

Allegheny County Council

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Committee Meeting Minutes

Tuesday, April 25, 2006

4:00 PM

Conference Room 1

Committee on Budget and Finance

William Russell Robinson, Chair; Jim Burn, Susan Caldwell, Joan Cleary, Matt Drozd, Mike Finnerty, Brenda Frazier, Vince Gastgeb, and Rich Nerone

I. Call to Order

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

Invited Guests:

Mark Flaherty, County Controller or Designee

Jim Flynn, County Manager or Designee

Amy Griser, Director, Budget & Finance

Derek Uber, Assistant County Manager

Summary: *Invited Guests Present: Derek Uber for Mr. Flynn, Mr. Flaherty, Ms. Griser*

Recognized Attendees: Guy Tumolo and Bob Lentz, Controller's Office

Council Staff Present: Jared Barker, Jennifer Liptak, Stephanie Buka

II. Roll Call

Roll Call: Present: Jim Burn, Susan Caldwell, Joan Cleary, Matt Drozd, Michael Finnerty, Brenda Frazier, and Chair William Robinson

Absent: Vince Gastgeb, and Rich Nerone

III. Approval of Minutes

2544-06 Motion to approve the Minutes of the March 16, 2006 Budget & Finance Committee Meeting.

Action: **A motion was made by Frazier, seconded by Finnerty, that this matter be Passed. The motion carried unanimously.**

IV. Agenda Items**Resolutions**

2487-06 A Resolution of the County of Allegheny, Commonwealth of Pennsylvania, setting forth County policy regarding the construction of a tunnel, commonly known as the North Shore Connector project.

Sponsors: Matt Drozd

Summary: *Chairman Robinson stated that no Allegheny County dollars have been spent on this project. He questioned whether we should follow through with this policy for this specific project, or should other projects, initiated by the Port Authority, be included in the legislation?*

Councilman Drozd said the \$390 million cost to build the North Shore Connector would still affect Allegheny County taxpayers. He mentioned the involvement of Allegheny County Department of Public Works, with construction, roads, bridges, etc. He said he's concerned about the project and thinks it is a luxury that we cannot afford. He said there's a major glacial flow under the rivers and the Port Authority won't know what's there until they start digging. He said that 98% of citizens he has spoken to ask the

question "why are we doing this?" He feels its more important to maintain and restore what we already have.

Ms. Griser stated that Allegheny County has not spent any money on this project.

Councilman Finnerty stated that Council doesn't have control over this issue that it is more a "Sense of Council" type of issue. He said there's federal money that is earmarked for this project and it's not up to Council to decide to take the money and put it towards something else.

Chairman Robinson suggested that the Bill be held in committee until the Port Authority decides where they stand, especially since they have invested money in the project.

Councilman Drozd agreed. He added that projects like this, planned for our County, should be Council's business and should be something Council can discuss.

Ms. Liptak will ensure that this Bill is revisited at the next Budget & Finance Committee Meeting.

Action: **Held in Committee**

2518-06

A Resolution of the County of Allegheny amending the Grants and Special Accounts Budget for 2006 (Submission #03-06).

Sponsors: Chief Executive

Summary: *Ms. Liptak said that this is a Resolution amending the Grants & Special Accounts Budget for 2006 to increase funds in the following areas:*

*DHS-OCS, Head Start Supplemental Assistance Project in the amount of \$1,621,350;
and*

DOED, PA-DCED Land Use Planning and Technical Assistance Program (LUPTAP) in the amount of \$300,000.

She added that there is nothing unusual about this amendment.

Action: **A motion was made by Cleary, seconded by Finnerty, that this matter be Affirmatively Recommended. The motion carried unanimously.**

Discussion Topic:

2005 Comprehensive Annual Financial Report

Summary: *Chairman Robinson said there is a more comprehensive version placed in each Council Member's mailbox. He said this document will help the committee shape the budget for 2007. He said the Controller sent Council Members a monthly financial status report in which many questions may be answered. This is the third time the Controller has appeared before Council.*

Mr. Flaherty said this provides the County with valuable financial information which can be used to, hopefully, save money. He said it's a forecasting tool.

Details of the PowerPoint presentation:

Total Revenues \$1.37 billion, Program Expenses \$1.39 billion (64% is for health and welfare), second biggest is General Government, General Fund Expenditures \$60.5 million, \$78.3 million in other funds.

Comparison in millions: Added to the fund balance, General Fund majority comes from real estate tax, state and federal revenue, sales tax,

Comparison of expenditures: Reduced personnel expenses, \$21.2 million, but with a rise in fringe benefits through health care costs, they'll continue to monitor this. Decrease in General Obligation Bond Debt in 2005 with an ending balance of \$603 million debt. Very positive that for 2 years in a row they have reduced the debt.

Single Source Revenues: Debt reduction, special revenue adjustments, risk mgm't transfer: These sources won't be available next year.

Need to identify problem areas: \$8.6 million for Emergency Services, merger of 911 was part of this and 4 area call centers were consolidated to one center, this was the reason for the \$8.6 million but the good news is that government is working together. The County will monitor this throughout the year. Child Support Enforcement Program: a federally mandated program, the County spent \$1.6 million from the General Fund, the County may need to seek state sources, he doesn't foresee any cuts in this program. The County will monitor this and maybe we can get a state funding stream. The last trouble area: Kane Regional Centers, lost \$3 million a year, but the County can eliminate this deficit. Last year a comprehensive study was done which will be released very soon. Other counties are experiencing a surplus on their living assisted facilities, so the County needs to take action to eliminate this deficit. This is another program that is worthwhile.

Recommendations: Implement the Kane Regional Centers recommendations, Review County Departments, Consolidated Row Offices and Service Providers, and continue cooperative effort b/w the County and City. Controller Flaherty thinks that the commission that was created hasn't really come up with anything and believes that with cooperation the County could save money. Increased revenue collection: Eliminate the OPA backlog and he said the County would probably save about \$5 million. \$18 million is in the General Fund at the moment, so we need to try and operate on surpluses in order to be in a strong fiscal situation. They are interested in a Tax Claim Bureau where the lien taxes would be collected at one time, this would help the transfer of property occur in a very quick manner. The Tax Claim Bureau would involve the School, City, and County working together and it would help the tax rolls. Legislation will be introduced at the state level and Controller Flaherty will keep us updated on this development.

The monthly financial reports are for the current year. Last year they started doing this and it's a nice tool to review. If Council Members have any questions, Mr. Flaherty and staff are available.

Chairman Robinson will invite him, as usual, to the end of the year budget process.

Councilman Robinson asked why there was no mention of the courts? Flaherty

responded by stating they choose the 4D program (Child Support Program) because it was the largest court operation that had a deficit.

Councilman Robinson asked when the report will be released on the Kane Centers. Councilwoman Cleary said she was unsure and they were waiting on the state. Mr. Flaherty said they have a seat on the commission and he thinks the overall findings will be worthwhile and taken into consideration. Councilman Robinson said the commission was another attempt to come up with some solutions for the Kane Centers. He said it's obvious that they're worthy but they are costing too much and each year it costs more and more. He hopes that the report will be bold and take initiative. Mr. Flaherty said there are specific ways to address this, i.e. operational methods, proven ways that we need to execute and try to eliminate that gap. Councilwoman Cleary said the commission has been working diligently. Councilman Finnerty noted that they've stabilized their loss. Mr. Flaherty concurred that they were consistent.

Chairman Robinson asked about Row Office Reform, to make sure we're doing what the voters wanted, namely the reorganization of County government. Mr. Flaherty said an Executive Summary will be sent to Ms. Liptak and she will distribute it to all Council Members.

Councilman Finnerty asked whether water & sewage could be added for cooperative tax collections? Mr. Flaherty said no, just the lien taxes would go into the Tax Claim Bureau. The legislation is 30 yrs. old and Allegheny County opted out for political reasons and it's prudent to create a Tax Claim Bureau sooner rather than later.

Councilwoman Caldwell asked about fringe benefits and increasing health care costs and how they would like to address these problems. Mr. Flaherty said they are looking into consumer driven health care, HSA account (different from FSA accounts which are only good for 1 yr.). HSA is similar to an IRA account, money is saved and used for health care expenses. The money can be saved and earn interest. Mr. Flaherty said they monitor the rise and fall of their present economic conditions.

Councilwoman Caldwell asked about the 911 consolidation and whether the \$8.6 million deficit will go away next year. Mr. Flaherty said yes and this is why they'll closely monitor this. He said the 911 fee of \$1 which comes from land lines is now decreasing because of cell phone usage.

Councilwoman Caldwell asked how the Kane Center fees are constituted. Mr. Flaherty said that services are reimbursable, but that collections is not our best asset. He said the County does need to capture those fees more efficiently and timely. He said right not they're looking at a 90-day fee capture, compared to the ideal of 30 days. Mr. Tumolo said our fees are captured through 3rd party payers.

Councilwoman Caldwell asked when and how they plan to eliminate the Office of Property Assessment backlog. Mr. Flaherty said they did set up a system to help with the backlog. A 60-90 day timeframe would be acceptable, but he said they're not at that point yet. \$1.4 billion in property values have not been entered into the system. Mr. Flaherty said that we need to get it to a manageable time frame.

Councilman Drozd asked whether we do projections. Mr. Flaherty said the Budget Office could provide this information. A question about RAD money came up and Mr. Flaherty said that we get 1% that goes into the General Fund: \$37 million.

Councilman Drozd asked about the Kane Centers and their 3 to 4 year projection. Mr. Flaherty said they have specific suggestions to capture revenues in a more timely fashion, and they will look at the occupancy rate. The report that will be released will discuss third-party collections.

Councilwoman Cleary asked about the Kanes, wondering about the 90 day lag time and what we were comparing it to. Mr. Flaherty said other nursing homes have an average 30 day lag time. He said they checked with other counties.

Councilman Robinson said the Comprehensive Fiscal Plan has projections and Ms. Griser will walk us through that process.

Councilwoman Cleary asked about Single Source Revenues and whether Mr. Flaherty was aware of anything that would help this year. Mr. Flaherty responded in the negative. Councilman Drozd said he's a strong believer in benchmarking to make us more efficient.

Mr. Flaherty said he'll be happy to provide Council with any information.

V. Adjournment

Summary: *Meeting adjourned at 5:10 p.m.*