

## MAYOR AND MEMBERS OF COUNCIL

**“In any moment of decision, the best thing you can do is the right thing; the next best thing is the wrong thing; and the worst thing - you can do nothing !”**

**Theodore Roosevelt, American President (1858 - 1919)**

It is with this premise in mind that the Administration submits the 2009 city budget. It is a fiscal forecast which addresses the issues articulated in a memorandum forwarded to Council November 15, 2008 for review . A month ago that correspondence stated it was the best of times and it was the worst of times. McKeesport has reached that crossroads, where only the road less traveled offers a future - maybe the future - that the current generation, as well as the next generation of McKeesporters deserve. The cost for achieving that goal will not be free. Sustaining choices is the cornerstone of freedom and freedom never has been nor will it ever be free. The price to display and salute the flag that adorns the corner of this room has always been dear. It is the obligation of a representative form of governance to accept that responsibility with all the candor and skill at their disposal.

I am asking this Council to adopt a balanced budget of \$20,278,291.10. It represents the elimination of ten (10) positions which appeared in the 2008 budget. This reduction in staff will include not replacing any unfilled requisitions that currently appear in the existing budget. There are two additional phases of which this council needs to cognizant. First, these costs represent a projection that “includes” a reconfiguration of the medical benefits provided to each employee in the administration, as well as five bargaining units (police, fire, blue collar, clerical/community development and crossing guards). The initial component mandates the participation in a wellness plan or every employee will be assessed twelve dollars (\$12.00) per pay. The second component implements a co-pay/deductible plan with initial thresholds of \$1,000/\$2,000. Note: however both of these segue will be fully reimbursable in 2009 so that the net dollar cost for each employee is zero ! It is “only” their time that will be required to accrue the necessary savings. It would be remiss however, to suggest these changes are part and parcel of the collective bargaining agreements already in place.

There is a second phase which reflects an immediacy for 2008 but whose ramifications extend to 2009 and beyond. The current practice of underwriting by-backs includes a payment at the first pay in December. It creates an administrative snafu for any/all absences which occur prior to the start of the next fiscal year. For this year, the City needs to move these payments to their rightful pay period - the first Friday in January after the receipt of the tax anticipation note. But that solution is only a tourniquet. Unless it is permanent, any advantage to mitigate carry over expenses from FY 08 into FY 09 are superfluous. Due to cash flow, these benefits will not be paid on December 5, 2008. Due to the lack of consensus from the recipients, it is the opinion of the administration these payroll obligations should be paid before Christmas - just as in other years.

Thus predicated upon the inability of the finance director to adjudicate these compromises, I regret to inform you that I must recommend at a minimum further adjustments not currently before you. There will need to be [REDACTED] more layoffs, several of which will become permanent and additional reductions equal to six full time equivalents that will (hopefully) be restored as economic conditions warrant.

These staff changes in any business public private or non-profit are always very painful. These reductions in staff will create significant challenges to the department head(s) as they manage the delivery of service to our citizens. In deference to the employees affected, I would like to ask therefore that this council table the budget on the agenda until the personnel committee can review the names and job positions affected and I can reconfigure the numbers you have set before you in the resolution entitled Bill #92.

Respectfully,

Dennis K. E. Pittman  
City Administrator