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October 26, 2015

Mayor Datsko and Members of Borough Council:

The 2016 Budget is respectfully submitted to the Borough Council, Mayor Datsko and residents of Ebensburg Borough. This budget complies with the Borough Code and the requirements of the Commonwealth of Pennsylvania. It represents our commitment to strong financial management practices despite the depressed state of the local economy.

The 2016 Operating Fund Budget is a comprehensive document that addresses the anticipated revenues and expenditures for ALL borough operations including general government, police, streets, wastewater system, water system, stormwater system, recreation programs, community development and capital funds. For accounting purposes, all operations are managed within a single operating fund. For illustration purposes, this Budget document also contains "snapshots" of each of these separate operations.



The annual budget document is the single most important policy document adopted by Borough Council each year. The budget guides the management of the Borough throughout the year by clearly setting forth the goals and objectives of the Council for the coming year, and authorizing the programs that will be carried out to meet those objectives. The budget document also sets forth the management plan for implementing the programs and achieving the community goals and objectives. As Council's number one policy statement, the budget accomplishes the following:

- Economic development initiatives are pursued
- Service levels are set
- Partnerships are nourished
- New technology is acquired
- Community security is enhanced through public safety
- Borough employees are supported in delivering efficient and effective services
- Public infrastructure is built and maintained
- Recreation for citizens is provided
- Public health is protected by recycling, waste collection and water resources
- Reliability of utility services is funded
- The Borough's financial integrity is maintained to meet service and debt obligations

- Customer service is enhanced
- Improved quality of life is sought for all citizens

The budget sets the annual operating and capital budgets, as well as, the capital improvement program for the next ten years. The budget and capital improvement program recognize the importance of well-planned improvements and replacements that are necessary to protect the Borough's public facilities. Therefore, the budget document not only serves as a policy guide for the coming year, but it also establishes a long-range planning document that provides the framework for sound financial-decision making and establishes the foundation for a strong and dynamic future for the community.

The 2016 Operating Budget calls for revenues of \$5,238,770 and expenditures of \$5,099,110. The general fund budget is balanced with no increase in real estate taxes.

	Revenues	Expenditures	Surplus
General Fund Budget	\$1,877,370	\$1,807,780	\$69,590
Water Fund Budget	\$1,555,500	\$1,545,900	\$ 9,600
Wastewater Fund Budget	\$1,575,900	\$1,515,430	\$60,470
Stormwater Fund Budget	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$ 0</u>
Total Operating Fund	\$5,238,770	\$5,099,110	\$145,660

The 2016 Operating Budget represents an increase of 1.2% over 2015. The slight increase is due to the scheduled implementation of the balance of the stormwater fees. The General Fund Budget is decreased by 1.2%, reflecting our commitment to control expenses while ensuring the continued delivery of services in the most cost-effective manner. The Water Fund Budget is essentially the same as 2015. The Wastewater Budget is slightly decreased.

	2015	2016	Change
General Fund Budget	\$1,829,630	\$1,807,780	-1.20%
Water Fund Budget	\$1,541,550	\$1,545,900	0.28%
Wastewater Fund Budget	\$1,522,920	\$1,515,430	-0.49%
Stormwater Fund Budget	<u>\$ 146,000</u>	<u>\$ 230,000</u>	<u>57.54%</u>
Total Operating Fund	\$5,040,100	\$5,099,100	1.17%

## **BASIC POLICIES AND ASSUMPTIONS**

- A basic premise in preparing the 2016 Budget is that there will be no increase in utility rates, and that there will be no increase in real estate tax rates to fund day-to-day operations.
- It is the Borough's policy to estimate revenues conservatively.
- A two-tier real estate tax will be maintained.
- Existing levels of service shall be maintained.
- It is the Borough's policy to minimize borrowing. Borrowing is for capital expenditures and only when sufficient current funds are not available or municipal needs are unable to wait until current funds are available.
- Program fees charged for specialized services such as the swimming pool, tennis center and YPCC will be adequate to cover expenses associated with such programs, while keeping the program affordable. While a subsidy from general funds for these departments is acceptable, the optimal goal is self-sufficiency.
- The Borough will budget adequate funds to maintain all its assets at a level which protects the borough's capital investment and minimizes future repair and replacement costs.
- The Borough will project its equipment and vehicle replacement needs for the next ten years and will update this projection each year.
- All departments will budget contributions to Capital Reserves based on their estimated future share of costs for the replacement of vehicles and equipment, and for future maintenance and improvements to borough-owned facilities and buildings.
- Utility fees will be set at a level that fully supports the direct and indirect costs of providing service, including funding of Capital Reserves.
- The Salary & Wage Schedule will be adopted by Resolution of Borough Council annually.
- Idle cash will be invested on a continuous basis in legal, safe investments with adequate liquidity and yield.
- All department heads will actively pursue all State, Federal and private grant sources available for major equipment purchases and projects.
- Water and sewer tap fees will be placed in Capital Reserves for capital improvements to those systems.
- The appropriate departments will be assessed the actual stormwater fee associated with their operations.

## **REAL ESTATE TAX**

Ebensburg Borough utilizes a two-tier real estate tax assessment. A higher rate is applied to land than is applied to buildings. This form of assessment encourages the development of vacant land and does not penalize property owners for improvements made to properties.

The total taxable real estate assessment is \$34,449,870 comprised of assessed land value of \$6,209,640 and assessed building value of \$28,237,770, plus miscellaneous mineral values. The rate of collection is based on a 15-year average. 26% of the property in Ebensburg is non-taxable.

The current tax rates are 33.25 mills on land and 8.5 mills on buildings. This is the equivalent of a 13.0 mill real estate tax in conventional terms. That 13.0 mills of real estate tax is used for the following purposes:

Conventional Millage Rate	
General Purposes	11.0 mills
Stormwater	0.5 mills
Swimming Pool	<u>1.5 mills</u>
<b>Total Mills</b>	<b>13.0 mills</b>

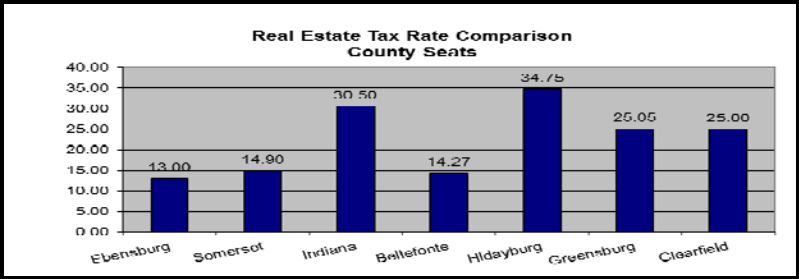
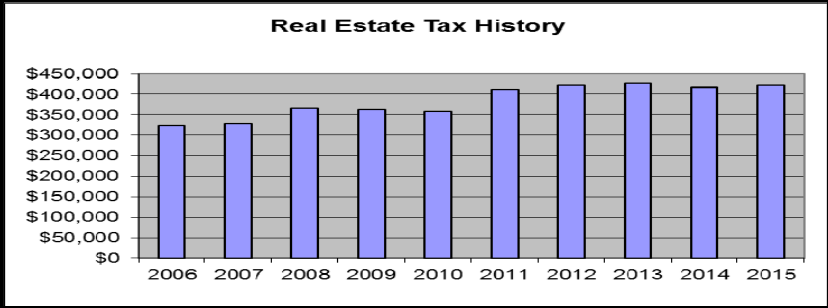
On a two-tier basis, the tax rates of 33.25 mills on land and 8.5 mills on buildings are divided as follows:

Tiered Millage Rate		
General Purposes	25.00 mills on land	& 7.5 mills on buildings
Stormwater	2.50 mills on land	
Swimming Pool	<u>5.75</u> mills on land	& <u>1.0</u> mills on buildings
<b>Total</b>	<b>33.25 mills on land</b>	<b>&amp; 8.5 mills on buildings</b>

The following demonstrates how the calculation of the two-tier tax rate compares to the calculation of a conventional tax rate.

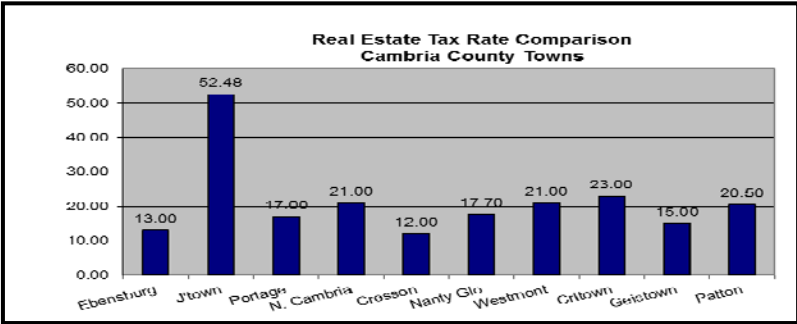
	Assessed Value	Millage Rate	Revenue Generated
Land	\$ 6,209,640	33.25	\$206,470
Buildings	\$28,237,770	8.50	<u>\$240,021</u>
<b>Total</b>			<b>\$446,491</b>
<b>Combined</b>	<b>\$34,449,870</b>	<b>13.00</b>	<b>\$447,848</b>

The chart illustrates the 10-year history of real estate tax collections in Ebensburg. 2016 will represent the 6<sup>th</sup> consecutive year without any change in tax assessments.

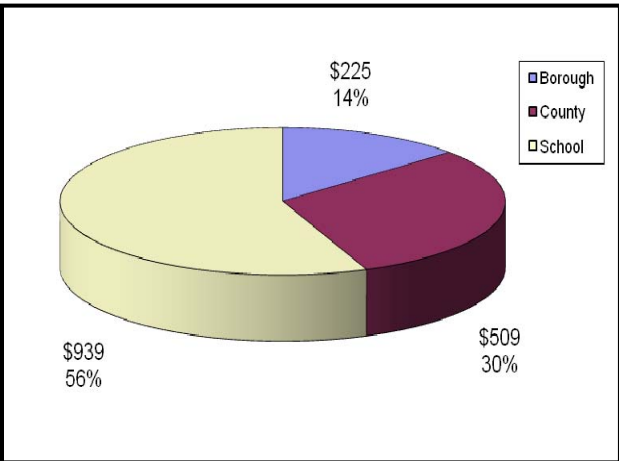


The chart is a comparison of Ebensburg Borough's real estate tax rate to other county seats in the region.

The chart is a comparison of Ebensburg Borough's real estate tax rate to other Cambria County boroughs and Johnstown.



**COMPARISON OF TAXING AUTHORITIES**



The 2016 average property assessment for residential property in Ebensburg Borough is \$17,320. Thus, the average taxpayer pays approximately \$225 (13 mills) per year for borough services. This funds the most basic borough services such as police protection, fire protection, street sweeping, snow plowing, street resurfacing, traffic signals, recreation, leaf collection, playgrounds, street lighting and other similar activities.

These borough services, and the corresponding borough property tax, represent only 14% of the total property tax bill paid by borough taxpayers. Thirty (30%) percent of taxes paid by borough taxpayers goes to county government (29.5 mills), and fifty-six (56%) percent goes to the local school district (54.25 mills).

## **OTHER TAXES**

All Act 511 taxes will remain the same in 2016. The Act 511 taxes are as follows:

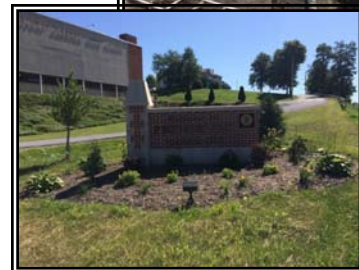
- 1.0% Realty Transfer Tax
- 0.5% Earned Income Tax
- \$47.00 Local Services Tax

## **2015 SUCCESSES**

Ebensburg Borough has enjoyed remarkable change over the past fifteen years. Each and every Council during that period has changed the face of Ebensburg, each completing projects begun by their predecessors and undertaking their own new initiatives. Those notable accomplishments of past Councils include the YPCC, Memorial Field, Tennis Center and skate park projects; annual sidewalk replacement projects; the downtown streetscape project; the Saltlick waterline and inter-municipal connections; wastewater plant and collection system upgrades; new playgrounds; new downtown events; and multiple shared projects and purchases.

The current Borough Council continued that progressive spirit with even more initiatives. In just the past year Borough Council has accomplished the following:

- 1) Completed a street sign inventory project including 1,497 signs.
- 2) Completed new sidewalks on West High, South Center and Rowena Drive.
- 3) Updated the Civil Service Rules & Regulations.
- 4) Purchased a new police cruiser.
- 5) Installed new pedestrian crossing signals at Manor Drive.
- 6) Approved extensive zoning ordinance amendments.
- 7) Began stormwater improvement project on North Beech Street.
- 8) Completed a stormwater improvement project on East Triumph Street.
- 9) Uploaded historical documents to new digital records storage system.
- 10) Installed new Victorian signs and lighting on West High Street and South Center Street.
- 11) Purchased a utility vehicle.
- 12) Acquired new security cameras for several facilities.
- 13) Instituted Young Lungs at Play program at recreational facilities.
- 14) Installed new LED lighting at tennis center.
- 15) Installed a new telephone system in borough facilities.
- 16) Installed a new Welcome to Ebensburg sign near Bishop Carroll.
- 17) Purchased new fitness equipment for YPCC.



**GRANTS AND LOW-INTEREST LOANS**

Borough Council has actively sought grants and low-interest funding for many projects.

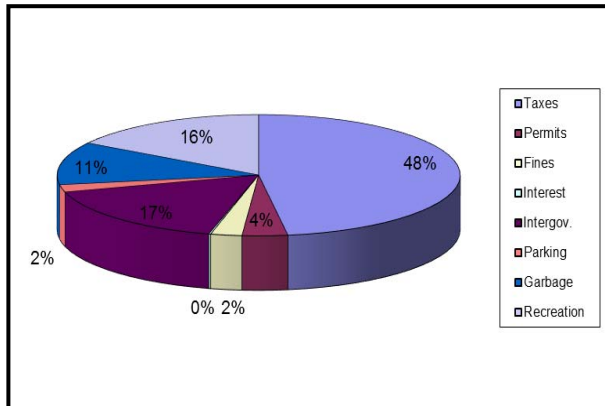
2015 Funding Sources		
3rd Welcome Sign	American Legion	\$7,500
Police Cameras	Ebensburg Moose	\$2,700
Sidewalks	PennDOT	\$500,000
<b>Total Grants</b>		<b>\$510,200</b>

**DEBT ANALYSIS**

Ebensburg Borough guarantees several loans on behalf of the Ebensburg Municipal Authority. As the Authority loans are self-liquidating, they are not included here. The Borough has long-term debt on two projects; the YPCC and the swimming pool. Accelerated payments are being made on both loans in order to retire the loans earlier than scheduled.

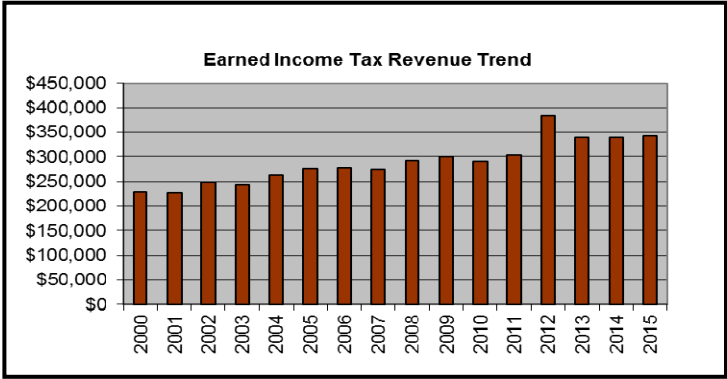
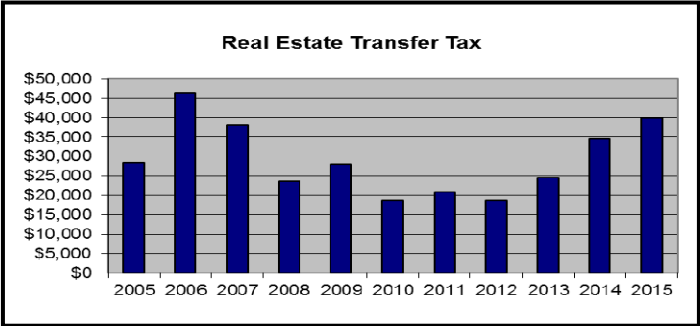
Debt Schedule					
Project	Current Balance	Scheduled Payment	Actual Payment	Original Maturity	Actual Maturity
YPCC	\$141,075	\$42,906	\$48,000	Sept 2022	Sept 2019
Swimming Pool	\$420,712	\$83,215	\$96,000	May 2021	Feb 2020
Sidewalks	\$750,000	\$750,000	\$750,000	June 2016	June 2016
* loan balances as of September 30, 2015					

**ANALYSIS OF GENERAL FUND REVENUES**



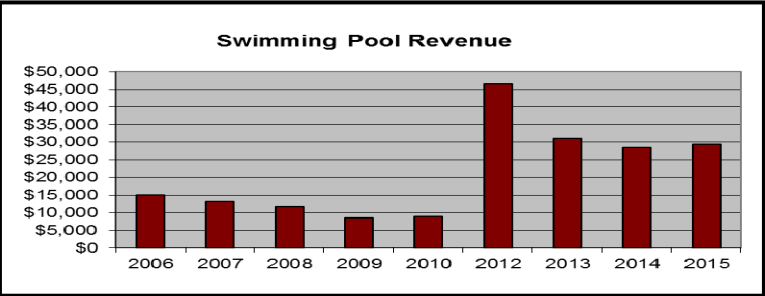
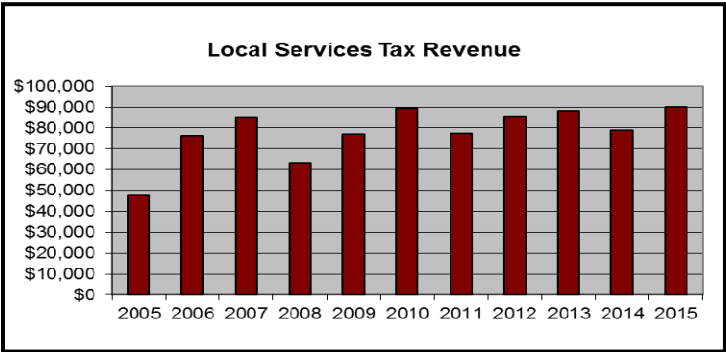
This chart illustrates the breakdown of revenues into the general fund. Obviously, taxes make up the greatest percentage of revenue. Ebensburg's combined recreation programs remain a significant source of revenue, constituting 16% of total revenues. It is important that those recreation related revenues be monitored throughout the year to be certain that we are meeting our budgeted goals.

Real Estate Transfer Tax – The real estate transfer tax is a 1% tax on property transfers within the borough. The chart illustrates the recent history of revenue generated by this tax.



Earned Income Tax – The earned income tax is a ½ percent tax on all earned income. 2012 was the first year that the EIT was collected on a county-wide basis by a single tax collector. The new rules on frequency of collections resulted in an anomaly making the 2012 total higher than normal.

Local Services Tax - The local services tax is paid by all persons employed within Ebensburg Borough. The tax is \$52 per year. \$47 is paid to the borough and \$5 to the school district.

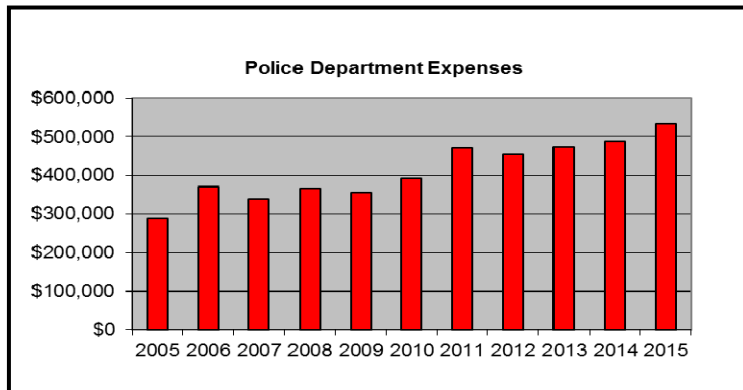
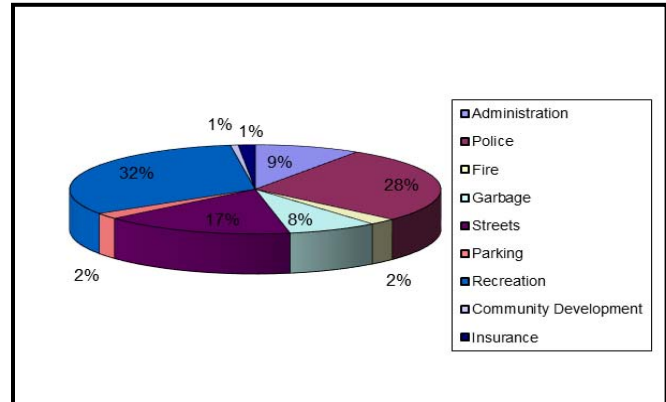


Swimming Pool – Revenue estimates for the swimming pool were lowered in 2015 to reflect actual experience. The pool remains popular, with good attendance on hot summer days. The cooler temperatures in recent summers have prevented the pool from achieving high attendance.



**ANALYSIS OF GENERAL FUND EXPENDITURES**

This chart illustrates the breakdown of expenditures from the general fund. The cost of recreation is Ebensburg's largest budgeted expense (\$569,330) followed by police (\$486,120).



Police Department – The cost of providing police protection, about \$250,000 in 2003, has more than doubled over the past twelve years. The cost of the department in 2015 equated to 16.7 mills of real estate tax. Ebensburg's tax rate is only 13 mills.

The escalating cost of the police department is due to:

- a. A lower employee contribution rate for healthcare.
- b. Higher annual % wage increases than other employees.
- c. High cost of a generous pension plan.

This rate of increase over the past eight years exists despite the fact that a full-time officer position was eliminated in 2007. That fourth full-time position was added again near the end of 2014. Two of the full-time officers are not yet at 100% of their wage.

Some relief will be realized in 2016.

- a. Eight amortization bases contained in the pension plan's evaluation will expire, greatly reducing the required annual obligation.
- b. A higher employee contribution to the cost of healthcare is expected in the 2016 labor agreement.

Ebensburg Borough must get its police budget under control. Options for doing so include:

- a. When a vacancy occurs, reduce staffing back to the level of three full-time officers.
- b. Based upon low call volume, employ an alternative means to cover overnight and Sunday hours. That alternative could be mutual aid from a neighboring department or State Police coverage.
- c. Utilize fewer officers during events and special occasions.
- d. Extend the period for replacement of vehicles (but risk higher maintenance costs).
- e. Negotiate concessions in the collective bargaining agreement.

A solution often suggested to address costs is a regional department. Rarely, if ever, does a regional department actually lower the participants' costs. The benefit of a regional department usually results in more available resources for the police, but it almost always costs more.

For a small community such as Ebensburg, a more practical alternative, and one that would likely result in a much lower cost, would be to purchase coverage from Cambria Township.

Recreation – The 2016 Budget contains five sections devoted to recreational facilities.

YPCC – Several new physical fitness facilities have opened within the borough in recent years. As a result, memberships at the YPCC have declined about 30%. Council replaced the YPCC's fitness equipment in 2015, and memberships may bounce back up. This is expected to be cyclical as the various fitness centers periodically update equipment.



The YPCC is expected to be approximately \$30,000 short of covering its own day-to-day operating expenses in 2016.

Considering the amount of activity at the YPCC and the high percentage of our population served by the center's programs, that is a reasonable cost vs. benefit. The YPCC's debt service will continue to be a burden on the borough's budget for another three years.



Swimming Pool – We are now very comfortable in knowing what the operational costs of the new swimming pool, opened in 2012, will be. As mentioned earlier, the unknown factor from year to year will be the sale of day passes, and those are entirely dependent on the weather. Without considering debt service, the annual net cost of the swimming pool can be expected to be approximately \$30,000. The right weather conditions in any given year could nearly erase that deficit.

Parks – This line item covers the operation, maintenance and electricity for Kimball Park, Penn Eben Park, Veterans Park, Memorial Field, Lake Rowena and the three playgrounds.

We had intended to complete improvements at Jenck's Dam in 2015, but the Fish Commission asked that we again delay imposing "catch & release" regulations until spring 2016. A sign will be installed noting the namesake of the dam and the rules for use.





Tennis Center – Ebensburg's Tennis Center has continued to grow its programming, and continues to be utilized as the home facility for area schools and universities. The tennis center can reliably support its own operation.



Skate Park – The skate park is not expected to generate any significant revenue, nor incur any significant cost. Program fees assessed for leagues and tournaments will be sufficient to cover unusual costs for those events such as electricity and staff.



Highways – In compliance with the Federal Highway Administration, Council has adopted a policy for inventory, evaluation and replacement of street signs. The sign inventory was completed in 2015, listing 1,497 street signs and condition. Over 170 of those signs were deemed to be in need of immediate replacement, and that was accomplished in 2015. The replacement of signs will be accelerated over the next few years, and will then continue on an as needed basis.

The amount of Liquid Fuels funds received from the State will increase by \$12,600 in 2016.

Timber Management – Ebensburg owns over 1,300 acres of property in the borough and Cambria Township. Approximately 800 acres of that is populated with various types of standing timber. Due to the depressed timber market, the last sale of timber was in 2008. The borough retains a forester to manage the timber, and to provide advice on management practices.

Community Development – Events in Ebensburg such as PotatoFest, Wheels & Wings, Dickens of a Christmas, Homecoming and Art In Bloom will continue to grow and have a very positive impact on the community.

Capital Improvement Program - The Borough Council places great importance on adequately funding a comprehensive capital improvement program. The capital reserve fund allows Council to undertake unanticipated projects and incur unexpected costs without negatively impacting the annual operating budget.

Regardless of any difficulties experienced in balancing an annual budget, the importance of continuing to fund a capital reserve fund must be recognized.

## **ANALYSIS OF UTILITY-RELATED FUND EXPENDITURES**



Wastewater System – A major combined wastewater and stormwater project is entering the planning stages in late 2015. The project will be aimed at separating all stormwater from the wastewater system, allowing the combined sewer overflows to be eliminated by the DEP-imposed deadline of September 2017. It is doubtful that the deadline can be met, but an extension is reasonably expected.

An in-depth evaluation of the entire collection system will be completed by the end of 2015, and design of the project, expected to cost nine million dollars, will begin in 2016. A funding application will be submitted to Pennvest in late 2016. The project should be accomplished in 2017, but the transfer of customers to the new system will require additional months, probably into 2018.

A wastewater rate increase was implemented in 2013 in anticipation of a future project to install a new sanitary sewer collection system in the eastern portion of town. The portion of that increase dedicated to that project, \$220,660, is being transferred each year to a capital reserve. At some point, prior to submission of the Pennvest application, the balance of any rate necessary for this project's debt should be imposed.

Water System – Efforts continue to optimize the operation of the DAF clarifier. It was evaluated in the fall of 2015, and it is probable that a reconfiguration will be necessary in 2016.



Other minor upcoming projects involve storage tank maintenance.



Stormwater System – New stormwater management fees were implemented in September 2014. Each department within the Borough is now assessed stormwater fees, just like all other private property owners.

The stormwater fee is scheduled to double to its full amount at the beginning of 2016. A small portion of the fees is retained by the borough for contracted maintenance, and the balance is reserved for future projects.

Two site specific projects were undertaken during 2015. The East Triumph Street project was completed. The North Beech Street was begun, but is delayed until 2016 pending permitting.

## HUMAN RESOURCE FACTORS

Labor costs obviously affect each and every department. It is important to understand historical trends relative to labor, and strive to control those costs.

Pension Plans - Depressed market conditions have resulted in the need for the borough to expend considerable sums on employee pensions. Until 2003, the pension plans were sufficiently funded so that the annual State aid was adequate to satisfy or nearly satisfy the borough's obligation. Contributions toward that obligation since 2003 have exceeded \$1.1 million, a substantial amount of money for this small town.



Those poor investment results are amortized over 7-8 years, and those “amortization bases” are scheduled to expire at the end of 2015. Coupled with recent improved investments, the police pension plan is expected to be nearly fully funded in the plan valuation scheduled for completion near the end of 2015. Council will need to determine, based on that valuation, whether employee contributions can be decreased.

The non-uniform pension plan did not experience those same losses and amortization bases, and the plan funding status is expected to remain consistent.

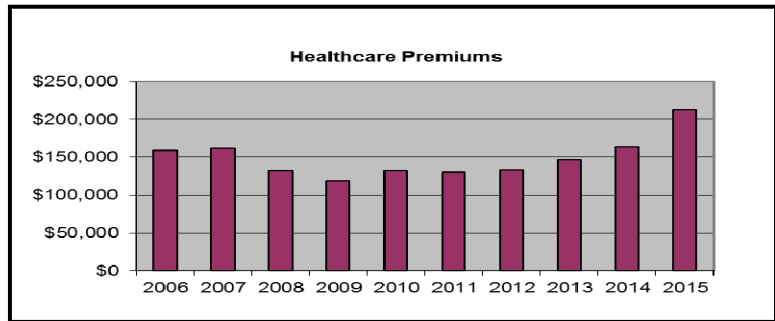
The State Aid received each year from the Commonwealth for pension premiums is generated from a tax on insurance premiums. The State Aid has increased slightly over the past few years.

Even with better investment returns, a major financial concern facing Ebensburg Borough in the future will continue to be the cost of employee pensions. The pension expense has varied wildly over the past decade. It is difficult for this small town to absorb an unexpected \$90,000 increase in an annual pension payment.

Employee Healthcare – Increases in the cost of employee healthcare have had a drastic impact on everyone in the public and private sectors. The first half of the decade saw double-digit increases in premiums each and every year. Borough Council has acted responsibly and proactively to contain those costs to the extent possible, including:

- a. Negotiated higher co-pays and deductibles in labor contracts.
- b. Negotiated an escalating employee contribution toward healthcare. What began as 5% in 2007 gradually rose to 15% in 2014 for AFSCME and non-union employees. Employees also contribute 50% of the cost of future increases in dependent coverage. The FOP labor agreement expires at the end of 2015, and a contribution rate significantly higher than the current 4% is anticipated.
- c. Switched healthcare insurers several times to assure the lowest available premium.
- d. Incentivized employees to acquire healthcare coverage on spouse plans.
- e. Reduced the workforce by two employees over the period.
- f. Eliminated dependent healthcare for non-uniform employees hired after 2014.

Between 2008 and 2012 the rate of increase in premiums leveled off. Between 2013 and 2014 the premium grew by 10-15% each year. Those increases were buffered somewhat as the employee contribution rate continued to increase at the same time. The increase in healthcare premiums in 2015 was 26%!



We have budgeted for a net increase of 10% in 2016.

## **MAJOR OBJECTIVES IN 2016**

The purpose of borough government is to serve the residents and property owners of the community. This requires the various departments of the Borough to do their share in providing a livable community in all respects (physically and socially). The community needs a sound infrastructure to serve its residents and property owners, as well as, to protect property values in the future. The Borough must also protect its residents and property owners, as well as, their properties. The Borough must provide a social atmosphere that will encourage the community's viability in the forms of recreation, social services, aesthetics, sound economic base and responsiveness to community problems. Finally, borough government has a responsibility to inform the public of its activities and plans to permit the residents and property owners the ability to assess the effectiveness of their government and make known their opinions.

There are four basic divisions for accomplishing the above:

- 1. General Government
- 2. Protection of Persons & Property
- 3. Public Works
- 4. Culture & Recreation

## **GENERAL GOVERNMENT**

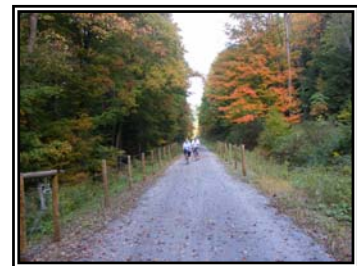
The basic functions of the Borough need a variety of support and coordinating services to permit them to operate. These services also act as the implementation arm for Council's policies. These services include administration, finance, tax collection, facilities, community development, and professional services such as legal, engineering and accounting. The objectives in 2016 include:

### Administration

- Provide training and educational opportunities to elected officials including conferences and seminars sponsored by the Pennsylvania State Boroughs Association (PSAB).
- Provide training and educational opportunities to management including municipal management conferences and seminars offered by PSAB, Association for Pennsylvania Municipal Management (APMM), International City/Municipal Managers Association (ICMA), and PA Municipal League (PML).
- Continue inter-municipal cooperation with neighboring municipalities in the areas of recreation, comprehensive planning, and economic development.
- Complete negotiations on a new collective bargaining agreement with the FOP if not settled in 2015.

### Community Development

- Continue to implement the Main Street 4-point Approach to downtown revitalization; economic restructuring, organization, design and promotion.
- Obtain a new series of Façade Improvement funds for downtown improvements.
- Continue improvements to the community website.
- Continue publication of borough newsletter twice per year.
- Continue efforts to maintain a college intern on staff throughout the year.
- Pursue a formal designation of historic district, important in financing large development projects such as improvements to the former prison. Much of the background information for the very complicated application is already gathered from an earlier effort in the late 1990s. The process will require the use of a professional consultant to navigate the application procedures.
- Complete a project intended to welcome trail users to Ebensburg and encourage them to visit downtown. The project includes welcome and wayfinding signage along the trail at West Street, the YPCC and Cherry Street.



- Modify traffic lanes on West Highland Avenue by constructing a landscaped island in the center lane, eliminating the parking lane. Ideally, this should be completed before the school property is developed.



- Assist with the development of the former prison.
- Continue to solicit funding sources for future Welcome to Ebensburg signs. Sites remaining are South Center Street, Manor Drive and North Center Street.
- Install downtown flowers baskets on light posts.
- Refinish benches, bollard lights, trash receptacles, pole bases as needed.
- Replace signs installed since streetscape project with framed signs.



## PROTECTION OF PERSONS & PROPERTY

The Borough provides or finances a variety of services to protect the public and property including police protection, parking enforcement, fire prevention and suppression, emergency management, codes enforcement, planning and zoning, and solid waste collection and recycling. The objectives in 2016 include:

### Police Protection

- Continue to provide educational opportunities for police officers.
- Monitor use of part-time officers in order to remain within budgetary limits.



- Replace all desktop computers and upgrade software.
- Replace flooring and desk chairs in police office.

Codes Enforcement

- Maintain strict enforcement of property maintenance regulations.
- Continue strict controls on neglected grass and weeds.

Solid Waste Collection & Recycling



- Increase public education for the voluntary curbside recycling program, providing receptacles and encouraging maximum participation.

**PUBLIC WORKS**

The Borough maintains a 15.2-mile road network, storm sewers and numerous buildings and structures. In addition, the Borough maintains the water, wastewater and stormwater systems on behalf of the Ebensburg Municipal Authority. The objectives in 2016 are:

Facilities

- Install new AC/heat pump for front of municipal building.

Highways

- Continued street resurfacing is planned, funded by \$7,500 in County Aid and up to \$300,000 in State Aid.
- Repair of Tanner Street bridge.
- Provide efficient snow removal services.



- Patching and sealing of streets using coalition's hot asphalt equipment.
- Continue the annual replacement program for old street signs and posts, in compliance with retro-reflectivity policy.
- Purchase a 250 pickup truck.
- Replace one van.



- Replace the destroyed overhead door on the salt storage building.
- Replace a backhoe.
- Implement annual spraying to eliminate weeds along curbs.



Sidewalks

- Complete the installation of new streetlights if not completed in 2015.

Water System

- Replace customer taps along Manor Drive.
- Purchase an enclosed leak trailer for all repair equipment.
- Implement changes to the DAF clarifier per Severn Trent's recommendations.
- Cleaning of Ogden water storage tank.
- Implement a water system flow model to assess aeration at Ogden tank.
- Replace the reservoir drainage systems.

Wastewater System

- Complete design and permitting for the CSO elimination project.
- Seek grant/loan funding for CSO elimination project system.

Stormwater

- Complete installation of a trapezoid channel at the fairgrounds at Beech Street.
- Reserve funds in anticipation of future funded project.

Timber Management

- No planned activities.

**CULTURE & RECREATION**

The Borough provides a well-rounded variety of recreational facilities including three playgrounds, Lake Rowena, the YPCC, Memorial Field, the Ebensburg Tennis Center, Ebensburg Skate Park and Ebensburg Swimming Pool. It also provides financial support to the Ebensburg library. The objectives in 2016 include:

General

- Acquire college interns to assist with department needs including landscaping, field maintenance and programming.

Swimming Pool

- Purchase additional deck chairs.

Lake Rowena

- In coordination with Fish Commission, apply herbicide to control lake weeds.
- Replace a pavilion.
- Continue control program to manage geese.
- Replace a deteriorated pavilion.

Tennis Center

- No projects planned.

YPCC

- Separate housekeeping duties with a new 16 hour per week position dedicated to the YPCC.

Playgrounds

- Installation of new black aluminum fence at center ward and east ward playgrounds.

**CAPITAL BUDGET**

Ebensburg Borough has a long-standing commitment to upgrade and replace borough facilities and equipment. This budget provides funding for the ongoing capital improvement program.

Adequate capital reserves are budgeted in each department in order to assure that the needed funds are on hand in the future. In 2016, a total of \$758,660 will be transferred from the general, water, wastewater and stormwater funds to the capital improvement fund. The annual transfers are necessary in order to have adequate funds on hand in the future to meet the obligations of an aggressive capital improvement program.

After a very busy and expensive year in 2015, staff is recommending a relatively mild 2016. There are no major improvement projects planned, and the focus of this year will be more toward maintenance of prior projects rather than any new undertakings.

The capital budget allocates \$496,600 for projects in 2016 for such items as new public works vehicles, police office improvements, a new backhoe, street sign maintenance, completion of a stormwater project, water plant improvements and community development initiatives.

A bridge loan in the amount of \$750,000 will be due in mid-year. Depending on payments received from property owners, funds may need to be temporarily transferred from the capital reserve to satisfy that loan.

Mindful of the economy, the 2016 Operating Budget is indeed “austere”, but we must continue to pursue new and bold innovations. We are fortunate to still have the financial capacity to provide prudent investment in the future through capital improvements and projects, which will improve our quality of life.

**FUTURE BUDGET CONSIDERATIONS**

This budget contemplates continuing Council's long standing practice of investing in community improvements. Our Capital Improvement Program will continue to allow us to enhance community aesthetics and improve public facilities. Our residents will enjoy new programs and services and take greater pride in their community.

The 2016 Budget is a lean budget. Budget totals are very similar to 2015. It had been expected that a tax increase would be necessary to balance this year's budget. The two line items that have postponed that need are the sharp decrease in pension costs, and the elimination of dependent healthcare for new employees. In the absence of real pension relief from the legislature, it is likely that Ebensburg will be faced with that predicted tax increase soon.

Ebensburg Borough remains financially strong and sound. That is largely due to Borough Council's willingness to continue to invest in the borough's future. While many towns are in a state of decline, Ebensburg continues to be active and vibrant. The economic status of our region is struggling with the rest of the country, but a renaissance in Ebensburg Borough is continuing. Ongoing funding of an aggressive capital improvement program is essential to the Borough's future success. The ability to respond positively to unforeseen opportunities without incurring unnecessary debt is an important benefit of such a program.

The ongoing sidewalk improvement projects have been the catalyst for much of the change that Ebensburg has experienced over the past decade. It is important to continue those projects. The debt incurred for the swimming pool and the YPCC will be paid near the end of 2019, freeing up over \$125,000 annually for other projects. Those funds could be utilized over a 10-year period to finance a single project to complete sidewalks on Horner Street, Crawford Street, Sample Street, Caroline Street and West Triumph Street. The timing would allow for the wastewater/stormwater projects to be completed in those areas prior to beginning any sidewalk work.

## **PUBLIC IMAGE**

We expect Ebensburg Borough to continue to experience change in 2016. This past year, our public image was greatly enhanced with the completion of the new sidewalks, the new bridge, and new developments such as Falchini Beverage, Sheetz, Summit Bank and the Seymour & Pettina Building. In the near future we should see development of the former prison and the former middle school site. Ebensburg continues to project the image that "things are happening in Ebensburg".

The completion of the future sidewalk project mentioned above would greatly impact the borough's public image.

## **STAFF AND VOLUNTEERS**

Ebensburg is a strong community where the citizens have come to expect responsive municipal services, delivered in an efficient manner by a professional Borough Council. I am proud to serve as Manager of a community that is open-minded, forward thinking and committed to making improvements. It is with great pleasure and purpose that we serve the citizens of Ebensburg together.

In doing so, we rely heavily upon a cadre of volunteers who serve voluntarily on the various authorities, boards, and commissions. Others provide their time to volunteer for our numerous community events and are invaluable to the borough's success.

Our employees continue to deliver quality cost-effective service to our residents. Their talents and creativity have proven invaluable.



**CONCLUSION**

Financial stability will be maintained in the future through the Borough's ongoing efforts to provide the highest quality service in the most efficient and cost-effective manner possible. It has been achieved through establishing and following sound financial management policies designed to protect the public's finances and provide accountability to the taxpayers.



This budget, considered a reliable financial plan for the 2016 fiscal year, maintains and enhances our key services while working within our financial constraints. It reflects the balance between current economic realities and the desire to provide the best government possible during these current conditions. I wish to extend my personal gratitude for the hard work of all staff and Councilors in its preparation.

Most importantly, thanks to our Mayor and Borough Council for their policy direction, leadership and continuing support.

I am confident that the upcoming fiscal year will be another year of progress and improvement for our community. I am grateful to each of you for your leadership and support, and I welcome your comments and suggestions as you review the attached information in the days ahead.

Respectfully submitted,

Daniel L. Penatzer  
Borough Manager