

MEMO

 DRAFT

TO: CITY COUNCIL AND CONTROLLER

FROM: MAYOR JAMES R. BREWSTER

DATE: DECEMBER 2, 2008

RE: FY-2009 CITY BUDGET

Under separate cover you received a copy of the preliminary budget for calendar year 2009. It is the responsibility of the Administration to present to City Council a balanced budget and for the Mayor to request passage of same on or before 12/31/09 of the year.

REVENUE AND EXPENDITURES:

The 2009 budget of \$20,278,291.10 reflects the best estimate of revenues and expenditures, isolating as many variables as possible that can be quantified within the budgeting process. This is half a million dollars less than the amount presented for 2008.

FY 2009 will be the second year of my second term. A cornerstone of my Administration's budget in 2009 will continue with **no increase in property taxes**. This is a mantra that must continue for our taxpayers during this recessive economy. Although the real estate market in McKeesport remains very active, tax appeals adjudicated as part & parcel of the return to the 2002 assessments by Chief Executive Dan Onorato, have mitigated the implementation of better collection procedures in 2008 where the City achieved a 93+% payment of the 2008 real estate values with revenues approaching \$2,248,700. This total, however, still represents only approximately 10% of the City's entire projected revenue for 2009. Tax billings will be mailed by

February 15th and due again by April 15th @ discount; June 15th @ face; and with penalty thereafter. Note, delinquent taxes will also have a legal processing fee attached so that it will behoove residents to make payment before year end. Due to the recession, the City will also NOT raise any user fees despite any adjustments to address additional costs places upon the City by its vendors. The increases for rock salt, fuel etc. have been well chronicled by the media throughout the year. There is no need to reiterate those costs here. The City has however, transferred the debt service for two bond payments due PennVest for sewer lines upgrades on Walnut Street from 15th Street Bridge to 38th Street, and the hurricane damages from Ivan to the MACM. Therefore, the City payment will now be borne as part of sewage payments made to the MACM. Additionally, the consumer billings for same will now be sent to users directly by the MACM.

The Municipal Service Fee (MSF) will remain the same, thanks to the competitive bidding procedure initiated by the Twin Rivers COG, supported by City Council, and negotiated by Nick Shermenti from our Administration. The successful response to returning the billing procedure for MSF to quarterly payments in 2008 will be continued in 2009 with invoices sent to the property owners 30 days prior to each quarter of service.

The new budget reflects the salary increases for three of the five union collective bargaining agreements which expire December 31, 2009, as well as their corresponding fringe benefits. This year's increase of insurance premiums, especially in Workman's Compensation, which increased \$12,000/month and the minimum municipal obligation (pension) \$400,000 per year, have challenged the ability to balance a budget. More onerous than these two costs, however, is the spiraling cost of medical benefits. Without a reconfiguration of plan coverage and the implementation of best practices, it will be impossible to sustain a number of employees currently reflected in the budget. This pandemic cost is not unique to the City, but in all likelihood will need to be addressed internally

before any federal or state insurance assistance becomes available. The cost of medical coverage/benefits in the 2009 represents nearly 10% of the entire city budget ! Finally, blue collar and clerical/community development contracts, while in negotiations, are still not settled. These collective bargaining agreements expire December 31, 2008, and remain a priority agenda item for the remainder of the year.

REVIEW & UPDATES F Y 2008/2009

The following highlights reflect some of the accomplishments For the previous fiscal year(s) commitments:

1) **Recreation -**

a. Renziehausen Park (ARAD): Funding for 2008 continued with upgrades for the Walking Trail, Helen Ritchey Field, and an initiated program to inventory, maintain, and add to the existing arbor amenities plans to support additional work on Helen Ritchey Field, as part and parcel of the 100th anniversary of Ms. Ritchey's birth, trail maintenance and phase two of a five year capital plan for trees will continue next year, although the City was reduced by \$24,000 for FY 09 capital projects.

b. Rails to Trails: The City of McKeesport was the trail head for the Pittsburgh 250 bike event on October 4, 2008. It marked the opening of the Riverton Bridge across the Monongahela River from McKeesport to Duquesne as the final link from Mt. Vernon, VA to Point State Park. In 2009, the section from Kane Hospital at 9th Street to the Industrial Center of McKeesport, the former USX National Works site, will be redesigned by the Redevelopment Authority of McKeesport with \$525,000 in grant funds. This implementation will include a dedicated bikeway, benches, natural greenspace, a parking upgrade, etc. Incorporated into this plan will be the new lighthouse dedicated Memorial Day 2008 to former Mayor Joseph Bendel who envisioned this commitment for future generations of McKeesporter's and visitors alike.

2) **Public Safety -**

a. **EMS Service:** The City of McKeesport has been blessed with a partnership created with McKeesport Area Rescue Service (MARS). These professionally trained men and women provide our citizens with first class service and exceptional response time. Additionally, under the leadership of Ed Coulter, the City Emergency Management Coordinator, the City sponsors training and testing as mandated by the Federal Emergency Management (FEMA) Assistance program. Finally, as needed, MARS also collaborates with our fire and police department, as well as, River Rescue at the McKeesport Point Marina.

b. **Fire:** The City purchased new state of the art turn-out gear for all full time fireman in 2006. In 2007, all part time firefighters also received new turn-out gear. Under the leadership of Chief Lust, new equipment, jaws of life apparatus was added to the inventory of pro-active services provided by these dedicated servant(s). The Department also continues to work collaboratively in mutual aid with the contiguous communities to McKeesport.

c. **Police:** Under the direction of Chief Joe Pero the City of McKeesport reaffirmed it's two year demonstration project known as "community policing" in Dravosburg for 2008. This cooperative effort has been successful for both communities. The City expects to continue the agreement throughout the years (FY 2009 - 2010), as well as expand the concept to other adjoining communities.

Collaborative law enforcement endeavors were also implemented in the McKeesport Area School District. A joint venture that placed three officers in McKeesport High School in 2008 is budgeted to continue in 2009 in a program entitled "School Resource Officer" by both the School District and the City.

The Weed and Seed Program, under the direction of Coordinator, Sherry Ward , in tandem with the Mayor's office, completed another successful year. Although Ms. Ward retired, the program was refunded and will be under the leadership of Police Lt. Art Pero. The primary agenda will be social services agency coordination and outreach to address youth violence issues.

3) **Public Improvements -**

a. Street Reconstruction: Under the direction of Public Works Director, Nick Shermenti, the City supported new development by reconstructing several streets including Willow, Locust, Penny, 10th and Whigham. Additionally, Regina Street was re-paved. Due to the fiscal constraints, all street replacement was underwritten with grant dollars.

b. Hometown Streets: With the help of RACM Director Bob Callen, the Fifth Avenue overpass was raised. It has cleared the way for the implementation of two-way traffic in 2009, coupled with sidewalks, lighting, street furniture, trees, etc. PennDot has reviewed and approved the design for bidding in the Spring. City Electrician, Thomas Rosso completed the PennDot requirements for the traffic light, traffic pattern requirements at Walnut/Fifth to finalize the plan submission(s); and CDDirector Bethany Bauer has combined plans for a new social security office, as well as, an expansion of City Hall with Council Chambers on site into this exciting new vista for 2010.

4) **Demolition -**

The City continues to eliminate blight from its portals and to its neighborhoods. Although all the bond funds have been utilized, my Administration has been successful in acquiring grant monies from Senator Sean Logan (\$50,000), Community Development funds through the help of Bethany Bauer, a stipend from the movie maker of "The Road", due to work of

IN CONCLUSION

It is a time for change and as the economic travail of 2008 appears in the rear view mirror, our City can and will continue to provide leadership and confidence in not only McKeesport but the Mon Valley. McKeesport will soon host a new courthouse for Allegheny County. It will spawn economic activity; new construction, new private business, and an on-going destination point for public safety for 33 Mon Valley communities. New school construction by the McKeesport Area School District to serve the five communities in the district is on the drawing board, there is serious consideration by Trib Total Media to expand their role in the region and McKeesport; and a commitment by UPMC to sustain their presence assures the hub of the valley will still be at the confluence of the Monongahela and Youghiogeny Rivers

It will be our role as elected officials to navigate the externalities of the economy to manage employee costs and their attendant benefits in order to be able to make this future a reality.