

# **Department of Community and Economic Development**

## **Municipalities Financial Recovery Act**

**(Act 47 of 1987, as Amended)**

### **Coordinator's Report**

#### **Evaluation of Designation of Distressed Status Under Act 47**

**And**

**Exit Plan**

**(2019-2022)**

**City of Duquesne**

**(Allegheny County)**

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## Introduction

The City of Duquesne was declared financially distressed in 1991 under Act 47 of 1987, the Commonwealth of Pennsylvania's Municipalities Financial Recovery Act. Like many municipalities in the region, Duquesne suffered from the contraction of heavy industry, the outflow of residents from the City and the region, and the subsequent reduction in tax base. Unlike its tax base, the City's need to provide police services, maintain roads, water and sewer lines, remove snow, and cut grass did not decrease. The result was a structural imbalance in the City's finances that could not be overcome by local cost cutting efforts alone. The City's first Financial Recovery Plan was issued and approved in 1991 with regular updates as necessary and in compliance with the Municipalities Financial Recovery Act.

The City of Duquesne has continued to struggle since the Commonwealth first declared it financially distressed. The 1990 US Census counted 8,568 residents in Duquesne. In 2010, the census counted only 5,565 residents, a 35% decrease in only two decades. Those who moved from Duquesne often left buildings and properties, which soon decayed or became overgrown due to lack of maintenance. Industrial sites requiring environmental remediation provided a long-term challenge, but now stand ready for a new generation of commercial or industrial purposes. Each subsequent Financial Recovery Plan amendment provided guidance to the City's effort to improve the community and return to fiscal health.

The Pennsylvania General Assembly amended Act 47 in 2013 to limit the time municipalities can remain in the Act 47 financially distressed status. The amendment, Act 133 of 2013, requires municipalities to present an Exit Plan no more than five years after its most recently Financial Recovery Plan was updated. The City of Duquesne's Financial Recovery Plan was last amended and approved in February 2014.

This Exit Plan for the City of Duquesne fulfills requirements under the Municipalities Financial Recovery Act as amended. The Exit Plan is to be made available to the public for comment on January 28, 2019. Written public comments can be emailed to [evalresources@gmail.com](mailto:evalresources@gmail.com) or mailed to 722 Country Club Dr., Pittsburgh, PA 15228. A public hearing will be held at Duquesne City Hall at 6:00pm on February 12, 2019 for public commentary. The Act 47 Coordinator will consider all comments and amend the Exit Plan as necessary before presenting a final plan for approval to the Mayor and City Council on February 26, 2019.

## Historical Financial Review

### General Fund Revenues, Expenditures, and Surplus/Deficit

#### Core Summary

Core financial analysis provides a review of a government's financial position over time with an emphasis on trends in revenue generation and expenditures across multiple years. This allows citizens and municipal officials to focus less on annual financial results and more on municipal fiscal health over time. One-time expenses and revenue sources are removed from the core analysis to avoid a misunderstanding of overall financial trends (See Table 2). A **structural surplus** occurs if the growth in revenues exceeds growth in expenditures, while a **structural deficit** is present when expenses grow at a greater rate than revenues. The core analysis presented below combines information for the General Fund and Liquid Fuels Fund, which is primarily used for street lighting.

Absence of 2018 Financial Data – Core analysis would traditionally include unaudited financial information from the most recent fiscal year to provide a clearer picture of the city's true fiscal health. While revenue information for 2018 is largely available from the Treasurer, the City of Duquesne failed to conduct basic bookkeeping functions in 2018 and detailed expenditure data are not currently available. For this reason, the core analysis presented below only includes financial data from 2014-2017 fiscal years.

Table 1 presents the City of Duquesne's core revenues and expenditures and shows the City experienced a 1.8% **structural surplus** from 2014-2017. Revenues decreased by 2.1% across the period while expenditures decreased by 3.9%. It should also be noted that the City Manager and Mayor reported that a large number of 2017 expenditures were carried over to 2018.

The finding of a surplus should also be tempered as the city saw decreases in its largest revenue area, Taxes (-3.3%), in addition to multiple other revenue sources. Intergovernmental (7.5%) and Licenses & Permits (3.3%) were the only major revenue sources that grew from 2014 to 2017.

Large reductions in Public Safety (-7.3%) and Public Works – Streets (-8.4%) expenditures suggest a strong effort by the City to control costs. The reduction in Employee Benefits & Withholding (-32.6%) is due to decreases in workers compensation insurance costs. The 38.3% increase in Sanitation expenses was not offset by increases in sanitation revenues, but Sanitation revenues remained sufficient to cover the increased costs.

Finally, Table 1 shows that the City of Duquesne experienced annual deficits every year from 2014 to 2017. The cumulative deficit across the period was \$748,165.

Table 1

<b>City of Duquesne - Core Revenue and Expenditures</b>							
<b>Revenues:</b>							
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>			
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>		<i>%</i>	<i>% Total</i>
<b>Description</b>	<b>Revenues</b>	<b>Revenues</b>	<b>Revenues</b>	<b>Revenues</b>	<b>Change</b>	<b>Change</b>	<b>Rev</b>
Taxes	\$ 2,267,833	\$ 2,183,648	\$ 2,081,705	\$ 2,192,073	\$ (75,760)	-3.3%	63.9%
Licenses & Permits	\$ 99,926	\$ 92,885	\$ 70,170	\$ 103,254	\$ 3,328	3.3%	3.0%
Fines & Forfeits	\$ 51,907	\$ 40,012	\$ 38,325	\$ 40,260	\$ (11,647)	-22.4%	1.2%
Interest & Rents	\$ 22,946	\$ 22,872	\$ 22,917	\$ 2,926	\$ (20,020)	-87.2%	0.1%
Intergovernmental	\$ 440,910	\$ 618,198	\$ 494,721	\$ 473,968	\$ 33,058	7.5%	13.8%
Charges for Services	\$ 608,200	\$ 601,864	\$ 575,980	\$ 600,749	\$ (7,451)	-1.2%	17.5%
Unclassified Revenues	\$ 12,730	\$ 1,524	\$ 9,233	\$ -	\$ (12,730)	-100.0%	0.0%
Other	\$ 400	\$ 4,176	\$ 52,669	\$ 18,491	\$ 18,091	4522.8%	0.5%
<b>Total Operating Revenues</b>	<b>\$ 3,504,852</b>	<b>\$ 3,565,179</b>	<b>\$ 3,345,720</b>	<b>\$ 3,431,721</b>	<b>\$ (73,131)</b>	<b>-2.1%</b>	
<b>Expenditures:</b>							
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>			
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>		<i>%</i>	<i>% Total</i>
<b>Description</b>	<b>Expend</b>	<b>Expend</b>	<b>Expend</b>	<b>Expend</b>	<b>Change</b>	<b>Change</b>	<b>Expenses</b>
General Govt	\$ 604,658	\$ 629,387	\$ 595,503	\$ 619,589	\$ 14,931	2.5%	17.4%
Public Safety	\$ 1,655,219	\$ 1,640,138	\$ 1,550,642	\$ 1,534,794	\$ (120,425)	-7.3%	43.0%
Public Works -Sanitation	\$ 308,556	\$ 375,836	\$ 353,106	\$ 426,713	\$ 118,157	38.3%	12.0%
Public Works - Streets	\$ 605,807	\$ 643,084	\$ 584,968	\$ 554,676	\$ (51,131)	-8.4%	15.5%
Culture & Recreation	\$ 1,553	\$ 3,150	\$ 3,850	\$ 2,724	\$ 1,171	75.4%	0.1%
Debt Service	\$ 900	\$ 20,994	\$ 22,111	\$ 65,455	\$ 64,555	7172.8%	1.8%
Employee Benefits & Withh	\$ 110,771	\$ 107,657	\$ 122,275	\$ 74,660	\$ (36,111)	-32.6%	2.1%
Insurance	\$ 77,895	\$ 82,995	\$ 83,096	\$ 89,053	\$ 11,158	14.3%	2.5%
Unclassified	\$ 2,417	\$ 2,873	\$ 4,204	\$ -	\$ (2,417)	-100.0%	0.0%
Other Financing	\$ 241,257	\$ 293,956	\$ 110,560	\$ 202,747	\$ (38,510)	-16.0%	5.7%
<b>Total Expenditures</b>	<b>\$ 3,714,406</b>	<b>\$ 3,880,505</b>	<b>\$ 3,430,315</b>	<b>\$ 3,570,411</b>	<b>\$ (143,995)</b>	<b>-3.9%</b>	
<b>Surplus/(Deficit)</b>	<b>\$ (209,554)</b>	<b>\$ (315,326)</b>	<b>\$ (84,595)</b>	<b>\$ (138,690)</b>			
<b>Cumulative</b>		<b>\$ (524,880)</b>	<b>\$ (609,475)</b>	<b>\$ (748,165)</b>			

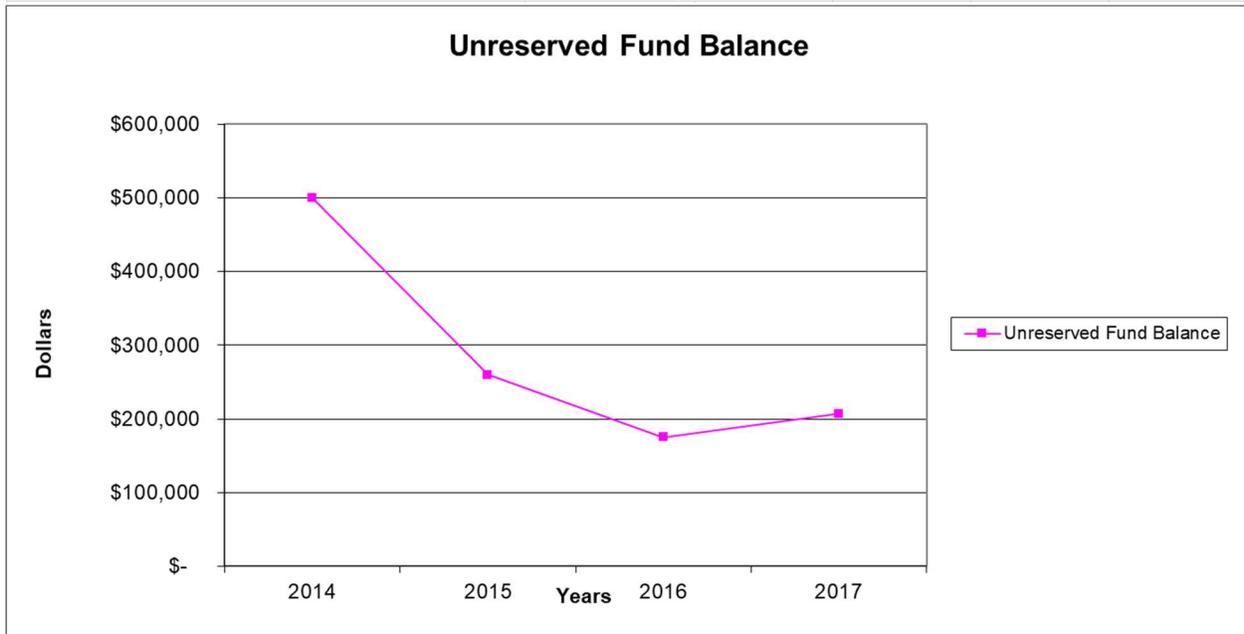
Table 2

<b>Revenues &amp; Expenditures Removed from Core Calculations</b>				
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
<b>Revenues:</b>				
Federal Community Development	\$ 102,015	\$ 75,093	\$ -	\$ -
Interfund Transfer	\$ -	\$ -	\$ -	\$ 170,000
Proceeds of Short-Term Debt	\$ -	\$ -	\$ -	\$ 450,000
<b>Expenditures:</b>				
Participant Recreation	\$ 105,373	\$ 80,435	\$ -	\$ -
Debt Principal	\$ -	\$ -	\$ -	\$ 450,000

**Unreserved Fund Balance** – The City’s Unreserved Fund Balance is reported on the Balance Sheet of its annual audits and includes year end cash on hand, funds due to or from other government funds, and short-term liabilities. Table 3 shows that the City’s Unreserved Fund Balance for the General Fund and Liquid Fuels Fund fell from \$500,191 in 2014 to \$206,673 in 2017. Much of the fund balance decrease comes from the City refinancing a General Obligation Bond in 2015 and taking an interest free loan from DCED in 2016 to pay off funds due the General Fund from the Water Fund. The slight increase in fund balance from 2016 to 2017 is a positive sign for the City of Duquesne.

Table 3

<b>Unreserved Fund Balance- General Fund &amp; Liquid Fuels</b>					
<b>Unreserved Fund Balance / Operating Revenues General Fund</b>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	
Unreserved Fund Balance	\$ 500,191	\$ 259,956	\$ 175,363	\$ 206,673	
Operating Revenues General Fund	\$ 3,504,852	\$ 3,565,179	\$ 3,345,720	\$ 3,431,721	
Unreserved Fund Balance as a percentage of Operating Revenues	<b>14.3%</b>	<b>7.3%</b>	<b>5.2%</b>	<b>6.0%</b>	
<b>Warning Sign: Decreasing Unreserved Fund Balance as a percentage of Operating Revenues</b>					
<i>*Note: Data for this chart comes from annual audits and are not taken from core analysis</i>					



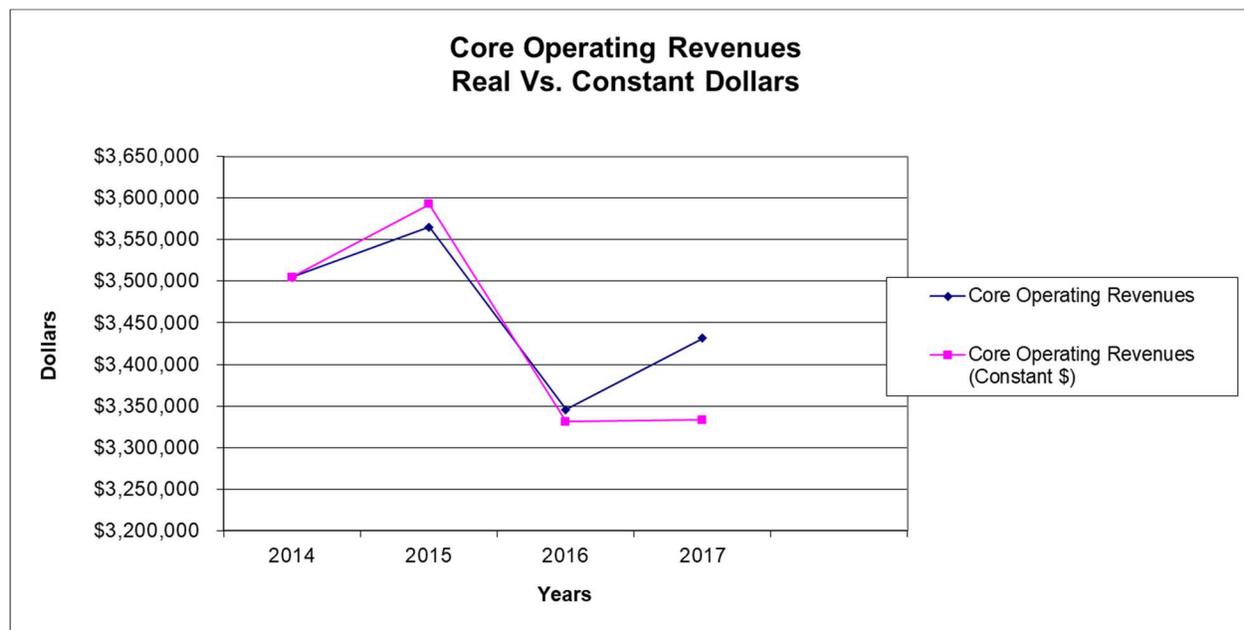
## Revenue Review

**Revenues Per Capita** – Financial analysis is aided by referring to measures of fiscal health proposed by professional organizations, including the International City Management Association (ICMA) and the Government Finance Officer’s Association (GFOA). One measure ICMA uses to assess municipal fiscal health is Revenues Per Capita, controlled for inflation. Table 4 shows that Revenues fell from \$3,504,853 to \$3,333,062 and Revenues Per Capita fell from \$630 to \$599 in constant dollars. The decrease signals a warning sign for the City and highlights the need for improved collections and community and economic development initiatives.

Table 4

<b>Revenues Per Capita</b>					
<b>Revenues Per Capita = Core Operating Revenues / Population</b>					
	2014	2015	2016	2017	
Core Operating Revenues	\$ 3,504,852	\$ 3,565,179	\$ 3,345,720	\$ 3,431,721	
Consumer Price Index (CPI)	100.00	99.24	100.44	102.96	
CPI in decimal	1.00	0.99	1.00	1.03	
Core Operating Revenues (Constant \$)	\$ 3,504,852	\$ 3,592,482	\$ 3,331,063	\$ 3,333,062	
Population	5,565	5,565	5,565	5,565	
<b>Net Operating Revenues Per Capita (Constant \$)</b>	<b>\$ 630</b>	<b>\$ 646</b>	<b>\$ 599</b>	<b>\$ 599</b>	

**Warning Sign:** Decreasing Net Operating Revenues Per Capita (Constant \$)



**Real Estate Tax Revenues**

Real Estate Taxes are the largest source of revenue for the City of Duquesne and central to the City’s financial health. Collections were trending down from 2014 to 2016, but increased substantially in 2017 due to a millage rate increase and improved efforts to collect delinquent taxes. Real Estate Tax Revenues increased by \$21,232 in constant dollars and from \$155 to \$159 per capita over the period studied. Without the millage rate increase, a warning sign would have been warranted.

Table 5

<b>Real Estate Tax Revenue</b>				
<b>Real Estate Tax Revenues = Property Tax Revenues/Constant Dollars</b>				
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Real Estate Tax Revenues	\$ 862,310	\$ 840,702	\$ 808,428	\$ 909,695
Consumer Price Index (CPI)	100.00	99.24	100.44	102.96
CPI in decimal	1.00	0.99	1.00	1.03
Real Estate Tax Revenues (Constant \$)	\$ 862,310	\$ 847,140	\$ 804,886	\$ 883,542
Population	5,565	5,565	5,565	5,565
<b>Real Estate Tax Per Capita (Constant \$)</b>	<b>\$ 155</b>	<b>\$ 152</b>	<b>\$ 145</b>	<b>\$ 159</b>

**Warning Sign:** Decreasing Real Estate Tax Revenues (Constant \$)



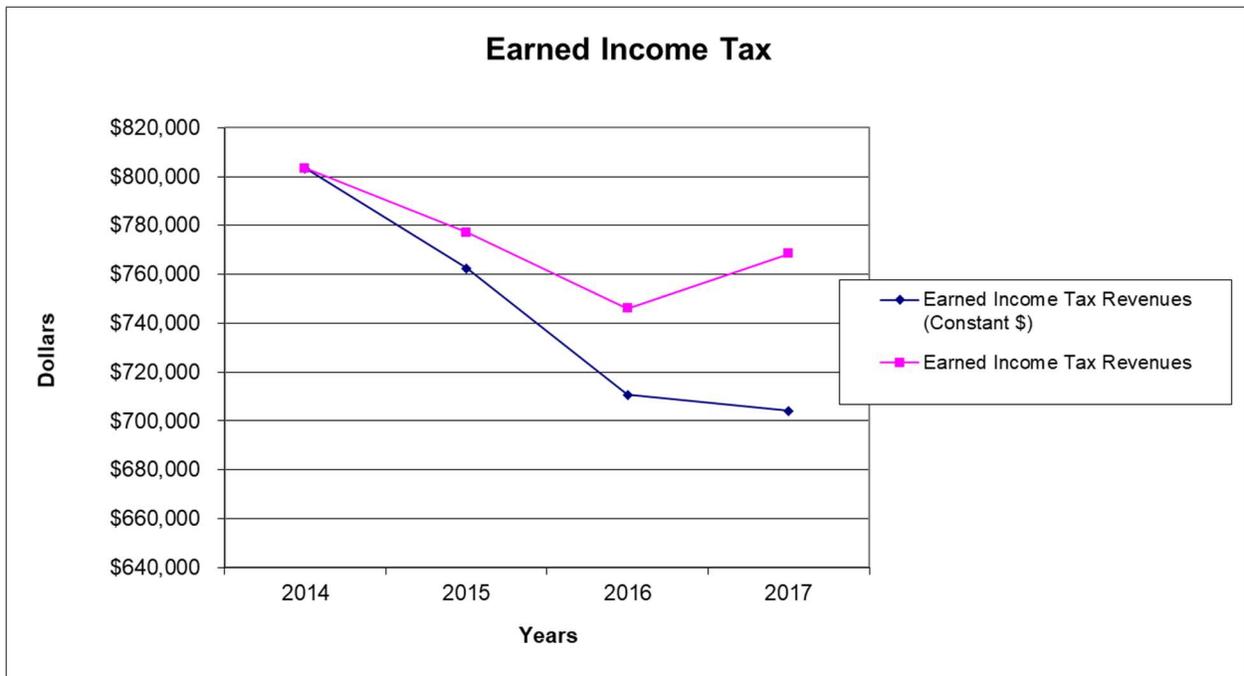
**Earned Income Tax** – Earned Income Taxes are the City of Duquesne’s second largest source of taxes. The City’s collections are aided under Act 47, which allows Duquesne to levy an extraordinary tax beyond the Commonwealth’s 1.0% maximum on residents and non-residents working in the city. Rates for 2014 through 2017 were 1.15% for residents and 1.3% for non-residents. The rate for residents was increased to 1.3% in 2019 to balance the budget. These extraordinary tax rates must be eliminated to exit Act 47 distressed status.

As Table 6 shows, EIT collections fell from \$803,399 to \$746,336 in constant dollars from 2014 to 2017. Again, this constitutes a warning sign for the city and suggests the importance of economic development initiatives and a need to improve delinquent collections.

Table 6

<b>Earned Income Tax</b>					
<b>Earned Income Tax Revenues (Constant \$) = Earned Income Tax Revenues / CPI Decimal</b>					
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	
Earned Income Tax Revenues	\$ 803,399	\$ 777,230	\$ 745,995	\$ 768,428	
CPI	100.00	99.24	100.44	102.96	
CPI Decimal	1.00	0.99	1.00	1.03	
<b>Earned Income Tax Revenues (Constant \$)</b>	<b>\$ 803,399</b>	<b>\$ 783,182</b>	<b>\$ 742,727</b>	<b>\$ 746,336</b>	

**Warning Sign:** Decreasing Earned Income Tax (Constant \$)

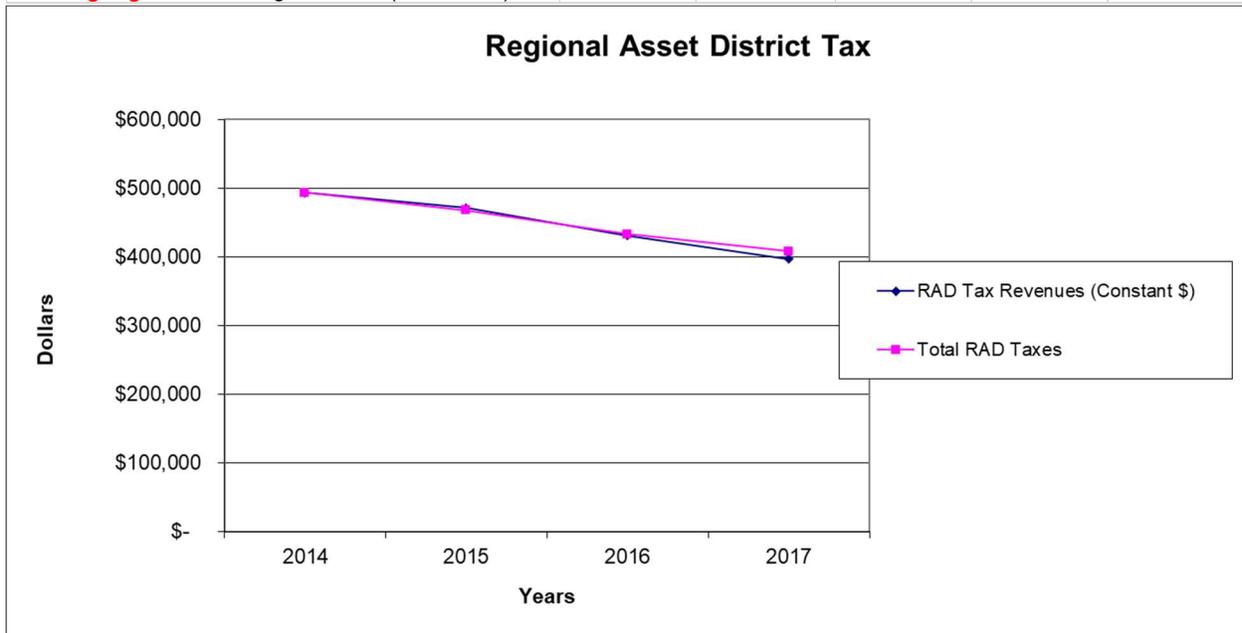


**Regional Asset District (RAD) Sales Tax** – The Regional Asset District (RAD) Tax is an additional 1% sales tax levied on purchases in Allegheny County to fund regional assets with the remainder distributed to the County’s municipalities. RAD Tax revenues fell significantly from 2014 to 2017 in both real (-\$85,058) and inflation adjusted dollars (-\$96,795) and constitutes a warning sign. As noted in the initiatives presented later in this Act 47 Exit Plan, growth in RAD Tax revenues should be used to fund a “Rainy Day” fund through 2022.

Table 7

<b>Regional Asset District (RAD)Tax</b>				
<b>RAD Tax Revenues (Constant \$) = RAD Tax Revenues / CPI Decimal</b>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Regional Asset District Sales Tax (Allegheny County municipalities only)	\$ 493,321	\$ 467,575	\$ 433,060	\$ 408,263
<b>Total RAD Taxes</b>	<b>\$ 493,321</b>	<b>\$ 467,575</b>	<b>\$ 433,060</b>	<b>\$ 408,263</b>
CPI	100.00	99.24	100.44	102.96
CPI Decimal	1.00	0.99	1.00	1.03
<b>RAD Tax Revenues (Constant \$)</b>	<b>\$ 493,321</b>	<b>\$ 471,156</b>	<b>\$ 431,163</b>	<b>\$ 396,526</b>

**Warning Sign:** Decreasing RAD Tax (Constant \$)

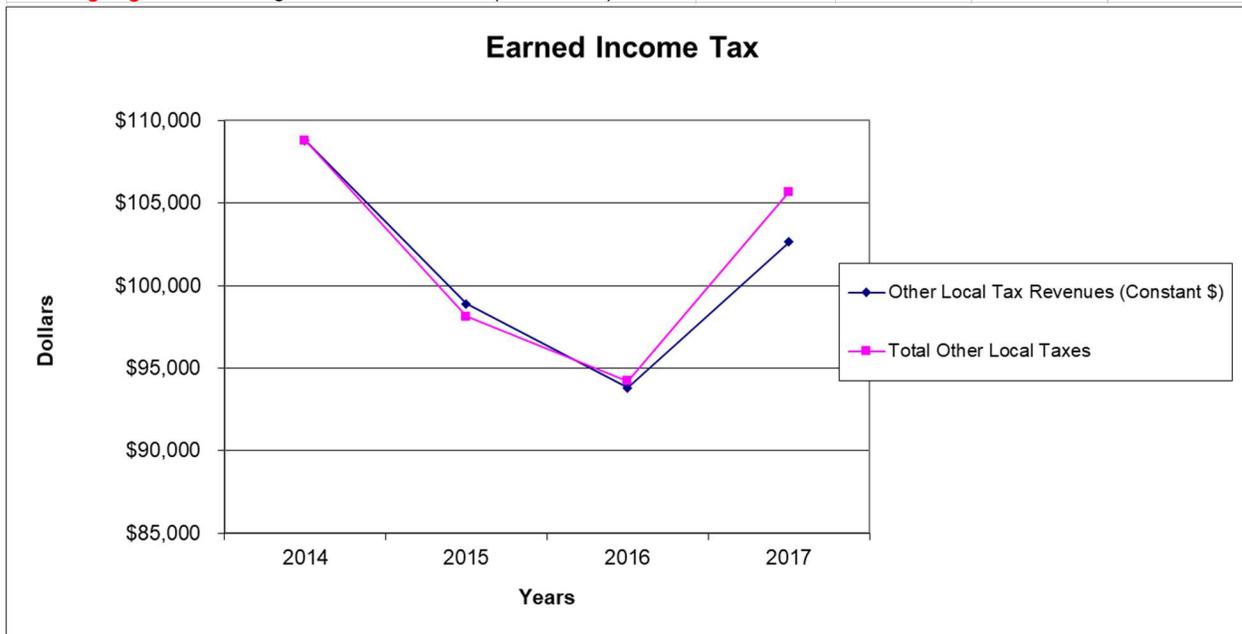


**Other Tax Revenues** – The City of Duquesne also collects a number of smaller, but important taxes that bolster revenues. Table 8 shows that Real Estate Transfer, Business Gross Receipts, and Local Services Taxes averaged approximately \$100,000 annually from 2014 to 2017. These sources of revenue fell slightly when adjusted for inflation and a warning sign is indicated.

Table 8

<b>Other Local Taxes</b>				
<b>Other Local Tax Revenues (Constant \$) = Other Local Tax Revenues / CPI Decimal</b>				
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Real Estate Transfer Taxes	\$ 16,465	\$ 10,119	\$ 4,902	\$ 12,105
Business Gross Receipts Taxes	\$ 30,224	\$ 33,073	\$ 24,211	\$ 25,714
Local Services Tax **	\$ 62,114	\$ 54,949	\$ 65,109	\$ 67,868
<b>Total Other Local Taxes</b>	<b>\$ 108,803</b>	<b>\$ 98,141</b>	<b>\$ 94,222</b>	<b>\$ 105,687</b>
CPI	100.00	99.24	100.44	102.96
CPI Decimal	1.00	0.99	1.00	1.03
<b>Other Local Tax Revenues (Constant \$)</b>	<b>\$ 108,803</b>	<b>\$ 98,893</b>	<b>\$ 93,809</b>	<b>\$ 102,649</b>

**Warning Sign:** Decreasing Earned Income Tax (Constant \$)



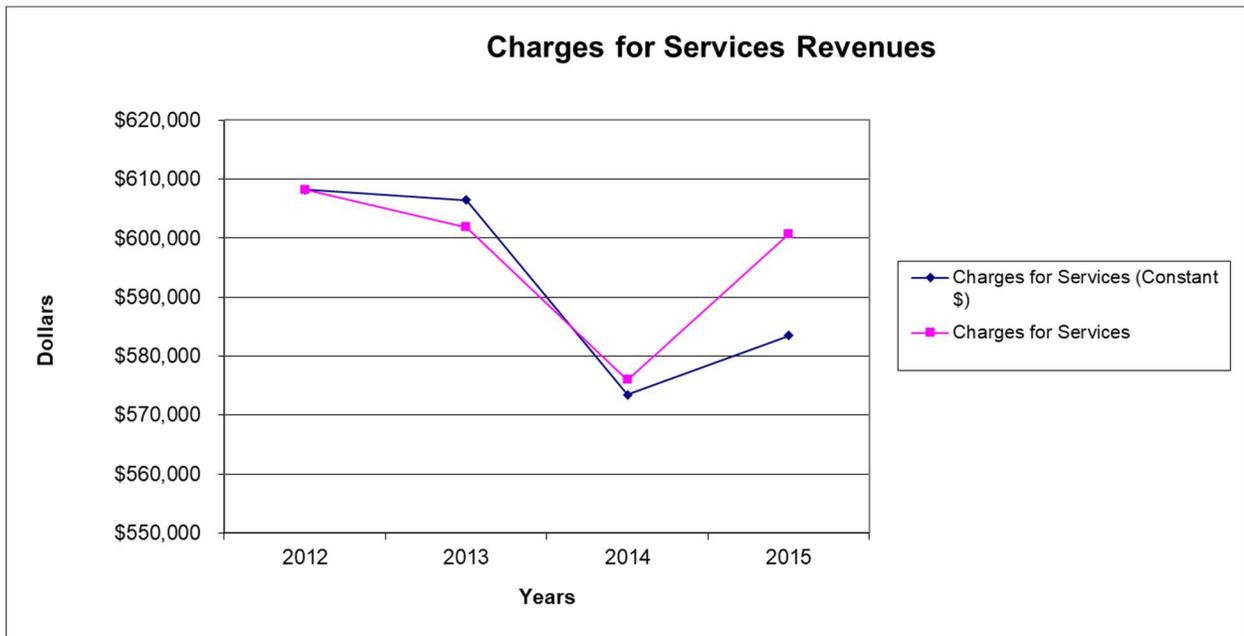
**Charges for Services**

Charges for Services are revenues generated in exchange for services provided by the city. In Duquesne, fees for Sanitation (Solid Waste Removal) are the largest source of service-based revenues. Table 9 shows that Charges for Services remained steady over the period studied in real dollars, but decreased from \$608,200 in 2014 to \$583,478 in 2017 when inflation is factored in. This decline constitutes a warning sign for the city.

Table 9

<b><u>Charges for Services Revenue</u></b>				
<b>Charges for Services Revenues (Constant \$) = Charges for Services Revenues / CPI Decimal</b>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Charges for Services	\$ 608,200	\$ 601,864	\$ 575,980	\$ 600,749
CPI	100.00	99.24	100.44	102.96
CPI Decimal	1.00	0.99	1.00	1.03
<b>Charges for Services (Constant \$)</b>	<b>\$ 608,200</b>	<b>\$ 606,473</b>	<b>\$ 573,457</b>	<b>\$ 583,478</b>

**Warning Sign:** Decreasing Revenues (Constant \$)

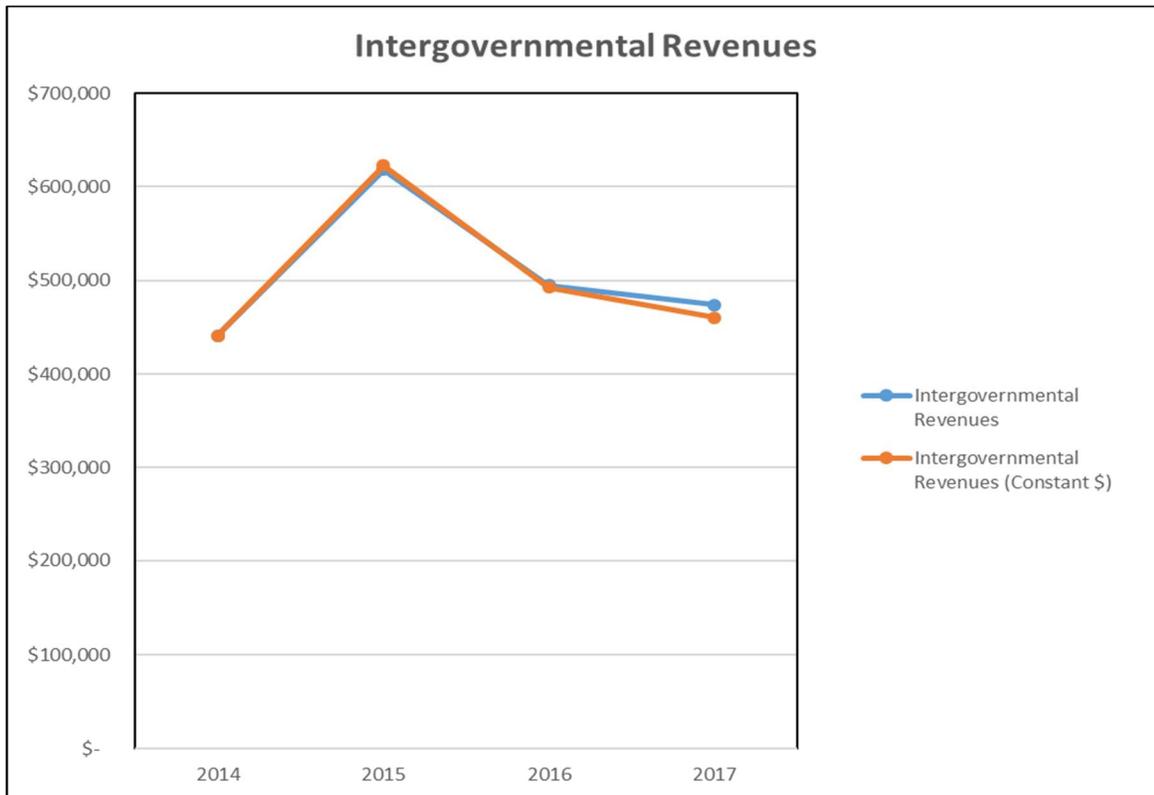


**Intergovernmental Revenues**

Intergovernmental Revenues, or funds received from the federal, state, or other local governments, grew 7.5% over the period reviewed. The bulk of that growth came from increases in Liquid Fuels proceeds and State Pension Aid. These sources of revenue accounted for 13.8% of all city revenues in 2017. Table 10 shows that these revenue sources increased in both real and constant dollars across the period.

Table 10

<b>Intergovernmental Revenue</b>				
<b>Intergovernmental Revenues (Constant \$) = Intergovernmental Revenues / CPI Decimal</b>				
	2014	2015	2016	2017
Intergovernmental Revenues	\$ 440,910	\$ 618,198	\$ 494,721	\$ 473,968
CPI	100.00	99.24	100.44	102.96
CPI Decimal	1.00	0.99	1.00	1.03
<b>Intergovernmental Revenues (Constant \$)</b>	<b>\$ 440,910</b>	<b>\$ 622,932</b>	<b>\$ 492,554</b>	<b>\$ 460,342</b>
<b>Warning Sign: Decreasing Revenues (Constant \$)</b>				



## Expenditure Review

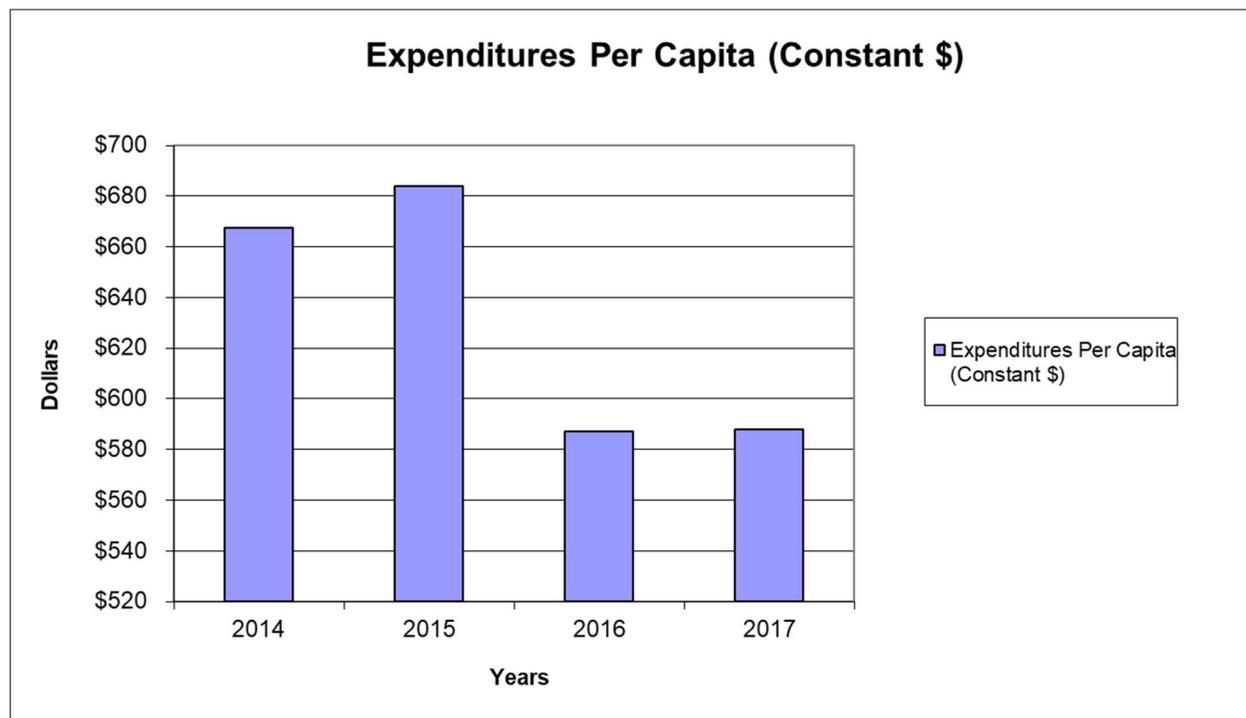
The area where local governments usually have the most control over their finances concerns expenditures. The following pages contain a review of major expenditure areas, including General Administration, Police, Public Works – Streets, and Employee Benefits. Separate analysis of minor expenditure areas is not presented due to their limited effect on the City’s financial health.

As noted above, the City of Duquesne’s core expenditures decreased 3.9% from 2014 to 2017. Table 11 shows those decreases are even more substantial when inflation is factored in. Duquesne’s Expenditures Per Capita fell from \$667 in 2014 to \$623 in 2017.

Table 11

<b>Expenditures Per Capita</b>				
<b>Expenditures Per Capita = Core Operating Expenditures / Population</b>				
	2014	2015	2016	2017
Core Operating Expenditures	\$ 3,714,406	\$ 3,880,505	\$ 3,430,315	\$ 3,570,411
Consumer Price Index (CPI)	100.00	99.24	100.44	102.96
CPI in decimal	1.00	0.99	1.00	1.03
Core Operating Expenditures (Constant \$)	\$ 3,714,406	\$ 3,910,223	\$ 3,415,288	\$ 3,467,765
Population	5,565	5,565	5,565	5,565
<b>Expenditures Per Capita (Constant \$)</b>	<b>\$ 667</b>	<b>\$ 703</b>	<b>\$ 614</b>	<b>\$ 623</b>

**Warning Sign:** Increasing Operating Expenditures Per Capita (Constant \$)



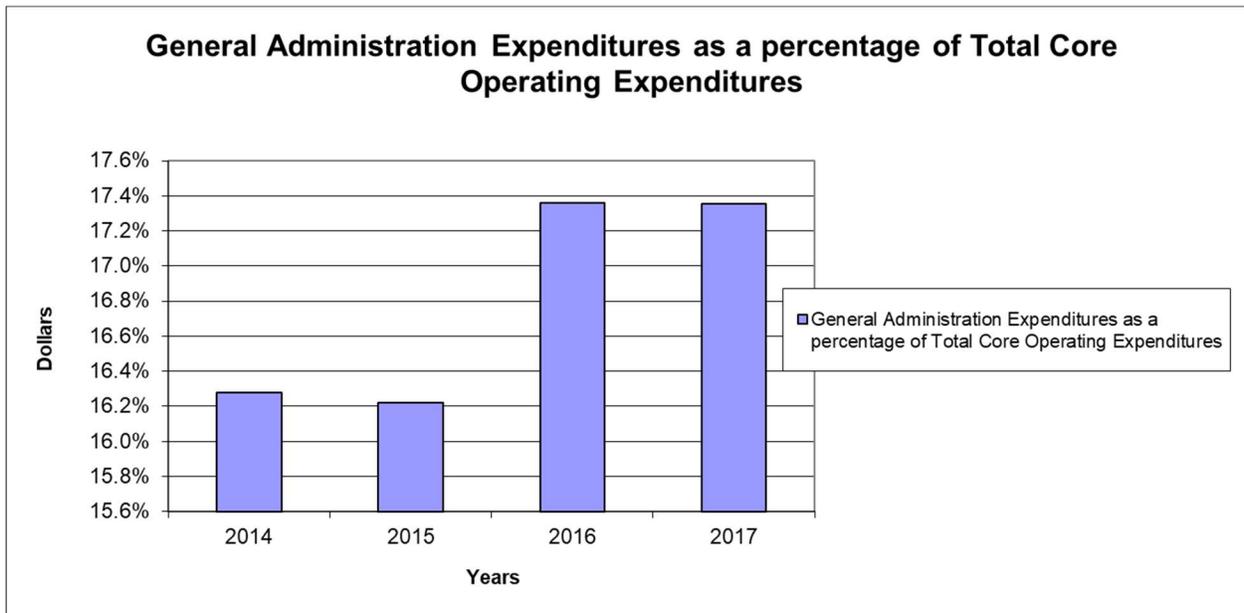
**General Administration Expenses**

Expenses in the General Administration category concern operations of elected bodies, the City Manager’s office, tax collection, legal services, engineering, and maintenance of general government buildings. Table 12 shows that these expenses grew from 16.3% of all expenditures in 2014 to 17.4% in 2017, indicating a warning sign. However, a closer look at the data shows that almost all of the expenditure growth was due to investments in Information Technology which were necessary upgrades that should benefit the City in the long run.

Table 12

<b>General Administration</b>				
<b>General Administration Expenditures = General Administration Expenditures / Total Core Operating Expenditures</b>				
	2014	2015	2016	2017
General Administration Expenditures	\$ 604,658	\$ 629,387	\$ 595,503	\$ 619,589
Total Core Operating Expenditures	\$ 3,714,406	\$ 3,880,505	\$ 3,430,315	\$ 3,570,411
<b>General Administration Expenditures as a percentage of Total Core Operating</b>	<b>16.3%</b>	<b>16.2%</b>	<b>17.4%</b>	<b>17.4%</b>

**Warning Sign:** Increasing General Administration Expenditures as a percentage of Total Core Operating Expenditures

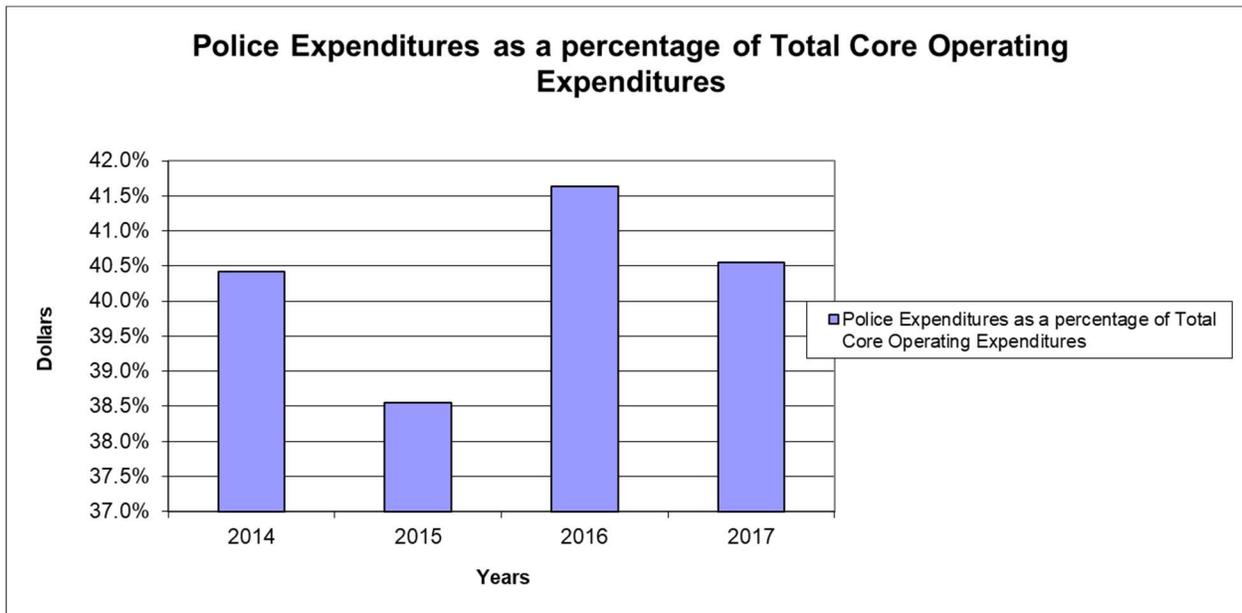


**Police Expenditures**

Police services are the most expensive services the City of Duquesne provides to its citizens. As such, Police Expenditures also pose the largest potential threat of increased costs as well as the greatest opportunities for expenditure reductions or cost controls. Table 13 shows that the City has done an admirable job in lowering Police Expenditures, from \$1,501,534 in 2014 to \$1,447,866 in 2017. Police Expenditures as a percentage of Core Expenditures varied across the period, but the 2014 and 2017 rates are practically identical and no warning sign is warranted.

Table 13

<b>Police Expenditures</b>				
<b>Police Expenditures = Police Expenditures / Total Core Operating Expenditures</b>				
	2014	2015	2016	2017
Police Expenditures	\$ 1,501,534	\$ 1,495,964	\$ 1,428,075	\$ 1,447,866
Total Core Operating Expenditures	\$ 3,714,406	\$ 3,880,505	\$ 3,430,315	\$ 3,570,411
<b>Police Expenditures as a percentage of Total Core Operating Expenditures</b>	<b>40.4%</b>	<b>38.6%</b>	<b>41.6%</b>	<b>40.6%</b>
<b>Warning Sign:</b> Increasing Police Expenditures as a percentage of Total Core Operating Expenditures				



**Public Works – Streets Expenditures**

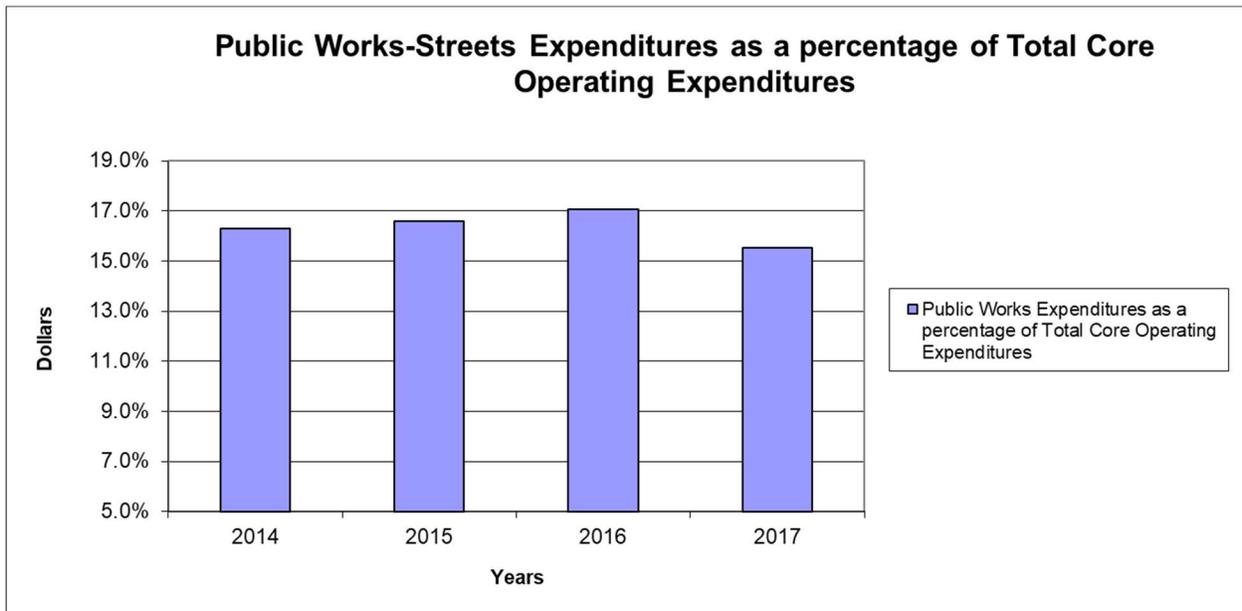
Spending on street maintenance, grass cutting, snow removal, and securing blighted properties is the third largest area of expense in the City of Duquesne. These expenditures fell by \$51,131 from 2014 to 2017, largely due to lower administrative costs and reductions in snow removal spending. As Table 14 indicates, Public Works – Streets fell from 16.3% of Core Expenditures in 2014 to 15.5% in 2017.

Assuming service levels have remained constant, this suggests a strong effort by the City to control costs. No warning sign is indicated.

Table 14

<b>Public Works -Streets Expenditures</b>				
<b>Public Works Expenditures = Public Works Expenditures / Total Core Operating Expenditures</b>				
	2014	2015	2016	2017
Public Works Expenditures	\$ 605,807	\$ 643,084	\$ 584,968	\$ 554,676
Total Core Operating Expenditures	\$ 3,714,406	\$ 3,880,505	\$ 3,430,315	\$ 3,570,411
<b>Public Works Expenditures as a percentage of Total Core Operating Expenditures</b>	<b>16.3%</b>	<b>16.6%</b>	<b>17.1%</b>	<b>15.5%</b>

**Warning Sign:** Increasing Public Works-Streets as a percentage of Total Core Operating Expenditures (Constant \$)



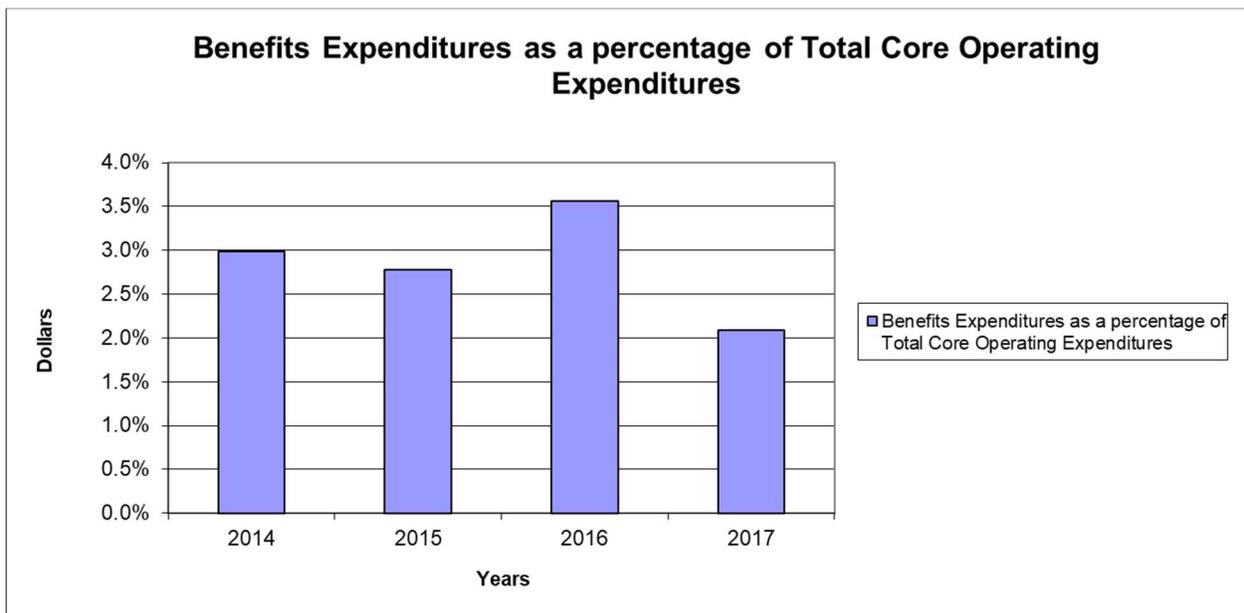
**Employer Paid Benefits Expenditures**

Expenditures classified as Employer Paid Benefits include withholding taxes paid by the city, worker compensation insurance spending, and other group insurance benefits. The variance in this measure is largely due to changes in worker compensation insurance costs, which spiked in 2016 before falling in 2017. Table 15 shows that Employer Paid Benefits fell from 3.0% of Core Expenditures in 2014 to 2.1% in 2017.

Table 15

<b>Employer Paid Benefits Expenditures</b>				
<b>Benefits Expenditures = Benefits Expenditures / Total Core Operating Expenditures</b>				
	2014	2015	2016	2017
Benefits Expenditures	\$ 110,771	\$ 107,657	\$ 122,275	\$ 74,660
Total Core Operating Expenditures	\$ 3,714,406	\$ 3,880,505	\$ 3,430,315	\$ 3,570,411
<b>Benefits Expenditures as a percentage of Total Core Operating Expenditures</b>	<b>3.0%</b>	<b>2.8%</b>	<b>3.6%</b>	<b>2.1%</b>

**Warning Sign:** Increasing Benefits Expenditures as a percentage of Total Core Operating Expenditures



### Debt Service Schedule, 2014-2023

The City of Duquesne’s debt service schedule shows a substantial increase in debt service payments since 2016. Debt service payments will peak in 2019 and 2020, level out through 2022, and end in 2023. As noted in the initiatives presented later in this plan, the City of Duquesne shall not issue additional debt or refinance existing debt until financial policies and goals, a Capital Improvements Plan, and a Capital Budget are adopted. Once adopted, those policies and plans must be followed in accordance with Government Finance Officers Association (GFOA) accepted practices.

The City of Duquesne refinanced its 2005 General Obligation Bond in 2015 with the remaining \$3,225,000 balance payable in the same timeframe as the initial bond (2022). The \$270,000 the City “saved” in 2015 was largely used to repay the General Fund for previous Water Fund transfers, but resulted in much higher bond payments from 2016 through 2022. While expedient to cover short-term crises, refinance efforts such as this are not beneficial to the community’s long-term fiscal health. The short-term, interest free DCED loan of \$275,000 was also used to reimburse the General Fund for Water Fund transfers and will be paid off in 2020.

Obligations taken on for the Ford Spreader and Water Equipment are normal operations for a City and have been fully paid. Similar items should be included in the City’s Capital Improvements Plan and Capital Budget beginning in 2019.

Table 16

City of Duquesne Debt Service Schedule													
Long Term Debt	Original Issue Amount	Year Issued	Year Payoff	2014	2015	2016	2017	2018	2019	2020	2021	2022	
General Obligation Bond	\$ 5,845,000	2005	2022	\$ 330,000									
PennVest Loan	\$ 376,410	2001	2022	\$ 30,455	\$ 30,763	\$ 31,072	\$ 31,386	\$ 31,703	\$ 32,024	\$ 32,348	\$ 32,675	\$ 33,005	
General Obligation Bond	\$ 3,225,000	2015	2022	\$ -	\$ 60,000	\$ 462,139	\$ 466,812	\$ 471,533	\$ 512,626	\$ 515,251	\$ 510,720	\$ 508,620	
<b>Lease Rental Debt</b>													
Ford Spreader	\$ 63,192.0	2014	2018	\$ -	\$ 18,817	\$ 21,046	\$ 21,514	\$ 4,565					
Water Equipment	\$ 13,493.0	2014	2017	\$ -	\$ 4,347	\$ 4,523	\$ 4,623						
<b>Total Debt Service</b>				\$ 360,455	\$ 113,927	\$ 518,780	\$ 524,335	\$ 507,801	\$ 544,650	\$ 547,599	\$ 543,395	\$ 541,625	

## Water Fund Analysis

Previous Act 47 Plans and amendments noted significant annual operating deficits in the City's Water Fund that required regular supplements from the General Fund. However, it is standard in municipal management to require that utility fees for services cover the short and long-term costs of operations and infrastructure needs. It is also acceptable for service fees generated to reimburse the General Fund for reasonable support functions provided by the City Manager and other City employees.

Table 17 provides a brief overview of the City's Water Fund from 2014-2017. Water Charges from billing rose 21.5% over the period, from \$867,373 in 2014 to \$1,053,993 in 2017. Wholesale Water Purchases vary substantially from year-to-year, but fell 8.9% or \$80,798 from 2014 to 2017. As a result, the City Water Fund experienced operating surpluses in 2015, 2016, and 2017.

Net Transfers were positive in 2014 and 2015, indicative of the need for other funds to support Water Fund operations. The negative Net Transfers in 2016 and 2017 are encouraging and signify efforts for the Water Fund to reimburse other funds for earlier transfers and reimburse the General Fund for reasonable support functions.

Table 17

<b>Water Fund Revenues and Expenditures</b>							
<b>Revenues</b>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>			
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>		<i>%</i>	<i>% Total</i>
Description	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Change</i>	<i>Change</i>	<i>Rev</i>
Interest	\$ 4	\$ 2	\$ 12	\$ 57	\$ 53	1325.0%	0.0%
Water Charges	\$ 867,373	\$ 773,496	\$ 1,044,402	\$ 1,053,993	\$ 186,620	21.5%	93.8%
Transfers from Other Funds	\$ 78,412	\$ 91,280	\$ -	\$ 70,000	\$ (8,412)	-10.7%	6.2%
<b>Total Water Revenues</b>	<b>\$ 945,789</b>	<b>\$ 864,778</b>	<b>\$ 1,044,414</b>	<b>\$ 1,124,050</b>			
<b>Expenditures</b>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>			
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>		<i>%</i>	<i>% Total</i>
	<i>Expenditures</i>	<i>Expenditures</i>	<i>Expenditures</i>	<i>Expenditures</i>	<i>Change</i>	<i>Change</i>	<i>Rev</i>
Wholesale Water Purchases	\$ 906,593	\$ 821,644	\$ 890,663	\$ 825,795	\$ (80,798)	-8.9%	79.6%
Debt Service	\$ 58,015	\$ 20,332	\$ 51,541	\$ 51,054	\$ (6,961)	-12.0%	4.9%
Transfer to Other Funds	\$ -	\$ -	\$ 32,866	\$ 160,181	\$ 160,181	-	15.4%
<b>Total Water Expenditures</b>	<b>\$ 964,608</b>	<b>\$ 841,976</b>	<b>\$ 975,070</b>	<b>\$ 1,037,030</b>			
<b>Surplus/(Deficit)</b>	<b>\$ (18,819)</b>	<b>\$ 22,802</b>	<b>\$ 69,344</b>	<b>\$ 87,020</b>			
Cumulative Surplus/(Deficit)		\$ 3,983	\$ 73,327	\$ 160,347			
<b>Net Transfers</b>	<b>\$ 78,412</b>	<b>\$ 91,280</b>	<b>\$ (32,866)</b>	<b>\$ (90,181)</b>			
Cumulative Transfers		\$ 169,692	\$ 136,826	\$ 46,645			

## General Fund Revenue and Expenditure Projections, 2019-2022

Projections for the City of Duquesne's finances are made difficult by the lack of expenditure information for 2018. For this reason, the projections in Table 18 use a mix of data including 2018 revenues from the Treasurer's year-end report of January 8, 2019, budgeted expenses for 2018, and revenues and expenditures included in the 2019 budget.

A number of items require mention for their impact on these projections. First, the City's move to a new delinquent real estate tax collector resulted in a substantial increase in Liened Tax Revenues in 2018. Second, City Council passed a 2019 budget that included a 2 mill increase in Real Estate Taxes as well as an increase in the Resident Earned Income Tax rate, from 1.15% to 1.30%. These tax increases are expected to increase 2019 revenues by approximately \$235,000. Third, a 2016 loan of \$275,000 from the Commonwealth with annual debt service payments of \$68,750 will be paid off in 2020. Finally, reduction of the extraordinary Earned Income Tax rates, set at 1.3% for residents and non-residents in 2019, is not included in the projections presented below.

The projection results presented in Table 18 show revenues increasing from \$3,431,721 in 2017 to \$3,579,241 in 2022. Expenditures are expected to increase from \$3,570,411 in 2017 to \$3,686,862 in 2022. While the City of Duquesne is expected to run a small surplus in 2019, the city will return to annual deficits from 2020 through 2022 if none of the initiatives presented in this plan are implemented. The cumulative deficit from 2018 to 2022 is projected at \$509,882.

Table 18

City of Duquesne - Core Revenue and Expenditures Projections								
Revenues:								
	2017	2014-2017	Projected	2018	2019	2020	2021	2022
	Actual	%	%	Estimated	Budgeted	Projected	Projected	Projected
Description	Revenues	Change	Change	Revenues	Revenues	Revenues	Revenues	Revenues
Taxes	\$ 2,192,073	-3.3%	0.0%	\$ 2,178,464	\$ 2,333,601	\$ 2,333,601	\$ 2,333,601	\$ 2,333,601
Licenses & Permits	\$ 103,254	3.3%	1.00%	\$ 79,917	\$ 79,000	\$ 79,790	\$ 80,588	\$ 81,394
Fines & Forfeits	\$ 40,260	-22.4%	0.00%	\$ 23,242	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Interest & Rents	\$ 2,926	-87.2%	1.00%	\$ 2,400	\$ 2,475	\$ 2,500	\$ 2,525	\$ 2,550
Intergovernmental	\$ 473,968	7.5%	1.00%	\$ 457,000	\$ 485,000	\$ 489,850	\$ 494,749	\$ 499,696
Charges for Services	\$ 600,749	-1.2%	0.00%	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Unclassified Revenues	\$ -	-100.0%	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 18,491	4522.8%	0.00%	\$ 77,500	\$ 138,100	\$ 35,000	\$ 35,000	\$ 35,000
<b>Total Operating Revenue</b>	<b>3431721</b>	<b>-2.1%</b>		<b>\$ 3,418,523</b>	<b>\$ 3,665,176</b>	<b>\$ 3,567,741</b>	<b>\$ 3,573,462</b>	<b>\$ 3,579,241</b>
Expenditures:								
	2017	2014-2017	Projected	2018	2019	2020	2021	2022
	Actual	%	%	Budgeted	Budgeted	Projected	Projected	Projected
Description	Expend	Change	Change	Expend	Expend	Expend	Expend	Expend
General Govt	\$ 619,589	2.5%	1.0%	\$ 625,540	\$ 624,755	\$ 631,003	\$ 637,313	\$ 643,686
Public Safety	\$ 1,534,794	-7.3%	1.0%	\$ 1,547,468	\$ 1,504,645	\$ 1,519,691	\$ 1,534,888	\$ 1,550,237
Public Works -Sanitation	\$ 426,713	38.3%	1.0%	\$ 420,750	\$ 483,750	\$ 488,588	\$ 493,473	\$ 498,408
Public Works - Streets	\$ 554,676	-8.4%	1.0%	\$ 585,000	\$ 598,600	\$ 604,586	\$ 610,632	\$ 616,738
Culture & Recreation	\$ 2,724	75.4%	0.0%	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500
Debt Service	\$ 65,455	7172.8%	0.0%	\$ 68,750	\$ 68,750	\$ 68,750	\$ -	\$ -
Employee Benefits & Wit	\$ 74,660	-32.6%	1.0%	\$ 85,000	\$ 102,000	\$ 103,020	\$ 104,050	\$ 105,091
Insurance	\$ 89,053	14.3%	1.5%	\$ 92,000	\$ 92,000	\$ 93,380	\$ 94,781	\$ 96,202
Unclassified	\$ -	-100.0%	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing	\$ 202,747	-16.0%	0.0%	\$ 210,000	\$ 172,000	\$ 172,000	\$ 172,000	\$ 172,000
<b>Total Expenditures</b>	<b>\$ 3,570,411</b>	<b>-3.9%</b>		<b>\$ 3,639,008</b>	<b>\$ 3,651,000</b>	<b>\$ 3,685,518</b>	<b>\$ 3,651,637</b>	<b>\$ 3,686,862</b>
Surplus/(Deficit)	\$ (138,690)			\$ (220,485)	\$ 14,176	\$ (117,777)	\$ (78,175)	\$ (107,622)
Cumulative					\$ (206,309)	\$ (324,086)	\$ (402,261)	\$ (509,882)

## Act 47 Coordinator's Recommendation

Per Act 47, Section 255 – Coordinator's Report, and based on the preceding presentation of the City of Duquesne's current financial condition, ***the Act 47 Coordinator recommends the City of Duquesne enter into a three-year exit plan*** in accordance with Section 256 – Exit Plan. The City of Duquesne should move aggressively to accomplish the initiatives that follow to improve its operations, tax base, and financial condition to assure its long-term financial viability.

## Recovery Plan Initiatives, 2019-2022

It is essential that the City of Duquesne position itself to exit the Act 47 program and, just as important that the City's exit from the program is sustainable. At the most basic level, this requires that the City maintain structural balance by bringing in more revenue each year than it expends, and that revenue growth keeps pace with expenditure growth. This has been a challenge not only for the City of Duquesne, but for cities across Pennsylvania and the United States.

The recommended Finance and Budget related initiatives therefore focus on controlling expenditures and maximizing revenue. In addition, they provide a framework for limiting increases in expenditures for specific collective bargaining agreements as authorized under Pennsylvania Act 133.

Since the City entered into the Act 47 program in 1991, it has systematically sought to control General Fund expenditures to align spending with declining revenues. From 2014 through 2017, Departmental expenditures decreased by 3.9% and employee salary expenses decreased by 1.7%. Fringe benefit expenses remained largely unchanged, with slight reductions from 2014-2017. Despite these recent results, the City must continue to seek ways to control General Fund expenditures.

### Finance and Budget Initiatives

**Finance and Budget (F&B) Initiative 1: The City shall limit 2020 General Fund expenditures to 2019 Budgeted Levels for all non-fringe benefit related expenses and limit increases in subsequent years to the rate of inflation as defined by the unadjusted percent change in Consumer Price Index for all Urban Consumers (CPI-U) from September 30 of the current calendar year to September of the prior calendar year.**

The baseline financial projections assume no expenditure growth in salaries and most non-personnel expenditures. Even with this limited expenditure growth, the baseline financial projections still demonstrate annual deficits in the Core Funds (General Fund and Liquid Fuels Fund). As such, it is important to control actual expenditures to minimize the potential for higher than projected deficits.

**F&B Initiative 2: City Council shall review existing budgetary control policies and processes to determine whether they are adequate to control the budget and to prevent deficit or over spending.**

In its review, the City Council should determine whether the following means to control revenue flows exist:

- Purchasing approval and centralized purchasing/use of purchase orders;
- Encumbrance of expenditure accounts;
- Spending plans or quarterly allotments;
- Position controls (approval) of requisitions for personnel to fill authorized positions;
- Process to monitor revenue flows;
- Process to review and approve budget amendments;

- Monthly reporting on expenditures (actual and encumbered) and actual revenue against detail budget data; and
- Centralized responsibility for budgetary control in one office.

If any of the above control means are not present in the current system, the City should make them part of the system when it completes the review. The manager shall report monthly to the City Council and the Plan Coordinator on revenue collection and enforcement activities and on needed administrative changes. The City shall distribute to the Act 47 Plan Coordinator copies of reports, allotments and proposed budget amendments for approval.

Commentary: Various audit management letters and review of budget documents suggest deficiencies in the budgetary process. Also, it appears that existing policies and procedures are not always enforced.

It is critical to the future fiscal well-being of the City that it begins to adopt and enforce procedures designed to protect the unit’s fiscal integrity. In addition, the City needs a process that fully discloses how the public’s money is being spent:

A budget system designed in accordance with generally accepted practices includes the following components:

- A comprehensive operating budget that includes all revenues, expenditures and funds;
- A capital plan prepared from priorities identified in the capital improvements plan;
- Public hearings on the operating and capital budgets;
- Centralized responsibility for budgetary preparation and control in one office; and
- A budgetary control system.

In addition to these components, the office responsible for the City’s budgeting system shall provide the Plan Coordinator with copies of all fiscal documents in order to provide the Coordinator with sufficient information to make prudent analysis of the City’s fiscal position and compliance with the Recovery Plan.

The proposed system will not be effective unless the elected Mayor and Council members enforce the system’s mandates and processes. It is critical that Council adhere to sound budget principles. The City and the Act 47 Coordinator will work to complete the process review and develop an action plan for process improvements by the close of 2019.

**F&B Initiative 3: City Council shall adopt a resolution that sets forth revenue, expenditure, fund balance, capital acquisition, debt and investment goals and policies and assigns responsibility for achievement of these goals and policies.**

The City should comply with Government Finance Officers Association (GFOA) and International City/County Management Association (ICMA) standards and best practices in developing goals and policies. For investment purposes, the City of Duquesne should consider joining an intergovernmental

investment pool such as Pennsylvania Local Government Investment Trust (PLGIT) or the investment operated by the State Treasurer – INVEST.

Commentary: The City needs a formally-adopted financial policy to guide the City and protect officials from legal actions for questionable investment practices. A properly prepared policy will also facilitate the protection of the City’s liquid assets, the maintenance of sufficient liquidity to meet operating requirements, and earning of market rates of return on investments. The Act 47 Coordinator will work with the City to develop draft financial policies by the close of 2019. The City shall not make any major acquisitions, issue new debt or refinance debt until these goals and policies are have been adopted by the Mayor and Council.

**F&B Initiative 4: The City shall develop a Capital Budgeting Process and five-year Capital Improvement Plan.**

The City shall vest the manager with the responsibility of preparing and updating annually a five-year capital improvement program and incorporating it into an annual capital budget. The manager shall seek input from department heads, the City engineer, the planning commission, and others with valid input for capital improvement elements.

Commentary: This initiative involves the development of two documents: a capital improvements program and a capital budget. A capital improvements program involves the planning of public improvements projected over several years, usually four to six years ahead of the current year. It anticipates major construction and renovation projects to be undertaken and the estimated financial resources needed to fund them. The capital budget is a more detailed plan of capital improvement projects to be undertaken in the ensuing budget year.

Capital improvements planning should be undertaken because:

- Capital expenditures represent significant expenditures of the City;
- Capital expenditures also represent the most enduring activities of the City. Generally, they are lasting physical improvements of infrastructure, vehicles and equipment that may be more immediately visible to the public than many other City services; and given these considerations, it is vital that the decisions about capital expenditures are made rationally and responsibly. Capital planning is an effective means for improving capital spending decisions.

To implement the initiatives, the City of Duquesne must develop a capital improvement process, one that addresses, at a minimum, such questions as:

- What constitutes a capital expenditure?
- What are the responsibilities of the manager, department heads, engineer and planning commission?
- What means are to be used to developing capital expenditure priorities?

- What methods of financing are to be used to fund various types of capital projects?
- What is the planning period?

A variety of sources exist to identify capital needs: engineers, planning commission members, Council members, administrative staff and citizens.

The City of Duquesne shall not issue new debt or reissue existing debt until the Capital Improvement Plan and Capital Budget have been developed and approved by Council.

### **Water Fund Support**

#### **F&B Initiative 5: The City shall eliminate General Fund Support to the Water Fund.**

The City currently purchases its water wholesale from Municipal Authority of Westmoreland County (MAWC), which, on average, bills the City for 16 million gallons for every 10 million gallons billed to Duquesne residents. This disparity is the primary source of the Water Fund's annual operating deficit. The first and most important action required to resolve the issue is to identify the source of the disparity through the investigative methods detailed below, which shall be completed in the second quarter of 2019, with the professional assistance of the Act 47 Coordinator:

- The City shall coordinate with MAWC to independently test the MAWC master meter to ensure that the City's recorded wholesale water consumption is accurate.
- The City, with the support of the Act 47 Coordinator, will evaluate the potential cost implications of conducting an independent leak detection assessment to determine if the disparity is attributable to undetected water loss. The City shall then seek grant funds to complete the leak detection program.
- The City shall begin testing the meters of its major commercial and industrial users to determine if they are accurately recording water usage.

#### **F&B Initiative 6: The City should set its water rates at levels sufficient to pay bulk water purchase costs, direct costs, return on investment, and overhead costs.**

The rate of return on the City's investment in the water system should be determined by Council using the formula or means determined by the City's auditor. Overhead costs must be specified by the City auditor's cost allocation system. Until such a formal determination of the rate of return and overhead costs is completed, the City shall transfer no more than \$30,000 each year from the Water Fund into the General Fund.

Commentary: Water rates should be fixed by the City Council at a level sufficient to pay direct costs, overhead and other indirect costs, and to provide a return on investment. The City needs a rational policy for establishing rates – a policy that can be defended if a consumer should make a legal challenge to the rate structure. F&B Initiatives 4 and 6, will define a path to achieve structural balance in the Water Fund, which may include the need for water rate increases. If necessary, the City shall increase water rates to cover the cost of operations and General Fund overhead expenses.

**F&B Initiative 7: Complete a water rate study comparing the water rates charged by the City of Duquesne against those charged by other cities in the region.**

Though it is important to ensure that the structural imbalance in the Water Fund is not attributed to undetected leaks or inaccurate usage data, it is also important to ensure that the City is charging its users a fee that covers the full cost of providing water to residents and businesses. The Water Fund must also generate sufficient revenue to fund capital repairs as needed, to reimburse the General Fund for annual support services (e.g., IT, finance, HR, and administration), and to pay back the General Fund any remaining funds owed from the Water Fund.

To appropriately evaluate the need for water rate increases, it is helpful to complete benchmarking to determine how neighboring communities have developed their rate structures to achieve structural balance. The City's Act 47 Coordinator will provide support to complete the rate study and, following the outcome of leak detection and meter reliability analysis, the water rate study, and the indirect cost study (F&B initiative 4), the City shall develop and implement a water revenue increase plan that fully funds Water Fund operating costs and pays back the revenue owed to the General Fund. This Water Fund revenue increase plan shall include one or both of the following options: 1) increases in water rates; 2) establishment of a minimum charge per account to cover fixed system operation costs.

**F&B Initiative 8: The City, with support of the Act 47 Coordinator and the City's auditors, shall complete an indirect cost allocation study to identify the appropriate level Water Fund revenues that should be transferred to the General Fund on an annual basis to fund administrative and support functions.**

Previous iterations of the City's Recovery Plan included direction to contract with the City's auditors to complete an indirect cost allocation study. The Recovery Plan also called for an annual cap of \$30,000 in Water Fund transfers to the General Fund. The Water Fund previously operated at a structural deficit with regular annual deficits, so no transfers from the Water Fund to the General Fund were possible. This is no longer the case as the Water Fund has run small operating surpluses in the past three years. Because the Water Fund is now self-sufficient on an operating basis, it is critical to identify the actual cost to the General Fund to support Water Fund operations and, just as importantly, to define a defensible methodology that can be applied to justify future transfers from the Water Fund to the General Fund.

**F&B Initiative 9: The City shall establish a new capital reserve fund for vehicles and equipment.** The City is to make only capital expenditures from this fund.

Commentary: The City Engineer and Auditor shall review the current depreciation method used in the City and should advise the City Council on the adequacy of the present depreciation charges. Monies for the vehicle and equipment capital reserve fund are to be transferred from the appropriations made to various departments or programs using the vehicles or equipment. These annual transfers represent depreciation charges for the use of these capital items. To facilitate these transfers, the City shall adopt a depreciation policy that it can use when it buys new equipment or vehicles. The purpose of this fund is to reduce the need to borrow money for vehicles and equipment. The fund's resources are depreciation charges against departments that use vehicles and equipment.

**F&B Initiative 10: The City shall develop and issue a request for proposals to various professional auditing firms in the Pittsburgh area.**

In addition to covering the normal auditing functions and requirements, the request shall include:

- Developing a cost allocation system for functions performed by the General Fund for various other funds;
- Developing a formula or means of determining a return on investment percentage to be assessed against the City's water operations; and
- Developing a means of determining City costs for issuing and administering the licenses and permits required for various functions.

The RFP should also include an option where the financial report is prepared in-house by the finance officer. The City shall issue requests for proposals for this service at least every five years.

Commentary: The purpose of this initiative is to evaluate what other auditing firms would charge for similar services and to ensure that the City is paying a reasonable fee.

**F&B Initiative 11: The City shall adopt a comprehensive fee and service charge resolution.**

One provision of this resolution shall accommodate the annual adjustment of these fees and charges on the basis of an acceptable economic indicator. However, such changes shall not be made if changes in various fees place the City in a non-competitive position with neighboring municipalities.

Commentary: To keep fees current with the "cost of doing business" and to reduce or avoid annual conflicts over the adjustment of fees, the City Council should adopt a comprehensive fee resolution that includes all charges for services. To be included in this resolution is a provision requiring the annual adjustment of fees according to an acceptable economic indicator, such as the regional consumers' price index published by the national government.

Such adjustments, however, are not to be automatic. The City Manager shall survey the fee structures of municipalities participating in the Steel Rivers COG and the City of McKeesport. If the survey findings indicate that the changes would place the City in a non-competitive position, the fee and service charge structure is not to be made. The Manager shall take action in this area before October 31 of each year and advance initiatives for fee adjustments as part of the annual budget process.

**F&B Initiative 12: The City should establish a separate fund for sanitation and public safety services. Revenues for the fund shall consist of a new "sanitation and public safety services" fee that will replace the solid waste fee.**

The City shall limit fund disbursements to those required to meet contract obligations and payments to the General Fund for services rendered by the City pursuant to the administration of the solid waste

and recycling collection programs and public safety services that maintain and promote the well-being of the City.

An external audit shall determine the costs that can be allocated to the sanitation and public safety services fund.

Commentary: This proposal is designed to provide the City with additional revenue while eliminating the need to use the exclusive current solid waste fee to finance non-related activities. Public safety functions suggested to be financed by the fee include expenditures for street lighting, traffic control devices and signs, dog catcher programs and tree cutting operations. The solid waste and recycling programs also will be paid from this fee.

As an alternative to establishing a separate fund for solid waste and public safety services, the City should negotiate its solid waste and recycling contract and all future contracts to include direct customer billing and fee collection by the contractor. The City shall enter into joint bidding for solid waste and recycling services.

The purpose of this initiative is to give the City an option in the provision of solid waste and recycling services. The delivery mode is the same as the current one, except that the contractor assumes full responsibility for collecting the fee for the service. The City would not be involved in any billing or enforcement operations. However, the City would be concerned with monitoring the performance of the contractor – an activity that its officials are assumed to be doing.

The objective of this initiative is to reduce the City's liability for delinquent and uncollectable solid waste fees. The City must assess the change, if any, in the per-unit cost owing to this alteration in the method of payment.

**F&B Initiative 13: The City should develop a master computerized housing and business directory.**

The finished directory would be a municipal-wide "lot and block program" and would identify those responsible for the payment of various City revenues. The City may apply for Act 47 grant funding for this activity if the City does not have sufficient time and financial resources to undertake the project on its own. This project may also be appropriate for a graduate intern.

The City should consider requiring occupancy permits, moving permits and tenant registration forms. The City should consider adopting an ordinance requiring landlords and owners of residential properties to submit a list of tenants and to update this list as tenants move.

Commentary: The primary objective of the proposal is to obtain information that can be used by the City's tax and revenue collectors to keep revenue rolls up to date and current. The data obtained may also prove useful to the planning commission and code officials.

Several sources are available to keep the directory current:

- A copy of the occupancy permit issued by the Inspection Department should be forwarded to the office responsible for maintaining the directory.
- The City should adopt a moving permit ordinance to be administered jointly by the Police Department and the directory official.
- The City should also adopt an ordinance requiring landlords of residential properties to submit lists of tenants to the directory official and to update these lists as necessary.

To date, the City has not had the resources required to implement this initiative but will continue to look for opportunities to complete this initiative if competing requirements allow.

**F&B Initiative 14: The City shall develop a risk management program.**

The program shall include the following initiatives:

- The City Manager should contact the City's insurance carrier to make an appraisal of its workers' compensation expenditures and to propose a corrective course of action. The City Manager should also explore the possible cost savings that may be had by the City's participation in the Allegheny League of Municipalities workers' compensation program.
- The City should begin to promote in the Steel Rivers COG a plan for the adoption of a Risk Management Officer. If the COG should prove unreceptive to this proposal, the City should seek other intergovernmental arrangements to provide this function.
- If these efforts for an intergovernmental arrangement prove unsuccessful, the City should initiate a study to determine what it can reasonably do to reduce its exposure to risk.
- The City should form and implement a Work Safety Committee to address workplace liability, risk, and exposure issues.

Commentary: A comprehensive risk management program administered by a professional Risk Management Officer is beyond the financial resources of the City. However, the program is one that is a "natural" for collective action by two or more political units, particularly those involved in a Council of Governments. Cost savings of such an intergovernmental operation may be considerable. The City, with the assistance of the Recovery Plan Coordinator, will evaluate the opportunities available to develop an intergovernmental risk management program through SRCOG and/or its neighboring communities. In addition, beginning in 2019, the City shall conduct a detailed review of injury and loss history, working with the City's workers compensation insurance provider to ensure that safety training is appropriately focused. This independent City review should happen at least twice per year as a supplement and validation of those reviews should be completed by the City's workers' compensation insurance provider.

**F&B Initiative 15: The City shall consider contracting with an outside, independent professional consultant to analyze and evaluate employee benefits and property and casualty liability insurance coverage prior to the request for proposal (RFP) process for new insurance brokers.**

Commentary: The purpose of this proposal is to ensure that the City's coverage in these areas is adequate and that additional coverage is not necessary. The analyses should also determine whether present coverage is available at a lower cost and suggest the policies and procedures the City should adopt to lower or at least maintain costs. The City should initiate two separate RFP processes. The first process will focus on determining what opportunities exist to strengthen and right-size the City's insurance program (e.g., property insurance, umbrella liability, workers compensation). This RFP process should be initiated six months before the date of the 2020 program renewals. The second RFP process should focus on evaluating the City's employee benefit programs and should likewise be initiated six months before the 2020 program renewals. The City will pursue these opportunities in 2019 and 2020 as resources allow. The City may seek Act 47 grant funding to support this initiative.

**F&B Initiative 16: The City should initiate a policy whereby it will maintain an annual unreserved General Fund balance equal to two to three percent of the fund's annual operating expenditures or at least equal to two months of operating expenditures.**

Commentary: Financial conditions have not permitted the City to develop a reserve fund policy and practice that allows the City to maintain an appropriate level in its General Fund year-end unreserved fund balance. The purposes of such a program are to lessen the City's dependency on tax anticipation loans to finance services until tax revenues begin to flow, and to protect the City's fiscal position if yields from various revenue sources do not materialize. The initiatives included in the Recovery Plan are intended to restore equilibrium to the General Fund and eventually generate the surpluses necessary to meet the goal of this initiative.

**F&B Initiative 17: The City should set aside the growth over the previous year's distribution in the Regional Asset District (RAD) tax to a new "Rainy Day" fund.**

This fund can be used for unforeseen circumstances or to support various community and economic development initiatives made elsewhere in this report.

Commentary: The City's annual portion of the Regional Asset District Tax distribution, while serving partially as an offset to tax reductions made upon the introduction of the revenue sharing provision of the one percent add-on county sales tax, is primarily new revenue. This new revenue source has been a boon to Duquesne as well as the rest of Allegheny County's municipalities. The sales tax, however, and its accompanying distribution to the municipalities, could be revoked by the Pennsylvania General Assembly. Even while the tax remains in place, a downturn in the economy will reduce distributions. Additionally, the distribution formula is such that an improving Duquesne economy will reduce the City's share of distributions.

For these reasons, it is important for the City to not become too dependent on this source of revenue for current expenditures. It would be fiscally prudent to begin to set aside portions of this revenue for future use in emergencies or to promote the City's community and economic development plans, such as developing a revolving loan fund or providing matches for state and federal grant programs. Teamed with maintaining a two to three percent General Fund year-end unreserved balance, the Rainy Day Fund could be useful in improving cash flows and help to reduce or eliminate the need for tax anticipation note borrowing. The City may wish to target an initial amount of five percent of annual General Fund operating expenditures, about \$150,000, as a balance to achieve in the Rainy Day Fund. This goal will be pursued as other plan initiatives generate opportunities for offsetting revenue growth or cost reductions.

**F&B Initiative 18: The City shall continue to meet pension obligations in accordance with the provisions of Act 205.**

Commentary: The City shall continue to meet its pension obligations in accordance with the provisions of Act 205. However, the City shall not increase pension benefits that will represent an additional fiscal obligation to the City. It is extremely important that the City not assume added fiscal burdens that will have a negative impact upon its fiscal recovery.

**F&B Initiative 19: In the next fiscal and subsequent years, the City's budgets for the water funds should reflect revenue estimates for the collection of delinquent water charges.**

Commentary: At the present time, the City does not budget as a revenue source the collection of delinquent water and solid waste fees. This should be corrected immediately so that the budget reflects all possible revenue sources. Without this step, the fiscal plan is incomplete and inaccurate.

**F&B Initiative 20: The City should take steps to improve its depreciation program by: 1) Budgeting depreciation charges; 2) Transferring these charges to a special reserve account in the appropriate fund; 3) Limiting the use of these monies to the acquisition of capital items for water operations.**

Commentary: Depreciation charges for water operations are shown as operating expenses in the annual statement of revenue, expenses and charges in returned earnings. However, these charges are not budgeted. This practice should be corrected so that the consumption of assets is truly reflected in financial reports.

## Workforce Initiatives

In September 2012, the Governor of Pennsylvania signed into law Pennsylvania Act 133 which amended Act 47 and altered the process by which a recovery plan addresses collective bargaining. The amendment authorizes fiscally distressed communities to set limitations on bargaining unit expenditure growth through the enactment of a recovery plan. Act 133 mandates that collective bargaining agreements and arbitration settlements “shall not in any manner violate, expand or diminish” the provisions of a Financial Recovery Plan provided that expenditure limitations are not arbitrary, capricious or established in bad faith. Under the Act, limits on collective bargaining expenditure growth may be set for the current year, and an additional three years. Given that this Recovery Plan is scheduled for adoption in 2019 Projected Expenditures, which are derived from the City’s 2019 budget, are considered the Current Year for purposes of Act 133 expenditure limitations. As such, the expenditure limitations defined in this Recovery Plan are in effect through 2022. The expenditure limitations defined in this Plan do not supersede the City’s current collective bargaining agreements, which are in effect until December 31, 2019. The following initiatives specify the Act 133 expenditure limitations for the City of Duquesne.

**Workforce (WF) Initiative 1: The City shall not add full-time personnel without offsetting increases in revenue.** The City has reduced staffing to such a degree that any further reductions will necessitate either program eliminations or the implementation of alternative approaches to service delivery, such as contracting or intergovernmental service agreements. In previous reports, salary and benefit expenses represented over 70% of the City’s General Fund expenditures. Though the City has not proposed immediate plans to increase staffing levels in City departments, it will be important to ensure salary and benefit expenses are controlled going forward. At the same time, the City should pursue opportunities to increase revenues and service levels through investments in new personnel. This initiative remains in effect until the City exits the Act 47 program or is revised prior to exit, provided it does not conflict with overall expenditure limits for bargaining units, as defined elsewhere in the Recovery Plan.

**WF Initiative 2: The City shall limit annual base salary increases, effective in the next calendar year, for all City bargaining units to the rate of inflation as defined in the unadjusted percent change in Consumer Price Index for all Urban Consumers (CPI-U) from September 30 of the current calendar year to September of the prior calendar year, up to a maximum of 3.0% per year.**

For example, base wages in calendar year 2020 would be limited to the average unadjusted percent change in the CPI-U from September 2018 through September 2019. Previous iterations of the City of Duquesne’s Recovery Plan have always included limits on expenditure growth. This initiative shall remain in effect until the City exits the Act 47 program or is revised prior to exit, provided the initiative does not conflict with overall expenditure limits for bargaining units, as defined elsewhere in this Recovery Plan.

**WF Initiative 3: Effective January 1, 2019 and continuing through December 31, 2022, the base percentage of fringe benefits to wages/salary shall not exceed the existing percentages defined below.**

There shall be no changes or additions to any employee benefit which would result in any increased cost to the City or which would have unknown or uncapped future costs unless mandated by law as an

expense of the City as an employer. Any change or addition to an employee benefit in future collective bargaining agreements shall be costed out to determine the financial impact on the City and such estimated costs of benefits for all employees within a bargaining unit expressed as a percentage of wages/salary shall not thereafter exceed percentages in the following schedule: <sup>1</sup>

- Effective January 1, 2019 and continuing through December 31, 2022, the base percentage of fringe benefits to wages/salary shall not exceed the existing percentage of 20% for the Police Department.
- Effective January 1, 2019 and continuing through December 31, 2022, the base percentage of fringe benefits to wages/salary shall not exceed the existing percentage of 29% for nonuniformed employees.

This provision shall apply to all future collective bargaining agreements or arbitration awards in effect after adoption of these amendments to the Recovery Plan. This initiative remains in effect until the City exits the Act 47 program or is revised prior to exit, provided the new provision does not conflict with overall expenditure limits for bargaining units, as defined elsewhere in the Recovery Plan.

**WF Initiative 4: The City’s cost for health and welfare insurance shall be capped and subject to employee co-payment in accordance with the following provisions: <sup>2</sup>**

- Increases in hospitalization and health insurance premiums and vision and dental premiums shall each be limited to five percent (5%) annually from the levels existing at the time of adoption of these Recovery Plan Amendments.
- Should the annual premium increase by more than 5%, then the City and bargaining unit shall meet for the purposes of identifying opportunities to limit the annual premium rate increase to 5% or less.
- Should the City and bargaining unit be unable to limit the annual premium rate increase to 5% or less, increases in excess of 5% shall be paid by the employee as a co-payment.
- Life insurance coverage upon retirement shall not be provided for any present or future employee who is not currently guaranteed such a benefit.

The City has agreed to participate in an affordable Medical Health Insurance Coalition, known as COGCare. Since the Steel Rivers COG is a COGCare member, its municipal members can take advantage of cost reductions via the UPMC Health Plan. The City of Duquesne’s three union collective bargaining agreements for police, clerical, and blue collar workers indicate participation in the UPMC HRA 1250/100 program. The City and the Act 47 Coordinator will also continue to seek ways to reduce health care insurance expenses for the City.

**WF Initiative 5: The City shall limit total growth in non-health insurance related bargaining unit and non-bargaining unit workforce expenditures to 1% per year above 2019 projected expenditure levels and health insurance related expenditures to 5% per year above 2019 projected expenditure levels.**

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<sup>1</sup> Fringe benefits include, but are not limited to, life insurance, health insurance, pension contributions, dental, vision, boot allowance, and tuition reimbursement.

<sup>2</sup> Health care costs include health insurance, dental insurance and vision insurance.

In addition to base wages and salary, the City provides compensation to employees in such forms as, among other things, health and welfare insurance, FICA/Medicare, unemployment compensation, workers compensation, holiday pay, vacation and sick leave, and particularly for uniformed employees the City provides overtime pay, uniform allowance, out of rank pay, court appearance pay, educational expense and longevity. These costs escalated greatly in past years and have become a major financial burden over time. It is critical not only that the City control base salary and benefit expenses, but these additional expenses as well and that overall bargaining expenditures be controlled as condition of financial recovery.

The City and Teamsters Local Union Number 205 maintain three active collective bargaining units for: 1) Police Officers; 2) Blue Collar Employees, and 3) Clerical Employees. The tables in Appendix A summarize the total expenditure limitations for each bargaining unit and for non-represented City employees through 2022, which is the term of the Recovery Plan financial projections.

The following tables set forth the limits on projected expenditures for individual collective bargaining units as authorized by Act 133. A detailed line comparison of projected expenditures and Act 133 limitations for each bargaining unit and for non-represented employees are included as Appendix A for reference. The expenditure caps summarized below can be exceeded only if off-setting concessions are granted elsewhere in bargaining agreements.

**WF Initiative 6: Longevity pay shall not be accorded to any current employee not having it or any future employee.**

Commentary: This initiative is superseded by the initiatives included in the Workforce Expenditure section of this Plan.

**WF Initiative 7: 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: This is current practice and should remain in place.

**WF Initiative 8: Employees shall cease to be considered employees of the City when they suffer 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 suffered a break in service after an absence of a minimum of 260 calendar days.**

Commentary: The City does not currently have a policy on breaks in service. This initiative addresses the issue of how long the City retains an obligation to employees who cease working for the City.

**WF Initiative 9: No labor contract shall constrict the City's ability to select alternative ways of delivering services.**

The City shall approve no labor contract that precludes the City from selecting various service delivery modes.

Commentary: To provide City services in the most effective and efficient manner possible, the City needs to retain its capacity to select delivery modes that enable it to meet these objectives. This need for flexibility is extremely important given the City's fiscal condition.

**WF Initiative 10: In 2019, the City shall institute 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.** The City may wish to engage the Three Rivers Area Labor Management Committee to implement this initiative.

Commentary: The original Recovery Plan recommended that the City establish a labor-management committee. To date, the City has not implemented this initiative.

**WF Initiative 11: The City shall engage the services of a professional labor relations specialist to assist in the negotiation of future collective bargaining agreements as a supplement to the City Solicitor.**

Commentary: The City has successfully achieved some cost containment provisions outlined in the original and amended Recovery Plans. More progress must be made in cost containment in order to put the City on a healthy fiscal footing. The use of professional labor relations specialists will enhance the City's ability to negotiate favorable labor contracts.

## Revenue Initiatives

In addition to efforts at cost control, the City of Duquesne's financial future requires improvements in revenue generation to balance budgets, fund infrastructure maintenance and improvements, and provide important public services. Maximizing revenues from current tax levies and generating funds from appropriately priced fees for services are critical for Duquesne to exit Act 47 distressed status.

**Revenue (REV) Initiative 1: The City shall initiate a review of the City's Real Estate Tax Collection, Non-property Tax Collection, and Water and Refuse fee Collection practices, to be completed by year end 2019. This initiative has been included in previous iterations of the City's Recovery Plan.**

Given the potential positive impact that such studies may have on revenue generation, they are being emphasized for consideration in 2019. It is important to note, however, that the City will require support to complete these studies and successful completion by 2019 will be contingent upon receiving that support. Where appropriate, the City Manager shall request peer-to-peer assistance through the Local Government Academy and the Act 47 Coordinator. The following provides further clarification regarding the action steps required to complete each study, which are listed in order of priority:

- **Real Estate Tax Collection Study:** The City's collection rate for its current real estate taxes is below acceptable standards established by credit rating firms. A municipality should collect from 92 percent to 95 percent of its current levy each year; the most recent Treasurer's report shows a collection rate of 73 percent of the City's current levy. The low rate obviously has a negative impact on tax yield. Steps need to be taken to address this problem. A review and evaluation process should address: 1) Reasons for the occurrence of real estate tax delinquencies; 2) Need for procedures to address assessment inequities; 3) Ways and means to facilitate taxpayer compliance with tax laws; 4) Need for a policy for the use of real properties acquired for non-payment of taxes; 5) Capability of existing real estate computer software to improve the collection process.
- **Non-Property Tax Collection Study:** Though City officials may be satisfied with the current program for the collection of non-property taxes, it is sound public policy to periodically evaluate various municipal activities and programs. The proposed study should be concerned with whether an alternative collection process should be adopted. In addition to the factor of cost, the review and evaluation of the collection arrangements for non-property taxes should consider such program components: 1) Accuracy and completeness of tax rolls; 2) Existence of a bankruptcy policy; 3) Types of fiscal and performance reports provided by the collector; 4) Use of a lock box collection process; 5) Functioning of the tax return verification tax enforcement programs; 6) Process to review and update tax regulations; 7) Existence of tax exemption and tax refund programs; 5) Working of a formal appeal and hearing process
- **Delinquent Fees Study:** Steps must be taken to improve collection of accounts receivable and to reduce subsequent delinquencies. The City should consider quarterly billing, lump sum payments of the solid waste collection fee, use of a lockbox system and automatic checking account deductions for the various utility fees. As a start in the improvement of the fee collection process and, assuming the City Solicitor considers such action legal, the City should consider adopting an ordinance mandating that landlords withhold service charges from rents and periodically transfer these withholdings to the City's Treasurer.

**REV Initiative 2: The City shall initiate discussions with non-profits and government agencies housed within the City of Duquesne to develop Payments in lieu of Taxes (PILOT) to defray the cost of providing municipal services to organizations that do not pay Real Estate taxes in the City.**

Currently, over 40 percent of the City's assessed valuation of real property is categorized as exempt. In order to guard against further erosion of its primary tax source, it is appropriate to begin discussions to generate PILOT revenue. In addition, the City shall develop a process of evaluating, on an annual basis, properties categorized as exempt to ensure that they still meet the criteria for exemption. This initiative was included in previous iterations of the Recovery Plan; however, given the revenue generating potential, it is emphasized for consideration in 2019 and 2020.

**REV Initiative 3: The City shall continue to sell real estate tax liens as the opportunity arises. The City should consider selling liens for delinquent water and solid waste charges and municipal claims.**

Commentary: The Pittsburgh Water and Sewer Authority sold its liens on water charges to Capital Assets in recent years at between 50% and 100% of face value depending on an estimation of how easy the liens could be collected. The City of Duquesne may be able to collect a reasonable amount of foregone revenues by these means. Any funds it receives from the sale of the liens should be set aside in the rainy day fund or capital reserve fund.

In addition, the City, with the support of the Recovery Plan Coordinator, shall conduct an evaluation of its water-shut off procedures to determine what procedural improvements can be implemented to improve the collection of delinquent water fees.

**REV Initiative 4: Beginning in 2020, the City shall begin gradually reducing Non-Resident and Resident Earned Income Tax rates according to the schedule detailed below.**

The portion of earned income taxes from extraordinary levies under Act 47 accounts for about 30% of the current earned income tax yield. The yield from this Act 47 authorized levy has contributed significantly to the City's improved fiscal condition.

Unfortunately, dependency on the use of this revenue source will deter the City's ability to exit Act 47. Additionally, the authority to use the Act 47 power is conditioned upon approval by the Court of Common Pleas. Court approval is not automatic, and it is required annually. Affirmative action by the court is not guaranteed, particularly if the City's fiscal position continues to improve. The City must reduce and ultimately end this dependency on Act 47 income taxes to exit Act 47 distressed status in 2022.

In 2019 the Resident EIT was raised to 1.30. The Non-resident EIT rate for 2019 is 1.30. It is expected that these rates will be approved by the Court of Common Pleas for 2019.

Since at least 2000, the City's adopted Recovery Plan has included an initiative to reduce both the Resident and Non-resident EIT rates in the City. However, financial and operating conditions in the City have not permitted the City to responsibly act upon the initiative.

This amended version of the Recovery Plan includes several initiatives to increase revenue and limit General Fund expenditures. If offsetting revenue increases and expenditure reductions can reasonably be achieved, the City shall begin a three-year phased reduction in the Resident EIT and Non-resident EIT rates. It is recommended that the Resident EIT rate be reduced to 1.2 in 2020, 1.1 in 2021, and to 1.0 in 2022 though variations in the level of each phased reduction may be permitted to reflect financial and operating conditions. It is recommended that the Non-resident EIT rate be lowered to 1.2 in 2020, 1.1 in 2021, and 1.0 in 2022 (See Table 20). As with the Resident EIT, variations in the level of each phased reduction may be permitted to reflect financial and operating conditions. Eliminating its reliance on the Act 47 extraordinary portions of the EIT rates is the critical step toward moving the City towards an exit from the Act 47 program.

In addition to taking this step, the City shall immediately begin to discuss the home rule process as provided in Act 62 (MGMT Initiative 1 of this Recovery Plan). Becoming a home rule municipality will enhance the City’s taxing powers. Home rule local governments are authorized to exceed taxing rate limits on earned income taxes contained in Act 511 on residents. The City would be able to replace the reduced Act 47 portion with earned income taxes levied under the City’s own home rule authority. Also, if the City achieves home rule status, the rates of the City’s real estate transfer taxes could be increased, if such action is deemed appropriate. The City shall start this evaluation, with the assistance of the Act 47 Coordinator and DCED in 2019 with the goal of completing the Home Rule process in 2021.

Table 19

<b>City of Duquesne Earned Income Tax Rate Schedule, 2018 - 2022</b>					
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
	<i>Rates</i>	<i>Rates</i>	<i>Rates</i>	<i>Rates</i>	<i>Rates</i>
<b>Resident</b>	1.15	1.30	1.20	1.10	1.00
<b>Non-Resident</b>	1.30	1.30	1.20	1.10	1.00

## Management Initiatives

Municipalities must constantly strive to improve their operations and provide increased value to their citizens. Doing so requires thoughtful consideration of City government form and structure as well as efforts to assure smooth, efficient, and effective operations of its departments.

**MGMT Initiative 1: City Council shall thoroughly evaluate the authorization of a government study commission to consider a home rule charter, an optional plan, or both as laid out by Act 62 of 1972. This evaluation shall be started by the City, with the assistance of the Act 47 Coordinator and DCED in 2019 with the goal of completing the Home Rule process in 2021.**

Commentary: The City of Duquesne operates under the traditional commission form of government as provided in the Third Class City Code. The Code not only dictates structure but also sets forth, in considerable detail, processes and procedures that the City must follow. The Code permits little flexibility and leeway. It restricts the City's taxing power and, by vesting executive and administrative powers over City departments with Council members, makes City management uncoordinated, inefficient, and less effective.

A locally drafted Home Rule Charter could overcome these and other deficiencies. The 1992 Recovery Plan called for the City to consider placing a referendum on the ballot pursuant to Act 62 of 1972, the Home Rule Charter and Optional Plans Law. The City has not taken such action. This lack of action has prevented the City from operating under a more flexible, and modern basic law. Under the present governmental structure, for example, the City cannot make a City Manager or business administrator solely responsible for carrying out City Council policies. Individual members of Council can reassert their own executive and administrative powers at will. This can result in "five different governments" within the City with no centralization of authority.

Reliable revenue sources are fundamental to the City's emergence from distress. Crucial to this Recovery Plan is the ability of the City to generate additional earned income tax revenues without fear of denial by the Court of Common Pleas. A home rule charter will allow the City to raise and/or maintain the current earned income tax rate on residents without the need to rely on court approval under Act 47.

**MGMT Initiative 2: The City shall undergo a regular review of its computer system (both hardware and software), and its impact on operations, either through an extensive peer-to-peer review, intern project, or internally funded needs assessment to be performed by an outside consultant.**

The intent of this study will be to determine the adequacy of the computer system and shall include initiatives directed at improving productivity, improving use of software packages, and determining the effectiveness of the current hardware system. The study shall further review the operations of the City in an effort to determine how to better utilize the existing computer system to perform important functions. The study shall also include a needs assessment to determine what tasks can be accomplished in the City using a computer system and what type of system should be in place to accomplish those tasks.

It is further recommended that a total overhaul and upgrade of the computer system and software be contracted for immediately should the study warrant such a move. The consultant undertaking the study shall be required to prepare an appropriate RFP that will allow the City to immediately implement his/her findings.

Finally, it is recommended that a review of the operation of the system, both hardware and software, be conducted on a regularly scheduled basis with upgrades made to the system as appropriate.

Commentary: The City conducted a system review prior to 2014 and updated its hardware (e.g., servers, PCs, printers), operating systems, and software programs to meet modern standards at that time. In early 2018, the new Mayor and City Manager experienced customer service and training problems with their existing software provider. Contrary to the peer report and DCED recommendations to improve training on the existing software, the Mayor and City Manager purchased a new software package to handle utility billing, tax collection, payroll, and general ledger services. Implementation of the new software began in July 2018 against DCED recommendations to wait until January 1, 2019. Poor communication between the City and its new software vendor, SafeChoice, resulted in incomplete training, limited implementation of the utility billing module and tax collection functions, and no use of the software's general ledger functions. The result is an inability to distinguish water fund and general fund monies when water bills are paid, use of Excel spreadsheets as duplicates for transactions entered into SafeChoice due to employee discomfort with the new software, continued use of the previous software package to record tax payments, and no general ledger bookkeeping necessary to track and report city finances from January 2018 to present.

The City, to include the Mayor, City Council, and the City Manager, shall make a determination of which software package to use and complete full implementation by the end of **February 2019**. The city shall make changes to current employee positions to assure future bookkeeping records are produced on an ongoing basis and request an Act 47 Grant to obtain the bookkeeping services required to reproduce general ledger transactions for 2018.

The City currently has an IT vendor under contract to assist with its technology needs.

**MGMT Initiative 3: Upon completion of the computer system study outlined above, the City shall engage a vendor that will guarantee complete system support for a period of at least three years from the date of installation of the final components.**

Further, the City shall require that all employees using the system acquire sufficient knowledge to implement the various packages included with the system. The vendor contract shall provide for an organized training effort as a component of system support.

Commentary: The City has made a strident effort to update its computer system and has replaced its major operating systems and financial systems with modern software and hardware. The City will continue to seek opportunities to achieve efficiency through system acquisition and improved training, as resources allow.

**MGMT Initiative 4: The City shall continue the practice of selling all surplus or inoperative municipally owned vehicles, equipment and similar items not presently used or having no future use by the City through sealed competitive bid.**

Commentary: Process represents current practices of the City.

**MGMT Initiative 5: The City shall continue to avail itself of interns from area colleges and universities utilizing the Municipal Intern Program and the Act 47 intern program, both operated by Local Government Academy, when possible.**

Commentary: Area colleges and universities often require that students serve one or more internships in their chosen field during their course of study. These interns often work at a salary much lower than a private consultant would, are supervised by qualified university staff, and are aware of current trends and techniques. They can be used strategically to study specific issues and provide assistance in the implementation of the Recovery Plan. The Municipal Intern Program/Act 47/Local Government Academy internships provide the further advantage of reducing the cost of the intern by covering a portion of their hourly salary up to a specified limit.

The City will be required to develop a formal proposal and plan early each year to qualify for a reduced cost intern. Colleges and universities also require a work plan in order to recruit qualified interns for work during a given semester.

Area schools that typically require students to serve as interns include both the Computer Science School and the Graduate School of Public and International Affairs at the University of Pittsburgh, the Heinz School at Carnegie Mellon University, and the Public Policy Institute at Duquesne University. Depending on the City's needs, interns may also be found at Community College of Allegheny County, Penn State's McKeesport Campus, and Indiana University of Pennsylvania's Political Science Department.

Internships can include work in a number of areas. Examples of recent municipal intern projects include development of a road surface management program in Penn Hills, a capital development plan in Tarentum, Geographic Information Systems startup in Baldwin Borough, establishment of a planning department database in Johnstown, and a tax exempt property review also in Johnstown. Generally, projects may involve any aspect of local government if the project is detailed and complex enough to provide a learning experience for students.

**MGMT Initiative 6: City Council and the Mayor shall enroll and participate in classes aimed at training elected officials in the area of policy and decision-making, such as those offered by the Local Government Academy. Additionally, City staff shall be given the opportunity to attend training sessions to enhance their job performance and skills. Any applicable training fees shall be paid by the City.**

Commentary: Training is used by many businesses, corporations and service organizations to maintain staff efficiency and competency and to improve leadership capacity. Such training will be invaluable to City officials and personnel as well. The Local Government Academy is one of several organizations that provide such training on various topics for municipal personnel and officials. Others include LTAP: The PA Local Roads Program (providing free public works training often on site – see the commentary for City Services Initiative 9 in the section that follows), the PA Municipal League, the PA State Association of Township Supervisors and the PA State Boroughs Association.

Course topics cover the full range of municipal operations. Examples of Local Government Academy courses include the Newly Elected Officials Course, Basic Budget Preparation, Fundamental Duties of the Planning Commission, and Implementing a Code Enforcement Program. Topics also cover zoning, developing a comprehensive plan, economic and community development, labor negotiations, computer systems, environmental decision making, public works, risk management, and legal issues, among others.

The Local Government Academy provides automatic scholarships to officials and personnel from all Act 47 communities, substantially reducing the cost of training for the municipality. In addition, other state funded training agencies provide selected scholarships.

**MGMT Initiative 7: The City shall adopt a records retention and disposition program in accordance with the Municipal Records Act of 1968, as amended.**

Commentary: The City has approved such a program but must continue to employ it to improve efficiency and dispose outdated material. This should be part of an overall records management policy in order to eliminate old and unneeded records and to keep and organize needed valuable records. It is important that the City continue to keep its records organized and accessible and to continue to maintain adequate storage space for new records to be stored.

**MGMT Initiative 8: The City shall seek to contract with or hire an economic/community development specialist on, at minimum, a part time basis to strengthen the City's ability to encourage development and implement the economic and community development initiatives of this report.**

Commentary: Currently the City shares the services of an economic development consultant with the City of McKeesport. While this sharing is commendable and should be continued, there are a number

of factors that argue for the additional services of an economic development specialist dedicated to working with the City officials. These include:

- Full implementation of the economic and community development initiatives contained in this report;
- The City's relationship with RIDC and the size of the mill site property;
- The amount of vacant property and ongoing demolition activity within the City; and
- The anticipated construction of the Mon-Fayette Expressway that will pass through the City.

The City may consider several options in hiring the specialist:

- Hire an economic development specialist as a consultant to the City Council on a retainer basis;
- Hire an economic development specialist as a part time employee to serve under the City Manager; or
- Hire an economic development specialist as a full time employee to serve under the City Manager.

Regardless of the City's decision in this regard, the job description of the economic/community development specialist should be carefully crafted after consultation with the DCED's Center for Local Government Services, the Recovery Plan Coordinator, and the Allegheny County Department of Economic Development. The job description should require that the individual hired attend Council meetings to offer a full report on his/her activities and file monthly written reports with the City Manager, Mayor and City Council. Said individual shall work closely with the agencies in the City engaged in development activities. The salary of the specialist should be structured so as to ensure that any increases or bonuses be contingent on the level of economic development activity in the City. Moreover, the economic development specialist position should not be hired unless the following conditions are met: 1) the City, DCED, and the Recovery Plan Coordinator agree that there are clear substantive programmatic advantages over an intergovernmental approach to staffing economic development, and; 2) the position is cost neutral or results in annual savings to the City.

The City may solicit funding from the PA DCED to establish this position. Such funding should cover at least a portion of the specialist's salary on a staggered, de-escalating basis over the first four years of his/her employment.

**MGMT Initiative 9: The City shall send the Plan Coordinator all financial and budgetary information that is sent to City Council members; a monthly account balance sheet showing an itemization of all revenues and expenditures and a comparison to amounts budgeted for those items in the general fund, and water, solid waste, and capital funds; the annual audit of the City's financial statements; the initial draft of the annual budget immediately upon its development and all subsequent major drafts including the final adopted budget.**

The City will use the Plan Coordinator as a resource in budget development and should share all regular

and special meeting agendas prior to meetings, and minutes of all regular and special meetings upon their completion.

The Plan Coordinator and appropriate City officials and employees will meet periodically to review plan implementation progress and to amend initiatives if deemed necessary. The City shall routinely communicate to the plan coordinator key management, administrative, and financial decisions before implementation. The Plan Coordinator may, in emergency situations requiring immediate City action, waive this reporting procedure provided that communication occurs as soon as possible after the emergency has been mitigated.

## City Services Initiatives

Previous iterations of the City's Recovery Plan have included initiatives for the City to pursue opportunities for intergovernmental service sharing and improve services. The City, to its credit, consistently looks for opportunities to achieve savings through intergovernmental cooperation. However, there are some specific opportunities that the City can pursue in 2019 and 2020 that may result cost savings and/or enhanced services.

### **City Services (CS) Initiative 1: The City shall pursue intergovernmental cost-sharing opportunities and regional opportunities to decrease expenditures from 2019 through 2022.**

The City's efforts in 2019 through 2022 should focus on the following areas:

- **Joint Purchasing** – The City should initiate discussions with neighboring jurisdictions and the County to explore opportunities for joint purchasing and contracting. For example, the City currently enters into a contract annually for the demolition of vacant properties in the City. The City should initiate discussions with neighboring jurisdictions to evaluate the opportunity to create a joint demolition contract that may enable the City and its neighbors to achieve relative cost savings per vacant property demolished. Ultimately, this would enable the City to demolish more debilitated properties per year, which is a critical need in the City since blight affects every element of the City from crime patterns to economic development.
- **Vehicle and Heavy Equipment Pool** – Given the City's financial condition, it is often a challenge for the City to purchase or lease equipment that may make the day-to-day work of employees more efficient. Moreover, it is often not cost effective to purchase pieces of specialty equipment (e.g., a street sweeper) at a high cost when those pieces of equipment will only be used during limited periods. One way that many jurisdictions have addressed this issue is to develop heavy equipment pools with neighboring communities. This allows several jurisdictions to share the expense of costly specialty equipment while maximizing both the availability and utilization rate of said equipment. This is one area where the City may be able to identify opportunities to enhance the level of service it provides to its residents. The City shall begin this initiative by conducting an equipment needs assessment and then initiating discussions with neighboring jurisdictions to assess the opportunities available for equipment sharing. The City shall also initiate discussions with the Steel Rivers Council of Governments to determine what additional equipment sharing opportunities exist through the COG; the COG currently provides its members with the opportunity to rent a street sweeper if needed.
- **Steel Rivers Council of Government (SRCOG)** – The City maintains a positive working relationship with the SRCOG, utilizing the SRCOG for grant administration, special equipment rental, research projects, and some joint contracting and purchasing. The City and the Recovery Plan Coordinator shall initiate discussions with the COG to determine if additional service sharing opportunities are available. These discussions should initially focus on the following key areas:
  1. **Code enforcement** - In the past, the SRCOG maintained a staff of personnel who provided code enforcement services to participating communities. This served as a means for communities to proactively focus on improving blight areas without taking on the cost of hiring full-time personnel. However, COG members voted to disband the service. In Duquesne, the City's Public Works Director now also serves as the City's Code Enforcement Officer.

2. Building plan review - The City's Director of Public Works is certified to conduct code enforcement activities; however, the incumbent is not certified to complete building plan reviews or ADA accessibility reviews. As a result, the City must contract with a third-party vendor. There may be an opportunity for the SRCOG to develop an internal plan review function and/or develop a joint contract for building plan review services that its members can utilize to achieve savings through economies of scale.
3. Recreation programing – The City, through services reductions, has eliminated all active recreation programing. The City maintains passive recreation space, including parks, basketball courts, and ball fields, and also seeks to collect grants to improve passive space and implement one-time recreation programs. At one time, the SRCOG provided some limited programing but the services were eliminated due to lack of member support. The City should initiate discussions with the SRCOG to determine what, if any, recreational programming can be developed and/or coordinated through the SRCOG.

The Police Department is the largest City Department and department expenses represent over 40% of the City's total General Fund budget. Services and staffing levels in other City departments have been gradually reduced over the years and a detailed review of these operations indicates that there is no clear opportunity for staffing reductions or outsourcing as a means to decrease General Fund expenditures. However, opportunities to achieve savings in the Police Department through intergovernmental cooperation.

**CS Initiative 2: The City shall, through a peer-to-peer review, possibly supplemented by a contract with an outside agency, and with the consultation of the Recovery Plan Coordinator, analyze the costs and benefits of participation in intergovernmental programs.**

At a minimum, the study should examine intergovernmental arrangements involving police services, lock-up, code enforcement, solid waste collection, public works, risk management, municipal investments, and economic and community development activities.

Commentary: The City should continue to explore the various types of intergovernmental delivery systems including joint power agreements, contractual arrangements with neighboring jurisdictions, piggybacking, and participation in COG-sponsored activities.

Costs continue to increase in the City's service areas. The likely result will be an even greater strain on the City's limited budget or a reduction in service levels, potentially below minimally acceptable standards, in an effort to alleviate budget pressures. The City must build on existing intergovernmental arrangements by exploring additional service areas that can be regionalized or purchased from another municipality or the County.

Funds to employ a peer-to-peer consultant to research the feasibility of Duquesne's participation in intergovernmental cooperation projects are available from the Local Government Academy's Act 47 program. Additionally, the Commonwealth encourages intergovernmental efforts and may provide grant funds to enable the City to study and transition from in-house operation to shared services in various areas.

**CS Initiative 3: Where warranted by the above study, the City shall participate in intergovernmental programs.**

Failure of the City to engage such a study shall not absolve its obligation under this Recovery Plan to enter into shared police services as described below.

Commentary: This plan defines a number of specific areas where the City should evaluate intergovernmental program opportunities. Where those evaluations suggest financial or operational benefit, the City has committed to pursuing those opportunities.

**CS Initiative 4: The City shall initiate discussions with neighboring jurisdictions to evaluate the feasibility of developing a regional police department or contract policing model.**

Since the original Recovery Plan was adopted in 1993, the Recovery Plan has included initiatives to explore the possibility of developing a regional policing model. To that end, the City has made great strides in working with neighboring jurisdictions, county, state, and federal law enforcement agencies to provide policing services to the residents of the Duquesne. However, the City and its neighboring jurisdictions have been unwilling to agree on the need for such a model. Considering the financial difficulties that both Duquesne and its neighbors have faced since the Great Recession, it is appropriate to re-evaluate the opportunities available to achieve cost savings through intergovernmental cooperation. To that end, the City, with the active support of the Act 47 Coordinator, shall begin discussions with the political leaders of neighboring municipalities to assess what opportunities exist, if any, to develop a regional policing or contract policing model. Initial discussions should begin with the City of McKeesport, West Mifflin Borough, and Allegheny County. In similar fashion, the City should explore opportunities to provide police services to other communities if the opportunity arises and that service provision proves mutually beneficial.

**Duquesne City School District**

The financial decline that has so greatly impacted the City of Duquesne has also fundamentally impacted the Duquesne City School District (DCSD). The Duquesne City School District has been in fiscally distressed status since 2000 and in 2013 the School District was placed under the Receivership of the Pennsylvania Department of Education. A Recovery Plan for the DCSD was adopted in 2013 that detailed a series of initiatives designed to address the educational and financial issues confronting the District. The City's prospects of exiting the Act 47 program are inextricably linked to the School District's progress toward implementing that Plan.

In order for the City to successfully exit the Act 47 program, it must achieve sustainable growth in its tax base. The City's tax base will not grow at the requisite rate without improvements in the education system. A school system is one of the most important factors driving population growth in residential communities such as Duquesne. Conversely, the School District will not be able to address its most critical financial issues without the City's support to clean up blight, promote economic development, and attract new residents to the community. The conditions and amenities of a community, which largely fall under the purview of the City of Duquesne, are equally important factors in building the City's tax base.

To that end, it is important that the City and the School District work closely together to support implementation of each other's respective Recovery Plans.

**CS Initiative 5: The City shall initiate discussions with the Duquesne City School District, their Receiver, and the Recovery Plan Coordinator to identify and implement opportunities for service sharing that mutually benefit the City and the School District's efforts to exit fiscally distressed status.**

Those discussions shall include, but not be limited to, opportunities in the following areas:

1. **Delinquent Real Estate Tax Collections:** Real estate taxes are one of the most important locally generated sources of revenue for the School District and the City of Duquesne. Both the City and the School District's Recovery Plans include initiatives designed to increase collection rates for delinquent real estate taxes. The City and the School District should work together to evaluate their delinquent tax collection processes and assess what opportunities may exist to enhance collections.
2. **Duquesne Education Center (DEC):** The Duquesne City School District at one time provided primary and secondary education. Now the District pays tuition to the West Mifflin Area and East Allegheny School Districts for Duquesne children to attend middle schools and high schools in those districts. The Duquesne City School District now only provides direct primary school education to Duquesne children. The School District's Recovery Plan includes the initiative to replicate the tuition-based model with the primary school and to either lease out the unused space in the DEC or mothball the facility. The City should work with the School District to evaluate the potential alternative uses of the DEC and market the DEC as part of the City's economic development efforts.
3. **Duquesne Athletic Center (DAC):** The Duquesne City School District maintains the DAC which is approximately 9.5 acres of land including passive open space, a football field with bleachers, a baseball field and a basketball court. The City maintains separate parkland and open spaces. Each entity maintains a cadre of staff to maintain these recreational amenities. The City and the School District should evaluate whether an opportunity exists for the City to take over maintenance of the DAC through a service agreement or service swap.
4. **Administrative and Professional Staff:** Both the City and the School District maintain a cadre of administrative staff. The City and the School District should begin discussions to determine if opportunities exist to conduct a service agreement for back-office support and administrative functions, such as payroll processing, purchasing transactions, etc. A service swap may allow the City and the School District to enhance the level of administrative support without adding additional expense.
5. **Joint Purchasing:** The City and the School District should work to conduct an assessment of each entities' service contracts to determine if any opportunities exist to jointly bid for commodities, professional services, or equipment so that savings may be generated through economies of scale.

These initiatives represent some examples of how the City and School District can support each other's efforts to implement their Recovery Plans; however, it is also important to develop a process of regular communication and coordination so that opportunities can be identified and pursued on an ongoing basis. It is incumbent upon the elected and appointed leaders of the City of Duquesne to build and maintain a regular dialogue and provide mutual support wherever possible.

**CS Initiative 6: The City shall continue to follow the recommendations made in the 1992 Peer-to-Peer study on the police department, and request a new peer study if deemed necessary by the Police Chief and City Manager.**

Commentary: The 1992 police peer study outlined several opportunities for cost saving and included a description of the full complement level of the department that met acceptable service delivery standards. This study must continue to be implemented and, where necessary, updated through the employment of a consultant or the use of a peer-to-peer arrangement. While the current Chief has implemented a number of scheduling changes that benefitted the city and its officers, those initiatives that remain relevant to current operations will continue to be pursued. If needed, the new peer study shall be completed by 2021.

## **Fire**

**CS Initiative 7: The Duquesne Volunteer Fire Company shall continue to be a party to the mutual aid agreement with volunteer fire companies of adjacent and surrounding jurisdictions through the Mon-Yough Fire Defense Council.**

Commentary: The City's volunteer fire department provides mutual aid and backup fire service through mutual aid agreements and informal agreements for assistance with neighboring volunteer fire companies in the region. The issue of liability is addressed in the Mon-Yough mutual aid agreement.

**CS Initiative 8: The City shall continue to implement the recommendations contained in the fire peer report presented to Council in 1994 and conduct a new peer assessment by 2021 if deemed necessary by the Fire Chief and City Manager.**

Furthermore, the City Manager and Fire Chief shall no less frequently than annually review operations and equipment needs, preferably no later than midyear, and submit a report to the recovery plan coordinator with results of such review. The coordinator shall review the internal study and, when appropriate, recommend an updated peer-to-peer study to be funded by the Local Government Academy/DCED grant. The coordinator may also request an immediate peer study should the annual internal review not be accomplished in a timely manner.

Commentary: The fire peer-to-peer report provides recommendations to strengthen the capacity of City of the volunteer fire company to deliver fire protection services. It was written in 1994 when the City was preparing to move from a paid force to a volunteer department.

At that time, the consultant reviewed the type and condition of firefighting equipment available to the department and the status and type of communication systems used by firefighters in Duquesne. He found several deficiencies and, consequently, made a number of purchase recommendations. The consultant followed NFPA guidelines and recommendations in preparing his recommendations.

While the City has since moved to a volunteer force, it is appropriate that periodic internal assessment be made by the City Manager and Fire Chief as to the adequacy of City fire protection services. An internal evaluation of the effectiveness of the department should be ongoing to determine areas for

improved operations and updated equipment needs. The Recovery Plan Coordinator will use the results of these evaluations in determining the need for an updated peer study. If needed, this study shall be completed by 2021.

### **Public Works**

#### **CS Initiative 9: The Public Works Director shall attend further training in public works management and administration of services.**

The City should take advantage of LTAP's free public works classes.

Commentary: LTAP – The PA Local Roads Program run by Penn State Harrisburg is one of the top technical assistance programs for public works in the country. It provides free training to all public works personnel on the full range of public works services, including supervision. Training can be held on site in Duquesne provided that a minimum number of registrants are enrolled for a given program. The City may invite neighboring municipalities to ensure that a minimum number of registrants participate.

LTAP programs may be taken individually or as part of their "Roads Scholar I and II" programs. Course topics include asphalt road maintenance, risk management, safety, work zone traffic control, use of geosynthetics, cost control, bidding, contracts, and storm water management, etc. LTAP also provides consulting services to municipal officials and public works supervisors free of charge using their own staff of experts.

Other training organizations are also available to provide low cost training including the Local Government Academy and the American Public Works Association. The latter maintains an area chapter, which holds meetings, occasional training, and conferences.

The City shall continue to evaluate training opportunities and will fund training as resources allow.

#### **CS Initiative 10: The City shall contract for all road work projects other than general road cleaning, maintenance and repair; snow removal and ice control; building /property maintenance; and other minor maintenance activities.**

Further, the City shall contract for these and other related activities that may be warranted following the Intergovernmental Service Delivery Study.

Commentary: Five full time public works employees handle the repair and maintenance of streets and roadways in Duquesne covering 1.8 square miles. There is an ongoing need to address problems associated with the City's aged infrastructure and the City's reduced ability to pay maintenance costs.

The City must develop an inventory of roads/streets/alleys and include information such as the type and size of road, condition of road, and its life cycle. All information should be incorporated into the City's capital improvement program.

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

**CS Initiative 11: The City shall continue the practice of employing part-time help during summer months.**

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 part-time employees to free up full time public works employees for more demanding and skilled tasks and projects.

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

A third option is to contract with Allegheny County and the Allegheny County Housing Authority to provide snow removal and grass cutting under for properties their ownership. The Borough of Braddock recently entered into a pilot program with Allegheny County for these services.

**CS Initiative 12: The City shall seek one or more partners for a joint solid waste and recycling collection bid.**

A number of options for joint partnerships for waste and recycling should be considered including: discussing terms for West Mifflin's municipal collection service to be extended to Duquesne; discussing joint collection with McKeesport; seeking to become a part of the South Hills Area COG joint bid for solid waste collection as soon as possible; and encouraging the Steel Rivers COG to develop a similar joint solid waste collection program.

Commentary: Municipalities that have participated in joint solid waste and recycling collection bids have realized significant costs savings or service improvements in their contracts. In Allegheny County more and more municipalities have explored and entered into into such joint contracts. The South Hills Area Council of Governments (SHACOG) should serve as a model for Duquesne in its pursuit of partners for a joint solid waste and recycling collection bid. The SHACOG model can be presented to fellow members of the Steel Rivers COG. As an alternative, the City should pursue membership in the SHACOG joint bid program if it is opened to non-COG members. In any case, investigation of joint bidding opportunities with neighboring municipalities McKeesport and West Mifflin should begin immediately and be pursued simultaneously with the exploration of COG-wide approaches.

Future contracts with waste haulers should be structured to give the City flexibility to pursue joint bid opportunities.

## Water

**CS Initiative 13: The City shall continue to implement a formal maintenance program to facilitate regularly scheduled water line inspection, repair and maintenance.**

Commentary: Water fees should be directed toward maintenance operations that will guarantee the delivery of reliable water and services to the residents at competitive costs. The water system continues to lose water due to leaks within the system, costing the City and its residents a substantial amount of money.

**CS Initiative 14: The City shall continue to fully meter every water user in the City including City Hall and other municipal and school district owned properties.**

Commentary: This is aggressively enforced. The City will arrange for water shut offs for failure to pay water bills. The City currently initiates water shut-off procedures monthly for all accounts with delinquent balances over \$75. However, some residents fail to pay their bills in a timely manner and only pay enough to get below the \$75 threshold each month. The City should review its water shut-off procedures and consider requiring payment in full on delinquent accounts to avoid termination of service.

**CS Initiative 15: The City shall continue to explore and pursue opportunities to reduce the cost of street lighting where feasible.**

### Commentary:

Street lighting is important to resident mobility and citizens' sense of safety, but also a major expense for the City. The City of Duquesne, has engaged in a series of discussions with the Duquesne Light Government Affairs Department regarding assuring appropriate lighting and expense reduction in past years, but no recent discussions have occurred. The City Manager and Public Works Director, with the assistance of the Act 47 Coordinator, should reengage with Duquesne Light Company to reassess the City's lighting needs and explore means of reducing street lighting costs.

### Economic Development Initiatives

The City's ability to build its tax base and improve its financial condition is based in part on the ability to attract and retain businesses to the community. The availability of large tracts of land along the riverfront, at the Cochrandale site, and throughout the City's neighborhoods can benefit Duquesne, but only if the City takes proactive steps in concert with its partners.

**ED Initiative 1: The City shall work with the PA Department of Community and Economic Development and other municipalities to coordinate the planned state grant funding to implement portions of its community and economic development strategy.**

Commentary: The City continues to seek opportunities to coordinate economic development efforts with the Commonwealth and the regional municipalities.

**ED Initiative 2: The City shall strengthen its role and participation in the Duquesne-McKeesport-Clairton enterprise zone program and take advantage of Federal Opportunity Zone tracts within the municipality.**

The use of tax credits, grants, and special low interest financing opportunities will continue to be an important resource for development activities.

Commentary: The City is an active participant in this joint Enterprise Zone initiative and should act to fully capitalize on its Federal Opportunity Zone status.

**ED Initiative 3: The City shall work with Allegheny County and the Commonwealth of Pennsylvania to actively market development opportunities in the City's Keystone Opportunity Zones.**

Since one of the Keystone Opportunity Zones is located at the narrow, eastern end of the development site, it may not provide many attractive opportunities for development. Indeed, this area is targeted for the proposed bridge and landing structure from SR 837 to the site, which would reduce the useable area further. Based on the plans for such a bridge, the City may consider proposing a redefinition of the boundary of the KOZ through the Southwestern Pennsylvania Commission and the Department of Community and Economic Development (DCED) in order to encourage development in a more suitable and useable location. The other Keystone Opportunity Zone located in the Cochrandale property should be actively pursued for redevelopment funding in conjunction with the City's industrial development strategy.

Commentary: Rt. 837 Flyover into RIDC Duquesne Place was completed in 2010. The Redevelopment Authority of the City of Duquesne has been active in the marketing of the Cochrandale property. That property has experienced extensive demolition activity since 1998. Vacant land remains for private development/investments.

**ED Initiative 4: The City shall pursue a tax-sharing agreement with McKeesport whereby any taxes generated from any development on the riverfront development sites in either City will be shared based on a pro rata land area formula.**

This agreement will eliminate municipal competition for new riverfront development and encourage mutual support.

Commentary: This initiative has not been implemented to date but it will be pursued as opportunity and priority allow; however, successful accomplishment of this initiative requires the cooperation of neighboring municipalities who are not bound by the Duquesne Recovery Plan.

**ED Initiative 5: The City shall coordinate its economic development activities with the Allegheny County Department of Economic Development.**

The City shall work with Allegheny County to pursue county, state, and federal funding resources for programs and projects included in this strategy. These resources shall include enterprise zone funding, other industrial development programs through the PA Department of Community and Economic Development, Redevelopment Assistance Capital Program grants, and Community Development Block Grant funding, among others.

Commentary: This has been an ongoing initiative and continues to be a focus of the City.

**ED Initiative 6: The City shall combine the management responsibilities of the Duquesne Business Advisory Council (DBAC) and the new Redevelopment Authority.**

The Boards shall rely on the same professional development coordinator. The oversight and management of each should be coordinated through a single management entity.

Commentary: Since 2008, the City has employed an Economic Development professional to administer both the DBAC and the RACD.

**ED Initiative 7: The City shall provide special funding to provide local match to qualify for a variety of state and federal grant programs for development projects.**

The City shall capitalize a Matching Fund pool of \$1.5 million over the next three years. A portion of this fund may be provided by an allocation of proceeds from the recent and subsequent tax lien sales, and an allocation of a portion of the proposed City Rainy Day Fund, and proceeds of the HUD 108 loan being requested for the City by Allegheny County.

Commentary: The City has completed this initiative and continues as grant funds demanding a match become available (e.g. CDBG via SRCOG.)

**ED Initiative 8: The City should consider pursuing an expansion to the commercial core by extending commercial land uses across Route 837 along Grant Avenue to the riverfront.**

This commercial corridor may serve the needs of other developments on the riverfront site, including industrial and flex/office users, and visitors to the riverfront. The City should begin to work with the

RIDC to coordinate this commercial development expansion potential. Further, the City should request a commercial use be considered in accordance with the Act 2 Consent Order provided by the Department of Environmental Protection on the site.

Commentary: This development has been pursued but progress has been limited. Since 2005, the few start-up businesses that were attempted (and subsequently closed) along with the closure of the PNC Bank building in 2012 have made meeting this goal unsuccessful. The initiative remains viable if private investments are forthcoming and the City will continue to promote development in this area.

**ED Initiative 9: The City shall explore the feasibility of Tax Increment Financing for the existing and extended Grant Avenue commercial corridor to the riverfront to support public improvements in and around the corridor and to provide the necessary financial incentive to attract a commercial developer.**

Tax Increment Financing is most feasible and attractive for commercial developments because of the size and value of their investments in land and buildings. The resulting tax increments may make such a financing feasible. Further, because of the “income producing” nature of their commercial operations and the high values of land associated with commercial uses, the impact of real estate taxes on their bottom-line may not be that significant. As a result, the City should work with the School District and Allegheny County to structure a TIF District and to use this TIF District to attract a retail/commercial developer for the project. The expected TIF proceeds could be approximately \$2.5 million from a 20-acre TIF District. The City should consider the use of a TIF to reimburse a developer for their investment in public infrastructure necessary for the redevelopment and expansion of the commercial district.

Commentary: Since the USX Duquesne Works closed almost 30 years ago, the redevelopment of the riverfront mill site has been slow. Indeed, the massive work and state funding involved in environmental clean-up, demolition, and the installation of new infrastructure has been planned, secured, and carried-out almost single-handedly by the RIDC. Together with the former McKeesport National Works site, Riverplace is one of the largest industrial sites in the region. With the demand for prepared industrial sites and ready-to-occupy multi-tenant buildings increasing in the region, the City should work with Allegheny County and the regional marketing and development organizations to complete the demolition, on-site infrastructure, and access infrastructure to the site so that it can be packaged and sold. The City should participate in efforts to secure state redevelopment funding for these purposes. The City should explore creative methods to provide development incentives to public and private developers to mitigate the unusually high real estate tax burdens affecting new development in the City.

The City of Duquesne had been involved with RIDC via its monthly Policy Meetings between Duquesne and McKeesport. These meetings ended in 2010. Though the RIDC Duquesne City Center has been successfully developed under RIDC leadership, there are still opportunities for further development. The City shall seek to reengage with the RIDC to determine, clarify and proactively pursue additional development opportunities.

**ED Initiative 10: The City shall work with Allegheny County and the Pittsburgh Regional Alliance to develop an incentive-based agreement for marketing, recruitment, and development of the riverfront mill site.**

Commentary: The City has developed a positive working relationship with Allegheny County and the RIDC, which are the primary economic development entities affecting the riverfront site. Though little substantive progress has been made toward developing incentive-based agreements, the City will continue to pursue these initiatives in 2019 and beyond.

**ED Initiative 11: The City shall consider instituting a 10-year declining tax abatement on new real estate taxes resulting from investments in the industrial portions of the riverfront site.** This abatement program should be instituted along with the School District and Allegheny County. The site should be divided into industrial districts and the tax abatements should be limited to these areas pursuant to the Local Economic Development Revitalization Tax Act and local ordinance. Tax abatements are particularly important to industrial users because of the high cost of real estate taxes relative to their land values.

Commentary: The City has not considered this initiative; developments have occurred on this site despite no tax incentives. However, tax abatement program opportunities will be reevaluated in 2019.

**ED Initiative 12: The City shall work with the RIDC to pursue governmental and private financing sources for the development of new multi-tenant spaces for industrial tenants.**

Commentary: This is an ongoing initiative.

**ED Initiative 13: The City shall pursue funding from the County and State DCED to prepare a redevelopment plan for the Cochrandale KOZ site.**

The redevelopment plan should consider a mix of light industrial uses on the site with improved access to SR 837. The estimated cost of the acquisition, infrastructure, and site preparation of the site will be approximately \$750,000 to \$1,000,000. The marketing advantages through the KOZ make the site a competitive industrial location.

Commentary: The City will pursue this initiative as opportunity and resources allow.

**ED Initiative 14: The City shall work with regional planning organizations including the Southwestern Pennsylvania Commission, PennDOT and the Turnpike Commission to prioritize traffic and transportation improvements in and around the City in order to maximize access and improved circulation.**

Key improvements shall include:

- Implementation of the Mon Fayette Expressway and Interchange.

- Implement a vehicular and pedestrian bridge fly-over to provide access and egress to the riverfront development site in order to avoid at-grade rail crossings.

Commentary: The City will continue to work with the State, regional commissions, and neighboring communities to improve transportation assets in the City.

One the most significant impediments to the City’s economic and community development is the difficult regional access to the City. The City must support efforts to improve regional transportation access, including direct access to the riverfront site via the proposed Mon Fayette Expressway and an on-site interchange connection. Within the City, efforts must focus on adding above-grade access to the riverfront site to mitigate the difficulty with the railroad crossings for emergency and service vehicles.

**ED Initiative 15: The City shall implement and fund an annual street resurfacing and preventive maintenance program as part of its capital improvement plan.**

Maintaining and improving the City’s infrastructure is key to attracting businesses and residents to Duquesne.

Commentary: As funds become available from CDBG via the TRCOG, streets are designated for resurfacing and maintenance. However, the City does not currently have a full assessment of street conditions nor a 5-year Capital Improvement Program. The City must complete these initiatives to take full advantage of resurfacing and maintenance programs.

## Community Development Initiatives

Community development strategies focus on creating and strengthening community assets necessary for development and growth. The City's community assets include amenities, existing housing stock, and public infrastructure. These assets must be enhanced to grow City revenues and provide greater public value to citizens.

**CD Initiative 1: The City shall work with the Regional Industrial Development Corporation (RIDC) to provide public access and passive recreational use of the riverfront, especially at the end of the Grant Avenue extension on the site of the former Duquesne Works.**

In conjunction with the RIDC, the City shall work with the Allegheny Trail Alliance and the Steel Industry Heritage Trail Council to ensure that the trail alignment extends from McKeesport across the river and permits access to the Duquesne riverfront.

Commentary: For decades, City residents have not had access to their riverfront. Reclaiming the riverfront with public access, including an extension of the Steel Industry Heritage Trail, and other passive recreation opportunities is an important strategic investment. Access to the riverfront will be limited due to the current ownership and uses along the river's edge by the McKeesport Connecting Railroad. However, at the end of Grant Avenue, the RIDC currently owns a right-of-way to the riverfront and about 150 feet in each direction. This location is also the site of the planned staging wharf by the Army Corps of Engineers during the rebuilding of the lock and dam over the next eight years. At the conclusion of this project, the Army Corps of Engineers will dedicate the wharf and related easements to the City of Duquesne. The City will be able to use this important amenity for community uses, including public dockage, transient boating slips, and community recreation.

**CD Initiative 2: The City shall oversee and coordinate the implementation of its updated comprehensive plan consistent with community and economic development goals, objectives, and standards.**

Commentary: The City's Comprehensive Plan was revised in (2015?). This land use plan reflects the dramatic changes in the economic and demographic characteristics of the City over the last three decades. The Comprehensive Plan should guide the City's public and private community development efforts.

With the deterioration of the City's economic base, remaining land uses are haphazard and inconsistent. Neighboring land uses often are not complementary. The Comprehensive Plan ensures that such investments are consistent and mutually supportive and that property values will be preserved. Upon adoption of the updated Comprehensive Plan, the City should update its zoning ordinance to be consistent with the Comprehensive Plan. The Zoning Ordinance should enforce planned residential, commercial, and riverfront land uses in order to ensure the City's community quality and character.

The deterioration of the City's building stock is consistent with the economic decline of the area. The City must be aggressive in enforcement of existing building codes in order to provide incentives to property owners to maintain their properties to provide assurance to others that their property values will be maintained.

**CD Initiative 3: The City shall adopt a new zoning ordinance consistent with adopted community and economic development goals, objectives, and standards as specified in the updated comprehensive plan.**

Commentary: The City will revisit and update the zoning code following the comprehensive plan update, which was completed in 2015?.

**CD Initiative 4: The City shall support and strengthen code enforcement and adopt code updates on a timely basis.**

Commentary: As noted above, the Director of Public Works serves as the City's Code Enforcement Officer and is certified to complete most code enforcement inspections on existing properties. However, commercial and residential building plan reviews, new construction inspections and ADA accessibility reviews and inspections are conducted by a contracted third party.

The City will evaluate opportunities for an intergovernmental approach to plan review and inspections through the SRCOG and/or neighboring communities and should explore the joint code enforcement program currently operated by Turtle Creek Valley COG as an option. If intergovernmental alternatives are not viable, the City should take action to enhance the certification level of the Director of Public Works.

**CD Initiative 5: The City shall develop a housing strategy that integrates with the City's comprehensive plan and economic development initiatives.**

Commentary: The serious deterioration of the City's housing stock is a problem observed throughout most of the Mon Valley. Again, the loss of the industrial economic base of the community led to an outmigration of residents over the last three decades. The remaining property owners are, largely, elderly, poor or absentee landlords renting to low and moderate income families. Historically, these property owners have difficulty maintaining and reinvesting in their properties. Making matters worse, many housing properties are left vacant, derelict, and abandoned. These abandoned properties are particularly problematic because they usually lead to disinvestment in neighboring housing and commercial properties.

The City has provided a variety of housing ownership and rental subsidy programs to City residents. These programs, available City-wide, have led to the successful disposition of vacant properties, the demolition of abandoned houses, and affordable mortgages for low and moderate homeowners and renters. These housing programs, funded mainly with Community Development Block Grant funding,

are targeted to distressed populations, usually characterized by low- and moderate incomes. However, an updated housing strategy should be developed.

The new housing strategy should:

- Include an inventory of and status report on existing residential properties
- Encourage home ownership among existing residents;
- Attract new homeowners to the City;
- Revitalize homes on a targeted block-by-block basis to maximize their physical impact;
- Alleviate the tax burden for those homeowners making investments in their homes.

The primary focus of the new housing strategy should be to revitalize the distressed community. A secondary but desirable benefit would be to provide housing opportunities for the distressed population. Therefore, to the maximum extent possible, these strategy elements should be provided without regard to income guidelines. The housing strategy was included as an element of the (2015?) comprehensive plan.

Commentary: The scope of the 2015? comprehensive plan update included a housing strategy component. That element of the comprehensive plan should be further developed into a housing strategy and program by the City, with the assistance of the Recovery Plan Coordinator and Allegheny County Economic Development officials.

**CD Initiative 6: The City shall work closely with DCED, Allegheny County and other agencies that provide housing assistance to Act 47 municipalities and shall strive to coordinate the housing plan efforts with the various other long-term planning and economic and community development programs in the City and region.**

As part of this coordination, the City shall sign a memorandum of understanding between Allegheny County and the Act 47 municipalities that will qualify the City for supplemental competitive pool housing funds.

Commentary: Administration for Housing is centered within the Allegheny County Department of Economic Development. The City has been working with Action Housing and the Allegheny County Housing Authority, as well as Greater Pittsburgh Habitat for Humanity for new housing developments throughout the City. This initiative continues as a priority for the City.

**CD Initiative 7: The City shall seek to develop a home ownership marketing strategy to encourage existing residents to purchase their homes and to attract new residents to move into Duquesne and purchase their homes.**

Commentary: This initiative was included in the comprehensive plan update process, but has yet to be implemented.

**CD Initiative 8: The City shall establish a revolving loan fund for an owner-occupied home financing program.**

The new program shall encourage home purchases, rehabilitation to meet code requirements, and improvements to increase home values. The program shall not be targeted on the basis of homeowner income levels. The City should consider the feasibility of capitalizing such a program through an allocation of its Community Development Block Grant program to provide a partial guarantee or credit enhancement for tax-exempt bank bond issue. The proceeds from such a bond issue may be used to provide low-interest loans to middle income individuals and families. The City may consider structuring such a program in conjunction with neighboring municipalities facing similar needs. In addition, the City may consider submitting an application to the State's Communities of Opportunity Program for funding to capitalize such a program. The City should create a revolving fund with a principal amount of \$1.5 million over the next 3 years to capitalize the program.

Commentary: The City does not have the internal capacity to meet this goal and it is unrealistic for the City itself to embrace and administer. However, City partners including Action Housing, Allegheny County Housing Authority and the Greater Pittsburgh Habitat for Humanity can assist in achieving this goal.

**CD Initiative 9: The City shall continue its successful vacant property demolition program, including the use of the Vacant Property Review Program.**

Commentary: The City should continue participation in an annual Demolition Program via CDBG funds from Steel Rivers COG.

**CD Initiative 10: The City should consider the development of new, owner-occupied housing on large sites acquired through the Vacant Property Demolition Program.**

These new housing projects should be targeted at middle income owners and include appropriate design standards and amenities to attract the target market.

Commentary: This goal has been reached and continues on an annual basis via the City's partnership with Action Housing, Allegheny County Housing Authority and the Greater Pittsburgh Habitat for Humanity.

## Appendix A – Act 133 Expenditure Limitations for Union and Non-Represented Employees

<b>Blue Collar Act 133 Expenditure Limitations</b>				
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Public Works Overtime	\$ 13,261	\$ 13,394	\$ 13,528	\$ 13,663
Wages Of Drivers & Laborers	\$ 185,879	\$ 187,737	\$ 189,615	\$ 191,511
Employer FICA	\$ 15,234	\$ 15,387	\$ 15,540	\$ 15,696
Life Insurance	\$ 2,155	\$ 2,177	\$ 2,199	\$ 2,221
Health Insurance	\$ 93,145	\$ 98,268	\$ 103,672	\$ 109,374
Dental & Vision Ins.	\$ 5,244	\$ 5,297	\$ 5,350	\$ 5,403
Unemployment Compensation	\$ -	\$ -	\$ -	\$ -
Boot Allowance	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>Total Blue Collar</b>	<b>\$ 315,918</b>	<b>\$ 323,259</b>	<b>\$ 330,904</b>	<b>\$ 338,868</b>
<b><u>Blue Collar – Act 133 Expenditure Limitations</u></b>				
<b>Blue Collar expenditures other than Healthcare Limit</b>	<b>\$ 217,550</b>	<b>\$ 219,725</b>	<b>\$ 221,922</b>	<b>\$ 224,142</b>
<b>Healthcare Increase Limit</b>	<b>\$ 97,932</b>	<b>\$ 102,828</b>	<b>\$ 107,970</b>	<b>\$ 113,368</b>
<b>Total Blue Collar</b>	<b>\$ 315,481</b>	<b>\$ 322,553</b>	<b>\$ 329,892</b>	<b>\$ 337,510</b>
<b>Act 133 Limit Savings/(Potential Increase)</b>	<b>\$ 437</b>	<b>\$ 706</b>	<b>\$ 1,012</b>	<b>\$ 1,358</b>

<b>Police Act 133 Expenditure Limitations</b>				
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Court & Hearing Appearances	\$ 45,905	\$ 46,364	\$ 46,827	\$ 47,295
New Uniformed Empl. Pension Cont.	\$ 146,805	\$ 148,273	\$ 149,755	\$ 151,253
Police Overtime	\$ 56,106	\$ 56,667	\$ 57,233	\$ 57,806
Longevity Pay Police	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Police Shift Differential	\$ 8,416	\$ 8,500	\$ 8,585	\$ 8,671
Drug Task Force Overtime	\$ -	\$ -	\$ -	\$ -
Police Holiday Pay	\$ 40,294	\$ 40,697	\$ 41,104	\$ 41,515
DEA Wages	\$ 47,812	\$ 48,290	\$ 48,773	\$ 49,261
Police Supervisors	\$ 379,624	\$ 383,420	\$ 387,255	\$ 391,127
Regular Patrolmen Salaries	\$ 338,858	\$ 342,246	\$ 345,669	\$ 349,126
FICA Medicare Share	\$ 11,839	\$ 11,958	\$ 12,077	\$ 12,198
Life Insurance	\$ 12,832	\$ 12,960	\$ 13,090	\$ 13,221
HEALTH INSURANCE	\$ 290,507	\$ 306,485	\$ 323,342	\$ 341,126
Dental Insurance	\$ 11,668	\$ 12,310	\$ 12,987	\$ 13,701
Unemployment Compensation	\$ -	\$ -	\$ -	\$ -
Police Uniform (Cleaning & Maintenance)	\$ 765	\$ 773	\$ 780	\$ 788
Educational Expenses	\$ -	\$ -	\$ -	\$ -
Clothing & Uniform Allowance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	\$ 1,406,430	\$ 1,433,942	\$ 1,462,477	\$ 1,492,087
<b>Police – Act 133 Expenditure Limitations</b>				
<b>Police expenditures other than Healthcare Limit</b>	\$ 1,104,405	\$ 1,115,297	\$ 1,126,299	\$ 1,137,410
<b>Healthcare Increase Limit</b>	\$ 300,743	\$ 317,284	\$ 334,735	\$ 353,145
<b>Total Police</b>	\$ 1,405,148	\$ 1,432,581	\$ 1,461,033	\$ 1,490,555
<b>Act 133 Limit Savings/(Potential Increase)</b>	\$ 1,282	\$ 1,361	\$ 1,444	\$ 1,532

<b>Clerical Employees Act 133 Expenditure Limitations</b>				
	2019	2020	2021	2022
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Salary of Police Secretary	\$ 38,387	\$ 38,771	\$ 39,159	\$ 39,551
FICA Share Employer	\$ 2,937	\$ 2,966	\$ 2,996	\$ 3,026
Overtime & Dep. Treas. Pay	\$ 750	\$ 750	\$ 750	\$ 750
Salaries & Wages of Clerical Personnel	\$ 91,212	\$ 92,124	\$ 93,046	\$ 93,976
FICA Share Employer	\$ 7,290	\$ 7,363	\$ 7,436	\$ 7,511
Life Insurance	\$ 745	\$ 752	\$ 760	\$ 767
Health Insurance	\$ 54,879	\$ 55,428	\$ 55,982	\$ 56,542
Dental & Vision Insurance	\$ 915	\$ 924	\$ 933	\$ 943
Unemployment Compensation	\$ -	\$ -	\$ -	\$ -
Employer FICA	\$ 3,054	\$ 3,085	\$ 3,116	\$ 3,147
Life Insurance	\$ 385	\$ 388	\$ 392	\$ 396
Health Insurance	\$ 20,624	\$ 21,759	\$ 22,955	\$ 24,218
Dental & Vision Ins. (Clerk & Pol. Sec.)	\$ 915	\$ 924	\$ 933	\$ 943
Unemployment Comp.	\$ -	\$ -	\$ -	\$ -
Overtime	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>Total Clerical</b>	<b>\$ 223,093</b>	<b>\$ 226,235</b>	<b>\$ 229,459</b>	<b>\$ 232,769</b>
<b>Clerical – Act 133 Expenditure Limitations</b>				
<b>Clerical expenditures other than Healthcare Limit</b>	\$ 144,361	\$ 145,805	\$ 147,263	\$ 148,736
<b>Healthcare Increase Limit</b>	\$ 81,720	\$ 85,805	\$ 90,096	\$ 94,601
<b>Total Clerical</b>	<b>\$ 226,081</b>	<b>\$ 231,610</b>	<b>\$ 237,359</b>	<b>\$ 243,336</b>
<b>Act 133 Limit Savings/(Potential Increase)</b>	<b>\$ (2,988)</b>	<b>\$ (5,376)</b>	<b>\$ (7,900)</b>	<b>\$ (10,567)</b>
<b>Non-Represented Employees Act 133 Expenditure Limitations</b>				
	2019	2020	2021	2022
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Police Chief Salary	\$ 59,917	\$ 60,516	\$ 61,121	\$ 61,732
Employer FICA	\$ 869	\$ 878	\$ 887	\$ 895
CITY MANAGER SALARY	\$ 40,236	\$ 40,638	\$ 41,045	\$ 41,455
ADMINISTRATIVE ASSISTANT	\$ 21,176	\$ 21,388	\$ 21,602	\$ 21,818
Employer FICA	\$ 4,698	\$ 4,745	\$ 4,792	\$ 4,840
Life Insurance	\$ 359	\$ 363	\$ 366	\$ 370
Health Insurance	\$ 8,886	\$ 9,375	\$ 9,891	\$ 10,435
Dental & Vision Insurance	\$ 973	\$ 1,026	\$ 1,083	\$ 1,142
Unemployment Compensation	\$ -	\$ -	\$ -	\$ -
<b>Total Non-Represented</b>	<b>\$ 137,114</b>	<b>\$ 138,928</b>	<b>\$ 140,786</b>	<b>\$ 142,687</b>