2021

City of Aliquippa
Beaver County

2021 Exit Plan Amendment
Extension Under Act 23 of 2020
Pursuant to Section 256 of Act 47

Municipalities Financial Recovery Act
(Act 47 of 1987, As Amended)

Prepared by:

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2019 Exit Plan
Adopted April 3, 2019

2021 Exit Plan Extension
Adopted September 8, 2021

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ACKNOWLEDGEMENTS

The Act 47 team would like to thank the Aliquippa City officials, management, and staff for their cooperation and assistance in preparing this *Amended Exit Plan*. Quality City leadership provides for a sustainable future for City residents.

ELECTED OFFICIALS

Dwan B. Walker	Mayor
Art Piroli	Council – Public Safety
Donald C. Walker	Council - Accounts and Finance
Vacant	Council – Streets and Public Projects
Jennifer Milliner	Council – Parks and Public Property
Lynne Kakiou	Treasurer

STAFF

Samuel Gill	City Administrator
Cheryl McFarland	Finance Director
James Bologna	Code Enforcement Officer
David Foringer	Fire Chief
John Lane	Police Chief
Alex Scott	Streets and Public Works

ACT 47 OVERSIGHT PROVIDED BY THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT GOVERNOR'S CENTER FOR LOCAL GOVERNMENT SERVICES

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INTRODUCTION

Section 254 of Act 47 of 1987, the Municipalities Financial Recovery Act, provides that municipalities operating under an Act 47 Recovery Plan are subject to a termination of financial distress designation on the date that is five years from the effective date of the most recent Recovery Plan. For the City of Aliquippa, the relevant Recovery Plan for this timeline is that Plan adopted on June 30, 2014 which established the scheduled Exit date as June 30, of 2019. Section 254 requires that the Recovery Coordinator complete a report, prior to the end of the five year period, evaluating the financial condition of the municipality, and reporting one of the following findings:

1) Conditions within the municipality warrant a termination of distressed status
2) Conditions are such that the municipality should be disincorporated
3) Conditions are such that the DCED Secretary should request a determination of a fiscal emergency, or
4) A three-year extension plan is warranted

On December 18, 2018, the Act 47 Coordinator held a public meeting to review the *Financial Condition Evaluation* and to take public comment. Written comments were received by the Coordinator through December 31, 2018 and a final *Financial Condition Evaluation* report was filed with the City and DCED on January 15, 2019 reporting that a three-year extension was warranted. Based on the *Financial Condition Evaluation,* the Coordinator filed an *Exit Plan* with the City and DCED on February 26, 2019 and scheduled a public meeting to take public comment on Wednesday, March 6 at 6pm at the Aliquippa City Building. The *Exit Plan* included strategies for ensuring a satisfactory exit from the Act 47 program no later than June 30, 2022. The Exit Plan was adopted by City Council by Ordinance No. 1 of 2019 on April 3, 2019

On May 29, 2020, as the COVID-19 pandemic entered its third month, Governor Wolf signed Act 23 of 2020 into law, providing an 18-month extension for municipalities designated as financially distressed under Act 47. For communities like the City of Aliquippa, the relevant provision is:

> "A municipality operating pursuant to a recovery plan under the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, shall be eligible for an 18-month extension beyond the time limit imposed under section 254 of the Municipalities Financial Recovery Act."

The City's Coordinator, in discussions with representatives from the PA Department of Community and Economic Development, has confirmed the negative financial impact of COVID-19 on City revenue and the City has elected to amend the *Exit Plan* to include an 18-month extension. **Pursuant to Act 23 of 2020, the City's new deadline to exit Act 47 designation is extended to December 30, 2023.** In light of this 18-month extension, the Coordinator has prepared this *Amended Exit Plan* setting forth and restating the initiatives and strategies required for Exit which are hereby incorporated with supporting detailed information and documentation:

APPENDIX A - Baseline Financial Projections are extended through 2023
APPENDIX B - Compensation and benefit limits pursuant to Act 133 of 2012 are extended through 2023.
APPENDIX C – Ordinance No. __ Adopting the Amended Exit Plan is included.

UPDATED FINANCIAL PROJECTIONS

Over the past several years, the City has taken positive steps to increase revenue collection, reduce staff where possible, limit costs for benefits, and adjust the benefit structure for legacy costs in the future. The City has also improved its collection processes and continues to evolve its best practices. The budget process now produces a conservative, reasonable revenue forecast and relies on better data for making expenditure projections.

AUDITED FINANCIAL STATEMENTS

As part of this updated and *Amended Exit Plan*, audited financial statements for 2011 through 2020 were examined and reviewed. The City's audited financial statements reveal that the City has generated less revenue than expenditures in six (6) of the last ten (10) years which has depleted cash reserves. **Table 1** provides the General Fund revenue and expenditure history for 2011 through 2020.

Impact of COVID

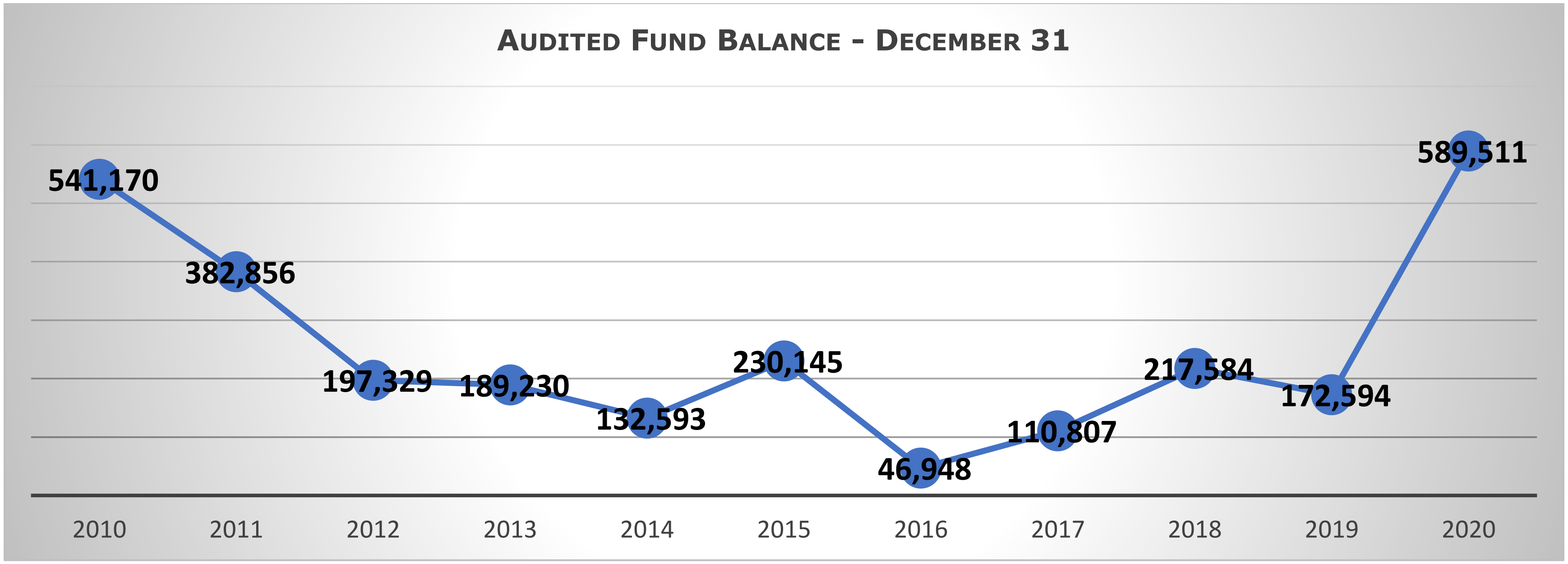
Although revenues have steadily risen over the years, expenditures have risen at a faster pace. For this reason, the City continued to experience structural deficits in several of its recent years. Actual numbers for 2020 indicate that the City, during the COVID pandemic, experienced a 1.8% increase in overall revenue because of strong collections early in the year for real estate taxes and deed transfer taxes. Fortunately, expenditures also decreased in several categories due to lower activity and requests for services.

TABLE 1. HISTORY OF REVENUE AND EXPENDITURES 2011-2020

Year	Revenue	Expenditures	Difference
2011	5,426,464	5,506,369	(79,905)
2012	5,056,073	5,241,600	(185,527)
2013	5,699,209	5,707,308	(8,099)
2014	5,882,249	5,938,886	(56,637)
2015	6,004,012	5,906,460	97,552
2016	6,081,006	6,264,203	(183,197)
2017	6,823,045	6,759,186	63,859
2018	6,847,832	6,741,055	106,777
2019	6,493,715	6,538,705	(44,990)
2020	7,032,938	6,616,026	416,912

SOURCE: CITY OF ALIQUIPPA, 2011- 2020 AUDITED FINANCIAL STATEMENTS, MARK TURNLEY, CPA

Figure 1 shows that the City's fund balance was depleted from a high in 2010 of $541,170 to a low of $46,948 in 2016. There are also huge and crushing facility and infrastructure needs that must be addressed. The 2020 audited fund balance demonstrates an increase to 2010 levels due to swift reimbursement from the federal government CARES Act for COVID related expenditures and cost containment during the 2020 pandemic.



SOURCE: CITY OF ALIQUIPPA, 2010- 2019 AUDITED FINANCIAL STATEMENTS, MARK TURNLEY, CPA

Although the City has implemented initiatives consistent with the Recovery Plan and made a concerted effort to contain costs, there continues to be considerable uncertainty about whether the City can achieve:

- Cash Solvency
- Budgetary Solvency
- Long-Term Solvency; or
- Service-Level Solvency

These solvency factors were each evaluated for long-term sustainability as part of this *Amended Exit Plan.*

COVID IMPACT ON 2020 REVENUE

During 2020 and through the first and second quarters of 2021, the Coordinator continuously monitored the negative impact of the COVID environment on the City's ability to generate revenue. This was done by comparing, on a monthly basis, the revenue generated in 2019 to the revenue generated in 2020 by revenue category.1 The year end results from December 31, 2020 are shown in **Table 2** below.

TABLE 2. COVID IMPACT ON REVENUE BY CATEGORY IN 2020

DESCRIPTION	YTD 2019 JAN-DEC	YTD 2020 JAN-DEC	$ Increase or (Decrease) from 2019	% Increase or (Decrease) from 2019
Real Estate Taxes	2,438,523	2,536,389	97,866	4.0%
Deed Transfer Taxes	70,132	89,783	19,651	28.0%
Earned Income Tax	765,839	764,027	(1,812)	-0.2%
Mercantile	49,313	43,829	(5,484)	-11.1%
LST Tax	202,934	206,515	3,581	1.8%
Mechanical Devices	25,005	2,165	(22,840)	-91.3%
Business Licenses and Permits	133,143	132,280	(863)	-0.6%
Fines and Restitutions	36,136	30,984	(5,152)	-14.3%
Interest Earnings	1,027	763	(264)	-25.7%
Payments in Lieu of Taxes	11,998	13,057	1,059	0.0%
General Government Fees	92,131	85,935	(6,196)	-6.7%
Public Safety Fees	120,829	77,631	(43,198)	-35.8%
Highways & Streets	-	6,037	6,037	100.0%
Sanitation	620,819	697,532	76,713	12.4%
Miscellaneous	107,891	76,582	(31,309)	-29.0%
Sale of Assets	12,738	9,855	(2,883)	100.0%
TOTAL	**4,688,458**	**4,773,364**	**84,906**	**1.8%**

1 In order to properly assess the revenue generation, one-time revenue sources such as grants, federal funding, and proceeds from the Tax Anticipation Note were removed from the comparisons.

Although the City experienced an overall 1.8% increase in revenue in 2020, several troubling trends in the collection of Earned Income Tax and Local Services Tax appeared beginning in April of 2020. The collection in 2020 trailed the collection from 2019 in nearly every month. EIT and LST typically increase by about 2.3% per year.

TABLE 3. EARNED INCOME TAX COLLECTION BY MONTH

MONTH	2019	2020	DIFFERENCE
APR	25,174	18,773	(6,401)
MAY	106,361	104,445	(1,916)
JUN	53,966	67,801	13,835
JUL	24,565	21,060	(3,505)
AUG	106,540	99,941	(6,599)
SEP	64,387	54,718	(9,669)
OCT	18,366	16,321	(2,045)
NOV	106,046	93,490	(12,556)
DEC	61,748	59,205	(2,543)
Total	**567,153**	**535,754**	**(31,399)**

FIGURE 2. EARNED INCOME TAX

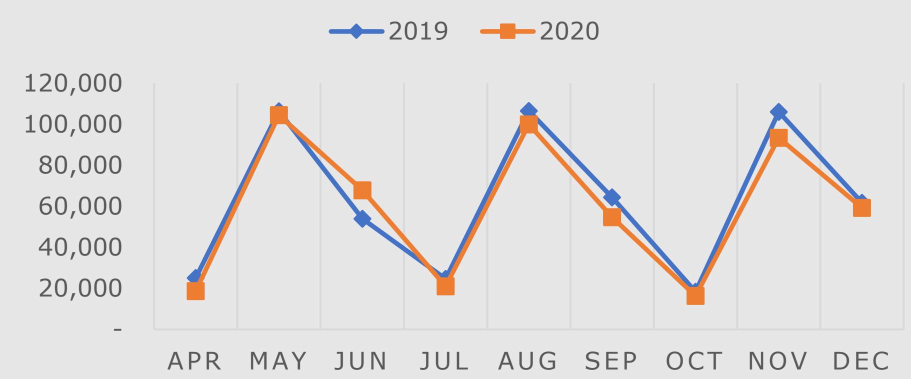
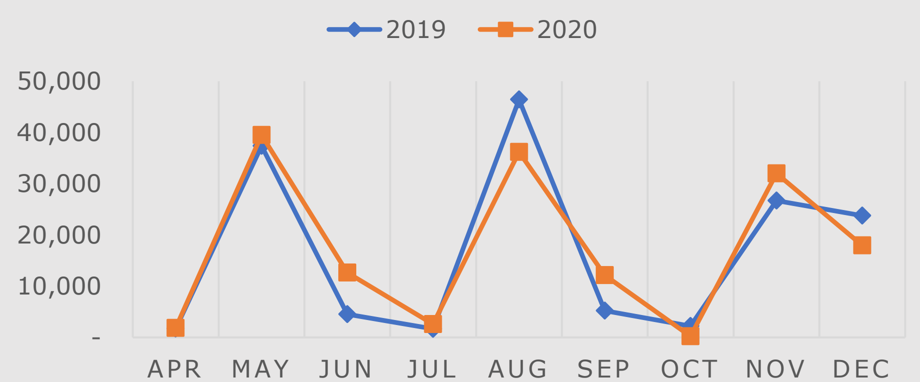


TABLE 4. LOCAL SERVICES TAX COLLECTION BY MONTH

MONTH	2019	2020	DIFFERENCE
APR	1,691	1,831	140
MAY	37,391	39,496	2,105
JUN	4,523	12,651	8,128
JUL	1,668	2,592	924
AUG	46,403	36,170	(10,233)
SEP	5,233	12,134	6,901
OCT	2,227	221	(2,006)
NOV	26,718	31,982	5,264
DEC	23,765	17,924	(5,841)
Total	**149,619**	**155,001**	**5,382**

FIGURE 3. LOCAL SERVICES TAX



As expected, business licenses, fines, and department fees also demonstrated significantly lower collection rates beginning in 2020 and continuing through the first and second quarters of 2021. The only factors that supported the City's ability to continue reasonable levels of service were: 1) Expenditures were 3.5% lower than in 2019 due to lower activity levels and fewer calls for service; and 2) the CARES federal funding provided reimbursement for COVID related expenditures.

COVID IMPACT ON 2021 REVENUE

In the first and second quarters of 2021, the negative impacts affecting revenue continued to be even more significant. **Table 5** provides comparisons of revenue by category for 2020 and 2021 through June 30, 2021.

TABLE 5. COVID IMPACT ON REVENUE THROUGH JUNE 30, 2021

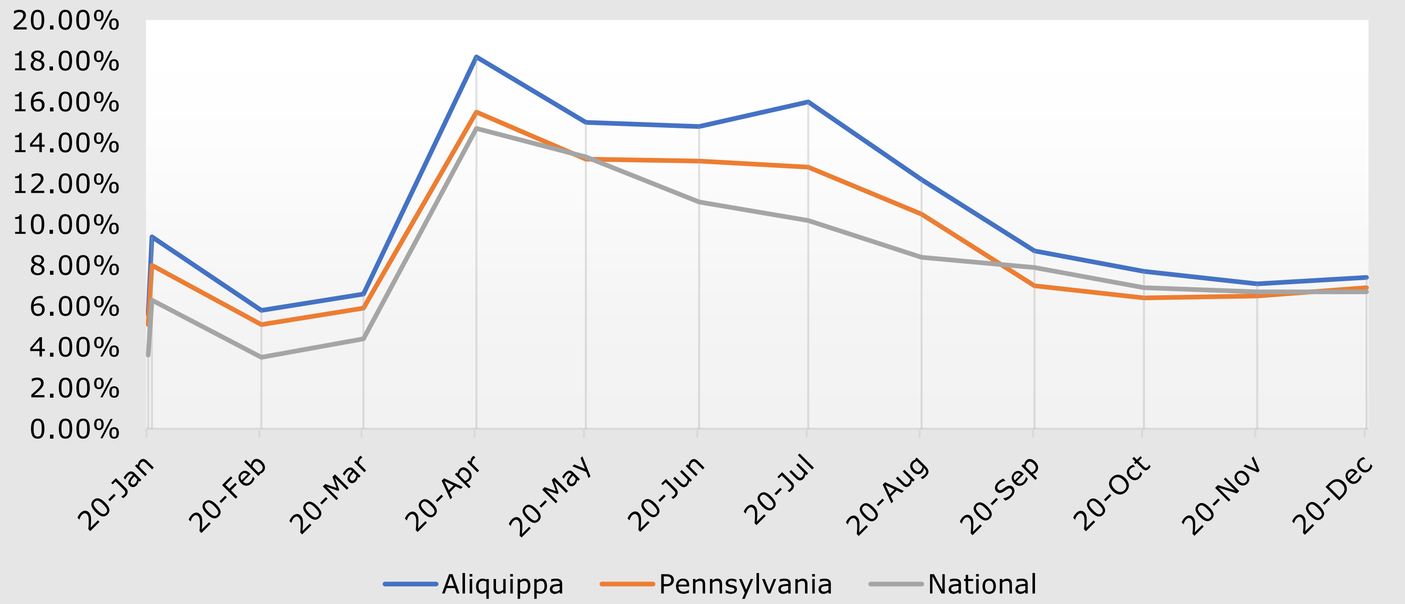
DESCRIPTION	YTD 2020 JUN	YTD 2021 JUN	$ Increase or (Decrease) from 2020	% Increase or (Decrease) from 2020
Real Estate Taxes	2,133,984	2,160,039	26,055	1.2%
Deed Transfer Taxes	41,851	67,690	25,839	38.2%
Earned Income Tax	419,291	382,101	(37,190)	-9.7%
Mercantile	24,373	23,981	(392)	-1.6%
Local Service Tax	105,493	100,399	(5,094)	-5.1%
Mechanical Devices	-	16,770	16,770	100.0%
Business Licenses and Permits	66,302	66,368	66	0.1%
Fines and Restitutions	15,105	14,248	(857)	-6.0%
Interest Earnings	526	110	(416)	-378.2%
State Shared Revenue	13,353	12,952	(401)	-3.1%
General Government Fees	7,580	11,459	3,879	33.9%
Public Safety Fees	25,631	58,665	33,034	56.3%
Highways & Streets	6,037	-	(6,037)	0.0%
Sanitation	445,379	404,890	(40,489)	-10.0%
Miscellaneous	57,545	35,960	(21,585)	-60.0%
Sale of Assets	9,855	-	(9,855)	0.0%
TOTAL	**3,372,305**	**3,355,632**	**(16,673)**	**-0.5%**

It is clear that the collections for Earned Income Tax, Mercantile Tax, Local Service Tax, and Fines continue to be negatively impacted. Sanitation fees may also be impacted as the months unfold. Real estate taxes and deed transfer taxes remain strong and some governmental fees seem to have recovered. Overall, the City's revenue decreased from 2020 levels in the first and second quarters by .5%.

ALIQUIPPA UNEMPLOYMENT RATE

Prior to the closing of businesses in March of 2020, the City's unemployment rate was 5.6% which was slightly higher than Pennsylvania and the national rates but still relatively low. By April of 2020, the unemployment rate had risen to 15.5% which was much higher than the state and national rates. The unemployment rate in the City remains at about 8% while the state rate is 6.9% and the national rate is 6.1%. For Aliquippa, the recovery has been slow and painful.

FIGURE 2. 2020 UNEMPLOYMENT RATES IN THE CITY OF ALIQUIPPA



SOURCE: HOME FACTS WEBSITE: [HTTPS://WWW.HOMEFACTS.COM/UNEMPLOYMENT/PENNSYLVANIA/BEAVERCOUNTY/ALIQUIPPA/HTML](https://www.homefacts.com/unemployment/Pennsylvania/BeaverCounty/Aliquippa/HTML)

The City has been hit hard with business closings and limited economic activity. The Act 47 team continues to work with Council to monitor all City revenue and to make adjustments to expenditures as necessary.

FINANCIAL PROJECTIONS 2021-2023

Table 6 provides revenue projections that include the expected continued impact from the COVID pandemic and the recovery associated with it over the next three (3) years.

TABLE 6. ACTUAL AND PROJECTED REVENUE 2018 - 2023

REVENUE Category	2018 Actual	2019 Actual	2020 Actual	2021 Projected	2022 Projected	2023 Projected
General Government	622,661	401,590	698,633	474,507	486,370	498,529
Tax Collection	88,882	88,799	87,529	89,717	91,960	93,799
Personnel	145,144	153,923	165,313	172,810	180,696	182,513
IT Services	67,670	31,159	40,397	40,397	40,397	40,397
Buildings	62,816	74,689	111,111	113,885	116,728	119,642
Police	1,594,450	1,626,284	1,527,777	1,478,302	1,520,285	1,563,468
Fire	855,289	866,058	832,422	843,211	864,292	885,899
Code Enforcement	26,470	72,714	90,717	92,985	95,310	97,692
Sanitation	594,933	613,021	621,505	637,043	652,969	669,293
Street Department	672,580	586,509	456,066	472,639	484,455	496,566
Traffic & Street Lighting	258,307	252,191	267,592	275,193	282,043	289,064
Contributions	13,000	13,000	13,000	13,000	13,000	13,000
Unemployment Comp	27,041	32,231	25,090	27,258	27,939	28,638
Insurance	80,716	100,529	119,304	193,521	203,197	213,357
Total Operating Expenditures	**5,109,958**	**4,912,697**	**5,056,456**	**4,924,467**	**5,059,639**	**5,191,857**

SOURCE: CITY OF ALIQUIPPA FINANCIAL RECORDS AND GRS FINANCIAL ANALYSIS

As shown, revenues are projected to be relatively flat over the next three years at approximately $5 million. These projections assume that no changes will be made to tax levies, fees, and rates for services.

SUMMARY PROJECTIONS - REVENUE OVER EXPENDITURES

Based on the Coordinator's review of the City's financial reports, audited financial statements, and revenue and expenditure trends, the forecast is that the City will continue to realize a slight decline in revenues through 2021. But a corresponding reduction in expenditures due to the implementation of *Exit Plan* strategies and the ability to use the American Rescue Plan Act (ARPA) funds to replace lost revenue will allow for small excesses of revenue over expenditures that will continue to stabilize the City's economic base. **Table 7** provides a summary of the projected revenue and expenditures for 2021-2023. **Appendix A** provides a more detailed analysis of the revenue and expenditure projections.

TABLE 7. SUMMARY REVENUE AND EXPENDITURE PROJECTIONS 2021-2023

FUND	CATEGORY	2020	2021	2022	2023
GENERAL FUND	TOTAL PROJECTED REVENUES	5,133,035	5,095,806	5,152,632	5,212,924
GENERAL FUND	TOTAL PROJECTED EXPENDITURES	5,056,456	4,924,467	5,059,639	5,191,857
TOTAL EXCESS OF REVENUE OVER EXPENDITURES		76,579	171,338	92,993	21,067

The total revenue in 2020 was enhanced by the strong collection of real estate tax which occurred prior to the shutdown of business activity in mid-March. Also, expenses were unusually low because staff positions were left vacant - it was almost impossible to recruit and schedule civil service examinations during 2020. Furthermore, the typical activity and events that generate personnel hours were mostly canceled due to the pandemic.

Revenue in 2021 continued to exhibit a negative impact from the COVID-19 environment but is expected to begin to rebound in the 2nd half of 2021 and into 2022. By 2023, the revenue should stabilize at about $5.2 million. Beginning in 2021, the City will adopt a Capital Improvement Plan by using the ARPA funds and unrestricted reserves that will regularly begin to address capital infrastructure, equipment, and technology needs on a regular basis. See **Appendix A** for a more complete review of the projected expenditures and revenue through the planned Act 47 Exit in 2023.

EXIT PLAN STRATEGIES - UPDATED

Section 256 of Act 47 sets forth specific requirements for an *Exit Plan*. Contents of the *Exit Plan* must include those elements that may be necessary to "ensure termination of distressed status after three years, including, but not limited to:

1) The sale, lease, conveyance, assignment or other use or disposition of the assets of the distressed municipality
2) Functional consolidation of or privatization of existing municipal services
3) The execution, approval, modification, rejection, renegotiation or termination of contracts or agreements of the distressed municipality, provided, however, that the provisions of Section 252 shall apply to any Exit Plan adopted in accordance with this subchapter2
4) Changes in the form of municipal government or the configuration of elected or appointed municipal officials and employees as permitted by law."

As part of this *2021 Amended Exit Plan, the* strategies identified in the original Plan are updated with the current status of each initiative. The specific strategies included in the *Exit Plan of 2019* are:

- Strengthening and stabilizing the management team
- Pursuing the sale, lease, and disposition of assets
- Identifying changes to structure of government
- Enhancing revenue generation
- Containing costs
- Focusing on community and economic development
- Advancing legislative initiatives

The following pages provide updates to the *2019 Exit Plan* and identify new strategies and restating strategies that are completed or ongoing as of the date of this adopted *2021 Amended Exit Plan*.

2 Section 252 provides limitations on the ability of the Plan to affect certain collective bargaining agreements or settlements.

INITIATIVE NO. 1.0 STRENGTHEN THE MANAGEMENT TEAM

One of the most important factors for achieving success in any local government is the professional ability of the management team. The management team must be professionally trained, experienced, and knowledgeable in City management. For purposes of this discussion, the management team includes the City Council, City Administrator, Finance Director, and Department Directors. In Aliquippa, there has been stability and consistency in the management team for the past ten (10) years. A stable, experienced, professional management team allows the City to:

- Implement necessary updates and upgrades for organizational stability.
- Provide oversight and continuous monitoring of the budget process and budget execution.
- Develop accountability for departments to meet expected standards of operation.
- Provide Council with accurate and timely information for making policy decisions.

Retaining a professional management team for the long term must be a top priority for the City Council. Keeping key employees is essential to a successful organization and identifying those benefits that can help ensure loyalty and long term service is critical.

1.0 Strengthen General Management

1.1 Adopt a strong City Administrator ordinance establishing threshold qualifications, duties, and responsibilities **(UPDATE: The Coordinator will provide a model ordinance for consideration.)**

1.2 Budget for professional development memberships and training to stay current with modern techniques. **(UPDATE: The City routinely budgets and encourages management training for the City Administrator, Finance Director, and Department Directors.)**

1.3 Review and adopt the draft *Personnel Handbook* prepared by the Act 47 team and edited by staff. **(UPDATE: The Personnel Handbook was drafted by the Act 47 team and should be edited and adopted by the City.)**

1.4 Require the management team to carry out agreed upon initiatives that strengthen the City's ability to meet challenges, shocks, and stress.

1.5 Always expect the highest level of integrity and professionalism from the elected officials, management team and department directors. **(UPDATE: The draft Personnel Manual includes an ethics policy and conflict of interest prohibitions.)**

1.1 Strengthen the Police Operation (NEW Initiative)

1.11 The City must update its police department policies and procedures to be consistent with the PA Chiefs model policies and procedures for state accreditation and must field test the policies for accuracy and routine compliance no later than December 31, 2023.

1.12 Every police officer must be scheduled for 10 hours of annual law enforcement training beyond the mandatory MPOETC requirement and document the training in each individual employee file. The City must implement updated training for all police officers to include but not be limited to:

- Use of Force
- Diversity
- Understanding Bias
- Legal Control Tactics
- De-Escalation of Critical Incidents

1.12 The City must train all officers to be proficient with the Department's record management system and the Chief must implement a written record management policy that provides direction for all officers for all incidents no later than December 31, 2022.

1.13 In recognition that recruitment of new police officers is difficult and the pool of qualified applicants is limited, the City may enter into negotiations with the police union relative to increasing the starting salary to be more competitive with surrounding municipalities with the following conditions:

- The starting salary may not be higher than full-time police officers who are currently employed by the City.

- Police officers who are currently employed but are not at full patrol officer salary may be considered for an increase consistent with the salary established for new officers.

- The total compensation package for police employees may not exceed the Act 133 limits that are set forth in **Appendix B** of this Exit Plan.

INITIATIVE NO. 2.0 PURSUE THE SALE, LEASE, AND DISPOSITION OF ASSETS

FACILITIES

The review of City's physical assets for the purpose of selling, leasing or disposing of them is required under Section 256 of Act 47 as part of the contents of the *Exit Plan*. A review was made of the City's capital assets and the Coordinator has come to the conclusion that the City does not own any revenue producing assets that could be considered to be available for sale, lease or disposition. The City assets include the following:

- The City Building
- The Police Department Building
- The Fire Department/Public Works Building
- Various Parcels of Vacant/Blighted Property
- Community Park Property
- Storm Sewer System

It is concluded that there are no significant buildings or facilities that could be made available for sale to raise capital funds to address liabilities. Furthermore, the City has no significant long-term liabilities – there is no long-term debt and the pension liabilities are manageable and supported through a special Earned Income Tax levy under Act 205.

STORM SEWER SYSTEM

However, the City owns the city-wide storm sewer system which does not currently produce revenue but has potential revenue producing value. The City should consider the sale of this system so that it can be upgraded and leveraged to meet the DEP MS4 requirements.

The City does not have the manpower or funds to properly manage its storm water infrastructure – there are dozens of flooding and stormwater overflows during wet weather events. The entire system is in need of a more pro-active approach including a thorough inspection program. Storm sewers should be inspected several times per year using vac and jet services. The current system of pipes and basins show signs that they are in need of repair, upgrades, and replacement. The City has limited funding sources to address storm water infrastructure needs and the future requirements of the mandated MS4 program.

The City should consider discussing the sale or the leaseback of the system to the Aliquippa Water Authority (or a similar public agency) along with implementing a stormwater utility fee. In 2013, the PA General Assembly passed legislation giving municipalities the ability to form stormwater utility authorities or to assign the maintenance and oversight of the systems for the purpose of managing and maintaining storm water systems to an existing authority. As part of this legislation, municipalities are permitted to assess fees to cover the costs of stormwater projects, maintenance, and public education. Since then, communities in Pennsylvania have begun to create authorities to study, implement and manage stormwater utilities. Although Townships are permitted to manage the stormwater program directly, Third Class cities and boroughs must levy these fees through a municipal authority.

2.0 Investigate the Sale of the Storm Sewer System (NEW Initiative)

2.1 Prepare and distribute a Request for Proposals for asset valuation of the storm sewer system.

2.2 Engage the City Engineer to create a capital plan for stormwater projects and MS4 compliance.

2.3 Conduct a stormwater fee study to determine rates for residential, institutional, and commercial properties.

2.4 Enlist special counsel to develop an Asset Purchase and Sale strategy for negotiations.

2.5 Negotiate with the Water Authority (or a similar agency) for a sale of the system with assignment of revenue.

2.6 Update stormwater ordinances to meet MS4 requirements including prohibition of illicit discharges.

2.7 Undertake an extensive public education program on a regular basis.

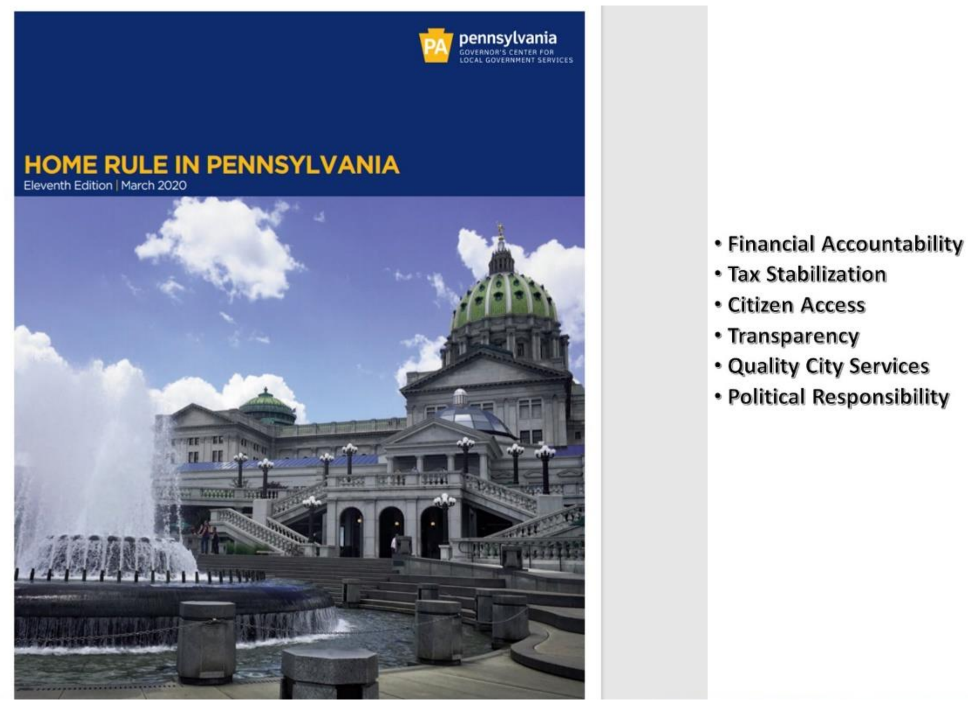
INITIATIVE NO. 3.0 IDENTIFY CHANGES TO THE STRUCTURE OF GOVERNMENT

Act 199 requires the *Exit Plan* to address changes to the form of government that will contribute to and support objectives that lead to a more stable and resilient City organization. A resilient City is defined as a city that can survive a traumatic blow to its physical infrastructure, its economy, or its social fabric and still retain its basic functions and structure. Moving towards resiliency means having a modern, streamlined, efficient government that meets the basic needs of the residents.

Aliquippa was originally incorporated as a borough in 1908 but, in 1987, the voters approved a ballot initiative to change the charter for Aliquippa to a City of the Third Class effective in 1988. The City's primary motivation for becoming a Third Class City was to take advantage of a provision that was only in the Third Class City Code that allowed for a "two-tier" property tax system (the ability to assess a different tax levy on land than on buildings). It was an attempt to force the J&L Steel operation to sell off vacant land by making it more expensive to hold than to sell. The strategy was not successful; however, the "two-tier" land value tax remains in effect to this date.[3]

When Aliquippa became a Third Class City, it was required to adopt the commission form of government that is established by the Code. Under this form of government, each of the five (5) Council members head a department. The Mayor is a member of Council and has the same vote that each of the other Council members has. Of the 2,560 municipalities in the Commonwealth, there are 53 cities of the Third Class. Of these 53 cities, only 18 of them still operate under the Commission form of government. Some disadvantages of the Commission form of government are:

- There is no distinction between the legislative and administrative functions of the government, and therefore, administrative decisions become politicized.
- Because legislative and administrative functions and decisions are unified, there is an absence of "checks and balances."



3 The "two-tier" land value method of levying property tax is now available in all Codes.

- There is no central management and therefore no coordination or cohesion between departments and department activities.
- Elected Council members may not have specific administrative abilities, skills, and experience to do the job to which they are assigned.

HOME RULE CHARTER

Because the commission form of government is cumbersome and outdated, 19 of the Third Class Cities have become Home Rule municipalities through the Home Rule Charter process. The concept of home rule is relatively simple. The basic authority to act in municipal affairs is transferred from state law, as established by the General Assembly, to a local charter, adopted and amended by the voters. A home rule charter has been likened to a local constitution for the municipality. The home rule municipality can exercise any power or perform any function not denied by the United States or Pennsylvania constitutions, the General Assembly or its own home rule charter.4 In other words, local governments without home rule can only act where specifically authorized by state law; home rule municipalities can act anywhere except where they are specifically limited by state law. By adopting a home rule charter, the local government can have much more control over the structure of government, the participation of citizens, and the flexibility to levy and adjust taxes to reflect local preferences. These powers are particularly important to Aliquippa because the City is at its taxing limits and has no ability to increase its revenues to support services.

PLACING THE GOVERNMENT STUDY COMMISSION QUESTION ON THE BALLOT

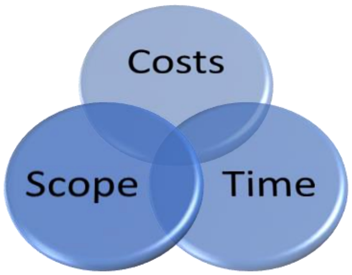
The Home Rule Law provides two alternate methods for placing the question of having a government study commission on the ballot. The question may be initiated either by (1) an ordinance of the municipal governing body; or (2) a petition of the registered voters of the municipality. The ordinance or petition must designate the question that will be placed on the ballot in drawing up the ordinance or petition. For the City's purposes, the following question is recommended:

> *"Shall a government study commission of (seven, nine, or eleven) members be elected to study the advisability of adopting a home rule charter; and if advisable, to draft and to recommend a home rule charter?"*

3.0 CONSIDER HOME RULE CHARTER

3.1 Within 90 days of the adoption of this *Amended Exit Plan*, the City Council must schedule a meeting to discuss the placement of an ordinance creating a Home Rule Charter government study commission for the May 2022 primary election, specifying the question, and designating the number of members to be elected to the government study commission. Within five (5) days of the adoption of the ordinance, a copy of the signed and certified ordinance with the appropriate question must be delivered to the Beaver County Board of Elections to be included for the next election not less than 13 Tuesdays before the date of the election. For this reason, discussions should begin in Fall of 2021 so that the question can be placed on the primary election ballot scheduled for May 17 of 2022. This places the deadline for certifying the ordinance around February 15, 2022.

INITIATIVE NO. 4.0 DEVELOP A CAPITAL IMPROVEMENT AND FUNDING PLAN



In most local governments, it is not possible to pay for large-scale capital projects such as roads, sewers, facilities, and large equipment purchases without the development of a long-term plan. Long term capital planning is an integral part of the overall budget process but it is distinctly separate and unique from the annual operating budget and merits special emphasis and attention.

A capital improvement plan (CIP) is a special budget document that is developed and utilized by the governing body to identify specific capital projects with corresponding funding sources that are scheduled over a multiyear period. The CIP should outline the estimated cost for each project together with supporting documentation. The formal CIP document should identify supporting funds for each project through identified revenue sources such as dedicated fees, debt financing proceeds, and committed and pending grant funds. The CIP should also provide a recommended time frame for carrying out the implementation of specific projects.

The CIP process should include the Council and all relevant staff and should identify specific goals for the City. The identified projects should be funded through sources that match the useful life of the projects. This approach is in contrast to general operating budgets that are funded through annual tax levies, fees, and miscellaneous revenue. By utilizing these funding sources, the burden for residents is spread over the useful life of the project rather than assessing a large fee or tax in a single fiscal year.

Ultimately, the Council, through the CIP process, will make important decisions about what projects will be undertaken and what priorities are set in order to meet the goals identified in the CIP. There are several areas where the City should begin to develop long-term CIP processes.

4.0 Develop Capital Improvement Plan

4.1 Identify all capital projects from every department: buildings, roads, sewers, parks, vehicles, equipment, technology.
4.2 Identify funding sources.
- Capital reserve fund (transferred from GL fund excess revenue)
- Dedicated fees (e.g., sewer fees, water fees, transportation impact fees)
- Long-term general obligation bonds and notes
- Short-term notes, loans, credit lines, and lease purchase agreements
- Grants from federal, state, local, and private sources

4.3 Provide proposed CIP annually for adoption by City Council.
4.4 Incorporate Capital Projects in the annual operating budget.

INITIATIVE NO. 5.0 ENHANCE REVENUE GENERATION

There are several revenue generating strategies that are available to the City and should be pursued in order to stabilize and sustain the revenue base of the City for the long-term.

5.1 LOCAL SERVICES TAX

In 2016, the City increased the Local Services Tax from $52 to $104 pursuant to the taxing authority provided under Act 47 which resulted in an additional $100,000. The City uses the Local Services Tax (LST) to support General Fund activities. However, upon the exit from Act 47, the City will be required to revert to the $52 that is permitted under Act 511 for all municipalities in the Commonwealth. The City stands to lose about $100,000 due to that reduction. In anticipation of this reduction, the City should begin to designate the proceeds from this revenue source to a Capital Reserve Fund to build capital reserves for infrastructure and facility projects. The City Council should also meet with local legislators to request the continuance of the use of the higher LST for public safety purposes beyond the exit from Act 47 status. (The City of Scranton has already been granted the ability to retain the higher LST for pension purposes.) This is discussed in greater detail under *Legislative Strategies.*

5.2 STORMWATER MANAGEMENT FEES

The City system of pipes and basins shows signs of the need for repair and replacement. The City has limited funding sources other than the general fund to address storm water infrastructure needs and the requirements of the mandated MS4 program. For this reason, the City should consider implementing a stormwater utility fee. Communities in Pennsylvania have begun to create authorities to study, implement and manage stormwater utilities. There are various methods used to develop fees for residential and commercial properties as well as credit systems for retaining and implementing sound stormwater management practices.

5.3 MARKETING FIRE SERVICES

The City Administrator, Finance Director, and Fire Chief should investigate revenue generators from marketing services to nearby municipalities. There are at least three opportunities that can be implemented quickly in the Fire Department.

- *Quick Response Services* (QRS) are currently provided by the fire department. One revenue enhancement would be to work with the local EMS provider to add a QRS fee for responses to the ambulance billing. This is standard practice in many communities.

- *Commercial Fire Code Inspections*: The City could use on-duty firefighters to supplement code enforcement activities by having firefighters trained to conduct commercial fire inspections under the International Property Maintenance Code. Fees should cover basic fire department expenses for providing this service. These services could also be marketed to surrounding municipalities for a fee that covers the cost of providing the services.

- *Rental Inspections:* The City could require regular rental inspections and have PCI (the City's third party inspection company) complete the inspections and charge for the cost of inspection and an administrative fee. Fees for code enforcement and rental inspections can be benchmarked against the fees charged by the comparable communities.

INITIATIVE NO. 6.0 FOCUS ON COST CONTAINMENT

It is important for the City to explore various cost containment strategies including limiting the number of personnel in all departments to current staffing levels. No position should be filled without a complete analysis of the value that the position brings to the organization for the long-term. Other strategies for containing costs are identified below.

6.1 DEVELOP AND MONITOR THE BUDGET

Budgetary solvency is a government's ability to generate sufficient revenue over its normal fiscal year to meet its expenditures and avoid deficits. Although, the City adopts a balanced budget annually, some revenue categories have been overestimated and expense categories underestimated in the past. As a result, the City has experienced structural deficits for six (6) of the past ten (10) years because it did not meet its revenue projections or expenditure limits. Although the budget process has improved over the past 3 years, the City must continue to budget revenues and expenditures more accurately to avoid deficits in the future.

6.2 COLLECTIVE BARGAINING

The City must continue to use competent labor counsel to negotiate collective bargaining agreements and address personnel grievances and other matters in order to continue to contain costs related to compensation, leave, and benefits. As part of this Amended Exit Plan, Act 133 limits have been calculated and will control the total expenditures for personnel and benefits for collective bargaining purposes through 2023. See **Appendix B** for specific limits.

6.3 USE OF PART-TIME POLICE OFFICERS

In September of 2020, in an arbitration decision pursuant to an Act 111 arbitration procedure, the City won the ability to utilize part-time police officers to address huge overtime expenditures. As a result, the City has the ability to schedule part-time officers to fill shifts that are vacant due to vacation, illness, or other paid or unpaid leave. Even though, the City won this right in arbitration, the City has not moved forward with this program. It is important for the City Council to direct the Police Chief to implement the part-time program in order to address overtime issues that continually push the police department over the budgeted overtime allocation.

6.4 Regional Fire Service

The Fire Chief will continue efforts to work cooperatively with Hopewell Township and Independence Township for a regional approach to the provision of fire service. This approach may include the delivery of services to adjacent municipalities on a contract basis. The Fire Chief should also attempt to recruit volunteer firefighters to supplement the Aliquippa paid fire department. These efforts should include the continuing use of mutual aid agreements with adjacent communities.

6.5 Energy Reduction

Demand for energy is predicted to soar in the coming years. The energy performance of the City's infrastructure and building fabric is a key determinant of its capacity for resilience and sustainability. Reducing the City's per capita energy consumption is critical to reducing the impact of stress on the economic base. Some cities have appointed an energy and sustainability professional to oversee these activities for the City organization and for City residents. Energy reduction is a key component of a resiliency framework. The City should take the following steps to improve its management of utility costs:

- Monitor utility usage and billing for all facilities to track trends and exceptions, including electricity, gas and water.
- Review billing to ensure that the City pays only for those charges that are properly allocable to the City. The City shall also ensure that any utility services to be paid by other parties using City facilities are billed promptly.
- Manage turn-on and turn-offs of facility meters, and ensuring that changes are enacted as requested; final meter readings are taken, where appropriate; and generally, that the City has no more services than it needs.
- Pursue lower rates through direct negotiation, aggregation of usage with other entities or a reverse energy auction. For example, the City of Pittsburgh and three municipal authorities have conducted reverse energy auctions and have successfully lowered electricity rates.
- Continue current efforts to reduce utility usage by investing in energy efficiency improvements. As energy conservation emerges as a national priority, the City should be alert for federal, Commonwealth and other external grant opportunities. In some cases, the improvements can be funded directly from the savings generated

6.6 Participation in Beaver County COG

One method to reduce costs and generate revenue is to engage with other communities to provide multi-community services. The City Administrator and Council should open discussions and negotiations with the surrounding officials working through the Beaver County Council of Governments relative to a potential sharing or contracting for public services.

INITIATIVE NO. 7.0 FOCUS ON ECONOMIC DEVELOPMENT OPPORTUNITIES FOR GROWING THE TAX BASE

Communities that are financially distressed must first work to address budget solvency and cash flow solvency issues. Once financial stability is addressed, it is important to begin to focus on economic development opportunities to provide long-term solvency by strengthening the tax base. During the first two years under the Sixth Amended Plan, the City worked on achieving financial stability and has been relatively successful in establishing a conservative budget that supports the City operation. During the third and fourth year under the Sixth Amended Recovery Plan, the City began to focus on creating a more stable, strong, and resilient tax base through creating and advancing economic development opportunities.

THE ALIQUIPPA ECONOMIC DEVELOPMENT CORPORATION AND THE NPP

In 2016, the City Council created and supported a new economic development agency for the City, the Aliquippa Economic Development Corporation (AEDC). The newly created AEDC required professional contracted services to carry out community and economic development initiatives that were set forth in the Recovery Plan. In early 2017, the City applied for Act 47 funds to engage the Beaver County Corporation for Economic Development (BCCED) to act as the AEDC's executive director and staff. The AEDC continues to provide these services as part of the administration of the NPP funds.

The AEDC, through collaboration with the City Council, the Beaver County Corporation for Economic Development (CED), County of Beaver (County), Housing Authority of Beaver County and community organizations and with funding support from BNY Mellon developed an NPP plan. By deriving benefits from the NPP, the AEDC addresses the community, economic, and social challenges that have contributed to the City's distressed status for thirty years. The City also received Keystone Community funds in the amount of $365,000 to provide for the demolition of commercial buildings at the Franklin Avenue East End redevelopment site. The NPP projects include:

- The acquisition and demolition of dozens of abandoned and condemned structures to remove blight and create sites for new housing, side yards, and amenities;
- The creation of a digital media lab and classroom for technology classes in the B.F. Jones Memorial Library to provide educational and training services for young people and skills development for all ages;
- Development of a partnership with the Beaver County Housing Authority to provide housing rehabilitation funds to qualified home owners;
- Development of a partnership with PA Job Training for Beaver County Inc. to execute job training to prepare adults for employment;
- Development of a partnership with the Salvation Army to provide food bank and emergency food assistance programs to meet the basic needs of low-income residents; and
- The demolition of commercial buildings 1) on the redevelopment site on the eastern end of Franklin Avenue immediately adjacent to PA Route 51 and the entrance to the Aliquippa Industrial Park; 2) buildings at 457-465-475 Franklin Avenue in the Central Business District.

The NPP is a six-year program supported by funds from BNY-Mellon in the amount of $500,000 per year for six (6) years. In return, BNY Mellon receives $400,000 in annual tax credits through 2023.

REDEVELOPMENT SITES

Community development and the redevelopment of properties in the City must be a high priority strategy because these activities will reduce blight, increase property values, leverage private investment, increase tax revenues, and spur future development. A focused strategy will ensure the long-term sustainability of the City. This is especially important timing for the City given the nearby construction of the Shell Industries ethane cracker plant in Beaver County and the ability of the City to enjoy whatever benefits can be derived from this economic development. In April of 2020, the City received $160,000 in Act 47 funds to contract with a development specialist to address priority redevelopment sites.

7.1 FOCUS ON "THE BRICKS" SITE

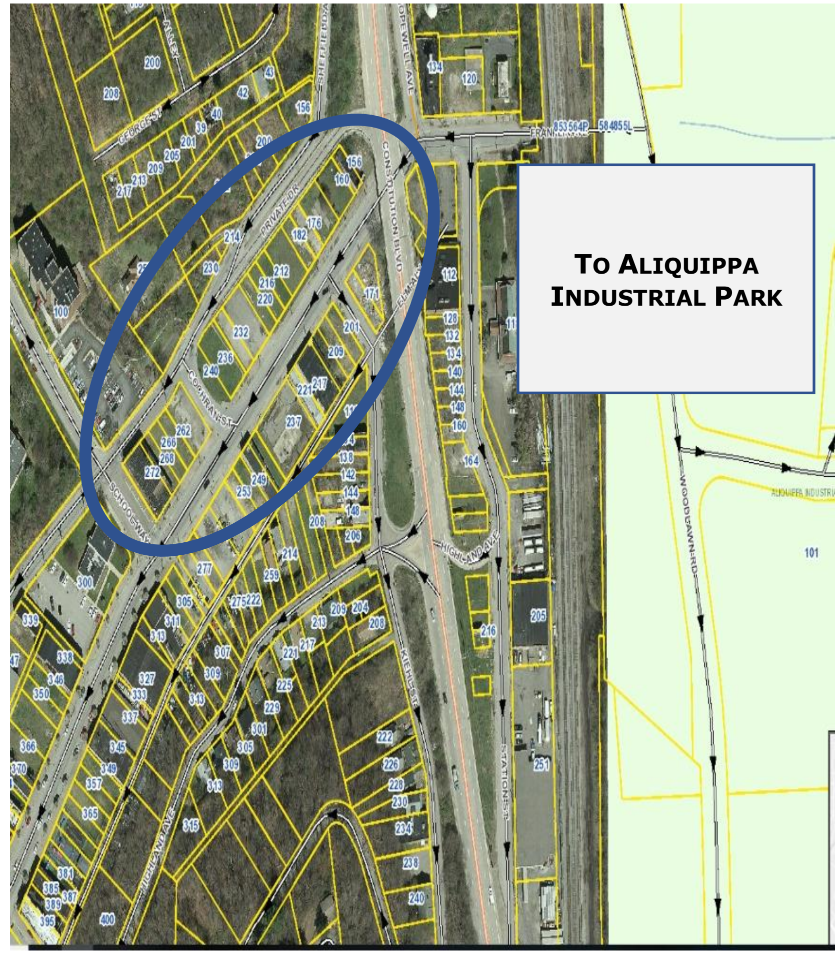
The City's primary residential development site is the "bricks" site. This 4.8 acre, 36 parcel residential site (near the intersection of Temple Street and Carroll Street) was a previously constructed 80+ multi-family unit neighborhood. The historic "bricks" structures were company houses built during the expansion of the steel industry when Aliquippa was experiencing growth. The entrance to the "bricks" is immediately adjacent to the Aliquippa High School. The blighted structures were demolished over the years but the land remained vacant. The parcels are currently owned and controlled by the Beaver County Redevelopment Authority. Previously, there was an attempt to redevelop the site but, unfortunately, the prospective developer declined to continue with the project after a significant public investment in the infrastructure (roads, water, and sewer) was made. There has been significant interest in redeveloping the site since then, but no development ever occurred. The site is located within a short drive (15 miles) to one of the largest economic development projects in the Commonwealth: the Shell Industries ethane cracker. Construction of the massive polyethylene complex in Beaver County will create up to 600 permanent jobs over the next few years. With increased jobs comes the increased demand for new housing opportunities and the "bricks" site in Aliquippa is a perfect redevelopment site for market-priced residential housing.

(UPDATE: In 2020, a Phase I environmental assessment was completed for the site. During the same time, the City retained Greg Jones, CEC Engineering, to prepare developer packets and to promote the site for development. A dedicated website and comprehensive story map have been developed and the City will issue an invitation for developer proposals during the month of September 2021. In July of 2021, the City was awarded $150,000 in funds through the Keystone Communities Program to clear the site of overgrowth and debris in preparation for site development.)

7.2 FOCUS ON FRANKLIN AVENUE EAST END REDEVELOPMENT SITE

This commercial site (near the intersection of Franklin Avenue and the Route 51 interchange ramps) is a group of 62 assembled contiguous parcels that total 3.8 acres owned and controlled by the City of Aliquippa and the Beaver County Redevelopment Authority. Two remaining commercial structures were recently demolished through the use of DCED Keystone Communities grant funds. This site is located immediately adjacent to vehicular ramps that provide access and egress to Route 51, a major highway corridor along the Ohio River. The site is also within 200 yards of the Aliquippa Industrial Park containing 22 active warehousing, light manufacturing, and wholesale operations. Given the site location, the end use is likely to be commercial and/or light industrial.

(UPDATE: The City retained Greg Jones, CEC Engineering, to complete a Phase 1 environmental review, prepare development packets, and to promote the development of the commercial site. The City applied to DCED for $50,000 of funding through the Industrial Sites Reuse Program (ISRP) in May of 2021 to complete limited Phase II assessment work. The City has also requested funding from Beaver County through the EPA Brownfields grant to conduct minor remediation on several of the sites.



7.3 MARKET RATE HOUSING STUDY

The City, through the AEDC, completed a market rate housing study that goes directly to the preservation and redevelopment of City neighborhoods and the ability of the City to replenish the housing stock with market rate housing. ***(UPDATE: The City and AEDC should use the information from this study to attract future development for priority residential development and for in-fill housing throughout the City neighborhoods where the City has demolished dozens of residential properties.)***

7.4 IMPLEMENT BLIGHT STRATEGY PLAN

In 2019, the City was awarded a grant through the PA Housing Alliance to develop a Blight Strategy Plan that was funded by DCED. The Blight Strategy was based on the publication from *Blight to Bright* and the process that is outlined in the publication, *We Can Do This: A Five-Step, Fast Track Blight Plan* published by the Housing Alliance of Pennsylvania. The City officials, AEDC staff, Blight Committee, and City staff should continue to work with the PA Housing Alliance to implement the Blight Strategy Plan.

7.5 457-465-475 FRANKLIN AVENUE DEVELOPMENT SITE

In 2020, the City used DCED Keystone Communities Funds to demolish 3 additional commercial buildings that had been condemned by the City code enforcement department at 457, 465, and 475 Franklin Avenue – collectively referred to as the "Shiflet" buildings. The demolition of these structures effectively cleared prime commercial property making up an entire City block that can be marketed for desired commercial redevelopment in the pedestrian oriented central business district.

(UPDATE: The City and the AEDC, who share ownership and site control of the parcels, should package and market this prime commercial site for high quality redevelopment in the central business district.)

7.6 PENNDOT TRANSPORTATION PROJECT – ROUTE 51 INTERCHANGE RAMPS

The District 10 PENNDOT staff will work with the City and the AEDC to undertake an alternative analysis project to begin the reconfiguration of the ramps that lead from Route 51 to the Franklin Avenue East End Development site. This is one of the most important economic development projects in the City. It will provide the necessary access and traffic control for commercial development at the East End site. ***The City must continue to work with the PENNDOT staff, the AEDC, and the BCCED to advance this project and to facilitate discussions as the projects move forward.***

INITIATIVE NO. 8.0 DEVELOP A LEGISLATIVE STRATEGY

There are two legislative initiatives that should be pursued by the City to address the ability to derive sufficient revenue to support the provision of basic City services after an Exit from Act 47.

LOCAL SERVICES TAX (LST)– RETAIN HIGHER RATE

Act 199 of 2014 which amended Act 47 provided relief for financially distressed municipalities in the form of special taxing authority relative to the LST. In 2016, the City used this authority to raise the LST from $52 to $104 per year. With the increase, the tax generates approximately $200,000 annually. The higher LST does not survive an exit from Act 47 and the City stands to suffer a loss of $100,000 at the exit date. There is no way for the City to make up this shortfall because the City is at its taxing limits in all categories.

8.1 REQUEST LOCAL LEGISLATORS TO INTRODUCE AN AMENDMENT TO ACT 47

Legislative action is needed to amend Act 47 §123(d)(1) by including new language that states:

> *"After approval by the court of the tax at a rate not to exceed $104, the municipality may levy the tax in any subsequent year without additional court approval,* ***including any year after the termination of the municipality's distressed status,*** *at a rate not to exceed that initially approved by the court. The proceeds from the special local services tax rate shall be used solely to defray the additional costs required to be paid pursuant to this act which are directly related to the public safety of the municipality."*

COUNTYWIDE REASSESSMENT

The City has long suffered from outdated, inaccurate, and inconsistent Beaver County property assessments. In fact, the City's total established assessed value is actually less in 2021 than it was in 2009 more than a decade ago. This forced the City to constantly raise its real estate millage rate and the City is now at its taxing maximum which is 30 mills for a Third Class City.

8.2 MONITOR THE COUNTY-WIDE REASSESSMENT

The last countywide reassessment performed by Beaver County was in 1982. In *Betters, et. al. v. Beaver County*, the Commonwealth Court affirmed the trial court's determination that Beaver County's base-year method of property valuation violated the Uniformity Clause of Article VIII, Section 1 of the PA Constitution and the Court mandated a countywide reassessment of all property. The Beaver County Commissioners filed a Petition of Allowance for Appeal to the Pennsylvania Supreme Court on January 16, 2019.

(UPDATE: Beaver County lost its appeal and was ordered by the Court to undertake and implement a countywide reassessment which will be completed in 2022 and take effect in 2023. In the year after a reassessment a municipality may not collect more than 10% more revenue than in the previous year.)

CONCLUSION

As part of this *Amended Exit Plan*, the financial condition of the City was evaluated based on the solvency standards that were set out in the Introduction. These standards are generally accepted by the International City Managers Association (ICMA), the Government Finance Officers Association (GFOA), and the PA Department of Community and Economic Development financial management guidelines. Comments related to each level of fiscal solvency are provided below.

LEVEL OF FISCAL SOLVENCY

CASH SOLVENCY: A GOVERNMENT'S ABILITY TO GENERATE CASH FLOW OVER A 60-DAY PERIOD TO PAY ITS BILLS

COMMENT: *In the past, the City had cash reserves or proceeds from a Tax Anticipation Note in the early part of the fiscal year that provided adequate cash flow for the payment of its current liabilities and obligations. In some years, the Finance Director resorted to not paying bills and delaying payments to make payroll in December. The City would then wait until real estate and garbage revenue was received before they were able to pay the prior year invoices. In 2019 and 2020, the City was able to make all payments by year-end but cash reserves were depleted by year end.*

BUDGETARY SOLVENCY: A GOVERNMENT'S ABILITY TO GENERATE REVENUES OVER ITS NORMAL FISCAL YEAR TO MEET ITS EXPENDITURES AND AVOID DEFICITS.

COMMENT: *Although, the City adopts a balanced budget annually, revenue has been overestimated and expenses underestimated in the past. Specifically, containment of police and fire department overtime has been a significant problem causing regular budget overruns. As a result, the City experienced structural deficits for six (6) of the past ten (10) years because it did not meet its revenue projections or expenditure limits. Although the budget process has improved over the past 3 years, the City must continue to budget revenues and expenditures more accurately to avoid structural deficits in the future.*

LONG-RUN SOLVENCY: A GOVERNMENT'S ABILITY, IN THE LONG-TERM, TO PAY ALL COSTS OF DOING BUSINESS, AS WELL AS MEETING ALL COSTS SUCH AS PENSION COSTS AND ACCUMULATED ACCRUED EMPLOYEE LEAVE BENEFITS, AS THEY OCCUR.

COMMENT: *The City has challenges in its long-term ability to pay the costs of doing business as well as meeting its long-term obligations. The City has no long-term debt and has taken steps to limit additional employee liabilities through productive collective bargaining contracts. The City officials have diligently paid down pension liabilities so that they have advanced from a Level III Distress to a Not Distressed status over the past 10 years. However, the loss of $100,000 in LST will significantly impact the City's operations if a replacement revenue is not identified prior to the Act 47 Exit. Furthermore, investments in buildings and infrastructure have been delayed to the point where immediate attention must be paid to maintenance and upgrades.*

SERVICE-LEVEL SOLVENCY: A GOVERNMENT'S ABILITY TO PROVIDE SERVICES AT A CERTAIN LEVEL AND QUALITY THAT ARE REQUIRED FOR THE HEALTH, SAFETY, AND WELFARE OF THE COMMUNITY.

COMMENT: *Over the years, the City made significant reductions in staffing to accommodate the budget and revenue restrictions. The City has maintained the same number of employees and the same service levels over the past five (5) years. These numbers are consistent with the numbers established in the Recovery Plan and generally are within the budgetary limitations established under Act 133 for the collective bargaining units.*

EXIT FROM ACT 47

The City continues to implement Exit Plan strategies for avoiding future deficits and reductions in City services in order to prepare for a successful Act 47 exit in fiscal year 2023. Section 257(c) provides that "if three years have elapsed since the adoption of an exit plan without a recommendation as provided in subsection (b), the secretary shall terminate the distressed status of the municipality." Barring a declaration of fiscal emergency (subsection b), the City will be required to exit Act 47 no later than December 30, 2023.

This *Exit Plan* provides clear and concise strategies for moving the City to a successful exit and a more resilient framework. Building a stronger community that is resilient is not just about balancing the budget and providing quality services – it is also about:

- Finding ways to save money and achieve long-term efficiencies
- Improving infrastructure and facilities
- Improving access to City services through quality customer service
- Growing the economy and tax base
- Strengthening the neighborhoods and preserving the community fabric
- Decreasing negative impacts on the environment

The Act 47 Recovery Team stands ready to provide the resources and technical assistance to pursue and implement these strategies. But it will take the combined leadership of City Council, City staff, stakeholders, and the residents of the City of Aliquippa to achieve a successful exit from the program and to emerge as a stronger more resilient community that can withstand the future shocks, stresses, and adverse events in the future.

*The City of Aliquippa introduced Ordinance No. 2 of 2021 on August 25, 2021 and adopted it on second reading, after legal advertisement, on September 8, 2021. Ordinance No. 2 of 2021 provided for the extension of the City's exit from Act 47 by 18 months to December 30, 2023 pursuant to section 1604-D.1 of Act 23 of 2020 providing for an "Emergency Plan Extension." (**Appendix C**)*

APPENDIX A – UPDATED FINANCIAL PROJECTIONS 2018 - 2023

REVENUE SUMMARY

REVENUE Category	2018 Actual	2019 Actual	2020 Actual	2021 Projected	2022 Projected	2023 Projected
Real Estate Taxes	2,435,096	2,438,523	2,536,389	2,438,602	2,446,577	2,454,751
Act 511 Taxes	1,175,172	1,113,223	1,106,319	1,107,951	1,125,588	1,144,591
Licenses & Permits	134,276	133,143	132,280	132,298	130,735	130,254
Fines & Forfeits	32,615	36,136	30,984	31,325	32,108	32,911
Interest Earnings	1,177	1,027	763	782	802	822
Intergovernmental	36,835	44,175	40,727	40,739	41,495	42,270
PILOT	44,367	11,998	13,057	26,025	26,025	26,025
Charges for Services	5,965	212,960	169,603	182,203	185,274	188,421
Sanitation	708,507	620,819	697,532	716,449	734,360	752,719
Miscellaneous	107,051	107,890	76,582	82,515	84,578	86,692
Sale of Fixed Assets	81,859	12,738	9,855	10,000	10,000	10,000
Interfund Transfers	320,330	332,118	318,944	326,918	335,091	343,468
Total Operating Revenue	**5,083,250**	**5,064,751**	**5,133,035**	**5,095,806**	**5,152,632**	**5,212,924**

NOTE: Revenue related to grants, loan proceeds, Act 205 pension funds, state aid, and one-time payments or receipts have been removed from this calculation for the purpose of accuracy in forecasting and projections.

EXPENDITURE SUMMARY

EXPENDITURES	2018	2019	2020	2021	2022	2023
Category	Actual	Actual	Actual	Projected	Projected	Projected
General Government	622,661	401,590	698,633	474,507	486,370	498,529
Tax Collection	88,882	88,799	87,529	89,717	91,960	93,799
Personnel	145,144	153,923	165,313	172,810	180,696	182,513
IT Services	67,670	31,159	40,397	40,397	40,397	40,397
Buildings	62,816	74,689	111,111	113,885	116,728	119,642
Police	1,594,450	1,626,284	1,527,777	1,478,302	1,520,285	1,563,468
Fire	855,289	866,058	832,422	843,211	864,292	885,899
Code Enforcement	26,470	72,714	90,717	92,985	95,310	97,692
Sanitation	594,933	613,021	621,505	637,043	652,969	669,293
Street Department	672,580	586,509	456,066	472,639	484,455	496,566
Traffic & Street Lighting	258,307	252,191	267,592	275,193	282,043	289,064
Contributions	13,000	13,000	13,000	13,000	13,000	13,000
Unemployment Comp	27,041	32,231	25,090	27,258	27,939	28,638
Insurance	80,716	100,529	119,304	193,521	203,197	213,357
Total Operating Expenditures	**5,109,958**	**4,912,697**	**5,056,456**	**4,924,467**	**5,059,639**	**5,191,857**

NOTE: Expenditures related to grants, pension payments, state aid, and one-time project costs or equipment purchases have been removed from this calculation for the purpose of accuracy in forecasting and projections.

APPENDIX B – ACT 133 COMPENSATION AND BENEFIT LIMITS FOR COLLECTIVE BARGAINING

FOP POLICE COLLECTIVE BARGAINING UNIT

ACT 133 LIMIT ON EXPENDITURES - POLICE COLLECTIVE BARGAINING UNIT					
	Actual	**Actual**	**Limit**	**Limit**	**Limit**
Compensation	**2019**	**2020**	**2021**	**2022**	**2023**
Base Salaries (17 Officers)	645,024	615,627	670,825	684,241	697,926
Longevity	7,711	6,572	8,019	8,180	8,343
OT-Court Pay	12,453	6,948	12,951	13,210	13,474
Overtime - Fill Shifts	244,072	286,645	178,900	182,478	186,128
Holiday Pay	43,403	53,891	45,139	46,042	46,963
Uniforms	14,927	10,922	15,524	15,835	16,151
Vacation Work	42,500	50,197	44,200	45,084	45,986
Total Compensation	**1,010,090**	**1,030,802**	**975,559**	**995,070**	**1,014,971**
Benefits	**2019**	**2020**	**2021**	**2022**	**2023**
Health Insurance	178,094	169,771	179,957	190,755	202,200
Employee Contribution	(17,809)	(16,977)	(17,996)	(19,075)	(20,220)
Employee Reimbursement	43,027	45,510	48,241	51,135	54,203
Life Insurance	6,858	6,078	6,443	6,829	7,239
Total Benefits	**210,170**	**204,382**	**216,645**	**229,644**	**243,422**
TOTAL ACT 133 LIMITS	**1,220,260**	**1,235,184**	**1,192,204**	**1,224,713**	**1,258,393**

Assumptions:
The base year for calculating limits is 2019
The City will continue to fill 17 police officer positions
Wages will increase at 2% per year
Benefits will increase at 6% per year
Employees will continue to contribute 10% of the healthcare premium
Employees will continue to be reimbursed for healthcare deductibles/co-pays as negotiated

IAFF FIRE COLLECTIVE BARGAINING UNIT

ACT 133 LIMIT ON EXPENDITURES - FIRE COLLECTIVE BARGAINING UNIT					
	Actual	Actual	Limit	Limit	Limit
Compensation	**2019**	**2020**	**2021**	**2022**	**2023**
Base Salaries (8)	315,753	321,701	328,135	334,698	341,392
Longevity	5,451	4,414	4,502	4,592	4,684
Overtime - Fill Shifts	138,310	131,728	110,000	112,200	114,444
Holiday Pay	21,411	22,747	23,202	23,666	24,139
Uniforms	5,450	8,904	9,082	9,264	9,449
Vacation Work	10,285	5,865	5,982	6,102	6,224
Total Compensation	**496,660**	**495,359**	**480,904**	**490,522**	**500,332**
Benefits	**2019**	**2020**	**2021**	**2022**	**2023**
Health Insurance	177,517	139,167	147,517	156,368	165,750
Employee Contribution	(17,752)	(13,917)	(14,752)	(15,637)	(16,575)
Employee Reimbursement	9,180	10,787	11,434	12,120	12,847
Life Insurance	4,158	4,064	4,308	4,566	4,840
Total Benefits	**173,103**	**140,101**	**148,507**	**157,418**	**166,863**
TOTAL ACT 133 LIMITS	**669,763**	**635,460**	**629,411**	**647,940**	**667,195**
Assumptions:					
The base year for calculating limits is 2019					
The City will continue to fill 8 full-time firefighter positions					
Wages will increase at 2% per year					
Benefits will increase at 6% per year					
Employees will continue to contribute 10% of the healthcare premium					
Employees will continue to be reimbursed for healthcare deductibles/co-pays as negotiated					

STEELWORKERS NON-UNIFORM BARGAINING UNIT

ACT 133 LIMIT ON EXPENDITURES - STEELWORKERS COLLECTIVE BARGAINING UNIT					
	Actual	Actual	Limit	Limit	Limit
Compensation	**2019**	**2020**	**2021**	**2022**	**2023**
Base Salaries (11 Employees)	347,885	295,956	313,713	319,988	326,387
Longevity	950	3,608	3,680	3,754	3,829
Overtime	15,586	6,250	6,375	6,503	6,633
Total Compensation	**364,421**	**305,814**	**323,769**	**330,244**	**336,849**
Benefits	**2019**	**2020**	**2021**	**2022**	**2023**
Health Insurance	142,032	137,612	145,869	154,621	163,898
Employee Contributions	(14,203)	(13,761)	(14,587)	(15,462)	(16,390)
Life Insurance	5,357	6,038	6,400	6,784	7,191
Total Benefits	**133,186**	**129,889**	**149,168**	**158,118**	**154,700**
TOTAL ACT 133 LIMITS	**497,607**	**435,703**	**461,451**	**476,187**	**491,548**
Assumptions:					
The base year for calculating limits is 2019					
The City will continue to fill 11 full-time non-uniform positions					
Wages will increase at 2% per year					
Benefits will increase at 6% per year					
Employees will continue to contribute 10% of the healthcare premium					

APPENDIX C – ORDINANCE NO. 2 OF 2021 ADOPTING AMENDED EXIT PLAN

CITY OF ALIQUIPPA
BEAVER COUNTY
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 2 OF 2021

AN ORDINANCE ADOPTING THE AMENDED EXIT PLAN FOR THE CITY OF ALIQUIPPA, BEAVER COUNTY, PENNSYLVANIA, PURSUANT TO THE MUNICIPALITIES FINANCIAL RECOVERY ACT (ACT 47 OF 1987) AS AMENDED AND ACT 23 OF 2020 PROVIDING FOR AN EIGHTEEN (18) MONTH EXTENSION.

WHEREAS, on October 21, 1987, the City Council of the City of Aliquippa filed a petition with the Pennsylvania Department of Community Affairs (now Department of Community and Economic Development) requesting financially distressed status under Act 47; and

WHEREAS, on December 22, 1987, the City of Aliquippa was designated by the Department as a financially distressed municipality under Act 47 of 1987 as amended; and

WHEREAS, on July 14, 1988, the City Council of Aliquippa approved the adoption and implementation of the City's Municipal Recovery Plan for the City of Aliquippa pursuant to Act 47 of 1987 as amended; and

WHEREAS, in December of 1990, the City Council of the City of Aliquippa adopted its First Amended Municipal Recovery Plan pursuant to act 47 of 1987 as amended; and

WHEREAS, in February of 1993, the City Council of the City of Aliquippa adopted its Second Amended Municipal Recovery Plan pursuant to Act 47 of 1987 as amended; and

WHEREAS, in November of 1995, the City Council of the City of Aliquippa adopted its Third Amended Municipal Recovery Plan pursuant to Act 47 of 1987 as amended; and

WHEREAS, in May of 2004, the City Council of the City of Aliquippa adopted its Fourth Amended Municipal Recovery Plan pursuant to Act 47 of 1987 as amended; and

WHEREAS, in June of 2007, the City Council of the City of Aliquippa adopted its Fifth Amended Municipal Recovery Plan pursuant to Act 47 of 1987 as amended; and

WHEREAS, on June 30, 2014, the City Council of the City of Aliquippa adopted its Sixth Amended Municipal Recovery Plan pursuant to Act 47 of 1987 as amended; and

WHEREAS, Act 47 of 1987 as amended by Act 199 in 2014 provides that municipalities operating under a Recovery Plan shall be subject to a termination of financial distress designation on the date that is five (5) years from the effective date of the most recent Recovery Plan in place at the time of that amendment; and

WHEREAS, the relevant five-year period from the effective date of the Sixth Amended Recovery Plan for the City of Aliquippa was June 30, 2014; and

WHEREAS, the City's Act 47 Coordinator filed a report and conducted a public meeting on December 18, 2018 evaluating the financial condition of the City of Aliquippa and issued findings confirming that a three-year Exit Plan was warranted; and

WHEREAS, based on the result of that finding, the Coordinator, under Act 199 which amended Act 47, filed an Exit Plan within 90 days from the close of the financial condition evaluation report rendering said findings; and

WHERAS, the City's Act 47 Coordinator filed an Exit Plan with the City of Aliquippa and the Department of Community and Economic Development on February 26, 2019 and conducted a public meeting on Wednesday, March 6, 2019; and

WHEREAS, the Exit Plan included strategies for ensuring a satisfactory exit of the City of Aliquippa from the Act 47 designation no later than June 30, 2022; and

WHEREAS, based on the recommendation of the Recovery Plan Coordinator, the City Council concluded that an Exit Plan was the most appropriate manner in which to proceed and adopted the Exit Plan on April 3, 2019; and

WHEREAS, the General Assembly passed and the Governor signed into law Act 23 of 2020 providing for an eighteen (18) month extension to municipalities operating under a Recovery Plan due to the COVID 19 pandemic; and

WHEREAS, the City Council, the Act 47 Team, and the PA Department of Community and Economic Development agree that the extension of the Exit Plan is the prudent course of action for the City of Aliquippa;

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the City Council of the City of Aliquippa, Pennsylvania, and it is hereby enacted and ordained by the authority of the same that:

Section 1. The City Council of the City of Aliquippa, Pennsylvania, hereby approves and adopts the attached Amended Exit Plan, as set forth and filed with the City on July 30, 2021, extending the Exit Plan until December 30, 2023.

ORDAINED and ENACTED by the City Council of the City of Aliquippa, County of Beaver, the Commonwealth of Pennsylvania on this **8th** day of **September, 2021.**

CITY OF ALIQUIPPA

D. Walker

Dwan Walker, Mayor

ATTEST:

I do hereby certify that the foregoing is a true and correct copy of Ordinance **2 of 2021**, as the same was adopted by the City Council and signed by the Mayor of the City of Aliquippa, Beaver County, Pennsylvania.

Samuel Gill, City Administrator Samuel Q Gill