



# ICA Update

Pittsburgh's Intergovernmental Cooperation Authority  
*for Cities of the Second Class*

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*A summary of events, matters, and discussion related to the ICA's financial oversight of the City of Pittsburgh.*

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## **Disapproval of 2012 City of Pittsburgh Budget**

The ICA *conditionally* approved the 2012 City budget on October 19, 2011 as a result of the budget amendment letter submitted by the City of Pittsburgh, also dated October 19, agreeing to the conditions set forth by the ICA. To date the conditions have not been met nor has the City provided requested information regarding critical labor matters, proposed debt issuance, the establishment of required Trust Funds, and other matters central to the fiscal stability of the City.

Additionally, during the week of December 19, 2011, Pittsburgh City Council amended the ICA approved 2012 budget without prior written consent of the ICA as mandated by the Intergovernmental Cooperation Agreement, (Agreement) between the ICA and the City. The changes legislated by Council to the conditionally approved budget constitute an unapproved variance as defined in the Agreement. As a result, a letter dated December 23, 2011, written by the General Counsel for the ICA was hand delivered to the Mayor and President of Council. The letter notified the City that the conditional budget approval rendered by the ICA on October 19 2011 is *rescinded*.

## **Financial Management System**

The City expects to go 'live' onto the County of Allegheny financial management system on January 17, 2012 with the *non-payroll portion* of the system. The City does not expect to complete the conversion of the *payroll portion* of the system until January 2013. This remains a critical concern of the ICA in that payroll conversion allows the City to cancel its contract with an outside payroll service producing an annual savings of more than \$700,000 and allows for tighter controls on overtime spending, and more effective use of alternative or modified duty programs under the banner of workers compensation reform.

## **Agreement with Non-Profits**

To our knowledge, City officials have yet to initiate discussions with the non-profits regarding the budgeted payments to the City from the non-profits.

## **Proposed Debt Issuance by the City**

Although the City has hired a financial advisor and selected an underwriter, the City has not provided any information regarding these selections, or any detail necessary to evaluate the impact of any debt issuance.

## **Labor Matters**

The ICA has asked the City to provide information regarding the status of various collective bargaining matters, including but not limited to arbitration matters with police and fire. The City has not yet responded.

## **Compliance with the Act 47 Amended Recovery Plan**

As required by the conditions set forth by the ICA for the 2012 budget, the City has not completed a number of required elements found in the Amended Recovery Plan adopted by the City on June 30, 2009.