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Onorato Presents 2009 Comprehensive Fiscal Plan

County Executive's budget holds line on property taxes, reduces drink tax

PITTSBURGH — Allegheny County Executive Dan Onorato presented his 2009 Comprehensive Fiscal Plan to County Council this evening.

“My proposed 2009 operating budget once again holds the line on property taxes, ensuring an eighth consecutive year without a property tax increase in Allegheny County,” said Onorato. “I am also recommending a reduction in the drink tax from 10 percent to 7 percent beginning January 1, 2009. This reduction makes good on my commitment to tailor the tax to the amount needed to fund transit operations.”

The proposed operating budget is \$762.7 million. Non-discretionary increases include \$7 million in Commonwealth revenue for health and human services programs, \$7 million in scheduled debt service payment increases from older bonds, and \$1 million in additional utility costs. When these non-discretionary costs are removed, the actual increase over the 2008 County budget is less than one percent.

Drink tax and rental car fee collections above the \$32 million budgeted for 2008 will be used for debt service related to roads and bridges in Onorato's 2009 budget, as allowed by Commonwealth law.

The County Executive's proposed 2009 capital budget is \$63.4 million and includes 89 infrastructure and capital improvement projects. The capital budget requires the use of \$37.2 million in new bond proceeds and \$26.2 million in other financing to support the projects planned for 2009.

The proposed capital budget provides funding to begin the dredging of North Park Lake. This project will restore the lake to its original depth by removing silt and sediment that has

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accumulated. This effort is vital to maintaining the lake as a natural habitat for fish and other wildlife, as well as providing recreational activities for park users.

“I want to emphasize that the County’s outstanding debt has been reduced by \$19.5 million since I took office in 2004,” added Onorato.

In May of this year, Standard & Poor’s Ratings Services raised Allegheny County’s debt rating from A to A+, and Moody’s Investors Service changed the County’s outlook from stable to positive. These rating changes were the result of independent analyses of the County’s financial status by the two Wall Street firms.

“The positive ratings from Standard & Poor’s and Moody’s are further proof of the success we have had over the last five years in increasing efficiency, cutting costs, reducing debt and growing our fund balance – all of which have been accomplished without raising property taxes,” said Onorato. “In addition, creating a dedicated funding source for mass transit that does not include property taxes has improved the fiscal outlook for Allegheny County, which strengthens our long-term financial position in economic development endeavors.”

Since taking office in 2004, Onorato has reduced the County’s operating payroll by 607 employees. This year, his administration successfully completed the final phase of row office consolidation with the creation of the Department of Court Records, which combined the former offices of the Clerk of Courts, Prothonotary and Register Wills, and the Department of Real Estate, which merged the Recorder of Deeds and other real estate functions. Allegheny County has now reduced the number of row offices from 10 to four, saving taxpayers more than \$1 million annually.

The County Executive also discussed other efficiencies, including consolidating five 9-1-1 call centers into one, which saves municipalities \$3.5 million annually, collapsing the City of Pittsburgh’s fingerprinting operation into the County’s, and folding the Pittsburgh Municipal Court into the unified County court system.

The County and City signed a joint telecommunications agreement that will save \$6 million over its three-year term. The County now provides bulk purchasing services for the City and other agencies. Allegheny County formed an energy purchasing consortium with the City and other public and private organizations. The initial savings was \$1.4 million on the purchase of electricity, and the consortium is going out to bid for the purchase of natural gas within a month.

“I can assure you that I will continue to pursue consolidation with the City of Pittsburgh,” added Onorato. “Once the new General Assembly is in place in January, we will also continue our effort to get enabling legislation for a City-County consolidation referendum.”

In 2004, Onorato and County Council cut property taxes by \$7 million by increasing the homestead exemption, and they have held the line on property taxes every year since. In fact,

Allegheny County is the only county in Southwestern Pennsylvania that has not increased property taxes in the last seven years.

Since 2002, Armstrong County has raised property taxes by 35 percent, Beaver County by 19 percent, Butler County by 22 percent, Washington County by 22 percent, and Westmoreland County by 24 percent. During the same period, Allegheny County property taxes have not increased at all.

The Onorato administration fought to reduce County, municipal and school district taxes by \$8 million for 8,700 homeowners who saw their assessed values wrongfully increased due to appeals by municipalities and school districts.

“We are continuing to monitor assessment appeals, and I will not hesitate to launch another round of County-backed appeals to ensure the integrity of our 2002 base-year system and to ensure that recent homebuyers are not unfairly targeted by school districts and municipalities,” said Onorato.

The County Executive also discussed the recent advancements in drilling technology, which have made extracting natural gas from the Marcellus Shale feasible. The County owns 10,000 acres of land at Pittsburgh International Airport, as well as other land. During the coming year, the Onorato administration will explore opportunities for drilling on these lands in order to maximize returns for taxpayers.

For the first time, the County Executive’s Comprehensive Fiscal Plan is being distributed to Council members and the media in electronic format only, thereby eliminating unnecessary printing costs and saving County taxpayers \$1500. This is part of Onorato’s “Allegheny Green” initiative to promote sustainable practices within County government and to encourage residents, businesses and municipalities to become “greener” as well.

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The County Executive’s proposed 2009 Comprehensive Fiscal Plan is available online at www.alleghenycounty.us under “Quick Links.”