

# Allegheny County Council

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## Meeting Minutes

Wednesday, October 18, 2017

4:00 PM

Conference Room 1

## Committee on Budget and Finance

*Paul Klein, Chair; Patrick Catena, Samuel DeMarco, Nick Futules, Ed Kress, Bob Macey, Charles Martoni, Sue Means and John Palmiere, Members.*

## I. Call to Order

*The meeting was called to order at 4:00.*

### Invited Guests:

**The Honorable Chelsa Wagner, Allegheny County Controller**  
**William D. McKain, CPA, Allegheny County Manager or Designee**  
**Mary Soroka, Director, Budget and Finance or Designee**

*Mr. McKain was present from the Office of the County Manager.*

*Ms. Soroka was present from the Department of Budget and Finance.*

*Ms. Weise and Mr. Lentz were present from the Office of the Controller.*

*Mr. Barker and Ms. Roka were present from the Office of County Council.*

## II. Roll Call

**Members Present:** 3 - Paul Klein, Sue Means and John Palmiere

**Members Absent:** 3 - Nick Futules, Bob Macey and Chuck Martoni

**Members Phone:** 3 - Patrick Catena, Sam DeMarco and Ed Kress

**Members** 1 - Cindy Kirk

**Non-Members:**

## III. Approval of Minutes

[10347-17](#)

Motion to approve the minutes of the Committee on Budget and Finance meeting held on October 4, 2017.

**A motion was made by Palmiere, seconded by Means, that this matter be Passed. The motion carried by a unanimous vote.**

## IV. Agenda Items

### Resolutions

[10341-17](#)

A Resolution of the County of Allegheny amending the Grants and Special Accounts Budget for 2017 (Submission #09-17).

**Sponsors:** Chief Executive

*At the request of the Chair, the clerk read the title of the bill and Mr. McKain summarized its provisions, noting that it accounts for a \$30 million increase in Medicaid/Medicare funding that has been received in prior budget years for use in funding managed care programs in place in order to improve access to quality healthcare by participants in the County's Medical Assistance program. Mr. McKain distributed a handout created by the Allegheny County HealthChoices Program summarizing the Medical Assistance program. Ms. Soroka noted that she believes that the handout provides a nice overview. Mr. McKain noted that the original budget for 2017 contained an appropriation for about \$345*

million, but because distributions are dependent upon individual participation and needs, an additional \$30 million or so will be received this year.

In response to a question from the Chair, Mr. McKain noted that the opioid crisis does have an impact upon how many people require services.

In response to questions from Ms. Means, Mr. McKain noted that the County did not request the additional funding, because it is provided based on eligible residents. Mr. McKain and Ms. Soroka noted that the 2018 budget includes an appropriation for \$375 million for the program due to the increased participation. Ms. Soroka briefly discussed the process for evaluation of claims and service provider payment, and noted that County agencies do retain some administrative fees.

In response to a question from Mr. DeMarco, Ms. Soroka discussed how revenues in the relevant account are handled in the event of surplus funding, noting that it can be held as a contingency against future funding deficits.

In response to a question from the Chair, Ms. Soroka noted that the funding allocation works the same way for other counties, but does not have any way of knowing immediately, what exactly other counties may receive.

**A motion was made by Catena, seconded by Means, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.**

## Discussion Topic

### Financial Status of the County, presented by Allegheny County Controller Chelsa Wagner

Ms. Weise gave a general overview of the various funds that comprise the County's operating budget's revenue sources, and briefly mentioned several other funds that bear on the capital and grants & special accounts budgets. Ms. Weise noted that the presentation covers only the operating budget and related funds.

Ms. Weise noted that the County's revenues remain strong, with an anticipated increase of \$1 million from 2016 to 2017, and another \$1 million from 2017 to 2018, but cautioned that real estate tax revenues may not increase by as much as is contemplated in the CFP, as the 2017 real estate tax receipts as of August are only about 0.6% higher than the 2016 August receipts were. Ms. Weise discussed other tax revenue sources, noting that they are largely consistent from 2016 to 2017. Ms. Weise highlighted a significant increase in interest earnings and miscellaneous revenues, the latter due to increased natural gas royalty receipts.

Ms. Weise noted that expenditures are on target with the 2017 budget, but noted that the County may realize a savings of \$5 million to \$10 million in 2017 as a result of shifting to self-insurance, although debt service costs may go up by about \$5 million from 2016 to 2017 as a result of some debt restructuring. Ms. Weise noted that this debt service increase would not increase again in 2018.

Ms. Weise provided a short overview of the various departments, noting that non-departmental expenditures, the Duquesne Law Library, the Sheriff, Human Services, the Jail, Parks, and CCAC are all slightly ahead of their year to date targets, but provided explanations for each. Ms. Weise indicated that the miscellaneous agency expenditures appear to be significantly higher than projections, but that gaming funds to pay these expenses will not be received until the end of the calendar year, and that a similar principle applies to the Port Authority due to the timing of matching fund payments. Ms. Weise noted that, overall, the County is actually below its year to date forecasted

expenditures.

*In response to a question from Ms. Kirk, Ms. Weise noted that the Kane Hospital occupancy is down, that this likely results in reduced nurse staffing through temp agencies, and that this may account for lower than expected expenditures. Ms. Weise agreed to provide additional details.*

*Ms. Weise noted that the unassigned fund balance has grown from \$5.7 million in 2011 to \$44.6 million at the end of 2016, with a \$3.1 million increase from 2015 to 2016 and similar growth possible once all is said and done in 2017.*

*Ms. Weise gave a general overview of the County's debt service obligations, noting that the outstanding debt increased from 2009 to 2012, but that it has remained more or less stable since then.*

*Ms. Weise briefly highlighted the transportation fund and discussed historical trends, noting that, since the alcoholic beverage tax was reduced in 2009, revenue receipts have gradually increased from just over \$27 million to just over \$39 million in 2016. Ms. Weise indicated that the Count has used some of the transportation fund balance to reimburse itself for debt service payments on previous capital projects undertaken on behalf of the Port Authority, consistent with applicable law.*

*In response to a question from Ms. Kirk, Ms. Weise discussed the permissible uses for the transportation fund revenues, and suggested that there is probably wisdom in having at least some reserve balance in the fund because the Commonwealth's funding for transportation is not always predictable with precision.*

*In response to a question from the Chair, Ms. Weise discussed a \$1 million 2015 appropriation for the BRT planning and design.*

## **V. Adjournment**

*The meeting was adjourned at 4:41.*