RECOVERY PLAN

FOR THE

BOROUGH OF GREENVILLE

PREPARED FOR:

PENNSYLVANIA DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

PREPARED BY:

RESOURCE, DEVELOPMENT & MANAGEMENT, INC.
COORDINATOR

FILING DATE: DECEMBER 2, 2002
AS REVISED: DECEMBER 27, 2002

PREAMBLE

A recovery plan was filed with the Borough of Greenville on December 2, 2002. The plan coordinator then held a meeting with the general public to discuss the plan in detail on December 17, 2002. The public hearing held in the Greenville Senior High School was to receive comments and input on the plan from citizens of the borough.

The public hearing was widely publicized and attended by 131 citizens. Twenty three individuals chose to present testimony. Of the 23 individuals who testified, 13 had a direct or indirect affiliation with the borough either as an elected or appointed official or a full-time, part-time or volunteer employee of the borough. In addition to the testimony that was presented the coordinator received written comments from UPMC Horizon, the sanitary authority workers, and Fred Marion, chairman of the airport commission in advance of the public hearing. As a result of the above information the coordinator further evaluated the plan findings and recommendations. As entitled under Act 47, the coordinator has decided to make a number of revisions to the plan as filed on December 2, 2002. The revisions represent both language changes and a few substantive changes to strengthen the plan and to respond to those concerns deemed to be worthy after further evaluation and discussion with the coordinators' team and the Pennsylvania Department of Community and Economic Development.

General Comments

Generally speaking the plan received favorable review during the public hearing process although there was considerable concern over the long-term impact on public safety particularly relative to the fire department. Naturally, not every aspect of the plan was received in a like manner with some recommendation being much more easily accepted than others.

Identifying methods of reducing costs and raising revenues to address budget deficits is never an easy or welcomed task. Much consideration has to be given to: the composition of the population base; the current tax burden placed on that population; the potential impact on current and future businesses and residents; and issues of public safety and public perception.

After further review and discussion the coordinator feels comfortable that the recommended revenue enhancements spreads the burden of response to this fiscal crisis in an equitable manner and with as little potential negative impact on future economic and tax base development as possible.

The plan's emphasis on borough management and housekeeping issues should in no way be interpreted that the borough should not play a large role in housing and economic development activities. The future of Greenville rests in its ability to be perceived as a safe, affordable attractive community to reside.

While numerous individuals raised issues relative to the recommendations that addressed the future of a full-time paid fire department the coordinator has not changed these recommendations since they were worded as "should" which means they are advisable. The coordinator feels strongly that these issues "should" be examined more closely in the years to come.

Specific Changes

The following changes identified by page in the original report are being made in this final report:

1. The coordinator found a mistake in sequential numbering of the recommendations beginning with #91. Therefore, the recommendations from #91 through the end of the report are renumbered to address this problem.

2. Page 54 – In Lieu of Tax Payments. Additional language is inserted to further strengthen this area of the report and to recognize the voluntary contributions of UPMC Horizon.

3. Page 55 – Additional language is inserted in recommendation #12.

4. Page 73 – Language is added to reflect that the borough tax collector remits to the borough on a "monthly" basis. Additionally, a statement which clarifies that the tax collector receives $9,600 per annum which is shared with the school district is inserted.

5. Page 76 – Additional language is added to recommendation #47, "the borough should review the need for the borough auditor to be involved with the distribution on a quarterly basis."

6. Page 114 - Recommendation #96, previously #91, is reworded as follows: "The police schedule shall not exceed 55 shifts per week for full-time personnel including the chief."

7. Page 128 – Slight wording change, "Through their joint efforts the borough has utilized the township's grader" – remove street paver.

8. Page 129 – Recommendation #124, previously #119, change the shall to should, "The borough should include leaf collection in its general refuse collection/disposal specifications and require all homeowners to bag their leaves."

9. Page 130 – The following language is added to recommendation #131, formerly #126, "Additionally the borough should review its street opening ordinance and revise the street opening permit fee, commensurate with the costs associated with this effort."

10. Page 156 – New recommendation #175 – "The sanitary authority employees should be removed from the wage freeze in 2003 provided that sufficient funds via the sewage rates to reimburse the borough for these additional costs are available. If provided, the sewage wage increases shall be capped at 3% per year during the recovery period and shall be reviewed annually."

11. Pages 173 and 174 – Additional wording is inserted in the narrative to further clarify revenues received from the airport commission.

12. Act 47 Funding - $50,000 listed under Capital Equipment/Backhoe was erroneously designated and should have been designated for holding facility improvements necessary at the municipal building.

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SECTION I
INTRODUCTION

The following represents a recovery plan for the Borough of Greenville pursuant to Section 241 of the Municipalities Financial Recovery Act (P.L. 246 No. 47 of 1987), as amended. This plan has been prepared following the regulations of Act 47 and with the overview of the Pennsylvania Department of Community and Economic Development.

Act 47 provides that a plan coordinator be appointed for a distressed municipality and that a recovery plan be prepared by the coordinator.

The intent of Act 47 is to ensure the financial and operational stability of municipalities in Pennsylvania. This plan sets forth a number of recommendations to correct both short and long-term fiscal problems that are intended to restore the fiscal integrity of the borough. The plan proposes both revenue enhancement initiatives and cost reduction initiatives, as well as improved management controls and changes in the approach to service delivery.

In a request notarized on February 20, 2002 and received by the Department of Community and Economic Development (DCED) on March 4, 2002, council of the Borough of Greenville, Mercer County, requested that the department determine the borough's eligibility as a distressed municipality under the Municipalities Financial Recovery Act, Act 47 of 1987, as amended. Section 203 of Act 47 authorizes the DCED to conduct a consultative investigation into the financial affairs of the municipality after receiving a request, but prior to holding a public hearing, as required by the act.

Section 201 of the Act sets forth 11 criteria, at least one of which must be present in order for a municipality to be considered for a distress determination by the Department of Community and Economic Development. The Borough of Greenville's request alleged that the following criteria, as set forth in Section 201 of the Act, were present:

1. "The municipality had maintained a deficit over a three-year period, with a deficit of 1% or more in each of the previous fiscal years."
2. "The municipality's expenditures exceeded revenues for a period of three years or more."
7. "The municipality accumulated and operated for each of two successive years a deficit equal to 5% or more of its revenues."

In the course of the field work carried out as part of the consultative evaluation, information was collected which indicated that the Borough of Greenville had made only a partial payment on the tax anticipation note due by year-end 2001, as required under PA Local Government Unit Debt Act. Accordingly, Act 47 criterion 3 was added to the evaluation as follows:

3. "The municipality has defaulted in payment of principal or interest on any of its bonds or notes or in payment of rentals due any authority."

The fact that criteria 1, 2, 3 and 7 were found to be present enabled the DCED to conduct a further evaluation and recommend whether or not the Borough of Greenville should be declared distressed under Act 47.

It is Commonwealth policy, as stated in Act 47, "to foster the fiscal integrity of municipalities so that they provide for the health, safety and welfare of their citizens; pay principal and interest on their debt obligations when due; meet the financial obligations to their employees, vendors and suppliers; and provide for proper accounting procedures, budgeting and taxing practices."

The Borough of Greenville exhibited conditions that made it difficult to fulfill its responsibilities as outlined above. This conclusion was based on the recent pattern of year-end deficits, default on the 2001 tax anticipation note and an apparent inability of the borough government to successfully manage its financial affairs and operations.

Accordingly, the DCED staff evaluation recommended that the Borough of Greenville be declared financially distressed.

Considering this recommendation, and after a public hearing held Monday, April 8, 2002, the Secretary of the Department of Community and Economic Development declared Greenville to be a financially distressed municipality on May 8, 2002.

Pursuant to Act 47 the Secretary of the Department of Community and Economic Development appointed Resource Development and Management, Inc. (RDM) as the recovery plan coordinator on June 7, 2002. RDM is carrying out this project under contract #22-205-0001 executed September 10, 2002.

In reviewing both the statutory requirements and the special conditions imposed by DCED, RDM felt it best to divide the scope into functional areas. The following functional areas were identified and a core team of staff was assigned to each of these areas:

- Government Organization & Services
- Human Resource Management
- Authorities
- Financial Analysis & Management

In developing a plan of this scope the initial step is to collect oral and written information concerning the present status and recent history of the borough. Both DCED and the borough provided initial data in the form of previous reports and studies, financial reports and related information. Meetings were held with borough officials, DCED officials, representatives of civic groups, other governmental entities, and numerous others who could contribute to or would be impacted by the recovery plan. These many contacts provided invaluable information which was utilized in the development of the recovery plan.

The purpose of the discussions and interviews was to:

- Gain an understanding of how municipal services were actually carried out in the borough.
- Identify the financial situation and service levels.
- Identify the opportunities and need for enhancing revenues, reducing costs or identifying alternative service delivery opportunities through intergovernmental cooperation.

Following these discussions and after examining trends in assessments, revenues and expenditures, specific courses of action were identified and options developed to approach the fiscal and service problems faced by the borough.

Numerous documents and studies were analyzed, including the following:

- Budgets
- Ordinances
- Labor agreements
- Debt instruments
- Service provider's assessment
- Audit reports
- Pension reports
- Insurance policies
- Fee structures
- Demographic analysis
- Real estate and earned income tax history
- DCED consultative evaluation
- Existing mutual aid agreements

Following the interviews and data collection, return visits and discussions were held to obtain clarification or further information. Numerous discussions were held among RDM team members, DCED and the borough.

On the basis of the above information, this plan has been developed for use of the officials of the Borough of Greenville. Most of the recommendations can be implemented by borough council, although a number will require the involvement of other municipalities and agencies.

Unlike most municipalities who often wait for the adopted recovery plan to begin implementing recommendations, the Borough of Greenville throughout 2002 has been taking a very proactive approach and instituting management actions on an on-going basis. The RDM team has had excellent cooperation from the borough manager, staff and all borough officials as these actions are taken. The recovery team has been impressed with the overall management team of the borough and their commitment to address the financial crisis of the borough. In many instances this plan is a fluid working document and as such numerous recommendations will have been implemented by the time the full recovery plan is adopted by council.

PLAN REVIEW & ACCEPTANCE

Upon submission of this recovery plan to borough officials it will be made available for public inspection and comment as required under Act 47. A public hearing will be held to receive public input on the contents of the plan. After receipt of public comment, revisions may be made to the plan.

Within 25 days of the public hearing, Greenville Borough Council may accept the plan by ordinance. If the plan is rejected council must develop an alternative plan within 14 days and, following an additional public hearing, adopt an ordinance accepting the alternative plan. The alternative plan must be forwarded to the Secretary of the Department of Community and Economic Development and if the Secretary determines the plan, when implemented, will overcome the distressed condition, the borough would proceed with plan implementation. If the Secretary determines the plan will not overcome the borough's financial problems the Secretary shall invoke the sanctions as provided for in the Act against the borough.

If the coordinator's recovery plan is accepted, then the borough will carry out the implementation of the plan in cooperation with RDM. During implementation the plan may be amended by ordinance of the governing body with approval of the coordinator and PA DCED.

SECTION II
SUMMARY OF RECOMMENDATIONS

1. The borough should review the current number of committees and identify opportunities to dissolve or consolidate their roles and functions to reduce the number of meetings elected borough council members attend. The borough may want to consider operating as a general government committee or committee of the whole. Perhaps some existing committees could be reformulated as citizen advisory boards that report to council on a regular basis.

2. The borough shall annually devote time to arrive at a common set of borough goals and objectives. The meetings should be used to facilitate public opinion from all sectors of the community, as well as the region, to arrive at common goals. These annual meetings should be held prior to the adoption of the municipality's budget.

3. Despite the fact that the meetings should be annual, the focus of the goals and objectives should be long-range and create a vision for the municipality to work toward. These commonly arrived at goals and objectives would be useful for elected and appointed officials for developing municipal policies and plans.

4. The borough shall immediately adopt the Pennsylvania Records Retention and Disposition Schedule.

5. The borough should seek out an intern through Thiel College to assist in the organization and computerization of municipal records.

6. The borough shall apply for an Act 47 grant to complete an update of the borough's codification of ordinances through 2002.

7. The borough shall review, amend and adopt the personnel policies and procedures handbook developed in 2002. Changes should be made to conform to recommendations outlined in various sections of this recovery plan.

8. The borough should apply for funding to DCED to study various intergovernmental/ regional initiatives identified throughout this recovery plan.

9. Each borough employee shall have a file prepared with essential information enclosed. It shall include full name; date of birth; current address; current position; date of hire; dates and types of all promotions or demotions; driver's license number (if required for employment); type of

driver's license with restrictions relative to the employment noted; job description for the current type of employment; and record of all training received.

The employee and his department supervisor and/or borough secretary/manager should review the current job description. The employee shall sign and date said job description and the supervisor shall also execute the same with a witness.

Documentation included in the personnel folder should include the I-9 federally mandated immigration documentation; Pennsylvania required "Right to Know" training documentation; special training the employee may possess such as a Commercial Driver's License (C.D.L.); PA Act #120 Training; as well as any awards, citations or recognition received.

10. The borough shall cease the practice of depositing parking permit revenues into the parking fund. Effective for the 2003 budget year the borough shall budget these revenues in budget line item 363.22 depositing monies into the general fund as they are received.

11. Effective the 2003 budget year the borough shall close all parking fund bank accounts.

12. The borough manager shall work with the police chief to develop a schedule to enforce regulations relating to permit parking in the borough. Only after proper assurances are made to the manager on the enforcement issues will the manager evaluate rates relating to parking permits. The borough manager shall then work with the coordinator to develop alternatives to increase parking revenues.

13. Voluntary Contributions: The manager and solicitor shall aggressively pursue additional voluntary contributions from the tax-exempt community to support borough services. In addition, the borough shall specifically negotiate with UPMC Horizon and Thiel College for payments in lieu of taxes. The borough shall continue to send letters on an annual basis requesting the donation utilizing an increased formula of 20% of value while the borough is under Act 47. Efforts should be made to review the list to add any new exempt parcels at least on an annual basis. Additionally, the borough should meet with each tax-exempt property owner to discuss the fiscal challenges the borough must deal with and the services it provides to the tax-exempt entities.

14. The ordinance shall be revised to include the date that the mechanical device license fee is due for the year. Notification of the fee shall be mailed in January and the due date for payment of the annual fee shall be no later than February 28.

15. The license fee shall be increased to $200 per device.

16. Late fees for non-payment shall be established with a penalty for late payment of 10% of the total fee due. An additional interest charge of 1% per month shall be added on top of any penalty assessed.

17. The police and fire department inspectors shall periodically check establishments to ensure total fees paid match the number of machines on site.

18. The borough shall increase the annual pole tax to $50 per mile.

19. The borough shall request proposals for banking services to compare with the level of banking services received at this time. The borough should seek a bank that would provide at a minimum a sweep account that would offer a competitive rate of interest without the necessity to wire excess funds on a routine basis.

20. The borough shall investigate alternatives to PLGIT that offer competitive short-term interest rates on idle funds. At minimum the borough should look at other local banks and the Pennsylvania Invest Program as options.

21. The borough should look to combine all airport accounts into a special revenue fund with a money market component. Expenses relating to the airport accounts can be segregated.

22. Both street lighting accounts shall be closed when all revenues have been spent. New millage rate for the upcoming budget will not contain a millage for street lighting.

23. The borough shall investigate investment options for the sewer reserve capacity checking and PLGIT accounts to optimize investment earnings. Sewage reserve funds may be included in the RFP for banking services.

24. The parking fund checking account shall be closed and parking shall be budgeted as part of the general fund.

25. The capital improvement fund and the liquid fuels account shall be part of the RFP for banking services. It is anticipated that both a checking and money market component will be needed in the future.

26. The borough shall evaluate GASB 34 and its provisions and begin taking steps in 2003 working with the coordinator and the auditor to implement its provisions.

27. The following funds should be maintained: General Fund; special funds for airport, capital improvements, liquid fuels; an Enterprise Fund for sewer; and a Fiduciary Fund for pension.

28. Due to the number of expenses that are reimbursable to the general fund the borough shall make separate appropriations in each budget area specific to workers' compensation, FICA, Medicare, and group medical benefits. FICA and Medicare can be allocated via the payroll software and the insurance invoice can be broken down by the broker on a monthly basis and allocated upon payment of the invoice. Workers' compensation costs can be estimated and broken down by department on each invoice as a percent of the total for each department. This will show more accurate costs relating to specific departments on the monthly budget reports.

29. The borough shall review its policy for purchasing as it relates to prices and quotes. At minimum this policy shall include levels that require additional comparative quotes prior to purchase.

30. The borough shall include in its request for reimbursement any other costs relating to the employment of the school crossing guards. These costs shall include, but not limited to, uniforms or equipment relating to the crossing guards.

31. In its reimbursement request the borough shall include all costs relating to workers' compensation, including any premium debits and other increases to the basic rate including the experience modification factor.

32. At minimum the borough shall make requests for reimbursements on a quarterly basis.

33. Due to the amount of money advanced to GALSA reimbursement estimates shall be made monthly and deducted from the actual invoice which is completed on a quarterly basis.

34. The borough shall consult with the pension actuary to determine if any factor should be included in the reimbursement request. If the actuary feels that there is a measurable direct cost to the borough for pension benefits said cost shall be included in the reimbursement request.

35. The borough shall pursue a one time tax and fee amnesty program for all 511 taxes and fees owed to the borough as of the date of the adoption of this report. This program should remain in affect for a period not to exceed 60 calendar days and should exonerate all penalties and interest charges assessed through December 31, 2002.

36. The borough shall eliminate all special purpose millages with the exception of debt service. Expenditures now relating to special assessments can then be budgeted as general fund expenses and paid accordingly. Debt service can be budgeted and paid through the debt service fund.

37. The tax collector shall mail a final notice of taxes due in late October of each year notifying the property owner of the potential delinquency. As part of the notification the collector shall advise the taxpayer of the amount due with applicable penalties. The notification shall include an outline of the process that will occur after the duplicate is forwarded to the delinquent collector.

38. The borough shall review all applicable ordinances relating to property taxes specific to interest and penalty charges on late payments. Interest and penalty charges shall be increased to the maximum permitted by law.

39. To improve cash management of the borough the collector shall remit tax deposits to the borough on a bi-weekly instead of a monthly basis. During discount and face periods deposits shall be made weekly. Reporting relating to collections and deposits need only to continue on a monthly basis.

40. The borough shall take action to request proposals for the collection of delinquent property taxes. The sole determinant for selection shall not be cost alone, but shall include available services, past performance, and recommendations.

41. Within 90 days after the adoption of the recovery plan the borough should choose to either continue to retain the Mercer County Tax Claim Bureau or appoint a new collector for delinquent taxes. If the borough elects to move in a new direction the manager shall review the lien tax docket and transfer records to the new collector.

42. If the borough makes the selection to appoint a new collector the records shall be forwarded and notices shall be sent within 90 days of the appointment by council.

43. The borough shall discuss any ordinance modifications that may be required to ensure that all fees and costs relating to the collection process are passed on to the delinquent taxpayer as a cost of collection.

44. The borough shall evaluate all delinquent parcels and those thought to have sufficient value shall be designated for sheriff sale.

45. The borough shall begin discussions with the school district relative to parcels designated for sheriff sale to formulate an agreement to share in

the cost of any upcoming sales due to the fact that both taxing bodies will benefit.

46. The borough should investigate the options available through redevelopment authorities to move severely delinquent parcels back onto the tax rolls.

47. For 2003 the borough shall adopt an amendment to the current earned income tax ordinance and seek court approval to increase the current rate to 1.7% on residents and the rate on non-residents to 1.5%. The school district will continue to receive its share of .5% and the net to the borough for residents will be 1.2%. The non-resident tax is subject to the crediting provisions of Act 511. For 2004 the borough shall maintain the resident rate at 1.7% and the non-resident rate at 1.5%. For 2005 the borough should reduce the resident rate to 1.6% and the non-resident rate to 1.4%. The borough shall annually review the revenues generated by the increased levies.

48. Collection procedures and tax remittance procedures should be reviewed annually in order to provide for a more efficient process of collecting and remitting taxes to the respective taxing bodies.

49. The borough solicitor shall review the earned income tax ordinance and make any changes to bring the ordinance in line with recent court cases and changes in the tax law. Changes may include, but not be limited to sections of the rules and regulations that pertain to exclusions from income, definition of earned income, and maximum penalties and interest that may be assessed on delinquent tax accounts.

50. The borough shall request proposals for the collection of current and delinquent resident and non-resident earned income tax. Said proposals shall be evaluated against cost of upgrading the office of the tax collector with technology upgrades and increased staffing levels to maximize the effectiveness of the operation. Cost shall not be the sole determinant for selection of either appointing a new collector or upgrading the current tax collection operation.

51. The borough shall become more active in monitoring the collections pertaining to EIT to ensure increased collection rates and improved cash flow.

52. The borough, working with the coordinator and DCED, should conduct a review and evaluation of current earned income tax collection procedures and institute improvements in the administration of the earned income tax operation. A peer-to-peer study should be utilized in this effort.

53. The borough shall establish a more comprehensive tax auditing and verification program to reduce the occurrence of non-filing or under-reporting of income by utilizing the state income tax list.

54. The borough shall begin to mail quarterly cards to individuals not withheld by their employer and require individuals to make estimated tax payments as set forth in the ordinance. For individuals failing to file quarterly payments throughout the year a notice of non-payment shall be sent after the due date of the third quarter.

55. The borough shall mail final returns to all taxpayers by the end of the calendar year. Individuals shall be required to file the final return and remit payment by February 28 of the following year. Extensions to file the final return shall continue, but an estimated tax payment shall continue to be required to formally approve the extension. The borough should cease the practice of allowing taxpayers to file joint tax returns.

56. Any individual not filing a final return or remitting the tax payment by April 1 shall move into the delinquent collection process.

57. The borough shall continue to require that all applicable supporting documentation including W-2 forms be attached to the final tax return.

58. The borough shall adopt a policy for the collection of delinquent earned income taxes that at minimum will include the following:

    - Once the individual has filed the tax return the total tax owed is calculated and the individual will be given no more than 30 days to pay the tax.

    - If the individual cannot pay the tax and the employer is known the policy shall require that the individual's wages be garnished.

    - If the employer is not known the spouse's wages shall be garnished or the borough shall file assumpsit action at the local magistrate.

59. The borough shall make revisions to the occupancy ordinance to ensure that adequate controls are in place to register all tenants with the borough. The amendment shall require all landlords to supply a list of tenants to the borough quarterly. The borough shall share the information garnered from the permit and tenant list with all tax collectors to ensure timely registration of taxpayers.

60. The borough shall share all survey and tax information with the EIT collector. This shall include, but not be limited to, business surveys; occupation and per capita tax records; deed transfers; water and sewage

billings; and any other relevant tax information that may be of assistance in expanding the data base.

61. Upon completion of the final determination of the individual or firm charged with delinquent collection the borough shall request the most current state list from the school district and immediately require the collector to:

    - Compare the wages from the most recent state list and invoice any discrepancies in taxes immediately.

    - If the resident fails to respond to the delinquent notice the borough shall follow the delinquent process detailed in this report. The amount of tax will be known from information detailed on the state income tax list.

    - If there is a discrepancy between the findings of the collector and the taxpayer due to two different domiciles, the collector shall require proof of the taxes paid to the other community prior to granting credit from another taxing jurisdiction.

62. The borough shall cease the practice of supplying businesses with W-2 forms at the borough's expense.

63. It shall be the policy of the borough that the building inspector, code enforcement officer and fire chief share any inspections with the tax collector that would provide information of new businesses operating in the borough.

64. The borough shall require that all companies submit either federal form W-2 or Pennsylvania quarterly unemployment statements as a means of verifying total employment numbers reported to the tax collector.

65. The borough shall develop an internship program through the Local Government Academy or Thiel College to utilize students to conduct a survey of businesses located and operating in the borough.

66. Random on-site audits should be arranged as a way to verify and/or audit current tax submissions through the manager's office.

67. Due to the high collection costs the borough should notify the county in 2003 and request that the $10 per capita tax should be repealed in 2004.

68. The borough tax collector shall work to update the roster of residents required to pay the tax. This process shall include, but not be limited to, cross referencing other tax data bases, residential occupancy permits, sewage records and the Coles Directory.

69. As part of the computer upgrades recommended in the recovery plan the borough shall include software to centralize the Act 511 data base, which shall include the per capita tax. With a centralized data base, which includes all 511 taxes, the borough can include the per capita tax in wage attachments.

70. The borough shall request proposals from service bureaus to compare costs to collect the tax. Proposals shall be evaluated for cost effectiveness relative to increasing overall collections.

71. The borough shall speak with both the county and school district as to the feasibility of combining all three per capita tax bills on one bill and proportionally allocating the total cost of collection among the three taxing bodies. So as to coincide with the school districts fiscal year the borough and county would have to delay billing of their portion of the per capita tax until after July 1 of each year. The interest income lost on the revenues that would have been received earlier in the year would be more than offset by the savings in billing costs for all taxing bodies.

72. During the development of the refinancing alternatives and options the borough shall properly budget and pay all debt service obligations.

73. The borough shall pursue the refinancing of the existing debt to take advantage of current market conditions. Any debt service savings shall be utilized to finance the capital borrowing from the Commonwealth.

74. The borough shall review the recommendations of the appointed consultant in conjunction with the Act 47 coordinator to weigh refinancing alternatives. If refinancing of specific debt service issues is deemed to be a viable option the borough shall take steps to begin the process.

75. Upon adoption of the recovery plan the borough shall request that DCED convert the emergency loan into a long term debt obligation to be repaid over a 10-year period at a 0% interest rate. Said repayment shall be in 40 equal installments paid over a 10-year period. The first quarterly payment shall be due no earlier than April 30, 2003.

76. In the event the operating revenues needed from the emergency loan are less than the amount borrowed the borough shall request that the balance be converted to a capital loan payable at the same terms and rate as the above listed recommendation. Any excess shall be deposited into the already established capital checking and money market funds.

77. In addition to the above, the borough shall seek a long-term capital loan of $400,000 from the Commonwealth of Pennsylvania Act 47 funds to restore funds to the capital bond fund. The term of this loan shall be 10 years at 0% interest.

78. The borough shall confirm the amounts due to the EIT, bond and sewage fund at the end of the current calendar year. Repayments to the non-residential EIT fund shall be at a term not to exceed three years. Any non-residential taxes collected on the .5% additional levy in excess of the budgeted amount should not be utilized for general fund purposes, but should be transferred to the non-residential earned income tax fund to pay down the outstanding obligation.

79. The borough shall resolve with the auditors the actual amount due to the sewage fund. From that agreed upon balance the borough shall deduct any costs relating to workers' compensation that were not reimbursed to the general fund in the past. The then remaining balance shall be repaid over a three-year period.

80. The borough shall, working with the coordinator, develop a 2003 cash flow and request proposals for a tax anticipation note sufficient to meet its cash needs for the 2003 budget year.

81. The borough shall develop an RFP for their overall insurance needs and request competitive proposals during 2003.

82. The borough shall continue to evaluate limits on any policy renewals.

83. The borough shall work with the borough solicitor and insurance broker to evaluate the relationship with GALSA to ensure that proper coverages are being maintained.

84. The borough shall take steps to have a new valuation completed of all borough property by their broker and utilize these values in the bidding of their property renewal.

85. The borough shall monitor all its physical assets to determine that insurance coverage is adequate and not duplicated, and to identify uninsured/underinsured assets for disposition.

86. The borough should consider increasing its coverage so that UM/UIM equal the liability limits.

87. The borough shall annually audit and review the vehicle list to ensure the accuracy of all vehicles on the inventory list.

88. The borough should audit the use of municipal vehicles for personal use.

89. The borough should pursue an "All Systems Go" policy that protects all phone systems, fax machines, copiers along with the air conditioning and heating equipment.

90. A risk survey with a property agent should be conducted prior to a quote. The survey should include an audit of all property, potential liability and review of bonds.

91. As permitted under current workers' compensation law, the borough shall constitute the following procedures in an effort to control escalating workers' compensation costs:

- The borough shall interview and select a panel of six physicians for the initial review and evaluation of on the job injuries. The borough will need to consult with the carrier to review the list of potential physicians prior to implementing the panel.

- Any employee requiring medical treatment as a result of an injury sustained on the job shall be required to schedule and treat with a panel physician during the first 60 days of treatment.

- All employees will be required to review the physician panel and sign an acknowledgment form.

- In the case of any injury which results in lost time due and the inability to return to regular work duties the employee shall be required to notify the borough manager within 24 hours. In conjunction with a panel physician, job description modifications shall be discussed which would permit the employee to return to work in a limited or light duty capacity until such time that the restrictions are lifted. In such contracts where light duty is restricted the borough manager shall request a meet and discuss with union representatives. Limiting lost time accidents will work to reduce both the experience modification factor and scheduled premium debit to the policy in the future.

92. The borough shall examine prior years' losses to determine the extent of reserves for existing claims. If appropriate the borough will strive to return the employee to work within the panel physician's work restriction and physical limitations. Unless the borough begins to take a more proactive approach to management of these claims the borough can expect continuing escalation in costs related to these premiums.

93. In reviewing the application for this year's workers' compensation policy it was noted that the borough has or has had a safety committee in place to review safety issues in the work place. The borough shall ensure that this committee continues to meet regularly to review potential safety concerns and implement recommendations to ensure a safe work environment.

94. The borough shall work with the carrier to obtain workers' compensation risk management and monitoring services to help to reduce risks, oversee claims and minimize the impact of claims made against the borough.

95. The borough should evaluate the need for this coverage in light of the fact that the agreement with the airport manager requires the manager to carry insurance for these types of losses. In addition, the premium is not cost effective when considering the amount of revenue the borough realizes in lease payments.

96. **The borough shall review the commercial insurance policy, as well as its boiler and machinery policy, to ensure that adequate coverage is provided and not duplicated.**

92. **The police schedule shall not exceed 49 shifts per week.**

93. **The borough shall begin to utilize part-time officers in the future to fill regular work shifts. This shall require removing the 20% cap on part-time shifts in the next negotiated contract.**

94. **If the borough fills the police chief's position from within it shall keep the current level of full-time personnel at 11.**

95. **If the borough fills the police chief's position from outside it shall reduce the full-time personnel by one officer.**

96. **The borough should seek grant funding for the vests and safety equipment needed in the department.**

97. **The borough shall calculate all costs associated with the police services provided to West Salem Township. The overall costs of this service shall include a contingency amount and shall be the minimum charge to the township for future contracts.**

98. **Based on a more thorough costing of these services for the year 2002, the borough should contact West Salem Township to discuss an adjustment for the future years of the current contract.**

99. **The borough shall aggressively pursue a regional approach to police services and shall approach adjacent municipalities to determine interest in a feasibility study of regional policing. Upon a determination of those municipalities interested in participating in the study, the borough shall seek assistance from DCED to undertake a study of the feasibility of a consolidated regional department for the borough and surrounding municipalities.**

100. The borough shall enter negotiations with the COG to provide regional holding facilities at the municipal building.

101. The borough shall work with the COG and apply for grant funding through the DCED to make necessary capital improvements to the facility.

102. Upon finalizing the agreement with the COG for holding services the borough shall cease to provide dispatch services and request to begin dispatching through the county regional dispatch center and participate in COG sponsored police records management programs.

103. Major capital purchases such as new vehicles should be part of the capital budget and not part of the police department budget.

104. The police chief shall take an active role in monitoring all costs relating to the department and review any significant budget variances with the manager on a monthly basis.

105. The borough should begin to reduce paid personnel through attrition.

106. The borough should increase its efforts to develop a revitalized volunteer force with neighboring municipalities and actively recruit Thiel College students and residents. Incentives to increase recruitment should be identified and pursued.

107. At the conclusion of this recovery period and the current fire contract, the borough should consider a reduction to a paid chief and an assistant chief, with the rest of the force to be volunteer.

108. The current paid fire personnel shall be utilized for borough fleet maintenance and additional support to the borough's code enforcement efforts.

109. The borough shall notify the municipal authority that there are no longer hydrants that are utilized on 4" mains and that the annual fee paid to the authority will be discontinued.

110. The borough shall reevaluate the charges assessed for transporting equipment to an accident scene and adjust fees as costs increase.

111. Time billed for firefighters shall include all direct payroll costs not limited to FICA and workers' compensation.

112. The borough shall enter into discussions with the municipal authority relative to waiving the hydrant fee and standby fee during the Act 47 recovery period.

113. The fire department, during the course of its fire inspections, should gather employment data of the entity and share this information with the borough revenue collection departments.

114. The borough should utilize the mechanic maintenance pit at the fire department for routine vehicle maintenance and repair of all borough vehicles. This could be accomplished with existing fire department personnel on non-daylight shifts.

115. The borough should pursue offering traffic signal maintenance service to Hempfield Township via an agreement as a possible source of additional income.

116. The borough shall formally adopt a fee schedule for services rendered by the fire department.

117. The borough shall exercise the cancellation clause in the agreement with Fuller's Fire Incident Billing and begin to conduct this billing and collection in-house.

118. The borough shall adopt an ordinance for false alarms and adopt a resolution setting fees for "false" alarms.

119. The borough should adopt an ordinance requiring an alarm permit for any new alarm installation.

120. The borough shall include leaf collection in its general refuse collection/disposal specifications and require all homeowners to bag their leaves.

121. The borough shall evaluate the monthly yard waste pick-up and establish guidelines and possibly a fee schedule for this service.

122. The borough should enter discussions with the Mercer County Regional COG and the surrounding municipalities concerning the potential for the creation of a regional public works department, if there is sufficient interest.

123. The borough should work with the Mercer County Regional COG and Thiel College in digitizing all borough maps and further develop a GIS for the borough.

124. The borough should develop a long-term strategy for the public works facility needs and integrate the results into the capital budget.

125. The borough shall closely monitor the expenses of the public works department and any expenses that should be assigned to the sanitary authority should be included on the quarterly reimbursement from the authority.

126. The borough should, working with the coordinator, evaluate its options relative to a replacement backhoe, i.e., lease/purchase and seek funding for such a replacement.

127. The borough shall utilize revenues from liquid fuels to reimburse the general fund for street lighting costs once special purpose levy funds are exhausted. Should any funding remain after costs relating to street lighting have been reimbursed the borough shall utilize the balance for reimbursement of allowable costs in the street department.

128. The borough shall begin discussions with the Greenville Area Leisure Services Association to evaluate the financial obligation of the borough. These discussions shall include, but not be limited to, reviewing user fees assessed to residents and particularly non-residents that could be increased to offset some of the financial obligations of the borough.

129. The borough should consider relinquishing its recreation management oversight entirely to GALSA with the understanding that GALSA will need to financially support itself beyond an agreed upon borough subsidy:

    - The borough should apply to DCNR under its Community Conservation Partnership Program for funds to undertake a comprehensive recreation study. The borough should approach surrounding municipalities to be a partner in this project. If cooperation is obtained from other municipalities matching funds should be pursued through DCED.

    - Since GALSA serves citizens from surrounding communities, a DCED Shared Services Program for several communities could be justified.

    - GALSA should enter discussions with the school district and surrounding school districts relative to financial contributions.

130. The borough should annually contract with GALSA for programmatic services. The maintenance of the parks should be the borough's responsibility.

131. The borough should investigate the maintenance and/or performance bonds provided to it by the contractors that were awarded the contracts for the sports complex design and construction activities. If contractors are not willing to correct mistakes, calling in the bonds is recourse to correct the problems.

132. The borough, in conjunction with GALSA until such time as GALSA may become independent, should consider contracting out maintenance and landscaping services for its parks and parklets throughout the borough and structuring the contracts on a performance basis.

133. The borough should determine the benefit and effectiveness of constructing a trail from Riverside Park to the central business district, determining the projected foot traffic usage and the potential benefit it may have to the central business district and spin off developments that may occur from such a connection, e.g., bicycle shop, GNC shop, recreation/fitness related enterprises, etc.

134. During the period November through February the borough's park maintenance employees should be assigned to the public works department to assist with general public works responsibilities.

135. The borough should request an Act 47 grant in the amount of $40,000 to complete a comprehensive plan and development of new zoning and subdivision/land development ordinances as may be identified resulting from the plan, and coordinate these planning efforts with adjacent municipalities.

136. The borough should develop a comprehensive housing strategy as the first step toward providing a mix of housing opportunities that can serve as an incentive to maintain existing residents, as well as attracting new residents. This strategy should include:

- Examining efforts to preserve single-family homeownership.
- Initiatives to encourage opportunities for single-family homeownership and strategies to encourage housing development and neighborhood revitalization should be examined.
- Initiatives toward rehabilitation of the 35% existing rental housing units should be examined.
- Efforts to eliminate the 10% abandoned and substandard housing units should be examined.

- Areas of opportunity should be targeted and initiatives to address these opportunities should be applied.

137. The borough should work closely with MCRPC, the Mercer County Housing Authority, the Mercer County Community Action Agency and other agencies that provide housing assistance and should strive to coordinate the housing plan efforts with the various long-term planning and economic and community development programs in the borough and the region.

138. The borough should seek to develop a home ownership marketing strategy to encourage existing renters to purchase their homes and to attract new residents to move into Greenville and purchase their homes. The borough should develop a marketing partnership with real estate firms to accomplish this.

139. The borough should establish a revolving loan fund for an owner-occupied home financing program, perhaps in partnership with PHFA. The new program should encourage home purchases, rehabilitation to meet code requirements, and improvements to increase home values. Such a program should not be targeted on the basis of homeowner income levels. The borough should consider the feasibility of capitalizing such a program through an allocation of its CDBG funds or PHFA funds 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 borough may consider submitting an application to the Pennsylvania Communities of Opportunity Program for funding to capitalize such a program. The borough should create a revolving loan fund with a principal amount of $1.5 million over the next 3 years to capitalize the program.

140. The borough should consider the establishment of a vacant property review committee or commission to provide leadership and assistance toward the demolition of abandoned structures and the marketing and/or making available of land for development to interested parties.

141. Tax abatements for home improvements or rehabilitation should be considered over a five-year tax abatement period in conjunction with the school district and Mercer County on new real estate taxes resulting from home improvements or rehabilitation.

142. The borough shall "opt in" with respect to the administration of the Uniform Construction Code (UCC) and adopt the International Building Code consistent with the Act.

143. The borough shall analyze present staffing levels for the provision of code enforcement services for the borough in conjunction with the revised fee structure.

144. Fees associated with building permits and inspections shall be raised to cover the cost of services provided or at least significantly offset the cost to the borough. A comparison of the fees charged by comparable sized communities should be conducted in order to determine the level of increased need for municipal fees.

145. The borough shall pursue discussions with the Mercer County Regional COG in a cooperative approach to the implementation of the UCC. If this approach does not work the borough should pursue discussions with adjacent municipalities to address implementation of the UCC on a multi-municipal basis. Under either of these approaches the borough should support/apply for funds from DCED for shared code enforcement services, providing 50% of the funds for start-up purposes.

146. The borough shall enact BOCA Property Maintenance Code and begin a proactive inspection process for rental properties. A rental property registration process with an absentee landlord provision should be included.

147. The borough shall aggressively pursue the creation of the Greenville Partnership involving key economic development entities within the region and within the partnership identify an entity to provide administrative support for economic development activities. The economic development partnership shall spearhead positive movements with Trinity Industries toward the site redevelopment, marketing, public funding and appropriate reuse. The borough should seek Act 47 funding to initiate the creation of the partnership.

148. The partnership should work with Trinity Industries to develop an incentive-based agreement for marketing, recruitment and development of the Trinity Industries site.

149. The borough should apply to the state for enterprise zone designation for the Trinity Industries site and pursue new communities funding for its central business district.

150. The borough shall pursue a tax-sharing agreement with Hempfield Township whereby any taxes generated from any development on the Trinity Industries site in either jurisdiction will be shared on a pro rata land area formula. This agreement will eliminate municipal competition for new development and encourage mutual support.

151. The borough should pursue the creation of a special fund to provide a local match to qualify for a variety of state and federal grant programs for development projects.

152. The borough should consider instituting a five-year declining tax abatement on new real estate taxes resulting from investments in the Trinity Industries site. The abatement program should be instituted along with the school district and Mercer County. The site should be divided into industrial districts and the tax abatement should be limited to these areas pursuant to the Local Economic Revitalization Tax Act and local ordinances. Tax abatements are particularly important to industrial users because of the high cost of real estate taxes relative to their land values.

153. Delay the implementation of commercial district infrastructure improvements until a theme and/or context study is complete, playing on the recently designated historic designation of the downtown area.

154. The borough should evaluate the results of the E, G & G study and seek funds to complete work necessary for a commercial district theme analysis/study, an updated traffic study within the commercial district, as well as study street signage with the district. Study results shall be blended within a newly developed streetscape and infrastructure improvement plan.

155. Educate the business property owners on the federal tax credits that would be available to them if they rehabilitate their buildings to proper design and structural standards that are conducive to the historic nature of the downtown area.

156. Evaluate building code ordinances and amend to encourage design standards for the downtown buildings to become conducive to the historic nature of the area.

157. Maintain close and good relations with stable employers within the borough; encourage a partnership with the leadership of both Thiel College and Greenville Memorial Hospital in order to access their talents, energy and vision.

158. Management Rights: The Borough shall have the right to determine the organizational structure and operation of each Department including, but not limited to, the right to determine and change job duties for each position, the right to determine and change schedules for each employee, and the right to assign work to any employee. Any provision in any collective bargaining agreement which is inconsistent with, or which interferes with, the rights of the Borough as set forth above, shall be eliminated to the extent of such inconsistency or interference, and the

Borough's management rights, as set forth above, shall not be the subject of any grievance procedure or arbitration clause in any collective bargaining agreement between the Borough and any of its unions.

159. Elimination of Past Practices: Any provision or clause in any collective bargaining agreement which protects past practices, or any rights which are not specifically set forth in the collective bargaining agreements, shall be eliminated. The Unions shall be given the opportunity to identify and negotiate any specific practices or rights which they would like to preserve and have included in future collective bargaining agreements.

160. Wages: While under Act 47 the base hourly wages and salary increases, if granted, shall not exceed the lesser of the Consumer Price Index (CPI) for the northwest Pennsylvania region or 3%.

Distribution of these moneys among the various bargaining units shall be fair and equitable and shall generally be in proportion to the actual 2002 costs incurred for each bargaining unit. Use of these moneys could include one-time bonuses, wage adjustments or other means. Whatever the terms of future collective bargaining agreements, arbitration awards, etc., no back wages or other retroactive adjustment shall be made.

161. Paid Leave: There shall be no increase or improvement in any form of paid leave. The scheduling of vacation, holidays, and personal days shall be balanced and evenly distributed throughout the year in such a manner as to preclude the need for overtime. The borough shall adopt and strictly enforce an aggressive management/supervisory oversight policy covering all types of leave (sick, family, bereavement, etc.). This provision applies to all borough personnel.

162. Two Tier: All future contracts shall have a provision for two-tier relative to salary and benefits with those new full-time employees hired after the starting date of the agreement being under a reduced wage and benefit package than the current full-time personnel.

163. Regular Part-Time Employees: The Borough shall have the right to hire regular part-time employees. Regular part-time employees shall be used or scheduled in such a fashion so as to virtually eliminate the need for non-emergency overtime within the borough. Regular part-time employees shall be part of the applicable bargaining unit, and regular part-time police and firefighters will be hired through Civil Service procedures. Regular part-time employees may be scheduled at any time but shall not be scheduled to work more than 35 hours per week (42 hours per week for firefighters), except for court time, training, and in cases of emergency. Regular part-time employees may be used to replace a full-time employee who is absent from work for any reason. In this regard, the borough shall

have the right to change the schedules of regular part-time employees, for any reason, or to use regular part-time employees as "on call" replacements for full-time employees.

The borough shall have the right, in its sole discretion, to determine the starting wages and job duties of regular part-time employees. Thereafter, regular part-time employees shall receive the same percentage increase to their hourly wage, if any, as full-time employees within the same bargaining unit. The borough shall not hire regular part-time employees which would displace any existing full-time employees. Qualified part-time employees shall be considered for full-time positions which the borough decides to fill through the job posting procedure. In cases of layoffs, all regular part-time employees within a job classification shall be laid off first, according to their reverse seniority, before full-time employees are laid off within the same job classification.

Regular part-time employees shall not be eligible for any form of employee benefits or paid leave.

164. Elimination of Subcontracting Clauses: There shall be no provision in any collective bargaining agreement which prohibits or limits the right of the borough to subcontract any service, function, or activity.

165. Duplication of Benefits: Except as otherwise specifically required by law, any duplication of payment for sick leave, disability leave, workers' compensation, heart and lung benefits, paid leave, pension benefits, or regular pay shall be eliminated. All pension plans shall be amended to include a provision to offset pension benefits by the amount of social security disability benefits. Employees will be required to make an election concerning available benefits in order to avoid any duplication of benefits. There shall be no duplication of pension benefits and workers' compensation benefits. In accordance with Pennsylvania law, Act 57 of 1996, 77 P. S. §71, as amended, the amount of workers' compensation benefits paid to any employee shall be offset by the amount of pension benefits payable to the same employee. This provision shall apply to both bargaining unit and non-bargaining unit personnel.

166. Sick Leave/Doctors Evaluation: Any employee who is off work as a result of any illness or injury for more than three consecutive work days or who exhibits a pattern of possible sick leave abuse shall be required to furnish, at the employee's expense, a doctor's certification concerning the nature of the illness or injury. In addition, the borough may, at its discretion, order an evaluation of the employee's condition by medical personnel of the borough's choosing at the borough's expense. This provision shall apply to all borough personnel.

167. The borough should review and amend, where appropriate, the draft personnel policy and procedure handbook and then have council adopt it. No policy recommendation should exceed the limits established in the previous recommendations identified in the uniform personnel section of this recovery plan.

168. Wages: Any position that has had the salary frozen for the 2003 budget year shall be reevaluated at the end of the second quarter. If projections for year end fund equity are above projected levels as determined by the coordinator these positions may be granted an increase not to exceed 2% prorated for the final six months of the years and capped at 3%. Future increases not to exceed the cost of living in subsequent years will be contingent solely on the progress toward achieving the goals set forth in the recovery plan.

169. Elimination of Minimum Manning: Any provision of any collective bargaining agreement between the borough and any of its unions concerning minimum manning requirements for any particular bargaining unit, shift, platoon, job classification, specialization, or position shall be eliminated. The borough shall have the sole right to determine the number of personnel employed and utilized by the borough. Further, the borough shall have the right to layoff any employees for economic or any other reasons, without limitation.

170. Light Duty: All future contracts shall have a provision for light duty in the event that an employee is injured on the job.

171. The borough shall revise the Personnel Rules and Regulations, Rule XII to require that all employees electing to participate in group medical benefits make a contribution toward the cost of the insurance.

172. The borough shall work with their broker to make plan design changes which will result in the actual users of the benefit paying more of the cost through an increased co-pay.

173. Beginning in 2003 for all non-bargaining unit personnel and beginning with the next contract for all bargaining unit personnel the borough will cap current benefit costs at 2002 rates. Increases beyond these rates will be shared 50/50 between the borough and the employee with the employee contribution not to exceed the 2002 single employee rate on a monthly basis.

174. No new benefits or expansion of benefits, which have uncapped future costs, shall be permitted either for employees covered by collective bargaining agreements or unrepresented borough employees.

175. The borough, working through its broker, shall seek alternatives to the current coverage by attempting to secure comparable coverage through another provider at a lesser cost. The borough shall implement the regulations of the broker relative to plan and coverages. The borough shall pay the premiums relating to the lower cost alternative for the employee and dependents. If the employee elects to maintain current level of coverage then the employee shall bear the additional cost of this coverage through a payroll deduction.

176. The borough shall structure a simple Section 125 Plan offering a cash payment in the amount of $200 per month for individuals opting out of the group medical plan due to the fact they were able to secure coverage through their spouse.

177. The borough shall annually survey employees to ensure any dependents enrolled in the group medical plan are eligible for benefits.

178. To limit bookkeeping on the part of the finance office the borough shall enroll all COBRA individuals on a direct pay basis with the provider which at this time is the MEIT.

179. The employer shall cease the practice of providing fully paid health benefits to employees retiring after the completion of the current contracts. In an attempt to control the costs to the borough, employees shall be given a monthly allowance based on current premiums for single active employees. If the retiree chooses a plan in excess of the current allowance, or there is a premium increase, then the retiree would be solely responsible for paying the difference in the cost.

180. The borough shall include dental benefits in the Section 125 plan. If the employee elects to participate in the 125 plan and maintains dental coverage the cost of said coverage shall be deducted from the monthly payment.

181. The borough shall attempt to secure group dental benefits at a lesser cost and follow the recommendations of its broker as to renewal or switching carriers.

182. The borough shall annually survey employees to ensure any dependents enrolled in the group dental plan are eligible for benefits.

183. The borough shall include vision benefits in the Section 125 plan. If the employee elects to participate in the 125 plan and maintains vision coverage the cost of said coverage shall be deducted from the monthly payment.

184. The borough shall adhere to the recommendations of its broker and switch vision benefits to MEIT Optichoice beginning January 2003.

185. The borough shall annually survey employees to ensure any dependents enrolled in the group vision plan are eligible for benefits.

186. Working through its broker the borough shall attempt to secure group life insurance at a lesser cost.

187. All non-uniformed personnel shall have the same level of coverage.

188. The borough shall evaluate the cost of providing this benefit against utilization. It may be in the borough's best interest to drop coverage and self insure during the short term disability period or switch to a plan that increases the maximum from $100 to $400, which will result in perhaps an increased premium, but less overall cost to the borough since the borough would be saving $300 per week per claim.

189. If the borough self insures the benefit should not exceed 75% of the base compensation for the first 13 weeks and 2/3 of the salary for the additional 13 weeks.

190. The borough's broker has suggested switching the current carrier from Protected Home Life to Canada Life, which should result in a net savings to the borough. The borough should review its option relative to this benefit.

191. The borough should adopt a multi-year capital improvement plan for all its physical assets. This program should include a prioritization of infrastructure facilities and equipment needs, along with the identification of funding alternatives.

192. Working with the Act 47 coordinator the borough should determine financing alternatives for the capital improvements necessary to address the immediate and long-term issues surrounding the municipal building.

193. If privatization efforts are pursued relative to the borough's water and sewer facilities and funds generated from the sale of such assets over and above the defeasance of debt shall be set aside for the borough future capital needs and not utilized for the borough's operating needs.

194. The borough shall allocate all fringe benefit and direct payroll costs on a proportional basis for the costs of the three borough employees charged with management and accounting services.

195. The borough in its reimbursement request shall include all costs relating to workers' compensation including any premium debits and other increases to the basic rate including the experience modification factor.

196. The borough shall consult with the pension actuary to determine if any factor should be included in the quarterly reimbursement request. If the actuary feels that there is a measurable direct cost to the borough for pension benefits said cost shall be included in the reimbursement request.

197. In an effort to improve cash flow and maximize investment earnings the borough shall reimburse to the general fund, estimated costs relating to the sewage personnel on a monthly basis and deduct these estimated reimbursements from the quarterly requests.

198. A review of reimbursement requests indicates that the borough has not included workers' compensation costs in past requests. Effective immediately the borough shall review all back invoices that are available specific to total salaries that did not include requests for reimbursement of workers' compensation costs. A retroactive invoice shall be forwarded to include all costs listed in the recommendation section of the plan.

199. At the request of the sanitary authority the water authority shall shut-off all delinquent accounts in compliance with their rules and regulations.

200. The borough shall advertise through a request for proposals for an individual or firm to collect delinquent sewage fees.

201. The borough shall notify the municipal authority of its intent to modify the agreement for collections and maintenance of sewage accounts specific to the collection fees assessed as compensation for billing services. The cost for these services shall not exceed $1 per bill.

202. The borough shall request from the municipal authority a cost specific to just purchasing the meter readings. In cooperation with the Act 47 coordinator the borough shall assess alternatives in billing that may result in cost savings in billing services.

203. As part of the RFP to evaluate alternatives to the current billing services the borough shall include collections of delinquent accounts.

204. The borough shall discuss with the authority the potential for combining collection efforts on delinquent accounts through water shut offs. In addition, the borough should require the municipal authority to post any partial payments proportionally to both water and sewage.

205. The borough shall enter discussions with Hempfield and West Salem townships relative to the 25% and 15% retentions for billing and maintenance since more of the flat fee is for treatment as opposed to line maintenance. In addition, there may be some economy of scale if the borough would increase its staffing by one person for maintenance of all three municipalities and retain the maintenance costs from both Hempfield and West Salem.

206. The borough should to conduct a rate study to more accurately determine whether the existing rates are sufficient and equitable.

207. During the past two years the established residential flat rate was to be $189.05 per year, but it appears the borough has been billing at approximately $181 per year. The borough shall immediately increase the rate to $189.05 per year and consider an increase over the next two years to make-up for the lost revenue over the previous two years.

208. During 2003 the borough and sanitary authority, working with the coordinator, should evaluate ownership options relative to the long-term future of the sewage system. The borough and the authority should form a joint working committee to lead this effort.

209. The borough shall apply for Act 47 funding to assist in this study effort.

210. During 2003 the borough and municipal authority, working with the coordinator, should evaluate options relative to the future of the borough's water system. The borough and authority should form a joint working committee to lead this effort as they examine more closely privatization opportunities.

211. The municipal authority should undertake an independent operations analysis to review all phases of the authority's operations and suggest operational changes.

212. The municipal authority should retain a consultant to develop an independent rate study required under Act 203.

213. The borough shall apply for Act 47 funding for the above identified studies.

214. The borough should determine its long-range plan for the airport and should examine the issue of its ownership of such a facility that primarily benefits a limited number of private users.

215. The borough, during 2003, should examine its overall costs in support of this facility and review areas for future negotiations relative to the lease.

216. The borough shall review electric consumption and those costs over the prescribed costs identified as the boroughs in the lease shall be billed to the lessee.

217. If the current agreement cannot be renegotiated the borough shall, upon expiration of the current agreement, request proposals for providing management services at the airport. At minimum the borough should have no financial obligation toward paying costs related to utility or maintenance on the day-to-day operations of the airport.

SECTION III
BACKGROUND

This section of the recovery plan provides an analysis of demographic, economic and historic trends in the Borough of Greenville and population projections for the future. Regional population statistics will also be reviewed to gain an understanding of Greenville's population characteristics in relation to neighboring communities and Mercer County. This analysis will also examine the composition of the population as the distribution of age groups impacts on the need for public services and an assessment of the current community conditions that exist in Greenville.

As referenced in "Greenville Sesquicentennial History", Greenville is the oldest community in Mercer County. Its history dates back to the summer of 1796 when a hardy band of four young men from Westmoreland County ventured north along Indian trails in search for new home sites.

After returning to their Greensburg area homes for the winter months they came back with their families the following spring to begin their lives anew as Greenville's first white settlers. For the most part the early development was on the west bank of the Shenango River.

The little community of Greenville began to thrive and by 1828 had its own post office. Eight years later 68 citizens of the village presented a petition to the Mercer County court requesting that West Greenville, as it was known in those early days, be incorporated as a borough. West Greenville became a borough in compliance with a court order issued May 29, 1837.

In 1865, a group of leading citizens petitioned the Post Office Department to change the town's name to Greenville. Once it had been determined that there was no other Greenville in Pennsylvania the request was granted and the name change approved by postal authorities and the county court.

Even before Greenville's incorporation the federal government had ordered a study to determine the feasibility of connecting Lake Erie with the Ohio River Valley by canal. The canal was started by the State of Pennsylvania, but before it was finished the whole proposition was ceded to the fully incorporated Erie Canal Company. By January of 1842 the canal was completed from the mouth of the Beaver River at Rochester north to Greenville, a distance of 72½ miles. The 63½ mile extension north to Lake Erie was finished in 1844 and the first canal boat to pass through Greenville en route to Erie reached its destination in December of that year.

Transportation along the entire canal flourished until late 1871 when the lofty aqueduct, which conveyed the canal over Elk Creek in Erie County, suddenly collapsed. Canal transportation on the northern link ground to an immediate halt, but continued from Greenville south to Rochester for a few more years before eventually giving way to the railroads. Before the advent of the Erie Extension Canal and the dawning of the railway

age Greenville's industrial scene had been limited in large part to grist mills, saw mills, tanneries, carriage works, distilleries, and breweries.

The borough was originally incorporated as a borough on May 29, 1937 from parts of West Salem and Hempfield townships. During World War II the area became the staging route as the United States War Department transferred some 3,300 acres of rich Pymatuning Township farmland and potato fields three miles south of Greenville into one of the nation's two military replacement depots. In no time at all it blossomed into the largest Army installation in all of Pennsylvania in the 1940's.

Construction workers, civilian engineers and military personnel and their families flocked into the Greenville area not long after the survey work had been initiated in June of 1942. By the following year Greenville's population had skyrocketed from 8,149 to 13,015. That figure declined rapidly long before the camp's closing at the end of the war.

Greenville's economy has experienced various up and down cycles throughout history.

There was a time in Greenville's not too distant past when three industries, the Greenville Steel Car Company; the Bessemer and Lake Erie Railroad Company; and the Chicago Bridge and Iron Company (CB&I), represented the backbone of the community's economic structure.

With the coming of the 1980's all of that changed in a big hurry. Greenville's once stable industrial base experienced its initial blow during the summer of 1982 when the Bessemer closed its Main Street offices and cut back its shop operations, transferring scores of key personnel to the new corporate headquarters at Monroeville, Pennsylvania.

The job outflow continued with the complete pullout of the CB&I plant in 1983, the abandonment of Westinghouse Electric's small transformer division plant at Reynolds in 1984 and the ensuing severe cutback in Greenville Steel Car operations. The slow, but deliberate demise of America's railways was a prime factor in the operational slowdown at Greenville Steel Car. Between 1979 and 1986 ownership of the company had passed from Pittsburgh Forgings to Ampco-Pittsburgh and eventually to the Dallas-based Trinity Industries, Inc.

The job losses in the 1980's totaled over 3,000 from the above identified closings. Unemployment in March of 1985 reached a peak of 17.7%. In 2001, Trinity Industries closed its facilities. The redevelopment of this industrial property is key to the future revitalization of the borough.

These job losses, coupled with the loss of population, the increasing elderly population, the lack of growth in the tax base, and the high percentage of tax-exempt properties, have all contributed to the current economic situation facing the borough. The above

economic and social factors, coupled with the lack of planning and vision, and poor management decisions, have contributed to the borough's current crisis.

Table 1 shows the 10 largest real estate taxpayers in 2002. Table 2 shows the 10 largest employers in 2002.

TABLE 1
GREENVILLE BOROUGH
2002 TEN LARGEST TAXPAYERS

Name	Type of Property	2002 Assessed Value
Trinity Industries	Industry	$1,902,150
Greenville House	Senior Housing	$923,650
Greenville Clinic	Medical Offices	$386,750
Greenville Savings Bank	Banking	$380,000
Frederick George et al.	Apartment Complex	$321,145
Michael J. Yurisic	Rentals	$241,950
First National Bank	Banking	$231,150
Record Argus	Newspaper	$230,400
MCIDA	Rentals	$226,500
Max Little	Rentals	$217,200

Source: MCRPC

TABLE 2
GREENVILLE BOROUGH
2002 TEN LARGEST EMPLOYERS

Name	Type of Business	Number of Employees
UPMC Horizon Hospital	Hospital	868
Thiel College	Education	815
Greenville Area Schools	Education	299
Greenville Clinic	Medical Offices	165
Greenville Borough	Municipality	75
St. Michael's School	Education	48
Greenville Recreation Center	Recreation	34
Greenville Dry Cleaners	Dry Cleaners	31
Greenville Motors	Car Dealership	27
Phil Godfrey Motors	Car Dealership	27

Source: MCRPC

SOCIO-ECONOMIC CHARACTERISTICS

According to the 2000 census, Greenville had a population of 6,380. In 1950 the borough's population peaked at 9,210. Population trends indicate the borough has experienced a precipitous decline in population since 1960. Table 3 shows population trends in Greenville Borough and the surrounding townships of Hempfield and West Salem. Interestingly the regional peak occurred in 1970. Hempfield and West Salem remained relatively flat over the last three decades while Greenville continues to decline. The worst regional decline occurred during the period 1980-1990.

Table 4 shows the borough population by age group for 1980-2000. As can be seen, the largest age group, 15-24, is due to the Thiel College student population. The largest age group when Thiel students are excluded is the 65+ age group. The borough's population is steadily aging.

Table 5 shows the population without on campus Thiel students. As can be seen declines occurred in all age groups. One positive indication is seen by comparing the 15-24 in 1990 with the 25-34 age group in 2000. These groups are nearly equal and indicate that there was not an out migration in this age group over the period.

Table 6 compares the Greenville population (without students) by age group to Mercer County and the Pennsylvania percentage. The borough closely mirrors both the county and state percentages.

TABLE 3
GREENVILLE BOROUGH
POPULATION TRENDS

										Projection	
	1920	**1930**	**1940**	**1950**	**1960**	**1970**	**1980**	**1990**	**2000**	**2010**	**2020**
Greenville	8,101	8,628	8,149	9,210	8,765	8,704	7,730	6,734	6,380	6,822	6,529
Hempfield	1,572	1,726	1,840	2,152	3,133	3,628	4,078	3,826	4,004	3,877	3,719
West Salem	2,014	2,228	2,460	2,653	3,373	3,551	3,862	3,547	3,565	3,452	3,311
Region Total	**11,687**	**12,582**	**12,449**	**14,015**	**15,271**	**15,883**	**15,670**	**14,107**	**13,949**	**14,151**	**13,559**

Source: MCRPC

TABLE 4 GREENVILLE BOROUGH AGE GROUPS				
	Population			% Change
Age Group	1980	1990	2000	1980-2000
0-4	464	396	351	-24%
5-14	894	837	785	-12%
15-24	2,107	1,403	1,321	-37%
25-34	1,034	923	762	-26%
35-44	660	853	822	25%
45-54	706	608	753	7%
55-65	742	622	521	-30%
65+	1,123	1,092	1,065	-5%
Thiel Students				
Enrolled	929	744	787	
On-Campus	881	637	640	
Source: MCRPC				

TABLE 5 GREENVILLE BOROUGH POPULATION WITHOUT ON CAMPUS THIEL STUDENTS				
	Population			% Change
Age Group	1980	1990	2000	1980-2000
0-4	464	396	351	-24%
5-14	894	837	785	-12%
15-24	1,226	766	681	-44%
25-34	1,034	923	762	-26%
35-44	660	853	822	25%
45-54	706	608	753	7%
55-64	742	622	521	-30%
65+	1,123	1,092	1,065	-5%
Total	**6,849**	**6,097**	**5,740**	**-16%**
Source: MCRPC				

TABLE 6 GREENVILLE BOROUGH POPULATION WITHOUT STUDENTS					
	Greenville			Mercer Co.	PA
Age Group	1980	1990	2000	2000	2000
0-4	7%	6%	6%	6%	6%
5-14	13%	14%	14%	13%	14%
15-24	18%	13%	12%	13%	13%
25-34	15%	15%	13%	11%	13%
35-44	10%	14%	14%	15%	16%
45-54	10%	10%	13%	14%	14%
55-64	11%	10%	9%	10%	9%
65+	16%	18%	19%	18%	16%
Source: MCRPC					

The borough, like the county and Commonwealth, has an increasing elderly population. However, 20% of the population is under 15, indicating a substantial dependent population exists when one combines the age groups at each end of the spectrum.

Table 7 shows income and poverty for Greenville, Mercer County and the Commonwealth of Pennsylvania. As can be seen, Greenville incomes lag behind both Mercer County and Pennsylvania. Table 8 shows the percent of families below poverty. Although the percent of families below poverty has declined over the past decade, the borough has a greater percent than Mercer County and Pennsylvania. Table 9 shows the median household income for Greenville, Hempfield, West Salem, Mercer County and the Commonwealth of Pennsylvania. Greenville median household income increased during the last decade at the same rate as Mercer County and at a greater rate than Hempfield and the Commonwealth of Pennsylvania. Although the median household increase of the surrounding townships is higher they are growing no stronger than the borough.

Table 10 shows the labor force and employment information for Greenville, Mercer County and the Commonwealth of Pennsylvania.

TABLE 7 GREENVILLE BOROUGH INCOME & POVERTY				
Median Family Income	1979	1989	1999	% Change 1979-1999
Greenville	$17,965	$29,063	$38,869	116%
Mercer County	$19,975	$29,347	$41,776	109%
Pennsylvania	$19,995	$34,856	$49,184	146%
Source: MCRPC				

TABLE 8 GREENVILLE BOROUGH PERCENT FAMILY BELOW POVERTY			
	1979	1989	1999
Greenville	3.5%	14.1%	10.6%
Mercer County	6.6%	10.1%	8.8%
Pennsylvania	7.7%	8.2%	7.8%
Source: MCRPC			

TABLE 9 GREENVILLE BOROUGH MEDIAN HOUSEHOLD INCOME			
	1989	1999	% Change 1989-1999
Greenville	$22,121	$31,250	41%
Hempfield Township	$30,723	$38,396	25%
West Salem Township	$26,477	$38,480	45%
Mercer County	$24,599	$34,666	41%
Pennsylvania	$29,069	$40,106	38%
Source: MCRPC			

TABLE 10 GREENVILLE BOROUGH LABOR FORCE & EMPLOYMENT				
	Greenville		Mercer Co.	PA
	No.	%	%	%
Persons age 16+	5,143			
In civilian labor force	3,150	61.2%	58.1%	61.9%
In armed forces	0	0.0%	0.1%	0.1%
Not in labor force	1,993	38.8%	41.9%	38.1%
Civilian labor force	3,150			
Employed	2,845	90.3%	94%	94.3%
Unemployed	305	9.7%	6%	5.7%
Source: MCRPC				

HOUSING

According to the 2000 census, Greenville has 2,723 housing units. Two thousand four hundred sixty four (2,464) or 90.5% are occupied and 259 or 9.5% are vacant. Of the occupied units, 1,471 or 60% are owner occupied while 993 or 40% are renter occupied.

As can be seen in Table 11, Greenville's housing stock is relatively old as 88% or 2,386 of the total 2,723 units were built prior to 1960. Sixty three percent (63%) were built prior to 1940. Thus, Greenville's housing stock, although maintained relatively well, suffers from its overall age. Table 12 depicts the breakdown of housing values for the owner occupied units within the borough. The largest percent of values, 41%, fall in the $50,000-$100,000 range. Eighty six percent (86%) of all occupied units have a value of less than $100,000. From a value standpoint Greenville Borough offers some attractive values for younger families looking for a more rural setting. The 2000 census reveals that during the 1990's there was a significant movement within the borough's 2,464 occupied units as 1,449 units or approximately 60% saw changes. This may be indicative that the borough is beginning to see a positive turn over of its units and a gentrification of its housing stock.

Table 13 compares overall housing and household statistics for Greenville Borough with the surrounding communities, Mercer County, and the Commonwealth of Pennsylvania. The borough has a much higher percent of rental units, an increased number of single person households and thus a smaller household size than the surrounding communities, Mercer County and the Commonwealth of Pennsylvania. In large part this can be attributed to the Thiel College population and the higher elderly population.

TABLE 11
GREENVILLE BOROUGH
UNITS BUILT BY DECADE

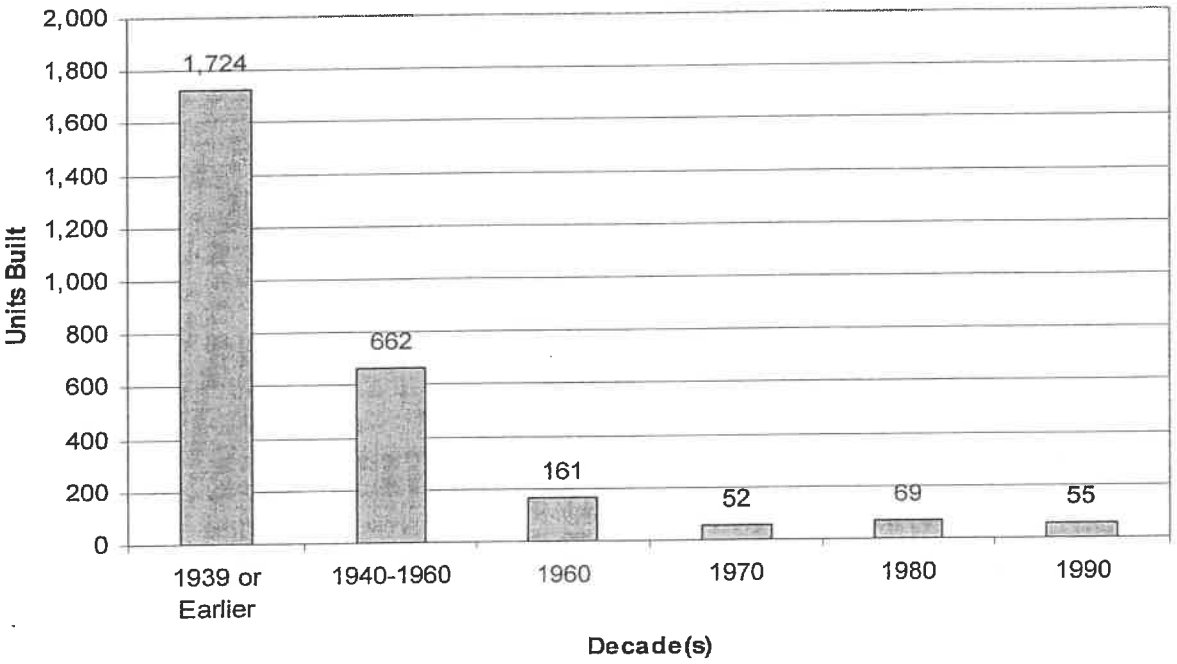


TABLE 12
GREENVILLE BOROUGH
BREAKDOWN OF HOUSING VALUES

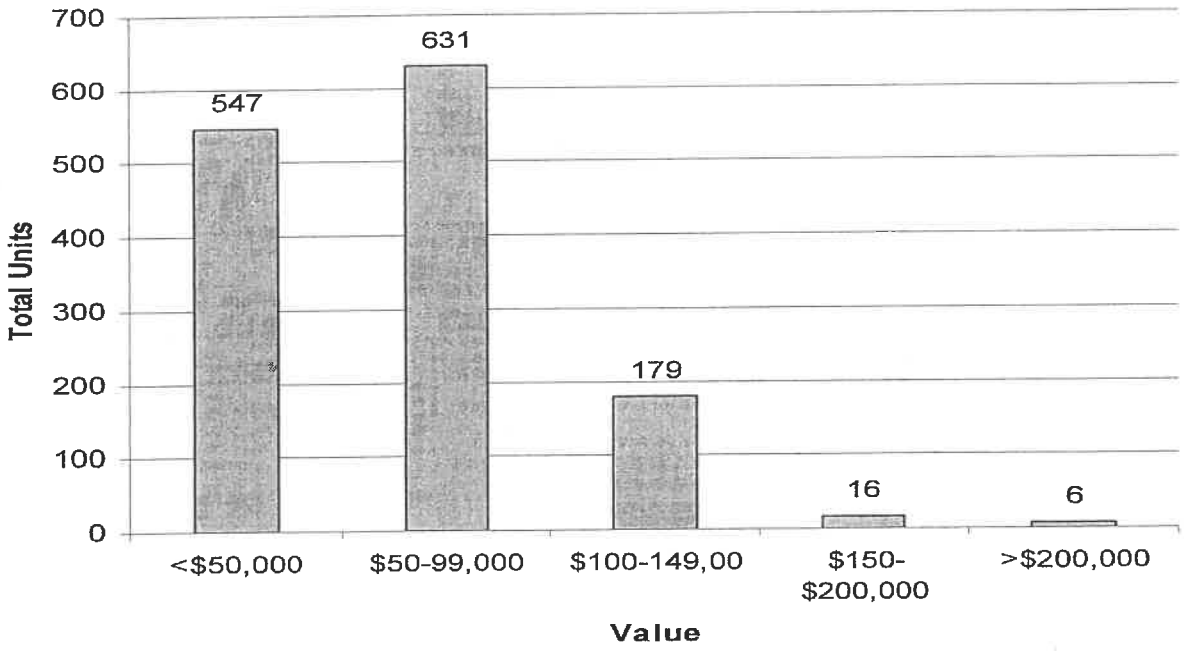


TABLE 13 GREENVILLE BOROUGH HOUSING STATISTICS								
	Greenville		West Salem		Hempfield		Mercer Co.	PA
	No.	%	No.	%	No.	%		
Total Housing Units	2,723	100%	1,441	100%	1,646	100%		
Occupied Units	2,464	90.5%	1,314	91%	1,590	97%		
Owner Occupied Units	1,471	60%	1,156	88%	1,343	85%		
Renter Occupied Units	993	40%	158	12%	247	16%		
Families	1,470	60%	984	75%	1,160	73%	69%	67%
Single Persons	864	35%	290	22%	386	24%	27%	28%
Avg. Household Size	2.28		2.51		2.41		2.44	2.48

While socio-economic and demographic trends have contributed to the financial difficulties of the borough, we do not feel they are the ultimate factors. The borough's tax base and revenues have remained relatively stable over the past six years. The borough has continued to have some flexibility to raise revenues through tax and fee schedules, and has in fact done so with the 2002 budget by increasing its real estate tax levy. The change in assessment ratio by the county has also provided additional taxing capacity for the borough though there is a concern over the borough's competitiveness within the region in this regard.

SECTION IV
PLAN SUMMARY & THEME

The answers to the multitude of problems faced by the Borough of Greenville are not easy or simplistic, and require a great deal of commitment and resolve on the part of the citizens, employees, and both appointed and elected officials of the borough.

Failure to address the many issues identified in the recovery plan will cause the already serious fiscal situation of the borough to rapidly deteriorate. The borough will see operating deficits in the $500,000 range and see the overall negative fund balance increase to upwards of $3.2 million.

That being said, the coordinator feels compelled to further recognize the efforts and resolve of the borough through its present council and management to tackle the many issues facing the borough. Borough officials have made a number of difficult budget decisions and have attempted to reduce spending to minimal levels in most areas. Therefore, the recovery plan is not a new beginning, but an extension of many efforts already underway. Many of the recommendations included in the recovery plan already have been or are being implemented to some degree.

During the development of this plan the RDM team has made every effort to be as equitable and as all encompassing as possible within the allotted time frame. The recovery plan that follows is a series of recommended actions that will reinforce the borough's ability to govern and allow it to buy the necessary time for its tax base to return.

The plan itself has two major themes. In the short-term the borough must work diligently at performing the basics of municipal government. *"Return to basics"* must be emphasized. In the long-term the borough must begin to think in a visionary way and pursue new approaches to both its structure and to the delivery of services. It is imperative that the Borough of Greenville, working with its neighbors, Hempfield and West Salem townships, recognize that despite political and geographical boundaries there is an interdependence on one another. Structural consolidation and merger and/or functional consolidation must be pursued. A new merged municipality with a population base of 14,000+ would be in a better position to address the community's needs in a much more effective and efficient manner. The political, business, education and financial leadership of the area must develop a new vision for the greater Greenville area. It is time for everyone to recognize the structural, demographic, infrastructure and service delivery issues are not just akin to the Borough of Greenville, but are present throughout the region. At a minimum the borough must begin to pursue regional approaches relative to the delivery of police; fire; uniform building code enforcement; parks and recreation; and public works.

The Borough of Greenville is not unlike other local governments throughout Pennsylvania. In fact, most local governments throughout Pennsylvania have tax bases developed for an economy in which employees live where they work and in which the major employers are taxable businesses. The tax base of today no longer matches the economic activity of the borough. The property tax of the borough has been diminished by the increasing number of tax-exempt facilities and the earned income tax diminished by the loss of residents to the outlying areas. At the same time the borough continues to provide regional recreation facilities and programs; regional first response to fire and emergencies; regional infrastructure in the form of sewer and water; and a regional airport facility.

SHORT-TERM INITIATIVES

In the short-term the borough must undertake the following:

- Improve revenue collection, both current and delinquent.
- Increase revenue through enhancements.
- Refinance existing debt to take advantage of market conditions.
- Pursue immediate expenditure reductions and cost controls.

Identifying methods of raising additional revenue to address budget deficits is never an easy or welcomed task. Much consideration has to be given to the make-up of the population base, the current tax burden placed on that population, and the potential impact on current and future businesses and residences. After further review and discussion the coordinator feels comfortable that the recommended revenue enhancements spread the burden of response to this fiscal crisis in an equitable manner and with as little potential negative impact on future economic and tax base development as possible. For this reason, the revenue enhancement under this plan places emphasis on the earned income tax and not on the property tax.

One of the major inadequacies noted in this report is the ineffective management of the overall collection system for 511 taxes and fees. It is not the individuals involved in the current collection system that is the problem, but the methods and tools utilized in the tax collection system. Current staffs assigned to this task are not maximizing overall collections because manpower is insufficient and the manual system utilized to collect the taxes is antiquated. Recommendations set forth in the plan provide cost effective options to address these issues and concerns that in turn will increase cash flow and total revenues in the immediate future. The borough has little option but to make real improvements quickly since movement toward financial recovery places a high degree of reliance in this area.

The tax rate for residential earned income tax has been increased in the first year of the plan from 1% to 1.7% effective January 1, 2003. This should add approximately $327,000 to the tax base in the first year of the plan, an additional $452,000 in the second year and another $467,000 in the third. In order to generate the 2003 projections the borough will need to seek court approval as early as possible once the

plan is adopted and request the tax increase be retroactive to January 1, 2003. The retroactive portion could be addressed when the individual taxpayer reconciles their taxes at the time a final return is filed in 2004.

The second major enhancement deals with the non-residential earned income tax which increases the rate from 1% to 1.5%. The borough would continue to collect the 1% tax as it is doing now and remit these taxes back to the appropriate taxing jurisdiction utilizing the procedures currently in place. The additional .5% would be retained in the general fund as part of the total general fund operating budget. In the first year of the plan this tax would generate additional revenues of $238,000. If the tax was not enacted until the second quarter the increased revenue to the general fund would be lessened by $76,000. A budget surplus to pay down on the deficit would be impacted by this amount, but adjustments in the second and third year budgets could make up for this budget shortfall. In the second year of the plan this added enhancement would increase revenues over 2002 by $304,000 and another $312,000 in 2005. Additional revenue would be added in the area of delinquent collections as tax collection practices and policies are improved.

Due to the high millage rate on the real estate and the borough demographics, this rate was recommended to stay as is. The only change was to eliminate all special purpose millages, except debt service, and set all millage for general purpose including fire, library, street lighting and recreation. Improvements in delinquent collections should improve current year collections while adding additional revenues through the delinquent collection process.

Revenue enhancements alone cannot be the sole source by which a balanced budget is created and it falls upon expenditure reductions to close the gap. Closing the gap between revenues and expenditures requires painful action. Revenue increases, primarily through higher rates, places a great deal of burden on the wage earners. These recommendations as outlined in the plan do not dwell on deep staff cuts and elimination of capital expenditures, but look to implement internal controls that will work to reduce spending. It is understood that the borough must maintain a certain level of service to its residents. Staff levels shall not be increased and the borough will be expected to look at viable options to sharing services with other communities in the area. One area that the borough will need to take the initiative to implement is dispatch and holding. Expected cost savings from eliminating dispatch and subcontracting holding could be as high as $25,000. This figure could be higher if economies of scale are achieved by maximizing the number of communities participating. The borough is currently in a shared service agreement to provide police service to West Salem. Although the revenues from this contract do not meet the minimum costs incurred by the borough for providing the service it could be the impetus to expand the service in future years. It is the Borough of Greenville's responsibility to take the lead in this initiative although efforts will save neighboring communities a significant amount of money in subsequent years.

The coordinator feels that the borough has been effective over the past few months in beginning to implement cost controls to limit and eventually reduce spending. Hiring freezes are in place and wage increases are tied to adherence to the goals set forth in the recovery plan and the cost of living.

The following is a list of changes and recommendations set forth in the recovery plan that will have the largest impact in reducing the negative fund equity for the upcoming budget year. The increase in revenues and decrease in expenditures is compared to the projections for the 2002 budget year.

TABLE 14
GREENVILLE BOROUGH
REVENUES & EXPENDITURES COMPARISON

	Description	Increased Revenue	Decreased Expenditure
Revenue Enhancements			
Residential EIT	Increased rate	$327,533	
Non-Residential EIT	Increased rate	$238,000	
Improved Collections & Reimbursements		$65,000	
Expenditure Reductions			
Hiring Freeze & Benefit Changes			$80,000
Dispatch/Holding Subcontract			$18,000
Misc. Cost Controls/Revised Procedures			$20,000
TOTAL		**$630,533**	**$118,000**
NET IMPACT			**$748,533**

The projected net impact on the 2003 budget under this recovery plan is estimated to be in the $750,000 range.. Comparing the 2003 budget to the actual expenditures and revenues estimated in 2002 will result in a positive movement of over $900,000. Those projections do not include other potential benefits that potentially could be made through debt refinancing, through additional sharing of services, and additional cost reductions through increased expansion of shared services detailed in the plan. As each of these areas begins to produce results the borough will be able to address capital needs of the community and decrease its reliance on the additional taxing authorities granted under Act 47. The large reliance on the revenue enhancements provide for a stable predictable tax base as the borough becomes more efficient in revenue collections and more effective as a service provider.

Currently in-house staff has begun to move toward this goal as some of the recommendations detailed in this plan are currently being implemented. Grant monies have been provided for in this plan to assist the borough in more easily attaining these goals.

LONG-TERM INITIATIVES

In addition to the short-term initiatives identified above, the borough must begin to address long-term issues, such as:

- Merger & Consolidation
- Functional Consolidation & Regional Delivery of Services
- Planning, Housing & Economic Development
- Water & Sewer Services – Public/Private Options
- Capital Improvements/Capital Budgeting

The recovery plan, although specifically addressing the financial condition of the borough over the next three fiscal years, outlines numerous recommendations to begin to address these long-term issues. The borough's ability to reverse the trend and remain viable depends on its commitment to manage and engage in long-term issues such as planning, housing, community and economic development.

The intent of this document is to provide the borough with a solid foundation to be able to provide a cost effective service delivery system. This is not a temporary solution in that the borough reverts to past practices a few years after the technical support and funding ceases. Applying solid practices to management of the operations will ensure stability long after the additional funding, revenue enhancements and technical support provided by Act 47 cease.

SECTION V
GOVERNMENT OF THE BOROUGH

Organization

Greenville is a borough organized under the Commonwealth of Pennsylvania by the General Borough Act of 1915, and most recently enacted in 1966. Greenville has a weak mayor-council form of government. The borough has seven wards and each ward has one council member for a total of seven elected council members and a mayor. Borough council has numerous standing and special committees including:

- Finance/Personnel
- Fire, Police & Traffic
- Streets/Public Service
- Parks & Properties
- Health & Sanitation
- Community Development
- Code Enforcement

The mayor, elected at large, has powers and responsibilities related to the supervision of the police department. The mayor can break tie votes of council and may also veto borough council's adopted ordinances. The mayor may recommend legislative action(s) for the borough council's consideration and can act as the ceremonial leader of the borough at various functions.

The borough's organization currently follows the model, which is standard for boroughs throughout Pennsylvania under the borough code. However, there are many special committees of borough council that meet or are utilized frequently.

The borough council appoints the following staff and professional advisors to act on their behalf and/or recommend their action on specific issues:

- Borough Manager
- Secretary
- Treasurer
- Police Chief
- Fire Chief
- Public Works Specialist
- Code Enforcement Officer
- Sewage Superintendent
- Solicitor
- Engineer

- Tax Collector
- Independent Auditor

In addition to the above identified committees and appointments, the borough has numerous authorities and commissions, including the following:

- Municipal Authority of the Borough of Greenville (water)
- Horizon Hospital Authority
- Greenville Sanitary Authority
- Planning Commission
- Historical Commission
- Shade Tree Commission
- Library Board
- Airport Commission
- Board of Health
- Building Code Board of Appeals
- Civil Service Commission
- Parking Commission
- Zoning Hearing Board

The borough manager, by Ordinance #829 adopted October 23, 1963, is the chief administrative officer of the borough and is responsible to the council as a whole for the proper and efficient administration of the affairs of the borough.

The manager, under the ordinance, hires and disciplines all employees.

Borough Goals & Objectives

When one looks at the current status of the borough in terms of fiscal constraints and service capacity, questions are raised relative to the long-term viability of the borough to function as it is presently organized. Over the long-term it is essential that the borough, along with its neighbors, seriously evaluate the pros and cons of municipal consolidation. In the near future certain opportunities for functional consolidations and purchasing of services from other municipal providers and providing services to others are the approaches that the borough should pursue. These approaches will obtain the most efficient services for the borough's population at the most affordable cost.

Decades ago the majority of the land in the borough had been developed. More recently the borough has experienced fiscal distress. This distress has required the borough to continually react to problems of an increasing magnitude.

The present borough council and manager have done an excellent job in addressing management issues prior to and during the development of this recovery plan. They are to be commended for the tenacity and steadfastness in their approach to address

these immediate problems. Unfortunately, the elected and appointed officials of the borough have not had the opportunity to focus on the municipality's future, except in a very short-term fashion. The development of a comprehensive plan for the borough, which is discussed in a later section of this report, will be very helpful in this process.

A municipality such as Greenville, which is mostly developed and experiencing numerous economic problems, is still capable of defining its future. Industrial sites and housing can be reused and/or redeveloped. The assets of the presence of Thiel College, the UPMC health facility, the excellent park system, and attractive housing values are all major attributes that must be marketed.

The process of redefining a community's future is both lengthy and intensive. The process of actually accomplishing this community redefinition will occur overtime, not overnight. It can, however, be accomplished. It will require regular adjustments to the municipality's goals and objectives after strategic analysis of the goals themselves and how to meet these goals.

Ordinance/Records

The Borough of Greenville ordinances were originally codified in November 1955 and recodified and adopted on September 13, 1977. An updated and revised Code of Ordinances was developed by Penns Valley Publishers and submitted to the borough September 28, 1998.

To date the revised code has not been officially adopted by borough council. The revised code contains four parts, which are:

1. The valid current ordinances of the borough contained in chapters 1-27.
2. The appendix which lists by abstracted title all ordinances of a temporary or "one-time" nature.
3. The key to the disposition of each ordinance ever enacted by the borough.
4. The index, which is an alphabetical arrangement of subjects.

Borough records may only be destroyed under the guidelines of the Pennsylvania Records Retention and Disposition Schedule. The borough needs to adopt this schedule as provided by this act and proceed to further organize its records. Municipal records that must be retained and should be set-aside in a secure location for specific periods of time are clearly identified in this schedule. Records that may be destroyed under this act must be clearly identified and acted upon by motion of the borough council at a public meeting. This organizational activity is necessary in order to keep municipal records accessible and up-to-date. The initial activity to reorganize municipal records may take a considerable amount of time and effort. Limited staff availability and time are not available for this type of effort.

Personnel Policies/Records

Federal and state laws, as well as a myriad of court decisions, all require different types of personnel policies, practices and record keeping. It can be the backbone of any legal challenge against the borough whether genuine or frivolous. It is also invaluable during certain types of personnel actions including promotion, demotion, and developing actions up to and including termination.

The borough in 1986 adopted Ordinance #1167, which was the Borough of Greenville Personnel Code, enacted on July 17, 1986. Resolution #1986-19 established the Personnel Rules and Regulations for the borough, which was further amended by Resolution #1989-3.

During 2002 the borough has been actively working on the development of an updated personnel policy and procedure handbook, which is currently in a draft form. On August 13, 2002 the borough, with the consent of the coordinator, adopted the following policies:

- Equal Employment Opportunity
- Sexual Harassment
- Substance Abuse
- Employee Discipline

RECOMMENDATIONS

1. **The borough should review the current number of committees and identify opportunities to dissolve or consolidate their roles and functions to reduce the number of meetings elected borough council members attend. The borough may want to consider operating as a general government committee or committee of the whole. Perhaps some existing committees could be reformulated as citizen advisory boards that report to council on a regular basis.**

2. **The borough shall annually devote time to arrive at a common set of borough goals and objectives. The meetings should be used to facilitate public opinion from all sectors of the community, as well as the region, to arrive at common goals. These annual meetings should be held prior to the adoption of the municipality's budget.**

3. **Despite the fact that the meetings should be annual, the focus of the goals and objectives should be long-range and create a vision for the municipality to work toward. These commonly arrived at goals and objectives would be useful for elected and appointed officials for developing municipal policies and plans.**

4. The borough shall immediately adopt the Pennsylvania Records Retention and Disposition Schedule.

5. The borough should seek out an intern through Thiel College to assist in the organization and computerization of municipal records.

6. The borough shall apply for an Act 47 grant to complete an update of the borough's codification of ordinances through 2002.

7. The borough shall review, amend and adopt the personnel policies and procedures handbook developed in 2002. Changes should be made to conform to recommendations outlined in various sections of this recovery plan.

8. The borough should apply for funding to DCED to study various intergovernmental/ regional initiatives identified throughout this recovery plan.

9. Each borough employee shall have a file prepared with essential information enclosed. It shall include full name; date of birth; current address; current position; date of hire; dates and types of all promotions or demotions; driver's license number (if required for employment); type of driver's license with restrictions relative to the employment noted; job description for the current type of employment; and record of all training received.

   The employee and his department supervisor and/or borough secretary/manager should review the current job description. The employee shall sign and date said job description and the supervisor shall also execute the same with a witness.

   Documentation included in the personnel folder should include the I-9 federally mandated immigration documentation; Pennsylvania required "Right to Know" training documentation; special training the employee may possess such as a Commercial Driver's License (C.D.L.); PA Act #120 Training; as well as any awards, citations or recognition received.

SECTION VI
FINANCE

OFFICE OF THE BOROUGH MANAGER

The position of borough manager is augmented by a treasurer and two secretaries. Considering the population and budget of the borough, the borough staff size appears to be adequate to address the needs relating to fiscal management. Current personnel are qualified and proficient in their jobs. The office itself is well organized and duties relating to each of the positions are well defined. No problems had been noted with internal control issues in recent audits, and monthly reporting and reconciliations are timely.

The borough manager is responsible for all issues relating to council meetings and the legislative actions taken at those meetings. From a fiscal standpoint the manager is primarily responsible for the annual budget, in addition to directing office staff and various department heads. In addition to managerial duties relating to the borough, the manager is the secretary/business manager for the Greenville Sanitary Authority, which reimburses the borough for 50% of his salary and benefits.

Secretary

As stated, the duties of the borough staff under the supervision of the manager are clearly defined. The secretary to the borough manager also acts as the notary for the borough. The secretary to the manager is responsible for recording all incoming receipts. In addition, the secretary is responsible for billing many different areas relating to reimbursable items and accounts receivable. Larger sewage customers are billed on a monthly or quarterly basis. Any additional services that would need to be billed from the borough office are also her responsibility. Other areas include the following:

Parking Permits

The secretary is responsible for the billing and follow-up of all parking permits issued by the borough on a quarterly basis. Presently there are 62 different permits and as money is collected it is deposited into a separate account. At the end of the year all revenues relating to the parking fund are transferred to the general fund. At one time the borough operated borough-owned parking lots under a parking commission. Over the last several years revenues relating to parking have declined. There is no enforcement of the parking permit spaces and the lots are not marked for permit parkers. The following recommendations are made relating to parking:

RECOMMENDATIONS

10. **The borough shall cease the practice of depositing parking permit revenues into the parking fund. Effective for the 2003 budget year the borough shall budget these revenues in budget line item 363.22 depositing monies into the general fund as they are received.**

11. **Effective the 2003 budget year the borough shall close all parking fund bank accounts.**

12. **The borough manager shall work with the police chief to develop a schedule to enforce regulations relating to permit parking in the borough. Only after proper assurances are made to the manager on the enforcement issues will the manager evaluate rates relating to parking permits. The borough manager shall then work with the coordinator to develop alternatives to increase parking revenues.**

In Lieu of Tax Payments

As part of her duties the secretary is responsible for the billing and collection of the payment in lieu of taxes on all tax-exempt properties. Each year a list is compiled of all tax-exempt properties within the borough noting assessed valuation and suggested donation toward the cost of borough services. To arrive at the amount of the donation to the borough the assessed value is multiplied by the millage and the organization is sent a letter requesting a donation in the amount of 10% of the total taxes that would have been due had the property been taxable. A review of the organizations that had been sent letters listed a total request of approximately $14,500. Through the end of September the amount remitted to the borough was less than $1,000. Because the borough has no authority to tax a tax-exempt property there can be no penalties assessed for non-payment of the requested donation. Since the cost and staff time associated with this entire process is minimal there is really no reason to cease this practice.

As can be seen on Table 15 a significant portion of the borough's tax base, 37%, is tax-exempt. The three largest employers in the borough, the college, UPMC Horizon, and the school district, are all tax-exempt.

The borough needs to tell the story of its overall finances to a variety of audiences. The borough must make its case to tax-exempt property owners who have a vested interest in the fiscal health of the borough.

TABLE 15 GREENVILLE BOROUGH 2002 TAX-EXEMPT PROPERTIES		
Property Owner	**Total Assessed Valuation**	**(If Taxable) Total Tax @ 31.5**
Shenango Valley Cemetery	$142,500	$4,489
Zions Reformed Church of Christ	$463,100	$14,588
American Legion Post 140	$124,950	$3,936
Hillside Presbyterian Church	$150,150	$4,730
Greenville Christian Assembly	$256,500	$8,080
Church of the Nazarene	$69,300	$2,183
First United Methodist	$717,050	$22,587
GAEDC	$462,350	$14,564
St. Clement's Church	$55,650	$1,753
St. Michael's Church	$519,300	$16,358
The Salvation Army	$82,350	$2,594
United Brethren in Christ Church	$49,400	$1,399
UPMC Horizon	$2,780,800	$87,595
The Good Shepherd Center, Inc.	$33,300	$1,049
First Baptist Church	$295,700	$9,315
Holy Trinity Evangelical Lutheran Church	$414,950	$13,071
First Presbyterian	$913,000	$28,760
Calvary United Methodist Church	$162,150	$5,108
Thiel College	$10,386,700	$327,181
TOTAL	**$18,079,200**	**$569,495**

RECOMMENDATION

13. **Voluntary Contributions: The manager and solicitor shall aggressively pursue additional voluntary contributions from the tax-exempt community to support borough services. In addition, the borough shall specifically negotiate with UPMC Horizon and Thiel College for payments in lieu of taxes. The borough shall continue to send letters on an annual basis requesting the donation utilizing an increased formula of 20% of value while the borough is under Act 47. Efforts should be made to review the list to add any new exempt parcels at least on an annual basis. Additionally, the borough should meet with each tax-exempt property owner to discuss the fiscal challenges the borough must deal with and the services it provides to the tax-exempt entities.**

Mechanical Device License Fees

The duties of the secretary also include the billing and collection of the mechanical device license fee. The fee for the license is currently $50 per year. There are currently 13 establishments registered to pay the fee and total revenues generated on an annual basis are less than $2,000. The borough has begun to utilize the police department to check the number of mechanical devices on site. Recommended changes, including the ordinance revisions, are as follows:

RECOMMENDATIONS

14. **The ordinance shall be revised to include the date that the mechanical device license fee is due for the year. Notification of the fee shall be mailed in January and the due date for payment of the annual fee shall be no later than February 28.**

15. **The license fee shall be increased to $200 per device.**

16. **Late fees for non-payment shall be established with a penalty for late payment of 10% of the total fee due. An additional interest charge of 1% per month shall be added on top of any penalty assessed.**

17. **The police and fire department inspectors shall periodically check establishments to ensure total fees paid match the number of machines on site.**

Pole Tax

The secretary also bills the annual pole tax to the water authority, Verizon, National Fuel and Thiel College. The fee is assessed at a rate of $20 per mile of conduit or pipe and has not been increased at least for the past 10 years or more. The fee generates approximately $2,300 per year and there are no problems relating to collection.

RECOMMENDATION

18. **The borough shall increase the annual pole tax to $50 per mile.**

In addition to the duties detailed above, the secretary is heavily involved in the day-to-day clerical functions of the office. Duties include opening and routing mail; transcribing the minutes of the council and sanitary authority meetings; in addition to answering phones and assisting in handling inquiries from the residents. The secretary is also responsible for notifying members of various boards of upcoming meetings and maintaining a monthly calendar of events.

With authorization from the manager the secretary issues purchase orders and orders supplies for various departments on an as needed basis. She ensures that legal notices are placed in the local paper in a timely manner and distributes information to various councils and boards.

This position is an integral part of the finance and business operation of the borough. In addition to duties relating to cash and receivables the secretary provides assistance to the borough treasurer. Outside of assisting in development of the bi-weekly payroll she works to ensure that all ordinances, resolutions and recording of minutes are kept up to date.

There is a second secretary in the borough offices that splits her time between code enforcement and other office related duties. This individual performs general office duties consisting of assisting with the daily mail, filing and general typing. This secretary is responsible for reviewing the delinquent sewage reports and sending the initial letters prior to forwarding the uncollectibles to the delinquent collector. She is also responsible for the deed transfers, yard sale permits and farm market permits.

Treasurer

The treasurer is the key individual for providing financial information to the manager and auditors. For all intents and purposes the treasurer serves as finance director for the borough. The treasurer is the individual primarily responsible for completion of the bi-weekly payroll for all borough employees. Department heads report payroll information to the treasurer and working with the manager's secretary all information is entered into the computer software program. All payroll related tax deposits have been completed in a timely manner and reporting for both state and federal tax purposes has been timely with no problems noted.

For the general ledger and payroll the borough utilizes Peachtree software which is not a traditional fund accounting software package. No recommendations are made at this time to change the software package because separate funds are maintained and reporting is presented in a manner that fits the requirements of the manager and elected officials.

Responsibility to complete the monthly reconciliations and the monthly budget reports are also charged to the treasurer. Analysis is completed and forwarded to the manager specific to the monthly variances, overtime and other information that may be relevant at the time. Much of this information is necessary for input into subsequent year budget preparation with the council budget committee. The general ledger software appears to provide sufficient information and reports are presented in a format that is easy to read and understand. Problems relating to report timing in the past appear to have been corrected and all reports relating to the general fund are completed in time for distribution at the monthly council meetings.

Many of the forms that must be completed relevant to the state reimbursements are completed by the treasurer. A review of these reports indicated that the borough had been timely in its submissions and that no problems had been noted. On whole the department appears to be structured to meet the needs of the community and individuals work well together. It is felt that problems relating to the financial position of the borough are not a direct result of poor management of the procedural responsibilities within the finance department and that any changes recommended by adoption of the recovery plan will be implemented in a timely manner and effectively managed during the recovery period.

Accounting and reporting in the finance department is the primary responsibility of the borough treasurer. Responsibilities of this position include the daily deposits. Daily revenues are written up for deposit in a manner that would permit recording into the general ledger. The treasurer is responsible for taking all deposits to the bank on an as needed basis. Currently the borough maintains a range of funds with appropriate accounts maintained for each such fund. A review of the accounts for various fund types will be presented following a description of the accounting structure.

The following overview of accounting structure and accounts has been reprinted from the annual borough audit as prepared by Black, Bashor & Porsch, LLP:

Accounting Structure

The accounting policies of the Borough of Greenville conform to accounting principles generally accepted as applicable to governmental units.

The accounts of the borough are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. Account groups are used to establish accounting control and accountability for the borough's general fixed assets and general long-term obligations.

General Fund

The borough utilizes a general fund which accumulates and reports all general borough financial transactions not accounted for in any other fund.

The general fund is the principle fund of the borough used to account for all financial resources except those required to be in another fund.

Capital Projects Funds

The capital projects funds are used to account for financial resources related to general fixed assets, acquisitions, construction and improvements.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expandable trusts, or sources for major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and payment of, interest and principal on debt reported in the general long-term debt account group. The fund included in this category is the 2000 Bond Sinking Fund.

Proprietary Fund Types

These are the funds that account for the operations of the borough that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is:

> Enterprise Fund: The enterprise fund is used to account for the operations of the sewer system.

Fiduciary Fund Types

These are the funds that account for the assets held by the borough as a trustee or agent for individuals, private organizations, and/or other governmental units. The funds included in this category are:

> Expendable Trust and Agency Funds: Expendable trust and agency funds are used to account for assets held by the borough as a trustee or agent for others. These funds include the non-resident wage tax distribution fund.

Basis of Accounting

The modified accrual basis of accounting is used for all funds except the sewer system fund. Modifications in such method from the accrual basis are that certain revenues are recorded as received in cash except for revenues susceptible to accrual. Expenditures are recorded on an accrual basis except for certain items which are considered expenditures at the time of payment.

The accrual basis of accounting is followed for the sewer system funds whereby revenues are recognized in the period in which the revenues are earned and become measurable, and expenditures are recognized in the period incurred. Under this basis of accounting, the borough applies: (a) all GASB pronouncements, and (b) FASB statements and interpretations, APB opinions, and accounts research bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

The account groups of the borough are used to establish control and accountability for the general fixed assets and general long-term debt. These account groups do not reflect financial resources available for expenditure and related liabilities, but are accounting records.

Government Accounting Standards Board Statement Number 34

The Governmental Accounting Standards Board of the Financial Accounting Foundation has issued Statement Number 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". The statement significantly changes financial reporting requirements for state and local governments and requires a management discussion and analysis letter.

Budgets & Budgetary Accounting

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting.

The Pennsylvania Borough Code dictates specific procedures relative to adoption of the borough's budget and reporting of its financial statements, specifically:

- The borough, before levying annual municipal taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The borough is required to prepare a proposed budget at least 30 days prior to the adoption of the budget. The proposed budget must be available for public inspection for a period of 10 days, and this fact must be published in a newspaper of general circulation.
- After the 10 days referred to above, the budget may be revised. The final budget must be completed by December 31, and an ordinance levying the taxes together with the budget must be filed with the Department of Community and Economic Development.
- Council may modify the budget after final adoption provided that the appropriations, transfers, or expenditures are available within current year's revenues or borrowings allowed by law.

The following identifies the cash accounts of the borough by fund:

General Fund

General Fund Checking: The purpose of this account is to pay routine invoices and make daily deposits. The account generally has enough cash to meet short-term obligations and fees are minimal.

General Fund PLGIT: Money market arm of the general fund which maintains a majority of the short-term investments for the borough. Money that is not needed for cash flow in the short-term is wired to PLGIT which offers a competitive interest rate.

Payroll Account: The borough utilizes a separate account for payroll and payroll related taxes. There are no fees with the account and balances are only what are necessary to meet immediate payroll obligations.

Computer Escrow Account: Grant fund for computers that can be closed when the balance of the funds are paid out by the end of July.

Airport Account (Fuel): General fund non-interest bearing account carrying a balance of approximately $1,000. There are no fees associated with this account.

Hanger Improvement Account: Grant fund with a balance of approximately $1,000. There are no fees assessed to this account.

Airport Hanger Rental: The balance in this account is over $11,000. The account pays no interest.

Airport Parking Lot Grant: Balance of approximately $1,800. Account has no fees and activity is limited.

Police DUI Grant: Grant fund with minimal balance of $35. Balance of grant funds should be expensed and the account can then be closed.

Senator Robbins Grant: State grant fund that the borough has allocated expenses to the purchase of a new police car, computer equipment, tractors for the parks department, and a new dump truck.

Accounts relating to other funds are as follows:

Street Lighting Fund

Street Lighting Checking: Checking account for real estate tax deposits relating to the street lighting component of the millage assessment.

Street Lighting PLGIT: Money market component of the account.

Sewer Fund

Sewer Operating/Checking: Non-interest bearing account in place to pay invoices and reimburse for payroll related expenses incurred from the general fund. Reimbursements to the general fund should keep the balance at a minimum.

Sewer Reserve Capacity Checking and PLGIT: Two accounts with balances in excess of $623,000 to be utilized in the event additional capacity is needed at the sewage treatment facility.

Parking Fund

Parking Fund Checking: Checking account for the purpose of depositing monies relating to parking in the borough. At the end of the year these revenues are transferred to the general fund.

Capital Improvement Fund

Capital Improvement Checking: Checking account with a balance of $25.65.

Capital Improvement PLGIT: Money market component with balance of $12.02.

Sewer Expansion Fund

Sewer Expansion Checking

Capital Reserve Fund

Capital Reserve Checking

Liquid Fuels Fund

Liquid Fuels Checking: Checking account to reimburse the general fund for related expenses.

Liquid Fuels PLGIT: Money market component of the account.

Rehab Fund

Rehab Checking: Account relating to expenses of the Community Development Block Grant.

Non-Resident Wage Tax Fund

Non-Resident Wage Tax Checking: Basic checking account to reimburse municipalities for taxes collected on the borough's non-residential earned income tax.

Non-Resident Wage Tax PLGIT: Money market component of the non-resident EIT.

RECOMMENDATIONS

19. **The borough shall request proposals for banking services to compare with the level of banking services received at this time. The borough should seek a bank that would provide at a minimum a sweep account that would offer a competitive rate of interest without the necessity to wire excess funds on a routine basis.**

20. **The borough shall investigate alternatives to PLGIT that offer competitive short-term interest rates on idle funds. At minimum the borough should look at other local banks and the Pennsylvania Invest Program as options.**

21. **The borough should look to combine all airport accounts into a special revenue fund with a money market component. Expenses relating to the airport accounts can be segregated.**

22. **Both street lighting accounts shall be closed when all revenues have been spent. New millage rate for the upcoming budget will not contain a millage for street lighting.**

23. **The borough shall investigate investment options for the sewer reserve capacity checking and PLGIT accounts to optimize investment earnings. Sewage reserve funds may be included in the RFP for banking services.**

24. **The parking fund checking account shall be closed and parking shall be budgeted as part of the general fund.**

25. **The capital improvement fund and the liquid fuels account shall be part of the RFP for banking services. It is anticipated that both a checking and money market component will be needed in the future.**

26. **The borough shall evaluate GASB 34 and its provisions and begin taking steps in 2003 working with the coordinator and the auditor to implement its provisions.**

27. **The following funds should be maintained: General Fund; special funds for airport, capital improvements, liquid fuels; an Enterprise Fund for sewer; and a Fiduciary Fund for pension.**

28. **Due to the number of expenses that are reimbursable to the general fund the borough shall make separate appropriations in each budget area specific to workers' compensation, FICA, Medicare, and group medical benefits. FICA and Medicare can be allocated via the payroll software and the insurance invoice can be broken down by the broker on a monthly basis and allocated upon payment of the invoice. Workers' compensation costs can be estimated and broken down by department on each invoice as a percent of the total for each department. This will show more accurate costs relating to specific departments on the monthly budget reports.**

Purchasing

The borough has instituted a new purchase order system to better monitor and control discretionary spending costs. Department heads have become accustomed to the new system and problems relating to direct purchases that circumvent the purchase order system in place are minimal. If a purchase is required the department head makes a request through the secretary to the borough manager. Upon authorization from the manager the completed purchase order is forwarded to the treasurer where it is then matched to the invoice for inclusion for payment.

RECOMMENDATION

29. **The borough shall review its policy for purchasing as it relates to prices and quotes. At minimum this policy shall include levels that require additional comparative quotes prior to purchase.**

Employee Benefit Package

Included as part of the responsibilities relating to the position of treasurer is management of the employee benefit package. The borough has appointed a broker to assist in the placement of the actual plans, but the treasurer is responsible to ensure that employees are maintaining appropriate benefit coverage. With cost increases expected in the range of 19% this year, controls must be in place to ensure that ineligible dependents are not on the plan and duplication of benefits is at a minimum.

The treasurer is responsible for reporting of changes in benefit coverages and forwarding COBRA forms when applicable. In addition, the treasurer also completes all forms relating to pension, unemployment and workers' compensation.

Reimbursements Administration

Reimbursements of costs relating to the school crossing guards are also the responsibility of the borough treasurer. The borough employs three crossing guards and reimbursement requests are forwarded at the end of the school year. The reimbursement request includes salary, FICA and workers' compensation with the school district responsible for half the cost.

Greenville Area Leisure Services Association

Other areas that require submissions for reimbursement are the Greenville Area Leisure Services Association. No problems were noted with the reimbursement requests with the exception of the workers' compensation.

School District Employed Police Officer

The borough is also reimbursed by the school district on a quarterly basis for a police officer employed at the schools.

The borough requests reimbursement of salary and fringe benefit costs, and the following recommendations are made relating to reimbursement of all direct personnel costs of the borough:

RECOMMENDATIONS

30. **The borough shall include in its request for reimbursement any other costs relating to the employment of the school crossing guards. These costs shall include, but not limited to, uniforms or equipment relating to the crossing guards.**

31. **In its reimbursement request the borough shall include all costs relating to workers' compensation, including any premium debits and other increases to the basic rate including the experience modification factor.**

32. **At minimum the borough shall make requests for reimbursements on a quarterly basis.**

33. **Due to the amount of money advanced to GALSA reimbursement estimates shall be made monthly and deducted from the actual invoice which is completed on a quarterly basis.**

34. **The borough shall consult with the pension actuary to determine if any factor should be included in the reimbursement request. If the actuary feels that there is a measurable direct cost to the borough for pension benefits said cost shall be included in the reimbursement request.**

TAX COLLECTION

General

As detailed throughout this report many changes have been recommended involving tax rate changes; penalties relating to late charges on taxes and fees; and overall tax collection policy and practice. The following recommendation is made as a preface relative to all 511 taxes and all borough fees:

RECOMMENDATION

35. **The borough shall pursue a one time tax and fee amnesty program for all 511 taxes and fees owed to the borough as of the date of the adoption of this report. This program should remain in affect for a period not to exceed 60 calendar days and should exonerate all penalties and interest charges assessed through December 31, 2002.**

Real Estate Taxes

Assessment and Collection Trends

Effective in January of the current budget year, Mercer County adjusted its ratio of assessed to market value for taxation purposes from 33% to 100%. As a result of this change the taxable assessment tripled and the tax millage was adjusted accordingly. The charts on the following pages have been adjusted to provide an apples to apples comparison of millage rate and tax base back to 1996. Total assessed value has remained relatively stable fluctuating less than 1% over the prior seven years. Conversely the millage rate has increased from an adjusted rate of 18.67 to the current year level of 31.5 mills.

In reviewing the consultative evaluation of the Borough of Greenville dated April 8, 2002 revenues collected as a result of the property taxes has increased from $723,283 in 1996 to over $960,000 in 2001. Noted in this evaluation was that although the amount of revenues relating to the property tax continued to increase, the collection rate was inversely proportional to the millage rate. As the millage rate increased the collection rate declined. The chart in the consultative evaluation, however, appears to be inclusive of all taxes collected including those relating to special revenue and delinquent taxes.

A better indicator of effectiveness in tax collection is to review collection rates specific to current year collections only. Based on a review of the current audits the borough was collecting almost 91% of the current year taxes in 1996. The inverse relationship of the millage rate to overall collection rate is confirmed by Tables 16 and 17, which clearly show that as the millage rate was increased the overall collection rate declined. This has had an adverse effect on the budget since the anticipated increase in tax revenues has failed to materialize fully due to the fact that collection rates have declined over time.

Since 1996 the borough has continued to increase its reliance on revenues from real estate increasing millage rates in each of the past five years. Current millage for 2002 is 31.5 broken down as follows:

General Purpose	15.00 Mills
Debt Service	10.50 Mills
Recreation	2.50 Mills
Street Lighting	2.75 Mills
Fire	.50 Mills
Library	.25 Mills
Total	31.50 Mills

From 2001 to 2002 the borough had increased the millage rate as adjusted for the change to full market value from 25.33 mills to 31.5 mills. Total collections based on a 100% collection rate would have generated tax revenue of $1,240,911. During the 2002 budgeting process the borough elected to budget $1,043,272 excluding revenues relating to the street lighting fund. An acceptable collection rate for current collections is in the mid-90% range. Based on historical trends in collections over the final quarter of the year it appears that the borough will fall slightly short of the budgeted amount and the collection rate appears to be dropping to a level of about 86.4%.

The total taxes in this area account for 38% of the total budget. In the two years prior the current property tax collection represented almost 45% of the current general fund revenues. Collection rates indicate that they may have reached their effective limit in that any future increases will increase the level of delinquencies thereby negating any anticipated revenue gains.

It does not appear that there will be any large development in the near future and assessment levels at best will remain flat. The borough cannot expect to continue to fund a spiraling deficit with continued real estate tax increases and must look to a combination of other revenue enhancements and more cost effective means of service delivery.

RECOMMENDATION

36. **The borough shall eliminate all special purpose millages with the exception of debt service. Expenditures now relating to special assessments can then be budgeted as general fund expenses and paid accordingly. Debt service can be budgeted and paid through the debt service fund.**

Office of the Tax Collector/Real Estate

Collection of real estate taxes in the Borough of Greenville is charged to the elected tax collector. During the development of the recovery plan an interview was conducted along with a number of follow-up conversations to assess current collection practices and to make recommendations for improvements in the operation of the office.

The current collector has an office in her home and is open to the public at least two days per week. The elected collector is a former employee of the borough and is extremely familiar with borough operations and the dynamics of the community. She is paid a salary of $4,275 along with expenses to collect current year real estate taxes.

As part of her duties the collector is responsible to collect real estate taxes for the borough, county and school. The collector utilizes a firm to assist in the set up of the billing and the county prints one bill for the borough and county taxes. Records are maintained on a computer system and posted to individual accounts as payments are made. Taxes are mailed early in the year and property owners are given the customary 60 day period to pay the tax at discount. After the end of the discount period a 60 day face period is available prior to the tax going into penalty.

The office is a one person operation responsible for the billing, collecting and processing of 2,689 tax bills. Deposits are made as deemed necessary by the collector and remittances and reports are provided to the borough on a monthly basis. As required by the new tax collector law, reports and reconciliations are made on a monthly basis. At the end of the year the tax collector prepares a list of uncollected taxes and forwards the list to the borough for review by January 15 of the following year. Records are audited and presented in detail in the annual audit report. At the end of January the taxes are then forwarded to the Mercer County Tax Claim Bureau where they are liened and moved through the collection process.

The collector was not aware of the total amount of unpaid taxes that was currently on file with the tax claim bureau, but provided information that showed $84,139 was turned over to the bureau in the previous tax year. In reviewing the audits for the prior four years it was noted that the amount of property taxes determined to be uncollected has increased from $110,000 in 1998 to over $167,000 in 2001. Collections remitted to the borough over the past four years have increased from $55,000 a year in 1998 to almost $64,000 in 2001. Although delinquent collections may increase over the 2001 number this year, it is felt that the total amount of uncollected taxes will continue to increase over the next several years if current trends continue.

In addition to collecting current year taxes, the tax collector is responsible to process refunds for payments that may be due to a reduction in assessment through the appeal process. Notification of any change in assessment is forwarded to the elected collector and a personal request must be made by the taxpayer prior to processing any refunds. Once this request is received a calculation of the refund is made and forwarded to the borough. The borough then reviews the information and cuts a check for the refund to

the taxpayer. The collector makes no determination as to the appropriateness of the reduction nor does she make any recommendations to pursue an additional appeal on the part of any of the taxing bodies.

A review of the assessment trends indicates that there has been a relatively stable tax base and refunds have not been excessive. It is, however, very important that any assessment reduction be reviewed and recommendations would have to be made relative to any challenges to the original appeal. It is not the responsibility of the elected tax collector to make such determinations, but it is felt that if the collector feels that a reduction is out of line it should be brought to the attention of the manager.

A final duty of the elected tax collector relating to property taxes is completion of the tax certifications. The collector is responsible for completion of the tax certification and retains the fee for processing.

On whole the office of the elected tax collector relating to property taxes appears to be efficient and well maintained. Records are well maintained and accurate. No problems were noted in the audit and a decline in the collection rate is not a function of this office. There are, however, several recommendations that can be made that would have a positive impact on helping to improve collections in the current year.

RECOMMENDATIONS

37. **The tax collector shall mail a final notice of taxes due in late October of each year notifying the property owner of the potential delinquency. As part of the notification the collector shall advise the taxpayer of the amount due with applicable penalties. The notification shall include an outline of the process that will occur after the duplicate is forwarded to the delinquent collector.**

38. **The borough shall review all applicable ordinances relating to property taxes specific to interest and penalty charges on late payments. Interest and penalty charges shall be increased to the maximum permitted by law.**

39. **To improve cash management of the borough the collector shall remit tax deposits to the borough on a bi-weekly instead of a monthly basis. During discount and face periods deposits shall be made weekly. Reporting relating to collections and deposits need only to continue on a monthly basis.**

As discussed earlier, the decline in collection rates and the subsequent increase in outstanding property taxes is a concern. Alternatives exist that may increase collections of delinquent taxes that could significantly decrease the amount of outstanding property taxes due to the borough. An effective delinquent program will in turn work to increase collections of current year taxes in subsequent years. The following recommendations are made as an alternative to the Mercer County Tax Claim Bureau:

RECOMMENDATIONS

40. The borough shall take action to request proposals for the collection of delinquent property taxes. The sole determinant for selection shall not be cost alone, but shall include available services, past performance, and recommendations.

41. Within 90 days after the adoption of the recovery plan the borough should choose to either continue to retain the Mercer County Tax Claim Bureau or appoint a new collector for delinquent taxes. If the borough elects to move in a new direction the manager shall review the lien tax docket and transfer records to the new collector.

42. If the borough makes the selection to appoint a new collector the records shall be forwarded and notices shall be sent within 90 days of the appointment by council.

43. The borough shall discuss any ordinance modifications that may be required to ensure that all fees and costs relating to the collection process are passed on to the delinquent taxpayer as a cost of collection.

44. The borough shall evaluate all delinquent parcels and those thought to have sufficient value shall be designated for sheriff sale.

45. The borough shall begin discussions with the school district relative to parcels designated for sheriff sale to formulate an agreement to share in the cost of any upcoming sales due to the fact that both taxing bodies will benefit.

46. The borough should investigate the options available through redevelopment authorities to move severely delinquent parcels back onto the tax rolls.

TABLE 16 GREENVILLE BOROUGH REAL ESTATE TAX COLLECTION					
	1998	**1999**	**2000**	**2001**	**2002**
Total Assessment	13,182,400	13,155,050	13,130,300	13,100,750	39,394,250
Total Millage (including special purpose)	55	56	66	76	31.5
Total Collectible	725,032	736,683,	866,600	995,657	1,240,919
Total Taxes Collected (from Audit)					
General Purpose	574,759	598,099	738,265	844,228	1,010,756
Special Revenue	83,764	65,129	47,630	46,966	61,875
Total	658,523	663,228	785,895	891,194	1,072,631
Collection Rate (Current Year)	90.83	90.03	90.69	89.51	86.44

TABLE 17
GREENVILLE BOROUGH
REAL ESTATE TAX COLLECTION RATE

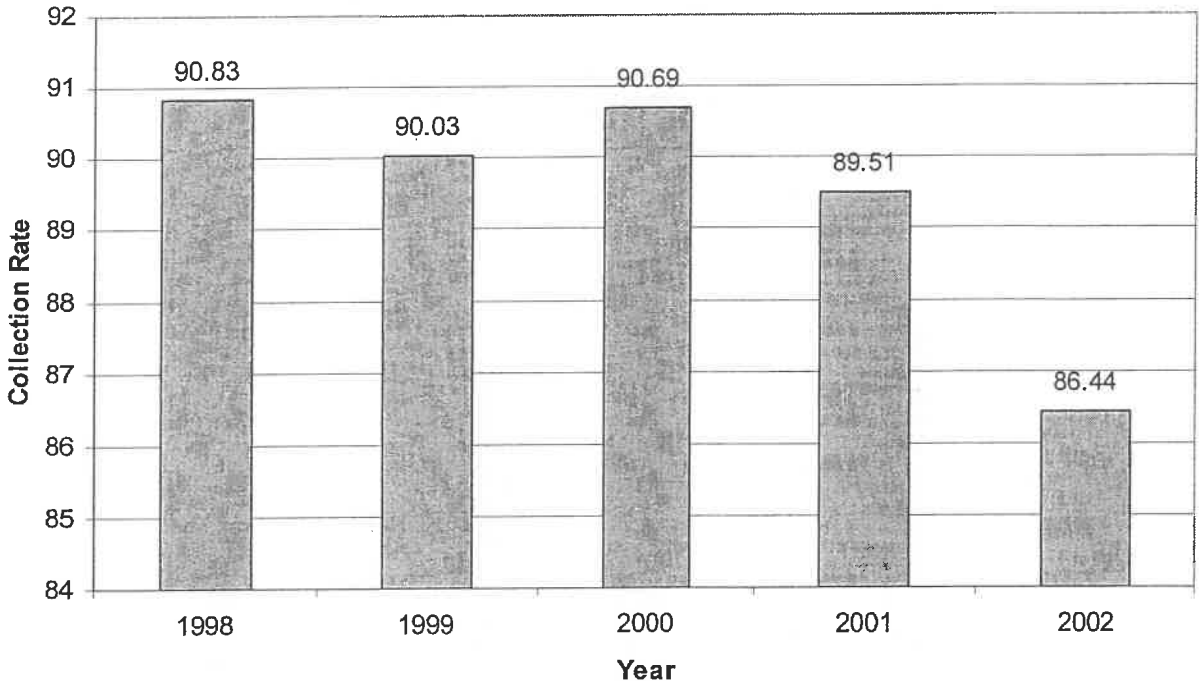


TABLE 18
GREENVILLE BOROUGH
DELINQUENT PROPERTY TAX

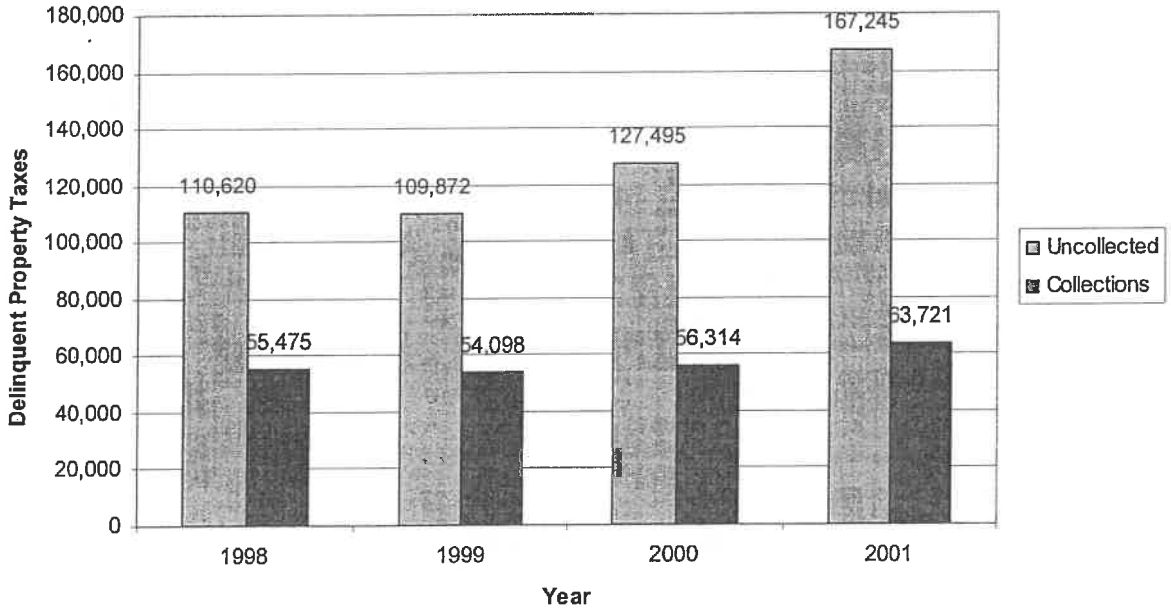
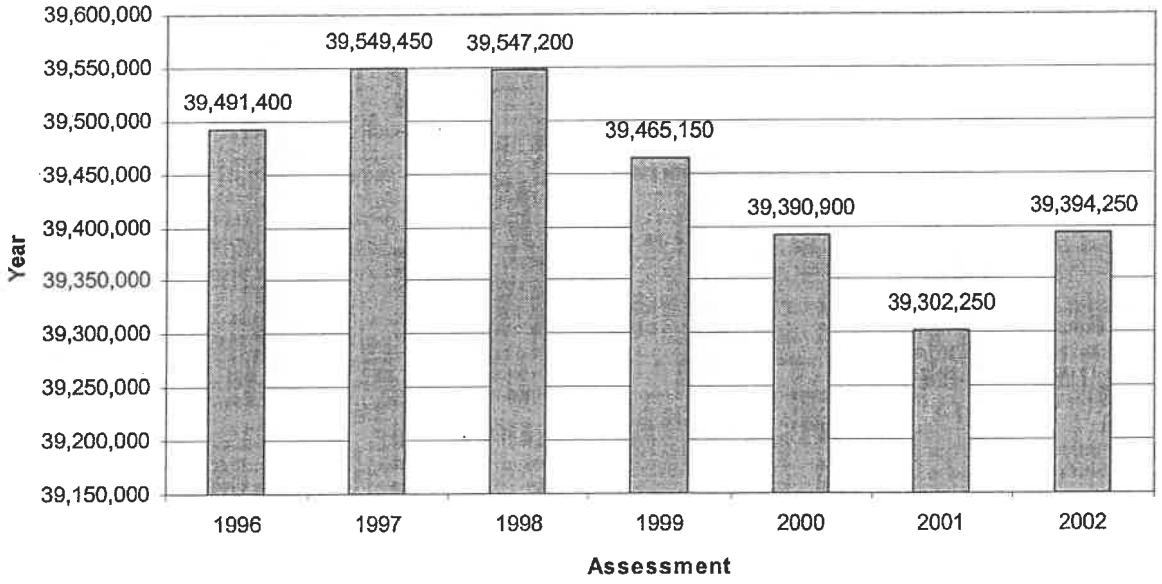
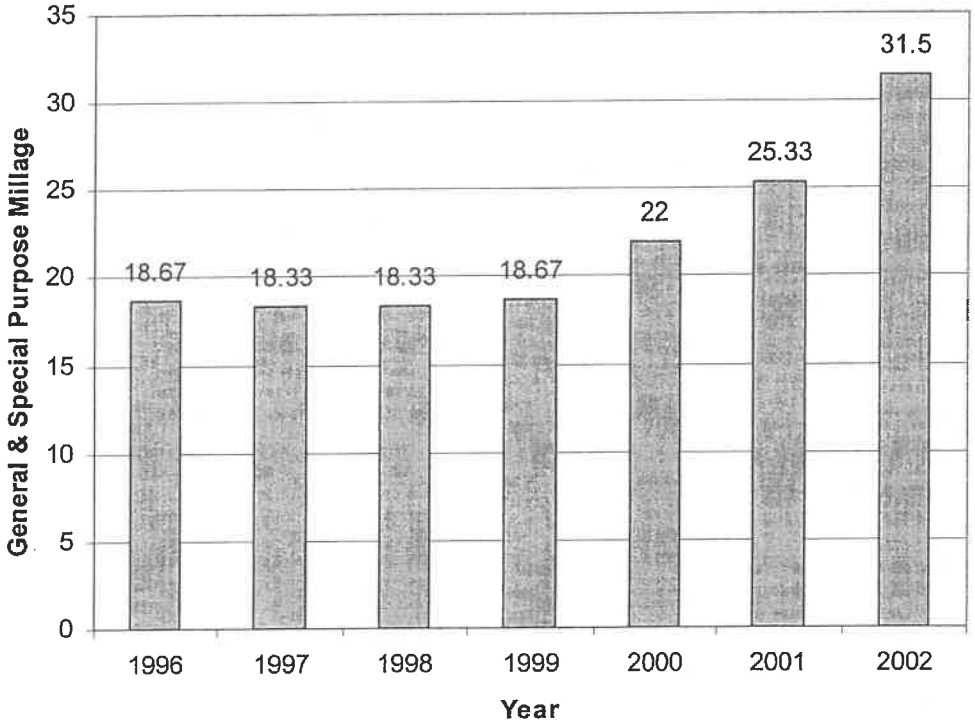


TABLE 18
GREENVILLE BOROUGH
ASSESSMENT TRENDS



Assessments adjusted to reflect increase in assessment to 100% market value.

TABLE 20
GREENVILLE BOROUGH
PROPERTY TAX MILLAGE TRENDS



Tax Collector

Earned Income Tax

The Borough of Greenville imposes an earned income tax of 1% levied on all individuals domiciled in the borough as authorized under Ordinance #902 of 1966, re-enacted and continued thereafter by Ordinances #988, #1029, #1044 and #1061. The ordinance extends to non-residents who are not required to pay a similar tax elsewhere. The tax ordinance was adopted December 1, 1966 with the school district sharing in 50% of the residential collections. There is no sharing provision in the 1% tax on non-residents. To ensure collections are made from all non-residents the borough requires that all companies within the borough withhold the 1% earned income tax on all employees regardless of domicile. All tax collections are remitted to the borough tax collector on a quarterly basis and forwarded to the borough semi-annually.

During the formulation of the recovery plan an interview was conducted with the appointed 511 collector. As part of the interview process and subsequent discussions, the collection process relating to earned income taxes was reviewed. It was noted that the elected tax collector was appointed by the borough to act as the 511 collector at a salary of $9,600 per annum. The elected tax collector also is responsible for the collection of the school earned income tax. In that position the collector is responsible

for maintenance of the records and collection of the residential earned income tax. An office is maintained within her home at the same location that the property taxes are collected.

As outlined in the real estate section of this report the office of the tax collector is accessible and well maintained. Unlike the records relating to current real estate taxes individual earned income tax records are maintained manually. The process for the collection of the tax is straight forward in that in February of each year the collector mails the initial three quarters withholding forms to the 236 businesses in the community. Employers are required to withhold and remit 1% of the gross pay for all residents and non-residents of the borough. Throughout the course of the year, as the quarterly forms are submitted, the collector estimates the amount of tax due to the borough for residential earned income tax since employers are not required to remit addresses until the W-2's are remitted at the end of the year.

In November of each year the tax collector mails the final quarterly form to employers. At that time federal form W-2's are supplied and copies of the form are submitted to reconcile the individual tax at the end of the year.

For individuals not employed within the borough the borough takes no action to mail quarterly cards to make estimated tax payments even though it is required by the ordinance. Individuals are only required to pay the total tax due with their final return. In January of each year the borough mails all registered residents a final return which is due to be filed and paid by April 15. For individuals who did not pay as required the borough sends a letter and gives the taxpayer 30 days to pay any tax due. All past due accounts are then forwarded to the delinquent earned income tax collector. These efforts have not produced significant results in that the appointed delinquent collector has managed to forward $3,600 in delinquent revenues from the first of the year through the end of September. The borough has all but conceded the fact that delinquent collections are an insignificant portion of the budget and has not bothered to make an allocation in the budget for delinquent earned income taxes.

Individual records are maintained on a master card manually. It appears that collections are at a reasonable level when total revenues are compared with mean earned income and population data from the 2000 census. This assumption is further reinforced through the fact that total delinquencies at the end of the year as a percent of total registered taxpayers is low. In addition, it appears to be a common practice among the communities in the area to collect the non-residential earned income taxes from all individuals working within their communities thereby increasing the collection rate throughout the county.

On whole, the system appears to work for the practices and lack of technology in place. Although numbers from census statistics appear to support the collection numbers there are concerns regarding the overall collection process as it relates to maximizing revenues. The problems that exist within the system lie in the fact that there seems to be no effective system for enforcement and follow up. The borough via the collector

has not obtained the state list of individuals detailing local wage earners and reported earned income. Even with this list the efficiency of the operation would be in question just for the simple fact that the borough lacks the necessary technology to maximize efficiency. In addition, there appears to be no effective mechanism to register new residents. Communication between the borough office and the tax collector relative to sharing information is almost non-existent. Although the tax collector works off the prior year's list methods utilized to add new wage earners to the roster are limited. Records from the earned income tax are compared with the per capita roster and the collector utilizes the local newspaper to attempt to add new individuals to the tax roles.

It is imperative that the borough implement the following recommendations in a timely manner since there will be a heavy reliance in this recovery plan placed on the collection of both residential and non-residential earned income tax.

In reviewing the prior audits relating to earned income taxes it was noted that in 1998 the borough's portion of the 1% earned income tax collected was $406,000. That number increased to $432,810 in 1999. Starting in the year 2000 this increasing tax collection trend began to reverse itself with collections dropping to $347,000 in 2000. In 2001 collections continued to fall to $321,964. Projections for the current year indicate that this trend will continue with collections anticipated to fall to approximately $313,000.

Records indicate that there are a total of 2,774 active wage tax accounts which represents approximately 43% of the total population. Excluding individuals under the age of 16 potential population of wage earners drops to 5,143. Census information indicates that of this number 3,150 individuals are currently in the labor force compared to the 2,774 currently registered to pay the tax. This potentially leaves 376 individuals not registered to pay the 1% earned income tax. The census data notes 305 unemployed individuals or 9.7%.

Further analysis of the data from the 2000 census for the year 1999 indicates there were 1,677 families in the borough with mean earnings of $40,043. This would leave a total taxable income of $67,152,111. At .5% the total revenues due to the borough would be approximately $335,760, which is very close to the actual collections in the year 2000, but significantly less than the $432,000 collected in 1999.

The information available from the census bureau would indicate that there is little to no problem with earned income tax collections and that revenues appear to be in line with expectations. The current collection policy and practice make it hard to believe that budget projections are in line with potential revenues from the residential earned income tax. In reviewing the collection practices in place in the tax office it is felt that there are areas that can be changed that would result in a significant increase in revenues to both the school district and borough.

The most effective way to ensure that the borough is collecting the total taxes due for any given year is to compare those wages reports to the state to those wages reported to the borough. Currently, the collector is not working off a prior year state list. A new

list has not been requested from the school district even though both the district and the borough would benefit greatly.

The procedure for the collection and distribution of the non-resident earned income tax is cumbersome and expensive. As part of this process the tax collector prepares a report for the auditors to review that includes collections for a six-month period of time. Tax collections are remitted to the borough on a semi-annual basis. Once the auditor has reviewed the information, a report is prepared for the treasurer of the borough. Checks are cut by the borough and returned to the auditor for distribution to the separate taxing authorities.

There is really no clear cut policy that provides direction and specifics as to when the non-residential earned income tax becomes a revenue to the borough. At the conclusion of the 2001 budget year the borough had borrowed in excess of $325,000 from the non-residential earned income tax fund to meet operating expenses of the general fund budget.

It is imperative that the borough implement the following recommendations in a timely manner since there will be a heavy reliance in this recovery plan placed on the collection of both residential and non-residential earned income tax.

RECOMMENDATIONS

47. **For 2003 the borough shall adopt an amendment to the current earned income tax ordinance and seek court approval to increase the current rate to 1.7% on residents and the rate on non-residents to 1.5%. The school district will continue to receive its share of .5% and the net to the borough for residents will be 1.2%. The non-resident tax is subject to the crediting provisions of Act 511. For 2004 the borough shall maintain the resident rate at 1.7% and the non-resident rate at 1.5%. For 2005 the borough should reduce the resident rate to 1.6% and the non-resident rate to 1.4%. The borough shall annually review the revenues generated by the increased levies.**

48. **Collection procedures and tax remittance procedures should be reviewed annually in order to provide for a more efficient process of collecting and remitting taxes to the respective taxing bodies.**

49. **The borough solicitor shall review the earned income tax ordinance and make any changes to bring the ordinance in line with recent court cases and changes in the tax law. Changes may include, but not be limited to sections of the rules and regulations that pertain to exclusions from income, definition of earned income, and maximum penalties and interest that may be assessed on delinquent tax accounts.**

50. The borough shall request proposals for the collection of current and delinquent resident and non-resident earned income tax. Said proposals shall be evaluated against cost of upgrading the office of the tax collector with technology upgrades and increased staffing levels to maximize the effectiveness of the operation. Cost shall not be the sole determinant for selection of either appointing a new collector or upgrading the current tax collection operation.

51. The borough shall become more active in monitoring the collections pertaining to EIT to ensure increased collection rates and improved cash flow.

52. The borough, working with the coordinator and DCED, should conduct a review and evaluation of current earned income tax collection procedures and institute improvements in the administration of the earned income tax operation. A peer-to-peer study should be utilized in this effort.

53. The borough shall establish a more comprehensive tax auditing and verification program to reduce the occurrence of non-filing or under-reporting of income by utilizing the state income tax list.

54. The borough shall begin to mail quarterly cards to individuals not withheld by their employer and require individuals to make estimated tax payments as set forth in the ordinance. For individuals failing to file quarterly payments throughout the year a notice of non-payment shall be sent after the due date of the third quarter.

55. The borough shall mail final returns to all taxpayers by the end of the calendar year. Individuals shall be required to file the final return and remit payment by February 28 of the following year. Extensions to file the final return shall continue, but an estimated tax payment shall continue to be required to formally approve the extension. The borough should cease the practice of allowing taxpayers to file joint tax returns.

56. Any individual not filing a final return or remitting the tax payment by April 1 shall move into the delinquent collection process.

57. The borough shall continue to require that all applicable supporting documentation including W-2 forms be attached to the final tax return.

58. The borough shall adopt a policy for the collection of delinquent earned income taxes that at minimum will include the following:

- Once the individual has filed the tax return the total tax owed is calculated and the individual will be given no more than 30 days to pay the tax.
- If the individual cannot pay the tax and the employer is known the policy shall require that the individual's wages be garnished.
- If the employer is not known the spouse's wages shall be garnished or the borough shall file assumpsit action at the local magistrate.

59. The borough shall make revisions to the occupancy ordinance to ensure that adequate controls are in place to register all tenants with the borough. The amendment shall require all landlords to supply a list of tenants to the borough quarterly. The borough shall share the information garnered from the permit and tenant list with all tax collectors to ensure timely registration of taxpayers.

60. The borough shall share all survey and tax information with the EIT collector. This shall include, but not be limited to, business surveys; occupation and per capita tax records; deed transfers; water and sewage billings; and any other relevant tax information that may be of assistance in expanding the data base.

61. Upon completion of the final determination of the individual or firm charged with delinquent collection the borough shall request the most current state list from the school district and immediately require the collector to:

- Compare the wages from the most recent state list and invoice any discrepancies in taxes immediately.
- If the resident fails to respond to the delinquent notice the borough shall follow the delinquent process detailed in this report. The amount of tax will be known from information detailed on the state income tax list.
- If there is a discrepancy between the findings of the collector and the taxpayer due to two different domiciles, the collector shall require proof of the taxes paid to the other community prior to granting credit from another taxing jurisdiction.

62. The borough shall cease the practice of supplying businesses with W-2 forms at the borough's expense.

TABLE 21
GREENVILLE BOROUGH
EARNED INCOME TAX COLLECTIONS

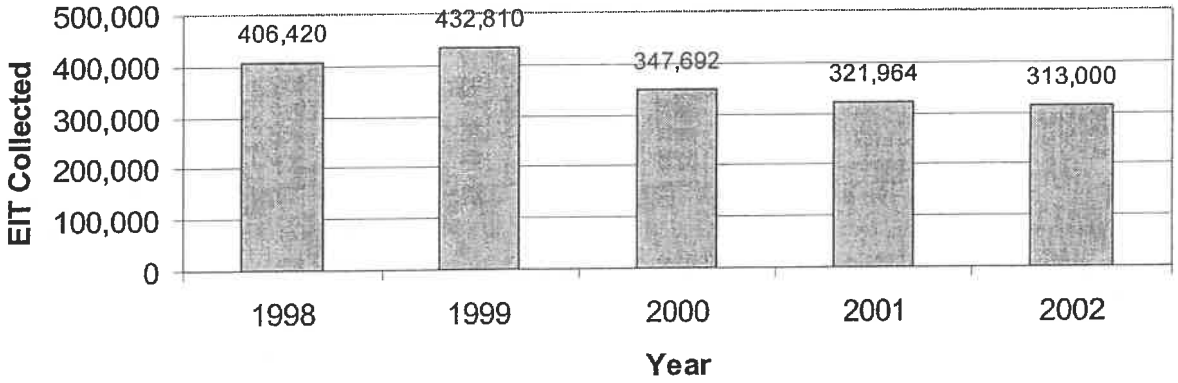
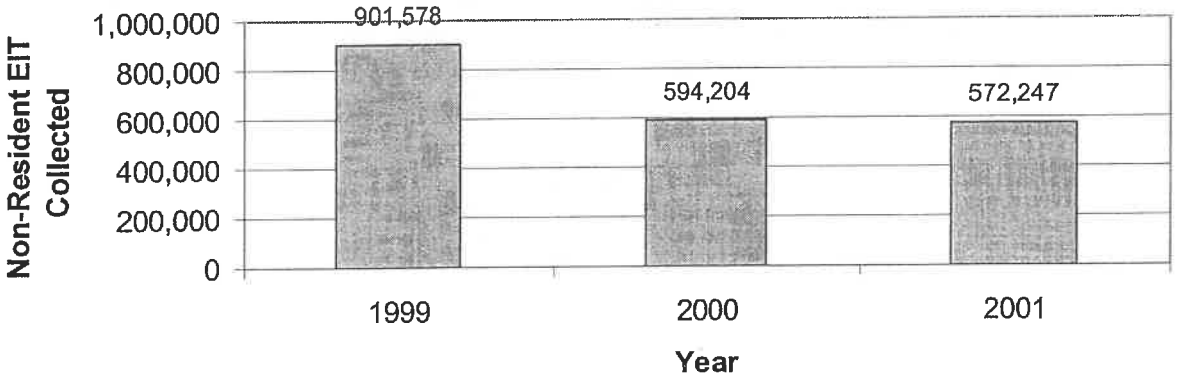


TABLE 22
GREENVILLE BOROUGH
NON-RESIDENT EARNED INCOME TAX COLLECTIONS



Occupation Privilege Tax (OPT)

The Borough of Greenville has by ordinance instituted an occupation privilege tax (OPT) on any individual working within the borough earning more than $1,000 per year. Due to the fact that the school district bills its fee separately the borough retains the entire $10 tax. Since 1996 the amount of taxes collected has varied from year to year from a low of just under $35,000 to as high as $47,600 in the prior year. Much of the deviations in collections from year to year appear to be attributable to timeliness of the annual billings. Problems relating to organizational issues appear to be resolved and any significant variations in collections should be minimal from year-to-year.

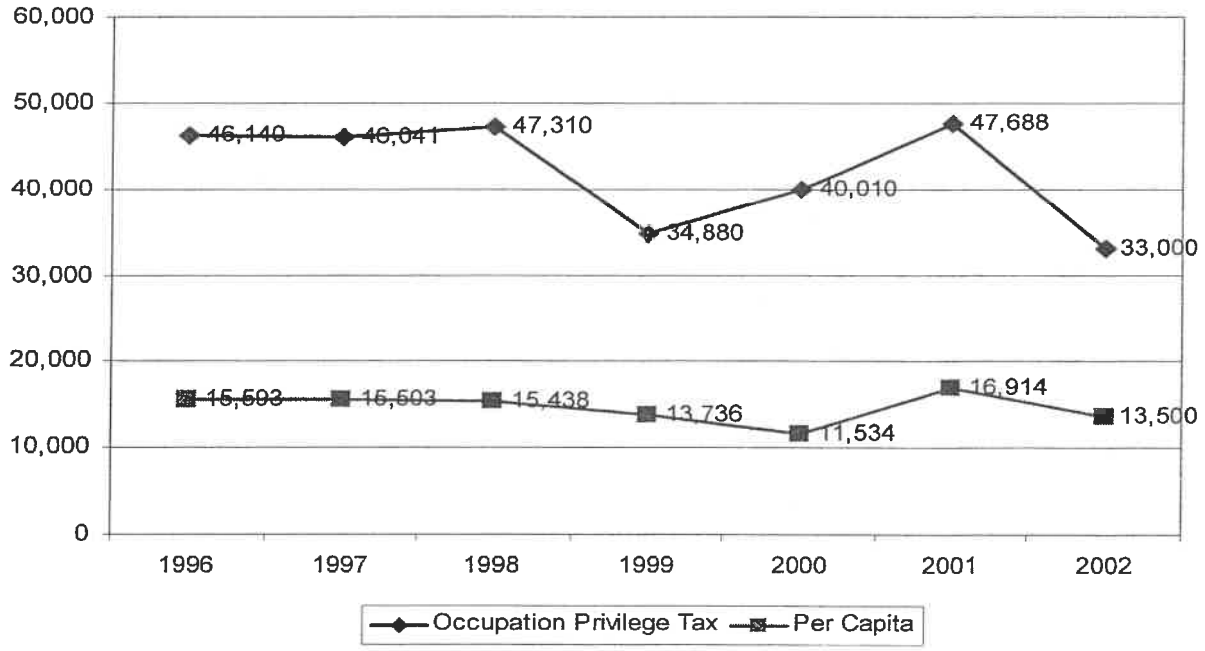
The borough tax collector has been charged with the collection all 511 taxes and part of these duties includes collection of the $10 occupation privilege tax. Tax forms are mailed with the quarterly earned income tax forms to employers in November prior to

the new tax year. Employers remit the withholding to the tax collector during the course of the year and letters are sent to those employers that are deemed to be delinquent. In discussions with the tax collector time constraints and limited staffing within the office has made it difficult to ensure that all businesses in the borough are registered to pay the tax. The collector does review 911 emergency call records, but has not completed a total survey of the borough utilizing either the Coles Directory or the Yellow Pages. Inspections from the fire department are forwarded by the borough and are utilized as a tool to register new businesses.

Over the past six years the collections of occupation taxes have remained flat and limited growth in employment numbers can be seen from collection trends. Projections for the current year indicate that there will be a drop in occupation taxes collected and that total collections will decrease by almost $15,000. This appears to be almost totally attributable to the closing of Trinity Industries, which employed approximately 2,000 individuals.

Although the borough budget in this category appears to have been impacted significantly by the plant closure it is felt that some of this revenue loss can be recovered by improving tax collection policies and procedures. The occupation tax in and of itself does not represent a significant portion of the overall revenue budget, but it is important that the data base pertaining to these records remain accurate and well defined. This data base can be utilized as an additional reference that will ensure that all businesses are properly withholding and remitting earned income taxes for those residents and non-residents working or residing in the borough.

TABLE 23
GREENVILLE BOROUGH
OCCUPATION PRIVILEGE/PER CAPITA



The following recommendations are made in an attempt to ensure that the borough is collecting all taxes due and owing:

RECOMMENDATIONS

63. **It shall be the policy of the borough that the building inspector, code enforcement officer and fire chief share any inspections with the tax collector that would provide information of new businesses operating in the borough.**

64. **The borough shall require that all companies submit either federal form W-2 or Pennsylvania quarterly unemployment statements as a means of verifying total employment numbers reported to the tax collector.**

65. **The borough shall develop an internship program through the Local Government Academy or Thiel College to utilize students to conduct a survey of businesses located and operating in the borough.**

66. **Random on-site audits should be arranged as a way to verify and/or audit current tax submissions through the manager's office.**

Per Capita Tax

The Borough of Greenville currently imposes a per capita tax upon borough residents over the age of 18 with incomes over $5,000. According to the tax collector income to meet this minimum amount can be earned or unearned. The $10 tax is split equally between two taxing bodies, the borough and county. Taxes are mailed concurrently with the local and county real estate taxes. The school district imposes a separate per capita tax in addition to the tax imposed by the county and borough.

The borough tax collector is charged with the collection of the $10 per capita tax. Deposits are remitted to the borough and reported monthly. At the time this report was developed records indicated that there were 3,734 total per capita accounts. At $5 per account a 100% collection rate would generate revenues of $18,670. Last year the borough collected $16,914, which was significantly higher than the prior two years. In 2002 it is projected that the borough will collect only $13,500, which is a collection rate of 72%. From the graph of occupation and per capita taxes it can be seen that total tax collections in this area has declined from 1996 through 2000. The increase in the 2001 tax year appears to be attributable to a carry over in collections from 2000. An average of the prior three years is a better indicator of total collections. This average is approximately $14,000 per year or 75% of total available revenues for those individuals registered to pay the tax.

It is the responsibility of the collector to maintain the current roster of active accounts and to supply the roster to the county for the printing of the bills. The collector updates the list through contact with the residents of the borough, and marriage and death announcements in the local newspaper. The collector does not use the Coles Directory to add new accounts and a limited computer data base makes it difficult to cross reference this roster with other tax information.

Costs relating to printing and mailing the tax bills are in excess of $2,300, which represents approximately 8% of the total revenues collected. Add staff time and other supplies and total collection costs may run close to 20% of the total taxes collected. It is evident that staff resources could be better utilized in areas other than attempting to collect a $5 tax.

The following recommendations are made in this area in an attempt to improve overall collections:

RECOMMENDATIONS

67. **Due to the high collection costs the borough should notify the county in 2003 and request that the $10 per capita tax should be repealed in 2004.**

68. **The borough tax collector shall work to update the roster of residents required to pay the tax. This process shall include, but not be limited to, cross referencing other tax data bases, residential occupancy permits, sewage records and the Coles Directory.**

69. **As part of the computer upgrades recommended in the recovery plan the borough shall include software to centralize the Act 511 data base, which shall include the per capita tax. With a centralized data base, which includes all 511 taxes, the borough can include the per capita tax in wage attachments.**

70. **The borough shall request proposals from service bureaus to compare costs to collect the tax. Proposals shall be evaluated for cost effectiveness relative to increasing overall collections.**

71. **The borough shall speak with both the county and school district as to the feasibility of combining all three per capita tax bills on one bill and proportionally allocating the total cost of collection among the three taxing bodies. So as to coincide with the school districts fiscal year the borough and county would have to delay billing of their portion of the per capita tax until after July 1 of each year. The interest income lost on the revenues that would have been received earlier in the year would be more than offset by the savings in billing costs for all taxing bodies.**

DEBT SERVICE SUMMARY

A review of the most recent audit completed as of December 31, 2001 noted that the borough is carrying long-term debt in the amount of $4,234,557. As a result of this high debt load available borrowing capacity under the Local Government Unit Debt Act is extremely limited. Referencing the DCED "Report of the Hearing Officer" as of the borough's 2000 filing the borough had only $193,605 in available non-electoral borrowing capacity and an additional $125,000 under the small borrowing provisions of the Act.

Due to the borough's cash flow and deficit problems of the last few years the borough had elected to utilize monies from a variety of restricted sources to meet general fund operating expenses. Included in these transfers was a transfer from 2000 bond funds in the amount of $667,337. Coupled with the transfers from both the non-residential EIT and sewage fund the deficit due from the general fund has ballooned to over $1,000,000. Even as the total of outstanding debt is reduced over the next few years, insufficient capacity is available to address restoration of these funds.

During 2001 the borough had issued a general fund tax and revenue anticipation note in the amount of $275,000 with a local bank. Severe cash flow problems prohibited the borough from meeting repayment obligations and the borough defaulted on the note paying only $30,000 in principal during the 2001 budget year. In 2002 the borough was able to reach an agreement with the local bank regarding the balance due on the TAN. The borough was able to extend the TAN through 2002 as the bank issued $245,000 secured by the 2002 tax receipts. Interest was payable monthly and principal payments were due in quarterly installments throughout the year.

Problems have been noted in that the borough would probably encounter difficulty in any future financing requests. The borough had approached two separate financial institutions earlier in the year in an attempt to secure financing to repay the prior year TAN in addition to repaying the other funds including the bond, EIT and sewage fund. It was noted in the "Report of the Hearing Officer" that both banks declined the borough's request to borrow additional funds.

In reviewing the audit for the year ending 12/31/01 it was noted that the current debt consisted of a general obligation note secured through a local bank in 1992 in the amount of $340,000. A 10-year repayment plan ended in the current budget year with interest rates of 5.1% for the first five years and 85% of prime through the final five years. The purpose of the note was for various street paving programs throughout the borough.

In 1996 the borough entered into an agreement with a local bank for a general obligation note in the amount of $360,000. This note also had a 10-year repayment term with interest fixed at 5.775 during the first five years. For the last five years of repayment the interest rate was tied to the banks prime rate with the borough paying

70% not to exceed 15%. The proceeds of the note as referenced in the audit were utilized for various capital improvement projects throughout the borough.

In 1999 the borough entered two separate agreements with local banks for additional financing through issuance of two separate notes. The borough borrowed $195,000 over 15 years for a fire truck. Repayments were at $13,000 per year through 2005 and the ordinance references a balloon payment of $117,000 due to be paid in 2006. The interest rate was fixed at 5.7%

The second note issued that year was in the amount of $210,000 at a rate of 5.7% to be repaid over seven years. The proceeds for this note were for various capital improvement projects.

The audit details debt obligations of the sewage authority which will impact the Borough of Greenville. In 1995 the borough received funding in the form of a PennVest loan through the state in the amount of $3,522,248 for improvements relating to the sewage system. Payments are made in monthly installments at an interest rate of 1.931% through March of 1998. From the end of March 1998 through maturity in December of 2011 interest rates will increase to 3.862% with monthly payments due of $21,874. The original term was scheduled for 20 years, but delays in the completion of the project forced back the repayment. From the audit it was noted that the authority did not utilize $170,107 of the original loan, and the balance and amortized payments have been adjusted to reflect this change.

In addition to the PennVest loan, a term loan in the amount of $153,116 was obtained in October of 1997. The interest rate was established at 5.98% with the term of the note set at seven years. Annual principal and interest payments on the equipment loan were set at $21,874.

The final debt service obligation noted in the audit was a $1,000,000 loan at a local bank utilized to replace a $2,500,000 line of credit that was used in connection with the PennVest project. The interest rate was established at 79% of the bank's prime rate and the term was for a period of 15 years.

To meet current operating expenses in the current budget year the borough received an emergency loan from the Pennsylvania Department of Community and Economic Development in the amount of $675,000. In reviewing the most recent cash flow projections relating to the general fund it is anticipated that the amount borrowed will be sufficient to meet year-end obligations and the need for any future borrowing from restricted funds has been alleviated. There should be no need to increase the negative fund balance as a result of the budgeted borrowings from the bond fund.

In an attempt to resolve the heavy debt obligations of the borough and take advantage of the market, council has appointed a firm to explore the feasibility of refinancing the borough's 2000 general obligation notes. By resolution of council at the October 2002 meeting an investment banking firm was appointed to explore the economic advantages of refunding the prior bond issues in order to lower annual debt service payments. Table 42 reviews the borough's current debt.

TABLE 24
GREENVILLE BOROUGH
DEBT OBLIGATION

Debt Obligation	Amount Borrowed	Balance 12/31/01	2002	2003	2004	2005	2006	2007
Borough of Greenville								
1992 General Obligation Note	$340,000							
- Principal Payment		$34,000	$34,000					
- Interest Payment			$2,889					
1996 General Obligation Note	$360,000	$180,000						
- Principal Payment			$36,000	$36,000	$36,000	$36,000	$36,000	
- Interest Payment			$19,140	$15,180	$11,220	$7,260	$3,300	
1999 General Obligation Note	$195,000	$169,000						
- Principal Payment			$13,000	$13,000	$13,000	$13,000	$13,000	$117,000
- Interest Payment			$9,766	$9,015	$8,286	$7,512	$5,612	
1999 Capital Equipment Loan	$210,000	$150,000						
- Principal Payment			$30,000	$30,000	$30,000	$30,000	$30,000	
- Interest Payment			$8,555	$6,844	$5,133	$3,422	$1,711	
Series 2000 Bonds	$3,670,000	$3,670,000						
- Principal Payment			$75,000	$80,000	$85,000	$85,000	$90,000	$95,000
- Interest Payment			$217,218	$213,090	$208,592	$203,875	$198,953	$193,655
Total Principal			$188,000	$159,000	$164,000	$164,000	$169,000	
Total Interest			$257,568	$244,129	$233,231	$222,069	$209,576	$193,655
Greenville Sanitary Authority								
PennVest	$3,352,141	$2,304,517	$193,575	$201,185	$209,094	$219,313	$225,856	$1,257,494
$1,00,000 Term Loan	$1,000,000	$534,482	$68,966	$68,966	468,966	$68,966	$68,966	$189,652
Equipment Term Loan	$153,116	$65,620	$21,874	$21,874	$21,874			

The following recommendations are made in an effort to ensure all alternatives and options have been examined:

RECOMMENDATIONS

72. During the development of the refinancing alternatives and options the borough shall properly budget and pay all debt service obligations.

73. The borough shall pursue the refinancing of the existing debt to take advantage of current market conditions. Any debt service savings shall be utilized to finance the capital borrowing from the Commonwealth.

74. The borough shall review the recommendations of the appointed consultant in conjunction with the Act 47 coordinator to weigh refinancing alternatives. If refinancing of specific debt service issues is deemed to be a viable option the borough shall take steps to begin the process.

75. Upon adoption of the recovery plan the borough shall request that DCED convert the emergency loan into a long term debt obligation to be repaid over a 10-year period at a 0% interest rate. Said repayment shall be in 40 equal installments paid over a 10-year period. The first quarterly payment shall be due no earlier than April 30, 2003.

76. In the event the operating revenues needed from the emergency loan are less than the amount borrowed the borough shall request that the balance be converted to a capital loan payable at the same terms and rate as the above listed recommendation. Any excess shall be deposited into the already established capital checking and money market funds.

77. In addition to the above, the borough shall seek a long-term capital loan of $400,000 from the Commonwealth of Pennsylvania Act 47 funds to restore funds to the capital bond fund. The term of this loan shall be 10 years at 0% interest.

78. The borough shall confirm the amounts due to the EIT, bond and sewage fund at the end of the current calendar year. Repayments to the non-residential EIT fund shall be at a term not to exceed three years. Any non-residential taxes collected on the .5% additional levy in excess of the budgeted amount should not be utilized for general fund purposes, but should be transferred to the non-residential earned income tax fund to pay down the outstanding obligation.

79. The borough shall resolve with the auditors the actual amount due to the sewage fund. From that agreed upon balance the borough shall deduct any costs relating to workers' compensation that were not reimbursed to the general fund in the past. The then remaining balance shall be repaid over a three-year period.

80. The borough shall, working with the coordinator, develop a 2003 cash flow and request proposals for a tax anticipation note sufficient to meet its cash needs for the 2003 budget year.

PROJECTED BUDGETS

Revenue

Real Estate

Over the past five years the borough has seen a relatively stable assessment base for the purposes of real estate tax revenues. Due to mounting budget deficits the borough has had to increase its reliance on revenues relating to real estate. For budgeting purposes the recovery plan makes the assumption that the assessment base will remain stable and no adjustments will be made to the total millage rate of 31.5. There is some flexibility in total current revenues in that total collections are based on a collection rate of 92%. If the borough is effective in implementing the recommendations of the recovery plan this collection rate may improve. Any improvement in either the collection rate or increase in the total assessment will increase revenues and push to lower the reliance on the additional taxing authorities granted under Act 47.

Recommendations detailed in other sections of the recovery plan address potential changes in delinquent real estate tax collection. For the purposes of this budget it is assumed that although the amount of delinquents have increased, total projected revenues for the upcoming year will remain consistent with collections in prior years. This is an area that with proper attention can see a marked improvement.

Recommendations applicable to this section of the report include maintaining a general purpose millage rate of 21.0 and an additional 10.5 mills for debt service. The borough must address the issue of delinquent tax collection either through the tax claim bureau or appointing a new collector.

Act 511

Occupation Tax: As referenced in the revenue section of the recovery plan the $10 occupation tax is retained by the municipality. Throughout the prior three years collections relating to the occupation tax have increased from $34,000 to $47,000. In the current year, however, it is anticipated that the collection will drop by at least $18,000 due mainly to the closure of one of the borough's largest employers, Trinity Industries. Although the company is operational on a limited basis it appears that the borough may have lost over $18,000 due to the plant closure. Budgetary adjustments have been made accordingly.

Per Capita Tax: The $10 per capita tax is split equally with the county. Although it is recommended that the borough work with the county to eliminate this tax it is unlikely that this can be accomplished this year. Based on historical trends $13,500 for current collections and $5,000 for delinquent collections has been budgeted this year.

Real Estate Transfer Tax: Budget is based on historical collections as no recommendations have been made to adjust the basis of the tax assessed.

Earned Income Tax: Historical trends show a continued decline in the collections of residential earned income tax. It is difficult to pinpoint the reasons for the drop in collections. The continuing decline may be due to economic factors, but more than likely may be due to methods and practices in place to collect the tax. The tax office is severely understaffed for reasonable collection expectations, and computer equipment and software necessary to increase the overall effectiveness of the collector is non-existent. Collections relating to delinquents are minimal and efforts outside a few mailings are ineffective.

For budgetary purposes it is assumed that the borough will be able to shore up some of the collection procedures for residential EIT to the point that collections will remain at least level through the next year. Furthermore it is assumed that some of the changes will increase collections to a level that is slightly higher for the first year of the recovery plan.

Collections from the non-residential earned income tax have also continued to decline. This is in part due to the closure of Trinity Industries, but other factors may have contributed to the decline. A review of collections as referenced in the annual audits is as follows:

TABLE 25
GREENVILLE BOROUGH
NON-RESIDENT EIT COLLECTED

Year	Collected	Remitted to Borough
1998	$1,158,211	$148,115
1999	$956,852	$148,115
2000	$664,992	$148,115
2001	$642,475	$29,539
2002 Estimated	$610,000	$10,000

For budgetary purposes it is assumed that the borough will retain $10,000 from the non-residential earned income tax as it is collected now. The basis for the budget in 2003 assumes that collections will remain stable at an estimated $610,000.

It is imperative that both the school district and the municipality work to improve collections in this area. Improvements in this area could increase revenues significantly in both the current and delinquent areas and work to lower the increased tax levy more quickly. During the first year of the recovery plan the borough will not receive the full amount of additional revenues from the increase due to the fact that the fourth quarter is not collected until January of 2004.

Business License

This area of the budget contains two line items that will need to be addressed as part of the recovery plan. Initial indications are that revenues relating to the cable franchise fee will be reduced due to a change in what AT& T has determined not to be applicable to the fee. Any changes in conflict with the agreement will need to be questioned. In addition, the borough should request that the fee be paid on a quarterly rather than on an annual basis throughout the calendar year.

The borough will also need to address the area of the mechanical device license fee and make applicable changes to the fee, follow up procedures and the ordinance itself as detailed in another section of the recovery plan. A conservative approach has been taken in budgeting both these revenue line items for the upcoming year.

Non-Business Licenses

The only line item in this area relates to the pole tax. An increase has been suggested as part of the recovery plan.

Fines

This area of the budget relates to vehicle code violations, violations of local ordinances including parking and any building code violations. In reviewing the historical trends of this area budget figures for the next three years were projected to be level.

Interest Earnings

Poor cash flow throughout the past year coupled with low rates has severely reduced interest earnings. As part of this recovery plan many changes have been recommended and it is felt that even if interest rates remain low the borough at a minimum should receive approximately $5,000 in interest during the next budget year. With better and less cumbersome banking arrangements this level of revenues should begin to increase over the next several years.

Rents and Royalties

This area of the budget contains rents received by the borough. Although the borough may have some flexibility to increase these levels no significant changes are expected during the next year.

State Capital & Operating Grants

This area of the budget represents state grants and reimbursements from the following:

Code Enforcement Grant: Reimbursement of costs relating to salary and benefits of the code enforcement officer.

Transfer from Greenville Area Leisure Services Association: This area represents reimbursements of a majority of the personnel costs associated with the parks department. Reimbursements are made on a quarterly basis and recommendations have been made throughout this report to maximize reimbursements of the direct expenses of the borough. The borough will need to make changes relating to timing of the reimbursements in addition to reimbursing for actual costs relating to workers' compensation. In addition, the borough will need to speak with GALSA specific to reimbursement of indirect costs attributable to the organization such as insurances, utilities and supplies.

Reimbursement from the Greenville Area School District: This line item represents a reimbursement of costs associated with employing a full-time officer at the school while school is in session.

State Shared Revenue & Entitlement

This budget area is specific to revenues received from the state. Funding includes revenues from the public utilities reality tax (PURTA) which has declined significantly over the past four years. It is anticipated that any increases would be insignificant and more than likely this revenue will continue to decline. Pension allocations for the three employee pension funds have also been budgeted in this area and these revenues act to offset the borough's minimum municipal obligation under Act 205. In recent years the pension allocation from the state has been sufficient to offset any MMO requirements for the three pension funds.

Revenues received from the alcohol beverage tax are minimal and stable from year to year. Volunteer fire allocation is also budgeted in this area and is a direct wash with related expenses.

One area that will change as a result of the recovery plan is allocation of funding under the liquid fuels tax. In the past the borough has utilized this funding as a reimbursement for expenses relating to the street department. This year a change has been made to the real estate millage in that the millage levy specific to street lighting has been eliminated and moved to general purpose. A significant part of the liquid fuels reimbursement is now allocated for reimbursement of street lighting.

Zoning Fees

This area has a budget allocation of $450.

Sales of Maps and Publications

This area has a budget allocation of $50.

Special Police Services

Most of the budget allocations specific to this organization are minimal with the exception of the following:

Lock-Up Fees: As part of the dispatch operation the borough provides lock-up services for communities in the immediate area. Fees are assessed for providing the service and often times do not cover the cost of providing the service and meals to the prisoners. As part of the plan the borough will move to subcontract the holding services and hopefully will be out of the dispatch and holding business. Until that time it is important that the borough closely scrutinize the costs associated with holding prisoners since this will have a direct impact on the fees assessed by the COG. Reasonable charges will need to be assessed to cover costs since those communities utilizing most of the service should be paying the bulk of the costs.

School Crossing Guards: Elsewhere in the plan the issue of reimbursement of school crossing guards has been addressed. The borough will need to bill in a timelier manner and ensure that all costs associated with the guards are included in the reimbursement request.

Special Fire Protection Services

Outside of billing for official fire reports the Fire Department has initiated billings to insurance companies for those costs associated with responding to accidents. Recommendations specific to these procedures have been addressed in the fire department's section of this report.

Highways & Streets

This area of the budget contains revenues relating to contracted snow removal and contracted street sweeping. In addition, there is a transfer station fee included in addition to fees relating to parking permits. Parking permit recommendations have been addressed elsewhere in this report and the total anticipated revenues in this area are less than $28,000.

Miscellaneous Revenues

Revenues relating to well digging fees in the amount of $1,000 are budgeted in this area.

Private Contributions & Donations

Anticipated revenues from private donations are $40,000.

Proceeds - General Fixed Assets

Only $100 has been appropriated.

Interfund Operating Transfers

Included in this area is the transfer from the sewage for reimbursement of applicable salaries and benefits in addition to billing costs and rental fees for account and management services. Actual reimbursements have been reviewed in other areas of the report and the borough will need to make some revisions in the billing procedure to ensure that they are receiving the proper reimbursement for the services that have been provided.

In addition to the sewer reimbursement, the borough has made allocations in the past for the bond fund for the purpose of supporting general fund expenses. This practice has ceased and the borough will need to repay all funds borrowed from the bond fund either through a refinancing or through payments over the course of the recovery period.

Refund Prior Year Expenditures

No budgetary allocation has been made.

Revenue Summary

In the short-term the plan has recommended a range of revenue enhancements to meet the costs of recommended service levels that are needed in the borough. Increases in both residential and non-residential earned income tax rates have accounted for a majority of the additional revenues necessary to balance the budget. Although these enhancements will be sufficient to meet the budgetary shortfalls in the near future they are not intended to be the long-range solution to the borough's financial problems. The borough must become more efficient in service delivery and must look to alternatives to providing all services in-house. In addition, the borough must become more effective in the area of tax collection not only in attempting to collect back taxes that are due, but work to increase the tax collection rates in the current year.

Expenditures

A review of each budget area has been made specific to recommended appropriations for the upcoming budget years. Recommendations have been made within each budget organization and general recommendations are made as follows:

Legislative-Governing Body

Costs appropriated to this area are based on payments to the elected officials. The only change the borough will need to make is allocations as recommended in the above listed area.

Executive-Manager: This area of the budget contains 50% of the manager's salary. No pay increase has been recommended in the proposed budget. Changes will need to be made to allocate all personnel related expenses to this area.

Financial Administration: This area of the budget contains two support positions along with 50% of the code enforcement clerical position. Longevity has been allocated, but the borough will need to allocate all personnel related expenses specific to this budget organization.

Costs relating to auditing have been increased to reflect the additional work that may be required to implement the recommendations of the recovery plan in addition to assisting in implementing requirements of GASB 34 in 2004. Other areas relating to discretionary spending have been allocated based on historical trends adjusting amounts to reflect reductions necessary to balance the budget. Recommendations are as detailed in the fiscal management section of the recovery plan.

Tax Collection: This area of the budget deals specifically with the expenses relating to the elected tax collector. Many changes have been recommended throughout the recovery plan specific to this area and it is anticipated that none of the recommendations will materialize during the first half of the budget year. Budgetary allocations have been made based on the assumption that the borough will maintain current service levels and costs associated with providing this level of service. In the event that changes are made that result in additional capital and personnel costs it is felt that these increased expenditures will be more than offset by additional revenues generated as a result of the change.

Law: Costs relating to legal are minimal. Estimates for increased work as recommendations of the recovery plan are implemented have been added to the budget.

Buildings and Plant: This area of the budget pertains to costs associated with buildings and facilities throughout the borough. A majority of the expenses in this budget organization relate to utility costs and budget allocations are based on historical trends. The borough may have some options available to reduce costs in this area, but since

most of these costs are fixed no recommendations have been made. This is one area that causes some concern due to the age and condition of the borough building and the public works facility. Long-term capital needs in this area will need to be addressed through the capital improvement fund.

Police: In a distressed municipality it is not unusual for a borough the size of Greenville to expense as much as one-third of its total budget on police services. In 2002 total police expenditures represented approximately 20% of the overall operating budget assuming a work force of 12 full-time officers. With the retirement of the police chief the borough elected not to fill the position with a full-time appointment and moved a full-time sergeant in to carry out the duties of the police chief. For 2003 the proposed budget assumes that the police chief's position will be filled from within the department or if filled from outside, one full-time position will be eliminated. A breakdown of personnel costs projected for the 2003 budget year is as follows:

TABLE 26
GREENVILLE BOROUGH
POLICE DEPARTMENT COSTS

Description	Comment	Cost
Full-Time Police Chief	Promote from within department with longevity	$44,250
Sergeant (3)	Promote patrolmen to fill all positions	$120,999
Patrolmen (7)	Freeze positions at current levels	$252,821
Part-Time Officers	Estimate based on prior year utilization	$15,000
FICA/Medicare	Police are FICA exempt	$2,211
Benefits	Based on projected cost increases	$77,735
Turn Around Pay		$1,000
Overtime		$15,000
Shift Differential		$3,000
Holiday Pay		$8,000
Court & Hearing Pay		$6,000
Officer in Charge		$3,000
Workers' Compensation	Increased experience/premium debit	$36,143
Total		**$585,159**

Personnel cost for police manpower has increased, not due to an increase in manpower, but an increase in fringe benefit and workers' compensation costs. Shifts are recommended to be maintained at no more than 49 per week. One area that the borough can work to offset some of the increased personnel costs is to increase the utilization of part-time officers as a supplement to the full-time work force. In the past utilization of these part time officers has been limited to filling in for vacations and call offs. Contractual restrictions limit scheduling so as not to exceed 20% of the total work schedule. The acting police chief has claimed that pool of available officers is limited because trained individuals have opted for full-time employment elsewhere.

The borough has been able to reduce total personnel costs through reimbursements of regular patrols. During the school year the school district reimburses the borough for the cost of an officer assigned to the district. In addition, the borough receives almost $70,000 from West Salem to provide regular police service in the township. This recently negotiated contract comes no where near covering cost of the manpower and vehicle expense to patrol West Salem. If the borough eliminated these additional patrols the force could probably be reduced by 1.5 to 2 officers.

The borough currently provides both local dispatch and regional lock-up services to neighboring municipalities. Costs associated with this service do not appear to be excessive and reimbursement for lock-up services helps to defray some of the costs to the borough. Throughout the course of developing this plan alternatives were discussed that would appear to be a more cost effective alternative to the current service in place. In addition to the cost savings to the borough, there would be an increase in the police presence within the community as officers would not be tied to the station for processing of prisoners.

Currently, the borough provides dispatch service in-house which is a duplication of these services available through the county. The borough employs a clerk in the department who mans the dispatch center Monday through Friday on the daylight work shift. All other shifts are manned by individuals paid at minimum wage to both dispatch and monitor prisoners.

Some of the costs related to dispatch are offset through revenues derived from holding services provided to other communities. During the study of the police department it was noted that the borough had entered into discussions with the local COG relative to providing holding services at the Greenville station. If the borough were to enter into an agreement with the COG, the COG would take responsibility to provide the capital upgrades to the station in addition to expanding the facility to increase utilization by more of the communities in the area. With more communities involved, the borough would see economies of scale and costs to the borough would be reduced significantly. Dispatchers would no longer be needed as the borough would join with the county.

The balance of costs within the department relate to discretionary spending. Costs appear to be in line with the needs of the department.

Fire Department: The borough employs seven full-time firefighters including a chief, three drivers and three lieutenants. At minimum there is at least one man on duty at all times and costs relating to personnel are as follows:

TABLE 27 GREENVILLE BOROUGH FIRE DEPARTMENT PERSONNEL COSTS		
Line Item	**Description**	**Cost**
Chief	Includes longevity	$39,178
Lieutenants (3)		$98,744
Drivers (3)		$85,752
Call Back & Other Pay	Based on historical trends	$17,322
FICA	.0765	$18,436
Unemployment		$560
Short-Term & Life		$718
Long-Term Disability		$1,388
Hospitalization	Projected rate increase	$52,115
Workers' Compensation		$15,865
Total		**$330,078**

The remaining costs in the department are discretionary budget items. The fire chief and the department as a whole have done well to keep these costs to a minimum decreasing the overall cost of the department by performing much of the routine maintenance in the station and on vehicles in-house. Accurate service records are maintained on vehicles and routine maintenance is completed on equipment on a regular basis. The department has completed some projects at the station that have resulted in decreased utility costs. In addition to maintaining a handle on internal costs, the department has taken the initiative to bill for services it provides at accidents. This has helped to offset the overall cost of providing services in the community.

As part of the department's budget, costs relating to hydrant rentals are allocated. The borough pays an annual rental fee on 95 hydrants of $26.25, but provides much of the maintenance that is required to keep the hydrants operational. In addition to the hydrant rental, the borough pays the water authority an annual fee on 27.9 miles of 4" line in the amount of $11,718. Although the borough has no hydrants on the 4" line the fee is still being paid.

Protective Inspection: This organization includes the salary for building inspection and a full-time code enforcement officer. Other administrative costs are added to this budget organization including longevity pay. Discretionary costs are appropriate to run the department effectively. Breakdowns of departmental cost are listed as follows:

TABLE 28 GREENVILLE BOROUGH PROTECTIVE INSURANCE PERSONNEL COSTS		
Line Item	**Description**	**Cost**
Salaries	Includes ½ secretarial wages	$46,866
FICA	.0765	$3,585
Workers' Compensation	.3/100	$213
Hospitalization		$7,523
Total		**$58,187**

Planning and Zoning: This area includes a general fund allocation of $4,200 for costs related to the zoning administrator and minor discretionary expenditures of the department.

Council of Governments: Annual allocation of $1,100.

Wastewater Collection and Treatment: As part of a lease back agreement with the sanitary authority the borough employs five individuals and the superintendent to manage and maintain the wastewater treatment facility. In addition, the borough charges a percentage of the salaries of the manager (50%), treasurer (40%) and secretary (40%) along with a rental charge for office space at the municipal building. Invoices are submitted to the sewage authority on a quarterly basis. A breakdown of personnel costs relating to the operation are as follows:

TABLE 29 GREENVILLE BOROUGH WASTEWATER COLLECTION & TREATMENT PERSONNEL COSTS		
Line Item	**Description**	**Cost**
Superintendent	Includes longevity	$46,150
Other Labor & Operators	Includes longevity	$170,176
Management/Supervisor Acct.	Salary of manager & secretaries	$42,377
Billing Clerk	Part-time	$4,686
Overtime & Other Pay		$4,515
FICA	.0765	$20,494
Unemployment		$440
Short-Term Dis./Life Ins.		$718
Hospitalization		$36,270
Vision		$846
Dental		$3,813
Long-Term Disability		$1,377
Workers' Compensation		$19,602
Rent		$16,000
Billing Fees from Water Auth.		$22,000
Total		**$389,464**

Public Works-Highways: The proposed budget for the 2003 year includes six employees in the street department. As in all of the departments within the borough costs associated with payroll costs and fringe benefits are posted in total under budget organization 487. To more accurately reflect the costs of the department all costs relating to the department are listed as follows:

TABLE 30
GREENVILLE BOROUGH
PUBLIC WORKS-HIGHWAYS PERSONNEL COSTS

Line Item	Description	Cost
Personnel Costs (6)	Includes longevity	$207,038
Overtime & Other Costs		$2,587
FICA & Medicare		$16,036
Workers' Compensation		$18,581
Unemployment		$480
Vision/Dental/Hospital		$49,124
Disability & Life		$2,078
SUBTOTAL PERSONNEL		$295,924
Supplies & Maintenance	Including vehicle fuel (200)	$10,750
Utilities	(300)	$13,750
Meeting & Conference	(400)	$500
Equipment	(700)	$1,000
Highway Maintenance	Snow & Ice (432)	$12,000
Street Lighting	Maintenance, Street Lighting & Parking (435.240)	$50
Sidewalks & Crosswalks	Replacement (435.240)	$400
Storm Sewer	Operating Supplies (436.240)	$2,500
Machinery Repair	Machinery & Equipment (437.374)	$7,000
Highway & Bridge Repair	Operating Supplies (438)	$6,000
Construction	Guide Rail (439.721)	$500
Total		**$350,374**

Airport: Currently the borough has an agreement with a local company to run the day-to-day operations of the Greenville Airport. As part of that agreement the borough is responsible to provide maintenance and repairs, in addition to paying direct utility costs of the operation. The fee received as part of the agreement is $20 per month. The proposed budget for 2003 included $10,000 for borough related expenses.

Parking Permit Expenses: The borough budgets $75 to cover the supply costs relating to issuance of parking permits. This is a nominal budget item and more emphasis is placed on the enforcement issues relating to parking.

Participant Recreation: An allocation is made for the costs relating to utilities at the recreation building in addition to swimming pool utility costs. Total allocation for the upcoming budget year is $25,300. Although the GALSA reimburses the borough for many of the personnel costs relating to the center, GALSA does not reimburse the

borough for other direct costs of running the operation such as insurance and utilities. It is understood that the borough will need to make some financial commitment to the operation of the center, but the current financial situation at this time makes additional support to the organization difficult. The following recommendation is made in an attempt to ease some of the financial responsibility the borough has to GALSA at this time.

Parks: A majority of the personnel expenses relating to the parks departments are reimbursable from the Greenville Area Leisure Services Association. On a quarterly basis the borough requests reimbursements for personnel costs associated with the following positions:

- Parks and Recreation Manager
- Park Laborer
- Maintenance Employee
- Program Director
- Clerk

The wages of the park's foremen are not reimbursable. In addition, the borough receives reimbursement for medical and fringe benefit costs along with the employer share of the FICA and workers' compensation. A breakdown of all budgeted costs within the department is listed as follows:

TABLE 31
GREENVILLE BOROUGH
PARKS PERSONNEL COSTS

Line Item	Description	Cost
Personnel Costs	Including overtime & longevity	$127,713
Operation Expenses	Utilities & Supplies (200)	$6,800
Repairs/Maintenance	Includes rent & cell phones (300)	$2,025
Meetings/Training	(400)	$100
FICA	.0765	$9,770
Workers' Compensation		$11,320
Hospitalization	Includes vision & dental	$21,877
Life & Disability	Includes short and long-term disability	$1,336
Unemployment		$366
Total		**$181,307**

The budget for discretionary spending line items is in line with the needs of the department. The current budgetary situation makes it impossible to address any needs outside of those necessary to meet the day-to-day operations of the facilities. Staffing levels appear to be adequate and no recommendations are made for reductions in this area.

Library: This area addresses the borough's contribution to the library which has been reduced in this year's budget to $8,000. The 2002 appropriation was $13,300 per annum.

Stray Animal Expense: An $800 appropriation has been made to address this area.

Debt Service Principal and Interest: A budget allocation has been made to appropriate transfers to the debt service fund to meet current repayment schedules. As addressed in other areas of the report the borough will need to evaluate alternatives as they relate to refunding existing debt in an effort to reduce current payment levels and fund the borrowings made from the debt service funds utilized to meet general fund obligations. In addition to the debt service schedules already in place, the recovery plan will address repayment of the emergency loan and funds transferred from non-residential earned income tax, bond and sewage funds.

Insurance Premiums: This area of the budget allocates for the following general fund obligations:

- Property & Liability Insurance
- Workers' Compensation
- Industrial Appraisal
- Treasurers Bond
- Medical Life & Disability Insurances
- Employer Payroll Costs Including FICA and Unemployment
- Pension Costs

It is appropriate to budget the borough's general insurances within this budget organization, but as recommended in other areas of this report it is more appropriate to budget direct employee related expenses within their specific department. Costs for FICA and workers' compensation can be allocated by department and the insurance broker can split employee benefits as part of the monthly invoice. Reallocating these expenses can give the manager a better idea of actual costs incurred by the individual department.

Refunds of Prior Year Expenditures: No allocations have been made to this area of the budget.

Expenditure Summary

On whole the borough has begun to reduce discretionary spending levels and has made attempts to reduce costs within all budget areas. Incorporation of more consistent purchasing procedures should work to improve efficiency and more involvement on the part of the individual department heads will increase awareness regarding the need to control all discretionary spending. At this point the budget appears to address basic needs of the community as spending levels have been cut to reflect financial constraints.

Discretionary spending does not represent a significant portion of the budget and most of the costs are rooted in personnel and direct costs related to the employees such as benefits and payroll taxes. Individual departments have been reviewed and at this point personnel reductions beyond those that have already been made are not recommended at this time. Recommendations relating to changing the make up of dispatch should work to improve the efficiency of the operations of the police department in that officers time will be more effectively utilized on patrols rather that processing prisoners.

In addition to a hiring freeze and subcontracting the dispatch and holding functions of the police department, the borough may be able to realize cost savings by working through the COG on other programs outside of holding. The budget as presented in this recovery plan does not project to reduce service levels below those already established, but looks to ways to improve efficiency in operations in addition to reworking many of the cooperation agreements and reimbursements that will provide revenues more in line with actual costs. It is felt that financial solvency cannot be obtained at the expense of all else in the community. New residents and potential business do not elect to locate within a community solely on the strength of the borough's balance sheet. Although the revenue enhancements proposed as part of this recovery plan may be higher than neighboring communities it is felt that these are temporary in nature and reduction back to normal levels will occur within the next few years. During this period when the borough moves to financial solvency they must continue to provide an environment that is perceived to be safe and supportive of its residents. Greenville will attract new business and residents as it has in the past because of what the community has to offer. Service levels must be maintained, but maintenance of these services must be at a level that the borough can afford.

Greenville must continue to work to find increased efficiency and cost reductions that will allow, at minimum, stable levels of service not only in public safety, but in recreation and other areas of service delivery. The borough must seek to attain economies of scale which may include cooperation agreements with neighboring municipalities along with the Mercer County Regional Council of Governments. This would not only benefit Greenville, but would directly impact those other communities that have elected to participate.

FUND EQUITY

The attached graph details the fund equity position from 1998 with projections based on the recommendations of the plan through 2005. As can be seen, the negative fund balance began as early as 1998. In that year the borough's deficit had exceeded $200,000. A slight drop can be seen in 1999, but by 2000 the deficit had ballooned to over $600,000. Borrowing from the bond fund, restricted accounts and non-resident earned income taxes pushed the deficit over $1,000,000 last year. The borough was forced to borrow additional money from the capital bond fund to meet general fund operating expenses. No impact was made on reducing the negative fund balance in this year's budget and expenditures are expected to exceed revenues by almost $700,000 pushing the negative fund balance to over $1.7 million at the end of 2002. Had the borough not taken action by way of Act 47 to address this issue now the deficit would more than likely have increased to $3,200,000 by the end of 2005.

Problems relating to the spiraling deficit do not appear to be a result of dramatic increases in overall expenditures throughout the prior four-year period. It appears to be more related to limited revenue growth in that the revenue base was insufficient to keep pace with natural increases in costs. As the deficit continued to escalate the borough maintained unreasonable expectations on budgets specific to revenues. The borough chose to provide services at a level that was perceived to be necessary for the demands of the community and then attempted to budget unrealistic revenues to meet that demand. Rather than look to curtail the service levels, the borough continued to be overly optimistic in its revenue expectations. Furthermore, the borough was unrealistic in its projected expenses over the last two years. Being limited in areas to enhance the current tax base necessary to close the gap between expenditures and the revenues needed to cover them, the budget became unmanageable and the borough had little choice but to request designation as a distressed municipality.

The borough has made attempts to reduce staff size in that vacant positions have not been filled. One major problem noted throughout this report is that the borough has no clear cut policy on delinquent tax collections. Once the recommendations of the recovery plan are implemented there will be an immediate impact on increasing revenues. As these delinquents come on line additional revenue will be available to support the budget. Eventually the rate of collections should improve as these delinquent taxpayers begin to pay and hopefully remain current.

At this point the borough has received the emergency loan from the state and the year-end position for this year is not projected to get any worse. Any funds borrowed or budgeted this year can be repaid and year-end payables carried into the next year should be minimal. With the recommendation to convert the emergency loan into a long-term debt obligation the borough will be in a position to provide a more realistic budget in the upcoming years as there appears to be an end to the spiraling deficit situation.

The recovery plan recommends a number of enhancements in the revenue area, in addition to policy changes that will impact the total revenue base and cash flow that will be sufficient to cover operating needs. Although the budgets are tight, contingencies are built into the budget to provide room to begin to repay other funds from borrowings in prior years and reduce the negative fund balance in each of the next three years. The approach to budgeting has been conservative and recommendations clearly outline parameters to reduce these additional enhancements if the borough is successful in maintaining progress detailed in the plan. If the borough is effective in its management oversight the reliance on these additional levies can begin to be reduced in the near future. It is projected that the borough will be able to repay all funds and eliminate the negative fund equity by the end of 2005.

On a positive note the real estate tax base, population and community as a whole appears to be stable and the borough does not have to combat the effects of a community in decline while trying to achieve financial stability. Although the borough has lost one of its larger employers through a plant closing, this community's economy was not solely reliant on one business. Alternatives exist as part of the plan to provide options for increasing the revenue base to maintain required service levels over the next three years. During this time the borough can continue to expand shared services, improve tax collection policies and practices, and address some of the capital needs of the community.

PENSION PLANS

The Borough of Greenville currently has in place three separate pension plans covering police, fire and non uniformed employees. A review of the audit for the 2001 budget year shows no issues of non-compliance. Each plan is a single employer defined benefit plan controlled by the provisions of Act 600 and the Borough Code. The plans are governed by borough council which is responsible for management of the plan assets. Council has delegated the authority to manage certain plan assets to the Pennsylvania Municipal Retirement Board.

Plan benefit provisions are well defined and as of December 31, 2001 membership consisted of the following:

TABLE 32
GREENVILLE BOROUGH
PENSION PLAN BENEFIT PROVISIONS

	Police	Fire	Non-Uniformed
Active Employees	13	7	22
Retirees & Beneficiaries	4	4	6
Terminated Employees Not Receiving Benefits	1	0	0
Total	18	11	28

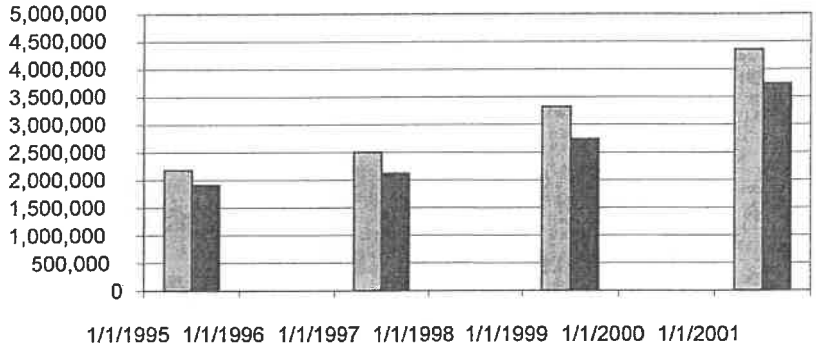
Detailed in the audit is a review of actuarial valuations from 1995 through 1999. Plan assets have exceeded accrued liability requiring a minimum municipal obligation which was totally offset by state aid. Current MMO calculations indicate that the borough will not be required to make a contribution in excess of state aid for the upcoming year. It is anticipated that state aid will be sufficient to offset the following 2003 MMO as submitted to council prior to September 30, 2002.

Department	MMO
Police	$25,316
Fire	$19,305
Non-Uniformed	$27,902

A review of the audits and actuarial valuations indicates that the current status of the plans are sound in that the actuarial value of the assets exceed the actuarial accrued liabilities in each of the three plans. Because the borough will not be required to make an MMO payment in excess of state aid it does not appear that the plans place a burden on the general fund.

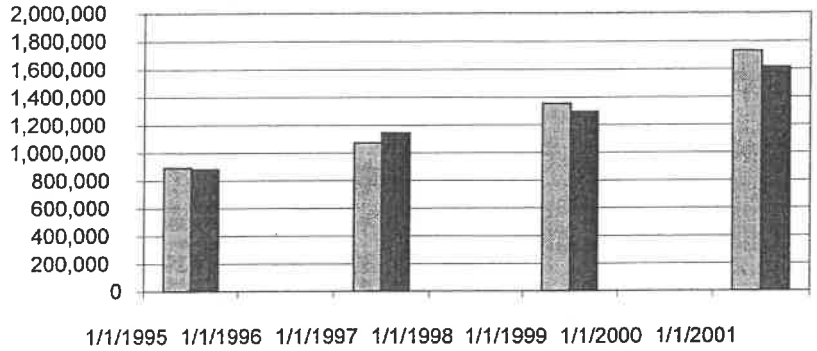
TABLE 33 GREENVILLE BOROUGH PENSION PLANS - SCHEDULE OF FUNDING PROGRESS			
Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Excess Assets Over (AAL)
Police			
1/1/95	$2,164,509	$1,907,622	$256,887
1/1/97	$2,510,539	$2,122,839	$387,700
1/1/99	$3,319,055	$2,722,851	$596,204
1/1/01	$4,352,052	$3,721,354	$630,698
Fire			
1/1/95	$895,910	$877,867	$18,043
1/1/97	$1,072,292	$1,136,575	($64,283)
1/1/99	$1,356,542	$1,292,206	$64,336
1/1/01	$1,730,958	$1,617,030	$113,928
Non-Uniform			
1/1/95	$739,985	$752,763	($12,778)
1/1/97	$951,534	$895,087	$56,447
1/1/99	$1,325,298	$1,285,095	$40,203
1/1/01	$1,789,300	$1,663,320	$125,980

TABLE 34
GREENVILLE BOROUGH
POLICE PENSION PLAN



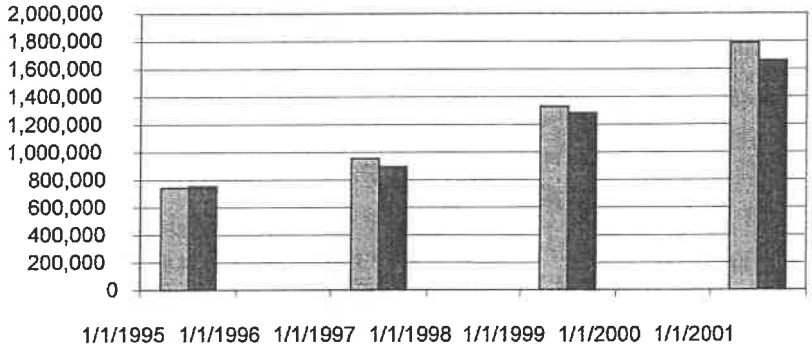
	1/1/1995	1/1/1997	1/1/1999	1/1/2001
Actuarial Value of Assets	2,164,509	2,510,539	3,319,055	4,352,052
Actuarial Accrued Liability	1,907,622	2,122,839	2,722,851	3,721,354

TABLE 35
GREENVILLE BOROUGH
FIRE PENSION PLAN



	1/1/1995	1/1/1997	1/1/1999	1/1/2001
Actuarial Value of Assets	895,910	1,072,292	1,356,542	1,730,958
Actuarial Accrued Liability	877,867	1,136,575	1,292,206	1,617,030

TABLE 36
GREENVILLE BOROUGH
NON-UNIFORMED PENSION PLAN



	1/1/1995	1/1/1997	1/1/1999	1/1/2001
Actuarial Value of Assets	739,985	951,534	1,325,298	1,789,300
Actuarial Accrued Liability	752,763	895,087	1,285,095	1,663,320

PROPERTY & CASUALTY INSURANCE

Property and casualty insurances were reviewed covering the 2002 budget year. A broker of record has been appointed by the borough and competitive pricing in future years is expected to continue. A review of policies currently in place is listed as follows:

General Liability Insurance

Current package is inclusive of property, auto and general liability. Limits for general liability are $1,000,000 per occurrence with general aggregate of $2,000,000. With the changing insurance market as a result of 9/11 the borough should continue to request competitive proposals and evaluate limits to ensure adequate coverages and pricing. In addition, the borough should continue to evaluate its insurance requirements in its relationship with GALSA.

RECOMMENDATIONS

81. **The borough shall develop an RFP for their overall insurance needs and request competitive proposals during 2003.**

82. **The borough shall continue to evaluate limits on any policy renewals.**

83. **The borough shall work with the borough solicitor and insurance broker to evaluate the relationship with GALSA to ensure that proper coverages are being maintained.**

Property

Current premiums for coverages are based on property values. With the requirement to implement values under GASB 34 the borough will need to value and maintain an inventory of all assets over a stated dollar amount. The information obtained under GASB 34 on borough assets should help borough officials evaluate and identify potential assets for disposition.

RECOMMENDATIONS

84. **The borough shall take steps to have a new valuation completed of all borough property by their broker and utilize these values in the bidding of their property renewal.**

85. **The borough shall monitor all its physical assets to determine that insurance coverage is adequate and not duplicated, and to identify uninsured/underinsured assets for disposition.**

Automobile

This policy contains a combined single limit of $1,000,000 and is tailored to the exposures by the political Subdivision Tort Claims Act. Coverage for under insured motorist is $35,000.

RECOMMENDATIONS

86. The borough should consider increasing its coverage so that UM/UIM equal the liability limits.

87. The borough shall annually audit and review the vehicle list to ensure the accuracy of all vehicles on the inventory list.

88. The borough should audit the use of municipal vehicles for personal use.

Public Officials

The primary purpose of this insurance is to provide coverage for defense costs resulting against officials of the borough arising from the performance of their duties. Industry wide over the past two years coverages have been reduced, deductibles have increased and premiums have escalated dramatically. With the number of law suits on the rise it is just as important to weigh the additional costs of the policy to maintain or decrease the overall deductible.

The borough's current policy runs through the end of March 2003. The premium is relatively low for a $1,000,000 limit per occurrence and $1,000,000 aggregate with a $5,000 deductible. Typically these policies are claims made and will cover only those claims actually made during the policy period. The borough would do well to maintain this policy at current limits, premiums and deductibles in subsequent years.

Boiler and Machinery

This insurance covers boiler and pressure vessel inspection services provided by the insurer.

RECOMMENDATIONS

89. The borough should pursue an "All Systems Go" policy that protects all phone systems, fax machines, copiers along with the air conditioning and heating equipment.

90. A risk survey with a property agent should be conducted prior to a quote. The survey should include an audit of all property, potential liability and review of bonds.

Law Enforcement Liability

This is a specialized coverage available through an ever decreasing number of companies. As with the public officials liability coverages have been reduced, premiums have increased and deductibles have risen. The borough's current policy will run through 3/31/03. Premiums are $7,200 this policy year and a $5,000 deductible was noted. Limits are $1,000,000 per occurrence with a $1,000,000 aggregate. The borough would do well to maintain these same limits, premium and deductible for the upcoming year.

Workers' Compensation

The workers' compensation insurance coverage on active employees of the borough represents a significant portion of the overall insurance budget. Total premium cost for the period of 2/1/02 through 2/1/03 is $92,290. Rates on employees are fixed by class code ranging in cost from $.75 to $5.83 per $100 of wages paid. Significant variances in premium costs can occur if employees are classified in the incorrect class code. During the initial review of the premium audits it was noted that two administrative positions were placed in class code 583 with a rate of $5.83 per $100 of salary paid. Because their duties are primarily administrative in function it is likely that they could be placed in the clerical classification with a resultant savings in premium of over $6,000 per year.

In addition to the classification of employees other factors that affect the total premium costs are the experience modification factor and any scheduled premium debit. Calculation of the experience modification factor is based on the prior three year losses. A factor of 1.00 indicates relatively low losses with the premium based on the rates established by the classification codes. Since 1998 the borough has seen its experience modification factor increase from .981 to its current level of 1.084. The current level indicates an adverse experience and is in actuality an 8.4% penalty.

Current premiums are also impacted by scheduled debits and credits to the overall calculation. These debits and credits are set by the carrier and can have a significant impact on the overall premium assessed to the borough. If the borough is perceived to be a relatively low risk the carrier may provide a scheduled credit to the policy to reduce the overall premium costs. Currently, the borough is being assessed a debit of 40% resulting in an additional premium charge of almost $27,000. Couple this with the higher experience modification factor, the total additional charge for workers' compensation this year based on prior year losses is over $32,000.

Noted in other sections of the report is the fact that the borough reimburses the general fund for costs relating to salaries and benefits for both GALSA and the sewage operations. The calculation of these reimbursements has at times not included workers' compensation costs or costs associated with increased premiums due to experience modification factors or premium debits. Recommendations have been made in other

areas of the report to address these issues and ensure that the borough is receiving proper reimbursement of all general fund costs.

In an attempt to reduce overall costs associated with workers' compensation the following recommendations are made:

RECOMMENDATIONS

91. As permitted under current workers' compensation law, the borough shall constitute the following procedures in an effort to control escalating workers' compensation costs:

- **The borough shall interview and select a panel of six physicians for the initial review and evaluation of on the job injuries. The borough will need to consult with the carrier to review the list of potential physicians prior to implementing the panel.**

- **Any employee requiring medical treatment as a result of an injury sustained on the job shall be required to schedule and treat with a panel physician during the first 60 days of treatment.**

- **All employees will be required to review the physician panel and sign an acknowledgment form.**

- **In the case of any injury which results in lost time due and the inability to return to regular work duties the employee shall be required to notify the borough manager within 24 hours. In conjunction with a panel physician, job description modifications shall be discussed which would permit the employee to return to work in a limited or light duty capacity until such time that the restrictions are lifted. In such contracts where light duty is restricted the borough manager shall request a meet and discuss with union representatives. Limiting lost time accidents will work to reduce both the experience modification factor and scheduled premium debit to the policy in the future.**

97. The borough shall examine prior years' losses to determine the extent of reserves for existing claims. If appropriate the borough will strive to return the employee to work within the panel physician's work restriction and physical limitations. Unless the borough begins to take a more proactive approach to management of these claims the borough can expect continuing escalation in costs related to these premiums.

98. In reviewing the application for this year's workers' compensation policy it was noted that the borough has or has had a safety committee in place to review safety issues in the work place. The borough shall ensure that this

committee continues to meet regularly to review potential safety concerns and implement recommendations to ensure a safe work environment.

99. The borough shall work with the carrier to obtain workers' compensation risk management and monitoring services to help to reduce risks, oversee claims and minimize the impact of claims made against the borough.

Ambulance and Attendants Malpractice

The borough carries a malpractice liability policy on ambulance and attendant's malpractice. The limits are listed on the policy at $500,000 per occurrence with a $500,000 aggregate. Premiums for the year are $2,000 with a $250 deductible for each claim.

Airport Liability

The borough carries an airport liability policy which will renew in July of 2003. The current premium is $3,950 per year with a combined single limit of $1,000,000. Provisions for hangar keeper's liability are provided for in the policy with $150,000 limit to each aircraft and a liability limit of $500,000 limit on each loss.

RECOMMENDATION

100. The borough should evaluate the need for this coverage in light of the fact that the agreement with the airport manager requires the manager to carry insurance for these types of losses. In addition, the premium is not cost effective when considering the amount of revenue the borough realizes in lease payments.

Sewage

The Borough of Greenville and the Greenville Sanitary Authority carry a commercial insurance policy running through January of 2003 which is comprehensive equipment coverage or a boiler and machinery policy for the sewage operations.

RECOMMENDATION

101. The borough shall review the commercial insurance policy, as well as its boiler and machinery policy, to ensure that adequate coverage is provided and not duplicated.

SECTION VII
GOVERNMENT SERVICES

POLICE

The Greenville Police Department provides full policing services to the Borough of Greenville and under contract to the Township of West Salem.

The department is currently staffed with 11 full-time officers comprised of one acting chief (sergeant), two sergeants, and eight patrolmen. In addition, the department is further served by three part-time patrolmen. All full-time personnel receive full benefits while the part-time patrolmen receive a reduced hourly rate and no benefits.

In addition to the sworn personnel identified above, the department is further served by one full-time secretary and six part-time security information clerks who are primarily responsible for dispatch and the lock-up.

The police department currently occupies space on the first floor of the municipal building and has its own dedicated entrance.

The following table shows the activity for the department in 1999, 2000 and 2001:

TABLE 37
GREENVILLE BOROUGH
POLICE DEPARTMENT ACTIVITIES FOR 1999-2001

Type of Activity	1999	2000	2001
Calls Received	7,239	6,764	8,178
Criminal Complaints	1,024	1,026	1,014
Criminal Arrests	540	423	629
Housewatch Requests	21	19	10
Traffic Citations Issued	381	304	351
Non-Traffic Citations	207	218	231
Motorist Assists	88	68	78
Motor Vehicle Accidents	310	272	230
Other Department Assists	123	186	215
Prisoners Logged	240	269	335

Equipment

The following table identifies the motorized equipment available to the Greenville Police Department:

TABLE 38 GREENVILLE BOROUGH POLICE DEPARTMENT MOTORIZED EQUIPMENT				
	Make	**Year**	**Mileage**	**Condition**
Police Cruiser	Ford	2000	88,000+	Good
Police Cruiser	Ford	2001	52,000+	Good
Police Cruiser	Ford	2002	9,000+	New

The borough patrols the Township of West Salem's 93 miles of roadways approximately two times in an eight hour shift.

In a distressed municipality it is not unusual for a borough the size of Greenville to expense as much as one-third of its total budget on police services. In 2002 total police expenditures represented approximately 20% of the overall operating budget.

With the retirement of the police chief the borough during 2002 elected not to fill the position with a full-time appointment and promoted one of the full-time sergeants into the position of acting chief. The borough recently decided to advertise for a full-time chief and leave open the option of filling it full-time from within. The borough has proven during 2002 it can function effectively with an 11 man force vs. a 12 man force.

Personnel costs have increased not due to manpower, but due to an increased cost of fringe benefits and workers' compensation costs. The borough should be able to operate on 49 personnel shifts per week. This assures two officers for each of the three shifts per day and additional bar shifts on certain days.

One area that the borough can work to offset some of the increased costs is to increase the utilization of part-time officers as a supplement to the full-time work force. The current contract limits the utilization of part-time officers to 20% or less of the total work hours.

Another issue that needs to be addressed is the possibility of retirements over the next few years. The borough might want to examine an early buy-out coupled with a two-tier wage and benefit program, as well as an increased use of part-time personnel. This issue needs to be examined in more detail over the next few years.

RECOMMENDATIONS

92. The police schedule shall not exceed 49 shifts per week.

93. The borough shall begin to utilize part-time officers in the future to fill regular work shifts. This shall require removing the 20% cap on part-time shifts in the next negotiated contract.

94. If the borough fills the police chief's position from within it shall keep the current level of full-time personnel at 11.

95. If the borough fills the police chief's position from outside it shall reduce the full-time personnel by one officer.

96. The borough should seek grant funding for the vests and safety equipment needed in the department.

Reimbursements/Contracts

School District

The borough has been able to reduce total personnel costs through reimbursements of regular patrols. During the school year the school district reimburses the borough for the cost of an officer assigned to the district.

West Salem Township

The borough currently provides police services 24-hours per day, 7 days per week to the Township of West Salem with a population of 3,547 persons. The current agreement runs through December 31, 2004. West Salem will pay the borough $66,596 in 2002, $68,760 in 2003 and $70,995 in 2004 for these services. The township covers 93 miles of roadways. The recently negotiated contract does not cover the cost of the manpower and vehicle expense to provide the level of services currently being provided. If the borough eliminated the patrolling of West Salem Township the borough's force could be reduced by 1.5 to 2 officers. While we appreciate the borough's efforts to provide a regional service it must not be accomplished at the expense of the borough's taxpayers.

RECOMMENDATIONS

97. The borough shall calculate all costs associated with the police services provided to West Salem Township. The overall costs of this service shall include a contingency amount and shall be the minimum charge to the township for future contracts.

98. **Based on a more thorough costing of these services for the year 2002, the borough should contact West Salem Township to discuss an adjustment for the future years of the current contract.**

Regional Opportunities

In August 2002 a meeting was held at the Borough of Greenville with representatives of Greenville, West Salem, Pymatuning, Hempfield and Sugar Grove to discuss the issue of a regional or consolidated police force. Mr. William Gamble from the Pennsylvania Department of Community and Economic Development discussed the pros and cons of such an issue and outlined the steps necessary to work toward consolidation. The time seems to be right to move this preliminary discussion to the next stage, which is undertaking a more detailed study of regionalization.

RECOMMENDATION

99. **The borough shall aggressively pursue a regional approach to police services and shall approach adjacent municipalities to determine interest in a feasibility study of regional policing. Upon a determination of those municipalities interested in participating in the study, the borough shall seek assistance from DCED to undertake a study of the feasibility of a consolidated regional department for the borough and surrounding municipalities.**

Dispatch & Holding

The borough currently provides both local dispatch and regional lock-up services to neighboring municipalities. Costs associated with this service do not appear to be excessive and reimbursement for lock-up services helps to defray some of the costs to the borough. Throughout the course of developing this plan, alternatives were discussed that would appear to be a more cost effective alternative to the current service in place. In addition to the cost savings to the borough there would be an increase in the police presence within the community as officers would not be tied to the station for processing of prisoners.

The dispatchers at the Greenville Police Department have always been responsible for acting as the lock-up attendant as part of their duties. Currently the borough provides dispatch services in-house, which is a duplication of the services available through the county.

The borough employs a police secretary in the department who mans the dispatch center Monday through Friday on the daylight work shift. In addition to her dispatch responsibilities she serves as a secretary to the department. All other shifts are manned by individuals paid at minimum wage and are responsible for dispatch and monitoring the lock-up facilities. These individuals work afternoon and evening shifts during the week, and all three shifts on the weekend. These individuals work a total of

6,656 hours per year. In addition to the hours identified above they also fill in for the police secretary when the secretary is off, but these hours vary depending on the amount of time that the secretary may have off due to vacation, sick days, etc. Costs associated with dispatch and holding prisoners is as follows:

TABLE 39 GREENVILLE BOROUGH POLICE DEPARTMENT DISPATCH & HOLDING COSTS		
Line Item	**Description**	**Total Cost**
Manpower	16 shifts/week at $5.15/hour	$34,278
FICA/FICA Medicare		$2,622
Workers' Compensation		$1,068
Total		**$37,968**

Some of the costs related to dispatch are offset through revenues derived from holding services provided to other communities. The borough currently provides holding services to the outlying municipalities of Hempfield Township, Pymatuning Township and Mercer County. The following table identifies total prisoner counts for the past three years broken down by Greenville and non-Greenville:

TABLE 40 GREENVILLE BOROUGH POLICE DEPARTMENT TOTAL PRISONER COUNTS			
	1999	**2000**	**2001**
Greenville	121	149	170
Non-Greenville	114	154	194
Total	**235**	**303**	**364**

As can be seen over the past three years the borough has held more non-Greenville prisoners than Greenville prisoners. Additionally, over the past three years there has been a steady increase in prisoners.

Hempfield and Pymatuning have been reimbursing the borough $8 per hour per prisoner and the county, through an oral agreement, has been paying $35 per diem for their prisoners. Billing of these accounts in the past has been somewhat sporadic. The borough currently has a proposal from Mercer County that would pay $50 per diem retroactive to the beginning of 2002.

During 2002 the borough has done a much better job of billing and collecting what is due from those procuring the services of its holding facilities.

In April of 2002 the borough received a proposal from Mercer County Regional COG to provide lock-up services. The COG's proposal would be similar to what currently is being operated in Farrell, which is known as the Southwest Regional Lockup. This proposal would entail COG taking over the lock-up facilities and running the lockup from the borough's facilities. COG would pay the borough to rent its facility, and then COG

would be responsible for hiring lock-up attendants. COG would administer the lock-up facility, and they would bill departments accordingly for the number of prisoners, and the number of hours each prisoner was incarcerated.

The COG would charge approximately $10 per hour, with approximately a $500 start-up fee at the beginning of the year. COG would pay lock-up attendants $2 an hour to be on call, and if they are called out they are paid anywhere from minimum wage up to $7.50 per hour. If the borough day turn secretary was responsible for watching a prisoner, then COG would pay the borough $7.50 toward her salary.

Using the estimated figures that the COG provided ($500 start-up fee and $10 per hour per prisoner), the following represents the estimated costs to the Borough of Greenville if the borough contracts with COG for lock-up services. These figures estimate that each prisoner is held in the lock-up for approximately 10 hours.

TABLE 41
GREENVILLE BOROUGH
ESTIMATE OF COG PROVIDED LOCK-UP SERVICES

Year	Greenville Prisoners	Avg. 10 Hours/Prisoner	Expense at $10/Hour	Total Expenditures with $500 Start-Up Fee
1999	121	1,210	$12,100	$12,600
2000	149	1,490	$14,900	$15,400
2001	170	1,700	$17,000	$17,500

These costs compare to the borough's actual costs over the past three years as follows:

TABLE 42
GREENVILLE BOROUGH
LOCK-UP SERVICES COST COMPARISON

Year	Actual Expense	Estimated Cost Through COG	Estimated Total Savings
1999	$40,862.31	$12,600.00	$28,262.31
2000	$34,258.25	$15,400.00	$18,858.25
2001	$36,372.00	$17,500.00	$18,872.00

These costs are somewhat variable and are directly related to the number of prisoners held at the facility. The borough would need to further negotiate with the COG the lease of the facility to the COG, as well as capital improvements necessary to operate the facility effectively. Once the COG takes over the operation of the holding facility the borough would also receive a savings on its liability insurance.

Although there are many variables to consider it appears that it is in the borough's long-term interest to be removed from the responsibility of dispatching and holding:

RECOMMENDATIONS

100. The borough shall enter negotiations with the COG to provide regional holding facilities at the municipal building.

101. The borough shall work with the COG and apply for grant funding through the DCED to make necessary capital improvements to the facility.

102. Upon finalizing the agreement with the COG for holding services the borough shall cease to provide dispatch services and request to begin dispatching through the county regional dispatch center and participate in COG sponsored police records management programs.

103. Major capital purchases such as new vehicles should be part of the capital budget and not part of the police department budget.

104. The police chief shall take an active role in monitoring all costs relating to the department and review any significant budget variances with the manager on a monthly basis.

FIRE DEPARTMENT

Staffing

The Greenville Borough Fire Department is a combination full-time paid department and part-time volunteer department. Current staffing includes seven full-time paid firefighters and eight part-time volunteer firefighters, although two are currently listed as inactive.

The seven full-time paid positions are the following:

- Chief
- Lieutenant (3)
- Driver (3)

The eight part-time volunteers are all classified as "Firefighter".

Local 1976 International Association of Firefighters represents the full-time paid firefighters. A collective bargaining agreement was entered into October 12, 1999 for the period January 1, 2000 through December 31, 2004. However, on July 28, 2002, an agreement was reached with the firefighter's grievance committee and council whereby a wage freeze for the year 2002 was agreed to along with a one-year contract extension to December 31, 2005.

The department uses a three-platoon system and has 24-hour shifts beginning at 8:00 a.m. and ending at 8:00 a.m. the following day. The workday cycle consists of the following:

- One day on
- One day off
- One day on
- Two days off
- One day on
- One day off
- One day on
- Four days off

The chief is on a steady daylight shift five days per week. This leaves six full-time personnel for the three platoon 24-hour shifts.

Under this schedule, a week's vacation in the department represents three days.

The years of service for the full-time paid fire personnel range from less than one year to 24 years. However, only one exceeds 10 years of service. The department is fairly young in terms of service and in terms of age as the average years of service is 7 and the average age is 36. If the most senior member is removed from the mix the average years of service is 4.5 and the average age is 34.

The borough has seen a recent decline in the number of volunteers and is finding it increasingly difficult to attract volunteers. This is a problem not just inherent to the Borough of Greenville, but is a growing problem throughout the Commonwealth of Pennsylvania. In order to attract more volunteers the borough pays each volunteer approximately $3-4 per run. The use of volunteers is further diminished by certain constraints based on their limited availability due to the following:

- Not being allowed to leave work (3)
- Working 50 miles from the borough (1)
- Out of town 1-3 weeks at a time due to job (2)

During 2001 four volunteer firefighters left the organization and only one new adult volunteer was added. As a result the borough is extremely limited as to volunteer time.

In addition to the constraints with the volunteer firefighters a number of full-time paid fire personnel have constraints due to other off-duty obligations. Five full-time personnel hold other jobs.

Based on the above mentioned constraints the following table shows the number of days per year there was a single person on a shift:

TABLE 43 GREENVILLE BOROUGH FIRE DEPARTMENT SINGLE PERSON SHIFT DAYS	
1999	89
2000	80
2001	160
2002	85 (scheduled)

As can be seen from the above table, approximately one out of every four days is only single man coverage.

As a result of these numerous constraints the borough has a very serious staffing problem relative to the fire department.

The borough is one of the few municipalities of its size to continue with a paid fire department. In the long-term the issue of paid vs. volunteer must be addressed. The borough must develop a concerted effort to develop an increased volunteer force within the borough or in concert with the surrounding municipalities.

Facilities & Equipment

The department operates out of the new fire station opened in 2001. The facility is state-of-the-art and is a welcomed improvement over the former location at the municipal building. Initially there was some concern with the new location and the ability to respond in a timely fashion. However, 2001 figures showed an average arrival time of three minutes from time of dispatch. One facility item that has been approved by the coordinator and should be completed by the time the recovery plan is adopted is adding an additional 6" of insulation in the attic of the facility. It is estimated that the borough will save approximately 10% on the heating bills as a result of the improvement.

The facility has excellent mechanic pits for various mechanical and maintenance services and could possibly be utilized for the routine servicing of other borough equipment.

The following table identifies the motorized equipment available to the fire department:

TABLE 44
GREENVILLE BOROUGH
FIRE DEPARTMENT MOTORIZED EQUIPMENT

Equipment	Make	Year	Mileage	Condition
Engine 96	HME/Central States	2000	6,322	Excellent
Engine 96-2*	FMC/Hohn	1985	24,639	Fair
Ladder 96	Mack/Maxim	1966	8,604	Fair/Poor
Squad 96	GMS Suburban	1999	16,105	Good
Car 96	Ford Crown Victoria	1996	108,712	Fair

*Needs approximately $131,000 in repairs to refurbish.

In addition to the motorized equipment identified above, the department has additional fire fighting equipment including the following:

- Ventilation fan
- Breathing apparatus
- Air cylinder refill
- Hydraulic rescue tool
- Hydraulic detection
- Rescue air bags
- Absorbent pads
- Absorbent sock
- Motor gas detection
- Heat scanner
- Thermal imaging camera

- Portable generator
- Foam

TABLE 45 GREENVILLE BOROUGH FIRE DEPARTMENT 3-YEAR LEVEL OF SERVICE			
	1999	**2000**	**2001**
No. of Calls Received	519	469	592
Structure Fires:			
- Greenville	25	21	17
- Mutual Aid	34	31	43
Rescue Calls:			
- Medicals	242	222	294
- Traffic Accidents	47	32	25
False Alarms	24	38	92
Assist Other Depts.	70	53	74
Fire Losses:			
- Saved	$484,000	$78,000	$692,000
- Damaged	$290,000	$206,000	$264,300

Over the past three years the borough has responded to an average of 527 calls per year. Two hundred fifty-three (253) calls per year or 48% of all calls are responding to medical calls. In these incidents the firefighters are usually on the scene before the ambulance company. Only 21 calls per year or an average of 3.9% of all calls are responding to structure fires within the Borough of Greenville. The borough assists other departments approximately 66 calls per year. Usually in these incidences the borough is the first respondent. This number further reflects the many problems faced by the volunteer fire departments in the area.

A problem involves responding to an increasing amount of false alarms. The borough averages 51 false alarms per year. In 2001 alone the borough responded 92 times to false alarms.

The borough continues to annually inspect buildings within the borough and finds:

- Locked or blocked exits
- Faulty wiring and overloaded extension cords
- Non-working emergency lights
- Obstruction of doors and fire extinguishers

This program has worked very well and has been a very sound preventative tool in fighting fire hazards.

TABLE 46 GREENVILLE BOROUGH FIRE DEPARTMENT TOTAL MANHOURS AT ALARMS			
	1999	**2000**	**2001**
Full-Time	**962**	**901**	**1,031**
In Greenville	638	620	736
Assisting Other Departments	324	281	295
Part-Time	**387**	**449**	**699**
In Greenville	224	271	449
Assisting Other Departments	163	178	250

As the above numbers indicate, over the past three years the borough has supplied 1,535 man-hours or 35% of its man-hours at alarms assisting other fire departments.

Responding to alarms outside of the borough when there is only one man on a shift causes some concern. Additionally, responding to alarms outside the borough when there is only one man on a shift causes additional overtime costs to the borough.

The fire chief and the department as a whole have done well in keeping discretionary budget items under control and in decreasing the overall cost of the department by performing much of the routine maintenance in the station and on vehicles in-house. Accurate service records are maintained on vehicles and routine maintenance is completed on equipment on a regular basis. In addition to controlling internal costs the department has taken the initiative to invoice for services it provides at accidents. This has helped to off-set the overall cost of providing services in the community.

As part of the department's budget, costs relating to hydrant rentals are allocated. The borough pays an annual fee of $26.25 for the 93 hydrants, or a total of $2,441.25. In addition, the borough pays a standby fee on 27.9 miles of transmission main size 4" or larger in the amount of $11,718. One issue is that 8.4 miles of 4" main have no hydrants, and thus there is no ability for utilization by the fire department. This amounts to $3,528 of the $11,718 standby fee. The borough pays over $14,000 for hydrant rental and standby fees per year.

RECOMMENDATIONS

105. The borough should begin to reduce paid personnel through attrition.

106. The borough should increase its efforts to develop a revitalized volunteer force with neighboring municipalities and actively recruit Thiel College students and residents. Incentives to increase recruitment should be identified and pursued.

107. At the conclusion of this recovery period and the current fire contract, the borough should consider a reduction to a paid chief and an assistant chief, with the rest of the force to be volunteer.

108. The current paid fire personnel shall be utilized for borough fleet maintenance and additional support to the borough's code enforcement efforts.

109. The borough shall notify the municipal authority that there are no longer hydrants that are utilized on 4" mains and that the annual fee paid to the authority will be discontinued.

110. The borough shall reevaluate the charges assessed for transporting equipment to an accident scene and adjust fees as costs increase.

111. Time billed for firefighters shall include all direct payroll costs not limited to FICA and workers' compensation.

112. The borough shall enter into discussions with the municipal authority relative to waiving the hydrant fee and standby fee during the Act 47 recovery period.

113. The fire department, during the course of its fire inspections, should gather employment data of the entity and share this information with the borough revenue collection departments.

114. The borough should utilize the mechanic maintenance pit at the fire department for routine vehicle maintenance and repair of all borough vehicles. This could be accomplished with existing fire department personnel on non-daylight shifts.

115. The borough should pursue offering traffic signal maintenance service to Hempfield Township via an agreement as a possible source of additional income.

116. The borough shall formally adopt a fee schedule for services rendered by the fire department.

117. The borough shall exercise the cancellation clause in the agreement with Fuller's Fire Incident Billing and begin to conduct this billing and collection in-house.

118. The borough shall adopt an ordinance for false alarms and adopt a resolution setting fees for "false" alarms.

119. The borough should adopt an ordinance requiring an alarm permit for any new alarm installation.

PUBLIC WORKS

Organization/Operation

The borough's public works department is responsible for the maintenance and repair of all streets, curbs, sidewalks, storm sewers, signs, equipment, facilities and property owned by the borough. This responsibility includes: 32 miles of streets; 35 miles of storm sewers; 50 miles of curb; one mile of public sidewalk; 11 parking lots; four borough owned buildings; and one borough owned airport. In addition to maintaining the above identified infrastructures, the public works department is responsible for snow removal; roadside weed and grass maintenance; tree trimming and branch removal; street signal traffic control devices; street sweeping; leaf and monthly yard waste collection and recycling; trash removal in the business district; and other maintenance throughout the borough.

Over the past few decades the borough, through attrition, has downsized the public works department. In the early and mid-1980's the department was comprised of 11 full-time hourly personnel and one superintendent. Today the borough, at full staffing level, employs a superintendent, a foreman, and five public works maintenance and repairmen. Due to the current fiscal condition the borough, in January 2001, laid off two employees. Over the past 15-20 years the staffing of the department has been reduced by 60%. This reduction in personnel is further magnified by the current situation where the borough finds itself with two individuals off on either workers' compensation or disability, and an additional employee limited to light duty. Thus, the current workforce is comprised of a superintendent, foreman, two full-time hourly and one individual assigned to light duty. The current staffing complement makes it very difficult to address the borough's overall public works needs in a timely manner.

The superintendent reports to the borough manager, although generally speaking he is given a free-hand to conduct the day-to-day operations of the department. The recovery team is concerned about the input of the public works superintendent in the development of the budget and on control of the expenditures. Improvements in this area are necessary. The superintendent also meets with the street committee of council, generally once per month, to address citizens' complaints/requests.

As a small department the borough has recognized the need to cross-train its personnel in all classifications of work and has done a good job in this regard. All of the personnel, with the exception of one probationary employee, maintain a CDL license and are capable of operating all the equipment at their disposal. Although the personnel are cross-trained they none the less are assigned specific duties such as street sweeper operator, backhoe operators, leaf machine, line painting operation, etc.

Communications Equipment

The public works department currently communicates via cell phones. Currently there are five cell phones in operation. There is no direct communication between the office and field personnel via mobile radio mounted in street department vehicles or through portable handheld radios. The department was given old police mobile walkie-talkies, but they have never been used. This lack of communication equipment results in inefficiencies and also hampers the borough's ability to respond to emergency situations in a coordinated fashion. Public safety personnel and the manager's office may have need of public works department personnel in an emergency, but be unable to communicate with them if a cell phone is unavailable or not in service.

Equipment

The following table identifies the current equipment available to the public works department. The table is broken down by type, model, year purchased, purchase price, condition, identified needs and repairs.

Generally speaking, for a community of its size and a department its size, the borough has a sufficient amount of equipment to address its needs. However, the condition of certain equipment is less than desirable and indicates the need for a replacement schedule and a capital equipment budget.

TABLE 47
GREENVILLE BOROUGH
PUBLIC WORKS DEPARTMENT - EQUIPMENT STATUS OF AS APRIL 2002

Type	Year Purchased	Purchase Price	Model	Condition	Identified Needs	Repairs
Pickup #8	1986		C20 Custom Del	Poor	Motor, Clutch, Body Repairs	$4,000
Dump Truck #5	1986	$31,751	C70 1986	Poor	Bed Rusted Out, Uses Oil.	$14,000
Pickup #2	1999		F350XL	Excellent	Filters	$100
Dump Truck #4	1989	$19,560	Ford Super Duty	Poor		$5,670
Dump Truck #3	1999	$39,000	Ford F550 Super	Excellent	Filters	$100
Pickup#1	1994	$21,969	Ford F350	Poor		$3,700
Dump Truck #6	1995	$50,859	Ford F Series	Excellent	Tires	$1,500
St. Sweeper #7	1994	$89,450	Tympco 600 R72	Fair	Pickup Head, Tires, Brooms	$4,000
Pole Saw			CS23	Good		
Leaf Loader	1992	$28,888	Ford710	Poor		$2,000
Wood Chipper	1992	$14,731	Wood Chuck SP111	Fair	Tires, Safety Lights, Filters, Blades	$1,000
Backhoe	1991	$66,345	Case 580K	Poor	Trans. Slipping, Uses Oil, Overheats, Bucket Rusting, Front End Bad	$15,000
Generator	1990		Honda	Good		
Pump Dia.	1991		Homelite	Good	Need Suction Hose	$300
Brush Cutter	2001	$300	Stile FS85	Excellent		
Brush Cutter	1993	$360	Stile F590AV	Poor	Junk to Parts for Replacement	$400
Chain Saw	1984	$350	Stile026	Fair	Bar Chain	$150
Leaf Box	1980	$400	Tarco		Junk	

Paint Machine	1990	$4,000	M-B A5GM	Fair to Poor	Needs Packing & Switch	$200
Leaf Loader	1999	$16,950	Ford 710	Good		$1,000
Air Compressor	1983	$3,995	Sillier 125	Poor		$500
Air Compressor	1980	$600	Sears 106.175880	Poor		
Road Roller	1990	$11,430	Mauldin	Fair	Not Large Enough to Pave	$1,500
Trailer	1981		Home Made	Poor	Tires	$200
Tar Kettle	1990	$3,990	Chausse TSP170	Poor	Heat Liner Rusted	$2,000
Salt Spreader	1990	$3,120	Highway P	Good	Bearings & Spinner	$200
Chip Spreader	1990	$1,485	Gledhill 707 Niagra	Fair		$200
Snow Plow	1968		Gledhill 10HSR-SBA	Fair	Warn was Rebuilt	$700
Snow Plow	1995	$1,995	Gledhill	Fair		$600
Compactor Ditch	1995		Robin Ecio	Good		
Chain Saw	1995		Jonsered 2054	Fair	Chain, Bar	$150
Salt Spreader	1995	$4,590	Highway Super P	Good	Spinner & Bearings	$400
Air Compressor	1998		Saborn G650B60V	Good		
Tamper	1995	$2,000	Stone SVR2811	Good		
Snow Plow	1999	with Truck	Fisher 8'	Excellent	Cutting Edge & Shoes	$600
Snow Plow	1999	with Truck	Fisher 9'	Excellent	Cutting Edge & Shoes	$600
Pressure Washer	1998	$2,005	Hotsy B3035H	Good		
Skid Loader			Bobcat 440	Good	Rebuilt	
Skid Loader	1999	$31,130	Bobcat 873	Excellent	Filters & Tires	$1,000
Grapple Bucket	1999		for Bobcat			
Forks	1999		for Bobcat			
Tracks	1999		for Bobcat			
Compactor Plate	1998	$2,200	Stone	Good		
Snow Blower	1999	$1,400	Troy Built	Good		
Snow Plow	1984		Diamond 8'	Poor		
Masonry Saw	1989	$850	Stihl TS460	Fair	Blades & Filters	$400
Total						$62,170

In addition to undertaking the normal public works functions, the public works department has in the past provided additional services to the parks and recreation department (GALSA) and the sewage authority. These services include, among other things, the use of the borough's backhoe and front-end loader. At one time the borough and the sewage authority split the time of one staff member. With regard to the GALSA, the department will provide certain skill services and will not charge GALSA for these services.

In reviewing the activities of the public works department two specific services occupy a great deal of time and need to be examined more closely as to their cost and benefit, and are of a concern to the Act 47 team. These activities are the once a month yard pick-up which occupies the department's time the entire last week of each month and the annual leaf pick-up which takes place in October and November.

The department seems to have a good working relationship with outside municipalities, particularly with Hempfield Township. Through their joint efforts the borough has utilized the township's street paver and the township has contracted with the borough for street sweeping services. Most arrangements are very informal, but suggest that future opportunities to identify regionalization of certain services may be possible. Both of the adjacent municipalities, Hempfield and West Salem, also have very small public

works departments and thus perhaps the municipalities may want to consider regional or joint alternatives.

In addition to the cooperative relationship with the surrounding municipalities the borough's public works department also has a fairly good relationship with Thiel College and the hospital. Currently, the borough conducts street sweeping twice per year for the college. This is an informal relationship and last year the college paid for repair parts for the sweeper. The borough and college will occasionally borrow each other's equipment to meet a need, i.e., backhoe, etc. In addition, the borough has sold the college and hospital salt at cost plus a $25 handling charge.

Additional areas of concern to the recovery team are the current condition of the public works garage and the condition of the mapping available to the department. The borough needs to develop a GIS. Perhaps a cooperative effort with the college would be useful in this regard. The location of the borough mapping at the public works garage and recent water damage that has occurred is a concern. Overall the borough needs to upgrade its computer hardware and software utilized by the public works department.

RECOMMENDATIONS

120. The borough shall include leaf collection in its general refuse collection/disposal specifications and require all homeowners to bag their leaves.

121. The borough shall evaluate the monthly yard waste pick-up and establish guidelines and possibly a fee schedule for this service.

122. The borough should enter discussions with the Mercer County Regional COG and the surrounding municipalities concerning the potential for the creation of a regional public works department, if there is sufficient interest.

123. The borough should work with the Mercer County Regional COG and Thiel College in digitizing all borough maps and further develop a GIS for the borough.

124. The borough should develop a long-term strategy for the public works facility needs and integrate the results into the capital budget.

125. The borough shall closely monitor the expenses of the public works department and any expenses that should be assigned to the sanitary authority should be included on the quarterly reimbursement from the authority.

126. **The borough should, working with the coordinator, evaluate its options relative to a replacement backhoe, i.e., lease/purchase and seek funding for such a replacement.**

127. **The borough shall utilize revenues from liquid fuels to reimburse the general fund for street lighting costs once special purpose levy funds are exhausted. Should any funding remain after costs relating to street lighting have been reimbursed the borough shall utilize the balance for reimbursement of allowable costs in the street department.**

PARKS & RECREATION

Greenville enjoys established park and recreation areas in addition to a newly constructed sports complex (actually situated in West Salem Township).

During the mid-1940s the US Army owned a tract of land in Greenville that was donated to the borough; this 90-acre parcel today is known as the Riverside Park. In addition to this well-established and well used community park, Greenville also owns 6 smaller park & parklet areas located in various parts of the borough, a community recreation center, an outdoor swimming pool and a nature center. The newly constructed 42-acre sports complex includes soccer and softball fields, a 1.2-mile fitness trail and other amenities. This sports complex facility is constructed on property leased to the borough for 99 years at $1 by St. Paul's, a retirement center.

In 1948 Greenville Borough Council and the Greenville Area School District (GASD) established the Greenville Community Association whose purpose was to organize, conduct and promote recreational activities in Greenville and its surrounding area. The Greenville Community Chest also participated within this venture. In 1978 the association changed its name to the Greenville Area Leisure Services Association (GALSA), which is the managing entity established to operate and maintain all of Greenville's recreation facilities and recreation programs.

The Borough of Greenville, the GASD and the United Way pledged to financially support the operating budget of GALSA. The borough and GASD pay certain expenses directly for GALSA, including payroll; fringe benefits; services and supplies; and other expenses. GASD agreed to a five-year declining funding commitment without any representation on the GALSA Board. The arrangement is: $100,000 for the 1st year, $100,000 the 2nd year; $100,000 the 3rd year, $80,000 the 4th year and $20,000 the 5th year. GASD is entering its 4th year of the five-year commitment. At present there is no indication that GASD will provide any funding assistance beyond the 5th year.

The borough's contribution to GALSA has been around $160,000 a year, primarily offsetting park maintenance cost and salary/fringe benefit costs of the GALSA staff.

The United Way has consistently contributed $37,000 per year in recent years. There is no indication at present as to what level the United Way will participate in future years.

Other revenues are generated by user-fees; assessments imposed on various recreation-oriented organizations administered by GALSA and listed on the next page; fundraisers; and contributions. In short, GALSA is substantially dependent, at present, on the payments from GASD, the borough and the United Way.

In addition to managing and maintaining these borough owned facilities, GALSA also administers several affiliate organizations on a fee basis, such as the Greenville Area Ladies Softball (GALS), Church League Softball, Greenville Area Youth Soccer Association (GAYSA), Young People's Theater (YPT), the Canal Museum and the Kids Korner Day Care Center.

In January 2000 a Comprehensive Open Space, Park and Recreation Study was conducted and completed within a year by Pashek and Associates. This firm was also hired by the borough to develop the specifications for the sports complex facilities; the borough convened a 10 to 12 member committee to work with Pashek on the planning and construction phases of the facility.

From the inception of GALSA in 1978 up to the development of the sports complex, GALSA had one director during this 22-year period who resigned on January 31, 2001 to work with Pashek, establishing a Mercer County office in Greenville for the firm. A new director was hired on September 24, 2001. The first director was paid by the GASD, reported to the superintendent, as well as to the GALSA board. When the GASD expressed no interest in GALSA board representation resulting from its five-year funding commitment, the director then became a borough employee, reporting to the borough manager, who also served as the GALSA president.

Within this nine-month time period, and in addition to the long-time recreation director resigning, there occurred other personnel changes. A program director, a desk supervisor and the borough manager resigned from their positions. The borough manager served as the GALSA president up to his resignation in October 2001. In January 2002 the GALSA Constitution (Bylaws) was revised, which among several changes included the composition of the GALSA board.

Effective with the constitution changes are the following board positions: two members of Greenville Borough Council, six members from the community, and the borough manager who serves ex-officio. The constitution further states that the GALSA Director "shall be employed by the association". All other employees are recommended by the GALSA director and the GALSA personnel committee and ratified by the B\board. With the inception of the new constitution, a borough councilman was elected as the GALSA president.

In February 2002 the borough park maintenance foreman resigned and was replaced by the park maintenance laborer by borough council. In March 2002 the grants and fundraising person resigned. In April 2002 incomplete and questionable construction related issues surfaced at the sports complex, resulting from poor workmanship on the part of some contractors; improperly placed fencing around the softball fields; lack of contract oversight and inspection; and the inability to provide sanitary sewer lines to the restrooms/concession stands. (The facilities are located in West Salem Township, which has no building codes.)

During 2000, the borough entered into an agreement to issue $3,670,000 in general obligation bonds, with a portion of those bonds to be applied as a match to a $2,200,000 Pennsylvania Department of Conservation and Natural Resources (DCNR) grant for the construction of the sports complex. According to the GALSA's 2001 Audit Report, the borough has used portions of these general obligation bonds for unauthorized purposes.

Additionally, during 2000, the borough was awarded two grants from DCNR for recreation related projects. The first grant of approximately $112,000 was to be applied toward the construction of a walking trail, connecting Riverside Park area to the downtown central business district. Approximately $28,000 was received by the borough for the trail's initial design work, a balance remains in the contract and the borough has requested to DCNR that it be permitted to return the unused portion of the grant, without providing the required 50% match to the funds already drawn and expended. The second grant of approximately $30,000 was to be applied toward the purchase of a 'gator' and a backhoe, and DCNR seems to have accepted that expenditure as proper and willing to close out the grant contract.

Because of improper specifications, or poor construction workmanship, or little competent construction oversight and inspection, or a combination of all of these, several unresolved issues remain within the sports complex, ranging from improper roadway sub base installation, poor backfill along walkways, groundwater infiltration in the well pit, undersized softball fields, etc. Resolution of these problems rests among GALSA, the borough, its solicitor and the various contractors.

Many municipalities operate their recreation activities and responsibilities in several different ways. One is through the municipality itself, in which it directly employs a recreation director and associated maintenance staff. Accountability is directly to the municipal manager if there is one, or to the governing body.

Another management form is through a municipal sanctioned authority or commission, in which the recreation director and other staff persons are employees of the authority or commission. This form and structure has a board that directly governs the affairs of the recreation operations and activities.

Another form is a municipal appointed recreation board that provides oversight and policy recommendations and works with the municipal-employed recreation director. In essence it has 'recommendation powers', but no ownership or direct management of the recreation department and/or functions; it provides guidance, advocacy and general recommendations to the governing body. The recreation director works with this type of board in an advisory and planning capacity.

Another form would be the municipality directly contracting out the administration and management services of its recreation activities, and pays a fee to the contracting, private party.

Greenville needs to redefine its role and relationship with GALSA given its current state of financial affairs and the real problems associated with and inherited by the present GALSA board.

Greenville cannot make good on its original financial commitment to partially support GALSA (along with GASD and the United Way). It has DCNR contractual issues that remain unresolved, is positioned to accept a sports complex that has been improperly constructed in some areas, and burdened by improper general obligation bond expenditures. Additionally, the GALSA structure lends itself to ambiguous interpretation and accountability that, unless resolved, may contribute to yet other municipal liabilities in the future. For example, and somewhat implied in the foregoing, GALSA recently revised its constitution in which it states that the GALSA director is employed by GALSA and accountable to the GALSA board. However, the GALSA director is on the Greenville Borough payroll and derives benefits from the borough. Although GALSA reimburses the borough for these expenditures, in the final analysis the GALSA director and the other workers are borough employees.

RECOMMENDATIONS

128. The borough shall begin discussions with the Greenville Area Leisure Services Association to evaluate the financial obligation of the borough. These discussions shall include, but not be limited to, reviewing user fees assessed to residents and particularly non-residents that could be increased to offset some of the financial obligations of the borough.

129. The borough should consider relinquishing its recreation management oversight entirely to GALSA with the understanding that GALSA will need to financially support itself beyond an agreed upon borough subsidy:

- **The borough should apply to DCNR under its Community Conservation Partnership Program for funds to undertake a comprehensive recreation study. The borough should approach surrounding municipalities to be a partner in this project. If cooperation is obtained from other municipalities matching funds should be pursued through DCED.**
- **Since GALSA serves citizens from surrounding communities, a DCED Shared Services Program for several communities could be justified.**
- **GALSA should enter discussions with the school district and surrounding school districts relative to financial contributions.**

130. The borough should annually contract with GALSA for programmatic services. The maintenance of the parks should be the borough's responsibility.

131. **The borough should investigate the maintenance and/or performance bonds provided to it by the contractors that were awarded the contracts for the sports complex design and construction activities. If contractors are not willing to correct mistakes, calling in the bonds is recourse to correct the problems.**

132. **The borough, in conjunction with GALSA until such time as GALSA may become independent, should consider contracting out maintenance and landscaping services for its parks and parklets throughout the borough and structuring the contracts on a performance basis.**

133. **The borough should determine the benefit and effectiveness of constructing a trail from Riverside Park to the central business district, determining the projected foot traffic usage and the potential benefit it may have to the central business district and spin off developments that may occur from such a connection, e.g., bicycle shop, GNC shop, recreation/fitness related enterprises, etc.**

134. **During the period November through February the borough's park maintenance employees should be assigned to the public works department to assist with general public works responsibilities.**

PLANNING, HOUSING, CODE ENFORCEMENT & ECONOMIC DEVELOPMENT

Overview

The recovery plan addresses both short and long-term initiatives to alleviate the distressed condition of the borough. A majority of the recommendations up to this point suggest direct actions that are in the control of Greenville Borough, and address management issues that in the short run will directly affect the financial condition of the borough. While these initiatives are necessary, it is important to understand that the borough's ability to reverse the trend and remain viable for the long-term depends on its commitment to manage long-term issues such as planning, housing, community and economic development. It is critically important to develop a comprehensive strategy in these areas.

Greenville's future rests in its ability to develop as an affordable and attractive place to live and work. Since a vast amount of land within the borough has already been developed, there is very limited land available for use in which the land's prior use does not clearly point to its most likely reuse. Trends, such as declining average household size, increasing median age, and increasing numbers of single parent families, as well as off-campus college housing, indicate that housing needs and preferences will continue to evolve during the next decade.

There is a need to develop sound housing, community development and economic development strategies. The comprehensive initiatives proposed in the following subsections should become the blueprint for providing a vision for the future of Greenville. Strict code enforcement and appropriate land use ordinances and their associated zoning ordinances would be the tools utilized to produce this vision. If Greenville recognizes the importance of these initiatives for the long-term viability of the community, then long-term, positive results will evolve.

The link between economic vitality and continued infrastructure improvement is well documented and established in public administration practice. Greenville's future depends on the commitment to the financing of infrastructure maintenance and improvements, and not defer such initiatives. The time has come to link its day-to-day activities to a comprehensive long-term strategy.

Planning

The Mercer County Regional Planning Commission (MCRPC) was recently granted $60,000 as partial funds from the PA DCED to develop a Greenville-Hempfield Multi-Municipal Comprehensive Plan. Among the several plan components that would be addressed in such a comprehensive plan would be land use, housing, community and economic development, to name a few. Additional funds are required to match the

granted funds to the MCRPC to allow for a complete and professionally documented comprehensive plan.

The vast majority of land within the borough has already been developed. There is very little available land for use in which the land's prior use or the use of its adjacent/neighboring properties do not clearly point to its most likely use or reuse.

Zoning law and practice have changed over the decades to become more inclusive in nature. That is, each zoning ordinance of a municipality should provide for all feasible types of land uses and developments within that municipality. Exclusionary zoning has been repeatedly rejected in Pennsylvania's legal systems, as well as throughout the United States.

Pending the outcome of the completion of the year-long comprehensive plan study, Greenville should embark on various improvements as identified in other studies and analyses.

RECOMMENDATION

135. The borough should request an Act 47 grant in the amount of $40,000 to complete a comprehensive plan and development of new zoning and subdivision/land development ordinances as may be identified resulting from the plan, and coordinate these planning efforts with adjacent municipalities.

Housing

The Mercer County Housing Study of 1986 determined that at least 23% of Greenville's housing structures within Census Tract 321 were substandard. A majority of all the structures were built prior to 1940, which attributes to the high percentage of substandard units within this oldest section of Greenville. In 1979 a major housing rehabilitation program was implemented within this section of the borough. In 1989 a comprehensive code enforcement program and housing rehabilitation program were initiated.

According to the 2000 U.S. Census there are 2,723 housing units within the borough. Of these, 54% are owner occupied and over 36% renter occupied and 9.5% vacant. The high renter occupied percentage is consistent with other college towns within Mercer County, i.e., Grove City and Sharon.

Over 27% of Greenville households are one-parent households with children under 18 years of age, and, 31% are households with occupants age 65 or older. Average household size is 2.28 persons per household.

The median house value in Greenville is $50,000 compared to the median house value in Mercer County of $76,000 and median house value in Pennsylvania of $90,000.

Some deterioration of the borough's housing stock may be due to the loss of the industrial economic base, leading to an out migration of residents over the past several years. The remaining property owners who are in need of housing assistance are elderly, low-income or absentee landlords renting to low and moderate-income families and individuals. Historically, these property owners have difficulty maintaining and reinvesting in their properties. Making matters worse, 105 of the 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.

A new housing strategy should:

- Encourage home ownership among existing residents;
- Attract new homeowners to the borough;
- Revitalize houses on a targeted block-by-block basis in order to maximize their physical impact; and
- Alleviate the tax burden for those homeowners making investments in their homes.

The primary focus of a new housing strategy should be to revitalize the most distressed areas of the community. A secondary but desirable benefit would be to provide housing opportunities for the distressed population of the community. To the maximum extent possible, these strategy elements should be provided without regard to income guidelines.

Housing Resources & Programs

A variety of housing resources and programs are available to assist Greenville on housing related issues. Some of these are governmental agencies and others are non-profit organizations able to access public and private sector resources.

Governmental agencies and a narrative description of them are as follows:

1. Community Development Block Grant Program (CDBG) via the U.S. Department of Housing & Urban Development (HUD) Funds as Administered by the PA DCED

   Greenville is an entitlement community and is projected to receive approximately $159,000 in CDBG funds in 2003. A portion of these funds should be earmarked toward a targeted housing strategy initiative.

2. Pennsylvania Housing Finance Agency (PHFA)

This agency from time to time makes available low-interest and zero-interest loans to both public entities and non-profit housing agencies for the purpose of new housing and rehabilitation construction.

3. Mercer County Housing Authority

   Evaluate potential partnership with this housing authority to determine possible linkages between this agency and those families within Greenville who would be eligible for housing assistance via the authority. Investigate the availability of HOME and Housing & Community Development funding through this or other appropriate agencies.

4. Mercer County Community Action Agency

   This agency may provide public sector housing development assistance to those in most need within the community.

RECOMMENDATIONS

136. The borough should develop a comprehensive housing strategy as the first step toward providing a mix of housing opportunities that can serve as an incentive to maintain existing residents, as well as attracting new residents. This strategy should include:

- **Examining efforts to preserve single-family homeownership.**
- **Initiatives to encourage opportunities for single-family homeownership and strategies to encourage housing development and neighborhood revitalization should be examined.**
- **Initiatives toward rehabilitation of the 35% existing rental housing units should be examined.**
- **Efforts to eliminate the 10% abandoned and substandard housing units should be examined.**
- **Areas of opportunity should be targeted and initiatives to address these opportunities should be applied.**

137. The borough should work closely with MCRPC, the Mercer County Housing Authority, the Mercer County Community Action Agency and other agencies that provide housing assistance and should strive to coordinate the housing plan efforts with the various long-term planning and economic and community development programs in the borough and the region.

138. The borough should seek to develop a home ownership marketing strategy to encourage existing renters to purchase their homes and to attract new residents to move into Greenville and purchase their homes. The borough should develop a marketing partnership with real estate firms to accomplish this.

139. The borough should establish a revolving loan fund for an owner-occupied home financing program, perhaps in partnership with PHFA. The new program should encourage home purchases, rehabilitation to meet code requirements, and improvements to increase home values. Such a program should not be targeted on the basis of homeowner income levels. The borough should consider the feasibility of capitalizing such a program through an allocation of its CDBG funds or PHFA funds 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 borough may consider submitting an application to the Pennsylvania Communities of Opportunity Program for funding to capitalize such a program. The borough should create a revolving loan fund with a principal amount of $1.5 million over the next 3 years to capitalize the program.

140. The borough should consider the establishment of a vacant property review committee or commission to provide leadership and assistance toward the demolition of abandoned structures and the marketing and/or making available of land for development to interested parties.

141. Tax abatements for home improvements or rehabilitation should be considered over a five-year tax abatement period in conjunction with the school district and Mercer County on new real estate taxes resulting from home improvements or rehabilitation.

Code Enforcement

The image of Greenville as a whole may be perceived by some as negative, by others as quaint, and yet by others as a patchwork of unrelated developments. Negative images need to be changed in order to expand on a good quality of life, attract new, quality business investments and sustainable housing. The view of rusting industrial buildings, unused railroad tracks, vacant commercial buildings and weed filled lots, reinforces negative images of Greenville.

Currently, the borough has adopted the 1993 edition of the BOCA Building Code that covers construction of one-and-two-family dwelling units

Updating, streamlining and enhancing a code enforcement service with trained personnel to perform on a consistent and proactive basis will allow Greenville to both 'clean up' its image, and perhaps offer such services to surrounding municipalities.

Building permits and citations have declined since 1998. Permits issued in 1998 were 169; in 2001 there were 98 issued. Citations in 1998 were 434 and in 2001 there were 206. This may be attributable to a decline in building activity combined with understaffing of the code enforcement service within the borough.

Greenville additionally has a downtown business district that has been certified as a 'Historic District' by the Pennsylvania Bureau of Historic Preservation. This designation demands that any construction/renovations done on buildings within this district be done according to recommended treatments and applications unique to historic preservation. The building inspector of the borough needs to be trained in the proper inspection techniques to adequately meet these conditions.

The present staffing of borough code enforcement, combined with the needed technical tools and software applications, are not sufficient to professionally provide all the code enforcement needs of the borough, residentially or commercially. With the advent of the Pennsylvania Uniform Construction Code (UCC) as specified in Act 45, requiring that all municipalities either provide building code enforcement services or opt out and thereby forgo any revenues, Greenville should reassess its code enforcement operations, compare its permitting and inspection fees with comparable sized communities and services, and consider providing code enforcement services to surrounding communities or conducting a joint program through the Mercer County Regional COG.

Act 45 and the UCC supercede and pre-empt all building codes. Additionally, should Greenville decide to continue with its code and building inspection services, it will need to pass an ordinance adopting the UCC as the local building code. Act 45 does allow for the retention of special local code requirements that differ from standards of the UCC, as long as two conditions are met. The provisions must be in an ordinance enacted prior to July 1, 1999, and they must at least meet or exceed the standard set in the UCC.

The building codes adopted through Act 45 consist of the International Code Council's 2000 code series. This series includes the International Building Code (IBC) and the International Residential Code (IRC), and replaces what are commonly known as the BOCA and CABO building codes, respectively. The Pennsylvania Department of Labor & Industry (L&I) is the designated lead agency to facilitate implementation of the code and prepare the requirements regulating training, certification and administration.

Under the current regulations, which are projected be become fully effective in spring 2003, if a local government chooses not to administer the UCC, that municipality will no longer have the right to issue building permits. In that case a contractor or building owner would need to retain a certified third-party agency (for one-and-two-family homes) or go to L&I (for all non-residential structures), to obtain a UCC construction permit, all necessary inspections and a certificate of occupancy. Should a local government opt out and relinquish building inspection services to another party, it forfeits its right to any revenues it would have received had it provided the service.

The proposed training and certification regulations 'grandfather' current code officials, whether directly employed by a municipality or working under contract with a municipality. Residential code officials may continue to work for three years and non-residential code officials may continue providing inspection services and plan reviews for five years, but they must register and also obtain an accessibility certification before handling accessibility code requirements. All 'grandfather' individuals must still obtain the required certifications by the conclusion of the applicable 'grandfather' period.

With the advent of the UCC and the need to expand the staffing and capability of the code enforcement operations within Greenville, the borough should study, investigate and consider providing expanded code enforcement services within its own jurisdiction as well as to the adjoining jurisdictions. The adjoining jurisdictions may contract with Greenville for the provision of building inspection services in response to the UCC rather than opting out.

RECOMMENDATIONS

142. The borough shall "opt in" with respect to the administration of the Uniform Construction Code (UCC) and adopt the International Building Code consistent with the Act.

143. The borough shall analyze present staffing levels for the provision of code enforcement services for the borough in conjunction with the revised fee structure.

144. Fees associated with building permits and inspections shall be raised to cover the cost of services provided or at least significantly offset the cost to the borough. A comparison of the fees charged by comparable sized communities should be conducted in order to determine the level of increased need for municipal fees.

145. The borough shall pursue discussions with the Mercer County Regional COG in a cooperative approach to the implementation of the UCC. If this approach does not work the borough should pursue discussions with adjacent municipalities to address implementation of the UCC on a multi-municipal basis. Under either of these approaches the borough should support/apply for funds from DCED for shared code enforcement services, providing 50% of the funds for start-up purposes.

146. The borough shall enact BOCA Property Maintenance Code and begin a proactive inspection process for rental properties. A rental property registration process with an absentee landlord provision should be included.

Economic Development

In preparing this section of the recovery plan the coordinator spoke with numerous people in the public, private and non-profit sectors. An economic development strategy should build on a healthy community. The Greenville economy has shown the difficult adjustments for a community dependent on a dominant industry when that industry is no longer providing the underpinning for the local economy in jobs and taxes.

In 1987 the Greenville Steel Car plant was purchased and put into operation by Trinity Industries. Trinity also purchased the Chicago Bridge & Iron plant and combined both operations. Over recent years Trinity Industries scaled down its employment levels from 1,800 to the time it closed in 2000. Additionally, population in Greenville dropped from 7,730 in 1980 to 6,380 in 2000, an 18% decline.

This section will address two economic generators, viz., the Trinity Industries site and the downtown central business district.

Trinity Industries

Trinity Industries is located on 35 acres that lie within both Greenville Borough and Hempfield Township, on which there are 480,000 square feet of space under roof. The MCRPC will include this site within its comprehensive plan analysis. The comprehensive plan consultant undoubtedly will have ideas and recommendations for its reuse. Nonetheless, for this Act 47 Plan purpose, several strategies should be implemented until the comprehensive plan's completion.

There have been some efforts by both Trinity Industries' real estate division, as well as some private interests, to discuss property reuse and redevelopment plans. These discussions are encouraged and should continue.

While recognizing that an individual community such as Greenville does not control the economic environment in which it exists, there are nonetheless important steps that Greenville can take to assist private interests in this property. To a significant degree, Greenville can take steps toward improving its economic destiny.

In order to do this, it cannot work in a vacuum. Greenville must work along side various economic development groups that are available to assist the borough in both redevelopment plans, and, accessing available public-financing tools.

Among the groups that would assist Greenville are: Penn-Northwest Development Corporation, Mercer County Redevelopment Authority, Mercer County Regional Planning Commission, Greenville Economic Development Corporation, Greenville/Reynolds Development Corporation, Hempfield Township, and the Governor's Action Team--Erie Office, to name a few. Working with these groups, they and Greenville may access a variety of Commonwealth of Pennsylvania financing programs that may support the borough's redevelopment strategy. These programs

provide a variety of tax relief and credit, grants for infrastructure and brownfield clean-up, and low-cost loans for specific development projects.

The borough shall pursue a memorandum of understanding to create the Greenville Partnership involving as many of the above local parties as possible to carry out its economic development strategy. This will enhance and solidify Greenville's participation in regional growth initiatives. The partnership should develop a comprehensive economic development strategy and determine on an annual basis priority projects that will implement this strategy. The partnership should represent Greenville in regional, state and federal level development issues and influence the allocation of funds for priority projects identified by the partnership. Through the partnership the borough should identify an administrative entity to provide administrative support for economic development activities.

The partnership should determine the allocation of local resources and recommend the allocation of state resources, which when implemented, enhance the future economic stability and growth of the Greenville area. The borough must recognize the partnership as the organization that will provide executive binding economic development leadership in order to guide the Greenville region with development initiatives.

In addition to partnering with these groups, the borough should explore cooperative efforts with Hempfield Township to extend marketing and positioning of the Trinity Industries property within the regional marketplace. A prospective developer should not have to face competition between the neighboring municipalities. Rather, both Greenville and Hempfield together should be engaged in joint marketing and recruitment efforts in conjunction with the economic development groups. And, both municipalities should benefit when their efforts are successful.

In addition, the borough should delegate the responsibility for development services to an agency that will represent it amount the various assisting groups and private interests. This agency should be responsible for all development activities on behalf of the borough.

In order to take advantage of the number of financing and funding opportunities for special projects, the borough must be able to show a local public or private match. This local match is particularly important for the state's Redevelopment Assistance Capital Program and other major infrastructure programs designed to stimulate job-creation development initiatives. Some projects associated with the redevelopment of the Trinity Industries site may only qualify for funding when a 50% matching fund is available and can be committed to the project. The borough should explore ways to capitalize a local matching fund that can be used to stimulate new development and leverage state funding.

Some of the immediately available state funding programs that should be considered in conjunction with private development interests are: Pennsylvania Industrial Development Authority (PIDA), Pennsylvania Economic Development Financing

Authority (PEDFA), Machinery and Equipment Loan Fund (MELF), Industrial Site Reuse (ISR), Opportunities Grant Program (OGP), Pennsylvania Community Development Bank, etc. Resources for economic development related to infrastructure include the Business Infrastructure Development fund (BID) the Community Facilities and Site Development programs, Infrastructure Development Program, etc. There are other financing assistance programs worth investigating, such as the Neighborhood Assistance Program—Community Investment, and those that would become available for newly established or expanding employers, such as Customized Job Training, Guaranteed Free Training Program (both of which may be partnered with Thiel College or Penn State-Shenango campus).

A positive step for economic development would be an enterprise zone designation for both the Trinity Industries property and the central business district. State enterprise Zone designation provides direct funding and preferred incentives for business in these areas.

Development Constraints

Access to the Trinity Industries property is poor. Access is fundamental to future development; there will be further discussion of this topic under the section on recommendations.

Another constraint is that the land owned by Trinity Industries is subject to Trinity Industries' own priorities and development capacity. The borough's ability to affect the pace and type of development is therefore limited to some degree, although as mentioned in the recommendation section, the borough can influence its direction and attempt to accelerate the rate of development.

A related constraint is the development activity occurring elsewhere in the region and the competition this represents, both for public investment funds from the Commonwealth and the investment and marketing efforts or lack of, by Trinity Industries. Competing interests may be in Sharon and Farrell. Land development and facility reuse competition may be found in Youngstown and Warren, Ohio.

Another basic constraint is the borough's limited funding and staff to implement an ongoing program of land use planning, zoning and development.

Additionally, the basic grant funding for enterprise zones was reduced from $110,000 to $50,000 per contract and competitive grants were also reduced. Reductions result in fewer resources for economic development.

Steps should be taken by Greenville as a natural outgrowth of its distressed status by managing those areas of community life that it can control: land use for both industrial and residential development. In a broad sense, Greenville's focus should be based on two main objectives within the community/economic development realm:

- To accelerate the development of its principal industrial land resource, i.e., Trinity Industries site, in a manner that will produce the best result from the standpoint of creating tax revenue and job creation, and, to do so in an environmentally acceptable fashion.

- To accelerate the development of new or rehabilitated residential units, as previously mentioned in the housing subsection of this section, so as to produce tax revenues, stem population loss and stabilize the community.

These strategic directions should be guided by major attention to access and transportation issues relating to the Trinity Industries site, and, creating the capacity by the borough to evaluate development proposals and encourage appropriate development.

Commercial Business District

Greenville's downtown, its central business district, had been designated in 1985 as a 'Main Street Manager Program' and had a downtown manager. When funding from the state ceased, so did the program and the manager departed. The central business district may be defined as a nine acre area centered on Main Street, a portion of Canal Street, a portion of Clinton Street and the small alleys that are intertwined among these streets.

Additionally, the central business district has been designated as a Commercial Historic District by the State Bureau of Historic Preservation and was listed in August 2000 on the National Register of Historic Places.

In 1995 the borough and the Greenville Area Chamber of Commerce discussed the need for a refurbished downtown district. From 1995 through 1998 the Chamber attempted to find and raise the necessary funds to assist toward such a venture. Eventually, Delta Development was able to assist the borough in finding funding assistance via PA DCED--$320,000 and PennDOT Tea 21 funds--$650,000, matched by general obligation bonds issued by the borough, $711,218.

The borough contracted with EG&G from Akron, Ohio to develop plans for downtown revitalization and for the firm to serve as the contract manager for infrastructure and other developments. EG&G completed some central business analyses via community meetings, developed an improvement list and developed renderings of the proposed improvements. Part of the ultimate development project was a trail connection from the downtown area to Riverside Park.

No planning or developments ensued following the initial contract with EG&G. Borough funds were redirected to other municipal projects. Consequently, the local matching funds were no longer available to leverage the PA DCED and the Tea 21 funds previously committed to the downtown area.

Like many older towns across the United States, Greenville faces serious challenges to its future viability as a community. Its inability to leverage the granted public funds to complete the commercial revitalization gives the borough pause to rethink and perhaps redirect the commercial revitalization plans.

The current situation provides an environment to seriously re-evaluate the downtown's future. As one of the first steps in that direction, and, to complement the initial efforts of the chamber, a study and plan of action should be taken to revitalize the borough's Main Street, its commercial spine, and, most important, the image of its identify.

This plan should encompass architectural, planning, traffic, commercial and a variety of other factors in order to enhance all aspects of the borough's quality of life. Together with a more comprehensive plan for the entire community and its surrounding region, this could signal the start of a new era for Greenville.

The inclusion of a commercial district analysis within the MCRPC comprehensive plan for Greenville/Hempfield is an encouraging factor into this overall planning for the downtown area.

The plan coordinator, together with the borough manager, an independent architectural consultant and the chair of borough's code committee, toured the downtown in October 2002.

It became clear from that tour that the downtown area has been sorely lacking in providing building owners and merchants with guidance in the proper maintenance and rehabilitation of their structures. Although there is a great deal of excellent, mostly 19th century building stock, most of it is on street level has been badly mutilated over the decades by poorly conceived alterations. Furthermore, almost all of the newer buildings, especially those from the post-WW II period, are not helpful in what they do to the street, but in many cases are actually destructive. In addition, the absence of a proper zoning code has allowed suburban style property development to erode the downtown's traditional urban fabric even further. Additionally, there is a need for an updated traffic and street sign study for the downtown district.

The historic district includes 48 'contributing' buildings and 19 non-contributing buildings. A 'contributing' building is one that was built between 1871 and 1873 and embodies the distinctive characteristics of a type, period, or method of construction that represents the work of a master, or possesses high artistic values, or represents a significant and distinguishable entity whose components lack individual distinction. The 19 buildings that do not meet these criteria were either built after 1950 or have undergone facade modernizations representing 20th century design influences.

The downtown's designation as a commercial historic district and as listed on the National Register of Historic Places should allow the borough and its residents to perceive itself differently and strengthen the credibility of efforts by building owners and public officials to preserve these resources as living parts of Greenville.

One of the most common questions that building owners have about the National Register is, "Will there be restrictions on my property after listing?" Owners of private property listed in the National Register have no obligation to open their properties to the public, to restore them, or even to maintain them, if they choose not to do so. Owners can do anything they wish with their property provided that no federal license, permit, or funding is involved. For the private property owner, federal funding for historic buildings usually comes in the form of federal tax credits for rehabilitation.

Additionally, owners of listed properties may be able to obtain federal historic preservation funding, when funds are available. In addition, federal investment tax credits for rehabilitation and other provisions may apply if rehabilitation efforts are made with those federal funds.

Greenville can receive federal assistance for its preservation activities from the National Park Service and state assistance from the History & Museum Commission's Bureau of Historic Preservation. Small matching grants and technical assistance may be available to aid Greenville in producing a historic theme or context for its downtown before any physical improvements commence.

Significant Economic Generators

Economic Development opportunities lie not only in the industrial and commercial arenas. Greenville is home to two significant economic generators in Greenville Memorial Hospital and Thiel College. Together these may act as a catalyst in talent, investment, energy and employment opportunities for the Greenville trained workforce.

The leadership of both of these institutions should be contacted, encouraged and nurtured to become part of the Greenville economic development leadership. Both of these institutions have much to gain by positive community image, can-do attitude between the public and private sectors working in concert with each other, and by participating in an action plan for growth and development.

The borough is aware and has been working with Thiel regarding its land acquisition and expansion plans. The Trinity Industries site may be in close proximity to those expansion opportunities. It is critical that Thiel College leadership is consulted during whatever site reuse alternatives and scenarios may be considered by interested parties.

As mentioned previously, the demographics of Greenville have changed over the past decade. The population base is older. A solid and reputable health care facility is absolutely important to community life and is a catalyst for a stable and growing community, as well. Additionally it will continue to be a stable employer needing to be close to an accessible and trained workforce.

Both institutions need supportive services to function competitively, e.g., food service, linen service, tradesmen, etc.

Economic development is not only positioning the borough for new investment and competing within the limited 'attraction' marketplace, it is also retaining what is viable and growing. Attraction and retention have become look-a-likes within the economic development arena in terms of energy, nurturing and maintaining a regulatory environment so both may succeed.

RECOMMENDATIONS

147. The borough shall aggressively pursue the creation of the Greenville Partnership involving key economic development entities within the region and within the partnership identify an entity to provide administrative support for economic development activities. The economic development partnership shall spearhead positive movements with Trinity Industries toward the site redevelopment, marketing, public funding and appropriate reuse. The borough should seek Act 47 funding to initiate the creation of the partnership.

148. The partnership should work with Trinity Industries to develop an incentive-based agreement for marketing, recruitment and development of the Trinity Industries site.

149. The borough should apply to the state for enterprise zone designation for the Trinity Industries site and pursue new communities funding for its central business district.

150. The borough shall pursue a tax-sharing agreement with Hempfield Township whereby any taxes generated from any development on the Trinity Industries site in either jurisdiction will be shared on a pro rata land area formula. This agreement will eliminate municipal competition for new development and encourage mutual support.

151. The borough should pursue the creation of a special fund to provide a local match to qualify for a variety of state and federal grant programs for development projects.

152. The borough should consider instituting a five-year declining tax abatement on new real estate taxes resulting from investments in the Trinity Industries site. The abatement program should be instituted along with the school district and Mercer County. The site should be divided into industrial districts and the tax abatement should be limited to these areas pursuant to the Local Economic Revitalization Tax Act and local ordinances. Tax abatements are particularly important to industrial users because of the high cost of real estate taxes relative to their land values.

153. Delay the implementation of commercial district infrastructure improvements until a theme and/or context study is complete, playing on the recently designated historic designation of the downtown area.

154. The borough should evaluate the results of the E, G & G study and seek funds to complete work necessary for a commercial district theme analysis/study, an updated traffic study within the commercial district, as well as study street signage with the district. Study results shall be blended within a newly developed streetscape and infrastructure improvement plan.

155. Educate the business property owners on the federal tax credits that would be available to them if they rehabilitate their buildings to proper design and structural standards that are conducive to the historic nature of the downtown area.

156. Evaluate building code ordinances and amend to encourage design standards for the downtown buildings to become conducive to the historic nature of the area.

157. Maintain close and good relations with stable employers within the borough; encourage a partnership with the leadership of both Thiel College and Greenville Memorial Hospital in order to access their talents, energy and vision.

SECTION VIII
HUMAN RESOURCE MANAGEMENT

As part of the development of the recovery plan the coordinator examined all existing agreements in place with certified bargaining units within the borough, as well as reviewed all existing and proposed personnel policies, salary requirements, and benefits to all borough personnel.

Uniformed Personnel

Uniformed personnel within the borough are represented by two bargaining units. The Greenville-West Salem Police Wage and Policy Unit represents all full and regular part-time police officers excluding the chief of police and any other management level employee.

The uniformed firefighters are represented by Local 1976 of the International Association of Firefighters of Greenville.

It should be noted that the only certification that the Pennsylvania Labor Relations Board has on file for the borough is the police collective bargaining unit which was certified in 1985.

Police

During late 2001 the police bargaining unit and the borough council exchanged numerous proposals toward executing an agreement which would take place in January 2002. In early January 2002, upon notice of the financial dilemma of the borough, council withheld consideration and approval of all pending contracts until a further review of the borough's financial position. As a result of council's tabling consideration and approval of the police contract, the Greenville-West Salem Police bargaining unit filed an Unfair Labor Practice Complaint with the Pennsylvania Labor Relations Board on January 28, 2002. In its complaint, the union alleged that a contract had been ratified and that approval of council is a ministerial act. As this case proceeded through the hearing process both sides continued to negotiate in an attempt to settle the dispute.

Once the coordinator was appointed the Act 47 team was actively involved in deliberations and negotiations. The two parties successfully negotiated a settlement which was ratified by council and the police unit on October 8, 2002. The contract term is for the period January 1, 2002 through December 31, 2004. The base wages were frozen for 2002, an increase of 3.5% in 2003, and a wage re-opener in 2004 to comply with the recommendations of the adopted recovery plan.

Fire

The borough entered an agreement with Local 1976 International Association of Firefighters of Greenville on October 12, 1999 for a contract covering the period January 1, 2000 through December 31, 2004.

As a result of the fiscal crisis uncovered in late 2001, the borough requested a wage freeze for the year 2002 for all borough employees. As a result, the firefighter union filed a grievance. On February 4, 2002 the firefighters unit and the borough reached a settlement relative to the grievance which resulted in the following:

1. The borough agreed to pay the firefighters $96.15 per man which represented the January 2002 pay requirements under the previous agreement.
2. Wages would be frozen through January 31, 2003 or a total of 12 months as the other employees of the borough had accepted.
3. The agreement would be extended through December 31, 2005.

Non-Uniformed Employees

Aside from the previous agreements discussed above, there are no other executed agreements in place throughout the borough. While the coordinator did review documents which outlined agreements between the borough and non-uniform groups, i.e., public works, sanitary, and parks there are no executed agreements that exist between the borough and these employees. Further review indicated that there are no certified bargaining units by the Pennsylvania Labor Relations Board for the non-uniformed employees. Research did indicate that a petition for representation was filed under Act 195 in 1978 for the borough's maintenance employees. The petition, however, was dismissed based on the outcome of the election.

The borough, in 2002, instituted a wage freeze for all non-uniformed borough employees. The borough, on July 17, 1986, adopted Ordinance #1167 establishing the Borough of Greenville Personnel Code. Furthermore, Resolution #1986-19 established the Personnel Rules and Regulations for the borough which was later amended by Resolution #1989-3.

During 2002 the borough has been actively working on the development of a personnel policy and procedure handbook, which is currently in a draft form. In addition, the borough, on August 13, 2002, with the consent of the coordinator, adopted the following resolutions:

#2002-14	Equal Employment Opportunity Policy
#2002-15	Sexual Harassment Policy
#2002-16	Substance Abuse Policy
#2002-18	Employee Discipline Policy

The following are the labor relations, cost containment, and related provisions of the recovery plan for the Borough of Greenville. They become effective as of the date of the plan's adoption. They cover the period 2003-2005 and beyond; provided that the terms and provisions of any existing collective bargaining agreement shall be followed for the remainder of its current term.

These cost containment provisions are both reasonable and necessary to the recovery of the borough. It is the intention of the borough to negotiate these cost containment provisions with the bargaining unit representatives of its employees, in good faith in future bargaining negotiations.

However, to the extent that the borough is unable to reach agreement with any of its unions, resulting in interest arbitration or other legal proceedings, it is the express intention of the borough that the implementation of these cost containment provisions is mandatory. All costs containment provisions must be addressed. The only exception to the mandatory intent and nature of these provisions will be by amendment to said provisions, based upon approval from the coordinator, in conjunction with the Pennsylvania Department of Community and Economic Development. Any such change must be in conformance with the financial parameters of the recovery plan.

RECOMMENDATIONS

Uniform Personnel

158. **Management Rights: The Borough shall have the right to determine the organizational structure and operation of each Department including, but not limited to, the right to determine and change job duties for each position, the right to determine and change schedules for each employee, and the right to assign work to any employee. Any provision in any collective bargaining agreement which is inconsistent with, or which interferes with, the rights of the Borough as set forth above, shall be eliminated to the extent of such inconsistency or interference, and the Borough's management rights, as set forth above, shall not be the subject of any grievance procedure or arbitration clause in any collective bargaining agreement between the Borough and any of its unions.**

159. **Elimination of Past Practices: Any provision or clause in any collective bargaining agreement which protects past practices, or any rights which are not specifically set forth in the collective bargaining agreements, shall be eliminated. The Unions shall be given the opportunity to identify and negotiate any specific practices or rights which they would like to preserve and have included in future collective bargaining agreements.**

160. **Wages: While under Act 47 the base hourly wages and salary increases, if granted, shall not exceed the lesser of the Consumer Price Index (CPI) for the northwest Pennsylvania region or 3%.**

Distribution of these moneys among the various bargaining units shall be fair and equitable and shall generally be in proportion to the actual 2002 costs incurred for each bargaining unit. Use of these moneys could include one-time bonuses, wage adjustments or other means. Whatever the terms of future collective bargaining agreements, arbitration awards, etc., no back wages or other retroactive adjustment shall be made.

161. Paid Leave: There shall be no increase or improvement in any form of paid leave. The scheduling of vacation, holidays, and personal days shall be balanced and evenly distributed throughout the year in such a manner as to preclude the need for overtime. The borough shall adopt and strictly enforce an aggressive management/supervisory oversight policy covering all types of leave (sick, family, bereavement, etc.). This provision applies to all borough personnel.

162. Two Tier: All future contracts shall have a provision for two-tier relative to salary and benefits with those new full-time employees hired after the starting date of the agreement being under a reduced wage and benefit package than the current full-time personnel.

163. Regular Part-Time Employees: The Borough shall have the right to hire regular part-time employees. Regular part-time employees shall be used or scheduled in such a fashion so as to virtually eliminate the need for non-emergency overtime within the borough. Regular part-time employees shall be part of the applicable bargaining unit, and regular part-time police and firefighters will be hired through Civil Service procedures. Regular part-time employees may be scheduled at any time but shall not be scheduled to work more than 35 hours per week (42 hours per week for firefighters), except for court time, training, and in cases of emergency. Regular part-time employees may be used to replace a full-time employee who is absent from work for any reason. In this regard, the borough shall have the right to change the schedules of regular part-time employees, for any reason, or to use regular part-time employees as "on call" replacements for full-time employees.

The borough shall have the right, in its sole discretion, to determine the starting wages and job duties of regular part-time employees. Thereafter, regular part-time employees shall receive the same percentage increase to their hourly wage, if any, as full-time employees within the same bargaining unit. The borough shall not hire regular part-time employees which would displace any existing full-time employees. Qualified part-time employees shall be considered for full-time positions which the borough decides to fill through the job posting procedure. In cases of layoffs, all regular part-time employees within a job classification shall be laid off first, according to their reverse seniority, before full-time employees are laid off within the same job classification.

Regular part-time employees shall not be eligible for any form of employee benefits or paid leave.

164. Elimination of Subcontracting Clauses: There shall be no provision in any collective bargaining agreement which prohibits or limits the right of the borough to subcontract any service, function, or activity.

165. Duplication of Benefits: Except as otherwise specifically required by law, any duplication of payment for sick leave, disability leave, workers' compensation, heart and lung benefits, paid leave, pension benefits, or regular pay shall be eliminated. All pension plans shall be amended to include a provision to offset pension benefits by the amount of social security disability benefits. Employees will be required to make an election concerning available benefits in order to avoid any duplication of benefits. There shall be no duplication of pension benefits and workers' compensation benefits. In accordance with Pennsylvania law, Act 57 of 1996, 77 P. S. §71, as amended, the amount of workers' compensation benefits paid to any employee shall be offset by the amount of pension benefits payable to the same employee. This provision shall apply to both bargaining unit and non-bargaining unit personnel.

166. Sick Leave/Doctors Evaluation: Any employee who is off work as a result of any illness or injury for more than three consecutive work days or who exhibits a pattern of possible sick leave abuse shall be required to furnish, at the employee's expense, a doctor's certification concerning the nature of the illness or injury. In addition, the borough may, at its discretion, order an evaluation of the employee's condition by medical personnel of the borough's choosing at the borough's expense. This provision shall apply to all borough personnel.

Non-Uniform Personnel

167. The borough should review and amend, where appropriate, the draft personnel policy and procedure handbook and then have council adopt it. No policy recommendation should exceed the limits established in the previous recommendations identified in the uniform personnel section of this recovery plan.

168. Wages: Any position that has had the salary frozen for the 2003 budget year shall be reevaluated at the end of the second quarter. If projections for year end fund equity are above projected levels as determined by the coordinator these positions may be granted an increase not to exceed 2% prorated for the final six months of the years and capped at 3%. Future increases not to exceed the cost of living in subsequent years will be

contingent solely on the progress toward achieving the goals set forth in the recovery plan.

169. Elimination of Minimum Manning: Any provision of any collective bargaining agreement between the borough and any of its unions concerning minimum manning requirements for any particular bargaining unit, shift, platoon, job classification, specialization, or position shall be eliminated. The borough shall have the sole right to determine the number of personnel employed and utilized by the borough. Further, the borough shall have the right to layoff any employees for economic or any other reasons, without limitation.

170. Light Duty: All future contracts shall have a provision for light duty in the event that an employee is injured on the job.

All recommendations pertaining to future health insurance shall adhere to the recommendations made in the employee benefit insurance section of this recovery plan.

EMPLOYEE BENEFITS

Rule XII of the Personnel Rules and Regulations states that the borough will provide all career service employees with a pension, medical and life insurance plan. Borough council may amend and approve costs and benefits to any specific benefits provided in the plan. Recommendations for changes to the plan specific to non-pension related benefits in addition to the plan administration are the responsibility of the borough manager. Police and fire benefits are further defined in their respective contracts. The following benefits are provided by the borough to all full-time personnel:

Medical

Employees are provided with medical insurance through the Municipal Employers Insurance Trust. The MEIT has traditionally provided quality medical benefits at a cost that has been slightly below market rates for comparable coverage. Over the past few years the rates have escalated dramatically and preliminary reports indicate the trust will increase rates 20% more this year.

In addition to full time employees, contractual provisions provide for limited benefits to retired police officers. Retiring officers are limited to 10 years of single medical coverage but can purchase benefits for any dependents through the plan. These benefits are only available to those retirees that have no other benefits available to them through another employer or spouse.

The price of healthcare insurance in Northwest Pennsylvania is definitely in an upward spiral. Highmark Blue Cross Blue Shield is predicting 15-20% average annual increases over the next three years. To make the situation worse, there really is no other carrier in a position to create competition to help control rates.

During 2002 the borough retained C.H. Reams & Associates, Inc. to review all their employee benefit insurance plans and coverages. As a result of this review C.H. Reams has suggested a variety of changes to the borough.

RECOMMENDATIONS

171. The borough shall revise the Personnel Rules and Regulations, Rule XII to require that all employees electing to participate in group medical benefits make a contribution toward the cost of the insurance.

172. The borough shall work with their broker to make plan design changes which will result in the actual users of the benefit paying more of the cost through an increased co-pay.

173. Beginning in 2003 for all non-bargaining unit personnel and beginning with the next contract for all bargaining unit personnel the borough will cap current benefit costs at 2002 rates. Increases beyond these rates will be

shared 50/50 between the borough and the employee with the employee contribution not to exceed the 2002 single employee rate on a monthly basis.

174. No new benefits or expansion of benefits, which have uncapped future costs, shall be permitted either for employees covered by collective bargaining agreements or unrepresented borough employees.

175. The borough, working through its broker, shall seek alternatives to the current coverage by attempting to secure comparable coverage through another provider at a lesser cost. The borough shall implement the regulations of the broker relative to plan and coverages. The borough shall pay the premiums relating to the lower cost alternative for the employee and dependents. If the employee elects to maintain current level of coverage then the employee shall bear the additional cost of this coverage through a payroll deduction.

176. The borough shall structure a simple Section 125 Plan offering a cash payment in the amount of $200 per month for individuals opting out of the group medical plan due to the fact they were able to secure coverage through their spouse.

177. The borough shall annually survey employees to ensure any dependents enrolled in the group medical plan are eligible for benefits.

178. To limit bookkeeping on the part of the finance office the borough shall enroll all COBRA individuals on a direct pay basis with the provider which at this time is the MEIT.

179. The employer shall cease the practice of providing fully paid health benefits to employees retiring after the completion of the current contracts. In an attempt to control the costs to the borough, employees shall be given a monthly allowance based on current premiums for single active employees. If the retiree chooses a plan in excess of the current allowance, or there is a premium increase, then the retiree would be solely responsible for paying the difference in the cost.

Dental

Currently all individuals eligible for group medical are enrolled in the group dental plan. The borough has placed these benefits through Bollinger Inc. Benefits for preventative work are covered at 100% and the majority of other work requires a 20% co pay. Restrictions apply to orthodontics and benefit levels for certain coverages require a 40% co-pay Cost of the benefit is $68 per month for family and $25.70 for single coverage. Due to the high cost of the dental plan the following recommendations are made.

RECOMMENDATIONS

180. The borough shall include dental benefits in the Section 125 plan. If the employee elects to participate in the 125 plan and maintains dental coverage the cost of said coverage shall be deducted from the monthly payment.

181. The borough shall attempt to secure group dental benefits at a lesser cost and follow the recommendations of its broker as to renewal or switching carriers.

182. The borough shall annually survey employees to ensure any dependents enrolled in the group dental plan are eligible for benefits.

Vision

Currently vision benefits are provided through Vision Benefits of America at a cost of $14.10 for family and $6.29 for single members per month. The borough's broker has recommended switching over to the MEIT Optichoice plan at a cost of $8.76 per family and $3.38 per single per month. This will result in a savings of $202 per month to the borough.

RECOMMENDATIONS

183. The borough shall include vision benefits in the Section 125 plan. If the employee elects to participate in the 125 plan and maintains vision coverage the cost of said coverage shall be deducted from the monthly payment.

184. The borough shall adhere to the recommendations of its broker and switch vision benefits to MEIT Optichoice beginning January 2003.

185. The borough shall annually survey employees to ensure any dependents enrolled in the group vision plan are eligible for benefits.

Life

As part of the total employee benefit package the borough provides group life insurance in the amount of $35,000 per police officer. Sewage department employees are eligible for $15,000. Non-uniformed employees are eligible for $5,000. With some flexibility in the market place the borough may be able to secure comparable coverage at a lesser premium.

RECOMMENDATIONS

186. Working through its broker the borough shall attempt to secure group life insurance at a lesser cost.

187. All non-uniformed personnel shall have the same level of coverage.

Short-Term Disability

As part of the benefit package the borough provides employees with a short-term disability policy. The total cost of the benefit is approximately $256 per month and the benefit level is minimal. Benefits available to non-uniformed personnel are limited to $100 per week. The borough pays 100% of the individual's base wage over the $100 per week for 13 weeks and 2/3 of the wage over the next 13 weeks.

RECOMMENDATIONS

188. The borough shall evaluate the cost of providing this benefit against utilization. It may be in the borough's best interest to drop coverage and self insure during the short term disability period or switch to a plan that increases the maximum from $100 to $400, which will result in perhaps an increased premium, but less overall cost to the borough since the borough would be saving $300 per week per claim.

189. If the borough self insures the benefit should not exceed 75% of the base compensation for the first 13 weeks and 2/3 of the salary for the additional 13 weeks.

Long-Term Disability

As part of the benefits provided to employees the borough also provides a long term disability benefit. Non-uniformed personnel are enrolled through Canada Life with a benefit equal to 60% of the current salary capped at $2,000 per month. The policy has a provision to subrogate against any pension or social security benefits received as a result of the disability. Cost of the benefit is .798% of covered payroll, which was reduced to .678% when the borough elected not to use a broker to place the coverage.

RECOMMENDATION

190. The borough's broker has suggested switching the current carrier from Protected Home Life to Canada Life, which should result in a net savings to the borough. The borough should review its option relative to this benefit.

SECTION VIII
CAPITAL BUDGET/INFRASTRUCTURE

As part of the process for assessing the capital and infrastructure needs of the borough the coordinator's assessment team conducted site visits throughout the borough to verify the condition of facilities, equipment and infrastructure components, including:

- Water & Sewer
- Streets
- Municipal Equipment
- Municipal Facilities

Issues relative to the needs and long-term development relative to water and sewer systems are addressed in the authorities section of this report.

Municipal Equipment

The municipal equipment has been identified and reviewed as to condition in the respective departments sections of the plan, i.e., police, fire, public works, etc. Generally speaking, the borough equipment is in relatively good shape. However, the borough does not have a comprehensive capital budget in place for the replacement of its equipment. No borough-wide plan is in place to prepare the borough for the financial impact of replacing its equipment. This ad hoc basis of replacing capital equipment often results in the borough postponing these purchases. As a result, equipment near or at the end of its useful life, breaks down frequently creating unproductive time for borough employees and is costly to repair.

Maintenance of equipment is handled by the respective department heads. Some of the maintenance/repairs are done in-house while other repairs are farmed out to local vehicle maintenance and repair shops.

The two major items that need to be addressed are the need for a new backhoe for the public works department and the need for repairs to fire engine 96-2, a 1985 FMC/Hohn. These two items alone could cost in the neighborhood of $200,000.

Municipal Facilities/Buildings

The borough has several buildings and properties for which it is responsible. The three main building sites the borough maintains are the existing borough building, the public works garage, and the new fire station.

The Greenville Borough Building and adjacent garage have been effectively utilized by the borough by identifying and using all available space. Generally speaking, the building has been well-maintained considering its age. However, the borough is facing significant improvement sot this facility if it is continued to be utilized for municipal

purposes. These improvements are a result of building components that are at the end of their serviceable life and changes necessary to comply with new building codes and regulations relative to publicly accessible buildings.

During 2002 the borough retained HHSDR Architects to study various options relative to the municipal building. The architects assessed the general overall condition of the facility as poor. Specifically, some of the findings were:

- HVAC – Due to the age and configuration of the existing heating system, the fact that no ventilation air is supplied, a complete HVAC system replacement is recommended.
- Plumbing – Due to the age of the existing property and the need for proposed new plumbing facilities, it is recommended that all plumbing be replaced.
- Power – Due to the age and lack of capacity all components of the main power service should be replaced.

The architects examined the following four options:

Option I: Demolish existing garage structure. Construct additions/alterations to existing building (close facility during construction).

Option II: Same as Option I, but phase in a way that would allow continued occupancy during construction.

Option III: Demolish existing building and garage. Construct new building on current site.

Option IV: Construct new building next to the new fire station.

These options ranged from $1.4 million to in excess of $2.5 million. Needless to say, the present financial condition of the borough makes any of these options difficult to address. However, the borough must begin to develop a strategy for this facility and prioritize the issues relative to the facility needs.

The borough public works facility has not been analyzed as the municipal building, but it does have some obvious physical and mechanical deficiencies.

RECOMMENDATIONS

191. The borough should adopt a multi-year capital improvement plan for all its physical assets. This program should include a prioritization of infrastructure facilities and equipment needs, along with the identification of funding alternatives.

192. **Working with the Act 47 coordinator the borough should determine financing alternatives for the capital improvements necessary to address the immediate and long-term issues surrounding the municipal building.**

193. **If privatization efforts are pursued relative to the borough's water and sewer facilities and funds generated from the sale of such assets over and above the defeasance of debt shall be set aside for the borough future capital needs and not utilized for the borough's operating needs.**

SECTION X
AUTHORITIES

GREENVILLE SANITARY AUTHORITY

The Greenville Sanitary Authority is a local government unit established in 1958 for the purpose of maintaining a wastewater treatment system in the Borough of Greenville.

The authority is a component unit of the Borough of Greenville. The authority is governed by a five member board appointed by the borough. Although it is legally separate from the borough, the authority is reported in the financial statements of the borough as if it were part of the borough because its purpose is to finance, construct and maintain the sewer system operated by the borough. The borough has guaranteed the debt the authority has incurred in connection with sewer system improvements.

The borough leases annually the sewer system from the sanitary authority. In accordance with the agreement, the borough may retain in the sewer system operating fund 25% of the operating budget and transfer the remainder to the Greenville Sanitary Authority.

Sewage Billing

Under an agreement the Borough of Greenville leases and operates the system. Under the agreement the borough has assumed the maintenance and billing functions for the borough and surrounding communities. In a separate fund the borough budgets for expenditures relating to five employees and the superintendent of the plant. In addition, the borough budgets for reimbursement of 50% of the salary of the manager and treasurer. Reimbursement for all costs relating to personnel functions is requested on a quarterly basis.

RECOMMENDATIONS

194. The borough shall allocate all fringe benefit and direct payroll costs on a proportional basis for the costs of the three borough employees charged with management and accounting services.

195. The borough in its reimbursement request shall include all costs relating to workers' compensation including any premium debits and other increases to the basic rate including the experience modification factor.

196. The borough shall consult with the pension actuary to determine if any factor should be included in the quarterly reimbursement request. If the actuary feels that there is a measurable direct cost to the borough for pension benefits said cost shall be included in the reimbursement request.

197. In an effort to improve cash flow and maximize investment earnings the borough shall reimburse to the general fund, estimated costs relating to the sewage personnel on a monthly basis and deduct these estimated reimbursements from the quarterly requests.

198. A review of reimbursement requests indicates that the borough has not included workers' compensation costs in past requests. Effective immediately the borough shall review all back invoices that are available specific to total salaries that did not include requests for reimbursement of workers' compensation costs. A retroactive invoice shall be forwarded to include all costs listed in the recommendation section of the plan.

The Municipal Authority of the Borough of Greenville maintains and operates the water supply system for the borough and surrounding territory. The borough and the authority have entered into an agreement for the billing and collection of sewage rental fees. In the agreement dated January 29, 2002 it states that the authority will furnish a list of all customers within the borough. As part of the billing service the authority is responsible to read the meters, make calculations relating to user charges and bill the customers for said charges on a bimonthly basis.

The municipal authority, per the ordinance, deposits all collections into a separate account maintained by the authority. Transfers are made back to the borough on a monthly basis attaching a statement detailing all charges for the entire billing period. Within the report the authority lists collections and total receivables less charge offs forwarded to the borough. Records pertaining to all collections are maintained by the authority.

Attempts to collect unpaid balances by the authority are minimal and any balances on an account older than 60 days are deemed to be uncollectible by the authority and forwarded to the borough to pursue collections. At that point the authority is exonerated from the fee and the borough is solely responsible for collections. At the time the borough is notified of the delinquent account a letter is sent to the property owner threatening non specific action upon the owner if the fee is not paid within 45 days. If after 45 days the fee remains unpaid the borough forwards the account to the appointed delinquent collector at which time another letter is sent on behalf of the borough.

A review of the delinquent accounts indicated that current collections are reasonable and that follow up efforts on the part of the borough manager garners about 50% of the delinquencies. Once forwarded to the delinquent collector collections are minimal. A report from the collector indicates that Sharpe is maintaining a delinquent list totaling $17,704 in delinquent sewage fees.

In the utility business it is essential that the utility use the power of shut-offs to collect unpaid balances. There is no legitimate reason why 60 days should pass and then the uncollectible is given to the borough to collect when the municipal authority, as the agent for the borough, has the power of shut-offs to the service.

RECOMMENDATIONS

199. At the request of the sanitary authority the water authority shall shut-off all delinquent accounts in compliance with their rules and regulations.

200. The borough shall advertise through a request for proposals for an individual or firm to collect delinquent sewage fees.

Sewage bills are based on water consumption with the exception of those customers with alternative water supplies. It is the responsibility of the borough to provide the municipal authority with a list of all sewage customers on an annual basis. To ensure accurate billings of all accounts the water authority must provide the borough with updates and changes to the sewage billing list. This would include water customers that may potentially be on a septic system.

The authority is responsible for the billing and collection of 2,700 customers in the Borough of Greenville. The average bill for water and sewage is $66 with the responsibility for allocating payments resting with the municipal authority. The cost assessed to the borough for billing and collection is $22,020 per annum or approximately $1.36 per bill. This cost is only for billing collection and record keeping since any delinquents are the responsibility of the borough to collect.

RECOMMENDATIONS

201. The borough shall notify the municipal authority of its intent to modify the agreement for collections and maintenance of sewage accounts specific to the collection fees assessed as compensation for billing services. The cost for these services shall not exceed $1 per bill.

202. The borough shall request from the municipal authority a cost specific to just purchasing the meter readings. In cooperation with the Act 47 coordinator the borough shall assess alternatives in billing that may result in cost savings in billing services.

203. As part of the RFP to evaluate alternatives to the current billing services the borough shall include collections of delinquent accounts.

204. The borough shall discuss with the authority the potential for combining collection efforts on delinquent accounts through water shut offs. In addition, the borough should require the municipal authority to post any partial payments proportionally to both water and sewage.

In addition to the Borough of Greenville sewage customers, the sanitary authority services both the townships of Hempfield and West Salem through an inter-municipal agreement. As part of the initial agreement with Hempfield Township the borough was to provide all maintenance to the sanitary lines in the township. In a settlement agreement between the borough and the township it was detailed that the borough was not completing the maintenance and that the township continued to perform all maintenance of the system within its boundaries. The settlement agreement clarified the maintenance agreement in that township customers would continue to pay the same rate for service as residents of the Borough of Greenville and that the township authority would retain 25% of the billing charges to cover matters pertaining to the maintenance of the collection system in Hempfield Township and the costs associated with billing the Hempfield customers. Gross quarterly billings in Hempfield are approximately $53,000 and annual maintenance and billing costs retained by Hempfield is about $54,000 per annum.

A review of the July remittance of sewage billings indicates that there are 883 residential properties and 120 commercial customers. If the 1,003 customers on the system were billed at $1.35 per bill per quarter the annual billing charge would not exceed $6,000. Billings are on a flat rate and not related to consumption. Therefore, this would leave approximately $48,000 per year for sewer maintenance. The 25% retention is somewhat high. Under the agreement the borough is only to use the money to cover matters pertaining to sewer line collection maintenance.

The inter-municipal sewage agreement with West Salem Township is similar to that of Hempfield in that all customers are charged the same rate for sewage, but West Salem retains 15% of the gross charges for billing and maintenance services.

RECOMMENDATIONS

205. The borough shall enter discussions with Hempfield and West Salem townships relative to the 25% and 15% retentions for billing and maintenance since more of the flat fee is for treatment as opposed to line maintenance. In addition, there may be some economy of scale if the borough would increase its staffing by one person for maintenance of all three municipalities and retain the maintenance costs from both Hempfield and West Salem.

206. The borough should to conduct a rate study to more accurately determine whether the existing rates are sufficient and equitable.

207. During the past two years the established residential flat rate was to be $189.05 per year, but it appears the borough has been billing at approximately $181 per year. The borough shall immediately increase the rate to $189.05 per year and consider an increase over the next two years to make-up for the lost revenue over the previous two years.

The time is right to examine more long-term issues relative to the sanitary authority. Options such as: a full operating authority and purchasing the system from the borough; a joint water and sewer operating authority; and the privatization via a sale of the sewage authority need to be reviewed by the borough during the next year. Any of these options may be in the best interest of the borough, particularly since the borough serves so many non-borough residents.

RECOMMENDATIONS

208. During 2003 the borough and sanitary authority, working with the coordinator, should evaluate ownership options relative to the long-term future of the sewage system. The borough and the authority should form a joint working committee to lead this effort.

209. The borough shall apply for Act 47 funding to assist in this study effort.

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE (WATER)

The Municipal Authority of the Borough of Greenville was created under Ordinance #540 enacted February 17, 1942 in compliance with the laws of the Commonwealth of Pennsylvania to operate a water system to service individuals and businesses in the Greenville area.

The source of the borough's water is the Shenango River. The 2 mgd plant came on line in 1991 and operates an average 16 hours per day. The intake screens are located just south of the Main Street Bridge. The water flows naturally from the Shenango River to a raw water chamber in the plant and through four intake screens. Chlorine and Polyaluminum Chloride are fed as the water is pumped from this chamber to a rapid mixing chamber where activated carbon is fed for taste and odor control. A polymer is then added before the water flows into two superpulsator clarifiers where iron and manganese settles and the chlorine has time to react with impurities to disinfect and reduce taste and odor problems. After 30 minutes in the clarifiers, caustic soda is fed in a collection chamber to control ph before the water goes through four anthracite and gravel filters, after which more chlorine is fed before a 100,000 gallon clear well. Fluoride is fed for dental purposes and a polyphosate is fed to sequester iron and manganese, and control corrosion in the water lines as the water is pumped into the distribution system with two 150 horse power pumps (source: 1999 Consumer Confidence Report).

The borough system is served off four storage tanks with a combined capacity of 1,987,000 gallons.

Table 40 shows the composition of the authority's customer base by classification from 2000 and 2001.

TABLE 48
GREENVILLE BOROUGH
MUNICIPAL AUTHORITY'S CUSTOMER BASE BY CLASSIFICATION

	2000	2001
Domestic	2,832	2,837
Commercial	284	257
Industrial	6	3
Public	12	12
Total	**3,134**	**3,109**

The comparison of the amount of water sold by consumer classification for the past five years is tabulated on the following table:

TABLE 49 GREENVILLE BOROUGH TOTAL GALLONS OF WATER SOLD (IN 1,000 GAL.)					
Classification	**1997**	**1998**	**1999**	**2000**	**2001**
Domestic	128,347	130,319	119,828	152,717	122,527
Commercial	68,368	68,753	67,468	68,018	76,432
Industrial	52,926	64,207	33,011	10,505	2,989
Public	4,578	4,906	3,689	3,028	2,702
Bulk Sales	--	--	--	649.4	864
Total	**254,119**	**268,185**	**223,996**	**234,917.4**	**205,514**
Source: Annual Report					

Sales to metered consumers totaled 205,514,000 gallons, or a daily average of approximately 563,000 gallons in 2001 and represent a decrease in total sales of 29,403,000 gallons from 2000. A breakdown of sales per customer indicates that domestic sales decreased by 30,190,000 gallons, commercial increased by 8,414,000 gallons, industrial decreased by 7,516,000 gallons, public decreased by 326,000 gallons and bulk sales increased by 214,600 gallons in 2001.

The authority is a full operating authority and as such operates independently of the borough. The borough does appoint the five board members who serve staggered five year terms with one being appointed each year. The board appoints a solicitor, engineer, and auditor.

The authority currently has eight employees comprised of the following:

- 1 Superintendent
- 2 Office
- 3 Distribution
- 2 Filtration Plant

2002 has turned out to be a very tumultuous year for the authority. On or around October 25, 2002 the authority began experiencing problems as tank levels began to decline. On Sunday, October 27th the fire department was notified that the west tanks were at 5' and that a pump that normally pumps 1,200 gallons per minute was only pumping 300 gallons per minute, and had not been keeping up with demand for the last few days. When this pump went down there was no water being pumped into the system and thus the water supply reached critical levels.

On Tuesday, October 31, 2002 the Greenville Fire Department pumper was utilized to pump water into the system. The plant normally had two operating pumps that were rotated on 15 day cycles, however, earlier in the year one of the pumps went bad and a new pump was purchased, but had not arrived at the time this crisis occurred. At this time a water conservation notice was put into effect.

On Monday, November 4, 2002 the crisis took a turn for the worse when, as the new pump was being installed, an unexpected problem arose and two clarifiers became clogged, which caused a boil water emergency. Water levels dropped to 1'. Greenville's Mayor declared a state of emergency and water buffaloes were deployed at key locations throughout the borough. The Pennsylvania Department of Environmental Protection ordered a boil water notice to the 3,700 customers of the authority. As this report goes to print the boil water and conservation notices remain as the crisis has not been resolved.

This crisis gave added focus to the need for the borough and the municipal authority to improve their lines of communication and dialogue, not only on issues surrounding this emergency, but more importantly on long-range issues affecting both the borough and the authority. While we recognize the independent autonomy of the municipal authority, never the less the customers of the authority and the residents of the borough would be better served by improved communications and dialogue.

During 2002 there was some general discussion surrounding the possibility of privatizing the water system. The borough was not party to any of these discussions or strategies. All options relative to the water system must be examined during the coming year in concert between the authority and the borough. The recent emergencies once again bring this issue to the forefront.

RECOMMENDATIONS

210. During 2003 the borough and municipal authority, working with the coordinator, should evaluate options relative to the future of the borough's water system. The borough and authority should form a joint working committee to lead this effort as they examine more closely privatization opportunities.

211. The municipal authority should undertake an independent operations analysis to review all phases of the authority's operations and suggest operational changes.

212. The municipal authority should retain a consultant to develop an independent rate study required under Act 203.

213. The borough shall apply for Act 47 funding for the above identified studies.

AIRPORT COMMISSION

Greenville Municipal Airport is actually situated in both Green and West Salem townships approximately three miles north of Greenville on the eastern side of PA Route 58 and lies on 166.15 acres, with 50 acres of airport easements

In November 1964 Greenville Borough Council established the Greenville Airport Commission. This commission is considered an arm of council, and advises council on all matters of aviation and the airport proper itself.

During those early years the commission recognized that many improvements needed to be made to the facility, which was first constructed as a landing strip in 1928. In October 1965 the Federal Aviation Agency approved general plans that provided for the hard surface runway and the routing beacon that would make the airport an all-weather facility. The total cost of the project at that time was $263,957. State and federal agencies contributed over 60% of this amount. The improvements were dedicated in 1968, and a maintenance hanger for two aircraft was also built in 1968.

In 1969 runway lights and taxiway lights were added to the facility. Another maintenance hanger large enough for one aircraft was built in 1982. In 1984, Visual Approach Slope Indicators (VALS-2) were added to both ends of the paved runway. Runway 15-33 was reconstructed to restore its integrity, correct a line-of-sight deficiency and increase pavement strength to 12,500 pounds in 1984.

Several other changes and improvements have occurred at the airport since the development of the 1985 Master Plan. Among them were T-hangers, new terminal/administration building, apron, access roads, fueling system, taxiways, and medium-intensity lights. No projects are currently under construction.

Approximately 37 single-engine aircraft are based at the Greenville Municipal Airport, all assumed to be privately owned. Airport management reports it could immediately bring at least eight more aircraft to the airport if there were more hanger space.

Greenville commissioned a study of its airport facilities in 2001 and contracted with RBS Consulting Engineers and Planners. The plan was completed in February 2002. Within this plan there are projected developments and site improvements listed on a short range (through 2005) basis, an intermediate range (2006-2010) and long range (2011-2020). Developments and improvements range from runways, lighting, purchasing additional easements, snow removal equipment, instrumentation, terminal upgrading, additional t-hangers, fueling facilities, etc.

Estimated development costs total $11,810,000 from short-range to long-range projections, with $3,535,000 through 2005, another $1,460,000 through 2010, and another $6,815,000 through 2020.

Federal funding for airport development is available through the Airport and Airways Improvement Act of 1987. The Airport Improvement Plan authorized by the Act establishes funding. Grants are available to publicly owned, public access airports, except for reliever airports, which, if open to the public, are eligible for federal funding regardless of ownership.

Projects are eligible for federal funding provided they qualify as airport development, defined as: 'any work involved in constructing, reconstructing, repairing, or improving a public-use airport; and, acquisition or installation at or by a public use airport of: navigation aids, safety/security equipment, snow removal equipment, etc.; acquisition of land or easements necessary to permit airport development or to eliminate and prevent airport surface hazards'.

The federal share of these types of improvements is generally 90%. Federal funds may be used to reimburse preliminary planning and engineering costs, provided such costs are prequalified. While 90% of such costs are eligible, full funding of such eligible costs are not always assured. Competition for the relatively limited airport improvement funds is strong, in addition to the restructuring of funding and demands after September 11, 2001 for airport security and improvements.

The airport commission can enhance its probability of obtaining full funding by retaining some flexibility in project timing to take advantage of funds as they become available.

Pennsylvania also participates in the cost of airport planning and development projects. Project eligibility is generally consistent with allowable project costs under the Airport Improvement Program. In most cases, the state participates in 50% of the non-federal share of airport development. The state provides additional financial support to airports that are available for public use through an aviation development loan program (10-year revolving low-interest loans) and a real estate tax reimbursement program.

Lease

The Borough of Greenville has a lease with Motivation Air, Incorporated entered into May 10, 1988, which was preceded by leases dated January 1, 1976, and December 30, 1981. The current lease runs through May 9, 2006.

Under the lease Motivation Air, Incorporated is responsible for managing the day-to-day affairs of the airport and leases the property from the borough for $20 per month. Essentially, the lessee has full use of the borough facilities to operate its business, but is responsible for all utilities; all insurance, both property and liability; all business taxes; set all rental fees; etc.

The borough is responsible for snow removal, for cost of electricity up to a certain level, mowing of all grass on the premises, providing fire fighting protection, and providing police protection, as needed.

Currently, the borough expends over $10,000 annually providing the above identified services to the airport and receives only $240 in revenue under the current lease. Many issues are of concern relating to this lease. There are issues relative to insurance limits and coverages that need to be further reviewed. Additional language in the lease indicates that the lessee begin to consume electricity in an amount of 30% higher annually than levels in 1988 the lessee shall be responsible for the cost of electricity that exceeds the 1988 levels of consumption.

RECOMMENDATIONS

214. The borough should determine its long-range plan for the airport and should examine the issue of its ownership of such a facility that primarily benefits a limited number of private users.

215. The borough, during 2003, should examine its overall costs in support of this facility and review areas for future negotiations relative to the lease.

216. The borough shall review electric consumption and those costs over the prescribed costs identified as the boroughs in the lease shall be billed to the lessee.

217. If the current agreement cannot be renegotiated the borough shall, upon expiration of the current agreement, request proposals for providing management services at the airport. At minimum the borough should have no financial obligation toward paying costs related to utility or maintenance on the day-to-day operations of the airport.

SECTION IX
SUMMARY OF ACT 47 FUNDING

TABLE 50
GREENVILLE BOROUGH
EMERGENCY LOAN

Activity	Amount	Term	Rate
Emergency Loan	$660,000	10 Years	0%
Repayment schedule (loan to be connected to an operating loan and the balance to begin to restore the depleted bond funds).			
Additional Capital Fund	$400,000	10 Years	__%
Restoration loan (the funds must be utilized to restore the funds borrowed from the non-resident EIT fund and the capital fund).			

TABLE 51
GREENVILLE BOROUGH
COMBINED REPAYMENT SCHEDULE

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Loan	$49,500	$66,000	$66,000	$66,000	$66,000	$66,000	$66,000	$66,000	$66,000	$82,500
Capital Fund Restoration Loan	$30,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$50,000

TABLE 52
GREENVILLE BOROUGH
DCED ACT 47 GRANT REQUESTS

Ordinance Codification	$5,000
Intergovernmental Initiatives Studies - public, fire, municipal consolidation, public works, uniform code enforcement (other options relative to financing these initiatives should be pursued)	$60,000
Capital Equipment/Backhoe	$50,000
Comprehensive Plan	$40,000
Economic Development Partnership/ Marketing	$20,000
Water & Sewer Studies - rate analysis - system evaluation - operations analysis	$25,000
Total	**$200,000**