

ALLEGHENY COUNTY COUNCIL

* * * * *

IN RE: BUDGET MEETING

BEFORE: WILLIAM RUSSELL ROBINSON,
Chairman
Dr. Charles Martoni,
President, District 8
John DeFazio, Council at
Large
Heather S. Heidelbaugh,
Council at Large
Matt Drozd, District 1
Jan Rea, District 2
Michael J. Finnerty,
District 4
Robert J. Macey, District 9
Barbara Daly Danko,
District 11
Amanda Green Hawkins,
District 13

Reporter: Candance L. Messich

Any reproduction of this transcript
is prohibited without authorization
by the certifying agency.

HEARING: Thursday, November 15,
2012
2:58 p.m.

LOCATION: Allegheny County Courthouse
Fourth Floor, Gold Room
436 Grant Street
Pittsburgh, PA 15219

WITNESSES: Sheriff William P. Mullen,
Dawn Botsford, Judge
Jeffrey Manning, Claire
Capristo, William McKain,
John Weinstein, Alex
Johnson, Joyce
Breckenridge, Steve Bland

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

A P P E A R A N C E S

ALSO PRESENT:

JARED BARKER, DIRECTOR OF LEGISLATIVE
SERVICES

WALTER SZYMANSKI, BUDGET DIRECTOR

I N D E X

1		
2		
3	DISCUSSION AMONG PARTIES	7 - 26
4	TESTIMONY	
5	By Melissa Jaworski	27 - 29
6	DISCUSSION AMONG PARTIES	29 - 69
7	TESTIMONY	
8	By Judge Jeffrey Manning	69 - 71
9	TESTIMONY	
10	By Claire Capristo	71 - 77
11	TESTIMONY	
12	By Judge Jeffrey Manning	77 - 83
13	DISCUSSION AMONG PARTIES	83 - 141
14	TESTIMONY	
15	By William McKain	141 - 162
16	DISCUSSION AMONG PARTIES	162 - 236
17	TESTIMONY	
18	By William McKain	236 - 243
19	DISCUSSION AMONG PARTIES	243 - 253
20	TESTIMONY	
21	By John Weinstein	253 - 263
22	DISCUSSION AMONG PARTIES	263 - 282
23	TESTIMONY	
24	By Alex Johnson	282 - 286
25		

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X (cont.)

TESTIMONY

By Joyce Breckenridge 286 - 291

TESTIMONY

By Alex Johnson 291 - 315

DISCUSSION AMONG PARTIES 315 - 354

TESTIMONY

By Steve Bland 354 - 386

DISCUSSION AMONG PARTIES 386 - 406

E X H I B I T S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

<u>Number</u>	<u>Description</u>	<u>Page</u> <u>Offered</u>
	NONE	OFFERED

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

CHAIR:

The hour of 4:00 having arrived on Thursday, November 15th, 2012, the required public hearing of County Council relative to the 2013 budget is called to order.

All members who are present have been identified. And the Chair doesn't think it's necessary to re-identify them. That's been properly documented. Anyone else that attends will be recognized and able to participate.

What we're going to do so as to use our time efficiently and not hold anybody that needs to go, we're going to continue with our Sheriff, who made a nice presentation on November 14th, 2012. Now, we're into the

1 questioning portion of his
2 testimony. We're going to
3 start two questions in the
4 first round with Ms. Danko.

5 MS. DANKO:

6 Thank you, Mr.
7 Chairman. I really don't have
8 any questions, but I do have
9 one comment. I noticed in the
10 Sheriff's budget that again he
11 has put his salary at \$64,000
12 in budget request. And I
13 recall that last year that two
14 other row officers took an
15 increase of around \$90,000.

16 I also looked at his
17 budget and saw that that means
18 there's 150 people in the
19 Sheriff's office that make
20 more money than Sheriff
21 Mullen. And I, for one, would
22 encourage him to take the
23 increase. I think it's
24 appropriate, given his
25 leadership in the Sheriff's

1 office, and I would recommend
2 that when we get into our
3 committee later. Thank you.

4 SHERIFF MULLEN:

5 Thank you.

6 CHAIR:

7 President Martoni, do
8 you have some questions?

9 MR. MATRONI:

10 No questions, just a
11 comment. I think our Sheriff
12 does an outstanding job.
13 Thank you.

14 SHERIFF MULLEN:

15 Thank you.

16 CHAIR:

17 Councilwoman Rea, two
18 questions?

19 MS. REA:

20 Okay. When you were
21 talking about your budget, you
22 said this was the first time
23 fringe benefits were dropped
24 and they're talking about
25 \$500,000. And I thought you

1 said, and I could be wrong,
2 that maybe you could make up
3 somehow in fees ---.

4 CHAIR:

5 Excuse me, Ms. Rea. I
6 don't believe your microphone
7 is on.

8 MS. REA:

9 I apologize. In the
10 budget, your fringe benefits
11 have dropped \$500,000. And I
12 thought you said, but I could
13 be mistaken, that you might be
14 able to recoup that in fees.
15 And if that would be the case,
16 I guess I would be asking you
17 what fees could you increase
18 to make up \$500,000?

19 SHERIFF MULLEN:

20 No, that wasn't ---.
21 My comment was ---.

22 MS. REA:

23 That wasn't your
24 comment. Okay.

25 SHERIFF MULLEN:

1 The budget department
2 felt that I can make it up in
3 fees. But like I said before,
4 our fees are pretty stagnant
5 because of the fact that
6 Sheriff's sales are down
7 almost approximately, you
8 know, 40, 45 percent. And
9 that's where most of our fees
10 would come from.

11 MS. REA:

12 But if the budget
13 remained the same, that could
14 be an area that you would
15 think you might be able
16 to ---?

17 SHERIFF CULLEN:

18 Well, it's very
19 subjective for us because of
20 the fact this is a contract
21 year for both civilian and
22 sworn personnel. And our
23 budget is \$2.76 million for
24 this year. And I can't
25 predict what that raise will

1 be. If they get a raise, it
2 will probably wind up in
3 arbitration. And it's
4 difficult, we reject it, you
5 know. If it's going to be
6 below \$2.76 million or above
7 \$2.76 million, you know ---.
8 It's usually somewhat in line
9 with the County police. And
10 their increase for this year
11 was three percent. So I would
12 imagine it could be somewhere
13 around there. We'll do the
14 best we can.

15 I understand money's
16 tight, and my goal is we'll do
17 the best we can with what we
18 have. The only thing that
19 really alarms me is the fact
20 that, you know, the fringe
21 benefits have been cut by
22 \$500,000. You know, the
23 thought that we would be able
24 to make this up in fees and
25 reimbursements and --- we

1 don't see it that way.

2 MS. REA:

3 So other than that,
4 you're fine with the budget
5 that was proposed?

6 SHERIFF MULLEN:

7 Like I said before ---.

8 MS. REA:

9 I mean, you've always
10 been able to work --- I always
11 felt as Sheriff you've been
12 able to work within the budget
13 that's been presented to you.

14 SHERIFF MULLEN:

15 We've been under every
16 budget up to this year. And
17 then, you know, --- I mean,
18 the first one, when we had
19 \$134,000 left over the first
20 year --- obviously we got cut
21 drastically the next year, but
22 we've been able to manage it
23 every year.

24 MS. REA:

25 And I do appreciate

1 that fact. But I always felt
2 that, whatever the budget we
3 had proposed, you were able to
4 work within it. But this year
5 you're very concerned about
6 that decrease in your fringe
7 benefits. Okay. Thank you.

8 CHAIR:

9 Thank you, Ms. Rea.
10 Two questions, Ms.
11 Heidelbaugh?

12 MS. HEIDELBAUGH:

13 Could you help me out
14 here with the math? Is the
15 number that you are requesting
16 \$14,423,710 or is that the
17 number proposed for your
18 department?

19 MS. DIVECCHIO:

20 It's the number
21 proposed.

22 MS. HEIDELBAUGH:

23 Okay. And what is the
24 number that you went with?

25 MS. DIVECCHIO:

1 As the Sheriff said,
2 because we don't know what our
3 raises are going to be, we're
4 not sure, other than the
5 fringe benefits that we know,
6 you know, need to be
7 increased. We were estimating
8 a four-and-a-half percent,
9 which would be about 14.7
10 approximately.

11 MS. HEIDELBAUGH:

12 So if you got, instead
13 of 14.4, 14.7, do you believe
14 you could operate?

15 MS. DIVECCHIO:

16 Without knowing what
17 the increases are going to be,
18 certainly they're going to get
19 some kind of raise and that
20 would affect all parts of the
21 budget, but approximately like
22 a four-and-a-half percent
23 would be an estimate.

24 MS. HEIDELBAUGH:

25 All right. And that

1 would not include a salary
2 increase for this year?

3 MS. DIVECCHIO:

4 No.

5 SHERIFF MULLEN:

6 No.

7 MS. HEIDELBAUGH:

8 Okay. So then that
9 would be an additional amount
10 on top of the 4.7?

11 MS. DIVECCHIO:

12 That's right.

13 MS. HEIDELBAUGH:

14 Next question. When
15 you look at Allegheny County
16 in total, not your department,
17 we see that we have police, we
18 have Sheriff and we have
19 emergency services at about
20 \$46 million. Have those three
21 departments, to your
22 knowledge, got together and
23 seen if there's any
24 duplication of services so
25 that we can, you know,

1 globally start to look at if
2 we could reduce the money by
3 working better together
4 interdepartmentally?

5 SHERIFF MULLEN:

6 Yeah. We've done that.
7 Superintendent Moffatt and I
8 go way back to the City.
9 There's really no duplication
10 of service. It would not be a
11 bad idea to maybe have an
12 outside agency look at --- you
13 know, obviously we're both
14 going to agree with that, but
15 I wouldn't be --- it wouldn't
16 bother me and I'm sure it
17 wouldn't bother Superintendent
18 Moffatt having an outside
19 agency objectively look at
20 that.

21 We look at that so we
22 don't --- you know, we don't
23 run into each other. And we
24 don't, you know --- they
25 handle almost all of the

1 investigations in the county.
2 We do not do that. We do
3 fugitive apprehensions, which
4 they do not do. The only
5 thing we overlap, and I don't
6 think it's overlapping, we
7 both have crime prevention
8 officers. But there's so much
9 more from crime prevention,
10 that --- you know, they work
11 together, too. But that's not
12 really a big deal. We only
13 have one person assigned to
14 that. We used to have two
15 when I started there, but we
16 reduced it to one. And
17 Superintendent Moffatt only
18 has one, too.

19 It's the only thing
20 that I see that, you know,
21 there's some duplicity. But
22 there's so much work to be
23 done. There's so much demand
24 for those people, for the
25 seniors for teaching about,

1 you know, the ID theft that's
2 going on and the fraud that's
3 perpetrated on seniors, and
4 for the young children for the
5 gun violence. We initiated a
6 gun violence project, which we
7 partnered with Lamar. We put
8 up billboards to help us
9 along.

10 So we now partner
11 actually with the NRA, which
12 were not, you know, a real big
13 supporter of mine, but we
14 partner with them for
15 education for children. And
16 we go out throughout the
17 County educating them about
18 gun violence and gun safety.

19 MS. HEIDELBAUGH:

20 Now, help me out. I
21 apologize. Who's in charge of
22 emergency services?

23 SHERIFF MULLEN:

24 That would be --- I
25 think it's under

1 Superintendent Moffatt. It's
2 not under me.

3 MS. HEIDELBAUGH:

4 Thank you, Chairman.

5 CHAIR:

6 Any other member have
7 any questions for our Sheriff?
8 Ms. Rea?

9 MS. REA:

10 Thank you, Mr.
11 Chairman.

12 SHERIFF MULLEN:

13 Alvin Henderson is in
14 charge of the 911 center. Is
15 that what you're referring to?

16 MS. HEIDELBAUGH:

17 Henderson.

18 SHERIFF MULLEN:

19 Yes, he's here.

20 MS. REA:

21 Sheriff Mullen, what
22 year did you state for a
23 salary that you cut for a
24 salary --- did you cap your
25 salary? You did that

1 yourself; correct? You
2 decided not to ---? I'm just
3 curious.

4 SHERIFF MULLEN:

5 Last year.

6 MS. REA:

7 Last year? Okay.

8 SHERIFF MULLEN:

9 I mean, the Sheriff's
10 office has not gotten a raise
11 since 1996. I turned down a
12 raise last year because, when
13 I was asked about it, I didn't
14 know if I could ---. If I
15 would have a raise --- if I
16 could give myself a raise and
17 stay in the budget, and I
18 didn't think I could do that.
19 You know, we're in a little
20 more serious problem last year
21 with the budget and we weren't
22 sure with the layoffs ---.
23 You know, I couldn't take a
24 raise.

25 MS. REA:

1 You didn't last year
2 and then this year's, but ---.
3 Okay. Thank you.

4 CHAIR:

5 Thank you, Ms. Rea.
6 Ms. Danko?

7 MS. DANKO:

8 No questions.

9 CHAIR:

10 Like Mr. DeFazio
11 yesterday probably has not ---
12 Former Secretary --- or Former
13 General Petraeus and current
14 General Allen with this issue
15 of salary increases --- and
16 she's indicated in committee
17 she's going to raise this
18 issue again. So we're going
19 to have her wrestle with it at
20 another time. And Ms. Rea, of
21 course, has followed up and
22 raises concern.

23 I appreciate the
24 Sheriff's candor as well as
25 his sensitivity. This won't

1 be the last time that we'll
2 hear about this issue.

3 Ms. Danko, did I
4 understand you saying you did
5 not have any questions for the
6 Sheriff?

7 MS. DANKO:

8 I have no more
9 questions, Mr. Chairman.

10 CHAIR:

11 Anybody else have any
12 questions for the Sheriff?
13 Mr. Drozd?

14 MR. DROZD:

15 You don't see any
16 projections depending on what
17 may happen in the future in
18 the next year, if you'll need
19 additional staff or anything
20 like that; is that correct?

21 SHERIFF MULLEN:

22 Additional people?

23 MR. DROZD:

24 Yeah.

25 SHERIFF MULLEN:

1 We can manage with what
2 we have now, the 157 deputies
3 and the 34 civilians.

4 MR. DROZD:

5 Would that drop in the
6 benefits area you're going to
7 be offering them?

8 SHERIFF MULLEN:

9 I don't know.

10 MR. DROZD:

11 That's not a no?

12 SHERIFF MULLEN:

13 I don't think so.

14 Speaking here today, I don't
15 think we're going to be able
16 to raise \$5.1 million on cross
17 charges and fees. I don't
18 think. We've done a lot of
19 different things, you know, to
20 gather some revenue. I mean,
21 we've done multiple things.
22 We've charged the NFL, which
23 we never did before, you know,
24 for the ballgames. And we
25 charge other people, which

1 we've never done before.

2 MR. DROZD:

3 Maybe we can get some
4 revenues from the additional
5 seats that the Steelers want
6 for your operation. Let me
7 just say one comment quickly
8 to all of the people in this
9 room. A sign of a good leader
10 is the leader that puts their
11 people first. And you have
12 shown that in the essence that
13 you've taken care of your
14 people. You take care of your
15 people first and you've shown
16 that.

17 Regardless of what you
18 did with your own salary or
19 whatever, that shows me
20 somewhere and it shows all of
21 us leadership by example. You
22 put your people first. That's
23 the way I see it. And I
24 commend you for that, that you
25 made sure they were taken care

1 of first before yourself. I
2 commend you for that, I really
3 do.

4 SHERIFF MULLEN:

5 Thank you.

6 MR. DROZD:

7 Thank you, sir.

8 CHAIR:

9 If there are no other
10 questions for the Sheriff, we
11 thank you and your staff for
12 their diligence and hard work.
13 And I echo the sentiments of
14 my colleagues about the
15 integrity and hard work of our
16 Sheriff. Thank you, both of
17 you.

18 SHERIFF MULLEN:

19 Thanks, all of you.

20 Thanks very much.

21 CHAIR:

22 Our treasurer is not
23 present. And when he arrives,
24 we will accommodate him. Next
25 we'll go into the Office of

1 the District Attorney. Is the
2 District Attorney present?
3 He's not. Is there someone
4 representing the District
5 Attorney who would like to
6 present on his behalf? The
7 party coming forward will
8 identify himself. If you have
9 anything to be passed out,
10 you'll give it to Mr. Barker
11 and/or Mr. Syzmanski. If not,
12 you can identify yourselves
13 and proceed.

14 MS. BOTSFORD:

15 I'm Dawn Botsford. I'm
16 the Director of Administration
17 for the District Attorney's
18 office. And we're here
19 today --- I'll let Melissa
20 introduce herself.

21 MS. JAWORKSI:

22 I'm Melissa Jaworski,
23 and I'm the finance manager.
24 I think everybody's fairly
25 familiar with what the

1 District Attorney's office
2 does. We prosecute criminals
3 in Allegheny County. That's
4 our job. That's our
5 responsibility. We have about
6 20,000 cases per year. We
7 have 112 lawyers and we have
8 25 detectives. And then we
9 have to have about 45 support
10 staff, which provide clerical
11 assistance, administrative
12 assistance to those employees.

13 To go to a question
14 that I heard a little bit
15 earlier, the 2013 proposed
16 budget that the Administration
17 submitted to Council is not
18 what we had requested. That
19 was what the Administration
20 had proposed for us. In
21 reality, our budget request
22 would be about \$15,600,000.
23 And the majority of that is in
24 the personnel costs.

25 I did prepare for the

1 Council today a summary of the
2 personnel costs. Pretty much
3 what I can say with regard to
4 the personnel costs, the
5 proposed budget would cover
6 our personnel costs for the
7 year 2012. It does not cover
8 the increases that are
9 necessary for 2013.

10 In addition to that,
11 the fringe benefit line into
12 that \$150,000, it's not
13 commensurate with what the
14 salary line is. So the
15 fringes were not \$500,000
16 short, but we are also short
17 in the fringe area, too. So I
18 did prepare this and I'll give
19 this to whoever wants to hand
20 it out.

21 CHAIR:

22 Give it to Mr. Barker.
23 While Mr. Barker and Mr.
24 Syzmanski are passing out the
25 material Ms. Jaworski provided

1 to us, let me reiterate that
2 the material that members had
3 in their budget book is not
4 necessarily the material that
5 any of our guests have. Our
6 guests do not have the budget
7 briefing book. It's not a
8 public document. It's not a
9 document available to them.
10 It's a working document for
11 members of the Council.

12 So members might want
13 to be aware that you need to,
14 in your questioning, be aware
15 that documents you may be
16 referencing might not be
17 documents in the possession of
18 our guests. All of our guests
19 have, to my knowledge,
20 submitted something to the
21 Administration and something
22 to this Council. They may
23 choose to make that
24 distinction.

25 Council members need to

1 be aware if they want to make
2 the distinction, then you need
3 to get clarification as to
4 what documents and/or figures
5 are being referenced and where
6 they might find those figures.
7 When the Administration makes
8 their presentation, you need
9 to be mindful of the same
10 thing.

11 The only legislation
12 that Council has to consider
13 is legislation submitted to us
14 by the Administration and to
15 date legislation generated by
16 the Chair with reference to a
17 budget for next year. Any
18 material that has been
19 submitted by parties that have
20 been solicited by either the
21 Council or the Administration
22 may or may not be in the
23 possession of both Council and
24 anyone who's presenting.

25 So I just suggest to

1 members that would be most
2 helpful, particularly as we
3 move through the debating
4 processes. We're not voting
5 on anything today. We're not
6 considering any legislation.
7 You still want to be as
8 precise as you can so that you
9 can be helpful where you feel
10 you need to be. I'll keep
11 emphasizing that as we move
12 through the budget process so
13 that we can be accurate and
14 verify our figures on the
15 Council's side.

16 The documents that have
17 been passed out to Council
18 members are working documents
19 for our use. That includes
20 any documents that have been
21 submitted to us by the
22 Administration. Any
23 legislation that would be
24 submitted by the
25 Administration and assigned to

1 a committee by our president,
2 Dr. Martoni, is public
3 information. Folks are free
4 to glean that at their
5 leisure. But anything we're
6 using a working document is
7 not available to the public
8 and should not be attributed
9 to anybody until Council
10 finishes doing whatever it
11 chooses to do.

12 Ms. Danko? I'm sorry,
13 Ms. Botsford, you ---.

14 MS. BOTSFORD:

15 Anticipating some
16 questions, I just want to
17 point out two things. This
18 year what the District
19 Attorney's office did was we
20 did raise the ARD fee. It was
21 previously \$25. We raised it
22 to \$200. That anticipated
23 revenue is about \$702,000.
24 That is reflected in your
25 budget book, I believe. But

1 unfortunately, the District
2 Attorney's office only got an
3 increase of \$641,000. So we
4 didn't even recoup that entire
5 amount from that raise in
6 fees.

7 So while it looks like
8 our budget, we got a 4.47
9 percent increase from our 2012
10 to 2013, the entire amount of
11 that increase is really the
12 result of the revenues that we
13 were able to produce. That's
14 all that we actually could do
15 with regard to recouping fees.

16 But the number that you
17 really had to look at for our
18 budget, though, is our project
19 expenditures for 2012 versus
20 2013, because our projected
21 expenditures are substantially
22 higher than the 2012 adopted
23 budget.

24 Now, going into 2012,
25 we knew that was going to be

1 an issue because we have the
2 903s, which is the bargaining
3 unit that represents our
4 lawyers and their contract,
5 expired at the end of 2010.
6 So in 2012, when that
7 arbitration award came
8 through, we are paying back in
9 2012 the increase for 2011 and
10 2012. So to take our baseline
11 for 2013, you have to look at
12 the number that I just gave
13 you because that's the salary
14 number that's the base for
15 2013, not the adjusted budget
16 for 2012.

17 CHAIR:

18 Everyone should be
19 aware that when Mr. Syzmanski
20 and I had the opportunity to
21 look at the figures that were
22 submitted to Council by the
23 Administrative, we had access
24 to the original request by the
25 departments, including the

1 independently-elected
2 officials. We took that into
3 consideration as we analyzed
4 what had been submitted to
5 determine what we thought we
6 would like to recommend to my
7 colleagues.

8 So we are well aware
9 that, while it does appear or
10 could appear that an increase
11 or a decrease has occurred, it
12 depends on what figures you
13 work with. We worked with all
14 the figures that were made
15 available to us, and where we
16 don't have the figures that we
17 had requested, we're still
18 looking to get those figures
19 before we officially recommend
20 anything to my colleagues.

21 So in some
22 instances --- Ms. Botsford did
23 a very good job of explaining
24 to us her perspective on what
25 was submitted and what we have

1 before us. Others may choose
2 not to do that and they may
3 choose to just work with
4 whatever figure was submitted
5 by the Administration.

6 The Council members
7 need to be aware that Mr.
8 Szymanski and I looked at what
9 was submitted originally by
10 the Department, what was
11 submitted by the independently
12 elected, what was submitted by
13 the outside agencies like the
14 Community College and the Port
15 Authority and what was
16 submitted by the
17 Administration, and then any
18 suggestions that we had
19 gleaned from my colleagues so
20 that we might put something
21 together that makes sense to
22 them to consider and explain
23 to them the figures that we
24 used.

25 That's what I was

1 saying, if there are members
2 of the Council who have some
3 bright ideas about what the
4 numbers should be, please
5 share them with us so that we
6 can work on them with you,
7 because maybe you're right.
8 And I think Ms. Heidelbaugh
9 has done a great job of
10 working on figures that she
11 believes are correct as well
12 as Ms. Danko and others.

13 And it's relevant to
14 ask them at some point what
15 figures did they start with,
16 or did they simply start with
17 zero. I don't know completely
18 at this time. I'm sure
19 they'll inform us better as we
20 move along.

21 Ms. Danko, two
22 questions.

23 MS. DANKO:

24 Director Botsford ---
25 Dawn and I have known each

1 other for 20-some years. My
2 question is since we've seen
3 this twice now, are there any
4 unknowns in the fringes that
5 we should be aware of or are
6 they just ---? I mean, do you
7 know what the fringes are
8 going to be? If you had the
9 same level of staffing, do you
10 feel that that's a solid
11 number or is there some
12 bargaining unit thing out
13 there that would leave it
14 murky?

15 MS. BOTSFORD:

16 There really shouldn't
17 be anything related to the
18 bargaining unit contracts that
19 would affect the fringes.
20 What we don't know is we
21 wouldn't know what the
22 healthcare costs are because
23 that's not within our control.
24 The budget office includes
25 those numbers. We don't do

1 those numbers.

2 MS. DANKO:

3 And that's the big
4 number?

5 MS. BOTSFORD:

6 Yes, that's the big
7 number.

8 MS. DANKO:

9 Okay. And the second
10 thing, correct me if I'm
11 wrong, since this is my second
12 budget hearing. Did the
13 District Attorney come last
14 year? I don't believe he did.

15 MS. BOTSFORD:

16 No. I believe Mr.
17 Syzmanski --- I don't believe
18 I was here last year. Walt
19 Syzmanski did our budget
20 hearing last year.

21 MS. DANKO:

22 I'm just sort of
23 curious when the last time was
24 the District Attorney came,
25 because most elected officials

1 come .

2 MS. BOTSFORD:

3 It was the year before
4 that .

5 MS. DANKO:

6 Thank you .

7 CHAIR:

8 Let me go to Ms.
9 Heidelbaugh. She has a couple
10 of relevant questions, I
11 think, that need to be
12 answered before we go further .

13 MS. HEIDELBAUGH:

14 Thank you very much .
15 This book that I have in front
16 of me that is our guide here,
17 there's a page that says goals
18 and initiatives .

19 MS. BOTSFORD:

20 Uh-huh (yes) .

21 MS. HEIDELBAUGH:

22 Was this prepared by
23 your office?

24 MS. BOTSFORD:

25 Yes .

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. HEIDELBAUGH:

All right. So one of the questions I had is, obviously, rule number two is to decrease the incidence of gun violence. But I have been, as a Council member, representing the whole county as well as when I was just a citizen enormously concerned about what I would call the killing fields of Allegheny County. And that is areas in which there is enormous violence, black-on-black crime in which our youth are dying.

You know, one of the saddest obviously was the situation at the football game, where families can't even take your children to a football game and not fear for their lives. So why do I not sort of see that to really

1 address what is a travesty in
2 our community in the goals
3 here?

4 MS. BOTSFORD:

5 I think that is what
6 that goal was intended. That
7 it's to actually prosecute
8 violent groups, gangs in
9 specific geographic locations.
10 That is one of the objectives
11 at that goal.

12 MS. HEIDELBAUGH:

13 I would just say as a
14 comment that we as a people
15 have to begin to think
16 differently about these issues
17 because it's not working.
18 We're losing our young people
19 at record numbers in certain
20 communities. And we have to
21 start --- all of us together,
22 start thinking out of the box.

23 And so, if you could,
24 you know, let the District
25 Attorney know that you ---

1 it's too late obviously to
2 prosecute them and throw them
3 in jail when the youth are
4 dead. We should be, as a
5 community, all of us together,
6 thinking about a way to
7 address this versus just
8 throwing up our hands and
9 losing hundreds of young
10 people.

11 MS. BOTSFORD:

12 Well, I can speak on
13 behalf of the District
14 Attorney in that matter, that
15 he is very committed to
16 decreasing the gun violence.
17 And he would concur with
18 everything you say, as he does
19 spend a great deal of time
20 being proactive in that
21 regard, meeting with community
22 groups, meeting with police
23 chiefs, working with law
24 enforcement to address those
25 issues.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. HEIDELBAUGH:

So I won't give up on our young people. I have not been provided with any hard numbers on whether --- or various cases that you're seeing. So are homicide cases up? Are theft cases up? You know, we have a request from your office for certain dollars and that is triggered by how many cases you have.

So I'd like to see, you know, what are the case numbers. What are the case numbers with respect to years past? We see an increase of crime in the community, it's important for us to know --- as policymakers, to know what are we seeing. Are we seeing reductions in certain areas of crimes? What are we seeing?

As I hear your testimony --- and I'm

1 confused. Maybe you can
2 explain it to me. That the
3 shortage in the proposed
4 budget by the Administration
5 versus the budget you
6 proposed, which is based on
7 something that's completely
8 and totally out of your hands,
9 which was the negotiation of a
10 labor contract by the County
11 Solicitor. So what I don't
12 understand is if it was
13 negotiated by the County
14 Solicitor, which was part of
15 the County, and it committed
16 to certain dollars, why those
17 dollars aren't being given to
18 you in your budget.

19 MS. BOTSFORD:

20 That's not a question
21 for me.

22 MS. HEIDELBAUGH:

23 So you don't understand
24 either? Do I phrase the
25 conundrum properly?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. BOTSFORD:

I would say yes.

MS. HEIDELBAUGH:

Okay. So maybe I'll ask Mr. Szefi. Is Mr. Szefi here?

MS. BOTSFORD:

I will just tell you that, with regard to the negotiations for those contracts, we are involved in those negotiations. We do sit in on those negotiations, but we do not control --- nor does the County completely control what those figures come out to be. It was a binding arbitration and the Arbitrator makes that decision.

MS. HEIDELBAUGH:

Yeah. But if it's beyond your control that you have to have the money, it's a contractual obligation; right? Okay. And I guess my last

1 question is on technology.
2 You know, in the private
3 sector, obviously, we're
4 blessed with a lot of
5 technology, which costs money,
6 but there's cost saving.

7 Do you feel that your
8 office has the proper
9 technology so that you're not
10 so heavy on personnel? In the
11 private sector, we have gone
12 from each lawyer having a ---
13 one support staff, one
14 secretary to now in the
15 private sector maybe one
16 lawyer --- strike that, one
17 secretary for four to five
18 lawyers.

19 MS. BOTSFORD:

20 Nobody has private
21 secretaries in our office.

22 MS. HEIDELBAUGH:

23 Yeah, that was just an
24 example.

25 MS. BOTSFORD:

1 No, I understand. The
2 scenario that we've gone to is
3 we have various units and each
4 unit has a paralegal assigned
5 to that unit. Our general
6 trial unit is maybe 15 lawyers
7 and there's a paralegal
8 assigned to that.

9 So we do --- we are
10 pretty much at the bottom line
11 in terms of support staff. We
12 have decreased and decreased.
13 Let me just say in terms of
14 technology, this Council and
15 the State, through the capital
16 budget and through a grant
17 from the State, we do have
18 funds that are available to us
19 to go to an electronic case
20 management system. And that
21 is our goal for 2013. That is
22 one of the things that we had
23 started working on this year.
24 And that is the direction that
25 we're going. So eventually,

1 that will probably result ---.

2 MS. HEIDELBAUGH:

3 The lawyers can carry
4 iPads, have 30 cases, not be
5 losing files. I know it's a
6 problem in the Public
7 Defender's Office for the
8 previous --- you know, they
9 were losing files and had to
10 go back and pull out the ones
11 that were lost. So that's a
12 goal. And is that here in
13 your ---?

14 MS. BOTSFORD:

15 That actually isn't
16 reflected in these goals and
17 initiatives, but we have been
18 working about that. We came
19 to Council last year and
20 requested money for that. We
21 did receive that in the
22 capital budget. And, in fact,
23 the chief of staff and I will
24 be going up to Venango County
25 on the 4th of December to meet

1 with a statewide committee
2 that's working on electronic
3 case management for District
4 Attorney's offices. And we'll
5 be meeting with them, so ---
6 and we do plan to ---. For
7 2013, that is one of the
8 things we'll be working on
9 diligently.

10 MS. HEIDELBAUGH:

11 So just in conclusion,
12 if I could have some raw data
13 on the number of cases vis-à-
14 vis previous years to try to
15 figure out whether the budget
16 request that your office is
17 making is based on additional
18 caseload, that would be very
19 helpful.

20 MS. BOTSFORD:

21 I can tell you we've
22 never a lack of clients,
23 unfortunately.

24 MS. HEIDELBAUGH:

25 Your clients are us.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. BOTSFORD:

Well, defendants I guess I should say. But we can get you those numbers.

MS. HEIDELBAUGH:

Thank you.

CHAIR:

If you'd be kind enough to make those numbers and figures, unless there's an objection from Ms. Heidelbaugh, available to all the members of the Council. The two of you have put General Petraeus and General Allen off the front page with your concerns, which are very valid and very relevant and very serious. Thank you. Ms. Heidelbaugh, do you have another concern?

MS. HEIDELBAUGH:

No. Thank you.

CHAIR:

President Martoni?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. MARTONI:

No. Thank you.

CHAIR:

Councilwoman Green
Hawkins, for the District
Attorney's Office?

MS. HAWKINS:

Thank you. Just an
additional request, if I may,
with Ms. Heidelbaugh's request
for the caseload.

MS. BOTSFORD:

Uh-huh (yes).

MS. HAWKINS:

I'd be interested in
the types of cases as well.
Because I would imagine that
it would be more costly for
you to investigate and get
information and to go to trial
on a case than it would be to
settle --- well, settle in
simple terms, but you know,
offer a plea if someone
accepts. So if you could also

1 identify homicide, burglary,
2 that kind of thing, in those
3 numbers, that would be very
4 helpful I think as well,
5 what's been tried and what's
6 been pled out. Thank you.

7 MS. BOTSFORD:

8 Okay.

9 CHAIR:

10 Is there a time frame
11 in which you could get that
12 information for the Council?

13 MS. BOTSTFORD:

14 I can probably get it
15 to you within ten days. I
16 just need to go back and see
17 what years and how much ---.
18 We can go back and look at
19 2011 easily. I just have to
20 see where we are in 2012.

21 CHAIR:

22 Let me understand, Ms.
23 Heidelbaugh and Ms. Green
24 Hawkins, are you requesting
25 information to cover a

1 specific time frame or are you
2 just talking about some
3 general information that might
4 spark more questions?

5 MS. HAWKINS:

6 Well, general
7 information, which will
8 probably spark more questions,
9 but I'm interested to see ---
10 when you're talking about
11 money that you need, I want to
12 see what work is being done,
13 so we can probably forecast a
14 little better the continued
15 work that will need to done so
16 we can justify an increase or
17 a decrease in the budget, if
18 that helps. 2011 numbers,
19 great. Numbers from 2012, to
20 the best of your ability, even
21 better. Thank you.

22 CHAIR:

23 The reason I raise that
24 is I suspected the gentle
25 ladies want to impact the 2013

1 budget. And Ms. Botsford said
2 it's going to take her
3 approximately ten days.
4 Correct me if I'm wrong, that
5 will take us up to around
6 Thanksgiving if you're working
7 Saturdays and Sundays?

8 I just need
9 clarification from Ms. Green
10 Hawkins and Ms. Heidelbaugh so
11 that we begin to process the
12 expenses for the County,
13 including expenses for the
14 District Attorney's office,
15 that Council members know
16 whether or not they should
17 take into consideration the
18 figures that Ms. Botsford and
19 her staff are going to produce
20 for 2013, or if we need those
21 figures and then we would
22 apply them whenever.

23 MS. HEIDELBAUGH:

24 Well, I'd like to have
25 them as soon as possible. I'd

1 like to have them so we can
2 put them in quotes and decide
3 what we're going to do.

4 MS. BOTSFORD:

5 Okay. Let me just
6 point out --- and we're happy
7 to give you whatever numbers
8 we have --- that we have not
9 increased the number of staff.
10 If you look, our staff is
11 pretty much the same, 182.
12 That's on the operating
13 budget. So even if our
14 numbers go up, we're not
15 asking for more staff to
16 address those issues.

17 CHAIR:

18 But I think these two
19 ladies were also talking about
20 effectiveness and efficiency,
21 even though they have not used
22 those two words. And I would
23 suspect that when you started
24 producing numbers, someone is
25 going to relate that to

1 effectiveness and efficiency,
2 however they define it. You
3 may have some internal
4 definition.

5 But from what I'm
6 hearing, we need that
7 information before Council
8 makes any final decisions
9 about a budget for 2013,
10 particularly a budget for the
11 District Attorney's Office.
12 Unless these two ladies say
13 otherwise, I would anticipate
14 that as soon as you can,
15 within a roughly ten-day
16 period, you could get that
17 information to us so that we
18 might process it.

19 Dr. Martoni, President
20 of Council?

21 MR. MARTONI:

22 No questions.

23 CHAIR:

24 Mr. Drozd, two
25 questions of the District

1 Attorney, first round.

2 MR. DROZD:

3 I just have one. What
4 are your top four concerns of
5 operating costs and
6 projections of those operating
7 costs that are not
8 controllable --- less
9 controllable by your office?
10 What are the top four
11 concerns? You see they are
12 rising and they're not in the
13 same portion that ---.

14 CHAIR:

15 Could you speak into
16 the microphone? I couldn't
17 hear that. I don't know if
18 your mike is on.

19 MR. DROZD:

20 No, I just haven't ---.

21 CHAIR:

22 If you could just start
23 over again, please?

24 MR. DROZD:

25 The top five --- or

1 four or five. Top cost areas,
2 administrative cost areas or
3 whatever it may be, that you
4 see are going out of
5 proportion in comparison to
6 last that we can be concerned
7 about as a Council?

8 MS. BOTSFORD:

9 Well, I think
10 everyone's concerned about
11 healthcare costs. And we at
12 the District Attorney's Office
13 have no ability to control any
14 of that, and that's one of the
15 costs that drives our budget
16 up.

17 MR. DROZD:

18 Sure.

19 MS. BOTSFORD:

20 Another area that I
21 would say is one of our
22 concerns is number two. We
23 don't control how much crime
24 is committed in the County
25 either, so that's --- we can't

1 make a determination of how
2 much --- how many people are
3 going to get murdered next
4 year. Obviously, we want it
5 to go down, but that isn't
6 always the case.

7 Now, we can't control
8 healthcare costs. We can't
9 control the amount of crime,
10 although we can all work to be
11 proactive to try and decrease
12 it. There's only so much
13 that's going to happen.

14 I would guess the third
15 area I would say is that there
16 are mandates that come down
17 that we have to fulfill and
18 they may cost us money. I
19 mean, there was a recent
20 change in Juvenile Court and
21 we had to assign another
22 lawyer to Juvenile Court to
23 handle certain hearings
24 because we're required to be
25 in those hearings. Some of

1 those things we can't
2 anticipate and they drive our
3 costs up without us, you know,
4 really having a lot of input
5 into it.

6 So those would be the
7 three that I would say.

8 MR. DROZD:

9 The unfunded mandates
10 from the Federal and State are
11 killing us. I mean, it's not
12 only in your department, but
13 in other areas, especially in
14 the school districts, they're
15 unfunded mandates. And not
16 only are they hurting us
17 financially, they're hurting
18 as far as helping our people,
19 helping our students, helping
20 the administration of those
21 schools. And that's the
22 number one issue.

23 I say it all the time.
24 You know, these people get up
25 into these elected offices and

1 they just send these out and
2 they get these out, they're
3 unfunded mandates. They
4 shouldn't be allowed. And one
5 thing we implemented, which I
6 complimented Council on, is
7 that we had to have a funding
8 stream where we're going to
9 get that fund. They don't.

10 So I exactly --- I
11 really sympathize with you and
12 other offices because of that.
13 Thank you.

14 CHAIR:

15 Mr. Finnerty, any
16 questions for the District
17 Attorney's Office in round
18 one? Two questions.

19 MR. FINNERTY:

20 No, I really don't have
21 any question, but I think that
22 District Attorney Steve
23 Zappala is doing a fantastic
24 job and so is his employees.
25 Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIR:

Mr. Macey, any questions for the District Attorney's Office in round one? Two questions?

MR. MACEY:

Thank you, Mr. Chairman. I have one question, but I'd like to make a statement. And it's maybe a takeoff from one of the commercials that you heard on television.

I think that the courts and Sheriff's Department, District Attorney's Office, our County Police, our EMS, you can't put a price on it. It's priceless. And I recommend that whatever it takes, whatever we need to do as far as our budget is concerned, we need to support those departments because they're the lifeline of our

1 communities, unquestioned.

2 Would you be able to
3 take that information that was
4 asked by the Councilwoman here
5 and would you break that down
6 into communities for us,
7 please?

8 MS. BOTSFORD:

9 I probably am not going
10 to be able to do that, because
11 that's not how the statistics
12 are checked. So I'll look
13 into whatever information we
14 have and I'll do the best that
15 we can, but I don't think
16 we'll be able to break it
17 down, although we do have
18 information on communities and
19 I'd be happy to give that to
20 you. But I don't think we can
21 take those crimes that we're
22 prosecuting and tie them
23 back --- all of them back to
24 the community.

25 MR. MACEY:

1 Several months ago
2 there was some problems I
3 should say occurring in the
4 Mon Valley. And we put
5 together a task force and we
6 looked at those issues,
7 including the Federal
8 Government, the State. It was
9 a little private meeting. It
10 wasn't open to the public.
11 But we did have what I
12 consider an overabundance of
13 crime occurring down there,
14 including arsonists,
15 shootings, burglaries, what
16 have you. And my concern is
17 where are we spending our
18 dollars? Now, I understand
19 you get that after the crimes
20 were committed, but keep in
21 mind that the District
22 Attorney's Office was
23 represented there. And they
24 certainly had some thoughts on
25 the issue. Thank you very

1 much for being here.

2 MS. BOTSFORD:

3 Thank you.

4 CHAIR:

5 Thank you, Mr. Macey.

6 Any other questions for the

7 District Attorney's office?

8 Any other questions for the

9 District Attorney's office?

10 Let me remind members
11 that, while this hearing and
12 the one we had yesterday are
13 required, the answers to any
14 of your concerns are not
15 required to be within the time
16 frame of those two days. The
17 Budget and Finance Committee
18 will make available to any
19 member an opportunity to
20 continue to pursue your
21 answers, some of which may
22 come later today when Mr.
23 McKain and company represent
24 the Administration. Mr.
25 Finkel will represent the

1 Administration. But the
2 Budget and Finance Committee
3 will be available to process
4 any additional concerns you
5 have and process them to
6 hopefully your satisfaction
7 before we take any final vote
8 on the budget for the County.

9 I thank you, ladies.

10 MS. BOTSFORD:

11 Thank you.

12 CHAIR:

13 And please give the
14 District Attorney our best
15 regards.

16 MS. BOTSFORD:

17 We will. Thank you,
18 Your Honor.

19 CHAIR:

20 And the information
21 that you generate, please be
22 aware that all members of
23 Council will have that. You
24 can send it to the Chair. If
25 you choose to send it to

1 somebody else, just make sure
2 that every member of Council
3 has access to that
4 information. Thank you very
5 much.

6 MS. BOTSFORD:

7 I'll do that.

8 CHAIR:

9 Okay. Next we're going
10 to go to our courts. I don't
11 see my friend, Judge McDaniel.
12 Of course, she sent a capable
13 person to assist her. But
14 Judge Manning might be all
15 right. Your Honor, whenever
16 you are situated, please feel
17 free to introduce yourself and
18 those who are with you. And
19 then the floor is then yours.

20 JUDGE MANNING:

21 Thank you, Chairman
22 Robinson, President Martoni,
23 honorable members of Council.
24 I did not draw the short
25 straw. Judge McDaniel and I

1 were here last night, but she
2 was unable to be here today so
3 she asked me to take over this
4 responsibility. So on behalf
5 of Judge McDaniel, the
6 President Judge, as well as
7 the Administrative Judges
8 Judge O'Toole, Judge O'Brien,
9 Judge Hens-Greco, thank you
10 for the opportunity to be
11 here.

12 I'm going to pass this
13 over to my dear friend, Clare
14 Capristo, who ---. I would
15 tell you she and I were in the
16 DA's office together, but she
17 was much younger than I am.
18 And she was nominated by the
19 President Judges and the
20 Administrative Judges and
21 unanimously approved by the
22 Supreme Court to serve as our
23 District Court Administrator.
24 She's our new District Court
25 Administrator, replacing Kurt

1 Phillip. Also present is
2 Jerry Tyskiewicz, who is the
3 Deputy Court Administrator in
4 charge of fiscal affairs.
5 I'll turn this over to Mrs.
6 Capristo.

7 MS. CAPRISTO:

8 Thank you, Judge.
9 Thank you. I appreciate this
10 opportunity. This is my first
11 opportunity to address
12 Council, to address you with
13 respect to the Fifth Judicial
14 District of Pennsylvania's
15 2013 budget. The Court
16 believes that the 2013 budget
17 of \$65,064,370 that was
18 submitted by the
19 Administration reflects
20 consideration of the fiscal
21 constraints faced by Allegheny
22 County. And while it will be
23 challenging for us to stay
24 within this budget, the Court
25 is committed to doing so.

1 The restoration last
2 year of over \$9 million to the
3 Court's 2012 budget enabled
4 the Court to focus this year
5 on comprehensive cost
6 containment measures, which
7 will continue into 2013. The
8 President Judge, in concert
9 with the four Administrative
10 Judges of the division and the
11 District Court Administrator,
12 instituted a 90-day hiring
13 freeze. And again, this will
14 continue into 2013.

15 We've reduced
16 information technology costs
17 by almost \$100,000 annually
18 through the improved
19 management of remote access
20 devices. In addition, we've
21 reduced the number of mobile
22 access devices, saving us thus
23 far almost \$50,000 a year. We
24 also combined and restructured
25 all the jury operations that

1 were in three separate offices
2 for improvements in jury
3 utilizations and a payroll
4 savings of over \$140,000 a
5 year.

6 In addition, in 2012
7 the President Judge requested
8 and advised the Governor of
9 Pennsylvania and the Chief
10 Justice of Pennsylvania that
11 she did not wish to have the
12 two judicial vacancies that
13 existed to be filled with
14 appointments. Not only would
15 this result in a savings for
16 the State, not paying the
17 judicial salary, but there
18 would be six personal staff
19 positions associated with
20 those two judicial positions
21 that would come out of our
22 budgets. This would be a
23 savings of at least \$300,000.

24 However, her entreaties
25 went unheeded and those

1 appointments were made.
2 However, she is committed and
3 is committed to do so with the
4 County Executive to once again
5 approach the Chief Justice of
6 Pennsylvania and the Governor
7 of Pennsylvania and various
8 legislators in Pennsylvania to
9 ask that future vacancies not
10 be filled with appointments so
11 that the Court can realize
12 these savings.

13 Furthermore, the
14 President Judge --- and I
15 believe Dawn Botsford from the
16 D.A.'s office referred to one
17 of these. The President Judge
18 ordered the increase and the
19 creation of numerous fees to
20 help defray costs of various
21 court operations, in addition
22 to the establishment of a
23 booking center fee, which will
24 help defray the costs of the
25 critical processing ---

1 identification processing
2 stations that are located in
3 the downtown area and are
4 supported by the Allegheny
5 County Jail's budget.

6 The Court continues to
7 work with the jail, the
8 Department of Human Resources
9 and the Health Department in
10 jail collaborative efforts.
11 These efforts are aimed at
12 decreasing recidivism of our
13 offenders by providing
14 essential support services to
15 offenders who are returning to
16 our communities. These
17 efforts complement the Court
18 operations of school-based
19 probation for juvenile
20 offenders and our day
21 reporting centers for adult
22 offenders.

23 Our Adult Probation
24 Department continues its
25 effective use of electronic

1 monitoring, saving this year
2 just in the first nine months
3 210,000 jail days by use of
4 electronic monitoring as
5 opposed to jail beds.

6 New juvenile probation
7 strategies and use of
8 evidence-based practices have
9 also markedly decreased the
10 number and the length of
11 juvenile placements. Most
12 importantly, in 2012, after a
13 seven-month effort, the Court
14 completed and published its
15 comprehensive strategic plan
16 for 2012 through 2015, as well
17 as delineating the strategic
18 projects for 2012 and 2013.
19 Many of these projects involve
20 the evaluation of the Court's
21 functions from a fiscal
22 perspective, looking for
23 savings and more efficient and
24 competent use of our resources
25 to ensure that all Court

1 processes and programs have
2 measurable performance
3 outcomes and reflect best
4 practices and accountability
5 to those that we serve. We'd
6 be happy to take any
7 questions.

8 CHAIR:

9 We thank you. Your
10 first foray into this forest
11 has been successful ---

12 MS. CAPRISTO:

13 Thank you, sir.

14 CHAIR:

15 --- to date. Judge?

16 JUDGE MANNING:

17 Thank you. I prepared
18 a handout, of course,
19 obviously coming from the
20 Criminal Division, so that
21 everyone was aware of where we
22 are in that regard. And I
23 just wanted to make a few
24 brief comments on that.

25 In 1988, when I came to

1 this bench, there was a
2 Federal Court Order which was
3 fining Allegheny County
4 millions of dollars a year in
5 forcing us to find beds for
6 prisoners outside of the old
7 jail, which had 800, 900
8 capacity. They were going all
9 over the state to different
10 jails and that was the case.

11 In 1994, we built a
12 bigger jail. The problem is
13 not wanting to build another
14 bigger jail. And I just
15 stress this for you to tell
16 you that the criminal division
17 embarked several years ago,
18 and continues to foray into
19 this, with a smart on crime
20 rather than soft on crime
21 approach. The object to be to
22 cover, as Councilman Drozd has
23 pointed out, unfunded mandates
24 which are actually mandatory
25 sentences that impose

1 restrictions on that, but also
2 to create what we basically
3 have as a better inmate.

4 We created a drug court
5 first. That was followed
6 shortly thereafter by a DUI
7 court and a mental health
8 court. Just as an aside, the
9 DUI court, which deals with
10 persons with multiple
11 offenses, has a one percent
12 recidivism rate. That's
13 virtually unheard of. The
14 PRIDE Court which deals with
15 prostitution and related
16 offenses, and Veterans' Court,
17 which I'm sure you're all
18 aware of, has been started
19 here in Allegheny County.

20 This is a huge
21 investment of judicial time
22 because we can talk about ---
23 and the first graph shows you
24 the 22,000 cases we deal with
25 every year. But if I have one

1 drug court case, that means
2 one case. But for workload
3 that means I may have that
4 individual back in front of me
5 as many as 24 times in 2
6 years. So it's an investment
7 in the individual.

8 National recognition
9 for these courts that we have
10 as well as the things we've
11 done at pretrial services has
12 been obvious. I also would
13 point out that there's great
14 national recognition on the
15 family division side for
16 custody and dependency issues.
17 Electronic monitoring, as Mrs.
18 Capristo pointed out, has
19 saved enormous amounts in jail
20 time.

21 And probation has just
22 done a marvelous job. If
23 you'll note, the little
24 booklet shows 24,000 people on
25 probation. We have 125

1 probationers. I liken this to
2 if we put all of our probation
3 officers on the baselines from
4 home plate to first, first to
5 second, second to third and
6 back to fourth --- back to
7 home, rather, at PNC Park and
8 said, okay, here, you're on
9 the baseline. Now, look up
10 because you have to supervise
11 all of those people. And all
12 of those people in the stands,
13 it's essentially the analogous
14 situation.

15 But they have done this
16 by dealing with risk
17 assessments, with dealing with
18 the day reporting center. And
19 virtually all of this has
20 added no cost whatsoever to
21 Allegheny County.

22 We have a Second Chance
23 Act that's going on in the
24 jail that's funded essentially
25 by foundations and grants.

1 With the jail collaborative in
2 conjunction with Marc Cherna,
3 the Department of Human
4 Services has served the idea
5 of sending home a better
6 inmate than the one that came
7 in. So they're receiving
8 employment training, job
9 training, drug and alcohol
10 treatment, education and
11 mentoring through our Second
12 Chance Act, PCCD grants.

13 All these things are
14 from efforts that we have made
15 to get grants from other
16 places to supplement what the
17 Courts are actually doing in
18 pretrial services and in
19 probation, which are the two
20 sides on the other end with
21 the jail in the middle. And I
22 would just tell you there's a
23 national --- and I can't tell
24 you where it's from. I think
25 it's National Justice

1 Statistics. That basically
2 says for every dollar expended
3 in these kinds of smart on
4 crime programs you save six
5 more. Thank you. Thank you,
6 sir.

7 CHAIR:

8 Thank you, Your Honor.
9 Around this time yesterday, I
10 indicated that there was a
11 number that represented what
12 the millage could be in this
13 county to address some of the
14 concerns that the Judge and
15 Ms. Capristo has spoken to in
16 terms of the County's
17 obligations to pay some bills.
18 That number has been
19 calculated, but it's still
20 in-house, that is it's not
21 available to the public.

22 The Administration has
23 calculated the number. I'm in
24 the process of calculating a
25 number as well. We may be

1 able to come to a number that
2 is agreeable to all parties
3 and still allow this County to
4 pay its bills by a majority of
5 my colleagues agreeing that
6 that is the number that we
7 need to work with in terms of
8 the basic revenue source for
9 the County.

10 I don't feel I'm at
11 liberty at this time to
12 announce any number, because
13 once I do and it's in the
14 public domain, you know what's
15 going to happen. My
16 colleagues know what's going
17 to happen. But it will be
18 available shortly. Both
19 numbers will be available
20 shortly, so you will know what
21 a proposed millage rate for
22 our county will be in 2013.
23 And it will be up to my
24 colleagues and I to decide.
25 That's a number or numbers

1 that we choose to approve.
2 So true to my word at
3 almost the exact time I
4 mentioned it yesterday, that's
5 a report I need to give to
6 you. Any numbers that you
7 hear before they are official
8 are just that, numbers. Until
9 it's in the public domain,
10 until my colleagues and I have
11 a chance to crunch them,
12 please be mindful that these
13 are proposals. And there have
14 been no conclusions
15 reached --- at least in my
16 opinion, no conclusions
17 reached as to what the millage
18 should be or will be for this
19 County. I need to say that.
20 And the Judge gave a great
21 segue to present that.

22 We've heard from the
23 Courts, and I'm sure there are
24 many of us who have questions.
25 I don't have any. But Mr.

1 Finnerty, two questions?

2 MR. FINNERTY:

3 Oh, is it my turn?

4 CHAIR:

5 Yes, sir.

6 MR. FINNERTY:

7 Since we have Judge

8 Manning here ---.

9 JUDGE MANNING:

10 Sure.

11 MR. FINNERTY:

12 I was looking at the
13 fringe benefits and I noticed
14 that ---. And I just want to
15 point this out because of
16 looking at the Sheriff's
17 fringe benefits when his was
18 cut a half a million dollars
19 and I don't understand how,
20 but yours has gone up, and it
21 should, from \$13,491,561 to
22 \$14,027,872.

23 So I don't have any
24 questions. I just wanted to
25 point that out to you. And I

1 wanted to point out to
2 everybody that, to me, I can't
3 comprehend how fringe benefits
4 can go down when you have the
5 same amount of people that you
6 had the year before.

7 We have a problem here.
8 We can't figure out what these
9 ADR means and EDP ---.

10 JUDGE MANNING:

11 Those are different.
12 Those are essentially fast
13 track disposition of cases.
14 That's AR --- Accelerated
15 Rehabilitative Disposition,
16 which is the first chance that
17 everybody gets with a
18 non-violent crime to go
19 through probation and have
20 their record expunged. EDP is
21 a fast disposition that we use
22 in the Phoenix Court as well.
23 That's just the way we track
24 them.

25 MR. FINNERTY:

1 Okay. Well, we were
2 wondering what they meant,
3 that's all. We were looking
4 at those ---.

5 JUDGE MANNING:

6 That's how we're able
7 to dispose, frankly, of 22,000
8 cases with 13 regular judges
9 and 1 senior.

10 MR. FINNERTY:

11 Oh, okay.

12 JUDGE MANNING:

13 We weren't pitting
14 these in basically mass
15 docket.

16 MS. CAPRISTO:

17 And preventive backlog
18 work as well.

19 MR. FINNERTY:

20 And I would ask you how
21 the ankle bracelet --- how is
22 that going, that program?

23 JUDGE MANNING:

24 Well, we have a two
25 percent recidivism rate on

1 electronic, two percent. We
2 have some people who just get
3 it and walk away, that's
4 another issue.

5 MR. FINNERTY:

6 Right.

7 JUDGE MANNING:

8 But basically it's two
9 percent recidivism. The
10 standard recidivism rate is in
11 excess of 40, probably closer
12 to 60.

13 MR. FINNERTY:

14 Right. And one other
15 thing. I was looking at the
16 pamphlets that you put out.
17 On the last page --- the
18 next-to-the-last page, it
19 talks about jail capacity.

20 JUDGE MANNING:

21 Yes.

22 MR. FINNERTY:

23 And that we're at 81
24 percent capacity?

25 JUDGE MANNING:

1 Yes, that's as of
2 today.

3 MR. FINNERTY:

4 Today?

5 JUDGE MANNING:

6 Confirm that with the
7 warden, but that's the figure
8 we got.

9 MR. FINNERTY:

10 Okay. Thank you.

11 JUDGE MANNING:

12 If you look at the next
13 page, the object is to show
14 you that, were it not for all
15 of the pretrial diversion and
16 all of the specialty court
17 programs and electronic
18 monitoring that we do, we'd be
19 way back in 1988 with another
20 Federal Court.

21 MR. FINNERTY:

22 Right. And I think
23 that that's a great program
24 and it saves the County a
25 considerable amount of money.

1 Thank you.

2 CHAIR:

3 Thank you, Mr.
4 Finnerty. Is Ms. Marianne
5 Moranski (phonetic) in the
6 room? The reason I --- well,
7 I'll ask that question again
8 later. Ms. Danko, do you have
9 any questions for Judge
10 Manning and his associates?

11 MS. DANKO:

12 One question, one
13 comment. I did look at your
14 graphs and I think they're
15 great. I don't know who
16 designed them, but I'm very
17 visual and if anybody didn't
18 see these graphs, they should
19 be in the newspaper.

20 And my question is,
21 when the Sheriff was here, he
22 was talking about one of his
23 uncontrollable costs being
24 that they would have to take
25 prisoners to the hospital and

1 that kind of 24-hour
2 monitoring. I am not aware of
3 any --- fortunately, I don't
4 have a lot of experience with
5 the criminal justice system.
6 Is that a state law? Why do
7 we have that? And is there
8 anything you could suggest to
9 change that?

10 MS. CAPRISTO:

11 Well, I think we've
12 actually been through a couple
13 of different considerations
14 with that as between the
15 jail --- I'm sorry, as between
16 the jail, the Sheriff, the law
17 enforcement officer who
18 arrested the individual. It
19 sort of depends at what stage
20 the individual is at. If they
21 have actually been arrested
22 and arraigned, then it does
23 kind of become the
24 responsibility of the Sheriff
25 to take over that duty.

1 We try to have it occur
2 as little as possible, but we
3 have had some incidents when
4 we've tried to work out other
5 things that haven't worked out
6 too well. But it's probably
7 time yet again to come
8 together with local law
9 enforcement, the Sheriff and
10 jail personnel to decide under
11 what circumstances is it the
12 responsibility of the jail,
13 the responsibility of the
14 arresting officer and/or the
15 responsibility of the Sheriff
16 because it is a little murky
17 and they have a tendency when
18 the issue arises to solve the
19 problem without worrying whose
20 responsibility it is. But it
21 isn't something that's clearly
22 defined in the law.

23 JUDGE MANNING:

24 It also might well be
25 subject to a bail amendment

1 since I do most of the bail
2 issues in the criminal
3 division. If a person ends up
4 in a hospital seriously ill
5 and if the crime is not one of
6 a very, very serious nature,
7 we'll grant a nominal bail so
8 that no one has to guard them
9 and that the County isn't
10 liable for his medical
11 expenses, too.

12 MS. DANKO:

13 Thank you.

14 CHAIR:

15 Thank you for all that
16 information. Ms. Green
17 Hawkins, two questions?

18 MS. HAWKINS:

19 None at this time.

20 Thank you.

21 CHAIR:

22 President Martoni, two
23 questions?

24 MR. MARTONI:

25 No questions.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIR:

Councilman DeFazio?

MR. DEFAZIO:

No questions at this
time.

CHAIR:

Councilwoman
Heidelbaugh? I'm sorry,
Councilwoman Rea.

MS. REA:

I'm Councilwoman Rea,
Mr. Chairman, but I don't have
any questions.

CHAIR:

Three strikes, I know,
I'm out. Mr. Drozd?

MR. DROZD:

Some comments and
questions. It's going to cost
us big time in the long run,
as you point out, for those
mandates. Not only that, we
have become one of the largest
incarceration states in the
country, the one at the top.

1 What that equates out to is
2 the medical as well as having
3 to feed whatever. They, I
4 commend, the courts have
5 innovated as well as they can
6 under the purview some really
7 innovative programs. If
8 you've gone and visited some
9 of the programs out there,
10 where the courts are trying to
11 get to the root of what caused
12 the problem and try to help
13 them ---.

14 But that's only a
15 little tip of the iceberg.
16 What's been cut in social
17 workers, in caseworkers, is
18 going to cost us tremendously
19 in the long run. They're
20 mandated, mandated what they
21 have to do, yet there are
22 people in those prisons that
23 should be out doing community
24 service and be in ankle
25 bracelets. But because their

1 hands are tied, they can't and
2 then costs are incurred. They
3 could probably be doing some
4 good in those areas.

5 So we've got a big
6 problem we've got to get
7 addressed. Our jail, our
8 guards, probably cost even
9 more than the State guards.
10 In healthcare costs, they've
11 gone up to about \$13 million
12 last year and maybe rising
13 beyond that. That's where we
14 are.

15 What I ask you, Judge,
16 and I commend you and your
17 fellow Judges for some of
18 these innovative programs, go
19 visit those centers that you
20 put in, really great. And
21 Judge James and I sat down and
22 we talked about some of these
23 issues and this incarceration
24 issue.

25 What would you say

1 is ---. Without putting you
2 on the spot, what would you
3 say that you think are the top
4 three things that need to be
5 done to untie your hands, the
6 Courts, where you could get
7 this under control and maybe
8 perhaps, you know, some
9 investments that can be done,
10 that's going to, you know,
11 decrease those costs in the
12 long run and put some people
13 back into productivity?

14 By the way, I see them
15 in the schools. Do you know
16 what a young person brings
17 you? They'll bring you a
18 sheet of paper. It has
19 Allegheny County stamped on
20 the back, as you know. And it
21 says were they in class, where
22 they did or where they did
23 that? That's all you can do.
24 But it doesn't say where you
25 helped that person; okay? I

1 look in their eyes and they
2 really don't have any concept.
3 And that's where their hands
4 are tied.

5 And I'll leave it with
6 that. What would you say if
7 you could say to these --- and
8 I think it goes to the State
9 legislators, much of this, on
10 the Federal side; is that
11 correct?

12 JUDGE MANNING:

13 It all does. Quite
14 frankly, it all does. Any
15 relief from mandatory
16 sentencing is going to require
17 an act of the legislature. We
18 tell them, cajole them it's up
19 to them.

20 MS. CAPRISTO:

21 Well, I think also
22 there has to be a recognition
23 that more resources need to be
24 devoted to our youth so that
25 they don't become adult

1 offenders. And sadly, there
2 is a lot of attention focused
3 on youthful offenders now
4 because of what happened in
5 Luzerne County. But it's
6 really terrible that it took a
7 horrible tragedy like that for
8 everybody to wake up and say,
9 look, we've got to make sure
10 that juveniles have attorneys,
11 that juveniles have the
12 opportunity to talk with their
13 parents and that juveniles are
14 not railroaded and end up
15 being incarcerated.

16 But I mean, that has
17 spearheaded a huge overhaul of
18 all the juvenile law and all
19 of the juvenile procedures.
20 But it also takes money to
21 invest in our youth to make
22 sure that they have the
23 opportunity so that they don't
24 grow up to be adult offenders.

25 MR. DROZD:

1 Yeah. We always say
2 400 --- when we had 100,000,
3 200,000 less population to now
4 over 200,000 more to 2,800 in
5 the prison. Now, multiply
6 that when they go back into
7 their home lives to their
8 family and kids and what they
9 affect. Eighty-five (85)
10 percent are drug and
11 alcohol-related. Sixty (60)
12 percent come back and do it
13 time and time again.

14 We haven't addressed
15 the issue. The Courts can
16 only exert the penalties, but
17 we have not addressed the
18 issue. We. That's what
19 happened. Thank you, sir.
20 Thank you again. Thank your
21 fellow judges and staff.

22 CHAIR:

23 Is there any other
24 member of Council that has
25 questions? Ms. Heidelbaugh?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. HEIDELBAUGH:

Thank you, Chairman Robinson. I have a lot of questions, actually. So you just cut me off with two.

CHAIR:

In the first round.

MS. HEIDELBAUGH:

Thank you, sir. One of the things that I've been most concerned about since coming on the Council is our jail problem. And none of that is that ---. It was told to me by the previous superintendent that we have about 400 folks that don't need to be there.

This 81 capacity chart is --- you know, it's fabulous, because if we have to house people on Cohill Bonds and we have to build a new jail, we're talking a public uprising; okay? So do you have any sense, Judge ---?

1 I'm going to put a
2 parenthetical in here, so
3 don't answer yet. Do you have
4 any sense if there's a delay
5 and there's folks at the jail
6 that shouldn't be there
7 because of, as I'm hearing it
8 in my investigation, there's a
9 paperwork ---? Before you
10 answer that, I want to say
11 this. I also came to
12 Allegheny County in 1988, so
13 I've known you for about 24
14 years. And I practiced in
15 front of you, so I can say
16 this. I think the work that
17 you have done as a Judge, as a
18 member of this community and
19 what you've done in Criminal
20 Court is phenomenal. And I
21 absolutely think you are a
22 treasure to the community.

23 I'm going to ask other
24 questions about the other
25 divisions, which we haven't

1 gotten to. And I'm not sure
2 everybody really realizes that
3 we have four divisions of the
4 court. We obviously hear
5 about the criminal, but we
6 don't hear about the other
7 divisions. And I practice in
8 another division, so I have
9 some questions about that,
10 which you may not be able to
11 answer.

12 First, do you have any
13 knowledge as to this problem,
14 some people being at the jail
15 taking up beds? We have to
16 pay for their healthcare, I'd
17 estimate to be between \$9 and
18 \$12 million in costs per term
19 each year.

20 JUDGE MANNING:

21 Well, first of all,
22 thank you for the compliment.
23 I appreciate it very much.
24 Let me say that Warden Wingard
25 is right and wrong all at the

1 same time. Because there are
2 likely some people there who
3 shouldn't necessarily be there
4 for the length of time that
5 they're there, but there's
6 very rarely anyone there who
7 should not be there.

8 What we're trying to do
9 now with a new program that
10 we've instituted, which we
11 call One Defendant, One Judge,
12 is to assign a Judge who
13 previously had the defendant
14 and has him on probation. Now
15 he's committed another crime
16 and he goes back to the jail.
17 So that when there's a trial,
18 that matter or a plea in that
19 matter that the Judge can
20 dispose of both the case
21 before them and the probation
22 violation at one time.

23 So that substantially
24 changes the issue. The
25 defendant doesn't have to be

1 passed around the courthouse
2 to a number of different
3 judges.

4 MS. HEIDELBAUGH:

5 But are you hearing
6 that there is a problem in
7 some level of the probation
8 office in which the paperwork
9 is not flowing? This is not a
10 Court issue. This is a
11 probation office issue.
12 Getting people processed.

13 MS. CAPRISTO:

14 Probation is part of
15 the courts.

16 JUDGE MANNING:

17 Yes.

18 MS. HEIDELBAUGH:

19 I meant in the
20 traditional ---.

21 JUDGE MANNING:

22 Yes. Well, first of
23 all, I know of no probation
24 office paperwork issues.
25 There has been a jail issue.

1 I've sent paper down to the
2 jail and it not being acted
3 on. But I know the new warden
4 is well aware of that and is
5 working diligently.

6 MS. CAPRISTO:

7 No. I was just going
8 to say those are really the
9 only types of delays that
10 we've been aware of, are ones
11 with communication with the
12 jail. Because when somebody
13 is to be released or an
14 order's generated, it is sent
15 immediately to the jail.

16 So I'm not --- it's
17 hard without knowing the exact
18 details of the conversation
19 you had. When he said 400
20 people don't belong there, I
21 don't know who they were.

22 JUDGE MANNING:

23 Well, for years there
24 was a computer problem. The
25 Court had a computer system

1 and the County had provided
2 the jail with another one and
3 they didn't talk about it.

4 MS. HEIDELBAUGH:

5 I heard about that.

6 Okay. That's two.

7 CHAIR:

8 Thank you. Anyone else
9 have a question or questions?
10 Mr. Drozd?

11 MR. DROZD:

12 Just in emphasis, our
13 costs in a 20-year period in
14 our prison, just the local
15 prison has gone from \$8
16 million to \$58 million. And
17 that may not include the
18 healthcare costs. When you go
19 home and you see your
20 families, your kids, you see
21 all is right, but it isn't.
22 We've got a lot of issues.
23 And there's a gentleman there
24 from the Shuman Center who can
25 elaborate on that and the

1 gentleman over at the prison
2 as well as the Judges. We're
3 going to get to the root of
4 the issue, I'm telling you.

5 I mean, this is going
6 to become one of our biggest
7 issues in the years ahead of
8 us. Believe me on that. We
9 are trying to rehabilitate
10 these young people and even
11 older adults, but also in the
12 essence of what it's going to
13 cost and effect within the
14 communities in the very fiber
15 of our community. I believe
16 that, I really do. Thank you.

17 CHAIR:

18 Mr. Macey?

19 MR. MACEY:

20 Thank you, Mr.
21 Chairman, and thank you all
22 for coming here today. And I
23 went to commend your
24 department for your
25 problem-solving initiatives.

1 I think it's great and
2 certainly it's saving the
3 county some money.

4 In every situation with
5 regards to an alleged criminal
6 going through the system,
7 there is a cost involved. And
8 in many cases there's a fine,
9 court costs, et cetera. Could
10 you tell me the difference
11 between what's actually taken
12 in from the perpetrator and
13 what the actual costs are at
14 the County? You don't have to
15 tell me that now, unless you
16 have that figure. I'd like to
17 know. Because if we have to
18 increase fines, if we have to
19 increase court costs, maybe
20 that would be a way to help us
21 out of the financial concerns
22 that we may have.

23 In every department,
24 you know, we can just say how
25 could you fix this? Well, you

1 know, the first word is money.
2 So if we could figure out a
3 way to increase the revenues
4 to the court system, that may
5 help certainly your system as
6 well as the taxpayers.

7 I know my colleague
8 opines about the 400 or so
9 people that are incarcerated
10 and that these 400 don't need
11 to be there. But as a judge
12 or as a magistrate or as an
13 arresting officer, how do you
14 feel about that? Why would
15 they be there if they
16 shouldn't be there? Why
17 shouldn't they be there?

18 JUDGE MANNING:

19 Is that a question?

20 MR. MACEY:

21 That's a question.

22 JUDGE MANNING:

23 Okay.

24 MR. MACEY:

25 You know, you assign

1 them. I mean, you put them in
2 jail and you have someone that
3 says they shouldn't be there.
4 I'm just curious how, you
5 know, a judge or a magistrate
6 feels about that.

7 JUDGE MANNING:

8 I don't know how they
9 make that value judgment. I
10 would state on the record that
11 we believe that virtually
12 everyone who is in the jail is
13 in the jail for a very
14 specific reason. They either
15 could not make bond, and we'll
16 adjust that if it's
17 appropriate. They are there
18 because of their violation of
19 probation and they're awaiting
20 a new charge to be disposed
21 of. It has to wait its time.
22 They're there because they're
23 denied bond or they're serving
24 a sentence.

25 MS. CAPRISTO:

1 There are also a good
2 number, and I'm sure the
3 warden can speak to it
4 eloquently, but you know, we
5 house federal prisoners in our
6 Allegheny County Jail. We
7 keep prisoners for other
8 counties and other
9 jurisdictions as they're
10 awaiting extradition or
11 transfer to another county.
12 And, you know, most jails are
13 loathe to say be here in three
14 days or I'm letting them out
15 the door. Nobody really wants
16 to do that. So there are
17 times when the jail ends up
18 holding somebody for a little
19 longer than they want to.

20 MR. MACEY:

21 So it's not that they
22 don't belong there. It's just
23 that we're forced to keep them
24 because of other
25 circumstances.

1 MS. CAPRISTO:

2 There are a lot of
3 circumstances, right. They've
4 been ---.

5 MR. MACEY:

6 And I agree. You know,
7 if we could get them out and
8 we could save the taxpayers
9 dollars, that's what we want
10 to do.

11 MS. CAPRISTO:

12 Right. And even if
13 it's a difference of a day, I
14 mean, if there's a difference
15 that can speed things up so
16 that something that is
17 normally done on Friday gets
18 done on Thursday, there's
19 money in that.

20 MR. MACEY:

21 Exactly.

22 MS. CAPRISTO:

23 So it should be done on
24 Thursday.

25 MR. MACEY:

1 Thank you.

2 CHAIR:

3 Thank you, Mr. Macey.
4 Is there any other member of
5 Council that has any
6 questions? Ms. Heidelbaugh?

7 MS. HEIDELBAUGH:

8 The question I want to
9 go to is the Civil Division.
10 I think you'd agree with me
11 that the civil cases that have
12 been filed in the last number
13 of years have drastically been
14 reduced. We have elected
15 judges so they're going to be
16 there. We have to pay them so
17 they're not going to retire.

18 One of the questions on
19 cost savings for the Civil
20 Division, and maybe for the
21 Orphan's Court, has the Court
22 discussed reducing employees,
23 because we have a lot of
24 personnel in the courts? What
25 I see as a practicing lawyer

1 for 28 years is you have
2 career law clerks, then you
3 have Judges who can hire
4 outside lawyers. We have
5 courtrooms that often sit
6 idle. We have a tipstaff, we
7 have a secretary. We have
8 three to five employees for
9 each judge.

10 Are we looking
11 critically at the Civil
12 Division and maybe the
13 Orphan's Division as to
14 whether all the folks that are
15 in place are busy all the
16 time? With the drastically
17 reduced numbers, can those
18 people be better utilized
19 perhaps in the Criminal
20 Division, in the Family
21 Division, that I think is
22 breaking at the seams? Can
23 you talk about that a little
24 bit?

25 MS. CAPRISTO:

1 Well, I would say that
2 a number of the issues that
3 you just brought up are part
4 of our strategic plan and our
5 projects about the best
6 utilization of the resources
7 that we have. So every
8 division is under a microscope
9 for basically, not to put too
10 fine a point on it, justifying
11 their existence and their
12 personnel. As far, however,
13 as personal staff for judges,
14 we are required to provide
15 them with --- well, except for
16 seniors, a law clerk, a
17 secretary and a tipstaff.

18 But beyond that, all
19 other operations at the
20 Orphan's Court and Civil
21 Division are being examined
22 towards that very end. Are we
23 making the best use of these
24 resources? Should they be
25 allocated somewhere else? You

1 know, we're doing that
2 throughout, including the
3 magisterial district judges as
4 well.

5 MS. HEIDELBAUGH:

6 But specifically I
7 tried a case not too long ago
8 and the Judge had not only the
9 law clerk, but two outside
10 counsel. Could you provide me
11 with the numbers that are paid
12 for the outside counsel, for
13 the Judges?

14 MS. CAPRISTO:

15 I'm not aware of any.

16 JUDGE MANNING:

17 I'm not aware of any in
18 the Civil Division. Outside
19 Counsel?

20 MS. HEIDELBAUGH:

21 Wettick.

22 JUDGE MANNING:

23 Okay. But I mean to go
24 back to that issue, though,
25 understand, if you look at the

1 Federal bench, they'll tell
2 you that 80 percent of their
3 time is spent on 20 percent of
4 their docket. Because that's
5 Criminal, Criminal; okay?

6 Twenty (20) percent of
7 their docket is Criminal and
8 it takes up 80 percent of
9 their time. Eighty (80)
10 percent of their docket is
11 Civil and it takes up 20
12 percent of their time. And
13 that's why you see that in the
14 Civil Division. Because most
15 of what you understand and you
16 know deals with discovery
17 issues and deals with all
18 those things that don't
19 require a Judge to be sitting
20 on the bench as opposed to the
21 Criminal Division.

22 MS. HEIDELBAUGH:

23 Yeah. So Civil is ---
24 discovery is being dealt with
25 by Judge Wettick.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

JUDGE MANNING:

Well ---.

MS. CAPRISTO:

Well, but as you know, Councilwoman, that the lawyers drive the case more in Civil. They do. And if they settle out of court, the Judge just finds out about it from the Prothonotary. It's not ---.

MS. HEIDELBAUGH:

Well, I've been in the Civil Division long enough to know ---.

CHAIR:

Ladies, if I might interrupt you, please?

MS. HEIDELBAUGH:

Sure.

CHAIR:

Our stenographer needs an opportunity to change her paper so we can get every word.

COURT REPORTER:

1 Oh, I'm still getting
2 every word.

3 CHAIR:

4 Okay.

5 COURT REPORTER:

6 Just on the disc.

7 CHAIR:

8 Well, you do want to
9 make sure that everybody is
10 reassured that it's on paper
11 and on the disc.

12 COURT REPORTER:

13 Okay.

14 CHAIR:

15 And feel free to relax
16 your hands and we'll wait
17 until you're ready. And then
18 you ladies might be resuming
19 your dialogue.

20 BRIEF INTERRUPTION

21 COURT REPORTER:

22 I'm ready. Go ahead.

23 CHAIR:

24 If you ladies are
25 ready, you may continue.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. HEIDELBAUGH:

So I guess my comment then --- we may have to agree to disagree. But my comment is I think there could be some savings in Civil Division based on unutilized courtrooms and a reduction in the civil cases filed. And I would encourage the Courts to look at that. The other thing ---.

JUDGE MANNING:

Could I just say that the reduction of civil cases filed since 1998, when they had probably a three-year delay to get to court, now you can have almost less than a one-year delay?

MS. HEIDELBAUGH:

Five months.

JUDGE MANNING:

Yeah, there you go.
And I would attribute a lot of

1 that to a lot of good things
2 that happened.

3 MS. HEIDELBAUGH:

4 Absolutely. No, no. I
5 already said you were
6 wonderful.

7 JUDGE MANNING:

8 Okay.

9 MS. HEIDELBAUGH:

10 The other question I
11 had is about the Orphan's
12 Court. It's my understanding,
13 and maybe this is incorrect,
14 that the President Judge
15 wanted to have a relook at the
16 Frick building lease and, you
17 know, have the Orphan's Court
18 in the Frick building, a
19 private building. And I'm
20 sure the lease rates there are
21 quite expensive. That was my
22 understanding. She wanted to
23 move the Orphan's Court
24 Judges. So where do we stand
25 on that?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. CAPRISTO:

Well, the lease that we just negotiated with the Frick building, that includes Orphan's Court, started January 1st of this year. And I believe sometime in the next year-and-a-half, if we wish to vacate the 17th Floor where the Orphan's Court is, we have to give notice to do that.

And obviously, working that out is again part of our strategic analysis of do we need to be on the 17th Floor? Can we move to the City County Building or are there other places?

MS. HEIDELBAUGH:

Are they less expensive?

MS. CAPRISTO:

Yeah, yeah. Well, preferably one we're not even paying rent, so --- but that

1 is in the lease. That exit
2 clause is in there. So the
3 time for that decision has not
4 arisen yet. And the full
5 analysis of how that's going
6 to be done ---. Because there
7 are offices on the 17th Floor
8 beyond just the Judge's
9 chambers and staff. Because
10 we have guardianship staff and
11 other people up there as well.

12 JUDGE MANNING:

13 Here's my wish list on
14 that. The legislature gives
15 us \$250 million like they gave
16 Philadelphia in capital
17 expenditure to build a new
18 courthouse, which is really
19 what we need. If you've been
20 over to the City County
21 Building, ---

22 MS. HEIDELBAUGH:

23 Okay.

24 JUDGE MANNING:

25 --- you know we need

1 it. You know we need a new
2 courthouse.

3 MS. HEIDELBAUGH:

4 On this expenditure
5 here, what are services of \$13
6 million? What does services
7 mean?

8 MR. TYSKIEWICZ:

9 Services could range
10 from anything from rent at our
11 48 District Justice offices,
12 rent at Frick Building, rent
13 at, I believe, 67 other places
14 in terms of probation offices.
15 We also have a postage
16 component service, so all the
17 postage that gets mailed from
18 Pittsburgh Municipal Court
19 from both of the buildings,
20 all District Justice offices,
21 is also included in services.
22 All the travel that our
23 probation officers do to visit
24 their clients, both juvenile
25 and adult probation officers,

1 are included in services.

2 Court-appointed counsel
3 for criminal-related cases is
4 professional services. Any
5 type of contracted services
6 that we do with copying
7 leases, copiers, things like
8 that, that all rolls into that
9 service component.

10 MS. HEIDELBAUGH:

11 So is that in your
12 budget or is it a human
13 services budget that we pay
14 lawyers for parents who are
15 losing parental rights because
16 they have abused their
17 children? Is that your budget
18 or is that Human Services?

19 MR. TYSKIEWIZ:

20 We have attorneys ---
21 we have the dependency
22 attorneys that are part of our
23 Act 148 budget. But in terms
24 of termination of, you know,
25 parental rights, I would defer

1 to Director Cherna.

2 MS. HEIDELBAUGH:

3 We don't pay for that.
4 I know the County pays for
5 free lawyers for parents that
6 abuse their children. I think
7 that's about \$2.5 million we
8 do that. But that's not your
9 department?

10 MS. CAPRISTO:

11 I don't think it comes
12 out.

13 JUDGE MANNING:

14 No.

15 MS. HEIDELBAUGH:

16 And this is directed to
17 Judge Manning. Is there
18 any ---? If it's too
19 complicated, just tell me. Is
20 there State law that prohibits
21 you from increasing the types
22 of crimes in which you can
23 allow defendants to have
24 electronic monitoring? Can we
25 increase that within reason to

1 reduce the healthcare costs
2 and jail costs?

3 JUDGE MANNING:

4 Well, there are certain
5 instances where the defendant
6 is in the peculiar situation.
7 Our electronic monitoring is
8 controlled by us. Quite
9 frankly, I could grant
10 somebody electronic monitoring
11 on a very serious crime. I'm
12 not going to do that, but I
13 have that discretion.

14 MS. HEIDELBAUGH:

15 You do.

16 JUDGE MANNING:

17 There are
18 classifications that determine
19 where people can be sent. We
20 have this State intermediate
21 punishment program which is a
22 great program. But the
23 legislature decided we'll let
24 you have this program, but
25 we're going to limit it so

1 severely that there's nobody
2 to put on it. The only people
3 we put on it we wouldn't even
4 put in jail. So once again,
5 it's a function of
6 legislature.

7 MS. HEIDELBAUGH:

8 Okay. So the answer,
9 there's limits based on the
10 State?

11 JUDGE MANNING:

12 Yes.

13 MS. HEIDELBAUGH:

14 Is there anything that
15 you guys --- that you guys,
16 excuse me. Is there anything
17 the Court could be doing to
18 increase electronic monitoring
19 for convicted defendants to
20 reduce the cost that Allegheny
21 County pays?

22 And the reason why I
23 ask is because I think,
24 societally, if we can get
25 people back to work, paying

1 their child support, ---

2 JUDGE MANNING:

3 Right.

4 MS. HEIDELBAUGH:

5 --- not being
6 recriminalized in the jail, if
7 they're not a threat to
8 society, I think we all win.

9 JUDGE MANNING:

10 Well, there's no
11 question. And I think we are
12 pretty much maxed out in doing
13 that. Because we have created
14 the renewal center, the
15 treatment program. We've
16 created this thing that
17 euphemistically is called the
18 DUI hotel, you know, which
19 deals with ---.

20 MS. HEIDELBAUGH:

21 I went and toured it.

22 JUDGE MANNING:

23 That takes care of
24 everything that's required in
25 the first or second offense,

1 DUI all on one weekend. And
2 the rest of these cases are on
3 electronic monitoring.
4 Keeping in mind driving under
5 the influence is 25 percent of
6 the cases we have in Allegheny
7 County, that's one out of four
8 is a DUI.

9 MS. HEIDELBAUGH:

10 Renewal is telling me
11 that they believe respectfully
12 that they can handle more
13 referrals. Would you disagree
14 with that?

15 JUDGE MANNING:

16 No, I wouldn't disagree
17 with that. I think, however,
18 they have a restriction on
19 crime type as well. Could
20 they have more referrals?
21 Sure. We could do better in
22 that regard. But then again,
23 we may have an inmate who
24 wants to go there, but doesn't
25 qualify.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. TYSKIEWICZ:

And quite honestly, the DUI hotels is probably taking their referrals, and that would typically be a three-day electronic monitoring connection. And in lieu of that three-day electronic bracelet being on there, they're at the DUI hotel.

MS. HEIDELBAUGH:

Well, I assumed it was called the DUI hotel, but I went over there and certainly it was not --- there's no little soap, let's put it that way. It wasn't a very accommodating place.

Now, my last question is the Mental Health Court and I think the Veterans' Court --- the Veterans' Court is a special place for vets who really have mental health issues; is that right?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

JUDGE MANNING:

Special, yes. But it's
all criminal conduct.

MS. CAPRISTO:

It could be drug and
alcohol issues as well.

JUDGE MANNING:

Right.

MS. HEIDELBAUGH:

And I just encourage
all of us to really focus on
the criminalization of
psychiatric disorders.
Because I don't think
there --- it should be in the
jails to the extent that we
can't figure out psychiatric
treatment versus jail
treatment. I think we're all
better off.

JUDGE MANNING:

Well, to that end, you
know, the Department of Human
Services runs what they call
justice-related services.

1 They're taking a huge number
2 of people who have a mental
3 health component, a huge
4 number, and placing them
5 properly and making sure that
6 they're not in violation of
7 probations and paroles.

8 MS. CAPRISTO:

9 And they're even doing
10 that pretrial so that when
11 they do show up for trial,
12 their attorney can represent
13 to the Court that they've
14 actually stayed on this
15 treatment plan and done well.
16 And if they continue, they'll
17 continue to do it. So it
18 gives the Judge an opportunity
19 to see the defendant having
20 done something with the last
21 six months and having done
22 something positive to solve
23 their issues.

24 MS. HEIDELBAUGH:

25 Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIR:

Thank you. Any other questions for the Court at this point? As I said, we can have these individuals come back at another meeting of Budget and Finance. The Courts have been very cooperative over the last two years in coming in, answering questions, sometimes to our satisfaction, sometimes not.

But the Courts have been very proactive in making their cases. And I commend Judge Manning and all of his associates for doing so and, of course, best wishes to the President Judge and staff. With that, thank you very much for your time.

JUDGE MANNING:

Thank you all very much.

MS. CAPRISTO:

1 Thank you.

2 MR. TYSKIEWICZ:

3 Thank you.

4 CHAIR:

5 What I'd like to do is
6 give the Administration a
7 little time to prepare for how
8 we're going to move forward.
9 Is Marianne Moranski in the
10 room? Okay. Ms. Moranski is
11 not here. I'll leave it at
12 that. Maybe she'll appear at
13 another time.

14 MS. HEIDELBAUGH:

15 Point of order, Mr.
16 Robinson?

17 CHAIR:

18 Yes, ma'am.

19 MS. HEIDELBAUGH:

20 Just because our court
21 reporter hasn't had a break,
22 may I suggest that we grant
23 her some time to unfreeze her
24 fingers and ---?

25 CHAIR:

1 That's what I planned
2 to do.

3 MS. HEIDELBAUGH:

4 Thank you, sir.

5 CHAIR:

6 And in allowing the
7 Administration to prepare
8 themselves, let's take a
9 ten-minute recess so that
10 our --- to allow for any
11 members and staff to take a
12 little break. And I anticipate
13 we're going to start again no
14 later than a quarter to 6:00
15 by that clock on the wall.
16 Thank you very much. We stand
17 in recess.

18 SHORT BREAK TAKEN

19 CHAIR:

20 We'll do our best
21 through Budget and Finance to
22 get you whatever information
23 you need and get whatever
24 people you need in front of
25 you, but please, let's give

1 the budget director and the
2 county manager the opportunity
3 to assist us in getting the
4 people we need, the
5 information we need.

6 Any information that
7 cannot be gathered this
8 evening we can gather at a
9 Budget and Finance Committee
10 meeting. Mr. McKain and Mr.
11 Finkel will come back and the
12 other specific parties and any
13 other people who have appeared
14 before us.

15 These two days of
16 hearings are required by law.
17 So we might be moving forward
18 with processing our budget,
19 but these hearings are not
20 designed to conclude a budget.
21 I would anticipate that
22 whatever information we gather
23 in these two hearings and
24 other sources will give to
25 Council ample information to

1 do their job.

2 There are still some
3 outstanding requests made of
4 the Administration to the
5 Budget and Finance Committee
6 that have not been addressed.
7 That means we haven't gotten
8 the information. Mr. McKain
9 may have some of it this
10 evening and may feel free to
11 share. He may have some of it
12 and not feel free to share.

13 On the issue of the
14 millage and what the
15 Administration plans to do and
16 what I plan to do, that
17 information, until it is
18 public, as far as I'm
19 concerned, is embargoed and is
20 still a work in progress even
21 though there are numbers. But
22 they're not official numbers
23 and no one should use them as
24 such. Those numbers still
25 have to be processed through

1 the Budget and Finance
2 Committee. And we anticipate
3 working on it just as quickly
4 and efficiently as we can.

5 So if there are
6 questions for Mr. McKain
7 around the millage issue, I
8 suspect Mr. McKain is not
9 going to give any useful
10 information tonight. If you
11 want to have at him, have at
12 him. Okay.

13 Mr. McKain, Mr. Finkel,
14 the floor is yours.

15 MR. MCKAIN:

16 Thank you, Mr.
17 Chairman. Also, thank you to
18 all members of Council for
19 allowing us the opportunity to
20 go through our financial plan
21 that was presented to Council.

22 Behind me are the men
23 and women that lead our
24 departments and provide great
25 services for this County. We

1 began this budget process in
2 June. We submit to them
3 various sheets where they have
4 to fill out their cost
5 proposals. And we begin that
6 journey of meeting with them
7 on a regular basis to make
8 sure they can justify their
9 expenditures as we calculate
10 collective bargaining
11 agreements and other fringe
12 benefits and, of course, the
13 revenue size.

14 So we're really happy
15 to have this opportunity to be
16 in front of you and share some
17 information and answer your
18 questions. Have they received
19 the handout?

20 MR. BARKER:

21 Yes.

22 MR. MCKAIN:

23 Okay. Thank you. I
24 just want to go through the
25 handout. The first slide

1 begins called summary of fund
2 balance. I mean, if you look
3 at the general fund going left
4 to right, it's no secret that
5 none of us are satisfied with
6 the fund balance for the
7 general fund. It's at \$6.2
8 million. It's down from at
9 the end of 2011. As you can
10 see, it was healthier in other
11 years.

12 That's a concern. It's
13 unacceptable. We went through
14 rating agencies. We
15 committed, along with County
16 Council, to improve the
17 financial position of this
18 County. With Council's
19 approval, we were able to
20 achieve great debt savings
21 this year. We also instituted
22 a hiring freeze and were
23 really judicious on just
24 essential hires. We had
25 energy savings. We tried to

1 craft and capture all the
2 revenues that were due to this
3 county. And our particular
4 fund balance projection at the
5 end of this year is between \$8
6 million and \$11 million is our
7 current forecast.

8 Even to take it a step
9 further, in this budget that's
10 been presented to you to show
11 the rating agency, show the
12 taxpayer we are committed to
13 get away from one-time
14 revenues, we actually even
15 have a line in here for \$2
16 million as a \$2 million fund
17 balance enhancement. That is
18 us putting our money where our
19 mouth is so that we were all
20 committed to bringing up our
21 fund balance.

22 The next slide. I'm
23 sorry. I'm sorry. Mr. Finkel
24 reminded me the \$2 million
25 fund balance enhancement is

1 under the non-departmental
2 budget line time.

3 Turning to slide five,
4 unrestricted cash balance. I
5 know that that comes up
6 sometimes during our hearings
7 and even recently budget
8 finance by our cash position.
9 As you can see, on October
10 31st, grand total of
11 unrestricted cash was at \$189
12 million. As you can see, that
13 has improved over the last
14 several years. We believe
15 that the financial position,
16 also the bonds that we've got,
17 the savings, the tax increase
18 that was instituted this year,
19 has improved our cash
20 position.

21 On the next slide, six,
22 it kind of tells you under
23 unrestricted cash --- if you
24 look at the bottom, it shows
25 that our current forecast from

1 October then through November
2 to the end of our fiscal year
3 in December, that we should
4 have sufficient amounts of
5 cash to make the payroll and
6 pay our projected
7 disbursements. So this slide
8 is a show that we do track
9 cash. We're very aware of our
10 cash position and that we've
11 improved it to the point where
12 we --- you know, sometimes
13 you'll hear that we're not
14 paying our bills timely. We
15 have sufficient funds to do
16 that.

17 Going to the next
18 slide, it's the one that's
19 titled summary of operating
20 revenues and expenditures, a
21 comparison of '13 proposed
22 budget to 2012 forecast. So
23 essentially these are all the
24 revenues that the County has
25 in its operating funds.

1 You'll see that there's
2 an increase from year-to-year
3 as far as the forecast for '12
4 to '13 of \$16.5 million. Some
5 of the increases that I'll
6 point out to you are ---.
7 You'll see some small increase
8 in the taxes, two percent from
9 the proposed forecast,
10 forecast of '13 proposed.

11 The Federal and the
12 State --- although you see
13 those down as far as the
14 forecasts had proposed, that's
15 because next year it's going
16 to be accounted for
17 differently. We're
18 participating in a
19 State-approved block grant for
20 these funds for \$5.5 million
21 of revenues and associated
22 expenditures. And that will
23 be over in the grant section
24 of our budget.

25 So even though you see

1 a decrease, a variance under
2 Federal and State, it's really
3 even going to be more
4 resources in a grant based on
5 our allocation from the state
6 and feds next year. It just
7 is going to be accounted for
8 starting July 1 of '13 on
9 something called a block
10 grant.

11 Under our departmental
12 earnings and charging fees,
13 you'll see that they're up
14 \$11.8 million. Primarily
15 that's contributed because of
16 the increase in the real
17 estate fees that Council
18 approved, and we appreciate
19 that. You'll see primarily
20 that is the increase there.
21 Although I do want to also
22 point out, as the Court said,
23 that they've increased fees
24 and theirs is almost up
25 \$450,000, so is the police and

1 some other categories.

2 Another item I'd like
3 to point out is the other
4 miscellaneous agencies.
5 You'll see that under
6 redevelopment authority that
7 there is \$1.5 million in the
8 forecast for this year, and
9 that was the budget and
10 nothing for next year.

11 That is to reinforce
12 that we want to leave revenues
13 where they belong. These are
14 fees that are accumulated by
15 our economic development
16 department that should be
17 repurposed in economic
18 development in this county.
19 But in this budget and some
20 other budgets, we were taking
21 that money to help balance our
22 budget. We again are
23 committed to take away these
24 one-time revenues of reliance
25 and taking fees that should

1 remain in these departments to
2 generate economic development.
3 So we were able to balance the
4 budget for 2013 without taking
5 that \$1.5 million.

6 Down at the bottom,
7 you'll see a summary at a
8 highly macro level of
9 different categories from
10 personnel to fringe benefits,
11 services, et cetera. You'll
12 see that the personnel is
13 going up a little over three
14 percent. The fringe benefits,
15 2.2 percent. Although, again,
16 the services, you see those
17 going down, that's because
18 again we're moving many of
19 those to the grant budget,
20 including the budget grant.

21 And you'll see that
22 debt service is going up. But
23 I do want to point out that
24 the forecast includes the \$12
25 million that we saved this

1 year because of the
2 refinancing that Council
3 approved. So you'll see a
4 variance that it's going up,
5 but you'll have to remember
6 that this year is when we took
7 the savings for the
8 refinancing because of
9 historic low interest rates.

10 And then we put at the
11 bottom the fund balance
12 enhancement. Again, it's
13 something that I think we can
14 be proud of to show everyone,
15 not just the rating agencies,
16 but the taxpayers that we have
17 our fiscal house in order,
18 headed in the right direction.

19 The next couple of
20 slides I'm going through, 9,
21 10 and 11, are just graphics
22 for real estate tax revenues
23 as we see there, how they're
24 going up. Sales tax is on
25 slide ten, going up about a

1 half a million. We had car
2 rental revenue for the budget
3 is flat at 39 and half.

4 Turning to page 12,
5 again just we talk about some
6 revenues for this year and
7 then beyond. Some initiatives
8 that we're exploring with
9 Council's approval. This year
10 we already talked to you about
11 from 2013 that we have
12 increased revenues, primarily
13 because of real estate, but we
14 also have a booking center fee
15 that the Courts mentioned.
16 They also have increased some
17 fees and so have some of our
18 other departments.

19 For 2014, Counsel may
20 recall that you've given us
21 permission to enter into
22 contracts with cell tower
23 vendors. Those contracts are
24 in draft form, just to give
25 you an update. We've sent

1 them out to them. Once we're
2 able to memorialize those
3 contracts, then their charge
4 will be in 2014 to work
5 through the municipalities,
6 receive Zoning Board hearings.
7 And when they're approved,
8 this time next year, we'll be
9 able to tell Council when we
10 believe those revenues will
11 hopefully become --- start to
12 come to fruition in 2014 and
13 beyond.

14 Some other things that
15 we've talked this year that
16 will be coming back to
17 Council, we're still looking
18 at our fees. Our vision team
19 reports are close to being
20 done. When we believe that we
21 have enough information to
22 come share it with you and get
23 your input and hopeful
24 approval, we'll come back to
25 you. We also know that

1 Council has gathered some
2 information for free revenues
3 also that they have produced.

4 Continuing on in the
5 presentation on slide 14, this
6 is kind of showing you how we
7 believe that we tried on the
8 expenditure side to do our
9 best to compare expenditures.
10 You'll see that the Pittsburgh
11 Consumer Price Index has an
12 average annual growth of 3.08
13 from September '03 to June
14 '12. If you flip to the next
15 side and look at the same time
16 period for this government on
17 the expenditure side, we've
18 only gone up 2.4 percent. So
19 there's been a lot of effort
20 to try to control costs
21 through labor, collective
22 bargaining agreements, trying
23 to control fringe benefits,
24 become as efficient as we can.

25 The next side I'm going

1 to is slide 16. It's looking
2 at the expenditures as far as
3 a budget-to-budget comparison.
4 You'll see at the bottom that
5 the overall is going up 1.96
6 percent. I know we've already
7 talked about some of the
8 variances here, they've been
9 discussed. Administrative
10 Services Department is being
11 reduced because we're carving
12 out the custodial resources
13 from their public works. Also
14 we're carving out a lot of the
15 trades and building personnel
16 to create the new department
17 called facilities management.
18 The Health Department,
19 we've talked about that, where
20 we believe it's appropriate to
21 have the contract for jail
22 inmate medical services to be
23 under the jail. So that's
24 why --- one of the reasons
25 primarily you'll see the

1 Health Department's
2 budget-to-budget, year-to-year
3 go down and the jails increase
4 because of that \$10.8 million
5 contract that we are allowed.
6 We're preparing to go out on
7 the street very soon for an
8 RFP.

9 Flipping to page 17,
10 again things that are under
11 our control. We try to make
12 sure we right size our
13 departments. We use
14 department resources that we
15 have available to us as
16 efficiently as we can. You'll
17 see that way back in '96 we
18 had 7,300 employees. And you
19 look at the tail end, even
20 December '11, we had 5,321
21 under our operating budget.
22 And through October this year
23 we have 5,160. That's a
24 reduction of three percent or
25 161 FTEs.

1 The next one, page 18,
2 it's just something that we
3 want to make sure that you're
4 aware of. We're certainly
5 aware of it, that we have 15
6 contracts that are up. As you
7 know, because of the services
8 that we provide, it's labor
9 intensive here. We've been
10 working diligently with our
11 partners in labor to come up
12 with a fair collective
13 bargaining agreement,
14 something that we all have to
15 be aware of and we're
16 cognizant as we put budgets
17 together. But just thought we
18 should share that with
19 Council. We're aware of that
20 and working through that.

21 Flipping ahead to page
22 20, I just wanted to show you
23 some things about Act 148.
24 You'll see that we did have
25 some reductions. But again,

1 many of these type of
2 resources are going to be
3 budgeted in 2013. And you'll
4 see in the block down below,
5 \$5.5 million in state special
6 block grant funds. All
7 services will be maintained.
8 If you see a fluctuation going
9 down in operating, it's over
10 in the grant fund.

11 Flipping to page 21,
12 again, the loss of impact on
13 this, again, it just
14 reemphasizes that it's going
15 primarily over --- from the
16 operating budget over to the
17 block grant budget. But
18 again, none of the services
19 would be reduced or impacted
20 by that.

21 Continuing on to page
22 23, I began a presentation to
23 tell you when we went to New
24 York this year, we were in
25 jeopardy of having our bond

1 rating reduced even further.
2 And the primary emphasis was
3 the fund balance. They saw it
4 go from \$20 million to \$5.7
5 million as far as the
6 unassigned.

7 But we are committed to
8 them as we are committed to
9 you and the residents and
10 taxpayers to improve the
11 financial position of this
12 county. With your help, we
13 did it this year, beginning
14 with the refinancing event,
15 our energy savings.

16 Those type of things
17 that we also told you that we
18 were going to create or
19 enhance new revenue streams,
20 we did that with the Council's
21 approval with real estate.
22 Hopefully, in 2014 we'll get
23 the cell towers. And we
24 continually on a very regular
25 basis determine and look to

1 see if there's new ways to
2 enhance revenues and come back
3 to Council.

4 Another one that's in
5 this budget is \$500,000 in
6 renewed booking center fee
7 that the Courts mentioned. We
8 had approval through our
9 judicial system and at the
10 State level that will help
11 offset expenditures at the
12 jail. We are committed to
13 continue to go back. We do
14 have to go back to the rating
15 agency and hopefully improve
16 this rating as one of our
17 goals.

18 The last one is the
19 Allegheny County Debt Service.
20 This is the run of outstanding
21 debt. If you look at 2013,
22 you will see that spike that's
23 there. We're going to be
24 working with our financial
25 advisor. If you see the

1 little blue at the bottom,
2 that's actually a Series C55.
3 That is what we believe is a
4 potential opportunity for us
5 to come back to Council if it
6 makes sense to refinance next
7 year if the rates still remain
8 the same next year.

9 We'll continue to
10 analyze our debt and come back
11 to you if it makes sense and
12 get your approval, if
13 appropriate, for any type of
14 savings. You may recall that
15 we went out this year for two
16 years' worth of debt. So it's
17 not for new debt next year.
18 If we come back to you, it
19 will only be because the
20 market didn't pay the
21 potential for refinancing
22 savings.

23 That's really ---
24 that's our presentation. Of
25 course, we open it up to any

1 Council members and Mr.
2 Chairman.

3 CHAIR:

4 Thank you, Mr. McKain,
5 and thank you, Mr. Finkel.
6 All members weren't in the
7 room, I don't believe, when I
8 made the comments about the
9 millage issue. Mr. McKain was
10 here. And I indicated that,
11 while Mr. McKain, like myself,
12 has some idea of what that
13 number is or could be, we're
14 not at liberty to share it
15 until the finalization is done
16 and until it's available to
17 the public. That's not
18 tonight. And trying to get
19 that number out of Mr. McKain
20 probably would be a waste of
21 time.

22 MR. MCKAIN:

23 You're right.

24 CHAIR:

25 You see, I'm right.

1 I'm not going to let you tell
2 them. I'm sure there are many
3 questions or concerns for Mr.
4 McKain or Mr. Finkel. As I
5 said before, if, for whatever
6 reason, members don't want to
7 ask certain questions this
8 evening in the interest of
9 time or whatever inference you
10 may have, we can continue to
11 work with these two gentlemen
12 and the other members of the
13 Administration before any
14 finalization of the budget to
15 try and get some satisfaction
16 for members of this Council.

17 Members, of course, are
18 free to ask whatever questions
19 they want. And, of course,
20 Mr. McKain and Mr. Finkel are
21 free to provide us with the
22 information they feel they
23 want to give us tonight. But
24 they are available and they
25 have been most cooperative to

1 date. And I don't take that
2 for granted.

3 Let me start to my
4 right with Ms. Danko, first
5 round, two questions.

6 MS. DANKO:

7 Thank you, Mr.
8 Robinson. I had our staff,
9 and I'm not sure if all
10 Council has this, prepare a
11 side-by-side between the
12 County Executive's proposed
13 budget and Mr. Robinson's
14 proposed budget. And as I'm
15 sure Mr. McKain has probably
16 done a comparison, I was
17 wondering if you could go over
18 any variation and give your
19 perspective.

20 CHAIR:

21 Pardon me, Ms. Danko.
22 But I don't believe every
23 member has that. If you could
24 let us know by what means you
25 wanted us to receive it. Some

1 members don't have that
2 comparison that you're
3 referencing. If you give Mr.
4 Szymanski a moment to pass
5 those out. And let me ask Mr.
6 McKain, are you aware of Ms.
7 Danko's comparison on the
8 expenditure side, as I
9 understand?

10 MR. MCKAIN:

11 Yes, we do our own type
12 of variance analysis. I have
13 a different document that I
14 can refer to that should agree
15 with the numbers.

16 CHAIR:

17 Okay. The reason I
18 want to be sure that every
19 member has a copy of this, so
20 we know exactly what we have
21 here. And when Ms. Danko
22 starts asking questions, I
23 believe she's going to
24 reference the document that
25 she believes all members of

1 Council have. I think you
2 should have one, too, the one
3 that she's going to reference.
4 And then if you have some
5 other document, feel free to
6 reference that. Do you have a
7 copy of what she's
8 referencing?

9 MR. MCKAIN:

10 No.

11 CHAIR:

12 Mr. Szymanski, could
13 you provide that to Mr. ---?
14 And sir, let me give you a
15 quick opportunity to just
16 peruse it ---

17 MR. MCKAIN:

18 Okay.

19 CHAIR:

20 --- quickly so you get
21 a sense of what Ms. Danko has
22 done. Let me remind everybody
23 that, as I understand what Ms.
24 Danko has done, that she's
25 looked at the expenditure

1 legislation that the Chief
2 Executive submitted to Council
3 and expenditure legislation
4 that yours truly has
5 submitted.

6 Any proposed
7 legislation relating to the
8 capital budget and the special
9 accounts budget exists only in
10 the form at this date as
11 submitted by the
12 Administration, by the Chief
13 Executive. There is no
14 submission from myself or any
15 other members of Council. Am
16 I correct, Ms. Danko, at least
17 in terms of what you have
18 prepared here?

19 MS. DANKO:

20 There are revenues, the
21 general funds, not --- at this
22 point we have them as
23 constant, but with one
24 exception. I'll let Mr.
25 McKain more fully ---. If you

1 look on the back ---.

2 CHAIR:

3 On the back of the
4 first sheet or ---?

5 MS. DANKO:

6 On the back of the
7 yellow lined sheet.

8 CHAIR:

9 I have two pages.

10 MS. DANKO:

11 Okay, on the second
12 sheet.

13 CHAIR:

14 On the second sheet?
15 Mr. McKain, did you look at
16 the second?

17 MR. MCKAIN:

18 I do know it's on the
19 back.

20 CHAIR:

21 Yours is on the back?

22 MR. MCKAIN:

23 Yes, sir.

24 CHAIR:

25 I suspect Ms. Danko's

1 is in the back, too. Okay.
2 Now that we're all on the same
3 sheet ---.

4 MS. DANKO:

5 Same long paper.

6 CHAIR:

7 Same long paper. The
8 Chair will depend upon Ms.
9 Danko to make sure that we
10 know exactly who she's talking
11 about. She was asked a
12 question of Mr. McKain, but I
13 gave him a few minutes to
14 quickly absorb it. Sir, I
15 don't anticipate that you
16 necessarily will understand
17 what Ms. Danko had done, so
18 I'll give you some latitude in
19 responding. And, of course,
20 Ms. Danko can explain to you
21 what she has done and what she
22 would like you to do in
23 reference to this. Is there
24 anyone who's unclear? Okay.

25 MS. DANKO:

1 I think it's pretty
2 straightforward. There's a
3 difference column. And if he
4 would just basically go
5 through the difference column?

6 CHAIR:

7 You want him to go
8 through every item now?

9 MS. DANKO:

10 In the difference
11 column.

12 CHAIR:

13 In the difference
14 column. Mr. McKain, do you
15 understand that?

16 MR. MCKAIN:

17 Yes, sir.

18 CHAIR:

19 Okay. Whenever you're
20 prepared with the
21 understanding that you've only
22 had a few minutes to look at
23 this document, obviously I
24 would depend upon you and Ms.
25 Danko to assist with ---. If

1 you are clear on Ms. Danko's
2 concern, you can proceed. If
3 not, she can restate it.

4 MR. MCKAIN:

5 No, I understand it.
6 And I just went through this
7 quickly with our own documents
8 and I think we match up. The
9 differences are between two
10 different budgets beginning
11 with \$25,000 that's in the ---
12 not in our budget. It's for
13 the Union Relations
14 Commission, \$25,000. That
15 would be the increase in that.
16 The next increase would be
17 \$406,907 added back to the
18 County Controller's budget.

19 The next one would be
20 Community College of Allegheny
21 increased that appropriation
22 by \$1,759,545, increase the
23 Allegheny League of
24 Municipalities by \$5,000 more.
25 Those are increases to --- and

1 the corresponding decrease to
2 pay for that was out of
3 non-departmental budgets of
4 \$1,696,452.

5 And that's the
6 expenditures. That leaves a
7 \$500,000 imbalance that is
8 being suggested by increasing
9 revenues by \$500,000 in fees.
10 And if you line those two up,
11 that's the differences that
12 balance.

13 CHAIR:

14 Ms. Danko?

15 MS. DANKO:

16 My other concern at
17 this point ---. I'm assuming
18 we get two questions?

19 CHAIR:

20 Yes, ma'am.

21 MS. DANKO:

22 You've highlighted in
23 your presentation a bargaining
24 unit of how many contracts
25 come at the end of the year.

1 MR. MCKAIN:

2 Uh-huh (yes).

3 MS. DANKO:

4 Are we going to have
5 contracts for the end of the
6 year? Do you expect to have
7 contracts? Is there a
8 provision in place to roll
9 these forward? I'm just
10 wondering if it's a lot of
11 employees.

12 MR. MCKAIN:

13 It's a lot. There's 15
14 of them. We do take
15 provisions and put it in the
16 budget. Respectfully, while
17 we're negotiating, you know,
18 that should stay there. But
19 the budget accounts for those
20 as best as we can.

21 We meet. Both sides
22 have been professional. We're
23 making progress. However,
24 realistically sometimes they
25 don't end at December the

1 31st. If it would go into
2 next year, you know, if we
3 have the budget correct and
4 they get a retro, then those
5 resources would be available
6 next year. It's something we
7 have to pay attention to
8 because we're so labor
9 intensive. There are
10 provisions in the budget as we
11 continue negotiating.

12 MS. DANKO:

13 It just makes the
14 budgeting very difficult.

15 MR. MCKAIN:

16 It really does. I
17 mean, the next year we're
18 sitting there and we have 15
19 behind us, we can say the
20 rates are such and such. But
21 right now you're right, it
22 makes it a little bit more
23 complicated this year.

24 MS. DANKO:

25 Okay. Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIR:

This is on the first
round. Mr. DeFazio?

MR. DEFAZIO:

I don't have a question
on the first round. Maybe the
second round.

CHAIR:

President Martoni?

DR. MARTONI:

No.

CHAIR:

Councilwoman Rea?

MS. REA:

No questions.

CHAIR:

Councilman Finnerty?

MR. FINNERTY:

Thank you. I do have
one question and it's in
regard to the Sheriff's office
more than anything else. I
think you heard me mention it
before, that you have taken a
half a million dollars out of

1 his budget for his fringes.
2 That's --- I can't understand
3 how that could be.

4 MR. MCKAIN:

5 Can I respond?

6 MR. FINNERTY:

7 Sure can.

8 MR. MCKAIN:

9 We believe that if you
10 look at the personnel line in
11 the budget, that there are
12 dollars in there that belong
13 in his fringe benefits. If
14 you look, it looks like an
15 eight-and-a-half percent
16 increase from personnel for
17 the forecast and that we have
18 \$2 million in there and we'd
19 like to work with Council
20 staff to reclassify and bring
21 the personnel down and
22 appropriately fund the
23 fringes.

24 MR. FINNERTY:

25 Well, I don't

1 understand that.

2 MR. MCKAIN:

3 Okay.

4 MR. FINNERTY:

5 And the reason I'm
6 saying that is because it
7 hasn't been done in any other
8 department.

9 MR. MCKAIN:

10 And I think that that
11 was an error, and that's why
12 I'm telling you a mistake was
13 made. There's too many
14 dollars in personnel and we'd
15 like to bring down an
16 appropriate reduction from
17 personnel that doesn't belong
18 there.

19 MR. FINNERTY:

20 You mean personnel in
21 the Sheriff's?

22 MR. MCKAIN:

23 Yes, sir. Yes. I
24 mean, when you brought that up
25 and when Sheriff Mullen did,

1 we all went in the back and
2 looked and realized that we
3 had too much in personnel. We
4 had to bring that down, it's
5 just a technical correction,
6 and put it in the fringe line.

7 MR. FINNERTY:

8 Oh, okay.

9 MR. MCKAIN:

10 In his particular
11 budget.

12 MR. FINNERTY:

13 Right.

14 MR. FINKEL:

15 It's in between the
16 first two lines.

17 MR. FINNERTY:

18 Right, I understand.

19 MR. MCKAIN:

20 Yeah, we overstated
21 that personnel. So it was ---
22 to be honest, it was a
23 mistake.

24 MR. FINNERTY:

25 Because his budget did

1 increase.

2 MR. MCKAIN:

3 Yes. And it should.

4 MR. FINNERTY:

5 The bottom line.

6 MR. MCKAIN:

7 Yes, it should.

8 MR. FINNERTY:

9 Okay. Thank you very
10 much.

11 MR. MCKAIN:

12 Okay. Thank you, and
13 we apologize for the mistake.

14 MR. FINNERTY:

15 Not a problem.

16 CHAIR:

17 Ms. Green Hawkins, do
18 you have any questions?

19 MS. HAWKINS:

20 Thank you. I wish to
21 thank you for being here, Mr.
22 McKain. I have a question for
23 you. Forgive me if you've
24 explained this already. I see
25 for Administrative Services

1 there's a decrease in the
2 proposed budget of \$6.1
3 million. Could you explain
4 what the reasoning is behind
5 that? Again, I apologize if I
6 missed your explanation on
7 that.

8 MR. MCKAIN:

9 No, no. That's okay.
10 Specifically to Administrative
11 Services, yeah, we are taking
12 the custodial staff, and
13 resources and some of the
14 utilities that are paid out of
15 there, our county budget, the
16 utilities out of
17 Administrative Services, they
18 also have custodial staff and
19 that's all going to be rolled
20 into facilities management
21 now. We think that it's
22 proper to be reclassified from
23 there.

24 MS. HAWKINS:

25 Thank you. That's all.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIR:

Ms. Heidelbaugh, two questions on the first round?

MS. HEIDELBAUGH:

I am concerned about the Controller's concerns. So generally, let's start generally. Why did the Controller's Department receive a ten-percent reduction across the board and was not told why?

MR. MCKAIN:

As far as not told why, I can't speak to that. We meet with all of our departments and all the row offices and courts. And when the budget is released, it's made available to them like anybody else.

Why they are reduced was that if you look at the forecast, not budget to budget, but the forecast from

1 2012 current year to 2013
2 proposed, the difference is
3 \$410,000. \$167,000 is for
4 weights and measures. The
5 forecast includes weights and
6 measures. We haven't moved
7 the bonds yet.

8 There are one-time
9 costs this year for
10 unemployment, about \$100,000
11 based on the changes in
12 administration. Repairs and
13 maintenance and computer
14 equipment was reduced by about
15 \$60,000 because we are going
16 to thin client rollout. So
17 anybody who asks for
18 computers, many of them, we
19 can handle in a capital
20 budget. So those are the type
21 of things that we reduced.

22 I also would like to
23 point out that they currently
24 have budgeted, as we stand
25 today, 86 people full time.

1 Eighty-four (84) was on the
2 last pay, they have two open
3 positions. They also in that
4 budget include 43 accountants,
5 16 auditors, 90 data
6 processing, 12 in admin.

7 Every single one of
8 those positions are budgeted
9 for next year. So they have
10 the full complement of their
11 headcount that we believe ---
12 it allows them to have the
13 resources to present financial
14 statements in accordance with
15 generally-accepted accounting
16 principles. We also believe
17 that those resources allow
18 them to have meaningful, true
19 audits that make
20 recommendation to add value,
21 things that are achievable and
22 reduce expenditures, increase
23 revenues, increase
24 inefficiencies, just like the
25 people behind me. Every day,

1 that's our charge. We believe
2 that there's an appropriate
3 amount of resources, but I did
4 go through the lines and it's
5 weights and measures and
6 computers, the unemployment.
7 And we think that that's
8 enough resources to meet the
9 core functions of their
10 department.

11 MS. HEIDELBAUGH:

12 One of the things I
13 want you to explain to me that
14 the Controller brought to our
15 attention in the Budget
16 Committee --- I think you
17 might have been there in the
18 audience --- is that one of
19 the line items is that there
20 will be an expenditure of
21 potentially \$23 million with
22 property tax refunds. And I
23 believe that the
24 Administration and the
25 Controller differ on this

1 number. Could you explain
2 what the controversy is?

3 MR. MCKAIN:

4 I don't know if there's
5 any controversy. In this
6 year's budget, when the budget
7 was put together, they had
8 thought that the Court-ordered
9 reassessment would have took
10 effect. So \$23 million in
11 refunds were in there, but
12 they're not coming to fruition
13 because of the extension by
14 the Judge in the court. And
15 so that's just a budgetary
16 number. It's in contra to the
17 revenues that we received and
18 it just didn't come to
19 fruition.

20 We do receive some
21 refunds that we had to process
22 this year, but nothing near
23 the \$23 million, because when
24 the budget was adopted
25 everyone thought the

1 Court-ordered assessment was
2 going to happen.

3 MS. HEIDELBAUGH:

4 Okay. What I'm trying
5 to get at is last year we
6 raised taxes by mill.

7 MR. MCKAIN:

8 Uh-huh (yes).

9 MS. HEIDELBAUGH:

10 Essentially we needed
11 to find \$12 million, CCAC and
12 Health and Human Services. So
13 we had in our budget \$23
14 million for tax revenues ---
15 tax refunds, which we didn't
16 need to use. So why wasn't it
17 discussed when we raised the
18 millage? We had \$23 million
19 sitting there that we weren't
20 going to have to use.

21 MR. MCKAIN:

22 I wasn't here. The
23 only thing that I can say is
24 it was part of the budget
25 process. And having said all

1 of that, at the Budget and
2 Finance Committee meeting the
3 other day, the forecast that
4 was given by the Controller
5 was very similar to ours, if
6 you remember, about \$10 or \$11
7 million.

8 So you have to
9 remember, we're not going out
10 and getting payment in lieu of
11 taxes this year and we're not
12 getting tax lien sale. At the
13 end of the day, the fund
14 balance is probably going to
15 be a range of \$9 to \$11
16 million increase with or
17 without our analysis.

18 MS. HEIDELBAUGH:

19 Well, a million here, a
20 million there. We start
21 talking about real money;
22 right?

23 MR. MCKAIN:

24 And actually increasing
25 that? We should be proud of

1 that. Each year we should do
2 that. So the \$23 million is
3 just a contra count to the
4 gross revenues coming in. But
5 it didn't come to fruition.
6 During the year, we have a
7 balance budget and things
8 happen including that.

9 MS. HEIDELBAUGH:

10 I understand.

11 MR. MCKAIN:

12 And that's the end of
13 it.

14 MS. HEIDELBAUGH:

15 Not really.

16 MR. MCKAIN:

17 And at the end of the
18 year, you know, it fleshes out
19 and we see how we did as far
20 as result of operations.

21 MS. HEIDELBAUGH:

22 Now, you stated in your
23 remarks to us that one of the
24 things is that the
25 Administration's goal is to

1 keep the money in the Economic
2 Development Fund, because it
3 shouldn't be raided when we're
4 low on revenue; right?

5 MR. MCKAIN:

6 Yes.

7 MS. HEIDELBAUGH:

8 And I think the view of
9 the Administration, which I
10 would endorse wholeheartedly,
11 is that that sort of money
12 needed to be done for economic
13 development. But I think the
14 strongest driver for economic
15 development in Allegheny
16 County is a low tax rate. And
17 to the extent that we keep
18 incurring debt and we have a
19 long-term debt issue, as the
20 Controller advised us, we
21 can't keep raising taxes
22 infinitely, because we're not
23 going to have economic
24 development because people are
25 going to flee the county as

1 they have.

2 So what I really want
3 to ask you is the Controller
4 said that we were flat on
5 expenditures in her report.
6 But how much did expenditures
7 increase over this year
8 through the previous years and
9 what are expenditures
10 projected to increase for next
11 year?

12 MR. MCKAIN:

13 Well, next year, I
14 think we had talked about that
15 maybe early in the
16 presentation. We're going up
17 from budget to budget 1.96 on
18 the expenditure side.

19 MS. HEIDELBAUGH:

20 Relative to what?

21 MR. MCKAIN:

22 About \$15.4 million.

23 MS. HEIDELBAUGH:

24 Increased expenditures
25 for 2013 over 2012?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. MCKAIN:

Budget to budget, yes.

MS. HEIDELBAUGH:

And when will we, the Council, be apprised of the Administration's plans for expenditures in the bond issue, the \$160 million bond issue, that portion of which has not been previously committed by Council?

MR. MCKAIN:

If I understand the question, on the agenda tonight is the 2013 capital budget. So we went out for two years with the bond issues. That funded the 2012 program. And then we have in front of Council in our plan suggestions on where we would spend the rest of that bond issuance that you're referencing.

MS. HEIDELBAUGH:

1 The entire amount would
2 be 2013?

3 MR. MCKAIN:

4 Yes.

5 MS. HEIDELBAUGH:

6 And are you going to be
7 getting to that in your
8 remarks?

9 MR. MCKAIN:

10 That might be later on
11 in the agenda, I think. From
12 my understanding, we usually
13 do operating and then we do
14 capital. It's on our
15 schedule.

16 CHAIR:

17 If you would like to
18 answer Ms. Heidelbaugh's
19 question now, feel free to do
20 so.

21 MR. MCKAIN:

22 But did you have a
23 specific question about
24 capital? I mean, we were
25 going to go through that

1 program.

2 MS. HEIDELBAUGH:

3 No, I'll wait until you
4 go through it.

5 MR. MCKAIN:

6 All right.

7 MS. HEIDELBAUGH:

8 Have you received a
9 response on the RFPs for the
10 Marcellus shale?

11 MR. MCKAIN:

12 As far as I know, no.
13 But I can get back to you
14 formally, but I don't think
15 so.

16 MS. HEIDELBAUGH:

17 And none of that
18 projected revenue I
19 assume ---?

20 MR. MCKAIN:

21 These are the ones at
22 the airport that you're
23 talking about?

24 MS. HEIDELBAUGH:

25 Yes, yes.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. MCKAIN:

Yeah, I've to be in touch with the airport.

MS. HEIDELBAUGH:

But none of that projected revenue is in this county budget?

MR. MCKAIN:

No.

MS. HEIDELBAUGH:

I asked, I think it was the Controller, and I think you've been here all evening, the ratio between what we pay salaries and personnel and fringe benefits versus the actual dollars of services. What I'd like to find out from your perspective, and I asked the Controller to provide this information, for every dollar we spend on personnel what is the commensurate dollar that we give out in services? Is there any way to calculate

1 that from your perspective?

2 MR. MCKAIN:

3 I'm not sure. I
4 actually probably look at it a
5 little bit differently. Even
6 though you have services, I
7 think that, you know, our
8 people, they are public
9 servants and they provide
10 those services, be it the
11 county police or corrections
12 officers, our people DHS.
13 Coupled --- just for an
14 example, coupled with that
15 would be contracted services,
16 and they help us provide the
17 services to the citizens.

18 So I'm not sure if I'm
19 really answering your
20 questions. But I think
21 service, even as a line item
22 service, the personnel and
23 fringe benefits paid for ---
24 our great employees provide
25 those services.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. HEIDELBAUGH:

Well, we do have great employees, but not all of the employees would be direct service providers.

MR. FINKEL:

There's also --- the services category is very broad. And it includes items such as rent, travel reimbursement, utility payments. It's not just actual services that you would think that person A provides to person B.

MR. MCKAIN:

Maybe that's what's having to jump out at you. I mean, there's millions of dollars in utilities payments, not just contracted agency services.

MS. HEIDELBAUGH:

The Controller told us that when we refinanced the

1 \$30 million bond, that there
2 was a net effect of zero
3 savings. The Administration
4 has continually said that
5 there was a savings of \$12
6 million.

7 MR. MCKAIN:

8 Yes.

9 MS. HEIDELBAUGH:

10 Can you explain to me
11 why the Controller says no net
12 effect savings?

13 MR. MCKAIN:

14 I think she might have
15 been referring to net present
16 value. And she had a concern
17 if it was going to achieve the
18 historic goal here of three
19 percent. And we did achieve
20 that. It's 3.2 percent, it's
21 a significant savings.

22 So I'm not sure. You
23 might be talking about present
24 value versus dollars. But we
25 did save \$12 million in

1 refinancing. And our net
2 present value achieved above
3 the threshold of three percent
4 which was a concern from that
5 office.

6 MS. HEIDELBAUGH:

7 Does this budget assume
8 a decrease in federal funding?

9 MR. FINKEL:

10 Can I just expand upon
11 that? When we do a
12 refinancing, there are several
13 bonds, four of them, where the
14 principal maturities were
15 going to be paid on November
16 the 1st. When we do the
17 refinancing, those maturities
18 went into the escrow account
19 on the new bond. And as a
20 consequence to that, as a
21 positive consequence, those
22 principal maturities that were
23 going to be paid on November
24 1st, we didn't have to pay
25 them, because the escrow takes

1 care of it. So in effect,
2 that's part of where the cash
3 flow savings comes from.

4 MS. HEIDELBAUGH:

5 Okay.

6 MR. FINKEL:

7 And the contra to that
8 is that there's a little bit
9 of debt services on the new
10 bond. But when you net it
11 out, that's where you see the
12 \$12 to \$13 million cash flow
13 savings. And that directly
14 impacts fund balance and the
15 debt service fund.

16 MS. HEIDELBAUGH:

17 Does this budget assume
18 a decrease in federal funding?

19 MR. MCKAIN:

20 The answer to your
21 question, on that slide eight,
22 you might see the federal is
23 going down \$1.8 million.

24 MS. HEIDELBAUGH:

25 Is that an assumption

1 or is that a notification?

2 MR. FINKEL:

3 It's based on an award
4 letter that we have.

5 MR. MCKAIN:

6 Award letters that we
7 get from the federal.

8 MR. FINKEL:

9 From the feds.

10 MR. HEIDELBAUGH:

11 Last question, Mr.
12 Drozd. What is the cost of
13 the Allegheny County Airport
14 in West Mifflin to us? Does
15 it cost or do we receive ---?

16 MR. FINKEL:

17 That's part of the
18 Airport Authority.

19 MS. HEIDELBAUGH:

20 Do we receive any ---?
21 Do we have to pay for that,
22 the County?

23 MR. MCKAIN:

24 No, that's part of the
25 Airport Authority.

1 MS. HEIDELBAUGH:

2 All right.

3 MR. MCKAIN:

4 It's a separate entity.

5 MS. HEIDELBAUGH:

6 Totally separate?

7 MR. MCKAIN:

8 Uh-huh (yes). It's
9 just saying it's the entity
10 out ---.

11 CHAIR:

12 Thank you. Mr. Drozd,
13 two questions?

14 MR. DROZD:

15 Yeah. Thank you, sir.
16 Thank you, Ms. Heidelbaugh. I
17 appreciate that. Two quick
18 questions. First and
19 foremost, just can you please
20 elaborate real quickly ---
21 because I do by management,
22 not exception, okay, variance.
23 I see, you know, we have the
24 Public Defender's office. I
25 see the --- we know what

1 happened to jails. Emergency
2 services, 113 percent and
3 non-departmental expenditures,
4 34.9. Could you please
5 elaborate where those went up,
6 where specifically or
7 generally and ---

8 MR. MCKAIN:

9 Yes.

10 MR. DROZD:

11 --- where the costs
12 are? On page 16.

13 MR. MCKAIN:

14 Sixteen (16). I'm
15 sorry. Emergency services, to
16 be very frank with you, Mr.
17 Droz, it's never been
18 properly budgeted in recent
19 years. This is the amount
20 that we actually need to have
21 in that budget and it brings
22 it whole now.

23 It's a realistic
24 budget. When the County
25 Executive presented, I think

1 that question was posed to him
2 also. It's really a realistic
3 budget. This is what it costs
4 to operate.

5 If you look at the
6 actual --- you know, this is
7 budget to budget. The actual
8 is very close to the budget
9 for '13. So that one is
10 really just bringing in the
11 budget to where the actuals
12 are.

13 The non-departmental
14 budget, the reason that it's
15 gone up, you have to remember
16 that's where you put \$2
17 million in it for fund balance
18 enhancement. In addition to
19 that, we think it's more
20 realistic regarding the TIFS
21 have been approved --- have
22 increased in there. And the
23 constable fees are housed in
24 there. We believe that
25 there's sufficient dollars in

1 there to pay what seem to come
2 through on an annual basis.
3 Those are the primary drivers
4 to ---.

5 MR. DROZD:

6 That's a fee real
7 quickly because that's all
8 covered in the cost. We
9 understand that's a ---.

10 MR. MCKAIN:

11 It's a passive. I'll
12 let Warren do it.

13 MR. DROZD:

14 No, it shouldn't be an
15 expenditure.

16 MR. FINKEL:

17 Yes, it is. A TIF is a
18 tax increment financing
19 instrument. The TIF is issued
20 to a property that is
21 underutilized. And what they
22 do is when they get the
23 financing, they dedicate ---
24 the debt service payment is
25 actually --- it's actually

1 refunded back. The County
2 collects it in advance and
3 then has to repay it back to
4 the trustee.

5 MR. DROZD:

6 I have a second
7 question real quick. If you
8 would, second question real
9 quick, sir.

10 MR. MCKAIN:

11 Oh, of course.

12 MR. DROZD:

13 Yes, sir.

14 MR. FINKEL:

15 Let me just give you a
16 little explanation on
17 emergency services funding,
18 the 911 operating loss and a
19 grant in here. If you recall
20 in 2012, we did the same thing
21 with the courts. They added
22 back \$8 or \$9 million. It was
23 because of those court-related
24 grants that we're constantly
25 running into deficits. And

1 when the Controller reported
2 it, it was all post-closing.

3 Now, it's all run
4 through operations. And we
5 wanted to make the 911
6 comparable to them.

7 MR. DROZD:

8 Okay. Second question.
9 My ears lit up in the fact
10 with this is a nine-percent
11 increase over last year which
12 was covered. That incremental
13 increase is considerably more
14 than the GNP when it went up.
15 We're talking nine percent; is
16 that correct?

17 MR. MCKAIN:

18 What is the nine? I
19 apologize.

20 MR. DROZD:

21 Nine percent from the
22 previous budget I thought ---.

23 MR. MCKAIN:

24 It's 1.96.

25 MR. DROZD:

1 Oh, 1.96?

2 MR. MCKAIN:

3 Yes, just about two
4 percent.

5 MR. DROZD:

6 Okay. I thought it was
7 nine. Sorry about that.

8 MR. MCKAIN:

9 All right.

10 MR. DROZD:

11 Okay. My question is
12 that's less than the GNP.
13 That's good. But based upon
14 the recovery with that ten,
15 where did you project again
16 that we're going to run into
17 some cash flow issues? I like
18 to look five years off, ten
19 years off. Where is this
20 county going to run into some
21 cash flow issues with not
22 getting any more increase in
23 revenues? Where would you say
24 it's at?

25 MR. MCKAIN:

1 But that's our charge.
2 Our charge, just like we did
3 with real estate fees, cell
4 towers, we have to continually
5 look on the revenue side to
6 enhance our revenues, create
7 new ones. Booking fees this
8 year, in this budget \$500,000.
9 This County was one of a
10 handful that didn't do that.
11 We have it. On the
12 expenditure side, we
13 continually look to reduce
14 expenditures.

15 Let me just tell the
16 Council something we're
17 working on so you know that we
18 do this every day. We're
19 conducting a healthcare
20 dependent audit. And what
21 that is, is that it's done now
22 in the industry to make sure
23 that the people that are on
24 our benefits or entitled those
25 benefits receive that. For

1 whatever reason, when you go a
2 long period of time, people
3 get on your benefits that
4 shouldn't be on there. People
5 go through divorces, children
6 somehow get on there even
7 though they're 28 years old or
8 they have their own jobs.

9 We are going through
10 that now. We went through an
11 amnesty period and I am happy
12 to tell you that even during
13 the first phase, before we get
14 to the second phase, which is
15 going to require
16 documentation, we're already
17 going to save \$250,000 a year
18 because of that.

19 MR. DROZD:

20 I understand all that.
21 But my question --- and it's
22 still my second question.

23 MR. MCKAIN:

24 Yes.

25 MR. DROZD:

1 But what I want you to
2 elaborate on is, right now we
3 have this; okay? We have
4 this. But there are
5 incremental costs that are
6 going to happen, ---

7 MR. MCKAIN:

8 Right.

9 MR. DROZD:

10 --- you know, in the
11 essence of benefits,
12 healthcare costs, ---

13 MR. MCKAIN:

14 Right.

15 MR. DROZD:

16 --- all of that. Have
17 you projected or have you
18 looked at --- has your
19 department on the finance
20 side, the finance, I'm
21 pointing to it, where it's
22 going to come to this, you see
23 it? Do you see where it may
24 come like this? And where is
25 that? Where do you project

1 that, if we can't squeeze any
2 more additional revenues out?

3 You know, you squeeze
4 revenues that the
5 Administration's office has
6 proposed, you know, those fee
7 increases; okay? We're coming
8 to a point. Where is that?

9 MR. MCKAIN:

10 And we do look out
11 three to five years
12 respectively. And it's not
13 pretty. That's why we have to
14 continually work with our
15 partners in labor, look at
16 expenditures, look at new
17 revenues, get competitive bids
18 for healthcare. But every
19 year, Mr. Drozd, it's a whole
20 new challenge. It's a new
21 journey. By looking out ---
22 we're aware. We look out
23 ahead so we know that's why we
24 have to work hard and bring
25 cell towers to you and new

1 revenue streams. So we'll
2 continue to look out.

3 MR. DROZD:

4 But without any new
5 revenues, where is that point?
6 Where do you project that
7 point to be without new
8 revenues?

9 MR. MCKAIN:

10 Well, we don't really
11 have it. We're only going to
12 submit balanced budgets.

13 MR. DROZD:

14 Could you try to get
15 that to the Chair?

16 MR. MCKAIN:

17 Uh-huh (yes). Sure.

18 MR. DROZD:

19 Get us the projections,
20 where you're going to need
21 those revenues.

22 MR. MCKAIN:

23 Sure.

24 MR. DROZD:

25 I'd like to drive the

1 ship that way.

2 MR. MCKAIN:

3 Okay. Yeah.

4 MR. DROZD:

5 You know, I mean, can
6 you get us where you feel that
7 you're going to need those new
8 revenues, even though you
9 don't have any ideas yet?

10 MR. MCKAIN:

11 Okay.

12 MR. DROZD:

13 Where are those points
14 going to miss --- I mean,
15 could you give it to us for
16 five years at least?

17 MR. MCKAIN:

18 Okay.

19 MR. DROZD:

20 Could you do that?

21 MR. MCKAIN:

22 Sure.

23 MR. DROZD:

24 I thank you very much.

25 And I think you have competent

1 staff that can do that. Thank
2 you.

3 CHAIR:

4 Thank you, Mr. Drozd.
5 Is there anyone to my left who
6 has not had a turn to ask
7 questions on the first round?

8 MS. REA:

9 Yes, sir.

10 CHAIR:

11 Ms. Rea, please.

12 MS. REA:

13 I'd just like to make a
14 comment. I'm really glad that
15 we're approaching this budget
16 with the Executive's decision
17 not to use one-time revenue
18 sources, because I think
19 that's what's really depleted
20 our fund balance. And you
21 know, we've had enough trouble
22 in the past, so I think that's
23 a really good decision. And I
24 know that has to be a
25 difficult decision.

1 MR. MCKAIN:

2 Uh-huh (yes).

3 MS. REA:

4 So I think that's a
5 good decision. Thank you.

6 MR. MCKAIN:

7 We agree. Thank you.

8 CHAIR:

9 Anybody to my right who
10 has not asked questions on the
11 first round? Now, we're ready
12 for the second round. At
13 least one person indicated
14 they might have some questions
15 on the second round. I'm
16 first going to go to Ms. Green
17 Hawkins. Two questions on the
18 second round?

19 MS. HAWKINS:

20 Thank you. I have a
21 question with Administrative
22 Services. The Election
23 Division falls under that;
24 right?

25 MR. MCKAIN:

1 Correct .

2 MS. HAWKINS:

3 Okay. And we know this
4 past year we had concerns with
5 making sure people were
6 trained with the update to the
7 legislation with voting
8 requirements. And we know
9 that the litigation has been
10 over and this legislation will
11 probably come to fruition
12 fully in some way soon within
13 a couple of years probably.

14 MR. MCKAIN:

15 Uh-huh (yes).

16 MS. HAWKINS:

17 In any event, does this
18 budget address the training
19 needs and the implementation
20 needs here in the County with
21 respect to those ---?

22 MR. MCKAIN:

23 There are resources in
24 here. When it looked like
25 that was going to happen this

1 year, we actually had a look
2 at Director of Elections, had
3 a training coordinator, went
4 out and talked to all the
5 stakeholders that did that.
6 Obviously, it didn't come up
7 at the training. It was still
8 worthy to help prepare if it
9 does come to fruition. And
10 there are more dollars in here
11 to make sure any of the
12 lessons learned from this past
13 election and the training that
14 we had were fine.

15 So I think this year
16 was a good test for us, even
17 though it didn't come up. But
18 we have good training
19 coordinators. We have
20 outreach of all the people
21 that participated in it. And
22 we got some feedback about,
23 you know, some concerns to
24 make sure that we're all on
25 the same page so that our

1 training can be enhanced next
2 year.

3 MS. HAWKINS:

4 Thank you, sir.

5 CHAIR:

6 Ms. Heidelbaugh, second
7 round, two questions.

8 MS. HEIDELBAUGH:

9 I'd like to ask about
10 this program that provides
11 free lawyers to parents who
12 have been accused of and are
13 about to lose their children
14 from abuse. Do we pay for
15 free lawyers in Allegheny
16 County?

17 MR. MCKAIN:

18 I honestly don't know
19 that. I'd defer to Director
20 Cherna.

21 MR. CHERNA:

22 Yes, we pay for
23 lawyers. We are by law
24 supposed to pay for lawyers
25 for parents who are in the

1 dependency system. It's very
2 important to us we have
3 lawyers who can adequately
4 represent the parents'
5 interest. We are known as a
6 national model, as Judge
7 Manning, because we have
8 strong checks and balances.

9 So we have our own
10 solicitors. We have Kid's
11 Voice who represents the
12 children. And we have the Bar
13 Association, who represents
14 the parents. So the Judges
15 can then make the best
16 decision so everybody is
17 represented.

18 We used to get
19 reimbursed 50 percent by the
20 State. They stopped that a
21 couple years ago. They are
22 considering doing it again and
23 we are hopeful that they will
24 reconsider that so that we get
25 reimbursed for that.

1 Right now it's 100
2 percent county dollars. It's
3 something that we feel
4 strongly about because parents
5 are entitled to
6 representation.

7 MS. HEIDELBAUGH:

8 You said by law. What
9 law?

10 MR. CHERNA:

11 We are responsible for
12 having the parent
13 representation.

14 MS. HEIDELBAUGH:

15 Because I understand
16 there is no law that requires
17 that.

18 MR. CHERNA:

19 Every county in
20 Pennsylvania has that required
21 through the Department of
22 Public Welfare to have
23 representation for the
24 parents.

25 MS. HEIDELBAUGH:

1 What I understood was
2 that there was a credible
3 lawsuit by Neighborhood Legal
4 Services for us to provide
5 free lawyers for parents who
6 are at the end stage because
7 they've abused their children.
8 And we voluntarily pay for
9 that, but there's no law that
10 requires us to do that.

11 So Mr. Szefi, would you
12 please let me know if there is
13 a law and/or regulation that
14 requires it? How much do we
15 spend on that program?

16 MR. CHERNA:

17 \$1.4 million.

18 CHAIR:

19 Thank you. Ms. Danko,
20 I wanted to give you the
21 opportunity to follow up on
22 your original concern
23 about --- if you chose to do
24 so, about the comparison
25 between the Executive's

1 proposed expenditure and my
2 proposed expenditures. I'm
3 sure Mr. McKain has had a
4 chance to absorb it a little
5 better. He might not have
6 read all that, but he has
7 probably now a better
8 understanding of what you have
9 presented. If you'd like to
10 follow up on that or some
11 other concern, please feel
12 free to do so.

13 MS. DANKO:

14 Thank you. I think Mr.
15 McKain addressed it. I just
16 think it was important for all
17 of us on the Council to have a
18 side-by-side and understand
19 that there were these
20 relatively minor differences
21 across the budget. And I was
22 actually happy to hear about
23 the technical correction
24 because that was going to be
25 one of my questions when you

1 talked about the Sheriff's
2 office.

3 You know, oftentimes
4 Council has questions and we
5 need information from the
6 Administration and generally
7 we get it in a timely fashion.
8 The Controller, since Ms.
9 Heidelbaugh brought up the
10 Controller's office again,
11 mentioned yesterday that they
12 have trouble getting
13 information in so that they
14 could adequately do their
15 audits in a timely fashion.
16 And she said that, you know,
17 they were considering filing
18 subpoenas.

19 That's pretty strong.
20 But I thought perhaps, you
21 know, if you had a procedure
22 in place, you know, what is
23 your response to that?

24 MR. MCKAIN:

25 Thank you for allowing

1 me to respond to that
2 correction on the record.
3 When they're on an audit
4 engagement, the only thing we
5 ask is that we receive an
6 engagement letter, which is,
7 you know, standard operating
8 procedure for all audits, an
9 engagement. So we require
10 that.

11 The other thing that we
12 ask, if they want information,
13 that they put it in writing or
14 send an e-mail so that we can
15 know precisely what they want
16 and be able to respond to it.
17 And as far as I'm told in
18 talking to my departments, any
19 time that they receive that
20 request, then there are no
21 issues. If we don't receive
22 it, I'm not sure if that is
23 potentially where the log jam
24 is.

25 But I think it's a very

1 reasonable request to ask for
2 their request to be in writing
3 so we have it for our records
4 and also we know precisely
5 what they want. And it's
6 standard operating procedure
7 to issue an engagement letter
8 when you begin an engagement.

9 So I'm glad you gave me
10 an opportunity to respond to
11 that, because I wanted to
12 correct the record in that.

13 MS. DANKO:

14 I'm glad Ms. Green
15 Hawkins also brought up the
16 Elections Division. After
17 going through this last
18 election --- and I know Ms.
19 Heidelbaugh is on the Board of
20 Elections. For anybody that
21 might be in the audience or
22 watching this, they take
23 testimony similar to what we
24 do here. People that have
25 problems, they can come and

1 testify in front of the Board
2 of Elections. And I
3 personally intend to take that
4 opportunity with some
5 recommendations and concerns
6 that I had in the past
7 election. I don't know that
8 they'll have a big budgetary
9 impact, but just giving you a
10 warning.

11 MR. MCKAIN:

12 We welcome any
13 suggestions that improve
14 things.

15 CHAIR:

16 Mr. Rea?

17 MR. REA:

18 I have a question about
19 the \$465,000 we pay to
20 Duquesne University. Is that
21 so our legal department uses
22 their law library? And
23 doesn't that seem like a large
24 amount to just use an
25 established library or how did

1 that work out? Just a
2 question about that.

3 MR. MCKAIN:

4 It used to cost us
5 actually a lot more money.

6 MS. REA:

7 Did it?

8 MR. MCKAIN:

9 Yeah. Did you want to
10 go into a little bit more
11 detail with that?

12 MR. FINKEL:

13 I don't remember
14 exactly what the annual cost
15 was, but it is for the
16 Duquesne Law Library. It used
17 to be --- I guess it's still
18 in the ninth floor of the City
19 County Building.

20 MR. MCKAIN:

21 And we can get you some
22 history. But I have some
23 recollection actually it was a
24 savings to the County, so I'll
25 get you some numbers for that.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. REA:

Okay. Thank you.

MS. HEIDELBAUGH:

May I say one thing?

CHAIR:

Ms. Heidelbaugh?

MS. HEIDELBAUGH:

I think if my
recollection is correct,
anyone can correct me, but the
Allegheny County Law Library
was in bad, bad shape. And
groups of lawyers got together
to try to save it. And it was
given to Duquesne, and they
took on the burden of multiple
costs. If I had to guess, I
think that Allegheny County
agreed to help with some of
the costs. But the greatest
burden of saving that library
for everybody --- because it's
a free library, anybody can
come into it, was Duquesne.

MR. MCKAIN:

1 And we pay them to run
2 it. You're right. We just
3 were keeping it up, and it was
4 deteriorating.

5 MS. REA:

6 All right. Thank you.

7 CHAIR:

8 Thank you. Is there
9 anyone else on my left? Ms.
10 Heidelbaugh?

11 MS. HEIDELBAUGH:

12 If my colleague, Vince
13 Gastgeb, was here, and we've
14 talked about this, he would
15 want to know the progress that
16 has been made on the
17 initiative that he --- got
18 passed by Council bipartisanly
19 on the folks over at the jail
20 coming out and doing work for
21 us on the County.

22 MR. MCKAIN:

23 We have our first
24 meeting --- it's either next
25 week or the following week.

1 It would be consistent with
2 the warden and Public Works to
3 start formally drafting plans
4 and procedures to see if we
5 could get a program done.

6 As you know, the warden
7 is behind that. I think he's
8 been there a month. But we're
9 all aware and I think he's
10 been reminded by almost
11 everyone on this Council
12 that's something that we want
13 to do.

14 So would you tell Mr.
15 Gastgeb to hang in there?
16 We're meeting for our first
17 meeting to start drafting
18 plans.

19 MS. HEIDELBAUGH:

20 Okay.

21 CHAIR:

22 Is there anybody on my
23 right? Mr. Drozd?

24 MR. DROZD:

25 You know, I commend you

1 for your openness. You know,
2 I really enjoy working with
3 you and your staff. Everybody
4 in here, I commend all of you
5 for the valiant efforts that
6 you do with what little
7 resources you have. And I
8 tell people that all the time,
9 my constituents.

10 My question is that we
11 have to look at new innovative
12 ways. One area I saw wasn't
13 much of an incremental
14 increase with the Kanes. I
15 attended NACO, which is the
16 National Association of
17 Counties. I belong to SECAP
18 (phonetic). A lot of counties
19 are divesting themselves of
20 this. They're getting out of
21 the business. That's not what
22 a county's in the business to
23 do, long-term care. It's
24 getting more difficult, the
25 healthcare costs. We can't

1 continue to do this.

2 But what you can do,
3 I'm not advocating that we get
4 rid of all of our Kanes, no.
5 But what we can do is our
6 capacity is 90 percent.
7 That's the key, approximately
8 90 percent capacity in any one
9 facility to put it into the
10 black.

11 We looked at and we had
12 some lost leaders here. And
13 our cash flow balance, and
14 this could be immediate cash
15 to increase that cash flow
16 balance from the \$6,000,000
17 level. Because ours are very,
18 very lucrative plums out
19 there. But they're
20 competitive, too. That's the
21 problem. Some are in some
22 competition in close proximity
23 to other competitive
24 facilities that are killing
25 us.

1 And we looked at --- if
2 we took one and sold it off,
3 throw it into our cash
4 balance, that throws those
5 patients within that
6 facility --- not that I say
7 throw. That would transfer
8 those patients from in those
9 facilities to our other Kanes
10 and immediately thrown into
11 the black. And we looked at
12 this. You know, we talk about
13 it. We've got to deal with it
14 head on. We have to look at
15 this.

16 When I talk about this,
17 just to tell you, you know,
18 talk about this as a
19 healthcare administrator, it's
20 not going to affect the
21 quality of care in these
22 facilities. Maybe it can
23 enhance it. And we look at it
24 again --- again, I know you're
25 new, you know, and we're going

1 to look at this very serious,
2 I'll let you know that.

3 MR. MCKAIN:

4 Our approach is to
5 maintain the Kanes, make them
6 as sustainable as possible.
7 One of the initiatives this
8 year is --- in the capital
9 budget is to convert one of
10 the wings that aren't being
11 utilized to a specially care
12 unit. There's a great demand
13 for dementia. We believe that
14 that could be a profit driver,
15 and other issues that we're
16 exploring for the Kanes.

17 But we believe that the
18 Kanes provide a great service
19 and that if we all work
20 together we can improve the
21 bottom line.

22 MR. DROZD:

23 I do have one more
24 question, just as a
25 suggestion. Partner.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. MCKAIN:

Uh-huh (yes).

MR. DROZD:

If you're going to do that, go get someone that really knows what they're doing in that type of operation, when we gain revenues, we don't have all the burden on our shoulder. Good idea. But make sure that we know our market when we're doing this because we ---. Who better knows the market or the profit?

You see what I mean? Nothing wrong with partners in these areas like we did in, you know, the ground levels up, towards the North Hills, where we can enhance our revenues. And more important than anything, we're going to enhance the quality of care, too, very much so. Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIR:

If there's no other questions on the operating side of the Administration's proposal, Mr. McKain, feel free to talk about capital.

MR. MCKAIN:

Thank you.

CHAIR:

Just for the sake of continuity, I will allow Mr. McKain to proceed. And then I'll get to the next stage. The Chair is anticipating less anxiety on the part of Council members relative to capital budget. Let's see if that's the case.

MR. MCKAIN:

Thank you. As far as the capital ---.

CHAIR:

You want to ---?

MR. MCKAIN:

Thank you, Mr.

1 Robinson. I apologize. This
2 is Greg Casciato, Senior
3 Deputy Budget Director. And
4 he's a great worker along with
5 all the people that help on
6 budgets. So thank you for
7 pointing me in the right
8 direction.

9 The capital budget, if
10 you have the CFP, you'll see
11 beginning on page 140 is a
12 summary of all of our program
13 areas. So we have a healthy
14 capital program for 2013 to
15 invest in our infrastructure
16 in this economy. The summary,
17 then you'll see there is \$88.9
18 million. Of it, bonds of
19 \$55.1 million, reimbursements
20 from State and Feds, primarily
21 in the bridge area, but its
22 total is \$25.6 million, and
23 other revenue sources of \$3.2
24 million.

25 We break these down

1 under subgroups. The first
2 subgroup on page 141 are the
3 bridges. It ranges from
4 various management services,
5 design, as we prepare to do
6 bridges in the future. And
7 this is for '13. Obviously,
8 we have some ongoing projects
9 this year and going forward.

10 The next
11 subcategory --- and by the
12 way, the bridges total \$29.9
13 million, approximately about
14 \$30 million. There's only \$3
15 million foreign bonds, which
16 are primarily reimbursements
17 from the State.

18 The roads program is
19 made up of \$16.2 million.
20 That is primarily paid from
21 bonds. You'll see a variety
22 of types of works here through
23 the manual road and facilities
24 improvements. Also, some work
25 on Bower Hill Road and some

1 others to name a few,
2 including Turtle Creek Flood
3 Protection that continues.

4 The next subcategory we
5 have is the Port Authority of
6 Allegheny County. That
7 constitutes \$8.8 million.
8 It's paid out of bond money.
9 The last leg for the North
10 Shore. It's the last
11 payment --- it's an immaterial
12 amount in 14, but this
13 substantially provides the
14 last funding for the North
15 Shore connector. We also
16 provide Port Authority Capital
17 Match funds that they leverage
18 from the State.

19 The next subcategory is
20 the parks. It totals \$4.3
21 million. A variety of
22 programs, various park
23 improvement shelters and
24 swimming pools repairs.
25 You'll see Settler's Cabin

1 Maintenance Facility, deck
2 hockey, rink surface
3 preparations, some wave pool
4 deck repairs. North Park,
5 replace waterline along
6 Ingomar Road. That totals
7 \$4.3 million, \$3.3 is in
8 bonds.

9 Buildings. We have a
10 new facilities department next
11 year that we've all talked
12 about. We're going to put \$13
13 million in that program to
14 make improvements throughout
15 the County from the courthouse
16 to also for some jail roof
17 repair and some of the
18 improvements at Kane, City
19 County Building, improvements
20 for the parapet repair, some
21 HVAC improvements that are
22 desperately needed in our
23 Court Records Department. And
24 that totals, again, \$13
25 million paid out of bonds.

1 The next subcategory is
2 equipment. \$7.9 million,
3 almost \$8 million for the
4 variety of things. Some
5 equipment that has met its
6 useful life of its life at the
7 jail. Some improvements out
8 at Kane and other type of
9 equipment that we need, heavy
10 equipment in the County's
11 fleet replacement, make sure
12 we stay current for our people
13 to be able to deliver the
14 services and maintain our
15 roads and buildings.

16 The next subcategory is
17 a feasibility study, things
18 that are in there like the
19 implementation of our
20 comprehensive plan and
21 municipal ordinance.

22 The last one is a
23 contingency for future
24 projects, \$2.5 million. What
25 that is, is that, as we

1 continue to look at our
2 buildings and our space here,
3 we may have decisions and
4 recommendations that come to
5 Council, if we're going to use
6 any of these dollars of the
7 \$2.5 million to potentially
8 acquire a building or to rehab
9 a building. So we have a
10 contingency built in the
11 capital fund that we will come
12 back to Council and present to
13 you what we'd like to utilize
14 it for. But we wanted to have
15 it tucked away for 2013 as we
16 looked at all of our assets
17 and we just need those funds
18 in there. And as things come
19 up, as they emerge, we'll come
20 back to you with some due
21 diligence and tell you what
22 we'd like to utilize that for.

23 Again, the total is
24 \$83.8 million. I hit the
25 subgroups, but I open it up to

1 questions, Mr. Chairman.

2 CHAIR:

3 Mr. DeFazio.

4 MR. DEFAZIO:

5 No questions at this
6 time.

7 CHAIR:

8 President Martoni?

9 MR. MARTONI:

10 No questions.

11 CHAIR:

12 Councilwoman Daly

13 Danko?

14 MS. DANKO:

15 No questions at this
16 time.

17 CHAIR:

18 Councilwoman Green

19 Hawkins?

20 MS. HAWKINS:

21 I have no questions.

22 Thank you.

23 CHAIR:

24 Councilman Drozd?

25 MR. DROZD:

1 Yeah, I do. Again, I
2 want to thank everybody. I'm
3 really proud to serve with
4 you. And I mean serve, not
5 work. We serve the people of
6 Allegheny County.

7 But anyhow, let me
8 point something out on a
9 consolidation basis. When I
10 talk about that --- you talk
11 capital improvements. What I
12 mean by this, I took the bull
13 by the horns with the school
14 district by consolidating
15 seven elementary schools into
16 four. And if we were faced
17 with renovating them all, what
18 that did --- and people fought
19 me at first on it. And I said
20 just bring me a list of
21 taxpayers that want their
22 taxes raised. Where do I cut
23 programs? I'm tired of
24 cutting programs for the
25 students.

1 What it did was save
2 the taxpayers \$50 million to
3 \$60 million capital outlay,
4 \$1.5 million yearly operating
5 costs and enhanced quality of
6 education by reducing
7 classroom sizes, kept all the
8 teachers in place. Didn't
9 lose one teacher.

10 What it did, it was the
11 administrative costs that were
12 killing us. And that's what
13 I'm proposing here is that we
14 have to look for innovative
15 ways. I want to just
16 interject that, in our capital
17 projects --- and that's what I
18 was referring to in the Kanes.

19 MR. MCKAIN:

20 Okay.

21 MR. DROZD:

22 I want to take care of
23 those patients, don't get me
24 wrong, but I think we can to
25 do better for them if we have

1 more moneys to be able to
2 invest and turn them into a
3 profit, profit mode. And what
4 I'm saying is that 90 percent
5 has to be the key.

6 So that's what we have
7 to look at when we can do
8 that, whenever we can do that.
9 And that's all I'm suggesting
10 and that's it. I don't have
11 anything else. Thank you, Mr.
12 Chairman. Thank you,
13 everybody. It's my second
14 night. I'm going home and
15 work, I seriously am. Thank
16 you for staying through all of
17 this. I mean that sincerely.
18 I do really appreciate. And I
19 really am honored and
20 privileged to serve at the end
21 of the night.

22 CHAIR:

23 Ms. Heidelbaugh?

24 MS. HEIDELBAUGH:

25 Did I understand you

1 correctly today that if a
2 project is \$2.5 million or
3 above, then you're going to
4 come back to Council? Is that
5 what you're saying?

6 MR. MCKAIN:

7 I'm sorry. That
8 contingency, any time we're
9 going to spend one dollar of
10 that, we're going to come
11 back.

12 MS. HEIDELBAUGH:

13 Oh.

14 MR. MCKAIN:

15 Okay?

16 MS. HEIDELBAUGH:

17 All right. Briefly, I
18 don't want to go into a lot of
19 labor issues here, but is this
20 work to be done by County
21 employees, or it's all bid out
22 or a combination of both?

23 MR. MCKAIN:

24 Combination of both.

25 MS. HEIDELBAUGH:

1 Okay. And when you bid
2 it out, do we have to pay a
3 Davis-Bacon rate? Do we have
4 a prevailing rate?

5 MR. MCKAIN:

6 Any of those things
7 that meet the threshold
8 according to law, yes. We
9 have to advertise in a paper
10 of general circulation, big
11 tabulations, bonds to make
12 sure that we adhere. If
13 appropriate to meet whatever
14 the construction threshold is,
15 yes. I'm sorry, Greg's going
16 to add something.

17 MR. CASCIATO:

18 If I could add
19 something, Councilwoman
20 Heidelbaugh. If you look at
21 the roads program on 141, and
22 if you come down to the fourth
23 line, annual road and
24 facilities improvements,
25 that's what we contract with

1 someone to provide renovations
2 to roads. But further down
3 you'll see another line that
4 is capital construction in
5 in-house paving. That's where
6 all employees are going out
7 and they're laying down
8 asphalt.

9 So again, as the
10 manager said, some of it is
11 external contracts and some of
12 it is our employees that are
13 doing that. So that's just
14 one specific example.

15 MS. HEIDELBAUGH:

16 We pay more for the
17 labor when we bid out, though.

18 MR. CASCIATO:

19 Well, I don't know if
20 we've ever analyzed that, but
21 you might be on target because
22 of our wages and fringe
23 benefits and things like that.

24 MS. HEIDELBAUGH:

25 Last question. Just

1 internally, how do you all
2 figure out ---? What is the
3 process that you figure out
4 the wish list here?

5 MR. MCKAIN:

6 Well, there's
7 actually --- you'll see other
8 years. There's like 2014 to
9 '18, so we receive five years'
10 worth of requests. We meet
11 with the departments and the
12 engineer. For example, if
13 it's roads and bridges, we
14 have an engineering division
15 that helps us prioritize,
16 based on road measurements,
17 which roads and which bridges
18 are, you know, in need of most
19 repair. So we prioritize that
20 way.

21 Talk to our parks
22 director as far as initiative
23 in the parks that are due. We
24 phase those in. Our fleet, we
25 make sure that we have

1 sufficient funds there as they
2 retire vehicles and equipment.
3 So each of the departments in
4 charge of their particular
5 subset has input. We look at
6 our dollars and see what we
7 can fund.

8 MS. HEIDELBAUGH:

9 Do you feel like we've
10 done enough in the Washington
11 Road area down from the VA
12 where those folks --- we had
13 the water issue on that route?
14 Is that adequate?

15 MR. MCKAIN:

16 I'm sorry, that's not
17 ours.

18 MS. HEIDELBAUGH:

19 That's the City's?

20 MR. MCKAIN:

21 Yes, it is.

22 MS. HEIDELBAUGH:

23 Okay.

24 CHAIR:

25 Does anyone to my left

1 have any questions concerning
2 capital budget for the County?
3 Does anybody to my right have
4 any questions concerning the
5 capital budget?

6 If not, I thank the two
7 of you. I thank all of your
8 staff who have patiently and
9 diligently met with us for two
10 days. We're going to go to
11 our County Treasurer for his
12 presentation.

13 Thank you. For those
14 of you who have to exit the
15 room, if you could do that
16 quietly, and we'll just take a
17 break while we make this
18 transition. And then for our
19 Treasurer and his staff to
20 come forward.

21 SHORT BREAK TAKEN

22 CHAIR:

23 If we are ready and
24 whenever our stenographer is
25 ready, she'll give us the high

1 sign and we can move forward.
2 Okay. Mr. Treasurer, if
3 you'll be kind enough, for the
4 purposes of identification,
5 identify yourself and your
6 assistant, and then the floor
7 is yours.

8 MR. WEINSTEIN:

9 Thank you, Mr.
10 Chairman. I am John
11 Weinstein, serving Treasurer
12 of this great county. Seated
13 to my right is my Deputy
14 Treasurer, Janice Vince. And
15 also with me from my staff is
16 Kevin Fischer, who's the
17 Assistant Deputy Treasurer.

18 I appreciate Council's
19 diligence in rescheduling my
20 presentation. And I'm proud
21 to announce that the reason
22 that I was unable to attend
23 earlier this afternoon is
24 because we had an ALCOSAN
25 Board meeting, which the Chief

1 Executive appointed me to and
2 Council confirmed my
3 appointment.

4 Two weeks ago the
5 proposed 2013 ALCOSAN budget
6 had an 11-percent rate
7 increase. This evening the
8 rate increase is zero. So
9 through my diligent efforts
10 and Councilwoman Theresa Smith
11 and some other Board members
12 were able to change an
13 11-percent increase to all the
14 residents of Allegheny County
15 that participate in ALCOSAN to
16 a zero-percent increase. So
17 no one knows that, but I'm
18 proud to announce that this
19 evening to the Council just as
20 a little side note.

21 In the err of being
22 brief this evening, as I know
23 you've been here quite awhile,
24 basically, you know, I've been
25 a partner with County Council

1 since its existence 12 years
2 ago. I've been in the office
3 since 1999, and I'm proud of
4 my relationship that I've had
5 to the Administrations and to
6 all the Council members that
7 have come and gone and those
8 that are still here.

9 But the Treasurer's
10 office itself is basically the
11 bank of the County. We
12 process all the receipts and
13 the disbursements of all of
14 the money that comes into the
15 County. We invest the
16 County's money every day. In
17 fact, we are the six-time,
18 award-winning recipient of the
19 international award that
20 represents Canada and the
21 United States for our
22 investment policy.

23 Over \$1.5 billion a
24 year collectively cash
25 transactions are processed

1 through the Treasury's office.
2 I act as an agent for the
3 Commonwealth for licensing of
4 dogs, boats, small games of
5 chance, hunting, fishing,
6 bingo and firearms. I'm also
7 the collection agent for all
8 real estate tax collections,
9 hotel tax, alcoholic beverage
10 tax and vehicle rental tax.
11 And we sell municipal certs,
12 tax certs and print the
13 municipal tax bills for the
14 municipalities and the school
15 districts in the County.

16 We have employed
17 massive amounts of technology
18 based on platforms for the
19 administration of all of our
20 internal programs. We
21 converted manual banking
22 transactions to electronic
23 transactions. As you recall,
24 we were the first County in
25 Pennsylvania to go green with

1 our tax billing process. No
2 other county in Pennsylvania
3 to this day, to my knowledge,
4 has that opportunity for
5 taxpayers where we can e-mail
6 them their tax bills.

7 We were the first
8 County in the nation to offer
9 our online award-winning
10 bidding of Certificates of
11 Deposit, which we talked about
12 at the last budget meeting.
13 We're also the first County in
14 the State to receive the
15 National Certificate of
16 Excellence Award for our
17 investment policy.

18 We have, in
19 preparation, utilized remote
20 deposit scanning technology to
21 produce Check 21 images to
22 further centralize treasurer
23 management throughout the
24 operation. We're expanding
25 our capability to receive

1 electronic payments of taxes
2 in our special tax division
3 which will give the bars and
4 restaurants the opportunity to
5 pay their drink tax online.
6 We're expanding the conversion
7 of electronic data storage of
8 files as well.

9 Our operating expense
10 aside, one of the important
11 aspects that I really wanted
12 to talk about tonight was the
13 special tax division. And we
14 consistently lack the funding
15 to administer and perform the
16 due diligence with the
17 collection of these said
18 taxes. An investment into the
19 collection of these taxes will
20 produce corresponding rewards
21 in revenue.

22 In essence, you have to
23 spend money to make money in
24 terms of the collection. The
25 tax doesn't collect itself.

1 Whether a tax is \$100 or
2 \$100,000, we still process the
3 same amount of paperwork and
4 the same amount of work to
5 address that.

6 We have bank services
7 agreements that are
8 administered for all county
9 departments throughout the
10 entire operation. They come
11 through the Treasurer's
12 office. Even when --- though
13 the activity associated with
14 these costs are driven by the
15 various departments throughout
16 the County, they come under my
17 operating budget, even though
18 every County department is
19 responsible for the costs
20 associated with it.

21 And, of course, with
22 the real estate appeal
23 process, the entire process
24 trickles down to the
25 Treasurer's office from extra

1 envelopes, postage, printing,
2 all of the things that
3 happened from the enormous
4 amounts of tax appeals that
5 were filed this year and the
6 residual effects which will
7 affect us coming into 2013.

8 So with that being
9 said, Mr. Chairman, if I just
10 may? In the budget booklet
11 that we presented to you this
12 evening, on page one we've
13 identified our 2013 requested
14 amount, the 2013 proposed
15 amount I believe by the
16 Administration, and the
17 significance of the
18 difference.

19 And what I wanted to
20 point out here is the
21 financial burden for the Port
22 Authority has clearly shifted
23 from the operation of the
24 General Fund to the special
25 tax revenue fund as a result

1 of the drink tax. From 2008
2 through 2012, I've collected
3 \$177,825,000, which has been
4 directly subsidized to pay off
5 the debt service for the Port
6 Authority. These moneys have
7 relieved the General Fund of
8 its financial obligation, so
9 no longer --- the money's not
10 paid out of the General Fund
11 as a result of the drink tax.

12 What I'm requesting
13 here in this year's operative
14 budget is a five-percent
15 administrative fee for the
16 collection of these special
17 taxes from the General Fund,
18 though, the five-percent
19 administrative fee mirrors the
20 hotel or motel tax collection
21 fee which was set by law. But
22 that money goes to the General
23 Fund. It doesn't go to the
24 operation of the Treasurer's
25 Office.

1 What I'm asking is an
2 administrative fee from the
3 fund that we could address the
4 continuation of the collection
5 efforts to keep this up and
6 going. We have had very good
7 success in administering the
8 tax and the collection of the
9 tax. But if it doesn't
10 continue, the tax will
11 certainly slide. There's no
12 question about that.

13 And it causes a
14 financial burden to continue
15 to do it at the level that
16 they're doing it. We spend a
17 tremendous amount of revenue,
18 effort and time dealing with
19 the nearly 2,000 bars and
20 restaurants throughout the
21 County.

22 So with all of that
23 being said, I know in an
24 effort to keep the evening
25 quick, that's it in a

1 nutshell. I don't want to
2 belabor the point, but I am
3 anxious to continue my service
4 and cooperation with County
5 Council. And I am
6 respectfully asking for some
7 consideration where we can use
8 the special tax revenue fund,
9 the moneys that are collected,
10 to offset fixed costs into my
11 office for the collection of
12 these taxes.

13 With that, Mr.
14 Chairman, I will happily
15 entertain any questions.

16 CHAIR:

17 Is there anyone to my
18 right that have questions for
19 the Controller on the first
20 round?

21 MR. WEINSTEIN:

22 The Treasurer.

23 CHAIR:

24 I've got Controller on
25 the brain. I'm looking at Ms.

1 Danko. I'll leave it at that.

2 MS. DANKO:

3 Yeah, just because
4 there's such a huge variation,
5 on page one, your 2013 request
6 was \$2.4 million in operating
7 and the County manager ---
8 County Executive proposed \$1.5
9 million, which is a 37-plus
10 percent variation. I'm
11 wondering what you could tell
12 me is in that operating. It's
13 not salaries, it's not fringe.

14 MR. WEINSTEIN:

15 No. Those are
16 primarily the cost of the
17 operation. And that's
18 contracts that we work with in
19 terms of law firms that help
20 us collect the drink tax.
21 That's the auditing contract
22 that we have for the outside
23 auditors that actually audit
24 the bars and restaurants.
25 It's a whole myriad of all of

1 those operating costs. It's
2 our bank contracts.

3 As I mentioned earlier,
4 I have to pay for the entire
5 operation of the County, the
6 banking responsibility for
7 every department. If someone
8 rents a pavilion at North Park
9 and that check comes into the
10 Treasurer's Office, we get
11 charged for that through the
12 banking operation even though
13 that's revenue that is
14 generated to the General Fund
15 as a result of the park
16 rental. It has nothing to do
17 with the Treasury Office other
18 than processing the paperwork
19 through the bank system.

20 So the banking
21 contracts, the insurance
22 contract, we have to be bonded
23 for wire fraud coverage
24 insurance, all of those
25 operating expenses, Ms. Danko,

1 come directly out of that line
2 item. Postage --- as I
3 mentioned, postage is going to
4 go up as a result of the
5 refunds, an enormous amount of
6 refunds. After someone has a
7 hearing, if they win, they pay
8 their taxes. We have to send
9 them a refund. So it's the
10 check ---.

11 MS. DANKO:

12 I get that.

13 MR. WEINSTEIN:

14 So that's all in that
15 line item.

16 MS. DANKO:

17 This is a simple
18 question. Every year in the
19 spring and fall, when we have
20 elections, you know, there's a
21 very quick turnaround on
22 checks to all those people
23 that work for 13 hours plus on
24 that day. I was wondering if
25 you could walk me through how

1 you get that done so fast.

2 MR. WEINSTEIN:

3 Well, it's a
4 collaborative effort actually
5 through the Elections
6 Department, through my office
7 and the Controller's office.
8 All three of our offices work
9 together on that.

10 And I couldn't agree
11 with you more. I don't think
12 there's anything more
13 offensive to an Elections
14 Board worker that spends 13 or
15 14 hours a day working there
16 that entire long day and then
17 having to wait two or three
18 weeks for their checks. They
19 should be paid instantly. And
20 I am a strong advocate of
21 keeping that process moving as
22 quickly as possible. And the
23 reason it works so well is
24 because all three of our
25 departments work collectively

1 hand-in-hand to make sure that
2 it does.

3 MS. DANKO:

4 Now, I, myself, know
5 people that work on Tuesday
6 and have their checks by
7 Saturday.

8 MR. WEINSTEIN:

9 Right.

10 MS. DANKO:

11 And I think that's
12 fairly typical.

13 MR. WEINSTEIN:

14 It is.

15 MS. DANKO:

16 Thank you.

17 MR. WEINSTEIN:

18 Thank you.

19 CHAIR:

20 Is there anyone on my
21 right that has questions for
22 the Treasurer?

23 OFF RECORD DISCUSSION

24 CHAIR:

25 Okay. I've got it.

1 All right. I walked into ---
2 just a light note. I know
3 it's late, but I walked into a
4 room the other day and there's
5 a sign on our door that says
6 enter here and exit on your
7 left. I said this is the
8 left. And I said oh, I've got
9 it figured out. Because I
10 looked to my right and I saw a
11 sign that said exit.

12 So I stepped into the
13 room and I turned around. And
14 I said that's the left and
15 this is the right. And they
16 said yeah, don't get Matt
17 started. So I thank everybody
18 for their help. I can go to
19 my left now. Is there anyone
20 on my left who has questions
21 for the Treasurer? Ms.
22 Heidelbaugh?

23 MS. HEIDELBAUGH:

24 Mr. McKain was walking
25 in when you were making your

1 point about you want five
2 percent as an administrative
3 fee for processing the drink
4 tax; is that correct?

5 MR. WEINSTEIN:

6 Yes, all of the special
7 taxes.

8 MS. HEIDELBAUGH:

9 Okay. And I was
10 wondering, since we have Mr.
11 McKain here, if he's aware of
12 that, aware of that request
13 and a response to that? Do we
14 have a meeting of minds here?

15 MR. MCKAIN:

16 I haven't looked at it
17 and analyzed it. I can go
18 back and look at it.
19 Obviously, it's not in the
20 budget that we presented.

21 MS. HEIDELBAUGH:

22 So maybe you two could
23 talk?

24 MR. MCKAIN:

25 Oh, sure.

1 MR. WEINSTEIN:

2 We do all the time.

3 MR. MCKAIN:

4 Every day.

5 MR. WEINSTEIN:

6 It was in our

7 proposed ---.

8 MR. MCKAIN:

9 And, you know, in
10 fairness to the Treasurer, he
11 did propose it. We consider
12 that along with a lot of other
13 requests made by Departments.
14 We did not include it in our
15 submittal to you.

16 MS. HEIDELBAUGH:

17 Okay. Do we know why
18 or ---?

19 MR. MCKAIN:

20 Well, obviously, we're
21 repurposing those resources in
22 other areas that are
23 significant. And he's not the
24 only one that's been denied.
25 It's a valid request. It's

1 just not in our CFP.

2 MS. HEIDELBAUGH:

3 Can you live without
4 it?

5 MR. WEINSTEIN:

6 It would be very
7 difficult, to be honest with
8 you. That's why I'm asking
9 for it.

10 MS. HEIDELBAUGH:

11 And what will happen if
12 you don't get it?

13 MR. WEINSTEIN:

14 Well, we stop
15 collection activities because
16 we can't afford to audit the
17 bars or restaurants or to
18 process them and take them to
19 Court. The collection rate
20 will slide, there's no
21 question. They're directly
22 correlated to effective
23 collection rates.

24 MS. HEIDELBAUGH:

25 What's the raw number?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. WEINSTEIN:

It would be five percent of about --- it'd be \$2 million.

MS. HEIDELBAUGH:

You want \$2 million? I know you can't see over your shoulder, but there is something like this going on.

MR. WEINSTEIN:

That's what's in the Hotel Tax Law. It's five percent of revenue.

MS. HEIDELBAUGH:

You're supposed to get five percent?

MR. WEINSTEIN:

No, I'm saying that's what's in the law, for hotel/motel, which goes in the General Fund as cost of the collections.

MS. HEIDELBAUGH:

Okay.

MR. WEINSTEIN:

1 I was only mirroring
2 the amount.

3 MS. HEIDELBAUGH:

4 Mirroring (corrects
5 pronunciation)?

6 MR. WEINSTEIN:

7 Mirroring, yes.

8 MS. HEIDELBAUGH:

9 Last question. Do
10 you --- I have a very ---
11 since we're light and have
12 just a small amount left, I
13 have a bizarre fascination
14 with people who embezzle.
15 There's a profile of the type
16 of person that embezzles.
17 Pretend like I'm not talking.
18 Somebody trusted in your
19 organization --- do you have
20 controls in place in the bank
21 to review that situation?
22 Banks require employees to
23 leave on vacation and ---.

24 MR. WEINSTEIN:

25 Absolutely. We put

1 those internal controls in
2 many, many years ago when I
3 first took office. And we
4 have not only a check and
5 balance system --- no one
6 person can do one thing in my
7 office. It's always reviewed
8 by other people. Even our
9 investments are done by an
10 Investment Committee. So
11 you'd have to have a multitude
12 of people in cahoots in order
13 to embezzle. So that was
14 always a concern of mine from
15 day one, and we addressed
16 that.

17 CHAIR:

18 Ms. Green Hawkins?

19 MS. HAWKINS:

20 Thank you. To follow
21 up on Councilwoman
22 Heidelbaugh's question on the
23 administrative fee that you
24 would like, the drink tax has
25 been in place now for about

1 four or five years?

2 MR. WEINSTEIN:

3 2008.

4 MS. HAWKINS:

5 Okay. And how many of
6 those years have you been
7 enforcing --- helping to
8 enforce the drink tax with
9 collections, without an
10 increase in your budget?

11 MR. WEINSTEIN:

12 The only time we were
13 increased, Councilwoman, was
14 the original process when we
15 got the tax in 2008. That was
16 the only original increase we
17 had. And all that was, was
18 for personnel. That had
19 nothing to do with collection
20 services outside of that, no
21 auditing services, no
22 attorney's fees or anything
23 associated with it. That was
24 direct personnel.

25 MS. HAWKINS:

1 Okay. That comports
2 with my recollection of what
3 you said previously when it
4 was budget time. Thank you.

5 MR. WEINSTEIN:

6 Thank you.

7 CHAIR:

8 Anybody to my right?

9 Mr. DeFazio?

10 MR. DEFAZIO:

11 Just real quick, John.
12 You said you had all the
13 provisions about embezzling,
14 but you also would have
15 insurance.

16 MR. WEINSTEIN:

17 We do. And I mentioned
18 that when Ms. Danko asked me
19 about the line items.

20 MR. DEFAZIO:

21 Okay, yeah. And we
22 would have insurance, so ---

23 MR. WEINSTEIN:

24 We do.

25 MR. DEFAZIO:

1 --- if someone would
2 take the money, they --- you
3 have insurance. They're going
4 to get it anyway. So that's
5 all.

6 CHAIR:

7 Thank you. Any other
8 member of Council have
9 questions for the Treasurer?
10 Ms. Danko?

11 MS. DANKO:

12 Real quick. Since you
13 announced a zero-percent rate
14 hike at ALCOSAN, I'm just
15 wondering if you cut their
16 expenditures to have a
17 zero-percent rate hike.

18 MR. WEINSTEIN:

19 Well, we went from 11
20 to zero, so that's exactly how
21 that happened. It was through
22 expenditure reductions.

23 MS. DANKO:

24 That's all?

25 MR. WEINSTEIN:

1 Exactly. If I just
2 may, Mr. Chairman? The
3 special tax revenue fund is
4 not just general operating
5 money. That's money ---
6 excess money that was as a
7 result of the collection from
8 the drink tax. So it doesn't
9 come out necessarily of the
10 General Fund. It's a
11 subaccount basically of funds
12 that were the difference
13 between what we collected and
14 what was given to the Board is
15 what I was asking for, the
16 revenues. I just wanted to
17 clarify that.

18 CHAIR:

19 Is that money still
20 available?

21 MR. WEINSTEIN:

22 I believe so. Yes,
23 sir, it is.

24 CHAIR:

25 Do you know how much it

1 is?

2 MR. WEINSTEIN:

3 \$7 million.

4 CHAIR:

5 I guess Mr. McKain
6 knows it's \$7 million, too.

7 MR. MCKAIN:

8 Yes.

9 CHAIR:

10 Ms. Heidelbaugh
11 suggested that the two of you
12 talk. Some of us up here were
13 kind of snickering and then
14 Mr. McKain said we talk all
15 the time. This is not the
16 first time this issue came up
17 or the first time that an
18 administration has felt they
19 needed to say no. But I think
20 it's always good to talk. And
21 I'll leave it at that.

22 If there aren't any
23 other questions for our
24 Treasurer and staff, we thank
25 you for your service to this

1 County. And we'll move on
2 now. Thank you very much.

3 MR. WEINSTEIN:

4 Thank you very much.
5 Have a good evening.

6 CHAIR:

7 We have two more items
8 to conclude that I'm aware
9 that need to be processed this
10 evening. I want to thank both
11 the Port Authority and
12 Community College for being so
13 patient. And I'm glad, too,
14 that Mr. McKain is in the
15 room. He may allay some of
16 their concerns.

17 I think Ms. Danko's
18 comparison between what I
19 proposed so far in
20 expenditures and what the
21 Administration has proposed is
22 very instructive for them in
23 particular, more so the
24 Community College than the
25 Port Authority. But they need

1 to peruse that as well as
2 appreciate Mr. McKain's
3 presence. I'll leave it at
4 that.

5 If Dr. Alex Johnson of
6 the Community College will
7 come forward. There's some
8 information that Dr. Johnson
9 has provided to us. Mr.
10 Barker and Mr. Szymanski will
11 pass that out. And once that
12 is done Dr. Johnson can
13 introduce those who are and
14 the people he needs to assist
15 him. And he can feel free to
16 make a presentation taking
17 into consideration the words
18 that I spread upon the record
19 and he can assess the weight
20 of those words. Doctor, the
21 floor is yours.

22 DR. JOHNSON:

23 Thank you very much,
24 Chairman Robinson, President
25 Martoni and members of the

1 Finance and Budget Committee.
2 Thank you all very much for
3 allowing us to provide you
4 with an update on CCAC to give
5 you some idea of the things
6 that we're doing to promote
7 education within the County
8 and also to talk with you
9 about our budget, our revenue
10 and expenditures and the
11 things that we're doing in
12 that regard.

13 Joining me this evening
14 is our Vice President for
15 Finance and Administration,
16 Mrs. Joyce Breckenridge. And
17 I'm pretty sure that all of
18 you know her. And seated in
19 the audience are some of our
20 colleagues from CCAC from the
21 faculty and staff.

22 You do have a folder
23 that has a PowerPoint
24 presentation, and I will refer
25 to that. There is some other

1 material included in there as
2 well, which I will talk about
3 as I go through this very
4 brief presentation this
5 evening.

6 If you turn to page
7 one, you'll note the
8 distribution of enrollment
9 within the Councilmanic
10 District. And it's always
11 important for you to see this
12 information because it gives
13 you some idea of those
14 individuals from your
15 communities who attend CCAC,
16 both in our credit-based
17 programming and our
18 non-credit-based programming,
19 which focuses primarily on
20 workforce development.

21 If you'll take a look
22 at page three, you will note
23 some facts about CCAC. We are
24 the largest accredited
25 enrollment community college

1 in the Commonwealth. We
2 provide an extensive array of
3 programs and services, 170, in
4 fact. Take note of the
5 average age of the student at
6 CCAC. We get our fair share
7 of high school graduates, but
8 we also get our fair share of
9 individuals all over the
10 workforce who look to improve
11 so that they can take on more
12 meaningful job opportunities
13 or they can progress in the
14 jobs that they have.

15 I would have you look
16 in particular at the last two
17 bullets, which talk about
18 graduates and what they do
19 once they leave CCAC. And 79
20 percent of the students who
21 come to CCAC have chosen it as
22 their college of first choice.
23 When I first arrived, that
24 percentage was around 67. So
25 we're delighted that we've

1 been able to improve our
2 program and services so that
3 they attract a more extensive
4 array of students.

5 We're very, very proud
6 of how we manage the resources
7 that we get from the County
8 and State and our students.
9 If you look on page four at
10 the return on investment,
11 you'll note under item two, in
12 particular, for every one
13 dollar invested in CCAC for
14 the County, the return is
15 almost \$7.

16 If you'll take a look
17 on page five, I want to bring
18 your attention to our sources
19 of revenues followed by our
20 expenditures. And I'm going
21 to ask Joyce Breckenridge, Mr.
22 Chairman, if she would do
23 that.

24 MS. BRECKENRIDGE:

25 The budget, as you can

1 see, is \$109.5 million, which
2 if we skipped ahead a little
3 bit in future pages, you'll
4 see that that's --- really
5 over the last two years is
6 really only grown in small
7 percentages because,
8 especially in comparison to
9 the cost of living and
10 expenses that we've incurred
11 for things like the equipment
12 maintenance agreements, the
13 utilities, security costs and
14 so forth.

15 So this is a real
16 conservative budget. We had
17 to borrow a little bit to make
18 up for some of the very
19 serious cuts that we
20 experienced in recent years,
21 especially in relation to our
22 reduction in state funding.
23 As you can see here from this
24 revenue chart, we have State
25 basic and stipend funding,

1 23.2 and 6.1 percent. Those
2 are significantly different
3 declining percentages from
4 prior years, which has
5 consequently made the student
6 revenue climb to 46.5 percent.
7 It's still a very affordable
8 tuition rate. I want to
9 stress that. Even though that
10 percentage has grown, we have
11 strived to keep the tuition
12 affordable. As Chairman
13 Robinson can attest, the Board
14 has done a very good job of
15 that.

16 However, we've tried to
17 be creative with revenue. We
18 went to a flat tuition model
19 which did generate more
20 revenue for us than the
21 per-credit-hour model. But it
22 also encourages students to
23 complete their degree sooner
24 by giving some leeway to those
25 who take more rather than less

1 credits.

2 But in any event, it's
3 still a 46.5 percent of all
4 our revenue sources.
5 Allegheny County, you can see,
6 is at 20 percent, 20.1 percent
7 now. And that's a very good
8 number. We're very
9 appreciative of that funding.
10 But it does still fall short
11 of the community college model
12 for funding by a local sponsor
13 which was intended at the
14 beginning of the Community
15 College Act to be more in the
16 line of one-third of our
17 funding.

18 If you look at the next
19 page, it shows the uses of
20 current funds of those funds.
21 The striking thing there is,
22 you know, the most significant
23 piece of the pie is our credit
24 instruction, continuing
25 education instruction and

1 academic support, student
2 services. Those are all
3 direct ties to our students.
4 That's the bulk of our budget.

5 Institutional support
6 includes such things as our
7 insurance costs, our legal
8 costs and discovery costs
9 which are growing. Again,
10 equipment --- or software
11 licensing agreements. More
12 and more of our business is
13 conducted online. Technology
14 costs are increasing.

15 Plant operations,
16 \$14.9, that is --- again,
17 utilities are in that line
18 item, and then very small
19 contributions to balance our
20 plant fund.

21 But the bulk of our
22 budget, there is people.
23 Eighty (80) percent of this
24 entire pie is the salaries and
25 wages of the instructors and

1 adjunct instructors and the
2 counselors. We have tried to
3 be very strategic in keeping
4 this expenditure focused on
5 our objectives of student
6 access, student affordability
7 and the quality of education.

8 We have all had ---
9 even with this very small
10 growth of our operating
11 budget, we've managed to put
12 more student success coaches
13 onboard and really augmented
14 our services to students.
15 We've even had to do such
16 things as absorb now in full
17 the cost of our utilities, our
18 snow removal vehicles. The
19 State has ceased funding their
20 share of that like they used
21 to. So we've had to absorb
22 some new costs that we didn't
23 have before.

24 DR. JOHNSON:

25 Thank you very much,

1 Vice President Breckenridge.
2 If you take a look at page
3 seven, there are four specific
4 categories that I want to talk
5 about in a little more detail.

6 When we look at our
7 budget, we think about four
8 areas. The first one is
9 completion and success. We
10 are an institution that has an
11 open-door policy, so we
12 believe in access. But we
13 also understand the importance
14 of ensuring that we get
15 students out of our
16 institution in a timely manner
17 and both in mass.

18 So in accordance with
19 the national movement toward
20 completion, we have set our
21 graduation number at 3,300
22 students by 2020. That's a 50
23 percent increase over 2010.
24 We also have established
25 increase in our graduation

1 rate. This is important
2 because these individuals are
3 prepared to take on meaningful
4 job opportunities in a more
5 technically-oriented society
6 and to ensure that that
7 workforce is equipped.

8 So if you take a look
9 at completion and success,
10 there are two programs that I
11 have there. We have many,
12 many others, indeed, but the
13 two programs I want to talk
14 about specifically are the
15 Pittsburgh Promise and also
16 our Educational Advancement
17 program.

18 With respect to the
19 Pittsburgh Promise, we have
20 the largest enrollment of
21 Pittsburgh Promise students
22 than any institution in the
23 State. We provide them with a
24 full array of services when
25 they enter our institution

1 called the Comprehensive First
2 Year Experience Program. We
3 have been so successful with
4 that model that many of the
5 innovations that have come
6 about have now been extended
7 throughout the entire college
8 community.

9 Pittsburgh Promise also
10 funds a program designed for
11 individuals who may not have
12 quite the qualifications to
13 get into the regular
14 Pittsburgh Promise program,
15 but who are given the chance.
16 Those students come to us.
17 The Pittsburgh Promise pays
18 essentially for half of their
19 credit enrollment. And if
20 they make a grade point
21 average of 2.5, then they're
22 able to get the full Promise
23 scholarship. That program is
24 something that we concede and
25 the Pittsburgh Promise felt so

1 strongly about it that they
2 decided to pick it up.

3 With respect to
4 Educational Advancement, we've
5 instituted a full long-range
6 student success model unlike
7 any community college in the
8 nation that focuses on
9 achieving the dream with
10 respect to support for math,
11 English and reading,
12 turnkey --- I'm sorry,
13 monitoring supports through
14 our success coaches and also
15 intentional pathways, so the
16 students who come to us,
17 particularly during the first
18 year, do not get off course.

19 We've also instituted a
20 fairly comprehensive workforce
21 development program. And I'm
22 pleased to announce that here
23 this evening we have our new
24 Vice President for Workforce
25 Development, Alicia Booker,

1 who comes to us from Michigan,
2 where she served as Executive
3 Director of the Workforce
4 Investment Board in Genesee
5 County. And we're delighted
6 that she is with us because,
7 in addition to the programs
8 that we are implementing, we
9 also are developing a funding
10 model whereby workforce
11 development will be required
12 to provide at least 50 percent
13 of their funding back to the
14 college. And we feel that
15 that's a great approach that's
16 more entrepreneurial.

17 Our facilities program
18 is extensive. We've finally
19 got to the position --- thanks
20 to Chairman Robinson and
21 members of County Council in
22 general, we're finally in a
23 position where our preferred
24 maintenance program, our
25 facilities programs can now be

1 brought to fruition.

2 The building that you
3 see there captured is the new
4 K. Leroy Irvis Science Center.
5 This building was on the
6 drawing board for the
7 Allegheny campus for 14 years.
8 Fourteen (14) years. And if
9 you have not visited the
10 current facilities where
11 students take their classes,
12 you would understand why this
13 particular building is so
14 important to that campus.

15 In addition to this new
16 facility, we are revitalizing
17 Ridge Avenue. Our West Hall
18 facility will become a fine
19 performing arts center for
20 students who are interested in
21 that area. We've got a brand
22 new bookstore that is going on
23 Ridge Avenue, a brand new café
24 among other improvements at
25 our Allegheny campus.

1 At our South Campus, we
2 are building new laboratories
3 in science. We are building
4 new labs for nursing. And
5 we've finally gotten to a
6 point where we were going to
7 complete a road that was
8 half-finished almost a quarter
9 of a century ago, and now
10 we're finally getting it done.
11 That money came from the State
12 and it also came from the
13 County and from bonds.

14 In terms of the
15 efficiency and cost
16 containment, we recognize that
17 we have to do our part. We're
18 not opposed to that, as
19 Chairman Robinson can tell
20 you. So over the past three
21 years, we've reduced our
22 operating budget, we've frozen
23 positions, we've deferred
24 maintenance and we've done
25 some other things like closing

1 our downtown center to make
2 ends meet.

3 But we're at a point
4 now where we cannot cut
5 anymore. As Joyce indicated,
6 80 percent of our budget is in
7 personnel. That does not
8 provide extra funding to do
9 the kinds of things that
10 really would permit this
11 institution to become world
12 class. To use your term,
13 Chairman Robinson, from good
14 to what?

15 CHAIR:

16 Great.

17 DR. JOHNSON:

18 Good to great. In
19 terms of the Affordable Care
20 Act, as you know, businesses
21 with more than 50 employees
22 are now required by law to
23 provide healthcare coverage.
24 We understand our
25 responsibility in that regard.

1 This is a good law. But it
2 has for us and for businesses,
3 in general, unanticipated
4 consequences.

5 Just last week, we had
6 to send out a notice to our
7 part-time faculty, our
8 adjuncts, that their hours
9 would be reduced because they
10 can no longer teach 12 credit
11 hours, which equates to 30
12 hours per week. Those
13 individuals are not considered
14 what, full time, which means
15 that if they stay at that
16 level, we'll have to provide
17 the full benefit package to
18 them. How much money does
19 that cost? \$6 million.

20 It was one of the most
21 difficult things that we've
22 ever had to do at the
23 institution, to tell 250 of
24 our loyal employees that we
25 had to cut their hours because

1 of the Affordable Care Act. I
2 would prefer to have the money
3 in our budget to do what?
4 Provide them full coverage.
5 That should have been our
6 response, not cutting them
7 back to part-time status. But
8 not keeping them at part-time
9 status ---.

10 And we still have to
11 pay some --- and we intend to
12 have a program for our
13 part-time employees. We don't
14 have one now, but we intend to
15 have one. And the other thing
16 I want to share with you is
17 that we have a number of
18 individuals who we consider
19 regular or permanent part-time
20 employees in our SEIU. We
21 have to provide full coverage
22 for them. That's going to
23 cost us between \$250,000 and
24 \$500,000.

25 As I indicated to you,

1 we are doing our share. I
2 wish Councilman Drozd was
3 here, because I would really
4 flaunt the next two charts and
5 show him that we have done our
6 work. We launched
7 two-and-a-half years ago,
8 three years ago, a
9 comprehensive campaign that I
10 have given you updates on each
11 time I prepared for you. I'm
12 pleased to announce that at
13 this point in time ---
14 remember now, our original
15 campaign was what, Chairman
16 Robinson? \$30 million. That
17 was our goal. And then we
18 decided that we would increase
19 it.

20 But if you take a look
21 at our original goal and where
22 we are now, we are at about
23 \$38 million. And today I was
24 informed that we have been
25 given another \$875,000. This

1 money goes into our endowment
2 in part and to provide support
3 for programs and scholarships
4 that we don't have as an
5 institution to offer.

6 If you take a look at
7 the next page, it shows a
8 trend in our endowment. In
9 '01-'02, we're about at \$3
10 million. '08-'09 at about
11 \$3.2 million. And at this
12 point in time, we're close to
13 \$8 million, \$8 million for an
14 institution --- for a
15 community college, that's an
16 extraordinary feat. This
17 would not have been done
18 without the support of the
19 individuals symbolized in this
20 room tonight among our
21 faculty, our staff and our
22 students as well.

23 I share with you on
24 page ten an overview of what
25 we're doing to really promote

1 the energy sector and job
2 training in that regard. I'm
3 pleased to note that we are
4 considering drilling at our
5 airport location. Because
6 right now there are not many
7 energy jobs particularly on
8 the pads. You know, there are
9 no jobs in Allegheny County.

10 So the students we
11 train, we ship them off away
12 to Washington, Greene County,
13 so forth and so on. We don't
14 benefit from that. There's
15 nothing that comes back to
16 this County when we have to
17 ship our students down to
18 Washington. And certainly
19 we're proud of them, but we
20 ought to be able to provide
21 employment here for them. So
22 I'm so pleased that we are
23 making that effort.

24 Some CCAC distinctions
25 we talk about on page 11. We

1 talk a little bit about the K.
2 Leroy Irvis Science Center.
3 The 5S program is in its
4 fourth year. That's one of
5 our Council Macy's babies.
6 And Charlie Blockside has done
7 a really outstanding job of
8 monitoring that.

9 We are a finalist in
10 the 2012 People Who Matter
11 program because of our program
12 on diversity and inclusion.
13 And I'm so proud of our MB/WB
14 (phonetic) effort. I keep
15 going to Chairman Robinson
16 because he is a champion of so
17 many things that we do. But
18 in our payroll --- and I would
19 defy any public institution or
20 organization to match this, 60
21 percent of the contracting was
22 minority-owned. And even
23 though we can do a better job
24 in the labor force,
25 eight-percent labor force,

1 that's a great attainment, but
2 it's nothing to brag about.
3 And let me tell you why.

4 While the opportunity
5 is here for more union
6 employees to be involved in
7 projects, we need to make sure
8 that the pipeline is open for
9 individuals now to come in.
10 And I'm talking specifically
11 about individuals of color and
12 women. We should not brag
13 about eight percent. We
14 should not brag about eight
15 percent at all.

16 Our Robert M. Mill
17 Labor Management Lecture
18 series is named after someone
19 who Chairman Robinson knows
20 very well. That program is
21 designed to bring labor and
22 management together to provide
23 leadership and educational
24 opportunities for them. This
25 is the second year we've

1 endowed that program with a
2 \$1.2 million grant, an endowed
3 professorship. This program
4 will be held at CCAC in
5 perpetuity.

6 A program that we have
7 I think in the spring was
8 Speaker Hilda Solis, Morgan
9 O'Brien from People's Gas and
10 Mike Dunleavy from IBEW. And
11 then on December 3rd, we'll
12 have the Assistant Secretary
13 of Transportation, John
14 Porcari, along with the County
15 Executive, Rich Fitzgerald,
16 and also head of Allegheny
17 Conference, Dennis Yablonsky.

18 There are some other
19 distinctions. But I'd like to
20 go to page 13. Remember I
21 said that we were one of the
22 largest community colleges ---
23 had the largest credit
24 enrollment of any community
25 college in the Commonwealth?

1 The only two other
2 institutions that rival that
3 are the Community College of
4 Philadelphia and Harrisburg
5 Area Community College.

6 I share this
7 information to show you the
8 difference between their
9 operating budget and ours.
10 Philadelphia this year is at
11 \$200 million. Harrisburg Area
12 Community College is about
13 \$145 million. And there we
14 are at \$109 million.

15 And let me just share
16 with you that we take pride in
17 terms of where we are right
18 now. This is a point where we
19 should have been awhile ago,
20 but we're here now. We're
21 here now.

22 This budget means that
23 we could restore our
24 instructional programs, that
25 we could restore positions

1 that were cut or frozen, that
2 we could continue with our
3 deferred maintenance. And to
4 take a hit on that budget
5 right now would be a problem.
6 It means then that we go back,
7 not forward.

8 So it's important that
9 we continue to ensure that we
10 have a more stable and less
11 volatile funding, a stable and
12 predictable funding base so
13 that we can move forward with
14 our efforts.

15 I know that the
16 proposed budget for the County
17 is for a \$2.5 million cut. I
18 think we're the only agency
19 associated with the County
20 that's taken a cut of that
21 magnitude. And I appreciate
22 all of the support that we've
23 gotten from County Executive
24 Rich Fitzgerald and from
25 County Council. Please be

1 reminded that, because of you,
2 each year we get a two-percent
3 increase automatically to our
4 supplement. And over the past
5 year we've gotten an
6 additional \$1.5 million for
7 capital improvements. And
8 that's really, really good
9 stuff. But we don't want to
10 stop there. We want to be
11 like the HACC and the
12 Community College of
13 Philadelphia that have more
14 robust funding sources so they
15 don't have to struggle to get
16 a science building built after
17 14 years.

18 If this cut was to come
19 about, you can expect a pretty
20 significant tuition increase,
21 also possible reductions in
22 program offering and workforce
23 development offerings, and
24 that would be catastrophic.

25 Also, I don't know if

1 you remember the figures or
2 not. But right now, our
3 workforce programs are 55
4 percent of our enrollment. At
5 the Community College of
6 Philadelphia, it's flipped.
7 More of their students are in
8 transfer programs than they
9 are in workforce development.
10 We have the largest workforce
11 ratio among any community
12 college in the Commonwealth.
13 And I think --- well, I would
14 say the largest. We probably
15 match Harrisburg Community
16 College. And then the
17 curtailing of strategic
18 initiatives, like our success
19 in completion program geared
20 specifically at individuals
21 who come to our institution
22 and have to take developmental
23 courses before beginning their
24 college courses.

25 And, of course, at the

1 end of the day, it will have
2 an effect not only on the
3 bottom line, but possibly our
4 bond rate, which we're very
5 proud of. I think we're at
6 what now, Joyce?

7 MS. BRECKENRIDGE:

8 A1, stable.

9 DR. JOHNSON:

10 A1, stable. A1,
11 stable, which means that we
12 can borrow money very, very
13 affordably. And the trustees
14 allowed us about two months
15 ago to borrow \$40 million for
16 our Ridge Avenue
17 revitalization program.

18 So with that said, let
19 me just end by saying that in
20 your package you have a
21 description of the Tom
22 Foerster Archives, which are
23 being established at CCAC's
24 Allegheny campus. This is to
25 commemorate the legacy of one

1 of the great people of
2 Allegheny County. And we have
3 a building on that campus
4 named in his honor. So now we
5 have a seminar room and an
6 endowed professorship named in
7 his honor as well. I saw his
8 wife, Georgia, at Costco a few
9 weeks ago. And she kept me
10 for 15, 20 minutes talking
11 about what she was going to
12 contribute to ensure that
13 Tom's legacy was confirmed in
14 this.

15 The next pamphlet
16 explains the Ridge Avenue
17 Revitalization Project. Even
18 though we have funding for
19 this, our hope is to provide
20 naming rights and raise \$1.5
21 to \$2.5 million in scholarship
22 support on this one.

23 The last piece is our
24 program with business and
25 industry so that we can raise

1 money for scholarships for
2 non-traditional students,
3 dislocated workers and adult
4 workers who need support for
5 their education. That's what
6 it is designed to do. This is
7 to raise \$3 million, and I'm
8 pretty sure that we're going
9 to be able to do that.

10 I'm sorry to take so
11 long. I apologize that it's
12 late in the evening, but I
13 would be remiss if I didn't
14 share with you information
15 about one of the jewels in the
16 crown of Allegheny County.

17 I'm pleased to be the
18 president of this really,
19 really great institution.
20 This is my fifth year and I
21 can tell you that this
22 community is very, very proud
23 of CCAC. But I would hope
24 that the County Exec and
25 County Council would get

1 together to ensure that that
2 \$2.5 million is not cut from
3 our budget. And with that,
4 Chairman Robinson, thank you
5 so very much for your time.

6 CHAIR:

7 Thank you, Dr. Johnson.
8 Ms. Danko, do you have a few
9 questions?

10 MS. DANKO:

11 As Dr. Johnson knows,
12 I'm a big supporter of the
13 Community College, but a
14 couple of things that you said
15 concerned me. When you
16 basically talked about the
17 Affordable Healthcare Act and
18 how it's going to impact you
19 and faculty that are teaching
20 12 credits, you're going to
21 have to pay for health
22 insurance or cut them back.
23 Twelve (12) credits, that's
24 four courses, four
25 college-level courses.

1 DR. JOHNSON:

2 Right.

3 MS. DANKO:

4 Probably about 100
5 students if you figure 25 a
6 class, maybe more. And how
7 much does that faculty member
8 make who teaches four courses
9 a semester?

10 DR. JOHNSON:

11 That faculty member
12 makes \$730 a credit hour. So
13 \$7,200, \$7,300 ---.

14 MS. BRECKINBRIDGE:

15 \$735.

16 DR. JOHNSON:

17 \$735 a credit hour.

18 MS. DANKO:

19 So less than \$10,000?

20 DR. JOHNSON:

21 Yes.

22 MS. DANKO:

23 To teach basically
24 almost full-time? Five
25 courses is considered full

1 time faculty?

2 DR. JOHNSON:

3 Right.

4 MS. DANKO:

5 And how much is the
6 minimum wage for a full-time
7 faculty? About \$60,000?

8 DR. JOHNSON:

9 Yes.

10 MS. DANKO:

11 So someone teaching
12 four makes about \$10,000.
13 Someone teaching five makes
14 \$60,000?

15 DR. JOHNSON:

16 Well, that's \$10,000
17 per semester, but I get your
18 point.

19 MS. DANKO:

20 Okay. I just --- you
21 know, you can say you're going
22 to have to provide health
23 insurance, but on some level
24 they're being exploited now.
25 I understand that that's the

1 adjunct system, but ---.

2 DR. JOHNSON:

3 Right.

4 MS. DANKO:

5 It's an issue of ---
6 you know, the steelworkers
7 know, they started taking this
8 one on. My other issue, the
9 Pittsburgh Promise, how many
10 students this semester?

11 DR. JOHNSON:

12 499.

13 MS. DANKO:

14 Okay. And when you
15 talked about the --- you know,
16 the comprehensive first-year
17 experience that you're
18 providing them, is that
19 provided by the Pittsburgh
20 Promise Funds?

21 DR. JOHNSON:

22 No, that's provided by
23 the college. Now, that
24 program is not only for ---
25 initially it was for

1 Pittsburgh Promise students.
2 We had funding from the Heinz
3 Endowment in part to pay for
4 the success coaches. But now
5 that program has been extended
6 throughout the entire college.

7 So individuals who come
8 to us with certain
9 characteristics can now get
10 help. And that program has
11 now been extended to 1,000 or
12 more students who come to CCAC
13 each year and need fairly
14 extensive supplemental and
15 remedial education.

16 MS. DANKO:

17 And is this for the
18 workforce development program
19 as well as the academic
20 program?

21 DR. JOHNSON:

22 The workforce
23 development program has their
24 own remediation effort. In
25 the workforce development

1 program, the remediation is
2 usually embedded in the
3 technical training that they
4 receive. And we do have at
5 the West Hills Center, math
6 labs, for example, and other
7 ways that those individuals
8 learn those skills.

9 I do want to address
10 the question on the Affordable
11 Healthcare Act. The
12 Affordable Healthcare Act, as
13 you know, defines now for
14 purpose of health coverage an
15 individual who works 30 hours
16 each week. Individuals who
17 teach 12 semester hours at
18 CCAC, you multiply that by
19 2.5, which is kind of the
20 rubric, the metric, for lack
21 of a better term, that puts
22 them at the 30-hour mark. In
23 order to comply with the law,
24 we have to establish them at
25 the part-time level. And as a

1 result of that, we had to cut
2 them back to at least --- to
3 no more than three credit-hour
4 classes or two four-hour ---
5 two four-credit-hour classes.
6 So that's the limitation. As
7 a result of that, we have to
8 bring in additional adjuncts
9 to replace the classes that we
10 had to remove these
11 individuals from.

12 It would have been our
13 preference to keep them at 30
14 credit hours, maybe even make
15 them full-time, but the cost
16 associated with doing that
17 would have been prohibitive.
18 If you would take a look at
19 any community college in the
20 Commonwealth, the ratio of
21 full-time equivalent to
22 adjunct is about 50/50. We
23 are 45 full-time equivalent
24 and 55 adjunct.

25 MS. DANKO:

1 I've done my two.

2 CHAIR:

3 I sense you had another
4 question?

5 MS. DANKO:

6 One more.

7 CHAIR:

8 Proceed.

9 MS. DANKO:

10 You know, it seems as
11 if there's a lot of work being
12 done at the Allegheny Campus.
13 And you know, I spent a lot of
14 time at Boyce, as has Dr.
15 Martoni. I'm just wondering
16 kind of across campus equity
17 in the building program.

18 DR. JOHNSON:

19 Well, I can't sit here
20 and tell you that. We can do
21 it across campus and let me
22 tell you why. The Allegheny
23 Campus is in really, really
24 dire straits. The buildings
25 that we're holding our math

1 class --- our science classes
2 in right now and Jones Halls
3 were constructed in the early
4 1900s. Our library leaks
5 buckets every time it rains.
6 Deferred maintenance is a huge
7 issue at the Allegheny Campus.
8 So our responsibility I
9 believe right now to it is to
10 invest as much as we can in
11 that campus.

12 With respect to Boyce,
13 certainly they have their
14 issues, and Chuck can tell you
15 that, but they've got the more
16 modern facilities. They were
17 constructed back in the early
18 1970s. Same thing with South.
19 And while we do have some
20 opportunity to invest in Boyce
21 and South and we're doing
22 that, we feel very, very
23 strongly that our major
24 investment right now has to be
25 at the Allegheny Campus. I'm

1 just being honest with you.

2 MS. DANKO:

3 I appreciate that.

4 DR. JOHNSON:

5 Thank you.

6 CHAIR:

7 Thank you. Mr.

8 DeFazio?

9 MR. DEFAZIO:

10 I want to go back to
11 this Affordable Healthcare
12 Act. I received an e-mail. I
13 get bunches and bunches of
14 e-mails. I was going to go
15 back there. And I don't know
16 who it was, but somebody from
17 the Community College. I
18 don't know if it was you or
19 whoever, but I started to read
20 these later and I got tied up
21 somewhere and never did.

22 But in essence, I
23 remember were more or less
24 blaming Obama, telling me like
25 your boy Obama, look what he

1 did. We'll get laid off or
2 something.

3 Look, this is --- you
4 know, let me tell you
5 something. This is a guy
6 who's looking out for the
7 people in the middle class.
8 There's people, like she said,
9 12 credits, making \$10,000 a
10 year. Fifteen (15) credits
11 give you \$60,000 or whatever
12 she said. He's looking out
13 for these little people. If
14 it was one of your kids or
15 someone, don't you think they
16 should be entitled --- it
17 would be nice for them to get
18 healthcare?

19 DR. JOHNSON:

20 Absolutely.

21 MR. DEFAZIO:

22 Right. So he's trying
23 to do the right thing, you
24 know. And people around him
25 make him out like --- no

1 matter what happens, he gets
2 blamed on the other side when
3 something goes wrong. He's
4 trying to help like he said he
5 was going to do.

6 DR. JOHNSON:

7 Right.

8 MR. DEFAZIO:

9 And you know --- so
10 I'll give him credit for that.
11 But the thing is you guys
12 should be in some kind of a
13 position --- I think it would
14 be nice if you could do this
15 to help these people. But is
16 there another way to?

17 DR. ROBINSON:

18 Well, let me just share
19 with you that, in order to
20 comply with the law, we have
21 to do what we have to do by
22 January 1, 2013. Are we
23 looking at other alternatives?
24 Oh, absolutely. For example,
25 we're looking to reduce the

1 number of hours that an
2 individual spends at the
3 institution. So to go from
4 2.5 to 2 would certainly be a
5 measure that we can use.

6 We're looking at the
7 safe harbor provision for
8 variable workers and also
9 seasonal workers. We don't
10 know if that's going to apply
11 in our particular situation.
12 So we are looking at some
13 other avenues. We're working
14 with professional
15 organizations to determine if
16 somehow we might be able to do
17 something more practicable.

18 Our problem right now
19 is comply with the law as it's
20 currently written. If we
21 don't do what we're doing
22 right now, you're looking at a
23 \$6 million commitment on the
24 part of the college. And I
25 think that's just the tip of

1 the iceberg. So it means that
2 all of the adjuncts, all of
3 the individuals, the part-time
4 employees, have to move into
5 our full healthcare plan,
6 which provides our full
7 coverage at a ratio of ten
8 percent for the faculty, for
9 the staff member and 90
10 percent from the institution.

11 We're looking at some
12 alternatives. And I think
13 it's possible that we might be
14 able to do something in the
15 foreseeable future. And it is
16 our commitment to do something
17 for part-time individuals.
18 Right now, we don't have a
19 plan for them.

20 But we've got to make
21 sure that we comply with the
22 law. And then as time goes
23 along, if there are changes in
24 the Healthcare Act, which I'm
25 pretty sure there might be,

1 there may be a safe harbor
2 provision for adjuncts. They
3 might not be treated the same
4 way. We're looking at those
5 provisions.

6 The reason I share this
7 with you is because right now
8 I'm disappointed, quite
9 honestly, Councilman DeFazio,
10 that we can't provide coverage
11 for those individuals. We
12 just don't have the money to
13 do that.

14 So it's not an affront
15 to the law. I believe in the
16 law. I think it's one of the
17 best things that ever happened
18 in this country. But for us
19 we just don't have the money
20 to do it right now. And
21 that's where we're at.

22 MR. DEFAZIO:

23 And again, you don't
24 have the money and you can't
25 get blood out of a stone.

1 DR. JOHNSON:

2 Sure.

3 MR. DEFAZIO:

4 There should be a way
5 you can adjust that somehow,
6 someway.

7 DR. JOHNSON:

8 Right.

9 MR. DEFAZIO:

10 If someone's working
11 29.5 hours in some way, you
12 guys have to get your heads
13 together to figure out a
14 system. If you've got 100
15 people, you get around that.

16 DR. JOHNSON:

17 Well, we're working on
18 every conceivable angle,
19 believe me. I have been
20 confronted by more angry
21 adjunct faculty and part-time
22 employees than I ever want to
23 see.

24 MR. DEFAZIO:

25 But I think they're

1 getting upset with the wrong
2 people. There's a lot of ways
3 to skin a cat.

4 DR. JOHNSON:

5 Yeah.

6 MR. DEFAZIO:

7 You guys have to be
8 smarter, and I know you are.

9 DR. JOHNSON:

10 Right.

11 MR. DEFAZIO:

12 You need to get around
13 that somehow.

14 DR. JOHNSON:

15 Well, you know, we are
16 trying very hard. I'm telling
17 you we are. And we're going
18 to do the best that we
19 possibly can.

20 One of the things that
21 may not be possible is to
22 adjust our full-time rates
23 from, say, 10/90 to 50/50.
24 That just didn't --- that
25 wouldn't work.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. DEFAZIO:

I don't want to belabor
this.

DR. JOHNSON:

Yeah.

MR. DEFAZIO:

I don't want it like
I'm pointing at you or
anything.

DR. JOHNSON:

Yeah. I know, I know.

MR. DEFAZIO:

All I want to do is
find a way to not upset or
hurt people one way or the
other. You know, we should be
smart enough to work this out
in a way, you know, it works
out for almost everybody ---

DR. JOHNSON:

Yeah.

MR. DEFAZIO:

--- for the situation.

DR. JOHNSON:

Well, we're working on

1 that.

2 MR. DEFAZIO:

3 All right. Thank you.

4 DR. JOHNSON:

5 And I promise you by
6 this time by next year we
7 would have this thing really
8 ready. Thank you very much.

9 CHAIR:

10 We're going to give our
11 stenographer a break. She's
12 been very diligent. We'll
13 give her as much time as she
14 needs. The Chair, as you
15 know, is dedicated to staying
16 here as long as I have to or
17 you need me to, but I don't
18 want to stay here without a
19 stenographer. So we'll give
20 her a break and we'll let her
21 determine when she's ready to
22 go again.

23 SHORT BREAK TAKEN

24 CHAIR:

25 We're ready to get

1 started. We're ready to get
2 started again. I believe our
3 transcriptionist is ready. I
4 don't see Ms. Danko. I'm
5 going to presume that she's
6 asked all of her questions.
7 Anybody else on the right?

8 DR. MARTONI:

9 No questions.

10 CHAIR:

11 Anybody on the left?

12 MS. HEIDELBAUGH:

13 I'm the first person to
14 say I'm on the left.

15 CHAIR:

16 And that was your
17 choice.

18 MS. HEIDELBAUGH:

19 Yeah, we're just all,
20 you know, opening up here.

21 CHAIR:

22 Let me go to Ms.
23 Heidelbaugh on my left. Two
24 questions. First, have you
25 ever been on the left? Her

1 first two questions in round
2 one.

3 MS. HEIDELBAUGH:

4 Thank you, Chairman
5 Robinson. Some comment.
6 First with the question. I
7 very much believe in the power
8 and the purpose and the
9 position of the community
10 colleges. I think actually
11 based on trending into the
12 future, kind of looking at how
13 our globe is going to
14 progress, that the community
15 colleges are going to be
16 becoming more important
17 because the four-year colleges
18 are pricing themselves out of
19 existence.

20 And the value of a
21 four-year degree, someone may
22 make an economic determination
23 that a \$60,000 a year or a
24 quarter of a million dollars
25 to spend on a degree, which

1 you can't get a job, you ought
2 to go to community college or
3 go to community college for
4 two years and then transfer.
5 So philosophically, I'm very
6 much in favor of community
7 colleges.

8 Two questions, kind of
9 critiques; okay? Number one,
10 I assume, because of your
11 leadership, that you have
12 fully analyzed the ups and
13 downs of raising tuitions.

14 DR. JOHNSON:

15 Yeah.

16 MS. HEIDELBAUGH:

17 But I'm of the opinion
18 that you value what you pay
19 for and that your current
20 pricing structure has a lot of
21 room for upward movement. So
22 can you give me your opinion
23 on that?

24 DR. JOHNSON:

25 I certainly can. First

1 of all, I think all of us
2 really appreciate keeping
3 tuition as affordable as
4 possible, but we believe also
5 that students should
6 contribute to that effort.
7 The problem that we have at
8 CCAC is that we have not had
9 over time a regular schedule
10 of tuition increases. It's
11 been characterized by bits and
12 stones. The bits come in when
13 there has been a cutback in
14 the State level or the County
15 level. Then we take
16 responsibility to do that.
17 And then in good times, not
18 doing anything at all.

19 So last year, for
20 example, we raised tuition in
21 the spring --- I'm sorry, not
22 in the spring --- in the fall
23 by I think \$5. And when we
24 were threatened to be cut at
25 the County level by \$9

1 million, we raised tuition
2 about \$12 a credit hour and
3 instituted a flat tuition
4 rate.

5 So I believe that
6 tuition is a very important
7 revenue opportunity, but I
8 believe very, very strongly
9 that it needs to be done on a
10 regular basis. I have been
11 working very, very diligently,
12 as Chairman Robinson can tell
13 you, with our Board of
14 Trustees. And I believe now
15 that we're in a point whereby
16 they understand the importance
17 of these periodic increases
18 for a lot of reasons.

19 Number one, we've got
20 to maintain our strategic
21 focus. We've got to ensure
22 that our facilities are
23 modern. We've got to make
24 certain that we have a fund
25 balance so when we engage in

1 these very, very important
2 building opportunities, that
3 we've got money to pay them
4 and that our ratings can
5 remain in place. So I agree
6 that we need to have a more
7 robust tuition program.

8 MS. HEIDELBAUGH:

9 So you have \$2,800 a
10 year approximately for flat
11 tuition at CCAC and about
12 \$7,000, \$7,000 for Penn State,
13 I think.

14 DR. JOHNSON:

15 Okay. Yeah.

16 MS. HEIDELBAUGH:

17 So I think you can move
18 because I understand what your
19 job is. Our job is trying to
20 watch the taxes.

21 DR. JOHNSON:

22 Sure, absolutely.

23 MS. HEIDELBAUGH:

24 Keep people in
25 Allegheny County.

1 DR. JOHNSON:

2 Right.

3 MS. HEIDELBAUGH:

4 Not tax us out of our
5 homes.

6 DR. JOHNSON:

7 Right, and I agree with
8 you.

9 MS. HEIDELBAUGH:

10 Okay.

11 DR. JOHNSON:

12 And one point I do want
13 to make, the comparison to
14 Penn State is a good one, but
15 it's not necessarily ---
16 what's the word I want to use?

17 MS. HEIDELBAUGH:

18 No, no.

19 DR. JOHNSON:

20 It's not apples to
21 apples.

22 MS. HEIDELBAUGH:

23 Oh, no, I agree.

24 DR. JOHNSON:

25 Because when we take a

1 look at the median income of a
2 family at Penn State, it's
3 \$90,000. The median income of
4 a student attending community
5 colleges in the Commonwealth
6 is \$27,000.

7 Now, but because our
8 tuition is so low, even the
9 student with \$27,000 doesn't
10 qualify for a PELL Grant.
11 It's unfortunate that if our
12 tuition were higher, then that
13 same individual would qualify
14 for federal funding. So I
15 agree with you that we have to
16 kind of balance the tuition
17 fees.

18 MS. HEIDELBAUGH:

19 There have been some
20 things written occasionally
21 about the courses offered at
22 CCAC. And you would know
23 better than I or I'm making
24 this up, let's call it basket
25 weaving; okay?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DR. JOHNSON:

Okay.

MS. HEIDELBAUGH:

I mean just some, you know, kind of funky unusual-type courses. So if CCAC's going to really move into the future, to be a strong two-year alternative, a basis for people to get job versus spending all of this money on these four-year degrees, might you think about sort of leaving that in your historical past and kind of moving towards a more traditional ---?

DR. JOHNSON:

You know, it's really interesting that you say that. You must have read the minds of me and Alicia Booker because we had the same conversation three weeks ago.

It's unfortunate that

1 all of the work that we've
2 done in the workforce
3 development area, CCAC is
4 still known as this community
5 education division that offers
6 the type of classes that you
7 just alluded to. Our
8 responsibility is to move
9 beyond that, and we're working
10 toward that.

11 MS. HEIDELBAUGH:

12 How much does it cost?

13 DR. JOHNSON:

14 It varies.

15 MS. HEIDELBAUGH:

16 I mean not to me taking
17 the basket weaving course. I
18 mean ---.

19 DR. JOHNSON:

20 It doesn't cost us
21 anything.

22 MS. HEIDELBAUGH:

23 It's even?

24 DR. JOHNSON:

25 That's revenue that we

1 don't --- yeah. It don't cost
2 anything. We benefit.

3 MS. HEIDELBAUGH:

4 So you don't have any
5 kind of goofy courses in your
6 regular curriculum?

7 DR. JOHNSON:

8 No. Not to the extent
9 that you described, no. We
10 don't have that. In our
11 credit-based curriculum, none
12 of that. What you describe
13 comes through community
14 education.

15 MS. HEIDELBAUGH:

16 So it's purely a PR
17 profit?

18 DR. JOHNSON:

19 Yes, we know that.
20 Yes, absolutely. We
21 understand.

22 CHAIR:

23 Ms. Green Hawkins, two
24 questions?

25 MS. HAWKINS:

1 Thank you. Just so I
2 understand, you speak about
3 adjunct faculty and part-time
4 faculty. Are you talking
5 about the same groups of
6 people?

7 DR. JOHNSON:

8 Well, the terms are
9 used synonymously, but we like
10 to refer to them as adjuncts.

11 MS. HAWKINS:

12 Okay. So part time
13 would be adjuncts?

14 DR. JOHNSON:

15 Right.

16 MS. HAWKINS:

17 At CCAC. And what is
18 the ---? Well, I only get two
19 questions. What is the number
20 of faculty that you have?

21 DR. JOHNSON:

22 275, that's our
23 full-time equivalent.

24 MS. HAWKINS:

25 No, I'm talking

1 altogether.

2 DR. JOHNSON:

3 Altogether?

4 MS. HAWKINS:

5 Adjuncts and full time.

6 DR. JOHNSON:

7 800 adjuncts, 275 full
8 time, 1,075 or so.

9 MS. HAWKINS:

10 And --- oh, I'm sorry.

11 CHAIR:

12 Go ahead.

13 MS. HAWKINS:

14 I'm getting to like
15 a ---. So you mentioned
16 making, if I remember
17 correctly, 250 full-time
18 faculty part time?

19 DR. JOHNSON:

20 No. Well ---.

21 MS. HAWKINS:

22 Or adjuncts?

23 DR. JOHNSON:

24 Okay. The law defines
25 full time now as 30 hours a

1 week .

2 MS. HAWKINS:

3 No, I understand that.

4 DR. JOHNSON:

5 Yeah, okay.

6 MS. HAWKINS:

7 But I thought I heard
8 you put a number on the number
9 of faculty members who had to
10 make --- you had to reduce
11 their hours or the course
12 loads so that they'd be
13 considered part time. And I
14 thought that number was 250.

15 DR. JOHNSON:

16 200, 200. 210.

17 MS. HAWKINS:

18 I'm just trying to
19 understand how many ---.

20 DR. JOHNSON:

21 Right.

22 MS. HAWKINS:

23 Okay. Here's my real
24 question. The number of
25 adjuncts, does that include

1 the number of people who were
2 recently made adjuncts to
3 CCAC?

4 DR. JOHNSON:

5 Okay.

6 MS. HAWKINS:

7 I'm trying to figure
8 out if you had at one time 475
9 full time who were being ---
10 and 600 adjuncts.

11 DR. JOHNSON:

12 No, no, no, no. These
13 were always people who taught
14 as adjuncts at the
15 institution. They are
16 individuals who were teaching
17 on average 30 hours per week.

18 MS. HAWKINS:

19 Okay.

20 DR. JOHNSON:

21 Twelve (12) credits.
22 And when the law came out,
23 those individuals were then
24 classified as full time.

25 MS. HAWKINS:

1 Got you, okay.

2 MS. HEIDELBAUGH:

3 So the old 30 is full
4 time?

5 DR. JOHNSON:

6 The old 30 is part
7 time. The new 30 is full
8 time.

9 MS. HEIDELBAUGH:

10 Okay. Yes.

11 MS. HAWKINS:

12 Thank you.

13 CHAIR:

14 Thank you. We've found
15 another issue to knock General
16 Petraeus and General Allen off
17 the front page. Thanks to Dr.
18 Johnson and Mr. DeFazio, he
19 did twice in two days. And
20 Ms. Heidelbaugh and Ms. Green
21 Hawkins. Dr. Martoni and
22 myself --- we won't get into
23 that.

24 Any other questions for
25 the Community College? We

1 have one other set of guests
2 this evening before we wrap
3 up. I'm not trying to
4 truncate any other comments,
5 but does anyone else have a
6 concern for the Community
7 College at this point?

8 If we need the
9 Community College to come back
10 before we make any final
11 determinations, then let the
12 Chair know. I'll make
13 arrangements through the
14 president's office to have
15 them come back if we need
16 further questions or further
17 information before we settle
18 on a budget. As we said, Mr.
19 McKain's presence in the room
20 is probably helpful to the
21 Community College. Thank you
22 very much, both of you.

23 Last but not least,
24 we're going to ask Mr. Steve
25 Bland and his staff to come

1 forward relative to the Port
2 Authority.

3 Fortunately for Mr.
4 Bland, while he and his staff
5 have been very patient, Mr.
6 Bland has been in this rodeo
7 before, but I don't think this
8 late. But he's been here
9 under circumstances much more
10 intense than waiting several
11 hours to present. And I don't
12 think he would trade staying
13 late for what he's experienced
14 the last few years.

15 Even though the
16 critical issue of funding the
17 Port Authority remains the
18 same, there are continued
19 alternatives which Mr. Bland
20 has to deal with. And he
21 brings with him today someone
22 who's been through this ---
23 going through it for the first
24 time, so she's experiencing
25 the late hour and the wait and

1 not the issues that Mr. Bland
2 has had, but this is her first
3 time and she's hoping this
4 never happens again. Because
5 she actually read the schedule
6 and believed it. Around here
7 what you see is what you
8 believe, at least half of it.

9 Without any more funny
10 comments because the hour is
11 growing late, why don't we
12 give Mr. Bland from the Port
13 Authority our utmost
14 appreciation for dealing with
15 a very difficult problem that
16 at times seemed insoluble.
17 Maybe it is.

18 But I thank you for
19 your efforts to date. And I
20 appreciate anything you can do
21 to help this Council and the
22 Administration facilitate the
23 Port Authority delivering
24 efficient low-cost service to
25 our citizens against all of

1 the challenges that you have.
2 And I thank my colleagues who
3 have been kind enough and
4 brave enough to stay with me
5 to the conclusion of this
6 portion of the hearing.

7 Let me say one more
8 thing, then I'll turn it over
9 to Mr. Bland. The Port
10 Authority had been most
11 helpful in letting us know
12 what's going on, whether we
13 agree with them or not.
14 That's to Steve's credit, to
15 their board's credit and
16 staff's credit. And I
17 appreciate that. And I'm sure
18 that's why Steve is here and
19 didn't put up any fuss about
20 being last.

21 In some respect, that's
22 a blessing being last, because
23 Mr. McKain is in this room
24 again and that doesn't hurt.
25 We'll leave it at that. Mr.

1 Bland, please introduce your
2 associate and the floor is
3 yours.

4 MR. BLAND:

5 Thank you, Mr.
6 Chairman, President Martoni
7 and members, particularly Ms.
8 Green Hawkins, who is
9 Council's representative to
10 our board. With me tonight is
11 Ellen McLean, our chief
12 financial officer. So for the
13 detailed questions, I will
14 probably look to my right.

15 We did provide a
16 handout. We'll give you a
17 quick overview so we can spend
18 more time on Council's
19 questions. I'll be skipping
20 around in the handout as we
21 try and walk all the way
22 through it.

23 But as a reminder, I
24 say this every year. Because
25 we work on a State fiscal year

1 basis, July to June, and
2 Council is considering a
3 calendar year budget, our
4 Council budget is essentially
5 six months behind. So the
6 appropriation that you'll
7 consider covers our fiscal
8 year, July 1st, 2012 through
9 June 30th, 2013.

10 I don't think that I'm
11 creating any headlines in this
12 hearing by saying obvious the
13 big news this year, thanks to
14 some excellent cooperation by
15 the Governor, the Secretary of
16 Transportation, County
17 Executive Fitzgerald and
18 Allegheny Transit Union Local
19 85, the Port Authority was
20 averting a 35-percent service
21 reduction in September due
22 to ---. Everything culminated
23 in August with the reaching a
24 collective bargaining
25 agreement with ATU-85. But

1 frankly, that work had been
2 going on for probably six
3 months prior to that.

4 What I wanted to do,
5 page three summarizes our
6 budget request to the County
7 and where those funds are
8 allocated specifically. The
9 County manager had alluded to
10 pieces of the capital budget,
11 in particular shows some of
12 the history of those requests.

13 I actually want to skip
14 over to page four. For
15 probably over a year now we've
16 been pointing to about a \$64.9
17 million operating budget
18 deficit that was leading to
19 the 35-percent service
20 reduction schedule for
21 September. The numbers on
22 page four very specifically
23 show where that solution came
24 from. Some on the revenue
25 enhancement side. On July

1 1st, 2012, we get a fare
2 increase. Our zone one base
3 fare is now \$2.50. Frankly,
4 it's one of the highest fares
5 in the nation. So coming back
6 to a question that was asked
7 of Dr. Johnson, we frankly had
8 limited room to do that
9 anymore without severely
10 comprising, you know, the
11 actual patronage levels.
12 That's anticipated to generate
13 about \$6.1 million and that's
14 tracking pretty well through
15 the first four months or so.

16 The big chunk of this,
17 thanks to Governor Corbett,
18 Secretary of Transportation
19 Barry Schoch, was the State
20 coming in with supplemental
21 funding for our general
22 operations in the amount of
23 \$30 million. And early on the
24 Governor and the Secretary
25 said, well, we can meet you

1 halfway. We're going to need
2 help from the union. We're
3 going to need help from the
4 Authority. We're going to
5 need help from the County to
6 do that. And they've met that
7 commitment.

8 Additionally, the State
9 was able to identify some
10 specific program funding to
11 help support our access
12 door-to-door program, a very
13 crucial part of our system. I
14 know it's near and dear to an
15 awful lot of Council members'
16 hearts. That totals to about
17 \$3.6 million.

18 The rest of the revenue
19 enhancement side, all of our
20 state operating assistance
21 comes with a required local
22 match of 15 percent. So when
23 the Governor and the Secretary
24 were having those
25 conversations with the

1 Authority and the County where
2 they said we're going to put
3 up \$30 million, we're going to
4 need that 15 percent from
5 Allegheny County. And thanks
6 to the efforts of County
7 Executive Fitzgerald, that was
8 met, being a \$1.5 million
9 increase to our request of
10 this body this year. So
11 you'll see in that summary on
12 page three we're requesting
13 that \$1.5 million increase and
14 then another request that's
15 now in front of the Regional
16 Asset District Board for \$3
17 million in regional asset
18 district funding. So that
19 generates on an annual basis
20 about \$44.2 million per fiscal
21 year 2013.

22 On the expense
23 reduction side, we quantify
24 for fiscal year 2013 the cash
25 concessions made in the ATU

1 Local 85 collective bargaining
2 process at \$10.4 million and
3 other budget reductions,
4 efficiencies in Port
5 Authority's budget not
6 affecting union personnel at
7 \$10.3 million. So that's
8 where that reduction in ---
9 that's where the elimination
10 of that deficit comes from.
11 And that's, frankly, what
12 enabled us to sustain services
13 at current levels.

14 This is still, by the
15 way, --- now the Secretary, in
16 particular, was very clear in
17 the media announcement of the
18 solution that the Governor and
19 he were committed to a
20 long-term solution. But
21 frankly, the biggest issue in
22 front of the Port Authority in
23 the upcoming year --- not just
24 the Port Authority, it will be
25 a huge issue for SEPTA in

1 Philadelphia, 36 other transit
2 agencies around the State, as
3 well as the State's road and
4 bridge program, including
5 locally assisted roads and
6 bridges in that financial
7 support program, is if the
8 State can come to grips with
9 the long-term transportation
10 funding crisis. And I know
11 it's not a new item for the
12 members here who have been
13 through this year after year.
14 Back in 2007, Pennsylvania
15 passed Act 44 to fund public
16 transportation, roads and
17 bridges. In 2010, a key
18 financial underpinning of that
19 law, the tolling of Interstate
20 80, was denied by the Federal
21 Government and all aspects of
22 transportation, funding
23 in-state was cut.

24 For the Port Authority,
25 that was an instant reduction

1 of \$35 million. That was
2 after, by the way, we took a
3 small cut in funding when Act
4 44 passed and we've seen years
5 of no growth in those sources.
6 So that is fundamentally an
7 issue that's going to have to
8 be dealt with for the entire
9 Commonwealth.

10 Talking to my
11 counterparts in places like
12 Philadelphia and Harrisburg
13 and Scranton and cities like
14 that, we were the tip of the
15 iceberg in terms of service
16 cuts and massive fare
17 increases. But the rest of
18 the iceberg is catching up
19 very quickly.

20 Page five of the
21 handout for both the operating
22 and capital budget really
23 shows the type of leverage
24 that Allegheny County gets out
25 of its investment of funds.

1 No doubt it, \$37 million, \$38
2 million, is a lot of money.
3 But that investment leverages
4 well over \$400 million in
5 State, Federal and operating
6 assistance.

7 Dr. Johnson and I share
8 mutual respect. Certainly
9 with what he's done at CCAC, I
10 think you're getting a great
11 bang for your buck. It's \$7
12 to \$1 in return on investment
13 to CCAC. But I'm afraid I
14 have to one up him and say
15 that for every dollar
16 Allegheny County puts into the
17 Port Authority, they get
18 \$11.69 in return.

19 So I think by anyone's
20 accounting, you know, that is
21 a fabulous return on
22 investment, never mind,
23 frankly the quality of life in
24 this region that public
25 transportation service or the

1 intensity that we provide
2 supports for the citizenry.

3 To put that in
4 perspective, page six shows
5 some comparative data
6 comparing Pittsburgh region to
7 other cities comparable in
8 many ways to our situation,
9 the size of the city, the
10 nature of the transit system.
11 And as you can see, both the
12 fare revenue as a percentage
13 of total operations that we
14 receive from customers is very
15 favorable. In fact, really
16 only Minneapolis and San Diego
17 show a higher level of
18 operating recovery than we do
19 here. And again, local
20 contribution is relatively
21 small in comparison. So the
22 bang for the buck here we
23 think is pretty substantial.

24 Page seven is
25 essentially our budget

1 overview. And we are clearly
2 happy to provide as much
3 detail as an individual
4 Council member would want to
5 see on specific line items.
6 But in the interest of
7 revenue, we wanted to
8 summarize the changes from the
9 FY-12 to the FY-13 budget.

10 Operating revenue we're
11 projecting to be up this year
12 by \$9.8 million. Obviously, a
13 big chunk of that is the fare
14 increase. Other areas where
15 we're anticipating increases
16 are in our advertising and
17 sponsorship line items. And
18 in general, we're anticipating
19 increases in fare revenues as
20 we continue to employ our
21 Smart Card based automated
22 fare collection system.

23 In fact, tomorrow, for
24 those who are monthly pass
25 holders, when you go to buy

1 your monthly pass at your
2 downtown service center,
3 you'll be purchasing a Smart
4 Card for the first time.
5 We're compiling a number of
6 products on the Smart Card,
7 about 400 test users. We've
8 been using the Smart Card for
9 the University of Pittsburgh
10 community for well over a
11 year. So that project
12 continues to roll on. We
13 anticipate that to gather us
14 not only operating
15 efficiencies, making it much
16 more efficient in the matter
17 that we collect and account
18 for revenue, but actually to
19 increase revenue without a
20 corresponding increase in
21 fares.

22 You see Federal, State
23 and local operating grants up
24 \$34.5 million. That
25 corresponds to the earlier

1 review I did of the --- at
2 least this year's solution in
3 terms of additional state and
4 local operating funds. In
5 terms of gross expenses, up
6 \$1.9 million or about 0.5
7 percent for the upcoming
8 years. Several categories.
9 There have been a lot of
10 savings and a lot of
11 reductions. There are a few
12 categories that are hitting us
13 a bit, fuel being one. We're
14 seeing some moderation in fuel
15 prices now, so we would likely
16 be able to meet budget. But
17 compared to last year, fuel
18 prices are up significantly
19 over what we had seen last
20 year.

21 Health insurance
22 premiums. As most
23 organizations that fund health
24 insurance are seeing based on
25 the market, and we're

1 obviously watching closely, as
2 I think everyone in the region
3 is, the whole Highmark UPMC
4 process and what that may do
5 to rates and coverage moving
6 forward.

7 And compounding that,
8 you know, I've reported to
9 this Council in the past some
10 of our issues with retiree
11 healthcare as we have a large
12 number of retirees, well over
13 3,000 enrolled in healthcare.
14 Retiree healthcare is up about
15 \$2.5 million.

16 The operating budget
17 assumptions are on page eight.
18 It assumes no further
19 reduction in service levels.
20 It assumes no further
21 adjustment to fares or other
22 user fees other than what had
23 already been implemented in
24 July. Again, we're assuming
25 phased implementation of our

1 Smart Card system and the
2 changes made in the ATU local
3 85 contract as well as the
4 supplemental funding from the
5 State and the County.

6 Page nine goes into
7 detail on some of the items I
8 just mentioned. I thought
9 it's important because,
10 frankly, the agreement with
11 Local 85 was really a landmark
12 and a historic agreement and
13 probably one that won't be
14 fully appreciated for maybe 20
15 years.

16 The general gist of the
17 agreement is outlined on page
18 ten. There's a lot more
19 detail to it obviously that
20 I'm happy to share if anyone's
21 interested. It's a four-year
22 agreement that will
23 expire ---. The main
24 agreement with our operators
25 and maintenance personnel will

1 expire on June 30th, 2013.

2 Wages are frozen at
3 their current levels through
4 July 1st, 2014, so that
5 amounts to a 30-month wage
6 freeze. Non-represented
7 employees have had wage
8 freezes for now three or four
9 years, so this is in addition
10 to that pool.

11 Employee pension
12 contributions are increasing
13 from five-and-a-half percent
14 of wages to ten-and-a-half
15 percent of wages. The two
16 primary drivers of our expense
17 budget increases over the past
18 ten years have been retiree
19 healthcare and pension
20 contributions.

21 The pension
22 contribution problem really
23 comes about as a result of the
24 stock market decline back in
25 2007-2008. The normalized

1 cost of our pension or
2 essentially the level of the
3 pension that's driven by
4 benefits and eligibility has
5 actually been pretty flat and
6 even slightly declining in
7 many years. So this is
8 entirely a market-driven
9 issue. That's a huge ---.
10 From a cash standpoint, that
11 was the largest impact on that
12 \$10.3, \$10.4 million cash
13 savings this year.

14 In addition to that,
15 apart from the UAT Local 85
16 contract, our non-represented
17 management employees, our
18 police represented employees
19 and IBEW represented
20 employees, about a year or two
21 ago, participation in the
22 defined benefit pension plan
23 was frozen and all of those
24 entering employees are now
25 enrolled in a fund

1 contribution similar to a
2 401(K). So again, down the
3 road some of those obligations
4 sort of declined. We'll see
5 those savings.

6 Also working with a
7 union to attempt to
8 particularly influence sick
9 leave abuse, which is an issue
10 that we need to deal with. We
11 made some changes in vacation
12 accrual language to actually
13 reduce the accrual of vacation
14 and a definition of what hours
15 count toward the accrual of
16 vacation. It would include
17 essentially scheduled time
18 off, say vacation or holiday
19 leave, and work time only. So
20 unscheduled leave is not
21 included in that calculation.
22 And we're anticipating that to
23 have a significant cost
24 savings impact. But probably
25 just as important to

1 continuity of operations is to
2 help reduce absenteeism,
3 unscheduled absenteeism
4 levels.

5 I think that's, for me,
6 a huge deal that hasn't gotten
7 a lot of attention because,
8 frankly, it doesn't save us
9 any money up front.
10 Historically --- and I know
11 it's been the topic of a lot
12 of news coverage and a lot of
13 regulatory oversight. When
14 you qualify for retiree
15 healthcare, you have it for
16 life at the Port Authority.
17 And we had people years ago
18 who retired at 47, 48, 50 with
19 healthcare and pension
20 forever. We've had people who
21 have been on our healthcare
22 plan longer as retirees than
23 they were on as active
24 employees.

25 Well, several years ago

1 we made a big change with our
2 police and our non-represented
3 employees. We eliminated
4 post-retirement healthcare
5 entirely. In this contract,
6 the big change was any ATU
7 Local 85 employee hired after
8 July 1st, 2012 is restricted
9 to a maximum of three years of
10 retiree healthcare.

11 So again, that's not
12 going to have an impact in
13 this budget year. It has no
14 influence on the numbers of
15 retirees enrolled. But if
16 this change had been done 25
17 or so years ago, it would have
18 been huge. So this is a big
19 one moving forward.

20 The estimated cash
21 savings, leaving out that
22 long-term future savings in
23 retiree healthcare, the
24 estimated cash savings over
25 four years of this agreement

1 is about \$60 million. And I
2 think I'm pretty confident in
3 saying that, frankly, in the
4 current State administration,
5 if we haven't been able to see
6 that level of commitment to
7 efficiency and savings and
8 partnership with the
9 collective bargaining agent,
10 frankly, the State would never
11 have been willing to put up
12 those dollars. So I think the
13 Governor and the Secretary and
14 everyone involved in the
15 process recognized all of the
16 parties, you know --- we're
17 very much grateful to County
18 Executive Fitzgerald, you
19 know, really moving that bar.

20 I'm not going to cover
21 slides 11 through 14. It
22 covers some of the
23 accomplishments, particularly
24 in the efficiency area, that
25 the Authority has undertaken

1 over the last five, six years.

2 I'll cut to page 15,
3 which are some of the
4 challenges that we face moving
5 forward. Number one, and I
6 could probably put it as every
7 bullet point on this page, is
8 the uncertainty in the State
9 Transportation Funding
10 picture. We're hearing some
11 signals out of Harrisburg that
12 there may be proposals
13 forthcoming the first half of
14 next year.

15 I think for everyone
16 who has an interest in
17 transportation, in other
18 words, public transportation
19 on the road and bridge side,
20 we certainly hope so. It will
21 be long overdue, but it is
22 absolutely something that's
23 going to have to happen for
24 this region and for the
25 Commonwealth to remain

1 economically competitive.
2 Otherwise, frankly, what was
3 accomplished in August will
4 not be an avoidance. It will
5 merely be a deferral of some
6 very harsh medicine for this
7 region.

8 Kind of slipping below
9 the surface, recently we have
10 a two-year reauthorization of
11 the Federal transportation
12 program under the law called
13 Map 21. Not as radical as
14 some of the things we've seen
15 at the State. But because a
16 lot of other agents who are
17 investing pretty heavily in
18 transportation are growing
19 their systems faster relative
20 to Pittsburgh than we are and
21 because it's the budgetary
22 constraints placed on the
23 transportation budget in Map
24 21, the Pittsburgh region,
25 it's difficult to say yet

1 directly what the impact on
2 the Port Authority will be.
3 The Pittsburgh region,
4 including some of the suburban
5 operators, is looking at about
6 a \$4.5 million reduction in
7 federal funding next year. It
8 doesn't affect this budget.
9 Frankly, it has more of an
10 impact on the capital budget
11 than it does on the operating
12 budget. But that is an
13 additional challenge.

14 Obviously, we mentioned
15 the obligations for
16 post-retirement healthcare
17 continue. And like everyone
18 else, the overall healthcare
19 cost situation is something
20 that we have to watch.

21 Volatile energy
22 markets, some years fuel makes
23 our budget, some years fuel
24 breaks our budget. We are in
25 a very interesting partnership

1 right now with EQT and the
2 Heinz Endowment. And there's
3 a lot of attention on natural
4 gas in Southwestern
5 Pennsylvania. The question is
6 can one run buses on natural
7 gas? It's not a bad idea. On
8 a per-mile basis based on very
9 favorable price spreads right
10 now between diesel fuel and
11 natural gas, we'd probably see
12 about 40 percent per mile fuel
13 cost reduction.

14 The challenge is the
15 upfront capital cost. There's
16 a pretty large investment in
17 infrastructure upfront to make
18 our maintenance facilities
19 ready to maintain and store
20 those buses in addition to the
21 fast fill fueling capability
22 that we would need.

23 Under their green
24 initiative, the Heinz
25 Foundation has been supporting

1 the funding and the studies to
2 look at the feasibility.
3 EGT's been supporting us in
4 that. And actually we're
5 doing a presentation to our
6 board's Planning Committee
7 next week on the outcome of
8 those studies.

9 And what we're hopeful
10 for is that, as early as next
11 year, with the continued
12 support of the Heinz
13 Endowments actually pursuing
14 under the State's new Act 88
15 public private partnership
16 initiative solicitation of
17 potential private partners or
18 investors, if you will, to
19 come in and help front end
20 that capital infrastructure
21 cost in exchange for some
22 share of those fuel cost
23 savings over a period of
24 years.

25 I would say the jury's

1 still out on that. But next
2 year --- next year you may
3 want to make a note to ask me
4 about it. If I don't talk
5 about it in the presentation,
6 it probably means it didn't
7 turn out too well. So you may
8 want to ask about it one way
9 or the other.

10 Plenty of opportunities
11 and plenty of partnerships are
12 going on with the Port
13 Authority all over Allegheny
14 County, beginning on page 16.
15 We were sorry that Mr. Gavin
16 and Mr. Hurley left, as we've
17 been working very closely with
18 Allegheny County Economic
19 Development on transit
20 oriented joint development
21 opportunities, I'd say one of
22 the most exciting of which is
23 we're actively working with
24 the Massaro Dawson development
25 team who are working toward a

1 300-unit apartment complex at
2 our South Hills Village site.
3 It will be a great development
4 for the Bethel Park community
5 and the County. It would
6 certainly generate increased
7 ridership on our rail system
8 and would also generate
9 long-term operating income for
10 the Port Authority through
11 these proceeds on our
12 property.

13 We're also in
14 collaboration with Allegheny
15 County Economic Development
16 and the JRA Development Group
17 toward probably a longer term,
18 but a mixed use development of
19 our Castle Shannon rail
20 station. And we're working
21 with the City of Pittsburgh
22 Urban Redevelopment Authority
23 and the Mosites Development
24 Corporation on a redevelopment
25 surrounding our East Liberty

1 Station on Martin Luther King
2 Jr. East Bus Way. In fact,
3 the Port Authority, the URA,
4 the City and Mosites were
5 successful in getting about a
6 \$15 million federal TIGER
7 grant to rejuvenate that
8 facility.

9 We're working with 40
10 community organizations to
11 advance a bus rapid transit
12 alternative between downtown
13 and Oakland. Folks say, well,
14 we should really have rail
15 between downtown and Oakland.
16 I think we all agree. They
17 first studied it in 1906 and
18 Andrew Carnegie decided it was
19 way too expensive and we
20 couldn't afford it.

21 And not much has
22 changed within 100 years. A
23 study done about ten years ago
24 estimated a rail line between
25 downtown and Oakland probably

1 would be \$1 billion to
2 construct. Never mind the
3 fact that you'll just shut
4 down 5th Avenue for probably
5 two years. We'll have it torn
6 up like we did with Liberty
7 Avenue a couple of years ago.
8 So we're looking at
9 what's called bus rapid
10 transit. One form of bus
11 rapid transit obviously is our
12 bus ways. We're looking at
13 more of an on-street
14 application and working with
15 all of those entities. The
16 best way to set the bus rapid
17 transit is how can you make a
18 bus as much like a train as
19 you possibly can for a
20 fraction of the cost and a
21 fraction of the time and a
22 fraction of the environmental
23 impact. So that study is
24 advancing and gaining some
25 traction.

1 The two projects I
2 mentioned on natural gas in
3 East Liberty are on the
4 following page. Page 19, in
5 very brief form, summarizes
6 our capital budget, \$109.6
7 million capital budget. A big
8 chunk of that is debt service.

9 Page 20 sort of gives
10 you a forward-looking view of
11 our debt service obligations
12 moving forward. Our biggest
13 single project in the upcoming
14 year is replacement buses,
15 about 40 replacement buses in
16 our fleet. And then most of
17 the other projects I would
18 refer to is just the normal
19 stuff you need to do to keep
20 the system running, bridge
21 rehabilitation, rail
22 rehabilitation, that type of
23 thing.

24 Those pretty much mark
25 the highlights of our budget

1 year. I think probably our
2 main highlight was back in
3 August, September, with what
4 we were able to avoid as
5 opposed to what we were able
6 to do. But with that
7 certainly I would, Mr.
8 Chairman, appreciate any
9 questions.

10 CHAIR:

11 Thank you very much.
12 As usual, a thorough analysis
13 of the situation. Ms. Green
14 Hawkins, two questions?

15 MS. HAWKINS:

16 None at this time.
17 Thank you.

18 CHAIR:

19 Mr. DeFazio, two
20 questions?

21 MR. DEFAZIO:

22 On this agreement,
23 collective bargaining
24 agreement, the wages are
25 frozen until 2014. But from

1 2014 to 2016, what is the
2 increase?

3 MR. BLAND:

4 I can get you the
5 actual numbers because they
6 are staggered. I don't think
7 I brought the term sheet with
8 me, but I can get that. I'll
9 forward it to the Chairman.

10 MR. DEFAZIO:

11 Do you have a rough
12 idea?

13 MR. BLAND:

14 About two-and-a-half,
15 three percent?

16 MS. MCLEAN:

17 Three percent.

18 MR. BLAND:

19 Three percent a year.

20 MR. DEFAZIO:

21 Is that each year

22 or ---?

23 MR. BLAND:

24 Yeah, going up those
25 last two years.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. DEFAZIO:

Okay. And this is all ---. I'm only going to ask one because they're all the same collective bargaining. If you look at the Port Authority Police, you said something about their pension?

MR. BLAND:

Right. Port Authority Police participate in the non-represented employee pension. And that goes back really to the formation of that union. So back a year-and-a-half or so ago, new participants in that plan, the plan is frozen to new participation. So all of the existing police force as well as our non-representative employees who are in it --- people had the option, you know, you could opt out and

1 move into the defined
2 contribution plan or you could
3 stay in it. But any future
4 hires or any hires after that
5 day moved into the defined
6 contribution plan.

7 MR. DEFAZIO:

8 So like the ones that
9 are here now or have been
10 there for awhile, will they
11 get the regular --- how is
12 their pension?

13 MR. BLAND:

14 It's the standard.

15 MR. DEFAZIO:

16 The defined benefit
17 or ---?

18 MR. BLAND:

19 Yeah. The old one is
20 the defined benefit, right.

21 MR. DEFAZIO:

22 When did the defined
23 contribution commence?
24 Anybody after 2012?

25 MR. BLAND:

1 Anybody after 2010?

2 MS. MCLEAN:

3 This year, 2012.

4 MR. BLAND:

5 No, because that would
6 go back to the ---.

7 MR. DEFAZIO:

8 2011?

9 MR. BLAND:

10 Oh, police?

11 MS. MCLEAN:

12 The police.

13 MR. BLAND:

14 Yeah. Police, it
15 starts in 2012. For non-reps,
16 it started in 2011.

17 MS. MCLEAN:

18 Right.

19 MR. BLAND:

20 Yeah. So any future
21 hires into the police unit.

22 MR. DEFAZIO:

23 Okay. And they get a
24 wage increase?

25 MR. BLAND:

1 No, they've been on a
2 freeze now for several years,
3 as have all of our
4 non-represented employees.

5 MR. DEFAZIO:

6 Have you ever
7 received ---? Well, they're
8 represented by ---. I mean,
9 they haven't gotten a raise in
10 a very long time because
11 they ---.

12 MR. BLAND:

13 Oh, I agree with you.

14 MR. DEFAZIO:

15 And then they didn't
16 want to get anything out of
17 it.

18 MR. BLAND:

19 Yeah, I agree with you.
20 You know, the original
21 agreement was one they agreed
22 with, you know. So they went
23 along with that for certain
24 concessions on the benefits
25 side. So that was a bargained

1 agreement.

2 MR. DEFAZIO:

3 Okay. And then on
4 healthcare, real quick,
5 everybody used to get
6 healthcare when they retired
7 forever. But now you're
8 saying you only go three
9 years?

10 MR. BLAND:

11 In the ATU contract,
12 anyone hired under that
13 contract after July 1st, 2012,
14 once they reach full
15 eligibility, you have to
16 qualify for an unreduced
17 pension. So nominally it's a
18 formula-based thing. But
19 think 30 years of service, 60
20 years of age minimum to
21 qualify for that benefit. You
22 would get a maximum of three
23 years of coverage.

24 MR. DEFAZIO:

25 And what about the

1 people who have been there for
2 awhile? Are they still ---?

3 MR. BLAND:

4 They still fall under
5 the old benefit.

6 MR. DEFAZIO:

7 Okay.

8 MR. BLAND:

9 Now, they do fall
10 under --- there were other
11 concessions made in that
12 program back in 2008 when we
13 did that contract to increase
14 years of service, increase age
15 of retirement. We're used
16 to --- as I mentioned earlier,
17 with 25 years of service, you
18 could retire, theoretically,
19 at 47, 48. Over the last
20 three contracts, that's been
21 edged up. And in the 2008
22 contract, normal retirement
23 for that benefit moved to 30
24 years of service, 60 years of
25 age.

1 MR. DEFAZIO:

2 Thank you.

3 CHAIR:

4 Dr. Martoni?

5 DR. MARTONI:

6 No questions.

7 CHAIR:

8 Ms. Heidelbaugh, two
9 questions, first round.

10 MS. HEIDELBAUGH:

11 Well, you were the
12 subject of an enormous amount
13 of pressure over the last
14 several years, and so my
15 congratulations to you for the
16 efforts that you've made along
17 with many other people and the
18 Governor. We're really saving
19 a lot for people in our
20 community who rely exclusively
21 on public transportation. For
22 that, you should be heartily
23 congratulated.

24 I think there are some
25 things that the Port Authority

1 needs to continue to work on,
2 but I think that your tenure
3 here will be marked by saving
4 it and a lot of people owe you
5 a debt of gratitude.

6 The question I have on
7 the 401(K) is a defined
8 contribution. Do your bus
9 driver have that now?

10 MR. BLAND:

11 No. It was the
12 subject --- I would say
13 probably it was the dominant
14 issue in bargaining. And
15 that's a plan they hold dear.
16 And frankly, the concession
17 was a huge increase in the
18 employee contribution to
19 sustain that plan.

20 Now, what I would say,
21 you know, when I talked to
22 groups about it, the positive
23 of that plan, the ATU 85 plan,
24 is, relative to most public
25 pensions, it's pretty well

1 funded. We're most
2 recently --- what did you say?

3 MS. MCLEAN:

4 We're 87 percent
5 funded.

6 MR. BLAND:

7 It's an 87-percent
8 funded plan even after it was
9 over 100 percent before the
10 market collapsed. So it's a
11 very healthy plan. And
12 clearly, I'd say the union
13 definitely put their money
14 where their mouth was in terms
15 of saying, well, the plan is
16 important to us and we're
17 willing to --- you know, to
18 make that concession to go
19 forward. So that alone, that
20 one chain amounts to a
21 significant reduction in the
22 Authority's annual
23 contribution to the plan.

24 MS. HEIDELBAUGH:

25 You saved it and that's

1 what you had to do. That was
2 bargained for, so I understand
3 that. I'm still
4 philosophically in favor of,
5 for future hires, a 401(K) for
6 the bus drivers. It's better
7 for everybody to have control
8 of your own retirement.

9 On the new buses that
10 you're going to buy, can you
11 buy the natural gas buses on
12 the new ones?

13 MR. BLAND:

14 We're scheduled to do
15 purchases of buses every year.
16 So one of the advantages ---
17 now, whether we can afford to
18 buy buses every year is a
19 whole other issue.

20 So there is a --- and
21 this would be an interesting
22 issue, you know, because the
23 project I mentioned between
24 Heinz moves forward. If
25 Council --- if one of the

1 committees of Council is
2 interested in a presentation,
3 I know I've read it a lot.

4 The particular order
5 we're placing now is not
6 really feasible because,
7 frankly, we'd have buses
8 delivered before we could get
9 a fueling infrastructure in
10 place.

11 MS. HEIDELBAUGH:

12 Okay.

13 MR. BLAND:

14 But conceivably the
15 next order, you know, which we
16 would be holding and replacing
17 a year from now, and that
18 particular order is actually
19 probably more suitable. The
20 buses we're ordering now are
21 the articulated buses, the
22 ones that bend in the middle.

23 There's really only one
24 manufacturer who does a
25 natural gas articulated bus.

1 So competitively, that's a
2 challenge. There's another
3 manufacturer who's probably
4 moving into that market in the
5 next year or two.

6 The order that's
7 scheduled for next year is a
8 standard 40-foot bus. And
9 there are three or four
10 manufacturers. So
11 competitively, that's a better
12 situation for us as well as
13 we'll be in a better spot of
14 knowing what that fueling
15 infrastructure looks like.

16 Lead time of our bus
17 order is about a year,
18 depending on the manufacturer.
19 So, you know, you really have
20 to know a year out that you're
21 going to have that
22 infrastructure in place.

23 MS. HEIDELBAUGH:

24 So EQT is telling you
25 that you're going to have

1 fuelling stations?

2 MR. BLAND:

3 Well, we're saying
4 that. You know, we have to
5 have onsite fueling. The
6 efficiency --- actually, one
7 of the things that was noted
8 in the study EQT did --- the
9 engineering firm that did it
10 has done natural gas fueling
11 facilities all over the
12 country, done a lot of transit
13 work. One of the things they
14 did was observe our service
15 station where they fuel buses,
16 remove fare box vaults each
17 night. Their observation was
18 we have the most efficient
19 service cycle they've ever
20 seen because we had told EQT
21 our requirement is we have to
22 get that bus filled in six
23 minutes. Otherwise, it screws
24 up our --- it really screws up
25 our efficiency. If you can

1 imagine in a couple-hour
2 period having to put 120 buses
3 through a service lane.

4 MS. HEIDELBAUGH:

5 I know Southwest has
6 their planes on the ground ten
7 minutes.

8 MR. BLAND:

9 Yeah. And it really
10 is --- it's a big measure of
11 the efficiency. So we're a
12 lot of the --- like the City
13 is doing some garbage trucks
14 and they're using EQT stations
15 in the Strip District. It's
16 not really a viable option for
17 us because of the volume of
18 gas that has to be put
19 through.

20 And you can imagine
21 theoretically you could take
22 the 91, the Lawrenceville
23 route, stop it off in the
24 Strip District and fuel up.
25 Most commuters don't look too

1 kindly on the operator saying
2 we're going to pull over here
3 for 10 or 15 minutes while I
4 gas up. So, you know, it
5 really isn't an efficiency
6 measure.

7 Now, one of the things
8 under the Act 88, the State's
9 triple fee (phonetic)
10 legislation, that conceivably
11 could be done if we solicit
12 those private partners. They
13 say maybe you build and
14 operate the station and if you
15 want to open it to commercial
16 traffic, you know, other
17 fleets using natural gas and
18 you want to send some of that
19 income our way, you know, that
20 would be --- I'm not saying
21 that will happen. I'm not
22 saying it's feasible. But
23 certainly that's something
24 that we would have to take a
25 look at.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIR:

Ms. Green Hawkins?

MS. HAWKINS:

No questions.

CHAIR:

Anyone else? We're at the end. First, let me thank our stenographer. Candance, what's your last name again?

COURT REPORTER:

Messich.

CHAIR:

Messich? You got a message this evening. We thank you for all of your hard work and your professionalism. We couldn't have gotten through this without you. I can't say to you come again because it's her first time. She couldn't have known this is the longest budget hearing that I've been through.

I want to thank our staff. I want to thank those

1 who are involved in
2 technically recording this.
3 As you should know, once
4 Candance gets to rest and soak
5 her hands in some warm water
6 or ice water, whatever you're
7 supposed to soak it in, she
8 will be producing, along with
9 her colleagues, a paper
10 version of this meeting today
11 and yesterday, as well as she
12 has some other recorded
13 documentation, so that we
14 might have it available for
15 those who were not here or
16 those who want it.

17 The next meeting of the
18 Budget and Finance Committee,
19 which I chair, is tentatively
20 scheduled for Wednesday,
21 November 21st, 2012, in the
22 small conference room at 4:00
23 p.m. As I said some time ago,
24 this year is going to be a
25 real challenge for us to get

1 finished with our budget work
2 in a time frame that most
3 members have become accustomed
4 to ending. But we'll do our
5 best to accommodate all the
6 members, to work with the
7 Administration and all of the
8 other elected officials to
9 come up with some proposals
10 that could be crafted into a
11 budget.

12 For those who are
13 interested, the issue of
14 millage for the County will be
15 in a public venue probably
16 within 24 to 48 hours, and
17 those who are interested can
18 delve into it and try to
19 figure out what it actually
20 means. But that will be
21 available.

22 Thank you to every
23 member who is here, to those
24 members who were previously
25 here, to those members who

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

could not be here. This has really been an experience. And a thank you to the President of the Council for entrusting me with the responsibility of being the Budget and Finance Chair and my colleague who allowed me to chair these two-day hearings.

Having said all of that, this hearing is adjourned.

* * * * *

HEARING CONCLUDED AT 9:16 P.M.

* * * * *

1 COMMONWEALTH OF PENNSYLVANIA)
2 COUNTY OF ALLEGHENY)

3

4

CERTIFICATE

5

I, Candance L. Messich, a Notary

6

Public in and for the Commonwealth of

7

Pennsylvania, do hereby certify:

8

That the witness whose testimony

9

appears in the foregoing deposition, was duly

10

sworn by me on said date and that the

11

transcribed deposition of said witness is a

12

true record of the testimony given by said

13

witness;

14

That the proceeding is herein recorded

15

fully and accurately;

16

That I am neither attorney nor counsel

17

for, nor related to any of the parties to the

18

action in which these depositions were taken,

19

and further that I am not a relative of any

20

attorney or counsel employed by the parties

21

hereto, or financially interested in this

22

action.

23

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Candance L. Messich, Notary Public
Mt. Lebanon Twp., Allegheny County
My Commission Expires Jan. 23, 2016
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

24

Candance Messich
REPORTER

25