

VISIONTEAMS

Imagining Allegheny County's Tomorrow

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Chair*

Executive Summary

Charged with reviewing and making recommendations on the financial sustainability of the County, the Financial Sustainability Vision Team crafted strategies the County might embrace to reduce reliance on property taxes as well as, delineating other options the County should consider to ensure financial integrity. Additionally, the team focused on identifying factors that may jeopardize that financial stability and identifying strategies that could be employed to move forward.

Recognizing the depth and breadth of these issues, the committee issued findings and recommendations related to: (1) Increasing operational efficiencies; (2) Options for long-term sustainability and tax fairness; and, (3) Generation of supplemental revenue. Given the complexity and interrelationships of these issues, recommendations were categorized for consideration as Immediate, Short-Term, Medium-Term, or Long-Term, as follows:

1. Increasing Operational Efficiencies

SHORT-TERM RECOMMENDATION: Consider engaging an independent third party to develop, conduct, and analyze a survey of all employees to generate their ideas on achieving greater efficiency

SHORT-TERM RECOMMENDATION: Consider conducting a general review of information collection, management, and dissemination among the departments to ensure that up-to-date data are organized to ensure maximum usefulness for analysis and decision-making

2. Options for Long-Term Sustainability and Tax Fairness

Advocate for state legislative action

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to establish a statewide commission to address property taxes across the Commonwealth and recommend either a uniform methodology of levying property tax, or a plan by which to eliminate or greatly reduce the property tax burden on the citizens.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation allowing the County to shift to alternative funding sources.

Consider the Viability of Alternatives to the Property Tax System such as Sales Tax Changes or Income Tax

LONG-TERM RECOMMENDATION: Consider reducing its reliance on or eliminate the property tax and replace it with an alternative funding source.

OPTION ONE: SALES TAX

SHORT-TERM RECOMMENDATION: Consider expanding the state sales tax to a number of currently exempted goods and services. Exempted items such as groceries, clothing, prescription drugs, tuition, and legal and medical services should remain exempt, but other goods and services should be considered for inclusion in the sales tax. For example, Pennsylvania is the only state that does not have a tax on non-cigarette tobacco products. The County should also consider whether business-to-business transactions should be exempt from the sales tax.

LONG-TERM RECOMMENDATION: Consider increasing the sales tax by an additional 1%. The expected additional revenue generated would be around \$176 million annually.

OPTION TWO: INCOME TAX

LONG-TERM RECOMMENDATION: Consider instituting a personal income tax.

LONG-TERM RECOMMENDATION: Consider negotiating with contiguous counties to establish a regional personal income tax.

Achieve Property Tax Fairness

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to legislate a statewide assessment system so that Allegheny County is not unfairly singled out.

In the event that a statewide solution doesn't materialize, there are still several steps the County could take to ameliorate the existing problem:

MEDIUM-TERM RECOMMENDATION: County Council should consider adopting legislation that would define a consistent system and process by which property values are adjusted so as to minimize subjectivity and confusion through a more objective "mathematical" calculation. We suggest that a system be based on two factors:

- Square footage: Calculate based on square footage of the property, including building and lot; and
- Location: Factor in the municipality or township of residence/ownership so that there is both fairness based on current neighborhood "value" and that residents/owners are encouraged to locate in "undervalued" areas to increase population and market property values.

Or:

MEDIUM-TERM RECOMMENDATION: County Council should consider adopting legislation that would use the 2013 reassessment numbers as a base year.

MEDIUM-TERM RECOMMENDATION: County Council should consider adopting legislation that provides a schedule for future reassessments so that they occur in predictable, reliable intervals.

3. Generation of Supplemental Revenue

Departmental Revenue Generation

IMMEDIATE RECOMMENDATION: Where appropriate, consider increasing user fees to keep pace with the rise in the Consumer Price Index.

IMMEDIATE RECOMMENDATION: The County Executive and Manager should work with department directors to devise an overall strategy and process, and then empower the directors, within the parameters of that process, to develop department-specific incentives for the purpose of generating additional revenues.

IMMEDIATE RECOMMENDATION: If not already available internally, each department should produce an up-to-date fee schedule.

Support Adoption of the 2011-2012 Official Policy Statement by the County Commissioners Association of Pennsylvania, calling for the following:

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to use haste in complying with the Pennsylvania Supreme Court's decision in *Allegheny v. Commonwealth*, without commensurate reduction in other county programs, and oppose any legislation that purports to negate the funding decision.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to reinstate the district justice reimbursement or equivalent funding for the general purposes of the County, regardless of the manner of resolution of court funding generally.

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SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation to pay the costs of the Public Defender's Office.

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SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation to permit additional mechanisms to collect fines, costs, and judgments, including such strategies as wage attachments, freezing bank accounts through credit bureau reporting systems, garnishment of federal and state income tax refunds, denial of driver's licenses except where wage attachments have been agreed to, garnishment of lottery winnings, attachment of workers' compensation or other insurance payments, and publishing the offender's name and fiscal delinquency data in a statewide databank for ease of tracking.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to transfer juror costs to the state.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to increase funding from the state to each county for reimbursement of costs associated with each judge in the various judicial districts from the current \$70,000 per year to \$150,000 per year, with corresponding adjustment annually by the same percentage as the cost of living increases in judicial pay.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation requiring plaintiffs to reimburse counties their actual costs to have them excused from cases in which the counties were wrongfully sued.

Market-Based Opportunities for Revenue Generation:

SHORT-TERM RECOMMENDATION: Allegheny County should consider taking advantage of market-based revenue opportunities by selling advertising rights to county property and naming rights to roads, bridges, and other assets.

MEDIUM-TERM RECOMMENDATION: Allegheny County should consider providing certain services, for a fee, to local governments that cannot adequately or cost-effectively provide the services on their own.

Public/Private Partnerships or Outright Sale of Assets

SHORT-TERM RECOMMENDATION: Consider investigating the costs and benefits of selling and/or leasing appropriate assets to for-profit entities.

SHORT-TERM RECOMMENDATION: Consider investigating the sale or lease of the Nova and Yeshiva work release houses to non-profits that specialize in work-release services, such as The Program for Offenders, Inc., only with the assurance as well that such non-profit continuously maintain compliance standards.

Adoption of New Fees, Licenses, and Permitting Requirements

MEDIUM-TERM RECOMMENDATION: Consider exploring, identifying, and possibly instituting license requirements for businesses and professions that are not already governed by state, county, or city licensing requirements.

SHORT-TERM RECOMMENDATION: Consider the costs and benefits of a general business license requirement for all businesses in the County.

SHORT-TERM RECOMMENDATION: Consider generating additional revenue by instituting entertainment license requirements.

SHORT-TERM RECOMMENDATION: Consider generating additional revenue by instituting an alcoholic beverage license requirement

SHORT-TERM RECOMMENDATION: Consider empowering County officers to issue citations to property owners both to generate revenue as well as encourage property owners to maintain the integrity of their communities.

SHORT-TERM RECOMMENDATION: Consider instituting a County realty transfer fee or increase related administrative fees.

Payment in Lieu of Taxes Agreements (PILOTs)

MEDIUM-TERM RECOMMENDATION: Rather than challenging an organization's non-profit tax liability status in court, Allegheny County should consider the implementation of Payment in Lieu of Taxes agreements with non-profits within a defined, collaborative, and consensual process; it is strongly within the County's interest to pursue such a program. The County should be the leader in convening and

facilitating such a collaborative process with key non-profits (serving both the City and the County) to reach agreement on a comprehensive PILOT policy as it is in its interest to do so, and the County Executive has the broader leadership platform.

Additionally, consider establishing a task force with an independent facilitator to take this charge and pull together non-profit, City, and state leaders in an intentional conversation that will result in meaningful commitments.

Miscellaneous (Other) Tax Considerations

IMMEDIATE RECOMMENDATION: Consider raising the Allegheny County Alcoholic Beverage Tax back to the original rate of 10%.

SHORT-TERM RECOMMENDATION: Consider increasing the administrative fee to be recouped by the County related to the Hotel Occupancy tax.

SHORT-TERM RECOMMENDATION: Consider levying an additional cigarette tax in Allegheny County with provisions directing the revenue to the County.

SHORT-TERM RECOMMENDATION: Consider levying taxes on insurance, meals, fuel, and motor vehicles.

Creation of an “Infrastructure Trust”

LONG-TERM RECOMMENDATION: Consider establishing an Infrastructure Trust, along the lines of that implemented by the City of Chicago, to relieve the full burden of financing infrastructure projects aside from dependence on property tax supported General Obligation Bonds issued by the County. Consider the creation of a similar government-related entity that would look to regional and national sources of long-term investment funding such as foundations, pension funds, private equity funds and mutual funds.

County Equity Ownership

LONG-TERM RECOMMENDATION: Consider engaging regional universities on the topic of equity ownership for Allegheny County.

Consolidation and Asset Management Changes

MEDIUM-TERM RECOMMENDATION: Consider exploring the potential merger of duplicative functions of Allegheny County and the City of Pittsburgh, such as the Pittsburgh and Allegheny County homicide divisions or the Urban Redevelopment Authority and the Allegheny County Redevelopment Authority.

MEDIUM-TERM RECOMMENDATION: Consider reviewing the process the Allegheny County Redevelopment Authority uses to convey property to interested sellers, and ensure that this process is expeditious, efficient, and that the County does not hold land for too long due to a tedious process. Further ensure that the County receives a fair value for property conveyed.

MEDIUM-TERM RECOMMENDATION: Consider conducting a building audit to learn if the county is leasing or renting property and consolidate county functions into fewer buildings, providing for the opportunity to rent out or sell newly vacant buildings.

MEDIUM-TERM RECOMMENDATION: Consider conducting an audit to learn if there are operations being rendered downtown that could be moved to other, lower-cost areas.

Vision Team

FINAL RECOMMENDATION: Consider preserving the Financial Sustainability Vision Team as a working advisory committee to the County Executive.

Vision Team Charge

The Financial Sustainability Vision Team was charged with reviewing and making recommendations on the financial sustainability of the County; specifically, what steps the County might take to reduce reliance on property taxes, and what other options the County should consider to provide for financial sustainability – as well as identifying factors that may jeopardize that stability and how best to address or plan for those factors moving forward.

Scope of Work/Summary of Methodology

Scope of Work

The Vision Team addressed these essential topics in response to the charge:

- Optional strategies to ensure sustainability and tax fairness
 - Sales tax
 - Income tax
 - Property tax fairness

- Ability to generate additional or supplemental revenues (over and above those currently generated through County activities)
 - Departmental revenues
 - “Market-based” opportunities to generate revenues
 - Fees, licenses, and permits
 - Payment in lieu of taxes (PILOTs)
 - Additional taxes
 - “Infrastructure Trust”
 - County equity ownership
 - Cost savings through consolidation and asset management changes

Summary of Methodology

The Vision Team divided the work under its charge into five subcommittees, each of which met throughout the spring to conduct research and analysis and discuss findings and recommendations. These subcommittees included:

- Alternative Taxes and Revenues
- Other Municipalities’ Practices
- Property Tax Sustainability
- Service Provision and Assets
- User Fees

The subcommittees met as a full Vision Team to vet and delineate findings and recommendations. Specific subcommittee reports were submitted to the full committee for discussion, and subcommittee recommendations are included in this report. The complete subcommittee reports, including research have been provided to the County Executive, along with this report.

Findings & Recommendations

Overarching Themes

During the course of the Financial Sustainability Vision Team's research and development of findings and recommendations for this report to the County Executive, several themes emerged which we believe are important to state. These notes are offered in the best possible spirit of good will, as it is the wish of the entire Financial Sustainability Vision Team, comprised of volunteer citizens of the County, to help take excellent governance to the next level.

While the Vision Team was not charged with examination of County expenditures and efficiencies and thus cannot offer specific findings and recommendations on such, we believe that there are further possibilities in these areas to be explored, as well as opportunities to simplify County government to effect greater cost savings and leveraging of programs and services.

SHORT-TERM RECOMMENDATION: The County should consider engaging an independent third party to develop, conduct, and analyze a survey of all employees to generate their ideas on achieving greater efficiencies.

The County, as is the case with other government entities (particularly at the local level), will have to live within its means. Given the state of the global economy and the exigencies of both our Federal and state government, no relief from continuing revenue shortfalls and increasing expenses due to a number of factors, is in sight. Therefore, it is in our common interest to continue focus on both the revenue and the expense sides of the budget.

The Vision Team thanks the Allegheny County Department of Budget and Finance for assistance during the vision team process. The Vision Team did, however, find a lack of information available to fully carry out its charge, particularly regarding the ability to decrease or eliminate property taxes. Moreover, certain asset and/or user fee lists were unavailable. Further, for purposes of analyzing the costs and benefits of recommending retention of certain assets or raising fees, the Vision Team in many cases was not able to determine from the information available how expenses compared with related revenues.

SHORT-TERM RECOMMENDATION: The County should consider conducting a general review of information collection, management, and dissemination among the departments to ensure that up-to-date data are organized to ensure maximum usefulness for analysis and decision-making.

With regard to the results of this report as it relates to the rest of the vision team process (eleven other teams), we believe that there may be significant overlap in some topics studied and recommended upon; therefore we suggest that there be a joint meeting of the other vision team chairs and subcommittee chairs to vet and come to consensus.

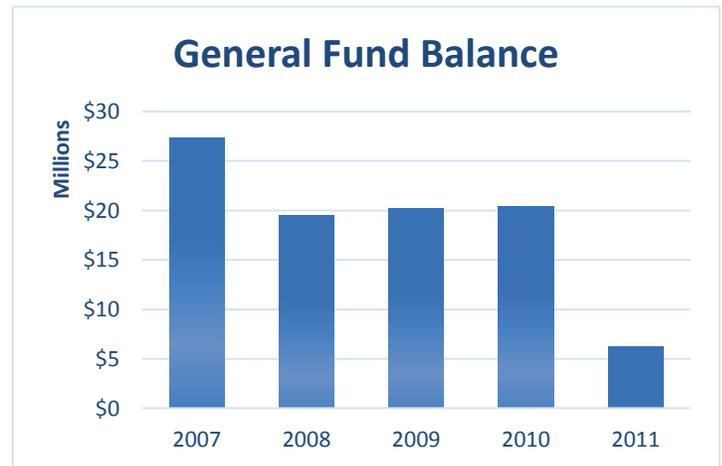
Finally, we would like to emphasize that we understand that many of our recommendations are likely to incite controversy. The financial crisis has made clear the urgent need for change – and change worth making never comes without its detractors. We hope these recommendations foster a sensible, calm discussion on what the County must do to weather the storm it finds itself in, and hope that the need for change doesn't succumb to the strength of political winds.

Situational Context

The global financial crisis has left local governments in turmoil as they grapple with shrinking tax revenues and increasingly inadequate funding from higher levels of government. The Western Pennsylvania economy has avoided the worst of the crisis due to a number of factors – a previously declining population prevented a housing bubble; some local financial institutions avoided the sub-prime mortgage market ; a booming energy industry followed the discovery of Marcellus Shale. However, Allegheny County government has not fared as well.

IMPEDIMENTS TO FINANCIAL SUSTAINABILITY

Allegheny County’s short-term funding outlook is bleak. The County’s fund balance prior to the onset of the financial crisis was over \$43 million¹ with a General Fund balance of \$27.3 million as of 12/31/07 according to the County’s Office of Budget and Finance. Additionally, according to the Comprehensive Annual financial Report (CAFR), the County’s fund balance at the end of 2011 was only \$6.2 million although “rating agencies recommend maintaining a fund balance of at least \$35 million.”² To meet its obligations in the face of an extreme revenue shortage, the County has been forced to rely on “one-time, non-recurring, or unbudgeted areas of funding, such as a \$17M transfer of PA Department of Transportation reimbursements from the Capital Fund, and other one-time payments totaling an additional \$28.6M for a total of \$45.6 million in one-time, non-recurring, or unbudgeted items.”³



Further, nearly 40% of Allegheny County’s approximately \$750 million annual operating budget is funded by the property tax. Thus, the property tax is Allegheny County’s primary source of revenue other than state funding.

This report of the Financial Sustainability Vision Team seeks to address these critical concerns to ensure the ongoing vitality of the second largest county in the State, which impacts on the region even more broadly. The Vision Team intentionally generated a wide range of ideas and understands that not all may be feasible or even, after additional discussion and analysis following this process, desirable.

Findings and Recommendations Related to Options for Long-Term Sustainability and Tax Fairness

PLEASE NOTE: To the extent any of the following options are exercised, we recommend their implementation if, and only if, there is an equivalent reduction in the property tax. Further, it must be understood that most, if not all, of the following options require Pennsylvania General Assembly authorization to implement.

¹ Allegheny County Department of Budget and Finance

² Allegheny County Controller’s Office, 2011 Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2011, Page 4.

³ Ibid.

BACKGROUND AND CONTEXT

This section of the report goes to the heart of the issue charged to the Vision Team; i.e., both the essential lack of fairness to the residents, and the evident lack of sustainability, of the property tax as the main source of County-generated revenue. Thus, we take the time here to provide a detailed explanation and context of the current problem and resulting Vision Team recommendations.

As the past few years have demonstrated, our current property tax system is in shambles. In 2009, the Pennsylvania Supreme Court deemed Allegheny County's base-year system unconstitutional because it inherently becomes more inaccurate over time, therefore violating the uniformity clause of the Pennsylvania Constitution.

The Allegheny County Court of Common Pleas then devised a new plan for reassessment and an independent firm was hired to oversee the reassessment for \$11 million. Following a series of delays for various reasons, homeowners were notified of their newly assessed property values in early 2012. After the revelation of wildly disparate values in assessment resulted in approximately 100,000 appeals on behalf of homeowners, one might conclude that the reassessment did not accomplish its intended goal of fairness for all property owners of Allegheny County.

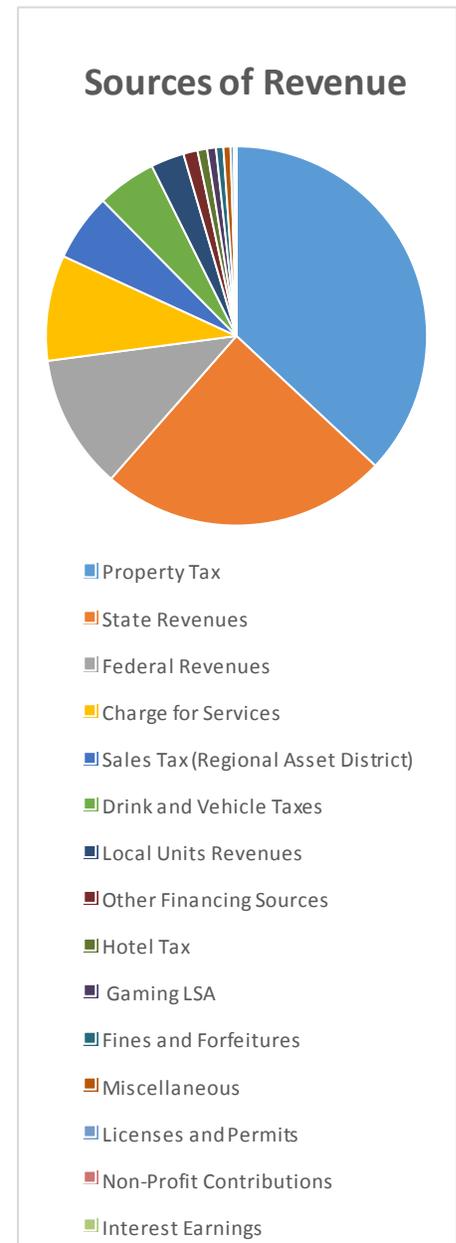
One of the major objections to the property tax is that the value of the real estate upon which the tax is based is determined on the subjective opinion of an individual who is unlikely to be a qualified real estate appraiser; furthermore, different individuals compute the assessed values of various properties throughout the jurisdiction so the subjective nature is compounded by differing views of the different individuals. This subjectivity creates unfairness and resistance to the system.

These problems have been compounded by the fact that Allegheny County was singled out as the only County required to conduct a reassessment; most surrounding counties have not reassessed in decades.

The property tax poses additional challenges to our citizens because it is not based on an individual's disposable resources. Many senior citizens and others with fixed incomes continue to see their property taxes increase even though they may have less ability to pay than they did before.

It is clear that, as currently implemented, Allegheny County's system of property taxation is overly subjective, confusing, costly, and inequitable.

SHORT-TERM RECOMMENDATION: Allegheny County should consider urging the General Assembly to establish a statewide commission to address property taxes across the Commonwealth and recommend either a uniform methodology of levying property tax, or a plan by which to eliminate or greatly reduce the property tax burden on the citizens.



SHORT-TERM RECOMMENDATION: Allegheny County should consider urging the General Assembly to pass legislation allowing the County to shift to alternative funding sources.

LONG-TERM RECOMMENDATION: Allegheny County should consider reducing its reliance on or eliminate the property tax and replace it with an alternative funding source.

Rather than recommend a specific alternative funding source, we present for consideration several options that we consider viable and preferable alternatives to the property tax.

OPTION ONE: SALES TAX

The Pennsylvania sales tax rate is currently 6.0% and the maximum allowable sales tax rate among all combined levels of government is 8.0%. Philadelphia is allowed to impose an additional 2% sales tax.⁴

In the mid-90s, in an effort to cooperatively fund the development of existing and new cultural assets throughout the region, Allegheny County and each municipality within the County agreed to create the Allegheny Regional Asset District (RAD). Allegheny County instituted a 1% sales tax, 50% of which is provided to the RAD, 25% of which is provided to Allegheny County, and the remaining 25% of which is distributed among each municipality.

SHORT-TERM RECOMMENDATION: Consider expanding the state sales tax to a number of currently exempted goods and services.⁵ Exempted items such as groceries, clothing, prescription drugs, tuition, and legal and medical services should remain exempt, but other goods and services should be considered for inclusion in the sales tax. For example, Pennsylvania is the only state that does not have a tax on non-cigarette tobacco products. The County should also consider whether business-to-business transactions should be exempt from the sales tax.

LONG-TERM RECOMMENDATION: Consider increasing the sales tax by an additional 1%. The expected additional revenue generated would be around \$176 million annually.⁶

Even if we assume a 10% elasticity factor resulting from an increase in the sales tax, it would still be expected to generate \$152 million annually. The sales tax could be increased in a number of ways, including Allegheny County-only or statewide.

An increase in the sales tax may be advantageous for several reasons. First, a sales tax is objective, rather than subjective. Unlike with property assessments, there is no reliance on a subjective evaluation of an individual's tax liability.

Second, a sales tax spreads the taxing burden among a larger group of people, thereby reducing the average individual's tax burden. For example, individuals who neither own nor rent property currently do not pay County property taxes, yet would pay their fair share through the sales tax. Additionally, tourists and visitors from outside the County would also be contributing as taxpayers.

⁴ TaxRates.com, "Pennsylvania," accessed July 31, 2012, <http://www.taxrates.com/state-rates/pennsylvania/>.

⁵ A complete list of exempted items is available at the Pennsylvania Department of Revenue. See Appendix for General Fund Tax Expenditure

⁶ RAD Works Here, "What is RAD?" accessed July 31, 2012, <http://radworkshere.org/interior.php?pageID=10>.

Finally, a sales tax may be less costly to implement because it is already collected.

A common argument against increasing the sales tax is that it will hurt consumption. When the 1% sales tax was initially enacted in Allegheny County, there was significant concern that residents would “forum” shop for high-priced goods in other counties to avoid the additional 1% sales tax in Allegheny County. However, we have been unable to find any empirical data to back up the claim that this has happened in our region.

Additionally, one could argue that the sales tax is regressive because it is a flat tax on consumption regardless of income. However, there are exemptions for most items of necessity such as groceries and clothing.

OPTION TWO: INCOME TAX

LONG-TERM RECOMMENDATION: Consider instituting a personal income tax.

Based on 2009 Pennsylvania Personal Taxable Income of Allegheny County residents, a 1% tax on only Allegheny County residents would generate over \$300 million in revenue. A 0.3% income tax across Beaver, Butler, Washington, and Westmoreland Counties would generate over \$50 million in revenue.

LONG-TERM RECOMMENDATION: Consider negotiating with contiguous counties to establish a regional personal income tax.

We believe that a regional-based income tax is preferable to an Allegheny-only income tax, would generate significant revenue, accomplish fairness, and prevent emigration from Allegheny County. The manner in which contiguous counties would share their regional income tax revenue with Allegheny County is a political matter beyond our scope, but for our purposes we consider “region” to include Allegheny County and each of its contiguous counties at a minimum.

The reason to establish an income tax regionally rather than isolated to an individual county is to achieve fairness by spreading the cost of supporting certain purely public amenities over the entire geographic region. Currently, purely public amenities are supported totally by the taxpayers of the county in which the amenity resides, yet those amenities, including museums, operas, ballets, symphonies, sporting venues, universities, hospitals and many other not-for-profit enterprises, greatly benefit citizens from all of the counties contiguous to the county of residence. It would be in the public interest to have all of the counties whose residents utilize the amenities of Allegheny County share the full burden of supporting these entities.

A regional income tax, based on rate uniformity also would avoid pushing residents beyond the Allegheny County limits, where people sometimes move to avoid an Allegheny County-based tax. Currently, the Allegheny County property tax results in population bunching on the near perimeters of contiguous counties, so residents of the contiguous counties can easily enjoy the opportunities afforded by Allegheny County without sharing the cost of providing those opportunities.

The subjectivity inherent in Allegheny County’s property tax system is avoidable with a regional income tax because a taxpayer’s income is easily objectively measured by reviewing Forms W-2, K-1, and 1099, all of which are already prepared and used by individuals to compute federal, state, and municipal income taxes on their salaries, wages, partnership, limited liability company and S corporation income as well as pensions, dividends, interest and capital gains. It is understood that Pennsylvania statutes will require amendment to enable a county-based income tax and we

recommend that any such amendment be made as broad as possible so as to include all categories of income derived from any reasonable and applicable source.

Finally, a regional income tax would streamline the administrative process because it could be collected by a central agency, such as the Pennsylvania Department of Revenue. Then, based on the county of residence of the taxpayer, the collector could simply remit to the county the appropriate amount.

PROPERTY TAX FAIRNESS

If the property tax is not entirely eliminated, Allegheny County must make every effort to ensure that its implementation of the property tax is more fair, predictable, and sustainable. The most immediate concern is that Allegheny County is unfairly singled out to conduct reassessments.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to legislate a statewide assessment system so that Allegheny County is not unfairly singled out.

In the event that a statewide solution doesn't materialize, there are still several steps the County could take to ameliorate the existing problem:

MEDIUM-TERM RECOMMENDATION: County Council should consider adopting legislation that would define a consistent system and process by which property values are adjusted so as to minimize subjectivity and confusion through a more objective "mathematical" calculation. We suggest that a system be based on two factors:

- *Square footage: Calculate based on square footage of the property, including building and lot; and*
- *Location: Factor in the municipality or township of residence/ownership so that there is both fairness based on current neighborhood "value" and that residents/owners are encouraged to locate in "undervalued" areas to increase population and market property values.*

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MEDIUM-TERM RECOMMENDATION: County Council should consider adopting legislation that provides a schedule for future reassessments so that they occur in predictable, reliable intervals.

Findings and Recommendations Related to Generation of Supplemental Revenue

DEPARTMENTAL REVENUE GENERATION

Finding: In 2008 (the most recent year in which fee data was provided) Allegheny County estimated a collection of \$53.5 million in department-related (administrative) fees. The top five revenue producers were the Kane Regional Centers (\$20.3 million), the Department of Court Records (\$9.5 million), the Department of Real Estate Registry & Deeds (\$8 million), the Court of Common Pleas (\$4.8 million), and the Parks Department (\$4.1 million).

We found that a majority of departments had not increased many of their fees in over a decade, and there do not appear to be in place incentives that encourage departments to increase revenues on their own.

IMMEDIATE RECOMMENDATION: Where appropriate, consider increasing user fees to keep pace with the rise in the Consumer Price Index. For example, a fee that has not been raised since 2001 should be increased by 24%.⁷

IMMEDIATE RECOMMENDATION: The County Executive and Manager should work with department directors to devise an overall strategy and process, and then empower the directors, within the parameters of that process, to develop department-specific incentives for the purpose of generating additional revenues. Sample incentives might include the ability of a particular department to retain a portion of its generated revenue within its own budget rather than directing all such monies back into the County's general fund.

IMMEDIATE RECOMMENDATION: If not already available internally, each department should produce an up-to-date fee schedule.

Finding: The Allegheny County Court System presents a unique opportunity to generate additional revenue. Under the Uniform Courts Provision of the Pennsylvania Constitution, Pennsylvania is required to pay for all court costs. Former Pennsylvania Supreme Court Justice Montemurro authored a report and timetable for implementation, yet the General Assembly has failed to pass the necessary legislation.

We concur with and support adoption of the 2011-2012 Official Policy Statement by the County Commissioners Association of Pennsylvania, calling for the following:

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to use haste in complying with the Pennsylvania Supreme Court's decision in Allegheny v. Commonwealth, without commensurate reduction in other county programs, and oppose any legislation that purports to negate the funding decision.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to reinstate the district justice reimbursement or equivalent funding for the general purposes of the County, regardless of the manner of resolution of court funding generally.

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SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation requiring the state to pay the costs of arbitrators impaneled on behalf of the Court of Common Pleas.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation to pay the costs of the Public Defender's Office.

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SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation to permit additional mechanisms to collect fines, costs, and judgments, including such strategies as wage attachments, freezing bank

⁷ Bureau of Labor Statistics, "Consumer Price Index, Pittsburgh – Second Half 2011," accessed July 31, 2012, <http://www.bls.gov/ro3/cpipitt.htm>.

accounts through credit bureau reporting systems, garnishment of federal and state income tax refunds, denial of driver's licenses except where wage attachments have been agreed to, garnishment of lottery winnings, attachment of workers' compensation or other insurance payments, and publishing the offender's name and fiscal delinquency data in a statewide databank for ease of tracking.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to transfer juror costs to the state.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to increase funding from the state to each county for reimbursement of costs associated with each judge in the various judicial districts from the current \$70,000 per year to \$150,000 per year, with corresponding adjustment annually by the same percentage as the cost of living increases in judicial pay.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation requiring plaintiffs to reimburse counties their actual costs to have them excused from cases in which the counties were wrongfully sued.⁸

MARKET-BASED OPPORTUNITIES FOR REVENUE GENERATION

There are a number of opportunities to generate additional revenue by creating new fees and permitting requirements.⁹

Finding: Although it has historically been rare for state and local governments to sell naming rights for roads, bridges, and other assets, the common practice of selling naming rights for sports arenas provides a good example of market-based revenue opportunities. Heinz pays \$2.9 million per year for the naming rights to Heinz Field.¹⁰ PNC Pays \$2 million per year for the naming rights to PNC Park.¹¹

SHORT-TERM RECOMMENDATION: Allegheny County should consider taking advantage of market-based revenue opportunities by selling advertising rights to county property and naming rights to roads, bridges, and other assets.

Allegheny County maintains more than 400 miles of inter-municipal roadways and 521 bridges (including more than 191 "major structures" ranging from 20 feet to 3,100 feet). It may be appropriate sell naming rights to these roads and bridges. The County could also sell naming rights for other high-profile County assets like parks and golf courses.¹²

There is recent precedent for selling naming rights of public assets from other state and local governments. For example, Virginia became the first state to announce plans to sell naming rights to roads and bridges in March 2012, estimating generation of \$109 million.¹³ In May 2012, the Miami City Commission approved an ordinance allowing

⁸ The Pennsylvania County Platform, 2011-2012 Official Policy Statement, County Commissioners Association of Pennsylvania, Section X. Courts. p. 32, <http://www.pacounties.org/GovernmentRelations/Documents/Platform20112012.pdf>.

⁹ For a peer-group comparison of revenue generation, please see Appendix: Revenue Comparison by Peer group

¹⁰ ESPN, "Sports Business, Stadium Naming Rights," accessed July 31, <http://espn.go.com/sportsbusiness/s/stadiumnames.html>.

¹¹ Ibid.

¹² County of Allegheny, 2012 Capital Budget, accessed July 31, 2012, http://www.county.allegheny.pa.us/budget/2012/FiscPlan2012_2.pdf.

¹³ AllGov.com, "Virginia First State to Sell Naming Rights to Roads," accessed July 31, 2012, http://www.allgov.com/Controversies/ViewNews/Virginia_First_State_to_Sell_Naming_Rights_to_Roads_120329.

illuminated signs on three city-owned properties, which the City believes will result in an additional \$1 million per year.¹⁴ Similarly, the City Council in Oceanside, California, recently approved a sign ordinance allowing up to four electronic digital billboards on city property, which local representatives estimate could enable collection of up to \$48 million over the next 25 years by leasing land for signs. The city will also benefit from the signs by requiring the electronic billboards to carry public service messages such as Amber Alerts for missing children.¹⁵

Finding: Explore opportunities to increase County funds through entrepreneurial enterprises.

MEDIUM-TERM RECOMMENDATION: Allegheny County should consider providing certain services, for a fee, to local governments that cannot adequately or cost-effectively provide the services on their own.

Allegheny County excels at many services that are more costly or less effective for municipalities to provide, such as tax collection and payroll services

Finding: There may be opportunities to generate additional revenues through public/private partnerships or outright sale of assets. Both of the proposals below require much further cost-benefit analysis than the FSVT was able to conduct during this timeframe.

SHORT-TERM RECOMMENDATION: Consider investigating the costs and benefits of selling and/or leasing appropriate assets to for-profit entities.

SHORT-TERM RECOMMENDATION: Consider investigating the sale or lease of the Nova and Yeshiva work release houses to non-profits that specialize in work-release services, such as The Program for Offenders, Inc., only with the assurance as well that such non-profits continuously maintain compliance standards.

ADOPTION OF NEW FEES, LICENSES, AND PERMITTING REQUIREMENTS

Please note that an overarching concern to the proposals stated below is the need to very carefully weigh the potential benefits of these revenue generating ideas against the salient interests of the County to encourage economic development through a business-friendly environment. Further, we would urge that an important consideration for this section of the report should be consideration of working with the contiguous counties to explore the possibility of regionalization of additional fees, licenses, and permitting requirements to mitigate the unwitting encouragement of residents to move to neighboring counties to avoid these costs while continuing to enjoy the amenities offered by the second largest county in the Commonwealth. We believe that thinking regionally benefits Allegheny County as well as the others.

Finding: Allegheny County, in comparison to other governmental entities, issues a relatively small number of professional or business licenses.¹⁶ These are limited to plumbers¹⁷, food facilities¹⁸, sources of air pollution¹⁹, private detectives²⁰, rooming houses, nursing, and personal care homes²¹, and swimming pools and lifeguards.²²

¹⁴ Kathleen McGrory, "Illuminated Billboards Coming to Miami City Properties," accessed July 31, 2012, http://www.hispanicbusiness.com/2012/5/30/illuminated_billboards_coming_to_miami_city.htm.

¹⁵ Ray Huard, "Oceanside: Electronic billboards on tap along freeways," available at http://www.nctimes.com/news/local/oceanside/oceanside-electronic-billboards-on-tap-along-freeways/article_aea8b94d-1a5e-5fbd-bfec-b828492fa186.html.

¹⁶ For a peer-group comparison of fees, permits, and licenses, please see Appendix: Licenses and Permits.

¹⁷ "Plumbing," Allegheny County Health Department, available at <http://www.achd.net/plumbing/plumbingstart.html>.

¹⁸ "Food Permits," Allegheny County Health Department, available at <http://www.achd.net/food/foodpermit.html>.

MEDIUM-TERM RECOMMENDATION: Allegheny County should consider exploring, identifying, and possibly instituting license requirements for businesses and professions that are not already governed by state, county, or city licensing requirements.

SHORT-TERM RECOMMENDATION: Allegheny County should consider the costs and benefits of a general business license requirement for all businesses in the County.

Many business and professional licenses are issued at the state level. The Pennsylvania Bureau of Professional and Occupation Affairs provides administrative, logistical, and legal support to 29 licensing boards and commissions, each authorized and governed by its own statute. Of the 29 boards and commissions, 13 are business-related, governing professions ranging from accounting to crane operations. There are 16 health-related boards, governing professions ranging from optometry to massage therapy and social work.²³

The City of Pittsburgh also issues licenses for over a dozen types of businesses and professions, including antique dealers, contractors, pawnbrokers, and welders.²⁴

Finding: Allegheny County currently requires only a few types of entertainment licenses and permits, including licenses for bingo and “small games of chance.” In addition, for entertainment businesses that include food facilities, Allegheny County requires a health department license.²⁵

Pennsylvania issues several types of entertainment licenses. The Pennsylvania Gaming Control Board, for example, is responsible for awarding gaming licenses.²⁶ The Pennsylvania Liquor Control Board also issues amusement permits to retail licensees who furnish entertainment such as dancing, theatrical or floorshows, or motion picture exhibitions.²⁷

The City of Pittsburgh issues “amusement places and producers” licenses for any place “where the general public or a limited number of persons may, upon payment of an established price, attend or engage in any amusement.”²⁸ The City also charges an “amusement tax” for “all manner and forms of entertainment,” such as athletic contests, shows, and exhibitions.²⁹ In addition, the city requires Special Events permits for events on public property.³⁰

¹⁹ “Air Quality – Permitting,” Allegheny County Health Department, available at: <http://www.achd.net/air/permitting.html>.

²⁰ “Cost and Fee Schedule,” Allegheny County Criminal Division, available at <http://www.alleghenycounty.us/crim/fees.aspx>.

²¹ Allegheny County Housing and Community Environment, available at <http://www.achd.net/housing/commenvironstart.html>.

²² Ibid.

²³ “Bureau of Professional and Occupational Affairs,” Pennsylvania Department of State, available at http://www.dos.state.pa.us/portal/server.pt/community/bureau_of_professional_occupational_affairs/12483.

²⁴ “License Information,” City of Pittsburgh Bureau of Building Inspection available at http://www.city.pittsburgh.pa.us/bbi/html/license_information.html.

²⁵ “Food Permits,” Allegheny County Health Department, available at <http://www.achd.net/food/foodpermit.html>.

²⁶ Pennsylvania Gaming Control Board, “PA Approves First Gaming Licenses , Three Facilities Expect to Begin Slots Operations Within Months,” September 27, 2006, <http://gamingcontrolboard.pa.gov/?pr=69>.

²⁷ “Information Booklet for Retail Licenses,” Pennsylvania Liquor Control Board, available at http://www.lcbapps.lcb.state.pa.us/webapp/education/item_images/4419.pdf.

²⁸ “Amusement Places and Producers License,” City of Pittsburgh Bureau of Building Inspection, available at http://www.city.pittsburgh.pa.us/bbi/html/amusement_places_and_producers.html.

²⁹ City of Pittsburgh Amusement Tax Regulations, January 1, 2006, available at http://www.city.pittsburgh.pa.us/finance/assets/forms/2008/2008_AT_regs.pdf.

³⁰ City of Pittsburgh Special Event Permit Regulations, available at http://www.pittsburghpa.gov/police/files/special_events/Spec_Events_Regs_final_2009_fees_05-28-09.pdf.

SHORT-TERM RECOMMENDATION: Allegheny County should consider generating additional revenue by instituting entertainment license requirements.

It should be further noted that, for many entertainment events, the County actually incurs related expenses without compensation through derived revenue.

Finding: Allegheny County does not require a retail license to sell alcoholic beverages.

The Pennsylvania Liquor Control Board is responsible for licensing and retailing alcoholic beverages within the Commonwealth of Pennsylvania.³¹ The City of Pittsburgh also collects fees for liquor and malt beverage licenses. All establishments in Pittsburgh that serve liquor or malt beverages are required to purchase an annual license costing \$75 to \$250 depending on the type of establishment. The state collects these fees and forwards a lump sum payment to the city. The City of Pittsburgh projects that it will collect \$430,402 for such licenses in 2012.³² We note that this recommendation may require enabling legislation at the state level.

SHORT-TERM RECOMMENDATION: Allegheny County should consider generating additional revenue by instituting an alcoholic beverage license requirement

Finding: Unlike a number of other local government entities, Allegheny County does not cite property owners for negligent property maintenance.

Many municipal governments issue citations for a variety of property maintenance issues, such as broken windows, overgrown lawns, or graffiti. Officials in the City of Baltimore and surrounding counties, for example, issue citations to homeowners for grass and weeds that have grown more than 8 to 12 inches, depending on the local ordinance. For homeowners who do not comply, officials send government crews or contractors to do the landscaping and then charge the property owner through a bill or a lien attached to the property. In Baltimore County, homeowners are charged a mobilization fee of at least \$80 and a \$75 administrative fee in addition to the cost of the landscaping work.³³ Hernando County, Florida, issues similar citations and fees for property owners who permit grass or weeds to grow over 18 inches tall. Hernando County Code Enforcement officials are responsible for the inspections and for issuing violations notices.³⁴

SHORT-TERM RECOMMENDATION: Allegheny County should consider empowering its officers to issue citations to property owners both to generate revenue as well as encourage property owners to maintain the integrity of their communities.

Finding: Allegheny County receives no income for collection of realty transfer fees other than small administrative and recording fees.

Real estate sold in Allegheny County is subject to both state and local realty transfer fees. The fee is based on a percentage of the sales price. The state fee is typically one percent while municipal and school district fees vary by

³¹ "About the PLCB," Pennsylvania Liquor Control Board, available at

http://www.lcb.state.pa.us/portal/server.pt/community/about_the_plcb/17499.

³² "2012 Operating Budget," City of Pittsburgh, available at <http://www.city.pittsburgh.pa.us/main/html/budget.html>.

³³ Lisa Goldberg, "Grass 'police' help weed out overgrown lawns," August 21, 2005, available at

http://articles.baltimoresun.com/2005-08-21/news/0508210104_1_grass-baltimore-county-code-enforcement.

³⁴ "Frequently Asked Questions," Hernando County Code Enforcement, available at

<http://www.co.hernando.fl.us/code/brochures/WEB-5%20-%20County%20Code%20Enforcement.pdf>.

location. The City of Baltimore collects roughly \$25 million annually in real estate transfer fees, and the City of Philadelphia collects roughly \$116 million annually from such fees.³⁵

Despite the fact that Allegheny County's Department of Real Estate is the agency responsible for the collection of these fees, the County receives no income from them.

SHORT-TERM RECOMMENDATION: Allegheny County should consider instituting its own realty transfer fee or increase related administrative fees.

PAYMENT IN LIEU OF TAXES AGREEMENTS (PILOTS)

Finding: PILOTS may be advantageous because they result in non-profits paying for the public services they consume, provide essential revenue for some municipalities, address inequities created by the charitable property tax exemption, and can reduce inefficient location decisions made by non-profits. However, PILOTS are often ad hoc, secretive, and contentious. They could lead non-profits to raise fees, cut services, or reduce employment, and the cost of government administration for PILOTS can be high.

Although the recent Pennsylvania Supreme Court decision in *Mesivtah Eitz Chaim of Bobov, Inc. v. Pike County Board of Assessment Appeals*, 1012 WL 1415770 (PA), has not changed the law on what constitutes a "purely public charity" for real estate tax exemption purposes, the County may be tempted to challenge the tax exempt status of properties previously determined to be exempt from real estate taxes under the test established in *Hospital Utilization Project v. Commonwealth*, 487 A.2d 1306 (Pa. 1985) ("HUP").³⁶ However, due to uncertainty over how the HUP test will be applied, there will be an increased incentive for nonprofits to enter into PILOT arrangements and it may be used as a strong negotiation tool.

MEDIUM-TERM RECOMMENDATION: Rather than challenging an organization's non-profit tax liability status in court, Allegheny County should consider the implementation of Payment in Lieu of Taxes agreements with non-profits within a defined, collaborative, and consensual process; It is strongly within the County's interest to pursue such a program. The County should be the leader in convening and facilitating such a collaborative process with key non-profits (serving both the City and the County) to reach agreement on a comprehensive PILOT policy as it is in its interest to do so, and the County Executive has the broader leadership platform.³⁷

We further suggest that the County consider establishing a task force with an independent facilitator to take this charge and pull together non-profit, City, and state leaders in an intentional conversation that will result in meaningful commitments. This is an ideal collaborative opportunity.

The Allegheny County Controller's Office recently stated that Allegheny County is losing nearly \$95 million in revenue each year due to property tax exemptions.³⁸ Based on Allegheny County's 2012 Certified Estimated Assessed Valuation Report, approximately 22% of the assessed valuation in the County is considered exempt from property taxes. In the City of Pittsburgh, that number is around 40%. In 2010, there were 9,308 non-profits located in the County and registered

³⁵ Refer to Appendix: County and City Transfer Tax

³⁶ "Purely Public Properties in Pennsylvania, Back to the Future," Saul Ewing Alert, May 2012, available at <http://www.saul.com/publications-alerts-833.html>.

³⁷ Refer to Appendix: Sample Agreement to Make Payments in Lieu of Taxes

³⁸ Deanna Garcia, "Allegheny County Controller Calls for Review of Tax-Exempt Properties," June 25, 2012, available at <http://www.essentialpublicradio.org/story/2012-06-25/allegheny-county-controller-calls-review-tax-exempt-properties-11559>.

with the IRS. Hospitals and medical research charities make up 14% and higher education and other education organizations make up 16%.³⁹ Since 2009, the County has received approximately \$300,000-\$325,000 annually in PILOTS.

MISCELLANEOUS (OTHER) TAX CONSIDERATIONS

Finding: Allegheny County does not receive the full benefit of the locally legislated tax on retail sale of alcoholic beverages.

In 2007, Allegheny County instituted a 10% tax on the retail sale of alcoholic beverages within the County, with the funds directed to the Port Authority. In 2009, the tax rate was lowered to 7%. As the ordinance itself has been in place for five years, the County could take advantage of the timing to realize additional revenues by taxing to the full extent of the law.

IMMEDIATE RECOMMENDATION: Consider raising the Allegheny County Alcoholic Beverage Tax back to the original rate of 10%.

Finding: The County does not gain maximum administrative cost recovery through the Hotel Occupancy tax.

The Hotel Occupancy tax rate in Allegheny County is 7%. All but a small administrative fee goes to tourism agencies such as the Sports and Exhibition Authority, Convention Center, and Convention and Visitors Bureau. In 2011, revenue from this tax totaled approximately \$27 million. Administrative fees redirected to the County were roughly \$1 million. Raising the County's related administrative fee is a fair opportunity to raise additional funds to provide related services.

SHORT-TERM RECOMMENDATION: Consider increasing the administrative fee to be recouped by the County related to the Hotel Occupancy tax.

Finding: Allegheny County misses a potential opportunity to raise revenues through cigarette sales and other miscellaneous sources.

SHORT-TERM RECOMMENDATION: Consider levying an additional cigarette tax in Allegheny County with provisions directing the revenue to the County. Pennsylvania taxes the sale or possession of cigarettes and little cigars at a rate of \$1.60 per pack of 20 cigarettes or \$16 per carton of ten packs.

SHORT-TERM RECOMMENDATION: Consider levying taxes on insurance, meals, fuel, and motor vehicles.

"INFRASTRUCTURE TRUST"

Finding: There is precedent to establish strategies that will spread more fairly the ongoing costs of infrastructure through public-private partnerships. A primary example is the recently approved, Chicago Infrastructure Trust, proposed by Chicago Mayor Rahm Emanuel and approved by Chicago City Council as a means to bring other substantial resources to bear on important infrastructure needs of the City beyond reliance on the City's property taxes to pay debt service on government bonds of the City.⁴⁰ The County's 2011 Annual Financial Report indicates principal payments were \$38.3 million and interest payments were \$29.3 million for a total of \$67.6 million in debt service bonds issued by the County. These bonds finance various County infrastructure projects including roads and bridges, public transportation, parks,

³⁹ "Nonprofit Sector in Allegheny County," The Urban Institute, available at http://forbesfunds.org/files/PittsburghPoverty_combined.pdf.

⁴⁰ See Appendix: Chicago Infrastructure Trust.

public buildings including the Courts and Health and Human Services facilities and support other important infrastructure assets throughout the County.

LONG-TERM RECOMMENDATION: Consider establishing an Infrastructure Trust, along the lines of that implemented by the City of Chicago, to relieve the full burden of financing infrastructure projects aside from dependence on property tax supported General Obligation Bonds issued by the County. Consider the creation of a similar government-related entity that would look to regional and national sources of long-term investment funding such as foundations, pension funds, private equity funds and mutual funds.

These sources would be approached to consider investment in infrastructure projects within the County, providing an appropriate return on the investment while at the same time reducing dependence on County property taxes to finance public debt. To the greatest extent possible, Trust projects funded by such sources would look to the projects themselves, through user fees for example, to pay back the investments made.

The authorizing legislation for the Chicago Infrastructure Trust could also help to guide the County in creating and implementing a similar government-related structure, assuring public input, governmental oversight, ethical practices by participants, and contracting and procurement that would promote minority-owned and women-owned business participation. The goal would be to identify critical infrastructure needs of the County, such as parks, libraries, neighborhood business districts, green space, energy savings in public buildings and other innovative programs that could be financed in whole or in part by the Trust, freeing up property tax revenues to be reduced or used for other purposes. Presently for every \$10 Million in bonded debt issued by the County, annual debt service requirements for such bonds total approximately \$800,000 to \$900,000.

COUNTY EQUITY OWNERSHIP

Although the following recommendation requires longer-term study, the Vision Team has included this option to provide a basis for discussion.

Finding: The County does not realize any income from the “sale” of intellectual property developed by the resident educational assets.

In general, universities secure a small percentage of ownership of inventions, products, technologies, drugs, and intellectual property, which are developed, by students and faculty while at the universities, with students and faculty retaining the majority ownership. The County could realize potentially significant income through the transfer of a small percentage of university ownership in these types of ventures.

LONG-TERM RECOMMENDATION: Consider engaging regional universities on the topic of equity ownership for Allegheny County.

An innovative way to increase revenue might be found in negotiating a type of County “ownership” of resident university intellectual property. As Allegheny County provides numerous direct and indirect infrastructure services to support all of the major universities in the region, the county could engage in revenue sharing with the universities through intellectual property equity ownership.

COST SAVINGS BY CONSOLIDATION AND ASSET MANAGEMENT CHANGES

Finding: As stated earlier in this report, the Financial Sustainability Vision Team was not charged with the examination of reducing expenditures through efficiencies; however, this may be an opportunity for consideration going forth. Below are several ideas that may be worth further exploration:

MEDIUM-TERM RECOMMENDATION: Consider exploring the potential merger of duplicative functions of Allegheny County and the City of Pittsburgh, such as the Pittsburgh and Allegheny County homicide divisions or the Urban Redevelopment Authority and the Allegheny County Redevelopment Authority.

MEDIUM-TERM RECOMMENDATION: Consider reviewing the process the Allegheny County Redevelopment Authority uses to convey property to interested sellers, and ensure that this process is expeditious, efficient, and that the County does not hold land for too long due to a tedious process. Further ensure that the County receives a fair value for property conveyed.

MEDIUM-TERM RECOMMENDATION: Consider conducting a building audit to learn if the county is leasing or renting property and consolidate county functions into fewer buildings, providing for the opportunity to rent out or sell newly vacant buildings.

MEDIUM-TERM RECOMMENDATION: Consider conducting an audit to learn if there are operations being rendered downtown that could be moved to other, lower-cost areas.

Again, while we do not believe runaway spending or expansion of government is to blame for the current financial situation Allegheny County is in, nevertheless there may be opportunities to realize cost savings by consolidating services and making some changes to the way assets are managed and these options should be explored.

Conclusion

The Financial Sustainability Vision Team is proud to submit this menu of immediate, short-term, medium-term, and long-term solutions and options to insure the long-term financial health of Allegheny County. We must emphasize again that many of the options we've outlined require authorization from the Pennsylvania General Assembly and/or other institutions; however, we do not believe this fact should stifle progress and we encourage the General Assembly to work with Allegheny County on solutions to our financial challenges.

After months of research and analysis, members of the Vision Team agreed that much more work needs to be done and that it is imperative that the County Executive continue to have a team of advisors as a resource and sounding board. The Financial Sustainability Vision team is a broad-based, diverse group of volunteer citizens honored to serve the County.

FINAL RECOMMENDATION: Consider preserving the Financial Sustainability Vision Team as a working advisory committee to the County Executive.

Members

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