

The Port Authority of New York and New Jersey
Committee on Operations Transcripts
July 23, 2014

[John Degnan, Chairman] The first portion of today's meeting of the Committee on Operations is being held in public session. After which, the Committee will meet in executive session to discuss and act upon matters related to collective bargaining or negotiations. In addition the public portion of this meeting is being broadcast live on the Port Authority's website for those interested in viewing today's proceedings via the Internet. At this point, I would ask the Board Secretary to advise the Committee of any commissioner recusals on any of the items before the Committee at today's public session.

[Karen Eastman, Secretary] There are no recusals for the 2 items that will be presented in this meeting. Okay, thank you. Then, the first item for discussion is the Newark Liberty International, JFK International, LaGuardia Airport car rental companies' agreements. So Tom, do you want to lead us through that? Thanks.

[Thomas Bosco] Good morning, Mr. Chairman and Commissioners. Today, I respectfully ask that you authorize the Executive Director to enter into new and supplemental agreements with multiple rental car companies that will do 4 things. Number 1, it will extend existing leases at Kennedy and Newark by approximately 10 years. They will introduce 4 new rental car companies at Kennedy, LaGuardia and Newark that will result in \$83 million in capital investment at Kennedy and Newark by these private companies. And finally, it will secure approximately \$765 million in aggregate revenue to the Port Authority, of which \$60 million is incremental over the term of the agreements. At Newark, the rental car companies are located at the AirTrains P2 and P3 stations as shown on the slide. Now, under the proposed authorization, the lease is for 6 companies currently on airport. National Enterprise, Hertz, Avis, Budget and Dollar would be extended through May 31, 2026. Additionally, we're going to get 4 new companies on-site. Thrifty, Alamo, Payless and Advantage will be accommodated in existing lease holds as shown on the slide. In total, the companies would invest \$36 million in facility improvements at Newark Liberty. Next. At JFK, the rental car companies are located at AirTrain's Federal Circle Station as shown on the slide. Under the proposed authorization, the lease is for 6 companies currently on the airport. Again, National Enterprise, Hertz, Avis, Budget and Dollar would be extended to December 31, 2025. Additionally, we're going to get 4 new companies. Thrifty, Alamo, Payless and Advantage on the airport who would be accommodated on existing lease holds, again, as shown on the slide. In total, these companies will invest \$47 million to improve facilities at JFK. So in summary, we're extending these company leases at Kennedy and Newark by 10 years with 4 new companies on the airport. We are expanding consumer choices and price points. We are going to generate \$765 million in aggregate revenue of which \$60 million is incremental to The Port Authority and we're going to get \$83 million in private investment and facilities at our airports. So, Commissioners, I respectfully ask that you advance this item to the full Board for approval today.

[Chairman J. Degnan] Tom, would you speak to the fee implications of this approval?

[Thomas Bosco] I'm sorry, sir. Can you be more specific?

[Chairman J. Degnan] If I'm reading this correctly, there's an adjustment in the fees that will be assessed by the companies to the customer in connection with the approval of these lease agreements, is that correct? Am I wrong >>Yes.

[Thomas Bosco] At Kennedy and Newark, the transportation facility charge is going to be raised to \$2.50. >>From?

[Thomas Bosco] From \$2.25 at Kennedy, and from \$2.00 at Newark. We're also going to get a 50 cents per car per day fee at Kennedy, LaGuardia and Newark. This is going to generate the incremental revenue to The Port Authority.

[Board Vice Chair S. Rechler] In terms of your question, is that being passed through to the customer or just more of the few related? Do you know if that's something that they're planning on passing through the customer?

[Thomas Bosco] I can't speak for the rental car companies but I would assume they'll attempt to do that. >>[Chairman J. Degnan] We don't know one way or the other, You are assuming, just as a business >>[Thomas Bosco] Correct. proposition that they will? But they're not directed to or required to so?

[Thomas Bosco] No, absolutely not. >>[Chairman J. Degnan] Alright.

[Commissioner R. Pocino] Have you done research in terms of comparable fees across the country?

[Thomas Bosco] Yes, sir, we have and the transportation facility charge can't really be compared to other airports. Other airports have similar charges that are higher, but yet, they charge less in terms of a percentage on gross revenues, so it's difficult to compare. But I think it's safe to say that >>[Commissioner R. Pocino] It's in the ballpark for considering this is where we are in terms of this much ?

[Thomas Bosco] Yes, sir, you could say that. >>[Commissioner R. Pocino] Okay. Thank you.

[Chairman J. Degnan] Commissioner Steiner?

[Commissioner D. Steiner] I just want to say that I looked up your people and I'm satisfied with the people I've I kept telling you there are some discrepancies, but they have a level playing field, everybody's paying at the same rate, which was not happening before. So, good job, nobody's going to have any complaints that they're getting a better deal or they're paying more or they're paying less, they're all paying the same rate. It's a big step for us.

[Chairman J. Degnan] Commissioner Moerdler?

[Commissioner J. Moerdler] Tom, we had previously at the Board had some discussions about

fees for the off airport parking lot services that have buses coming on to the airport and such. Am I correct in assuming that wouldn't apply to these folks because they're on airport facilities and are already paying us? Or are they also getting a per bus charge kind of thing per day?

[Chairman J. Degnan] Excuse me, let me interrupt, are you anxious that the mic is not on or something, okay. Chairman J. Degnan] Alright.

[Thomas Bosco] Commissioner, that's a good question—it does not, this item, or any changes to this item, do not apply, let's say, to the hotels that have parking off airport.

[Commissioner J. Moerdler] Thank you.

[Chairman J. Degnan] Are there any other questions? So, at this point, since we're moving this matter on to the public Board meeting, I'll entertain a motion to move the item to the full Board for approval. Moved by Commissioner Steiner, seconded by Commissioner Pocino, and I'd ask the Secretary now to take a role call vote. >>[Chairman J. Degnan] Oh, I see, and you don't need a role call vote of the Committee?

[Karen Eastman] No, not at this time.

[Chairman J. Degnan] Okay, but we should an oral vote?

[Karen Eastman] We generally just have a consensus.

[Chairman J. Degnan] I know how to do it once I'm told I have to do it. So, all in favor of the resolution please indicate by saying aye.

[Chorus of "aye"] >>[Chairman J. Degnan] Any opposed? Any abstentions, no. Thank you—passed. Let's move on then to the JFK International, Newark Liberty, LaGuardia and Stewart Smarte Carte operating permits item—Tom, you're on that, too, I think. >>[Thomas Bosco] Yes, sir. Commissioners, today I ask you to authorize the Executive Director to enter into a supplemental agreement with Smarte Carte, Incorporated, the luggage cart provider at Kennedy, LaGuardia, Newark and Stewart, that increases the luggage cart fee and the percentage of revenue shared with the Port Authority. The existing agreement with Smarte Carte was authorized in 2011, and includes a 5 year option to renew. Currently, customers pay 5 dollars per cart, and the Port Authority's take of that revenue is among the highest in the country. Most airports charge between 10 and 20 percent, here we currently charge 25 percent at Kennedy, 35 percent at LaGuardia and 22 percent at Newark. Last year, all told, we had about 3.4 million users of luggage carts, which generated 4.3 million in revenue to the Port Authority. The proposed supplement would amend the luggage cart fee at the 3 airports from 5 dollars to 6 dollars, effective September 14, 2014. At Stewart, the fee will remain at 3 dollars. The Port Authority would exercise Smarte Carte's 5 year renewal option 2 years early, in order to increase our take of gross receipts. At Kennedy, it will go from 25 percent to 28 percent. At Newark, from 22 to 27 percent. At LaGuardia, it will remain at 35 percent. And at Stewart it will be increased from 5 to 10 percent. These supplements are estimated to generate 41.6 million in total revenue for the Port Authority through the end of 2021, of which 8.4 million, approximately, is

incremental to the Port Authority. Commissioners, today I respectfully request that you advance this item to the full Board for approval.

[Chairman J. Degnan] I have a question of Commissioner Bagger, and that is since approval of this item would encompass a fee increase, has the Finance Committee had an opportunity to review it and, if so, is there any view on behalf of that committee that should be on the table?

[Commissioner R. Bagger] Thank you for asking, the Finance Committee reviews each quarter the 10 year financial model to support the capital capacity for the 10 year capital plan, and, as part of that, reviews potential non-fared, non-tolled revenues in the context of a 10 year forward looking view, and then evaluates the different items on that list for consideration and sort of gates them before they go to the committee of the Board that would have an operational responsibility for that item. So, yes, this particular item was reviewed favorably by the Finance Committee at its meeting in June.

[Chairman J. Degnan] Alright. Thank you. Another question for Libby, are the revenues expected to be yielded to the Port Authority from this increase part of our ongoing budget, part of the capital budget, were they in your projections on the latter?

[Elizabeth McCarthy] They're included in our 10 year projections that support the 10 year capital plan and the capital capacity. We had assumptions in respect to certain levels of non-toll, non-fare revenues. By taking this action, this will fill a piece of that assumed non-toll, non-fare revenue bucket, for lack of a better term, in the 10 year forecast.

[Chairman J. Degnan] And Tom, has this increase been discussed with the vendor, Smarte Carte?

[Thomas Bosco] Yes, absolutely. >>[Chairman J. Degnan] And they're amenable to it.
>>[Thomas Bosco] Yes, they are.

[Chairman J. Degnan] Does any member of the Committee have any questions or comments on the item? If not, since we're moving this one on to the full Committee, too, I'd entertain a motion to move it on to the full Committee. Vice Chairman Rechler's made the motion, Commissioner Pocino seconded. All those in favor please indicate by saying aye.

[Chorus of ayes] Opposed, no abstentions? Matter is then approved for movement on to the full Committee. Help me, Karen, what's next, are we going, are we still on—

[Chairman J. Degnan] And that's in public session? >>[Chairman J. Degnan] Okay. Then Stephanie, we'll call upon you to deliver that report. >>[Chairman J. Degnan] Right, I was looking over there because she had been sitting there.

[Chairman J. Degnan] Welcome to the table.

[Stephanie Dawson] Since our first quarter overtime performance was previously presented, today this will be an update focusing on the second quarter overtime performance that covers the

period April and June. In addition, there were a number of follow-up questions that were raised at the meeting concerning overtime expenses. Those have been presented in written summary and forwarded to you. What we will present today is the 2014 civilian overtime performance, as well as the 2014 police overtime performance. In both cases, we'll provide the second quarter results, as well as the status of mitigation efforts that have been put in place. As indicated here, when we look at the total performance with regards to overtime, first of all there are two caveats—we've extracted the snow, Sandy recovery and other emergencies, as those are managed separately. The overall annual civilian overtime budget in hours is 900,708 hours and roughly \$84 million. When we compare the second quarter to first quarter, civilian core overtime usage is virtually flat. Compared to the prior year, same quarter, overtime is roughly 6 percent higher. There are some major contributors to our status. First off, 13,000 hours, or 22 percent under plan for non PATH, non aviation workers, that's lower than the prior second quarter and excludes. With regards to PATH, as you can see PATH is a major driver of the overtime bearing. PATH had 25,000 hours, or 38 percent, of the overage. And this could be attributed to 3 major factors. 1, we accelerated construction for the installation of the Positive Train Control. That system will allow for monitoring control of train movements to provide increased safety, and that's a mandated update. Secondly, there were higher than planned staffed coverages due to unscheduled absences. We will talk about the mitigation struggle. And then, finally, the third major contributor was continued additional train service to support the Pulaski Skyway's closure. That support is mandated basically because of the transportation mitigation plan that was mutually agreed to by all of the effected parties in New Jersey at New Jersey Transit, Port Authority. And others. With regards to aviation, they are 11,000 hours, or 20 percent, over plan, primarily due to 2 factors. 1 is accelerated capital construction support, and the second is higher than planned staff coverage due to vacancies to support new workload that was not identified at the time of the budgeting process last year.

[Chairman J. Degnan] Stephanie, I apologize for interrupting, but this is the first time I've seen this presentation, so I just want to understand the baseline—when you say 20 percent over plan for aviation, is that a plan that contemplates a certain number of overtime hours?

[Stephanie Dawson] Yes.

[Chairman J. Degnan] Okay, and is there a, or will there be in the report later on, a quantification of the financial impact of the overages on the budget? How many dollars relate to the 13,000 hours, for example, and non PATH and aviation?

[Stephanie Dawson] That's in the written document that I supported.

[Commissioner K. Lipper] What is that number? >>[Stephanie Dawson] The bottom line is the budget for the second quarter 178,776 hours, the budget for the entire year is 900,708 hours, or 84 million dollars.

[Chairman J. Degnan] 84 million dollars for the year is the budgeted amount. These hours, if you added them up, would be above that 84 million dollars. The 13, 25 and 11,000.

>>[Stephanie Dawson] Yes. What I described is the contemplated civilian dollars.

[Chairman J. Degnan] Okay. So, what is—I think we're both asking the same question, what is the dollar conversion of hours? What does that amount to as an amount in excess of the budgeted amount? I will have to get you the exact dollars.

[Exec. Director P. Foye] The answer is that the second quarter number ought to be virtually flat from a dollar point of view because the hours in second quarter looking at civilian total are virtually flat, is that true?

[Elizabeth McCarthy] They're virtually flat for the first quarter but they're over plan

[Elizabeth McCarthy] My recollection is you have to kind of drill down as to what some of these drivers for the overtime were to get to the ultimate bottom line impact. So, some of these were driven by capital, so they're going to be embedded in the capital, some of them are driven by absence management issues and we've got some good mitigation that's going on there, so that's going to be offset by, in a sense, lower regular salaries. And some of this is driven by activities that then have revenue recovery aspects. So, we have to piece all of those parts together, and my recollection was it was a relatively, and we'll get you the number, but a relatively manageable number, in terms of the bottom line impact.

[Chairman J. Degnan] Just as a request, I think in the future—that's very helpful of you, thank you—in the future, I'd like to see as part of the report a conversion, although it's not as easy a process as I thought it would be, from the hours to the dollar impact versus the budget—Rich?

>>[Commissioner R. Bagger] I'm looking at one of the attachments report and, granted, this is sort of a gross not net number, it does not include recoveries, but it shows an expenditure of approximately 22 million dollars over plan for the first half. >>[Chairman J. Degnan] What page are you on?

[Commissioner R. Bagger] It's Exhibit B.

[Chairman J. Degnan] B

[Commissioner R. Bagger] I think it's the last page. Page 5.

[Chairman J. Degnan] But this would include non-civilian personnel, as well. Attachment B, right? >>[Commissioner R. Bagger] Right, yes.

[Chairman J. Degnan] Okay. >>[Commissioner R. Bagger] I think that's an all in total.

[Elizabeth McCarthy] I'm sorry, I don't have it with me.

[Chairman J. Degnan] Vice Chairman Rechler has a question.

[Board Vice Chair S. Rechler] So, just more on this line, when you look at the

[Board Vice Chair S. Rechler] When you look at the slide, when you go through the rationale for the overtime, the one that jumps out at me is in terms of a management issue, that we could

have been able to forecast, is the higher than planned staff coverage due to unscheduled absences. Can you explain more of how we have unscheduled absences and how did we not plan for unscheduled absences based on our past experiences and management protocols that we put in place to try to better control that?

[Stephanie Dawson] I guess, 1— there are a couple of things. 1, some of the unplanned absences are due to personal days, sick days, IODs, when the plan is being put together, there is an effort to look at the schedule deficiencies associated with the staffing that's already in place—really this is net of that contemplated level of absences, so it's more than contemplated, and some of that has to do with vacancy management, and some of that has to do with our underestimation of what some of the construction related work was, and therefore the impact of those unplanned absences was actually compounded.

[Board Vice Chair S. Rechler] So, is that going to be something that's going to carry forward now, do we have a new trend as to what the level of, if this is our baseline for planned absences as we go forward?

[Stephanie Dawson] The expectation is that will be mitigated in part by some of the mitigation efforts that we wanted to discuss, and one of the key mitigation efforts is that on an agency wide level we instituted an integrated absence management program in March. The results of that program are still being analyzed. But the initial results show an 8 percent and 24 percent decline in average sick and IOD absences, respectively. So, we believe that we're starting to get a handle on it. But there's an expectation that we'll get better data as we move through the year, since this program is still fairly new.

[Chairman J. Degnan] Yes, sir. >>[Commissioner K. Lipper] It seems to me every meeting that I've gone to in the last year, overtime is an escalating problem. And never anything we've managed to get our hands around. I think that we have two major diseases afflicting us on the expense side—one is overtime, but we have several diseases afflicting us. Overtime overages and rising overtime costs, and rising security costs. All of these also pay in penchant obligations because the senior people are the ones who take the overtime, and they're multiplying that in the last 3 years penchant obligations is a really serious problem. And I'd like to put this as a priority, I don't know if we need a consultant in this overtime area, someone to come in and make a plan, or we need to freeze overtime—I know you say it's mandated that we do more construction and all—the outcome is mandated, you have to do the construction, is it mandated that you have to do it by a certain date on overtime, for example. I think that there is absolutely zero control. At the implementation level, and everybody is on his own clock, and does whatever he feels like with his own people. I think if we don't get a formal approach to this, if we don't have a concrete consultant plan as to what to do, this is going to keep decaying the Port Authority's capability to carry out its mission. I don't know what the answer is, I don't know what the history of the consultant in this area is, I'm sure they exist, but I know we need something radical in this area. Could someone tell me what the history has been?

[Chairman J. Degnan] I think that question is directed to Stephanie, but but I'm going to ask Libby and or Pat to weigh in. If that's okay with you.

[Elizabeth McCarthy] In terms of the history with respect to bringing a consultant in specifically on this, I can't speak to that, but what I can speak to is some of the actions that have taken place, and I think and I think maybe a little piece of the message that got lost here which is that for all but those two portions of the agency, we're 22 percent below plan on overtime. So, there's been a number of actions taken to address these things— mitigation efforts that are on the next slide that Stephanie was starting to address, and an executive steering committee formed to address this issue because we do take it very seriously, as to how it needs to be managed, so I think that a number of things have been taking place with all of the chiefs in the organization focused on managing this. To your point, we'll have that committee consider whether or not we need to bring somebody else in to help us solve this.

[Commissioner K. Lipper] A consultant in this arena, everybody has to deal with it, so I think it might be a good investment to do that and to think about an interim solution of freezing all but specifically mandated overtime or emergency overtime, I'm not talking mandated outcomes, that we have to build a safety system or whatever. I'm saying anything to freeze all overtime, except in emergencies, or can't possibly make it, that's a different issue. But other discretionary overtime, no matter how noble the cause, until we get our arms around this, we should freeze it, because this is rotting the workforce as they

[Stephanie Dawson] If I could just add something, we have frozen all of quote unquote discretionary overtime, the bulk of this overtime is for the management of 24/7 operations. So, we are not doing discretionary overtime.

[Commissioner K. Lipper] What I mean by discretionary overtime is, look at the police commander or whomever to keep his troops on the job, don't give him the opportunity to say, oh, I'll get this 55 year old guy who's a year away from retirement to work 24 hours a day.

[Chairman J. Degnan] Excellent point, and several people want to weigh in, so let's go to Vice Chairman Rechler and then Rich and then I think Jeff, you too?

[Board Vice Chair S. Rechler] I think one of the things that we've been challenged with, that I think we know is obviously on the police department and also through the operation is we had a zero hiring inside, so with the balance of the overtime, if we staff up to the appropriate levels, we'd have less overtime and then the police side, as an example, bringing in new classes. I know that Joe Dunn's been doing that to try to right size the force. Which then reduces overtime, but it's not as simple as just we can have a freeze, because we need to make sure we have the personnel in place and some of this overtime is simply because we do not have appropriate levels of personnel in place, that's why I think it's a little bit more complex than an outright freeze on what we'd call discretionary overtime.

[Commissioner K. Lipper] Well, I know it's not easy

[Board Vice Chair S. Rechler] But you can't say zero, because otherwise we'd be understaffed.

[Commissioner K. Lipper] I'm saying a system has to be put—I completely agree with you that we have to right size. But I think that we make it too easy for the local planners or local people

to just ring the bell to get more money. It's like any other big—it's like the military, it's like every other organization, you've got to tell them, you've got to work it out. You're undermanned, you work it out. I think the one thing that would be fair to Libby's point, because there has been work done over the last year, is that we should have a report, not just where we are relative to our forecast, which is still a challenge, because we're forecasting this incorrectly after we've done these controls, that's disturbing but the progress that has been made over the last year by putting these controls and where we were to where we are today, because we have made progress on that front, we just can't see it from looking at these numbers.

[Chairman J. Degnan] I'd welcome that, and, as a component of that, let's take a look at whether we should be staffing up, and we consider the zero employee population. If it's cheaper, both currently and over the long run, to add people rather than to actually budget overtime and then pay in excess of the budget, that's something we ought to revisit. So, I don't know whether the September meeting is the appropriate time for that presentation or the October meeting, but let's schedule it for one of those two meetings— Commissioner Moerlde?

[Commissioner J. Moerlde] My perception based on past discussions is that the issues we have are very different by department. And in particular with PAPD, my perception is that it has a fair amount to do with shortages we have at the officer levels because of retirements and turnovers and salary limitations and failures of lieutenants to wish to be elevated above it, and I think we really need to look at this separately by area of the agency, and I don't think you can make across the board assumptions, it will be very different in particular for PAPD versus PATH, for example. And I think to the extent we explore whether or not we can find any expert consultants we also need to do that very much on a division by division line because it'll be very different ways of dealing with it, but I would welcome the idea of looking for expert consultants in those areas.

[Chairman J. Degnan] Point well taken, Commissioner Bagger and then Commissioner Pocino.

[Commissioner R. Bagger] Thank you, Chairman, I endorse everything that's been said. I want to point out I'm especially concerned about our inability to accurately forecast this. Or perhaps sort of a year to year practice of having been or accepting an inability to forecast this. I'm heading into, I think, my 3rd annual budget cycle here, and each year we've been way off on overtime, and if you add police and civilian year to date we're we're 140,000 hours over last year and 118,000 hours above plan. If my math were better, I could do the percentage. But missing forecasts by that much represents a failure in the system. I think we just need to be very, very attentive to that and that, I think, is a matter of considerable Board concern.

[Chairman J. Degnan] That's an excellent point, those numbers are—it's fairly stark, when you hear them aggregated that way— Commissioner Pocino and then Commissioner Lipper.

[Commissioner R. Pocino] Yeah, I totally agree with everything everyone has said here, and going along with Commissioner Bagger's comment in terms of, it is a huge problem, it's something that's very complicated, no easy answers, but I think I would like to see a regular, ongoing report from the management committee that's looking over this and studying this and coming up with ways of mitigating it. But I would like to see us get a report on a regular basis

in terms of how that's being handled, what the particular problems are, in some detail, so that we can get a sense and maybe we could find out or make a decision that we may need an outside consultant that's an expert, as Commissioner Lipper said, to help us out, to get a handle on it, because it would be worth that investment, because it is a very costly aspect of this authority.

[Chairman J. Degnan] That's an excellent point, and I think the kind of presentation we're envisioning doing will tee up this kind of conversation which is urgent, since I'm coming into this as a matter of first impression, and I guess I'm equally as appalled as everyone else that's expressed their point of view—Ken, did you have something—you wanted to add?

[Commissioner K. Lipper] I think Commissioner Pocino's point is that every meeting, we should isolate a few key issues that we get a tracking document on. We should have a tracking document on overtime, that shows where it is versus previous year, versus the previous month, we should get a tracking document on rising security costs, which is worse than the overtime problem. And we should get a tracking document on toll revenue every meeting, those are the 3 main—oh, and airport landing fees. Those are the 4 main drivers in the Port Authority, on both the revenue and the expense side. And last time, in my notes, when I voted for the budget, we had a 5 and a half percent increase in the budget, of which only 1 percent was for all operations, and 4 and a half percent was for security costs, for instance, that can't stand. A bunch of this going like flat revenues and escalating costs. We just can't live with this, not a tolerable situation.

[Chairman J. Degnan] So, Commissioner Lipper's raised some very interesting questions that go beyond just the overtime report. I have to say, coming to the Port Authority for the first time, and this being my first meeting, I have a number of other related and some independent other questions about the procedure that we're using to structure the Board meeting, the way in which resolutions are put forth, for example, I've spoken to Karen about the need to get the agenda out 3 days in advance rather than 24 hours in advance, to append on the website, to the agenda, one paragraph synopses of each motion, to, where it's possible, post on the website prior to the meeting the actual resolution that will be offered for consideration. And she has promised to get back to me on this. I think it may be time for perhaps an informal special committee of the Board to review the process of the Board meeting, including the way in which the agenda is constructed and the kinds of reports that we would like to get on a recurrent basis. And then to report back to the entire Board rather than do it sort of piece meal to solve my particular issues or any other Commissioner's single issue, so without objection I will create a special committee of the Board to report back within the next 90 days or so to the Board as a whole on our recommendations for procedural changes—that work for you, Ken?

[Commissioner K. Lipper] Yeah. >>[Chairman J. Degnan] Okay.

[Commissioner R. Bagger] Maybe could do, we don't need a formal Board survey, but to ask a series of questions to all the Board members as typically like you do on a public Board to have a periodic, as a governance practice have a Board survey. >>[Chairman J. Degnan] Great idea.

[Commissioner J. Moerdler] Just one thought on that, in terms of maximizing our efficiency, to the extent we do these, and I think Ken's suggestions were great ideas, to try and challenge the

staff to sort of do each of them as a one page dashBoard, preferably sort of graphically, so it's the kind of thing we can look at, and in 30 seconds get a sense of where there are issues we ought to be looking at rather than having to sift through a 10 page PowerPoint on each topic.

[Commissioner K. Lipper] That's exactly what we need. >>[Commissioner J. Moerdler] 1 page on overtime, with context, it may be with the one page on overtime, there are 5 different charts, 1 for each business line.

[Commissioner D. Steiner] Not too much information.

[Commissioner J. Moerdler] Keep it simple, that's what I'm saying.

[Chairman J. Degnan] Okay, so those comments should inform the working group that we put together, I particularly endorse the comment that every Board member should be involved by soliciting their input and we'll structure that in some way. Stephanie, you were barraged with questions before you could complete your report, are there additional items that you want to cover?

[Stephanie Dawson] I think that I had listed the mitigation efforts in the 2 departments that were the main area of focus, on the civilian side, but I think that based on the conversation, I've noted the comments that you made, and the recommendations and the direction. And we will realign this to address those concerns. It's just so noted, that we were, the steering committee, was focused on managing the departments by exception, and there were some corrective actions that were put in place. But it's so noted that we need to enhance the strategy and so I don't see the need to walk through the particular mitigations unless there's a particular question about an individual department.

[Chairman J. Degnan] I appreciate that suggestion, that makes sense. Even lawyers don't know when to stop, or maybe particularly lawyers don't know when to stop, but your perception that this needs to be broadened into a larger discussion now is exactly right. Let's readdress it in that context. Okay, that concludes the public portion of today's meeting of the Committee, the Committee will now adjourn to executive session to discuss an act upon matters related to collective bargaining or negotiations, and at this point, we'll do that.

[Joe Dunne] Police overtime >>[Chairman J. Degnan] Joe, I apologize, yes, by all means. Now, let's—yeah, I can imagine you would like to, let's do an overview.

[Joseph Dunne] Okay, police overtime is 37,000, for the quarter, is 37,000 overtime hours, that's bad news, the good news is that was offset by 37,000 fewer straight time hours performed. So, there's kind of a balance there, we lost 37,000 straight time hours. And we had to replace that with 37,000 overtime hours. This is largely related to the fact that we sent almost 200 police officers into the ARFF cadre. In that cadre, they're not permitted to do any police work, we offset that a little bit by sending some of our recruits who graduated earlier this year into the aviation command, but we still have a shortfall there. Also, we had some ARFF related training issues. Driver training at the airports for our offices, they have to get trained on airside driving and the etiquette and what to do out there, and that takes time and money and overtime. And

we're training officers in special detail, special details are— officers have to have certain capabilities to perform certain functions, if there's an opening, and we have an officer, but he's not trained in that specialty, he can't perform that duty, we have to bring someone in on overtime—our idea is to train up as many officers as we can in special detail, so that they're able to fill in these spots without having to bring someone in on overtime. It's costing us money in the front, but in the long run it's going to save us money. Also, as the World Trade Center site evolves, we're adding more personnel as you can imagine, we need. To Commissioner Lipper's observation about granting overtime to senior officers and stuff like that, it's very difficult to do that under the overtime equalization program that they have at the PA, which is something that's in the labor contract. It's very carefully monitored by officers, because if they're skipped on an overtime opportunity, they have a grievance. So, some people are able to get more overtime than others because they make themselves always available for overtime. So, that's an issue, we should perhaps try to think about putting a cap on overtime in future negotiations with the unions. But that's something that's going to have to be settled over the bargaining table, we can't do that unilaterally. >>[Joseph Dunne] Yes, sir. >>[Commissioner K. Lipper] of the way it works in practice, is all the younger officers refuse to take the overtime, and that it's automatically raised up to the most expensive people where pensions are then inflated.

[Joseph Dunne] Listen, if there are agreements made offline, I can't speak to that, I can only speak to the fact that we get a number of grievances from officers who are skipped over on overtime, so they're watching it, you know. >>[Commissioner K. Lipper] I'm not saying anything about any side agreements, although those could exist, but the fact is we are having the overtime hours, particularly in senior people, particularly impacting our pensions, it's not any different than the Long Island Railroad or any other organization, I'm not saying our people are any better or any worse. But it's a practice that has to be dealt with, and I think that your idea, that someone gets frozen at a certain number of overtime hours, might be the best way to deal with it. Just say nobody can have more than X amount of overtime hours, period. That would make us not even have to investigate whether there are agreements or not agreements or whatever, but we've got to come to grips with this, we just can't let it flap out in the wind. This is really affecting the long term outlook for the Port Authority. We're a constrained agency now, from a revenue point of view. These kind of expenses that just kind of evolve and float along, really are going to impact necessary functions of the Port Authority unless we get them under control.

[Joseph Dunne] I agree with you, Commissioner. >>[Commissioner K. Lipper] That's the context

[Joseph Dunne] And I certainly agree with you there, and we're doing everything that we can to accomplish just that. Just a side note, we're overbudget by 6 million dollars in overtime year to date, and that's offset by 6 million dollars in grant aids that we've received year to date, so there's a little good news there. >>[Chairman J. Degnan] grant aid, is that what you're saying?

[Joseph Dunne] Yes, sir, so it's a little good news in the story.

[Chairman J. Degnan] Let me make a point, I think—

[Joseph Dunne] It could have been, but the fact of the matter is it's there, and I think it's a point

to be made that we get back some of the money we spend in grant aid, and it's not often mentioned, and I feel it belongs on the table.

[Chairman J. Degnan] I think, reading the faces of my colleagues at the table, I think Commissioner Lipper's concern about the aggregation of hours for senior officers and then loading up the pension obligation is something acutely felt here. I also have the feeling that he's preaching to the choir, Joe, in your case on this issue and so what I think would be helpful is if in the presentation on overtime, among other things, you addressed precisely that question as a subcomponent. There must be a way of analyzing in fact whether what the Commissioner is concerned about is happening, and then we should visit your idea in the context of whatever bargaining constraints we may have of capping hours for senior officers so that in fact we're not allowing this to happen. Okay. >>[Joseph Dunne] Yes, sir. >>[Chairman J. Degnan] Thank you.

[Joseph Dunne] I guess that's it for me.

[Chairman J. Degnan] Yes, at this point, then, that does close the public portion of the meeting, and we're going to go into executive session to deal with issues related to collective bargaining and negotiations.