

CITY CLERK'S OFFICE

MEMORANDUM

NOV 13 2012

TO: CITY COUNCIL  
FROM: MAYOR MICHAEL E. CHEREPKO  
SUBJECT: BUDGET MESSAGE  
DATE: 11/13/2012  
CC: PATTY WILLIAMS, RAY MALINCHAK



Please find attached the preliminary draft budget for the FY2013. The Home Rule Charter requires the Mayor to present a balanced budget to City Council for approval prior to November 15 and same must be adopted prior to December 31, 2012.

**REVENUE AND EXPENDITURES:**

The 2013 budget of \$17,907,122.85 reflects the best estimate of revenues and expenditures, isolating as many variables as possible that can be quantified within the budgeting process. This is almost exactly the same as the amount presented for 2012, in spite of the dramatic cost increases I have highlighted herein. FY 2013 will be the second year of my administration and the first budget I have presented. A cornerstone of my Administration's budget in 2013 will continue with **no increase in property taxes.** I feel this is vital to help our many residents on fixed incomes during these trying economic times. Although we expect our real estate tax revenue to remain somewhat static, the large number of pending appeals that are currently filed with Allegheny County make this total difficult to anticipate. Tax billings will be mailed by February 15<sup>th</sup> and due again by April 15<sup>th</sup> @ discount; June 15<sup>th</sup> @ face; and with penalty thereafter. My administration will rededicate employees whose job functions have been reduced due to the implementation of the Tax Claim Bureau to our collection efforts on real estate taxes

and other fees and assessments collected "in house". A review of our efforts in 2012 reflect a dramatic increase in these efforts and we hope to continue that trend in 2013. These efforts are required in order to hold the line on taxes as our costs for health insurance, our minimum municipal obligations required to be paid to our pension funds, and other costs such as fuel and utilities continue to increase.

The Municipal Service Fee (MSF) will remain the same as the City continues to enjoy dramatic savings in our garbage collection fees over the trends established years ago. In addition, our recycling will be taken over by our current garbage hauler and the City has entered into a tentative agreement to establish a recycling collection hub within the City with Greenstar Recycling. This will allow our surrounding communities to haul their recycling here for collection and result in a payment to the City for every ton collected. The current employees assigned to recycling will be absorbed into the undermanned public works department with no additional cost to the City, and the new stream of revenue created by the recycling hub will help to offset our ever increasing costs noted above. Lastly, we will embark on a renewed commitment to increase recycling in our city, not only to help preserve the environment for generations to come, but also to decrease the tonnage collected and hauled to the landfill to help further reduce the cost of garbage collection.

The new budget reflects the salary increases for all of the five union collective bargaining agreements, as well as their corresponding fringe benefits. This year's increases of insurance premiums together with an increase in our minimum pension obligations of more than \$600,000 have challenged our ability to balance a budget without significant tax increases, let alone no increases at all. 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 problem is not unique to the City, but in all likelihood will need to be addressed by us before any federal or state insurance assistance becomes available. The cost of medical coverage/benefits in 2013 represents nearly 15% of the entire city budget. While there is no way to contain these costs at the present time due to collective bargaining obligations, this must be addressed in the next contracts for all bargaining units to preserve financial stability in the future.

### **REVIEW & UPDATES F Y 2012/2013**

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

1) **RECREATION**

a. **Renziehausen Park (ARAD):** Funding for 2012 and 2013 continued with upgrades for the Walking Trail, upgrades to the restrooms and concession stand, lighting at the new Sulfur Springs ball fields, continuation of the program to inventory, maintain, and add to the existing trees, additional walking trail maintenance, upgrades to the lighting at various fields within the park, and continued maintenance of the pavilions throughout the park. City Administrator Matt Gergely and Recreation Director Jim Brown also secured an additional \$40,000.00 from the RAD Board for capitol projects within the park, thus increasing the capitol budget awarded to the City from \$59,000 to \$100,000. The City also continued with a revitalized and reorganized International Village celebration and marked the return of the McKeesport Rib Cook-Off. One of the

first actions I undertook upon taking office was to revitalize the City's Recreation Board with active and invested members of the community who have exceeded all expectations. They worked in conjunction with the Lions Club to bring us the best summer concert series the City has seen in years. The City's customary events such as the Easter Egg Hunt, Fishing Derby, Carnival, and Halloween Parade have been second to none. I am excited to see the progress the board makes in the coming years to make these events bigger and better each and every year. The exhaustive efforts of the Recreation board exemplify what the phrase "Working Together for a Better McKeesport" truly means.

b. **Rails to Trails:** Funding in excess of \$100,000.00 was received to realign and upgrade the bike trail from the Riverton Bridge through RIDC Park and down to the McKee's Point Marina. These upgrades were desperately needed to realign the trail so that it no longer runs down Lysle Boulevard with its high rate of motor vehicle traffic. The trail has been and will continue to be one of the most vital catalysts in making McKeesport once again, one of the region's prime destinations.

c. **McKees Point Marina:** Our marina has been at full capacity for more than five years and currently maintains a waiting list of potential boaters. In conjunction with the development of the trail and the Palisades Complex, the Marina has become one of the biggest jewels along the Youghiogheny River and will be vital in our continuing efforts to revitalize our City. In the coming year, I am working diligently to reorganize and revamp the structure of the Marina and Palisades Boards to provide a more suitable environment for continued growth and development.

d. **Palisades at McKees Point:** We received a grant in the amount of \$35,000 for a new marquee to aid in marketing the Palisades and the events occurring there. In addition, we received \$184,000 in grant funds to upgrade the facilities within the Palisades itself. I look forward to upgrading these facilities even further to expand the number and variety of events it can house. Again, this facility, in conjunction with the trail and the marina, is once again making our great city a prime place to visit for all our surrounding communities.

#### **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 Bill Miller, 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 to provide basic training to City employees. We are pleased that the efforts of MARS have been recognized by our surrounding communities and their services have now been extended to the City of Duquesne. We look forward to serving the residents of Duquesne, and MARS will continue to be prepared to service other areas if called upon.

b. **Fire:** The City purchased new state of the art turn-out gear for all

firemen in 2012. Under the leadership of Chief Lust, new equipment 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 communities surrounding McKeesport. Our paid fire department and their high levels of constant training are a luxury that few communities in the Commonwealth continue to enjoy, and we should all feel much safer as a result.

c. Police: Under the direction of Chief Brian Washowich, the City of McKeesport continued its "community policing" in Dravosburg for 2012-2013. This cooperative effort has been successful for both communities. The City expects to continue the agreement in the future, as well as expand the concept to other adjoining communities as requested.

Collaborative law enforcement endeavors were also sustained in the McKeesport Area School District. A joint venture that placed three officers in McKeesport High School in 2008 is budgeted to continue in 2013 in a program entitled "School Resource Officer" by both the School District and the City.

In addition, we are currently negotiating with UPMC McKeesport to provide armed police officers at their campus 24 hours a day 365 days per year. This is another opportunity to provide our police services to the community while generating new revenue to support our continued efforts.

As I have stated previously, part of the foundation to creating a better McKeesport is solid law enforcement to protect our residents and

businesses. Through collaborative efforts with the office of District Attorney Stephen Zappalla, the City has been working tirelessly to create a greater police presence with our limited resources to aid in curbing the addiction to crime and violence one block and one house at a time. Through the DANET program, the City has made in excess of 300 arrests since the beginning of the year.

As promised in my campaign, I have formed the Mayors Select Committee on Crime and Violence. It is comprised of not only members of my administration and public safety professionals, but also the leaders of the Ministerium, Neighborhood Task Forces, the NAACP, as well as several other vital community leaders. The committee is designed to focus all of the resources in our City at curbing the problem of crime and violence at its source, the youth of our City. We are striving to provide our youth with as many positive life experiences as possible. This will have a positive impact on the choices they make throughout their lives and aid them in becoming positive and productive citizens.

### 3) **PUBLIC IMPROVEMENTS**

a. **Street Reconstruction:** Due to the efforts of my administration, the City worked with the Commonwealth to reconstruct Lysle Boulevard and Walnut Street without the use of any of the City's limited funds. These infrastructure improvements combined with the long awaited completion of the fly-over ramp serving RIDC Park should aid in the development of

the Lysle Boulevard and Walnut Street corridors and the mill site itself.

#### 4) **DEMOLITION**

As the number of abandoned structures continues to grow within our City, the problem of blight and the negative effect it has on our ability to revitalize McKeesport grows each and every day. The City continues to eliminate blight in a concerted effort to revitalize our neighborhoods. Homes and structures are demolished in conjunction with other projects and infrastructure improvements so that when completed that particular area is ready for the future.

Most of the homes slated for demolition this year utilize CITF grant funds to revitalize the City's **Cultural and Educational Sector** which surrounds the new 35 million dollar state of the art educational facility currently under construction by the M.A.S.D. The CITF grant funds were initially denied for demolition purposes, but due to our stringent efforts we were able to secure these funds because it was not simply utilized to demolish structures in an ad hoc fashion, but was presented as concerted site preparation and revitalization for this area. The Cultural and Educational Sector not only encompasses the new educational facility, but also houses the McKeesport Carnegie Library, The McKeesport Little Theatre, and many homes with unique architectural value.

Due to the importance of eliminating blight in order to achieve revitalization, I have begun the process of creating a demolition capability



within our own public works department. This will decrease the cost of blight elimination significantly and give us a more potent weapon to revitalize our neighborhoods.

**5) ECONOMIC DEVELOPMENT**

**a. New Business Development:**

The RIDC Park Industrial Center of McKeesport continues to be the template for building a new McKeesport! I have worked closely with Allegheny County Chief Executive Rich Fitzgerald and District Attorney Stephen Zapalla to renew efforts to bring the first community outreach courthouse to the mill site in McKeesport. This will attract professionals and people to the heart of our city and aid significantly in our efforts to revitalize the City. Negotiations have begun with businesses and developers to highlight the opportunities the courthouse will bring to this area.

In addition, we have witnessed the grand openings of Bottom Dollar, Dunkin Donuts, and a new Lampert's Deli Express. In conjunction with the recent openings of Chick's Grill, a new Rite Aid, and Christy Park Cones, we can see that a new McKeesport is upon us. In the coming year, we should witness a revitalized and revamped Eat-n-Park, a new Speedway Gas Station and the continued construction of a new shopping plaza along Walnut Street, which we continue to work diligently to push through the endless bureaucratic red tape.

**b. Business Synergy:**

The reconstruction of Lysie Boulevard and Walnut Street, together with the completion of the fly-over ramp at RIDC Industrial Park and the beautification of our streets via the Elm Street and Hometown Street projects, compliment the City's previous efforts to attract new businesses to the Walnut Street and the Lysle Boulevard corridors. The recruitment of the first community outreach courthouse to be located in RIDC Park will be the anchor required for future development opportunities in the industrial park and the City as a whole.

**6) HOUSING "Build It And They Will Come"**

McKeesport neighborhoods continue to be supported by new development and community reinvestment. My administration will be focusing our efforts on working with the McKeesport Housing Corporation in conjunction with the McKeesport Housing Authority to evaluate the City's abandoned and tax delinquent properties. We will work together to determine if there are homes that can be renovated and made available to residents of the City through the Housing Authority's home ownership program.

**CONCLUSION**

We are making progress. McKeesport faces the same problems as most similar communities throughout the Commonwealth and the Country, which are increasing costs and an ever decreasing revenues. My administration has focused the City's resources and efforts on attacking the actual problems we face. We have addressed the problems of blight and violence, which hamper our ability to attract new businesses and residents.

This plan is being implemented by continuing a concerted demolition program and reorganizing our efforts at code enforcement. I have established the Mayor's Select Committee on Crime and Violence to reach our youth and impact their decision making processes which will enable them to become productive citizens. These efforts to combat blight and violence will make it possible to attract the new businesses and residents we need to expand our tax base.

Businesses are taking advantage of the many programs and benefits we highlight that **only** our City can offer. McKeesport will soon host a new courthouse for Allegheny County. It will spawn economic activity; new construction, new private business, and make us 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 underway, and a commitment by UPMC to sustain their presence assures the hub of the Mon Valley will continue to be at the confluence of the Monongahela and Youghioghene Rivers.

It is our job as the elected leaders of this great City to find creative ways to keep providing the services to the residents that make us attractive in the face of the constant challenges the current economic situation creates. We must manage employee costs and their attendant benefits in order to be able to make this future a reality. We must work together to build a better McKeesport. I, Council, my administration, the employees, and the residents of McKeesport; that is the TOGETHER I speak of when I implore you with the phrase, "Working Together for a Better McKeesport"!

This EFFORT.... This SPIRIT of Cooperation....is what it is going to take to see our city flourish once again!!