

ALLEGHENY COUNTY COUNCIL

SPECIAL MEETING

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BEFORE:

James R. Burn, Jr.	-	President District 3
Charles J. Martoni	-	Vice President District 8
John P. DeFazio	-	Council-At-Large
Matt Drozd	-	District 1
Jan Rea	-	District 2
Michael J. Finnerty	-	District 4
Vince Gastgeb	-	District 5
John F. Palmiere	-	District 6
Nicholas Futules	-	District 7
Robert J. Macey	-	District 9
William Russell Robinson	-	District 10
James Ellenbogen	-	District 12
Amanda Green Hawkins	-	District 13 (via telephone)

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

Wednesday, March 30, 2011 - 5:00 p.m.

SARGENT'S COURT REPORTING SERVICE, INC.  
429 Forbes Avenue, Suite 1300  
Pittsburgh, PA 15219  
(412) 232-3882 FAX (412) 471-8733

IN ATTENDANCE:

James Flynn - County Manager  
Joseph Catanese - Director of Constituent Services  
Jared Barker - Director of Legislative Services  
Jennifer Liptak - Budget Director  
Jack Cambest - Solicitor

CHAIR BURN: I'd like to call this special meeting of Allegheny County Council to order. My name is Jim Burn. Thank you for attending. Again, as you are aware, pursuant to the Charter, we can, in certain circumstances, call special meetings. The purpose of tonight's special meeting is to discuss the Port Authority. We at this time would ask for --- let's start with the start of the Pledge of Allegiance and a moment of prayer or silent reflection.

(Pledge of Allegiance.)

(Moment of silent prayer or reflection.)

CHAIR BURN: Thank you. Please call the roll.

MR. CATANESE: Mr. DeFazio?

MR. DEFAZIO: Here.

MR. CATANESE: Mr. Drozd?

MR. DROZD: Present.

MR. CATANESE: Ellenbogen?

MR. ELLENBOGEN: Here.

MR. CATANESE: Mr. Finnerty?

MR. FINNERTY: Here.

MR. CATANESE: Mr. Futules?

MR. FUTULES: Here.

MR. CATANESE: Mr. Gastgeb?

(No response.)

MR. CATANESE: Ms. Green Hawkins?

(No response.)

MR. CATANESE: Mr. Macey?

MR. MACEY: Present.

MR. CATANESE: Mr. Martoni?

MR. MARTONI: Here.

MR. CATANESE: Mr. Palmiere?

MR. PALMIERE: Here.

MR. CATANESE: Ms. Rea?

MS. REA: Here.

MR. CATANESE: Mr. Robinson?

MR. ROBINSON: Present.

MR. CATANESE: Mr. Burn, President?

CHAIR BURN: Here.

MR. CATANESE: Eleven (11) members present.

CHAIR BURN: Thank you very much. Before I proceed to public comment on agenda items, I just want to lay a few ground rules and just sort of outline again the purpose for why we're here. Under our Charter, as I indicated before we did the Pledge of Allegiance, we are empowered, when we feel it's necessary, in the best

interest of the county to call special meetings to order. My colleagues and I believe that, based on the current situation with respect to the Port Authority, the negotiations which stalled last week, which hopefully may resume, and in consideration of the 15-percent cuts and the economic effect it has on our region and the effect it has on the riders, we felt this was one of those times, one of those factual situations that fell in the parameters of having to call this special meeting.

Much of the information we read in the past couple days has given us a good perspective --- or perception of where the parties were when things came to a halt on Saturday. It also gives us a good idea and good perception of where things appear that they need to go in order for the conversations to continue. Today is our opportunity as the legislative body of Allegheny County to have those conversations ourselves, to drill down ourselves ---. Let the record reflect Council Member Gastgeb has joined us. Good afternoon, Councilman.

MR. GASTGEB: Thank you.

CHAIR BURN: Ourselves, based on our obligations as representatives of this entire county and our obligations under the statute to fund a local match to the Port Authority, to do some due diligence of our own, to ask some questions of those who have been directly involved with negotiations up to this point.

We view our roles as facilitators. We view our role as those who need to do and offer whatever we can to help all the principals that were in that room last week that were, in our opinion, this close to making significant history in working towards a solution within our own means to the problems that face the Port Authority. And I can speak for many of my colleagues, and they certainly will speak for themselves as we proceed, but we would urge all parties to continue talking and would like to hear from some of those parties today and answer some of those questions that we may have. And we are going to introduce some legislation into committee today. It may be discussed in an esoteric fashion tonight, but the real discussions of that legislation won't take place until Chairman Robinson schedules a hearing.

But allow me to say just a couple other matters with respect to some housekeeping in regard, A, to the legislation that's going in and, B, to the legislation

that's already there and then, C, to some remarks that were made about whether or not this legislation is even legal or whether this legislation could even survive a veto. With respect to the legislation that was introduced a few weeks ago which indicated that we were going to hold back on the funding and go back to the real 15-percent number, not the current 15 percent, which is based on revenues that unfortunately don't exist, when we did that, we were frustrated with what we thought was a lack of progress in negotiation, a lack of progress in moving towards a solution of immediate and evident cuts, a lack of progress towards having a conversation about long-term solutions. We weren't knocking anyone that was attempting to do that or hadn't been doing it. We were concerned that it was starting to fall onto the back pages of the local papers and in the backs of other folks' minds that maybe don't need the transportation.

Once that bill was introduced, things, at least from our perspective, really did change dramatically and it started moving towards the front page, some of us vilified for attempting to do it, but we would do it --- I know I would do it again the exact same way if something as important as this wasn't getting the attention we thought it deserved.

The end game of that legislation was to try to fix things. And we believe that it was a significant factor towards those historic negotiations last week. Seeing that everybody was moving in a positive direction with a lot of passion and a lot of intensity, we were very disappointed to see that it came to a halt. And again, we'll talk tonight about urging those talks to resume.

The second bill that's going to go in tonight is to show those involved, as the legislative body of Allegheny County and those who are required to make the match for the Port Authority on a local basis, that we're willing to consider doing more at this point versus over an extended period of time, the \$5 million, approximately, that we're proposing in this bill to move over sooner rather than later if it's vetted, discussed, debated and voted upon in a positive fashion and to show those in the room if you are this far apart, allow the Council to say that we want to even be a little closer, contingent upon everyone getting back in and talking. So if you think you're so far apart, maybe you're not as far apart now.

We want to show this is our good faith attempt to work towards a solution with all of you as well.

Having said all that, again, I thank all my colleagues for being here tonight. We'll also talk, as this meeting begins to develop, about the Special Committee that the council is forming on public transportation. We also have within our purview in the Charter the ability to create special committees from time to time. We were very fortunate a few years ago when Council President Fitzgerald formed a special committee on River Front Park, which Dave Fawcett chaired, when we had a very positive discussion in there about the cost for the county of River Front Park.

The Special Committee on Public Transportation we hope will serve three purposes. Initially, we hope the purpose of the Public Transportation Committee will identify the principals in addition to Mr. Bland, the local ATU, our Chief Executive, of course, our state delegation, those communities --- those organizations in our various communities that have a vested interest in public transportation. So first, we'll identify the principals.

Secondly, we will then identify the issues. Obviously, many of the issues we've read about and even negotiated. But there are other issues around those that have been drawing a lot of attention. We know what some of those are. Quite frankly, I doubt that we know what all of them are. That's why the principals will be invited to advise us as Council members and this committee to help us identify all issues.

Third, once that's done, we hope to form, in a cohesive and unified fashion, short and long-term solutions that we can take to our leadership in Harrisburg and say, this is what we're doing amongst ourselves. This is what we've done in an indigenous fashion to fix the problems as best we can. We want to show Harrisburg we made a good faith effort, and with that good faith effort in tow, show the recommendations that we feel are needed from leadership to save public transportation in western Pennsylvania. As leaders, all of us here and those who are in the room and those who may not be with us right now, we can not market southwest Pennsylvania, we can not market this community unless we can point to stability in public transportation.

With respect to the remarks from across the hall with respect to vetoing any legislation in this regard, I know there's been some citations to the Charter, veto-proof and whatnot. With all due respect, we urge --- and again, we commend everyone, including the Executive, for the historical efforts they continue to make. If we choose to move with this legislation of the bill that's already in committee, A, we believe we can pass it. If we had to, the votes are there. If it got to that, we think we would have the votes to override. We do not believe and do not agree with the analysis that we've seen from across the hall. But that is a conversation that we will very much look forward to continue to have with our friends across the hall that we do not have the same interpretation of the statute that they do. We've researched it. We believe we're on solid ground. We chose to proceed. We're not here to accelerate any problems. We're here to hopefully facilitate and mediate some problems.

Having said all of that, we have public comment on agenda items. We have some speakers that have signed up to speak, starting with Mr. James Love. Mr. Love, are you here?

MR. LOVE: Good evening, ladies and gentlemen. The public is sick and tired of the games of Stephen Bland, the Port Authority Board's mismanagement of our routes and the routes that have been taken over the last TDP changes since Mr. Bland was brought down here from Albany, New York, Capital District Transit Authority in Albany, New York. A lot of us are very frustrated right now with this last change.

The way the Board and Steve handled the exiting of last Saturday's Board meeting was inappropriate. There was no reason for Harmar Division to be shut down. There was no reason for 29 routes to be completely eliminated with this overcrowding. When it comes to our well-dedicated operators and our well-dedicated mechanics, ATU 85 members, the suffering, the loss our division and our routes because of the negligence of Mr. Steve Bland, who has been known throughout the country, despite telling my ex-wife in September before he realized that she was with me that I am a pure liar to her face is uncalled for. I don't see any of the Board members or Steve riding our coaches here in Allegheny County. I do see a bunch of puffed-up Board members and CEO and management around them

lying to us, the public. And it's not just me seeing this.

We need to have our Allegheny County council members and Dan Onorato remove Steve and the Port Authority Board and have new members be appointed immediately or soon as possible to eliminate the waste. Harrisburg is also seeing this. Mr. Kodich yesterday called me and he told me that until the waste is cut from the top down, Port Authority need not expect proper funding. There will be less funding coming until the waste is cut from the top down. That doesn't mean that if you have this much waste from the top down, Steve, that this much is cut and, oh, we can't cut no more, and then start from the bottom up. They want all the waste from the top down eliminated before any proper funding comes to you from Harrisburg. We need you people to wise up. Number one, you are ---.

CHAIR BURN: Thank you, sir.

MR. LOVE: Real quick. We need you out of the Heinz building. Get those buses out of Beaver and out of Rankin, and build a new wing.

CHAIR BURN: Thank you very much. Robert Strauss?

MR. STRAUSS: Hello. My name is Robert Strauss. I live at 1536 Colwell Street. And I asked to testify today because I don't drive. I don't see out of my left eye. And my route was completely eliminated. I've taken the 13K for ten years. I called Council President Burn's office. I called Chief Executive Onorato's office. And both of the offices were very responsive to me in terms of calling me back. And I heard that Lenzner Coaches is going to apply so that people who live in the city can reverse commute so I'll be able to get back to my job. So I'll thank all of you for your responsiveness to me on that issue.

But I would really --- it just seems crazy to me. I travel probably 60 times a year. And the cities that are most vital in this country: Portland, Austin, even Miami, for crying out loud, have --- Los Angeles has a public transportation system I can rely on. And it just seems to me, and I hope everyone takes really seriously that maybe we can get back to the bargaining table. Maybe we can resolve this current fiscal issue and then maybe move on and try to get the State Legislature to be

responsible and put some sort of dedicated funding to public transportation.

(Applause.)

MR. STRAUSS: It was an old bus system and it's much, much better than this. So maybe we can improve this and almost be as good as Minneapolis or Portland or Austin or Nashville or any of the other cities I travel in, so thank you.

(Applause.)

CHAIR BURN: Thank you, sir. Jonathan Robison.

MR. ROBISON: Good afternoon, ladies and gentlemen, brothers and sisters. I am Jonathan Robison of 154 North Bellfield Avenue, Pittsburgh, 15213. I'm President of the Allegheny County Transit Council, the organization set up to provide citizen participation of Port Authority, created by an act of Legislature in 1998.

We recommended against the 15-percent cut. I was thrilled to hear the Amalgamated Transit Union's courageous recommendation of a ten-percent pay cut on top of the wage increase. I was disappointed that Executive Onorato and the PAT Board wouldn't even delay the cuts for a week and negotiate the details.

But that's history now, a sad history. The question is what do we do now? We have to get a fund --- a solution to our funding problems. We have to develop new ideas for the Port Authority and we have to mitigate the damages from these cuts. First, as far as mitigating the harm caused by cancellation, at some of the cuts especially --- should be undone, especially the lifeline routes that eliminate all transit that some communities have. That won't help me any because I'm still going to have overcrowded buses. I had three buses pass me up as they were too crowded, coming down to this meeting.

Secondly, we have to develop a slogan. There's a new day at PAT. Well, let's make that new day real with new caring leadership and a more diverse board with people not just chosen by the County Executive. We ought to make plans for the overtime problem, work with the Union and the communities and secure transit. Every community should have transportation.

Finally, a solution to the transportation's funding problem. That's, as you all know, a statewide problem. And it affects the roads and bridges and maintenance. If we don't do something, we're going to have bridges falling like in Minnesota.

We need adequate, dedicated, sustainable funding, adequate meaning enough to maintain the service that was in Port Authority's own Transit Development Plan. Keystone Transportation Alliance has recommended a package of funding possibilities. The core of it is removing the cap on the Oil Franchise Tax and funding the State Police other than out of PennDOT. We need to get that introduced and fight for it. We need to ---.

CHAIR BURN: All right, Jon. Jon.

MR. ROBISON: We need legislation and we need to work for it together, including everyone, including people that have historically been opponents, to cooperate getting a transportation funding solution passed.

CHAIR BURN: Thank you, Mr. Robison.

(Applause.)

CHAIR BURN: Before I move to the legislation that I'll respectfully be referring to Chairman Robinson's committee, there are some of the principals that are here. And again, any question that I ask and my colleagues, any questions that they ask, let's not try to delve into any of the, as much as practical, intricacies of any negotiations which may be ongoing. We're just going to try to ask in an esoteric fashion where the parties were, where they are, and we'll move to, perhaps, where they could hope to be.

Our Manager is in the back. Mr. Flynn, could I indulge you, please, to come up and ask you a few questions? Mr. Flynn, first of all, I apologize for not getting a hold of you sooner today. I wanted to invite you up and just ask you a couple of questions. I know we've read what's in the papers, and I'm not going to try to repeat it in any way, shape or form. But again, I wanted to reach out to you earlier this afternoon and let you know I was going to call you up. I apologize I wasn't able to do that, but thank you for coming up to the podium.

MR. FLYNN: You're welcome.

CHAIR BURN: We need you to state your name for the record, Mr. Flynn.

MR. FLYNN: Jim Flynn, County Manager.

CHAIR BURN: Thanks. Jim, we've read in the papers the position with respect to the Chief Executive. But we've also got the impression that there's still --- they need to sit down and talk. I assume there's still --- the opportunity does still exist for us to

continue at least to attempt to have some meaningful conversations towards moving to a common ground on the issues?

MR. FLYNN: Sure. I think that's been made very clear.

CHAIR BURN: Has there been any attempts in the last couple of days to begin to resume or facilitate the talks?

MR. FLYNN: I'm not aware of any.

CHAIR BURN: Those are all the questions I have of you, Mr. Flynn. Does anybody have any questions of Mr. Flynn? Mr. Finnerty?

MR. FINNERTY: I don't know if you can answer this question or not, Jim. Steve might be able to. What was the funding for the Port Authority in '09?

MR. FLYNN: From the county?

MR. FINNERTY: From the county and from the state.

MR. FLYNN: That I don't know off the top of my head.

MR. FINNERTY: Well, I can ask him later.

CHAIR BURN: Anyone else? Mr. DeFazio?

MR. DEFAZIO: Yeah. Jim, you said --- he asked you a question. There is a willingness to sit down and negotiate on your side?

MR. FLYNN: Yeah. I think the Chief Executive has said, you know, he's got a couple options out there. But more importantly, I think what he said is that whatever deal is struck, it needs to address the legacy costs of retired healthcare.

MR. DEFAZIO: At the meeting on Saturday, I was there. And the Union has said they're willing to do the same thing. First of all, you can't settle anything unless you meet. If you don't meet, you're never going to get it settled. So if there's a willingness on both sides, as I hear, we probably should sit down and meet, because you're never going to get it settled unless you meet. And the Union even said they were willing to do --- try to do more things. So all you have to do is get a room and find out what it is, see what you guys can do.

MR. FLYNN: Yeah. I would agree, Councilman. And I think over the last week or so, things have gotten very heated, so maybe a couple of days of cooling off is not a bad thing. And as the dust settles, I think cooler heads should prevail and should be part of discussion.

MR. DEFAZIO: Because at the end of the day, we've got to get this settled. So like I said, don't wait too late because you need to get together.

CHAIR BURN: Mr. Drozd?

MR. DROZD: Thank you, Mr. President. You know, a comment came I heard on one of the talk shows, why doesn't Council go to Harrisburg or whatever ---.

AUDIENCE MEMBERS: We can't hear you.

MR. DROZD: Oh, excuse me. I'm sorry. A comment came on one of the talk shows about the fact that, you know, why wasn't Council going to Harrisburg to talk to the legislators to see in regard to more money. I was in Harrisburg on Monday and I happened to be able to sit in. I heard the Governor speak, and the Governor said there's a \$4.2 billion deficit in this state. There are no monies. They're looking at where they can make what we have, how we can utilize those funds. I happened to sit in on the course of budget hearings in some of the universities and it was very, very blatant.

My question to you is --- I don't see it. Maybe you do. You know, in this negotiation process, the additional monies, because everybody needs more money, more money. From what I understand, there is no money from the state. There is no money from the federal. I don't see any other monies anywhere other than if, in essence, the county --- and the county doesn't have that cash flow. Do you see --- have you seen something that I haven't seen here? We're tight right now in the county; is that correct? Have you seen anything or has the Chief Executive heard anything of any even supposedly commitments from the state or federal sides, any commitments to resolve this flow of dollars? I didn't see anything. I didn't hear anything from the Governor. I didn't hear anything from Harrisburg.

MR. FLYNN: Well, to try and answer your questions --- I think there were a couple questions within questions there. You know, I haven't seen anything, any type of willingness from Harrisburg to try to come and fill the gap, so to speak. I think President Burn at the beginning of the meeting was talking about regardless of what the state does, we have to do whatever we can locally to do as much as possible so the state can't use that as a reason. I think we need to set ourselves up and do what we can, and then the state is going to do what the state is going to do.

MR. DROZD: And that's what they do.

MR. FLYNN: Right.

MR. DROZD: Thank you, sir.

CHAIR BURN: Thank you, Mr. Flynn. I do agree. We have to --- and that's why I'm urging you and Mr. Bland and Mr. McMahon to pick up a phone. It's been, what, four days? It's been four days. Somebody needs to pick up the phone and schedule a meeting. Please, somebody needs to schedule a meeting, sit down and talk. We have to assume for now --- because I agree with all indications. Everything is silent out east right now. I think my colleagues all agree. We have to assume this is not going to have any magic wand coming out of the sky to fix it. And I was so impressed, everybody else watching and listening, with everything that was happening up until Saturday afternoon, so somebody needs to pick up a phone and schedule a meeting. We would respectfully ask sooner rather than later, so please keep talking. Thank you, Mr. Flynn.

MR. FLYNN: Thank you.

CHAIR BURN: Mr. Bland, if you can come up here a second, please. And again, for the record, if you could state your name and your title, please.

MR. BLAND: Steve Bland, Chief Executive Officer, Port Authority of Allegheny County.

CHAIR BURN: Thank you, Mr. Bland. Again, we know how close we were, and there seems to be a willingness on all parties to continue to negotiate. Is there anything that you can provide me and my colleagues at this point with respect to any numbers that you have on the table or any next steps without it divulging any intricacies or confidentialities of any ongoing negotiations or pending negotiations?

MR. BLAND: Sure. Well, the first thing I have to do is acknowledge all the good will of the people who have been involved from Council. And President Burn, you mentioned elevating this issue to a level where it really does get public attention. The County Executive exercising leadership --- I think there are some of us still trying to figure out with, you know, his term just about up, why he wanted to subject himself to a lot of that. Frankly, we wouldn't be here. We wouldn't be in a position where we weren't even talking if it weren't for Dan Onorato. So he deserves all the congratulations and commendation in the world. And frankly, the leadership of

ATU 85. We were seeing things in the last couple weeks I think people in Pittsburgh never thought they'd see. The concessions they have offered are historic. You know, I've used that word probably a half dozen times. So I think we are on an framework or on a path to have a longstanding, long-term improvements in cost structure.

And I think to sort of echo Mr. Flynn's comments, absolutely from the perspective of the Authority, if we keep talking and establish a framework that's both fiscally responsible short term but reigns in these long-term legacy costs --- which when I go to Harrisburg, there's two things --- and that's why I'm so optimistic today, probably more optimistic than I've been in six or seven months. Two things I hear consistently, what's the Port Authority doing about their legacy costs and where's Allegheny County on this? Well, the County is stepping up. And I think if we can get to that point, you know, with the Union, I believe it's very achievable. Wouldn't it be great for all of us to kind of walk to Harrisburg or take a bus --- we'll provide a bus if Pat will provide a driver --- and have that same message to the state that, you know, this is an issue that needs to be addressed?

CHAIR BURN: Steve, the concept of the Special Committee on Public Transportation, we've had some conversations generically about it. I've mentioned the three-part plan. A, identify the principals, B, identify the issues, C, go in a unified fashion to Harrisburg to the extent that they can see that we've worked within our own means to solve things to the extent practical. Do you have any comments --- and I'm going to be asking Pat here the same thing. Do you have any comments or observations or recommendations as we start this newly formed committee? And this committee isn't just meeting to schedule meetings. We're going to have a timetable. We're going to get things done, have a solid plan, a cohesive plan, and then we want to move forward. Any suggestions or recommendations from you? And Pat McMahon, I'll be asking you the same questions.

MR. BLAND: Sure. I have dozens. And frankly, they've --- again, one of the advantages of elevating this issue to the public height that it is is almost everybody in the interest of public transportation has made himself known. And Mr. President, rather than, you know, kind of running down a list --- because literally, I probably

could, off the top of my head, come up with 50 organizations that should be represented, but I would be happy to submit that to Council, our recommendations and certainly the Union's and I'm guessing anybody who's here from the general public on that, but, you know, it's a very heightened level of interest. And as I said before, my biggest fear in terms of the state funding issue isn't that the state won't address the statewide transportation funding crisis. My biggest concern is they will address it, and while we're all sitting here fighting with each other and blaming each other, we'll have our pockets picked again like we did in Act 44.

CHAIR BURN: When you say that, could you just --- for those who maybe not familiar with what you're referencing, could you be a little more specific?

MR. BLAND: Sure. What happened for transit funding specifically in Act 44, I won't speak to the highway side, but what Pennsylvania did fundamentally with that law, and not necessarily inappropriately, but I think Pittsburgh needs to be on the lookout, they moved from a historic basis of funding where Port Authority and the other systems sort of got the same share of an overall state pool that they always got to what's called performance funding.

As a result of that, when you compare the first year under Act 44 to the last year under the old system, and you include full year value of the flex money that Governor Rendell was providing at that time, we actually saw Act 44 reduce our total of operating assistance from the state by about a 2.8 percent. By way of comparison, Philadelphia saw their operating income go up about 8.4 percent. And the rest of the system, the smaller cities in the Commonwealth went up about 40 percent.

Probably even more damaging than that is the fact that between the time that Act 44 was implemented and the time that it essentially collapsed with the federal I-80 tolling decision, we never saw an increase in funding from the state. Fuel prices are going up. Wages are going up. Health insurance is going up. And what it amounts to --- you know, and I think to be fair, we all have to acknowledge Pennsylvania puts more money into public transportation than almost any other state in the nation, I think only New York and California being more. But the challenge is if you have 60 percent of your

operating budget that never goes up, that's a real challenge.

CHAIR BURN: Thank you, Mr. Bland. Mr. Ellenbogen, you have some questions?

MR. ELLENBOGEN: Yeah. I have some comments, too, Mr. President.

CHAIR BURN: Yes, sir.

MR. ELLENBOGEN: Mr. Bland, I don't envy your position. And I'm old enough and have been involved enough in government over the years to remember when this whole concept of the Authority started. I always believed that even they unilaterally gave whoever was in charge, whether it be a mayor or commissioners, the ability to keep things going the way they wanted them without being put in front of the public eye. You've inherited 25 years of what your predecessors have done, and I think you're getting a lot of heat for things that have been --- this horse has been down the road a lot of years, you know, and what we have right now is a Corvette that's up to 120 miles an hour, and everybody wants to throw it in reverse. I don't believe that this thing can be solved instantly. I think it's going to take baby steps, perhaps maybe new hires, because what's happened here is the transit system, from what I hear, has been devastated in a lot of towns. Numerous families have been devastated over this.

I believe that whether we would have to borrow money or whatever to keep us going until these baby steps can be initiated, until the Union has the opportunity to be able to digest and offer some compromising things that are fair --- they've negotiated a lot of years for a lot of things. You know, there are a lot of things that happened here. I think the Union is being unfairly blamed by a lot of people because, you know, those folks are just trying to make a living. I think a lot of your folks have been getting a lot of extra crap because there's things that were done a lot of years that led to this. I mean, ask my neighbor who's ten years younger than me and they're retired, you know. These things happened a long time ago and I don't believe we can stop it right now.

Like Mr. Burn said, in these negotiations, I think people have to be realistic and have to realize that this is going to take some time to get from 25 years of this to making people whole and making this transit system whole. And I think that that's what's being lost here. I mean, I read in the media about ultimatums from the other

side of the hall. I know union folks are upset, and I don't blame them. I've been laid off before. I know what it feels like. It's a horrible, horrible instance. And a lot of this stuff is the fault of people that came many, many year before Mr. McMahon and his people, many years before yourself.

And frankly, the whole thing makes me ill. This whole situation has to be solved. I mean, we can't do it with economics comparison on the same foundation. Transportation is everything here. And this is the second oldest population in the United States. It's devastating to them and everything else. You know, I can't say that enough. But the main emphasis I want to put on is that we've got to come up with some money in terms of these baby steps to give you folks, you and the Union, the ability to negotiate fairly and not have one side muscle the other, so you both can work and we can get to some common ground that people recognize and make this system whole. That's probably the best way I know how to put it. Thank you for entertaining me.

CHAIR BURN: Thank you. Mr. Drozd, Mr. Futules, Mr. Finnerty and Mr. DeFazio.

MR. DROZD: Thank you, Mr. President. And thank you, Mr. Bland, for coming before us. You know, what none of us wants to do --- you know, we've had the same conversation time and time again ---

MR. BLAND: Every year.

MR. DROZD: --- prior to your time coming aboard many years before. You inherited a lot of this. I would like the public to know you inherited a lot of this. And what we don't want to do is to have the same conversation that we've been having or to throw more taxpayer dollars into a hole that is not going to solve the problem to fill that hole. I don't want to do that. We'll be having the same conversation next year and year and year.

My question is --- I have three questions. First, I've heard a lot of percentages and the changes, you know, the collective bargaining units have given and what you want and you need. And what does that equate where you are now in dollar terms? What does that equate in dollar terms?

MR. BLAND: To be frank, I don't have the exact numbers in front of me and I'm not sure how deep we want to get into it, but I think the larger issue is there are two things that we need to try to get a handle on. One is

a short-term cash issue, what level of saving we need short term, whether it's to reverse the 15-percent service cut that went into effect this week, or frankly, even a greater concern, if that's possible, to reverse deeper service cuts, you know, after July 1st, 2012, which are on the horizon. So there's very much in need for a cash saving.

But the other, frankly, is that long-term legacy cost issue because even if the Union made huge moves --- I mean, I can't say that strong enough, hard enough. Huge moves on that cash side. The problem on the legacy cost side is whatever concessions the Union offers, over time, maybe a year, maybe three years, maybe five years, maybe ten, get eaten up. And just by way of example, the comparison we did --- now, people use different definitions of what legacy costs are. But if we look at our retirement costs, you know, which includes pension, which, frankly, for us and ATU, is not a huge issue. Right now our pension issue is, whether it's ATU or the Authority's own, same issues everyone had with the market decline. Pension funds are actually in relatively good health, so leave that aside for the moment.

Current cash we spend for retiree healthcare, so anyone who's retired --- Mr. Ellenbogen mentioned people in his neighborhood younger than he who are retired, getting healthcare. That's cash out of pocket. And this year that's \$32 million, give or take, out of our budget. By way of comparison, Philadelphia, with four times the number of employees, is spending between \$8 million and \$10 million on that particular line item. Those types of issues now consume 24 percent of our operating budget. As recently as 2003, they consumed six percent of our operating budget. And it doesn't really take a mathematician to see what that trend does. And that's what squeezes out ---. You know, my fear in the contract discussion is the things like wages or current employee benefits get hammered so much that frankly, it doesn't become a competitive position anymore. And if that sounds like I'm bargaining for the other side, I apologize. But if we're not careful in reigning in those, then all we can do is squeeze current employees. So that, I think, from our perspective is the key issue.

So there's a cash need to get us short term to whatever other solutions are out there. But if we don't address that long-term cost growth issue, which, as Mr.

Ellenbogen says, is 50 years in the making --- it can't be solved overnight. But if we don't start to reverse that curve, this type of a hearing will be held within the next two years.

MR. DROZD: Given the 24 percent of that operating budget, no changes in the legacy costs, what do you project and what does that equate to in dollars?

MR. BLAND: I'll be frank and say if you start projecting out five years, you can't imagine the numbers. I mean, frankly, they become unimaginable. We were looking at projections. And then when you combine that, you know, that's a huge issue. That's the issue on the cost side. Every other line item in our budget, including wages, frankly, including current employee benefits, including fuel, and I think most of us know what fuel can be like, every other item in our budget except the legacy cost items has been growing at or below the rate of inflation. So you take every other item in that expense budget, operator wages, mechanic wages, current employee health insurance, all that stuff. If we can address the issue with state and local funding just growing, never mind trying to get some big additional pot of money, just growing with the economy, that essentially keeps us stable.

MR. DROZD: Just to follow up --- Mr. President, I'll defer, but I'll have one more question and another, if that's okay.

CHAIR BURN: Thank you, Mr. Drozd. We'll circle back to you.

MR. DROZD: Okay. Thank you.

CHAIR BURN: I'm going to put you back down. Let's move to Mr. Futules and Mr. Finnerty. Thank you.

MR. FUTULES: Thank you for coming in today. I really like your idea of getting a busload of us to Harrisburg, but more than one. I suggest we take about 20 buses with 15,000 people and 150 displaced workers and show the face of Harrisburg what 15,000 people look like. I really think that ---.

(Applause.)

MR. BLAND: If you don't mind, sir, if I might, and we can get more details, any of the groups involved, but they're tentatively planning a statewide sort of a transportation advocacy day, what, May 10th. So any of the groups that are here that want to sort of get on that issue, that's the tentative plan.

MR. FUTULES: I think it would be a great idea for Harrisburg to see those people because as elected officials, you can talk about numbers all you want, but if you put those people in front of me and tell me, I might think a little different. And I think they need a little reality on their behalf, because from Harrisburg to here, 15,000, that's nothing. But let me show you what they look like.

MR. BLAND: Right.

MR. FUTULES: I think that's very important. And I also have a question --- and I hope I'm not overstepping my bounds, but we seem to have drop-dead dates. We talked about March 27th as the date, and we talked about getting us to July. My question is, Mr. McMahon --- and you talked about historic efforts to save the transit. Is there another date that would come in mind --- we could get the buses back running, and is there a date with the agreement that he said to keep the buses running up to a certain date versus the March 27th? Is that a possibility? Because we all talked about baby steps just a few seconds ago. You can't expect the Union to go like this.

MR. BLAND: Right.

MR. FUTULES: Just like us.

MR. BLAND: I would agree with the sense of urgency, because what we said we were able to do, and nothing has changed in this regard, with the unfortunate cuts that went into effect this week, with the fare increases that went into effect on January 1st, we're confident we can hold everything stable through June 30th, 2012, so through the end of the next fiscal year. So I'm not suggesting we take until June 29th, 2012, but that's realistically the next hard date.

What I've heard more frequently from our customers over the last couple weeks, especially when you talk to them about what the real issues are, our customers need stability. The thing that drove them the most crazy over the last few days is I don't know on Friday what service is doing on Monday. So the extent to which we can stabilize and stay there for a period of time while these longer-term issues are addressed, I think the better off that we are rather than, well, next week it might be this and the week after it might be that. Because as you all know, whether you drive or you take transit, you know, if you drive on a PennDOT highway and they say, well, you

know, we're not sure tomorrow whether that road is going to be open or not, that's a constant source of stress and frustration. So I think the best thing we can do for our customers, your constituents, right now is to get things stable, have things settled out, work like hell, very quickly, to keep this from ever happening again. And then hopefully we're in a position to put things back, or even further improvements in the system.

The gentleman, Mr. Strauss --- Pittsburgh is an unbelievably outstanding market for public transportation. For a city this size, more people currently ride and more people will ride with decent service than almost any city this size in the nation. The concentration of jobs in our entire region, never mind Allegheny County, the entire region that has concentrated in downtown Pittsburgh and Oakland is higher than almost any other city in the nation. We're carrying about 50 percent of the downtown workforce and about 25 percent of the Oakland workforce. And I don't think anybody can envision either one of those areas without solid public transportation. So just imagine what we can do if we can, first, stabilize the system and then actually build towards enhancing it, the types of things that Mr. Strauss was talking about.

MR. FUTULES: My goal is really to get the bus routes back open and offer Mr. McMahon ---.

(Applause.)

MR. FUTULES: What that man has given you is a good one, but I know it doesn't meet the July date. You need to find a solution to get that open and continue the talks while the buses run.

MR. BLAND: I agree.

MR. FUTULES: That's what I'm looking for.

CHAIR BURN: Thank you. Mr. Finnerty, Mr. DeFazio, then Mr. Gastgeb.

MR. FINNERTY: Thank you, Mr. President. Steve, I asked our County Manager about the funding. We know that we give \$27 million-plus to the Port Authority every year. Do you know what the funding was in '09 from the state?

MR. BLAND: Fiscal '09, which was essentially the same as fiscal '08, which was essentially the same as fiscal '07, was about \$184 million in state operating assistance. That's the number that the county match is driven from. By law, under Act 44, a local match for any transit agencies for that funding is 15 percent, so that's

specifically how that \$27.6 million that the county contributes is derived.

MR. FINNERTY: And what funding did we get in 2010?

MR. BLAND: Available for operations, due primarily to two reasons, down to about \$150 million. The two reasons, one was what I refer to as the failure of Act 44 and essentially the key underpinning of a funding mechanism, which was the tolling of Interstate 80 and the takeover of that roadway by the Turnpike Commission was turned down by the federal government, which led to an instant reduction. And what a lot of people lose sight of --- a lot of people think, well, that was money that was promised but you never actually had it. During the fiscal year '09, we had it. We were getting it. Fiscal year '10, when that decision came down, our funding was cut. So that was one chunk that amounted to about \$27.5 million in reduced funding from the Commonwealth. The other chunk was about almost \$7 million in reduction that came through the general economic downturn. One of the funding sources for any public transportation in Pennsylvania, pretty common around the country, is a percentage of the state's sales and use tax, so that six percent you pay in sales and used tax, about 4.4 percent of those proceeds, not 4.4 percent tax, but of everything they collect, about 4.4 percent goes into the Public Transportation Trust Fund. And as overall state sales taxes declined during the recession, that overall --- that impact on Port Authority is about \$7 million, so between the two, about \$35 million in funding for the current fiscal year.

MR. FINNERTY: And have you received any fundings for 2011?

MR. BLAND: We have not seen our allocation. We've seen the Governor's budget, and it's essentially stable. The one caveat, up until the Governor's budget address, when I said, well, you know, if we move forward with this, we can get through June 30th, 2012, one caveat that was given, I think Mr. Drozd spoke to the environment of Harrisburg and the environment of the state budget in general was if transportation and transit in particular take another whack, we're going to have to revisit. All the indications are, based on all the sources we've seen in statewide in numbers for the line items that we're interested in, it's basically stable. It's not up. It's not down. So that allows us to say, yeah, we think we can

get through the next fiscal year without any further service or fare impacts.

MR. FINNERTY: So you think that you will get \$150 million?

MR. BLAND: Yes, about that, give or take.

MR. FINNERTY: This time?

MR. BLAND: Right. The I-80 issue hasn't been effective, for a lack of a better word. They are starting to see the sales tax pick back up, so we might see just a smidge more in that area.

MR. FINNERTY: I'm just looking at it, and every year we've seen --- and it's been said. And I don't want to just echo everything that's been said here, but every year we see it go through about the same thing in regard to funding. One of the big issues here is dedicated funding. I mean, the county has been putting the dedicated funding up continually, and all of a sudden the state hasn't come through with their dedicated funding. We had three years of \$184 million, and all of a sudden, we're down to \$150 million. Definitely the healthcare is a situation there and so is the legacy costs. And I think they were addressed in your negotiations. And a pay freeze also was. And that's great.

But as a transit system, as a system that's designed to serve the people, there has to be state financing. There as to be. And I think that's important for everybody here to realize, that this has to be a big part of the state. They finance 62 percent right now, between 62 and 66 percent of the transit. The things that you've said and that has been said here, they changed the mechanism of funding transit. And I think it's something that everybody here has to think about, that Pittsburgh lost 2.8 percent in the new design that they put forth to send the money out of Harrisburg. Philadelphia gained 8.2 percent and the rural areas gained 40 percent of the funding. Now we're in a situation that we're a second-class county. Philadelphia is a first-class county. We're the two biggest areas in this state. And to me, just thinking about what I just said, 40 percent went to a rural county that probably one of our wards in the city of Pittsburgh has more voters than they do. If you stop and think about this, probably Scott Township has more voters than they do, and Mount Lebanon. This isn't the correct way to be thinking about things for people in Harrisburg, for the State of Pennsylvania.

We're a big economic entity in this state. We supply the state government with a lot of tax money because we have a great population compared to everyone else except for Philadelphia. Philadelphia, I think, is eight times what we are. That's something that should be said and it should be brought up continually, that what's happening in this state in Harrisburg is one of the reasons we're sitting here today. Not that we can't resolve it. And we're trying to resolve it, both union and management. And I really applaud the Chief Executive for stepping in there, because like you said, he didn't have to. He could have sat back and just let it go and take all the abuse he took, because he tried to something.

And I think that there's things that have to be done, looked at, definitely, but I think at the same time, we have --- when we look at the situation, be realistic about it in saying what the problem is, and the state is one of the problems. It's not just legacy costs. It's not just healthcare. It's dedicating funding, too. And we can go back, as Councilman Ellenbogen had spoken of, that this started 20, 30 years ago when people took advantage of the funding and had sweetheart deals going all over the place, and we all know what they are. But that's not solving our problem at this time.

I just want to lay it on the table that it's not the ATU 85. It's not the management either at this time. It might have been before, but it isn't now. And we have to somehow solve the problem that's facing us. And I hope that you can get together and do something to solve the problem. And I hope the people in Harrisburg can get together and do something about it also, ---

(Applause.)

MR. FINNERTY: --- because that's where the problems originated. And I thank you very much.

CHAIR BURN: Thank you, Mr. Finnerty. Mr. DeFazio, followed by Mr. Gastgeb and then Mr. Macey. And I want to remind my colleagues that Mr. McMahon still is going to be given his opportunity, too, so let's be cognizant of Patrick's opportunity to speak as well and answer some questions. So Mr. DeFazio, Mr. Gastgeb, Mr. Macey, then Mr. Ellenbogen, then Mr. Drozd.

MR. DEFAZIO: Yeah. I was at the meeting on Saturday. And you spoke and you stated that it was a substantial thing that the Union did, ---

MR. BLAND: Right.

MR. DEFAZIO: --- but it wasn't enough. I think Jack said the same thing. Correct me if I'm saying this wrong. He said the same thing. It was substantial, more than we thought. It wasn't quite enough for all this. It sounded like you were pretty close. Now, the only thing I'm saying is this is so important. All of the people losing their jobs. A lot of people listen to these radio talk shows and they don't seem to worry about people losing their job. It's like the electric chair. If you lose your job and you have a family, that's serious business. Everybody is suffering. The public suffers. The poor people losing their jobs are suffering. This region is going to suffer. So everybody suffers. So we have to find a way to settle this problem. And you know, it's not going to do us any good arguing this matter in the newspaper. What we got to do --- you're saying now you're willing to meet, you're willing to meet and I know the Union, unless they change their opinion, they're saying the same thing, and I imagine when they get up, they'll say they are. Why don't we pick a date? Are you free next week? Pick out a date.

MR. BLAND: Sure.

MR. DEFAZIO: Are you ready to meet? Okay. If you're ready to meet, that's good. That's all I have to say.

CHAIR BURN: We're going to get back to that. Mr. Gastgeb?

MR. GASTGEB: Thank you, President Burn. Thank you, Steve, for coming tonight. I guess I have a couple questions on --- we're here, again, for two reasons. One is to have a dialogue of this because we are the local agency here, local match, being the county. The second is we have a bill in front of us. I'm not sure if you had a chance to look at it or were apprised. But basically, for your edification and for the audience, it's overcollecting of the Drink Tax that's occurred since the Drink Tax was put into effect. The amount is like \$5 million. Would that serve a purpose that you see short term?

MR. BLAND: Well, in terms of addressing the --- and I think people have talked about this being a recurring issue. To that piece, no. But I think what it does do, and just --- this is going to be very, I'm sorry, long answer to a pretty simple question. Mr. Drozd was speaking about the environment in Harrisburg. And again, what I heard when I go back there is, legacy costs?

What's the county doing? This is such a --- similar to the ATU's concession offers. Putting this up there, you know, and frankly, forming the taskforce is such a huge step for Allegheny County to take. Does it save 15 percent of service? For about two months. As I mentioned at Councilman Jon Robison's committee last night --- I was asked, well, what are you saving with the 15-percent service reduction? It's about \$2.5 million per month, but that would just mean we're back here month after next, having the same discussion, and that what we've gone through \$5 million of that reserved money the county has.

But to be able to go --- you know, as I've heard here several times, to be able to go to Harrisburg, moving in one voice --- and there's so many things, there's so many moving pieces, in my opinion, that have to happen at the same time to go beyond that conversation as Mr. DeFazio said, between the Authority and the Union, with the County Executive continuing to --- as much of a beating as he takes, he continues to want to get something done, and we are all in for that. And I know the Union is, too, and I know the County Executive is, too. That piece has to happen. The community conversation about the role of public transportation, how we pay for it, how much we have, how it's delivered, that has to continue.

And then if we can get with our delegation to Harrisburg and have them speaking with one voice when they go in and do their jobs and advocate, that's why I'm more optimistic today than I've been in --- I mean, this sounds kind of crazy this week. I'm more optimistic today than I have probably been in three years, four years here that we can actually get something done and not be back here year after year. I think more than anything else --- I mentioned the stability our riders deserve. We have to move away from these one-day, one-week, one-month, one-year Band Aids, limp-alongs, bailouts, you name it, and get to a point where public transportation in Pittsburgh is sustainable on an ongoing basis. And then, frankly, you know, deliberative bodies like this one can move onto other issues of significant public policy interest.

Sorry for kind of dragging that question out. I think the significance, though, Councilmen, is that it just shows --- it demonstrates, as, frankly, County Executive Onorato's proposal did, the seriousness with which Allegheny County has taken this. And make no

mistake. And I tell this to folks at the state. I tell our legislators who represent us in Harrisburg. Allegheny County is doing everything required of it in terms of matching funds under Act 44. There seems to be some perception up there that the county isn't fully matching. Well, if they would provide more money, you could access more money. And frankly, we're in the minority. Except for the Philadelphia regions, their counties, including the City of Philadelphia, fully --- they're probably --- the last I heard, maybe three or four other transit agencies that are seeing full local match. Now, there's processes they have to step up and all of that so counties have time to phase in. But make no mistake. Allegheny County is meeting every requirement put upon it under that law to provide matching funds, and has been doing so.

MR. GASTGEB: My follow-up is that this bill, in addition to your comments, is not going to be quick like I think most of us would like to see, because what we have to do after such dialogue has taken place is almost have an actuary come in and double check all the numbers because --- I mean, I probably don't disagree with you on the \$5 million. But you have to know what it's going to do, what both sides are negotiating and where exactly you are. Just coming out of the meetings on Friday, the media is reporting wild differences in Mr. Onorato's claim and others. So that also puts us in a bad position.

My second question is, you know, last Friday morning, being the last business day of the week, you were planning to institute what you said you were going to do, starting on the 27th. However, that changed because of information you got from the Union. But you were planning on doing what you said you were going to do. So obviously, something changed your mind and brought us to this day. I've heard the quote from the Executive that no deal is better than a bad deal. Are we past that or are we still at that point or what?

MR. BLAND: Well, you know, again, all I can repeat is that what 85 --- what Local 85 offered was historic and is absolutely a discussion point, you know, significant. We need to get some long-term costs --- and back to your earlier issue about what does this really mean. I think it had been suggested that, you know, as part of this ongoing parallel process, we really need to figure out what those numbers are valued at.

And that's why we absolutely agree with everyone who said there's urgency here and we need to start now, not because I think by the end of this week we'll have a solution, but frankly, I think these are complex issues that are going to take the kind of review, analysis that you're talking about. And if we don't start now, if this thing disappears --- back to Mr. Burn's original point. If this thing sort of disappears from the front page and down below the surface and people get used to a lower level of service for whatever period of time, then all of a sudden, June 30, 2012 sneaks up on us, we're not going to get it done in a week then, either. So that would be my --- you know, why I believe there's an absolute sense of urgency, is there's an awful lot of work and an awful lot of entities, and people need to get it done in a very short period of time.

MR. GASTGEB: I just have a comment.

CHAIR BURN: Sure.

MR. GASTGEB: I guess my comment is that, you know, last year we carried on as if I-80 was being tolled, and probably the year before, too, but it never was. So we're borrowing against a bill that never was passed, and that was done in past administrations. And that's where we are with the state. And the state believes we're getting what the amount is that's appropriate. The county's given, if not the amount, more than the amount, because even though the amount from the state went down because of the tolling, we're still keeping the \$27.6 million as our local match. You do have a dedicated stream, which is known as the Drink Tax, so that's what we're doing.

I couldn't agree with my colleagues more about the state, but I think if we're going to say we're going to the state, we're going to be as disappointed as we have been for the last so many years. This has to be done here. When I talk with the state, I don't see one person. I see 203 representatives and 50 legislators. That's, you know, 200-some-odd representatives, of which maybe 30 percent live in Allegheny County. So 70 percent of the people we're trying to affect live across the state, maybe in Erie, maybe in Scranton, maybe in the middle part. Who knows? So their interests probably aren't the same as our interests. So we need to look, I think, internally. Then if you believe that even slightly, the state's really not

going to solve our problem, at least not quickly, and there's no indication that they are.

So it comes down to the system we have right now. We have an executive system. He appoints the Board. We confirm the Board. Not one person here has ever, in eight years, as Mr. Onorato's been the Executive, challenged a Board member. They've been confirmed, I think, almost unanimously. So really, it falls down to PAT management, PAT Board and the Union. If that doesn't work, then what is going to work? We're giving all the money we can. If we think the state is going to do something --- I think we know they're probably not. So whatever we can do, Mr. Burn's point in calling this meeting, to assist the efforts, I really think it's strictly in the court of --- inside the Port Authority walls or ceilings or whatever you want to call it, and the Union.

And if we could help, we could help. I'm not necessarily privy to negotiations. Mr. Onorato had negotiated in the past. That's his job. It used to be said that if we knew something about negotiations, somebody was bargaining in bad faith. And how would we know? So I just want to encourage you to get it done. I wish I could tell you how to do it, though.

MR. BLAND: If I might, I'd respond, I agree in part and disagree in part. I think absolutely we have to do it with all seriousness to the state issue. Actually, I do disagree with you because, frankly, it doesn't matter what ATU 85 does. Frankly, it doesn't matter what concessions they offer. Without a reliable, dedicated, sufficient state funding source --- and whether we like it or not, that's how it's set up in Pennsylvania. The state puts most of the money in. Other states --- you go just a little bit west to Ohio. The state barely puts anything in, but they authorize local taxation. Cleveland funds their system with a one-percent dedicated sales tax. If you buy anything in Cuyahoga County, one percent goes to public transit.

And where I have optimism for the state and middle of the state is --- if you read the online edition, you may have seen it already. If not, pick up The Post-Gazette tomorrow and look at Jon Schmitz's article on Pennsylvania ranking number one in structurally deficient bridges, both as a percentage of total and in the total number of bridges. So in Erie County or in

Lycoming County, you may or may not care about public transit, but I suspect you care about your bridges. And that is an issue.

Despite having the worst rated bridge condition in the country --- and it's by a fairly wide margin, at least according to Jon's article. The Southwest Pennsylvania Commission is projecting that next year, in the ten-county region, we will spend 32 percent less on road and bridge maintenance than we did this year because of the failure of Act 44.

So frankly, in my opinion --- and my personal opinion does not reflect that of the Authority or our Board of Directors --- is if the state as a whole ignores the statewide transportation funding crisis in all modes, they do so at their own peril. And it's not a bus driver in Pittsburgh alone who's going to bear the brunt of that. It's a driver in rural Pennsylvania. It's a transit user in Harrisburg, Pennsylvania. You name it.

And I do think we have to show seriousness. We have to make headway at the Authority. I think the efforts of members of this Council, as well as the County Executive, show the seriousness of Allegheny County. We need to engage others in that process, you know, whether they be elected officials or community groups or individual riders, to join together and start moving in the same directions. I keep quoting Mr. Burn on this. We need to start pointing our cameras out --- cameras outward instead of inward. And I think we need to get it done.

The fact of the matter is the failure of Act 44 in 2007. The Legislature and then Governor Rendell decided this is a pot of money. After three years of study, this is a pot of money we need for our roads, bridges and transit agencies. And I can't believe that three years later, they concluded we were wrong. We didn't need that much. We needed this much. So you know, the honest truth in answer to your question is nothing Pat McMahon could offer would be enough to fix this problem if the state doesn't come through, and you're hearing that from me.

CHAIR BURN: I have a couple other speakers that I'll be calling, and I'm still going to invite Patrick McMahon up. Mr. Ellenbogen? Mr. Drozd, you have a commentary. Did you want to defer that until after Patrick McMahon speaks and let Mr. Ellenbogen speak now?

What do you want to do, Matt? It's your pleasure. Jimmy's going to go next.

MR. DROZD: Just a quick commentary. You know, it seems like we heard Death of a Salesman --- you heard of Death of a Salesman. It seems like we're always presiding over the death of the mass transit system. I think we have to be more proactive, both on the local levels and the state levels. And what I mean by that is, for instance, the Marcellus Shale. Now there's a dedication that should go, and not only to our mass transit, but to alleviate the tax burden. We've got to make those suggestions to Harrisburg. We've got to take that to Harrisburg.

Secondly, gaming tables, they came in here. Why can't part of that go? We have to make those suggestions.

Thirdly, we have to have an aggressive marketing program. And you know, it's almost like I can see save a bus line, buy a bus, or save a line, buy a bus. You know, I've ridden buses. I don't know if you have. I used to ride them every day to school and I rode some recently. I had a great experience, by the way. The drivers were really great.

MR. BLAND: I've ridden with you.

MR. DROZD: Yeah. You and I rode them. Instead of meeting in your office, we rode. And those are the type of things that we have to be more aggressive and proactive. We have to be more proactive. We shouldn't be presiding over the death of a mass transit system. We have to look for ways from labor, from us, Council, from the --- by the way, right here, the mass media. They could do some PR for us, too, and encourage people to ride those buses.

Now, let me ask you this. Have you ever looked at the percentages and have you seen --- have any of your people benchmarked within the United States and other transit authorities to see where their growth --- those that are growing, not dying, and where is it coming from and what percentages do we need in order to not see those cuts that aren't any ---? I'm going to throw a lot at you here. Are any of them self-sustaining authorities where, you know, we're really making it work? Have you seen this? Have you looked at this? And what percentages would you say you looked at, that we see we need in ridership increase and to do this?

MR. BLAND: Well, I guess the direct answer to your question is there's something like 450 transit agencies around the country, and if you found any two alike, I would invite you to do that. Most of the systems around the country that are experiencing rapid ridership growth tend to be what we would refer to as the Dover cities, the western cities, the Phoenixes, the Denvers. I think Mr. Strauss earlier touched on Minneapolis. But that's been through very significant investments in new infrastructure, light rail, commuter rail, what have you. Frankly, most of that has come about --- some with the capital investment, a good bit of the capital investment through the federal program. But frankly, it's gone about through local ---.

I mean, there are communities all over the country, Denver, Portland, Phoenix, you name it, that have had issues not too dissimilar to this one. What do we do with public transportation? And frankly, what they concluded was we don't have a state that's going to do it and we don't have a federal government that's going to handle it. We are going to do it ourselves. And they implemented local, you know, dedicated funding sources. So Denver has a one-percent sales tax. Phoenix uses sales tax. I think Portland uses a wage tax. And as a result, while you can say those systems are self-sustaining, they're not self-sustaining on the basis of fare collections. Frankly, most of those cities get a much lower percentage of their operating budget from the fare box than we do. We're at about 27, 28 percent. I think Portland, which a lot of people hold out as a real model, is making 15 percent.

MR. DROZD: One last quick point, and I talked about this. Have you looked at it since when you said you were analyzing this? You know, I always like to think --- you know, I see the empty buses in between the peak hours. Like the gentleman was saying, I got to get to work.

MR. BLAND: Right.

MR. DROZD: Have we looked at, you know, riding those peak hours and these lines that would be closed at least to handle accommodating ---. That's probably how many percentage? I would say, 75, 80 percent of those riders. Have we looked at that?

MR. BLAND: Oh, sure.

MR. DROZD: Can we accommodate everybody?

MR. BLAND: Well, we've continued ---. One of the findings back in 2006 when Governor Rendell's Transportation Funding Reform Commission had issued their comprehensive 700-page report, and one of the findings they had with respect to the Port Authority was, among its peer systems, cities of similar size, similar-type transit, had the lowest productivity of service of any system in the country that they looked at, and frankly, had a lower level of productivity than some of the smaller agencies in Pennsylvania, like Williamsport. In the 40 years since, there's been a lot of surface redesign, frankly, with ---.

You know, the ironic thing is, back in 2007 when Act 44 was passed and additional funding came through, we had another 15-percent service cutback then. Despite that, the level of productivity has gone up significantly, even to the point where --- and it probably hurt them to write it. The Allegheny Institute researched this issue, and they said in 2006, the Port Authority and the 20 agencies they compared it to had the highest cost per rider in the country. In 2010, when we looked at it again --- and this was reported not that long ago, and I can get it to you, Councilman, if you'd like to see it. We're still fourth highest. But in those four years, the average cost per rider went up, I think, about 1.7 percent, while the cumulative average for the other 19 cities was about 20 percent over that time frame.

So those steps are being taken, will continue to be taken. We had a much more robust level of patronage data and market data than, frankly, we've ever had before. So service decision making can become, for lack of a better word, much more rational. But I think to tie on to one of the points one of the other Council people made earlier, you can't just look at productivity. You know, I think it was Mr. Robison, when he spoke, talked about the lifeline routes. And Pittsburgh is especially the case. We have so many neighborhoods and communities, you know, up on the hill, isolated from, you know, a lot of surrounding --- where population is probably climbing quite a bit in the last 20 years. And that bus route getting up there is literally a lifeline. Well, guess what? The productivity of that bus route might be 15 percent of what it was 30 years ago. And I just think that that's something we have to factor into that equation.

MR. DROZD: Thank you, sir.

CHAIR BURN: Mr. Ellenbogen, and then we're going to invite Patrick McMahon up. Thank you very much.

MR. ELLENBOGEN: Thank you, Mr. President. One of the things that I think there's a misconception among the public, that we have the ability to change this ourselves. I mean, the public needs to understand that you're governed by the Board, who's appointed by the Chief Executive. Like Councilman Gastgeb said, generally, unless somebody did something outrageous, we'll give the Chief the ability to appoint his Board and manage as he sees fit. It's important for folks to realize that we're here just to try and help, try to bring you folks together and try to bring some fruition to that.

That being said, you know, there is an urgency to all of this. But if you've been in politics as long as most of us, the reality of politics is that the wheels move very slowly. And that being said, also, and there being an urgency to it, in my opinion, and I'm sure everybody else agrees with this, extra monies are needed now to get some time to give you folks the ability to negotiate and whatnot.

That being said, I'm wondering --- maybe this question might not --- might be better served to ask to Mr. Flynn, but I'm not going to ask him to walk the length of the room again. He isn't listening. But the point is the corporate community has always been wonderful when there's been a crisis in this town. And when the city schools and a lot of the underprivileged children in the City of Pittsburgh were unable to go to school, UPMC came up with \$100 million to create a program. When the Pittsburgh Zoo was falling apart, the corporate community got together and created Friends of the Zoo.

What I'm wondering is, has anybody, whether it be your Board or the other side of the hall or whatnot, went to the corporate community and said, you know, is there monies that you would be willing to donate to get us to this point so that you folks have the ability to get to where you're going? You know, the major corporations, nonprofits and profits, most of their folks ride the buses. And I just wonder just that as an idea in terms of trying to get some more monies to give you guys some latitude in terms of, you know, some time, you know, to get the money so that you have a little more time to negotiate and do whatnot.

That being said, I was also wondering, too, because people had brought to my attention, in terms of --- has anybody thought about, you know, selling leases to companies or whatnot, whether it be limousine services or cabs or --- to be able to use your bus ways for fees or even that tunnel that goes in my district that hardly anybody can use, even putting a toll on that. In other words, we're trying to change our paradigm to get us some monies to get where we're going.

MR. BLAND: In contrast with Mr. Gastgeb's question, I'll try a short answer to a pretty long question. Number one, we obviously have been in touch with the corporate community, and beyond the --- you know, their charitable interest in this issue, as you've touched on --- I mean, we have PNC Bank. Well over half of their downtown employees use transit to get to work. They have a very legitimate business reason. And I think probably county economic development and certainly city economic development will tell you there are companies who have located significant operations here specifically because of the vitality of the transit system. And if that is compromised, frankly, their continued presence in Pittsburgh is very much in jeopardy. So I talked to a lot of corporate --- whether it's CEOs or office, you know, people who are head of the Pittsburgh division or what have you. They get that.

But frankly, the other thing they want to see is, and what I'm hearing that Council wants to see, too, is, okay, we wouldn't rule that out. We wouldn't rule out a funding initiate or some level of sponsorship or what have you. What keeps us from being back here next year? So I think we have to get to that point where --- and that's why I think the task force, and frankly, having some of those entities --- I'll resist the urge to list 40. But I will say from the business sector, having some of those representatives at the table to say, what can business do and how can you help us with the bigger picture, say, in Harrisburg, is very crucial.

On the asset use and all of that, frankly, when I first came to Pittsburgh, you know, and the leasing or the licensing of use of, say, the bus ways was actually something County Executive Onorato asked me about. A very viable discussion. Those are federally funded assets, and anything we do that has to be approved by the federal government. That actually has to be specifically

authorized in legislation. Now, there's a federal Transportation Reauthorization Bill hopefully coming up. It's been coming up now for two or three years, but eventually they'll have to get it done. And the main concern with that, frankly, is the funding they use, whether we like it or not, is for public transportation facilities. So when they start to see those public transportation facilities start to be highways, for lack of a better word, they sort of come up on edge.

But you know, coming back to what this task force does or what it looks at --- and I mentioned at Councilman Burn's Government Reform Committee the other night, the first thing you start with is a very long list of items, and then you exercise a little bit more caution when you come to the short list. And I absolutely think that should be on the long list, at the very least.

MR. ELLENBOGEN: Now, I guess my biggest thing is --- and it seems to me that, you know, you can call them days of immediacy. What are you going to do now? But it's my feeling that the best way to go is to give you folks some time and have the money at the time to do this thing right, as opposed to creating this nightmare of all these people losing their jobs and all these people having the inability to travel around. So in my estimation, I think maybe if it was --- in terms of a re-approach to the corporate community, say, look, you know, you could very well be right, but give us an opportunity here. You know, we're asking you for a short window of some monies here. Try to get us and give us the opportunity so that we can fix this thing right. So thank you. I appreciate it.

CHAIR BURN: Thank you, Councilman. I asked this of Mr. Flynn. I'll ask it to you a little bit more directly. It's been four days. We talked about cooling off. I think Mr. Flynn used the cooling off period reference. I think we've had enough time for both sides to step back. Are you willing to sit back down and again keep talking?

MR. BLAND: Absolutely.

CHAIR BURN: Thank you, Mr. Bland.

MR. BLAND: Thank you.

CHAIR BURN: Patrick McMahon? Thanks, Steve.

Is Councilwoman Green on the line?

MS. GREEN HAWKINS: I am.

CHAIR BURN: Okay. Let the record reflect that Councilwoman Green is with us. Good evening, Councilwoman.

MS. GREEN HAWKINS: Good evening.

CHAIR BURN: For the record, your name and your title, sir.

MR. MCMAHON: Good evening. Patrick McMahon, President and Business Agent of Local 85, Amalgamated Transit Union.

CHAIR BURN: Thank you, sir. You've heard some of the conversation from the County Manager's Office. You've heard some of the Q&A with Mr. Bland. I'll start when we're finished, when we're done asking the questions --- again, thank you, again, for being here. And I think one thing we've heard everybody say is the negotiations and some of the offers that you had made on behalf of ATU were historic. It's been four days. There's been a lot of passion out there from all sides, a lot of things back and forth. Are you prepared to sit back down and continue the talks?

MR. MCMAHON: Absolutely.

CHAIR BURN: Thank you, sir. Okay. And go ahead, please.

MR. MCMAHON: Yea. I have some statements that it certainly has changed, and I'll try to keep everything as short as I can. And I'm willing to answer any questions that anyone would have for me.

CHAIR BURN: Yes, sir.

MR. MCMAHON: But I'd like to first --- we, the members I represent, are deeply grateful for the opportunity to be here tonight. And we thank Council President Burn and the entire members of Council for this opportunity and for your commitment and your leadership in this very important issue that has been so very difficult and challenging for not only transit workers but the transit riders of Allegheny County.

We are absolutely committed to continuing in the negotiation and talking to the folks, whoever that may be, who has the authority to say yes on the other side. And that's an important comment. So I'm not quite sure who that may be. As far as we are concerned, Local 85, we have never left the negotiating table. But we need someone that we can negotiate with. Take-it-or-leave-it proposals will not get it done. It will not get a mutually agreeable solution.

And so with that said, I would like to make some comments. And you know, we all know that transit is very complicated. It's been complicated since its infancy here in 1964 when the Port Authority took over. There's never been a reliable source of transit funding. We all know that. We thought we had a pretty permanent fixture for the first time in history in 2007 with Act 44. And unfortunately, that didn't work. We all know that.

But I do want to impress, and I think hearing the comments tonight, especially the Council members, we realize that there's two parts to this. There's a short term and there's a long term. And right now, and for the last six months, almost exclusively, what the issue has been is short term. And it was focused on March 27 and stopping the cuts and the actions that, unfortunately, took place. And we are absolutely committed to that. And I want it to be absolutely clear that that's where we entered the negotiations, to first buy time.

And if you read our proposal from Friday, last week, to the Board --- the Port Authority Board, it clearly says what we are willing to do. And we would continue immediate negotiations to address the long-term legacy costs. And I think that's very important. And as we sit here today, the most important issue is to reverse what has happened on Sunday, the 27th of March. We need to reverse that.

(Applause.)

MR. MCMAHON: I'm not going to sit here and editorialize the effect that this has on the community. I'm not going to do that. I think we all know how devastating it has been. And it's been terrible to our economy here and to our people that we serve. So with that said, some very good comments. And I think all, every one of you understand the impact and the importance of this. But I want to make some comments.

Councilman Ellenbogen, I think, really hit the nail on the head. We are trying to correct or deal with the decisions of our fathers, our forefathers. That's what happened. And not all those decisions were bad. The economic times were a lot better through the periods the decisions were made. Our pension plan, Local 85's pension plan, is absolutely --- and even still, after the last --- since 2001 and forward to 2008, our pension plan is still funded at the 87-percent level. It's a tremendous pension plan. And we do pay out a lot of money, but we're still

growing. And we're coming back now to the levels that we were at prior to 2008, and that's very important.

And in regards to legacy costs, that seems to be the buzz when they want to throw a dart at Local 85 and what's going on here --- and we're good with that. We understand the cost and the effect of the retiree healthcare. And we understand that it's a big number. And we have, the last two contracts, 2005, where Governor Rendell stepped in and negotiated our contract to stop the work stoppage and all the negative, which is clearly --- we were thankful for it. And then also in 2008, when Mr. Onorato and Mr. Bland wanted to impose a contract illegally, and Mr. Richard Trumka got involved.

We have addressed, 2008 alone, by all accounts, \$93 million toward legacy costs. And all we did there was put a tier system of eligibility for retiree healthcare, which made my workers, to get the full healthcare, work five additional years. It was responsible. We addressed the problem. Our members overwhelmingly voted for that. They understand. We did that. But now, all of a sudden, nobody wants to recognize that.

So what I'm going to shift gears to, one thing that I heard here tonight that I am very excited about, actually, is an oversight committee for reform of public transportation in Allegheny County. And what I really hope and I didn't hear, and I'm sure it was just a mistake or my hearing's going bad in my old age, but I would hope that Local 85 has a seat to bring true transparency. And for long term, which is so very important for the citizens of this county, we need to reform this entire system.

And believe me, the reason legacy cost comes up, because right off the operating budget, it's a big number, \$32 million. I'm not going to deny that. I'm not going to deny it. It's real. I brought to people's attention some other big numbers, and quite frankly, a lot of other people choose to ignore. And it is a big part of the problem that's going on now. And I have to say it here tonight for the record. There's another item that, in the past, in this current contract, fiscal year '11, at least \$25 million goes right off the top of the operating budget to take care of debt service, which is debt service from past history. I'm not even going to say, but management did it, and they shifted capital overruns and capital monies and they pay --- they use operating budget for debt service.

And now we all know about the most recent fiasco with debt service, which was this swaption issue where the Port Authority --- and they can say it was past people that did that. But I can tell you, people on that Board today were on that Board when that all happened, so they can't hide from that. But I'm not here to blame anyone. It's facts. That swaption cost the Port Authority another \$39 million. And the way they addressed that --- it is in my words. I'm not an actuary. I'm a bus driver. But in my words, what they did is they consolidated their debt service and they extended that bill out further. And now, next year they will pay, according to Chief Financial Officer Ellen --- the new lady, Ellen McLean. She told me they will pay \$38 million for debt service. That could be considered legacy costs, too. And all I'm going to say is, put it all on the table long term. Put it all on the table. We'll address it. We will absolutely do our part.

My people live in Allegheny County. These are the jobs. This is our community. And this is so very important as --- and I'm very proud to represent the people because you've seen what they're willing to do. And it's painful, but they're still here and they're still supporting me because they know we're here to fix transit once and for all, hopefully.

So let me get back to what --- there's a crisis here, and there is crisis. And that's when people act. But there is an immediate crisis. And we're more than willing --- and I want it to be clearly understood. The target date when this all started, when the Port Authority and Mr. Onorato decided to not balance the budget with Governor Rendell's money and move this out, the whole conversation was we need to get to 2012. We need to get to 2012. Give the Legislation and the new Administration time to act. Okay. That's what we're focused on immediately. That's the immediate.

And we're willing to do whatever it takes, with every --- beyond reason. We've already showed you. We went beyond reason. But we need to fix that immediate crisis, get the service back to where it was, which isn't even efficient for this county, overcrowded buses with the old schedules. Get it back. Stop the nonsense. And that should happen as soon as possible.

We are committed, and I think everybody knows it. We've said it publicly. We will sit --- and I think someone stated here --- these issues of long-term issues

and legacy costs are not going away overnight. It took us months, months to finally negotiate a contract that addressed the additional five years of getting the county \$3 million toward legacy costs, because it's not a simple --- you can't do it overnight. You have to have actuaries come in, and I'm willing to do that. I've said that publicly. I've said that behind closed doors to everybody. I am willing to sit collectively, whoever the parties are that are going to sit down and have the authority to negotiate a contract with Local 85. And we will collectively hire to get the proper people to come in here and evaluate numbers, evaluate --- put the real numbers on the table. Then we'll know where we can go and where we're going and what we're dealing with. And I think if we do that and we do it with transparency --- I'm tired of behind closed doors because all it does is come back ---. We let the egos get in our ways, and then it all goes in the toilet. That's exactly what happened. It's history.

And I know we've got a lot of time --- and we don't have much time, and I could go on and on. But once and for all, I'm going to say, we, Local 85 and the members I represent, are absolutely committed. And we need to continue to negotiate, but we need to take care of short term first, get the system back to where it should be prior to last Sunday. That's the immediate crisis. Let's get there. And we will do what we have to do to get there, fill the gap, so to speak, and we will continue our commitment to be at the table to fix long term. And hopefully it's not too late to do that. We know how serious this is. And with that, I will reserve my other comments and take questions if you'd like.

CHAIR BURN: Thank you. Thank you very much for your remarks, Mr. McMahon. And for the record, you'll see in the press release regarding the Special Committee on Public Transportation that Local ATU is, in fact --- that was given. That was an absolute given that you'd be sitting in that room as we put short and long-term solutions together, hopefully in a comprehensive fashion. Mr. McMahon, you indicated in the beginning it has been four days. You are willing to get back and roll up your sleeves and keep talking?

MR. MCMAHON: Absolutely.

CHAIR BURN: You mentioned actuary. Councilman Gastgeb mentioned it. I've heard it a couple other times

about looking at these numbers. And I respect Mr. Gastgeb's concern with this bill. It's well intentioned, but if we don't have stability on the numbers on either side, this bill may not work, period, whether you're for or against it. Has anybody, any independent auditors or any auditors in any way, shape or form looked at either your numbers or the other side's numbers to crunch them or to evaluate them or to see what's working and what isn't, up to this point?

MR. MCMAHON: We, Local 85 --- we have actuaries working out of Chicago, and they're working with economists. But like I said, that's ---.

CHAIR BURN: I understand that. I'm talking independent.

MR. MCMAHON: Independent, not that I know of.

CHAIR BURN: Are you willing to have an independent auditor take a look at yours and the numbers on the other side and make an analysis and/or break them down for you and for the other side?

MR. MCMAHON: Absolutely.

CHAIR BURN: And I do agree time is of the essence. I mean, again, the purpose of this meeting is to talk about how soon can we continue these conversations? How soon can all of you sit back down and keep talking and moving forward? So that was the only question I had about the actuary, because I think Vince made an outstanding point, and I've heard you say it as well, so ---. Does anybody have any questions for Mr. McMahan? Mr. DeFazio, then Mr. Ellenbogen, Mr. Finnerty.

MR. DEFAZIO: On your numbers, there has to be some of those numbers the other side agrees to; am I correct in saying that? They don't disagree with all of your numbers; do they?

MR. MCMAHON: To be quite honest with you, I don't know. To this point in the last week, first of all, I've never had two words with Mr. Bland. All of my conversations were with Mr. Onorato and his staff. And Mr. Onorato, as of Thursday morning, disagreed with our numbers. And quite frankly, that's the last conversations we had.

MR. DEFAZIO: Okay. Well, what I would say then is what number do you disagree with? And that's the numbers --- well, you don't have to check all of them every day. There would have to be numbers that make sense, you know. I would find out first, what are the

numbers that you disagree with? And you want to know with his numbers, what do you disagree with?

MR. MCMAHON: Correct. That's exactly right. And I'm glad you brought that up because it's --- I want this to be known. Where we got our numbers first, first we were talking about the entire organization of payroll. And we were using the latest audited report, which is calendar year 2010, which is an independent audit, which is a legal document. We were using that number until Thursday morning. Then Mr. Onorato told us that the entire population of the Port Authority would not be involved in this, which is another argument for another day. But to be clear, he said our numbers had to be based off of Local 85, non --- or represented employees.

So what we did is --- our pension plan has an evaluation every year. The latest one was from calendar year 2010. And in that pension plan for calendar year 2009, actually --- you have to understand it's like a year behind because you need real experience to do the next year's evaluation. The latest one that's out is from calendar year 2009. And as of January 1st of 2010, I believe the number actuary, which is verified by --- the calculation was done by the Port Authority's actuary, Mercer, and then confirmed and agreed upon by our actuaries, which were out of Chicago. And then ultimately, the pension plan signs off. I think those numbers are very accurate, and they are also legal.

We used those numbers which, by the way, are from 2009. At the end of the year, the number is \$136,210,000. And I want to point out that's a legal number. That's a real number. That's what we were using. And I must point out, January 1st of 2010, Local 85 members got a two-percent increase. And then on January 1st of 2011, we experienced another three percent. So that's five percent on top of what we weren't even calculating for our numbers.

So I think that it would be --- the first step we all should take is to get someone in here collectively --- we should all agree. Get someone that we think is professional and square up what the number is, what it means and what --- the value of one percent of whatever. And that would be very important to get us where we need to be. But we used Port Authority numbers. We used Port Authority numbers, legal documents from the Port Authority of Allegheny County public records. That's what we used.

And we're very confident that we're very close --- we're closer than the other numbers we were dealing with. Does that answer ---?

MR. DEFAZIO: Yeah. Real quick. Would it help --- I know you've got good people on your side, but would it help if somebody, a neutral party or somebody who you want could come in with you? Would that help you in any way or no?

MR. MCMAHON: To be quite honest with you, the way the relationship is, just look at the history. I think you need some third party to make it transparent. I think you absolutely need that, because what happens when these parties meet never comes to light in the public eye. It's always confusion. He said this, he said that. I would prefer --- look at our last two contracts, and you think about this. It's actually a shame. Our last two contracts, 2005, we had to have a governor come in and mediate because no one believed each other. No one trusted each other. 2008, we had to have --- Richard Trumka, the president of the AFL-CIO, had to come to Pittsburgh to negotiate the transit workers' contract because we don't trust each other.

Is that going to change because we're trying to work together? Personally, I'll go sit with whoever. The only thing I ask is whoever I sit with has the authority to make a decision at the table, as I will. That's what I ask. But I think the answer to answer your question, Mr. DeFazio, it would be advantageous to everybody to have someone, third-party mediator who would keep this thing truthful, keep this thing transparent and will move this thing along as quickly as possible.

MR. DEFAZIO: Whoever you meet with has to have the authority to answer your questions and negotiate. You can't bring in people that can't make that decision.

MR. MCMAHON: Absolutely. I agree. Thank you.

MR. DEFAZIO: Thank you.

CHAIR BURN: Mr. Ellenbogen, Mr. Finnerty, Mr. Drozd.

MR. ELLENBOGEN: Yeah. Thanks for being here tonight, Pat.

MR. MCMAHON: Thanks for having me and thanks for taking the time.

MR. ELLENBOGEN: I have some mixed emotions about some of the things that I have read in the newspaper. And I think I know you pretty well. You

pretty much speak your mind. I've heard a lot of terms like --- that I've read, like union busting, ultimatums, you know. You know, I believe in people working for a fair wage and having fair rights. My family legacy goes back to the 1920s in the labor movement here, and I feel the same way that my grandfather and his father felt. I don't like to hear those kinds of things. And I'm going to be honest with you. And whether it's popular or not, that's how I feel about it.

I'm pretty sure I think I know how your folks feel. But on the other side of the table, you know --- and I appreciate the President calling this meeting to try to give me some more information so that I can learn what's going on. The County Manager, he's a good soldier. If I was a general, he would be someone that I would want to storm the beach because he'll take an order. And if it's to the last man, he's going to do it. You know, for anybody to disparage him would be wrong. He's a good soldier. He's doing what he's supposed to do. That's his job.

Behind every good general is a politician that's telling him what to do, if you get my drift. I don't know how much Mr. Bland is making these decisions or whether he, like Mr. Flynn, is a good soldier. I don't know him well enough to know. I've had enough toe-to-toes with Mr. Flynn to know that's his nature. I don't know how much of this is the Port Authority --- the Board. I'm sorry. And I don't know how much of this is coming from the Chief Executive himself.

But I have to tell you that there's doubt in my mind in terms of a fair negotiation where both sides are open-minded. I know that you're open-minded and I know your people are. I mean, to give-backs that I've read that you folks are willing to give is something I've never heard in my life any union willing to do. And I commend the brothers in your union for looking out for the folks who lost their jobs. I mean, that's brotherhood. That's what it's all about. And they should be commended for that. I commend them for that.

The point is --- and I probably shouldn't ask you this and I apologize if it makes you feel uncomfortable.

MR. MCMAHON: Not at all.

MR. ELLENBOGEN: But do you honestly feel, with all the rhetoric that's been given, that, you know --- I

mean, if they sit in front of us, I mean, no one's going to tell us no. I mean, you know ---. Do you feel that you can sit down with them, that their minds are now open, or do you feel, well, you know what, I don't know, I want to go in there with somebody else?

MR. MCMAHON: I'm not uncomfortable at all. And I'm going to answer as truthfully as I possibly can. I could address some of the other comments, too, but I'm not sure that will get us anywhere. One thing. I don't know --- I don't think that I ever said anything about Mr. Flynn.

MR. ELLENBOGEN: No, I'm not saying you did, but ---.

MR. MCMAHON: Generally, maybe. I'll just clarify that. But what I'm going to say here is in my position, I represent the members of Local 85, the hardworking transit workers who do their job every day and are not overpaid and are willing to sacrifice --- and I think this is important to say. Just ballpark figures, it's probably well over \$500 a month. I'd ask any one of you, if you had to give up \$500 a month from your personal finances today, what effect would that have on you? I mean, that's such a tremendous movement.

Now, I'm going to tell you, as far as who I sit down with, it's not my choice. That's not my choice. And someone, like I said --- I don't know. My experience is I talked to lawyers from Port Authority. They're the chief negotiators, but they can't make a decision. I've talked to upper management, who says they have the authority. They can't make a decision. I talked to Mr. Bland. He will not make a decision. And this isn't here to throw those stones.

CHAIR BURN: No, we're not here to throw stones.

MR. MCMAHON: I'm trying to answer the question. And the real bottom line is I am not here to judge anybody. I cannot pick who I negotiate with. I understand that. Just like they can't pick who negotiates for the Union. I have a team. We'll be there. I will try to be as open --- and I would like it to be open. I think that's the key here. I think it needs to be open. Let's update publicly where we are every day.

MR. ELLENBOGEN: You brought up a very important point, and I know that various members of this Council and I have spoken about this, that these boards operate

quietly, but --- until it becomes a problem, and then everybody comes here.

MR. MCMAHON: Right.

MR. ELLENBOGEN: And a lot of times, one of us gets disparaged for things that really aren't in our control. We're just trying to help. Mr. President, I'd like to go on record to say that personally, I don't see this crisis any less than I would see a fireman in a situation like this or the police in a situation like this. And I think that the best thing for the public would be for arbitrators to be able to arbitrate this legally out in the open professionally without the emotion. And if there are any hidden agendas, then they would be disquieted in that process. Because I really believe in my heart at this point there are a lot of people out there who just do not trust what's going on here. And I'm not disparaging either side here. I'm just saying that I think it needs to be in an arbitration court. And how it would get there, you probably would be more qualified to answer that. But I just wanted to know how you felt about it. And as far as taking \$500 out of my pay amount, I mean, I have all daughters, like John. I said, we would be living in the street. Thank you. I appreciate your comment.

MR. MCMAHON: I appreciate your time and your comments.

CHAIR BURN: Thank you, Mr. Ellenbogen. Mr. Finnerty and then Mr. Drozd.

MR. FINNERTY: Thank you, Mr. President. Thanks for being here, Pat. I appreciate that. Myself, I was a union president, also, so I'm not going to enter into negotiations. That's your prerogative. You do it the way you do it. But I think it's important that you do want to sit down and talk this over and see if something can be done in regard to it. But when you do that, I think it's extremely important that it's done as a long term, something that gets this off the table.

And I'll go back again to something I said previously when Mr. Bland was here. One of the things we're talking about is the state's dedicated funding. It changed all the time. They have to put their amount in, just like we have to put our amount in. I don't know how we're going to do it, but every time you turn around, they want to take a little bit off the table and then say,

whoa, yell about legacy costs or yell about healthcare costs or whatever.

That's not the point. The point is they have an obligation. They have an obligation to the people of Allegheny County and to the Port Authority and to the Union to put their fair share in. And you can hear state reps talk about we put 66 percent in and we don't have a seat on the board, blah, blah, blah, et cetera, but they never did have a seat on the board. But they should be putting their fair share in. And I think that's something that everybody here should realize. This isn't a crisis that happened because of the Union or because of Steve Bland or because of PAT. This happened because the state didn't put in their share. And we have people running around trying to solve the problem, trying to negotiate, get rid of the legacy costs, reduce the legacy costs, reduce healthcare, et cetera.

But the real problem is the State of Pennsylvania. If they were to put their share in, we wouldn't be here today. Things would have been going along. And the legacy costs are something that somehow eventually have to be settled, and I think you know that as well as me. I mean, they can't keep going up and up and up, because the money is not there. But I don't want to just eliminate the 15-percent cuts. I want it to go back the way it was two or three years ago.

(Applause.)

MR. FINNERTY: Because people in my area have had their service cut before the 15-percent cut. We have Crescent Township that doesn't have a bus now. Preston doesn't have a bus. These were eliminated. We have the G-1 and G-2 problems all the time out my way. We need to go back to the way it was where they had the bus service. They didn't eliminate these. This 15 percent, it's tough to take, but they cut service before that, and that hurt a lot of people out my way.

So I think, you know, I'm glad you guys are sitting down, and I applaud you for that. And we have to work something out here. And if we can't have the Union and the management sitting down and working something out that looks like it's going to work long term, then it turns around and the state cuts the funding again. You know, they cut it \$35 million. What are they going to do in '11? People are saying they don't have any money

there. So they're going to cut it to \$125 million? Then we're back in the same ball of wax.

So I think it's extremely important that people project this to their state legislators and state senators that we need dedicated funding. You can't be changing it on us. You project the budget on this amount of money, and all of a sudden, you pull out \$35 million? I don't care what you call it, Act 44 or whatever, but you took the money. That hurt all the citizens of Allegheny County, every one of them. And it hurt your union people because they had to get laid off because of that money. So I think that's important. Again, I hope you guys can work something out. I think it's important for the people of Allegheny County that you can. And I applaud you for that.

CHAIR BURN: Thank you, Mr. Finnerty. Just a point of clarification, they were sitting down. They're not sitting down now. But they said they're going to sit down, so I hope they do sit down.

MR. ELLENBOGEN: I'm an optimist.

CHAIR BURN: Mr. Drozd?

MR. ELLENBOGEN: It's an Irish thing.

MR. DROZD: Thank you, Mr. President. Thank you, Mr. McMahon, for coming before us today. I'm glad to hear --- I was very pleased to hear what you had said and addressed about the legacy costs and you're willing to discuss that. I used to always remember them saying it's the economy. Even with their concessions, Mr. Bland said it's the legacy costs that are really top priority right now to solve our long-term problems.

Let me alleviate one of your concerns and one thing that you expressed a comment on. I don't know if you were here two meetings ago when Mr. Bland was here. I once voted no for the reappointment of a Port Authority Board member who voted for what I call the ridiculous tunnel under the river. The money should have gone for bridge repair. I know, Mr. DeFazio ---.

CHAIR BURN: Let's not go there.

MR. DROZD: But secondly, what I'd like to say is that I asked Mr. Bland to take it back to his Board. A lot of messages were taken back there. And I'd like to know this. I think we as a Council, we have to --- not only on the Port Authority Board. We have to be more cognizant who we're appointing to those boards. And also, when we reappoint, we've got to look at performance

records. And I asked Mr. Bland to take the message back to any of the Board members if they had voted, and you told me that there were some that brought about this debt service that was there, and they're still on this board, I think in that case, they should resign. It was a very bad decision. It cost this Authority considerable money. And I want more answers on that. I want to delve into that. And I want to see, in essence --- and I hope that the Administration who is here today doesn't go to reappoint these members. That I feel is very, very a no-no. So I want you to know that. I heard you loud and clear. And I am looking at that, and I have sent messages. Thank you very much for bringing that up.

CHAIR BURN: Thank you, Mr. Drozd. Seeing no other speakers, Mr. McMahon --- and thank you. Mr. Bland, we've heard the Executive's position. Please, please, for the sake of 15 percent, the \$20,000, the 108 in this community, please continue talking. Thank you very much.

MR. BLAND: Thank you.

(Applause.)

CHAIR BURN: New business, ordinances and resolutions

MR. CATANESE: 6269-11. A resolution of the County of Allegheny amending the operating budget for 2011. Sponsored by Councilman Burn.

CHAIR BURN: I'll refer that to the Committee on Budget and Finance. I'm not going to have any other remarks on it that haven't already been said at this point. Public comment on general items.

MR. CATANESE: We have none.

CHAIR BURN: Motion to adjourn?

MR. MACEY: So moved.

CHAIR BURN: Second. All in favor signify by saying aye.

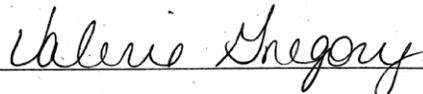
(Chorus of ayes.)

CHAIR BURN: Meeting adjourned. Thank you all very much for being here.

MEETING ADJOURNED AT 7:00 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.

  
Court Reporter