



CITY OF PITTSBURGH
OFFICE OF THE MAYOR
MAYOR WILLIAM PEDUTO

MAYOR WILLIAM PEDUTO'S FINAL STATE OF THE CITY & BUDGET ADDRESS

November 8, 2021
The Council Chamber

Good Morning City Council President, City Controller, City Council Members, City of Pittsburgh Directors, guests and Citizens of the City of Pittsburgh. First and foremost, I'd like to thank the people of Pittsburgh. Thank you for allowing me to fulfill my dream. It has been the honor of my lifetime to serve you.

City Council members, it is my privilege to present to you, for the last time, next year's Operating and Capital Budgets. Our vision since 2014 has been to equitably improve Pittsburgh through a people-first approach. If it's not for all, it's not for us. We developed the P4 framework – that all decisions we make for the city support our People, Place, Planet and Performance. Today, I'm going to talk about these principles broadly – in terms of what we've accomplished and how P4 can continue to guide equitable decisions.

The City-County Building I walked into 30 years ago was a different place. The steel mills- Pittsburgh's economic heartbeat – were shutting down and taking our taxpaying population out of the city. People were losing their jobs, others were abandoning their homes and the City was hemorrhaging money and we all needed help. But City Hall was dominated by old school politics. Political contributions and influence within government was dominated by money. Jobs in departments and agencies providing critical services to the people were packed with staff who were appointed through political favors, not by qualification.

At the turn of the century, our economy started modernizing and turning itself around. Yet, because of the financial depression of the 80s and 90s, we had no tax base to save us and our spending far outweighed the revenues that were coming in. Despite the work of elected leaders, Pittsburgh wound up in financial distress. We were nearly bankrupt.

During my time on City Council, we began a complete financial reconstruction, starting with Act 47. Entering Act 47 financial oversight allowed us to gain direct management assistance from the state. Was it popular? No, after a failed attempt to pass the legislation, it took two years of advocacy to convince my colleagues to support it in 2004. Was it the right thing to do for the future of our city? Absolutely. Act 47 introduced controls on spending, restructured our taxes and implemented other fiscal reforms. As the bill's sponsor during the first recovery plan, the Council finance chair during the second recovery plan and mayor for the third and final recovery plan, I saw firsthand the realities of our financial instability and the need for meaningful, long term reform.



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Although we successfully exited Act 47 in 2018, we worked together to make the Act 47 fiscal controls permanent. It was a unanimous vote.

Since 2014, we have strengthened the city's cash reserves. If something were to happen, we needed to be financially prepared. And that shock came with COVID-19. Where other cities had to lay off and furlough staff, we were able to provide continuous services during the pandemic without having to lay off any employees.

Our planning and financial resilience allowed us to stay solvent until we received the federal relief that we advocated for with the American Rescue Plan. Despite these relief dollars, our financial recovery will continue to feel the stresses of the pandemic over the next few years. A truly just and equitable recovery depends on rebuilding our cash reserves to be prepared for the next challenge. We must focus on adding jobs in Pittsburgh's new economy and encouraging population growth through developing housing stock. Without this safety net or investment in increasing real revenue, we will find the City once again in financial hardship. Prior to Act 47, the City counted on phantom revenues to pay our bills, leading us to the brink of bankruptcy, we cannot make that same mistake twice.

We have also improved our credit rating. Just like for individuals, having a strong credit rating can help cities get better rates or higher limits to issue bonds for critical infrastructure improvements. Prior to my mayoral administration, our bond rating was the same as a junk bond. Today, we have an AA- rating, our highest in decades. Only with fiscal responsibility, job creation and population growth can we maintain and work to improve our bond rating.

Our employees are the backbone of city operations. Over the past 8 years, we have worked together to implement annual pay raises across the board while also improving health care and other benefits. Thank you, City Council, for making this a priority. Yet working for the city can sometimes be a thankless job, so let me take a moment here to thank all of our city employees and staff for the hard work that you do each and every day.

Another way of thanking city employees for their hard work is through strengthening the pension fund. This year, we hit a milestone – our pension is now funded at nearly 72%, up from 27% in 2010 thanks to the leadership and partnership of the administration, the City Controller, City Council and the Pension Board. We increased our investment by contributing more than the state's mandatory minimum obligation every year. I want to be clear that the City must continue to exceed minimum investments into the pension fund. We have employees who commit their whole lives to working for the City and their families should not be concerned about the stability of their pension because of politics. It would be very easy in the future to go back to just paying the mandatory minimum, but City Council owes it to our valuable employees to avoid that.



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Finances were just one example of historic political mismanagement that put the City in a precarious position. Another was PWSA. In 2014, we inherited a water authority that had been mismanaged because of politics. PWSA wasn't sending bills, had unresponsive customer service and a network of pipes that were 100 plus years old with no proactive replacement plan. They did not have a long-term capital plan were simply operating day to day. On top of all of that, I found out in my first few years as mayor that there were dangerous levels of lead in drinking water.

We needed to provide safe drinking water and a responsible management system. We set up a blue ribbon panel, changed leadership, worked to get oversight from the independent PA Public Utilities Commission, lobbied Harrisburg to replace lead lines, proactively replaced water mains and introduced orthophosphate to stop the lead from pipes from leeching into the water. Since then, over 35 miles of antiquated water mains have been replaced. PWSA created a 5-year capital budget, introduced a green infrastructure stormwater management plan to complement the EPA-mandated combined-sewer overflow plan and worked to create a complete facilities management plan for a publicly-owned water system for the next 50 years. PWSA is on the path to replace all lead service lines by 2025, having already replaced over 15,000 lines. PWSA's 2021 lead testing levels are the lowest they have been in 20 years. In just eight years, PWSA has gone from hardly functioning to a model of modern service delivery and efficiency through accountability, transparency and investment.

Modernization across all city departments has been critical to my administration. People deserve a government that works for them, not a place to get stuck in red tape. If we take it back again to 2013... PLI inspectors had no cell phones, no emails and were only reachable in the office for a brief window on certain days. Snow routes were kept in written files only. To reserve a park shelter, you had to come Downtown on the ONE designated day and line up all the way around the City-County Building. If you were doing a construction project, you had to take a day off work and bring several cashiers checks because you got your building permit at one counter, your zoning approval on another floor, went to another building for your parking variance, another building for your dumpster permit and yet another place to get your No Parking signs. Inventories of public and private streets were written on notecards and most institutional knowledge and records were in employees' heads.

Today, you can get all permits, licenses and plans approved online on OneStop PGH and you can pay with a credit card. All PLI inspectors have smart phones, emails and an online inspection tracking system. We have snow plow tracker and our plows have tablets with optimized routes. We now have an online infrastructure management system to track work on our roads, steps and other city assets. You can reserve a park shelter from your couch and thanks to City Planning's EngagePGH online platform, community engagement is now a 24/7/365 service. You



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can get an itemized online tax receipt and before the end of the year, the Department of Finance will have consolidated seven disparate systems into one user-friendly system so you can track your taxes and pay them online.

Modernization efforts have helped our performance in making historic investments in public assets. This has included record investment in paving, bridge and step repair, landslide remediation, bike lanes, traffic calming and safety improvements in accordance with our Vision Zero policy that nobody is hurt or killed on a public right of way. Furthermore, we have created the first integrated Mobility as a Service project in the United States and the second in the world to connect traditional and emerging low-cost, shared transportation options into a single, easy to use system. Travelers can find a bus, bike, scooter, moped, car or shared ride using the [Transit](#) app or by visiting one of the 50 new mobility hubs throughout the city.

Our performance was also improved by the administration's north star guiding principle of Equity. Like other challenges, we inherited a history of investments that were not for all. Redlining created segregated neighborhoods and these areas were historically and vastly underinvested in by the City.

We reflected our values in the way that we structured the Mayor's Office – we had an economic development office, operations office and staff to focus on the communities who needed support called the Bureau of Neighborhood Empowerment. My staff provided support to minority- and women-owned businesses, small businesses, immigrants, refugees, new Americans, youth and young children, critical communities like veterans, those who are experiencing housing insecurity and those with addiction and mental health challenges. Our staff worked with our community partners, departments and authorities to create people-driven plans and benchmarking so we could measure our success, like the Welcoming Pittsburgh Roadmap that took feedback from over 3,000 residents to make a plan we use to guide program and service priorities for immigrant and refugee communities.

We became a member of the Government Alliance on Race and Equity, making us one of the first cities in the country to put our numbers up against a national scorecard to assure each of our departments was providing real equity in the services they provide in their annual budget requests. In 2019, we transitioned BNE into the 5th Office of Equity in the country to ensure our mission of equity was clear. This did two things: 1) It institutionalized our commitment to equity and allowed our staff to disseminate and infuse their work with departments and agencies. 2) It allowed us to exchange policy ideas with other cities that shared our goals so we could collaborate rather than operating in a silo. We added policy analysts to the team to make sure our agenda and legislative priorities were equitable.



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The results benefitted the people of Pittsburgh and included:

- Creation and expansion of the Learn and Earn Summer Youth Employment program, which has provided paid jobs for over 14,000 young people
- Over 84,000 free books have been distributed to little burghers under age 5
- A \$2 million Child Care Quality Fund to give grants to local childcare centers to improve their facilities and curriculums
- Over \$1.4 million saved and \$1.9 million of debt eliminated by Pittsburghers through the Financial Empowerment Centers that offer free financial management for any person over age 18
- Significant increase in MWBEs being awarded contracts through the Equal Opportunity Review Commission
- Establishment of Gender Equity Commission and LGBTQIA+ Commission
- Scoring over 100 on the Municipal Equity Index for 4 years in a row
- Deployment of a citywide language access plan so that everyone can access city information, no matter the language they speak and/or read

The Office of Equity's Critical Communities division in 2020 rolled out into the Office of Community Health and Safety. A person experiencing homelessness or having a mental health crisis does not need the police to be called, they need alternative responders who can help connect them with long-term care. OCH&S works on programs focused on harm reduction. A partnership with Allegheny Health Network provides social service co-responders. We are additionally providing victims assistance, expanded medical access and social work services. OCH&S is also involved in the innovative homeless shelter being built on Second Avenue through public-private partnerships that will offer comprehensive wrap-around services for homeless adults and their pets. The Office of Community Health and Safety is becoming a national leading model for 21st century public safety and health. We must continue to invest in this office and vision.

OCH&S's work also supports the outstanding work of the men and women working in public safety everyday. During the past 8 years, we have brought the number of firefighters back up to budgeted levels for the first time. We have brought back the EMT program and expanded the 24/7 coverage of EMS in the City of Pittsburgh. Additionally, our Pittsburgh Bureau of Police has invested in a community engagement office, created the Neighborhood Resource Officer program, expanded the Community Resource Officer program, implemented mandatory implicit bias and de-escalation training and expanded our unbiased policing policy. With these three bureaus and OCH&S working together, we will make Pittsburgh safer for all residents.

Part of our original Mayor's Office structure was also focused on economic development to promote growth and affordability. We need both. We are still feeling the effects of the collapse of industry in the 1980s when our tax base was nearly 25% larger than it is today. Those who left, left



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behind abandoned homes and a hole in the city's tax base. But we have rebuilt our economy in education, medicine, technology and trades that can attract people to contribute to the vibrancy of the city, the economy and the tax base, which is critical to getting more revenue to invest in our neighborhoods. To be certain, we cannot rebuild our neighborhoods or attract families to the city without creating good paying jobs.

Under my administration, we have seen record investments in market rate, residential, commercial and affordable development. Downtown has seen a rebirth into an active and burgeoning scene of people living, working and playing. We have the opportunity to continue to reimagine Downtown as a vibrant residential neighborhood. Coming out of COVID, we know that class B and C office space has suffered. Using the state's ARP funding, we have an opportunity to capitalize on the record demand for Downtown housing and can create thousands of mixed-income, green, historic housing units in the next three years and recharge our Golden Triangle with residents.

We've brought in Google, Uber, Argo, Aurora, Philips, Duolingo, robotics firms, AI firms, research and development companies and startups who alone have brought tens of thousands of jobs and people to the region. Building the tax base by creating jobs and improving housing stock helps the City do programs like Rec2Tech. Rec2Tech has taught computer science, AI and coding skills to over 200 young Pittsburghers, over 80% of whom are Black. By encouraging tech companies to locate here and having the amenities for their workforce, it not only provides additional money for Rec2Tech but also ensures that those tech jobs will be here for our young people learning how to be a part of it.

Hand in hand with market rate development, we recognized that many people in our city needed access to affordable housing. Affordable housing is more than just a place to live. It's a place to live near a school, a grocery store, a house of worship, a park and other necessities. We must build more than just housing, but build out mobility networks and accessibility. We need to invest in the ability for people to own their home and build wealth in their community. For many in our lowest income neighborhoods, they don't leave because of a lack of housing access, they choose to leave because of a lack of community necessities. If a neighborhood is not safe or walkable for children, families will choose to move to the suburbs to find these opportunities. We saw this exact trend in the 50s and 60s in white neighborhoods. For the past 20 years, we've seen it in our Black neighborhoods. If we are to lessen the disparity that exists in Pittsburgh, we must first help those left behind and second, build back the Black middle and upper middle class that helped to build Pittsburgh. We must invest in Black families staying in the City by prioritizing equitable parks, business districts and mixed-income housing.

One of our greatest successes has been the Larimer Choice project, where 235 housing units have already been developed with another 99 being delivered in the next phase. But those aren't the



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important numbers. In Cornerstone Village, over 58% of young residents are participating in high-quality learning; the average earned income of adults jumped nearly \$7,000 annually and there's been a 10% increase in eligible adults working; before, only 8% of residents were in health and fitness programming but now over 37% of residents are.

Support for this vision of affordable housing and mixed-income communities has been made possible through our Housing Opportunity Fund. The City of Pittsburgh puts \$10 million a year into the HOF, to offer programs designed to help people stay in their homes whether rented or owned, help with unforeseen financial emergencies, help homeowners with repairs and upgrades and also incentivize the development of affordable housing.

Affordable housing is just one component of rebuilding our neighborhoods. A stronger tax base also allows us to directly invest in Black and Brown businesses and business districts that we have failed in the past. That's why we launched the Avenues of Hope initiative last year to revitalize historic Black business districts – focusing first on Homewood, Larimer, Centre, Perrysville, Chartiers, Warrington Avenues and Irvine Street - in partnership with the URA.

We look at these 7 business districts holistically and help invest public and private support into Minority-and Women- owned businesses, façade renovations, using local minority contractors, developing nearby housing, and investing in paving, sidewalks, streetscape, vacant lot maintenance and traffic calming so residents, families and visitors can safely access and support businesses. In just its first year, over \$24 million in public and private investment has been secured in these corridors.

Parks have always been a priority for me and we saw why during the pandemic. Parks are free, open spaces that are good for the mind and body and everyone deserves equal access to them. We have committed to making sure every Pittsburgher lives within a 10-minute walk to a quality park or playground. That's why my administration has invested:

- Over \$6 million in playground updates, including ADA equipment
- \$7 million on fields and courts in community parks
- \$5 million on pools and spray parks, including the new spray parks at Paulson and Arlington – and soon to be at Chartiers and Manchester
- Upgrades and improvements to all recreation centers, including Rec2Tech
- Improvements at all of our senior centers, especially the renovations at Magee, Morningside, Beechview and Sheraden
- Expanding our urban tree canopy to include more trees in parks and in neighborhoods
- Installing green infrastructure to capture our stormwater on site rather than building more pipes to carry the water to our rivers



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- And most recently, creating Pittsburgh's largest park, Hays Woods

The health of our people and the future of our region depends on our investments in sustainability. Climate change is one of the most imminent threats we face and we have seen it first hand in the City of Pittsburgh.

We established the Chief Resilience Officer and the Office of Sustainability and Resilience to oversee implementing sustainable operations, clean energy and solutions that promote the long-term success of our region because sustainable solutions not only mitigate climate change, they also provide savings to the taxpayers.

We created the Climate Action Plan, a 6-pronged approach to reducing green house gas emissions and established our 2030 climate targets that we are rapidly achieving like 100% renewable electricity for city operations, fossil fuel free city vehicle fleet, and pension divestment in fossil fuels. We have made it the law that all new city buildings must be net-zero, or only use as much power as they produce. We've purchased 26 electric vehicles and will be using American Rescue Plan funding to purchase 36 more including our first electric refuse and recycling trucks. We are also investing in solar-powered charging station and Electric Vehicle readiness across the city. We brought together the Western PA Consortium so that major institutions in the city to jointly purchase renewable energy to save costs and make our buildings greener. We won first place in the U.S. Conference of Mayors climate awards. We created the Tree Protection Ordinance, updated the waste and recycling code for the first time in decades and are in the process of providing every city resident with a free blue recycling bin. We are helping to develop the largest urban farm in the country in the Hilltop. We deployed smart garbage cans citywide to improve waste collection and route optimization to reduce emissions from collection trucks. We provided funding to the Clean Pittsburgh Commission to aid their work in beautification, litter reduction and the now-famous Garbage Olympics. We will soon be converting our streetlights to LED to save over \$1 million a year in energy cost and also aid in a healthy natural environment, in accordance with our Dark Skies Ordinance while cutting energy use by 40-50%.

Climate change is happening everywhere and is being addressed at the international and national level, but local government is on the front lines of implementation. Our leadership in sustainability has granted us the opportunity to lead on an international stage with Pittsburgh as an example of rebirth in climate action, emerging from an industrial past rooted in fossil fuels. That's why I represented Pittsburgh with hundreds of Mayors from 115 countries at the 2015 Paris Accords and re-committed Pittsburgh to those accords in 2017. It's important for Mayors worldwide to share information and experiences to exchange, adapt, test and implement ideas on the local level where it has the most impact and we can get direct feedback from our residents.



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What Pittsburgh is doing is unique and is receiving worldwide attention. We've won several awards and recognition for this work, including the First Place Award from the US Conference of Mayors Climate Protection Awards and others from the Rockefeller 100 Resilient Cities Network, Bloomberg Mayor's Challenge, United States Department of Transportation Smart Cities Challenge, Pennsylvania Energy Development Authority, Biophilic Cities Network and CleanTech Leadership among others.

We have connected global goals to our local communities and local action through our commitment to the Paris Accords, adopting the United Nations Sustainable Development Goals, Marshall Plan for Middle America, Global Covenant of Mayors for Climate and Energy, Urban Sustainability Directors Network, Sister Cities and ICLEI – International Council for Local Environmental Initiatives Local Governments for Sustainability.

Earning national and international recognitions for Pittsburgh brings attention to the good work that our employees are doing in order to get more assistance and resources. Because of our engagement with the national and international communities, Pittsburgh has served as the location for the very first U.S./EU Trade and Technology summit and it was just announced last week that Pittsburgh was chosen as the United States' site to host the international CEM/MI that will bring leaders from 31 countries here to see what we're doing and how we're doing it right. Our work has brought numerous visits from Presidents Obama and Biden, Vice President Harris and numerous cabinet secretaries. These relationships with federal and international partners has also helped us to bring in over \$110 million in grants during my administration – we've told Pittsburgh's story around the world and it shows that people believe in what we're doing and are willing to invest in it. \$110 million is a lot of money to supplement our revenues in order to do additional critical projects - like the \$10 million grant from FEMA to stabilize the Mount Washington hillside.

The future of our region lies in our ability to adapt to the changing economy. We have felt the pain of not preparing for deindustrialization and it's taken us 30 years to build a new economy. We created the Marshall Plan for Middle America calling on investment in Pittsburgh and cities throughout the Ohio River Valley and Upper Appalachia to prepare the workforce and the region to be a global leader in clean energy resources. We must diversify and prepare for a new economic future and a sustainability future.

To our staff and Directors - together, we have transformed Pittsburgh in the past 8 years from a city on the verge of bankruptcy and not providing equitable services. We have recognized that our past is not our future and turned it 180 degrees to hand it to the next generation who can take it even further.



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People see the City logo on a shirt or a truck and just think of us as “the City” or “the government” and that’s true. But the reality is that the government is made up of individuals who work hard every day to make the city a better place for their neighbors. I want to say directly to all city employees: Thank You. You keep the city running and provide the critical services people need. You are the heart of this city and I am deeply appreciative to have worked with you.

To my colleagues on City Council – thank you for your leadership. We are all here because we share the goal to make Pittsburgh a more equitable and livable place for all of our residents. During the past 8 years, we have had only one 5-4 vote, which is a historic accomplishment. We did not always agree on how to move forward, but unlike Harrisburg and D.C., we came to the table and worked it out to create solutions. Because of that level of commitment, we have made the City better together.

I have led with a people-first vision and structured government through the P4 principles. All of our decisions, policies and investments must support our People, Place, Planet and Performance. The investments I have presented to you today in the 2022 proposed budgets reflect that commitment to P4.

Most importantly, to the people of Pittsburgh – I thank you for the opportunity to be your mayor. Thank you for believing in my leadership and my vision for eight years to help transform your city to meet your needs. It has been the privilege of my life to serve you. I look forward to seeing the next administration build off the foundations we have laid out together for a brighter future – for all.