

Allegheny County Council

*County of Allegheny
436 Grant Street
Pittsburgh, PA 15219
Phone (412) 350-6495
Fax (412) 350-6499*



Committee Meeting Minutes

Tuesday, September 19, 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: *Meeting was called to order at 4:00 p.m.*

Invited Guests:

Jim Flynn, County Manager or Designee

Amy Griser, Director, Budget & Finance

Derek Uber, Assistant County Manager

Summary: *Invited Guests Present: Amy Griser, Director, Budget and Finance; Jim Flynn, County Manager; Derek Uber, Assistant County Manager*

Recognized Attendees: Patricia Valentine, Deputy Director, Office of Behavioral Health; Michael Suley, Manager, Office of Property Assessments

Council Staff Present: Joe Catanese; Jennifer Liptak; Stephanie Buka

II. Roll Call

Summary: *Non-Committee Council Members Present: Bob Macey; Jan Rea*

Ex-Officio Member Present: Rich Fitzgerald

Roll Call: Present: Jim Burn, Susan Caldwell, Joan Cleary, Michael Finnerty, Brenda Frazier, Vince Gastgeb, and Chair William Robinson
Absent: Matt Drozd
Phone: Rich Nerone

III. Approval of Minutes

2778-06 Motion to approve the Minutes of the September 5, 2006 Budget & Finance Committee Meeting.

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

IV. Agenda Items**Ordinances**

2748-06 An Ordinance of the County of Allegheny, Commonwealth of Pennsylvania, amending Division 1 of the Allegheny County Code of Ordinances to include a new Section 5-905.04, entitled "Allegheny County Professional Services Review Committee Reporting Obligations."

Sponsors: William Russell Robinson

Summary: *Chairman Robinson discussed this bill with Councilwoman Frazier and Mr. Flynn. Chairman Robinson and Councilwoman Frazier both serve on the Professional Services Review Committee. Robinson said that Mr. Flynn assured him that this legislation would be a topic for discussion at the next Professional Services Review Committee. After this meeting is held they will report back on this bill's status.*

Action: Held in Committee

2758-06

An Ordinance of the County of Allegheny, Commonwealth of Pennsylvania authorizing acceptance of a donation of personal property for use by the County.

Sponsors: Chief Executive

Summary: *Ms. Liptak said this bill is for \$7,000 worth of computer equipment which must be approved by Council prior to receiving personal property.*

Councilman Gastgeb said he appreciates knowing about this activity and shows due diligence.

Councilwoman Frazier asked whether the County would receive computer equipment and a cash grant in the amount of \$12,000. She said she thought the County already accepted the cash grant.

Ms. Liptak said that Council did approve of and accept the cash grant at an earlier time.

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

2762-06

An Ordinance of the Allegheny County Council amending and supplementing the Allegheny County Code of Ordinances, Division 4, entitled "Finances," by creating a new §475-50.1, in order to establish a reevaluation schedule for real property previously approved for property tax exclusion under the Homestead Property Exclusion Program Act (Act 50 of 1998, 53 P.S. §8581 et. seq.).

Sponsors: William Russell Robinson, Jim Burn, Joan Cleary, John DeFazio, Michael Finnerty, Brenda Frazier, Bob Macey and Rich Fitzgerald

Summary: *Chairman Robinson said if someone obtained an exemption on their home and then a new owner purchased the home, the exemption automatically carried over, so Council passed a bill to make a new application necessary. This bill is intended to make sure that those that are ineligible to receive Act 50, do not, in fact, receive that exemption.*

Councilman Finnerty said it's important to reevaluate these exemptions, stating that slum landlords may be abusing the program. He said they should look into this issue and make sure it is their primary residence.

Councilwoman Cleary said she has received calls about rental properties and this legislation would help ensure that the exemption is reaching the intended parties.

Councilman Burn said he has received a lot of complaints about slum landlords and this legislation would help because the honor system doesn't seem to work.

Councilman Gastgeb said the abandoned homes are important, but right now the County is not set up to monitor this, if someone wants to be mischievous they can sign any name and file it and it's not notarized. He is not sure that Section A. is appropriate, giving such authority to the Chief Assessment Officer. He said because there is no procedure in place, the legislation is fraught with unusual aspects.

Chairman Robinson said the Administration has been struggling with this dilemma as well. He said the Administration has challenges within their system and they need to know what direction to take, even if it's minimal. He added that Mr. Flynn has probably heard these concerns before.

Council President Fitzgerald said that since the costs have gone up to \$20 some million dollars, when we expected it to cost about \$16 million, it's very concerning. It's a simple program with requirements, but how does the Office of Property Assessments (OPA) determine whether these properties are clearly eligible for Act 50? He said they could recover those monies, since up to a \$2,500 fine may be levied against abusers, but the question remains, how do we implement it? Hopefully, the OPA has a system where they can investigate and track these exemptions.

Chairman Robinson said it's a popular idea, but they run the risk of upsetting the fiscal integrity of the County. He said they are talking about a deficit, and it could affect the County's bond rating. The Chair said he would suggest either eliminating the program or cutting it in half, but he didn't think Council would go along with that. He said they cannot allow this \$22 million deficit rise to \$33 million and would suggest something to the Administration in order to move ahead with this project.

Council President Fitzgerald said the intent of the program was to help people stay in their homes, and not to help people that own 2 or 3 homes. A significant amount of taxes can be taken off of an owner's home through Act 50. He said before cutting the program they should look into exposing the fraudulent people abusing the system.

Councilman Macey said he was recently at a municipal meeting where the Mayor was agonizing over 800 rental properties, because they don't know who these owner's are and they can't find that information. Once the information gets out that we are tracking exemptions, people will probably abide the law.

Councilman Gastgeb reiterated that the process is what needs to be determined. The landlords are definitely an issue, but the forms are the beginning point. He said a person can fraudulently fill out the Act 50 application form and there's no validation. Gastgeb asked members to think about what this would cost and how it would affect the budget.

Councilwoman Caldwell agreed with the concept, but was concerned that Council hadn't heard from the Office of Property Assessments, to which this bill would place an extra burden on, including staffing requirements.

Mr. Flynn said the Homestead program has grown since 2002, when it was first implemented. He said there's about 300,000 properties that have applied for the exemption. In 2004, the reassessment was an issue and the homestead applications were manually kept but the organization was poor. To help, over the last 2 years, the County purchased software that allows the OPA to scan every application and attach it to the property record, and record-keeping has improved. This would apply for evaluation changes as well, they cross-check that against all of the properties that receive the exemption, and if there's a change in a deed, the homestead comes off of the property and they send the new owner or title holder a new application. Approximately

30,000 properties go through this process. They're also matching property records (lot and block) with the owner's name, and if it's not a match they flag it and do more investigative work. There was talk about removing the Homestead exemption and asking everyone to reapply, but the problem is there's a statewide applicability law which permits an owner to apply only one time and we don't want to violate that law. Most importantly, he said he doesn't want to negatively impact senior citizens that might miss the re-application. Mr. Flynn said accountability is needed, but he doesn't want to cause harm to the people that the Act intended to help. He suggested that the Controller could perform an audit.

Councilwoman Caldwell asked whether it would burden the OPA staff.

Mr. Flynn responded that although it would be a large undertaking, they do have the staff to do verification. He said they haven't projected costs yet.

Councilwoman Caldwell asked whether or not the staff could enforce the Ordinance without additional cost.

Mr. Flynn said it was hard to say at this point, but they can compare electronic files and run lists for owners that own multiple properties to evaluate homestead exemptions. He said they could manage a lot without requesting more money from Council and it's important to take small steps. A greater expense would come from more specific audit requirements such as going out in the field and knocking on doors.

Councilwoman Caldwell asked Mr. Flynn what happens when a woman marries or divorces and has a name change, how that affects the state law that requires individuals to apply only once.

Mr. Flynn said it was a legal question, but if the deed changes, the homestead needs to match the deed.

President Fitzgerald asked whether a person would need to reapply if someone went through refinancing.

Mr. Flynn responded in the negative. He said a reapplication would only be required for a change in name or an additional name on the deed.

Council President Fitzgerald said that there may be a way to avoid having individuals reapply. He suggested having a check box on tax bills where a person would mark yes or no on the Homestead exemption, and add language that says if this is not your primary residence you are not eligible and could be penalized. Fitzgerald stated that Act 72 was part of the reason for the increase in Act 50 applications. He asked how many commercial properties, out of 550,000 have exemptions. Mr. Flynn estimated 250,000 properties fall into this category.

Councilwoman Frazier asked whether the County sends these forms to real estate agents and/or closing officers. Mr. Flynn said no, not to his knowledge.

Councilwoman Frazier asked whether or not it would be possible to notify real estate officers.

Mr. Flynn said they've discussed this and how the OPA can validate the sale, but they haven't figured out how to do it because there are so many different attorneys' that represent individuals. He added that at closings, there's no way to manage it.

Councilwoman Cleary said they do have an obligation to make sure people are applying for the exemption in a fair way. She said people know where they live and if they know that the County will be looking into this, the County may be able to recoup some monies.

Councilwoman Caldwell asked whether there was a designated form for an individual that would like to resign from the homestead exemption program. Mr. Suley said yes, it's a standard letter.

Chairman Robinson said they need to be careful of the way such a letter is presented, because a person could complete the withdrawal letter and that would be the end of it. He said they could give them a grace period, but the County should determine whether or not the person is off the hook.

Councilman Gastgeb said he used to tell people that the exemption would transfer but now it doesn't automatically transfer. The challenge remains of how masses of people will know about this program in general.

Councilman Burn affirmatively recommended, with Councilwoman Cleary providing a second. Councilman Gastgeb asked for a point of information, asking whether they should try to be comprehensive with this bill before it is voted upon.

Chairman Robinson said Mr. Flynn's information matches what the bill intends. Bill No. 2762-06 adds on to a bill that was passed last year, specifying that people only apply once.

Councilwoman Cleary said she never thought the exemption carried with someone. Mr. Flynn said that the exemption applies to a specific property and it doesn't follow a person. If someone moves, the person would have to apply for an exemption for that home.

Councilman Gastgeb said they may want to strike the sentence that says "such reexamination may, at the discretion of the Chief Assessment Officer, include..."

President Fitzgerald said they chose the Chief Assessment Officer primarily because they needed to pick someone to make these calls. Councilman Gastgeb said he wasn't sure that the authority should be given to the Chief Assessment Officer. Chairman Robinson said that the Chief Assessment Officer doesn't have much of a choice in the matter.

Councilwoman Cleary asked what powers are given to the Chief Assessment Officer. Mr. Flynn said there's no law that says the Chief Assessment Officer will be the primary person, it's up to Council to decide. Mr. Flynn said the Council could designate the Chief Assessment Officer, the County in general, or the OPA to do such every 5 years. Chairman Robinson asked to move the bill forward and cooperate with Administration to identify the key person.

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

Resolution

2760-06 A Resolution of the County of Allegheny amending the Grants and Special Accounts Budget for 2006 (Submission #09-06).

Sponsors: Chief Executive

Summary: Ms. Liptak said the Human Services grant totals \$24 million and Pat Valentine was available to answer any questions.

Councilwoman Cleary asked about pre-trial services and what constitutes the in-kind monies. Mr. Tyskiewicz said it's an in-kind contribution of \$59,000 and a match of \$59,000.

Councilwoman Cleary asked about the Human Services grant and what the additional money would provide. Ms. Valentine said the money will go toward a new set of services under Health Choices. Councilwoman Cleary asked how much money would go towards administrative costs. Ms. Valentine said administrative costs are set at ten and a half percent.

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

V. Adjournment

Summary: Meeting adjourned at 5:20 p.m.