
MEMORANDUM

TO: CITY COUNCIL
FROM: MAYOR MICHAEL E. CHEREPKO
SUBJECT: BUDGET MESSAGE
DATE: 11/15/2023
CC: ANNETTE JAMES, CLERK
RYAN STURGESS, CONTROLLER



Please find the attached preliminary draft budget for the FY-2024. The Home Rule Charter requires the Mayor to present a balanced budget to City Council on, or before November 15, and a final spending plan must be adopted prior to December 31, 2023.

As Mayor of the City of McKeesport, I present this address as my official budget message. Each year, when discussing McKeesport's fiscal health with our City's elected officials, community leaders, and residents, I must acknowledge the obstacles and challenges we face in writing an effective spending plan. Even in considering those challenges, however, it is just as important to highlight the positive strides made by this administration and this community. Each and every day, we establish and achieve goals that will sustain our City.

As we look ahead to 2024, I am presenting to Council a balanced, preliminary budget of \$24,828,946. In this spending plan, as we do each and every year, our administration has utilized the best estimate of revenues and expenditures and isolated as many variables as possible as we look ahead to 2024.

To me, these annual budget messages serve as "State of the City" addresses, as the timing and the reach allow me to communicate my administration's fiscal goals, which impact our City's daily operation and quality of life. When we talk about "Working Together for a Better McKeesport," every goal is accomplished through teamwork, extensive planning, and partnerships. That includes our McKeesport City Council, our City's many departments, our local school district, and the community organizations that serve each and every one of us.

We provide the McKeesport community with services through our Police, Fire, Public Works, Community Development, Finance, and Recreation departments – each providing a unique set of services on which our friends and neighbors truly depend. This includes everything from neighborhood patrols to emergency response, building permits to bill payments, and community resource connections to seasonal activities. As we consider those services and weigh our decreasing revenues against increasing expenditures, it's important to analyze conditions that impact not only the City of McKeesport, but the entire Mon Valley, the commonwealth, and our entire nation.

THE EVOLUTION OF PUBLIC SAFETY

One of the most significant factors of the City's operation – and its budget – is public safety. Law enforcement agencies across the country are operating in unprecedented times – often serving communities amid declining public opinion and increased risk. It is our job, as elected officials, to guarantee that our local public safety departments – our police, fire, and EMS services – are meeting our community's needs and that they are given the resources to do so with confidence and pride.

Across the United States, public safety trends include investment in (1) technology, (2) community-based gun violence reduction strategies, (3) recruitment and retention efforts to ensure longevity among personnel, (4) departmental reporting and compliance, and (5) transparency and communication. These efforts are visible in McKeesport's investment over the past several years and into 2024.

We have implemented a comprehensive network of license-plate recognition (LPR) cameras, which are linked to systems across Allegheny County, and a ShotSpotter system that rapidly identifies and evaluates incidents of gunfire in real time. In 2024, Chief Mark Steele is guiding the McKeesport Police Department toward two additional advances. The department will be adding a new cloud-based data system for efficiency, as departmental paperwork converts to a digital platform. Officers also will implement the use of body cameras for both evidential support and transparency.

In keeping up with these nationally identified public safety trends, I cannot stress enough how recruitment and retention is a challenge that was deeply affecting the McKeesport Police Department. If you've heard me say it once, no doubt you've heard it a thousand times – I believe our police department absolutely is second to none. Knowing that, and knowing what our officers have been through in 2023, we must invest in our people at this time.

Our police department and our entire community bid farewell to we said goodbye to Officer Sean Sluganski, who was killed in the line of duty on February 6. In the same incident, Officer Chuck Thomas was critically wounded.

As I did in the weeks and months following Officer Sluganski's death, I will assure you that his family and the entire McKeesport Police Department know that our community truly "Backs the Blue." In this difficult time, our community's support had a tremendous impact on the McKeesport police force, and even today, their healing process continues. As Mayor, I ask that your support remains steadfast. We must remember that these men and women risk their lives each and every day to keep us safe. And let us not forget, while these officers are working to protect us, their families are at home hoping and praying with each passing shift that they never receive a call like Officer Sluganski's family did.

Across the country, recruitment/retention has been called a "crisis" in public safety. In McKeesport, our answer to that predicament is to protect our officers as they protect the public. We must provide fair, comparable wages and benefits to our officers, along with incentives such as hiring bonuses, full-time employment, and specialized training opportunities.

In the following section, when reading about a proposed tax increase, it is important to consider the investment we are funding with that revenue. Taxpayers, ourselves included, are committing their hard-

earned dollars to the safety of our neighborhoods and the morale of those who protect us. Our goal is to provide the McKeesport community with public safety departments whose personnel feel appreciated and welcome here.

For the past several years, our local community and economic development plan known as the “McKeesport Rising Initiative” has included specific components for public safety.

In the police department, we invested in technological advancements and secured grant funding for grassroots programming. Our officers partner with regional agencies, such as the Allegheny County District Attorney’s Office, county police and sheriffs, and the state Attorney General’s Office. And as always, our police department has been reviewing departmental policies and procedures, utilizing continuing education and training programs, and maximizing technology to benefit the City of McKeesport and neighboring Dravosburg (contract under negotiation).

In the fire department, Chief Jeffrey Tomovcsik will continue to collaborate with other departments, including police and code enforcement, to streamline various services. As in previous years, firefighters have increased their training in rescue and general firefighting practices. Since 2019, the fire department has maintained its Gold Level of voluntary certification with the Commonwealth of Pennsylvania. This impressive designation will be up for recertification in 2024. Also this year, with our investment in public safety, we have hired additional firefighters.

Under the direction of Chief Bill Miller, McKeesport Ambulance Rescue Service continues to provide emergency medical care within the City of McKeesport and the neighboring communities of Duquesne, Port Vue, Dravosburg, and Glassport.

FUNDING THE INVESTMENT IN PUBLIC SAFETY

While you will note that the 2024 budget offers an \$800,000 decrease in overall spending, our public safety investment has increased significantly. This long-term operational investment must be sustainable for years to come.

Every year, we talk every year about how the City cannot rely on a single surge in revenue, such as the privatization of our sewage system in 2017 or the receipt of American Rescue Act funding to support operations from 2021 to 2023. For that reason, City Administrator Thomas Maglicco and Finance Director Tasha Phelps have continued to tighten our budget in terms of expenditures. We are working diligently to increase revenues that are due to the City and decreasing our workforce across various departments by eliminating positions through attrition. Public safety cannot withstand further downsizing.

Thanks to the guidance of Mr. Maglicco and Ms. Phelps, I have worked diligently with Chief Steele specifically to establish a police department budget that falls into place with a fully balanced spending plan for the upcoming fiscal year. It does, however, require a small increase in property taxes.

In our two-tier tax system, we will maintain our current rate of 20.5 mills on land and increase our current property tax rate to 11.26 mills on buildings. I am still aware that having a low property tax rate is vital, not only in helping our many residents on fixed incomes during these trying economic times, but

also in attracting new residents and businesses to affordable properties in McKeesport. Because of that, the people of McKeesport will continue to pay less in taxes than property owners across much of Allegheny County.

They will continue to pay less and in addition our taxpayers are fortunate that the assessed values of their properties are significantly less than the market value for which these houses could be sold.

Our quarterly Municipal Service Fees – \$75 per quarter for each household, unless the homeowner is a senior citizen, for whom there is an available discounted rate of \$60 per quarter – support McKeesport’s ability to provide the level of services that our taxpayers deserve. We already have increased our collection rate for fees and earned income taxes by keeping a more accurate record of who is moving in and out of McKeesport and what businesses are setting up shop here. By collecting more of what is due, it has allowed us to keep these fees and tax rates lower despite the ever-increasing costs of health insurance, our Minimum Municipal Obligations required to be paid into our pension funds, as well as fuel and utilities.

This administration’s goal always has been to uphold the level of service our residents deserve.

GARBAGE COLLECTION

One area in which we have fought tirelessly to uphold that level of service in recent years is the collection of trash and recyclables.

From 2019 to 2022, we struggled with County Hauling, who did not uphold the City of McKeesport’s standard for this critical daily service. And now that our current hauler, Big’s Sanitation, is under new ownership with EarthWise, we are treading against the downward spiral that seems to occur when a new company learns our neighborhood routes and schedules.

Trash is collected five days per week within the City of McKeesport, and I can assure you that my office received complaints on a daily basis. But when talking about the budget, these mishaps are the least of our concerns.

When attempting to eliminate County Hauling’s unfavorable service, costs increased to an unfavorable rate. The bidding process brought us the best available rates, which still came at a significantly higher cost. We experienced an increase of roughly one million dollars for garbage collection, and this will continue to increase in coming years.

Please understand that, even with this tremendous increase in our tonnage rates, we have opted not to pass this cost on to the customer in the form of increased MSF bills. As mayor, I feel it is important not to overburden our taxpayers with multiple increases at the same time. We will do our best to operate with our current municipal service fees, because we understand how even a small property tax increase will affect homeowners. If a house or building – not the land it sits on – is assessed at \$50,000 our hike translates to a \$12.50 per month over the course of a calendar year.

INFRASTRUCTURE IMPROVEMENT & ECONOMIC DEVELOPMENT

When discussing household impacts, it is important to understand how the McKeesport Rising initiative, which my administration introduced in 2018, has been focused on improving the quality of life in our community.

We set goals to streamline services and facilitate positive change – making tangible improvements to our City’s aesthetics and infrastructure while laying the groundwork for a sustainable budget that will include accurate, consistent revenue streams for years to come. McKeesport Rising really began as a community improvement plan but has evolved into my administration’s means of operation across the last few budget years. From 2018 through 2023, McKeesport Rising has been about our commitment to keeping neighborhoods safer, creating jobs by attracting investments and improving infrastructure, fighting blight and revitalizing our residential neighborhoods and business districts, protecting tax dollars and maintaining fiscal responsibility, and ultimately, building community.

McKeesport Rising has allowed this administration to utilize all available revenue sources and opportunities to carry out improvements in infrastructure, neighborhood preservation, public safety, and community and economic development. In our public works and police departments, we have made equipment purchases, including vehicles, machines, and advanced technology. We have demolished more than 600 blighted structures, and we are finishing up remaining contracts on roughly 200 residential and commercial structures. This paves the way for new development in our neighborhoods and business districts.

Public Works Director Steve Kondrosky and Community Development Director A.J. Tedesco have paid close attention to how the maintenance of our city streets, parks, and other facilities can impact economic growth. Also, the direct customer service provided in our Tax Office and Treasury with Ms. Phelps’ team and the community outreach events organized by Mr. Maglicco and my assistant Jennifer Vertullo help to shape McKeesport as a truly enjoyable place to be.

The most visible improvements associated with the McKeesport Rising initiative are the infrastructure projects managed by Mr. Kondrosky and the demolition contracts overseen by Mr. Tedesco. It feels good to see these improvements over the years, and we can’t allow ourselves to have short-term memories. All too often, we want to think about the McKeesport of the 1960s but we are forgetting what McKeesport looked like 15 years ago and how many improvements have been made in this short time.

As I have stated so many times, when we pave a main thoroughfare that residents use to commute from one end of our town to another, or when we eliminate a handful of blighted structures that have had a negative impact on a neighborhood, we improve our community’s morale.

These projects also impact our neighborhoods and our business corridors. In terms of demolition, we two stretches of Fifth Avenue that are cleared or in the process of being demolished thanks to the state Department of Community and Economic Development’s Neighborhood Partnership Program (with direct support from Duquesne Light, First Commonwealth Bank, and UPMC Health Plan) and the Commonwealth Financing Authority’s distribution of blight remediation funds. Utilizing Community Development Block Grant Funding through the U.S. Department of Housing and Urban Development, we have cleared a significant amount of blight along the Walnut Street corridor and on the hillside between that area and Jenny Lind Street – opening up shovel-ready property for anything from residential, commercial, or light industrial development. McKeesport’s blight remediation and economic development projects are well supported in

Harrisburg – having McKeesport natives like Sen. James R. Brewster, Rep. Matthew R. Gergely, and Lt. Gov. Austin Davis in office to share our local concerns.

In terms of recreation, we have utilized CDBG, American Rescue Plan, PA Community and Economic Development, Allegheny Regional Asset District and more funding sources in facility improvements in Renziehausen Park and neighborhood playgrounds.

Renzie Park really is the centerpiece of our community, and every year, I acknowledge the tremendous support offered by the Allegheny Regional Asset District as we tend to our state-of-the-art park and the recreation facilities it holds. This park is unique because, not only is it utilized daily by McKeesport residents, but it gets regular visitors from across Allegheny County. This year, we are beyond thankful to receive another record amount of support from RAD with \$839,312 in operating costs and \$500,000 for capital improvements. This year, we intend to make improvements in energy efficiency and aesthetics at the Jacob Woll (Main) Pavilion. We want to maintain a rustic setting while modernizing the facility.

In 2024, we will continue to host our signature seasonal events, including the Easter Egg Hunt, Good Neighbor Day, the Youth Fishing Derby, Movies in the Park, Summer Concert Series, seasonal fireworks, International Village, Renzie Rib Fest, Halloween Parade, Salute to Santa Parade, and Festival of Trees. We will maintain our designation as Playful City, USA – continuing to promote outdoor activities and recreation for all ages. Our pavilion rentals continue to bring in record-high revenues, which is proof that past improvements have served park-goers well. Our ballfield revenues also increased due to tournament play and new leagues, with key involvement from McKeesport Pony, Colt, and Super Colt Baseball, the McKeesport Baseball Association, and the McKeesport, and Mon Valley Girls Softball Association, among others. I would be remiss without sharing my appreciation for the countless volunteers from the McKeesport Recreation Board and the McKeesport Lions Club who make our seasonal events special for our community. They put a personal touch on everything we do – making these programs inviting and enjoyable to the public.

All the services and activities mentioned throughout this message go hand in hand with building a community that's welcoming to the residents and businesses who call McKeesport home – or who will make McKeesport their home in the future. That is what McKeesport Rising means to me.

We do our best as a City to support local businesses and encourage our residents to shop local. We even have a business incubator in the newly acquired First Commonwealth Building on Fifth Avenue. This location is now home to the previously displaced Mon Valley LaunchBox operated by Penn State Greater Allegheny. We are happy to welcome this program to our building, and we hope to have a full year of engagements with the businesses it hosts.

The LaunchBox is a stone's throw from our other downtown buildings, including Tube City Center, which currently houses Allegheny County District Attorney Stephen A. Zappala Jr.'s Mon Valley Service Center, Rep. Gergely's regional office, Tube City Community Media, the McKeesport Community Newsroom of Point Park University's Center for Media Innovation, and Flashover Fire Apparatus. Work is set to begin next door on the Lysle Boulevard Parking Garage, which will serve downtown visitors and businesses.

It's important to look back on the economic development strides that have been made thus far in the twelve (12) years of my administration. There has been retail development we've seen with popular chains such as Dunkin Donuts, ALDI, Speedway, Get-Go, Ollie's Bargain Outlet, Family Dollar, Dollar

General, O'Reilly's Auto Parts, and others; or the investments made by manufacturers PurePenn/Trulieve, Dura-Bond Industries, Consolidated Power and Supply, and American Textile Co.; and technological and industrial companies including Vegley Welding, River Materials Inc, and Cybx. These manufacturers and industrial companies are helping to diversify our economy and persuade more developers to choose McKeesport.

We will continue to push for a diverse business landscape in the City – from retail to industrial with everything in between. This multi-tiered economy will guarantee stability in our community's tax base and employment opportunities.

Heading into my fourth term as mayor, my administration will continue to invest all we have in making our community a better place to be. I'm proud of our accomplishments to date, and I look forward to four more years.

Every council member, employee, and resident should be celebrating our community. Don't dwell on the negative. We should be confident in the strides we've made, as we look forward to future progress. We are making every effort to revive our City, and there is a long journey ahead of us.