

Allegheny County Council

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Meeting Minutes

Wednesday, October 19, 2016

4:00 PM

Conference Room 1

Committee on Budget and Finance

Mike Finnerty, Chair

Members; Sam DeMarco, Nick Futules, Paul Klein, Ed Kress, Bob Macey, Chuck Martoni, Sue Means, John Palmiere

I. Call to Order

The meeting was called to order at 4:05.

Invited Guests:

William D. McKain, CPA, County Manager or Designee
Mary Soroka, County Budget Director or Designee

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

Ms. Soroka, Mr. Cox and Mr. Rambo were present from the Department of Budget & Finance.

II. Roll Call

Members Present: 4 - Finnerty, Sam DeMarco, Sue Means and Paul Klein

Members Absent: 2 - Bob Macey and Chuck Martoni

Members Phone: 3 - Nick Futules, Ed Kress and John Palmiere

Members 1 - Cindy Kirk

Non-Members:

III. Approval of Minutes

[9870-16](#)

Motion to approve the minutes of the Budget and Finance Committee Meeting held on October 12, 2016.

IV. Agenda Items

Ordinances

[9846-16](#)

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill.

The Chair noted that the tax levy was separated to reflect the imposition of 3.9457 mills for general purposes and 0.7843 for debt service, for a total of 4.73 mills.

The Chair asked Mr. Szymanski to distribute the budget books to the Members, and emphasized that the materials contained within the book are to be regarded as confidential work product, and not to be publicly disclosed. The Chair noted that the budget bills are helpful and relatively portable as sort of nutshell guides to the budget, but that the CFP and budget books contain significant amounts of useful information. The Chair briefly reviewed the schedule for the budget public hearings, summarized the procedures that would be followed, and noted that there will be a public comment period in addition to prepared presentations each night.

In response to a question from the Chair, Mr. McKain discussed debt service costs, noting that the County updates the information regarding debt service that is provided to Council on an annual basis, but that the debt service amount has remained fairly

consistent over the past few years. Mr. McKain indicated that the administration's rule of thumb is to issue no more new debt than has been retired, in order to keep the County's total debt at the same amount or less than the prior year(s) if at all possible. Mr. McKain noted that DCED tends to discourage having spikes in the amount of outstanding debt, and that this constitutes sound fiscal policy, because spikes make planning more difficult. Ms. Soroka noted that the County's financial advisors do attempt to issue debt in fashions that keep the debt amount as stable as possible while not extending repayment schedules.

In response to a question from the Chair, Mr. McKain noted the importance of looking at the amount of bond financing used in the capital budget when contemplating debt service, because other funding streams that can be applied to capital projects do not impact the County's debt.

The Chair noted that the established millage rate is expected to bring in just over \$359 million, up from about \$352 million last year. Ms. Soroka indicated that this change is principally due to new construction, as there had been no reassessment since last year.

In response to a question from Mr. DeMarco, Ms. Soroka noted that the total County debt as of now is about \$840 million. Mr. McKain noted that this figure includes principal and interest.

In response to a question from Ms. Means, the Chair and clerk discussed the vote that would be necessary to pass the millage ordinance.

Mr. Kress and Mr. McKain discussed the market conditions that can make debt refinancing worth contemplating.

In response to a question from Ms. Means, Ms. Soroka noted that the County's total savings from the last refinancing was \$26 to \$29 million.

In response to a question from Mr. DeMarco, Mr. McKain discussed the bases for assumptions regarding increases in fee and state revenues, noting that increases in court record fees and fire marshal fees have contributed, and the County has received additional funding for the crime lab, human services and aging. Ms. Means noted that the \$5 supplemental vehicle registration fee might also play into the increase, and Mr. McKain indicated that the fee was in place for part of 2016, so the increase attributable to this source is measurable, but not a large percentage.

In response to questions from Ms. Kirk and Ms. Means, Mr. McKain discussed some of the factors that can come into play to determine whether and how much the total operating budget can fluctuate from year to year.

A motion was made by DeMarco, seconded by Klein, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.

V. Adjournment

The meeting was adjourned at 4:42.