



Managers 2022 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 2022 budget total for all funds is \$11,794,949, which is a 3.61% increase from 2021. 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.

2022 Challenges

The 2022 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 continue to be important. We have reprioritized to address issues as resources allow. We have substantial projects planned, awaiting funding, 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.
- Zelienople maintains its participation in a regional municipal stormwater group identifying and enabling projects to reduce flooding in the Connoquenessing Creek area.
- Need to fund necessary equipment purchases/leases to maintain services.
- 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. The Borough strives to keep operating costs low and only reflect increases that occur from these suppliers.
- Significant contributions in funding and staff time to continue the Main Street Revitalization program.
- Paving of streets with curb and handicapped ramp improvements in the Spring of 2022.
- Planning for increased parking in the Main Street corridor is in process so that there will be sufficient parking in the business district.
- Maintaining momentum on the timely completion of the Main Street Revitalization project by acquiring needed funding and managing the project effectively.
- Addressing local and regional stormwater issues to reduce the danger of flooding damage to our citizens and businesses.
- Plan to meet the increased needs for Parks and Recreation services and programming for our citizens of all ages.

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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 2022 budget is distributed as follows:

- General Fund: 1.81 mills expected revenue is \$52,698
- Library: 1.00 mills expected revenue is \$29,115
- Fire Department: 2.00 mills expected revenue is \$87,345
- Recreation for Capital Improvements: 1.00 mills expected revenue is \$29,115

	6.81 mills	\$198,273
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- At the time of budget preparation, each mill for the Borough is valued at approximately \$29,115,000 per the Butler County Assessment office. This amounts to or 29,115 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	6.81	4%
School District	127.89	79%
Butler County	27.62	18%
	162.32	

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	\$ 4,000,343	General Borough operations
2. Fire	\$ 88,495	Funds from fire tax millage – (distributed to Fire District including delinquent taxes)
3. Library	\$ 29,620	Funds from library tax millage (including delinquent taxes)
4. Water	\$ 2,025,154	Funds from water operations
5. Electric	\$ 5,326,337	Funds from electric operations
6. Highway Aid	\$ 325,000	State funds to assist in road maintenance
Total	\$11,794,949	

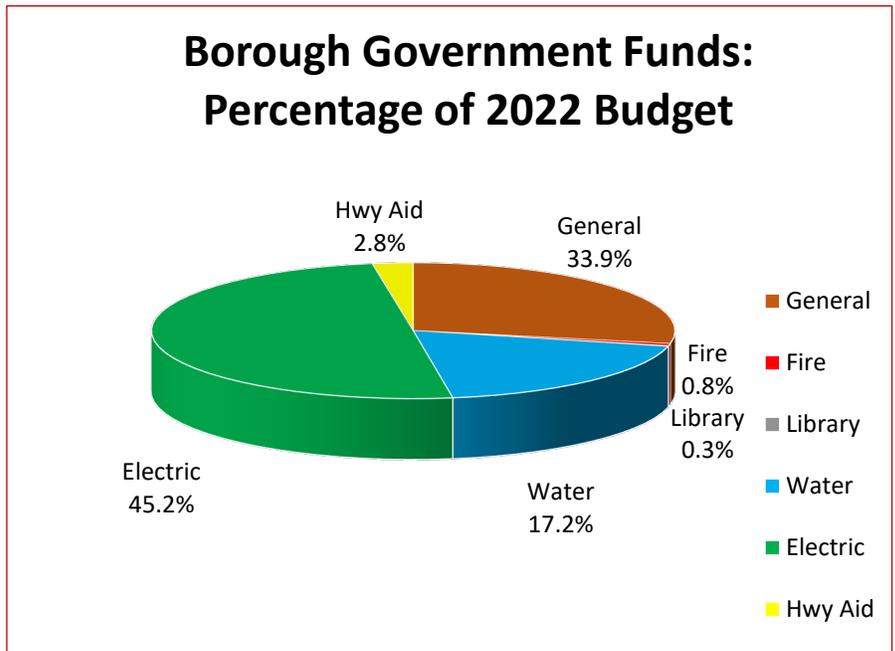
Fiscal Situation

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 a substantial commitment by creating a new department to maintain and operate these 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 several years ago and reduced its cost for purchased electric. These savings have enabled 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.

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 medical coverage costs for 2022 saw a modest 5.5% increase over 2021. Employees contribute to the cost of this program.

Pension

Pension obligations continue to be a required expenditure for the Borough, to fairly provide for the future of employees. The Borough is working to lower the Borough cost portion without decreasing the pension commitment to its employees. This is being done through an effective and the participation of the Employee Pension Advisory Committee which was established in 2011 to work with the Council Finance Committee to provide 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 of its employees.

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

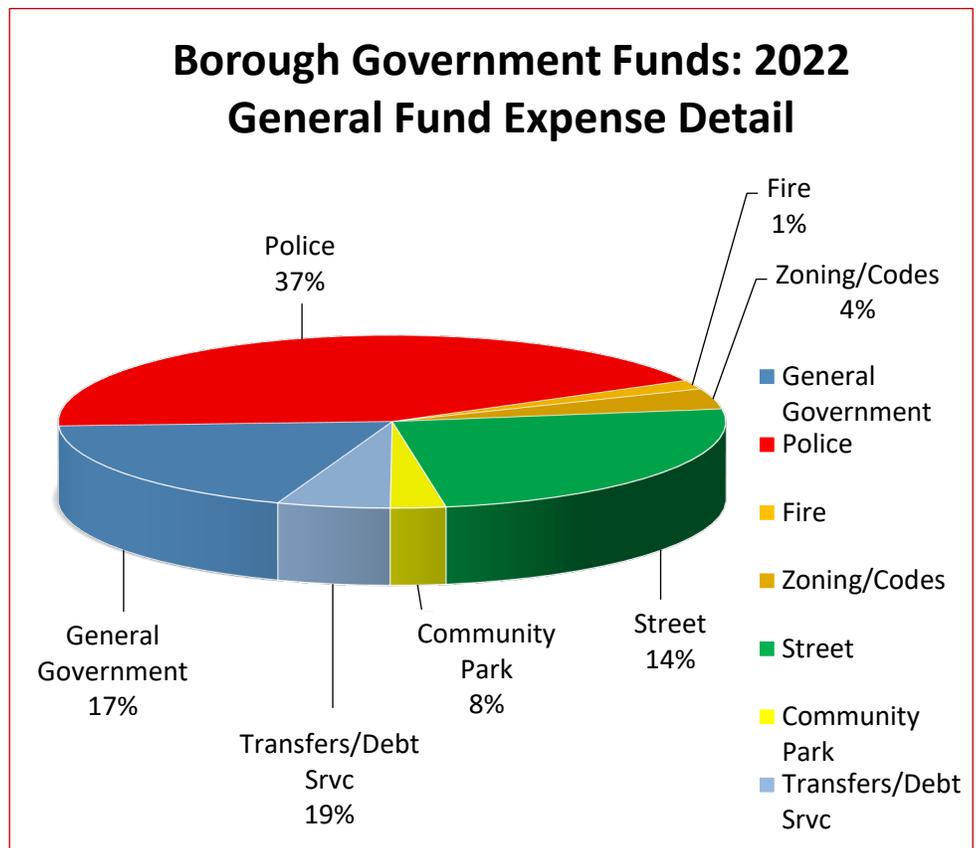
Administrative oversight is key to success in any venture, and we do so with an eye to limiting costs. The Borough has consolidated its Public Works functions of Street, Water, and Electric under one public works director to better serve the public. We have also restructured staffing to be more efficient 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. In 2021 our 2012 unmarked car was replaced with a 2021 Ford Explorer.
- We continue to seek ways to keep our department well maintained and supplied with equipment and technology for the officers. Our newer technology includes, body cameras, in-car cameras, security cameras in the community park and some of the parking lots. Additionally, we have license plate reader cameras installed along Main Street.
- 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 2022.



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 Zelianople and Harmony Boroughs. The Borough provides a total of \$143,528 to the Fire District with \$87,345 from direct tax mileage and \$56,183 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 Zelianople 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.

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.

Public Works & Infrastructure

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 2022. Capital Purchases will include two new trucks for snow removal to replace the 2004 and 2005 model years. Stormwater improvements at the Linden Street culvert and the Beaver Street to High Street collection piping will take place in 2022-2023 construction season. Stormwater repairs will also take place in the Timberbrook Plan, Oliver Avenue, and Grandview Avenue.

In addition, this year we will continue with a long-term project to systematically rebuild the curbs in parts of the Borough. 2022 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

There is an exciting news! As of January 1, 2022 Zelianople Borough will assume all operational responsibilities and functions for the Zelianople Community Park. Our heartfelt thank you for the many years of service the volunteers from the Community Park Association have provided in operating our park and helping it developed into the premier park facility in the area. The Park Board will continue in an advisory capacity offering its insight and skills to the borough as we move into the future.

The borough has taken on park operations and employees for the 2022 season. The estimated expenses and revenue for this new department is \$333,885 each. The 1 mill Parks and Recreation tax is estimated at \$29,115 for 2022.

The Borough has hired a full-time Parks & Recreation Department Director. He will not only oversee daily park operations, pool management, and facilitate programming, but will also have the goal of expanding year-round program opportunities. We will continue our efforts to interact with community members, local businesses, and various groups to encourage community involvement.

The new Parks & Recreation 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. 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 modestly and very efficiently. The Borough direct millage to the Library is 1 mill in 2022 totaling \$29,115. The borough also contributes \$16,875 from the General Fund for a total borough commitment of \$45,990 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 2022. 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 sixth anniversary in 2022. Allocated to this program is \$3,170 for distribution for Blade 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. Guidelines and Applications at 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 \$115,190 from the Commonwealth in 2022. However, due to prior year savings, our paving and road improvement budget for 2022 is \$325,000.

Water Fund

The Borough is planning for a distribution system project along Market Street. 2022 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 each year and in 2022 planning will get underway for replacing underground facilities in future years. In 2022, 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. The advanced metering infrastructure is implemented in both water and electric utilities and is in service, which has enabled the Borough to operate more efficiently as a

utility. 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

Main Street Revitalization/Economic Development – Our Main Street Revitalization/Economic development project continues to be a successful 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.

Phase II of the Main Street Corridor Revitalization in the Spring Street to Beaver Street target area is estimated to be completed in the summer of 2022. This will include the installation of new street lighting poles, upgrading the traffic signal at Beaver Street, all utility connections, and pedestrian crossing enhancements at Spring Street

Phase III of the Main Street project, from New Caste Street north to the bridge will be out for bid in the late Spring of 2022 with a target to begin construction later in the 2022 fiscal year. The 4 Corner Park plan will be available in the summer of 2022 for approval, final funding, and plans for construction.

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.

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 acquired a citizen reporting tool and mobile app and we will continue to explore ways that will increase citizen engagement with the Borough.

Recently, we went through an extensive cybersecurity program in which we accessed our computer infrastructure, policies, and practices relating to the control and prevention of cyberattacks. Security vulnerabilities were explored in the Borough computer system and physical record storage which led to the increase of protection for hardware, software, and data connected to the internet. Cybersecurity will remain a significant priority to the Borough in 2022.

Parks and Recreation Study - The Borough commissioned an in-depth Parks and Recreation study in 2021 that clearly showed the need to not only upgrade our recreation services but also restructure how Parks and Recreation services should be delivered to our citizens. This challenge needed to be addressed early in the 2022 year to have the structure and staff in place in time to have all spring and summer pool and park activities available. There is significant lead time needed to have the pool open and ready for use. This challenge is being met with a complete borough commitment to this service in Zelenople.

Stormwater Management - Flooding and Stormwater management is a key issue that the Borough has been working on in recent years to limit the potential damage from unexpected storms in our region. We are not only working with other municipalities on a regional basis but also planning and executing local Borough projects that are intended to mitigate such damage. We are also working with property owners along our internal streams to better manage them and make them less likely to provide unintended debris that do clog our storm drain facilities. This is a work in process that we are committed to resolve.