



Text File

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Committee: Committee on Finance and Law

Status: Passed Finally

Ordinance supplementing the Pittsburgh Code, Title Two, Fiscal, Article I, Administration, by adding language to Chapter 219 - Operating Budget, so as to codify Act 47 best practices and Intergovernmental Cooperation Authority requirements regarding the City's Annual Operating Budget.
(Briefing Held 12-4-17)

The Council of the City of Pittsburgh hereby enacts as follows:

Section 1. The Pittsburgh Code, Title Two, Fiscal, Article I, Administration, is hereby supplemented as follows:

§ 219.2 - Five Year Plan

In addition to the requirements of Chapter 503 of the Home Rule Charter, the annual operating budget approved by Council shall also include a five year plan.

- a. The Five Year Plan shall consist of the proposed budgetary year and a projection for revenues, expenditures, operating result and fund balance for the following four years utilizing generally accepted forecasting methodology.
- b. The projected fund balance **must shall** be minimally maintained at Ten Percent (10%) through each year of the 5 Year Plan with a target goal of **between** Twelve and One half Percent (12.5%) **and Sixteen and seven-tenths Percent (16.7%)** with an optimum goal of Sixteen and Seven Tenths percent (16.7) . The percentage should be calculated by dividing the fund balance by total general fund expenditures for that fiscal year.

§219.3 [Intergovernmental Cooperation Authority Budget Process] Collaborative Budgeting Process

So long as the Pittsburgh Intergovernmental Cooperation Authority (ICA), pursuant to State Act 11 of 2004, is in existence, then the mayor shall concurrently submit the budget presented to the ICA to City Council. **After termination of the ICA, the Mayor shall present a preliminary operating and capital budget to City Council on or prior to September 30 of each calendar year.** The proposed budgets shall continue to be presented on the second Monday of the eleventh month of each fiscal year, pursuant to Chapter 505 of the Home Rule Charter.

- a. The Office of Management and Budget, the Council Budget Office and the Controller shall meet by August 31 each calendar year to review and agree on revenue forecasts for the formulation of the proposed budget and five year plan.
- b. The City Controller shall certify the agreed upon revenues within 30 days of said meeting **and file the certification with the City Clerk's Office.**
- c. Changes to revenue after certification must receive written approval by one other branch.

- d. **As a general rule, changes to the September preliminary operating budget and five-year plan shall not exceed Two Percent of the total budgeted amount in the November proposed budget**
- e. **As a general rule, the final budget passed by Council shall not exceed Two Percent of the November proposed budget.**

§ 219.4 - Quarterly Reports

The administration shall provide to City Council quarterly reports updating the status of the Operating Budget. Quarterly reports shall include a detail of all accounts, year to date revenues & expenditures, and cash-flow projections, and current actual to budgeted staffing levels by department.

- a. Quarterly Reports shall be published by the Office of Management and Budget and received by Council no more than 45 days after the end of the fiscal quarter, and read and filed by Council no later than 60 days after the end of the fiscal quarter

§ 219.5 - Pension Calculation Budgeting Minimum

In addition to any state laws regarding mandatory minimum municipal pension obligations (MMO), the City shall minimally budget for the combined employee's pension plans based on a projected cash-flow in the yearly operating budget and 5 year plan so that annual pension revenue meets or exceeds the annual pension obligations in the Comprehensive Municipal Pension Trust Fund on a budgetary basis.

- a. Pension revenue shall include MMO, a supplemental contribution to reach the actuarial recommended contribution (ARC), Employee Contributions, the Parking Tax Commitment, and the assumed rate of return (ARR) on the principal of investments not including the ARR on the "Parking Asset" created by Ordinance 44 of 2010, as well as any necessary, mandated, or additional contribution.
- b. The cash-flow shall be considered on an annual aggregate budgetary basis by forecasting all of the pension revenue and subtracting all forecasted benefit payouts and anticipated expenses, that amount shall minimally be equal to, or positively exceed 0.
- c. The formula is as follows: (Pension payments + pension expenses) - (State MMO + Supplemental ARC Contribution, + Parking Tax Commitment + Employee Contributions + Projected Investable ARR result) = Minimal Additional Contribution

(1) The goal of each budget and five year plan should be to calculate the formula to be pay as you go as follows: (Pension payments + pension expenses) - (State MMO + Supplemental ARC Contribution + Parking Tax Commitment + Employee Contributions) = Minimal Additional Contribution.

- e. If for any reason there funding deficiencies that negatively impact the principle of the fund, a plan to address the deficiencies shall be submitted in the following budget year's Five Year Plan.

f. [c] This section shall be applicable until the fund reaches or exceeds an 80% percent funding level including the Parking Asset.

§ 219.6 - Other Post Employee Benefits (OPEB)

A plan for funding OPEB trust funds must be included in each year of the Five Year Plan.