

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 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.

SHORT-TERM RECOMMENDATION: Consider urging the General Assembly to pass legislation providing full and permanent funding for the establishment of drug courts and other treatment courts in Pennsylvania where such courts might be effective.

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.

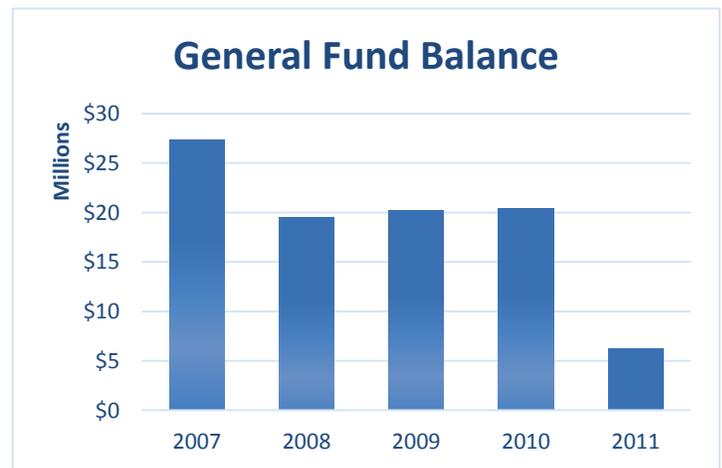
Finally, we would like to emphasize that we understand that many of our recommendations are likely to incite controversy. The financial crisis has made clear the urgent need for change – and change worth making never comes without its detractors. We hope these recommendations foster a sensible, calm 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.

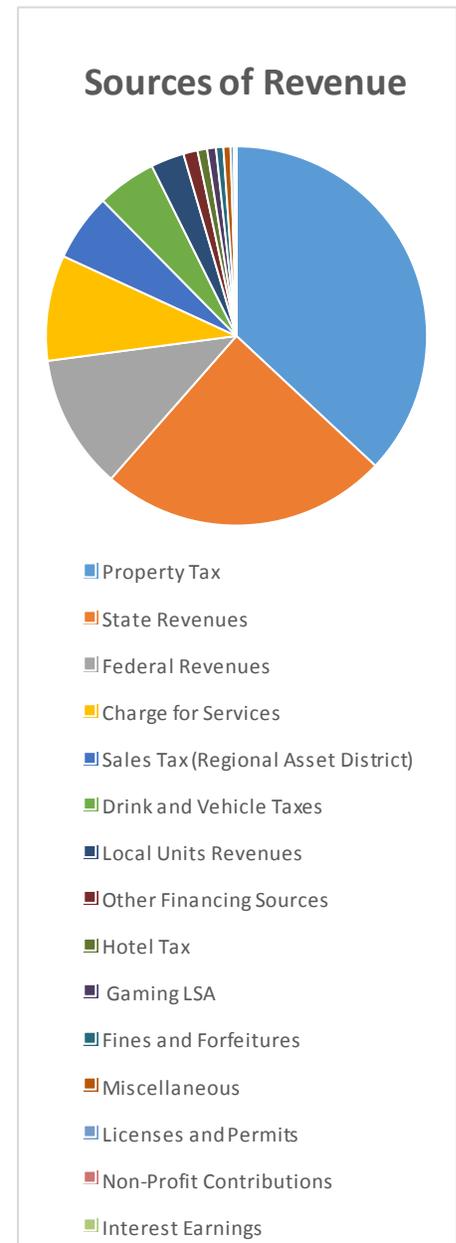
One of the major objections to the property tax is that the value of the real estate upon which the tax is based is determined on the subjective opinion of an individual who is unlikely to be a qualified real estate appraiser; furthermore, different individuals compute the assessed values of various 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.

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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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Brien Wall
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Allegheny County Treasurer

George Whitmer
PNC Bank

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PA General Fund Exemptions

General Fund Tax Expenditures

SERVICES

Description: Expenditures for services are not taxable under the sales and use tax except when specifically taxed by law.

Purpose: Because the primary basis for the sales and use tax is tangible personal property, the majority of services are not taxed unless they are related to taxable property. Legislation adopted in 1991 imposed the tax on charges for selected business services. Act 7 of 1997 removed computer services from the list of taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
LODGING							
Recreational parks, camps & campgrounds.....	\$ 45.0	\$ 47.1	\$ 49.3	\$ 51.7	\$ 54.1	\$ 56.7	\$ 59.3
PERSONAL SERVICES							
Dry-cleaning & laundry services.....	\$ 54.7	\$ 57.1	\$ 59.6	\$ 62.2	\$ 65.0	\$ 67.8	\$ 70.8
Personal care services	114.3	119.8	125.4	131.4	137.6	144.2	151.0
Funeral parlors, crematories & death care services....	46.0	48.2	50.5	52.9	55.4	58.0	60.8
Other: personal services.....	48.1	50.3	52.7	55.1	57.6	60.3	63.1
BUSINESS SERVICES							
Advertising, public relations, & related services	\$ 542.2	\$ 558.2	\$ 574.8	\$ 591.8	\$ 609.3	\$ 627.4	\$ 646.0
Services to buildings and dwellings.....	88.6	90.5	92.4	94.3	96.3	98.3	100.4
Consulting (scientific, environmental, & technical).....	271.2	280.2	289.4	298.9	308.8	319.0	329.5
Scientific research & development services.....	165.2	172.4	179.9	187.8	196.0	204.5	213.5
Information services.....	50.9	52.7	54.6	56.5	58.5	60.6	62.8
Administrative services.....	449.4	465.7	482.5	500.0	518.1	536.8	556.2
COMPUTER SERVICES							
Custom programming, design & data processing	\$ 325.9	\$ 337.4	\$ 349.3	\$ 361.7	\$ 374.5	\$ 387.7	\$ 401.4
AUTOMOTIVE SERVICES							
Parking lots & garages	\$ 59.0	\$ 61.7	\$ 64.5	\$ 67.4	\$ 70.5	\$ 73.8	\$ 77.1
RECREATION SERVICES							
Spectator sports admissions (excludes schools)	\$ 59.6	\$ 62.4	\$ 65.3	\$ 68.3	\$ 71.4	\$ 74.7	\$ 78.2
Theater, dance, music & performing arts admissions.....	97.7	99.8	102.0	104.2	106.5	108.8	111.2
Amusement, gambling & recreation industries.....	328.4	343.9	360.0	376.9	394.6	413.1	432.4
Museums, historical sites, zoos, and parks.....	18.7	19.6	20.6	21.5	22.6	23.6	24.8
HEALTH SERVICES							
Home health care, nursing care, & other ambulatory health care services	\$ 895.2	\$ 948.8	\$ 1,001.6	\$ 1,058.5	\$ 1,122.1	\$ 1,190.4	\$ 1,261.7
Hospitals.....	1,368.1	1,449.9	1,530.6	1,617.5	1,714.8	1,819.1	1,928.1
Physician & dental services.....	1,085.7	1,150.6	1,214.7	1,283.7	1,360.8	1,443.7	1,530.1
Social assistance, including day care.....	260.4	272.8	285.8	299.3	313.6	328.5	344.1
PROFESSIONAL SERVICES							
Legal.....	\$ 495.7	\$ 512.8	\$ 530.5	\$ 548.9	\$ 567.9	\$ 587.5	\$ 607.8
Architectural, engineering, & related services	279.8	288.6	297.7	307.1	316.7	326.7	337.0
Accounting, auditing and bookkeeping services	203.8	210.1	216.6	223.3	230.2	237.3	244.6
Specialized design	58.7	60.8	63.0	65.3	67.7	70.1	72.6
All other professional and technical services	178.1	184.5	191.1	197.9	204.9	212.2	219.8
TRANSPORTATION SERVICES							
Transit & ground transportation.....	\$ 110.4	\$ 115.1	\$ 120.0	\$ 125.1	\$ 130.4	\$ 136.0	\$ 141.8
Air transportation	334.1	347.7	361.9	376.7	392.1	408.1	424.8
Truck transportation	154.9	164.3	174.2	184.8	196.0	207.8	220.4
Other transportation	151.6	159.4	167.5	176.1	185.1	194.6	204.6
MISCELLANEOUS SERVICES							
Basic television.....	\$ 102.9	\$ 108.1	\$ 113.6	\$ 119.3	\$ 125.3	\$ 131.6	\$ 138.3
Tuition (college, vocational training & instruction).....	537.4	563.9	591.7	620.9	651.5	683.7	717.4
Electrical, plumbing, heating & AC service fees.....	NA						
Veterinary fees	33.3	34.7	36.3	37.9	39.6	41.3	43.2
Finance & insurance.....	416.7	442.8	472.3	501.9	532.8	562.0	591.1
Waste management and remediation services	114.0	116.6	119.2	121.9	124.7	127.5	130.4

Beneficiaries: Virtually all 4.9 million households and all 330,000 business establishments benefit from one or more of these service tax expenditures.

Revenue Comparison

	Milwaukee County Population: 928,449 \$1,098,437,000		City of Milwaukee Population: 594,833 \$583,266,000		Hamilton County Population: 802,252 \$918,900,000		City of Cincinnati Population: 296,943 \$339,159,000		St. Louis County Population: 998,881 \$584,421,300		City of Philadelphia Population: 1,526,006 \$3,860,294,000	
Revenue Source												
Taxes - Property	\$266,973,000	24%	\$176,843,000	30%	\$248,100,000	27%	\$22,578,000	7%	\$115,743,700	20%	\$482,716,000	13%
Taxes - Sales and Use	\$61,534,000	6%	\$0	0%	\$64,900,000	7%	\$0	0%	\$244,429,000	42%	\$244,585,000	6%
Drink/Vehicle Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Hotel Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Non-Profit Contributions	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Gaming LSA	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$8,447,200	1%	\$0	0%
Licenses and Permits	\$0	0%	\$12,764,000	2%	\$0	0%	\$7,415,000	2%	\$11,543,400	2%	\$0	0%
Federal Revenues	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$165,405,000	4%
State Revenues	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$542,225,000	14%
Local Units Revenues	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Charge for Services	\$409,662,000	37%	\$93,517,000	16%	\$134,600,000	15%	\$22,755,000	7%	\$43,960,700	8%	\$0	0%
Fines and Forfeitures	\$0	0%	\$5,255,000	1%	\$0	0%	\$4,503,000	1%	\$4,578,400	1%	\$0	0%
Interest Earnings	\$4,476,000	0%	\$4,969,000	1%	\$16,700,000	2%	\$9,000,000	3%	\$8,186,900	1%	\$0	0%
Miscellaneous	\$43,339,000	4%	\$18,006,000	3%	\$0	0%	\$1,264,000	0%	\$0	0%	\$0	0%
Other Financing Sources	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Cemetery Trustee	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Parking Meters	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Penalties and Interest	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Various Excises	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
URA - Chapter 21	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Income Tax	\$0	0%	\$0	0%	\$0	0%	\$222,497,000	66%	\$0	0%	\$1,143,143,000	30%
Wheel Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Local Taxes	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
State Taxes	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Payment in Lieu of Taxes	\$0	0%	\$1,050,000	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Other Intergovernmental	\$44,952,000	4%	\$270,872,000	46%	\$0	0%	\$44,889,000	13%	\$27,995,500	5%	\$0	0%
Utility Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$34,318,100	6%	\$0	0%
Court Fines	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Other Local Taxes	\$0	0%	\$0	0%	\$28,800,000	3%	\$0	0%	\$0	0%	\$95,112,000	2%
Personal Property Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Rainy Day Fund	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Taxes Distributed Comm.	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Special Assessment	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$33,031,800	6%	\$0	0%
Recordation Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Transfer Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$116,644,000	3%
Telecommunications Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Energy Tax	\$267,501,000	24%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Net Parking Revenue	\$0	0%	\$0	0%	\$0	39%	\$0	0%	\$0	0%	\$0	0%
Operating Grants and Contr.	\$0	0%	\$0	0%	\$360,900,000	1%	\$0	0%	\$0	0%	\$0	0%
Motor Fuel Tax	\$0	0%	\$0	0%	\$13,500,000	0%	\$0	0%	\$18,673,500	3%	\$0	0%
Grants & Entitlements	\$0	0%	\$0	0%	\$0	6%	\$0	0%	\$0	0%	\$0	0%
Admissions Tax	\$0	0%	\$0	0%	\$51,400,000	0%	\$4,175,000	1%	\$0	0%	\$0	0%
State Cigarette Tax	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$929,300	0%	\$0	0%
Fees & Other Revenues	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$32,592,800	6%	\$65,027,000	2%
Business Income Tax & Receipts	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$376,946,000	10%
Other Local Non-Tax Revenue	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$280,027,000	7%
City Account	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$348,464,000	9%

Fees, Permits & Other

Charges for Services

	Allegheny County ¹	City of Boston ²	Indianapolis ³	City of Kansas City ⁴	City of Richmond ⁵	Hennepin County ⁶	City of Minneapolis ⁷	City of Baltimore ⁸	Baltimore County ⁹	Milwaukee County ¹⁰	City of Milwaukee ¹¹	Hamilton County ¹²	City of Cincinnati ¹³	St Louis County ¹⁴	City of Philadelphia ¹⁵	City of St Louis ¹⁶
General government (inc "nonmajor")	\$21,853,136	\$26,784,000	\$1,801,560		\$185,769		\$40,016,000	\$28,204,000	\$190,247,000	\$4,243,000	\$9,931,000	\$52,422,000	\$9,826,000	\$36,835,492	\$349,700,000	
Public safety (inc. police and fire)	\$9,042,496	\$89,485,000	\$1,801,560		\$379,635			\$27,918,000	\$5,077,000	\$9,992,000	\$16,202,000		\$7,843,000			\$5,810,000
Health and/or Human Services	\$2,035,718	\$45,000		\$2,846,000					\$3,652,000	\$328,101,000	\$1,071,000	\$17,343,000	\$864,000	\$6,119,967		\$1,124,000
Recreation, Parks, and culture	\$3,106,362	\$756,000	\$1,405	\$6,027,000	\$149,194			\$876,000	\$3,382,000	\$31,381,000	\$1,504,000			\$865,634		\$272,000
Real estate (inc assessors)	\$1,417,170				\$36,257											
Election	\$62,379															
Use of property and equipment	\$2,020,237															
Property and development		\$5,471,000														
Patient income / reimbursements	\$8,250,912					\$15,937,189										
Collection from parents and guardians	\$1,434,453															
Administrative fees	\$1,124,306															
Private insurance	\$3,928,931															
Commercial insurance	\$11,605,655															
Miscellaneous / Other	\$414,437				\$4,572	\$8,329,792						\$31,634,000	\$1,715,000			\$32,000
Public works and highways		\$12,029,000	\$175,464,967		\$14,675,094			\$24,469,000	\$3,195,000	\$29,537,000	\$68,135,000			\$78,878		\$14,549,000
Library (inc law library)		\$354,000			\$22,075	\$958,687		\$322,000								
Schools		\$9,451,000														
Fee offices																\$3,972,000
Services provided to other funds																\$4,816,000
Metropolitan Development			\$160,000													
Code Enforcement			\$913,728													
Finance and Management			\$75,000		\$456,211											
Telecom and Video Services (cable)			\$8,500,000													
Animal Care and Control			\$32,400													
County Auditor			\$734,300													
County Clerk			\$1,655,954													
County Coroner			\$453,100													
County Recorder			\$2,407,273													
County Treasurer			\$1,721,380													
County Surveyor			\$154,171													
Information Services			\$460,000													
Sheriff			\$2,998,963		\$296,572	\$3,670,222										
Corrections / inmates			\$816,000	\$157,000		\$6,101,006										
MECA			\$2,650,000													
Courts (inc defenders and prosecutors)			\$13,758,541						\$4,622,000							
Development services				\$5,823,000												
Ambulance services				\$16,790,000												
Convention and tourism				\$220,000												
Community or convention centers				\$1,079,000			\$4,500,000									
Arterial street impact fee				\$160,000												
Community development					\$4,075,406		\$9,057,000	\$851,000								
Department of Social Services					\$7,160											
Real Estate Services					\$206,920											
Risk Management					\$3,912,973											
Service Center Fees and Passports						\$2,577,323										
Assessor - Services Provided To Municipalities						\$1,623,671										
Public Records Fees						\$7,326,184										
Client Fees						\$1,822,457										
Permanent improvement							\$3,203,000									
Water and sewer services								\$278,145,000	\$224,510,000		\$173,264,000				\$558,500,000	
Parking								\$64,380,000			\$47,477,000					
Conduits								\$10,511,000								
Development loans								\$299,000								
Industrial Development								\$1,630,000								
Capital grants and contributions								\$22,818,000								
Conservation of health								\$2,102,000								
Social services								\$637,000								
Sanitation and waste removal								\$9,769,000								
Legislative, executive, and staff									\$1,786,000							
Airport / aviation									\$79,644,000						\$258,100,000	
Transit									\$57,624,000							
Conservation and development										\$303,000						
Port										\$5,398,000						
Public assistance											\$39,107,000					
Other Inspection Certificates												\$1,387,000				
Elevator Certificates												\$565,000				
Planning and Buildings												\$194,000				
Recycling Incentive Fee												\$361,000				
Industrial and commercial development															\$500,000	
Total	\$66,296,192	\$144,375,000	\$214,758,742	\$33,102,000	\$24,407,838	\$48,346,531	\$56,776,000	\$472,080,000	\$430,914,000	\$546,930,000	\$323,285,000	\$140,506,000	\$22,755,000	\$43,899,971	\$1,166,800,000	\$30,575,000

Notes: (1) Each city and county may categorize, aggregate, or disaggregate its revenues differently. Therefore, caution is appropriate when conducting line-by-line comparisons. (2) Some cities and counties include certain taxes in their "Licenses and Permits" and "Charges for Services" categories. We do not include such taxes in these spreadsheets.

Sources

¹ Allegheny County CAFR (2011), pg 196

² City of Boston CAFR (2011), pg 16

³ CCIMC 2011 Council Adopted Budget

⁴ Kansas City CAFR, 2011, pgs B1-B77

⁵ Richmond CAFR 2010, pg 87

⁶ Hennepin County 2012 Budget, pg I-16

⁷ Minneapolis CAFR 2010, pg 30

⁸ Baltimore City 2009 CAFR, pg 17 and 100

⁹ Baltimore County CAFR, 2011 pg 80

¹⁰ Milwaukee County CAFR, 2010, pg 58

¹¹ Milwaukee City CAFR, 2010, pgs 38, 132

¹² Hamilton County, Ohio, Preliminary 2011 Annual Information Statement pg, 39

¹³ Cincinnati CAFR, 2010, pg 119

¹⁴ St Louis County CAFR, 2010, pg 117

¹⁵ Philadelphia CAFR, 2011, pg 149, 158

¹⁶ City of St Louis CAFR (2011), pg 131

Licenses and Permits

	Allegheny County ¹	Boston ²	Indianapolis ³	Kansas City ⁴	Richmond ⁵	Hennepin County ⁶	City of Minneapolis ⁷	City of Baltimore ⁸	Baltimore County ⁹	Milwaukee County ¹⁰	Milwaukee City ¹¹	Hamilton County ¹²	Cincinnati ¹³	St Louis County ¹⁴	Philadelphia ¹⁵	City of St Louis ¹⁶
Firearm Licenses (or police firearm permits)	\$220,784	\$25,000	\$330,000													
Hunting, fishing, and dog licenses	\$231,693				\$36,653											
Road opening permits	\$125,235															
Street and curb permits		\$2,200,000											\$2,098,000	\$359,638		
Health licenses and permits - food	\$1,143,359															
Health licenses and permits - housing	\$159,529															
Health inspections - unspecified		\$1,650,000														
Solid waste fuel permits	\$21,560															
Flammable liquid permits	\$20,770															
Small games of chance permits	\$80,130															
Bingo Permits	\$19,135															
Building structures and permits		\$16,750,000									\$6,159,000		\$4,526,000			\$4,893,000
Weights and measures		\$330,000														
Pre-rental inspections		\$120,000														
Other / unspecified		\$915,000			\$10,395	\$535,365	\$29,023,000	\$29,390,000	\$3,858,000	\$640,000	\$1,296,000	\$2,923,000	\$3,818,000	\$8,174,517	\$46,295,000	\$635,000
Alcoholic beverages licenses		\$3,350,000							\$622,000				\$505,000			\$473,000
Entertainment licenses		\$1,750,000														
Cable television		\$5,400,000														
Business and professional					\$27,904,888						\$5,155,000		\$172,000			\$6,445,000
Cigarette																\$1,505,000
Communication transmission																\$1,395,000
Motor vehicle					\$3,549,883	\$1,734,297		\$1,018,000								\$1,390,000
Metropolitan Development			\$1,040,305	\$2,215,000												
Public Works			\$5,621,210		\$998,015											
Code Enforcement			\$8,630,264													
Animal Care and Control			\$10,280													
County Clerk			\$50,000													
Park maintenance				\$1,621,000												
Parking				\$743,000	\$90,902											
Health and community services				\$349,000								\$3,230,000	\$2,000	\$3,861,216		
Community centers				\$2,260,000												
Arterial street impact fee				\$105,000												
Transfers, Penalties, Interest & Delinquent Collections					\$2,167,654											
Parking Meter Fees & Hauling Permits					\$570,122											
Police, Fire & Emergency Services			\$510,000		\$45,531								\$56,000			
Drivers licenses						\$1,238,841										
Vital certificates						\$1,184,771										
Permanent improvement							\$278,000									
Zoning										\$338,000						
Amusements													\$56,000			
Total	\$2,022,195	\$32,490,000	\$16,192,059	\$7,293,000	\$35,374,043	\$4,693,274	\$29,301,000	\$30,408,000	\$4,480,000	\$640,000	\$12,948,000	\$6,153,000	\$11,233,000	\$12,395,371	\$46,295,000	\$16,736,000

Notes: (1) Each city and county may categorize, aggregate, or disaggregate its revenues differently. Therefore, caution is appropriate when conducting line-by-line comparisons. (2) Some cities and counties include certain taxes in their "Licenses and Permits" and "Charges for Services" categories. We do not include such taxes in these spreadsheets.

Sources

¹ Allegheny County CAFR (2011), pg 195

² Boston CAFR (2011), pg 71

³ CCIMC 2011 Council Adopted Budget

⁴ Kansas City CAFR, 2011, pgs B1-B77

⁵ Richmond CAFR 2010, pg 86

⁶ Hennepin County 2012 Budget, pg I-16

⁷ Minneapolis CAFR 2010, pg 30

⁸ Baltimore City 2009 CAFR, pg 19

⁹ Baltimore County CAFR, 2011 pg 17

¹⁰ Milwaukee County CAFR, 2010, pg 63

¹¹ Milwaukee City CAFR, 2010, pg 132

¹² Hamilton County, Ohio, Preliminary 2011 Annual Information Statement, pgs 41, 108

¹³ Cincinnati CAFR, 2010, pg 42, 119

¹⁴ St Louis County CAFR, 2010, pg 117

¹⁵ Philadelphia CAFR, 2011, pg 149

¹⁶ City of St Louis CAFR (2011)

Allegheny County

Charges for Services

General government	\$21,853,136
Public safety	\$9,042,496
Health	\$2,035,718
Recreation	\$3,106,362
Real estate	\$1,417,170
Election	\$62,379
Use of property and equipment	\$2,020,237
Patient income	\$8,250,912
Collection from parents and gua	\$1,434,453
Administrative fees	\$1,124,306
Private insurance	\$3,928,931
Commercial insurance	\$11,605,655
Miscellaneous	\$414,437
Total	\$66,296,192

Source: Allegheny County CAFR (2011), pg 196

Licenses and Permits

Firearm Licenses	\$220,784
Hunting, fishing, and dog licenses	\$231,693
Road opening permits	\$125,235
Health licenses and permits - food	\$1,143,359
Health licenses and permits - housing	\$159,529
Solid waste fuel permits	\$21,560
Flammable liquid permits	\$20,770
Small games of chance permits	\$80,130
Bingo Permits	\$19,135
Total	\$2,022,195

Source: Allegheny County CAFR (2011), pg 195

General government includes Sheriff, Court Records, Real Estate, and Medical Examiner, and Orphans Court
Recreation includes golf fees, swimming fees, ski rental and lessons, ice skating

Boston

Charges for Services

General government	\$26,784,000
Public safety	\$89,485,000
Parks and Recreation	\$756,000
Human services	\$45,000
Public works	\$12,029,000
Property and development	\$5,471,000
Library	\$354,000
Schools	\$9,451,000
Total	\$144,375,000

Source: Boston CAFR (2011), pg 16

Licenses and Permits

Building structures and permits	\$16,750,000
Weights and measures	\$330,000
Street and curb permits	\$2,200,000
Pre-rental inspections	\$120,000
Other departmental licenses and permits	\$785,000
Health inspections	\$1,650,000
Alcoholic beverages and licences	\$3,350,000
Entertainment licenses	\$1,750,000
Police firearm permits	\$25,000
Other business licenses and permits	\$130,000
Cable television	\$5,400,000
Total	\$32,490,000

Source: Boston CAFR (2011), pg 71

Indianapolis

Charges for Services

Metropolitan Development	\$160,000
Public Works	\$175,464,967
Parks and Recreation	\$1,405
Code Enforcement	\$913,728
Police	\$1,290,000
Fire	\$511,560
Finance and Management	\$75,000
Telecom and Video Services (cable)	\$8,500,000
Animal Care and Control	\$32,400
County Auditor	\$734,300
County Clerk	\$1,655,954
County Coroner	\$453,100
County Recorder	\$2,407,273
County Treasurer	\$1,721,380
County Surveyer	\$154,171
Information Services	\$460,000
Public Defender	\$345,000
County Prosecutor	\$5,441,766
County Sheriff	\$2,998,963
Community Corrections	\$816,000
MECA	\$2,650,000
Superior Courts	\$7,971,775
Total	\$214,758,742

Source: CCIMC 2011 Council Adopted Budget

Notes:

911 Fees are over \$4 million, and there are 911 taxes, too.

Cable generates \$8.5 million

Licenses and Permits

Metropolitan Development	\$1,040,305
Public Works	\$5,621,210
Code Enforcement	\$8,630,264
Police	\$330,000
Fire	\$510,000
Animal Care and Control	\$10,280
County Clerk	\$50,000
Total	\$16,192,059

Source: CCIMC 2011 Council Adopted Budget

Kansas City

Charges for Services (nonmajor funds)

Motor fuel tax	\$247,000
Park maintenance	\$745,000
Golf and tennis	\$5,282,000
Development services	\$5,823,000
Ambulance services	\$16,790,000
Health	\$2,846,000
Convention and tourism	\$220,000
Community centers	\$1,079,000
Arterial street impact fee	\$160,000
Inmate security	\$157,000
<u>Total</u>	<u>\$33,349,000</u>

Source: Kansas City CAFR, 2011, pgs B1-B77

Licenses and Permits (nonmajor funds)

Motor fuel tax	\$2,082,000
Park maintenance	\$1,621,000
Parking garage	\$743,000
Development services	\$2,215,000
Health	\$349,000
Community centers	\$2,260,000
<u>Arterial street impact fee</u>	<u>\$105,000</u>
<u>Total</u>	<u>\$9,375,000</u>

Source: Kansas City CAFR, 2011, pgs B1-B77

Richmond

Charges for Services

Assessor of Real Estate	\$36,257
Richmond Public Library	\$22,075
City Sheriff	\$296,572
Department of Community Development	\$4,075,406
Department of General Services	\$185,769
Department of Finance	\$456,211
Department of Social Services	\$7,160
Departments of Police, Fire and Emergency Services	\$379,635
Department of Public Works	\$14,675,094
Department of Parks, Recreation and Community Facilities	\$149,194
Real Estate Services	\$206,920
Risk Management	\$3,912,973
Non-Departmental	\$4,572
Total	\$24,407,838

Source: Richmond CAFR 2010, pg 87

Licenses and Permits

Business and Professional	\$27,904,888
Vehicle	\$3,549,883
Dog	\$36,653
Transfers, Penalties, Interest & Delinquent Collections	\$2,167,654
Parking Meter Fees & Hauling Permits	\$570,122
Department of Police, Fire & Emergency Services	\$45,531
Vehicle & Parking Permits	\$90,902
Department of Public Works	\$998,015
Non-Departmental	\$10,395
Total	\$35,374,043

Source: Richmond CAFR 2010, pg 86

Hennepin County

Charges for services

Service Center Fees and Passports	\$2,577,323
North Point Patient Reimbursements	\$15,937,189
Assessor - Services Provided To Municipalities	\$1,623,671
Boarding of Prisoners	\$4,881,334
Correction Facility Fees	\$1,219,672
Law Library	\$958,687
Public Records Fees	\$7,326,184
Client Fees	\$1,822,457
Sheriff Fees	\$3,670,222
Other Fees and Service Charges	\$8,329,792
<u>Total</u>	<u>\$48,346,531</u>

Source: Hennepin County 2012 Budget, pg I-16

Licenses and Permits

Drivers licenses	\$1,238,841
Vital certificates	\$1,184,771
Motor vehicle licenses	\$1,734,297
Other licenses and permits	\$535,365
<u>Total</u>	<u>\$4,693,274</u>

Source: Hennepin County 2012 Budget, pg I-16

Minneapolis

Charges for services

General	\$37,303,000
Community planning and economic development	\$9,057,000
Convention center	\$4,500,000
Permanent improvement	\$3,203,000
Nonmajor governmental	\$2,713,000
Total	\$56,776,000

Source: Minneapolis CAFR 2010, pg 30

Licenses and Permits

General	\$26,541,000
Permanent improvement	\$278,000
Nonmajor governmental	\$2,482,000
Total	\$29,301,000

Source: Minneapolis CAFR 2010, pg 30

Baltimore City

Charges for services

Water	\$119,840,000
Waste water	\$158,305,000
Parking	\$64,380,000
Counduits	\$10,511,000
Development loans	\$299,000
Industrial Development	\$1,630,000
Capital grants and contributions	\$22,818,000
General government	\$28,204,000
Public safety and regulation	\$27,918,000
Conservation of health	\$2,102,000
Social services	\$637,000
Public library	\$322,000
Recreation and culture	\$876,000
Highways and streets 24,469	\$24,469,000
Sanitation and waste removal	\$9,769,000
Total	\$472,080,000

Licences and permits

General	\$29,390,000
Motor vehicle fund	\$1,018,000
Total	\$30,408,000

Source: Baltimore City 2009 CAFR, pg 19

Source: Baltimore City 2009 CAFR, pg 17 and 100

Baltimore County

Charges for services

General government	\$190,247,000
Public safety	\$5,077,000
Public works	\$3,195,000
Health and human services	\$3,652,000
Culture and leisure services	\$3,382,000
Economic and community development	\$851,000
Water and sewer services	\$224,510,000
<u>Total</u>	<u>\$430,914,000</u>

Source: Baltimore County CAFR, 2011 pg 80

Licences and permits

General	\$3,858,000
Liquor	\$622,000
<u>Total</u>	<u>\$4,480,000</u>

Source: Baltimore County CAFR, 2011 pg 17

Milwaukee County

Charges for services	
Legislative, executive, and staff	\$1,786,000
Courts and judiciary	\$4,622,000
General government services	\$4,243,000
Public safety	\$9,992,000
Public works and highways	\$29,537,000
Human services	\$328,101,000
Parks, recreation, and culture	\$31,381,000
Airport	\$79,644,000
Transit	\$57,624,000
<hr/> Total	<hr/> \$546,930,000

Source: Milwaukee County CAFR, 2010, pg 58

Licences and permits	
General	\$640,000
<hr/> Total	<hr/> \$640,000

Source: Milwaukee County CAFR, 2010, pg 63

Milwaukee City

Charges for services

General government	\$9,931,000
Public safety	\$16,202,000
Public works	\$68,135,000
Health	\$1,071,000
Culture and recreation	\$1,504,000
Conservation and development	\$303,000
Water	\$73,473,000
Sewer maintenance	\$52,046,000
Parking	\$47,477,000
Port of Milwaukee	\$5,398,000
Metro sewer usage charges	\$47,745,000

Total	\$323,285,000
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Source: Milwaukee City CAFR, 2010, pgs 38, 132

Licences and permits

Business and occupational	\$5,155,000
Other Licenses	\$62,000
Building	\$6,159,000
Zoning	\$338,000
Other permits	\$1,234,000

Total	\$12,948,000
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Source: Milwaukee City CAFR, 2010, pg 132

Hamilton County, Ohio

Charges for services

General	\$52,422,000
Public assistance	\$39,107,000
Health and human services	\$17,343,000
Other	\$31,634,000
<hr/>	
Total	\$140,506,000
<hr/>	

Source: Hamilton County, Ohio,
Preliminary 2011 Annual Information Statement, pg, 39

Licences and permits

General fund	\$2,923,000
Health and community services	\$3,230,000
<hr/>	
Total	\$6,153,000
<hr/>	

Source: Hamilton County, Ohio,
Preliminary 2011 Annual Information Statement, pgs 41, 108.

Cincinnati

Charges for services	
General Government	\$9,826,000
Other Inspection Certificates	\$1,387,000
Elevator Certificates	\$565,000
Public Safety	
Police and Communication Charges	\$10,000
Impounded Vehicle Fees	\$1,673,000
Protective Inspection Fees	\$187,000
Protective Service - Burglary Alarm	\$298,000
Emergency Transportation Service	\$5,527,000
Other Public Safety Charges	\$148,000
Planning and Buildings	\$194,000
Recycling Incentive Fee	\$361,000
Other Public Services Charges	\$1,715,000
Public Health	
Vital Statistics	\$757,000
Clinic Fees	\$106,000
Other Public Health charges	\$1,000
Total	\$22,755,000

Source: Cincinnati CAFR, 2010, pg 119

Licences and permits	
Street Use	\$2,098,000
Health	\$2,000
Police and Protective	\$56,000
Beer and Liquor	\$505,000
Business and Merchandising	\$15,000
Amusements	\$56,000
Professional and Occupational	\$157,000
Buildings, Structures and Equipment	\$4,526,000
Other	\$3,818,000
Total	\$11,233,000

Source: Cincinnati CAFR, 2010, pg 42, 119

St. Louis County

Charges for services

General government	\$36,835,492
Highways and traffic	\$78,878
Health	\$6,119,967
Parks and recreation	\$865,634

Total	\$43,899,971
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Source: St Louis County CAFR, 2010, pg 117

Licences and permits

General government	\$8,174,517
Highways and traffic	\$359,638
Health	\$3,861,216

Total	\$12,395,371
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Source: St Louis County CAFR, 2010, pg 117

Philadelphia

Charges for services	
Government activities	\$349,700,000
Water and sewer	\$558,500,000
Aviation	\$258,100,000
Industrial and commercial development	\$500,000
Total	\$1,166,800,000

Source: Philadelphia CAFR, 2011, pg 149, 158

Licences and permits	
Total	\$46,295,000

Total	\$46,295,000
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Source: Philadelphia CAFR, 2011, pg 149

City of St. Louis

Charges for Services

Parks and recreation	\$272,000
Streets	\$14,549,000
Public safety	\$5,810,000
Health	\$1,124,000
Fee offices	\$3,972,000
Other	\$32,000
Services provided to other funds	\$4,816,000
<hr/> Total	<hr/> \$30,575,000

Source: City of St Louis CAFR (2011), pg 131

Licenses and Permits

Graduated business	\$6,445,000
Cigarette	\$1,505,000
Building division	\$4,893,000
Communication transmission	\$1,395,000
Liquor	\$473,000
Other	\$635,000
Motor vehicle	\$1,390,000

<hr/> Total	<hr/> \$16,736,000
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Source: City of St Louis CAFR (2011), pg 131

Suggestions I've pulled from other commissions:

(A) Increase Retail Package Liquor Store and General Business License Fees and (B) Upgrade Occupational Tax/Business License Fee

Upgrade offerings and prices, and add additional locations for vending machines in county facilities

Initiate permitting and registration, inventory and change in valuation of properties occupied by billboards and cell towers

Increase Hotel/Motel Tax

Dedicate a staff person to identify grants on behalf of the county

Construct additional private hangars at Airport

Use Market Based Revenue Opportunities (MBROs) for advertising on various county properties, such as direct, indirect and media based advertising on county property, billboards, vehicles, and website.

Sell surplus county land beginning with inventory of vacant properties and evaluate feasibility;

Sell Geographic Information Systems (GIS) data

Collect 911 fees from Voice Over Internet Protocol (VOIP) providers

Review excess capacity possibilities with Seminole Road Landfill, green energy and vehicle maintenance services to share service with other jurisdictions

Payments in lieu of taxes

Charge for notary services.

Charge for copies of reports from Sheriff's Department, EMS and County Fire Department.

A charge for emergency services that respond to false alarms.

Charge for structure fire responses and responses to motor vehicle accidents where extrication equipment is used, also for responses to hazardous material spills.

Impact fees for new construction.

Solid waste disposal fee.

Charge for tires and brush at recycling center.

Reduce the residential garbage weight allowance per household.

Enact Transportation Utility Charge

Real Estate Transfer Tax



CITY REQUIREMENTS

»» County and City Transfer Tax

County Name	County Tax (Per \$1,000)	City Tax (Per \$1,000)	Total
Alameda	\$1.10	Alameda \$4.40	\$5.50
		Albany \$4.40	\$5.50
		Berkley \$15.00	\$16.10
		Piedmont \$6.50	\$7.60
		Oakland \$10.00	\$11.10
Contra Costa	\$1.10	San Leandro \$2.00	\$3.10
		Richmond \$7.70	\$8.80
		San Pablo \$7.70	\$8.80
Fresno	\$1.10	None	\$1.10
Kern	\$1.10	None	\$1.10
Kings	\$1.10	None	\$1.10
Los Angeles	\$1.10	Culver City \$4.50	\$5.60
		Los Angeles \$4.50	\$5.60
		Pomona \$2.20	\$3.30
		Redondo Beach \$2.20	\$3.30
		Santa Monica \$3.00	\$4.10
Madera	\$1.10	None	\$1.10
Marin	\$1.10	San Rafael \$1.45	\$2.55
Napa	\$1.10	None	\$1.10
Orange	\$1.10	None	\$1.10
Placer	\$1.10	None	\$1.10
Riverside	\$1.10	Riverside \$1.10	\$2.20
Sacramento	\$1.10	Sacramento \$.00275x Sales Price	
San Bernardino	\$1.10	None	\$1.10
San Diego	\$1.10	None	\$1.10
San Francisco	\$5.00	City & County Combined	\$5.00
San Joaquin	\$1.10	Stockton \$3.00	\$4.40
San Luis Obispo	\$1.10	None	\$1.10
San Mateo	\$1.10	San Mateo \$5.00	\$6.10
Santa Barbara	\$1.10	None	\$1.10
Santa Clara	\$1.10	San Jose \$3.30	\$4.40
		Mountain View \$3.30	\$4.40
Solano	\$1.10	Vallejo \$3.20	\$4.30
Tulare	\$1.10	None	\$1.10
Ventura	\$1.10	None	\$1.10

Talbrook II Escrow Corp. is providing this general information as an accommodation. If your property does not reside in its own city then the transfer tax will be based on the sales price multiplied by the County of Los Angeles tax. Example: Sales price of home \$200,000 divided by 1,000 = 200 x \$1.10 = \$220 County of Los Angeles transfer tax Home Located in City of Los Angeles AND county of Los Angeles: Example: Sales price of \$200,000 divided by 1,000 = 200 x \$4.50 per \$1,000 = \$900 (city tax) 200 x \$1.10 = \$220 (county tax) Total transfer tax= \$1,120 payable at the close of escrow. Please contact your title officer for exact numbers as many cities have different or no transfer taxes. Talbrook II Escrow Corp. cannot guarantee the accuracy of the information provided and is not liable for any action you may take as a result of relying on such information, including loss, damage or legally. Please contact the city in question directly, to confirm required information for each specific transaction. Talbrook II Escrow Corp. will continue to monitor each city and attempt to keep this document as current as possible, for your convenience. Thank you for allowing Talbrook II Escrow Corp. to service your escrow needs, we appreciate your support.

Sample PILOT Agreement

SAMPLE AGREEMENT TO MAKE PAYMENTS IN LIEU OF TAXES

AGREEMENT, made this ___ day of _____, 200__ at Boston, Massachusetts by and among *(name of tax-exempt institution)*, a non-profit corporation duly organized under Chapter 180 of the General Laws of the Commonwealth of Massachusetts having a usual place of business at *(location of tax-exempt institution)*, Boston, Massachusetts, and the City of Boston (the "City"), a municipal corporation in the Commonwealth of Massachusetts.

WITNESSETH THAT

(The tax-exempt institution), while currently entitled to exemption from obligations to pay local real and personal property taxes on its property pursuant to Massachusetts General Laws C. 59, § 5, Clause Third, as a matter of use and occupancy, recognizes that the existence of this property requires the City to furnish municipal services and is willing voluntarily to make certain payments to the City in the form of a payment in lieu of taxes ("PILOT").

(The tax-exempt institution) acknowledges that it intends to develop *(address and or ward and parcel number of project)* ("*the project*"). The said project may be exempt under the laws of the Commonwealth from local real property taxes provided that the uses of such property remain consistent with the tax laws relative to exemption, and *(the tax-exempt institution)* intends to file appropriate papers required by law to obtain and maintain such exemption.

(The tax-exempt institution) and the City further acknowledge and agree that other real and personal property owned by the tax-exempt institution which is now entitled to exemption from taxation shall continue to remain so entitled, subject to applicable law relative to exemption from real property taxation; and consistent with the above, that the above referenced project which is the subject of this agreement shall be granted exemption upon timely application for exemption and preservation of statutory rights of appeal, insofar as may be necessary, in the event that any or all of the property is taxed by the City in any particular fiscal year.

NOW, THEREFORE, in consideration of the municipal services to be furnished by the City and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. The payment due for each fiscal year after the first fiscal year in which payment shall be due pursuant to the terms of this Agreement shall be subject to a further adjustment as provided in the Inflation Adjustment Clause attached hereto as Exhibit A.

2. Notwithstanding the foregoing, if a certificate of occupancy is issued during the course of a fiscal year, the amount calculated according to Sections One and Two above shall be prorated in accordance with the portion of the fiscal year remaining.

3. Twenty-five percent (25%) of the total amount due in each fiscal year according to any or all of Sections One, Two and Three above shall be credited, contingent upon (*the exempt institution's*) documentation of community services being provided or funded and the City's approval of any such community services documented. The services must be over-and- above what (*the tax-exempt institution*) was providing prior to signing this agreement. In no event shall approved community service credits exceed 25% of the total amount due in the fiscal year the credits are claimed, and in no event shall any community services rendered by (*the tax-exempt institution*) be prorated to future fiscal years. Eligible services shall include, but not be limited to, (*list of contemplated service*).

4. It is the intention of the City, through its Assessing Department, to recognize the development as exempt pursuant to M.G.L. c. 59, § 5, Clause Third in future fiscal years so long as and provided that (a) exemption is warranted as a matter of ownership, use and occupancy and (b) Form 3 ABC is timely filed with the Assessing Department for each fiscal year.

5. In the event a real estate tax bill is issued for such property, however, it is the exclusive responsibility of (*the tax-exempt institution*) to do all things necessary to preserve the jurisdiction of the City's Assessing Department to grant abatement relief on the basis of exemption, overvaluation, misclassification and/or disproportion, including timely filing of application(s) for abatement, supporting documentation and appeal(s) to the Appellate Tax Board, as may be necessary, and timely payment of the deemed tax due as defined in M.G.L. c. 59, § 64.

6. If at any time hereafter, due to a change in the laws applicable to exemptions from real property taxation any tax payment is made pursuant to a M.G.L. c 59 tax assessment in a particular year for any property which is a subject of this agreement, such payment will be credited against the PILOT obligation as calculated above. Any overpayment made in a fiscal year by reason of this provision shall be credited against future PILOT obligations.

7. Pursuant to applicable law, the City may assess, and require that an otherwise tax-exempt institution pay real estate taxes based upon any commercial operation or uses of said property which are not exempt from taxation. Said tax payment would be made in addition to the PILOT payments made under this Agreement

8. If the Commonwealth of Massachusetts hereafter reimburses the City for property taxes lost as a result of exemptions and said reimbursement is based in part on valuation of property held by *(the tax-exempt institution)* which is the subject of this Agreement, there shall be a reduction of the amounts payable thereafter under this Agreement. Such reduction shall be in an amount equal to the percentage which the valuation of *(the tax-exempt institution's)* property under this Agreement constitutes the valuation of all exempt buildings on which the reimbursement is based. Such reduction shall be credited against the payment due under this Agreement in each fiscal year in which the City receives the state reimbursement.

9. The provisions of this Agreement shall be binding and inure to the benefit of the parties hereto and their respective legal representatives, successors in office or interests, and assigns and may be amended only by an agreement in writing duly executed by the parties hereto or their successors.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed as a sealed instrument by its officers duly authorized as of the day and year first above written.

SIGNATURES

Chicago Infrastructure Trust

Appendix _____

Chicago Infrastructure Trust

Mayor Emanuel described the \$7 billion “New Chicago” CIT Infrastructure Plan as a means to rebuild, repair or expand the City’s parks, streets, railways, airports, public schools, water and sewer systems and other infrastructure.

The first program targeted to receive investment by the CIT involves aggregating energy efficiency projects throughout the City of Chicago to accelerate energy retrofit projects with the intention of reducing City energy costs by more than \$20 Million annually, while creating 2,000 construction jobs and removing emissions from the region’s atmosphere. The CIT intends to reach beyond traditional taxpayer-supported bond financing of infrastructure improvements by bringing investment from foundations, public sector and private sector pension funds, private equity funds, mutual funds, labor unions and other long-term investment sources to supplement traditional government bonds floated by the City. Five financing organizations-Citibank, N.A., Citi Infrastructure Investors, Macquarie Infrastructure and Real Assets Inc., J. P. Morgan Asset Management Infrastructure Investment Group and Ullico have each agreed to consider the projects that the Trust is undertaking and evaluate them for investment. These investors represent some of the most highly regarded infrastructure investors in the world. Collectively, they have indicated an initial investment capacity in excess of \$1 billion depending on the specific terms of individual projects. The CIT anticipates advancing projects that would generate a predictable revenue stream such as admission charges or user fees in exchange for the private source investment.

The legislation creating the CIT provides for a five member Board of Directors of the Trust appointed by the Mayor with the approval of the City Council, with Directors having expertise in financing and development of infrastructure, capital markets and municipal finance. The Board of Directors of the Trust would consider financing for qualifying infrastructure projects that would have the power to assemble various sources of financing not previously available to the City to improve major infrastructure assets. The core purpose of the CIT is to interest alternative sources of financing in making long- term investments in the City infrastructure that could lead to return on investment for investors such as public pension funds and foundations that have a long-term investment horizon.

The Board of Directors of the Trust would be subject to all public disclosure and freedom of information laws governing the City of Chicago agencies and would also be subject to ethics rules applying to City elected officials, including absenteeism from any vote or support for CIT projects in which individual Board members might have a financial interest.

The City's CIT authorizing legislation also provides for public access to the deliberations of the Board, requires annual audits and annual reports with respect to the use of CIT funds and requires the CIT to comply with all applicable City procurement rules and requirements including advancement of minority-owned and women-owned business opportunities.

To assure public input on CIT projects, the authorizing legislation requires City Council approval of all projects involving City funds for City asset. The Board of CIT cannot pledge the taxing power of the City to support its projects.

The recent approval of the Chicago Infrastructure Trust presents an opportunity to Allegheny County to examine features of the CIT that could be useful to Allegheny County in financing long-term infrastructure needs of the County while reducing dependence on County property taxes.

There are many steps yet to be undertaken by the CIT to implement its initiatives and the County should observe and learn from the example of the CIT before it forms a similar quasi-public partner to the County in its efforts to improve and maintain infrastructure while reducing dependence on County property taxes.