



CITY OF PITTSBURGH

"AMERICA'S MOST LIVABLE CITY"

September 10, 2015

The Honorable Michael E. Lamb
Controller, City of Pittsburgh
1st Floor, City-County Building
Pittsburgh, PA 15219

Controller Lamb,

Thank you for your letter of September 9, 2015, and your agreement that the Intergovernmental Cooperation Authority should release the gaming funds owed to city taxpayers. Many of the matters raised in your letter are the subject of active litigation and an audit request under review by the Auditor General, but I want to address a few overall points.

My Administration believes in transparency and cooperation and has attempted to work with the ICA for more than 18 months, only to see our efforts returned with multiple instances of bad faith. We have made our position clear that the ICA is illegally withholding money owed to city taxpayers, that they are misusing taxpayer funds to finance no bid contracts to political allies, and that they have outlived their statutory purpose and existence.

We appreciate your support of our efforts to hold the ICA accountable, and we welcome an open line of communication with you to continue to do what is best for the taxpayers of the City of Pittsburgh. As your letter indicates those lines are already open in our joint efforts to deliver a workable payroll system in January 2016, and in our regular communications with the Department of Community and Economic Development and you on our ongoing talks with the city's major non-profits on increased economic support.

Yet, as your letter shows, misunderstandings continue with the ICA on the City's commitments on pension funding, and I welcome this opportunity to clear them up. No issue facing our city is more important to me, and I have long been a leading voice in favor of statewide efforts – along with Auditor General Eugene DePasquale and the Pennsylvania Municipal League -- for municipal pension reform, and I look forward to working with you to further those joint efforts.

The City is committed to the solvency of its pension fund. My Administration and an Ordinance of Council have committed the City to fund the plan in accordance with the Act 47 Five Year Plan.

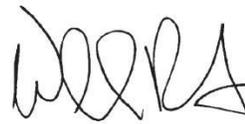
As you know the 2014 amended Act 47 Recovery Plan has the City gradually phasing in higher pension payments over the next few years above the minimum municipal obligation. The 2015 budget that the ICA approved incorporated this Act 47 Plan recommendation, which is also consistent with Government Finance Officers Association best practices on funding defined benefit pensions. (Attached is a GFOA fact sheet. Please see recommendation #3, which says

"for some government employers, a reasonable transition period will be necessary before this objective can be accomplished.")

This Administration is fully committed to fund the pension plan in accordance with Act 47 and to make every effort to continue increasing the plan's funded ratio. It is following the recommendations and best practices outlined by the Act 47 plan and GFOA.

Finally, this Administration continues to work in good faith within the legal parameters of the ICA to stay on track to meet our five-year budget plans. But we will not allow the Authority or its Director to dictate itself new powers simply in order to use taxpayer money to provide no-bid contracts to politically-connected people and firms. We welcome this fight on behalf of City of Pittsburgh taxpayers.

Sincerely,



William Peduto
Mayor

Attachment:

GFOA Fact Sheet on Funding Defined Benefit Pensions

