



# Managers 2021 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 to give our elected officials and our taxpayers/customers, a concise understanding of the financial and functional condition of the Borough as well as give an outline of the 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 2021 budget total for all funds is \$11,383,622, which is a 3.00 % increase from 2020. 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.

## 2021 Challenges

The 2021 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 that 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.
- Zelie is part of a regional study examining stormwater issues 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 2021, the Borough is implementing 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 redirecting man hours needed to maintain metering infrastructure. This program has been closely vetted to insure its safe and electronically secure for customers and for the Borough.
- Phase II of the Main Street Corridor Revitalization has begun in the Spring Street to Beaver Street target area.
- Phase III of the Main Street project, which is from New Castle Street north to the Bridge is in the planning stage with the intent to obtain full funding in 2021-2022.
- Paving of streets with curb and handicapped ramp improvements.
- Increased parking in the Main Street corridor is in the planning stages so that there will be sufficient parking in the business district.

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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 redevelopment opportunities within the Borough.

## Taxes

### Borough of Zelenople

Taxation in the Borough is as follows:

❖ The 2021 budget is distributed as follows:

• General Fund:	1.81 mills expected revenue is	\$52,716
• Library:	1.00 mills expected revenue is	\$29,125
• Fire Department:	2.00 mills expected revenue is	\$58,250
• Recreation for Capital Improvements:	1.00 mills expected revenue is	\$29,125

Total	5.81 mills	\$169,216
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- At the time of budget preparation, each mill for the Borough is valued at approximately \$29,124,887 per the Butler County Assessment office. This amounts to or 29,124 per mil and 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	\$ 3,215,718	General Borough operations
2. Fire	\$ 59,400	Funds from fire tax millage – (distributed to Fire District including delinquent taxes)
3. Library	\$ 29,625	Funds from library tax millage ( including delinquent taxes)
4. Water	\$ 2,240,711	Funds from water operations
5. Electric	\$ 5,513,168	Funds from electric operations
6. Highway Aid	\$ 325,000	State funds to assist in road maintenance
Total	\$11,383,622	

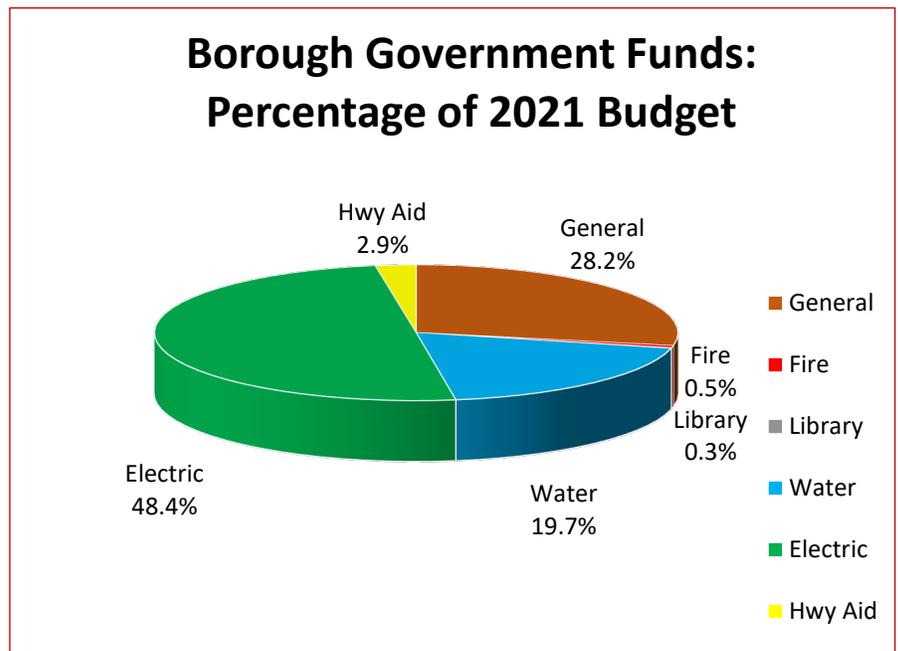
## Fiscal Situation

### 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, continues to undertake a multi-phase, multi-year Main Street Revitalization project in order to 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 uses 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 has had to come from the local funds of the Borough 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 comprehensive 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 has received a modest cost increase from its water supplier, Beaver Falls Municipal Authority. This will be a three to four percent increase, which will be passed on to the customer.
- 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. These 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.
- 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. This automated system has been thoroughly researched for safety and effectiveness. Information regarding this system is available on our website and social media pages.

### **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 to address such concerns. This plan is continually updated each year with the annual budget; however, it needs understood that often 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 for everyone 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 2021 are a modest 5.5% increase over 2020. Employees share in the cost of this program.

### **Pension**

Pension obligations continue to be a very necessary yet costly required expenditure for the Borough, to fairly provide for the future of employees. The Borough is always 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 training and good safety practices. Zelienople Borough also operates a safety committee for its employees with the intent of promoting a safe work environment.

**Taxes and Revenue**

Taxes have remained stable in Zelenople 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**

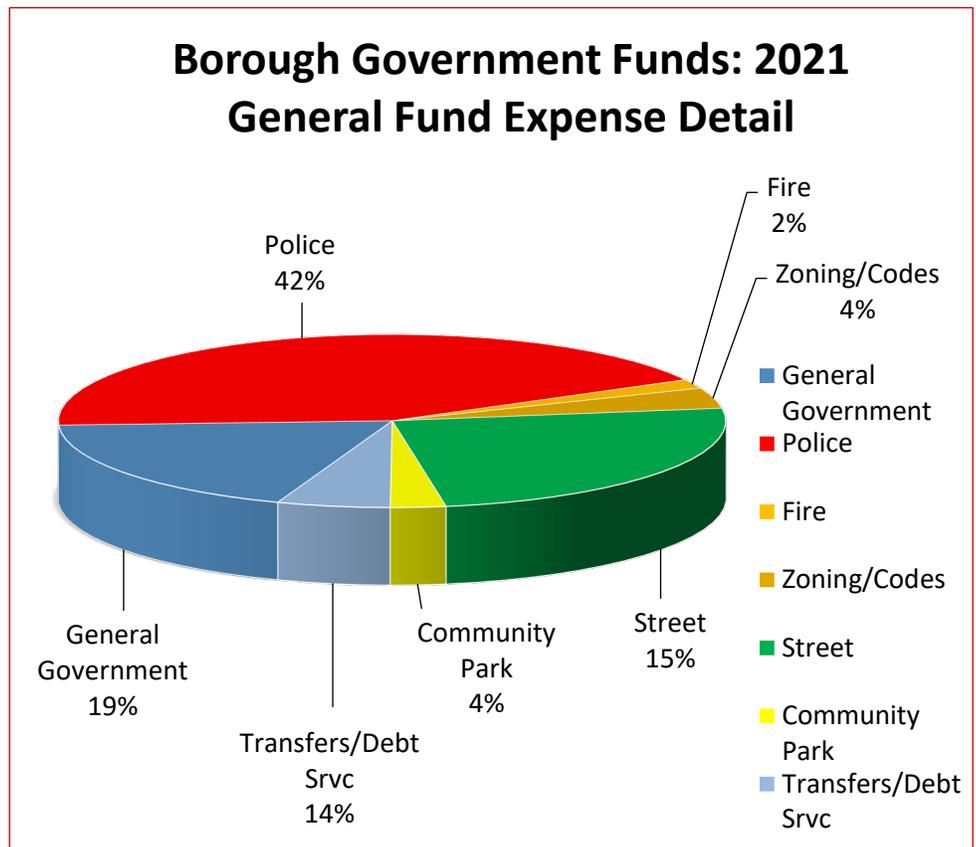
Administrative oversight is key to success in any venture, and we do so with an eye to limiting costs. The Borough has consolidated its Public Works functions of Street, Water and Electric under one public works director to better serve the public. We have also restructured staffing to be more efficient in how we do business. Zelenople Borough continues to invest in training staff to meet professional and technology needs to serve the public.

**Police & Public Safety**

The Borough of Zelenople has had a long history of providing excellent public safety services. Police, fire, 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 a comprehensive Collective Bargaining Agreement with a term continues through December 31, 2024. We have negotiated with the bargaining unit to arrive at an equitable agreement that will continue containing costs while maintaining an excellent police services in Zelenople 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 Borough has an equitable and effective agreement with Harmony Borough to maintain police services to Harmony residents through a contract for services with the Zelenople 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 2021.



**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 \$113,304.00 to the Fire District with \$58,250 from direct tax mileage and \$55,054 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 2021. Capital Purchases will include a new truck for snow removal to replace the 2005 model year. Stormwater improvements at the Linden Street culvert and the Beaver Street to High Street collection piping will take place in 2021-2022 construction season. Stormwater repairs will also take place in the Rosewood and Timberbrook Plans.

In addition, this year we will continue with a long-term project to systematically rebuild the curbs in parts of the Borough. 2021 will include new curbing along Clay Street. Such a project is expensive and will require funding in each year to complete all the curbs that are damaged or no longer functioning correctly. A paving project will include milling and resurfacing streets as well enhancements to the drainage and stormwater. At the time of this message a project has not been selected

**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 more than \$170,000 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 & Recreation tax is estimated at \$29,125 for 2021.

A comprehensive Master Plan and Feasibility Study completed in 2008 to improve the Zelenople Community Park facilities continues to be implemented as funding becomes available. This plan will continue to develop grant opportunities, Zelenople government funding, regional funding, and private donations from groups and individuals.

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](http://www.myzeliepark.org), newsletter, and Facebook page.

### **Library**

The library continues to be an important part of the Zelienople community and continues to operate modestly and very efficiently. The Borough direct millage to the Library is 1 mill in 2021 totaling \$29,125. The borough also contributes \$16,875 from the General Fund for a total borough commitment of \$46,000 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 2021. Private donations are encouraged to help the library continue operations for the community.

### **Zoning & Codes Office**

The Borough has a full time Code Enforcement and Zoning Officer which is an active and important position within Zelienople government, as the responsibility lies with Code Officer to enforce such Borough Ordinances as the Property Maintenance Code, the Sidewalk Ordinance, Brush Grass and Weed Ordinance, and Dangerous Building Ordinance. As the Zoning Officer duties further include the issuance of Zoning Permits for signs, fences, sheds, and certificates of non-conformity. All Building Permits are processed through the Office of Code Enforcement and Zoning for review and inspection by the Code Enforcement Agency, a third party contractor.

Another 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 these boards.

With the repeal of the PRD section of the Zelienople Zoning Ordinance, work has begun to evaluate the various residential zoning districts to ensure that future land development will be an asset to surrounding neighborhoods and maintains the high quality expected in Zelienople Borough.

The Sign Grant Program instituted and administered through the Code Enforcement and Zoning Office is marking its fifth anniversary in 2021. Allocated to this program is \$2000 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 or 50% of total eligible costs, whichever is less. Guidelines and Applications at [www.zelieboro.org](http://www.zelieboro.org). This could be your year to enhance your existing signage!

### **Highway Aid Fund**

This is funding that we receive from the Commonwealth to assist in road maintenance and paving. We will receive an approximate State Highway Aid allocation of \$113,526 from the Commonwealth in 2021. However, due to prior year savings, our paving and road improvement budget for 2021 is \$325,000.

### **Water Fund**

The Borough will apply for small water system improvement grants as they are available. Distribution system projects will continue along Market Street, and Spruce Street. 2021 Capital Purchases will include a new dump truck to replace the 2004 model. The Borough will continue to perform quarterly leak detection surveys to identify and repair leaks. 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. The Borough maintains a capital reserve in the Water Fund for use in the event of an emergency.

### **Electric Fund**

The Borough continues to improve its electric utility system. In 2021, electric improvements relating to the Main Street Revitalization Project will continue. System upgrades to High Street, Beaver Street, Clay Street are also to be completed in 2021. A new capacitor bank was also installed to upgrade the distribution system. 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 data is collected this information will allow the Borough to analyze the distribution system and be proactive current and future maintenance and upgrades. The Borough maintains a capital reserve in the Electric Fund for use in the event of an emergency. As a Member of the Pennsylvania Municipal Electric Association (PMEA) and American Municipal Power (AMP), 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 been successful and continues to be a partnership between the private sector and the municipal government. 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 of the project and Phase II is now underway from Spring St. to Beaver St. with construction to be completed in 2022. Improvements to this section will include the relocation of the aerial utilities to underground systems, street lighting, pedestrian crossing enhancements at Spring Street, upgrading the traffic signal at Beaver Street, and new curbs and sidewalks.

Phase III (from New Castle Street to Four Corner Park area) is in the engineering stages. This includes the extension of the Main Street corridor plan north of the Phase I limits.

This continues to be a critical project for Zelenople, 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. **Zelenople Airport** -The Airport Authority maintains a 5000-foot runway to service General Aviation. Recent capital improvements, although not a direct Borough function, have greatly improved safety and accessibility that positively impact the community. New privately owned hangars have been built, doubling capacity. Over 30 acres of new aprons and roads have been paved. Additional land is being acquired to ensure runway safety areas. Projects in 2021 include: the Airport's portion of work to prepare for the relocation of State Route 288 (PENNDOT project) for road safety, removal of aviation hazards, replacement of the runway and taxiway including a new lighting system, eliminating the old TASA strip mine pond, wetlands mitigation to preserve the environment, and work 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](http://zelieboro.org), as a primary tool for distributing accurate information to the public.

Recently, the Borough acquired a citizen reporting tool and mobile app powered by SeeClickFix that will increase citizen engagement. This free mobile app lets citizens access information and improve their community by reporting non-emergency issues that need attention within the Borough and monitor the progress of the work. You can report an issue and find information about the Borough all from your mobile device in just a few taps making engaging with the Borough, quick and easy. The Zelenople app is available on Google Play or the Apple Store. Search for Zelenople. We encourage citizens to download and start using the Zelenople App today!