

CITY OF CLAIRTON  
RECOVERY PLAN AMENDMENTS  
2007-2009  
MUNICIPALITIES FINANCIAL RECOVERY ACT  
(ACT 47)

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2007-2009

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## SECTION I

### INTRODUCTION

#### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS REGARDING CONTINUATION OF DISTRESSED STATUS

The City of Clairton was officially declared a distressed municipality under the Municipalities Financial Recovery Act (Act 47) in January 1988 by the then PA Department of Community Affairs. An initial Recovery Plan for the City of Clairton was adopted by City Council in April 1988 and implemented for fiscal years 1988-1990. When the initial three-year Recovery Plan implementation period expired the then Department of Community Affairs appointed a team of municipal consultants in 1990 and 1993 to carry out the following tasks:

- 1) Determine whether Clairton was still in a condition of financial distress, and, if so;
- 2) To prepare an updated set of recommendations to the original Recovery Plan in the form of amendments to continue to guide the City toward managerial, administrative and financial stability and recovery.

It was determined that the City of Clairton was still in a condition of financial distress because the factors leading to such a determination in 1988 showed no sign of being alleviated in 1990 and 1994 respectively.

Original factors leading to a distress determination in 1988 were:

- 1) Tax base erosion;
- 2) Reduction in municipal services;
- 3) Unfunded pension liabilities;
- 4) Recurring annual budget deficits; and
- 5) Deteriorating demographic and socio-economic conditions.

During the 1988-1990 Recovery Plan period there was an effort made to alleviate the above distress factors. An updated set of recommendations was adopted by City Council as amendments to the Recovery Plan in 1991 for another three-year implementation period of 1991-1993 and updated a second time in 1994 for the period of 1994-1996. These amendments were designed to effect further improvements in municipal operations, enhance community and economic development activities and move the City closer toward ultimate financial recovery.

In 1997 a third reevaluation of the Recovery Plan was undertaken by the Act 47 Coordinator for an additional implementation period of 1997-2000. The reevaluation

determined that the original conditions that led to the designation of distress remain and that the distress designation should continue under Act 47.

A fourth reevaluation was undertaken in 2001 by the Coordinator for an additional implementation period of 2001-2003. The reevaluation determined that the conditions that originally led to distress still have not been alleviated and the distress designation should still continue under Act 47.

A fifth reevaluation was undertaken in 2004 by the Coordinator for an additional three year period of 2004-2006. The reevaluation determined that the conditions that originally led to fiscal distress have still not been alleviated and the distress designation should again continue under Act 47.

A sixth reevaluation has been undertaken in 2006 by the Act 47 Coordinator and has determined that the conditions that originally led to a distress designation have not been completely alleviated and that the designation should continue for an additional three-year period of 2007-2009 under Act 47.

A discussion is provided below as to the reasons why the Act 47 distressed designation shall continue in place:

1) TAX BASE EROSION

The assessed valuation of real estate in the City of Clairton continued to decline during the recovery periods of 1988-1990 and 1991-1993. During the recovery period of 1994-1996 and 1997-2000 both marginal increases and decreases occurred in the assessed valuation. In 2001 a countywide reevaluation and change in assessment ratio (100% from 25% of assessed to market value) took effect which resulted in a major increase in assessed value for the City (\$147,428,400). As a result of the property assessment appeal process, the assessed value dropped to \$123,390,350 in 2002 and to \$122,830,300 in 2003.as indicated below:

For the period of 2004-2006 there were more marginal increases and decreases in assessed valuation of property. A nineteen year perspective in changes in assessed value is illustrated below:

ASSESSED VALUATION OF REAL ESTATE  
1987-2006

YEAR	LAND	BUILDINGS	TOTAL	% CHANGE
1987	\$ 7,028,235	20,176,363	30,204,598	
1988	5,234,445	21,296,680	26,531,125	-12.0 %
1989	5,233,797	20,823,132	26,056,929	- 1.0 %
1990	5,212,932	20,491,705	25,704,637	- 1.3 %

1991	5,164,967	20,335,619	25,500,586	- .8 %
1992	4,960,302	19,837,981	24,798,283	- 3.0 %
1993	4,754,207	19,184,841	23,939,048	- 3.0 %
1994	4,727,220	19,115,968	23,843,188	- .1 %
1995	4,731,865	19,367,265	24,099,130	+ .02 %
1996	4,727,910	18,798,664	23,526,574	- .02 %
1997	4,717,740	18,713,240	23,430,980	- .01 %
1998	4,715,215	19,302,766	24,017,981	+ .03 %
1999	4,729,730	19,501,163	24,230,893	+ .8 %
2000	4,748,770	19,492,810	24,241,580	+ .04 %
2001 100% ratio of assessed value to market value	34,582,000	112,846,400	147,428,400	Base Year
2002	32,585,850	90,804,500	123,390,350	- 16%
2003	32,537,800	90,292,500	122,830,300	- .5%
2004	32,652,150	91,133,000	123,785,150	+ 1.0%
2005	32,129,650	89,129,650	121,418,450	- 1.0%
2006	32,615,650	90,295,700	122,911,350	+ 1.0%
2007	32,656,350	88,745,800	121,402,150	- 1.2%

The overall decline in assessed value of taxable real estate from 1987 (\$30,204,598) through 2000 (\$24,241,580) is \$5,963,018 or 20% over a fourteen-year period. As a result, the City lost an average of \$425,930 a year in taxable assessed value.

Since the new countywide reevaluation took effect in 2001 (\$147,428,400), the assessed value of taxable property declined \$23,643,250 or 16% by 2004 (\$123,785,150). The City lost an average of \$5,910,813 a year in taxable assessed value over the four year period.

In addition, during the period 2004 (\$123,785,150) through 2006 (\$122,911,350), the assessed value declined \$873,800 or .7%. Consequently, the City lost an average of \$291,267 a year in assessed value. From 2006 to 2007, the assessed value of taxable property dropped by \$1,509,200 or 1.2%. From 2001 to 2007, the assessed value of taxable property decreased by \$26,026,250 or 18%.

To compound the problem of continued tax base erosion, the assessed valuation of tax-exempt property increased (\$779,320) over the same fourteen-year period of 1987-2000. Since 2001 when the new countywide reevaluation took effect, tax-exempt property increased by \$5,298,800 by 2007. The assessed value of tax-exempt property is provided below as a percentage of taxable real estate:

ASSESSED VALUATION OF TAX-EXEMPT REAL ESTATE  
1987-2007

YEAR	VALUE OF TAXABLE PROPERTY	VALUE OF TAX-EXEMPT PROPERTY	% OF TAX-EXEMPT PROPERTY
1987	\$ 30,204,598	6,953,955	23 %
1988	26,531,125	6,808,680	26 %
1989	26,056,929	8,250,740	32 %
1990	25,704,637	8,240,260	32 %
1991	25,500,586	8,268,640	32 %
1992	24,798,283	8,437,790	34 %
1993	23,939,048	8,531,205	36 %
1994	23,843,188	8,540,230	36 %
1995	24,099,130	8,082,520	34 %
1996	23,526,574	8,540,345	36 %
1997	23,430,980	8,568,695	37 %
1998	24,017,981	7,306,395	30 %
1999	24,230,893	7,423,025	31 %
2000	24,241,580	7,733,275	32 %
2001	147,428,400	32,105,000	22 %
100% Ratio of Assessed Value to Market Value			
2002	123,390,350	32,404,600	26%
2003	122,830,300	32,234,800	26%
2004	123,785,150	42,897,300	35%
2005	121,418,450	42,916,200	35%
2006	122,911,350	39,281,000	32%
2007	121,402,150	37,403,800	31%
1987-2000			11% Increase
2001-2007			14% Increase

Consequently, the value of tax-exempt property increased by 11% in the City of Clairton for years 1987-2000, while assessed value of taxable property declined 20 %, thus placing a greater burden on a limited property tax base to pay for escalating service delivery costs. In addition, as indicated in the table above, the value of tax-exempt property has been increasing as well during 2001-2007 since the new countywide reevaluation took effect in 2001. While assessed value of taxable property has decreased 18% between 2001 (\$147,428,400) and 2007 (\$121,402,150), the assessed value of tax-exempt property increased 14% during the same period still placing a burden on the City's limited tax base to pay for increasing service delivery expenditures.

A majority of the City's tax-exempt property includes one public housing project (Millvue Acres) owned and operated by the Allegheny County Housing Authority. As such, the City receives no tax revenue from the Housing Authority to pay for municipal

services but does receive a negligible amount of funds annually in the form of a payment in lieu of taxes. The Blair Heights housing project was razed in 2001 and has been developed through private construction of tax paying, market rate single-family housing for both ownership and rent to own for moderate income families and persons who qualify.

During the 2004-2006 recovery plan period, the City received an average of \$701 from the Allegheny County Housing Authority as a payment in lieu of taxes. The one remaining housing complex, Millvue Acres, creates a significant demand for municipal service, especially police, yet generates no tax revenue to help pay for it.

The continuing decline in assessed valuation of taxable property during the recovery period of 2004-2006 and the increase in assessed value of tax-exempt property during the same period, make the City more dependent on other sources of revenue such as the earned income, occupation privilege/emergency and municipal services, mercantile and business privilege taxes to support municipal service delivery costs.

## 2) DEPENDENCE ON EARNED INCOME TAX UNDER ACT 47

The City continued to be dependent upon revenue received from the earned income tax rate imposed under authority of Act 47 during the recovery plan period of 2004-2006. A higher earned income tax imposed under authority of Act 47 has been in place since 1989.

Revenue and expenditure trends indicate that over the past nineteen years, 1987-2006, the City has somewhat improved its overall financial position. The City received revenue in excess of expenditures in twelve out of nineteen years as illustrated in the table below. The financial position of the City has certainly improved over what existed prior to 1988 before being designated a distressed municipality when the City experienced annual operating deficits at year-end for most of the 1980s. Revenue and expenditure trends for the latest recovery plan period under review, 2004-2006, seem to indicate a favorable financial position. However, the City has been dependent on revenue derived from a higher earned income tax rate imposed under Act 47. A table of revenue/expenditure trends for the period 1987-2005 is provided below to illustrate the overall operating position of the City:

REVENUE/EXPENDITURE TRENDS  
1987-2006

YEAR	REVENUES	OTHER FINANCING SOURCES	TOTAL AVAILABLE	EXPENDITURES	OTHER FINANCING USES	TOTAL EXPENDITURES	EXCESS/ (DEFICIT) REVENUES OVER EXPENDITURES
1987	1,671,562	173,930	1,845,492	1,830,387	64,342	1,894,729	(49,237)
1988	1,521,221	856,677	2,377,898	1,895,693	182,936	2,078,629	299,269
1989	1,873,451	142,603	2,016,054	1,991,673	127,674	2,119,347	(103,293)
1990	2,429,331	31,949	2,461,280	2,039,066	319,005	2,358,071	103,209
1991	2,493,064	130,730	2,623,794	1,806,953	742,325	2,549,278	74,516
1992	2,422,718	144,319	2,567,037	1,958,122	441,722	2,399,844	167,193
1993	2,655,531	41,742	2,697,273	2,222,667	450,000	2,672,667	24,606
1994	2,897,097	62	2,807,159	2,258,544	533,000	2,791,544	15,615
1995	3,130,740	32,161	3,162,901	2,773,608	520,000	3,293,608	(130,707)
1996	3,146,369	628	3,146,997	2,695,542	475,000	3,170,542	(23,545)
1997	3,059,263	27,336	3,086,599	2,744,237	350,000	3,094,237	7,638
1998	3,143,627	3,917	3,147,544	2,400,283	376,000	2,776,283	371,261
1999	3,299,727	169	3,299,896	2,879,971	416,947	3,296,918	2,978
2000	3,069,754	12,222	3,081,976	2,772,171	309,805	3,081,976	- 0 -
2001	2,884,746	3,364	2,888,110	2,870,708	1,387	2,872,095	16,015
2002	2,836,819	10,392	2,847,211	2,905,254	278	2,905,532	(58,321)
2003	2,828,585	19,290	2,847,875	2,836,557	9,405	2,845,962	1,913
2004	2,884,447	15,512	2,899,959	2,888,202	15,226	2,903,428	(3,469)
2005	2,941,334	1,398	2,942,732	2,875,395	5,617	2,881,012	61,720
2006	3,001,952	5,397	3,007,349	2,918,804	--	2,918,804	88,545

Note: Includes General Fund figures only.

Changes in year-end fund balance during the recovery periods of 1987-2006 seem to indicate an improved financial operating position. The City was able to increase its year-end fund balance from a deficit position in 1987 to its highest surplus in 1994 with a fluctuating positive fund balance in subsequent years. The change in year-end fund balance for 1988-2006 continues to be positive as illustrated below:

CHANGES IN YEAR-END FUND BALANCE – 1987-2006

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
End of Year Fund Balance	(49,237)	250,361	147,068	213,298	329,844	506,506	531,112	796,188	745,821	567,116	457,027	456,205
% Change From Prior Year		20%	(41%)	31%	35%	35%	5%	33%	(6%)	(24%)	(19%)	(.1%)

	1999	2000	2001	2002	2003	2004	2005	2006
End of Year Fund Balance	459,183	459,183	474,740	416,697	418,610	415,141	476,861	565,406
% Change From Prior Year	.6%	- 0 -	3%	(12%)	.4%	(.8%)	13%	16%

Note: Includes General Fund figures only.

The City’s success in generating revenue in excess of expenditures and achieving a positive fund balance during the recovery periods 1988-2006 was attributable mostly to revenue received from a higher earned income tax rate under authority of Act 47, however to a lesser degree each year respectively as the rate continued to decrease and in 2007 reverted back to the normal rate of 1.0% under Act 511.

As the table below indicates, without the higher earned income tax rate, the City’s current year revenue would have been insufficient to meet expenditure levels. Even with the implementation of numerous plan recommendations, it is still mostly with the higher taxing authority under Act 47 that the City achieved an operating surplus and positive fund balance along with collection of prior year delinquent real estate and earned income tax revenue. Nonetheless, higher earned income tax rates under Act 47 continued to decrease annually since being imposed, thus placing less and then no reliance on this source of revenue to pay for escalating expenditures.

Resident and Non-Resident earned income tax (EIT) revenue figures shown below reflect the amount generated through the respective higher rates above the normal rate of .5% for residents and 1.0% for non-residents.

EARNED INCOME TAX REVENUE AND YEAR-END FUND BALANCE  
2000-2006

	2000	2001	2002	2003
Revenue/OFS	\$ 3,081,976	2,888,110	2,847,211	2,847,875
Resident EIT	136,960	130,919	97,128	117,736
Non-Resident EIT	133,525	36,996	-0-	-0-
Net Revenue	2,811,491	2,720,195	2,750,083	2,730,139
Expenditures/OFU	3,081,976	2,872,095	2,905,532	2,845,962
Fund Balance Year-End	(270,485)	(151,900)	(155,449)	(115,823)
EIT Rate	1.425%/1.1%	1.425%	1.4%	1.375%
% of Higher Resident Rate Above .5%	46%	46%	44%	43%

	2004	2005	2006	2007	2008	2009	2010
Revenue/OFS	\$ 2,899,959	2,942,732	3,007,349				
Resident EIT	94,490	74,142	56,000				
Non-Resident EIT	-0-	-0-	-0-				
Net Revenue	2,805,469	2,868,590	2,951,349				
Expenditures/OFU	2,903,428	2,881,012	2,918,804				
Fund Balance- Year End	(97,959)	(12,422)	32,545				
EIT Rate	1.3%	1.2%	1.1%	1.0%	1.0%	1.0%	1.0%
% of Higher Resident Rate Above .5%	38%	29%	17%				

As the table above illustrates, during the 2001-2003 recovery plan period, it was unrealistic to expect the City to continue spending levels and maintain a positive operating position and fund balance without the higher resident earned income tax revenue under Act 47.

During 1997-2000, the levy from the non-resident portion of the earned income tax represented an average of approximately 34% of all earned income tax revenue collected by the City, which is a decrease over the 1994-1996 recovery plan period where it was approximately half. During the seven-year time period, it continued to underscore the City's over-reliance on this specific source of revenue as illustrated below:

RELIANCE ON EARNED INCOME TAX UNDER ACT 47 – 1997-2000-  
RESIDENT AND NON-RESIDENT

	1997	1998	1999	2000
EIT-Current-Resident	\$ 281,645	314,291	268,143	297,736
EIT-Prior Year & Delinquent-Resident	239,192	203,480	252,859	295,571
EIT-Current-Non-Resident	177,601	174,542	144,770	133,525
EIT-Prior Year-Non-Resident	142,409	137,087	123,676	50,487
TOTAL - EIT	840,847	829,400	789,448	777,319
TOTAL-Non-Resident	320,010	311,629	268,446	184,012
As % of Total EIT-Non-Resident	38%	38%	34%	24%

RELIANCE ON EARNED INCOME TAX UNDER ACT 47 – 2001-2006-  
RESIDENT ONLY

	2001	2002	2003
EIT-Current-Resident	\$ 284,607	220,746	273,804
EIT-Prior Year-Resident	389,524	376,623	451,697
TOTAL-EIT	674,131	597,369	725,501
TOTAL-EIT Above .5%	130,919	238,948	272,063
% Above .5%	46%	44%	43%
EIT Rate-Resident Only	.925%	.9%	.875%

	2004	2005	2006	2007
EIT-Current Resident	\$ 248,657	255,661	209,795	
EIT-Prior Year-Resident	481,603	368,552	291,705	
TOTAL-EIT	730,260	624,213	501,500	
TOTAL-EIT Above .5%	94,490	74,142	56,000	

% Above .5%	38%	29%	17%	
EIT Rate- Resident Only	.8%	.7%	.6%	.5%

During the recovery plan period of 2004-2006 the City continued to rely on the levy derived from a higher earned income tax rate on residents as the rate continued to decrease annually in 2004, 2005 and 2006 respectively. The trend to decrease the resident rate continued to .5% effective in January 1, 2007.

### 3) LIMITED FINANCIAL RESOURCES FOR MUNICIPAL SERVICES

The City continued to have limited financial resources to fund municipal services, especially a local police department.

The City continues to provide municipal services based upon revenue partially derived from the higher earned income tax under authority of Act 47. The City imposed a rate of 1.5% upon residents and non-residents from 1989-1992 with annual court approval to support municipal service delivery costs during which time there was no local police department.

Beginning in January 1993 however, the state police ended their seven (7) year period of dedicated service and coverage. This coverage began after the City furloughed the local police department in September 1985 because of a lack of funds.

Upon notification from the state police that dedicated coverage would be terminated in 1993 the City attempted to secure police service through an alternative arrangement either by forming a regional police department with other Mon Valley municipalities or on a contractual basis with an adjacent or nearby municipality. These efforts proved unsuccessful and in 1993 the City used a combination of grant funds from the Allegheny County Housing Authority (\$24,000) and the U.S. Department of Housing and Urban Development, Drug Elimination Program (\$202,000) over a two year period, 1993-1995, along with approximately \$250,000 in general fund monies from the City to reestablish a local police department. The City provides police service 24 hours a day with a personnel complement level of ten (10) full-time and fourteen (14) part-time officers, including the Public Safety Director.

In order to finance the City's share of the cost to reestablish the police department, the City increased the local earned income tax rate in 1993 to 1.8% for residents and 1.75% for non-residents under authority of Act 47 with annual court approval. The City continued to impose a higher earned income tax rate under provisions of Act 47 for 1994 at 1.8% for residents and 1.725% for non-residents with annual court approval. In 1995 the rate decreased to 1.65% for residents and 1.35% for non-residents.

The rate for 1996 continued to decrease to 1.5% for residents and 1.3% for non-residents with a continued decline in the rate for 1997 as well at 1.475% for residents

and 1.275% for non-residents. The trend downward in the rate continued in 1998 at 1.45% for residents and 1.25% for non-residents. For 1999, the rate for residents was 1.425% and non-residents is 1.225%. For 2000, the resident rate was 1.425% and non-resident rate was 1.1%. The City successfully eliminated the non-resident earned income tax rate for budget year 2001 and will no longer impose the tax on non-residents under authority of Act 47.

In February 1998 at the City's annual court hearing to get approval to levy a higher local earned income tax rate on residents and non-residents, both the City Solicitor and attorney representing USX Steelworkers employed as non-residents of Clairton provided correspondence and made statements on the record indicating that the City is planning to abolish the higher earned income tax rate on non-residents under Act 47 at the end of fiscal year 1999. In exchange for the abolishment of the non-resident earned income tax rate the USX Steelworkers agreed to drop its 1997 appeal of the non-resident tax rate as well as to not appeal the 1998 and 1999 non-resident rates. No further appeal was filed from the 2000 non-resident rate approval of 1.1%. As stated above, the City no longer levies a non-resident earned income tax rate as of the end of fiscal year 2000.

The earned income tax rate for 2001 was 1.425% on residents only. For 2002, the rate was 1.4% on residents only. In 2003, the rate on residents only was 1.375%. For 2004, the rate on residents only was 1.3%. In 2005, the resident rate was 1.2%. For 2006, the resident rate was 1.1% and dropped to 1.0% (under Act 511) for 2007 and will no longer be levied under authority of Act 47.

The additional funds derived from the higher rate in the earned income tax highlighted the City's continued reliance and dependency on this source of income to help sustain local police department service city-wide including the remaining public housing complex.

In 1994, the City spent \$363,761 of its own money to support a local police department. This represents 13% of total general fund expenditures of \$2,791,544 for 1994. A local police department in 1995 cost the City \$412,992, or 13% of total expenditures of \$3,293,608. The cost in 1996 is \$437,221 or 14% of total expenditures of \$3,170,542. For 1997, it cost the City \$451,644, or 15% of total expenditures of \$3,094,237 for local police service.

In 1998, the City spent \$518,988 or 16% of total expenditures of \$3,152,283. In 1999, it cost the City \$542,266, or 16% of total expenditures of \$3,296,918. For year 2000, the local police department cost \$659,506, or 25% of total expenditures of \$2,690,786. Since 1994 the cost of local police service increased each year at an average rate of approximately 6%.

In 2001, the City spent \$668,874 or 23% of total expenditures of \$2,872,095 for local police. For year 2002, the local police department cost the City \$661,901 or 23% of total expenditures of \$2,905,532. In 2003, the cost of police service was \$725,707 or

25% of expenditures of \$2,845,962. In 2004, the City spent \$706,660 or 24% of total expenditures of \$2,903,428 for local police service. For year 2005, the local police department cost the City \$797,605 or 28% of total expenditures of \$2,881,012. For 2006, the local police department cost \$810,910 or 28% of total expenditures of \$2,918,804.

The cost of police service decreased 3% between 2003 and 2004. From 2004 to 2005 it increased 11%. Costs from 2005 to 2006 increased by 2%.

Since 1994 when a local police department was reinstated and the first full year the City used its own funds to support a local police department the cost has risen 55% overall. The City cannot sustain this level of spending and rate of increase much longer. Since 2000, the cost of having a local police department is increasing each year at an average rate of 3%. This is 3% less of an annual increase than in 2000.

4) PENSION LIABILITIES

The City continues to have ongoing financial obligations to the police and fire pension plans over the next decade. The City’s three defined benefit pension plans are administered by the PA Municipal Retirement System (PMRS).

The City’s Firemen’s Pension Plan has assets of \$2,915,963 and an unfunded actuarial accrued liability of \$326,106 as of the latest available actuary report of January 1, 2005. The Plan has 25 retired members and provides an aggregate annualized retirement benefit of \$279,120 to pensioners. The normal contribution rate as a percentage of annual payroll is zero because there are no active members as of January 1, 2005. The minimum municipal obligation payments required during 2004 and 2005 are zero. None is required for 2006.

MINIMUM MUNICIPAL OBLIGATION PAYMENTS-FIREFIGHTERS

YEAR	AMOUNT	TOTAL REVENUES	% OF REVENUES
2004	\$ -0-	\$ 2,899,959	0 %
2005	-0-	2,942,732	0 %
2006	-0-	3,007,349	0 %

The City Police Pension Plan has assets of \$1,224,240 and an unfunded actuarial accrued liability of \$974,918 as of the latest available actuary report of January 1, 2005. The Plan 22 retired members and provides an aggregate annualized retirement benefit of \$186,492 to pensioners. The normal contribution rate as a percentage of annual payroll is 16.68% for 8 active members as of January 1, 2005. There has not been any minimum municipal

obligation payments required during 2004-2006 because financial requirements are being met through member contributions and investment earnings.

**MINIMUM MUNICIPAL OBLIGATION PAYMENTS-POLICE**

YEAR	AMOUNT	TOTAL REVENUES	% OF REVENUES
2004	\$ -0-	\$ 2,899,959	0 %
2005	-0-	2,942,732	0 %
2006	-0-	3,007,349	0 %

In the past when payments were required to be made, funds for meeting the minimum municipal obligations of the Firefighter and Police Pension Plans came from a special purpose levy through the property tax dedicated to meeting annual pension requirements. Additional funds to meet pension funding requirements come from state aid through the foreign fire and casualty insurance tax.

The financial requirements of both the Firefighter and Police pension Plans will need to be met over the next decade in order to satisfy unfunded actuarial accrued liabilities of the two plans.

The City’s Non-Uniformed Pension Plan has assets of \$2,445,327 and an actuarial accrued liability of \$635,033 (over-funded) as of the latest available actuary report of January 1, 2005. The Plan has 23 active members and 14 retired members and provides an aggregate annualized retirement benefit of \$94,452 to pensioners. The normal contribution rate as a percentage of annual payroll is 6.75%. There has been no minimum municipal obligation payments required during the latest recovery period of 2004-2006 because financial requirements are being met through member contributions and investment earnings without state aid.

**5) DETERIORATING DEMOGRAPHIC AND SOCIO-ECONOMIC CONDITIONS**

The City continued to experience deteriorating demographic and socio-economic conditions with respect to population, per capita income, median family and median household income and housing stock.

The City continues to experience deteriorating demographic and socio-economic conditions as indicated by the 2000 Census data available. It seems to reveal that the City’s population decreased by 495 persons between 1990 (9,656) and 2000 (8,491). This decline is less than the 20% decrease in population that occurred between 1980 (12,121) and 1990 (9,656).

Only 1,876 persons or 16% of Clairton’s population in 2000 was under the age of 18, compared to where it was in 1990 at 21% or 2,054 persons. In 1980 it was 23% or 2,835 persons under the age of 18. 2,222 or 23% of residents in 1990 were age 65 or older, indicating an increase of 6% or 128 persons from 1980. The median age of Clairton residents increased to 39 in 1990 from age 35 in 1980 indicating an increase in the number of middle-aged and senior citizen residents.

City of Clairton Census data reveal that per capita, median family and median household income increased respectively in 2000 from 1990 data but still continues to fall below the average for Allegheny County and the Commonwealth of Pennsylvania. A comparison is presented below to illustrate the disparity between the City of Clairton, Allegheny County and the Commonwealth:

#### CENSUS DATA ON INCOME

	YEAR	PER CAPITA INCOME	MEDIAN FAMILY INCOME	MEDIAN HOUSEHOLD INCOME
CLAIRTON	2000	\$ 14,608	\$ 31,539	\$ 25,596
	1990	10,936	23,435	17,396
	1980	6,540	17,875	13,864
ALLEGHENY COUNTY	2000	22,491	49,815	38,329
	1990	15,115	35,338	28,136
	1980	7,986	21,643	17,944
COMMONWEALTH OF PA	2000	20,880	49,184	40,106
	1990	14,068	34,856	29,069
	1980	7,077	19,995	16,880

Income earners in Clairton have not kept pace with the County and Commonwealth as a whole over the last decade. This presents a dilemma for Clairton as it attempts to generate revenue not only from earned income but also from real estate and other Act 511 taxes and service/user fees. To illustrate this point further the percentage of persons and families living in poverty in Clairton in 2000 increased from 1990 and is shown below in a comparison with the County and Commonwealth trends:

#### POVERTY LEVELS

	YEAR	CLAIRTON	ALLEGHENY COUNTY	COMMONWEALTH OF PA
FAMILIES	2000	15%	8%	8%
	1990	18%	9%	8%
	1980	14%	7%	8%

PERSONS	2000.	19%	11%	11%
	1990	22%	12%	11%
	1980	17%	9%	11%

It appears that the City of Clairton has an increasing part of its population that live in poverty and receive municipal services without contributing financially to help pay for them.

With respect to housing, the value of taxable property continued to decline during the past decade while the amount of vacant property increased by 91 structures between 1990 and 2000 to 640 from 549, which is an increase of 14%. Both owner occupied and renter occupied units decreased from 1990 to 2000 as illustrated below:

#### CENSUS DATA ON HOUSING

	1990	2000	CHANGE
OWNER OCCUPIED UNITS	2,656	2,480	- 176
RENTER OCCUPIED UNITS	1,471	1,230	- 241

Overall, the City continues to experience demographic and socio-economic changes that negatively impact on its ability to generate revenue to cover the cost of providing municipal services. The deteriorating conditions that exist in Clairton continue to be problems that must be addressed in order to alleviate the fiscal distress that confronts the City.

In summary, the previously described conditions that originally led to a designation of distress and the need for subsequent updates and amendments to the original recovery plan have not been alleviated. Therefore, the distress designation shall be continued under Act 47 for the period of 2007-2009 for the following reasons:

- 1) To monitor whether there are continued reductions in real estate assessed valuation;
- 2) To monitor the impact of the end of additional revenue derived from the higher earned income tax rate levied under Act 47;
- 3) Limited and competing financial resources to fund municipal services, especially the increasing cost of a local police department;
- 4) Continuing financial obligations to the police and fire pension plans; and
- 5) To monitor whether deteriorating demographic and socio-economic conditions continue.

Section I of this report is a reevaluation of the adopted recovery plan of 2004-2006 and provides an updated series of recommendations to continue to guide the City toward managerial, administrative and financial stability and viability over the next three year recovery period of 2007-2009.

The updated series of recommendations are intended to continue to guide the City in a positive direction toward achieving managerial, administrative and financial recovery. The recommendations strive to continue or to undertake measures that are meant to do the following:

- Improve tax and service/user fee collections.
- Eliminate the City's dependency on the higher earned income tax rate imposed under Act 47.
- Improve the tax base through aggressive code enforcement, residential improvement programs, economic development initiatives and enhancement of general quality of life activities.
- Control the rate of annual increases in all operating departments, especially police and public works.
- Pursue regional approaches to municipal services.
- Contain employee salary/wage and fringe benefit costs.
- Continue to implement a City wide capital improvement program to address infrastructure needs.
- Improve productivity and effectiveness of employees in delivery of services including ongoing computerization enhancements.
- Maintain and improve labor-management relations.
- Meet financial requirements of under-funded police and fire pension plans.
- Provide timely and accurate interim financial reports and maintain improvements to the financial management of the City.

The Recovery Plan amendments for 2007-2009 continue to focus on revenue collection, improved service delivery, maintenance of the infrastructure, stability and growth of the tax base through growth and redevelopment of the community, and strengthening the administrative capacity of the City to manage itself and operate more productively. Recovery for Clairton has been and is a long-term effort requiring an ongoing, aggressive and comprehensive approach as the City struggles to live within its financial means.

## REPORT CONTENTS AND ORGANIZATION

The Recovery Plan amendments for 2007-2009 are arranged into twelve sections in this report. The report evaluates the status of policy recommendations that were addressed in the original (1988-1990), and five of the updated recovery plans (1991-1993), (1994-1996), (1997-2000), (2001-2003) and (2004-2006) The status of each recommendation is brought up to date relative to whether it is complete, partially complete or incomplete along with a narrative of what future action shall be taken.

The recommendations in this report are numbered. Recommendations from the 1997 Recovery Plan were given new identification numbers to group together common recommendations.

The several sections of this report address and update every policy recommendation area that was a part of the 2001 amendments to the Recovery Plan. New policy initiatives are recommended where appropriate. Where practical a timetable for each recommendation is provided as part of the summary of recommendations to be implemented with consideration given to the City's limited human and fiscal resources.

## SECTION II

### SUMMARY OF RECOMMENDATIONS

#### MANAGEMENT POLICY RECOMMENDATIONS

- 1) The Manager shall review the adopted administrative code to determine whether any revisions or amendments are needed in light of administrative and operational changes that have taken place during the prior and current recovery period.

Implementation Date: Ongoing.

Impact: Organize departments based on operating goals and activities of City.

- 2) The City shall continue to explore and pursue opportunities for increased inter-municipal cooperation in all areas of operations.

Implementation Date: Ongoing

Impact: Cost savings, increased productivity and economies of scale.

- 3) The City shall continue the practice of selling all surplus or inoperative Municipally-owned vehicles, equipment and similar items no longer used or needed by the City through a sealed competitive bid process.

Implementation Date: Ongoing

Impact: Potential revenue and recouping costs for maintenance/repair.

- 4) The City shall continue to avail itself of interns who are studying public administration or a related field at local colleges and universities.

Implementation Date: Ongoing

Impact: Increase capacity of management to carry out administrative functions and municipal operations.

- 5) The City shall continue to update computer software used for financial management activities (accounting, payroll, budgeting, purchasing and tax and service fee collection) and in all administrative departments in order to improve productivity and record keeping, increase revenue and provide public services as efficiently as possible.

Implementation Date: Ongoing

Impact: Streamline operations by using employees more efficiently, contain costs and enhance service delivery.

- 6) City Council and the Mayor shall continue to enroll in classes aimed at training elected officials in the area of policy and decision-making. In addition, City staff shall be given the opportunity to attend training sessions to enhance their job performance and skills.

Implementation Date: Ongoing

Impact: Increased understanding of respective roles of elected and appointed officials and operational improvements.

- 7) The City shall strive to continue to meet the Standards for Effective Local Government by carrying out a self-assessment of municipal functions and services every three years, and shall implement operational and administrative improvements as necessary and appropriate.

Implementation Date: Ongoing

Impact: Improvements in service delivery and administration.

- 8) The City Manager should prepare a strike contingency plan at least 6 months prior to the expiration of the public works and clerical union contracts as part of an overall effort to address municipal service delivery and emergency service delivery planning.

Implementation Date: Fiscal years 2007-2009

Impact: Uninterrupted municipal service delivery.

- 9) The City shall continue to implement its record retention and disposition program adopted in 1993 in accordance with the Municipal Records Act of 1968, as amended.

Implementation Date: Ongoing

Impact: Improved and efficient record keeping.

## FINANCIAL POLICY RECOMMENDATIONS

### TAXATION

- 1) Over the course of the 2007-2009 recovery plan period, the City shall undertake a review and evaluation of the tax and fee collection system and process (real estate, Act 511 and municipal service fees). The study shall be conducted through the PA Department of Community and Economic Development, Governor's Center for Local Government Services, Peer Assistance Program based upon a scope of services developed by the Act 47 Coordinator, Manager and Finance Director to examine existing practices and strategies that improve collections.

Implementation Date: Ongoing

Financial Impact: Potential increase in revenue and improve collection practices.

- 2) The City shall continue to make improvements to overall tax collection efforts by implementing recommendations contained in the tax collection peer consultant report into the existing tax collection process. This recommendation shall be read in conjunction with recommendation number one above directing a review and evaluation of the tax collection process.

Implementation Date: Ongoing.

Financial Impact: Improved collection rate for all local taxes.

- 3) The City shall no longer impose a higher local earned income tax rate under authority of Section 141 of the Municipalities Financial Recovery Act (Act 47). The local resident earned income tax rate shall be 1% (.5% City/.5% School) under the Local Tax Enabling Act (Act 511), effective January 1, 2007.

The City is to be commended for ending the use of a higher resident and non-resident local earned income tax rate under provisions of the Municipalities Financial Recovery Act (Act 47).

Termination of the resident and non-resident local earned income tax rate above 1% is not only consistent with the goals of the recovery plan but it is also consistent with the understanding reached between the USX Clairton Coke Works employees (non-residents), represented by the United Steelworkers Union 1557 and the City of Clairton in 1998 at the annual court hearing to get approval to levy a higher earned income tax rate under Act 47.

Implementation Date: January 1, 2007.

Financial Impact: Generation of revenue without use of higher EIT under Act 47.

- 4) City Council, either through an ordinance or initiative petition and referendum process, should provide for a ballot question asking voters whether the Clairton Home Rule Charter should be amended to authorize the City to levy a resident local earned income tax rate above the limit of 1% established in the City Home Rule Charter.

City Council should establish a maximum earned income tax rate that cannot be exceeded as part of the referendum ballot question asking voters whether to amend the City Home Rule Charter.

Implementation Date: Ongoing.

Financial Impact: Ability to generate additional revenue under authority of the City Home Rule Charter.

- 5) The City shall continue to monitor the fiscal impact of imposing the graded land tax. In addition, the City shall annually reevaluate the real estate tax structure to determine the feasibility of continuing to levy a graded land tax versus having a single rate on taxable property. The City shall incorporate these factors into the annual budget process relative to fiscal impact and graded land tax versus single rate.

Implementation Date: Annually

Financial Impact: Improved collection rate.

- 6) Funding for the Clairton Public Library shall be maintained by City Council to ensure it remains a viable asset of the City.

Implementation Date: Annual operating budget

Financial Impact: Approximately \$38,160 annually from the property tax.

#### SERVICE/USER FEES

- 1) The Municipal Service Fee shall be adjusted to cover one hundred percent (100%) of annual refuse and recycling costs and shall include both direct and indirect costs.

Implementation Date: Annually as part of the budget process

Financial Impact: Avoid general fund subsidy of refuse and recycling costs.

- 2) The City shall continue to account for all receipts and expenses related to the operation of the Sanitary Sewer Fund. Sanitary Sewer Fund monies shall be used solely for sanitary sewer system related costs and not to pay for public works employee salaries and benefits for work performed that is not sanitary sewer system related.

Implementation Date: Annually/Ongoing

Financial Impact: Avoid sanitary sewer fund subsidy to general fund of non-sanitary sewer costs (personnel) or improper use of funds earmarked for sanitary sewer system purposes only.

## BUDGETARY

- 1) The City shall continue to prepare, incorporate into the yearly budget process, implement and update annually a formal five-year capital budget and capital improvements plan.

Implementation Date: Annually/Ongoing

Financial Impact: Identify and plan for capital facility, equipment and vehicle needs; allocate funds annually based upon availability of funds and ability to pay.

## CASH MANAGEMENT AND INVESTMENT

- 1) The City shall continue to implement a cash management and investment policy and program which will maximize safety, liquidity and investment income (yield).

Implementation Date: Ongoing

Financial Impact: Increased revenue yield and improved fiscal management.

## AUDIT

- 1) The City shall continue either to assure that all audit entries are posted to the accounting records so that internal reports reconcile to the annual audit report; or, alternatively, have supplemental reports prepared as part of the annual audit comparing budget to actual figures for all line items.

Implementation Date: Ongoing

Financial Impact: Improved budgetary data to reconcile budget to actual figures as part of annual audit and budgetary process.

## FRINGE BENEFITS

- 1) The City shall continue funding the accrued vacation and sick leave pay liability with an annual allocation to the Employee Benefits Fund as a transfer from the general fund operating budget. Payout of any accrued vacation and sick leave pay to any union and management employee, upon retirement or separation, shall be capped at \$35 a day up to a maximum of 60 days.

Implementation Date: Annually/Ongoing.

Financial Impact: Payout to employee upon retirement or separation in which funds are paid out of the Employee Benefits Fund and not General Fund. Cost containment.

## HEALTH BENEFITS/LIABILITY INSURANCE

- 1) The City shall continue to have employee health benefits and property and casualty liability insurance coverage analyzed and evaluated by an outside, independent professional consultant on a regular basis prior to the request for proposal (RFP) process.

Implementation Date: Ongoing, at least 90 days prior to expiration of benefits and insurance coverage.

Financial Impact: Reduce cost with greater coverage; improved benefits and risk management.

## PENSIONS

- 1) The City shall continue to meet pension payment obligations in accordance with the provisions of Act 205 of 1984.

Implementation Date: Ongoing annually

Financial Impact: Annually meet pension plan funding obligations on

current basis through minimum municipal obligation.

## SERVICE LEVELS AND STAFFING RECOMMENDATIONS

### POLICE

- 1) The City shall continue to implement the recommendations in the police management and operational study done through the PA Department of Community and Economic Development, Peer Assistance Program in 2002.

Implementation Date: Ongoing.

Impact: Improved police management and service delivery.

- 2) The City shall pursue an inter-municipal approach to police service during the 2007-2009 recovery plan period should the opportunity arise with respect to becoming part of a regional police department or purchase service from or provide service to another municipality.

Implementation Date: Ongoing

Impact: Improved service delivery based upon limited financial resources, escalating police costs and economies of scale.

### FIRE

- 1) The Clairton Volunteer Fire Department shall continue to be a party to the mutual aid agreement with volunteer fire companies of adjacent and surrounding municipalities through the Mon-Yough Fire Defense Council.

Implementation Date: Ongoing

Impact: Maintain continuous fire service and mutual aid.

- 2) The Clairton Volunteer Fire Department shall meet annually with the Manager, Finance Director and Act 47 Coordinator to discuss cost containment strategies to implement to reduce the amount of the City's annual budgetary appropriation with a long-term goal of being more self-supporting. A transitional plan is to be developed by all parties to achieve this goal during the recovery plan period of 2007-2009.

Implementation Date: Annually/Ongoing

Impact: Reduced annual budgetary appropriation based upon limited financial resources of City.

### EMERGENCY MEDICAL SERVICES

- 1) The Clairton Volunteer Fire Department ambulance service should continue to serve as primary provider of City-wide emergency medical services, and should maintain formal mutual aid agreements with surrounding municipalities like Jefferson Hills, West Elizabeth and West Mifflin Boroughs to provide back-up.

Implementation Date: Ongoing.

Impact: Cost savings for the City to not have to pay for emergency medical services.

### PUBLIC WORKS

- 1) The City shall continue to implement the recommendations in the public works department management, operational and service delivery study done through the PA Department of Community and Economic Development, Peer Assistance Program in 2003.

Implementation Date: Ongoing.

Impact: Improved public works management and service delivery.

- 2) The Public Works Director shall continue to attend training sessions in public works management and administration of services.

Implementation Date: Ongoing

Impact: Enhance ability to manage department activities and administer services.

- 3) The City shall continue to contract for all road work improvement projects other than general ongoing road cleaning; maintenance and repair; snow removal and ice control; building and property maintenance; and other minor maintenance activities.

Implementation Date: Ongoing.

Impact: Maintain and improve City-owned facilities and infrastructure within limited financial resources.

- 4) The City shall continue to implement a formal maintenance and improvement program to facilitate regularly scheduled sewer line inspection, repair and maintenance of the system.

Implementation Date: Ongoing.

Impact: Maintenance of sewer system infrastructure.

- 5) The City should solicit assistance from Allegheny County, Department of Public Works on road maintenance and improvement activities from time to time.

Implementation Date: Ongoing.

Impact: Increase ability of City to address need that exceeds local capacity.

- 6) The City should employ a limited number of part-time help (no more than 5) during summer months based on ability to pay and actual need.

Implementation Date: Summer months 2007-2009.

Impact: Increase productivity of public works department to address maintenance and repair work seasonally.

- 7) The City shall continue to implement a computerized work order system to track and control service requests from their initiation to completion.

Implementation Date: Ongoing

Impact: Improved tracking system to document service requests from start to finish.

- 8) The City shall continue to explore and pursue opportunities to reduce the overall cost of street lighting where feasible.

Implementation Date: Ongoing.

Impact: Potential cost savings.

## RECREATION

- 1) The City shall continue to appropriate adequate funding for the maintenance and care of the swimming pool and other park facilities on an annual basis. In addition, the City should appropriate funds for recreational programs based on ability to pay.

Implementation Date: Ongoing annually.

Impact: Preserve recreational facilities and programs in City.

## COLLECTIVE BARGAINING ISSUES AND COST CONTAINMENT PROVISIONS AND RECOMMENDATIONS

- 1) Effective January 1, 2007 and thereafter all annual base wage/salary increases for all uniformed, non- uniformed and management-level employees shall be based upon the Consumer Price Index-Urban (CPI-U), U.S. city average for the preceding year.

Implementation Date: Contract year 2007 and beyond.

Financial Impact: Use of CPI-U, U.S. city average annual index to control annual base wage/salary increase. DCED/Act 47 Coordinator approval required for annual wage/salary increase above index.

- 2) There shall be no changes or additions to any employer-paid employee benefit including pensions which will result in any increased cost to the City, or which will have unknown or uncapped future costs (e.g. compensatory time), unless mandated by law as an expense of the City as an employer such as social security, worker's compensation and unemployment compensation.

All current fringe benefits and any new proposed change or addition to an employer-paid employee fringe benefit shall be cost out to determine the financial impact on the City and shall be provided to the Act 47 Coordinator to consider for approval. City Council shall not approve any such change or addition without Act 47 Coordinator approval first.

All such estimated costs of employer-paid benefits for all employees within a collective bargaining unit shall be expressed as a percentage of wages/salary and shall not thereafter exceed the percentage base in future collective bargaining agreements based upon the following schedule:

Effective January 1, 2007 and thereafter, the base percentage of employer-paid fringe benefits to wages/salary shall not exceed 45% for police and 35% for non-uniformed employees respectively in any future collective bargaining agreements. This provision shall apply to all future collective bargaining agreements or arbitration awards.

The respective percentages shall not be exceeded unless cost out to determine the financial impact on the City and shall be provided to the Act 47 Coordinator to consider for approval. City Council shall not approve any increase without Act 47 Coordinator approval first.

Implementation Date: Contract year 2007 and beyond.

Financial Impact: -0- cost neutral.

- 3) Effective January 1, 2007 and thereafter, the City's cost for health care and welfare insurance plan premiums shall be capped and subject to an employee cash contribution co-payment in accordance with the following provisions:

Annual increases in hospitalization and health care insurance plan premiums as well as vision, dental and prescription insurance plan premiums paid by the City shall each be limited to five percent (5%).

When the above annual insurance plan premium rate increase is more than 5%, the City and respective Union shall meet and discuss for the purpose of limiting the annual plan premium rate increase to 5% or less.

In the event the City and respective Union are unable to limit the annual insurance plan premium rate increase to 5% or less, any annual rate increase in excess of the 5% shall be paid by the employee as a cash contribution co-payment to the City.

Life insurance coverage upon retirement shall not be provided for any present and future employee who is not currently guaranteed such a benefit.

Implementation Date: Contract years 2007 and beyond.

Financial Impact: Employee payment of annual health and welfare insurance premium rate increase over 5%; cost-sharing.

- 4) Job position categories in the Public Works Department shall continue to be maintained at the current level of four (4) as reflected in the collective bargaining agreement of 2007-2009.

Implementation Date: Ongoing

Impact: Streamline number of departmental job categories and positions.

- 5) Salary continuation provisions of the seniority article (No. 6) for non-uniformed employees shall be limited to ninety (90) days in the event of a department elimination.

Implementation Date: Future contract

Impact: Cost savings; varies with employee and position.

- 6) Annual vacation for all current and future employees (clerical, public works and police as well as management-level) shall not exceed a maximum of five (5) weeks per calendar year, and shall be granted in accordance with the following schedule:

Length of Service	Vacation Leave
After 1 year	2 weeks
5 years	3 weeks
10 years	4 weeks
15 years	5 weeks

Annual vacation shall be scheduled and used during the year in which it is accrued. Otherwise it is lost. There shall be no accumulation of unused annual vacation by union and management-level employees from year-to-year.

Implementation Date: Contract year 2007 and beyond

Financial Impact: Dependent on employee service years; cap on paid time off.

- 7) Upon termination, sick leave buy-back payment shall be capped at the level (\$35/day up to maximum of 60 days) established in the collective bargaining agreements for non-uniformed employees (2007-2009), but only for employees hired prior to January 1, 1992. All employees hired after January 1, 1990 but prior to January 1, 1992 must have at least five (5) years of service to receive sick leave buy-back payment. Employees hired on or after January 1, 1992 shall have no sick leave buy-back benefit.

Any accumulation of sick leave for management-level employees shall be eliminated effective January 1, 2007.

Implementation Date: Future contract.

Financial Impact: Varies for each employee. Cost avoidance.

- 7A) Pay-out of compensatory time shall be eliminated for all management-level employees effective January 1, 2007.

Implementation Date: January 1, 2007.

Financial Impact: Cost containment of item with unknown future liability.

- 8) Longevity pay shall not be provided to any current or future City employee.

Implementation Date: In place in current contract.

Financial Impact: Cost avoidance.

- 9) Article No. 11 (Discipline or Suspension) of the Municipal and Clerical employee collective bargaining agreements shall be changed to permit the City to take immediate administrative action without prior notice under certain circumstances.

Implementation Date: Future contract.

Impact: Greater control over problem employees on the job; protect persons and property.

- 10) Employees shall not accrue vacation and sick leave during any period of time while on any kind of unpaid leave of absence or furlough from City employment.

Implementation Date: In place; ongoing.

Impact: Cost avoidance of paid time off benefits.

- 11) Employees cease to be considered employees of the City when they incur a break in service for whatever reason for 130 consecutive calendar days, or more, except employees with more than five years of service who shall be considered to have incurred a break in service after an absence of a minimum of 260 consecutive calendar days.

Implementation Date: Future contract.

Impact: Implement policy to control status of employees with break in service to the City.

- 12) Municipal Employees Union Contract-Article No. 7-General Provision, Section 13: Delete from the future collective bargaining agreement the

provision that: prohibits subcontracting of bargaining unit work without prior approval by the Union, and does not permit the use of volunteers or “summer help” and/or interns at any time when bargaining unit members are in furloughed status.

Implementation Date: 2007 contract and beyond.

Impact: Exercise of management rights.

- 13) Municipal Employees Union Contract (2007-2009)-Article No. 7-General Provision, Section 15: Delete entire language in this section- Reopen agreement after City’s Act 47 distress designation is rescinded to negotiate improvements in compensation, sick days and retirement benefits; interest arbitration to resolve any open issues.

Implementation Date: 2007 contract and beyond

Impact: Exercise of management rights.

- 14) Municipal Employees Union Contract (2007-2009)-Article No.15-Pension Program, Section 1: Delete the following sentences: “Also, the Union shall be permitted to negotiate improvements in the Pension Program during each year of the agreement. If an amicable resolution of the pension issues can not be found the Union retains the right to Interest Arbitration.”

Implementation Date: 2007 contract and beyond-above language removed from 2007-2009 contract.

Financial Impact: Avoid increased City cost to pension plan.

- 15) Clerical Employees Union Contract (2007-2009)-Article No. 20-Delete entire language in this section. Subcontracting and Use of “Summer Help” When Employee in Furloughed Status.

Implementation Date: 2007 contract and beyond.

Impact: Exercise of management rights.

- 16) Clerical Employees Union Contract (2007-2009)-Article No. 21-Pension, Section 1: Delete the following sentences: “Also, the Union shall be permitted to negotiate improvements in the Pension Program during each year of the agreement. If an amicable resolution of the pension issues can not be found the Union retains the right to Interest Arbitration.”

Implementation Date: 2007 contract and beyond-above language removed from 2007-2009 contract.

Financial Impact: Avoid increased City cost to pension plan.

- 17) Clerical Employees Union Contract (2007-2009)-Article No. 22-Other Benefits, Section 3: Delete entire language in this section-Reopen agreement after City’s Act 47 distress designation is rescinded to negotiate improvements in compensation, sick days and retirement benefits; interest arbitration to resolve any open issues.

Implementation Date: 2007 contract and beyond.

Impact: Exercise of management rights.

- 18) The City shall have the flexibility to consider and select any health care insurance plan provider of medical, dental, vision and prescription benefits for all employees based upon ability to pay without union consent.

Implementation Date: 2007 contract and beyond.

Impact: Exercise of management rights.

## LABOR RELATIONS PROVISIONS AND RECOMMENDATIONS

- 1) The City shall continue the use of a labor-management committee structure for each collective bargaining unit in order to engage in ongoing discussions of workplace and other related issues which should include but not be limited to health and safety, productivity, training, liability and the maintenance of both collective bargaining agreements.

Implementation Date: Ongoing

Impact: Improved labor-management relations which translates into improved morale and positive work environment.

- 2) The City shall continue to engage the services of a professional public sector labor relations specialist to serve as the City's representative in the negotiation of future collective bargaining agreements or to serve as the City's representative in an arbitration proceeding. If not the City Solicitor, the labor relations specialist shall work in conjunction with the City Solicitor.

Implementation Date: Ongoing as the need arises.

Impact: Experienced and expert negotiator to influence outcome of collective bargaining or arbitration process in best interest of City; remain in compliance with cost containment provisions of Recovery Plan.

## COMMUNITY DEVELOPMENT RECOMMENDATIONS

### PLANNING

- 1) The City Manager shall continue to oversee and coordinate the implementation of the City's comprehensive plan (1992) and land use regulations consistent with adopted community development goals and standards.

Implementation Date: Ongoing.

Impact: Improve infrastructure, facilities, services, tax base and quality of life, and guide long-term community and economic development.

- 2) The City should update the comprehensive plan (1992) and land use regulations through a request for proposal (RFP) process to select the appropriate and qualified professional planning firm to carry out the consulting

work effort.

Implementation Date: Ongoing.

Impact: New community and economic development plan and strategy to foster financial recovery through programs that stabilize the tax base and improve quality of life..

## CODE ENFORCEMENT

- 1) The City shall continue to support and strengthen code enforcement program activities and adopt code updates on a timely basis that are consistent with the enacted statewide uniform construction code (UCC).

Implementation Date: Ongoing

Impact: Maintain and improve residential and commercial property value.

- 2) The City shall continue to use code enforcement to aggressively pursue activities designed to support community and economic development initiatives throughout the City.

Implementation Date: Ongoing

Impact: Continue to receive professional code enforcement officer services at a reasonable cost.

- 3) The City shall continue to establish a reasonable service fee schedule for all services rendered through the building inspection and code enforcement program to recover the cost of providing such service.

Implementation Date: Ongoing

Impact: Cost recovery to pay for services rendered based on established fee schedule.

## HOUSING

- 1) The City shall continue to pursue and use available grant funds for additional targeted demolition and code enforcement services, more vacant property being turned over to private owners for reuse, housing rehabilitation and new home construction. Grant applications should be submitted to Allegheny County Department of Economic Development and PA Department of Community and Economic Development.

Implementation Date: Ongoing.

Impact: Targeted financial and technical assistance to foster housing and community development initiative city-wide.

- 2) The City shall continue to seek out and use the services of a community development/housing agency such as Allegheny County Department of Economic Development and the Mon Valley Initiative to provide technical assistance and to administer the implementation of housing redevelopment grant programs. The City should continue to seek grant funds for housing rehabilitation and new residential construction projects through available funding sources from the county, state and federal governments.

Implementation Date: Ongoing effort

Impact: Ongoing housing program services and projects to stabilize tax base.

- 3) The City shall continue to cooperate and work with the Community and Economic Development Corporation of Clairton (CEDCC) on programs to foster housing rehabilitation and new home construction projects. The City and CEDCC should jointly apply to Allegheny County Department of Economic Development and PA Department of Community and Economic Development for housing development grant funds and technical assistance to assist in implementation of programs that stabilize neighborhoods and add value to the tax base.

Implementation Date: Ongoing

Impact: Stabilize neighborhoods and overall tax base.

- 4) The City shall continue to implement a demolition program based on whether there is a threat to persons and property, the ability to pay locally, availability of matching grant funds and whether it is part of the City's overall community improvement strategy, including participation in the vacant property program.

Implementation Date: Ongoing

Impact: Removal of blight and deteriorated properties to promote multiple reuse of parcels in neighborhoods and commercial area.

## ECONOMIC DEVELOPMENT RECOMMENDATIONS

### INDUSTRIAL/MANUFACTURING/BUSINESS DEVELOPMENT

- 1) The City shall continue to participate in the regional enterprise zone program with the cities of McKeesport and Duquesne as part of an intergovernmental and regional approach to foster economic development. Clairton shall continue to participate as an equal and active member of the regional enterprise zone advisory board.

Implementation Date: Ongoing

Impact: Maintain and enhance industrial/manufacturing/business tax base of city.

- 2) The City shall continue to implement development initiatives that grow the tax base inside and outside of the enterprise zone area within Clairton.

Implementation Date: Ongoing

Impact: Coordinate and implement economic development projects throughout the city to help stabilize the tax base.

- 3) The City Manager shall work closely with the regional enterprise program consultant to foster economic development initiatives to attract and retain business, create jobs and maintain an environment conducive to revitalizing underused properties inside and outside of the enterprise zone area within Clairton.

Implementation Date: Ongoing

Impact: Create and retain jobs and businesses; create environment conducive to redevelopment.

- 4) The City shall continue to use the regional enterprise zone program revolving loan funds to provide low interest money to viable new businesses or expansion of existing viable businesses located in Clairton.

Implementation Date: Ongoing

Impact: Provide financial incentive to viable businesses to attract investment and jobs in city.

- 5) The City should continue to seek grant funding to continue to implement local economic development strategies and marketing plans.

Implementation Date: Ongoing

Impact: Generate economic development and enhance tax base.

- 6) The City shall continue to pursue development of the Blair industrial site on State Street and continue to work through impediments to its development.

Implementation Date: Ongoing

Impact: Development of taxable property and opportunity

for job creating facility.

- 7) The City and the Clairton Redevelopment Authority should continue its partnership in carrying out joint projects to maximize financial and technical assistance and other resources to foster economic and community development throughout the City.

Implementation Date: Ongoing

Impact: Create jobs, eliminate blight and increase the tax base.

- 8) The City shall combine the position of Economic Development Coordinator and Executive Director of the Clairton Redevelopment Authority to eliminate duplication of services and save money in the Community Development Fund.

Implementation Date: January 1, 2007.

Impact: Remove duplication of service and save money.

## COMMERCIAL REVITALIZATION

- 1) The City's Economic Development Coordinator/Redevelopment Authority Executive Director should continue to assist commercial business owners of Miller and St. Clair Avenues central business district and the State Street business corridor as a coordinator and facilitator of commercial development programs and projects to stabilize the business district and expand the tax base.

Implementation Date: Ongoing

Impact: Generate new commercial development and tax revenue for city.

- 2) The City's Economic Development Coordinator/Redevelopment Authority Executive Director should continue to provide technical assistance, grant writing and administration and project management services to implement

commercial development projects in the two business districts in consultation with the City Manager, Council and the Clairton Reinvestment Corporation.

Implementation Date: Ongoing

Impact: Revitalization of both commercial shopping areas in city.

## TRANSPORTATION

- 1) The City should continue to cooperate with regional planning agencies such as Southwestern Pennsylvania Commission (SPC) and PennDot to advocate for its transportation priorities and needs and to provide input as projects are planned and implemented.

Implementation Date: Ongoing

Impact: Road infrastructure improvements create better access to/from city and enhance economic development.

- 2) The City should continue to advocate improvements to key transportation systems such as Route 837 and Route 885/Coal Valley Road intersection.

Implementation Date: Ongoing

Impact: Improved access, travel and safety through city.

- 3) The City shall continue to implement a traffic signal system rehabilitation and replacement schedule based upon priority, ability to pay locally and availability of matching grant funds as part of the capital improvement plan and budget.

Implementation Date: Ongoing

Impact: Traffic signal system and road safety improvement.

- 4) The City shall continue to implement and fund a street/road resurfacing and preventative maintenance program on an annual basis as part of the capital improvement plan and budget.

Implementation Date: Ongoing

Impact: Street/road improvements made on planned and

- 5) The City shall continue to update and implement the adopted capital improvements program on an annual basis and appropriate funds to implement projects based on priority, ability to pay locally and availability of matching grant funds.

Implementation Date: Ongoing

Impact: Policy and program to allocate capital resources.

## SECTION III

### MANAGEMENT POLICY RECOMMENDATIONS

The following management policy recommendations shall be implemented as amendments to the Recovery Plan of 2004-2006, as provided below for the period 2007-2009:

- 1) The Manager shall review the adopted administrative code to determine whether any revisions or amendments are needed in light of administrative and operational changes that have taken place during the prior and current recovery period.

#### Commentary

The City adopted an administrative code in 1990 establishing an organizational structure as required by the Clairton Home Rule Charter. The adopted administrative code provides a structure to carry out delivery of municipal services and to achieve the goals and objectives established in the home rule charter, recovery plan and comprehensive plan.

City Council established departments, or administrative units, for the manager to assign work to be performed by city employees as indicated in Article IX of the Clairton Home Rule Charter. The five administrative units are: Finance; Public Safety; Fire; Public Works; and Engineering. It is through these administrative units that services are delivered and programs and projects of the City are implemented. The creation of these departments and the subsequent appointment of qualified department heads have been crucial to continuing administrative improvements made by the City.

The City has undergone administrative and operational change during prior recovery periods that may necessitate revisions or amendments to the administrative code. Some of the changes, for example, have been:

- a) Mandate of curbside recycling;
- b) Codification of city ordinances;
- c) Update of comprehensive plan and land use regulations;
- d) Start-up of local police department;
- e) Conversion to volunteer fire service;
- f) Creation of advisory boards per the Clairton Home Rule Charter;
- g) Creation and appointment of director of parks and recreation;
- h) Creation and appointment of city redevelopment authority and director; and
- i) Creation and appointment of economic development coordinator.

Given the operational and structural changes that have occurred over prior recovery periods, and the need to build flexibility into the organizational structure of the City to be responsive to change, the administrative code may need to be revised or amended. The City's organizational structure may need to be altered to deal with change from time to time. A review of the administrative code should determine whether revisions or amendments are needed.

- 2) The City shall continue to explore and pursue opportunities for increased inter-municipal cooperation in all areas of operations.

#### Commentary

The City shall continue to avail itself of inter-municipal cooperation programs as a member of the Steel Valley Council of Governments (SVCOG). The City shall continue to be an active participant in the SVCOG and other regional and inter-municipal agencies. The City needs to be continuously alert for opportunities to divest itself of functions which may be provided more efficiently through collective efforts with other municipalities, governmental entities and/or through privatization arrangements.

The City participated in the SVCOG regional shared code enforcement officer program being provided with twenty (20) hours of code enforcement and building inspection services a week by an assigned officer for Clairton. The SVCOG regional shared code enforcement officer program disbanded effective February 15, 2004. The City employs one of the former SVCOG code enforcement officers on a full-time basis.

Also, during the recovery plan period of 2001-2003 the City was a participant in the Neighborhood Tool Box Program collaborative with the PA Department of Community and Economic Development, Allegheny County Department of Economic Development and eight (8) other financially distressed (Act 47) and/or Sanders Task Force municipalities to foster housing and community development initiatives and programs. The City used Act 47 grant funds to secure twenty (20) additional hours of code enforcement and building inspection services per week during 2001 and 2002.

In addition, the City is a participant in a regional enterprise zone program with the cities of McKeesport and Duquesne to address redevelopment of designated industrial areas within the three municipalities. In 2007, the regional enterprise zone designation is being renewed for an additional eight years through the Department of Community and Economic Development.

- 3) The City shall continue the practice of selling all surplus or inoperative municipally owned vehicles, equipment and similar items no longer used or needed by the City through a sealed competitive bid process.

#### Commentary

The manager and department heads should continue to inventory all municipal vehicles, equipment and the like and identify what is no longer needed, used or is not worth retaining. Items so identified shall be sold through a sealed competitive bid process and the proceeds should be earmarked for the maintenance of essential rolling stock. The sale of surplus property sponsored by the councils of governments is one way for the City to dispose of such items.

- 4) The City shall continue to avail itself of interns who are studying public administration or a related field at local colleges and universities.

#### Commentary

Graduate and undergraduate students are available to acquire on-the-job training and experience who carry out specific assignments and projects where needed most throughout city operations. Interns can study and research specific issues as part of a larger matter being examined and provide assistance in the implementation of the recovery program. They can provide assistance in defining alternative strategies to solve problems facing Clairton. Their continued use will benefit the City both with administration and operations as well as with community and economic development activities.

- 5) The City shall continue to update computer software used for financial management activities (accounting, payroll, budgeting, tax and fee billing/collection and purchasing), and in all administrative departments in order to improve productivity and record keeping, increase revenue and provide public services as efficiently as possible.

#### Commentary

The City needs to continue to pursue opportunities to streamline operations by using employees more productively while containing costs and enhancing service delivery. Computerization is one way to expedite administrative and clerical tasks to improve operations and save money. Periodic computer software updates provide the City the ability to maintain productivity and improve financial management reporting.

Tasks computerized consist of budgeting, accounting, accounts payable, payroll, purchasing, building inspection, code enforcement, road maintenance, capital improvement projects, tax and service fee billing and collection and general data processing functions.

- 6) City Council and Mayor shall continue to enroll in classes aimed at training elected officials in the area of policy and decision-making. In addition, City staff shall be given the opportunity to attend training sessions to enhance their job performance and skills.

#### Commentary

City Council and Mayor can more effectively carry out their responsibilities through participation in training opportunities provided through the PA Local Government Training Partnership through the PA Department of Community and Economic Development, those sponsored by the Local Government Academy and other organizations that sponsor training for municipal officials.

Training will also assist City Council and Mayor in further institutionalizing the council/manager form of government provided under the Clairton Home Rule Charter. City staff benefit from participating in training on job-related matters.

A discount registration fee is offered to Act 47 municipalities to attend training programs sponsored by the Local Government Academy.

- 7) The City shall strive to continue to meet the Standards for Effective Local Government by carrying out a self-assessment of municipal functions and services every three years, and shall implement operational and administrative improvements as necessary and appropriate.

#### Commentary

Periodically the City needs to review and evaluate its overall viability to provide and sustain basic service levels and to strengthen its administrative capacity in specific areas of operations/services. Results of such an evaluation can be used to upgrade specific areas of operations/services.

- 8) The City Manager should prepare a strike contingency plan at least six 6 months prior to the expiration of the public works and clerical union contracts as part of an overall effort to address municipal service delivery and emergency service delivery planning.

#### Commentary

A strike contingency plan is necessary in order to address and minimize service delivery disruptions through the use of contract service providers and exempt City employees. The City's emergency management plan can address the manner in which public works and clerical employee service disruptions should be handled to maintain service delivery to taxpayers and residents.

- 9) The City shall continue to implement its record retention and disposition program adopted in 1993 in accordance with the Municipal Records Act of 1968, as amended.

#### Commentary

The City undertook a record retention and disposition program in 1993 to eliminate old and unneeded records and to keep and organize needed and valuable records as part of an overall records management policy. It is important for the City to continue to keep its records organized and accessible and to continue to maintain adequate storage space for new records to be retained.

## SECTION IV

### FINANCIAL POLICY RECOMMENDATIONS

The following financial policy recommendations shall be implemented as amendments to the recovery plan of 2004-2006, as provided below for the period 2007-2009:

#### TAXATION

- 1) Over the course of the recovery plan period of 2007-2009, the City shall undertake a review and evaluation of the tax collection system and process (real estate and Act 511 taxes and municipal service fees). The study shall be conducted through the PA Department of Community and Economic Development, Governor's Center for Local Government Services, Peer Assistance Program based upon a scope of services developed by the Act 47 Coordinator, Manager and Finance Director to examine existing practices and identify strategies that improve collections.

#### Commentary

A tax collection study was carried out in the early 1990s by the PA Economy League that covered Act 511 taxes and by a peer consultant who addressed the real estate tax. Both reports provided a series of recommendations that were incorporated into the recovery plans of 1994-1996 and 1997-2000 respectively.

The recommendations were made operational by three different finance directors and four different managers during the latter half of the 1990s to the extent that was feasible, within the control of each finance director to implement, available staff,

funding and the policy direction of City Council. Generally the recommendations address the need to increase revenue yields, institute more cost effective collection processes, enhance administrative controls in revenue collection and develop an action plan to curb tax delinquencies. All tax collection is handled by a private collection agency except for current real state taxes.

Overall, management must be committed to improving both current and delinquent collection efforts in order to receive revenue due the City. City management, Solicitor, City Council and the respective tax collector need to continue to work together to address this problem. The City realizes that it needs to continue to increase tax collection efforts in order to avoid budgetary operating deficits in the future and as replacement revenue relative to continuing annual rate decreases in the resident local earned income tax under Act 47

The City contracts with a private tax collection agency for the collection of the current and delinquent earned income, occupation privilege/emergency and municipal services and mercantile/business privilege taxes as well as delinquent real estate tax both on a commission and fee basis. While the Recovery Plan of 1997-2000 recommended that the City bring its Act 511 tax collection in-house, it is not feasible to bring any of the Act 511 tax collection responsibilities in-house because of a lack of funding, staff, time and expertise.

The City and School District have a cost sharing agreement in place in which the School District pays the City for fifty (50) percent of expenses relative to three finance office staff who are involved in the billing and collection of real estate taxes for the City and School District quarterly. The agreement is automatically renewed on an annual basis unless terminated by either party. The City needs to ensure that an adequate cost allocation occurs in the recovery of its tax collection related costs.

- 2) The City shall continue to make improvements to overall tax collection efforts by implementing recommendations contained in the tax collection peer consultant report into the existing tax collection process. This recommendation shall be read in conjunction with recommendation number one above directing a review and evaluation of the tax and fee collection process.

#### Commentary

Improvement in the collection rate of current and delinquent tax revenue, especially the real estate tax, shall continue to be a priority of the City. Low collection rates (in the 80% range) generally artificially inflate the real estate tax millage rate to make up for lost revenue because of delinquencies and low assessments.

In addition, the City shall continue to address the following tax collection matters:

- a) The City shall continue to implement the tax collection agreement with the Clairton School District that addresses specific services to be performed and expenses to be paid by the District, among other related issues;
  - b) The City shall continue to validate the status of all tax-exempt property periodically. In addition, the City shall continue to argue against assessment reductions as a matter of policy on major appeals, and shall request the involvement and participation of the School District and County in the appeal process;
  - c) The City shall continue regular communications with its Act 511 private tax collection agency to monitor their collection activities and performance including the timely mailing of forms and delinquent notices. Detailed monthly reports on all tax collection efforts should be received from the collector and are important to track collections;
  - d) The City shall continue to implement all recommendations contained in annual audit reports to improve tax collection policies and procedures. All Act 511 tax ordinances and rules and regulations should continue to be reviewed and updated when necessary to reflect current collection practices and policies;
  - e) The City's Finance Office shall continue to maximize computer usage in the administration of its tax collection and other activities to offset limited personnel and expertise and achieve greater productivity and efficiency in the operation;
  - f) Finance Office personnel shall continue to attend training and educational programs held by local government training agencies. Attendance at such training sessions increase their knowledge and performance; and
  - g) The City shall continue the tax and municipal claims verification program. In addition, the City shall continue the practice of issuing municipal lien and tax certification letters.
- 3) The City shall no longer impose a higher local earned income tax rate under authority of Section 141 of the Municipalities Financial Recovery Act (Act 47). The local resident earned income tax rate shall be 1% (.5% City/.5% School) under the Local Tax Enabling Act (Act 511) effective, January 1, 2007.

#### Commentary

The City is to be commended for ending the use of a higher resident and non-resident local earned income tax rate imposed under provisions of the Municipalities Financial Recovery Act (Act 47).

Termination of the resident and non-resident local earned income tax rate above 1% is not only consistent with the goals of the recovery plan but it is also consistent with the understanding reached between the USX Clairton Coke Works employees (non-residents), represented by United Steelworkers Local Union 1557 and the City of Clairton in 1998 at the annual court hearing to get approval to levy a higher earned income tax rate under Act 47.

- 4) City Council, either through an ordinance or an initiative petition and referendum process, should provide for a ballot question asking voters whether the Clairton Home Rule Charter should be amended to authorize the City to levy a resident local earned income tax rate above the limit of 1% established in the city Home Rule Charter.

City Council should establish a maximum earned income tax rate that cannot be exceeded as part of the referendum ballot question asking voters whether to amend the City Home Rule Charter.

#### Commentary

The City's Home Rule Charter currently does not authorize City Council to have an earned income tax rate above 1% as established in the Local Tax Enabling Act (Act 511). The City did in the past impose a higher earned income tax rate on residents under authority of the Municipalities Financial Recovery Act (Act 47) as part of the overall tax structure.

Voter approval of the referendum ballot question will strategically position Clairton to continue to generate sufficient revenue through this tax under authority of the Clairton Home Rule Charter (Act 62 of 1972) which the City has been operating under since 1990.

- 5) The City shall continue to monitor the fiscal impact of imposing the graded land tax. In addition, the City shall annually reevaluate the real estate tax structure to determine the feasibility of continuing to levy a graded land tax versus having a single rate on taxable property. The City shall incorporate these factors into the annual budget process relative to fiscal impact and graded land tax versus single rate.

#### Commentary

The real estate tax is the City's largest revenue source generating approximately \$966,623, or 32% of general fund revenues of \$3,007,349 in 2006. The City has had a graded land tax in place since 1990 at a rate of 100 mills on land and 21.05 mills on improvements to the land (buildings) which represents a single rate of 36.8 mills until 2001. After the countywide reevaluation, the graded land tax rate decreased to 28 mills on land and 1.22 mills on improvements to the land which converts to a single rate of 7.5 mills. During the 2004-2006 recovery plan period, the assessed valuation declined by .7%.

During 1999-2000, Allegheny County went through a reevaluation of property in all 130 municipalities in which a new assessed valuation went into effect January 2001. In addition, the ratio of assessed value to market value changed to 100% from 25%. As a result, the County Assessment Office certified the value

of taxable property in Clairton at \$147,428,400 in 2001.

The \$147,428,400 figure was a pre-assessment appeal hearing (formal and informal) amount. As of January 2002, the assessed value was set at \$123,390,350, or a loss of \$24,038,050 or 16%. In 2003 the assessed value dropped again to \$122,830,300 or a loss of \$560,050 or .5%. For 2006, the assessed value is set at \$122,911,350 or \$24,517,050 or 17% less than in 2001. The assessed value in 2007 of \$121,402,150 decreased by \$1,509,200 or 18% from 2006.

The graded land tax initially was instituted to achieve a greater and more equitable distribution of the real estate tax burden among property owners while generating adequate revenue. Because elimination of the graded land tax structure would redistribute the existing tax burden more on homeowners rather than landowners, it is incumbent upon the City to carefully and thoroughly review and consider the political, economic and social implications prior to making a decision whether to continue it or not.

- 6) Funding for the Clairton Public Library shall be maintained by City Council to ensure it remains a viable asset of the City.

Commentary

City Council in its policy-making role must continue its commitment to the local library through an annual budgetary appropriation.

City residents are the primary patrons of the Clairton Library. The Clairton School District relinquished its association and financial support for the library in the mid 1980s when it was declared a financially distressed school district by the PA Department of Education.

The City's annual allocation of \$37,160 for 2007 provides approximately fifty percent (50%) of the total library budget of \$75,000. Other operating funds come from state grants, donations, fund-raising and fines.

## SERVICE/USER FEES

- 1) The Municipal Service Fee shall be adjusted to cover one hundred percent (100%) of annual refuse and recycling costs and shall include both direct and indirect costs.

Commentary

The Municipal Service Fee shall be based on the total annual cost divided by the actual number of accounts (units/households) billed. Program costs may be reduced by any revenue received from the sale of recyclable materials.

The Municipal Service Fee of \$144/year is levied on each household for refuse and recycling collection services. The fee is intended to cover direct and indirect costs of providing the service. The costs of the program include all related expenses: wages, benefits, insurance, equipment, fuel, collection services, tipping fees, vehicle maintenance and repairs and administrative overhead (total program costs).

The City currently has a refuse collection contract effective January 1, 2006 with an option to renew annually through 2010 with County Hauling Corp. The City has the option to renew the contract under the following schedule of charges for the period 2007-2010 for 3,400 units:

2006	\$ 87.42/ton
2007	\$101.81/ton
2008	\$104.53/ton
2009	\$107.32/ton
2010	\$110.19/ton

Prior year refuse collection contract costs are:

2005	\$ 72.79/ton
2004	\$ 68.75/ton
2003	\$ 65.19/ton
2002	\$ 62.04/ton
2001	\$ 59.94/ton
2000	\$ 59.94/ton
1999	\$ 57.09/ton
1998	\$ 54.89/ton
1997	\$ 52.78/ton
1996	\$ 51.24/ton
1995	\$ 66.47/ton
1994	\$ 64.64/ton
1993	\$ 62.62/ton

- 2) The City shall continue to account for all receipts and expenses related to the operation of the sanitary sewer system in the Sanitary Sewer Fund. Sanitary Sewer Fund monies shall be used solely for sanitary sewer system related costs and not to pay for public works employee salaries and benefits for work performed that is not sanitary sewer system related.

Commentary

Sewer rates shall continue to provide sufficient revenues to cover all operating and capital costs of the sanitary sewer system operation and to maintain a reserve fund. The City has maintained a separate Sanitary Sewer Fund since 1991 to account for receipts and expenses related to sewage collection and transport, and system-wide repairs and maintenance.

The Sanitary Sewer Fund shall continue to operate as an enterprise or proprietary fund supported by adequate user fees. The engineer serving the City should determine a reasonable amount of funds necessary to maintain a reserve for future repairs and capital projects. Rates shall be sufficient to cover operating costs, annual capital projects and an annual allocation to the reserve fund. The Sanitary Sewer Fund shall continue to reimburse the general fund for a reasonable share of sanitary sewer system administrative time, direct sanitary sewer system personnel costs and other related overhead expenses.

There is a Guaranty and Sewage Service Agreement between the Clairton Municipal Authority and the City of Clairton, dated March 1, 1976 currently in effect. Provisions of the Agreement include language that require the City of Clairton to be responsible for guaranteeing the payment of principle and interest on any Authority debt obligations that are in default to the trustee. In such a case Clairton is responsible for 52.3% of the debt, along with six other participating municipalities, who as users of the sewage system, pledge full faith and credit of their taxing power and are as follows:

MUNICIPALTY	PERCENTAGE OF DEBT RESPONSIBLE FOR IN CASE OF AUTHORITY DEFAULT
City of Clairton	52.3%
Jefferson Hills Borough	23.0%
South Park Township	1.2%
Peters Township	7.0%
Union Township	12.9%
Nottingham Township	2.5%
Finleyville Borough	1.1%
	—————
	100%

The Clairton Municipal Authority charges Clairton and the other six municipalities a uniform rate for sewage treatment of \$1.20/1,000 gallons based

on actual metered flow. Sewage customers in Clairton pay the City a minimum charge of \$7.83 for up to 2,750 gallons of water consumed and a uniform rate of \$2.85/1,000 gallons of water thereafter.

In February 2005 City Council approved a rate increase of \$7.83 minimum charge for up to 1,500 gallons of water consumed, and \$3.25/1,000 gallons of water thereafter passing on a 45% increase imposed by the Clairton Municipal Authority.

The City currently has a combination storm and sanitary sewer system which results in the City paying the Authority not only for treatment of sewage but also the treatment of storm water. This greatly increases the City's cost for sewage treatment which must be passed on to City customers.

The City has a plan to segregate storm water flow from sanitary sewage. Because of the tremendous cost, separation of storm and sanitary sewers is occurring as the City undertakes street/road reconstruction projects.

The six other municipal users of the system are metered and charged based on actual flow. The Service Agreement establishes that the City of Clairton is responsible for the maintenance and replacement of the City sewer line system infrastructure to the sewage treatment plant.

The City shall continue to monitor the Authority's analysis of flows from participating municipalities to ensure that costs are appropriately accounted for. Any decrease in the City's share of costs should be applied to the reserve fund or to meet operating expenses.

## BUDGETARY

- 1) The City shall continue to prepare, incorporate into the yearly budget process, implement and update annually a formal five-year capital budget and capital improvements plan.

### Commentary

The City Manager and Finance Director shall continue to administer the capital improvements plan adopted by City Council to address infrastructure, facilities and equipment/vehicle needs based upon available sources of funding both locally and from higher levels of government. The process and procedures developed over the last ten years in implementing a capital improvements program and budget, and its integration into annual budget deliberations should

continue to be a standard operating procedure.

The City is currently experiencing a shortage of monies in the capital improvement fund to continue to plan and implement capital purchases and improvements. The shortage of funds has essentially thwarted any effort to identify projects on a multi-year basis focusing only on current year capital spending needs (pay as you go). The City pays approximately \$60,000 a year for lease payments on a fire truck purchased in 2004 from the capital improvements fund and is committed to making payment until 2012. Once the capital fund monies are exhausted debt payments will begin to be paid from the general fund. The main reason the City has little money remaining in the capital improvement fund is because it no longer receives an excess of delinquent tax proceeds that were used for capital projects or an adequate unencumbered year-end cash reserve that was transferred into the capital reserve fund like in the past.

## CASH MANAGEMENT AND INVESTMENT

- 1) The City shall continue to implement a cash management and investment policy and program which will maximize safety, liquidity and investment income (yield).

### Commentary

A monthly cash flow report is generated reflecting actual and projected revenues and expenditures. The City should continue to plan its cash requirements to maximize interest earnings from idle funds. Small cash accounts should be consolidated in order to make full use of investment opportunities. The use of sweep accounts should be pursued and an aggressive approach to investment opportunities should be undertaken. In addition, the use of a tax anticipation note (TAN) should be incorporated into the cash management and investment program of the City.

## AUDIT

- 1) The City shall continue either to assure that all audit entries are posted to the accounting records so that internal reports reconcile to the annual audit report; or, alternately, have supplemental reports prepared as part of the annual audit comparing budget to actual figures for all line items.

## Commentary

For the purpose of analyzing budget line item by variances, internal reports need to reconcile with audit reports to maintain a consistency in reporting either on a cash or modified accrual basis of accounting for both internal reports and the annual audit. Budget to actual detail is necessary to tie actual budget figures to departmental totals.

## FRINGE BENEFITS

- 1) The City shall continue funding the accrued vacation and sick leave pay liability with an annual allocation to the Employee Benefits Fund as a transfer from the general fund operating budget. Payout of any accrued vacation and sick leave to any union and management employee, upon retirement or separation, shall be capped at \$35 a day up to a maximum of 60 days.

## Commentary

The current collective bargaining agreement for both clerical and public works employees provide for the City to pay for unused sick days at a rate of \$35/day up to a maximum of 60 days. The dollar value of accrued benefits accumulate over the years and is paid to an employee upon formal retirement or separation from city employment.

Accrued paid time-off benefits are recorded as a liability in the General Long-Term Debt Account Group in the annual audit report to indicate over time that it is a significant financial obligation of the City. The liability shall continue to be funded on an annual basis as part of the budget process and year-end transfer to the Employee Benefits Fund. In addition, the City shall continue the policy to have all employees take vacations in the same year in which it is earned.

## HEALTH BENEFITS/LIABILITY INSURANCE

- 1) The City shall continue to have employee health benefits and property casualty liability insurance coverage analyzed and evaluated by an outside, independent professional consultant on a regular basis prior to the request for proposal (RFP) process.

## Commentary

The City spent approximately \$15,270 in 2006 on employee health benefits and \$186,430 property and casualty insurance coverage. A thorough analysis of all coverage, their costs and the request for proposal process should continue to be part of the review.

For the purpose of a comparative review and analysis, the City shall continue to develop separate packages for employee health benefits and property and casualty liability insurance coverage. All insurance policies shall be analyzed and evaluated before obtaining requests for proposals for continued coverage.

A risk management program and policy shall be continued with emphasis on controlling and monitoring worker's compensation insurance claims and premiums as well as reducing workplace risk, liability and exposure to accidents, claims and law suits. In addition, the City's risk management program shall emphasize controlling and monitoring employee health benefit costs.

The City had an insurance and risk management review done in 2003 by the Department of Community and Economic Development through the Peer Assistance Program. The City shall continue to implement the recommendations contained in the peer study to reduce risk, liability and exposure to persons and property, and to lower premiums.

## PENSIONS

- 1) The City shall continue to meet pension obligations in accordance with the provisions of Act 205 of 1984.

### Commentary

The City of Clairton maintains separate pension plans for police, fire and non-uniformed employees respectively and cover full-time employees. The City shall ensure that minimum municipal obligations (MMO) are met on a timely basis as provided in Act 205 of 1984. Certification of the chief administrative officer is required to identify the minimum municipal obligation (MMO) for each of the three respective pension plans by September 30. The MMO is incorporated into the annual budget as an appropriation. An actuary report shall be completed and filed as required by Act 205 of 1984.

All present and future employee pension benefits shall conform to applicable state law. Costs of changes and adjustments to current and future pension benefits

shall be determined by the City's actuary for financial impact on the pension plan and shall be in conformance with state law.

The City continues to have financial obligations to its police and fire pension plans. The City has an actuary report done every other year consistent with Act 205 of 1984 to ensure that the pension plans are properly managed, funds invested properly and adequately funded.

The PA Municipal Retirement System (PMRS) administers the City's pension funds and is responsible for preparing an actuary report on each pension plan. The City should continue to use the services of PMRS as the pension plan administrator and fiduciary for police, fire and non-uniformed employee pension plans.

## SECTION V

### SERVICE LEVELS AND STAFFING RECOMMENDATIONS

The Recovery Plan of 2007-2009 continues the effort to balance ongoing service delivery costs and demand with the limited resources and base upon which revenue is generated to pay for public services. Without an expanding local tax base the City, as part of a broader strategy to contain cost increases, may have to institute reduction in workforce measures in order to operate within budgetary appropriations to avoid operating deficits.

In addition, the City shall continue to pursue more inter-municipal arrangements as a way to achieve a balance between increasing costs and adequate service delivery. The City needs to build on existing inter-municipal arrangements by exploring services that can be regionalized or purchased from another municipality or inter-municipal entity. For example, the City used the services of a regional shared code enforcement officer on a part-time basis through the Steel Valley Council of Governments to provide permit, plan review and inspection services until February 15, 2004 when the program disbanded.

The following Service Levels and Staffing Recommendations shall be implemented as amendments to the Recovery Plan of 2004-2006, as provided below for the period 2007-2009:

## POLICE

- 1) The City shall continue to implement the recommendations in the police management and operational study done through the PA Department of Community and Economic Development, Peer Assistance Program in 2002.

### Commentary

The City of Clairton is a full service municipality that has round-the-clock police protection with a complement of 12 full-time and 10 part-time police officers as well as a police chief.

Since the City reestablished a local police department in 1993, costs have escalated over \$500,000 or an average of 18% annually. Increasing cost is a major concern to the City. The cost of local police in 1993 was \$238,405. In 2003, it is \$725,707, or an increase of 67%, or \$487,302. The cost for police in 2005 is \$797,605 or a 9% increase over 2003. \$810,910 was spent in the operating budget in 2006 for police or a 2% increase over 2005. This trend cannot continue at the existing annual percentage rate increase experienced by the City since 1993.

The recommendations contained in the police management and operations study shall be incorporated into these amendments to the Recovery Plan of 2007-2009 and implemented accordingly.

- 2) The City shall pursue an inter-municipal approach to police service during the 2007-2009 recovery plan period should the opportunity arise with respect to becoming part of a regional police department or purchase service from or sell service to another municipality.

### Commentary

The City of Clairton cannot continue to sustain existing and projected levels of spending for a local police department given the downward direction the rate of the local earned income tax is taking including not only the termination of the non-resident earned income tax rate effective January 1, 2001 but also the reduction of the resident local earned income tax rate to 1%. In addition, the City's real estate tax base is stagnant and will not be able to provide enough revenue to sustain annual police department cost increases in the long-term.

Because of the uncertainty of additional grant funds, rising costs and the extra revenue from the higher earned income tax rates levied under authority of Act 47

no longer available, the City has no choice but to identify and pursue other feasible options to police service.

Regional and/or contracted police service offer the City an opportunity for cost savings in the long-term while continuing to improve management and operations. Cost savings and improved service delivery should be primary goals to achieve when entering into inter-municipal cooperation arrangements.

## FIRE

- 1) The Clairton Volunteer Fire Department shall continue to be a party to the mutual aid agreement with volunteer fire companies of adjacent and surrounding municipalities through the Mon-Yough Fire Defense Council.

### Commentary

The Clairton Volunteer Fire Department provide and receive mutual aid and back-up fire service through mutual aid agreements and informal arrangements for assistance with neighboring volunteer fire companies in the region. The issue of liability is addressed in the Mon-Yough mutual aid agreement.

- 2) The Clairton Volunteer Fire Department shall meet annually with the Manager, Finance Director and Act 47 Coordinator to discuss cost containment strategies to implement to reduce the amount of the City's annual budgetary appropriation with a long-term goal of being more self-supporting. A transitional plan is to be developed by all parties to achieve this goal during the recovery plan period of 2007-2009.

### Commentary

Except for having a paid fire chief because a referendum was never approved by the voters completely abolishing a paid fire department, since becoming a volunteer fire service beginning in 1990 the Volunteer Fire Department receives an appropriation in the annual operating budget to fund a paid fire chief and fire protection costs. The annual appropriation for 2007 is \$126,031 and pays for all fire service activities including insurances. As part of the City's overall strategy to contain operating costs, an effort should be made on the part of the Volunteer Fire Department to find ways to control spending and become more self-supporting in the long-term.

In 1992 the City had a review and evaluation done of the new volunteer fire department relative to operations, management and administration of services

through the PA Department of Community and Economic Development, Peer Assistance Program. The fire peer report provided recommendations to strengthen the capacity of the Volunteer Fire Department to deliver fire services. The recommendations have been implemented over the course of the last fifteen years by the fire chief to the extent possible.

One such recommendation is for the City of Clairton and Clairton Volunteer Fire Department to adopt a formal agreement to clearly outline the nature and extent of their relationship relative to each parties' responsibilities and obligations to provide and support fire service.

Such an agreement was adopted by City Council and the Clairton Volunteer Fire Department in November 1992. Basically the agreement acknowledges that the Volunteer Fire Department is a bona-fide, non-profit corporation for the purpose of providing fire protection and related services in Clairton, and that the City accepts such fire protection and related services. In addition, it states that the City shall appropriate funds to support the volunteer fire company and the funds shall be used for purposes identified by City Council in support of such fire protection and related services, and that the agreement may be amended in writing by mutual consent of both parties.

The transitional plan recommended above should become part of the agreement already in place and shall include a schedule outlining a timeframe under which City appropriations will decrease to the Volunteer Fire Department.

## EMERGENCY MEDICAL SERVICES

- 1) The Clairton Volunteer Fire Department ambulance service should continue to serve as primary provider of City-wide emergency medical services, and should maintain formal mutual aid agreements with surrounding municipalities such as the Boroughs of Jefferson Hills, West Elizabeth and West Mifflin to provide back-up.

### Commentary

Beginning in 1996 the Clairton Volunteer Fire Department ambulance service began to serve as primary provider of emergency medical services city-wide. The volunteer service has three emergency medical service ambulances with three paid staff each shift operating around-the-clock.

## PUBLIC WORKS

- 1) The City shall continue to implement recommendations in the public works department management, operational and service delivery study done through the PA Department of Community and Economic Development, Peer Assistance Program in 2003.

### Commentary

The public works department has nine (9) full-time employees who are supervised by a public works director. The cost of public works operations continue to increase annually. The cost of public works in 2000 was \$784,220. Seven years later in 2006 the cost is \$1,043,504, or an increase of \$259,284 or 25%. The cost of public works increased an average of 3.5% annually from 2000 through 2006. Even though the rate of annual departmental increases is less than the police department during the same period, the same advisory applies to public works costs when considering the fact that the City cannot continue to sustain existing levels of spending in the future because of a lack of growth in the tax base and rising operating costs like health insurance, road materials and supplies, gasoline/oil and wages as well as very limited monies for capital purchases and improvements without decreasing spending in this and other areas.

The public works department management and operational review and evaluation provided recommendations which shall be incorporated into these amendments to the Recovery Plan of 2007-2009 and implemented accordingly regarding improved management, service delivery and cost containment as overall goals to achieve in the public works department.

- 2) The Public Works Director shall continue to attend training sessions in public works management and administration of services.

### Commentary

Training sessions are provided through the PA Local Government Training Partnership (DCED), Local Government Academy, Local Technical Assistance Program (LTAP), American Public Works Association and related organizations are a good source for learning more about all aspects of public works management and administration of services (e.g., supervision, risk management/liability, snow/ice control, road and sewer repair/maintenance/reconstruction and computerization).

- 3) The City shall continue to contract for all road work improvement projects other than general ongoing road cleaning; maintenance and repair; snow removal and ice control; building and property maintenance; and other minor

maintenance activities.

#### Commentary

Nine full-time public works employees and the director handle the repair and maintenance of streets and roadways in Clairton covering 2.5 square miles. There is an ongoing need to address problems associated with an aged infrastructure system in the City. The City needs to consider its ability to continue to spend money to maintain existing infrastructure versus the cost of replacement, and contracting out. Union contract language, cost considerations, volume of traffic and existing conditions should be considered as part of the decision whether to contract out existing in-house services and projects.

The City needs to continue to update its inventory of roads/streets/alleys and include information such as the type and size of road, along with its condition and life cycle. It should continue to be incorporated into the City's capital improvement program.

With respect to street maintenance, City Council and the Manager must continue to explore alternative surface treatment methods that are less costly (e.g., seal coating, slurry seal and chemical additives). These and other techniques are labor intensive and may require equipment not in the City's inventory and would necessitate consideration of temporary leasing; service contracts with another municipality, COG or county; or contracting with the private sector to carry out the work.

- 4) The City shall continue to implement a formal maintenance and improvement program to facilitate regularly scheduled sewer line inspection, repair and maintenance of the system.

#### Commentary

The maintenance program shall include considerations such as identifying problem areas on a municipal map, flushing and treating sewer lines routinely with root destroying chemicals. Sewer system cleaning and maintenance should be provided through the sewer vector program of either the Steel Valley Council of Governments or the Turtle Creek Valley Council of Governments.

- 5) The City should solicit assistance from Allegheny County, Department of Public Works on road maintenance and improvement activities from time to time.

#### Commentary

The City may find it useful to solicit the cooperation of the Allegheny County, Department of Public Works to use specialized equipment and vehicles and seek technical assistance and advice when a task or project appears to exceed local

capacity. The County has been and remains a resource for local governments.

- 6) The City should employ a limited number of part-time help (no more than 5) during summer months based on ability to pay and actual need.

#### Commentary

Summer months are a period in which the City undertakes repair and maintenance work on its infrastructure and facilities that can be assigned to seasonal employees to free full-time public works employees for more demanding tasks and projects.

Another option is to contract out certain tasks such as grass cutting, tree trimming and janitorial service at the park, swimming pool and municipal building. Responsibility for monitoring the administration of such service contracts should be placed in the office of the Director of Public Works. Service contracts should specify performance requirements rather than the manner or means in which the work is accomplished. It will provide better control over results. Failure to perform on the part of the contractor can be met with delayed payment or contract termination.

- 7) The City shall continue to implement a computerized work order system to track and control service requests from their initiation to completion.

#### Commentary

The Director of Public Works, in conjunction with the City Manager, shall continue to use a work order form and system/process that can be used to document all requests/complaints/incidents. A computer system in the public works department enables the Director to monitor work in progress to ensure completion and to account for vital information such as location, type and frequency of maintenance required as well as when and how each request/complaint/incident was serviced. This information is useful in future planning of public works budgeting, planning, programming and projects.

- 8) The City shall continue to explore and pursue opportunities to reduce the overall cost of street lighting where feasible.

#### Commentary

Duquesne Light Company at the request of the City carried out a downsizing of street lights in 1992 to 70 watts from 100 and 100 from 250 watts for 243 street lights. Consequently, the City paid approximately \$109,373 to downsize to reap a monthly savings of approximately \$3,200. The City recouped its expenditure in 36 months.

In addition, the City continued to engage in a street lighting reduction program during the 1994-1996 recovery plan period and eliminated 37 street lights throughout the City out of an original list of 50.

The City participated in a Duquesne Light Company Distressed Municipality Street Lighting Program that provided a 15% discount in the base rate monthly charge, provided however, that the City meet certain conditions such as keeping accounts current and not downsizing or eliminating street lights, among others. It further reduced street lighting costs by approximately \$29,830 annually. The Program began in January 1994 and ended in December 1999.

## RECREATION

- 1) The City shall continue to appropriate adequate funding for the maintenance and care of the swimming pool and other park facilities on an annual basis. In addition, the City should appropriate funds for recreational programs based on ability to pay.

### Commentary

Although the City has limited funds to spend on recreation, it is important to ensure that there are adequate appropriations to care for and maintain park and recreation facilities to preserve their value and use into the future.

## SECTION VI

### COLLECTIVE BARGAINING ISSUES AND COST CONTAINMENT PROVISIONS AND RECOMMENDATIONS

Over the last two decades the City of Clairton has suffered a dramatic loss of its tax base, population and level of municipal service. One of the primary means of responding to the need to reduce operating costs is to cut personnel expenses which normally make up the largest area of spending in the operating budget.

The City, however, must continue to meet service delivery demands as responsibly as possible within the limited resources it has available. The City must continuously pursue cost containment measures in order to live within its means as a municipality with a limited tax base and ability to pay. Of primary

concern is the need to contain the cost of police, public works and administrative personnel (wages/salaries and fringe benefits). Although cost containment measures are a central element to the recovery plan effort and have been instituted as a result of the collective bargaining process, financial recovery is achievable not only through continuing existing cost containment provisions in place but also additional ones in future collective bargaining agreements.

The following Collective Bargaining Issues and Cost Containment Provisions and Recommendations shall be implemented as amendments to the Recovery Plan of 2004-2006, as provided below for the recovery plan of period 2007-2009:

### COST CONTAINMENT PROVISIONS/RECOMMENDATIONS

The following recommendations shall apply to all future collective bargaining agreements and bargaining units.

- 1) Effective January 1, 2007 and thereafter all annual base wage/salary increases for all uniformed, non-uniformed and management-level employees shall be based upon the Consumer Price Index-Urban (CPI-U), U.S. City average for the preceding year.

#### Commentary

Normally the cost of living increases from year to year and directly impacts upon the ability of employees/consumers to purchase goods and services. The Recovery Plan recognizes this fact and incorporates annual wage increases for bargaining unit and management-level employees which are based upon changes in the Consumer Price Index-Urban (CPI-U), U.S. City average.

Any annual wage/salary increase given to bargaining unit and/or management-level employees beyond the Consumer Price Index-Urban (CPI-U), U.S. City average or new or additional employer-paid fringe-benefit given to bargaining unit and/or management-level employees shall be offset through cost reductions in other provisions of the collective bargaining agreement or areas of operations to the extent necessary in an amount to consequently neutralize or offset any cost increase to the City.

- 2) There shall be no changes or additions to any employer-paid employee benefit including pensions which will result in any increased cost to the City, or which will have unknown or uncapped future costs (e.g., compensatory time), unless mandated by law as an expense of the City as an employer such as social security, worker's compensation and unemployment compensation.

All current fringe benefits and any new proposed change or addition to an employer- paid employee fringe benefit shall be cost out to determine the financial impact on the City and shall be provided to the Act 47 Coordinator to consider for approval. City Council shall not approve any such change or addition without Act 47 Coordinator approval first.

All such estimated costs of employer-paid benefits for all employees within a collective bargaining unit shall be expressed as a percentage of wages/salary and shall not thereafter exceed the percentage in future collective bargaining agreements based upon the following schedule:

Effective January 1, 2007 and thereafter, the base percentage of employer-paid fringe benefits to wages/salary shall not exceed 45% for police and 35% for non-uniformed employees respectively in any future collective bargaining agreements or arbitration awards.

The respective percentages shall not be exceeded unless cost out to determine the financial impact on the City and shall be provided to the Act 47 Coordinator to consider for approval. City Council shall not approve any increase without Act 47 Coordinator approval first.

#### Commentary

This provision shall apply to all future collective bargaining agreements or arbitration awards. Employer-paid fringe benefits included in the cost impact analysis to determine the percentage base of employer-paid fringe benefits to wages/salary and the overall financial impact on the City include: health and welfare insurance, paid holidays, paid vacation, paid sick days, uniform allowance, FICA/Medicare, worker's compensation, unemployment compensation and life insurance premiums.

- 3) Effective January 1, 2007 and thereafter, the City's cost for health care and welfare insurance plan premiums shall be capped and subject to an employee cash contribution co-payment in accordance with the following provisions:

Annual increases in hospitalization and health care insurance plan premiums as well as vision, dental and prescription insurance plan premiums paid by the City shall each be limited to five percent (5%).

When the above annual insurance plan premium rate increase is more than 5%, the City and respective Union shall meet and discuss for the purpose of limiting the annual plan premium rate increase to 5% or less.

In the event the City and respective Union are unable to limit the annual

insurance plan premium rate increase to 5% or less, any annual rate increase in excess of 5% shall be paid by the employee as a cash contribution co-payment to the City.

Life insurance coverage upon retirement shall not be provided for any present and future employee who is not currently guaranteed such a benefit.

Commentary

Regular annual health care insurance plan premium rate increases equal to or less than 5% for employer-paid employee fringe benefits through a third party do not require an employee cash contribution co-payment.

- 4) Job position categories in the Public Works Department shall continue to be maintained at the current level of four (4) as reflected in the collective bargaining agreement of 2007-2009.

Commentary

Clairton full-time public works employees covered by the collective bargaining agreement handle road, park and sewer system maintenance and repair work. The current number of job categories (4) is appropriate given the type of work performed by the department. The four categories are: Foreman, Equipment Operator/Truck Driver, Laborer and Garage Mechanic.

- 5) Salary continuation provisions of the seniority article (No. 6) for non-uniformed employees shall be limited to ninety (90) days in the event of a department elimination.

Commentary

The current collective bargaining agreement provision on Seniority (Article No. 6, Section 5) for public works employees states that in the event a department is eliminated, the affected employees shall be guaranteed their wages in their jobs in such departments for a period of ninety (90) days after the elimination or discontinuation of such department.

- 6) Annual vacation for all current and future employees (clerical, public works and Police as well as management-level) shall not exceed a maximum of five (5) weeks per calendar year, and shall be granted in accordance with the following schedule:

LENGTH OF SERVICE

After 1 Year  
5 Years  
10 Years  
15 Years

VACATION LEAVE

2 Weeks  
3 Weeks  
4 Weeks  
5 Weeks

Annual vacation shall be scheduled and used during the year in which it is accrued. Otherwise it is lost. There shall be no accumulation of unused annual vacation by union and management-level employees from year-to-year.

Commentary

Vacations are not permitted to be carried over into a new fiscal year. Vacation carry over shall be eliminated from all future collective bargaining agreements.

- 7) Upon termination, sick leave buy back payment shall be capped at the level (\$35/day up to maximum of 60 days) established in the collective bargaining agreements for non-uniformed employees (2007-2009) but only for employees hired prior to January 1, 1992. All employees hired after January 1, 1990 but prior to January 1, 1992 must have at least five (5) years of service to receive sick leave buy-back payment. Employees hired on or after January 1, 1992 shall have no sick leave buy-back benefit.

Any accumulation of sick leave for management-level employees shall be eliminated effective January 1, 2007.

Commentary

Uncapped sick leave is a future cost which cannot be determined because of the unpredictability of how much sick leave an employee may accumulate.

Sick leave buy back is not included in the police union collective bargaining agreement of 2004-2007 and shall not be permitted for police officers and any management-level employees upon retirement or separation from employment.

- 7A) Pay-out of compensatory time shall be eliminated for all management level employees effective January 1, 2007.

Commentary

Uncapped compensatory time is a future cost which cannot be determined because of the unpredictability of when it will be earned and used and for how long by management level employees. In addition, compensatory time is an unknown future cost which cannot be determined as to what the rate of pay will be at the time of payment by the City to a management level employee.

- 8) Longevity pay shall not be provided to any current or future City employee.

Commentary

Longevity pay is a fringe benefit that adds to the cost of payroll. It is not being provided to any employee currently and shall not become part of any collective bargaining agreement. It is a cost that is to be avoided.

- 9) Article No. 11 (Discipline or Suspension) of the Municipal and Clerical employees collective bargaining agreements shall be changed to permit the City to take immediate administrative action without prior notice under certain circumstances.

Commentary

The City should have the authority to take immediate administrative action against employees whose actions are prejudicial to the proper running of operations and/or pose a threat or potential danger to themselves, fellow workers, citizens of the City and public and/or private property. Such activities should include but not be limited to theft, gross insubordination, willful damage to City property, abuse of leave, conviction of a felony, intoxication or drug use and driving under the influence while on duty.

- 10) Employees shall not accrue vacation and sick leave during any period of time while on any kind of unpaid leave of absence or furlough from City employment.

Commentary

An unpaid leave of absence provides an employee the opportunity to return to work after a fixed period of time of being off work. During the absence, no employee is entitled to accrue any employer-paid time off benefits such as vacation, sick leave and paid holidays. The same applies in case of furlough.

- 11) Employees cease to be considered employees of the City when they incur a break in service for whatever reason for 130 consecutive calendar days, or more, except employees with more than five years of service who shall be considered to have incurred a break in service after an absence of a minimum of 260 consecutive calendar days.

Commentary

This recommendation would institute a policy in the City currently not in place of how long the City retains an obligation to employees who are no longer performing job duties for the City.

The following recommendations 12, 13, 14, 15 and 18 below address the

issue of managements rights. The City needs to exercise and retain its management rights in the way it controls and directs not only its workforce but also its work effort. The City needs the flexibility to be able to subcontract work without prior approval by the union when an opportunity or need arises to perform the work for economic reasons and continued cost containment of personnel costs. Through the collective bargaining process, the City shall reestablish the exercise of management rights to control and direct the workforce and work load based upon ability to pay and achieving cost containment while maintaining adequate public services at an affordable level.

Two other recommendations, 16 and 17, follow below that address pension plan improvements advocated by the union representing non-uniformed employees. The City shall not negotiate any pension plan improvements in any of the three employee pension plans at any time, nor shall the City be required to go to interest arbitration in the event of an impasse with the municipal and clerical employees' union regarding this matter. There shall be no adverse financial impact or cost to the City relative to any proposed pension plan improvements for employees when part of the overall collective bargaining process.

- 12) Municipal Employees Union Contract-Article No. 7-General Provision, Section 13: Delete from the collective bargaining agreement the provision that: prohibits subcontracting of bargaining unit work without prior approval by the Union, and does not permit the use of volunteers or "summer help" and/or interns at any time when bargaining unit members are in furloughed status.
- 13) Municipal Employees Union Contract (2007-2009)-Article No. 7-General Provision, Section 15: Delete entire language in this section-Reopen agreement after City's Act 47 distress designation is rescinded to negotiate improvements in compensation, sick days and retirement benefits; interest arbitration to resolve any open issues).
- 14) Municipal Employees Union Contract (2007-2009)-Article No. 15-Pension Program, Section 1: Delete the following sentences: "Also, the Union shall be permitted to negotiate improvements in the Pension Program during each year of the agreement. If an amicable resolution of the pension issues can not be found the Union retains the right to Interest Arbitration."
- 15) Clerical Employees Union Contract (2007-2009)-Article No. 20-Subcontracting and Use of "Summer Help When Employee in Furloughed Status." Delete entire language in this section.
- 16) Clerical Employees Union Contract (2007-2009)-Article 21-Pension, Section 1: Delete the following sentences: "Also, the Union shall be permitted to negotiate improvements in the Pension Program during each year of the agreement. If an amicable resolution can not be found the Union retains the right to Interest Arbitration."

- 17) Clerical Employees Union Contract (2007-2009)-Article No. 22-Other Benefits, Section 3: Delete entire language in this section-Reopen agreement after City's Act 47 distress designation is rescinded to negotiate improvements in compensation, sick days and retirement benefits; interest arbitration to resolve any open issues.
- 18) The City shall have the flexibility to consider and select any health care insurance plan provider of medical, dental, vision and prescription benefits for all employees based upon ability to pay without union consent.

#### Commentary

The City needs the ability to consider and select any health care insurance plan benefits provider for all employees and not be limited to those designated in the collective bargaining agreement with the police, public works and clerical employees. As a cost containment measure, the City needs the flexibility to explore the health care insurance marketplace to select the most economical health care plan benefits based upon ability to pay and taking into account premium cost increases and the effect on employees' cost sharing financial contribution to the City.

## SECTION VII

### LABOR RELATIONS PROVISIONS AND RECOMMENDATIONS

The following Labor Relations Provisions and Recommendations shall be implemented as amendments to the Recovery Plan of 2004-2006, as provided below for the period 2007-2009:

- 1) The City shall continue the use of a labor-management committee structure for each collective bargaining unit in order to engage in ongoing discussions of workplace and other related issues which should include but not be limited to health and safety, productivity, training, liability and the maintenance of both collective bargaining agreements.

#### Commentary

A labor-management committee is an effective mechanism to achieve success in the area of collective bargaining and employee relations and a useful tool to assist in the recovery process for the City. There was a committee in place but needs to be resurrected. The labor-management committee shall be composed of

representatives of the respective bargaining units, supervisory personnel and management, and shall meet on a regular basis. Technical assistance, advice and guidance may be obtained from the Three Rivers Area Labor-Management Committee.

- 2) The City shall continue to engage the services of a professional public sector labor relations specialist to serve as the City's representative in the negotiation of future collective bargaining agreements or to serve as the City's representative in an arbitration proceeding. If not the City Solicitor, the labor relations specialist shall work in conjunction with the City Solicitor.

#### Commentary

The City continues to make progress in achieving most of the cost containment provisions outlined in the Recovery Plan of 2001-2003, 2004-2006 and 2007-2009. This progress needs to continue in order for the City to contain future costs and achieve positive changes and results in the collective bargaining process.

## SECTION VIII

### FINANCIAL PROJECTIONS

2007-2009

#### MAJOR TAX SOURCES

##### REAL ESTATE TAX

Allegheny County contracted with Sabre Systems, Inc. to conduct a countywide revaluation of all taxable property including the City of Clairton during 1999-2000. The Allegheny County Office of Property Assessment, Appeals and Review certified the value of taxable property for the year 2001 at \$147,428,400. Land was valued at \$34,582,000 and buildings at \$112,846,400. The value of taxable property for year 2002 is \$123,390,350. For 2003 it is \$122,830,300.

The 2002 and 2003 certified values did not include the outcome of tax assessment appeals held before the County Property Assessment Appeals Board arising out of the new property revaluation process. Consequently the property assessment appeal process brought the value of taxable property down to \$123,390,350 by the end of 2002 from the original 2001 certified figure of

\$147,428,400. It dropped lower in 2003 as shown above.

In 2004, the value of taxable property slightly increased to \$123,785,150 (\$32,652,150-Land; \$91,133,000-Buildings). For 2005, the value of taxable property dropped to \$121,418,450 (\$32,129,650-Land; \$89,129,650-Buildings). In 2006, the value of taxable property slightly increased to \$122,911,350 (\$32,615,650-Land; \$90,295,700-Buildings).

The real estate tax millage rate has not been adjusted to make up for the reduction in assessed value as a result of the assessment appeal process.

Collection rates remain at approximately 84% during the recovery plan period of 2004-2006 and is consistent with what the collection rate has been over the last decade. The low collection rate is expected to stay at this level throughout the recovery plan period of 2007-2009. Efforts to improve the collection rate will go a long way in reducing tax delinquencies and to make up for revenue that is no longer available to the City through the higher earned income tax rate under Act 47 as of January 1, 2007.

Over \$100,000 a year in current real estate taxes gets turned over to the City's delinquent collector annually that may get collected in subsequent years that is needed to pay for ever increasing operating and capital costs during the year in which the tax is levied.

Effective in 2006 Allegheny County established 2002 as the base year for determining property assessment values. The change in the way property is assessed has a negligible effect on Clairton because the assessed value of taxable property in 2002 (\$123,390,350) compared to the assessed value in 2006 (\$122,911,350) decreased by only \$479,000. Consequently the amount collected for 2006 is \$966,623 compared to \$955,559 in 2002 which is an \$11,064 difference.

## EARNED INCOME TAX

The earned income tax rate imposed on non-residents under authority of Act 47, was eliminated effective January 1, 2001. The City continued to be dependent upon additional revenue generated through a higher rate on the local earned income tax on residents under authority of Act 47 to balance its annual budget through 2006. However, the higher earned income tax rate on residents under authority of Act 47 is no longer an option for the City to use to generate additional revenue to balance its operating budget because it ended effective January 1, 2007.

The annual reductions of the higher rates on the local earned income tax under authority of Act 47 are consistent with the exit strategy in place to eventually consider as one of several factors in the rescission of the Act 47 distress designation. A continued reduction in the rate of the local earned income tax to 1% is an important milestone and goal of the recovery effort. The City is levying the tax under authority of Act 511, the Local Tax Enabling Act, rather than under Act 47, the Municipalities Financial Recovery Act, effective January 1, 2007. This is one prerequisite to becoming eligible to have the Act 47 distress designation rescinded by the Department of Community and Economic Development.

CITY OF CLAIRTON

2007-2009 ANNUAL BUDGETS

	2007	2008	2009
<b>REVENUES</b>			
Real Estate Tax	\$ 915,000	\$ 935,000	\$ 935,000
Regional Sales Tax	355,000	390,000	395,000
Act 511 Taxes	952,500	965,000	965,000
Licenses/Permits/Fees	98,350	96,500	96,500
Fines	31,500	32,000	32,000
Interest on Investments	20,000	20,000	20,000
Intergovernmental Revenue	7,700	10,000	10,000
Charges For Services	525,800	530,000	535,000
Rentals	16,550	20,000	21,000
Other Revenue	5,100	17,000	17,000
<b>TOTAL-General Fund Revenue</b>	<b>\$ 2,927,500</b>	<b>\$ 3,015,500</b>	<b>\$ 3,026,500</b>
<b>EXPENDITURES</b>			
City Council	51,415	50,000	50,000
City Manager	257,575	250,000	250,000
Finance	205,251	215,000	215,000
Legal	60,000	75,000	75,000
Planning/Zoning	1,050	2,500	2,500
Police	841,382	815,000	820,000
Fire	126,031	125,000	120,000
Engineering	53,138	50,000	50,000

Building	121,650	113,000	114,000
Sanitation/Refuse	414,668	415,000	420,000
Street Maintenance	281,124	300,000	300,000
Street Lighting	-0-	5,000	5,000
Swimming Pool	98,715	90,000	90,000
Park Maintenance	84,031	185,000	185,000
Library	37,160	40,000	40,000
Debt Service	-0-	-0-	-0-
Insurance/Benefits	213,700	275,000	280,000
Other Expenses	19,000	10,000	10,000
TOTAL-General Fund Expenditures	\$ 2,865,890	\$ 3,015,500	\$ 3,026,500

## SECTION IX

### COMMUNITY AND ECONOMIC DEVELOPMENT

#### INTRODUCTION

The City of Clairton has been a distressed municipality since 1988. Over the last nineteen years the City has been able to meet its ongoing operating obligations on a timely basis, establish and finance a capital improvement program, pay off an Act 47 loan to the Department of Community and Economic Development, remain current on pension obligations and continue to fund a local police department.

Many of these accomplishments are attributable to managerial improvements and an increased recognition that municipal services must be provided in the most efficient manner possible given the existing revenue base of the City. The City is challenged to achieve the same success in the area of community and economic development. An aggressive and comprehensive approach is vital to expanding and stabilizing the tax base.

Significant and sustainable community and economic development needs to occur to strengthen the tax base and move the City towards long-term recovery. A multi-element strategy addresses business development, commercial revitalization and housing development in order to achieve stable, long-term growth in the tax base.

The City of Clairton has a comprehensive redevelopment plan completed by the Redevelopment Authority of Allegheny County in 1989 through a \$50,000 Act

47 grant. The purpose of the redevelopment plan is to provide the City with a comprehensive strategy and series of recommendations to foster community and economic development in Clairton. Specific actions were recommended in areas such as economic development, housing, recreation, land use, transportation, community services and capital improvements.

The City has undertaken many of the recommendations contained in the redevelopment plan over the past decade. Technical assistance was provided to local business owners through the PA Downtown Center to provide training on organizational development. The City is making an effort to increase its capacity to address economic development problems. The following recommendations provide a comprehensive approach to community and economic development activities that will continue to strengthen the City's tax base and move it toward long-term recovery.

## COMMUNITY DEVELOPMENT RECOMMENDATIONS

The following Community Development Recommendations shall be implemented as amendments to the Recovery Plan of 2004-2006, as provided below for the period 2007-2009:

### PLANNING

- 1) The City Manager shall continue to oversee and coordinate the implementation of the City's comprehensive plan (1992) and land use regulations consistent with adopted community development goals and standards.

#### Commentary

The City adopted a comprehensive plan and land use regulations in 1992. Community development goals and standards are incorporated into the plan and regulations and focus on balancing and enhancing residential, commercial, industrial and institutional land use.

The comprehensive plan addresses traditional basic elements of land use, housing, transportation, community services and facilities, capital improvements and infrastructure. It has served as a catalyst to identify and reinforce the need for programs to address Clairton's most pressing need: to expand and stabilize the

local tax base and maintain viability through ongoing community and economic development.

- 2) The City should update the comprehensive plan (1992) and land use regulations during the current recovery plan period (2007-2009) through a request for proposal (RFP) process to select the appropriate and qualified professional planning firm to carry out the consulting work effort.

The City may request a grant (up to 50% of total cost) to assist in paying for the update to the comprehensive plan through the PA Department of Community and Economic Development (DCED), Land Use Planning and Technical Assistance Program (LUPTAP) administered by the Center for Local Government Services.

#### Commentary

The comprehensive plan and land use regulations were implemented beginning in 1992. As a standard practice a comprehensive plan is updated every ten years. Land use regulations are normally reviewed and amended when necessary. Both reflect current and future conditions, opportunities, threats, strengths and weaknesses of a municipality and are used as a tool to implement programs to address tax base and infrastructure needs and maintain and improve the quality of life.

It is incumbent upon the City to undertake an update and to appropriate funds from the community development fund. The City should make informal inquiries with professional planning firms to determine an estimated cost in order to identify how much to request in grant funds (up to 50% of total cost).

Changing conditions in the City of Clairton make an update timely and opportune. Over the last decade the City has become more active in the area of building inspection, code enforcement, local ordinance enforcement, local police, citywide demolition, closing of one public housing complex, participation in a regional enterprise zone program, commercial revitalization and housing rehabilitation and new construction. A comprehensive plan and land use regulations update can be an effective tool to facilitate continued progress to grow the tax base.

The Act 47 Coordinator shall be consulted and involved in the entire update process as a resource and technical assistant on the request for proposal process, development of scope of services and grant request phases.

## CODE ENFORCEMENT

- 1) The City shall continue to support and strengthen code enforcement program efforts and adopt code updates on a timely basis that are consistent with the enacted statewide uniform construction code (UCC).

### Commentary

Code enforcement is a critical element of the City's housing program. The City has an aggressive code enforcement and building inspection program with a dedicated full-time (40 hours/week) code enforcement officer and building inspector to administer the UCC with an office in the municipal building.

Code enforcement efforts have limited further deterioration of the housing stock and led to citywide programs to provide incentives to improve residential property. The City currently has in place the 2003 Uniform Construction Code (International Residential Code and International Building Code) and Fire Code. Code enforcement was carried out by the Steel Valley Council of Governments, regional code enforcement officer program for the City until early 2004 when the program disbanded.

The City has a proactive code enforcement program that continues to address blight and deterioration in neighborhoods and return idle property to the tax roll. Active and aggressive code enforcement efforts need to continue to maintain the existing housing stock and accommodate new home construction. The City needs to continue to make this function as a priority and sustain the internal administrative capacity to continue to implement the UCC.

To be in compliance with the PA Uniform Construction Code (UCC) the City will need to establish a local code appeals board to hear appeals on the actions of the City's uniform construction code officer in Clairton.

- 2) The City shall continue to use code enforcement to aggressively pursue activities designed to support community and economic development initiatives throughout the City.

### Commentary

The City should continue to administer the adopted 2003 Uniform Construction Code and update it regularly consistent with the PA Uniform Construction Code (UCC) based upon a recommendation of the City Manager and code enforcement officer.

Enforcement efforts should continue to be directed at achieving community and economic development goals in both residential and commercial areas. The primary goals of preservation and improvement of housing stock and commercial property require a continued focus on permitting, enforcement and inspection of rental housing and commercial property using the BOCA Property Maintenance Code.

Code enforcement efforts and results should continue to be evaluated on a regular basis to assure it is effectively addressing housing conditions in a positive manner.

Neighborhood Tool Box Program grant funds provided through Act 47 supported the additional cost for the City to purchase 20 additional hours a week for full-time code enforcement officer services through the SVCOC in 2001 and 2002.

- 3) The City shall continue to establish a reasonable service fee schedule for all services rendered through the building inspection and code enforcement program to recover the cost of providing such service.

#### Commentary

The City is entitled to establish reasonable service fees from a cost accounting perspective that recover costs of administering a code enforcement and building inspection program. Administrative fees continue to be part of the City's adopted general policy and ordinance on the assessment of user fees and charges for services rendered.

## HOUSING

The City of Clairton adopted and is continuing to implement an overall housing strategy to provide residents with safe, affordable housing opportunities for all segments of the population. The implementation of the strategy is necessary to address the blight and deterioration of certain residential neighborhoods of the City normally caused by one or more of the following factors:

- 1) continued decline in number of dwelling units for rental and owner-occupied houses;
- 2) increase in housing vacancy rates and demolition;
- 3) aging housing stock;

- 4) aging of population;
- 5) diminishing or below average household and per capita income;
- 6) intrusion of industrial and commercial uses into residential neighborhoods;  
and
- 7) deterioration of other property and infrastructure in these neighborhoods.

During the past decade, the City used community development block grant, urban development action grant and locally generated funds to implement its strategy to address blight and deterioration of residential neighborhoods. Funds have gone toward a community development coordinator, implementation of housing rehabilitation loan and grant programs, marketing, technical assistance and administration. The focus of the City's housing improvement program has been to reverse the trend of blight and deterioration through fostering housing restoration, rehabilitation and home ownership.

During the 1994-1996 recovery period, the City received \$125,000 of Department of Community and Economic Development housing and development funds in 1995 to implement a housing restoration program in blighted and deteriorated neighborhoods in Clairton. Funds were used as second mortgage money for low to moderate income home buyers or home owners rehabilitating their homes, who, based upon their income, are at their borrowing limit from a local commercial bank as a first mortgage for qualified borrowers.

The mechanism the City of Clairton uses to carry out its housing strategy is the Community and Economic Development Corporation of Clairton (CEDCC), a locally based community development corporation (CDC). The CEDCC by itself, and in cooperation with the City on occasion will apply for community development block grant funds both from the county and state level as well as from other sources of funding such as the Sanders Task Force, Act 47 and other state housing funds.

The CEDCC work in conjunction with the Mon Valley Initiative (MVI), a non-profit organization that provides technical assistance in housing and community development to distressed and financially at-risk municipalities in the entire Monongahela Valley area of western Pennsylvania. The MVI facilitated a community-wide group public meeting in the late summer of 1999 on behalf of the CEDCC. At the group meeting four objectives were identified along with a strategy and timetable over a multi-year period. They are provided below:

- A) New mixed-income housing and townhouse construction at scattered sites in the second ward, Blair Heights area (public housing razed 2000) and throughout the City.

New development has occurred on the former Blair Heights public housing site offering homeownership and rent to own opportunities to income eligible individuals and families all of which are tax generating properties.

A survey of proposed housing construction sites need done to determine ownership, status of taxes and liens and capacity to complete all required paperwork, documents and legal approvals. The involvement of the Clairton Redevelopment Authority or Redevelopment Authority of Allegheny County (RAAC) is required to provide a legal mechanism to initially acquire and then transfer to the City any property not owned by the City of Clairton for the sole purpose of private sector housing development.

The timetable to carry out this objective is ongoing. One major impediment is the capacity and timeliness of either redevelopment authority to fulfill its legal responsibility to determine not only ownership and status of properties but also acquisition of properties to provide necessary parcels of land to carry out projects.

B) Reuse of vacant property for new housing construction, preferably single family units.

The Clairton Vacant Property Review Committee has been reactivated. Also, the Allegheny County Department of Economic Development in conjunction with the Redevelopment Authority of Allegheny County coordinate and administer the Vacant Property Program on behalf of vacant property review committees at the local level in the County. Over the past decade, different County staff and attorneys were assigned to this initiative. An expedited review of ownership, determination of tax status and legal approval acquiring properties on many parcels with interested buyers led to mixed results. Efforts have been made by the County to restart the vacant property process with more favorable results.

In the meantime the CEDCC and the City continue to monitor and inventory vacant property throughout the City and take applications from interested buyers of vacant property.

Objective B is a viable effort. Ideally home developers would take the initiative to provide equity financing and seek county and state grant assistance to cover construction costs and mortgage financing for low to moderate income homeowners. A major disincentive to achieving this objective is the fact that there are many vacant lots in most of the Act 47 municipalities in Allegheny County, clustered within a ten mile radius of each other.

In addition, sites are normally located in a blighted and deteriorated neighborhood where one or two site improvements on a block would bear out the need to approach this effort in a more macro rather than micro scale (block by block, neighborhood by neighborhood, area by area to the City as a whole).

The timetable for this objective is tied to accomplishing the other three objectives. Neither can be achieved without the other's success.

- C) Rehabilitation for Resale Program to remove housing structures from tax delinquent rolls and arrange for their rehabilitation for resale.

A large scale housing development is encouraged through this objective by going through a request for proposal process to identify housing developers to build single family units.

- D) Demolition of Certain Unsafe Structures by taking advantage of the availability of additional grant monies for demolition, vacant property, rehabilitation for resale and new home construction through the State/County Neighborhood Tool Box Program collaborative with Act 47 and Sanders Task Force municipalities in the County.

When the properties are demolished there should be a plan already in place to transfer them back to private ownership and tax paying properties with assistance from grant funds. The timetable for this effort is again tied to the accomplishment of the other three objectives presented above taking into account the given impediments and constraints.

- 1) The City shall continue to pursue and use available grant funds for additional targeted demolition and code enforcement services, more vacant property being turned over to private owners for reuse, housing rehabilitation and new home construction. Grant applications should be submitted to Allegheny County Department of Economic Development and the PA Department of Community and Economic Development.

#### Commentary

The City and CEDCC should continue to work together to utilize the services of the Mon Valley Initiative to focus on tax base growth and quality of life issues through continued residential rehabilitation and new construction to stabilize neighborhoods and offer incentives for homeownership opportunities.

- 2) The City shall continue to seek out and use the services of a community development/housing agency such as Allegheny County Department of Economic Development and the Mon Valley Initiative to provide technical assistance and to administer the implementation of the housing redevelopment grant programs. The City should continue to seek grant funds for housing

rehabilitation and new residential construction projects through available funding sources from the county, state and federal governments.

#### Commentary

The City does not have an in-house staff person to administer housing and community development programs and projects to address negative conditions and trends. The City uses the services of both the Mon Valley Initiative when the local CEDCC is involved in a housing project, and the Allegheny County Department of Economic Development when it involves only the City. In addition, the City had use of consultant services (M&L) available in the past to provide technical assistance in the development of applications and implementation of programs and projects that add value to the tax base.

- 3) The City shall continue to cooperate and work closely with the Community and Economic Development Corporation of Clairton (CEDCC) on programs to foster housing rehabilitation and new home construction projects. The City and CEDCC should jointly apply to Allegheny County Department of Economic Development and/or the PA Department of Community and Economic Development for housing development grant funds and technical assistance to assist in implementation of programs that stabilize neighborhoods and add value to the tax base.

#### Commentary

It is important that both the City and CEDCC remain focused on and committed to a long-term effort to foster housing opportunities that will stabilize neighborhoods and add value to the tax base.

- 4) The City shall continue to implement a demolition program based on whether there is a threat to persons and property, the ability to pay locally, availability of matching grant funds and whether it is part of the City's overall community improvement strategy, including participation in the vacant property program.

#### Commentary

The City has a continuing need to raze abandoned and blighted properties that create a clear and present danger to adjacent property owners and that negatively impact on the image of the neighborhood. Demolition removes blight, dangerous conditions and a negative image that only feeds upon itself and spreads into other areas of Clairton. With demolition comes opportunity for in-fill housing and the purchase of empty, vacant lots or parcels for residential use or development.

The City does encourage in-fill housing and the use and purchase of empty, vacant lots or parcels. The City has an already established Vacant Property

Program and Committee that both monitors and guides its direction and activities. The City continues to participate in the Steel Valley Council of Governments Demolition Program through the use of Community Development Block Grant (CDBG) funds.

## SECTION X

### ECONOMIC DEVELOPMENT RECOMMENDATIONS

The following Economic Development Recommendations shall be implemented as amendments to the Recovery Plan of 2004-2006, as provided below for the period 2007-2009:

#### INDUSTRIAL/MANUFACTURING/BUSINESS DEVELOPMENT

- 1) The City shall continue to participate in the regional enterprise zone program with the cities of McKeesport and Duquesne as part of an intergovernmental and regional approach to foster economic development. Clairton shall continue to participate as an equal and active member of the regional enterprise zone advisory board.

#### Commentary

The cities of Clairton, Duquesne and McKeesport established a regional enterprise zone in 1995 through an intergovernmental cooperation agreement providing for the organization, procedure and administration of the program.

The regional enterprise zone program is nearing the end of its ten-year cycle and will need to determine collectively its future plans and goals as well as role and status as a regional development organization with its program coordinator and elected officials in conjunction with the PA Department of Community and Economic Development. The regional enterprise zone program has been renewed for an additional period of eight years for the three municipalities as of 2007.

There needs to be a review of the amount, status and prospective use of existing enterprise zone program funds held by each participant and collectively as part of a strategy to address future program goals and activities.

Both the Redevelopment Authority of the City of McKeesport and Redevelopment Authority of the City of Duquesne have served as the administrative entity that acts on behalf of the three cities in making application to the PA Department of Community and Economic Development and to coordinate and administer the implementation of the regional Enterprise Zone Program development activities.

The enterprise zone program offers Clairton an opportunity to focus on its industrial and manufacturing base as well as provide a revolving loan fund, marketing, technical assistance and administrative services to promote economic development in Clairton and the region.

The Clairton Reinvestment Corporation serves as the local development corporation for the City and provides representation on the regional enterprise zone advisory board. The Clairton Reinvestment Corporation makes recommendations to the regional board on lending monies to Clairton businesses within the zone area from the local revolving loan fund.

- 2) The City shall continue to implement development initiatives that grow the tax base inside and outside of the enterprise zone area within Clairton.

Commentary

The City Manager should focus on establishing goals for commercial and industrial redevelopment areas to stabilize and grow this type of tax base.

- 3) The City Manager shall work closely with the regional enterprise zone program consultant to foster economic development initiatives to attract and retain business, create jobs, and maintain an environment conducive to revitalizing underused properties inside and outside of the enterprise zone area within Clairton.

Commentary

The City needs to continue to foster economic development initiatives and to pursue opportunities that will stabilize and expand the tax base and. In addition, the private sector needs to bring more wage earners into the City to work and live through the regional enterprise zone program with the cities of Duquesne and McKeesport. The regional enterprise zone program and the technical assistance that is part of any revitalization effort is a major factor to achieving this.

- 4) The City shall continue to use the regional enterprise zone program revolving loan funds to provide low interest money to viable new businesses or expansion of existing viable businesses located in Clairton.

Commentary

The City started implementing a local revolving loan fund in 1999 using grant monies received from the PA Department of Community and Economic Development for the regional enterprise zone with the cities of Duquesne and McKeesport.

The revolving loan fund is low interest with flexible terms to encourage new investment, expansion and job creation/retention. The City created the Clairton Reinvestment Corporation (CRC) to make loans and guide, direct and monitor this fund and its continued use.

The revolving loan fund can provide new or existing businesses with monies that could serve as one piece of a total financing package needed to bring reinvestment in Clairton.

A revolving loan fund is a self-perpetuating pool of money that is being re-used over time as business loans are repaid for the purpose of continuing more investment to create jobs, stabilize the local economy and add to the value of the tax base. A revolving loan fund is an important tool to help stimulate local reinvestment and economic development in Clairton as part of the regional enterprise zone.

- 5) The City should continue to seek grant funding to continue to implement local economic development strategies and marketing plans.

#### Commentary

The City Manager should continue to work with the consultant who administers the regional enterprise zone on projects within the zone of Clairton. Funding can be used for a variety of purposes depending upon the project requirements, equity financing, availability of grants and local matching funds.

- 6) The City shall continue to pursue development of the Blair industrial site on State Street and continue to work through impediments to its development.

#### Commentary

The City of Clairton and the Clairton Redevelopment Authority are jointly addressing redevelopment of industrial sites through a targeted approach. Various industrial sites throughout the City including the Blair site are targeted for environmental assessment in which remediation clean-up activities are required prior to redevelopment and reuse.

The West-to-West Coalition received two Industrial Sites Reuse Program grants (\$25,650-service station assessment; and \$40,950-Hercules Chemical Corp. property assessment project) to carry out environmental site assessments to identify remedial needs and costs to make the sites marketable

and useable for development purposes. The environmental site assessment occurred in the latter half of 2001.

In addition, the City and the Clairton Reinvestment Corporation (CRC) received a \$500,000 grant to capitalize a Brownfields Cleanup Revolving Loan Fund through the U.S. Environmental Protection Agency under a cooperation agreement. Grant funds will be used as loans to prospective landowners and/or developers who need low interest monies with flexible repayment terms to remediate industrial sites prior to getting state and federal approval to build on the site.

The objectives of the City's brownfields program include eliminating blight, creating jobs, increasing the tax base and stimulating further development.

- 7) The City and the Clairton Redevelopment Authority should continue its partnership in carrying out joint projects to maximize financial and technical assistance and other resources to foster economic and community development throughout the City.

#### Commentary

The Clairton Redevelopment Authority and Clairton Reinvestment Corporation (CRC) both serve as economic development agencies for the City of Clairton. Both act as lead agency for grant applications. In addition, the CRC serves as the local development corporation for the City on the regional enterprise zone program advisory board. It established a small business loan program and loan review committee.

- 8) The City shall combine the position of Economic Development Coordinator and Executive Director of the Clairton Redevelopment Authority to eliminate duplication of function and services and to save money in the Community Development Fund.

#### Commentary

The City of Clairton is no longer able to appropriate local monies into the Community Development Fund like in the past from the collection of delinquent real estate and Act 511 tax revenue to pay for city-wide project improvements related to redevelopment programs. Now the City has to rely on Community Development Block Grant (CDBG) funds through Allegheny County, Department of Economic Development to pay for projects. What little funds are left (under \$100,000) need to be used for redevelopment projects and programs that are a direct benefit to growing the tax base and not toward a salary for two persons to seek out grant funds that can be pursued by one person holding both positions simultaneously.

## COMMERCIAL REVITALIZATION

- 1) The City's Economic Development Coordinator/Redevelopment Authority Executive Director should continue to assist commercial business owners of Miller and St. Clair Avenues central business district, and State Street business corridor as a coordinator and facilitator of commercial development programs and projects to stabilize the business district and expand the tax base.

### Commentary

The City's Economic Development Coordinator/Redevelopment Authority Executive Director works with the Clairton Reinvestment Corporation (CRC) to facilitate and coordinate efforts to attract and retain commercial business. A Family Dollar retail outlet opened (September 2001) on Miller Avenue using a whole block that can serve as an anchor for one or two smaller retail stores.

In addition, the Sanders Task Force has facilitated improvements to this particular business district of the City using Community Development Block Grant (CDBG) funds to spur revitalization by making streetscape/infrastructure improvements and linking funds with other funding programs targeted toward overall improvements in the business district.

The local chamber of commerce serves as the business owners association. It is a meet and discuss group that undertake projects without much City government involvement and financial support. Establishment of any formal main street manager type program does not appear to be feasible. There needs to be a larger number of businesses and a formal organization established that could serve as the critical mass to make such an initiative feasible.

- 2) The City's Economic Development Coordinator/Redevelopment Authority Executive Director should continue to provide technical assistance, grant writing and administration and project management services to implement commercial development projects in the two business districts in consultation with the City Manager, Council and the Clairton Reinvestment Corporation.

### Commentary

The City needs to be involved in projects that deal with environmental assessment and remediation studies, industrial development, commercial revitalization and grant writing and administration. The projects are focused on providing opportunity not only for jobs but also to attract and retain a diverse economic base for the City.

## TRANSPORTATION

- 1) The City should continue to cooperate with regional planning agencies such as Southwestern Pennsylvania Commission (SPC), and PennDot to advocate for its transportation priorities and needs and to provide input as projects are planned and implemented.

### Commentary

The City needs to continue to work closely with SPC and PennDot to advocate its transportation priorities, projects and funding requirements in order to compete for the limited monies that are available. The City should maintain an ongoing dialogue with the appropriate agency officials to keep abreast of changes in policy, funding and projects, and to assure timely filing of project applications for financial assistance. Transportation studies can be undertaken to use as a basis to advocate the City's priorities and projects for transportation improvements.

In addition, the City needs to continue to closely monitor the proposed routes relating to the construction of the Mon-Fayette Expressway, and its extension close to Clairton and into the Allegheny County portion of the Monongahela Valley.

- 2) The City should continue to advocate improvements to key transportation systems such as Route 837 and Route 885/Coal Valley Road intersection.

### Commentary

The City continues to advocate for transportation system improvements within the City limits. Each of these projects serves a useful purpose of improving the City's transportation infrastructure to more efficiently move people, goods and services into, out of and through the City of Clairton.

One of the most significant projects undertaken over the last ten years was the rehabilitation of the Ravensburg Bridge. The rehabilitation project was completed in 2002. The Federal government provided 80% and PennDot provided 20% of the funding for the rehabilitation project costs. The City was also reimbursed for engineering services provided by their City Engineer for bridge related work.

Now that the rehabilitation of the bridge is complete the City should approach the Commonwealth and/or Allegheny County to determine whether the City can transfer ownership of the bridge to one of these levels of

government.

- 3) The City shall continue to implement a traffic signal system rehabilitation and replacement schedule based upon priority, ability to pay locally and availability of matching grant funds as part of the capital improvement plan and budget.

Commentary

The City has made improvements to its traffic signal system as part of the capital improvement program adopted by Council and updated annually.

The City has replaced all but one of the traffic signals within the City limits. The City has made progress in this area through its cooperation with PennDot. Improvements to traffic signals were done on an intersection-by-intersection basis based upon a schedule established in the capital improvement plan.

- 4) The City shall continue to implement and fund a street/road resurfacing and preventative maintenance program on an annual basis as part of the capital improvement plan and budget.

Commentary

The City has managed to maintain and either resurface or reconstruct every City-owned street within the City. This does not include however all county and state-owned roadways that lie within Clairton.

The City has had the benefit of using its Urban Development Action Grant (UDAG) funds and Community Development Block Grant (CDBG) funds as well as capital reserve funds to pay for street resurfacing and reconstruction projects. With the near depletion of its UDAG and Community Development funds, the City will have to rely more heavily on federal/county provided CDBG monies to finance street improvement projects. The adopted capital improvement program includes annual street resurfacing and reconstruction projects City-wide using limited local and county CDBG funds.

Through the use of preventive road maintenance the life and usefulness of resurfaced and reconstructed streets can be extended and help to preserve the City's infrastructure. The City should continue to update an inventory and assessment of all municipal streets to determine their condition. This information can then serve as the basis to establish priorities for street work in the capital budget.

- 5) The City shall continue to update and implement the adopted capital improvements program on an annual basis and appropriate funds to

implement projects based on priority, ability to pay locally and availability of matching grant funds.

#### Commentary

The City continues to benefit from having a capital improvements plan to identify, prioritize, finance and implement capital and infrastructure improvements throughout Clairton in a rational, organized and collaborative manner. The capital improvements plan proposes projects for roads/streets, sewers, catch basins/storm sewers, parks, other facilities and infrastructure and the purchase of vehicles and equipment.

The City needs to continue to be aggressive in securing grant funds for these type of projects mainly because it has limited funds left that are committed to current projects. In addition, these funds are not being replenished because of a lack of fund balance and reserve monies that was available in past years from the collection of delinquent taxes and fees in the general fund which have diminished in recent years.

## SECTION XI

### COMMUNICATION OF PROGRESS REQUIREMENT

It is essential that the recovery plan elements, particularly key elements, be undertaken by the City of Clairton as soon as possible. Many recommendations will take a substantial period of time to fully implement. Critical time deadlines may also be involved in certain of these recommendations.

It is equally important that the City regularly communicate its progress toward implementation of recommendations to the Coordinator. The Coordinator, after reviewing these reports, may know of resources or information that could assist the City toward more efficient implementation of these recommendations. The Coordinator may also note, through the regular communication of these reports, trends that would predict upcoming difficulties for the City.

The above scenarios indicate a need which, throughout the period of time the City is defined to be in a distressed condition, it shall send monthly financial statements showing revenues, expenditures and fund balances and quarterly budgetary information to the Coordinator. The annual budget should be sent to Coordinator prior to adoption for review. The Coordinator should be considered a resource to the City during budget development. The City also should send to the Coordinator all regular and special meeting agendas and minutes on a monthly basis.

Quarterly status reports on all incomplete recommendations should also routinely be sent to the Coordinator for review. Semi-annual on-site meetings with the Coordinator should also be held to review plan implementation progress and to amend, add or delete those 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 towards accomplishing the key elements of the recovery plan undertaken by the City should be regularly communicated to the Coordinator. The key management, administrative, and financial decisions of the City that 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 alteration from prior decisions or policies of the City.

Emergency situations that 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 mitigation activity should not occur until approved by the Coordinator. If the City or its elected or appointed officials demonstrate an intentional and consistent failure to communicate or consult with the Coordinator on a regular basis with the information, reports or documentation requested by the Coordinator, the City may, after review and discussion, be found to have violated the recovery plan which may result in the withholding of Commonwealth funding.

## SECTION XII

### COMMUNITY COMMITMENT COMPONENT

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

It is important that the entire community become involved in the process as fully as possible. A common goal of recovery representing the entire fabric of the community is important to establish City-wide. Partnership 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 might be an avenue to begin this process. Existing organizations, such as merchants' organizations, 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. The establishment of common goals and objectives for the community could be an important consensus-building technique that warrants consideration. There are organizations in the City of Clairton that have citizen influence, and these resources ought to be utilized as fully as possible.

This community-wide recovery process should be initiated as soon as possible. Goals and objectives should be set with these community organizations in order to fully involve as broad based an effort as possible.