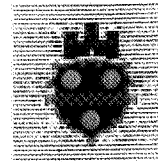




**ICA**  
**Intergovernmental Cooperation Authority**  
**For**  
**Cities of the Second Class**



John E. Murray, Jr. - Chair  
Barbara A. McNees - Vice Chair  
James E. Simms, Ph.D., Secretary/Treasurer  
J. Matthew Simon  
Michael J. Masch, Ex-Officio  
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Henry Sciortino  
Executive Director  
435 Sixth Avenue  
Pittsburgh, PA 15219

October 10, 2005

Mr. Gene Ricciardi  
President, Pittsburgh City Council  
510 City-County Building  
414 Grant St.  
Pittsburgh, PA 15219

Dear Councilman Ricciardi:

In our letter to Mayor Murphy of September 13, 2005, the Intergovernmental Cooperation Authority (ICA) commended the hard work of City departments that have made significant efforts to trim costs and to stay within planned budgets. In stark contrast to those departments, we stated,

“It is, however, distressing that City Council and the Mayor’s Office have not produced the same results. These elected offices should be exemplars in the effort to at least meet planned expense levels. While the Mayor’s Office has created a plan to achieve compliance with the budget plan by the end of the year, the ICA has not been apprised of a similar Council plan.”

We also stated, “It is essential that Council creates such a plan and ends the year in compliance.”

The ICA has now been apprised of Council’s proposed plan to address its projected deficit of over \$100,000 by using phantom funds unexpended in 2001 through 2003 for Council chamber modification. This so-called plan is diametrically opposed to the letter and spirit of the budget plan that was approved by the ICA, Act 47 and the City. It is a clear abdication of Council’s responsibility.

The proposed “plan” finds imaginary funds that are not actually available from earlier years which reveal major operating deficits. Even if such funds were available, such a plan contradicts everything the City must do to ascertain fiscal stability. Moreover, this is not the first time that Council has resorted to such efforts. In January of this year, Council enacted Bill 2004-0936 to apply unspent funds from the 2004 budget to non-personnel expenditures. Such actions represent a continuation of the spending culture of the past that placed the City in a perilous position. The ICA cannot be more emphatic in stating that the spending culture of the past is totally unacceptable. Unless Council adopts an efficiency culture that precludes any action that would exceed planned budgetary amounts, there is no hope that the City will achieve financial stability.

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Council should not only ascertain that it spends no more than budgetary allocations. It should be a leader, again an exemplar, among all City departments in this regard. If a review of the 2005 actual expenditures reveals City departments that not only stay within their allocations but manage to trim budgets to conclude the year below such allocations, the inevitable question will be, "Why did the leaders of our City fail to do the same?" The City is now in litigation with the Controller's office for failing to comply with the budget plan. How can Council approve that litigation while relying on a spurious justification for its own overspending? We agree with the Act 47 Coordinator that such action by Council "sends a terrible message to those who expect the City to make strenuous efforts to comply with the FY 2005 budget and multi-year financial plan." The ICA has no illusions that making the difficult decisions to achieve these goals are not without difficulty. Indeed, they can be painful. Their difficulty, however, does not excuse Council from the necessity to make these decisions.

In our September 13 letter to the Mayor, we reminded him that we made recommendations to the Governor and legislature that were instrumental in securing additional revenues for the City. Those recommendations, however, were predicated upon a cooperative effort among the ICA, Act 47 and the City to achieve an efficiency culture in accordance with our respective sworn duties. We reiterated our view that this is not an adversarial process. Absent a genuine Council plan that meets the goals of the 2005 budget, however, the ICA will be faithful to its sworn statutory duty to pursue all remedies available under our statutory authority to enforce the 2005 budget and the Five Year Financial Plan.

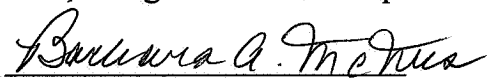
Sincerely,

By:



John E. Murray, Jr.

Chair, Intergovernmental Cooperation Authority



Barbara A. McNees

Vice Chair, Intergovernmental Cooperation Authority

Cc: Mayor Tom Murphy  
Members of Pittsburgh City Council  
Members of the Act 47 Team  
Members of the ICA Board  
Linda Johnson-Wasler, City Clerk