2021 State of the City Address by Mayor William Peduto

Good morning, and thank you Council President Kail-Smith, Finance Chairman Lavelle and all members of City Council.

It is my honor to remind you that 2020 is almost over.

Do you remember how things were when I presented my last budget in 2019? We were still rebounding strongly from Act 47 state oversight. Our workers were finally getting long-overdue raises, we had a $120 million fund balance, and after years of hard work and discipline by my administration and Council our financial picture was good.

Then the global pandemic happened, as did our reckoning with the systemic racism long experienced by Black and Brown members of our community. Neither of these world-shattering challenges is resolved, and we continue to face them.

Still, we responded as Pittsburgh always does. We made tough decisions to stop public events, close pools, senior centers and rec centers, but still watched as our coworkers and neighbors lost their livelihoods and too often their lives. Our tax revenues cratered, and there is still no clear path forward to replace them. We listened to the pain expressed by neighbors who have been threatened by exclusionary and inequitable systems for generations, and we proudly declared that Black Lives Matter.

It has been one crisis after another the past seven years: affordable housing, Act 47, spikes in violent crime, historic landslides, sinkholes and damaged infrastructure due to unprecedented rainfall from climate change, lead in our water system, the Tree of Life massacre, racial disparities, and now the global pandemic.

Our vulnerabilities were exposed but taken head-on. Here in Pittsburgh, we saw resilience, and neighbors helping neighbors and taking care of one another. We saw the bravery of our front line workers – refuse and recycling workers, medics, firefighters, police officers, bus drivers, healthcare workers, grocery store workers – who risked their health to ensure Pittsburghers had what they needed. We froze hiring, we avoided layoffs and we provided continuous city operations despite our socially-distanced, and masked world.

We lost 5 City workers to deaths this year, and COVID-19 took the lives of more than 1.2 million people in the United States and worldwide. We’re currently in third wave, with more than 1 million cases in the last 10 days alone. I will pause now for a moment of reflection in their memory.

(PAUSE)

After COVID-19 hit in March, the murders of George Floyd and Breonna Taylor came to the forefront in the spring. Our streets have been filled with protests and marches ever since.

We continue to wrestle with these issues, and I acknowledge that we as a City government have made some mistakes — which I strongly believe we have learned from. My sincere thanks go to the recommendations made by Community Taskforce for Police Reform, which we are working to implement.

Despite all of this we kept our resolve during one of the most difficult years in American history. I’m here today to tell you that with your help and that of Pittsburgh’s residents, we’re going to
have to do it all over again in 2021, but it is my hope we will emerge from next year even stronger.

The $564 million operating budget I am proposing today does not include tax increases and works to avoid layoffs and furloughs of personnel for as long as possible. The financial responsibility we showed together the last seven years by building up the $120 million fund balance we had at the start of the year has helped us avoid pain so far, but now the cupboard is bare.

As both Republican and Democratic mayors nationwide have urged — with the support of economists and Wall Street — it is absolutely necessary for Congress to provide cities on the front lines of this pandemic with economic relief. In the meantime we are doing our part to implement cuts across all city departments, and non-union employees will not receive cost of living adjustments to their pay in 2021. The vast majority of vacant positions are also being eliminated from the 2021 budget citywide starting January 1.

It never should have come to this — and it breaks my heart to say — but if we do not get aid from Washington it will require the City to make $25.6 million in personnel cuts starting July 1, which is approximately the jobs of 634 City employees.

This will be the most difficult budget City Council has faced since 2003, when it used revenues that didn’t exist and fake spending projections to pass a plan that looked balanced, but instead took us to the brink of bankruptcy. We cannot repeat those mistakes again this year just to avoid making hard decisions. I am confident that with the steady leadership of Council President Kail-Smith, President Pro-Tem Burgess and Finance Chair Lavelle we will get through this responsibly.

During the year we will additionally work with mayors across Pennsylvania to push the Legislature to reform our outdated tax structure and give municipalities greater power to tax progressively and thoughtfully, and tailor their budgets to their needs. More than ever we will need our nonprofit partners to fund initiatives to move Pittsburgh forward, and for the Legislature to reform the state’s nonprofit tax structure.

Just as we have worked together to enact meaningful new, proactive policies and programs to lessen the effects of social disparity, we must do the same when examining options of how we finance our city. For the past five years we have built a resiliency lens into all of our decision making. This filter is guided by the principle of p4 - People, Planet, Place and Performance.

As our Gender Equity Report has proven, both gender and racial disparity is real in Pittsburgh. We must place this same lens over the way the state allows us to collect revenue. As you know, in Pennsylvania taxes are regulated and are authorized by state government, not local. During this crisis, we have witnessed firsthand that our present revenue is not only unsustainable, but it is equally inequitable.

Furthermore, it does not represent the economic reality nor the present demographics of Pittsburgh today. To be certain, we cannot build a vibrant city for all until all are a part of providing the needed resources — fairly, equally, together.

In addition to this horrible year for our economy and our public health, we faced a reckoning with the racial and economic disparities impacting many of our neighbors. My proposed budget includes shifting some funding and responsibilities from the Pittsburgh Police to the new
Health, Safety and Violence Prevention Initiative, which will house the Office of Community Health and Safety and the Office of Community Services and Violence Prevention. This will allow police to focus on their core function of keeping neighborhoods safe from crime, and it will mean full-time funding for Public Safety’s Group Violence Intervention program for the very first time.

We are not defunding the police, but are reinvesting in our communities.

Due to hard work from budget director Kevin Pawlos and finance director Douglas Anderson — and the entire OMB and Finance staffs — the 2021 budget will still invest in City facilities and infrastructure to keep our recovery going, and quality-of-life in place, with a commitment to equity for all. Government cannot just stop working, so we will push forward with the improvements residents deserve.

Put a different way, this budget represents a City That Works — while the federal government may have failed us in 2020, the Pittsburgh of 2021 and beyond is one that will not let its residents down. 311 is logging and responding to calls; DPW is improving your playgrounds, and using smart technology to improve snow removal; DOMI is improving sidewalks, streets and handicapped ramps; and building permits for PLI and Planning have moved online.

This year we:

- Upgraded 21 courts
- Upgraded 35 parks
- Upgraded seven playgrounds
- Received $1.5 million in grants for parks, senior centers and rec centers

And next year the City will invest a total of $125 million into capital projects including:

- Park investments at Deer Pit, Bud Hammer, Enright, Arsenal, Emerald View, Sheraden, and Kennard
- Strip District Rail Banking and the Allegheny Green Boulevard
- Funding for the Warrington, Jefferson, and Robert E Williams Rec Centers, as well as the Brighton Heights Senior Center
- A new spray park in Chartiers City
- Continued record funding for landslide repairs including El Paso Street, Riverview Park and Parkwood Road
- Funding for EMS Diesel Exhaust Systems, Fire Station 19, and Stevens School Improvements
- $4 million for the first phase of turning our street lights to LEDs

We will also be spending $17 million to repave 65 miles of streets.

Services like these are the meat and potatoes of government. In Pittsburgh we’re also digging deep to give you something more.

This is a time nationally where we are having critical and important but hard conversations about what some of our most vulnerable communities need: this includes Black and Brown communities, immigrant and refugee communities, veterans, LGBTQIA+ communities, those experiencing housing instability, and those suffering from addiction and mental health issues. In
Pittsburgh we are continuing to prioritize equity, which means we are building up communities that haven’t always had the same opportunities, access or protection.

Though the leadership of officials including Chief Equity Officer Majestic Lane, Assistant Chief of Staff Lindsay Powell and many others across the City and its affiliated agencies we have:

- Committed more than $10 million to the URA next year — double the funding of this year — to invest in affordable housing. Avenues of Hope and an equitable recovery plan from COVID-19, in addition to the annual $10 million for the Affordable Housing Trust Fund
- We leveraged more than $67 million in additional housing aid, helped Pittsburghers purchase their first homes, added additional affordable rental units and helped longtime homeowners stay in their homes and communities
- Approved Paid Sick Leave, which will go into full effect starting January 1
- Received a record level of 9% low-income tax credits for affordable housing
- Implemented a guaranteed basic income pilot to help those living in poverty with direct payments, planned for early 2021 in conjunction with the ONEPGH investment strategy
- Adopted the Avenues of Hope initiative with the URA and Councilmen Burgess and Lavelle to invest in seven historically diverse business districts
- Adopted the GARE racial equity toolkit and training to ensure that budget decisions are made through an equity lens
- Approved $23 million in contracts to minority and women-owned businesses
- Adopted Financial Empowerment Centers that helped 557 people save a total of almost a third of a million dollars
- Created the LGBTQIA Commission, the Gender Equity Commission, and soon a Racial Equity Commission
- Adopted an award-winning Rec2Tech program with Citiparks
- Distributed 46,000 free books to 4,000 children though the Dolly Parton Imagination Library

Equity extends to our response to COVID-19. Work included:

- Citiparks making sure that our most vulnerable neighbors – youth and older adults – had access to meals; in the first 10 days, served over 2,000 meals; over 250,000 have been served in total now
- Small business grants from the URA, and temporary outdoor dining "Streeteries" permits to 68 restaurants from DOMI
- Issuing more than $12 million in federal funds to organizations supporting residents including Greater Pittsburgh Community Food Bank, the Women’s Center & Shelter of Greater Pittsburgh and Casa San Jose
- Translating emergency materials and Welcoming Pittsburgh’s Quiet Care Campaign for newcomers
- Adopting a Cash Assistance Program that helped distribute $500,000 in private national philanthropic funding to residents who were not eligible for federal stimulus because of their immigration status
- Providing nearly 900 people with rental and mortgage assistance through the URA
We also kept our eyes on the long-term stability of our planet. Through the leadership of Chief Sustainability Officer Grant Ervin, Chief Resilience Planner Rebecca Kiernan and their team we have:

- Joined a global network to implement sustainable public procurement policies
- Adopted a net-zero building policy
- Become the second US city to adopt the United Nations Sustainable Development Goals, and joined 11 other cities worldwide to divest from fossil fuels

Further, through the leadership of a new PWSA board, Director Will Pickering and Deputy Executive Director Jennifer Presutti, PWSA has aggressively tackled the lead levels in our water, replacing 8,000 public lead lines and 5,000 private lines — and this year pushed lead levels to over 20 year lows below the federal warning levels. PWSA also announced plans for an innovative citywide green infrastructure stormwater management initiative to further protect our water.

Finally, Pittsburgh just played a major role in the historic presidential election placing Joe Biden and Kamala Harris into the White House. The incoming administration has made commitments to providing financial assistance to cities and investments to infrastructure — we need this funding to come in the first quarter of the year to allow us to present a full 2021 budget that does not include 634 job losses.

We have a lot to be proud of but so much more to do. Here is to the end of 2020, and working together in 2021 to build a pathway back to better days for all.

Thank you.