Government for Growth:
Forging a Bright Future—
Built on Unity, Efficiency, Equity, and Equality—
for the People of Allegheny County and the City of Pittsburgh

The Report of the Citizens Advisory Committee
on the Efficiency and Effectiveness of City-County Government
A Message from the Chair

In late October of 2006, Allegheny County Chief Executive Dan Onorato and City of Pittsburgh Mayor Luke Ravenstahl announced the creation of the Citizens Advisory Committee on the Efficiency and Effectiveness of City-County Government. An otherwise diverse group, the Committee’s members were bound together by their commitment to the Pittsburgh region and by their capacity for hard work.

After devoting the remaining weeks of 2006 to organizational issues and the review of existing reports and related materials, the Committee pressed forward with its own efforts in January of 2007. Though all of its members shouldered other demanding responsibilities, the Committee met regularly on a twice-monthly basis, received informative presentations from more than 40 individuals with relevant expertise, participated in a fact-finding mission to the recently-consolidated “Metro Louisville,” and commissioned a RAND study focused on economic development.

Committee members shared a genuine sense of gratitude to the Mayor and County Chief Executive for inviting them to participate in this important undertaking. We also were heartened by the fact that the City and County continued to press forward with efforts to increase efficiency and effectiveness through cooperation even while the Committee’s own work was under way.

Our recommendations, as more fully described in the body of this report, begin with the expressed hope that the City and County will intensify ongoing efforts to pursue cooperative ventures. We also recommend that the current commitment to cooperate be formalized, so that it is not so heavily dependent on the inclinations of particular officeholders, and that City and County residents be given an early opportunity to vote on the desirability of consolidating the governments of the City and the County.

Still, this may be an opportune time to achieve dramatically higher levels of efficiency and effectiveness within a far more compressed period. Most basically, both the appointment of this Committee and the cooperative initiatives that already have been advanced reflect a high level of commitment to cooperation on the part of the County Chief Executive and the Mayor. In addition, there is an especially rich body of recent work—the reports of the ComPAC 21 and Competitive Pittsburgh committees and the recommendations of the “Act 47” oversight committee and the Intergovernmental Cooperation Authority—that already has driven certain improvements and that can help provide the foundation for further progress.

This report is the product of the Committee’s best thinking. It was prepared to stimulate constructive consideration of the most efficient and effective structures for City and County government as we move to meet the challenges and seize the opportunities that the 21st century will bring. Most fundamentally, it is tendered to the Mayor and the County Chief Executive respectfully and in the hope that the ideas advanced will be of use to them as they move forward to meet their responsibilities as stewards of a region that has long commanded unusual levels of respect and that we all consider to be a treasure.

Mark A. Nordenberg
Advisory Committee Chair
The area of Western Pennsylvania commonly known as “Pittsburgh” is a very special place. In many important ways, that area is centered around the vibrant commercial and cultural core of the City itself. However, Pittsburgh, both as most people think of it and as metropolitan statistics typically are gathered, extends well beyond the formal boundaries of its most populous municipality to encompass several counties and hundreds of smaller cities, towns, and villages, ranging from urban to suburban to rural.

Communities within the Pittsburgh region are separated by imposing natural barriers, such as wide rivers, steep hills, and broad valleys. But they have long been physically linked to each other by an impressive array of bridges and tunnels. They also are connected by a shared heritage and a strong sense of regional pride.

Pittsburgh's rich history, as well as its aspirations for a bright and economically healthy future, now are being publicly feted in a region-wide birthday party. The triggering event for this celebration is the 250th anniversary of the construction of a British fort at the confluence of the area’s three great rivers. That frontier outpost was built principally to ensure that the control of critical waterways could be maintained. Over time, the presence of that fort not only led to the growth of a community in the shadow of its walls but also stimulated the broader development of the entire region.

Despite the region’s natural beauty and strategic location, in its early years, the settlement that became Pittsburgh apparently was not a particularly appealing place, even by the standards of the day. According to its best-known history, the buildings were neither elaborate nor were they beautiful; they were simple structures made of unsquared logs. The streets before them were unpaved, dirty, littered with refuse, with dogs and hogs roaming through the mire. On rainy days, one waded through the mud, in dry weather the dust rose in clouds.1 That same volume reports that one traveler described it as a place “excellent to do penance in,” and a leading citizen reported that “all sort of wickedness were carried on to excess, and there was no morality or regular order.”

Both Pittsburghs—the City and the surrounding region—overcame those humble beginnings. By the mid-19th century, the region had begun to emerge as an international center of industry. Reflecting on that proud period, one author has labeled Pittsburgh “the classic overachiever among American cities” and reminded us that “it was Pittsburgh that gave, or rather sold, the world its first mass-produced oil, steel, aluminum, and glass,”2 as well as being a leader in science and the arts.

The region’s past position of prominence as an international center of manufacturing, though it remains a justifiable source of regional pride, now is largely a matter of history. The region’s top five employment sectors, in order, are: health and education, professional services, retailing, government, and hospitality and leisure. The manufacturing sector, which ranks sixth, lost more than 23,000 jobs between 2001 and 2006, while the health and education sector gained 22,000 jobs in that same period. Health and education is the only sector of the regional economy that added jobs in every year since 1995.4

Among [Pittsburgh’s] many positive qualities are generally safe streets, great natural beauty, surprisingly rich and diverse cultural activities, highly competitive sports teams, top-quality education and health care, and relatively manageable commutes.

Today’s metropolitan Pittsburgh does have much to recommend it. It recently reclaimed its ranking, by Places Rated Almanac, as “America’s Most Livable City,” reflecting the consistently high performance of the seven-county “Pittsburgh region” across nine assessed categories. Others have recognized Pittsburgh as a top travel destination, as a leading arts community, and as a fun city. Among its many positive qualities are generally safe streets, great natural beauty, surprisingly rich and diverse cultural activities, highly competitive sports teams, top-quality education and health care, and relatively manageable commutes.

Studies focused more specifically on economic development have identified relevant strengths and touted the region’s potential. The Clusters of Innovation Initiative: Pittsburgh,5 issued by the Council on Competitiveness in 2002, for example, cited as key Pittsburgh accomplishments: weathering the deep decline in steel, establishing strong positions in advanced manufacturing, developing world-class colleges and universities, and demonstrating the ability to create new firms from local knowledge...
In a fast-moving 21st-century economy characterized by global contests amongst highly competitive regions, [Pittsburgh's] future is far from certain, and among the critical challenges cited in virtually every analysis is fragmentation of local government.

A Troubling Economic Trajectory (continued)

The key economic challenges facing the region, however, are far broader than that. Most basic are continuing population losses, affecting the City, the County, and the broader region. Census figures released earlier this year revealed that, from 2000 to 2006, only New Orleans experienced a larger population loss than the Pittsburgh metropolitan area. And in benchmarking studies conducted by the Pittsburgh Regional Indicators Initiative, our home region ranked near the very bottom in job growth—over one-, five-, and 10-year periods—when compared to 14 peer regions.

To put those rankings in sharper context, Pittsburgh ranked below Baltimore, Boston, Charlotte, Cincinnati, Denver, Indianapolis, Kansas City, Minneapolis, Philadelphia, Richmond, and St. Louis over all three periods. Cleveland and Detroit were the only regions ranking lower than Pittsburgh over all three periods, and we ranked higher than Milwaukee in just one of the three periods. To add another troubling indicator, the Pittsburgh region’s average wage in 2005 was the lowest of these 15 benchmark regions, was 9.2 percent below the benchmark average, and was nearly $2,000 lower than the national average.

Of course, the impact of regional economic decline is not felt equally by all groups, and its disproportionate impact has been felt throughout the region. For example, African American poverty rates are four times higher than White poverty rates in Allegheny County, three times higher in the Pittsburgh Metropolitan Statistical Area, and 2.5 times higher in the City of Pittsburgh. Further, to the extent that low job growth has led to the loss of young talent to other areas, the entire region appears to have been affected. 

A Mixed History of Local Government Reform

It was in this challenging context that Allegheny County Chief Executive Dan Onorato and City of Pittsburgh Mayor Luke Ravenstahl created the Citizens Advisory Committee on the Efficiency and Effectiveness of City-County Government. In announcing this undertaking, Mayor Ravenstahl underscored the significance of the Advisory Committee’s mission when he said, “Our success at creating more effective and efficient government for the taxpayers is critical.” And County Chief Executive Onorato observed, “We have proven that it’s possible to increase operational efficiency and reduce government costs through cooperation and consolidation.”

The existing structure of local government is the product of long-forgotten history and bears little logical relationship either to existing regional resources or to current citizen needs. Though problems presented by out-of-date governmental structures are not limited to the Pittsburgh region, they exist in an exaggerated form here. The Committee to Prepare Allegheny County for the 21st Century, chaired by then-Duquesne University President John E. Murray Jr. and more commonly known as ComPAC 21, described our situation in its 1996 report to the Allegheny County Board of Commissioners:

Allegheny County has the distinction of having the most fragmented governmental structure of any metropolitan county in the United States. The county has 130 municipalities, 43 school districts as well as a number of public authorities. Of the 130 municipalities, 72 have populations of less than 5,000. The smallest has a population of 100. The largest is the City of Pittsburgh with a 1990 population of 369,879. 

The only significant change since then is that by 2006, the City had lost more than 57,000 additional residents, with its population falling to just over 312,800, a decline of more than 15 percent. In this regard, as already has been noted, the City of Pittsburgh did not stand alone. Population in both Allegheny County and the Pittsburgh Metropolitan Statistical Area also declined in that same period.

Allegheny County was created by the Pennsylvania Legislature in 1788 out of territory that had been a part of Westmoreland County. That same legislation also created the borough of Pittsburgh and designated it as the county seat and site of the County’s court of justice. One commentator, looking back with the benefit of hindsight, has offered the following opinion:

Logically, when Pennsylvania carved out Allegheny County in 1788, it ought to have designated it Pittsburgh County, as a western counterpart to Philadelphia County in the east. That would have integrated the state’s concern for the
A Mixed History of Local Government Reform (continued)

administration of justice with the city's concern for its own power base. But Allegheny County was created not to exalt Pittsburgh but to curtail it: the rival city of Allegheny [also] was laid out by David Redlick on the opposite bank of the Allegheny River in 1788.9

In 1907, Allegheny City, which consisted essentially of what now is known as Pittsburgh’s North Side, was annexed by the City of Pittsburgh. This annexation occurred during a period of expansion by the City—driven, at least in part, by the fact that it could provide a range of services that typically were not available in smaller communities. Under the legal structures existing at the time, merger votes were decided by a simple majority of total votes cast in the two involved municipalities. Majority support from each municipality was not required.

In 1929, a proposal to consolidate the governments of Allegheny County and the City of Pittsburgh was approved by an overwhelming majority of voters in a countywide ballot, but the initiative was defeated on a technicality. In 1907, Allegheny City, which consisted essentially of what now is known as Pittsburgh’s North Side, was annexed by the City of Pittsburgh. This annexation occurred during a period of expansion by the City—driven, at least in part, by the fact that it could provide a range of services that typically were not available in smaller communities. Under the legal structures existing at the time, merger votes were decided by a simple majority of total votes cast in the two involved municipalities. Majority support from each municipality was not required.

One particularly relevant attempt at reform, also from a much earlier period, began with the governor’s appointment, in 1923, of a Commission to Study Municipal Consolidation, which included representatives of the cities of Pittsburgh, Clairton, Duquesne, and McKeesport and the boroughs and townships of Allegheny County. The commission drafted an enabling amendment to the Pennsylvania Constitution authorizing voters in Allegheny County to create a federated City of Pittsburgh. This entity would have retained the nominal structure of most municipalities within the County while shifting the responsibility for most public services to what would have been a merged city and county government. The amendment was approved both by the legislature and through a statewide ballot in 1929, and the proposed charter was presented to County voters in 1929. Though the charter won the support of 68 percent of voters countywide and also won majority support in 82 of 123 municipalities, it was technically defeated for what was described as a printer’s error.10

The proposed merger of Allegheny City and Pittsburgh failed to gain majority support from Allegheny City voters. However, because it was supported by a majority of the total votes cast, it moved forward. That result was highly controversial and led to changes in the legal requirements for merger that dramatically slowed the expansion of the City of Pittsburgh. Today, though, it is difficult to imagine the issues that would exist if separate governmental bodies controlled the North Side and the rest of the City of Pittsburgh. It also is interesting to note that both the current County Chief Executive and the current Mayor come from what once was Allegheny City.

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In turn, the new and aggressive approach to economic development activities of Allegheny County government. This change is necessary to compete effectively in the 21st century. In turn, the new and aggressive approach to economic development must be complemented by improvements in the organization, function, finance, and structural areas of government as well. ComPAC 21 recognized that changes in the structure of County government, standing alone, would not provide the levels of effectiveness and efficiency required for the advancement of the region in the 21st century. In a pair of companion statements, the committee, first looking outward, asserted that “economic development policies should encourage the counties of southwestern Pennsylvania to work together as a region” and, looking inward, added that the County should “lead by example, by working with the City of Pittsburgh to eliminate service duplication between the two governments.”

This Advisory Committee, appointed by the Mayor of the City of Pittsburgh and the Chief Executive of Allegheny County, has a charge that is appropriately limited to improving the efficiency and effectiveness of the two important units of government that they lead, with a particular focus on the ways in which they relate to each other. That charge does not extend to other municipalities or to school districts. However, for the City of Pittsburgh and Allegheny County to achieve higher levels of efficiency and effectiveness would itself be a benefit to the entire region and, as noted by the ComPAC 21 report, the region’s most populous city and county also do have a special opportunity to “lead by example.”

Far more recent is the ComPAC 21 report, which, as earlier noted, was presented to the Allegheny County Board of Commissioners in 1996. Key ComPAC 21 recommendations urged that the basic structure of Allegheny County government be changed from a system led by three elected commissioners to the election of a single elected executive and that numerous offices within County government be consolidated. Those changes have been effected, with row office consolidation just completed in January of 2008.
In another passage of its report, ComPAC 21 actually framed the need for a shared commitment to the elimination of service duplication in even more urgent terms: “As a region, we cannot afford nor do taxpayers expect to pay for unnecessary and duplicative public services. The Committee believes that we must adopt a zero tolerance for service duplication.” The committee went on to identify several areas that might be “most amenable to consolidation.” These included solid waste disposal, emergency management, specialized police services, public safety dispatch, fleet management, public works, provision of low-income housing, purchasing, property tax collection, computer systems, and park maintenance.

In establishing a Culture of Excellence, the Committee recognizes the need for a shared commitment to the elimination of service duplication. The report states: “As a region, we cannot afford nor do taxpayers expect to pay for unnecessary and duplicative public services. … we must adopt a zero tolerance for service duplication.” This commitment is essential to the success of any intergovernmental cooperation efforts.

In the years since the report was released, there have been significant efforts to implement the recommendations. The City and County have worked together on various initiatives, including the creation of the Regional 911 Center and the consolidation of tax collection. However, the committee notes that more work is needed to fully implement the recommendations and achieve the desired levels of efficiency and effectiveness.

Efficiency and Cost-Effectiveness

The report also highlights the importance of efficiency and cost-effectiveness in regional governance. The Committee emphasizes that “Excellence can be created only in partnership with employees, other governmental entities, community groups, businesses, nonprofit organizations, civic agencies, organized labor, and, above all, the residents of the City.”

The report concludes with a call to action: “The Committee believes that we must adopt a zero tolerance for unnecessary and duplicative public services. … we must adopt a zero tolerance for service duplication.”

Allegeny County Chief Executive Onorato and the late City of Pittsburgh Mayor Bob O’Connor generally are credited with forging this long-overdue agreement. Nothing should detract from their ultimate successful commitment to that effort. However, it does seem fair to ask why moving to meet the shared best interests of the citizens of the City and the County needed to be delayed, over the course of so many years, until a particular pair of City and County leaders took the necessary steps to accomplish what had long been regarded as an obvious advance in the continuing quest for ever-higher levels of efficiency and effectiveness.

More than two decades ago, the City of Louisville and Jefferson County, Kentucky, took action to eliminate some of the uncertainties that do exist when intergovernmental cooperation is driven by the professional personalities of incumbent leaders. In 1986, that city and county successfully petitioned the Kentucky Legislature to enact laws providing for the creation of a city-county cooperation agreement. The resulting compact placed four joint agencies under the control of Jefferson County. That carefully crafted commitment to long-term cooperation helped eliminate duplication of effort in specified areas, while providing a foundation, grounded in experience, for other forms of future cooperation. A joint city-county office for economic development also was created.

The City of Louisville and Jefferson County subsequently merged. The creation of the compact could be viewed, then, as an important step along the path toward merger. However, the compact was created at a time when the merger of Louisville and Jefferson County seemed unlikely, and the compact was in effect for many years prior to that merger. Therefore, the creation of the compact also can fairly be viewed more independently as the formal implementation of an institutional commitment to cooperation in the delivery of services.
Consolidated Government as a Means of More Broadly Advancing Regional Progress

The structures of local government in some of the country’s most populous metropolitan areas were shaped by city-county consolidations that occurred a century or more ago. Included in that group are Boston, Denver, Honolulu, New Orleans, New York, Philadelphia, and San Francisco. Consolidations implemented between the end of World War II and the beginning of the 21st century more often involved less populous, but often well-known, metropolitan areas. That latter group includes Indianapolis, Indiana; Jacksonville, Florida; Lexington, Kentucky; Louisville, Kentucky; and Nashville, Tennessee.

As a general matter, however, city-county consolidations are rare events, and comparing those that have occurred is difficult because both their settings and their structures typically are so dissimilar. To become even more specific, no past consolidations can easily be compared to the possible consolidation of Pittsburgh and Allegheny County. The example most frequently used for comparative purposes is the merger of the City of Louisville and Jefferson County, Kentucky. But that consolidation also is the most recent, not having been fully effected until 2003, meaning that its post-merger experience is limited.

For these and other reasons, including the difficulty of conclusively linking particular regional successes—including progress in economic development—to any one factor, a RAND study commissioned by the Advisory Committee generally concluded that “the case for or against consolidation will have to be made on grounds other than incontrovertible scientific evidence.” In that “the case for or against consolidation will have to be made on grounds other than incontrovertible scientific evidence.”

In counties where consolidation had taken place, opinions about the effects of consolidation on economic development ranged from mildly positive to downright euphoric.”

—RAND Report, 2008

From 2003–2007, Louisville has been ranked first nationally in small business growth ... first in the Southeast for manufacturing job growth ... and one of the nation’s 50 hottest cities for expansion. Merger cannot be given all the credit, but before our governments came together they had competing business programs, and there were different regulations in the City and County, so it was difficult to achieve focused economic development and “big vision” projects.6

The arguments advanced in favor of consolidation are that it “can improve efficiency in the delivery of services, eliminate fragmented governance, and improve fiscal and social balance.”6

In terms of the perceived positive impacts of consolidation on economic development, the elements most frequently mentioned by practitioners, theorists, and involved citizens are: unity of leadership, increased planning and development capacity, simpler regulatory procedures for business, and reduced intergovernmental competition.

The key distinction here is in the unusually large number of such municipalities and districts. As described by the authors of a relatively recent Brookings Institution report, “Metro Pittsburgh is drowning in government. ... In our view, the problem of cost matters less than the fact that fragmentation can undercut economic competitiveness.” Still, in assessing the likely impact of a consolidation limited to the City of Pittsburgh and Allegheny County, the RAND study predicted improvement through unity of leadership, increased planning and development capacity, and simpler regulatory procedures for business. The only referenced area not viewed as a likely area of improvement was reduced intergovernmental competition, a direct product of the number of remaining governmental units.

According to RAND, the area likely to generate the most dramatic level of improvement is unity of leadership. Without intending to minimize the other factors, any of which could contribute to the advancement of the region over time, the Advisory Committee also placed greatest weight on unity of leadership. To some extent, that weighting can be tied back to the long history of shortcomings, already described, in achieving higher levels of efficiency and effectiveness through cooperation when leadership is not united.

Virtually all of our respondents stressed the importance to economic development of having a common vision and one clearly accountable decision-maker. It is disconcerting to businesses and citizens when local political leaders with different agendas appear to be impeding progress—even granted that the definition of progress is in the eye of the beholder. Few businesses want to invest in a tumultuous political environment where uncertainty is high.

The impact of this particular advantage of merger has been underscored by Jerry Abramson, the first mayor of what now is formally known as Louisville-Jefferson County Metro Government.
“We were always pulling back and forth, between the city and the county. Now, we have one agenda, one clear vision, rather than two people who feel like they both are in charge of the same community.”

—Jerry Abramson
First Mayor, Louisville-Jefferson County Metro Government

Consolidated Government as a Means of More Broadly Advancing Regional Progress (continued)

It’s clear after two and one-half years that this business of re-inventing our government is a marathon, not a sprint. The changes have been hugely challenging, to our leadership team and to our employees. But the changes required also have energized and engaged our new government and community.

It gave me the chance to set an agenda for the whole region. If you start pitching yourself as a region, if you start seeing yourself as a region, you can be very, very successful.

We were always pulling back and forth, between the city and the county. Now, we have one agenda, one clear vision, rather than two people who feel like they both are in charge of the same community.14

Most typically, the advantages of consolidation focus on improvements in the management of government, a more powerful pull in economic development, or enhanced leverage in dealing with the state or federal governments. A consolidated government for a combined City of Pittsburgh and Allegheny County would be responsible for a population base of approximately 1.25 million residents and would catapult the region’s “capital city” from its current status as the country’s 56th most populous city to the 8th position nationally. This would provide a single leader with a broader platform for promoting unity and elevating collective ambitions.

Consolidating the governments of Allegheny County and the City of Pittsburgh also can be viewed as the logical “next step” in an extended process that includes such earlier efforts as the City of Pittsburgh and the Competitive Pittsburgh report. It would consolidate the two largest units of government within the County, while permitting the residents of smaller municipalities, where there may be a more deep-rooted commitment to “small-town governance,” to observe and learn from the consolidation experience before making choices about structuring their own future relationships to the government of “Metro Pittsburgh.”

However, there is another dimension of Mayor Abramson’s message that is worthy of special mention. The merger positioned him not only to speak for the region but also to speak to the region in new and different ways. Being the mayor of Metropolitan Louisville gave him a more powerful platform for promoting unity and elevating collective ambitions.

(1) The County Chief Executive and Mayor should further intensity existing efforts to achieve higher levels of efficiency and effectiveness through functional cooperation.

In a speech delivered at a Conference on America’s Cities in October of 1970, Dick Thornburgh quoted the chairman of the Allegheny County Board of Commissioners as having said: “One thing you can say about us in this county is that whatever project you suggest, you’re lucky if it’s completed in your lifetime.”19 At that point, Mr. Thornburgh was speaking principally from his experience as a delegate to the State Constitutional Convention that had prepared a “home rule” amendment. Later, from 1979 to 1987, he served for two terms as the governor of Pennsylvania. More than 20 years after leaving that office, he remains a committed advocate for the reform of local government in his home region.

As already has been noted, some progress has been made in the intervening years. Most notable is the reform of County government triggered by the ComPAC 21 report. Spurred at least in part by Commonwealth oversight, change also is occurring within City government and through new partnerships with other units of government.

The current County Chief Executive and Mayor deserve great credit for pushing these processes forward. Their shared commitment to seriously examine available alternatives and implement those that seem most promising can be seen in their creation of this Advisory Committee. It also is reflected in the work that already has been done, at their direction, by members of their management teams to pursue opportunities for partnering that will enhance efficiency and effectiveness.

The Advisory Committee received two formal briefings on progress already made and on future plans and also benefited from less formal updates periodically provided by its two vice chairs. Among recent successes, the City and County have moved through the implementation stage for the first phase of what will become a broader joint purchasing agreement, are aligning the termination dates for their fleet management contracts so that they can be jointly bid in the future, merged fingerprinting operations, signed a joint telecommunications agreement, and just announced the successful completion of an online reverse auction for electricity through the Western Pennsylvania Energy Aggregation Program.

This reverse energy auction could result in $1.4 million in savings over the next two years, according to the announcement made by the City and County. It is difficult to estimate the total savings that could be realized if other cooperative initiatives were pursued. A 2005 Pennsylvania Economy League study advanced an estimate of $32.5 million, but many seem to believe that number is too high.

The two administrations are best positioned to value and prioritize future efforts, and they do move forward with the advantage of recommendations made by the two Commonwealth oversight groups and by earlier task forces. Among areas that are expected to receive careful attention in the near term are shared technical services, the second phase of the joint purchasing arrangement, parks, the sign shop, the arson and bomb squads, and dog licensing.

The rather promising record of recent progress stands in sharp contrast to the region’s much longer history of very limited
successes. A key now, then, is to further build on current momentum and to do so with a sense of urgency. As noted, different groups have offered varying assessments of the cost savings that would result if such efforts are pursued aggressively and effectively. However, particularly in a time when both the City and the County face serious fiscal challenges, the ComPAC 21 directive—that we adopt a “zero tolerance policy for service duplication”—ought to be a guiding principle for effective government.

(2) The City and County should enter into a formal “cooperation compact,” both to ensure that efforts to partner in the delivery of services are pursued most effectively in the short-term and to ensure that such efforts remain a longer-term priority that also will be respected by successor administrations.

In their own quest to improve the functioning of local government, the City of Louisville and Jefferson County, Kentucky, experienced extended periods very similar to our own long history—periods during which cooperative ventures that might have been undertaken, for a range of reasons, were not. Determined to make intergovernmental cooperation an urgent and lasting priority, in 1986, that city and county, led by their mayor and county executive and with essential support from the legislature, entered into the Louisville-Jefferson County Compact. Experience with it was sufficiently positive that the compact was extended when its original 12-year County Compact. Experience with it was sufficiently positive their mayor and county executive and with essential support urgent and lasting priority, in 1986, that city and county, led by not. Determined to make intergovernmental cooperation an urgent and lasting priority, in 1986, that city and county, led by their mayor and county executive and with essential support from the legislature, entered into the Louisville-Jefferson County Compact. Experience with it was sufficiently positive that the compact was extended when its original 12-year

The precise shape to be given a Pittsburgh-Allegheny County compact is best determined by the Mayor and County Chief Executive. When the needs of this region are considered, the joint agencies created through the Louisville-Jefferson County compact almost certainly would not have exact parallels. Implementing a joint commitment to economic development clearly is one key. Speaking more broadly, so is institutionalizing a sustained commitment to higher levels of effectiveness and efficiency through City-County cooperation.

(3) At the earliest appropriate time, the question of whether or not the governments of the City of Pittsburgh and Allegheny County should be consolidated, as a key step in forging unity of leadership and fostering higher levels of regional growth, should be placed before the voters.

Observers of the Louisville-Jefferson County merger have said that it is the story of “a second-tier city that wanted to be recognized as a major metropolitan area” and that it is a story of “what happens when a powerful vision refuses to be discouraged by repeated setbacks.” Those observers also have noted that Louisville and Jefferson County “died for more than 40 years whether to merge our 200-year-old city and county governments.”

In contrast, the City of Pittsburgh and Allegheny County historically had been viewed as sitting at the center of a top-tier metropolitan area. The question squarely confronting this region, then, is a different one. Can we reclaim that historic top-tier status, or will a fast-declining population and significant job losses permanently relegate the Pittsburgh region to a second-tier status nationally and to an even lower status in the emerging global economy?

Going back to the 1920s campaign producing the countywide vote that favored a federalized City of Pittsburgh, this region has been debating city-county consolidation for more than 80 years, twice as long as had been the case in Louisville. But more than 20 years ago, when their city-county compact was forged, Louisville and Jefferson County pressed boldly beyond the discussion stage in what became a determined drive for local government reform. And their full merger was completed five years ago, while we still are watching and waiting.

Of course, this region is not engaged in a narrow contest between Louisville and Pittsburgh. Instead, as has been noted, major American cities like Boston, Denver, New York, Philadelphia, and San Francisco have functioned with consolidated city-county governments for well over a century. And as international connections become increasingly important, there is a growing likelihood that potential global partners will be disoriented and discouraged by the prospect of dealing with local government structures that seem so outdated.

Especially in a region that is widely known for its general discomfort with change, any reform proposal will trigger reflexive resistance from champions of the status quo. However, recent reforms in county government demonstrate that regional inertia can be overcome when worthy ideas, intended to advance the general good, are put before the voters. Viewed from another perspective, a proposal limited to the consolidation of the governments of the City of Pittsburgh and Allegheny County almost certainly will seem too modest to some champions of change. In fact, more sweeping proposals— involving other municipalities as well as school districts—already have been put forward by respected regional leaders. As has been noted, such proposals exceed the scope of this City-County Advisory Committee’s charge. And the Advisory Committee’s recommendations also are offered pragmatically—as achievable steps that can facilitate higher levels of efficiency and effectiveness in local government, while promoting regional unity in an increasingly competitive world...
Though the specific contexts may vary, any consolidation effort presents a range of challenges. Among the most important are: meeting the continuing needs of the urban center, ensuring adequate minority representation, dealing equitably with current city and county employees, and segregating legacy costs.

Meeting the Continuing Needs of the Urban Center

Virtually all of the city-county consolidations of the recent past have been structured to include two service districts: an Urban Services District, which encompasses the city, and a General Services District, which encompasses the rest of the county. The need for distinct districts providing differentiated levels of service has been more pronounced in some other settings, where the involved county has included a significant expanse of rural areas that were not incorporated and where few services were provided. This is not the case in Allegheny County.

However, the challenges presented in providing certain services are more daunting in any city than they are in less urban areas and so, most often, are the costs associated with the delivery of those services. Urban centers almost always make more significant investments in police and fire protection, for example. And frequently, such services as water and sanitation, street lighting and cleaning, and refuse collection involve higher cost structures within a city.

Today, in Allegheny County, those differentials are reflected in a local taxation system that is itself built around distinct tiers. All taxpayers within the County, including residents of the City of Pittsburgh, pay taxes to the County and do so at the same rate. All taxpayers within the County also pay taxes to their home municipality, since all of the land in Allegheny County is incorporated into one of its 130 municipalities. However, those municipal taxes are paid at a differentiated rate, depending upon the services provided and the existing cost structure in the particular municipality. The Urban Services District would assume that municipal function for what is now the City of Pittsburgh, if there was a consolidation of the governments of the City of Pittsburgh and Allegheny County.

As has been noted, other municipalities within Allegheny County would continue to exist and function, even after a City of Pittsburgh-Allegheny County consolidation. Therefore, it seems important, as a matter of equity, to provide council members representing districts within the Urban Services District with authority to ensure that the special needs of the urban core, which might extend beyond traditional services and also include protections for urban design and planning, are met. The existence of both an Urban Services District and a General Services District also can be one important mechanism for ensuring that existing city and county debt obligations remain segregated.

Ensuring Adequate Minority Representation

A fundamental goal in effecting any change to the existing structure of local government must be ensuring that minority groups are not unfairly disadvantaged by that change. In this region, that concern is tied principally to the fact that there are proportionately higher numbers of African Americans in the population of the City of Pittsburgh than there are in the population of Allegheny County as a whole.

What level of African American representation might be achieved in a restructured government depends on the number of council districts created, the way in which district boundaries are drawn, and whether or not there are “at large” council members. One expert who has studied the matter has stated that the “issue of minority representation has generally not been an overt problem in the various city/county consolidations” and added that “minority representation would not have to decline in a consolidated City/County government.” Here, guarding against any such decline must be a high priority.

Dealing Equitably with Current City and County Employees

Every proposal for consolidation, in whatever form it takes—from partnering in the delivery of particular services to the full consolidation of government—must be grounded, at least in part, in a quest for cost savings. Both the City and County are major employers, with 3,300 and 6,600 employees respectively, and the longer-term savings to be achieved through some initiatives would depend upon reducing personnel costs. When that is the case, reductions should be achieved through processes designed to protect current employees.

As a matter of context, it also should be noted that some initiatives already implemented have generated meaningful savings that are completely unrelated to reducing the cost of maintaining the current employment base. One example is the recent reverse energy auction that will produce substantial savings for both the City and the County. It is expected that...
Promoting Equity and Equality in Implementation (continued)

leveraging this combined purchasing power could generate additional savings in other areas.

In other cases, savings might be achieved through a reduction in personnel costs but without any loss of jobs. For example, it is believed that combining the arson and bomb squads, as has been recommended, would create a joint unit that could be fully staffed over three daily shifts, relying on existing personnel but reducing or eliminating the significant overtime charges that are paid today. Similar situations likely exist in other areas as well.

It is most certain that in a complete consolidation of the governments of the City and County, there would be some reduction in the number of employees at the very highest levels of the organization chart. Most obviously, there would be only one chief executive, rather than two, and the direct staff support for that position would be reduced to a minimum.

In other cases, savings might be achieved through a reduction in the number of employees. This might be accomplished, when possible, by “without employee displacement through attrition, early retirement, and transfer to available positions with retraining if needed.”

Systems are integrated because, most typically, employees move to the more generous compensation schedule and benefits package. That was the case when the countywide 911 system was implemented. In return for this short-term cost increase, the citizens of the County immediately received a higher level of service, along with the potential for longer-term cost reductions.

Even harder to predict is the impact of arrangements like the agreement providing for the regular collection of refuse from the Borough of Wilkinsburg by the City of Pittsburgh’s Bureau of Environmental Services. That agreement proved to be so beneficial for both parties in its first year that it has been extended—with Wilkinsburg expecting to save approximately $1 million, compared to the fees it was paying a private hauler, and with Pittsburgh gaining a new revenue stream of nearly $800,000 per year. If the Wilkinsburg model was replicated, the number of “metro government” employees in some service delivery units actually could increase over time, but that would depend on the cost and quality of the services made available to other municipalities by the consolidated City-County government.

Foreshadowing this Advisory Committee’s focus on economic development, the former chair of ComPAC 21 offered the following perspective on that initiative and on this work:

The purpose of these studies is not to assure lifetime employment opportunities with the city or county. They are designed to foster genuine economic growth that will provide many more employment opportunities in the private sector for citizens, including former city and county workers.

The recommendations should look to effecting a sufficient number of transfers, along with the potential for longer-term cost reductions.

Still, in the words of the ComPAC 21 report itself, any downsizing that might be required should be accomplished, when possible, “without employee displacement through attrition, early retirement, and transfer to available positions with retraining if needed.”

Segregating Legacy Costs

One of the biggest hurdles that must be overcome in advancing the concept of consolidating the governments of the City of Pittsburgh and Allegheny County is the concern that this would shift the City’s existing pension and debt obligations to County taxpayers. The City’s accrued pension liability for its police, fire, and nonuniformed retirees is approximately $844 million. With assets of just $374 million, those plans are only 44 percent funded. The City also has an unfunded retiree health benefit obligation of more than $250 million. The City’s annual pension contributions, which now represent nearly 10 percent of its total budget, are a major fiscal drain. As more members of an aging workforce retire, both these unfunded obligations and the payments required to support them are projected to grow.

Though their magnitude may be unusual, these challenges are not unique to the City of Pittsburgh. To the contrary, these problems are faced by municipalities throughout Pennsylvania. In fact, the basis upon which state pension contributions are made—a yearly fixed-dollar contribution for each active employee—actually works to the disadvantage of municipalities like Pittsburgh, which have cut the size of their active workforce as one response to fiscal constraints.

These deficits grew over the course of many years and were not produced by the practices of the current City administration. Nonetheless, the Mayor has aggressively pursued approaches for dealing with these challenges. Among other things, he convened Pennsylvania’s first Mayor’s Pension Summit, gathering mayors from throughout the Commonwealth, as well as state officials and budget experts, to share ideas as a first step in developing a statewide strategy.

The Mayor and County Chief Executive recently also joined forces with the Mayor of Philadelphia to lobby the Governor and key legislative leaders for state funds to help deal with unfunded pension liabilities. Ultimately, some level of state support almost certainly will be necessary to effectively address these challenges, here and in other parts of the Commonwealth. If that help could be provided soon, that would provide a real boost to government improvement efforts now under way.

The City of Pittsburgh also has significant capital debt obligations—which, again, were incurred by previous administrations. The City’s rolling budget forecasts, though, do provide for full payment of all capital debt obligations, even in years when balloon payments are required. Just as important, the City’s current $50 million capital spending plan is funded through the annual budget and does not require the issuance of any new debt.

It is not unusual for issues of this type to present challenges in the context of a possible consolidation of governments. The approach typically taken is to segregate existing obligations and to preclude their transfer from one governmental entity to another. In this regard, as noted above, the creation of an Urban Services District can be an important step because that District can “hold” the existing debt and retire it over time by applying revenues raised for that purpose through the differential tax structure. Savings effected through consolidation might also be applied to reduce these legacy cost burdens. !
Government for Growth:
Forging a Bright Future—Built on Unity, Efficiency, Equity, and Equality—for the People of Allegheny County and the City of Pittsburgh

Honoring Our Legacy by Building Effectively On It

Pittsburgh’s past contributions—which earned this region a distinctive place in American history—have been memorably described in the following way:

Much of the nation’s material greatness came out of Pittsburgh. Steel rails, structural shapes, sheet and plate, forgings for the machinery of an industrial age … Pittsburgh was a city that put ideas to work.23

Though the industrial landscape of earlier years is largely gone, success in the highly competitive, new knowledge economy depends even more directly on “putting ideas to work.”

As has been noted, studies of this region have concluded that it is blessed with wide-ranging assets that should be contributing to a record of strong economic growth. The Clusters of Innovation Initiative: Pittsburgh, for example, concluded that “Pittsburgh has the assets in place to be a dynamic and diversified economy.” To the shared regret of all who care about this region, however, those assets have not produced a high-growth economy here. Instead, metropolitan Pittsburgh continues to lose people and jobs and opportunities for wealth generation—forms of growth that, in earlier years, were defining characteristics of our thriving local economy.

There probably is no single missing ingredient, which, if added, would maximize the economic productivity of the region’s asset mix. In fact, most of the available studies have identified multiple areas in which improvements might be sought. But one consistently mentioned matter of concern is fragmented and divided local government.

To their great credit, in considering steps that might be taken to improve the regional economy’s “asset mix,” the County Chief Executive and Mayor put political self-interest to the side and decided to look first at that issue—the single matter over which they have the greatest degree of control. As a first step, they empanelled this Advisory Committee and directed it to consider the ways in which approaches to achieving higher levels of cooperation between the units of government that they lead—including, but not limited to, consolidation—could produce benefits for the citizens that those governments exist to serve. With this report, the Advisory Committee has responded with its recommendations.

The Committee’s recommendations are offered respectfully, because we do genuinely respect the elected leaders who brought us together and gave us our charge. Those recommendations are grounded in the strongly shared belief that more must be done, not only to improve the efficiency of local government but, even more significantly, to unify regional leadership.

Those companion themes, of course, are not new. Instead, they have been at the heart of regional discussions regarding the improvement of local government for decades and provided the foundation for such relatively recent efforts as the ComPAC 21 initiative. Because our initiative was appropriately limited to the governments of Allegheny County and the City of Pittsburgh, it is likely that there will be continuing discussion of these themes, particularly as other units of local government, including school districts, experience ongoing fiscal challenges.

In moving forward with its assignment, the Advisory Committee met for extended meetings twice per month for more than a year and benefited from presentations made by more than 40 individuals in those sessions. The Committee’s meetings included an intensive fact-finding visit to Louisville, Kentucky, which was made in the company of the Mayor and the County Chief Executive. As has been noted, the Committee also commissioned a study by RAND.

This report represents the strong consensus of the Advisory Committee’s membership. As might be expected, though, not every Committee member agrees with every idea expressed in it. The Advisory Committee benefited greatly from the contributions made by its two Vice Chairs, the Deputy County Manager, and the Mayor’s Chief of Staff. Among many other attributes, they each have a working knowledge of local government that most other Committee members lack. The active participation in the Committee’s work by these high-ranking members of the City and County administrations should not be taken as a sign that the Mayor and County Chief Executive have approved this report, however.

Instead, the report was prepared independently, with the basic expectation that its recommendations would be fully and fairly considered. And that report now is advanced with the heartfelt hope that its recommendations will assist the Allegheny County Chief Executive and Mayor of the City of Pittsburgh in their ongoing efforts to improve government efficiency, boost the local economy, and return our home region to its historic position of “classic overachiever.”

―Laurie Graham
Author: Singing the City23

“Much of the nation’s material greatness came out of Pittsburgh. Steel rails, structural shapes, sheet and plate, forgings for the machinery of an industrial age … Pittsburgh was a city that put ideas to work.”

—Laurie Graham
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Endnotes

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18 Jerry Abramson, Various Interviews.
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