



# **2023 BUDGETS & CAPITAL IMPROVEMENTS PLAN**

**BOROUGH OF FOREST HILLS  
4400 GREENSBURG PIKE  
FOREST HILLS, PA 15221**





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# **BOROUGH OF FOREST HILLS 2023 BUDGET & CAPITAL IMPROVEMENTS PLAN**

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*Approved: December 14, 2022*

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*Budget Message Note*

This document incorporates the memo distributed to borough council via the finance committee with the first draft of the 2023 budget in October 2022. Consequently, information contained here may not fully reflect the final budget and the statistical information contained in this booklet since council approves a final budget in December.

The budget itself and all information that follows this budget message are final as approved by council in December. Where possible, I have updated text information in the budget message for this booklet. However, much of the content refers to that first draft and is unchanged though still relevant. I provided a brief update via memo to council in November & December 2022 at the Finance Committee meetings and incorporated those memos near the end of this message to serve as an update (see “Year End Information & Updates” in the Table of Contents). As always, all Finance Committee meetings are open to the public which is also true as part of the budget preparation process.

INTRODUCTION

With this annual budget message, you will find a copy of the first draft of the 2023 budget, presented to council on October 11, 2022 in its Finance Committee. The budget presented to the committee under draft 1 is balanced without a tax increase although certain fees may be altered to meet related costs. Thanks as always to the staff for their work in assuring that the budget could be presented on time and without an increase in taxes.

Despite a belief that it would ease, the pandemic continues into 2022 for various reasons and may have at least a minimal impact on the budget. See last year’s budget message for a discussion on the impact of the pandemic on the borough and budget.

Of great concern will be the impact of one local and one national issue. The local issue is the impact of the property assessment controversy. Briefly, a court action filed by several new home owners who had their assessments appealed and increased based on the sale price of the property they purchase implies that the assessment process is flawed because it has a greater impact on them than existing property owners. If the court action succeeds we cannot predict what that will mean for the borough’s real estate tax collection.

The national issue is the inflation rate which, at the time of this budget message in October, stands at about just under 9%. Obviously, a rate that high will affect all purchases we make as well as

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those of our residents. It is a time to be judicious, if not vigilant, in creating a spending plan for the borough.

As is the case with all first draft budgets during my time as manager, included here are projections and/or information for the corrective action budget, road improvement budget, fire services fee budget, and liquid fuels budget.

The Capital Improvements Plan as you know is handled separately and is only partially addressed here. We have simplified work on that 5 year plan this year due in part to the pandemic and due in part to the availability of bond issue funds from the recent refinancing. What that means:

- We asked that staff and council submit any new projects following our usual process
- We asked that they submit any changes or updates to existing items as well
- All existing items unless otherwise changed or removed during this simplified process will remain in the plan.

The \$500,000 in bond funds will help to alleviate financial pressure in funding near term capital items. We are uncertain if the pandemic will continue to impact revenue and expenditures in any and all funds/budgets for 2023. See further discussion later in this message.

This memo coupled with information called the “council committee perspective” and subsequent written information presented during future committee meetings are part of my budget message for 2023 and will be incorporated into the final document. In addition, the statistics section of the current budget document will be helpful in understanding projections made for the 2023 budget as well as the overall operation of the borough. These statistics will be updated and included in the 2023 budget booklet. Readers of the final printed budget booklet should note that some information contained here refers mainly to the first draft of the budget and may not reflect any changes that are made by council in committee as the process proceeds. I attempt to include changes and updates when possible before printing the final budget copy and will refer to them specifically when included immediately following this budget message.

Any subsequent memos and/or reports presented in committee that affect the 2023 budget will be included at the end of this budget message (in the actual budget booklet) to update readers. Most changes will be shown there rather than as part of the text of the budget message that accompanies only the first draft of the budget. I know this is repetitive but is emphasized to ensure that all understand fully what is contained here.

Needless to say, this means that information in the early parts of the budget message may not match the actual final figures that are shown with the printed budget. However, major changes are unlikely. In addition, showing the initial budget with explanation provides readers with the

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opportunity to see how discussion in committee may affect the budget between first draft and final budget.

### PANDEMIC

The pandemic eased somewhat with the approval of vaccines and other medications to treat Covid and the borough began a phased reopening of the borough building and a resumption of other activities. However, the emergency continues and further impacts on the borough and its finances are possible.

In 2021, the Congress approved President Biden's American Rescue Plan (ARPA) which will help all local governments with funding geared toward solving some of these issues. Forest Hills received the first of two payments from this fund in 2021, amounting to \$329,603.35. The second, equal payment arrives in 2022.

There are conditions imposed on use of these funds though they were simplified by the Treasury Department in mid-2022. The guidance on use of these funds provided to us in July 2021:

- Support public health expenditures, funding for COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- Provide premium pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

These categories remain in place. A final rule on use of funds was approved in April 2022 that specified the following:

#### **Replacing Lost Public Sector Revenue**

The final rule offers a standard allowance for revenue loss of up to \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation. Recipients that select the standard allowance may use that amount – in



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many cases their full award – for government services, with streamlined reporting requirements.

Council approved a motion in July 2022 to accept the standard allowance as described above so that funds could be used for general government services. The goal for use of funds tentatively is to cover the cost of the ALCOSAN sewer regionalization program and to cover repairs and improvements to the Forest Hills/Westinghouse Lodge.

Further discussion on use of ARPA funds will be determined by council in committee and approved at business meetings as we receive specific guidance from Treasury.

The result of the pandemic and other efforts to control it not mentioned above is that these are uncertain times in all respects and affecting all borough operations including budget preparation.

The effect of the pandemic on 2022 and 2023 budgeting as well as subsequent years is largely unknown and based on assumption and guesswork more so than might be true under normal times.

The factors described here along with other uncertainties must be taken into account as the borough prepares future budgets. Much will seem familiar to those viewing the new budget when compared to the 2022 budget message and 2022 budget considering these uncertainties.

Executive Summary – 2023 General Fund & Other Budgets

This summary provides a brief highlight of key items plus changes from previous budgets. Sections following this summary will have additional detail on relevant line items. Certainly, all line items are important in a budget but some carry a greater effect than others. Council is required by law to approve a general fund budget by Dec. 31 of each year. However, Forest Hills set up other funds to cover specific activities and they are outlined here as well and usually included for approval during the December Council meeting.

A summary of each budget’s revenues and expenditures (**First Draft**):

- General Fund \$ 6,971,953
- Corrective Action \$ to be determined
- Road Improvement \$ 509,706
- Liquid Fuels \$ 456,610
- Fire Protection Services Fee \$ 277,050
- Capital Improvements Plan (2023 only) \$ 872,278

*(Represents amount requested only; may not be fully funded)*

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A summary of each budget’s revenues and expenditures (**Final Draft, approved December 14, 2022**):

- General Fund \$7,036,676
- Liquid Fuels \$ 465,610
- Corrective Action \$2,807,412
- Road Improvement \$ 372,100
- Fire Protection Services \$ 277,050
- Capital Improvements \$ 827,278 (2023 only)

There are several key items you should be aware of as you review the first draft of the budget. This budget includes total revenues and expenditures shown above. This represents a 2.3% increase compared with the 2022 budget and is due in part to estimates in several revenue categories. Based on 2022 receipts through September, several categories discussed later in this document indicate increases in projected revenues for 2023. However, all need to be cautious as there is uncertainty surrounding Real Estate Tax revenue receipts for 2023 due to potential court action around the assessment process. In addition, the inflation rate is significant and at approximately 9% at the time of this draft and may result in the need to moderate spending activity in 2023.

The statistics section of the current budget booklet should be reviewed when considering the 2023 budget. These statistics will be updated and some charts placed with this budget message when the final booklet is published in late January/early February.

Factors that influenced this balanced budget are outlined below. In some cases, a line item that may have been eliminated is shown in the budget if there are dollars from a past year remaining.

Note that in viewing the spreadsheets, a column was added several years ago that compares the dollars in the new budget with the millage rate needed to reach that number for select items (column next to the 2023 Budget column). Still, that should be viewed with caution. For example, the dollar figure shown for current year Real Estate Taxes usually brings a millage rate lower than the rate used to first calculate it (currently 8.0 mills). For further explanation on this see detail under General Fund Revenues later in this document.

New/Deleted Line Items

The following line items will be deleted in the budget this year, pending council approval (see full discussion later in this document):

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*General Fund*

Revenue Lines:

No revenue line items are added or deleted in General Fund Revenues. Several line items may be added or deleted in future drafts as we determine whether they are needed. Note that some line items in both revenues and expenditures that show a zero balance may remain for accounting/bookkeeping purposes (e.g., to show a transfer of dollars from one fund or one line item to another).

Expenditure Lines:

The following line items have been added to the 2023 budget:

01-401-239 Computer/Software  
01-401-217 Document Storage  
  
01-410-254 Signs and Rumble Strips  
  
01-452-373 Janitorial Services  
  
Acct 457 Events  
01-457-002 Community Celebrations

The following lines have been deleted as they are no longer necessary:

01-415-321 Telephone (due to elimination of the Swiftreach service)  
  
Account 458 Senior Citizen Center (eliminated due to tentative sale of the center to a third party)

The following expenditure line items remain in the budget document but will be unused in 2023:

Police  
01-410-140 PT Salary  
-141 PT Fringe Benefits  
-145 PT FICA & Medicare

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*Capital Improvements Plan*

As projects are created, moved or changed each year new line items may be created and line items from completed projects deleted as needed.

*Other Budgets*

No line item changes are anticipated in other funds including Liquid Fuels, Fire Fee, Road Improvement and Corrective Action at this time. The latter is incomplete, however, pending review by the borough engineer and we anticipate that new projects for 2023 will add one or more line items. We tend to not delete lines from this Corrective Action budget as there are times when they may be necessary to include with revisions to our consent order.

General Fund – Key Items

Revenues

- Real Estate Taxes are based on the county’s reported taxable assessed value as of September 30, 2022 which is reported on their website as \$385,245,603. Last year at this time the county reported \$383,390,103 as taxable assessed value for the borough as a comparison. Certified value on January 15, 2022 totaled \$385,626,903 (for comparison, January 2021 showed this amount to be \$383,487,803). Despite the increase shown compared to a year ago, I estimate that 2023 receipts will decrease by 1.7% due to the assessment issue. (Note: I will include year-end information from November and December committee meetings at the end of this message in the final publication).
- Earned Income Tax (EIT) collection continues to increase each year and we expect that will be true in 2023. Despite the inflation rate and slower economy, unemployment remains steady and each month to date shows jobs added to the economy. The pandemic resulted in layoffs in some cases and resignations and job changes in other cases. We show a 12% increase in anticipated revenues here. .
- The trash/recycling contract second year is in effect for 2023. Council accepted the new contract with Waste Management based on 2 years with options for years 3, 4 and 5. The final fee for resident is likely to increase between \$10 and \$20 per year and that was the estimate used to calculate revenue here.

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- Chalfant revenues reflect the proposal submitted for a new agreement for both public works services and police.
- The estimate for state aid for the pension fund is based on estimates from Mockenhaupt representatives and is not guaranteed. The 2022 state aid recently received amounted to \$155,413 or \$25,000 more than budgeted. However, that does not guarantee a similar result in 2023 so we continue to estimate receipts of \$130,000 in 2023.
- Overall, many revenue estimates for 2023 are based on projections for revenues through year end 2022 while taking into account potential issues caused by the pandemic, the assessment issue and the economy. These may change over time and the final budgeted revenues submitted for review and approval may be adjusted in subsequent drafts as further information is available.

Expenditures

- All salaries are based on current contract agreements and an estimate for eventual settlement with the non-uniform union on a new agreement. Part time and nonunion full time salaries show an estimated increase pending council review. Final union and nonunion will appear in the final published budget with a draft shown later under Expenditures.
- Health care costs will increase 5% in 2023. Costs for workers comp insurance also will increase.
- The budgeted number for ambulance (paid to Woodland Hills EMS) is based on population at \$1.25 per person and the 2020 census shows the borough's population reduced from 6,518 to 6,429.
- In this draft, the library budget remained the same pending a final decision by council. The library requests an increase to \$28,000 in 2023 but we included the 2022 amount for 2023 as we assume that a share of the RAD fund increase will go to the library as in past years and approach or exceed their request.
- The budget and capital reserve line items are discussed in detail later.
- The Capital Improvements Plan allocation has decreased due to budget constraints, available reserves, and use of ARPA funds and bond issue funds for a number of items.

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- This is the first full year for debt service for the new bond issue. The debt service schedule (shown in full in the budget booklet appendix) is significantly higher for 2023 principal and interest payments

Other Funds

Road Improvement

Includes funding for a road program, with road segments to be recommended by the engineer and foreman early in 2023. Funding for hot patch, crack sealing and curbs and storm inlets is also included. Any funds remaining from 2022 (estimated here in line item 30-380-212 *Carryover From Previous Year* at \$147,000) will carry into 2023 and could allow for a larger paving program in the new budget year if the estimate holds. The actual carryover amount is very much an estimate in this case since there is a delay in implementing the 2022 paving program and payment is uncertain for the contractor at the time this is printed.

Revenue from the real estate tax and expenses for a contractor for the road program are estimates. Line item 30-354-004 *Real Estate Tax at 1 mill* estimates receipts of \$362,586 as a transfer from the General Fund though uncertainty remains on the County assessment process and potential court action that could reduce dollars received from that tax. If numbers in this draft hold steady, there may be \$420,000 available for the 2023 road program (see line 30-439-610). Note that line 30-439-313 *Engineer Expense* is dependent on the total cost of engineering work for this program as the engineer received a percentage of the total cost of the work.

Corrective Action

A draft is under review by the engineer who does not believe that an increase in the sewer fee is necessary.

Fire Protection Services Fund

There is an almost 5% decrease in this budget from that of the 2022 budget. Of course, any funds remaining from this year's budget will continue to next year but the exact amount will not be known until accounts are closed at year end. The fund estimates total revenue to be received from the fire fee. Expenses include money for the lease payment on the fire truck,

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various utility and insurance costs, and administrative and billing expenses (these are not shown in the current year until near year-end). A new truck arrived in September and payments are slightly smaller than payments on the previous truck (see line 20-411-534). This is due in part to the \$91,395 down payment. The down payment came from the bond issue and that fund must be reimbursed from the Fire Fee Budget. An estimated \$55,040 (line item 20-411-367) will move to the bond issue from this fund leaving approximately \$26,345 remaining for 2024 reimbursement.

Line item 20-380-090 *Carryover from Previous Year* estimates that carry over to 2023 will amount to \$50,000. All funds from this fee must remain in this budget and therefore must be carried into the new year. Note that 20-411-363 *Fire Hydrant Inspection* increased substantially as requested by the Public Safety Committee. Mr. Baiocchi, committee chair, explained the reasoning in submitting this request:

*Fire hydrant maintenance is essential to ensure the safety of our citizens and first responders. Currently WPJW flushes hydrants twice yearly to make sure proper pressure is available, removal of sediment from main water pipes, improve water quality, and determine if there are problems with fittings and valves. Flow testing measures the actual pressure and flow in the system. This test is performed using three hydrants and a pressure gauge. This test should be performed every three to five years. WPJW charges \$250 per hydrant tested. We have a total of 170 hydrants. One-third of all hydrants (56) should be tested on a rotating basis each year.*

### Liquid Fuels Fund

This budget depends on an estimate from the state on our share of liquid fuels funds as revenue. The number depends on the gasoline tax and is declining due to the pandemic, cars that are fuel efficient and limited driving as many people continue to work from home. Most funds are used for estimated salt purchases for the year. However, note that other activities also are funded here at least in part including traffic signals, seal coat applications, and hot patch. Winter weather later in 2023 may change the budget. We again consider adding the purchase of one more truck though we must be careful here. Vehicle purchases take pressure off the 2023 Capital Improvements Plan if feasible.

Line item 35-354-003 *State Funds Received* is based on the estimate provided to the borough from PennDOT in September and is subject to change due to the above conditions. Since all funds must remain with this budget, note that item 35-480-005 *Liquid Fuels Budget Reserve* includes any funds we believe may be greater than those needed for 2023. Liquid Fuels spending is restricted by the state so this number is large as approval is needed before

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other spending can occur. Note also that 35-380-212 *Carried over from previous year* is an estimate and may change when 2022 closes.

Municipal Building – 4400 Greensburg Pike

Past documents have information on the cost of the 4400 Greensburg Pike municipal building which will not be repeated here.

As I determined earlier in 2019 and as announced several times at public meetings between then and now without objection, I did not repay dollars from the building fund to several line items in the general fund that were used to pay for various purchases here. Funds will be needed for regular maintenance and occasional repairs (e.g., landscaping, cleaning, etc.). This process will NOT short the General Fund at all as sufficient funds remain there to cover expenses though the auditor did note this as a shortcoming in the 2020 audit. In addition, I withheld some dollars from approved and budgeted building items in the building fund rather than rush into spending to determine whether some assets could be reused here and to more gradually make purchases that were not immediately needed even though they were budgeted. I estimate that the building fund will contain about \$600,000 for reference by year end as part of this plan. The treasurer's monthly reports should be consulted for an updated account balance.

MANAGER'S PERSPECTIVE

*Overview*

Staff members are asked to prepare a budget for both the next budget year (2023) and the following budget year (2024). Reasons for preparing both years were explained in previous budget messages. The key reason is to provide council with an advance look at future budgets since that may assist it in establishing the 2024 budget and because the borough faces budget constraints each year, something that is true of all municipal governments. The practice of creating a budget for two years will continue in the future. It remains a good exercise for staff in any case as it requires that they consider a longer term view of the general fund budget. However, 2025 is not discussed here.

We remain uncertain of the effects of the pandemic and the economy on future budgets.



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*2023 Budget - First Draft*

(Note: this section of the manager's perspective may be amended or portions removed entirely from the final budget document budget message pending council's final decision on the budget)

The 2023 budget is provided to council's finance committee today (October 11, 2022), balanced and without a tax increase. It is a conservative budget with little room for adjustment other than to reallocate funds from one line item to another. It was established based on the detail provided here and as outlined in the executive summary above. Total estimated general fund spending and revenues in this draft amounts to \$6,971,953, an increase over 2022 of 2.3%.

While I tend to not recommend a tax increase and do all that I can to bring council a first draft without one, an increase is something to consider. The borough's tax rate has remained at 8 mills since first implemented in 2013 and it should be obvious in reading this budget message and others from recent years that there are many financial pressures resulting from council policies as well as the economy that could benefit. To illustrate, I am repeating several of the issues I raised in the 2022 message below.

One example cited in last year's message is the borough's tree program. To maintain its Tree City status, the borough must devote funds to maintain trees by pruning, removal and planting. That is a costly process and often the borough is behind in work in all three areas.

Borough buildings are aging. The Forest Hills/Westinghouse Recreation Center Lodge is an old building, upgraded at one time by Westinghouse but facing many structural issues. If nothing else, to maintain this building for recreation, the borough needs to address many cosmetic improvements (e.g., landscaping, painting, equipment). As of this writing, council will devote bond issue funds and ARPA funds to this effort.

The borough's original public works garage located near Ardmore Blvd. requires regular maintenance and its block structure is unattractive. Improving the look is not essential but it does reflect on the borough's image.

The swimming pool is old and requires constant maintenance. The pool lodge is used by renters and requires attention to remain attractive.

These are just several examples of items that are not addressed in the general fund and related budgets but that should be considered by council as it considers spending over the next several years.

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*Budget Reserve*

Council policy is to maintain a budget reserve account at an average of 7% of the total general fund budget. As this draft is prepared, the borough's reserve sits at 7.3% of the 2022 budget. We are showing an additional \$25,000 added to the general fund in the 2023 draft. That number includes funds received from the Port Authority for rent on the Park and Ride lot at Avenue B.

Council's reserve policy is one area considered by bond rating agencies when it sets the borough's rating for the year. Last year, S & P Global raised the borough's rating from AA- to AA Stable. That is near the highest possible rating and a reflection on council's serious attention to financial matters.

As noted in past messages, these reserve funds are provided to meet the state's recommendation that between 5% and 10% of reserve funds are kept on hand as a "rainy day" fund for emergencies and other contingencies. In some recent recommendations, the state has increased the upper target from 10% to 15%, something else council should consider.

Several years ago, council began moving some general fund dollars to a capital budget reserve. That is continued in the 2023 budget but only minimal. Council set \$250,000 as the goal for this reserve. The 2023 budget amount here would create a total capital reserve of approximately \$118,000 based on current balance. Gradual contributions from the general fund in future budgets will eventually reach the goal.

These reserve funds are important, as explained by the state in its Fiscal Management Handbook:

*Municipal governments often establish operating reserve funds (also known as budget stabilization funds, rainy day funds, or unreserved funds) to maintain fiscal stability during times of budgetary uncertainty. The purpose of these funds is to avoid or minimize service cuts and tax increases in case of an economic downturn or unanticipated budget shortfall. Establishing an operating reserve is one of the most effective strategies a municipality can implement to strengthen its credit rating. Indeed, maintaining an operating reserve is one of the practices cited in Fitch Ratings "The 12 Habits of Highly Successful Finance Officers."*

*Municipal officials should strongly consider adopting an operating reserve fund policy outlining target fund balance levels, appropriate fund balance uses, approvals required for fund withdrawals, and terms for fund restoration after withdrawals. Sufficient fund balance level will vary for each municipality and depend on several factors including:*

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- *Volatility and predictability of revenues and expenses*
- *History of surpluses or deficits*
- *Diversity of revenue sources*
- *Ability of municipality to close budget shortfalls through other means*
- *Strength of local and national economy*
- *Long-term forecasted revenues, expenditures, and fund balances*

*While each municipality's circumstances and fund balance needs are different, the Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in the general fund of no less than five to fifteen percent of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures.*

### *Economic Considerations*

Each year I briefly discuss issues that council must take into account regarding the impact of the state of the national and local economy. While that remains true, the economy remains uncertain due to several factors including the ongoing pandemic and an inflation rate of approximately 9%.

A number of economic conditions include:

- The unemployment rate appears stable
- Businesses may still have employees working from home
- Some businesses, especially restaurants, have been forced to close, never to reopen. In Forest Hills that is exacerbated by the reconstruction work along Ardmore Blvd. (US 30)
- The American Rescue Plan Act (ARPA) impacts local government as noted earlier. This and the previous stimulus package increases the national debt and it is uncertain what impact that may have on the economy over time
- The Federal Reserve is slowly increasing interest rates in 2023.
- The stock market initially dropped as the virus crisis became worse, then rose and now fluctuates though is generally declining
- The inflation rate has increased as noted

As is always true, sudden changes in the economy will impact the borough's ability to raise revenues and have sufficient funds to operate. Uncertainty exists on a number of issues facing federal and state governments including potential political and policy changes

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General economic concerns or characteristics identified in previous budgets still remain and can be viewed there.

These national and regional issues will always raise concerns. Investment markets continue to show fluctuations this year based on policy uncertainty and changes in the Federal Reserve's monetary policy and interest rate policy.

These issues remain active to one extent or another and were discussed in more detail in previous budget messages. The economy remains a factor and council and staff should continue to exercise caution in budgeting and spending.

*Council Committee Perspective*

In recent years, I have provided council committees with a long list of questions to ask about major borough functions that relate to committee business for review as the budget process begins.

The list is extensive and was created several years ago and since updated each year as a way of helping committee members to consider all aspects of borough operations to improve preparation of a budget for the new year. It is not meant to advocate change but it is meant to consider it. By that I mean, any organization grows in several ways and often does so by changing in one way or another. Of course, an organization can also grow by continuing along the same course if there is nothing wrong with current operations and goals.

The items in the list reflect that idea by allowing members to ask: Can we do something better by doing it differently? Should we be doing it at all? Is it best to continue the current course which will result in continued improvements or can we improve the borough by changing course? Are we changing something just for the sake of change and not because change will benefit the borough?

The list is only meant as a guide in considering all aspects and functions of the borough and not necessarily a call to action. It is not intended to be comprehensive nor is it intended to promote a particular policy.

The full list can be found in the current budget booklet (which is also online) and will be printed in the final budget book to allow residents and taxpayers to view the process that council and staff are encouraged to follow. I decided again this year to refrain from submitting the list to members since there really is no need to change them and since they are available online and in past budget messages.

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COUNCIL COMMITTEE PERSPECTIVE

*BOROUGH PROPERTY*

Issues for discussion/consideration in preparing the 2023 Budget from a borough property perspective:

- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?
  
- **Recreation Fees** (pool admissions/passes, swim team, swim lessons, tennis passes, program fees etc. - also may be a factor in finance)
  - Are fees adequate to cover the costs of associated programs or should taxes subsidize some or all of the programs offered by the borough (e.g., swimming pool, park & facility rental)?
  
- **Recreation Center Rental Fees** –
  - Is the borough making enough money on rentals?
  - Does the borough charge enough for a center with the size and features of the recreation center?
  - Are rental rules sufficient to protect borough property?
  - Shall council limit rentals only to Forest Hills residents and install rules that protect that limitation?
  - Should taxpayers subsidize the cost of the recreation center or should fees increase?
  
- **Pool Lodge Rental Fees** –
  - Is the borough making enough money on rentals?
  - Does the borough charge enough for the lodge. Shelters, etc.?
  - Are rental rules sufficient to protect borough property?
  - Shall council limit rentals only to Forest Hills residents and install rules that protect that limitation?
  - Is the deposit sufficient to cover damages?
  - Are there sufficient pool employees to safely staff rental events?

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- Should taxpayers subsidize the cost of the lodge or should fees increase?
  
- **Recreation Facility Maintenance –**
  - Does the borough sufficiently maintain buildings like the recreation center on Barclay and the pool lodge, both of which are often used for rentals?
  - Are the grounds surrounding the recreation center on Barclay adequately maintained? At this time, the only maintenance is general grass cutting and occasional planting of flowers. However, tree pruning, planning & removal, weeding of large flower beds, and general maintenance is needed to continue attracting rentals.
  - Are the interiors of the 2 rental facilities maintained sufficiently to continue to attract renters? Is equipment at these facilities working and is equipment clean and in good repair? For example, the recreation center on Barclay has not had a microphone and speaker system for several years due to vandalism.
  - Exterior and interior painting, exterior and interior cleaning, and floor maintenance is also needed periodically at both facilities.
  - Lighting improvements are needed at both facilities.
  
- **Recreation & Events Director Salary/Hours** (also may be a factor in finance)
  - Should council allocate additional and even substantial dollars to increase marketing activities and improve conditions at borough rental facilities?
  - Does the current employee have sufficient hours allocated by the borough to accomplish tasks?
  - What change should be made in the current employee's salary and/or hours? Should council provide the director with basic health benefits?
  
- **Pool Assistant Manager & Other Salaries** - (also a factor in finance) –
  - What change should be made in the current salaries (includes coaches, guards, etc.)?
  - Can the borough support the level of employment needed at the pool to safely operate 7 days a week from Memorial Day through Labor Day?
  - Should the borough consider closing the pool one day a week to save money?
  - Should the borough consider hiring a pool management company to operate the pool?
  - What is the status of our certified pool operators? Are certificates up to date? Is further training required? The assistant pool manager is required to serve as a pool operator. Should this practice continue? Does council understand the responsibilities of a certified pool operator and the requirements needed to physically place chlorine tablets into the system?

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- If pool maintenance remains the work of the public works department, does the borough have sufficient manpower to complete needed work there or does it require an increase in staff? Can the borough afford any overtime necessary for a crew member to work the pool on weekends?
- How will council ensure that there are sufficient employees, either full time or part time, to maintain the pool during the months of May through early September? Should council hire another part time employee to handle these duties rather than rely on the public works crew?
- Are members aware of the effort needed to place the chlorine tablets in the feeder system and the need to have an individual capable of lifting the heavy container safely to the feeder? Can employees transfer tablets safely to smaller containers to access the feeder?
- Should council allow the recreation board to establish salaries or only recommend?
- **Bond Issue, Financing & Capital Purchases –**
  - How should the borough fund requested capital items for the next 5 years?
- **Municipal Building –**
  - How will cleaning services operate at the building? Do we have sufficient staff to maintain a new building?
  - Full access must be restricted. Who will be entrusted with full or partial access?
  - Have security issues been fully addressed? Is the building safe for all who use it?
  - Landscaping and regular maintenance must be a priority to maintain the building at 4400 Greensburg Pike. How should council fund this?
- **Building Storage –**
  - Is the new borough building adequate to meet the needs of all the departments, committees and boards who use it? Limited space affects the overall housekeeping of the borough building. How can storage space be increased or improved?
  - Should the borough create or find a central location for the storage of certain files? For example, a room that would house all sewer related materials with enough space to adequately view materials would improve the current situation where this information is scattered.
  - Should the borough use a third party resource to provide storage for older material and free up space in the borough building? Should the borough build a storage area in the new public works garage for permanent file storage?
  - Should council renovate the basement of the recreation lodge for storage use or other purposes?

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- **Building Maintenance -**
  - We eliminated window cleaning and carpet cleaning services to save money at the old municipal building. Should window cleaning and carpet cleaning services be restored for the new building? What are the maintenance issues in other borough buildings including the public works garage, recreation center, and pool lodge? Is the borough gaining sufficient value in having a part time employee(s) handle this work and pool work?
  
- **Parks –**
  - Should the borough consider consolidation or elimination of one or more parks? Would elimination of a park allow the borough to convert the land to taxable private use – either commercial or residential? Is there a market for such land?
  - Should a park be placed at the recreation center or should the main park move there with land for the main park sold or used for other activities?
  - Are parks well used? Is there park land that is under used?
  - Should the Main Park and/or Koch Park be restricted to neighborhood use only rather than permitting rentals?
  
- **Pool –**
  - What should the pool look like in the future (may require a citizen task force study rather than simple recreation board review)?
  - How should council plan for future needs (does the capital improvements plan address these needs adequately)?
  - Should a larger water/spray park be constructed at the pool to increase its use and interest of the public?
  - Can funds for future major renovations be raised through means other than taxes or fees?
  - What ideas could be implemented that will allow pool revenues to exceed pool expenditures?
  
- **Tennis Courts -**
  - Courts have been reconstructed and a card key system implemented for those that pay the fee for a tennis pass. Should council consider changes to tennis pass requirements, add an employee to monitor the courts and check passes, or eliminate the pass requirement?
  
- **Sale of Property –**



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- Should council consider selling one or more pieces of property to return them to the tax rolls? Which properties would council include?
- **Field and Park Maintenance** – (also a factor in public works)
  - Considering the level of use of borough recreation facilities, the workload of a limited public works staff, the need for specific maintenance of ball fields in the spring, summer and fall and the cost associated with such maintenance should the borough contract out this work? Should the borough increase the size of the public works crew? Can the borough afford to do either?
- **General Items** –
  - Should council consider an ordinance that protects borough owned green space?
  - Can council develop a policy that will make borough roads “biker friendly?”
  - Should the borough enhance the various trails and walking paths in and around the parks or allow them to evolve naturally?
  - Are sufficient funds allocated to maintain borough owned walkways and steps or should one or more be abandoned?

### *FINANCE*

Issues for discussion/consideration in preparing the 2023 Budget from a finance perspective:

- **County Assessment System** -
  - Will the county consider another reassessment program?
  - Will the current assessment system allow for natural changes in property values requiring the borough to adjust its tax rate?
  - What impact on the budget will result from appeals and from recent court rulings on assessment and appeal equity?
- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?
- **Overall Budget Preparation** –

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- Is the current system effective in creating a budget? Should the finance committee schedule a separate meeting or should other committees reduce their agenda items for one or two months to devote more time to the budget process with all council in attendance?
- Is the format used for preparation adequate (forms used, beginning the process in August, the budget calendar, etc.)?
- Do elected officials see the budget process as the basis for all activity within the borough or does it believe that other activities have a higher priority?
  
- **Capital purchases –**
  - Is the current Capital Improvements Plan process adequate for identifying capital purchases needed over the next 5 years?
  - How do we encourage more long term focus on capital items as many seem to see the process as only looking at the next budget year and the year after?
  - Is the review process by council adequate?
  - What steps can be taken to improve the inventory we maintain of equipment?
  
- **Taxes/Fees –**
  - Is the tax rate sufficient to manage borough affairs and fund borough activities?
  - Should taxes remain the same with a cut in services? Could council adjust taxes and fees to streamline the tax/fee system?
  - Will earned income tax revenues increase? Has the centralized earned income tax collection system benefited the borough and can it be expected to continue? Is the collection system correctly sending dollars from borough resident's tax bills to the borough in a timely fashion?
  - Will efforts to allow a business privilege and/or mercantile tax in municipalities that did not have one prior to tax changes several years ago succeed in convincing the legislature to enact appropriate legislation? If so, should the borough consider instituting these taxes?
  - Is council happy with the fire protection services fee as it exists or should it make changes in the process? Is council aware of how the fee as it exists now funds all fire costs including the new truck?
  
- **Services -** If the borough followed a zero based approach to budgeting, each line item would require justification annually. As an alternate, council should review individual services annually to justify their existence (using this list is an example of that method). At least, a list of services might be considered to provide a better picture of the many services offered by the borough. Should the borough continue to fund the

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following services or should the service be reduced or eliminated (services shown may not include all borough services available at the time this is published)?

- Full time Administrative staff with associated office equipment
- Fee billing operation
- Full time public works crew and equipment
- Complete snow removal services with immediate dispatch of crew
- Specialized public works crew members (i.e., those with special skills)
- Walkway & step maintenance
- Street repair, replacement and maintenance
- Street sweeping program (as needed rather than specifically scheduled)
- Sanitary and storm sewer repair, replacement and maintenance
- Trash & recycling collection
- Leaf collection program
- Brush chipping and collection
- Yard waste collection
- Full time police department and equipment/vehicles
- Crime Alert phone and/or computer system and crime watch committee
- Round the clock minimum two man shifts for police services
- Full or partial public safety program funding (fire, EMS, police)
- Tree maintenance, removal, pruning and planting programs to maintain Tree City designation
- Planting and maintenance of flower beds in various locations
- Reimbursement for tree related damage
- Quarterly newsletter (hard copy vs. electronic)
- Code Enforcement Program (contract vs. in-house - building inspection, code enforcement, zoning) & associated planning and zoning activities including comprehensive plan implementation
- Library branch services
- Borough building complex and associated buildings and grounds
- Recreation director
- Main Park & neighborhood parks with accompanying playground equipment, buildings, courts and fields
- Tennis program
- Recreation program including courses, swim teams, swim lessons, etc.
- Swimming pool complex devoted exclusively to Forest Hills residents with sponsorship program
- Marketing specialist with associated promotional activities
- Westinghouse recreation center and ball fields
- Geographic Information System

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- Economic development program
- **Sewer Fee and Corrective Action Budget** - (also a factor in public works)
  - The consent decree requires that certain work is accomplished in a timely fashion and perhaps immediately in the case of newly discovered sewer problems. Is the borough's fee sufficient to finance the long term needs of the consent decree plus any emergencies that may occur?
  - Is the borough up to date with all consent order work to avoid any penalties and fines?
  - Should the borough consider using the fee as collateral for a separate bond issue or loan to fund the long term requirements of the consent decree?
  - Should it consider taking out a larger bond issue that handles other projects in addition to sewers (e.g., another pavement program)?
  - Does council wish to change the policy on use of the fee for in-house sewer work? Does council wish to change the policy for paying personnel costs related to sewer work which currently reimburses the general fund for crew regular and overtime sewer work? Recent practice, authorized by council, allows public works crew members to work overtime hours on sewer work (in conjunction with hours during the normal work day) because the engineer has determined that it is cheaper than contracting needed work. The sewer budget then reimburses the general fund for salary and benefits charged to overtime work. The engineer and foreman should continue to monitor to ensure that such work continues to be less expensive and the committee (and council) should review this practice annually. Disagreement on the practice outlined here was voiced in 2018; should that change the operation and scheduling of such work?
  - Will the equipment sharing relationship with Wilkins continue for the sewer vector operation? What is the expected life of the equipment we share and will both municipalities agree to replace when necessary?
  - Council began putting funds aside in a Corrective Action reserve fund several years ago at the recommendation of the engineer. The engineer has since determined it may not be necessary and council used funds there in 2018-19 for the purchase of a camera truck and equipment. Should this reserve continue and increase as originally recommended?
- **Stormwater Management (MS4) Requirements** - (also a factor in public works)
  - What costs will there be in implementing these requirements next year and in the future? With an active Environmental Advisory Council (EAC) what is the best way to implement these requirements?

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- The borough is required to maintain a Stormwater permit under the state's MS4 program. What requirements has the borough met and what is still to be implemented? Are we in compliance?
- Should the borough consider a separate Stormwater fee as other communities are considering?
- **Fees for Services (including all recreation, trash collection) –**
  - Should the trash fee be removed in favor of increased real estate tax millage? Is the quarterly trash fee an improvement over the one-time collection used in years prior to 2009? Can the borough continue to afford a senior citizen rate for the trash fee since regular rate payers essentially fund this program?
  - Are fees adequate to cover the costs of associated programs or should taxes subsidize some or all of the programs offered by the borough (e.g., swimming pool, park & facility rental)?
- **Priorities and Planning (also a factor in operations & policy) –**
  - Has council established priorities & policies that provide clear direction for staff and employees?
  - Does council have a clear plan for the borough that will maintain its standards? Has council established policies that clearly describe what borough standards are?
  - How does council balance limited revenue sources, the demands of citizens for superior service, and its own desire to maintain a large number of services?
- **All Non-Union Salaries (included in other committees: manager, part timers, recreation employees, recreation & events director) –**
  - Should council increase the salaries of nonunion full time and part time employees and, if so, by how much? Traditionally, many part time employees (e.g. life guards) only get a small increase.
- **Improving the Budget Reserve –**
  - Many communities attempt to maintain a budget reserve of 5% to 10% of their total budget for emergencies and potential major projects. Council's budget reserve policy establishes criteria for such a balance. Once the funding level is reached, funding styles vary as some contribute to the reserve annually only to maintain that level while others maintain a constant stream of funds to allow for a larger reserve and may use the excess eventually for projects or tax reduction. Is our current policy sufficient?
  - A separate fund - capital budget reserve fund - was established in 2015. Is it adequate and should it continue?

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- **Bond Issue Purchases –**
  - Council must decide a policy it wants to follow on bond issue spending. A rule of thumb is that money spent from the bond issue should be directed toward capital items that will have a life that at least equals the life of the years remaining to pay off the bond issue.
  - Should council consider refinancing the current bond issue? What should be the criteria in doing so? Should additional capital funds come with a refinancing?
  
- **Recreation & Events Director Salary/Hours (also a factor in borough property) –**
  - Should council allocate additional and even substantial dollars to increase marketing activities and improve conditions at borough rental facilities?
  - Does the current employee have sufficient hours allocated by the borough to accomplish tasks?
  - What change should be made in the current employee's salary and/or hours?
  
- **Pool Manager/Assistant Manager & Other Salaries - (also a factor in finance) –**
  - What change should be made in the current salaries (includes coaches, guards, etc.)?
  - Can the borough support the level of employment needed at the pool to safely operate 7 days a week from Memorial Day through Labor Day?
  - Should the borough consider closing the pool one day a week to save money?
  - Should council consider use of a pool management company?
  - What is the status of our certified pool operators? Are certificates up to date? Is further training required? The assistant pool manager is required to serve as a pool operator. Should this practice continue? Does council understand the responsibilities of a certified pool operator and the requirements needed to physically place chlorine tablets into the system?
  - If pool maintenance remains the work of the public works department, does the borough have sufficient manpower to complete needed work there or does it require an increase in staff? Can the borough afford any overtime necessary for a crew member to work the pool on weekends?
  - How will council ensure that there are sufficient employees, either full time or part time, to maintain the pool during the months of May through early September? Should council hire another part time employee to handle these duties rather than rely on the public works crew?
  - Are members aware of the effort needed to place the chlorine tablets in the feeder system and the need to have an individual capable of lifting the heavy container safely to the feeder? Can employees transfer tablets safely to smaller containers to access the feeder?
  - Should council allow the recreation board to establish salaries or only recommend?

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- **Legal Fees** (also a factor in operations & policy) –
  - Should council reconsider use of a retainer or has that method been a success?
  - Is council happy with the current level of legal services?
  - Is council's use of the solicitor efficient and economical or does the borough rely on its solicitors too often?
  - Should council consider alternatives?
  
- **Trash Fees** (also a factor in operations & policy) –
  - Should the trash fee be eliminated in whole or part and absorbed by the real estate tax (see discussion from the finance committee on taxes)?
  - Should council raise the fee to cover the cost in whole or in part or allow the budget to absorb the increased cost?
  
- **Tax Anticipation Note (TAN)**
  - Several years ago the borough borrowed carry over funds from the corrective action budget or funds from the budget reserve in order to avoid securing a TAN and thus saving several thousand dollars in potential interest. Such borrowing is especially important under the new program that spreads the trash fee out over 4 quarters rather than collecting the full amount in February/March. The committee must review this issue each year in order to have sufficient funding to operate during the first 4 months of the new year.
  - Members agreed that beginning with the 2018 budget, a line item for interest on a TAN shall be included in the budget, regardless of the source of funds. This permits the borough to properly show this cost even if it borrows from another borough fund. Should this practice continue?

### *OPERATIONS & POLICY*

Issues for discussion/consideration in preparing the 2023 Budget from an operations & policy perspective:

- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated

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to avoid the need for a tax increase or fee or other required increase?

- **Legal Fees** (also a factor in finance) –
  - Should council reconsider use of a retainer or has that method been a success?
  - Is council happy with the current level of legal services?
  - Is council's use of the solicitor efficient and economical or does the borough rely on its solicitors too often?
  - Should council consider alternatives?
  
- **Environmental Advisory Council Supporting Funds**
  - Should funds be set aside to assist in their efforts on public education and public relations on the storm water management (MS4) issue?
  - If not, how should this mandatory effort be financed?
  - How can council maintain membership on this board or should the board be dissolved and its duties distributed elsewhere?
  
- **Trash Fees** (also a factor in finance) –
  - Should the trash fee be eliminated in whole or part and absorbed by the real estate tax?
  - Should council raise the fee to cover the cost in whole or in part or allow the budget to absorb the increased cost?
  
- **Public Relations Expenses** –
  - These expenses involve several items. The quarterly newsletter, the Tree City Times, has become a staple. However, its cost exceeds the revenues raised from advertising sales. Does council wish to implement any changes to the newsletter? Should the newsletter publish more frequently than quarterly and how will that affect costs, editing and production time? Should the newsletter transition to an electronic only version?
  - Should other public relations efforts be funded in future budgets (website, twitter, YouTube etc.)?
  
- **Tree Issues** (also a factor in public works) –
  - Should the borough continue to maintain the designation of a Tree City? What costs are involved in maintaining this designation? Can the borough afford it?
  - Do we carefully plant new trees to avoid interfering with existing sewer lines?
  - Each year the borough budgets funds to cover pruning, removal and new plantings. Often there are insufficient funds available to handle pruning and removals that are needed. Trees that may be considered dangerous in whole or in part may be



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- neglected without sufficient funding. Does council wish to maintain this designation (Tree City) and, if so, to what extent?
- How should funding for removals/pruning due to storm damage or other emergencies be funded? A “storm damage” line item was added in the 2015 budget to use rather than taking funds from removal and pruning line items.
- **Council Structure and Meetings –**
    - Does council operate in an efficient and effective manner under its present structure or should it consider changes to streamline the operation?
    - Are 7 committees too many, reducing efficiency and prolonging discussion?
    - What is council’s expectation of the manager’s role in meetings? Does the manager do enough to ensure productive use of time during committee and other meetings?
    - Is the Committee of the Whole used correctly or does it result in duplicate discussion of some items (see committee rules for policy on this committee)?
    - Does the committee structure encourage council to micromanage the staff rather than allowing the staff to do what they were hired to do?
  - **Priorities and Planning –**
    - Has council established priorities & policies that provide clear direction for staff and employees?
    - Does council have a clear plan for the borough that will maintain its standards? Has council established policies that clearly describe what borough standards are?
    - How does council balance limited revenue sources, the demands of citizens for superior service, and its own desire to maintain a large number of services?
  - **Labor Negotiations -**
    - Should council and unions consider the establishment of labor-management committees (or similar) that would meet regularly during the course of a contract period to discuss mutual interests and problems?
  - **Worker/Workplace Safety -**
    - The worker’s compensation carrier requires that we maintain a safe working environment as indeed we should. Council allocates limited funds through a separate line item to maintain a safe workplace. Are these funds adequate? If not, how should safety be funded?
    - Should council develop a specific policy on worker safety (in all departments) or amend existing policy to include such language?
  - **Contracts & Contractors –**

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- The borough has a number of agreements with various contractors including, among others, for insurance services, cleaning, computer & IT services, legal services, engineering, auditing, investing, banking, actuarial services, etc. Should council establish a policy for regular review of these services?
- Should council establish a regular schedule wherein it requests proposals from contractors in a particular service at certain intervals or based on certain criteria?

### *PLANNING & ZONING*

Issues for discussion/consideration in preparing the 2023 Budget from a planning & zoning perspective:

- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?
- **Code Enforcement Officer: Duties & Salary/Expenses** (building inspector/zoning officer/code officer) –
  - Council has considered additional hours in the past and some hours have been added. Should additional dollars be allocated to increase the number of hours of the code officer/building inspector/zoning officer?
  - Is council satisfied with the work of Building Inspection Underwriters?
  - Should council consider hiring a full time code enforcement officer to handle building, code and zoning issues?
  - Should zoning duties be handled by a person other than the contractor?
  - Should council use the services of the Turtle Creek Valley COG for these functions and/or as a back up to borough employee efforts?
- **Electrical Inspection Salary** –
  - Should the borough continue with the current inspection system using Building Inspection Underwriters or return to the open system from several years ago? Is the borough required to specify a single inspector under the Uniform Construction Code?

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- **Planning Commission & Consultant–**
  - What aspects of the comprehensive plan require updating or council review before implementation? What direction should council provide to the planning commission?
  - Should council consider a joint comprehensive plan with neighboring municipalities?
  - When should council schedule work on a new comprehensive plan?
  
- **Fees for Support of Planning Commission & Zoning Hearing Board –**
  - Both boards have several expenses including those mentioned above. The zoning hearing board may require that a secretary take minutes of meeting operations that do not require a court reporter. In the past, only minimal funds have been allocated here. However, both boards must operate under the Sunshine Act and must have minutes of meetings available for review. At the same time, we have had difficulty finding someone to take on the secretary role as it is part time and allows for irregular hours.
  
- **Community Development Corporation/Forest Hills Community Alliance -**
  - The CDC reconstituted beginning in 2019 and has been renamed the Forest Hills Community Alliance. Does an active organization allow the borough an avenue for grant applications and other items that are better handled by a nonprofit than a government entity?
  - Now that the former CDC’s work is concluded and maintenance for items like the arches moves to the borough how will council allocate funds and manpower to care for these assets?
  - What is council’s level of involvement with a new organization?
  - What should the new organization seek to accomplish and what direction should council provide to them?
  
- **Rental Property Ordinance –**
  - Will council pursue this further and, if so, how extensive will be the provisions of the ordinance?
  - Are greater controls by ordinance a solution that ensures that properties are maintained?
  - Are rental property provisions under the property maintenance code and its adopting ordinance sufficient?
  
- **Occupancy Inspections –**

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- The borough conducts rental property inspections but does not have a program for inspections when a home is sold. Should this be implemented to allow the borough to better control housing stock and condition?

*PUBLIC SAFETY*

Issues for discussion/consideration in preparing the 2023 Budget from a public safety perspective:

- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?
- **Overtime & Staffing** –
  - Have the steps implemented by the Chief and committee been successful in controlling overtime costs?
  - Is the police department sufficiently staffed?
  - What is the impact of part time officers and what is the appropriate number of part timers and full timers needed to effectively control overtime and serve the public while meeting the requirements of the collective bargaining agreement?
- **Dispatch - 911** –
  - Are any adjustments in the relationship with the county needed or is service adequate?
- **Vehicles/Car Rotation** –
  - Should the borough maintain a regular rotation of vehicles?
  - How will council and the department set up a rotation schedule?
  - How should the fleet be configured as to number of cars and other vehicles?
  - Should council consider use of hybrid and/or all electric vehicles and are they adequate to accomplish department tasks?
- **Capital purchases** –

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- What capital purchases are required for public safety departments? The police department must review capital needs for the next 5 years or more to allow council to develop a spending plan.
- Are capital purchases funded by the borough in full or in part necessary for other borough public safety entities?
- **Equipment** –
  - Is the police department provided with sufficient equipment of good quality to accomplish its tasks? If not, what equipment should be added?
  - Has the department inventoried its present equipment to provide a record of its age, condition and value?
  - Is the department maintaining a log of new equipment purchased outlining the date purchased, cost, vendor, estimated life and use?
- **Safety Improvements** (also a factor in public works) –
  - The worker's compensation carrier will require that we maintain a safe working environment as indeed we should. Council allocates limited funds through a separate line item to maintain a safe workplace. Are these funds adequate? If not, how should safety be funded?
  - Should council develop a specific policy on worker safety (in all departments) or amend existing policy to include such language?
- **Public Safety Budgeting** –
  - Does council annually review revenues and expenditures involving public safety items?
  - Is the fire fee sufficient for the borough's needs? Is it excessive? Should the fee's proceeds be prioritized differently?
  - How effective is the consolidation of all fire costs and revenues into one budget (Fire Protection Services Fee budget)?
  - Should the borough provide funding for EMS services? If so, is the borough providing proper funding for EMS services?

### *PUBLIC WORKS*

Issues for discussion/consideration in preparing the 2023 Budget from a public works perspective:

- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the

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- committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
- Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?
  - **Overtime** –
    - This is a difficult item to budget due to uncertainty of weather conditions and potential emergencies. Also, corrective action work may involve overtime. Such overtime had been reimbursed from the corrective action budget periodically throughout the year in past budgets. That policy was eliminated beginning in 2011 for overtime and regular time then reinstated in 2013 at the recommendation of the engineer who determined that such work was cheaper to do in house than to bid (this item remains in the list for reference as established policy though council reconsidered this practice in 2018 as part of its review for purchasing a new camera truck and equipment).
    - Should council establish a policy for snow removal activities or other emergencies to reduce overtime? (See also Winter Maintenance later in this list).
  - **Crew Size** –
    - Considering the current work load, the issue of military service for one of its members, and the work in Chalfant, should the size of the crew increase (see following point)?
    - We have the crew doing work that ordinarily a contractor might handle and are consequently backed up on quite a few smaller jobs. Should this practice change and should the borough rely on contractors for certain functions?
  - **Chalfant** –
    - Should the contract for public works services in Chalfant continue?
    - Does the contract create an unnecessary burden on the borough crew or are we staffed adequately to handle the work?
    - If the borough were to cancel the contract with Chalfant where would additional dollars be found to make up for lost fees?
  - **Field and Park Maintenance** – (also a factor in borough property)
    - Considering the level of use of borough recreation facilities, the workload of a limited public works staff, the need for specific maintenance of ball fields in the spring, summer and fall and the cost associated with such maintenance should the borough contract out this work?

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- **Intern –**
  - Should the budget include funding for an intern from a local college who may assist with items like inventorying equipment, organizing the department and/or administrative tasks that might fit here and under operations & policy?
  
- **Equipment Purchases –**
  - What purchases are needed for the new year? What capital equipment, not already budgeted or included in a bond issue, should be included in the capital improvements plan? How will council fund the capital improvements plan to purchase capital equipment?
  - Has council established a policy covering the expected life of a vehicle or other equipment to guide staff in preparing for turnover in equipment and making purchasing recommendations?
  - Has the department inventoried its equipment to provide a log of each tool of a certain value that establishes its condition, use and cost to replace?
  - Is the department maintaining a log of new equipment purchased outlining the date purchased, cost, vendor, estimated life and use?
  
- **Vehicle Purchases –**
  - Has the borough adequately planned to replace aging trucks?
  - Should any part of the borough's fleet be eliminated? Should the borough keep trucks and other equipment for a set minimum amount of time? How will this decision affect maintenance costs?
  
- **Safety Improvements (also a factor in finance & public safety) –**
  - The worker's compensation carrier will require that we maintain a safe working environment as indeed we should. Council allocates limited funds through a separate line item to maintain a safe workplace. Are these funds adequate? If not, how should safety be funded?
  - Should council develop a specific policy on worker safety (in all departments) or amend existing policy to include such language?
  
- **Pavement Improvement Program –**
  - Has council instituted an adequate financial and action plan to provide needed improvements to aging and poor pavement while maintaining good roads in good condition?

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- What is the best method to use in determine the condition of roads and alleyways and in scheduling them for repairs, repaving, etc.? Is there software available to handle this task?
- Does council understand the process of road improvement and the alternatives available for reconstruction of road surfaces?
- Should temporary measures such as scratch coating street surfaces be instituted to provide short term solutions?
- Does the condition of neighborhood roads affect property values and therefore affect the dollars collected in real estate taxes by the borough while maintaining a higher standard of living for residents?
- If liquid fuels funds are used for road resurfacing, has council directed the engineer to ensure that the specifications for each road match those required by PennDOT.
- Can the borough save dollars by undertaking joint bidding on projects like pavement improvement with neighboring municipalities?
- Can improved cooperation with utilities re: street openings (other than for emergencies) allow the borough to better utilize paving funds by resurfacing streets using utility funds that would otherwise be used by them to restore pavement following work? Should council require that utilities restore roads with full width paving after their work concludes?
- **Engineering Fees –**
  - Does council consider engineering fees excessive or average and should it investigate alternate methods of employing the engineer or others to keep costs low?
- **Sewer Fee and Corrective Action Budget -**
  - The consent decree requires that certain work is accomplished in a timely fashion and perhaps immediately in the case of newly discovered sewer problems. Is the borough's fee sufficient to finance the long term needs of the consent decree plus any emergencies that may occur?
  - Is the borough up to date with all consent order work to avoid any penalties and fines?
  - Should the borough consider using the fee as collateral for a separate bond issue or loan to fund the long term requirements of the consent decree?
  - Should it consider taking out a larger bond issue that handles other projects in addition to sewers (e.g., another pavement program)?
  - Does council wish to change the policy on use of the fee for in-house sewer work? Does council wish to change the policy for paying personnel costs related to sewer work which currently reimburses the general fund for crew regular and overtime sewer work? Recent practice, authorized by council, allows public works crew



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members to work overtime hours on sewer work (in conjunction with hours during the normal work day) because the engineer has determined that it is cheaper than contracting needed work. The sewer budget then reimburses the general fund for salary and benefits charged to overtime work. The engineer and foreman should continue to monitor to ensure that such work continues to be less expensive and the committee (and council) should review this practice annually. Disagreement on the practice outlined here was voiced in 2018; should that change the operation and scheduling of such work?

- Will the equipment sharing relationship with Wilkins continue for the sewer vector operation? What is the expected life of the equipment we share and will both municipalities agree to replace when necessary?
- Council began putting funds aside in a Corrective Action reserve fund several years ago at the recommendation of the engineer. The engineer has since determined it may not be necessary and council used funds there in 2018-19 for the purchase of a camera truck and equipment. Should this reserve continue and increase as originally recommended?
  
- **Geographic Information System (GIS)**
  - Has the engineer maintained and updated the system regularly (at least annually) to account for changes in property ownership (via tax rolls), sewer changes, road changes, etc.?
  - At this time only the manager has access to the full system. What other staff members require access (police, code enforcement, office staff, etc.)?
  - Are there packages for the system that could be added to increase its usefulness (e.g., logging and identifying signs, location of trees, road maintenance, etc.)?
  
- **Stormwater Management (MS4) Requirements -**
  - What costs will there be in implementing these requirements next year and in the future? With an active Environmental Advisory Council (EAC) what is the best way to implement these requirements?
  - The borough is required to maintain a Stormwater permit under the state's MS4 program. What requirements has the borough met and what is still to be implemented? Are we in compliance?
  - Should the borough consider a separate Stormwater fee as other communities are considering?
  
- **CDC/Main Street Development**
  - The borough must maintain the trees, shrubs, lamp posts and other features from previous CDC activities. How should the borough cover these costs? Plantings are

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monitored by the Tree & Shrub Committee and Arborist and related work on these and other assets come under the jurisdiction of the foreman as monitored by the manager and council's public works committee.

- **Tree Issues** (also a factor in operations & policy) –
  - Do we carefully plant new trees to avoid interfering with existing sewer lines?
  - Each year the borough budgets funds to cover pruning, removal and new plantings. Trees that may be considered dangerous in whole or in part may be neglected without sufficient funding. Does council wish to maintain this designation (Tree City) and, if so, to what extent?
  
- **Winter Maintenance** –
  - With escalating salt costs, overtime costs, and use of crew, should the borough consider alternative maintenance methods and winter operations scheduling?
  - Should the borough stockpile additional salt at the end of the winter season for the next season? Should the borough construct a new salt bin?
  - Should salt costs be allocated to the general fund budget while devoting liquid fuels money to road repair and resurfacing?

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Recreation: Swimming Pool

Recent budget messages have included a sidebar on the swimming pool. This started because major repairs occurred in 2016. This topic should concern council in the future as maintenance and repairs will continue to impact the pool considering its age and construction. The pool is considered an amenity and improvements have been made that will continue to attract patrons.

As noted in previous budget messages, most public pools like ours find that expenses will greatly exceed revenues for a number of reasons.

The pool was built in 1968 and faces constant maintenance issues due to the manner in which it was constructed. For example, the joints must be maintained by periodic re-caulking to prevent leaks (see current and past Capital Improvements Plans).

Pool capacity is relatively small compared to some public pools and attendance is affected by weather as is true of all outdoor pools. These issues create a concern and council is advised to monitor the situation each year. The Council Committee Perspective noted previously includes several key questions on the pool that should be asked each year in considering a new budget.

Conclusion

The issues raised here are my perspective on factors to consider in preparing the 2023 budget and capital improvements plan.

This perspective is offered as a means to assist council in taking a long-term view of borough finances and the 2023 budget and capital improvements plan in particular. In the end it is the duty of council to establish policy. However, it is the duty of the manager to provide council with recommendations, ideas and a viewpoint to assist members in their decision making. This perspective is offered in that light rather than as an effort to question or establish council policy.

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**GENERAL FUND COMMENTS**

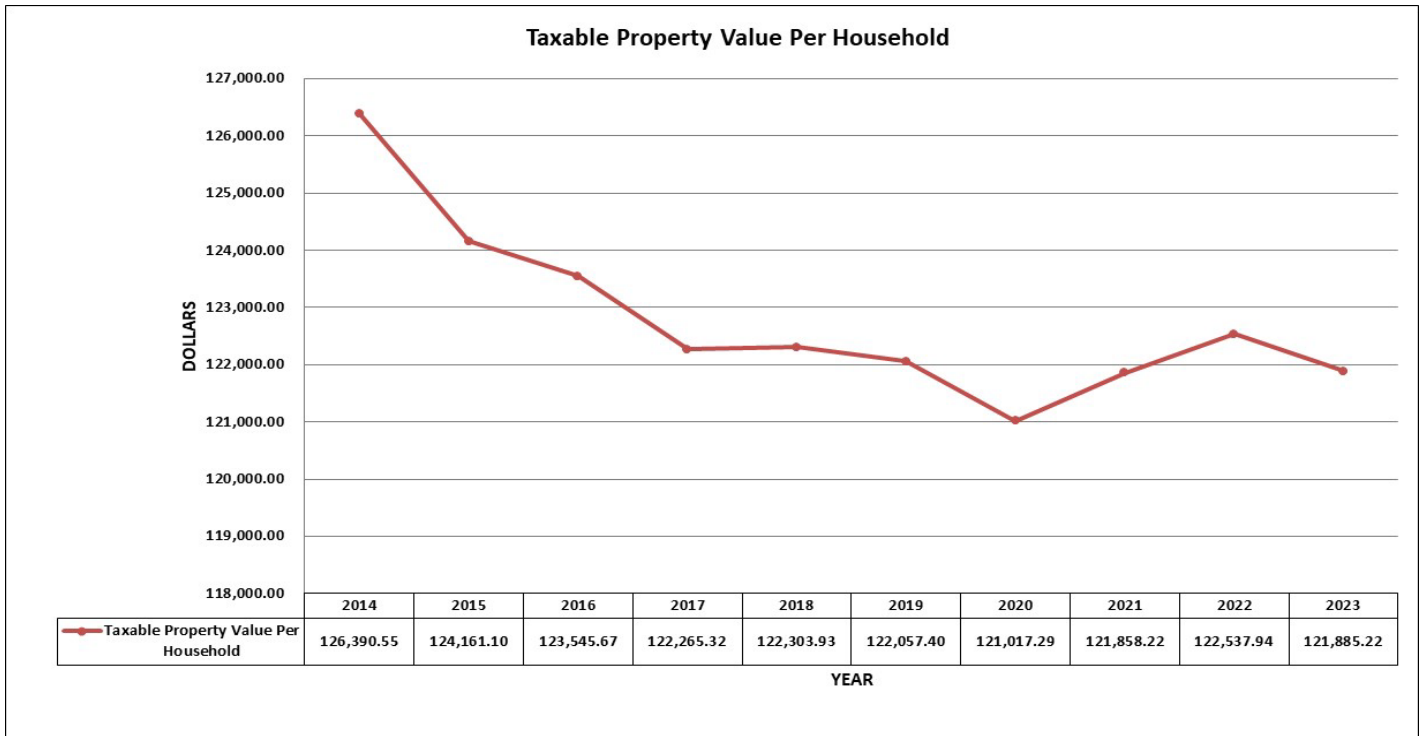
Detail from the 2023 General Fund Budget (first draft) is provided below.

**REVENUES**

*Acct. 301 Real Property Taxes*

Real Estate Taxes are based on the county’s reported taxable assessed value as of September 30, 2022 which is reported on their website as \$385,245,603. Last year at this time the county reported \$383,390,103 as taxable assessed value for the borough as a comparison. Certified value on January 15, 2022 totaled \$385,626,903 (for comparison, January 2021 showed this amount to be \$383,487,803). Despite the increase shown compared to a year ago, I estimate that 2023 receipts will decrease by 1.7% due to the assessment issue.

For reference, the county estimated the borough’s total taxable assessed value under the last reassessment at \$421,815,300 in winter 2012 so there has been a substantial drop. Appeals continue each year, though all are for the current year (2022). This fluctuation in value is normal.



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A court case filed by new property owners throughout the county regarding what they describe as a “newcomer’s tax”, may impact the borough’s tax receipts. Woodland Hills School District along with many other county districts and some municipalities have filed appeals on newly purchased properties claiming that the property’s assessed value should reflect the amount paid to purchase them. Since new property owners generally purchase properties at a value higher than the one established originally this has caused their taxable property value to increase upon appeal. The court is saying this is unfair and may reduce the common level ratio, a state calculation used in appeals to account for widening gaps between assessed values and current sale prices since the last countywide reassessment in 2013. We took this into account in estimating receipts for 2023 though this bears monitoring until the case is settled.

Real Estate Tax budgeted for 2023 amounts to \$2,907,714 in the first draft, a decrease of \$49,423 based on the final amount budgeted for 2022.



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*Note: above chart shows actual dollars collected in 2015 & 2016 and does not include dollars already counted as revenue in 2013 and used to pay for a tax credit funded by the 2013 escrow account in both years.*

► **UPDATE:** Note that at the time this booklet is printed, the county determined that the borough's certified taxable assessed value as of Jan. 13, 2023 is \$383,572,803. ◀

It appears that no change in the current 8.0 millage rate is required. However, council should review earlier comments on why it may wish to consider an increase. The borough traditionally assumes that 2% will be uncollectible and that approximately 2% will be lost due to any appeals unrelated to the new assessment system. Both uncollectible and appeal rates have been adjusted downward in this budget as noted above.

We temporarily escrow about 5% of all collected funds in a separate account throughout the year although that does not affect this total. That escrow money is returned to the general fund budget as needed in the 4th quarter of the year and should not be mistaken for a reserve account. That practice may end this year pending discussion with our new Treasurer. The intent is to have ready cash on hand should assessment appeals increase or some other economic factor come into play. The budgeted revenue above for 2023 also includes an estimate for penalties collected, which is why we do not show that number in the budget line item below this one (we do show penalty collections separately listed as a year to date figure for *actual* collections). At this time, the actual millage rate required to achieve the budgeted figure is always determined by council and will be calculated as close to the final approval date in December as possible. Again, no change is anticipated.

Real Estate Prior Years and Real Estate Liened Costs are each dependent on delinquent collections and fluctuate from year to year. Over the past 10 years, we averaged \$52,741 in revenues from Real Estate Prior Years and \$15,763 in revenues from Real Estate Liened Costs (source: borough audit reports). Real Estate Prior Years collections have ranged from a high of \$85,504 (2021) to a low of \$36,119 (2014). Liened Costs amounts range from a high of \$43,890 (2012) to a low of \$1,140 (2020). The trend this year for prior years collection shows a likely increase in the amount budgeted for 2022. However, Liened costs show a substantial decrease with only \$967 collected through September 2022. Budgeting for these numbers is based on this range as well but past performance is not an indication of future results and that is taken into account for both revenues. Therefore, council should monitor these accounts carefully in the monthly 2023 financial reports.

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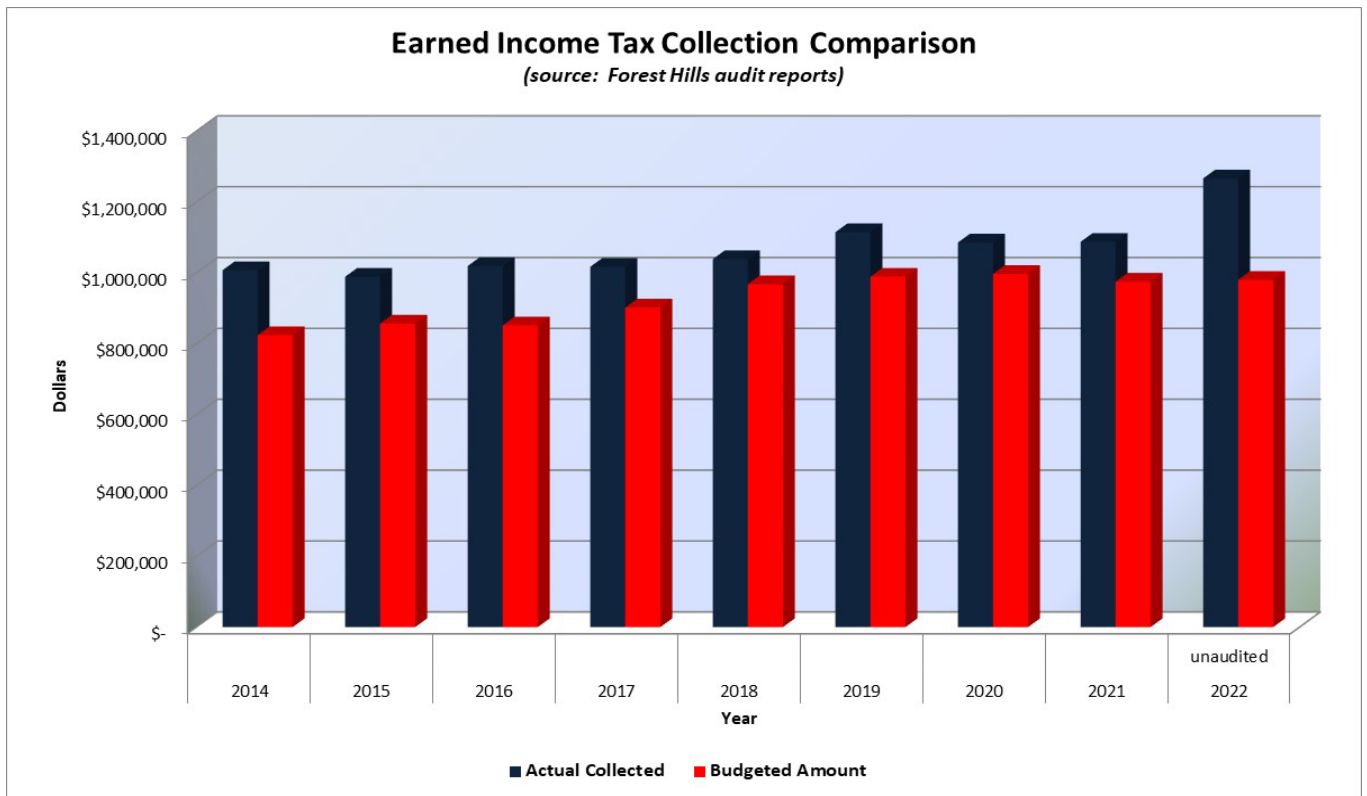
*Acct. 310 Act 511 Taxes*

The improvement in dollars collected for Earned Income Tax continues and 2022 year to date revenues reflect that. The 10-year average is \$1,009,346 though that includes years prior to the new law’s collection procedures. Funds have been received in a timely fashion and are ahead of last years by \$117,000 as this draft is completed.

We anticipate that EIT collections will exceed the budget target for 2022 (\$980,000). Through September, collections this year are ahead of 2021 year to date collections by approximately \$115,000. It is difficult to project how ongoing economic conditions coupled with residual impacts from the pandemic will impact revenues during the last quarter but we remain optimistic that the borough will exceed the amount budgeted at minimum.

Based on our collection rate, we anticipate the 2023 revenues here will be at least \$1,100,000. In the last 10 years, the borough has exceeded the amount budgeted each year.

Earned Income Tax generally is a difficult number to predict and is affected by economic conditions, unemployment, retirement and other factors.



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Deed Transfer Tax (aka Real Estate Transfer Tax) collected in 2022 greatly exceeds the amount budgeted as of this draft. Year to date collections in late September total \$154,986 with a budgeted amount of \$125,000. This is another tax that can fluctuate and depends on the economy and perceptions of those buying and selling property. The 10 year average collected is a little over \$100,000.

Local Services Tax (LST) average collection over the past 10 years is \$108,515. Current collections are up and we expect it will meet our budgeted number of \$90,000. This tax is another dependent on employment which could affect future collections if economic conditions create a problem.

### *Acct. 320 Licenses and Permits*

Permits shown here are hard to predict and fluctuate based on certain activities (building & zoning, beekeeping, chicken raising, for example) and interest in renting parks and the pool lodge. Rental facilities are generally operating normally since the pandemic has eased somewhat. A line item for Mechanical Device is maintained in the budget to reflect potential fees from any business that may install these.

### *Acct. 321 Cable TV Franchise*

We are at the maximum franchise fee of 5% of revenues. However, increasing cable revenues due to higher rates and increased shopping revenue usually allow the amount the borough receives to increase at least slightly from year to year. Through September, revenues are about \$1,000 less than the same time last year. A new agreement with Comcast was approved in 2012 (see also charts in statistics section of booklet and on next page) and has been updated by the Cohen Law Group.

This item must be monitored, however, as people move away from cable toward streaming services and other options. We may see the results of this move this year. Therefore, I have decrease the budgeted amount for 2023 by \$8,000 compared to the 2022 budget.

### *Acct. 340 Interest, Rents & Royalties*

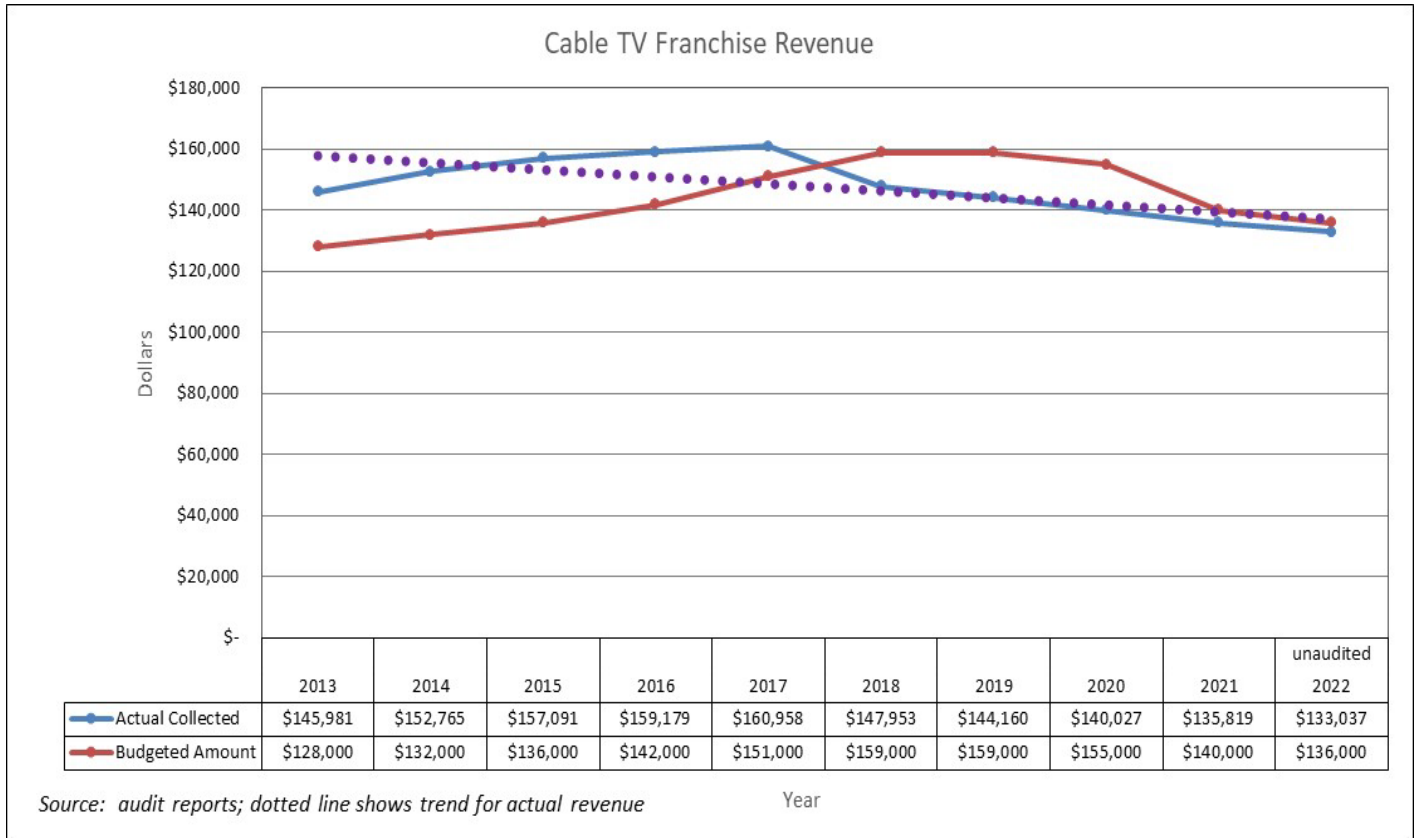
Park & Ride Rental (line 01-340-029) covers the monthly payment of the Port Authority to the borough for use of the space at Ardmore and Avenue B under an agreement completed in 2015. The borough acquired this lot from the Silversmith group and determined it would remain a parking lot for this use. The borough retains the lot though there had been interest



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from the Port Authority in purchasing it. Funds received are placed in the budget reserve until council determines other uses.



*Acct. 354 State Capital & Operating Grants*

Recycling Performance Grant (904) is based on the total reported recycling in the borough for the past year. At one time, this amount was approximately double what is budgeted currently. However, lack of reporting, mainly by commercial entities coupled with changes in the state allocation calculation reduced this amount over the years. Limits on items that are acceptable for recycling may also change this number in the future. We are using the code officer to enforce our ordinance.

Other grant numbers shown in this category are estimates although the numbers shown for Snow Removal are based on contractual amounts that become active when winter weather requires it.

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Often, the borough receives grant funds from a local legislator for items or activities that do not remove pressure from the budget. Such a grant may be included here.

*Acct. 355 State Shared Revenue*

We adapted the estimate previously provided by the actuary MMO (Minimum Municipal Obligation) used here. See Acct. 401 item 01-401-314 and line item in account 410, 01-410-314, for the estimated MMO and further explanation. In 2022, state aid came in higher than budgeted. See also information under revenue account 392 and expenditure line items in Administration (401) and Police (410).

Act 13 PA UGW Dist. (line 01-355-009) accounts for funds received from the state under Act 13 as part of the distribution from impact fees collected from gas drilling companies.

*Acct. 357 Local Government Units Capital and Operating Grants*

Economic conditions make it difficult to estimate dollars here though the trend has been an increase in income generally. This number exceeded the 2021 budgeted number by a little over \$60,000. Numbers are up this year to date by more than \$23,000 and we believe that will continue in 2023 (note: 2022 ended with a surplus of just under \$28,000 compared to 2021).

I continue to show RAD (Regional Asset District) receipts broken into two categories. The first is the regular RAD account. The second (01-357-011) is used to show that the borough intends to use a portion of the RAD receipts for senior citizen and/or other tax reduction (see also information in Acct. 364). Under the law establishing RAD, if revenues increase above the previous year the borough will be required to pay 25% of any excess received over the previous year to an intergovernmental entity like the Turtle Creek Valley COG, the library or similar entity. This is accounted for under Administration expense, line 01-401-422 though the budget figure there is simply an estimate.

*Acct. 360 Charges for Service*

Fuel Usage Administration Fee represents income from those who use our gas pumps at 25¢ per gallon (see fuel note in expenditures). We have had this fee set for over 20 years though there are reasons to keep it as is which should be discussed before considering an increase.

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*Acct. 362 Public Safety Reimbursements & Acct. 363 Public Works Reimbursements*

The proposed contract price for public works and police services in Chalfant are included here. A new agreement is under review at this time for both contracts.

*Acct. 364 Sanitation*

The Refuse & Recycling Collection Charge is only an estimate pending review of the Fee Resolution by council. The trash fee is always calculated by including the actual cost of the contract each year based on 3,050 residences plus administrative costs (paper, postage, envelopes, staff time) and an allowance for delinquencies and for the senior discount. We intend to include the cost of dumpsters in various locations where certain recycled material is collected. At this time, it appears that the 2023 fee will increase between \$10 and \$20 annually.

We will continue to bill the trash fee quarterly if council agrees. Cash flow in the borough office is impacted by the quarterly format but a quarterly format assists residents in spreading the cost of the fee over time.

Once again, seniors would qualify for the reduced rate through eligibility in the county's Act 77 tax reduction program. Council adjusted the requirements for Act 77 eligibility in 2008 by establishing a rule that all those eligible for the county program will qualify for the borough's as well, thus simplifying application requirements and saving the borough money and time in preparing and reviewing applications (see also Acct. 357).

*Acct. 367 Recreation*

All fees and passes (swimming and tennis) reflect the rate determined by council with the 2022 budget. Fees will be formally established in the resolution approved by council in December and numbers are only an estimate in this draft. The board had several recommendations last year re: combining the tennis fee with the pool pass fee and increasing sponsorships. Other recommendations included allowing all taxpayers one free admission to the pool. Council will review these policies separately as the budget process proceeds.

As usual, swimming revenues (including admissions, passes, and concessions) are a factor of the weather. The column showing year to date 2022 revenues generally represent final dollar figures with minor exceptions. The statistics section of the budget document provides a historical comparison of recreation revenues and expenditures and should be reviewed. See also Account 452 Swimming Pool for further information.

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To make the general fund revenue numbers easier to compare with corresponding general fund expenditure numbers we adjusted the way recreation revenues are grouped. In making any comparison note that numbers shown in the statistics section of the budget message do not include capital spending or bond issue spending (if any). Both should be viewed in gathering a full picture of the cost of pool operations.

A new line item was added to this account in 2018 (01-367-026 Sponsorships). This accounts for money received from the guest membership program instituted by council last year.

### *Acct. 380 Miscellaneous Revenues*

Newsletter revenues are estimated based on current advertising rates. The Tree City Times is a valuable resource for distributing information and supplements the borough's website ([www.foresthillspa.org](http://www.foresthillspa.org)) and its twitter account (@foresthillsboro). Consideration of converting the newsletter to all digital will be discussed in committee. As noted previously, a poll of readers several years ago did not indicate that was a popular option but as folks are used to media delivered online and via phones and similar devices they are open to these changes. The borough also uses a YouTube account (Tree City TV) to assist. Revenues for the newsletter do not always keep up with expenses and should be reviewed by council in the new year to determine if changes should be made.

The account also includes the dollars under Transfer from Capital 2 (account 01-392-019) that represents anticipated personnel costs charged to the corrective action budget by the general fund budget to account for one public works crew member as originally planned by council in 2004. It also includes an estimate for costs borne by the General Fund for Stormwater expenses.

As you may recall from past discussions, personnel costs at one time included here the 2004 hire in public works, personnel costs for crew members working exclusively on sewers (including overtime), a portion of my time (approximately 25%) considering that I attend many meetings related to consent decree activities and a majority of the Administrative Assistant – Finance employee's time due to the many hours she spends on sewer billing.

After reviewing costs with the engineer, council had instructed the crew to perform some of these tasks in house as it was determined such work is actually less expensive than contracting out, even when the work is done on overtime. However, in 2018 council determined that was no longer fully effective because overtime exceeded regular time work and suspended overtime work on sewers. Council is evaluating options with the borough

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engineer and the borough purchased a new sewer camera truck with equipment which it will use without Wilkins Township (the old equipment and truck was purchased by Wilkins).

Council will need to consider the purchase of a new Vactor truck as part of the program with Wilkins as the old truck will not last much longer. This may be considered a capital item or an item to be funded by the Corrective Action Budget. It also must be determined if the relationship with Wilkins will continue.

The 2023 budget continues to take into account that certain work may be reimbursed to the general fund from the corrective action fund. Council may wish to further adjust this number to return administrative costs (manager and office staff) to the amount transferred since those costs will continue in the future. The transfer of funds also reflects costs for stormwater management requirements. Note that the Corrective Action Budget for 2023 is under review by the engineer and a first draft is provided separately.

It should be noted that many communities in Pennsylvania are instituting a Stormwater management fee to cover costs under the state's MS4 program. At this time, council has resisted making a change here and continues to include Stormwater expenses as part of the sewer fee.

Note that 2023 continues the practice of including line items for Legal Cost Reimbursable and Engineering Cost Reimbursable to account for those times when a fee or escrow amount for a planning or zoning type permit includes attorneys and engineer costs. Related line items can be found in expenditure accounts number 404 and 414.

A new line item added to Miscellaneous Revenues in 2019 – 01-392-011 Transfer from Pension Reserve continues in 2022. During the 4 years from 2014 - 2017, council was able to accept a 75% optional contribution rate for the borough's police and non-uniform pension plans under a state program that deferred the 25% payment to future years. At the time, council believed it was advantageous to do this while holding funds in reserve to pay future increases.

To provide further explanation on pensions & MMO's (Minimum Municipal Obligation), the following information was provided to the Finance Committee at its September meeting (note: council approved the MMO at the September business meeting):

2023 MMO's – The numbers for 2023 from Mockenhaupt were presented to council in September 2022. For comparison:

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<b>Plan</b>	<b>2022</b>	<b>2023</b>	<b>Difference</b>
Police	\$600,303	\$610,771	\$10,468
Non-Uniform	\$ 92,838	\$ 80,883	(\$11,955)
Other (defined contribution)	\$ 11,547	\$ 16,183	\$ 4,636

- We have a pension reserve account with some remaining funds there. It was created in 2018 when council had the option to only fund 75% of the MMO and defer 25% to a future year when hopefully investments would be greater. Funds remain in the account to use though it is likely in a year or two the fund will be exhausted.
- Estimated state aid (used to defray the cost of MMO's) in the past (source: Mockenhaupt):
  - 2017 - \$108,000 budgeted; actually received \$133,059
  - 2018 - \$116,000 budgeted; actually received \$126,478
  - 2019 - \$117,000 budgeted, actually received \$153,615
  - 2020 – \$120,000 budgeted, actually received \$147,715
  - 2021 - \$110,000 budgeted, actually received \$148,918
  - 2022 - \$130,000 (estimated for 2022 budget)

*A summary of 2023 General Fund Budget revenues and expenditures are shown on the next 2 pages (approved December 2022).*

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<b>Borough of Forest Hills</b>						
<b>2023 Budget Summary by Category</b>						
Acc't No.	Revenues	2022 Budget	2022 Actual to 12/31/22	% of Tot. Rev. 2022 Budget	2023 Budget	% of Tot. Rev. 2023 Budget
	<b>Taxes</b>					
301	Real Property	3,047,137	3,004,639	44.71%	2,965,760	42.15%
310	Act 511	<u>1,195,000</u>	<u>1,576,256</u>	17.53%	<u>1,385,000</u>	19.68%
	<b>TOTAL TAXES</b>	4,242,137	4,580,895	62.24%	4,350,760	61.83%
320	<b>Licenses &amp; Permits</b>	30,700	54,507	0.45%	41,400	0.59%
321	<b>Cable TV Franchise</b>	136,000	133,037	2.00%	128,000	1.82%
330	<b>Fees &amp; Fines</b>	41,700	37,059	0.61%	36,200	0.51%
340	<b>Interest, Rents &amp; Royalties</b>	64,000	63,443	0.94%	61,000	0.87%
	<b>State</b>					
354	Grants	36,000	47,916	0.53%	38,100	0.54%
355	Shared Revenue	<u>136,600</u>	<u>161,629</u>	2.00%	<u>136,600</u>	1.94%
	<b>TOTAL STATE</b>	172,600	209,545	2.53%	174,700	2.48%
357	<b>Local Government Grants (RAD)</b>	249,000	299,225	3.65%	259,000	3.68%
360	<b>Charges for Services</b>	152,500	202,163	2.24%	177,200	2.52%
	<b>Reimbursements</b>					
362	Public Safety	63,172	62,816	0.93%	65,067	0.92%
363	Public Works	<u>71,885</u>	<u>65,554</u>	1.05%	<u>91,000</u>	1.29%
	<b>TOTAL REIMBURSEMENTS</b>	135,057	128,370	1.98%	156,067	2.22%
364	<b>Sanitation</b>	791,877	767,934	11.62%	833,249	11.84%
367	<b>Recreation</b>					
	Pool	106,000	119,690	1.56%	123,100	1.75%
	Programs	10,400	9,670	0.15%	10,400	0.15%
	Tennis & Misc.	<u>2,450</u>	<u>6,435</u>	0.04%	3,200	0.05%
	<b>TOTAL RECREATION</b>	118,850	135,795	1.74%	136,700	1.94%
380	<b>Miscellaneous</b>	681,285	629,756	10.00%	682,400	9.70%
	<b>TOTAL REVENUES</b>	6,815,706	7,241,728	100.00%	7,036,676	100.00%

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<b>Borough of Forest Hills</b>						
<b>2023 Budget Summary by Category</b>						
		2022	2022	% of Tot. Expend.	2023	% of Tot. Expend
Acc't No.	Expenditures	Budget	Actual to 12/31/22	2022 Budget	Budget	2023 Budget
	<b>Borough Administration</b>					
400	Legislative	22,877	23,865	0.34%	23,377	0.33%
401	Administration	870,708	920,959	12.78%	823,230	11.70%
403	Tax Collection	33,315	53,670	0.49%	39,015	0.55%
404	Legal Services	<u>136,500</u>	<u>91,163</u>	2.00%	<u>125,500</u>	1.78%
	<b>TOTAL ADMINISTRATION</b>	1,063,400	1,089,656	15.60%	1,011,121	14.37%
	<b>Public Safety</b>					
410	Police	2,183,031	2,185,633	32.03%	2,337,469	33.22%
411	Fire	5,000	0	0.07%	5,000	0.07%
412	Ambulance	8,036	8,036	0.12%	8,036	0.11%
415	Neighborhood Crime Resistance	11,100	5,723	0.16%	9,100	0.13%
416	Auxiliary Police	1,500	1,500	0.02%	1,500	0.02%
	<b>TOTAL PUBLIC SAFETY</b>	2,208,668	2,200,892	32.41%	2,361,105	33.55%
414	<b>Planning &amp; Zoning</b>	71,619	108,908	1.05%	90,536	1.29%
	<b>Sewage/Sanitation</b>					
427	Refuse Collection	691,374	730,483	10.14%	725,778	10.31%
426	Recycling Collection	<u>6,100</u>	<u>3,569</u>	0.09%	<u>6,000</u>	0.09%
	<b>TOTAL SEWAGE/SANITATION</b>	697,474	734,052	10.23%	731,778	10.40%
	<b>Public Works/Maintenance</b>					
408	4400 Greensburg Pike Building	52,675	58,763	0.77%	50,525	0
409	Building Maintenance	73,032	56,071	1.07%	70,537	1.00%
430	Public Works	742,426	743,791	10.89%	851,924	12.11%
431	Street Maintenance	92,300	94,117	1.35%	114,900	1.63%
436	Sewer Maintenance	<u>93,952</u>	<u>99,328</u>	1.38%	<u>99,421</u>	1.41%
	<b>TOTAL PUBLIC WORKS/MAINT.</b>	1,054,385	1,052,069	15.47%	1,187,307	16.87%
	<b>Recreation</b>					
451	Programming	8,602	9,296	0.13%	6,500	0.09%
452	Swimming Pool	242,727	266,935	3.56%	247,286	3.51%
453	Tennis	9,166	5,757	0.13%	11,416	0.16%
454	Parks	143,389	115,532	2.10%	147,950	2.10%
457	Events	0	0	0.00%	15,000	0.21%
459	Recreation Center (Westinghouse)	<u>81,209</u>	<u>98,014</u>	1.19%	120,163	1.71%
	<b>TOTAL RECREATION</b>	485,093	495,534	7.12%	548,315	7.79%
455	<b>Tree Service</b>	188,400	128,266	2.76%	188,900	2.68%
458	<b>Senior Citizen Center</b>	3,950	4,245	0.06%	1,700	0.02%
471-475	<b>Debt Service - Capital Projects</b>	498,600	498,193	7.32%	503,400	7.15%
492	<b>Reserve for Capital Funds</b>	499,642	993,551	7.33%	362,038	5.15%
480/490	<b>Miscellaneous</b>	44,476	55,119	0.65%	50,476	0.72%
	<b>TOTAL EXPENDITURES</b>	6,815,706	7,360,485	100.00%	7,036,676	100.00%



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**EXPENDITURES**

**All Salaries/Benefits**

All salaries and benefits costs were calculated using current contractual requirements. The Non-Uniform union contract is currently in negotiations and estimates are used to calculate 2023 budgeted salaries and benefits. Nonunion and part time salary and benefit costs are estimated pending council review. All Health Insurance line item numbers represent actual amounts estimated for 2023 by MBS, representing a 5% increase over 2022. Worker's Compensation charges have increased over the prior year.

Other salary highlights:

- ▶ We estimate that part time and nonunion full-time salaries will increase slightly for 2022 pending approval by council.
- ▶ Police salaries reflect the current complement of 9 full time members including the Chief of Police. At this time, there are no part time officers employed with the borough
- ▶ We incorporated additional dollars in the budget for salaries to begin consideration of succession planning for changes in future staffing needs over the next year or two.
- ▶ In 2023, a newly created position: The Recreation and Events Director combines the positions of Marketing and Events Director, Pool Manager and Assistant Recreation Director (part time). In 2023, the new position was renamed Director of Recreation, Events, and Aquatics and the salary raised to \$50,000 (name and salary on the next page reflect the original approved budget information from Dec. 2022).

The following page shows a draft of proposed nonunion and part time salaries for 2023 pending council approval and incorporates the recreation change noted above. A summary of all union salaries under the latest contract will be included in the final budget message following this chart.

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EMPLOYEE		2022 CURRENT SALARY / RATE	2023 SALARY / RATE	2023 INCREASE
RECREATION & EVENTS DIRECTOR	<i>(new hire 2023)</i>	\$ 31,237.99	\$ 47,500.00	52.1%
BOROUGH MANAGER		\$ 102,440.55	\$ 105,001.56	2.5%
TREASURER		\$ 51,243.58	\$ 52,524.67	2.5%
POLICE CHIEF (pending contract)		\$ 115,316.24	\$ 118,545.02	2.8%
EXECUTIVE SECRETARY/OFFICE MANAGER		\$ 45,500.00	\$ 46,637.50	2.5%
Hourly Salaries Shown Below				
PT BUILDING MAINTENANCE Contractor CUSTODIAN		\$ 15.30 \$ 16.66	\$ 15.68 \$ 17.08	2.5% 2.5%
ASST. POOL MGR		\$ 18.00	\$ 18.45	2.5%
Head Lifeguard		\$ 16.00	\$ 16.40	2.5%
1ST YR GUARD		\$ 14.00	\$ 14.35	2.5%
2ND YR GUARD		\$ 14.00	\$ 14.35	2.5%
3RD YR GUARD		\$ 15.00	\$ 15.38	2.5%
SUBSTITUTE		\$ 14.00	\$ 14.35	2.5%
SYNCHRO COACH		\$ 2,793.82	\$ 2,863.67	2.5%
SYNCHRO ASST		\$ 1,544.49	\$ 1,583.10	2.5%
SYNCHRO ASST				
SWIM TEAM COACH		\$ 2,413.58	\$ 2,473.92	2.5%
SWIM TEAM ASSIST.		\$ 2,196.24	\$ 2,251.15	2.5%
SWIM TEAM ASSIST. (tentative 2nd assistant)		\$ 2,153.18	\$ 2,207.01	2.5%
TENNIS COACH		\$ 2,685.33	\$ 2,752.46	2.5%
ASST COACH		\$ 2,111.77	\$ 2,164.56	2.5%
<b>PART TIME P.W. Dept.</b>				
1ST YEAR		\$ 14.00	\$ 14.35	2.5%
2ND YEAR		\$ 14.00	\$ 14.35	2.5%
3RD YEAR		\$ 15.00	\$ 15.38	2.5%
Regular Part Time		\$ 16.00	\$ 16.40	2.5%
CODE ENFORCEMENT		\$ 17.24	\$ 17.67	2.5%

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<b>EMPLOYEE (union)</b>		<b>2023</b>
		<b>REGULAR</b>
		<b><u>SALARY / RATE</u></b>
<b>POLICE</b>		
<i>(does not include overtime, employee contribution to pension fund &amp; certain benefits)</i>		
Patrolman II Base Salary		\$ 95,666.22
Health Care Benefit (assuming top rate-Family)		\$ 20,649.36
FICA		\$ 7,318.47
Uniform Allowance		\$ 1,050.00
Holiday / Overtime / Court Time (variable & not shown)		
Worker's Comp (est. on base salary only)		\$ 8,102.93
Disability Insurance		\$ 462.84
Life Insurance (included with health care bill)		\$ 228.00
Less Hospitalization paid by employee		\$ (1,142.47)
<b>Total Patrolman II</b>		<b>\$ 132,335.35</b>
Patrolman I Base Salary (at contract step 9)		\$ 91,839.57
Health Care Benefit (assuming top rate-Family)		\$ 20,649.36
FICA		\$ 7,025.73
Uniform Allowance		\$ 1,050.00
Holiday / Overtime / Court Time (variable & not shown)		
Worker's Comp (est. on base salary only)		\$ 7,778.81
Disability Insurance		\$ 462.84
Life Insurance (included with health care bill)		\$ 228.00
Less Hospitalization paid by employee		\$ (1,142.47)
<b>Total Patrolman I</b>		<b>\$ 127,891.84</b>
<b>EMPLOYEE</b>		<b>2023 REGULAR</b>
		<b><u>SALARY / RATE</u></b>
<b>OFFICE STAFF</b>		
<i>(does not include overtime, employee contribution to pension fund &amp; certain benefits)</i>		
Administrative Assistant - Finance, Base Salary		\$ 37,365.90
Health Care Benefit (assuming single rate)		\$ 6,896.04
FICA		\$ 2,858.49
Worker's Comp (est. on base salary only)		\$ 182.40
Longevity (contractual average; depends on yrs. employed)		\$ -
Life Insurance		\$ 182.40
Less Hospitalization paid by employee		\$ (1,904.11)
<b>Total Administrative Assistant - Finance</b>		<b>\$ 45,581.12</b>

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EMPLOYEE (union)	2023 REGULAR SALARY / RATE
<b>PUBLIC WORKS</b>	
<i>(does not include overtime, employee contribution to pension fund &amp; certain benefits)</i>	
Maintenance Man II Base Salary	\$ 64,386.40
Health Care Benefit (assuming top rate-Family)	\$ 20,649.36
FICA	\$ 4,925.56
Uniform Allowance	\$ 350.00
Worker's Comp (est. on base salary only)	\$ 7,501.02
Longevity (contractual average; depends on yrs. employed)	\$ 1,040.00
Life Insurance	\$ 182.40
Less Hospitalization paid by employee	\$ (1,904.11)
<b>Total Maintenance Man II</b>	<b>\$ 97,130.62</b>
Laborer Base Salary	
Maintenance Man I Base Salary (new hire)	\$ 41,851.16
Health Care Benefit (assume single rate)	\$ 6,896.04
FICA	\$ 3,201.61
Uniform Allowance	\$ 350.00
Worker's Comp (est. on base salary only)	\$ 4,875.66
Longevity (contractual average; depends on yrs. employed)	\$ 1,040.00
Life Insurance	\$ 182.40
Less Hospitalization paid by employee	\$ (1,904.11)
<b>Total Maintenance Main I</b>	<b>\$ 56,492.76</b>
Head Groundskeeper Base Salary	\$ 65,708.24
Health Care Benefit (assuming top rate-Family)	\$ 20,613.36
FICA	\$ 5,026.68
Uniform Allowance	\$ 350.00
Worker's Comp (est. on base salary only)	\$ 7,655.01
Longevity (contractual average; depends on yrs. employed)	\$ 1,200.00
Life Insurance	\$ 182.40
Less Hospitalization paid by employee	\$ (1,904.11)
<b>Total Head Groundskeeper</b>	<b>\$ 98,831.58</b>
Foreman Base Salary (management - non union)	\$ 73,745.88
Health Care Benefit (assume single rate)	\$ 6,896.04
FICA	\$ 5,641.56
Uniform Allowance	\$ 350.00
Worker's Comp (est. on base salary only)	\$ 8,591.40
Longevity (contractual average; depends on yrs. employed)	\$ 1,200.00
Life Insurance	\$ 182.40
<b>Total Foreman</b>	<b>\$ 96,607.27</b>

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**Other Items**

*Utility Costs – all buildings/facilities*

We are using broker Direct Energy for electric service, and UGI continues to serve as the borough’s natural gas broker. Council will continue to review these agreements and may make changes. See also account no. 408.

And as noted several years ago, changes in phone service continue to provide savings via a low-cost company for local and long-distance service. Chaney and Associates continues to monitor our phone usage and regularly reviews and advises of better opportunities at no cost to the borough. Chaney assisted the borough in securing new phone service for the 4400 Greensburg Pike location and other buildings.

A summary of utility costs and budget estimates is shown below. The borough building is a net zero energy building and solar and geothermal there are not reflected in this summary as they typically result in no cost (other than natural gas for the emergency generator).

	2022	2022	2023	2024
<b>Utility Summary</b>	Budget	Actual - 12/31/22	BUDGET	BUDGET
Water	13,775	22,036	20,650	21,670
Sewer	4,945	13,751	15,225	16,200
Electricity	40,350	45,024	39,850	41,000
Natural Gas	20,400	22,663	22,300	22,700
Telephone	24,400	16,788	21,900	23,400
<b>TOTAL</b>	<b>\$ 103,870</b>	<b>\$ 120,261</b>	<b>\$ 119,925</b>	<b>\$ 124,970</b>
<i>Note: actual from budget reports prior to audit.</i>				

*Acct. 400 Legislative*

Council implemented a policy that provides cell phones to the Mayor and all council members at a cost not to exceed \$25/month (see 01-400-321) but that budget figure was reduced in 2022 due to little interest. We continue to budget for conferences for elected officials as some may take advantage of programs offered by Local Government Academy and we often send representatives to attend the Allegheny League of Municipalities conference at Seven Springs and the PA Municipal League Annual Summit among other training.

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*Acct. 401 Administration*

Website figures include the cost of an editor to assist in maintaining the site though our current editor has refrained from taking the fee since he is now a member of council. The amount shown provides a stipend of \$100 for this assistance. The borough transferred the website host to In Motion hosting in prior years and is now considering alternatives for redesign of the site. . In addition, dollars were added here to cover the following from Mr. Baiocchi:

*Accessibility is a legal prerequisite for our website. According to Title III of the Americans with Disabilities Act (ADA), all public areas must accommodate people with disabilities and this includes websites. UserWay increases our website's accessibility for people with disabilities or impairments. Besides people with visual or hearing disabilities, it also increases usability for people with mobility problems, cognitive impairments, and more. We are currently using a free version which lacks needed features.*

*Firewall and antivirus is critical for website security. Our website needs real-time firewall rules, malware signatures, country blocking, and blocking of over 40,000 malicious IPs. We are currently using a free version which lacks needed features.*

Council has agreed to add Savvy Citizen to provide information to residents on various borough operations beginning in 2022. Since that is related somewhat to the Swiftreach program (which was eliminated this year) we show those costs under Account 415 rather than here.

Two line items have been added to this account. Document Storage under 01-401-217 is added to account for storage of our permanent files with Iron Mountain. The cost estimates storage charges as well as any further charges for transfer of files between our site and theirs.

Computer/Software under 01-401-239 is added based on the following comment from councilman Baiocchi:

*The Borough has a variety of fixed and mobile assets that should be documented to ensure accountability and life-cycle management. Doing so without an automated system is difficult, labor intensive and prone to errors. An Inventory Management Systems (also referred to as Asset Management Systems) is cost effective to acquire*

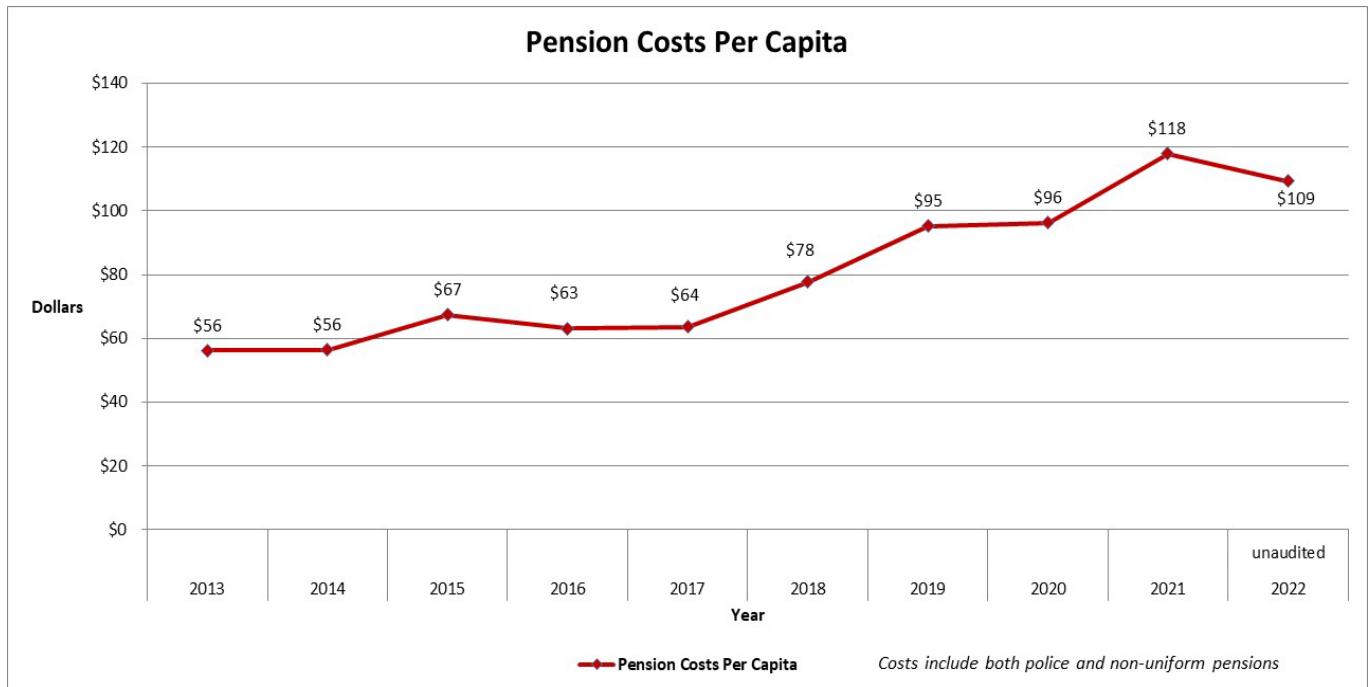
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*and implement. There is an option to integrate a work order management system as well.*

Mr. Baiocchi refers to a program called Asset Panda. In addition, I spoke to several vendors at the recent ICMA annual conference regarding asset management functions.

The dollar figure here in State Aid/Pension Plans is based on the actuary's estimate for non-uniform only. See earlier discussion at the end of the Revenue section as well as accounts 355 and 380/392 on the MMO and pensions as well as discussion in previous budgets under account 401. Other charts are in the Statistics section.



We are uncertain as to Postage costs at this time though no increase has been proposed by the postal service as far as can be determined.

Conference/Seminar includes the costs associated with attendance at several conferences and training programs throughout the year as authorized by council to allow me to maintain my “credentialed manager” status under ICMA (International City/County Management Association). This number was increased to reflect council’s long-standing belief in the need for training for staff and to permit the Treasurer and/or Administrative Assistant-

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Finance to join and attend PA Government Finance Officers Association (GFOA) programs as well.

In the 2017 budget, we changed how we account for insurance expenditures (01-401-350 Insurance). Previously this expenditure split between Administration and Police but it is difficult to determine specific allocation in some cases. Therefore, staff prefers to account for it under one line item so the 2 were combined and entered here.

See Account 357 above re: expense item 01-401-422 TCVGOG 25% RAD Funds for an explanation of this budget number.

### *Acct. 403 Tax Collection*

The numbers here are fixed based on prior agreement approved in ordinance 984. The newly elected tax collector (2021 election) declined the position and the former tax collector, Janet Sullivan, agreed to an appointment for 2 years (ending Dec. 31 2023). It is possible that a new ordinance will be considered by council though that has yet to be determined. Ms. Sullivan came to an agreement with council prior to her appointment that increased her salary for the 2 year period.

Act 77/Gentrification has been reduced under the system started in 2010 since the discount amount for qualifying seniors comes directly off the bill they receive from the county. The dollar figure here will be used to account for those applying late to the county for gentrification.

### *Acct. 404 Legal Services*

Dollars shown here (other than Main Solicitor Retainer) are an estimate as it is underdetermined at this time what legal services may be required during 2023. The Retainer. . .Personnel line item reflects costs associated with the attorney hired to assist with labor negotiations and other personnel matters. These line items regularly go over budget. While some of this cost is reimbursable (for planning and zoning related matters), most of it is not. The solicitor suggested a retainer feature for the 01-404-314 Legal Cost line item in 2014 that allows the borough to control costs while maintaining certain service features provided by the solicitor. That continues in this budget. The solicitor has not notified us of any changes to his fees at this time but intends to discuss that with council separately. We include an estimate for now.

Members requested the addition of a new line item Labor Costs: Contract Issues/Grievances in 2012 to better track those costs. Legal Costs Reimbursable was created to log such costs



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that are repaid to the borough from work related to planning/zoning development activities involving the solicitor and are associated with revenue account 01-380-031

*Fuel Line Items – Administration, Police, Public Works*

A line item for fuel is included in the above accounts. In addition to the fuel we use we also sell fuel to other area police, fire departments, EMS and public works departments (see also account 360 above) as a courtesy to them. During the year, all public safety related fuel costs are charged to police including our own and all public works related fuel costs are charged to public works including our own. Throughout the year and especially near year end, we transfer non-Forest Hills charges to the fuel line item in administration thereby more accurately reflecting the charges to our two departments in their respective accounts.

*Acct. 408 Municipal Building – 4400 Greensburg Pike*

We added two line items in 2020 that continue here: 01-408-351 Landscape Costs (covers basic maintenance including mulch and weed killer) and 01-408-363 Solar Panels (covers the agreement with EIS to fund the cost of the panels). The contract we currently have with Stormworks (now Upstream Pittsburgh) for landscaping ends in 2022 and we are considering a new approach.

We continued funds in 01-408-373 Maintenance/Repair to include two full window cleanings and one carpet cleaning per year. However, due to the pandemic and other issues we did not use this service through mid-2022. We may add that prior to year-end. Also included: geothermal service based on \$1,259 quarterly (started May 2018) as an estimated \$1,000 for service to the fluid used in the geothermal system.

Past documents have information on the cost of the 4400 Greensburg Pike municipal building which will not be repeated here.

Worth repeating from 2020 for the record in 2023: As I determined earlier in 2019 and as announced several times at 2019 public meetings (committee & business) so as to make sure that all concerned are aware and mayor and council have no objection, I did not repay dollars from the building fund to several line items in the general fund that were used to pay for various purchases here. Funds are needed for regular maintenance and occasional repairs (e.g., landscaping, cleaning, etc.). This process will NOT short the General Fund at all as sufficient funds remain there to cover expenses. In addition, I withheld some dollars from approved and budgeted building items in the building fund rather than rush into spending to determine whether some assets could be reused here and to more gradually make purchases that were not immediately needed even though they were budgeted. In

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2022, we purchased new furniture for the small conference room and display cabinets for the front hallway and used funds for landscaping among other purchases. For reference, I estimate that the building fund will contain about \$500,000 by year end 2023. We still have several security issues under consideration from this fund and we are seeking estimates for several items that were left out of the original building construction including a carport for police cars, changes to the wall between the library and community room due to noise issues and addition of a deck outside of the kitchen/lunchroom.

### *Acct. 409 Building Maintenance*

A new line item added here in 2022: 01-409-238 Covid Expenses. We added this to account for supplies, maintenance and sanitizing that is needed in the building to protect employees and for eventual reopening.

Previously the borough changed its building maintenance format from a contract basis to in house, hiring a part time Pool Operator/Custodian. This position doubled as pool operator with part of his costs reflected under the swimming pool expenditure account. However, pool maintenance was removed as two members of the Public Works Department are certified to handle this work along with the pool manager. The Borough Property Committee outlined new procedures for handling the required pool work in 2019 and is noted here for reference.

Utility costs are estimated and based on the addition of Acct. 408 New Building – 4400 Greensburg Pike. Account 409 in the past accounted for the costs of the public works buildings and municipal building. However, we separate new building costs to better track anticipated savings from the use of solar power (under an agreement with EIS who will lease the service to us for at least 7 years) and geothermal.

### *Acct. 410 Police*

Continue line item 410-314 State Aid/Pension Plans to account for the MMO costs related to the police pension. See discussion above under Administration regarding current and 2023 pension calculations.

The amount budgeted for Overtime is based on an estimate provided by the Chief and in consideration of revised scheduling practices and the addition of part time officers.

The Canine Unit Per Diem and Canine Unit Insurance have been eliminated as that program has ended (they may remain here for reference in this budget then removed in future budgets or in later drafts).

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A line item is added to the 2023 budget: 01-410-254 Signs & Rumble Strips. This line item is separate from the Sign line item in Public Works and is described by Mr. Baiocchi (who proposed this spending) as follows:

*Driver Feedback signs offer feedback to drivers and are a reminder to slow down. Primary areas to target are Ardmore Boulevard (4 signs), Greensburg Pike (2 signs) Movable Locations (3 signs). These can be permanent or movable and are solar powered.*

*Rumble strips The driver of a vehicle passing over a rumble strip hears an audible warning (rumbling sound) and feels a vibration. Transverse rumble strips are used to alert drivers of a need to slow down or stop, or to other upcoming changes that may not be anticipated by an inattentive driver. These rumble strips are placed in the travel lane perpendicular to the direction of travel. These should be placed in areas where drivers are likely to speed up especially going downhill. They can also be place approaching a curve on roads such as Woodside Road and high pedestrian areas like the approach to the Pool entrance Westinghouse Lodge and Ball Fields. These recommended strips contain a self-adhesive backing and can be cut to desired lengths. This offers an easy solution without damaging the road surface*

Driver feedback signs are estimated in this budget at \$35,865 and removable rumble strips estimated at \$17,580.

New Vehicle Purchase - Replace the oldest car with a new vehicle. Car to be replaced will be determined by the Chief. The Chief is also reviewing potential purchase of a hybrid car with the Public Safety Committee.

Existing Police Vehicle Lease reflects the next payment on the vehicles purchased in previous years. See chart on following page for current vehicle status.

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**POLICE CAR ROTATION – 9/20/2022 prepared by Chief Williams**

<b>Car #</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>Vehicle Use</b>	<b>Mileage</b>
<b>1</b>	<b>2015</b>	<b>Dodge</b>	Charger	Traffic details; undercover; backup unit for daily patrol	<b>70,650</b>
<b>2</b>	<b>2021</b>	Ford	<b>Explorer H</b>	Daily patrol	<b>16,860</b>
<b>3</b>	<b>2020</b>	Ford	<b>Explorer H</b>	Daily patrol	<b>23,100</b>
<b>4</b>	<b>2022</b>	Ford	<b>Explorer H</b>	Daily patrol	<b>255</b>
<b>5</b>	<b>2017</b>	Ford	<b>Explorer</b>	Daily patrol	<b>53,320</b>
<b>6</b>	<b>2019</b>	Ford	<b>Explorer</b>	<b>Daily patrol</b>	<b>65,235</b>
<b>CODE</b>	<b>2018</b>	Ford	<b>Explorer</b>		<b>56,060</b>

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*Acct 411 Fire Protection*

The Public Safety Committee line item for Vehicle Repairs (01-411-251) remains to provide funds for repairs to the borough owned truck should Fire Fee funds prove insufficient to handle those costs. This line is only for that truck and only under this condition as determined by that committee.

*Acct. 412 Ambulance*

The borough entered into an agreement with Woodland Hills EMS (WHEMS) in 2018. Following that agreement, utility costs were handed over to WHEMS.

The Contribution line item is based on a contribution amount of \$1.25 per capita. That is reflected here based on the 2020 census figure of 6,429.

Previously, the per capita figure was based on the 2010 census which shows the borough's population at 6,518.

*Acct. 414 Planning & Zoning*

The salary for the part time code officer is included here. Please see salary information shown elsewhere. The zoning hearing board requires a secretary and a solicitor that must be paid for through borough funds. Both are included in this section of the budget although only a solicitor has been funded.

Building Inspection Underwriters continues to be used for building inspection and zoning matters. Their fees are generally paid through fees and fines collected so there is little cost to the borough. As manager, I have become more involved in zoning and code matters to assist the officers as has the solicitor's office.

A new line item for the Environmental Advisory Council was added to the 2022 budget at their request to permit them to better cover expenses related to work assigned to them by council and as part of their routine duties (including, for example, the bird sanctuary). Their request for 2023 totaled \$15,257 reduced to \$8,795 as part of the exercise in getting this draft to balance (the initial budget draft after all recommendations were submitted showed a deficit of almost \$150,000 so I reduced line items throughout the budget to balance).

*Acct's. 415 Neighborhood Crime Resistance and 416 Auxiliary Police*

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After our intern, Ken Reilly, researched options in 2021 we added the online service, Savvy Citizen (shown in the Community Engagement line item), for public information purposes. Swiftreach was eliminated earlier in 2022. Their costs were reflected in the Telephone line item.

### *Acct's. 426 & 427 Recycling & Refuse Collection*

This account includes dollars for the purchase of additional recycling containers. Our supply of containers is almost exhausted as is often true late in the year.

Recycling: Yard Waste covers the cost of a container to permit residents to dump their clippings. .

Costs shown for Refuse Contract are an estimate based on the current contract with Waste Management. The fee for trash collection is set based on the cost of the agreement as well as the cost of a senior trash fee and administrative costs (mailing, printing, paper, staff time) and costs for various dumpsters that are used for additional trash and recycling collection on various borough properties. This cost is passed on to the rate payer in the form of an annual fee which will be approved by council as part of the borough's comprehensive fee resolution in December. At this time we only have an estimate for that fee and anticipate that it will increase between \$10 and \$20 annually.

(See also account 364 in revenues).

### *Acct. 430 Public Works*

Item 251, Vehicle Parts, etc., should be maintained at this time as we continue to purchase new vehicles but still have a number of older ones. Council included a plan for lease purchase methods in recent Capital Improvements Plans to begin replacing older vehicles and wheeled equipment on a regular basis after discussing a replacement timeline with the foreman. The timeline has been updated for 2023 and will continue.

The costs for 2023 Salaries Full Time are only estimates as a new agreement is in talks right now with council's negotiating team and the union.

Hourly rates for summer help (Wages Part Time) have been increased to attract good workers and because the work can be difficult (see earlier salary schedule for proposed rates).

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Equipment includes the purchase of new hand tools (shovels, picks, etc.) and a new vibratory tamper plate (scheduled for purchase in 2022 but likely will be carried into 2023).

Electricity – Traffic Signals is split between this budget and liquid fuels. However, liquid fuels funds are most used for salt purchases in the past few budgets and we anticipate that may continue in 2023 with salt prices continuing to rise and the number of small “nuisance” snows requiring more material.

Maintenance – Traffic Signals includes the cost of 1 complete decorative post and 1 LED light head for the decorative lamp posts in the business district.

01-430-374 Equipment Maintenance includes the cost of 4 new tires for the high lift estimated at just under \$10,000.

01-430-215 Cable TV/Internet is used to account for the connection for security cameras, computers, etc. that had been provided through the former borough building service in prior years.

### *Acct. 431 Street Maintenance*

Signs expenses require a higher cost because several of our street name signs and stop signs require replacement. In addition, council is considering an extensive program of emergency signs explained as follows in the request submitted by councilman Baiocchi:

*Ensure that all stop signs are visible and in a readable condition. Install speed limit signs at the start and stop of each speed zone and at intervals no greater than one-half mile. Traffic warning signs include signs for to watch for Children and pedestrians. Diamond shaped signs are approximately \$45.00 per sign. Speed limit and other signs are around \$38.00 per sign. Galvanized posts measuring 2 in x 10 ft for mounting signs are \$70.00 and sign bolt sets are \$2.95.*

*Reusable high density polyethylene stencils for painting roadways to assist in traffic control. Approximate cost per stencil \$40.00 each.*

As explained in previous sign budgets, often we exceed this budget number and never replace the street name signs because of other issues that develop. Certain critical traffic signs continue under this mandate and the borough must consider their replacement over the next several years. This line item should be considered for increased funding in the next year or two. Council must ensure that street signs are sized appropriately and should consider the shape, color and size of signs as we move forward. Many communities replace

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their street signs on a municipal wide basis and this should be under consideration for future budgets or the Capital Improvements Plan.

Hot Patch is now in the liquid fuels budget or the road improvement fund. Cold Patch is covered in this budget rather than liquid fuels. See also comments under liquid fuels later in this document. The liquid fuels fund is no longer permitted to cover the cost of Bag Calcium Chloride.

### *Acct. 436 Sewer Maintenance*

Since most of these funds, if not all, come from the corrective action program, most of the dollars here have been reduced. See also sewer related personnel costs as discussed in revenue under Miscellaneous Revenue.

### *Acct. 452 Swimming Pool*

The pool is considered an amenity in the borough and council recognizes that the expenditures devoted to it often exceed the revenue generated. There are several reasons for this including the policy that generally restricts the pool to use by borough residents and their guests and the need to keep admission prices as reasonable as possible. The policy restricts the borough's ability to receive grant funds and can keep admission prices somewhat higher though council reduced them significantly in the 2022 budget (see also statistics on pool revenues and expenditures in that section of the budget booklet and an earlier discussion of the swimming pool in this message). Pools also are high maintenance due to safety issues and our pool is older and requires greater effort in that area. When reviewing costs of pool operation, the Capital Improvements Plan as well as recent bond issue spending should be reviewed to gather a complete picture.

Another concern remains having sufficient staff to safely maintain the pool throughout the season. The need includes general pool maintenance, chemical applications, and water quality monitoring, protecting patrons while in the water and other duties. Because many hires are high school and college students with other interests, a number may be unavailable at times during the season, especially in August, to provide sufficient staffing. Pool management monitors that issue each year and is able to cover shifts as required though late season hours were restricted. However, it remains a concern as some guards leave by mid-August to return to school. Critics have noted that we should only hire guards who will guarantee that they will be available throughout the entire season but our pool of applicants is limited. We follow the safety requirements of the health department and state of Pennsylvania in staffing the pool and, therefore, may reduce operation hours late in the season.



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Uniform Purchases line item was added in 2011 to provide a standard uniform for staff identity and continues with this budget.

Line item 01-452-373 Janitorial Services is added in 2023. This covers the cost of these services and had been originally shown in the same line items under Account 459. This change allows better tracking.

Line items - Equipment, Supplies and Miscellaneous - include the following non-capital items requested for purchase:

Item	Approximate Cost
Grill/Griddle	\$1,100
Chest Freezer	\$1,000
Hoses (two 100 ft.)	\$ 100
Shower Fixtures	\$1,000
Stapler	\$ 20
Broom	\$ 25
Screwdriver	\$ 20
TOTAL	\$3,265

*Acct. 454 Parks* (see discussion on parks earlier in this document)

Supplies Includes purchase of 3 loads of Fibar est. at \$6,000 total. Also includes ball field dirt and field dry since there is no grant to cover the purchase. Because the condition of several fields are poor or can be maintenance headaches during the season (including the ball fields on Barclay) a separate request for Ball Fields was added to the 2023 Capital Improvements Plan under Recreation (pending review and approval of council).

Maintenance/Repair includes needed electrical upgrades at Main Park and Koch. Also used for cost of parts for mowing related equipment in parks. In addition, improvements to the borough's hay wagons used during the annual hayride are included here.

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Equipment includes purchase of push mowers, weed eaters and hand blowers when needed. We include an extra \$1,000 to have funds available for repair or replacement of any playground equipment that may become damaged.

Main Park & Other Field Maintenance includes repairs to various fences and may be included in the Capital Improvements Plan.

### Acct. 455 Tree Service

Council must seriously evaluate the tree program, especially as regards pruning and removals. A backlog of trees in both categories is only growing and it is becoming difficult to address all resident's complaints. Many tree issues are handled by the manager, foreman and code officer in conjunction with Carl's Tree Service who has been hired as our consultant/arborist on an as needed basis. We account for Carl's fees under the Tree Service Consulting line item (01-455-140, formerly Wages) at this time though staff attempts to use them as judiciously as possible.

Contingency/damage covers the Borough's share of the cost of correcting tree root damage to sidewalks, sewers, & lawns under the 2010 revisions to the controlling resolution which eliminated certain reimbursements and placed more responsibility on the part of the property owner.

Spraying includes insect control on trees. We seldom use this but insects come without warning and we want to be prepared when they do.

Miscellaneous Includes educational supplies, any professional membership required, special planting projects, Westinghouse Lodge, and possible unplanned planting projects.

Planting Trees is used to replace removed trees though we have a stock of trees already available to use if the type of tree for a given location is not an issue.

Pruning and Removal line items are shown in this budget for reference only and will be removed in future budgets. They have been combined under a new category: 01-455-371 Tree Maintenance. – There is an increasing pruning work load here as work is pushed back from year to year and the concern is a number of dead branches in borough trees as well as some that interfere with proper growth.

All removals are done for reasons of safety because of dead, diseased and hazardous trees. We recommend increasing this new line item to reflect work that is needed.

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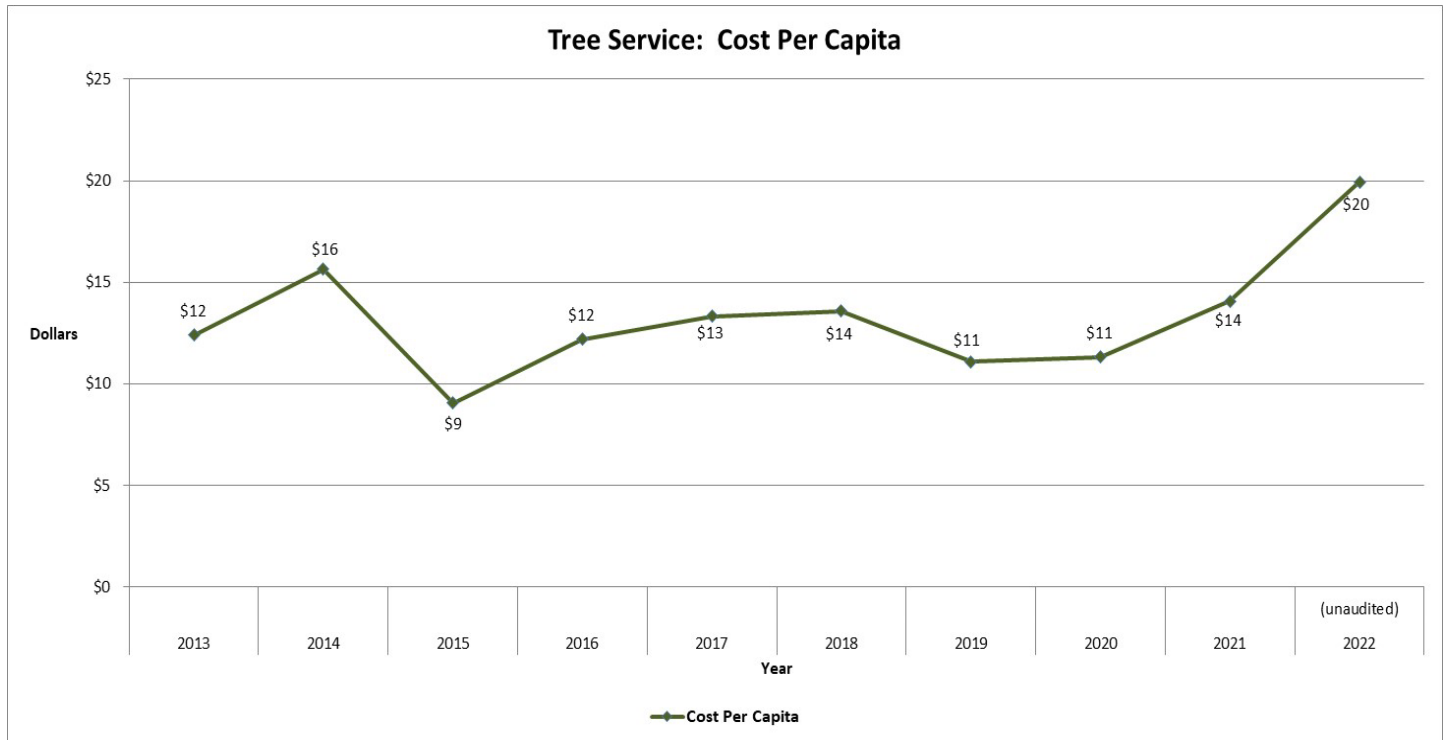
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Storm Damage was added as a line item in 2015. Each year some storm damage occurs and funds are usually taken from removals or pruning. Projecting needed costs here may allow the borough to maintain its normal pruning and removal program which is already somewhat behind due to budget cuts over the years. We recommend increasing this line item. At the time this line item was created, we noted:

This damage has not been excessive but enough to upset our overall budget. Damage cannot be predicted but there is a good chance that it will happen. In most cases, we must call in outside contractors on an emergency basis. We felt it is desirable to have a separate line item. This is to be used only for that purpose.

Special Planting is used for Ardmore median tree replacement. However, the line item entitled Tree Maintenance: Marion & Sumner was described in past messages as follows:

Maintenance of plantings from Marion to Sumner in Ardmore Business District. Mainly removal and replacing dying trees. Possibly replacing sidewalk trees with planters and associated preparation.



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*Account 457 Events*

With the pandemic easing, council and mayor have returned the holiday “Light Up the Hills” event to the borough in 2022 along with several “concert in the park” events and “movie nights.” We created a new account to budget funds for expenses related to special events like this and a new line item entitled Community Celebrations (01-457-002).

*Acct. 458 Senior Citizen Center*

We have a potential buyer for this building and accompanying parking lot. Therefore, the account will be eliminated from future budgets and is shown here for reference pending completion of the sale.

*Acct. 459 Recreational Center*

Funds here cover activities related to the Forest Hills/Westinghouse Recreation Center Lodge.

Maintenance may include work for stripping and waxing the floors if needed. Electricity is increased by \$1,000 to cover the cost of a timing system that may be placed on the lights since renters often leave them on. Most lighting there is lower cost LED but we may be able to lower the cost with this change. We will have the crew determine if this is possible and can be handled in house. Janitorial Services uses an outside contractor for work here (and at the pool lodge; see new line item in pool lodge splitting this between the 2 accounts).

*Acct. 471-475 Debt Service*

This section has changed with the 2020 refinancing of the bond issue and the acceptance of \$500,000 in new money with that process. Line items attributed to the old bond issue were removed from the 2022 budget. The final budget booklet includes an updated debt service schedule

Note that several years ago we added dollars to line items 01-472-060 Tan Interest despite the fact that we are borrowing from other funds rather than seek a Tax Anticipation Note. We believe it is important to still reflect the interest cost that the General Fund should repay to the fund where borrowed dollars originated.

*Acct. 480 Miscellaneous*

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See earlier comments on the Budget Reserve and council's policy on the topic. The total here includes \$25,000 (see also comments under 01-340-029 above).

The Donation for Edgewood Library remains the same. We received a request for an increase to \$28,000 from C. C. Mellor but maintained the same amount as we assume that council will once again send a portion of the required RAD excess to the library, therefore making up the difference (see also discussion under Account 357 above). This, of course, is a council policy decision and may change in the final budget.

Budget Contingency is used for items like the annual volunteer/employee picnic in August and unexpected items. Council established Community Day Donation as a line item in 2015 to provide some funds for event organizers (we also donate postage to them for mailing information to residents).

Acct. 492 Reserve for Capital Funds

The Transfer to Capital 1 line item shows a decrease for 2023 since bond funds and ARPA funds will be used in part here. We anticipate carryover of capital funds from 2022 to 2023 as well.

Transfer to Road Improvement Fund may change pending decisions made by council in allocating millage to this fund. At this time, I am using a number based on the current valuation and assuming that there will be some loss in income due to appeals and delinquent taxpayers. I assume that a full 1 mill will continue to be dedicated to road improvements in 2023.

As noted in previous messages, Capital Reserve is a line item designed to save money for capital purchases shown in future years in the Capital Improvements Plan (previously shown under Account 480 and similar to a budget reserve account for the Capital Improvements Plan).

Note that line item 01-492-022 Transfer to Pension Reserve is used for bookkeeping purposes to recognize the transfer of these funds as required. It is not a typical budget item so no dollars are allocated here.

Council will note that there may be adjustment line items shown here and elsewhere in the budget to account for year-end adjustments required to convert our accounts from a cash basis to a modified accrual basis of accounting and to correct changes to "due to" and "due

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from” accounts. These are rarely used but may be shown here since the auditor determines if we will need to include them.

**Costs Per Capita**

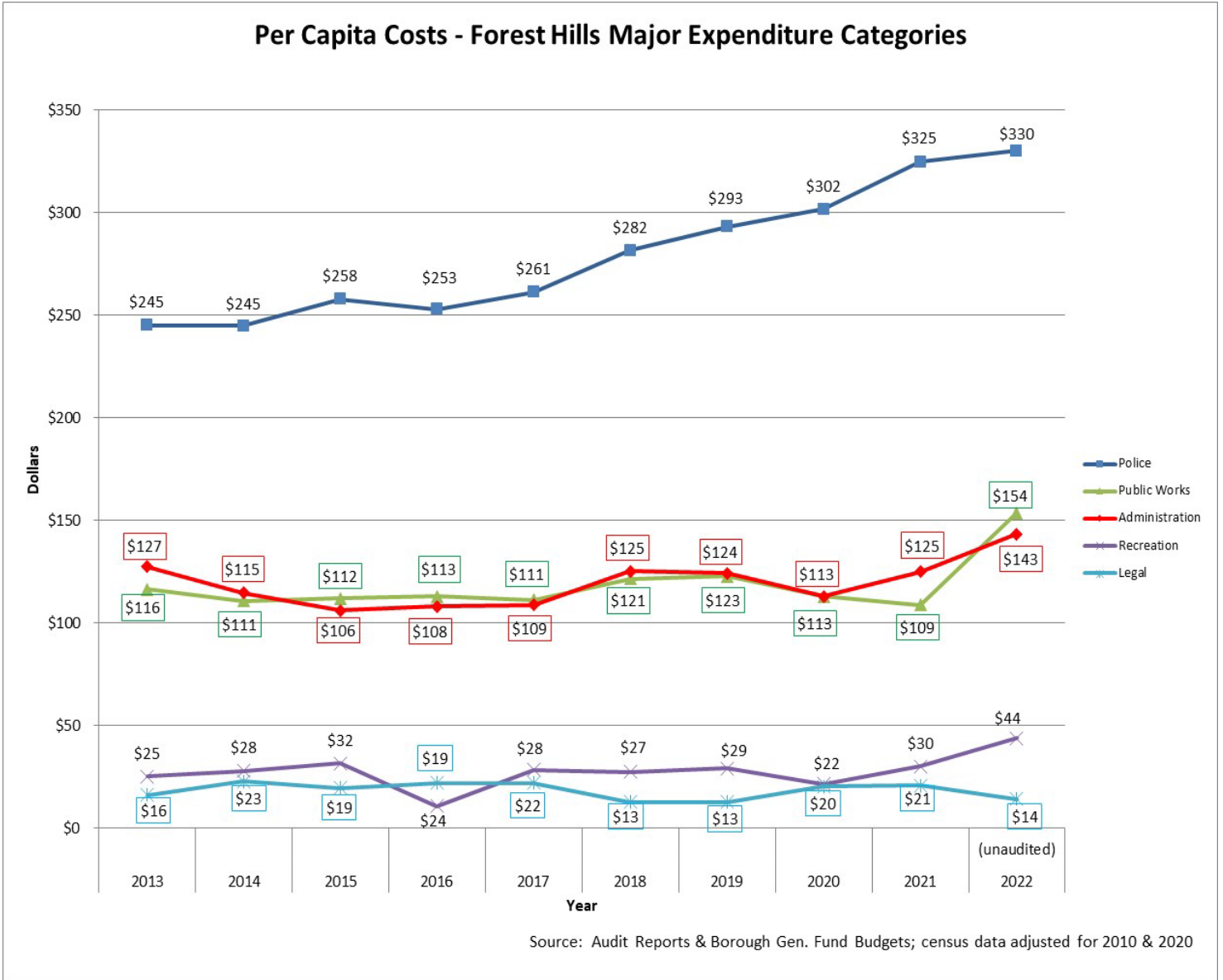
An illustration of the per capita costs of major expenditure categories is shown on the next page. It is calculated by comparing the actual cost (from the borough audit for a year except as noted) for the function shown with the borough’s population numbers. Census figures used to determine population come from the US Census Bureau from the 2010 and 2020 census. Financial data comes from borough audit reports except in the case of recreation figures and 2022 data. Source of the latter two items is the borough’s annual budget.

The chart illustrates the cost per resident of major functions of Forest Hills’ government from 2013 through 2022. Census figures showed the borough’s population at 6,518 with the 2010 census and 6,429 in the 2020 census.

The statistics section of the 2023 budget booklet shows a separate chart for several of the categories for further comparison.

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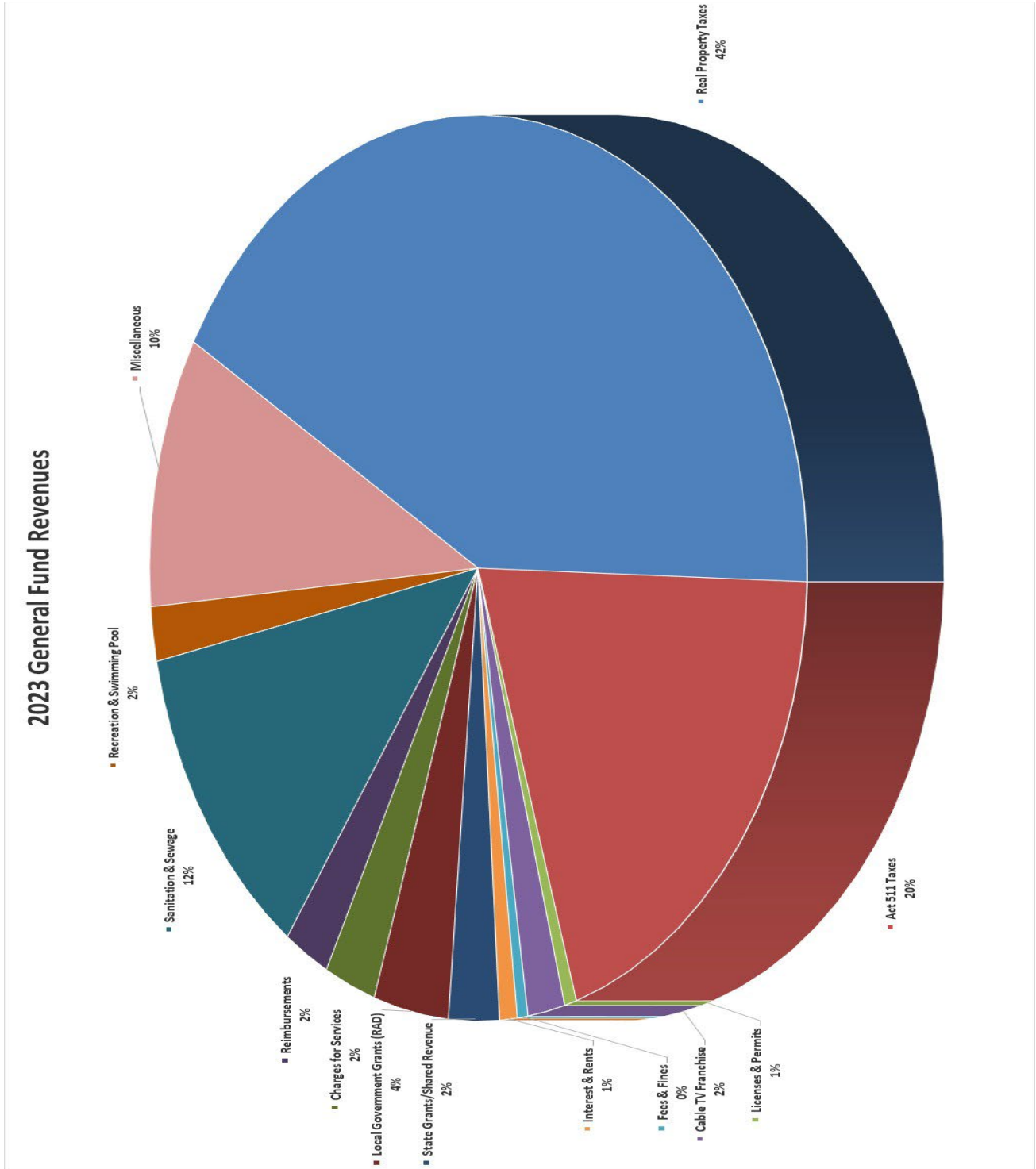


The pie charts on the following pages illustrate the percentages devoted to general fund budget categories for revenues and expenditures.

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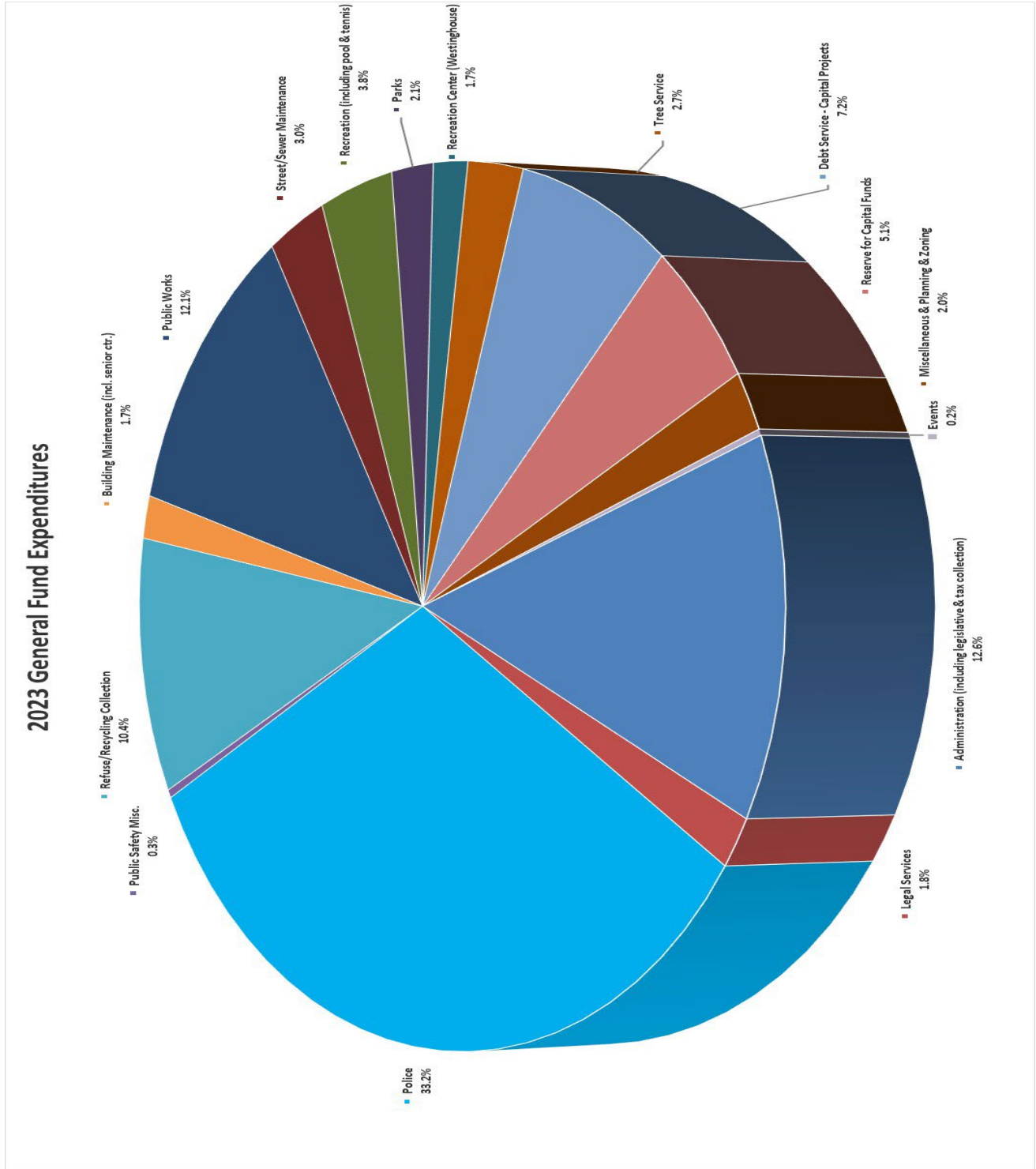




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**2023**

**CAPITAL BUDGETS**

**LIQUID FUELS BUDGET**

**FIRE PROTECTION SERVICES FEE BUDGET**

**ROAD IMPROVEMENT BUDGET**

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CAPITAL BUDGETS/LIQUID FUELS/FIRE PROTECTION SERVICES FEE FUND

Capital Improvements Plan & Road Improvement Program

*Capital Improvements Plan*

The Capital Improvements Plan (sometimes called Capital 1) preparation began in May/June 2022 and will be shown separately. As before, it includes projects at several different levels:

- Those that are funded by grants in full or part (existing grant dollars have expired but note included here for any new grant received)
- Those that were not completed in the current year and are carried over to the next year
- Those that are new

As explained in committee this year, we follow this procedure:

- Each committee discusses submitted projects for the 2023 Capital Improvements Plan.
  - While some committees have many projects the intent is not to deeply analyze each project since council is not required to approve a capital budget.
  - It's good practice to have a capital plan and the intent is to list potential projects and schedule them over the 5 year period and potentially eliminate ones that council does not consider a priority, edit them or reorder them.
  - Remember that spending for each item in the capital plan still has to be approved by council before a project is started and that approval would occur in 2023.
  - Therefore, when council approves the capital plan along with the budget in December, it is endorsing the need to plan capital spending and present it to the public but not approving each item as one set in stone.
- Each committee receives plans relevant to that committee only but since council receives all packets members will all have plans that were submitted.
- Some projects may be relevant to more than one committee but they are submitted only once to the committee I felt came closest to responsibility for that item.
- Committee members should review them and be prepared to discuss them (typically in the September committee meeting).
- The goal is for each committee to recommend, prioritize, etc. each project for the Finance Committee which has final responsibility for preparing the Capital

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Improvements Plan.

- Staff and members are asked to submit any project or purchase that meets our definition of a capital item (life of 5 years or longer and value of \$5,000 or more)
  - We may include other items here that are not typically considered capital as one method to recognize their importance and track them
  - The plan does not show revenues since funds come from the general fund, borrowing (like a bond issue), grants, capital reserves (if any), or another specific source
  - Projects may include “wish list” items which staff or members wish to consider but which may not be practical. Since this is only a plan we do not want to discourage unusual or “out of the box” thinking since their submission and inclusion in the plan does not commit council until they separately approve or authorize a particular project.
  - Capital items from the corrective action budget or another budget (road, etc.) are typically not included in the Capital Improvements Plan since they are funded through another budget though they may be referenced in some fashion in this plan
  - This plan covers 2023 through 2027 or 5 years.

In preparing projects for the new plan, staff and officials were asked to review all projects in the current plan and resubmit them for the 2023 plan if they are to continue. After that, all were asked to propose new projects for the 5 year plan.

Items submitted for the Capital Improvements Plan may be funded by proceeds from the bond refinancing (approximately \$500,000). That will be determined by council as the process continues though discussion in committee determined that several public works vehicle purchases would come first from bond funds with remaining funds earmarked for work at the Forest Hills/Westinghouse Lodge property.

The Capital Improvements Plan may have carryover dollars from projects that were funded but not started. Any carryover shown in the budget or in treasurer’s reports, however, will be an estimate until all bills are paid at the end of this year.

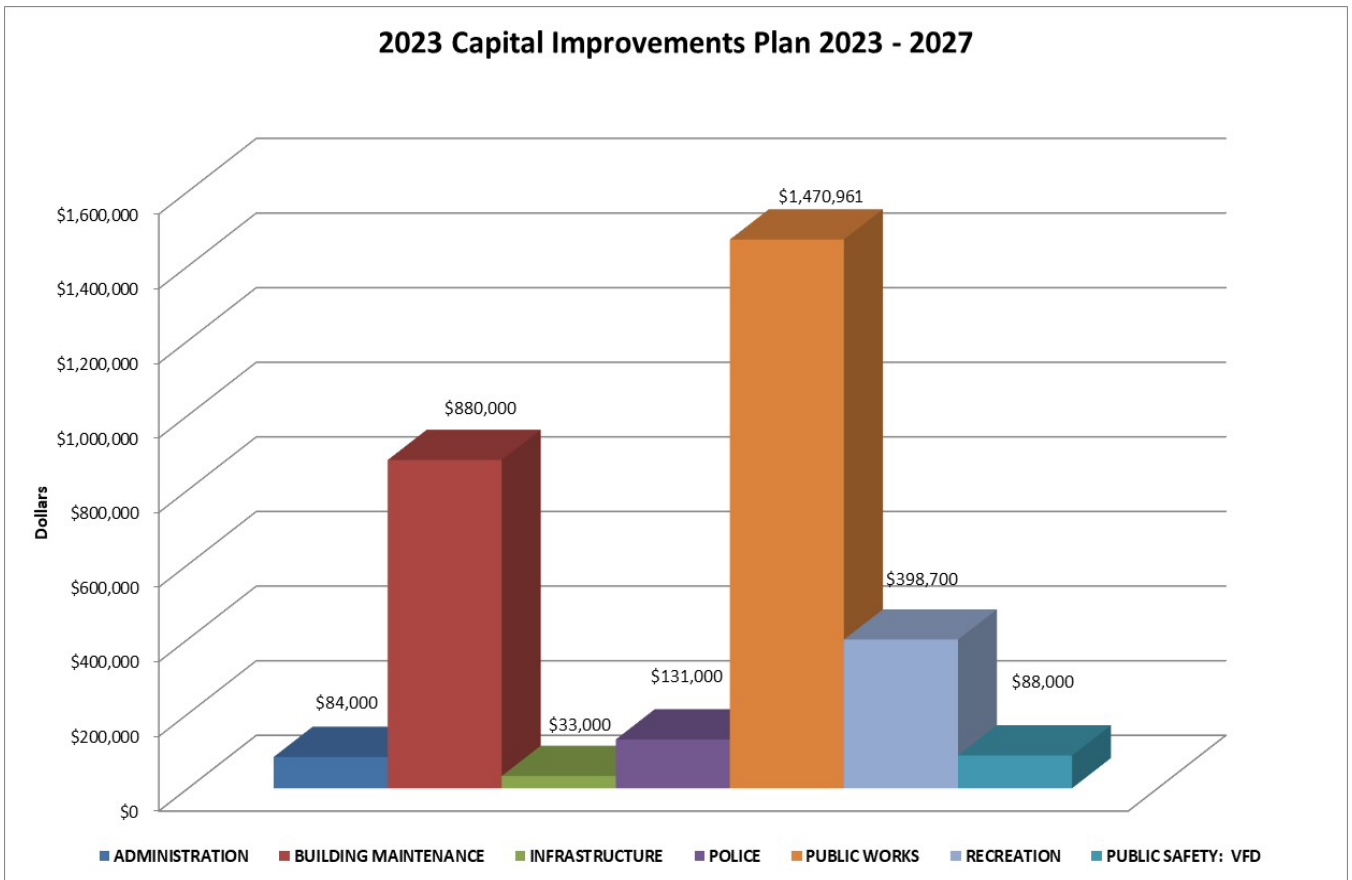
Because there are always significantly more projects submitted for a given year than dollars available, it is recommended that council approve the Capital Improvements Plan as is, following Finance Committee review, and require that any spending in 2023 first be reviewed and approved by council in committee. Unlike the General Fund, this plan and budget does not require approval by Dec. 31 of each year so council has flexibility to some

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extent in setting a spending plan.

Finally, council must seriously look at this plan and process if it is to be useful. Most planning traditionally and mistakenly only takes a short term (1 or 2 years) look at needs and funding. Council must change that view if the plan is to have any meaning.



*Road Improvement Program*

The Road Improvement Program fund will be maintained as part of the final plan but shown separately and accounted for separately. The total 2023 budget amounts to \$509,706 or \$89,564 more than 2022. The increase is due to a better estimate of the total that 1 mill will raise in 2023 along with an estimate on dollars carried over from 2022 to 2023.

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Caution is advised as always as funds for this program are dependent on tax receipts that are earned throughout the year and may not be readily available due to reassessment issues as well as collection issues. The budget may not be fully funded until late summer or early fall.

I used the current 2022 county assessed value (noted previously in the general fund discussion) to determine the revenue that might be raised by 1 mill of taxes. As was true in the general fund the amount shown assumes a 2% delinquency rate and an appeal rate. The general fund number shown is conservative and may actually be higher. Regardless of the number shown in both this budget and the general fund budget, a full one mill (less delinquency and appeal) is provided to this budget.

Expenditures in the fund include those categories specified by council. As before a separate line item for crack sealing is included since council has approved that as a valid use of paving fund dollars and costs for hot patch will come from this or the contractor line item as well.

There is also uncertainty as to how work on curb repairs will be allocated between the contractor and the borough crew. The crew may accomplish the work for less money as their salaries and benefits are considered a fixed cost to the borough. However, using the crew to do the work does have a cost – other work that might be accomplished but that is neglected because of time spent on curb repairs. A line item for curb work is included nevertheless. Council has also determined that most, if not all, curbs should be replaced with asphalt rather than concrete. This will also result in savings if followed. In addition, council began a practice in 2013 that allowed the crew to handle some curb work on overtime with dollars from this fund used to reimburse general fund salary costs. Council believes that accomplishing this work in house is cheaper than bidding the work separately or including it in an overall pavement bid. That belief is subject to change.

**CAPITAL TWO – CORRECTIVE ACTION**

*Corrective Action Budget*

The Corrective Action/Capital 2 Budget for 2023 is under review by the engineer and is not provided in this draft. Further information will be provided in future memos as the draft is finished. We do not anticipate any problems with the budget nor do we anticipate any need for a fee increase. Caution should be exercised here once this budget is complete. There are several reasons/questions:

- MS4 (Stormwater) requirements may be greater in 2023 though some may be covered by grant funds
- ALCOSAN has approved a new, revised consent decree with EPA. Impact may not be felt for 2 or 3 years but there will be changes. In addition, a main trunk line is scheduled to be

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- turned over to ALCOSAN as part of a regionalization plan (funds will come from a portion of the ARPA funds received).
- Several years from now the borough will be asked to provide a plan for source reduction in the borough itself rather than sending material to the ALCOSAN plant. What will be the cost impact if we agree to that plan?
  - Assistance may be available from ALCOSAN under its grant programs. This must be coordinated with the engineer who should take the lead in recommending actions to take to secure the most funding.
  - Are we up to date on requirements for televising and repair?

Regardless, coordination between the borough and various engineers from Glenn who handle these projects is essential.

OTHER FUNDS

*Liquid Fuels*

Salt costs from the past winter amounted to \$144,887. Carryover is anticipated for 2023 revenues and shown here.

The state aid projection for 2023 from PennDOT shows a slight increase but has several conditions that may lower it. The state anticipates that less funds may be available in the future as the pandemic has reduced travel and more efficient vehicles have reduced the need for fuel. Therefore, tax dollars received from the sale of fuel are likely to go down.

We added two line items to the 2019 budget that remain here:

35-430-213 Equipment – permits purchase of certain equipment authorized by Liquid Fuels auditors.

35-430-301 Vehicles – permits a 5 year lease purchase of vehicles to relieve pressure on the Capital Improvements Plan.

The largest expenditure is shown under Salt Purchases. The borough has a supply of salt on hand as we enter the winter months of 2022 due to previous purchases.

Salt bids are slightly higher for the 2022-2023 winter season and several weather predictions for winter are for above average snowfall and lower temperatures. As usual, the borough secured two

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salt suppliers by participating in the SHACOG bid (which covers the bulk of salt purchases) and the CO-STARS bid which piggybacks on the PennDOT bid.

We are required to use both sources for salt because we had to commit in advance for an estimated amount prior to each entity soliciting bids.

Because salt purchases are uncertain at this time and dollars are limited in use, it is possible that funds budgeted in 2023 will not be used for the items specified. Total first draft budget for liquid fuels amounts to \$465,610, an increase of \$80,110 over 2022.

As is always true with the fund, purchases are limited to products and services approved by the state and the fund is audited by the state each year.

### *Fire Protection Services Fee Fund*

At minimum it should be noted that this account is strictly limited to funding payments for the large ladder truck owned by the borough, funding for the fire department and paying for any administrative, mailing and similar costs directly related to billing for this fee. It is not used for any other purpose and funds unspent in one year, if any, remain in the fund for future needs.

Previous budgets removed all fire related expenditures from the general fund budget and placed them in this budget. However, additional truck maintenance expenses were allocated in the General Fund as discussed above to provide a buffer. It is important that council takes care in adjusting the fire fee if it so chooses as the budget is subject to adjustment.

The first draft budget of \$277,050 includes an estimated carryover of \$50,000 from 2022 into 2023. This draft is \$11,660 less than the 2022 budget.

Foreign Fire Insurance is shown as both a revenue and expenditure as this is a pass through item with funds coming from the state insurance fund to the borough which must then pass on the full amount received to the Forest Hills Volunteer Fire Department. Revenues estimated for collection include a separate line item for Delinquent Fire Services Fee. The estimate of \$175,000 for Muni. Services Fee is based on the amount billed each year to all property owners and does not take into account delinquencies.

Dollars for Repairs/Maintenance (20-411-374) remain the same as 2022. Fire Truck Lease Escrow (20-411-367) increased to cover the cost of repayment to the bond fund of dollars used as a down payment on the new truck (see box at bottom of this budget).



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The fire department replaced the borough owned ladder truck this year and new lease payments are slightly less than previous budgets (20-411-534).

Fire Hydrant Inspection (20-411-363) is increased significantly at council request, with the following explanation:

*Fire hydrant maintenance is essential to ensure the safety of our citizens and first responders. Currently WPJW flushes hydrants twice yearly to make sure proper pressure is available, removal of sediment from main water pipes, improve water quality, and determine if there are problems with fittings and valves.*

*Flow testing measures the actual pressure and flow in the system. This test is performed using three hydrants and a pressure gauge. This test should be performed every three to five years. WPJW charges \$250 per hydrant tested. We have a total of 170 hydrants. One-third of all hydrants should be tested on a rotating basis each year.*

See also note under General Fund Account 411 earlier in this document.

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**YEAR END INFORMATION & UPDATES**

*The following sections represent updates to the first draft of the budget as discussed in one or more committees. Committees and dates identify each update below. Updates may be added to the budget message in above sections when those were known before printing the budget booklet and if time permits.*

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YEAR END INFORMATION & UPDATES

Finance Committee Meeting November 1, 2022

2023 Budget – 2<sup>nd</sup> Draft – (see separate attachment) I offer this second draft as my recommendation for approval as a preliminary budget for advertising at the Nov. 16 business meeting. Notes here will be included in the final budget booklet as an addendum to my budget message provided at the October Finance Committee meeting.

- **I have not changed the Fire, Road (except as noted below), or Liquid Fuels budgets** from what you were provided in October and am, therefore, not providing new copies.
- This budget incorporates the following changes from the first draft (changes in the spreadsheet are highlighted in light red):
  - The total General Fund budget is now shown as \$6,971,551 (first draft showed \$6,971,953); this represents a 2.3% increase over the 2022 budget
  - **Revenue changes include:**
    - 01-301-110 Real Estate Current Year – reduced from the first draft to reflect the change in taxable assessed value as determined by the county to \$383,680,103 (value in first draft was \$385,245,603) and to assume that further reductions will occur before the final, official taxable assessed value is determined by the county in January 2023
    - 01-363-021 Chalfant Public Works Equipment Fee – new line item added to reflect this agreed upon fee in the new contract with Chalfant
    - 01-364-030 – Refuse & Recycling Collection Charge – this is not a change from the first draft but highlighted to confirm calculation of the recommended fee for 2023 of \$264 per property (\$214 for seniors).
      - It includes the cost of the contract with Waste Management,
      - an estimate for delinquents,
      - an estimate of the number of seniors qualifying for the fee reduction,
      - cost of mailing,
      - administrative costs and cost of multiple billings.
  - **Expenditure changes include:**
    - 01-492-020 Transfer to Road Improvement Fund (1 mill) – reduced to account for the change in taxable assessed value noted under Revenue changes above
    - The change in 01-492-020 is also reflected in the Road budget as a reduction

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in revenue of a little over \$400 with a corresponding reduction in the Misc. Expenditure category

- Other highlighted expenditure categories shown in the second draft spreadsheet reflect new line items referred to in the first draft

2023 Corrective Action Budget – (see separate attachment) After reviewing with the engineer, the first draft of this budget is also attached. Highlights include:

- Overall increase in the budget from 2022. The 2023 budget projection is \$2,676,500 (2022 budget was established at \$2,481,000)
- In **Revenue**, I estimate that carry over from 2022 will amount to \$351,000
- In **Revenue**, we should recover costs from the ALCOSAN regionalization work from other participating municipalities in 2023
- Two lines items are shown with identical amounts. Both 19-364-013 (revenue) and 19-429-459 (expenditure) are estimated at \$1,700,000 for 2023.
  - This is subject to change once we received notice from ALCOSAN.
  - What is this number?
    - All ALCOSAN municipalities are required to include in budgets “funds equal to 120% of the amount ALCOSAN estimates will become due within such year.”
    - They have not provided this estimate to us at this time but it means that ALCOSAN assumes we will pay them that amount during the budget year and that we will collect from ratepayers that same amount when we bill for sewer charges.
- In **Expenditures**, the engineer assumes we will undertake the following projects in 2023:
  - Ashley Court Sanitary Sewer (work on the storm sewer there occurred this year)
  - Work on Braddock/Ardmore/Sylvan and Sheryl Lane/Woodside
  - Watt Lane project
  - Routine consent decree work is also included in line items 19-446-150 through 19-446-310
  - Note, too, that MS4 activities are shown here (19-446-380) as currently council assumes that our current sewer fee covers both sanitary and storm sewers.
- **NOT shown here are 2 items that council must consider in the near future:**
  - Funds to replace the sewer vactor truck as discussed during the Public Works committee meeting

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- Funds to update the borough's GIS software

▶ Council should be prepared to approve a preliminary budget for advertising at its November 16 business meeting.

- All including anyone watching the livestream on YouTube should understand that this preliminary budget is NOT final and can be fully adjusted before approval of a final budget at the December business meeting.
- “Fully adjusted” means that all aspects of that budget may be changed including taxes and fees before approval of a final budget (and I so note that on the meeting agenda for all to see)
- Note that while council has numerous funds, the only budget that **MUST** be approved for advertising and then as a final budget is the general fund. However, we usually show all funds as part of our advertisement and part of any motions made. This does allow some flexibility in other budgets.

Capital Improvements Plan – First Draft – no changes have been made to this draft and it is therefore not provided again here. Reminder from the first draft submitted in October:

1. The first draft includes all items recommended by various committees for Finance Committee review
2. Spending for each item in the capital plan would still have to be approved by council in 2023 before a project is given final approval. So, the Finance Committee review and approval simply provides council with a final overall plan to endorse but is not an approval for each individual line item.

#### **Reminder from previous budget messages and notes:**

- Budgeting is not a science since it involves a lot of planning by speculation and supposition based on facts from recent years and experience. But things that may have occurred with recent budgets won't necessarily occur again.
- The budget is a plan and not a guarantee of funding since spending depends on how successful we are in predicting expected revenues. Therefore, funds in any one line item in any budget (general fund, fire, etc.) are dependent on whether other line items meet expectations.
- Once the general fund budget is approved, the overall total cannot be changed but items within the budget can be adjusted or moved.

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- Of course, the Covid-19 pandemic may continue to affect the budget depending on the many variables that surround that.

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### YEAR END INFORMATION & UPDATES

Finance Committee Meeting December 6, 2022

2023 Budget & Capital Improvements Plan – Final Draft – (all proposed final budgets are submitted to council for review separately)

These are the changes found in the final draft for consideration by council at its December 14, 2022 meeting along with related notes (changes in General Fund shown highlighted in yellow):

#### *Overall General Fund Budget:*

- Note that the year to date column (2022 Actual to 11/30/22) shows the latest numbers through November
- Expenditures year to date through November show a **deficit of \$39,771** when compared to year to date revenues (Revenues YTD: \$6,901,049; Expenditures YTD: \$6,940,820)

#### *Revenues:*

- The county shows our taxable assessed value has decreased as of early December 2 to \$383,633,203 (preliminary budget in November showed a taxable assessed value of \$383,680,103). Therefore, the estimate for 2023 tax revenues declined slightly in the final document.
- The following revenue estimates were adjusted upward from the 2022 preliminary budget based on year to date figures:
  - 01-310-010 Deed Transfer Tax (\$150,000 to \$175,000)
  - 01-310-020 Earned Income Tax (\$1,100,000 to \$1,110,000)
  - 01-310-050 Local Services Tax (\$90,000 to \$100,000)
  - 01-360-050 Fuel Administration Fee (\$150,000 to \$170,000)
  - 01-364-031 Delinquent Refuse Fee (\$16,000 to \$18,000)
- Total estimated Revenues (and Expenditures discussed below) increased from the preliminary budget to \$7,036,676 with these changes (Preliminary budget Revenues: \$6,971,551). That represents a 3.24% increase over the 2022 budget

#### *Expenditures:*

- The greatest change came with salaries and benefits as follows:

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- All non-police salaries were changed as requested to include a 2.5% increase except that updated numbers in police changed the cost of Fringe Benefits and FICA.
- Any benefits affected by that decision (e.g., FICA) were also changed
- Account 459, item no. 01-459-130 includes a name change to Recreation Director along with an additional line item for Health Insurance (01-459-156). With that change, we removed the Pool Manager as part of the salary line item for the swimming pool (see 01-452-140) and eliminated the position of Assistant Recreation Director (01-451-140).
- Under Administration, we removed the position of Assistant Manager in line item 01-401-130. However, my recommendation is that council reconsider elimination of that position for reasons that should be discussed in Executive Session rather than here.
- Account 458 – Senior Citizen Center: Estimated costs were returned here in part due to the failure to sell the center at the end of 2022.
- In order to balance the budget, the following changes were made in expenditures (in addition to the ones shown above in revenues):
  - 01-480-001 Budget Contingency reduced from \$8,000 to \$6,500
  - 01-480-005 Budget Reserve reduced from \$25,000 to \$15,000
  - 01-492-018 Transfer to Capital 1 Fund reduced to \$0 (Capital Improvements Fund)
  - 01-492-020 Transfer to Road Improvement Fund reduced slightly to account for the above mentioned change in taxable assessed value
  - 01-492-021 Capital Reserve reduced to \$0

The following changes were made in other budgets and/or notes should be considered from other budgets:

- Corrective Action (capital 2) – the estimate for ALCOSAN sewage treatment reflected as both a revenue and an expenditure is shown at \$1,830,912 (see 19-364-013 and 19-429-459). As noted in their letter sent in November:

*Having chosen the alternate method of billing, as provided in the Allegheny County Sanitary Authority sewage agreement, your municipality has agreed to pay ALCOSAN sewage charges for the properties located within your municipality.*

*The agreement requires the municipality to provide, in its annual budget, funds equal to at least 120% of the amount ALCOSAN estimates will become due within such year. For the 2023 calendar year, the Allegheny County Sanitary Authority estimates the requirement for your municipality to be \$1,525,760.24 which at 120%*



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*is \$1,830,912.29*

- Liquid Fuels and Fire Services Fee budgets – no changes made here
- Road Improvement – the estimate for dollars received from 1 mill of real estate tax (30-354-004) was reduced slightly to reflect the current taxable assessed value. Also, the estimate for dollars carried over from 2022 to 2023 (30-380-212) was reduced significantly due to increased costs for the 2022 road program
- Capital Improvements Plan – this may change as we move through 2023 due to use of bond funds and ARPA funds. However, no significant changes were made here

**Reminder from previous budget messages and notes:**

- Budgeting is not a science since it involves a lot of planning by speculation and supposition based on facts from recent years and experience. But things that may have occurred with recent budgets won't necessarily occur again.
- The budget is a plan and not a guarantee of funding since spending depends on how successful we are in predicting expected revenues. Therefore, funds in any one line item in any budget (general fund, fire, etc.) are dependent on whether other line items meet expectations.
- Once the general fund budget is approved, the overall total cannot be changed but items within the budget can be adjusted or moved.
- Of course, the Covid-19 pandemic may continue to affect the budget depending on the many variables that surround that.

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CONCLUSION

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**BUDGET ADJUSTMENTS/ALTERNATIVES**

Note: In preparing past budgets, this section was presented to assist council in considering its choices in preparing a final budget. It is repeated and updated here to offer similar assistance.

This section summarizes or expands on ideas presented earlier in this document. Council may wish to consider the following adjustments in preparing a preliminary and final budget document:

- Realize that the budget is a plan for spending anticipated revenues in a given period and not a guarantee of funding or funds available.
- In looking at revenue estimates in the budget, find line items where an estimate was created that is more conservative than necessary. Estimating additional revenues in certain line items, done responsibly and with some basis in fact, would allow for additional appropriated dollars in the general fund, the budget reserve or in transferring to another fund's budget.
- Rather than allocating a full mill of taxes to paving in 2023, allow any carryover from 2022 budget savings to fund a program that paves the same number of roads and reduce the millage allocation appropriately with the extra funds used as part of the general fund or in transferring to another fund's budget.
- Use some liquid fuels money for the paving program and reduce the 1 mill allocation to compensate, allowing the extra funds to be used in the general fund or another fund (this may be difficult due to limited liquid fuels funds and approval requirements in using funds for roads – see also discussion above).
- Return dollars to the line item in the corrective action budget to account for administrative personnel costs and transfer those funds to the general fund budget.
- If extra dollars are found, either in this budget or at year end in the 2022 accounts, move them to the budget reserve to replenish that fund, provide protection against emergencies and protect against a serious increase in borough pension obligations in 2023 and later.
- If council feels that taxes must increase, consider an increase that is only a portion of a mill rather than a full mill. An incremental chart showing dollars collected at various millage rates can be provided to council separately if it wishes to consider this alternative.
- Consider a new bond issue for capital projects or some other type of borrowing.
- Use additional funds that may be found in the budget contingency line item to allow for emergencies and the minor, unexpected spending issues that always come up during the year.
- In early 2023, begin a review of the sewer fee with the engineer to determine if additional funds may be necessary in 2023 or beyond. Advance planning could allow for incremental increases rather than large, abrupt increases.
- In early 2023 and throughout the year, take a serious look at funding for various entities including the library, recreation programs, pool, etc. Review borough real estate holdings to determine if something better could be done with the land. Take a long-term financial approach

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whose focus is not just on 2023 or 2023 but which focuses over the next five to ten years to determine what the borough can reasonably sustain without increasing taxes.

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**CONCLUDING REMARKS**

My budget message each year contains information that I feel will be useful in providing an understanding of how and why the numbers are produced for key line items. Attempting to outline reasons why each line item exists and the numbers selected are used would take many more pages. Hopefully, discussion in committee and during council meetings provides enough relevant information on items not discussed here to be helpful.

Further, my intent is to provide sufficient information to members of the public so that residents and taxpayers understand the budget and how their government operates financially. Often, rumors circulate about the state of the borough's finances and providing detail and explanation here can reinforce the strong state of the financial picture in Forest Hills. In the case of both council and the public, all are encouraged to meet with the manager to clear up items that may not be included here.

Despite some pitfalls due to continuing effects of the pandemic which, as discussed last year, impacted borough spending and receipts, proof that the borough is solid financially can be found in the AA bond rating established by S & P. Comments were published in past budget books and will not be repeated here. However, S & P found the borough's financial position to be strong, its management solid and policies relevant and protective. Certainly things may change and the unexpected will continue to impact the borough and its financial picture and officials must be cautious in overseeing all borough finances.

Despite the opinion of some, COVID 19 issues are still relevant and will continue to affect 2023 finances. The borough has received both installment as part of the ARPA program and council is determined to use the funds for sewer work and improvements to the Forest Hills/Westinghouse Recreation Lodge rather than reimburse the borough's general fund. This may give the appearance of a General Fund deficit for 2022 but all should know that borough accounts in other borough funds offset that.

Liquid fuels funds continue to be affected by a reduction in gasoline tax revenue. Real Estate Tax revenues are stalled pending a court decision that will likely reduce the common level ratio used in determining property values throughout Allegheny County.

All staff play a part in the initial design of the budget, particularly the finance staff (Allison Serakowski, Treasurer and, Anne Hockenberry Finance Assistant), Chief Charles Williams, Public Works Foreman Jim Theilacker, Recreation Director Cindy Simm, Executive Secretary/Office Manager Annette Dietz and Don Branzel, Code Enforcement Officer. Our engineer provides financial updates in constructing a Corrective Action Budget from both a revenue and expenditure perspective. I thank them for their assistance. Wendy Archer retired as Treasurer in early 2022 but

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has remained in a part time consulting basis during the transition and assisted with developing the new budget.

As noted in previous budgets, while the borough is much smaller than some municipalities with large staffs, we try to construct a budget as a larger entity would through an established and professional process that takes into account all aspects of borough operations. It is a serious, thoughtful approach, aided by council and the mayor, who realize that they have competent and trained staff that they trust to accomplish these tasks.

And as noted above and worth reiterating, the borough's financial picture is sound and it is this process that contributes to that along with regular, monthly financial statements, an independent audit, and board oversight. The oversight that staff and council bring to the process will help to mitigate effects of the pandemic. We take care to follow proper procedure in receiving and spending money and follow council policy in that regard as well. It is a credit to officials and staff that a town our size is able to provide a considerable number of services and amenities while being fiscally responsible.

Steven J. Morus, Manager