

**BOROUGH OF BRADDOCK**

**RECOVERY PLAN AMENDMENT &  
FINANCIAL PROJECTIONS**

**Adopted:**

**December 22, 2014**

**Ordinance No. 1173**

**Completed By:**

**Resource Development & Management, Inc.  
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## Section I – Introduction

In April of 1988 the Borough of Braddock officially requested that the Pennsylvania Department of Community Affairs (PA DCA) determine eligibility for the designation as a distressed municipality under Act 47, the Municipalities Financial Recovery Act. The Department conducted an evaluation of the fiscal condition of the Borough and found the Borough to be distressed due to the following conditions:

- On several occasions payroll withhold obligations had not been remitted on a timely basis to the respective reporting entity. Payroll taxes amounting to \$93,184 were not made to proper taxing authorities.
- Payments to creditors of delinquent invoices had not been made as agreed.

Act 47 has 11 criteria for determination of municipal financial distress, and if at least one is present and the Department assesses that it is a valid indication of municipal financial distress, then the PA DCA shall exercise its powers and duties as detailed in the Act.

After conducting a public hearing the Borough received official designation as a distressed municipality on June 15, 1988. The Western Division of the Pennsylvania Economy League was appointed the Plan Coordinator and designated to develop the original recovery plan.

The original recovery plan indicated that the factors that lead to the Borough's distressed status were not only a result of current factors, but also from decades of macro-economic factors affecting the community, such as the decline in manufacturing base in the country including Southwestern Pennsylvania, specifically the steel industry and related businesses. The plan placed an emphasis on increased management capacity; stronger financial management controls and procedures; and a comprehensive code enforcement program. In addition, the plan recommended the development of a joint public works program operated by the Turtle Creek Valley COG in cooperation with neighboring municipalities that were also experiencing serious fiscal difficulties. The plan altered the Borough's approach to service delivery, placing an emphasis on other intergovernmental approaches, the continued involvement in the Department's Enterprise Zone Program, and implementation of key economic and community development strategies.

Since 1988, the Borough has made progress to improve its overall financial position. During the recent decade the Borough began to remove the Act 47 enhancements by lowering the rates of resident and non-resident earned income tax (EIT). In 2012, those rates were reduced to 1.2% for residents and 1.05% for non-residents, their lowest since 1988. Plans were initiated to remove all enhancements by 2014 or 2015. However, the Borough was once again hit by some events outside of its control.

First, UPMC decided to close its Braddock Hospital and later decided to demolish the building and sell the property. This resulted in a major financial impact to the Borough. A five-year agreement was entered into under which UPMC would make a payment in lieu of taxes to the Borough of approximately \$90,000 per year through 2014 and a payment of \$45,000 in 2015. After this date the Borough would no longer receive compensation from UPMC. The Borough thus will be losing \$90,000 per year in revenue from this source alone.

Secondly, the United States Steel Corporation, in 2013 successfully appealed their increase in assessment and subsequently their assessment was drastically lowered. This has had a substantial (approximately \$90,000 loss) impact on the Borough's revenue base.

Thirdly, a number of Business Privilege Tax (BPT) settlement agreements on back taxes with certain large taxpayers were coming to an end, which resulted in a further loss of revenue to the Borough.

As a result of the above, the Borough in 2014 had to once again increase the EIT rates on residents and non-residents under Act 47, as well as slightly increase the millage rate.

On a positive note, the arrival of Act 32 of 2008 saw increased collections and increased revenue in the EIT area. The Borough has also, through its own efforts, seen strong steady increases in collecting delinquent taxes and sewage fees.

The fiscal status of the Borough, although currently stable, is in the state of flux as we attempt to remove the enhancements while being faced with many unforeseen obstacles.

Although many of the recommendations of the original recovery plan and subsequent amendments remain relevant, Resource Development & Management, Inc. (RDM) feels a further revision is required that builds on the progress to date and that addresses current issues, including tax and other revenue sources. This plan amendment will review the progress made to date, along with a summary of the Borough's adherence to previous recommendations. In addition, this amendment will revise and re-emphasize prior recommendations, along with making new recommendations that will alleviate or improve those factors that are impeding the Borough from becoming financially solvent.

## Section II – Historical Financial Review

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 without the additional taxing authority granted under Act 47.

The table below shows the changes in the Borough's General Fund core operating revenues and expenditures from 2009 projected through 2014. The 2009 to 2013 figures are actual numbers taken from completed audit reports and 2014's numbers are projected through December 31, 2014.

**TABLE I**

<b>Braddock Borough Surplus/Deficit</b>							
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>Growth/</i>
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Projected</i>	<i>Annual Rate</i>
<b>Revenues</b>	\$ 1,610,471	\$ 1,789,674	\$ 1,643,030	\$ 1,877,050	\$ 1,662,673	\$ 1,768,919	\$ 31,690 2.0%
<b>Expenditures</b>	\$ 1,837,684	\$ 2,044,741	\$ 1,708,019	\$ 1,682,090	\$ 1,687,938	\$ 1,628,625	\$ (41,812) -2.3%
<b>Surplus/Deficit</b>	\$ (227,213)	\$ (255,067)	\$ (64,989)	\$ 194,960	\$ (25,265)	\$ 140,294	
<b>Cumulative</b>		\$ (482,280)	\$ (547,269)	\$ (352,309)	\$ (377,574)	\$ (237,280)	
<b>Cash Balance</b>	\$ 759,424	\$ 484,745	\$ 420,734	\$ 630,111	\$ 604,358	\$ 758,026	\$ (280) 0.0%

As can be seen, the Borough ended some years with a surplus and some years with a deficit. The cumulative deficit for 2009 through 2014 is projected to be \$237,280. Most of this deficit amount occurred in 2009 and 2010 when the cumulative deficit was \$482,280. Since 2011, the Borough has had a cumulative operating surplus estimated to be \$245,000.

It should be noted that in 2010 the Borough Manager, Ella Jones, was arrested for extorting \$178,149 from the Borough and in March 2011 she pleaded guilty to three counts of theft and three counts of forgery. These illegal actions contributed to the deficits. The Borough received \$50,000 in settlement from their insurance carrier and thus is still out approximately \$128,000. The Solicitor for the Borough is attempting to recover the balance from the two banks which were involved, but feels it is unlikely that they will agree to pay the full amount. Over a three-year period Ms. Jones has made restitution to the Borough of \$354.70.

It should be noted that 2010 expenditures included a large payment to ALCOSAN. Some of the fluctuation year-to-year is due to the fact audits are on a cash basis and not on a modified accrual basis, and the timing of disbursements impacts the year-end numbers.

### **Revenue Review 2009 – 2014 (projected)**

As seen in Table II, the Borough's revenues increased during three of the years and decreased in two of the years during the period. The year 2012 represented the Borough's highest year for revenues when total revenues were \$1,877,050. The lowest year during

the period was 2009 when revenues totaled \$1,610,471. The growth in revenues from 2009 through 2014 (projected) is projected to be a cumulative \$158,448, 9.8% growth over the period or an average of just under 2% per year. However, the growth is not real since during the period tax rates have correspondingly fluctuated. Real estate millage reached a high of 13.7 mills in 2012, and was lowered to 11.5 in 2013, and then increased to 11.65 in 2014. Without the changes in tax rates both real estate and EIT revenues would have been flat or dropping. The lack of sustainable annual growth in revenues without subsequent increases in taxing rates is a long-term issue.

**TABLE II**

Braddock Borough Revenue Summary							
	2009	2010	2011	2012	2013	2014	
Description	Actual Revenues	Actual Revenues	Actual Revenues	Actual Revenues	Actual Revenues	Projected Revenues	Growth/Rate
Taxes	\$ 896,102	\$ 1,011,833	\$ 883,026	\$ 999,488	\$ 1,008,779	\$ 989,608	2.1%
Licenses & Permits	\$ 28,470	\$ 30,243	\$ 48,452	\$ 126,567	\$ 73,722	\$ 33,974	3.9%
Fines & Forfeits	\$ 9,096	\$ 9,863	\$ 14,104	\$ 18,907	\$ 20,698	\$ 14,078	11.0%
Interest & Rents	\$ 12,847	\$ 950	\$ 1,947	\$ 1,190	\$ 924	\$ 1,705	-17.3%
Intergovernmental*	\$ 41,043	\$ 81,183	\$ 147,076	\$ 191,835	\$ 130,623	\$ 208,656	81.7%
Charges for Services	\$ 490,038	\$ 562,880	\$ 420,199	\$ 382,241	\$ 370,791	\$ 476,775	-0.5%
Contributions & Donations	\$ 12,009	\$ -	\$ -	\$ -	\$ 1,590	\$ 1,200	-18.0%
Other	\$ 120,866	\$ 92,722	\$ 128,226	\$ 156,822	\$ 55,546	\$ 42,923	-12.9%
Total Operating Revenues	\$ 1,610,471	\$ 1,789,674	\$ 1,643,030	\$ 1,877,050	\$ 1,662,673	\$ 1,768,919	2.0%

\*Payments in lieu began to be reported by the Auditor in this category in 2011. They previously were reported under the Taxes category.

In 2009, in anticipation of exiting the Act 47 program, the Borough began to lower its EIT resident and non-resident rates and at that time was only .1% higher on resident EIT and .05% higher on non-resident EIT. Subsequently, the Borough fell victim to the UPMC Braddock Hospital closing and then in 2013 suffered from US Steel Corporation successfully appealing their tax assessment, which caused the Borough to once again increase its real estate millage and to return resident and non-resident EIT rates to their historic Act 47 rates. The Borough had to close a significant gap in revenues and chose to once again distribute the burden to both property owners and the wage earners. Every time the Borough has made great strides something outside of its control occurs and plummets the Borough into a financial crisis. In the last few years, the reassessment appeals and the loss of UPMC Braddock Hospital have had a tremendous negative impact on the Borough's revenue base.

As seen in Table III, the largest area of growth in revenues during the period occurred in resident and non-resident EIT. The largest growth occurred in this area when Act 32 was fully implemented and all employers had to report and withhold from employees' wages. As with most municipalities, the Borough saw a large increase in overall EIT revenue going from approximately \$80,000 to \$160,000. The projected increase in 2014 to \$240,000 is a result of the return to the court-approved increase in rates for residents from 1.2% to 1.5% and the approved rate for non-residents from 1.05% to 1.2%. Again, those changes were due to the loss of assessed value from US Steel Corporation. The growth in EIT, which occurred as a result of Act 32, is not projected to continue except for an annual slight growth in payroll.

**TABLE III**

<b>Braddock Borough Detailed Revenue</b>						
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Account Description	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Projected</i>
	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>
<b>Taxes</b>						
Real Estate Tax	\$ 442,033	\$ 499,457	\$ 461,593	\$ 546,709	\$ 551,609	\$ 487,857
RAD Sales Tax	\$ 143,437	\$ 153,782	\$ 147,347	\$ 144,258	\$ 130,173	\$ 116,341
Real Estate Transfer	\$ 6,222	\$ 6,782	\$ 4,187	\$ 10,570	\$ 3,797	\$ 3,884
EIT/Wage Tax	\$ 81,653	\$ 87,157	\$ 69,341	\$ 155,344	\$ 161,022	\$ 240,121
Business Gross Receipts	\$ 147,942	\$ 193,977	\$ 154,330	\$ 97,731	\$ 108,038	\$ 103,860
Local Services Tax	\$ 64,615	\$ 64,278	\$ 46,228	\$ 44,876	\$ 49,190	\$ 32,045
Mechanical Devices Tax	\$ 10,200	\$ 6,400	\$ -	\$ -	\$ 4,950	\$ 5,500
<b>Total Tax Revenues</b>	<b>\$ 896,102</b>	<b>\$ 1,011,833</b>	<b>\$ 883,026</b>	<b>\$ 999,488</b>	<b>\$ 1,008,779</b>	<b>\$ 989,608</b>
<b>Licenses &amp; Permits</b>						
Licenses & Permits	\$ 5,157	\$ 3,101	\$ 18,569	\$ 83,121	\$ 43,270	\$ 3,615
CATV Franchise Fee	\$ 23,313	\$ 27,142	\$ 29,883	\$ 43,446	\$ 30,452	\$ 30,359
<b>Total Licenses &amp; Permits</b>	<b>\$ 28,470</b>	<b>\$ 30,243</b>	<b>\$ 48,452</b>	<b>\$ 126,567</b>	<b>\$ 73,722</b>	<b>\$ 33,974</b>
<b>Fines &amp; Forfeits</b>						
Fines & Forfeits	\$ 9,096	\$ 9,863	\$ 14,104	\$ 18,907	\$ 20,698	\$ 14,078
<b>Total Fines &amp; Forfeits</b>	<b>\$ 9,096</b>	<b>\$ 9,863</b>	<b>\$ 14,104</b>	<b>\$ 18,907</b>	<b>\$ 20,698</b>	<b>\$ 14,078</b>
<b>Interest, Rents, &amp; Royalties</b>						
Interest Earnings	\$ 11,047	\$ 50	\$ 1,047	\$ 140	\$ 24	\$ 55
Rents & Royalties	\$ 1,800	\$ 900	\$ 900	\$ 1,050	\$ 900	\$ 1,650
<b>Total Interest, Rents &amp; Royalties</b>	<b>\$ 12,847</b>	<b>\$ 950</b>	<b>\$ 1,947</b>	<b>\$ 1,190</b>	<b>\$ 924</b>	<b>\$ 1,705</b>
<b>Intergovernmental Revenues</b>						
Federal Community Development	\$ -	\$ -	\$ 29,783	\$ 23,565	\$ -	\$ 43,572
Federal Capital & Operating Grants	\$ -	\$ 14,136	\$ -	\$ -	\$ -	\$ -
Public Utility Realty Tax	\$ 890	\$ 962	\$ 1,349	\$ 1,229	\$ 1,281	\$ 1,286
Alcoholic Beverage Licenses	\$ 1,350	\$ 950	\$ 1,350	\$ 1,350	\$ 1,150	\$ 750
Foreign Fire Insurance Tax Distrib.		\$ 12,852	\$ 15,170	\$ 8,592	\$ 10,261	\$ 9,802
Marcellus Shale Impact Fee	\$ -	\$ -	\$ -	\$ -	\$ 123	\$ -
Shared Revenue & Entitlements	\$ 21,418	\$ -	\$ -	\$ -	\$ -	\$ -
Govt Shared Capital & Operating Grants	\$ 17,385	\$ 52,283	\$ -	\$ 55,675	\$ 25,808	\$ 43,354
PILOT	\$ -	\$ -	\$ 99,424	\$ 101,424	\$ 92,000	\$ 109,892
<b>Total Intergovernmental</b>	<b>\$ 41,043</b>	<b>\$ 81,183</b>	<b>\$ 147,076</b>	<b>\$ 191,835</b>	<b>\$ 130,623</b>	<b>\$ 208,656</b>
<b>Charges for Service</b>						
General Government	\$ 2,735	\$ 8,084	\$ 10,053	\$ 6,277	\$ 6,643	\$ 14,000
Public Safety	\$ 107,288	\$ 107,708	\$ 40,313	\$ 39,190	\$ 42,751	\$ 59,640
Parking	\$ 9,999	\$ 7,986	\$ 1,812	\$ 652	\$ 537	\$ 7,396
Wastewater/Sewage Charges	\$ 367,475	\$ 433,670	\$ 364,791	\$ 334,700	\$ 315,055	\$ 394,725
Solid Waste & Disposal Charges	\$ 2,541	\$ 5,432	\$ 3,230	\$ 1,422	\$ 5,805	\$ 1,014
<b>Total Charges for Service</b>	<b>\$ 490,038</b>	<b>\$ 562,880</b>	<b>\$ 420,199</b>	<b>\$ 382,241</b>	<b>\$ 370,791</b>	<b>\$ 476,775</b>
<b>Unclassified Operating Revenues</b>						
Contributions & Donations	\$ 12,009	\$ -	\$ -	\$ -	\$ 1,590	\$ 1,200
<b>Total Unclassified Operating</b>	<b>\$ 12,009</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,590</b>	<b>\$ 1,200</b>
<b>Other Financing Sources</b>						
Fixed Asset Disposition	\$ 19,133	\$ 30,270	\$ -	\$ -	\$ -	\$ -
Interfund Operating Transfers	\$ 101,733	\$ 62,452	\$ 107,460	\$ 104,374	\$ 52,651	\$ -
Refund Prior Year Expenditures	\$ -	\$ -	\$ 20,766	\$ 52,448	\$ 2,895	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,923
<b>Total Other Financing Sources</b>	<b>\$ 120,866</b>	<b>\$ 92,722</b>	<b>\$ 128,226</b>	<b>\$ 156,822</b>	<b>\$ 55,546</b>	<b>\$ 42,923</b>
<b>Total Revenues</b>	<b>\$ 1,610,471</b>	<b>\$ 1,789,674</b>	<b>\$ 1,643,030</b>	<b>\$ 1,877,050</b>	<b>\$ 1,662,673</b>	<b>\$ 1,768,919</b>

## Trending Demographics

In addition to those occurrences, the Borough continues to fight some negative trending demographics which ultimately impact the revenue base.

As seen in Table IV, Braddock's trending demographics are not painting a positive picture and are in fact portending many difficult days ahead in the Borough's recovery. These demographics are the overwhelming factor negatively affecting the Borough's exiting Act 47 and point out the structural problem the Borough faces.

TABLE IV

	Pennsylvania		Braddock		
	2007	2013*	2000	2007	2013*
<b>Braddock Population</b>			2,904	2,687	2,150
<b>Median Household Income</b>	\$40,106	\$52,548		\$18,476	\$22,212
<b>Per Capita Income</b>	\$20,880	\$28,502		\$13,135	\$12,554
<b>Individuals Below Poverty</b>	11%	13.30%		35%	39.50%
<b>Housing Built Prior to 1960</b>	54.60%	49.40%		84.90%	75.10%
<b>Vacant Units</b>		10.90%		28.50%	30.20%
<b>Source: *2009-2013 American Community Survey Five-Year Estimates, U.S. Census Bureau</b>					

Population continued to decline from 2000 through 2012 as the population went from 2,904 in 2000 to an estimated 2,150 in 2012, a 35% loss during the period! Median household income in Pennsylvania increased from \$40,106 in 2007 to \$52,548 in 2013, an increase of 31%. During the same period the median household income in Braddock increased from \$18,476 to \$22,212, an increase of 20% or 11% below the rate of increase throughout the Commonwealth. Per capita income is trending even worse as the Commonwealth saw an increase from \$20,880 in 2007 to \$28,502 in 2013, an increase of 37%, while Braddock's per capita income decreased from \$13,135 to \$12,554, a decrease of 4.6% during the period. This decrease is one of the factors that could be influencing the lower LST revenues. During the period individuals below poverty decreased by 2% throughout the Commonwealth, but increased by 4.5% in Braddock with 39.5% of individuals below poverty.

In summary, the Borough's revenue base is the major issue. As will be seen in future sections of this report, the Borough has done a tremendous job of controlling expenses, but the trend in assessments, and in the demographics, do not appear to suggest that Borough revenues will remain anything but flat or decrease in the near future.

## Tax Rate Review

Table V shows an historical review of the Borough's tax rates during the 2009-2014 (projected) period.

TABLE V

<b>Braddock Borough Historical Tax Rates</b>						
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Real Estate	10.7	10.7	11.7	13.7	11.15	11.65
EIT Resident	0.6	0.6	0.6	0.6	0.6	1
EIT Non-Resident	1.05	1.05	1.05	1.05	1.05	1.2
LST	52	52	52	52	52	52
Mechanical Devices	350	350	350	350	350	350
Business Privilege	10	10	10	10	10	10

Most of the rates remained constant during the period. Real estate millage ranged from a low of 10.7 in 2009 to a high of 13.7 in 2012. In 2013 the Borough began to lower the millage, but unfortunately due to the US Steel assessment appeal had to increase the millage in the 2014 budget by ½ mill. As the Borough shifts away from the Act 47 enhancements the real estate millage, which is already one of the highest in Allegheny County, will continue to increase to offset the loss of Act 47 enhanced revenue.

The Act 47 EIT rates on resident and non-residents remained constant from 2009 through 2013 and were substantially lower than their previous highs and were close to being totally removed. However, as previously stated, in the 2014 budget in order to offset the loss revenue from US Steel these rates were significantly increased going from 1.1% on residents to 1.5% and going from 1.05% to 1.2% on non-residents.

## Real Estate and Earned Income Tax Revenue

Table VI shows the real estate and earned income tax collections and their percentage of total Borough revenues during the period 2009 to 2014. Real estate revenues accounted for approximately 28% of all revenues in 2009 to 2011. This is a lower percentage than most municipalities and is indicative of low net revenue per mil. In 2012 millage was increased by two mills and in 2012 revenues reached their highest at \$546,709, but the increase was due to the change in millage and not due to real estate growth. When reassessment numbers went up in 2013 the Borough was able to reduce the millage back to 11.15 mills while seeing revenues reach their highest for the five years at \$551,609. Real estate taxes represented 33.2% of revenues in 2013. In 2014 the Borough was once again faced with a reduced assessment due to the US Steel appeal and once again had to increase millage by one-half mill. The result of the reassessment was that real estate revenues once again dropped to approximately 27% of all revenues. Real estate revenues from 2009 through 2014 grew by a total of 10% or an average of 2% per year. The millage increased by almost one mill during the period which accounted for 9% of the growth. Thus, there was no real growth in real estate for the Borough during the period!



EIT revenue grew from \$81,653 in 2009 to \$161,022 in 2013 with the EIT rates on residents and non-residents remaining consistent throughout the period. The big increase in EIT occurred with the implementation of Act 32 and the requirement that all employers withhold the tax. The significant increase showed the lack of reporting in earlier periods. EIT grew from as low as 4.2% of revenues to a high of 9.7% of revenues in 2013, even though the rates remained the same during the period. In the 2014 budget, with the need to increase the EIT rates back to pre-2009 rates, the EIT revenues represented 13.6% of all revenue. During the 2009 to 2014 period the combined revenue from real estate and EIT reached a high of 42.9% of all revenues in 2013 and a low of 32% of all revenues in 2009.

**TABLE VI**

<b>Braddock Borough Tax Revenue Summary</b>						
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Projected</i>
Description	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Revenues</i>
<b>Real Estate Tax</b>	\$ 442,033	\$ 499,457	\$ 461,593	\$ 546,709	\$ 551,609	\$ 487,857
	27.4%	27.9%	28.1%	29.1%	33.2%	27.6%
<b>EIT</b>	\$ 81,653	\$ 87,157	\$ 69,341	\$ 155,344	\$ 161,022	\$ 240,121
	5.1%	4.9%	4.2%	8.3%	9.7%	13.6%
<b>Total</b>	\$ 523,686	\$ 586,614	\$ 530,934	\$ 702,053	\$ 712,631	\$ 727,978
<b>Combined %</b>	32.5%	32.8%	32.3%	37.4%	42.9%	41.2%
<b>Total Operating Revenues</b>	\$ 1,610,471	\$ 1,789,674	\$ 1,643,030	\$ 1,877,050	\$ 1,662,673	\$ 1,768,919

## **Expenditure Review 2009 – 2014**

Tables VII and VIII below summarize the Borough’s expenditures during the period 2009 to 2013 and projected through 2014. As can be seen, the Borough has done an excellent job of controlling expenditures. As pointed out earlier, the problem is not on the expenditure side, but rather on the lack of growth on the revenue side. Most Borough expenditures have declined over the period or remained flat. The general government category has been significantly reduced by eliminating a clerical position and controlling engineering and legal expenses. The Borough going forward will be hard pressed to keep its overall general government expenses at current levels since they have been so significantly reduced.

Public safety expenses have remained fairly flat and account for approximately 30% of all Borough expenses. Police costs have remained flat with 2009 costs at \$422,405 and 2014 projected costs to be at \$427,561. The Borough has done an excellent job in managing the police department and keeping this category under control.

Public works, which includes ALCOSAN costs and the TCVCOG public works program, has also remained fairly flat. The Borough, working with the TCVCOG and the Coordinator, has made significant changes to the joint public works program which has resulted in not only controlling costs, but also increasing service levels to the Borough. With the age of the Borough's infrastructure the Borough is going to have a very difficult time in the future keeping these costs under control and thus they must anticipate these costs increasing.

Overall, the Borough has done an excellent job controlling discretionary spending during the period. From 2009 through 2013 the Borough's overall expenditures decreased by \$150,000 or a decline of approximately 2% per year.

The Borough realistically cannot expect this decline to continue. This decline in expenditures has allowed the Borough to offset the lack of growth in revenues. In the future the Borough will be challenged to keep expenditure growth below the rate of inflation.

**TABLE VII**

<b>Braddock Borough Expenditure Summary</b>							
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Projected</i>	<i>Growth/</i>
Description	<i>Expend</i>	<i>Expend</i>	<i>Expend</i>	<i>Expend</i>	<i>Expend</i>	<i>Expend</i>	<i>Rate</i>
General Govt	\$ 472,858	\$ 422,154	\$ 377,366	\$ 367,565	\$ 361,435	\$ 280,299	-8.1%
Public Safety	\$ 496,506	\$ 477,625	\$ 428,672	\$ 456,478	\$ 482,815	\$ 481,218	-0.6%
Public Works	\$ 720,218	\$ 1,022,896	\$ 627,994	\$ 746,480	\$ 697,201	\$ 727,026	0.2%
Culture & Recreation	\$ 23,612	\$ 4,263	\$ 3,124	\$ 1,135	\$ 1,345	\$ 1,047	-19.1%
Community Development	\$ -	\$ -	\$ 72,045	\$ -	\$ -	\$ -	0.0%
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 10,949	\$ -	0.0%
Employee Benefits & Withholding	\$ 48,378	\$ 56,023	\$ 144,849	\$ 96,582	\$ 93,363	\$ 96,367	19.8%
Insurance	\$ 49,160	\$ 39,780	\$ 32,813	\$ 13,090	\$ 30,437	\$ 27,429	-8.8%
Other Financing	\$ 26,952	\$ 22,000	\$ 21,156	\$ 760	\$ 10,393	\$ 15,239	-8.7%
<b>Total Expenditures</b>	<b>\$1,837,684</b>	<b>\$2,044,741</b>	<b>\$1,708,019</b>	<b>\$1,682,090</b>	<b>\$1,687,938</b>	<b>\$1,628,625</b>	<b>-2.3%</b>

**TABLE VIII**

<b>Braddock Borough Detailed Expenditures</b>						
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Description	<i>Actual Expend</i>	<i>Actual Expend</i>	<i>Actual Expend</i>	<i>Actual Expend</i>	<i>Actual Expend</i>	<i>Projected Expend</i>
<b>General Government</b>						
Legislative Body	\$ 8,189	\$ 8,074	\$ 7,500	\$ 7,600	\$ 7,400	\$ 9,681
Executive	\$ 99,148	\$ 94,899	\$ 95,638	\$ 122,848	\$ 130,296	\$ 107,793
Audit/Financial Services	\$ 15,059	\$ 27,748	\$ 16,445	\$ 10,323	\$ 11,653	\$ 24,177
Tax Collection	\$ 33,160	\$ 38,502	\$ 22,085	\$ 19,758	\$ 14,985	\$ 9,986
Solicitor/Legal Services	\$ 79,684	\$ 92,342	\$ 54,353	\$ 41,608	\$ 48,588	\$ 41,034
Secretary/Clerk	\$ 28,397	\$ 21,753	\$ -	\$ -	\$ -	\$ -
Other General Administrative	\$ 150	\$ -	\$ 22,107	\$ 85,360	\$ 43,997	\$ 10,219
Engineering Services	\$ 108,025	\$ 88,335	\$ 122,523	\$ 46,900	\$ 74,396	\$ 47,018
Buildings & Plant	\$ 101,046	\$ 50,501	\$ 36,715	\$ 33,168	\$ 30,120	\$ 30,391
<b>Total General Government</b>	<b>\$ 472,858</b>	<b>\$ 422,154</b>	<b>\$ 377,366</b>	<b>\$ 367,565</b>	<b>\$ 361,435</b>	<b>\$ 280,299</b>
<b>Public Safety</b>						
Police	\$ 422,405	\$ 402,906	\$ 388,372	\$ 415,804	\$ 431,632	\$ 427,561
Fire	\$ 21,418	\$ 22,852	\$ 25,170	\$ 18,592	\$ 20,261	\$ 19,802
UCC & Code Enforcement	\$ 52,683	\$ 51,867	\$ -	\$ 22,082	\$ 30,922	\$ 33,855
Planning & Zoning	\$ -	\$ -	\$ 15,130	\$ -	\$ -	\$ -
<b>Total Public Safety</b>	<b>\$ 496,506</b>	<b>\$ 477,625</b>	<b>\$ 428,672</b>	<b>\$ 456,478</b>	<b>\$ 482,815</b>	<b>\$ 481,218</b>
<b>Public Works</b>						
Solid Waste	\$ 134,961	\$ 102,203	\$ 104,998	\$ 106,818	\$ 112,266	\$ 91,740
Wastewater/Sewage	\$ 240,320	\$ 524,588	\$ 237,697	\$ 357,451	\$ 280,474	\$ 325,161
General Services - Admin	\$ 316,401	\$ 282,262	\$ 176,128	\$ 174,769	\$ 125,438	\$ 134,889
Cleaning Streets & Gutters	\$ 2,500	\$ 20,500	\$ 3,625	\$ 3,825	\$ 1,912	\$ 2,588
Traffic Control Devices	\$ 5,898	\$ 8,017	\$ 1,530	\$ 1,914	\$ 5,046	\$ 7,196
Street Lighting	\$ 18,143	\$ 74,086	\$ 89,191	\$ 90,638	\$ 92,549	\$ 93,528
Parking	\$ 1,995	\$ 11,240	\$ -	\$ 155	\$ -	\$ -
Storm Sewers & Drains	\$ -	\$ -	\$ 4,900	\$ -	\$ 17,502	\$ 10,410
Ice & Repair (Roads/Bridges)	\$ -	\$ -	\$ 9,925	\$ 10,910	\$ 62,014	\$ 61,514
<b>Total Public Works</b>	<b>\$ 720,218</b>	<b>\$ 1,022,896</b>	<b>\$ 627,994</b>	<b>\$ 746,480</b>	<b>\$ 697,201</b>	<b>\$ 727,026</b>
<b>Culture &amp; Recreation</b>						
Libraries	\$ -	\$ -	\$ 500	\$ 500	\$ -	\$ 500
Civil & Military Celebrations	\$ 15,857	\$ -	\$ -	\$ -	\$ -	\$ -
Other Culture & Recreation	\$ 7,755	\$ 4,263	\$ 2,624	\$ 635	\$ 1,345	\$ 547
<b>Total Culture &amp; Recreation</b>	<b>\$ 23,612</b>	<b>\$ 4,263</b>	<b>\$ 3,124</b>	<b>\$ 1,135</b>	<b>\$ 1,345</b>	<b>\$ 1,047</b>
<b>Community Development</b>						
Economic Development	\$ -	\$ -	\$ 72,045	\$ -	\$ -	\$ -
<b>Total Community Devel</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,045</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service</b>						
Debt Principal	\$ -	\$ -	\$ -	\$ -	\$ 10,949	\$ -
<b>Total Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,949</b>	<b>\$ -</b>
<b>Employer Benefits &amp; Withholding</b>						
Vitholding & Unemployment	\$ -	\$ -	\$ 9,491	\$ 10,777	\$ 10,541	\$ 11,066
Judgements & Losses	\$ 4,547	\$ 596	\$ 11,160	\$ -	\$ 20,238	\$ -
Pension/Retirement Contrib	\$ 1,722	\$ 1,866	\$ 37,897	\$ 15,890	\$ -	\$ -
Workers Comp Insurance	\$ 42,109	\$ 53,561	\$ 86,301	\$ 69,915	\$ 62,584	\$ 85,301
<b>Total Benefits &amp; Withholding</b>	<b>\$ 48,378</b>	<b>\$ 56,023</b>	<b>\$ 144,849</b>	<b>\$ 96,582</b>	<b>\$ 93,363</b>	<b>\$ 96,367</b>
<b>Insurance</b>						
Insurance	\$ 49,160	\$ 39,780	\$ 32,813	\$ 13,090	\$ 30,437	\$ 27,429
<b>Total Insurance</b>	<b>\$ 49,160</b>	<b>\$ 39,780</b>	<b>\$ 32,813</b>	<b>\$ 13,090</b>	<b>\$ 30,437</b>	<b>\$ 27,429</b>
<b>Other Financing</b>						
Refund Prior Year Revenues	\$ 11,952	\$ -	\$ 3,156	\$ 760	\$ 10,393	\$ 8,134
Interfund Operating Transfers	\$ 15,000	\$ 22,000	\$ 18,000	\$ -	\$ -	\$ 7,105
<b>Total Other Financing</b>	<b>\$ 26,952</b>	<b>\$ 22,000</b>	<b>\$ 21,156</b>	<b>\$ 760</b>	<b>\$ 10,393</b>	<b>\$ 15,239</b>
<b>Total Expenditures</b>	<b>\$ 1,837,684</b>	<b>\$ 2,044,741</b>	<b>\$ 1,708,019</b>	<b>\$ 1,682,090</b>	<b>\$ 1,687,938</b>	<b>\$ 1,628,625</b>

## 2009 – 2013 Financial Summary

In most years since 1996, the Borough has been able to eliminate operating deficits. However, it should be pointed out that this has only occurred with the use of the higher court approved taxing authority authorized under Act 47. The Borough's fund balance has continued to grow and has been utilized for capital improvements, and to address sewer consent order initiatives without the need for financing debt. The Borough's debt has been for all intents and purposes eliminated. Services have been reduced to the lowest possible level and revenue collection initiatives have been implemented to assure increased revenue collections.

Overall, the Borough saw a slight growth in revenues of approximately 2% per year, although this growth can be attributable to increased rates of taxation and to the positive results of the implementation of Act 32 relative to EIT. The Borough can expect little or no growth in revenues in the foreseeable future. Growth will only occur in the short-term through aggressive collections and through slight changes in rates.

Borough expenditures during the period were kept in control and as a result the Borough saw a growth in its fund balance. Future control of expenditures will be more and more difficult. It is unrealistic to assume a negative growth as occurred over the period. Growth at or near the rate of inflation should be assumed.

The Borough has done an excellent job over the past four years managing and responding to external factors outside its control. Hopefully, the Borough is positioned to see some positive growth in terms of real estate development and jobs in the not too distant future.

Unless faced with unforeseen circumstances, over the next few years, the Borough can once again begin to lay the framework for successfully exiting Act 47. Improvements in delinquent tax collections may provide a cash infusion to begin to allow the Borough to address some of its capital and infrastructure needs. Surplus funds are projected to remain flat, while current infrastructure needs exceed projected fund balances.

A recommendation to rescind the Borough's distress status is not appropriate at this time given the Borough's continued reliance on the higher taxing authority. As further operational improvements are made and a continued emphasis placed on community and economic strategies, efforts will continue to reduce the Borough's reliance on this transitional revenue source.

In summary, the Borough of Braddock has already begun to implement many of the recommendations detailed in this amendment. This amendment revises / replaces all previous plan recommendations with a series of new on-going recommendations. Revenues, although scarce, should be sufficient to cover service levels through the period, but the Borough will require assistance at all levels for economic development if it has a chance of being financially solvent for the long-term.

## Section III - Current Fiscal Year Review 2014 Estimated Vs. Budget

Tables IX and X show the 2014 budget vs. projected year-end numbers for 2014. The numbers include actuals through October 31, 2014 with projected numbers for November and December.

The Borough anticipates ending 2014 with a surplus of revenues over expenditures of approximately \$140,000. This is due in part to aggressively pursuing delinquents and a one-time settlement with US Steel that allowed the Borough to keep funds that could have gone back to the corporation under the revised assessment.

Tax revenue is projected to be approximately \$27,000 over budget due mainly to the real estate settlement with US Steel and a significant increase in delinquent real estate collections due to a new collector. However, these gains were somewhat offset by a reduction in non-resident EIT and a decrease in LST collections.

Charges for service is expected to be under budget by approximately \$30,000 mainly due to a drop in public safety revenues.

Overall revenues are projected to come in fairly close to budget as projected revenues are estimated to be approximately \$64,000 over budget.

Overall, 2014 expenditures vs. budget are expected to be approximately \$89,000 under budget. General government expenses are projected to be \$31,000 under budget, which is largely due to not filling a vacant clerical position during the year.

Public safety expenses are tracking \$20,000 under budget with this primarily being in the administration of the police department.

Public works is projecting to be \$19,000 under budget with most of this in the area of wastewater charges.

Workers compensation is projected to be over budget due to additional staff, police issues, and other factors.

**TABLE IX**

<b>Braddock Borough 2014 Budget v. Projected Revenues and Expenditures</b>		
<b>General Fund Revenue Allocation</b>		
	<i>2014</i>	<i>2014</i>
	<i>Projected</i>	<i>Budgeted</i>
Account Description	<i>Revenues</i>	<i>Revenues</i>
<b>Taxes</b>		
Real Estate Tax	\$ 487,857	\$ 417,500
RAD Sales Tax	\$ 116,341	\$ 130,000
Real Estate Transfer	\$ 3,884	\$ 3,300
EIT/Wage Tax	\$ 240,121	\$ 248,100
Business Gross Receipts	\$ 103,860	\$ 109,000
Local Services Tax	\$ 32,045	\$ 46,000
Mechanical Devices Tax	\$ 5,500	\$ 8,266
Total Tax Revenues	\$ 989,608	\$ 962,166
<b>Licenses &amp; Permits</b>		
Licenses & Permits	\$ 3,615	\$ 9,000
CATV Franchise Fee	\$ 30,359	\$ 30,000
Total Licenses & Permits	\$ 33,974	\$ 39,000
<b>Fines &amp; Forfeits</b>		
Fines & Forfeits	\$ 14,078	\$ 22,900
Total Fines & Forfeits	\$ 14,078	\$ 22,900
<b>Interest, Rents, &amp; Royalties</b>		
Interest Earnings	\$ 55	\$ -
Rents & Royalties	\$ 1,650	\$ -
Total Interest, Rents & Royalties	\$ 1,705	\$ -
<b>Intergovernmental Revenues</b>		
Federal Community Development	\$ 30,200	\$ 30,000
Federal Capital & Operating Grants		\$ -
Public Utility Realty Tax	\$ 1,286	\$ 1,282
Alcoholic Beverage Licenses	\$ 750	\$ 1,150
Foreign Fire Insurance Tax Distrib.	\$ 9,802	\$ 10,261
Marcellus Shale Impact Fee	\$ -	\$ -
Shared Revenue & Entitlements		
Local Govt Shared Capital & Operating Grants	\$ 56,726	\$ 50,684
PILOT	\$ 109,892	\$ 92,000
Total Intergovernmental	\$ 208,656	\$ 185,377
<b>Charges for Service</b>		
General Government	\$ 14,000	\$ 10,450
Public Safety	\$ 59,640	\$ 27,540
Parking	\$ 7,396	\$ 9,650
Wastewater/Sewage Charges	\$ 394,725	\$ 451,494
Solid Waste & Disposal Charges	\$ 1,014	\$ 7,000
Total Charges for Service	\$ 476,775	\$ 506,134
<b>Unclassified Operating Revenues</b>		
Contributions & Donations	\$ 1,200	\$ 1,200
Total Unclassified Operating	\$ 1,200	\$ 1,200
<b>Other Financing Sources</b>		
Fixed Asset Disposition	\$ -	
Interfund Operating Transfers	\$ -	
Refund Prior Year Expenditures	\$ -	
Miscellaneous	\$ 42,923	\$ 1,000
Total Other Financing Sources	\$ 42,923	\$ 1,000
<b>Total Revenues</b>	<b>\$ 1,768,919</b>	<b>\$ 1,717,777</b>

**TABLE X**

<b>Braddock Borough 2014 Budget v. Projected Revenues and Expenditures</b>		
<b>General Fund Expenditure Allocation</b>		
	<i>2014</i>	<i>2014</i>
Description	<i>Projected</i>	<i>Budgeted</i>
	<i>Expend</i>	<i>Expend</i>
<b>General Government</b>		
Legislative Body	\$ 9,681	\$ 9,689
Executive	\$ 107,793	\$ 121,972
Audit/Financial Services	\$ 24,177	\$ 31,790
Tax Collection	\$ 9,986	\$ 12,011
Solicitor/Legal Services	\$ 41,034	\$ 41,000
Secretary/Clerk	\$ -	\$ -
Other General Administrative	\$ 10,219	\$ 14,170
Engineering Services	\$ 47,018	\$ 53,000
Buildings & Plant	\$ 30,391	\$ 27,850
<b>Total General Government</b>	<b>\$ 280,299</b>	<b>\$ 311,482</b>
<b>Public Safety</b>		
Police	\$ 427,561	\$ 450,324
Fire	\$ 19,802	\$ 20,261
UCC & Code Enforcement	\$ 33,855	\$ 30,800
Planning & Zoning	\$ -	\$ -
<b>Total Public Safety</b>	<b>\$ 481,218</b>	<b>\$ 501,385</b>
<b>Public Works</b>		
Solid Waste	\$ 91,740	\$ 88,440
Wastewater/Sewage	\$ 325,161	\$ 367,203
General Services - Admin	\$ 134,889	\$ 129,053
Cleaning Streets & Gutters	\$ 2,588	\$ 5,000
Traffic Control Devices	\$ 7,196	\$ 3,000
Street Lighting	\$ 93,528	\$ 93,000
Parking	\$ -	\$ -
Storm Sewers & Drains	\$ 10,410	\$ 20,500
Maintenance & Repair (Roads/Bridges)	\$ 61,514	\$ 42,000
<b>Total Public Works</b>	<b>\$ 727,026</b>	<b>\$ 748,196</b>
<b>Culture &amp; Recreation</b>		
Libraries	\$ 500	\$ 500
Civil & Military Celebrations	\$ -	\$ -
Other Culture & Recreation	\$ 547	\$ -
<b>Total Culture &amp; Recreation</b>	<b>\$ 1,047</b>	<b>\$ 500</b>
<b>Community Development</b>		
Economic Development	\$ -	\$ -
<b>Total Community Devel</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service</b>		
Debt Principal	\$ -	\$ -
<b>Total Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Employer Benefits &amp; Withholding</b>		
Withholding & Unemployment	\$ 11,066	\$ 13,975
Judgements & Losses	\$ -	\$ 15,210
Pension/Retirement Contrib	\$ -	\$ -
Workers Comp Insurance	\$ 85,301	\$ 66,068
<b>Total Benefits &amp; Withholding</b>	<b>\$ 96,367</b>	<b>\$ 95,253</b>
<b>Insurance</b>		
Insurance	\$ 27,429	\$ 31,161
<b>Total Insurance</b>	<b>\$ 27,429</b>	<b>\$ 31,161</b>
<b>Other Financing</b>		
Refund Prior Year Revenues	\$ 8,134	\$ 12,000
Interfund Operating Transfers	\$ 7,105	\$ 17,800
<b>Total Other Financing</b>	<b>\$ 15,239</b>	<b>\$ 29,800</b>
<b>Total Expenditures</b>	<b>\$ 1,628,625</b>	<b>\$ 1,717,777</b>

## Section IV - Baseline Revenue and Expenditure Projections 2015 – 2019

Financial projections for the Borough are based on historical data, trend analysis, and demographic forecasts. The following revenue assumptions are made in these projections:

- The revenue enhancements allowed under Act 47 both for resident EIT and non-resident EIT will be annually reduced beginning in 2016. No enhancement for non-residents beginning in 2019 and be prepared to be taken off for residents in 2020 (unless Home Rule status is achieved).
- The EIT wage base is expected to grow at 1.25% annually for the period.
- Millage rates will be annually increased to offset the subsequent reductions in the Act 47 enhancements beginning in 2016 with a 1 mil increase and ½ mil increase in years 2017 to 2019.
- Real estate collection rates are projected to increase by 1% per year beginning in 2016 going from a collection rate of 79.3% to 84.3% in 2019.
- Real estate valuation was held constant at 2015's assessed valuation.
- Overall revenue growth from current real estate taxes with the exception of millage increases will be flat.
- LST was projected to be flat during the period.
- All other revenue was estimated to grow at 2% per year.
- RAD funding was normalized at \$130,000 per year with a 2% growth based on historical average.
- Delinquent collections were normalized to \$30,000 per year after a high amount in 2014.

Expenditure assumptions used in the baseline projections:

- Expenditures were projected to increase at 1%-1.5% annually for the period.
- No new debt was anticipated.
- A capital budget was anticipated to be developed annually and utilize proceeds from the fund balance in the amount of \$100,000 annually during this period for capital improvements. No capital improvements would be funded out of general fund operating revenues.

Table XI shows projected tax rates for the years 2015 through 2019 as the Borough begins to reduce its reliance on the Act 47 enhancements.

As can be seen, the real estate millage is projected to increase from 11.65 in 2015 to 14.15 in 2019. Subsequently, the EIT rate on residents will decrease from 1.5 in 2015 to 1.1 in 2019. The EIT rate on non-residents will go from 1.2 in 2015 down to 1.0 in 2019. In addition, during 2015 the Borough will examine the feasibility of a payroll preparation tax to replace the business privilege tax going forward.



**TABLE XI**

<b>Braddock Borough Proposed Tax Rates</b>					
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Real Estate	11.65	12.65	13.15	13.65	14.15
EIT Resident	1.5	1.4	1.3	1.2	1.1
EIT Non-Resident	1.2	1.15	1.1	1.05	0
LST	52	52	52	52	52
Mechanical Devices	350	350	350	350	350
Business Privilege	10	10 Payroll	Payroll	Payroll	

Table XII shows projected revenues from 2015 to 2019. As can be seen, revenue growth is anticipated to be very minimal. Growth will occur through increased rates of taxation on real estate, as well as through increasing the rate of collection of taxes and fees. The revenues are adjusted due to the loss of \$45,000 in revenue in 2016 as the UPMC pilot financing will no longer be available.

Revenues will overall remain fairly flat for the period with an annual growth rate of slightly less than 1% projected.

**TABLE XII**

<b>Braddock Borough Revenue Projections</b>					
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Description	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
Taxes	\$ 998,300	\$ 962,389	\$ 975,074	\$ 987,866	\$ 1,000,759
Licenses & Permits	\$ 38,860	\$ 39,637	\$ 40,430	\$ 41,239	\$ 42,063
Fines & Forfeits	\$ 14,400	\$ 14,688	\$ 14,982	\$ 15,281	\$ 15,587
Interest & Rents	\$ 1,860	\$ 1,897	\$ 1,935	\$ 1,974	\$ 2,013
Intergovernmental	\$ 153,453	\$ 156,522	\$ 159,653	\$ 162,846	\$ 166,102
Charges for Services	\$ 487,361	\$ 497,108	\$ 507,050	\$ 517,191	\$ 527,535
Contributions & Donations	\$ 1,200	\$ 1,224	\$ 1,248	\$ 1,273	\$ 1,299
Other	\$ 5,000	\$ 9,000	\$ 9,180	\$ 9,364	\$ 9,551
<b>Total Operating Revenues</b>	<b>\$ 1,700,434</b>	<b>\$ 1,682,466</b>	<b>\$ 1,709,552</b>	<b>\$ 1,737,034</b>	<b>\$ 1,764,910</b>

Table XIII shows projected expenditures at both a 1% and a 1.5% rate of growth for the period. The Borough will need to continue its diligent job of controlling expenses in order to achieve these goals. The Borough may need to utilize reserves for unanticipated expenditures during this period.

**TABLE XIII**

<b>Braddock Borough Expenditure Projections</b>					
<b>1% increase assumption</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Description	Projected	Projected	Projected	Projected	Projected
General Govt	\$ 316,387	\$ 315,208	\$ 318,360	\$ 321,544	\$ 324,759
Public Safety	\$ 474,901	\$ 479,650	\$ 484,447	\$ 489,291	\$ 494,184
Public Works	\$ 759,360	\$ 766,954	\$ 774,623	\$ 782,369	\$ 790,193
Culture & Recreation	\$ 1,000	\$ 1,010	\$ 1,020	\$ 1,030	\$ 1,041
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits & Withholding	\$ 95,800	\$ 96,758	\$ 97,726	\$ 98,703	\$ 99,690
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing	\$ 20,000	\$ 20,200	\$ 20,402	\$ 20,606	\$ 20,812
<b>Total Expenditures</b>	<b>\$ 1,667,448</b>	<b>\$ 1,679,779</b>	<b>\$ 1,696,577</b>	<b>\$ 1,713,543</b>	<b>\$ 1,730,678</b>
<b>1.5% increase assumption</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Description	Projected	Projected	Projected	Projected	Projected
General Govt	\$ 316,387	\$ 316,768	\$ 321,520	\$ 326,343	\$ 331,238
Public Safety	\$ 474,901	\$ 482,025	\$ 489,255	\$ 496,594	\$ 504,043
Public Works	\$ 759,360	\$ 770,750	\$ 782,312	\$ 794,046	\$ 805,957
Culture & Recreation	\$ 1,000	\$ 1,015	\$ 1,030	\$ 1,046	\$ 1,061
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits & Withholding	\$ 95,800	\$ 97,237	\$ 98,696	\$ 100,176	\$ 101,679
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing	\$ 20,000	\$ 20,300	\$ 20,605	\$ 20,914	\$ 21,227
<b>Total Expenditures</b>	<b>\$ 1,667,448</b>	<b>\$ 1,688,095</b>	<b>\$ 1,713,417</b>	<b>\$ 1,739,118</b>	<b>\$ 1,765,205</b>

Table XIV shows the projected surplus/deficit anticipated for the 2015 to 2019 period. As can be seen, the Borough has very little wiggle room in these projections and the Borough will have to do everything in its control to maximize revenues and control costs if it is to maintain a positive position during the period. Hopefully, by 2019, the tax base will begin to slowly increase in terms of real estate assessments, employment, and earnings.

TABLE XIV

<b>Braddock Borough Projected Surplus/Deficit</b>						
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Growth</b>
	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Rate</b>
<b>Revenues</b>	\$ 1,700,434	\$ 1,682,466	\$ 1,709,552	\$ 1,737,034	\$ 1,764,910	0.9%
<b>Expenditures</b>	\$ 1,667,448	\$ 1,679,779	\$ 1,696,577	\$ 1,713,543	\$ 1,730,678	0.9%
	<b>1%</b>					
<b>Surplus/Deficit</b>	\$ 32,986	\$ 2,686	\$ 12,975	\$ 23,491	\$ 34,232	
<b>Cumulative</b>						
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Growth</b>
	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Rate</b>
<b>Revenues</b>	\$ 1,700,434	\$ 1,682,466	\$ 1,709,552	\$ 1,737,034	\$ 1,764,910	0.9%
<b>Expenditures</b>	\$ 1,667,448	\$ 1,688,095	\$ 1,713,417	\$ 1,739,118	\$ 1,765,205	1.5%
	<b>1.5%</b>					
<b>Surplus/Deficit</b>	\$ 32,986	\$ (5,630)	\$ (3,865)	\$ (2,084)	\$ (295)	
<b>Cumulative</b>						

It is anticipated that the existing cash balance will be decreased by approximately \$500,000 during the 2015 to 2019 period as the Borough will anticipate using approximately \$100,000 per year for its portion of a capital improvement budget and begin addressing capital needs. Based on our anticipated cash balance of approximately \$750,000 at the end of 2014 the Borough should, at the end of this projected period, anticipate a fund balance in the \$200,000-\$250,000 range if projections hold true.

## Section V - 2015 – 2019 Recovery Plan Amendments

Demographic trends, as well as baseline projections, indicate the Borough is going to be faced with many challenges as it moves toward exiting from the Act 47 program. Unfortunately, as the Borough exits Act 47 and reduces its reliance on the EIT enhancements, there is no alternative but to place the burden on the real estate millage unless the Borough were to pursue moving toward “home rule” which would allow it to continue with an enhanced EIT on residents.

The initiatives identified in this plan amendment are steps the Borough can pursue to address the challenges it will face. Appendix “A” identifies the current status of all previous recommended initiatives and categorizes them as “complete”, “ongoing” or “removed”. Those identified as “ongoing” are incorporated into this plan amendment.

It is hoped that the Borough may be in a position to move out of Act 47 over the next five years. There are a number of critical initiatives, however, that must be pursued before that can happen.

Unfortunately, the Borough cannot control external factors that will impact its ability to exit Act 47. Some of these external factors include:

- The growth of the regional economy, which will bring increases in earnings and employment opportunities.
- The growth of the real estate market and increased annual assessments and values.
- Continued efforts at the redevelopment of the Carrie Furnace site and the Braddock Avenue corridor.
- Continued growth of current employers, particularly US Steel’s Edgar Thompson Works, in terms of jobs.

The Borough will need to continue its efforts to control internal factors by:

- Limiting expenditure growth.
- Keeping wage and salary increases within the rate of inflation.
- Increasing current collection rates in the area of real estate collections and sewage collections.
- Increasing the collection of delinquent sewage and real estate.
- Examining all Borough operations, including the Braddock Water Authority in order to streamline costs, avoid duplication, and provide better services.
- Examine the long-term structure of the Borough to meet its revenue needs.

This section of the plan amendment contains new initiatives and previous initiatives that warrant further emphasis. Combined, these initiatives offer the greatest opportunity to achieve continued expenditure control and increased revenue growth.

## Plan Amendment Initiatives

- 1. Borough Council should discuss and consider authorizing a government study commission to consider a Home Rule Charter, an optional plan, or both, as stipulated by Act 62 of 1972.**

The Borough operates under the traditional borough form of government as provided in the *Borough Code*. The *Code* dictates structure and sets forth processes and procedures that the Borough must follow. The *Code* restricts the Borough's taxing power and permits little flexibility. A locally drafted home rule charter can overcome some of the current deficiencies. Reliable revenue sources are extremely important and are fundamental to the Borough's emergence from distress. A home rule status would allow the Borough to raise the EIT rate on residents to the Act 47 levels without the need for annual court approval. In addition, it would allow the Borough to increase the rate on the real estate transfer tax.

- 2. The Borough shall, with Commonwealth assistance, conduct an independent/outside review of the options available to it relative to the structure of the water authority and the future of the Borough in the water business. Options to be examined should be:**
  - a. A joint water and sewer authority with a contract with the Borough to administer/ manage to avoid duplication potentially in office functions, and in billing and collections.**
  - b. A water and sewer department within the Borough structure.**
  - c. Consideration of selling the asset with proceeds after retiring of the debt going to the Borough and reserved to fund Borough capital improvements.**
- 3. The Borough shall make a detailed effort to reduce its delinquencies in real estate and sewage collection, and consider retaining a third party to assign these responsibilities.**

While the Borough has made great strides in recent years it is important that its efforts be focused on not only cleaning up these delinquencies, but in developing a master database to assure that all possible accounts are being addressed in a timely fashion. Efforts at delinquent collections will assist in increasing current collection rates.

- 4. The Borough shall make every effort to improve the annual rate of real estate collections with a goal of increasing the collection rate 1% per year from 2016 through 2019 going from 79.3% to 83.3% collection rate.**
- 5. The Borough should consider reviewing solid waste as a service fee charge versus expensing it as part of the real estate millage. The change to including the fee as part of the real estate millage was made years ago due to the high number of delinquencies and the low collection rate.**
- 6. The Borough shall develop, via ordinance, an annual tenant registration system requiring every person owning any residential property within the Borough which is rented, in whole or in part, to one or more persons for residential purposes, to certify to the Borough the name, mailing address, and telephone number of the owner and of all tenants occupying the rental property.**

Beginning in the calendar year 2015, such certification shall be made at least once annually not later than the last day of June of each respective calendar year. The annual certification shall be accompanied by a filing fee in the amount of \$20 per residential unit which may be amended by Council in a fee resolution from time to time. If a change in tenant occupancy occurs mid-year, the owner shall provide to the Borough the new tenant information within 15 days of the change occurring, but shall not be subject to a new filing fee until the annual certification.

<b>POTENTIAL TENANT REGISTRATION REVENUE</b>	
Number of Rental Units / Occupied	460
Suggested Registration Fee	\$20
<b>Potential Rental Inspection Revenue</b>	<b>\$9,200</b>

- 7. The Borough shall continue to participate in the TCVCOG Public Works program and attend all advisory board meetings to assure its impact into the successful operation of the program.**

Recent changes to the program have come about due to active participation by the Borough. As long as costs are controlled and the service level is adequate the Borough needs to continue to participate in this effort.

- 8. The Finance Director/Treasurer, working with the Manager and the Act 47 Coordinator, shall examine during 2015 the feasibility of establishing a payroll preparation tax to replace the business privilege tax as allowed under Act 199 of 2014.**

- 9. The Borough shall begin to reduce the Act 47 earned income tax enhancements in 2016 and continue to reduce the enhancements during 2017, 2018 and 2019.**

- 10. The Borough shall offset the EIT reductions by subsequent increases in millage and collection rates of real estate taxes during the period 2016 to 2019.**

- 11. The Borough shall maintain expenditure growth within the 1-1.5% increase from year-to-year during the period 2015 to 2019.**

- 12. Borough Council, working with the Act 47 Coordinator, shall develop a capital improvement plan.**

Current and future funding shall be identified and Council shall determine an amount of excess funding available at year-end to be transferred to the capital improvement plan.

Annually, the Manager shall prepare a capital budget for Council's approval. All costs associated with this plan shall be paid by the fund.

- 13. The Borough shall place 10-15% of the cash surplus in a budgetary reserve fund to meet unexpected emergencies should they occur.**

- 14. The codification of all Borough ordinances shall be concluded with review by the Manager and presentation to Council.**

- 15. The Borough shall initiate an independent review of the Borough's real estate tax collection and water and sewer collection practices to be completed by the end of 2015.**

Given the positive impact that such a study may have on revenue generation, this is being emphasized for the 2015 calendar year. The Borough will need support to conduct this evaluation and the timetable identified is contingent on receiving that support. The Borough should request peer-to-peer assistance to complete such a review or financial support from the Commonwealth to retain the necessary expertise.

- 16. The Borough should continue to support efforts of the TCVCOG to establish a land bank for vacant property as long as cost to the Borough does not exceed the estimated benefit and the school district participates.**

- 17. The Borough shall begin discussions with the Allegheny County Department of Economic Development and the Commonwealth to assure that CDBG funding it currently receives as a result of its Act 47 status shall continue after it exits Act 47 and that the Borough has more discretion on the use of the funds.**

- 18. The Borough shall continue utilizing the services of the Finance Director/Treasurer who shall work closely with the Borough Manager to assure Council receives monthly and year-to-date financial information.**

- 19. The Finance Director and Manager shall work together to assure the development of detailed internal control procedures and the segregation of financial duties so that the same individual is not responsible for cash receipts and disbursements.**

- 20. The Borough shall maintain separate ledgers for all funds including the general fund, special revenues funds, and proprietary funds.**

- 21. The Borough shall require the Finance Director to file a financial report each month to be approved by the Manager and accepted by Council.**

- 22. The department heads, in cooperation with the Manager, shall ensure that adequate budgetary appropriations are available for all purchases. Any purchase that causes an over-expenditure of a line item shall require a budget modification to add sufficient funds to the line item.**

- 23. The Borough Manager shall designate one clerk in the finance office to be in charge of matching purchase orders to invoices and ensuring that the product or service has been received.**

- 24. The Manager, in consultation with the Finance Director, shall approve all invoices for payment.**

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

- 26. The Borough shall continue to conduct periodic review of all insurance coverage and institute a risk management program.**
- 27. The Borough shall request proposals for delinquent tax collection and auditing services specific to the BPT when current engagements terminate.**
- 28. The Borough shall complete the following recommendations regarding mechanical devices:**
- a. The Borough shall conduct an annual inspection of the Borough to identify all mechanical devices subject to the mechanical device fee.**
  - b. The Borough shall ensure that the mechanical device fee is set by ordinance at a fee of no less than \$350 per machine.**
  - c. 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.**
  - d. The Borough shall invoice all businesses having such devices by April 30 of each year.**
  - e. 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.**
  - f. 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.**
  - g. 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.**
  - h. 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 and be required to pay any open balance.**
- 29. The Borough shall maintain by ordinance a 25% surcharge on the quarterly sewage bills for the purpose of billing charges, addressing delinquents along with establishing a capital fund for sewage related infrastructure needs.**
- 30. The Borough shall, as part of its annual budget process, review various fees and adjust them accordingly.**

#### POLICE SERVICE

- 31. All grant applications submitted by the Borough to any outside agency shall be authorized in advance by Council.**
- 32. Once a grant is approved Council shall take official action to receive the grant and designate the individual assigned as the grant administrator.**
- 33. The Borough shall adhere to the maximum manning schedule in the police department.**



## PUBLIC WORKS

- 34. The Borough shall, through its participation in the TCVCOG shared public works advisory board, encourage the TCVCOG to consider addressing both the capital and facility needs of the program, and shall take the necessary steps to lessen its potential liability relative to the existing facility.**
- 35. The Borough, with assistance of the TCVCOG, shall pursue additional capital funds from the Commonwealth and Allegheny County to address the capital and facility needs of the program.**
- 36. The Borough shall continue to actively participate in the TCVCOG shared public works program and meet its pro-rated share of the annual program cost, as well as continue to have at least two Council representatives attend meetings of the advisory board.**
- 37. The Borough shall implement a formal maintenance program to facilitate regularly scheduled sewer line inspection, repair and maintenance.**

## COLLECTIVE BARGAINING ISSUES

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. Given that this plan amendment will be adopted in December 2014, 2014 projected expenditures which are derived from the Borough’s 2014 budget are considered the current year for purposes of Act 133 expenditure limitations. As such, the expenditure limitations defined in this plan are in effect through 2017. The expenditure limitations do not supersede the Borough’s current collective bargaining agreement with the police, which is in effect until December 2015.

- 38. The Borough shall not add full-time personnel without offsetting increases in revenue.**
- 39. The Borough shall limit expenditure increases in the overall police department budget to 1.5% per year for the 2015 to 2019 period. Any additional expenditures beyond this level shall be approved by the Act 47 Coordinator.**

The allocated amounts below indicate the maximum dollars available for the police department budget by year.

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Police	\$ 427,561.00	\$ 433,974.42	\$ 440,484.03	\$ 447,091.29	\$ 453,797.66	\$ 460,604.63

The amounts above are all expenses inclusive of increases and improvements to all components of employee compensation. Examples of components of compensation impacted by negotiations include, but are not limited to: wages/salaries; longevity; shift pay; special assignment pay; other cash premiums and bonuses; applicable payroll taxes; vacation; holidays; paid leave; active employee life insurance; and other miscellaneous fringe benefits.

- 40. The Borough shall cost out all collective bargaining requests to determine the impact on the Borough's ability to pay.**
- 41. The Borough shall continue to adhere to the scheduling of no more than 44 patrol shifts per week**
- 42. It is important for the financial stability of the Borough to continue to control employee compensation costs. The Borough shall not grant any salary increase outside of those already in place through current labor contracts. Future increase may be granted only in the event that the Borough adheres to the budget detailed in the recovery plan and the Coordinator affirms the fact that proposed increases can be supported by the projected budgets.**
- 43. 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 does not exceed 3%. Any deviation shall be approved in advance by the Coordinator.**
- 44. The Borough shall request proposals for all insurance requirements 60 days prior to the expiration of the current policies. The proposals shall be for a three-year period. When received, the Manager shall evaluate the proposals with input from the Coordinator and DCED, and make a recommendation to Council.**
- 45. The Manager shall review the list of outstanding claims against the Borough. In addition, the Manager shall contact the insurance carrier to assist the Borough in developing policies that can be incorporated to reduce the potential for claims against the Borough.**
- 46. The Chief of Police shall assist the Manager in developing policies that will be applicable to the police department. The Chief shall ensure that all required in-service training is completed in a timely manner.**
- 47. Any expenses relating to the pension plans, including actuarial valuations and solicitor fees, shall be reimbursed from the applicable pension plans to the general fund.**
- 48. Council, through the Manager, shall continue to participate in various community forums. Agencies such as the Greater Braddock Development Forum shall be utilized as an advisory committee to Council on items concerning community development.**
- 49. Council, along with its boards and commissions, shall participate in training sessions relating to planning and community and economic development.**

## COMMUNITY AND ECONOMIC DEVELOPMENT

The Borough must continue to pursue a community development / economic development strategy that focuses on strengthening the Borough's assets and creating a positive atmosphere for development and growth.

Following the closure of the UPMC Braddock Hospital, the property where the hospital was located was recently developed and is now known as The Overlook. There are new residential units, and a business complex that is home to an Allegheny Health Network Urgent Care facility and the local office of State Representative Paul Costa. There are also five creative studios with retain and work space. Also along the main corridor, work is progressing on the remodeling of a historic property into retail and residential units by Mon Valley Initiative, a small microbrewery recently opened, and a restaurant is expected to open next year.

The Borough cannot go it alone, but must participate as a partner with numerous non-profit development groups, and with Allegheny County and the Enterprise Zone Corporation of Braddock (EZCB). The relationship with Allegheny County Department of Economic Development must be ongoing and strengthened.

- 50. The Borough shall work with Allegheny County and its neighboring municipalities in the development of the Carrie Furnace site and the future development opportunities along the Braddock Avenue corridor this will spur.**
- 51. The Borough should work with Allegheny County to actively market development opportunities in the Borough.**
- 52. The Borough shall continue to utilize CDBG funds to support the code enforcement office. The Manager should review current fees to determine opportunities to transfer some funding obligations from CDBG to fees charged.**
- 53. The Borough shall initiate discussions with the Allegheny County Department of Economic Development and the County administration to begin moving various planning forward on the development of a master plan for the area southwest of Braddock Avenue.**

## Section VI - Act 47 Financial Assistance

The implementation of initiatives identified in this plan will require the work and cooperation of Borough Council, Borough staff, retained professionals, and the Act 47 Coordinator. The Borough has limited staff resources and many of the plan initiatives will require outside assistance and support. The use of Borough financial resources is limited due to its financial condition.

As a condition of Act 47 the Borough has the opportunity to request funding assistance from the Commonwealth for grants to support its efforts to eventually successfully exit Act 47 in the quickest time possible. A number of the initiatives that are identified and that have long-term implications for the Borough from a macro-sense require support from the Commonwealth. The following requests should be pursued with the Commonwealth:

- The study of “home rule” and “optional form” of government will require the input of many professionals who will assist the Borough through the process. A grant in the area of \$25,000 should be requested.
- The Borough is in need of a codification of ordinances and should seek a grant of approximately \$10,000 based on request for proposal process.
- The initiative to examine options available to the Borough relative to the water authority going forward will require a detailed review by an independent third party professional. The Borough should request a grant in the amount of \$30,000 to assist in this effort.
- The Borough needs to undertake an infrastructure review and prioritization schedule that will serve as the basis for future capital budget improvements and will require either a peer-to-peer review or an independent retained third party. The Borough should request assistance in the area of \$15,000 for the effort.
- Since the Borough has a newly adopted zoning ordinance it may want to consider an updated comprehensive plan with an adjoining municipality and thus should request financial assistance in the area of \$25,000 to \$30,000.
- The Borough should also pursue via a peer-to-peer study a review of various Borough databases to develop a master database for all taxpayers, ratepayers, businesses, etc., which will aid in ongoing Borough collections. The peer would identify data sources available and how they should be utilized and accessed.
- The Borough needs to update the technology and computers in use within the police department. Act 47 assistance is requested for this effort in an amount of \$5,000.
- The Borough should also pursue assistance from the Commonwealth for the design and development of its website in the amount of \$5,500.
- The Borough should pursue assistance in the amount of \$50,000 to support additional operating costs necessary to maintain the current level of service and target capital projects in the shared public works through the Turtle Creek Valley COG.

The above represent those plan initiatives that potentially will require Commonwealth financial assistance. The Borough may identify other needs as it moves forward with an Act 47 exit strategy. These are initiatives that will set the stage for the Borough to successfully exit Act 47 in the coming years.

## Section VII - Conclusion

The Borough of Braddock has over the last 30 plus years faced its share of challenges. It has seen a steady and significant decline in population, a shrinking tax base, a reduction in services, a loss in per capita income, and the ability to pay for services, to name a few. In spite of this uphill battle, the Borough has worked hard to persevere and to position itself for future growth. Despite these significant challenges, the Borough has survived and there is a new sense of hope. Many challenges remain, but many opportunities hopefully will also be ahead.

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

It is important that the entire community become involved in the process as fully as possible. A common goal of recovery representing the entire fabric of the community is important to establish Borough-wide. Partnership between public and private entities should be encouraged to help the community recover. Regular communication among all community elements is very important.

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 should be an important consensus-building technique that warrants consideration. There are organizations in the Borough of Braddock which have citizen influence and these resources ought to be utilized as fully as possible.

Over the next five years the Borough may be in a position to successfully exit Act 47. The Borough will do what it can to have this occur, but many external factors beyond the Borough's control in terms of regional and national economic growth will play a role in the timing of such an exit. The initiatives identified in this plan amendment will help the Borough to achieve sustainable fiscal solvency. The Borough has a dedicated Mayor and Council, and a hardworking staff of employees and professionals that with the support of Allegheny County and the Commonwealth can successfully achieve this goal.

ATTACHMENT "A"  
BRADDOCK ACTIVITY REPORT

RECOMMENDATION	COMMENT
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Management Policy	
1. The borough shall continue to employ two clerks in the finance office to work on revenues relating to taxes, fees and parking.	Complete.
2. The borough shall make every attempt to expand the level of financial services available at the COG. These services should include payroll, monthly reporting and accounts payable, in addition to assistance that can be provided for billing and collection.	The coordinator has requested a change in the monthly budget comparison report for it to be more user friendly and is working with the manager and treasurer to develop the change.
3. The borough shall apply for Act 47 grant funds in the amount of \$10,000 for the purpose of purchasing the services of the financial consultant for a one-year period. In addition, the borough should apply for a peer-to-peer to develop a financial manual of policies and procedures.	Complete.
4. The financial consultant shall assist the borough in establishing an ordinance to adopt the PA Records Retention Act that will permit the borough to properly dispose of older records.	Complete.
5. The borough shall request that the financial consultant assist in the development of detailed internal control procedures to be implemented in the department.	Ongoing
6. Duties in the office shall be segregated so that the same individual is not responsible for cash receipts and disbursements.	Complete.
7. The manager shall assign the daily accounting functions and review the accounting records for completeness and accuracy.	Complete.
8. The borough shall maintain separate ledgers for funds including the general fund, special revenue funds and proprietary funds.	Complete
9. The borough shall require the shared finance manager/financial consultant to file a final general report for each month to be approved by the manager and accepted by council. Said report shall tie to reconciled bank balances and the monthly financial report.	Ongoing. The financial consultant/treasurer is currently performing this function. Reports are provided to council on a monthly financial report. Report is approved by council at their scheduled meeting.
10. The manager shall develop and council shall adopt a formal purchasing policy for the borough. The policy shall be consistent with the Borough Code requirements and provide for a threshold level for purchases made by department heads for smaller purchases. For purchases above the threshold and less than \$4,000 a minimum of three quotes should be provided and included on the purchase order.	Complete.
11. The department heads, in cooperation with the manager, shall ensure that adequate budgetary appropriations are available for all purchases. Any purchase that causes an over expenditure of a line item shall require a budget modification to add sufficient funds to the line item.	Ongoing.

RECOMMENDATION	COMMENT
12. Council shall participate in the South Hills Area COG and Central Westmoreland COG joint purchasing programs, particularly for road salt and other large items when appropriate. The manager should review purchasing opportunities and recommend procurement action to appropriate staff.	Ongoing. Participates as needed through TCVCOG.
13. The borough shall continue to explore and pursue opportunities for increased intergovernmental cooperation in all areas of operation.	Ongoing.
14. The borough shall work with the TCVCOG to implement a plan of computerization for all administrative departments in order to improve productivity, increase revenues and maintain public services as efficiently as possible.	Complete.
15. The borough manager shall designate one clerk in the finance office to be in charge of matching purchase orders to invoices and ensuring that the product or service had been received.	Complete.
16. The manager shall review and approve all invoices for payment in addition to signing all the checks.	Ongoing.
17. The borough manager shall review the cash flow reports completed by the coordinator.	Ongoing.
18. The borough shall cease the practice of making direct deposits into the manager's IRA account. Payments shall be made to the employee and deducted from the wages. All such payments shall be reported on the manager's form W-2.	Complete.
19. The borough shall adopt the modified accrual basis of accounting, which will reflect a more accurate picture of the borough's financial condition. All year-end audits shall be completed on a modified accrual basis.	Ongoing. Year-end audits are still on a cash basis.
20. The borough shall review the codification efforts and adopt the codification of ordinances as proposed.	Ongoing. Requesting financial assistance to codify ordinances.
21. The police shall continue to assign a part-time officer to patrol the business district. Routine patrols for the officer shall include the duties of enforcement of meter violations. Additionally, these patrols will provide community policing and a visible presence in the business district.	Complete.
22. The borough shall continue to consolidate the duties of the parking clerk with that of the clerk in the finance office. In addition to follow up required on meter violations the clerk shall work under the direction of the manager on day to day accounting duties required in the borough.	Complete.
23. The borough shall collect meter revenue at least on a bi-monthly schedule.	Ongoing.



RECOMMENDATION	COMMENT
24. Borough council and the mayor shall continue to enroll in classes aimed at training elected officials in the area of policy and decision-making. In addition, borough staff shall be given the opportunity to attend training sessions to enhance their job performance and skills.	Ongoing. Council has allocated training funds in the general fund budget. Newly elected officials and manager will attend the Local Government Academy training classes. Council participates in ALOM annual conference.
25. Borough council, working with the Act 47 Coordinator, shall develop a capital improvement plan. Current and future funding shall be identified and council shall determine an amount of excess funding available at year-end be transferred to the capital improvement plan. Annually, the manager shall prepare a capital budget for council's approval. All costs associated with this plan shall be paid by the fund.	Ongoing.
26. As part of the plan the borough shall begin to address combined sewer overflows. Funds to assist in this effort are recommended in this recovery amendment.	Ongoing. Council is implementing the Consent Order and maintaining system.
27. The borough should place at least \$300,000 of the fund balance in a budgetary reserve fund.	Ongoing. 15% of fund balance designated for budgetary reserve.
28. The borough engineer shall conduct a need assessment of the facility. The borough shall request assistance in the amount of \$75,000 from the Commonwealth of PA to address identified needs.	Complete.
29. Continued from the previous plan amendment the borough shall continue the recovery process in order to provide for long-term stability and viability of the borough. Council, with the assistance of the coordinator and DCED, shall develop a series of long-term goals and objectives that will provide a more defined focus of the borough for the next five years.	Ongoing.
30. The borough shall continue to conduct periodic review of all insurance coverage and institute a risk management program.	Ongoing.
31. The codification of all borough ordinances shall be concluded with review by the manager and presentation to council.	Ongoing. Borough to pursue in amended plan.
<b>Financial Policies</b>	
32. The borough shall, with the assistance of the coordinator, investigate various tax rate alternatives as it relates to adopting a split millage for the 2002 budget.	Recommendation to be removed.
33. The borough shall evaluate the performance of the delinquent collector and assess collections over the past three-year period. This evaluation shall include a breakdown of collections by decade for the last five years. If collections are such that more than 50% of the delinquent collections are from the past six outstanding tax years then the borough shall implement one of the following recommendations detailed in this section of the plan amendment.	Complete.

RECOMMENDATION	COMMENT
34. The borough, after evaluating the performance of the current collector as provided for in a previous recommendation, shall either undertake a sale of the real estate tax liens or request new proposals for the collection of delinquent real estate taxes. This process shall be completed and a decision made by council within 90 days of the adoption of the plan amendment.	Complete.
35. The borough shall adopt stronger procedures for adjudication of tax violators.	Ongoing.
36. 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 list.	Removed per Act 32.
37. The borough, working with the coordinator and DCED, shall conduct a review and evaluation of current EIT collection procedures and institute improvements in the administration of the EIT. A peer-to-peer study may be utilized for this effort.	Removed per Act 32.
38. The borough shall amend its occupancy ordinance to ensure adequate controls to register tenants with the borough. Amendment shall require landlords to provide a quarterly listing of tenants. The borough shall share the information garnered from the permit and tenant list with all tax collectors to ensure timely registration of taxpayers.	Ongoing.
39. The borough should review their tax records with the water authority customer records to ensure that all taxpayers/water customers are in the borough's database.	Ongoing.
40. The borough should request a list from the collector or school district, which details delinquent taxpayers. The list shall include all taxpayers owing the borough taxes and the state income tax list shall be utilized as the key source to determine the outstanding taxes due. The list shall contain the name, address and social security number of the taxpayer and shall be delivered to the finance office within 30 days after the adoption of the plan amendment.	Removed per Act 32.
41. The borough shall review the delinquent list with the collector and develop a plan of action to collect the taxes within 60 days of the adoption of the plan amendment.	Complete.
42. Within one month of adoption of the formal plan of action the borough shall notify all delinquent taxpayers of an eit obligation. The notice of delinquent taxes shall require the taxpayer to clear this matter within 10 days or appropriate legal action will be taken against the taxpayer.	Removed per Act 32.
43. The borough shall proceed with the collection remedies provided for under Act 511. If the taxpayer's employer is known an appropriate collection notice shall be filed with the employer. If the taxpayer's employer is not known the income tax officer shall file suit against the taxpayer as provided for under Act 511.	Removed per Act 32.

RECOMMENDATION	COMMENT
44. The borough shall complete on an annual basis a survey of local businesses and self-employed individuals in order to maintain accurate opt records. This survey shall initially be completed within 60 days after adoption of the plan amendment and by January 31 in subsequent years. The list will be forwarded to the appointed collector and cross-referenced against the current list of employers remitting the non-residential eit. Any employer not remitting the tax on behalf of its employees shall be notified immediately.	Removed per Act 32.
45. The borough shall not reduce the current eit levy unless collection rates exceed budget expectation on a consistent basis as determined by the coordinator.	Removed per Act 32.
46. The borough shall seek court approval on an annual basis for authorization to levy a higher resident and non-resident EIT as provided for under Act 47. The borough shall file their petition for the higher taxing authority no later than January 31 of the tax year.	Ongoing.
47. The borough shall utilize the results of the above described business survey and notify all businesses in the borough not registered to pay the tax of their tax obligation.	Ongoing.
48. The borough shall request a list of all private businesses currently operating at the Braddock Hospital. In addition, the borough shall request a list of all subcontractors currently working at the USX site in Braddock within 30 days after adoption of the plan amendment. Upon receipt of this information on the borough shall investigate potential tax liability of each business and notify each business of the findings.	Recommendation to be removed.
49. The borough shall request proposals for delinquent tax collection and auditing services specific to business taxes. A firm shall be appointed within three months after adoption of the plan amendment.	Complete.
50. The borough shall conduct an annual inspection of the borough to identify all mechanical devices subject to this fee.	Ongoing.
51. The borough shall review the current occupancy ordinance as it relates to residential units. Registration forms shall be designed to provide information relevant to adding to the database for sewage, garbage and eit rosters.	Ongoing.
52. The borough shall request that the COG review the sewage accounts and cross-reference against the garbage billings to add accounts to the database. In addition, the borough should compare water authority account information.	Complete.
53. The borough shall request an Act 47 grant in the amount of \$20,000 to develop a delinquent tax coordinator position via independent contract with the TCVCOG.	Recommendation to be removed.

RECOMMENDATION	COMMENT
54. The service should be defined on a broader basis and include delinquent taxes as well as delinquent utility fees. An RFP process should be undertaken with the service provided for at least Braddock and Rankin.	Recommendation to be removed.
55. The delinquent tax coordinator shall request that the collector provide information relating to the total amount of delinquent sewage and garbage fees. The coordinator shall evaluate the performance of the collector on a regular basis.	Recommendation to be removed.
56. If the borough elects to change collectors the delinquent tax coordinator shall be responsible for gathering and assembling all information necessary to effectuate a smooth transition.	Recommendation to be removed.
57. The delinquent tax coordinator shall review the Cole's Directory for potential additions to the refuse billing database.	Complete.
58. The delinquent tax coordinator shall develop a procedure to utilize the occupancy registration forms to add accounts to the refuse and EIT databases.	Complete per Act 32.
59. The borough shall examine the feasibility of discontinuing the refuse fee and covering the cost of refuse collection through the general real estate millage in either 2001 or 2002.	Complete.
<b>Service Levels &amp; Staffing</b>	
60. Council shall adopt a schedule for the replacement of the police chief and a process for the selection of the new chief. The Act 47 coordinator, as well as representatives of the DCED, shall be involved in the selection process.	Complete.
61. All grant applications submitted by the borough to any outside agency shall be authorized in advance by council.	Complete.
62. Once a grant is approved council shall take official action to receive the grant and designate the individual assigned as the grant administrator.	Complete.
<p>63. The borough shall adhere to the following maximum weekly manning schedule in the police department:</p> <ul style="list-style-type: none"> <li>- Lieutenants: 3 lieutenants shall be scheduled to work a maximum of 9 hours for 4 days for a total of 36 hours per week. The extra hour is to be utilized for paperwork and shift transition. As vacancies occur in the lieutenant ranks the borough shall eliminate these positions.</li> <li>- Patrolmen: Schedule shall be no more than 44 patrol shifts per week. Additionally, the beat patrol shift shall remain in addition to the patrol shifts. The cost for the beat patrol shift shall come from revenues received from parking and shall be monitored for sufficient funds by the borough.</li> <li>- COPS: The borough shall maintain budgeted levels associated with the COPS grant.</li> </ul>	Complete. Revised in new plan amendment.

RECOMMENDATION	COMMENT
64. The borough shall request from the Governor's Center for Local Government Services that a management study of the internal operation of the Braddock police department be completed under the center's Peer Technical Assistance program. Upon completion of the peer management study council shall incorporate the study's recommendations into the revised recovery plan.	Recommendation to be removed.
65. Council and the manager shall be in charge of and all expenses shall receive prior council approval before the costs are incurred.	Ongoing.
66. The mayor shall develop the manning schedule and otherwise shall not be involved in the day-to-day operation of the police department.	Ongoing.
67. The borough shall request funding as part of this amendment in the amount of \$20,000 to explore the feasibility of a regional police department, incorporating the police force with the police departments of neighboring municipalities, or at a minimum explore the feasibility of sharing of the position of chief. Communities in the immediate area are in a similar financial position and all would benefit from potential grant funding for a regional police force. Candidates for discussion shall include Rankin, Braddock Hills, North Braddock, Forest Hills, East Pittsburgh, and Swissvale.	Recommendation to be removed.
68. The borough shall continue to participate in the Eastern Regional Dispatch Center. Council should participate in the various working committees. Annually, council should evaluate the level of service provided by the regional facility.	Recommendation to be removed.
69. Council, in consultation with the mayor, shall evaluate all current options available for holding. Discussion with Allegheny County concerning video arraignment center participation shall be a priority.	Complete.
70. The police department shall comply with the revisions made in the redesigned purchasing policy and shall make no purchases in excess of \$100 unless said request is approved for price comparisons and budget allocations.	Ongoing.
71. The borough shall complete requests for all costs relating to school crossing guards and remit to the school district within 30 days after the end of the calendar quarter. The manager must see that one of the clerks is assigned this responsibility.	Ongoing.
72. The borough shall, through its participation on the TCVCOG Shared Public Works Advisory Board, encourage the TCVCOG to consider addressing both the capital and facility needs of the program, and shall take the necessary steps to lessen its potential liability relative to the existing facility.	Ongoing.
73. The borough, with assistance of the TCVCOG, shall pursue additional capital funds from the Commonwealth and Allegheny County to address the capital and facility needs of the program.	Ongoing.

RECOMMENDATION	COMMENT
74. The borough shall continue to actively participate in the TCVCOG shared public works program and meet its pro-rated share of the annual program cost, as well as continue to have at least one council representative attend meetings of the advisory board.	Ongoing.
75. The borough shall implement a formal maintenance program to facilitate regularly scheduled sewer line inspection, repair and maintenance.	Ongoing.
76. The borough shall examine their restructuring options and explore the feasibility of selling their water system.	Water system is owned by authority. Revised in new plan amendment.
77. Any proceeds from an asset sale should be utilized to address other infrastructure and capital needs of the borough.	Water system is owned by authority. Revised in new plan amendment.
<b>Collective Bargaining issues, Cost Containment Provisions &amp; Labor Relations Provisions</b>	
78. The borough shall continue to explore the potential of reducing costs by continuing to evaluate alternatives to the current health care plans.	Recommendation to be removed.
79. 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 recovery plan and the coordinator affirms the fact that proposed increases can be supported by the projected budgets.	Ongoing. Revised in new plan amendment.
80. 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 CPI – U does not exceed 3.5%. If the annual increase in the CPI – U does exceed 3.5%, then only half of the increase beyond 3.5% shall be provided to employees in the form of an annual cost of living adjustment. Any deviation shall be approved in advance by the coordinator.	Ongoing. Revised in new plan amendment.
81. Since all employees, with the exception of the manager, are required to pay 100% of group medical coverage the borough shall require all employees electing to participate in the plan to pay premiums through payroll deduction one month in advance. Retirees making a contribution to the group medical plan shall be required to remit payment to the borough 5 days prior to the due date of the invoice.	Recommendation to be removed.
82. The borough shall provide 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.	Ongoing. Manager to monitor. Revised in new plan amendment.

RECOMMENDATION	COMMENT
83. The borough shall use a labor/management committee structure for each collective bargaining unit in order to engage in ongoing discussions of workplace and other related issues.	Ongoing.
<b>Budget Analysis/Financial Projections</b>	
84. The borough shall review the franchise agreement in the areas pertaining to the franchise fee and timing of remitting the payment to the borough. If the contract permits changes, the borough shall request that the franchise fee be raised to the maximum permitted under the contract. In addition, the borough shall request that the franchise fee be remitted on a quarterly rather than an annual basis, providing for a 75% increase during the initial year of implementation.	Ongoing.
85. The borough shall request that the shared finance manager/financial consultant and its depository review the cash management policies in place at this time and make recommendations to improve cash management. The borough shall develop, adopt and implement a cash management and investment policy and program, which will maximize investment income.	Ongoing. Interim financial officer is responsible to monitor plan. Slight revision in new amendment.
86. The borough manager shall investigate alternatives to PLGIT such as the State Treasurer's Invest Program along with establishing a sweep account at the local depository.	Ongoing.
87. The borough shall develop and maintain general fixed assets account group for both insurance and accounting purposes. To better track assets the borough shall begin to maintain fixed asset historical costs records.	Ongoing.
88. The borough shall post revenues to the appropriate line item in the budget and not utilize the miscellaneous revenue line item for any deposit that can be accurately stated in a more appropriate organization of the budget.	Ongoing.
89. The borough shall negotiate a monthly retainer and identify those basic monthly services that will be received. In addition, the borough should negotiate an hourly rate or RFP for services to allow the marketplace to determine the hourly rate.	Complete.
90. A request for services beyond those provided for under the retainer shall be initiated only by action of council or by the manager in consultation with the president of council.	Ongoing.
91. The borough shall request proposals for all insurance requirements 60 days prior to the expiration of the current policies. The proposals shall be for a 3-year period. When received the manager shall evaluate the proposals with input from the coordinator and DCED and a recommendation provided to council.	Ongoing.

RECOMMENDATION	COMMENT
92. The manager shall review the list of outstanding claims against the borough. In addition, the manager shall contact the insurance carrier to assist the borough in developing policies that can be incorporated to reduce the potential for claims against the borough.	Ongoing.
93. The chief of police shall assist the manager in developing policies that will be applicable to the police department. The chief shall ensure that all required in service training is completed in a timely manner.	Ongoing.
94. Any expenses relating to the pension plans including actuarial valuation and solicitor fees shall be reimbursed from the applicable pension plans to the general fund.	Ongoing.
<b>Community Development</b>	
95. Council should take the appropriate action to again initiate the process to approve the comprehensive plan developed by Richard C. Sutter and Associates, Inc. Necessary public hearings shall be conducted within 45 days from the approval of this amendment.	Complete. Revised in new plan amendment.
96. Council, through the manager, shall continue to participate in various community forums. Agencies such as the Greater Braddock Development Forum shall be utilized as an advisory committee to council on items concerning community development.	Ongoing. Council and coordinator continue to attend meetings concerning the Mon Valley Initiative Braddock Avenue Project.
97. Council, along with its boards and commission, shall participate in training sessions relating to planning, community and economic development.	Ongoing.
98. The borough shall be an active participant in the Allegheny County Tool Box project and council shall designate 2 individuals to serve as members of the Housing Advisory Board. The Housing Advisory Board will provide direction for the implementation of the Tool Box program.	Recommendation to be removed.
99. The borough shall continue their efforts in utilizing CDBG funds to aggressively demolish vacant structures. The borough should evaluate the need to target demolition.	Council continues to utilize CDBG funds for demolition. The anticipated reduction in the County's grant could adversely impact the borough's ability to continue this practice. Council will need to review future funding requests and identify other funding opportunities.
100. The borough shall continue their participation in Allegheny County's Vacant Property Program. The Braddock Planning Commission shall recommend procedures for local program participation and a procedure approved by borough council. This action shall be concluded within 30 days from approval of this amendment.	County revised guidelines have been implemented and in the land bank through TCVCOG.



RECOMMENDATION	COMMENT
101. Borough council shall support and actively participate in the Greater Braddock Planning Initiative. This initiative focuses on economic development, housing, neighborhood conditions, and public safety. Funding in the amount of \$15,000 is requested in this amendment to support this planning initiative.	Remove.
102. The borough shall continue to utilize CDBG funds to support the code enforcement office. The manager should review current fees to determine opportunities to transfer some funding obligations from CDBG to fees charged.	Ongoing.
103. The borough shall continue to participate in the SVCOG's regional code enforcement program. The borough shall work with the COG to insure that the appropriate level of service is provided and that building and housing related codes and local ordinances are aggressively enforced in a manner that provides for the health, safety and welfare of the community.	Council has reorganized the code enforcement office. The borough has retained a third party to conduct various building code activities. Complete – revised in new plan amendment.
104. The borough shall update from the 1993 BOCA Code currently in use to the most recent series of BOCA Codes.	The borough will be required to create an appeals board of review. The TCVCOG has been exploring the creation of a multi-municipal board. The COG is currently developing by-laws and soliciting members. The manager should participate in the process and if appropriate recommend to council their participation.
105. The code enforcement office and manager shall continue to review various municipal management software packages. Recommendations shall be made to council via the SVCOG on the most appropriate software for the code enforcement office.	Council has reorganized the code enforcement office. The borough has retained a third party to conduct various building code activities. Additionally, a part-time position was created to enforce local ordinances. The office will be evaluated over the next 6 months and any necessary adjustments will be made.
<b>Economic Development</b>	
106. An economic development partnership should be established between the borough, the Enterprise Zone Corporation, the Greater Braddock Development Forum, the Braddock Enhancement Task Force, etc. The participating entities shall execute a memorandum of understanding that sets forth the goals to be achieved, a structure for the partnership, and a strategy to develop and implement priority projects and activities.	Recommendation to be removed.
107. Borough officials shall continue to meet with PA Turnpike Commission personnel to discuss the importance of the expressway to the community. The borough shall lobby for an interchange off the expressway. The interchange will provide the transportation necessary to further economic development.	Recommendation to be removed.
108. The borough shall initiate discussions with the Allegheny County Department of Economic Development and the new county administration to begin moving various planning forward on the development of a master plan for the area southwest of Braddock Avenue.	Ongoing.