

Borough of Dormont

**FIVE YEAR PLAN AND
FINANCIAL MANAGEMENT STUDY**

**Multi-Year Plan
For
Adoption & Implementation
Steps 5 & 6**

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Step 5: Multi-Year Plan Adoption

Steps 1 and 2 identify the systemic problems facing the Borough. Dormont Borough is a “full service” local government, providing police and fire protection, maintaining streets and alleys, supporting recreation programs, and promoting economic development. It is doing so, however, with declining resources. This mismatch has placed a strain on the government and brought the Borough to its current fiscal predicament.

Dormont Borough, as with many of Pennsylvania’s boroughs and third class cities, has undergone a slow but dramatic transformation over the last half-century. Between 1960 and 2000, Dormont lost 29 percent of its population, going from 13,098 in 1960 to 9,305 in 2000.

The consequences of these losses are severe. With the loss of population, jobs, and economic activity, the Borough lost tax revenues. At the same time however, the demand for Borough services remains the same. The Borough’s government is still providing services to a Borough that may have shrunk in size in terms of population and jobs, but it has not changed in terms of land area, miles of streets and sewer lines, parks and public buildings, and most of the other pieces of physical inventory that make up a Borough. The only losses in the physical inventory are the losses in the number of homes and commercial buildings as older structures are demolished and new construction does not keep up. These losses hurt as they are losses in the property tax base.

These municipalities carry with them a burden of high expenditures, legacy costs including debt and pensions, and declining tax revenues.

Dormont and many of the other boroughs in Pennsylvania continue to struggle with the mismatch between revenues and expenditures. The demand for services remains high while local tax bases are shrinking. These problems did not occur overnight and there are no quick solutions. The Commonwealth’s Early Intervention Program recognizes this by emphasizing the need to implement long-term solutions as part of five-year plans.

Outlook

The Step 2 findings provide a look at the Borough’s financial future if no actions are taken.

- Finding 1 Tax revenues **are unlikely to increase without rate** increases.
- Finding 2 Ongoing revenues are unlikely to increase during the forecast period.

- Finding 3 Expenses are likely to increase at a rate of 2 percent per year.
- Finding 4 The greatest cost increases are likely to be in health care insurance, and wage and salary increases.
- Finding 5 The Borough faces substantial deficits that can only be resolved with a combination of rate increases, new revenues and cost controls. The structural deficit could exceed \$600,000 by 2012.

The Borough's on-going revenues are projected to increase at an average rate of 0.1 percent per year. A few of the revenues are projected to increase. These include the property tax due to small increases in assessments, the cable franchise fee due to increases in cable rates, rentals, and the RAD sales tax due to increases in retail sales in Allegheny County. Other revenues are projected to remain at 2007 budgeted levels.

Past revenue increases have been due to increases in rates and the imposition of the new tax, the emergency and municipal services tax. Possible legislative changes in the collection procedures for the emergency and municipal services tax could reduce revenues from this source. This reduction has been factored into the projections.

At the same time, expenditures will increase at an average rate of about 2.0 percent per year. The major components in the increase are increases in health insurance costs, wages and salaries, insurance costs, energy costs, and general inflationary increases in materials and supplies.

The Borough faces a continuing and growing deficit situation. The deficit projections are based on the assumption that the Borough will not raise tax rates and fees, and that the Borough's operations will not change. Every year, however, as Council puts together the next year's budget, Council will have to make changes in the way that the Borough operates to bring these budgets into balance. As the Borough continues to manage revenues and expenditures as it has in the past, the projected deficits would be smaller.

Approach

There are three broad areas for improvement in local government. They are 1) increasing operational efficiencies, 2) entering into intergovernmental partnerships, and 3) engaging in economic and community development.

Operational Efficiencies

Increasing operational efficiencies can reduce cost without compromising service. Typical examples of this for local governments include contracting out tasks such as tax collection and major street repairs,

where the contractor can provide the service for less than it costs to provide it in-house. Enhanced operational efficiencies can also include making sure that the accounting and tax collection software is up-to-date and that staff has the training necessary for them to do their jobs properly.

Intergovernmental Cooperation

Intergovernmental cooperation can also reduce costs without compromising service. Joint purchasing can reduce unit costs; equipment sharing can reduce capital costs; and the creation of regional resources, such as lock-ups, police forces and planning commissions can reduce duplication. Local governments that engage in intergovernmental activities may find it easier to get grant support for the activities than if they were to go it alone.

Economic and Community Development

Economic and community development can add to the tax base and increase the number of jobs. Local governments in Pennsylvania, because they often lack the size and resources needed to have a significant impact on economic and community development, often depend on county agencies and multi-community organizations.

Beginning a Conversation About the Future

There are a number of elements that are essential for any conversation about the Borough's future and the actions that are taken as a result of the conversation.

- Tough talk – Force a conversation on how the Borough will operate in five to ten years.

What do Borough's residents expect of government and how can government meet these needs? Will Borough residents still receive all the municipal services directly from the Borough, or will some be received from regional providers?

- Yellow flags – Pay close attention to what the major tax payers and employers are doing.

Will there be changes in the revenues from industrial and commercial tax payers? How much warning will the Borough receive if there is going to be a major loss in revenues?

- Remodel early – Start changing the operating model before it is too late.

What can be done now to anticipate future problems?

- Abandon yesterday – Maintaining what no longer works can draw valuable resources away from creating the future.

What resources can be redirected to prepare for future changes?

- A new improved story line – Make sure that employees, residents, and tax payer know what is going on.

What can be done to get employees, residents and tax payers on board now?

Loosely adapted from “Rethinking Your Business,” *Fortune*, October 2006

Multi-Year Plan

Based on the results from the financial analysis and management audits, the team recommends the following five-year plan that outlines action steps and sets deadlines for activities necessary for the Borough's fiscal and administrative health. The plan focuses on revenue growth strategies, expenditure reductions, the adoption of best practices, and intergovernmental cooperation strategies.

The five-year plan focuses on six priorities for the Borough as a whole and a set of action steps within these priorities. This plan should be read in conjunction with the Step 4 manage audits of the departments, including the police and fire departments.

The priorities are:

- Setting Goals
- Defining Departmental Roles and Responsibilities
- Controlling Costs
- Managing Revenues
- Intergovernmental Cooperation
- Community Sustainability

For each of these priorities, the plan includes: 1) action steps, 2) quantifiable outcomes for each of the action steps, 3) the time-lines for the action steps, and 4) the person or department responsible for each action step.

The plan is compatible with the Borough's budgeting and financial control practices so that the priorities and action steps can be incorporated into the Borough's budgets.

The plan is also compatible with the departmental management audit recommendations.

Priority One: Setting Goals

Business Planning

The Borough is engaged in a number of planning projects. These include work on the Transit Revitalization Investment District (TRID), the multi-municipal comprehensive plan, the pool study, the Early Intervention Program project (EIP), and capital improvements. The comprehensive plan can be an excellent vehicle for considering the community's life and, as such, should be an important component in a business plan for the Borough.

There is more, however, that could be done. There are missing elements, such as an economic development plan, and the elements are not tied together in a business plan for the Borough's future. A business plan needs to cover the important elements in local government.

- Governance
- Public safety
- Community development
- Parks and recreation
- Economic development
- Land use and infrastructure
- Finance

A business plan should identify where the Borough should be in ten years and include the actions necessary to achieve this future. A successful business plan has the following characteristics:

- It is driven by the needs of the Borough's customers – the residents, visitors, employees, and entities doing business with the Borough
- It is comprehensive and it draws separate elements together in an integrated plan
- It recognizes the importance of employees
- It focuses on measurable goals and objectives
- It provides action steps and time tables to reach the goals and objectives
- It is updated and renewed on a regular basis

For Council, the business plan should focus on the challenges facing the Borough and the significant actions that the Council can take to move the Borough forward to the desired future.

The business plan should be developed in cooperation with major stakeholders from the community – the leaders in business, civic, community and religious organizations.

What is to be achieved?

The Borough Council should engage in a planning process that identifies major steps that are needed to address the challenges facing the Borough. The planning process should involve key stakeholders. The resulting recommendations should be reviewed on a regular basis by the participants in the process.

The Borough Council should use the results of the planning process to focus on the significant activities that can move the Borough forward.

What is the likely outcome?

The Council should address the major challenges facing the Borough.

What is the timing?

The Council should undertake this effort in 2008

Who is responsible?

The Borough Council

Priority Two: Defining Organizational Roles and Responsibilities

Once the Council has charted the direction for the Borough, the Council must develop the organizational capacity to take this direction.

Written policies and procedures

As with many governmental organizations, the Borough functions on the basis of institutional memory, the best efforts of individual employees, and a desire to serve the public. The Borough does not have institutional plans, policies and procedures in place that empower elected officials and employees to do their best. The problems arise from:

- The lack of understanding of the Borough's manager's ordinance
- The lack of current job descriptions, and operating polices and procedures
- The fragmentation of duties between employees

For example, the budget is prepared in three parts by the manager, the assistant manager and the police chief with only minimal input by the finance officer.

- The misallocation of human resources

For example, the paid drivers are being used as police clerks when they could perform more valuable duties such as fire code inspections

These problems cannot be solved in a piecemeal fashion. The Borough should retain the assistance of a consulting firm to develop recommendations for Council.

What is to be achieved?

The Borough Council should retain the services of a consultant to develop an organization chart, job descriptions, and policies and procedures for the day-to-day operation of the Borough

The Borough Council should, by ordinance, adopt the organization chart, job descriptions, and policies and procedures.

What is the likely outcome?

The Borough should be able to adopt a structure that will make the Borough government both more effective and more efficient.

What is the timing?

The Council should undertake this effort in 2008

Who is responsible?

The Borough Council

Public Safety Director

The Borough should consider changing the public safety organizational structure to establish better reporting lines and more efficient operation and a more visible presence in the Borough hierarchy. The cornerstone of the redesign is the creation of a Public Safety Director position.

The desk officers/apparatus operators are actually subordinate to three separate supervisors: the Borough Manager, the Police Chief and the volunteer Fire Chief.

In the change in the structure, the Police Chief would be moved into the position of Public Safety Director (PSD). The current reporting lines in the police department would not change. For fire operations, the Public Safety Director would have ultimate authority over all fire-related operations

What is to be achieved?

The organizational structure of the fire protection system should be redesigned to establish better reporting lines, more efficient operation and

a more visible presence in the Borough hierarchy. The cornerstone of the redesign is the creation of a Public Safety Director position.

The Police Chief should be named the Public Safety Director with responsibility for both police and fire.

What is the likely outcome?

The result would be a more efficient and effective public safety organization. Some of the benefits include:

- A single individual responsible for both facets of public safety.
- Inclusion of the fire department as a part of the Borough management team.
- Clearly defined reporting lines within both the paid and volunteer fire staff.
- Increased responsibilities assigned to the driver/operator more in line with their compensation package.
- More consideration of the volunteer fire department's needs.
- More cohesion between the paid and volunteer staff.
- More cohesion between the police staff and fire staff.
- Fire protection needs and decisions would receive the full attention of the Borough Administration.

What is the timing?

The process of gaining support for the reorganization among the volunteer firefighters and other stakeholders should begin in 2008.

Who is responsible?

The Borough Council, Borough Manager and Police Chief

Priority Three: Controlling Costs

Public Safety Costs

Dormont Borough provides paid police and partially paid fire protection and bears the cost of providing this protection. Police costs, without benefits, made up 25 percent of total expenses in 2006. With benefits, the total cost of police protection made up 28 percent of total expenditures. If debt service is removed from the equation and only on-going operating expenditures are considered, police protection, with benefits, made up 33 percent of these expenditures in 2006. Fire protection adds another 7 percent to this total. In 2006, public safety costs made up 40 percent of the Borough's on-going operating expenses.

These costs have been increasing at a rate of six percent per year while the total costs have been increasing at a rate of slightly over two percent per year. The Borough cannot plan for a healthy financial future without addressing these costs.

What is to be achieved?

Increases in public safety costs should be kept in line with increases in other costs.

What is the likely outcome?

The Borough should be able to maintain the same level of service while holding down public safety costs. A reduction in the cost increase from six percent per year to three percent per year could save \$66,000 each year.

What is the timing?

This process should begin in 2008.

Who is responsible?

The Mayor, the Borough Council, and the Borough Manager

Overtime Costs

In 2006, almost ten percent of the police and fire departments expenditures were devoted to overtime expenses.

What is to be achieved?

Changes in the fire department, including additional volunteers, reducing the call back minimum to one hour and extending the work week from 40 to 42 hours could reduce the need for overtime.

The Police Chief should continue to monitor all aspects of the police operations as it relates to causes of overtime and take corrective action where it is warranted.

What is the likely outcome?

The Borough would be the ability to improve the present level of service while reducing overtime costs. The costs in the police and fire departments can be reduced while retaining the same level of service. A 25 percent reduction in overtime costs could save the Borough over \$35,000 a year.

What is the timing?

The problems with overtime costs should be addressed in 2008.

Who is responsible?

Borough Council and the Borough Manager

Employment Costs

In 2006, labor costs, including wages, salaries and benefits made up 54 percent of the Borough's expenditures. Unfortunately, the Borough has only limited ability to control these costs. The increases in the cost of health insurance are being felt by almost all employers. In cooperation with employees, however, there is some room for the Borough to limit these costs.

Health Benefits

The employer contributions to health insurance costs make up about two-thirds of the total benefit costs. The Borough offers medical, dental, vision and health insurance to all full time employees.

There is a growing trend toward requiring employees to cover a portion of the benefit costs. The International City/County Management Association surveyed municipalities with populations of 2,500 or more on health care plans in 2002. The survey revealed that 99.5 percent of the 3,101 municipalities that responded offer health insurance. Only 62.3 percent offered health insurance to retired employees. Fewer than half, 44.7 percent, did not require a premium contribution from union employees. Over half of the municipalities said that they were either likely to increase the premium paid by employees (47.1 percent) or that they were going to pay more (11.9 percent) in the next two years. (ICMA, Health Care Plans for Local Government Employees, 2002)

A 2006 Federal survey of private sector employers found that 62 percent of the employers offered health care benefits to current employees. Seventy-five percent of workers participating in a care plan made a contribution to plan premiums for single coverage and 87 percent for family coverage. The average contribution for single coverage was 18 percent of the premium, and for family coverage, 30 percent of the premium. (Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2006)

What is to be achieved?

The Borough should seek employee contributions to health care. It is not unusual to for employees to pay at least ten percent of health care insurance premiums.

The Borough should seek increases in the premiums paid by retired employees.

The Borough should determine which current and former employees have adequate health insurance from another source such as a spouse or a

second job. The Borough should encourage these employees to opt out of the Borough's health benefits.

What is the likely outcome?

A ten percent contribution from employees and an additional ten percent from retirees could save the Borough over \$30,000 a year. As health care insurance costs are likely to increase at a rate of 8 to 12 percent per year, the savings will increase as well.

What is the timing?

Discussions with the employee bargaining units should begin in 2008.

Who is responsible?

The Borough Council and Borough Manager

Labor Contracts

The Borough has been able to hold the line on total wages and salaries. This has been accomplished by cutting back in the non-uniformed departments. There are, however, limits to how far the Borough can go with staff cuts. The Borough must be able to control wage and salary expenses with unionized employees.

What is to be achieved?

All new labor agreements should not contain, require or provide for any of the following:

- New overtime or premium pay requirements;
- Any increase in overtime or premium pay requirements;
- New benefits;
- Any improvements in existing benefits;
- Any new paid or unpaid leave;
- Any improvements to existing paid or unpaid leaves;
- Any additional pay for time not worked;
- Any improvements in existing pay for time not worked;
- Any new designations that time not worked counts as time worked for the purpose of computing overtime or premium pay or increases in existing designations of same;
- Any new benefits for retirees or other inactive employees (e.g., those in lay-off or disability status);
- Any improvements in existing benefits for retirees or other inactive employees;

- Any other term or provision which adds any new or additional restrictions on the Borough's management rights;
- Any provision for minimum staffing levels; and
- Any provision which restricts or impairs the Borough's ability to affect a layoff or other reduction in its workforce.

What is the likely outcome?

The Borough will limit labor cost increases to increases for time worked.

What is the timing?

Discussions with employees should begin as the contracts come up for renegotiation.

Who is responsible?

The Borough Council and Borough Manager with the assistance of either the Borough solicitor or a labor attorney

Training

Proper training can increase productivity without increasing costs.

What is to be achieved?

All staff should have the training, support, and information they need for the most positive and effective use of the equipment and other resources of the Borough. When there is a change, whether it is a new piece of equipment or a change in procedures, the Borough should provide the training that is necessary to take advantage of the change.

What is the likely outcome?

More productive employees

What is the timing?

This should be ongoing.

Who is responsible?

The Borough Manager and department heads

Outsourcing

The Borough should subject all of its functions to a "yellow page" test. If there are public and private providers that can deliver the same or a better level of service at a lower cost, the Borough should examine the feasibility of using such providers to deliver the service. In the business world this is often referred to a "make or buy decision."

There are some immediate changes that could have an impact on Borough operations and costs.

What is to be achieved?

The Borough should review the services that it provides on a regular basis to determine if the services are being provided in a cost effective fashion.

There are a number of immediate opportunities for potential cost savings. They include these of an outside contractor for current earned income tax collections, the increased use of joint purchasing and equipment sharing, and the use of lock box arrangements for tax collections

What is the likely outcome?

Long-term savings can be produced by regularly testing each function to determine if it should be provided in house or turned over to public or private providers.

The Borough will maintain the same level of services at a lower cost.

What is the timing?

The Borough should review all major functions on an annual basis as part of the preparation of the following year's budget.

Who is responsible?

The Borough Manager and department heads

Priority Four: Managing Revenues

The Borough depends on three major revenue sources. They are taxes, departmental charges and fees, and intergovernmental grants.

Maximizing Tax Revenues

The Borough is in the unfortunate position of having a high property tax rate and, with the adoption of base year assessment system by Allegheny County, a tax base that is not growing. Following the property tax rate increase, the current property tax collection rate dropped by about three percent. The 2006 rate was 92 percent. It should be over 95 percent. Earned income tax revenue also has not been growing.

Ideally, property tax revenues should grow at a rate comparable to inflation so that increases in revenues can keep up with increases in cost. The revenue increases can be generated through a combination of stepped up current collections, more aggressive delinquent collections, monitoring assessment appeals to avoid decreases in the tax base and, as a last result, increases in the property tax rate. Further property tax rate increases, however, may not be in the best interest of the Borough as the current millage is the highest municipal millage in the County.

What is to be achieved?

The Borough should strive to increase tax revenues.

- The current property tax collection rate should be over 95 percent.
- The Borough should remain aggressive with delinquent collections.
- The Borough should continue to partner with the School District on monitoring and challenging assessment appeals.

What is the likely outcome?

Tax revenues should increase, hopefully without a real estate tax rate increase. For each one percent increase in the current collection rate, tax revenues should increase by \$35,000. A collection rate of over 95 percent could generate an additional \$100,000.

What is the timing?

This effort should be on-going.

Who is responsible?

The Borough Council, the Borough Manager and the Elected Tax Collector.

Auditing Tax Collections

An outside agency collects the earned income tax, and the emergency and municipal services tax for the Borough. The contract with the collection agency is managed by the Borough Manager. Unfortunately, the agency has not provided the Borough with the information needed to determine if the tax revenues are accurate and timely. This has been identified as a problem by the Borough's outside auditor.

This is a chronic problem, not only for Dormont, but for many municipalities and school districts in Pennsylvania.

What is to be achieved?

The Borough should insist on receiving detailed information from the outside tax collector so that the Borough can verify if the tax receipts are accurate and timely.

The Borough should insist on selective audits of the employers in the Borough to determine if withholding is correct.

What is the likely outcome?

The performance of outside tax collection agencies should improve.

What is the timing?

The Borough should continue with its current efforts.

Who is responsible?

The Borough Manager

Computerizing the Tax Collection Office

The Tax Collector maintains a paper record-keeping system. This system has been identified as a potential problem by the Borough's outside auditor because of the inherent difficulties with extracting information from a paper system. The Tax Collector does not use lock box arrangements with a bank. Because the Tax Collector receives a salary for his services, the use of a computerized property tax system and bank lock boxes could reduce the Tax Collector's workload, but it would not reduce the Borough's tax collection costs.

What is to be achieved?

The Borough should consider using real estate tax-collection software and lock box arrangements for real estate tax collection.

What is the likely outcome?

The use of these techniques should decrease processing time and provide timely reports for the Council and Manager.

What is the timing?

This could be implemented in 2008.

Who is responsible?

The Borough Council and the Elected Tax Collector

Setting Charges and Fees

Fees, charges and departmental earnings provided seven percent of the Borough's revenues in 2006. These fees and charges should be sufficient to cover the costs of the activities associated with the fees including direct and indirect overhead costs.

What is to be achieved?

The Borough should review its fee and charge structure to insure that the charges and fees cover all of the costs associated with the charges and fees including all overhead costs.

There are two areas that could receive special attention. The Borough should increase the fees available to the Code Enforcement department to enable it to expand its scope of activities. The Borough should establish a categorized fee schedule for emergency response services and begin billing for those services. The Borough can also impose a rental inspection fee and alarm permit fees. This would expand the resources available to the Fire Department.

What is the likely outcome?

General government, public safety, and parking fees, permits and departmental earnings generate over \$400,000 each year. If these are adjusted upward to cover inflationary cost increases, the Borough should generate an additional \$12,000 each year. If some fees and charges are currently below cost and are adjusted upward, the Borough will receive additional new revenues.

Billing of fire services could generate an additional \$10,000; alarm permit fees, \$17,500; and rental inspection fees, \$28,000.

What is the timing?

Fees, permits and departmental earnings should be reviewed at least every other year to keep them current with the Borough's costs.

Who is responsible?

The Borough Council and Borough Manager with the assistance of department directors

Securing Grants

Intergovernmental revenues have made up between five and eight percent of the Borough's revenues. Most of the revenues are shared revenues including pension aid and the RAD tax relief distribution. Some of the revenues are grants for specific projects and programs. In the past, these grants have exceeded \$100,000 in some years and been less than \$10,000 in others. Future grant opportunities could include the consideration of a regional police department, information technology upgrades, a pool project, and staff training.

What is to be achieved?

The Borough should be aggressive in identifying and securing government grants.

What is the likely outcome?

The Borough will increase intergovernmental revenues and improve services.

What is the timing?

This should be on-going.

Who is responsible?

The Borough Manager and the Department Directors

Priority Five: Intergovernmental Cooperation

Pennsylvania has a long tradition of using the large number of municipal governments in any one region to deliver the menu of local government services. This has implications for the cost and quality of local services, especially since there is increasing pressure to provide more service at less cost. Closely related are decisions related to which governmental entity is best able to provide a particular service and whether some local entities are capable of continuing effectively in their present form.

In the recent July 2006 IssuesPA/Pew Poll, participants said local governments should work together, not separately. Specifically, there was consensus that local governments should work together more and have common regional plans for land use and development. Nearly 70 percent surveyed said local governments should work together, rather than independently, on land use and development issues. (*IssuesPA*)

Fire Services

It is important that Dormont continues to provide immediate response to fire related emergencies. The present system utilizing paid drivers and an independent volunteer fire company is only one of several models that could be used, however. There are two other approaches that could be used.

What is to be achieved?

Alternate methods of providing for immediate fire emergency response should be considered.

- Consolidate with willing partners to form a fire protection district.
- Contract with a neighboring jurisdiction for first-response services.

What is the likely outcome?

Both alternatives have advantages and disadvantages. The creation of a fire protection district could be difficult. The alternative, contracting with either Mt. Lebanon or Pittsburgh, could provide savings of \$75,000 a year or more while maintaining or improving the current level of service.

What is the timing?

The consideration of the two alternatives should begin in 2008 with possible implementation in the 2009 or 2010 budgets.

Who is responsible?

The Borough Council and the Borough Manager

Police Services

The Borough of Dormont, like many other municipalities in the Commonwealth, is painfully aware of the rising costs associated in providing basic services to its citizens. Based on the police budget data presented in this report, and future projected police costs, the Borough is well aware of the ever increasing costs associated with providing police services.

There are a number of administrative steps that the Borough can take to hold the line on costs. These include mutual aid agreements, joint purchasing, participation in regional task forces, and the creation of a joint lock up.

There are two other major intergovernmental cooperative efforts that have been undertaken by many municipalities in Pennsylvania to not only save money but to provide an equal or better police service to its citizens. These are the regional police concepts of Contracted Police Services and Consolidated Police Services. Listed below is a summary of these concepts of policing in Pennsylvania.

It should be noted that, in the past, the Borough of Dormont has explored the possibility of consolidating their police services with neighboring Castle Shannon Borough and Baldwin Township. In 1994, a feasibility study was conducted by the State's Department of Community Affairs that indicated considerable savings and a "fuller" range of police services to protect the three communities.

What is to be achieved?

The Borough should take the lead in again pursuing talks with Castle Shannon and Baldwin Township in starting a dialogue on the issues of police consolidation. Once "common ground" has been achieved, the Borough should pursue a regional police feasibility study through the GCLGS, Police Peer Management Program.

What is the likely outcome?

A regional police force could provide the same level or service at a reduced cost.

What is the timing?

Conversations with neighboring municipalities should begin in 2008

Who is responsible?

The Borough Mayor, Borough Council and Borough Manager

Joint Borough and School District Initiatives

School districts share many of the challenges that face municipalities. They struggle with the need to meet community expectations with limited resources. There are opportunities for cooperation between local governments and school districts that can increase services while addressing pressing fiscal issues. The two already cooperate in a number of areas including tax collections, monitoring assessment appeals and crossing guards.

What is to be achieved?

The Borough should partner with the school district on a number of fronts. These include:

- Marketing the community to potential residents and businesses
- Pursuing joint recreation and library programs
- Addressing the pressing issues around taxation and financial planning
- Addressing public safety issues

What is the likely outcome?

Improved services for the residents of the Borough.

What is the timing?

This should be an ongoing initiative

Who is responsible?

Borough Council

Cooperation with Allegheny County

The Borough already cooperates with Allegheny County on a number of public safety issues including 9-1-1, police services, and property assessment and taxation. The County provides a wide range of services to Borough residents and business owners. The County Department of Development is managing the TRID planning for the Borough. The proposed multi-municipal comprehensive plan update provides another opportunity for cooperation with Allegheny County.

What is to be achieved?

The Borough should engage in multi-municipal planning with Green Tree Borough as a potential partner and coordinate that planning effort with comprehensive planning conducted by Allegheny County.

What is the likely outcome?

An updated comprehensive plan can serve as a guide for residential and business development in the Borough and coordinate uses in a larger area.

What is the timing?

This should be an ongoing initiative

Who is responsible?

Borough Council

Legislative Initiatives

Local governments in Pennsylvania (including cities, townships, boroughs, counties and special districts) are ‘creatures’ of the state government. The restrictions imposed by the Legislature can be onerous for municipalities. There are some legislative reforms that are an essential part of the fiscal recovery of the Borough.

What is to be achieved?

The following reforms should be advocated by the Borough as part of the recovery process.

- Legislation that would create uniformity of assessments throughout the Commonwealth is essential for economic development and fair property taxation. The legislation should provide for regular reassessments and the use of current fair market value for taxation purposes.
- Act 111 controls the collective bargaining process for police and fire employees. The legislation must be amended to recognize the municipality’s ability to pay in the arbitration process. Currently this is the case only in Act 47 municipalities. The legislation must be amended to create level playing field that would lead to a negotiated settlement short of arbitration. Currently there is no advantage for labor to stop short of arbitration.
- The Commonwealth of Pennsylvania has granted property tax exemptions to non-profit, public education, and religious institutions. Municipalities are unable to tax these institutions but are still required to provide them with services. The legislature should provide programs that use state funds to provide at least partial reimbursement for these services.

What is the likely outcome?

These legislative changes would make it easier for the Borough to tend its own business, improve revenues, and hold down costs.

What is the timing?

This should be an on-going initiative

Who is responsible?

Borough Council

Other Intergovernmental Cooperation Initiatives

There are a number of other intergovernmental initiatives that are covered in the management audits of individual departments. Of particular importance is joint purchasing.

The intergovernmental partnerships should include increased use of the Council of Governments and other existing partnerships, and increased cooperation with neighboring municipalities with equipment sharing, service sharing, and even consolidated functions. The management audit of the Police Department concluded that the only way to control costs and improve service in the department is through intergovernmental cooperation.

Priority Six: Community Sustainability

There are a number of critical elements that contribute to community sustainability. They include careful planning that focuses on real possibilities, good community housekeeping through code enforcement, and the active engagement of residents and business owners in the life of the community.

Planning

The portrait of the Borough is slightly negative with respect to population loss and commercial vacancies but positive with respect to the condition of private structures and infrastructure such as parks, streets, schools and the municipal building. Clearly a well-maintained place is necessary to attract shoppers and future residents.

Dormont Borough has no obvious, pressing community development planning issues. A general issue with land use implications is the relative lack of a non-residential tax base. The major opportunities are the potential development at Dormont Junction and the Potomac Station area currently being explored through the Transit Revitalization Investment District (TRID) process. Other current positive steps include the Main Street program and a multi-municipal comprehensive plan up-date. The Borough and the Dormont Community Development Corporation have partnered on an effort to receive Main Street designation. The Borough should also cement its cooperation with Green Tree Borough to prepare a new comprehensive plan due to the benefits and incentives offered by the state for planning on a multi-municipal basis. There are other development opportunities at other sites including the swimming pool site.

Undertaking a multi-municipal comprehensive plan with Green Tree and, perhaps, others who are willing to participate will provide an excellent vehicle to think about the many elements in the community's life. A comprehensive plan can be an important component in the business planning in Priority One. The plan should include:

- A vision of the community in 20 years
- A statement of objectives for future development
- Economic and commercial development
- Land use
- Housing
- Transportation including all modes of travel, trails and parking
- Community facilities such as parks, pools and playgrounds
- Community utilities such as water, sewer and storm water management

- Energy conservation
- Protection of natural and historic assets, and community character

There are no major community development threats to the municipality requiring immediate action. The high percentage of rental residential units and commercial vacancies should be monitored. The latter should be a primary focus of the Main Street Program. The question is how to stabilize or grow the population and right-size the commercial uses. The TRID process and Main Street Program are current attempts to meet these challenges.

What is to be achieved?

The Borough should continue with the present initiatives and commit to implementing the actions recommended by these initiatives. Specifically, the Borough should

- Update the Borough comprehensive plan
- Develop and business retention and growth strategy taking advantage of the Main Street program and the TRID planning
- Complete the TRID planning process
- Continue to support the Main Street and Elm Street initiatives
- Take advantage of the civic engagement around the pool to complete the plan for the pool.

What is the likely outcome?

These initiatives could support and increase both residential and commercial development in the Borough. This development should improve the Borough's tax base.

What is the timing?

These should be on-going.

Who is responsible?

The Borough Council and the Borough Manager

Code Enforcement

Code enforcement can be an important element in the development of a community as an attractive place to live, work and play.

The primary responsibility of the Building Inspection and Code Enforcement Department is oversight of all new construction in the Borough. The staff receives building permit applications, reviews and

approves drawings, performs construction inspections, conducts final inspections and issues Certificates of Occupancy.

There are opportunities in Code Enforcement that could give the department an expanded role.

What is to be achieved?

There are a number of steps that could be taken to improve code enforcement and to make the Borough a more attractive place to live, work and play.

- A full-time credentialed inspector should be added to the Building Inspection and Code Enforcement Department staff.
- A proactive fire inspection program should be initiated.
- A fire prevention permit system should be implemented along with the proactive fire inspection program.
- Yearly permits should be required for all occupancies within the Borough that are protected by private alarm systems.
- The tenant registration program should be modified to improve effectiveness and increase revenue.

Any expansion of the duties of the department should be accompanied by changes in the fee schedule to make the new initiatives self-supporting.

What is the likely outcome?

The adoption of these recommendations would allow the Borough to expand and improve upon the current Building Inspection/Code Enforcement program without a net increase in costs.

What is the timing?

The potential changes in the Code Enforcement Department should be considered in 2008 for inclusion in the 2009 budget.

Who is responsible?

The Borough Council and the Borough Manager

Civic Engagement

Dormont Borough, as with most local governments, attempts to engage residents and local business owners in the growth of the community. This engagement can extend from participation in the political process and service on boards and commissions to providing input in public meetings and in surveys.

Civic engagement is vital to sustainability. Without the input from residents and business owners in the form of their ideas and their time, a community can lose its sense of purpose and even its identity.

As part of the Early Intervention Program process, the LGA held focus group discussions with a number of residents and business owners. The participants provided their comments on the Borough's strengths and weaknesses. The participants came up with a number of recommendations that could address immediate problems.

- Market your community to your community members. Share successes, activities, ideas in a very public manner. Newsletters, website, community meetings.
- Find a volunteer to coordinate a group of community volunteers. The younger people at the meeting were very enthusiastic about this idea.
- Temper the negative interactions of Council members.
- Engage the business community. Consider hiring someone to market the vacant stores.

The Borough has a Website that provides users with information about Borough programs and services as well as keeping users up-to-date on Borough activities. The Borough has sought support for and participated in the Main Street program and the TRID planning process.

What is to be achieved?

The Borough should continue to take a proactive role in engaging residents and business owners in the life of the community. This could include the continuation of present public private partnerships, regular resident surveys, opportunities to use the Borough Website to solicit comments on Borough services and programs, and increased recruitment of volunteers to help provide services. Specifically, the Borough should:

- Actively seek business participation in planning
- Assist the business community in developing a marketing plan for the business district. Support the Main Street program and pursue companion Elm Street Program.
- Develop a landlord/realtors relationship taskforce to address common issues such as tenant registration, property maintenance, and parking
- Address confidence in Borough government by improving the conduct of Borough business, and increasing cooperation among Council members and between Council and staff
- Engage the community's strong social networks in churches, clubs and other civic organizations

What is the likely outcome?

Community engagement can increase both purpose and identity, improve Borough services and contribute to the long-term viability of the community.

What is the timing?

This should be on-going.

Who is responsible?

The Borough Council and the Borough Manager

Potential Impact of Recommendations

The recommendations in this report cover a wide range of activities. Not all of them are directed at either increasing revenues or reducing costs. Many are directed at improving the effectiveness of current operations and the services provided to the residents of the Borough.

The projections provided in the second part of this report indicate that without any changes, the Borough would have a shortfall of \$689,000 in 2012. The shortfalls in the next two years may not be great, but they will begin to balloon beginning in 2010 as the lack of increased tax revenues and cost inflation begin to catch up to the Borough.

Revenue and Expenditures Projection

	2008	2009	2010	2011	2012
Core Revenue	\$6,611,952	\$6,656,147	\$6,684,497	\$6,713,524	\$6,743,255
Core Expenses	\$6,645,266	\$6,813,821	\$7,018,170	\$7,230,641	\$7,431,921
Surplus (Deficit) after Adjustments	(\$33,314)	(\$157,674)	(\$333,674)	(\$517,117)	(\$688,667)

Borough officials should keep in mind that controlling deficits is a year-in, year-out process. Each year as the Borough prepares its budget for the following year, the Council and staff will have to struggle to find a combination of additional revenues and savings to balance the budget. These additional revenues and savings will be carried forward to become part of the solution in subsequent budgets.

The financial impact of many of the recommendations will not be immediately known. For example, additional training should improve employee productivity, but the cost savings are difficult to estimate. In addition to this, there may be not significant cost savings. The pay-off may come in improved levels of service.

It is possible to estimate the financial impact of some of the recommendations. These recommendations can provide significant reductions in the short falls before 2010. The potential impact of these recommendations, while significant, is not enough to erase the projected deficits after 2010,. In addition to this, if the implementation of the recommendations is delayed, the positive impact will be less.

Potential Revenue Increases

Increasing the current real estate collection rate to over 95 percent	\$100,000 a year	Factored into the projections
Increasing fees by 3 percent per year	\$12,000 more each year	Factored into the projections
Rental Inspection Revenues	\$28,000 a year	
Alarm Permit Revenues	\$17,500 a year	
Fire Service Revenues	\$10,000 a year	

Potential Cost Savings

Hold public safety cost increases to 3 percent per year	\$66,000 savings each year	Factored into the projections
25 percent reduction in public safety overtime	\$35,000 a year	
10 percent contribution from employees and retirees for health care	\$30,000 a year	
Contract out fire service	\$75,000 a year	
Use of part time drivers	\$40,000 a year	
42 hour fire work week	\$7,000 a year	
Add code enforcement responsibilities to desk officer/apparatus operator	\$15,000 to \$20,000 a year	

Impact of Additional Revenues and Expenditure Reductions

	2008	2009	2010	2011	2012
Surplus (Deficit) after Adjustments	(\$33,314)	(\$157,674)	(\$333,674)	(\$517,117)	(\$688,667)
Additional Revenues					
Rental Inspection Revenues	\$28,000	\$28,840	\$29,705	\$30,596	\$31,514
Increase at 3 percent per year					
Alarm Permit Revenues	17,500	18,025	18,566	19,123	19,696
Increase at 3 percent per year					
Fire Service Revenues	10,000	10,300	10,609	10,927	11,255
Increase at 3 percent per year					
Additional Fee Revenues	\$55,500	\$57,165	\$58,880	\$60,646	\$62,466
Cost Savings					
25 percent reduction in police overtime	\$35,000	\$36,050	\$37,132	\$38,245	\$39,393
Increase at 3 percent per year					
10 Contribution for health care premium	30,000	32,400	34,992	37,791	40,815
Increase at 8 percent per year					
Use of part-time drivers	40,000	40,000	40,000	40,000	40,000
42 hour fire workweek	7,000	7,210	7,426	7,649	7,879
Increase at 3 percent per year					
Desk officer/code responsibility	15,000	15,000	15,000	15,000	15,000
Savings	\$127,000	\$130,660	\$134,550	\$138,686	\$143,086
Impact	\$182,500	\$187,825	\$193,430	\$199,332	\$205,552
Surplus (deficit) after impact	\$149,186	\$30,151	(\$140,244)	(\$317,785)	(\$483,115)

The Borough will have to consider other steps, including using reserves, tax rate increases, and the use of one-time revenues and staff reductions to balance future budgets. The expiration of the current labor contracts at the end of 2009 may offer an opportunity for additional savings.

One-time revenues have fluctuated from year to year, but they may be available to close part of the gap in some of the years.

Cuts in staffing could reduce expenditures. These cuts could be the result of contracting out some services such as current tax collection, and equipment and vehicle repairs.

In addition to this, some of the other initiatives such as the rental, business and property registration programs, and joint planning and cooperation with neighboring municipalities could generate both additional revenues and cost savings.

Finally, as the Borough grapples with each budget, it will find ways to match revenues and expenditures. The changes made each year, as they are carried forward, will reduce the projected deficits in future years.

Step Six: Five-Year Plan Implementation

The five-year plan should become institutionalized in the Borough's government.

The Implementation Team

The Borough Council should appoint a team to implement the plan.

- Appointment of an implementation manager. The Manager would be the logical choice as implementation manager as many of the actions will have to be directed by the Manager.
- Appointment of an implementation team made up of Borough officials including Council members and community volunteers based on the major action steps in the plan.

Inclusion of private sector counterparts to work with the implementation team would provide expertise that the government staff may not have and encourage community buy-in.

- The implementation manager and team should be staffed so that there can be systematic follow-up on all of the actions. The staff could be drawn from existing Borough staff or interns from local colleges could be used.
- A regular reporting schedule that tracks both action step progress and financial results. The reporting should be done both on a quarterly and annual basis. The reporting could involve the private sector partners in the reporting process.

The Quarterly Report

Four times a year, the implementation manager should submit a quarterly report at a public meeting of the Borough Council. At a minimum, the content of this report should:

- identify the plan recommendations that have been accomplished;
- recognize those employees and individuals who contributed to their attainment;
- identify plan recommendations that have fallen behind scheduled implementation;
- identify the most likely obstacles that are impeding implementation; and
- propose a revised implementation schedule to get those objectives back on track.

The Annual Report and Update

Annually, on or around September 1, the implementation manager should submit an annual report on the financial state of the government. The report would also update the plan by adding another year to the projections and actions. At a minimum, the content of this report should:

- summarize the successes and failures identified in the quarterly reports;
- assess, through trend analysis, the overall changes that are occurring in the community that may have significant fiscal impacts on the government's budget;
- extend the financial projections for an additional year to enable the Borough to look forward five years;
- propose new strategies that need to be taken to aid the government's return to fiscal solvency;
- overview the long-term infrastructure needs of the community and propose financing and debt management strategies to address those needs;
- set broad fiscal goals for the upcoming annual budget of the government;
- assess and identify opportunities for regional cooperation with local governments, the county, and the Commonwealth; and
- amend the multi-year plan adding the new and revised objectives. Each new or revised objective should identify:
 - Outcomes
 - Who should have the primary responsibility for the objective
 - The timing and deadlines for each action step
 - The budgetary impact

Development and submission of the annual report that summarizes the quarterly reports and provides a broad overview of the financial situation facing the Borough can serve as the guidebook for development of the next year's operating budget. This annual report must proceed or coincide with the annual budget process and should be used by the Borough in the formation of the budget for the ensuing year.