

MUNICIPALITIES FINANCIAL RECOVERY PLAN FOR THE BOROUGH OF COLWYN



November 16, 2015

REPORT SUBMITTED TO:
Commonwealth of Pennsylvania
Department of Community and Economic Development
Governor's Center for Local Government Services

REPORT SUBMITTED BY:
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November 16, 2015

**RELEASE OF REVISED
MUNICIPALITIES RECOVERY PLAN FOR
THE BOROUGH OF COLWYN**

Econsult Solutions Inc., the Commonwealth of Pennsylvania's Act 47 coordinator for the Borough of Colwyn, released a draft of its Municipalities Recovery Plan for the Borough of Colwyn on October 19, 2015. The coordinator invited and has received written and oral comments on the draft plan from the Borough elected officials, other interested parties, and the general public. In accordance with Act 47, the coordinator held a public meeting to receive comments on the draft plan at the Borough Hall in Colwyn on November 5, 2015. The public meeting was well attended. Through these various sources, the coordinator has received many helpful comments on the draft plan.

The coordinator has reviewed and considered the comments it has received on the plan. Taking into account the comments received, the coordinator has made adjustments to the plan, and the coordinator today is releasing the final version of its Municipalities Recovery Plan for the Borough of Colwyn.

The most significant adjustments to the draft plan which are reflected in the coordinator's final plan are:

1. The coordinator recognizes that the Council and the then-Borough Manager did take constructive steps in 2014 and early 2015 to conserve the Borough's cash flow. See the Preface, page iii, of the final plan.
2. The coordinator recommends that the Borough pursue and that the Commonwealth of Pennsylvania fund a ten year, interest free loan in the approximate amount of \$530,000 to currently pay the Borough's two largest outstanding payables: the unpaid sewer fees owed to Darby Creek Joint Authority through the end of December, 2014 in the approximate amount of \$300,000, and the unpaid minimum municipal pension obligations owed by the Borough through the end of December, 2014 in the approximate amount of \$230,000. The Borough would be obligated to pay approximately \$53,000 a year for ten years to repay the loan. The coordinator has been convinced that such a loan will enable the Borough to focus more of its attention and energy on rebuilding its financial management and operational infrastructure. See pages 3, 65, 81 and 85 of the final plan.

3. The coordinator recommends that the Borough consider selling its sewer assets and related infrastructure to the Delaware County Regional Water Control Authority (DELCORA) or another appropriate entity. The Borough does not have a formal capital improvement program, and the extent of deferred maintenance in the sewage collection system is unknown. At any time, there could be a problem with the system that could result in a significant expense for the Borough. Such a sale would relieve the Borough of capital maintenance and improvement responsibilities for the Borough's sewage collection system. See page 66 of the final plan.
4. The coordinator withdraws its recommendation that the annual stipends for the members of Council and the Mayor be eliminated. The coordinator has been convinced that these stipends are appropriate. This recommendation was on page 35 of the draft plan.
5. The draft plan provided that the key to turning around the Borough and its operations is to have a full-time, professional, experienced Borough Manager running the Borough on a day-to-day basis and having primary oversight of the Borough employees. The coordinator believes that the Council lacks the experience and expertise to ensure compliance with the various state, federal and local employment laws, as well as the Borough's collective bargaining obligations, and the Council lacks the experience and expertise to operate the day-to-day financial and record-keeping functions of the Borough. An experienced Borough Manager could handle these matters in a standard way that is customary for municipal managers in Pennsylvania.

Many of the individuals who commented on the draft plan expressed concern that it gives too much power to the Borough Manager, particularly when it comes to hiring and firing employees. Many of the commentators said that no one person should have "total control".

The coordinator agrees that no one person should have total control over the Borough. The Council maintains ultimate control over the Borough Manager. Under the Borough Code, the Council has overall control of the finances of the Borough through the budget which it approves, including the power to impose taxes and approve expenses. The Borough Manager must act within the scope of the Council's budget.

The Council also has the power under the Borough Code to hire or fire the Borough Manager. The plan requires that the Council consult with the Department of Community and Economic Development (DCED) in hiring or firing the Borough Manager, but the ultimate decision is made by the Council.

The coordinator was convinced by the comments it received that it needed to revisit the process under the draft plan by which the Borough Manager would hire or fire employees. The draft plan provided that the Borough Manager could take such actions without the approval of the Council. The plan has been adjusted to require that, when the Borough Manager is hiring or firing an employee, the Borough Manager must obtain the consent of the Council for the hiring or firing. This "check and balance" will provide that both the



Borough Manager and the Council are involved in the hiring and firing process, with the Council having the ultimate approval right. See page 74 and Appendix A of the final plan.

The coordinator believes that the final plan has been improved thanks to the many helpful comments the coordinator received from the elected Borough officials, other interested parties, and the general public. The coordinator respectfully recommends to the Council that it adopt this final plan.

The next step in the Act 47 process is for the Council to meet on or before November 30, 2015 to approve or reject the coordinator's final plan.

Respectfully submitted,

ECONSULT SOLUTIONS INC.

By: 

Stephen P. Mullin,
President



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PREFACE

Any entity, whether a private company or a government, which does not keep regular, daily financial records and which fails for years to prepare audited financial statements, is destined for financial troubles. If the entity is a private company, the owners or shareholders are likely to lose their investment; but if the entity is a local government, the repercussions are much broader and more serious.

Local governments, like a borough in Pennsylvania, take actions which directly affect the lives of their citizens. The effects can be financial (the overall tax burden), practical (the paving of roads, the maintenance of parks), health-related (codes enforcement, proper operation of the sewage system) and safety-related (police and fire services). In other words, the health, safety and welfare of citizens are directly impacted by whether the citizens have a properly functioning local government.

The only check that citizens have on elected representatives is through the ballot box. And the only way the citizens can be effective voters is if the information regarding the running of the government is open to the public. The information is open only if it is kept in the first place, if it is available to the public, and if it is periodically reviewed by appropriate third parties such as an auditor.

The primary cause of the Borough of Colwyn's fiscal distress is the failure of its elected officials to run an open government. The Borough has been operating for years without required audited financial statements. The last year for which an audited financial statement exists is 2011. No audit exists for 2012. No audit exists for 2013. No audit exists for 2014. This is unacceptable by any standards.

What is even more striking is that there is a severe lack of records for this period of no audits. It is apparent that for years the Borough has failed to maintain the most basic of financial records or controls. The processes for money coming in, for payments going out, for logging such transactions, for matching them to the budget, has been deficient in the most fundamental ways or simply non-existent. Furthermore, it appears that certain records that were maintained have been destroyed.

The result of these practices is that it has been impossible for the citizens of Colwyn to understand what their officials have been doing with the citizens' money. The citizens of Colwyn work hard for their money, and they pay their taxes. But they have no way of knowing what the elected officials have done with their tax money. To the credit of the council and the then-Borough Manager, they did take constructive steps in 2014 and early 2015 to conserve the Borough's cash flow. However, the finances of the Borough are still a mystery to outsiders.



Simply put, the Borough of Colwyn has not been a functioning representative democracy for years. The citizens lack the basic information required for them to cast meaningful votes. And the elected officials lack accountability to the citizens.

This is not a normal Act 47 situation. The lack of normal records and audited financial statements means that it is very difficult for the Act 47 coordinator team to understand the actual financial condition of the Borough. Since its appointment, the coordinator team has attempted to reconstruct the finances of the Borough from the sketchy records of the Borough and from information such as bank records obtained from third parties. The coordinator team has interviewed the elected officials and others within and outside the Borough government. The coordinator team has also been working with the Borough staff to institute basic financial controls and procedures which have been lacking.

In addition to the problems with records and finances, the day-to-day operations of the Borough have been chaotic. In part this has been due to a long history of ongoing disputes between groups of elected officials. Individual council members regularly give direct instructions to individual Borough employees to undertake certain tasks, sometimes conflicting with what other council members have directed. Depending on the interests of the individual council members or groups of council members, the directions may result in a dangerous lack of attention to particular matters, such as code enforcement. There has been a lack of proper and consistent management of the Borough employees.

This plan includes action items, which the Borough should undertake that are similar to action items in Act 47 plans for other municipalities. But the ability of the Borough to turn around its distress situation depends absolutely on one factor which is peculiar to Colwyn: the elected officials have shown themselves incapable of running the Borough in a responsible and consistent fashion, and the key to turning around the Borough is to have a full-time, professional, experienced Borough Manager running the Borough on a day-to-day basis and having primary oversight of the Borough employees.

The need for such a Borough Manager is so acute that this plan provides for the Borough Manager to have a two year contract, for the Pennsylvania Department of Community and Economic Development (“DCED”) to participate in the hiring process, and for DCED to contribute to the salary of the Borough Manager.

The Borough of Colwyn can be turned around, and its citizens deserve to live in a municipality that functions as a true, open, representative democracy. The Borough's operations need to be standardized in conformity with regular and customary practices, including the production of prompt annual audited financial statements. Everyone associated with the Borough needs to act in the best interests of the Borough of Colwyn and its citizens.



EXECUTIVE SUMMARY

The Borough of Colwyn's problems have been largely self-inflicted due to poor behavior by its elected officials. The only way for a brighter future for Colwyn is if the Borough government starts functioning on a daily basis and a yearly basis the way a responsible local government is supposed to function. The current elected officials have shown themselves to be incapable of doing this. Therefore, the primary recommendation of this Plan is for the elected officials to appoint and empower a strong Borough Manager who can ensure that the Borough functions responsibly on a daily and yearly basis. The empowerment of the Borough Manager will involve the delegation by the Borough Council and Mayor of non-legislative and non-judicial powers to the Borough Manager.

As a small jurisdiction, the Borough should be able to function successfully with a small full-time staff that is led by an experienced Borough Manager and supplemented by a cadre of well-managed contractors with expertise in technical areas of municipal government. With this professional administrative and operational framework in place, Council can turn its attention to the customary functions of setting policy enacting ordinances and resolutions, levying taxes, approving expenditures, and monitoring operational outcomes and fiscal performance to improve the quality of life of Borough residents.

The Borough of Colwyn was declared a financially distressed municipality on May 6, 2015 pursuant to the Municipalities Financial Recovery Act (commonly referred to as "Act 47"). The Borough operates as a borough under Pennsylvania's Borough Code, 8 P.S. §101 *et seq.*, and it should continue to do so. The Borough is located on the eastern edge of Delaware County, adjacent to the City of Philadelphia. It occupies an area of approximately 0.3 miles and has an estimated population of 2,553 (2014). The Borough lags behind Delaware County and the Commonwealth of Pennsylvania in terms of personal income levels and employment rates.

A key challenge to developing financial findings in this Plan is the poor historic financial record keeping and lack of organized financial data. The most recent audit was for the 2011 fiscal year, and many records from 2012, 2013 and 2014 are not available. The coordinator constructed 2014 financial data from bank records obtained from the Borough's bank, tax records from the Borough's tax collector, and other sources.

The coordinator projected the Borough's financial position should it maintain current operating procedures with no significant growth in the tax base. The projection is a baseline forecast using 2015 as the base year and projecting yearly out to 2019. The projection is based on conservative assumptions for revenues and expenses.



Here is the baseline projection from Table 2.6:

TABLE 2.6 — BASELINE OPERATING FUND BALANCE PROJECTION, 2015 – 2019

Budget Category	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Revenues	\$1,437,516	\$1,285,223	\$1,289,241	\$1,293,349	\$1,297,551
Expenditures	\$1,503,503	\$1,308,756	\$1,301,735	\$1,328,714	\$1,356,738
Surplus (Deficit)	(\$65,988)	(\$23,533)	(\$12,495)	(\$35,365)	(\$59,187)
Beginning Cash Fund Balance	\$273,899	(\$426,380)	(\$449,913)	(\$462,408)	(\$497,773)
Payment Prior Years Payables	(634,292)	-	-	-	-
Net Cash Fund Balance	(\$426,380)	(\$449,913)	(\$462,408)	(\$497,773)	(\$556,960)
Negative Fund Balance as % of Revenues	30%	35%	36%	38%	43%

The projection shows budgetary imbalance, a deteriorating financial position, and a much weaker ending fund balance by 2019. The Borough cannot continue to operate in this manner and be able to meet the health and safety needs of its residents.

The two largest General Fund revenue sources are real estate taxes and trash fees which, including delinquent real estate taxes, account for 85% of the Borough's revenues. The Borough has the second highest municipal real estate tax rate in Delaware County. The Borough has a poor tax collection rate of approximately 85%. The Borough is failing to collect the \$52 per person local services tax, and the Borough is not aggressively collecting revenue for licenses, fines, and permits. The Plan contains recommendations for improving all of these revenue sources.

With respect to basic administration, in addition to the empowerment of a strong Borough Manager, the Plan calls for other improvements such as the development of a policies and procedures manual, job descriptions, an employee performance appraisal system, cash management and control practices and procedures, general accounting practices and procedures, payroll accounting procedures, budgeting and financial reporting procedures. During the development of this Plan, the coordinator has been training the Borough's office staff on basic cash management and control practices and procedures.

Public safety is the most significant expense within the Borough's budget. The Borough has a full-time Chief of Police and eight part-time police officers. This is a cost-effective arrangement, as part-time officers receive only an hourly wage and no other benefits. The Police Department has been a point of contention within the Borough, including contentious litigation over control of the department and personnel decisions. There have also been disputes regarding the school crossing guards. The Borough Council, the Mayor and the Chief of Police must learn to work cooperatively to deliver effective law enforcement services in a cost-effective manner.



The Colwyn Volunteer Fire Company, Station 92, has also been a source of contention. The Delaware County District Attorney's Office has seized the financial records of the company. There are concerns about a lack of training of the volunteer firefighters, the handling of the company's finances and the housing of a children's summer camp at the fire hall. The Borough Council has purported to withdraw recognition of the company and to recognize Darby Fire Company as the fire company for the Borough. In 2015, the Borough elected to withdraw the financial support of the company rather than pass along available state aid to the company, and the Borough eliminated the company's insurance coverage.

The Borough's code enforcement efforts are largely non-existent, and this may in fact be the desire of some members of Borough Council.

The Highways and General Services Department is charged with maintaining the publicly owned infrastructure of Colwyn, including roads, facilities, and parks. The department is comprised of one full-time employee who receives occasional support from part-time workers. Trash is collected pursuant to a contract with a private vendor. The Borough has its own wastewater collection system, and it contracts with Darby Creek Joint Authority for the disposal and treatment of the wastewater; the Borough is seriously in arrears in its payments to the Authority.

The Borough has two single-employer defined benefit pension plans: the Police Pension Fund and the Non-Uniformed Pension Plan, and their funded ratios are 46% and 62% respectively. The Borough is delinquent in its Minimum Municipal Obligation ("MMO") payments.

One of the most significant problems plaguing the Borough is the lack of disciplined personnel and labor decisions. The Borough has made a number of personnel and labor-related decisions that have resulted in significant negative financial and service consequences. The Borough has failed to give appropriate attention to its collective bargaining agreement obligations. The current collective bargaining agreements for the police and non-uniform employees are expired. Both unions have made proposals to the Borough for successor agreements, but it appears the Borough has not offered formal proposals in return. The Plan sets forth recommendations regarding labor matters, including the need for the Borough to consult with its labor counsel before making significant labor-related decisions.

The Plan sets forth recommendations regarding improvements to the operation of all of these Borough functions.

The Plan contains a multi-year financial forecast. The coordinator recommends the Borough pursue a loan through the Commonwealth for its two largest outstanding payables: the MMO and the amounts owed to the Darby Creek Joint Authority, which combined equal approximately \$530,000.



Here are the revised financial forecasts from Table 10.3:

TABLE 10.3 — OPERATING RESULTS ADJUSTED FOR THE ANTICIPATED BUDGETARY IMPLICATIONS OF THE RECOMMENDATIONS

Budget Categories	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Baseline Revenues	\$1,437,516	\$1,285,223	\$1,289,241	\$1,293,349	\$1,297,551
Revenue Enhancements		\$75,393	\$98,173	\$138,508	\$166,400
Commonwealth Support		\$170,000	\$70,000	\$60,000	\$0
Total Adjusted Revenues	\$1,437,516	\$1,530,616	\$1,457,414	\$1,491,857	\$1,463,951
Baseline Expenses	\$1,503,503	\$1,308,756	\$1,301,735	\$1,328,714	\$1,356,738
Expenditure Adjustments		\$123,100	\$90,309	\$60,409	\$89,060
Total Adjusted Expenditures	\$1,503,503	\$1,431,856	\$1,392,045	\$1,389,123	\$1,445,798
Surplus (Deficit)	(\$65,988)	\$98,760	\$65,369	\$102,734	\$18,153
Beginning Fund Balance	\$273,899	\$111,780	\$210,540	\$275,909	\$378,643
Payment Prior Years Payables	(\$96,132)				
Ending Fund Balance	\$111,780	\$210,540	\$275,909	\$378,643	\$396,796
Fund Balance as % of Exp	7.4%	14.7%	19.8%	27.3%	27.4%

This Plan can work, and the Borough can vastly improve its operations and finances, if the political leadership of the Borough fully commits to the Plan. Emerging from distressed municipality status will require a substantial and disciplined commitment. Should the Borough reject this Plan or if the Borough fails to properly implement the Plan, especially the empowerment of a strong Borough Manager, then the state should consider more drastic remedies for the Borough's situation.



1.0 BACKGROUND OF THE BOROUGH

1.1 INTRODUCTION

Colwyn was declared a financially distressed municipality on May 6, 2015 pursuant to Pennsylvania Act 47. On June 19, 2015, the Commonwealth of Pennsylvania's Department of Community and Economic Development ("DCED") engaged Econsult Solutions, Inc., Fairmount Capital Advisors, Inc., and McNees Wallace Nurick LLC (collectively, the "Recovery Team") to serve as the Borough's Recovery Coordinator. In this capacity, the Recovery Team's responsibilities include developing a financial Recovery Plan that eliminates deficits, addresses outstanding liabilities, recommends operational improvements, and sets the Borough on the course to structural budgetary balance.

1.2 FORM OF GOVERNMENT

Colwyn is a borough operating under the Borough Code, 8 Pa.C.S. §101 *et seq.* The Borough should continue to exist as a borough under the Borough Code. The initiatives in this plan can be effectuated by the Borough using available powers under the Borough Code, including the enhanced status of the borough manager in the management of the Borough.

The Borough is led by seven at large Council members. The Council has the powers to adopt policy, procedures, may directly oversee departments and can be involved in the day-to-day administrative tasks of the borough. The Borough also elects a mayor and tax collector. Other officials in the borough are appointed by Council. In a borough, the Mayor is a weak executive and does not hold the same powers as the Council, which appoints staff and makes policy regarding the borough.

Although there are other structures that could work for the Borough, such as a home rule charter or an optional plan under the Home Rule Charter and Optional Plans Law, 53, Pa.C.S. §2901 *et seq.*, the process for adopting these structures is complex and requires organization, money and determination. For example, the Borough of Carlisle in Cumberland County adopted a home rule charter structure this year, but it took almost 20 years and several ballot initiatives before the successful result was achieved. In addition, it is not apparent that the Borough needs the expanded taxing power that a home rule charter could provide.

The Borough needs to focus on improving its operations and management, not on transforming into another form of government. If, in the future, the Borough is successful in operating under the Borough Code for an extended period of time, then it may want to consider another form of government that could provide even better operations and management.

The coordinator believes that the Borough can be a viable municipality. Therefore, the coordinator is not recommending disincorporation of the Borough. Given the small size of the



Borough and its inability to properly manage itself in recent years, it is possible that the merger of the Borough with a contiguous municipality could be beneficial. However, the process of merger under the Municipal Consolidation or Merger Act, 53 Pa.C.S. §731 *et seq.*, is complex and requires two willing municipalities. The Borough's problems and reputation make it unlikely that a willing merger partner could be found. In any event, as with the issue of forms of government above, the Borough needs to be focused first and foremost on improving its management and operations under its current legal structure.

1.3 ORGANIZATIONAL STRUCTURE

The organizational structure for the governance of Colwyn is dictated by the Pennsylvania Borough Code. The Governor's Center for Local Government Services breaks down parts of the code into guide books including the PA Borough Handbook and the Borough Mayor's Manual. The Pennsylvania State Association of Boroughs is also another great resource for Colwyn. The Borough Manager oversees governmental functions including tasks done by the highway department and receptionist. The Mayor supervises the police department. A full organizational chart is found in chapter 4 of this report.

1.4 DEMOGRAPHIC AND SOCIO-ECONOMIC COMMENTARY

The Borough of Colwyn is located on the eastern edge of Delaware County, Pennsylvania, adjacent to Philadelphia. The Borough occupies an area of approximately 0.3 square miles and has an estimated 2014 population of 2,553. Colwyn was incorporated as a Pennsylvania borough in Delaware County in 1892.

POPULATION

Delaware County experienced slight population growth over the past 50+ years. From 1960 to 2014, it saw a 1.8 percent population increase. While this figure is far below Pennsylvania's population growth of 13 percent, it is a particularly astounding number when compared with Colwyn's population decrease of 17 percent. Table 1.1 below shows population change for Colwyn, Delaware County and the Commonwealth of Pennsylvania from 1960 to 2014.

As shown in Table 1.2, the Borough's population is slightly young compared to Delaware County and the Commonwealth. Approximately 56 percent of the Borough's population is under the age of 34 compared to 46 percent and 44 percent for the County and Commonwealth, respectively. Colwyn also has a smaller percentage of population over 65 years old relative to the County and Commonwealth.



TABLE 1.1 — POPULATION, 1960-2014¹

Year	Borough of Colwyn		Delaware County		Commonwealth of Pennsylvania	
	Population	% Change	Population	% Change	Population	% Change
1960	3,074		553,154		11,319,366	
1970	3,169	3.1%	600,033	8.5%	11,800,766	4.3%
1980	2,841	-10.4%	555,007	-7.5%	11,863,895	0.5%
1990	2,647	-6.8%	547,651	-1.3%	11,881,643	0.1%
2000	2,453	-7.3%	550,864	0.6%	12,281,054	3.4%
2014	2,533	4.1%	562,960	2.2%	12,787,209	4.1%
Cumulative Percentage Change		-17.6%		1.8%		13.0%

Source: US. Census Bureau

TABLE 1.2 — POPULATION BY AGE

Total Population	Colwyn		Delaware County		Pennsylvania	
	Estimate	Percent	Estimate	Percent	Estimate	Percent
	2,543		559,771		12,731,381	
Age Categories	Estimate	Percent	Estimate	Percent	Estimate	Percent
Under 19 years	833	32.8%	148,183	26.5%	3,145,037	24.7%
20 to 34 years	586	23.0%	107,685	19.2%	2,424,525	19.0%
35 to 44 years	362	14.2%	68,507	12.2%	1,583,055	12.4%
45 to 54 years	414	16.3%	84,189	15.0%	1,902,598	14.9%
55 to 64 years	208	8.2%	70,183	12.5%	1,671,365	13.1%
65 years and over	140	5.5%	81,024	14.5%	2,004,801	15.7%

Source: US. Census Bureau

ECONOMIC AND HOUSING DATA

The Borough lags behind the County and State in terms of personal income levels. The 2009-2013 American Community Survey (“ACS”) (the most recent data available) shows an overwhelming portion of Colwyn’s population with low or moderate income levels. Over 50 percent of Colwyn households make less than \$50,000 per year, and 18.6 percent of Colwyn residents are living below the poverty level, with the equivalent figure for Pennsylvania at 13.3 percent and Delaware County at 10.3 percent (see Tables 1.3 and 1.4).

¹ Year 2014 data estimated using adjusted census projections



As illustrated in Table 1.4, the 2009-2013 ACS reports the Borough's median household income was \$41,890. In comparison, the median household incomes in Delaware County and Pennsylvania were \$64,041 and \$52,548, respectively. Similarly, the Borough's per capita income of \$16,538 was well below that of the County and State.

TABLE 1.3 — HOUSEHOLD INCOME DISTRIBUTION, 2009-2013

Household Income Categories	Borough of Colwyn	Delaware County	Commonwealth of Pennsylvania
Total Households	802	204,771	4,958,427
Less than \$10,000	11.8%	5.3%	7.0%
\$10,000 to \$14,999	3.1%	4.1%	5.5%
\$15,000 to \$24,999	13.6%	8.9%	11.0%
\$25,000 to \$34,999	10.2%	9.4%	10.5%
\$35,000 to \$49,999	14.8%	12.4%	13.7%
\$50,000 to \$74,999	22.2%	16.8%	18.5%
\$75,000 to \$99,999	14.3%	12.7%	12.5%
\$100,000 to \$149,000	9.6%	15.9%	12.6%
\$150,000 to \$199,999	0.4%	7.2%	4.5%
\$200,000 or more	0.0%	7.2%	4.2%
Median Household Income	\$41,890	\$64,041	\$52,548
Mean Household Income	\$49,998	\$87,921	\$71,088

Source: U.S. Census Bureau, American Community Survey (2013)

TABLE 1.4 — SELECT ECONOMIC AND HOUSING CHARACTERISTICS, 2009-2013

Economic Characteristics	Borough of Colwyn	Delaware County	Commonwealth of Pennsylvania
Median Home Value	\$96,500	\$234,100	\$164,700
Owner Occupied Housing Units	57.8%	70.5%	69.8%
Vacant Housing Units	10.0%	6.4%	9.9%
Median Household Income	\$41,890	\$64,041	\$52,548
Per Capita Income	\$16,538	\$33,179	\$28,502
% of Households Below Poverty	20.8%	9.8%	12.8%
High School Graduate or Higher	78.3%	88.9%	84.8%
Bachelor's Degree or Higher	24.4%	35.0%	27.6%

Source: U.S. Census Bureau, American Community Survey (2013)



Low incomes are, in part, a function of employment levels and unemployment rates. Colwyn's unemployment rate of 11.9 percent was higher than both the County's rate of 5.7 percent and Commonwealth's rate of 5.3 percent. Colwyn also has a much higher percent of individuals living below the poverty line than the County and State.

Population and income changes influence housing needs. Delaware County's 70.5 percent homeownership rate is above both commonwealth and national averages. In Colwyn, population decline and increased poverty rates had a significant adverse impact on its housing market. The 2009-2013 ACS reports that only 63 percent of Colwyn's housing units were owner-occupied, which does not reflect a new trend, but rather a challenge that the Borough has been trying to address for many years. Colwyn's home values do not fare well in comparison to its regional and state counterparts. In the ACS report, the median value of owner-occupied units in Delaware County was \$234,100, while the same statistic for Colwyn was less than one half that at \$96,500. This disparity in housing values has resulted in Colwyn drawing residents who are looking for low-priced and moderate-priced housing, which can have negative implications on the tax base.

1.5 COMMUNITY AND ECONOMIC DEVELOPMENT

Colwyn is primarily a residential community with some small amount of commercial and industrial activity. The Borough should make every effort to encourage local retail activity, but at the same time it should make better efforts to collect business license fees and taxes.

However, we do not believe Colwyn has much potential for significantly expanding its commercial business presence. Instead, we believe it should concentrate on community development, in particular increasing the quality of life of its residents. The primary way it could accomplish this objective is to more efficiently and effectively provide direct services to its citizens. These include public safety, public infrastructure maintenance, public parks and recreation services, and far more effective code enforcement.

1.6 BANKRUPTCY

Per the Municipalities Financial Recovery Act, the Recovery Coordinator has performed an analysis to assess whether specific exclusive Federal remedies could relieve Colwyn's financial distress. A Pennsylvania municipality may apply to DCED for approval to file for a debt adjustment action under the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.*, provided certain extraordinary conditions are present as set forth in 53 Pa.C.S. §11701.261.

The coordinator does not believe that the Borough's situation is one that calls for Federal bankruptcy. The Borough needs to vastly improve its operations and management. Its failure to properly operate and manage has been the primary cause of its fiscal problems, including its accumulated unpaid obligations. If the Borough wants to improve its situation, it can do so under



the provisions of state law and this plan without utilizing the complex, lengthy and extremely expensive Federal bankruptcy process.



2.0 RECENT FINANCIAL PERFORMANCE AND BASELINE FINANCIAL PROJECTIONS

2.1 INTRODUCTION

This chapter presents a picture of Colwyn's recent financial performance and presents a baseline multi-year financial operating forecast. The chapter begins with an overview of the Borough's major financial funds, but gives a more detailed focus to the General Fund – the Borough's primary operating fund.

A key challenge to developing financial findings is the poor historic financial record keeping and lack of organized financial data. Very little data is available prior to 2014. The most recent audit available is the 2011 filing with the Commonwealth. The 2014 financial data in this report was constructed through bank account statements obtained from Sharon Bank, tax collection statements obtained by the Borough's tax collector, delinquent tax reports, interviews with the interim and former Borough Managers and other Borough officials, the Early Intervention Program report, and other financial records. Certain Borough records in the possession of the Office of the District Attorney of Delaware County were examined.

This chapter projects Colwyn's financial position should it maintain current operating procedures with no significant growth in the tax base. The projections presented here establish the framework used to develop the recommendations, which are designed to place the Borough in a stronger financial position and help clear a path to structural budgetary balance, that is, help Colwyn address outstanding payables and achieve a position where growth in operating revenues meets or exceeds growth in operating expenses.

The baseline multi-year forecast uses the 2015 project as the base year. The chapter then outlines forecast assumptions used to project the operating results for 2016 through 2019.

2.2 OPERATING RESULTS AND FUND BALANCES

Colwyn accounts for its financial activity in the General Fund, the Borough's primary operating fund. The Borough's budget also includes a Sewer Fund, Fire Tax Revenue Fund, and Trash Fund; however, all revenues (regardless of source) are comingled in the same account.

Though the Borough has combined these funds to pay for operating expenses in recent years, the operating financial results in this chapter reflect only General and Trash Fund activity and do not include Fire Tax or Sewer Fund Revenue. Sewer Fund activity and projections are addressed in their own chapter. A key recommendation in this Recovery Plan is for the Borough to establish a separate Sewer Fund and segregate Sewer Fee revenue from the general operating account.



In addition to the governmental funds described above, Colwyn also is responsible for the Police Pension Plan and for Non-Uniformed Pension plan for non-police employees.

For several expenditure items below (e.g. Utilities) 2014 expenses substantially exceed 2015 projections. In most of these cases, the Borough's 2014 expenses were abnormally high because of payments made in 2014 for past due expenses incurred in previous years.

TABLE 2.1 — GENERAL FUND AND TRASH FUND, 2014 – 2015

Budget Categories	2014 Actuals	2015 (thru July)	2015 Projection
Revenues			
Real Estate Taxes (Current)	\$927,175	\$798,210	\$860,373
Real Estate Taxes (Delinquent)	\$104,320	\$87,660	\$104,320
Per Capita Tax	\$13,358	\$12,631	\$13,605
Crossing Guard Reimbursement.	\$28,921	\$0	\$34,297
Cable TV Franchising Fee	\$16,481	\$0	\$30,000
Trash Fees	\$119,881	\$115,497	\$123,699
Other Revenue	\$124,983	\$51,580	\$271,222
Total Revenues	\$1,335,119	\$1,065,578	\$1,437,516
Expenses			
Salaries and Wages	\$484,902	\$270,630	\$476,101
Overtime	\$19,826	\$17,715	\$30,368
Health Insurance	\$105,304	\$43,532	\$69,434
Pension	\$52,679	\$12,608	\$127,942
Other Benefits	\$38,521	\$89,626	\$125,508
Insurances	\$154,342	\$115,304	\$167,579
Materials and Supplies	\$46,808	\$28,196	\$49,954
Contracted Services (not including trash)	\$38,826	\$48,166	\$139,557
Legal Services	\$62,498	\$33,867	\$90,000
Utilities	\$37,936	\$7,355	\$18,233
Maintenance and Repairs	\$15,458	\$4,562	\$8,486
Sanitation Services	\$143,948	\$79,489	\$136,268
Capital Projects	\$3,929	\$1,271	\$2,179
Miscellaneous	\$86,182	\$47,489	\$61,895
Total Expenses	\$1,291,155	\$799,810	\$1,503,503
Cash Surplus (Deficit)	\$43,963	\$2,65,768	(\$65,988)

Source: Commentary on 2014/2015 results projection.



2.3 FORECAST ASSUMPTIONS

The forecast of financial results is based on reasonable growth expectations of the Borough's revenues and expenses. The forecast assumes current trends remain the same and no corrective actions are taken to improve Colwyn's financial position. This provides an estimate of the full operating gap that must be eliminated in each future year given current conditions. Below is a commentary on the growth assumptions for key revenue and expenses categories followed by a summary of the assumptions (see Tables 2.2 through 2.5).

REVENUES

Real Estate Tax Revenue: Even after a 7.5 percent reduction in 2015, the Borough still has one of the highest millage rates in Delaware County and a low current tax collection rate. The baseline forecasts assume no change in assessed valuation, collection rate, or millage rate, which equates to flat real estate tax revenues through 2019.

Delinquent Tax Revenue: Delinquent real estate tax collections for both real estate taxes and sewer fees have increased in recent years. The increase in collections reduces the total amount of delinquent taxes that may be collected in future years. For this reason, the baseline forecast assumes flat annual delinquent tax collections.

Per Capita Tax: The baseline forecast assumes population levels remain the same and flat Per Capita revenue through 2019.

Crossing Guard Reimbursement: The projections assume that crossing guard costs increase 3 percent annually and that the Borough continues to receive 50 percent reimbursement for these costs.

Cable TV Franchising Revenue: The baseline forecast projects inflationary growth (2.0 percent) through 2019.

Trash Fees: The baseline forecast assumes no changes in the Borough's trash fee or collection rate, which results in flat annual trash fee collections through 2019.

Other Revenues: The baseline forecast generally projects inflationary growth through 2019 for Other Revenues. The Borough projects two significant one-time revenue sources in 2015: 1) reimbursement for mistaken federal unemployment payments and 2) reimbursement from DCED for expenses related to Colwyn's participation in the Early Intervention Program.



TABLE 2.2 — GENERAL FUND AND TRASH FUND REVENUE GROWTH RATE ASSUMPTIONS, 2016-2019

Revenues	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Real Estate Taxes	0.0%	0.0%	0.0%	0.0%
Real Estate Taxes (Delinquent)	0.0%	0.0%	0.0%	0.0%
Per Capita Tax	0.0%	0.0%	0.0%	0.0%
Cable TV Franchising Fee	CPI	CPI	CPI	CPI
Crossing Guard Reimbursement	CPI	CPI	CPI	CPI
Trash Fees	0.0%	0.0%	0.0%	0.0%
Other Revenue	CPI	CPI	CPI	CPI
Change in Consumer Price Index (CPI)*	2.0%	2.0%	2.0%	2.0%

*Long-run inflation projection – Federal Reserve Board Members and Federal Reserve Bank Presidents, March 2015

TABLE 2.3 — BASELINE GENERAL FUND AND TRASH FUND REVENUE PROJECTIONS, 2015-2019

Revenues	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Real Estate Taxes (Current)	\$860,373	\$860,373	\$860,373	\$860,373	\$860,373
Real Estate Taxes (Delinquent)	\$104,320	\$104,320	\$104,320	\$104,320	\$104,320
Per Capita Tax	\$13,605	\$13,605	\$13,605	\$13,605	\$13,605
Crossing Guard Reimbursement	\$34,297	\$35,326	\$36,386	\$37,477	\$38,602
Cable TV Franchising Fee	\$30,000	\$30,600	\$31,212	\$31,836	\$32,473
Trash Fees	\$123,699	\$123,699	\$123,699	\$123,699	\$123,699
Other Revenue	\$271,222	\$117,300	\$119,646	\$122,039	\$124,480
Total Projected Revenues	\$1,437,516	\$1,285,223	\$1,289,241	\$1,293,349	\$1,297,551

EXPENSES

Salary and Wages: Salary and wage projections (including overtime) are projected to be 3.0 percent annually. As of this writing, the Borough does not have a contract with the Fraternal Order of Police (“FOP”) or Service Employees International Union (“SEIU”).

Health Insurance: The forecasts assume 6.0 percent annual increases in health insurance costs. This figure is slightly higher than projections from the National Health Expenditures Accounts (“NHEA”), the official government estimates for health care spending since 1960.

Pension: Commonwealth law requires all municipalities, including Colwyn, to make annual contributions to the pension funds based on a calculation of Minimum Municipal Obligation. The



baseline forecast assumes that pension contribution increases will equal the average salary rate increases to the employees.

Other Benefits: These benefits are assumed to match employee wage increases.

Other Expenses: The projections assume inflationary growth in the Borough's other expenses, which would include contracted services, legal services, utilities, materials and supplies, other insurances, and maintenance and repairs.

Though historic data is not available to evaluate trends in these expense items, it is reasonable to assume inflationary increases if service levels do not change. It should be noted that the relatively low level of maintenance and repairs expenses indicates a strong likelihood of deferred maintenance, which necessitate higher future capital spending. If the Borough does not fund capital needs adequately, maintenance and repairs costs are likely to increase.

TABLE 2.4 — EXPENSE GROWTH RATE ASSUMPTIONS, 2016-2019
GENERAL FUND AND TRASH FUND

Expenses	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Salaries and Wages	3.0%	3.0%	3.0%	3.0%
Health Insurance	6.0%	6.0%	6.0%	6.0%
Pension	3.0%	3.0%	3.0%	3.0%
Other Benefits	3.0%	3.0%	3.0%	3.0%
Insurances	CPI	CPI	CPI	CPI
Materials and Supplies ²	CPI	CPI	CPI	CPI
Contracted Services (not including trash)	CPI	CPI	CPI	CPI
Legal Services	CPI	CPI	CPI	CPI
Utilities	CPI	CPI	CPI	CPI
Maintenance and Repairs	CPI	CPI	CPI	CPI
Sanitation Services	CPI	CPI	CPI	CPI
Capital Projects	CPI	CPI	CPI	CPI
Miscellaneous	CPI	CPI	CPI	CPI
Change in Consumer Price Index (CPI)	2.0%	2.0%	2.0%	2.0%

² Gasoline costs included in "materials and supplies" in projections



**TABLE 2.5 — BASELINE GENERAL FUND EXPENDITURE PROJECTIONS, 2015-2019
GENERAL FUND AND TRASH FUND**

Expense	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Salaries and Wages	\$476,101	\$439,776	\$452,512	\$465,630	\$479,142
Overtime	\$30,368	\$19,641	\$20,230	\$20,837	\$21,462
Health Insurance	\$69,434	\$65,895	\$69,849	\$74,040	\$78,482
Pension	\$127,942	\$125,982	\$129,761	\$133,654	\$137,664
Other Benefits	\$125,508	\$67,147	\$53,261	\$46,909	\$40,592
Insurances	\$167,579	\$170,931	\$174,349	\$177,836	\$181,393
Materials and Supplies	\$49,954	\$50,953	\$51,972	\$53,011	\$54,072
Contracted Services ³	\$139,557	\$61,830	\$63,066	\$64,328	\$65,614
Legal Services	\$90,000	\$75,000	\$50,500	\$51,510	\$52,540
Utilities	\$18,233	\$18,597	\$18,969	\$19,348	\$19,735
Maintenance and Repairs	\$8,486	\$8,656	\$8,829	\$9,005	\$9,185
Sanitation Services	\$136,268	\$138,993	\$141,773	\$144,608	\$147,500
Capital Projects	\$2,179	\$2,223	\$2,267	\$2,312	\$2,359
Miscellaneous	\$61,895	\$63,133	\$64,396	\$65,684	\$66,997
Total	\$1,503,503	\$1,308,756	\$1,301,735	\$1,328,714	\$1,356,738

2.4 BASELINE OPERATING FORECAST

As part of the Recovery Plan implementation, it is incumbent on the Recovery Coordinators to forecast revenues and expenses over the next five years if no changes were made to current collections and operations. The forecast shows an operating loss as of the end of base year 2015 and, with expense growth exceeding that of revenues, a worsening financial position through 2019. Without corrective action, deficits will persist in the long-term and will annually equal about 5 percent of revenues. Moreover, despite the projected deficits and high tax burden, the Borough will continue to provide the same level of inadequate services to the citizenry (see Table 2.6).

The cumulative impact of the operating deficits is shown in the Borough's fund balance position. In 2015, the Borough projects a cash operating deficit of approximately \$65,000. As of the end of 2014, the Borough had \$274,000 available to pay its operating deficit. However, the Borough had outstanding prior year bills, creating a negative fund balance of \$426,000. Over the next four years, it is projected that the negative fund balance will increase to \$557,000, 43 percent of its projected revenues for 2019.

³ Does not include trash services.



TABLE 2.6 — BASELINE OPERATING FUND BALANCE PROJECTION, 2015 – 2019

Budget Category	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Revenues	\$1,437,516	\$1,285,223	\$1,289,241	\$1,293,349	\$1,297,551
Expenditures	\$1,503,503	\$1,308,756	\$1,301,735	\$1,328,714	\$1,356,738
Surplus (Deficit)	(\$65,988)	(\$23,533)	(\$12,495)	(\$35,365)	(\$59,187)
Beginning Cash Fund Balance	\$273,899	(\$426,380)	(\$449,913)	(\$462,408)	(\$497,773)
Payment Prior Years Payables	(\$634,292)	-	-	-	-
Net Cash Fund Balance	(\$426,380)	(\$449,913)	(\$462,408)	(\$497,773)	(\$556,960)
Negative Fund Balance as % of Revenues	30%	35%	36%	38%	43%

CONCLUSION

The forecasts show structural budgetary imbalance, a deteriorating financial position, and a much weaker ending fund balance position by 2019. The Borough cannot continue to operate in this manner and be able to meet the health and safety needs of its residents.



3.0 REVENUES

3.1 INTRODUCTION

This chapter details Colwyn's revenue sources. Table 3.1 displays the distribution of the Borough's operating revenues for 2014. The two largest General Fund revenue sources are Real Estate Taxes and Trash Fees which, including delinquent real estate taxes, account for 85 percent of the Borough's revenues. Colwyn has not had an audit performed since 2011 and financial records are either incomplete or missing for 2012 and 2013; therefore 2014 is the only recent complete historical year available. The Borough's financial records are incomplete due to their lack of specificity in recording collections, co-mingling collections, and poor financial management practices. It also appears that certain records that were maintained may have been destroyed. 2014 revenues had to be compiled from several sources including the Borough's Quickbooks records, bank account records, and reports from the Borough's Tax Collector. For this reason, itemized collections such as licenses and permits, fines, rents, and other sources could not be compiled. These revenue sources only comprise approximately 10 percent of total general operating sources.

TABLE 3.1 — GENERAL FUND REVENUES 2014

Revenues	2014 Actuals
Real Estate Taxes (Current)	\$927,175
Real Estate Taxes (Delinquent)	\$104,320
Per Capita Tax	\$13,358
Crossing Guard Reimbursement.	\$36,850
Trash Fees	\$119,881
Other Revenue	\$124,983
Total Revenues	\$1,335,119

Source: Sharon Bank Account Statements (2014), Borough Quickbooks (2015)

3.2 DESCRIPTION OF ITEMIZED REVENUE SOURCES

Colwyn's local General Fund taxes include the real estate tax (24.6 mills), a fire tax (0.6 mills), the local services tax ("LST") of \$52 on every person working in the Borough, the per capita tax of \$10 on every adult resident of Borough, and a real estate transfer tax of 0.5 percent (see Table 3.2).



The Borough's Tax Collector collects the real estate tax, the fire millage, the per capita tax, and the sewer fund tax (for the separate sewer fund). As of this writing, the LST is not billed or enforced by either the Borough or its Tax Collector; however, a potential arrangement with a third-party collector is under consideration. A key recommendation in this Recovery Plan is to improve tax collection rates, especially Real Estate taxes and Local Services Taxes.

TABLE 3.2 – 2015 COLWYN GENERAL FUND TAXES

Tax Type	Rate
Real Estate Tax	24.6 mills
Fire Service Tax	0.6 mills
Local Services Tax	\$52 per employee
Per Capita Tax	\$10 per adult resident
Real Estate Transfer Tax	0.5% per sale price

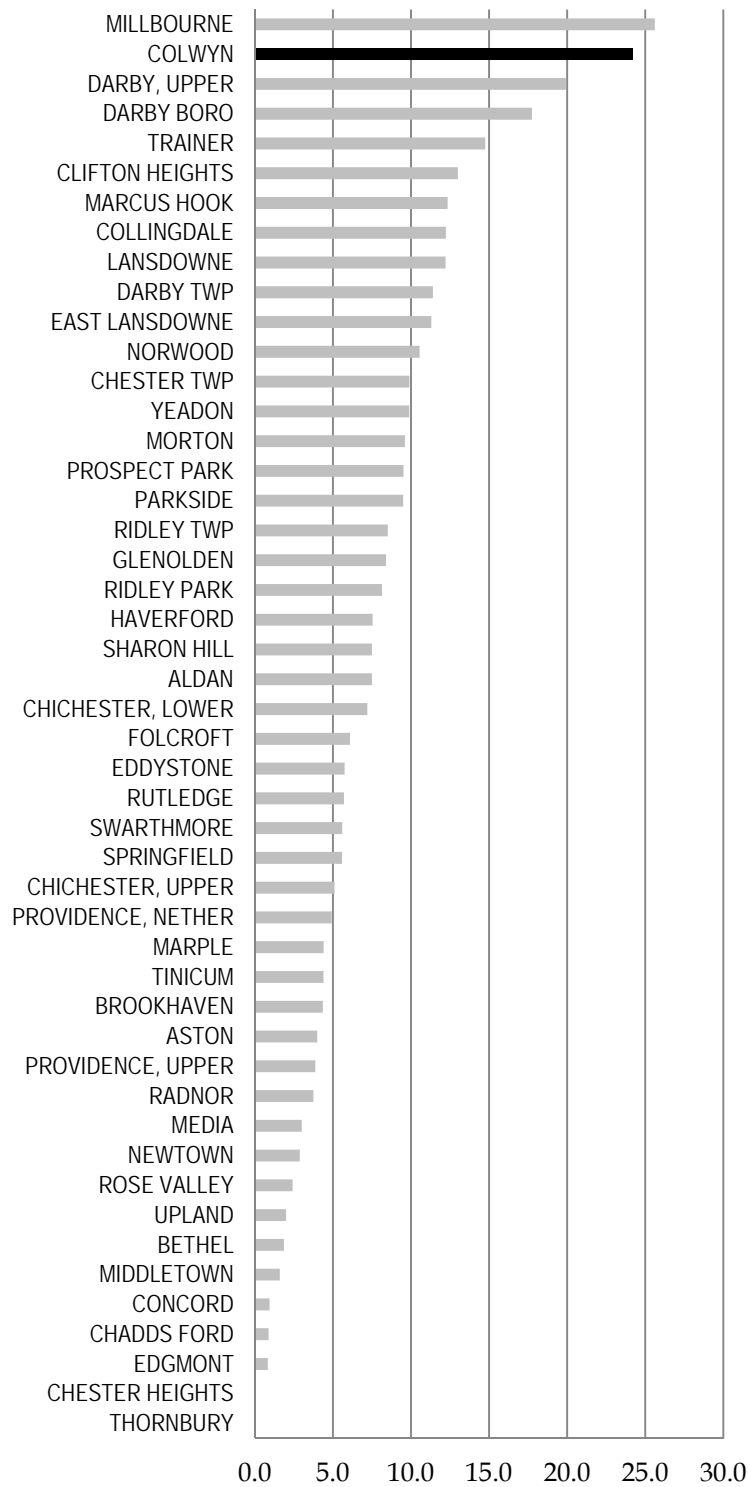
Source: Newpa.com, colwynborough.com, ecode360.com

3.3 REAL ESTATE TAX REVENUES

The Borough relies on the real estate tax for most of its general fund revenues. Real estate tax is billed annually, with most of the Borough's revenues being collected in March of each year. The Borough's real estate tax is comprised of two components – general purpose and special fire. The special fire millage is used to help fund the Borough's all volunteer fire department and is .06 mills. The general fund portion of the real estate tax is currently 24.6 mills. The real estate tax was lowered in 2015 from 26.6 mills to 24.6 mills. At its current, reduced rate, Colwyn has the second highest municipal real estate tax in Delaware County following Millbourne, which has a tax rate of 25.6 mills. In addition, given the relative economic condition of the residents of Colwyn, and the lack of overall scrutiny of collections, the Borough has a poor real estate tax collection rate as compared to other municipalities in the Commonwealth.

Colwyn's high millage rate makes the Borough less competitive with other Delaware County municipalities and puts pressure on the tax collection rate as some residents are unable to afford to pay the tax (see Figure 3.1).

**FIGURE 3.1 – DELAWARE COUNTY MUNICIPALITIES 2015 TOTAL REAL ESTATE TAX MILLAGE RATES
(INCLUDES COUNTY AND SCHOOL DISTRICT RATES)**



Source: Delaware County Treasurer Tax Rate Report (2015)

DELINQUENT REAL ESTATE TAX REVENUE

Colwyn's poor current real estate tax collection rate has led to higher recent and older delinquent real estate taxes. The Borough must improve its current real estate tax collection rate. Colwyn has hired a third party collector for delinquent real estate taxes and sewer fees.

3.4 ACT 511 TAX REVENUES

The Borough's Act 511 tax revenues include the Per Capita Tax and the LST. Colwyn does not charge an Earned Income Tax ("EIT") or Business Privilege Tax.

Per Capita Tax

The borough imposes a \$10 per capita tax on all residents in the Borough. The per capita tax is collected by the Borough's Tax Collector and brought in \$13,358 in 2014.

Local Service Tax

By ordinance, Colwyn has a \$52 LST. However, the tax is not billed, collected, or enforced by the Borough or its Tax Collector. It is listed on the Commonwealth's official Tax Register. As of this writing, an arrangement with a third-party collector is under consideration.

Earned Income Tax

Not unlike many other Delaware County municipalities, but unlike most municipalities in the Commonwealth, the Borough does not have an EIT. We believe, at this time, it is not prudent for the Borough to institute an EIT for the following reasons:

- Residents are already faced with one of the highest real estate taxes in Delaware County.
- Given its proximity to Philadelphia, approximately 40 percent of Colwyn residents work in Philadelphia. These residents pay the Philadelphia's wage tax, which has priority over any other municipalities' EIT in the Commonwealth.
- Over one third of the approximately 300 people who physically work in Colwyn are Philadelphia residents, who would again pay the Philadelphia wage tax and not a local EIT.⁴

⁴ Estimated worker counts are from the U.S. Census Longitudinal Employer Household Dynamics (LEHD) 2012 data



3.5 TRASH FEE

The Borough charges a \$170.50 per household fee for rubbish collection and disposal. Aggregate annual trash fee collections are between \$120,000 and \$125,000 compared with approximately \$136,000 in projected annual trash related operating expenses. Trash related expenditures include payments to the Borough's third party trash collector, Suburban Waste, and to the Delaware County Solid Waste Authority. Though the Borough budgets a Trash Fund, in practice Trash Fees are comingled with other operating funds in the General Fund.

3.6 CROSSING GUARD REIMBURSEMENT

Colwyn employs thirteen crossing guards throughout the school year. William Penn School District reimburses the Borough for the crossing guards, covering a little more than half of their costs. In 2014, William Penn reimbursed Colwyn \$23,853.74 for the \$48,611.70 of crossing guard payroll expenses.

3.7 OTHER REVENUES

REALTY TRANSFER TAX

Colwyn levies a 0.5 percent Realty Transfer Tax on real estate transactions within the Borough. In 2014 and in 2015 the Borough budgeted \$12,000 in revenues from the Realty Transfer Tax. However, according to the Borough's financial records, no revenues were collected from this tax in 2014. We do not believe this to be true since collections for this tax are not controlled by the Borough. The revenues are sent by the Delaware Recorder of Deeds. It is assumed that any revenues received for the Realty Transfer Tax were not properly assigned in the Borough's Quickbooks.

LICENSES, PERMITS, AND FINES

Colwyn has over twenty different licenses, permits, and fines including cable franchise fees totaling approximately \$30,000. Opportunities for increased collections exist as fines from the district and county courts are not enforced or collected by the Borough, but rather sent to the Borough by the county courts. Colwyn may be required to share a portion of these collections with other levels of government or the courts. Moreover, at the end of 2014, the Borough fired its Code Inspector limiting the revenue from code enforcement.

In addition to engineering services, the third-party provides the Borough with code inspection services upon request. These facilities are limited to empty building assessments and do not include code enforcement on businesses, grass maintenance, and other necessary inspections.



Whereas licenses, permits, and fines are not meant to be revenue generators necessarily, they are very important to the health, safety, and welfare of the Borough's residents. These quality of life oversight and enforcement are an integral part of local government's responsibilities.

LIST OF THE BOROUGH'S LICENSES, FEES, AND PERMITS (AS ORGANIZED BY COLWYN'S 2015 BUDGET)

- Business Licenses
 - Business License
 - Contractor Licenses
 - Cable TV Franchise Fee
 - Non-Residential Licenses
 - Apartment Licenses
 - Single Family Rental License
- Non-Business Permits
 - Demolition Permit
 - Street Opening Permit
 - Pole Permit
- Fines
 - Court - District Magistrate
 - Code Violations
 - Parking Violation Fines
 - State Distribution of Fines
 - District Justice Local Fines
- Public Safety
 - Contractor License
 - Fire Inspection Permits
 - Building Permits
 - Electrical Permits
 - Plumbing Permits
 - U & O Sales – Transfers
 - Rental License
 - U & O Rentals
 - Zoning Permits

FEDERAL, STATE, AND COUNTY GRANTS AND LOANS

In 2014 and 2015 Colwyn budgeted for five different types of intergovernmental grants, including funding from the Pennsylvania Department of Community and Economic Development. Many grants and loans received from the federal, state, and county governments have specific requirements that the Borough must meet in order to receive the funding. Many smaller municipalities rely on these funds and it is in Colwyn's best interest to meet the requirements for these funds to help pay for critical services to its residents.



TABLE 3.3 – 2015 BUDGETED REVENUES FROM OTHER GOVERNMENTS

Revenue Type	2015 Budgeted Amount
Public Safety BPV	\$10,000
Justice Assistance Grant	\$50,000
PECO- Natural Land Trusts	\$10,000
DCED- Early Intervention Program	\$60,000
Liquid Fuel Tax	\$40,000
County Aid for Highway and Streets	\$5,600
Total Revenues from Other Governments	\$175,600

Source: Borough of Colwyn, 2015 Budget

3.8 REVENUE TRENDS

Given Colwyn's inability to maintain complete and accurate financial records for the past several years, we do not have definitive revenue collection data for 2012 and 2013. The Borough's last audit was completed for 2011. Through bank account statements, QuickBooks, and reports from the Tax Collector, we have compiled as complete a picture as possible of Colwyn's revenue collections for 2014 and year-to-date for 2015. Specificity is lacking, as noted previously regarding several smaller revenue sources; however, we are confident in the overall collections amount and the relative distribution of the major revenue categories. 2014 revenues, as shown in Table 3.1, were used to help compile and distribute the 2015 revenues.



3.9 RECOMMENDATIONS

REV01 – IMPROVE CURRENT REAL ESTATE TAX COLLECTIONS

Responsible Party: Tax Collector	Target Completion: Ongoing			
		2016	2017	2018
		\$20,000	\$35,000	\$60,000
				2019
				\$75,000

The Borough's current real estate taxes are weak and lag other municipalities in the Commonwealth. Almost 70 percent of the Borough's revenues are derived from current real estate tax collections and are therefore very important for the Borough to serve its residents. Colwyn's elected Tax Collector is responsible for billing and collecting the current real estate taxes. There are several initial simple steps that the Tax Collector can institute to improve tax collection rates before instituting either more time and cost intensive collection strategies. These simple methods include:

- Having the tax rate and due dates clearly stated on an easy to find place on the website including who to contact with questions.
- Re-design the tax bill to clearly state due dates for the discount and on-time, and the amounts due, the responsibility of the taxpayer and consequences for not paying on time.
- Clearly state how to set up a payment plan.
- Include on the website a draft bill pointing out the different parts and the responsibilities of each resident.
- Do reminder notices or calls to residents about the upcoming real estate tax season and who they can contact for questions.
- After the official due date is passed, immediately start a letter and call campaign to those who have not yet paid.

The Borough's current real estate tax collection rate is approximately 84.5 percent. The estimated revenue improvement presented in this recommendation assumes a gradual improvement in tax collections to reach a collection rate just over 90 percent by 2019.

REV02 – CONTRACT WITH A TAX COLLECTION SERVICE FOR THE COLLECTION OF THE LST

Responsible Party: Borough Manager	Target Completion: First Quarter 2016			
		2016	2017	2018
		\$10,400	\$10,400	\$10,400
				2019
				\$10,400



Colwyn's LST is listed in the Commonwealth's Official Tax Register, however it is not collected. The Borough should contract with a reputable, third party tax collector. Prior to starting the collections, the Borough should notify all residents that it will start collecting LST. According to the U.S. Census, there are approximately 300 people who work in Colwyn. We conservatively assume that 100 of those employees make below the threshold for LST withholding. Therefore we assume 200 people who work in Colwyn will be paying the \$52 LST each year.

REV03 – ESTABLISH A SEPARATE TRASH FUND

Responsible Party:	Target Completion:
Borough Manager	First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Colwyn collects \$170.50 from each household to pay for trash collection. However, these funds are co-mingled with other Borough revenues and are not directed specifically to pay for trash collection services. All trash fee collections should be deposited into the trash fund with its sole use to pay its contractors for trash collection.

REV04 – ESTABLISH A SEPARATE LIQUID FUELS BUDGET

Responsible Party:	Target Completion:
Borough Manager	First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

The Borough shall also establish a Liquid Fuels Fund as part of its annual budget process. Budgeted expenditure shall be restricted to Liquid Fuels eligible expenses only. The Borough should also take action to remedy deficiencies identified in the most recent report published by the Auditor General, dated July 2015, titled "Borough of Colwyn, Delaware County, Pennsylvania, 23-406, Liquid Fuels Tax Fund, For the Period January 1, 2013 to December 31, 2013."

REV05 – REIMBURSE LIQUID FUELS FUND WITH GENERAL FUND MONIES

Responsible Party:	Target Completion:
Borough Manager	First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.



According to an auditor's report, in recent years the Borough used Liquid Fuels funds for inappropriate uses. The Borough will not receive Liquid Fuels aid from the Commonwealth until it reimburses the Liquid Fuels Fund for these inappropriate uses with General Funds.

Colwyn shall transfer the total amount owed to the Liquid Fuels Fund, \$106,000, from the General Fund as soon as practical and feasible, but not later than December 31, 2016. The Borough should be mindful of its General Fund cash position before transferring funds to Liquid Fuels and ensure that such a transfer would not result in a cash shortfall for general operations. The financial implications of this recommendation are explained in the following recommendation.

REV06 – IDENTIFY GENERAL OPERATING EXPENSES THAT CAN BE APPROPRIATELY SUPPORTED BY LIQUID FUELS FUNDS

Responsible Party: Borough Manager	Target Completion: First Quarter 2016			
		2016	2017	2018
		\$96,000	\$48,000	\$48,000
			2019	\$48,000

The Liquid Fuels Tax Municipal Allocation Law provides municipalities like Colwyn with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. Though these funds are restricted, many of the eligible purposes overlap expenditures that are often paid from general operating funds. The Borough shall identify eligible Liquid Fuels fund uses that have in the past been funded from general operating sources.

The baseline financial forecast assumes that no corrective action is implemented and the Borough will continue to be denied Liquid Fuels funds. After the Liquid Fuels deficiencies are remedied, Colwyn will receive approximately \$48,000 annually, which may be applied, appropriately, to general operating expenses. As of this writing, the Borough's non-compliance has precluded the receipt of its 2015 Liquid Fuels allocation. The projections assume that both the 2015 allocation and 2016 allocation are received in 2016.

Similarly, the \$106,000 in Liquid Fuels funds reimbursed from the General Fund may also be applied to appropriate general operating purposes. For this reason, despite a \$106,000 transfer, the revised financial forecasts assuming corrective action is implemented show a budget neutral financial impact.



TABLE 3.4 –SUMMARY OF REVENUE RECOMMENDATIONS

Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
REV01	Improve Current Real Estate Tax Collections	Tax Collector	\$20,000	\$35,000	\$60,000	\$75,000	Ongoing
REV02	Contract with a Tax Collection Service for the Collection of LST	Borough Manager	\$10,400	\$10,400	\$10,400	\$10,400	First Quarter 2016
REV03	Establish a Separate Trash Fund	Borough Manager	-	-	-	-	First Quarter 2016
REV04	Establish a Separate Liquid Fuels Budget	Borough Manager	-	-	-	-	First Quarter 2016
REV05	Reimburse Liquid Fuels Fund with General Fund Monies	Borough Manager	-	-	-	-	First Quarter 2016
REV06	Identify General Operating Expenses that can be Appropriately Supported by Liquid Fuels Funds	Borough Manager	\$96,000	\$48,000	\$48,000	\$48,000	First Quarter 2016
Total Net Budgetary Impact			\$126,400	\$93,400	\$118,400	\$133,400	



4.0 ADMINISTRATION

4.1 ELECTED AND EXECUTIVE OFFICIALS

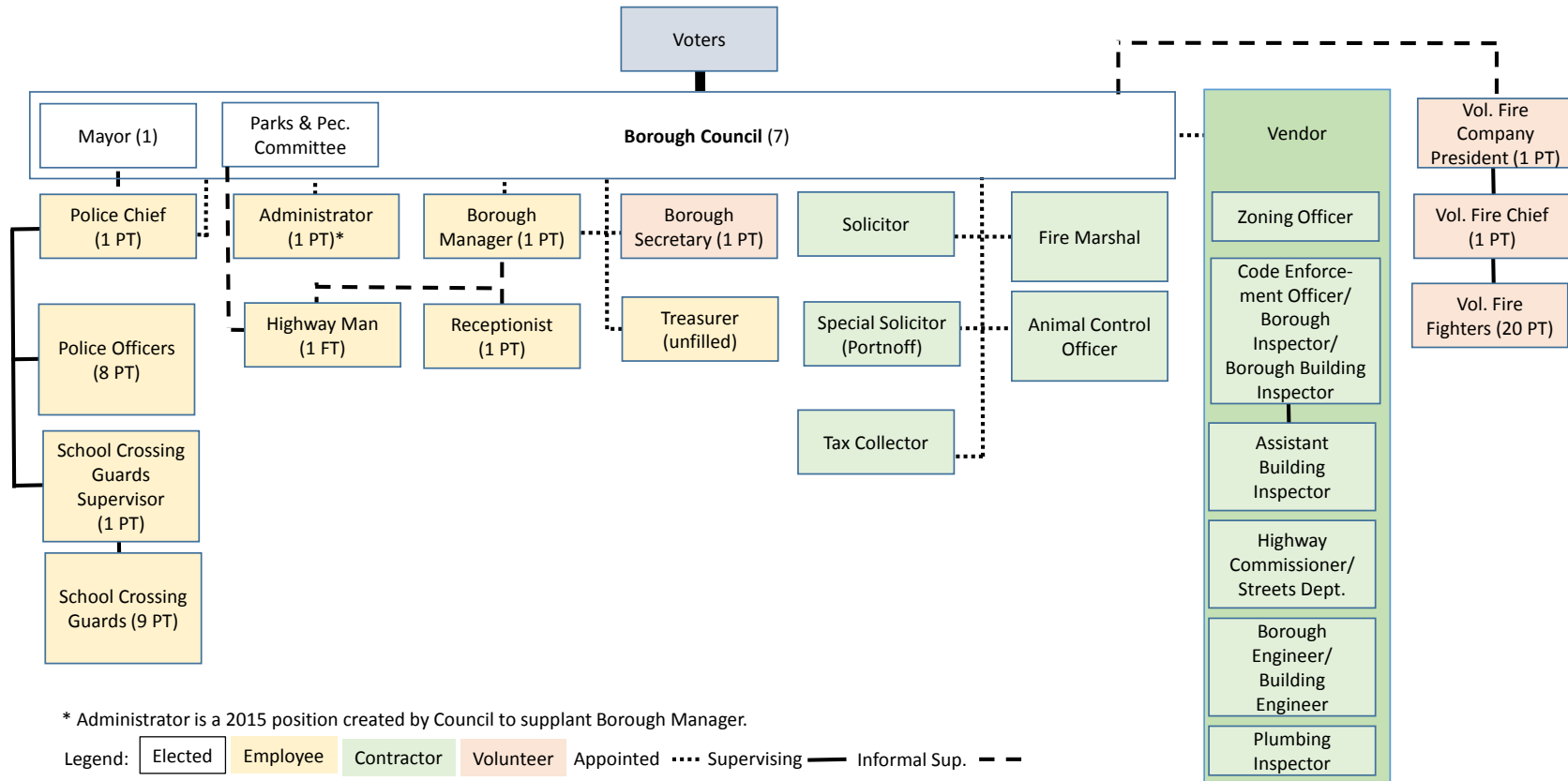
Colwyn Borough was incorporated in 1892 in Delaware County. The Borough is governed by eight elected officials including seven members of Council and the Mayor. Governed by the Council President, Council serves as the legislative body of Colwyn, setting policy, enacting ordinances and resolutions, adopting budgets, and levying taxes.

The Borough Council appoints employees or contractors to administrative and operational positions. Two executive positions required by the Borough Code who are full-time employees include the Borough Manager and the Police Chief. Other Code-required appointees who are currently contractors include the Solicitor, limited purpose Solicitor (delinquent taxes), Tax Collector, and Fire Marshal. Certain appointive Code-required infrastructure-related functions are discharged by various employees of a third-party including the responsibilities of the Code Enforcement Officer (also known as the Borough Inspector and Borough Building Inspector), Highway Commissioner (also known as the Streets Department), Borough Engineer (also known as the Building Engineer), Plumbing Inspector, and the Zoning Officer. Code-required functions of the Animal Control Officer are fulfilled by various vendors. Several positions are unfilled, including the Borough Secretary (unfilled except as volunteer), Treasurer, Health Officer, and Air Pollution Control Officer. Currently, three part-time administrative employees reporting to the Interim Borough Manager include an Administrator, a Receptionist, and a Highway Man (maintenance). The Police Chief supervises eight part-time Police Officers, including one Lieutenant; and the part-time School Crossing Guard Supervisor, who oversees nine part-time Crossing Guards. The volunteer fire company, Colwyn Borough Fire Company Station 92, headed by a volunteer Fire Company President, is quasi-independent and supported by the Commonwealth's fire relief assistance program (funds are accessed as a Borough pass-through).

Although few formal duties are specified in the Code, most financial management and administrative duties are performed by the Borough Manager. The Borough Manager is responsible for formulating the budget, enforcing ordinances established by the Mayor and Borough Council, approving expenditures, supervising other Borough functions, reporting to the Mayor and Council on financial and administrative matters, and hiring employees. The Borough Manager is supported by two part-time business office staffers whose responsibilities include processing payments and receptionist activities.

In terms of formal Code responsibility, the Mayor oversees the Police Department (e.g., signing off on work hours for payroll purposes), the Council Parks and Recreation Committee provides for fulfillment of Code-required parks and recreation functions, and the Borough Secretary is responsible for many administrative functions that are in practice discharged by the Borough Manager. The current volunteer Borough Secretary's duties are limited to taking notes at Council meetings. In practice, in line with its appointing powers, the Council directs employees and contractors at will. The "as-is" organizational structure of the Borough is shown in chart 4.1. As indicated in the chart legend, dotted lines show appointive relationships, solid lines show direct reporting relationships, and dashed lines represent informal (shadow) reporting relationships.

FIGURE 4.1 – BOROUGH OF COLWYN: AS-IS ORGANIZATIONAL STRUCTURE



* Administrator is a 2015 position created by Council to supplant Borough Manager.

4.2 FINANCIAL PROJECTIONS

Administration and Financial Management expenses are projected to be approximately \$464,000 in 2015, up substantially from 2014 levels. The increase in 2015 is primarily due to two key one-time expenses: \$49,000 in past due state unemployment payments (Other Benefits) and approximately \$63,000 in one-time payments for contracted services. Unemployment benefit expenses are expected to decline over time. Contracted service payments were for auditing preparation services, which were required due to poor historic financial record keeping, and the Borough's participation in the Commonwealth's Early Intervention Program. Colwyn was reimbursed by the state for these expenses.

Projected expenses for Administration and Financial are projected to normalize in 2016 and increase modestly from 2017-2019 (see Table 4.1). Expenses from 2016-2019 are actually projected to be lower than 2014 because these baseline (as-is) projections assume that the Borough continues to operate without a full-time manager. In 2014 and a portion of 2015, the Borough employed a full-time manager, whose salary and benefits are reflected in the table below.

Legal services are projected to represent \$75,000 of this function's \$273,000 in expenses for 2016 before normalizing to near \$50,000 in 2017 after pending litigation is resolved. These costs are related to the Borough's solicitor and also special legal services, which includes labor counsel and other legal services associated with law suits involving Colwyn.

TABLE 4.1 – CURRENT BASELINE AND PROJECTED FUTURE EXPENSES FOR ADMINISTRATION AND FINANCIAL MANAGEMENT

Expenses	2014 Actuals	2015 YTD (Thru July)	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Salaries and Wages	\$115,038	\$48,028	\$92,955	\$45,136	\$46,033	\$46,956	\$47,908
Health Insurance	\$27,559	\$7,269	\$7,269	\$0	\$0	\$0	\$0
Other Benefits	\$7,021	\$71,337	\$93,693	\$34,378	\$19,509	\$12,144	\$4,783
Legal Services	\$62,498	\$33,867	\$90,000	\$75,000	\$50,500	\$51,510	\$52,540
Materials and Supplies	\$9,240	\$7,146	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
Contracted Services	\$21,422	\$6,093	\$79,346	\$16,215	\$16,539	\$16,870	\$17,207
Insurances	\$25,397	\$18,472	\$24,211	\$24,695	\$25,189	\$25,693	\$26,207
Utilities	\$31,211	\$6,373	\$15,233	\$15,537	\$15,848	\$16,165	\$16,488
Miscellaneous	\$32,712	\$25,878	\$46,362	\$47,289	\$48,235	\$49,199	\$50,183
Total	\$332,097	\$224,463	\$464,068	\$273,549	\$237,458	\$234,456	\$231,553

4.3 RECOMMENDATIONS

ADM01 – APPROVE, BY ORDINANCE, THE BOROUGH MANAGER’S AUTHORITY OVER ADMINISTRATIVE AND OPERATIONAL FUNCTIONS

Responsible Party: **Borough Council**
 Target Completion: **First Quarter 2016**

	2016	2017	2018	2019
	(\$80,000)	(\$84,000)	(\$88,200)	(\$92,610)

The Commonwealth Borough Code specifies that Council may delegate any of its non-legislative and non-judicial powers and duties of the Council to the Borough Manager. Additionally, with approval of Borough Council, the Mayor may delegate to the Borough Manager any of the Mayor's non-legislative and non-judicial powers and duties. In order to ensure adequate financial management, the Team recommends delegation of these powers, including oversight of the Police Department, to the Borough Manager. The Borough Manager needs to be authorized to direct the Borough Office staff and supervise the work of contractors who have been nominally retained to discharge key functions ensuring the health and safety of residents, such as code enforcement, permit issuance, inspections, and prosecution of violators, as well as generating related fees and fines for Borough coffers. As in other Commonwealth boroughs, the Colwyn Borough Manager will be able to ensure that Borough policies are carried out and that day-to-day business affairs of all functions of the Borough are appropriately supervised. The recommended change would include delegating the Code-required functions of the Borough Secretary to the Borough Manager, since the duties of Borough Secretary per the Code are not being carried out by the appointee with this title, and the Commonwealth Code permits the delegation.

Unless such a clear framework of authority is established for a full-time professional municipal manager, Colwyn Borough will be unable to emerge from its stormy pattern of fiscal distress and conflict over non-legislative responsibilities. As a small jurisdiction, Colwyn Borough should be able to function successfully with a small full-time staff that is led by a professional Borough Manager and supplemented by a cadre of well-managed contractors with expertise in technical areas of municipal government. With this professional administrative and operational framework in place, Council can turn its attention to the customary borough council functions of setting policy, enacting ordinances and resolutions, adopting budgets, levying taxes, approving expenditures, and monitoring operational outcomes and fiscal performance to improve the quality of life of borough residents.

Council should delegate functional authority over administrative and operational functions to the Borough Manager by ordinance. Attached to the report as Exhibit A is the substantial form of the ordinance, which the Council should enact at the same time it enacts the ordinance approving this plan. Attached to the report as Exhibit B is the substantial form of Borough Manager contract which the Borough should enter into with the Borough Manager.

In line with the Commonwealth Borough Code, the appointment agreement with the Borough Manager, substantially in the form attached hereto as Exhibit B, must ensure that the agreement remains in effect for a specified period terminating no later than two years after the effective date of the agreement or the date of the organizational meeting of council following the next municipal election, whichever occurs first.

The Borough Council shall recruit and retain a qualified, experienced Borough Manager to perform these functions. DCED will participate in the candidate evaluation and selection process.

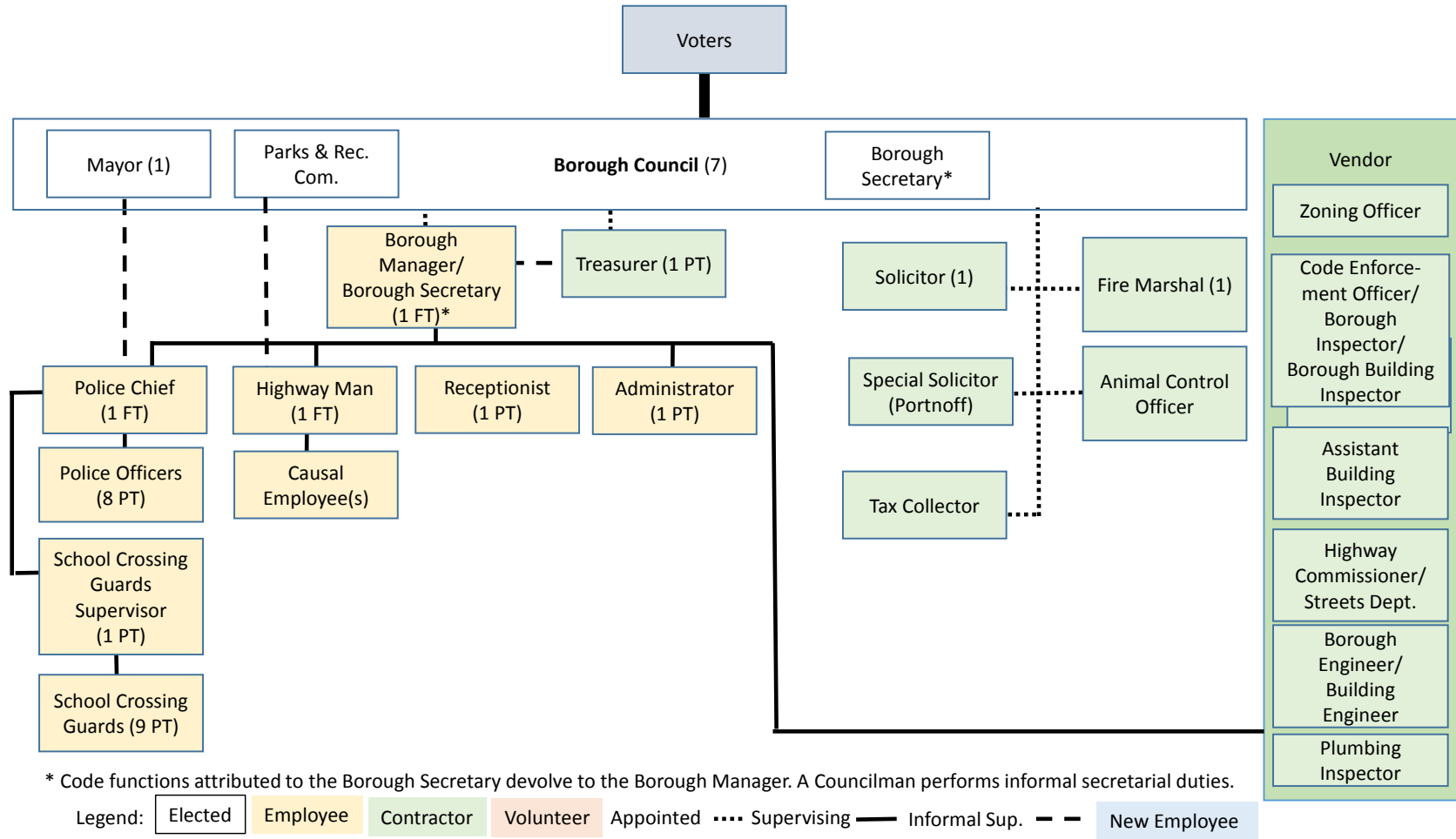
Figure 4.2 reflects the changes of the recommended delegation of authority. Direct reporting lines have been established between the Borough Manager and several executive positions, including the Police Chief and the positions being staffed by employees of Catania Engineering, including Code Enforcement Officer (also known as the Borough Inspector and Borough Building Inspector), Highway Commissioner (also known as the Streets Department), Borough Engineer (also known as the Building Engineer), Plumbing Inspector, and the Zoning Officer. The team believes that Catania has the capacity and skills to continue to adequately discharge Code-required duties. Direct reporting is also extended to the functions of the Animal Control Officer, which are likewise fulfilled by various vendors with adequate capacity to discharge Code-required duties. Additional direct reporting lines are established for currently unfilled executive positions, including Health Officer and Air Pollution Control Officer.

The Borough Manager is also assigned direct reporting relationships with administrative staff, including two part-time office staff workers.

A collegial relationship is established between the Borough Manager and the Treasurer, whose position is reinstated by Council appointment. The Treasurer is the third set of eyes in the separation of duties-oriented financial control system of updated Borough government.

This professionally oriented organizational structure does not permit line and staff positions to take direction from officials other than the Borough Manager. Council must go through the Borough Manager to request action on the part of administrative and operational positions. Borough Council retains appointive relationships with the Borough Manager, Treasurer, Solicitor, limited purpose Solicitor, Tax Collector, and Fire Marshal. The Borough Manager becomes the Borough Secretary, as provided in the Code. As detailed in the Public Safety chapter, the Borough will no longer recognize the fire department, which is removed from the organizational chart. Appointments and delegation of authority are recommended for completion in the first quarter of 2016.

FIGURE 4.2 – BOROUGH OF COLWYN, RECOMMENDED ORGANIZATIONAL STRUCTURE



ADM02 –APPOINT A TREASURER

Responsible Party: Target Completion:
Borough Council First Quarter 2016

2016	2017	2018	2019
(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)

The Council restores the appointment of the Treasurer, who shall be a contractor charged to work cooperatively with the Borough Manager to achieve adequate financial management controls, such as bank reconciliation and sharing the duty of check signing with the Borough Manager, which will strengthen separation of duties. Additional Code-required duties will include carrying out the Borough Code responsibilities and duties of the designated insurance officer. This appointment is recommended for the first quarter, as an essential step in improving Borough financial controls.

4.4 FINANCIAL MANAGEMENT

Recent disruptive events at the Borough have put financial records in a shambles, such as:

- The removal of financial records from the Borough Office and the impoundment of Borough records by the Delaware County District Attorney.
- Existing QuickBooks entries for 2014 and 2015 that may not be completely reliable for determining financial position.
- The inability of the Borough Office staff to enter financial transactions into the QuickBooks accounting system, and the resulting proliferation of shadow systems, such as Microsoft Excel and manual records.
- The failure of the Borough Council to appoint a new full-time professional Borough Manager to oversee proper financial management.
- The failure of the Borough Council to appoint a Treasurer, who is responsible for receiving revenue in the Borough code, and should oversee debt issuance and evaluate investment opportunities.
- The stop-gap appointment of Borough Office employees without financial management knowledge or training to positions requiring cash management, transaction recording, and reporting.
- The extent of password access to financial systems and other records is unknown, and the integrity of records and reporting is unclear.

In addition, a culture of informality prevails in the practices of affairs at the Borough, where no one professional with knowledge of financial management and controls oversees the finances of the Borough, authorizes expenditures, and closely monitors revenue.



These forces have combined to create a situation in which all areas of financial management either require improvement or creation from scratch.

4.5 RECOMMENDATIONS

ADM03 – DEVELOP AND ADOPT A POLICIES AND PROCEDURES MANUAL

Responsible Party:	Target Completion:
Borough Council / Manager	Second Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

To rectify the lack of standard basic practices of financial control, a comprehensive manual of policies and procedures for financial functions needs to be developed within the first three months of 2016. A written policies and procedures manual should clearly delineate fiscal and financial duties and responsibilities for the Borough Manager, Clerk, Treasurer and all administrative and operational positions that handle cash (e.g., petty cash) or receipts, or authorize work hours for payroll purposes. Such a manual would not only enforce internal controls and procedures in processing transactions, but also facilitate the training and education of new employees.

The manual will cover: Cash management and control, general accounting, payroll accounting, budgeting and financial reporting, inventory and fixed-asset/capital accounting, the bidding process, travel and entertainment, risk management, and internal audit. Specific recommendations for these functions are outlined below. As an essential step in establishing adequate financial controls, development of the manual is recommended for the first six months of the plan.

The policies and procedures manual is not to be confused with an employee handbook, which is also recommended in the Workforce chapter.

ADM04 – DEVELOP JOB DESCRIPTIONS REFLECTING MANUAL RESPONSIBILITIES AND PLAN RECOMMENDED REPORTING RELATIONSHIPS

Responsible Party:	Target Completion:
Borough Council / Manager	Third Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

A principal reason for delays in paying vendors on time appears to be lack of accountability for timely payments. For substantial improvement in overall Borough performance, job descriptions

that hold employees accountable need to be integrated with standard procedures, employee performance appraisal, and an unambiguous reporting structure. Development of job descriptions is recommended for completion in the first nine months of 2016, to ensure that systems are integrated for adequate functionality of control and authority.

A position description for the Borough Manager needs to reflect the manual and Plan recommended reporting relationships, as well as delegated duties recommended in the Plan. Attached to this plan as Exhibit B is a Form of Contract for the Borough Manager, which includes, as an attachment, a Borough Manager position description.

Administrative job descriptions, not currently extant, need to be developed in accord with the policies and procedures of the Manual, as well as the reporting relationships recommended in the Plan and appropriate Borough Code provisions. A position description is needed for a Clerk to assist the Borough Manager in finance functions and the administration of the Borough Office. The equivalent of a position description reflecting the Manual and Plan-recommended reporting relationships needs to be incorporated into the qualifications and scope of work of contract with the Treasurer.

The equivalent of a position description reflecting the Borough Code and Plan-recommended reporting relationships needs to be incorporated into the qualifications and scope of work of contracts for executive administrative support functions, including the Solicitor, limited purpose Solicitor (delinquent taxes), Tax Collector, and Fire Marshal.

Position descriptions for Police Department positions, including crossing guards and the crossing guard supervisor, need to be developed to reflect Commonwealth law and the Colwyn Borough Code, as appropriate.

The equivalent of a position description reflecting the Borough Code and Plan with recommended reporting relationships needs to be incorporated into the qualifications and scope of work of contracts for operational functions. This includes the Code Enforcement Officer (also known as the Borough Inspector and Borough Building Inspector), Highway Commissioner (also known as the Streets Department), Borough Engineer (also known as the Building Engineer), Plumbing Inspector, Zoning Officer, and Animal Control Officer.

ADM05 – DEVELOP EMPLOYEE PERFORMANCE APPRAISAL SYSTEM

Responsible Party:	Target Completion:
Borough Council / Manager	Fourth Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

All employees should be evaluated on an ongoing, consistent basis. For example, performance appraisal should include accounts payable performance measures. Performance measures help



management determine areas for improvement and recognition of a job well done. Examples of performance measures include:

- Purchase orders processed per week, month or year
- Frequency of errors (exception reporting)
- Attendance and tardiness
- Suggestions for improvement
- Cross-training skills

To ensure that what is required is adequately discharged and measured, an employee performance appraisal system reflecting the policies and procedures manual and job descriptions is recommended for completion in the first three months of 2016. This prioritization will ensure that systems are integrated for adequate functionality of control and authority.

ADM06 – ESTABLISH CASH MANAGEMENT AND CONTROL PRACTICES AND PROCEDURES

Responsible Party:	Target Completion:
Borough Manager	First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Among the standard financial management practices that are not occurring on a regular basis are cash management and control, including:

- Monthly bank reconciliations of financial transactions
- Daily records for petty cash, both in the Borough Office and at the Police Station
- Safe storage for cash at the Borough Office
- Standardized secure cash transportation practices
- Timely payment of obligations
- Precise management of balances among bank accounts, resulting in fluidity in the integrity of accounts
- Monthly reporting of fees collectable by several accountable positions, such as the Fire Marshal, the Police Chief, and the Code Enforcement Officer
- Secure password controls for financial and other systems

Procedures for cash management that rectify these deficiencies are, in fact, needed immediately, and should be formalized by the end of the first quarter in 2016. The Recovery Team is working with the Interim Borough Manager to develop best practice-infused procedures that are workable in the Colwyn Borough context.

ADM07 – ESTABLISH GENERAL ACCOUNTING PRACTICES AND PROCEDURES

Responsible Party: Target Completion:
Borough Council / First Quarter 2016
Manager

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Among the standard financial management practices that are not occurring on a regular basis is general accounting, including:

- General accounting procedures conducted on a daily basis, such as preparing, approving, reviewing, and posting journal entries; performing reconciliations; and reporting
- Accounts Payable: Daily entry of revenue and expense transactions into the QuickBooks accounting system is not taking place
- Accounts receivable
 - Proactively monitoring of inter-governmental or other nontax recurring revenue
 - Proactive management of third-party providers who are responsible for annual permitting, inspections and fee collection

Since procedures for general accounting need to be established in accord with cash management provisions, training and documentation of improved procedures in the first quarter of 2016 is recommended.

ADM08 – ESTABLISH PAYROLL ACCOUNTING PROCEDURES

Responsible Party: Target Completion:
Borough Council / First Quarter 2016
Manager

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Among the standard financial management practices that are not occurring on a regular basis is payroll accounting, including:

- Verification of the weekly work hour records of all Borough employees.
- Monitoring each payroll and reconciling compensation with hourly work records.
- Control of passwords that would enable communication with the payroll vendor.

Since work hours are being submitted to the Borough Office for payment in unverifiable lump sums and work hours of employees who arrive before the Office opens cannot be verified, it is possible that payroll expense in the Borough does not accurately reflect work effort. Payroll inaccuracies also result in erroneous monthly estimate of financial position, since labor is the largest area of Borough expense. Establishing improved payroll accounting practices is recommended for the first quarter of 2016, to ensure accuracy and avoid unnecessary cost.

Submission of unverifiable lump sum time sheets is also a problem because the practice indicates a lack of understanding at the Borough that time sheets are a formal part of a financial control system. A time sheet is like a blank check, and payroll fraud is a type of criminal theft. Financial control goals include (1) ensuring that employees are paid for all of their earned work time; and (2) preventing payment for time not worked. Extensive controls are needed to ensure that only accurately recorded time is compensated by an employer. Time sheet fraud prevention includes such provisions as:

- Employees signing and certifying their time sheets and obtaining approval from a supervisor or designated authority.
- Establishment of electronic time sheet systems with passwords or other access controls to prevent employees from accessing supervisor or approval fields.
- Prohibiting employees from approving their own time sheets.
- Designation of one supervisor at each location of employees who work at multiple locations, to approve time sheets prior to certifying them for payment.
- Careful review of managers' overtime requests, since policies should prohibit managers from receiving overtime.
- In addition to the Plan recommendations that part-time employees should not receive overtime--especially as a back-door method of approximating full-time compensation--policies applicable to full-time employees should include a provision that prevents overtime in excess of a certain percentage of an employee's base salary, such as 25 percent, unless specifically approved by the Borough Manager. In these cases, to ensure that employees have obtained the required approvals, the software for the payroll systems should routinely prepare exception reports that list any overtime that exceeds the policy limit.

Establishing improved payroll accounting practices is recommended for the first quarter of 2016, to ensure accuracy and avoid unnecessary cost.

ADM09 – ESTABLISH BUDGETING AND FINANCIAL REPORTING PROCEDURES

Responsible Party:	Target Completion:
Borough Manager	First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Among the standard financial management practices that are not occurring on a regular basis are budgeting and financial reporting, including:

- Monthly financial projections to the end of the year.
- Monthly variance analysis.
- Provision to the Borough Council of reliable monthly financial reports.
- Review of financial position with operating departments or third-party providers, for the purposes of taking corrective action.

Without knowledge of its monthly financial position, Colwyn Borough practice fails to meet the standard established in the Commonwealth Borough Code, which stipulates that no borough order shall be authorized by council or signed by the president or secretary of any council unless there are sufficient funds in the treasury of the borough to pay the same, and no orders shall be made payable at any time in the future or draw interest. Since establishing accurate monthly reporting on year to date revenue and expense, as well as projections to year end is critical to adequate financial management, improved practices are recommended for the first quarter of 2016.

ADM10 – ESTABLISH INVENTORY ACCOUNTING AND FIXED ASSET / CAPITAL ACCOUNTING

Responsible Party:	Target Completion:
Borough Manager	Second Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Among the standard financial management practices that are not occurring on a regular basis are Inventory accounting and fixed asset/capital accounting, including:

- Maintenance of a standard physical inventory of assets owned by the Borough, such as vehicles and property.
- Maintenance of depreciation tables.
- Monitoring capital expenditures against appropriations.
- Maintenance of inventory of supplies related to capital assets.

The Borough does not have an inventory or evaluation of physical assets. Best practices call for periodic inventory counts on a consistent basis with periodic spot checks. An employee other than the custodian of assets should conduct counts annually, at a minimum, and assign identification tags. Administration of assets should include the purchasing, leasing and disposal of assets to include, but not limited to, computer hardware, computer software, printers, copiers, fax machines, vehicles, and furniture. Assets under \$500 in value should also be included (e.g., power tools, monitors, etc.). Because the Borough should endeavor to ensure funds are expended appropriately and assets accounted for periodically, establishment of inventory controls and management is recommended for completion by the end of the second quarter of 2016.

ADM11 – ESTABLISH WORK ORDER PROCEDURES

Responsible Party:	Target Completion:
Borough Manager	Second Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

As a corollary to the lack of an inventory system, work orders, which frequently involve purchasing, appear to occur at the Borough on an ad hoc basis without reference to current financial position. Work orders should be proactive, originating from those who are most highly dependent on replacement of materials and supplies, such as Maintenance (“the Highway Man”) or the Police Department, based on inventory assessment. Best practice indicators include:

- 90% of work orders generated by preventive maintenance inspections.
- Spare-parts stock-outs occur less than once per month.
- Budget expense is within +/- 2%.

At a minimum, the Clerk would determine if there is a budget line for a work order expense, whether funds are adequate, and make a recommendation for approval to the Borough Manager. Additionally, avoidance of unnecessary delay includes such simplification as two signatures on a check, which obviates the need to find three signers, including the Borough President, and ensures adequate separation of duties through signatures from the preparer (Borough Manager or Clerk) and the approver, the Treasurer. Development of work order procedures should conclude by the end of the second quarter of 2016.

ADM12 – ESTABLISH A BEST-PRACTICE CONTRACT BIDDING PROCESS, INCLUDING A QUALIFIED VENDOR LIST

Responsible Party:	Target Completion:
Borough Manager	Second Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.



Although the Borough Code calls for an annual bidding process for materials and labor, there is no standard practice supporting this requirement or maintaining a qualified vendor list. Ultimate authority for approving contracts should reside with the Borough Manager, who is in the best position to determine whether funding warrants an expense. The Borough Manager should also be delegated ultimate authority for the final selection of vendors and the establishment of a qualified vendor list.

In general, for the purchase or rental of supplies, materials, equipment, or the construction, alteration, repair, or maintenance of real or personal property, the Borough should adhere to the following guidelines:

- For contracts estimated to have a value in excess of \$50,000, jurisdictions should use sealed bids, solicited by public notice, and awarded to the lowest responsible bidder.
- For contracts estimated to be worth between \$10,000 and \$50,000, jurisdictions can either use the sealed bid process or directly negotiate based on quotations. Two or more quotes must be obtained if possible, and the quotations must be kept on file for at least one year.
- Contracts with estimated values of \$10,000 or less may be made either upon quotation or in the open market. If quotations are used, at least two quotes must be obtained if practicable, and the quotation must be kept on file for at least one year.

Depending on the service required, the form of the solicitation should be either an invitation to bid (large construction projects), request for proposals (usually professional services), or requests for quotes (for work on a unit cost basis).

In requesting pricing and equipment quotes for a wide range of contract services, the Borough should establish a pre-qualified vendor list in order to be able to respond to a variety of situations, including but not limited to: Hauling (gravel, water); sweeping; equipment rental; electrical repair; mowing; tree work and/or removal; fencing repairs (chain link and wood); junk removal; snow removal; amenities installations (bench, sign, garbage receptacle); excavation; general landscape laborer (per hour, e.g., for tree lighting, string trimming). In this case, vendors are requested to include an equipment list complete with hourly rates, availability, equipment charges, labor and any other costs associated with services offered.

When a minimum of two or more bids or quotes have been received, the Borough Manager should convene a bidding committee of three to select qualified vendors. The committee should include the respective manager or senior representative employee for each Borough function vendors will serve.

Having identified vendors through a competitive review process, the Borough should establish and maintain a vendor list encompassing qualified vendors among whom employment must select in obtaining repair services. Development of bidding and qualified vendor list procedures should conclude by the end of the second quarter of 2016.

ADM13 – ESTABLISH TRAVEL AND BUSINESS RELATED EXPENSE POLICIES AND PROCEDURES

Responsible Party: Target Completion:
Borough Manager Second Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Among the standard financial management practices that are not occurring on a regular basis are procedures for travel and business related expenses, credit cards, and cash advances, including:

- Approval of cash advances and requests for informal reimbursement. The recovery Team observed an official informally requesting reimbursement from the Borough to compensate a third party for an unbudgeted activity.
- Strict control of Borough credit cards.
- An approval process for the use of Borough credit cards.
- A standard process for approving expense reports.

For travel and business related expenses, detailed records are required to validate reimbursement requests. Borough credit cards should be strictly limited, per the authorization of the Borough Manager. Development of travel and entertainment policies and procedures should conclude by the end of the second quarter of 2016.

ADM14 – ESTABLISH RISK MANAGEMENT POLICIES AND PROCEDURES

Responsible Party: Target Completion:
Borough Manager Third Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

The Borough Code gives the responsibility of insurance officer to the Treasurer, including required reporting to the Commonwealth. In the absence of an incumbent, the degree to which annual premium review and negotiation of insurance is occurring is unclear. The Borough needs to succeed in minimizing losses: Avoiding risk, reducing the frequency and severity of loss, determining when self-insurance is appropriate, and adopting effective measures for controlling risks. Development of risk management policies and procedures should conclude by the end of the third quarter of 2016.

ADM15 – ENSURE THAT POLICE OFFICERS ARE ISSUING NUISANCE NOTICES

Responsible Party: Target Completion:
Borough Council / Mayor Third Quarter 2016

	2016	2017	2018	2019
	\$500	\$750	\$1,000	\$1,000



Nuisance notices undergird the health and safety of residents, protecting them from dangers posed by a broad variety of threats, from illegally harbored pigs to the failure to stop leaking sewage lines. Enforcement of nuisance prevention also produces non-tax revenue for the Borough. Of the positions in the Code that are authorized to issue such notices, only Police Officers are incumbent and present to discharge the responsibility. Nuisance notice issuance by Police Officers should be reinstated in the Borough, for the promotion of health and safety.

ADM16 – REDUCE MATERIALS AND SUPPLIES COSTS BY FIVE PERCENT

Responsible Party: Borough Manager	Target Completion: First Quarter 2016			
		2016	2017	2018
		\$2,500	\$2,500	\$2,500
				2019
				\$2,500

Colwyn's budget challenges demand strict control of each and every operating expense. The Borough should implement a 5 percent reduction in materials and supplies related costs starting in 2016. The 5 percent reduction need not be implemented proportionally across all functions. The Borough's administration and Council may elect to reduce expenses in one area more than another; however, the net impact of savings to the budget should equal approximately \$2,500 in 2016.



TABLE 4.2 – SUMMARY OF ADMINISTRATION AND FINANCIAL MANAGEMENT RECOMMENDATIONS

Initiative	Responsible Party	Budgetary Impact				Target Completion	
		2016	2017	2018	2019		
ADM01	Approve, by ordinance, the Borough Manager's authority over administrative and operational functions	Borough Council	(\$80,000)	(\$84,000)	(\$88,200)	(\$92,610)	First Quarter, 2016
ADM02	Appoint a Treasurer	Borough Manager	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	First Quarter, 2016
ADM03	Develop and adopt a policies and procedures manual	Borough Council / Manager	-	-	-	-	Second Quarter, 2016
ADM04	Develop job descriptions reflecting Manual responsibilities and Plan recommended reporting relationships	Borough Council / Manager	-	-	-	-	Third Quarter, 2016
ADM05	Develop employee performance appraisal requirements	Borough Manager	-	-	-	-	First Quarter, 2016
ADM06	Establish management and control practices and procedures	Borough Manager	-	-	-	-	First Quarter, 2016
ADM07	Establish general accounting practices and procedures	Borough Manager	-	-	-	-	First Quarter, 2016
ADM08	Establish payroll accounting procedures	Borough Manager	-	-	-	-	First Quarter, 2016
ADM09	Establish budgeting and financial reporting procedures	Borough Manager	-	-	-	-	First Quarter, 2016



Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
ADM10	Establish inventory accounting and fixed asset/capital accounting	Borough Manager	-	-	-	-	Second Quarter, 2016
ADM11	Establish work order procedures	Borough Manager	-	-	-	-	Second Quarter, 2016
ADM12	Establish a best-practice contract bidding process, including a qualified vendor list	Borough Manager	-	-	-	-	Second Quarter, 2016
ADM13	Establish travel and entertainment policies and procedures	Borough Manager	-	-	-	-	Second Quarter, 2016
ADM14	Establish risk management policies and procedures	Borough Manager	-	-	-	-	Third Quarter, 2016
ADM15	Ensure that police officers are issuing nuisance notices	Borough Council/Mayor	500	750	1,000	1,000	Third Quarter 2016
ADM16	Reduce materials and supplies costs by 5% annually	Borough Manager	2,500	2,500	2,500	2,500	First Quarter, 2016
Total Net Budgetary Impact			(\$87,000)	(\$90,750)	(\$94,700)	(\$99,110)	



5.0 PUBLIC SAFETY

Public Safety is the most significant expense within the Borough's budget. Salaries and wages alone totaled \$319,454 in 2014. Police Officer salary and wages, including the Chief of Police, totaled \$250,034 in 2014. The overtime costs in the Police Department also totaled \$19,826 in 2014. These costs are projected to decline in 2016 to just below 2014 levels and then increase by 3 percent annually. Crossing Guard wages totaled \$58,144 in 2014. Costs for the Building Inspector, the only Codes Enforcement personnel employed in 2014, totaled \$11,276.

Police pension costs are also significant, with a projected cost of \$109,010 in 2015. Health and dental insurance costs totaled \$64,000 in 2014. The majority of this cost is attributed to retirees. The health care costs for the Chief of Police, the only Public Safety employee eligible for healthcare coverage of any type, are \$4,208 through July of 2015.

The Borough previously supported the Colwyn Volunteer Fire Company. However, in 2014, the Borough withdrew all financial support from the Fire Department. The Borough does employ a Fire Marshal, as necessary. Public Safety insurance costs are also significant, totaling approximately \$117,000 in 2014.



TABLE 5.1 — CURRENT BASELINE AND PROJECTED FUTURE EXPENSES 2014 THROUGH 2019

Expenses	2014 Actuals	2015 YTD (Thru July)	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Salaries and Wages	\$319,454	\$198,184	\$341,286	\$351,525	\$362,071	\$372,933	\$384,121
Overtime	\$19,826	\$16,502	\$28,290	\$17,500	\$18,025	\$18,566	\$19,123
Health Insurance	\$63,683	\$27,793	\$47,644	\$50,503	\$53,533	\$56,745	\$60,150
Pension	\$29,670	\$11,830	\$109,010	\$107,050	\$110,262	\$113,569	\$116,976
Other Benefits	\$27,578	\$16,315	\$27,969	\$28,808	\$29,672	\$30,563	\$31,479
Insurances	\$116,984	\$85,083	\$111,518	\$113,749	\$116,023	\$118,344	\$120,711
Materials and Supplies	\$35,417	\$20,458	\$33,940	\$34,619	\$35,312	\$36,018	\$36,738
Contracted Services	\$6,445	\$9,563	\$13,930	\$9,009	\$9,189	\$9,373	\$9,560
Maintenance & Repairs	\$10,690	\$3,783	\$6,486	\$6,616	\$6,748	\$6,883	\$7,020
Capital Projects	\$3,929	\$1,271	\$2,179	\$2,223	\$2,267	\$2,312	\$2,359
Miscellaneous	\$32,020	\$9,061	\$15,534	\$15,844	\$16,161	\$16,484	\$16,814
Total	\$665,694	\$399,843	\$737,787	\$737,445	\$759,263	\$781,790	\$805,052

5.1 POLICE

The Borough provides 24/7 law enforcement services to the Borough through the employment of a full-time police chief and eight (8) part time police officers. The Borough previously employed additional full time officers, but has operated with part-time patrol officers exclusively since 2010. This is a cost effective practice, as part-time officers receive only an hourly wage and no other benefits. However, concerns have been expressed regarding the turnover in the part-time ranks as a result of the terms and conditions of employment.

The Police Department has been a point of contention within the Borough. Within the past two (2) years, the Department has suffered a number of embarrassing public incidents. At least one neighboring municipality has withdrawn from the parties' mutual aid agreement as a result. In addition, there has long been significant tension within the Borough regarding the Police Department. The Borough Council has attempted to exert control over the Chief of Police and the Department, particularly with respect to scheduling and overtime costs. However, the Mayor and the Chief of Police have resisted these efforts. This contention resulted in the termination of the Chief of Police, and as noted above, the ensuing litigation lasted several years.

Under the Borough Code, the Borough Council and the Mayor share responsibility for the support and proper functioning of the Police Department. The Borough Council, the Mayor, and the Chief of Police must learn to work cooperatively to deliver effective law enforcement services in a cost-effective manner. It appears that if such cooperation is achieved, the Police Department can be effective and an excellent community partner and community service. However, if the Borough is unable to appropriately manage the Police Department, and control the costs of the Department, then the Borough will need to eliminate the Department and seek law enforcement services from



another entity, such as a neighboring municipality or the Pennsylvania State Police. There are terms in the current collective bargaining agreement to provide for such a transition.

5.2 CROSSING GUARDS

The Crossing Guards have also become a point of friction for Colwyn's elected officials. There are allegations that certain Crossing Guards are not performing their duties appropriately, and that Crossing Guards are not held accountable, but these allegations are flatly denied by the Mayor and others. While on duty, Crossing Guards are to be supervised by the Mayor. However, it is Borough Council that is responsible for appointing and removing Crossing Guards. It is unclear whether there are any existing policies, procedures or other guidelines in place governing the work of the Borough's crossing guards. As with the Police Department, the Borough Council, the Mayor and the Chief of Police must put their past differences behind them and must work together to appropriately appoint and supervisor Crossing Guards to ensure that this critical public safety function is delivered to protect the children of the community.

Consistent with the Borough Code, the Borough shares the costs of the Crossing Guards with the William Penn School District. There is no dispute that Crossing Guards represent a significant expenditure for the Borough, with the Borough's portion of the wages totaling approximately \$58,000 in 2014.

5.3 FIRE COMPANY

Recently, the Colwyn Volunteer Fire Company, Station 92, has become a significant concern for the Borough, and the Fire Company is currently under investigation by the Delaware County District Attorneys' Office. There are concerns regarding a lack of training for the firefighters, the handling of the Company's finances and the housing of a children's summer camp at the Fire Hall. There is currently a 0.6 mils Fire Services Tax in place.

The Borough Council has purported to withdraw recognition of the Colwyn Fire Company and to recognize the Darby Fire Company as the fire company for the Borough. However, a review of the Borough's Code of Ordinances indicates that the Borough Council may not have taken all of the necessary steps to properly transfer recognition. There is no dispute that the Borough has withdrawn financial support of the Colwyn Fire Department. In 2015, the Borough elected to return the state aid received for the Fire Department rather than pass it along to the Colwyn Fire Company and the Borough eliminated the Fire Company's insurance coverage.



5.4 CODES ENFORCEMENT

It appears that the Borough's code enforcement efforts are largely non-existent, and that this may in fact be the desire of some members of Borough Council. In the past, it appears that the Borough employed codes enforcement officers, but more recently, the Borough has employed independent contractors to provide codes services, including Building Codes and Property Maintenance. While the costs for these services has remained low as a result of inactivity, revenues from related permits, fees, fines, and penalties have also been minimal.

5.5 RECOMMENDATIONS

PUB01 – ESTABLISH A POLICE POLICY MANUAL

Responsible Party: Target Completion:
 Borough Manager, Mayor, First Quarter 2017
 Police Chief

	2016	2017	2018	2019
	(\$5,000)	-	-	-

An effective, comprehensive police policy manual will guide police officer conduct and reduce legal liability. The Police Department shall appoint a police committee or employ a contractor in order to establish a police policy manual that will guide the conduct of all police officers. The manual should continue to be reviewed by the Chief of Police, the Mayor, Council and the Borough Manager on an ongoing basis to ensure compliance with the law.

The policy manual must be reviewed by labor counsel prior to implementation to ensure that implementation is effected in a lawful manner. All Police Officers must receive a copy of the new policy manual when implemented and must sign an acknowledgment confirming receipt. The Borough should provide required training on new or updated policies to all Officers and should continue to afford training opportunities to all Police Officers.

PUB02 – DEVELOP A WORK SCHEDULE TO EFFECTIVELY DEPLOY RESOURCES

Responsible Party: Target Completion:
 Borough Manager, Mayor, First Quarter 2016
 Police Chief

	2016	2017	2018	2019
	\$10,000	\$10,000	\$10,000	\$10,000



While the Department has managed to run efficiently with part time officers, overtime costs have increased in recent years. The Borough should consider reexamining the current police deployment schedule in an effort to more effectively utilize part time officers and eliminate overtime in the police department. The Borough should work with DCED to engage a police expert to explore possible schedule changes that could maximize the use of part time officers and reduce overtime.

PUB03 – EXPLORE ALTERNATIVES FOR POLICE SERVICE DELIVERY

Responsible Party:	Target Completion:
Mayor and Borough / Manager	Fourth Quarter 2017

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Colwyn should explore the value and feasibility of alternative police service delivery methods such as contracted or regionalized police services. Colwyn's relatively small size (population: 2,500) and close proximity to several other jurisdictions – each with its own police chief and police force – make the Borough a candidate for contracted or regionalized services.

Regionalized police services offer a number of benefits, including improved uniformity and consistency of police enforcement, improved coordination of law enforcement services, improved distribution and deployment of police personnel and reduced costs⁵. According to the DCED, cost savings from regionalized police services generally take five years to achieve, depending on the characteristics of the community and the objectives of consolidation. DCED studies also show that regionalized police operating costs are, on average, 24 percent less than comparable non-regionalized services.

However, there are also some downsides to contracted services and regionalization, such as some loss of local control and potentially weaker contact with citizens. Moreover, other obstacles to regionalization exist including labor contract and management control issues.

⁵ "Regional Police Services, A Manual for Local Government Officials." Department of Community and Economic Development. 2007.



PUB04 – EXPLORE LESS COSTLY INSURANCE COVERAGES

Responsible Party: Target Completion:
Borough Manager Fourth Quarter 2016

	2016	2017	2018	2019
	\$10,000	\$10,000	\$20,000	\$20,000

The Borough currently expends a significant amount for insurance coverage, but the policies also have significant deductible obligations for the Borough. The Borough must explore other insurance options to reduce costs. The Borough must consider lower deductible requirements as well. In addition, if the Borough is able to improve its policies and procedures, and as a result, its delivery of law enforcement services, its number of claims should be reduced. This should also lead to reduced premiums.

PUB05 – ESTABLISH JOB DESCRIPTIONS, POLICIES AND PROCEDURES FOR CROSSING GUARDS

Responsible Party: Target Completion:
Borough Manager, Mayor, Police Chief First Quarter 2016

	2016	2017	2018	2019
	(\$2,500)	-	-	-

The Mayor and the Chief of Police shall develop job descriptions for the Crossing Guards and the Crossing Guard Supervisor. The description should outline job responsibilities and required qualifications. The Mayor and the Chief of Police should also develop appropriate policies and procedures governing the conduct of Crossing Guards. The guidelines for the Crossing Guards, which should govern schedules, safety procedures, guard conduct, etc. should be formalized in a written policy to be adopted by the Borough Council. The Chief of Police, through the Mayor, should be directed to provide the necessary training and assistance to Crossing Guards on a day-to-day basis.

PUB06 – FORMALLY RECOGNIZE DARBY FIRE DEPARTMENT

Responsible Party: Target Completion:
Borough Council First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.



It appears that Council has indicated its desire to recognize the Darby Fire Company as the Borough's Fire Services provider. The Borough must confirm that Darby Fire Company remains willing to provide services to the Borough. If so, the Borough shall pass the appropriate ordinance authorizing the Darby Fire Company Number 1 to provide fire services to the Borough. The Borough should direct any and all future state aid to the Darby Fire Company. This will allow the Borough to recognize significant savings on insurance costs, which was eliminated in 2015.

PUB07 – CONVERT FIRE SERVICES TAX TO GENERAL MILLAGE

Responsible Party: **Borough Council**
Target Completion: **First Quarter 2016**

	2016	2017	2018	2019
	\$25,000	\$25,000	\$25,000	\$25,000

The Borough shall repeal the Fire Services Tax Ordinance and pass the appropriate, corresponding Ordinance to increase the general tax rate by .6 mils. This will result in no impact on taxpayers; however, the Borough will recognize an approximately \$25,000 increase in general fund revenues.

PUB08 – ENHANCE CODES ENFORCEMENT EFFORTS

Responsible Party: **Borough Council and Manager**
Target Completion: **First Quarter 2016**

	2016	2017	2018	2019
	(\$5,000)	-	\$5,000	\$15,000

The Borough shall continue to utilize contractors to provide codes enforcement services. However, the Borough shall develop a more comprehensive codes enforcement program that will enhance revenues received from permits, fees, fines and penalties. This important public safety function will also improve the safety of the Borough and improve the quality of life for residents. The Borough should conduct a review of the current costs of permits, fees, fines and penalties and consider increasing these schedules.

The codes enforcement officer(s) shall coordinate with the Chief of Police and the Borough Engineer as appropriate to ensure appropriate enforcement and collection of required permits fees, fines, and penalties. On a quarterly basis, the Borough Council shall review reports of codes enforcement activities to ensure that the codes enforcement activities remain robust, and that appropriate revenues are received from enforcement activities.



TABLE 5.2 – SUMMARY OF PUBLIC SAFETY RECOMMENDATIONS

Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
PUB01	Establish a Police Policy Manual	Mayor, Borough Manager, and Police Chief	(\$5,000)	-	-	-	First Quarter 2017
PUB02	Develop a Work Schedule to Effectively Deploy Resources	Mayor, Borough Manager, and Police Chief	\$10,000	\$10,000	\$10,000	\$10,000	First Quarter 2016
PUB03	Explore Alternatives for Police Service Delivery	Mayor and Borough Manager	-	-	-	-	First Quarter 2017
PUB04	Explore Less Costly Insurance Coverages	Borough Manager	\$10,000	\$10,000	\$20,000	\$20,000	Fourth Quarter 2016
PUB05	Develop Job Descriptions, Policies and Procedures for Crossing Guards	Mayor, Borough Manager, and Police Chief	(\$2,500)	-	-	-	First Quarter 2016
PUB06	Formally Recognize Darby Fire Company	Borough Council	-	-	-	-	First Quarter 2016
PUB07	Convert Fire Services Tax to General Millage	Borough Council	\$25,000	\$25,000	\$25,000	\$25,000	First Quarter 2016
PUB08	Enhance Codes Enforcement Efforts	Borough Council and Borough Manager	(\$5,000)	-	\$5,000	\$15,000	First Quarter 2016
Total Net Budgetary Impact			\$32,500	\$45,000	\$60,000	\$70,000	



6.0 INFRASTRUCTURE AND MAINTENANCE

6.1 DESCRIPTION OF RESPONSIBILITIES

The Highways and General Services Department is charged with maintaining the publicly owned infrastructure of Colwyn, including roads, facilities, and parks. The department provides snow and ice removal, street sign repair, pothole repair, street cleaning, sewer pipe maintenance, and grass cutting services. The department is also responsible for managing the Borough's facilities, including Borough Hall and Colwyn's parks and recreational facilities.

The department is comprised of one full-time employee who receives occasional support from part-time workers. In the past, the Borough has staffed the department with two or three full-time employees, but has reduced staff in recent years for budgetary savings.

Though not budgeted in the Highways and General Services Department, the Borough's other infrastructure and maintenance services include rubbish and recycling collection. Colwyn contracts with a third party to collect rubbish twice per week, year round, and recycling once per week (though on a separate day than trash pick-up). The Borough imposes a \$170.50 trash fee on each household to support rubbish collection activities and payment obligations to the Delaware County Solid Waste Authority ("DCSWA").

6.2 FINANCIAL RESULTS AND PROJECTIONS

Expenses for infrastructure and maintenance were approximately \$293,000 in 2014, representing 23 percent of operating costs. Costs are driven primarily by the Borough's contract with its third party rubbish collector, Suburban Waste, which totals approximately \$108,000 in 2015. Combined with the Borough's DCSWA fee, sanitation services represent about half of all infrastructure and maintenance costs.

Personnel costs, including salaries and wages, health insurance, and pension costs, are projected to be \$81,000 in 2015 (27 percent). After sanitation costs and personnel costs, the next highest cost component of infrastructure and maintenance is general contracted services, which include engineering services, general maintenance, and building support. These costs are projected to decline in 2016 closer to 2014 levels and then increase annually at the rate of inflation.



TABLE 6.1 – ACTUAL AND PROJECTED INFRASTRUCTURE AND MAINTENANCE BUDGET EXPENSES 2014 THROUGH 2019

Expenses	2014 Actuals	2015 YTD (Thru July)	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Salaries and Wages	50,410	24,418	41,860	43,115	44,409	45,741	47,113
Overtime	0	1,213	2,079	2,141	2,205	2,271	2,340
Health Insurance	14,063	8,471	14,521	15,392	16,316	17,295	18,332
Pension	23,009	777	18,932	18,932	19,500	20,085	20,688
Other Benefits	3,921	1,974	3,846	3,961	4,080	4,203	4,329
Insurances	33,411	24,300	31,850	32,487	33,137	33,800	34,476
Materials and Supplies	2,151	591	1,013	1,034	1,054	1,075	1,097
Contracted Services	10,959	32,510	46,280	36,606	37,338	38,085	38,847
Utilities	6,725	982	3,000	3,060	3,121	3,184	3,247
Maintenance and Repairs	4,768	778	2,000	2,040	2,081	2,122	2,165
Sanitation Services	143,948	79,489	136,268	138,993	141,773	144,608	147,500
Total	\$293,364	\$175,503	\$301,649	\$297,762	\$305,014	\$312,469	\$320,133

Source: Borough of Colwyn Bank Account Statements, Borough records

6.3 RECOMMENDATIONS

INF01 – SET TRASH FEE TO OFFSET THE FULL COST OF RUBBISH AND RECYCLING COLLECTION

Responsible Party: **Borough Council**
 Target Completion: **First Quarter 2016**

	2016	2017	2018	2019
	\$14,993	\$17,773	\$20,608	\$23,500

The Borough is projected to collect approximately \$124,000 in trash fees in 2015 compared to \$136,000 in projected costs, which include payments to Colwyn's third party trash collector and the DCSWA. The Borough should either raise the trash fee to cover the full cost of sanitation service, or reduce service levels to match the fee.

Twice per week trash pick-up is a relatively high level of service, especially for communities in Pennsylvania's distressed municipalities program. Of the 20 Act 47 communities the Recovery Team contacted, none offered twice per week trash and several did not offer weekly recycling. Reducing trash service to once per week (and ideally on the same day as recycling service) would put Colwyn in line with other jurisdictions and would also allow the Borough to reduce trash fees for residents who already pay some of the highest tax rates in Delaware County.



INF02 – ENGAGE THIRD PARTY TAX COLLECTOR TO COLLECT DELINQUENT TRASH FEES

Responsible Party: **Borough Council**
 Target Completion: **First Quarter 2016**

	2016	2017	2018	2019
	\$10,000	\$10,000	\$17,500	\$17,500

The Borough contracts with a third party to collect delinquent real estate taxes and sewer fees. Colwyn should also engage the third party to collect delinquent trash fees. The Borough's real estate tax collection rate was approximately 83 percent in 2014, which is low compared to most other municipalities whose current collection rates are usually above 95 percent. Since the trash fee appears on the same bill as the real estate tax and sewer fee, it is reasonable to conclude that Colwyn also has a low trash fee collection rate, as well.

It is difficult to estimate the recurring budgetary impact of implementing this initiative. However, since both the current trash fee and the sewer fee are billed together, and the Borough uses a third party to collect delinquent sewer fees, we estimated potential delinquent trash collections based on the sewer fee and its delinquent collections.

- First, the annual trash fee is \$170.50, 46.5 percent of the \$365.00 sewer fee.
- Second, over the past four years, approximately \$39,000 was collected each year in delinquent sewer fees.
- Therefore, if the third party delinquent sewer fee collection rate is consistent with delinquent trash collections, annual collections will equal approximately \$18,000.

To be conservative, we estimate \$10,000 in annual delinquent trash fee collections in 2016 and 2017 and \$17,500 thereafter.

INF03 – ADOPT STRATEGY TO IMPROVE RECYCLING RATES

Responsible Party: **Borough Manager**
 Target Completion: **Second Quarter 2016**

	2016	2017	2018	2019
	\$500	\$750	\$1,000	\$1,000

Colwyn should implement programs that encourage its residents to recycle thereby reducing the amount of waste they put on the curb and lowering disposal expenses. The Borough should consider the following strategies to improve recycling rates:

Monitor Recycling Rates: The Borough should measure and record recycling rates on a monthly basis. The recycling rate report should be reviewed by the Borough Manager on a regular basis and reported to Borough Council on at least a quarterly basis. Recycling reports should be



compared solid waste disposal levels to determine the effect of rising/falling recycling rates on trash levels.

Education and Community Outreach. The Borough should identify new ways to promote recycling including putting signs in Borough Hall; reporting recycling rates regularly at Borough Council meetings; encouraging a word-of-mouth campaign among community leaders; and making special efforts to get mentions in local news publications.

Grants for Recycling Bins. Colwyn should pursue grant support to provide recycling bins for Borough residents.

Consider Recycling Incentive Programs. If the Borough makes a move to curbside recycling, Colwyn should consider recycling incentive programs that have been successful in other communities. One such program is RecycleBank. Under the RecycleBank program, residents receive credit for the weight of materials they recycle, which is scanned and recorded through a computer chip embedded in the garbage bins when they are picked up by the sanitation crew. The residents exchange that credit for coupons at various local businesses.

INF04 – DEVELOP FORMALIZED DEFERRED MAINTENANCE AND CAPITAL IMPROVEMENT PROGRAM

Responsible Party: Target Completion:
Borough Manager and Third Quarter 2016
Department Heads

	2016	2017	2018	2019
	(\$90,000)	(\$60,000)	(\$60,000)	(\$60,000)

The Borough currently tracks deferred maintenance and department heads discuss capital improvement issues with Borough officials on a periodic basis. The Highways and General Services Department should formalize its deferred maintenance tracking and construct a multi-year capital improvement plan. The plan should include an asset inventory assessment, estimated costs, ongoing operating budget implications, and useful life of assets with special emphasis on the sanitation sewer system. The plan should be developed in conjunction with other department heads and the Borough Manager and shared with Borough Council.

The Borough's recent expenditure records show low levels of capital investment, which results in short-term savings, but will likely lead to increased maintenance and repairs expenditures in the long-term. Moreover, as capital needs pile up, the Borough may not have the ability to manage what capital spending can be deferred into the future and Colwyn may be faced with urgent, unplanned capital needs that it cannot financially afford.



As a starting baseline, the Borough should budget \$60,000 annually for capital improvements and adjust the required funding amount based on a closer review of capital needs.

The recommendation also assumes \$30,000 for professional assistance for the asset inventory and capital needs assessment. As noted in Chapter 9, the Plan recommends grant support from the Commonwealth to help defray these costs.

INF05 - SPREAD DEPARTMENT WORKLOAD BY EXPLORING SHARED SERVICE ARRANGEMENTS, INCREASING CASUAL EMPLOYEES, AND/OR INCREASING USE OF CONTRACTED SERVICES

Responsible Party:
Borough Manager

Target Completion:
Second Quarter 2016

	2016	2017	2018	2019
	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)

The Highways and General Services Department is charged with providing a wide range of services that currently falls primarily on the shoulders of one full-time employee. The Borough should use casual employees and increase use of contracted services to spread the workload across the department. In particular, casual employees and/or contracted services should be considered for grass cutting in the Borough's parks and snow and ice removal.

The Highways and General Services Department already has informal shared services relationships with nearby communities. The department shares equipment and sometimes receives help from personnel from other governments for small projects. These informal relationships have developed and endured over time due to the longevity of existing staff and its ability and willingness to help each other.

Before engaging a contractor for any highways service, the Borough should explore formally partnering with its surrounding jurisdictions. In particular, snow removal is a strong candidate to be addressed through an intergovernmental arrangement. The Borough's small size and limited mileage of streets would not increase the workload for an adjacent jurisdiction that is already providing snow removal service. The Borough Manager should engage the surrounding communities to gauge interest, feasibility, and cost of having highways services provided by another entity.



INF06 – ADOPT REGULAR SCHEDULE FOR ROUTINE MAINTENANCE AND PREPARATION FOR SCHEDULED EVENTS

Responsible Party: Target Completion:
Borough Manager and **First Quarter 2016**
Highways Department

No direct budgetary impact; will result in efficiency gains and productivity improvement.

The Highways and General Services department staff has a diverse set of responsibilities and limited manpower – just one full-time employee. As noted above, with additional seasonal help, the department should have the resources to address its responsibilities adequately. However, staffing levels are irrelevant if employees are not given clear instructions and sufficient time to prepare for scheduled events at Borough facilities and parks.

Since the department’s responsibilities are wide-ranging, staff must prioritize tasks. Borough Council and the Borough Manager should coordinate to ensure that the Borough Manager is aware of when Colwyn facilities are scheduled to be used, for what purpose, and preparation needed to accommodate the users. The Borough Manager should give the Highways and General Services staff as much advance notice as possible – ideally at least one week.



TABLE 6.2 – SUMMARY OF INFRASTRUCTURE AND MAINTENANCE RECOMMENDATIONS

Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
INF01	Set trash fee to offset the full cost of rubbish and recycling collection	Borough Council	\$14,993	\$17,773	\$20,608	\$23,500	First Quarter 2016
INF02	Engage third party tax collector to collect delinquent trash fees	Borough Council	\$10,000	\$10,000	\$17,500	\$17,500	First Quarter 2016
INF03	Adopt strategy to improve recycling rates	Borough Manager	\$500	\$750	\$1,000	\$1,000	Second Quarter 2016
INF04	Develop formalized deferred maintenance and capital improvement program	Borough Manager and Department Heads	(\$90,000)	(\$60,000)	(\$60,000)	(\$60,000)	Third Quarter 2016
INF05	Spread department workload by exploring shared service arrangements, increasing casual workforce, and/or increasing use of contracted services	Borough Manager	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)	Second Quarter 2016
INF06	Adopt regular schedule for routine maintenance and preparation for scheduled events	Borough Manager and Highways Department Head	-	-	-	-	First Quarter 2016
Total Net Budgetary Impact			(\$94,507)	(\$61,477)	(\$50,892)	(\$48,000)	



7.0 WASTEWATER SERVICES

7.1 DESCRIPTION OF RESPONSIBILITIES

The Borough's wastewater collection and treatment services are provided by a combination of agencies including the Darby Creek Joint Authority (the "Authority"), the Delaware County Regional Water Quality Control Authority ("DELCORA"), and the City of Philadelphia. The Borough operates its own collection system within the Borough and delivers the wastewater to the Authority. The Authority takes the Borough's wastewater into a control filter, which is conveyed to DELCORA. DELCORA then delivers the wastewater to the City of Philadelphia for treatment. Per that agreement, the City of Philadelphia bills DELCORA, which in turn bills the Authority. The Authority then allocates the charges among 12 municipalities, including Colwyn, that contract with the Authority for wastewater collection. The charges are billed quarterly.

The Borough is responsible for capital improvement costs associated with wastewater collection. The municipalities that contract with the Authority set their own fees without involvement of the Authority. Colwyn charges each household a \$365 annual sewer fee, which should be dedicated solely to payment of sewer-related expenses. However, in recent years sewer fee collections have been comingled with other Borough funds and used to pay for non-sewer related expenses.

7.2 FINANCIAL RESULTS AND PROJECTIONS

Colwyn's sewer fee collections are more than enough to pay its annual obligation to the Authority. However, in recent years, the Borough has combined sewer collections with other revenues and used the funds to pay for general operations and have not paid its fee to the Authority. The collection of the sewer fees and not using them to pay for the wastewater services is not only a bad business practice, but it also does not comply with regulations. Since the collected sewer funds were diverted for general operations, the Borough piled up obligations to the Authority totaling \$242,048 by the end of 2014.

Table 7.1 below shows 2014 sewer revenues, expenses, and multi-year projections through 2019. Assuming annual inflationary increases in sewer fees and sewer expenses, a Sewer Fund surplus is projected. In 2014, there was a misleading surplus of sewer fees over sewer expenses, because the Borough did not pay its entire sewer obligation to the Authority and sewer fees were instead used to pay for general operating expenses. The "Beginning Balance" in 2015 (*negative* \$283,546) represents the total amount owed to the Authority as of January 1, 2015.



TABLE 7.1 – ACTUAL AND PROJECTED SEWER FEES AND EXPENSES 2014 THROUGH 2019

Budget Categories	2014 Actuals	2015 YTD (Thru July)	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Current Sewer Fees	\$304,962	\$285,941	\$313,994	\$320,274	\$326,679	\$333,213	\$339,877
Delinquent Sewer Fees	\$36,156	\$38,982	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Total Revenues	\$341,118	\$324,923	\$353,994	\$360,274	\$366,679	\$373,213	\$379,877
Darby Creek Joint Authority Payments	\$254,352	\$65,207	\$279,501	\$285,091	\$290,793	\$296,609	\$302,541
Total Expenses	\$254,352	\$65,207	\$279,501	\$285,091	\$290,793	\$296,609	\$302,541
Surplus (Deficit)	\$86,766		\$74,493	\$75,183	\$75,887	\$76,604	\$77,336
Beginning Balance ⁶	(\$242,048)		(\$283,546)	(\$209,053)	(\$133,870)	(\$57,983)	\$18,621
Estimated Penalties	(\$16,258)		(\$17,013)	(\$12,543)	(\$8,032)	(\$3,479)	-
Ending Balance ⁷	(\$283,546)		(\$209,053)	(\$133,870)	(\$57,983)	\$18,621	\$95,957

Source: Darby Creek Joint Authority records, delinquent sewer fund collection records, and ESI

7.3 RECOMMENDATIONS

SWR01 – ESTABLISH A SEPARATE FUND FOR SEWER REVENUES AND EXPENSES

Responsible Party: **Borough Manager**
Target Completion: **First Quarter 2016**

No direct budgetary impact; will result in efficiency gains and productivity improvement.

The Borough combines sewer fee collections with other revenues to fund general government operations. The result of this practice is that sewer fees have subsidized the General Fund and Colwyn has accumulated significant unpaid bills to the Authority. Not only is this a poor business practice, it also does not comply with regulations.

The Borough shall immediately segregate sewer fee revenues (current and delinquent collections) in a separate bank account. These funds should only be used to pay the Authority and/or future expenses for wastewater.

⁶ Beginning balance represents amount owed to the Authority on December 31, 2014.

⁷ Unpaid obligations to the Authority increased in 2014 despite a surplus in sewer fund related activity because sewer fee revenues were used for general operating purposes.



SWR02 – PURSUE A LOAN THROUGH THE COMMONWEALTH FOR PAST DUE AUTHORITY OBLIGATIONS

Responsible Party: Target Completion:
Borough Manager First Quarter 2016

	2016	2017	2018	2019
	\$270,000	(\$30,000)	(\$30,000)	(\$30,000)

The Borough should pursue a ten-year, interest-free loan from the Commonwealth to address its past due (pre-2015) unpaid obligations with the Authority. These obligations are estimated to equal approximately \$300,000 including penalties. The loan should be repaid from Sewer Fee proceeds and repayment should begin in 2016. The table above notes \$270,000 in positive financial impact from this recommendation in 2016, which reflects \$300,000 in loan proceeds minus \$30,000 for debt service payments.

SWR03 – REGULARLY ADJUST SEWER FEE TO ACCOUNT FOR INCREASES IN AUTHORITY CHARGES AND COMMONWEALTH LOAN DEBT SERVICE PAYMENTS

Responsible Party: Target Completion:
Borough Manager First Quarter 2016

	2016	2017	2018	2019
	\$6,280	\$12,685	\$19,219	\$25,883

The Borough shall regularly examine sewer fees and ongoing sewer operating expenses to ensure that fee levels are set to account for Authority charges including the Borough's debt service requirements for past due obligations. Implementation of this recommendation is meant to ensure that funding for sewer service will keep pace with the rate of potential increases in sewer related expenses. The Borough must review sewer fee levels on an ongoing basis and assess if rate increases are warranted.⁸ Since financing the Borough's unpaid obligations with an interest-free loan is less costly than the interest and penalties otherwise incurred, the sewer fee level review may reveal that fees may be held at current levels or even lowered.

SWR04 – ASSESS SEWER SYSTEM RELATED CAPITAL MAINTENANCE NEEDS AND BUDGET FOR COSTS

Responsible Party: Target Completion:
Borough Manager First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

⁸ The baseline multi-year financial forecast already assumes inflationary growth in sewer revenues and expenses.



The Borough shall track deferred maintenance and other capital improvement needs related to its sewer system in a multi-year capital improvement plan. The plan should include an asset inventory assessment, estimated costs, ongoing operating budget implications, and useful life of assets with special emphasis on the sanitation sewer system. The plan should be developed in conjunction with the Darby Creek Joint Authority and the Borough Manager and shared with Borough Council.

This recommendation complements initiative INF04 in the Infrastructure and Maintenance chapter, which projects \$60,000 in annual funding for capital improvement needs and \$30,000 in costs for a capital needs assessment. As noted in Chapter 9, this plan recommends \$30,000 in Commonwealth support to complete the assessment.

SWR05 – EVALUATE SALE OF SEWER ASSETS TO ANOTHER ENTITY

Responsible Party: Target Completion:
Borough Manager/ Second Quarter 2016
Borough Solicitor

	2016	2017	2018	2019
	-	-	\$20,000	\$20,000

The Borough should investigate the possibility of selling its sewer assets and related infrastructure to DELCORA or another appropriate entity. In such a transaction, the other party would assume responsibility for capital maintenance and improvements for the sewage collection system. The Borough does not have a formal Capital Improvement Program and the extent of deferred maintenance in the sewage collection system is unknown, creating significant financial uncertainty for Colwyn. The Borough should engage in discussions with DELCORA or another appropriate entity with the goal of executing a favorable transaction that will relieve the Borough of capital maintenance and improvement responsibilities for the sewage collection system. The financial impact of this recommendation assumes future reduced capital maintenance costs from a sale.

SWR06 – EXAMINE STRATEGIES TO DIVERT RAIN WATER FROM SEWER COLLECTION

Responsible Party: Target Completion:
Borough Manager First Quarter 2017

No direct budgetary impact; will result in efficiency gains and productivity improvement.

The Borough's annual obligation to the Authority is determined, in large part, by the total gallons collected by the Authority and then conveyed to DELCORA. Several other municipalities served by the Authority have found that wastewater collection levels were artificially high due to rainwater



mixing with wastewater. Rainwater can be less expensive to treat than wastewater, so diverting rainwater out of the sewer collection system could lower overall costs to the municipality. The Borough should reach out to the Authority, other Delaware County municipalities, and its engineer to evaluate rainwater diversion strategies. Considering the Borough's other capital needs and urgency to implement budget savings measure, this initiative is long-term in nature. Since the feasibility of rainwater diversion initiatives is unknown, no budgetary impact is incorporated into the plan for this recommendation. No major infrastructure improvement plan should be initiated without first developing a comprehensive capital improvement program.

SWR07 – ENSURE SEWER FEES ARE COLLECTED FROM TAX-EXEMPT ORGANIZATIONS

Responsible Party:
Borough Manager

Target Completion:
Fourth Quarter 2016

	2016	2017	2018	2019
	\$500	\$750	\$1,000	\$1,000

Borough and ensure they are paying all required fees. Collection potential for this recommendation is uncertain, so modest incremental revenue is projected.



TABLE 7.2 – SUMMARY OF WASTEWATER SERVICES RECOVERY PLAN RECOMMENDATIONS WITH ESTIMATED BUDGETARY IMPACT

Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
SWR01	Establish a separate fund for sewer revenues and expenses	Borough Manager	-	-	-	-	First Quarter 2016
SWR02	Pursue a loan through the Commonwealth for past due Authority obligations	Borough Solicitor	\$270,000	(\$30,000)	(\$30,000)	(\$30,000)	First Quarter 2016
SWR03	Regularly adjust Sewer Fee to account for increases in Authority charges and Commonwealth loan debt service payments	Borough Manager	\$6,280	\$12,685	\$19,219	\$25,883	First Quarter 2017
SWR04	Assess sewer system related capital maintenance needs and budget for costs	Borough Manager	--	-	-	-	Third Quarter 2016
SWR05	Evaluate sale of sewer assets to another entity	Borough Solicitor/ Borough Manager			\$20,000	\$20,000	Fourth Quarter 2016
SWR06	Examine strategies to divert rain water from sewer collection	Borough Manager	-	-	-	-	First Quarter 2017
SWR07	Ensure sewer fees are collected from tax-exempt organizations	Borough Manager	\$500	\$750	\$1,000	\$1,000	Fourth Quarter 2016
Total Net Budgetary Impact			\$276,780	(\$16,565)	\$10,219	\$16,883	



8.0 WORKFORCE AND COLLECTIVE BARGAINING

The services provided by the Borough are labor intensive. As a result, the Borough's personnel costs are significant in comparison to other expenses. Although wages and benefits constitute a significant portion of the Borough's total expenses, the reality is that the Borough employs few employees outside of the Colwyn Borough Police Department, and that the overall costs for the Borough's workforce are comparatively reasonable. Employee salaries, wages, overtime and benefits accounted for \$701,232 or 54 percent of the Borough's expenses 2014. In 2014, salaries and wages (including overtime) totaled \$504,728. Health insurance, pension, and other benefits costs totaled \$196,504.

TABLE 8.1 – ACTUAL AND PROJECTED WORKFORCE AND COLLECTIVE BARGAINING EXPENSES 2014 THROUGH 2019

Expenses	2014	2015 YTD (Thru July)	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Salaries and Wages	\$484,902	\$270,630	\$476,101	\$439,776	\$452,512	\$465,630	\$479,142
Overtime	\$19,826	\$17,715	\$30,368	\$19,641	\$20,230	\$20,837	\$21,462
Health Insurance	\$105,304	\$43,532	\$69,434	\$65,895	\$69,849	\$74,040	\$78,482
Pension	\$52,679	\$12,608	\$127,942	\$125,982	\$129,761	\$133,654	\$137,664
Other Benefits	\$38,521	\$89,626	\$125,508	\$67,147	\$53,261	\$46,909	\$40,592
Insurances	\$175,792	\$127,854	\$167,579	\$170,931	\$174,349	\$177,836	\$181,393
Total	\$877,023	\$561,965	\$996,933	\$889,372	\$899,963	\$918,907	\$938,735

The Borough also has obligations for pension costs with the 2015 obligation for the pension plan projected as \$127,942. The Borough also has ongoing obligations for retiree healthcare premiums for current retirees, including an estimated cost of \$40,431 for retiree healthcare and dental insurance in 2015.

Public Safety labor costs outweigh the combined costs for Administration and Highway and General Service Department employees. Public Safety costs totaled \$577,194 in 2014. Administration and Highway Department costs totaled \$299,829. Salaries, wages, and overtime costs for Public Safety positions, including full and part time police officers, crossing guards, codes enforcement officers totaled \$339,280 in 2014, while these costs were \$165,448 for all other employees, including the stipends paid to the Mayor and Council Members. It must be noted that the Borough recognizes significant cost savings by employing primarily part-time police officers in the Police Department.



While some recommendations are made with respect to salaries, wages and other labor costs, the Borough will not be able to resolve its financial distress through labor cost reductions alone. In fact, it appears that the Borough should strongly consider employing additional part time, seasonal and/or casual employees to supplement the current workforce and improve the delivery of services. As outlined elsewhere in the Plan, the Borough must also consider retaining contractors, as appropriate, to perform specialized duties and meet its obligations to the residents of the Borough.

The Borough should seek to maintain its reasonable labor costs while expanding services through the more efficient deployment of staff and through improved management practices.

8.1 EMPLOYEE COMPLEMENT

The employee complement has dwindled in recent years. As a result, the delivery of services has declined. Currently, the Borough employs a part-time Borough Manager and two part-time administrative employees in the Borough office. Until March of 2015, the Borough employed a full-time Borough Manager.

In addition to these Administration Department positions there are currently nine (9) police officers, including one full-time Chief of Police and eight (8) part-time police officers. The Borough also employs a part-time crossing guard supervisor and nine (9) part-time crossing guards. In addition, the Borough has employed codes enforcement officers from time to time. Currently, one part-time codes enforcement officer is employed.

The Colwyn Fire Department has an appointed Fire Chief and approximately 20 firefighters. All of these positions are volunteers, and these volunteers are not considered employees of the Borough.

The Borough also employs one full-time employee in the Highway and General Services Department. In the past, the one or two part time employees were also working in the Highway Department.

The number of employees, and particularly the number of full-time employees, has decreased in every department since 2005. As a result, the level of services being provided has decreased. It is also likely that the collection of required fees, fines, penalties and costs has decreased resulting in decreased revenues to the Borough.

The majority of employees, including full time and part time employees, are represented by labor unions. The Fraternal Order of Police ("FOP") represents all full time and part time police officers, including the Chief of Police, and the Service Employees International Union ("SEIU") represents the majority of the non-uniform employees.



TABLE 8.2 – LABOR UNION SUMMARY

Labor Union	Covered Positions	2014 Total Employees	Contract Term
Fraternal Order of Police, Lodge 27	All full-time and part-time police officers, including the Chief of Police	10	January 1, 2010 through December 31, 2014 (currently expired)
Service Employees International Union, Local 32bj	Clerks, highway department employees and code enforcement officers	4	July 2007 through July 2011 (currently expired)

TABLE 8.3 – TOTAL COSTS PER BARGAINING UNIT

Expenses	2014 Actual	2015 YTD (Thru July)	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
FOP	\$474,990	\$226,487	\$572,094	\$572,877	\$590,620	\$608,966	\$627,940
SEIU	\$268,690	\$154,947	\$262,552	\$207,457	\$197,788	\$195,797	\$193,991
Total	\$743,680	\$381,434	\$834,646	\$780,335	\$788,408	\$804,763	\$821,932

8.2 PERSONNEL MANAGEMENT AND LABOR RELATIONS

One of the most significant problems plaguing the Borough is the lack of disciplined personnel and labor decisions. The Borough has made a number of personnel and labor-related decisions that have resulted in significant negative consequences. For example, in September of 2009, the Borough made the decision to discharge Chief Hills. After over three (3) years of litigation, Chief Hills was reinstated to his position with full back pay and other benefits. As a result, the Borough expended significant legal fees and was forced to pay for the full-time services of a Chief of Police, but without receiving the benefit of those services. As another example, on two (2) occasions the Borough failed to pay for the costs of healthcare for certain retired police officers. The Fraternal Order of Police (FOP) filed emergency petitions on behalf of the retired officers, which ultimately resulted in Orders from the Delaware County Court of Common Pleas that not only required the Borough continue to make the required healthcare payments, but which also required that the Borough pay the FOP's legal fees.

The Borough has failed to give appropriate attention to its collective bargaining agreement obligations. The current collective bargaining agreements for the police and non-uniform employees are expired. Both unions have made proposals to the Borough for terms for successor agreements, but it appears that the Borough has offered no formal response or proposals. Multiple grievances have been filed and several unfair labor practice charges have been filed with the Pennsylvania Labor Relations Board. Some charges, which allege a failure to bargain in good



faith, among other things, remain pending. Regardless of the merits of these claims, the Borough will be forced to expend significant time and resources defending these claims.

Often, personnel and labor decisions are made without the involvement or consultation of the Borough Manager or labor counsel. These decisions then trigger grievances and other claims that lead to distractions for staff, legal fees and often large back pay awards. Disciplined decisions require thoughtful deliberation of applicable policies, procedures, performance standards, collective bargaining provisions, employee records and prior incidents. Most, if not all, of the Borough's previous personnel related failures could have been avoided through consultation with experienced labor counsel.

8.3 PENSION OBLIGATIONS

The Borough has two single-employer defined benefit pension plans: the Police Pension Fund and the Non-Uniformed Pension Plan.

Each police officer who has completed 25 years of service and who has attained age 50 is eligible for "normal retirement." The normal retirement benefit is equal to 50 percent of the average monthly W-2 earnings of the officer during the 36 months immediately preceding retirement. The W-2 earnings include regular wages, overtime, longevity pay, and the value of any payments at retirement for unused vacation, sick and personal time that was earned during the 36 months prior to retirement. A police officer retiring is also entitled to an additional benefit of \$100 per additional year of service upon completion of 26 years of service. Members contribute 5 percent of pay.

An Interest Arbitration Award, effective January 1, 2007, also provides for early retirement after 20 years of service, regardless of the officer's age, and a disability retirement benefit. The disability retirement benefit is equal to 50 percent of the average monthly W-2 earnings as set forth above, which is offset by any social security disability benefits received as a result of the disability. The Award also provides for vesting after 12 years of service.

The plan's survivor benefits include a Killed-in-service benefit - 100 percent of the officer's salary at the time of death. As a result of another Interest Arbitration Award, effective January 1, 2010, the Killed-in-service benefit is to be paid by the Commonwealth of Pennsylvania pursuant to Act 51 of 2009.

It is unclear whether the plan changes that resulted from the Interest Arbitration Awards have been properly included in the plan documents and adopted by ordinance by the Borough Council.

Non-uniformed pension beneficiaries are eligible after turning 65 and are 100 percent vested after five years of service. A voluntary early retirement is available after age 55 and 10 years of service. The pension benefit equals 1.65 percent times average compensation (three latest years) multiplied by the years of service (up to 30 years). The plan's survivor benefit is a monthly annuity equal to 50 percent of the benefit the participant would have received if terminated at the date of death. There is no disability benefit.



The Police Pension Fund assumes a 7.25 percent annual investment return, 5.0 percent annual salary increases, and 2.25 percent annual inflation increases. The Non-Uniformed Pension Fund assumes a 7.00 percent annual investment return, 4.0 percent annual salary increases, and 2.25 percent annual inflation.

Commonwealth law requires all municipalities, including Colwyn, to make annual contributions to the pension funds based on a calculation of Minimum Municipal Obligation (“MMO”). The MMO is based on an annual actuarial valuation that takes into consideration annual pension costs, contributions by employees, pension asset valuations, investment rate and salary increase projections, and amortization assumptions. The table below describes the key statistics for the Police and Non-Uniform pension funds as of January 1, 2015.

TABLE 8.4 – SUMMARY PENSION FUND STATISTICS AS OF 1/1/15

Participants	Police	Non-Uniformed
Active plan members	1	2
Inactive plan members currently receiving benefits	4	6
Inactive plan members entitled to but not yet receiving benefits		2
Total	5	10
Actuarial Value of Assets	\$612,302	\$130,351
Actuarial Liability	\$1,320,261	\$210,890
Unfunded Actuarially Accrued Liability	(\$707,959)	(\$80,539)
Funded Ratio	46%	62%
Covered Payroll	\$65,664	\$86,408
Unfunded AAL as a % of Covered Payroll	1078.2%	93.2%
Minimum Municipal Obligation (2014)	\$107,763	\$18,468
Normal Cost	\$13,055	\$8,332
Administrative Expense	\$7,700	\$8,000



8.4 RECOMMENDATIONS

WF01 – DELEGATE PERSONNEL RESPONSIBILITIES TO THE FULL-TIME BOROUGH MANAGER

Responsible Party: Target Completion:
Borough Council First Quarter 2016

No direct budgetary impact; will result in efficiency gains and productivity improvement.

As noted above, the Borough Council must employ a professional, experienced Borough Manager to manage the day-to-day administrative, fiscal and human resources related operations of the Borough. The Borough Council does not have the experience and expertise to ensure compliance with the various state, federal and local employment laws, as well as the Borough's collective bargaining obligations.

The Borough Manager must be empowered, by ordinance, with the authority to hire, discipline and discharge all Borough employees. While Council may be appropriately involved in personnel decisions from time-to-time, the majority of this function must be delegated to the Borough Manager. The Council should retain the right to consent to the hiring or discharge of employees by the Borough Manager. The Borough Manager should be authorized to consult with labor and employment counsel as appropriate to ensure compliance with federal, state and local laws as well as Pennsylvania laws and applicable collective bargaining agreements when making personnel decisions.

Council must adopt a policy providing that only the Borough Manager will interact directly with employees in providing direction regarding workplace rules and work assignments. Council will in turn provide direction to the Borough Manager regarding the overall services to be performed by the Borough employees. We recommend that DCED condition future expenditures of funds on the Borough's commitment to strong administration, including approval of the above referenced delegations, the passage of the above referenced policy and the continued employment of a full-time Borough Manager.

In the event the position of the Borough Manager becomes vacant, the Borough must expeditiously recruit to fill the position with the best possible candidate having local government management experience. As noted previously, DCED shall be involved in the candidate evaluation and selection process.



WF02 – UTILIZE EXPERIENCED LABOR AND EMPLOYMENT COUNSEL

Responsible Party: Target Completion:
Borough Council / First Quarter 2016
Manager

No direct budgetary impact; will result in efficiency gains and productivity improvement.

Regardless of individual Council Members' views of labor unions, the Borough must respect the role of the Fraternal Order of Police ("FOP") and the Service Employees International Union ("SEIU") as the bargaining representative of the applicable employees. All full and part time police officers are represented by the FOP and their terms and conditions of employment are governed by the collective bargaining agreement between the Borough and the FOP. All full time and regular part-time employees in clerk, highway and codes enforcement positions are currently represented by SEIU. The Borough must recognize the rights of these labor unions and be guided appropriately.

The Borough should budget for the fees of experienced labor counsel each year.

The Borough Manager must consult with labor counsel when prior to recommending or implementing significant personnel decisions, including hiring, disciplining or discharging employees. In addition, prior to changing the terms and conditions of any position, including a vacant position, the Borough Manager should consult with experienced labor counsel to ensure all collective bargaining obligations, if any, are satisfied. The Borough Council must consult with labor counsel, in executive session, as appropriate when considering personnel and labor matters. Failure to comply with applicable federal and state laws, or the terms of collective bargaining agreements will result in additional grievances, charges, claims and complaints.

WF03 – DEVELOP AND ADOPT AN EMPLOYEE HANDBOOK

Responsible Party: Target Completion:
Borough Manager First Quarter 2016

	2016	2017	2018	2019
	(\$5,000)	-	-	-

In order to guide employee conduct, set appropriate expectations and to outline employee rights and responsibilities, the Borough should develop an employee handbook. The employee handbook will set forth applicable policies, procedures, benefits entitlements and other key information for both employees and management staff. A well-crafted employee handbook distributed to all employees, together with accurate job descriptions, will allow the Borough to hold employees accountable should that prove necessary.



As noted above, a timekeeping policy should be incorporated into the employee handbook. Further, experienced labor counsel should be consulted prior to implementation and adoption.

WF04 – DEVELOP A RECORDS RETENTION POLICY AND PROCEDURE

Responsible Party: **Borough Manager**
Target Completion: **First Quarter 2017**

	2016	2017	2018	2019
	-	(\$2,500)	-	-

A foundation to making sound labor and employment decisions is an effective personnel records management system. Personnel records capture critical employment-related information for the Borough and its employees. Each Borough employee shall have a personnel file prepared that contains critical employment related information. The personnel file shall include full name; date of birth; current address; current position; date of hire; dates and types of all promotions or demotions; driver's license number (if required for employment); type of driver's license with restrictions relative to the employment noted; job description for the current type of employment; performance evaluations; pay and wage rate information; and record of all training received. The personnel file should also maintain disciplinary records as well as any awards, citations or recognition received. A separate, confidential medical record will also be maintained for each employee.

The Borough must also develop a personnel records retention policy, which will govern the maintenance of the personnel files. The policy and procedures must comply with the Pennsylvania Personnel File Act (Inspection of Employment Records Law) and applicable federal law.

Personnel files will be confidential, and will only be available for review by the appropriate manager, the employee and/or the employee's representative consistent with the law. Council members will not have access to personnel records absent exceptional circumstances.

WF05 – DEVOTE APPROPRIATE TIME AND ATTENTION TO LABOR NEGOTIATIONS

Responsible Party: **Borough Manager**
Target Completion: **First Quarter 2016**

	2016	2017	2018	2019
	-	\$5,000	\$5,000	\$5,000



The Borough must devote appropriate time and attention to labor relations, including collective bargaining. Time and resources must be devoted to establishing a new collective bargaining agreement with SEIU, which is long overdue. Such efforts would avoid additional unfair labor practice charges (and the associated costs) alleging a failure to bargain in good faith. Resources must also be devoted to good faith bargaining with the FOP.

A more communicative, productive relationship with the FOP and SEIU would very likely result in fewer grievances, charges, claims and other challenges.

The Borough should develop a practice whereby the Borough Manager solicits feedback for contract proposals from interested parties, such as the Borough Council, the Mayor and other employees. The Borough Manager would also make appropriate recommendations and formulate proposals to be submitted to the appropriate labor union. The proposals would be appropriately vetted for financial impact. Labor counsel should be engaged to assist in finalizing proposals and, when necessary, assisting with labor negotiations. In addition, counsel must be engaged to ensure compliance with the requirements of Act 111.

The Borough, working through labor counsel, should respond to the outstanding proposals submitted by SEIU and the demand for arbitration submitted by the FOP in an effort to reach terms of new collective bargaining agreements without further delay.

WF06 – ESTABLISH A LONG-TERM COLLECTIVE BARGAINING AGREEMENT WITH THE FOP

Responsible Party: Target Completion:
Borough Manager and **First Quarter 2016**
Outside Labor Counsel

	2016	2017	2018	2019
	\$7,784	\$7,867	\$7,953	\$8,042

The current collective bargaining agreement with the FOP is expired. It appears that the last several agreements have not been successfully negotiated by the parties, but instead have been achieved through interest arbitration. Effective collective bargaining requires significant time and attention. The Borough should therefore attempt to establish long-term collective bargaining agreements that will provide labor stability, assuming that satisfactory terms can be achieved.

It is unreasonable to assume that the Borough will be relieved of the obligation to provide employee wage increases. The Borough must budget for and establish reasonable and appropriate wage rates for the positions in the bargaining unit.

The FOP has proposed a five (5) year agreement. A long-term contract would provide labor stability that would benefit the Borough, its residents and the FOP. Given the time and expense of



negotiations, a long-term deal would also limit future transaction costs, which would be financially to the Borough, assuming satisfactory terms are reached.

Part-time officers only receive an hourly wage and no other benefits are provided. The Borough should maintain this approach. Reasonable wage increases should be considered for full-time and part-time officers; however, no wage increase above two (2) percent per year should be approved. The current contract also provides for longevity pay for full-time officers. The Borough should consider attempting to eliminate longevity pay for officers during bargaining.

Currently, only full-time officers are eligible for healthcare coverage. Current employees make no contributions toward the cost of such coverage. There is only one full time employee currently eligible for coverage and he actually waives coverage, because he is currently covered under another health insurance plan. The full-time employee does, however, receive healthcare benefits, because he is entitled to receive reimbursement (in cash) for any out-of-pocket medical expenses not covered by his health insurance plan. There is a cap on the reimbursements, but it is high. The cap is 50 percent of the cost that the Borough would pay if it had to purchase health insurance for the full-time employee. As a result, the parties negotiate over the terms of a healthcare plan that no one receives, but that sets the rate at which the full-time employee will receive reimbursement.

The Borough should seek to eliminate this arrangement. The Borough should consider eliminating benefits for full-time officers if such benefits are unnecessary, and could also consider offering a one-time opt-out payment for any employee declining coverage.

The Borough should not consider increasing vacation time earnings, or allowing for the sell back of unused vacation time. The Borough should also decline to increase Pension Benefits or increase the Clothing Allowance.

WF07 – ESTABLISH A LONG-TERM COLLECTIVE BARGAINING AGREEMENT WITH SEIU

Responsible Party: Target Completion:
 Borough Manager and First Quarter 2016
 Outside Labor Counsel

	2016	2017	2018	2019
	\$1,347	\$1,373	\$1,399	\$1,426

SEIU has filed an unfair labor practice charge against the Borough, which alleges that the Borough has refused to bargain in good faith. The Borough should immediately begin negotiations with SEIU in an effort to resolve the charge and reach terms on a multi-year collective bargaining agreement.



The Borough should negotiate provisions providing for the use of part-time, seasonal and causal positions within the bargaining unit in order to supplement the work of the current full time employee as needed. These provisions should carefully detail those benefits to which these employees are entitled, and those for which these employees are not eligible (such as paid leave, healthcare and pension benefits). The Borough should not agree to any wage increase above two (2) percent per year.

The Borough should also seek to remove restrictions requiring premium pay on Saturdays, and should seek to pay overtime only after an employee has worked over 40 hours in a week. This will ensure greater scheduling flexibility. The Borough currently provides for the full cost of the health insurance benefits offered to SEIU employees. Healthcare insurance costs continue to increase for the Borough; therefore, the Borough should seek employee contributions for the medical, prescription, dental and vision benefits provided to full time employees as set forth in the current SEIU collective bargaining agreement.

The Borough should negotiate a new defined contribution retirement plan for all new full time employees.

WF08 – CONSIDER PETITION(S) TO REMOVE POSITIONS FROM THE BARGAINING UNITS

Responsible Party: **Borough Manager and Outside Labor Counsel**
 Target Completion: **First Quarter 2016**

	2016	2017	2018	2019
	(\$10,000)	-	-	-

The Borough should also consider whether certain positions are appropriately included in the police and non-uniformed bargaining units. The Borough should engage labor counsel to assist in this review. In many instances, the Chief of Police position is considered a management employee, and is therefore excluded from the police bargaining unit. In addition, Codes Enforcement positions are typically excluded from the bargaining unit. Upon review, and if appropriate, petition the Pennsylvania Labor Relations Board for the removal of the Code Enforcement positions from the bargaining unit.



WF09 – AMEND AND RESTATE POLICE PENSION PLAN

Responsible Party: Target Completion:
Borough Council and Fourth Quarter 2016
Borough Manager

2016	2017	2018	2019
(\$5,000)	-	-	-

It does not appear that the Borough has properly amended its Police Pension Plan to reflect the changes mandated by recent Interest Arbitration Awards. As a result, the evaluation of the benefits to be provided and the obligations of the Borough are not clearly established by Ordinance. The Borough shall take appropriate action to develop a revised Police Pension Plan document and adopt the revised Police Pension Plan by Ordinance.

WF10 – TAKE ADVANTAGE OF ACT 44 AND REVISED CALCULATIONS TO LOWER MINIMUM MUNICIPAL OBLIGATION PAYMENTS

Responsible Party: Target Completion:
Borough Council and 2016 and 2017
Borough Manager

2016	2017	2018	2019
\$8,769	\$32,951	\$33,939	\$9,582

As noted above, the Borough is required to make an annual contribution into the plan based on calculations performed by the plan's actuary and pension consultant. The pension consultant calculates the Borough's Minimum Municipal Obligation ("MMO") using multiple methodologies and the Borough may elect the methodology and calculation of its choosing.

The MMO may be based on the smoothing method, the market value of assets, or Act 44 amortization reduction method. Act 44 was signed into law in 2009 to provide short-term pension relief in a time of severe nationwide economic distress, which placed significant pressure on municipal budgets. Among Act 44's relief measures were provisions that allowed certain municipalities to temporarily reduce required MMO payments. The Act did not lower a municipality's pension liability, but rather provided for short-term cash flow relief.

The Borough is not eligible to apply the Act 44 relief measures in 2016, however, assuming its pensions will still be in Level 3 distress, Colwyn will be able to take advantage of lower MMO requirements in 2017 and 2018. If available, the Borough should take advantage the Act 44 relief measures in 2017 and 2018. In years Act 44 cannot be applied to its MMO calculation, Colwyn shall elect the methodology that produces the lowest MMO.



The Borough elected the market value of assets methodology for 2015, which resulted in a higher MMO than had it elected the smoothing method. The baseline financial forecast assumes the Borough continues to elect the market value of assets methodology. The estimated savings noted above equals the difference between that estimated market value of assets MMO and the methodologies recommended in this Plan.

WF11 – PURSUE LOAN FROM THE COMMONWEALTH FOR DELINQUENT MINIMUM MUNICIPAL OBLIGATION PAYMENTS

Responsible Party: Target Completion:
Borough Council and **First Quarter 2016**
Borough Manager

	2016	2017	2018	2019
	\$207,000	(\$23,000)	(\$23,000)	(\$23,000)

In recent years, the Borough has not made its MMO payments in full or on time accumulating delinquencies of approximately \$300,000. Failure to pay the MMO increases the plans' unfunded liabilities and increases future annual requirements. Moreover, the delinquent payments accrue interest at the same rate as the actuarial investment return assumption, which is 7.25 percent in the Police Pension Plan. Though the Interest payments are deposited into the pension plan, the increased obligation puts more strain on the Borough's operating budget.

Furthermore, as a result of its failure to make required, timely payments, Colwyn is ineligible for state aid. As a result, Colwyn is ineligible for 2015 state aid, as of this writing.

The Borough should pursue a ten-year, interest-free loan from the Commonwealth to address its past due (pre-2015) unpaid Minimum Municipal pension obligations. The loan should be repaid from Sewer Fee proceeds and repayment should begin in 2016. The table above notes \$207,000 in positive financial impact from this recommendation in 2016, which reflects \$230,000 in loan proceeds minus \$23,000 for debt service payments.



TABLE 8.5- MMO SUMMARY

MMO (Market Value Assets)	2016	Projected 2017	Projected 2018	Projected 2019
FOP	107,050	110,262	113,569	116,976
Non-uniform	18,932	19,500	20,085	20,688
Total	125,982	129,761	133,654	137,664
MMO (Act 44 or Other Reduced Amount)				
FOP	100,510*	81,642	84,091	109,830
Non-uniform	16,703*	15,169	15,624	18,252
Total	117,213	96,811	99,715	128,082
Difference	8,769	32,951	33,939	9,582

* At the September 30, 2015 Council meeting, the Borough elected the MMO based on the smoothed methodology. This will result in a total 2016 MMO of \$117,213.



TABLE 8.6 – SUMMARY OF WORKFORCE AND COLLECTIVE BARGAINING RECOMMENDATIONS

Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
WF01	Delegate personnel responsibilities to the full time Borough Manager	Borough Council	-	-	-	-	First Quarter 2016
WF02	Utilize experienced labor and employment Council	Borough Manager and Borough Council	-	-	-	-	First Quarter 2016
WF03	Develop and adopt an employee handbook	Borough Manager	(\$5,000)	-	-	-	First Quarter 2016
WF04	Develop a records retention policy and procedure	Borough Manager	-	(\$2,500)	-	-	First Quarter 2017
WF05	Devote appropriate time and attention to labor negotiations	Borough Manager	-	\$5,000	\$5,000	\$5,000	First Quarter 2016
WF06	Establish a long-term collective bargaining agreement with the FOP	Borough Manager and Outside Labor Counsel	\$7,784	\$7,867	\$7,953	\$8,042	First Quarter 2016
WF07	Establish a long-term collective bargaining agreement with SEIU	Borough Manager and Outside Labor Counsel	\$1,347	\$1,373	\$1,399	\$1,426	First Quarter 2016
WF08	Petition to remove positions from the bargaining unit	Borough Manager and Outside Labor Counsel	(\$10,000)	-	-	-	First Quarter 2016
WF09	Amend and Restate Police Pension Plan	Borough Council and Borough Manager	(\$5,000)	-	-	-	First Quarter 2016
WF10	Take Advantage of Act 44 and Revised Calculations to Lower Minimum Municipal Obligation Payments	Borough Council and Borough Manager	\$8,769	\$32,951	\$33,939	\$9,582	2016 and 2017

Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
WF11	Pursue a Loan from the Commonwealth for Delinquent Minimum Municipal Obligation Payments	Borough Council and Borough Manager	\$207,000	(\$23,000)	(\$23,000)	(\$23,000)	First Quarter 2016
Total Net Budgetary Impact			\$204,900	\$21,691	\$25,291	\$1,050	



9.0 FINANCIAL ASSISTANCE FROM THE COMMONWEALTH

9.1 BOROUGH MANAGER

Through Act 47, DCED makes available grants and low to no interest loans that are to be used to build capacity and sound government practices in distressed municipalities. The Recovery Coordinator recommends that the Commonwealth provide grant support for the costs associated with hiring and retaining a full-time Borough Manager. The preceding chapters describe the vital need for a skilled, professional full-time Borough Manager to manage the day-to-day administrative, fiscal and human resources related operations of the Borough. A competent and professional Borough Manager is required to implement this Recovery Plan and set the Borough on a course out of distressed status.

We recommend grant support for this position over a three year period according to the schedule presented below. We also recommend that DCED approve the person being hired as Borough Manager and for DCED to have to approve the dismissal of the Borough Manager. The Borough Manager will have a two year contract.

2016	2017	2018	2019
\$80,000	\$70,000	\$60,000	-

9.2 COMMONWEALTH LOAN

The Borough's poor management practices have contributed to its weak financial position and the accumulation of significant unpaid obligations. It is crucial for the Borough to focus its attention on rebuilding its financial management and operational infrastructure. For this reason, we recommend that the Commonwealth fund an interest-free loan to help Colwyn address its outstanding pension MMO and Darby Creek Joint Authority obligations up to a combined \$530,000. The loan should require repayment over a ten-year period with the first payment due in 2016.

2016	2017	2018	2019
\$477,000	(\$53,000)	(\$53,000)	(\$53,000)

9.3 GOVERNMENT ACCOUNTING SOFTWARE

The Recovery Team also recommends that the Commonwealth provide grant support to improve the Borough's financial management software system. The Borough's existing Quickbooks system is not designed for governmental use. The Recovery Team recommends grant support up



to \$35,000 to either update the existing system with a government module or purchase new financial management software. Acquisition of a new or upgraded financial management system should be part of a formal process and the Borough should consider requesting demonstrations from potential vendors.

	2016	2017	2018	2019
	\$35,000	-	-	-

9.4 DEVELOP FORMALIZED DEFERRED MAINTENANCE AND CAPITAL IMPROVEMENT PROGRAM

Recommendations INF04 and SWR04 describe the need for Colwyn to assess their capital needs and develop a formalized capital improvement plan. We recommend that the Commonwealth provide support for professional assistance for an asset inventory and capital needs assessment, which would be an essential component of the Borough's multi-year capital improvement program.

	2016	2017	2018	2019
	\$40,000	-	-	-

9.5 POLICIES AND PROCEDURES AND JOB DESCRIPTIONS

Recommendations ADM04, ADM05, PUB01, PUB05, WF03, and WF04 outline the Borough's need for an employee handbook, policy and procedures manuals, as well as other basic employee documentation such as job descriptions. Current staffing levels will require the Borough to seek third-party help to accomplish these tasks. We recommend that the Commonwealth provide financial support to implement these recommendations.

	2016	2017	2018	2019
	\$15,000	-	-	-



10.0 REVISED FINANCIAL FORECAST

10.1 INTRODUCTION

This chapter presents the revised multi-year financial forecasts reflecting the cumulative budgetary impact of the recommendations described in the preceding chapters. The financial results reflecting these recommendations are presented through a projection of General Fund operating results and fund balance results for 2015 through 2019.

Table 10.1 revisits the baseline forecasts assuming no corrective action is taken. The baseline forecasts show operating deficits and significantly worsening fund balance positions.

TABLE 10.1 – BASELINE OPERATING PROJECTIONS, 2015-2019
GENERAL FUND AND TRASH FUND

Budget Category	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Revenues	1,437,516	1,285,223	1,289,241	1,293,349	1,297,551
Expenditures	1,503,503	1,308,756	1,301,735	1,328,714	1,356,738
Surplus (Deficit)	(\$65,988)	(\$23,533)	(\$12,495)	(\$35,365)	(\$59,187)
Beginning Cash Fund Balance	273,899	(426,380)	(449,913)	(462,408)	(497,773)
Payment Prior Years Payables	(634,292)				
Net Cash Fund Balance	(\$426,380)	(\$449,913)	(\$462,408)	(\$497,773)	(\$556,960)
Negative Fund Balance as % of revenues	30%	35%	36%	38%	43%

10.2 FUND BALANCE

The preceding chapters outline recommendations to address the Borough's outstanding liabilities through a combination of one-time payments from fund balance, Commonwealth loan funding, and repayment plans. The full implementation of these recommendations lowers the outstanding liabilities from \$1,003,217 (EIP report amount) to approximately \$96,000.

The table below illustrates how the Borough will address its outstanding liabilities for the General Fund and Sewer Fund:



TABLE 10.2 – SUMMARY OF OUTSTANDING LIABILITIES FOR GENERAL FUND AND SEWER FUND

Liability	EIP Amount	Reduction in immediate payable	Revised immediate payable	Action/Resolution
Pension payments	\$234,373	(\$234,373)	-	Commonwealth Loan (Recommendation WF11)
Unpaid Sewer	\$319,682	(\$319,682)	-	Commonwealth Loan (Recommendation SWR02)
Liquid fuels	\$106,304	(\$106,304)	-	Identify Appropriate General Fund expenses (Recommendation REV8)
Insurance Deductible Owed (Estimated)		(\$25,000)	-	Insurance deductible paid
Insurance Deductible Owed (Estimated)		(\$93,836)	-	Unresolved insurance claims. Obligation not certain. Max obligation is \$93,836.
Insurance Deductible (Subtotal)	\$150,000	(\$118,836)	\$31,164	
Other		(\$46,617)	-	Unemployment liability
Other		(\$5,686)	-	Portnoff delinquent tax collection services
Other		(\$7,670)	-	A to U Services
Other		(\$3,865)	-	Catania Engineering
Other		(\$7,553)	-	Suburban Waste
Other		(\$56,499)	-	Unresolved litigation. Obligation not certain.
Other (Subtotal)	\$192,858	(\$127,890)	\$64,968	<i>Past due obligations paid in 2015:</i>
Total Outstanding Liabilities	\$1,003,217	(\$907,085)	\$96,132	

While these actions did not eliminate each liability identified in the EIP report, the remedies address the short-term financial implications and outline a plan to eliminate or significantly reduce the liabilities in the immediate to long-term. Though this strategy to manage outstanding payable precludes the need for a loan; the Borough must be aware of several potential liabilities that could impose near-term strain on finances:

- **Outstanding insurance claims:** The Borough has six outstanding insurance claims which carry an aggregate maximum deductible payment of \$120,000. Colwyn's insurance company has already paid approximately \$31,000 towards these claims. Until these cases are closed or the maximum deductible is reached, the total liability is uncertain.
- **Unresolved litigation:** The Borough has an unresolved law suit that may result in a judgement against Colwyn of approximately \$56,000.

10.3 REVISED FINANCIAL FORECASTS

Fully implemented, the Borough will achieve modest operating surpluses, address outstanding obligations, and rebuild fund balances. However, the surpluses are thin with little margin for deviation from the Plan's assumptions and recommendations. For this reason, the Borough must monitor its financial position closely and update its multi-year financial projections on a regular basis. If deficits persist and the cash position weakens, additional corrective actions will be required.

Emerging from distressed municipality status will require a substantial and disciplined commitment. Municipal administrators and elected officials must diligently monitor both the implementation of the Plan's recommendations and their impact on the operating budget. Dedicated implementation of the Plan and its recommendations will set Colwyn on a course out of the Act 47 program.



TABLE 10.3 — OPERATING RESULTS ADJUSTED FOR THE ANTICIPATED BUDGETARY IMPLICATIONS OF THE RECOMMENDATIONS

Budget Categories	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
Baseline Revenues	\$1,437,516	\$1,285,223	\$1,289,241	\$1,293,349	\$1,297,551
Revenue Enhancements		\$75,393	\$98,173	\$138,508	\$166,400
Commonwealth Support		\$170,000	\$70,000	\$60,000	\$0
Total Adjusted Revenues	\$1,437,516	\$1,530,616	\$1,457,414	\$1,491,857	\$1,463,951
Baseline Expenses	\$1,503,503	\$1,308,756	\$1,301,735	\$1,328,714	\$1,356,738
Expenditure Adjustments		\$123,100	\$90,309	\$60,409	\$89,060
Total Adjusted Expenditures	\$1,503,503	\$1,431,856	\$1,392,045	\$1,389,123	\$1,445,798
Surplus (Deficit)	(\$65,988)	\$98,760	\$65,369	\$102,734	\$18,153
Beginning Fund Balance	\$273,899	\$111,780	\$210,540	\$275,909	\$378,643
Payment Prior Years Payables	(\$96,132)				
Ending Fund Balance	\$111,780	\$210,540	\$275,909	\$378,643	\$396,796
Fund Balance as % of Exp	7.4%	14.7%	19.8%	27.3%	27.4%

TABLE 10.4 – SUMMARY OF RECOVERY PLAN RECOMMENDATIONS

Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
REV01	Improve current real estate tax collections	Tax Collector	\$20,000	\$35,000	\$60,000	\$75,000	Ongoing
REV02	Contract with a tax collection service for the collection of LST	Borough Manager	\$10,400	\$10,400	\$10,400	\$10,400	First Quarter 2016
REV03	Establish a separate trash fund	Borough Manager	-	-	-	-	First Quarter 2016
REV04	Establish a separate liquid fuels budget	Borough Manager	-	-	-	-	First Quarter 2016
REV05	Reimburse liquid fuels fund with general fund monies	Borough Manager	-	-	-	-	First Quarter 2016
REV06	Identify general operating expenses that can be appropriately supported liquid fuels funds	Borough Manager	\$96,000	\$48,000	\$48,000	\$48,000	First Quarter 2016
ADM01	Approve by ordinance the Borough Manager's authority over administrative and operational functions	Borough Council	(\$80,000)	(\$84,000)	(\$88,200)	(\$92,610)	First Quarter 2016
ADM02	Appoint a Treasurer	Borough Manager	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	First Quarter 2016
ADM03	Develop and adopt a policies and procedures manual	Borough Manager / Council	-	-	-	-	Second Quarter 2016
ADM04	Develop job descriptions reflecting Manual responsibilities and Plan recommended reporting relationships	Borough Manager / Council	-	-	-	-	Third Quarter 2016
ADM05	Develop employee performance appraisal requirements	Borough Manager	-	-	-	-	First Quarter 2016



Initiative		Responsible Party	Budgetary Impact				Target Completion
			2016	2017	2018	2019	
ADM06	Establish management and control practices and procedures	Borough Manager	-	-	-	-	First Quarter 2016
ADM07	Establish general accounting practices and procedures	Borough Manager	-	-	-	-	First Quarter 2016
ADM08	Establish payroll accounting procedures	Borough Manager	-	-	-	-	First Quarter 2016
ADM09	Establish budgeting and financial reporting procedures	Borough Manager	-	-	-	-	First Quarter 2016
ADM10	Establish inventory accounting and fixed asset/capital accounting	Borough Manager	-	-	-	-	Second Quarter 2016
ADM11	Establish work order procedures	Borough Manager	-	-	-	-	Second Quarter 2016
ADM12	Establish a best-practice contract bidding process, including a qualified vendor list	Borough Manager	-	-	-	-	Second Quarter 2016
ADM13	Establish travel and entertainment policies and procedures	Borough Manager	-	-	-	-	Second Quarter 2016
ADM14	Establish risk management policies and procedures	Borough Manager	-	-	-	-	Third Quarter 2016
ADM15	Ensure that police officers are issuing nuisance notices	Borough Council/Mayor	\$500	\$750	\$1,000	\$1,000	Third Quarter 2016
ADM16	Reduce materials and supplies costs by 5% annually	Borough Manager	\$2,500	\$2,500	\$2,500	\$2,500	First Quarter 2016
PUB01	Establish a Police Policy Manual	Mayor, Police Chief, Borough Manager	(\$5,000)	-	-	-	First Quarter 2017
PUB02	Develop a Work Schedule to Effectively Deploy Resources	Mayor, Police Chief, Borough Manager	\$10,000	\$10,000	\$10,000	\$10,000	First Quarter 2016



Initiative	Responsible Party	Budgetary Impact				Target Completion	
		2016	2017	2018	2019		
PUB03	Explore Alternatives for Police Service Delivery	Mayor and Borough Manager	-	-	-	-	First Quarter 2017
PUB04	Explore Less Costly Insurance Coverages	Borough Manager	\$10,000	\$10,000	\$20,000	\$20,000	Fourth Quarter 2016
PUB05	Develop Job Descriptions, Policies and Procedures for Crossing Guards	Mayor, Police Chief, Borough Manager	(\$2,500)	-	-	-	First Quarter 2016
PUB06	Formally Recognize Darby Fire Company	Borough Council	-	-	-	-	First Quarter 2016
PUB07	Convert Fire Services Tax to General Millage	Borough Council	\$25,000	\$25,000	\$25,000	\$25,000	First Quarter 2016
PUB08	Enhance Codes Enforcement Efforts	Borough Council and Borough Manager	(\$5,000)	-	\$5,000	\$15,000	First Quarter 2016
INF01	Set trash fee to offset the full cost of rubbish and recycling collection	Borough Council	\$14,993	\$17,773	\$20,608	\$23,500	First Quarter 2016
INF02	Engage third party tax collector to collect delinquent trash fees	Borough Council	\$10,000	\$10,000	\$17,500	\$17,500	First Quarter 2016
INF03	Adopt strategy to improve recycling rates	Borough Manager	\$500	\$750	\$1,000	\$1,000	Second Quarter 2016
INF04	Develop formalized deferred maintenance and capital improvement program	Borough Manager and Department Heads	(\$90,000)	(\$60,000)	(\$60,000)	(\$60,000)	Third Quarter 2016
INF05	Spread department workload by exploring shared service arrangements, increasing casual workforce, and/or increasing use of contracted services	Borough Manager	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)	Second Quarter 2016
INF06	Adopt regular schedule for routine maintenance and preparation for	Borough Manager and Highways Department	-	-	-	-	First Quarter 2016



Initiative	Responsible Party	Budgetary Impact				Target Completion
		2016	2017	2018	2019	
	scheduled events					
SWR01	Establish a separate fund for sewer revenues and expenses	-	-	-	-	First Quarter 2016
SWR02	Pursue a loan through the Commonwealth for past due Authority obligations	\$270,000	(\$30,000)	(\$30,000)	(\$30,000)	First Quarter 2016
SWR03	Regularly adjust Sewer Fee to account for increases in Authority charges and Commonwealth loan debt service payments	\$6,280	\$12,685	\$19,219	\$25,883	First Quarter 2017
SWR04	Assess sewer system related capital maintenance needs and budget for costs	-	-	-	-	Third Quarter 2016
SWR05	Evaluate sale of sewer assets to DELCORA			\$20,000	\$20,000	Fourth Quarter 2016
SWR06	Examine strategies to divert rain water from sewer collection	-	-	-	-	First Quarter 2017
SWR07	Ensure sewer fees are collected from tax-exempt organizations	\$500	\$750	\$1,000	\$1,000	Fourth Quarter 2016
WF01	Delegate personnel responsibilities to the full time Borough Manager	-	-	-	-	First Quarter 2016
WF02	Utilize experienced labor and employment Council	-	-	-	-	First Quarter 2016
WF03	Develop and adopt an employee handbook	(\$5,000)	-	-	-	First Quarter 2016
WF04	Develop a records retention policy and procedure	-	(\$2,500)	-	-	First Quarter 2017



Initiative	Responsible Party	Budgetary Impact				Target Completion	
		2016	2017	2018	2019		
WF05	Devote appropriate time and attention to labor negotiations	Borough Manager	-	\$5,000	\$5,000	\$5,000	First Quarter 2016
WF06	Establish a long-term collective bargaining agreement with the FOP	Borough Manager and Outside Labor Counsel	\$7,784	\$7,867	\$7,953	\$8,042	First Quarter 2016
WF07	Establish a long-term collective bargaining agreement with SEIU	Borough Manager and Outside Labor Counsel	\$1,347	\$1,373	\$1,399	\$1,426	First Quarter 2016
WF08	Petition to remove positions from the bargaining unit	Borough Manager and Outside Labor Counsel	(\$10,000)	-	-	-	First Quarter 2016
WF09	Amend and restate police pension plan	Borough Council and Borough Manager	(\$5,000)				First Quarter 2016
WF10	Take advantage of Act 44 and revised calculations to lower minimum municipal obligation payments	Borough Council and Borough Manager	\$8,769	\$32,951	\$33,939	\$9,582	2016 and 2017
WF11	Pursue a loan from the Commonwealth for delinquent minimum municipal obligation payments	Borough Council and Borough Manager	\$207,000	(\$23,000)	(\$23,000)	(\$23,000)	First Quarter 2016
Total Net Budgetary Impact*			\$459,073	(\$8,701)	\$68,318	\$74,223	

* The net budgetary impact totals reflect budgetary savings and costs for the General Fund and Sewer Fund combined. Also reflects proceeds from Commonwealth Loans.



EXHIBIT A — FORM OF ORDINANCE REQUESTING POWER OF BOROUGH MANAGER



**ORDINANCE NO. 1
FOR THE YEAR 2015**

**AN ORDINANCE OF THE BOROUGH OF COLWYN,
DELAWARE COUNTY, PENNSYLVANIA, REPEALING AND REPLACING CHAPTER 15 OF
THE BOROUGH'S CODE OF ORDINANCES IN ITS ENTIRETY, AND
DELEGATING ADDITIONAL POWERS, DUTIES AND RESPONSIBILITIES TO THE
POSITION OF BOROUGH MANAGER**

WHEREAS, Section 1141 of the Borough Code of the Commonwealth of Pennsylvania authorizes the Colwyn Borough Council to create by ordinance, the office of borough manager and to prescribe the powers and duties of the borough manager by ordinance; and

WHEREAS, Section 1142 of the Borough Code of the Commonwealth of Pennsylvania authorizes the Colwyn Borough Council to delegate, to the borough manager, subject to recall, any of the Council's nonlegislative and nonjudicial powers and duties; and

WHEREAS, Chapter 15 of the Borough's Code of Ordinances establishes the office of borough manager, and provides that the powers and duties of the borough manager are determined by the Borough Council; and

WHEREAS, the Borough Council desires to appropriately establish, by Ordinance, the powers and duties of the office of borough manager, to empower the office of the borough manager, and to delegate certain nonlegislative and nonjudicial powers and duties to the office of borough manager as more fully set forth herein; and

WHEREAS, Section 1123.1 of the Borough Code of the Commonwealth of Pennsylvania provides the mayor with full charge and control of the chief of police and the police forces; and Section 1127 provides the mayor with the responsibility for the supervision of school crossing guards; and

WHEREAS, Section 1142 of the Borough Code of the Commonwealth of Pennsylvania authorizes the mayor to delegate to the borough manager any of the mayor's nonlegislative and nonjudicial powers and duties, subject to the approval of borough council; and

WHEREAS, supervision, personnel matters and labor relations matters effecting the employees under the mayor's supervision department require significant expertise and experience; and

WHEREAS, the Mayor of Colwyn desires to rely on the knowledge and experience of the borough manager with respect to the day-to-day supervision of personnel as well as administrative decisions effecting the police department and the school crossing guards, including personnel and labor relations matters, and therefore elects to delegate such responsibilities to the office of the borough manager; and



WHEREAS, the Borough Council of the Borough Colwyn wishes to approve the Mayor's delegation of his supervisory responsibilities and his personnel and labor relations powers and duties to the Borough Manager; and



NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the Borough of Colwyn as follows:

Section 1. Chapter 15 of the Borough's Code of Ordinances is hereby repealed and Borough Council hereby approves and adopts Chapter 15 as attached hereto as Exhibit A, which shall govern the office of the Borough Manager and the affairs of the Borough effective immediately.

Section 2. All ordinances or parts of ordinances in conflict with this Ordinance, or inconsistent with the provisions of this Ordinance, are hereby repealed to the extent necessary to give this Ordinance full force and effect.

ORDAINED AND ENACTED into law by the Borough of Colwyn this 30th day of November, 2016

ADOPTED this 30th day of November, 2015.

**BOROUGH COUNCIL OF THE
BOROUGH OF COLWYN**

ATTEST:

By: _____
President

Secretary

AND NOW, this 30th day of November, 2015, the foregoing Ordinance is hereby approved.

Mayor

I hereby certify the foregoing Ordinance was advertised in the _____
_____ on _____ 2015, a newspaper of general
circulation in the municipality and was duly enacted and approved as set forth at a regular
meeting of the municipality's governing body held on _____, 2015.

Secretary

EXHIBIT A

CHAPTER 15, MANAGER, BOROUGH

§ 15-1 Creation of Office

The office of Borough Manager is hereby created.

§ 15-2 Appointment

The Borough Manager shall be appointed by Borough Council consistent with the Pennsylvania Borough Code and shall be employed pursuant to an employment agreement as set forth in Sections 1141 and 1142 of the Borough Code of the Commonwealth of Pennsylvania.

§ 15-3 Qualifications of Manager

The Borough Manager shall be chosen on the basis of his or her executive and administrative abilities, with special reference to actual experience in, or knowledge of, accepted practices in respect to the duties of the office as set forth below. The Manager need not be a resident of the Borough.

§ 15-4 Powers and Duties

The Borough Manager shall be the Chief Administrative Officer of the Borough and shall be responsible to Council as a whole for the proper and efficient administration of the affairs of the Borough. The Borough Manager shall be responsible for all duties and powers granted to the position of borough manager as set forth in the Borough Code of the Commonwealth of Pennsylvania. Further, the Borough Council and the Mayor delegate the following nonlegislative and nonjudicial powers and duties to the Borough Manager and the Borough Manager shall have the following duties and powers:

- A. The Manager shall supervise and be responsible for the activities of all borough departments, except to the extent that such supervision has not been delegated to the Manager by the Mayor, and shall be responsible for conducting the day-to-day business of the Borough.
- B. The Manager shall hire and, when the Manager shall deem it necessary for the good of the Borough, shall discharge all employees under the Manager's supervision, subject to the consent of Borough Council and provided that persons covered by the civil service provisions of the Borough Code shall be hired, suspended or discharged in accordance with such provisions. The Manager shall develop and maintain appropriate work rules and prepare and issue appropriate disciplinary actions for those employees under the Manager's supervision in accordance with applicable law and collective bargaining agreements; provided, that the Manager shall report, at the next regular meeting thereafter of the Council, any disciplinary action taken by authority of this subsection. The Manager shall establish the compensation for all employees under his supervision and jurisdiction, consistent with applicable law and collective bargaining agreements, and shall administer the employee performance evaluation process and complete performance evaluations as appropriate.



- C. The Manager shall be the administrator, supervisor and be responsible for activities of any and all Borough employees who have been or shall be assigned to the Manager's jurisdiction by ordinance or resolution, including but not limited to all positions in the police force and all school crossing guards. The Manager shall represent Council in matters relative to applicable labor unions and union members. All complaints regarding services or personnel of the Borough shall be referred to the office of the Manager. The Manager, or an officer designated by him, shall investigate and dispose of such complaints, and the Manager shall report thereon to the Council.
- D. The Manager shall prepare and submit to the Council before the close of the fiscal year, or on such alternate date as the Council shall determine, a budget for the next fiscal year and an explanatory budget message. In preparing the budget, the Manager, or an officer designated by him, shall obtain from the head of each department, agency, board or office estimates of revenues and expenditures and other supporting data as he requests. The Manager shall review such estimates and may revise them before submitting the budget to the Council.
- E. The Manager shall be responsible for the administration of the budget after its adoption by the Council.
- F. The Manager shall, with the assistance of the Mayor and the Chief of Police, execute and enforce the laws of the Commonwealth of Pennsylvania and ordinances, resolutions and bylaws of the Borough.
- G. The Manager shall hold such other municipal offices or head one or more of the municipal departments as the Council may from time to time direct.
- H. The Manager shall attend all meetings of the Borough Council and of its committees, with the right to take part in the discussion, and he shall receive notice of all special meetings of the Council and of its committees.
- I. The Manager shall prepare the agenda for each meeting of the Council and supply facts pertinent thereto.
- J. The Manager shall keep the Council informed as to the conduct of Borough affairs, submit periodic reports on the condition of the Borough finances and such other reports as the Council shall request and shall make such recommendations to the Council as the Manager deems necessary.
- K. The Manager shall submit to the Council, as soon as possible after the close of the fiscal year, a complete report on the financial and administrative activities of the Borough for the preceding year.
- L. The Borough Manager shall see that the provisions of all franchises, leases, permits and privileges granted by the Borough are observed.



M. The Manager may employ experts and consultants to perform work and to advise in connection with any of the functions of the Borough.

N. The Manager shall attend to the letting of contracts in due form of law, and shall supervise the performance and faithful execution of the same, except insofar as such duties are expressly imposed upon some other Borough officer by statute.

O. The Manager shall see that all money owed the Borough is promptly paid and that proper proceedings are taken for the security and collection of all the Borough's claims.

P. The Manager shall serve as the Purchasing Officer of the Borough and he shall purchase, in accordance with the provisions of the Borough Code, all supplies and equipment for the various agencies, boards, departments and other offices of the Borough. All such purchase must be approved by the Manager. The Manager shall keep an account of all purchases and shall, from time to time or when directed by the Council, make a full written report thereof. He shall also issue rules and regulations, subject to the approval of the Council, governing the requisition and purchasing of all municipal supplies and equipment.

(1) The Manager, in his capacity as Purchasing Officer of the Borough, shall ensure that the Borough's established written code or standards of conduct governing the actions of Borough employees or agents of the Borough involved in the award and administration of all Borough contracts is enforced consistent with all applicable laws, rules and regulations and so that no Borough employee or agent of the Borough participates in any contract award or administration if a conflict of interest exists between that employee or agent, either through his personal and/or financial interests outside of his Borough employment or through the personal and/or financial interests of any member of his immediate family.

(2) The Manager shall further ensure that no Borough officer, employee or agent shall solicit or accept any gratuity, favor or anything of monetary value from organizations under actual or potential contracts with the Borough. The Borough Manager shall initiate disciplinary action in accordance with the Borough's personnel policy regulations for any employee found to be in noncompliance with this subsection.

(3) The Manager shall establish procurement procedures. These procedures shall, at a minimum, require reviews of purchases to avoid the purchase of unnecessary or duplicative items.

4) The Manager shall ensure that all Borough procurement transactions are conducted in an open manner and that the procurement procedures used by the Borough do not restrict or eliminate competition, and comply with applicable law.

Q. The Manager shall hold the office of Open Records Officer, and shall prepare and have custody of all municipal records required by law to be kept by the Borough and not by a specific officer. Where the law makes it the duty of a specific officer to keep or maintain records, the



Manager shall make available to such officer all necessary clerical assistance for the preparation of such records and shall make available a place for the custody of such records.

R. The Manager shall serve as the Borough Secretary, and shall be responsible for all duties associated with such position.

S. The Manager shall prepare all necessary invoices and collect utility fees for water service, sewer service, and garbage service, and any other municipal fee imposed by Borough Ordinance.

T. The Manager shall prepare invoices for and collect those taxes not otherwise collected by the Tax Collector.

U. The Manager shall be responsible for managing and directing the finances of the Borough to ensure proper investments of all municipal funds in excess of immediate needs as well as the administration of all loans.

V. The Manager shall keep a current inventory showing all real and personal property of the Borough and its condition, and shall be responsible for the care and custody of all such property, including equipment, buildings, parks and all other Borough property, which is not by law assigned to some other office or body for care and control.

W. The Manager shall publish all notices, ordinances or other documents required by law to be published and to prepare or cause to be prepared all reports which the Borough or any officials thereof are required by law to prepare.

X. The Manager, or his or her designee, shall serve as the Chief Administrative Officer for purposes of the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984) with respect to both the Police Pension Plan and the Non-Uniformed Pension Plan.

Y. When the Manager becomes ill or needs to be absent from the Borough, the Manager shall designate one qualified member of his or her staff who shall perform the duties of the Manager during the Manager's absence or disability

Z. The Manager shall cooperate with the Borough Council at all times and in all matters that the best interests of the Borough and of the general public may be maintained.

§ 15-5 Delegation of Certain Powers and Duties of Mayor to Manager

In addition to those powers and duties set forth above, the Mayor is hereby authorized to delegate to the Manager, subject to recall by written notification at any time, any of his other nonlegislative and nonjudicial powers and duties.

§ 15-6 Repealer



All ordinances or parts of ordinances in conflict with this Ordinance, or inconsistent with the provisions of this Ordinance, are hereby repealed to the extent necessary to give this Ordinance full force and effect.

§ 15-7 When effective

This chapter shall become effective immediately.



EXHIBIT B — FORM OF CONTRACT OF BOROUGH MANAGER



EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made by and between **COLWYN BOROUGH, DELAWARE COUNTY, PENNSYLVANIA** (hereinafter referred to as the "Borough") and _____, **an individual**, (hereinafter referred to as "Manager").

WHEREAS, the Borough has been declared financially distressed in accordance with the Municipalities Financial Recovery Act, Act 47 of 1987, P.L. 246, No. 47, as amended; and

WHEREAS, pursuant to that declaration, a Recovery Plan was drafted and approved by the Pennsylvania Department of Community and Economic Development ("Department") and adopted by the Borough pursuant to Ordinance Number ___ of 2015, effective _____, which is attached hereto and incorporated herein by reference;

WHEREAS, the Recovery Plan required the adoption of an ordinance appropriately delegating certain duties and responsibilities to the position of Borough Manager; and

WHEREAS, the Borough has adopted Ordinance Number ___ of 2015, which is attached hereto as Exhibit A and incorporated herein by reference, that provides for the delegation of certain duties and responsibilities to the position of Borough Manager as required by the Recovery Plan; and

WHEREAS, the Recovery Plan required the Borough to appoint a Borough Manager, with the approval of the Department and to vest the Borough Manager with the powers and duties as set forth in Ordinance Number ___ of 2015; and

WHEREAS, the Recovery Plan required the Borough to provide the Borough Manager with certain protections, including an employment agreement consistent with the Pennsylvania Borough Code, 8 Pa C.S. 101, *et. seq.*; and

WHEREAS, the Borough has selected Manager to fill the position of Borough Manager and the Department has approved the selection;

WHEREAS, Manager wishes to be employed by the Borough as the Borough Manager;

WHEREAS, the Borough and Manager have reached agreement on the terms and conditions pertaining to the employment of Manager as the Borough Manager; and

WHEREAS, the Borough and Manager desire to set forth these terms and conditions of employment in writing, intending to be bound hereto.

NOW, THEREFORE, in consideration of the promises and covenants set forth herein, and intending to be legally bound hereby, the parties agree as follows:



ARTICLE 1. TERM OF AGREEMENT

Manager's employment hereunder will be effective _____ (hereinafter the "Effective Date"), and will continue thereafter for a period of two (2) years (hereinafter the "Term"), or the date of the organizational meeting of the Borough Council following the next municipal election, whichever occurs first, unless either party terminates the Agreement sometime sooner pursuant to Section 5 of this Agreement. This Agreement and the Term of the Agreement will at all times be construed to be in compliance with and consistent with Section 1142 of the Borough Code, 8 Pa.C.S. § 1142.

ARTICLE 2. POSITION AND DUTIES.

The Borough hereby employs Manager as Borough Manager and Manager agrees to serve in such capacity for the Borough on the terms and conditions hereafter set forth. Manager shall perform all duties consistent with the position of Borough Manager, as set forth in Ordinance Number ___ of 2015, and the Borough Manager Position Description, which is attached hereto as Exhibit B and incorporated herein by reference ("Duties"). In the performance of the Duties, Manager shall devote to the Borough his knowledge, skill, attention, energies, and all of his business time and shall perform such Duties diligently and in a competent and professional manner. At all times, Manager shall comply with applicable Borough policies, procedures, and ordinances, from time to time adopted, the Pennsylvania Borough Code, and other applicable federal, state and local laws and regulations. During the Term of the Agreement, Manager shall not engage in any other occupation or business outside of his position with the Borough.

ARTICLE 3. SALARY.

In consideration of the services to be rendered under this Agreement, the Borough shall pay to Manager an annualized salary of:

_____ (\$_____)

Manager shall be paid such salary, subject to applicable taxes and deductions, in accordance with the Borough's regular payroll cycle. Manager specifically acknowledges and agrees that Manager is a salaried, exempt employee for purposes of the federal Fair Labor Standards Act and the Pennsylvania Minimum Wage Law and, as such, is not entitled to any additional compensation for time worked in excess of 40 hours per week.



ARTICLE 4. BENEFITS.

a. **Health / Welfare.** During the Term, Manager shall be eligible to participate in all of the standard employee benefits programs available to full-time, non-uniformed employees, including medical, dental, disability, life insurance, and pension programs, in accordance with the terms of each benefit programs as set forth in the applicable policies and plan documents. **[IF APPROPRIATE ADD LANGUAGE PROVIDING FOR OPT-OUT PAYMENT]**

b. **Vacation.** Manager shall be entitled to _____ paid vacation days calendar year during the Term. Manager shall use such vacation days in accordance with the Borough's standard policies applicable to non-uniformed employees. Manager may utilize no more than ten (10) consecutive days of vacation without the prior approval of the Borough Council. Manager shall be entitled to payment for any unused vacation days at the end of the Term. Upon separation of employment with the Borough for any reason other than Cause, as defined below, Manager shall be compensated for any unused vacation days.

c. **Holidays.** Manager shall be entitled to paid holidays as arise during the Term in accordance with the Borough's policies applicable to non-uniform employees and as established by Council from time-to-time.

d. **Personal Days.** Manager shall be entitled to ___ personal days per calendar year during the Term. Manager shall use such personal days in accordance with the Borough's standard policies applicable to non-uniformed employees. Manager may not use personal days in conjunction with vacation in any manner that provides for more than ten (10) consecutive days off at one time without the prior approval of the Borough Council. Manager shall not be compensated for any personal days that are unused at the end of the calendar year, the Term or upon separation of employment with the Borough for any reason.

e. **Sick Leave.** Manager shall be entitled to sick leave in accordance with the Borough's standard policies applicable to non-uniformed employees. Manager shall not be compensated for any sick time that is unused at the end of the calendar year, the Term or upon separation of employment with the Borough for any reason.

f. **Bereavement, Jury, and Military Leaves.** Manager shall be eligible for bereavement, jury, and military leave in accordance with the Borough's standard policies applicable to non-uniformed employees.

g. **Business Expenses.** Manager shall be reimbursed for all ordinary and necessary business expenses incurred by Manager in connection with Manager's employment upon timely submission by Manager of receipts and documentation as required by the Internal Revenue Code and in accordance with the Borough's procedures and approved budgets.

h. **Professional Development.** Manager is encouraged to continue Manager's education, training, and professional development in subject matters which can be beneficial and advantageous to the operation of the Borough. The Borough shall budget and pay for the reasonable expenses incurred in maintaining membership in professional organizations, subscribing to professional publications, and traveling to, attending, and participating in meetings, seminars, and occasions, relevant to Manager's professional development. Organizations



relevant to Manager's professional development may include the Pennsylvania State Association of Boroughs, the Association for Pennsylvania Municipal Management (APMM), and other similar national, regional, state, and local governmental groups and committees.

i. **Legal Aid.** Manager shall be entitled to provision of legal aid and reimbursement of legal fees, including reasonable settlement costs, from the Borough for any tort claim, professional liability claim, or other legal demand or action, against Manager arising out of an alleged act or omission occurring within the scope of Manager's employment as Borough Manager. However, this Article shall not apply to any legal demands or actions against Manager arising from any alleged act or omission occurring outside the scope of Manager's employment as Borough Manager or any claims for punitive damages. The Borough shall maintain appropriate directors and officers insurance policies.

ARTICLE 5. TERMINATION OF EMPLOYMENT.

a. **Termination by Borough Manager.** Manager may terminate the employment relationship established by this Agreement at any time upon giving fourteen (14) days' written notice to Council of Manager's intent to do so. Upon giving such notice, Manager shall be continued in employment with the Borough for the full fourteen (14) day notice period or, at the discretion of Council and in lieu of continued employment, may be paid Manager's salary and have Manager's benefits hereunder continued for the remainder of the notice period. Failure of Manager to provide the full fourteen (14) days' notice shall permit the Borough to immediately terminate this Agreement, including the compensation and benefit provided herein.

In addition, in the event that Borough Council should make any substantial changes to the Duties, by amendment to Ordinance Number ___ of 2015, amendment to the Exhibit B, or otherwise, Borough Manager may terminate the employment relationship upon seven (7) days notice. In the event that the Borough fails to rescind such changes or amendments to the Duties, this Agreement will terminate seven (7) days following such notice by the Manager, and Manager shall be entitled to six (6) months of salary in the form of severance pay.

b. **Termination upon Expiration of the Term.** This Agreement, and the engagement of Manager hereunder, shall automatically terminate upon the expiration of the Term. Prior to or following the expiration of the Term, the parties, in their discretion and with the approval of the Department, shall determine whether to extend the Agreement or enter into a new agreement.

c. **Termination upon Death or Disability.** This Agreement, the engagement of Manager hereunder, and all rights, benefits, and obligations hereunder shall automatically terminate in the event of Manager's death. In the event that a physician mutually acceptable by the parties determines that Manager is and for a period of two (2) consecutive months has been permanently unable to substantially perform Manager's Duties under this Agreement, this Agreement, the engagement of Manager hereunder, and all rights, benefits, and obligations hereunder shall automatically terminate.



d. **Termination by Borough for Reasons other than Cause.** In the event of the termination of this Agreement because the Council exercises its discretion under the Borough Code to terminate for any reason other than Cause, as defined below, Manager shall be entitled (without any obligation on the part of Manager to mitigate damages) to a lump sum payment equal to the Manager's salary for the shorter of the remainder of the Term or six (6) months. The lump sum payment shall be due and payable within thirty (30) days of termination. Manager shall not be compensated for any unused personal or sick days that are unused at the time of termination.

e. **Termination by Borough for Cause.** The Borough, by written notice from the Borough Council to Manager, shall have the right to terminate the employment relationship in the event of any of the following (which shall constitute "Cause"): (i) Manager's willful and material breach of his Duties under this Agreement which would significantly interference with the administrative or financial operation of the Borough; (ii) Manager's conviction of a felony involving moral turpitude during the Term; or (iii) Manager's willful and material breach of the Borough Code or the Borough's Code of Ordinances. Any termination under this subparagraph 5.e. shall be without damages or liability to the Borough for compensation and other benefits. Manager shall not be compensated for any vacation, personal days, or sick leave that is unused at the time of termination and any other benefits that would have accrued hereunder after termination.

f. **Forfeiture of Payment.** Manager shall forfeit all payments and benefits, including retirement benefits, and this Agreement shall be rendered voidable at the option of the Borough if Manager is convicted or pleads guilty or no defense to any crime related to public office or public employment as more fully prescribed at § 1313 of the Public Employee Pension Forfeiture Act, 43 P.S. § 1311, et seq.

g. **Rights and Obligations upon Termination.** Upon termination of this Agreement, for whatever reason, Manager shall immediately cease the performance of the Duties hereunder and all other duties on behalf of the Borough, and all of the rights and obligations of the parties hereunder shall terminate; provided, however, that (a) termination of this Agreement shall not relieve either party from any liabilities resulting from a breach of this Agreement which occurred prior to termination, (b) Sections 6 and 7 shall survive termination of this Agreement, and (c) following termination of this Agreement, the Borough shall make timely payment to Manager for any unpaid amounts which accrued prior to termination, except as set forth above.

ARTICLE 6. CONFIDENTIALITY.

a. **Non-Disclosure of Confidential Information.** In the course of managing and conducting the business of the Borough, the Borough acquires and develops confidential and proprietary information which is not generally known to the public. Manager recognizes and acknowledges that the Borough has a valuable interest in maintaining the confidentiality of such information. Manager recognizes and acknowledges that in performing the Duties, Manager will become aware of, and familiar with, confidential information of the Borough relating to its operations, plans, functionalities, personnel, residents, ratepayers, budgets, and procedures, which are not generally known to the public (collectively "**Borough Confidential Information**"). Accordingly, Manager agrees that, except without the written consent of the Borough Council or as required by applicable law or court order, Manager will keep confidential and will not, for any reason or purpose whatsoever, disclose to any person or business entity (other than the



Borough), or publish, utter, exploit or make use of (or aid others in publishing, uttering, exploiting or using), or otherwise misappropriate, Borough Confidential Information except as may be required in the course and scope of carrying out Manager's duties as set forth herein. Manager's obligations hereunder shall continue both during and after the expiration of the Term. The restrictions of this Article will not apply to information that has become generally known to and available for use by the public, other than as a result by Manager's own fault (including but not limited to a breach of this Agreement).

b. **Right to Know Law.** Manager acknowledges that the Borough is subject to Pennsylvania's Right to Know Law and that any response by the Borough to a request for information in accordance with the Right to Know Law is not a breach of this Agreement. Manager further agrees, upon notification by the Borough, to assist the Borough in responding to a Right to Know request relating to this Agreement.

ARTICLE 7. MISCELLANEOUS PROVISIONS.

a. **Conflicting Agreements.** Manager hereby represents and warrants to the Borough that Manager is entering into this Agreement, and the obligations and duties undertaken by Manager hereunder, will not conflict with, constitute a breach of, or otherwise violate the terms of any other employment relationship or agreement to which Manager is a party, except to the extent any such conflict, breach, or violation under such agreement has been disclosed to the Borough Council in writing and in advance of signing this Agreement. In the event the Borough incurs costs, including reasonable attorneys fees, defending against any action that results from Manager's existing employment or contractual limitations, Manager shall reimburse the Borough for such costs, including reasonable attorneys fees.

b. **Entire Agreement.** This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and any and all prior agreements or understandings between the parties on the same subject are hereby rescinded and made null and void by mutual agreement.

c. **Heirs, Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

d. **Amendment or Modification; Waiver.** No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver is agreed to in writing, signed by Manager and by a duly authorized representative of the Borough Council. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

e. **Notice.** Any notices required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail to Manager at Manager's last-known address as shown on the Borough's records, or to the Borough Solicitor at the Solicitor's principal office, as the case may be.



f. **Severability.** If any term, condition or provision of this Agreement shall be found by any court of competent jurisdiction to be unenforceable, in whole or in part, the rest and remainder of this Agreement shall be and remain enforceable to the fullest extent allowed by law as if such unenforceable provision had never been contained herein.

g. **Governing Law.** This Agreement shall be construed and enforced in accordance with and governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any conflicts or choice of law provisions that would cause the application of the domestic substantive laws of any other jurisdiction.

h. **Headings.** All descriptive headings of sections and paragraphs in this Agreement are intended solely for convenience, and no provision of this Agreement is to be construed by reference to the headings

i. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. Any counterpart signature page delivered by electronic means or by facsimile transmission shall be deemed to have the same force and effect as an originally executed signature page.

j. **Remedies: Specific Performance.** Manager acknowledges that the provisions of Article 6 are reasonable and necessary for the protection of the Borough and that the Borough will be irrevocably damaged if such covenants are not specifically enforced. Accordingly, Manager agrees that the Borough will be entitled to injunctive relief for the purpose of restraining Manager from violating such covenants (and no bond or other security shall be required in connection therewith) in addition to any other relief to which they may be entitled under this Agreement.

IN WITNESS WHEREOF, the parties hereto have put their hands on this Agreement this ___ day of January ___, 2016.

For the Borough of Colwyn:

By: _____

Name

Title: President, Borough Council

Date: _____

BOROUGH MANAGER NAME

Date: _____

ATTEST

Borough Secretary

Witness



JOB DESCRIPTION

Borough Manager

Borough of Colwyn

DEPARTMENT: Administration

JOB TITLE: Borough Manager

REPORTS TO: Borough Council

JOB PURPOSE

The Borough Manager shall be the Chief Administrative Officer of the Borough, and shall be responsible to the Council as a whole for the proper and efficient administration of the affairs of the Borough. The Manager is responsible for the management of the Borough according to Council policies and state law including the preparation and control of the budget, the purchasing of supplies and equipment, the preparation of various administrative and financial reports, the hiring, disciplining and firing of non-uniformed employees, the letting and control of contracts, and the maintenance and control of Borough records and accounts. The Manager's powers and duties shall relate to the general management of all Borough business not expressly, by statute, imposed or conferred upon other Borough officers.

ESSENTIAL DUTIES AND RESPONSIBILITIES

Essential Functions

1. Responsible for performing all duties and powers as set forth in the Borough Code of the Commonwealth of Pennsylvania and in the Borough Ordinances of the Borough of Colwyn.
2. Supervises and oversees the activities of all borough departments as delegated to the Manager by the Borough Council and the Mayor.
3. Hires and discharges Borough employees in accordance with the Borough Code, subject to the consent of the Borough Council, when necessary.
4. Establishes the compensation for all employees under his supervision and jurisdiction, consistent with applicable law, collective bargaining agreements and applicable policy and procedure.



5. Represents Borough Council in matters relative to applicable labor unions and union members and issues all work rules and disciplinary notices to union employees on behalf of Council.
6. Develops and maintains work rules; and administers the employee performance evaluation process and completes performance evaluations as appropriate; and prepares and issues disciplinary actions in accordance with applicable law and collective bargaining agreements.
7. Reviews, investigates, and disposes of all complaints relating to the Borough's services and/or personnel.
8. Prepares and submits to Council the Borough's operating budget on an annual basis.
9. Administers and oversees the Borough's budget after the budget is adopted by the Council.
10. With assistance from the Mayor and Chief of Police, executes and enforces the laws of the Commonwealth of Pennsylvania and ordinances, resolutions and regulations of the Borough.
11. Holds such other municipal offices or head one or more of the municipal departments as the Council may from time to time direct.
12. Attends all meetings of the Borough Council and of its committees, with the right to take part in the discussion, and he shall receive notice of all special meetings of the Council and of its committees. Prepares the agenda for each Council meeting and supplies all pertinent facts.
13. Keeps the Council informed as to the conduct of Borough affairs, submits periodic reports on the condition of the Borough finances and such other reports as requested by Council.
14. Reports to Council on the Borough's financial and administrative activities at the conclusion of each fiscal year.
15. Ensures that the provisions of all franchises, leases, permits and privileges granted by the Borough are observed.
16. Negotiates, solicits proposals for, enters into, and administers contracts on behalf of the Borough and supervises the performance and faithful execution of the same.
17. Oversees the Borough's accounts receivable and takes all necessary and proper action to ensure payment of the same.
18. Serves as the Purchasing Officer of the Borough and purchases, in accordance with the provisions of the Borough Code, all supplies and equipment for the Borough's agencies, boards, departments and other offices of the Borough. Keeps an account of all purchases and provides written reports concerning Borough purchases when requested by Council. Issues rules and regulations, subject to the approval of the Council, governing the requisition and purchasing of all municipal supplies and equipment.



19. Serves as the Open Records Officer of the Borough and prepares and has custody of all municipal records required by law to be kept by the Borough (except those that are required to be kept by a specific Officer). Where the law makes it the duty of a specific officer to keep or maintain records, the Manager makes all necessary clerical assistance available to such officer and makes available a place for the custody of such records.
20. Serves as the Borough Secretary.
21. Prepares all invoices and collects utility fees for sewer service, and garbage service, and any other municipal fee imposed by Borough Ordinance.
22. Prepares invoices for and collect those taxes not otherwise collected by the Tax Collector.
23. Manages and directs the finances of the Borough to ensure proper investments of all municipal funds and proper administration of all loans.
24. Keeps a current inventory showing all real and personal property of the Borough and its condition. Is responsible for the care and custody of all Borough property, including equipment, buildings, parks and all other Borough property, which is not by law assigned to some other office or body for care and control.
25. Publishes all notices, ordinances, or other documents required by law to be published and prepares or causes to be prepared all reports which the Borough or any Borough official is required by law to prepare.
26. Serves as or designates the Chief Administrative Officer for purposes of the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984) with respect to both the Police Pension Plan and the Non-Uniformed Pension Plan.
27. Cooperates with the Borough Council at all times and in all matters that the best interests of the Borough and of the general public may be maintained.

QUALIFICATIONS

Experience, Competencies and Education

- Five years of public administration or comparable private sector experience.
- A bachelor's degree in business administration or equivalent education/experience required.
- An organized, forward-thinking and creative individual with high ethical standards and demonstrated professional accomplishments.
- A strategic planner with sound technical skills, analytical ability, good judgment and strong operational focus.
- A decisive individual who possesses a strategic focus as well as an operational, implementation and detail oriented perspective.



- Ability to organize multiple work assignments and establish priorities.
- Ability to pay close attention to detail and to ensure accuracy of reports and data.
- Ability to operate effectively, build consensus and build trust in a local government setting.

Language Skills

- Ability to read, analyze and interpret complex operational information.
- Ability to respond effectively to the most sensitive inquiries or concerns.
- Ability to make effective and persuasive presentations to employee groups, management at all levels as well as to Borough Council and outside organizations.

Employee's Signature: _____

Date: _____

Employee's Printed Name: _____

This Job Description is intended to describe the principle responsibilities, associated requirements, and work environment for this position. It is not intended to represent an exhaustive list of all the aspects of the job. This Job Description is not a contract of employment, and may be amended from time to time.

Effective January 1, 2016

