

Managers 2025 Budget Message

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

Andrew C. Spencer, Borough Manager

Introduction & General Comments

The annual Budget Message is an important tool used to give our elected officials, taxpayers, and customers a concise understanding of the financial and functional condition of the Borough. Additionally, this publication provides an outline of the plan for the new fiscal year and a summary of future Borough endeavors. It reflects the Borough plans and recommendations as the Borough moves forward into a new calendar and fiscal year.

The approved 2025 Budget total for all funds is \$12,373,095, a slight two percent increase from 2024.

2025 Challenges

The 2025 fiscal year presents challenges and priorities including:

- Facilitating infrastructure improvements for stormwater management. The Borough has reprioritized projects to address issues as resources allow. This plan involves a substantial project that is awaiting permitting in the area east of the Zelienople Community Pool and in the creek bed corridor. This project is intended to help reduce flooding in and around homes and businesses during heavy storms.
- Participation in the regional municipal stormwater authority to ensure it develops and implements plans to reduce flooding in the watershed on a regional basis that will ultimately help the Borough.
- Funding necessary equipment purchases, particularly police patrol cars.
- Maintaining the water and electric utility companies in a manner that is cost effective to the customer. The Borough has held utility rates constant since 2018 due to fiscally advantageous contracts that were put in place years ago during favorable market conditions, but due to market conditions beyond our control, increases are inevitable.
- Contributing funding and staff time to continue the Main Street Revitalization project. Several of the material delays experienced were resolved in 2024 and in 2024 electric work was continued. In 2025, contractors will continue the work. Additional phases are also planned to be bid in 2025.
- Coordinating stormwater, water, and street paving plans.
- Participation in a regional study that is investigating and gaining an understanding of the EMS crisis that is impacting Pennsylvania and what options are available to ensure that the residents of the Borough have access to an ambulance service.
- Meeting the community's needs for parks and recreation services and the appropriate funding mechanisms.

TABLE OF CONTENTS

Intro & General Comments	1
2025 Challenges	1
Demographics	2
Taxes	2
Sources of Income	3
Fund Structure	3
Financial Situation	3-8
Special Notes	8

Demographics

According to the U.S. Census Bureau, Zelienople is a Pennsylvania Borough with 3,870 citizens and 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 Zelienople

The 2025 budget is distributed as follows:

General Fund:	1.81 mills expected revenue is \$52,863
Library:	1.57 mills expected revenue is \$45,853
Fire Department:	3.00 mills expected revenue is \$87,618
Recreation:	2.00 mills expected revenue is \$58,412
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Total	8.38 mills \$244,746

At the time of budget preparation, each mill for the Borough was valued at approximately \$29,206,878 per the Butler County Assessment Office. This amounts to \$29,206 per mil and changes periodically throughout 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 $\frac{1}{2}$ % of annual income.

Real Estate Transfers are $\frac{1}{2}$ % for all real estate transactions.

Local Services Tax is \$52.00 on all individuals who work in Zelienople

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	8.38	4.81%
School District	138.32	79.35%
Butler County	27.62	15.84%
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Total	174.32	*all percentages rounded*

Sources of Income

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

Borough Council requires Zelienople Borough staff to ensure all current taxes are enforced fairly and consistently throughout the Borough.

Service fees are another source of funds, but service fees typically make up a smaller portion of the revenue sources for the Borough.

Fund Structure

The Borough's financial budget is structured into seven (7) funds as follows:

General	\$ 3,654,980	General Borough operations
Fire	\$ 88,918	Funds from fire tax millage (Distributed to Fire District including delinquent taxes)
Park	\$ 373,029	Funds from Park operations including taxes
Library	\$46,503	Funds from library tax millage (including delinquent taxes)
Water	\$ 1,978,204	Funds from water operations
Electric	\$ 5,866,461	Funds from electric operations
Highway Aid	\$ 365,000	State funds to assist in road maintenance
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Total	\$12,373,095	

Fiscal Situation

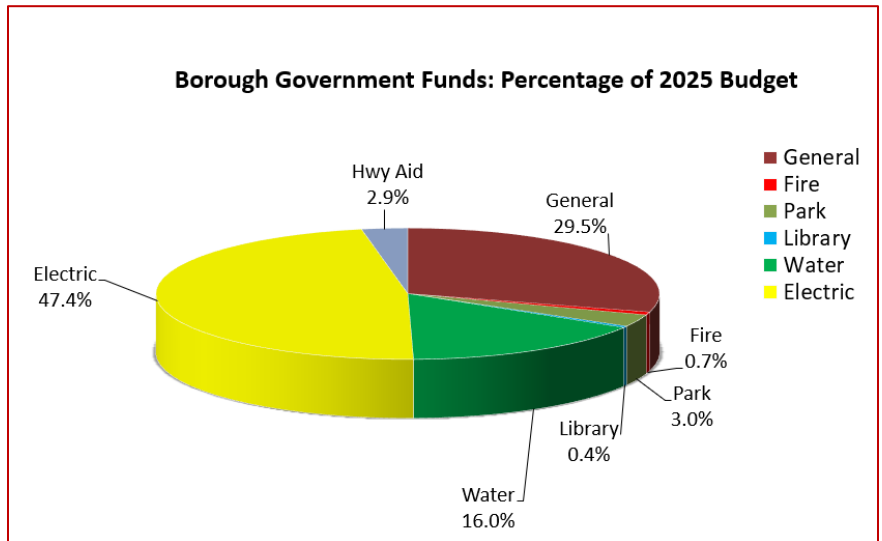
The Borough continues to be committed to prudent and frugal government spending practices. It has established strong reserves to maintain fiscal integrity in the long term. Reserves can be used to offset emergency expenditures and large capital costs. These reserves are funded mainly through the operations of water and electric utilities and do not rely on revenues generated through property taxes.

The Borough, in conjunction with the local business community, continues to put efforts toward a multi-phase, multi-year Main Street Revitalization project. This project aims to promote and enhance Zelienople's Main Street and ensure the area's prosperity in the future. Additionally, the Borough is continuing to oversee the maintenance and function of the Zelienople Community Park following a prior year's decision to establish a Parks and Recreation Department. While there has been a significant amount of local funds allocated to both projects, the Borough also utilizes grants and other sources of funding.

Many of the grants that are designated for these projects require a match contribution or are awarded as a reimbursement. As such, the initial capital outlay for the projects has had to come from the funds of the Borough to keep the projects moving forward. It is anticipated, however, that these funds will be replenished once the grant revenues and loan proceeds are received.

Utilities

The Borough owns and operates two full-service utility operations. While the Borough strives to operate these utilities efficiently, the Borough is making a concerted effort to focus on updating aging infrastructure. The Borough has underground electric conductor that is at the end of its service life, so as a result the Borough began a major improvement project to replaced it. The Borough completed waterline replacement work along Market Street with the help of a grant; it is anticipated that additional waterline replacements will be scheduled for replacement as older lines exist in this part of the Borough and are in need of replacement. The Borough also changed its emergency after hours service to an entity that better understands utility operations to help the Borough respond more effectively during service interruptions. Customers should also 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

An important function of local government is the preservation and maintenance of infrastructure for the benefit of residents and businesses over the long term. Governments that neglect infrastructure over long periods of time tend to create financial hardships for future generations. With this in mind, the Borough maintains a Capital Improvement Plan (CIP) which outlines the capital needs of the Borough projected for the next five (5) years. This plan is updated annually; however, unforeseen expenditures may arise that will alter the projections outlined in the CIP.

Health Care

Our commitment to providing low-cost and effective coverage has been successful with our affiliation with Municipal Benefits Services (MBS), which allows the Borough to participate in a pooled program for healthcare and related services. In 2025, MBS transitioned to a new Pharmacy Benefit Manager (PBM), resulting in significant cost savings. Due to this transition, employees face only a modest 3% increase in medical costs for 2025 compared to the previous year, despite ongoing increases in healthcare costs driven by inflation, supply chain issues, staffing shortages, rising wages for providers and carriers, and the growing severity and incidence of chronic conditions. Employees also 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 and retirees. The Borough is conscientious of pension costs and when opportunities arise, the Borough seeks to lower its costs without decreasing the pension commitment to its employees and retirees. The Borough monitors its pension investments and the state aid that is provided to the Borough for its pension funds as well as how larger economic forces can impact these.

Risk Management

The Borough has a long successful history of managing its insurance programs to protect all facilities, equipment, and individuals, as well as providing the necessary coverages needed for the Borough. It is worth noting however, that as the areas surrounding the Borough have grown significantly thereby creating additional people and commerce in the area, there has been a small increase in the number of insurance claims as compared to what was historically true. The Borough, along with the other municipalities in the fire district, contributes to workers' compensation insurance premium for the Harmony Fire District. The Borough is also committed to keeping employees safe through proper training and the good safety practices of its employees.

Taxes and Revenue

Taxes have remained stable in Zelienople Borough for many years with minimal increases. Due to the cost structure in the municipal utilities owned by the Borough, taxes have taken a secondary role in providing 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 as we move forward.

General Fund

The General Fund is the most comprehensive fund, as it includes service provisions such as general administration, police, streets, zoning & code enforcement.

Administration

Administrative oversight is a key to success in any organization and we do so with an eye to limiting costs while maintaining efficiency in the organization as a whole. While also being mindful of macroeconomic factors beyond our control that can or may impact the Borough. The Borough also continues to invest in training staff to meet professional and technological needs to better serve the Borough.

Police & Public Safety

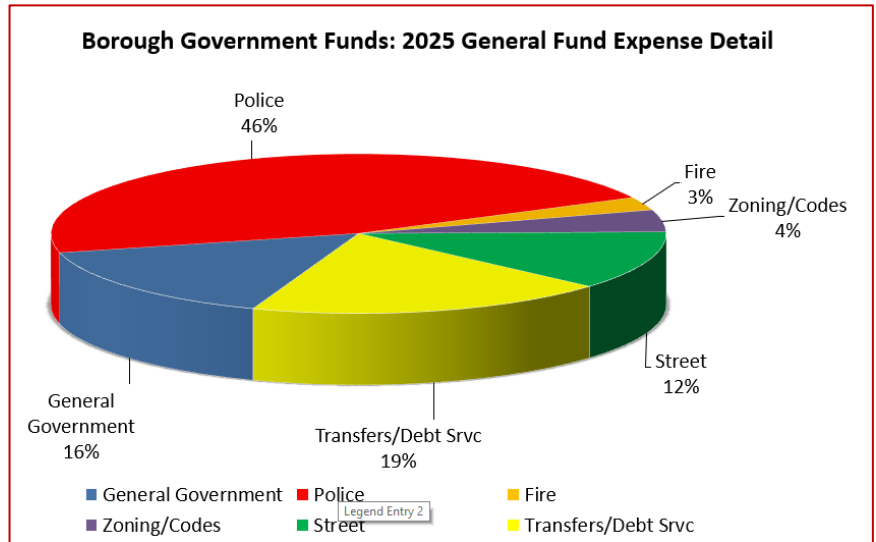
The Borough of Zelienople prides itself in a long history of providing excellent public safety services. Police, fire, and emergency management are integral components of our service to the community. Although public safety is the primary concern of this government, fiscal responsibility is a priority to ensure sustainability and proper stewardship of funding.

The Borough has negotiated a comprehensive Collective Bargaining Agreement through December 31, 2028. Negotiations were made with the bargaining unit to arrive at an equitable agreement that will continue to contain costs while maintaining excellent police services in Zelienople.

The department has an annual debt payment for four new police cruisers that were purchased in 2024.

Recently, the police department added two patrol E-Bikes to the fleet. The E-Bike program was through donations from local business groups, individuals, service organizations, and clubs. The E-Bikes will be on patrol at our many unique events that take place in Zelienople and Harmony.

The Borough strives to provide the Zelienople Police Department with modern and innovative equipment and technology. Body cameras, in-car cameras, and tasers were replaced in 2024. The department has installed thirty-four security and traffic cameras throughout the Borough. The cameras have been highly effective in providing information to the police department in solving criminal cases. Most recently, an armed robbery occurred at one of our businesses on Main Street. Within an hour after the robbery, a suspect was identified and arrested the following day.



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 Zelienople Borough Police Department. This police services contract is the longest running in the Commonwealth of Pennsylvania and has been in effect for 50 years and provides services through 2035.

Fire

Harmony Fire District continues to be funded through a combination of direct public tax dollars, state funding, and private contributions. This service is funded through Zelienople and Harmony Boroughs as well as Jackson and Lancaster Townships, as these areas are serviced by the fire company. The Borough will provide a total of \$185,253 to Harmony Fire District. Harmony Fire District continues to operate as a volunteer fire company and is an important asset to the community.

Public Works & Infrastructure

The Borough winter road maintenance program for 2025 is wrapping up as spring arrives. Paving, storm water repair, line painting, and signage will keep our roads safe and easy to use. Funding for these routine projects is budgeted for 2025. Capital Projects for 2025 will include water line replacements, electric feeder replacement, utility pole replacements, upgrades to our electric substation, and stormwater improvements. Regional stormwater planning continues to be a priority to enhance stormwater retention and conveyance through our community and other communities in the Connoquenessing Creek watershed.

Highway Aid Fund

The Highway Aid Fund is funding from the Commonwealth of Pennsylvania to assist in road maintenance and paving. The Borough will receive a State Highway Aid allocation of \$120,916 from the Commonwealth in 2025. Due to a prior balance and lower than anticipated costs our paving and road improvement budget for 2025 is \$365,000.

Water Fund

The Borough's water distribution system undergoes routine preventative maintenance and we ensure our water meets the quality standards required by state regulatory agencies. The Borough plans to apply for grant funds in 2025 to continue on with capital construction for waterline replacement in 2025 as projects are noted in the capital improvement plan. Also, the water distribution system is being expanded to serve the new development. The Borough maintains a capital reserve in the Water Fund for use in the event of an emergency.

Electric Fund

The Borough has underground electric conductor that is at the end of its service life, so as a result the Borough began in 2024 a major capital improvement project to replace it. Additionally, the Borough will expand its distribution system to serve the new development. Significant regulatory changes in the electric industry were set in motion many years ago, which have led to a compounding problem in the industry whereby there is not enough reliable generation. Factors such as increased demand from very large consumers, and harsh experiences that forced the realization of while environmentally friendly generation such as solar is a nice goal, it is intermittent generation at best and not reliable particularly during adverse weather events. Finally, due to regulatory reasons, generation assets have been forced into retirement without adequate replacements. The result is capacity costs will increase and cost to the consumers will increase significantly. The Borough plans to minimize the impact on the customer, but some of this cost, which is far beyond the Borough's control, will need passed on to the customer.

Zoning & Codes Office

The Borough Code Enforcement and Zoning Office is an active and important component of Zelienople's function, as the Code Enforcement and Zoning Officer is responsible for enforcing Borough ordinances such as the Property Maintenance Code, Sidewalk Ordinance, Brush Grass and Weed Ordinance, and Dangerous Building Ordinance. Additionally, this position is responsible for the issuance of zoning permits for signs, fences, sheds, and presenting certificates of non-conformity. All building permits are processed through this office review and inspection by the Code Enforcement Agency, a third-party inspection agency.

The Code Enforcement and Zoning Officer acts as a liaison for both the Zoning Hearing Board and Planning Commission. This includes accepting applications, coordinating meetings and providing input on submissions before each of these boards. The Code Enforcement and Zoning Officer has been facilitating the major land development of the Glade Run project, which is now underway. Located in the southwestern corner of Zelienople Borough, the 252-acre plot is the future development site of a 411-unit residential community. The past year has been spent evaluating the residential zoning districts to ensure that future land development will be an asset to surrounding neighborhoods.

The Sign Grant Program is instituted and administered through the Code Enforcement and Zoning Office and is marking its ninth anniversary in 2025. This program provides for Main Street businesses to purchase blade signs. Successful applicants receive matching grant funds up to \$500 for signage on a first-come, first-served basis.

Sign Grant Program applications and guidelines are available at www.zelieboro.org.

Parks and Recreation

New playground equipment will be installed near the top of the hill to replace the existing, outdated equipment. The maintenance compound that currently exists next to the skate park is in the first stage of a relocation project. Additionally, the Amphitheatre construction project is set to begin early this spring. The Zelienople Community Park Advisory Board welcomed two new members to assist the park department with program enhancements and fundraising initiatives. We will continue our efforts to interact with local businesses and various groups to encourage community involvement. The budget for this department is \$373,029, funded in part by two mil of real estate taxation.

To optimize park and pool operations, the Parks and Recreation Department utilizes CivicRec, a cloud-based facilities management software system that has allowed the Borough to automate processes for pool memberships, facility rentals, community program registration, and payment processing. 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 website (www.myzeliepark.org), newsletter, and Facebook page.

Library

The Zelienople Area Public Library, while not an operation of the Borough, is an important part of the Zelienople community and operates modestly and efficiently. The Borough does provide direct millage to support the Library with 1.57 mils in 2025 totaling \$45,853. Private donations are encouraged to enhance and maintain community programming.

Special Notes

Main Street Revitalization/Economic Development

The Main Street Revitalization project continues to be a successful partnership between the private sector and municipal government. This is an ongoing project that has aimed at making the Main Street corridor an attractive place to do business. The supply chain disruptions that delayed Phase II of the project, were corrected in 2024 and the electrical contractor did resume some work during the summer of 2024. However, the general contractor on the project delayed the construction schedule until the spring of 2025, but at this time has resumed work. Phase III from New Castle Street north to the bridge and Four Corners Park, is in the process of being advertised for construction bids. While events have delayed this project our hope is that in 2025 the project will resume in full capacity.