

**The Port Authority of New York and New Jersey  
Committee on Operations Meeting Transcripts  
November 13, 2013**

[Chair D. Samson] Okay, the Committee on Operations will now meet in public session which will be broadcast live on the Port Authority's website for those interested in viewing today's proceedings via the Internet. The committee also met in executive session earlier today to discuss matters related to the purchase, sale or lease of real property or securities where disclosure would affect the value thereof or the public interest, matters related to personnel and personnel procedures, matters related to the development of future Port Authority facilities or projects or the redevelopment of existing facilities or projects where public disclosure may impact property values and matters involving ongoing negotiations or reviews of contracts or proposals. Karen, do you have any information about recusals for any commissioners?

[K. Eastman] Since there are no actions requested by the board on this matter, there are no recusals.

[Chair D. Samson] We're going to try to get as close to schedule as possible to get back on track. So we're going to allocate 15 minutes, including commissioners' questions and comments on this, so I'd like to suggest that if you can hit the high spots in this. I know that's an unfair thing, Mike, to ask you to do, because the devil is in every respect in the details here, but we've run unfortunately in the executive session a little over, and I'd like to try to get us back on track. Take it away.

[M. Massiah] Good morning. Today we'll go over a few items concerning 3rd quarter overtime results for civilians and police. For civilians we'll review the overtime program updates as well as the 3rd quarter results, and the police we'll just review the 3rd quarter results. As mentioned at our last meeting, we developed a civilian overtime management program. It's comprised of 4 components: policies and oversight guidance, reporting and monitoring tools, mitigation strategies, and then trying to build an overtime budget that is a better predictor of performance and expectations. As relates to policies and oversight guidance, generally departments are adhering to justification and authorization procedures. We've conducted over 29 surveys in various units of the Port Authority and noted only 3 findings, and we reported those findings back to those department directors, and they're making corrective action in that regard. For reporting and monitoring tools we've enhanced our monthly reports to directors, including high overtime earners, dollars paid, trends, and we hope that these more detailed reports that go right down to the job functions and specific staff will allow department directors to more closely scrutinize and abate overtime usage where possible. On to results for civilians. I want to turn your attention to the first cluster of bars where it's noted that civilians, excluding extreme weather and Sandy, we expended about 618,000 hours across the agency. This is 10,000 hours less than actual hours spent during the same period of 2012. But it is overplanned by 67,000 hours. No change in the weather, snow and ice. There are additional hours that we incurred for Sandy repairs, primarily in PATH, including things like repair of the Hoboken Station, tunnel drainage systems and signal systems. And as stated earlier, Sandy work is recoverable, and we're pursuing reimbursements through insurance and federal public assistance programs.

Taking a little bit of a deeper look at the overtime realities for the line departments and why we were over plan. Aviation it's primarily due to maintenance associated with corrective maintenance for security assets, installation of priority flood prevention measures, and a very aggressive construction program, particularly at Newark Airport. For PATH and TB&T they were slightly overplanned primarily because of the installation of priority flood prevention measures, which we had to do before hurricane season, and PATH installed various flood barriers, concrete barriers, pumps, elevated substations, and TB&T installed a number of generators and pumps. Operations services contributes to us being overplanned for the other departments, and they primarily worked on such things as airport rehabilitation activities and the installation of the engineered material arresting system and PIDS improvement work. Most of this work was electrical and structural in nature.

[Chair D. Samson] Mike, can I ask you a question? Every quarter when you come in here we have the same conversation, so you know what my question is. [M. Massiah] Yes, Chairman. [Chair D. Samson] But I just want to see if I can— my principle concern is how reliable our budgeting is for overtime. I look at the—if I'm reading this correctly— through the 3rd quarter on civilian overtime it's 30% higher than budgeted. Is that right?

[M. Massiah] I know it says 67,000 hours, which we calculated to be about 12% over budget, but your point is well taken. [Chair D. Samson] And then when you get to public safety the numbers really get—the over-budget numbers really get serious. [M. Massiah] Your point is well taken, and we've been taking measures over the last couple years to improve the budgeting process for overtime. This year, for 2014, we took a zero-based approach based upon your guidance, and we're building from scratch an overtime budget, and we hope that that improves the results. All the departments have been, we think, right sized. We've engaged them all along the way, except for unforeseen, and that will be communicated to you when it happens.

[Chair D. Samson] Unforeseen is always foreseeable. [M. Massiah] I think we'll be in better shape as we move forward. It's an improving process. We've taken a lot of measures to get the snow and weather budget as good as we can get it. We've involved a lot more people in how we develop that budget, and on the base course, again, we looked at history in terms of emergencies. We looked at the variable work that's associated in the workforce and trying to use history as a predictor of the future in a more extensive way than we have in the past. It's an evolving process, and we're trying to get it as close to reality as possible.

[Chair D. Samson] It's never under budget, though. Actual is never under budget. It's always over it, and it's only a question of how much over, and some of these numbers are eye-poppingly high. I'm talking about as a function, a percentage function over plan. So I may be—maybe I'm reading this wrong. But do I understand that on public safety there were 746,000 overtime hours?

[M. Massiah] We could go to police. [Chair D. Samson] Were 49% higher than budgeted? Is that correct? [M. Massiah] We can go to this slide, and that does show that, and the drivers for the overtime are noted as well. Some of these drivers you saw before. But they continue. The posts that were created at the PABT and George Washington Bridge continue throughout the year, and they weren't budgeted upfront, so you'll see continued overtime associated with those

new posts. Conversely, they are taking measures—if we go to the next slide— to try to mitigate. They are looking at on a daily basis— Chief Dunne has installed a daily review of overtime usage and discussing root causes. They have come up with some measures working with HR around absence management. Doctors have been identified, additional doctors, to help really look at returning people to work as soon as possible.

[Chair D. Samson] I guess the basis of my question is I'm not—at the moment— arguing whether the hours, the overtime hours, were justified. That's a separate conversation. My question is how could these overtime hours— assuming they're justified—be so far over the budgeted numbers on every quarter, every year— I mean, I don't know every year, but for the last 3 years since I've been here I keep seeing them. There's always snow and ice. There's always public events. There's always security. I mean, those are constants. Obviously they vary in the need for overtime. But we're consistently producing unreliable budget numbers for overtime. I think.

[L. McCarthy] Chairman, if I could comment, I think what we're seeing when we're reporting as the year is progressing, again, to the extent that the snow and ice is going to carry through the year, we missed the budget on that. And to the extent of these positions, it's going to carry through the year, so you're going to continue to see that. We're focused on—for 2014— with this bottom-up approach trying to reset the bar and do a better job. We don't re-budget in the year once we have those knowns. I think if we had done that maybe these numbers would look different, but we stick with that original budget.

[Chair D. Samson] Why do you do that? Is there a financial or accounting reason to do that? If we start off the year with budget numbers— hey, Bill, can you just sit back a minute, because Libby's getting a stiff neck— if we start off the year with bad numbers— I say bad, inaccurate numbers— and we get through the first quarter, and the snow and ice is upon us, and we know that they're bad numbers, why don't we make a mid-course correction?

[L. McCarthy] We do project it. [Chair D. Samson] I mean why perpetuate the error?

[L. McCarthy] We project out the impact and what that root cause is and what that impact is going to have throughout the year. But what we don't do is go back and reset the budget. We report to the Board the projection of the impact of these items when we do our financial updates. But we also try to keep management focused on that original budget. We're all trying to drive toward achieving the original budget.

[Chair D. Samson] What are the consequences to a line department that consistently underbudgets its overtime by a substantial number, if any?

[L. McCarthy] Well, other than the constant visits— but we do work with the departments, and I'll let Mike address this more clearly, and with the Chief Operating Officer's office to work with the departments on how to—

[Chair D. Samson] I guess what I'm asking is the person in a particular line department incentivized to give you accurate overtime projections? Or does it not matter?

[M. Massiah] It does matter because we want to come to you and—

[Chair D. Samson] No, I know it matters to us, but I'm talking about to the person who is preparing the numbers. And if it doesn't work, if there isn't something that we're doing, is there something we can do to try to make sure those numbers are reliable? Because from a budgeting point of view, I mean, we're looking ahead at 2014. A major piece of that, a major component of it, is going to be projected overtime. If you know going in, if we know going in or we suspect going in that it's not a real number, or it's not a reliable number, then it undermines the whole review of the operating budget and the purpose of the Board's approval of it, I think. And we're beginning discussions to really look at some performance measures for the directors and the management team of those departments regarding their performance on these kinds of performance standards. So we're working that through. We'll be having further discussions on that and report back to you on how we could implement some of those.

[Chair D. Samson] Vice Chairman.>>[Vice-Chair S. Rechler] Just 2 follow-up things. One is what's more disappointing even with these numbers is that last year when you guys came to report it sounded like you had a good, proactive strategy to find better ways to control overtime, and so at least when we had the report I felt like we were coming to this year trying to approach it differently than we have in the past and was hopeful that we'd see the numbers against budget be closer to where we thought we'd ultimately be, so that's one thing, and then the second thing is on the point that the Chairman raised about modifying the budget. One practice that my organization used that I think is valuable is recording a budget, a quarterly re-forecast, and then an actual so that you can trend, and then in the quarterly re-forecast usually there's a bridge as to what were the major factors that adjusted that from the original budget, so we're not just caught with numbers that seem so out of whack and look at them one time of year, so I would recommend we look at the practice.

[Chair D. Samson] Yeah, I wholly endorse that. [L. McCarthy] We will do that.

[Chair D. Samson] Commissioner Lipper? You might want to put on the speaker in front of you, because this is being recorded.

[Comm. K. Lipper] I would endorse Commissioner Rechler's comment. Every corporate board I've been on has that approach that they give monthly flash reports at least, at least, if not updated forecasts. And certainly quarterly, as you agreed to do. If we are so questionable about the level of budgeting that we are producing with the overtime, perhaps we should automatically assume in making the prospective budget that there will be a large overrun that's not quantified, and therefore, plan as if we have to reduce the budget or give some type of zero budgeting, taking into account that there's going to be an overrun of overtime, but I agree that it's unacceptable that we have such a distortion of the budgeting as to be confronted with a large number like this. And we have to address—and I'd love to see all the administrators focus on giving us an explanation of how this could be curbed. I would like to see a specific department by department analysis of how we could reduce the overtime by— why don't we take—so we can see the impacts, reduce it by 10%-25%-50% and thus show us the impacts that would make on the services that are delivered so we could take some internal measures to get control of it.

[Chair D. Samson] Thank you. Any other commissioners have any thoughts, comments? Yes, sir.

[M. Massiah] Thank you.>>[Chair D. Samson] Thank you. Thank you. This is only an informational item, so no action is required. And I therefore move to adjourn the meeting. Can I get a second? [male speaker] Moved.>>[Chair D. Samson] Second? [male speaker] Second.>>[Chair D. Samson] Everyone in favor? [male speaker] Aye.>>[Chair D. Samson] The meeting is now adjourned, thank you.