

Allegheny County Council

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Meeting Minutes

Wednesday, May 2, 2018

4:00 PM

Conference Room 1

Committee on Budget and Finance

*Paul Klein, Chair; Sam DeMarco, Nick Futules, Bob Macey, Chuck Martoni, Sue Means
and John Palmiere, Members.*

I. Call to Order

The meeting was called to order at 4:03.

Invited Guests:

William D. McKain, CPA, Allegheny County Manager or Designee

Mary C. Soroka, Allegheny County Budget Director or Designee

Robert Hurley, Director, Allegheny County Department of Economic Development or Designee

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

Ms. Soroka and Ms. Berbekec were present from the Department of Budget & Finance.

Mr. Hurley was present from the Department of Economic Development.

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

II. Roll Call

Members Present: 4 - Sam DeMarco ,Sue Means,John Palmiere andPaul Klein

Members Absent: 1 - Chuck Martoni

Members Phone: 2 - Nick Futules andBob Macey

Members 4 - Cindy Kirk,Anita Prizio,Patrick Catena andDeWitt Walton

Non-Members:

III. Approval of Minutes

[10616-18](#)

Motion to approve the minutes of the Committee on Budget and Finance meeting held on March 14, 2018.

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

IV. Agenda Items

Ordinances

[10607-18](#)

An Ordinance of the County of Allegheny, Pennsylvania, authorizing the incurrence of nonelectoral debt by the issuance of one or more series or subseries of General Obligation Bonds, Series C-77, or by such other name(s) as designated by the County, in an aggregate principal amount not to exceed \$114,425,000 (the "C-77 Bonds" or the "Bonds").

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and Mr. McKain summarized its provisions, describing the capital bond issuance practice of issuing bonds for two years at a time and recent history and noting that costs of bond issuance is likely to increase for at least the near-term future. Mr. McKain noted that he expects the County's improved bond ratings to make the issuance an attractive investment, and indicated that he anticipates the actual amount of the bonds issued to be around \$90 million, rather

than the maximum allowed under the ordinance. Mr. McKain noted that about \$70 million in existing debt, so the new issuance would exceed that by about \$20 million, but that he regards that as a manageable increase going forward. Mr. McKain indicated that the Courthouse renovations are ongoing and will entail more than merely the roof restoration project, and highlighted road maintenance needs that had been brought about by the recent spate of landslides.

Mr. Goodwin discussed federal tax law has changed in a fashion that eliminated the County's ability to issue tax exempt refinancing bonds before the first call date on a given prior bond issuance, and while taxable bonds could be issued, the finances of those transactions render refinancing an infeasible option at this point.

Mr. DeMarco asked to see the debt retirement chart from the budget proceedings again, with any appropriate updates, as well as a report of who bought the bonds in the last issuance.

In response to questions from Mr. DeMarco, Mr. Goodwin discussed the firms retained as bond counsel, and Mr. McKain noted that there had been a competitive bidding process administered through the Professional Services Review Committee.

In response to questions from Ms. Soroka, Mr. McKain noted that the ordinance is essentially identical to the ordinance that was introduced for the same purpose two years previously, and gave a very brief overview of the procedural requirements that apply to bond issuances of this nature.

In response to a question from Ms. Means, Mr. Goodwin discussed the 2016 bond issuance, noting that Moody's had just upgraded the County's bond outlook to positive, larger insurance companies that had not bought County debt in decades and which have fairly conservative financial strategies did purchase some of the debt. Mr. Goodwin summarized the current ratings by S&P and Moody's, and noted that Moody's would be reviewing the County's rating in the next week or so.

In response to a question from Ms. Means, Mr. McKain discussed the general fund balance.

In response to a question from Mr. Palmiere, Mr. Goodwin discussed the strategic balance between rapid repayment and preserving some room for future bond issuances when planning debt service.

In response to a question from Mr. Catena, Mr. Goodwin expressed his belief that the County is well-positioned to improve its bond rating, and Mr. McKain noted that there is cause for cautious optimism.

In response to a question from Mr. Catena, Mr. McKain indicated that he believes that this issuance is adequate to address the County's capital needs at this time.

In response to a question from the Chair, Mr. Stoudt noted that public comment regarding the issuance would be appropriate at the regular meeting at which the issuance receives its final vote, and that the County does have a statutory obligation to advertise that vote at least three days prior to the meeting.

In response to a question from Ms. Means, Mr. McKain expressed his belief that the road and bridge line item would go up from just over \$14 million to probably something in the area of \$16 million.

In response to a question from Mr. DeMarco, Mr. Goodwin and Mr. DeMartini discussed the impact of improved bond ratings generally, and noted that specific numbers could be calculated once the final ratings are available.

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

Resolutions

[10580-18](#) A Resolution of the County of Allegheny amending the Grants and Special Accounts Budget for 2018 (Submission #02-18).

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and Ms. Soroka summarized its provisions, noting that the first grant under consideration will allow for tracking Employment, Advancement, and Retention Network discretionary funding for the programs administered by Partners 4 Work and involves no County match.

In response to a question from Ms. Kirk, Ms. Soroka gave a brief overview of the transition from the Three Rivers Workforce Investment Board to Partners 4 Work.

In response to a question from Mr. Walton, Mr. McKain noted that EARN is separate from the Learn & Earn program, which is also budgeted separately and currently accepting applications.

At the request of the Chair, Mr. Hurley discussed the Year 44 CDBG appropriation, noting that the Council approves the administrative funding for the program in the fall with the regular budget, with approval of individual projects the following spring. Mr. Hurley noted that CDBG adoption is subject to fairly stringent federal timing and other procedural requirements, and that the funding level has dropped from a recent high of about \$20 million to the current \$12.4 million or so, but indicated that Congress was contemplating adding funding which would result in an additional \$1 million or so for the County. Mr. Hurley gave a brief statistical overview of the number of applications received and funding granted, and noted that some of the funding has not yet been awarded in order to allow for a bit of flexibility should unforeseen needs arise during the course of the year.

In response to a question from Ms. Means, Mr. Hurley and Mr. Exler discussed why the amendment involved an appropriation increase of just over \$14.1 million, in order to allow for some additional funding made available by Congress during the course of the program year.

In response to a question from the Chair, Mr. Hurley discussed the federal criteria for grant approval, noting that 70% of the revenue that the County receives must go to communities below a certain income threshold, and places ceilings on how much can go to staffing, demolition, and other types of expenses. Mr. Hurley also noted that projects in municipalities which have their own CDBG programs (e.g. the Plttsburgh, Penn Hills and McKeesport) are not eligible for County CDBG funding.

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

[10608-18](#) A Resolution of the County of Allegheny amending the Grants and Special Accounts Budget for 2018 (Submission #03-18).

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and Ms. Soroka summarized its provisions, noting that the first item is a new special account for the Department of Human Services to establish tracking program income for the Area Agency on Aging.

In response to a question from Ms. Means, Ms. Soroka noted that some programs administered by AAA do charge fees for services based on income-based fee schedules, and that this bill would essentially appropriate those received fees for the County's use for other permissible purposes.

Mr. McKain noted that the second item would allow for the receipt of \$30,000 in new funding from AOPC for magisterial district judge security improvements., and that the third item would allow for the receipt of \$98,000 in additional funding for videoconference equipment for use by the Courty of Common Pleas and magisterial district courts.

In response to a question from Ms. Means, Mr. McKain offered to obtain information regarding existing district court security, noted that the facilities used by the district courts are not necessarily uniform and are leased at various types of locations, and indicated that the \$30,000 in new funding would likely not be enough to address all security needs, but that there is hope that additional funding would become available in the future.

In response to a question from the Chair, Mr. McKain expressed his belief that prisoner transportation between the district courts and other facilities is both labor intensive and logistically difficult, and that videoconferencing greatly alleviates the difficulties.

In response to a question from Ms. Means, Mr. McKain indicated that there is a hope that additional funding could become available to expand the program in the future.

In response to a question from the Chair, Mr. McKain noted that he is not aware of other counties that are doing the same thing, outside of possibly Philadelphia.

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

V. Adjournment

The meeting was adjourned at 5:05.