

BOROUGH OF RANKIN
ALLEGHENY COUNTY, PENNSYLVANIA

ORDINANCE NO. 545

**AN ORDINANCE OF THE BOROUGH OF RANKIN, ALLEGHENY COUNTY,
PENNSYLVANIA, ADOPTING THE MARCH 10, 2020 DRAFT OF THE
ACT 47 RECOVERY EXIT PLAN PREPARED BY
RESOURCE DEVELOPMENT & MANAGEMENT, INC.**

WHEREAS, Rankin Borough ("Rankin") is a financially distressed municipality subject to the provisions of the Municipal Financial Recovery Act, 53 P.S. § 11701.101 *et seq.* (the "Act"); and

WHEREAS, in accordance with the provisions of said Act, a financial recovery plan was adopted by Rankin Borough in July of 1989; and

WHEREAS, due to the passage of time and changes in financial conditions, Rankin Borough's Act 47 Coordinators at Resource Development and Management, Inc. proposed to Rankin Borough on March 10, 2020 an Exit Plan which replaces the 1989 plan and all amendments, and that contains financial management recommendations that more accurately reflect and address Rankin Borough's current financial condition and concerns; and

WHEREAS, the Rankin Borough Council has determined that adopting the proposed Exit Plan is appropriate at this time as part of Rankin Borough's efforts to maintain a balanced budget while providing the highest level of public services possible under the circumstances.

NOW THEREFORE, be it ordained and it is hereby ordained and enacted as follows:

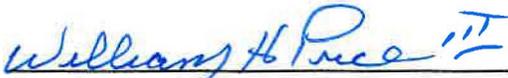
SECTION 1. The above recitals are incorporated herein by reference as if fully set forth.

SECTION 2. Rankin Borough hereby adopts the March 10, 2020 Exit Plan.

SECTION 3. Any ordinance or part of any ordinance conflicting with any of the provisions of this Ordinance is hereby repealed to the extent necessary to remedy such conflict.

ORDAINED AND ENACTED by the Council of the Borough of Rankin, County of Allegheny and Commonwealth of Pennsylvania, this 14th day of April 2020.

Borough of Rankin



President of Council

ATTEST:



Borough Secretary

Examined and Approved by me this 9th day of June 2020.



Mayor

BOROUGH OF RANKIN

EXIT PLAN

Filed:

March 10, 2020

Completed By:

**Resource Development & Management, Inc.
1500 Ardmore Boulevard, Suite 409
Pittsburgh, PA 15221-4668**

Section I

Introduction

On October 27, 1988 the Borough of Rankin requested that the then PA Department of Community Affairs determine the Borough's eligibility as a distressed municipality under Act 47. In December of that same year a field report was issued which noted that the Borough met the following three criteria for a distressed municipality:

1. The Borough had maintained a deficit over the prior three-year period in excess of 1% of total budget.
2. Expenditures had exceeded revenues in each of the past three years.
3. The operating deficit was in excess of 5% of total revenues in two successive years.

In February of 1989 the firm of Eckert Seamans Cherin & Mellott was appointed to develop a recovery plan, which was formally filed with the Borough Secretary in July of 1989. Recognition of a large negative fund balance necessitated that the Coordinator take immediate action to make application for emergency funding through the State. The size of the deficit presented a threat to the health and safety of the Borough residents because the Borough was unable to meet current obligations and many vendors refused to continue to provide any services until arrearages had been cleared. In addition to the outstanding payables at the end of 1988, the Borough faced severe cash flow problems the first six months of 1989.

The Borough's poor financial position was the culmination of many factors which had been developing over the prior few years. Tax appeals greatly reduced the revenue base. Prior to the distress determination, the Borough had relied on grants and an unfunded debt loan to meet day-to-day operating expenses and, in 1988, with overall cash reserves depleted, the impact on the general fund finances was devastating.

Although the Borough was one of the first communities in the State to receive the distressed status, in retrospect the problems the Borough faced were not unlike many of its' sister communities throughout the Mon Valley. Property values and assessments continued to decline and employment opportunities in the region became scarce with the closing of many of the steel mills. Industrial assessments declined by 26% over a three-year period and tax-exempt properties became a disproportional share of the overall assessment.

With the Borough at its effective and legal limit for taxes, few options existed but to cut services to the residents. The Coordinator noted that the Borough had done an admirable job in reducing service levels and reducing costs. Although police costs were reduced it still represented over 40% of the overall operating budget. Recommendations were made to reduce costs in all public safety areas.

Section II

Status of Recommendations

The original recovery plan reviewed the financial management issues and made recommendations to improve the overall effectiveness. Changes were recommended in the tax collection policies and practices, along with shared service agreements with the COG. The Coordinator further recommended updating and codifying ordinances, and computer upgrades to the recordkeeping system. The plan further recommended that the Borough participate in the circuit rider program and share the costs of a professional manager.

In addition to the emergency loan, which was later converted to a long-term debt obligation, the recovery plan recommended several grants be made available in order to implement the recommendations of the plan.

Since the adoption of the original recovery plan, four subsequent amendments were adopted. Although many of the recommendations of the original plan and subsequent amendments remain relevant, RDM feels that an exit plan is required to address elements to assist in the termination status after three years. This exit plan will review the progress to date, along with a summary of the Borough's adherence to the previous recommendations. In addition, this exit plan will revise prior recommendations, along with making additional recommendations that should alleviate or improve those factors that are impeding financial solvency of the Borough.

Many factors have contributed to the distressed status and options to alleviate the problems that initially caused the declines are limited. It is evident that it is not current service level costs that are inhibiting the Borough's ability to remove itself from a distressed status, but rather the Borough's inability to generate the revenues necessary to support the required service levels.

A review of the financial reports from 1998 and 1999 leads one to believe the Borough may have been moving in the right direction. Surpluses were growing and revenues were sufficient to meet current service levels. In addition, Rankin made its final debt service payment to the State in 2000.

Since 2001, growth rates in revenues have remained flat and are barely sufficient to support inflationary increases in fixed costs. Property tax assessments continue to decline and without this revenue stream, providing basic service levels to residents is impossible.

A recommendation to remove the Borough from a distressed status cannot be made at this time as there continues to be many budget-related issues and no change in expected revenues. Additional DCED related services and assistance will make it possible for the Borough to continue basic services over the next few years. Improvements in delinquent tax collections had provided a cash infusion which had allowed the Borough to begin to address some of the Borough's capital and infrastructure needs, however, a reduction in the Borough's fund equity, limits the Borough's continued ability to address these needs over the long-term.

The Borough has done an admirable job in attempting to hold the line on expenditures, while continuing to provide a basic service level to the residents. Problems seen in the financial projections are that the revenues have not kept pace with natural inflationary increases in fixed costs. Tax rates are at their effective limit and an effort to address delinquency problems with an aggressive approach to collections was implemented. To close the revenue void the Borough has had to utilize reserve funds to meet obligations.

The Coordinator is concerned that the Borough cannot continue to operate without encountering significant problems or begin to reduce its reliance on the increase earned income tax within the next three years. During the initial phase of the fiscal recovery period the Borough had a surplus related to the sale of the water operation. Funds from the sale had been utilized for operational needs and capital improvements. Community infrastructure repairs exceed current and projected reserves. There are concerns when prior year financial statements are reviewed. Expenditures have been cut to a level that provides only a minimal service level, and as it stands now, revenues may be insufficient to meet service demands. Without the changes set forth in this exit plan the Borough may be forced to continue utilizing limited reserve funds to meet day-to-day operational needs.

In summary, the Borough of Rankin has implemented many of the recommendations detailed in the 2011 and 2014 amendments. With implementation of the recommendations remaining from both of those documents, revenues should be sufficient to cover basic service levels, but the Borough will require assistance at all levels for economic development if it has any chance of moving toward being financially solvent. Council has had to make some very difficult decisions in the short-term in attempting to improve its' financial position over the long-term.

Section III

Management Policy Recommendations

Since the adoption of the original recovery plan the Borough has continued to operate with a seven-member council in a mayor/council form of government. As in many boroughs, council is the legislative arm that oversees most of the administrative functions, while the mayor is primarily responsible for oversight of the police department. Council is responsible for the following administrative appointments and functions:

1. Secretary
2. Police Chief
3. Solicitor
4. Engineer
5. Appointed Auditor (new in 2014)

The tax collector is an elected position and the Borough will continue to participate in the Turtle Creek Valley Council of Governments Joint Public Works Program through December 2020.

The original recovery plan was adopted in 1989. Since that time there have been four amendments subsequent to the adoption of the original plan.

Throughout the initial recovery period the Borough had functioned with a shared manager through the circuit rider program. In subsequent years the Borough has not employed a manager. The long-term secretary passed away in 2015 and a new secretary was appointed in 2016. The new secretary has done well with managing the many responsibilities of day-to-day administrative and financial operations of the Borough. A part-time assistant/clerk is also employed by the Borough.

Monitoring the progress of the Borough since its appointment as Act 47 Coordinator, RDM has noted that the Secretary is effective in her ability to ensure control of discretionary spending and day-to-day financial functions are running efficiently, but there are drawbacks in having one individual responsible for all such duties. In the event of illness or extended absence of the Secretary, billings, accounts payable, and financial reporting could be severely impaired. Since 2012, the Borough has utilized a payroll service to make certain payroll reporting requirements are continually met. As experienced in 2015 with the sudden passing of the Secretary, the Assistant Secretary could not provide any of the services utilizing a computer for basic functions or accounting software.

As in many small municipalities, personnel functions are not felt to be a priority considering the few individuals employed by the Borough. Although the Borough has taken steps to formally adopt a personnel policy, it is the opinion of the Coordinator that the recommendations listed in the prior amendments will need to be modified and repeated.

The Borough continues to provide financial reports on a cash basis, which does not present a true and accurate picture of the Borough's current financial position. It is not necessary to present the monthly reports on an accrual basis since bills continue to be paid in a timely manner. In 2014, the Board of Elected Auditors was eliminated and a request for proposals was prepared for an independent auditor. The firm of Turnley and Associates has prepared audits for 2013 through 2018.

The Coordinator and Secretary have been working with the delinquent collector for trash and real estate to attempt to increase collections. In reviewing fees for professional services, the Solicitor's fees have continued to stay within budget parameters. It had been stressed for years in the mid-year and year-end unaudited reports prepared by the Coordinator that engineering costs continue to put a strain on Borough finances. In July 2019, a new engineering firm was appointed and had been providing services that the former firm could not handle. The Borough is hoping that this will provide a more streamlined approach resulting in less billable hours.

The custodian position was eliminated and replaced with a cleaning company, which does not carry workers' compensation insurance. The employee of the cleaning company has been placed on the Borough's workers' compensation policy as a subcontractor. It may be financially prudent to utilize the public works department starting in 2021 for basic maintenance and cleaning.

With the gradual loss of additional taxing powers, i.e., reduce earned income taxes, addressed in the 2014 amended plan, the Borough should adopt an ordinance, or by a petition of registered voters, to form a government study commission to consider the Borough becoming a Home Rule Charter community. The ordinance or petition would have a question placed on the election ballot inquiring if a government study commission of a specified number of members be elected to study the adoption of a Home Rule Charter. There is a recommendation below addressing the issue.

The peer consultant's report included recommendations for capital projects and the recommendations are retained in this plan amendment, but the Borough is not in a financial position to create a capital improvement fund at this time.

Relative to professional services the following recommendations are made:

- 1. The Borough shall continue to explore and pursue opportunities for increased intergovernmental cooperation in all areas of operation.**
- 2. The Borough, through its solicitor and delinquent tax collector, shall continue to lien outstanding taxes every year.**
- 3. The Borough shall budget no more than \$30,000 in solicitor fees annually.**
- 4. The Borough shall budget no more than \$30,000 in engineering costs in any one year and shall expense applicable costs to the sewage fund.**
- 5. The Borough shall seek funding through CDBG to offset some of the engineering costs. In the event the Borough has sufficient funds to establish a restricted capital account any engineering costs shall be budgeted to be paid from the capital fund.**
- 6. Any new hires in the Borough office should have computer experience to provide sharing of responsibilities and full coverage during absences.**

7. **The Borough shall consider utilizing the public works department for cleaning and maintenance of the building in 2021 when the employees are on the Borough's payroll.**
8. **The Borough shall develop a series of long-term goals and objectives that will provide a more defined focus of the Borough for the next three years with the assistance of the Coordinator, engineer, and DCED. This process shall include the development of a five-year capital improvement plan. The plan shall then be incorporated into each year's budget. The plan shall identify the use of restricted capital dollars for special projects. It is understood that funding for capital projects are limited and any surplus reserves have been utilized to act as a contingency.**
9. **Borough Council and the Mayor shall continue to enroll in classes aimed at training elected officials in the areas of policy and decision-making. In addition, Borough staff shall be given the opportunity to attend training sessions to enhance their job performance and skills. Only elected officials and employees of the Borough should have fees for classes, conventions, etc. paid by the Borough.**
10. **The Borough Secretary shall use due diligence that all expenses paid by the Borough are directly related to Borough business and that all payments are accompanied by invoices, receipts, etc.**
11. **Borough Council should meet with DCED to discuss the process of creating a Home Rule Charter form of government. Borough Council can then by ordinance, or the registered voters of the Borough by petition, request that a question be placed on the ballot to implement a Home Rule form of government. Should the question succeed, the newly formed government study commission should seek technical and financial assistance from DCED for professional consulting services.**

Current Fund Balance Trends

Through 2013, reserve funds dwindled significantly and capital appropriations to address infrastructure needs were non-existent. Since 2014, reserve funds have grown to the point that the Borough has begun to address a few of the smaller capital projects within the community. Minimal growth to the fund equity position is anticipated and the Borough must maintain this level to address emergency capital needs as they may arise. The Borough should work to develop and prioritize those capital projects and work to schedule as additional funding becomes available.

Year	Projected Fund Balance (With Amendment)
1998 (Actual)	\$246,456
1999 (Actual)	\$256,704
2000 (Actual)	\$142,802
2001 (Actual)	\$137,014
2002 (Actual)	\$172,675
2003 (Actual)	\$111,876
2004 (Actual)	\$58,432
2005 (Actual)	\$127,311
2006 (Actual)	\$137,796
2007 (Actual)	\$174,487
2008 (Audited)	\$157,685
2009 (Audited)	\$166,520
2010 (Audited)	\$100,688
2011 (Audited)	\$59,434
2012 (Audited)	\$37,367
2013 (Audited)	\$82,244
2014 (Audited)	\$183,275
2015 (Audited)	\$297,666
2016 (Audited)	\$298,333
2017 (Audited)	\$281,833
2018 (Audited)	\$325,139
2019 (Projected)	\$328,783

Revenues in current real estate collections at best can be expected to remain flat, and current collection policies and practices cannot produce the additional revenue to offset any decline. Act 32 had increased the Borough's earned income tax collections from \$192,245 in 2013 to \$225,570 in 2016, but with the reduction in the rates, \$162,289 is projected for collection in 2019. The 2019 EIT rates are 1% for non-residents and 1.1% for residents with resident being reduced to 1% in 2020. Outside of the enacted local and municipal services tax, options are limited to increase or expand the revenue base.

Fund balances are projected to remain level over the next three years. Revenues, without any increase in tax and fee levels, may even decline and be insufficient to meet minimal increases in fixed costs. Although the Borough has done well to control costs, service levels cannot be cut further to match any anticipated revenue decline.

The refuse collection fee was increased by \$5 per quarter in the 2020 budget. Delinquent tax collection policies and procedures may produce some revenue increases. The fund balance is expected to remain flat over the next three years.

Projections made in the 2011 and 2014 plan amendments placed significant emphasis on delinquent collections and major changes in tax collection policy and practice. If recommendations set forth in the amendment are not continued it would then cause a significant reduction in the projected fund balance. On the other side of the budget, expenditures can be maintained close to current spending levels over the next five years. Total costs relating to general government should not increase by more than 2% in each of the next five years. Increases can be expected in the public safety area, but effective control of manpower costs can hold these increases to a minimum.

Insurance costs are assumed to increase by 3% each year while most other expenditures should be maintained at current spending levels. It is important to note that in this analysis no assumptions were made to allow for any capital equipment costs, major infrastructure improvements, or significant expansion of discretionary spending levels. A small fund balance is available to address needs of an emergency nature only. It is apparent that unless the Borough makes significant changes to increase revenues and improve collection rates, continued operations at these levels will be impossible to maintain. The Borough changed its' workers' compensation carrier for 2020 as the Secretary found a comparable carrier that saved the Borough \$5,000.

- 12. The Borough shall annually request quotes for health insurance for current employees and retirees.**
- 13. The Borough shall review and request proposals when any significant increases occur in Borough insurance, i.e., general liability, workers' compensation.**

Fund Equity Trend

It is anticipated that the Borough will end 2019 with a fund balance adjusted to a modified accrual basis of accounting of \$328,783. Reserves have not been budgeted in the Exit Plan forecast. With the implementation of the recommendations outlined in the Exit Plan it is felt that the Borough can maintain this fund balance over the next three-year period. At the end of the three-year period it is felt that significant inroads will have been made to improve overall tax collection rates. Revenues from delinquent collections continue to add support to the overall general fund budget and the Borough should begin to see some growth from the Carrie Furnace development.

As in the 2014 amended plan, the objective of this Exit Plan is to develop and expand upon the revenue base, which will support the current service levels without a significant tax impact to the residents. The Borough, however, must continue to develop the relationships necessary to expand the level of shared services and look to be more innovative in ways to form alliances with neighboring municipalities in other service areas. It is not the opinion of the Coordinator that the Borough be forced to merge or consolidate with a neighboring municipality at this time, but if assumptions in this plan fail to materialize within a reasonable time period the Borough's options will be limited. The revenue base has shrunk to a disproportional level when compared with required service needs. Service levels have been reduced not based on perceived needs, but to the level where the shrinking revenue base is able to support it. These perceived needs, specific to public safety, can only be achieved through economies of scale and these economies can only be garnered through joint efforts by all communities in the area.

The Borough must be in a position that current revenues are able to sustain minimal service levels without relying on cash reserves or revenues of a one-time nature, such as proceeds from the sale of the water operation. An aggressive program will work to improve current revenues and help to reduce delinquent collection costs in subsequent years. Although this may be perceived as utilizing a cash source essentially no different than budgeting cash reserves, it is felt that an aggressive tax collection approach will increase future current year collections to a level that will fill the revenue void left by a decrease in budgeted delinquents. The Borough is essentially at its effective limit for most of its taxes and fees. Additionally, the real estate millage remains one of the highest in Allegheny County.

ALLEGHENY COUNTY TAX COMPARISON (2019)*					
	<i>Rankin Rates</i>	<i>No. Higher</i>	<i>No. Same</i>	<i>No. Lower</i>	<i>None</i>
Real Estate**	9.6928	18	0	106	0
EIT (Non-Resident)	1	2	56	12	61
EIT (Resident)	1.1	13	0	116	0
LST	\$52	0	109	13	8
*McDonald and Trafford are only partially in Allegheny County and are not included in any of the totals.					
**The cities of Clairton, Duquesne and McKeesport have separate millage and land tax figures and are not included in the totals.					

Section IV Financial Policy Recommendations

Real Estate

Not unlike many communities in the Mon Valley, the Borough has experienced a dramatic decline in assessments from the late 1970's. Compounding the problem is that the amount of tax-exempt property represents a disproportional share of the total valuation of the community. Tax-exempt properties are almost at 50% of the total real estate assessment for the Borough. The following table is based on Allegheny County assessments:

Dates	Taxable	Tax-Exempt	PURTA	Total
1/15/14	\$22,842,400	\$20,799,600	\$94,900	\$43,736,900
11/21/14	\$22,288,300	\$19,698,000	\$94,900	\$42,081,200
1/13/19	\$21,306,990	\$16,865,800	\$94,900	\$38,267,690
9/6/19	\$21,228,490	\$16,926,700	\$94,900	\$38,250,090

In 2014, Allegheny County required the property owners of tax-exempt property to reaffirm their eligibility as tax-exempt. The Borough reviews all real estate assessment appeal requests and decides in conjunction with the Solicitor if worth attending. The following recommendation (14) remains and a new recommendation (15) is provided below:

- 14. In conjunction with the Woodland Hills School District, the Borough shall annually review the tax-exempt rolls and file challenges to any questionable tax-exempt parcels.**
- 15. The Borough shall consider special millage tax levies to help defray fire department costs and / or the cost of maintaining and operating recreation areas.**

On the surface, collection rates of current real estate taxes are in line with other communities throughout the Mon Valley. For 2019, it is projected that collections will come in at about 82% with a millage rate of 9.6928. Problems relating to a low collection rate are not unusual for boroughs such as Rankin, but more aggressive delinquent collection efforts may increase the collection rate.

- 16. The Borough shall review assessments on all commercial/industrial parcels to ensure assessments are in-line with similar parcels throughout the Mon Valley. If land assessments are lower, the Borough shall formally appeal the assessment through Allegheny County.**
- 17. In October of each year the Borough, in conjunction with the Tax Collector, shall send a reminder notice to the owners of properties that have not submitted real estate taxes for the current year noting the addition of fees and penalties if not paid by December 31.**

As detailed in the 2011 and 2014 plan amendments, the financials from previous years note that the Borough utilized surplus funds to meet operating needs. As money from the sale of the water operation diminished the Borough had to look at alternative means to fund current operating expenses. It is felt that the Borough is at its effective tax limit and any further increases will push Borough residents beyond their means to pay. In 2019, the Borough signed a ten-year lease with a new business for a strip of vacant land to be used as a parking lot which is expected to bring in \$5,400 the first two years, \$6,000 year three, and \$7,200 years four through ten. The Borough is currently working on a lease for the concession stand by a private food vendor that would net approximately \$3,600 per year. Several other alternatives are available that if implemented can provide the operating revenue necessary to continue current service levels. It should be noted that these recommendations have been implemented and should continue:

- 18. The Borough shall evaluate the performance of the delinquent collector annually. Alternatives should be considered if the expected results are not achieved.**
- 19. In cooperation with the delinquent tax collector the Borough shall evaluate the list of delinquent parcels and designate those with value for sheriff sale.**
- 20. The Borough shall discuss with the Woodland Hills School District parcels designated for sheriff sale with the intent of entering into a cooperation agreement to share in the costs associated with these sales.**

Earned Income Taxes, Occupation Taxes, & Mechanical Device Fees/Licenses/Permits

Upon the adoption of the initial recovery plan the Borough made changes to the earned income tax ordinance to invoke its authority to increase both the residential and non-residential limits on the tax rates. Up until 1995, the rate on residents was 1.4% and the rate on non-residents was 1.25%. In 1995, those rates were increased to 1.5% and 1.4%, respectively. In 2014, these tax levies, at these rates, were projected to generate approximately \$186,700 in additional revenues. Growth in this revenue area had increased since the inception of Act 32, but with the reduction to 1.1% for residents and 1.0% for non-residents, revenues are expected to drop to \$162,289 in 2019.

The Borough's current collector, through the tax collection district, follows the requirements of Act 32 and submits estimated payments on at least a weekly basis with a monthly summary report.

In 2005, the Borough adopted the emergency and municipal services tax, now the local services tax, to replace the former \$10 occupation tax. The new tax is collected at \$52 annually with \$47 going to the Borough and \$5 distributed to the Woodland Hills School District. This fee generates expected revenues in 2019 in the amount of \$23,333.

- 21. The Borough shall review on an annual basis the records provided by the tax collector to make certain all businesses are contributing.**
- 22. The Borough shall share all relevant information with the collector and require all businesses operating in the Borough to withhold resident EIT.**

Relative to the mechanical device and cable franchise fee the following recommendations from the 2011 and 2014 amended recovery plans are still recommended:

- 23. The Borough shall ensure that the mechanical device license fee is set by ordinance at a fee of no less than \$400 per machine.**
- 24. The Borough shall complete a survey of all potential establishments that may be responsible to pay the fee within 30 days after adoption of the plan amendment.**
- 25. The Borough shall invoice all businesses having such devices by April 30 of each year.**
- 26. Exclusive of the first year, the Borough shall establish by ordinance a deadline for payment of the license fee as March 31 of each year.**
- 27. The Borough shall establish a 10% penalty for any business not paying the fee on time. The ordinance shall also contain a provision to assess interest charges on any late fee of at least 1% per month.**
- 28. All business establishments shall be required to display the license, which will note the number of machines licensed in an establishment in a conspicuous place.**
- 29. The police department shall be required to visit all establishments for an inspection on an annual basis. Any establishment under reporting the number of machines or failing to pay the license fee shall be issued a citation.**

Trash & Sewer Collections

The Borough now bills approximately 560 residential housing units, down from 891 in 2014 due to a new ordinance that requires housing complexes to obtain private trash collection services. The billing is done on a quarterly basis for trash removal and includes a health, safety and sanitation fee for every housing unit in the Borough using the services of the Turtle Creek Valley COG. The Borough's garbage collector bills by total residential units and not tonnage. The current trash collection contract is \$120,000 per year. Billing includes an incentive to pay for the entire year with a discount and starting in 2017 includes a late fee as recommended in the 2014 amended plan for delinquent payers. The fee for trash collection was increased \$20 for 2020. The following ongoing recommendation is made in an attempt to strengthen collections in this area:

- 30. The Borough shall continue to adjust the fee levels to compensate for the revenue void on a proportional basis taking collection rates and all costs including billing and collection into account.**

The fee for sewage service was set at 30% of gross billing starting in 2013 and is billed to all units with measurable water consumption, including the Allegheny County Housing Authority. Billing is completed by Wilk-Penn Joint Water Authority (WPJ) with fees based on water consumption and billed with monthly water bills. ALCOSAN surcharge and usage fees are also included on these bills. The Borough pays WPJ \$1 per customer to bill and process the bills. WPJ is responsible for all collections both current and delinquent. Current collection rates of less than 90% mirror collections of other tax and fee areas. Delinquent collections are minimal, and the Borough will need to implement corrective action to increase collections in this area. No problems were noted in the actual billing procedures. Charges based on consumption billed by ALCOSAN are approximately \$75,400 per quarter or \$301,600 per year. Projected collections for 2019 are \$353,440 for the entire year including the surcharge.

The purpose of the surcharge is to first address capital needs of the system along with engineering costs relating to those repairs. In addition, the sewage fund is structured to reimburse the general fund for any administrative expenses relating to sewage. The Borough must reevaluate the current delinquent program and seek proposals to improve the overall collection process. Lax collections have limited these transfers and have put an additional strain on the general fund.

This Exit Plan contains a recommendation to request meetings with those communities that connect to the Borough's sewage lines to develop a cooperation agreement to address overflow connections in that maintenance is the responsibility of the municipality where the connection is located, which in this case is Rankin Borough. As part of the ALCOSAN transfer agreement for regionalization of the sewer lines the Borough's share of work prior to the transfer of the lines to ALCOSAN is estimated to cost \$350,000. Grant applications have been submitted by the Engineer requesting \$250,000 to \$265,000 with the balance to be funded from the sewer fund. The fund was utilized in 2018 for two major emergency projects, and in 2019 a project costing \$71,100 was approved due to notices from ALCOSAN of bricks getting into the system.

The recommendation to change sewage collection companies was deleted as the current collector, Wilkesburg-Penn Joint Water Authority, terminates the water service for non-payment of sewage and/or water. The following recommendations are made in an effort to shore up problems discussed in this area. Revenue enhancements will be discussed in detail in the budget section of this report.

- 31. The Borough shall continue to pass along ALCOSAN increases through WPJ billing to residents.**
- 32. The Borough should obtain a copy of the most recent aging report for delinquent accounts from WPJ.**
- 33. The Borough must reevaluate the current delinquent program and seek proposals to improve the overall collection process.**
- 34. The Borough shall request meetings with communities that have sewage lines that flow through the Borough and connect to the overflow to develop a cooperation agreement for future maintenance and repair.**

Section V

Service Levels and Staffing Recommendations

Police Department

Currently, the Borough has budgeted a full-time chief and part-time officers. Beginning in 2014 and continuing through 2019, the Chief received hospitalization coverage paid by the Borough. Those benefits are budgeted to continue in 2020 with no employee contribution. In 2018, the Borough signed an Intergovernmental Cooperation Agreement to provide police services to Whitaker Borough on an as-needed basis by responding to emergency calls when Whitaker did not have an officer to cover a shift. In 2019, the Borough of Rankin signed a reciprocal agreement to provide the same service. Due to a shortage of available police officers, the Borough began utilizing the Pennsylvania State Police in November 2019 to cover one shift per day. The pool of available officers has been depleted as many have elected to take positions with hospitals and school districts. The Borough has operated within the staffing restrictions detailed in the 2014 Plan Amendment limiting shifts to 48 per week. The position of lieutenant is vacant following the resignation earlier in 2019 and those available shifts have been moved to the patrol line item. A breakdown of the proposed 2020 budget and number of shifts is listed as follows:

Position	Rate	Shifts per Week	Total Budget
Chief	\$53,709/yearly	5	\$53,709
Lieutenant	\$12.37/hourly	0	\$0
Sergeant	\$11.26/hourly	10.5	\$49,183.68
Patrol	\$10.26-\$11.20/hourly	31.5	\$146,765.00
TOTAL		47	\$249,657.68

The department maintains its records in-house and had served the community on a 24-hour per day basis until November 2019. For the duration of this Exit Plan, the Borough must operate within the staffing parameters to keep manpower costs within budget projections.

The recommendation to begin financial discussions with the Allegheny County Housing Authority is maintained in this amendment even though recent discussions have been less than fruitful. The Hawkins Village housing complex is slated for demolition and will be rebuilt with the number of units being reduced from 198 existing units to 103 proposed units. The Borough is hopeful that the reduction in units will lead to a reduction in the number of calls to Hawkins Village, which currently accounts for approximately 90% of all emergency calls. The reduction may have a negative impact on revenues relating to cable franchise fees and earned income taxes.

The following recommendations are made in an attempt to maintain current service levels:

- 35. The Borough shall schedule no more than 48 shifts per week, including the Chief.**
- 36. The Borough shall continue to utilize officers in the same manner currently in place.**

37. **Upon receipt of the feasibility study currently being conducted by PA DCED in conjunction with Braddock, East Pittsburgh, North Braddock, Rankin and Whitaker boroughs the Borough shall consider its' best option(s) from the study's recommendations in continuing to provide police services to its residents.**
38. **Base wage and salary increases for all Borough employees following adoption of this revised recovery plan shall not exceed the Consumer Price Index (CPI) – U (urban); provided, however, that any such annual increase in the Consumer Price Index – U (urban) does not exceed 3.5% with no additional increase above this level even if the CPI is higher.**
39. **The Borough shall limit expenditure increases in the overall police department budget to 2% per year from the prior year.**
40. **The Borough shall continue discussions with the Allegheny County Housing Authority to increase financial support to supplement additional patrols at authority units.**

Dispatch Services

Rankin Borough, as most municipalities in Allegheny County, contract with Allegheny County 9-1-1, and is expected to remain with 9-1-1.

School Crossing Guards

As in the 2011 and 2014 amended recovery plans, the Borough currently budgets for four school crossing guards at a rate of \$7.25 an hour scheduled for four hours per day. Reimbursements are requested from the school district for 50% of all applicable costs in a timely manner and no recommendations are made in this area. The Borough has had difficulty in filling these positions and currently only has one crossing guard on payroll.

Street Lighting

The recommendation for the Secretary to research utilities for savings from the 2011 amended recovery plan is removed. The Borough should continue to budget and pay all street lighting costs from the liquid fuels fund.

Public Works

The Borough has continued to participate in the joint public works program through the Turtle Creek Valley COG. The program has worked well over the years and has provided the Borough with an adequate level of public works services at a reasonable cost. Staff sharing changes requested by Braddock a few years ago moved that each municipality assign their own workers to be employed through the COG. There are regular meetings of the advisory board in which Rankin is an active participant. Due to a reduction in the number of communities participating, costs have increased over the past seven years. Even though costs have increased, it is still thought to be the most effective means for delivery of public works services to Rankin. The Borough of Braddock has been persistent in stating their desire to terminate the program and both communities are now in verbal agreement that the program will end on December 31, 2020.

Attached as Exhibit A is a report prepared for Rankin Borough Council by the Coordinator regarding the numerous items that will have an effect on the Borough operating its own public works department. In anticipation of required equipment upgrades in 2019, the Borough purchased a pick-up truck that will be leased to TCVCOG for use through December 31, 2020. As detailed, the recommendation in this Exit Plan will be to seek additional funds for the purchase of a dump truck to complete the Borough's vehicle fleet. Vehicles are currently housed in Braddock's borough building and upon separation the Rankin VFD (now part of Rivers Edge VFD) will move its vehicle and equipment into the Rivers Edge VFD property so the public works department vehicles can be housed in the Borough Building.

Public Works Loan / Grant Breakdown		
Item	LGCPLF Loan Share	Grant / Local Share
Dump Truck	\$25,000.00	\$25,000.00
Dump Body, Safety Lights, Other Vehicle Equipment	\$0.00	\$15,000.00
Miscellaneous Items – Equipment (lawn mowers, etc.); Building Improvements (to move and house equipment in Rankin)	\$0.00	\$15,000
TOTAL	\$25,000.00	\$55,000

Since the 2011 and 2014 Amended Recovery Plans, the State has provided additional funding for this program with a grant of \$100,000 to purchase much needed equipment. This equipment will be distributed by an agreement to be reached by the advisory board and the Act 47 Coordinators of Braddock and Rankin boroughs. The following recommendation from the 2014 Recovery Plan Amendment will remain in this Exit Plan along with the addition of two new recommendations:

- 41. The Borough shall implement a formal maintenance program to facilitate regularly scheduled sewer line inspection, repair, and maintenance.**
- 42. The Borough shall work with Turtle Creek Valley COG and Braddock Borough to equitably disperse the vehicles and equipment from the shared public works program.**

- 43. The Borough shall request funding through the DCED Local Government Capital Projects Loan Program (LGCPLF) of up to \$80,000 for the purchase of a dump truck and start-up costs outlined in the above table that will be needed due to the dissolution of the shared public works program at the end of 2020.**

Section VI

Collective Bargaining Issues, Cost Containment Provisions and Labor Relations Provisions/Recommendations

In September 2012, the Governor signed into law Pennsylvania Act 133 which amended Act 47 and altered the process by which a recovery plan addresses collective bargaining. The amendment authorized Act 47 municipalities to set limits on bargaining unit expenditure growth through the adopted recovery plan. Act 133 mandates that collective bargaining agreements and arbitration settlements “shall not in any manner violate, expand or diminish” the provision of a financial recovery plan provided that expenditure limitations are not arbitrary, capricious or established in bad faith. Under the Act, limits on collective bargaining expenditure growth may be set for the current year, and an additional three years.

In December 2014, the amended recovery plan utilized expenditures from the Borough’s 2014 budget and established as the current year for purposes of Act 133 expenditure limitations. As such, the expenditure limitations defined in this Exit Plan are in effect through 2022. The expenditure limitations do not supersede the Borough’s current collective bargaining agreement with the police, which is in effect until December 2020.

- 44. The Borough shall not add full-time personnel without offsetting increases in revenue.**
- 45. The Borough shall limit expenditure increases in the overall police department budget to 2% per year, except in the case of regionalization if the recommendations are favorable to serving the Borough.**
- 46. The Borough shall cost out all collective bargaining requests to determine the impact on the bottom line.**
- 47. It is important for the financial stability of the Borough to continue to control employee compensation costs. The Borough shall not grant any salary increases outside of those already in place through current labor contracts. Future increases may be granted only in the event that the Borough adheres to the budget detailed in the Exit Plan and the Coordinator affirms the fact that proposed increases can be supported by the projected budgets.**
- 48. There shall be no changes or additions to any employee benefit which would result in any increased cost to the Borough, or which would have unknown or uncapped future costs, unless mandated by law as an expense of the Borough as an employer.**
- 49. The Borough should consider requiring pension contributions, even if minimal, to keep the plans viable for future employee(s).**
- 50. The Borough should continue to explore the potential of reducing costs by continuing to evaluate alternatives to the current health care plans. Any cost increases should be passed along to the employee(s) as a payroll deduction.**

- 51. Base wage and salary increases for all Borough employees following adoption of this revised recovery plan shall not exceed the Consumer Price Index – U (urban); provided, however, that any such annual increase in the CPI – U (urban) does not exceed 3.5%. Any deviation shall be approved in advance by the Coordinator.**
- 52. Beginning in 2021, the Borough shall closely monitor costs of the public works program as there are expected increases to workers' compensation, health care benefits, etc. as outlined in Exhibit A. Any cost increases in health care benefits should be passed along to the employee(s) as a payroll deduction.**
- 53. Beginning in 2021, the Borough shall closely monitor the newly formed in house public works program to make sure the workers are providing the level of services necessary to meet Borough needs and to target capital projects as well.**
- 54. The Borough should explore other opportunities for services offered through the TCVCOG or other area COGs, i.e., code enforcement, financials, and shared services.**

Section VII

Budget Analysis/Financial Projections

Revenues

Real Estate: In 2002, the county reassessed all property, setting millage for calculation of property taxes at 100% of market value. Properties were reassessed in 2012 and the millage was reduced due to the anti-windfall provision. Since 2012, the Borough has retained millage at the current rate of 9.6928 with approximately an 82% collection rate projected in 2019. This is an improvement over the collection rate of less than 80% reported in the 2011 plan. The borough can expect improvement in the collection rate by working with the delinquent collector.

Earned Income Taxes and Other 511 Taxes: EIT rates were gradually reduced starting in 2016, with 2019 the last year with an additional .1% assessed to residents. There is no additional assessment in the 2020 budget to residents and non-residents so the Borough can prepare to exit Act 47 status. Act 32 has assisted with the collection of EIT by requiring employers to withhold the tax. This had increased that line item steadily every year, but the Borough is starting to feel the effects of losing the additional resident and non-resident EIT, and moving to a home rule charter form of government will permit the Borough to reinstate the higher assessments.

Licenses and Permits: The cable franchise fee and the remaining line items in this budget organization for 2019 are expected to remain level.

Fines and Forfeitures: This line item was slightly higher than projected in 2019.

Interest and Rents: Interest rates have increased due to the Borough changing banks in early 2019. The Borough is also seeing savings with the elimination of a financial administration fee and adding features such as remote deposits. In 2019, the Borough signed a lease for one Borough-owned property and approved entering a lease for another which has not been finalized. These leases will provide income to the Borough through monthly rents.

Grants: During the period since the 2014 Amended Recovery Plan the Borough has obtained grants for repairs to the municipal building, a major sewer project, park upgrades, codification of ordinances, police equipment, police vests, property demolitions, road reconstruction, and equipment for the shared public works program. There are currently grant applications requesting \$250,000 to \$265,000 to make repairs as outlined by ALCOSAN in the regionalization transfer agreement and Community Development Block Grants for demolition and road reconstruction.

Departmental Earnings: The Borough is required to remit sewage payments for delinquent residents to ALCOSAN. If collection rates are at a level below what was collected, the Borough is forced to subsidize the payment. The Borough needs to make certain that the water/sewer fund collection agency is making every effort to collect delinquent fees. If the current collector is unwilling or unable to work to improve collections the Borough will need to look toward alternatives.

Starting in 2012, the Borough increased the sewage surcharge from 25% to 30%. At this time this appears to be sufficient to maintain a balance in the Sewage Fund required to complete necessary projects when grant funding is unavailable.

Miscellaneous: Revenues in this area are minimal. The Borough has not transferred any funds from the Sewer Fund to the General Fund as bills are paid directly from the Sewer Fund including large emergency repairs in 2018 and 2019. The 2020 budget was balanced using a transfer to cover a percent of the administration and public works costs applicable to the sewage system.

Revenue Summary

With the increased emphasis placed on tax collection policies and practices the Borough should have sufficient revenue to meet operating needs over the next three-year period. Because the budgeted revenues are at a level that will meet only basic service needs, the Borough will have to take action necessary to ensure revenues remain at least at these projected levels. Failure to attain these goals could force the Borough into a deficit position.

Expenditures

Revenues	2015	2016	2017	2018	Growth Rate	2019 Projected
Taxes	\$765,210	\$735,301	\$651,509	\$618,531	-19%	\$623,250
Licenses & Permits	\$26,206	\$27,058	\$25,331	\$29,175	11%	\$25,237
Fines & Forfeits	\$13,512	\$10,792	\$10,190	\$10,746	-20%	\$8,755
Interest & Rents	\$0	\$0	\$0	\$0		\$3,798
Intergovernmental	\$12,239	\$15,521	\$159,540	\$40,521	231%	\$22,707
Charges for Services	\$240,842	\$230,027	\$251,882	\$231,929	-4%	\$268,866
Contributions & Donations	\$5,456	\$7,010	\$0	\$3,927	-28%	\$0
Other	\$18,156	\$13,427	\$6,029	\$46,498	156%	\$68,171
Total Operating Revenues	\$1,081,621	\$1,039,136	\$1,104,481	\$981,327	-9%	\$1,020,784

Council and Mayor: Costs relating to this department are fixed and discretionary spending minimal. No recommendations will be made in this area.

Manager/Secretary: This budget organization consists of the full-time Secretary and part-time Assistant Secretary with applicable fringe benefits for the Secretary. Minimal increases are projected, and discretionary spending has been cut to a minimum. The position of Borough Secretary is filled and no recommendation is made to fill the position of manager. The Borough must monitor health benefits costs to consider employee contributions and keep any salary increases in the current CPI range up to 3.5%.

Tax Collector: The delinquent tax collector has increased collections and will need to remain aggressive. The 2019 budget will be overbudget due to a large mailing by the tax collector. In an effort to increase revenues prior to the end of this budget year 200 letters were mailed by the Borough prior to the delinquent list being turned over to the delinquent collector.

Solicitor: In this budget organization spending levels are projected to be under budget for 2019. The current solicitor is very conscientious of the Borough's financial position and works to stay within the budget parameters.

Engineering: Costs relating to engineering have exceeded established budget levels throughout the past five years. The costs for sewage work have also been moved to a separate line item and are paid directly from the Sewer Fund. In July 2019, a new engineering firm was appointed after proposals were received from a number of firms. The change in firms should help control this line item starting in 2020. Due to some outstanding issues and bids for specific grant funded projects, engineering costs are expected to be slightly over budget in 2019. The Coordinator has reached out to the new firm regarding the importance of budgeting engineering costs accurately in grant applications and staying within budget.

Public Property: Costs relating to the cleaning service are fixed and utility costs are expected to remain flat. Repairs and building maintenance budgets, along with other discretionary spending, are within an acceptable budget variance for 2019.

Police: This is an area the Borough will have to control costs during the Exit Plan as a new contract will be negotiated with the union for 2021 or the department may consider regionalization once the study is received. The Borough has continued to operate within the parameters set forth in the 2014 plan amendment. The recommendations will be continued in this Exit Plan as nothing has changed financially for the Borough.

Fire: In 2019, the Rankin VFD merged with Braddock and East Pittsburgh boroughs' volunteer fire departments to form Rivers Edge VFD. The balance of 2019 expenses were approved for payment by the Borough only if they directly related to Rankin's equipment or material. An intergovernmental agreement is expected to be executed in December 2019 by the three municipalities that will detail all costs going forward. Starting in 2020, the Borough of Rankin is expected to pay an annual fee of \$12,000, which is a slightly higher than the current budgeted amount. The workers' compensation is expected to be reduced by approximately \$8,000, going from \$14,000 to \$6,000. The VFD has always been housed in the Rankin Borough Building, but in the intergovernmental agreement the equipment and vehicles will need to be moved by November 30, 2020 to make room for the public works department's vehicles and equipment starting in 2021. The Borough adopted ordinances that will permit emergency services to charge for clean-up services when responding to an accident and to set false alarm fees when responding to a security alarm incident.

School Crossing Guards: This line item is currently under budget due to the difficulty in finding candidates to fill the open positions. These positions will continue to be budgeted as if a full complement of guards is available while the borough works to fill the vacancies.

Refuse and Sewage: In the 2011 plan, significant increases were budgeted for refuse collection and adjustments were made to sewage billing charges. In 2012, the Borough's fee was increased from 25% to 30% of the ALCOSAN bill with an additional 10% added for late charges. System repairs for the sewage lines were kept at current levels. As required, a line item for the quarterly payment to ALCOSAN reflects a 120% budget allocation of anticipated billings for sewage customers in the Borough. A higher than anticipated collection rate has been budgeted on the revenue side to compensate for this additional expenditure. All ALCOSAN fees and surcharges are passed along to the customer and this should continue.

In the third quarter of 2017, as recommended in the original recovery plan, a health and safety fee was added to the refuse bill. This fee provided an avenue for the Borough to collect a fee for services from multi-unit properties that are required to provide a private refuse service.

Streets: No changes were recommended in this area in the 2014 Amended Recovery Plan, but Braddock Borough continued to express their desire to pull out of the program and provide public works services in-house. Continued participation in the shared public works program would have been the better scenario for Rankin Borough. Costs are expected to increase starting in 2021 due to start-up costs and increased workers' compensation fees. A report provided to the Borough in July 2019 is attached to The Exit Plan as Exhibit A.

Street Lighting: Costs are expected to continue to remain stable. The costs are now directly paid from the Liquid Fuels fund making an end of the year transfer between the General Fund and Liquid Fuels fund unnecessary, and providing for a cleaner audit. No recommendations are made in the exit plan.

Debt Service: The purchase of two police vehicles in 2016 and the purchase of a pick-up truck in 2019 are the only debt items carried by the Borough. The police vehicles will be paid off in 2021. A recommendation for grant funds for the purchase of a dump truck for the start-up of the public works department is recommended in this Exit Plan. Should grant funds not be available, the Borough shall request funding through the DCED Local Government Capital Projects Loan Program (LGCPLP).

Insurance, Miscellaneous and Other Transfers: Increases are budgeted annually for insurances and hospitalization benefits for retirees and the two full-time employees. Beginning in 2021, the public works department employees may begin to receive this benefit from the Borough if they are full-time and discontinue the annual buy-back through Turtle Creek Valley COG as part of the shared public works program. Pension obligations are expected to remain flat for the uniformed and non-uniformed plans, but there will need to be a determination of the type of pension benefit plan offered to public works employees starting in 2021. These costs are discussed in further detail in the report in Exhibit A. Overall, this budget organization has increased, and the Coordinator maintains the recommendation to obtain quotes from various providers and to off-set additional costs with an employee payroll deduction.

Expenditure Summary

On whole, expenditures should remain stable over the next three years with the exception of the public works department. Salaries have been fixed at current levels and discretionary spending levels have been reduced. Based on past trends it has been shown that the Borough can be quite effective in holding expenditures within acceptable budget variances.

Financial Projections

Revenues	2020 Projected	2021 Projected	2022 Projected
Taxes	\$625,697	\$638,211	\$650,975
Licenses & Permits	\$25,000	\$26,000	\$27,000
Fines & Forfeits	\$9,000	\$10,000	\$10,000
Interest & Rents	\$87	\$100	\$100
Intergovernmental	\$17,355	\$17,702	\$18,056
Charges for Services	\$226,224	\$230,748	\$235,363
Contributions & Donations	\$0	\$0	\$0
Other	\$42,281	\$50,000	\$50,000
Total Operating Revenues	\$945,644	\$972,761	\$991,494

The above table shows revenue projections from 2020 to 2022. The projected growth in taxes is primarily attributable to growth in earned income taxes and increased collection of delinquents. There is no anticipated growth in Licenses and Permits; Fines and Forfeits; and Interest and Rents. The Act 77 sales tax collections have not been as expected the past few years. The other line items show minimal increases. Sewage and trash were not included as any revenues will be offset with expenditures.

Expenditures	2020 Projected	2021 Projected	2022 Projected
General Government	\$181,522	\$184,245	\$187,009
Public Safety	\$380,765	\$386,476	\$392,274
Public Works	\$236,095	\$294,196	\$298,609
Culture & Recreation	\$0	\$0	\$0
Debt Service	\$400	\$400	\$400
Employee Benefits	\$83,359	\$84,609	\$85,879
Insurance	\$15,758	\$16,073	\$16,395
Other	\$47,742	\$22,742	\$23,083
Total Expenditures	\$945,641	\$988,741	\$1,003,649
Surplus/-Deficit	\$3	-\$15,980	-\$12,155

The above figures can be accomplished with a continued effort of Council to control spending by keeping all salaries, benefits, and third-party contractors utilized for services within the budget.

Operating deficits projected through the next three years are at a manageable level and may be funded from the projected fund balance. Although the fund balance is more than sufficient to meet minor operating deficits the Borough will need to take action to increase revenues to ensure termination of the distressed status at the end of fiscal 2022.

With a change in the form of government to that of a Home Rule Charter, the Borough will be able to make minor changes in certain tax levies to provide sufficient revenues to cover projected deficit positions.

As part this Exit Plan the Borough would be expected to increase real estate taxes by at least one mill which would generate in excess of \$15,000 per year. Another \$30,000 would be added to taxes with a .1% increase in the earned income tax once the Home Rule Charter form of government was in place.

Financial Projections with Home Rule Charter Form of Government

Revenues	2020 Projected	2021 Projected	2022 Projected
Taxes	\$625,697	\$683,211	\$695,975
Licenses & Permits	\$25,000	\$26,000	\$27,000
Fines & Forfeits	\$9,000	\$10,000	\$10,000
Interest & Rents	\$87	\$100	\$100
Intergovernmental	\$17,355	\$17,702	\$18,056
Charges for Services	\$226,224	\$230,748	\$235,363
Contributions & Donations	\$0	\$0	\$0
Other	\$42,281	\$50,000	\$50,000
Total Operating Revenues	\$945,644	\$1,017,761	\$1,036,494
Expenditures	2020 Projected	2021 Projected	2022 Projected
General Government	\$181,522	\$184,245	\$187,009
Public Safety	\$380,765	\$386,476	\$392,274
Public Works	\$236,095	\$294,196	\$298,609
Culture & Recreation	\$0	\$0	\$0
Debt Service	\$400	\$400	\$400
Employee Benefits	\$83,359	\$84,609	\$85,879
Insurance	\$15,758	\$16,073	\$16,395
Other	\$47,742	\$22,742	\$23,083
Total Expenditures	\$945,641	\$988,741	\$1,003,649
Surplus/- Deficit	\$3	\$29,020	\$32,845

Section VIII

Community Development Recommendations

Housing

In the recovery plan updates of 1997, 2011 and 2014, it was recommended to launch a residential development program designed to create new/rehabbed housing on property formerly owned by RAAC and/or tax delinquent property. Rankin Community Development Corporation meets monthly and their work with Mon Valley Initiative has resulted in the construction of eight new single-family houses on the former Elk's site in Rankin. All are occupied and property taxes forthcoming and collected. In 2016, the Borough joined the Tri-COG Land Bank and in 2019 the first property in Rankin Borough was approved to be purchased by the Land Bank. The Borough should continue efforts such as this to encourage reuse of vacant land and abandoned properties in the Borough. The current status is on-going, and the following is recommended:

- 55. Borough officials shall remain involved with the Rankin CDC initiative and provide leadership.**
- 56. Rankin remains involved in a variety of community forums, i.e., the Carrie Furnace Steering Committee. Rankin officials shall continue attending this and other forums.**
- 57. Council and commissions of the Borough shall participate in training sessions relating to planning, and community and economic development.**
- 58. Rankin shall continue participating in seeking funding for residential property reuse, redevelopment, and demolition initiatives.**
- 59. Rankin shall be an active participant in Allegheny County development initiatives, inclusive of housing development.**
- 60. The Borough shall consider its option annually to remain in the Tri-COG Land Bank as long as the annual fee does not outweigh the opportunity it presents for the Borough to refurbish an abandoned property.**

Planning/Zoning

The following recommendation is retained from the 2011 and 2014 Amended Recovery Plans:

- 61. Borough officials shall consult with Turtle Creek Valley COG officials and seek Allegheny County funds through the COG to meet the objective of infrastructure studies.**

The recommendation to work with Swissvale Borough on a joint zoning update is removed as the work was completed and the ordinance adopted in 2016.

The recommendation regarding a grant for the Borough Building that was in the 2014 recovery plan is removed as funds were received through the Allegheny County Community Infrastructure and Tourism Fund and work completed on the roof and structure of the Borough Building.

The Borough of Edgewood decided to not pursue working with Rankin Borough to adopt an inter-municipal zoning implementation agreement whereby they would share certain zoning classes. The recommendation to encourage the agreement is removed. The agreement would have been to implement a multi-municipal plan and whereby they would have agreed to the following specific activity:

Provision of Industrial Zoning: The multimunicipal plan notes that Edgewood Borough was traditionally a bedroom community. Industrial development was always located in Rankin Borough. The plan found that Edgewood has no suitable areas for industrial development. Rankin Borough shall provide for future industrial development in both communities through provision of industrial designated areas within its zoning ordinance.

- 62. Rankin should consider any future opportunities with neighboring communities that would send prospective developers to meet with Rankin Borough officials to discuss opportunities in the Borough.**

Code Enforcement

The need for strong code enforcement services remains high, but the ability to pay for services are strained. The Borough utilizes a code enforcement official through the former engineer's office for code enforcement, building inspection, and zoning related services. The Borough currently budgets \$10,000 per year (eight hours per week) for these services. The Borough has explored other options including Turtle Creek Valley COG, but they were found to not be financially practical. The Borough will continue to explore sharing a service with a neighboring municipality or a third party. The following recommendation from the 2011 and 2014 amended plans will remain, but revised to include a third party option:

- 63. The Borough shall apply for a Municipal Assistance Program grant in the amount of \$20,000 over a two-year period to assist the Borough in contracting code enforcement services in conjunction with another municipality or through a third party.**

Even though occupancy inspection has increased due to two housing complexes regularly notifying the code officer of changes in tenants, the following recommendation from the 2014 amended plan should be continued and enforcement should be easier with the codification of ordinances completed:

- 64. The Borough code enforcement officer shall be aggressive in enforcing the Borough codes and in performing occupancy inspections in accordance with the ordinances of the Borough.**

Section IX

Economic Development Recommendations

Since the recovery plan in 2014, much activity has continued to occur in preparing the Carrie Furnace site for reuse. Through a U.S. Transportation Investment Generating Economic Recovery (TIGER) grant the access road was completed and opened in August 2015 with a new set of traffic signals and traffic patterns. Additional fill work and extensive excavation work were completed to bring the site above floodplain. The Borough is proposing flex/office space and light industrial space to hopefully create jobs for the community. A study was completed by a Carnegie-Mellon University graduate class which anticipates a 14-year development plan with the Allegheny County Department of Economic Development as the master developer. Under the guidance of the Redevelopment Authority of Allegheny County (RAAC), a steering committee was assembled to further study and recommend reuses of this Carrie Furnace site. The steering committee meets monthly and recently a presentation was provided to two developers that submitted proposals to RAAC. At the most recent meeting in November 2019, Rankin and Swissvale boroughs were updated that a company proposing a 100,000 sq. ft. building on the Rankin portion could see a groundbreaking in 2020.

The following recommendations from the 2014 plan remain:

- 65. County and Commonwealth grant and loan programs should be used to expedite residential and industrial development by supporting specific projects. The Rankin Community Development Corporation shall be utilized to move this along.**
- 66. The Rankin Community Development Corporation has replaced the Rankin Partnership which was formed to meet and to evolve an identity as the “convener/coordinator” forum for development, improvement, and revitalization efforts in Rankin. The Borough, through its Rankin Community Development Corporation, shall continue to forge partnerships with key elements in the community.**
- 67. The Borough shall continue to work with those community agencies that express a commitment to promote economic development. A representative of the Borough shall attend regular scheduled meetings and monthly reports shall be made to Council.**

Following a Carrie Furnace Steering Committee meeting where many issues regarding the development of the site it was recommended that the Borough consider the development of a Community Benefits Agreement. The following new recommendation is made relative to making certain the site brings to Rankin the types of businesses and jobs that will continue to sustain the Borough economically with jobs for local residents:

- 68. The Borough should consider negotiating a Community Benefits Agreement with the developer(s) to make certain the tenant(s) utilize the local workforce and are mixed-use, which have been the hopes of the Borough.**

Section X

Communication of Progress Requirement

It is essential that the Borough of Rankin undertake the Exit Plan recommendations as soon as possible. Although the Borough has implemented many of the recommendations detailed throughout this plan, it is important that they adhere to those recommendations and implement any new recommendations in this Exit Plan in a timely manner.

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

The Borough, during the exit period, should continue to provide the Coordinator with monthly financial statements showing revenues, expenditures, and fund balances, along with quarterly budgetary information. The Coordinator shall be considered a resource during the budgetary process and will assist the Borough in the preparation of the annual budget. The Borough also should send to the Coordinator all regular and special meeting agendas and minutes monthly. The Coordinator shall monitor the status of the recommendations and provide assistance to the Borough on any incomplete recommendations.

Semi-annual on-site meetings with the Coordinator should also be held to review Exit Plan implementation progress and to amend, add, or delete those recommendations, as the Coordinator believes appropriate. The Coordinator may also decide to reprioritize recommendations if conditions in the Coordinator's opinion have changed.

The Coordinator shall monitor the progress by the Borough towards accomplishing the key elements of the Exit Plan. Any key management, administrative, and financial decisions of the Borough, which may or may not be part of the Exit Plan, should also routinely be communicated to the Coordinator. This is particularly true if this action entails an abrupt change or alteration from prior positions or policies of the Borough.

Emergency situations which require immediate action by the Borough may be excluded from this reporting procedure with the caveat that communication must occur as soon as possible after the emergency has been mitigated. Emergency action should be as restrictive as possible to mitigate the emergency before the Coordinator approves the activity or actions contrary to the accepted or regular practice. Additional action by the Borough officials beyond the immediate mitigation activity should not occur until approved by the Coordinator. If the Borough or its elected or appointed officials demonstrate an intentional and consistent failure to communicate or consult with the Coordinator on a regular basis with the information, reports or documentation requested by the Coordinator, the Borough may, after review and discussion, be found to have violated the Exit Plan which may result in the withholding of Commonwealth funding.

Section XI

Community Commitment Component

It should be recognized that the alleviation of the municipality's "distressed" status far exceeds simple Borough operations. It is important that the entire community become involved in the financial recovery process as fully as possible. Partnerships between public and private entities should be encouraged to help the community continue to recover.

The Borough should encourage participation through regularly held informational town meetings. Existing organizations, such as merchants' organizations, church, and neighborhood groups, can be solicited for their commitment to help the community recover.

The process should go beyond typical top down information distribution and dissemination. It should truly involve these other community groups. Their ideas and energies should be utilized in the recovery process. The establishment of common goals and objectives for the community could be an important consensus-building technique that warrants consideration. There are organizations in the Borough of Rankin which have citizen influence and these resources ought to be utilized as fully as possible.

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

Section XII
Act 47 Grant/Loan Activities

Project: Joint Code Enforcement

Description: Pursue Municipal Assistance Program grant funds for an inter-municipal Code Enforcement position servicing Rankin and another municipality or a third party.

Cost: \$20,000

Project: Public Works

Description: The shared public works project is coordinated through the Turtle Creek Valley COG and shared by only two remaining municipalities. The funds requested through the DCED Local Government Capital Projects Loan Program (LGCPLP) would be used for the purchase of a dump truck.

Cost: \$80,000

SECTION XIII EXIT PLAN STRATEGY

The Borough has been active in implementing a number of recommendations from the prior recovery plan amendments, but there is uncertainty it can achieve financial solvency without an Exit Plan in place. It is the Coordinator's recommendation that a three-year Exit Plan is warranted.

The requirements for an Exit Plan recommended by the Coordinator are set forth in Section 256 of Act 47. The plan is subject to public notice, public meeting, and public comment; and must be adopted by the governing body within 45 of the Coordinator's meeting to accept public comment on the exit plan.

Following adoption by the Rankin Borough's governing body, the Secretary of the PA Department of Community and Economic Development will issue a determination consistent with Section 257 of Act 47 and based on the recommendation of the Coordinator and the Exit Plan.

EXHIBIT A

July 5, 2019
Report Prepared for the Borough of Rankin
Shared Public Works Program

Background

The following provides a narrative and budget draft comparing the costs of providing public works services to the Borough of Rankin. The objective of the report is to provide a comparison of the current costs of the Joint Public Works Program administered by the Turtle Creek Valley Council of Governments to absorbing the personnel and current service levels in house. It appears that both Braddock and Rankin have agreed to exit the TCVCOG program at the conclusion of 2020. For the purposes of this report assumptions were made that Rankin would return two of the employees back to the Rankin payroll as full-time employees at the salary level projected for the 2020 budget year. Although only in the discussion phase, equipment currently utilized in the joint public works program would be both shared and equitably split between the two communities.

Personnel Wages

The Borough of Rankin current shares proportionally in all costs budgeted for the Joint Public Works Program. Total costs are fixed this year at \$121,144.50 and it is assumed that service levels are delivered at a level that would justify that proportional allocation. The two Rankin employees are the highest paid of the four and the borough's costs would be significantly above their current share of the personnel costs should they elect to leave the program and absorb the salaries of these two workers.

Personnel Fringes

Actual fringe benefit costs of bringing staff back to the borough would be significantly higher than those costs currently allocated through the COG program. For the purposes of this costing it is assumed that the two borough employees would continue to be offered a \$2,000 annual payment in lieu of hospitalization benefits. RDM is not stating that this is the option the borough will need to provide and is only using this for the costing comparison. Whether or not hospitalization continues to be provided as an option would need to be discussed as part of the move. The COG has budgeted a Health Insurance Tax, which is not included in this costing.

In lieu of a defined benefit pension and FICA payments the COG has provided a 10% contribution to the employees 403(b) plan. A continuation of this or similar program will add a significant cost to the borough budget. For the purposes of this costing, a 10% 403(b) match was added.

Current COG employees do not pay FICA and there were no costs for payment of FICA in the attached joint program budget. Rankin employees are required to pay, and the employer match would add 7.65% of salary above current budget levels. Because the borough would also need to add these employees to the current workers comp policy, costs would increase from 5.9% to an estimated 12.94% of total payroll. Other fringe costs will remain proportional with the current year budget.

Operating Expenses

For the purposes of this report, operating expenses will be divided into two separate areas. The first area is specific to the equipment utilized by the program and the division of this equipment once the program ends. The borough will need to begin discussions specific to the inventory of the vehicles and equipment, the condition of the equipment, and the method by which the vehicles and equipment will be dispensed to the two communities. It is the understanding of the borough that the vehicles and other equipment are aging and that a significant budget allocation will need to be made to ensure it is operational and working at a level that will meet the needs of the community, especially during the winter months. The borough will also need to understand that funds will need to be budgeted for a new truck that can be financed over a three- to five-year period.

The second area deals with supplies needed for the department to operate effectively. There have been minimal funds budgeted for supplies for the department. A bulk of the discretionary allocations are for snow removal and street patching. Other than these two areas most tasks completed by the staff are anticipated to be labor intensive and require a smaller budget allocation to complete, such as weed control and line painting.

Budget Summary

Attached to the narrative is a budget spreadsheet comparing the current COG budget (A), with a proportional allocation of the current costs paid by Rankin (B), and an estimate of the costs associated with bringing the two Rankin employees in-house. Expectations should remain that the borough would continue to run a scaled down public works department from the Borough. Service levels would be limited due to the smaller staff, overall expertise, and limited funding for both capital and operational needs.

In-house costs relating to personnel would be higher simply because the two highest paid employees would now become borough staff. Decisions affecting employee benefits specific to hospitalization and pension could add to overall departmental costs making this move cost prohibitive. There would also be an immediate impact on the borough budget since COG employees do not pay FICA while borough employees would be required to contribute from day one. In addition to the added FICA costs, the borough workers' compensation costs would increase from 5% to almost 13%. Any costs associated with prior earned PTO, Sick Time, Vacation or Personal should be settled with the COG and employees should not be permitted to bring this time on to a new employer.

Based on a proportional allocation of all costs associated with what the borough was required to pay in the Joint Program compared to an estimate of what the borough would pay running the department in-house points to increases in both wages and fringe benefits. Wages at the current rate would increase by approximately \$16,000, while fringe benefits would increase by about \$11,000. Assuming a continuation of the \$2,000 per employee payment in lieu of health care benefits, along with pension costs running at 10% of salary,

indicates the borough would see projected increases in personnel costs of as much as \$27,000 by bringing the program in-house.

Operating Expenses

Proportionally allocated, current costs of the program for operating expenses are estimated to be about \$43,000. Assuming an equitable split and a sharing provision of the current equipment, along with the elimination of the COG Administrative costs, the borough may spend about \$5,000 less. A new lease for equipment may add \$10,000 more and wipe out any savings.

It appears inevitable that the borough will be required to attempt to provide public works services within the next 18 months. Council will need to be aware that costs could increase by more than \$27,000 over current year spending levels. Council must also realize that current costs are predictable and day-to-day management falls out of their purview. With the amount of capital needs that have confronted this community over the past 20 years, keeping a handle on the anticipated spending levels may be a challenge for Council and staff.

	A	B	C
	2019	2019	2019
	COG Budget	Rankin Share	In-House
Revenues	267,747.00	121,144.50	121,144.50
Salaries			
Employee 1	41,562.00	18,806.81	41,562.00
Employee 2	30,466.00	13,785.87	30,466.00
Employee 3	25,841.00	11,693.05	
Employee 4	26,096.00	11,808.44	
Overtime	7,000.00	3,167.50	3,167.50
Total	130,965.00	59,261.66	75,195.50
Fringes			
Hospital Insurance Tax	1,797.49	813.36	0.00
Hospitalization	13,307.00	6,021.42	4,000.00
Life Insurance	1,977.52	894.83	494.38
Pension	12,396.50	5,609.42	7,519.55
Unemployment	2,904.00	1,314.06	1,667.37
FICA		0.00	5,752.46
Workers Comp	7,798.00	3,528.60	9,737.82
Total Fringes	40,180.51	18,181.68	29,171.58
Operating Expenses			
Equipment Purchase			
Small Equipment Purchase			
Equipment Insurance	11,420.00	5,167.55	5,200.00
Truck #3 Clay	2,500.00	1,131.25	
Truck #4 Pickup	2,500.00	1,131.25	
Backhoe	3,000.00	1,357.50	
Equipment Repairs	3,470.49	1,570.40	
Truck #1 White	2,500.00	1,131.25	
Truck #2	2,500.00	1,131.25	
Equipment Repairs			3,750.00
Equipment Maintenance			3,750.00
New Equipment Lease			10,000.00
Telephone	2,400.00	1,086.00	1,000.00
COG Administration	12,000.00	5,430.00	0.00
Miscellaneous Expense	2,000.00	905.00	900.00
Dumping Fees	0.00	0.00	
Uniforms	1,200.00	543.00	550.00
Salt	27,716.00	12,541.49	12,500.00

Salt Brine	125.00	56.56	60.00
Fuel	14,400.00	6,516.00	6,500.00
Line Painting	970.00	438.93	440.00
Patching and Sealing	2,500.00	1,131.25	1,100.00
Supplies	2,800.00	1,267.00	1,250.00
Lot Rental	0.00	0.00	
Weed Killer	500.00	226.25	250.00
Chemical Applicator		0.00	
Stipend	1,500.00	678.75	675.00
Drug Testing	600.00	271.50	275.00
Pass Through	0.00	0.00	
Total Operating Exp	96,601.49	43,712.17	48,200.00
Total Expenditures	267,747.00	121,155.52	152,567.08
Net	0.00	-11.02	-31,422.58