

TRANSCRIPT OF PROCEEDINGS

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COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

HOUSE URBAN AFFAIRS COMMITTEE

POINT PARK UNIVERSITY

LAWRENCE HALL, 3rd FLOOR BALLROOM

PITTSBURGH, PENNSYLVANIA

WEDNESDAY, MAY 28, 2008

PUBLIC HEARING - CITY OF PITTSBURGH-ALLEGHENY COUNTY

CONSOLIDATION

BEFORE:

Representative Thomas C. Petrone, Majority Chair

Representative John Taylor, Minority Chair

Representative Paul Costa, Subcommittee Chairman on
Cities, Counties - Second ClassRepresentative Karen D. Beyer, Subcommittee Chairman on
Cities, Counties - Second Class

Representative Jim Cox

Representative John Maher

Representative Michael H. O'Brien

Representative Thomas W. Blackwell

TRANSCRIPT OF PROCEEDINGS

- - - -

ALSO PRESENT:

Representative Dan Frankel

Representative William Kortz

Representative Mark Mustio

Representative Randy Vulakovich

Representative Nick Kotik

Jon Castelli, Democratic Executive Director

Christine Goldbeck, Republican Executive Director

Heather Saxelby, Research Analyst

Mary Gingrich, Legislative Assistant

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Reported by: Lisa Ann Bauer, RPR, CRR, CMRS

TRANSCRIPT OF PROCEEDINGS

- - - -

I N D E X

<u>NAME</u>	<u>PAGE</u>
Dan Onorato	12
Luke Ravenstahl	19
Thomas VanKirk	56
Audrey Russo	63
Helen Hanna Casey	67
John E. Murray, Jr.	90
Edward K. Muller	97
Enzo Santilli	103
Brian K. Jensen	107
M. Richard Dunlap	123
Robert Powers	128
Herbert J. Hartle	128
Suzanne Broughton	130
Erin Molchany	135
Court Gould	139
Nancy Washington	141

- - -

TRANSCRIPT OF PROCEEDINGS

- - - -

P R O C E E D I N G S

(10:14 o'clock a.m.)

REPRESENTATIVE PETRONE: Good morning, ladies and gentlemen. Welcome to today's public hearing of the House of Representatives Urban Affairs Committee's Subcommittee on Cities and Counties of the Second Class. I am Thomas Petrone from the 27th Legislative District, Allegheny County, and I am chairman of the Urban Affairs Committee.

I would like to introduce my co-chair, Representative John Taylor from Philadelphia, who is the Republican chairman.

And, next, would all the members of the Urban Affairs Committee introduce themselves and identify the district they are from, from my left to my right, please.

REPRESENTATIVE BLACKWELL: Good morning. I am Thomas Blackwell, representative of the 190th District in Philadelphia County.

REPRESENTATIVE O'BRIEN: Good morning. Mike O'Brien, 175th Legislative District, Philadelphia.

REPRESENTATIVE COSTA: Good morning. I'm Paul Costa, 34th Legislative District, City of Pittsburgh and eastern suburbs.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 REPRESENTATIVE BEYER: Good morning. I'm
2 Representative Karen Beyer. I am from Lehigh and
3 Northampton County, 131st.

4 REPRESENTATIVE TAYLOR: Good morning.
5 I'm Representative John Taylor from Philadelphia. For
6 all the Pittsburgh folks here, you can thank us
7 Philadelphians on the way out for allowing our Flyers
8 to warm up the Penguins for the Stanley Cup finals.

9 REPRESENTATIVE MAHER: I'm Representative
10 John Maher in the 40th District right here in
11 Allegheny County and Washington County.

12 REPRESENTATIVE COX: I am Representative
13 Jim Cox from western Berks County, and that's the
14 129th District.

15 REPRESENTATIVE FRANKEL: I am
16 Representative Dan Frankel from Allegheny County, City
17 of Pittsburgh. I'm not a member of the committee, but
18 based on the good graces of Chairman Petrone and
19 Chairman Taylor, members from the Allegheny County
20 delegation were invited here to participate. We're
21 very grateful for that.

22 REPRESENTATIVE KORTZ: Good morning,
23 everyone. My name is Bill Kortz, state
24 representative, 38th District. Likewise, I am not a
25 member of the committee, but I am obviously interested

TRANSCRIPT OF PROCEEDINGS

- - - -

1 in the outcome of the consolidation.

2 REPRESENTATIVE MUSTIO: Good morning,
3 Representative Mark Mustio, Allegheny County, and not
4 a member of this committee.

5 REPRESENTATIVE VULAKOVICH: State
6 Representative Randy Vulakovich from the 30th
7 District of Allegheny County. I am not a member of
8 this committee, but all of us have an extreme
9 interest, all the Allegheny delegation, because of the
10 importance of looking for the best interests of our
11 region, and we have a great place to live.

12 REPRESENTATIVE PETRONE: Next, I'd like
13 to introduce a very talented staff. On my left,
14 Mr. Jon Castelli, who is the executive director of the
15 committee. Over here we have Heather Saxelby, our
16 research analyst, and Mary Gingrich, who is committee
17 secretary, and they do all the work for the research
18 that we get, all the good information. Ryan Douglas,
19 my assistant, to their left. And to my right,
20 Christine Goldbeck, the Republican executive director
21 of the committee.

22 Today's hearing is to consider the option of
23 the City of Pittsburgh and Allegheny County
24 consolidating governments. This hearing is an initial
25 step in considering the possibility of a merger of

TRANSCRIPT OF PROCEEDINGS

- - - -

1 these two entities. Further hearings will be held
2 regarding the issue and enabling legislation will need
3 to be passed in order to make a city-county
4 consolidation a reality.

5 I've been a long-time supporter of efficiency
6 in government and efforts to make the Pittsburgh
7 region a better place to live. During my 28 years as
8 a legislator, I have been personally involved in many
9 different projects that have benefited the City of
10 Pittsburgh and Allegheny County. From 1980 to the
11 present, I have supported, first as a member of the
12 Appropriations Committee, things such as the Carnegie
13 Science Center, the first project I worked on,
14 Strategy 21 programs, including the beautiful new
15 stadiums, our world class airport, Soldiers and
16 Sailors Hall, the convention center, and things that
17 we felt would be extremely beneficial to the city and
18 the county and the region. And, also, I was a strong
19 supporter, I should point out, of the county executive
20 and the county council, which established that
21 position with a government change not too many years
22 ago.

23 With this year being the 250th anniversary
24 year of the City of Pittsburgh, this is an opportune
25 time to make Allegheny County and Pittsburgh

TRANSCRIPT OF PROCEEDINGS

- - - -

1 governments more streamlined. That being said, the
2 idea of merging the City of Pittsburgh and Allegheny
3 County is not a new one. The concept is in
4 consideration due to the many changes that have
5 occurred throughout Western Pennsylvania over the past
6 three decades. The biggest change for the City of
7 Pittsburgh has been the decline in population, sadly,
8 which has resulted in a loss of considerable tax
9 revenue, and, of course, a large portion of properties
10 are tax exempt.

11 Although the number of residents has
12 decreased, the price of services has increased,
13 particularly for the health insurance of city
14 employees and the pension obligations of the city.
15 The goal of the merger would be to help reduce the
16 duplication of services between Allegheny County and
17 the City of Pittsburgh, which would help reduce costs
18 for the residents of both the city and the county.
19 Today's hearing is a result of the establishment of
20 the Citizens Advisory Committee on the Efficiency and
21 Effectiveness of City-County Government. This
22 committee was commissioned by Allegheny County
23 Executive Dan Onorato and City of Pittsburgh Mayor
24 Luke Ravenstahl, who will be here to testify shortly.
25 In fact, I think they are here presently.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 The committee commissioned a report by the
2 RAND Corporation focusing on the economic impact of
3 the city-county merger. The study reviewed the merger
4 done by Jefferson County, Kentucky, and the City of
5 Louisville. The type of merger done by Jefferson
6 County-Louisville is most likely the model for
7 Allegheny County and Pittsburgh. The merger did not
8 affect outlying municipalities in the county.
9 Instead, an urban services district was established
10 and the county subsequently took over the city
11 government's responsibilities. We will be hearing
12 more about the RAND study today.

13 We have many knowledgeable testifiers here to
14 further explore the concept of a city-county merger.
15 For the benefit of the court reporter, would all the
16 testifiers please identify themselves before speaking.

17 At this time, I would like to turn the meeting
18 over to Representative Costa, who is the chair of the
19 Subcommittee on Cities and Counties of the Second
20 Class.

21 Representative Costa?

22 REPRESENTATIVE COSTA: Thank you,
23 Mr. Chairman.

24 Before I begin, I would like to thank Chairman
25 Petrone and Chairman Taylor for allowing us to have

TRANSCRIPT OF PROCEEDINGS

- - - -

1 this meeting. When the report came out about a month
2 or so ago, my co-chair Karen Beyer and I approached
3 the two chairmen and asked them if we could get this
4 meeting under way to get as much information out there
5 as possible. We know if anything is going to happen,
6 we in the legislature have to act on it, and we want
7 to be as much educated on the issue as possible, and
8 this is just a first step of hopefully many along this
9 process, so I want to thank all of you for being here.

10 I want to thank Point Park for letting us use
11 their ballroom. I think Point Park is one of the most
12 exciting jewels in our city. It's growing all the
13 time. I may be biased. I am a graduate of Point Park
14 and also a board member, so anything that Point Park
15 does I can't be more proud of, especially allowing us
16 to be here today. I also would like to thank all the
17 testifiers who have come here today to educate us on
18 this.

19 And with that, I'd like to ask Karen if she
20 has anything.

21 REPRESENTATIVE BEYER: Good morning,
22 everyone. I may represent the City of Allentown, but
23 I was born and raised here in the Pittsburgh area, so
24 I'm awfully proud to be home again.

25 So, Paul, I'm really looking forward to

TRANSCRIPT OF PROCEEDINGS

- - - -

1 hearing all the testimony we're about to hear. I
2 don't know if the County Executive and the Mayor know
3 that when they're late for an Urban Affairs Committee
4 meeting, we make them stand in the corner for five
5 minutes.

6 But anyway, I look forward to the testimony.
7 I don't think this will be the first and only hearing
8 on this proposal, but I look forward to hearing
9 anything. Chairman Taylor, would you like to say a
10 few words?

11 REPRESENTATIVE TAYLOR: (Shaking head
12 negatively.)

13 REPRESENTATIVE BEYER: Thank you,
14 Mr. Chairman.

15 REPRESENTATIVE COSTA: I also forgot to
16 thank the members of the Allegheny County delegation.
17 As they all said, even though they are not part of
18 this committee, they do want to be educated like the
19 members of our committee, so I thank all of you for
20 being here today.

21 Karen reminded me to say, "Go Pens!"

22 Our first two testifiers are Dan Onorato, the
23 County Executive of Allegheny County, and Luke
24 Ravenstahl, the Mayor of the City of Pittsburgh.

25 As they are approaching the table, I read the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 report, scanned over it, but I thought there was one
2 pretty interesting statement that was made by
3 Chancellor Nordenberg, and I think that's why we're
4 here today. "It was prepared to stimulate
5 constructive consideration of the most efficient and
6 effective structures for City and County government as
7 we move to meet the challenges and seize the
8 opportunities of the 21st century," and I think
9 that's what this hearing is about. Let's get some
10 constructive consideration.

11 And with that, I don't know if you guys tossed
12 a coin on who is going first.

13 MR. ONORATO: Good morning,
14 Representatives. I appreciate you bringing the
15 committee to the City of Pittsburgh/Allegheny County.
16 It's good to see all the local reps here today. And
17 the out of town reps, we welcome you to an issue that
18 I'm sure is going to require a lot of debate,
19 discussion, not just here, but in Harrisburg, since
20 it's a two-step process and Harrisburg is the first
21 step and the local legislation would be the second
22 step.

23 I do not have a typed prepared speech today,
24 but I want to talk about this process because I've
25 been dealing with it for a long time on the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 consolidation issue, and you should know that the
2 Mayor and I, along with the committee that we
3 established -- and that's the report you have here,
4 and the members are listed here in the back. I'm not
5 going to list all the names, but it was chaired by
6 Chancellor Nordenberg.

7 The Mayor and I put together a committee to
8 look at this issue of city-county consolidation and to
9 look at what other cities and counties have done, what
10 methodology existed that worked, and what we
11 discovered and what they discovered is there is no one
12 right way to do it. If you look at places like
13 Indianapolis, Charlotte, Louisville, Jacksonville,
14 areas that have done consolidations, they have all
15 done it a different way. And the reason is that they
16 all had different local governments, they had
17 different setups when they went for the consolidation,
18 and we're no different.

19 Allegheny County and Pittsburgh is a unique
20 situation. We have 130 municipalities. We have a
21 city in the middle. For the people from the eastern
22 part of the state, the county is a little under
23 1.3 million. Philadelphia has one mayor for all of
24 the 1.5 they represent. We have 130 municipalities
25 and the County Executive and the Mayor of the City of

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Pittsburgh all within the 1.3 million in our county.

2 But I keep referring to the Louisville model,
3 only because it's the closest example we can see
4 that's similar to what we had, because Louisville had
5 80 municipalities. And they did merge the city and
6 the county and they left the municipalities alone, and
7 I believe that's the way we're going to go if we're
8 going to get this done, because the city and the
9 county could actually merge and have one elected mayor
10 of the new Pittsburgh and one legislative body for the
11 new Pittsburgh and leave the municipalities and school
12 districts alone and achieve all the efficiencies by
13 doing that merger.

14 As you know -- if you don't know, the city and
15 the county both have a public works department, parks
16 and recreation department, IT department. We both
17 have our own housing authorities, and I can go on and
18 on with the departments that we duplicate. There is
19 no reason to have two of those departments. There is
20 no reason to have the Mayor's office or the County
21 Executive's office the way it is right now.

22 In talking with Mayor Abramson, who is the
23 former Mayor of old Louisville and is currently the
24 mayor of new Louisville, he was telling us -- and in
25 talking with county executives, too -- that when they

TRANSCRIPT OF PROCEEDINGS

- - - -

1 were both in existence, they got along very well.
2 That wasn't the problem. The issue was that you spent
3 half your time making sure that the Mayor's office in
4 the city and the County Executive's office are all on
5 the same page on everything that we do, and we spend a
6 lot of time and energy doing that. It's the
7 efficiency of putting that all under one roof, having
8 a political leader for the area of 1.3 million people,
9 having a legislative body that will deal with the
10 issues in the core of the old city, the urban service
11 district, and deal with the county issues that I deal
12 with and having it all under one political structure.
13 There is efficiency there; there is political clout
14 there. It just makes good sense and good governance
15 to step back a second.

16 If you look at Allegheny County, it's easy to
17 forget our history. Forty years ago, 75 percent of
18 Allegheny County lived in the City of Pittsburgh.
19 Today, it's just the opposite. Seventy-five percent
20 of Allegheny County lives outside the City of
21 Pittsburgh scattered around those 129 municipalities
22 outside the City of Pittsburgh, yet our government
23 forms haven't adjusted for the population swings that
24 have taken place over the last 40 or 50 years. We
25 want to catch up. We want to get this done. We want

TRANSCRIPT OF PROCEEDINGS

- - - -

1 to fix it.

2 Mayor Ravenstahl and I work closely together.
3 We've got a great relationship, but we've both come to
4 the same conclusion. After this report, the two of us
5 stood up and embraced it and said we'd like to get
6 this question to the voters as soon as possible. We
7 believe the earliest this could possibly happen would
8 be the fall of '09, because the two-step process is
9 having the state legislature pass a bill that gives us
10 the authority to do this and also just the parameters
11 of what the question could be or how we arrive at a
12 question, establishing a committee that could be
13 formed that would craft a question, do the public
14 hearings, and once you pass a bill to allow us to do
15 that, we'll do what we have to do and then the Mayor
16 will have to get it through the city and I'll have to
17 get it through the county.

18 But, ultimately, the voters will make this
19 decision. This is a referendum question we're looking
20 for, and it will be up to all of us, at least the
21 people in this room and outside of this room that
22 think this is a good idea, to put on a campaign and to
23 take it to the voters and to educate the voters of why
24 we believe this is the right thing to do. Because if
25 we can't get the votes, it's not going to pass. It's

TRANSCRIPT OF PROCEEDINGS

- - - -

1 going to fail and go down in flames. The Mayor and I
2 feel very strongly about this. For this region to
3 survive, for this region to move forward, for this
4 region to be competitive, this is very important to
5 us.

6 You should also know that we've been slowly
7 consolidating over the years. The functions have
8 already been consolidated. In Philadelphia and the
9 big cities across this country, it's not unusual to
10 see the mayor in charge of the airport, the mayor in
11 charge of transit, the mayor in charge of the human
12 services department, the mayor in charge of the health
13 department. They have all been shifted to the county
14 already in this area. It's happened over the last 40
15 or 50 years. The County Executive runs the Airport
16 Authority, the Port Authority, Community College, the
17 Health Department, Department of Human Services.
18 Those functions have already been consolidated for 130
19 municipalities under the county government already.
20 The Mayor's office isn't part of it and neither are
21 the 129 municipalities.

22 The city and the county and the Mayor and I
23 have been working closely to consolidate functions as
24 we work closely together now on our terms. We're
25 looking at joint bulk purchasing. We have a

TRANSCRIPT OF PROCEEDINGS

- - - -

1 telecommunication agreement we work together. In my
2 short tenure of four years and six months as County
3 Executive, we've consolidated row offices from ten
4 elected offices down to four. We had five 911 centers
5 for a county of 1.3. We now have one. We saved three
6 and a half million dollars a year. There were five
7 separate political public safety fiefdoms that were
8 nice, but we didn't have the luxury of the money to
9 pay for five of them. We have a state of the art 911
10 center now that provides that service to all 1.3
11 million. We saved three and a half million dollars a
12 year by doing that, and our taxpayers are getting top
13 of the line service.

14 I was also in a position where, when the city
15 was in bankruptcy four or five years ago, the Supreme
16 Court abolished the city court system. They didn't
17 abolish it. They shifted it to the county and put it
18 in the county's unified court system. It was a hard
19 thing for us to accept. We struggled with it a little
20 bit. The state helped us with funding, but it was the
21 right thing to do. There was no reason to have a
22 separate court in the City of Pittsburgh. It should
23 be under a unified court system in the county. It
24 made sense that we continue to do that. The county
25 provides specialty policing for all 130

TRANSCRIPT OF PROCEEDINGS

- - - -

1 municipalities. These are homicide, special
2 investigations units, because we can provide quality
3 services over a broader base.

4 So I just share those examples with you to say
5 that we've been making these moves over the last 20 to
6 30 years. We now have a different government
7 structure up to speed of where it should be to reflect
8 what exactly this region is doing. And I want to make
9 it very clear -- we also have made it clear in this
10 report and the Mayor's and my statements -- that this
11 does not include the school districts. This does not
12 include the 129 municipalities. We are talking about
13 the City of Pittsburgh, we're talking about the County
14 of Allegheny, the two largest governments that
15 duplicate many of the departments in getting
16 efficiencies in creating a political structure that
17 will allow us to be competitive for the 21st
18 century.

19 I'll end there and turn it over to Mayor
20 Ravenstahl, and I look forward to if you have any
21 questions for us. And I assume you want to hear from
22 both of us first before you have questions, so at this
23 point, I'll turn it over to Mayor Ravenstahl.

24 Mayor?

25 MR. RAVENSTAHL: Thank you, County

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Executive Onorato, and thank you, Chairman Petrone and
2 Subcommittee Chair Costa and all the representatives
3 for being here today. I do have prepared remarks that
4 I will share with you, many of which will be similar
5 to the County Executive, and I've joked now on
6 probably a half a dozen different occasions that the
7 main reason I want consolidation is so that I don't
8 have to say the same thing Dan does every time I
9 speak.

10 Let me begin by extending my thanks to you for
11 the opportunity to come before you today to discuss
12 this most important issue. I also wish to express my
13 sincere appreciation for your continued interest in
14 matters that impact cities and counties of the second
15 class, namely, of course, Pittsburgh and Allegheny
16 County.

17 For years, we have heard that the meaningful
18 reform that Pittsburgh needs in a county fragmented by
19 130 separate governments is the merger of the City of
20 Pittsburgh and Allegheny County into one government.
21 Since the early 1900s, the debate on merger has
22 consumed this region. From the 1923 Commission to
23 study municipal consolidation to the 1996 ComPAC 21
24 report to the report recently issued by the Nordenberg
25 Commission at the request of the County Executive and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 myself, the region has seen study after study over the
2 course of decades.

3 In the meantime, despite desirable incremental
4 improvements, many of which the County Executive has
5 already mentioned, we've continued to lose population
6 and face areas of decline. Potentially meaningful
7 solutions to the problems that haunt our city and our
8 region have been held hostage to decades of vigorous
9 debate over how to foster higher levels of regional
10 growth and how to restore Pittsburgh to the prominence
11 of our past. No matter what policy or idea we
12 discuss, the last question asked is whether or not the
13 city and county should merge. That debate and that
14 unanswered question has further stymied our ability to
15 bring about meaningful change and reinvestment in
16 Pittsburgh.

17 Merger has been and remains the overwhelming
18 issue on the mind of community leaders, Harrisburg,
19 and the media. We must answer this question to move
20 forward. It is clear -- and it's become abundantly
21 clear to me -- that something must be done and it must
22 be significant enough to fundamentally alter the
23 future of Pittsburgh and our region. We must embrace
24 change in an historic way, a way that serves the best
25 interests of the city and our people, creates a more

TRANSCRIPT OF PROCEEDINGS

- - - -

1 efficient and effective government, and delivers a
2 higher quality of service to our residents. That is
3 why I recently, along with County Executive Onorato,
4 announced my support for that whole change to merge
5 the governments of the City of Pittsburgh and
6 Allegheny County into one.

7 I must admit that at the beginning of this
8 process, I wasn't necessarily a supporter of
9 structural consolidation. In fact, it was my original
10 inclination to oppose it, but my actions and my
11 positions have been governed by one overwhelming
12 responsibility. That responsibility to the residents
13 of this great city demanded that I remain open to
14 whatever reform made the most rewards for our people.

15 All that being said, it was not easy for me to
16 come to the conclusion that merger is needed for bold
17 reform. I debated in my own mind, as I'm sure you are
18 today, the same discussion that's been held in this
19 community for so many years. What has been weighing
20 on me heavily and what ultimately convinced me that
21 merger is the right thing to do is the knowledge that
22 we must do something to transform Pittsburgh and to
23 chart a new course. What we have been doing for
24 decades has not been working.

25 My decision is a result of a realization that

TRANSCRIPT OF PROCEEDINGS

- - - -

1 we need drastic change to keep future generations of
2 Pittsburghers here. My position is built on a belief
3 that we cannot simply work through today. We must
4 build a better tomorrow through real, fundamental
5 restructuring.

6 I believe that the residents of both the city
7 and the county deserve the opportunity to decide their
8 future. Whether you are a proponent or opponent to
9 city-county merger, I believe it's in everybody's best
10 interests that the issue come before the voters for
11 them to decide in the form of a ballot referendum. I
12 also acknowledge, as the County Executive did, that
13 there is still much work to be done and plenty that is
14 unknown. I anticipate a great deal of public
15 discussion to take place around this subject.

16 The concerns raised and the questions posed
17 can't be answered unless we bring them to the
18 taxpayers and hear the voices of the people.
19 Specifically, we must ensure that any merger plan
20 adequately protects the needs of the residents of the
21 City of Pittsburgh. We must make sure that the end
22 result leaves our city residents at least as well off
23 as they are today, with better and more efficient
24 services. We must make sure that we have equity in
25 our new government and ensure that minority groups are

TRANSCRIPT OF PROCEEDINGS

- - - -

1 not unfairly disadvantaged by change. We must take
2 care of our existing employees and ensure that they
3 are treated fairly, with respect, as the hard working
4 public servants that they are.

5 While there is much work to be done, one
6 inevitable conclusion that we must reach together as a
7 community is that we can no longer afford the status
8 quo. We must change if we are to grow again. These
9 questions and others cannot, nor will they, be
10 answered prior to the issue coming before the voters.
11 History has taught us that much. The role of the
12 legislature in this process will be to decide whether
13 or not residents deserve the opportunity to vote on
14 their own future. I respectfully submit that the
15 taxpayers have every right to make that decision.

16 As I previously stated, the legislature must
17 decide whether or not the voices of the people should
18 be heard. You all must decide. I know that some of
19 you may have concerns about the true impact that could
20 be made through this consolidation, but as quality
21 public servants, you must also realize that until the
22 issue comes before the voters, before all questions,
23 whether debt, representation, or equity are resolved,
24 you must resolve to bring this issue before the
25 voters.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 I don't ask you to take this step in a
2 cavalier fashion. Steps must be taken, but the first
3 is authorization. Steps moving forward from there
4 will include the formation of a charter drafting
5 committee. That committee must hold multiple rounds
6 of public involvement. It must tackle head-on some of
7 those touchstone issues that concern us all. There
8 must be and will be ample opportunities to discuss,
9 debate, and resolve the critical public policy issues
10 that concern residents, be they debt, representation,
11 or other issues.

12 One thing is for sure, however. Until
13 Harrisburg recognizes that it must provide the voters
14 an opportunity to decide, little will change. We will
15 be relegated to making incremental improvements,
16 improvements that the County Executive and I are
17 already making daily. That's why I respectfully urge
18 you to grant the city and the county an opportunity to
19 pass judgment, to vote on our own future. That's all
20 I ask for you today. I thank you for your attention
21 to this matter and look forward to working with you in
22 the future.

23 Thank you very much.

24 REPRESENTATIVE COSTA: Thank you very
25 much, Mayor. Executive, thank you very much.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 I guess one of the privileges of being the
2 chairman of the committee is we can ask the questions
3 first. First of all, I want to thank both of you guys
4 for at least putting the idea out there and to get
5 people talking about it and try and move the region
6 forward. I commend both of you for that. But I have
7 two quick questions. They may not be quick answers.

8 What happens to the city debt? When I read
9 the report -- the pension debt, particularly. When I
10 read the report, it kind of looks like they expect the
11 state to pick up that. Is that what the expectation
12 is, or is there another way? Are the savings from the
13 city and county together going to take care of the
14 pension debt?

15 And then the second question, if you can
16 answer them together, what happens to the other
17 municipalities? I know they are not part of this
18 compact, but what happens to them?

19 MR. ONORATO: I'll go first on the
20 broader question of the debt and the unfunded pension.
21 The Mayor, I know, is having some subcommittees
22 statewide and meetings statewide with other mayors.

23 When I testified that the municipalities and
24 the school districts are not part of this, we made it
25 very clear, too, that the suburban voters in no way

TRANSCRIPT OF PROCEEDINGS

- - - -

1 will pick up the debt of the city for the unfunded
2 pension of the city. That's why you have the urban
3 service district. Again, that came out of terms from
4 the Louisville model which was the boundary of the old
5 city, because there will be certain services and
6 certain functions of the old city that will still be
7 in place. For example, the police, the fire,
8 liabilities like debt, an unfunded pension, so they
9 will not be part of the merger. They will not be
10 spread over the larger base. They will have to be
11 dealt with in the urban services district.

12 I think the issue over it looks like the state
13 is going to pick it up from what you've been reading,
14 Representative, is coming from what the Mayor has been
15 working on, and that is what we're both discovering is
16 this unfunded pension problem, for example, and some
17 of the debt is not unique to Pittsburgh. You can be
18 in Erie, Wilkes-Barre, Allentown, Bethlehem, Tarentum.
19 It's a common issue around the state that the state
20 might have to deal with, just in general, how to deal
21 with these old urban areas that are struggling.

22 So that's sort of an issue we sort of pushed
23 off the table as it relates to the merger of the city
24 and county and it's not part of the merger.

25 MR. RAVENSTAHL: Let me just add, it's

TRANSCRIPT OF PROCEEDINGS

- - - -

1 not part of the merger, but the discussion -- and I
2 know at least those of you from Allegheny County that
3 I've had the opportunity to meet with since becoming
4 the Mayor have heard me, and I know Representative
5 Frankel, for example, is involved in the Institute of
6 Politics Committee that is looking at the pension
7 issue.

8 We have been looking at that issue, and as the
9 County Executive mentioned, it's not singular to
10 Pittsburgh. It's not singular to Allegheny County.
11 Many municipalities throughout the Commonwealth are in
12 significantly unfunded positions. Act 205, I will
13 argue, needs some changes to help cities like
14 Pittsburgh and urban areas throughout the
15 Commonwealth, and so that has been something I've
16 advocated for in many forums before I even announced
17 my support for city-county consolidation.

18 I've met with mayors from throughout the state
19 twice already to discuss our positions on this issue.
20 We will meet, in fact, again next month at the
21 Pennsylvania League of Cities and Municipalities
22 conference in Gettysburg to further our discussion on
23 the issue, and we believe that at some point, you all
24 will be faced with dealing with Act 205 and the
25 pension crisis throughout the state, and we want to

TRANSCRIPT OF PROCEEDINGS

- - - -

1 make sure, as mayors of urban areas, that we are
2 prepared, if and when that discussion takes place, to
3 state our position, and so we are attempting to do so
4 and craft that position as we speak, not necessarily
5 in conjunction with this issue, but it will be
6 something that I continue to raise as I look at the
7 future of the City of Pittsburgh.

8 MR. ONORATO: And, Representative, one
9 part of your question was what happens to the other
10 municipalities. We should point out this to the
11 committee, we did ask Dick Dunlap to sit on the
12 committee, who is the executive director of the
13 Allegheny League of Municipalities.

14 REPRESENTATIVE COSTA: He is one of the
15 testifiers here today.

16 MR. ONORATO: The reason we wanted him on
17 here is because we know this is a very sensitive issue
18 as relates to the independent municipalities and a lot
19 of them don't want to be part of this merger, and
20 that's fine and we're not asking them to do it. We're
21 looking at the two big governments, the city and the
22 county.

23 However, I think in this debate, if there are
24 municipalities -- and I would argue that there is a
25 handful of municipalities in Allegheny County that

TRANSCRIPT OF PROCEEDINGS

- - - -

1 are, in theory, financially bankrupt, if not legally
2 financially bankrupt. They are lucky if they have one
3 dump truck for public works or one police officer,
4 that if they voluntarily would want to be part of it,
5 maybe there is a mechanism. But in no way are the
6 municipalities part of this discussion, but if there
7 is one or several that would like to be, that's
8 something we can look at, but right now, this is just
9 city and county, our proposal.

10 REPRESENTATIVE COSTA: Thank you.

11 Representative Beyer?

12 REPRESENTATIVE BEYER: Thank you, Paul.

13 I guess I am wondering why the school district
14 wouldn't be a part of this. You mentioned that in
15 your opening remarks that the school district wouldn't
16 be, but if we're using any of the models that you
17 suggest, I can't imagine the school districts aren't
18 involved in the Louisville model or any of the others.
19 If you look at Philadelphia, certainly the city
20 structure has everything to do with the financing of
21 the school district. So can you comment on that at
22 all, why the school district wouldn't be?

23 MR. ONORATO: The school districts are
24 not included for several reasons, Representative.
25 First, let me talk about the political reason why they

TRANSCRIPT OF PROCEEDINGS

- - - -

1 are not included. To achieve the efficiencies of the
2 city and the county consolidation, which are the two
3 largest governments where we duplicate the
4 departments, it would be very difficult to flow the
5 school district into that mix, to even think about
6 getting a positive vote from the voters is number one.

7 From a practical point of view, I'm not so
8 sure it's the right thing to do, either. You're
9 right. There are models like Philadelphia and other
10 cities that have one big urban school district. I
11 personally don't believe that's the right answer,
12 either. We have 43. The issue is what's going to
13 make sense, and we can probably argue and have 20
14 different answers on what makes sense, but I don't
15 think one urban district is the right answer.

16 We have a lot of good, competing school
17 districts and choices within our county that I think
18 is healthy. The question for us is what about the two
19 or three that are financially struggling right now,
20 what do you do with them? And that's sort of a big
21 question mark out there right now, but it's not part
22 of this discussion.

23 So to start with, we don't start with the
24 premise that one school district is the right answer.
25 I don't believe it is. And from a political point of

TRANSCRIPT OF PROCEEDINGS

- - - -

1 view, why throw that on here that it could actually
2 stop the efficiencies of the two largest governments
3 coming together and we can achieve that and let's do
4 that now while it makes sense to do it and run the
5 region better and still have competitions with school
6 districts within that framework. So they are the
7 reasons why I don't think they are proper.

8 REPRESENTATIVE BEYER: So you told me --
9 you said in your earlier testimony that you have
10 consolidated a number of row offices already. Can you
11 give to the committee how much money you have saved
12 the taxpayers of Allegheny County? Do you have any
13 idea? Paul whispered that it's only been four months.
14 Can you talk to me about the level of projections that
15 you're expecting?

16 MR. ONORATO: Let's start with the 911
17 centers. For example, Philadelphia and other counties
18 that are over a million, almost all of them have a 911
19 center, one center. We had over 20 at one time. They
20 consolidated them eventually to five, and when I took
21 office, we had five regional centers, plus the
22 county's. And my first couple months in office, I had
23 a lot of these centers come and lobby me for more
24 money to help subsidize and keep open these regional
25 centers from the one dollar fee we get on the land

TRANSCRIPT OF PROCEEDINGS

- - - -

1 lines. That's how we fund the 911. I told them,
2 we're out of money. I can't subsidize two systems;
3 however, why don't you come into the county's 911
4 system, which is state of the art, and you won't have
5 to pay twice.

6 Let me even narrow this down to a specific
7 municipality, Wilkinsburg. Wilkinsburg is struggling
8 financially right now. Wilkinsburg was paying
9 \$150,000 to be in the Monroeville/eastern regional 911
10 center. They came into the county and they don't pay
11 a penny, because they are already paying for it. So
12 Wilkinsburg, small municipality, saves \$150,000. They
13 are virtually bankrupt. They save \$150,000 every
14 single year in their operating budget, which is a
15 large percentage, and they still get 911 service, top
16 of the line.

17 Across the 130 municipalities, that was three
18 and a half million dollars annually they are saving.
19 I don't get it at the county, but the municipalities
20 collectively are saving three and a half million every
21 single year by not duplicating the centers.

22 When we did the row office consolidation, we
23 saved a little over a million a year with the
24 consolidation of the six offices. But one thing we
25 learned from Louisville and the other consolidations,

TRANSCRIPT OF PROCEEDINGS

- - - -

1 we will never sell this to the voters on the argument
2 that we're going to save a lot of money. There will
3 be some savings, but the sale is efficiency, pro
4 growth, companies that want to be here, one stop shop.
5 How do you develop the region, how do you make it more
6 business friendly so we keep those jobs here. It's
7 all of those reasons why Louisville got this to pass.
8 It never passed in any of these areas based on X
9 amount of dollars being saved, because there are going
10 to be some hurdles when you make this merger. There
11 is going to be some growing pains when you do the
12 merger, but even with those growing pains, every area
13 that we've talked to, nobody ever says we should go
14 back to the way it was. Even with those growing
15 pains, it's just a more efficient form of government.
16 That's how we're going to sell this.

17 MR. RAVENSTAHL: Let me just briefly
18 piggyback. We recently announced an energy purchasing
19 model where the county and the city, as well as some
20 authorities and other non-profits, are purchasing
21 energy together. We believe that that will save us in
22 excess of a million dollars annually combined between
23 the two of us.

24 We in the City of Pittsburgh reached a
25 historic agreement, I guess it was last year. We now

TRANSCRIPT OF PROCEEDINGS

- - - -

1 pick up garbage for Wilkinsburg, the same municipality
2 that the County Executive mentioned. If my memory
3 serves me correctly -- don't quote me on the exact
4 specifics, but I think they were paying roughly
5 \$1.5 million annually to a private hauler to pick up
6 their garbage. We were able to provide them that same
7 service for between \$900,000 and a million dollars, so
8 it saved that municipality about a half million
9 dollars. On our end, this was our first example of
10 it. We didn't make any money on the deal. We simply
11 wanted to provide an efficient service.

12 So that's a good story, and I can tell you as
13 a result of that, we've continued to receive inquiries
14 from other municipalities about refuse, et cetera.
15 And, in fact, while we're talking about consolidation
16 here today and the bigger picture, we still on a daily
17 basis are trying to find ways to deliver services to
18 other municipalities, and on June 10th, I believe it
19 is, we are having a shared services meeting where
20 members of my administration, whether it's the refuse
21 department, water authority, IT, energy, fire, police,
22 are all going to come together and host these
23 neighboring municipalities around the City of
24 Pittsburgh and talk about future ways that we can
25 continue to share services.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 So that discussion and dialog continues on a
2 parallel track to this one. And so I think it's
3 important to note that we are not putting all our eggs
4 in this basket. While this is very important why
5 we're here, we're continuing on a daily basis to show
6 that we really believe in this stuff and we're trying
7 to merge services as well.

8 REPRESENTATIVE COSTA: Representative
9 Blackwell?

10 REPRESENTATIVE BLACKWELL: Thank you,
11 Mr. Chairman.

12 Good morning. It's good to see you again,
13 Mr. Onorato, Mayor.

14 MR. RAVENSTAHL: Good morning.

15 REPRESENTATIVE BLACKWELL: I want to
16 piggyback on what Representative Beyer said about the
17 school district, and I find it somewhat -- I won't say
18 troubling, but uneasy about the school district not
19 being a part of this, and I'll tell you why. The
20 levels of dollars that are spent per student in the
21 southeastern part where I'm from in Philadelphia, as
22 opposed to the surrounding counties, I think it's very
23 unfair. And understanding the political nature of
24 what you said of why it wasn't -- the school district
25 was not included, I find in most urban areas, the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 dollars that are spent per student are far less than
2 the dollars per student in suburban areas, so I find
3 that somewhat troubling.

4 You mentioned the transportation authority,
5 SEPTA in Philadelphia, in terms of the board being
6 consolidated now through the counties. Well,
7 respectfully, we say that in Philadelphia, most of the
8 residents are not too happy about that. We are
9 basically 80 percent of their ridership. We pay the
10 majority share of the funding into SEPTA, the
11 transportation authority, but yet the board is
12 dominated by county representatives. We do have veto
13 power that lasts for one week. So we veto this week;
14 next week, they take another vote and we lose.

15 So everything is not as rosy a picture as some
16 may have thought you would say. I'm not saying you
17 were saying that by you saying that, because that's
18 not the case. And I might just get straight to the
19 point. A lot of minorities are not happy with a lot
20 of the consolidation of things that have gone on in
21 the southeastern part of the state where I am from,
22 because as you said, the political nature of it is
23 that 75 percent of the population was in the city at
24 one time and now 75 percent is out of the City of
25 Pittsburgh.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 In talking to someone, an African American
2 woman, prior to this hearing this morning, African
3 Americans are not too happy with what's going on now.
4 And, Mr. Mayor, for you to mention that minority
5 groups have to be -- I don't remember the exact words
6 you used. They are telling you there is a problem.
7 That lets you know there is a problem that they are
8 not too happy. I may be wrong.

9 But, still, I understand duplication. I'm not
10 in favor of duplication of services. I think it's
11 just crazy, frankly. It should be consolidated where
12 it can be, but to exclude one aspect that I think is
13 very important, which is the school district, because
14 of the disparity of dollars that are spent per
15 student, I don't want to see the same thing happen
16 here that happened in the southeastern part of the
17 state, because what it means is there will always be a
18 second class, a tier system where students are
19 concerned, and I believe that every student should
20 have the right to a good quality education.

21 I don't see that happening out where I'm from,
22 and I don't see that happening here. I think in
23 Philadelphia we're improving, but I think the dollars
24 that are being spent per student should be level,
25 where they are not. I don't want to see that happen.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 I find it troubling that the school district is not --
2 understanding your answer, I still find it troubling
3 that the school district is not part of it, but that
4 tells me that is the political nature of it.

5 Usually the people that are benefiting from a
6 system that favors theirs, they would think that
7 dollars are being taken away from theirs in order to
8 satisfy another group, and that's not necessarily
9 always the case. But whenever you have someone who is
10 always at the bottom of the ladder trying to catch up,
11 there is always going to be that problem.

12 The Mayor had mentioned that minority groups
13 have to be filling their part, and that tells him
14 there is some dissatisfaction there, and I want to
15 know this is going to be talked about more. I think
16 the more you talk about it, the better it will become.
17 People are afraid about what they might learn when you
18 talk about each other when you have different
19 cultures. So I think the more you communicate, the
20 better understanding you have of one another. I think
21 that will have to be paid close attention to. I think
22 it needs to be closely watched, and I will be
23 watching.

24 Thank you, Mr. Chairman.

25 MR. RAVENSTAHL: Thank you,

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Representative. Just real quickly to respond, the
2 reference to the minority community, is, in fact, in
3 the Nordenberg report, ensuring their representation.
4 I don't know that it's necessarily a problem. My
5 reference to it is simply being very clear that that's
6 something I'm going to advocate for, and if we can't
7 have that question answered, then we're not going to
8 be successful. I think that's clear and evident.
9 That's my only reference to it was that it's something
10 that needs to be addressed. If you look at, for
11 example, Louisville like we did, it was a major issue
12 in that community, diversity and representation. So
13 I'm just simply acknowledging that that's something
14 that's going to have to be addressed in order for us
15 to even further this discussion towards a positive
16 resolution.

17 MR. ONORATO: Representative Blackwell,
18 good to see you again. I found out we have something
19 in common today, at least. My people don't like my
20 transit agency, either, out here in the west. I can
21 tell you that. I'm not sure if it matters if it's
22 consolidated or not. Maybe it's just transit
23 agencies, in general.

24 Let me just comment on the minority issue,
25 first of all. Another reason why I use the Louisville

TRANSCRIPT OF PROCEEDINGS

- - - -

1 model -- and the Mayor and I call it the Louisville
2 model -- ironically, their numbers were almost
3 identical to our numbers. Old Louisville was about
4 30 percent African American. New Louisville is about
5 15 percent. They are almost identical to our numbers.
6 The City of Pittsburgh right now is about 30 percent
7 African American and the county is 15, 16 percent
8 African American. So we'd be dealing with the same
9 percentages as it relates to the African American
10 community if we would do this merger and maybe learn
11 from what they went through and how they dealt with
12 it, because they actually did deal with the old urban
13 district and the minority issue through the new
14 legislative body that was put together, because they
15 waived certain functions toward the old urban core,
16 and that is also where minority representation was
17 made sure it was part of the whole process. I look
18 forward to that debate, as you said, to keep talking
19 and figure out what would make sense.

20 Let me just end again with the school issue.
21 I don't know about Philadelphia, but the Mayor and I
22 were talking, and we're pretty sure that the city
23 school district actually does get a significant amount
24 of money as it relates to the surrounding school
25 districts. So the urban core is getting a lot of

TRANSCRIPT OF PROCEEDINGS

- - - -

1 money, number one.

2 Number two, the other thing, because of our
3 130 municipalities, we have several municipalities
4 that are a majority minority, and some of those
5 municipalities are so fiscally distressed, yet they
6 don't get the attention from the media because they
7 are not Pittsburgh. They are just small
8 municipalities of 8,000, a municipality of 7,000. And
9 if the county doesn't intervene to help with economic
10 development or to clean up a brown field or to come
11 into an old industrial site, nothing will happen
12 because the municipality is literally broke. They
13 have no resources, no money. This will allow with
14 this merger, again, the efficiency of the larger
15 government to step in for economic development
16 purposes and to help out a lot of those smaller
17 municipalities that just -- unfortunately, it's not a
18 result of what they've done. They find themselves in
19 circumstances where there is no tax base left. So it
20 would help actually on those issues, too.

21 REPRESENTATIVE COSTA: Representative
22 Maher?

23 REPRESENTATIVE MAHER: Thank you,
24 Mr. Chairman.

25 Good to see you both again. Most of your

TRANSCRIPT OF PROCEEDINGS

- - - -

1 testimony seems to have been focused on the third
2 final recommendation of the Nordenberg committee, and
3 I wanted to go back and take a look at the first two
4 for a moment.

5 The first one is to continue, intensify
6 efforts to achieve efficiencies through cooperation,
7 and I'm applauding the fact that some steps have
8 happened, but there is a very, very long list, I would
9 imagine, of things that could be done.

10 Do you need any legislation to accomplish the
11 long list of things that can be done just by
12 cooperation of the city and the county, or can't you
13 just decide to move forward?

14 MR. RAVENSTAHL: To continue on the
15 service mergers, the answer is yes, we can absolutely
16 do that. We have and will continue to do so.

17 REPRESENTATIVE MAHER: That's what I
18 thought, and I would encourage you to recognize that
19 you need not wait for the 253 legislators and the
20 governor to wake up one morning and say the sun is
21 shining. You can certainly move forward with this
22 report, and there is a very long list of things you
23 can do without moving towards a referendum.

24 I also ask, the second goal was to establish a
25 formal cooperation compact, I think to ensure some

TRANSCRIPT OF PROCEEDINGS

- - - -

1 permanency to the good work that's undertaken for
2 streamlining. Where does the compact stand?

3 MR. ONORATO: The Mayor and I, we talked
4 about the compact the day of the announcement of this
5 report, and we're working on how detailed we want it,
6 because we want it to be as broad and as inclusive as
7 possible, which could include your first point, which
8 is the continuation of the efficiencies of
9 departments, the whole laundry list, and even the
10 question of consolidation itself, the third point, we
11 can actually have that in a compact that our ultimate
12 goal is to get to that point. So we're trying to
13 figure out what exactly the compact should look like,
14 because it was written to be as broad as we want it to
15 be.

16 Representative Maher, I agree with you on
17 number one, efficiencies. It's amazing. Five years
18 ago, I was in the middle of a hotly contested race --
19 you followed it closely and people from Allegheny
20 County -- where at that time, the big issue was
21 consolidation of row offices. And when I won, I
22 remember people saying they are just incapable of
23 getting that done, it won't happen. And here we are,
24 we went from ten to four overnight. The 911 center
25 said it was impossible. We're almost a victim of our

TRANSCRIPT OF PROCEEDINGS

- - - -

1 own efficiencies and how quickly we got it done, but I
2 would argue that the laundry list, while the Mayor and
3 I can definitely do them without any legislation from
4 any of you on the panel and we'll continue to chip
5 away at them, if you get the referendum question and
6 we can consolidate our two offices, that laundry list
7 gets done overnight because our governments are
8 together and you have one leader, one legislative
9 body, just wrapping it up and rolling it up. Again,
10 as long as the voters get to vote on this and we get
11 to push it, it does become a local issue.

12 REPRESENTATIVE MAHER: I'm not sure I
13 agree with the premise that a referendum will make
14 folks more clever about how to get things streamlined,
15 but I will observe when Louisville entered into its
16 cooperation compact, it required approval or
17 permission from the legislature. I don't think you
18 require that kind of permission, but I just want to
19 check. You can go forward on that without any steps
20 from us.

21 MR. RAVENSTAHL: Correct. We are.

22 REPRESENTATIVE MAHER: Louisville entered
23 into a cooperative compact in 1986. When did they put
24 a referendum to the voters?

25 MR. ONORATO: My understanding is it took

TRANSCRIPT OF PROCEEDINGS

- - - -

1 them ten years, and they went through at least two or
2 three votes.

3 MR. RAVENSTAHL: I think they had the
4 question on the ballot numerous times. It failed two
5 or three times, I believe, before it ultimately passed
6 a few years ago. So if '86 was the year the compact
7 was struck, I guess it would be roughly 20 years later
8 that the referendum was ultimately passed.

9 REPRESENTATIVE MAHER: I remember well
10 when we went to Home Rule in Allegheny County. I
11 wasn't in office then and you weren't in office then.
12 Dan, you were city council at that time.

13 MR. ONORATO: Yes, yes.

14 REPRESENTATIVE MAHER: And there was
15 rounding up the usual suspects. Everyone seemed to be
16 overwhelmingly in support, a million dollar campaign
17 to educate the voters, and it won by less than 500
18 votes, and that was with an awful lot of ground work
19 done, an awful lot of spade work done. I would
20 suggest that if a question proceeds to the voters with
21 less than that amount of ground work, it will fail.

22 And I think there is an awful lot of ground
23 work to be done. I'm not convinced that by a year
24 from now, you're going to be in a position to make the
25 compelling case to those outside the City of

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Pittsburgh. I'll leave it up to you if you can get it
2 done in the City of Pittsburgh, but I think outside
3 the City of Pittsburgh, you will find that there are
4 an enormous number of questions that are if this is
5 going to work so great, why don't you just do the ones
6 you can already do without setting up a structure,
7 which no matter what we want to say about here is one
8 bucket of money that will be the city service district
9 and here is another bucket of money that will be a
10 county service district, as a good CPA, I understand
11 money is like water and it's sort of like on those
12 overflow days with ALCOSAN. Once it's in the river,
13 you can't really separate one drop from another. It's
14 there.

15 And, you know, I think we've got a lot of work
16 ahead before there is a referendum, and my guess is
17 the best way to doom progress would be to get the
18 referendum too quickly. So I would strongly encourage
19 moving forward on numbers one and two with an eye
20 towards number three, because I think by the time you
21 get a true cooperation agreement, you will understand
22 better what's necessary in terms of a structure for
23 number three.

24 Thank you, Mr. Chairman.

25 REPRESENTATIVE COSTA: Representative

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Frankel?

2 REPRESENTATIVE FRANKEL: Thank you,
3 Mr. Chairman.

4 Mayor, County Executive, welcome. Thank you
5 for being here. I will say at the outset, I
6 conceptually support the idea. The devil ultimately
7 is in the details of how it plays out. There are many
8 benefits and some of them are intangible. The image
9 of our community, how we are portrayed to the rest of
10 country, the rest of the world, would be enhanced in
11 my view. The area of economic development, in
12 particular. Having sat on the board of the
13 Redevelopment Authority of the City of Pittsburgh for
14 12 years, I always recognize the fact that not having
15 the seamless organization for the economic development
16 of the county was a problem. There were times we were
17 competing against each other between the city and the
18 county, and that doesn't serve any purpose.

19 But, also, being a veteran of the effort to
20 fix the city, if you will, the legislative effort, I
21 know that there is an extraordinary amount of
22 scepticism and distrust, you know, among elected
23 leaders and people, with respect particularly to the
24 city's financial status, which is still obviously in
25 Act 47 and with an oversight board that we established

TRANSCRIPT OF PROCEEDINGS

- - - -

1 in the legislature. That effort to restructure the
2 city's taxes, to establish the oversight board for
3 many of us were a very painful process and many of the
4 issues still are unresolved.

5 To a certain extent, it seems to me that the
6 key issues in order to get a bind, particularly from
7 the county, is that there has to be some level of
8 confidence that the city is financially right sided,
9 gotten itself together, and those issues I think are
10 separate. Some of them are not, I think, ultimately
11 resolvable internally in terms of with the city's
12 management. And both of you addressed some of that,
13 particularly with respect to the city's debt and the
14 city's unfunded pension liability.

15 It almost seems to me that those things really
16 need to be on their way to being resolved and find
17 some pathway for the city -- have some confidence the
18 city is financially stable, and as you know, Mayor and
19 Executive Onorato, many of us have been working on the
20 issue of unfunded pension liability and we are coming
21 up with some recommendations. I'm not saying that it
22 couldn't be concurrent, but it seems to me that,
23 obviously, I think some of the effort with respect to
24 where we need to be focused has to be resolved in
25 terms of having some level of confidence that the city

TRANSCRIPT OF PROCEEDINGS

- - - -

1 is financially, you know, viable.

2 I have no objection to putting a referendum
3 out there. I just am concerned, quite frankly, that
4 putting a referendum out there prematurely does not
5 make a lot of sense. And I'm prepared to move forward
6 to enable it, but to say we're going to do it in a
7 year, to do it in six months or whatever without
8 having some of these other questions resolved seems to
9 me to be problematic. So, ultimately, I'll say I'm
10 supportive of this effort, but it depends where you
11 put the horse before the cart. Maybe you'd like to
12 discuss that.

13 MR. RAVENSTAHL: Just specifically on our
14 financial situation, you know, the frustrating part
15 for me as I took over the role of the office of the
16 Mayor was that these problems weren't created
17 overnight and, therefore, are not going to be able to
18 be solved overnight by myself or anybody else, for
19 that matter. So we've tried to do what we can -- I'll
20 give you one example -- to deal with our debt. As you
21 all know, it's \$800 million. That's something we
22 walked into. But as a result of the strong fiscal
23 discipline and the help of the individuals seated in
24 front of us from the legislature, some new revenue
25 streams, we've been able to build a surplus for the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 first time in quite some time.

2 So rather than just sitting on a surplus, we
3 decided to use \$60 million of that surplus to fund our
4 capital budget and not issue debt for the next five
5 years. That's a small step. A significant step, I
6 would argue, but one that will reduce our debt burden
7 over the course of our debt by \$100 million. So
8 that's a commitment my administration has made and
9 we're going to stick to it and not issue debt over the
10 next five years. It's something we voluntarily did.
11 It wasn't required by Act 47, nor was it required by
12 the oversight board, but it was something I felt we
13 needed to do to show you all and show everybody that
14 we're trying to do what we can.

15 Same with the pension issue, as I know you and
16 I have worked on. These are tough issues to tackle
17 and get your hands around, but I would welcome any
18 opportunity to have a dialog, Representative. Maybe
19 it's important for us to share with the public all of
20 the progress that the City of Pittsburgh has made,
21 because I think in many cases, people don't appreciate
22 how efficient our city government is. We had 4,000
23 employees pre-Act 47. We have 3,000 now. It's a
24 25 percent reduction in our work force. There is a
25 good story to tell. Unfortunately, I'm not sure it's

TRANSCRIPT OF PROCEEDINGS

- - - -

1 always told in the way that it should be, but I think
2 as a part of this process -- and I don't disagree
3 that's something that's going to need to be expressed,
4 and specifically for those in the suburban
5 communities, that comfort level has to be there, that
6 they understand city government.

7 So we would welcome any opportunity that you
8 would provide us to share with you whether it's our
9 pension status, where we're at with our pension
10 obligations, our debt obligations, our operating
11 budget, our capital budget. We'd be happy to open up
12 the books in our authorities, et cetera, because I
13 think a lot of times there are misnomers out there
14 that could be answered perhaps more clearly if we just
15 have good old dialog.

16 MR. ONORATO: Representative, you're
17 absolutely right that the people will want to see that
18 the city is on sound financial footing and the county
19 is on sound financial footing, and last week alone, I
20 think it's very important, as you might have read in
21 the paper, the two Wall Street rating agents, Standard
22 & Poors upgraded the country from an A to an A plus,
23 and Moody's changed us from stable outlook to positive
24 outlook. And in both of those reports, it lists a lot
25 of reasons why they are upgrading the county, but in

TRANSCRIPT OF PROCEEDINGS

- - - -

1 both reports in the story, they talk about the
2 consolidation of 911; they talk about the turnaround
3 of the Kane hospitals from a \$10 million loss to break
4 even now; they talk about the row office
5 consolidations, savings we're making. This isn't a
6 political speech given by the County Executive. These
7 are the raters from Wall Street that have upgraded us
8 for the first time in five years.

9 We did all this in an environment where we
10 froze property taxes, haven't raised them in six
11 years, the only county in Southwestern Pennsylvania
12 who hasn't raised property taxes, and the rating
13 agents are responding to this. They see that we have
14 tight fiscal controls. And in my four years as County
15 Executive, we have written down the outstanding debt
16 of the county \$58 million. We're down from where we
17 were when I took office. So we're writing down debt,
18 we're not raising property taxes, we've eliminated
19 government, we've found efficiencies, and Wall Street
20 is responding to it.

21 REPRESENTATIVE COSTA: Representative
22 Kortz?

23 REPRESENTATIVE KORTZ: Thank you,
24 Mr. Chairman.

25 Thank you, Chief Executive Onorato, Mayor

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Ravenstahl, for your testimony. I applaud your
2 efforts for moving this process forward, because I
3 personally believe there are synergies to be gleaned
4 through consolidation. It makes a lot of economic
5 sense to do that. We've done it in the steel
6 industry, so I applaud your effort.

7 The question I have is this: If we give you
8 the enabling legislation you need and the voters give
9 you the affirmative vote on a referendum to move this
10 process forward, obviously the first consolidation
11 would be the executive branch and the council. Would
12 that take a special election or would you have to wait
13 through an election cycle? What is the process for
14 that? I don't know what Louisville did. I don't know
15 if you have any thoughts.

16 MR. ONORATO: It would all depend on what
17 the wording of the referendum question is. It would
18 deal with all those issues. The Mayor and I have
19 testified several times, many times over the last
20 couple months, that the County Executive's office and
21 county council would be eliminated. The Mayor's
22 office and city council would be eliminated and there
23 would be a new office of Mayor of the new Pittsburgh
24 created and a new legislative body created, whatever
25 that number would be, how the districts look. All of

TRANSCRIPT OF PROCEEDINGS

- - - -

1 that would be spelled out well in advance of a
2 referendum question, and then the effective date of a
3 referendum would be in there and the setup for when
4 our terms would expire and when the first race of the
5 new Mayor's office would take place, all of that would
6 be spelled out leading up to the vote.

7 So when the voters go in to vote, all those
8 questions would have been answered. We don't have
9 them today because we don't have the legislation, but
10 that would all have to be dealt with before the voters
11 get a chance to vote on it.

12 REPRESENTATIVE COSTA: Gentlemen, thank
13 you very much. We appreciate your time.

14 MR. ONORATO: Thank you.

15 REPRESENTATIVE COSTA: Our next panel of
16 speakers are Helen Hanna Casey, president of Howard
17 Hanna Real Estate Services, Audrey Russo, president
18 and CEO of Pittsburgh Technology Council, and Thomas
19 VanKirk, chairman of the Pennsylvania Economy League
20 of Southwestern Pennsylvania.

21 Before we continue on, just to remind my
22 colleagues and to the testifiers, we only have this
23 room until 1 o'clock and we're already about a half
24 hour behind, so if we can expedite our speeches and
25 questions, I'd appreciate it. Just please make sure

TRANSCRIPT OF PROCEEDINGS

- - - -

1 that you introduce yourselves.

2 MR. VANKIRK: Thank you very much. I
3 appreciate the audience before you.

4 REPRESENTATIVE COSTA: Please speak into
5 the mic and identify yourself.

6 MR. VANKIRK: I appreciate the
7 opportunity. My name is Tom VanKirk. I'm here in my
8 capacity as the chairman of the Pennsylvania Economy
9 League of Southwestern Pennsylvania and also a board
10 member for the State Economy League.

11 As many of you know, the mission of the
12 Economy League since 1936 has been to improve the
13 effectiveness and efficiency of the government across
14 the Commonwealth. That mission has been in place and
15 we have made many efforts to try to improve the
16 efficiencies of government, but one thing we have
17 found in those 70-some years is that changing the
18 status quo is not easy. One of the easiest things to
19 do, as Representative Maher suggested, just let's wait
20 and see. Let's do nothing. And the status quo is
21 just very difficult to change and it does take vision,
22 leadership, and community support, and in this case,
23 the support of the legislature.

24 On behalf of the League, I would like to
25 commend the leadership and Chancellor Nordenberg, a

TRANSCRIPT OF PROCEEDINGS

- - - -

1 very committed group of people of the Citizens
2 Advisory members to study this complex issue and make
3 their recommendations, which I do think show a very
4 real vision for how this could take place, including
5 addressing the many issues that Representative Maher
6 did address, which is to, in fact, encourage
7 consolidation of different government functions, which
8 is a very important element of that report and a key
9 element of that report. I would also like to very
10 much commend the leadership shown by County Executive
11 Onorato and Mayor Ravenstahl in appointing the
12 Advisory Committee, number one, to examine the issues,
13 but, also, their response to that, which was to set
14 forth, as you just heard, the bold and ambitious idea
15 of the question of consolidating the two governments
16 before the voters.

17 I would also like to thank this committee,
18 because without this committee meeting and looking at
19 it, we can't start the examination that was very much
20 contemplated by the Chancellor in making his report so
21 that we could frame the issues and get a very real
22 public debate going on what does make sense for this
23 area.

24 As many of you know, the League has done a lot
25 of research about government function and structure at

TRANSCRIPT OF PROCEEDINGS

- - - -

1 all levels. Most recently, we've looked at all city
2 and county consolidations in other places since the
3 end of World War II, and I believe we have submitted a
4 report to this committee which is "A Comparative
5 Analysis of City/County Consolidations," which was
6 done by us in 2007, and it really does provide a
7 comprehensive look at how other regions have
8 consolidated their city and county governments in the
9 last 60 years. This was also available to the
10 Citizens Advisory Committee, and I think it will be an
11 excellent resource for all of you.

12 One of the key findings in this that we found
13 to be very important is that there is no one size fits
14 all. We can't look at any one area and say, this is
15 what will work here. Every place it has been
16 successful, this bold and ambitious step was done in a
17 way to meet the needs and expectations of its own
18 communities, including the school districts and all of
19 the citizens of the area, and no one way is the way to
20 do it.

21 We do believe that we have the opportunity
22 before us now to create a city-county government that
23 meets the needs of the residents and taxpayers of this
24 area into the 21st century. Communities that have
25 consolidated their governments have grappled with many

TRANSCRIPT OF PROCEEDINGS

- - - -

1 of the same issues we face, how to grow jobs and
2 population. They've come up with ways to consolidate
3 the city and county governments, save tax dollars,
4 provide for effective and efficient services, and
5 represent all their citizens, and they have done so by
6 taking the step we're talking about today, which is
7 letting the voters decide about their local government
8 and how they want to be governed at the local level.

9 One of the communities, as you've heard
10 several times, that has consolidated most recently is
11 Louisville. It did so in the year 2000, consolidating
12 the City of Louisville and Jefferson County and
13 leaving the remaining 83 cities, 21 fire districts and
14 school districts in place. While every place is
15 different, the consolidation in Louisville did focus
16 on unifying its leadership with one vision and one
17 agenda to raise the profile of Louisville, both in
18 Kentucky and on a more national scope, and also to
19 improve broader economy and promote economic growth.

20 Louisville shares some of the challenges that
21 we are seeking to grow and prosper in the 21st
22 century as we are in Pittsburgh and Allegheny County
23 and it does provide a very good vehicle, because last
24 year, the Economy League was pleased to arrange a trip
25 for County Executive Onorato, Mayor Ravenstahl, the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 members of the Citizens Advisory Committee to visit
2 Louisville and to meet with various officials there to
3 see what their real experience was. I would say that
4 as part of that they met Joe Regan, being head of the
5 Greater Louisville, Inc. He is not able to be here
6 today, but he has asked me if the committee will
7 permit me to read certain remarks that he had
8 regarding the Louisville experience.

9 Dear Representative Petrone and Distinguished
10 Urban Affairs Committee Members: On behalf of Greater
11 Louisville, Inc. and the Metro Chamber of Commerce,
12 please accept our congratulations on the thoughtful,
13 transparent approach you have taken to study this
14 proposal to draft a charter to consolidate Pittsburgh
15 and Allegheny County. In the spirit of that
16 discovery, we share our experience of merger as it
17 relates to business and economic development.

18 On January 6, 2003, Louisville, Kentucky,
19 officially became America's sixteenth largest city as
20 a result of a much anticipated merger of local city
21 and county governments. Overnight, the city limits
22 expanded from 61 square miles to 386 square miles and
23 the population skyrocketed from about 260 to nearly
24 700,000.

25 The merger resulted in a number of impressive

TRANSCRIPT OF PROCEEDINGS

- - - -

1 and proven efficiencies in Metro Louisville's
2 government, administration, processes, and services,
3 such as consolidated government. Officials cut about
4 700 positions, about 150 of which were occupied at the
5 time of merger but remain balanced without raising
6 taxes or cutting basic services. There is now a one
7 stop shop to develop through the merged offices for
8 planning, design inspection, and licensing, which
9 previously had been divided among several locations.
10 These unified services under a single leader have
11 enhanced the community's competitiveness in a race for
12 new economic development.

13 Louisville's police department merged with
14 Jefferson County Police. The police merger eliminated
15 some bureaucracy, resulting in an additional 100
16 officers on the street today than there were five
17 years before the merger took place. The City Hall,
18 which allowed citizens to phone or e-mail queries or
19 complaints about city services, was expanded to a 24/7
20 service called Metro Call available through a single
21 phone number. Paramedic services were merged, adding
22 another 50 emergency medical professionals plus
23 ambulances without tax increase. The park system is
24 expanding, downtown is growing, and an approximately
25 450 million riverfront arena have all moved forward

TRANSCRIPT OF PROCEEDINGS

- - - -

1 dramatically since the merger.

2 Jefferson County is better prepared today for
3 a major disaster than previously, as Metro government
4 has centralized emergency dispatch, allowing
5 responders to communicate with each other. The
6 sheriff and city police are now on the same radio
7 frequency.

8 The merger has not only elevated the
9 perception of Louisville and changed the way others
10 look at us, but also the way we look at ourselves. We
11 are even benefiting tremendously from a renewed sense
12 of purpose and excitement about the unlimited
13 possibilities ahead for our communities, such as:
14 Since the merger, the city's bond rating has climbed
15 to AA plus from Fitch Ratings, second best among
16 cities. Metro government's bond ratings are now
17 higher than the two previous standalone governments
18 ever had. Louisville is now perceived as a top tier
19 city, putting it on a list of more site selection
20 consultants. Over 40 other communities, including
21 Pittsburgh, have visited Louisville since the merger
22 to study the processes we used and the positive
23 results. The community speaks with a stronger and
24 single voice in the legislative halls in Frankfort and
25 Washington, and regional cooperation is increasing

TRANSCRIPT OF PROCEEDINGS

- - - -

1 with surrounding Kentucky counties, as well as
2 neighbors across the river in southern Indiana.

3 As you can see, merging city and county
4 governments positions Louisville to be more efficient,
5 more accessible, more economically competitive, and
6 ultimately far more successful. These factors were
7 essential to the staff and members of Greater
8 Louisville in our leadership role supporting merger.
9 As a result, the merger will benefit the prosperity of
10 our community's citizens for years to come. We
11 commend these results for your review as you consider
12 the future of Pittsburgh and Allegheny County.

13 And he did repeat that he is happy to provide
14 any additional information and to appear before the
15 committee, if he can, but I was happy to read that
16 into the record.

17 And with that, I'll turn it over to Audrey.

18 MS. RUSSO: Good morning, or, really,
19 good afternoon, almost. Mr. Chairman and members of
20 the committee, as we mentioned, I'm Audrey Russo. I'm
21 president and CEO of the Pittsburgh Technology
22 Council, a regional trade association representing
23 more than 1400 member companies from the 13 county
24 region of Southwestern Pennsylvania. Also, we are the
25 largest trade association for technology companies in

TRANSCRIPT OF PROCEEDINGS

- - - -

1 the U.S. In addition to that role, I'm also a proud
2 resident of both the County of Allegheny and the City
3 of Pittsburgh.

4 Since our creation in 1983, the Pittsburgh
5 Technology Council has grown to become the largest
6 regional technology trade association representing
7 innovative firms in the fields of advanced
8 manufacturing, life sciences, and information
9 technology. Our firms range in size from Fortune 500
10 companies to sole proprietors who are still working to
11 commercialize these inventions.

12 If I were to identify one common
13 characteristic that is shared across the majority of
14 our membership, I would describe our firms as
15 passionate ambassadors for innovation and problem
16 solving. Truly, the products and technologies that
17 are being developed in this region are solving some of
18 the world's most daunting challenges.

19 It is with this spirit of innovation in mind
20 that I come before you today to applaud the leadership
21 of this committee, as well as County Executive Dan
22 Onorato and Mayor Luke Ravenstahl, for exploring
23 opportunities to solve some of the most significant
24 challenges facing our joint constituencies. As
25 elected officials, you know all too well about these

TRANSCRIPT OF PROCEEDINGS

- - - -

1 challenges. You know that our region must improve the
2 way in which we compete internationally for families
3 to sustain jobs. You know that we must recommit
4 ourselves to providing world class services to our
5 residents, and you know that our existing tax base is
6 already overextended and, quite frankly, overtaxed.

7 As we look to address these challenges, you
8 must examine every possible solution. Today, we are
9 here to discuss the passage of enabling legislation
10 that would create a charter committee to develop a new
11 form of self-governance that will help us to better
12 address the challenges facing our community.

13 Though I stand before you today to support the
14 passage of this enabling legislation, ultimately, I
15 will reserve my final judgment on any new formed
16 government based upon how I believe it will position
17 this region to do the following: Offer world class
18 services to its residents and businesses; how it
19 positions us to compete internationally for family
20 sustaining jobs; and whether or not it can result in a
21 more competitive and fair tax climate. The success of
22 any entrepreneur is based largely on his or her
23 ability to create market-disrupting solutions that can
24 cost effectively solve real and immediate problems
25 facing various marketplaces and industries.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Just as entrepreneurs rely on the value-added
2 characteristics of their products to help win market
3 adoption, so, too, must the proposed charter committee
4 recognize the need to produce a proposed form of
5 governance that accomplished more than merely merging
6 two governments, but instead creates the ability of
7 our citizens, through a new form of self-governance,
8 to address the very real world challenges that are
9 impacting their quality of life. Said differently, if
10 it were to win passage, this new form of government
11 will need to address the collective and sometimes
12 selfish needs of the voters.

13 So as we look to develop the charge for this
14 charter committee, I hope that we will not lose sight
15 of our goals to improve the quality of services to
16 create a fair and competitive tax climate and to
17 enhance our ability to attract and retain family
18 sustaining jobs in this region. This is how the
19 Pittsburgh Technology Council will evaluate the
20 proposal, and I suspect that we should expect nothing
21 less from our voters.

22 So my message this morning, short and simple:
23 Give us the ability to be innovative with our form of
24 governance, but please don't lose focus on the real
25 end. The end is not merged government, but more

TRANSCRIPT OF PROCEEDINGS

- - - -

1 effective governance.

2 Finally, as we move forward with this
3 important step, I hope we will not lose sight of the
4 significant actions that already can be taking place
5 now to help advance the aforementioned goals. Efforts
6 to consolidate and enhance services, reduce costs, and
7 develop coordinated economic development strategies
8 must not be ignored or placed on the back burner
9 during this process. If that occurs, we will have
10 done significant disservice to our community.

11 Thank you again for allowing me to share my
12 thoughts, and I applaud your work in this area. I
13 look forward to future conversations and being part of
14 this discussion.

15 MS. CASEY: Thank you. Good morning. My
16 name is Helen Hanna Casey, and I'm the president of
17 Howard Hanna Real Estate Services.

18 Many people don't realize we operate in four
19 states, have 3600 sales associates, and we're in 22
20 counties, including Allegheny County, and in
21 Pittsburgh itself, we have five locations, 25 total in
22 Allegheny County. But what surprises most people is
23 that we're the third largest real estate company in
24 the United States, privately owned, and the fifth
25 largest full service company in all aspects. That

TRANSCRIPT OF PROCEEDINGS

- - - -

1 surprises people, because when you say that our base
2 of operations is Pittsburgh, Pennsylvania, this city,
3 this region, people are amazed to believe that we can
4 do that in an area which is not a growth area.

5 Last year, we hosted 100 top real estate
6 companies from across the country. They were amazed
7 at the beauty of our region. They were overwhelmed
8 with the speakers who came from Pitt and CMU and our
9 local governments, including the Governor. The
10 knowledge, the growth that we have within this region
11 is overwhelming, but we don't have job growth and we
12 don't have population growth, and that's really what
13 we're here to talk about.

14 As a real estate professional, I get a little
15 better view than most people as to what is missing
16 here and what we need in other locations. That
17 lagging job growth, population growth, we're behind
18 nationally. Although we've slowed in population
19 growth, we are continuing to lose. The advantages of
20 living and working and investing here are great, but
21 how do we let the world know that as our population
22 diminishes? It's clear we must take bold, decisive
23 action to grow those jobs and the population of our
24 region. I commend the House Urban Affairs Committee
25 and all the members of the General Assembly here today

TRANSCRIPT OF PROCEEDINGS

- - - -

1 for their interest in considering the possible
2 consolidation of city and county government.

3 As we've just heard, County Executive Onorato
4 and Mayor Ravenstahl are supportive of creating a new,
5 combined government that would be more effective and
6 efficient, save tax dollars, and most of all, have a
7 unified vision and leadership. From my perspective,
8 consolidating our government is an important step to
9 putting Pittsburgh and Allegheny County back on the
10 radar as the place to do business, get a job, invest,
11 and live.

12 Combining, we can rebuild the infrastructure
13 and work together to create a climate to allow
14 businesses to move here and businesses that are here
15 to expand and grow all within this region. We've
16 already passed row office reform and Home Rule, but in
17 each of these cases, voters, through a ballot
18 question, decided to modernize their government. Now
19 we have the opportunity to put that question to
20 whether we consolidate city and government to the
21 voters again, enabling the legislature that would
22 write and pass in the full house. We're facing a
23 crucial decision about how we will grow and govern
24 ourselves. Once again, it is time to let the voters
25 decide.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Thank you.

2 REPRESENTATIVE COSTA: Thank you all very
3 much.

4 Chairman Petrone?

5 REPRESENTATIVE PETRONE: Thank you very
6 much for your testimony. It was extremely
7 interesting.

8 My question is to Mr. VanKirk. Do you know,
9 sir, of any other areas of the country and other
10 states that are considering what we're talking about
11 today? Are there others in the process of trying to
12 do what we're trying to do?

13 MR. VANKIRK: The City of Charlotte,
14 which we also made a benchmarking trip to, has
15 proceeded along the route of more of the functional
16 cooperation and consolidation, so they continue to
17 study the overall issue. Louisville, I think we
18 mentioned, is complete, and I do not know of any other
19 active areas in the country right now.

20 REPRESENTATIVE COSTA: Representative
21 Beyer?

22 REPRESENTATIVE BEYER: Thanks, Paul.

23 Ms. Casey, I hope you don't mind if I call you
24 Helen. That's actually one of my sister's names. I'm
25 so impressed with the fact that you're leading such an

TRANSCRIPT OF PROCEEDINGS

- - - -

1 incredible real estate company. I'm very proud of the
2 fact that it's a woman leading it.

3 MS. CASEY: Thank you.

4 REPRESENTATIVE BEYER: And having been a
5 native of this area, I'm very familiar with your
6 company as well.

7 Do you think -- maybe this is just a stretch,
8 but do you think that the consolidation could
9 potentially affect -- how could it affect the real
10 estate market, in general? I'm just curious about
11 whether or not you've seen -- seeing the Louisville
12 model, if we take a look at that, whether or not the
13 real estate values and the market itself in that city
14 when they started consolidating and having more
15 efficient government, what kind of impact that had on
16 the real estate arena, in general. Do you know if
17 there has been any?

18 MS. CASEY: Louisville, like Western
19 Pennsylvania, has not been as affected by the housing
20 downturn as many parts of the country. So it's really
21 hard to evaluate competitive markets right now, but I
22 will say that they have stimulated job growth, and
23 from the perspective of where we come from, looking at
24 how we can increase the values of our house --
25 everybody has to brag how you get so much house here

TRANSCRIPT OF PROCEEDINGS

- - - -

1 for your money, and you do -- we'd like to raise those
2 prices. There is only one way to do that, to create
3 jobs.

4 So when we look at this, we look at the
5 stimulus being business growth. In market areas where
6 you have a continued business growth and where you
7 have had more job opportunities, your housing prices
8 rise. So we can take that all over the place and show
9 what is the magnet that draws business, that creates
10 jobs. This is an interesting market, also. I think
11 people are surprised that we have people who want to
12 move here that cannot move here. They cannot move
13 here because we don't have enough jobs. Even
14 companies that we work with that are interviewing to
15 bring people into new job creation, they may have
16 three, five people that want the job, because it's a
17 great place to live and raise a family, unlike other
18 markets today, not just because of housing prices, but
19 many reasons, and there aren't enough jobs to meet
20 that need. So that will drive prices, unquestionably.

21 If you look at the Cleveland market, as an
22 example, which is a bigger market than we are, the
23 city has 125, 140,000 more people in the City of
24 Cleveland. The SMSA is a million plus more than
25 Pittsburgh and the prices average about 18 percent

TRANSCRIPT OF PROCEEDINGS

- - - -

1 more than here.

2 REPRESENTATIVE BEYER: So through the
3 consolidation here, we know, then, the tax structure
4 changes, and we hear consistently, I think all of us
5 as legislators, from businesses throughout the
6 Commonwealth and throughout the country and even
7 businesses from overseas that want to relocate here in
8 Pennsylvania that our business tax structure is not
9 competitive enough and then we here about the property
10 tax situation. Certainly from businesses less, but
11 from people who want to move hear, say, from towns
12 like Louisville.

13 So do you have any thoughts or comments on
14 that? I would imagine that your industry would be
15 heavily involved in trying to take, I would imagine, a
16 hard look at how the tax structure works here in
17 Allegheny County and the city.

18 MS. CASEY: Well, the property taxes I'd
19 be happy to discuss for the next five or six hours, if
20 you'd like to, but, actually, we've done a lot of
21 comparisons. We've sent a lot of things to many of
22 you legislators on the transfer tax issues and
23 property tax issues. Property tax issues are just in
24 the way we pay taxes in the state of Pennsylvania.
25 It's not that people pay more tax in Pennsylvania.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 They just pay more property tax, and Allegheny County
2 is more of that than other places, so I think that's
3 important to understand. It's just very hard to do
4 analysis for somebody moving here from Louisville to
5 show them that at the end of the year, they are not
6 going to pay much more taxes, but they are going to
7 pay it in one lump sum for their property, rather than
8 spread out over sales tax, et cetera.

9 So that's one issue, and, of course, the state
10 taxation problem is a whole other issue for bringing
11 businesses here. But I do think that there are people
12 who want to move here, because when you balance, in
13 the end, it's the total cost of owning a home. It's
14 the total cost of doing business. Can businesses move
15 here and expand here? Absolutely. Because when you
16 look at that total cost, your mortgage payment will
17 still be less than it will be in, say, Cleveland. In
18 the end, your property taxes may be higher.

19 So that a company that is looking to move
20 here -- and we're dealing with three companies right
21 now moving here with about 50 people or more, plus the
22 big group for Westinghouse. When you look at that,
23 they are analyzing the whole structure, not just one
24 thing, if that's a help to you.

25 REPRESENTATIVE BEYER: Yes. Thank you.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 REPRESENTATIVE COSTA: You mentioned
2 realty transfer tax. When there was a rumor last year
3 that that was going to be part of the budget, we never
4 got bombarded by more realtors. And I see Jennifer is
5 in the audience, and to her credit, I want to thank
6 her, because when I called her and told her that that
7 was off the table, the e-mails stopped. So, again,
8 thank you.

9 MS. CASEY: Only St. Louis and
10 Philadelphia and Pittsburgh have a four percent
11 transfer tax of anyplace we can find.

12 REPRESENTATIVE COSTA: You said
13 Pittsburgh?

14 MS. CASEY: Pittsburgh, Philadelphia, and
15 St. Louis.

16 REPRESENTATIVE MAHER: Is that your way
17 of saying we're number one?

18 MS. CASEY: We're number one in that,
19 also.

20 REPRESENTATIVE MAHER: It's good to lead.
21 Tom, I'm disappointed. I confused you,
22 apparently. You thought what I was advocating was to
23 do nothing. Is that what you thought I said?

24 MR. VANKIRK: I thought that what you
25 were saying was it was really two- or threefold, one

TRANSCRIPT OF PROCEEDINGS

- - - -

1 of which was that we ought to try to show that we can
2 do the various cooperations and consolidations that
3 are possible without enacting an enabling statute and
4 moving fully forward at this time with the
5 consolidation of the city and the county. And my
6 point -- so I think that that was one thing that you
7 were saying that we ought to do that.

8 And then otherwise, that it also is going to
9 take a lot of public education in order to make sure
10 that the voters would get behind this and, otherwise,
11 there is a risk of failure.

12 My point is that I think it is very dangerous,
13 frankly, to drag our feet too long, because it is not
14 often that an opportunity comes together such as that
15 which is here now. I think it is very important to
16 have the leadership of the county and the city. And I
17 think what has doomed discussions in the past, I think
18 what has doomed consolidation efforts in the past has
19 been a failure of agreement between county officials
20 and city officials. What we have right here now is a
21 situation where they appointed a committee, the
22 committee reported back with definitive
23 recommendations. The two of them are totally behind
24 it and, therefore, are willing to provide the
25 leadership necessary to try to effect the full

TRANSCRIPT OF PROCEEDINGS

- - - -

1 city-county consolidation, and what I would like to
2 suggest is it is worth having the enabling legislation
3 passed so that the voters can then decide it.

4 REPRESENTATIVE MAHER: Thanks. I think
5 you still sort of missed my point, but we can talk
6 later.

7 Let me ask you this practical question, Helen:
8 When you're in the business of selling homes and you
9 roll up to some home and somebody sees weeds and
10 peeling paint and junk in the driveway, I think your
11 realtors probably recommend that the homeowner get rid
12 of the junk, pull the weeds, and if they can dab on a
13 bit of paint that they'd be far better off in terms of
14 eliminating issues that prevent a sale from going
15 forward. Is that common sense?

16 MS. CASEY: Yes. It's a good analogy, I
17 guess, but, yes, of course, a house in better
18 condition always sells more quickly.

19 REPRESENTATIVE MAHER: The fewer obvious
20 issues there are, the more likely you are to find a
21 buyer. Is that fair?

22 MS. CASEY: All depending on price.

23 REPRESENTATIVE MAHER: I guess what I'm
24 trying to suggest is if there is to be any success in
25 the referendum, the obvious issues have got to be

TRANSCRIPT OF PROCEEDINGS

- - - -

1 resolved. The people of Western Pennsylvania have
2 demonstrated time and again that they are not too keen
3 on anything they perceive as a pig in a poke, and we
4 need to get rid of the obvious issues, or we'll find
5 in the Home Rule charter could there have been any
6 more of a coalescing of support than we saw there, and
7 yet it was less than 500 votes that separated progress
8 from regress. And I am recognizing it's a tall order.

9 I'd also suggest in terms of the -- I like
10 your theory about the market-disrupting solutions, and
11 having built a business that was based upon a
12 market-disrupting solution -- and I might add the only
13 nice thing my name has been associated with in the
14 Post-Gazette is when they named the firm the best
15 place to work in Western Pennsylvania last year. My
16 successors kid me that that's because I'm now retired
17 is what made it the best place.

18 In any case, I would suggest that when you're
19 pursuing market-disrupting solutions, as you suggest,
20 that you don't want to get hung up in the trivial
21 details. You've got to get the housekeeping in order,
22 and if you can't do the basic housekeeping, you won't
23 ever be able to accomplish the market-disrupting
24 solution. Is that fair?

25 MS. RUSSO: That's fair.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 REPRESENTATIVE MAHER: That's sort of
2 what I'm suggesting, too. I recognize, as do you,
3 Tom, it's unusual that we should have the County
4 Executive and the Mayor apparently on the same page.
5 I remember the brief moment in time when there was a
6 joint city-county economic development organization
7 and the growing pains to create it and whatever pains
8 to cast it asunder, and I recognize that these things
9 can be transient, which is one of the reasons I'm very
10 interested in a compact to create an enduring
11 obligation and take care of a lot of the low hanging
12 fruit.

13 Let's deal with these things. Move, move,
14 move, move. And as we get rid of all these obvious
15 concerns and issues, then we can have the
16 market-disrupting solution in a fashion that I believe
17 the voters can embrace. If we don't do those things,
18 I think getting the voters to embrace it will be well
19 nigh impossible.

20 I guess I'm actually testifying now,
21 Mr. Chairman. I'm sorry. Thank you for your
22 indulgence.

23 REPRESENTATIVE COSTA: Thank you, John.

24 We have been joined by Representative Nick
25 Kotik from Allegheny County.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Next is Representative Cox.

2 REPRESENTATIVE COX: I guess my question
3 is for Mr. VanKirk. You mentioned and I glanced
4 through the report that was provided to us here, and
5 toward the back, it discusses the Pennsylvania
6 Municipal Consolidation or Merger Act, and it talks
7 about Philadelphia and Pittsburgh being excepted, if
8 you will, from that. There was no authority given to
9 cities of the first or second class for those types of
10 mergers that we're seeing in other parts of the state.

11 So my first question -- and I'll try to keep
12 them short, but I have -- mine are on the logistics of
13 things. Are you familiar with why in 1994
14 Philadelphia and Pittsburgh, cities of the first and
15 second class, why they were carved out saying, no, we
16 don't want you to do that in the same way that we're
17 allowing boroughs and municipalities, et cetera, to
18 merge?

19 MR. VANKIRK: No, I'm not familiar with
20 that.

21 REPRESENTATIVE COX: I'm sure we've got
22 some historical experience on this committee I can
23 probably draw from for that answer, then.

24 My second thing is the types of approval. I
25 know when the municipalities and boroughs that I've

TRANSCRIPT OF PROCEEDINGS

- - - -

1 seen do it, even in my own district, there is that
2 dual approval process. One can say yes; the other can
3 say no, and the whole deal is off. What do you see as
4 advantages or disadvantages for the crafting of this
5 legislation as far as the authority that we, as a
6 legislature, give? What is the most effective and
7 most efficient way to go? I like the dual approval
8 process myself, because it gives that veto to the
9 parties that may be negatively affected. So comment
10 on that, if you would.

11 MR. VANKIRK: I think that the most
12 effective and probably the easiest to be understood is
13 the one vote, but I think as a practical matter that
14 at least -- I can understand how the leader of any one
15 of the groups, whether it be the county or the city,
16 would want to feel and to have their constituents know
17 that they, in fact, were voting on it on their own.
18 So I think that the practicalities may hold over
19 efficiencies as far as what is done. And, clearly, I
20 think it has to be shaped by enabling legislation that
21 you all will be looking at, and I think you have to be
22 governed, in part, by how strongly the two local
23 leaders feel about the particular issue.

24 REPRESENTATIVE COX: Do you feel one way
25 is better than the other?

TRANSCRIPT OF PROCEEDINGS

- - - -

1 MR. VANKIRK: Myself, if I were doing it
2 and I wanted to better ensure the passage, I would
3 want to have one vote, as opposed to try to segregate
4 it into two votes, because I think that that would
5 better enable it to be passed if it was one
6 consolidated vote of all those to be affected.

7 REPRESENTATIVE COX: Doesn't that take
8 out some of the voice, though, as far as -- if you're
9 having two affected bodies -- and, arguably, that's
10 what we're looking at here -- do we not muffle or
11 silence the voice of one of those parties with a
12 single vote?

13 MR. VANKIRK: That is exactly the flip
14 side of it. If you wanted to best increase the chance
15 of a successful vote, you would do it with a single
16 vote, but if you want to address the concerns as far
17 as everybody being heard and having the right to vote
18 as their own local government entity right now,
19 clearly you go with the dual vote.

20 REPRESENTATIVE COX: My comment on that
21 is echoing what I said earlier. To me, I represent
22 people of a district, and as a representative, I know
23 a lot of these ladies and gentlemen are the same way.
24 They want to make sure the voices of their
25 constituents are heard. I don't know that I could

TRANSCRIPT OF PROCEEDINGS

- - - -

1 support something that ensures passage but yet
2 potentially silences a portion of my constituency, and
3 so that would be my greatest concern in the single
4 threshold, rather than allowing equal voicing of
5 opinion or opposition, as the case may be.

6 MR. VANKIRK: That's why I think that
7 although I am a proponent of it and very much believe
8 it is for the good of Allegheny County and Greater
9 Pittsburgh, I think that those of us who are
10 proponents and not elected representatives have to
11 defer to the views of Dan Onorato, Luke Ravenstahl,
12 and, in fact, this entire committee and the
13 legislators who are going to be enacting the enabling
14 statute as to what gives the greatest voice to the
15 voters, as opposed to just ensuring passage.

16 REPRESENTATIVE COSTA: Representative
17 Frankel?

18 REPRESENTATIVE FRANKEL: Thank you. Good
19 morning. One of the differences -- I mean,
20 Representative Maher really has, I think, expressed, I
21 think, what many of us who anticipate a very difficult
22 process, even to just get through the enabling
23 legislation. I've talked with Mayor Ravenstahl and
24 Executive Onorato. There is, I know, even among my
25 colleagues, a residue of some hard feelings that

TRANSCRIPT OF PROCEEDINGS

- - - -

1 survive from the city's efforts to restructure its
2 taxes and the oversight board. And it's a challenge.

3 Even if you take a look at what took place in
4 Louisville, three times it was on the ballot. It
5 passed by a very slight majority last time. And in
6 that situation, you had a city of Louisville that was,
7 as I understand it, financially sound. So you didn't
8 have that issue to really deal with that. I think
9 they were even sounder than the county. And I come
10 back to the issue ultimately -- because I do think
11 this is important. I do think it needs to move
12 forward and there are benefits to be had, but not to
13 be dealing with the other issues to give everybody a
14 sense that our city is financially sound, that there
15 is financial soundness to this thing, because I think
16 we all admit that, ultimately, while there are
17 financial benefits in terms of savings, that is not
18 really the major reason to support this, that that is
19 not going to solve the financial problems of the
20 combined entities, ultimately, or the city.

21 So, I mean, the way that you envision this
22 playing out, I think from what I've heard, did you
23 believe there ought to be in any enabling legislation
24 a time certain to put this on the ballot and, if so,
25 when would that be from your perspective?

TRANSCRIPT OF PROCEEDINGS

- - - -

1 MR. VANKIRK: Because so much of the --
2 Representative Frankel, because so much of the
3 questions and the very difficult questions that have
4 to be addressed, such as representation, such as
5 making sure that in a combined government that there
6 is diverse representation, because of the protection
7 that I think that the municipalities, the county is
8 going to want from incurring too much of the city debt
9 and having an urban taxing history set up, because so
10 much of that has to really be hammered out at the
11 charter level where people are sitting down and really
12 discussing the full details, the devil is always going
13 to be in the details of this.

14 So I can't say that it ought to have a time
15 certain by which it ought to definitely be on it.
16 What I would like to suggest is that enabling
17 legislation be passed so that as quickly as possible,
18 the charter group can be sitting down and seeing how
19 rapidly they can hammer out those issues, how they can
20 take into consideration the various issues raised by
21 Representative Maher as to how is other kind of
22 cooperations taking place, how much of an educational
23 process do you need to have under way, and do it at
24 the earliest practical time. I think that's what the
25 report says.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 I don't think it's possible to have any kind
2 of a referendum on this issue any time before November
3 of 2009. I think just by the time any enabling
4 legislation would be passed, a charter put together,
5 the three, four months that it's going to be
6 necessary, at least, to study the issues, I think that
7 it would be foolish to even think that it could be
8 before November of 2009.

9 Thereafter, greater minds than I have to
10 address the question of whether or not it should take
11 place in a statewide election year where governors are
12 going to be elected or whether or not it be put off
13 until 2009, but I'd like to see the legislation
14 established that would enable it, if the charter
15 commission can reach its conclusions to have it by
16 November of 2009. But if it doesn't finish and isn't
17 able to do that -- let's remember, the Nordenberg
18 report took about eight months longer than any of us
19 thought it was going to -- in order to address it,
20 that it not doom the efforts and that it be up to the
21 charter committee or they be authorized in the
22 enabling legislation to set a date after that November
23 of 2009.

24 REPRESENTATIVE FRANKEL: Thank you, Tom.

25 Audrey, one quick question that you addressed

TRANSCRIPT OF PROCEEDINGS

- - - -

1 in your remarks today, and that is that consolidation
2 would provide an opportunity to create a fair tax
3 system.

4 MS. RUSSO: I would hope that.

5 REPRESENTATIVE FRANKEL: Excuse me?

6 MS. RUSSO: I would hope that.

7 REPRESENTATIVE FRANKEL: Just out of
8 curiosity, what would be the elements, from your point
9 of view, of a fair tax system of a combined entity?

10 MS. RUSSO: What would be the outcome?

11 REPRESENTATIVE FRANKEL: What kinds of
12 things would that include? What would your vision be
13 for a fair tax system in the county?

14 MS. RUSSO: Well, I think, first of all,
15 is that right now, as in my world, what I work on is
16 attracting and retaining businesses across this
17 region, and what that means is that I have to make
18 sure that capital stock and franchise tax, the things
19 that are really representative that create the
20 imperative, the R and D initiatives, and the actual
21 capability for the single sales tax, all those things.

22 REPRESENTATIVE FRANKEL: Those are state
23 issues.

24 MS. RUSSO: Locally, what really impacts
25 businesses locally is the amount of burden of the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 city, from working in the city, and the fact of
2 dealing with all the municipalities. It was actually
3 the logistics and the impediment of those logistics
4 where new companies, when they come in, trying to
5 navigate across those waters. Because they can go
6 into other regions where there really is a single
7 shop, where they are able to navigate across that.
8 And that has really become more of the prohibitors.
9 The issues that reign this region are a lot of the
10 statewide tax structure here.

11 REPRESENTATIVE FRANKEL: I understand
12 that, and I also agree with you about having a
13 seamless economic growth approach.

14 MS. RUSSO: That was my point earlier in
15 my words when I said let's take advantage of what we
16 can do now simultaneously, because there probably is
17 some low hanging fruit that can occur with or without
18 what we're here talking about in terms of the passage.

19 And as to representing the business community
20 here, that's what they struggle with day-in and
21 day-out, trying to become cost effective so they can
22 catapult their businesses to become more viable, so we
23 can help the Hanna family and their company in terms
24 of building, you know, viable options for people to
25 come here and live and to thrive. So I think from the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 state posture, that's very important, but I also think
2 that from the local.

3 REPRESENTATIVE FRANKEL: Thank you.

4 REPRESENTATIVE COSTA: Representative
5 Beyer?

6 REPRESENTATIVE BEYER: I just want to --
7 you don't necessarily have to respond, but now as a
8 legislator I'm going to think two things: One, you
9 suggest that it's layers of government that's a real
10 impediment to business, and, in my mind, this
11 consolidation merger doesn't address it at all. You
12 have 120 municipalities that are going to remain
13 intact. I'm not sure that that works, and I really
14 frankly don't like that feature. If we're going to be
15 bold, then let's be bold. We have 120 municipalities
16 that could maybe come together. The other thing is I
17 am very reluctant to pass enabling legislation, having
18 had that done last year and a drink tax was
19 established here in Allegheny County. And having
20 family living back here, I've heard about that drink
21 tax extensively.

22 So those are the two things that I would
23 expect, in all seriousness, to not have the
24 legislature -- don't start gaveling me, Paul. You
25 would not have the legislature jumping to do enabling

TRANSCRIPT OF PROCEEDINGS

- - - -

1 legislation really quickly without being very
2 cautionary, as Representative Maher suggests.

3 So, thank you.

4 REPRESENTATIVE COSTA: Thank you all very
5 much. Appreciate it.

6 Our next group, Brian Jensen, senior vice
7 president, Allegheny Conference on Community
8 Development; Edward K. Muller, professor of history
9 and director of urban studies program, University of
10 Pittsburgh; John E. Murray Jr., chancellor of the
11 university and professor of law, Duquesne University;
12 Enzo Santilli, managing director of MarketSphere
13 Consulting. I would remind the testifiers to please
14 identify themselves before testifying.

15 MR. MURRAY: Mr. Chairman and members of
16 the legislative body, my name is John Murray, and I am
17 chancellor and professor of law at Duquesne
18 University, and I am here in my capacity as former
19 chair of ComPAC 21 and the former chair of the
20 Intergovernmental Cooperation Authority.

21 And I would like to begin by suggesting that
22 having read the Committee to Enhance Efficiency of
23 County and City Government report chaired by
24 Chancellor Mark Nordenberg, I agree with his
25 conclusions and recommendations. I think the work of

TRANSCRIPT OF PROCEEDINGS

- - - -

1 the committee is testified in its name to enhance the
2 efficiency and, therefore, to avoid waste.

3 As the chairman of the Intergovernmental
4 Cooperation Authority appointed to address the city's
5 financial crisis, I can attest to the fact that our
6 goal is to enhance efficiencies and to avoid waste.
7 As chairman of ComPAC 21, which recommended the new
8 structure of Allegheny County which we now enjoy, the
9 principal role of that committee is enhancement of
10 efficiencies and avoidance of waste.

11 When the recommendations of ComPAC 21 were
12 placed in referendum for the citizens of Allegheny
13 County, I was asked to speak to this issue in various
14 forms, and I would typically spend about 15 or 20
15 minutes talking about our recommendations, followed by
16 questions. And I remember specifically on one of the
17 occasions when I answered questions, a woman raised
18 her hand and said, is anyone opposed to this
19 recommendation? My reaction to the recommendations of
20 the consolidation committee is the same. Is anyone
21 opposed to them? Of course, there is opposition, just
22 as there was opposition to the structural change in
23 county government. About 200,000 voters participated
24 in that referendum, and we carried the day by 564
25 votes. It's what I call a Lanny Frattare victory. No

TRANSCRIPT OF PROCEEDINGS

- - - -

1 doubt about it.

2 The reasons for the opposition to the new
3 structure of county government were essentially vested
4 interests and fear of change. I think we should
5 reject similar reasons for opposition of
6 consolidation. The City of Pittsburgh, I will tell
7 you, can no longer afford to exist in its current
8 structure with only half the population it once
9 enjoyed. The city has an insufficient supply of
10 taxpayers. The Act 47 and the ICA helped the city
11 avoid bankruptcy. This city is more efficient today
12 than it was when it was about to go bankrupt, but any
13 reasonable forecast of the city's financial future in
14 its current structure -- I'm talking about five, ten,
15 fifteen years down the line -- proves that the current
16 government structure is inherently inefficient.

17 America's most liveable city is not the City
18 of Pittsburgh. It is the seven county metro area. I
19 saw another poll where Pittsburgh was ranked fourth
20 among the best places to live in the country for
21 retirement. Well, again, that wasn't the City of
22 Pittsburgh alone. That was at least the County of
23 Allegheny and probably the region.

24 As you know, we have just over 300,000
25 residents in this city now who are bearing all of the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 tax burdens, and their tax burden is too high. Each
2 day, we have another 300,000 people who go to work in
3 the city, go to school in the city, go to hospitals
4 and physicians in the city, and go there for other
5 reasons. And each day, they do not pay the taxes that
6 the residents pay. They pay \$52 a year if they work
7 there, not if they go to school or come for other
8 reasons. It's simply not a viable future. It's not
9 1945.

10 Obviously, consolidation cannot thrust the
11 debt of the city upon the county, and I do not think
12 that it's realistic at all to suggest that we could
13 ever talk about all the municipalities in Allegheny
14 County merging together in one fell swoop. Among
15 other things, I think I would lose my wife if I
16 advocated such a move.

17 So why not leave the current structures where
18 they are and simply cooperate? The problem is we are
19 not very good about cooperation. There are some
20 striking exceptions, but as officials change,
21 cooperation may wane. Right now, the Mayor of
22 Pittsburgh and the Chief Executive of Allegheny County
23 appear to be getting along just fine. Will that be
24 true of the next mayor and the next county executive?
25 Will the city council and county council cooperate

TRANSCRIPT OF PROCEEDINGS

- - - -

1 fully for the best interests of our citizens? Are
2 citizens relegated to a mere hope that the officials
3 of different government units who preside over us will
4 cooperate? Even if cooperation were perfect, which it
5 never is, we simply do not need duplications. If we
6 were starting today, we would not create such
7 duplications.

8 One of the realities of governmental units is
9 that we now think regionally. Not simply county wide,
10 but regionally. That's our competition. ComPAC 21
11 proved this in our report. We looked at counties
12 throughout the entire United States. We intensively
13 studied six counties, and I remember that one of the
14 counties contiguous to Allegheny County has a three
15 commissioner system, as most do, and one of those
16 commissioners came to a meeting, and he was very, very
17 interested in cooperating regionally, but he made a
18 statement at that meeting. He said, if we do this, it
19 will be unique. And I said, why? And he said,
20 because the last time we cooperated was during the
21 French and Indian War. And he was right. Imagine
22 every contiguous county in Allegheny County joining
23 together and simply going to Harrisburg, much less
24 Washington. What kind of stock would we have then?
25 We would then compare for the first time to

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Philadelphia.

2 The purpose of a governmental unit is not to
3 enlarge the number of government jobs and vested power
4 interests, and that's being recognized throughout the
5 country now. Again, we studied these counties
6 throughout America and we studied six intensively, and
7 let me tell you what we found very quickly. This is
8 our competition.

9 If you were thinking about starting your
10 business or moving a business, you walk into a room
11 with a group of government officials and business
12 leaders. Both political parties are represented.
13 They would provide you with complete information about
14 the opportunities in the county and region. They
15 would provide expertise concerning all of your needs.
16 They would help you discover the best location. Do
17 you need job training? We'll take care of that. What
18 about licenses, permits, other regulations? We'll
19 take care of these. What about taxes? Our tax rates
20 are highly competitive. That's the competition. We
21 don't seem to understand that, but that is the
22 competition.

23 We asked these leaders about their
24 competitors. They constantly monitor the counties and
25 regions they deem to be their competitors, and after

TRANSCRIPT OF PROCEEDINGS

- - - -

1 listening to them talk about this, we finally said,
2 well, what about Allegheny County? As nicely as they
3 could, they responded somewhat reluctantly, Allegheny
4 County is not really on our list of competitors at
5 this time. That's devastating. It's devastating when
6 you recognize that the people and assets of our county
7 and region are typically much more significant than
8 the people and assets of the places that are eating
9 our lunch.

10 A highly efficient government structure will
11 not ensure economic development, but without it, such
12 development is impossible in the 21st century. We
13 learned that in our studies, and I think that's
14 empirically verifiable. The region can enjoy vast
15 economic development, our region. I believe our
16 region is on the cusp of being rediscovered by many
17 more Americans as one of the great places to live,
18 work, and retire in the entire country.

19 The psychological effect of becoming the tenth
20 largest city in America is important. It's also
21 important that we have run out of things to tax in the
22 city and the county. We do not need more and higher
23 taxes. We need more taxpayers. I think we can assure
24 that economic development and the quality of life will
25 occur through this critical step. It's another step

TRANSCRIPT OF PROCEEDINGS

- - - -

1 of consolidating the city and the county.

2 Thank you very much.

3 MR. MULLER: Mr. Chairman, members of the
4 committee, I thank you very much for giving me the
5 opportunity to be here today, and I promise you that
6 I'll spare you the typical verbose professorial
7 lecture.

8 REPRESENTATIVE COSTA: Excuse me. Please
9 identify yourself for the court reporter.

10 MR. MULLER: Edward K. Muller. I'm a
11 professor of history at the University of Pittsburgh.

12 So, anyway, I'll spare you that lecture and
13 get right to the point. And I would like to say that
14 this brief overview that I intend to present builds
15 very nicely on the point that Dr. Murray has just
16 made, and that the bottom line, the import here is
17 that we have really throughout our history always
18 faced changing demographic, economic, and social
19 conditions which local government has had to adjust to
20 in terms of governments. That's been an ongoing theme
21 across America and here as well, and it's usually one
22 in which we have to catch up, just by the nature of
23 the changes that occur around us, and then we begin to
24 look at our structures to see if they are serving us
25 well.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 To an historian, the current discussion about
2 the consolidation of the City of Pittsburgh and
3 Allegheny County governments seems like a logical and
4 compelling next step in a long process begun in the
5 19th century. Annexations of surrounding territory
6 by Pittsburgh began before the Civil War and continued
7 through the initial three decades of the 20th
8 century. These annexations stemmed from the
9 understanding at the time that consolidation of
10 contiguous urban settlement obtained economies in
11 basic services, enhanced infrastructure planning, and
12 represented more accurately to the nation the real
13 economic and demographic status of the city. Much of
14 this consolidation through annexation was accomplished
15 under the rubric of Greater Pittsburgh. Indeed, the
16 logic of consolidation was so powerful that a
17 referendum in 1929 to establish a broad metropolitan
18 government, advanced vociferously by the Civic Club of
19 Allegheny County, won a two-thirds majority of voters
20 but failed on the basis of an unusually high and
21 technical standard established by the enabling
22 legislation.

23 Even though many boroughs and townships
24 actually initiated the annexation process, not all
25 suburban municipalities look favorably upon

TRANSCRIPT OF PROCEEDINGS

- - - -

1 annexation, and they adamantly resisted the city's
2 overtures. Nonetheless, the logic of functional
3 cooperation remained a strong force. For example, in
4 1911, the state legislature, in creating the City
5 Planning Commission, authorized this new city body to
6 draw up plans, though without enforcement powers, for
7 the city and an area extending three miles beyond the
8 city limits. Despite the legislature's recognition of
9 the real functioning space for planning,
10 extra-territorial planning by the city was not carried
11 out.

12 Over the years, however, the city and the
13 county had to coordinate the development of bridges,
14 highways, and public buildings, though often after
15 considerable acrimony. During the course of doing
16 business, as the county became more urbanized, the two
17 governments consolidated in various forms many
18 functions, including, but not limited to, sewage
19 treatment, ALCOSAN, smoke control, crime lab work,
20 voter registration, mass transit, the Port Authority,
21 real estate assessment, health department, public
22 auditoriums, welfare, and most recently, the 911
23 system. And we've heard several more today.

24 The Regional Asset District and revenue
25 distribution represents another form of cooperation.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 The historical record shows that most of these
2 cooperative steps involved extensive discussion, hand
3 wringing, and sometimes acrimony among public
4 officials, but most consolidated operations have long
5 functioned as intended with the dire predictions and
6 acrimony receding in our memories and left for us
7 historians to pick over.

8 Home Rule might be considered as another step
9 by which local governments sought to overcome outdated
10 charters and codes in order to develop the means to
11 govern at appropriate levels. The wisdom of Home Rule
12 engendered ongoing discussions in the post-war era and
13 culminated in public approval of Home Rule charters
14 for the county and the city. These charters increased
15 the flexibility the governments need to solve some
16 local service functions, but I should add they don't
17 go far enough.

18 The fact that a striking number of these
19 consolidations of functions took place in the 1950s
20 underscores another important point, the importance of
21 unified leadership and vision. As we all know, the
22 1950s was the heyday of Pittsburgh's ambitious and
23 renowned renaissance. It was a time when public and
24 private leaders formed a powerful and effective
25 partnership and spoke with one voice, or at least as

TRANSCRIPT OF PROCEEDINGS

- - - -

1 nearly as one voice as the region has ever seen.
2 Renaissance accomplished great things in the city and
3 the county, but some things were overlooked, and with
4 changing social and political realities, the
5 partnership fell apart at the end of the 1960s,
6 symbolically, at least, over the effort to create an
7 innovative rapid transit system known as Skybus.

8 The point is, when civic leaders shared
9 similar visions for two decades after World War II,
10 the region redeveloped the downtown, improved its
11 environment, modernized a lot of infrastructure, and a
12 point often overlooked in the conventional story of
13 Renaissance, consolidated many governmental functions.
14 Pittsburgh and, by association in the minds of people
15 across the nation, Allegheny County reaped incredible
16 public relation rewards for its accomplishments.

17 Historically, at least, the renaissance unity
18 might be seen as more the exception than the rule.
19 For example, leaders and planners in the 1920s and
20 '30s struggled to resolve serious infrastructural
21 challenges. They developed ambitious plans for
22 retrofitting the city to the new automobile technology
23 and for accommodating a rapidly suburbanizing county.
24 The devil, however, was literally in the details.
25 Jealousies between city and county planners, the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 diverse interests of different business stakeholders,
2 and, most importantly, squabbles among political
3 leaders impeded the finalization of plans and,
4 accordingly, their implementation. The East Parkway,
5 the Crosstown Boulevard, even the highways along the
6 Monongahela and Allegheny riverfronts were all part of
7 this planning but were all stalled by the
8 fragmentation of political power needed to resolve the
9 details. These projects awaited the unity of the
10 renaissance to be moved forward.

11 Though not unique to Pittsburgh, the divided
12 administrative structure remains the final obstacle to
13 rationalizing the government of the metropolitan
14 region's central core. Over the years, local leaders
15 have pursued annexation, functional cooperation and
16 consolidation, and Home Rule to address the needs and
17 issues which arise with continued urbanization. This
18 long process has enhanced the provision of services
19 for the populations, but it has not been able to
20 overcome the disadvantages of divided leadership and
21 vision which have so often characterized this region.
22 The current discussions for a more complete
23 governmental consolidation involve what might be
24 viewed as the next logical step in this process.

25 Thank you.

TRANSCRIPT OF PROCEEDINGS

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1 REPRESENTATIVE COSTA: I believe you are
2 Mr. Santilli?

3 MR. SANTILLI: Yes.

4 REPRESENTATIVE COSTA: I don't see here
5 written comments, but we are behind schedule. I know
6 we do have your testimony. If you could expedite it,
7 I appreciate it.

8 MR. SANTILLI: I promise it will be
9 fairly brief. Enzo Santilli, managing director of
10 MarketSphere Consulting.

11 My involvement in this actually began when I
12 was part of the Leadership Pittsburgh group that
13 studied five different mergers -- and this was about
14 three years ago -- each of which we studied along five
15 different elements in terms of its impact on the labor
16 and work force and minority representation and various
17 angles. The group report was made available to
18 Chancellor Nordenberg's committee, and I believe they
19 incorporated some of that in the report that they
20 found. And I believe when you also look at the RAND
21 report, it had many of the same themes. So it was
22 encouraging just to see as different groups study
23 this, they all reached the same pros and cons and
24 different factors.

25 It was my strong sense and the group that I

TRANSCRIPT OF PROCEEDINGS

- - - -

1 worked with sense that an effort like this should move
2 forward based on several things. One was the economic
3 development factor, which, again, the RAND report
4 further detailed. The ability to conduct regional
5 planning was a theme that we heard from all of the
6 other cities and counties that we talked about that
7 were now merged. More importantly, the ability to
8 have that single voice, which may not sound as
9 important within the county but is very important when
10 you talk to groups outside of the county, the groups
11 that you're either lobbying for funds with or trying
12 to coordinate government efforts.

13 We found that it was less about saving huge
14 dollars today. I think the points that have been
15 brought up in some of the reports about things moving
16 maybe to the higher service levels and the higher wage
17 scales are probably a fair point and a fair criticism
18 of this, but it was more about the smarter role of
19 government moving forward and how do you invest the
20 next wave of dollars and the next set of investments.

21 The thing that was most striking to us was
22 none of the groups that we talked to in five other
23 mergers ever looked back, ever dissolved it. It never
24 really came up for a vote, so we understand that one
25 in four of these have ever passed when taken to a

TRANSCRIPT OF PROCEEDINGS

- - - -

1 referendum, but it was very interesting to see none of
2 the groups would ever look back, much the way I don't
3 think anybody is out there today advocating that the
4 North Side or the South Side should become their
5 respective own cities again. Maybe there is a few out
6 there, but not too many.

7 Then I wanted to address this just as a person
8 who works -- the firm that I co-lead is a management
9 consulting and accounting and technology advisory
10 firm, and so we work with a number of clients from all
11 of the cities. We have offices in ten cities
12 nationwide. We serviced last year 27 major companies
13 here in the Pittsburgh area, and most of my clientele
14 are people that are CEOs, CFOs, or a chief level
15 person. Most of them, repeatedly when this issue
16 comes up in conversation, talk about the idea that
17 they just want to invest in regions that have
18 momentum. That's probably the most important thing to
19 them. It's not about whether you can cite some
20 specific empirical study which says this is going to
21 make \$53 million better or some kind of number. They
22 just don't want to see a place where it's fragmented.
23 I had one leader tell me about how just to get the
24 parking lot paved, he had to coordinate with three
25 different entities because it was a county road and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 the two bordering municipalities.

2 Clearly, what's before us does not address all
3 of it, and the comments about there are still
4 independent municipalities in this, but it's
5 considered, I think, by many to be a momentum play.
6 It's a huge step forward. I remember when Mr. Onorato
7 took office, one of the speeches he gave early on
8 about reducing row offices was just his goal of
9 changing the psyche of the region, and I think it did
10 have a positive effect in terms of just saying we can
11 make some change, and that is often what you see. I
12 can't pretend to represent the entire business
13 community, by any means, but that is clearly the
14 common theme that you see when you talk about this
15 with people. It's just they want to see a momentum
16 play. They want to invest in places where there is
17 particularly a strong bias toward moving forward,
18 rather than just doing more of the same.

19 And so I guess with due respect to the time
20 here, I think the other model that we studied was
21 realizing that while it would not incorporate every
22 municipality, certainly we thought the school district
23 concept was way too massive. It was the study in our
24 group that perhaps the model could go forward after
25 the city and county consolidated, they could offer up

TRANSCRIPT OF PROCEEDINGS

- - - -

1 services to the municipalities that could then decide
2 to opt in based on the efficiency and dynamics of it.
3 And then over time, you would probably see a more
4 consolidated play, but to try to do it all at one time
5 would probably be too massive. So it was just seen as
6 a step forward.

7 And then my final comment, rightly or wrongly,
8 I live in a school district that includes six
9 municipalities, and my ten-year-old son, who knows
10 nothing about my involvement in this or what I'm
11 doing, just said to me, dad, I don't understand why we
12 have all these places and why we keep seeing all these
13 different police cars and all these different street
14 signs. This sounds kind of stupid to me. Why aren't
15 we all just one? And I didn't really have a good
16 answer for him, other than to tell him that I agree.

17 MR. JENSEN: Thank you for this
18 opportunity to speak this morning/afternoon regarding
19 the consolidation of the City of Pittsburgh and
20 Allegheny County. My name is Brian Jensen. I am a
21 senior vice president with the Pennsylvania Economy
22 League of Southwestern Pennsylvania, where I manage
23 the local government function and structure program.
24 The goal of that program is to make Pennsylvania local
25 government, particularly that of Southwestern

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Pennsylvania, Allegheny County, and the City of
2 Pittsburgh, less costly, more efficient, more
3 effective, better focused, more coherently led, and
4 more competitive economically.

5 The Economy League has publicly promoted the
6 value of better government for many years. From the
7 early 1950s when our organization staffed the
8 Metropolitan Study Commission of Allegheny County that
9 recommended a full rationalization of functions and
10 service delivery among the various levels and units of
11 local government in Allegheny County to address
12 post-war suburban sprawl to the City/County
13 Cooperative Services Program of the early 1990s that
14 was intended to promote extensive functional
15 consolidation between Allegheny County and the City of
16 Pittsburgh, the Economy League has been actively
17 involved in trying to foster intergovernmental
18 cooperation to enhance effectiveness and cost
19 efficiencies.

20 It is in the light of PEL's tradition of
21 researching and promoting good government management
22 and structures that we undertook a two-year-long
23 analysis of city-county consolidations across the
24 country. This afternoon, I would like to convey to
25 the committee some of the highlights of our research

TRANSCRIPT OF PROCEEDINGS

- - - -

1 and offer some conclusions on what we think it means
2 for the current discussion. I believe you have my
3 testimony and you'll have copies of my slides in my
4 testimony. For the rest of you, I have slides up on
5 the screen.

6 PEL researched consolidation in Athens,
7 Augusta, and Columbus, Georgia; Baton Rouge and
8 Lafayette, Louisiana; Indianapolis; Jacksonville;
9 Kansas City, Kansas; Lexington and Louisville,
10 Kentucky; and Nashville. These are the major
11 city-county consolidations that have occurred since
12 World War II. While state laws differ and each
13 consolidation took on characteristics specific to its
14 unique situation, a study of these city-county
15 consolidations reveals a number of commonalties.

16 As the slide before you shows, the main goal
17 of these consolidations was to unify local leadership
18 and vision in pursuit of a single community and
19 economic agenda. Pittsburgh and Allegheny County have
20 a history of competing agendas, as the previous
21 speaker mentioned, Dr. Muller, from the differences
22 over Skybus to who should develop the convention
23 center hotel. We have had squabble in between the
24 city and county. Consolidation elevates the city's
25 visibility, and this increases its competitiveness by

TRANSCRIPT OF PROCEEDINGS

- - - -

1 moving it higher from the top 10 or top 20 lists of
2 every conceivable comparison. Such visibility equates
3 to free advertising, economic development is
4 bolstered, consumer and investor confidence is
5 increased, and the public is generally satisfied with
6 the results.

7 While cost savings has not been the primary
8 goal elsewhere, we know that city-county consolidation
9 eliminates service redundancy. The City of Pittsburgh
10 and Allegheny County governments perform a diverse
11 range of functions. A number of those functions
12 overlap. As you can see in this slide of the combined
13 \$1.1 billion of city and county budget, \$38 million is
14 essentially wasted in duplicated functions. PEL
15 estimates that this amount can be captured by
16 consolidating the two governments. And I might add,
17 we think that's a very conservative estimate.

18 This review of other city-county
19 consolidations suggests a number of best practices for
20 our consideration if we are to proceed with
21 consolidating the City of Pittsburgh and Allegheny
22 County. We cannot amend our present government
23 structures or their practices in hopes of securing the
24 benefits that other consolidated city-counties cite.
25 Instead, we should abolish the existing city and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 county and create a new classification of local
2 government, a consolidated city-county. Only by doing
3 this can we discard what is obsolete and establish the
4 vital characteristics of a workable jointure, such as
5 the establishment of an urban service district that
6 ensures the urban services continue without tapping
7 the tax base in the suburbs. Likewise, an urban
8 service district is a mechanism whereby city legacy
9 costs do not become the responsibility of all. At the
10 same time, residents of the urban service district do
11 not need to fear a loss of representation if we follow
12 the model that is used in Nashville, whereby a
13 majority of council members who represent the urban
14 service district must ratify council actions that
15 affect the urban service district exclusively. A
16 charter should be drafted locally to determine how
17 many district and at-large seats the new government
18 should have and to decide other details of the
19 consolidation.

20 No consolidation approved by referendum since
21 World War II has been a full consolidation of all the
22 municipalities in the county. The successful practice
23 elsewhere has been to consolidate only the central
24 city government and county government and to leave
25 suburban municipalities, school districts, and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 volunteer fire departments out of the mix. In most
2 cases, however, these successful consolidations have
3 provided mechanisms for other municipalities to join
4 the consolidated government voluntarily.

5 The next three slides attempt to illustrate
6 how this consolidation would work. The City of
7 Pittsburgh, shown in the light gold, is one of 130
8 municipal governments in Allegheny County.
9 Additionally, Allegheny County, shown in darker gold,
10 performs various governmental functions. Under
11 consolidation, Greater Pittsburgh, as we have been
12 calling it for convenience sake, would function as the
13 government of both Allegheny County and the City of
14 Pittsburgh. All the other municipalities remain
15 unaffected by the consolidation.

16 The final point I would like to make today,
17 Mr. Chairman, is how city-county consolidation would
18 affect the stature of Pittsburgh and the local
19 perception. As the map shows currently, 56 U.S.
20 cities are larger than the City of Pittsburgh. Under
21 consolidation, only nine U.S. cities would be larger
22 than Greater Pittsburgh. Greater Pittsburgh would
23 fall just behind Dallas, if we could go to the final
24 table. We would no longer be smaller than Wichita,
25 Anaheim, or Cincinnati.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Thank you, again, Mr. Chairman for the
2 opportunity to share our research on this issue, and I
3 would be happy to address any questions you may have.

4 REPRESENTATIVE COSTA: Representative
5 Maher?

6 REPRESENTATIVE MAHER: I realize we're
7 behind the clock, so I'm going to ask brisk questions
8 and request brisk responses.

9 Dr. Murray, you've done so very much for this
10 region, and I'm glad you reminded us of the 564 vote
11 landslide. Do you expect that had there been less due
12 diligence, less imagination about the objections that
13 are perceivable that we would have Home Rule today?

14 MR. MURRAY: No. I think we would not
15 have Home Rule today. I think the education process
16 was critical. I think it was absolutely essential,
17 and I think one of the reasons for that is because we
18 were changing 200 years of history. Whenever you do
19 that, regardless of how rational the change sounds,
20 people are very, very concerned about it.

21 And I won't prolong this answer, but I want to
22 go back to something now judge and former controller
23 Frank Lucchino used to talk about, because Frank and I
24 got together and we said, why can't we just change
25 Pittsburgh's current government charter to a Home Rule

TRANSCRIPT OF PROCEEDINGS

- - - -

1 charter? Now, that wouldn't change anything at that
2 time, but it would enable us to do other things. And
3 we went around and talked to people about it. We
4 talked to people in the community, community leaders.
5 Everybody came from Missouri all of a sudden. What's
6 it going to look like? Well, we don't know what it's
7 going to look like. It just enables us to get it
8 done.

9 So I think the point is there have to be
10 answers to these questions, and if the answers are not
11 clear, if the average person cannot understand them,
12 there is no possibility of this succeeding.

13 REPRESENTATIVE MAHER: You heard
14 Representative Frankel's and my comments earlier --
15 and I appreciate your attendance -- about the concerns
16 of a premature journey to the ballot box.

17 MR. MURRAY: Uh-huh.

18 REPRESENTATIVE MAHER: Do you have any
19 reaction?

20 MR. MURRAY: I think a massive education
21 effort has to precede that journey to the ballot box.
22 I think people have to understand how critical it is
23 that we make this kind of change and exactly what kind
24 of effect it's going to have on that.

25 REPRESENTATIVE MAHER: Thank you. With

TRANSCRIPT OF PROCEEDINGS

- - - -

1 the measurement, Mr. Jensen, of nine versus 57 in
2 terms of the size, what standard were you using, MSAs?
3 We wouldn't change MSAs. This is just a nomenclature
4 exercise.

5 MR. JENSEN: No. That's city size. So
6 the City of Pittsburgh would go from being No. 57 to
7 No. 9.

8 REPRESENTATIVE MAHER: Couldn't we
9 accomplish that same goal just by renaming Allegheny
10 County the City of Pittsburgh? I am curious. If it's
11 just a matter of how the label looks, well, that's
12 pretty easy.

13 MR. JENSEN: I guess the way I would
14 respond to that is if you take a look at the 50
15 largest cities in the United States, you'll see that
16 just about 15, maybe 16 of them are consolidated
17 city-counties, and they are within the top 50 cities
18 because they have consolidated.

19 REPRESENTATIVE MAHER: New York still has
20 five boroughs, but nobody gets confused about New York
21 City. So maybe we could be the City of Pittsburgh
22 with 130 municipalities. I'm not encouraging it. I'm
23 just asking if this number ranking means so much,
24 maybe we need to explore that.

25 And one just final thought -- and, Dr. Murray,

TRANSCRIPT OF PROCEEDINGS

- - - -

1 so glad you mentioned it -- about Home Rule charter.
2 Has anybody examined whether or not, under Allegheny
3 County's Home Rule charter, the City of Pittsburgh's
4 Home Rule charter, whether or not the two entities as
5 they exist today under their charters could proceed
6 towards a referendum on this very question?

7 MR. MURRAY: I'm not aware of anybody
8 doing that, but I assume it has been considered, but
9 maybe you've hit upon something that should be looked
10 at.

11 REPRESENTATIVE MAHER: Somebody should
12 perhaps research that question.

13 Thank you.

14 REPRESENTATIVE COSTA: Representative
15 Frankel?

16 REPRESENTATIVE FRANKEL: Thank you.

17 Brian, we've talked about this for a long
18 time, and I understand and embrace the ideas of
19 stature and efficiencies and so forth, but when I take
20 a look at the proposal for the urban services
21 district, it doesn't address, I think, concerns of the
22 city's long-term financial viability, ultimately.

23 When I sit down -- and I appreciated Mayor
24 Ravenstahl's assessment of how things have improved
25 and the certain surplus situation, but any five-year

TRANSCRIPT OF PROCEEDINGS

- - - -

1 budget projection that I've looked at and in my
2 conversations with the Act 47 administrator and the
3 oversight board is that the city's finances, that
4 environment is not sustainable given the current
5 structure, other than cutting out services to an
6 extent that just are unthinkable.

7 So when I look at this, I don't know what
8 ultimately the city itself, in terms of trying to get
9 itself financially right sided, right sized and
10 viable, benefits from this other than the stature and
11 some efficiencies, ultimately. These other issues
12 that are latent, the city's debt, the city's unfunded
13 pension liability, are a hard part of this discussion.
14 At the end of the day, you know, in order to get this
15 sold, you're going to have to basically give a
16 protection to all the county people saying, hey, don't
17 worry about it. You're not going to be on the hook
18 for anything. You continue to pay your \$52 emergency
19 services fee to the city, we don't even adjust for
20 inflation, and it took us 45 years to change that from
21 \$10.

22 So from my perspective, as all these things
23 are terrific and I'd like to see them done, but we are
24 ignoring one of the core issues that confronts our
25 city and our region, and that is how do we fix, in the

TRANSCRIPT OF PROCEEDINGS

- - - -

1 long run, the city. I understand there are going to
2 be benefits here, our stature, efficiency, one
3 economic development agency will promote growth, but
4 there is a lag period of time to see all those things
5 happen, and I think what happens to the bond rating,
6 for instance, for the combined entity, or is there a
7 separate bond rating?

8 I mean, there are a lot of, I think,
9 complicated questions here that, as much as I want to
10 embrace the concept, I think some of these things
11 ought to still be worked out. Maybe you can address
12 some of those concerns.

13 MR. JENSEN: Thanks, Representative
14 Frankel.

15 Just the bond rating, you may have marked in
16 Tom VanKirk's testimony as he was reading the letter
17 from Greater Louisville, Inc., that letter cites their
18 bond rating has increased substantially over the bond
19 rating of the previously existing City of Louisville
20 and Jefferson County. So they did see that.

21 REPRESENTATIVE FRANKEL: Could you not
22 see the reverse potentially happening, though, in this
23 situation since Louisville was financially stable,
24 healthy? My assumption is Louisville may not have had
25 an A plus bond rating. They probably had a much

TRANSCRIPT OF PROCEEDINGS

- - - -

1 better bond rating than the City of Pittsburgh does
2 today. You could have the reverse dynamic of
3 impacting the county's bond rating.

4 MR. JENSEN: Honestly, neither Louisville
5 nor Jefferson County were particularly healthy
6 financially. I wouldn't categorize them as the same
7 category as the City of Pittsburgh, but neither one
8 was a particularly healthy community at the time, so a
9 consolidation certainly helped their bond ratings.

10 Just addressing what happens with pension
11 costs and debt service, the money is owed and it has
12 to be paid by somebody, and the question is who should
13 pay? We do not believe that there is enough political
14 advertising or jawboning that would get Allegheny
15 County suburban residents to pick up that tab. I just
16 don't believe that that will happen. I'm just trying
17 to be very honest about it.

18 So what do you do? We believe that
19 city-county consolidation is going to save a fair
20 amount of money. As I said, conservatively, we
21 estimate \$38 million. We think that there is
22 potentially much more money available. Some amount of
23 that could be put towards these legacy costs. So
24 that's the beginning of addressing the issue.

25 And I think the other part is that we

TRANSCRIPT OF PROCEEDINGS

- - - -

1 shouldn't downplay what we have learned from other
2 city-county consolidations, and that is that they are
3 a boost to economic development and they do generate
4 growth and generating growth is going to generate more
5 tax revenues, and it also provides that single elected
6 leadership voice to go and do what elected leaders do,
7 and that is to lobby for more goods to come back home.

8 So perhaps through those mechanisms, we'll be
9 in a better position to resolve those issues. The
10 status quo, however, if we don't do those things, does
11 not look very encouraging to me from where I sit.

12 REPRESENTATIVE FRANKEL: I would agree
13 with you, and as I expressed to many of my colleagues,
14 we may have some issues with this, but I think the
15 public -- and there may be parochial interests
16 ultimately that still complicate this. I think the
17 public understands that the status quo isn't
18 acceptable, so I do agree with you on that issue.

19 REPRESENTATIVE COSTA: Representative
20 Kortz?

21 REPRESENTATIVE KORTZ: Thank you,
22 Mr. Chairman, and thank you, gentlemen, for your
23 testimony.

24 Any of you that wants to answer this can.
25 I'll just throw this out. Hypothetical situation: If

TRANSCRIPT OF PROCEEDINGS

- - - -

1 we do nothing, there are certain assumptions that we
2 can be assured of. The population is in decline in
3 this area and the city is in Act 47. Although we're
4 pulling out of it, it's incremental, but if we do
5 nothing, where are we 25 years from now, if nothing
6 happens, if we continue to fight.

7 Dr. Muller, you may want to chime in on this,
8 because you're the historian. Where are we if we do
9 nothing 25 years from now?

10 MR. MURRAY: The City of Pittsburgh is
11 not going to be able to take care of its problems,
12 period. It's not going to happen. Therefore, if we
13 do nothing, we will have a continuous decline. And we
14 may have the answer taken from us, because the city
15 will simply not be available. One of the issues that
16 I'd like to think about is why do we need the city and
17 spending \$38 million a year more, at least, anyway?
18 Why is there a condition that we have to fix the
19 city's finances? If that's the condition, forget it.
20 It's not going to happen. The Mayor said today -- I
21 heard him testify before this group that \$100 million
22 was now available and some of that money was going to
23 be used to pay off the debt. So how many years is it
24 going to take to take care of that \$800 million debt?
25 Is it 40 years, is it 50 years, assuming that

TRANSCRIPT OF PROCEEDINGS

- - - -

1 everything goes particularly well.

2 So as I suggested in my opening statement,
3 it's simply not a viable option. We've got to think
4 about something else. At least we would start paying
5 off the city debt, not thrusting it on the county, not
6 thrusting it on the municipalities, by the savings
7 that we would have if the city simply did not exist as
8 it now exists.

9 MR. MULLER: I'd like to take off the
10 history hat for a minute and relate something that
11 comes from being at the University of Pittsburgh. I
12 look around the room here and we all are within a
13 certain generational groove or higher in terms of age,
14 and a lot of the students I teach or have taught over
15 the years have moved on into the business world,
16 government, nonprofit world, and one of the themes I
17 hear over and over and over again, either as they are
18 frustrated or they are actually leaving, is, of
19 course, the jobs issue. But it's also a perception
20 that this region is stuck in the past and that other
21 regions are moving forward, the momentum play, as you
22 put it.

23 And I'm talking about 30-year-olds and
24 35-year-olds who are -- look at our mayor, who is in a
25 position of responsibility. These people are in

TRANSCRIPT OF PROCEEDINGS

- - - -

1 positions of responsibility, often in nonprofits.
2 That's something from urban studies. We send a lot in
3 that direction. And I get the same thing back over
4 and over again, and I do believe, as we've heard
5 earlier today, that this does send a signal that could
6 be very valuable in that respect as well.

7 REPRESENTATIVE COSTA: Gentlemen, thank
8 you all very much. We appreciate your time and being
9 with us here today.

10 The next group is Allegheny League of
11 Municipalities, Richard Dunlap as executive director.
12 Do we also have Herbert Hartle, chairman of the board
13 of directors, and Robert Powers, first vice chair.

14 Gentlemen, as you know, we are way behind. We
15 only have the room for a couple more minutes and we
16 have your testimony. We'd appreciate it if you could
17 hit the high points.

18 MR. DUNLAP: Let me go through as quickly
19 as I can, Mr. Chairman and members of the committee.
20 I'm Richard Dunlap. I am the executive director of
21 the Allegheny League of Municipalities. I first want
22 to thank you for inviting us to speak on this very
23 important issue today. With me today on my right is
24 Herb Hartle, chairman of the board of directors of the
25 Allegheny League of Municipalities. He is also

TRANSCRIPT OF PROCEEDINGS

- - - -

1 president of the council of Ohio Township. And to my
2 left is our first vice chairman of the Allegheny
3 League of Municipalities, Robert Powers, and he is
4 also the president of the council of the Town of
5 McCandless, so we have the suburbanites represented
6 here.

7 Our association has been watching and
8 listening to the discussion of the subject of merging
9 the governments of the City of Pittsburgh and
10 Allegheny County with great interest. We have not yet
11 taken a position on the issue and we are unlikely to
12 do so until more details are known. As has been said,
13 the devil is in the details.

14 I think it's fair to say, however, that the
15 suburban municipalities have two major concerns with a
16 merger. I think you've heard about these concerns
17 today, and I will go over them quickly.

18 First of all, the suburban municipalities
19 would be opposed to any sort of merger that would in
20 any way force them to merge or consolidate. They
21 believe that any change in government structure of the
22 suburban community should be initiated by themselves,
23 not imposed on them. Mostly, they are doing an
24 excellent job of delivering services to their
25 residents in a very efficient manner and do not want

TRANSCRIPT OF PROCEEDINGS

- - - -

1 to see any changes to their local governments.

2 We understand that the current discussion is
3 limited to the City of Pittsburgh and Allegheny County
4 and that it would not touch the suburban
5 municipalities or the school districts. We would
6 strongly urge you not to expand it beyond the city and
7 the county.

8 Our second concern is that even if the
9 suburban communities are not directly affected by a
10 merger of the city and county, there might be some
11 indirect affect on them. Specifically, the concern is
12 that taxes paid to the county by the suburban
13 residents might somehow be used to pay off the city's
14 debts or to subsidize the city in providing services
15 to the core of the merged city and county. The
16 suburban communities would be opposed to any such
17 indirect negative impact on their taxpayers.

18 We understand that the proposal is to create
19 an urban services district, which would have a
20 separate tax structure so that the existing city
21 residents would be responsible for paying off the
22 city's pre-existing debts, including the underfunding
23 of the city's pension plans. Under this plan, county
24 taxes should not increase to the suburbs due to any
25 merger.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 We believe that this is the right approach,
2 and I believe our association would be supportive of
3 legislation that carefully protects the financial
4 interests of the suburban communities. I think your
5 challenge is to draft legislation that very clearly
6 accomplishes these two goals. You will find many
7 people who will view any merger proposal very
8 suspiciously. They will be looking for loopholes that
9 might somehow encourage or allow forced mergers of the
10 suburban communities, or that would somehow, either
11 directly or indirectly, result in the suburban
12 residents being taxed to pay off the city's debts.

13 Again, I understand that the objective is to
14 merge only the city and the county and not to change
15 the school districts or the suburban municipalities in
16 any way and to fashion a model that would protect the
17 suburbs from paying the city's debts. Your difficult
18 job would be to somehow write this into the
19 legislation in a clear and convincing manner so that
20 there are no loopholes to this protection.

21 I want to add one other thing. Some people
22 may be of the opinion that the suburban municipalities
23 are always negative to new ideas and act as obstacles
24 to progress. I do not agree with that view. Most of
25 the suburban municipalities are run by reasonable and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 conscientious people who want the best for the city
2 and the county, as well as their own municipality.
3 However, they are elected to run their municipality,
4 not the run the city and county. Their residents
5 expect them to act in their best interests, and they
6 do their best to do so.

7 Most of them also recognize that a vital and
8 growing city and county is good for their
9 municipalities, and because of that, I think most of
10 them will be supportive of any proposal that
11 realistically shows promise of genuinely helping the
12 region. But you have to appreciate the fact that the
13 first duty is to the voters who elected them to be
14 watchdogs on their behalf. As long as you recognize
15 this and the legislation does not unfairly penalize
16 them, I think you will find a receptive audience in
17 the suburbs to any proposal that will help the region,
18 including the city-county merger.

19 I want to thank the subcommittee for
20 proactively seeking input from various groups before
21 the legislation is drafted. You have a difficult task
22 before you, and I wish you good luck.

23 And I know time is short. I don't know if
24 they want these gentlemen to make a statement or you
25 just want to question us.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 MR. POWERS: Rob Powers from McCandless.
2 I think Dick stated our position very clearly, so it
3 will save some time, okay?

4 MR. HARTLE: Thank you. Herb Hartle of
5 Ohio Township. One thing is we do put our money where
6 our mouth is. In Ohio Township, we serve eight other
7 communities for police service. The gentleman that
8 was here before, if you are driving through
9 (inaudible), the only police car you should see is the
10 Ohio Township police officers. So we do.

11 And I just had one of our secretaries put
12 together some numbers. The communities we do
13 service -- this is one year without Ben Avon --
14 1.3 million those communities saved. On the other
15 side of that, a much larger and complex police
16 department than you had prior to coming to service
17 with us. So we were at the forefront of some of this
18 and it does work.

19 REPRESENTATIVE COSTA: I do have a
20 comment. ALOM has always been very good. First of
21 all, I want to thank you for being here. It's usually
22 reversed. I'm usually on your panel speaking to your
23 group, but I think you guys do a great job and I think
24 you can help us in the process.

25 Dr. Murray had mentioned earlier about

TRANSCRIPT OF PROCEEDINGS

- - - -

1 education. It's a long education process, and your
2 group has been fantastic about getting information to
3 the municipalities and teaching them that it's not
4 about this and it's not about that, basically to cut
5 to the chase and get to what this is all about. And I
6 think we're going to have to actually count on your
7 organization to help us, because you have the ability
8 with your conferences and resources.

9 As far as Ohio Township, you're right. I was
10 a commissioner in Wilkinsburg, and I remember you guys
11 were one of the first communities to police other
12 communities, and now more and more, those communities
13 are following that lead and, basically, you guys.
14 Thank you for that.

15 Anyone else with any questions, comments?

16 (No response.)

17 REPRESENTATIVE COSTA: Gentlemen, thank
18 you, and I appreciate your speed on that. That helped
19 us out.

20 Our final group is Suzanne Broughton, who is
21 president of the League of Women Voters of Greater
22 Pittsburgh; Court Gould, executive director of
23 Sustainable Pittsburgh; Erin Molchany, executive
24 director of Pittsburgh Urban Magnet Project; and Nancy
25 Washington, a civic activist.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 As you all know, we are on limited time, so if
2 you could just touch on the highlights of your
3 presentations, we would appreciate it. Please do not
4 forget to identify yourself for the court reporter.

5 MS. BROUGHTON: Good afternoon. I'm
6 Suzanne Broughton, president of the League of Women
7 Voters of Greater Pittsburgh. I'm going to
8 dramatically cut my remarks, both in the interest of
9 time, although I'm a little miffed at that, because I
10 think the committee really didn't schedule for some of
11 the very interesting questions that its members had to
12 ask and might in the future leave more time and also
13 because --

14 REPRESENTATIVE COSTA: This is actually
15 the first one. We plan to do several.

16 MS. BROUGHTON: And also because I think
17 I want to add something in the end of this that isn't
18 in my remarks.

19 So I'm here to strongly urge the House Urban
20 Affairs Committee to develop legislation that will
21 enable the citizens of Pittsburgh and Allegheny County
22 to effect a structural merger and to see that
23 legislation through the full House of Representatives.

24 The League has supported the passage of all
25 three Home Rule attempts until we got it passed and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 the row office reduction, and our Representative
2 Maher, we very much know the importance of public
3 education.

4 We are very encouraged by the emergence of
5 political and civic leadership that makes the outlook
6 brighter in terms of change and the support of the
7 Chief Executive and the Mayor. I'm going to skip the
8 paragraph about the scope of the study. I think we've
9 beaten that to death.

10 I will say that the main thrust of the
11 Nordenberg report is improvement of the competitive
12 position of the Pittsburgh region, and with respect to
13 this region, the report states that in a fast moving
14 20th century economy characterized by global
15 contests among highly competitive regions, its future
16 is far from certain. And I spent about 21 years as a
17 tech writer at a high tech company. I think I
18 understand that.

19 I am going to skip, again, most of the rest of
20 the next paragraph, except to say that the Nordenberg
21 committee did a very thorough job of researching this.

22 So to go down to the bottom of my second page,
23 the task of the legislature is to revise those aspects
24 of the state law that stand in the way of
25 consolidation. I understand these to be twofold.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 First, the law authorizing consolidations of
2 municipalities does not define second class cities as
3 municipalities and, therefore, does not authorize
4 Pittsburgh to consolidate or change that.

5 And, second, the same law requires a uniform
6 tax rate across merged or consolidated units of local
7 government. A proposed solution to that is the new
8 section in Title 53 on municipal corporations that
9 would give us an urban services district and general
10 services district, and I think we've adequately
11 discussed that. But we would support that.

12 We know that many legislators will share the
13 concerns, some of the concerns raised in the
14 Nordenberg report and some of those that were listed
15 by Mayor Ravenstahl, the legislative districts and
16 minority representation, employee rights and benefits,
17 responsible plan to address legacy costs.

18 What I want to emphasize is that those matters
19 are properly addressed by the city and the county as
20 they write their consolidation charter. I would like
21 to encourage those legislators strongly to resist the
22 temptation to include constraints on those matters in
23 the legislation that enables consolidation. Those
24 positions that are absolutely necessary for
25 consolidation should be included, and the county and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 the city should be able to appoint a group that solves
2 the rest of those problems, though they are important.

3 And now what isn't in my remarks, so I'm going
4 to ad lib here for a minute. And Representative
5 Blackwell isn't here, but I'd like to comment on his
6 remarks earlier in the day, what, two and a half hours
7 ago, something like that, when he said that he is
8 concerned about the noninclusion of the school
9 district. And I think he raised a very important
10 point about the inequity in school district funding.

11 I am a resident of the suburbs, one who does
12 support this, and I raised my children in a district
13 that benefits from the inequities which he was
14 speaking about, but I'd like to remind him and the
15 legislature that for many, many years, the legislature
16 has had the power to undo some of that problem
17 themselves.

18 When I moved here in -- well, almost 40 years
19 ago, the legislature supported 50 percent of school
20 district funding, and it's now about 32, 33, 35,
21 maybe, whatever it is. And so it seems to me I have
22 now presented, really, a position of the League of
23 Women Voters of Pennsylvania, our state organization,
24 but the legislature has the power to click together
25 three times the heels of its little red shoes and say,

TRANSCRIPT OF PROCEEDINGS

- - - -

1 I want to go home or I want to go back. I want to do
2 the 50 percent that should have been done, and in the
3 process probably could rearrange the funding formula
4 to undo some of what Mr. Blackwell rightfully
5 acknowledges.

6 But somebody would probably say to me that,
7 no, we can't do that, because the suburban legislators
8 would never let this happen, and maybe that's been the
9 case over time. That's probably true. So I would say
10 to Representative Blackwell, yes, that's true, and the
11 same thing is true of the charter. If we try to bite
12 off too much in doing the consolidation, we will have
13 the same problems that we had with the first two
14 versions of the Home Rule charter where we tried to
15 bite off the row office consolidations and it didn't
16 pass. We had to put that off and eventually it
17 happened. We would be wise to only bite off a piece
18 of the problem that we really think we might have a
19 chance of solving, which is the city and county
20 consolidation and not to include the school districts
21 or the municipalities, though some day we might want
22 to do that.

23 There is an interesting sentence at the end of
24 the report which talks about achieving higher levels
25 of efficiencies and effectiveness while promoting

TRANSCRIPT OF PROCEEDINGS

- - - -

1 regional unity in an increasingly competitive world
2 without eliminating the distinctive features of small
3 town governments that may be attractive to citizens in
4 some municipalities.

5 So as the name suggests, the League of Women
6 Voters believe strongly in the power of voting and
7 voters, so we ask you today to craft and pass enabling
8 legislation that will both move this consolidation
9 process forward and, most importantly, put the
10 question of consolidation before the voters on a
11 future ballot. And we thank you very much for this
12 opportunity to discussion our views.

13 Not too bad. Who is next?

14 MS. MOLCHANY: Questions for Sue
15 Broughton?

16 REPRESENTATIVE COSTA: Go on.

17 MS. MOLCHANY: My name is Erin Molchany,
18 and I'm the executive director of PUMP, which is the
19 Pittsburgh Urban Magnet Protect.

20 I'd first like to thank the committee for
21 considering PUMP's testimony here at the public
22 hearing. I promise it's brief.

23 PUMP is a membership organization with over
24 1200 members. Our mission is to make Pittsburgh a
25 more dynamic and diverse place to live by inspiring

TRANSCRIPT OF PROCEEDINGS

- - - -

1 young and young thinking people to effect change
2 through civic engagement, social networking, and
3 community development. We focused educational and
4 advocacy efforts on municipal consolidations since
5 2004, hosting two educational forums and surveying our
6 members on the issue. I'm here to present the
7 opinions of PUMP members to the Urban Affairs
8 Committee, tell you about how we can be helpful to
9 this process, and reinforce our commitment to seeing
10 this issue through to the most effective and efficient
11 result for the good of our city and our region.

12 In 2004, 80 percent of PUMP members identified
13 municipal consolidation as one of the most important
14 issues facing the region. At PUMP, we work hard to
15 educate our members about all sides of an issue. We
16 survey them to learn of their opinions and we
17 communicate those opinions to decision makers on their
18 behalf.

19 When municipal consolidation first became an
20 issue of importance to our members, we hosted a forum
21 featuring members of city council, the mayor, county
22 executive, state legislators, attorneys, and the
23 deputy mayor of Louisville, Kentucky, which had
24 recently gone through the city-county consolidation.

25 Following the forum, we surveyed members and

TRANSCRIPT OF PROCEEDINGS

- - - -

1 learned of the following: 83 percent of PUMP members
2 supported Pennsylvania State House Resolution 568,
3 which recommended that the state appoint a
4 consolidation task force to study municipal
5 consolidation in Pittsburgh/Allegheny County and make
6 recommendations to the state legislature. 72 percent
7 support a plan to merge the City of Pittsburgh and
8 County of Allegheny government structures and
9 associated services under one government. 52 percent
10 felt that Pittsburgh and Allegheny County should
11 replicate the Louisville model of municipal
12 consolidation, merging the city and county while
13 leaving the rest of Allegheny County's municipalities
14 alone. 35 percent were unsure if the Louisville model
15 was the right model for Pittsburgh. 65 percent of our
16 members felt it was very important to develop a tax
17 revenue sharing agreement with surrounding
18 municipalities, allowing for improved land use
19 planning. 27 percent felt that the establishment of a
20 tax revenue sharing agreement was only somewhat
21 important.

22 Based on the results of the survey, we deduced
23 that PUMP members who are young and young thinking
24 individuals of diverse professional backgrounds are
25 open to a consolidation plan that they believe will

TRANSCRIPT OF PROCEEDINGS

- - - -

1 create more efficient, effective forms of governance
2 that will allow our region to more successfully
3 compete in the global economy. We look forward to
4 learning more about the specific role of Pittsburgh
5 neighborhoods and communities in the system of
6 representation of a consolidated city and county.

7 Being that a majority of our members are young
8 professionals who fall between the ages of 25 and 35,
9 I ask that you weigh our members' opinions heavily,
10 because they are the future leaders, residents, and
11 work force of our region. They will inherit the
12 benefits and the faults of our existing system and
13 continue to look to new technology and processes that
14 will make our lives easier and the city more
15 competitive.

16 From their feedback, we also learned that 90
17 percent would like to see PUMP hold additional forums
18 to learn more about the specific municipal
19 consolidation proposals for our city and county, which
20 brings me to PUMP's commitment to advancing this
21 issue.

22 We will continue to educate and share
23 information about municipal consolidation with our
24 1200-plus members as the issue develops. We will
25 continue to encourage young people to contact their

TRANSCRIPT OF PROCEEDINGS

- - - -

1 state and local legislators to voice their opinions
2 and provide them tips and training to advocate
3 effectively. 97 percent of the PUMP members are
4 registered to vote and they are very interested in
5 initiatives that improve the quality of life in our
6 city.

7 Please consider PUMP a resource. We endeavor
8 to be a go-to organization with the opinions of young
9 professionals. We appreciate your leadership and look
10 forward to supporting your efforts to bring a
11 referendum on this issue to the electorate.

12 Thank you for your time and consideration.

13 MR. GOULD: Hi. My name is Court Gould.
14 I'm the executive director of Sustainable Pittsburgh.
15 We're a nonprofit organization in the purview of the
16 ten county region of Southwestern Pennsylvania.

17 I have provided my remarks, so I think I'll
18 just paraphrase the high points that Sustainable
19 Pittsburgh enthusiastically embraces the path that
20 we're on that you're leading to provide enabling
21 legislation to bring this issue to the public. With
22 that, we would urge that there be a meaningful public
23 process to debate the issue and hammer out the finer
24 details.

25 And on the topic of throughout the morning

TRANSCRIPT OF PROCEEDINGS

- - - -

1 we've been using the word education, just to make a
2 contrast that this sort of appropriate public dialog
3 be an education about the various pros and cons and
4 how to ensure the most optimal consolidation, as
5 opposed to an education approach that is a sales pitch
6 or a campaign fait accompli style.

7 Along those lines, toward engaging the public,
8 I recommend that it might be very advantageous to
9 adopt a set of principles, a compass that's focused on
10 outcomes for the consolidation that people can use in
11 the future to measure whether progress is truly being
12 made, and we'd recommend maybe starting with the
13 governor of the Commonwealth's Keystone Principles for
14 Growth and Development that were passed a couple years
15 ago and have been used by the administration with
16 great effect. Within those Keystone Principles are
17 embedded the values of social equity and fairness.
18 And, similarly, the Nordenberg committee showed great
19 leadership in their pronouncements for the need to
20 ensure representation to minorities.

21 With those sentiments, Sustainable Pittsburgh
22 would further urge that consideration of social equity
23 per a set of principles be committed to early on as
24 part of that civic discourse, and I've provided you a
25 copy of a study that we put together in 2004 when this

TRANSCRIPT OF PROCEEDINGS

- - - -

1 discussion was really ramping up once again, and this
2 focused on the issue and it provides a number of
3 recommendations from around the nation of lessons
4 learned on how to ensure that in a consolidated
5 government, it doesn't disproportionately become a
6 suburban agenda and that the interests of urban
7 residents are accommodated as well.

8 So in conclusion, we would urge the formation
9 of a task force or a commission to ensure that we have
10 responsible public debate to be able to figure out the
11 issues and the details and move on this important
12 opportunity, particularly as competitiveness in the
13 global environment has taken on the geography of the
14 regions. This is an opportunity for Southwestern
15 Pennsylvania to rearrange the governing center of
16 gravity.

17 Thanks very much.

18 MS. WASHINGTON: Thank you. I am Nancy
19 Washington, the presumptive -- that word is in the air
20 a lot, the presumptive chair of the board of directors
21 of Point Park University. I'm very pleased to be
22 addressing you this afternoon and especially pleased
23 because your subcommittee chair, Representative Costa,
24 is a graduate of Point Park and also a member of our
25 faculty.

TRANSCRIPT OF PROCEEDINGS

- - - -

1 So very briefly at the end, because cocktail
2 hour is fast approaching, I want to tell you who we
3 are and I want to tell you why we believe
4 consolidation is necessary.

5 Point Park University has over 3,500 students.
6 83 percent of our undergraduates and 91 percent of our
7 graduate students are Pennsylvania residents. Our
8 enrollment has increased by 56 percent in the past
9 decade. We project a growth in the next four years to
10 4,300 students. We have just announced a \$210 million
11 capital campaign to revitalize downtown Pittsburgh.
12 We have made \$60 million in capital improvements. We
13 have one of the largest footprints in downtown
14 Pittsburgh.

15 We want to continue to grow. We are proud of
16 who we are. We are proud of where we are. We have
17 had the support of the county; we have had the support
18 of the city. We cannot grow without a unified support
19 system and a unified vision. We support consolidation
20 and thank you very much for holding this hearing.

21 REPRESENTATIVE COSTA: Any questions or
22 comments?

23 (No response.)

24 REPRESENTATIVE COSTA: Thank you all very
25 much. We appreciate it. On behalf of Representative

TRANSCRIPT OF PROCEEDINGS

- - - -

1 Karen Beyer and myself, we want to thank all of the
2 testifiers. We appreciate your input. As we said
3 earlier, this is just the first step of the process.
4 I believe it's going to take a long time, and I can't
5 thank Chairman Petrone enough for allowing us to have
6 this committee meeting and to have future ones to keep
7 gathering more and more information, not only to
8 educate the public, but to educate ourselves, if, in
9 fact, we decide to give the ability to have a
10 referendum, that we make the right decision.

11 I want to thank the members for coming in,
12 especially those ones that were from out of town and
13 made the choice to come in here. I want thank Point
14 Park University. As I told Karen, I don't think I've
15 ever been to a committee meeting where there has been
16 flowers. This is really nice.

17 I want to thank President Hennigan and also
18 Vice President of University Management Mariann Geyer
19 for putting this together for us. And I want to thank
20 the court reporter and the sound technician and,
21 again, all of you in the audience that stuck with us
22 to listen to this testimony. And again to the
23 testifiers, thank you so much. We can't tell you how
24 much we appreciate your information that you've given
25 us today. So, thank you.

TRANSCRIPT OF PROCEEDINGS

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1 This meeting is adjourned.

2 (Public hearing adjourned at 1:16
3 o'clock p.m.)

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TRANSCRIPT OF PROCEEDINGS

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C E R T I F I C A T I O N

I hereby certify that the foregoing transcript is a true record of the proceedings of the Public Hearing held on Wednesday, May 28, 2008.

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Lisa Ann Bauer
Certified Realtime Reporter