



DAN ONORATO
COUNTY EXECUTIVE

COUNTY OF ALLEGHENY

OFFICE OF THE COUNTY EXECUTIVE

101 COURTHOUSE • 436 GRANT STREET
PITTSBURGH, PA 15219
PHONE (412) 350-6500 • FAX (412) 350-6512
WWW.ALLEGHENYCOUNTY.US

Allegheny County Executive Dan Onorato 2009 Budget Address October 7, 2008

President Fitzgerald, members of Council, and citizens, this evening I present for your consideration the 2009 Comprehensive Fiscal Plan for Allegheny County.

In 2004, we cut property taxes by \$7 million by increasing the homestead exemption, and we 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. Again, during the same period, Allegheny County property taxes have not increased at all.

My 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 continue 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.

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. I am also joining Councilman Jim Burn, Councilman Bob Macey and Councilman Mike Finnerty and many others in recommending that we reduce 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. 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 my 2009 budget, as allowed by Commonwealth law.

My proposed operating budget for 2009 is \$762.7 million. When we remove three non-discretionary increases, including \$7 million in Commonwealth revenue for health and human services programs, \$7 million in scheduled debt service increases from older bonds, and \$1 million in utility costs, the actual increase over the 2008 budget is less than one percent.

The Controller's budget has been increased due to a reorganization and transfer of responsibilities. The Weights & Measures Office has been transferred from the Department of

Administrative Services to the Controller, and we are transferring payroll responsibilities from the Department of Human Resources to the Controller related to the implementation of the new countywide payroll system.

As you know, there are ongoing efforts to address gun violence in Allegheny County. The District Attorney's budget has been increased to continue the Gun Violence Unit, which has been transferred from the grants budget. The District Attorney and I will seek funding assistance from the Commonwealth for this effort.

Under the provisions of the Pennsylvania Gaming Economic Development & Tourism Fund, the County is due to receive a minimum payment of \$12.4 million from the Commonwealth during its current fiscal year, which ends June 30, 2009. We are requesting payment by the end of the County's fiscal, which ends December 31, 2008. I will immediately inform Council when the money is received.

Capital Budget

The County's 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 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 over the last 5 years.

Grants & Special Accounts

The 2009 Comprehensive Fiscal Plan includes a grants budget of \$816 million, which represents federal and Commonwealth funding for health and human services, economic development and public safety programs. The County portion of this \$816-million budget is only \$5.7 million.

Also included is a special accounts budget of \$98.6 million. These programs are funded by fees, forfeitures and reimbursable federal and Commonwealth costs.

Bond Rating

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. 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.

Green Initiative

As all of you know, during the past 50 years, we have worked hard to clean our air and our rivers. And over the past several years, our region has become a leader in green technology and environmental stewardship. In fact, Southwestern Pennsylvania is one of the "greenest" regions in the country. We are a national leader in LEED-certified buildings, and we were recently named the "Greenest City in America" by the Green Building Alliance. As a result of our region's leadership in green buildings, we are also becoming a leader in the area of green building materials and design.

In order to sustain this momentum, I launched "Allegheny Green," a comprehensive initiative to promote sustainable practices within County government and to encourage our residents, businesses and municipalities to become 'greener' as well. Part of the effort is also developing policies and procedures that will assist our municipalities and support our burgeoning green industries.

I want to point out that for the first time, the Comprehensive Fiscal Plan is being distributed in electronic format and is available this evening on the County's website. Distributing the document electronically prevents unnecessary printing costs and is saving County taxpayers \$1500.

Parks

I also want to update you on the Allegheny County Parks Foundation, which I established last year to raise private funds for deferred maintenance, recreational improvements and facility enhancements at our nine County Parks. The foundation board is currently conducting a national search for an executive director. We conducted town hall meetings at all nine parks, as well as an online survey, to gather input on programming, recreational and facility needs.

Government Efficiency & Effectiveness

Since 2004, we have made historic strides in streamlining government and maximizing public resources. We reduced the County's operating payroll by 607 employees.

This year, we 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 was previously the Recorder of Deeds. We have now reduced the number of row offices from 10 to four, saving taxpayers more than \$1 million annually.

As you know, we also consolidated five 9-1-1 call centers into one, which saves municipalities \$3.5 million annually. We collapsed the City of Pittsburgh's fingerprinting operation into the County's, and we folded 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.

We formed an energy purchasing consortium with the City and other public and private organizations. Our initial savings was \$1.4 million on the purchase of electricity, and we are soon going out to bid for the purchase of natural gas.

We are also looking at further consolidation opportunities, including assisting with the mergers of municipal police and fire departments.

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

Marcellus Shale

As you know, recent advancements in drilling technology 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, we will be exploring opportunities for drilling on these lands in order to maximize returns for taxpayers.

Closing

I want to thank County Manager Jim Flynn, Budget Director Amy Griser, my department directors and their staffs for the outstanding job they have done assembling this budget. I look forward to working with Council and the citizens of Allegheny County as we consider and adopt the 2009 Comprehensive Fiscal Plan.