused particularly on those things that have a relatively quick payback when we could so with what we save from infrastructure change we can then convert to dollars to do something else with. By and large that won't be enough. We have discontinued our plans to develop a north campus replacement simply because the money wasn't available and there were other options that we could pursue that would be less costly and hopefully just as effective as replacing the campus. That was an \$80-plus million proposition and there just weren't funds available to do that. So we're hoping to be able to do some renovations and some other things that will make that opportunity to serve those students in that area as good as it can possibly be.

The story I was going to tell you, Joyce shared this with me this morning, we've been very conscientious about use of water as a utility. Everybody should be concerned. And sometimes the leaks that you find are not obvious. You find them because you go into another project and you find that there's a water leak in this case. We were able to fix the water leak for about \$500

along with the other things that we were doing because we were excavating. It turned out that while we don't have it totally accurately, we're spending something like \$700 a month on it because of that leak. So the payback was about one month. That's a pretty good payback. Now we've got those dollars that we can reinvest in other purposes. We're looking for more and more things to be able to do that in turn so we keep the cost to the students down and the cost of county down and as well cost to the state. As I said, I'll be leaving after Christmas so if there are any presents or anything I'm certainly --- I'm not proud. I have a big minivan; it will be heading back to warm, sunny Florida. And it will hold a lot of stuff.

So I do want to thank you. I want to thank you for all the support that I received when I was here in July not but a few days, thanks to Dr. Martoni, after coming, he told me that Allegheny County was one of the most educated counties, not only in Pennsylvania but in the country with almost half of its residents having a college degree. I'd like to think the Community College of Allegheny had a lot to do with that. I continue to believe it has a lot to do with it and will continue to have a lot to do with it given your continued support and our ability to service our students and the community as well as we can. I'd be happy to answer any questions you might have.

CHAIR ROBINSON: Thank you, Doctor. This is the second time ---.

DOCTOR MURPHY: Why are you wearing --- that says Ohio State.

CHAIR ROBINSON: Yes, sir. Go Buckeyes. I'm glad you gave me a chance to say that. How about them Buckeyes?

DOCTOR MURPHY: You need another hat.

CHAIR ROBINSON: I do, and a jacket and a blanket. I want to thank Dr. Murphy. This is his second time being here in our county assisting our community college in an interim period. He is fortunate in that the recommendations that he left us with before Dr. Johnson became our president were voluminous to say the least. And when he came back I said to him, you know how fortunate you are? You made a phone book full of recommendations and now you get a chance to look at them to see if they still make sense and if anybody tried to implement them. So you have a man who's been here twice,

has given us his recommendations and then had the good fortune to come back, review them and implement some things that perhaps were not done and then get in his van and go back to Florida and getting paid to do that. So I thank you, sir, for coming back again.

DOCTOR MURPHY: There were a good many of them but frankly some of them weren't worth a darn anyway. But I'll give you another report.

CHAIR ROBINSON: Thank you. And for those of you who are interested in those recommendations, I'm sure if you work through Mr. Szymanski, Dr. Murphy will make those available to you so you might peruse them and there may be some answers to some of the questions you have about what the community college has been doing over the last five or six years. And I know Mr. Drozd has constantly encouraged the college to raise money, more money than it had been raising. And I thank him because the foundation and a special committee raised about \$40 million since Mr. Drozd first raised that concern. I don't know if that meets any goal Mr. Drozd had for the college, but I thank him for raising that issue. I'm sure the college thanks him for raising that issue.

Also, I'd like our colleagues to remember, this is our college. This is the people's college. The Community College of Allegheny County belongs to us. We're the sponsor. And so when Dr. Murphy was talking about the success, he's talking about the success of our people, our sons, our daughters, our neighbors, our friends. These are the people he's talking about because about 95 percent of the people educated at the college stay here, and that's not even counting those who go there, stay a short period of time and are still here. So he's talking about our constituents.

Some of the documents you have reflect where the students are in terms of what council district. It's a nice innovation. It gives you a little personal touch. The numbers are your friends and your neighbors and maybe even your family members. I only found one person in this county who remains nameless who had no affiliation with the Community College of Allegheny County. But I won't mention her name, I don't want to embarrass her. She probably has some affiliation now. This was a couple years ago she told me that.

Also, I want to say that last year some of my colleagues, particularly Ms. Danko, raised some very

poignant points about the operation of the community college. I'm going to presume she's going to follow up on those tonight and I hope somebody was bright enough to talk to you about that before you got here. We're going to find out.

Lastly, I believe that we ought to tie the county's appropriation to the community college to stabilizing tuition. I won't go much further because I think you pointed out some of the challenges that any community college has when you try to stabilize tuition. Nobody wants tuition to go up. Nobody wants fees to go up, but they do. And tying our appropriation to stabilizing the tuition is easier said than done so I won't keep harping on that. But I think that's what we ought to start doing, is more clearly identifying the bang for our buck other than our constituents getting an education. Having said that, I'm going to start with on the first round our Council President, Dr. Charles Martoni.

PRESIDENT MARTONI: I have no questions. I'm relatively familiar with the Community College.

CHAIR ROBINSON: Councilwoman Danko, two questions on first round.

MS. DANKO: Well, I'm not sure what topic you were talking about but this is almost a case of I know a little bit too much. Not as much as Dr. Martoni but you may not know I taught off and on for about a dozen years at the community college. Last year when Dr. Johnson came, he talked about how the Affordable Health Care Act was going to impact the community college and the need to reduce hours on adjunct faculty. I know, and I can't find my notes right now, I requested the numbers of adjunct faculty that you had to reduce hours by. And you know, I know there were some statements that came back that adjunct faculty fall into several categories, some people really want a full-time job, some like it just the way it is. But I was wondering if you could address that.

DOCTOR MURPHY: Let me supplement what I think everybody received in response. In the debate that occurred nationally and for which the college was often cited, there was a reference to a school that happened to be the school from which I retired. And this was an agreement struck between the faculty of that college on the issue that you raised. Ironically, without any fanfare, CCAC did the same thing. There were something

like 19 or 20 full-time positions, faculty positions, added at the college this year. All but one of them went to former adjunct faculties. So in effect, what it did was take those, many of those people who were teaching near the limit of 12, and given a vacancy or an opportunity, they appointed them to the full-time faculty, wherein, they would now teach the equivalent of 15 hours as opposed to 12 hours. That in combination with other conservation measures that we took in terms of the number of sections, not the number of classes, but the number of sections that we offered, the difference being you can have a class with multiple sections. But I'm talking about sections now. Thereby reducing the cost of delivering instruction and maintaining what is a reasonable class size which we put --- my own opinion is it should be somewhere around 20. It's closer to 17, much closer to 17 actually. I think it's going to have to go up a little bit, quite frankly, in the run of things.

We now have now have in this current fall --- about half of our instruction is delivered by full-time faculty. So we've been able to make pretty dramatic gains that include incorporating some 18 or 20, whatever the number is, it's in that magnitude of people who came from the adjunct ranks, were teaching close to the limit, would have suffered under the reduction to 11 as opposed to 12 by making a good number of them full-time people. And thus changing the ratio of instruction delivered by full and part time to almost 50 percent. I think it's 48/52, Councilwoman.

MS. DANKO: Since we're on the first round I'll stay on the same topic. I know a number of universities have had efforts to unionize the adjunct faculty. I was wondering if the college has made any effort to bring in the adjunct faculty and, you know, if there's any effort to accommodate them in other ways. You know, one thought might be family members getting reduced or free tuition or, you know, because their pay is so miniscule relative to full-time faculty.

DOCTOR MURPHY: I think a quick answer to your question is no. There have not been those kinds of efforts. Some are more costly than others. I don't know whether Joyce has anything that she could add to it that I'm not aware of. All of that said, as for all higher education, and increasingly baccalaureate granting education, part-time faculty members are being used more

extensively than has ever been the case before. If I can step away from your question as interim president and answer it on another basis, I'd like to do that if you don't mind. This is me, not the Board or anybody else.

MS. DANKO: I was actually thinking you have so much experience this might be the way to do it.

DOCTOR MURPHY: I would never under any circumstance allow a part-time person to teach 12 hours when the full-time load is 15. I think it's unethical, quite apart from the Affordable Care Act. And so I supported the decrease. I have never been in an institution where I would allow a part-time faculty member to teach more than 9 hours. I just don't think it's right. We're taking advantage of people. When you get to that level, that's a level where baccalaureate granting institutions require all their faculty to teach 12 hours. And, I, personally, quite apart from ACA issues, I have a real hard time, personally, with that.

MS. DANKO: Thank you.

CHAIR ROBINSON: Mr. DeFazio?

MR. DEFAZIO: Just real quick, on that same subject, what about the college? I heard your opinion, what's their opinion?

DOCTOR MURPHY: Well, the opinion I think that was expressed by Dr. Johnson remains the opinion other than the fact that creating opportunities for adjuncts who aspire to be full-time faculty members to become full-time faculty members. And so as a practical matter I can't tell you how many are teaching 11 now as opposed to 12 but that's the fundamental difference it would have been, 11 versus 12.

MR. DEFAZIO: You said if they want to be full time?

DOCTOR MURPHY: No, no. It can't be just a want to be. It has to be a need.

MR. DEFAZIO: Okay, yeah, but the way you expressed yourself ---.

DOCTOR MURPHY: What we did, what the college did --- this preceded me, what the college did was to make those opportunities available in greater numbers than ever before to adjunct faculty members. So a much larger percentage of them became full time, and that's been the case historically.

MR. DEFAZIO: In the past?

DOCTOR MURPHY: Yes, sir.

MR. DEFAZIO: Well, since the Affordable Health Care thing come around, was that like the main reason why they tried to do that or was it ---?

DOCTOR MURPHY: Yes. I think that's correct. That was the reason that the college did it, as I understand it, from, you know, comments that I've heard from others. And I think it was universal, whatever that magical point was. For baccalaureate granting institutions it might have been another number, but they were all bound by the same set of circumstances.

MR. DEFAZIO: All right. Thank you, that's all I have for now.

CHAIR ROBINSON: Ms. Harris?

MS. HARRIS: Thank you. You're jumping around. Thank you for coming and being here. I just had a question. On your pie chart that describes where your funds come from on page four, you have 1.2 percent coming from the business community. I wanted to know if, one, you could expand upon that, describing where the money comes from, who is involved, and also secondly as follow up to that, if there's been any effort to expand upon that.

DOCTOR MURPHY: The first part of your question, that comes from our workforce initiatives in which we, essentially, enter into contracts with business and industry. And if you're looking at the revenue side, that's the revenue that's generated from them. In regard to the second question, the answer is yes. Not only have we attempted to expand into areas where we already have a presence, but we've been working very hard with businesses and industry with whom we have not done any business recently trying to gauge what their workforce requirements are. And I will tell you something that we haven't discussed before, Councilwoman Harris, what I'm hearing from a lot of people is not just about the availability of qualifying workers but the aging of the workers they have. And I remember talking to one union leader and saying, I am really struggling. If I lose these men and women that I have now, I don't know where I'm going to find an adequate supply of quality replacements.

What's happened over the course of the recession as I'm sure you can appreciate is people have deferred retirement. So you now have people working longer and my guess is, and I don't think I'm alone in this, a lot of people when their 403(b) or 401(k)s get back to some level

where they think they can retire comfortably, they're going to do that. In the meantime, you've got this backlog of people who are reaching age 65 and older who are continuing to work and are providing good work. I'm not in any way critical of them. But like me, there comes a point in time when they're going to be ready to retire and they're going to leave. And I'm very concerned about our society's preparation to replace them qualitatively. Not just quantitatively but qualitatively as well. And from what I'm hearing from employers is they're very concerned.

I'll give you an example. The average age of a nurse faculty member is 61. That's the average. And we need nursing faculty members to a degree that we can't get them. And I'm told that the nursing workforce overall is an aging workforce. And we're entering into a period where the whole population is aging. Where are their replacements going to come from? I don't think we're giving enough attention to that, whether it's at CCAC or anywhere else. And part of the problem is that it's one of those things where it feels like you can only react as opposed to respond proactively. You see it coming but the resources simply are not there to --- and the people are working so we don't have that opportunity.

MS. HARRIS: And has the response from the business community been a good one?

PRESIDENT MURPHY: Very positive.

MS. HARRIS: And you're making headway to increase ---?

PRESIDENT MURPHY: Yes.

MS. HARRIS: Thank you.

CHAIR ROBINSON: Mr. Finnerty?

MR. FINNERTY: Thank you. I believe, Dr. Murphy, that you said that the Chief Executive's budget included a \$500,000 raise?

DOCTOR MURPHY: Yes. That's correct.

MR. FINNERTY: Well, that's great. Because I think CCAC is a very valuable commodity for our community and for our people. I wondered, also, in relation to the other counties in Pennsylvania, how is our funding to CCAC?

DOCTOR MURPHY: As a local sponsor?

MR. FINNERTY: Yes.

DOCTOR MURPHY: Joyce, do you have that?

MS. BRECKENRIDGE: The Community College Act requires theoretically for the local sponsors to hit the one-third mark of operating costs but practically none of them do. They're just not able.

MR. FINNERTY: I understand that.

MS. BRECKENRIDGE: Yeah. And I think that Allegheny County has done an admirable job of trying to address that need. So I don't know where we rank among the 14, but I think we're holding our own there. Of course, we wish it could be more, but ---.

MR. FINNERTY: Everybody does.

MS. BRECKENRIDGE: The one thing this year that will be challenging to us is not receiving that \$1.5 million in capital because we've kind of become dependent a little bit on that because it's been coming forth for the last several years and that will be missed.

MR. FINNERTY: You have the building built, though, don't you?

MS. BRECKENRIDGE: Pardon me?

MR. FINNERTY: The building is up; isn't it?

MS. BRECKENRIDGE: Well, actually, those funds have been earmarked for a lot of capital ---.

MR. FINNERTY: All right. No, I was ---.

DOCTOR MURPHY: We can get you a relative comparison to the extent that one is available.

MR. FINNERTY: Yeah, I believe there is one available and that's why I asked because I don't have it and I was under the impression that Allegheny County actually is one of the highest-funding counties in the state.

DOCTOR MURPHY: I think that was true when I was here the last time. I don't know what the current situation is. I would suspect it's still very competitive.

MR. FINNERTY: Okay. That's all for this round. Thank you.

CHAIR ROBINSON: Ms. Heidelbaugh?

MS. HEIDELBAUGH: Thank you very much, Mr. Chairman. On slide four of your handout here, it appears that you have a pie slice here for noncredit student revenue. I remember asking Dr. Johnson about that and he said it's a very small part of what you get. Do you have a pie chart on what it costs to put on those non-credit student programs?

DOCTOR MURPHY: Yes. We'll get that for you, too. I don't think I have any here but we can give you a breakdown of revenues against expenses.

MS. HEIDELBAUGH: Do you have any idea of what that is? No, we don't have that?

DOCTOR MURPHY: No, I don't. I don't think revenues reach expenses but I wouldn't want to hazard a guess without looking into it.

MS. HEIDELBAUGH: Can you just remind me, because I remember I asked --- because I always get those circulars in the mail, the different programs that they have, eclectic things out at CCAC. Why does CCAC have those programs? You pick an example of a program that's a non-credit.

DOCTOR MURPHY: Well, that's a good question. It's a fair question. And you could argue that we don't need them. On the other hand, when you have a county that has contributed to its taxes, you look for ways in which you can respond in some form or fashion to people who might not otherwise need the formal experience a degree program or whatever. We probably have a lot of students, I'm sure we have a lot of students, who have no interest in a degree whatsoever but are taking classes for credit as well as for noncredit for the purpose of self-growth, you know, personal development. And we try to respond to as broad a topic --- as broad a part of the population as we possibly can and that's one way of doing it.

MS. HEIDELBAUGH: And I accept that, but ---.

DOCTOR MURPHY: I will tell you --- and, again, I really need to get the ---. There is a portion of the noncredit program where the revenues do exceed the expenses. And that's the portion of it that is more or less recreational and avocational as opposed to the job related.

MS. HEIDELBAUGH: I looked through the --- I get the pamphlet, you know, it's multi-page. And if I'm wrong in this you'll accept this, but I thought one of them was how to learn to be a psychic or something like that. You know what I mean? I'm wondering if in a time where we have a lot of things, you have the District Attorney coming in here and asking for additional money for a task force for violent crime, you know, and we're looking very hard at all of our dollars and spending \$40 million on debt service. I'd like to know what the costs are. Not that they're not nice programs.

DOCTOR MURPHY: I see.

MS. HEIDELBAUGH: Not that they're not something the community likes, but when you're in a position as we are where you're having to really look hard at costs and expenses and where the resources go, I'd like to know how much those programs cost CCAC.

DOCTOR MURPHY: We'll give you the details.

MS. HEIDELBAUGH: The second question I have is ---.

DOCTOR MURPHY: Just to make a point. Some of these are not programs in the sense of some of the other things we're talking about are. This could just be a course or two. And, generally speaking, if the enrollment isn't there to cover the salary, we don't run it.

MS. HEIDELBAUGH: Yeah. My question has nothing to do with the general great programs and necessity of CCAC. That's not my question. This is on how much. The second question is --- I'm having a senior moment. I lost it. Hopefully it will come back to me, Mr. Chairman.

CHAIR ROBINSON: Thank you. We'll get back to you. Mr. Futules?

MR. FUTULES: Dr. Murphy, thank you for coming.

MS. HEIDELBAUGH: I remember. Is that all right?

MR. FUTULES: I'll defer.

MS. HEIDELBAUGH: Thank you so much for the kindness to the elderly. I appreciate that.

MR. FUTULES: You don't know elderly.

MS. HEIDELBAUGH: The question, sir, is I think the testimony today or not the testimony today, but the remarks today were that we are quite a bargain here in Allegheny County, that we charge less than the other community college systems.

DOCTOR MURPHY: Sure.

MS. HEIDELBAUGH: And my question, and you may not be able to provide it to me tonight but I'd like to know it, is if we were to charge similar to, let's say, Philadelphia or maybe Harrisburg in terms of tuition rates, how much more income would that produce so that we ---.

DOCTOR MURPHY: I'll give you an estimate, and Joyce may correct me, \$25 million.

MS. HEIDELBAUGH: Let me just --- so that we might be able to take that money and then devote it to

someone else who comes before us who needs additional resources.

DOCTOR MURPHY: Well, working from memory, and I think it's reflected in here, Philadelphia charges something like \$4,500 a year, if I remember. Is that about right, Joyce?

MS. BRECKENRIDGE: Yes.

DOCTOR MURPHY: And if you match theirs, I think it would generate somewhere in --- and you didn't lose any students, which you would, ---

MS. BRECKENRIDGE: Yes.

DOCTOR MURPHY: --- you would probably lose a ton of students just by the sticker shock of it, you would probably generate somewhere, and this is a guess, around \$25 million. That would be my guess.

MS. HEIDELBAUGH: So has CCAC done any analysis or study of whether you could raise the tuition to be more in line with the other systems and at what rate you would not lose massive amounts of students and how much you would gain by that increase?

DOCTOR MURPHY: I'll go back to what I said before. I think the raising of the tuition is less problematic if you do it gradually than it is if you try to do it all at one time. That's just a perception issue. If you look at --- and I'm going to focus just on tuition for a minute and not the fees. But if you look just at tuition, tuition has gone up about three percent --- less than three percent actually on average over the last five, six years. But then when we have to raise tuition and we have to raise fees and we do it significantly, it looks like a lot more than it would have looked like if it had been gradually raised roughly about the rate of inflation. If you're asking could we do that in a year? No way. Could we do it over 10 years or 15 years? Maybe.

CHAIR ROBINSON: Mr. Futules?

MR. FUTULES: Okay. Thank you for coming in. I'd like to stick to the budgetary part of what we're doing. You commented that you were delighted or satisfied with the Chief Executive's two percent increase that you had got that equaled, actually \$464,809 according to the book.

DOCTOR MURPHY: That's about right.

MR. FUTULES: Some people have been asking if they're happy. My question to you ---.

DOCTOR MURPHY: I didn't say I was happy.

MR. FUTULES: That's my question. Are you Satisfied, unsatisfied or very satisfied?

DOCTOR MURPHY: On a scale of one to five?

MR. FUTULES: Yes. What would you be?

DOCTOR MURPHY: I have to do this in a relative way. If I got a two or three percent increase from the State of Pennsylvania, I'd be ecstatic. We haven't gotten anything in six years.

MR. FUTULES: I'm referring to the county, not the state.

DOCTOR MURPHY: Would we like more? Absolutely. Would we use it well? Absolutely. But I don't sit in your shoes. You live pretty much in a sub zero world. Some of our problems are not unlike some of your problems. I was listening to the testimony just a moment ago. Our infrastructure is struggling and your infrastructure is struggling. You got to make some tough calls. I can only tell you where we are, you have to decide whether that's what you can afford or not.

MR. FUTULES: I'm not sure if we ---.

DOCTOR MURPHY: I'd be happy to make the decision for you but I don't think ---.

MR. FUTULES: I'm not sure you've answered the question.

DOCTOR MURPHY: I haven't answered the question. I have no intention of answering the question.

MR. FUTULES: I see. Okay. Then I won't ask any more questions.

CHAIR ROBINSON: Point of clarification, the increase that was provided and suggested by the administration related to the two percent that the college, I believe, did not get in a timely fashion last year. This Council approved some time ago a two percent increase for the community college each year based on the previous year's allocation. Mr. Barker and I spent a considerable amount of time trying to figure out what we felt the state and this county as the sponsor actually owed to the community college. The number was so big for the county we could never pay it to them in a timely fashion. It was millions of dollars in my estimation and Mr. Barker's. So what we said was, let's try to find a way to help the community college every year that won't cost people to blow a gasket. That's how you come up with the two percent.

So like Dr. Murphy, I'm glad that the administration had recommended that. But \$400,000 is a small amount if you're trying to chip away at millions of dollars. Hopefully, this Council will recognize our obligation and make sure that whatever the community college got last year that we give them at least, in operating, two percent more.

DOCTOR MURPHY: I appreciate that.

CHAIR ROBINSON: Mr. Drozd?

MR. DROZD: Shouldn't we defer to ladies first?

Ms. Rea?

CHAIR ROBINSON: Ms. Rea?

MS. REA: No comment.

CHAIR ROBINSON: Mr. Drozd?

MR. DROZD: Thank you. When you take that trip south, I'll go with you because I'll have a little more time, but I'll take my business with me. As long as we divert and do one or two national parks a week where we can go bike and hike that's fine.

DOCTOR MURPHY: I'll take you to the Everglades.

MR. DROZD: You got it, man, right there. Not near the crocs, though, or those big snakes, anacondas. I come from your side of the world because I was an administrator at the tenth largest university in the country. And that's why I got on, you know, the fundraising, that you got to help yourself. And we raised \$40 million in two of the poorest counties in the outlying region. By the way, I outlasted about three or four regional chancellors, interim like you. So I'm sure you're happy. You can stir the pot and you can go. It's a lot more fun; isn't it?

DOCTOR MURPHY: Well, we're sort of like baseball managers. We sort of ---.

MR. DROZD: I know. And it's good to have you because you get another perspective, another picture and it's really good to see people like you come in. Seriously. Now, I'd like to make a suggestion to you. I made one on the foundation. You see it coming, it's growing. It still needs a lot more nurturing because your alumni are approximately 35, 40, 50,000 base. That's big.

DOCTOR MURPHY: Oh, more than that.

MR. DROZD: More than that. Big. There should be more there. We couldn't count the grants as part of our fundraising. We could do foundations but not public, not governmental grants, not part of the fundraising,

that's taken out. So you have a lot of alumni here that needs to be visited and that needs to develop and we did it with smaller staffs. Not to knock anybody, but we need to do that.

But the secondary I see here that we're really missing the boat on, I mean that is in the revenue generated, really missing it. Put this on the suggestion when you leave. Here's where it is. If you look at that pie chart, you look over here and you see continuing education, which is 5.3 percent uses of funds, and that's approximately what, what are we talking, \$5 million? It should be on the revenue side far in excess of that. And I'll tell you why. There are a lot of schools out here eating our lunch; okay? I see them. The regional --- you know, they're coming out of here from the south, you know, from --- you know, the universities and the states and even some community colleges are eating our lunch and they should not. I see this community college more importantly, not just as an educational base for people to come and get that education. What I see is for you to take it to them.

What I mean by that is they really need to ramp up the training programs. You should be one of the number one training programs in this part of the country, in this region. And what I mean is take it into the industry and they'll pay for those training programs. This one little campus alone that has 1,000 students, about a half million to a million dollar grants from the State of Pennsylvania for study. Just for training constables. That's one grant of many grants. Go find someone that's a good CE, marketing type, and tell him to bring some of their staff that's shown proven grants and you're going to bring some money in here, believe me, big time. We're missing the boat on this.

DOCTOR MURPHY: We agree with you on that. And that's an effort that's underway.

MR. DROZD: It is strong now, they're looking at it. You need someone good to deliver this though. And with a couple other good people that are good at delivering those programs. And if you need some help on that, I can direct you to two right now I know that could do this.

DOCTOR MURPHY: If Councilwoman Danko isn't listening, I'll tell you that virtually all the people who teach in that come in on a consulting basis, essentially.

They come in to teach a training program or whatever and then they're not permanent employees of the college. Nor should they want to be. I mean, it's something they do. We hire trainers specifically for the kind of purposes that you just described. And we need to do more of it. And we want to do more of it.

MR. DROZD: And my second point is this, is that to follow up to Councilwoman Danko, it works in the subs too within the inner city. We forget about the orphans, you know what I'm saying? When we forget about the orphans, they become part of the problem, do you see my point? So those adjuncts, they got to really start paying attention to them more because they're bringing in those dollars, you know what I'm saying? So you really have to nurture that and if it takes a little more investment, it's going to forego a lot of our problems that could exist. And I see that could happen in the inner city schools with substitutes, for instance, that goes to the adjuncts. Okay? That can happen.

And you got sometimes more value in the adjuncts who can bring that expertise and draw the students because of their expertise.

DOCTOR MURPHY: That's very true and well. In my response to the Councilwoman's question I pointed out that there is expertise out there that we can't keep on staff but we need from time to time. And, fortunately, we have people who are willing to do that.

MR. DROZD: That's dollars. Thank you, sir.

CHAIR ROBINSON: Mr. Palmiere?

MR. PALMIERE: Thank you, Mr. Chairman. Dr. Murphy, you alluded earlier to the fact that the cost of doing business is going up. Some of these classes, some of these forces are going to cost more money in order to present to students and so on and so forth. I was curious, do you have any idea what the percentage increase would be in order to put some of these forces into effect?

DOCTOR MURPHY: I can't give you a dollar number but I can give you the reason they're more costly. There are generally three factors. They're space intensive, they require more room. They're equipment intensive, they require microscopes and computers and sophisticated software, et cetera. And they're labor intensive. They have to, because there are certain aspects of them that make them somewhat dangerous, we have to keep the numbers low. In some of the programs in our allied health areas,

that's particularly the case. We simply can't throw dozens of students into a space and do it safely and effectively. And all of those things contribute to the higher cost of delivery, in addition, of course, to the instruction that's delivered. And that's the variable that's very difficult to manage because if you have a senior faculty member delivering it, that's going to drive the costs up even more. If you have a new faculty member, --- we just hired a biology faculty member, for example, at the south campus and he has a doctorate. But he's at the lower end of the salary scale and if you look at the science courses that he was teaching and figured it into what's the comparative here, it would look much different than if you had a senior faculty member as we do teaching the same course at other locations.

But in addition to the compensation which you almost have to put aside because of that variability that's not controllable, and you look at space, labor and equipment intensity, they're the things that drive the costs up. So any course that you have that --- there are even studio art courses, for example, for which that's the case. It's not just a science class. We've got a kiln. You have wheels. You have odd tools. You have a bunch of things that make safety a greater issue to consider than you typically would have to in a classroom with 25 tablet arm chairs and all of those things go into the cost.

MR. PALMIERE: Now, would it be possible then if we were offering these courses --- first of all, I would think that some of these courses would be more apropos in today's society, there would be more of a need for some of these courses.

DOCTOR MURPHY: Yes, sir. That's correct.

MR. PALMIERE: So that being said, would it be possible then to do, as far as tuition is concerned, would it be possible to separate those particular courses and raise the tuition on those and not across the board?

DOCTOR MURPHY: Yes, sir. That would be a recommendation in my book.

MR. PALMIERE: And in your opinion it would be necessary?

DOCTOR MURPHY: I think it's necessary and appropriate.

MR. PALMIERE: So in essence what we're talking about here is changing some of the curriculum, moving it

forward, taking some of the other courses out of the picture completely? Or at least cut them back?

DOCTOR MURPHY: Yeah, let me explain it this way. Let's divide a curriculum into two parts. There's a general part and that involves things like political science and history and English and so forth. There are also some laboratory courses like general biology or general chemistry or something. The other side of that student's course of study is the job-related or the career-related aspect or the major. It could be I'm majoring in biology or whatever. They are the courses that drive the cost up for that particular student. And differentiating the tuition and fees in a way that reflects some --- you couldn't possibly reflect all the costs, other than raising tuition to a degree that private higher education has to do it that doesn't have large endowments. But you could sway it a little bit to say, okay, there are course fees that we have to charge you, as we do for some of our radiology students. We have to charge you these, our pass through, you need to have this to participate in the program. We're just going to collect the money from you, pay the vendor and give you what you need. So I think we have to look at that. There's another reason, too, Councilman.

We have a lot of students who are not necessarily interested in a degree. Indeed, some already have it. I dare say we have students in our nursing program who already have a bachelor's degree. Maybe a master's degree. Maybe a Ph.D. They come and they only take the most expensive course we offer because they already have the rest. They don't need history or psychology or whatever, they already have them. And as a consequence, if we don't differentiate the pricing for the course, they get one devil of a deal. I mean, they get a very good deal. So given the nature of our student population, we have to do some things to recognize that they're not here to take the full body of experience, which on average tends to reduce the costs because you've got these classes with 25 or 20 students in them, these other classes with 15 or 20 students in them, lots of equipment, lots of space. But to the extent that we have students who are just taking the most expensive things we're offering, they're really getting a better deal, quite frankly, than the students who are full time and taking a full program.

MR. PALMIERE: Well, following that through, with the state regulations now, pertaining to the teachers and so on and so forth, teachers have to go back and do so many hours and ---.

DOCTOR MURPHY: That doesn't apply to community college.

MR. PALMIERE: That doesn't apply here? Okay. And one other comment.

DOCTOR MURPHY: We have our own internal expectations with regard to that, you know. Virtually, probably with a very few exceptions, all of our faculty members have Master's degrees and many have Ph.Ds.

MR. PALMIERE: That's good to know. Just one comment I'd like to make. I have had an opportunity to take a lot of the non-credit courses at the community college, one of which was on the Civil War. I've taken courses, I don't know how many up at the community college on the Civil War, had different professors, different teachers and so on. I want to tell you, it was a very rewarding experience for me. And there was a lot of people in those classes and we got into some real debates, I want to tell you.

DOCTOR MURPHY: They're wonderful classes.

MR. PALMIERE: It was a very well worthwhile venture. And as far as the non-credit courses, I just want you to know, I'm an advocate. I think they're great. I would hate like heck to see a lot of those disappear. Thank you very much.

DOCTOR MURPHY: Thank you.

CHAIR ROBINSON: Mr. Macey?

MR. MACEY: Thank you, Mr. Chairman. I want to thank Joyce and Dr. Murphy for being here. I don't claim to be a poster child for the Community College of Allegheny County but I'll share with you some of my experiences. First of all, I graduated from high school with honors. But I waited too long to go back to school. And I needed to take remedial classes, non-credit remedial classes. And I eventually graduated, of course, but I don't recommend waiting until you're 50 years old to graduate from the community college, try to do it a little bit earlier. My middle daughter, she went to the community college for two and a half years, took buses when there was bus routes to the community college at the south campus. And she later --- well, to make a long story short, she's now a research specialist with a

Master's and she's a supervisor at Pitt. My son, he didn't graduate from high school but he went to the community college, got his GED and later went on to a non-credited class and got a health permit as a plumber. He now works for U.S. Steel and is probably making as much money as his college counterparts.

But all of these things I mentioned are attributed to a school that is ours. And let me tell you why I say it's ours. I was involved with the credit union field and I worked as a director of business development and community relations for a credit union. I would not have gotten that job had I not had a degree in business. And it took me on to become a certified marketing executive because I had to have that degree to get the two-year accreditation. But with the chambers of commerce and other organizations we use, many times we look for a facility to have large meetings, networking or what have you. And at this particular time, Dr. Martin Oshinsky was the president of CCAC South. And I went to him and I said, could we use your college for this and that? And we set it up. And I said, thank you, Doctor, for letting me use your college. He says, Bob, it's not my college, it's your college.

And that's what we have to remember. The community college is ours. And we certainly do use it. It brings me to another topic, the aviation program. I sit on the aviation advisory board. I have a commercial pilot's license but I can't afford to fly any more because it got too expensive. That expense, I can explain that expense to this particular program. It became so expensive for people to get a pilot's license that the program almost went under. And thanks to Alex Johnson and some creative work, this program is still there. And why I say it's a real important program is because those guys, like myself --- by the way, I'm 65 and I work two part-time jobs, in the aviation field, those baby boomers are going to be leaving.

So here is a great opportunity for young people to get involved in the aviation field. You don't have to be a pilot. You could be an inspector. You could be an air traffic controller. You can be a mechanic. In that South Campus area in West Mifflin you have Pittsburgh Institute of Aeronautics. You have Pittsburgh Flight Training School. You have the aviation program at the community college. A great opportunity for people to

learn a new vocation that pays well. And with the International Airport and the County Airport, you know, there's a great opportunity for people to work.

Now, this brings me to my question. Total enrollment in my district --- and we have them all outlined here. In my district we're the lowest group of enrollees in all of the districts in Allegheny County. And I heard you say before it's because maybe population dropped, maybe because there was not a burning desire to move on. But in your opinion, why in the Mon Valley, when we have a great school and we have some opportunities there, is the enrollment second lowest in Allegheny County?

DOCTOR MURPHY: I don't know the answer to your question but I'll certainly get the answer for you. It could be that we have a very large share of the college-age going population even though the numbers are low. Generally speaking, when you talk about recent high school graduates, meaning those who graduated last year, we get somewhere around 14 or 15 percent of that class coming to the community college from the Allegheny County and Pittsburgh High Schools. We have the wherewithal to give you a more accurate answer. I know that the efforts are underway there and elsewhere to increase the population. Seventy-five (75) plus percent of the students who come to us tell us that we're the first choice, that we're the choice that they make. Given the kind of institution we are, that's a very good number. Whether it's true for West Mifflin and that area or --- I don't know without looking into it in greater detail. But I think we have the information and we'll be happy to get it to you.

MR. MACEY: Well, certainly, I would appreciate that. I have some thoughts on that but I'm not the expert. I would like to thank you for everything that you've done in the interim. I also want to thank the community college for partnering with IUP and other colleges, University of Pittsburgh, in allowing our students to matriculate into other colleges to get advanced degrees. Thank you very much.

DOCTOR MURPHY: I would say, too, Friday of this week I think the new president of Carnegie Mellon is being inducted. And he, among others, and I met on one occasion with the presidents of the Pittsburgh colleges and universities. And we're having a session toward the end of this month looking at ways in which we can better serve

collectively the interests of Allegheny County and the residents. And I was very impressed with the things he had to say about opportunities that he would like to partner, not only with the Community College of Allegheny County but with others as well. And I'm looking forward to that day and hopefully can come up with some other possibilities.

CHAIR ROBINSON: Mr. Drozd?

MR. DROZD: One more suggestion. I ask kids all the time, what do you want to be when you grow up, what do you want to do.

DOCTOR MURPHY: I'm trying to decide.

MR. DROZD: I am, too. That's what I say to them, too. You know, the number one thing they say, it's funny, is a vet. By the way, health science is the problem, too, it's not only elaborate, it's one of the most expensive, low rate of returns and most costly. It's a lost leader in most colleges. Because not only is the lab expensive, but the fact the state mandates you can only have so many students per faculty member. That's where you have a problem.

But what I would suggest to you is I don't see that your marketing efforts in these high schools around here. These kids are lost. They have no idea what you offer. Where's your niche? Your niche is not to compete with Carnegie Mellon, University of Pittsburgh or whatever have you, it's initiatives to transient --- the young people to transient in the industry, to fit their needs while at the same time fitting the student's needs. And I'm going to tell you, there are a lot of kids out there that are lost, that have no concept of what our community college does or what it is. I've told them, do you realize we have a great welding program at the community college? We have a great body shop program and a mechanical program at the community college. And a lot of people don't even know, these kids don't know and they're really lost out there on what they're going to do in life.

So what I'm saying is there needs to be more of those trade and technology type little courses because not everybody is going to be a brain surgeon here. And I would suggest you really need to do some research on this, your people. And this is not on you. This is one of those things, you know what I'm saying, when you leave, you need to do some research and transient that and translate that and get into those schools out here, help

these kids, not only to get a life in the future, but to also transient and say, what does industry need? Because that's going to help industry and it's going to help economic development too. It's not being done, I'm telling you. These kids have no clue what the Community College does. And I'll tell you something, I've been in every high school of the public, the city, and 95 percent of the other schools and they don't know.

DOCTOR MURPHY: I think we need to do a better -- I'm sorry. We need to do a better job, particularly at community colleges. We assess students' abilities to read and to write and to count. We don't do as good a job as we could and I'm talking about a sort of an umbrella job in assessing other talents that they bring which may not include reading and writing and counting. I heard the president of the Cleveland Clinic the other night and he's dyslexic. He was a thoracic surgeon. He applied to 14 colleges of medicine and got admitted to one. He told the audience that he had never read a book from beginning to end because it was too painful. But he uses his hands. His daughter is a fashion designer. She also is dyslexic. She uses her eyes. We don't capture the talents that people have if they don't include reading, writing and counting. And sometimes the things for which reading, writing and counting is needed occur because they have another purpose in mind that requires it as opposed to it's just something you need to know as a person.

MR. DROZD: Excellent astuteness on your part. I'm serious. I mean that.

CHAIR ROBINSON: Mr. Macey?

MR. MACEY: Thank you, Mr. Chairman. If I might, since this is being telecast --- simulcast, I want to also thank the Community College and our previous county executive, Dan Onorato, for a program called FireVest. That's volunteer emergency services training which allows our young people who volunteer in the emergency services first responders, whether it's EMTs or volunteer fire companies to get a two-year degree. That's tuition, that's also books and fees at no cost to them. All we ask for is a five-year commitment to your community to add to the quality of life of our community and be a first responder. Thanks.

CHAIR ROBINSON: Mr. Drozd?

MR. DROZD: Just real quick point in follow-up. What I'm trying to say is, too, where we're missing it is

these kids are going out --- we got to learn from these institutes out there, they're charging \$10,000, \$20,000 to kids who still can't come out and do what they can do when they go through your programs. Do you see my point, at one-tenth of the cost. If they can do it, we should and we could deliver it better. Your school is better, I believe that. It's just the story has to be told more and translated to those kids, do you see what I'm saying? And it's going to cost them a lot less and they're going to get a greater return and maybe even go in and articulate in the schools now and offer some programs so they can transcend from the high school into your community college. You see what I'm saying? I can show you a couple of schools like that.

CHAIR ROBINSON: Ms. Danko?

MS. DANKO: I have a couple of follow-up comments more than questions. I am a huge fan of the community college and I want to make sure everybody understands that. As someone who taught there I think I have a pretty good handle on what kind of students come to CCAC. A lot of them are, what I would say, trying out college. They're maybe first generation, maybe no one told them by the deadline of when to apply, they didn't have good high school counseling. And so they're in there and they weren't probably at the top of their class. You'll get a few in each class that you can see right away they're going to transfer to a four-year school but not all the students.

When we talk about raising tuition on that population, I can appreciate so much the need for it to be done gradually and judiciously. So many of those students take the bus or there may not be a bus. I don't know how many times I've had a student say my car died. They have to drop for the semester. You know, I have four children, three of them were lucky enough to go the traditional route. One of them is on the ten-year plan at CCAC. But it's a wonderful place. I think what Matt was talking about, the technical programs. One of my children got in his head he wanted to be an auto mechanic and he knew about this private school that was going to be like \$10,000 up front. I said, you know, CCAC has that program, go there for a semester and we'll see how it goes.

DOCTOR MURPHY: That's an excellent program.

MS. DANKO: And he ended up deciding that wasn't for him. We saved about \$8,500. So there's so many good things about CCAC. I would also say the non-credit classes, I'm a big fan of those, too, and we all have our deficiencies. I've taken cooking classes at CCAC. I learned how to make biscotti and nut rolls. I'm not good at it, but I learned. But what I want to say is --- and that's also a great way to bring people in the community into the school. And it's a marketing effort, too. Maybe someone like me goes, they look around CCAC, they see what they have and then, you know, you know more and you can talk to students more.

I did want to --- since we were talking about pricing of classes, and this gets to a question, internet classes, you know, how are you pricing those?

DOCTOR MURPHY: They're priced consistently with other classes as I understand it and we have --- in fact, that's a growing segment. We have 5,000 enrollees in internet classes. You might be interested in knowing, most of them are local. And that's pretty true. Even those students --- you can take an internet class anywhere from anywhere, that's the nature of the internet, but by and large students who enroll in them enroll in one that's close to them. And that turns out to be pretty much the case across the country as well as here. So we have, as I say, 5,000 enrollees and that enrollment is growing.

MS. DANKO: My point is that that student is being charged the same price as someone who's coming in using the classroom. So there are areas that maybe the costs need to be increased, but you know, just as a cyber charter school is probably, in my opinion, over billing, you know, maybe internet classes relative to other classes may be over billing or potentially over billing.

CHAIR ROBINSON: The Chair doesn't see anyone else that has a concern relative to the Community College. At this point, we thank Dr. Murphy and Ms. Breckenridge and I'm sure they will send information to those who have raised questions where they may not have had the immediate answer. We thank you for your forthrightness. Remember, pretty much Dr. Murphy was referencing figures in a document not produced by this Council which is okay. Because we learned a lot but at the end of the day it's going to be this Council who has to propose a budget for the Community College and all the other operations of county government. So please take into consideration the

college's needs in reference to their hard work and also the hard work of our staff in putting something together that's fair and equitable. We thank both of you very much.

DOCTOR MURPHY: Thank you very much.

CHAIR ROBINSON: I just want to mention that the vast majority of students that go to the community college are female. At least one of my colleagues expressed some concern about the safety of females and I think it relates to a rising concern in this county that our female population's issues and concerns be addressed. Community college has done that for a long time, around childcare, education and training.

We're going to now go to the Port Authority. I thank everybody for being patient with us. This is the most challenging portion of our work during the year, putting a budget together and making sure everybody has a chance to present who needs to present. I thank Mr. McCain and staff for sticking with us. They're earning their money these last two days, earning their money big time. But they only get to do it once a year and I appreciate them being with us. And I certainly appreciate Mr. Finkel who is the county's budget director. He's been through many of these sessions around the budget. And I thank both of those gentlemen for working with everybody who is coming before us trying to figure out what's good for everybody.

There is a document that members have. And any documents we collect tonight will be given to members who are not here so everyone will have the paper documents as we move forward. Let me just mention a couple things about the Port Authority. One, Mr. Finnerty is right on target that the reason for the drink tax and the car rental tax was to assist the Port Authority in meeting its obligations through the county. It was never intended to take care of all the financial issues of the Port Authority even though some people represented it as such. There are not enough drinkers and people who drive cars in this county to even begin to approach the total budget request for the Port Authority.

Also, one of our colleagues, the Honorable Amanda Green-Hawkins serves on the Port Authority Board. Our own president, Dr. Charles Martoni served there for many years. Councilman Burn also served on the Port Authority and this has been an issue for some time. Mr.

Finnerty, I believe, serves as the chairperson of the transportation committee and has always taken a special interest in transportation matters.

Hopefully tonight we won't try to revisit the drink tax and the car rental tax in any substantive way. A vote has been taken, it's in place. Some like it, some don't like it. Some probably don't even know it's in place and don't care. But we will do the best that we can to use that tax pursuant to Judge Olsen's order in areas where we can be helpful to the Port Authority. That's our objective now, is to help the Port Authority where we can.

We have with us Ms. Ellen McLean, who is the interim chief executive officer. As far as I'm concerned, she's the current chief executive officer until a new one shows up. And anyone else who's here who is identified as interim, I respect the designation but as far as I'm concerned you're the current. And I wait for the permanent to show up. We'll ask our questions of the current. Ms. McLean, if you will be kind enough to identify the two gentlemen who are with you and feel free to utilize them as you see fit. Thank you.

MS. MCLEAN: Thank you, Councilman Robinson. Good evening, members of County Council Budget and Finance and County Council. I'm Ellen McLean. I'm the Port Authority's interim CEO. I'm here to respond as a CEO. I'm sorry. Is that on? I'm joined this evening by Pete Schenk, who's the chief financial officer and Ed Typanski who's the director of grants and capital programs. Thank you for the opportunity to address the committee on behalf of our request for local support for transit in Allegheny County.

I'd like to start this evening by addressing the old Port Authority. We've made some very significant changes in the last few years. We fixed our pension problem. We've cut more than \$45 million in expenses by reducing our workforce by 21 percent. And with our largest labor union, ATU Local 85, we've changed retirement benefits in ways that permanently reduce our legacy cost obligations going into the future. There are many examples of our efforts and our cost containment. But the point I want to make this evening is that virtually on every financial front, the Port Authority is not the same transit agency that created so many negative perceptions in the past. The Port Authority today is a much leaner operation that provides quality transportation, bus, rail and access for

our disability community for the benefit of our residents, our corporate employers and local businesses throughout Allegheny County.

I'd like to simply walk through a few slides and answer any questions that you may have, and I believe you have the slides in front of you. The first slide is on our fare box recovery ratio. We've frequently heard that we need to charge riders more to generate more revenue in the fare box. We've raised fares in 2008, 2011 and 2013. Our fare box recovery is 26 percent, well above the median of 18 percent for transit systems across Pennsylvania.

The second slide shows you the impact of our fare increases on both revenue and on ridership. We've begun to reach a point where we're starting to lose ridership, although this year we're beginning to see it level out a little bit better. The blue bars are the fare revenue which has steadily risen until this year when we're seeing it begin to plateau. The red line shows the fare increases, you can see the bumps in '08, '11 and '13. And the black line is our ridership where you can see it's beginning to plateau out a little bit. And this is something we're watching closely. The increase in elasticity over the past three years with the fare increases indicates that riders are more sensitive to these incases and are likely looking at other alternative modes of transportation. So this is something we're very careful about and watching yearly.

The next slide is I think an important one. It shows that we've taken many steps to cut expenses and our primary way to do so is through personnel reductions which have accounted for as much as \$45 million in expense reductions. Since 2008 we've reduced head count by 646 or 20.7 percent and 25 percent of that has been in the non-represented workforce.

The next slide provides, I think, an excellent picture of the net impact of our collective bargaining efforts with Local 85 in reducing our expenses. What this looks at is all in bus operation against total expenses. And we look across Pennsylvania at all transit agencies. Those vehicle operation expenses include salaries, wages, fringe service, tires, materials, et cetera. The Port Authority ranks below the median in the percentage of bus operations to operating expenses. The median is 60 percent, Port Authority is at 55 percent. And we're on par with our counterpart at SEPTA across the state.

On legacy cost reductions, we've closed our defined benefit plan for all new non-represented IBEW employees. We've implemented a defined contribution plan for all new hires as of September of 2011 for nonrepresented IBEW and police thereby capping our long-term liability for these employees. And we've increased cost sharing for all defined benefit plan participants, both in those groups as well as in our Local 85 group to ten and a half percent. So we've reduced the annual cost for the Port Authority.

We enjoy healthy plans. The ATU pension plan is almost 85 percent funded, IBW is low 80s, non-rep which is now closed, is about 55 percent funded. And our last legacy cost is, obviously, retiree health care. And this is a chart that we had our actuary do and it's an important slide for us, because it shows the impact for the past three years of collective bargaining agreements on retiree health care costs. The red line shows the trend at 2005, at the collective bargaining agreement time, and the blue line shows how those costs have been reduced through concessions. We have changes in eligibility over each of the contracts, we have increased cost sharing over the contracts and in this last contract we eliminated lifetime retiree health care for eligible retired/retiring ATU employees. They are now eligible for only three years of health care at retirement. With that I'm going to turn it over to Pete. We'll talk about the operating budget.

MR. SCHENK: Good evening, page nine of your papers here, just to review, our appropriation request, we're on a fiscal year where, obviously, the county is on a calendar year, so this request, if approved, actually backloads the second half of our fiscal year which would be for us, January through June 30th and this is historically how it's worked. Turning to page ten in terms of our total appropriation request, in terms of the combined operating and capital budget request it's at slightly over \$37 million which is relatively unchanged from the prior year. Just as a point of emphasis there is a one and a half million in additional county funding to help with the 15 percent required match on the additional state operating assistance of \$30 million. And as last year, similar to last year, we've also requested \$3 million from the regional asset district which would give us our full 15 percent local match on that additional \$30 million that's been earmarked by the state.

Moving on to 12, page 12, this is just a very high level. Our operating budget is \$366.6 million. In terms of the sources of the funding, about 52 percent is from state operating assistance; the county is --- 8 percent is for county operating assistance; you'll see that 29 percent is passenger fares and there is some other income included in that; and 1 percent the regional asset district. And then there's matches from both the county, state and federal grants that are included in our operating budget. On the next page you will just see a very high level review of our fiscal '13 operating budget versus our fiscal '14 operating budget and we've --- actually from a gross standpoint it's decreased by \$5.5 million from fiscal 2013 and our capitalizations have gone down by a little over \$10 million from '14 to '13. In terms of some of the assumptions that are behind those high level numbers there's no fare increase from the fiscal 2013 so it's still base fare of \$2.50, cash fare.

There's the increased pension contribution for ATU 85 non-union employees and also police employees. We're now up to now ten and a half percent. This is based on the assumption that we will get the additional \$30 million in state operating assistance that has been promised by PennDOT. We are assuming medical premium increases of ten percent, vision of seven and our dental is going to remain unchanged. Diesel fuel which makes up a large percentage of our materials budget, over \$23 million, is budgeted at \$3.56 per gallon. We have locked in the first six months of the fiscal year, diesel prices at \$3.47 and we're monitoring on a daily basis to see if it's advantageous to lock in for the second six months of the fiscal year, hopefully at an amount lower than \$3.47. I'll turn it over to Ed Typanski to just go over the capital budget.

MR. TYPANSKI: Good evening. On page 16 starts the capital budget. Our 2014 capital budget totals \$125 million but I've isolated \$94.1 million to discuss tonight. The other \$30 million we sort of shift to the operating budget. The funding request here the pie chart shows \$37.2 million federal dollars, \$54 million state dollars and approximately \$2.8 million from Allegheny County.

The next page shows the capital budget, by the way we categorize it through our board of directors, how we are going to spend the dollars, \$32.6 million for debt

service, \$24.6 million for revenue vehicle replacement, fixed guide way and facility improvements, 29 and a half million, support programs, 6.6 million. As I mentioned previously the operating capitalization 31.7 and some new system expansion, 550 thousand. Some of the assumptions built into the capital budget, we are going to purchase 60 replacement, 40 foot low floor buses. This budget, the county request here for the Port Authority, includes the final payment for the North Shore connector project as well as the final payment on stage two and midlife overhaul projects. We are going to commence the National Environmental Policy Act, NEPA, for the BRT, bus rapid transit, downtown to Oakland. And it also continues the stay to go repair projects, support vehicles, many roof replacements on our aging facilities as well as some paving projects on the East bus way as well as the South bus way.

MS. MCLEAN: So with that I will conclude our introductory remarks and take any questions.

CHAIR ROBINSON: Thank you very much. Mr. Finnerty, on the first round, two questions, please.

MR. FINNERTY: Thank you, Mr. Chairman. I don't know who to direct this to but you talked about the final county payment for stage two project, what is that final payment?

MR. TYPANSKI: That final payment represents a payment to match the grant, the federal grants that went into the project. Just like we did with the North Shore connector project the need was more so than what the county had to pay in one given year so we spread out the payments over the course of four or five years.

MR. FINNERTY: Well, I know what the payment is for the North Shore connector it's \$1.635 million but I don't know what that payment is for stage two. I want the money figure.

MR. TYPANSKI: Well that represents, like I said, the match that went into the ---.

MR. FINNERTY: I want a money figure.

MR. TYPANSKI: Oh, how much money? I'm sorry. Well, that represents three and a third percent of the overall cost of it.

MS. MCLEAN: We can certainly get you the exact dollar ---.

MR. FINNERTY: Let me ask you this, would it be \$7.238 million? No?

MS. MCLEAN: No.

MR. FINNERTY: I have a match here that says Port Authority matching funds \$7,238,690.

MS. MCLEAN: That's a combination.

MR. FINNERTY: That's on your budget, yeah.

MS. MCLEAN: That's the combination of all the other projects including the stage two piece of it. It's multiple projects.

MR. FINNERTY: Okay. That's what I was trying to figure out. That's all the questions I have. Thank you.

MS. MCLEAN: Sure.

CHAIR ROBINSON: Mrs. Harris?

MS. HARRIS: Thank you. I had a question about the connect card which you didn't really mention and I didn't see in here. Could you talk to me a little bit about where that vision is going? I have my card I love using it, it's much more convenient than cash, however, you know, I feel there might be some opportunity for --- well, I'll let you talk to me about it and then I'll ask a follow-up question.

MS. MCLEAN: We've implemented all of the fare products that we currently have. So we now have it where you can load on TVMs, we have TVMs throughout the system. We are working with the stored value as a new piece so if you don't want to put a monthly, a weekly on or an annual, you can do \$50 or \$10. So all of the products are in. We are working as well with our regional partners. We have five regional transit agencies who are partners in getting them online and implementing their piece. The next piece of this --- and we're working with all of our social service agencies, in particular Travelers Aid. We've provided them with the ability to put product on cards for their clients. We are in the middle of testing a web portal for customers. One web portal will be specifically for our regional transit agencies, and one for customers to go so you can load it online. That's the next piece. Once we have that implemented, we have a whole list of new fare products that we would like to do, such as event passes, a weekend pass. So if you're coming in from the airport you can load a weekend. We have a series of things all of which require us to go through a board process to have it approved, our fare policy changes approved. So that's the next piece.

Another piece of it is that we want to drive more people to the card and away from cash because, obviously, cash costs us money to pick up and to count. So we are looking at possibilities to drive discounts that would get people to go to --- by increasing cash. So it would cost you more to ride to use cash; less if you use the product.

MS. HARRIS: My follow-up question is, is there any sort of vision to make this standard and mandatory installing tills so you can reduce your personnel costs?

MS. MCLEAN: In terms of our fare box at the rails we have now --- all of the validators are in, we're testing them, we had software issues. We have been doing a soft launch on them and that would allow people to touch, you know, you just touch the validator and go, it takes the product off, so yes, that should begin to reduce the need for fare box operators. We can't --- we don't have a plan to force product "no cash" we have not discussed a "no cash" policy on bus and rail. Clearly, we believe, and certainly in talking with transit agencies across the country is that if you have to pay more for cash, to ride with cash, people tend to put it on the TVM, use the TVM and buy the product. But it will also mean that coming out shortly will be tickets at the TVM, so you can buy a single ride at the TVM. That's the next piece you'll see coming out as well. So going totally "no cash" is not something we contemplated to date.

MS. HARRIS: Okay. That's something I would certainly encourage to look into. I think you could --- given the way our system is set up and the expenses we incur in our personnel. I think it would be a good avenue to research.

MS. MCLEAN: Will do. We will. Thank you.

CHAIR ROBINSON: Ms. Danko?

MS. DANKO: In your presentation you had a ten percent medical premium increase, is that an assumption or is that something that's already been negotiated?

MS. MCLEAN: That was negotiated, ten percent for this fiscal year.

MS. DANKO: So that ends June 30th.

MS. MCLEAN: Yeah, which originally it was 14 and we were able to beat them down four percent.

MS. DANKO: Okay. I think it was last year you came and talked about doing something with the Pitt

students and the CMU students, I was wondering how that was going and how that factors into these numbers.

MS. MCLEAN: The U pass program for Pitt is up and running and fully operational. We are piloting and have had --- I think their first group was four hundred at CMU. Again, the chip is in their ID. They manage their card. At Pitt, you go to Panther Central if you have an issue with your card, if they disconnect it, et cetera, and it's a per tap ride cost. The same it will be with CMU. They're piloting now and they roll out their IDs, they will be their new IDs with our smart card chip in it.

MS. DANKO: Do the Pitt students get unlimited rides or this is not them being individually billed so if one student uses ten rides and one never uses it ---?

MS. MCLEAN: It comes out of their activity fees so everybody pays it.

MS. DANKO: So somebody could use it every day and somebody could never use it and they pay the same activity fee.

MS. MCLEAN: Exactly. But each time they ride it's a dollar and a quarter, so if they hop on in three blocks it's a dollar and a quarter, et cetera, so ---.

CHAIR ROBINSON: Mr. DeFazio.

MR. DEFAZIO: Yeah, on your 10.5 percent increased pension contribution, this is for non-union and police employees, what's that for the Port Authority police and the non-bargaining unit people you have?

MS. MCLEAN: Yes.

MR. DEFAZIO: Now, on that 10.5 percent, do they have to put in 10.5 to get 10.5?

MS. MCLEAN: It's 10.5 percent of their salary if they are in the defined benefit plan. That is their contribution to the defined benefit plan. And it follows ATU Local 85's contract. If you might remember the goal that they needed to reach was a \$15 million per year savings to the Port Authority and they recommended a move for them from five and a half percent to ten and a half percent to raise about \$6.4 million up to that 15.

MR. DEFAZIO: So, in other words, under defined benefit, they have to give 10.5 percent to receive then benefits.

MS. MCLEAN: Right. In order to get their defined benefit at retirement.

MR. DEFZIO: And if you don't put 10.5 percent what happens?

MS. MCLEAN: You can go into the defined contribution plan.

MR. DEFAZIO: And that's what, about seven or ---?

MS. MCLEAN: The defined contribution plan it is three percent, matched three percent by the company and the company will match as much as six percent. So you can put in more and the company will match it up to six percent.

MR. DEFAZIO: And if they don't put anything, you don't have to put three percent or up to six?

MS. MCLEAN: You have to put three percent in to participate in it.

MR. DEFAZIO: Yeah. So if you don't want to put anything in; you get nothing?

MS. MCLEAN: Right. It's not a 401k, it's a 457b, I think, and you make your investment decisions et cetera.

MR. DEFAZIO: Okay. Thank you.

CHAIR ROBINSON: President Martoni?

MR. MARTONI: No questions.

CHAIR ROBINSON: Ms. Rea?

MS. REA: No questions.

CHAIR ROBINSON: Ms. Heidelbaugh?

MS. HEIDELBAUGH: Thank you very much, Mr. Chairman. I'm sorry, sir, your name?

MR. TYPANSKI: Edward Typanski.

MS. HEIDELBAUGH: May I call you Edward?

MR. TYPANSKI: Yes. Ed is fine.

MS. HEIDELBAUGH: I missed what it was that you said. Perhaps you could repeat it for me. You did mention the bus rapid transit?

MR. TYPANSKI: Yes.

MS. HEIDELBAUGH: What was it that you said again, sir; I don't want to misquote you?

MR. TYPANSKI: We're going to commence what's called NEPA, the National Environmental Policy Act. That's the next project in the project development, which we're going to start the study of noise as well as traffic study and the environmental impact of the project. There are two possible alternatives at this time through Oakland; Forbes and Fifth Avenue.

MS. HEIDELBAUGH: So has the Port Authority already decided to do this?

MS. MCLEAN: Yes, it is a project that's been under study and certainly one that has community support.

MS. HEIDELBAUGH: Okay. Because we were told by the county executor when he came and gave us some remarks, I think, that he was going to ask us to appropriate, I think it was either one or 1.5 million to study it. And I did not understand it, that it had already been decided to be done.

MS. MCLEAN: Well, there is the next piece of this. We have studied the options with community groups what the options were, alternatives were, with our consultant. The next piece of this --- and we've decided to move ahead. The next piece of this is to be eligible for federal monies through the FTA is that we have to do the NEPA study but we also have to do a preliminary engineering study. And the additional monies that the county executive has earmarked is to help us with the cost of the preliminary engineering study. And what that is, is it gives us a preliminary cost to look at what would be street surfaces, sidewalks, utilities, where stations would be signaling et cetera up and down that corridor. And it's based on that with the NEPA study that we are hoping we will be able to make the September deadline for new starts or small starts program competition for federal monies.

MS. HEIDELBAUGH: And has your board approved this BRT to Oakland?

MS. MCLEAN: Yes, Yes.

MS. HEIDELBAUGH: They have approved it. So the board has approved it. Would you be able to do this without the 1.5 million or one million from Council?

MS. MCLEAN: No. I mean, we don't have the cash right now to make the September deadline and that would be very useful. I mean, if push came to shove, I guess we would either have to delay that September timeline or cancel some of our infrastructure programs that are needed.

MS. HEIDELBAUGH: And do you have a document that you could provide me that I could read and study the analysis on the utility for this project?

MS. MCLEAN: Sure, absolutely.

MS. HEIDELBAUGH: And what is the ultimate cost of this?

MS. MCLEAN: Well, the cost that the consultants have put together, preliminarily --- again, this is where

the engineering study is key for us, is that if you include the buses ---.

MS. HEIDELBAUGH: No, not the buses.

MS. MCLEAN: I believe they had that in at 50 million about so it would be about 150 million for the all in piece of it with stations. Now, the question is that's where the preliminary ---.

MS. HEIDELBAUGH: So 150 million is with the buses?

MS. MCLEAN: No, without the buses.

MS. HEIDELBAUGH: And your plan is to go up through the Hill District and Uptown?

MS. MCLEAN: Uptown, right, and down Forbes and up Fifth. Those are the two corridors.

MS. HEIDELBAUGH: Okay. And this would involve eminent domain, taking out some of those low income housing; is that your plan?

MS. MCLEAN: Well, it's going down the business district. At this point, we're not looking at expanding roadways. We're looking at the existing roadways right now. So we're going down Forbes, coming back Fifth.

MS. HEIDELBAUGH: So there would not be eminent domain of taking out low income houses?

MS. MCLEAN: Not that I'm aware of, no. No.

MS. HEIDELBAUGH: So you will send me the analysis of that?

MS. MCLEAN: Absolutely.

MS. HEIDELBAUGH: And what is your expected ridership of those buses from Oakland to the Downtown corridor?

MS. MCLEAN: I can get you that. You know we transport 200,000 a day on a weekday but I'll get you that corridor, that piece.

MS. HEIDELBAUGH: And you're still not charging on the North Shore connector; correct?

MS. MCLEAN: We don't charge from this side of the river across to the North Shore. We were, through sponsorship for both of those stations, able to carry forward the free fare zone.

MS. HEIDELBAUGH: But it's my understanding from various reports that I read, is that your sponsorship doesn't cover all your costs on that?

MS. MCLEAN: No, it wouldn't, nor does our fare really cover our costs.

MS. HEIDELBAUGH: Okay. So have you done an analysis on two things, the lost revenue from the free rides and how much longer you are going to do that?

MS. MCLEAN: We have not, no. Right now, it's ---.

MS. HEIDELBAUGH: I would like to know that. I would like to know how many rides are over there and what the projection is for how much longer you are going to do that? And I would like to know what the loss of revenue is over expenses.

The last question I'm going to ask is if I begin working at the Port Authority at, let's say, 22. How many years do I have to work before I can retire on full retirement?

MS. MCLEAN: If you're an ATU employee?

MS. HEIDELBAUGH: Right.

MS. MCLEAN: If you are hired today at 22, you are in the defined contribution plan so you don't get --- it's what you put in and what annuity you get.

MS. HEIDELBAUGH: So for all other existing employees, what is the work term? Is it 20 years?

MS. MCLEAN: It's scaled in ATU. For nonrep police and IBEW, if you're hired today, you're in the defined contribution plan. So there's no defined benefit plan. Currently if you're an ATU Local 85 member, you are in the defined benefit plan, you pay ten and a half percent and then it is --- for today --- because they're tiered now, so it depends on when you came in whether you have to stay. You have to have that number 85 service in years. And I believe today it's 85. I can send you that tiering, but off the top of my head I can't tell you.

MS. HEIDELBAUGH: Is it 20 years?

MS. MCLEAN: No. It's 25, 30, depends on what your age is to reach ---.

MS. HEIDELBAUGH: What's the least?

MS. MCLEAN: Well, if you --- if you're coming --- as long as you get the number 80 --- is it 85 now?

MS. HEIDELBAUGH: I don't understand what that means.

MS. MCLEAN: So you'd have --- you could be 55 and that'll give you 30 years of service, that will give you 85, the number 85. That's how we determine it. So it's a significant commitment.

MR. ROBINSON: Mr. Palmiere?

MR. PALMIERE: Thank you, Mr. Chairman. I'm just wondering, I've been a Steeler season ticket holder for many, many years and a lot of times a lot of people want to go to a game, they can't walk, have one heck of a time getting them over the stadium. Now, we used to have the shuttle bus. It was great at one time, okay. My question is, why is that gone? What happened to it? And are there any plans in the future to help that along? The connector notwithstanding.

MS. MCLEAN: Well, right now we would say that the connector is the shuttle bus. It takes you right to the stadium, both stadiums. And we do not have plans to add that service at this time.

MR. PALMIERE: That's very disappointing, let me tell you. When you try to get over there it's a real problem, especially trying to get back from the stadium. I was hoping that, you know, perhaps there was some way to work around that, the service that you had. We had so many buses lined up there for after the games and before, running up and down. There was no possible way of just cutting that to a minimum without eliminating it completely?

MS. MCLEAN: Right now, we find that our bus --- the train, we put on extra service for all of these events. And we run it very efficiently and we fill those cars. And we clear a platform within 40 minutes. So to add additional bus service, particularly in our financial condition, is that if we are looking at additional bus service, it would be throughout Allegheny County where we need additional services as opposed to adding more service to special events. Where we already incur --- in fact, we're beginning to chart those costs because we incur significant costs for what we all enjoy, our fantastic sporting events and concerts, et cetera. But to add additional service, we believe we really have significant service and it's slick to run.

MR. PALMIERE: We'll have to agree to disagree. Thank you very much.

CHAIR ROBINSON: Mr. Futules?

MR. FUTULES: I didn't think I was going to get a turn. Two questions. I heard you mention the fact that ridership is down. Is that based on the fact that there's less routes or is this on a percentage basis of the ones that existed.

MS. MCLEAN: A percentage basis. We believe that the fare, the three fare increases, hit us hard. We saw a drop in products, like monthly products purchased. And people went more to cash and more to weeklies. But we think it's beginning to level off so part of it may have been --- what we did find when we were doing cuts and announcing the prospect of cuts is that people took alternatives and then stayed with it. We're hoping that this transportation bill will be robust enough to allow us to add service in the appropriate places, and that we can grow our ridership back up again.

MR. FUTULES: I have another question. Is it still practice for us to give free riding in the inner city on buses?

MS. MCLEAN: Yes. The downtown zone is a free zone.

MR. FUTULES: Has there ever been any consideration for some sort of a daily fee or weekly fee for using the buses? We talk about our financial problems, but yet we're giving free bus rides in the city. Is there any thought or future changes in that?

MS. MCLAIN: I think we would take that into consideration over time but right now we are not considering that at this point.

MR. FUTULES: Is there any amount of money you think we could be losing by not charging, any tracking of ridership in our city?

MS. MCLAIN: Well, I'd say that where you see it mostly is on the rail system, on the subway system. I think that's where we see it. But for the most part, we bring people downtown and they head back out. And maybe just for myself, I don't see many people jumping on Fifth Avenue to ride up to the U.S. Steel building, or you know, most people will ride the subway, will drop down at Gateway and come up at Steel Plaza. So it is something we're looking at and we're looking at in terms of rail, in terms of sponsorship for stations. When we first opened the North Shore, we got sponsorship for both. Is it as high as it might be? We think we can do better the next time around because what we've shown is that ridership is significant on a rail system in the downtown area.

MR. FUTULES: For the record, I've always supported the North Shore Connector. I think it's a great asset in this city, even though there was a lot of pessimism over it over the years. I truly see an

advantage for connecting the North Shore to the city, and all the way to the South Hills. I think it was a great project and I'm proud to be on Council as part of that.

MS. MCLEAN: Great. Good to hear that.

MR. ROBINSON: Ms. Rea?

MS. REA: No comment.

MR. ROBINSON: Mr. Macey?

MR. MACEY: Thank you, Mr. Chairman. And thank you, Ms. McLean, Mr. Typanski and Mr. Schenk for being here. I'm just curious, we talk about the free rides downtown. And I've heard people concerned about their tax dollars going to pay for free bus passes for this group of people and that group of people. Is there such a thing as a free bus pass?

MS. MCLEAN: No.

MR. MACEY: That's what I thought. But I just wanted to clarify that for the record and for the listening audience. And we often hear about individuals, laypeople who say what they should do is privatize it like it used to be. What would you say about privatizing, is it cost efficient? Is it affordable? And why do we have the Port Authority in the first place?

MS. MCLEAN: I believe it was in 1963, '64 when the authority was created as a result of seven private companies going bankrupt. So the authority was created. Public transportation is public transportation. It's for the public. It needs to be affordable. It needs to be accessible to everyone. I think we are --- and it is subsidized. It's subsidized across the United States.

MR. MACEY: Absolutely.

MS. MCLEAN: Currently, we have the highest base fare in the State of Pennsylvania and among the highest fares in the country. So I think in terms of riders paying, they pay for their ride. Do I think privatization would work? Well, the only thing --- I don't. I don't think it would work. I think the best example is we privatized two routes. In our cuts, two routes were picked up by a private company. Within less than a year, one was cancelled and the second one which at the time was one of our best routes, is still operating at, I believe, \$5 or more a ride.

MR. MACEY: As we continue to find efficiencies of scales, I certainly want to thank you for --- I think it's the 55D now but some of us down in the Mon Valley refer to it as the Glassport bus, it's very important. I

don't think a lot of people understand that there are working class people who for no reason through no fault of their own can't drive and need to get to work. All these hotels and hospitals that need working class people to take care of them, clean and work in them. We need public transportation.

I have a small story I'd like to share with you. I was down at the Cheese Factory (sic) in the Southside, the Cheesecake Factory, and I ran across some students, foreign students, I might add. And I asked them about it. And this was the time that the drink tax was being bandied about. And I asked them about the bus service. And these young people from other parts of the world said, it's great. The buses are clean, the buses get me where I want to go and it's affordable. So sometimes I think we look at our transportation and some of us maybe are spoiled and don't realize the advantages we have here. And especially the North Shore Connector. When I go to a game, I go to the First Street Garage, I get on there, over to the game and I look around me and I see these parking signs, \$30. For \$5 I can park my car and go to a game and I'm back home. They have elevators and escalators.

MR. ROBINSON: Mr. Drozd?

MR. DROZD: Here's one County Councilman, like the majority of my constituents, who is adamantly opposed to the North Shore Connector. If I had invested a half billion dollars I would have put in infrastructure to serve my constituents in the suburbs where we need to go, and go to Oakland. And by the way, as far as traveling under a river just a short distance, I can go to Atlanta and travel from the airport down to the downtown area and pay very little money versus taking a taxi cab here that's going to cost me \$30, \$40, \$50. So here's one, the voices of my constituents, the majority, said that was the worst investment we ever made. And even the Governor, former Governor of this state agrees after he even approved it a long time ago.

If I could --- let history alone, our lesson is learned. I think you understand where I stand with my constituents.

MS. MCLEAN: Absolutely.

MR. DROZD: It's pretty clear. That's the way I vote, majority of my constituents, always have, always will. But anyhow, my question to you is very simple. If you could, even though it may be not under your control,

what three areas would you --- initiatives would you enact into the Port Authority that could reduce costs and yet at the same time, at least maintain the services? And what three areas could you see that you can enhance services without having to expend much money and getting a return to increase your ridership? Thank you. Do you follow me?

MS. MCLEAN: Very simply I can follow you. In terms of cutting costs, let's talk about that one, the biggest thing we need to cut right now are to look back to see if we can --- if the savings are hopefully there is in our healthcare. We have Highmark embedded in our union contracts, and therefore, we all get that. So as you all know, the UPMC/Highmark issue, we think that's a place that we will be able to get some savings. Other efficiencies, we are doing a lot of statistical analyses. We have a trans-stats program in place. We're beginning to look at overtime. We're beginning to look at what it costs to do specific functions. So that's another place. And we've done sufficient --- we're pretty good at looking at our cost structure and seeing what we can change.

In terms of what would I do with that additional savings? I would put on more service if possible. And where would those services be? You know, if I could have heaven, would I put trains out north? You bet. Would I go to the airport? Maybe, I mean, if you had a lot of money. But in terms of service, I think the Mon Valley is a perfect example. That was a place that --- a whole area that had nothing. And we put the Glassport 55 on and it is full. There are a lot of places around this community in Allegheny County that need service to come --- either come into the city or to go to their jobs. And that as a public transit agency I think is our task to do.

MR. DROZD: I was particularly interested to hear you say and I was disappointed about the privatization blending, maybe. New Jersey has done it. Colorado has done it successfully. New Jersey being a heavy-labor area, a heavy organized labor area. They received it, embraced it and it's been successful. And we aren't doing enough to capture those outlying suburbs, you know, those counties, their transit authorities, to bring people more into this region. I haven't seen those initiatives and it disappoints me. I haven't seen the initiatives to really maybe look at where we can bring in private industry, not in all cases. I think there's a

blend, is what I'm saying. I'm not saying whatever. I think there is a blend.

MS. MCLEAN: Well, there is --- we are working with PennDOT and our regional partners. All the regional transits are looking at regionalization and privatization. A number of the regional transits are privatized in pieces. They may have a public sector staffing but they have a private company running their service. And maybe they have five buses or seven buses. So we're looking at that. There are services that we can provide those, such as our scheduling services, our routing services. Those are all under consideration.

MR. DROZD: Have you looked at Colorado and New Jersey?

MS. MCLEAN: I'm familiar with Colorado and Fast Tracks. I absolutely am. Yeah. So is it a place we'd like to look? A first piece is our Smart Card. I mean, getting everybody on the same fare product gives you --- or the same fare system gives you the opportunity to begin to partner and to look at a more regional system.

MR. DROZD: Thank you.

CHAIR ROBINSON: Ms. Rea?

MS. REA: Thank you, Mr. Chairman. I have a question about --- you said the authority came into play in the '60s. When did the Port Authority Police come into play? That was at a much later time; wasn't it? Has that been in the past how many years, 15 years or ---?

MR. SCHENK: Longer than that.

MS. MCLEAN: Longer than that, yeah. The Sheriff's Department, I think 25-some years ago, provided service.

MR. REA: But then when did it turn over, that the Port Authority actually had its own police department?

MS. MCLEAN: You know what? I can get you that. It's probably been 20 years ago.

MS. REA: I'd like to have that information. And I guess that was a board decision that many years ago, to discontinue with the sheriff and --- did the county police ever do any policing for the Port Authority? I'd be interested in that.

MS. MCLEAN: Let me check on that.

MS. REA: And I'd also like to know what other public transit systems have their own police department?

MS. MCLEAN: They do. They do.

MS. REA: A majority of them do?

MS. MCLEAN: I would say most of them do, yes.

MS. REA: They don't use the sheriff's department or other existing police departments?

MS. MCLEAN: No.

MS. REA: They have their own police department?

MS. MCLEAN: Yeah.

MS. REA: That might have been why originally when the authority was put in play they did not have their own police department. I'm just curious.

MS. MCLEAN: I don't know the answer to that. But one of the things I can tell you is that our police, obviously, police our property. So they are in our transit stations. They're in the subway. They're out on the bus ways. They do support and they do mutual aid with both the county and the City of Pittsburgh Police. What I understand over time occurred was that the City of Pittsburgh Police, the police forces were not focusing on our property. And I can tell you we work side by side with FBI task forces all the time on issues related to crime on our property. We also run special events. Our police police our property. No one else does that. So I think it's, you know, certainly for security, certainly for --- an example is the marathon. We had a massive influx of security forces here for the marathon. Our police took total responsibility for our property, our subway system and they worked --- there's only 39 of them --- so it's not a big force.

MS. REA: Thank you.

MS. MCLEAN: You're welcome.

MR. ROBINSON: Ms. Danko?

MS. DANKO: This should be an easy question. I know you said there's no free rides but it's my understanding, and my friends aren't quite at this age yet, but at a certain age people can show their Medicare card and they get free rides?

MS. MCLEAN: You know, as soon as I answer that question --- I left out --- we get reimbursed through the lottery, seniors. Seniors ride for free and we get lottery money to support our senior ridership dollars.

MS. DANKO: How do you count that, if it's a Medicare card?

MS. MCLEAN: Medicare card? We have to use a Medicare card because right now we're hoping the state will --- SEPTA is going on Smart Card as well so we're hoping the state will allow us at some point to be able to

use the senior card. We have half cards. We have kids' cards. We have --- that are different colors and different looks. So we're hoping at some point to be able to do that. But right now, they push a button when they --- the driver will push a button for a senior pass.

MS. DANKO: Do you have any idea what the numbers are on that?

MR. TYPANSKI: Five million.

MS. DANKO: Five million?

MS. MCLEAN: Five million. Okay. Thank you.

MR. TYPANSKI: And it's only certain hours; is that correct?

MS. MCLEAN: Not now.

CHAIR ROBINSON: Any other questions for --- Mr. Finnerty?

MR. FINNERTY: Thank you. I'm just going to inform you about those senior passes because I do have one. And they work real well. It's blue.

I just want to reiterate some things. We're talking about cost savings and possibly people riding for free all the time. If you turn to page two in this booklet, it's talking about fare box recovery ratio. In relation to all riders, you only recover 26 percent of the costs. And I think that's a point to consider when you say, I want to know how much --- you know, downtown, how many riders are riding downtown? Remember, it's only 26 percent. So, you know, if you would stop and say to yourself --- well, really if you wanted to cover everything and charge people the correct price, we'd have to charge them \$10 a ride to recover 100 percent and we don't. That's why it's subsidized by the state and that's why most transit systems that I know of are subsidized by the states because it's impossible to turn a profit doing this, letting people ride.

Also, in our budget, we only put aside one million dollars for your study, so I want to make sure everybody knows it. It's only one million dollars. And I think that just about covers it, but I do want to remind everybody if we get these figures, think now, 26 percent. Seventy-four (74) percent is gone. We don't recover it by a fare. All right? Don't recover it by a fare. Thank you.

CHAIR ROBINSON: Thank you. Ms. Heidelbaugh?

MS. HEIDELBAUGH: I'd like to offer a comment, not as a preface to a question, but as a comment. I have

been --- one of my issues since assuming this position has been ensuring that we have the Port Authority for all of the citizens that we represent collectively, so that they can have the bus. That's enormously important for our community, that we continue to have the Port Authority. And we have witnessed collectively in the community periods of time in which it has been in crisis and we have worried whether it was going to be in place for our most vulnerable citizens. So my questions have nothing whatsoever to do with the necessity of the Port Authority as a vital, vibrant transportation entity in this community. It has to do with maintaining it in a fiscally sound manner so that it's available for the poor and for the businesses that need the folks.

So the thing that I have studied over the years as a layperson, it seems to me that where the Port Authority gets in trouble is not in operations. Yes, obviously, the state has to come in and subsidize because you can never make the money that you need based on ridership. But where it gets in trouble is on the capital projects, and that's why I am very concerned about the bus rapid transit and a new \$150 million expenditure. So I just want to put that out there because I think my comments are often summarized incorrectly from my intent. Okay?

MS. MCLEAN: Thank you.

CHAIR ROBINSON: Mr. Finnerty?

MR. FINNERTY: I just want to put a plug in for Dan DeBone. He really does a great job for you. And also I wanted to mention that I represent the --- out the Parkway West to the Point and we'd really like to have some late buses out there. We got a lot people working out there and they do need to get back home. And if you know anything about the Parkway, you can see that the Parkway itself is jammed coming into town all the time. And it's because all the people that work out at the Point and out that area and out of state, I guess, because it's the easiest way to get to Pittsburgh from West Virginia and Ohio, but you know, there's a tremendous amount of traffic and people throughout that way and there's development going on continually. So if you would think about that and get some buses out there for these poor people that have to get home at one o'clock in the morning and working in the restaurants, it would be appreciated.

MS. MCLEAN: Okay.

CHAIR ROBINSON: The Chair does not see anyone else who would like to raise a question or a concern, so I thank you on behalf of the committee, and my colleagues on behalf of Council and on behalf of Dr. Martoni, our president, and we'll do our best working with all the appropriate people to see to it that whatever contribution we make towards your operation will be a capital operating that will make you a little bit happy.

MS. MCLEAN: Thank you.

CHAIR ROBINSON: Not completely happy, but a little bit happy.

MS. MCLEAN: Thank you very much.

CHAIR ROBINSON: We're going to take a break until our guests leave and prepare ourselves for the last portion of our evening. And I want to give a suggestion to Mr. McKain and also to my colleague that will help us move forward in a timely fashion yet achieve our purposes tonight.

SHORT BREAK TAKEN

CHAIR ROBINSON: We're ready to resume. Let the Chair suggest something. Let the Chair suggest that Mr. McKain, Mr. Casciato (phonetic) and Mr. Finkel speak on the next three topics as they see fit and that members feel free to ask questions not only on revenue sources but capital projects including public works. In order that Mr. McKain, Mr. Casciato and Mr. Finkel can service most efficiently, feel free, gentlemen, to speak on the capital budgets, proposed sources of revenue and any other subject that's related. I'm going to ask Mr. McKain if he would coordinate that with these other gentlemen and work with his close supervision. If, for whatever reason, these gentlemen can't answer all of our questions tonight or can't satisfy us, the budget and finance committee would be more than happy to bring them in before we make any final determinations on the operating budget and the capital budget, neither of which is before us tonight. All comments, suggestions, et cetera will be considered. Anyone who wants to amend the capital budget, the gross special account budget and the millage budget item or any other documents, needs to be aware that those amendments must be in writing. So if that's what you would like to do, at some time, you need to have it in writing. That is what the rules require. We're going to play strictly by the rules so that all of us can be somewhat happy.

There's a question that's been raised with the Chair as to what document or documents should we have in front of us as these gentlemen present. Let me suggest this. I believe Mr. McKain and his associates will be working from the documents that they helped to prepare that are either contained --- the details contained in the CFP that they presented to council or legislation that they presented to council. I don't believe they're going to be working from any document that this council has produced or has been produced by somebody else or some other entity. If you do not have in front of you the administration CFP or the legislation that they submitted to council, then you don't have the right documents in front of you. If you don't need the right documents in front of you to follow Mr. McKain and these gentlemen in their presentation and what they are saying ---. Let's be clear on what these gentlemen are going to present. They're not going to present the point of view of this council. They're going to present their point of view which is as valid as anybody else's.

As long as we're clear on that, they will be available to us at another time, but not only in the interest of time but in the interest of efficiency, we don't want to stay here all night with them. There's another night we can keep them here all night. This is not it. If we are ready, Mr. McKain, the floor is yours.

MR. MCKAIN: Thank you, Mr. Robinson, members of council. As far as a document, I am going to refer to our comprehensive fiscal plan, Tab 3 for 2014 Capital Budget. On our agenda we had talked about revenues. We discussed that, I think, at great length yesterday so I'm going to go into our capital program that we're recommending for council's consideration. In that tab, you'll see that this year's capital budget is \$50.43 million that includes 105 infrastructure and capital improvement projects and \$34.5 million in bond proceeds, 4.9 in federal and state, bridge/road reimbursements and almost \$11 million in other financing support. The county is responsible for maintaining 521 bridges and 408 miles of inter-municipal roads.

To summarize our capital budget, again, it's \$50.4 million, 34.550 is from bonds. We also received reimbursements. If you'll see on page 142, you'll see a nice snapshot of the funding for the projects that we're recommending. For bridges, we're reimbursed 95 percent,

80 percent in federal, 15 percent state. So after those reimbursements occur, the county's obligation is five percent. And you'll see \$2.9 million in other. Those represent Act 13 highway/bridge improvements. Act 13 is the Marcellus Shale revenue stream that we received for bridges from the Commonwealth of Pennsylvania. We have that in this budget to help complement our bonds and other reimbursements. We have Act 44 bridge repairs of \$1.2 million that's available to us for bridge funding.

And when you look at the roads, we have \$18 million in total, \$15.4 is in bonds. We have \$2.6 million in reimbursements because we have a couple of federal road programs we are working on, Kimble Run Road where I'm targeted to receive \$2.4 million in reimbursements and a federal road program management of about \$230,000.

The Port Authority, we had talked about this earlier in the conversation when Councilwoman Heidelbaugh brought it up. \$9.8 million, \$9,893,694 from bonds and \$5,893,690 and that's made up of the drink and car rental tax that we're utilizing to complement our commitment to Port Authority for capital.

Parks. Bonds, we're recommending, \$1,853,250 and that's complemented by RAD money of \$1,654,171. We have various building projects and programs for about \$4 million and equipment that totals about \$8.6 million and most of that is in bond money. That is summarized on page 142. 143 through 145 are our recommended projects and then the pages behind go into a little bit more detail as far as the specificity of the projects. I'm going to ask Greg if he'd like to add anything, or Warren.

MR. CASCIATO: All I would add is that we have Director Johnson here from the Public Works Department, Director Kossert from the facilities management department, and Director Bakely (phonetic) is here from the Parks Department. If anybody has any specific questions about projects that are currently going on, or any of these projects that we wouldn't be answering that we're planning for for next year.

MS. HEIDELBAUGH: I have a question.

CHAIR ROBINSON: Ms. Heidelbaugh?

MS. HEIDELBAUGH: What's going on with that garage that we used to park in that was a death-defying death trap?

MR. CASCIATO: The garage is being demolished. We received some bids on it and the notice to proceed is -

-- why don't you come up? I'll bring Steve up. Go ahead, Steve.

MR. KOSSERT: Okay. The demolishing project is ongoing right now.

MS. HEIDELBAUGH: Okay.

MR. KOSSERT: They're currently working inside the garage kind of doing asbestos removal and things of that nature. And I'd say probably in about two weeks you'll actually see activity outside the garage. The only activity that has occurred outside is the old billboard that was on top of the building, it's being taken down.

MR. MCKAIN: It couldn't stand the weight of that. It couldn't. And then what's the estimate of that completion?

MR. KOSSERT: June.

MR. MCKAIN: June of '14.

MS. HEIDELBAUGH: What are we doing with that space?

MR. MCKAIN: We're going to analyze it and revisit our options. We'll knock it down first and then we'll talk about options.

MS. HEIDELBAUGH: Do we have any plans?

MR. MCKAIN: There's some ideas I'm thinking --- I don't know. I'm going to come back to council when I get a little more information. We'll knock it down first. It's a safety issue.

CHAIR ROBINSON: Ms. Danko?

MS. DANKO: I was just looking in here at the Parks projects and I was wondering if there's any planned projects for Deer Lakes Park?

MR. MCKAIN: According to this, not a specific project that I see in page 144, not presently.

MR. CASCIATO: But I would suggest that some of the more general projects like shelter rehabilitation, those types of things, they will be throughout all nine county parks.

MR. MCKAIN: And that's why they say various?

MR. CASCIATO: Yeah.

MS. DANKO: No, I noticed that some of the parks have fairly big specific allocations and I didn't see anything for Deer Lakes.

MR. MCKAIN: Again, as Mr. Casciato said, I think there are some miscellaneous ones. Also, we're working on 2013 projects also.

MS. DANKO: Thank you.

MR. MCKAIN: Thank you.

CHAIR ROBINSON: Thank you. Mr. DeFazio?

MR. DEFAZIO: Nothing at this time.

CHAIR ROBINSON: Ms. Harris?

MS. HARRIS: Nothing at this moment.

CHAIR ROBINSON: Ms. Rea?

MS. REA: No comment.

CHAIR ROBINSON: Mr. Palmiere?

MR. PALMIERE: Likewise, Mr. Chairman. Thank you.

CHAIR ROBINSON: Mr. Drozd?

MR. DROZD: I'd like to have you break it down maybe before the next meeting, you know, according to district, if you could. You know, it would be nice to see that, you know, what's allocated per district. And the second thing is I got to tell you guys honestly everyone here, you know, I was going to leave earlier, I got to be honest with you because this has been dragging on so long. But you know why I stayed? I believe in the old military adage, you leave no one behind. And you guys I really admire and respect you that much that I would never turn my back on you and walk out this door because I serve with you and I'm here with you until the end. All right. Now, give your best to your families when you go home. Okay? Would you?

MR. CASCIATO: We'll get you that list by council district for the roads, the bridges, the parks and the buildings.

MR. MCKAIN: We'll give that to Mr. Szymanski for distribution.

CHAIR ROBINSON: Mr. Futules?

MR. FUTULES: Actually, I think Matt lost his keys. He can't leave. I noticed on page 144 it talks about the North Shore connector \$1,635,000. Is that our last payment?

MR. CASCIATO: When is our scheduled last payment?

MR. MCKAIN: 2014.

MR. FUTULES: Is that the end of it?

MR. MCKAIN: 2014, we will be finished with the paying to the North Shore connector. That's correct.

MR. FUTULES. Whoo-hoo. That's a good thing, see. That is our last payment. I did notice here in Parks, too, Barbara, there are some things that are going to be going on at Deer Lakes. That's where --- they're in

generalized improvements and renovations and I think there is some possibility of future projects there too, in the future.

North Park ice rink roof repair, how big is that roof? It's \$450,000.

MR. MCKAIN: I'd like to ask Andy and maybe some of our other department leaders to comment on that.

MR. FUTULES: That's a lot of roof.

MR. MCKAIN: I didn't know if Mr. Kossert or Andy can talk about that.

MR. KOSSERT: It's a large structure.

MR. FUTULES: Is it a square footage thing? Is it 20,000 square feet, 10,000 square feet?

MR. KOSSERT: I don't know, not off the top of my head.

MR. FUTULES: I can't hear you.

MR. KOSSERT: I said not off the top of my head.

MR. MCKAIN: We can get you the breakdown of the estimate and the details.

MR. FUTULES: It just seems costly. That sounds like a lot of repair. When you're talking about a roof, I didn't know there was --- that's a lot of money.

CHAIR ROBINSON: Remember, Nick, they're probably going to use products made in the United States of America. They are a bit more costly than those made in China.

MR. FUTULES: I'm not disputing that at all, but that's a heck of a roof.

MR. MCKAIN: How about if we provide to you the details of the estimate and the square footage? Would that be helpful?

MR. FUTULES: Yeah, I'm not upset. I'm just wondering why it's that big.

MR. MCKAIN: I think that's a fair question. We owe you that information.

MR. FUTULES: Yes. I've seen the ice rink at North Park and it just ---.

MR. MCKAIN: Doesn't seem that large?

MR. FUTULES: Yeah. But that's all have right now. That's all.

CHAIR ROBINSON: Mr. Drozd?

MR. DROZD: Yeah. And excuse me, you were North Park director at one time, were you not, this gentleman right here?

MR. KOSSERT: What's that?

MR. DROZD: You, were you the North Park director; right?

MR. KOSSERT: No, I was not.

MR. DROZD: Weren't you the guy that met me after with the spray can --- we enforced your thing about needing money in those parks and how bad we need it. I thought it was you. One time I was going to ---.

MS. DANKO: That was that graffiti artist.

MR. DROZD: Well, I answered the call out there because one of my constituents called about bees in there and the fellow comes out and he had this spray can in his hand and he says, you're looking at the exterminator. We had to cut back that much because we don't have money for the parks. And I said, what are doing to the forest? And he says you're looking at the tree cutter. He said we don't have any tree cutters. That's how bad it is and that's why we need money for those parks and why we have to look at that, whatever.

But the last thing I'll say is too bad we can't take that \$1.6 million --- why can't you take it from the drink tax so you don't have to take it from your budget, understand what I mean? The administration can save that money and take it from the drink tax. Isn't that transportation the North Shore connector?

MR. MCKAIN: Yes.

MR. DROZD: Well, then save yourself \$1.6 million for your budget. Look at it. Just a suggestion. Do you see what I'm saying?

MR. MCKAIN: Yes.

MR. DROZD: Thank you.

CHAIR ROBINSON: Mr. Futules?

MR. FUTULES: Yeah. I have one other real quick question. Maybe it was in last year's budget and I missed it. There is the maintenance shed at Settlers Cabin that was more or less slated to be built.

MR. MCKAIN: Uh-huh (yes).

MR. FUTULES: Was that on last year's budget because I don't see it?

MR. MCKAIN: It is and I'm going to ask Mr. Johnson. We have begun that work. We have moved out of the one area there. The Botanic Gardens is expanding and then we're building that shed that you had talked about.

MR. FUTULES: So it's underway?

MR. MCKAIN: Yeah, it is. And I'll ask him to give you an update on that; okay?

MR. FUTULES: Sure. Sure.

MR. MCKAIN: It's underway?

MR. FUTULES: It's underway; right? Good enough.

MR. JOHNSON: It's underway right now. It'll probably be finished --- well, we're going to finish the actual structural work in a couple months. But then we're going to have a break because it's bad weather and go back in probably in March.

MR. MCKAIN: Okay. But the building will be done. But the asphalt plants will be shutting down for the roadway and the trail up there.

MR. FUTULES: Okay. Just checking. I thought it was underway.

MR. MCKAIN: Yeah. We're making very good progress on it.

MR. FUTULES: Okay.

CHAIR ROBINSON: Ms. Rea?

MS. REA: No comment.

CHAIR ROBINSON: Mr. Palmiere?

MR. PALMIERE: Thank you, Mr. Chairman. I was down at South Park the other day and I noticed a silent brook. The whole road from the bottom to the top was paved. I looked up and I thought, my God, there's a miracle here, you know. What precipitated that? I mean, I didn't even know that was --- and do we have any of the other roads that are terrible ---?

MR. MCKAIN: I think that was one of the ones that you had identified that you had run on and a lot of people use it for traffic, so this is the first step towards trying to address those roadways.

MR. PALMIERE: Well, I want to thank you. That was a real treat the other day to be able to run on there without worrying about killing yourself or breaking your ankles.

MR. MCKAIN: It's good to hear that. We have a lot more to do, but it's good to heard that positive feedback.

MR. PALMIERE: Okay. I just wanted you to know it didn't go unnoticed.

MR. MCKAIN: Thank you.

CHAIR ROBINSON: Let the record reflect that Mr. Palmiere did not make a personal request to have that road finished so he could run on it.

MR. PALMIERE: No, I did not.

MR. MCKAIN: No. He actually brought to our attention his constituents utilized that very much, but thank you.

CHAIR ROBINSON: Ms. Heidelbaugh?

MS. HEIDELBAUGH: One quick question. I've always thought this, but could never ask because I wasn't an accounting person. Our county office building with the elections division, I think it's up on the sixth floor. When you walk up there, it is an embarrassment. It needs updating bad. All of our citizens go up there to register and to do business. How do you get something on the list for updating?

MR. MCKAIN: That's why we created a facilities department and why they're studying all of our buildings and all of our campuses including that. In addition to elections, a lot of people use that for other things. Our Public Works Department up there, our public defender, our assessment hearings are up there. So the facilities department, the gentleman that just stood up, Steve Kossert, comes from Duquesne University --- that's him, 29 years at Duquesne University. We're performing an assessment on all our buildings so we can start addressing one by one our buildings and our preventive maintenance. And we agree with you. That building and many others need addressed and it's not right and we're going to correct it.

CHAIR ROBINSON: Ms. Danko?

MS. DANKO: This is off topic, but since we started with this I wanted to make sure I ask. The shooting accident at Brashear, it's been a few hours now. Can you tell us how that resolved or if it's resolved?

MR. MCKAIN: Yes. There are five individuals that have been apprehended that they've identified. From what I understand --- and you know, this isn't validated, they are youths also. There has been no loss of life, but my understanding, the last intelligence I received that there were three youths that have been shot but they're still alive.

MS. DANKO: Okay. Thank you.

MR. MCKAIN: And we should all say a prayer for that.

CHAIR ROBINSON: Mr. Finnerty?

MR. FINNERTY: Thank you, Mr. Chairman. Who is looking at miscellaneous agencies here? Hopefully, I'm

with the right area. Oh, no, I'm not. I'm in the operating budget.

MR. MCKAIN: That might have been in the operating ---.

MR. FINNERTY: Yeah, it's in the operating budget. Could you answer the question anyhow?

MR. MCKAIN: Of course.

MR. FINNERTY: Vacant property review board, exactly what does that do? It's in there for \$100,000.

MR. MCKAIN: The economic development department, which unfortunately are no longer here, I believe take those resources to buy vacant properties and make them resalable. I know that I can get Dennis to write up the program, Dennis Davin, to tell you what that effort is. I really don't have the specifics about it.

MR. FINNERTY: I'd appreciate that, because I can't remember what it is.

MR. MCKAIN: Yeah.

MR. FINNERTY: Thank you.

MR. MCKAIN: Thank you.

CHAIR ROBINSON: Anybody on my right, any council member to my right have a questions for these gentlemen? Anybody on my left have any questions for these gentlemen? That was an easy night. You just had to stay here. And just think, you don't have to stay here tomorrow. You don't even have to come tomorrow. I want to thank everybody for your time and your patience, particularly Mr. Szymanski and staff, Mr. Barker, Ms. Stevens, our technical personnel, and everybody who helped put this evening tonight and put this today, our hearings, together. How we will proceed will be as follows. The transcript of this meeting will be available once our transcriptionist has completed her work, and I believe it's edited. Then you will be able to contact Ms. Stevens or Mr. Szymanski. They can make arrangements if you want a hard copy. If you want the video, the technical part of it, Mr. Szymanski or Ms. Stevens can accommodate in that regard as well.

The next meeting of the budget and finance committee at which will consider legislation will be ---

MR. SZYMANSKI: Tomorrow morning.

CHAIR ROBINSON: --- tomorrow, Thursday the 14th of November, at 4:00 p.m. in the small conference room. I believe Mr. Szymanski on my behalf has already put together the agenda. The Chair will only stay as long as

you need me to stay tomorrow to help you process that. Some of our work can be done tomorrow. Some of the work is going to have to be done another time. It's obvious that everybody isn't on the same page. There's no need in us pretending that we are, because we are not. Let's try to sort through some things tomorrow and see where we can get on the same page on some items. So we might get to the more difficult one, that's the way I'd prefer to proceed.

But one thing we seem to be in agreement on is that there will be no proposed millage increase, that we will use the millage increase that's in place for this year. That's a lot of progress. That's a lot of progress. Other than that, we don't have agreement and we're going to have to come to agreement and the sooner the better. Anything that any member had for the good of the order? Anything any member needs as we move forward?

MR. FINKEL: Just one question.

CHAIR ROBINSON: Yes, sir.

MR. FINKEL: Tomorrow's agenda, the only thing on concerning the budget is the bills?

CHAIR ROBINSON: I believe you're correct. I would check with Mr. Szymanski, but I believe you're correct, yes, sir.

MR. FINKEL: Thank you.

CHAIR ROBINSON: It was my understanding there were going to be some other bills, but I will have to check with Mr. Szymanski.

MR. FINKEL: Okay.

CHAIR ROBINSON: I'll go with the agenda as published. Mr. Futules?

MR. FUTULES: Yeah. I have one real quick question for him. The capital budget, I see listed bridges, roads, Port Authority, capital projects, parks buildings and equipment. What else do we fund? Is there anything else that we would fund under capital projects? That's the question.

MR. CASCIATO: Normally under the recommendations of the comprehensive fiscal plan, these are the areas that we fund every year, yes.

MR. FUTULES: Okay. Thank you.

CHAIR ROBINSON: For the benefit of the members, I think the records of the budget and finance committee will reflect that we had some vigorous conversations around using capital money to complete our assessment.

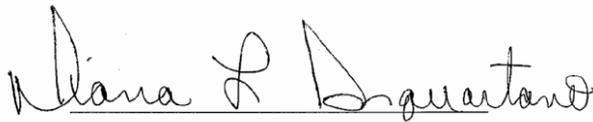
The previous administration got the cooperation of this council to use capital dollars, in spite of Mr. Drozd, myself and others saying it was a bad idea, even though I supported it. The administration made the case that using capital dollars was the best way to get the assessment done. So capital dollars have been used for items other than bridges and roads. And we paid a lot of money for the assessment that was done, probably to nobody's satisfaction except the people who did it and got paid. I think everybody else is kind of upset. But it is what it is.

So we need to go forward, understanding what we have and have not done so that no one has to get embarrassed. Anything else here for the good of the order? If not, I thank everybody for attending the hearings, I thank the staff. The hearing is adjourned.

HEARING ADJOURNED AT 8:24 P.M.

CERTIFICATE

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me, and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.

A handwritten signature in cursive script, reading "Diana P. Squatano". The signature is written in black ink on a white background.

Court Reporter