2014

City of Aliquippa
Sixth Amended Act 47 Recovery Plan

SIXTH AMENDED ACT 47 RECOVERY PLAN
PREPARED FOR:
THE CITY COUNCIL
OF
THE CITY OF ALIQUIPPA

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The Delta Consultant Team, acting as the Act 47 Coordinator for the City of Aliquippa (City), would like to acknowledge the cooperation, support, and assistance of the City officials and staff and the Pennsylvania Department of Community and Economic Development (DCED). Without their involvement, it would have been impossible to produce this Sixth Updated Act 47 Recovery Plan (Plan).

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INTRODUCTION

This Sixth Updated Recovery Plan is being completed as part of a review of the current status of recovery efforts in the CIty and in order to present findings and conclusions as to whether or not the City should remain under a distress status determination, under the Municipalities Financial Recovery Act (MFRA), Act 47 of 1987, as amended. As required by the MFRA, this report provides among other things a discussion of the following required component elements:

- A review of the original consultative evaluation, original Recovery Plan and the revised Recovery Plans.
- A review of recommendations of the revised Recovery Plans including an update and status report.
- A review of the financial records and financial projections to determine if the conditions that led to the earlier determination of municipal financial distress are still present.
- An analysis of this data and a recommendation for the continuation of the distress status.
- The development of a comprehensive revised Recovery Plan to include additional recommendations necessary to alleviate the distress status of the City.

Section 1 – Initial Distress Determination

History

Located along the Ohio River, approximately 25 miles northwest of the City of Pittsburgh, Aliquippa was founded by the merger of three towns: Aliquippa, Woodlawn, and New Sheffield. In 1878, Aliquippa was formed as a borough and named for the Seneca Indian Queen Aliquippa. It was one of several stations along the Pittsburgh and Lake Erie Railroad route. Aliquippa was best known in the first part of the 20th century as the location of a productive steel mill constructed by the Jones and Laughlin Steel Company along the Ohio River beginning in 1905. Employment at the facility sustained a population high of over 27,000 by 1940. The mill eventually closed due to the collapse of the steel industry during the mid-1980s. This major economic loss added to the overall trend of transition to the suburbs caused a major population loss through the end of the 20th century. This loss of economic activity has left the City chronically depressed with a population estimated to be about 9,300 in 2014.

Act 47 Consulting Field Work

In a petition notarized on October 21, 1987, the Borough of Aliquippa (the Borough had not yet been incorporated as a City of the 3rd Class) filed a petition requesting that the Department of Community Affairs (Department) determine its eligibility as a distressed municipality under Act 47 of 1987. Section 201 of Act 47 sets forth 11 criteria, at least one of which must be present in order for a municipality to be considered for a distress determination by the Department.[1] In its petition to the Department, the Borough indicated its belief that specific Section 201 criteria, namely (1), (2), (6), (7) and (8) were present. After the Department conducted the field consulting work, it was determined that the Borough could be considered for a distress determination, because it met criterion 6. The Department did not find the presence of criteria (1), (2), (7).

Under criterion 6, the Department noted the following:

1 It should be noted that on July 1, 1996 the Department of Community Affairs merged with the Department of Commerce to form the Department of Community and Economic Development (DCED). Under the legislation, Act 58, of 1996, The Department of Community and Economic Development was given the authority to administer Act 47, the Municipalities Financial Recovery Act.

> The Borough failed to remit the withheld payroll taxes at the end of 1984 on the required due dates, $40,000 in withheld payroll taxes was transferred from the Payroll Fund into the General Fund to meet net payroll costs (12/07/84 – #295 $20,000 and 12/26/84 – #297 $20,000).
>
> These funds represented employee withholdings for social security, federal income tax, state income tax, local earned income taxes, pension withholdings and dues for the F.O.P., and were not remitted to the appropriate taxing agencies until April and May of 1985 (well past the "30 day beyond the due date" limit set forth in criterion 6). The Borough was assessed, and paid, appropriate tax penalties because of this late payment.

The field consulting report further stated that Aliquippa should be declared distressed because of two primary factors:

1. Based on an analysis of interim financial statements through September, 1987, it was projected that Aliquippa would finish 1987 with a deficit of $358,866. Continued erosion of the tax base resulting in future deficits were likely unless corrective actions were taken.
2. Aliquippa encountered, over a period of years, an eroding tax base of a substantial degree affecting its ability to render basic public services.

The report concluded by stating that in addition to the Department's recommendation that the Borough be declared distressed, it was recommended that the Borough present information relating to its desire for emergency financial assistance and the requested amount of the assistance. Further, if the Borough was declared distressed, the Department would entertain an application for an emergency loan. Following a public hearing, Aliquippa was declared a distressed municipality by the Department on December 22, 1987. Aliquippa requested an emergency loan under the provisions of Act 47 in the amount of $460,000 in order to address unpaid bills and to meet operating expenses for the balance of 1987. The loan was received in early 1988. Aliquippa Borough became a City of the Third Class in January, 1988 as a result of a favorable referendum vote.

Initial Act 47 Recovery Plan

Act 47 provides that a Plan Coordinator must be appointed after a distress determination is issued and that a Recovery Plan must be prepared by the Coordinator for adoption by the City. The Recovery Plan for the City was prepared under the provisions of Section 241 of the Act. Local Government Research Corporation (LGR) was appointed, as Plan Coordinator by former Secretary of Community Affairs Karen Miller, in January, 1988. The Recovery Plan, prepared by LGR, was filed with the City on June 11, 1988. Under the requirements of Act 47 the Recovery Plan provided numerous

recommendations to improve City operations as well as financial projections for a three year period. The Recovery Plan was subsequently approved by the City Council on July 14, 1988. In addition to the recommendations included in the Recovery Plan, it is important to include LGR's assessment of the City's plight that led to the distressed status. The following is an excerpt from the original Recovery Plan:

"Aliquippa has been faced with a continually deteriorating financial and economic picture for several years. The decline in employment at the LTV Mill from a peak near 14,000 to fewer than 3,500 has been reflected in a drop in earned Income tax revenues, by 1986, to barely one-half of its 1980 level. Likewise, the occupational privilege tax has plummeted from a 1980 collection of $70,000 to only $20,400 in 1986. The most significant decline, however, has occurred in real estate tax collections because of a string of successful assessment appeals by LTV on its 400 acres of industrial land and buildings. As the steel firm has adjusted to its own problems by closing and tearing down large portions of its operation, it has reduced its tax liability to the municipality. Although the municipality has implemented numerous drastic cuts over the past few years - its 1988 employee complement is less than one-half the number for 1980 - the current crisis has come about at least in part because the appropriations practices ignored the impending problem. Some may argue the most recent crisis was precipitated by a cut in revenues too extreme to meet. LTV appealed its real estate tax assessment in 1985 and won a reassessment from $19 million to $9.5 million effective with the 1986 tax year. The decision was apparently anticipated in late 1986 but was not formally communicated until February, 1987. The budget for 1987 included tax payments from LTV of $338,000 just for the current year. As a result of the award and its effect back to 1986, LTV unilaterally claimed credit for overpayment and paid only $96,000. This meant there was a shortfall of $288,000 between actual collections and the amount budgeted. Despite this, there was no action to further adjust the appropriations for the last nine months of 1987. The year ended with a substantial deficit and a determination by the Department of Community Affairs that Aliquippa was financially distressed.

The change in the form of government, which was approved by the voters previously, took effect January, 1988. It allowed the (now) City to implement a two-tier taxing system for real estate tax purposes and, by taxing vacant land at a higher rate than improvement, levy an even greater tax on LTV than the $338,000 budgeted in 1987. This tax has been paid but the continued success of this maneuver is not entirely clear. Therefore, although the 1989 and 1990 projections presented later in this report anticipate no change, there is the distinct possibility that, come 1991, the City will again have to make some extremely painful adjustments in order to maintain a balanced budget. It is the intention of the Coordinator that the recommendations presented in this plan will better enable the City to anticipate and meet those contingencies."

Subsequent Amended and Updated Recovery Plans

First Update to Act 47 Recovery Plan – 1990

Prior to December 31, 1990, a re-evaluation of the distressed status, as provided for under Act 47, was conducted by a team of consultants. The primary goal of the team was to review the original Recovery Plan and provide detailed recommendations for the continuation or eventual removal of the distress status for the City. The major factor considered in making this determination was whether the conditions that led to distress are, in fact, still present. The Recovery Team consultants summarized their review and recommendations by stating the following:

> In general, the Recovery Plan Revision Team (Team) believes the conditions which caused the original distress determination are on the way to being alleviated. However, they cannot be considered alleviated yet. The Team has the following major concerns which must be demonstrated over the next two years:
>
> A. Management stability and professionalism;
> B. Tax base stabilization
> C. Sufficient revenue from local sources to supplement a non-recurring beginning balance incorporated for the last two years to balance the subsequent budget but in fact attributable to three factors associated with Act 47 distress status as follows:
>   (1) Court authorized .2% increase in the Earned Income Tax (EIT) which is beyond statutory limits for non-distressed Third Class Cities.
>   (2) The infusion of a $460,000 DEPARTMENT no-interest loan and grant; and
>   (3) Savings over budgeted expenditure especially for the administrator's salary.
>
> The financial reporting system is a good one in that account balances are known and reported on a monthly basis. The Team is concerned, however, that Aliquippa has only one part-time employee and one part-time elected official who really understand the system. The other concern is that there is no one to take the information, analyze it, and formulate a course of action or series of reasonable alternatives. The Team believes that this will change with the advent of the full-time City Administrator, but that remains to be demonstrated. Also, the need for backup financial management capacity should be addressed immediately. Further erosion of the tax base could occur. While that has not been the case, the status of LTV Steel vis-a-vis the land and building tax system is still relatively new. While the significant erosion of the tax base appears to be alleviated, the Team believes it is premature to make a conclusive determination.

The conclusion of the Team was that there had been substantial progress towards alleviating the conditions that led to the original determination of distress. However, to conclude that the conditions had been completely alleviated was premature at that time. The reevaluation report recommended that the distress status for the City be continued for another two years. The basis for this recommendation was that it would allow sufficient time for the planned administrative improvements to be implemented. Some of the more significant impacts of rescinding the distress status are as follows:

a. EIT returns to statutory limit;
b. Collective bargaining controls eliminated;
c. Interagency priority assistance no longer available;
d. Loss of no interest loan availability; and
e. Loss of grant preference.

The imposition of a garbage/recycling user fee in conjunction with a "step-down" reduction in the EIT rate over two years to the 0.5% limit should stabilize the City's fiscal status.

The extension of the distress status would provide additional time to see if any challenges to the two tier real estate tax system occur. J & L Structural Steel Company (a greatly downsized but none the less successor and major industrial employer in the City) has had its assessment decreased from $957,400 to $700,000 for the years 1991 and 1992. The decline in population has also continued with an approximate 30% reduction since the 1980 census (from 17,094 to 13,375 in 1990). The extension would also provide the opportunity to fairly evaluate the effectiveness of the City Administrator under the current ordinance and Third Class City code structure. Finally, and of critical importance, the extension would give the City the additional time necessary to measure actual financial performance with the introduction of a garbage/recycling collection charge.

Second Update to Act 47 Recovery Plan – 1992

Prior to December 31, 1992, a second re-evaluation of the distressed status, provided for under Act 47, was conducted by the Department. The reevaluation report and subsequent Recovery Plan Revisions, dated February 1993, were prepared by William Gamble, Plan Coordinator, Municipal Administrative Consultant with the Department.

That Plan also recommended the continuation of the distress status for the City. Section III, of the report stated that some, but not all, of the conditions that caused the original distress determination had been eliminated. Further, after reviewing the recommendations not completely implemented, the concerns expressed by City officials, and other factors such as the untimely death of the Finance Administrator, it was concluded that the distress status for the City should be continued for at least another year. This conclusion was based on the following reasons:

1. Management stability, although strengthened by the City Administrator's position, was still of concern until the finance officer's position was filled
2. Socio-economic factors such as the decline in population and tax base especially with further assessment appeals by LTV Steel presented challenges for the City Council in order to balance service needs against revenue capacity.

In addition, Section III of that report added the following issues, concerns and recommendations:

> Tax base erosion, a concern expressed by the City, is also a concern of the Department. This issue, however, can be addressed with a strong community and economic development strategy and a commitment to carry out this strategy and should not deter financial stability in future years. The projected fund balance and the assumption that the management oversight that has existed for the past two years continues, should ensure stability and professionalism in operations and confidence in the City. In addition, the elected officials must continue to demonstrate responsible fiscal accountability. This is necessary regardless of whether or not the City continues as a distressed municipality under Act 47.
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> The initial infusion of the $460,000 Department no interest loan has eliminated the deficit budgets of the past. The size of fund balances that have existed for the past five years indicates a return to fiscal solvency and stability. City officials have expressed their major concerns about the future financial stability of Aliquippa. These concerns are outlined in a letter, dated December 4, 1992 from the City Administrator to the Department Coordinator.

The report concluded that the future of the City rests, for the most part, in the hands of the City Officials. Their commitment to the implementation of the recommendations included in the report and their commitment to address the needs of the City in a very objective manner are of utmost importance. Finally, the report stated that City officials must demonstrate responsible management oversight and fiscal accountability to assure the future stability of the City.

Third Update to Revised Recovery Plan – 1995

Prior to December, 1995, a third evaluation of the distressed status was conducted by the Department. William Gamble, the Recovery Plan Coordinator and Augie Stashe, a Financial Consultant prepared the re-evaluation and subsequent Recovery Plan Provisions, dated November, 1995. That report stated that the City had made great strides in implementing the recovery plan recommendations in the area of administrative management, financial management, personnel management and the provisions of efficient municipal service levels and community and economic development. While the report concluded that great strides were made, it outlined the issue of a declining tax base. The sale of the former LTV property in 1993, while offering hope for the future, resulted in short-term financial difficulties. It noted that the City's assessed valuation on land decreased from 1991 to 1993 by $1,350,660, which translated into a revenue loss of $109,404, given the same tax rate. In fact, this continuing decline was of great concern. The sale of the LTV Property in 1993 and the assessment appeals that followed created an unstable fiscal situation for the City that led to an assessed value decrease from 1993 to 1994 by an additional $3,569,919 for a further loss in real estate taxes of $324,864. To add to this burden, the assessment on the 182 acres of the former LTV property was further appealed and the City did not realize any real estate tax dollars from the property in 1994 or 1995.

Tax stability in the short-term and its expansion in the long-term are central to the financial recovery of the City.

The financial projections, written in the report, for 1995 and 1996 offered little relief indicating that the City could anticipate a depletion of its cash fund balance, a balance which, along with the prudent management, had been moving the City toward fiscal stability. This continued erosion of the tax base created an unstable climate and was jeopardizing the City's ability to provide for the health, safety, and welfare of its residents.

The report evaluated the factors in Act 47 to determine whether the conditions that led to distress, had been eliminated. After review of these factors, the status of the plan recommendations, past fiscal trends, the alarming decline in assessed valuation and the projected fiscal position of the City, given the decline in assessed value, it was clear that the distressed conditions were not eliminated. The report therefore stated that the distress status for the City should be maintained, at least for an additional two years, to allow the current situation to stabilize.

The report concluded by stating that the future of the City rests, for the most part, in the hands of the City Officials and that they should continue to support the aggressive implementation of the recommendations of the recovery plan. It stressed the importance of the City to address their needs in an objective and forthright manner and that responsible management oversight and financial accountability must continue to be demonstrated during the difficult fiscal period. Tax stability in the short-term and its expansion in the long-term are central to the financial recovery of the City. Efforts must be continued to encourage, promote, and assist industrial, commercial, and residential development which translate into an expanded tax base.

It should be noted that on June 27, 1996, the Governor of Pennsylvania, Tom Ridge, signed into law, Act 58, The Community and Economic Development Act combining the Department of Community Affairs and the Department of Commerce into the Department of Community and Economic Development (DCED). As part of that legislation, the Governor's Center for Local Government Services (GCLGS) was created to be a principal advocate for local governments in Pennsylvania. One of the many responsibilities the GCLGS was assigned was the administration of Act 47, the Municipalities Financial Recovery Act. Thus, the City, previously declared "distressed" under the Act, became the responsibility of the DCED - GCLGS.

Fourth Update to Act 47 Recovery Plan – 2003

In 1998, the GCLGS initiated a review of the distressed status of the City. While no formal report was issued, the major issues outlined above, continued to plague the City. However, after that review and due to the stabilization of the City through strong management initiatives and oversight, the demonstration of fiscal responsibility, the support of City Council, and the upturn in the economy, the City started to anticipate an exit from their distressed status under Act 47. The year 2003 was projected as the year the City's recovery plan should be reviewed to determine whether the City should or should not exit from Act 47.

The financial review outlined in the 2003 report demonstrated improvement in fiscal condition, prior to September 11, 2001. However, the economic impact of that tragic event, and the residual fiscal impact that plagued so many communities in Pennsylvania and around the nation, created a devastating affect on the City's progress achieved over the years prior to 9-11. As a result, some of the concerns facing the City at the end of 2002 and in the budget projections for 2003 included the following:

- J & L Structural officially closed its doors and filed for bankruptcy and was before a bankruptcy judge
- EIT collection decreased by approximately $100,000
- The cumulative effect of the bankruptcies of J & L and LTV, coupled with the loss of a major business concern on Franklin Avenue, Shiflet Studios, created a significant gap in projected revenues
- The 2003 City budget included an increase in real estate taxes of 2 mills, bringing it within 1/10 of a percent of the state cap of 25 mils
- The City explored the use of a pension bond in 2004 to aid in the payment of the Minimum Municipal Obligations (MMOs) that dramatically increased due to a combination of the following three factors:
    1. An arbitration award that increased retired police officers' salaries to one-half (1/2) of the base patrol officer salary, effective to employment start dates of January 1, 1997.
    2. The retirement of many police and fire employees; a measure calculated to defer employment-related expenses to future years that were projected to be more fiscally stable.
    3. The overall decline in market valuations precipitated by the technology stock downturn and further aggravated by the events and the aftermath of September 11, 2001 including the Iraq War which began in 2003.
- In a move calculated to preemptively increase the viability of the Aliquippa Community Hospital (ACH), the Chief Executive recommended the filing of bankruptcy, which was approved by the ACH Board of Directors. Due to a take over by a group of medical practitioners, the Chief Executive Officer and Board were forced to resign. The future of the hospital once employing over 500, down to 300, was of major concern.

The 2003 Recovery Plan recommended that the City remain in Act 47 for another three (3) year period based on the following observations:

> The City of Aliquippa continues to make great strides in implementing the recovery plan recommendations and has improved its capacity in the area of administrative management, financial management, the provisions of municipal services, and community and economic development. The professional appointments for the positions of City Administrator and Finance Director have strengthened the capacity and stability in the management and financial management of the City. However, the resignation of the City Administrator, in late 2003, and the appointment of a qualified replacement should continue to stabilize the administrative capacity of the City. These continued management improvements provide the basis for the City to continue to comprehensively address the recommendations in the recovery plan and address the fiscal concerns now facing the City. Personnel management practices through recruitment and personnel procedures have improved and continue to be addressed. A major improvement has been in the area of economic and community development that is now an integral part of the planning process in the revitalization of the City. The City continues to work very closely with other governmental entities and community based organizations to address future development of the City.
>
> While tax base erosion started to level off, recent developments have again created a cause for major concern. The successful assessment appeal on the former LTV property by BetTech International, the cumulative affects of the bankruptcy of J & L Structural and LTV, and the loss of a major business concern on Franklin Avenue, Shiflet Studies, has created a major "hole" in future previously expected revenues. Another recent "setback" for the City was the filing for bankruptcy by the Aliquippa Hospital in November, 2002.
>
> On the positive side, US Gypsum Wallboard Corporation, in 1998 purchased 125 acres of the LTV Property and is now fully operational. However, the positive may have turned into a negative as the Wallboard Corporation filed for bankruptcy in 2003. Other developments include the Beaver County Community Development Corporation's building of a one million dollar "Spec" Building on the former LTV Property. This is now complete and is intended to lure additional businesses to the waterfront area. Also, in 1998 Eckerd Drug Store opened a million dollar facility on Broadhead Road that is now fully operational. Other positive community development efforts include the ongoing rehabilitation of Franklin Avenue. This ongoing rehabilitation has included funding provided by DCED, through the Single Application Process and by the Beaver County CDBG Program. These initiatives have empowered the City to provide funds for new storefronts for business development and the demolition of dilapidated structures on the Avenue. In addition, the City's streetscape, another major rehabilitation project, includes the construction of new sidewalks, ornamental light fixtures and the removal of overhead wiring in the Central Business District. While these initiatives seem favorable to the City, it must be realized that the City has yet to achieve financial, economic and community development stability necessary for its distress determination to be rescinded.
>
> Due to many setbacks, as outlined in this report, the City is once again faced with major concerns over its fiscal stability. While revenues have somewhat increased in recent years, the overall revenue collections are on a downward trend when projected through 2005. Real Estate Taxes have seen a slight increase due primarily to (1) an increase in tax millage, now at a maximum allowed under the Third Class City Code, and (2) the hiring of Portnoff Collection agency to collect delinquent taxes. However, when looking at earned income taxes, the City is on a downward spiral. The period 1996 through 2000 saw a positive trend in EIT collections due to the overall growth in the economy, riverfront

> development and increased collection by the City and Central Tax Bureau. A negative trend in revenue started in 2001 and continues today. As stated earlier, LTV Steel ceased operation in December 2000 (400 employees), J & L Structural closed (100 employees), Shiflet Studios closed on Franklin Avenue (300 employees) and finally the Aliquippa Hospital with an employment of approximately 500 reduced its staff to 230 employees.
>
> On the expenditure side of the ledger, major cost increases, notably in the Fire Department Operations, Police Department Operations, health care and insurance costs, have created real need for concern. In 2000, the City Fire Department, due to ineffective EMS service, started to provide the residents with a First Responder Service. This program was well received by the citizens and, according to the City, has saved many lives in the process. In 2003, with two firefighters injured, the City hired 3 part-time firefighters to take up the void and hopefully reduce overtime costs. In the police Department, the City increased the police staffing from 18 in 1997 to a peak of 25 in 2002. These positions, for the most part were funded 100% for four years under the Federal COPS Program. When the City took advantage of the 100% funding through the COPS Program, the City projected a positive picture to DCED indicating the City's current and future fiscal stability would be maintained. However, the events of 9-11-01 that caused a devastating financial negative effect on the country also adversely impacted on the City. This tragedy contributed, in part, to the fiscal issues of concern outlined in Section III of this report. Thus, the City's earlier fiscal projections that indicated they would be ready to exit the Act 47 Program did not become a reality."

As a result of the 2004 evaluation, it was recommended that the distress status determination be continued until a review and update could take place in 2007.

It should be noted that William Gamble retired from the DCED – GCLGS in April of 2004. In June 2005, Deborah Grass, Local Government Policy Specialist with the DCED – GCLGS was appointed as the Act 47 Coordinator for the City and became responsible for the implementation of the City's recovery activities and the update of the City's Fifth Amended Recovery Plan.

Fifth Update to the Act 47 Recovery Plan – 2007

In 2007, the GCLGS again initiated a review of the distressed status of the City. The financial projections for 2007 through 2010, as presented in the report, depicted the gradual strengthening of fund balances after a number of years during which the City experienced devastating pension liabilities that drove the fund balance to deficits in excess of half a million dollars. The revenue collection was projected to make some slight but consistent positive trending and the pension liability was expected to continue to be adequately addressed.

The City officials continued to make tough decisions about staffing levels and cost containment in all departments. Staffing in the police department was at 18 police officers in 1997 and continued to be at 18 officers in 2005 even though the population of the City was drastically reduced. Full-time minimum staffing in the fire department, along with first response service, created budget over-runs. Benefits for employees continued to be one of the largest expenditures for the City budget and routine review and analysis for risk management and competitive bidding were recommended.

In making a determination as to whether the City should continue in the Act 47 Program for the Fifth Amended Recovery Plan review the following factors pursuant to the MFRA were evaluated to determine whether the conditions that led to distress were alleviated. The following information was noted:

1. Monthly reports submitted by the Act 47 Coordinator to the Department under Section 247(a)(3) indicated that deficits in the general fund continued to be a problem for the City
2. Historical deficits over the past three years were substantial and negatively impacted the City's ability to maximize service delivery strategies.
3. Obligations issued to finance all or part of the municipality's deficit had been retired.
4. The City had not operated, recently, for a period of at least one year, under a positive operating fund balance or equity, as evidenced by the municipality's audited financial statements prepared in accordance with generally accepted accounting principles. In fact, the audited financial statements for fiscal year 2005 indicated a fund balance deficit of ($338,470) and the audited financials for 2006 indicated a continued fund balance deficit.

After reviewing the status of the plan recommendations, past fiscal trends, the historic decline in assessed valuation, the increase in pension liabilities coupled with the delinquent status of the MMOs, and future budget projections, it was clear that the distress factors were not alleviated for a sufficient period of time to provide any level of confidence that the City could operate without the assistance that Act 47 provides. It was, therefore, concluded that the distress status for the City should be maintained, at least for an additional three years, to allow the City time to continue to address depleted reserves, fund balance deficits, pension liabilities, and to initiate progressive opportunities to foster future tax base growth. The report concluded that:

> The elected officials and their effective management team should be commended for working cooperatively to solve the fiscal concerns of the past several years. They must continue to look comprehensively at the budget and where appropriate, make the "tough" decisions to achieve a balanced budget in future years. The City officials may have to address the issue of an increased tax millage rate that will require approval from the Court of Common Pleas and they may have to identify new sources of revenue to support City expenditures for service delivery.
>
> It is of utmost importance that the needs of the City continue to be addressed in an objective and forthright manner. Responsible management oversight and fiscal accountability must continue to be demonstrated during this difficult fiscal period. Tax base stability in the short-term and its expansion in the long-term are central to the financial recovery of the City. Efforts must be continued to encourage, promote and assist industrial, commercial and residential development that will translate into an expanded tax base as well as make Aliquippa a more attractive community in which to live and work.

As a result of the review and recommendations of the Fifth Amended Recovery Plan in 2007, the City remains under its distressed determination to this date.

It should be noted that Deborah Grass left the DCED-GCLGS in March of 2008 and eventually Ed Fosnaught, Local Government Policy Specialist, was appointed to oversee the City's Recovery Plan. Mr. Fosnaught, as the City's Recovery Coordinator, initiated discussions about the City's improving financial condition with the City and DCED and recommended that a Plan be developed that contemplated the City's exit from Act 47. This Sixth Amended Recovery Plan is a result of those Discussions.

Section 2 – Status of Compliance with Fifth Updated Recovery Plan Recommendations

As part of this 2014 update, an evaluation and analysis of the current status of compliance with the Fifth Updated Recovery Plan was conducted by the consultant team with assistance of the Aliquippa City Administrator and staff. The results of that review are reported in this Section.

Administration

Item A1 – Continue to provide effective and efficient administrative capacity by maintaining a commitment to the City Administrator's Ordinance.

Update: Samuel Gill was appointed to the position of City Administrator in 2012 and continues to provide professional management services, stability, and leadership for the City. Mr. Gill has a strong business, financial, and management background and was the Director of Head Start prior to his appointment.

Status: Compliance

Item A2 – Continue to provide effective and efficient financial management by maintaining the position of a full-time Finance Director.

Update: Cheryl McFarland was appointed to the position of Finance Administrator in 2013 and continues to provide strong financial management support for the City. She has a strong background in accounting and finance.

Status: Compliance

Item A3 – Fully implement an equitable personnel system that includes a job performance evaluation plan for all City personnel.

Update: This recommendation has not been fully implemented because there is a strong union presence and little impetus for creating a performance evaluation system. An equitable recruitment and compensation system is in place and an Employee Handbook has been developed and distributed.

Status: Ongoing.

Item A4 – All full-time employment positions in the City, including management positions shall be filled only after essential qualifications and job descriptions have been developed by the City Administrator and approved by Council, and after an open and publicly advertised recruitment process that will reach the maximum number of potential qualified candidates. In addition, the Plan Coordinator shall review and first approve the hiring process and the qualifications of the selected candidate, prior to their official hiring. Job Descriptions shall be reviewed and updated periodically as conditions warrant.

Update: Job Descriptions have been developed and distributed to all personnel. All full-time positions are advertised and a recruitment process to select the best qualified applicant is in place. Job descriptions and other employment policies have not been reviewed or updated in several years.

Status: Partial Compliance

Item A5 – Conduct a management evaluation of the Aliquippa Public Works Department utilizing the GCLGS Peer-to-Peer Program.

Update: This review was not conducted and no report was issued.

Status: Not in Compliance

Item A6 – Conduct a management evaluation of the Aliquippa Fire Department utilizing the GCLGS Peer-to Peer-Program.

Update: In June of 2007, Chief Darryl Jones resigned to take other employment with the City of Pittsburgh. David Foringer was promoted to the position of Chief in August of 2007. A complete review of the Fire Department was conducted in March of 2008 by Stephen A. Darcangelo, Fire Consultant through the Local Government Academy (LGA). The City has implemented many of the recommendations.

Status: Compliance

Item A7 – Apply for grant funds through Department of Conservation and Natural Resources (DCNR) to undertake a feasibility study to determine the final disposition or operational viability of the community swimming pool.

Update: This report was never undertaken. The pool was closed in 2009.

Status: Not in Compliance

Item A8 – Update the appraisal of City property and implement a Property Identification Program, including the yearly update of the Industrial Appraisal, which is utilized to calculate insurable values.

Update: By March of 2006, the City had completed an inventory of City property and equipment. However, on July 6, 2006 a devastating flash flood left Franklin Avenue under three to five feet of water destroying these among other records. As a result, the City must undertake a complete inventory control program and industrial appraisal no later than June 2015. An update of all City property and equipment has not been updated for several years.

Status: Partially Completed.

Item A9 – Update and publish a position control summary as part of the budget process.

Update: The position control summary has not been created as part of the budget process. However, a spreadsheet was provided to the City so that the position control summary can be included and updated annually during the budget process.

Status: Compliance/Ongoing.

Financial Management

Item F1 – Maintain real estate tax at a rate no lower than the 2007 rate unless there is a countywide reassessment of property.

Update: The City has maintained a millage rate of 27.9 mills from 2009 through 2014.

Status: Compliance/Ongoing

Item F2 – Reduce EIT rate for general purposes from .6% to .5% no later than fiscal year 2009 in order to position the City for an exit from Act 47.

Update: The EIT rate is currently .5% and there is no additional levy under Act 47.

Status: Compliance/Ongoing

Item F3 – Maintain EIT rate for pension purposes under Act 205 at .6% until the unfunded liability for the City's pension plans has been properly addressed.

Update: The City continues to levy .5% under Act 205 for the distressed pension funds. For this reason, they have been able to contribute more than they are required based on their MMO's and the condition of the pension funds has begun to improve. However, the funds are still at a Level II Distress.

Status: Compliance/Ongoing

Item F4 – Implement the Local Services Tax (LST) in the maximum amount permitted by law no later than fiscal year 2009 in order to position the City for an exit from Act 47.

Update: The City established the LST at the maximum amount beginning in 2013 and raise approximately $48,000 through this levy.

Status: Compliance

Item F5 – Conduct a review of the established user fees for City services, especially those fees imposed pursuant to the Municipalities Planning Code (MPC), as part of the budget process, to assure that as costs for services increase fees increase proportionately. Consider new user fees for services on a regular basis.

Update: The City used Portnoff for the collection of delinquent taxes through 2012 but canceled the contract for 2013. As a result, the City collected nearly $100,000 less than in previous years. The City Administrator and Finance Administrator have adjusted other fees accordingly.

Status: Compliance/Ongoing

Item F6 – Review commercial and industrial property assessments and if under assessed, initiate appeals; intervene in pending assessment appeals where appropriate.

Update: The City has not actively reviewed property appeals nor have they intervened.

Status: Not in Compliance/Ongoing

Item F7 – Establish a five-year capital plan to address the long-term capital needs of the City and integrate it with the 2008 budget process. Update it on an annual basis.

Update: The City has not developed a long-term Capital Improvement Plan (CIP). For the 2014 budget, the City included a budget transfer from the General Fund to the Capital Fund.

Status: Not in Compliance/Ongoing

Item F8 – Continue to present and enhance the budget message as part of the budget process.

Update: A limited budget message is currently included with the budget. A more detailed and informative message should accompany the presentation of the annual budget.

Status: Ongoing

Item F9 – Adjust the budget format by distributing fringe benefit costs to department budgets to reflect the true operating cost of each department.

Update: Beginning in 2014, benefits have been distributed to department level budgets.

Status: Compliance

Item F10 – Commission an actuarial study to determine the liability of post-retirement healthcare benefits for the City in compliance with Governmental Accounting Standards Board (GASB) 45

Update: The City has not commissioned this study.

Status: Not in Compliance

Item F11 – Continue the aggressive collection of current and delinquent garbage bills. Install software to facilitate better collection of current bills no later than fiscal year 2008.

Update: The City was using CENTAX and Portnoff for the collection of delinquent bills through 2011. CENTAX declared bankruptcy in 2011-2012 and the City did not renew its contract with Portnoff for 2013. The City installed new software in 2008 to address the collection of current garbage bills.

Status: Compliance/Ongoing

Item F12 – Continue to utilize the services of an outside contractor to collect delinquent real estate taxes for the City.

Update: Delinquent real estate taxes were collected by Portnoff Associates through 2012 but the contract was canceled for fiscal year 2013 leading to a reduction of over $100,000 in the delinquent real estate tax collection.

Status: Not in Compliance/Ongoing

Item F13 – Continue to utilize the services of an outside contractor for the collection of EIT current and delinquent accounts.

Update: This is no longer relevant. The collection of EIT was changed to a countywide collection beginning in 2012 and Berkheimer Associates was appointed as the Tax Collector for Beaver County.

Status: This is no longer relevant.

Item F14 – Continue the process of divesting the City of real estate jointly acquired by the City and Aliquippa School district via Portnoff sheriff sales.

Update: The City no longer uses Portnoff nor does it engage in the sheriff sale process.

Status: This is no longer relevant.

Item F15 – Continue the implementation of PRISM upgraded financial management system with enhanced reporting capabilities including garbage collection (utility billing) and integrated fixed asset program.

Update: The City has installed the updates that were available for PRISM (now the FREEDOM system) and has installed both the utility billing module and the real estate tax collection module.

Status: Compliance

Item F16 – Continue the possible integration of real estate tax collection and other cashiering functions with the PRISM financial management system.

Update: The City has installed the real estate tax collection module and cashiering module but they are not currently fully operational. It is expected that the modules will be up and operating later in 2014.

Status: Partially Complete

Item F17 – Explore the possible integration of all other modules that are available through the upgraded PRISM financial management system (purchasing, project management, code enforcement, etc.)

Update: The City is interested in obtaining the purchasing, code enforcement, project management, and land use modules but has not had an opportunity to purchase or install these additional modules at this time.

Status: Ongoing

Item F18 – Modify pension ordinances and pension calculations to conform to state law.

Update: The City has not updated its pension plan documents.

Status: Not in Compliance/Ongoing

Item F19 – Budget annually for a capital reserve and for an operating reserve.

Update: There are no budgeted capital or operating reserves shown in the 2014 budget.

Status: Not in Compliance/Ongoing

Service Levels

Item S1 – The City should continue to pursue intergovernmental cooperation initiatives in all areas of City operation to provide City services as efficiently and effectively as possible.

Update: The City continues to explore options with its neighbor communities especially in the area of public safety (police, fire, and EMS) and economic development.

Status: Ongoing

Item S2 – The City shall continue joint purchasing opportunities with neighboring municipalities, Council of Governments (COGs), Beaver County, and COSTARS.

Update: The City continues to participate in joint purchasing activities.

Status: Compliance/Ongoing

Personnel/Collective Bargaining

Item P1 – The City shall be permitted to increase the wages of all employees by no more than 1% per year beginning January 1, 2008 only if the total cost of all employee benefits is not projected to exceed five (5%) per cent per calendar year. If the projected cost of benefits is greater than five (5%) percent for any calendar year, no wage increase shall be permitted for that year. However, the respective unions may propose cost containment action that will bring the cost below the five (5%) percent threshold that will trigger the 1% wage increase.

Update: All City employees received 2% per year increases for 2013 and 2014 with the exception of the firefighters who have filed for Act 111 interest arbitration. All other City contracts will expire at December 31, 2014 and will be subject to the Act 133 calculations that will be included in this Sixth Amended Recovery Plan. This is primarily because the Plan had not been updated since 2007.

Item P2 – All collective bargaining agreement language relative to pension benefits that conflicts with the Third Class City Code, Act 205, or any other law shall be removed from the contracts.

Update: This has not been done.

Status: Not in Compliance

Item P3 – The City shall continue to review and update the organization chart and the position control report for the city government and not increase the present complement of its personnel without prior approval of the coordinator. This will include full-time and part-time personnel.

Update: Organizational chart and position controls have not been developed. The City Administrator advises the Coordinator of all personnel activity. No requests for additional personnel have been submitted by the City and no personnel has been added to the City staff.

Status: Compliance

Item P4 – Given the present and projected budget constraints of the City, the City shall not increase the police department complement to a staffing level higher than 18 full-time sworn police officers including the Chief; the fire department to a level no higher than 9 full-time firefighters including the Chief; and the public works department to a level no higher than 7 full-time employees including the Public Works Director. In addition, the City shall not increase the clerical support in the police department and shall continue to have emergency communications support provided by the Beaver County 911 system

Update: In 2014, the City maintains a complement of 18 full-time police officers including the Chief and has eliminated its use of parking enforcement officers. The City currently supports 9 full-time and 2 part-time firefighters in addition to the Chief. The City also supports 7 employees in addition to the Superintendent in the Streets Department. The City continues to employ 1 part-time clerk in the police department.

Status: Not in compliance in the fire department and street department.

Item P5 – Provide no new or changes to existing benefits that would result in any additional increased costs to the City. Pursue managed healthcare alternatives in order to reduce healthcare costs. In addition, for any future contracts entered into after the adoption of this plan, the City shall pay no more than 80% of the premium for health benefits for City employees.

Update: The City was able to obtain a 20% of premium contribution towards health benefits from all employees through collective bargaining and arbitration awards. The City Administrator was also able to take advantage of lower premiums by evaluating several health insurance plans.

Status: Compliance

Item P6 – Insure all present and future employee benefits conform to applicable state law.

Update: Several items in the Auditor General pension audits were addressed by the City Administrator related to pension calculations for employees that were inconsistent with the plan documents. Calculations are currently reviewed by the City's actuarial consultants before the benefits are paid to retirees.

Status: Compliance

Economic Development/Community Development

Item E1 – Continue to address the many community and economic development issues outlined in the Weed and Seed Revitalization Plan.

Update: The Weed and Seed state assistance program ended about 2011.

Status: This is no longer relevant.

Item E2 – City officials shall continue to work closely with economic and community development agencies that include the Beaver County Main Street Program, the Beaver County Corporation for Economic Development (BCCED), and other agencies that can provide technical assistance or funding to enhance the economic and community development activities deemed essential to the short-term and long-term rebuilding of the City.

Update: The City has worked with the Beaver County Community Development to administer its CDBG funds and to work with the Rivertown communities on economic development projects. The CDPBC has taken ownership and operates the Aliquippa Industrial Park along the Ohio riverfront at the old J&L and LTV sites where there are 23 businesses now located. These businesses are primarily warehousing, trucking, and light industrial. Because they are in a KOZ they do not produce tax revenue at this time.

Status: Ongoing.

Item E3 – Work closely with the Beaver County Community Development Corporation (CDC), DCED, and the Community Action Team (CAT) for identification of opportunities related to private investment to leverage state funds in commercial and neighborhood development for the City.

Update: The City continues to work with state and county agencies to identify opportunities. In addition, the City has activated three local economic development groups: Aliquippa Redevelopment Authority, Aliquippa Port Authority, and the Aliquippa Community Development Corporation (ACDC). These entities will act as conduits for funds and economic development activities moving forward.

Status: Compliance/Ongoing

Item E4 – Contract with a planning consultant for an update of the subdivision and land development ordinances and submit an application for partial funding through the DCED LUPTAP grant program.

Update: The City has not updated its Comprehensive Plan since 1997. All of the land use and planning documents are outdated and inadequate for modern development.

Status: Not in Compliance

Item E5 – Continue a comprehensive code enforcement program that includes enforcement of property maintenance codes and operates in compliance with the state Uniform Construction Code (UCC)

Update: The City has strengthened its code enforcement by retaining a part-time code enforcement officer and engaging in a number of demolition programs. The City has not adopted the latest Property Maintenance Code.

Status: Partially complete/Ongoing

Item E6 – Submit application for LUPTAP funds through DCED for an update to the comprehensive plan with emphasis on strategic targeted planning for commercial areas and adjacent neighborhoods that includes marketing analysis, development opportunities, and core business district design. Consider working with the other Rivertown corridor communities (Ambridge, Rochester, Hopewell, Monaca, etc.) to undertake this planning process.

Update: The City has not undertaken this planning effort.

Status: Not in Compliance

Item E7 – Upgrade GIS mapping system to include additional storm and sanitary sewer field work information. Work with Beaver County when possible in order to achieve this initiative.

Update: The City has limited GIS mapping available through its City Engineer but has no capability on-site.

Status: Partially Complete/Ongoing

Item E8 – Continue to utilize demolition funds to take down vacant, substandard structures and develop in-fill housing initiatives program with the assistance of the CDPBC.

Update: The City continues to use demolition funds for this purpose.

Status: Compliance/Ongoing

Section 3 – Financial Analysis

The municipal budget and its corresponding financial management system is one of local government's most fundamental responsibilities. A municipal budget establishes its legal authority for incurring costs and paying for approved expenses throughout the year. It establishes control over how money is spent and reflects the government's priorities. Structural deficits result when there is an underlying imbalance between revenues and expenditures.

In order to present a comprehensive review of existing financial condition in the City, this Plan update will focus on the ability of the City to generate revenue, the efforts used to provide service delivery through expenditure control, and the City's budgetary policies and reporting system for decision making. The analysis of the City's finances focuses on the City's core revenues and expenditures. These are the ongoing revenues and expenditures, excluding one-time revenues such as borrowing and grants; and one-time expenditures, such as capital purchases. By focusing on the City's core revenues and expenditures, it is possible to derive an accurate assessment of the City's ability to provide basic services for its residents. The analysis will provide answers to two key questions:

- Have past revenues been enough to sustain the level of services or did the City have to resort to one-time fixes to balance budgets?
- Are there adequate resources to sustain the current level of operations into the future, or will a combination of rate increases, new revenues, and spending cuts be necessary to support the basic expenditures?

Demographic Profile

It is important as part of this updated Plan to examine the economic base in order to determine the City's capacity for generating revenue for public services. The City continues to exhibit demographic characteristics that are less affluent and more problematic than other communities in Beaver County and in the Commonwealth. The population has declined from a high of over 27,000 residents in 1940 to a low of about 9,300 in 2014. Forty-three percent (43%) of residents live in non-family households and 18% of the housing units in the City are vacant.[2] Nearly 20% of individuals are living below the poverty level and the median household income is only $32,146 as opposed to the Beaver County average of $48,311. The median value of an owner occupied housing unit is $68,800 in contrast to the county median average of $114,100. **Table 1** includes relevant demographic information from the 2010 census as updated and

2 The national average for housing vacancy rate in the United States is 10.9% according to the U.S. Census.

expanded by the Southwestern Pennsylvania Commission (SPC).

TABLE 1 – CITY OF ALIQUIPPA MUNICIPAL PROFILE – 2010 CENSUS

Category	City of Aliquippa	% of Total	Beaver County	% of Total
Population	9,438		170,539	
Total Households	4,353		71,383	
Family Households	2,464	56.6%	47,156	66.1%
Non-Family Households	1,889	43.4%	24,227	33.9%
Total Housing Units	5,296		78,211	
Occupied Housing Units	4,353	82.2%	71,383	91.3%
Vacant Housing Units	943	17.8%	6,828	8.7%
Educational Attainment	College or Higher	15.8%	College or Higher	23.6%
Residents with Disability	1,832	19.6%	26,418	15.7%
Persons Below Poverty	1,852	19.8%	20,681	12.1%
Median Household Income *	$32,146		$48,311	
Unemployment - Males	212	7.3%	3,614	6.7%
Unemployment - Females	185	6.1%	2,334	4.3%
Median Value -Owner Occupied	$68,800		$114,100	
*** Median Household Income reported in 2012 Inflated Dollars**				

SOURCE: 2010 US CENSUS WITH UPDATES FROM SOUTHWEST PENNSYLVANIA COMMISSION

TAX BURDENS

One of the tools used to measure the revenue-generation potential for a community is to look at existing real estate tax burdens. Because real estate taxes are the primary source for supporting local government services and because the City is competing with other communities for residents and businesses, it is important to understand the comparative tax burdens. In order to analyze the real estate tax burden for residents in the City, information for 2014 local, county, and school district tax rates and assessments was retrieved from the county websites and census data. This summary information is provided in **Table 2.**

TABLE 2 – 2014 MEDIAN REAL ESTATE TAX BILLS - COMPARABLE CITIES IN SOUTHWEST PENNSYLVANIA

City	County	2010 Population	Median Market Value	Common Level Ratio Factor	Median Assessed Value	Millage (Local, School, County)	Median Tax Bill (Local, School, County)
Lower Burrell City	Westmoreland	11,761	$129,400	21.41	$27,709	129.44	$3,586.62
Uniontown City	Fayette	10,372	$72,300	81.30	$58,780	31.18	$1,832.76
Jeannette City	Westmoreland	9,654	$80,800	21.41	$17,299	136.33	$2,358.41
Aliquippa City	Beaver	9,438	$68,800	31.45	$21,638	128.39	$2,778.05
Beaver Falls City	Beaver	8,987	$59,100	31.45	$18,587	117.2	$2,178.39
Monessen City	Westmoreland	7,720	$81,600	21.41	$17,471	124.84	$2,181.02
Connellsville City	Fayette	7,637	$82,500	81.30	$67,073	24.61	$1,650.67

SOURCE: THE BEAVER, FAYETTE, AND WESTMORELAND COUNTY WEBSITES, 2014 DATA, AND U.S. CENSUS BUREAU

Table 2 shows the population and median market value of owner-occupied units as recorded by the 2010 American Community Survey (ACS). The assessed value is then calculated by applying the Common Level Ratio (CLR), a state indexing number, to the market value. The value is multiplied by the millage rates for local, school, and county, in order to determine the average tax bill or tax burden for residents in that municipality. The average tax burden for the CIty was then compared to six other Third Class cities in southwestern Pennsylvania with similar populations as shown in **Table 2**. Aliquippa has one of the highest millage rates of the comparable cities and one of the lowest median assessed values. This is partially due to the fact that Beaver County does not have a current assessment and therefore has a very low CLR.

The results in **Table 2** demonstrate that there is no clear connection between millage rates, market values, assessed values, or population. For instance, the City has one of the lower median market values but it has one of the higher millage rates. It should be noted that Connellsville and Uniontown have higher assessed values because Fayette County has a more recent reassessment making lower millage rates possible.

But the tax burden comparison shown in **Table 2** does not tell the full tax burden story because it could be argued that residents in cities with higher median incomes can more easily afford to pay higher tax bills. For this reason, in **Table 3**, the tax burdens of the Aliquippa residents and the comparable cities are refined by calculating what percentage of the median household income is used to pay the total real estate tax bill. As shown in **Table 3**, households in the comparable cities pay between 4% and 8% of their household income for real estate taxes. Aliquippa residents pay, on average, 8.64% of their income which is higher than any of the other comparable cities. Meanwhile, Connellsville residents pay only 4.16% of their income. The tax burden for poorer communities is higher because of the low household incomes.

TABLE 3 – 2014 MEDIAN REAL ESTATE TAX BILL OF COMPARABLE CITIES AS PERCENTAGE OF INCOME

City	County	Median Household Income	Median Tax Bill	% of Total Tax Bill to Household Income
Lower Burrell City	Westmoreland	$48,382	$3,586.62	7.41%
Uniontown City	Fayette	$29,951	$1,832.76	6.12%
Jeannette City	Westmoreland	$35,930	$2,358.41	6.56%
Aliquippa City	Beaver	$32,146	$2,778.05	8.64%
Beaver Falls City	Beaver	$28,372	$2,178.39	7.68%
Monessen City	Westmoreland	$32,207	$2,181.02	6.77%
Connellsville City	Fayette	$39,643	$1,650.67	4.16%

SOURCE: THE BEAVER, FAYETTE, AND WESTMORELAND COUNTY WEBSITES, 2014 DATA, AND U.S. CENSUS BUREAU

In addition to cities of the same size and demographics as shown in **Table 3**, a second analysis of tax burden was conducted for the communities that are in close proximity to the City in Beaver County. This review compared the respective tax burdens of households in nine neighboring communities to the tax burden of the residents in the City of Aliquippa. Again, the tax burden was calculated by adjusting the median market value by the CLR and then multiplying that by the mills of tax levied by the local government, county, and school district. The results are shown in **Table 4**.

TABLE 4 – 2012 REAL ESTATE TAX BURDEN OF NEIGHBORING COMMUNITIES IN BEAVER COUNTY

Municipality	County	2010 Population	Median Market Value	Common Level Ratio	Median Assessed Value	Millage (Local, School, County)	Median Tax Bill (Local, School, County)
Hopewell Township	Beaver	12,593	$114,500	31.45	$36,010	104.7	$3,770.27
Center Township	Beaver	11,795	$166,000	31.45	$52,207	79.388	$4,144.61
Aliquippa City	Beaver	9,438	$68,800	31.45	$21,638	128.39	$2,778.05
Economy Borough	Beaver	8,970	$162,100	31.45	$50,980	110.139	$5,614.94
Ambridge Borough	Beaver	7,050	$69,700	31.45	$21,921	130.639	$2,863.69
Monaca Borough	Beaver	5,737	$97,600	31.45	$30,695	92.888	$2,851.22
Baden Borough	Beaver	4,135	$92,000	31.45	$28,934	121.639	$3,519.50
Harmony Township	Beaver	3,197	$99,000	31.45	$31,136	126.139	$3,927.40
Conway Borough	Beaver	2,176	$120,300	31.45	$37,834	90.2	$3,412.66
Freedom Borough	Beaver	1,569	$59,000	31.45	$18,556	96.2	$1,785.04

SOURCE: THE BEAVER COUNTY WEBSITE, 2014 DATA, AND U.S. CENSUS BUREAU

Median market values of housing in Beaver County vary extensively with a low value in Freedom Borough of $59,000 to a high value of $166,000 in Center Township. This is a $107,000 difference in median market values between the highest and lowest neighboring communities. The results in **Table 4** indicate that the average tax bill for households in the City of Aliquippa, while higher than other Third Class cities, is lower than neighboring communities with the exception of Freedom Borough. However, it is important to note that the City's tax bill is lower than the neighboring communities primarily because the assessed values in the CIty are very low. The highest median tax burden was for Economy Borough – again, primarily because the assessed values are much higher in Economy than the assessments in Aliquippa even after the adjustment for CLR.

Again, in order to better understand the actual tax burden for households, it is important to review the median tax burden for the CIty residents in conjunction with the median income of the neighboring communities, as shown in **Table 5**.

TABLE 5 – REAL ESTATE TAX BURDEN OF NEIGHBORING COMMUNITIES AS PERCENTAGE OF INCOME

Municipality	County	2010 Population	Median Household Income	Median Tax Bill	% of Total Tax Bill to Household Income
Hopewell Township	Beaver	12,593	$60,714	$3,770	6.21%
Center Township	Beaver	11,795	$64,608	$4,145	6.42%
Aliquippa City	Beaver	9,438	$32,146	$2,778	8.64%
Economy Borough	Beaver	8,970	$72,416	$5,615	7.75%
Ambridge Borough	Beaver	7,050	$29,090	$2,864	9.84%
Monaca Borough	Beaver	5,737	$62,019	$2,851	4.60%
Baden Borough	Beaver	4,135	$41,500	$3,520	8.48%
Harmony Township	Beaver	3,197	$51,500	$3,927	7.63%
Conway Borough	Beaver	2,176	$44,107	$3,413	7.74%
Freedom Borough	Beaver	1,569	$37,212	$1,785	4.80%

SOURCE: THE BEAVER COUNTY WEBSITE, 2014 DATA, AND U.S. CENSUS BUREAU

In **Table 5**, the median tax burden for the City and its neighboring communities is calculated by determining what percentage of a household's median income is used to pay the median tax bill. Based on this calculation, households in the City, on average, pay higher tax bills as a percentage of household income than residents in neighboring communities. Only Ambridge residents pay more than the CIty residents. The neighboring communities pay between 4% and 10% of their median income for real estate taxes. Aliquippa residents pay 8.64% of their household income for real estate tax bills.

This means that the residents of Aliquippa have one of the lowest median incomes but, on average, have a higher tax burden than residents in the neighboring communities. They also pay more of their income than residents in other Third Class cities in western Pennsylvania. This is a built in inequity in poorer communities. It will be important in the future to address the tax burden of residents in the City by diversifying the revenue base and increasing the efficiency of current collections.

DEFINING FINANCIAL CONDITION

Within the context of local government, financial condition is broadly defined as the ability to provide and finance services on a continuing basis. The International City/County Management Association (ICMA) uses the following definitions and timeframes when examining a local government's financial condition:

. . . financial condition is broadly defined as the ability to provide and finance services on a continuing basis . . . .

CASH SOLVENCY: A government's ability to generate cash flow over a 60-day period to pay its bills

BUDGETARY SOLVENCY: A government's ability to generate revenues over its normal fiscal year to meet its expenditures and avoid deficits

LONG-RUN SOLVENCY: A government's ability, in the long-term, to pay all costs of doing business, as well as meeting all costs, such as pension costs and accumulated accrued employee leave benefits, as they occur

SERVICE-LEVEL SOLVENCY: A government's ability to provide services at a certain level and quality that are required for the health, safety, and welfare of the community

According to the *Fiscal Management Handbook* published by the DCED GCLGS, "fiscal or financial management is the process of obtaining funds to support the necessary services provided by your municipality and using those funds in an effective and efficient manner." Sound financial management, therefore, requires that local elected and appointed officials understand the financial components of the municipality's financial system and that they make prudent decisions about the allocation of precious and often limited community resources.

As with most local governments, Aliquippa's General Fund is the primary fund for reporting the accounting entries that support day-to-day government operations, including the delivery of basic municipal services like police and fire protection. In addition to using the General Fund to record transactions related to essential municipal services, the City also makes debt service payments to cover principal and interest expenses on outstanding general obligation bonds and notes. The General Fund at about $5.6 million annually is primarily supported by taxes and fees including garbage/refuse collections. A five year history of the City's General Fund total revenue and expenditures is shown in **Table 6**.

TABLE 6 – GENERAL FUND TOTAL REVENUES AND EXPENDITURES 2009-2013

Year	Status	Revenue	Expenditures	Difference
2009	Actual	5,215,073	4,977,322	**237,751**
2010	Actual	5,045,419	4,927,795	**117,624**
2011	Actual	5,479,150	5,636,425	**(157,275)**
2012	Actual	6,009,136	6,206,399	**(197,263)**
2013	Actual	5,673,662	5,640,970	**32,692**

SOURCE: CITY FINANCIAL STATEMENTS AND DELTA ANALYSIS

The City was able to accumulate reserve funds in 2009 and 2010 when revenues exceeded expenditures. However, these reserve funds were depleted in 2011 and 2012 when the City experienced deficits of ($157,275) in 2011 and ($197,263) in 2012. In 2013, unaudited financial reports[3] indicate that there was a slight positive balance. However, the projections moving forward as shown in **Table 7** indicate that the City will begin to experience deficits again beginning in 2016 unless initiatives are developed in this Recovery Plan to address the projected gap. A detailed line item analysis of the City's prior five year financial history and the financial projections through 2018 can be found in Appendix A of this Plan.

TABLE 7 – GENERAL FUND PROJECTED REVENUES AND EXPENDITURES 2014-2018

Year	Status	Revenue	Expenditures	Difference
2014	Projected	5,454,746	5,338,636	**116,110**
2015	Projected	5,511,395	5,472,286	**39,110**
2016	Projected	5,570,318	5,634,271	**(63,953)**
2017	Projected	5,631,578	5,776,960	**(145,382)**
2018	Projected	5,695,244	5,947,845	**(252,601)**

SOURCE: CITY FINANCIAL STATEMENTS AND DELTA ANALYSIS

In order to avoid serious financial consequences in the next five years the City must develop and implement revenue enhancements and cost containment initiatives that will address the projected deficits. The following sections include a complete analysis of revenue and expenditure categories.

3 The City's audited financial statements for 2013 were unavailable at the time that this updated Plan was prepared. The City provided the year-end financial reports that were used for the purposes of preparing this report.

REVENUE ANALYSIS

Aliquippa's General Fund is overwhelmingly supported by taxes and fees for services. In 2009, the City's General Fund revenues were approximately $5.2 million. The revenues fluctuated over the next several years due to state grants that were received and spent for street improvements. But by 2013 the City's revenue had increased to only $5.6 million. This is an 8.8% increase in five years or about 1.76% per year which does not even keep the City ahead of the Consumer Price Index (CPI) which has averaged about 2.3% per year. **Table 8** shows actual collections of General Fund revenues by category from 2009 through 2013.

TABLE 8 – GENERAL FUND REVENUE BY SOURCE CATEGORY 2009-2013

REVENUE SOURCE:	ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	ACTUAL 2013	AVG ANNUAL %Inc/Dec
Real Estate Taxes	2,105,762	2,181,614	2,296,402	2,191,655	2,092,839	0.96%
Act 511 Taxes	1,278,441	1,076,061	1,231,839	1,443,483	2,048,029	3.93%
Licenses & Permits	92,109	97,547	102,118	102,506	104,419	2.90%
Fines & Forfeits	109,274	93,669	87,226	51,007	54,517	-5.93%
Interest & Rents	3,774	2,646	2,606	9	-	-20.00%
Intergovernmental	443,195	361,498	379,954	1,025,526	271,932	-7.74%
Department Fees	163,684	177,177	200,390	205,059	150,912	0.87%
Refuse	617,939	647,719	624,178	615,410	608,315	-0.14%
Miscellaneous Revenue	97,749	93,887	172,838	135,251	128,308	6.54%
Transfers & Proceeds	259,116	278,366	381,599	239,230	212,271	-3.64%
Refunds Prior Year	44,030	35,235	-	-	2,120	-20.00%
Total Revenue	**5,215,073**	**5,045,419**	**5,479,150**	**6,009,136**	**5,673,662**	**1.76%**

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

The only source of revenue that exhibited a healthy increase was the Act 511 revenue which is driven by the EIT collections including the special levy that is assessed for distressed pension purposes. Licenses and permits, driven by the cable TV franchise fees, have demonstrated a modest .6% per year increase. The other source of revenue that is increasing is the miscellaneous category which captures the employee contributions towards healthcare premiums that have steadily increased over the past five years. None of these revenue sources individually or combined are sufficient to support all of the City expenditures.

Major Sources of General Fund Revenue

The major sources of General Fund revenue shown in **Figure 1** illustrate the types and percentages of the City's revenue categories. In 2013, real estate tax revenue accounted for roughly 42% of the City's total General Fund revenues and is the largest single source of revenue for the City. However, because of an outdated assessment system, the occasional commercial tax appeal, and the lack of significant economic activity, the assessed valuations, on which real estate tax levies are based, have exhibited only about a 1% increase per year. This means that the largest source of the City's revenue exhibits very little natural increase without increasing the millage rate.

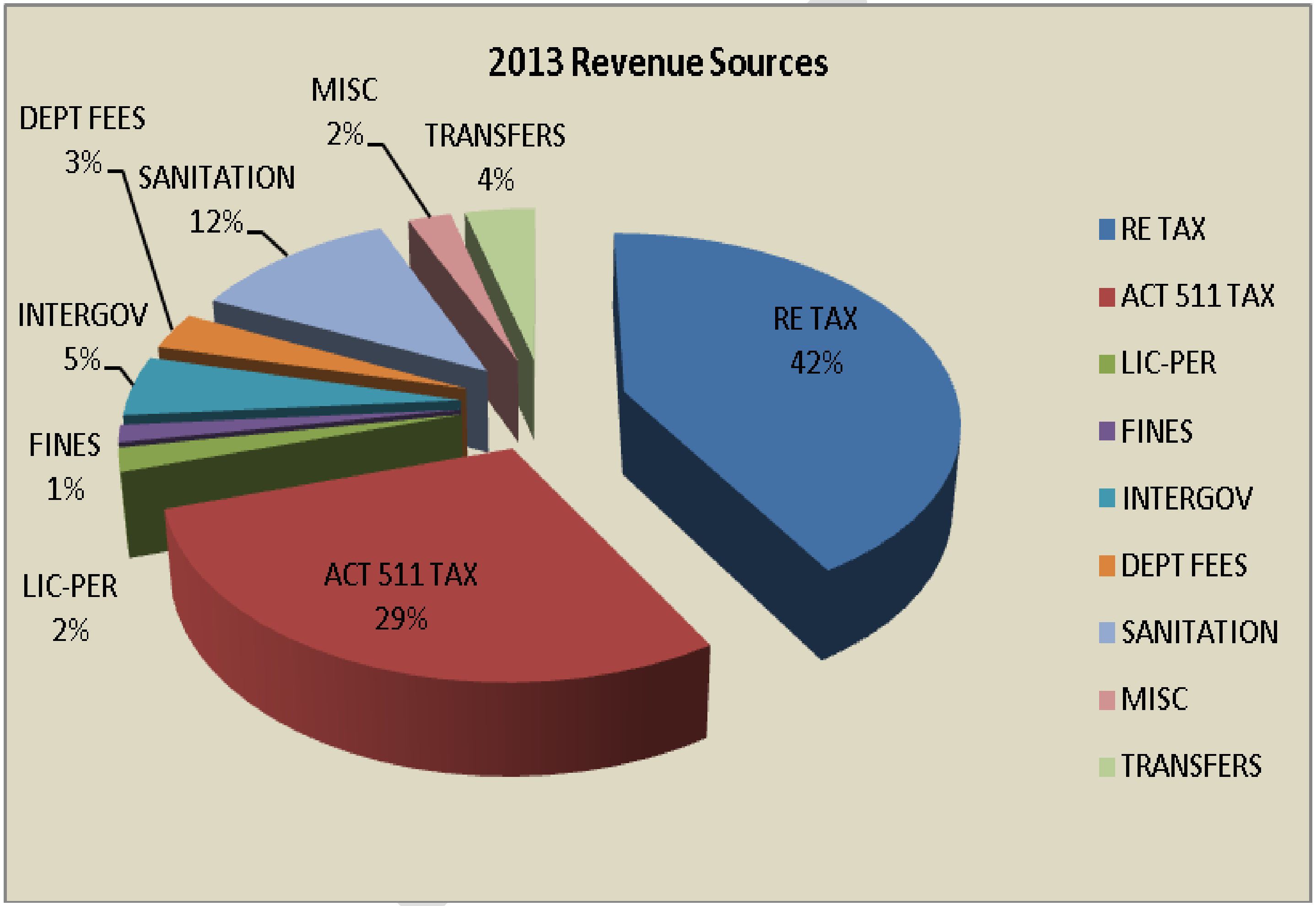
Taxes make up 71% of the revenue base which makes the City more vulnerable to external economic conditions and outside influences.

In contrast, the EIT has been a relatively stable and increasing revenue source that makes up 44% of the Act 511 tax revenue collected. Since the City has moved to the county wide collection system in 2012 and Berkheimer Associates has taken over the collection, the City has realized a 60% increase in its collections for EIT. The largest part of the EIT collection, however, is dedicated to the pension funds to address the pension liabilities. Nevertheless, this is a positive trend that indicates a healthier economic position in future years.

The next largest source of revenue, after taxes, is fees for services, including garbage/refuse collection, which make up about 15% of the total General Fund budget. About 80% of the fees that are collected are for garbage/refuse services. Many of the City's fees have not been increased for years and should regularly be analyzed to ensure that the fee covers the cost of providing the service.

Figure 1 provides an overview of the City's revenue sources by category for 2013. Taxes make up 71% of the revenue base which makes the City more vulnerable to external economic conditions and outside influences. A more diversified revenue profile would help to insulate the City from economic events that can erode the City's ability to generate revenue. Over the long-term, national or statewide economic downturns, stagnant income, lack of development, and similar external factors can have a huge impact on both tax and non-tax revenues.

FIGURE 1 – 2014 GENERAL FUND REVENUE PROFILE



SOURCE: ALIQUIPPA 2013-2014 FINANCIAL REPORTS AND DELTA ANALYSIS

Real Estate Taxes

In 2013, real estate tax revenue accounted for roughly 42% of the City's total General Fund revenues and is the largest single source of revenue for the City. **Table 9** shows a recent five-year history of the collection of real estate taxes.

TABLE 9 – REAL ESTATE TAX COLLECTION 2009-2013

	ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	ACTUAL 2013
REAL ESTATE TAXES					
Millage Rates	27.9	27.9	27.9	27.9	27.9
Real Estate Taxes - Current	1,721,592	1,822,885	1,876,556	1,901,587	1,864,547
Real Estate Taxes - Prior Yr.	168,427	158,029	171,468	139,796	172,725
Real Estate Taxes - Delinquent	215,743	200,700	248,378	150,272	55,567
TOTAL Real Estate	**2,105,762**	**2,181,614**	**2,296,402**	**2,191,655**	**2,092,839**

SOURCE: CITY OF ALIQUIPPA FINANCIAL REPORTS AND DELTA ANALYSIS

History of Significant Tax Appeals 1993-2003

Over the past two decades the City has been devastated by tax appeals that have been granted by the County courts. The decisions and settlements have reduced the assessed value of property for large commercial tracts of land. The following is a short history of some of those appeals.

Sale of the LTV Property

Real estate taxes plummeted between 1993 and 1994. The tremendous loss of real estate revenues on land value between 1993 and 1994 can be attributed to the sale of the former LTV Property in 1993. Prior to the sale of this riverfront property and adjacent properties, this parcel of 295 acres of land had an assessed value of approximately $4,991,570 (assessed value was 50% of market value). In 1993, according to the Chief Assessor of Beaver County, 120 acres of the LTV Property was sold to the Beaver County Corporation for Economic Development (BCCED) for $3,500 per acre or a total sale price of approximately $420,000. Also, in 1993 LTV sold 175 acres of their Aliquippa property through options eventually purchased by BetTech International for $375 per acre for a total sale price of $65,625.

BetTech and BCCED filed an assessment appeal on their 1994 real estate taxes and were successful in having their real estate taxes reduced from an assessed value of $16,920/acre to an assessed value of $5,000/acre. The real estate taxes realized from this property previously totaled $404,317 (based on 81 mills). In 1994, after the successful assessment appeal by BetTech and BCCED, the real estate tax revenues realized on the property declined to $132,060 (79 mills). This represented a loss in real estate taxes to the City of approximately $272,257, based on the reduced assessed value. The reassessment resulted in BetTech owing $85,000 in real estate taxes for 1994 and BCCED owing real estate taxes of approximately $47,000. While BCCED chose to pay their taxes based on the new reassessed value, BetTech chose to further appeal its reassessment, and BCCED joined the appeal.

BetTech Settlement

By order of the Court dated November 22, 1999, signed by Judge Mannix, the City, the Aliquippa School District, and the County of Beaver formally settled the tax assessment appeal of BetTech for the years 1994 through and including 2000. This settlement reduced the assessed value of an original 210.8 acres of land owned by BetTech from $5,000 per acre to $250 per acre for the years 1994-1997. For the year 1998, two parcels of land amounting to 128.67 acres, which were sold to the United States Gypsum (USG) Company in 1999, were increased from an assessed value of $500/acre to $12,500/acre, while the remaining acreage (87.959 acres as of 1998) increased from $250 to $500. In 1999, the assessed value of 56.7 acres was again increased from $500 to $1,012.50. The following table shows the final outcome of assessed valuations of land on property currently and formerly owned by BetTech by virtue of this settlement:

TABLE 10 – ASSESSED VALUATION OF LAND BETTECH INTERNATIONAL TAX SETTLEMENT

Owner	Acreage	2003 Value
US Gypsum	128.682	12,500
BCCED	56.709	7,500
BCCED	15.573	500
B.V. Aggregates	2.858	500
BETTECH INTERNATIONAL	51.226	500

SOURCE: FIFTH AMENDED RECOVERY PLAN 2007

As a result of this settlement, BetTech International was extended a credit of $20,228.47 to be utilized toward the payment of its 2000 real estate taxes, while USG saw an increase in taxes on land from $39,834 in 1999 to $99,584 in 2000.

BCCED Settlement

On April 19, 2001, Judge McBride signed an order settling the real estate assessment appeal of BCCED and Aliquippa Properties Limited (APL). APL was included in the settlement because the group had previously purchased land from BetTech. However, the significance of their settlement is minor. The BCCED settlement was also inclusive of the Aliquippa School District and the County of Beaver. Similar to the BetTech settlement, BCCED land was reassessed at a lower rate in the early years (1994-1998), resulting in a credit that extended through the year 2005. The reassessment for 1998 and forward brings the land value up to $15,000/acre (market value). In addition, BCCED also sold property to USG. The USG property was reassessed at $25,000/acre (similar to the BetTech settlement). The following table depicts the acreage and land values that should currently be in place for property currently and formerly owned by BCCED.

TABLE 11 – ASSESSED VALUATION OF LAND
BEAVER COUNTY CORPORATION FOR ECONOMIC DEVELOPMENT SETTLEMENT

Owner	Acreage	2003 Value
United States Gypsum	10.101	12,500
BCCED	42.595	7,500
US Electrofused Min.	10.000	7,500
Shasta	10.724	7,500
Advanced Plumbing	1.977	7,500

SOURCE: FIFTH AMENDED RECOVERY PLAN 2007

History of Assessments and Tax Increases

As a result of these appeals and settlements, the assessed valuation of property in the City decreased by $3.8 million between 1993 and 1994, primarily due to the successful tax assessment appeals of BetTech and BCCED. In the tax year 1996, the drop in overall assessed valuation peaked at a negative $3,979,492, compared to the 1993 valuation. For the years 1994 – 2000, the newly established overall assessed value remained virtually stagnant, with a small upward fluctuation in improvement values noticeable beginning in 1998. For the year 1994, in an attempt to stop the recognized bloodletting between 1993 and 1994, City Council increased the millage on improvements from .005 to .007 mills and decreased the millage on land from .081 mills to .079 mills. Total millage decreased from 24 mills to 22.7 mills due to the decrease in overall assessed valuation. Without the proactive step of changing the millage structure, the City would have been faced with an overall loss projected at $290,200. The actual loss was cut to $198,800.

Total assessed value jumped by $7.39 million between 2000 and 2001. Assessed value for land increased by only $642,300, while assessed value for buildings increased by $6.75 million. As was stated earlier, the main reason for the increase in land value between 2000 and 2001 was the BetTech tax settlement, which increased USG's land value from $5,000/acre (assessed) to $12,500/acre (assessed).

For the tax year 2001, upon the recommendation of the City Administrator, City Council agreed to a 2 mill increase on improvements, again offset by a decrease in the millage rate on land. In recognition of the significant differential between the assessed valuation of land as compared to the assessed valuation of building, the millage rate of land was decreased from 79 mills to 77 mills and the millage rate on buildings was increased from 7 mills to 9 mills. Coupled with the dramatic increase in improved valuations, this change in millage led to an increase of $105,700 in current year real estate tax, while only increasing overall millage by 4/10 of one percent.

Between 2002 and 2003, total assessed value increased an additional $636,400. Again, this increase was predominantly due to an increase in the improved value of property, not the value of land and was precipitated by the addition of U.S. Electrofused to the riverfront with an assessed value of $620,250.

Once again faced with ominous budget deficits in 2003, the City Administrator recommended dramatic concessions, including furloughs, in addition to an increase in millage to the allowable cap of 25 mills. For the first time in over a decade, the total millage of the City was increased to 24.9 mills, with an increase of .005 mills to .0775 on land and an increase of .0025 to .0115 on buildings. Although the total change in millage rates as compared to 1993 is a negligible 9/10 of one percent, the total increase between 2002 and 2003 was two mills.

Between 2003 and 2007, there were no increases to the total real estate tax levy and the City's millage rate continued to be 24.9 mills. However, the mills were adjusted by decreasing the amount levied on land and increasing the levy on improvements. In 2004, the City was still involved in a tax assessment appeal with USG. The outcome of this appeal was stayed by Judge McBride pending the outcome of USG's bankruptcy. In 2006, the Courts ordered that the assessed value of USG should be reduced by $1,592, 225 which resulted in tax losses to the City of $143,068 in 2006 and a similar projection of tax revenue loss for 2007. The City was able to somewhat mitigate this loss in 2007 by transferring $62,700 from its tax appeal Escrow Account to the General Fund to make up a portion of the difference. By 2008, the major tax appeals had been resolved. The millage rate has remained at 27.9 from 2009 through the present. **Table 12** provides a 20 year history of assessed values and millage rates.

Table 12 – History of Assessed Value and Millage Rate Fluctuations 1993 – 2014

Year	Assessed Value	Variance from 1993	% Inc/Dec	Mills
1993	$85,474,198			24
1994	$81,658,916	($3,815,282)	-4.46%	22.7
1995	$81,542,119	($3,932,079)	-0.14%	22.7
1996	$81,494,706	($3,979,492)	-0.06%	22.8
1997	$81,777,550	($3,696,648)	0.35%	22.7
1998	$81,950,750	($3,523,448)	0.21%	22.7
1999	$82,030,478	($3,443,720)	0.10%	22.7
2000	$81,887,765	($3,586,433)	-0.17%	22.4
2001	$89,279,158	$3,804,960	9.03%	22.8
2002	$89,190,958	$3,716,760	-0.10%	22.9
2003	$89,827,409	$4,353,211	0.71%	24.9
2004	$90,170,109	$4,695,911	0.38%	24.9
2005	$89,856,359	$4,382,161	-0.35%	24.9
2006	$89,781,410	$4,307,212	-0.08%	24.9
2007	$89,144,480	$3,670,282	-0.71%	24.9
2008	$87,552,255	$2,078,057	-1.79%	24.9
2009	$91,806,305	$6,332,107	4.86%	27.9
2010	$91,614,305	$6,140,107	-0.21%	27.9
2011	$91,391,465	$5,917,267	-0.24%	27.9
2012	$91,191,915	$5,717,717	-0.22%	27.9
2013	$87,649,790	$2,175,592	-3.88%	27.9
2014	$87,445,427	$1,971,229	-0.23%	27.9

Source: Aliquippa Financial Records, Beaver County Data, DCED Municipal Statistics Website

The impact to the City through the appeals and the current values is outlined in **Table 12** along with the millage rates for each year. Because Beaver County has not undertaken a current reassessment of properties and due to the lack of economic growth in the City, the assessed value is only slightly higher today than it was in 1993. As a result the City has had to raise its millage rate by seeking Court approval each year and find creative ways to finance the City operations.

Real Estate Tax Collection – Current

Compounding the problem of tax appeals and a flat assessment value, the rate of collection for current real estate taxes has been a problem for the City for years. At 76%, it is lower than most other municipalities in the Commonwealth. **Table 13** provides information about the actual real estate tax collections and millage rates over the past five years and the value of 1 mill of tax in each of those years.

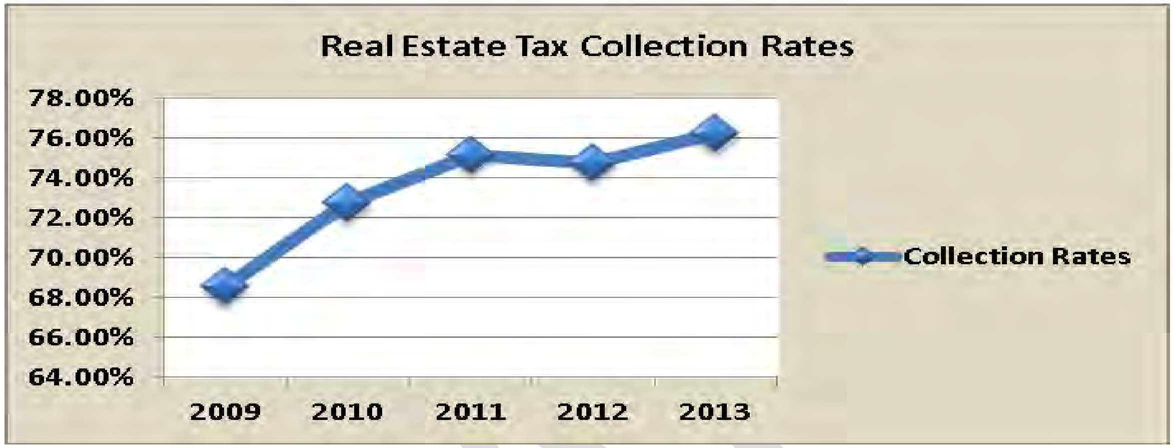
TABLE 13 – REAL ESTATE COLLECTION RATES 2009-2013

Real Estate Tax Collection – Millage History								
Year	Assessed Value	% Increase or Decrease	Total Mills	Billed	Less 2% Discount	Collection	$/Mill	Collection Rate
2009	91,806,305		27.9	2,561,396	2,510,168	1,721,592	61,706	68.58%
2010	91,614,305	-0.21%	27.9	2,556,039	2,504,918	1,822,885	65,336	72.77%
2011	91,391,465	-0.24%	27.9	2,549,822	2,498,825	1,877,383	67,290	75.13%
2012	91,191,915	-0.22%	27.9	2,544,254	2,493,369	1,901,823	68,166	74.75%
2013	87,649,790	-3.88%	27.9	2,445,429	2,396,521	1,864,547	66,830	76.25%

SOURCE: ALIQUIPPA FINANCIAL RECORDS, BEAVER COUNTY DATA, DCED MUNICIPAL STATISTICS WEBSITE

The current year real estate taxes are collected by the elected City Treasurer and processed in the Treasurer's Office. The City's collection rate for current real estate tax bills has long been a source of concern. Although, it has improved over the past five years from 68.5% to 76.2%, it is still well below an acceptable rate of payment for current collections. In most municipalities, this rate is at a 90% to 95% collection rate. Raising this collection rate by 10% to a rate of 86% would generate an additional $245,000 representing about 3.8 mills of tax. It is important for the City to address the current year collection rate with the City Treasurer in order to address its ability to generate revenue.

FIGURE 2 – REAL ESTATE TAX COLLECTION RATES 2009–2013



SOURCE: ALIQUIPPA FINANCIAL RECORDS, BEAVER COUNTY DATA, DCED MUNICIPAL STATISTICS WEBSITE

Real Estate Tax Collection – Delinquent

Through the collection period of 1996, the Beaver County Tax Claim Bureau handled the disposition of delinquent real estate taxes on behalf of the City and the Aliquippa School District. Beginning with the tax year 1997, the City and the School District chose to contract with Portnoff Law Associates for delinquent tax collection, for two reasons: 1) To decrease the total percent of delinquency per year; and 2) To increase the current year collections. A quick glance at **Table 14** indicates that Portnoff was only moderately successful in its attempts to boost delinquent collections over the years.

TABLE 14 – COLLECTION OF DELINQUENT TAXES 1993-2006

Year	Real Estate Tax Delinquent & Liened	Variance from 1993	% Inc/Dec
1993	$201,273		
1994	$332,618	$131,345	65.26%
1995	$304,512	$103,239	-8.45%
1996	$300,027	$98,754	-1.47%
1997	$303,084	$101,811	1.02%
1998	$272,380	$71,107	-10.13%
1999	$174,324	($26,949)	-36.00%
2000	$222,675	$21,402	27.74%
2001	$287,558	$86,285	29.14%
2002	$290,000	$88,727	0.85%
2003	$290,000	$88,727	0.00%
2004	$300,545	$99,272	3.64%
2005	$470,249	$268,976	56.47%
2006	$350,852	$149,579	-25.39%
	Average Annual Increase		**7.02%**

SOURCE: FIFTH AMENDED RECOVERY PLAN, 2007

Several factors should be noted when reviewing the delinquent collection history. It is obvious from this analysis that although the hiring of Portnoff as the delinquent tax collector "paid off" in 1998 and 1999, the year 2000 shows that the trend was beginning to reverse and beginning in 2001, the total delinquency rate once again increased. The audited financial statements for 2002 indicated a total turnover of delinquent accounts to Portnoff of roughly $210,400 (excluding J&L Structural), thus continuing the trend of a roughly 10% delinquency rate. The average collection rate for the Tax Claim Bureau between 1993 and 1996 was 11.38%, while the average collection rate for Portnoff from 1997 through 2001 was 10.36%. From 2003 through 2006, the delinquent collections increased steadily, although the large increase in 2005 included delinquent taxes from USG that were subsequently credited towards future years.

By 2007 and 2008, the City was beginning to notice that the interest, legal fees, and penalties that were assessed by Portnoff for delinquent taxes were driving up the amount of liens that were attached to properties to the point that the delinquent taxes owed were higher than the value of the properties. Many property owners merely walked away from the properties rather than attempt to pay off delinquent tax liens.

When the City worked with Portnoff to schedule tax sales, many of the properties were abandoned and the City became the owner of dozens of dilapidated and vacant properties. In 2012, the City chose not to continue the services of Portnoff but to return to the process of turning delinquent taxes over to the Beaver County Tax Claim Bureau. The recent five year history of delinquent tax collection is shown in **Table 15** below.

TABLE 15 – DELINQUENT TAX COLLECTION 2009-2013

	Delinquent Tax Collection
2009	$384,170
2010	$358,729
2011	$419,846
2012	$290,068
2013	$228,292

SOURCE: ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

In 2012 and 2013, it is clear that the cancelation of the Portnoff contract resulted in much lower collections of delinquent real estate taxes. However, the City must continue to consider the consequences of forcing property owners into abandonment of their property through excessive fees and penalties. A strategy must be developed that provides the City a method to collect this revenue in a timely and efficient manner without causing further abandonment and vacancies. The City must continually monitor and consider strategies to encourage the delinquent collector (whoever is appointed in the future) to aggressively achieve better current and delinquent tax collection rates as this is the City's single largest source of revenue.

The Two-Tier Land Value Tax System

In 1988, when Aliquippa became a City of the Third Class, it also implemented a two-tier real estate tax structure that allowed the City to levy a higher rate on land than on buildings. At first, this tax structure worked extremely well. The tremendous amount of vacant land owned by large companies continued to provide the necessary tax base for the City. However, as the years went by and the land that was held by large companies was parceled out, sold, reassessed and eventually redeveloped, the two-tier tax structure, once thought to be the "saving grace," became a less than ideal situation. Today, the assessed valuation of buildings far outweighs the assessed valuation of land. Over the course of the last decade, the City has taken proactive steps to increase the millage rate on improvements, while decreasing the millage rate on land in order to not only maximize revenue, but also to stop the flow of losses experienced by reassessment of key riverfront properties. However, the City and the School District continue to tax land at a much higher rate than improvements. This tax structure benefits the residents and high density residential construction but increases the burden for commercial and industrial development. As a result, for incoming new businesses, which require large areas of land, this tax structure may act as an impediment.

> In summary, the findings of the Weir report indicated that the two-tier structure provides relief to residential property owners, especially to high density residential property owners, and negatively impacts commercial and industrial property owners . . .

The fourth updated recovery plan that was completed in 2004 raised significant concerns about the impact of the two-tier land value system that is currently utilized by the City. The Plan suggested that the tax structure acts as an impediment not only to continued economic growth, but also, to continued growth in real estate tax revenues. The theory was that as total assessed value grew, the total millage rate applied would fall. But that has not happened.

Given that the City currently exceeds its maximum limit for total mills, a change in tax structure to a single tier tax would have no immediate effect on total real estate revenues received. The impact would be upon "who" pays "what." What becomes important then, is how the City can continue to survive with a stagnant tax base that heavily penalizes landowners who are tomorrow's developers.

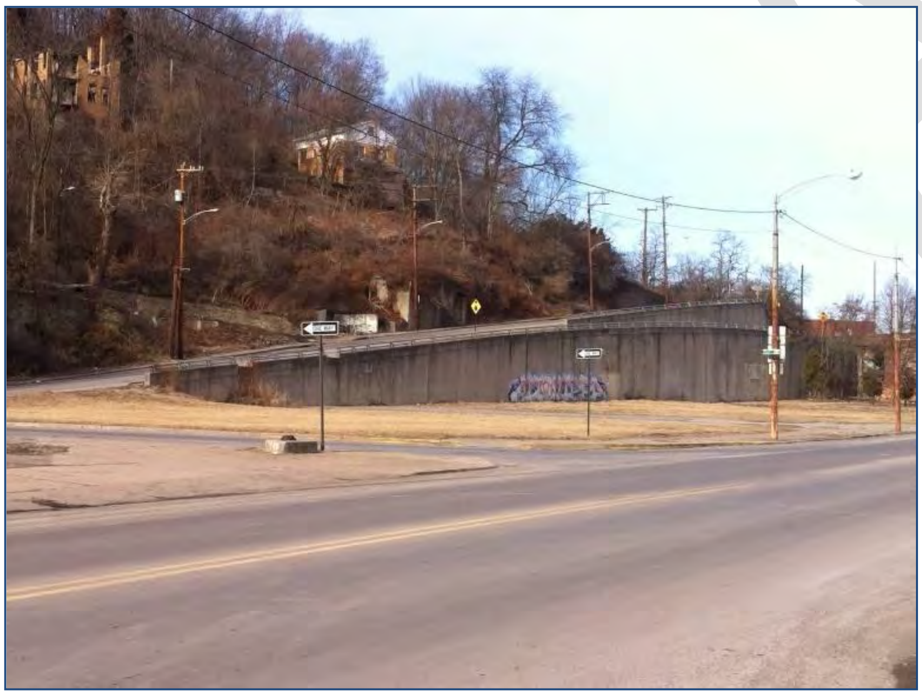
Based on a recommendation from the fourth updated recovery plan, a study of the impact of the two-tier land value tax system was conducted in 2006 by Dr. Michael Weir through the Local Government Academy under an Act 47 grant contract. The study methodology classified every parcel of property in Aliquippa, as reported and documented by the Beaver County Assessment Office, as residential, high density residential, commercial and industrial. The study then used the current two-tier real estate tax structure to calculate the current tax burden and looked at how that tax burden changed when a single tax rate was applied to both land and buildings.

In summary, the findings of the Weir report indicated that the two-tier structure provides relief to residential property owners, especially to high density residential property owners and negatively impacts commercial and industrial property owners who tend to have more vacant land associated with their property. Those properties that were most "built out" derived the most benefit from the current system. A change to the structure of this taxing mechanism would significantly shift the real estate tax burden from commercial and industrial properties to the City residents for residential property. It was, therefore, decided by the City officials to continue the current two-tier structure for the immediate future and to continue to undertake the same calculation every five years or after a reassessment is completed by the County, whichever comes first.

In 2012 when the current City administration took office, the City officials again confronted the issue of the two-tier tax system and the possibility of moving to a single tax rate for land and buildings. The City Administrator conducted a study by calculating the difference on a sample of properties at both rates. Again, the City elected to continue the two-tier system because its elimination would shift the tax burden to the residential property owners who can least afford to pay higher tax bills. Until a current reassessment is undertaken and completed by Beaver County, the two-tier system will probably remain in place.

Subsequent Significant Impacts on Real Estate Tax Revenue

Because there has not been a current reassessment in Beaver County for over three decades, the only way for the City to increase its real estate tax base is to add development to the City. Towards this end, the BCCED continues to have site control over most of the seven miles of Riverfront property that were once home to J&L and the LTV mills. Today there are 18 companies, mostly involved in warehousing, trucking, and light industrial uses that are located in what is now referred to as the Aliquippa Industrial Park. USG continues to be the largest tenant at the Aliquippa Industrial Park with its $110 million operation. The BCCED continues to actively market the site, which includes 80 acres (approximately 45 of which have Ohio River frontage) at $50,000 per acre for new industrial development. The site has been environmentally cleared and has good rail access. Currently, there is little tax revenue that comes to the City from this development because it is in a Keystone Opportunity Zone (KOZ) and therefore tax exempt from real estate tax, earned income tax, gross business receipts tax and sales tax.



There is also some interest from developers for property located at the western end of Franklin Avenue near State Route 51 that has been cleared and made "shovel ready" by the City and the redevelopment authority. Proposals for a grocery store or a mixed commercial retail use have been received and reviewed by the City Administrator but no firm development plans have been initiated. The City continues to explore development opportunities for this site. A study was completed for this area in 2010 which provides some conceptual designs, infrastructure recommendations, and a budget for the site.

Reassessment of Property

Beaver County performed the last county-wide assessment of real estate in 1980. This is a significant problem for the City because property values are artificially undervalued based on outdated assessments by the County. In order for the City to increase millage rates above the allowable cap of 25 mills in the Third Class City Code, it is necessary each year to seek approval from the Common Pleas Court. However, there is some potential relief for the City and other communities throughout the Commonwealth in this area. In June of 2007, Judge R. Stanton Wettick ruled in an Allegheny County case that the use of a base year for determining property assessment values, such as the method used by Beaver County and many of the other 66 counties, violates the state constitution because it creates unfair tax burdens for some tax payers and improperly eases the burdens of others. In fact, Judge Wettick's order included a requirement for Allegheny County to conduct a county-wide reassessment of property no later than 2010. Judge Wettick's decision was upheld by the Commonwealth Court and was eventually appealed to the PA Supreme Court. It was hoped that the Supreme Court would rule that counties must establish procedures that provide for a more regular and equitable system for calculating property values in the future. Although the Supreme Court upheld Judge Wettick's decision and Allegheny County, in fact, conducted a county-wide reassessment that was implemented in 2013, the Court decided the case narrowly and did not apply its decision to other counties. However, since that ruling, several other counties have opted for the reassessment procedure either because of pressure from municipalities or from other private interests. The City could benefit from such a county-wide reassessment because the City would be able to drastically lower its millage rate based on updated market-based assessment values. At this date, Beaver County has not announced a reassessment effort.

Act 511 Taxes

The second largest source of revenue for Pennsylvania communities is the tax revenue collected under Act 511. Pennsylvania's Local Tax Enabling Act (Act 511 of 1965) empowers municipalities and school districts to levy a variety of different taxes to support General Fund revenue. These taxes, which are commonly referred to as Act 511 Taxes, are subject to maximum limitations based on the class of a municipality and/or school district. **Table 16** shows the Act 511 Taxes available to Pennsylvania's Third Class cities and the corresponding rates currently assessed by the City and the Aliquippa School District.

TABLE 16 – ACT 511 TAX RATES

	Third-Class Cities	City of Aliquippa	School District
	Legal Limit	Tax Amount	Tax Amount
Per Capita	$10	$0	$5
Local Services Tax (LST)4	$52	$47	$5
Earned Income Tax	1% *(resident and nonresident)*	0.5%	0.5%
Earned Income Tax – Distressed Pensions5	No Limit	0.5% *(residents and non-residents)*	0
Real Estate Transfer	1%	0.5	0.5%
Mechanical Devices Tax	10%	$315	-
Mercantile Wholesale	1 mill	0.75%	-
Mercantile Retail	1 1/2 mills	0.5%	-
Business Privilege	No limit on other businesses	0	-0

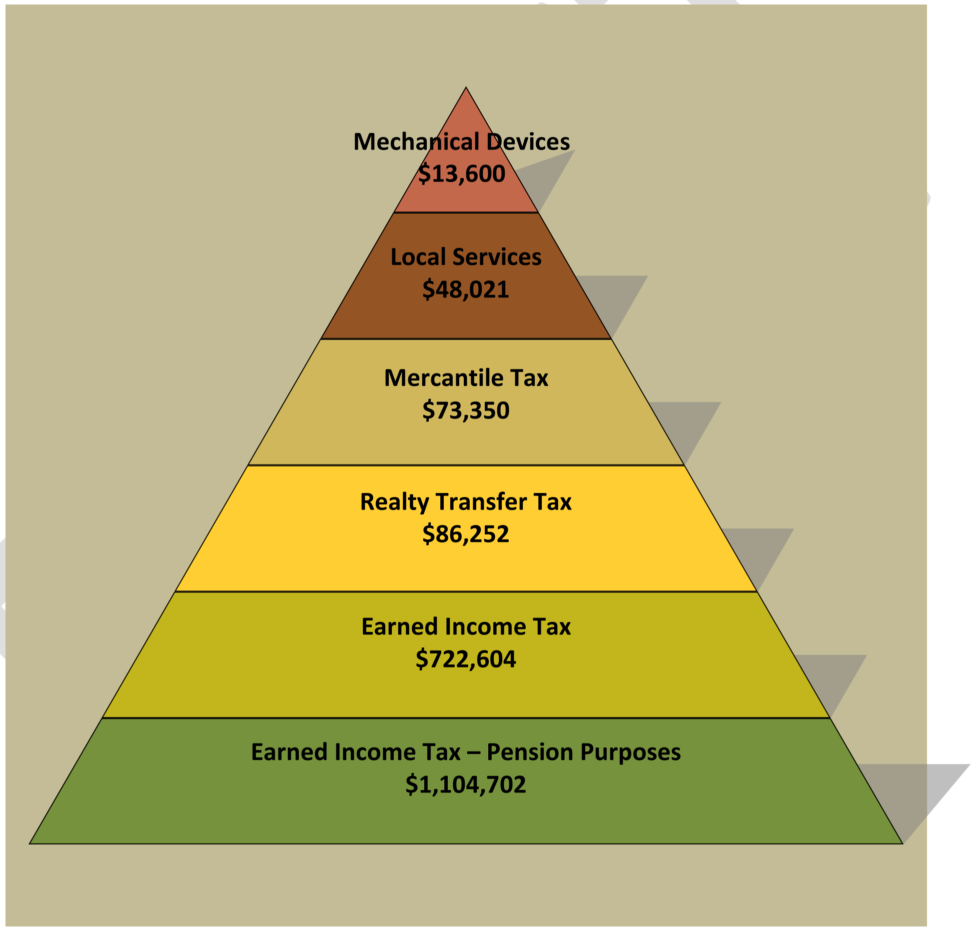
SOURCE: ACT 511, CITY OF ALIQUIPPA RECORDS, DELTA ANALYSIS

If only one taxing body levies the tax, the tax can be levied at its legal limit. However, if both taxing bodies levy the tax, the assessment must be shared equally between the municipality and school district. Unlike local property taxes, which tend to lag behind changes in the economy, Act 511 Taxes respond fairly quickly to market conditions. This is particularly true for Act 511 Taxes that are assessed on a flat-

4 Prior to 2008, this tax was known as the Occupational Privilege Tax. It is assessed on persons who are employed at a business within a jurisdiction. State law requires the exemption of taxpayers with annual incomes less than $12,000.
5 Technically, the authority for this special levy is not provided under Act 511. The authority is provided under Act 205 for purposes of distressed pension funds.

rate basis, such as the Per Capita Tax and Local Services Tax (LST). The City levies several Act 511 Taxes, all of which are assessed at the legal limit. Two of the Act 511 Taxes are split between the City and the Aliquippa School District: the EIT and the LST. Act 511 taxes are an important revenue source for the City. **Figure 3** shows how each Act 511 tax source contributed to the 2013 total Act 511 collection and how they relate to each other.

FIGURE 3 – ACT 511 TAX SOURCES – TYPES & AMOUNTS COLLECTED IN 2013



SOURCE: ALIQUIPPA FINANCIAL RECORDS AND DELTA ANALYSIS

Table 17 provides a detailed breakdown of the history of Act 511 tax collection over the past five years. While real estate tax revenue has remained relatively flat at about $1.8 million per year, Act 511 taxes have increased from $1.2 million in 2009 to over $2 million in 2013. This is primarily due to the increase in EIT revenue achieved under the new county-wide collection through Berkheimer Associates.

TABLE 17 – ACT 511 TAX COLLECTION BY CATEGORY 2009-2013

ACT 511 TAXES	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual
Real Estate Transfer Tax	34,945	30,874	45,673	35,380	86,252
Earned Income Tax	494,928	513,542	447,024	610,556	722,604
Earned Income Tax - Pension	682,203	441,692	652,023	727,307	1,104,702
Mercantile Taxes	45,909	64,361	73,946	54,806	73,350
LST Tax (EMST)	3,731	13,927	4,143	9,744	48,021
Mechanical Devices	16,725	11,665	9,030	5,690	13,100
TOTAL ACT 511 TAXES	**1,278,441**	**1,076,061**	**1,231,839**	**1,443,483**	**2,048,029**

SOURCE: ALIQUIPPA FINANCIAL RECORDS AND DELTA ANALYSIS

Earned Income Tax

The collection of EIT is an extremely important revenue source for the City. Until 2011, Central Tax Bureau was the appointed collector for the City's EIT, Mercantile, and LST (formerly known as Occupational Privilege Tax) taxes. Act 32 of 2008 required all local governments in Pennsylvania to move to a county-wide system and to appoint a single tax collector for each County for all EIT after December 31, 2011. The Beaver County Tax Collection Committee (TCC) selected Berkheimer Associates as the county EIT Tax Collector. Since 2012, the City has experienced over a 60% improvement in its collections. At approximately $2 million, EIT collection now makes up 35% of the City's revenue, although 60% of the EIT collected is dedicated to the pension funds to address pension liabilities. **Table 18** provides a historical review of the EIT collection for general purposes and pension purposes over the past 20 years.

TABLE 18 – EARNED INCOME TAX RATES AND COLLECTION 1993-2013

Year	EIT - GL Purposes Collection	EIT - GL Purposes Rate	EIT - Pensions Collection	EIT - Pensions Rate	EIT - Total Collections	% Increase or (Decrease)
1993	$478,341	0.5			$478,341	
1994	$473,655	0.5			$473,655	-0.98%
1995	$502,605	0.5			$502,605	6.11%
1996	$473,354	0.5			$473,354	-5.82%
1997	$506,653	0.5			$506,653	7.03%
1998	$547,028	0.5			$547,028	7.97%
1999	$595,182	0.5			$595,182	8.80%
2000	$673,299	0.5			$673,299	13.12%
2001	$624,051	0.5			$624,051	-7.31%
2002	$523,488	0.5	$58,165	0.1	$581,653	-6.79%
2003	$466,256	0.5	$51,806	0.1	$518,062	-10.93%
2004	$479,184	0.5	$241,850	0.6	$721,034	39.18%
2005	$461,934	0.5	$593,134	0.6	$1,055,068	46.33%
2006	$458,211	0.5	$593,369	0.6	$1,051,580	-0.33%
2007	$551,320	0.5	$680,904	0.5	$1,232,224	17.18%
2008	$509,539	0.5	$796,232	0.5	$1,305,771	5.97%
2009	$494,928	0.5	$682,203	0.5	$1,177,131	-9.85%
2010	$513,542	0.5	$441,692	0.5	$955,234	-18.85%
2011	$447,024	0.5	$652,023	0.5	$1,099,047	15.06%
2012	$610,556	0.5	$727,307	0.5	$1,337,863	21.73%
2013	$722,604	0.5	$1,104,702	0.5	$1,827,306	36.58%
	Average Increase					**2.50%**

History of EIT Collection

For years, Central Tax Bureau (CENTAX) collected EIT, Mercantile, and Occupation Privilege Tax on behalf of the City. EIT increased significantly from 1996, with the peak year being 2000 – showing an increase over 1993 collections of 40.8%. The trend between 1996 and 2000 can be attributed to several factors: 1) The overall growth in the economy; 2) The tremendous amount of riverfront development in the CIty during this period; 3) Increased collection efforts on the part of Central Tax Bureau; 4) Recognition by the City of the need to supply relevant information to Central Tax Bureau to aid in the collection process, including Water Authority documentation, building permits and contractor's registrations.

However, a new trend, beginning in 2001 hindered further growth in EIT. The LTV Steel Company ceased operations in December of 2000. Prior to closing, LTV employed 400 people. The City estimated that the net effect on EIT from this closure was approximately $85,000 per year. The closure of J&L Structural left an additional 100 employees out of work. Many of these employees were residents of the City. The loss of EIT was roughly $22,000 annually. Shiflet Enterprises, a photography business located on Franklin Avenue, moved their business to Hopewell Township in late 2002. With a total employment base of approximately 300, the loss of EIT was calculated at roughly $30,000 per year. Finally, the Aliquippa Hospital, with an employment base of approximately 500 in 2000 had less than 230 employees remaining by 2004, as it struggled to come out of bankruptcy.

Between 2001 and 2003, the City's pension plans experienced actuarial investment losses of almost $4,000,000 and were classified by the state as Level III Distress. This deficit issue was faced by many municipalities throughout Pennsylvania after September 11 and the corresponding losses in the stock market. In 2002 and for 2003, the City assessed a .1% special EIT levy under Act 205 dedicated to the pension funds. . The City Council, in the 2004 budget, realizing the need to keep the pension plans sound and meet the need of City retirees in the future, voted to increase the EIT special levy to .6% for pension purposes to a total adopted EIT rate of 1.6%. As a result, in 2004, which was a partial year, the City collected $241,850 in EIT that was dedicated to the pension funds and $479,154 for general purposes. In 2005, during which time the City had collected a full year for pension purposes under the new .6% levy, the City collected $593,184 that was dedicated to the pension funds.

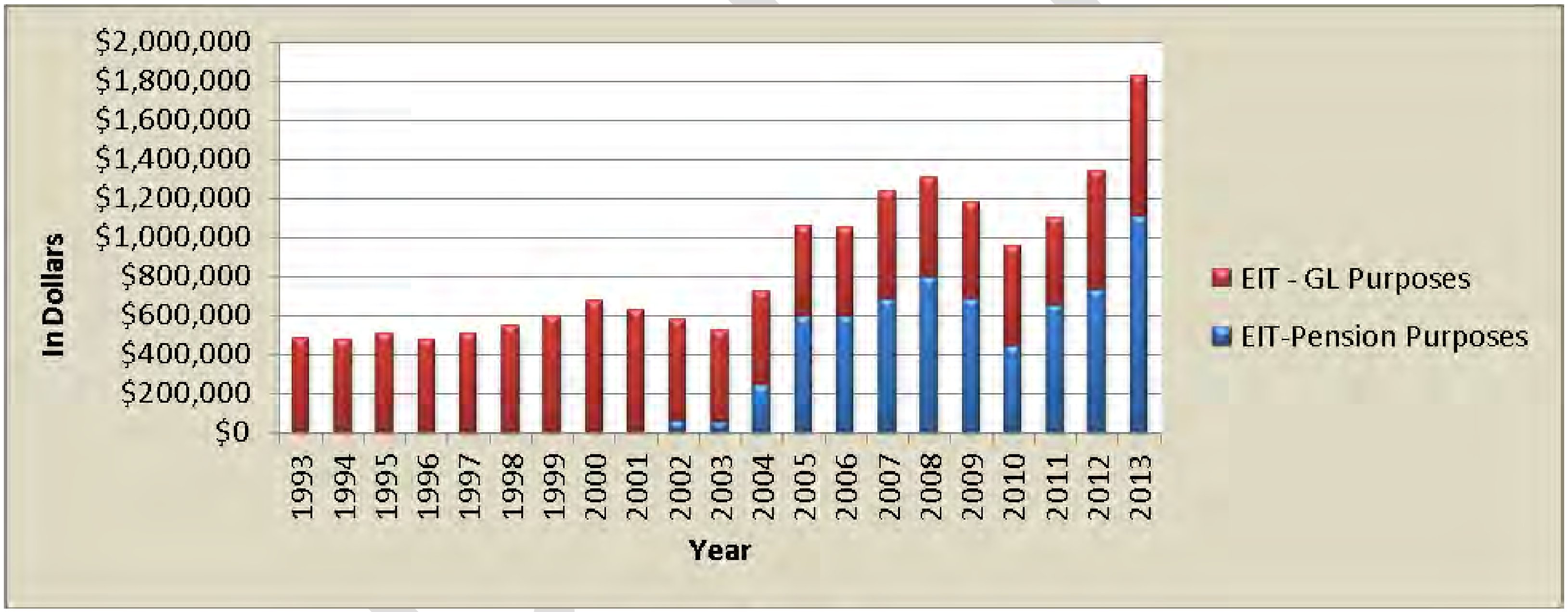
In 2005, the City conducted a pension study with assistance from a DCED Act 47 grant in the amount of $17,000 that studied the pension funding deficits and made recommendations for dealing with pension liabilities. As a result, this study recommended, among other items that will be discussed in the expenditure portion of this report, a continuation of the dedicated .6% levy for the purposes of addressing delinquent MMO payments to the funds. This levy was reduced to .5% beginning in 2007 because the delinquent MMO payments were completely addressed by that time.

In 2009 and 2010, the City experienced losses in its EIT collection for the first time since the years after 9-11 partly due to a downturn in the economy and partly due to the fact that CENTAX was experiencing difficulty in its business practices and eventually declared bankruptcy. With fewer CENTAX employees to do collections, and ultimately a business failure, the City's collection numbers were lower than they had been for years. In 2012, the collection was transferred to Berkheimer Associates as part of the county-wide collection system mandated by

Act 32, and the City began to recover from the previous three years. The recent collections have increased by over 60% under the new countywide system.

In 2013 and 2014, the collections remain stable and strong and the special levy for pension purposes has been continued by the City at the .5% rate for residents and non-residents. The amount collected for pension purposes rose to $1,104,702 in 2013 and the funding gap and liabilities are being addressed through the enhanced collection. As a result, the City deposits far more than the required MMO into the pension funds each year and the funds are now classified as Level II Distress. **Figure 4** provides a review of the EIT collection for the past 20 years.

FIGURE 4 – EIT COLLECTION FOR GL PURPOSES AND PENSION PURPOSES 1993-2013



SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, FIFTH UPDATED RECOVERY PLAN, DELTA ANALYSIS

Local Services Tax

In 2005, the PA General Assembly adopted legislation permitting local governments to enact what at that time was known as the Emergency Municipal Services Tax and has been since amended to LST. As the tax currently exists, local governments may collect LST not to exceed $52 from all persons who work within their jurisdictions who earn more than $12,000. If imposed by a municipality, this tax replaces the occupational privilege tax levy of $10 formerly collected by the municipality and split with the school district. If the school district continues to collect their share of the $5 occupational privilege tax, the municipality may only collect $47 (the $52 reduced by the $5 that is distributed to the school district). The City did not enact an ordinance to levy the LST until fiscal year 2013. During 2013, the City collected $48,000 from this source and should increase this collection in future years.

Department Fees for Services

Fees for services, the second largest revenue stream for the City at 15% of the overall revenue base, is made up of the categories shown in **Table 19.**

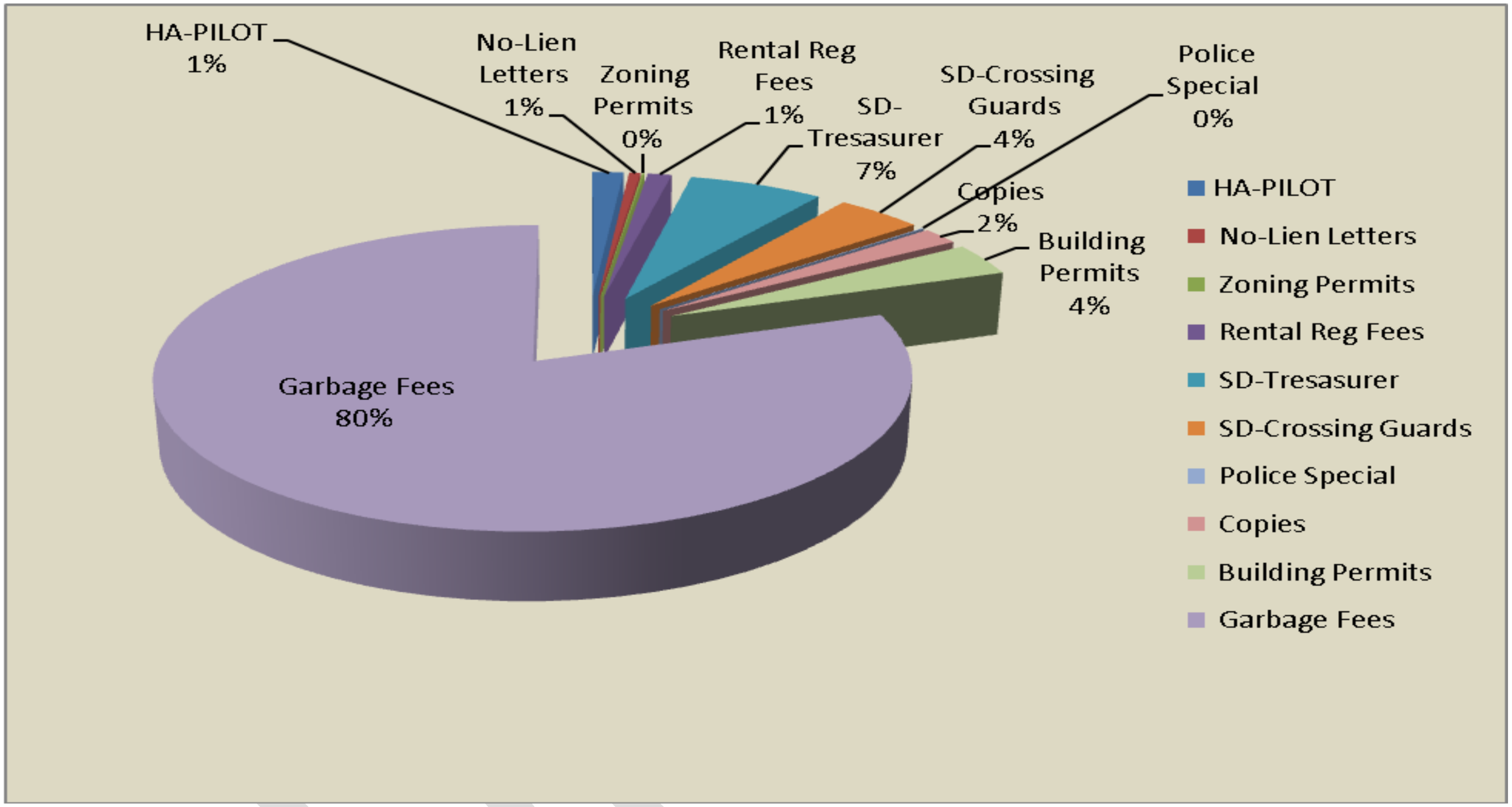
TABLE 19 – DEPARTMENT FEES FOR SERVICES – 2009-2013

DEPARTMENT FEES	2009	2010	2011	2012	2013
Housing Authority (PILOT)	9,084	13,678	-	26,455	11,760
No-Lien Letters	3,840	4,210	4,650	4,235	4,223
Zoning Permits	14,504	6,441	2,251	8,572	844
Rental Registration Fees	19,420	18,749	22,593	17,715	9,055
School District-Treasurers Office	29,810	35,229	53,767	51,861	50,557
School Crossing Guards	25,806	31,398	32,862	38,223	32,705
Sporting Events (Police)	4,500	5,290	6,950	2,379	580
Housing Authority (Patrols)	18,360	34,728	25,990	23,127	-
Sale of Copies	8,913	8,669	8,737	11,686	14,017
Building/Demolition Permits	24,110	18,785	42,590	20,806	26,944
Garbage/Recycling Fees	617,494	641,437	624,178	615,410	608,315
TOTAL DEPARTMENT FEES	**775,841**	**818,614**	**824,568**	**820,469**	**759,000**

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

The most significant source of revenue within this category at 80% of the total Fees is garbage/refuse fees. The relative revenue amounts that are derived from the various fees in fiscal year 2013 are shown in **Figure 5**. Until 2012, the Housing Authority paid approximately $25,000 for police patrols at Linmar which were recorded as “Housing Authority-Patrols.” But beginning in 2013, the City was notified that the Aliquippa Police Department would no longer be needed for the Linmar patrols. This is currently a matter of grievance arbitration for the police union who have argued that they are guaranteed this overtime in the collective bargaining agreement.

FIGURE 5 – FEES FOR SERVICES BY CATEGORY AND AS A PERCENTAGE OF THE WHOLE



SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS AND DELTA ANALYSIS

Garbage and Recycling Fees History

In both 1994-1995 and 1998-1999, the City changed the collection procedures and computer program applications for the collections and billing of garbage fees. Unfortunately, in both of these periods, total revenues received were lower. Also, in both 1994-1995 and 2000-2003, the City discovered that employees were involved in the misappropriation (theft) of revenues. In a Special Procedures Audit for the period 2000-2002, Mark Turnley, CPA, classified over $20,000 in missing garbage funds. However, even with the deduction of missing funds, total collections for the three-year period 2000-2002 steadily increased. This increase can be attributed to the following: 1) Increased collection activity, including the filing of citations at the local magistrate's office for failure to pay; 2) Amendments to the governing ordinance stating that the property owner, not the tenant, is responsible for the fees; 3) A change in the billing procedure in 2002, which in essence, placed all payers on the same schedule, instead of three separate payment/billing schedules and also gave payers an opportunity to pay their entire yearly bill at the beginning of the year, with a discount of 10%. **Table 20** provides a history of the garbage/refuse fees collected from 1994-2006.

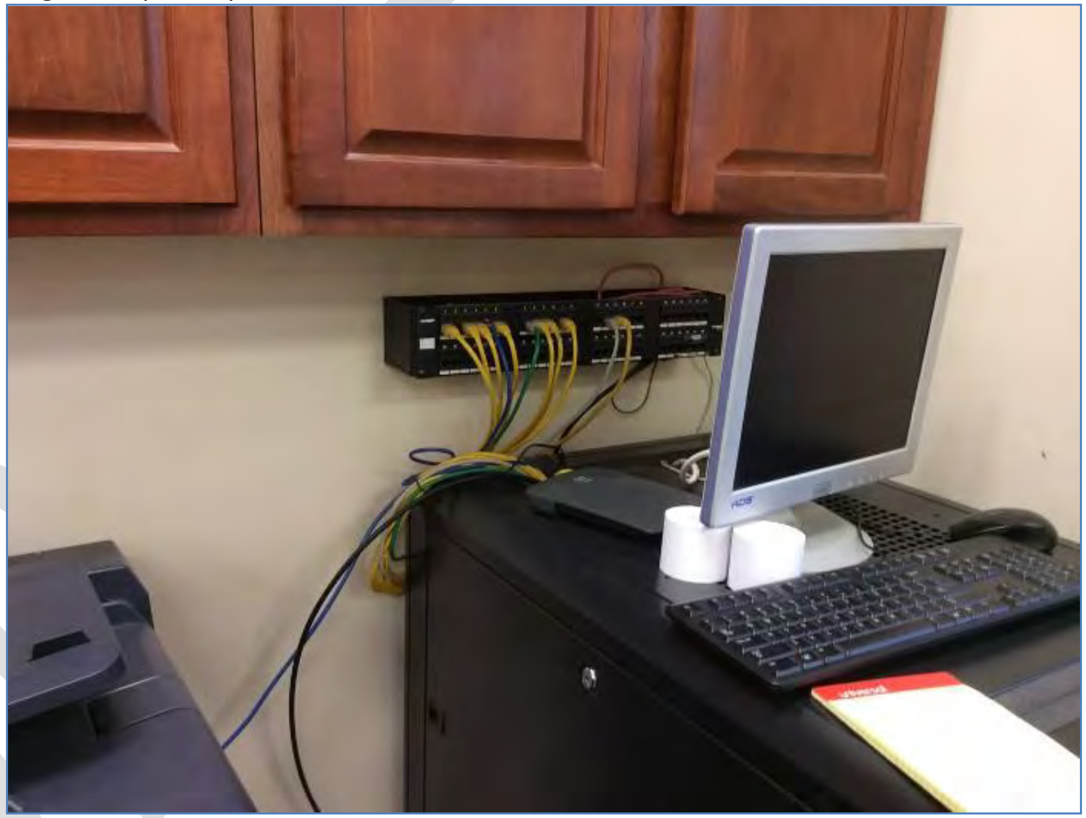
TABLE 20 – GARBAGE AND RECYCLING FEES 1994 - 2006

Year	Garbage/Recycling Fee Revenue	Variance from 1993	% Inc/Dec
1994	$460,765		
1995	$424,329	($36,436)	-7.91%
1996	$449,535	($11,230)	5.94%
1997	$525,934	$65,169	17.00%
1998	$518,734	$57,969	-1.37%
1999	$499,873	$39,108	-3.64%
2000	$522,625	$61,860	4.55%
2001	$524,713	$63,948	0.40%
2002	$536,745	$75,980	2.29%
2003	$481,377	$20,612	-10.32%
2004	$472,607	$11,842	-1.82%
2005	$452,694	($8,071)	-4.21%
2006	$448,880	($11,885)	-0.84%
Average Annual Increase			**2.41%**

SOURCE: FIFTH UPDATED RECOVER PLAN 2007

The overriding reason for changes in the billing/payment of garbage fees, beginning in the year 2002 was the qualified opinion expressed by the City's auditor repeatedly. In each audit report, Mr. Turnley stated: "*My audit of the City of Aliquippa was limited in scope with respect to the fact that the City does not maintain general ledger accounting controls on its Refuse revenue. My audit of the Refuse revenue was limited to tracing recorded collections to bank deposits*." Because of the significance of this revenue item to the budget as a whole, the City Administrator felt that it was essential that stronger controls exist for the proper auditing and accounting of garbage revenues. The change in billing/payment procedures permits the City to account for total collections in a method that is similar to that utilized for real estate tax purposes. Based upon the fact that twice within the last decade, employees have absconded with these fees, the ability to accurately track billing, edits and payments is critical.

During 2006 and early 2007, the City upgraded its financial software from an old DOS version software to a Windows based version through Freedom Systems proprietary software called PRISM. This is governmental software designed specifically for PA municipalities. This software has the ability to integrate utility billing and other types of billing and revenue collection to the general ledger with the appropriate level of internal controls and reconciliation to address the problem identified in the Recovery Plan and by the City's independent auditor. The City used a DCED Community Revitalization Program grant to partially offset the cost of this installation.



The City subsequently applied for an Act 47 grant in the amount of $14,000 in order to better address the control, security, and efficiency issues around the garbage collection activities. The Act 47 grant was approved in August of 2007 and a contract was executed with the City for these funds. The installation of this software was completed early in 2008.

In 2012, the City again requested and received funding from an Act 47 grant to upgrade the Freedom software (formerly called PRISM), to install additional modules and specifically to include a Real Estate Tax Collection module that will interface with the City's accounting system. Although the module is installed, there have only been limited attempts by the Tax Collector to actually use this software. However, the City is committed to upgrading its technology and to fully utilize the utility billing by year end 2014.

EXPENSE ANALYSIS

The City's General Fund includes the expenditures for the day-to-day operation of the City including but not limited to: public safety, public works, code enforcement, and administration. The City's General Fund budget is approximately $5.4 million annually and expenses have increased approximately 2.13% per year. This is a very good rate of cost containment – but with revenue only increasing at about 1.76% per year, the City has had difficulty generating enough revenue to support basic expenditures. **Table 21** provides a five-year history of the City's total expenditures by use category.

TABLE 21 – GENERAL FUND EXPENSES BY USE CATEGORY 2009-2013

EXPENSE USES	ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	ACTUAL 2013	AVG Annual % Inc/Dec
General Government	323,773	316,166	413,056	295,392	311,452	-0.76%
Tax Collection	90,535	96,343	105,803	84,468	85,107	-1.20%
Personnel Admin	1,438,522	1,307,014	1,619,403	1,734,411	2,056,810	8.60%
Data Processing	23,010	22,182	19,529	20,423	93,688	61.43%
Government Buildings	57,430	45,763	51,232	60,523	68,490	3.85%
Police	911,293	907,389	957,094	989,388	1,019,643	2.38%
Fire	503,617	523,040	626,683	567,218	519,407	0.63%
Planning & Zoning	58,239	35,235	49,746	26,977	41,111	-5.88%
Refuse	560,605	581,329	468,130	459,279	460,794	-3.56%
Highways	608,891	628,856	817,102	655,366	660,250	1.69%
Recreation	36,542	37,945	45,050	14,394	14,659	-11.98%
Debt Service	71,199	102,114	114,174	106,646	103,551	9.09%
Insurance	228,555	179,350	191,266	178,233	205,509	-2.02%
TOTAL EXPENSES	**4,914,220**	**4,605,386**	**5,289,013**	**5,016,497**	**5,436,975**	**2.13%**

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

Major General Fund Expenses by Use

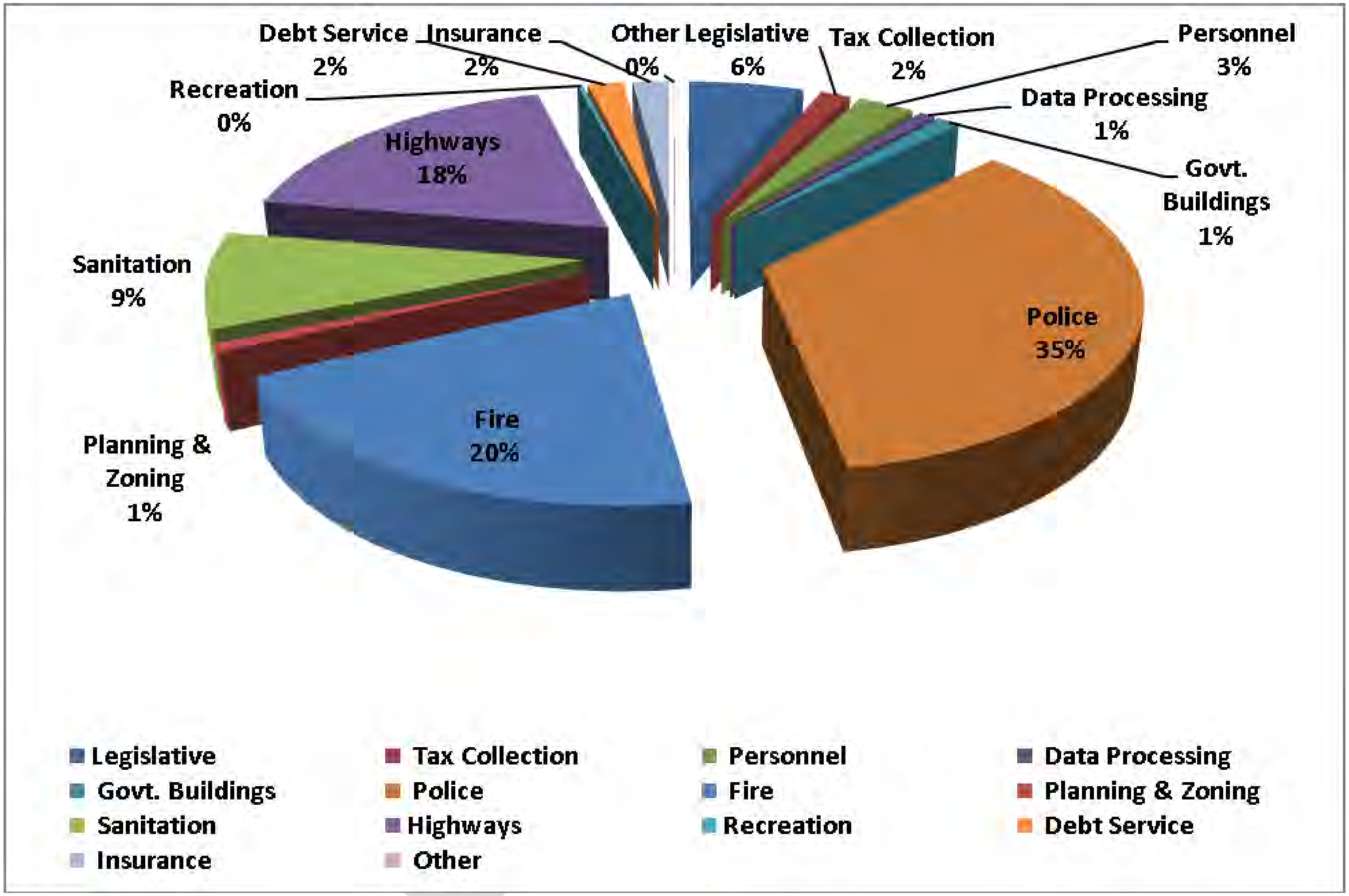
The major expenditure uses in the General Fund are shown in **Figure 6** and illustrate the types and percentages of the City's expenditure categories. In 2013, police department expenditures accounted for about 35% of the City's total General Fund expenditures and is the largest single expense for the City. The Fire Department is the second largest expense for the City at 20% of the total budget. Together, the public safety services provided by the City make up 55% of the City budget leaving the remainder to be split among all other City departments and services.

Until 2014, the numbers for the various departments were grossly understated because they did not include the costs for health insurance, social security, pension or other employee benefits. In the 2014 budget, when the benefits were allocated to the specific departments, the cost of the police department was estimated to be $1,864,087, the cost for the fire department was estimated to be $1,081,979, and the cost for the highways and streets department was estimated to be $971,398. An estimated 75% of the City's budget allocation is for the operation of these three departments.

> . . . . the public safety services provided by the City make up 55% of the City budget leaving the remainder to be split among all other City departments and services. . . .

The only other significant expenditure category is for garbage/refuse services. Debt service and tax collection, at 2% each, are well below the acceptable threshold for local government expenses.

FIGURE 6 – GENERAL FUND EXPENDITURES BY USE AS A PERCENTAGE OF THE WHOLE



SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

General Government

The General Government category captures routine governmental expenses related to the legislative, executive, and finance administration for the City. **Table 22** provides a five-year history of the General Government expenditures.

TABLE 22 – GENERAL GOVERNMENT EXPENDITURES 2009-2013

GENERAL GOVERNMENT	2009	2010	2011	2012	2013
Salary - Mayor	2,400	2,400	2,400	2,400	2,400
Salary - Council	7,650	7,200	7,050	7,350	7,200
Salary - Controller	1,350	1,800	1,800	1,800	1,650
Salary - Clerical	57,383	61,491	71,455	64,412	69,935
Longevity	1,250	1,300	113	-	252
Salary - Finance Officer	42,808	40,500	35,985	32,624	34,645
Salary - Administrator	54,700	54,700	82,050	54,913	54,700
Retainer - Solicitor	13,750	15,000	18,100	15,000	15,250
Vacation Buy Back	470	-	7,715	3,076	7,988
Office Supplies	6,392	4,922	9,559	9,639	8,626
Auditing Services	8,300	11,100	7,980	5,250	10,438
Engineering Services	59,277	31,486	48,450	11,717	11,270
Other Legal Services	34,382	39,943	83,563	57,690	63,719
Postage	9,193	3,429	10,351	5,987	5,268
Advertising & Printing	10,257	9,465	10,339	9,095	6,792
Surety Bonds	962	963	962	1,312	962
Rental of Equipt	-	1,126	2,499	2,239	1,981
Association Dues & Subscriptions	285	400	400	1,139	541
Conference & Seminars	135	100	100	903	1,508
Miscellaneous Expenses	11,840	24,300	9,465	8,659	6,282
TOTAL GENERAL GOVERNMENT	**322,784**	**311,625**	**410,336**	**295,205**	**311,407**

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

The expenditures for General Government were less in 2013 than they were in 2009 and the same as they were in 2010. The total expense for General Government is about $325,000 per year and includes the City Administrator, Finance Administrator, Engineer, legal services, auditing services, and clerical compensation.

History of General Government Expenditures

General Government expenditures for the years of 1993 and 1994 were relatively constant, but represented an increase from 1992 of approximately $39,000. This increased cost from prior years is mainly attributed to the city's hiring a full-time Finance Officer in 1993 and expending funds for the institution of a networked computer system.

TABLE 23 – GENERAL GOVERNMENT EXPENSE HISTORY 1993 - 2006

Year	GL Government Expense	Variance from 1993	% Inc/Dec
1993	$340,082		
1994	$340,801	$719	0.21%
1995	$403,913	$63,831	18.52%
1996	$360,959	$20,877	-10.63%
1997	$399,399	$59,317	10.65%
1998	$509,272	$169,190	27.51%
1999	$469,233	$129,151	-7.86%
2000	$460,001	$119,919	-1.97%
2001	$478,485	$138,403	4.02%
2002	$469,334	$129,252	-1.91%
2003	$432,282	$92,200	-7.89%
2004	$427,596	$87,514	-1.08%
2005	$483,458	$143,376	13.06%
2006	$463,986	$123,904	-4.03%
	Average Annual Increase		0.42%

SOURCE: FIFTH UPDATED RECOVERY PLAN 2007

The appointment of a full-time Finance Officer, a Tax Administrator, and a new City Administrator caused the 1995 General Government expenditures to increase to $403,913, for a total increase of $63,112 (19%) from 1994. The audited financial statements reflected a decrease from 1995 to 1996 of $42,954 (11%). For the better part of 1996 and early 1997, the City Administrator served in a dual capacity as City Administrator and Finance Director. This eliminated the wages of the Finance Director for that part of 1996. The position of Finance Director was filled in early 1997. The Tax Administrator position was also eliminated at the beginning of 1996. In addition, the law firm of Damian &

Amato replaced the then current Solicitor, John Salopek, at the beginning of 1996.

For the most part, there is a direct relationship between the legal fees that are paid in any given year and the rise in General Government expenses. The legal fees peaked in 1998 through 2001 and returned to a manageable number beginning in 2002. Legal fees continue to demonstrate significant increases in years when unions are involved in negotiation of contracts. However, legal fees have never returned to the levels that drove up the general government expenditures in 1998, 1999, and 2000.

The 1997 General Government expenditures were $399,399, which represented an increase from 1996 of $38,440 (10%). A part of this increase was due to the City entering into litigation with Eltoron, d/b/a "Fantasy's" over a land use dispute. This case, which was not settled until mid-2002, resulted in a tremendous drain on the financial resources of the City, especially in the area of litigation fees between 1998 – 2000.

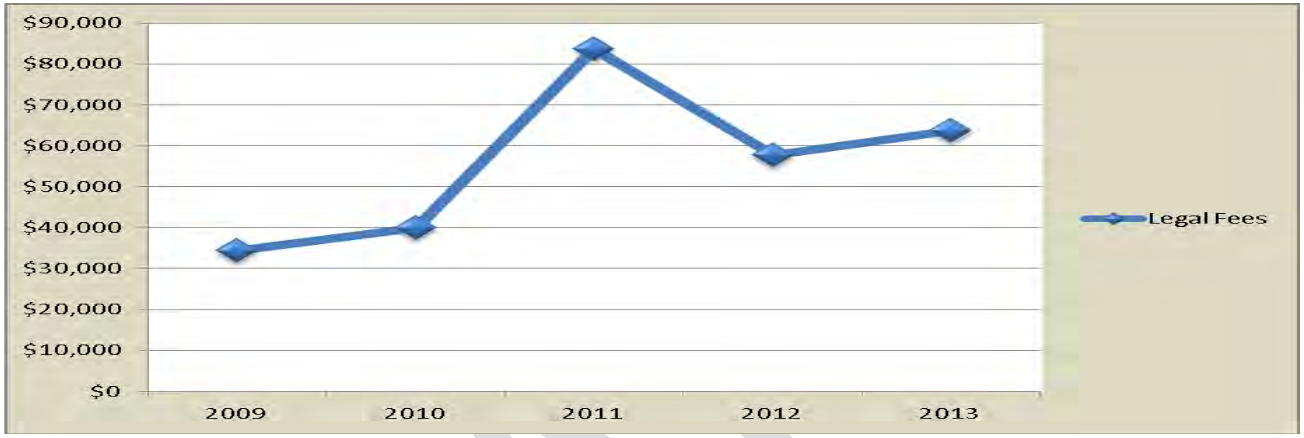
During the course of 1998, the Administrative offices were moved to a new location. National City Bank donated the building at the corner of Franklin and Engle Streets to the City and also provided $75,000 for renovations. This move enabled the City to create additional space for the police department at its current location. The budgeted expenditures for General Government were increased from 1997 by $23,100 in anticipation of this move. Total expenditures were $509,272 or an increase over 1997 of 27.5%. The increase in legal fees between 1997 and 1998 accounted for $74,185 of this $109,873 increase.

In May of 1998, the Administrative Office was required to purchase new software and a file server not only to be Y2K compliant, but also because the previous software provider went out of business. The cost of this new computer technology was $38,040 and was spread out in a lease agreement over a five-year period. The final payment was made in 2003.

In 2002, as stated in the revenue section of this report, two City hall employees were suspended and charges were filed against them through the Beaver County District of Attorney when it was discovered that money was missing from garbage collection accounts in an audit by Mark Turnley. The employees were found guilty and restitution was paid to the City. As a result, the City replaced only one of the employees, thereby reducing the administrative staff by one position. The City Administrator's office continues to operate with one less administrative clerk than in the past to the present.

The decrease from 2005 to 2006 in the General Government expenditures was due entirely to legal fees that were paid during the course of the police department arbitration process in 2005. By 2009 and 2010, the General Government expenditures had been reduced to a more reasonable $322,784 and $311,625 respectively by containing personnel positions and legal services. In 2011, legal fees again increased to $83,563 due to labor negotiations that occurred that year and a buy-out of the City Administrator's leave at his termination which drove General Government expenditures to over $410,000. **Figure 7** shows the large variations in the amount of legal fees that were paid over the past five years.

FIGURE 7 – LEGAL FEES EXPENSE 2009-2013



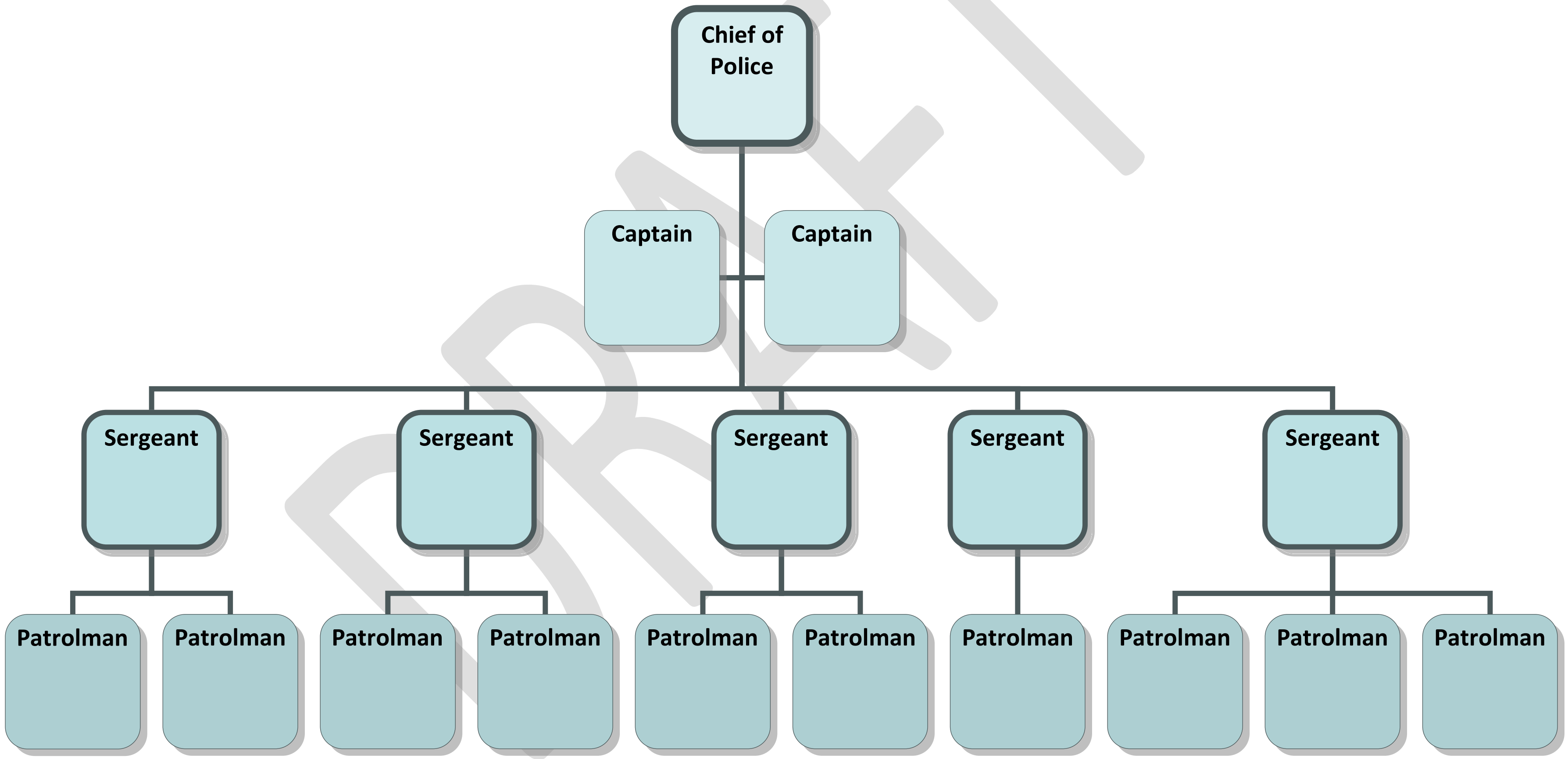
SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

Currently, the positions of City Administrator, Finance Administrator and the administrative staff have been stable for two years. The stabilization and competence of these individuals contribute to a General Government that consistently produces good results and a high level of service delivery for the City residents. The cost for providing the General Government services has also stabilized and is consistent with the recommendations in the plan.

Police Department

The City Police Department currently is made up of 17 police officers under the command of Police Chief Donald Couch. There are two patrolman vacancies that have not been filled at the time of this report. The 2014 budget for the police department allocates $1,864,087 and includes the following positions:

FIGURE 8 – POLICE DEPARTMENT ORGANIZATION CHART



History of the Police Department

Due to decreases in Real Estate Tax collections, beginning in 1994, the police budget was cut to a minimum. The City hired part-time patrol officers to aid in enforcement. A large number of officers who remained active were on worker's compensation. At one point, the total number of officers available was cut to 12.

In 1995, the expense trend once again continued to climb upward. The part-time traffic officers hired in 1994 were released in 1995. Two additional officers were hired in March of 1995. However, the total complement of officers remained at 18 which was one less than the threshold level established by DCED. The year 1995 also marked the City's first involvement in the Community Oriented Policing Services (COPS) Grant program. One of the two officers hired in 1995 was hired through a COPS grant. The COPS grant provided funding of 90% of total salary for a period of three years.

In 1996, the City and the Fraternal Order of Police (FOP) agreed to permit part-time traffic officers to join the rank and file. The scope of service for these officers was limited to traffic control, with a cap of eight officers, working a maximum of 24 hours per week. In exchange, the City provided an additional holiday (birthday) to the department. The addition of the part-time police force, although an addition to expenditures, positively contributed to the overall revenue received by the City. The following table portrays the amount of expenditures vs. revenues received by the City with the implementation of the part-timers. The part-time officers also contributed to the overall effectiveness of the police department through additional visibility to deter crime.

TABLE 24 – COMPARISON OF PART TIME POLICE EXPENSE VS. REVENUE GENERATION

Year	Part Time Police Expense	Fine & Forfeits Revenue
1996	$ 26,100	$55,243
1997	$ 47,330	$72,144
1998	$ 38,481	$86,651
1999	$ 33,264	$77,176
Totals:	$121,685	$291,214

SOURCE: FIFTH AMENDED RECOVERY PLAN

In September of 1997, a retirement incentive package was offered to four full-time police officers. The City also accepted an additional COPS grant in 1997, for the employment of four more full-time officers. This COPS grant was for the reimbursement of wages for three years at 100% and expired in December of 1999. By year-end 1997, the complement was 16 officers.

The 1998 audit reflected an expenditure of $911,848 for the police department, which is a decrease of $47,904 from the previous year. Personnel changes during the year included the return of one officer, previously on leave, in January of that year. City Council appointed six new police officers in February and one officer resigned in May, with another following in September. The complement of full-time officers at year-end was 21.

The 1999 budget projected an increase from the 1998 budget of $56,000 but the actual expenditures were $1,022,524, or an increase over the 1998 expenditures of $110,676. The largest increases came in the way of benefits extended to retirees. During the year of 1999, a special "20 and out" retirement was offered and accepted by four police officers. Three of the four retired in May of 1999, with the fourth retiring in September of that year. City Council promoted two part-time officers to full-time in May and promoted two additional part-time officers to full-time in September, following the retirements.

The year 2000 brought the hiring of three additional officers, one in January and two in February. The standing complement of officers for the year was 25, representing a dramatic increase of six officers above the DCED threshold of 19. In January of 2001, Police Chief William Alston retired. Assistant Chief of Police, Ralph Pallante, assumed his place. In March, Officer James Naim was killed while on normal foot patrol in the Linmar Housing Complex. September brought the terrorist attacks significantly increasing an already overburdened overtime expense. The complement of officers as of December 31, 2001 was 24.

The audited financial statements for the year 2002 indicate an increase in expenditures of $178,541 from the audited financials of 2001. In the aftermath of the death of Officer Naim, the City was forced to reconsider the method by which officers were compensated for Linmar Patrol. The Collective Bargaining Agreement between the FOP and the City for the years 2002 – 2004 increased the earnings of the officers from straight pay to $18 per hour for these patrols, in an attempt to increase the participation. The contract between the City and the Housing Authority anticipated the expenditure of $103,000 for Linmar Patrols.

The year 2002 also brought the introduction of the Pennsylvania Weed and Seed Program to the City. This program led to a significant increase in overtime in the department. The total expense for overtime reached an all-time high of $43,097, or $30,000 over the budgeted amount of $13,000. The complement of officers as of December 31, 2002 remained at 24. Between 1999 and 2002, police department expenditures increased by 21%, or roughly 5% per year.

Anticipating a pending budget crisis during 2003, City Council explored furloughing four full-time police officers in late 2002. With the expiration of all but one of the COPS grants, the increasing salary requirements of the officers pushed the 2003 budget for the department to $1,180,736, or an increase of $56,535 over the 2002 costs. The budget for 2003 also anticipated the elimination of funding for the clerical positions. Instead of 24 hour, seven-day coverage, the clerical staff hours were reduced to 40 hours per week. Part-time patrol officers were furloughed as of December 31, 2002.

After extensive debate, City Council agreed to retain the four full-time police officers. However, this decision was reviewed quarterly throughout 2003. The police officers agreed to increase traffic patrols, aid the Code Enforcement Officer in property maintenance initiatives and work with the District Magistrate to eliminate court pay during daylight shifts. By the end of year 2003 these officers were furloughed and the complement of the police department was at 18 full-time police officers and a full-time police chief where it remains to the present.

During 2004, 2005 and 2006, the City maintained the 18 full-time police officers and the full-time police chief. The department also continued to operate with clerical assistance only during the daytime hours. This contributed to the stabilization of the police budget during this period of time.

The City renegotiated the Linmar contract with the police officers' union as a part of their collective bargaining agreement for the years 2002-2004. As a result, police officers were "guaranteed" a certain number of hours on these patrols at $18.00 per hour as long as the Housing Authority continued to contract with the City for this service. Although, the City anticipated the receipt of approximately $50,000 in funds from the Housing Authority after the payment of the guaranteed time to officers, only $16,000 was received during fiscal year 2007 and the same amount was received in 2008. In 2009, the police department budget was actually reduced to about $910,000 including over $102,000 for police overtime compensation. Court time was another $35,000.

By 2013, the police budget was back over $1 million. In 2013, the City reached a two-year agreement with the FOP through December 31, 2014 at 2% per year increases in wages. However, later that year, the Housing Authority made a decision to no longer contract with the City for the Linmar patrols and the City discontinued this payment to the police officers. The matter is currently a subject of grievance arbitration. In 2014, when the employee benefits were allocated to the respective departments as part of a comprehensive accounting change, the police department budget was estimated to be $1,864,087 which is about 35% of the overall City budget. This will be a much more accurate reflection of the true cost of providing police services in the City moving forward. **Table 25** provides a five-year history of detailed expenditures for the police department.

TABLE 25 – POLICE DEPARTMENT EXPENDITURES 2009-2013

POLICE	2009	2010	2011	2012	2013
Salary - Chief	50,113	48,136	44,321	43,112	46,639
Salary - Sergeants	185,844	185,879	174,726	167,058	171,864
Salary - Patrol Officers	271,135	240,415	217,308	253,021	266,187
Wages - Crossing Guards	49,767	52,551	57,967	54,214	51,471
Wages - PT Dispatchers	13,162	13,079	13,820	23,604	24,660
Salary - Captain	-	-	18,203	42,815	50,313
Salary - Asst. Chief	37,180	38,782	39,117	36,780	37,246
Longevity	5,911	5,930	7,719	8,335	8,959
Linmar Patrols	12,591	22,428	17,460	16,049	-
Overtime Pay	102,340	80,518	86,538	72,512	83,119
Holiday	29,507	29,353	37,033	31,533	37,789
Court Time	34,449	40,111	41,073	45,904	44,948
Vacation Work	5,757	7,766	52,299	44,649	48,585
Uniform Allowance	10,075	9,906	10,227	9,945	10,192
Office Supplies	8,193	7,750	6,138	6,324	12,514
Hospitalization Reimbursement	22,759	27,315	25,232	29,820	36,130
Fuel	30,528	45,022	50,939	60,023	46,152
Public Safety Supplies	12,405	27,078	19,227	16,653	10,513
Vehicle Maintenance & Repair	13,505	13,613	23,605	13,477	24,520
Contracted Services	5,985	601	3,996	3,767	2,465
Maintenance & Repair	989	1,086	668	360	2,163
Training & Seminars	540	1,505	1,405	1,809	3,214
TOTAL POLICE	910,448	906,969	955,901	986,274	1,019,643

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

By 2018, it is expected that the police department expenses will be over $2.1 million and make up about 37% of the City budget. The projections are detailed in **Table 26:**

TABLE 26 – POLICE DEPARTMENT PROJECTED EXPENDITURES 2014-2018

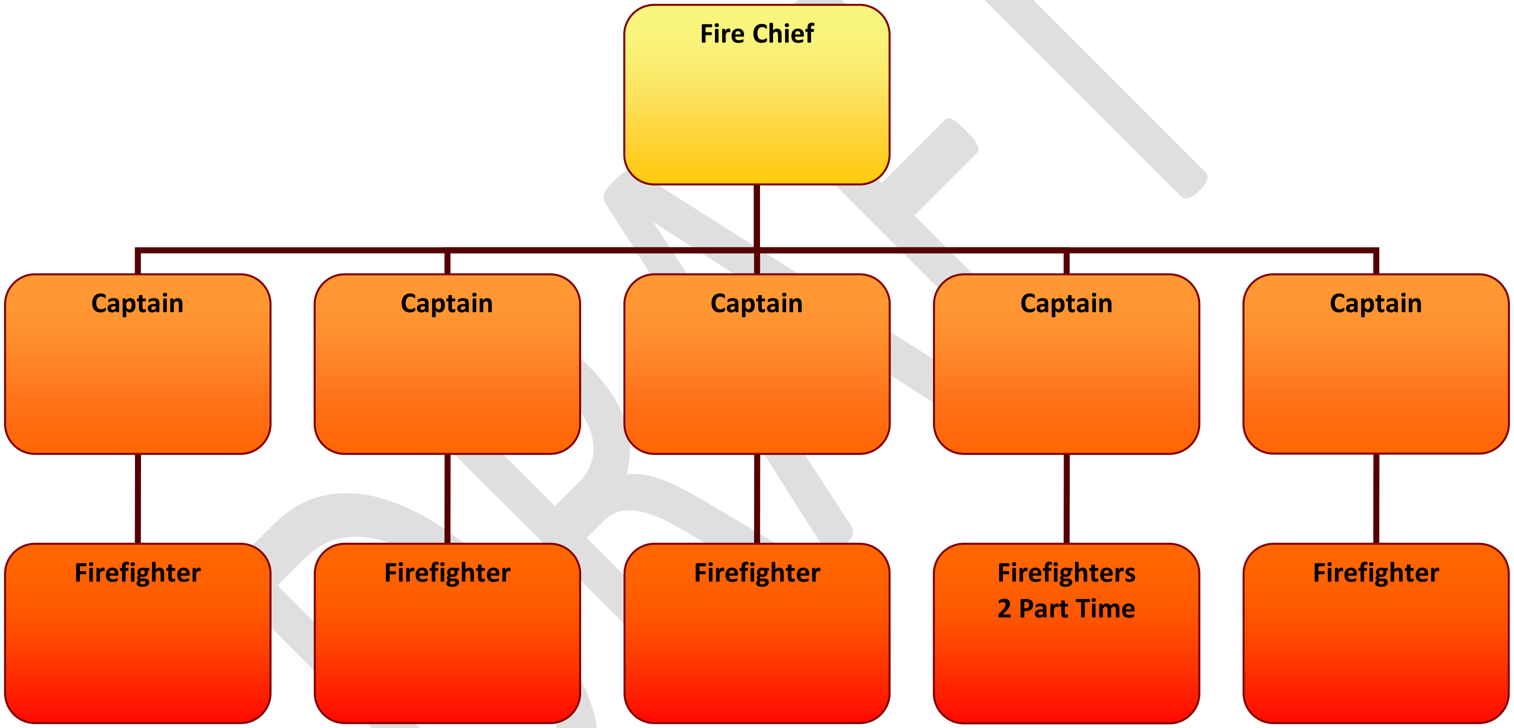
POLICE	2014	2015	2016	2017	2018
Salary - Chief	44,854	45,751	46,666	47,599	48,551
Salary - Sergeants	173,807	179,890	186,186	192,703	199,448
Salary - Patrol Officers	263,243	269,824	276,570	283,484	290,571
Wages - Crossing Guards	58,428	59,597	60,788	62,004	63,244
Wages - PT Dispatchers	26,000	26,520	27,050	27,591	28,143
Animal Control Service	5,000	5,000	5,000	5,000	5,000
Salary - Captain	44,545	45,436	46,345	47,272	48,217
Salary - Asst. Chief	38,266	39,031	39,812	40,608	41,420
Longevity	7,500	8,000	8,000	8,500	8,500
Overtime Pay	85,000	86,700	88,434	90,203	92,007
Holiday	39,000	39,780	40,576	41,387	42,215
Court Time	48,000	48,960	49,939	50,938	51,957
Vacation Work	62,000	63,240	64,505	65,795	67,111
Uniform Allowance	11,000	11,330	11,670	12,020	12,381
Office Supplies	12,000	12,240	12,485	12,734	12,989
Hospitalization Reimbursement	31,000	31,620	32,252	32,897	33,555
Fuel	46,750	47,919	49,117	50,345	51,603
Public Safety Supplies	15,000	15,375	15,759	16,153	16,557
Vehicle Maintenance & Repair	19,000	19,475	19,962	20,461	20,972
Hospitalization	223,329	245,662	270,228	297,251	326,976
Life Insurance	6,650	6,816	6,987	7,161	7,340
Workers Compensation	104,000	106,600	109,265	111,997	114,797
Pension	513,000	525,825	538,971	552,445	566,256
Contracted Services	3,000	3,075	3,152	3,231	3,311
Maintenance & Repair	750	769	788	808	828
Training & Seminars	2,500	2,563	2,627	2,692	2,760
TOTAL POLICE	1,883,622	1,946,997	2,013,133	2,083,279	2,156,710

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS.

Fire Department

The Aliquippa Fire Department consists of nine full-time and two part-time firefighters under the command of Fire Chief David Foringer. The 2014 fire department budget includes employee benefits and therefore allocates $1,081,979. Currently, the department includes the following positions:

FIGURE 9 – FIRE DEPARTMENT ORGANIZATION CHART



The department protects 9,300 residents covering 4.5 square miles. It also receives and responds to mutual and automatic aid calls to surrounding communities. Over the past four years the department responded to an average of 1100-1300 calls per year, of which 55-70% were medical first responder calls (Quick Response Services). 9-12% were False Alarms, and about 3% were structure fires. All calls have been declining about 6% per year, except for structure fires, which are steady at 42-48 per year.

History of the Fire Department

The fire department experienced modest growth from 1993 through 1995. Between 1995 and 1996, expenses declined further. Fire department expenses rose in 1997, due to the retirement of one senior firefighter and the termination of a second. Between 1993 and 1998, fire department expenditures increased by 2.1%.

There was a significant increase in expenditures for the department between 1998 and 1999. The reason for this increase was the purchase of a new fire truck. The funding for the truck was a result of a grant received through the Beaver County Commissioners Office. In 2000, Council approved the addition of Quick Response Service (QRS) duties to the firefighters. The firemen now respond to all emergency calls and all are certified as either paramedics or emergency medical technicians.

In 2001, total departmental expenditures increased to 6.8% over 2000. A large part of this increase ($10,000) was attributable to the purchase of a thermal imaging camera. The City received a private donation for this purchase. The 2003 budget projected total expenditures of $454,500. Between 1999 and 2002, fire department expenditures decreased by 8.8%, or 2.2% per year.

By 2003, fire department expenditures were $591,565. This is a 41% increase due to overtime expenses in just one year contributing to the City's structural deficit. Because of the overtime issues, the City Council hired three part-time firefighters in July 2003. These part-time firefighters originally filled one of the two open shifts that were caused through an employee injury. In addition, they were retained to fill vacation and sick time for other firefighters. The expense for the addition of part-time fire fighters to the department added $30,000 to the expenses but was expected to help contain the cost of overtime in the department from the $50,000 level that it had risen to by 2003. In 2004, the overtime in the fire department was contained at $50,704 but by 2005 it had again risen to $78,094 and remained at $69,607 for 2006.

A management study was initiated by the City with the help of the LGA and was delivered in 2008. The inability of management to achieve significant cost containment in the fire department is related to a number of issues that will require greater efforts on the part of the fire department management. As stated earlier in the report, the fire department began a QRS program on November 11, 1999 which began to negatively impact the budget beginning in 2000. For this service, each crew must contain at least one emergency medical technician which must be dispatched for every medical emergency. This requires that a fire truck also respond to all emergencies and has caused increases in repairs and gasoline expenditures. Also the firefighter QRS to homicide calls created some fear/stress factors resulting in purchase of "flak-jackets" and training in "debriefing counseling."

The City was unsuccessful in achieving any significant savings through intergovernmental approaches with its neighboring communities. In June 2005, the City attempted to coordinate, with the help of GCLGS staff and the Beaver County Emergency Management Coordinator, a regional approach to fire fighting efforts between the City and Hopewell Township. These discussions broke down when the Hopewell volunteer companies rejected the joint approach.

The City continues to suffer financial consequences for maintaining nine full-time and two part-time firefighters with a two person minimum as required in the collective bargaining agreement. In addition, the QRS program invokes significant overtime costs for call outs. For 2005, 2006, and 2007, the firefighters, who are organized under The International Association of Firefighters (IAFF), Local No. 802, agreed to a three-year freeze on wages and a 10% contribution to healthcare premiums in accordance with the Recovery Plan. However, even this cost containment provision has not affected the overtime overruns and the fire department continued to operate with expenditures that exceeded budget appropriations through 2005. In addition, injuries to one of the captains, resulting in a worker's compensation claim that left the department short-handed for almost two years, had a very negative impact on the ability of the City to control the overtime expenses.

In the collective bargaining agreement in 2005, the City bargained for the ability to use part-time firefighters to fill shifts and the City management required that the fire department begin to utilize this option more extensively. By using the part-time firefighter option the City was finally able to begin to get the fire Department budget under control in 2006. In June of 2007, the Fire Chief, Darryl Jones, submitted his resignation to the Aliquippa Council indicating that he would be accepting a position with the City of Pittsburgh in July of 2007. The City, in August 2007, promoted Captain Foringer to the Chief's position. The appointment of the new chief was an opportunity for the City to take a fresh approach to many of the options that have been explored in the past related to the use of volunteers and the use of mutual aid as opportunities to enhance the City's services.

By 2009, the City had contained fire department costs to about $475,000 per year but overtime expenses were still a problem at about $45,000. In 2011, the total expenditures increased to over $597,000 because the department purchased a new fire truck that was partially paid through a Federal Emergency Management Agency (FEMA) grant.

TABLE 27 – FIRE DEPARTMENT EXPENDITURES 2009-2013

FIRE	2009	2010	2011	2012	2013
Salary - Chief	50,719	51,605	51,903	52,083	55,783
Salary - Captains	162,695	164,671	171,428	202,514	208,809
Salary - Firefighters	131,519	135,338	161,449	141,257	135,045
Wages - Part-time	11,267	5,795	5,344	1,796	979
Longevity	4,308	4,695	5,037	6,438	6,206
Overtime Pay	45,526	40,988	44,633	48,146	47,664
Holiday	20,799	25,259	24,809	21,745	24,343
Vacation Work	2,015	2,015	3,350	4,917	1,404
Uniform Allowance	5,681	5,708	4,902	4,576	4,092
General Supplies	3,599	5,289	5,785	2,276	2,123
Hospitalization Reimbursement	5,864	7,740	8,099	8,512	9,621
Fuel	1,407	2,786	2,554	4,487	3,333
Vehicle Maint & Repair	7,247	8,826	11,711	11,381	12,547
Minor Equipment	15,558	4,716	87,343	32,632	3,901
Contracted Services	2,989	392	1,536	1,608	810
Maint & Repair Services	2,227	33,442	5,447	-	1,919
Training & Seminars	1,510	2,822	1,495	1,329	664
Miscellaneous Expenditures	174	510	641	894	45
TOTAL FIRE	475,104	502,597	597,466	546,591	519,288

In 2013, department expenditures were back around the $520,000 level. The City attempted to reach an agreement with the IAFF in 2013 similar to the police agreement providing for a 2% per year increase through December 31, 2014. However, the IAFF filed for arbitration and an arbitration hearing was held on April 15, 2014. No decision has been issued at the time of the preparation of this Plan. By 2018, it is expected that the fire department expenses will be about $1.2 million. The projections are detailed in **Table 28**:

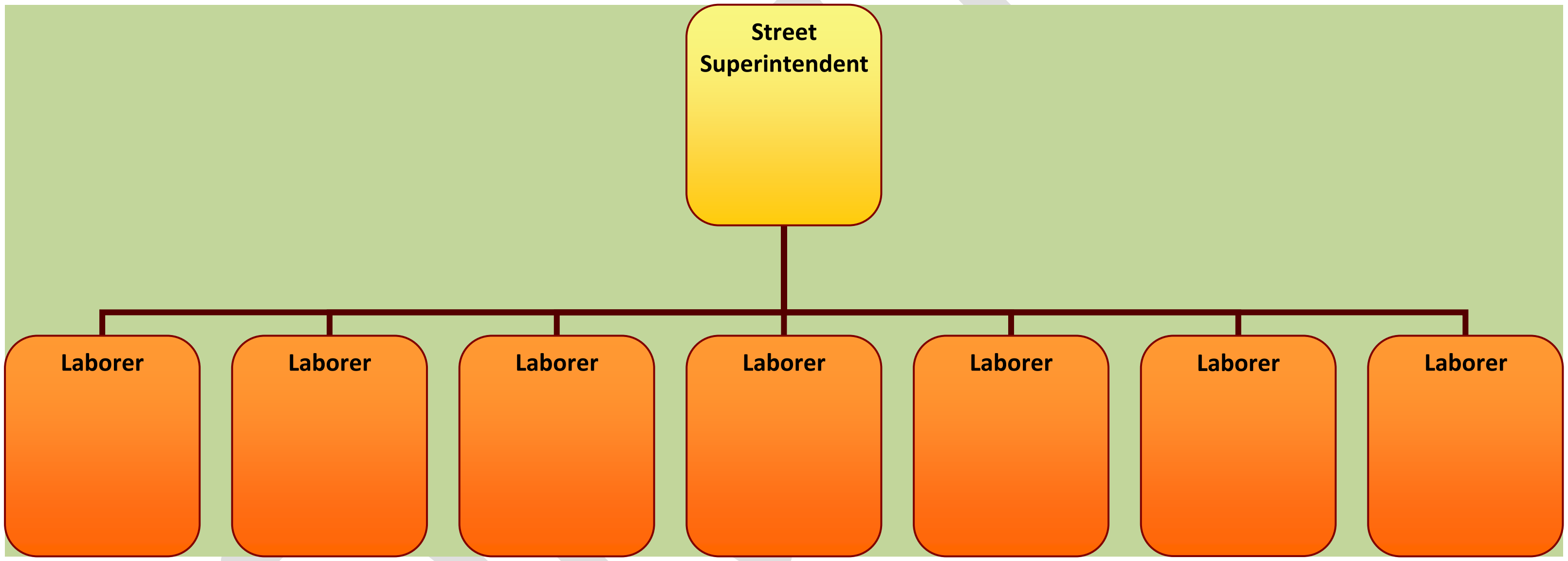
TABLE 28 – FIRE DEPARTMENT PROJECTED EXPENDITURES 2014-2018

FIRE	2014	2015	2016	2017	2018
Salary - Chief	54,188	55,272	56,377	57,505	58,655
Salary - Captains	210,695	214,909	219,207	223,591	228,063
Salary - Firefighters	147,000	149,940	152,939	155,998	159,118
Wages - Part-time	5,400	5,508	5,618	5,731	5,845
Longevity	6,200	6,324	6,450	6,579	6,711
Overtime Pay	50,000	51,000	52,020	53,060	54,122
Holiday	24,000	24,480	24,970	25,469	25,978
Vacation Work	3,000	3,060	3,121	3,184	3,247
Uniform Allowance	4,500	4,613	4,728	4,846	4,967
General Supplies	1,750	1,794	1,839	1,885	1,932
Hospitalization Reimbursement	9,000	9,225	9,456	9,692	9,934
Fuel	3,000	3,075	3,152	3,231	3,311
Vehicle Maint & Repair	13,000	13,325	13,658	14,000	14,350
Hospitalization	137,447	151,192	166,311	182,942	201,236
Life Insurance	5,100	5,228	5,358	5,492	5,629
Workers Compensation	28,500	29,213	29,943	30,691	31,459
Pension	329,000	337,225	345,656	354,297	363,154
Minor Equipment	5,500	5,638	5,778	5,923	6,071
Contracted Services	2,500	2,563	2,627	2,692	2,760
Maint of Building	5,700	5,843	5,989	6,138	6,292
Maint & Repair Services	3,500	3,588	3,677	3,769	3,863
Training & Seminars	1,700	1,743	1,786	1,831	1,876
TOTAL FIRE	1,050,680	1,084,753	1,120,659	1,158,545	1,198,574

Streets and Highways

The City Street Department consists of seven full-time employees and a Street Superintendent. There are no part-time employees in this department at this time. The 2014 budget includes employee benefits and therefore allocates $667,898 for this department. Currently, the department includes the following positions:

FIGURE 10 – STREET DEPARTMENT ORGANIZATION CHART



History of Public Street Department

The street and highway costs decreased in 1993 and continued to decrease through the end of 1995. In 1994, there was a decrease of 20%. The 1995 expenditures reflected an additional decrease in 1994. Total expenditures for 1996 increased over 1995 by $10,441. With the addition of part-time street department employees and full-time employees to fill vacancies, the street department budget increased from 1996 to 1997 by $47,417. The street department acquired a hi-lift, two pickup trucks (PA Drug Reduction), and two salt spreaders in 1997. The street department acquired, through a Department of Environmental Protection (DEP) grant, a Leaf Vac / Catch Basin Cleaner at the end of 1998. An additional salt spreader was purchased in 1998. Between 1993 and 1998, Public Works expenditures decreased by 21.36% primarily due to fewer positions being filled.

In 1999, total public street department expenditures increased 10.9%. The largest contributing factors were overtime, road salt, and vehicle fuel. The street department acquired a new dump truck at the end of 1999. In 2000, total expenditures once again increased. The single largest contributing factor to the increase was a dramatic increase in the cost of electricity for streetlights. Capital purchases for 2000 included the purchase of a street sweeper from Midland Borough and a new recycling truck. The cost of the recycling truck was 100% funded through a DEP grant.

The 2001 audit records another increase. Again, the largest contributing factor was an increase in the cost of street lighting. The audited financial statements for 2002 report a total expense of $669,920. A portion of this increase is directly attributable to the hiring of a full-time mechanic at the end of 2001 and the start-up costs necessary to equip the street department for the mechanic. The remainder of the increase is, once again, tied to increased costs of electricity. Between 1999 and 2002, public street department expenditures increased by 26%, or 6.5% per year.

The 2003 actual expenditures for the public streets department were reported at $665,743. This is an increase of $8,243 over budget and can be attributed, in part, to the bad weather experienced from January through March of 2003. In 2004, there was a decrease in expenditures in the amount of $73,470, an 11% reduction, primarily due to a normal winter season and an elimination of some of the capital expenditures that were planned. By 2005, the City street department expenditures had stabilized, in part, because the cost of street lighting began to decrease and the use of part-time employees was minimized. In fact, by 2006, the street lighting expenditure had decreased to $254,047 which is a 22% reduction from the peak 2002 costs of $325,402 for this service.

In 2006 and 2007, the City Administrator continued to closely supervise the street department and maintain strict management control. As a result, the peer consultant study that was initially recommended in the fourth amended plan was put on hold until a later date. The United Steelworkers of America, District 10, the collective bargaining unit for this department, accepted a three-year freeze on wages for 2005, 2006, and 2007 in accordance with the fourth updated recovery plan that was adopted by the Council in 2004. In 2006, the City, once again, reduced the expenditures in the department through the freeze on wages, by containing overtime costs and by limiting road salt expenditures. The cost containment was significantly aided by an unusually mild winter during 2006. In June 2006, the City applied for DEP grant funds for a recycling truck, chipper, recycling bins, and educational material through the Section 902 grant program but did not receive the grant funds.

During 2006-2007, the City worked with PENNDOT to undertake and complete a multi-year paving project that addressed the repaving and resurfacing of 57 substandard City streets. The City was able to leverage millions of dollars of highway aid funding by committing $500,000 of City funds. As a result, the City used the PA Infrastructure Bank (PIB) through PENNDOT to take a loan in the amount of $500,000 at an interest rate of ½ the rate of prime to be paid over the next 10 years so that the final phases of this project could be completed. The debt service on this loan is approximately $58,000 per year.

TABLE 29 – STREETS AND HIGHWAYS EXPENDITURES 2009-2013

HIGHWAYS	2009	2010	2011	2012	2013
Salary - Street Superintendent	41,864	39,966	43,693	39,980	41,408
Salary - FT Employees	156,742	158,625	169,515	167,806	181,975
Longevity	2,367	2,583	3,066	2,834	3,016
Overtime Pay	17,338	20,518	15,524	14,453	15,524
Road Maint Materials	14,264	15,661	31,223	14,315	15,915
Fuel	19,821	26,425	30,000	31,926	31,932
Vehicle Maint & Repair	9,058	16,279	16,226	20,163	20,664
Materials & Supplies	20,738	23,316	23,782	20,830	20,390
Tools & Small Equipt	-	7,701	5,123	1,179	3,773
Maint Services	3,101	1,535	617	135	281
Road Resurfacing	-	-	120,910	-	-
Contracted Services	6,170	19,873	7,279	47,084	955
Sewer Vactor Lease/Rental	2,975	3,877	4,070	-	-
Storm Sewers Maint	-	-	19,845	5,800	2,628
Miscellaneous Expenditures	1,861	1,438	3,538	926	1,305
TOTAL HIGHWAYS	296,299	337,797	494,411	367,431	339,766

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

The street department expenses leveled off at about $350,000 a year with eight employees from 2009 through 2013 with the exception of 2011 when a road resurfacing project pushed the expenditures up to $494,411. Beginning in 2014, the City began to allocate benefits such as healthcare, pensions, and social security to the respective departments as part of a comprehensive accounting change. With the addition of these expenses, the street department is expected to have a budget closer to $700,000 per year. The projections for the street department moving forward are shown in **Table 30** below.

TABLE 30 – STREET DEPARTMENT PROJECTED EXPENDITURES 2014-2018

STREETS & HIGHWAYS	2014	2015	2016	2017	2018
Salary - Street Superintendent	41,595	42,427	43,275	44,141	45,024
Salary - FT Employees	196,835	200,772	204,787	208,883	213,061
Longevity	2,850	2,907	2,965	3,024	3,085
Overtime Pay	15,000	15,300	15,606	15,918	16,236
Vacation Work Pay	14,500	14,790	15,086	15,388	15,695
Road Maint Materials	19,000	19,475	19,962	20,461	20,972
Fuel	32,000	32,800	33,620	34,461	35,322
Vehicle Maint & Repair	20,500	21,013	21,538	22,076	22,628
Materials & Supplies	20,500	21,013	21,538	22,076	22,628
Hospitalization	104,231	114,654	126,120	138,731	152,605
Life Insurance	3,120	3,198	3,278	3,360	3,444
Workers Compensation	33,000	33,825	34,671	35,537	36,426
Pensions	125,000	128,125	131,328	134,611	137,977
Tools & Small Equipt	5,000	5,125	5,253	5,384	5,519
Contracted Services	16,000	16,400	16,810	17,230	17,661
Sewer Vactor Lease/Rental	4,000	4,100	4,203	4,308	4,415
Storm Sewers Maint	10,000	10,250	10,506	10,769	11,038
Miscellaneous Expenditures	7,700	7,893	8,090	8,292	8,499
TOTAL HIGHWAYS	670,831	694,065	718,635	744,651	772,236

Garbage and Refuse

After the departmental expenses, the expenditures for garbage/refuse is the next largest expenditure in the City budget at 9% of the total budget. The collection of fees to support the garbage/refuse services has long been a challenge for the City.

History of Garbage and Refuse Services

Over the years, garbage/refuse costs have fluctuated greatly depending on market conditions and economic variables. Expenditures in this category decreased from 1992 to 1993 but increased by 10.9% in 1994. The 1995 audited financial statements reflect an increase of 4%, followed by a two-year decrease of 9% in 1996 and 15% in 1997. The largest line item in the garbage/refuse budget is for the collection and disposal of garbage through an independent vendor contract with the City. The City entered into a new contract with Waste Management in 1996, which reduced the cost of collection significantly. Between 1993 and 1998, garbage/refuse expenditures increased by 2%.

In 1999, garbage/refuse expenses once again decreased for a total decline of 14% from 1998. Once again the contributing factor was garbage removal service, which fell from $395,243 to $348,619, due to the City signing a new contract for the service with B.F.I. The 2000 expense was 4% higher than 1999, due to an increase in garbage service. Between 2000 and 2001, there was a modest decrease. Between 1999 and 2002, garbage/refuse expenditures increased by 3.6%. Surprisingly, over the 10-year period 1993 through 2002, garbage/refuse expenditures decreased by a total of 9%, with the largest decrease in 1999.

In 2003, the cost increased by $62,254. This increase was due to the start of a new contract with BFI and increases to rising fuel prices that resulted in larger than expected increases for the next several years. In 2006, a new contract was executed with Valley Refuse for collection of the City's garbage and recycling. The new contract was 38% more expensive than the existing contract. It also required the City to raise its residential fees from $130 to $140 annually to support the new contract. The City has been vigilant about setting the garbage and recycling fees to cover the costs of the contract and associated services. For this reason, the fees charged to the residents historically have covered the cost of the service.

Unfortunately, delinquent accounts continue to be a major problem for the City as the fee increases and more people are unable to pay the garbage fee. The City installed new computer software for the garbage billing and collection of fees through an Act 47 grant in 2008 that enhanced the current billing collection and the ability to send out late notices to accounts. Until 2013, the City turned over the seriously delinquent accounts to Portnoff so that the accounts could be collected with delinquent real estate accounts. There was some limited success with this method but the City's delinquent accounts and uncollectables for garbage remain relatively high.

The contracted services continued to hover around $560,000 through 2010 but a new contract with Waste Management in 2011 brought lower fees and by 2013 the City paid over $100,000 less than they had paid in 2009. Currently the City contracts with Waste Management of Ambridge for garbage services. Fees to residents are $45 per quarter discounted to $40 a quarter for senior citizens. The fee is also discounted by another 10% if the fee is paid in a lump sum in January. Uncollectable accounts continue to be a problem. Actual expenditures for garbage and refuse services are shown in **Table 31**.

TABLE 31 – GARBAGE AND REFUSE SERVICE EXPENDITURES 2009-2013

GARBAGE & REFUSE	2009	2010	2011	2012	2013
Garbage Collection & Disposal	559,901	581,329	468,130	459,279	460,794
GARBAGE & REFUSE TOTAL	559,901	581,329	468,130	459,279	460,794

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

The expenditures for 2014 are expected to be about $480,000 and future years are projected in **Table 32.**

TABLE 32 – GARBAGE AND REFUSE PROJECTED EXPENDITURES 2014-2018

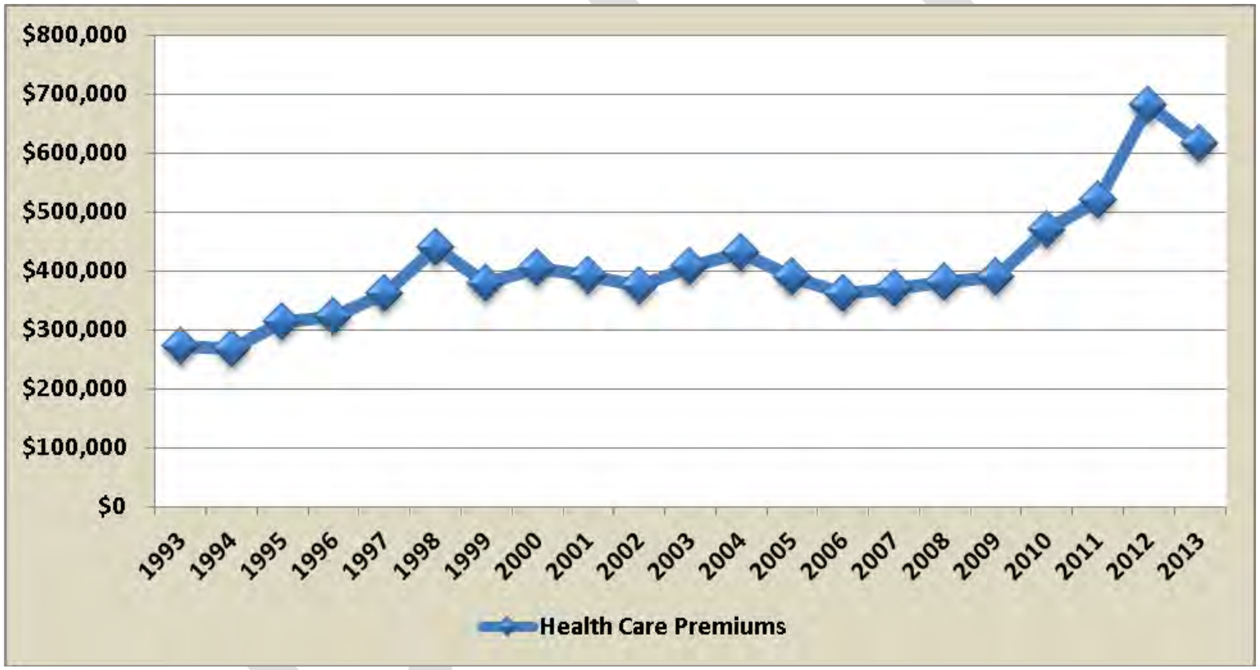
SANITATION	2014	2015	2016	2017	2018
Garbage Collection & Disposal	480,000	492,000	504,300	516,908	529,830
TOTAL SANITATION	480,000	492,000	504,300	516,908	529,830

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

Healthcare

Healthcare premiums, at over $615,000 per year, are one of the single largest expenditures in the City budget. Healthcare has increased by 225% since 1993 or an average of 11% per year. In fact, the premiums have increased by 63% in the past five years. This is a much higher increase than the City can support with a typical 1.76% revenue increase in any given year. The premiums are driven by the natural increases in the healthcare industry and the post retirement healthcare payments to retirees. **Figure 11** shows the steady and drastic increases over the past 20 years.

FIGURE 11 – HEALTH CARE EXPENDITURES FROM 1993-2013



SOURCE: FIFTH AMENDED RECOVER PLAN, CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

History of Healthcare Premiums

Healthcare premiums decreased in 1993 by 4.7% due to the institution of a new healthcare package and followed in 1994 with an additional 2.2% decrease. Healthcare costs increased by 16.9% in 1995, 3% in 1996, 11.9% in 1997 and 21.6% in 1998. The City assumed the hospitalization coverage expense for the COPS grant hires and newly retired employees. Cumulatively, healthcare costs for the City increased by 60.5% between 1993 and 1998.

The City's healthcare plan was terminated by Blue Cross at the end of 1998. After meetings with the healthcare professionals and the employees, the employees chose the Preferred Blue Healthcare program offered by Blue Cross. In 1999, total premiums decreased 13.9% from the previous year. The 2000 premiums paid show an increase of 7.3%; however, in 2001, the premium payments dropped by 3.2% from 2000. The audited financial statements for 2002 reflect a 4.5% decrease from 2001.

Healthcare costs increased 8.5% in 2003. In 2004, there was a 5.84% increase. However, beginning in 2005, there were some reductions achieved by the City due to a smaller workforce and the leveling out of the costs associated with the healthcare premiums by the provider. In 2005, the City expenditures were nearly 10% less than in 2004 and the City achieved another 7% reduction in 2006. From 2007 through 2009, the City's premium leveled off at about $389,000 but beginning in 2010, the premiums soared to $681,525 in 2012 and $615,991 in 2013. **Table 33** provides the actual costs for healthcare for the past five years and the percentage of increase for each year.

TABLE 33 – HEALTHCARE COSTS 2009-2013

Actual:	2009	2010	2011	2012	2013
Healthcare Insurance	389,363	470,042	520,591	681,525	615,991
% of Increase	2.42%	20.72%	10.75%	30.91%	-9.62%

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

Health insurance will continue to be one of the largest expenditures in the City's budget especially as costs for post retirement healthcare benefits continue to rise. The City has obtained a 20% contribution of premium from all employees in all bargaining units that began in fiscal year 2007. This contribution provides some relief to the City for the escalating costs of this benefit. **Table 34** provides a five-year projection based on national indexing for healthcare increases. For purposes of this Plan, a multiplier of 10% per year was used. Although the City has been able to achieve some cost containment in 2014 and 2015, the escalation projected in future years estimates that by 2018 the City will expend almost $800,000 for this purpose. The Affordable Care Act may produce some opportunities for saving in the future.

TABLE 34 – HEALTHCARE PROJECTED EXPENDITURES 2014-2018

HEALTHCARE	2014	2015	2016	2017	2018
Healthcare - Administration	81,000	89,100	98,010	107,811	118,592
Healthcare - Police	223,329	245,662	270,228	297,251	326,976
Healthcare - Fire	137,447	151,192	166,311	182,942	201,236
Healthcare - Streets & Highways	104,231	114,654	126,120	138,731	152,605
TOTAL HEALTHCARE INSURANCE	546,007	600,608	660,668	726,735	799,409

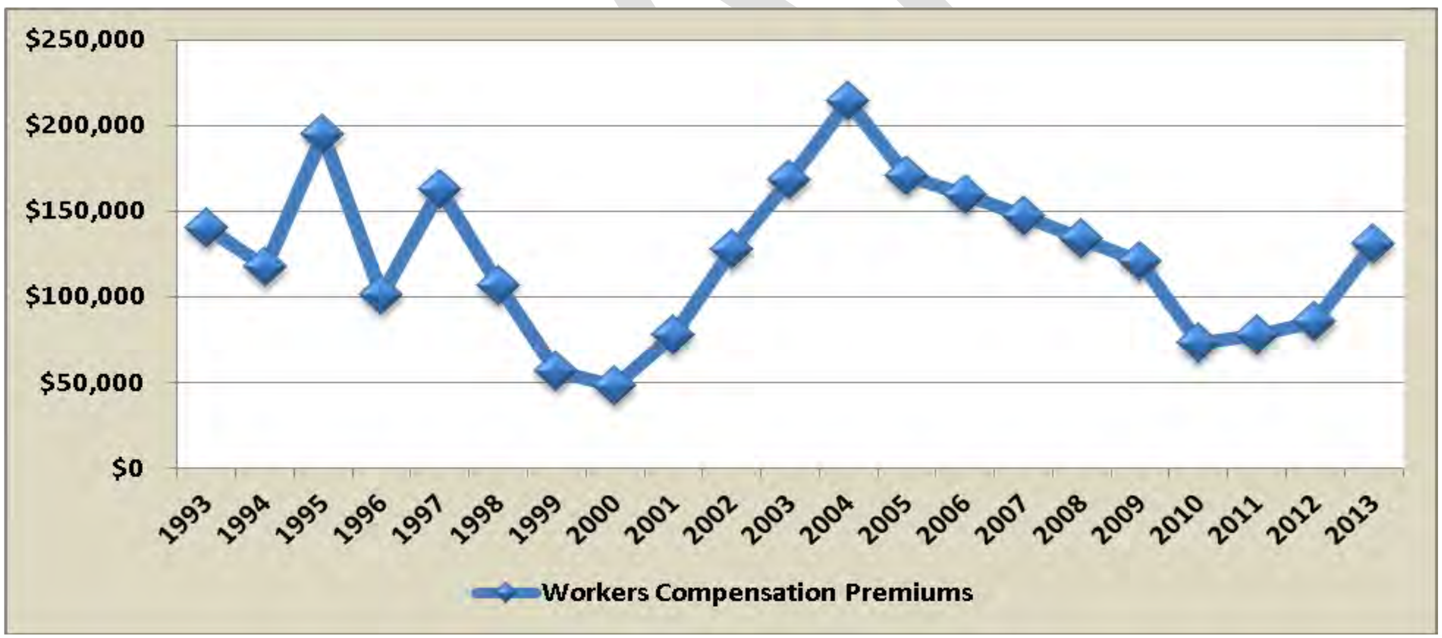
SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

Worker's Compensation Insurance

Workers compensation premiums are another significant expenditure in the City budget. Unlike healthcare premiums which have had a steady upward trend, this insurance is highly volatile because it is based on three years of claims experience that determine the City's Modification Factor. The base premium is calculated based on payroll for the respective employee classifications. The Modification Factor is then applied as a multiplier to the base premium to determine the actual premium to be paid by the municipality. As a result, good experience or bad experience can have a dramatic impact on the cost of the premium over the years. One serious claim with extraordinary costs can affect the premium for multiple years. The other factor that can play a significant role in the determination of the premium paid is the number of employees in each class. **Figure 12** shows the erratic trend of this expense for the City over the past 20 years.

Unlike healthcare premiums which have had a steady upward trend, this insurance is highly volatile because it is based on three years of claims experience that determine the City's Modification Factor.

FIGURE 12 – WORKERS COMPENSATION PREMIUM HISTORY 1993-2013



SOURCE: FIFTH AMENDED PLAN, CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

History of Workers Compensation Premiums

Worker's compensation premiums experienced rapid increases in 1992 and 1993 when costs grew by 26.1% and 17.7% respectively. In 1994, however, a 16.3% decrease occurred, which was followed by an amazing 66% increase in 1995. Worker's Compensation premiums have continued to fluctuate dramatically with a decrease in 1996 of 48.4% and an increase in 1997 of 61%. In 1998 the worker's compensation premium decreased to a startling $106,372, for an overall decrease of 34.4% from the previous year. In 1999, the City changed insurance carriers and experienced an amazing drop in premium of 47.2%. The 2000 premium paid was even lower than 1999, resulting in a two year decrease of 61.8%. However, in 2001, the premium began to rise again increasing by 61.8% from 2000. The 2002 audited financial statements reflect an increase over what was paid in 2001 for worker's compensation of 64.1%. The City's insurance company advised the City that the increase in premiums is directly attributable to two factors: 1) Worker's Compensation costs increased across the board after September 11, 2001 and 2) The death of Officer Naim in the police department, while on duty, contributed to a higher risk and exposure, thereby increasing the City's premium.

In 2003, the City experienced another large increase of 32.18%. Again in 2004 the premium increased by 27.26%. This brought the City's workers compensation premium to its highest level at $214,296. The City's poor loss experience and the rising costs of municipal insurance overall contributed to the highest workers compensation premiums that the City had ever paid. As a result, the City Administrator explored the possibility of utilizing the state pooled insurance program rather than staying with a private insurance carrier. Surprisingly, the City was able to realize significant savings by entering the Commonwealth of PA state workers compensation insurance pool. By establishing a Safety Committee for a 5% discount in premium, the City was able to save over 20% on its premium. The City saved another 6% in workers compensation premium in 2006 by continuing to maintain the Safety Committee and through better loss experience over the three year period that was used for insurance rating. The City was able to stabilize its insurance and even decrease the premiums until 2013 and 2014 when higher than expected losses again drove up the Modification Factor. **Table 35** provides the actual premiums that were paid by the City from 2009-2013.

TABLE 35 – WORKERS COMPENSATION EXPENDITURES 2009-2013

WORKERS COMPENSATION ACTUAL	2009	2010	2011	2012	2013
Workers Compensation Insurance	120,738	72,848	77,404	85,662	130,462

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

Based on a review of the City's current loss information, 2014 premium and the external economic environment the following projections were made for future years.

TABLE 36 – WORKERS COMPENSATION PROJECTED EXPENDITURES 2014-2018

WORKERS COMPENSATION PROJECTED	2014	2015	2016	2017	2018
WC - ADMINISTRATION	1,295	1,327	1,361	1,395	1,429
WC - POLICE	104,000	106,600	109,265	111,997	114,797
WC - FIRE	28,500	29,213	29,943	30,691	31,459
WC - STREETS & HIGHWAYS	33,000	33,825	34,671	35,537	36,426
TOTAL WORKERS COMPENSATION	166,795	170,965	175,239	179,620	184,110

Pensions

. . . . after September 11, 2001, the City's pension investments suffered extensive losses of over $4 million due to the drastic downturn in the equities market. Furthermore, several employees retired and began to draw additional benefits from the pension funds.

The most challenging problem for the City over the past decades has been a gradual worsening of the City's pension plans resulting in a substantial increase in the City's unfunded actuarial accrued liability (UAAL) and a corresponding increase in the City's required MMO to the funds. Through fiscal year 2002, the City's pension funds were completely funded by employee contributions and the state aid received by the City from the Commonwealth that is calculated on the employee units submitted to the Auditor General each year. The MMO for the City in 2002 was $161,643 and the state aid received by the City was $212,748. The City was, therefore, able to deposit additional money into the pension funds that year.

But, after September 11, 2001, the City's pension investments suffered extensive losses of over $4 million due to the drastic downturn in the equities market. Furthermore, several employees retired and began to draw additional benefits from the pension funds. By January of 2003, when the new actuarial valuation reports were issued, the City's UAAL had risen to over $4 million and its MMO had increased dramatically to $503,224. The City did not have the resources to pay the additional deposits that were due to the funds. In 2003, the City only paid $225,783 which left a balance of ($277,460) in delinquent payments due to the funds. Without a dedicated source of revenue, the City's funds quickly fell into distress, and the City was unable to make its full MMO payments in 2003, 2004 and 2005.

In 2004, the City officials made a decision to address the pension crisis by implementing, under Act 205, The Pension Standard and Recovery Act, a .6% dedicated EIT on residents and non-residents. For 2004, the MMO was calculated at $496,777 and again the City was unable to make this entire payment, paying only $428,153 to the funds in 2004 and leaving a delinquency in payments for that year of ($68,624). By

2005, the City was nearly $350,000 in arrears for delinquent pension payments and was in danger of losing its state pension funding in addition to paying penalties that had accrued from the delinquent payments. A breakdown of the MMO requirements and payments during that time is shown in **Table 37**.

TABLE 37 – PENSION MINIMUM MUNICIPAL OBLIGATIONS 2000-2006

History of Pension Minimum Municipal Obligations						
Year	**Police**	**Fire**	**Non-Uniform**	**Total Due**	**Total Paid by City**	**Total Outstanding**
2000	$0.00	$106,130.00	$55,741.00	$161,871.00	$166,723.10	
2001	$0.00	$106,984.00	$52,275.00	$159,259.00	$171,251.29	
2002	$0.00	$109,427.00	$52,216.00	$161,643.00	$212,748.38	
2003	$226,334.00	$198,504.00	$78,386.00	$503,224.00	$225,763.56	-$277,460.44
2004	$199,582.00	$204,772.00	$92,423.00	$496,777.00	$428,153.28	-$68,623.72
2005	$351,547.00	$246,440.00	$101,847.00	$699,834.00	$783,374.00	$83,540.00
2006	$242,788.00	$224,207.00	$82,491.00	$549,486.00	$783,000.00	$233,514.00

SOURCE: FIFTH UPDATED RECOVERY PLAN, CITY OF ALIQUIPPA FINANCIAL RECORDS

In 2004, the City requested a grant in the amount of $17,000 from the DCED Act 47 grant program in order to complete a pension study so that the funding deficit and pension fund management could be improved. A public hearing was held pursuant to Act 47 and the grant funds were approved by the DCED. In early 2005, the City contracted with Randall Rhoades, Esquire to complete a study of its pension plans practices, standards, and investment policies. The study was completed in September of 2005 and its recommendations and follow up are outlined below.

1. Although a feasibility study regarding the issuance of pension bonds to fund the City's pension liability was conducted, pension bonds were not recommended due to the market conditions and the City's tenuous financial condition in 2005. As a result the City did not issue pension bonds.
2. A critical review of the actuarial assumptions was conducted. As a result, the interest assumption was changed from 7.5% to 8% and the salary assumption was changed from 5.5% to 5% because of the salary freeze in place for employees through 2007.
3. The study emphasized that Investment performance should be monitored and maximized. A new investment manager, US Assets (now CIM), was selected by the City.
4. The City was encouraged to consider an increase to the Act 205 EIT above the .6%. In fact, the City lowered the EIT special levy to .5% for fiscal year 2007 based on stronger collections than anticipated.
5. The study suggested dedicating municipal funds currently utilized for bond repayment for payment of MMO. These funds were subsequently dedicated for payment of the PIB loan that was obtained to match federal funds for the road repaving project.
6. Pay MMOs that are in arrears through other funding sources. In fact, the City borrowed an additional $500,000 in its TAN for

2006 in order to make MMO payments in January to address delinquencies and used the dedicated EIT to retire the TAN early in the year as funds became available.

7. Fund the MMO early in the year. The City continues to make the MMO payments throughout the year as the EIT funds are deposited in the special levy EIT account.
8. Reduce benefits where not in compliance with applicable law.
9. Adopt provisions for new hires that conform to the Third Class City Code.
10. Return disabled employees to work.
11. Increase participant contributions to the police pension plan
12. Review retirement calculations.
13. Look for long-term savings like utilization of part-time employees with no pension benefit
14. Update pension plan documents

In 2005, actuarial valuation reports were completed by Mockenhaupt Benefits Group for submission to the Auditor General. The valuation reports which were submitted in March 2006 indicated that, although there was a slight improvement in funding status, the plans remained at a Level III distress and were significantly underfunded for a total of $3,569,476 of UAAL for the three pension plans. In fact, the fire department pension plan was still at only 46% funding status. Anything below 50% funding is considered to be at a critical level with some uncertainty about future viability of the fund. The history of the funding status for the three pension funds from 1999 through 2005 is shown in **Table 38**.

TABLE 38 – PENSION FUNDING PROGRESS 1999-2006

Valuation	Police	Fire	Non-Uniform
1/1/1999	130%	72%	63%
1/1/2001	93%	50%	57%
1/1/2003	64%	37%	45%
1/1/2005	76%	46%	60%

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, MOCKENHAUPT VALUATION REPORTS 2009, 2011, 2013

Due to prompt action, vigilance, and good management decisions by the City officials the pension problem was addressed adequately and the funds recovered from the devastating losses that were suffered from 2000 through 2004. By 2007, the delinquent MMOs were brought completely current and the City reduced the special EIT levy to .5% which is the current rate. The City pension expenditures seemed to have stabilized by 2007 and the City's MMO's for 2006 and 2007 were approximately $550,000 annually. This was about $350,000 more annually than the pension expenditures were 10 years prior. Since the City was deriving about $700,000 from its .5% dedicated EIT levy, the City was able to continue to deposit additional amounts to the pension funds during 2007, 2008, and 2009. In fact, over the past five years, the City continually deposited more into the pension funds than required by the MMO calculation. **Table 39** provides an overview of the funding.

TABLE 39 – PENSION CONTRIBUTIONS BY THE CITY 2009-2013

Year	Police	Fire	Non-Uniform	Total MMO	State Aid	Local Share	Actual Contribution
2009	251,627	244,955	66,944	563,526	193,937	369,589	967,937
2010	258,867	238,127	56,101	563,526	194,091	369,435	755,866
2011	321,331	188,804	80,436	590,571	358,172	232,399	1,010,195
2012	401,130	257,193	98,066	756,389	243,970	512,419	967,307
2013	487,079	265,576	134,213	886,868	256,367	630,501	1,353,002
2014	482,612	265,463	139,280	887,355	262,000	625,355	

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, MOCKENHAUPT VALUATION REPORTS 2009, 2011, 2013

Although the City has taken prudent and reasonable action relative to the pension funds, the funds remain at a Level II distress due to several factors:

1. The number of active employees has decreased while the number of retirees has increased.
2. The investments have not met the actuarial assumptions for the past five years
3. New benefits were required to be added to the police plan through state mandates including "killed in action" and "survivor" benefits.

The latest valuation reports that were submitted in March 2014 based on the period ending January 1, 2013 indicate that the plans, while improving, are at a 65% funding status with the fire department making the most dramatic improvement moving from 52% funded in 2009 to 81% funded by 2013. The UAAL, however, remains at about $4.8 million and the MMO is close to $900,000 for 2014. The police pension fund is only funded at 59.26% and the non-uniform plan is at 61.19%. The City will undoubtedly continue to deposit more than is required by the MMO because of its healthy EIT collections that are dedicated to the pension funds. However, it is important that no additional benefits are added to the Plans and that the participants make the maximum contributions that are permitted by law.

Table 40 provides a complete review of the funding progress of the respective pension plans from 2009 through 2013.

TABLE 40 – PENSION FUNDING PROGRESS 2009-2013

Police, Fire, and Non-Uniform Pension Plans - Funding History							
Year	**Plan**	**Assets**	**Liabilities**	**Unfunded**	**% Funded**	**Total Unfunded**	**% Funded**
2009	Police	4,127,592	7,069,390	(2,941,798)	58.4%		
2009	Fire	1,551,809	2,967,924	(1,416,115)	52.3%		
2009	Non-Uniform	601,930	1,038,921	(436,991)	57.9%	**(4,794,904)**	**56.7%**
2011	Police	4,706,640	7,836,378	(3,129,738)	60.1%		
2011	Fire	2,268,588	3,256,212	(987,624)	69.7%		
2011	Non-Uniform	740,898	1,371,013	(630,115)	54.0%	**(4,747,477)**	**61.9%**
2013	Police	5,258,252	8,873,594	(3,615,342)	59.26%		
2013	Fire	2,892,397	3,571,770	(679,373)	80.98%		
2013	Non-Uniform	869,115	1,420,469	(551,354)	61.19%	**(4,846,069)**	**65.1%**

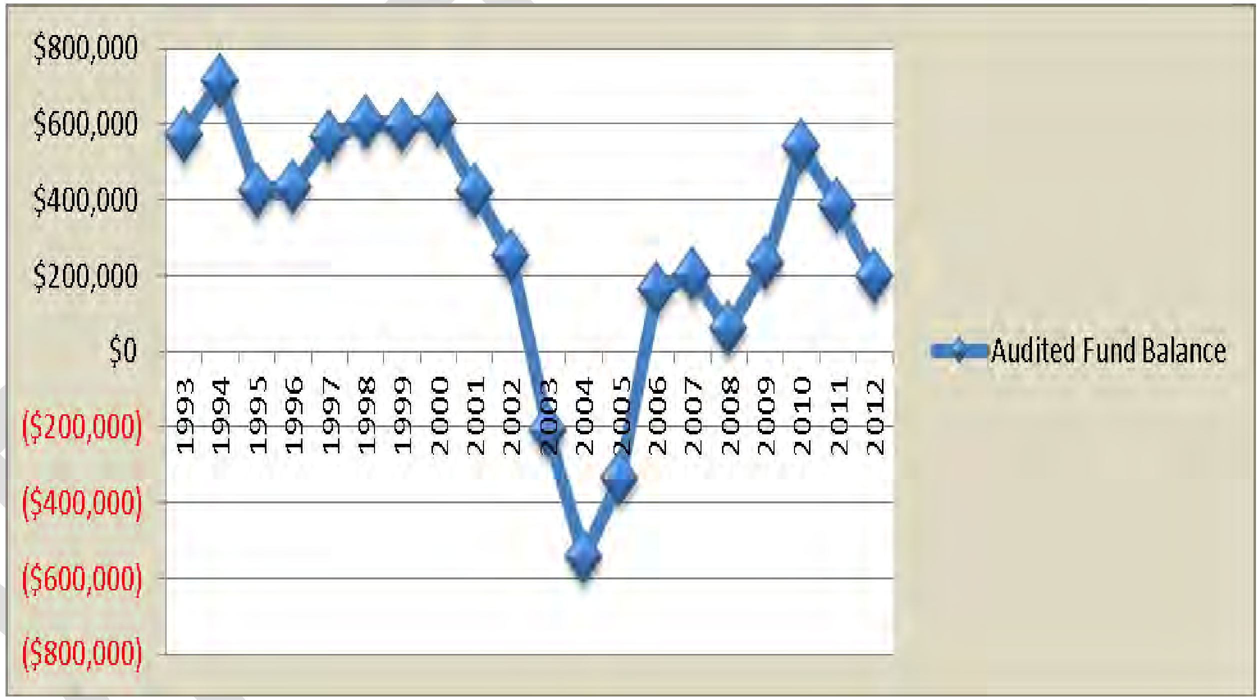
SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS, MOCKENHAUPT VALUATION REPORTS 2009, 2011, 2013

FUND BALANCE ANALYSIS

Table 41 outlines the City's audited fund balances as reported in the City's annual financial statements.

TABLE 41 – Audited Fund Balance History

Year	Audited Fund Balance
1993	$570,430
1994	$711,869
1995	$423,721
1996	$432,450
1997	$567,457
1998	$602,733
1999	$594,761
2000	$609,690
2001	$420,544
2002	$248,946
2003	($210,223)
2004	($542,631)
2005	($338,470)
2006	$162,845
2007	$203,341
2008	$58,212
2009	$233,964
2010	$541,170
2011	$382,855
2012	$197,329



As shown in **Table 41**, the fund balances have fluctuated dramatically from a high of $711,569 in 1994 to a 20 year low of ($542,631) in 2004. During the past seven years, however, the City has managed to maintain a positive fund balance, although, in some of those years, expenditures exceeded revenues. The primary reason for the large deficits is the increase in required MMO expenditures beginning in 2003. The City was unprepared and did not have the resources to make the pension obligation payments and fell behind. Since 2006, with the implementation of the EIT special levy for pension purposes, the City has been able to maintain positive fund balances. In 2011 and 2012, however, the City's expenditures exceeded its revenues causing the reserves that had been built-up to be substantially depleted. **Table 42** provides an overview of the Excess or Deficit of Revenues over Expenditures for the past five years.

TABLE 42 – EXCESS OR (DEFICIT) OF REVENUES OVER EXPENDITURES 2009-2013

Year	Status	Revenue	Expenditures	Difference
2009	Actual	5,215,073	4,977,322	**237,751**
2010	Actual	5,045,419	4,927,795	**117,624**
2011	Actual	5,479,150	5,636,425	**(157,275)**
2012	Actual	6,009,136	6,206,399	**(197,263)**
2013	Actual	5,673,662	5,640,970	**32,692**

SOURCE: ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS

It is obvious from a review of the revenue and expenses history, that in many of the past 20 years, the revenues have not kept pace with the expenditures for the City services. For this reason, the City's reserves have been depleted in order to provide enough resources to cover City expenditures. It is expected that this will continue into future years for several reasons:

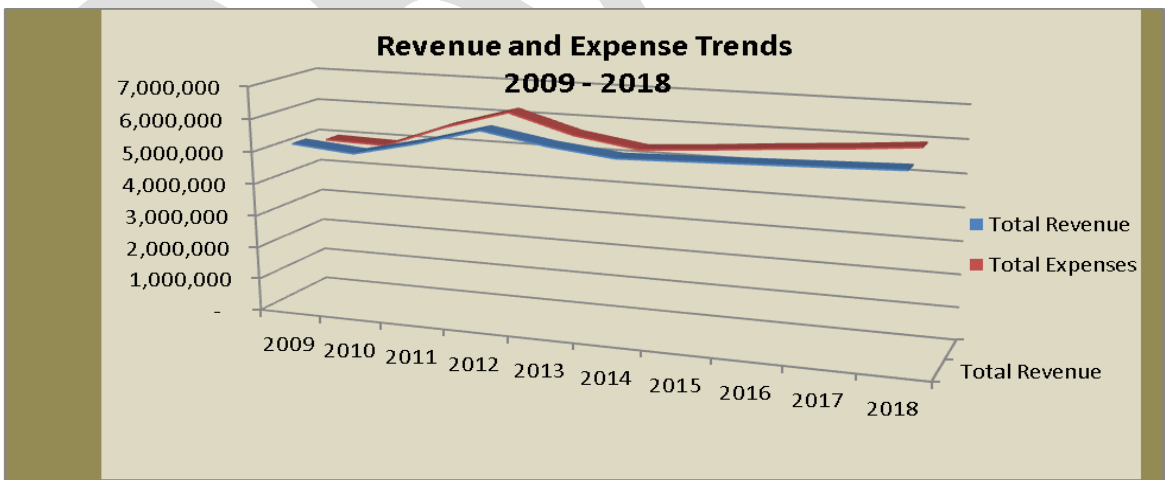
- The most recent demographic profiles of the City indicate high poverty levels and relatively low incomes and housing values.
- The assessed values of real estate are not increasing.
- The collection rate for real estate tax is only about 76% and the collection rate for garbage fees is even lower.
- The new developments in the Aliquippa Industrial Park (the only additions to the tax base) are tax exempt because they exist in a KOZ.
- The Common Level Ration is getting lower each year that the County does not conduct a reassessment.
- The cost of employee benefits, especially healthcare, is far outpacing the ability of the City to generate revenue.
- Technology and equipment in the City departments is outdated, obsolete, inefficient, and at risk.
- The estimated costs to repair basic infrastructure (roads, bridges, and facilities) are immense.

For these reasons, it is projected that the City will continue to experience slight deficits between revenue and expenditures and that left unattended, could result in future negative fund balances. **Table 43** demonstrates the projections that have been made in this regard.

TABLE 43 –EXCESS OR DEFICIT OF PROJECTED REVENUE OVER EXPENDITURES 2014-2018

Year	Status	Revenue	Expenditures	Difference
2009	Actual	5,215,073	4,977,322	**237,751**
2010	Actual	5,045,419	4,927,795	**117,624**
2011	Actual	5,479,150	5,636,425	**(157,275)**
2012	Actual	6,009,136	6,206,399	**(197,263)**
2013	Actual	5,673,662	5,640,970	**32,692**
2014	Projected	5,454,746	5,338,636	**116,110**
2015	Projected	5,511,395	5,472,286	**39,110**
2016	Projected	5,570,318	5,634,271	**(63,953)**
2017	Projected	5,631,578	5,776,960	**(145,382)**
2018	Projected	5,695,244	5,947,845	**(252,601)**

SOURCE: ALIQUIPPA FINANCIAL RECORDS, DELTA ANALYSIS



SECTION 4 – ECONOMIC DEVELOPMENT REVIEW

One of the most important components for recovery and long-term health for a local government, especially an Act 47 community, is the economic development opportunities that exist in the near and long-term future for the community and the region that could have a positive impact on the ability of the community to generate revenue in the future. For this reason, a review of the economic and community development of the City was conducted in order to gain a better understanding of what opportunities currently exist and what strategies can be developed for the long-term economic health of the City.

ECONOMIC DEVELOPMENT AGENCIES

County Agencies

Beaver County has several entities that perform Economic Development related activities in the City. They are:

Beaver County Planning Commission – The Beaver County Planning Commission reviews all incoming subdivisions, land developments, and planning documents that the City completes. The Commission provides the City with guidance and advice to ensure that the City adheres to their ordinances and has detailed reviews of planning operations.

Redevelopment Authority of Beaver County – The Redevelopment Authority, authorized by Pennsylvania under the Urban Redevelopment Law of 1945, focuses on planning and developing balanced mixed-use communities to create thriving, well-served neighborhoods within the City as well as all other areas within Beaver County. The Authority provides the foundations that enable private investors to revitalize neighborhoods in the City and throughout Beaver County.

Community Development Program of Beaver County – The program assists the City by improving housing conditions; improving public facilities; and improving and enhancing the quality of life in the City and all other Beaver County Communities. The Community Development Program utilizes the following programs:

- Community Development Block Grant (CDBG)
- Home Investment Partnership (HOME)
- Emergency Shelter Grant (ESG) funds
- Other federal and state sources

Beaver County Corporation for Economic Development – The Beaver County Corporation for Economic Development (CED) is a non-profit industrial development corporation, certified by the Commonwealth of Pennsylvania. The CED assists value-added companies by identifying or developing sites and buildings and providing incentive financing to meet their growth objectives.

The Beaver County Chamber of Commerce – The role of the Chamber of Commerce is to promote the City of Aliquippa's and Beaver County's local businesses, represent them on business related issues, and also sponsor local business events. The chamber of commerce is a non profit organization of local businesses.

City Agencies

In addition to the county agencies for economic development, the City has recently taken the initiative to create additional City based agencies that will focus on various economic development issues. These agencies are:

Aliquippa Redevelopment Authority – The Redevelopment Authority was established by ordinance in April of 2013. Its purpose is to support and encourage healthy and robust business and residential development within the City by undertaking activities that may include but not be limited to acquiring, constructing or renovating properties, and undertaking community planning activities. The Redevelopment Authority Board is comprised of seven appointed members, all of whom serve without compensation. The Mayor of Aliquippa appoints the members, the majority of whom must be residents of the City and all of whom must be citizens of the United States.

The Authority can own property and raise money by charging user fees and rent on their facilities. Typical projects for redevelopment authorities are revenue-producing facilities such as buildings, transportation facilities, marketing and shopping facilities, highways, parkways, airports, parking facilities, water works, sewage systems and treatment plants, playgrounds, hospitals, and industrial development projects.

This Authority is in its infancy stage and is struggling to find operating funds in order to prepare a business plan and to begin to undertake projects on behalf of the City. Currently, there is no paid staff and no dedicated source of operating funds.

Aliquippa Port Authority – The Aliquippa Port Authority was established by ordinance in February of 1996. Its stated purposes in its articles of incorporation are: "planning, acquiring, constructing, maintaining, and operating facilities and projects for the improvement, development, and operation of the port in the area consisting of the City of Aliquippa and the surrounding municipalities . . ."

The Port Authority Board is comprised of 11 members, two ex-officio and nine voting, all of whom serve without compensation. The two ex-officio members are the Governor of the Commonwealth of Pennsylvania and the PA Secretary of Transportation or their appointed representatives. The Mayor of Aliquippa appoints all members, who must be residents of Beaver County and of the United States. Three of the members must live in the City; the other six members must live in Beaver County.

The Authority can own property and raise money by charging user fees and rent on its facilities. Typical projects are revenue-producing public facilities such as buildings, transportation facilities, marketing and shopping facilities, highways, parkways, airports, parking facilities, water works, sewage systems and treatment plants, playgrounds, hospitals, and industrial development projects.

This Authority was recently activated by the Mayor and members were appointed. The Port Authority is struggling to find operating funds in order to prepare a business plan and to begin to undertake projects on behalf of the City. Currently, there is no paid staff and no dedicated source of operating funds.

Aliquippa Community Development Corporation (ACDC) – The ACDC is an independent agency created for the purpose of undertaking community and economic development projects in the City. It is privately incorporated as a non-profit agency and has its own Charter and By-Laws that govern appointments and rules of operation. In Pennsylvania, a Community Development Corporation (CDC) can own property, have employees, carry out programs and projects, and engage in other activities that enhance and embrace economic development in the service area. Again, the ACDC is struggling to find dedicated operating funds in order to operate, prepare a strategic plan and to begin to undertake projects. One source of potential funds is the Neighborhood Partnership Program through the PA DCED who provides tax credits for corporate or banking firms that partner with local governments to carry out the community and economic development programs.

With so many groups and agencies involved in community and economic development, it will be necessary for the County and City agencies to coordinate and collaborate in order to advance a single vision and to assign responsibilities to the various agencies. There are limited resources and opportunities and it would make no sense for the agencies to work at cross purposes. It might be advantageous for the agencies to conduct a Summit Meeting during the Summer of 2014 to discuss the projects and programs that should be identified as high priorities and develop an Action Plan for accomplishing the tasks that are assigned.

Recent Active Economic Development Initiatives

A review of the DCED records indicates that there are community and economic development projects that are listed and currently being advanced by the following organizations in the City. These projects have been preliminarily approved under the PA DCED Redevelopment Assistance Capital Program. **Table 44** is a list of those projects.

TABLE 44 – ALIQUIPPA AUTHORIZATION LIST - REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP)

ITEM #	COUNTY	MUNICIPALITY	ACT #	EFFECTIVE	ACT DESCRIPTION	ACT
1377	Beaver	CITY OF ALIQUIPPA	2008-041	7/4/2008	Infrastructure improvements and construction of ethanol production facility in Aliquippa Industrial Park	$6,000,000
1383	Beaver	County Projects	2010-082	10/19/2010	Demolition, in whole or in part, of the former Aliquippa Community Hospital; property improvements, including the construction of required infrastructure; and building construction associated with a mixed-use development in the City of Aliquippa and Hopewell	$10,000,000
1385	Beaver	County Projects	2010-082	10/19/2010	Property improvements, including the construction of required infrastructure; construction of buildings and related support facilities associated with the industrial and mixed-use development/redevelopment of a former industrial site located on the left bank of the Ohio River in the City of Aliquippa, the Borough of Monaca, Hopewell and Center Township	$25,000,000
1389	Beaver	CITY OF ALIQUIPPA	2010-082	10/19/2010	Construction, infrastructure, redevelopment and other related costs for the Aliquippa/Hopewell mixed-use development project	$10,000,000
61390	Beaver	CITY OF ALIQUIPPA	2010-082	10/19/2010	Construction, infrastructure and other related costs for the redevelopment of the former LTV Aliquippa Works	$3,000,000
1391	Beaver	CITY OF ALIQUIPPA	2010-082	10/19/2010	Phases II and III of the redevelopment of the Aliquippa Industrial Park, including infrastructure, abatement of hazardous materials, renovations, rehabilitations, construction and other related costs	$3,000,000
7951	Beaver	City of Aliquippa	2013-085	11/1/2013	Acquisition, construction, infrastructure and other related costs for business or manufacturing facility associated with the petrochemical industry	$10,000,000

Item # 7951 was approved for $10 million in the first round of funding on December 23, 2013. This project includes preparation and site development for the former Tin Mill site by performing grading, demolition, and installation of utilities and infrastructure. This initiative is being advanced by Aliquippa Tin Mill LP with support from Representative Robert F. Matzie. The site is 78 acres in Aliquippa along the Ohio River and the vision for the property is to create a manufacturing facility associated with the petrochemical industry with storage and transportation services.

6 The Business Plan for this Project was submitted to DCED and approved in December 2013.

COMPREHENSIVE PLANNING

The City officials and Beaver County planning staff have been discussing the possibility and necessity of an update to the City's comprehensive plan. The most recent comprehensive plan was completed in 1997 and was coordinated by the City, the Bureau of Community Planning at the Department of Community Affairs (now DCED), and consultants Mullin & Lonergan, Inc. Community stakeholders, background research, and consultant analysis guided the decision-making for the plan. The recommendations were developed through a community outreach process and led to the development of community-wide goals. At the conclusion of the public outreach process, the City developed an Action Plan that identified community goals, specific strategies for implementation, areas of responsibility, priority for implementation, estimated costs associated with the strategy, and potential funding sources. The Action Plan also provided a mechanism to continue monitoring accomplishments and to provide an annual update to ensure applicability. The priority goals in the 1997 Plan are summarized below:

- Rehabilitation/demolition of housing while preserving the community character and design
- Preservation of the transportation network
- Preservation of development patterns while attracting new businesses
- Implementing Tax Increment Financing (TIF) & Local Economic Revitalization Tax Assistance (LERTA) in designated redevelopment areas
- Harnessing the resource of riverfront property by creating riverfront parks and revitalizing riverfront industrial centers

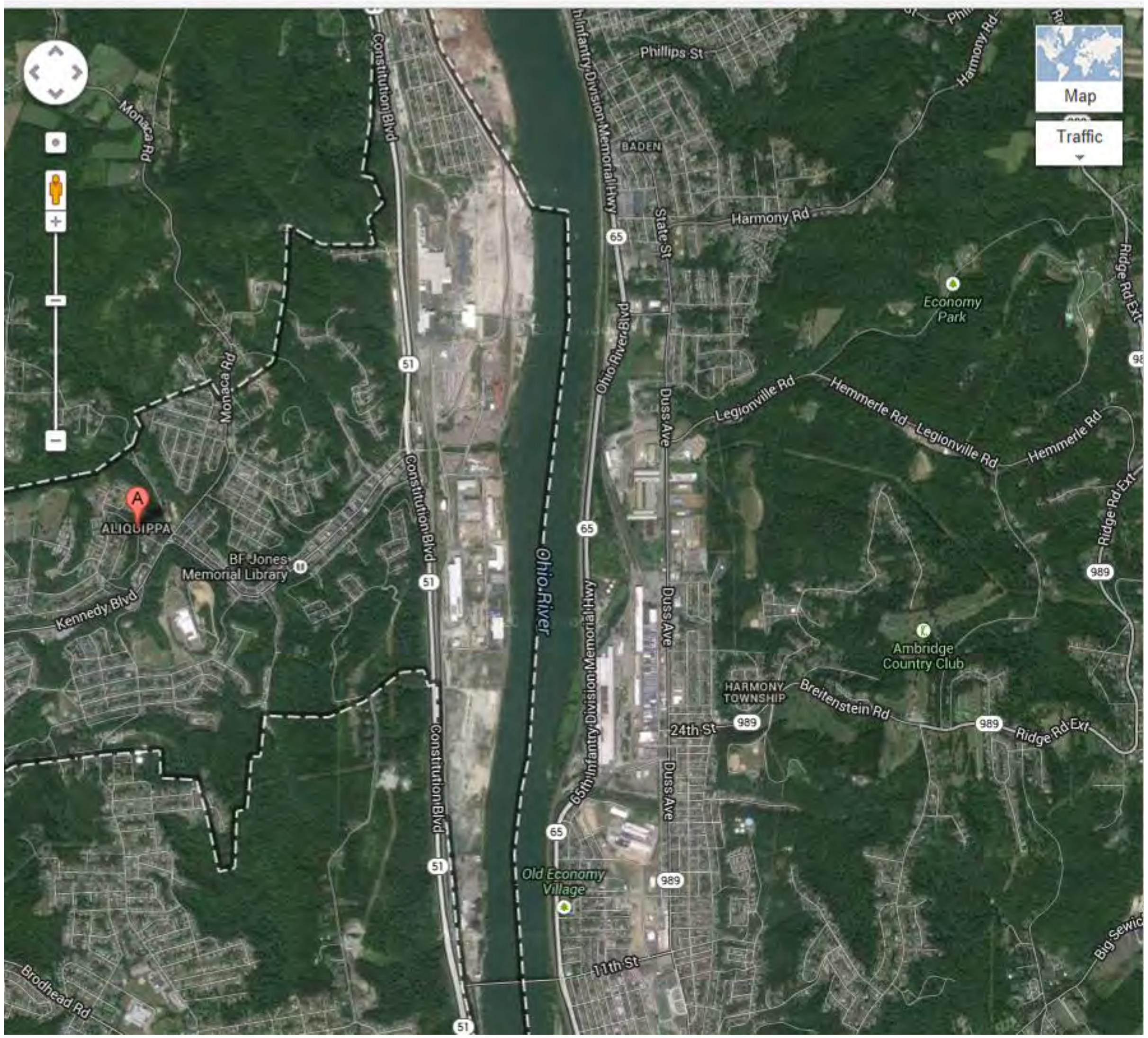
An updated comprehensive plan would help to establish priorities and strategies for the City for the next 10 years. It could explore and advance intergovernmental strategies and result in a consensus driven vision for the future. As part of the comprehensive planning process, the City should complete a business district plan, a market driven housing strategy and future land use guidelines. The Comprehensive Plan Steering Committee should consider alternative development scenarios and a process for encouraging and supporting new development.

ALIQUIPPA INDUSTRIAL PARK

The Aliquippa Industrial Park, located at the end of Franklin Avenue and covering 7.5 miles along the Ohio River, includes 80 acres of industrial land, about half of which is Riverfront property. It includes excellent access to rail (CSX), is immediately adjacent to Route 51 for truck access and includes 23 industrial sites most of which are filled with light industrial uses. It is home to several large transport, warehousing, and light industrial businesses.

The BCCED owns and operates the Park and many of the businesses are currently receiving tax exempt benefits as part of the Commonwealth's KOZ program. However, there is the potential for additional economic development through investment by developers in the Tin Mill property for which the County has received a $10 million Redevelopment Assistance Capital Program (RACP) grant from the Commonwealth. This grant will be used to do public site improvements, infrastructure, utilities, and other related costs. **Figure 13** shows the entire Aliquippa Industrial Park and its access to Route 51 and the Ohio River.

FIGURE 13 – ALIQUIPPA INDUSTRIAL PARK MAP



Community Development Block Grant (CDBG)

The City is currently not an entitlement community that obtains CDBG funding directly from the federal government through the US Housing and Urban Development (HUD) or through the Commonwealth of Pennsylvania. Beaver County is an entitlement County and receives funding directly from HUD and distributes Community Development Block Grants (CDBG), HOME grants for affordable housing for low income persons, and Emergency Shelter Grant (ESG) funds to qualifying persons and projects throughout Beaver County. The City receives substantial amounts of this funding because its demographics qualify it as an eligible community for projects in every census block. In the past 10 years, the City has received about $4 million in CDBG and HUD assistance in specific categories as shown in **Table 45.**

Table 45 – Summary CDBG / HUD Assistance -2003-2013 – Main Categories

Project Type	Project Cost
Main Street	$ 898,354
School	$ 150,706
Road Projects	$ 164,037
Demolition	$ 924,522
Storm-water/Sanitary	$ 508,554
Community/Non-Profit	$ 340,451
Housing/Building Improvement	$ 690,560
Façade Improvement	$ 161,968
Acquisition/Miscellaneous	$ 116,156
TOTAL	$3,955,308

Table 46 provides a complete breakdown of CDBG funds received by the City over the past 20 years by project.

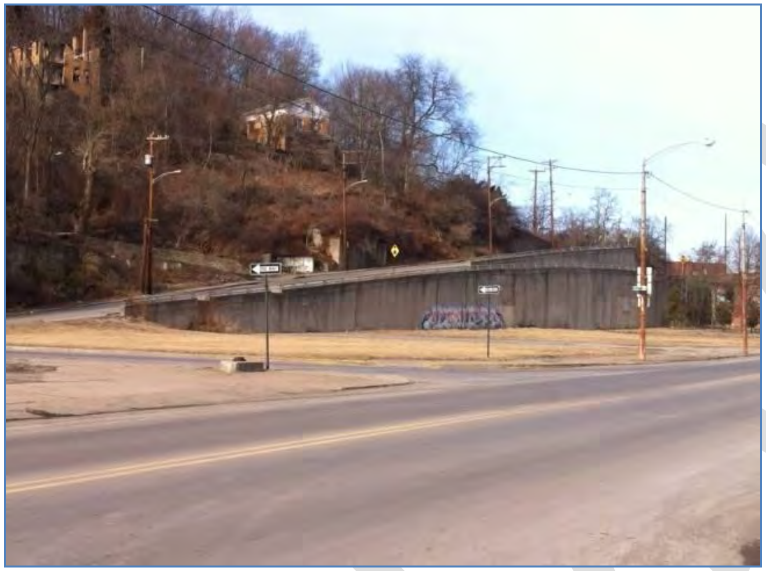
TABLE 46 – CDBG/HUD ASSISTANCE 2003-2013 – DETAILED PROJECTS

Property-Name	Project Year	Project-Name	Amount	Division / Area:	Process Type
Aliquippa Playgrounds Plan 11 & Plan 6	2013	Aliquippa Playgrounds Plan 11 & Plan 6	$93,750.00	Aliquippa	CDBG Project
Aliquippa Sewer Lines and Storm Drainage System	2012	Aliquippa Sewer Lines and Storm Drainage System	$93,750.00	Aliquippa	CDBG Project
Aliquippa MA Permalog System	2012	Aliquippa MA Permalog System	$25,616.00	Aliquippa	CDBG Project
BF Jones Library Window Preservation	2010	BF Jones Lib Window Preservation	$15,687.00	BF Jones Mem Library/Aliquippa	CDBG Project
Aliquippa SD Playground*	2010	Aliquippa SD Playground	$50,706.00	Aliquippa	CDBG Project
Aliquippa Sheffield Terrace Tank Rehab	2010	Aliquippa Sheffield Terrace Tank Rehab	$90,102.00	Aliquippa Municipal Authority	CDBG Project
CDBG-R 2009	2009	Aliquippa Acquisition	$81,157.00	Aliquippa	CDBG-R
Aliquippa Elm Alley Drainage	2008	Aliquippa-Elm Alley Drainage	$49,440.00	BF Jones Mem Library/Aliquippa	CDBG Project
Aliquippa Spring St Resurfacing	2007	Spring St Resurfacing	$46,084.00	Aliquippa	CDBG Project
Aliquippa Demolition	2007	Aliquippa Demolition	$75,000.00	City of Aliquippa	CDBG Project
AAUD Murphy Building Classroom Reno	2007	AAUD Murphy Building Classroom Reno	$10,000.00	Franklin Center or AAUD	CDBG Project
Aliquippa ROOTS Building Rehab	2007	Aliquippa ROOTS Building Rehab	$26,416.00	ROOTS	CDBG Project
Aliquippa Waugaman Street Culvert Improve	2006	Waugaman St. Culvert	$28,217.00	Aliquippa	CDBG Project
Aliquippa Stone Arch Community Center	2006	Aliquippa Stone Arch Community Center	$18,500.00	Minority Coalition	CDBG Project
AAUD Murphy Building Classroom Renovations	2006	AAUD Murphy Building Classroom Reno	$44,613.00	Franklin Center or AAUD	CDBG Project
Aliquippa NERIH Study	2006	Aliquippa NERIH Study	$10,200.00	NERIH	CDBG Project
Aliquippa-Campus Rd Imp	2006	Aliquippa-Campus Rd Imp	$50,000.00	Aliquippa School District	CDBG Project
Aliquippa Tyler Youth Center	2006	Aliquippa Tyler Youth Center	$26,035.00	Tyler Youth	CDBG Project
Aliquippa Demolition	2005	Aliquippa Demolition	$25,000.00	Aliquippa	CDBG Project
Sharon Road Resurfacing	2005	Sharon Road Resurfacing	$36,753.00	Aliquippa	CDBG Project
Aliquippa Flood DCED	2005	Aliquippa Flood DCED	$247,045.00	Aliquippa	DCED through CDP
Gymnasium Bleacher Replacement	2005	Gymnasium Bleacher Replacement	$50,000.00	Aliquippa School District	CDBG Project
Aliquippa Master Plan	2004	Aliquippa Master Plan	$39,000.00	Aliquippa	CDBG Project
Bethel Walnut Sycamr Geo	2004	Bethel Wlnt Sycamr Geo	$34,999.00	Aliquippa	CDBG Project
Green St. Repaving	2003	Green St. Repaving	$31,200.00	Aliquippa	CDBG Project
CD 03-49 Countywide Streetscape Program	2003	035517AL	$347,887.00	City of Aliquippa	CDBG Project
Wayne Church & Milton	2003	Wayne Church & Milton	$50,000.00	Aliquippa	CDBG Project
Demolition (All Projects for City)	2003	2003-2009 CDBG/CDBG-R	$824,522.00	Aliquippa	CDBG/CDBG-R
Streetscape	2004	Franklin Avenue	$350,000.00	Aliquippa	CDBG
Emergency Home Improvement	2003	All years (2003-2013)	$205,165.00	Aliquippa	CDBG
Façade Improvement Program	2003	All years (2003-2013)	$161,968.00	Aliquippa	CDBG
Home Improvement Program	2003	All years (2003-2013)	$459,779.00	Aliquippa	CDBG
Main Street Network	2003	All years(program participant)	$166,667.00	Aliquippa	CDBG
Main Street Architect	2003	All years(2003-2013)	$33,800.00	Aliquippa	CDBG
TOTAL			**$3,955,308.00**		
			Average per year =	**$359,573.45**	

Other Development Opportunities

The City has also been working on other economic development opportunities that include:

Lower Franklin Avenue – This property includes several lots that have been cleared and where demolition has been completed. There are two buildings that are vacant and will also require eventual demolition once site control is obtained by the City. Initially, it was hoped that the City could attract a grocery or fresh market entity to this property but several development deals did not work out. This property is immediately adjacent to the Route 51 ramps and the entrance of the Industrial Park. For this reason there has been some interest from full service gasoline and convenience stores (e.g. Sheetz, Pilot, Speedway) for development. The City continues to work with interested developers for this site.



Old Aliquippa Hospital Site – This 28 to 32 acre site, located along Brodhead Avenue, was abandoned when the Aliquippa Community Hospital closed. The property straddles the border between the City and Hopewell Township. The City portion that housed the hospital building was purchased by a private investor and demolished. The property was intended to be development for a commercial or public use by the property owner, but this never materialized. The property was deeded over to Heritage Valley Health System for $1. Heritage Valley Health System is seeking to align with a partner to build an assisted living facility. However, in order for this to be accomplished a municipal zoning change from R-1 to R-3 is necessary and currently being reviewed by the City. In addition, back taxes are owed on the property and Heritage Valley Health Systems and the City have been engaged in discussions of completing a "Payment in Lieu of Taxes" for past and future taxes owed.

NEIGHBORHOOD PARTNERSHIP PROGRAM (NPP)

The Commonwealth of Pennsylvania offers programs for communities like Aliquippa that suffer from low incomes, high poverty and unemployment, and declining tax bases called the Neighborhood Partnership Program and the Neighborhood Assistance Program. These programs provide tax credits for state corporate taxes for private sector corporate and banking firms that are willing to donate funding to local CDC's that are working on community and economic development in a community. The commitment can be for a one-year specific project or for a 5-6 year program – the longer the commitment, the greater the tax credits. Eligible activities include but are not limited to:

- Support for an Executive Director position and staff for the CDC
- Programs that support crime prevention
- Programs for seniors and youth
- Programs that focus on business retention and attraction
- Programs that focus on demolition, acquisition, and neighborhood rehabilitation

This program has been used very successfully in hundreds of communities around the Commonwealth and could be implemented in the City to support the newly created ACDC. The first step towards putting the program together is to have some strategic visioning sessions with Board members and to identify the key goals and objectives of the CDC. Once a program is established, a corporate partner can be identified. The next round for this funding is scheduled for Spring-Summer 2015.

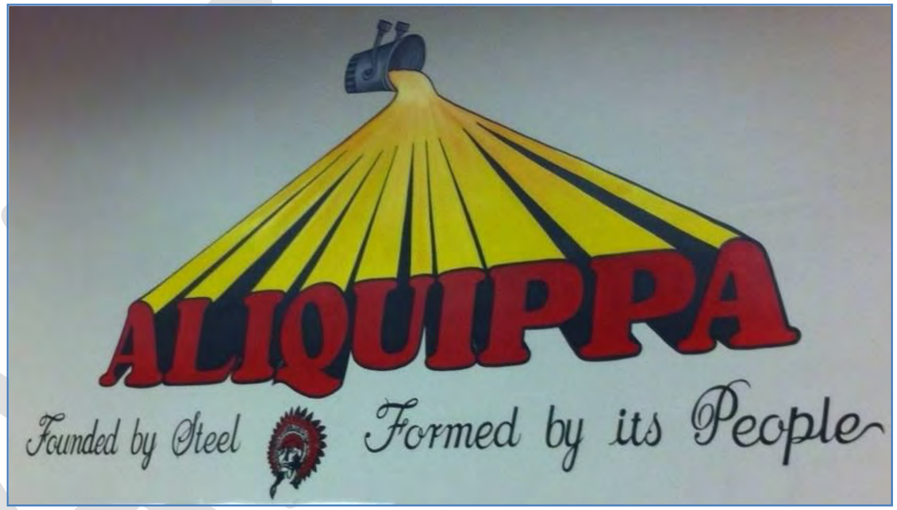
Neighborhood Assistance Program (NAP)

- 55 % tax credit
- **One project**
- **One year** commitment
- $500,000 max contribution
- Tax credits may be used over 5 years (contract year plus four)
- Credits may be sold or used under individual tax indebtedness in some cases
- No minimum amount

Neighborhood Partnership Program (NPP)

- 75% tax credit minimum
- Collaboration in the community-CDC/NID/BID+ 501©3
- Foster community involvement
- At least **five year** commitment-renew contract every year
- **Six or more year** commitment is 80% credit
- May be applied to individual tax in certain cases
- **$50,000 minimum** contribution amount and with a minimum **application amount of $100,000**
- Tax credits not used in the first year may be carried forward for four more years

SECTION 5 – RECOMMENDATION RELATIVE TO CONTINUATION OF DISTRESS STATUS



The City continues to make great strides in implementing the Recovery Plan recommendations and has continued building its capacity in the area of administrative management, financial management, service delivery, and community and economic development. The professional appointments in the positions of City Administrator and Finance Administrator have strengthened the capacity and stability in the general management and financial management of the City. This strong management structure together with strong leadership from the Mayor and Council provides the basis for the City to continue to comprehensively address the recommendations in the Recovery Plan and to address the fiscal concerns facing the City. Personnel management practices through recruitment and personnel procedures have improved and continue to be addressed. The City continues to work very closely with other governmental entities and community based organizations to address future development opportunities. In 2013, an improvement has been made in the area of economic and community development with the creation of public agencies that will focus on this area – the Aliquippa Redevelopment Authority, the Aliquippa Port Authority, and the ACDC. These agencies will play a key role in the planning process for the revitalization of the City.

Tax base erosion seems to have leveled off with the settlement of the major appeals filed by USG and with the continued development of the Aliquippa Industrial Park. Recent new development includes 18 businesses, mostly trucking, warehousing, and light industrial, in the Aliquippa Industrial Park. The Franklin Avenue rehabilitation project, which included the demolition of dilapidated structures on the Avenue, a streetscape, the construction of new sidewalks, ornamental light fixtures, and the removal of overhead wiring in the Central Business District (CBD), was completed. It, also, appears likely that the old Tin Mill site on the riverfront will be developed for a petrochemical operation partially supported by a state capital assistance grant in the amount of $10 million.

As outlined in this report, the City faced major fiscal concerns due to the economic downturn after 9-11 and from 2003 through 2006 due to the pension fund crisis and escalating costs for employee benefits and service delivery. While revenues increased slightly in recent years, the recent revenue collections have averaged only about a 1.76% increase per year over the past five years and are projected to rise at about the same level for the next several years. Real Estate Tax collections, which are the City's largest source of revenue, increase only when there is either (1) an increase in tax millage which is now at the maximum permitted under the Third Class City Code, or (2) the aggressive collection of delinquent taxes. The City has seen an encouraging increase in its second largest source of revenue, the collection of EIT, in the past two years as it moved to a new collector, Berkheimer Associates, as part of the mandated countywide collection system. In fact, there was over a 60% increase from 2011 to 2013 which has been very helpful for both the General Fund and the pension funds. Finally, the City has taken action to implement the LST which produced over $48,000 in new revenue in 2013.

In 2008, when the City contemplated an exit from the Act 47 program, the economic climate and the deep recession caused the City to experience lower than expected real estate tax and EIT collections resulting in a $145,000 gap between revenues and expenditures. The external economic conditions also caused losses in the pension funds bringing the funding status down to just 56.9% funded by 2009. Thus, the City's earlier fiscal projections that indicated they would be ready to exit the Act 47 Program did not materialize and the City continued to struggle with many of the issues that created financial uncertainty over the past decade.

SUMMARY ANALYSIS

The financial history from 2006 through 2013, as presented in this Sixth Updated Recovery Plan, shows the gradual strengthening of fund balances after a number of years when the City experienced devastating pension liabilities that drove the general fund balance to deficits in excess of half a million dollars. The forecast today is that the current revenue collection is projected to make some slight but consistent positive trending and the pension liability is expected to continue to be adequately addressed.

The largest expense for any local government is its personnel related costs for delivering services. In the City, expenditures continue to outpace revenue. Staffing in the City was at 18 full-time police officers in 1997 and it continues to be at 18 full-time officers today. No part-time police officers are currently used in the department. The firefighters staffing, at nine full-time and two part-time officers, has leveled off at that number for several years. An attempt to add volunteer firefighters to support this service failed in the past three years due to lack of interest and some in-fighting among the volunteers. The street department includes eight employees who handle snow removal, street repair, facility maintenance, parks maintenance, and all other public works activities. Benefits for employees, rising at about 12% per year, continue to be one of the largest expenditures and biggest challenges for the City budget. The City officials continue to make tough decisions about staffing levels and cost containment.

In making a determination as to whether the City should continue in the Act 47 Program**,** the following factors were considered and evaluated in order to determine whether the conditions that led to distress have been alleviated and whether the City can support basic services without continued Act 47 assistance.

FINDING 1 – The original loan obligations that were issued to finance all or part of the municipality's deficit have long been retired.
FINDING 2 – The payroll taxes that were due to the state and federal government in 1984 were paid within two years of the distress determination.
FINDING 3 – The City has had a positive fund balance since 2006 when the EIT special levy for pension purposes under Act 205 was implemented. This levy provides adequate funds to meet the City's pension obligation.
FINDING 4 – The pension MMO's have been paid in a timely manner and, in fact, excess funds from the EIT special levy have been routinely deposited into the respective funds. As a result, the City pension funds have improved from a Level III to a Level II distress.
FINDING 5 – The City has operated for seven years with positive fund balances according to the audited financial statements.

Finding 6 – The City's debt is only 2% of its operating revenues which is well below the recommended GFOA threshold of 10%.
Finding 7 – The City does not rely on any of the special assessments provided by Act 47.
Finding 8 – The City has signed collective bargaining agreements with all personnel through December 31, 2014 with the exception of the Firefighters who had an arbitration hearing on April 14. A decision should be forthcoming.
Finding 9 – The City's financial management system is upgraded, efficient, and accurately reports the City's financial position.
Finding 10 - However, there have been significant gaps between revenues and expenditures during the past three years resulting in at least one year-end deficit as high as ($197,263) in 2012. This has depleted the reserves and created fiscal vulnerability.
Finding 11 – The projected revenue will not support the projected expenses beginning in 2016 without intervention.
Finding 12 – City residents have one of the highest tax burdens in the region.
Finding 12 – The technology and equipment in the City departments is outdated, inadequate, inefficient, and at risk.
Finding 13 – The infrastructure (roads, bridges, and facilities) is in need of significant improvements and upgrade.
Finding 14 – Personnel policies, procedures, written job descriptions, compensation plans are lacking.
Finding 15 – There is no comprehensive and cohesive long term economic development plan nor is there a lead planning agency.

After conducting a thorough review of the status of the prior Plan recommendations, the financial history, and financial trend analysis, it is clear that some of the distress factors that were originally present at the time that the distress determination was issued continue to exist in the City . Specifically the ability to generate sufficient revenue on an annual basis to support operating expenses, capital expenses, and economic development activities is not present. There is no level of confidence, at this time, that the City can operate without the financial and technical assistance that Act 47 provides. **It is, therefore, recommended that the distress status for the City of Aliquippa should be continued on a temporary basis.**

However, it is further recommended that based on the strengthening financial position and positive outlook for the City over the next two years, that this Sixth Amended Recovery Plan contemplate an exit from the program and that the City request a hearing early in 2016 relative to an end to the distress determination status.

The Mayor, the City Council and their management team should be commended for working cohesively to address the fiscal concerns of the past several years. They must continue to look comprehensively at the City's financial position and where appropriate, continue to make the "tough" decisions to achieve a balanced budget with reserves in future years. The City officials may have to address the issue of an increased tax millage rate and they may have to identify new sources of revenue to support City expenditures for service delivery. There may be some relief in that regard in 2014, as the Third Class City Code is revised and higher thresholds for real estate taxes are included. Responsible management oversight and fiscal accountability must continue to be demonstrated during this recovery period. Tax base stability in the short-term and its expansion in the long-term are central to the financial recovery of the City. Efforts must be continued to encourage, promote, and assist industrial, commercial, and residential development.

Section 6 – Detailed Plan Initiatives

Administration

Item A1 – Continue to provide effective and efficient administrative capacity by maintaining a commitment to the City Administrator's Ordinance.

The original Recovery Plan, dated June 10, 1988 recommended the enactment and implementation of an ordinance creating the City Administrator position. The City Administrator position has greatly enhanced the administrative capacity of the City. In addition, the current City Administrator's duties have been expanded to include the coordination of community and economic development activities. This is an important role needed to achieve long-term fiscal recovery for the City. A central administrative structure is critical to direct the operations of City services. Council retains its policy making responsibilities, but day-to-day management is delegated to the Administrator. Maintaining a commitment to the Administrator Ordinance by supporting the City Administrator's position is essential to insure the City has not only effective administrative capacity, but that the City plays a major role in the community and economic development activities. Both of these responsibilities are critical elements in the City's recovery. **In the event of any vacancy in the City Administrator's position, the City shall conduct a professional administrative search coordinated by the Plan Coordinator to assure that the best-qualified person is selected for the position.**

Item A2 – Continue to provide effective and efficient financial management by maintaining the position of a full-time Finance Administrator.

The creation of this position has proven to be an essential part of the fiscal recovery of the City. The Finance Administrator has provided Council with essential financial data on a timely basis that has included timely monthly financial statements. In addition, the Finance Administrator, in conjunction with the City Administrator has been instrumental in exploring and developing new areas to improve the overall financial operation of the City. The expertise and involvement of the City Finance Administrator is an essential part of the implementation of the Recovery Plan. **In the event of any vacancy in the City Finance Administrator's position the City shall conduct a professional administrative search coordinated by the Plan Coordinator to assure that the best-qualified person is selected for the position.**

Item A3 – Fully implement an equitable personnel system that includes a performance appraisal plan and training plan for all City personnel.

The City Administrator should plan for and budget during 2015 the services of a certified professional HR consultant to work with the City to develop a complete personnel system that includes updated job descriptions, personnel policies, compensation plans, training plans, and job performance evaluations. Employees should be provided, via the Labor Management Committee, the opportunity to aid in the designing of the process.

Item A4 – All full-time employment positions in the City, including management positions, shall be filled only after essential qualifications and job descriptions have been developed by the City Administrator and approved by City Council, and after an open and publicly advertised recruitment process which will reach the maximum number of potential qualified candidates. In addition, the Plan Coordinator shall review and first approve the hiring process and the qualifications of the selected candidate, prior to official hiring. The City shall review its job descriptions and make changes where appropriate. Job descriptions shall be updated and distributed to employees.

The principles of fairness and non-discrimination are fundamental to a merit selection process which should be the standard for the City. In addition, this should assure efficient and effective municipal government operations through the hiring of professional, competent personnel. Job descriptions need to be updated, distributed and employees need to "sign off" on the job descriptions. Employees should aid in any amendments to job descriptions, for they are typically aware of the need for changes prior to management acknowledgement.

Item A5 – Undertake a baseline appraisal of all City property and implement a Property Identification Program that will be used to calculate insurable values and to bring the City into compliance with GASB 34 by identifying and valuing fixed assets and recording them on the financial statements.

With the advent of GASB 34 requirements, the City has now taken a pro-active position in updating the appraisal of the City property and implementing a property identification system. The City may be able to obtain an intern through the LGA that can undertake this inventory and work with the insurance appraisal company to value the fixed assets. Freedom Systems, the City's current financial management system has a fixed asset module that can interface with the City's accounting system to keep the assets valuation and inventory current.

Item A6 – Schedule an annual strategic planning session with City Council and key staff in September that will be facilitated by an outside moderator and will result in setting an agenda and goals for the coming year.

This Plan contemplates an exit from Act 47 in two years based on certain goals and objectives being realized and implemented. In order to make sure that progress is made and that goals are achieved, it is necessary for the City Council to meet with the Plan Coordinator and staff annually to evaluate the progress being made and to prioritize the actions that must be taken in the next year.

FINANCIAL MANAGEMENT

Item F1 – Maintain real estate tax at a rate no lower than the 2014 rate unless there is a countywide reassessment of property.

With the City's financial concerns and its need to maintain fiscal stability, the City is not in a financial position to reduce any tax rates or fees for service. Any reductions in taxes or fees for service shall be directed to the Plan Coordinator and only after justification by the City and approval by the Plan Coordinator will any tax rates or fees be reduced. The City Administrator shall also work with the Plan Coordinator to determine whether the real estate tax rate can be structured to include special millage rates that will help the City to avoid annual court approval by including special levies for debt service, recreation, fire service and other expenditures.

Item F2 – Continue the EIT rate for general purposes at .5%, the allowable rate under Act 511, in order to position the City to consider an exit from Act 47 in 2016.

The City currently does not levy any additional assessment under Act 47 to support its General Fund operations. It is important to continue to use only the levy provided under Act 511 in order for the City to work towards an exit strategy.

Item F3 – Maintain the EIT rate for pension purposes under Act 205 at .5% for residents and non-residents until the unfunded liability for the City's pension plans has been adequately addressed.

The City implemented a .6% levy in 2004 to address delinquent MMO's and to address the $3 million UAAL. This levy was reduced to .5% in 2007. Although the delinquent MMO's were brought current in 2007, there is still a $4 million UAAL and an annual $900,000 MMO that must be addressed and the levy must continue until the pension funds are no longer determined to be distressed.

Item F4 – Conduct a review of the established user fees for City services, especially those fees imposed pursuant to the MPC, as part of the annual budget process, to assure that as costs for services increase fees increase proportionately. Consider new user fees for services on a regular basis.

The City has continued to amend the ordinances as it relates to ongoing compliance as well as additional new fees. In order to continually be assured that user fees relate to service provided this needs to be done on an annual basis. The City should develop a Fee Resolution that is adopted as part of the annual budget process.

Item F5 – Work with the School District to review commercial and industrial property assessments and if under-assessed, initiate appeals; intervene in pending assessment appeals where appropriate.

The City needs to review the current value of all major commercial and industrial properties in the City. If these properties are under-assessed, Council should consider initiating appeals to the County's Board of Property Assessment challenging those assessments. If currently under-assessed properties are the subject of pending assessment appeals initiated by the property owner, Council should consider instructing the City Solicitor to intervene in those appeals to present arguments against the reduction of those assessments. The review of assessments should take into consideration the necessity to encourage current efforts to redevelop such properties for viable economic use.

Item F6 – Develop a five-year Capital Improvement Plan (CIP) to address the long-term capital needs of the City and integrate it into the annual budget process beginning with the 2015 annual budget. Update the CIP on an annual basis.

A CIP has not been developed. It should be noted that some capital budget items are addressed in the operating budget process. However, if the City is to address its short-term, mid-term, and long-term capital needs, a CIP must be developed. Presently, the tendency is to overlook or underestimate repair, replacement, or acquisition of needed equipment. A CIP would focus attention on the major capital needs of the City. This capital budget planning process should be undertaken in August 2014 for inclusion in the 2015 budget year process. It is recommended that the development and approval of a capital budget be distinct from the operating budget and be completed before the operating budget so that 2015 capital needs can be included in the 2015 budget. The City Administrator and the Finance Administrator should request peer assistance from DCED to work with the departments and the City Engineer to develop the 2015 CIP.

Item F7 – Continue to present and enhance the budget message as part of the budget process.

In the recent past, the City has struggled with a limited budget message that should be expanded. A budget message is an invaluable tool for City Council in order to better communicate the budget numbers to the public, to explain fiscal issues of the past, and provide a simple explanation as to the priorities of the future. There should be a clear narrative that makes the budget more user friendly for the Council and for the public.

Item F8 – Continue to maintain department level actual expenditure reports that distribute fringe benefit costs to departments to reflect the true operating cost of each department.

The City has done a terrific job beginning in 2014 of developing an accounting system that recognizes fringe benefit costs such as Health Insurance, Pensions, and Worker's Compensation across the respective departments in a format that can be accessed for cost analysis during the year. The City should continue and expand this practice as much as possible to include items such as Social Security, Medicare, Unemployment Compensation, and any other cost that can be assigned to the departments. This provides a more realistic understanding of the cost of providing the services.

Item F9 – Require the pension consultants to prepare an actuarial study no later than September 30, 2014, to determine the liability of post-retirement healthcare benefits for the City in order to be in compliance with GASB 45.

In the past, the City has awarded post retirement health care benefits under the various collective bargaining agreements to retirees. There are escalating costs associated with these legacy benefits that should be calculated by an actuary and provided to the City so that a plan can be devised to pay for these benefits in the future. The identification of this liability and the development of a plan to address it will bring the City into compliance with accounting standard GASB 45. Furthermore, the cost of these benefits may be included in future negotiations as part of the Act 133 calculations.

Item F10 – Continue the aggressive collection of current garbage bills and delinquent garbage bills. Use the Freedom utility software to facilitate better collection of current bills.

The City installed the utility billing system that interfaces with the Freedom accounting system. The delinquent garbage fees are collected and pursued by the City but continue to exhibit a very high uncollectable rate. The City should be rigorous about attaching liens for delinquent garbage bills.

Item F11 – Develop a strategy with the City Treasurer for better current-year real estate tax collections.

The current rate of collection is only 76%. This is an unacceptable rate for a local government real estate tax collection and it is a critical part of the revenue base. Raising this collection rate by 10% to a rate of 86% would generate an additional $245,000 representing about 3.8 mills of tax. The City Treasurer must work with the City to integrate the collection records with the City's Freedom System software and must work diligently to improve this collection rate.

Item F12 – Develop an RFP, interview, and select an outside private collector for delinquent real estate tax.

The City has been very successful in past years through a joint contract with the School District for the collection of delinquent real estate taxes through Portnoff Associates. Although this helped the City to collect large sums of delinquent taxes, it also drove some residents from their homes and resulted in the City owning vacant homes that are in disrepair and abandoned. The City Council canceled this contract in 2012. Unfortunately, the cancelation of this contract has resulted in a decline of over $100,000 in delinquent collections. The City needs to reconsider the use of an outside private collector for the collection of these delinquent real estate taxes.

Item F13 – Develop an RFP, interview, and select an outside private collector for the collection of Mercantile and LST taxes.

Currently, the Treasurers Office collects the City's Mercantile and LST. This should be collected by an outside private collector – preferably the City's EIT collector so that tax collection is consolidated with one agency.

Item F14 – Continue the process of divesting the City of real estate jointly acquired by the City and Aliquippa School District through auctions or sales.

Currently, the City and the School District jointly own over 50 properties through Portnoff sheriff sales. A process must be developed for selling these properties to third party private interests. In the past, auctions have been undertaken in an attempt to divest these properties but it remains a problem for the City and the School District. The City should work with the School District and County to develop a plan for divesting itself of all property that cannot be used for future economic development purposes.

Item F15 – Continue implementation of the Freedom System upgraded financial management system with enhanced reporting capabilities including fixed assets and the land based licenses and permits module.

The Freedom financial management software system is an enterprise system that has the capability of bringing on additional modules that are fully integrated and could improve the efficient operation of the City organization. Both the utility billing module and the tax collection module have been installed and should be fully utilized by year-end 2014. The City should explore the possibility of adding the purchasing, fixed asset, cashiering, and land based licenses and permits modules.

Item F16 – Require the pension actuary and the pension advisor to review and update all of the City Pension Plan documents and to review annually with the City the actuarial assumptions used for calculating the City's MMO.

The City should work with the pension actuary and the pension consultants to ensure that all of the City ordinances are in compliance with federal and state laws. Some of the pension calculations in the past have not conformed to the ordinances or to provisions of Act 205 as reported in the state Auditor General audits. All calculations should be monitored and quality controlled so that all pension benefits are calculated correctly. **Also, the City must meet annually with the pension advisor, actuary, pension investment manager, and the Plan Coordinator, to discuss the assumptions being used to calculate the City's MMO and to adjust it accordingly if necessary.**

Item F17– Budget annually for capital reserve and operating reserve funds.

Beginning for the 2015 budget process, the City must budget specific line items for transfers to an operating reserve fund and to a capital reserve fund. Even if the amounts are relatively small at first, the City should get into the habit of appropriating money annually for these two line items and then should make the transfers accordingly.

Service Levels

Item S1 – Continue to pursue intergovernmental cooperation initiatives in all areas of City operation to provide City services as efficiently and effectively as possible.

The City has made great strides in pursuing intergovernmental cooperation with neighboring municipalities especially Hopewell Township. The City police department continues to work together with the Beaver County Sheriff's Office, the Attorney General Regional Drug Task Force, and the State Police in dealing with crime in the City, notably drug activity. The City Administrator should meet regularly with other Beaver County managers and the County officials to discuss joint projects for economic development.

Item S2 – Continue joint purchasing opportunities with neighboring communities, COGS, Beaver County, and CO-Stars.

The City should continue to explore joint purchasing opportunities with neighboring communities, existing COGS, the County and utilizing the state CO-Stars program for many of its routine purchases.

Personnel/Collective Bargaining

Police Department – (FOP)

Item P1 – Pursuant to Act 133 of 2012, the City shall be permitted to expend for police officers' compensation and benefits no more than $1,526,350 for fiscal year 2015, $1,558,280, for fiscal year 2016, and $1,592,450 for fiscal year 2017.

Personnel costs represent the largest single category of expenditures in the City's budget. During the course of preparing this Sixth Amended Recovery Plan, the Plan Coordinator conducted a comprehensive analysis of revenues and expenditures and has made projections for the next five years. Pursuant to Act 133, maximum expenditure levels have been calculated for each collective bargaining unit based on levels that will not adversely impact the City. These amounts are set forth below in tabular format for the police department.

Police Employees	2015	2016	2017
Compensation	$809,870	$816,135	$823,515
Benefits	$221,800	$235,110	$249,215
Pension	$494,680	$507,045	$519,720

In consideration of the fact that the City may be in a position to exit from Act 47 designation in 2016, it is prudent to continue cost containment remedies in order to avoid or minimize deficits caused by future escalating employee costs.

Item P2 – All collective bargaining agreement language relative to pension benefits that conflicts with the Third Class City Code, Act 205, or any other law shall be removed from the contracts and from the pension plan documents.

In the past, the City has attempted to bargain out language in the contracts that conflicts with the various statutes that govern how pension benefits may be administered by municipalities. In past negotiations, the language has not been addressed and the City continues to receive adverse opinions from the Auditor General in that regard. The City is concerned that eventually the conflicting language and resulting findings in the audits could impact its ability to receive pension state aid. It is imperative that improper language be removed from the collective bargaining agreements in order to avoid sanctions in the future. **The City shall require its pension advisor to prepare a list of the language in the bargaining agreements that must be modified to meet this requirement.**

Item P3 – The current police collective bargaining agreement contains outdated language that is in conflict with current practices. This language should be amended during the next round of negotiations.

A review of the current collective bargaining agreement was conducted by a professional police consultant as part of the update of this Plan. Language that should be addressed in the next round of negotiations with the police unions includes but is not limited to:

- CBA still contains language regarding the "Linmar" detail which no longer exists
- CBA contains language establishing four officers as minimum staffing. These minimums are not currently maintained
- CBA contains language requiring a fee to be paid to officers if their schedules are changed within a 90 day period after posting
- CBA contains language providing shift differential for the 3-11 shift as well as the night shift
- CBA contains language providing 30 sick days a year
- CBA contains language providing nine weeks vacation upon retirement
- CBA contains language providing time off for the FOP Convention
- CBA limits the use of part-time officers to traffic details and does not permit them to cover shifts
- CBA contains language that provides the pension benefit calculation to be based on the average pay at retirement or the last monthly gross pay with longevity and education benefits

Item P4 – The City shall continue to monitor a position inventory report for the police department and shall not increase the present complement of police personnel without prior approval of the Plan Coordinator. This includes full-time and part-time personnel.

The City should prepare a workforce position control spreadsheet to be included with the budget that will identify positions that are included in the budget and provide information as to staffing levels over time. The Plan Coordinator has provided such a spreadsheet to the Finance Administrator and this document shall be maintained at all times.

Item P5 – Given the present and projected budget constraints of the City, the City shall not increase the police department complement to a staffing level higher than 18 full-time sworn police officers including the Chief. In addition, the City shall not increase the clerical support in the police department. The City shall also explore the addition of part-time police officers to supplement the current staffing.

A previous police study review set the complement at 18 full-time patrol police officers. Unless it can be proven that the calls for service, violent crime, or some other metric to measure activity has changed, the City should not hire more than this current complement of officers. Given the budget constraints of the City, the clerical positions shall also be maintained at the current levels. **In addition, the City Administrator and Police Chief shall provide a plan by the end of 2014 for adding part-time police officers to supplement the current staffing.**

Item P6 – The City shall pay no more than a 6% increase per year for premiums for healthcare benefits for City employees. This includes hospitalization, vision, dental, disability, and life insurance.

Historically, health insurance costs have increased at a more rapid pace than any other expenditure in the City budget. With the increased cost in health insurance the City must strongly monitor future health benefits and if health benefits continue to increase the City must make changes to the healthcare plans in order to reduce costs. Also, the City shall provide no additional benefits. Equal trade-off of benefits may be considered but otherwise, no increase to the current level of benefits shall be made. If trade-offs are negotiated, the City shall submit the new structure to the Plan Coordinator for review and approval and the identified plan must conform to the Act 133 limits included in this Plan. The City should continue to pursue managed healthcare alternatives in order to reduce healthcare costs.

Item P7 – The police officers shall pay the maximum amount permitted under the Third Class City Code as a contribution to the police pension fund until such time as the fund is no longer considered to be distressed.

Police officers pay only 3% payroll contribution to the pension funds. Under the Third Class City Code, police officers can pay up to a 5% contribution into the pension funds. As part of the Recovery Plan, the police officers shall pay the maximum permitted by law into the pension funds until such time that the funds are no longer designated as distressed. The contributions can be reduced and/or eliminated only after an actuarial study is conducted that indicates that the fund no longer needs the employee contributions to be adequately funded. No benefit of any kind can be added without a study to determine the impact of the new benefit and approval by the Plan Coordinator that the benefit is in compliance with the Recovery Plan.

Item P8 – Effective January 1, 2015, no police officers shall be afforded any post-retirement healthcare benefits.

Currently post-retirement healthcare benefits have been established at $400 per month for police officers. With the availability of healthcare under the Affordable Care Act and the ability of retired employees to adequately access the healthcare system in a reasonable way, it is no longer prudent or affordable for the City to continue this benefit for employees. Therefore, there shall be no post-retirement health care benefit for any police officer who is hired after January I, 2015. In addition, the $400/month benefit for active police officers is only authorized "during the term of this Agreement", which was initially 2005-2007, but has since been extended through December 31, 2014. Since this benefit was only authorized as a window during the term of a 3 year agreement, it should not be further extended. Therefore, effective January 1, 2015, there shall be no further post-retirement health care for any police officer.

Item P9 – The police department must reduce its overtime expenditures related to filling regular shifts by 10% per year over the next 3 years either through the use of part-time officers, scheduling improvements, or some other tool or technique.

Currently, the police department expends about $95,000 per year for overtime to fill shifts in the police department. In order to reduce costs in the police department over the next three (3) years, it will be necessary to work with the bargaining unit to identify cost containment initiatives including but not limited the use of part-time officers to fill shifts, the use of various scheduling techniques, and the implementation of other limits on time-off and the use of time-off. By reducing overtime in the department, trade-offs can be made under Act 133 for other compensation and/or benefits.

Fire Department – (IAFF)

Item P10 – Pursuant to Act 133 of 2012, the City shall be permitted to expend for firefighters' compensation and benefits no more than $875,995 for fiscal year 2015, $895,145 for fiscal year 2016, and $915,655 for fiscal year 2017.

Personnel costs represent the largest single category of expenditures in the City's budget. During the course of preparing this Sixth Amended Recovery Plan, the Coordinator conducted a comprehensive analysis of revenues and expenditures and has made projections for the next five years of the availability of funds. Pursuant to Act 133, maximum expenditure levels have been calculated for each collective bargaining unit based on levels that will not adversely impact the City. These amounts are set forth below in tabular format for the fire department.

Fire Employees	2015	2016	2017
Compensation	$452,440	$455,702	$459,610
Benefits	$151,455	$160,540	$170,170
Pension	$272,100	$278,903	$285,875

In consideration of the fact that the City may be in a position to exit from Act 47 designation in 2016, it is prudent to continue cost containment remedies in order to avoid or minimize deficits caused by future escalating employee costs.

Item P11 – All collective bargaining agreement language relative to pension benefits that conflicts with the Third Class City Code, Act 205, or any other law shall be removed from the contracts and pension plan documents.

In the past, the City has attempted to bargain out language in the contracts that conflicts with the various statutes that govern how pension benefits may be administered by municipalities. During arbitration, the language was not addressed and the City continues to receive adverse opinions from the Auditor General in that regard. The City is concerned that eventually the conflicting language and resulting findings in the audits could impact its ability to receive pension state aid. It is imperative that improper language be removed from the collective bargaining agreements in order to avoid sanctions in the future. **The City shall require its pension advisor to prepare a list of the language in the bargaining agreements that must be modified to meet this requirement.**

Item P12 – The current firefighters' collective bargaining agreement contains outdated language that is in conflict with current practices. This language should be amended during the next round of negotiations.

A review of the current collective bargaining agreement was conducted by a professional fire consultant as part of the update of this Plan. Language that should be addressed in the next round of negotiations with the firefighters union includes but is not limited to:

- Allowing the Fire Chief to limit/eliminate call back hours for Quick Response Service (QRS) calls. This will require changes to Article XII of the CBA to realize these savings. With an average of 850 QRS calls annually, measurable savings are expected.
- Allowing the Fire Chief flexibility in using available extra straight hours to fill overtime requirements, open shifts or fill in for vacation/illness/injury. The Fire Chief needs to be able to offer these hours based on scheduled time shortages to fill hours where possible with extra straight time to allow savings versus overtime. This will require changes to Article XIII of the CBA, which provides for overtime requirements to be filled by seniority. The change would allow overtime to be filled by straight time requirements and has the potential for significant savings.
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Item P13 – Given the present and projected budget constraints of the City, the City shall not increase the fire department complement to a staffing level higher than nine full-time firefighters including the Chief. The City shall expand, when possible, its part-time firefighter complement.

Currently the CBA limits the number of hours/shifts that part-time firefighters can be used. With only two part-time firefighters available, the Fire Chief cannot adequately address filling shifts. However, allowing more hours to be available to part-time firefighters can be an additional savings opportunity for both vacation coverage and overtime reduction. Part-time firefighters need to have the same qualifications (NFPA Firefighter I and EMT-B) as full-time firefighters. There may not be a ready pool available for recruiting, but in any case they need to be tested, screened, hired, and given basic skill/procedure training. Having more part-time firefighters available will help with maintaining a minimum of two on duty firefighters and limit the risk for potential injury to firefighters.

Item P14 – The City shall investigate and advance the use of volunteer firefighters to supplement the current paid department.

According to the Department of Community and Economic Development website, there are currently only 24 fully paid fire departments in the Commonwealth out of a total of 2,562 municipalities. **The chart below identifies all of those departments sorted by population (largest to smallest) and with the budgets for the fire departments that were reported in 2011 (the latest year available on the website).** Only three other departments in the Commonwealth serve smaller populations than the City of Aliquippa – Bradford, Franklin, and Titusville – and these are in remote areas where no other paid departments exist. Every other community in the Commonwealth either has a volunteer, or combination, paid and volunteer, department to provide fire service.

Fully Paid Fire Departments	Type	Population	Area	Fire Department Budget
Philadelphia	Fully Paid	1,526,006	135	$193,021,707
Pittsburgh	Fully Paid	305,704	55.6	NOT AVAILABLE
Erie	Fully Paid	101,786	22	$10,694,166
Scranton	Fully Paid	76,089	25.2	$17,134,728
Bethlehem	Fully Paid	74,982	14.9	$8,683,270
Lancaster	Fully Paid	59,322	7.4	$7,819,146
Altoona	Fully Paid	46,320	9.8	$4,117,901
York	Fully Paid	43,781	5.2	$5,243,318
Wilkes Barre	Fully Paid	41,498	6.8	$6,106,132
Chester	Fully Paid	33,972	4.8	NOT AVAILABLE
Williamsport	Fully Paid	29,381	8.9	NOT AVAILABLE
New Castle	Fully Paid	23,273	8.5	$2,434,502
Johnstown	Fully Paid	20,978	5.8	$2,433,092
McKeesport	Fully Paid	19,731	5	$2,132,825
Butler	Fully Paid	13,757	2.7	$2,316,036
Washington	Fully Paid	13,663	2.9	$1,389,641
Meadville	Fully Paid	13,388	4.4	$2,434,502
Oil City	Fully Paid	10,557	4.5	$1,751,704
Plains (Township)	Fully Paid	9,961	13	$1,245,220
Warren	Fully Paid	9,710	2.9	$1,211,126
Aliquippa	Fully Paid	9,438	4.1	$685,217
Bradford	Fully Paid	8,770	3.4	$1,462,526
Franklin	Fully Paid	6,545	4.6	$497,623
Titusville	Fully Paid	5,601	2.9	$755,378

Act 47 Communities – Fire Service

There are currently 20 municipalities (including Pittsburgh and Harrisburg) that have been designated as financially distressed under Act 47. Seven of those communities have fully paid fire departments with no volunteers or part time staff.7 Aliquippa is the only Act 47 community under 20,000 in population that has a fully paid fire department. It is absolutely critical that the City have the ability to supplement the paid department with volunteers in order to continue to provide an adequate level of fire service for the residents of the City.

Act 47 Communities	Type	Population	Area	Fire Department Budget
Pittsburgh	Fully Paid	305,704	55.6	NOT AVAILABLE
Reading	Combination	88,082	9.8	$11,262,809
Scranton	Fully Paid	76,089	25.2	$17,134,728
Harrisburg	Combination	49,528	8.1	NOT AVAILABLE
Altoona	Fully Paid	46,320	9.8	$4,117,901
Chester	Fully Paid	33,972	4.8	NOT AVAILABLE
New Castle	Fully Paid	23,273	8.5	$2,434,502
Johnstown	Fully Paid	20,978	5.8	$2,433,092
Nanticoke	Combination	10,465	3.5	$1,385,592
Aliquippa	Fully Paid	9,438	4.1	$685,217
Clairton	All Volunteer	6,796	2.8	NOT AVAILABLE
Plymouth	Combination	5,951	1.1	$163,855
Greenville (Borough)	Combination	5,919	1.9	$457,496
Duquesne	All Volunteer	5,565	1.8	$110,236
Farrell	Combination	5,111	2.3	$342,956
West Hazleton	All Volunteer	4,594	1.6	$186,770
Westfall Township	All Volunteer	2,323	30.4	$113,725
Braddock (Borough)	All Volunteer	2,159	0.6	$25,170
Rankin (Borough)	All Volunteer	2,122	0.4	$23,625
Franklin (Borough)	All Volunteer	323	0.6	$5,973

7 Department of Community and Economic Development, Municipal Statistics Website

The City has a prior history of volunteer firefighters although there have been none active or qualified in the last few years. A combination paid-volunteer department is an opportunity for any community. However it depends on interest and availability of qualified personnel, the ability of the Chief to train and manage a combination fire department, the establishment of service levels, the financial goals for integrating volunteer firefighters, and the ability to maintain training and staffing. This is a long-term opportunity because, in order to train a new volunteer to a Firefighter I level and have them gain experience to work as a firefighter, it takes at least 9-18 months.

Someone needs to be the champion of this cause. The Fire Chief and the City Administrator must explore, no later than December 31, 2014, the possibility of working with both municipal and fire department leadership to establish a Volunteer Firefighter Study Committee that will work to establish the volunteer firefighter service.. Resources are available through DCED and FEMA SAFER Grants for recruiting and retention and DCED technical assistance is available. The fire service delivery model needs to be reviewed in a larger context. Multiple communities working to deliver the same service causes redundancy in equipment, staffing, and cost. A serious analysis on resource consolidation and sharing opportunities should be conducted with the surrounding municipalities.

The ability of the City to exit Act 47 depends on the City's ability to successfully implement this initiative. Resources and technical assistance are available and should be used to provide the City support for the implementation of this initiative.

Item P15 – The City shall pay no more than a 6% increase per year for the premium for healthcare benefits for City employees. This includes hospitalization, vision, dental, disability, and life insurance.

Historically, health insurance costs have increased at a more rapid pace than any other expenditure in the City budget. With the increased cost in health insurance the City must strongly monitor future health benefits and if health benefits continue to increase the City must make changes to the healthcare plans in order to reduce costs. Also, the City shall provide no additional benefits. Equal trade-off of benefits may be considered but otherwise, no increase to the current level of benefits shall be made. If trade-offs are negotiated, the City shall submit the new structure to the Plan Coordinator for review and approval and the identified plan must conform to the Act 133 limits included in this Plan. The City should continue to pursue managed healthcare alternatives in order to reduce healthcare costs.

Item P16 – The firefighters shall pay the maximum amount permitted under the Third Class City Code as a contribution to the firefighters pension fund until such time as the fund is no longer considered to be distressed.

Under the Third Class City Code, firefighters can pay up to a 5% contribution into the pension funds. As part of the Recovery Plan, the firefighters shall pay the maximum permitted by law into the pension funds until such time that the funds are no longer designated as distressed. The contributions can be reduced and/or eliminated only after an actuarial study is conducted that indicates that the fund no longer needs the employee contributions to be adequately funded. No benefit of any kind can be added without a study to determine the impact of the new benefit and approval by the Plan Coordinator that the benefit is in compliance with the Recovery Plan.

Item P17 – Effective January 1, 2015, no new hires shall be afforded any post-retirement healthcare benefits.

With the availability of healthcare under the Affordable Care Act and the ability of retired employees to adequately access the healthcare system in a reasonable way, it is not prudent or affordable for the City to provide this benefit for employees. Therefore, there shall be no post-retirement health care benefit for any employee who is hired after January I, 2015.

Item P18 – The fire department must reduce its overtime expenditures related to filling regular shifts by 10% per year over the next 3 years either through the use of part-time firefighters, scheduling improvements, volunteer firefighter services, or some other tool or technique.

Currently, the fire department expends about $54,000 per year for overtime to fill shifts in the fire department. In order to reduce costs in the fire department over the next three (3) years, it will be necessary to work with the bargaining unit to identify cost containment initiatives including but not limited to the use of part-time firefighters to fill shifts, the use of scheduling techniques, the use of a volunteer firefighter service, and other limits on time-off and the use of time-off. By reducing overtime in the department, trade-offs can be made under Act 133 for other compensation and/or benefits.

Street Department (United Steelworkers – District 10)

Item P19 – Pursuant to Act 133 of 2012, the City shall be permitted to expend for the street department employees' compensation and benefits no more than $509,085 for fiscal year 2015, $524,805 for fiscal year 2016, and $541,155 for fiscal year 2017.

Personnel costs represent the largest single category of expenditures in the City's budget. During the course of preparing this Sixth Amended Recovery Plan, the Coordinator conducted a comprehensive analysis of revenues and expenditures and has made projections for the next five years. Pursuant to Act 133, maximum expenditure levels have been calculated for each collective bargaining unit based on levels that will not adversely impact the City. These amounts are set forth below in tabular format for the streets and highway department.

Street Employees	2015	2016	2017
Compensation	$258,440	$263,610	$268,880
Benefits	$122,520	$129,870	$137,665
Pension	128,125	$131,325	$134,610

In consideration of the fact that the City may be in a position to exit from Act 47 designation in 2016, it is prudent to continue cost containment remedies in order to avoid or minimize deficits caused by future escalating employee costs.

Item P20 – All collective bargaining agreement language relative to pension benefits that conflicts with the Third Class City Code, Act 205, or any other law shall be removed from the contracts.

In the past, the City has attempted to bargain out language in the contracts that conflicts with the various statutes that govern how pension benefits may be administered by municipalities. In past negotiations, the language has not been addressed and the City continues to receive adverse opinions from the Auditor General in that regard. The City is concerned that eventually the conflicting language and resulting findings in the audits could impact its ability to receive pension state aid. It is imperative that improper language be removed from the collective bargaining agreements in order to avoid sanctions in the future. **The City shall require its pension advisor to prepare a list of the language in the bargaining agreements that must be modified to meet this requirement.**

Item P21 – Given the present and projected budget constraints of the City, the City shall not increase the streets and highways department complement to a staffing level higher than eight full-time employees including the Street Superintendent. The City shall explore the use of part-time seasonal employees.

The street and highways department shall not be staffed at a level higher than eight full-time employees. However, the City shall explore the use of part-time summer employees to supplement the workforce during the summer months to address parks, vacant properties, street maintenance, and other projects that are scheduled during the summer season.

Item P22 – The City shall pay no more than a 6% increase per year for the premium for healthcare benefits for City employees. This includes hospitalization, vision, dental, disability, and life insurance.

Historically, health insurance costs have increased at a more rapid pace than any other expenditure in the City budget. With the increased cost in health insurance the City must strongly monitor future health benefits and if health benefits continue to increase the City must make changes to the healthcare plans in order to reduce costs. Also, the City shall provide no additional benefits. Equal trade-off of benefits may be considered but otherwise, no increase to the current level of benefits shall be made. If trade-offs are negotiated, the City shall submit the new structure to the Plan Coordinator for review and approval and the identified plan must conform to the Act 133 limits included in this Plan. The City should continue to pursue managed healthcare alternatives in order to reduce healthcare costs.

Item P23 – The streets and highway employees shall pay the maximum amount permitted under the Third Class City Code as a contribution to the non-uniform pension fund until such time as the fund is no longer considered to be distressed.

Under the Third Class City Code, employees can pay up to a 5% contribution into the pension funds. As part of the Recovery Plan, the City employees shall pay the maximum permitted by law into the pension funds until such time that the funds are no longer designated as distressed. The contributions can be reduced and/or eliminated only after an actuarial study is conducted that indicates that the fund no longer needs the employee contributions to be adequately funded. No benefit of any kind can be added without a study to determine the impact of the new benefit and approval by the Plan Coordinator that the benefit is in compliance with the Recovery Plan.

Item P24 – Effective January 1, 2015, no new hires shall be afforded any post-retirement healthcare benefits.

With the availability of healthcare under the Affordable Care Act and the ability of retired employees to adequately access the healthcare system in a reasonable way, it is not prudent or affordable for the City to provide this benefit for employees. Therefore, there shall be no post-retirement health care benefit for any employee who is hired after January I, 2015.

Non-Represented Employees

Item P25 – Pursuant to Act 133 of 2012, the City shall be permitted to expend for non-represented employees' compensation and benefits no more than $366,045 for fiscal year 2015, $376,380, for fiscal year 2016, and $387,105 for fiscal year 2017.

Personnel costs represent the largest single category of expenditures in the City's budget. During the course of preparing this Sixth Amended Recovery Plan, the Coordinator conducted a comprehensive analysis of revenues and expenditures and has made projections for the next five years. Pursuant to Act 133, maximum expenditure levels have been calculated for each employee class based on levels that will not adversely impact the City of Aliquippa. These amounts are set forth below in tabular format for the non-represented City employees.

Non-Represented Employees	2015	2016	2017
Compensation	$283,055	$288,720	$294,495
Benefits	$74,277	$78,730	$83,455
Pensions	$8,713	$8,930	$9,155

In consideration of the fact that the City may be in a position to exit from Act 47 designation in 2016, it is prudent to continue cost containment remedies in order to avoid or minimize deficits caused by future escalating employee costs.

Item P26 – Given the present and projected budget constraints of the City, the City shall not increase the number of employees in all non-represented positions without permission from the Plan Coordinator

All non-represented City positions shall be maintained at a number no greater than the current staffing levels and the City shall vigilantly examine each position before filling a vacancy to determine whether or not that position should be filled.

Item P27 – The City shall pay no more than a 6% increase per year for the premium for healthcare benefits for City employees. This includes hospitalization, vision, dental, disability, and life insurance.

Historically, health insurance costs have increased at a more rapid pace than any other expenditure in the City budget. With the increased cost in health insurance the City must strongly monitor future health benefits and if health benefits continue to increase the City must make changes to the healthcare plans in order to reduce costs. Also, the City shall provide no additional benefits. Equal trade-off of benefits may be considered but otherwise, no increase to the current level of benefits shall be made. If trade-offs are negotiated, the City shall submit the new structure to the Plan Coordinator for review and approval and the identified plan must conform to the Act 133 limits included in this Plan. The City should continue to pursue managed healthcare alternatives in order to reduce healthcare costs.

Item P28 – The non-represented City employees shall pay the maximum amount permitted under the Third Class City Code as a contribution to the non-uniform pension fund until such time as the fund is no longer considered to be distressed.

Under the Third Class City Code, employees can pay up to a 5% contribution into the pension funds. As part of the Recovery Plan, the City employees shall pay the maximum permitted by law into the pension funds until such time that the funds are no longer designated as distressed. The contributions can be reduced and/or eliminated only after an actuarial study is conducted that indicates that the fund no longer needs the employee contributions to be adequately funded. No benefit of any kind can be added without a study to determine the impact of the new benefit and approval by the Plan Coordinator that the benefit is in compliance with the Recovery Plan.

Item P29 – Effective January 1, 2015, no new hires shall be afforded any post-retirement healthcare benefits.

With the availability of healthcare under the Affordable Care Act and the ability of retired employees to adequately access the healthcare system in a reasonable way, it is not prudent or affordable for the City to provide this benefit for employees. Therefore, there shall be no post-retirement health care benefit for any employee who is hired after January I, 2015.

ECONOMIC DEVELOPMENT/COMMUNITY DEVELOPMENT

Item E1 – Prepare and submit, in the Summer of 2014, an application for funding to DCED – GCLGS to complete a Comprehensive Plan for the City.

The City has not completed a comprehensive Plan since 1997, and as a result, the City has not updated any of its other planning documents. This is a roadblock for development because the City regulations are outdated and complicated. The City's request for funds should include:

- Comprehensive Plan – Including Market Assessment and development scenarios
- Business District Revitalization Plan
- Update to Zoning Ordinance
- Update to the Subdivision and Land Development Ordinance (SALDO)

The City should require an accelerated process so that the documents are adopted no later than December of 2015.

Item E2 – Continue to work closely with economic and community development agencies that include the Community Development Program of Beaver County, the Beaver County CDC, the Rivertown Communities, and other agencies that can provide technical assistance or funding to enhance the economic and community development activities deemed essential to the short-term and long-term rebuilding of the city.

There are programs, funding resources, and technical assistance available from these agencies. The City should establish quarterly meetings to determine what projects are being advanced and what funds are available.

Item E3 – Work closely and regularly with the DCED Regional Director and the GCLGS Local Government Policy Specialists in the Pittsburgh Region.

The City's Act 47 status provides it with a unique ability to receive priority consideration for state-funded DCED programs which are consistent with the recovery strategy. Specifically, the City should work closely on obtaining funding for an economic development plan that focuses on the key development opportunities such as the South Franklin Avenue vacant lots and the redevelopment of the hospital site. There may be an opportunity to invite developers into the process through an Request for Proposals (RFP).

The past progress of the City has been strongly enhanced by the Mayor and City officials working closely with community groups that are involved in economic and community development activities. Much of the progress is attributed to the City Administrator, the Mayor, and a Council that have actively become a part of the community. They are to be commended for their proactive involvement with community organizations and the realization that the rebuilding of Aliquippa is a community effort. It cannot be stressed enough, the importance of continued involvement. The cooperation and dedication of City officials is needed in the months and years ahead to work closely with other community groups and business entities to create a private/public partnership that is needed to assure the successful rebuilding of the City.

Item E4 – Work closely with and support the newly formed economic development groups in the City.

The City should support the activities of the newly formed groups in the City and continue to work closely with them. Each of the groups should be dedicated to specific projects and funding sources.

- The Redevelopment Authority should be involved in obtaining site control of real estate and potential development sites and work on attracting development (both residential and commercial) to prime sites.
- The Port Authority should work with the adjacent communities on issues around transportation and access to the riverfront and connections to regional economic development opportunities.
- The ACDC should focus on a program and a partner for the NPP and NAP so that an application can be submitted in Spring-Summer 2015.

It will be extremely important for the City to be involved and guide these new groups towards projects that advance the vision of the City leadership.

Item E5 – Continue a comprehensive code enforcement program that includes enforcement of property maintenance codes and operates in compliance with the state UCC.

In an older community, it is extremely important to continually carry out aggressive code enforcement activities related to property maintenance and the City has taken this initiative very seriously. The City uses CODE.Sys to carry out the enforcement of the UCC activities and retained a code enforcement officer to handle property maintenance complaints. In addition, the City has utilized the services of an intern through the LGA in the past to assist in additional code enforcement activities. The City must maintain a commitment to stringent property maintenance codes in order to preserve its older housing stock and continually monitor the condition of its neighborhoods.

Item E6 – Upgrade GIS mapping system to include additional storm and sanitary sewer field work information. Work with other Beaver County communities when possible in order to achieve this initiative.

There are opportunities to capitalize on regional activities related to GIS mapping that are and will be available to communities for nominal charges to obtain additional layers of GIS mapping and data base compilation. The City must take advantage of any opportunities to obtain the technology related to these efforts.

Item E7 – Continue to use demolition funds strategically to take down vacant, substandard structures and develop an in-fill housing program with the assistance of DCED and the BCCED.

The City should take advantage of every opportunity available through county and state funds to undertake demolition activities of substandard and unsafe properties and consider "land banking" strategically for future development potential. These discussions should be inclusive of all parties who will be affected by the decisions made by the City such as community groups, property owners, County officials and the School District.

Item E8 – Adopt the latest version of the Property Maintenance Code.

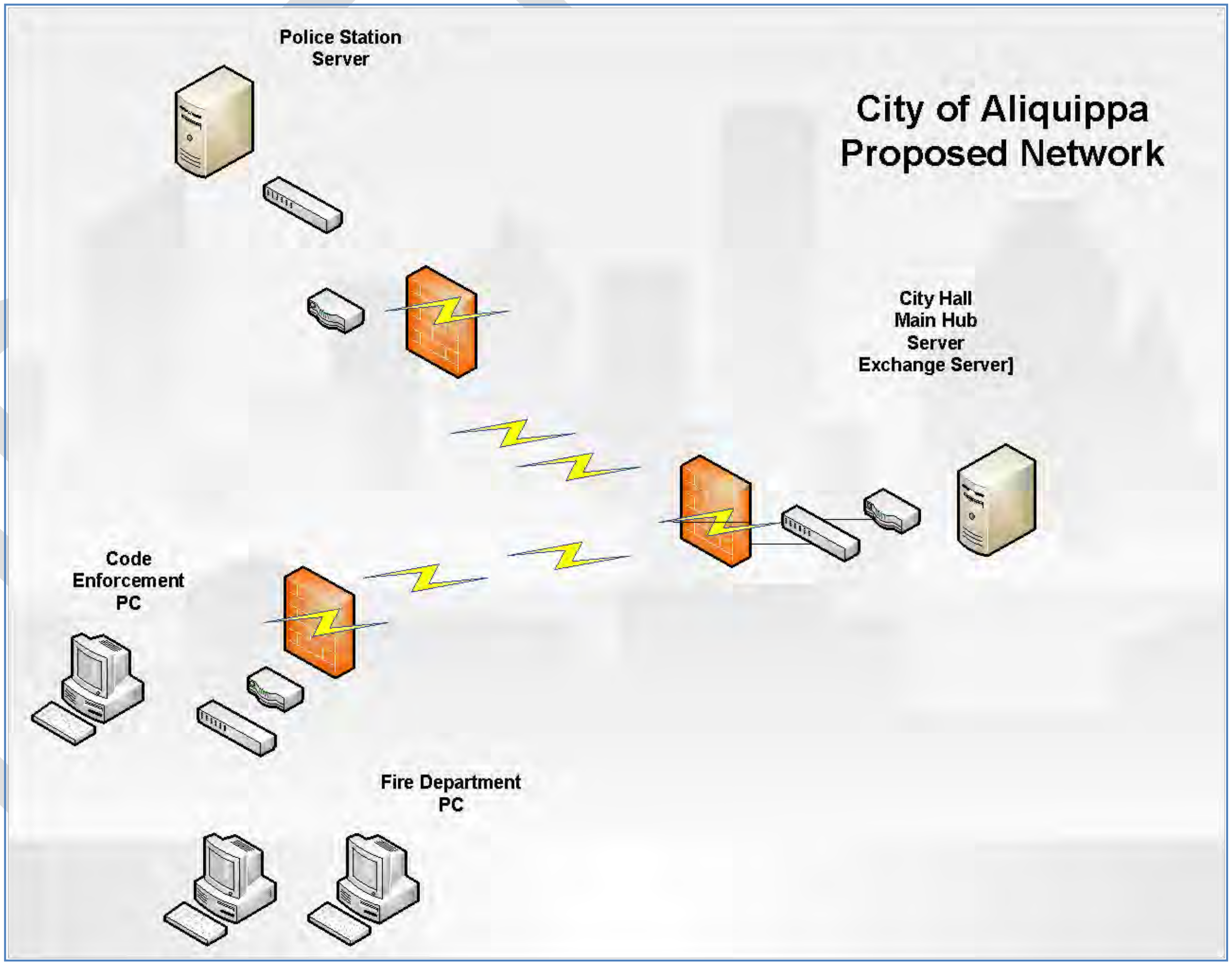
For older communities, the Property Maintenance Code is the most important tool available for code enforcement. It provides guidance and authority for protecting and upgrading housing stock and commercial buildings that would not otherwise be available to code enforcement personnel. The City should adopt this Code by reference no later than December 31, 2014 to strengthen the City's position with property owners in the City.

Item E9 – Schedule a Summit Meeting in Summer of 2014 with Economic Development entities in the region to discuss and begin to develop a comprehensive Economic Development Plan.

There a number of county based and City based groups with great expertise, energy, and collective knowledge and skills. The agencies should come together to focus on identifying important projects, determining priorities, developing a schedule and assigning responsibilities for advance the projects.

TECHNOLOGY INITIATIVES

In March of 2014 the City undertook a review of its information technology hardware and software with an emphasis on the centralization and sharing of information. As part of this Plan update, the consultant team interviewed City officials, reviewed the City's hardware and software resources and made recommendations for improvements for the City's systems.



Why Storage Centralization is Needed

The City should be looking for safe, inexpensive, and easy storage solutions to house increasing amounts of data. There are a few basic reasons for the need to centralize information:

- Centralization protects data, increases speed, convenience, and efficiency.
- File sharing allows for quick and easy access to important data from almost anywhere.
- It is crucial to keep data safe using both information security and the backup process.
- Cost is another all-important advantage of centralized data. It is possible to store and backup data on multiple machines, but it is much more logical to use central storage. Decentralized data is more cumbersome, requires time-consuming maintenance, and generates higher costs than centralized storage.
- Hard drives are undeniably the most hard-working part of any computer or server, and therefore no hard drive will work forever. Storage solutions help users overcome the consequences of damaged hard disks by saving data on

several hard disk drives (HDDs) placed in a RAID configuration and consolidating data on a single server.

- While centralizing data in one location may seem like a security risk, data scattered on several machines increases the number of portals through which intruders can compromise information. Therefore, protecting a central server is not only easier, but a more cost-effective way of doing business.

Administration

Of the four departments scattered throughout the City, the administrative department has the most up-to-date hardware and software. The personal computers use Windows 7 and each user has access to a suite of Microsoft Office desktop applications such as Word, Excel, PowerPoint, and Outlook. However, there a number of upgrades that should be made:

Item T1 – A fairly new Microsoft 2010 server is running in the administrative area. This server should be used as the central server for the City's entire network.

Item T2 – The City already owns the Freedom Systems financial management module. The land module should be purchased and run on the same server. This will allow the City to track parcels, building permits, complaints, work orders, and tenant registration.

Item T3 – The central server should be able to complete a daily on-site back-up as well as connect to a data center and upload the backup information. The on-site back-up should be tested on a regular basis to verify the integrity of the data.

Item T4 – Unless the individual PC's are backed up by the server, all computer files should be moved to the server and all future files should be created and saved on a dedicated network drive. This will also facilitate file sharing across the network.

Item T5 – There is a complete room of documents that should be examined to see if they can be destroyed. Those documents that must be kept should be scanned through the copier/printer into a .pdf format and stored on a network drive. If feasible, the City should consider the purchase of software that makes all scanned documents searchable through optical character recognition.

Item T6 – Meeting minutes should also be scanned and centralized on the server. Minutes should be stored in a searchable environment if possible.

Item T7 – The City should review the contents of its webpage to ensure that residents, business people, and vendors have access to adequate information. The City should also contact web-page providers to research and compare pricing for updates, as well as look into the possibility of doing the updates on their own.

Item T8 – The City should update its codification that was last completed in 2002. Over the past 12 years the preferred method for accessing codified ordinances has changed. In the past, employees, Council, and the public used paper versions, and each council member and department head had his or her own copy. Today, the electronic version of the codification is much more cost effective. The code can be made available as a link from the City's web-page. Through the City's web-page, information is accessible and searchable any time of the day or night and not just during regular business hours.

Item T9 – The City should consider leasing or purchasing a new phone system that has voicemail and is possibly a voice over IP system. The current system is almost 30 years old and is out-of-date.

Police Department

The police department hardware and software is completely outdated and inefficient. The record management system doesn't provide the reporting or access to information that is needed in a police department. Of the department reviews conducted, the police department was the most in need of major updates and equipment both in hardware and software.

Item T10 – The police currently utilize a Microsoft 2003 Server platform to run their everyday police software. A newer updated server and server platform (such as Microsoft Server 2013) should be purchased and installed with new police software.

Item T11 – The police need to make a decision and update the police software. The current software can no longer be supported and is not consistent with any of the software used by adjacent communities. The new police software should also be able to track parking tickets as well as address the chain of custody issues for police evidence. Whatever software is selected, it should be installed in a manner that will make information sharing with other police departments possible in the future.

Item T12 – The new server must be able to connect with the server at City Hall via a Virtual Private Network (VPN) in order to provide access to email (through the exchange server) as well as the FREEDOM land based module that will track parcels, property owners, etc. This will be extremely useful as it will allow the police to access property owner contact information as well as tenant registration records.

Item T13 – Approximately eight new PC's are needed in the police department to replace aging PC's that have the Windows XP operating system. While the PC's still work, the operating system is no longer supported by Microsoft and there are and will be an increasing number of security vulnerabilities that threaten the use of this older operating system. All new PC's should contain the newest and most stable version of Microsoft Office Professional.

Item T14 – The police department's file cabinets are overflowing and need to be addressed. The Chief should work with the City Administrator to review the Pennsylvania Records Retention Act in order to learn what records need to be retained and what records can be eliminated. A professional shredding company should be hired to come on-site to shred the documents that can be thrown away. That same company must be able to provide a certificate indicating exactly what was shredded.

Item T15 – A virtual network drive should be set up so that the police secretary or an intern can scan other documents to a secure area on the server.

Item T16 – Cameras are needed in the police vehicles as well as in the police station. All interior cameras should be connected directly to the computer network and recorded on a DVR. All cameras mounted in the police vehicles should set up so that they wirelessly transmit all data to the server in the police department when parked near the building. All video and audio clips should have the ability to be quarantined (protected) for further use in a case.

Item T17 – The server at the police department should be set up to create a digital nightly backup. This backup should be transmitted to a data center on a nightly basis for disaster recovery purposes.

Item T18 – The police need a soundproof room in which to conduct interviews. All interview data should be stored on the same DVR that is used with the interior cameras. This will ensure that all interview data is also backed up on a nightly basis.

Item T19 – Two new base radios are required in the police department. The existing radios do not meet the narrow banding guidelines mandated by the Federal Communications Commission (FCC). The deadline to meet these requirements was January 1, 2013.

Item T20 – Due to the topography of the CITY, especially around the police department, cell phone signals are hard to receive at the police department. A cell phone antenna booster is needed to increase the signal in and around the police station.

Item T21 – The police department needs to find a solution that will allow them to communicate with street department personnel. While radio contact is the preferred solution, cell phone contact may be the only solution.

Item T22 – The police officers currently cannot hear dispatched calls when in the police department, especially while on the second floor of the building. Speakers should be installed on the second floor in order to make this possible.

Item T23 – In the event of a power outage there is no back-up power at the police station. A back-up generator that runs on some sort of gas product should be installed so that at a minimum, emergency lights, telephones, and some computers will be able to operate.

Fire Department Recommendations

The fire department has newer equipment than the other departments and has kept pace with the latest technology.

Item T24 – A VPN connection needs to be established between the fire department and City Hall. This dedicated connection will allow the fire department to access e-mail, and the land based software which the fire department will use to record occupancy inspections. Having access to the same software utilized by the Building and Code department will allow personnel in both departments to see up-to-date records and prevent any further duplication of work.

Item T25 – The fire department should move their Fire House reporting software into the Cloud thus making the reporting software web based. This will help the fire department as follows:

- The software will be accessible from any computer or mobile device that can connect to the internet.
- All 16 years of reporting data, as well as all future data will be preserved and backed up in the Cloud.
- Multiple users will be able to access the software at any time.
- Mobile devices such as an Ipad can be used to access preplan information including hydrant locations, as well as reporting software.
- All software updates and maintenance will be completed by Firehouse.

Street Department Recommendations

The streets department currently has no technology. This means that they cannot receive e-mails, cannot check budget items, and are not able to access any property information. A server with the ability to obtain e-mail and to access the proposed land based module would be much more efficient in getting the work done in the department.

Item T26 – A VPN connection needs to be established between the street department and City Hall. This dedicated connection will allow access to e-mail as well as the land based software. The land based software will allow complaints and requests for service to be electronically tracked and stored with the parcel information.

Item T27 – A computer should be placed in the street department office and training should be provided to the Street Superintendent.

Item T28 – Software is needed to help the street department with fleet management activities. In order to develop a long-term plan for purchasing vehicles, accurate vehicle repair and maintenance information is needed. Fleet management software should be used to track all repairs and other information as it relates to all City-owned vehicles.

Treasurer's Office Recommendations

The Treasurer's Office currently uses software written by TGB Consulting LLC. This is a stand alone program that does not interface with the City's FREEDOM Software. Therefore, the tax information can not be viewed by anyone outside the Treasurer's Office. The City purchased the interface module for tax collection but the Treasurers Office does not currently use the centralized software.

Item T29 – The Treasurer's Office should use the Freedom Systems software and hardware accessories for the collection of Real Estate Tax (City and School District) and any other tax or fee that is collected by this office.

Item T30 – At the end of each day the Treasurer's Office should post directly to the City's general ledger. This will provide more detail than is currently available and will also eliminate the need for journal entries.

Item 31 – The City Administrator should meet with the Treasurer to discuss a transition plan for the move to the Freedom System software. A written transition plan that incorporates milestones and specific dates is the best way to ensure that everyone has the same understanding of the project.

SECTION 7 – COMMUNICATIONS

It is essential that the recovery plan initiatives be implemented by the City as soon as possible – especially in light of the fact that the City contemplates an exit from Act 47 in 2016. Many of these recommendations will take a substantial period of time to implement. Critical time deadlines may be involved in certain of these recommendations. It is equally important that the City regularly communicate its progress toward implementing these recommendations to the Plan Coordinator. The Coordinator, after reviewing progress reports, may know of resources or information that could assist the City with implementing its recommendations. The Coordinator may also note through the regular communication of these reports negative trends that would predict upcoming difficulties for the City.

In order to keep communications open and productive, it will be necessary for the City to send financial statements to the Coordinator on a monthly basis throughout the period of time the City is designated as distressed. The annual budget shall be sent to the Coordinator as soon as it is prepared and before it is adopted. The City should also send all regular and special meeting agendas and minutes on a monthly basis along with all budgetary reports and balance sheets.

Quarterly status reports on all recommendations and initiatives shall also routinely be sent to the Coordinator for review. Regular meetings with the Coordinator should also be held to review recovery recommendation implementation progress and to amend, add, or delete these recommendations as the Coordinator believes appropriate. The Coordinator may also decide to reprioritize recommendations if conditions in the Coordinator's opinion have changed. Progress by the City toward accomplishing the key elements of the recovery plan shall be regularly communicated to the Coordinator. The key management, administrative and financial decisions of the City which may or may not be part of the recovery plan should also routinely be communicated to the Coordinator. This is particularly true if this action entails an abrupt change or alternation from prior positions or policies of the City.

Emergency situations which require immediate action by the City may be excluded from this reporting procedure with the caveat that communication must occur as soon as possible after the emergency has been mitigated. Emergency action should be as restricted as possible to mitigate the emergency before the Coordinator approves the activity or actions contrary to the accepted or regular practice. Additional action by the City officials beyond the immediate emergency mitigation activity should not occur until approved by the Coordinator.

If the City or its elected or appointed officials fail to communicate and consult with the Coordinator on a regular basis with the information, reports or documentation requested by the Coordinator, the City may be found to have violated the Recovery Plan.

Section 8 – Good Government

It should be recognized that the alleviation of the municipality's "distress" status far exceeds simple City operations. The success or failure of the City to recover its financial health has repercussions which reverberate throughout the community, its neighborhoods, and the region.

It is important that the entire community become involved in the process as fully as possible. It is important to establish a City-wide common goal of recovery that is embraced by the entire fabric of the community. Partnerships between public and private entities should be encouraged to help the community recover. Regular communication among all community elements is very important. Regularly held informational town meetings are an avenue to solidify this process. Existing organizations, such as a business district organization, civic groups, church, and neighborhood groups should also be solicited for their commitment to help the community recover.

The process should go beyond typical top down information distribution and dissemination. It should truly involve these other community groups. Their ideas and energies should be utilized in the recovery process. Resident surveys should be developed and available on the web-site and in paper format. The establishment of common goals and objectives for the community could be an important consensus building technique that warrants consideration. Collaboration with various community groups and businesses is essential to address the fiscal and economic and community development of the City.

Finally, it needs to be stated that the City's most important assets are its residents. Both the governing body and City employees must remain constantly aware of their importance in achieving on-going fiscal health. Aliquippa's mission is to provide basic health and safety services to its citizens. Day-to-day interactions between City employees and residents must be cordial, efficient and informational. A customer service approach has been adopted by many communities and the use of technology and support resources to achieve this end should be constantly considered and applied.

SECTION 9 – FINANCIAL PROJECTIONS WITH AND WITHOUT THE IMPLEMENTATION OF INITIATIVES

PROJECTIONS 2014 THROUGH 2018 - WITHOUT INITIATIVES

Table 46 provides the future budgeted activity for the General Fund without any intervention or action by the City Council and without the implementation of initiatives from this Sixth Amended Plan.

TABLE 47 – PROJECTED OPERATING EXCESS/DEFICIENCY OF REVENUE OVER EXPENSES
WITHOUT IMPLEMENTATION OF INITIATIVES 2014 – 2018

REVENUE SOURCE:	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	AVG Annual
	2014	2015	2016	2017	2018	% Inc/Dec
Real Estate Taxes	2,029,796	2,010,647	1,991,543	1,972,486	1,953,473	-0.75%
Act 511 Taxes	1,884,350	1,938,424	1,994,104	2,051,439	2,110,477	2.40%
Licenses & Permits	107,750	110,375	113,066	115,824	118,650	2.02%
Fines & Forfeits	54,000	55,350	56,734	58,152	59,606	2.08%
Interest & Rents	500	500	500	500	500	0.00%
Intergovernmental	275,100	281,650	288,364	295,245	302,299	1.98%
Department Fees	161,250	163,325	165,452	167,632	169,866	1.07%
Sanitation	615,000	615,000	615,000	615,000	615,000	0.00%
Miscellaneous Revenue	107,000	108,425	109,886	111,383	112,917	1.11%
Transfers & Proceeds	220,000	227,700	235,670	243,918	252,455	2.95%
Refunds Prior Year	-	-	-	-	-	0.00%
Total Revenue	**5,454,746**	**5,511,395**	**5,570,318**	**5,631,578**	**5,695,244**	**0.88%**

EXPENSE USES	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	AVG Annual
	2014	2015	2016	2017	2018	% Inc/Dec
Legislative	338,219	345,033	352,000	359,125	366,409	1.67%
Tax Collection	82,891	84,562	86,268	88,009	89,785	1.66%
Personnel Admin	161,850	171,971	182,953	194,878	207,835	5.68%
Data Processing	42,770	43,839	44,935	46,059	47,210	2.08%
Government Buildings	71,275	73,057	74,883	76,755	78,674	2.08%
Police	1,883,622	1,946,997	2,013,133	2,083,279	2,156,710	2.90%
Fire	1,050,680	1,084,753	1,120,659	1,158,545	1,198,574	2.82%
Planning & Zoning	41,800	42,845	43,686	44,661	45,658	1.85%
Sanitation	480,000	492,000	504,300	516,908	529,830	2.08%
Highways	970,831	1,000,990	1,032,658	1,065,950	1,100,992	2.68%
Recreation	14,000	14,000	14,000	14,000	14,000	0.00%
Debt Service	98,892	67,936	57,936	19,312	0	-20.00%
Insurance	99,806	102,301	104,859	107,480	110,167	2.08%
Other Uses	2,000	2,000	2,000	2,000	2,000	0.00%
Interfund Transfers	0	0	0	0	0	0.00%
TOTAL EXPENSES	5,338,636	5,472,286	5,634,271	5,776,960	5,947,845	2.28%
EXCESS OR (DEFICIENCY) OF REVENUE OVER EXPENDITURES	116,110	39,110	(63,953)	(145,382)	(252,601)	-1.40%

SOURCE: DELTA DEVELOPMENT GROUP INC. ANALYSIS AND PROJECTIONS

Without the implementation of initiatives, the City of Aliquippa will begin to experience a deficiency of Revenues over Expenditures beginning in 2017. The following Plan Initiatives with a discernible and calculable financial impact are identified in **Table 47**.

TABLE 48 – PROJECTED IMPACT OF IMPLEMENTATION OF INITIATIVES

ITEM NUMBER	PLAN INITIATIVES	PROJECTED 2014	PROJECTED 2015	PROJECTED 2016	PROJECTED 2017	PROJECTED 2018	TOTAL IMPACT OF INITIATIVES
	REVENUES:						
ITEM F4	Increase all department fees by 3% per year	0	4,900	4,964	5,029	5,096	19,988
ITEM F10	Increase Garbage Fee Collection by 2% per year	0	12,300	24,600	36,900	49,200	123,000
ITEM F11	Increase RE Current Collections by 2% per year	0	36,413	72,644	108,694	144,563	362,313
ITEM F12	Increase RE Delinquent Collections by 3% per year	0	5,700	11,100	16,200	21,000	54,000
ITEM F13	Increase Mercantile & LST Collection by 2% per year	0	3,121	6,305	12,736	25,726	26,241
	TOTAL REVENUE ENHANCEMENTS	**0**	**62,434**	**119,612**	**179,558**	**245,585**	**585,542**
	EXPENDITURES:						
ITEM P1	Police Department Compensation - Hold wage increases to 2% per Year	0	7,229	14,855	22,895	31,368	76,346
ITEM P6	Police Department Benefits - Hold to 6% increase per year	0	8,934	19,296	31,263	45,029	104,522
ITEM P8	Fire Department Compensation - Hold wage increases to 2% per year	0	6,178	12,696	19,569	26,810	65,253

ITEM NUMBER	PLAN INITIATIVES	PROJECTED 2014	PROJECTED 2015	PROJECTED 2016	PROJECTED 2017	PROJECTED 2018	TOTAL IMPACT
ITEM P13	Fire Department Benefits - Hold to 6% increase per year	0	5,498	11,876	19,240	27,713	64,327
ITEM P15	Street Department Compensation - Hold wage increases to 2% per year	0	3,802	7,855	12,130	16,634	
ITEM P18	Street Department Benefits - Hold to 6% increase per year	0	4,169	9,006	14,591	21,016	48,782
ITEM P20	Non-Represented - Hold wage increases to 2% per year	0	3,663	8,221	12,671	17,360	41,915
ITEM P22	Non-Represented Benefits - Hold to 6% increase per year	0	3,240	6,998	11,339	16,331	37,908
ITEM F17	Transfer to Reserve Fund	0	(25,000)	(50,000)	(70,000)	(70,000)	(215,000)
ITEM F17	Transfer to Capital Fund	0	(25,000)	(50,000)	(70,000)	(70,000)	(215,000)
	TOTAL EXPENDITURE ENCHANCEMENTS		(7,287)	(9,197)	3,698	62,261	9,053
	TOTAL IMPACT - WITH IMPLEMENTED PLAN INITIATIVES	0	55,146	110,415	183,256	307,846	594,595

SOURCE: DELTA DEVELOPMENT GROUP INC. ANALYSIS AND PROJECTIONS

PROJECTIONS 2014 THROUGH 2018 - WITH INITIATIVES

If the Initiatives that are identified in **Table 47** are fully implemented as scheduled, it is projected that the City will close the gap between revenues and expenditures beginning in 2015 and into future years. The initiatives also include setting aside funds for both an operating reserve fund and a capital reserve fund. By increasing the collection of current and delinquent fees and containing the cost of wage and benefit increases in the next five (5) years, the City will be able to contemplate an exit from the Act 47 Program in 2016. **Table 48** provides an overview of the projected impact of the Plan implementation of the Plan initiatives on the financial position of the City moving forward.

TABLE 49 – PROJECTED OPERATING EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES
WITH THE IMPLEMENTATION OF INITIATIVES 2014 – 2018

ACTION	2014	2015	2016	2017	2018	TOTAL IMPACT
EXCESS OR (DEFICIENCY) OF REVENUE OVER EXPENDITURES WITHOUT INITIATIVES	116,110	39,110	(63,953)	(145,382)	(252,601)	-1.40%
IMPACT OF IMPLEMENTATION OF PLAN INITIATIVES	0	55,146	110,415	183,256	307,846	594,595
EXCESS OR (DEFICIENCY) OF REVENUE OVER EXPENDITURES WITH IMPLEMENTATION OF PLAN INITIATIVES	116,110	90,951	39,656	27,364	40,819	

SOURCE: DELTA DEVELOPMENT GROUP INC. ANALYSIS AND PROJECTIONS

CONCLUSION

As part of this review, the financial management of the City was evaluated against the solvency standards that were set out in the Introduction of Section 3 of this Sixth Amended Plan. These standards are generally accepted by the International City Managers Association (ICMA), the Government Finance Officers Association (GFOA), and the PA Department of Community and Economic Development as the standard by which financial health can be judged. Comments related to each level of fiscal solvency are provided below.

Cash Solvency: A government's ability to generate cash flow over a 60-day period to pay its bills

Comment: The City has the ability to generate adequate cash flow over a 60-day period. The City has typically had cash reserves from prior years or the proceeds from a Tax Anticipation Note in the early part of the fiscal year that provides adequate cash flow for the payment of its current liabilities and obligations.

Budgetary Solvency: A government's ability to generate revenues over its normal fiscal year to meet its expenditures and avoid deficits.

COMMENT: Although the City, in most years, has the ability to generate sufficient revenues over its normal fiscal year, it has occasionally resorted to onetime, non-recurring revenue strategies to address gaps between operational revenues and expenses. These have included the sale of assets, proceeds from borrowings, and the grant proceeds. The City typically adopts a balanced budget but in some instances the revenue is overestimated and the expenses are underestimated. Although the budget process has improved over the past 3 years, in order to avoid deficits, the City should budget revenues and expenditures as accurately as possible.

Long-Run Solvency: A government's ability, in the long-term, to pay all costs of doing business, as well as meeting all costs such as pension costs and accumulated accrued employee leave benefits, as they occur

COMMENT: The City has significant challenges in its long-term ability to pay all of the costs of doing business as well as meeting its long term accrued liabilities and obligations and capital asset replacement. Because the City is burdened with legacy costs such as pension and post-retirement healthcare benefits that affect its current year operating budget, many of the expenses directly impact the City's ability to avoid normal fiscal year deficits.

Service-Level Solvency: A government's ability to provide services at a certain level and quality that are required for the health, safety, and welfare of the community

COMMENT: The City has maintained staffing in all departments over the past three years and has been able to generate sufficient revenue to support this level of operation. The employees have agreed (with the exception of the firefighters) to hold wage increases to a reasonable 2% per year increase through 2014. For this reason, the City is currently still able to provide services at an adequate level for the health, safety, and welfare of the community. As long as the revenue continues to increase close to the 2% per year level, the City should be able to continue an acceptable level of service for its residents.

The City has taken positive steps to increase its revenue collection, reduce staff where possible, to limit its costs for healthcare, and to adjust the benefit structure for pension liability in the future. With the implementation of the Plan Initiatives shown, the City should be positioned for an exit from the Act 47 Program no later than Summer of 2016.

APPENDIX A – DETAILED FINANCIAL HISTORY AND PROJECTIONS 2009 – 2018

		ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	BUDGET 2013	ACTUAL 2013	BUDGET 2014	ESTIMATED 2014	ESTIMATED 2015	ESTIMATED 2016	ESTIMATED 2017	ESTIMATED 2018
	SOURCES												
	REAL PROPERTY TAXES	34.75	34.75	34.75	34.75	43.50	43.50	43.50					
301-100	Real Estate Taxes - Current	1,721,592	1,822,885	1,876,556	1,901,587	1,941,465	1,864,547	1,937,031	1,829,796	1,820,647	1,811,543	1,802,486	1,793,473
301-200	Real Estate Taxes - Prior Yr.	168,427	158,029	171,468	139,796	175,000	172,725	195,000	150,000	150,000	150,000	150,000	150,000
301-300	Real Estate Taxes - Delinquent	215,743	200,700	248,378	150,272	143,000	55,567	75,317	50,000	40,000	30,000	20,000	10,000
	TOTAL Real Estate	**2,105,762**	**2,181,614**	**2,296,402**	**2,191,655**	**2,259,465**	**2,092,839**	**2,207,348**	**2,029,796**	**2,010,647**	**1,991,543**	**1,972,486**	**1,953,473**
	ACT 511 TAXES												
310-100	Real Estate Transfer Tax	34,945	30,874	45,673	35,380	53,961	86,252	68,300	52,000	53,300	54,633	55,998	57,398
310-110	Earned Income Tax	494,928	513,542	447,024	610,556	600,000	722,604	610,556	748,000	770,440	793,553	817,360	841,881
310-201	Earned Income Tax - Pension	682,203	441,692	652,023	727,307	650,000	1,104,702	727,307	950,000	978,500	1,007,855	1,038,091	1,069,233
310-300	Mercantile Taxes	45,909	64,361	73,946	54,806	55,774	73,350	57,176	73,350	75,184	77,063	78,990	80,965
310-400	LST Tax (EMST)	3,731	13,927	4,143	9,744	52,000	48,021	52,000	48,000	48,000	48,000	48,000	48,000
310-700	Mechanical Devices	16,725	11,665	9,030	5,690	14,510	13,100	14,510	13,000	13,000	13,000	13,000	13,000
	TOTAL ACT 511 TAXES	**1,278,441**	**1,076,061**	**1,231,839**	**1,443,483**	**1,426,245**	**2,048,029**	**1,529,849**	**1,884,350**	**1,938,424**	**1,994,104**	**2,051,439**	**2,110,477**
	LICENSES & PERMITS												
321-610	Soliciting Permits	900	825	600	500	672	775	738	750	750	750	750	750
321-000	Cable TV	90,384	93,097	97,518	99,551	100,000	102,444	102,444	105,000	107,625	110,316	113,074	115,900
322-820	Road Opening Permits	825	3,625	4,000	2,455	2,353	1,200	2,285	2,000	2,000	2,000	2,000	2,000
	TOTAL LICENSES & PERMITS	**92,109**	**97,547**	**102,118**	**102,506**	**103,025**	**104,419**	**105,467**	**107,750**	**110,375**	**113,066**	**115,824**	**118,650**
	FINES & FORFEITS												
331-110	Fines-State Motor Vehicle Code	33,281	26,094	32,214	24,573	17,485	23,915	19,539	24,000	24,600	25,215	25,845	26,492
331-120	Ordinances (Local)	75,993	67,575	55,012	26,434	59,213	30,602	57,337	30,000	30,750	31,519	32,307	33,114
	TOTAL FINES & FORFEITS	**109,274**	**93,669**	**87,226**	**51,007**	**76,698**	**54,517**	**76,876**	**54,000**	**55,350**	**56,734**	**58,152**	**59,606**
	INTEREST & RENTS												
341-000	Interest	1,974	846	806	9	-	-	-	500	500	500	500	500
342-200	Rental Income	1,800	1,800	1,800	-	-	-	-	-	-	-	-	-
	TOTAL INTEREST & RENTS	**3,774**	**2,646**	**2,606**	**9**	**-**	**-**	**-**	**500**	**500**	**500**	**500**	**500**
	INTERGOVERNMENTAL-STATE												
355-010	Public Utility Realty Tax (PURTA)	-	9,796	4,308	4,486	4,894	4,643	4,600	4,600	4,600	4,600	4,600	4,600
355-080	Liquor Licenses	9,450	7,400	7,950	5,250	8,055	4,950	7,132	5,000	5,000	5,000	5,000	5,000
355-120	Pension State Aid	193,937	194,091	358,172	243,970	250,000	256,367	256,368	262,000	268,550	275,264	282,145	289,199
355-130	Fire Relief Insurance	-	-	-	-	-	-	-	-	-	-	-	-
355-300	Other State Grants	90,250	127,864	7,244	745,858	80,000	2,293	-	-	-	-	-	-
355-301	Franklin Ave Project Funds	92,637	-	-	-	-	-	-					
355-302	Gateway Development Plan	43,000	18,750	-	23,231	-	-	-	-	-	-	-	-
	TOTAL INTERGOVERNMTL-STATE	**429,274**	**357,901**	**377,674**	**1,022,795**	**342,949**	**268,253**	**268,100**	**271,600**	**278,150**	**284,864**	**291,745**	**298,799**

		ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	BUDGET 2013	ACTUAL 2013	BUDGET 2014	ESTIMATED 2014	ESTIMATED 2015	ESTIMATED 2016	ESTIMATED 2017	ESTIMATED 2018
	INTERGOVERNMENTAL-OPER												
357-040	Act 101 Recycling Grant	13,921	3,597	2,280	2,731	3,000	3,679	3,500	3,500	3,500	3,500	3,500	3,500
	TOTAL INTERGOVERNMTL-OPER	**13,921**	**3,597**	**2,280**	**2,731**	**3,000**	**3,679**	**3,500**	**3,500**	**3,500**	**3,500**	**3,500**	**3,500**
	DEPARTMENT FEES												
359-010	Housing Authority (PILOT)	9,084	13,678	-	26,455	10,000	11,760	10,000	10,000	10,000	10,000	10,000	10,000
360-400	No-Lien Letters	3,840	4,210	4,650	4,235	4,348	4,223	4,250	4,250	4,250	4,250	4,250	4,250
361-300	Zoning Permits	14,504	6,441	2,251	8,572	7,315	844	6,514	6,500	6,500	6,500	6,500	6,500
361-301	Rental Registration Fees	19,420	18,749	22,593	17,715	22,500	9,055	17,443	17,000	17,000	17,000	17,000	17,000
361-630	School District-Treasurers Office	29,810	35,229	53,767	51,861	55,000	50,557	50,557	50,000	51,250	52,531	53,845	55,191
362-101	School Crossing Guards	25,806	31,398	32,862	38,223	40,000	32,705	34,988	33,000	33,825	34,671	35,537	36,426
362-102	Sporting Events (Police)	4,500	5,290	6,950	2,379	4,864	580	4,152	4,000	4,000	4,000	4,000	4,000
362-103	Housing Authority (Patrols)	18,360	34,728	25,990	23,127	25,025	-	-	-	-	-	-	-
362-110	Sale of Copies	8,913	8,669	8,737	11,686	11,167	14,017	11,511	11,500	11,500	11,500	11,500	11,500
362-410	Building/Demolition Permits	24,110	18,785	42,590	20,806	49,433	26,944	31,358	25,000	25,000	25,000	25,000	25,000
362-500	Fire Department Services	-	-	-	-	-	227	-	-	-	-	-	-
363-510	PENNDOT Snow Removal	5,337	-	-	-	5,000	-	-	-	-	-	-	-
	TOTAL DEPARTMENT FEES	**163,684**	**177,177**	**200,390**	**205,059**	**234,652**	**150,912**	**170,773**	**161,250**	**163,325**	**165,452**	**167,632**	**169,866**
	SANITATION												
364-300	Garbage/Recycling Fees	617,494	641,437	624,178	615,410	603,866	608,315	613,719	615,000	615,000	615,000	615,000	615,000
364-310	Sale of Recyclables	445	391	-	-	-	-	-	-	-	-	-	-
364-320	Prior Years Refuse Fees		5,891	-	-		-	-	-	-	-	-	-
	TOTAL SANITATION	**617,939**	**647,719**	**624,178**	**615,410**	**603,866**	**608,315**	**613,719**	**615,000**	**615,000**	**615,000**	**615,000**	**615,000**
	MISCELLANEOUS REVENUES												
380-200	Miscellaneous Revenues	36,024	18,268	48,350	11,184	48,675	60,680	58,321	40,000	40,000	40,000	40,000	40,000
380-210	Insurance Proceeds	100	2,698	-	67,261	1,000	10,854	14,508	10,000	10,000	10,000	10,000	10,000
380-220	Hospitalization Reimbursement	39,940	72,546	53,888	55,106	55,964	56,329	56,894	57,000	58,425	59,886	61,383	62,917
387-000	Contributions and Donations	-	-	50	1,700	-	130	-	-	-	-	-	-
391-100	Sale of Fixed Assets	21,685	375	70,550	-	-	315	-	-	-	-	-	-
	TOTAL MISCELLANEOUS REV	**97,749**	**93,887**	**172,838**	**135,251**	**105,639**	**128,308**	**129,723**	**107,000**	**108,425**	**109,886**	**111,383**	**112,917**
	INTERFUND TRANSFERS												
392-004	Transfer from Recreation Fund	-	-	-	-	-	-	-	-	-	-	-	-
392-009	Transfer from Community Solution	-	-	-	-	-	-	-					
392-018	Transfer from Capital Improvements	-	-	-	-	-	-	-					
392-020	Transfer from Police Special	-	-	31,000	-	-	-	-					
392-021	Transfer from Quality of Life	11,482	44,600	100,443	-	-	-	-					
392-035	Transfer from Liquid Fuels Fund	247,634	233,766	250,156	239,230	250,000	212,271	212,000	220,000	227,700	235,670	243,918	252,455
	TOTAL INTERFUND TRANSFERS	**259,116**	**278,366**	**381,599**	**239,230**	**250,000**	**212,271**	**212,000**	**220,000**	**227,700**	**235,670**	**243,918**	**252,455**
	REFUND PRIOR YEARS												
394-015	Refund Prior Years	44,030	35,235	-	-	-	2,120	-	-	-	-	-	-
	TOTAL REFUNDS PRIOR YEARS	**44,030**	**35,235**	**-**	**-**	**-**	**2,120**	**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL	**5,215,073**	**5,045,419**	**5,479,150**	**6,009,136**	**5,405,539**	**5,673,662**	**5,317,355**	**5,454,746**	**5,511,395**	**5,570,318**	**5,631,578**	**5,695,244**

		ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
		2009	2010	2011	2012	2013	2013	2014	2014	2015	2016	2017	2018
	USES												
	GENERAL GOVERNMENT												
400-110	Salary - Mayor	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
400-110	Salary - Council	7,650	7,200	7,050	7,350	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
400-120	Salary - Controller	1,350	1,800	1,800	1,800	1,500	1,650	1,800	1,800	1,800	1,800	1,800	1,800
400-130	Salary - Treasurer	731	1,000	-	-	1,500	-	-	-	-	-	-	-
400-140	Salary - Clerical	57,383	61,491	71,455	64,412	62,940	69,935	73,570	73,570	75,041	76,542	78,073	79,635
400-141	Local Government Academy	-	10	-	-	-	-	-	-	-	-	-	-
400-145	Longevity	1,250	1,300	113	-	252	252	252	255	255	255	255	255
400-150	Salary - Finance Officer	42,808	40,500	35,985	32,624	38,000	34,645	39,535	39,535	40,326	41,132	41,955	42,794
400-160	Salary - Administrator	54,700	54,700	82,050	54,913	54,700	54,700	56,909	56,909	58,047	59,208	60,392	61,600
400-170	Retainer - Solicitor	13,750	15,000	18,100	15,000	15,000	15,250	15,000	15,000	15,000	15,000	15,000	15,000
400-183	Administration OT	-	3,531	2,720	-	750	-	-	-	-	-	-	-
400-186	Vacation Buy Back	470	-	7,715	3,076	2,700	7,988	4,300	5,000	5,000	5,000	5,000	5,000
400-210	Office Supplies	6,392	4,922	9,559	9,639	6,681	8,626	8,000	8,000	8,200	8,405	8,615	8,831
400-310	Auditing Services	8,300	11,100	7,980	5,250	8,500	10,438	8,000	8,500	8,713	8,930	9,154	9,382
400-313	Engineering Services	59,277	31,486	48,450	11,717	15,000	11,270	15,000	15,000	15,375	15,759	16,153	16,557
400-314	Other Legal Services	34,382	39,943	83,563	57,690	40,000	63,719	56,269	55,000	56,375	57,784	59,229	60,710
400-315	Litigation Fees	-	-	-	-	-	-	-	-	-	-	-	-
400-320	Postage	9,193	3,429	10,351	5,987	8,510	5,268	7,932	8,000	8,200	8,405	8,615	8,831
400-340	Advertising & Printing	10,257	9,465	10,339	9,095	9,500	6,792	8,974	9,000	9,225	9,456	9,692	9,934
400-353	Surety Bonds	962	963	962	1,312	1,100	962	963	1,000	1,025	1,051	1,077	1,104
400-374	Office Equipt Maint	225	-	-	187	-	45	-	-	-	-	-	-
400-384	Rental of Equipt	-	1,126	2,499	2,239	3,000	1,981	2,085	23,000	23,575	24,164	24,768	25,388
400-421	Association Dues & Subscriptions	285	400	400	1,139	1,500	541	541	550	564	578	592	607
400-460	Conference & Seminars	135	100	100	903	1,000	1,508	1,500	1,500	1,538	1,576	1,615	1,656
400-500	Centennial Celebration	33	-	-	-	-	-	-	-	-	-	-	-
400-910	Miscellaneous Expenses	11,840	24,300	9,465	8,659	5,000	6,282	7,000	7,000	7,175	7,354	7,538	7,727
	TOTAL LEGISLATIVE	**323,773**	**316,166**	**413,056**	**295,392**	**286,733**	**311,452**	**317,230**	**338,219**	**345,033**	**352,000**	**359,125**	**366,409**
	TAX COLLECTION												
403-100	Salary - Treasurer	26,108	34,504	39,000	35,408	37,584	37,904	36,838	36,838	37,575	38,326	39,093	39,875
403-110	Salary - Deputy Tax Collector	28,104	28,704	36,733	35,903	35,254	37,489	37,353	37,353	38,100	38,862	39,639	40,432
403-183	Tax Collector OT	85	-	-	-	-	-	-	-	-	-	-	-
403-210	Office Supplies	1,542	2,975	4,126	4,875	3,000	5,443	3,912	4,000	4,100	4,203	4,308	4,415
403-320	Postage	1,707	2,276	2,607	6,997	3,000	3,577	3,313	3,500	3,588	3,677	3,769	3,863
403-330	Contracted Services	565	205	65	425	2,000	-	-	-	-	-	-	-
403-353	Surety Bond	5,091	2,345	350	350	2,500	350	700	700	700	700	700	700
403-374	Office Equipt Maint	-	65	240	110	500	344	500	500	500	500	500	500
403-450	Garbage Fee Collection	2,000	2,000	75	150	-	-	-	-	-	-	-	-
403-471	EIT Commission	2,860	2,383	-	-	-	-	-	-	-	-	-	-
403-472	Mercantile Tax Comm.	360	176	-	-	-	-	-	-	-	-	-	-
403-473	EMST Tax Comm.	100	17	-	-	-	-	-	-	-	-	-	-
403-474	Portnoff Commission	22,013	20,693	22,607	250	-	-	-	-	-	-	-	-
	TOTAL TAX COLLECTION	**90,535**	**96,343**	**105,803**	**84,468**	**83,838**	**85,107**	**82,616**	**82,891**	**84,562**	**86,268**	**88,009**	**89,785**

		ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
		2009	2010	2011	2012	2013	2013	2014	2014	2015	2016	2017	2018
	PERSONNEL ADMINISTRATION												
406-161	Pension Funds Contribution	967,937	755,866	1,010,195	967,307	850,000	1,353,002	8,444	8,500	8,713	8,930	9,154	9,382
406-166	Retirement Contribution	4,454	4,577	7,280	-	-	-	-	-	-	-	-	-
406-256	Hospitalization Insurance	389,363	470,042	520,591	681,525	600,000	615,991	81,021	81,000	89,100	98,010	107,811	118,592
406-258	Group Life Insurance	19,144	19,733	17,745	21,602	20,000	18,439	2,340	2,350	2,409	2,469	2,531	2,594
406-261	FICA & Medicare (Employers Match)	57,624	56,796	63,592	63,977	60,273	69,378	63,977	70,000	71,750	73,544	75,382	77,267
406-265	IRS Adjustment	-	-	-	-	-	-		-	-	-	-	-
	TOTAL PERSONNEL ADMIN	**1,438,522**	**1,307,014**	**1,619,403**	**1,734,411**	**1,530,273**	**2,056,810**	**155,782**	**161,850**	**171,971**	**182,953**	**194,878**	**207,835**
	DATA PROCESSING/IT												
407-700	Capital Purchases	12,232	11,342	6,629	6,629	30,000	46,465	15,770	15,770	16,164	16,568	16,983	17,407
407-800	Maint Fee - Hardware	10,778	10,840	12,900	13,794	10,000	47,223	26,619	27,000	27,675	28,367	29,076	29,803
	TOTAL DATA PROCESSING/IT	**23,010**	**22,182**	**19,529**	**20,423**	**40,000**	**93,688**	**42,389**	**42,770**	**43,839**	**44,935**	**46,059**	**47,210**
	GENL GOVT BUILDINGS												
409-100	Janitorial Services	9,755	9,590	10,734	9,207	-	-	-	-	-	-	-	-
409-200	Custodial Supplies	721	1,216	1,729	2,661	3,900	1,146	1,540	1,540	1,579	1,618	1,658	1,700
409-260	Supplies & Minor Equipt.	1,107	1,148	-	12,850	-	5,750	-	5,000	5,125	5,253	5,384	5,519
409-321	Telephones	16,399	9,557	13,455	13,564	10,800	12,198	11,747	12,000	12,300	12,608	12,923	13,246
409-361	Electricity	14,117	9,852	10,733	13,005	21,500	19,286	21,500	21,500	22,038	22,588	23,153	23,732
409-362	Gas	7,699	5,808	6,775	3,189	12,000	12,028	12,000	12,000	12,300	12,608	12,923	13,246
409-364	Water-Sewage	1,002	1,076	1,255	2,717	1,960	2,776	3,000	3,000	3,075	3,152	3,231	3,311
409-370	Maint & Repair	4,300	4,832	4,101	705	4,000	4,301	5,235	5,235	5,366	5,500	5,638	5,778
409-450	Contracted Janitorial Services	2,330	2,684	2,450	2,625	8,640	11,005	10,680	11,000	11,275	11,557	11,846	12,142
	TOTAL GOVT BUILDINGS	**57,430**	**45,763**	**51,232**	**60,523**	**62,800**	**68,490**	**65,702**	**71,275**	**73,057**	**74,883**	**76,755**	**78,674**

		ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	BUDGET 2013	ACTUAL 2013	BUDGET 2014	ESTIMATED 2014	ESTIMATED 2015	ESTIMATED 2016	ESTIMATED 2017	ESTIMATED 2018
	POLICE												
410-121	Salary - Chief	50,113	48,136	44,321	43,112	46,091	46,639	44,854	44,854	46,424	48,049	49,730	51,471
410-122	Salary - Sergeants	185,844	185,879	174,726	167,058	216,000	171,864	173,807	173,807	179,890	186,186	192,703	199,448
410-123	Salary - Patrol Officers	271,135	240,415	217,308	253,021	315,254	266,187	263,243	263,243	272,457	281,992	291,862	302,077
410-124	Wages - Crossing Guards	49,767	52,551	57,967	54,214	58,541	51,471	58,428	58,428	59,597	60,788	62,004	63,244
410-125	Wages - PT Dispatchers	13,162	13,079	13,820	23,604	26,500	24,660	26,000	26,000	26,520	27,050	27,591	28,143
410-128	Animal Control Service	7,713	8,145	6,880	4,510	5,000	-	-	5,000	5,000	5,000	5,000	5,000
410-129	PT Patrol Officers	-	-	-	-	-	-	-	-	-			
410-130	Salary - Captain	-	-	18,203	42,815	43,000	50,313	44,545	44,545	45,436	46,345	47,272	48,217
410-131	Salary - Asst. Chief	37,180	38,782	39,117	36,780	43,002	37,246	38,266	38,266	39,031	39,812	40,608	41,420
410-133	Weed & Seed Expenses	130	-	-	312	-	-	-	-	-	-	-	-
410-134	OT Weed and Seed	-	-	-	-	-	-	-	-	-	-	-	-
410-135	OT Quality of Life	-	-	-	-	-	-	-	-	-	-	-	-
410-145	Longevity	5,911	5,930	7,719	8,335	6,823	8,959	7,500	7,500	8,000	8,000	8,500	8,500
410-182	Linmar Patrols	12,591	22,428	17,460	16,049	20,000	-	-	-	-	-	-	-
410-183	Overtime Pay	102,340	80,518	86,538	72,512	83,441	83,119	70,441	85,000	86,700	88,434	90,203	92,007
410-184	Holiday	29,507	29,353	37,033	31,533	30,550	37,789	38,808	39,000	39,780	40,576	41,387	42,215
410-185	Court Time	34,449	40,111	41,073	45,904	51,240	44,948	47,758	48,000	48,960	49,939	50,938	51,957
410-186	Vacation Work	5,757	7,766	52,299	44,649	43,100	48,585	61,273	62,000	63,240	64,505	65,795	67,111
410-191	Uniform Allowance	10,075	9,906	10,227	9,945	11,000	10,192	10,755	11,000	11,330	11,670	12,020	12,381
410-210	Office Supplies	8,193	7,750	6,138	6,324	8,644	12,514	15,000	12,000	12,240	12,485	12,734	12,989
410-215	Hospitalization Reimbursement	22,759	27,315	25,232	29,820	36,000	36,130	30,755	31,000	31,620	32,252	32,897	33,555
410-231	Fuel	30,528	45,022	50,939	60,023	50,000	46,152	46,751	46,750	47,919	49,117	50,345	51,603
410-242	Public Safety Supplies	12,405	27,078	19,227	16,653	20,000	10,513	15,000	15,000	15,375	15,759	16,153	16,557
410-243	K-9 Supplies	-	-	470	200	200	-	-	-	-	-	-	-
410-250	Vehicle Maint & Repair	13,505	13,613	23,605	13,477	17,719	24,520	18,813	19,000	19,475	19,962	20,461	20,972
410-256	Hospitalization							223,329	223,329	245,662	270,228	297,251	326,976
410-258	Life Insurance							6,630	6,650	6,816	6,987	7,161	7,340
410-151	Workers Compensation							103,342	104,000	106,600	109,265	111,997	114,797
410-161	Pension							512,672	513,000	525,825	538,971	552,445	566,256
410-327	Radio Repairs	270	-	58	1,636	-	-	-	-	-	-	-	-
410-340	Contracted Services	5,985	601	3,996	3,767	2,603	2,465	3,013	3,000	3,075	3,152	3,231	3,311
410-361	Electric-Radio Tower	445	420	665	966	-	-	-	-	-	-	-	-
410-374	Maint & Repair	989	1,086	668	360	-	2,163	604	750	769	788	808	828
410-384	Training & Seminars	540	1,505	1,405	1,809	2,000	3,214	2,500	2,500	2,563	2,627	2,692	2,760
	TOTAL POLICE	**911,293**	**907,389**	**957,094**	**989,388**	**1,136,708**	**1,019,643**	**1,864,087**	**1,883,622**	**1,950,303**	**2,019,939**	**2,093,789**	**2,171,136**

		ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	BUDGET 2013	ACTUAL 2013	BUDGET 2014	ESTIMATED 2014	ESTIMATED 2015	ESTIMATED 2016	ESTIMATED 2017	ESTIMATED 2018
	FIRE												
411-121	Salary - Chief	50,719	51,605	51,903	52,083	51,410	55,783	54,188	54,188	55,272	56,377	57,505	58,655
411-122	Salary - Captains	162,695	164,671	171,428	202,514	195,541	208,809	210,695	210,695	214,909	219,207	223,591	228,063
411-123	Salary - Firefighters	131,519	135,338	161,449	141,257	149,585	135,045	146,963	147,000	149,940	152,939	155,998	159,118
411-124	Wages - Volunteers	-	-	-	-	-	-	-	-	-	-	-	-
411-125	Wages - Part-time	11,267	5,795	5,344	1,796	3,000	979	5,423	5,400	5,508	5,618	5,731	5,845
411-145	Longevity	4,308	4,695	5,037	6,438	4,190	6,206	6,211	6,200	6,324	6,450	6,579	6,711
411-183	Overtime Pay	45,526	40,988	44,633	48,146	50,835	47,664	50,092	50,000	51,000	52,020	53,060	54,122
411-184	Holiday	20,799	25,259	24,809	21,745	25,000	24,343	24,077	24,000	24,480	24,970	25,469	25,978
411-185	Guaranteed Days	-	-	-	-	-	-	-	-	-	-	-	-
411-186	Vacation Work	2,015	2,015	3,350	4,917	5,640	1,404	2,520	3,000	3,060	3,121	3,184	3,247
411-191	Uniform Allowance	5,681	5,708	4,902	4,576	5,250	4,092	4,500	4,500	4,613	4,728	4,846	4,967
411-200	General Supplies	3,599	5,289	5,785	2,276	1,500	2,123	1,750	1,750	1,794	1,839	1,885	1,932
411-215	Hospitalization Reimbursement	5,864	7,740	8,099	8,512	9,000	9,621	8,884	9,000	9,225	9,456	9,692	9,934
411-231	Fuel	1,407	2,786	2,554	4,487	4,000	3,333	3,000	3,000	3,075	3,152	3,231	3,311
411-250	Vehicle Maint & Repair	7,247	8,826	11,711	11,381	15,000	12,547	15,000	13,000	13,325	13,658	14,000	14,350
411-255	Materials and Supplies	-	-	-	-	-	119	-	-	-	-	-	-
411-256	Hospitalization							137,447	137,447	151,192	166,311	182,942	201,236
411-258	Life Insurance							5,103	5,100	5,228	5,358	5,492	5,629
411-151	Workers Compensation							58,364	28,500	29,213	29,943	30,691	31,459
411-161	Pension							328,884	329,000	337,225	345,656	354,297	363,154
411-260	Minor Equipment	15,558	4,716	87,343	32,632	3,000	3,901	5,500	5,500	5,638	5,778	5,923	6,071
411-340	Contracted Services	2,989	392	1,536	1,608	2,500	810	2,500	2,500	2,563	2,627	2,692	2,760
411-361	Electricity	10,231	9,799	7,556	7,505	-	-	-	-	-	-	-	-
411-362	Gas	16,479	9,091	6,848	7,980	-	-	-	-	-	-	-	-
411-364	Water-Sewage	705	1,275	842	75	-	-	-	-	-	-	-	-
411-373	Maint of Building	1,098	278	13,971	5,067	-	-	5,700	5,700	5,843	5,989	6,138	6,292
411-374	Maint & Repair Services	2,227	33,442	5,447	-	3,500	1,919	3,500	3,500	3,588	3,677	3,769	3,863
411-384	Training & Seminars	1,510	2,822	1,495	1,329	2,000	664	1,678	1,700	1,743	1,786	1,831	1,876
411-910	Miscellaneous Expenditures	174	510	641	894	-	45	-	-	-	-	-	-
	TOTAL FIRE	**503,617**	**523,040**	**626,683**	**567,218**	**530,951**	**519,407**	**1,081,979**	**1,050,680**	**1,084,753**	**1,120,659**	**1,158,545**	**1,198,574**
	PLANNING AND ZONING												
414-120	Salary - Code Enforcement	12,016	-	-	7,432	20,000	23,178	22,500	22,500	22,950	23,409	23,877	24,355
414-183	Code Enforcement OT	63	-	-	-	-	-	-	-	-	-	-	-
414-186	Vacation Buy-Back	-	-	-	-	-	-	-	-	-	-	-	-
414-200	General Supplies	431	541	978	1,686	3,000	457	776	1,000	1,025	1,051	1,077	1,104
414-314	Legal Services - ZHB	-	1,278	1,012	1,648	1,500	1,234	1,080	1,200	1,230	1,261	1,292	1,325
414-340	Retainer	-	1,200	600	500	5,000	3,619	1,819	1,800	1,845	1,891	1,938	1,987
414-384	Training & Seminars	-	-	-	-	-	188	200	200	205	210	215	221
414-460	Contracted Services - ZHB	15,867	-	-	-	-	90	100	100	103	105	108	110
414-470	PCI Fees			47,156	15,711	8,000	12,345	15,000	15,000	15,375	15,759	16,153	16,557
414-471	Codification	-	-	-	-	-	-	-	-	-	-	-	-
414-480	MDIA Fees	29,862	32,216	-	-	-	-	-	-	-	-	-	-
	TOTAL PLANNING AND ZONING	**58,239**	**35,235**	**49,746**	**26,977**	**37,500**	**41,111**	**41,475**	**41,800**	**42,845**	**43,686**	**44,661**	**45,658**

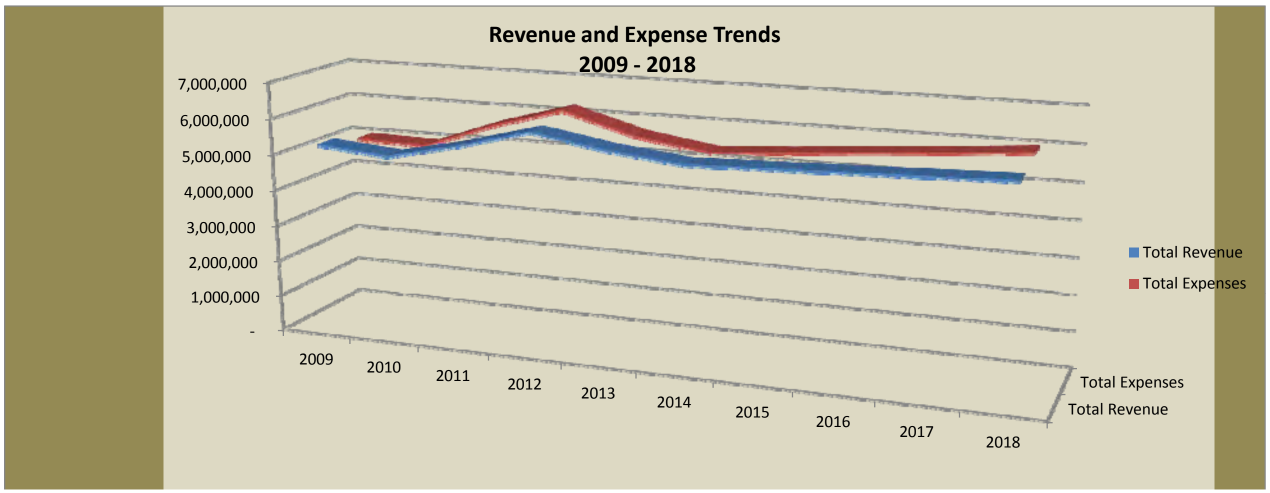
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
		2009	2010	2011	2012	2013	2013	2014	2014	2015	2016	2017	2018
	SANITATION												
426-100	Garbage Collection & Disposal	559,901	581,329	468,130	459,279	480,000	460,794	480,000	480,000	492,000	504,300	516,908	529,830
426-125	Wages - PT Employees	-	-	-	-	-	-	-	-	-	-	-	-
426-300	Recycling Program	704	-	-	-	6,000	-	-	-	-	-	-	-
	TOTAL SANITATION	**560,605**	**581,329**	**468,130**	**459,279**	**486,000**	**460,794**	**480,000**	**480,000**	**492,000**	**504,300**	**516,908**	**529,830**
	HIGHWAYS												
430-121	Salary - Street Superintendent	41,864	39,966	43,693	39,980	47,500	41,408	41,595	41,595	42,427	43,275	44,141	45,024
430-125	Wages - PT Employees	-	-	-	-	-	-	-	-	-	-	-	-
430-126	Salary - FT Employees	156,742	158,625	169,515	167,806	160,000	181,975	196,831	196,835	200,772	204,787	208,883	213,061
430-145	Longevity	2,367	2,583	3,066	2,834	2,600	3,016	2,834	2,850	2,907	2,965	3,024	3,085
430-183	Overtime Pay	17,338	20,518	15,524	14,453	14,560	15,524	15,037	15,000	15,300	15,606	15,918	16,236
430-184	Vacation Work Pay	-	-	-	-	10,104	-	14,500	14,500	14,790	15,086	15,388	15,695
430-186	Vacation Buy Back	-	763	-	-	-	-	-	-	-	-	-	-
430-200	Road Maint Materials	14,264	15,661	31,223	14,315	25,000	15,915	19,121	19,000	19,475	19,962	20,461	20,972
430-215	Payroll Escrow Account	228	2,404	2,724	-	-	-	-	-	-	-	-	-
430-231	Fuel	19,821	26,425	30,000	31,926	26,866	31,932	27,583	32,000	32,800	33,620	34,461	35,322
430-250	Vehicle Maint & Repair	9,058	16,279	16,226	20,163	25,000	20,664	19,227	20,500	21,013	21,538	22,076	22,628
430-255	Materials & Supplies	20,738	23,316	23,782	20,830	24,716	20,390	23,404	20,500	21,013	21,538	22,076	22,628
430-256	Hospitalization							104,231	104,231	114,654	126,120	138,731	152,605
430-258	Life Insurance							3,120	3,120	3,198	3,278	3,360	3,444
430-151	Workers Compensation							32,679	33,000	33,825	34,671	35,537	36,426
430-161	Pensions							125,000	125,000	128,125	131,328	134,611	137,977
430-260	Tools & Small Equipt	-	7,701	5,123	1,179	5,000	3,773	5,000	5,000	5,125	5,253	5,384	5,519
430-374	Maint Services	3,101	1,535	617	135	-	281	-	-	-	-	-	-
430-383	Road Resurfacing	-	-	120,910	-	-	-	-	-	-	-	-	-
430-384	Contracted Services	6,170	19,873	7,279	47,084	10,000	955	16,145	16,000	16,400	16,810	17,230	17,661
430-385	Sewer Vactor Lease/Rental	2,975	3,877	4,070	-	6,000	-	4,000	4,000	4,100	4,203	4,308	4,415
430-390	Storm Sewers Maint	-	-	19,845	5,800	5,000	2,628	9,908	10,000	10,250	10,506	10,769	11,038
430-910	Miscellaneous Expenditures	1,861	1,438	3,538	926	2,500	1,305	7,683	7,700	7,893	8,090	8,292	8,499
	TOTAL HIGHWAYS	**296,527**	**340,964**	**497,135**	**367,431**	**364,846**	**339,766**	**667,898**	**670,831**	**694,065**	**718,635**	**744,651**	**772,236**
	SNOW AND ICE REMOVAL												
432-200	Road Salt	**22,074**	**30,845**	**36,246**	**12,330**	**20,000**	**47,441**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**
	TRAFFIC SIGNALS/SIGNS												
433-200	Signs, Markings, etc.	**2,636**	**3,891**	**12,040**	**43**	**3,000**	**2,947**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
	STREET LIGHTING												
434-360	Street Lighting - Electricity	278,258	255,919	261,598	265,772	270,000	258,441	270,000	265,000	271,625	278,416	285,376	292,510
434-361	Traffic signals - Electricity	6,592	5,863	6,025	6,163	6,500	7,310	6,500	7,500	7,688	7,880	8,077	8,279
434-450	Traffic Signal Maint & Repair	2,804	(8,626)	4,058	3,627	4,000	4,345	4,000	4,500	4,613	4,728	4,846	4,967
	TOTAL STREET LIGHTING	**287,654**	**253,156**	**271,681**	**275,562**	**280,500**	**270,096**	**280,500**	**277,000**	**283,925**	**291,023**	**298,299**	**305,756**

		ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	BUDGET 2013	ACTUAL 2013	BUDGET 2014	ESTIMATED 2014	ESTIMATED 2015	ESTIMATED 2016	ESTIMATED 2017	ESTIMATED 2018
	SWIMMING POOL												
452-100	Wages - Employees	4,424	-	-	-	-	-	-	-	-	-	-	-
452-200	General Supplies	-	-	-	-	-	-	-					
452-210	Chemicals & Testing	-	-	-	-	-	-	-					
452-300	Maint & Repair Services	-	-	-	-	-	-	-					
452-361	Electricity	-	-	-	-	-	-	-					
	TOTAL SWIMMING POOL	**4,424**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	PARKS												
454-100	Wages - Recreation Employees	14,000	-	-	-	-	-	-					
454-120	Wages - After School	14,000	-	-	-	-	-	-					
454-130	Program Supplies	-	-	-	-	-	-	-					
454-200	General Supplies	781	13,270	18,850	819	-	1,159	-					
454-210	Summer Recreation Supplies		-	-		-		-					
454-450	Maint & Repair Services	(14,863)	-	-	-	-	-	-					
	TOTAL PARKS	**13,918**	**13,270**	**18,850**	**819**	**-**	**1,159**	**-**	**-**	**-**	**-**	**-**	**-**
	LIBRARY												
456-530	Contribution to Library	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**
	CONTRIBUTIONS												
457-540	Civil and Military	5,200	11,675	13,200	575	3,000	500	1,000	1,000	1,000	1,000	1,000	1,000
459-500	Fire Escrow	-	-	-	-	-	-	-	-	-	-	-	-
459-530	VET's Office	3,000	3,000	3,000	3,000		3,000	3,000	3,000	3,000	3,000	3,000	3,000
	TOTAL STREET LIGHTING	**8,200**	**14,675**	**16,200**	**3,575**	**3,000**	**3,500**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**
	DEBT SERVICE												
471-605	TAN Interest Payment	10,323	7,809	3,884	3,718	3,000	1,706	-	-	-	-	-	-
474-000	USDA Loan	2,940	2,940	2,940	2,940	2,940	2,695	-	-	-	-	-	-
474-100	2010 Equipment Loan	-	2,505	-	-	-	-	-	-	-	-	-	-
474-101	Capital Improvement Loan	-	-	-	-	-	-	-	-	-	-	-	-
474-102	Infrastructure Loan	-	30,924	44,585	42,051	42,000	41,214	40,956	40,956	10,000	-	-	-
474-103	Road Paving Project Loan	57,936	57,936	62,765	57,937	58,000	57,936	57,936	57,936	57,936	57,936	19,312	-
475-000	Fiscal Agent	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL DEBT SERVICE	**71,199**	**102,114**	**114,174**	**106,646**	**105,940**	**103,551**	**98,892**	**98,892**	**67,936**	**57,936**	**19,312**	**-**

		ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
		2009	2010	2011	2012	2013	2013	2014	2014	2015	2016	2017	2018
	MISCELLANEOUS EXPENDITURES												
480-100	Contribution to Vol. Fire Company	-	-	-	-	-	-	-					
482-500	Claims & Losses	-	5,000	-	565	1,000	-	1,000	1,000	1,000	1,000	1,000	1,000
	TOTAL MISC EXPENDITURES	-	5,000	-	565	1,000	-	1,000	1,000	1,000	1,000	1,000	1,000
	INSURANCE												
484-200	Workers Compensation Insurance	120,738	72,848	77,404	85,662	121,000	130,462	1,294	1,295	1,327	1,361	1,395	1,429
485-200	Unemployment Compensation	13,962	16,150	14,709	15,186	16,000	18,603	17,025	17,025	17,451	17,887	18,334	18,792
486-351	Fire & Casualty Insurance	-	-	-	-	-	-	47,043	47,043	48,219	49,425	50,660	51,927
486-352	General Liability	93,855	90,352	99,153	77,385	47,000	35,801	8,557	8,557	8,771	8,990	9,215	9,445
486-353	Police Professional Liability	-	-	-	-	8,750	5,726	25,886	25,886	26,533	27,196	27,876	28,573
486-354	Vehicle Insurace	-	-	-	-	22,500	14,917	-	-	-	-	-	-
486-357	Errors & Ommissions	-	-	-	-	5,500	-	-	-	-	-	-	-
	TOTAL INSURANCE	228,555	179,350	191,266	178,233	220,750	205,509	99,805	99,806	102,301	104,859	107,480	110,167
	OTHER FINANCING USES												
490-100	Prior Year A/P				-	150,000	-		-	-	-	-	-
491-000	Refund of Prior Year Revenue	-	6,340	12,615	36	200	499	1,000	1,000	1,000	1,000	1,000	1,000
	TOTAL OTHER FINANCING USES	-	6,340	12,615	36	150,200	499	1,000	1,000	1,000	1,000	1,000	1,000
	INTERFUND TRANSFERS												
492-200	Transfer to Special Police Fund	43,714	127,000	-	-	-	-						
492-004	Transfer to Recreation Fund	-	-	-	-	-	-						
492-012	Transfer to Franklin Ave Project	-	-	1,677	-	-	-						
492-018	Transfer to Capital Improvement F	11,397	6,729	92,719	1,013,080	51,500	-						
492-021	Transfer to Quality of Life Fund	-	-	51,146	-	-	-						
492-025	COPGS Block Grant	-	-	-	-	-	-						
492-050	Transfer to Pool Feasibility Grant	10,000	-	-	-	-	-	-	-	-	-	-	-
	TOTAL OTHER FINANCING USES	65,111	133,729	145,542	1,013,080	51,500	-	-	-	-	-	-	-
	TOTAL - ALL EXPENDITURES	4,977,322	4,927,795	5,636,425	6,206,399	5,405,539	5,640,970	5,317,355	5,338,636	5,475,591	5,641,076	5,787,470	5,962,271

		ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
		2009	2010	2011	2012	2013	2013	2014	2014	2015	2016	2017	2018

Year	Status	Revenue	Expenditures	Difference		
2009	Actual	5,215,073	4,977,322	**237,751**		
2010	Actual	5,045,419	4,927,795	**117,624**		
2011	Actual	5,479,150	5,636,425	**(157,275)**		
2012	Actual	6,009,136	6,206,399	**(197,263)**		
2013	Actual	5,673,662	5,640,970	**32,692**		
2014	Projected	5,454,746	5,338,636	**116,110**		
2015	Projected	5,511,395	5,475,591	**35,805**		
2016	Projected	5,570,318	5,641,076	**(70,759)**		
2017	Projected	5,631,578	5,787,470	**(155,892)**		
2018	Projected	5,695,244	5,962,271	**(267,027)**		



APPENDIX B – ACT 133 COLLECTIVE BARGAINING CHARTS

ACT 133 LIMIT ON EXPENDITURES - POLICE DEPARTMENT COLLECTIVE BARGAINING UNIT							
		Base Year					
Compensation		**2014**		**2015**		**2016**	**2017**
Base Salaries (17 Officers)	$	617,032	$	629,373	$	641,960	$ 654,799
Longevity	$	6,861	$	6,998	$	7,138	$ 7,281
Opt Out-Health Care	$	1,387	$	1,415	$	1,443	$ 1,472
OT-Court Pay	$	37,594	$	38,346	$	39,113	$ 39,895
Education	$	2,075	$	2,117	$	2,159	$ 2,202
Overtime - Fill Shifts	$	91,988	$	82,789	$	74,510	$ 67,059
Holiday Pay	$	32,881	$	33,539	$	34,209	$ 34,894
Uniforms	$	8,500	$	8,670	$	8,843	$ 9,020
Vacation Buy-Back	$	6,495	$	6,625	$	6,758	$ 6,893
Total Compensation	**$**	**804,813**	**$**	**809,871**	**$**	**816,134**	**$ 823,515**
Benefits		**2014**		**2015**		**2016**	**2017**
Health Insurance	$	178,864	$	189,596	$	200,972	$ 213,030
Dental	$	17,008	$	18,028	$	19,110	$ 20,257
Vision	$	1,651	$	1,750	$	1,855	$ 1,967
WBN	$	1,080	$	1,145	$	1,213	$ 1,286
Long Term Disability	$	3,605	$	3,821	$	4,051	$ 4,294
ADD	$	408	$	432	$	458	$ 486
Life Insurance	$	6,630	$	7,028	$	7,449	$ 7,896
Total Benefits	**$**	**209,246**	**$**	**221,801**	**$**	**235,109**	**$ 249,215**
Pensions		**2014**		**2015**		**2016**	**2017**
Police Pension MMO	**$**	**482,612**	**$**	**494,677**	**$**	**507,044**	**$ 519,720**
TOTAL EXPENDITURES LIMIT	**$**	**1,496,671**	**$**	**1,526,349**	**$**	**1,558,287**	**$ 1,592,451**

Assumptions:

Police Chief Removed from Compensaion & Benefit Calculation
Number of Officers Remains at 17
Step-Ups for Officers Less than 4 years Included
Overtime for Filling Shifts Included
Longevity Based on Years of Service Included
Opt-Out of Health Insurance Remains Constant
City Pays 6% Increase Annually for Health Insurance
City Pays 6% Increase for Vision, Dental, Disability, Life Insurances
Benefit Package Stays the Same

ACT 133 LIMIT ON EXPENDITURES - FIRE DEPARTMENT COLLECTIVE BARGAINING UNIT				
	Base Year			
Compensation	**2014**	**2015**	**2016**	**2017**
Base Salaries (9)	$ 325,087	$ 331,589	$ 338,221	$ 344,985
Longevity	$ 6,000	$ 6,120	$ 6,242	$ 6,367
Opt Out-Health Care	$ -	$ -	$ -	$ -
Straight Pay	$ 32,874	$ 33,531	$ 34,202	$ 34,886
Education	$ 6,250	$ 6,375	$ 6,503	$ 6,633
Overtime - Fill Shifts	$ 53,573	$ 48,215	$ 43,394	$ 39,054
Holiday Pay	$ 20,875	$ 21,292	$ 21,718	$ 22,152
Uniforms	$ 4,500	$ 4,590	$ 4,682	$ 4,775
Vacation Buy-Back	$ 712	$ 727	$ 741	$ 756
Total Compensation	**$ 449,871**	**$ 452,439**	**$ 455,702**	**$ 459,609**
Benefits	**2014**	**2015**	**2016**	**2017**
Health Insurance	126,257	133,832	141,862	150,374
Dental	9,371	9,933	10,529	11,161
Vision	826	875	928	983
Long Term Disability	1,602	1,698	1,800	1,908
ADD	288	305	324	343
Life Insurance	4,536	4,808	5,097	5,402
Total Benefits	**$ 142,880**	**$ 151,453**	**$ 160,540**	**$ 170,172**
Pensions	**2014**	**2015**	**2016**	**2017**
Fire MMO	**$ 265,463**	**$ 272,100**	**$ 278,902**	**$ 285,875**
TOTAL EXPENDITURES LIMIT	**$ 858,214**	**$ 875,992**	**$ 895,144**	**$ 915,656**

Assumptions:

Fire Chief Removed from Calculation
Number of Firefighters Remains at 9
Step-Ups for Firefighters Less than 4 years Included
Overtime for Filling Shifts Included
Longevity Based on Years of Service Included
Opt-Out of Health Insurance Remains Constant
City Pays 6% Increase Annually for Health Insurance
City Pays 6% Increase for Vision, Dental, Disability, Life Insurances
Benefit Package Stays the Same

ACT 133 LIMIT ON EXPENDITURES - STREET (STEELWORKERS) COLLECTIVE BARGAINING UNIT								
		Base Year						
Compensation		**2014**		**2015**		**2016**		**2017**
Base Salaries (8 Employees)	$	234,832	$	239,529	$	244,319	$	249,206
Longevity	$	3,016	$	3,076	$	3,138	$	3,201
Opt Out-Health Care	$	-	$	-	$	-	$	-
Overtime	$	15,524	$	15,835	$	16,152	$	16,475
Total Compensation	**$**	**253,372**	**$**	**258,440**	**$**	**263,609**	**$**	**268,881**
Benefits		**2014**		**2015**		**2016**		**2017**
Health Insurance		102,207		108,340		114,840		121,731
Dental		7,637		8,095		8,581		9,095
Vision		826		875		928		983
Long Term Disability		1,602		1,698		1,800		1,908
ADD		192		204		216		229
Life Insurance		3,120		3,307		3,506		3,716
Total Benefits	**$**	**115,584**	**$**	**122,519**	**$**	**129,870**	**$**	**137,662**
Pensions		**2014**		**2015**		**2016**		**2017**
Street MMO	**$**	**125,000**	**$**	**128,125**	**$**	**131,328**	**$**	**134,611**
TOTAL EXPENDITURES LIMIT	**$**	**493,956**	**$**	**509,084**	**$**	**524,807**	**$**	**541,154**

Assumptions:

- **Superintendent Included in Calculation**
- **Number of Employees remains at 8**
- **Step-Ups for Employees Less than 4 years Included**
- **Overtime included**
- **Longevity Based on Years of Service Included**
- **City Pays 6% Increase Annually for Health Insurance**
- **City Pays 6% Increase for Vision, Dental, Disability, Life Insurances**
- **Benefit Package Stays the Same**

ACT 133 LIMIT ON EXPENDITURES - NON-REPRESENTED FULL-TIME EMPLOYEES

Compensation		Base Year 2014		2015		2016		2017
Base Salaries (8 Employees)	$	273,048	$	278,509	$	284,079	$	289,760
Longevity	$	252	$	257	$	262	$	267
Opt Out-Health Care	$	-	$	-	$	-	$	-
Vacation Buy-Back	$	4,208	$	4,292	$	4,378	$	4,465
Total Compensation	**$**	**277,507**	**$**	**283,057**	**$**	**288,719**	**$**	**294,493**

Benefits		2014		2015		2016		2017
Health Insurance		60,122		63,730		67,554		71,607
Dental		6,357		6,738		7,143		7,571
Vision		722		766		812		860
Long Term Disability		801		849		900		954
ADD		120		127		135		143
Life Insurance		1,950		2,067		2,191		2,322
Total Benefits	**$**	**70,073**	**$**	**74,277**	**$**	**78,734**	**$**	**83,458**

Pensions		2014		2015		2016		2017
Administration MMO	**$**	**8,500**	**$**	**8,713**	**$**	**8,930**	**$**	**9,154**

TOTAL EXPENDITURES LIMIT	**$**	**356,080**	**$**	**366,047**	**$**	**376,383**	**$**	**387,104**

Assumptions:

Only Full Time Employees Included
Number of Employees remains at 8
Step-Ups for Employees Less than 4 years Included
Longevity Based on Years of Service Included
City Pays 6% Increase Annually for Health Insurance
City Pays 6% Increase for Vision, Dental, Disability, Life Insurances
Benefit Package Stays the Same