



Managers 2020 Budget Message

Borough of Zelienople · 111 West New Castle Street · Zelienople, PA 16063 · www.zelieboro.org · (724) 452-6610

Donald C. Pepe, Borough Manager

Introduction & General Comments

The yearly Budget Message is important in order to give our elected officials and the taxpayers an understanding of the financial and functional condition of the Borough in a concise manner as well as give an outline of the fiscal plan for the new fiscal year and a summary of what to expect in the future. It reflects the Borough Manager's plans and recommendations as the Borough moves forward into a new calendar and fiscal year. The approved 2020 budget total for all funds is \$11,043,063, which is a 1.23 % increase from 2019. This is due to efforts to sustain a consistent budget with the prior year while allowing for important projects and needed personnel to provide services. The details will be explained in the report that follows.

2020 Challenges

The 2020 fiscal year gives us challenges to address with such things as, but not limited to, the following:

- Infrastructure improvements for storm water management in the Borough has become increasingly important. We have reprioritized to address issues as resources allow. We have substantial projects planned in the area north of the Community Park Pool and in the creek bed corridor through residential areas ending near the Sportsman's Park Lake. This is to help protect homes and businesses from flooding during heavy storms.
- We are part of a Regional study measuring stormwater with the goal of identifying and enabling projects to reduce flooding in the Connoquenessing Creek area.
- Need to fund necessary equipment purchases/leases to maintain services.
- Significant contributions to continue the Main Street Revitalization program.
- Maintaining the water and electric utility companies in a manner that is cost effective to the customer and limiting any rate increases. However, rate increases are sometimes inevitable due to increased costs from our water and electric suppliers. As we have done in the past, we have only increased what is needed to cover these costs.
- In 2020, the Borough will begin rolling out an advanced metering infrastructure technology to give customers the tools to better conserve and manage their utility usage as well as to ensure the Borough is efficiently managing its utilities and reducing man hours needed to maintain metering infrastructure.
- Beginning the Main Street Corridor portion in Phase II of Revitalization to follow the success of Phase I implementation Kaufman House reopening, Town Center Parking lot and identified Main Street corridor.
- Paving of streets with curb and handicapped ramp improvements.
- Continued capital improvements at the Community Park to follow the completion of the Community Park Pool replacement and Skate Park Initiative.

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Demographics

According to the U.S. Census Bureau, Zelenople is a Pennsylvania Borough of 3,812 citizens. Zelenople has a land mass of approximately 2.1 square miles. While the Borough is largely developed, there are some development and ample redevelopment opportunities within the Borough.

Taxes

Borough of Zelenople

Taxation in the Borough is as follows:

❖ The 2020 budget is distributed as follows:

• General Fund:	1.81 mills expected revenue is	\$52,766
• Library:	1.00 mills expected revenue is	\$29,153
• Fire Department:	2.00 mills expected revenue is	\$58,305
• Recreation for Capital Improvements:	1.00 mills expected revenue is	\$29,153
	5.81 mills	\$169,377

- At the time of budget preparation, each mill for the Borough is valued at approximately \$29,153 per the Butler County Assessment office. This number does change periodically during the year due to property value changes.

- ❖ Per Capita Tax is assessed on all residents over the age of 18 at \$5.00 per person. An exemption must be applied for anyone whose annual income is below \$5,000. These forms are available at the Borough office.
- ❖ Earned Income is assessed on all residents at ½ % of annual income.
- ❖ Real Estate Transfers are ½ % for all real estate transactions.
- ❖ Local Services Tax is \$52 on all individuals who work in Zelenople.

Butler County

The Borough remains the smallest part of an individual's real estate tax burden as shown:

<u>Taxing Authority</u>	<u>Millage</u>	<u>Percentage of Total</u>
Borough	5.81	3%
School District	127.89	79%
Butler County	27.62	18%
	161.32	

all percentages rounded

Sources of Income

Zelienople has five major sources of revenue income on which to operate: (1) Property Tax, (2) Earned Income Tax, (3) Local Services Tax, (4) revenue from the sale of electricity (5) revenue from the sale of water.

Fees for services are also another source of funds, but are relatively minor in comparison to the ones above. In addition, council requires that staff ensure that all current taxes are enforced fairly and consistently throughout the Borough. This means that all persons who are eligible to pay taxes are tracked appropriately; this is a continual task that will always be a necessity to perform.

Fund Structure

The Borough's financial budget is structured into six (6) funds as follows:

1. General	\$2,921,868	General Borough operations
2. Fire	\$ 59,550	Funds from fire tax millage – (distributed to Fire District)
3. Library	\$ 29,434	Funds from library tax millage
4. Water	\$2,136,806	Funds from water operations
5. Electric	\$5,612,039	Funds from electric operations
6. Highway Aid	\$ 150,000	State funds to assist in road maintenance

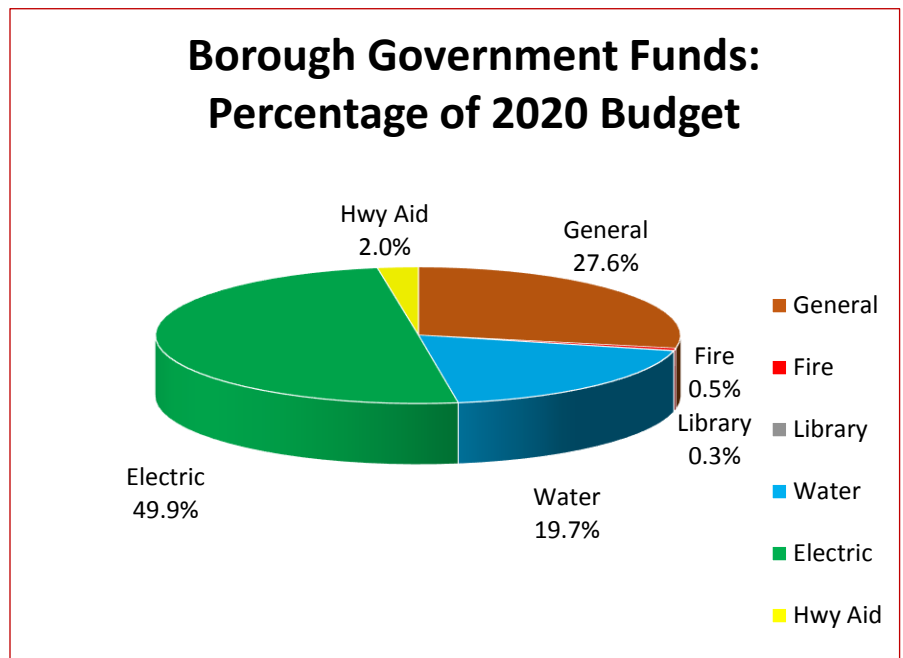
Fiscal Situation

Overview

The Borough continues a commitment of prudent and frugal government spending practices. It has established strong reserves to maintain fiscal integrity in the long term. Reserves can be used to offset emergency expenditures and large capital costs. These reserves are funded mainly through the operations of the Water and Electric Utilities which the Borough operates and does not rely on revenues generated through property taxes for the Borough operations.

The Borough, in conjunction with the local business community, has undertaken a multi-phase, multi-year Main Street Revitalization project in order continue to promote Zelienople to both residents and businesses in an effort that our community will continue to thrive in the future. The

Borough has also realized the importance of the assets of its Community Park to the residents and has made commitments to assist in maintaining those assets for its residents. While there has been a significant amount of local funds in both projects, the Borough has been awarded multiple grants for both ventures, with much of the grant funding awarded is received on a “match” basis and/or “reimbursement” basis. As such, the initial capital outlay for the projects have had to come from the local funds of the Borough in order to keep the projects moving forward. It is anticipated however, that these funds will continue to be replenished once the grant revenues as well as the loan proceeds are received.



Utilities

Each year the Borough completes internal financial and economic reports as well as external audit reports that help the Council make decisions relative to the operations of the water and electric utilities. The results of these reports have an impact on both decisions to improve operating efficiencies and to ensure rates in the Borough utilities are fair as well as covering the costs associated with the utilities.

- The water utility is expecting a small cost increase from its water supplier, Beaver Falls Municipal Authority. This will likely equal between a three to four percent increase.
- The electric utility is anticipating no increase for purchased energy costs. The Borough took advantage of market conditions and reduced its cost for purchased electric; the savings enable the utility to complete projects without rate increases. Customers should remember that the property tax rate is low due to the ability to use electric funds to offset Borough costs. Also note that over the last several years, the Borough only passed on approximately half of its cost increases to the customer in order to lessen the burden of cost increases.
- The Borough is in the process of upgrading aging electric and water metering, which will also eliminate manual meter reading and give Borough staff the ability to be reassigned to other priority projects in the Borough.

Capital Investments – Capital Improvement Plan

Perhaps the most important function of local government is the preservation and maintenance of infrastructure for the benefit of residents and businesses. Governments that neglect infrastructure over long periods of time always create financial hardships for future generations. Therefore, the Borough maintains a Capital Improvement Plan (CIP), which outlines the capital needs, particularly infrastructure, of the Borough projected for the next five (5) years in order to address such concerns. This plan is continually updated each year with the annual budget; however, it needs understood that often times projects and needs occur that simply are unforeseen and therefore the resources in the CIP get reassigned to other urgent priorities.

Health Care

Health Care continues to be a challenge but planning for a low cost and effective coverage has been successful with our affiliation with Municipal Benefits Services (MBS), through which the Borough participates in a pool for health care and other related services. Due to prudent planning, implementing cost saving options and health care fund management, our costs for health care have shown significant cost savings in recent years. The costs for 2020 are a modest 5% increase over 2019.

Pension

Pension obligations continue to be a very necessary yet costly required expenditure for the Borough, in order to fairly provide for the future of employees. The Borough is not only seeking ways to lower the Borough cost portion without decreasing the pension commitment to its employees, but also seeks ways to better the pension investment program in what has been a volatile investment market in our nation in recent history. The Employee Pension Advisory Committee that was established in 2011 and the Council Finance Committee are charged with providing recommendations to Council concerning the pension programs currently in place.

Risk Management

The Borough has been very successful in managing its insurance programs to protect all facilities, equipment, and people as well as provide the necessary coverages needed for the Borough. The Borough, along with the other municipalities in the fire district, contributes to the workers compensation insurance premium for the fire district. The Borough is also committed to lowering its liabilities through good safety practices and operates a state certified safety committee for its employees with the hope of promoting a safe work environment.

Taxes and Revenue

Taxes have remained stable in Zelienople Borough for many years. Due to the reliance on municipal utilities for maintaining operating revenue, essentially tax-offsets, taxes have taken a secondary role in providing needed

funding for normal Borough operations. Funding through municipal utility services is a much more equitable way of sharing the cost of municipal services. This will continue to be the case into the near future.

General Fund

The General Fund is the most complicated as it includes the heart of service provisions such as general administration, police, streets, parks, library, zoning & code enforcement.

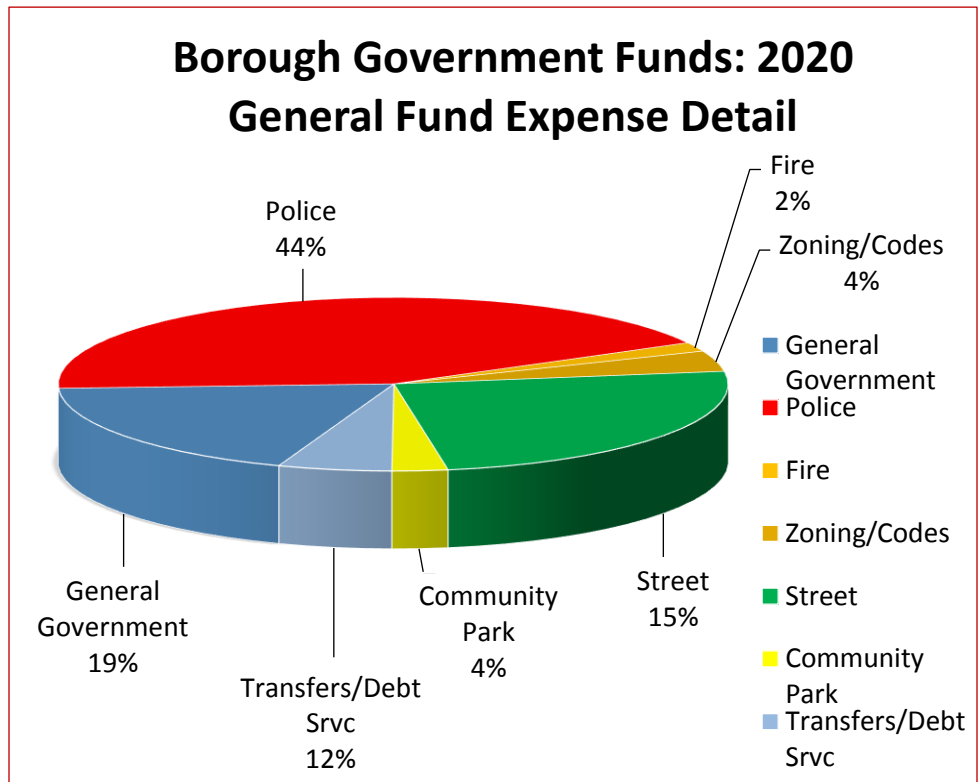
Administration

Administrative oversight is key to success in any venture and we do so with an eye to limiting costs. The Borough has consolidated its Public Works functions of Street, Water and Electric under one public works director to better serve the public. We also continue to train staff to meet professional and technology needs to serve the public.

Police & Public Safety

The Borough of Zelienople has had a long history of providing excellent public safety services. Police, fire, fire police, and emergency management have all been an integral part of our service to the community. Although public safety is the primary concern of this government, it must continue to be in a manner that is also fiscally responsible.

The Borough has a negotiated Collective Bargaining Agreement with a term from January 1, 2017 and will continue through December 31, 2020. Our intention was to enter negotiations with the bargaining unit and arrive at an equitable agreement that will continue containing costs while maintaining an excellent police services in Zelienople for additional years to come.



- New police cruisers were purchased in 2018, so there will be an annual debt payment for the three new cruisers over the next few years.
- We continue to seek ways to keep our department well maintained and supplied with equipment and technology for the officers.
- The Police Chief evaluated Borough parking regulations and meter placement and made recommendations that Council adopted to better our parking situation and enforcement.
- The Borough has a fair and reasonable contract with Harmony Borough to maintain police services to Harmony residents through a contract for services with the Zelienople Borough Police Department. This police services contract is the longest running in the Commonwealth of Pennsylvania and has been in effect for more than 35 years and provides services through 2020.

Fire

Fire continues to be funded through a combination of direct public tax dollars, Borough General Fund, state funding, and private donations. The Harmony Area Fire District is funded through Jackson and Lancaster Townships as well as Zelenople and Harmony Boroughs. The Borough provides a total of \$81,457.00 to the Fire District with \$59,605.00 from direct tax mileage and \$21,852 from the Boroughs general fund. It remains to be a volunteer fire company that is well run and is a very real asset to our community. You are encouraged to volunteer to this excellent service.

Emergency Management Agency

The Seneca Area Emergency Management Agency, Inc (EMA), is a joint regional entity/project between the Boroughs of Zelenople and Harmony, as well as the Townships of Jackson and Lancaster. We strive to always improve the method to provide Emergency Management to serve the community in a true emergency. This regional team has been newly restructured to better serve our citizens when an emergency occurs.

Emergency Management Team is comprised of knowledgeable individuals from all municipalities that plan for and manage an emergency event in conjunction with our local emergency services and Butler County. The cost to the Borough is minimal, but the support is important to continue this group's function. Although the Borough does contribute to the operation of the EMA, it is funded mostly through donation and fund drives held each year.

The Borough continues to provide an emergency notification system to quickly notify residents and businesses of an emergency condition both on a localized street basis and for the entire Borough within minutes. This is our SwiftReach system that requires citizens to maintain their current contact information with us so that we can provide this important service. If you think that you do not have current contact information on record, or if you are new to the community or had a change in this information recently, please contact the Borough office so we can get the correct information into the system. This information can be critical to you in an emergency, so we encourage you to ensure your information is current.

Roads & Streets

The Borough is committed to maintain roads and streets so that they are safe and easy to use. This includes road maintenance, signage, paving, curb and gutters, stormwater control, and winter maintenance. All are budgeted in this category. This activity has also remained stable but will require future resources to improve very real storm water issues in parts of town. In addition, this year we will continue with a long-term project to systematically rebuild the curbs in parts of the Borough as well. Such a project is expensive and will require funding in each year to complete all the curbs that are damaged or no longer functioning. A paving project will include milling and resurfacing streets as well enhancements to the drainage and stormwater.

Parks and Recreation

The Zelenople Borough Council, along with the Community Park Association, work together to ensure that the citizens in Zelenople and the surrounding communities are provided with quality parks and recreational programs. The primary recreation facility is the Zelenople Community Park, which became the responsibility of the Borough in 2004. Currently, we are funding the recreation in excess of \$170,000.00 per year in both monetary and in-kind services provided by Borough employees. These services have been used to improve the infrastructure of the park as well as assisting in program operations. The 1 mill Parks and Recreation tax is estimated at \$29,153 for 2020.

A comprehensive Master Plan and Feasibility Study was completed in 2008 to improve the Zelenople Community Park facilities. This plan is being implemented in stages as funding becomes available. This plan will continue to develop grant opportunities, Zelenople government funding, regional funding, and private donations from groups and individuals. Construction of the new pool was completed in 2019. The new Skate Park has also been completed in 2020 with a scheduled opening in May of 2020.

The full-time Park & Recreation Director is now a Borough employee and will continue to oversee daily park operations, facilitate programming, and interact with community members, local businesses, and various groups to encourage community involvement.

The Community Park continues to move forward with projects that require entities of the community working together to accomplish the long-term goals. The park thrives with the help of volunteers including the park board. The Borough continues to be appreciative of the volunteer support. See current information on the park's webpage at www.myzeliepark.org, newsletter, and Facebook page.

Library

The library continues to be an important part of the Zelienople community and continues to operate very well, but very modestly. It will meet its operational obligations; however, it has minimal reserves for expansion of services or improvements of its current operation. The Borough direct millage to the Library is 1 mill in 2020 totaling \$29,153.00. The Borough also contributes \$16,697.00 from the General Fund for a total Borough commitment of \$46,850.00 in order to assist with the Library's services. Zelienople Borough is committed to the library's operation and this budget maintains operational financial support to the library in 2020.

Zoning & Codes Office

A full time Code Enforcement and Zoning Officer position was created in 2015 resulting in increased and successful code enforcement efforts. Attention has focused on Main Street, and many of the merchants have not only corrected their violations but gone that extra step in painting, new signage, and cleanup. Thank you, Merchants, for not only your cooperation but also going that extra mile!

The enactment of the Ground Level Vacant Property Ordinance has produced great results for Zelienople Borough, with the greatest achievement being the rehabilitation of 109 North Main Street after ten years of having its doors closed. A retail business has opened in the building, a new restaurant is about to open, and the building has received a much needed and distinctive facelift.

The Sign Grant Program has again been funded by Council for the year 2020. Allocated to this program is \$2,000 for distribution for wall signs on Main Street. Applications meeting Program Guidelines are funded on a first come basis, providing matching grant funds up to a maximum of \$500.00 or 50% of total eligible costs, whichever is less. Signs funded in past years includes: Zelienople Historical Society, The Strand Café, Shoetique, and OOH and AAH. Guidelines and Applications at www.zelieboro.org, take a look as this could be your year to enhance your existing signage.

The Historic Preservation Action Plan is nearing completion. Public meeting was scheduled to begin in March, but have been postponed until summer. It has been a very exciting project and offers goals for the further enrichment of Zelienople's distinguished past.

A very important function of the Code Enforcement and Zoning Officer is the role of liaison for both the Zoning Hearing Board and Planning Commission accepting applications, coordinating meetings, and providing input on the various submissions before each of the boards.

Highway Aid Fund

This is funding that we receive from the Commonwealth in order to assist in road maintenance and paving. We will receive an approximate State Highway Aid allocation of \$123,457 from the Commonwealth in 2020. However, due to prior year savings, our paving and road improvement budget for 2020 is \$225,000.

Water Fund

The Borough will apply for small water system improvement grants as they are available, which will be used to improve the distribution system and allow for additional water quality monitoring points with flushing capabilities. The Borough has also replaced sampling and monitoring equipment for field applications. Along with routine preventative maintenance, the Borough water system will meet or exceed the quality standards expected by our community and required by state regulatory agencies.

Electric Fund

The Borough continues to improve its electric utility system. In 2020, electric improvements relating to the Main Street Revitalization Project will continue. The Borough is also continuing to staff and train the personnel in that department so we can be effective and responsive to our customers. Advanced metering infrastructure will be implemented in both water and electric utilities as the Borough strives to ensure a reliable and viable system for future years.

Special Notes

1. **Main Street Revitalization/Economic Development** – Our Main Street Revitalization/Economic development project has shown success and is a real partnership between the private sector and the municipal government.

We have implemented a plan, with the Main Street Revitalization Committee (Explore Zelig at www.zelienoplerevitalization.org) private sector business entity, and the Business Association, to seek funding and construction a comprehensive plan for the revitalization of the Borough of Zelig. This is an exciting project plan that will help to not only give the Borough a much-needed substantial face lift but also provide economic stimulus to our local businesses.

Currently, we have completed Phase I including: 1) the renovation of the Main Street Streetscape corridor from New Castle Street to Spring Street 2) the complete renovation of the Kaufmann House building and 3) the construction of a major public parking facility to serve the business community.

Phase II (from Spring St. to Beaver St.) is ready to begin later in 2020 & Phase III (from New Castle Street to Four Corner Park area) is in the planning stages. Both will include renovation to extend the Main Street corridor plan both north and south of the Phase I limits.

This continues to be a critical project for Zelig, the business community and our residents. Success will mean a healthy and successful business climate and a healthy community for many years to come. Paramount is job retention and job creation which is a primary goal of these projects.

2. **Zelig Airport** - In addition to the other capital improvements, although not a direct Borough function, the Zelig Airport is going through improvements that impact the community. New hangars have been built doubling capacity. Over 30 acres of new aprons and roads have been paved. Additional land is being acquired. Projects in 2020 include: the work to complete excavation for the relocation of Route 288 for road safety, removal of aviation hazards, rehabilitation and widening the runway and taxiway including a new lighting system, completing the filling of the old TASA strip mine, wetland mitigation to preserve the environment, and working with local and state conservation groups to provide educational and recreational use of airport land.
3. **Internal Technical Resources** – The Borough will continue to modify and expand its resources for technical improvements and use of modern resources in providing the Borough’s services. For example, we will plan for the development and implementation of the Geographic Information System (GIS) for all aspects of our infrastructure and will continue to refine our website, zelieboro.org, as a primary tool for distributing accurate information to the public.

Technology upgrades for the Borough will provide enhanced communication and collaboration among Borough Staff. We will acquire new hardware and software technology, enhance cybersecurity, improve use of social media to better serve our community, and acquire future tools that will increase citizen engagement.