



### **Major Changes in the Makeup of the Port Authority Board**

The Governor has signed legislation that will dramatically alter the board of directors of the Port Authority (PAT). What was a nine member body with members serving staggered five year terms and appointed solely by the Allegheny County Chief Executive will become an eleven member body with members eventually serving staggered four year terms with appointment power shared by six individuals.

The idea behind what is now Act 73 of 2013 began germinating a few years ago with recurring financial problems at PAT. The argument was made that since the state put in a significant portion of PAT's budget there ought to be state level appointees on the board. The Auditor General's 2007 performance audit of PAT called attention to our work (see *Policy Brief Volume 7, Number 9*) and that of the 2006 Governor's Transportation Commission's thoughts on the matter, and pointed out that "taxpayers from across the state have been providing most of the funds to operate [PAT] for many years...the governing structure of [PAT] must be changed to include permanent representation by the state on the behalf of state taxpayers". The Authority did not challenge the Auditor General's argument in its response to the audit, noting that state law determines who serves on the board.

Fast forward six years to this year's legislative session. A bill changing the PAT board was introduced in the Senate in early June. Though the Act went through many changes, these items remained the same from the first proposal:

- A new board would have eleven members.
- The Governor and the legislative leaders of both chambers would make appointments.
- Board members would be term limited and would have to possess a background in finance, transportation, or economic development.
- PENNDOT would be charged with undertaking a study on what benefits consolidation and privatization can have on revenues and expenses.

Most of the changes dealt with how to apportion local appointments. In earlier versions of the bill the County Executive would have had either one or four appointments to the new board. The Mayor of Pittsburgh, County Council at Large members, and County

Council members of the opposite political affiliation of the Executive would have had appointments but those were eliminated as amendments were adopted. The final version of the Act gives the Executive six appointments in total. Here’s how those appointments will be made: four will be chosen freely by the Executive, and two will be drawn from a list compiled by four community-based organizations and confirmed by County Council. There is no requirement that a member of County Council serve on the board as the law currently requires, but a member could certainly be appointed.

The terms of current board members end in 60 days, and the law permits any of those members to be reappointed. Once the new board is seated, the terms will be staggered so that expirations occur at various times. Board members cannot serve more than three consecutive terms, including the initial appointment. The table below shows when appointments would be made over the next decade.

Appointing Official	Years Making Appointments
Governor	2013, 2017, 2021
Senate Pro Tem and Senate Minority Leader	2013, 2017, 2021
House Speaker and House Minority Leader	2013, 2016, 2020
County Executive—2 free nominations	2013, 2015, 2019
County Executive—2 free nominations	2013, 2016, 2020
County Executive—2 nominations drawn from list and confirmed by County Council	2013, 2015, 2019

Assuming all of the initial 2013 appointments serve for the maximum three terms, the appointees of the Governor and the Senate leaders will have served twelve years, House leadership appointees and two Executive appointees would have served eleven years, and four Executive appointees would have served ten years.

A quorum for meetings is six members, but it will require seven members to “take action on behalf of the Authority”. That means it could require one state level appointee to join with the six County appointees on a decision, or, conversely, two County appointees to join with the state appointees to get business moving forward. Obviously the point of this requirement is to ensure that the County-level appointees can’t do anything unilaterally without at least one state appointee consenting.

The state will exercise significant power on the board in two other ways. First, for adopting by-laws, appointing a CEO, authorizing bonds, borrowing, leases, and contracts in excess of \$5 million, the two board members appointed by the General Assembly who are not of the same political affiliation of the County Executive can move to table this business to stop it and/or second it to move it forward. Under current partisan arrangements, that would mean the appointees of the Senate Pro Tem and the House Speaker would get important veto power over these areas.

Second, the Governor’s appointment is the only one that does not have to be a resident of Allegheny County, only a resident of the Commonwealth. This appointee might come from another part of the region or another part of the state and would provide a broader

perspective should indeed the Governor not select someone residing in Allegheny County.

A statewide say on PAT business, board members with qualifications, and a study to determine what exactly privatization and consolidation can bring: is a new day dawning for PAT? While not as draconian as it might have been, the just enacted law will certainly offer opportunities to bring professionalism and business acumen to oversight of the Authority.

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