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# **Borough of Catasauqua**

## **2023 Strategic Management Planning Report**



Lehigh County, Pennsylvania

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Prepared on behalf of the  
Borough of Catasauqua  
Commonwealth of Pennsylvania  
Department of Community and Economic Development  
Governor's Center for Local Government Services



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November 20, 2023

Glenn Eckhart  
Borough Manager  
Catasauqua Borough  
90 Bridge Street  
Catasauqua, PA 18032


Re: Strategic Management Planning Program ("STPP")

Dear Mr. Eckhart:

This letter formally transmits the Borough's 2023 Strategic Management Planning Program Report (the "2023 STPP Report").

We appreciate having the opportunity to work with the Borough on this project.

Best regards,

By:   
\_\_\_\_\_  
Ryan Hottenstein  
STPP Consultant

Enclosure (1)

cc: Andrew Sheaf, Department of Community & Economic Development  
Patricia Moorhead, Pennsylvania Economy League (STPP Consultant)  
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**Borough of Catasauqua**  
**Strategic Management Planning Report**

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# Table of Contents

	<u>Page</u>
<b>TRANSMITTAL LETTER</b>	
<b>INTRODUCTION .....</b>	<b>1</b>
<b>DEMOGRAPHIC INFORMATION.....</b>	<b>6</b>
POPULATION TRENDS.....	6
EMPLOYMENT .....	6
EDUCATIONAL ATTAINMENT .....	8
INCOME TRENDS .....	8
HOUSING TRENDS .....	10
<b>ELECTED OFFICIALS AND ADMINISTRATIVE SERVICES .....</b>	<b>11</b>
OVERVIEW .....	11
ASSESSMENT.....	12
BOROUGH COUNCIL & MAYOR RECOMMENDATIONS .....	13
ASSESSMENT .....	16
ADMINISTRATIVE SERVICES RECOMMENDATIONS .....	17
ASSESSMENT.....	25
INSURANCE AND RISK MANAGEMENT RECOMMENDATIONS.....	27
<b>CODE ENFORCEMENT .....</b>	<b>30</b>
OVERVIEW .....	30
ASSESSMENT.....	33
CODE ENFORCEMENT RECOMMENDATIONS .....	33
<b>PUBLIC WORKS DEPARTMENT .....</b>	<b>34</b>
OVERVIEW .....	34
ASSESSMENT.....	43
PUBLIC WORKS RECOMMENDATIONS .....	43
<b>PUBLIC WORKS - WATER.....</b>	<b>45</b>
OVERVIEW .....	45
ASSESSMENT.....	48
WATER RECOMMENDATIONS.....	48
<b>PUBLIC WORKS - SEWER.....</b>	<b>51</b>
OVERVIEW .....	51
ASSESSMENT.....	56
SEWER RECOMMENDATIONS.....	57
<b>REVENUE AND FINANCIAL PROJECTIONS.....</b>	<b>59</b>
OVERVIEW .....	59
INTRODUCTION.....	60
HISTORICAL FINANCIAL REVIEW .....	60
.....	ERROR! BOOKMARK NOT DEFINED.
GRANT REVENUE .....	71
EXPENDITURES .....	71

BASLINE PROJECTIONS 2023-2027 .....	75
REVENUE PROJECTIONS—2023-2027 .....	76
EXPENDITURE PROJECTIONS—2023-2027 .....	77
RECOMMENDATIONS .....	80
<b>DEBT .....</b>	<b>82</b>
OVERVIEW .....	82
ASSESSMENT .....	86
CAPITAL PLANNING RECOMMENDATIONS .....	88
<b>CAPITAL PLANNING .....</b>	<b>89</b>
OVERVIEW .....	89
ASSESSMENT .....	90
CAPITAL PLANNING RECOMMENDATIONS .....	90
<b>APPENDIX A – MULTI-YEAR PLAN IMPLEMENTATION .....</b>	<b>92</b>

# Introduction

## Early Intervention Background

The Strategic Management Planning Program (“STPP”) was designed by the Department of Community and Economic Development (“DCED”) to offer a pre-emptive step for municipalities who feel as if their financial situation, while not yet formally declared distressed, are realizing difficulties and seek to improve their financial position. In 2022, the Borough of Catasauqua (the “Borough”) obtained an STPP grant from DCED, and in early 2023 engaged FSL Public Finance LLC (“FSL”) and the Pennsylvania Economy League (“PEL,” together, the “Financial Consultant” or “Consultant”) to develop a multi-year financial report. The report is provided to assist the Borough with the completion of the following five tasks:

1. Assess Current Financial Position to establish a realistic baseline of the Borough’s historic and financial conditions. This review will include a minimum of four (4) years of detailed historical financial data.
2. Financial Trend Analysis to project future revenue, expenditure, economic and demographic trends for a three (3) year period so the Borough can understand its future financial position and take immediate steps to counter any negative trends.
3. Conduct an in-depth Management and Mission Audit of Borough Departments to provide an operational review of current staffing levels, including a narrative summary of each department comprising budgetary, personnel and other relevant data, in order to determine appropriate staffing levels.
4. Implementation Strategy Development and Multi-Year Plan Adoption using findings in tasks one (1) through four (4) herein, to develop implementation strategies for Council consideration.
5. Ongoing Multi-Year Monitoring, Evaluation and Implementation to establish a process for long-term monitoring, evaluating and updating implementation strategies and the long term financial forecast.

## History and Relevant Trends

A comprehensive understanding of Catasauqua's historical and economic trajectory is essential to contextualize the Borough's current fiscal state and potential future outlook. It's crucial to factor in these historical trends when deliberating potential solutions to Catasauqua's fiscal challenges.

Catasauqua's robust history extends back to the era preceding the American Revolution, with George Taylor, a member of the Continental Congress and a signer of the Declaration of Independence, establishing a stately Georgian residence in what would later become Catasauqua. Nevertheless, the Borough began to take on its distinct identity with the introduction of the first commercially successful anthracite iron furnace in America in 1840, a milestone that many historians consider as the inauguration of the American Industrial Revolution.

This pioneering hot blast furnace, fueled by anthracite coal, stimulated the establishment of dozens of similar furnaces, foundries, and mills along the Lehigh, Schuylkill, and Susquehanna

Rivers and extending into New Jersey and Maryland. Numerous businesses gravitated around the Crane Iron Works, each generating innovative, useful, and profitable iron products. These businesses, alongside smaller trades and service establishments, served the community's needs, facilitating the official incorporation of the Borough of Catasauqua in 1853.

Throughout the latter half of the 1800s, these industrial enterprises brought jobs and prosperity to Catasauqua, resulting in a bustling community with numerous hotels, churches of various denominations, and over 5,000 residents by 1900. Notably, the population included a substantial portion of self-made millionaires—ambitious, hard-working individuals dedicated to building their businesses and enhancing their community. As Catasauqua grew more successful, its residents constructed schools, churches, playgrounds, fire stations, mansions, and row houses. The community benefited immensely from the local industrialists who lived and invested there.

However, the industrial landscape began to shift in the mid-20th century. Like many other U.S. regions, the borough, once a heavy industry hub, faced a significant decline in industries such as iron and steel production. This change was driven largely by globalization, industrial restructuring, and a transition towards a service-based economy, leading to job relocation overseas or to regions with lower labor costs.

This shift had considerable economic and social repercussions for Catasauqua, including rising unemployment rates, dwindling population numbers, and dilapidated industrial structures. Despite these challenges, efforts have been made to rejuvenate the region. Strategies have included the adaptive reuse of former industrial sites, transforming old factories into residential or commercial spaces, and diversifying the local economy with a focus on new industries like health care, education, and technology.

This report intends to provide valuable information to guide the Borough's decision-making processes regarding how municipal operations can be best utilized to foster continued redevelopment and enhance the living conditions for all Catasauqua citizens.

## **List of Recommendations**

The following is a summary of the Recommendations set forth in this Strategic Management Planning Report.

### ***Elected Officials and Administrative Services Departments***

#### **Borough Council and Mayor Recommendations**

*Apply for State Grant for STPP II to develop an Economic Development Revitalization Plan.*

*Establish Vision, Mission, and Strategic Planning.*

*Fiscal and Financial Planning.*

*Create a Five-Year Capital Improvement Plan.*

*Governance and Oversight.*

*Work to limit the influence of broader political agendas in Borough Operations*



*Collaboration and Regional Partnerships.*

*Infrastructure and Environmental Development.*

### **Administrative Services Recommendations**

*Consider Allocate Funding to Procure Enterprise Resource Planning (“ERP”) Software.*

*Continue to Clean up Financial Reports.*

*Consider Investing in a Municipal Financial Software System.*

*Switch to Modified or Full Accrual Basis of Accounting.*

*Include a Management Discussion and Analysis with annual Audit (“MD&A”).*

*Borough Manager Should hold formal weekly staff meetings.*

*Management and Employees must create clear expectations and definitive timeframes for completion of tasks.*

*Review current procurement procedures to ensure all non-emergency purchases greater than \$1,000 are approved by the Borough Manager prior to funds being expended.*

*Consider engaging a website developer to review the Borough’s current website with a specific focus on improvements to Citizens’ ability to file forms in addition to being able to make payments online.*

*Establish a clear and consistent record keeping system Borough wide.*

*Work to build Stability and Continuity in Borough Management and Operations.*

### **Insurance and Risk Management Recommendations**

*Automobile Liability – Implement Controls & Lower its Underinsured Motorists and Uninsured Motorists limits to \$35,000 per occurrence.*

*General Liability – No changes recommended.*

*Property - Consider adding Earthquake and Flood coverage to its policy.*

*Excess Liability – Explore whether Employer’s Liability can be added as an underlying policy.*

*Public Officials Liability - Consider increasing the sub-limit per claim amount to a minimum of \$50,000.*

*Employment Practice Liability - No changes recommended.*

*Law Enforcement Liability - No changes recommended.*

*Crime Coverage – Consider increased to a minimum crime limit of \$50,000.*

*Cyber Liability – Confirm registration with the risk management vendor.*

*Workers' Compensation / Employer's Liability - Implement a safety committee.*

*Broker Compensation – Consider moving to a fee arrangement versus commission paid broker compensation.*

*Marketing the Insurance Program – The Borough should not market its insurance program more than once every three years.*

### **Code Enforcement Recommendations**

*Annual Fee Review.*

*Written Code Enforcement Policies.*

*Upgrade to a Digital Ticketing System.*

*Setting Departmental Goals.*

*Employee Succession Planning.*

*Involvement in Capital Planning.*

### **Public Works Recommendations**

*Increase fees charged annually.*

*Consider procuring a Public Works software system that can be deployed in the field.*

*Continue to fund street repair and maintenance as funds allow.*

*Establish departmental goals and objectives.*

*Develop employee succession plan.*

*Public Works staff should participate in Capital Planning.*

### **Water Recommendations**

*Increase water fees charged annually as required.*

*Consider procuring a Supervisory Control and Data Acquisition (SCADA) system.*

*Work toward establishing a funding mechanism to procure Automated Meter Reading system throughout the Borough.*

*Establish departmental goals and objectives.*

*Cross train employees throughout public works on enterprise operations.*

*Consider Incentives for employees to acquire additional certifications.*

*Develop a Capital Improvement Inventory for the Borough's water system.*

*Utilize the Borough's Financial Advisor to complete a Post-Inventory Analysis.*

*Water staff should participate in Capital Planning.*

### **Sewer Recommendations**

*Increase Sewer fees charged annually as required.*

*Monitor and ensure that bulk customers meters are working and reporting correct and accurate data information.*

*Ensure municipal customers are notified about anticipated next year costs and billed timely according to agreed upon procedures in Intermunicipal Agreements.*

*Establish departmental goals and objectives.*

*Cross train employees throughout public works on enterprise operations.*

*Consider Incentives for employees to acquire additional certifications.*

*Develop a Capital Improvement Inventory for the Borough's Sewer system.*

*Utilize the Borough's Financial Advisor to complete a Post-Inventory Analysis.*

*Sewer staff should participate in Capital Planning.*

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# Demographic Information

## Population Trends

The 2017-2021 US Census American Community Survey 5-Year Estimates (the “ACS”) reported that Lehigh County experienced an increase in population while the Borough experienced a loss compared to the 2013-17 ACS. From 2013-17 to 2017-21 the Borough has lost 43 residents or 0.66% of its population, while the County has gained 11,718 residents or 3.25%. The chart below reflects population trends of the Catasauqua Borough and Lehigh County from 2013-17 to 2017-2021.

	2013-2017				2017-2021				Difference			
	Lehigh County		Catasauqua Borough		Lehigh County		Catasauqua Borough		Lehigh County		Catasauqua Borough	
Total Population	360,774		6,541		372,492		6,498		11,718	3.25%	-43	-0.66%
Male	176,067		3,072		183,345		3,380		7,278	4.13%	308	10.03%
Female	184,707		3,469		189,147		3,118		4,440	2.40%	-351	-10.12%
Under 5	21,420	5.94%	361	5.52%	22,130	5.94%	416	6.40%	710	3.31%	55	15.24%
5 to 9 years	22,774	6.31%	411	6.28%	22,199	5.96%	191	2.94%	-575	-2.52%	-220	-53.53%
10 to 14 years	23,624	6.55%	484	7.40%	25,759	6.92%	514	7.91%	2,135	9.04%	30	6.20%
15 to 19 years	24,015	6.66%	470	7.19%	25,230	6.77%	504	7.76%	1,215	5.06%	34	7.23%
20 to 24 years	23,762	6.59%	291	4.45%	23,542	6.32%	604	9.30%	-220	-0.93%	313	107.56%
25 to 34 years	46,280	12.83%	978	14.95%	48,585	13.04%	720	11.08%	2,305	4.98%	-258	-26.38%
35 to 44 years	44,742	12.40%	789	12.06%	47,291	12.70%	930	14.31%	2,549	5.70%	141	17.87%
45 to 54 years	49,786	13.80%	915	13.99%	47,096	12.64%	973	14.97%	-2,690	-5.40%	58	6.34%
55 to 59 years	24,356	6.75%	518	7.92%	24,938	6.69%	331	5.09%	582	2.39%	-187	-36.10%
60 to 64 years	22,584	6.26%	326	4.98%	24,055	6.46%	402	6.19%	1,471	6.51%	76	23.31%
65 to 74 years	31,269	8.67%	578	8.84%	35,827	9.62%	577	8.88%	4,558	14.58%	-1	-0.17%
75 to 84 years	17,013	4.72%	270	4.13%	16,899	4.54%	231	3.55%	-114	-0.67%	-39	-14.44%
85 years and over	9,149	2.54%	150	2.29%	8,941	2.40%	105	1.62%	-208	-2.27%	-45	-30.00%
Under 18	82,388	22.84%	1,503	22.98%	85,315	22.90%	1,517	23.35%	2,927	3.55%	14	0.93%
18 to 65	220,955	61.24%	4,040	61.76%	225,510	60.54%	4,068	62.60%	4,555	2.06%	28	0.69%
65 and over	57,431	15.92%	998	15.26%	61,667	16.56%	913	14.05%	4,236	7.38%	-85	-8.52%
Median Age	39.4		37.3		38.8		39.2					

## Employment

Today the top employers in Lehigh County are healthcare, retail and manufacturing. The table below reflects the top 10 employers in Lehigh County and neighboring counties as of the fourth quarter of 2022.

**Top 10 Employers by Sector and County  
(4th Quarter 2022)**

<b>Lehigh County</b>		<b>Northampton County</b>		<b>Berks County</b>	
<b>Major Employers<sup>1</sup></b>	<b>Industry Sector</b>	<b>Major Employers<sup>1</sup></b>	<b>Industry Sector</b>	<b>Major Employers<sup>1</sup></b>	<b>Industry Sector</b>
LEHIGH VALLEY HOSPITAL CENTER	Healthcare	WAL-MART ASSOCIATES INC	Retail	EAST PENN MANUFACTURING COMPANY	Battery Manufacturer
SAINT LUKE'S HOSPITAL	Healthcare	UNITED PARCEL SERVICE INC	Cargo & Freight	READING HOSPITAL	Healthcare
AMAZON.COM SERVICES INC	Retail	LEHIGH UNIVERSITY	Educational Services	AMAZON.COM SERVICES INC	Retail
LEHIGH VALLEY PHYSICIAN GROUP	Healthcare Staffing	BETHLEHEM AREA SCHOOL DISTRICT	Educational Services	CARPENTER TECHNOLOGY CORPORATION	Metals Manufacturer
MACK TRUCKS INC	Truck Manufacturing	FEDEX GROUND PACKAGE SYSTEM INC	Cargo & Freight	PENSKE TRUCK LEASING CO LP	Truck Rental and Leasing
SAINT LUKE'S PHYSICIAN GROUP INC	Healthcare Staffing	NORTHAMPTON COUNTY	Public Administration	WAL-MART ASSOCIATES INC	Retail
ALLENTOWN SCHOOL DISTRICT	Educational Services	WIND CREEK	Hotel/Casino	COUNTY OF BERKS	Public Administration
AIR PRODUCTS AND CHEMICALS INC	Industrial Gas Manufacturer	GIANT FOOD STORES LLC	Retail	READING SCHOOL DISTRICT	Educational Services
LEHIGH COUNY	Public Administration	C&S WHOLESALE GROCERS INC	Grocery Wholesale	BOSCOV'S DEPARTMENT STORE LLC	Retail
B BRAUN MEDICAL INC	Medical Device Manufacturer	SAINT LUKE'S HOSPITAL	Healthcare	REDNERS TIGER MARKETS INC	Retail

<sup>1</sup> 4th Quarter 2022, PA Department of Labor & Industry, Center for Workforce Information & Analysis

## Educational Attainment

The chart below reflects educational attainment trends of the Catasauqua Borough and Lehigh County from 2013-17 to 2017-21.

EDUCATIONAL ATTAINMENT	2013-2017				2017-2021				Change from 2013-2017 to 2017-2021			
	Lehigh County		Catasauqua Borough		Lehigh County		Catasauqua Borough		Lehigh County		Catasauqua Borough	
Population 25 years and over	245,179		4,524		253,632		4,269		8,453	3.4%	-255	-5.6%
Less than 9th grade	10,610	4.3%	82	1.8%	10,268	4.0%	1	0.0%	-342	-3.2%	-81	-98.8%
9th to 12th grade, no diploma	18,391	7.5%	225	5.0%	15,876	6.3%	274	6.4%	-2,515	-13.7%	49	21.8%
High school graduate (or equivalency)	80,836	33.0%	1,610	35.6%	81,618	32.2%	1,647	38.6%	782	1.0%	37	2.3%
Some college, no degree	41,228	16.8%	1,080	23.9%	42,094	16.6%	672	15.7%	866	2.1%	-408	-37.8%
Associate degree	22,742	9.3%	536	11.8%	23,979	9.5%	563	13.2%	1,237	5.4%	27	5.0%
Bachelor's degree	43,443	17.7%	564	12.5%	49,049	19.3%	680	15.9%	5,606	12.9%	116	20.6%
Graduate or professional degree	27,929	11.4%	427	9.4%	30,748	12.1%	432	10.1%	2,819	10.1%	5	1.2%
Percent high school graduate or higher	88.2%		93.2%		89.7%		93.6%					
Percent bachelor's degree or higher	29.1%		21.9%		31.5%		26.0%					

## Income Trends

Catasauqua's median household income is \$3,395 less than the median household income for Lehigh County and \$1,542 less than the average Pennsylvania median household income.

The table below reflects the change in Catasauqua's median household income rate in comparison to Lehigh County and Pennsylvania.

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**Catasauqua Borough, Lehigh County and Pennsylvania  
Change in Median Household Income 2013-17 to 2017-21**

			Change	
	2013-17	2017-21	\$	%
Catasauqua Borough	\$ 55,234	\$ 66,045	\$ 10,811	19.6%
Lehigh County	60,116	69,440	9,324	15.5%
Pennsylvania	56,951	67,587	10,636	18.7%
Catasauqua Borough More/(Less) than County	(4,882) -8.1%	(3,395) -5.1%		
Catasauqua Borough More/(Less) than State	(1,717) -3.0%	(1,542) -2.3%		

Source: U.S. Bureau of the Census

The table below reflects Catasauqua's change in Per Capita Income from 2013-17 to 2017-21 in comparison to Lehigh County and Pennsylvania.

**Catasauqua Borough, Lehigh County and Pennsylvania  
Change in Per Capita Income 2013-17 to 2017-21**

			Change	
	2013-17	2017-21	\$	%
Catasauqua Borough	\$ 25,585	\$ 32,728	\$ 7,143	27.9%
Lehigh County	30,988	36,301	5,313	17.1%
Pennsylvania	31,476	37,725	6,249	19.9%
Catasauqua Borough More/(Less) than County	(5,403) -17.4%	(3,573) -9.8%		
Catasauqua Borough More/(Less) than State	(5,891) -18.7%	(4,997) -13.2%		

Source: U.S. Bureau of the Census

## Housing Trends

The tables below reflect the change in the number of owner-occupied housing units from 2013-17 to 2017-21 and the change in median value of owner-occupied housing from 2013-17 to 2017-21, as compared to Lehigh County and Pennsylvania.

**Catasauqua Borough**  
**Change in Number of Owner-Occupied Housing Units 2013-17 to 2017-21**

Year	Owner-Occupied Housing Units		Change	
	#	% of Total	#	%
2013-17	1,742	63.7%		
2017-21	1,865	68.9%	123	7.1%

Source: U.S. Bureau of the Census

**Catasauqua Borough, Lehigh County and Pennsylvania**  
**Change in Median Value of Owner-Occupied Housing 2013-17 to 2017-21**

			Change	
	2013-17	2017-21	\$	%
Catasauqua Borough	\$ 157,600	\$ 170,100	\$ 12,500	7.9%
Lehigh County	196,000	224,700	28,700	14.6%
Pennsylvania	170,500	197,300	26,800	15.7%
Catasauqua Borough More/(Less) than County	(38,400) -19.3%	(54,600) -24.3%		
Catasauqua Borough More/(Less) than State	(12,900) -7.6%	(27,200) -13.8%		

Source: U.S. Bureau of the Census



# **Elected Officials and Administrative Services**

## **Overview**

The Borough of Catasauqua is governed and organized by the provisions of Pennsylvania Act 37 of 2014 the "Borough Code." The general powers include the Borough's ability to organize and regulate internal affairs, and establish, alter, and abolish offices, positions and employment, as well as to define the functions, powers and duties and to fix their terms, tenures and compensation. Additionally, the Borough has the power to adopt and enforce local ordinances, impose penalties or fines on properties, and to construct, acquire, operate, or maintain any and all public improvements and projects for any public purpose.

The Borough also has the power to sue and be sued, to contract to buy, sell, lease, hold, and dispose of real and personal property, to appropriate and expend monies, and to adopt, amend and repeal such ordinances and resolutions as the Borough may require, along with exercising condemnation, borrowing, and taxation in a manner provided by general law applicable to Pennsylvania Boroughs

In addition to granting general powers to the Borough, the Borough Code also has limitations. For example, the Borough does not have the power or authority to diminish retroactively any rights or privileges of any present Borough employee in his/her pension. The Borough also cannot exercise any power or authority beyond the Borough limits or engage in proprietary or private business except as authorized by the Pennsylvania General Assembly. Generally, the Borough cannot exercise powers contrary to, or in limitation or enlargement of, powers granted to the Borough by acts of the General Assembly.

## **Borough Manager**

Under the provisions of the Borough Code Council may enter into an employment agreement with a borough manager for a specified time period terminating no later than two years after the effective date of the employment agreement.

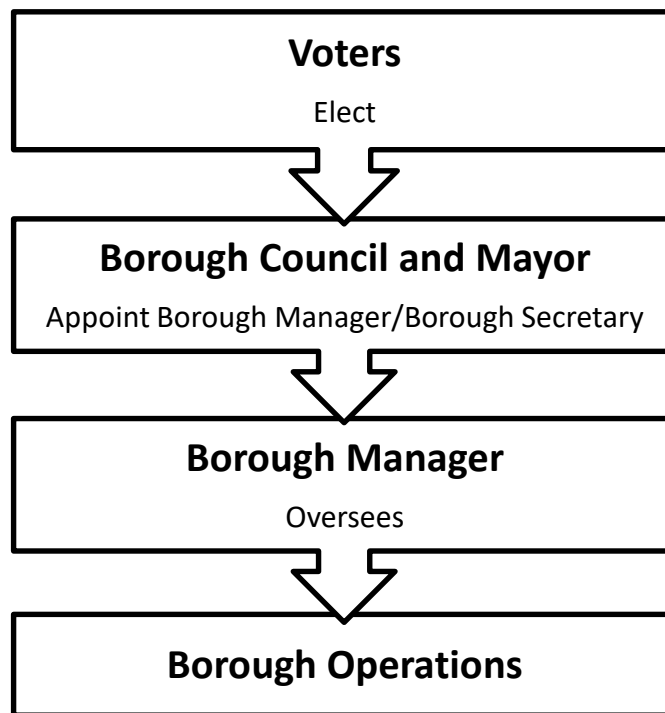
The Borough Manager serves at the pleasure of Council. Council as authorized in the Borough Code may delegate to the borough manager, any of the nonlegislative and nonjudicial powers and duties of the council, the planning commission and the shade tree commission. With approval of council, the mayor may delegate to the borough manager any of the mayor's nonlegislative and nonjudicial powers and duties.<sup>1</sup>

The Administrative Services of the Borough are under the jurisdiction of the Borough Manager and include the oversight of all Borough departments.

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<sup>1</sup> PA Borough Code

## Elected Officials and Administrative Services



## Assessment

### Borough Council & Mayor

The Borough of Catasauqua is led by an elected Mayor and seven Borough Council members. The Mayor, elected at-large, does not sit on the Council. Council members serve for four years, acting as a collective body. They are obligated to vote on all matters before them, guided by ordinances, resolutions, or motions. This Council has the power to appoint a Borough Manager, a Borough Solicitor, and any planning or zoning boards. They can also establish commissions and other entities.

Both the Borough Council and the Mayor shoulder the responsibilities of leadership, policy-making, and steering the Borough's direction.

The majority of Council members and Borough staff are committed to delivering quality services to the residents. They aim to provide top-notch services while ensuring efficient spending, promoting economic growth, eliminating wasteful expenses, and achieving the Borough's goals.

However, in recent years, the Borough has lacked a coherent set of objectives and an action plan. The approach has often been haphazard, with projects taken up sporadically without evaluating

their potential return on investment. There was a deficiency in assessing the financial impacts of initiating or halting different projects. This oversight has negatively affected the Borough's financial health. Given the array of services and the multitude of projects in the pipeline, it's essential to review what the Borough can feasibly achieve considering the current staff count and fiscal condition.

This situation is further complicated by the absence of a formalized plan detailing the Borough's Goals, Objectives, Mission, and Values, which would encapsulate its identity. As expenses rise faster than revenue growth, it's crucial for any organization to have a reference framework for making financial decisions, whether they concern revenue generation or cost-cutting. Creating a clear vision and direction for the Borough will aid both current and future officials in long-term planning.

## **Borough Council & Mayor Recommendations**

### ***Apply for State Grant for STPP II to develop an Economic Development Revitalization Plan.***

The Borough should actively seek to secure a second STPP II grant from the Commonwealth of Pennsylvania with the primary objective of formulating a comprehensive Economic Development Revitalization Plan. Such an initiative is essential for several reasons:

1. **In-depth Review of Local Strengths:** Crafting an Economic Development Revitalization Plan will allow for a thorough examination of the unique advantages and strengths inherent to the Borough. By identifying and understanding these assets, the Borough can ensure that they are maximized to foster sustainable growth.
2. **Stakeholder Engagement:** A revitalization plan of this magnitude benefits immensely from the collective insight and expertise of various stakeholders. Engaging in dialogues with local businesses, community organizations, and residents can offer a multi-faceted perspective on the Borough's developmental aspirations.
3. **Alignment with Councilmembers and Borough Staff:** Collaborating closely with Councilmembers and Borough Staff is imperative to ensure that there's a cohesive vision for the Borough's future. These members play a pivotal role in decision-making and can provide valuable insights based on their intimate knowledge of the Borough's workings.
4. **Long-term Economic Vision:** This initiative is not just about addressing immediate concerns but about envisioning a sustainable future for the Borough. In creating the plan, the Borough can lay down its long-term economic development goals, ensuring that actions taken now align with the broader vision for the future.
5. **Framework Development:** More than just a vision, the Economic Development Revitalization Plan will establish a structured framework. This blueprint will outline the strategies, steps, and actions required to achieve the Borough's economic goals, ensuring clarity and direction for all involved parties.

By securing the STPP II grant and embarking on this plan, the Borough can lay the groundwork for a prosperous future, ensuring its economic vitality for generations to come.

***Establish Vision, Mission, and Strategic Planning.*** The Borough should develop and establish its Goals, Objectives, Mission, and Values, bearing in mind the limitations posed by available resources. Regularly revisiting these foundational elements is crucial to ensure the Borough remains aligned with its desired trajectory. In shaping these core principles, it's essential to actively engage a variety of stakeholders, including the Borough Staff and its residents.

***Fiscal and Financial Planning.*** Given the constraints of limited financial resources, it's vital for the Borough to identify and prioritize services deemed essential. Concurrently, the establishment of a Fund Balance Policy is recommended. This policy would mandate the maintenance of emergency reserves, with the set percentage determined by annual expenditures. For best practices, the Borough can refer to resources such as [www.gfoa.org](http://www.gfoa.org). Moreover, a yearly financial health review of all the Borough's funds is imperative. When necessary, adjustments to rates and ticket fees should be made to ensure expenses are covered. A comprehensive Five-Year Capital Improvement Plan is also advised. This plan should highlight the importance of prioritizing capital investments, ensuring they're in harmony with the Borough's strategic ambitions.

***Create a Five-Year Capital Improvement Plan.*** Over the past decade, the Borough has committed significant resources to long-term capital assets. However, until recently, there has been a noticeable absence of a formalized long-term capital plan. It's commendable that the current Administrative staff has taken the initiative to lay the groundwork for a Five-Year Capital Plan. To ensure its success, it's imperative that we adopt a comprehensive capital improvement process that adheres to industry best practices. This approach should be transparent, delineating the roles and responsibilities of all involved parties, from employees to the Borough Manager and Elected Officials. It's crucial to establish clear criteria to guide capital investment decisions. These criteria should prioritize the safeguarding of public and employee health and safety, support the Borough's overarching goals and objectives, concentrate on essential infrastructure, and transparently detail how these capital investments influence the Borough's operating budget.

A rigorous management approach to the capital plan and budget is essential to ensure that projects under the Capital Improvement Plan (CIP) remain active and are completed both on time and within the budget. Including the Council in discussions about the capital plan's inclusions is pivotal. The Borough's current capital needs, set against the backdrop of the capital budget's constraints and the mounting pressures on operating revenues, should be examined comprehensively. If the capital plan's demands overreach available resources, there's a need to reassess and realign operations driving these capital necessities in tune with the financial confines of both capital and operating budgets over an extended timeframe.

The annual CIP document presented to the Borough Council should be thorough. Elements it should encompass include: a narrative review detailing CIP project priorities for the imminent budget year, a detailed account of the CIP's development process undertaken by the Borough Manager and staff, summaries of the CIP by project type and department, and individual descriptions of each upcoming budget year's CIP project. These descriptions should cover the project's location, summary, cost projections, anticipated completion dates, and estimated

operational costs or savings. Additionally, details about the funding sources, potential capital borrowings, and the capital improvements' impact on the operating budget are essential inclusions.

The establishment of an annual CIP document will be a game-changer, enabling the Borough to prioritize its capital projects considering limited resources and in alignment with its broader vision. This process will also open up avenues for Elected Officials and the public to engage in fruitful dialogues about Borough projects.

Lastly, it's foreseeable that throughout a given calendar year, various stakeholders, from staff to elected officials to the general public, might present projects and requests for capital goods. Barring emergencies, it's prudent to defer these to the subsequent year's capital planning procedure. This allows the Borough to weigh these new requests against its other needs, long-term vision, and budgetary implications.

By thoughtfully addressing the financial and fiscal challenges with these measures, the Borough of Catasauqua can ensure a structured and sustainable approach to its economic and infrastructural development.

***Governance and Oversight.*** Enacting, modifying, or revising ordinances promptly is crucial, particularly in response to plan recommendations. Moreover, for transparency and accountability, the Borough Manager should present progress reports on the STPP Plan recommendations at least quarterly. These reports promote open dialogue and allow for the early detection and resolution of issues.

Council members should consider attending training programs for optimal governance. Recommended courses include the DCED Local Government Training Programs, the Certified Borough Officials Program by the Pennsylvania State Association of Boroughs, and courses from the Lehigh Valley Government Academy run by the Lehigh Valley Planning Commission ("LVPC"). The LVPC has been offering the Pennsylvania Municipal Planning Education Institute ("PMPEI") courses on community planning and land use regulations since 2014.

It's worth noting that the current Board Vice President completed the Certified Borough Officials Program in a shortened timeframe and pursued additional training with the LVPC. The continuous education efforts of him and other elected officials should be recognized and encouraged. Such training keeps officials informed about their responsibilities and any changes to legislation.

Lastly, it's recommended to set aside a specific budget for staff training. This ensures that staff stay informed about municipal regulations, their impacts, and any upcoming amendments.

***Work to limit the influence of broader political agendas in Borough Operations.*** Local government, at its core, exists to serve and enhance the lives of its residents by addressing community-specific needs. It's heartening to note that current elected officials have made commendable strides in keeping "big P politics" at bay, focusing predominantly on the pressing issues at hand. By limiting the sway of broader political agendas that can distract from this main mission, local officials can give undivided attention to the tangible challenges affecting their

constituents. This ensures decisions are rooted in the genuine needs and aspirations of the community rather than external political influences. Through such a dedicated approach, local governance remains grounded, effective, and truly resonant with its people's desires.

***Collaboration and Regional Partnerships.*** Regionalization or merging initiatives with neighboring municipalities offer promising opportunities for operational and financial efficiencies, especially in sectors like Police and Recreation services. Despite the present political dynamics, maintaining open dialogue with neighboring municipalities is crucial. Such collaborations can lead to the joint provision of services, benefiting all involved parties. Furthermore, partnering with non-profit organizations, neighborhood groups, and other agencies can further enhance access to services. These partnerships bridge gaps in service delivery, combining resources and expertise to ensure residents receive comprehensive and efficient services. Engaging with these organizations not only expands the range of services available but also tailors them to the unique needs of the community, fostering a more holistic and resident-centric approach to governance.

***Infrastructure and Environmental Development.*** A comprehensive program addressing sidewalk maintenance, in conjunction with shade tree planting and enforcement, is advised. Collaborating with the Codes Department can ensure that both the assessment and execution strategies are holistic and effective. It's also worth noting that any proposals or requests related to capital goods arising during the calendar year should typically be deferred to the subsequent year's capital planning process, barring emergent situations.

## **Assessment**

### **Administrative Services**

The Borough Manager ("Borough Manager" or "Manager") is the chief administrative official of the Borough. This role goes beyond broad oversight; it encompasses managing the everyday business operations of the Borough. Working in tandem with the Administrative Assistant, the Manager plays a pivotal part in documenting Council proceedings, which includes maintaining the minutes of Council meetings, compiling ordinances, resolutions, and safeguarding other crucial Borough Council documents. Furthermore, the Borough Manager, upon delegation by the Council, can assume any non-legislative and non-judicial duties of the council, the planning commission, and other established commissions.

Beyond the roles of the Borough Manager and Administrative Assistant, the administrative workforce of the Borough consists of four full-time employees and one part-time staffer. Their collective responsibilities are vast, ranging from budgetary planning and oversight to grant management, community outreach, Human Resources, and liaising with external agencies. This group also manages vital functions like payroll processing, accounts payable and receivable, tax filings across all governmental levels, and overseeing refuse and parking payments.

The financial administration of the Borough of Catasauqua rests heavily on the shoulders of the Borough Treasurer. This individual oversees a wide spectrum of financial tasks, from detailed

accounting practices to payroll and cash flow management. The Treasurer collaborates closely with the Borough Manager each year to draft the annual budget.

A significant improvement was made in the 2023 budgeting process. For the first time in several years, the Borough Manager and Treasurer sought and incorporated input from department heads during budget creation. Such an approach addresses past issues where these heads were excluded, leading to budgetary allocations that sometimes missed the mark in terms of departments' genuine needs. This enhanced, inclusive method offers a more nuanced, accurate, and responsive budget, ensuring alignment with both overarching goals and ground-level requirements.

Outside of the Borough Manager, Treasurer, and Administrative Assistant, the Borough employs three additional full-time members and one part-time individual. Their duties encompass administering Per Capita and Rental Licensing, overseeing Water and Sewer Billing, and managing administrative aspects of the Police Department. The part-time staff member is entrusted with special projects, guided by directives from the Borough Manager.

With the exception of one administrative position funded solely by the General Fund, the salaries of full-time administrative staff are sourced from a blend of the General Fund, Water, and Sewer funds. However, an important shift was observed starting from fiscal year 2023. Rather than evenly splitting allocations across funds, management now mandates all employees to record time dedicated to each fund. This ensures a more accurate and accountable reflection of services rendered and costs sustained for each fund.

## Administrative Services Recommendations

***Consider Allocate Funding to Procure Enterprise Resource Planning (“ERP”) Software.*** Enterprise Resource Planning software for municipal government services are designed to integrate and streamline various administrative and operational processes within government entities. These systems can have a transformative impact on the efficiency and effectiveness of municipal operations. The following are a number of reasons for the Borough of Catasauqua to invest in an ERP System:

1. **Operational Efficiency:** Integrating various departments and functions into a single system can lead to streamlined operations and reduced redundancy.
2. **Financial Savings:** Over time, reduced administrative burden and increased efficiency can translate to cost savings.
3. **Transparency and Accountability:** Modern ERPs come with analytics and reporting capabilities, making it easier to generate reports and maintain transparency.
4. **Data Accuracy and Consistency:** A unified system means there's a single source of truth, reducing errors and inconsistencies in data.

5. **Enhanced Service Delivery:** By automating many processes, services can be delivered to citizens more efficiently, leading to increased satisfaction.
6. **Scalability:** ERPs are designed to scale. As the needs of the municipality grow, the ERP can adapt, ensuring a long-term solution.
7. **Security:** These solutions often come with robust security measures, ensuring the safety and integrity of sensitive data.
8. **Improved Decision Making:** Access to real-time data and analytics tools helps officials make informed decisions.

Investing in an ERP system can be transformative for municipal governments, offering both immediate and long-term benefits. It's essential, however, to conduct thorough due diligence, including understanding the needs of the municipality, before making an investment.

***Continue to Clean up Financial Reports.*** Before 2023, the financial reports were inconsistently compiled, with revenues and expenses recorded in an unorganized manner. This inconsistency caused confusion among Council members, as the cluttered reports with unnecessary or inconsistent line items made it challenging to decipher the Borough's financial situation. However, the current Borough Treasurer has made substantial progress in streamlining and improving these financial reports and records. It is essential that we maintain and continue these enhancements.

***Consider Investing in a Municipal Financial Software System.*** Investing in a municipal financial software system over a more generalized accounting tool like QuickBooks is a strategic decision that caters to the specific needs of municipal governments. Here are some reasons why municipal agencies might choose specialized financial software over QuickBooks:

9. **Tailored to Municipal Needs:** Even small governments have unique financial management requirements distinct from businesses. Specialized municipal financial software caters specifically to these needs.
10. **Regulatory Compliance:** Small or not, municipalities must adhere to certain regulatory and reporting standards. Municipal software ensures that even small governments remain compliant.
11. **Transparency and Public Trust:** Demonstrating transparency in financial dealings can help build trust with the community. A dedicated municipal financial system can facilitate this by making it easier to share financial data with the public.
12. **Efficiency and Accuracy:** As the government grows, financial operations can become more intricate. Starting with a system that can handle both current and anticipated complexity ensures accuracy and efficiency from the beginning.
13. **Integration Possibilities:** Municipal financial software might provide better integration with other governmental systems, even if those are adopted in the future.



14. **Long-term Vision:** Investing in a robust system early on can be part of a long-term vision for growth and development, positioning the municipality to handle future challenges seamlessly.
15. **Risk Reduction:** Proper financial software designed for municipalities can reduce errors and financial risks, ensuring that funds are managed appropriately.
16. **Audit Preparedness:** Should there be a need for financial audits, a specialized system can make the process smoother by offering comprehensive reporting and detailed audit trails.
17. **Support and Training:** Vendors specializing in municipal software usually provide training and support tailored to the specific needs and challenges of government entities, ensuring that even a small staff can use the software to its fullest potential.
18. **Encumbrance Tracking:** Even smaller governments may have contracts or commitments that require tracking encumbrances. Municipal software can handle this type of accounting, while some simpler tools cannot.
19. **Cost Savings in the Long Run:** While there might be a higher initial investment, potential efficiency gains, reduced errors, and better compliance can result in long-term cost savings.
20. **Community Engagement:** As residents become more tech-savvy, they might expect online access to municipal financial data or interactive budgeting tools, which specialized software can offer.
21. **Grant Management:** Many municipalities, regardless of size, benefit from grants. Some municipal financial software systems include grant management tools to track and report on grant funds.

Ultimately, the decision should be based on a cost-benefit analysis. It's essential to weigh the immediate costs of the software against the long-term benefits in efficiency, transparency, scalability, and potential cost savings. Even for a smaller municipality, if the benefits justify the costs, it can be a worthwhile investment.

**Switch to Modified or Full Accrual Basis of Accounting.** The Borough should transition from cash basis accounting to a Modified Accrual accounting method to more accurately reflect its financial status. Unlike the cash basis approach, which only records transactions when cash changes hands (similar to a checkbook), Modified Accrual accounting records revenues when they are both available and measurable. Expenditures, with a few exceptions, are recorded when liabilities arise.

Using the cash basis method played a significant role in the Borough's financial distress during the 2022 fiscal year. This method allowed the Borough to delay bill payments until the start of the next fiscal year, thereby presenting a misleading positive annual cash balance. This approach

can distort a municipality's true financial health by manipulating revenue and expense timings at the year's end.

To ensure clarity and accuracy, it's recommended that the Auditor present the Borough's Audited Financial Statements using a Modified or Full Accrual Basis, as outlined in GASB 34.

***Include a Management Discussion and Analysis with annual Audit ("MD&A").*** Traditionally, the Borough hasn't incorporated an MD&A in its Audit, even though the generally accepted accounting principles in the United States of America recommend its inclusion to complement the basic financial statements.

The MD&A should offer a clear and objective overview of the government's financial activities, taking into account the latest known facts, decisions, or conditions. This analysis should compare the current year's data with the previous year's, focusing on the government-wide information. The aim is to help users determine if the financial standing improved or worsened based on the year's activities. The MD&A should also highlight significant fund changes, notable budget deviations, and provide insights into capital assets and long-term debt activities over the year. Finally, the MD&A should end by outlining known factors or decisions that might significantly influence future financial positions or operational outcomes.

***Borough Manager Should hold formal monthly staff meetings.*** Monthly staff meetings are beneficial for both managers and employees for a number of reasons. For managers, these meetings serve as a conduit for open communication, enabling them to share crucial updates and announcements. They play a pivotal role in ensuring that everyone is aligned with the team's goals and objectives. The consistent feedback loop provided by these meetings allows for swift adjustments based on employee input. One of the essential managerial benefits is the platform these meetings provide for collective problem-solving and innovation. Additionally, they offer managers the opportunity to monitor the progress of various tasks and projects, ensuring timely completion and addressing potential delays. The regularity of these meetings also ensures a consistent dissemination of information, reducing the risk of misinformation or gaps in knowledge.

For employees, these meetings bring clarity to their roles, responsibilities, and what's expected of them. They offer a platform to voice concerns, share insights, or provide direct feedback to management. This consistent interaction can become an avenue for on-the-spot coaching and mentoring, fostering personal growth. A notable benefit is the recognition employees receive for their achievements during these meetings, serving as a morale booster. Discussing projects and tasks openly can spotlight collaboration opportunities, enabling team members to pool their expertise. Moreover, these gatherings promote peer learning, as employees can benefit from their colleagues' experiences and solutions. Keeping everyone informed about organizational changes or strategic decisions becomes seamless with these regular check-ins. Lastly, such interactions bolster interpersonal relationships, making the work environment more cohesive and collaborative. However, it's crucial for these meetings to remain efficient and purposeful. Managers should prepare clear agendas and maintain time discipline to ensure the sessions remain productive and avoid meeting fatigue.

***Management and Employees must create clear expectations and definitive timeframes for completion of tasks.*** Providing clear expectations and definitive timeframes for task completion is critically important for both managers and employees. For managers, setting transparent guidelines ensures that the team operates efficiently and productively. When employees are fully informed about their tasks, they can work without hesitation or doubt, optimizing the speed and accuracy of their output. This clarity also serves as a foundation for accountability, allowing managers to gauge performance against a known standard. Misunderstandings, often a significant source of errors and wasted time, are minimized when expectations are well-defined. Furthermore, clear objectives and deadlines can act as motivational tools, pushing employees to challenge themselves while ensuring the desired quality of work is maintained.

For employees, understanding these expectations means they can better allocate their resources and time, prioritize their duties, and synchronize their efforts with team members on collaborative projects. In turn, this understanding fosters a sense of trust. When managers articulate their expectations, it indicates their confidence in the employees' ability to manage the responsibility. Conversely, employees feel a deeper commitment to their role, trusting that their efforts align with the broader organizational goals.

Beyond task completion, setting clear expectations about roles is vital. For the manager, it defines the boundaries of their authority, responsibilities, and areas of oversight. For the employee, it illuminates their responsibilities, rights, and the scope of their job. A mutual understanding of roles helps in preventing overlaps, conflicts, and gaps in responsibilities. It ensures that both managers and employees are aligned, working cohesively towards shared objectives. In essence, the process of setting and understanding clear expectations is foundational to building a collaborative, efficient, and harmonious work environment, benefiting both the individual and the organization.

Review current procurement procedures to ensure all non-emergency purchases greater than \$500 are approved by the Borough Manager prior to funds being expended. The current Borough manager and Treasurer have effectively ensured that the Borough's spending is restricted to essential goods and services. However, in the past, there were numerous instances where goods or services were acquired without prior approval from either the Borough Manager or Treasurer. This lack of proper authorization contributed to challenges in upholding a balanced budget. Moving forward, the Borough should ensure that all non-emergency purchases receive approval from either the Borough Manager or Borough Council before any commitments are made.

Consider engaging a website developer to review the Borough's current website with a specific focus on improvements to Citizens' ability to file forms in addition to being able to make payments online. We recommend engaging a website developer to assess the Borough's existing website, specifically targeting enhancements related to online form submissions in addition to payment capabilities. While the Borough's website stands out as one of the more well-designed municipal sites we've encountered, it currently lacks an online form submission feature. Incorporating this functionality can significantly boost efficiency, expedite payments, and streamline the management and processing of applications.

***Establish a clear and consistent record keeping system Borough wide.*** The importance of an effective records management system, especially for municipal governments, is evident in the

challenges currently faced by the Borough. While a handful of employees have their individual methods for keeping records, there's a significant void in a unified and systematic approach. Over recent years, this has resulted in a dilution of what was once, presumably, a consistent filing structure for both tangible paper documents and their electronic counterparts. Such inconsistency has not only made information retrieval a difficult task but also compromised the Borough's ability to validate projects and expenses during crucial audit phases. This inefficiency translates to an uptick in operational costs and resource consumption, especially when employees spend excessive time on routine data requests. Furthermore, the existing state of record management poses significant hurdles in ensuring continuity. When an employee assumes the responsibilities of a colleague or predecessor, the lack of clear records often compels them to commence projects anew, risking the potential loss of valuable institutional insights. A notable concern also lies in the Borough's limited physical storage capabilities for administrative documents, which, without proper solutions, might lead to the loss or inaccessibility of records over time. To surmount these challenges, it's imperative for the Borough to introduce a comprehensive records management system that streamlines access, retrieval, and management across all departments. Regular training sessions will ensure its effective utilization by all employees. Periodic reviews will help in adjusting to the Borough's evolving requirements, while investments in physical storage, combined with a move towards digitization, will safeguard the Borough's records. Instituting transition plans will further bolster the seamless transfer of knowledge, ensuring the smooth operation of the municipal government and reinforcing public trust and accountability.

***Work to build Stability and Continuity in Borough Management and Operations.*** Stability and continuity are cornerstones of any effective and efficient operation. They serve as the backbone that supports the systematic functioning of processes, allowing for predictability and the consistent delivery of quality. Such coherence not only ensures that goals are met, but it also instills confidence among stakeholders and employees, creating an environment conducive to growth and innovation. However, while the pursuit of stability and continuity is paramount, it is essential to recognize that turnover is an inevitable facet of organizational life. Whether driven by personal choices, organizational shifts, or broader dynamics, changes in personnel can introduce disruptions. But, rather than viewing this as a mere challenge, it's crucial to see it as an opportunity. By building robust systems, offering comprehensive training, and maintaining thorough documentation, organizations can ensure that the baton is passed seamlessly, leveraging the fresh perspectives that new members bring, while still upholding the established standards and practices. In essence, while stability and continuity form the bedrock of operational success, embracing and preparing for the inevitability of turnover ensures that an organization remains adaptable, resilient, and ever evolving.

## Elected Official & Administrative Services – Historical Expenditures

### Borough of Catasauqua, Pennsylvania Mayor and Borough Council Expenditures General Fund Year Ended December 31

Legislative Body	Reported Jan – Dec 2019	Reported Jan – Dec 2020	Reported Jan – Dec 2021	Reported Jan – Dec 2022
Direct Compensation	4,075	4,050	4,204	4,075
Services	4,839	1,919	1,130	493
Supplies	188	0	0	0
Capital	21,752	5,000	0	0
<b>Total Expenditures</b>	<b>30,854</b>	<b>10,969</b>	<b>5,334</b>	<b>4,568</b>
<b>Executive &amp; Administrative</b>				
Direct Compensation	37,639	36,199	34,465	28,223
Services	10,155	32,440	31,296	75,703
Supplies	5,126	4,387	1,880	3,963
Utilities	16,573	10,585	6,432	10,962
Vehicle	2,114	1,158	1,500	1,103
Other	0	0	0	10,467
Capital	2,943	19,134	0	0
<b>Total Expenditures</b>	<b>74,550</b>	<b>103,904</b>	<b>75,572</b>	<b>130,421</b>
<b>Financial Administration</b>				
Direct Compensation	14,253	15,799	15,115	16,289
Services	45,319	37,893	32,561	68,233
Supplies	-139	7,161	-1,134	7,870
Other	1,900	508	384	1,643
Debt Service	256	0	-367	3,200
<b>Total Expenditures</b>	<b>61,589</b>	<b>61,361</b>	<b>46,559</b>	<b>97,235</b>
<b>Tax Collection</b>				
Direct Compensation	32,512	21,207	17,965	18,184
Services	6,546	13,781	5,049	7,331
Supplies	3,088	2,864	4,731	2,090
Insurance	319	319	319	374
Other	275	10,677	292	321
<b>Total Expenditures</b>	<b>42,741</b>	<b>48,849</b>	<b>28,355</b>	<b>28,299</b>
<b>Buildings &amp; Facilities</b>				
Direct Compensation	2,074	4,615	737	254
Services	63,806	70,175	65,485	75,690
Supplies	2,674	2,423	3,195	3,061
Utilities	68,741	57,631	71,557	74,245
Capital	17,903	73,594	4,382	5,444
<b>Total Expenditures</b>	<b>155,197</b>	<b>208,439</b>	<b>145,357</b>	<b>158,695</b>
<b>Employee Benefits</b>				
Direct Compensation	82,215	56,711	63,489	63,885
Pension	280,812	187,106	212,745	986,823
Benefits	512,565	430,041	428,677	368,630
<b>Total Expenditures</b>	<b>875,592</b>	<b>673,858</b>	<b>704,911</b>	<b>1,419,338</b>
<b>Insurance</b>				
Property & Liability Package	21,822	11,653	26,193	19,714

Workers Compensation	67,512	68,174	67,561	75,720
Fire Dept Workers Comp	0	14,253	12,948	16,797
Flood Insurance	5,970	7,351	9,098	11,293
Insurance Deductible	0	0	6,302	402
Cyber Insurance	3,120	0	0	54
<b>Total Expenditures</b>	<b>98,424</b>	<b>101,431</b>	<b>122,102</b>	<b>123,980</b>

## Elected Official & Administrative Services – Projected Baseline Expenditures

### Borough of Catasauqua, Pennsylvania Mayor and Borough Council Expenditures Projections General Fund Year Ended December 31

	Estimated Jan – Dec 2023	Projection Jan – Dec 2024	Projection Jan – Dec 2025	Projection Jan – Dec 2026	Projection Jan – Dec 2027
<b>Legislative Body</b>					
Direct Compensation	10,640	10,640	10,640	10,640	10,640
Services	8,500	8,636	8,776	8,920	9,067
Supplies	0	0	0	0	0
Capital	0	0	0	0	0
<b>Total Expenditures</b>	<b>19,140</b>	<b>19,276</b>	<b>19,416</b>	<b>19,560</b>	<b>19,707</b>
<b>Executive &amp; Administrative</b>					
Direct Compensation	151,374	155,961	160,684	165,547	168,901
Services	25,000	25,681	26,380	27,098	27,835
Supplies	3,500	3,500	3,500	3,500	3,500
Utilities	13,500	13,786	14,079	14,381	14,691
Vehicle	1,250	1,250	1,250	1,250	1,250
Capital	4,800	4,800	4,800	4,800	4,800
<b>Total Expenditures</b>	<b>199,424</b>	<b>204,977</b>	<b>210,692</b>	<b>216,575</b>	<b>220,977</b>
<b>Financial Administration</b>					
Direct Compensation	0	0	0	0	0
Services	35,000	35,953	36,931	37,937	38,969
Supplies	7,000	7,191	7,386	7,587	7,794
Other	1,500	1,500	1,500	1,500	1,500
Debt Service	0	0	0	0	0
<b>Total Expenditures</b>	<b>43,500</b>	<b>44,643</b>	<b>45,818</b>	<b>47,024</b>	<b>48,263</b>
<b>Tax Collection</b>					
Direct Compensation	18,800	18,800	18,800	18,800	18,800
Services	9,000	9,136	9,276	9,420	9,567
Supplies	3,500	3,500	3,500	3,500	3,500
Insurance	500	500	500	500	500
Other	500	500	500	500	500
<b>Total Expenditures</b>	<b>32,300</b>	<b>32,436</b>	<b>32,576</b>	<b>32,720</b>	<b>32,867</b>
<b>Buildings &amp; Facilities</b>					
Direct Compensation	1,500	1,500	1,500	1,500	1,500

Services	75,000	76,987	79,028	81,125	83,279
Supplies	3,100	3,100	3,100	3,100	3,100
Utilities	88,500	90,909	93,384	95,925	98,537
Capital	5,000	5,000	5,000	5,000	5,000
<b>Total Expenditures</b>	<b>173,100</b>	<b>177,496</b>	<b>182,012</b>	<b>186,650</b>	<b>191,415</b>
<b>Employee Benefits</b>					
Direct Compensation	53,234	55,363	57,578	59,881	61,079
Pension	446,780	458,706	471,110	484,009	490,717
Benefits	592,727	621,507	651,719	683,433	716,297
<b>Total Expenditures</b>	<b>1,092,741</b>	<b>1,135,577</b>	<b>1,180,406</b>	<b>1,227,323</b>	<b>1,268,092</b>
<b>Insurance</b>					
Property & Liability Package	25,000	25,681	26,380	27,098	27,835
Workers Compensation	70,000	70,000	70,000	70,000	70,000
Fire Dept Workers Comp	14,000	14,000	14,000	14,000	14,000
Flood Insurance	12,500	12,840	13,190	13,549	13,918
Insurance Deductible	3,000	3,000	3,000	3,000	3,000
Cyber Insurance	9,280	9,533	9,792	10,059	10,332
<b>Total Expenditures</b>	<b>133,780</b>	<b>135,053</b>	<b>136,361</b>	<b>137,705</b>	<b>139,085</b>

## Assessment

### Insurance and Risk Management Review

The Administration Department is responsible for the Borough's risk management and insurance program. The program includes a variety of different liability policies that a municipality would be expected to have, which are purchased on an annual basis. The chart below lists the Borough's insurance policies for 2022-23, the insurance company providing coverage, the coverage limit, the Borough's retained liability and the annual premium.

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Line	Insurer	Limit	Retention	Premium
Property	Argonaut	\$23,408,634	\$1,000	\$16,234
Inland Marine	Argonaut	\$734,805	\$500	\$3,277
Cyber Liability	Hiscox	\$1,000,000 each	\$2,500	\$9,380
General Liability	Argonaut	\$1,000,000 each \$3,000,000 agg.	N/A	\$8,101
Automobile Liability / Physical Damage	Argonaut	\$1,000,000 CSL	Liability N/A Phys. Damage varies	\$16,651
Law Enforcement	Argonaut	\$1,000,000 each \$3,000,000 annual	\$5,000	\$5,691
Public Officials	Argonaut	\$1,000,000 each \$3,000,000 annual	\$5,000	\$2,044
Employment Practices	Argonaut	\$1,000,000 each \$3,000,000 annual	\$5,000	\$4,940
Crime	Argonaut	\$250,000	\$500	\$435
Excess	Argonaut	\$5,000,000	N/A	\$5,244
Workers' Compensation /Employer's Liability	Susquehanna Municipal Trust	Statutory/ \$1,000,000	N/A	\$110,243
<b>Aggregate Annual Insurance Premium Expense</b>				<b>\$182,200</b>

The Borough has maintained their Liability policies with the current insurance carrier since at least 2020 and workers compensation since at least 2013. The Borough has partnered with Brown & Brown Insurance to assist with the process of obtaining the necessary insurance policies. Overall,



the Borough and their broker partner, Brown & Brown, are managing the insurance and risk management program well. Below is an assessment that highlights certain lines of coverage and focuses on areas where the Borough can investigate to improve the overall quality and cost of the program.

The Catasauqua Borough appears to have most of the appropriate insurance policies in place to provide protection for the Borough. Like any insurance program, all claims and situations are different, and this analysis does not imply the Borough has insurance coverage for all situations. The insurance carriers selected by the Borough, Argonaut Insurance and Susquehanna Municipal Trust, have significant experience with public entities and their programs are designed to provide coverage for those exposures specifically related to municipalities.

## **Insurance and Risk Management Recommendations**

**Automobile Liability – Implement Controls & Lower its Underinsured Motorists and Uninsured Motorists limits to \$35,000 per occurrence.** The Borough currently insures 46 vehicles and 8 trailers. The deductibles as they relate to third party liability and physical damage are well suited for the Borough. After reviewing loss history from 2022-2022 for the auto policy, there were 15 automobile claims resulting in \$113,377.20 of incurred losses. The number of claims and cost is substantial relative to the time period and the amount of premium paid for auto insurance. After reviewing coverage and limits along with the claim's history, EHD recommends that the Borough implement controls to reduce the amount and severity of automobile incidents. Controls could include risk control and loss prevention services to address root causes of auto accidents and proactive training for all drivers of Borough vehicles. EHD also recommends The Borough lower its Underinsured Motorists and Uninsured Motorists limits to \$35,000 per occurrence. The current limits for Underinsured Motorists and Uninsured Motorists are \$100,000 per occurrence. The Borough is exposing itself to additional bodily injury claims by its employees. If a Borough employee is involved in an automobile accident with another motorist who carries lower limits of insurance (or no coverage at all) and the employee is injured, their medical (and indemnity if they have loss of time) are covered under workers' compensation coverage. If the employee pursues a bodily injury claim against the other motorist who does not have higher limits of coverage the claim can fall back on the Borough's underinsured limits (or uninsured limits). By maintaining a limit of \$35,000 the Borough is minimizing its financial exposure to this scenario as well as the impact it could have on their loss history and premiums in the years that follow.

**General Liability – No changes recommended.** The Borough's current General Liability policy offers industry standard coverage and limits. Based on the limited number of claims, EHD believes the General Liability program is appropriate protection for the Borough.

**Property - Consider adding Earthquake and Flood coverage to its policy.** The Borough's current Property policy offers blanket limits on the buildings and business personal property with 100% coinsurance on agreed value basis. Agreed value basis suspends the coinsurance and this is ideal and should be maintained in the future. The Borough should consider adding Earthquake and Flood coverage to its policy. There will be additional premium for this coverage.

**Excess Liability – Explore whether Employer’s Liability can be added as an underlying policy.** The Borough’s Umbrella policy provided by Argonaut exists to provide protection in excess of the underlying casualty policies such as General Liability, Automobile Liability, Public Officials, Employment Practices and Law Enforcement Liability. The Borough’s Excess Liability policy has a per occurrence and aggregate limit of \$5 million. While the Borough is afforded governmental immunity thru The Political Subdivision Tort Claims Act, claims can still be made against it. EHD’s recommendation based on industry standards suggests this is an adequate limit of umbrella coverage. The Excess Liability policy does not sit over the Employers Liability (Workers’ Compensation part B coverage) from Susquehanna Municipal Trust. The Borough should explore whether or not the umbrella carrier will add the Employer’s Liability policy under the excess liability coverage.

**Public Officials Liability - Consider increasing the sub-limit per claim amount to a minimum of \$50,000.** The Public Officials Liability policy provides coverage for wrongful acts by public officials while performing their duties on behalf of the Borough. The current limits are \$1 million for each wrongful act with an aggregate limit of \$3 million with a \$5,000 deductible for each wrongful act. These limits are standard and acceptable. The current Public Officials policy provides coverage for non-monetary defense costs on form AG PO 0003 01 with a \$10,000 sub-limit per claim. EHD recommends increasing the sub-limit per claim amount to a minimum of \$50,000 due to the substantial costs associated with defense costs.

**Employment Practice Liability - No changes recommended.** The Employment Practice Liability provides coverage for wrongful employment acts such as wrongful termination, discrimination, and harassment subject to policy exclusions. The current limits are \$1 million for each wrongful act with an aggregate limit of \$3 million subject to a \$5,000 deductible for each wrongful act. These limits are standard and acceptable. Back wages are also covered with a limit of \$50,000 each wrongful act subject to a \$10,000 deductible. Back wages include wages that would have been earned in the past if a person had been employed or promoted or received a wage increase and includes future wages and overtime. The current Employment Practice Liability policy provides coverage for non-monetary defense costs with a \$50,000/claim limit and \$50,000 aggregate limit for each wrongful act. There is also defense coverage for Equal Employment Opportunity Commission (EEOC) complaints. The per claim defense limit is \$10,000/claim in excess of \$2,500 with a \$50,000 aggregate limit. EHD believes this is adequate coverage based on industry standards.

**Law Enforcement Liability - No changes recommended.** The Law Enforcement Liability provides coverage for wrongful acts by law enforcement officers while performing their duties on behalf of the Borough. The current limits are \$1 million for each wrongful act with an aggregate limit of \$3 million with a \$5,000 deductible for each wrongful act. The policy includes a Line of Duty Death Benefit Coverage up to \$50,000 per employee / \$100,000 Aggregate per policy period. This benefit can provide additional benefits in the event of a death to a member of law enforcement subject to exclusions in the policy. EHD believes this is adequate coverage based on industry standards.

**Crime Coverage – Consider increased to a minimum crime limit of \$50,000.** Crime coverage protects the Borough from several types of theft: Inside the Premises-Theft of Money & Securities,

Inside the Premises-Robbery or Safe Burglary of Other Property, and theft Outside the Premises. The Borough currently has crime limits of \$25,000 for: Inside the Premises-Theft of Money & Securities and theft Outside the Premises while no coverage is afforded for Inside the Premises-Robbery or Safe Burglary of Other Property. It is recommended that these limits be increased to a minimum of \$50,000 and Inside the Premises-Robbery or Safe Burglary of Other Property coverage is added. There will be an additional premium for the increase however it will be minimal.

**Cyber Liability – Confirm registration with the risk management vendor.** The Borough's cyber policy with Hiscox insurance provides coverage for both first-party and third-party cyber losses. The Cyber Liability limit is \$1 million subject to a \$2,500 retention. There are additional coverages included in the cyber policy with various sub-limits (limits below \$1 million). The Borough's current cyber insurance policy thru Hiscox Insurance contains a Ransomware Event Coinsurance Responsibility Endorsement (CYBCL-CYB E2070 CW 03/21). In summary, this endorsement establishes a 25% coinsurance clause the Borough is responsible for paying towards the loss. However, the carrier waives the coinsurance requirement if the Borough creates a username and password with the risk management vendor named in the policy (Paladin Shield Cyber Protection Platform) prior to your written notification of a Ransomware event. The Borough should confirm registration with the risk management vendor to ensure they are not responsible for paying coinsurance on a Ransomware event.

**Workers' Compensation / Employer's Liability - Implement a safety committee.** The Borough has currently placed the Workers' Compensation coverage with the Susquehanna Municipal Trust (SMT). The Susquehanna Municipal Trust is a self-insured workers' compensation pool for municipalities throughout the state and offers dividends through the return of surplus funds based on annual claims experience.

The Borough's current employers' liability limit is \$1,000,000. These limits are above the State's required minimums.

Since 2013 the Borough has incurred 90 claims, with a total cost of \$ 1,486,678.10. The Borough's 10-year loss ratio is 174%. The Borough's average Experience Modification Factor since 2013 is 1.299, and the current policy year Experience Modification Factor is 1.435. There are currently 1,267 municipalities with a Workers' Compensation experience modification factor within Pennsylvania. An experience modification factor is multiplier applied to your workers' compensation premium and is calculated based off an organization's claims experience over the prior three years. An experience modification factor under 1.0 results in a credit of premium, and an experience modification factor over 1.0 results in a debit of premium. Based on the experience modification factor for 2023 the Borough ranks 1,193rd. Therefore, the Borough's 2023 experience modification factor of 1.435 results in a 43.5% debit on your premium, or approximately \$36,270 in additional premium.

At this time, it is EHD's recommendation the Borough implement a safety committee. The safety committee is a valuable resource that will help the Borough utilize best safety practices, provide a safe work environment and help minimize the potential for future claims, and may result in additional discounts on your workers' compensation premium. In many instances, the workers'

compensation provider assists with the requirements for starting and maintaining a safety committee.

***Broker Compensation – Consider moving to a fee arrangement versus commission paid broker compensation.*** It is extremely important the Borough understands how much compensation or commission is paid for any vendor doing work with its insurance and risk management program. It is important to understand what services are being provided and what the expectations are other than placing the insurance policies. Many municipalities have asked their brokers to move to a fee arrangement versus commission paid by the carrier to evaluate the effectiveness of the partnership with the Borough. This may be an item the Borough can explore.

***Marketing the Insurance Program – The Borough should not market its insurance program more than once every three years.*** There are several factors that should influence the decision to market your insurance program to different carriers. They include, but are not limited to, the number of carriers available who insure municipal governments, the Borough's claims history, and current program costs. It is EHD's recommendation that marketing the program occurs no more than once every three years. Depending on the factors mentioned above, marketing within this time frame creates the best opportunity for the Borough to gain interest from the marketplace which will create the best environment for obtaining competitive quotes.

## **Code Enforcement**

### **Overview**

Codes and Inspections protects the citizens and property in the Borough through the administration and enforcement of building, plumbing, mechanical, electrical, property maintenance, zoning, and other related codes and ordinances designed to ensure public health, safety, and welfare. Currently, the department consists of one part-time codes inspector and a part-time administrative assistant. The codes inspector also has the responsibility to administer and enforce all building, plumbing, mechanical, and electrical codes as they relate to new construction, demolition, and alterations to existing structures. Additionally, the codes inspector is responsible for administering and enforcing property maintenance codes, zoning and subdivision codes, and ordinances licensing and regulating eating and drinking establishments within the Borough. The Department collects all monies due to the Borough by issuance of permits, inspection fees, and licenses.

The Borough's Code Enforcement office performs the following functions.

### **Vacant Housing and Blighted Properties**

The Borough of Catasauqua is working to establish Blighted Property Review process, which would monitor code enforcement actions associated with properties categorized as "Blighted" and, when appropriate, certify these properties as blighted and eligible for eminent domain. The

Code enforcement officer works to contact property owners and achieve compliance with codes on a voluntary basis.

The Borough has been successful in establishing an effective working relationship between the code enforcement officer, Police Officers, and Magisterial District Justices who preside over hearings of code enforcement cases. These are cases which are referred to court because they cannot be resolved administratively through the issuance of violation notices and subsequent attempts to achieve voluntary compliance.

## **Property Maintenance**

The code enforcement officer visits properties based on citizen complaints, personal observations and information received from Borough staff. The codes enforcement officer prepares a written form detailing the conditions of each property. This form is subsequently given to clerical staff that uses it to update Borough records.

Violation notices sent to property owners specify that a particular problem must be addressed within a specific time frame, depending on the severity of the violation. Many violation notices are also issued for properties that create a public nuisance or adversely affect neighborhood quality of life due to conditions such as uncut grass or weeds, the presence of litter, improper storage of trash, or the presence of unregistered or improperly parked vehicles.

## **Rental Inspection**

The Borough of Catasauqua has an adopted rental licensing policy. Each rental unit in the Borough is to be inspected on a periodic basis. The Borough charges \$100 per rental inspection fee with a \$75 reinspection fee and a bi-annual housing permit fee of \$100 per unit. There are approximately 478 rental properties within the Borough.

To register a rental property, the owner must apply for Landlord registration and pay a licensing fee. Inspections identify basic safety and maintenance issues. Potentially dangerous conditions must be corrected immediately.

## **Zoning and Planning Board**

The codes officer is the Borough's representative for the Borough's Zoning and Planning boards and assistant zoning officer.

## **Finances**

The Codes Department is primarily funded from Borough General Fund revenues.

## Historical General Fund Expenditures – Code Enforcement

### Borough of Catasauqua, Pennsylvania General Fund Public Code Enforcement Expenditures Comparison to total General Fund Revenues

	2019	2020	2021	2022	2023*
Total General Fund Revenues:	4,829,607	5,022,689	8,494,802	8,501,144	4,829,607
Code/Planning Expenditures:	114,525	108,777	190,116	231,501	114,525
Percent of Total GF Revenue:	2.4%	2.2%	2.2%	2.7%	2.4%

\*Budgeted

### Borough of Catasauqua, Pennsylvania Department of Code Enforcement Expenditures General Fund Year Ended December 31

	Internally Prepared Jan - Dec 2019	Internally Prepared Jan - Dec 2020	Internally Prepared Jan - Dec 2021	Internally Prepared Jan - Dec 2022
<b>Code Enforcement</b>				
Direct Compensation	55,958	55,059	121,552	114,645
Services	25,727	18,814	38,102	42,279
Supplies	2,175	2,530	1,822	0
Vehicle	2,133	116	0	0
<b>Total Expenditures</b>	<b>85,992</b>	<b>76,519</b>	<b>161,476</b>	<b>156,924</b>
<b>Planning and Zoning</b>				
Direct Compensation	19,400	1,800	300	170
Services	9,133	30,458	28,340	74,407
<b>Total Expenditures</b>	<b>28,533</b>	<b>32,258</b>	<b>28,640</b>	<b>74,577</b>

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## Projected Baseline General Fund Expenditures – Code Enforcement

### Borough of Catasauqua, Pennsylvania Code Enforcement Expenditure Projections General Fund Year Ended December 31

	Estimated Jan - Dec 2023	Projection Jan - Dec 2024	Projection Jan - Dec 2025	Projection Jan - Dec 2026	Projection Jan - Dec 2027
<b>Expense</b>					
Direct Compensation	85,000	87,550	90,177	92,882	94,739
Services	40,000	41,089	42,207	43,356	44,536
Supplies	0	0	0	0	0

Vehicle	0	0	0	0	0
<b>Total Expenditures</b>	125,000	128,639	132,384	136,238	139,276
<b>Planning and Zoning</b>					
Direct Compensation	500	500	500	500	500
Services	40,000	40,980	41,987	43,021	44,083
<b>Total Expenditures</b>	40,500	41,480	42,487	43,521	44,583
<b>TOTAL CODE ENFORCEMENT</b>	114,525	108,777	190,116	231,501	114,525

## Assessment

Before the current Borough Manager was hired, a private firm was responsible for code enforcement. However, in late 2022, the Borough chose to employ an in-house Code Enforcement Officer. This decision aimed to reduce the expenses associated with external code enforcement services while enhancing the Borough's capacity to address such issues.

The appointed Code Enforcement Officer is highly familiar with the inspection districts under his jurisdiction, effectively prioritizing tasks based on health and safety needs. His unique background in construction and law enforcement allows him to address property maintenance issues and enforcement from diverse perspectives.

Despite these strides, the selection of properties for inspection lacks direction from any Borough policy. This policy should ideally identify government priorities, community concerns, neighborhood issues, or areas of current or planned private investment.

Currently, the Borough does not issue reports detailing the Code Enforcement Office's activities and achievements to the public or other stakeholders. This lack of communication presents a missed opportunity to showcase the tangible results produced by the Code Enforcement Office. However, the Code Enforcement Officer recognizes the importance of providing the public with high-quality data and plans to publish quarterly reports by the end of 2023.

Given the number of properties within the Borough and the conversations with the Code Enforcement Officer and administration, we are confident that the officer can adequately manage and respond to property maintenance issues within the Borough.

## Code Enforcement Recommendations

The code enforcement division plays a pivotal role in ensuring the Borough remains compliant, orderly, and conducive for its residents. With a primary objective of enhancing efficiency and addressing emerging concerns, the following recommendations are proposed. They aim to optimize the use of resources across different areas within the Borough.

**Annual Fee Review.** Similar to many municipalities, the Borough charges its citizens and others for various services, including refuse collection. It is suggested that the Borough should annually

review all such fees and make necessary adjustments, especially when unexpected cost increases occur. For instance, a surge in petroleum prices should prompt a review of street cut fees to ensure they cover the increased cost of paving materials.

***Written Code Enforcement Policies.*** Currently, the division has not consolidated its practices into a set of written policies and procedures concerning property maintenance regulations. To bolster efficiency and provide unequivocal guidelines for its operations, it's crucial for the Borough to codify these practices. Formalizing these policies will not only standardize operations but also promote transparency and accountability within the department.

***Continue implementation of Digital Ticketing System.*** The Borough is currently transitioning to an electronic ticketing system. It's essential that it continue to prioritize and advance the implementation of this system for optimal efficiency.

***Setting Departmental Goals.*** The formulation of clear, actionable goals and objectives for the department is essential. By engaging the insights of staff members, the Borough Administration, and Elected Officials, these objectives can encapsulate the broader vision and aspirations of the Borough. Additionally, routine assessments of these goals will ensure the department remains on track and swiftly addresses any areas requiring attention..

***Formalize Employee Succession Planning.*** Anticipating and preparing for inevitable staff transitions – whether due to retirements or other reasons – is essential to ensure the department's functions remain uninterrupted. By crafting a robust succession plan, the Borough can preemptively address these shifts, ensuring that institutional knowledge is preserved and transitions are seamless.

***Involvement in Capital Planning.*** Code Enforcement staff, being "on the front lines", have in-depth knowledge of property needs throughout the Borough. Their insights are invaluable for resource allocation; hence they should be included in the development of the Borough's 5-Year Capital Plan.

By implementing these suggestions, the Borough's code enforcement services can become more responsive, efficient, and effective.

## **Public Works Department**

### **Overview**

The Borough of Catasauqua's Public Works Department (PWD) comprises fifteen full-time employees. While these employees are not represented by any Commonwealth or nationally recognized labor union, they operate under a locally negotiated employment agreement, in line with the Act of July 23, 1970, No. 195. Out of the fifteen, fourteen employees work under the guidance of a single Working Foreman. The workforce within the PWD is categorized into six operational areas:



1. Streets (5 employees)
2. Parks and Playgrounds (1 employee)
3. Sewer Operations (5 employees) - Further divided into Sewer Treatment and Transportation functions.
4. Water Operations (2 employees)
5. Working Foreman (1 employee)
6. Mechanic (1 employee)

While all employees can transition between these sub-departments as situations demand, especially during emergencies, the majority of such versatile roles are undertaken by the five members from the Streets division. The Working Foreman shoulders all managerial and supervisory responsibilities of the department, which encompasses numerous functions including, but not limited to:

### **Storm Drain, Street Lights, and Street Maintenance**

The Department is responsible for all roads and storm drains in the Borough. Road maintenance includes street sweeping, pothole repair, street line painting, pedestrian crosswalk maintenance, streetlight maintenance, and snow removal. Storm drain maintenance does not include maintenance of any storm pipes or main fixes for water distribution.

### **Sign Installation and Traffic Lights**

The Department makes and installs street signs throughout the Borough; however traffic lights maintenance within the Borough is outsourced to a third party.

### **Fleet Maintenance**

The Department is responsible for the maintenance of all Borough vehicles and equipment. The following is a breakdown of Borough vehicles and equipment.

#### **Borough of Catasauqua, Pennsylvania Borough Vehicles and Trailers**

<b><u>Vehicles- Make</u></b>	<b><u>Model</u></b>	<b><u>Year</u></b>	<b><u>Department</u></b>
Ford	Expedition	2009	Administrative
Chevy	Equinox	2016	Administrative
Ford	Ambulance	2001	Ambulance
Haulmark	Trailer	2012	Ambulance

**Borough of Catasauqua, Pennsylvania**  
**Borough Vehicles and Trailers**

Pierce	Dash	1983	Fire Department
Simmons	Ladder Truck	1991	Fire Department
Spartan	Pumper	1999	Fire Department
Wells Cargo	Trailer	2009	Fire Department
Ford	Expedition	2011	Fire Department
Ford	Interceptor	2013	Fire Department
Ford	F-250	2015	Fire Department
Ford	F-250	2015	Fire Department
American M	OP's Trail	2016	Fire Department
Spartan	Fire Truck	2017	Fire Department
Polaris	Ranger 570	2017	Fire Department
Ford	F150	2018	Fire Department
Spartan	Ladder Trk	2021	Fire Department
Polaris	Gem	2010	Police Department
Ford	Interceptor	2013	Police Department
Ford	Interceptor	2015	Police Department
Ford	Interceptor	2017	Police Department
Ford	F150	2018	Police Department
Ford	Explorer	2020	Police Department
Chevy	Tahoe	2021	Police Department
Chevy	Tahoe	2021	Police Department
Chevy	Tahoe	2022	Police Department
Chevy	Tahoe	2022	Police Department
Chevy	Tahoe	2023	Police Department
Eager Beaver	Trailer	1986	Public Works
Scnure	Tagalong	1987	Public Works
Ford	Pickup	1991	Public Works
Ford	Super Duty	1995	Public Works
Ford	Pickup	1997	Public Works
Swarze	Sweeper	1998	Public Works
Ford	F350	2006	Public Works
OBD Leaf	Leaf Loade	2006	Public Works
International	7600	2007	Public Works
Ford	F450	2007	Public Works
John Deere	Trailer	2014	Public Works
International	Dump Truck	2016	Public Works

**Borough of Catasauqua, Pennsylvania**  
**Borough Vehicles and Trailers**

Ford	F550	2017	Public Works
International	MV607	2022	Public Works
North	Newton	2011	Public Works - Parks
Carry-On G	Trailer	2016	Public Works - Parks
Ford	F250	2018	Public Works - Parks
Ford	E350 Camera	1998	Public Works - Sewer
Ford	F350	2011	Public Works - Sewer
Vactor	Ramjet	2018	Public Works - Sewer
Ford	Explorer	2005	Public Works - Water
Ford	Ranger	2011	Public Works - Water

**Borough of Catasauqua, Pennsylvania**  
**Borough Equipment**

<b><u>Equipment – Description</u></b>	<b><u>Amount of Insurance</u></b>	<b><u>Department</u></b>
Ram Jet Jetter	\$45,000	Public Works - Sewer
Boss 10' Plow	\$10,000	Public Works
Gled Hill 10' Plow	\$10,000	Public Works
Gled Hill 10' Plow	\$8,000	Public Works
Boss 10' Plow	\$7,200	Public Works
IR 185 Air Comp Jackhammer/Compressor	\$18,000	Public Works
MP 10' Plow	\$4,000	Public Works
4" Trash Pump	\$4,000	Public Works
Cut Off Saw w/ Cart	\$6,500	Public Works
Bobcat 543 Loader w/ Forks	\$15,000	Public Works
Hole Hog	\$6,500	Public Works
Reed UPC 636 Universal Pipe Cutter	\$5,000	Public Works
Ingersol Rand DD24 Compactor Roller	\$26,265	Public Works
Godwin 6" Trash Pump	\$20,000	Public Works
Crafco EZ-50 Tar Buggy	\$10,000	Public Works
Eager Beaver Trailer	\$4,000	Public Works
Morback Chipper	\$15,000	Public Works
Craco Line stripper	\$5,400	Public Works
Tripod Harness (2@4,900each)	\$9,800	Public Works
John Deere 3720 Mower	\$60,000	Public Works - Parks
John Deere Backhoe Loader 410G	\$120,000	Public Works

**Borough of Catasauqua, Pennsylvania**  
**Borough Equipment**

Sewer Camera & Generator Cues & Wacker	\$40,800	Public Works - Sewer
2 Robot Pool Cleaners	\$5,000	Public Works - Parks
Air Pack Breathing Units (26@2875each)	\$74,750	Fire Department
Dri-Prime Portable Pump	\$23,905	Public Works - Sewer
Jackhammer/Bits & Rock Drillbits	\$10,000	Public Works
Western 8.5' V Plow	\$5,000	Public Works
Western 9.5' V Plow	\$5,000	Public Works
4 Stainless Steel Tailgate Spreaders	\$35,000	Public Works
VAS Car Unity	\$8,500	
John Deere 410D Backhoe	\$25,000	Public Works
John Deere 825i Gator	\$24,000	Public Works
John Deere 997 Ztrak	\$5,000	Public Works
X-Mark Mower	\$8,000	Public Works
X-Mark Mower	\$6,500	Public Works
Ven Trac Mower	\$32,000	Public Works
John Deere 738 Mower	\$9,000	Public Works
ICS Hydraulic Unit	\$12,000	Public Works
Stadco 3kw Generator	\$7,200	Fire Department
Smart Power HR8 Generator	\$8,130	Fire Department
Onan 12 kw Generator	\$12,000	Fire Department
Continental Gear Washer	\$6,030	Fire Department
Eagle Air Breathing Compressor	\$32,000	Fire Department
Champion Building Air Compressor	\$5,075	Fire Department
3750 Ft 4" Supply Hose	\$18,420	Fire Department
600 Ft 3" Supply Hose	\$1,980	Fire Department
2000 Ft 2.5" Attack Hose	\$8,550	Fire Department
3500 Ft 1.75" Attack Hose	\$13,300	Fire Department
Harris Portable Radio System	\$5,380	Fire Department
Motorola Portable Radios (40@6300each)	\$52,000	Fire Department
Scott SCBA RIT Packs (2@5500each)	\$11,000	Fire Department
Scott SCBA Complete(28@7435each)	\$210,105	Fire Department
ISG Thermal Imaging Cameras (4@8000each)	\$32,000	Fire Department
Complete Paratech Rescue Strut System	\$16,500	Fire Department
Complete Paratech Air Bag System	\$9,900	Fire Department
Complete Hurst Vehicle Extrication Set	\$19,000	Fire Department

## Borough of Catasauqua, Pennsylvania Borough Equipment

Mobile Computers (4@5100each)	\$20,400	Police Department
In-Car Video Systems (6@5200each)	\$31,200	Police Department
X3 5.5 w Snap Chg Quick Disconnect x28	\$171,920	Fire Department
CYL&VALV (28@1020each)	\$28,560	Fire Department
AV3000 HT Kevlar Lining and Harness x35	\$9,625	Fire Department
Body Cameras w/ Power Cables x18	\$25,990	Police Department
Heyser Forklift	\$17,500	Public Works
Spartan Mower	\$13,000	Public Works - Parks
Towable Light Tower Generator	\$15,000	Public Works
Towable Message Board #1	\$17,500	Public Works
Towable Message Board #2	\$17,500	Public Works

### Building and Grounds

The Streets Crew maintains, repairs, collects trash, and performs minor improvements to all Borough buildings and grounds.

### Parks

The Streets Crew currently mows and maintains nine (9) community parks/green spaces and two (2) playgrounds which include additional structures, athletic fields and playground equipment.

### Seasonal Work

In addition to snow removal, the Department provides brush and leaf removal in the Fall. The Department is also responsible for the installation of holiday decorations as well as the setup and cleanup of special events.

### Finances

The Department is funded from Borough's General, Water, Sewer and Liquid Fuels Fund with costs being allocated based on hours worked in service area.

## Historical General Fund Expenditures - Public Works

### Borough of Catasauqua, Pennsylvania General Fund Public Works Department Expenditures Comparison to total General Fund Revenues

	2019	2020	2021	2022	2023*
Total General Fund Revenues:	4,940,602	5,026,934	8,509,787	8,515,439	7,382,943
Public Works Expenditures:	752,887	508,217	557,578	583,936	738,712
Percent of Total GF Revenue:	15.2%	10.1%	6.6%	6.9%	10.0%
*Budgeted					

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**Borough of Catasauqua, Pennsylvania  
Public Works Department Expenditures  
General Fund Year Ended December 31**

<b>PW Highway</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023*</b>
Employee Expenditures	277,297	273,763	271,790	273,699	282,735
Services	18,919	28,033	22,577	14,682	33,650
Supplies	76,105	44,997	48,258	45,273	109,600
Utilities	4,787	2,633	3,771	3,510	4,000
Vehicle	32,467	28,948	27,642	45,996	43,000
Other	4,783	0	0	0	17,992
<b>Total PW Highway</b>	<b>414,359</b>	<b>378,373</b>	<b>374,038</b>	<b>383,159</b>	<b>490,977</b>
<b>PW Storm Sewer</b>					
Services	31	0	21,234	31,180	35,000
Supplies	4,959	4,156	5,356	2,823	10,500
<b>Total Storm Sewer</b>	<b>4,989</b>	<b>4,156</b>	<b>26,590</b>	<b>34,003</b>	<b>45,500</b>
<b>Streetlighting</b>	<b>115,740</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Parks &amp; Recreation</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023*</b>
Employee Expenditures	108,302	55,416	77,382	77,516	92,485
Services	36,388	27,372	25,539	30,531	46,250
Supplies	33,687	10,218	19,776	18,111	21,650
Utilities	15,858	10,704	13,623	12,069	16,850
Vehicle	2,530	2,239	6,131	6,487	6,000
Other	21,034	19,739	14,499	22,060	19,000
<b>Total Parks &amp; Rec</b>	<b>217,799</b>	<b>125,688</b>	<b>156,950</b>	<b>166,774</b>	<b>202,235</b>
<b>Total Public Works</b>	<b>752,887</b>	<b>508,217</b>	<b>557,578</b>	<b>583,936</b>	<b>738,712</b>

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## Projected Baseline General Fund Expenditures - Public Works

### Borough of Catasauqua, Pennsylvania Public Works Department Expenditure Projections General Fund Year Ended December 31

		2024	2025	2026	2027
	2023 Est	Projected	Projected	Projected	Projected
<b>PW Highway</b>					
Employee Expenditures	282,735	293,752	302,422	311,342	317,577
Services	33,650	34,399	35,167	35,957	36,769
Supplies	109,600	112,159	114,787	117,487	120,260
Utilities	4,000	4,000	4,000	4,000	4,000
Vehicle	43,000	44,089	45,207	46,356	47,536
Other	17,992	0	0	0	0
<b>Total PW Highway</b>	<b>490,977</b>	<b>488,398</b>	<b>501,584</b>	<b>515,142</b>	<b>526,142</b>
 <b>PW Storm Sewer</b>					
Services	35,000	35,953	36,931	37,937	38,969
Supplies	10,500	10,636	10,776	10,920	11,067
<b>Total Storm Sewer</b>	<b>45,500</b>	<b>46,589</b>	<b>47,707</b>	<b>48,856</b>	<b>50,036</b>
 <b>Parks &amp; Recreation</b>					
Employee Expenditures	92,485	94,112	96,415	98,777	100,509
Services	46,250	47,339	48,457	49,606	50,786
Supplies	21,650	22,045	22,450	22,867	23,294
Utilities	16,850	17,149	17,457	17,773	18,097
Vehicle	6,000	6,000	6,000	6,000	6,000
Other	19,000	19,000	19,000	19,000	19,000
<b>Total Parks &amp; Rec</b>	<b>202,235</b>	<b>205,645</b>	<b>209,779</b>	<b>214,023</b>	<b>217,687</b>
<b>Total Public Works</b>	<b>738,712</b>	<b>740,631</b>	<b>759,071</b>	<b>778,021</b>	<b>793,865</b>



## Assessment

The Borough's Public Works department has consistently received positive feedback for its services, commendably managing its duties within existing resource constraints. However, several areas need enhancement. One notable challenge has been the frequent leadership changes over the past three years. These shifts, combined with financial uncertainties, have injected inconsistency into managerial practices, hampering long-term planning and affecting employee morale. Without transparent communication during such transitions, confusion and insecurity creep into the team, potentially reducing job satisfaction and impacting overall performance.

The team, while capable of handling immediate tasks, acknowledges the room for operational improvements. The path forward includes the Borough making more substantial investments in staffing and advanced technology. This would not only improve work allocation but also enhance the tracking of tasks. Currently, the reliance on manual, paper-driven record-keeping limits efficiency. Employees cannot access vital data in the field, impacting their ability to provide real-time updates on work progress. Transitioning to a digitized system is, thus, of paramount importance.

Furthermore, there's an alarming absence of Standard Operating Procedures (SOPs) for various tasks. Without SOPs, which act as guiding documents, the potential for operational hiccups and errors grows. SOPs ensure that tasks are performed with consistency, safety, and efficiency, and their absence can risk worker safety and the quality of service rendered. Instituting well-defined SOPs can address these concerns, offering employees clearer directions and optimizing workflow.

Beyond these operational concerns, the Borough faces infrastructural challenges. Particularly, the water system requires urgent attention due to underfunding, evident in areas like well supply and distribution. Investments in components like meter pits, check valves, and pumps are crucial. Moreover, reflecting on the aging infrastructure, the workforce of the Public Works department is also maturing. Given the physical demands of their roles, forward planning is essential. The Borough must not only address the imminent challenges of an aging workforce but also lay the groundwork for training the upcoming generation, ensuring continuity as current leaders retire.

## Public Works Recommendations

The suggested recommendations should be considered with the long-term goal of improving efficiency and addressing additional concerns as they arise. With this in mind, the following recommendations are designed to improve the allocation of available resources to areas within the Borough.

***Increase fees charged annually.*** Like most municipalities, the Borough charges citizens and others for various services provided. As an ongoing practice, Catasauqua should review all fees annually and as needed when costs increase unexpectedly. An example of an unexpected cost

increase would be when petroleum product prices increase, street cut fees should be reviewed to assure the fees cover the cost of increased paving materials.

***Consider procuring a Public Works software system that can be deployed in the field.*** A robust software system offers many benefits to a Public Works Department. By streamlining processes, Public Works Software systems bolster efficiency and productivity, allowing for the swift and systematic execution of tasks. With real-time updates on tasks such as work orders, inventory levels, and equipment status, departments can make more informed and prompt decisions, thereby reducing downtime. Accurate tracking of inventory minimizes waste, and regular updates can extend the lifespan of assets, which in turn helps in saving costs. The software's analytics and reporting features facilitate data-driven decisions that optimize operations and budget. Moreover, transparency and accountability are significantly enhanced, as every action, from issuing a work order to inventory updates, is logged. Predictive maintenance, a highlight feature, ensures potential issues are detected early, preventing costly escalations. Efficient resource allocation becomes more manageable with clearer visibility into available resources, and compliance is improved, simplifying auditing. Communication sees notable improvement as field teams and office units are integrated.

The role of handheld units in the field is especially pivotal. Equipping field staff with these devices ensures instant updates to work order statuses and offers immediate access to essential information. Features like barcode scanning, image capturing, GPS functionalities, and more, add to the efficacy of operations in the field, ensuring timely, accurate, and clear communication.

In essence, for a Public Works Department striving for operational excellence, investing in a dedicated software system integrated with handheld units for the field is not just beneficial—it's essential. Conversely, the absence of such a system can lead to inefficiencies, higher costs, and reduced accountability.

Integration of the Public Works software system into the municipality's ERP (Enterprise Resource Planning) system adds another layer of cohesiveness and effectiveness. ERP systems are designed to centralize and manage a wide array of municipal functions, from finance to human resources. By seamlessly integrating the Public Works software with the broader ERP system, there's a holistic view and management of resources, budgets, and operations across all departments. This interconnectivity ensures that data flows without obstruction between departments, allowing for real-time financial tracking, instant updates on resource allocations, and expedited approvals. It eliminates data redundancy, ensures consistent information across all departments, and aids in comprehensive reporting. Additionally, having an integrated system can simplify IT management, as there's a unified platform to maintain and secure, reducing potential points of failure and ensuring data integrity. In the grand scheme of municipal management, ensuring that the Public Works software seamlessly integrates with the ERP system is paramount to maximizing efficiency, transparency, and the overall effectiveness of operations.

***Continue to fund street repair and maintenance as funds allow.*** Over the last number of years the Borough has increased resources allocated to street repair and maintenance. Proactive maintenance is necessary to avoid advanced or full deterioration. Advanced deterioration will typically increase maintenance costs by two to three times and full deterioration will result in a

tenfold increase for complete street rebuilding. Normal repaving and repairs are typically adequate if accomplished every 15 years; beyond that, deterioration accelerates with full deterioration occurring every 25 years. Without the continued street maintenance, street deterioration will accelerate and lead to even greater costs to rebuild streets.

***Establish departmental goals and objectives.*** Departmental goals and objectives should be developed with the input of PWD staff, Borough Administration, and Elected Officials. Goals and objects should be reviewed regularly to track status and address goals and objectives which are not being met.

***Develop employee succession plan.*** Currently eight (8) of the Departments fourteen (14) employees have more than 20 years of service and with five (5) of the eight having more than 35 years of service. The Borough should develop a strategy on how it intends to train and replace the retiring employees to ensure the minimum impact to future service delivery.

***Consider adding a Working Foreman to Park Services.*** In assessing the current operational demands and future growth trajectories of Park services, there is a compelling need for consideration of a Working Foreman. This role would serve as a linchpin in the department's functionality. As parks continue to evolve and see increased usage, consistent oversight and leadership on the ground become indispensable. A Working Foreman would provide this much-needed daily guidance, ensuring that projects are not only initiated but also completed in line with the Borough's quality benchmarks. The dual advantage of having an individual who can efficiently manage simultaneous projects while also playing a hands-on role can't be overstated. This would guarantee timely project deliveries and a cohesive workflow. A Working Foreman would be crucial in initiating and overseeing needed improvements, engaging with key stakeholders, and ensuring the parks remain safe. Furthermore, the role would facilitate clearer communication, enhanced accountability, and the upholding of safety protocols, thereby minimizing potential risks and fortifying the Borough's commitment to excellence.

***Public Works staff should participate in Capital Planning.*** Maintaining public property and facilities throughout the Borough requires a significant investment in capital equipment needed to provide required services efficiently. Not only do the "troops on the ground" understand the needs intimately, but they typically also know what is required to address needs efficiently. As such, they should be included in the development of the Borough's 5 Year Capital Plan.

## **Public Works - Water**

### **Overview**

As mentioned in the chapter above the water service is provided by the Borough. Water service provided by the Borough is strictly to properties within the Borough's limits.

Currently two employees are dedicated to Water operations. Yet as discussed earlier, the fluid nature of the Public Works department means employees often shift roles between departments. This adaptability becomes particularly crucial during emergencies.

The Borough shoulders the responsibility for both water supply and its distribution to its residents. The water source is three wells. For contingency purposes, the Borough's system is linked with the Northampton Borough Municipal Authority. Despite this connection, Borough officials have pointed out a crucial limitation: at this point water cannot be exchanged between the two systems unless specific enhancements, including check valves and pressure reducers, are implemented by the Borough.

## Finances

The Department is funded from Borough's General, Water, Sewer and Liquid Fuels Fund with costs being allocated based on hours worked in service area.

### Historical Expenditures – Water Fund

**Borough of Catasauqua, Pennsylvania  
Public Works Water Revenues vs Expenditures  
Water Fund Operations Year Ended December 31**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023 Budget</b>
Revenues	665,027	677,493	722,383	735,253	1,084,972
Expenditures	798,237	872,724	930,621	936,146	1,084,972
Surplus/(Deficit)	-133,210	-195,231	-208,238	-200,893	0

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	Internally Prepared Jan - Dec 2019	Internally Prepared Jan - Dec 2020	Internally Prepared Jan - Dec 2021	Internally Prepared Jan - Dec 2022	<u>2023 Budget</u>
<b>Revenue</b>					
Operations	658,706	664,567	721,616	727,039	1,084,472
Interest	2,031	552	23	116	500
Other	4,290	12,374	745	8,097	0
<b>Total Revenue</b>	<b>665,027</b>	<b>677,493</b>	<b>722,383</b>	<b>735,253</b>	<b>1,084,972</b>
<b>Expenditures</b>					
Administration	180,670	156,462	338,975	223,255	184,653
Transmission & Distribution	279,720	361,153	213,474	226,132	283,570
Supply, Pumping & Treatment	209,849	194,236	219,481	233,943	259,069
Employee Benefits	100,195	138,746	155,527	111,216	92,361
Capital Improvements – Plant	0	0	1,205	60,177	237,725
Debt Service	27,802	7,126	1,960	51,423	27,594
Transfers	0	15,000	0	30,000	0
<b>Total Expenditures</b>	<b>798,237</b>	<b>872,724</b>	<b>930,621</b>	<b>936,146</b>	<b>1,084,972</b>
<b>Surplus/(Deficit)</b>	<b>-133,210</b>	<b>-195,231</b>	<b>-208,238</b>	<b>-200,893</b>	<b>0</b>

## Projected Baseline Water Fund Operations

### Borough of Catasauqua, Pennsylvania Public Works Water Revenue & Expenditure Projections Water Year Ended December 31

	Estimated Jan - Dec 2023	Projection Jan - Dec 2024	Projection Jan - Dec 2025	Projection Jan - Dec 2026	Projection Jan - Dec 2027
<b>Revenue</b>					
Operations	1,084,472	1,084,472	1,084,472	1,084,472	1,084,472
Interest	500	500	500	500	500
Other	0	0	0	0	0
<b>Total Revenue</b>	<b>1,084,972</b>	<b>1,084,972</b>	<b>1,084,972</b>	<b>1,084,972</b>	<b>1,084,972</b>
<b>Expenditures</b>					
Administration	184,653	189,236	192,998	196,718	199,948
Transmission & Distribution	283,570	292,738	300,145	307,570	313,565
Supply, Pumping & Treatment	259,069	266,492	272,582	278,607	283,824
Employee Benefits	93,361	97,825	102,293	106,971	111,645
Capital Improvements – Plant	237,725	0	0	0	0
Debt Service	27,594	27,594	27,594	28,743	29,325
Transfers	0	0	0	0	0
<b>Total Expense</b>	<b>1,085,972</b>	<b>873,885</b>	<b>895,611</b>	<b>918,609</b>	<b>938,307</b>
<b>Surplus/(Deficit)</b>	<b>-1,000</b>	<b>211,087</b>	<b>189,361</b>	<b>166,363</b>	<b>146,665</b>

## Assessment

The Borough's water infrastructure reveals a history of underinvestment, leading to significant expenses. A glaring instance from the past three years was the failure of the Borough's generator. Adhering to operational protocols, the Borough found itself renting a generator, incurring hundreds of thousands of dollars in expenses, while waiting for the installation of a new one. A more proactive approach in maintaining and timely replacing capital equipment might have circumvented this costly emergency.

This sporadic investment in the water plant and distribution network over the years has ushered in an era demanding substantial financial infusion. To address the necessary improvements to the sewer system, the Borough must maintain a balanced budget for the Water fund. The revenue generated should not only cover current operations but also contribute to both an Operating and Capital Reserve account. Regrettably, up to the fiscal year of 2023, the Borough ran the water fund at a deficit. This not only strained the Water fund but also forced other Borough funds to support its operations, consequently exerting added financial pressure on those other funds.

## Water Recommendations

The suggested recommendations should be considered with the long-term goal of improving efficiency and addressing additional concerns as they arise. With this in mind, the following recommendations are designed to improve the allocation of available resources to areas within the Borough. The following list of recommendations should not be considered exhaustive. The Borough should always work with its Engineer to ensure the system is kept in adequate repair and that appropriate investments are made.

***Increase water fees charged annually as required.*** It is paramount for a water system to ensure that the fees levied adequately cover all operational and maintenance expenses. Water systems are intricate networks that require consistent monitoring, upkeep, and upgrades to guarantee a safe and reliable supply. If fees don't match or exceed expenses, the system may fall into disrepair due to inadequate funding, leading to potential water quality issues, supply interruptions, or even system failures. Furthermore, a financially unsustainable water system can strain other municipal resources, diverting funds from other critical services. Adequate fee structures not only ensure the longevity and reliability of the water infrastructure but also promote fiscal responsibility, trust, and transparency within the community, affirming that the water they consume is both safe and sustainably managed.

***Consider procuring a Supervisory Control and Data Acquisition (SCADA) system.*** A SCADA system is a linchpin in modern water management, playing an essential role in optimizing efficiency and ensuring the safety of water supply systems. SCADA systems provide real-time data monitoring, collection, and analysis, enabling water utilities to quickly detect and respond to anomalies, whether it be a pressure drop, leakage, or any other system perturbation. This immediacy in detection translates to timely interventions, minimizing potential water wastage, infrastructure damage, or public health risks. Furthermore, with the increasing complexity of water

distribution networks and the growing challenges posed by environmental changes and urbanization, a SCADA system's ability to automate and control various processes becomes invaluable. It ensures that water systems operate seamlessly, maintain quality standards, and are resilient to both routine and unexpected challenges.

***Work toward establishing a funding mechanism to procure Automated Meter Reading system throughout the Borough.*** Water meters equipped with radio reading, often referred to as Automated Meter Reading (AMR) systems, represent a significant advancement in water management and distribution. One of the primary advantages is the efficiency they introduce: these meters automatically transmit consumption data to utility companies, eliminating the need for manual readings and significantly reducing human errors. This real-time or frequent data transmission allows for timely billing, prompt detection of anomalies such as leaks, and improved customer service by offering consumers insights into their daily water usage patterns. Additionally, the labor and logistical costs associated with sending personnel for meter readings are substantially reduced. The data collected can also be used for optimizing water distribution, identifying potential infrastructure issues, and promoting water conservation strategies. In essence, radio-equipped water meters not only enhance operational efficiency for utility providers but also promote transparency and proactive management of water resources.

***Establish departmental goals and objectives.*** Departmental goals and objectives should be developed with the input of water staff, Borough Administration, and Elected Officials. Goals and objects should be reviewed regularly to track status and address goals and objectives which are not being met.

***Cross train employees throughout public works on enterprise operations.*** Cross-training employees across sewer, water, and public works departments is of paramount importance in municipal operations. Such a holistic approach ensures that employees have a broader skill set and understanding of the interconnectedness of these crucial services. In emergencies, this flexibility can prove invaluable, allowing staff from one department to support another, ensuring continuity of essential services. Moreover, cross-training fosters a collaborative work environment, where departments can share best practices and insights, leading to improved efficiency and innovative problem-solving. With a diversified skill set, employees become versatile assets, reducing the municipality's dependence on external resources or specialists for routine challenges.

***Consider Incentives for employees to acquire additional certifications.*** Establishing incentives for employees to achieve higher certifications is a strategic move that benefits both the individual and the Borough. For employees, these certifications not only represent personal and professional growth but also often correlate with better job security, advancement opportunities, and potential salary increments. For the Borough, having a team with advanced certifications translates to enhanced competency levels, leading to better service delivery, reduced errors, and increased operational efficiency. Furthermore, it underscores a commitment to high performance and continuous improvement, which can boost the Catasauqua's reputation. In the long run, such incentives can also lead to reduced training costs as employees take a proactive role in their education, and can also aid in employee retention, as they feel valued and see clear pathways for career progression.

***Develop a Capital Improvement Inventory for the Borough's water system.*** It is imperative for the Borough of Catasauqua to undertake the development of a comprehensive capital improvement inventory for its water system. Engaging with its engineer, this initiative would entail a systematic assessment of all the assets within the water system, evaluating their current conditions, life expectancies, and determining the necessary upgrades or replacements. Such an inventory would provide a clear picture of the immediate and long-term investment needs, enabling the Borough to prioritize projects based on urgency and available funding. In addition to safeguarding the reliability and quality of the water supply, a well-structured capital improvement inventory can enhance budgetary planning, optimize resource allocation, and serve as a proactive measure to mitigate potential infrastructure failures. This proactive approach not only showcases the Borough's commitment to sustainable water system management but also ensures the well-being of its residents.

***Utilize the Borough's Financial Advisor to complete a Post-Inventory Analysis.*** Upon the successful completion of the Capital Improvement Inventory, the Borough of Catasauqua should conduct a rigorous cost-benefit analysis, weighing the pros and cons of managing and executing necessary improvements internally against the potential advantages and disadvantages of selling or long-term leasing of the water system to another operator. To ensure a comprehensive understanding of the fiscal implications, it's paramount for the Borough to engage its financial advisor during this process. The advisor's specialized knowledge will offer insights into financial nuances, market trends, valuation methodologies, and financing options. This combination of operational and financial perspectives will equip the Borough with a holistic view, ensuring decisions are made based on both operational pragmatism and sound financial strategy. By integrating the expertise of a financial advisor, the Borough of Catasauqua can make an informed and strategic choice regarding the future of its water system.

***Water staff should participate in Capital Planning.*** Maintaining public property and facilities throughout the Borough requires a significant investment in capital equipment needed to provide required services efficiently. Not only do the "troops on the ground" understand the needs intimately, but they typically also know what is required to address needs efficiently. As such, they should be included in the development of the Borough's 5 Year Capital Plan.



# **Public Works - Sewer**

## **Overview**

The Catasauqua Borough Authority owns the Sewer System, which is leased to the Borough of Catasauqua under the terms of a Lease Agreement dated October 18, 2011. This system comprises various interceptors, collection mains, three pumping stations, and a water pollution control plant. Originally constructed in 1956 within the Borough, sewage treatment was initially provided by the Catasauqua Treatment Plant.

The Catasauqua Treatment Plant processes sewage not just for the Borough but also for four neighboring municipalities: Allen Township, North Catasauqua Borough, Hanover Township in Lehigh County, and Hanover Township in Northampton County. These three entities are collectively referred to as the "Municipalities" in this section. A succinct historical breakdown of the sewer systems in these areas:

North Catasauqua: Founded in 1957 and extended in 1973.

Hanover, Lehigh: Initiated in 1969 and expanded in 1983.

Hanover, Northampton: Built in 1984.

Covering approximately 10 square miles, the Sewer System serves a joint population of 21,722, based on the 2010 census data. Presently, the complete areas of Catasauqua and North Catasauqua Boroughs, alongside sections of both Hanover Townships, are beneficiaries of the sewage collection and conveyance systems. All the wastewater gathered by these networks is channeled to the Catasauqua Treatment Plant for purification.

Under the 2011 Lease Agreement, the Borough not only leases but also operates and maintains the Sewer System. The revenues generated are subsequently channeled into the Borough Sewer and Wastewater Collection Funds. This agreement reinforced the original, ensuring the Authority continues to lease the Sewer System to the Borough, which in turn remains responsible for its operation and upkeep. It's worth noting that the Borough Council approves budgets for both the Sewer Fund and the Wastewater Collection Fund before the fiscal year commences on January 1.

## **Finances**

The three Municipalities—North Catasauqua Borough, Hanover Township in Lehigh County, and Hanover Township in Northampton County—are the main contributors under existing Service

Agreements, accounting for approximately 43% of operating revenues. Within the Borough, the top ten users generate around 12.39% of the revenue<sup>2</sup>.

For billing purposes, the Sewer System is treated as a single district. Both residential and non-residential customers are billed at a standard rate:

- First 5,000 gallons: \$60.55 per quarter/unit (minimum charge)
- Every subsequent consumption: \$9.50 per 1,000 gallons

The Borough calculates the current year's non-capital costs based on the previous year's flow. Once the fiscal year ends and an audit is completed, bills are adjusted to mirror each community's precise flow percentage relative to the total at the Catasauqua Treatment Plant. These adjustments, over time, lead to each community covering their actual share of the plant's operational and capital expenses.

In recent years, the revenue contribution from different groups has been as follows:

- Borough residents: 48.5%
- Borough commercial users: 4.9%
- Borough industrial users: 2.5%
- North Catasauqua Borough: 15.9%
- Hanover, Lehigh: 21.8%
- Hanover, Northampton: <3.1%
- Other users contribute the remaining portion.

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<sup>2</sup> Per Borough's General Obligation Bonds, Series of 2021 Official Statement

A summary of recent billing history is provided below:

### Historic Sewer System Treatment Revenue by User Class\*

Year	Borough of Catasauqua	North Catasauqua	Hanover Township <sup>1</sup>	Hanover Township <sup>2</sup>	Allen Township	Total
2018	535,539	248,669	212,243	37,144	2,595	1,036,190
2019	812,993	163,424	362,551	74,581	9,766	1,423,315
2020	723,217	299,349	418,266	123,106	17,122	1,581,060
2021	678,484	340,857	524,315	64,211	23,977	1,631,845
2022	539,423	206,300	182,668	64,922	24,396	1,017,708

\*The above revenues are for the wastewater treatment plant only and do not include revenues for maintaining the collection system.

<sup>1</sup>Lehigh County<sup>2</sup>

Northampton County

Within the Borough, the charges for users are determined by the Borough itself. The Municipalities, being bulk users, set their rates for their residents. The Municipalities are invoiced in advance every quarter for their respective portions of the Catasauqua Treatment Plant expenses. In contrast, other users receive their bills at the end of each quarter. Payments from North Catasauqua are expected within 45 days after billing. For Hanover, Lehigh and Hanover, Northampton, the payment window is 30 days. If payments are not received within 30 days, a 15% penalty is applied. However, for North Catasauqua, a slightly reduced annual penalty rate of 10% is imposed.

### Historical Sewer Fund Expenditures

	2019 Audited	2020 Audited	2021 Audited	2022 Reported	2023 Budget
Revenues	1,430,168	1,624,318	10,030,822	1,060,225	1,053,808
Expenditures	1,449,856	1,699,239	6,324,284	2,316,329	1,898,312
Surplus/(Deficit)	-19,688	-74,921	3,706,538	-1,256,104	-844,504

	2019 Audited	2020 Audited	2021 Audited	2022 Reported	2023 Budget
Licenses & Permits	9,750	4,250	7,000	3,750	0
Charges for Services	1,023,687	1,423,315	1,581,060	1,522,536	1,017,708
Miscellaneous			35,884	109,308	2,278
Interest	990	2,603	374	228	40,239
Proceeds from Debt				8,395,000	
<b>Total Revenue</b>	<b>1,425,656</b>	<b>1,617,318</b>	<b>1,632,073</b>	<b>1,060,225</b>	<b>1,053,808</b>

Department	2019	2020	2021	2022	2023 Budget
Personnel Services	554,797	568,357	597,614	548,242	515,487
Services	356,017	347,567	623,506	464,054	538,100
Supplies	31,781	51,383	27,402	73,017	78,500
Materials	0	0	0	0	0
Utilities	93,984	76,267	81,095	78,294	93,000
Capital	81,517	236,985	43,070	152,759	210,000
Principal Repayment	230,000	235,000	4,335,000	369,763	285,000
Interest	101,760	98,680	98,658	89,763	178,225
Transfers Out	0	85,000	517,939	540,438	0
<b>Total SF Expenses</b>	<b>1,449,856</b>	<b>1,699,239</b>	<b>6,324,284</b>	<b>2,316,329</b>	<b>1,898,312</b>
<b>Surplus/(Deficit)</b>	<b>-19,688</b>	<b>-74,921</b>	<b>3,706,538</b>	<b>-1,256,104</b>	<b>-844,504</b>

## Projected Baseline Sewer Fund Operations - Public Works Sewer

### Borough of Catasauqua, Pennsylvania Department of Public Works Sewer Expenditures Sewer Fund Year Ended December 31

	Estimated 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
<b>Sewer Fund</b>					
Licenses & Permits	0	0	0	0	0
Charges for Services	1,647,258	1,647,258	1,647,258	1,647,258	1,647,258
Miscellaneous	2,500	2,500	2,500	2,500	2,500
Interest	4,050	4,050	4,050	4,050	4,050
Proceeds from Debt	0	0	0	0	0
<b>Total Revenue</b>	<b>1,653,808</b>	<b>1,653,808</b>	<b>1,653,808</b>	<b>1,653,808</b>	<b>1,653,808</b>
<b>Department</b>					
Personnel Services	515,387	537,372	557,125	577,653	595,212
Services	538,100	491,911	449,363	456,560	463,590
Supplies	78,500	49,548	80,434	51,290	82,126
Materials	0	0	0	0	0
Utilities	93,000	95,531	97,672	99,740	101,760
Capital	210,000	210,000	210,000	210,000	210,000

Principal Repayment	285,000	295,000	295,000	310,000	315,000
Interest	176,725	165,325	162,375	150,575	145,925
Transfers Out	0	0	0	0	0
<b>Total Expense</b>	<b>1,896,712</b>	<b>1,844,687</b>	<b>1,851,969</b>	<b>1,855,818</b>	<b>1,913,613</b>
<b>Surplus/(Deficit)</b>	<b>-242,904</b>	<b>-190,879</b>	<b>-198,161</b>	<b>-202,010</b>	<b>-259,805</b>

## Historical Wastewater (Collection) Fund Operations

	2019 Audited	2020 Audited	2021 Audited	2022 Reported	2023 Budget
Revenues	91,286	188,343	333,134	1,048,807	1,257,186
Expenditures	338,571	269,219	322,434	896,302	384,504
Surplus/(Deficit)	-247,285	-80,876	10,700	152,505	872,682

### Borough of Catasauqua, Pennsylvania Department of Public Work Wastewater Operations Wastewater Fund Year Ended December 31

	2019 Audited	2020 Audited	2021 Audited	2022 Reported	2023 Budget
<b>Wastewater Fund</b>					
Licenses & Permits	0	0	0	0	0
Charges for Services	87,659	187,916	331,731	1,048,779	1,257,136
Miscellaneous	0	0	0		0
Interest	2,285	427	28	28	50
Transfers In	1,342	0	1,375	0	0
<b>Total WWF Revenues</b>	<b>91,286</b>	<b>188,343</b>	<b>333,134</b>	<b>1,048,807</b>	<b>1,257,186</b>
Personnel Services	193,814	199,968	203,222	190,996	231,668
Services	82,713	47,103	97,303	478,881	109,586
Supplies	10,627	6,135	12,314	1,200	23,250
Materials	21,224	1,013	2,498	0	0
Utilities	0	0	0	0	0
Capital	25,193	0	7,097	12,970	20,000
Principal Repayment	0	0	0	0	0
Interest	0	0	0	0	0
Transfers Out	5,000	15,000	0	212,254	0
<b>Total WWF Expenses</b>	<b>338,571</b>	<b>269,219</b>	<b>322,434</b>	<b>896,302</b>	<b>384,504</b>
<b>Surplus/(Deficit)</b>	<b>-247,285</b>	<b>-80,876</b>	<b>10,700</b>	<b>152,505</b>	<b>872,682</b>

## Projected Baseline Wastewater Operations - Public Works Wastewater

### Borough of Catasauqua, Pennsylvania Department of Public Work Wastewater Operations Wastewater Fund Year Ended December 31

	Estimated 2023	Projection 2024	Projection 2025	Projection 2026	Projection 2027
<b>Wastewater Fund</b>					
Licenses & Permits	0	0	0	0	0
Charges for Services	455,000	455,000	455,000	455,000	455,000
Miscellaneous	0	0	0	0	0
Interest	28	28	28	28	28
Transfers In	0	0	0	0	0
<b>Total WWF Revenues</b>	<b>455,028</b>	<b>455,028</b>	<b>455,028</b>	<b>455,028</b>	<b>455,028</b>
Personnel Services	231,668	240,935	248,163	255,608	260,720
Services	109,586	113,969	117,389	120,910	123,328
Supplies	23,250	24,180	24,905	25,653	26,166
Materials	0	0	0	0	0
Utilities	0	0	0	0	0
Capital	20,000	20,000	20,000	20,000	20,000
Principal Repayment	0	0	0	0	0
Interest	0	0	0	0	0
Transfers Out	0	0	0	0	0
<b>Total WWF Expenses</b>	<b>384,504</b>	<b>399,084</b>	<b>410,457</b>	<b>422,170</b>	<b>430,214</b>
<b>Surplus/(deficit)</b>	<b>70,524</b>	<b>55,944</b>	<b>44,571</b>	<b>32,858</b>	<b>24,814</b>

Note: The Sewer Fund and the wastewater collection fund historical information based on audited figures for 2018-2021. Repayment of debt principal replaces the depreciation expense. 2022 estimates based on reported figures 2023 Estimates based on current year to date at September 30. Projections for expenditures use assumptions as outlined in the projections of the General Fund.

## Assessment

As mentioned throughout the section in the Public Works and Water sections above the employees responsible for the sewer system have consistently been reported as able to handle issues as they arise and address most emergencies without issue. However, like both of the previously discussed sections the Borough's lack of consistent management, budgeting and directives has hampered the operational efficiency of the plant and the employees which work there.

Overall, the financial and operational performance of the Sewer System and the reinvestment to the Capital plant has been better than that of the Water System. With the Borough most recently borrowing \$4,000,000 for capital projects to be invested in the

## Sewer Recommendations

The suggested recommendations should be considered with the long-term goal of improving efficiency and addressing additional concerns as they arise. With this in mind, the following recommendations are designed to improve the allocation of available resources to areas within the Borough. The following list of recommendations should not be considered exhaustive. The Borough should always work with its Engineer to ensure the system is kept in adequate repair and that appropriate investments are made.

***Increase Sewer fees charged annually as required.*** It is essential for all enterprise systems to ensure that the charges imposed fully cover all operational and maintenance costs. Sewer systems are complex frameworks requiring regular oversight, maintenance, and improvements to ensure safe and efficient waste removal. If the levied charges fail to meet or surpass the costs, the system may deteriorate from insufficient funding. This can lead to potential sanitation issues, system blockages, or even complete breakdowns. Moreover, a financially unsustainable sewer system can put undue pressure on other municipal resources, redirecting funds from vital services. Proper charging frameworks not only ensure the durability and efficiency of the sewer infrastructure but also foster fiscal prudence, trust, and transparency within the community, confirming that waste management is both safe and sustainably handled.

***Monitor and ensure that bulk customers meters are working and reporting correct and accurate data information.*** Monitoring and ensuring the accurate functioning of bulk customer meters in a municipal sewer system is of paramount importance. Precise and dependable meter readings allow for a comprehensive understanding of flow data, which directly impacts the overall efficiency of the system. Moreover, accurate readings are essential for gauging the demands and subsequent capacity requirements placed on the system by outlying municipal bulk customers.

Inaccuracies in these readings can not only lead to misjudgments in system planning and maintenance but also can result in potentially significant financial discrepancies. Consistent and accurate meter readings ensure that billing is both fair and appropriate, safeguarding against either overcharging or under-recovering costs from bulk customers. Without this diligence, the municipality could face unforeseen budgetary challenges, and bulk customers may bear unwarranted financial burdens.

Therefore, it is imperative for the well-being of both the infrastructure and the Borough's financial integrity to maintain a rigorous oversight on the metering system, making sure that they report correct and consistent data at all times.

Ensure municipal customers are notified about anticipated next year costs and billed timely according to agreed upon procedures in Intermunicipal Agreements. For the Borough of Catasauqua, as the lead municipality, it's imperative to adhere to the procedures established in the Intermunicipal Agreements (IMA). This commitment goes beyond mere administrative formality. When the lead municipality consistently notifies municipal customers about projected costs for the forthcoming year and ensures that billing is conducted in a timely manner, it nurtures a foundation of trust and transparency with all involved entities. Such proactive communication

enables these municipalities to allocate resources effectively, streamlining financial planning and operations. Moreover, by aligning with the IMA's billing protocols, the Borough can substantially reduce the risk of financial disputes or misunderstandings. In essence, by upholding the procedures of the IMA, the Borough of Catasauqua not only showcases its dedication to its responsibilities but also fortifies its relationships, guaranteeing smoother collaborations with its municipal partners.

***Establish departmental goals and objectives.*** Departmental goals and objectives should be developed with the input of sewer staff, Borough Administration, and Elected Officials. Goals and objects should be reviewed regularly to track status and address goals and objectives which are not being met.

***Cross train employees throughout public works on enterprise operations.*** Cross-training employees across sewer, water, and public works departments is of paramount importance in municipal operations. Such a holistic approach ensures that employees have a broader skill set and understanding of the interconnectedness of these crucial services. In emergencies, this flexibility can prove invaluable, allowing staff from one department to support another, ensuring continuity of essential services. Moreover, cross-training fosters a collaborative work environment, where departments can share best practices and insights, leading to improved efficiency and innovative problem-solving. With a diversified skill set, employees become versatile assets, reducing the municipality's dependence on external resources or specialists for routine challenges.

***Consider Incentives for employees to acquire additional certifications.*** Establishing incentives for employees to achieve higher certifications is a strategic move that benefits both the individual and the Borough. For employees, these certifications not only represent personal and professional growth but also often correlate with better job security, advancement opportunities, and potential salary increments. For the Borough, having a team with advanced certifications translates to enhanced competency levels, leading to better service delivery, reduced errors, and increased operational efficiency. Furthermore, it underscores a commitment to high performance and continuous improvement, which can boost the Catasauqua's reputation. In the long run, such incentives can also lead to reduced training costs as employees take a proactive role in their education, and can also aid in employee retention, as they feel valued and see clear pathways for career progression.

***Develop a Capital Improvement Inventory for the Borough's Sewer system.*** As with the Water system, it is crucial for the Borough of Catasauqua to embark on the creation of a comprehensive capital improvement inventory for its sewer system. Collaborating with its engineer, this effort would involve a systematic review of all assets within the sewer system, assessing their current status, longevity expectations, and identifying necessary upgrades or replacements. Such an inventory would offer a transparent overview of both immediate and future investment requirements, allowing the Borough to prioritize initiatives based on urgency and budget availability. Beyond ensuring the effectiveness and efficiency of the wastewater management, a robust capital improvement inventory will bolster financial forecasting, refine resource distribution, and act as a forward-thinking strategy to preempt potential infrastructure setbacks. This forward-thinking methodology not only underscores the Borough's dedication to



sustainable sewer system stewardship but also guarantees the health and safety of its inhabitants.

***Utilize the Borough's Financial Advisor to complete a Post-Inventory Analysis.***

Upon successfully finalizing the Capital Improvement Inventory for the sewer treatment and transportation system, the Borough of Catasauqua must undertake a cost-benefit analysis. This analysis should evaluate the merits and drawbacks of managing and implementing necessary enhancements in-house versus the potential pros and cons of selling or entering a long-term lease agreement with another operator for the system. To achieve a full grasp of the monetary outcomes, the Borough should collaborate closely with its financial advisor during this stage. Drawing from the advisor's expert knowledge, the Borough will gain insights into financial intricacies, prevailing market dynamics, evaluation techniques, and possible funding avenues. Marrying this financial viewpoint with operational considerations provides the Borough with a well-rounded understanding, ensuring decisions are rooted in both operational understanding and astute financial planning. Through the inclusion of a financial advisor's expertise, the Borough of Catasauqua will be in a position to make a well-informed and strategic decision concerning the future of its sewer treatment and transportation system.

***Sewer staff should participate in Capital Planning.*** The upkeep of sewer treatment facilities and transportation system within the Borough demands considerable funding for essential equipment to deliver services effectively. The front-line staff, who have a deep understanding of these needs, also usually possess knowledge on how to meet these requirements efficiently. Therefore, their input is vital when formulating the Borough's 5 Year Capital Plan.

***Consider procuring a Supervisory Control and Data Acquisition (SCADA) system.*** For the sewer system, as emphasized in the Water recommendations, a SCADA system offers indispensable advantages. This system delivers real-time monitoring, data collection, and analytical capabilities, allowing utilities to swiftly identify and address discrepancies, be it a pressure decline, potential leaks, or other system disturbances. The rapidity of this detection means swift corrective actions, reducing the chances of extensive infrastructure harm, waste of resources, or threats to public health. Additionally, given the ever-increasing intricacy of water distribution and sewage networks, coupled with challenges introduced by environmental shifts and urban growth, the automation and control capabilities of a SCADA system are paramount. Such a system ensures that sewer infrastructures function efficiently, uphold quality benchmarks, and demonstrate resilience against both every day and unforeseen challenges.

## **Revenue and Financial Projections**

### **Overview**

Like all municipalities, the Borough requires stable revenue sources with moderate growth to fund services to residents, businesses, and visitors. This factor is important because so much of a

local government's expenditures are related to recurring and regularly increasing costs for salaries, benefits, and other operating expenses. However, like all Pennsylvania municipalities, the Borough's tax base lacks organic growth, and over the long term, Borough revenue streams will be unable to cover the growing costs of Borough services, which could lead to ongoing challenges to balance the General Fund operating budget.

## **Introduction**

The Strategic Management Planning Report Consultant compiled this financial review and projections of Catasauqua's general fund through analysis of the Borough's FY 2019 through 2021 audits; the Borough's annual budgets, including the adopted 2023 operating budget; debt obligation documents; salary and benefit data, including collective bargaining agreements; pension obligations and other financial obligations; and historical and current data provided by the Borough. In addition, projections were prepared using historical revenue and expenditure patterns, actuarial pension data, amortization tables and similar information.

The Borough's accounting records are maintained, and its financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, revenues are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred.

The provision of municipal services and reduction of operating deficits requires the Borough of Catasauqua to have reliable revenue sources that have moderate growth to balance yearly increased cost of services to residents, businesses and visitors. Predictable revenue growth is important because so much of a local government's expenditures are related to recurring and regularly increasing costs for salaries, benefits, and other operating expenses. Catasauqua's tax base has been slightly declining, which has been offset by increases in millage rates for real estate.

## **Historical Financial Review**

### **Summary**

As shown in the table below, Catasauqua borough experienced deficits in three out of four years of the historical review period, ending 2022 with a surplus of \$1.2 million. During the period, revenues grew by 76 percent compared to 2019, while expenditures rose by only 37.8 percent.

### Revenues, Expenditures and Surplus/(Deficit), 2019 to 2022

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Change 2019-2022	
					#	%
Revenues	4,829,607	5,022,689	8,494,802	8,501,144	3,671,537	76.0
Expenditures	<u>5,227,945</u>	<u>5,829,654</u>	<u>8,902,693</u>	<u>7,204,167</u>	1,976,222	37.8
Surplus/(Deficit)	-398,338	-806,965	-407,892	1,296,977		

### Adjusted Summary

However, adjusting to remove the large number of one-time events shows a different picture. Gross revenues that were eliminated include pool ticket sales, state and federal grants, fixed asset sales, interfund operating transfers and long-term debt proceeds. Removed expenditures include excess pension and legal costs; engineering work for special projects; the YMCA contract; Iron Works project spending; and capital and grant expense.

Using the adjustments, which more accurately reflect annual operations, significantly lowers the 2020 deficit, turns the 2021 deficit into a slight surplus, and greatly reduces the 2022 surplus. Net revenues show growth of only 21.8 percent without one-time revenues over 2019, while net expenditures were flat to declining.

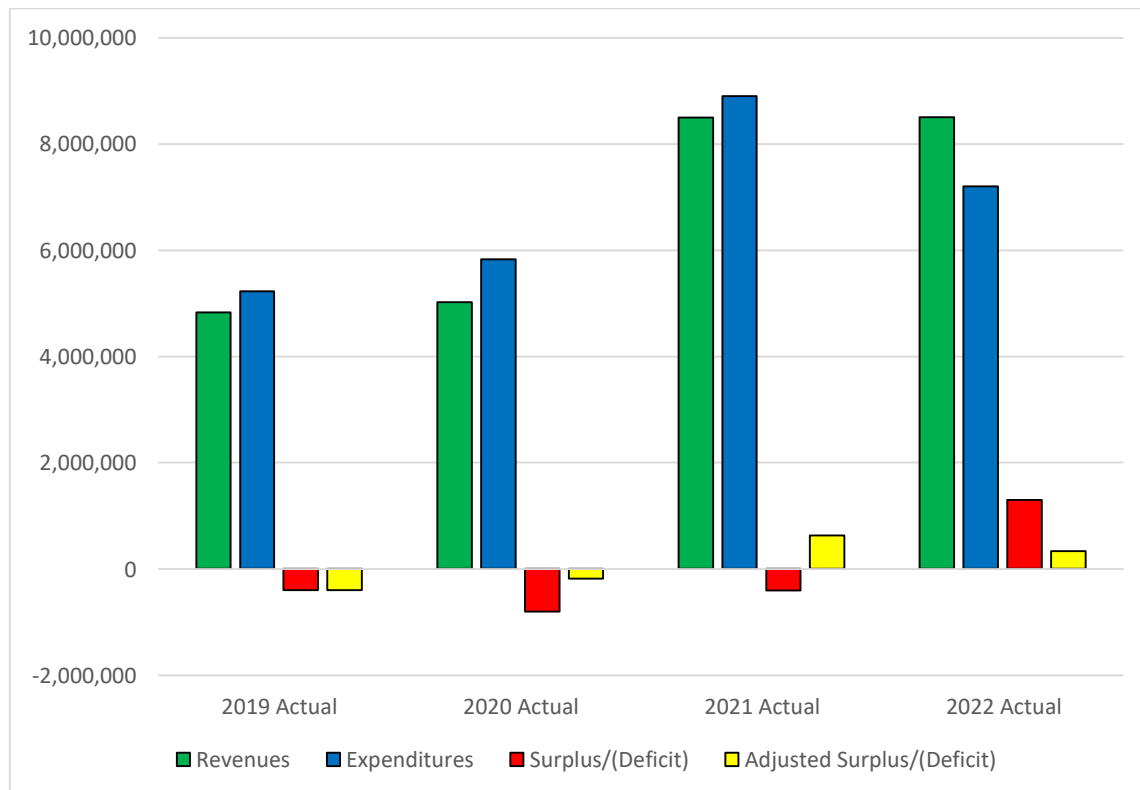
### Adjusted Revenues, Expenditures and Surplus/(Deficit), 2019 to 2022

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Change 2019-2022	
					#	%
<b>Revenues</b>	<b>4,829,607</b>	<b>5,022,689</b>	<b>8,494,802</b>	<b>8,501,144</b>	<b>3,671,537</b>	<b>76.0</b>
Less:						
Pool Ticket Sales	-96,974	0	0	0	96,974	-100.0
Federal Grants	-31,137	-344,437	-345,356	-346,448	-315,311	1,012.7
State Grants	0	0	-552,265	-290,215	-290,215	-100.0
Fixed Assets Sales/Proceeds	-214,959	-16,356	-15,623	-2,145	212,814	-99.0
Interfund Operating Transfers	-280,120	-192,976	-90,000	-350,519	-70,399	25.1
Grant Anticipation Note						
Proceeds of Long-Term Debt	0	0	-2,043,414	-2,000,000	-2,000,000	-100.0
TRAN	0	0	-397,085	-387,764	-387,764	-100.0
<b>Net Revenues</b>	<b>4,206,417</b>	<b>4,468,919</b>	<b>5,051,059</b>	<b>5,124,053</b>	<b>917,637</b>	<b>21.8</b>
<b>Expenditures</b>	<b>5,227,945</b>	<b>5,829,654</b>	<b>8,902,693</b>	<b>7,204,167</b>	<b>1,976,222</b>	<b>37.8</b>
Less:						
Excess Pension*	0	0	0	-540,043	-540,043	-100.0
Excess Legal*	0	0	0	-165,000	-165,000	-100.0
Engineering Other	-123,562	-178,546	-1,024,668	-802,674	-753,452	609.8
YMCA Contract	-90,000	0	0	0	0	0.0
Iron Works	-20,964	-17,733	-2,069,099	-24,320	-3,356	16.0
Grant Expense	-16,031	-535,258	-260,642	-74,737	-58,706	366.2

Capital	-356,417	-446,371	-51,530	-420,332	-63,916	17.9
Grant Anticipation Note	0	0	-570,555	0	0	0.0
Transfers	-10,922	0	-108,749	0	10,922	-100.0
TRAN	0	0	-397,085	-387,764	-387,764	-100.0
<b>Net Expenditures</b>	<b>4,610,049</b>	<b>4,651,745</b>	<b>4,420,365</b>	<b>4,789,297</b>	<b>14,908</b>	<b>0.3</b>
<b>Net Surplus/(Deficit)</b>	<b>-403,633</b>	<b>-182,826</b>	<b>60,138</b>	<b>444,713</b>	<b>848,346</b>	<b>-210.2</b>

\*Estimates based on following year's expenditures.

#### Revenues, Expenditures and Surplus/(Deficit) Adjusted Surplus/(Deficit), 2019 to 2022



## Revenues

Tax revenue is the borough's largest revenue source at over 60 percent of total revenues when proceeds of long-term debt are removed. Tax revenue grew by almost 20 percent, but property millage rates were raised twice during that period. Non-tax revenue accounts for roughly 20 percent of total revenues. Revenues from grants, fixed asset sales, interfund transfers and long-term debt proceeds varied depending on annual activity. For more information on proceeds of long-term debt, please see the Debt Chapter.

Change 2019-2022

	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>#</b>	<b>%</b>
Tax Revenue	2,924,072	3,101,450	3,316,820	3,500,430	576,358	19.7
Non-Tax Revenue	1,378,591	1,336,275	1,706,754	1,589,804	211,213	15.3
Grant Revenue	31,865	375,631	925,105	670,481	638,617	2,004.2
Fixed Assets Sales/Proceeds	214,959	16,356	15,623	2,145	-212,814	-99.0
Interfund Operating Transfers	280,120	192,976	90,000	350,519	70,399	25.1
Grant Anticipation Note	0	0	2,043,414	0	0	0.0
Proceeds of Long-Term Debt	0	0	0	2,000,000	2,000,000	100.0
TRAN	0	0	397,085	387,764	387,764	100.0
<b>Total Revenues</b>	<b>4,829,607</b>	<b>5,022,689</b>	<b>8,494,802</b>	<b>8,501,144</b>	<b>3,671,537</b>	<b>76.0</b>

	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Actual</b>
Tax Revenue	60.5	61.7	39.0	41.2
Non Tax Revenue	28.5	26.6	20.1	18.7
Grant Revenue	0.7	7.5	10.9	7.9
Fixed Assets Sales/Proceeds	4.5	0.3	0.2	0.0
Interfund Operating Transfers	5.8	3.8	1.1	4.1
Grant Anticipation Note	0.0	0.0	24.1	0.0
Proceeds of Long Term Debt	0.0	0.0	0.0	23.5
TRAN	<u>0.0</u>	<u>0.0</u>	<u>4.7</u>	<u>4.6</u>
<b>Total Revenues</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Taxes

Property taxes are the largest source of tax revenue followed by earned income taxes. From 2019 to 2022, property tax revenue grew by 21.8 percent, but that increase was likely the result of property tax rate increases in 2020 and 2021.

At almost a quarter of tax revenues, earned income taxes paid by residents rose by 14.9 percent during the review period. Local services taxes paid by those who work in the borough grew by almost 20 percent, indicating an increase of 170 jobs.

Per capita taxes, meanwhile, have been declining, which could point to collection issues as opposed to population loss. Real estate transfer tax, which is dependent on real estate sales activity in the borough, historically contributes a steady 3 to 4 percent of revenues.

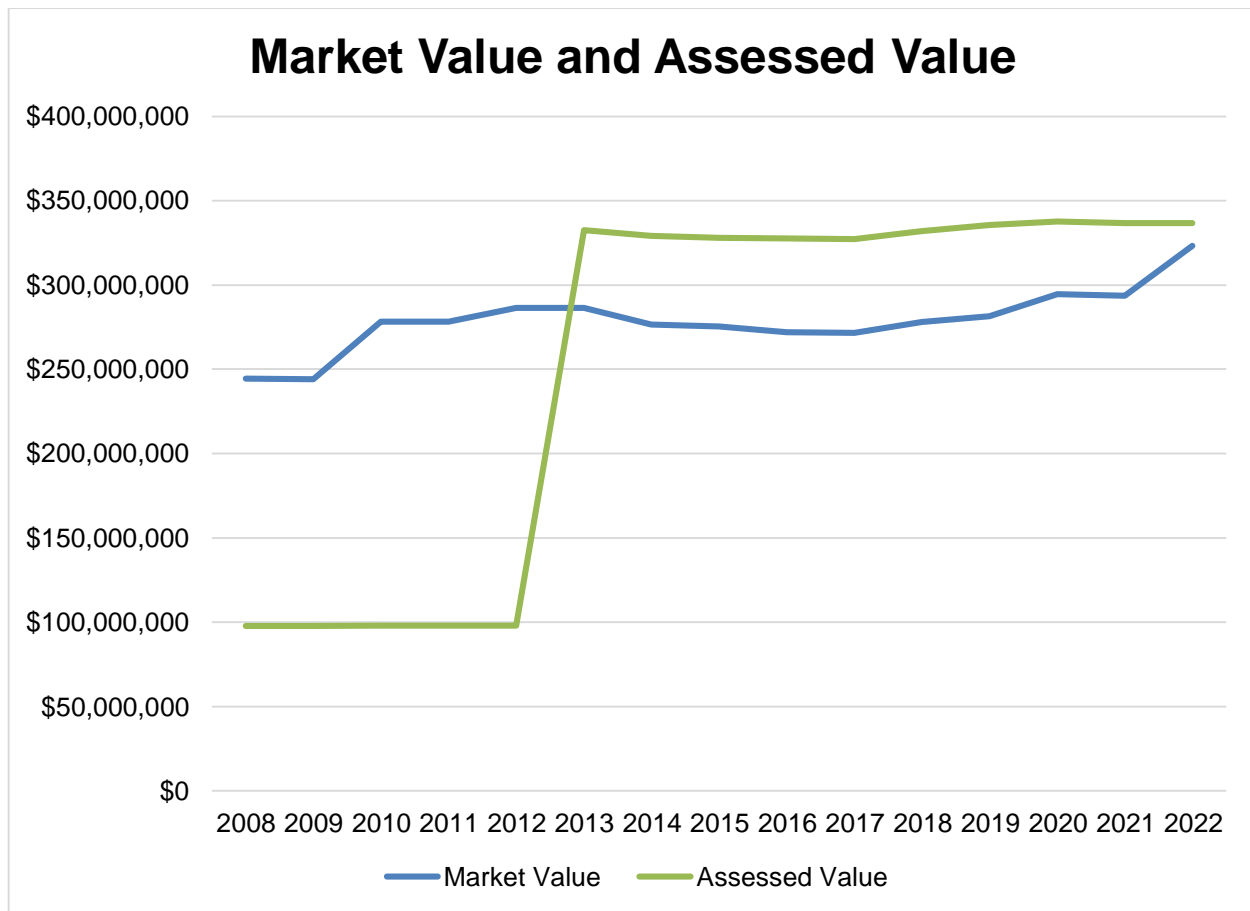
	2019	2020	2021	2022	Change 2019-2022	
	Actual	Actual	Actual	Actual	#	%
Real Estate Taxes	2,037,222	2,193,867	2,378,610	2,481,913	444,692	21.8
Per Capita Tax	39,028	35,595	33,749	31,636	-7,392	-18.9
Real Estate Transfer Tax	100,710	135,636	143,780	126,598	25,888	25.7
EIT	705,333	692,761	716,622	810,438	105,105	14.9
LST	41,781	43,591	44,059	49,845	8,065	19.3
<b>Total Taxes</b>	<b>2,924,072</b>	<b>3,101,450</b>	<b>3,316,820</b>	<b>3,500,430</b>	<b>576,358</b>	<b>19.7</b>
Real Estate Taxes	69.7	70.7	71.7	70.9		
Per Capita Tax	1.3	1.1	1.0	0.9		
Real Estate Transfer Tax	3.4	4.4	4.3	3.6		
EIT	24.1	22.3	21.6	23.2		
LST	1.4	1.4	1.3	1.4		
<b>Total Taxes</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

## Assessed Value vs. Market Value

Lehigh County last underwent a property reassessment in 2013. Prior to the reassessment, assessment value as calculated by the county was one-third of the market value as calculated by the State Tax Equalization Board. Following reassessment, the borough's assessed value has remained above market value, which can invite assessment appeals that lower the value of the tax base.

As of 2022, the assessed value was roughly 4 percent higher than the market value. Assessed value in the borough has increased by 1.3 percent since 2013.

Year	Market Value	Change	% Change	Assessed Value	Change	% Change	Ratio of AV To MV
2008	244,322,107			97,795,050			40.0%
2009	243,977,419	-344,687	-0.1	97,654,500	-140,550	-0.1	40.0%
2010	278,291,936	34,314,516	14.1	97,850,100	195,600	0.2	35.2%
2011	278,348,145	56,210	0.0	97,940,400	90,300	0.1	35.2%
2012	286,522,670	8,174,525	2.9	97,933,700	-6,700	0.0	34.2%
2013	286,522,670	0	0.0	332,523,300	234,589,600	239.5	116.1%
2014	276,562,662	-9,960,008	-3.5	329,088,800	-3,434,500	-1.0	119.0%
2015	275,536,267	-1,026,395	-0.4	327,958,200	-1,130,600	-0.3	119.0%
2016	272,061,685	-3,474,582	-1.3	327,627,700	-330,500	-0.1	120.4%
2017	271,735,306	-326,379	-0.1	327,206,800	-420,900	-0.1	120.4%
2018	278,209,616	6,474,310	2.3	331,945,900	4,739,100	1.4	119.3%
2019	281,493,462	3,283,846	1.2	335,564,400	3,618,500	1.1	119.2%
2020	294,531,969	13,038,507	4.4	337,686,800	2,122,400	0.6	114.7%
2021	293,705,740	-826,229	-0.3	336,788,800	-898,000	-0.3	114.7%
2022	323,173,114	29,467,374	9.1	336,754,200	-34,600	0.0	104.2%
Change 2009 - 2022		78,851,007	32.3		238,959,150	244.7	
Average		5,632,215	2.0		17,068,511	17.2	
Change 2008 - 2012		42,200,564	17.3		138,650	0.1	
Average		10,550,141	4.2		34,663	0.0	
Change 2013 - 2022		36,650,444	12.8		4,230,900	1.3	
Average		4,072,272	1.3		470,100	0.1	



## Real Estate Millage

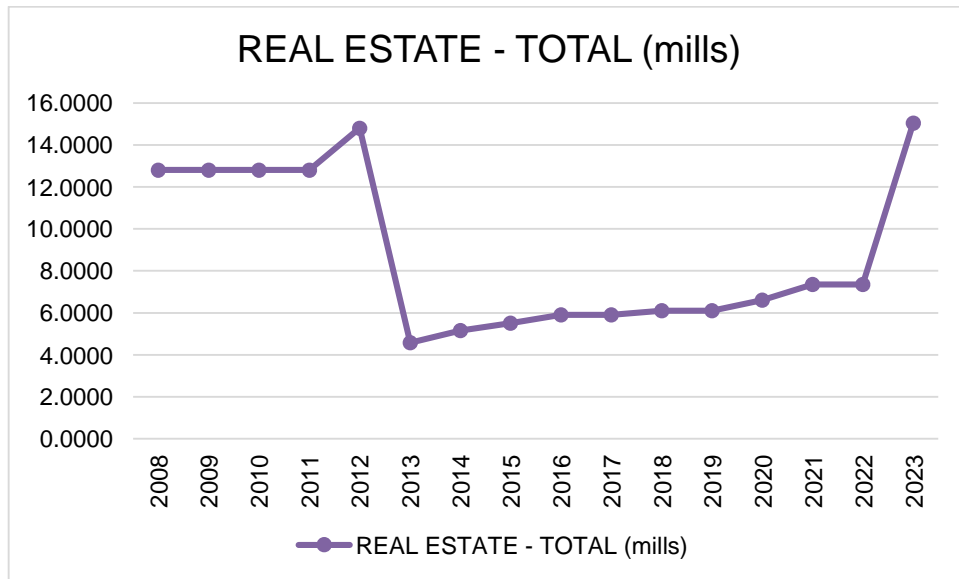
Real estate millage in the borough was lowered from 14.8 mills general purpose to 4.57 mills general purpose in 2013 following the county reassessment, as seen in the table and chart below. This reflected the tax base's increased assessed value, which also caused the value of a mill to rise. General purpose millage revenue can be used for any borough expense.

General purpose millage increases began immediately thereafter.

There have been six increases in the last 10 years, with general purpose millage growing from 4.57 in 2013 to 12.55 mills in 2023. That brings the real estate tax rate almost back to where it was prior to the reassessment. The maximum that the borough can levy under the state Borough Code is 30 mills. In addition to general purpose millage, the borough also added 2.5 mills in 2023 to pay annual debt service, bringing the total millage rate to 15.05 mills. The largest increase in millage came in 2023 which was needed to pay off the balance of 2021 Grant Anticipation Note due in February of 2024.



Tax Name	Real Estate - General Purpose (mills)	Real Estate - Debt Service (mills)	REAL ESTATE - TOTAL (mills)	% Increase
2008	12.8	0	12.8	
2009	12.8	0	12.8	0.0%
2010	12.8	0	12.8	0.0%
2011	12.8	0	12.8	0.0%
2012	14.8	0	14.8	15.6%
2013	4.57	0	4.57	-69.1%
2014	5.16	0	5.16	12.9%
2015	5.5	0	5.5	6.6%
2016	5.9	0	5.9	7.3%
2017	5.9	0	5.9	0.0%
2018	6.1	0	6.1	3.4%
2019	6.1	0	6.1	0.0%
2020	6.6	0	6.6	8.2%
2021	7.35	0	7.35	11.4%
2022	7.35	0	7.35	0.0%
2023	12.55	2.5	15.05	104.8%



## Other Tax Rates

All other borough tax rates are at the maximum allowed by state Act 511. As a result, the only source for increasing tax revenue is to raise property taxes, even though earned income taxes capture more natural growth.

Earned Income - Resident (percent)	0.5%
Earned Income - Nonresident (percent)	1.0%
Realty Transfer (percent)	0.5%
Local Services Tax (LST) (dollars)	\$47

## Tax Burden

The following table describes the average Tax Burden within the Borough.

**Catasauqua Borough**  
**Tax and Major Fee Burden on a Hypothetical Household to Support**  
**Borough Operations <sup>1</sup>**  
**Fiscal Year 2023**

### TAX/FEE BASE AND RATES

Median Household Income <sup>2</sup>	\$66,045
Median Assessed Valuation <sup>3</sup>	\$177,248
Real Estate Tax Millage	15.05
Earned Income Tax Rate	0.50%
Local Service Tax	\$47.00
Garbage Collection/Recycling	\$372.00
Minimum Sewer Charge	\$242.20
Minimum Water Charge	\$169.40

### TAX/FEE BURDEN

Borough Real Estate Tax	\$2,667.59
Borough Earned Income Tax	\$330.23
Borough Emergency and Municipal Services Tax	\$47.00
Garbage Collection/Recycling	\$372.00
Minimum Sewer Charge	\$242.20
Minimum Water Charge	\$169.40

**TAX/FEE BURDEN <sup>4</sup>**

**\$3,828.41**

**TAX/FEE BURDEN AS A PERCENTAGE OF  
HOUSEHOLD INCOME <sup>4</sup>**

**5.80%**

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<sup>1</sup> The hypothetical household consists of two adults, both of whom are employed (but only one within the boundaries of the Borough), and two children under age 18.

<sup>2</sup> As reported in 2021 ACS Data

<sup>3</sup> Median Market Value, 2021 ACS data, Rate AV to MV 2022 104.2%

<sup>4</sup> Does not include any real estate transfer or other indirect taxes paid

## **Non-Tax Revenue**

- Sanitation is the borough's largest non-tax revenue at 50 percent or more of total non-tax revenues. The borough's 2023 refuse fee is \$372. The borough has a contract for refuse collection with a third party and handles refuse billing. It appears that the current fee is sufficient to absorb the billing work done by the borough to support the service.
- State pension aid is the next largest non-tax revenue, increasing from \$163,856 in 2019 to 207,218 in 2022, a growth of 26.5 percent.
- Licenses include revenue from cable franchise fees (\$85,000 to \$95,000) and rental property licenses (\$40,000 to \$64,000).
- Permits include sidewalks and various other permit revenue.
- Fines mostly related to vehicle code violations.
- The revenues in rents and royalties are mostly related to municipal complex rental.
- Charges for services include substantial money for pool ticket sales in 2019 prior to the closing of the pool the following year. The remainder of the revenue is from permits for parking, street openings, and health inspections, as well as activity fees.
- Reimbursement from the school district for school resource officers has made up the bulk of miscellaneous revenue since 2021.

Non-Tax	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Change 2019-2022	
					#	%
Licenses	127,431	151,665	135,484	144,362	16,931	13.3
Permits	2,130	5,761	2,055	1,651	-480	-22.5
Fines	39,881	23,236	45,992	33,767	-6,114	-15.3
Interest Earnings	8,878	2,812	128	922	-7,956	-89.6
Rents and Royalties	126,620	4	105,237	117,809	-8,811	-7.0
PURTA	2,665	2,864	2,947	3,220	555	20.8
PILOTS	0	11,679	0	0	0	0.0
Pension State Aid	163,856	187,106	182,297	207,218	43,362	26.5
Zoning	3,930	4,750	4,363	2,001	-1,929	-49.1
Building Permits	21,043	31,075	27,100	35,720	14,678	69.8
Charges For Service	110,994	4,245	14,985	14,295	-96,699	-87.1
Sanitation	722,180	804,798	858,903	807,507	85,327	11.8
Miscellaneous Revenue	36,665	92,703	303,639	194,932	158,267	431.7
Contributions	12,318	13,577	21,955	26,400	14,082	114.3
User Fees	0	0	1,670	0	0	0.0
<b>Non-Tax Revenue</b>	<b>1,378,591</b>	<b>1,336,275</b>	<b>1,706,754</b>	<b>1,589,804</b>	<b>211,213</b>	<b>15.3</b>

Percent of Total Nontax Revenue				
Licenses	9.2	11.3	7.9	9.1
Permits	0.2	0.4	0.1	0.1
Fines	2.9	1.7	2.7	2.1
Interest Earnings	0.6	0.2	0.0	0.1
Rents and Royalties	9.2	0.0	6.2	7.4
PURTA	0.2	0.2	0.2	0.2
PILOTS	0.0	0.9	0.0	0.0
Pension State Aid	11.9	14.0	10.7	13.0
Zoning	0.3	0.4	0.3	0.1
Building Permits	1.5	2.3	1.6	2.2
Charges For Service	8.1	0.3	0.9	0.9
Sanitation	52.4	60.2	50.3	50.8
Miscellaneous Revenue	2.7	6.9	17.8	12.3
Contributions	0.9	1.0	1.3	1.7
User Fees	0.0	0.0	0.1	0.0
<b>Non Tax Revenue</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Grant Revenue

Federal American Rescue Plan Act grants in 2021 and 2022 that were received because of the COVID-19 pandemic and state grants for the Iron Works project are the largest sources of grant revenue during the historical review period.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Change 2019-2022	
					#	%
Federal Grants	31,137	344,437	345,356	346,448	315,311	1,012.7
State Grants	0	0	552,265	290,215	290,215	100.0
State Shared Revenue	0	30,694	27,484	33,818	33,818	100.0
Local Government Grants	728	500	0	0	-728	-100.0
<b>Grant Revenue</b>	<b>31,865</b>	<b>375,631</b>	<b>925,105</b>	<b>670,481</b>	<b>638,617</b>	<b>2,004.2</b>

## Expenditures

### By Department

- Elected officials and administrative services was the largest borough cost center. This category includes salaries for council, the tax collector and administration; employee benefits including health insurance and pension; and legal and engineering costs. Several non-personnel costs are also included such as services, supplies and utilities.
- Under administrative services, other legal costs spiked in 2022 at \$244,595, well over the historical average of \$109,000. Engineering costs escalated from roughly \$30,000 in 2019 and 2020 to \$182,399 in 2021 and \$284,506 in 2022.
- Police expenditures ranged from 14 percent to 20 percent of total expenditures and steadily increased during the historical review period by 20 percent. Most police costs are for salary and wages with limited non-personnel expenditures.
- Costs related to planning, zoning and code enforcement largely grew due to increases in contract property maintenance compensation.
- Refuse collection is paid for through refuse fee revenue.
- Highway costs dropped slightly from 2019 levels but for the most part remained constant, while storm water costs increased. Parks and recreation also declined from a high in 2019, likely related to reduced personnel costs. Swimming pool costs decreased due to the pool closure in 2019.

- Capital spending varied depending on the capital projects for that year. A significant amount was spent in 2021 on the Iron Works project. Other spending including equipment and roads.
- For a discussion on debt service, which ranged from 9 percent to over 15 percent of total expenditures, please see the Debt Chapter.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	Change 2019- 2022 #	%
<b>Elected Official &amp; Administrative Services</b>	1,452,954	1,460,337	1,755,717	2,705,723	1,252,768	86.2
<b>Police</b>	1,055,414	1,128,043	1,241,140	1,266,480	211,066	20.0
<b>Fire</b>	101,869	110,225	128,602	150,395	48,526	47.6
<b>Planning &amp; Zoning/Code Enforcement</b>	114,525	108,777	190,116	231,501	116,976	102.1
<b>Refuse Collection</b>	643,947	731,720	746,268	681,797	37,850	5.9
<b>PW Highway</b>	414,359	378,373	374,038	383,159	-31,200	-7.5
<b>PW Storm Sewer</b>	4,989	4,156	26,590	34,003	29,014	581.5
<b>Parks &amp; Recreation</b>	217,799	125,688	156,950	166,774	-51,025	-23.4
<b>Community &amp; Economic Development</b>	37,162	46,302	57,446	27,676	-9,486	-25.5
<b>Swimming Pool</b>	128,522	21,322	16,724	13,991	-114,531	-89.1
<b>Street Lighting</b>	115,740	0	0	0	-115,740	-100.0
<b>Capital</b>	372,448	974,507	2,333,669	495,249	122,801	33.0
<b>Grant Anticipation Note</b>	0	0	570,555	0	0	0.0
<b>Debt Service</b>	557,295	740,203	799,043	659,656	102,361	18.4
<b>Interfund Transfers</b>	10,922	0	108,749	0	-10,922	-100.0
<b>TRAN</b>	0	0	397,085	387,764	387,764	100.0
<b>Total Expenditures</b>	<b>5,227,945</b>	<b>5,829,654</b>	<b>8,902,693</b>	<b>7,204,167</b>	<b>1,976,222</b>	<b>37.8</b>
<b>Elected Official &amp; Administrative Services</b>	27.8	25.1	19.7	37.6		
<b>Police</b>	20.2	19.4	13.9	17.6		
<b>Fire</b>	1.9	1.9	1.4	2.1		
<b>Planning &amp; Zoning/Code Enforcement</b>	2.2	1.9	2.1	3.2		
<b>Refuse Collection</b>	12.3	12.6	8.4	9.5		
<b>PW Highway</b>	7.9	6.5	4.2	5.3		
<b>PW Storm Sewer</b>	0.1	0.1	0.3	0.5		
<b>Parks &amp; Recreation</b>	4.2	2.2	1.8	2.3		
<b>Community &amp; Economic Development</b>	0.7	0.8	0.6	0.4		
<b>Swimming Pool</b>	2.5	0.4	0.2	0.2		

Street Lighting	2.2	0.0	0.0	0.0
Capital	7.1	16.7	26.2	6.9
Grant Anticipation Note	0.0	0.0	6.4	0.0
Debt Service	10.7	12.7	9.0	9.2
Interfund Transfers	0.2	0.0	1.2	0.0
TRAN	0.0	0.0	4.5	5.4
<b>Total Expenditures</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Expenditures by Type

Employee expenditures generally account for the bulk of the borough's expenditures. Employee expenditures were constant until a large increase from 2021 to 2022. The change in employee costs from 2019 to 2022 was 43.2 percent. Non-employee costs were the next highest expenditure, varying from almost 40 percent to a low of 25.9 percent.

					Change 2019- 2022	
	2019 Actual	2020 Actual	2021 Actual	2022 Actual	#	%
Employee Expenditures	2,235,889	2,225,663	2,386,082	3,202,082	966,193	43.2
Nonemployee	2,049,215	1,887,680	2,305,903	2,452,351	403,136	19.7
Capital	372,448	974,507	2,333,669	495,249	122,801	33.0
Grant Anticipation Note	0	0	570,555	0	0	0.0
Debt Service	559,471	741,804	800,650	666,722	107,250	19.2
Transfers	10,922	0	108,749	0	-10,922	-100.0
TRAN	0	0	397,085	387,764	387,764	100.0
<b>Total Expenditures</b>	<b>5,227,945</b>	<b>5,829,654</b>	<b>8,902,693</b>	<b>7,204,167</b>	<b>1,976,222</b>	<b>37.8</b>
Employee Expenditures	42.8	38.2	26.8	44.4		
Nonemployee	39.2	32.4	25.9	34.0		
Capital	7.1	16.7	26.2	6.9		
Grant Anticipation Note	0.0	0.0	6.4	0.0		
Debt Service	10.7	12.7	9.0	9.3		
Transfers	0.2	0.0	1.2	0.0		
TRAN	<u>0.0</u>	<u>0.0</u>	<u>4.5</u>	<u>5.4</u>		
<b>Total Expenditures</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

## Employee Expenditures

Employee expenditures include direct compensation (salary and wages), pension, health insurance and related benefits, and workers compensation. Direct compensation has shown the most growth, increasing by 28.9 percent during the historical review period. In a positive sign,

benefit costs declined by 30 percent or \$158,147; however, workers compensation expenses increased. The year 2022 includes extraordinary pension costs.

	2019	2020	2021	2022	Change 2019- 2022	
	Actual	Actual	Actual	Actual	#	%
Direct Compensation	1,360,787	1,526,090	1,664,151	1,754,111	393,324	28.9
Pension	280,812	187,106	212,745	986,823	706,011	251.4
Benefits	526,777	430,041	428,677	368,630	-158,147	-30.0
Workers Comp	67,512	82,427	80,509	92,517	25,006	37.0
<b>Employee Expenditures</b>	<b>2,235,889</b>	<b>2,225,663</b>	<b>2,386,082</b>	<b>3,202,082</b>	<b>966,193</b>	<b>287</b>
Direct Compensation	60.9	68.6	69.7	54.8		
Pension	12.6	8.4	8.9	30.8		
Benefits	23.6	19.3	18.0	11.5		
Workers Comp	3.0	3.7	3.4	2.9		
<b>Employee Expenditures</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

## Non-Employee Expenditures

On the non-employee side, expenditures for supplies and for utilities declined, while costs for services increased by almost 40 percent. Services include expenses for legal services and engineering.

	2019	2020	2021	2022	Change 2019- 2022	
	Actual	Actual	Actual	Actual	#	%
Services	746,278	698,889	1,037,470	1,233,663	487,385	65.3
Refuse Collection	631,482	714,521	731,707	668,047	36,565	5.8
Supplies	220,044	118,535	140,366	122,849	-97,194	-44.2
Utilities	226,648	98,288	122,232	119,164	-107,484	-47.4
Vehicle	106,722	112,466	110,266	166,850	60,128	56.3
Insurance	31,231	19,323	41,912	31,836	605	1.9
Other	86,811	125,658	121,950	109,942	23,131	26.6
<b>Nonemployee</b>	<b>2,049,215</b>	<b>1,887,680</b>	<b>2,305,903</b>	<b>2,452,351</b>	<b>403,136</b>	<b>19.7</b>
Services	36.4	37.0	45.0	50.3		
Refuse Collection	30.8	37.9	31.7	27.2		
Supplies	10.7	6.3	6.1	5.0		
Utilities	11.1	5.2	5.3	4.9		
Vehicle	5.2	6.0	4.8	6.8		
Insurance	1.5	1.0	1.8	1.3		
Other	4.2	6.7	5.3	4.5		



## Baseline Projections 2023-2027

In conjunction with input from Borough staff the following assumptions were used by the Strategic Management Plan Consultant to develop the Borough's 2023– 2027 baseline financial projections.

### Revenue Assumptions:

- The 2023 budget serves as the baseline.
- Base figures were adjusted to reflect current year actuals as of September 30.
- Tax rates and fees remain at 2023 levels.
- Real estate millage increased in 2023 from 7.35 mills to 12.55 mills for General Purpose with an additional 2.50 for Debt Service for a total 15.05 mills.
- Current earned income tax growth of 2 percent annually.
- Real estate transfer tax was held at \$75,000.
- Local services taxes were held constant.
- State aid for pensions are increased by 3 percent annually.
- Other non-tax revenues held constant.

### Expenditure Assumptions:

- The 2023 budget serves as the baseline.
- Base figures were adjusted to reflect current year actuals as of September 30.
- Employees count is consistent with 2023 budgeted levels.
- No new debt incurred.
- Wages increases:
  - Police: 4.0 percent; 2024-2027, then 2.0 percent
  - Public Works at contract through 2026 then 2.0 percent
  - Administration, 3.0 percent through 2026, then 2.0 percent
  - 2.5 percent, 2026-27
- Health insurance expenses increased 5.0 percent annually.
- Supplies and services costs increased annual with an inflation adjustment consistent with the most recent Congressional Budget Office Personal Consumption Expenditure (PCE) price index growth: 2023 → 2024: 2.7 percent; 2024 → 2025: 2.2 percent; 2025 → 2026: 2.1 percent; 2026 → 2027: 2.0 percent.

Baseline projections show an anticipated deficit in 2023 and then declining surpluses during the next four years of the projection period. Expenditures in 2023 reflect one-time capital expenditures for the Iron Works site and repayment of the Grant Anticipation note. Revenues for 2023 include one-time grant and other non-tax revenue. The one-time events in 2023 account for the decrease in revenues and expenditures in 2024.

	<b>2023</b>					<b>Change</b>	
	<b>Estimate</b>	<b>2024 Proj</b>	<b>2025 Proj.</b>	<b>2026 Proj.</b>	<b>2027 Proj.</b>	<b>2023-2027</b>	
						<b>#</b>	<b>%</b>
Revenues	7,932,605	7,496,234	7,528,933	7,562,172	7,595,964	-336,641	-4.2
Expenditures	<u>9,293,102</u>	<u>6,673,423</u>	<u>6,739,705</u>	<u>6,848,572</u>	<u>6,959,238</u>	-2,333,864	-25.1
Surplus/(Deficit)	-1,360,497	822,811	789,228	713,600	636,726		
Cumulative							
Surplus/(Deficit)	-362,938	711,202	1,733,260	2,660,708	3,490,183		

## Revenue Projections—2023-2027

As shown in the tables below and noted above, the Borough's General Fund tax revenues are projected to remain stable with only a 1.8 percent increase. Non-tax and grant revenue shows a decline because of one-time revenues in 2023, as previously discussed. Tax revenue contributes almost 80 percent of revenues, with non-tax revenues accounting for approximately 20 percent.

	<b>Estimate 2023</b>	<b>2024 Projected</b>	<b>2025 Projected</b>	<b>2026 Projected</b>	<b>2027 Projected</b>	<b>Change 2023-2027</b>	
						<b>\$</b>	<b>%</b>
Tax Revenue	5,885,493	5,911,362	5,937,572	5,964,127	5,991,035	105,542	1.8
Non-Tax Revenue	1,708,657	1,502,872	1,509,361	1,516,045	1,522,929	-185,728	-10.9
Grant Revenue	286,455	30,000	30,000	30,000	30,000	-256,455	-89.5
Fixed Assets Sales/Proceeds	2,000	2,000	2,000	2,000	2,000	0	0.0
Interfund Operating Transfers	50,000	50,000	50,000	50,000	50,000	0	0.0
Grant Anticipation Note	0	0	0	0	0	0	0.0
Proceeds of Long Term Debt	0	0	0	0	0	0	0.0
TRAN	0	0	0	0	0	0	0.0
<b>Total Revenues</b>	<b>7,932,605</b>	<b>7,496,234</b>	<b>7,528,933</b>	<b>7,562,172</b>	<b>7,595,964</b>	<b>-336,641</b>	<b>-4.2</b>

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Real estate taxes are the Borough's most productive tax, generating approximately 84 percent of total tax revenue or \$1.8 million annually. However, real estate tax revenue is projected to increase by less than 1 percent. Most of the tax growth is expected from the earned income tax, which is projected to rise by 8.2 percent.

	Estimate 2023	2024 Projected	2025 Projected	2026 Projected	2027 Projected	Change 2023-2027	
						\$	%
Real Estate Taxes	4,934,743	4,944,612	4,954,502	4,964,411	4,974,340	39,597	0.8
Per Capita Tax	33,250	33,250	33,250	33,250	33,250	0	0.0
Real Estate Transfer Tax	75,000	75,000	75,000	75,000	75,000	0	0.0
EIT	800,000	816,000	832,320	848,966	865,946	65,946	8.2
LST	42,500	42,500	42,500	42,500	42,500	0	0.0
<b>Total Taxes</b>	<b>5,885,493</b>	<b>5,911,362</b>	<b>5,937,572</b>	<b>5,964,127</b>	<b>5,991,035</b>	<b>105,542</b>	<b>1.8</b>

Most non-tax revenues are expected to be flat through the projection period. Miscellaneous revenues and interest revenues are adjusted down for 2024-2027.

Non Tax	Estimate 2023	2024 Projected	2025 Projected	2026 Projected	2027 Projected	Change 2023-2027	
						\$	%
Licenses	120,000	120,000	120,000	120,000	120,000	0	0.0
Permits	1,650	1,650	1,650	1,650	1,650	0	0.0
Fines	35,500	35,500	35,500	35,500	35,500	0	0.0
Interest Earnings	36,670	922	922	922	922	-35,748	-97.5
Rents and Royalties	103,200	103,200	103,200	103,200	103,200	0	0.0
PURTA	2,900	2,900	2,900	2,900	2,900	0	0.0
PILOTS	0	0	0	0	0	0	0.0
Pension State Aid	233,115	216,300	222,789	229,473	236,357	3,242	1.4
Zoning	2,000	2,000	2,000	2,000	2,000	0	0.0
Building Permits	29,700	29,700	29,700	29,700	29,700	0	0.0
Charges For Service	7,700	7,700	7,700	7,700	7,700	0	0.0
Sanitation	800,000	800,000	800,000	800,000	800,000	0	0.0
Miscellaneous Revenue	316,222	163,000	163,000	163,000	163,000	-153,222	-48.5
Contributions-Private Sources	20,000	20,000	20,000	20,000	20,000	0	0.0
User Fees	0	0	0	0	0	0	0.0
<b>Non Tax Revenue</b>	<b>1,708,657</b>	<b>1,502,872</b>	<b>1,509,361</b>	<b>1,516,045</b>	<b>1,522,929</b>	<b>-185,728</b>	<b>-10.9</b>

## Expenditure Projections—2023-2027

### Departmental

The largest anticipated increase is for elected officials and administrative services, which is likely to grow by 13.6 percent or \$273,452. The category is projected to increase to \$2.3 million by

2027. Healthcare costs are included in this line item for all employees. These costs are anticipated to increase annually by five percent generating the large increase.

Dept2	Estimate 2023	2024 Projected	2025 Projected	2026 Projected	2027 Projected	Change 2023-2027	
						\$	%
<b>Elected Official &amp; Administrative Services</b>	2,010,835	2,100,767	2,163,182	2,228,187	2,284,287	273,452	13.6
<b>Police</b>	1,414,075	1,356,743	1,402,360	1,449,694	1,477,799	63,724	4.5
<b>Fire</b>	143,100	145,201	147,360	149,577	151,855	8,755	6.1
<b>Planning &amp; Zoning/Code Enforcement</b>	165,500	170,119	174,870	179,758	183,858	18,358	11.1
<b>Refuse Collection</b>	797,749	798,148	798,559	798,982	799,273	1,524	0.2
<b>PW Highway</b>	490,977	488,398	501,584	515,142	526,142	35,165	7.2
<b>PW Storm Sewer</b>	45,500	46,589	47,707	48,856	50,036	4,536	10.0
<b>Parks &amp; Recreation</b>	202,235	205,645	209,779	214,023	217,687	15,452	7.6
<b>Community &amp; Economic Development</b>	24,250	250	250	250	250	-24,000	-99.0
<b>Swimming Pool</b>	3,400	3,400	3,400	3,400	3,400	0	0.0
<b>Street Lighting</b>	0	0	0	0	0	0	0.0
<b>Subtotal</b>	<b>5,297,621</b>	<b>5,315,260</b>	<b>5,449,052</b>	<b>5,587,870</b>	<b>5,694,587</b>	<b>396,966</b>	<b>7.5</b>
<b>Capital</b>	1,992,049	234,982	234,982	234,982	234,982	-1,757,067	-88.2
<b>Grant Anticipation Note</b>	880,000	0	0	0	0	-963,136	-109.4
<b>Debt Service</b>	1,123,432	1,123,182	1,055,671	1,025,720	1,029,670	-93,762	-8.3
<b>Interfund Transfers</b>	0	0	0	0	0	0	0.0
<b>TRAN</b>	0	0	0	0	0	0	0.0
<b>Total Expenditures</b>	<b>9,293,102</b>	<b>6,673,423</b>	<b>6,739,705</b>	<b>6,848,572</b>	<b>6,959,238</b>	<b>-2,417,000</b>	<b>-26.0</b>

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## Personnel vs. Non-Personnel

Personal expenditures including compensation and benefits are expected to grow from 2023-2027 by \$436,092 or 14.9 percent. Increasing healthcare and contractual wage increases contribute to these numbers.

	Estimate 2023	2024 Projected	2025 Projected	2026 Projected	2027 Projected	Change 2023-2027	
						\$	%
Employee Expenditures	2,920,901	3,056,827	3,164,937	3,277,375	3,356,993	436,092	14.9
Nonemployee	2,374,220	2,255,933	2,281,615	2,307,995	2,335,094	-39,126	-1.6
Capital	1,992,049	234,982	234,982	234,982	234,982	-1,757,067	-88.2
Grant Anticipation Note	880,000	0	0	0	0	-880,000	100.0
Debt Service	1,125,932	1,125,682	1,058,171	1,028,220	1,032,170	-93,762	-8.3
Transfers	0	0	0	0	0	0	0.0
TRAN	0	0	0	0	0	0	0.0
<b>Total Expenditures</b>	<b>9,293,102</b>	<b>6,673,423</b>	<b>6,739,705</b>	<b>6,848,572</b>	<b>6,959,238</b>	<b>-2,333,864</b>	<b>-25.1</b>
Employee Expenditures	31.4	45.8	47.0	47.9	48.2		
Nonemployee	25.5	33.8	33.9	33.7	33.6		
Capital	21.4	3.5	3.5	3.4	3.4		
Grant Anticipation Note	9.5	0.0	0.0	0.0	0.0		
Debt Service	12.1	16.9	15.7	15.0	14.8		
Transfers	0.0	0.0	0.0	0.0	0.0		
TRAN	0.0	0.0	0.0	0.0	0.0		
<b>Total Expenditures</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

Type2	Estimate 2023	2024 Projected	2025 Projected	2026 Projected	2027 Projected	Change 2023-2027	
						\$	%
Direct Compensation	1,797,394	1,858,155	1,919,058	1,982,152	2,018,950	221,556	12.3
Pension	446,780	463,165	480,161	497,790	507,746	60,966	13.6
Benefits	592,727	621,507	651,719	683,433	716,297	123,570	20.8
Workers Comp	84,000	114,000	114,000	114,000	114,000	30,000	35.7
<b>Employee Expenditures</b>	<b>2,920,901</b>	<b>3,056,827</b>	<b>3,164,937</b>	<b>3,277,375</b>	<b>3,356,993</b>	<b>436,092</b>	<b>14.9</b>
Direct Compensation	61.5	60.8	60.6	60.5	60.1		
Pension	15.3	15.2	15.2	15.2	15.1		
Benefits	20.3	20.3	20.6	20.9	21.3		
Workers Comp	2.9	3.7	3.6	3.5	3.4		
<b>Employee Expenditures</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

## Non Personnel

Non personal numbers decrease from 2023 to 2024 based on non-recurring expenditures in 2023. For 2024 through 2025, these line items increase with the inflation assumptions above. Refuse collection costs are flat throughout the period.

						Change 2023-2027	
	Estimate 2023	2024 Projected	2025 Projected	2026 Projected	2027 Projected	\$	%
Services	852,500	800,115	812,046	824,301	836,891	-15,609	-1.8
Refuse Collection	781,952	781,952	781,952	781,952	781,952	0	0.0
Supplies	259,396	216,787	221,191	225,715	230,362	-29,034	-11.2
Utilities	148,350	151,957	155,661	159,467	163,376	15,026	10.1
Vehicle	185,250	175,069	179,403	183,855	188,428	3,178	1.7
Insurance	50,280	51,553	52,861	54,205	55,585	5,305	10.6
Other	96,492	78,500	78,500	78,500	78,500	-17,992	-18.6
<b>Nonemployee</b>	<b>2,374,220</b>	<b>2,255,933</b>	<b>2,281,615</b>	<b>2,307,995</b>	<b>2,335,094</b>	<b>-39,126</b>	<b>-1.6</b>
Services	35.9	35.5	35.6	35.7	35.8		
Refuse Collection	32.9	34.7	34.3	33.9	33.5		
Supplies	10.9	9.6	9.7	9.8	9.9		
Utilities	6.2	6.7	6.8	6.9	7.0		
Vehicle	7.8	7.8	7.9	8.0	8.1		
Insurance	2.1	2.3	2.3	2.3	2.4		
Other	4.1	3.5	3.4	3.4	3.4		
<b>Nonemployee</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

## Recommendations

### Considering adoption of a General Fund balance policy.

The borough should consider adopting a fund balance policy. Fund balance policies can help a municipality meet several stated goals including but not limited to meeting seasonal cash flow requirements and securing investment-grade credit ratings. Fund balance policies typically identify appropriate minimum (and maximum) fund balance levels for a given fund, how the balance may be used (including limits on its use to balance a budget, or assignment to fulfill local grant matches), how to replenish fund balance when used, and how excess fund balance can be allocated when available.

**Review and update all licenses, permits and related fees to ensure the cost of services related to them are covered.** The borough imposes permits, licenses and fees for various activities including building, zoning, street cutting and sanitation services. As borough costs increase it is important to periodically review and update fees related to the services provided to ensure there is a full cost recovery, otherwise general tax revenue must be used to offset the

difference. As a best practice, a fee schedule resolution would be passed by Council annually even in instances where fees are held constant from year to year.

**Perform a cost allocation study.** Borough staff work on tasks that impact the various funds of the borough including the General, Sewer and Water funds. Employee time should be allocated to the proper fund to ensure the costs of providing that service is properly accounted for and reflected in fees charged for that service.

**Review the Tax-Exempt Status of Properties in the Borough.** Although tax exempt real properties are exempt as a matter of law based on the current applicable use of the property and ownership, the Borough should review the underlying basis for the granting of the exemptions to determine if the property still qualifies for exempt status. Some exemptions may have been granted in the past on prior usage while the current use of the property may or may not be. For those properties that are properly exempt from taxation, the Borough should consider soliciting increased voluntary contributions, with Payment in Lieu of Taxes (PILOT) agreements, from government, government-sponsored organizations and not-for-profit organizations to reimburse the Borough for all or a portion of the services provided by the Borough. The creation of an annual CIP document will allow the borough to prioritize its capital projects within the framework of limited resources and in alignment with its goals and objectives. Additionally, it will give elected officials and the public an opportunity to comment on the projects.

**Address any Due to Other Fund Balances:** Set up a payment schedule to ensure repayment of any outstanding balances to other funds and include them in future budgets.

**Capital Improvement Plan Budget** Conduct a borough-wide inventory to assess the most current and critical repair and replacement needs for equipment, buildings and infrastructure and establish a multi-year (three -five years) Capital Improvement Program (CIP). Consider funding sources for the plan such as use of anticipated future surpluses. See capital planning section later in this report.

**Adjust Real Estate Tax Rate as Necessary to Ensure Balanced Budgets.** To the extent that the preceding revenue initiatives are not accomplished or are insufficient to eliminate the borough's projected annual budget deficits, the borough should increase the real estate tax millage to offset any remaining deficits.

**Implement Plan Initiatives** that impact expenditure reductions or increase productivity. Throughout the plan, the borough should undertake those initiatives and recommendations as policy and operational priorities, particularly those that will have near term expenditure reductions or operational changes leading to enhanced efficiency.

**Pursue intergovernmental cooperation, shared services and regionalization opportunities with neighboring communities.** The borough should pursue cooperation with nearby municipalities that can lead to lower costs through ventures like joint purchasing, regional planning and contracting police services.

**Consider Home Rule** Adoption of a home rule charter can provide needed revenue flexibility by broadening the borough's tax base. Home rule municipalities are not subject to the limits on the rates of real estate millage, earned income and real estate transfer taxes that exist in state municipal codes, although the charter can limit the increase of total tax revenue year over year. Home rule also gives municipalities the opportunity to select a government structure that best fits community needs.

As a home rule municipality, the borough could take a more balanced approach to taxes by using a mixture of changes to the three main tax levies so that no one tax paying group is impacted disproportionately. For example, retired individuals might pay property tax but do not pay earned income tax. Wage earners pay the earned income tax and might also pay property tax. Commercial and business entities are more likely affected by property tax and real estate transfer tax increases since their property values and transactions tend to be on a larger scale and they are not subject to the earned income tax.

Home rule is a complex process that involves multiple votes by residents and the governing body, including the election of a home rule charter study commission. Information on home rule and the home rule process is available from the state Department of Community and Economic Development's [Home Rule in Pennsylvania](http://www.dced.pa.gov/library) manual. The manual is available for download at [www.dced.pa.gov/library](http://www.dced.pa.gov/library) under Local Government//Handbooks and Guides//Local Government Administration.

**Consider seeking designation under the state's Keystone Communities Program.**

Designations focus on Main Street (downtown development), Elm Street (neighborhood development), revitalizing industrial areas and combinations. Free technical assistance is offered. A variety of grants are offered for activities such as planning, implementation, façade improvements, public improvements and more. This program encourages public private partnerships. This effort will likely require the development of community partnerships, particularly given the borough's lack of capacity. The borough should recruit downtown business owners and other community leaders to participate, potentially through the current ad hoc Main Street group.

## Debt

### Overview

Catasauqua Borough is currently managing two main forms of long-term debt. The first is debt that aligns with the Pennsylvania Local Government Unit Debt Act (LGUDA), meant to fund long-term capital projects. The second type is equipment leases used to acquire vehicles and machinery. The combined debt, which is seen as high for a Pennsylvania municipality, is managed by the Borough Manager and Borough Council. This chapter aims to provide a detailed



insight into the Borough's debt total, annual debt service requirements, and its connection to other financial challenges.

The Borough Council must endorse any issuance or guarantees related to the Borough's debt. The annual debt service requirements, attributed to the General Fund, account for about 10% of the projected revenue for Fiscal Year 2023. The Borough can set a specific millage rate for debt service and in 2023, it set a rate of 2.50 mills apart from general expenses.

## General Obligation Debt

Catasauqua Borough has four long-term general obligation debts: two public bond issues, a Pennvest Loan, and a private loan from Fidelity Bank and Trust. Additionally, a General Obligation Grant Anticipation Note is held by First Commonwealth Credit Union.

Although backed by the Borough's General Obligation ("GO") pledge, the 2021 General Obligation Bonds and the 2021 Pennvest loan are self-liquidating and entirely funded by user fees from the Borough's Sewer and Water Enterprise Systems.

Below is a summary of the various debts, including their series name, issue date, original amount, purpose, current outstanding balance, interest rates, and final maturity.

<u>Series</u>	<u>Original Issue Date</u>	<u>Original Borrowing Amount</u>	<u>Purpose</u>	<u>Current Outstanding Balance</u>	<u>Interest Rates</u>	<u>Final Maturity</u>
GO Bonds, Series of 2016	July 28, 2016	\$11,210,000	Capital Projects	\$9,320,000	2.00% to 3.00%	August 15, 2046
GO Grant Anticipation Note, Series of 2021	February 27, 2021	\$4,000,000	Interim Financing	\$880,056	2.50%	February 27, 2024
GO Pennvest Note, Series of 2021	March 17, 2021	\$500,000	Capital Project (Water Generator)	\$438,905	1.00% to 1.743%	March 17, 2041
GO Bonds, Series of 2021	November 8, 2021	\$8,395,000	Refunding and Capital Projects	\$7,910,000	1.00% to 4.00%	November 15, 2044
GO Note, Series of 2022	October 31, 2022	\$2,000,000	Operating Borrowing	\$1,974,000	6.00% to 9.25%	February 15, 2038

For fiscal years 2021 and 2022, the Borough made use of Tax and Revenue Anticipation Notes (TRAN) to manage cash flow until sufficient tax collections were received. However, the 2022 operating borrowing created enough cash reserves to eliminate the need for a TRAN in 2023.

In line with LGUDA regulations, the Borough's yearly debt service payments are structured in a flat or decreasing manner. For the year 2023, the Borough's total annual debt service is roughly \$1,265,000 and is expected to be the same through FY 2038. From this annual total, \$460,000 is assigned to the Borough's Sewer Fund, \$29,000 is assigned to the Borough's Water Fund which are paid from system user fees and are considered self-liquidating. A detailed breakdown of the

Borough's maximum debt service requirements by individual issue for fiscal year 2023 will be provided in the following table.

Maximum Debt Service Requirements Fiscal Year 2023	
Debt Series	FY 2023 Debt Debt Service
General Obligation Bonds, Series of 2016 (General Fund)	559,445.00
Guaranteed Lease Revenue Note, Series of 2022 (General Fund)	176,610.00
General Obligation Bonds, Series of 2021 (Sewer Fund)	461,725.00
2021 Pennvest Loan (Water Fund)	27,593.64
<b>Total FY 2023 Debt Service</b>	<b>1,225,373.64</b>

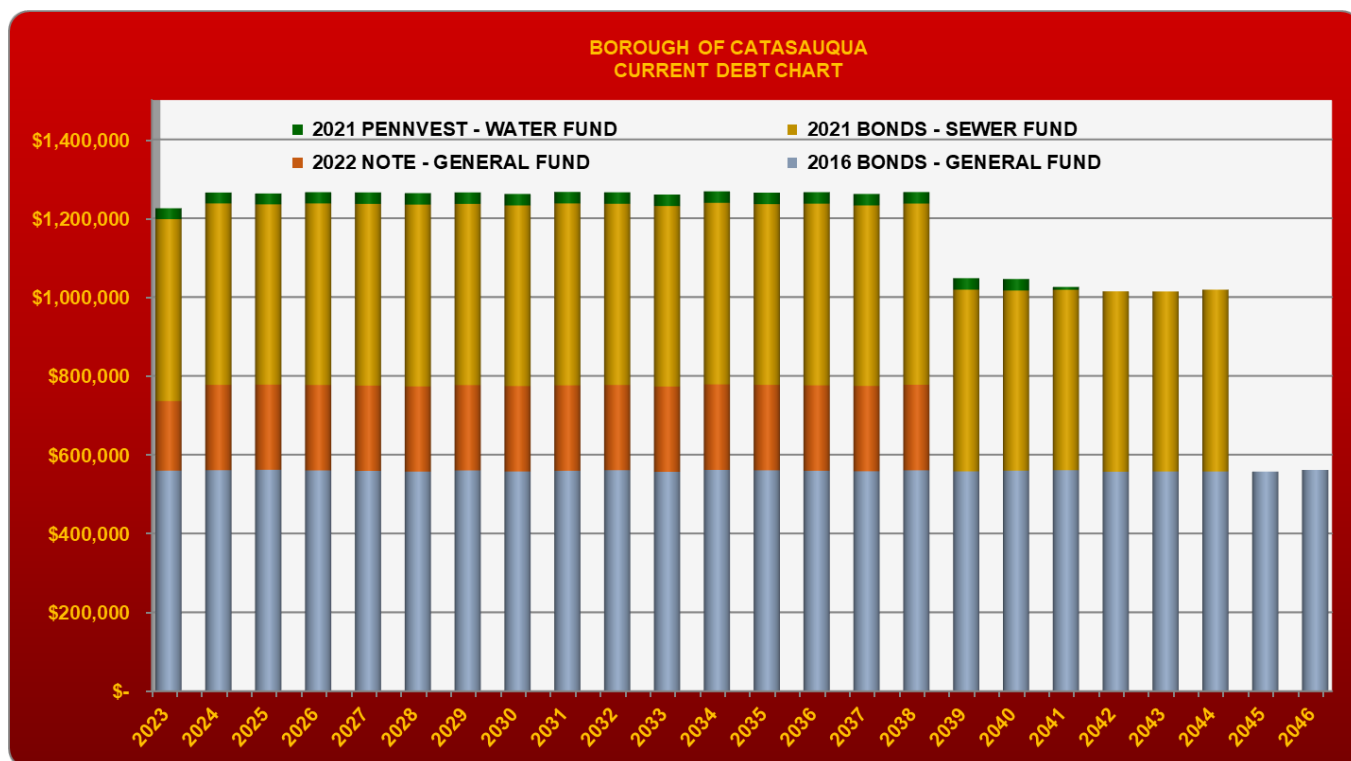
Source: Borough Documents

The chart and table below details the Borough's maximum debt service requirements by individual issue for fiscal years 2023 through 2046.

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**Catasauqua Borough  
Maximum Debt Service Requirements**

<b>Year</b>	<b>2016 Bonds (General Fund)</b>	<b>2022 Note (General Fund)</b>	<b>2021 Bonds (Sewer Fund)</b>	<b>2021 Pennvest (Water Fund)</b>	<b>Total</b>
<b>2023</b>	559,445	176,610	461,725	27,594	<b>1,225,374</b>
<b>2024</b>	560,595	216,630	460,325	27,594	<b>1,265,144</b>
<b>2025</b>	561,445	216,330	457,375	27,594	<b>1,262,744</b>
<b>2026</b>	560,145	216,760	460,575	28,743	<b>1,266,223</b>
<b>2027</b>	558,745	216,680	460,925	29,127	<b>1,265,477</b>
<b>2028</b>	557,083	216,255	461,200	29,127	<b>1,263,664</b>
<b>2029</b>	560,070	216,425	459,800	29,127	<b>1,265,422</b>
<b>2030</b>	557,420	216,808	458,300	29,127	<b>1,261,654</b>
<b>2031</b>	559,313	216,515	461,700	29,127	<b>1,266,654</b>
<b>2032</b>	560,615	216,210	459,900	29,127	<b>1,265,852</b>
<b>2033</b>	556,490	216,505	458,000	29,127	<b>1,260,122</b>
<b>2034</b>	561,130	217,087	461,000	29,127	<b>1,268,343</b>
<b>2035</b>	560,350	216,605	458,800	29,127	<b>1,264,882</b>
<b>2036</b>	559,290	216,643	461,044	29,127	<b>1,266,103</b>
<b>2037</b>	557,950	216,433	458,075	29,127	<b>1,261,584</b>
<b>2038</b>	560,500	216,903	460,000	29,127	<b>1,266,529</b>
<b>2039</b>	557,600	-	461,225	29,127	<b>1,047,952</b>
<b>2040</b>	559,400	-	457,225	29,127	<b>1,045,752</b>
<b>2041</b>	560,750	-	457,606	7,282	<b>1,025,638</b>
<b>2042</b>	556,650	-	457,750	-	<b>1,014,400</b>
<b>2043</b>	557,250	-	457,125	-	<b>1,014,375</b>
<b>2044</b>	557,400	-	461,250	-	<b>1,018,650</b>
<b>2045</b>	557,100	-	-	-	<b>557,100</b>
<b>2046</b>	561,350	-	-	-	<b>561,350</b>
	<b>13,418,085</b>	<b>3,425,398</b>	<b>10,110,925</b>	<b>526,578</b>	<b>27,480,986</b>



## Assessment

The Borough currently has a high debt load based on various debt ratio metrics. The table below provides details on key debt metrics:

<u>Fund</u>	<u>Outstanding Principal</u>	<u>Annual Debt Service</u>	<u>Outstanding Debt Per Capita</u>	<u>Outstanding Debt to Revenue</u>	<u>Annual Debt Service to Expenses</u>	<u>Outstanding Debt to Assessed Value Ratio*</u>
All Funds Total	\$19,963,905	\$1,265,144	\$3,072	185%	11.8%	5.9%
General Fund Total	\$11,615,000	\$777,225	\$1,787	157%	10.5%	3.4%
Sewer Fund Total	\$7,910,000	\$461,725	\$1,217	342%	20.2%	2.3%
Water Fund Total	\$438,905	\$29,127	\$68	40%	2.7%	0.1%

Total Population                      6,498                      Assessed Valuation from 2022 Tax Duplicate    \$336,754,200

\*Ratio Exceeding 5% is generally considered high

Based on this assessment, the Borough should prioritize reducing its outstanding debt. Moving forward, it is crucial for the Borough to evaluate debt issuance conservatively. Developing and implementing policies, including adopting a Municipal Debt Policy, will ensure that the debt service remains fiscally manageable and affordable.

A Municipal Debt Policy is essential for local governments to maintain financial stability, support responsible borrowing practices, and effectively manage debt obligations. Such a policy provides guidance for strategic decision-making, establishes borrowing limits, promotes transparency, ensures compliance with legal requirements, and fosters strong credit ratings. Ultimately, having a debt policy in place enables municipalities to make well-informed decisions regarding debt issuance and management, benefiting both the government and its constituents.

The following are some key benefits of adopting a municipal debt policy:

1. **Financial Stability:** A debt policy ensures that debt levels are sustainable and do not unduly burden future budgets or taxpayers.
2. **Responsible Borrowing Practices:** The policy provides guidelines that promote responsible borrowing aligned with the municipality's long-term financial and strategic goals.
3. **Debt Management:** A debt policy helps municipalities effectively manage their debt obligations, including debt structure, financing instrument selection, and interest rate risk management.
4. **Strategic Decision-Making:** A comprehensive debt policy provides a clear framework for evaluating the appropriateness and affordability of debt issuance for capital projects or other needs.
5. **Borrowing Limits:** Establishing borrowing limits within the policy ensures manageable debt levels that safeguard the municipality's financial health.
6. **Transparency and Accountability:** A debt policy fosters transparency and accountability by clearly communicating the municipality's approach to debt issuance and management to elected officials, staff, and the public.
7. **Legal Compliance:** A debt policy ensures compliance with federal, state, and local laws and regulations related to debt issuance and management.
8. **Credit Ratings:** A strong debt policy contributes to favorable credit ratings, resulting in lower borrowing costs and improved access to capital markets for the municipality.

By adopting and implementing a municipal debt policy, local governments can maintain financial stability, support responsible borrowing practices, and effectively manage debt obligations, ultimately benefiting both the government and its constituents. The Borough must evaluate each

borrowing decision in the context of its overall strategy and long-term impact based on best practices.

## **Capital Planning Recommendations**

The Borough of Catasauqua faces substantial debt challenges that require a comprehensive and strategic approach to ensure long-term financial sustainability. By implementing several key measures, the Borough can enhance its financial management practices, promote stability, and work towards reducing its current debt levels. The following recommendations aim to provide a roadmap for the Borough to manage and eventually reduce its debt while sustaining vital public services. These recommendations cover areas including policy development, debt reduction and restructuring, cash flow management, capital project prioritization, alternative funding exploration, and revenue generation strategies. As with any strategic approach, these recommendations should be considered within the unique context and financial constraints of Catasauqua Borough.

1. **Develop and Implement a Municipal Debt Policy:** Catasauqua Borough should consider creating a Municipal Debt Policy to provide clear guidelines for decision-making, borrowing limits, and debt management practices. This will help ensure financial stability and promote responsible borrowing.
2. **Debt Reduction:** The Borough's debt levels are currently high. Thus, prioritizing debt reduction, possibly through efficient budgeting and spending cuts, should be an immediate goal. Moreover, the Borough should consider allocating any unexpected revenues or budget surpluses towards debt reduction.
3. **Prioritization of Capital Projects:** Given the high level of debt, Catasauqua Borough should carefully prioritize capital projects and potentially postpone non-essential projects. The Borough should focus on projects that will generate revenue or significantly reduce costs in the long run.
4. **Lease Management:** Review the lease agreements for vehicles and machinery to ensure they are cost-effective. Consider purchasing instead of leasing if it is more economical in the long run, or look into more competitive lease agreements.
5. **Explore Alternative Funding Sources:** The Borough should explore alternative funding options such as grants, private partnerships, and community contributions to finance capital projects, thereby reducing the need for more debt.
6. **Improve Cash Flow Management:** Given the previous use of Tax and Revenue Anticipation Notes (TRAN) for cash flow management, consider enhancing cash flow forecasting and management strategies to minimize the need for such measures in the future.

7. Debt Restructuring: When economically feasible explore the possibility of debt restructuring or refinancing, especially for debts with higher interest rates. This could potentially lower debt service payments.

Remember, while these recommendations provide a good starting point, each municipality's circumstances are unique. Thus, Catasauqua Borough should consult with financial advisors and experts to create a tailored debt management strategy.

## **Capital Planning**

### **Overview**

Municipal Capital Planning is essential for the effective functioning of governmental agencies as it facilitates long-term strategic decision-making, ensures efficient resource allocation, and supports sustainable growth.

Municipal capital planning involves the careful orchestration and prioritization of investments in infrastructure, equipment, and facilities. This process is vital for governmental entities as it underpins smooth public service operations, safeguards financial stability, and promotes community development.

Capital planning plays a central role in long-term strategic decision-making, allowing governments to make well-informed decisions when allocating resources for extensive infrastructure requirements. Additionally, capital planning enables efficient resource allocation. By using objective criteria to prioritize projects, it ensures optimal utilization of financial resources.

Furthermore, capital planning contributes to sustainable growth by ensuring that the community's infrastructure is capable of supporting anticipated future growth and development. Therefore, developing a robust and strategic capital plan is instrumental in achieving successful outcomes.

To create a sound capital plan, there are several best practices municipalities should follow. Firstly, it's essential to establish clear objectives that adhere to the SMART principle—Specific, Measurable, Achievable, Relevant, and Time-bound.

Next, projects should be prioritized using a framework that considers factors such as urgency, feasibility, cost-effectiveness, and alignment with strategic goals. This practice allows for a balanced and strategic approach to planning.

Additionally, it's advisable to create a multi-year timeline. A comprehensive capital plan should span several years, enabling the phased planning and execution of projects over time.

Engaging stakeholders is another crucial practice. Key stakeholders, including elected officials, staff, and the public, should be involved in the planning process to foster transparency and inclusivity.

Lastly, it's vital to regularly monitor the capital plan, adjusting as necessary to reflect changes in circumstances or shifting priorities.

Municipal capital planning is a pivotal aspect of governmental operations. By adhering to these best practices, municipalities can devise robust capital plans that facilitate strategic long-term decision-making, ensure efficient resource allocation, and bolster sustainable community growth.

## **Assessment**

Our evaluation and conversations with key stakeholders have revealed a concerning lack of a structured and formalized Capital Plan within the Borough. There has been a trend of embracing and undertaking any project deemed potentially advantageous by the Borough, with little to no consideration of the financial implications.

This approach did not account for initial capital costs, fees for engineering and professional services, nor the long-term operational expenses. More critically, the Borough failed to assess how the inception of one project might affect the feasibility of other projects from an operational perspective. It also neglected to consider how selecting a particular project could potentially curtail the Borough's capacity to finance other ventures in the future, due to previous capital obligations that have already been incurred.

Additionally, the Borough exhibited a tendency to engage its Engineer in conducting extensive engineering studies and formulating designs for projects, despite the limited capacity to finance these projects once the design phase was completed. This approach resulted in a substantial financial burden on the Borough. The substantial expenses yielded minimal returns, further exacerbating the Borough's financial distress.

It is clear that Catasauqua Borough's financial woes have been significantly compounded by this lack of strategic planning, as it led to a substantial waste of resources with little gain. Moving forward, a more prudent, future-oriented, and structured approach to capital planning is necessary to improve the Borough's financial health and avoid such distress in the future.

## **Capital Planning Recommendations**

For the sake of clarity and effectiveness, it is crucial for the Borough to adopt and execute a comprehensive Capital Planning program. This strategic step will ensure the prioritization, implementation, and evaluation of capital projects are optimized and will eliminate wasteful spending. The development and management of this program should involve a concerted effort from all Borough Departments, the Council, its Engineer, and should be spearheaded by the Borough Manager.

The components to consider in this plan, but not limited to, are as follows:

1. Project Costs: An accurate estimate of the capital expenditure required for the project.



2. Economic Development Impact: The potential influence the project will have on the local economy.
3. Operational Costs: The ongoing costs related to maintaining and running the project.
4. Funding Methods: The strategies to be used to finance the project.
5. Public Safety Impacts: The implications that the project might have on the safety and wellbeing of the public.
6. Legality/Potential Liability Issues: Any legal complications or potential liabilities that may arise due to the project.
7. Critical Need: The urgency and necessity of the project for the community.

A noteworthy procedure to ensure the efficacy of the Capital Planning program would be to review and update the report annually. This task should be undertaken by the staff and should be ratified by the Council.

To ensure financial responsibility and efficient resource allocation, it is strongly advised that the Borough abstain from initiating any new capital projects, even during the planning or engineering stages, unless it is a dire emergency. Instead, every new project must first be reviewed and included in the pre-approved capital plan to avoid unplanned expenditure on potentially unfeasible projects.

For the evaluation and prioritization of capital projects, it's essential to use a set of predefined criteria. This should be coupled with corresponding weightages to score each project based on its necessity, cost, and community impact. Only those projects which meet a certain score threshold should be embarked upon by the Borough.

Implementing an annual review and rescoring process for these projects will ensure the Borough remains fiscally responsible. This step will enhance the focus on capital spending for projects that are agreed upon and prioritize those with a beneficial impact on the community.

In addition to the recommendations provided, we have included a practical tool to facilitate the Borough's capital planning process. A sample Excel-based Capital Planning Tool has been bundled with this report. This tool has been designed to help the Borough effectively plan, evaluate, and prioritize its capital projects. It is intuitive and tailored to reflect the complexity of capital project planning, making it a user-friendly resource for all stakeholders involved in this planning process. We believe that this tool will be instrumental in supporting the Borough as it embarks on its strategic Capital Planning program.

## **Appendix A – Multi-Year Plan Implementation**

# Multi-Year Plan Implementation

## Overview

The Consultant advises the Borough to consider implementing the recommended initiatives as summarized herein. Recommendations suggested are organized by Borough Council & Mayor, administrative services, insurance and risk management, code enforcement, water public works and sewer public works. The charts below outline the Consultant's recommendations for the Borough including the party most responsible to perform or oversee the initiative and a target competition date for the initiative.

Borough Council & Mayor Recommendations		
Initiative	Responsible Party	Target Completion
Apply for State Grant for STPPII to develop an Economic Development Revitalization Plan	Borough Manager	Fourth Quarter, 2024
Establish Vision, Mission, and Strategic Planning	Borough Council	First Quarter, 2024
Fiscal and Financial Planning	Borough Manager Borough Manager / Council	Ongoing Second Quarter, 2024
Create a Five-Year Capital Improvement Plan	Borough Council	Ongoing
Governance and Oversight	Borough Council	Ongoing
Work to limit the influence of broader political agendas in Borough Operations	Borough Manager Borough Manager / Council	Ongoing
Collaboration and Regional Partnerships	Borough Manager / Council	Ongoing
Infrastructure and Environmental Development	Borough Manager	Fourth Quarter, 2024
Administrative Services Recommendations		
Initiative	Responsible Party	Target Completion
Consider Allocating Funding to Procure Enterprise Resource Planning Software	Borough Manager	Third Quarter, 2024
Continue to Clean up Financial Reports	Administrative Staff	Ongoing
Consider Investing in a Municipal Financial Software System	Borough Manager	Fourth Quarter, 2024
Switch to Modified of Full Accrual Basis of Accounting	Borough Manager / Council	Fourth Quarter, 2024
Include a Management Discussion and Analysis with Annual Audit	Borough Manager	Fourth Quarter, 2024
Borough Manager should hold formal monthly staff meetings	Borough Manager / Administrative Staff	First Quarter, 2024
Management and Employees must create clear expectations and definitive timeframes for completion of tasks	Borough Manager / Administrative Staff	Ongoing
Establish a clear and consistent record keeping system Borough wide	Borough Manager	Second Quarter, 2024
Work to build Stability and Continuity in Borough Management and Operations	Borough Manager / Administrative Staff	Ongoing
Insurance and Risk Management Recommendations		
Initiative	Responsible Party	Target Completion

Property - Consider adding Earthquake and Flood coverage to its policy	Borough Manager	Ongoing
Excess Liability - Explore whether Employer's Liability can be added as an underlying policy	Borough Manager	Ongoing
Public Officials Liability - Consider increasing the sub-limit per claim amount to a minimum of \$50,000	Borough Manager / Borough Council	Second Quarter, 2024
Crime Coverage - Consider increased to a minimum crime limit of \$50,000	Borough Manager	First Quarter, 2024
Cyber Liability - Confirm registration with the risk management vendor	Administrative Staff	First Quarter, 2024
Workers' Compensation / Employer's Liability - Implement a safety committee	Borough Manager	Second Quarter, 2024
Broker Compensation - Consider moving to a fee arrangement versus commission paid broker compensation	Borough Manager	Fourth Quarter, 2024
Marketing the Insurance Program - The Borough should not market its insurance program more than once every three years	Borough Manager	Ongoing

Code Enforcement Recommendations		
Initiative	Responsible Party	Target Completion
Annual Fee Review	Borough Manager / Administrative Staff	Fourth Quarter, 2024
Written Code Enforcement Policies	Borough Manager	Second Quarter, 2024
Continue Implementation of Digital Ticketing System	Borough Manager / Administrative Staff	Ongoing
Setting Departmental Goals	Borough Manager	First Quarter, 2024
Formalize Employee Succession Planning	Borough Manager	Third Quarter, 2024
Involvement in Capital Planning	Borough Manager / Administrative Staff	First Quarter, 2024

Public Works Recommendations		
Initiative	Responsible Party	Target Completion
Increase fees charged annually	Borough Manager / Administrative Staff	Fourth Quarter, 2024
Consider procuring a Public Works software system that can be deployed in the field	Borough Manager	Second Quarter, 2024
Continue to fund street repair maintenance as funds allow	Borough Manager / Administrative Staff	Ongoing
Establish departmental goals and objectives	Borough Manager	Second Quarter, 2024
Develop employee succession plan	Borough Manager	Third Quarter, 2024
Consider adding a Working Foreman to Park Services	Borough Manager	First Quarter, 2024
Public Works staff should participate in Capital Planning	Borough Manager / Administrative Staff	First Quarter, 2024

Public Works - Water Recommendations		
Initiative	Responsible Party	Target Completion
Increase water fees charged annually as required	Borough Manager / Administrative Staff	Fourth Quarter, 2024
Consider procuring a Supervisory Control and Data Acquisition system	Borough Manager	Fourth Quarter, 2024
Work toward establishing a funding mechanism to procure Automated Meter Reading system throughout the Borough	Borough Manager	Fourth Quarter, 2024
Establish departmental goals and objectives	Borough Manager	First Quarter, 2024
Cross train employees throughout public works on enterprise operations	Borough Manager / Administrative Staff	Ongoing
Consider Incentives for employees to acquire additional certifications	Borough Manager / Administrative Staff	Second Quarter, 2024
Develop a Capital Improvement Inventory for the Borough's water system	Borough Manager	Third Quarter, 2024
Utilize the Borough's Financial Advisor to complete a Post-Inventory Analysis	Borough Manager / Council	Fourth Quarter, 2024
Water staff should participate in Capital Planning	Borough Manager / Administrative Staff	First Quarter, 2024

Public Works - Sewer Recommendations		
Initiative	Responsible Party	Target Completion
Increase Sewer fees charged annually as required	Borough Manager / Administrative Staff	Fourth Quarter, 2024
Monitor and ensure that bulk customers' meters are working and reporting correct and accurate data information	Administrative Staff	Ongoing
Establish departmental goals and objectives	Borough Manager	First Quarter, 2024
Cross train employees throughout public works on enterprise operations	Borough Manager / Administrative Staff	Ongoing
Consider Incentives for employees to acquire additional certifications	Borough Manager / Administrative Staff	Second Quarter, 2024
Develop a Capital Improvement Inventory for the Borough's Sewer system	Borough Manager	Third Quarter, 2024
Utilize the Borough's Financial Advisor to complete a Post-Inventory Analysis	Borough Manager / Council	Fourth Quarter, 2024
Sewer staff should participate in Capital Planning	Borough Manager / Administrative Staff	First Quarter, 2024
Consider procuring a Supervisory Control and Data Acquisition (SCADA) system	Borough Manager	Fourth Quarter, 2024