

---

*City of Coatesville  
Early Intervention Program*



---

*Prepared by Fairmount Capital Advisors, Inc.*

*November 2008*



**FAIRMOUNT CAPITAL ADVISORS, INC.**

---

Independent Financial Advisors for Nonprofits and Governments  
1435 Walnut Street, Suite 300 / Philadelphia, PA 19102 / Phone 215-587-9300



# City of Coatesville Early Intervention Program Five-Year Financial Plan and Management Audit

## Table of Contents

EXECUTIVE SUMMARY	i-vi
<u>SECTION ONE</u>	
CHAPTER ONE	1-6
Background: The City of Coatesville	
CHAPTER TWO	7-32
Historical Financial Performance	
<u>SECTION TWO</u>	
CHAPTER THREE	33-52
Administration	
CHAPTER FOUR	53-76
Police Department	
CHAPTER FIVE	77-92
Fire Department	
CHAPTER SIX	93-106
Codes Department	
CHAPTER SEVEN	107-118
Finance Department	
CHAPTER EIGHT	119-126
Public Works Department	
CHAPTER NINE	127-134
Economic Development	



**City of Coatesville**  
**Early Intervention Program**  
**Five-Year Financial Plan and Management Audit**  
**Table of Contents (continued)**

SECTION THREE

CHAPTER TEN	135-142
Baseline Financial Forecast	
CHAPTER ELEVEN	143-156
Revised Financial Forecast with Corrective Action	

APPENDIX

APPENDIX A	
Baseline Five-Year Financial Forecast Assumptions	
APPENDIX B	
Economic Development Revenue Projections (source: City of Coatesville)	
APPENDIX C	
Police Department 2007 Call Service Report and Incident Time Allocations	
APPENDIX D	
Administering Police Services in Small Communities Incident Weighting Estimates	
APPENDIX E	
Police Department Health Insurance Option Summaries	
APPENDIX F	
Comparison Matrix of Select Fees for Services	



## Executive Summary

The City of Coatesville faces severe financial challenges which, if not properly addressed, will threaten its capacity to deliver even the most basic services to its residents. The City's operating budget is in serious structural imbalance – that is, both the levels and the growth in expenses far exceed that of revenues. The imbalance is reflected in future financial projections that reveal growing operating deficits.

The City experienced operating deficits every year except two from 1998 to 2007. Over this period, the gap between revenues and expenditures was covered largely through nonrecurring actions, such as asset sales and principal transfers from the City's Reserve Trust Fund, which masked the growing structural imbalance of core operations. The City's increased reliance on one-time actions served as temporary fixes and did not resolve the structural deficiencies in the budget.

Compounding the budgetary problems, the City faces difficult socio-economic circumstances that strain its ability to provide quality services to residents and attract private investment. The City struggles with high crime rates, a deteriorating infrastructure, and an increasingly poor population. In 2000, the most recent census data available, Coatesville's median household income was \$29,912, compared with \$40,106 for Pennsylvania, and \$65,295 for Chester County. Coatesville also does not compare favorably with state and county medians in terms of unemployment rate, home values, and poverty levels.

Moreover, the City's tax rate structure puts Coatesville at a competitive disadvantage compared to other communities. The City's resident earned income tax rate is the highest in Chester County and the real estate tax rate of 9.905 mills is among the highest in the County. All of these factors contribute to a negative image of the City, which frustrates its ability to attract new development and further weakens the economic base.

Financial forecasts reveal an extremely challenging situation for Coatesville. Without corrective action – assuming budget trends remain constant and no new revenues are generated – revenues will increase at an estimated average annual rate of 1.5 percent while expenses will grow 4.4 percent on average. The baseline operating deficit will reach almost \$3.9 million by 2013, with a 2013 year-end fund balance deficit of more than \$13.3 million.



**Baseline Operating Projection, 2008-2013**

	2008	2009	2010	2011	2012	2013
Total Revenues	6,620,218	6,764,252	6,849,537	6,941,828	7,038,753	7,140,465
Total Expenditures	8,883,305	9,269,067	9,676,842	10,115,730	10,562,031	11,033,610
Operating Surplus (Deficit)	(2,263,087)	(2,504,815)	(2,827,305)	(3,173,902)	(3,523,279)	(3,893,144)
Net Other Financing Sources	2,914,183	(1,250,000)	820,000	820,000	820,000	820,000
<b>Net Change in Fund Balance</b>	<b>651,096</b>	<b>(3,754,815)</b>	<b>(2,007,305)</b>	<b>(2,353,902)</b>	<b>(2,703,279)</b>	<b>(3,073,144)</b>
Beginning Fund Balance	(107,839)	543,257	(3,211,558)	(5,218,863)	(7,572,766)	(10,276,044)
<b>Ending Fund Balance</b>	<b>543,257</b>	<b>(3,211,558)</b>	<b>(5,218,863)</b>	<b>(7,572,766)</b>	<b>(10,276,044)</b>	<b>(13,349,188)</b>

Despite formidable challenges, the City possesses the potential to overcome its financial hurdles. The City has the opportunity to achieve savings and efficiencies through policy, process, and infrastructure change and improvement. Coatesville also is a city with a historic downtown and neighborhoods, walkable streets, and affordable housing, which can support economic development activities. The City has good proximity to local major markets and a distinct urban character unique to Chester County. These strengths can complement development initiatives that are vital to the City’s financial turnaround.

The City of Coatesville engaged Fairmount Capital Advisors, Inc. to assist the City in developing a comprehensive long-range plan as part of the Commonwealth’s Early Intervention Program. The purpose of the program is to establish short-term and long-term financial and management objectives that strengthen the fiscal capacity of local governments and integrate long-term community and economic development strategies that strengthen the local tax base. This Five-Year Financial Plan and Management Audit establishes specific measures Coatesville can employ to improve its financial position and enhance its long-term economic viability.

Fairmount has worked closely with the City since March of 2008 to construct the Plan. To support this effort, Fairmount has analyzed Coatesville’s historic budgets and financial audits, pension actuarial valuations, debt related documents, and other financial records. Fairmount interviewed key City officials and senior managers of the Police, Fire, Public Works, Finance, and Codes departments; evaluated departmental policies and procedures; and reviewed departmental budget and personnel information. Current operating procedures were evaluated and compared to governmental best practices. Further input was solicited from elected City officials and from Coatesville residents in a public meeting. The information gathered from these and other activities has been used to develop the comprehensive Five-Year Financial Plan and Management Audit.

This is a forward looking plan. This Plan reviews the financial history of Coatesville in the context of how past trends influence future events and what corrective action should be taken to improve its financial position. The purpose of the Plan is not to assess blame, but rather to set a course for the City to achieve financial stability.



This Plan is organized into three sections, with eleven chapters, an appendix, and this executive summary. The first section presents the financial and socio-economic background of the City. The section includes a financial condition assessment and trend analysis to provide an understanding of the City's current financial state and establish a baseline for its future financial position.

The Plan then develops a program to improve the City's financial position through a combination of reductions in expenditures, improvements in productivity, and increases in revenue. The second section presents the findings and recommendations of the management audits of the Codes, Finance, Fire, Police, and Public Works departments as well as general administrative recommendations. The budgetary impact, responsible party, and target completion date are included within each recommendation. Many of the recommendations show no direct budgetary impact, but these improvements will clearly have a substantial positive impact on overall operating effectiveness and budgetary performance.

The third section includes a baseline five-year financial projection that assumes no corrective action is taken. Since local resources are not sufficient to maintain current service levels, these projected operating results show budget deficits. The section also includes a financial projection based on revised operating forecasts that take into account the financial impact of the policy and management recommendations. The section also presents two financial scenarios based on the estimated budget impact of proposed economic development efforts. The results show that a substantial portion of currently unsecured economic development projects must come to fruition in order for the City to achieve structural budgetary balance and positive fund balances.

The alternative to achieving structural budgetary balance through tax base expansion is cutting services and/or increasing taxes. Both of these tactics could frustrate economic development initiatives and stunt growth in Coatesville. Moreover, this approach would not address the basic problem of revenue growth not keeping pace with expenditure growth; the achievement of structural balance would one be temporary. Since economic development is essential to future revenue income for the City's operations, this plan proposes a strategy that is initially dependent on significant successes in expanding the tax base and attracting new investment. Because of the risks associated with these assumptions, this section outlines a series of budgetary and economic development benchmarks that must be reached if the City is going to balance its budget and achieve fiscal stability.

Finally, the appendix includes background information on some of the analysis and computations in the report.

Fairmount developed the Plan with the goal of providing the City with a set of options for increasing revenues and reducing expenditures, and to reduce the current budget gap. The Plan should also provide a framework for public discussion of the City's policies, programs, and priorities as well as document the realities of the City's fiscal position. While a detailed listing of our



recommendations are described in the body of the document, below is a summary of several main components and principles that form the basis of the Plan.

### **Revenue Enhancement**

The City should take a number of actions to improve revenue collections, such as reevaluating fee levels on a regular basis to recover the cost of services, investigating alternatives to increase delinquent tax collection efficiency, and pursuing payment in lieu of tax agreements.

As described above, the City has the most uncompetitive tax rates in Chester County. Further tax rate increases could harm future economic development initiatives and put further strain on an already weak tax base. The revenue generating recommendations in this report avoid further rate increases in the City's primary tax revenue sources – real estate and earned income taxes.

### **Cost Containment**

This Plan outlines a number of cost containment recommendations including strategies to address energy costs, reduce overtime usage, and increase recycling rates. Likely the recommendations that will generate the most discussion are those related to personnel costs.

Personnel costs are the most influential cost driver in the operating budget, accounting for over 66 percent of operating costs, and must be addressed if the City is to control expenses. This Plan respects existing collective bargaining agreements and recommends strategies to achieve savings in future contracts. The strategies include establishing salary and wage targets and health insurance plan restructuring.

The Plan also outlines a methodology accepted by Pennsylvania's Governor's Center for Local Government Services to determine police patrol force manpower needs. In the past, no formal labor workload analysis was performed to set the appropriate workforce level in the Police Department. Since public safety is a prime concern of the citizenry and personnel costs are by far the most influential component of the Police Department's operating budget, a proper assessment of manpower needs is essential.

### **Fiscal Discipline**

Solutions should be -- to the greatest extent possible -- recurring, not one-time-only measures. As noted above, the overreliance on one-time revenue sources to fund recurring operating expenses only compounds structural budget problems.

The most readily available one-time revenue source is the City's Reserve Trust Funds. In the past, the City has made principal withdrawals from the fund to pay for general operations. Though at one time the fund held over \$40 million, its balance stands at approximately \$21.7 million today.



Principal withdrawals from the Trust Fund have the potential to harm the City’s finances in two ways. First, use of one-time revenues only compounds structural deficits. Second, since the City relies on investment earnings from the Trust to fund operations, reducing principal lowers the interest available for the General Fund. In 2007, the City transferred over \$1 million in Reserve Trust interest earnings for general operations, making it Coatesville’s third highest revenue source behind real estate taxes and earned income taxes. The City should act with great caution before invading the Trust to fund operations in the future. The Trust principal should only be used when all other alternatives are exhausted. This Plan assumes and strongly recommends that a minimum principal amount of \$20 million be maintained in the Trust Fund at all times.

**Economic Development**

The future of Coatesville rests in the City’s ability to successfully implement a long-range strategy to stimulate community and economic development and improve the overall quality of life for its residents. The City cannot continue to provide the current level of services without increasing the capacity of the tax base and generating new revenue. Without increased growth in revenues through economic development, the City will continue to struggle with budget deficits.

Below is the Scenario 2 revised financial projection with corrective action. The forecast also assumes a substantial portion of the City’s economic development initiatives reach fruition and generate operating income to Coatesville’s General Fund.

**Revised Operating Projection with Corrective Action, 2008-2013**

	2008	2009	2010	2011	2012	2013
Total Revenues	6,620,218	7,984,214	9,053,629	9,162,155	9,181,760	9,824,416
Total Expenditures	8,883,305	8,904,078	9,244,804	9,549,795	9,881,103	10,237,090
Operating Surplus (Deficit)	(2,263,087)	(919,864)	(191,175)	(387,640)	(699,343)	(412,674)
Net Other Transfers	2,914,183	430,000	800,000	800,000	800,000	800,000
<b>Net Change in Fund Balance</b>	<b>651,096</b>	<b>(489,864)</b>	<b>608,825</b>	<b>412,360</b>	<b>100,657</b>	<b>387,326</b>
Beginning Fund Balance	(107,839)	543,257	53,394	662,219	1,074,579	1,175,236
<b>End Year Fund Balance</b>	<b>543,257</b>	<b>53,394</b>	<b>662,219</b>	<b>1,074,579</b>	<b>1,175,236</b>	<b>1,562,562</b>

Since this financial projection relies significantly on unsecured economic development initiatives, it is critical that the City monitor its finances closely and set milestones for its economic development and financial goals. The City must establish milestones related to economic development initiatives that focus on three main points: 1) the successful completion of the project; 2) the timing of the project; and 3) the revenues generated as a result of the project. Since the operating budget depends on incremental tax revenue generated from these projects, the City must be prepared to act in the case that milestones are not reached or are not reached on schedule.



If the City is not able to expand the tax base and economic development benchmarks are not reached, more severe action will be required. The City will have to consider drastic cuts across all departments, most of which are already operating with fewer resources than previous years. If finances continue to worsen without the support of new revenues, the City may be forced to consider, as a last resort, the Commonwealth's Distressed Municipality Program, commonly known as Act 47.

As with other communities struggling to achieve financial stability, a structured implementation program with monitoring of and support for the City will be necessary. Reemerging from financial disarray after years of operating deficits will require a substantial and disciplined commitment. Applying that commitment to the plan recommendations will set Coatesville on the road toward achieving its financial goals.



# Chapter One

## Background: The City of Coatesville

### Introduction

The City of Coatesville, Chester County's only City, is located in West-Central Chester County. The City occupies an area of approximately 1.6 square miles and has an estimated 2006 population of 11,631.

Coatesville's origins date back to 1787, when Moses Coates, a prosperous farmer and the area's first postmaster, purchased the land that now comprises the center of town in 1787. Like many "rust belt" cities, Coatesville's early days were full of promise and promises realized due to its situation along the west branch of the Brandywine River. The water access encouraged growth and development of the burgeoning late 18<sup>th</sup> century trading center, and with the completion of the Philadelphia-Lancaster turnpike in 1794 and the 1834 construction of the Philadelphia & Columbia Railroad, all major modes of transportation had access to the City. This rail line, later to become a part of the Pennsylvania Railroad, established a station on the west side of the Brandywine. Because of its location at the halfway point between the two terminals, the station was designated "Midway," and the village that quickly formed around the terminal took the same name.

In 1867, the Village of Midway and the Village of Coatesville merged to form the Borough of Coatesville. Coatesville continued to operate as a Borough until 1915 when, by a vote of its citizens, it became the first City in Chester County and remains its only City today.

By the 1950s, the City of Coatesville had become an economic center of western Chester County with nearly 6,000 jobs associated with the steel industry. However, as transportation helped to build the City, it also played a part in its decline. In the 20<sup>th</sup> century, waterway and railroad transportation took a back seat to highways and roads in transporting people and goods and, just as these highways led into Coatesville, they also led out and around it. The construction of the U.S. 30 bypass in the 1960s made surrounding municipalities more accessible, to the detriment of Coatesville. The dislocation of the steel industry led to the loss of jobs and economic development activity in the City. Once an employer of almost 6,000 jobs, Lukens Steel saw employment drop to just over 1,000. In 1998, Bethlehem purchased the Lukens Steel Mill. Five years later the International Steel Group, Inc. acquired the mill and it is now called ISG Plate LLC, with approximately 800 onsite employees.



After decades of decline, the City now faces the responsibility of providing a higher level of services with the support of a shrinking economic base. The City struggles with high crime rates, a deteriorating infrastructure, and an increasingly poor population. All of these factors contribute to a negative image of the City, which frustrates its ability to attract new businesses and investment. Understanding Coatesville's economic, demographic, and housing statistics and placing that information within the larger regional, state, and national contexts provides a starting point to discuss the City's economic and community development needs and strategies.

## Socio-Economic Review

### Demographic and Economic Changes

The economic decline of the inner city is consistent with a national trend in other urban areas resulting from the gradual development of an economy dominated by service and technology and the relocation of industry from cities to suburban locations, from the Northeast to the South, and from the United States to countries abroad. The Bureau of Labor Statistics indicates that annual employment in service-based industries grew 44.8 percent from 1990 to 2000, reaching 40.5 million in 2000. In contrast, employment for the economy as a whole increased only 21.7 percent in the same time frame. Similarly, service-based businesses in Pennsylvania have grown steadily since the 1970s. Today, a majority of Pennsylvania jobs are classified as service-based.

The nation's transformation to a service-based economy combined with improvements in communication technology changed the way many businesses and employees viewed cities. The city no longer represented the primary route to profitability and quality of life. As businesses moved to the edges of cities and to the suburbs, and as individuals were able to more easily connect remotely to businesses from virtually any location, employment and housing shifted from the city to suburban and rural areas.

In 1999, the Joint Center for Housing's report, *The State of the Nation's Housing*, indicated that for every three households that moved to central cities, five departed. Because of this trend, U.S. cities reaped little reward from the economic surge of the 1990s. Further, the households that did increase within central cities were primarily immigrant and minority households, whose median wealth was significantly lower than that of the primarily white households moving out of the cities. This shift in population meant that cities were hosting an ever-increasing concentration of the nation's poor.



**Population**

Chester County experienced enormous population growth over the past 30+ years. From 1970 to 2006, it has seen a 73.6 percent population increase. This figure far outpaces Pennsylvania’s population growth of 5.5 percent and is a particularly astounding number when compared with Coatesville’s population decrease of 5.7 percent. Table 1.1 below shows population change for select Chester County municipalities, the Commonwealth of Pennsylvania, and Chester County itself from 1970 to 2006.

**Table 1.1  
Population, 1970-2006**

Municipality	1970	1980	1990	2000	2006	Pct Change	Avg Annual Change
<b>Coatesville City</b>	<b>12,331</b>	<b>10,698</b>	<b>11,038</b>	<b>10,838</b>	<b>11,631</b>	<b>-5.7%</b>	<b>-0.16%</b>
Commonwealth of Pennsylvania	11,793,909	11,863,895	11,881,643	12,281,054	12,440,621	5.5%	0.15%
Chester County	277,746	316,660	376,396	433,501	482,112	73.6%	1.54%
Caln Township	6,689	9,639	11,997	11,916	12,240	83.0%	1.69%
Downingtown Borough	7,437	7,650	7,749	7,589	7,885	6.0%	0.16%
East Brandywine Township	2,741	4,690	5,179	5,822	6,485	136.6%	2.42%
East Fallowfield Township	3,487	3,962	4,433	5,157	7,028	101.5%	1.97%
Honey Brook Township	2,883	4,128	5,449	6,278	7,030	143.8%	2.51%
London Grove Township	3,109	3,531	3,922	5,265	6,487	108.7%	2.06%
Pennsbury Township	1,763	2,604	3,326	3,500	3,910	121.8%	2.24%
Sadsbury Township	2,103	2,398	2,510	2,582	3,321	57.9%	1.28%
Valley Township	3,791	3,598	4,007	5,116	6,265	65.3%	1.41%
West Bradford Township	2,996	7,343	10,406	10,775	12,146	305.4%	3.96%
West Brandywine Township	2,713	4,068	5,984	7,153	7,683	183.2%	2.93%
West Caln Township	3,152	4,958	6,143	7,054	8,085	156.5%	2.65%

Source: U.S. Census Bureau



**Economic and Housing Data**

The City lags behind the State and County in terms of personal income levels. The 2000 Census (the most recent data available) shows an overwhelming portion of Coatesville’s population with low or moderate income levels. Over 73 percent of Coatesville residents make less than \$50,000 per year, and 22.1 percent of Coatesville residents are living below the poverty level, with the equivalent figure for Pennsylvania at approximately 11 percent and Chester County at 5.2 percent.

**Table 1.2  
Household Income Distribution, 1999**

	Coatesville	Chester County	Pennsylvania
< \$10,000	18.7%	4.2%	9.7%
\$10,000-\$14,999	9.8%	3.3%	7.0%
\$15,000-\$24,999	15.4%	7.1%	13.8%
\$25,000-\$34,999	11.5%	8.9%	13.3%
\$35,000-\$49,999	17.7%	13.3%	16.9%
\$50,000-\$74,999	16.3%	20.5%	19.5%
\$75,000-\$99,999	6.5%	15.2%	9.6%
\$100,000-\$149,000	3.1%	15.7%	6.6%
\$150,000-\$199,999	0.5%	5.6%	1.8%
> \$200,000	0.4%	6.0%	1.9%

Source: U.S. Census Bureau

As illustrated in Table 1.3, in 1999, the City’s median household income was \$29,912. In comparison, the median household incomes in Chester County and Pennsylvania were \$65,295 and \$40,106, respectively. Similarly, the City’s per capita income of \$14,079 was well below that of the County and State.

**Table 1.3  
Select Economic and Housing Characteristics, 1999**

	Coatesville	Chester County	Pennsylvania
Median Household Income	\$29,912	\$65,295	\$40,106
Per Capita Income	\$14,079	\$31,627	\$20,880
Pct of Individuals Below Poverty	22.1%	5.2%	11.0%
Pct Unemployed	9.4%	3.6%	5.7%
Owner Occupied Housing Units	45.7%	76.3%	71.3%
Renter Occupied Housing Units	54.3%	23.7%	28.7%
Median Home Value	\$77,500	\$182,500	\$97,000

Source: U.S. Census Bureau



Low incomes are, in part, a function of employment levels and unemployment rates. Coatesville's 1999 unemployment rate of 9.4 percent was nearly three times that of the County and well above the Commonwealth's rate, too. As noted above, the City also had a much higher percent of individuals living below the poverty line than the County and State.

Population and income changes influence housing needs. With the national trend of suburban growth – and the migration of stable middle-class, home-owning city residents to the suburbs – came a new housing profile for Coatesville and cities like it. Chester County's 76.3 percent homeownership rate is above both state and national averages. In Coatesville, population decline and increased poverty rates had a significant adverse impact on its housing market. Between 1980 and 2000, owner-occupied units decreased by nearly 28 percent and by 2000 only 45.7 percent of Coatesville's housing units were owner-occupied. Common to many city neighborhoods with low homeownership rates are high concentrations of absentee landlords, which have resulted in decreased neighborhood investment and increased deterioration.

One of the advantages of Coatesville's housing market is its diversity. With apartments, twins, and single family homes, the City is able to provide housing alternatives across all income groups. However, Coatesville's housing stock does not fare in comparison to its regional and state counterparts. In 2000, the median value of owner-occupied units in Chester County was \$182,500, while the same statistic for Coatesville was less than half that at \$77,500. This disparity in housing values has resulted in Coatesville drawing residents who are looking for low-priced and moderate-priced housing, which, of course, further depresses its tax base.





# Chapter Two

## Historical Financial Performance

### Introduction

This chapter presents a picture of Coatesville's financial health since 1998. It begins with an overview of the City's three major financial funds and the City's General Fund operating results from 1998 through 2007. The analysis then focuses on the General Fund and Debt Service Fund results and fund balance positions from 2001 through 2007, based on independent financial audit data. Finally, a more detailed discussion of historical operating revenues and expenses is based on general ledger account detail provided by the City's auditor from 2003 through 2007.

### All Funds Overview

The City of Coatesville accounts for its financial activity within the structure of three major governmental funds: the General Fund, Capital Grants Projects Fund, and the City of Coatesville Reserve Fund.

- ♦ The General Fund is the City's primary operating fund and is used to account for all financial resources other than those requiring accounting in another fund. All tax revenues are accounted for in the General Fund.
- ♦ The Capital Grants Projects Fund accounts for resources accumulated for future capital projects.
- ♦ The City of Coatesville Reserve Fund accounts for the proceeds from the sale of the City of Coatesville Water Authority assets.

The City also accounts for activity in several non-major funds including the Debt Service (Sinking) Fund. The Debt Service Fund tracks the accumulation of resources for the payment of general long-term debt, principal, interest, and related costs.

The General Fund and Debt Service Fund, which account for the City's taxpayer supported operating activity, are key to the City's financial position. In 2007, the General Fund experienced an operating loss of approximately \$1.9 million when debt service is included as an operating expense. When other transfers were taken into account, the General Fund saw a negative \$169,000 change with an ending fund balance of negative \$108,000.

In addition to the governmental funds described above, the City also is responsible for Trust and Agency Funds that are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other



government units. Trust and Agency funds include the Police Pension Fund, Paid Firemen’s Pension Fund, and Retirement Income Plan for non-uniformed City employees.

## Operating Results and Fund Balances

As illustrated in Table 2.2 on page 8, 1998 to 2007 show stagnant revenues, rapidly increasing expenses, and weak fund balance positions. The City’s operations, which do not include principal transfers from the City Reserve Trust Fund, experienced deficits every year except two from 1998 to 2007. Over this period, the City incurred a growing budgetary structural imbalance – a trend of expenses increasing at a rate faster than that of revenues. The gap between revenues and expenditures was covered largely through nonrecurring actions, such as asset sales and principal transfers from the City’s Reserve Trust Fund, which masked the growing structural imbalance of core operations. A year-by-year look at the City’s financial results reveals some of the factors contributing to the growing deficits and the City’s actions to rectify them.

In 2001, the City’s General Fund generated a \$642,000 surplus before debt service, but a \$122,000 deficit after debt service. Public safety expenditures, which include the Police Department, Fire Department, and Codes Department, accounted for 50 percent of operating expenses. The City finished the year with a positive but declining fund balance.

**Table 2.1  
Operating Results, 2001**

The City also issued a \$5 million General Obligation bond in 2001 to raise funds that were intended to be used for recreational facilities associated with Coatesville’s economic revitalization efforts. The debt service for this issue, supported by General Fund revenues, increased operating expenses on future budgets by approximately \$260,000 per year. Moreover, it is not clear that all the proceeds from this debt issuance were used for capital projects; rather, a majority of the proceeds were used for operations.

(Dollars)	2001
Total Revenues	5,014,948
Total Expenditures	5,137,039
Operating Surplus (Deficit)	(122,091)
Net Other Financing Sources	49,508
Net Change in Fund Balance	(72,583)
Beginning Fund Balance	898,704
Ending Fund Balance	826,121



**Table 2.2**  
**General Fund and Debt Service Fund Results, 1998-2007**

(Dollars)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Revenues	4,100,329	4,122,592	4,677,490	5,014,948	4,486,332	4,405,677	4,579,811	4,659,390	6,732,626	6,924,063
Total Expenditures	4,150,243	4,215,324	4,350,755	5,137,039	6,090,701	7,818,323	8,591,492	10,006,112	15,371,579	8,884,568
Operating Surplus (Deficit)	(49,914)	(92,732)	326,735	(122,091)	(1,604,369)	(3,412,646)	(4,011,681)	(5,346,722)	(8,638,953)	(1,960,505)

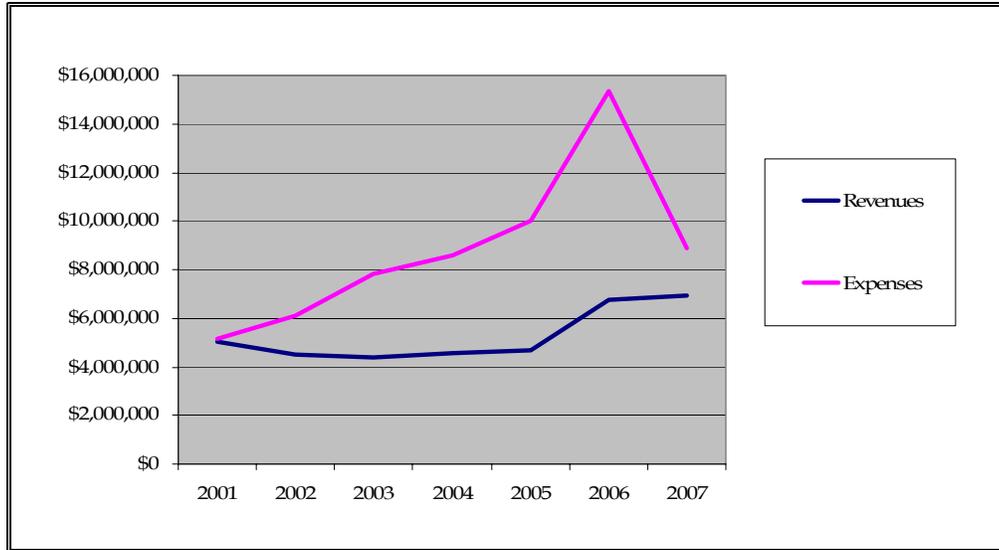
**Table 2.3**  
**General Fund and Debt Service Fund: Combined Revenues, Expenses and Change in Fund Balance, 2001-2007**

(Dollars)	2001	2002	2003	2004	2005	2006	2007
Total Revenues	5,014,948	4,486,332	4,405,677	4,579,811	4,659,390	6,732,626	6,924,063
Total Expenditures	5,137,039	6,090,701	7,818,323	8,591,492	10,006,112	15,371,579	8,884,568
Operating Surplus (Deficit)	(122,091)	(1,604,369)	(3,412,646)	(4,011,681)	(5,346,722)	(8,638,953)	(1,960,505)
Net Other Financing Sources/Transfers	49,508	1,669,397	2,453,851	2,370,300	6,194,545	9,426,241	1,791,183
<b>Net Change in Fund Balance</b>	<b>(72,583)</b>	<b>65,028</b>	<b>(958,795)</b>	<b>(1,641,381)</b>	<b>847,823</b>	<b>787,288</b>	<b>(169,322)</b>
Beginning Fund Balance	898,704	826,121	1,025,868	67,073	(1,574,308)	(725,805)	61,483
<b>Ending Fund Balance</b>	<b>826,121</b>	<b>891,149</b>	<b>67,073</b>	<b>(1,574,308)</b>	<b>(726,485)</b>	<b>61,483</b>	<b>(107,839)</b>

Source for Tables 2.2 and 2.3: Independent Financial Audits, 2007 preliminary audited results, Official Statements



**Chart 2.4**  
**General Fund and Debt Service Fund: Combined Revenues, Expenses and Change in Fund Balance, 2001-2007**



Coatesville incurred a \$1.6 million deficit after debt service in 2002. The City experienced an 11 percent decrease in revenues due to a reduction in the real estate and earned income tax rates. Though revenues declined, operating expenses rose by 19 percent, with Public Safety spending increasing \$700,000, from \$2.5 million in 2001 to \$3.2 million in 2002. The City

closed the gap between operating revenues and expenses with a \$1.7 million transfer out of the City Reserve Trust to the General Fund. This transfer was authorized by the City ordinance establishing the Trust Fund, which allowed the transfer of interest earnings from fund proceeds to support the General Fund. It appears the City’s strategy was to utilize Trust Fund interest proceeds to reduce the tax burden on City residents and encourage economic development activity.

**Table 2.5**  
**Operating Results, 2002**

(Dollars)	2002
Total Revenues	4,486,332
Total Expenditures	6,090,701
Operating Surplus (Deficit)	(1,604,369)
Net Other Financing Sources	1,669,397
Net Change in Fund Balance	65,028
Beginning Fund Balance	826,121
Ending Fund Balance	891,149

Coatesville’s structural operation deficit worsened in 2003 and 2004. Revenue increases were relatively flat; however, expenses increased 28 percent in 2003 and another 10 percent in 2004. Transfers out of the Reserve Trust were not enough to close the operating deficit and, though the City began 2003 with a fund balance of over \$1.0 million, Coatesville ended 2004 with a *negative* \$1.6 million fund balance.



While not shown as General Fund activity, the City’s 2003 audit made note of litigation costs placing pressure on the G.O. Bond Fund (the fund created with the proceeds from the 2001 General Obligation bond issue). In 2004, the City issued a taxable \$1.5 million bond to cover the G.O. Bond Fund deficit. Of course, the debt service obligations from the 2005 borrowing put further stress on future operating budgets.

**Table 2.6  
Operating Results, 2003-2004**

(Dollars)	2003	2004
Total Revenues	4,405,677	4,579,811
Total Expenditures	7,818,323	8,591,492
Operating Surplus (Deficit)	(3,412,646)	(4,011,681)
Net Other Financing Sources	2,453,851	2,370,300
Net Change in Fund Balance	(958,795)	(1,641,381)
Beginning Fund Balance	1,025,868	67,073
Ending Fund Balance	67,073	(1,574,308)

The 2004 audit also noted that the City’s inter-fund financial transfers were not properly reconciled. Because of this, it is difficult to analyze which funds are used for operating and capital purposes.

The City’s financial position hit a low point in 2005 when the operating deficit reached \$5.3 million, which was

almost \$700,000 more than the total General Fund revenues Coatesville collected that year. Revenues barely increased over 2004 levels, yet the City increased operating spending by 16 percent. The City once again increased Public Safety spending and costs for legal fees. The City’s debt service obligation for 2005 equaled 22 percent of revenues, a very high debt service to revenue ratio.

The City responded to the massive deficit by passing an ordinance authorizing the transfer of principal out of the Trust Fund. The City withdrew \$8.9 million from the Trust and split the transfers between the General Fund and the G.O. Bond Fund.

Policy changes were initiated in 2006 to correct, or at least narrow, the budget deficit. The City doubled the earned income tax rate on residents from 1 percent to 2 percent. The City also increased the real estate tax millage rate from 5.3 (land tax weighted average) to 9.905. These tax

rate increases helped the City generate 46 percent more revenues in 2006 over 2005.

**Table 2.7  
Operating Results, 2005**

(Dollars)	2005
Total Revenues	4,659,390
Total Expenditures	10,006,112
Operating Surplus (Deficit)	(5,346,722)
Net Other Financing Sources	6,194,545
Net Change in Fund Balance	847,823
Beginning Fund Balance	(1,574,308)
Ending Fund Balance	(726,485)



The City also reduced non-debt service related expenses by 7 percent compared to 2005. However, the combined General Fund and Debt Service Fund results show \$15.4 million in total expenditures (a \$5.3 million increase over 2005 levels) because of the City’s decision to retire all of its callable debt. Coatesville financed the debt refinancing and operating deficit with a \$9.1 million transfer out of the Reserve Trust Fund. After retiring the callable debt, just one bond issue (Series of 1992) was left outstanding, requiring annual debt service of \$275,000.

**Table 2.8  
Operating Results, 2006-2007**

(Dollars)	2006	2007
Total Revenues	6,732,626	6,924,063
Total Expenditures	15,371,579	8,884,568
Operating Surplus (Deficit)	(8,638,953)	(1,960,505)
Net Other Financing Sources	9,426,241	1,791,183
Net Change in Fund Balance	787,288	(169,322)
Beginning Fund Balance	(725,805)	61,483
Ending Fund Balance	61,483	(107,839)

Not including the one-time debt payments, the City still realized a deficit of \$1.6 million and finished 2006 with a fund balance of \$61,000.

In 2007, the City’s operating expenses reached its lowest level, \$8.89 million, since 2004. However, Coatesville still experienced an operating deficit of almost \$2.0 million. Even after transfers from Reserve

Fund interest earnings and the sale of City assets, the operating fund balance decreased \$169,000 compared to the previous year.

Table 2.9 illustrates some of the “one-shot” financings the City used to close budgets gaps, including asset sales and transfer of capital funds for operating purposes. It should be noted that because inter-fund transfers could not be reconciled, the allocating of funds to each “Other Financing Source” is a best estimation based on Fairmount’s interpretation of the City’s audited financial statements. The “Other Financing Sources” are also net of any transfers to the G.O. Bond Fund.



**Table 2.9  
Operating Results and Detailed Other Financing Sources, 2001-2007**

(Dollars)	2001	2002	2003	2004	2005	2006	2007
Total Revenues	5,014,948	4,486,332	4,405,677	4,579,811	4,659,390	6,732,626	6,924,063
Total Expenditures	5,137,039	6,090,701	7,818,323	8,591,492	10,006,112	15,371,579	8,884,568
Operating Surplus (Deficit)	(122,091)	(1,604,369)	(3,412,646)	(4,011,681)	(5,346,722)	(8,638,953)	(1,960,505)
<b>Other Financing Sources</b>							
Transfer from Reserve Fund		1,711,072	2,305,832	1,998,800	5,879,621	8,914,045	1,080,000
Transfer from Rainy Day Fund			66,111	268,592	120,777		
Transfer from Bldg Emergency Fund					10,171		
Transfer from Capital Reserve Fund					127,405	237,575	(4,577)
Transfer from Vehicle Repl Fund						275,000	
Asset Sale					5,616	3,215	679,901
Refunds from prior year	49,508	(41,675)	81,908	102,908	50,955	(3,594)	35,860
Total Other Financing Sources	49,508	1,669,397	2,453,851	2,370,300	6,194,545	9,426,241	1,791,183
Net Change in Fund Balance	(72,583)	65,028	(958,795)	(1,641,381)	847,823	787,288	(169,322)
Beginning Fund Balance	898,704	826,121	1,025,868	67,073	(1,574,308)	(725,805)	61,483
Ending Fund Balance	826,121	891,149	67,073	(1,574,308)	(726,485)	61,483	(107,839)

Source: Independent Financial Audits 2003-2006, 2007 preliminary audited results.



## Operating Revenues

Table 2.10 displays the distribution of the City’s operating revenues for

**Table 2.10  
Operating Revenues, 2007**

2007. The three largest revenue sources are Real Estate Taxes, Earned Income Taxes, and Real Estate Transfer Taxes, which together account for approximately 80 percent of all revenues. Other major revenue sources include Charges for Fees and Services (\$459,000), Intergovernmental Revenue (\$266,000) and Fines and Forfeits (\$282,000).

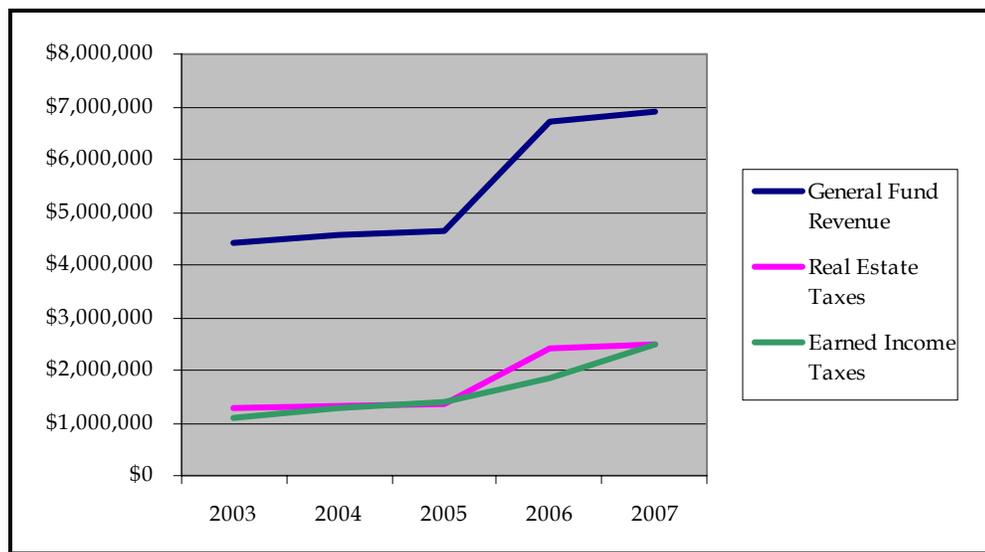
Category	2007	Pct of Total
Real Estate Taxes	2,500,402	36.1%
Earned Income Tax	2,492,081	36.0%
Real Estate Transfer Tax	544,110	7.9%
Charges for Fees/Services	459,121	6.6%
Intergovernmental Revenue	265,929	3.8%
Fines and Forfeits	282,391	4.1%
Licenses and Permits	173,659	2.5%
Local Services Tax	107,624	1.6%
Interest and Rents	60,893	0.9%
Business Privilege Tax	28,824	0.4%
Other Revenue	9,030	0.1%
<b>TOTAL</b>	<b>6,924,063</b>	<b>100.0%</b>

Table 2.12 presents a five-year history of Coatesville’s operating revenue sources.

From 2003 through 2007, total revenues for the City increased

59 percent. This surge was due largely to increases in Real Estate Tax and Earned Income Tax rates. Nearly all of the City’s \$2.6 million increase in operating revenue from 2003 to 2007 is accounted for by Real Estate Tax and Earned Income Tax collections.

**Table 2.11  
Total General Fund, Real Estate Tax, and Earned Income Tax Revenue, 2003-2007**



Source: City of Coatesville general ledger account data



**Chart 2.12**  
**General Fund and Debt Service Fund Revenues, 2003-2007**

	2003	2004	2005	2006	2007	Avg Annual Change
Real Estate Tax	1,277,710	1,338,201	1,345,590	2,402,667	2,500,402	18.3%
Earned Income Tax	1,106,102	1,299,385	1,393,349	1,837,255	2,492,081	22.5%
Real Estate Transfer Tax	452,363	662,904	613,796	651,675	544,110	4.7%
Charges for Fees/Services	585,420	473,367	387,161	634,091	459,121	-5.9%
Intergovernmental Revenue	477,179	339,747	410,597	420,912	265,929	-13.6%
Fines and Forfeits	268,466	247,077	291,609	300,416	282,391	1.3%
Licenses and Permits	150,241	155,849	141,251	217,104	173,659	3.7%
Local Services Tax	22,163	13,877	14,203	74,277	107,624	48.4%
Interest and Rents	5,320	3,265	28,121	23,189	60,893	83.9%
Business Privilege Tax	19,068	23,577	20,670	30,933	28,824	10.9%
Other Revenue	41,645	22,563	13,043	140,108	9,030	-31.8%
<b>TOTAL</b>	<b>4,405,677</b>	<b>4,579,811</b>	<b>4,659,390</b>	<b>6,732,626</b>	<b>6,924,063</b>	<b>12.0%</b>
Year-to-year change		4.0%	1.7%	44.5%	2.8%	

Source: City of Coatesville general ledger account data



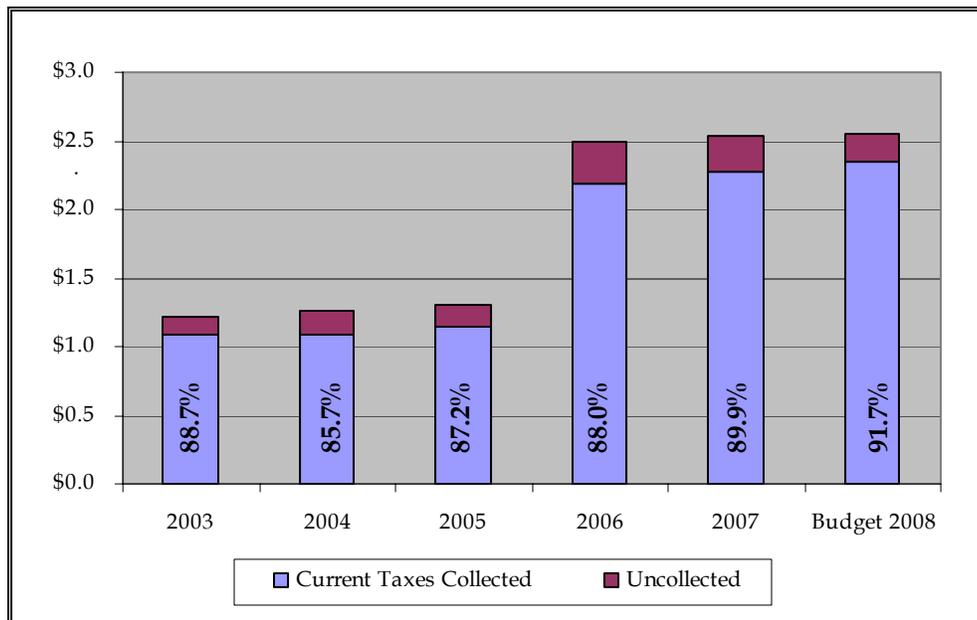
### Real Estate Tax Revenue

Coatesville’s 2007 Real Estate Tax revenues of approximately \$2.5 million comprised 36 percent of General Fund revenues. Receipts have increased significantly since 2005 because of a change in real estate assessment and levy method. Prior to 2006, the City levied its Real Estate Tax based on market valuation of land and property improvements. From 2003 to 2005, the millage rates for land and property improvements were 4.00 and 10.16, respectively. Real Estate Tax revenues averaged \$1.1 million annually from 2003 to 2005, with collection rates averaging 87.2 percent.

In 2006, Coatesville switched to the more common levy on assessed valuation of real estate. The change resulted in an effective real estate tax increase for Coatesville property owners, with collections surging 92 percent to \$2.2 million in 2006. The City’s Real Estate millage rate of 9.905 is the highest rate levied by a municipality in Chester County.

As illustrated in Chart 2.13, even after the move to the current tax assessment system, the collection rate on real estate taxes remained close to the historical average of 87.9 percent. However, the City’s real estate tax collection rates compare unfavorably with the target collection rate of 95-to-98 percent, a range that is realized by most municipalities. The stagnant population growth and low resident income are factors that have contributed to the weak real estate tax base.

**Chart 2.13**  
**Current Real Estate Tax Collections (\$millions), 2003-2007**



Source: City of Coatesville Finance Department



**Act 511 Tax Revenue**

The City’s Act 511 Tax revenues include the Earned Income Tax, Business Privilege Tax, and Local Services Tax. Act 511 Taxes comprised approximately 38 percent of City revenues in 2007, though Earned Income Taxes represented about 95 percent of the Act 511 total.

**Earned Income Tax**

The City imposes a 2 percent Earned Income Tax (“EIT”) on residents and 1 percent tax on non-residents. In 2007, combined EIT receipts of \$2.5 million represented 36 percent of operating revenues.

The City’s EIT rates for residents and non-residents are the highest in Chester County. The total resident EIT rate (which includes both the municipal and school district portions of the tax) is also the highest in the County and far exceeds the County average of 0.953 percent. Table 2.14 illustrates Coatesville’s EIT rates in comparison to other Chester County communities.

**Table 2.14  
Chester County Earned Income Tax Rates, 2008  
Municipalities with Population Greater Than 10,000  
Overall County High, Low and Average**

Municipality	Municipal Resident EIT (percent)	School District EIT (percent)	Total Resident EIT (percent)	Municipal Nonresident EIT (percent)
Coatesville City	2.000	0.500	2.500	1.000
Caln Township	0.500	0.500	1.000	1.000
Easttown Township	0.000	0.000	0.000	0.000
East Whiteland Township	0.500	0.000	0.500	0.500
New Garden Township	0.625	0.500	1.125	1.000
Phoenixville Borough	0.500	0.500	1.000	1.000
Tredyffrin Township	0.000	0.000	0.000	0.000
Uwchlan Township	0.500	0.500	1.000	1.000
West Chester Borough	0.500	0.500	1.000	1.000
West Goshen Township	0.500	0.500	1.000	1.000
West Whiteland Township	0.500	0.500	1.000	1.000
Willistown Township	0.875	0.000	0.875	0.875
County High	2.000	1.000	2.500	1.000
County Low	0.000	0.000	0.000	0.000
County Average	0.575	0.378	0.953	0.617

Source: DCED website



Only eight of 74 Chester County municipalities do not collect a resident EIT, though school districts in those municipalities may still charge EIT. Coatesville is one of 70 municipalities to charge a non-resident EIT.

In 2006, the City raised the resident EIT rate from 1 percent to 2 percent and, as a result, EIT collections comprise a larger share of overall operating revenue. In 2003, EIT revenue of \$1.1 million equaled 25 percent of General Fund revenue, compared to the 35 percent in 2007.

**Local Service Tax**

In 2007, the City realized \$108,000 in Local Service Tax (“LST”) revenues, which accounted for 1.6 percent of operating revenues. The LST is an annual \$52 tax charged to every City taxpayer that does not qualify for the Low-Income Exemption (annual income below \$12,000). Of the \$52 payment, \$47 is distributed to the City, while \$5 goes to the Coatesville Area School District. The \$52 LST is the maximum allowed under Commonwealth law and Coatesville is one of 29 Chester County municipalities that charges the maximum level.

Table 2.15 compares the LST charged in Coatesville to that charged in other Chester County municipalities with a population greater than 10,000. The table also shows the high, low, and average LST levels charged in all Chester County municipalities.

**Table 2.15  
Chester County Local Services Tax Rates, 2008  
Municipalities with Population Greater Than 10,000**

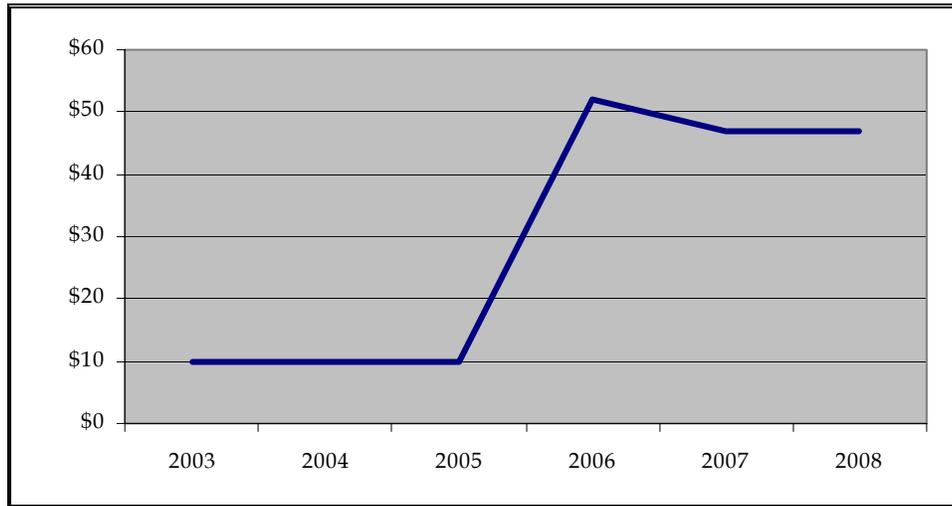
Municipality	Municipal LST (dollars)	School District LST (dollars)	Total LST (dollars)
Coatesville City	47.00	5.00	52.00
Caln Township	47.00	5.00	52.00
Easttown Township	0.00	0.00	0.00
East Whiteland Township	52.00	0.00	52.00
New Garden Township	10.00	0.00	10.00
Phoenixville Borough	52.00	0.00	52.00
Tredyffrin Township	52.00	0.00	52.00
Uwchlan Township	47.00	5.00	52.00
West Chester Borough	52.00	0.00	52.00
West Goshen Township	52.00	0.00	52.00
West Whiteland Township	52.00	0.00	52.00
Willistown Township	0.00	0.00	0.00
County High	52.00	10.00	52.00
County Low	0.00	0.00	0.00
County Average	20.61	1.55	22.16

Source: DCED website



The table below shows historic LST levels. The City increased the tax to the maximum allowable level of \$52 per taxpayer in 2006. The City’s share of the tax declined to \$47 in 2007 when \$5 was diverted to the School District.

**Table 2.16**  
**Historic LST Level\*, 2003-2008**



Source: DCED website

\* Note: Until 2007, the LST was known as the Emergency and Municipal Services Tax. Until 2004, the tax was called the Occupational Privilege Tax.

### **Business Privilege Tax**

The City charges a flat \$75 Business Privilege Tax on businesses operating in Coatesville. Though not a primary revenue source for the City (collections were \$29 thousand in 2007), receipts have increased at an average annual rate of 11 percent since 2003. This \$75 tax has remained the same for over 10 years.

### **Other Revenues**

Coatesville receives sources of other revenue that combined contribute approximately \$1.9 million per year to the City revenue stream:

Real Estate Transfer Tax: Coatesville levies a 1.5 percent Real Estate Transfer Tax (source: DCED website) on real estate transactions within the City. Revenues from this source were \$544,000 in 2007, a sharp 17 percent decline from 2006 collections.

Charges for Fees and Services: Charges for Fees and Services include revenues from building permits, use and occupancy permits, apartment licenses, and recreation fees. The City realized \$459,000 from this revenue source in 2007, down 28 percent from 2006. Building permits and apartment licenses are the two largest revenue sources for this category with receipts of \$98,000 and \$135,000 in 2007, respectively. In the last five years, building permit revenue reached a high of \$210,000 in 2003



and a low of \$70,000 in 2005. Declining building permit revenue indicates slowing economic development activity in the City.

Intergovernmental Revenues: Intergovernmental revenues, which consist of federal, state, and local grants and contributions, averaged just over \$402,000 annually from 2003 through 2007. In 2007, Coatesville realized just \$265,000 in Intergovernmental Revenues, in part because of a decrease in Weed and Seed funds.

Licenses and Permits: Licenses and Permits revenue has generally averaged between \$150,000 and \$160,000 per year since 2003. The City realized unusually high receipts in 2006 because of a one-time \$75,000 collection for a street encroachment license. Contractor registration licenses and the City's Cable Television Franchise agreement contribute to this revenue category.

Fines and Forfeits: This category brings approximately \$275,000 annually to the City and represents 4 percent of operating revenue. Vehicle code violations comprise the majority of these revenues.

State Pension Income: The Commonwealth annually allocates certain funds to municipalities to support pension funding. In 2007, this amount for the City was approximately \$324,000. The state aid is NOT accounted for in the City's audited financial statements as a General Fund revenue source. Rather, state aid only appears in pension Fiduciary Fund statements and is netted out as a General Fund expense.

### ***City Reserve Trust Fund***

In 2000, Coatesville established by ordinance the City Reserve Trust Fund (the "Trust Fund") with approximately \$38 million in proceeds derived from the sale of the City of Coatesville Authority. The ordinance states that the Trust Fund's principal shall not be used except in the following cases:

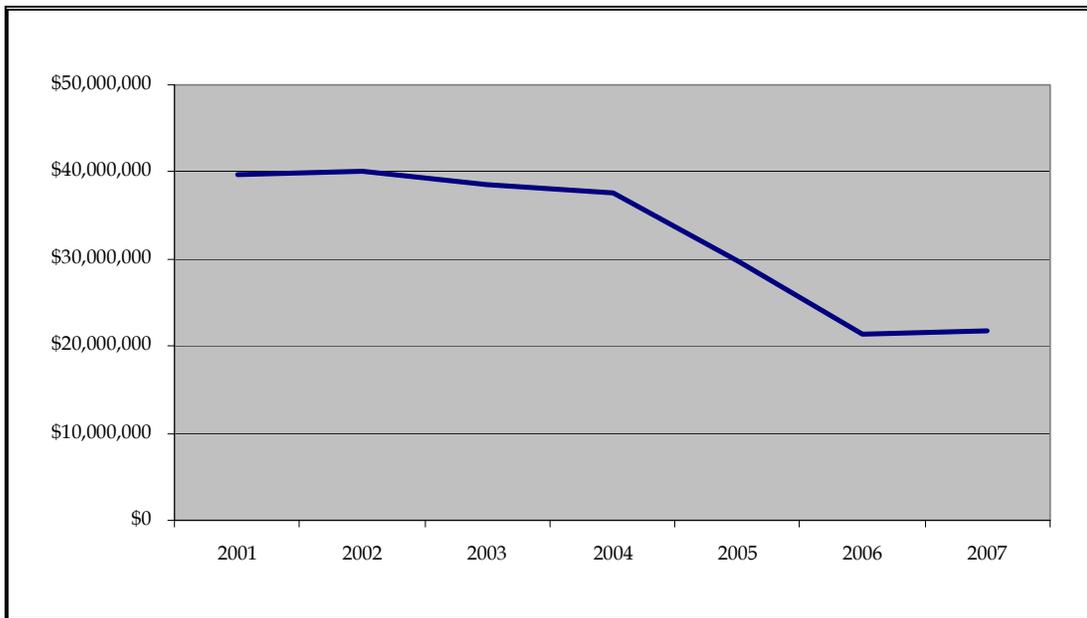
- A. In the event that the City Council declares by resolution the existence of a state of emergency requiring the immediate need for funds from the City Reserve Trust Fund (it having been first established that there exists no other source for necessary funds and upon the certification by the Governor or some official third party of equal rank and authority that the declared state of emergency is existing as a result of a natural disaster or economic disaster), then, in the event of such a certified state of emergency, any funds withdrawn by the City Council from the principal of the City Reserve Trust Fund shall be repaid by the City as soon as practicable.
- B. If the City Council determines that the City Reserve Trust Fund principal needs to be invaded and passes an ordinance and a referendum thereon pursuant to the procedures for referenda and the necessary votes for the approval by a referendum of the citizens of the City of Coatesville are received at the next scheduled election.



Investment of the Trust Fund is in conformance with the Third Class City Code, which allows investments in United States Treasury bills, short-term obligations of the U.S. Government or its agencies, savings accounts, shares of an investment company registered under the Investment Company Act of 1940, and certificates of deposit. The ordinance states that Trust Fund interest is available for use as part of the annual City budget as part of the General Fund provided that some portion is designated for a Rainy Day Fund. The City’s Rainy Day Fund is a capital reserve fund whose purpose is to develop monies for capital projects.

The graph below shows the ending year balances for the Trust Fund from 2001 to 2007.

**Chart 2.17**  
**City Reserve Trust Fund**  
**Year-End Balances, 2001-2007**



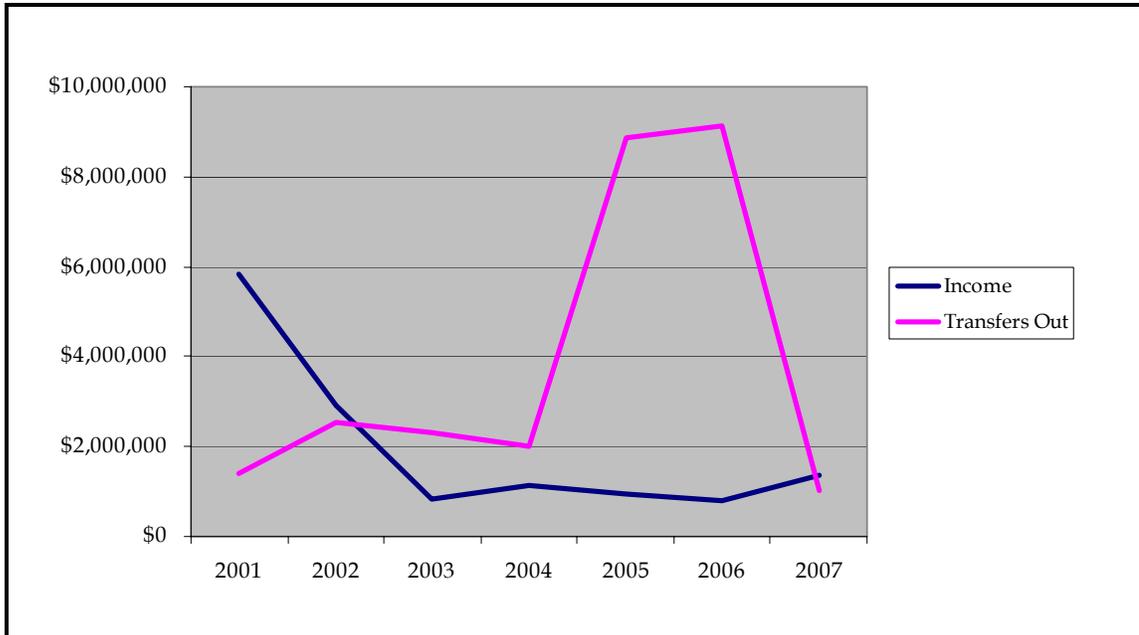
Source: Independent Financial Audits

The Trust Fund balance has declined significantly since 2001, reducing the level of reserves available in case of emergency and limiting the fund’s capacity to generate interest income for operations. In 2005, City Council authorized invading the Trust Fund to borrow \$8.5 million for operating budgetary purposes. By the end of 2005, the Trust Fund balance was just under \$30 million.

In 2006 the City invaded the Trust Fund again borrowing \$9.1 million. Of this amount, approximately \$2.1 million was used for operations and \$7 million was used to retired outstanding debt. The 2006 transfer reduced the Trust Fund balance to under \$22 million. The balance was \$21.7 million at the end of 2007.



**Chart 2.18**  
**City Reserve Trust Fund**  
**Income versus Transfers Out, 2001-2007**



Source: Independent Financial Audits

Chart 2.18 illustrates the Trust Fund’s reduced ability to produce interest income. The Trust Fund generated close to \$6 million in income in 2001 when the fund balance was near \$40 million; but earned less than \$1 million in 2006 when the fund balance fell to less than \$22 million. The chart also shows that transfers out of the Trust Fund have exceeded income each year from 2003 to 2006. Though the City did not invade principal in each of those years, investment losses also contributed to declining balances. There is no plan to restore the principal borrowed from the Trust Fund due to the City’s financial position.



## Operating Expenses

Table 2.19 displays the distribution of the City’s operating expenses 2007 by major account. The two largest expense categories are related to personnel costs: Salaries and Wages and Employee Benefits. Together, they account for 66 percent of all City operating expenses. Contract services, which include costs for items such as legal and auditing fees and special studies, were approximately \$950,000 in 2007 and represent close to 11 percent of operating expenses.

A discussion of each major expense category follows Table 2.20, which presents a five-year history of Coatesville’s operating expenses by major account. Total operating expenses for the City increased by almost 10 percent in 2004 and 17 percent in 2005. As noted previously, the City retired nearly all of its outstanding debt in 2006 resulting in a significant one-time spike in operating expenses. In 2007, operating spending reached its lowest level since 2004 in large part because of reduced debt service costs.

**Table 2.19**  
**General Fund Expenses, 2007**

Category	Amount	Pct of Total
Salaries and Wages	4,194,827	48.4%
Employee Benefits	1,556,637	18.0%
Contract Services	945,976	10.9%
Other Public Works	57,034	0.7%
Materials and Supplies	193,078	2.2%
Equipment and Maint.	198,411	2.3%
Utilities	218,872	2.5%
Insurances	431,414	5.0%
Other Expenses	597,078	6.9%
Debt Service	277,120	3.2%
<b>TOTAL</b>	<b>\$8,670,448</b>	<b>100.0%</b>



**Table 2.20  
General Fund and Debt Service Fund Expenses, 2003-2007**

	2003	2004	2005	2006	2007	Avg Annual Change
Salaries and Wages	3,648,069	3,789,819	4,244,987	4,100,241	4,194,827	3.6%
Employee Benefits	979,332	1,190,074	1,598,623	1,518,880	1,556,637	12.3%
Contract Services	752,665	901,567	1,202,657	1,060,591	945,976	5.9%
Other Public Works	26,918	55,002	59,332	56,958	57,034	20.6%
Materials and Supplies	229,930	230,046	246,445	211,153	193,078	-4.3%
Equipment and Maint.	277,286	218,164	221,932	219,594	198,411	-8.0%
Utilities	163,719	195,171	204,596	224,770	218,872	7.5%
Insurances	447,350	690,837	752,693	494,966	597,078	7.5%
Other Expenses	505,991	529,751	473,159	437,919	431,414	-3.9%
Debt Service	787,063	791,057	1,001,687	7,046,508	277,120	-23.0%
<b>TOTAL</b>	<b>7,818,323</b>	<b>8,591,489</b>	<b>10,006,110</b>	<b>15,371,580</b>	<b>8,670,448</b>	<b>2.6%</b>
Year-to-year change		9.9%	16.5%	53.6%	-43.6%	

Source: City of Coatesville general ledger account data



## **Wages and Salaries**

Wage and salary expenses are the largest portion of the City's operating spending, representing over 48 percent of total operating costs. From 2003 through 2007, Coatesville's spending for wages and salaries increased at an average annual rate of 3.6 percent.

The majority of the City's employees are represented by three unions: the Fraternal Order of Police ("FOP"), the International Association of Firefighters ("IAFF"), and the American Federation of State, County, and Municipal Employees ("AFSCME"). Labor contracts are negotiated between the unions and the City, and disagreements are resolved through binding arbitration.

Historically, police wages and salaries comprise 57 percent of total wages and salaries paid for all City employees. Police salaries also represent on average 25 percent of overall operating expenses. When combined with benefit costs, spending for police personnel are an even more influential component of the City's operating budget.

With 2007 expenditures of over \$3.8 million, Police Department spending represents approximately 44 percent of total City operating expenditures. Police salary expenditures (including overtime) ranged from \$2.0 million to \$2.5 million per year between 2003 and 2007.

Fire Department expenditures for salaries and wages (including overtime) averaged \$344,000 per year from 2003 to 2007 and account for 4 percent of total City expenditures in 2007. Salary and wage expenses decreased from a high of \$368,000 in 2005 to \$362,000 in 2007, in part because the City changed the role of Fire Chief from a full-time to a volunteer position.

Overtime expenses were \$324,000 in 2007, of which \$248,000 is attributable to the Police Department. In 2005, 2006, and 2007, Police Department overtime costs averaged 76 percent of total overtime. Overtime expenses across all departments aside from the Police Department have increased at an annual average rate of 3.4 percent since 2003, while Police Department overtime has increased at an average annual rate of 7.2 percent. Overtime for the Fire Department has increased at an average annual rate of 8.4 percent from 2003 to 2007.

## **Employee Benefits**

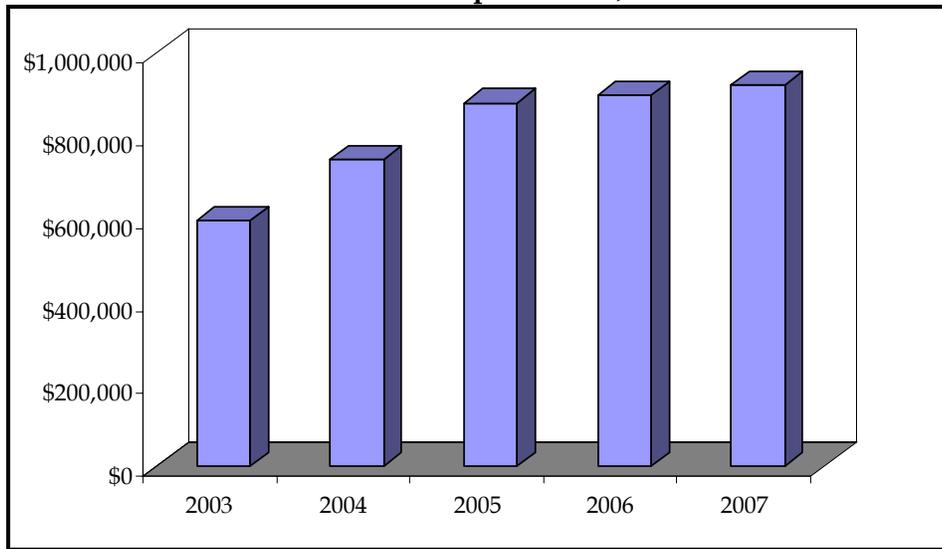
### **Health Insurance**

From Fiscal Year 2003 through 2007, Coatesville's expenditures for health insurance rose from \$596,000 to \$922,000, a 55 percent increase in just five years. Health insurance costs as a percentage of salaries (not including overtime) increased from 18 percent of salaries in 2003 to 24 percent of salaries in 2007. In 2003, health



insurance costs represented 7.6 percent of operating spending compared to nearly 10.6 percent in 2007.

**Table 2.21  
Health Insurance Expenditures, 2003-2007**



Source: City of Coatesville General Ledger Account data

The City is a member of the Delaware Valley Insurance Trust (“DVIT”), a regional municipal risk sharing pool which provides property and liability coverage to its participating members. The purpose of DVIT is to negotiate favorable insurance rates through the increased buying power of the collective membership. In addition, DVIT pays out dividends in the case of better-than-expected loss ratio, low operating expenses, conservative funding, or a good return on investments.

The City provides regular, full-time Police Officers and their qualified dependents with health insurance through the Aetna HMO Option 1 Plan. Police Officers do not contribute to defray the cost of health insurance premiums. As a cost saving measure, the collective bargaining agreement with the FOP allows the City to secure coverage for Police Officers through the Aetna HMO Option 4 Plan. If the City elects to provide coverage through the Option 4 Plan, the City must self-insure the difference in co-payments, maximums, and all other aspects of coverage between the Option 1 and Option 4 Plans. A summary of Aetna HMO Option 1 and Aetna HMO Option 4 are included in the appendix of this document.

Police Officers electing not to enroll in City provided health benefits will be entitled to receive an annual amount of \$2,500. Currently, all Officers are enrolled in the City provided health benefits plan.

Like Police Officers, full-time City Firefighters, their spouses, and dependents are entitled to health insurance coverage under the Aetna HMO Option 1 Plan. However, the City does not have the choice of changing Firefighters coverage from



the Option 1 to Option 4 Plan. Effective in 2007, the City is responsible to pay for premium increases up to 5 percent and the Firefighters must pay for any cost exceeding 5 percent. However, according to the Human Resources Director, the City has been paying 100 percent of health benefits for all employees.

Members of AFSCME union, their spouses, and dependents are also entitled to health insurance coverage under the Aetna HMO Option 1 Plan. Similar to the City's agreement with the Firefighters, in 2007, the City is responsible to pay for premium increases up to 5 percent and the employees must pay for any cost exceeding 5 percent. The cost to the employee must not exceed 50 percent of a monthly premium during the term of the collective bargaining agreement (2007-2009).

**Pension**

The City of Coatesville administers three single-employer defined benefit pension plans: the Police Pension Fund, Firemen's Pension Fund, and the City of Coatesville Retirement Income Plan, a system for non-uniformed employees. These plans cover substantially all full-time employees.

Eligible police employees who retired before January 1, 2007, receive an adjustment in their annual pension benefit equal to 3 percent of annual pay until they reach a retirement annual benefit equal to 70 percent of their annual pay in their year of retirement. Eligible police employees who retire after January 1, 2007, receive an annual benefit of 50 percent of average monthly salary, which is the greater of the highest average annual salary received during any five years of service preceding retirement or the rate of monthly pay at retirement. All police employees, regardless of when they retired, are required to contribute 5 percent of their annual salaries plus \$3.00 per month to the pension fund.

Eligible fire employees receive a monthly pension benefit equal to 50 percent of average monthly compensation plus an incremental pension equal to 1/40<sup>th</sup> of such pension for each year of service in excess of 20 years, but not including service after age 65. The maximum incremental pension is \$100.00 per month. Fire employees contribute 5 percent of compensation plus \$1.00 per month to their pension fund.

Non-uniformed pension beneficiaries receive \$50.00 per month per year of service as a City employee. These employees do not contribute to their pension fund.

Each of the three plans make actuarial assumptions of 7 percent interest return on pension assets and 5 percent annual increases in salary for eligible active employees. The Police Pension Fund also assumes a 6 percent cost of living increase for pension beneficiaries.

Commonwealth law requires all municipalities, including Coatesville, to make annual contributions to the pension funds based on a calculation of Minimum Municipal Obligation ("MMO"). The MMO is based on an annual actuarial



valuation that takes into consideration annual pension costs, contributions by employees, pension asset valuations, investment rate and salary increase projections, and amortization assumptions. Table 2.22 describes the key statistics for the Police, Fire, and Non-Uniform pension funds as of January 1, 2007.

**Table 2.22**  
**Summary of Pension Fund Statistics as of 1/1/07**

	Police	Fire	Non-uniformed employees
Participants			
Active employees	33	4	36
Retirees, disabled and beneficiaries	21	0	18
Terminated employees	0	0	38
	54	4	92
Actuarial Value of Assets	\$10,368,255	\$34,528	\$900,464
Actuarially Accrued Liability	\$7,954,501	\$265,495	\$1,093,547
Unfunded Actuarially Accrued Liability	(\$2,413,754)	\$230,967	\$193,083
Funded Ratio	130.3%	13.0%	82.3%
Covered Payroll	\$1,733,522	\$135,264	\$1,319,202
Unfunded AAL as a % of Covered Payroll	-139.2%	170.8%	14.6%

Source: Police Pension Fund Actuarial Valuation, Firemen’s Pension Fund Actuarial Valuation, and Retirement Income Plan Actuarial Valuation

The three pension funds had a combined total of 150 participants, representing active and terminated employees, retirees, disabled employees, and beneficiaries. The Police Pension Fund shows assets in excess of liabilities of \$2.4 million for a funded ratio of 130.3 percent. The Firemen’s and Non-Uniformed Employees Pension Funds have unfunded actuarially accrued liabilities of approximately \$231,000 and \$193,000, respectively. The Firemen’s Pension Fund assets covered just 13 percent of its fund’s accrued liability, while Non-Uniformed Pension Fund assets covered 82 percent of its fund’s accrued liability. This unfunded liability for the funds was amortized through 2022, resulting in an additional obligation above normal pension costs and administrative expenses. The Police Pension Fund showed assets in excess of accrued liabilities, therefore no incremental payment for amortization was required from the City.



### **Other Benefits**

Other employee benefits include non-healthcare related insurances, uniforms, and Social Security contributions. Expenditures for this category peaked in 2005 at \$401,000, but declined back to \$290,000 in 2007. The City budgeted \$482,000 in 2008 for these benefits.

### **Contract Services**

Contract services include costs for items such as legal and auditing fees and special studies funded by the City. Coatesville increased spending on contracted services from \$753,000 in 2003 to \$1.2 million in 2005. Driving this increase was a sharp rise in special legal services. Contracted services totaled \$945,000 in 2007, and the City budgeted \$745,000 for this expense in 2008.

### **Materials and Supplies**

Materials and supplies expenses include fuel for vehicles, heating fuel, office supplies, medicines, and small items of equipment and have averaged \$222,000 from 2003 to 2007. Though fuel expense increased gradually from \$59,000 in 2003 to \$84,000 in 2006, the City reduced spending on this item to \$82,000 in 2007. Expenditures for this category have dropped significantly from a high of \$246,000 in 2005. Coatesville spent 22 percent less on office supplies in 2007 than in 2005.

### **Equipment and Maintenance**

This category of operating spending includes expenditures for equipment, repairs and maintenance services, vehicle parts, and vehicle repairs. Annual spending totals represent just over 2 percent of all operating costs. Contracted maintenance and vehicle repair costs are the largest component of equipment and maintenance expenditures, with the City spending \$144,000 for this item in 2007. Vehicle repair costs have increased at an average annual rate of 5 percent since 2003, a possible indication of deferred maintenance from neglect of capital improvements.

### **Utilities**

Utilities costs increased at an average annual rate of 8 percent from 2003 to 2007. Utility costs in 2007 totaled \$219,000 including expenditures for gas, telecommunications, water, and electricity. Electricity costs are over one-half of total utility costs, with expenses fluctuating over time based on market price changes.

### **Insurance**

Insurance costs include primarily property insurance and workers' compensation expenses. Insurance costs grew 68 percent from \$447,000 in 2003 to \$753,000 in 2005 and was \$597,000 in 2007. The \$597,000 expenditures in 2007 comprised 7 percent of operating expenses.



### Other Expenses

The City spent \$312,000 on “Other Expenses” in 2007, representing 3.7 percent of total operating costs. This expense category includes items such as advertising, animal control, bank charges, and dues and memberships.

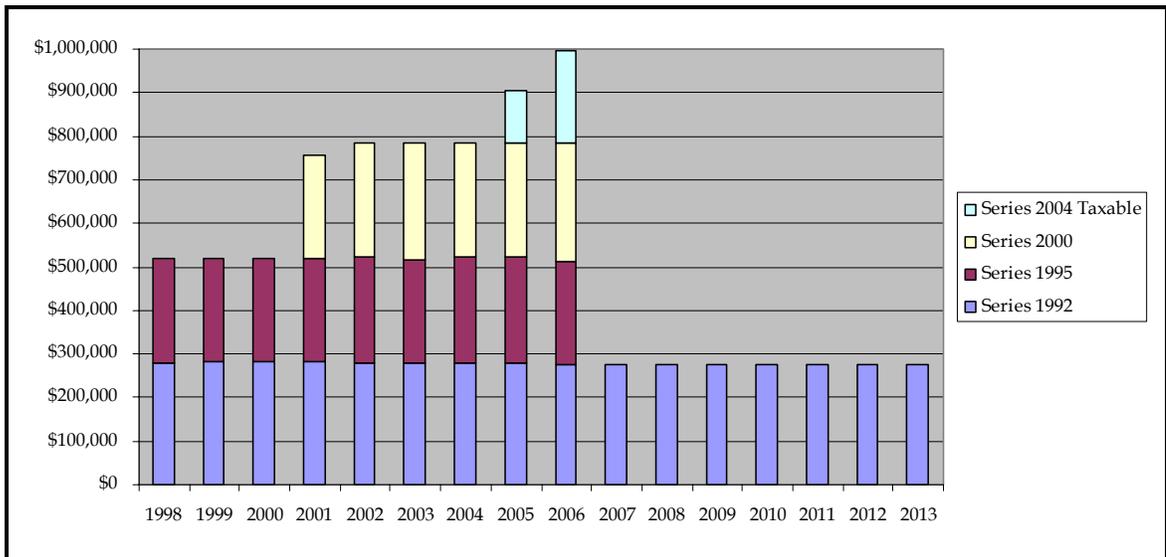
### Debt Service

Debt service costs include principal and interest payments due on all outstanding short-term and long-term debt. From 2003 through 2005, debt service averaged almost 10 percent of operating expenses, amounting to just over \$1.0 million in 2005. In 2006, the City used proceeds from the City Reserve Trust Fund to retire all outstanding debt except for the Series of 1992 General Obligation Bonds.

The Series of 1992 Bonds were issued to refinance previously outstanding debt. The Bonds are non-callable Capital Appreciation Bonds with yields between 6.60 and 6.75 percent from 2008 through maturity in 2017. Annual debt service on the bonds is \$275,000 from 2008 through 2013 and is secured by the taxes and other general revenues of the City.

Chart 2.23 shows historic and future debt service obligations. As previously noted, the City retired all callable debt with Trust Fund proceeds. The withdrawal significantly lowered the Trust Fund balance, however, reduced the City’s future annual debt service obligation.

**Chart 2.23**  
**Historical and Projected Debt Service, 1998-2013**



Source: Coatesville Finance Department



Not shown in the chart above are obligations associated with the Redevelopment Authority of the City of Coatesville (the "RDA"). The RDA has drawn the \$7 million maximum on its line of credit. Though the RDA drew on the proceeds from the line of credit, it is guaranteed by the City in the event of default and certainly weighs on the City's future financial planning. Interest payments are made monthly and the principal amount of the loan is payable on August 15, 2009.

The RDA has also entered into a note payable agreement totaling \$31,000. Interest is fixed at 4.3 percent and the note matures on December 30, 2008.

As described above, the City's finances have been suffering from stagnant revenues, increasing expenses, and weak fund balance positions. In the past, the gap between revenues and expenditures was covered largely through nonrecurring actions, such as asset sales and principal transfers from the City's Reserve Trust Fund, which masked the growing structural imbalance of core operations. Correcting the City's imbalance must include a combination of cost cutting and revenue enhancing initiatives. Ignoring the imbalance will compound the City's financial challenges, leaving Coatesville in an even more unfavorable position in the future.





# Chapter Three

## Administration

### Overview

Coatesville, a third-class city, adopted its existing Home Rule Charter in 1979, which established a Council-Manager form of government. The Council, which consists of two members elected at large and five members elected from a ward in which he or she resides, provides for the exercise and performance of all legislative powers and duties imposed on the City by law or the Charter. These duties include, but are not limited to, the adoption of the City budget, administrative code, and ordinances and resolutions not inconsistent with the Constitution and laws of the Commonwealth or by the City Charter.

The charter establishes the position of City Manager, who is the chief executive officer of the City and is responsible for executing all policies established by the City Council. Among the City Manager's duties are the supervision of the activities of all municipal departments and City employees; the appointment (with the approval of the majority of the total membership of the Council) of all officers and department heads except the Solicitor and members of boards and commissions; the reporting to Council on the conduct of City affairs including monthly reports on finances and administrative matters; and the preparation and submission of proposed budgets of the City to Council.

This chapter outlines recommendations to be implemented at the senior administrative level. While the City Manager is listed as the responsible party for most of the recommendations, successful implementation of the initiatives will require the cooperation of many across the organization. The intent of the recommendations is to improve overall operational efficiencies as well as identify potential savings through cost reductions and revenue enhancement. Overall, there are nine administration initiatives, four of which have quantifiable budgetary impact. The recommendations include, among other initiatives, strategies to address personnel costs, measure government performance, and execute a capital planning process. While all recommendations have a target completion by at least 2009, long-term success ultimately depends on maintaining the initiatives and keeping budgetary impact at the forefront of every major decision.



## Recommendations

<b>Initiative</b>	ADM01	Establish Savings Targets to Be Achieved Through Collective Bargaining			
<b>Responsible Party</b>	City Manager and Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	50,000	150,000	250,000	350,000
<b>Target Completion</b>	First Quarter, 2009				

Personnel costs are the most influential component of Coatesville’s budget. Salaries, wages, and benefits comprised 66 percent of the City’s operating expenses in 2007. If the City is to achieve budgetary structural balance, controlling personnel costs is paramount.

The City should establish cost savings targets to be achieved through collective bargaining. The savings can be realized by addressing several bargaining issues including salaries and wages, health insurance, and other benefits. The following is an estimate of the savings that may be achieved in comparison to the baseline financial forecast, that is, the financial forecast that does not include corrective measures. This Plan assumes a gradually increasing level of savings starting with \$50,000 in 2009 and rising to \$350,000 by 2013.

The baseline financial forecast assumes salary increases consistent with existing labor contracts through the life of those contracts. In the years following the expiration of each contract, the baseline forecast assumes salary increases that are consistent with what employees were earning under the contract. For instance, the City’s contract with the Fraternal Order of Police requires 4 percent annual pay increases from 2008-2010. The baseline forecast assumes salary increases of 4 percent from 2008-2010 and also 4 percent increases from 2011-2013, as well. The same methodology was used for the other unions’ salary estimations. Non-represented employees are assumed to receive 4 percent salary increases in the baseline projection from 2008-2013.

If all employees (represented and non-represented) were to receive salary (including longevity pay) increases in-line with inflation, the City would realize budgetary savings in comparison to the baseline forecast. The projections assume inflationary growth equal to 2.6 percent. Table 3.1 below illustrates the savings that can be achieved if salary costs are limited to inflationary growth **in years not already governed by existing collective bargaining agreements.**



**Table 3.1  
Salary Growth Comparison**

	2009	2010	2011	2012	2013
Baseline Salary and Wage Cost	4,605,801	4,801,708	5,013,884	5,218,810	5,432,129
Inflationary Salary and Wage Cost	4,594,215	4,762,563	4,907,502	5,035,097	5,166,009
<b>Net Savings</b>	<b>11,586</b>	<b>39,144</b>	<b>106,383</b>	<b>183,713</b>	<b>266,120</b>

The City must also address health insurance costs. Health insurance expense has grown 11.5 percent annually on average from 2003 to 2007. Since joining the Delaware Valley Insurance Trust, the City has experienced some slowing in the grow rate of this expense. The baseline forecast projects health insurance to increase 10 percent annually. By 2013, health insurance cost is projected to reach over \$1.5 million.

The City must reduce this cost through a combination of plan restructuring and employee contributions to health insurance premiums. It is becoming more and more common for employees in both the private and public sector to contribute to the cost of their own health insurance. The City should bargain with its unions to increase employee contributions to health insurance to help relieve pressure on the operating budget.

The table below compares the baseline health insurance cost projection, which is based on 10 percent average annual growth, to the net health insurance cost projection assuming employees contribute various levels of health insurance premiums. If all employees contributed 15 percent of health insurance premiums, the City would realize over \$230,000 in budgetary savings by 2013. The revised projection does not assume employee contributions until the relevant existing collective bargaining agreement has expired.

**Table 3.2  
Health Insurance Cost Containment Estimation**

	2009	2010	2011	2012	2013
Baseline Health Insurance Cost	1,055,328	1,160,861	1,276,947	1,404,642	1,545,106
20% of Health Insurance Cost	43,978	93,058	231,912	280,928	309,021
15% of Health Insurance Cost	32,984	69,793	173,934	210,696	231,766
10% of Health Insurance Cost	21,989	46,529	115,956	140,464	154,511

In addition to direct contributions by employees for health insurance, the City should also approach union leadership to discuss alternative health insurance plans available to the membership. The City may be able to achieve savings by substituting existing plans for less expensive packages that provide similar coverage. The City should also consult with its health insurance broker for a report of other available plans that would make financial sense to the City and may be attractive to the workforce.



In addition to salary and health insurance cost containment, the City should also pursue savings by addressing other benefits costs such as vacation days, compensatory time, and retirement benefits. The City should also limit non-salary and health insurance related concessions that will have a negative impact on future operating budgets.

<b>Initiative</b>	ADM02	Recover Health Insurance Reimbursement Per Collective Bargaining Agreements			
<b>Responsible Party</b>	City Manager and Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

The existing collective bargaining agreement with AFSCME states that the City will provide health insurance for the entire life of the contract (January 1, 2005 – December 31, 2009) and will pay 100 percent of the premium for the years 2005 and 2006. Effective year 2007, the City will pay for an increase of 5 percent in years 2007, 2008, and 2009 of the agreement totaling 15 percent in the aggregate. Beginning January 1, 2007, the employees will be responsible for any cost over the 2006 premium plus the 5 percent increase with a cost not to exceed 50 percent of a monthly premium during the term of the agreement.

Similarly, the City’s contract with the IAFF states that the City will pay the premium for health insurance for the year 2005 in addition to an increase over the life of the agreement totaling 40 percent in the aggregate. The Firefighters will be responsible for any cost over the 2005 premium plus the 5 percent increase annually during the term of the agreement.

The City currently does not recoup any health insurance benefits costs from AFSCME or IAFF employees as outlined in the contracts. The City should calculate annually the amount owed to the City from its employees for health insurance premiums and take steps to collect those funds.

The City should seek clarification from its solicitor regarding the specific terms of employee contribution to health insurance premiums. Though the language in the contract states that, in applicable years, AFSCME and IAFF employees must cover any health insurance costs above a 5 percent annual premium increase, the contract also states that the City is responsible to pay an aggregate premium increase of 15 percent for AFSCME and 40 percent for the IAFF over the terms of their respective agreements. Since health insurance premiums may increase by more than 5 percent in any given year, but still not exceed 15 percent or 40 percent increases in the aggregate, it is not clear that employees are required to contribute to the cost of the premiums. The City should clarify this issue and seek the appropriate reimbursement.



<b>Initiative</b>	ADM03	Consider a Third-Party for Delinquent Real Estate Tax Collections			
<b>Responsible Party</b>	City Manager and Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	45,694	97,468	123,807	150,408	151,060
<b>Target Completion</b>	First Quarter, 2009				

The City’s current Real Estate Tax collection rate of 88 percent is below the target rate of 95-98 percent achieved in other municipalities. The City should consider strategies to improve the collection rate including hiring a third-party to assist in collections. More efficient delinquent Real Estate Tax collection may provide tax payers a greater incentive to pay their current levy on time and avoid penalties. Currently, the City’s delinquent property tax collections are contracted to the Chester County Tax Claims Bureau.

If the City gradually increases its Real Estate Tax collection rate to 93 percent (which is still below the goal level) Coatesville can realize over \$120,000 in additional annual revenue by 2012. In addition, an improvement in delinquent collection rates of just 10 percent will increase revenues by roughly \$20,000 per year.

<b>Initiative</b>	ADM04	Regularly Adjust Fees to Recover Cost of Services			
<b>Responsible Party</b>	City Manager and Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	10,357	18,298	26,445	34,804	43,380
<b>Target Completion</b>	Annual				

The City should set fee levels with the goal of recovering the cost of providing services. With this in mind, Coatesville should regularly adjust fees to reflect inflationary increases.

<b>Initiative</b>	ADM05	Pursue Payment-In-Lieu-Of-Tax Payments (“PILOT”) Agreements with Major Tax Exempt Institutions and Agencies			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	10,000	10,000	10,000	10,000	10,000
<b>Target Completion</b>	Second Quarter, 2009				

Major tax-exempt institutions should be required to enter into fair and equitable PILOT Agreements with the City. Prior PILOT Agreements need to be updated to reflect current costs. Negotiating the implementation of these initiatives will



require a cooperative effort between the City and the operators of the organizations located on the tax-exempt properties. The City should set the modest goal of at least \$10,000 in annual collections from new PILOT agreements.

<b>Initiative</b>	ADM06	Reduce Non-uniformed FTEs by Two			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	89,190	92,052	95,016	98,085	101,264
<b>Target Completion</b>	First Quarter, 2009				

A comparison of fulltime employees in Coatesville compared to other municipalities reveals that the City employs a relatively high number of workers compared to its peers. According to the Department of Community of Economic Development and data provided by the City’s Human Resources Department, the City employs one fulltime worker for every 157 residents. Other third class cities statewide in Coatesville’s population range on average employ fewer workers per resident. On average, third-class cities of fewer than 25,000 people employ one fulltime worker for every 207 residents. On average, all third class cities, regardless of size, employ one fulltime worker per 186 residents.

**Table 3.3  
Residents per Fulltime Employee, Pennsylvania Third Class Cities**

Coatesville	Averages			
	< 25,000	8,000 < 25,000	< 50,000	All 3rd Class
157	207	210	195	186

Source: DCED website, downloaded August 2008

Benchmarking comparisons are not perfect; however, such a significant difference between Coatesville and statewide averages cannot be ignored. The Plan proposes that the City reduce its fulltime, non-uniformed staff in 2009 by two through either attrition or reorganization. Even after these reductions, the City will still have a higher resident-to-fulltime-employee ratio (162) than the average for other third-class cities.

<b>Initiative</b>	ADM07	Reevaluate Public Relations Responsibilities			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Fourth Quarter, 2008				

In an effort to enhance Coatesville’s image and improve community relations, the City hired a public relations specialist. While an improved image is important to



attracting business investment and spurring economic growth, the City’s current financial situation does not allow for a position dedicated solely to public relations. Moreover, a city of Coatesville’s size usually relies on top municipal managers to lead communications and public relations efforts. If a Public Relations position is maintained, the employee’s responsibilities should be expanded to assist the City in other ways.

<b>Initiative</b>	ADM08	Consider a Parking Lot Tax in the Future as Part of the City’s Parking Strategy			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	2011				

The City is currently implementing a new “parking strategy,” which would provide greater access to the City’s business district in the hope of spurring economic activity. This initiative would increase the number of public parking spaces in the City from 63 to 268. The new spaces would be spread out among six locations in the City and would involve paving over several properties owned by the Coatesville Redevelopment Authority. Since the new spaces would be metered, the parking strategy would generate revenue for operations. City officials estimate that if each spot collected an average of \$1 per day, parking fees could generate \$98,000 per year in revenue.

A tax the City should consider in the future as the parking strategy progresses is the Parking Lot Tax. Pennsylvania’s Taxation Manual notes that municipalities that have instituted tax levies on the gross receipts of commercially owned parking lots have successfully withstood legal challenges and had the taxes upheld in court decisions. The Parking Lot Tax is imposed under the authority of Act 511, the Local Tax Enabling Act. As a Home Rule jurisdiction, the provisions of Act 511 are applicable to the City and Coatesville would have the authority to institute the tax. The Parking Lot Tax would represent a new revenue source for the City as it struggles to reach structural balance in the budget.

According to the City Manager, currently there are not any privately owned lots in Coatesville. However, the City should still be aware of its power to institute this tax in the case that City owned lots are privatized or new commercial lots are constructed.

The estimated cost to create the spaces for the parking strategy is \$1.67 million and would be funded mostly through grant funding. Since much of the grant funding for this initiative is unconfirmed and to remain consistent with the conservative nature of the projections in this Plan, the revised financial forecast does not include additional revenues associated with the City’s parking strategy or a new Parking Lot Tax.



<b>Initiative</b>	ADM09	Implement Formal Capital Improvement Plan			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Third Quarter, 2009				

Municipalities serve many functions in modern society. Two of the most critical of those functions derive from economic necessity. First, municipalities provide services to its constituents that are inappropriate or inefficient for the market to deliver. Second, municipalities construct and maintain a system of public infrastructure that permits and encourages the flow of commerce and that otherwise promotes the public good. To be successful, a municipality must make smart capital investments in both service delivery and infrastructure which support the functioning of the local economy and which provide a reasonable quality of life to its citizens.

As Coatesville’s financial position has weakened, the City has failed to meet the challenge of adequately funding this critical aspect of municipal government. In 2000, the City established a Rainy Day Reserve Fund for the purposes of financing capital projects. The fund was supported with interest earnings from the City Reserve Trust Fund after the sale of the City of Coatesville Authority. As operating deficits grew, monies were diverted from the Rainy Day Reserve Fund to operating purposes, leaving planned capital improvements unfunded.

It was no surprise that interviews with departmental personnel revealed deferred maintenance concerns as well as the lack of a robust City-wide capital planning process to identify and prioritize capital needs. Without sufficient public capital investment the City will be unable to take maximum advantage of the economic development initiatives and efforts underway to increase the size of the tax base. Coatesville’s future fiscal stability requires the ability to reverse this trend and expeditiously, but responsibly, make the capital improvements that a vibrant economy requires.

The execution of a coherent, multi-year capital improvement program is the first step in ensuring that the City possesses the necessary public infrastructure to support and foster neighborhood, industrial, and commercial redevelopment efforts. This section lays the framework of a process that City administrators may choose to implement to properly address capital planning. The following paragraphs outline a strategy to kick off a basic Capital Improvement Planning process that the City can build on in the future as its financial outlook and investment opportunities improve.



## **Basics of Capital Improvement Planning**

A Capital Improvement Plan (“CIP”) is a multi-year listing of capital projects planned for the community and the financing sources identified to pay for those projects. While the Capital Budget authorizes funds for one year, a CIP looks out several – 5, 10, or even 20 – years. As such, the CIP must take into account the City’s current assets, strategic vision, and economic and demographic changes as the plan is formulated.

The CIP is executed and monitored as part of an annual process in connection with the operating budget cycle. Because capital planning is ineffective without adequate funding, the capital budget must be coordinated with the operating budget and multi-year financial plan. While most governments have different staffs for operating and capital budgets, the relative small size of the City’s government and budget limits the separation of these functions in Coatesville.

### **Roles and Responsibilities**

The CIP process should be led by a centralized management team comprised of key general and financial management personnel including the City Manager, Assistant City Manager, and Finance Director. The primary responsibilities of this Capital Advisory Group would include identifying available funds, setting capital budget constraints, and outlining the funding priorities of the CIP. The group will collect and evaluate project requests from the department heads and make recommendations based on a list of prioritization criteria and responsible financial planning. The group is charged with facilitating the CIP process and integrating it with the formulation of the operating budget. The City Manager will report to City Council on the outcome of the planning efforts and should be prepared to explain the judgments supporting planning proposals. Council will have final approval on all capital projects.

The department heads also should play an essential role in the CIP process. While the majority of department heads are aware of their capital needs in a general sense, most do not have a formalized system of tracking the age and useful lives of department assets. A regular, consistent tracking process across all departments will help administrators recognize capital priorities and identify potential risk factors for the City.

### **Asset Inventory Assessment**

As a first step in developing the CIP and identifying capital needs, each department head should perform an asset inventory assessment. The inventory assessment should include a listing of all capital assets based on information available in the department. Department heads should document the cost of capital assets including the purchase price or construction costs for each item. If historical cost data is missing, estimates should be used.



The department heads should also forecast the cost of deferring maintenance of the useful life of each asset. If an asset is not replaced, what is the cost of maintaining the asset? For how much longer will the asset be viable to the department? How much longer can the City use the asset to deliver adequate service to the community?

Finally, the replacement cost of the asset should be documented. Since decision-makers often have to choose between repairing and replacing an asset, replacement cost must be known. This information is valuable for managers trying to compare the total cost of operating and maintaining an asset with the total cost of replacing an asset and any operating savings that may occur as a result of the replacement.

### **Project Identification**

Once the inventory assessments are complete, department heads should define all potential capital projects and their intended purposes. The list should be extensive and address a variety of department and City purposes and functions such as government mandate, service improvement, economic development, public safety, neighborhood beautification, and other needs. A comprehensive list of all potential projects increases the likelihood that needs are addressed before a critical point is reached and allows for a broader range of options.

Each listing should include basic project information such as project start and end dates, purpose, justification, and proposed source of funding. The listing should also include a forecast of project costs inclusive of operating budget impact of the initiative. While construction and implementation cost may be obvious, often additional operating costs associated with capital projects are not as apparent. For example, a potential capital project may be a new outdoor recreational facility for children. While the capital costs include construction and development expenses, after the project is implemented, the City will incur costs for maintaining the facility. These costs will show up on the operating budget and the City must plan accordingly.

### **Project Selection**

The Capital Advisory Group will collect the department heads' project proposals and apply prioritization criteria to facilitate the project selection process. The group may use a simple matrix formula, which would include factors for consideration and weightings associated with each factor, to rank potential initiatives. While not listed in the example below<sup>1</sup>, project cost should obviously be taken into account no matter how each initiative scores in the matrix.

---

<sup>1</sup> Westermann, Nicole. "Managing the Capital Planning Cycle." Government Finance Review June 2004.



Factor	A Score (1-10)	B Weight	A x B Weighted Score
Legal mandate		10	
Health or safety		9	
Protection/ Preservation of city assets		8	
End of useful life/Obsolescence		7	
Population shift (growth or contraction)		6	
Cost savings		5	
Comfort/convenience		4	
<b>Total</b>			

**Project Monitoring**

While the department heads are accountable for tracking the progress of their own initiatives, the Capital Advisory Group is responsible for employing the appropriate monitoring tools to ensure efficient implementation of capital projects. The group should meet routinely, even as part of the City’s regular management meetings, for progress updates and to discuss potential remedies to unforeseen obstacles. The department heads should also be prepared to discuss status in relation to budget and possible cost overruns. The Capital Advisory Group is responsible for maintaining a centralized list of all capital initiatives that should be updated regularly with status changes.

**Conclusion**

Properly executed, the CIP will promote a number of benefits to improve the overall management and financial position of Coatesville. Among the primary benefits are the enhancement of strategic planning efforts of City administrators and the establishment of service and financial priorities. The process will also create an integrated relationship between project proposals and the annual budget process and improve communications between department heads, the finance department, and City Manager.



<b>Initiative</b>	ADM10	Implement a Performance Measurement Program			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Third Quarter, 2009				

An effective performance measurement system is an essential tool for city managers trying to gather information for better decision making, and to evaluate performance, instill accountability, improve service delivery, and facilitate public discourse. Our audit revealed that administrators in Coatesville do not always receive the most useful information to make management decisions. According to interviews with the department heads, performance measurement in the City is uneven for a variety of reasons, including lack of resources and unfamiliarity with performance measurement technology. Coatesville should readdress its performance measurement efforts and consider instituting formal performance evaluation processes. One such method that has proven feasible and successful in other comparably-sized municipal governments is known as CitiStat.

CitiStat is a performance measurement management tool employed by managers to mobilize agencies to produce specific results. Simply put, CitiStat is an ongoing series of regular, periodic meetings during which the City Manager and the principal members of the City’s leadership team and the directors of the City’s departments use data to analyze each department’s past performance, to establish its next performance objectives, and to examine overall performance strategies<sup>2</sup>. The program serves several purposes including fostering a culture of accountability and results, providing managers a powerful tool to allocate resources and make decisions, and demonstrating the organization’s performance to its constituents.

While the City’s financial position limits the sophistication of this initiative in Coatesville, the City does possess the tools to perform the basic functions of a CitiStat program. Infrastructure needs to implement a CitiStat like program are simply a room with tables, chairs, and possibly an overhead projector for presentation and discussion of reports. Though some CitiStat programs utilize custom data tracking software, Coatesville can meet technology needs through excel, word, and powerpoint software available through Microsoft Office, which is already accessible to the City Manager and all the department heads.

To initiate a CitiStat program, Coatesville must decide on what performance indicators to track. The indicators should reflect the overall mission of the department and should be able to be tied directly to the quality of life of the residents of the City of Coatesville. The departments need not track dozens of

<sup>2</sup> Behn, Robert D. “What all Mayors Would Like to Know About Baltimore’s CitiStat Performance Strategy.” IBM Center for the Business of Government. 2007.



performance measures, as the focus of this exercise may become diluted and the administrative burden of tracking too many indicators may grow unmanageable. Each department should initially key on a few – between five and ten – performance measurements. The indicators should be approved by the City Manager and updated regularly to reflect the changing priorities of the City.

The City Manager will be responsible for providing guidance regarding the format of presentation. There is no one-size-fits-all formula used for CitiStat and the level of complexity in reporting varies. Initially, Coatesville should set the goal of implementing a relatively simple system to enable management and department heads to acclimate to the process. Coatesville’s initial reports should include a “dashboard” of performance indicators that shows comparison to previous performance, comparison to the pre-established goals and targets, brief commentary on significant successes or shortfalls, and future goals and targets.

Department heads will require training and guidance on the aims of this program and the formulation of the reports. In some cases, department heads may need assistance in the use of the Microsoft Office applications needed to facilitate this project. The City Manager and Assistant City Manager should lead the effort to outline the goals of the program and expectations of the department heads.

Though the meetings should occur regularly, not all departments need to be evaluated each session. The City Manager may choose to evaluate each department during separate sessions to maximize the productivity of each meeting. During the meetings, department heads will present their reports and will be held accountable for results. Department heads should be expected to explain lapses in performance and offer solutions for improvement. Likewise, department heads should be rewarded for sustained strong performance and improved performance.

Though the CitiStat concept gained attention after implementations in large municipalities like New York City and the City of Baltimore, smaller communities have also experienced successful programs based on the CitiStat model. Programs in places like Amesbury, Massachusetts (population approximately 16,000) and smaller agencies within other governments demonstrate that a CitiStat, or CoatesvilleStat program, is a realistic endeavor for Coatesville.

## Sample Performance Measures

While the City is responsible for determining its own performance indicators, below is a list of measurements commonly used in municipal government. The list includes samples cited by the International City/County Management Association (“ICMA”) Center for Performance Measurement and samples encountered by Fairmount Capital Advisors in our experience with other organizations. Some of the performance measures below are organized in terms of input; output/workload;



efficiency; effectiveness; and productivity indicators. These terms are defined below<sup>3</sup>:

Input indicators: Input indicators are the financial and non-financial resources that are used to produce an output. For example, dollars spent, hours worked, materials used, etc.

Output/Workload indicators: Output indicators are the quantity of goods produced or services provided by an organization.

Efficiency: Efficiency measures the relationship between inputs and outputs. It is calculated by dividing units of output to units of input. Efficiency does not take into account the quality of the outcome, just the ratio of outputs to inputs.

Effectiveness: Effectiveness, or outcome, measures indicate how well a program achieves its stated goals and objectives. Effectiveness examples include the change in value of property loss due to crime, and the percentage of code enforcement responses within established standards.

Productivity: Productivity combines the dimensions of efficiency and effectiveness in a single indicator. For example, while efficiency may measure the “number of paychecks processed per labor hour” and effectiveness measures the “percentage of paychecks processed correctly,” productivity measures the “labor hours per paycheck processed correctly.”

The following tables are in no way an exhaustive list of indicators, but rather a sampling to stimulate ideas. The department heads and the City Manager should select the appropriate performance measures based on the mission and strategy of the City and each department. Other criteria to consider when choosing metrics include the validity of the data, ease of information collection and reporting, and timeliness and relevance the data.

---

<sup>3</sup> “A Brief Guide for Performance Measurement in Local Government.” The National Center for Public Productivity, Rutgers, the State University of New Jersey. Retrieved on 15 May 2008.  
<http://andromeda.rutgers.edu/~ncpp/cdgp/teaching/brief-manual.html>



**Police Department**

Input Measures	Output/Workload Measures	Efficiency Measures	Effectiveness Measures	Productivity Measures
Number of patrol officers  Labor hours  Overtime hours  Total operating expenditures  Vehicles used  Gallons of gasoline used  Vehicle maintenance and repair costs	Number of responses to calls for service by category  Number of reports taken  Number of arrests (warrant and non-warrant)  Citations issued  Number of crimes by category; crime rate  Crimes cleared by category  Community meetings and forums attended  Training hours	Number of responses to calls for service per patrol officer  Number of responses to calls per labor hour  Cost per arrest made by type  Patrol hours per arrest made  Supervisory hours per arrest made	Average response time to emergency calls  Average response time by incident category  Average amount of time to process reports  Average patrol time utilization per officer	Productivity measures, as defined in this report, not applicable



**Fire Department**

Input Measures	Output/Workload Measures	Efficiency Measures	Effectiveness Measures	Productivity Measures
Number of fulltime firefighters	Total responses to fire calls	Cost per incident	Percentage of calls responded to within established standard	Productivity measures, as defined in this report, not applicable
Number of part-time and volunteer firefighters	Number of fires by type	Labor hours per incident	Percentage change in firefighter injuries	
Labor hours	Number of responses by type	Labor hours per inspection	Percentage change in civilian injuries	
Overtime hours	Number of inspections by type		Percentage change in property loss	
Maintenance and repair costs	Number of citations issued			
Total operating expenditures	Cost of community fire prevention education efforts			
	Training hours			



Codes Department

Input Measures	Output/Workload Measures	Efficiency Measures	Effectiveness Measures	Productivity Measures
Full-time equivalents	Number of code violations resolved	Number of code violations resolved per FTE	Percentage of code violations resolved successfully	Percentage of code violations resolved successfully per FTE
Labor hours	Number of inspections completed	Number of inspections completed per FTE	Percentage of inspections performed successfully	Percentage of inspections performed successfully per FTE
		Number of code violations resolved per labor hour	Average response time for initial inspection of code violation	Percentage of code violations brought into voluntary compliance prior to initiation of administrative or judicial action
		Number of inspections completed per labor hour	Average time in calendar days for progressing from inspector's report to either voluntary compliance or the initiation of administrative or judicial action	



**Finance Department**

Input Measures	Output/Workload Measures	Efficiency Measures	Effectiveness Measures	Productivity Measures
Fulltime equivalents  Labor hours	Payroll checks processed  Invoices processed  Purchase orders processed  Bank reconciliations completed  Daily deposits  Financial reports completed and disseminated	Payroll checks processed per FTE and per labor hour  Invoices processed per FTE and per labor hour	Percentage of payroll checks processed without error  Percentage of invoices processed within 30 days  Bank reconciliations and monthly close out completed within 15 days of month's end  Bank deposits are made in accordance with the Department's Policies and Procedures Manual	Percentage of payroll checks processed without error per FTE and per labor hour  Percentage of invoices processed within 30 days per FTE and per labor hour



Public Works Department

Input Measures	Output/Workload Measures	Efficiency Measures	Effectiveness Measures	Productivity Measures
Number of resident solid waste and recycling accounts	Tons of solid waste or recycling collected	Tons of solid waste/recycling collected per resident account	Percentage of clean streets (measured by visual examination, citizen surveys)	Miles of cleanly swept road per labor hour
Cost of solid waste collection	Number of resident accounts served	Cost per resident account served for solid waste/recycling service	Percentage of roads cleared satisfactorily	Miles of satisfactorily cleared street per labor hour
Cost of recycling collection	Miles of roads swept and cleaned	Miles of roads swept per labor hour	Potholes repaired within 24 hours of notification of problem	
Labor hours	Miles of road serviced for snow removal	Miles of road serviced per labor hour	Injury events per work activity	
Vehicles used	Facilities maintained	Park maintenance task completed per labor hour	Vehicle accident events per work activity	
Vehicle maintenance/repair cost	Potholes repaired	Vehicle maintenance/repair cost per mile of road swept		



## Summary of Recommendations

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
ADM01	Establish Savings Targets to Be Achieved Through Collective Bargaining	City Manager and Finance Director	-	50,000	150,000	250,000	300,000	First Quarter, 2009
ADM02	Recover Health Insurance Reimbursement Per Collective Bargaining Agreements	City Manager and Finance Director	-	-	-	-	-	First Quarter, 2009
ADM03	Consider a Third-Party for Delinquent Real Estate Tax Collections	City Manager and Finance Director	45,694	97,468	123,807	150,408	151,060	First Quarter, 2009
ADM04	Regularly Adjust Fees to Recover Cost of Services	City Manager and Finance Director	10,357	18,298	26,445	34,804	43,380	Annual
ADM05	Pursue Payment-In-Lieu-Of-Tax Payments (PILOT) Agreements with Major Tax Exempt Institutions and Agencies	City Manager	10,000	10,000	10,000	10,000	10,000	Second Quarter, 2009
ADM06	Reduce Non-uniformed Full-time Equivalents by Two	City Manager	89,190	92,052	95,016	98,085	101,264	First Quarter, 2009
ADM07	Reevaluate Public Relations Responsibilities	City Manager	-	-	-	-	-	Fourth Quarter, 2008
ADM08	Consider a Parking Lot Tax as Part of Parking Strategy	City Manager	-	-	-	-	-	2011
ADM09	Implement Formal Capital Improvement Plan	City Manager	-	-	-	-	-	Third Quarter, 2009
ADM10	Implement a Performance Measurement Program	City Manager	-	-	-	-	-	Third Quarter, 2009
<b>Total Net Budgetary Impact</b>			155,241	267,818	405,268	543,297	605,704	



# Chapter Four

## Police Department

### Overview

The stated mission of the Coatesville Police Department, as asserted by the Police Chief, is to “provide law enforcement service with the highest possible degree of professionalism, based upon the principles of fairness, integrity, and respect for human dignity. The Department strives to be compassionate, courteous and patient, acting without fear, favor or prejudice while protecting the rights and lives of others. We value courage in the face of violence and apply only that force which is necessary to accomplish our lawful duty to protect persons and property.”

The Department is led by the Police Chief, who oversees all law enforcement and crime prevention activities. The Chief’s two lieutenants manage two separate commands - “A Section” and “B Section”. As shown in Chart 4.1, “A Section” Command supervises Records, Detectives, Inspections, and Internal Affairs efforts while “B Section” leads the Narcotics Enforcement Team, the Crisis Response Team, and Housing Facilities. The lieutenants share responsibility for the 5<sup>th</sup> and 6<sup>th</sup> platoon rotation. An administrative assistant and Weed and Seed coordinator also support the Department.

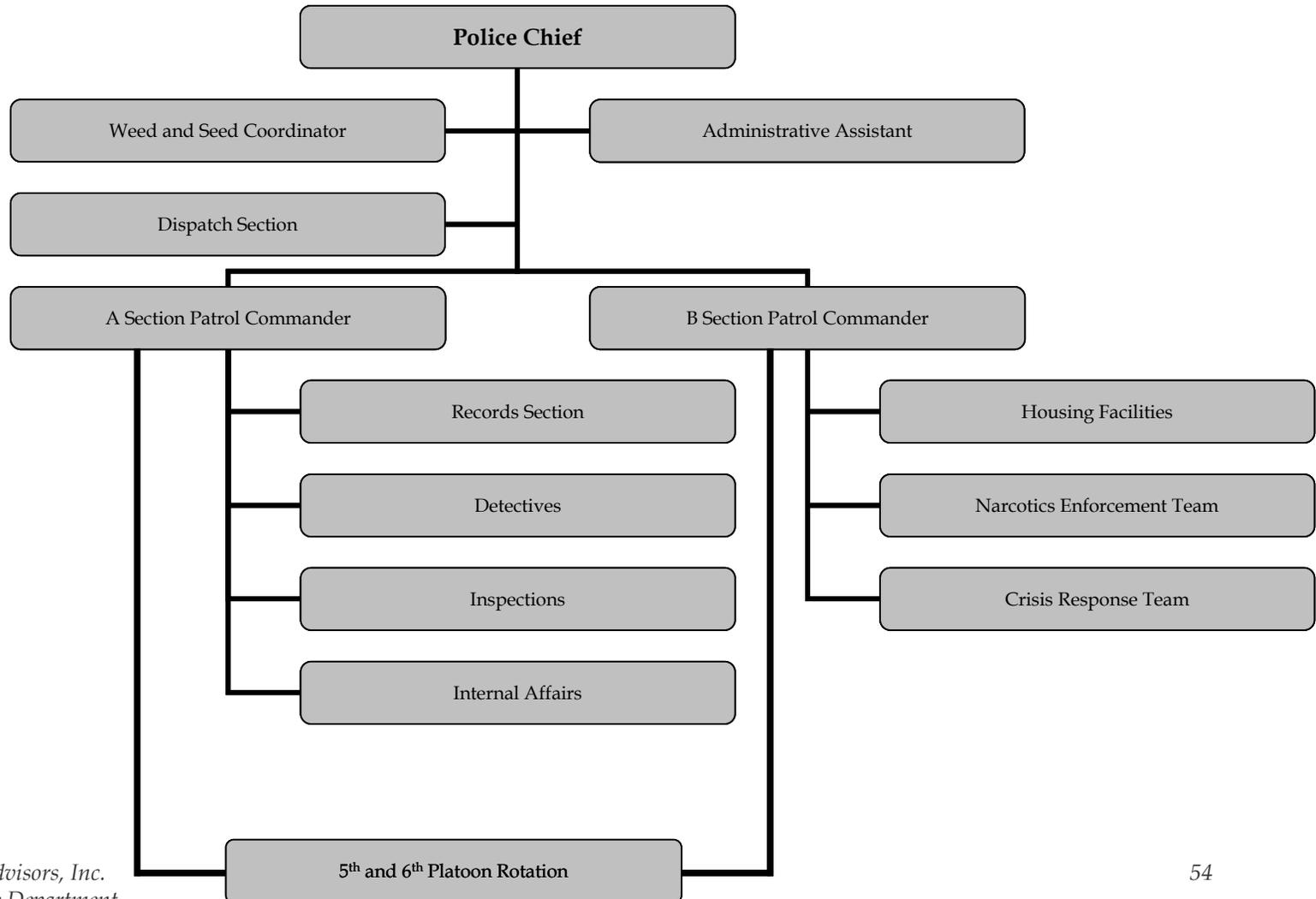
The Police Chief notes that the Department’s organizational structure is evolving as the City adds patrol officers. With workforce attrition and the hiring of new officers, the strengths and capabilities of personnel have and will continue to change. As the strengths and weaknesses of the Department are reevaluated, the Chief will allocate personnel resources to maximize productivity. For instance, in the past, the Department has dedicated a specific team for Narcotics Enforcement. However, the Department’s new officers may not be trained to handle these duties and the City may need to look to other resources to support these efforts. If the City cannot fulfill these duties with existing resources, the Chief will have to evaluate additional training or other means to ensure public safety.

As of June 2008, the Department consisted of 35 sworn officers, including 22 patrol officers. The Department generally employed about 34 sworn officers since 2003, however, the level of officers dipped to 28 in 2007. That year, the City struggled to balance its budget and, according to Departmental personnel, some officers left the City out of fear of losing their positions. The City, however, did not lay off any officers and instead eliminated two civilian positions in an effort to control costs. In 2008, the City made efforts to replace the officers that had left and the officer count jumped to 35. Table 4.2 shows personnel head count by job classification from 2003 through 2008.



## Personnel and Organization

Chart 4.1  
Organizational Chart





**Table 4.2**  
**Employee Headcount by Job Function, 2003-2008 (as of June 2008)**

<b>Sworn Officers</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Chief	1	1	1	1	1	1
Lieutenants	2	2	2	2	2	2
Detective/Sgt	1	1	1	1	1	1
Detectives	4	4	4	5	3	3
Sergeants	4	4	4	4	4	3
Corporals	4	4	4	4	4	3
Officers	15	18	18	17	13	22
<b>Total</b>	<b>31</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>28</b>	<b>35</b>
<b>Civilian Support</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Animal Control	1	1	1	1	0	0
Meter Officer	1	1	1	1	0	0
Crossing Guards	2	2	2	2	2	2
Admin Asst	1	1	1	1	1	1
Records Clerk	1	1	1	1	1	1
FT Dispatchers	4	4	4	4	4	4
PT Dispatchers	6	6	6	6	4	4
<b>Total</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>12</b>	<b>12</b>
<b>Grand Total</b>	<b>47</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>40</b>	<b>47</b>



## Policing Philosophy

To execute its mission and address public safety issues in Coatesville, the Police Department employs Community Oriented Policing. Community Oriented Policing is a philosophy and methodology designed to tackle community problems through a partnership between the employees of the City and its residents. This philosophy emphasizes building community confidence and trust, enhancing the flow of information between the police and the public.

The Chief has put Community Oriented Policing into action by publishing a strategic plan based on this philosophy and implementing grassroots level initiatives, such as the open door policy. This policy provides residents the opportunity to discuss community issues with officers directly. The aim of this policy is to improve community relations, build trust between the Department and City residents, and collect feedback that may lead to improved policing. While results of this initiative are difficult to quantify, the Chief touts the policy as a success citing the improved community relations and public image of the Department.

The Department supports the implementation of a community-based curfew program that combines and coordinates the efforts of parents, community resident volunteers, and juvenile probation and social service agencies. The Department is responsible for the enforcement of the City's curfew ordinance, which is designed to remove youth from the City streets during late evening hours unless they are accompanied by an adult or are in transit from a legitimate venue or activity. Under the proposed program, juveniles found violating the curfew ordinance would be detained by police officers and transported to a Curfew Center. Once there, volunteers and experts, including social workers and truancy officers, would be ready to help intervene with youth offenders. Counselors could then link families with parenting help and school mentoring. Several faith-based organizations within the City limits have expressed interest in providing the site for the Curfew Center if funding can be found. Lack of funding limits the implementation of this initiative.

## Shift Schedule and Overtime

Officers work 12 hour shifts, which are divided into two 12 hour shifts per day. The A.M. shift covers 0600 hours to 1800 hours and the P.M. shift covers 1800 hours to 0600 hours. The duration of each shift assignment is 14 days, after which officers switch to the opposite shift for the subsequent 14 days. Each officer is required 12 hours between shifts and if an officer is scheduled for less than 12 hours between shifts, that officer is paid at a rate of time and one-half for the second shift. For officers on the 12 hour schedule, overtime is computed for hours worked in excess of 12 hours per day, or 80 hours per 14 day pay period.



## Departmental Financial Results

**Table 4.3**  
**Expenditure Results, 2003-2007**

	2003	2004	2005	2006	2007	Avg Annual Change
Salaries and Wages (not incl OT)	1,880,712	1,932,354	2,186,556	2,214,761	2,241,920	4.5%
Overtime	187,572	149,550	187,929	266,293	248,096	7.2%
Benefits	472,992	578,320	660,577	685,141	631,431	7.5%
Pension	17,852	39,766	243,169	141,504	269,174	97.1%
Contracted Services	26,569	81,172	38,630	57,119	39,420	10.4%
Materials/Operating Supplies	47,180	65,534	72,875	94,836	81,100	14.5%
Equipment/Maintenance	48,353	63,202	72,823	101,948	51,209	1.4%
Utilities	18,587	10,717	7,885	8,950	7,963	-19.1%
Other Expenses	220,773	181,614	235,783	221,538	238,966	2.0%
<b>TOTAL</b>	<b>2,920,590</b>	<b>3,102,229</b>	<b>3,706,227</b>	<b>3,792,092</b>	<b>3,809,278</b>	<b>6.9%</b>
Year-to-year change		6.2%	19.5%	2.3%	0.5%	

Note: 2003-2006 results reflect audited financial statements; 2007 results reflect draft audited financial statements. The 2007 pension expense is not finalized. The 2007 pension total in the table above is an estimate based on an allocation of state pension aid.



### *Summary of Financial Results*

The Police Department budget is larger than that of any other City department, with expenditures of \$3.8 million in 2007. The Department's expenses have increased as a percentage of the City's total operating expenses comprising 34 percent in 2003 compared to 44 percent in 2007. As shown in Table 4.3, personnel costs (which include salaries and benefits, but not overtime) were \$3.1 million of the Department's \$3.8 million in expenditures. Salary expenses increased steadily at an average annual rate of 4.5 percent from 2003 to 2007. However, salary expenses held steady at about \$2.2 million in 2006 and 2007 due to a decline in the staffing level. The number of sworn officers at years-end 2003 and 2007 dropped from 34 to 28, respectively, and the number of total employees in the Department dropped from 50 to 40. The number of sworn officers in the Department increased back to 35 by June 2008.

Overtime costs are a growing share of the Department's expenses, amounting to \$248,000 in 2007, 32 percent more than in 2003. The City is reimbursed by the County and other local organizations for some overtime expense. In 2007, the City reported \$62,000 of Special Police Service Revenue and \$59,000 in Drug Task Force Revenue, with large portions of both of those sources used to offset overtime expense.

The Department spent \$39,000 on Contracted Services in 2007 for services such as speed timing, mug shot hardware, car washing, and office maintenance. Equipment and maintenance expenditures fluctuated from 2003 to 2007, reaching a high of over \$100,000 in 2006 and then decreasing to \$51,000 in 2007. Department personnel noted the presence of deferred maintenance, which may explain the short-term decrease in this expense in 2007.



## Crime Trends

The Uniform Crime Report (“UCR”) Program is a voluntary city, county, state, tribal, and federal law enforcement program that provides a nationwide view of crime based on the submission of statistics by law enforcement agencies throughout the country. The primary objective of the program is to generate a reliable set of crime statistics for use in law enforcement administration, operation, and management.

The UCR indexes report Part 1 incidents in two categories – violent and property crimes. Violent crimes include aggravated assault, forcible rape, murder, and robbery, while arson, burglary, larceny-theft, and motor vehicle theft are classified as property crimes. As shown in Table 4.4 below, Coatesville experienced an increase in both violent and property Part 1 crime in 2006 compared to previous years. The City reported between 102 and 118 violent crimes from 2003-2005, but saw a surge to 151 in 2006. Robberies led the increase with 81 incidents in 2006 compared to just 46 in 2005.

Crime clearance rates were lower in 2006 than in any other year in the analysis. The clearance rate for all Part 1 crimes was 18 percent, down from an average of 24 percent from 2003-2005.

**Table 4.4**  
**City of Coatesville**  
**Part 1 Crime, 2003-2006**

	2003	2004	2005	2006
Murder	2	2	4	4
Manslaughter	0	0	0	0
Forcible Rape	4	4	2	3
Robbery	45	31	46	81
Aggravated Assault	67	71	50	63
<b>Subtotal Violent Crime</b>	<b>118</b>	<b>108</b>	<b>102</b>	<b>151</b>
Clearance Rate	48.3%	44.4%	52.0%	43.0%
Burglary	64	70	91	101
Larceny	286	241	258	325
Motor Vehicle Theft	45	31	82	60
Arson	3	7	1	3
<b>Subtotal Property Crime</b>	<b>398</b>	<b>349</b>	<b>432</b>	<b>489</b>
Clearance Rate	16.3%	19.5%	17.1%	10.4%
<b>Total</b>	<b>516</b>	<b>457</b>	<b>534</b>	<b>640</b>
<b>Clearance Rate</b>	<b>23.6%</b>	<b>25.4%</b>	<b>23.8%</b>	<b>18.1%</b>



Part 2 incidents include simple assault, curfew offenses and loitering, embezzlement, forgery and counterfeiting, disorderly conduct, driving under the influence, drug offenses, fraud, gambling, liquor offenses, offenses against the family, prostitution, public drunkenness, runaways, sex offenses, stolen property, vandalism, vagrancy, and weapons offenses. The City reported declining Part 2 Crime incidents from 2003-2006, with 1,754 crimes reported in 2003 compared to 1,306 in 2006. In particular, narcotics, drunkenness, and disorderly conduct crimes saw significant declines. Vandalism incidents actually increased in 2006 to 507 after averaging 320 incidents from 2002-2005. The clearance rate on Part 2 crimes also declined in 2006 dropping to 48 percent after ranging between 67 and 72 percent from 2003 to 2005.

**Table 4.5**  
**City of Coatesville**  
**Part 2 Crime, 2003-2006**

	2003	2004	2005	2006
Other Assaults	81	101	110	110
Vandalism	350	324	300	507
Narcotics	272	255	280	141
Drunkenness	228	208	205	97
Disorderly Conduct	462	416	437	257
Driving Under Influence	98	68	73	26
Other	263	261	238	168
<b>Total</b>	<b>1,754</b>	<b>1,633</b>	<b>1,643</b>	<b>1,306</b>
<b>Clearance Rate</b>	<b>71.2%</b>	<b>66.6%</b>	<b>72.1%</b>	<b>48.0%</b>



## Recommendations

<b>Initiative</b>	PD01	Evaluate Patrol Staffing			
<b>Responsible Party</b>	Police Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	219,749	229,036	238,718	248,814	259,341
<b>Target Completion</b>	Ongoing				

### Patrol Officer Needs

According to the Police Chief, the personnel primarily responsible for patrolling duties are Officers, Corporals, and Sergeants. In 2007, the number of employees fulfilling these duties declined from 25 to 21. City administrators responded by hiring more patrol officers to raise the complement to 28 (as of June 2008); however, no formal labor workload analysis was performed to set the appropriate workforce level in the Department. Since public safety is a prime concern of the citizenry and personnel costs are by far the most influential component of the Department’s operating budget, a proper assessment of manpower needs is essential.

The International Association of Chiefs of Police (“IACP”) has developed a practical, direct method for determining patrol force manpower needs based on the actual and estimated complaint or incident experience in the community. Pennsylvania’s Governor’s Center for Local Government Services utilizes this technique and considers it a reliable method for determining manpower needs. The approach is intended for determining the level of patrol officer positions and does not include supervisors, administrators, or specialists.

**Police Department workforce analyses vary in complexity and the most thorough studies are beyond the scope of this Five-Year Plan. The purpose of this analysis is to lay out a set of assumptions and an accepted methodology to help the City draw conclusions on the appropriate patrol force level. City administrators should complement this needs assessment with a thorough discussion of the assumptions and methodology of this analysis and any other relevant factors before making final decisions on staffing levels.**

The IACP methodology and its application follow:

#### *Step 1:*

Determine the number of complaints or incidents received and responded to in a year by the police department. Examples of the types of police activities considered countable for the purpose of calculating patrol force needs include all reports of crime in the UCR classes; accidents; parking and driving complaints; fights; escorts; alarm responses; and assisting other agencies. Examples of activities not included in the calculation are routine traffic stops; checking houses and business security; servicing equipment; and performing community relations work.



Based on data provided by the Coatesville Police Department, in 2007 the City had **10,913** incidents considerable countable for the purposes of this analysis.

**Step 2:**

Multiply the total complaints or incidents by the average time necessary to handle each incident. Generally, the IACP estimates that 45 minutes is the average time necessary to handle a complaint or incident. However, since Coatesville experiences a high amount of serious crime, this analysis reviewed the classification of each response and applied a weighting, based on guidelines outlined in the Commonwealth publication titled *Administering Police Services in Small Communities, A Manual for Local Governments*.

Based on this weighting system, we estimated that the City spent **12,964 hours** responding to incidents in 2007. This translated to an average of 71 minutes to handle a complaint or incident, which is 58 percent above the mean cited by IACP. Included in the appendix is a report summarizing the Police Department’s incidents in 2007, the weighting allocations as shown in *Administering Police Services in Small Communities*, and application of those weights based on the breakdown of the calls for service.

**Step 3:**

Multiply the product of the first two steps by three to add a buffer factor and time for preventative patrol. According to *Administering Police Services in Smaller Communities*, about one-third of an officer’s time should be spent handling requests for services. The buffer factor is added to take into account other requirements such as servicing police vehicles, supervision, and other activities.

$$12,964 \times 3 = \mathbf{38,892 \text{ hours}}$$

**Step 4:**

Divide the product by 4,380 (the number of hours necessary to staff one basic one-officer patrol unit for one year, assuming the unit works everyday – 365 days x 12 hours = 4,380 hours).

$$38,892 \text{ hours} / 4,380 \text{ hours in one basic patrol unit} = \mathbf{8.88 \text{ patrol units}}$$

These steps show that if police officers could be expected to work 12 hours each day, nearly 9 patrol units would be needed to provide patrol coverage for Coatesville. Of course, police officers cannot work everyday, so the annual hours an average officer is unavailable must be calculated. The Coatesville Police Department provided records of vacation, holiday, court, training, and sick time spent by officers for 2007. An average was calculated to estimate the total number of hours each officer is not available for work each year.



**Table 3.6  
Annual Hours an Officer Will Not Be Available**

<b>Factor</b>	<b>Annual Hours</b>
Days Off	2,190
Vacation	118
Holidays	84
Court Time	43
Training	48
Sick	53
Injury	40
Personal	30
<b>Total Hours Not Available</b>	<b>2,606</b>

Note: Vacation, holiday, court days, and sick time is based on the 2007 average per officer. Days off assumes each officer works seven out of every 14 days. Injury time is based on an average cited in *Administering Police Service in Small Communities*. Training time is based on 16 hours of Act 180 requirements, 8 hours of Range Training, and 24 hours of other training.

Subtracting the hours that an officer is not available (2,606) from the total hours required to staff one patrol unit (4,380) shows that each officer actually works a total of 1,774 hours per year. Therefore, to staff one patrol unit 365 days a year requires 2.47 police officers (4,380 divided by 1,774 = 2.47). This means that Coatesville’s requirement is **21.9 patrol officers**, (2.47 officers to staff one patrol unit x 8.88 patrol units) which does not include supervisors, administrators, or specialists.

After recent hires, the Department will employ 22 officers, three corporals, and three sergeants, for a total of 28 personnel assigned primarily to patrolling activities. While the corporals and sergeants do perform some supervisory duties, their main responsibilities are patrol in nature. Based on this analysis, Coatesville exceeds necessary patrolling resources to provide policing services to the community by six personnel. However, before altering staffing levels to match the results of this methodology, the City should also consider its staffing levels relative to departments in other municipalities. Tables 4.7 through 4.10 show crime rates and staffing levels in Coatesville compared to other third class cities and to Chester County municipalities with populations over 10,000.



**Table 4.7**  
**Part 1 Crime and Officer Headcount Data, 2006**  
**Chester County Municipalities with Population Greater Than 10,000**

Municipality	Population	Total Offenses	Crime Rate *	Rank	Fulltime Officers	Parttime Officers	FT Officers		Offenses per	
							per 1,000 Residents	Rank	FT Officer	Rank
Coatesville City	11,505	640	55.63	1	34	0	2.96	1	18.82	4
West Whiteland Township	18,261	622	34.06	2	28	0	1.53	6	22.21	2
Caln Township	12,185	371	30.45	3	20	0	1.64	4	18.55	5
Phoenixville Borough	15,434	466	30.19	4	24	0	1.56	5	19.42	3
West Goshen Township	21,195	556	26.23	5	25	0	1.18	10	22.24	1
Uwchlan Township	18,333	282	15.38	6	23	0	1.25	9	12.26	6
East Whiteland Township	10,314	158	15.32	7	19	10	1.84	2	8.32	8
Tredyffrin Township	29,010	333	11.48	8	51	0	1.76	3	6.53	10
Easttown Township	10,409	114	10.95	9	14	0	1.34	8	8.14	9
Westtown-East Goshen	31,417	332	10.57	10	32	9	1.02	11	10.38	7
Willistown Township	10,752	87	8.09	11	16	0	1.49	7	5.44	11
New Garden Township	11,033	45	4.08	12	11	0	1.00	12	4.09	12

**Table 4.8**  
**Part 1 Crime and Officer Headcount Data, 2006**  
**Third Class Cities in Adjacent Counties**

Municipality	Population	Total Offenses	Crime Rate *	Rank	Fulltime Officers	Parttime Officers	FT Officers		Offenses per	
							per 1,000 Residents	Rank	FT Officer	Rank
Reading City	80,927	5,687	70.27	1	206	0	2.55	4	27.61	1
Lancaster City	54,805	3,732	68.10	2	175	0	3.19	1	21.33	3
Chester City	37,091	2,477	66.78	3	97	0	2.62	3	25.54	2
Coatesville City	11,505	640	55.63	4	34	0	2.96	2	18.82	4
York City	40,454	1,468	36.29	5	96	0	2.37	5	15.29	5



**Table 4.9**  
**Part 2 Crime and Officer Headcount Data, 2006**  
**Chester County Municipalities with Population Greater Than 10,000**

Municipality	Population	Total Offenses	Crime Rate *	Rank	FT Officers		per 1,000 Residents	Offenses per		
					Fulltime Officers	Parttime Officers		Rank	FT Officer	Rank
Phoenixville Borough	15,434	1,859	120.45	1	24	0	1.56	5	77.46	1
Coatesville City	11,505	1,306	113.52	2	34	0	2.96	1	38.41	3
West Goshen Township	21,195	967	45.62	3	25	0	1.18	10	38.68	2
Caln Township	12,185	507	41.61	4	20	0	1.64	4	25.35	5
Uwchlan Township	18,333	735	40.09	5	23	0	1.25	9	31.96	4
Tredyffrin Township	29,010	1,067	36.78	6	51	0	1.76	3	20.92	7
Easttown Township	10,409	336	32.28	7	14	0	1.34	8	24.00	6
West Whiteland Township	18,261	503	27.55	8	28	0	1.53	6	17.96	9
East Whiteland Township	10,314	217	21.04	9	19	10	1.84	2	11.42	10
Westtown-East Goshen	31,417	628	19.99	10	32	9	1.02	11	19.63	8
Willistown Township	10,752	110	10.23	11	16	0	1.49	7	6.88	11
New Garden Township	11,033	62	5.62	12	11	0	1.00	12	5.64	12

**Table 4.10**  
**Part 2 Crime and Officer Headcount Data, 2006**  
**Third Class Cities in Adjacent Counties**

Municipality	Population	Total Offenses	Crime Rate *	Rank	FT Officers		per 1,000 Residents	Offenses per		
					Fulltime Officers	Parttime Officers		Rank	FT Officer	Rank
Lancaster City	54,805	8,347	152.30	1	175	0	3.19	1	47.70	1
Coatesville City	11,505	1,306	113.52	2	34	0	2.96	2	38.41	3
Reading City	80,927	7,944	98.16	3	206	0	2.55	4	38.56	2
Chester City	37,091	3,345	90.18	4	97	0	2.62	3	34.48	4
York City	40,454	2,539	62.76	5	96	0	2.37	5	26.45	5

Source: Federal Bureau of Investigations Uniform Crime Reports, 2006

\* Crime rate equals total offenses per 1,000 residents



As shown in Table 4.7, the City employs a high number of officers per resident, but also experiences a high number of offenses per officer, which would indicate a relatively heavy workload for the Department. When compared to 11 other Chester County municipalities with populations over 10,000, in 2006 Coatesville held the most full-time officers (including supervisors) per thousand residents. In 2006, the City employed 34 full-time sworn officers compared to 35 full-time sworn officers at the time of this writing. Though the City can tout a high full-time officer to resident ratio, Coatesville also experiences a high ratio of Part 1 offenses to officers. This reflects the City's troubling crime rate, which leads all other municipalities in Chester County with populations over 10,000. Compared to four other third class cities in adjacent counties, the City had the second most officers per resident, but ranked fourth in Part 1 crime rate and fourth in Part 1 offenses per full-time officer.

Coatesville had the second highest Part 2 crime rate among Chester County municipalities with populations over 10,000. Similar to Part 1 crime ratios, Coatesville has a large number of Part 2 offenses per officer - third most of the Chester County municipalities reviewed. Among the five third class cities analyzed, Coatesville had the second highest Part 2 crime rate and third most Part 2 offenses per officer.

Though the IACP methodology indicates that patrol staffing exceeds necessary levels by six officers, a comparison against other communities suggests a relatively high workload for the Police Department. If the number of sworn officers in Coatesville was reduced by three (a midpoint compromise with the IACP finding), the number of sworn officers would drop to 32. At a sworn staffing level of 32 (assuming the comparable municipalities operated at the same staffing and crime levels as in 2006), the City would still have the most officers per resident relative to the Chester County municipalities reviewed and the second most officers per resident compared to other third class cities. Coatesville, however, would move to third (from fourth) in number of Part 1 offenses per officer compared to the Chester County sample, but would remain fourth out of the five third class cities in the analysis.

To calculate the budgetary impact of reducing staff in the Department, the following salary and benefit cost assumptions were made. First, it was assumed that each of the 22 patrol officer earned the Patrol 3 salary of \$49,083 for 2009. (Not all officers are Patrol 3. This is just an assumption for the computation.) Corporal and Sergeant salaries for 2009 are \$59,752 and \$62,882, respectively, consistent with the collective bargaining agreement. With these assumptions, the average salary of a patrol officer is \$51,704. Benefits expense, which includes healthcare, dental insurance, and pension, among other expenses, averaged 32 percent of Department salary expense from 2003-2006. This ratio was applied in Table 4.11 to project 2009 benefits costs since salary expense for new hires is known based on the existing labor contract. Annual salary and benefits costs are assumed to grow 4 and 5 percent, respectively, from 2010-2013. In total, the estimated average salary and benefit cost per patrol officer equates to \$73,250 in 2009.



**Table 4.11  
Calculation of Average Cost per Patrol Officer in 2009**

Category	Cost
Salary	51,704
Benefits	16,545
Overtime	5,000
<b>Total</b>	<b>\$73,250</b>

The City should consider reducing the number of sworn police officers by three to 32. If positions are not eliminated, the City should not refill positions left vacant through retirements or general attrition. Reducing the staff by three patrol officers would reduce costs by approximately \$220,000 in 2009 and \$1.2 million from 2009–2013.

Even if the City does not choose to reduce the number of officers, it is a recommended budget practice to calculate the cost implications of personnel on the operating budget. The City should also consider workload and budgetary implications before replacing officers that leave the Department through retirement or general attrition. With the implementation of further efficiency initiatives, the City may in the future decide to maintain staffing at the current level and increase police service, or reduce staff to achieve budgetary savings.

<b>Initiative</b>	PD02	Conduct a Cost Analysis for Health Insurance Cost Alternatives Already Available in the Existing Collective Bargaining Agreement			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Fourth Quarter, 2008				

According to the collective bargaining agreement between the City and FOP, the City must provide all regular, fulltime police officers and qualified dependents with hospitalization benefits through the DVIT Aetna HMO Option 1. However, as a cost-savings measure, the City may elect to secure coverage for police officers under the DVIT Aetna HMO Option 4 Plan. If Coatesville elects to provide coverage through the Option 4 Plan, the City must self-insure the difference in copayments, maximums and all other aspects of coverage between the Option 1 and Option 4 Plans. A more detailed outline of the Option 1 and Option 4 Plans are included in the appendix, however, in summary, the Option 4 Plan offers lower premiums, but higher co-pays. If the savings from the reduction in premiums more than offsets the increased costs from higher co-pays, then switching to Option 4 is in the financial best interest of the City.



Coatesville recently engaged the Gabriel Institute to perform an evaluation of the City’s Human Resources function, including an assessment of employee benefits. According to City officials, the study includes a cost comparison of the Option 1 and Option 4 Plans. The City should review the recommendations of this report in regards to the choice between Option 1 and Option 4 and scrutinize the study’s assumptions and methodology. If the study does not include this analysis, the City should insist that the Gabriel Institute address this area as part of its employee benefits analysis.

No budgetary impact projections are included in this report for this initiative as it is not certain that a change from the current Plan will produce savings.

<b>Initiative</b>	PD03	Hire Parking Meter Officer			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	20,000	20,000	20,000	20,000	20,000
<b>Target Completion</b>	Fourth Quarter, 2008				

In July 2007, the City eliminated the parking meter officer position in an attempt to achieve budget savings. Since the position was eliminated, fewer parking violations have been issued, meaning parking regulations are not being enforced as stringently as in the past. Parking regulations are currently being enforced by patrol officers that issue tickets on their regular foot patrol beat.

An analysis reveals that refilling the parking meter officer position would provide a net positive budget impact to the City as long as a reasonable collection rate on parking tickets is achieved. According to the City’s collective bargaining agreement with AFSCME, in 2007 the parking meter officer earned \$11.86 per hour with no additional benefits. If that employee worked 8 hours per day, Monday through Friday, from January through July (when the position was eliminated), the cost of the employee to the City would have been \$14,390.

Through July 2007, the parking meter officer issued 3,219 parking tickets (source: Coatesville Police Department). The total number of parking tickets issued by all employees for the entire year was 4,382. All parking violations carry a \$15 fine except for violations for parking in a handicap zone, which is a \$50 fine. Conservatively assuming that every parking ticket issued by the meter officer was a \$15 violation, the meter officer issued \$48,285 (3,210 x \$15) in parking violations from January through July 2007.

If the collection rate on parking violations was just 50 percent, the City would collect \$24,142 in revenue from the meter officer’s tickets alone (\$9,752 more than the salary cost of the employee). Of concern, however, is the apparent poor collection rate of parking violations. An examination of the Parking Meter revenues



reveals that in all of 2007 the City collected just \$13,376 from all parking tickets issued, not just those issued by the meter officer.

**Table 4.12  
Parking Meter Revenue, 2003-2007**

	2003	2004	2005	2006	2007
Parking Meters	11,403	10,386	8,083	4,568	13,376

The City should set a reasonable collection rate goal of 50 percent for parking tickets. The City can improve collections by more vigorously monitoring and reporting collection rates and targeting repeat offenders. If poor collection rates continue, the City should consider hiring a third-party agency to assist in collections. The City should also consider implementing a Boot Program (described in the following recommendation) to encourage offenders to pay their fines. To limit salary expense, the City should deploy the meter officer only during peak violation periods.

If the meter officer issues 5,000 parking tickets in 2009 with a 50 percent collection rate, the City will generate approximately \$37,500. The salary cost of a meter officer that works 4 hours per day, Monday-Friday will be \$13,894 (\$13.36 per hour x 1,040 hours) for a positive net budget impact of \$23,606. Because of the conservative nature of this analysis, a \$20,000 net impact is assumed. Salary cost and the level of fines should increase at approximately the same rate over time, producing a similar net budget result past 2009.

<b>Initiative</b>	PD04	Implement a Boot Program			
<b>Responsible Party</b>	Police Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	(1,050)	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

Overdue parking tickets cost the City staff time, money, and take away from ensuring parking is available in the business district. One way other municipalities have improved parking ticket collection rates has been through the implementation of boot programs. A boot is an immobilization device that is placed on a vehicle's tire to prevent the vehicle from being driven. Offenders with a predetermined number of outstanding parking violations would be subject to booting until all outstanding fines are paid.

The cost of implementation for this program is relatively low. The estimated cost of the booting device is approximately \$350. If Coatesville initially purchases three devices during the trial implementation period of the program, the cost of equipment will be roughly \$1,050. Additional implementation costs would include



training officers on the appropriate application of the boots and the overall City policy on the booting program.

The City Manager should consult with the Police Chief and City Council to develop the booting policy and implementation plan. The group may consider factors such as how to notify residents of the new program, the fee level for boot removal, the number of outstanding parking tickets to warrant a boot, and fees for damaging boot devices. The group would also delegate responsibilities for managing and supervising the program.

<b>Initiative</b>	PD05	Pursue Intergovernmental Cooperation Agreements for Animal Control				
<b>Responsible Party</b>	City Manager					
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
	-	-	-	-	-	
<b>Target Completion</b>	Fourth Quarter, 2008					

In 2007, the City eliminated the Animal Control position, which has reduced available patrol time for officers. The City is currently investigating intergovernmental cooperation agreements with surrounding communities to provide Animal Control for Coatesville. While this initiative will not produce budgetary savings, it will allow the Department’s police officers to focus more narrowly on policing activities, ensuring the public safety of the community.

<b>Initiative</b>	PD06	Reduce Overtime through Coordinating Court Time and Planning Training				
<b>Responsible Party</b>	Police Chief					
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
	5,000	5,200	5,408	5,624	5,849	
<b>Target Completion</b>	Fourth Quarter, 2008					

The City should make stronger efforts to coordinate with its courts to minimize the cancellation of proceedings, which result in overtime payments to officers. The City may also arrange with the courts to provide workspace so officers, while waiting to appear, can be given indoor work such as interviewing complainants, preparing shift rosters, or answering questions on the telephone. Labor rules currently state that “Officers will not be required to perform additional work in order to be eligible for payment under [the Court Attendance] section.” Requesting officers to perform any additional work, as described above, during court attendance periods may require bargaining with the union.

According to an analysis in Police Chief Magazine, a weakness of the 12 hour schedule is an increase in overtime used for court. The article, which analyzed



results from the Lincoln, Nebraska Police Department, noted a 46 percent increase in overtime for court appearances once the Department switched to a 12 hour shift schedule<sup>1</sup>. In addition, court appearances may disrupt officers' sleep, which impacts the quality of life, health, and productivity of the workforce.

Feedback from some officers indicated that increased attention to scheduling and planning may reduce overtime costs associated with training. If training requirements for officers are put off until late in the year, the level of effort needed to provide the training may require overtime hours. The Department should set the goal of reducing overtime by \$5,000 in 2009 through improved planning for training and court attendance.

<b>Initiative</b>	PD07	Increase Reimbursement Rate for Special Events			
<b>Responsible Party</b>	Police Chief/ City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	2,786	2,897	3,013	3,134	3,259
<b>Target Completion</b>	Fourth Quarter, 2008				

The Police Department is reimbursed for the cost of providing service to activities limited to specific venues, including the Coatesville Area School District, Coatesville Catholic Elementary School, and other special events. In 2008, the Police Department charges an overtime rate of \$43.60 for each hour of service an officer provides for special activities. Adjusted for the 4 percent pay increase scheduled in the collective bargaining agreement, that rate will be \$45.34 in 2009. The rate is structured to cover the salary cost of the officer; however, it does not include the full cost incurred by the City. The City should revise this rate to account for the cost of benefits and materials and supplies to support these events.

The overtime rate of \$45.34 is based on a standard hourly rate of \$30.23 (\$45.34/1.5). In 2006, materials and supplies represented 4.5 percent of the Department's expenses. The City should account for this expense by adding an extra 4.5 percent to the hourly rate (4.5 percent of \$30.23 = \$1.36).

Similarly, from 2003-2006, health insurance and other benefits averaged 32 percent of salary costs (not including overtime). Accounting for benefits results in an additional charge of \$9.67 per hour (32 percent of \$30.23 = \$9.67).

<sup>1</sup> Sundermeier, Jon. "A Look at the 12 Hour Shift: The Lincoln Police Department Study." Police Chief Magazine 2008 March.



The full cost accounting of hourly police services is calculated as follows:

**Table 4.13  
Hourly Calculation of Police Services, 2009**

Item	Amount
Overtime Rate	45.34
Benefits	9.67
Materials and Supplies	1.36
<b>Total</b>	<b>\$56.38</b>

At the revised reimbursement rate, the City can expect to collect \$11.03 more per hour in revenues for providing these services. In 2007, the Department was reimbursed for 252.5 hours of overtime. If the Department incurs the same number of overtime hours in 2009 and applies the revised hourly rate, the City will realize an additional \$2,786 of revenue (\$11.03 x 252.5 hours). The Department should increase the reimbursement rate each year to account for escalating costs. For the purposes of this analysis, 4 percent increases are assumed.

<b>Initiative</b>	PD08	Pursue Accreditation through the Pennsylvania Chiefs of Police Association			
<b>Responsible Party</b>	Police Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	(100)	0	0	0	0
<b>Target Completion</b>	2010				

In 2008, the Department plans to begin the Commission on Accreditation for Law Enforcement Agencies (“CALEA”) accreditation self-assessment process. The purpose of the voluntary accreditation program for law enforcement agencies is to strengthen crime prevention and control capabilities; formalize essential management procedures; and improve overall public safety service in the community. Accreditation involves an intensive self-assessment process which requires an agency to develop a comprehensive, well thought out, uniform set of written directives.

Though we encourage the development of standards of operations and recognize the value of achieving accreditation, the Department should not pursue accreditation through the CALEA program unless the workload requirements to complete such a program are accounted for in the annual budget. While the level of effort required to complete this project varies from agency to agency, two Pennsylvania Police Departments surveyed reported significant time commitments. The Findlay Township Police Department, which has been accredited since 1993, estimated that one fulltime equivalent was dedicated to their department’s accreditation effort for three years. The Derry Township Police Department split



accreditation duties between a Street Sergeant and an Administrative Assistant. The project occupied 50 percent of each of their time over a one year period. The Coatesville Police Department should not proceed with this initiative unless management accounts for the impact on scheduling and the budget.

As an alternative to the CALEA accreditation program, the Department should consider pursuing accreditation through Pennsylvania Chiefs of Police Association. State accreditation requires response to just 124 standards compared to over 400 in the CALEA program. Of the 124 Pennsylvania standards, approximately 80-90 overlap with CALEA standards, so if the Coatesville Police Department ever decided to pursue CALEA accreditation, the Department would already have a portion of the process completed. In addition, Pennsylvania’s accreditation program requires just a \$100 enrollment fee compared to an initial fee of over \$8,000 and annual continuation fees of over \$4,000 for CALEA accreditation (fees as of May 2008). Finally, insurance trusts have promised 10 percent discounts for agencies accredited through the Pennsylvania Chiefs of Police Association, which would produce direct budget savings to the Department and the City.

<b>Initiative</b>	PD09	Identify Appropriate Use of Drug Seizure Funds to Support Operations			
<b>Responsible Party</b>	Police Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	4,429	4,562	4,699	4,840	4,985
<b>Target Completion</b>	Ongoing				

The Police Department has experienced some success in generating revenue through drug seizure and asset forfeiture activities. The use of these funds generated from these efforts is restricted to uses that support drug enforcement efforts. The Department should identify appropriate uses of drug seizure funds that support both the Department’s drug enforcement activities as well as general operations. Police records show that the City was reimbursed for approximately \$43,000 in police overtime by the Chester County drug task force in 2007. The Department should set the goal of increasing this reimbursement by 10 percent. The Police Chief should identify training for recently hired officers not prepared to handle this sort of responsibility so the Department can support these activities in the future.



<b>Initiative</b>	PD10	Transition Applicable Activities to Human Resources to Reduce Administrative Burden			
<b>Responsible Party</b>	Police Chief/City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

Currently, the Department’s administrative assistant is responsible for several tasks typically handled by municipal human resources departments, such as insurance and workers compensation administration. Because of the administrative burden already felt in the Police Department, the administrative assistant is forced to do payroll, vacation time, sick time, and court time calculations outside the office on the weekends. This calculation and documentation process requires overtime each payroll cycle to complete, increases the workload burden on the Department, and, since only one employee is familiar with this documentation process, puts the City in a predicament if the administrative assistant requires an extended absence.

The City should transfer appropriate duties to the Human Resources Department where economies of scale can be realized. Since Human Resources already handles personnel issues for the other departments, the City should be able to add the same tasks associated with the Police Department without overwhelming the staff workload. Transferring these duties should reduce the administrative burden on the Police Department and result in lower overtime costs.

<b>Initiative</b>	PD11	Investigate Use of GIS for Crime Mapping through Chester County			
<b>Responsible Party</b>	Police Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	2010				

Crime mapping through GIS has been identified as a useful tool to improve the delivery of police services in communities across the country. The Chief of Police notes that innovations demanded by community-and problem-oriented policing require that departments incorporate a geographic, spatial, or local focus, and emphasize the importance of integrating crime-mapping techniques into departmental management, analysis, and enforcement practices. Though this expenditure may not be feasible in the short-term considering the City’s current financial position, as noted in the Codes Department chapter, future participation in a consortium that facilitates this service would be beneficial to the City.



Summary of Recommendations

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
PD01	Evaluate Patrol Staffing	Police Chief	219,749	229,036	238,718	248,814	259,341	Ongoing
PD02	Conduct a Cost Analysis for Health Insurance Cost Alternatives Available in the Existing Collective Bargaining Agreement	City Manager	-	-	-	-	-	Fourth Quarter, 2008
PD03	Hire a Parking Meter Officer	City Manager	20,000	20,000	20,000	20,000	20,000	Fourth Quarter, 2008
PD04	Implement a Boot Program	Police Chief	(1,050)	-	-	-	-	First Quarter, 2009
PD05	Pursue Intergovernmental Cooperation Agreements for Animal Control	City Manager	-	-	-	-	-	Fourth Quarter, 2008
PD06	Reduce Overtime through Coordinating Court Time and Planning Training	Police Chief	5,000	5,200	5,408	5,624	5,849	Fourth Quarter, 2008
PD07	Increase Reimbursement Rate for Special Events	Police Chief/City Manager	2,786	2,897	3,013	3,134	3,259	Fourth Quarter, 2008
PD08	Pursue Accreditation through the Pennsylvania Chiefs of Police Association	Police Chief	(100)	-	-	-	-	2010
PD09	Identify Appropriate Use of Drug Seizure Funds to Support Operations	Police Chief	4,429	4,562	4,699	4,840	4,985	Ongoing



Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
PD10	Transition Applicable Activities to Human Resources to Reduce Administrative Burden	Police Chief/City Manager	-	-	-	-	-	First Quarter, 2009
PD11	Investigate Use of GIS for Crime Mapping through Chester County	Police Chief	-	-	-	-	-	2010
<b>Total Net Budgetary Impact</b>			255,814	266,895	277,246	288,037	299,284	



# Chapter Five

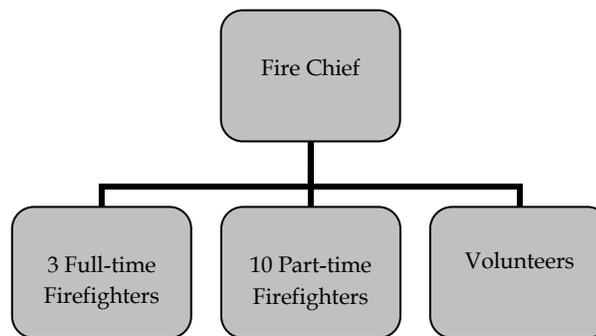
## Fire Department

### Overview

The Coatesville Fire Department provides fire suppression and protective services for the City. The Department operates out of two fire stations – Station 41 and Station 43. Station 41, home of the Washington Hose Fire Company, is the central station and houses three Basic Life Support ambulances. Station 43, the West End Fire Company, generally houses two engine trucks and one ladder truck, however sometimes apparatus is swapped between the two stations depending on usage. The Department responded to 676 and 724 alarms in 2005 and 2006, respectively. In 2006, 224 of the responses were for medical responses while 82 responses were for false alarms. In 2005, there were just 131 medical responses and 92 false alarms<sup>1</sup>.

### Personnel and Organization

**Chart 5.1  
Organizational Chart**



The Department operates with a mix of paid (full-time and part-time) and volunteer firefighters. Though no historic personnel headcount information is available, the Department’s staff states that generally four full-time and 8-11 part-time firefighters have been employed throughout the last 10 years, though only three full-time firefighters are currently on staff. Each of the three full-time and 10 part-time firefighters is a member of the International Association of Firefighters (“IAFF”) Local 3790, which was chartered in 1999. The Fire Department is also supported by approximately 30 active volunteer firefighters (according to the Fire Chief) who provide assistance during fire response incidents.

<sup>1</sup> Source: Coatesville Fire Department  
 Fairmount Capital Advisors, Inc.  
 Chapter Five – Fire Department



From 1987 through the end of 2005, the City employed a full-time Fire Chief who worked out of City Hall. In an effort to reduce costs, the City replaced the full-time chief with a volunteer (who is paid a stipend) in 2006.

The City and the IAFF are working under an agreement that expires on December 31, 2011. The agreement states that the work hours of a firefighter are 8:00 am to 5:00 pm, during which period the firefighter shall perform assigned tasks and be visible to the public. After 5:00 pm, the firefighter is on stand-by time during which his responsibilities are to respond to alarms, clean up after alarms, special assignments, and training. The firefighters work under a 53-hour per work week schedule.

For all work performed by a firefighter in excess of the work shift of 106 hours every two weeks, the firefighter is paid at time and one-half. Firefighters are also paid overtime for working on vacation time, personal time, or when called back to work.

Minimum staffing provisions demand that the Fire Department schedule three paid firefighters on all day shifts from Monday through Friday. As a means of controlling overtime, the Union agreed to a City request that full-time paid firefighters would not be required to fill the third slot on overtime if the City canvassed all part-time firefighters and found no one was willing and available to work the third position. If the part-time firefighter list is exhausted without finding a replacement, full-time paid firefighters are sought to fill the vacancies. If a full-time firefighter cannot accommodate, the slot goes unfilled.

Weekends are staffed by paid part-time firefighters. When part-time firefighters cannot fill a scheduled shift, a replacement must be found and paid overtime. Full-time firefighters frequently fill shift vacancies on the weekends resulting in increased overtime costs for the City.

Paid City firefighters are not responsible for providing Emergency Medical Service to Coatesville. This service is provided by the Washington Hose Fire Company.



Departmental Financial Results

Table 5.2  
Expenditure Results, 2003-2007

	2003	2004	2005	2006	2007	Avg Annual Change
Salaries and Wages (not incl OT)	292,991	288,026	339,875	283,070	313,795	1.7%
Overtime	34,972	36,651	27,628	55,240	48,236	8.4%
Benefits	84,084	85,524	97,809	89,073	90,354	1.8%
Pension	1,324	2,750	3,425	22,930	11,172	70.4%
Contracted Services	3,533	19,252	26,570	4,147	35,228	77.7%
Materials/Operating Supplies	8,492	9,720	11,677	10,997	11,835	8.7%
Equipment/Maintenance	17,242	17,546	17,575	18,328	28,676	13.6%
Utilities	4,506	4,253	1,679	1,075	990	-31.5%
Other Expenses	28,928	39,277	44,457	64,326	65,193	22.5%
<b>TOTAL</b>	<b>476,072</b>	<b>502,998</b>	<b>570,694</b>	<b>549,185</b>	<b>605,478</b>	<b>6.2%</b>
Year-to-year change		5.7%	13.5%	-3.8%	10.3%	

Note: 2003-2006 results reflect audited financial statements; 2007 results reflect draft audited financial statements. The 2007 pension expense is not finalized. The 2007 pension total in the table above is an estimate based on an allocation of state pension aid.



### Summary of Financial Results

Total salary expenses increased at an annual rate of 1.7 percent from 2003 to 2007. The City was able to maintain this level of expenses by changing from a full-time paid Fire Chief to a volunteer Chief. In August of 2007, the City changed the status of two firefighters from full-time to part-time in an attempt to cut costs. The two firefighters filed a grievance claiming the City had violated the labor contract and improperly assigned the two firefighters to part-time status. An arbitrator found in the firefighters' favor and they were reinstated as full-time workers. As part of the arbitration decision, the City was ordered to pay retro-pay for lost hours, as well as lost medical and other insurance coverage costs.

Overtime expenses have increased significantly in recent years, averaging an 8.4 percent increase from 2003 to 2007. Overtime comprised 8.6 percent of the Department's expenses in 2007 compared to 7.3 percent in 2003.

In 2006, the City began paying rent to the Washington Hose and West End fire companies for the use of their fire house facilities. The City budgeted \$44,900 for this expense in 2008. Also of note, equipment and maintenance costs have increased 13.6 percent on average since 2003, likely because of deferred routine maintenance stemming from short-term savings decisions.

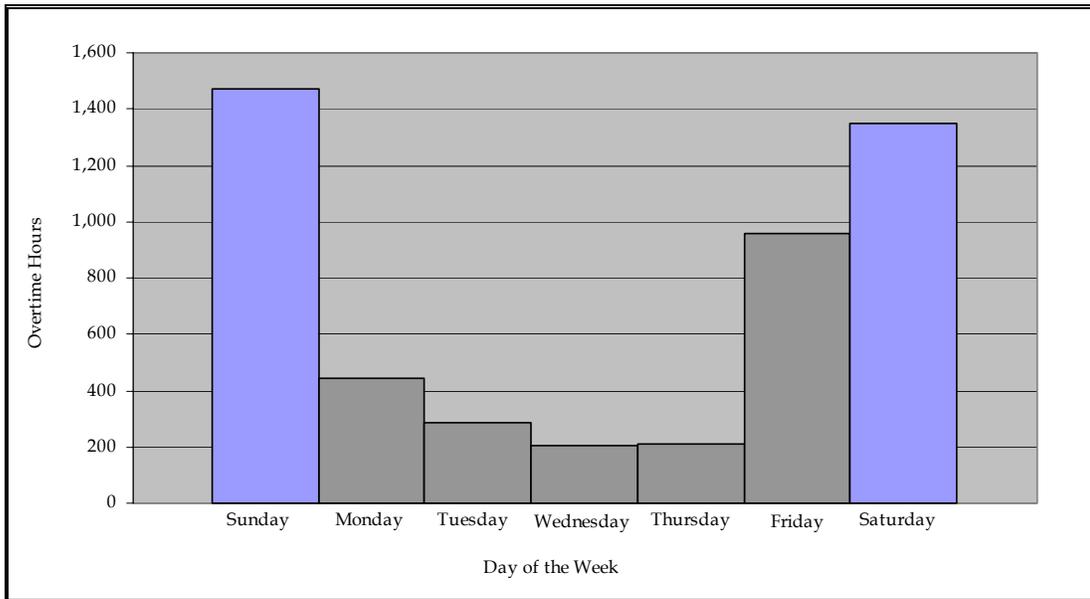
### Recommendations

<b>Initiative</b>	FD01	Implement Measures to Reduce Part-time Firefighter Cancellations on Weekends			
<b>Responsible Party</b>	Fire Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	25,000	25,750	26,523	27,318	28,138
<b>Target Completion</b>	Fourth Quarter, 2008				

As noted above, overtime expenses represent an increasing portion of the Department's budget. A closer analysis shows that most overtime is incurred on the weekends when part-time paid employees are scheduled. The table below shows overtime by day of the week from January 2006 through April 2008.



**Table 5.3**  
**Overtime by Day of the Week (Jan 2006-April 2008)**



Note: Data does not include August-November 2007  
Source: Coatesville Fire Department

Table 5.4 shows the average amount of weekend and total overtime per month from 2006 to 2008. The data is based on monthly averages from January through April for 2006, 2007, and 2008. This subset of the data was chosen because of the lack of information from September to November 2007. January, February, March, and April are the only months that data is available for 2006, 2007, and 2008.

**Table 5.4**  
**Average Monthly and Total Overtime (January-April, 2006-2008)**

	2006	2007	2008	% Incr
Avg Monthly OT Total	164.6	191.6	273.6	66.3%
Avg Weekend OT per Month	74.8	131.7	109.3	46.2%

Source: Coatesville Fire Department

From 2006 through 2008, no work rules have changed, staffing levels have remained close to the same, and the scheduling process has not changed; however overtime hours have increased dramatically. The average monthly total of 273.6 in 2008 is 66.3 percent greater than the average monthly total in 2006. Though lower than the 2007 level, the 2008 monthly average of weekend overtime is 46.2 percent higher than in 2006.

Often the Department is forced to rely on full-time firefighters to fill in on weekend shifts when part-time firefighters cancel, which results in increased overtime



expense for the City. Table 5.5 illustrates the cost in 2008 of replacing a scheduled part-time firefighter with a full-time firefighter charging the overtime rate of one and a half times pay. When a part-time firefighter cancels, instead of paying the part-time firefighter rate of \$15.19 per hour, the City either pays \$22.79 per hour (if a part-time firefighter can be found as a replacement) or \$27.47 per hour for a full-time firefighter to staff the shift. Replacing a part-time firefighter with a full-time firefighter on weekend shifts not only raises costs for the City, but also increases the likelihood of exhaustion and fatigue for full-time firefighters that are already working their regular shifts.

**Table 5.5  
Hourly Salary Rates, 2008**

	<b>Firefighter 1</b>	<b>Part-time</b>
Annual salary	50,468.30	N/A
Hourly rate	18.31	15.19
Overtime hourly rate	27.47	22.79

Note: Hourly rate calculated by dividing the annual rate by 2,756 hours

**The City should negotiate with the union to address excessive cancellations by part-time paid staff.** While obviously cancellations are understandable and well within the rights of the firefighters, it is not clear why there would be significantly more cancellations in 2008 than 2006. New incentives or penalties to encourage part-time firefighters to honor their scheduled shifts would help the Department control overtime expense.

Potential penalties may include ineligibility for part-time work or dismissal from the staff after an established number of cancellations. Incentives may include an increased hourly wage rate, which would not only encourage part-time firefighters not to cancel, but would also serve as a recruiting tool. Before implementing an hourly wage increase, the City must consider the costs and benefits of such an initiative. The wage increase only makes financial sense if the increased salary costs are more than offset by the lower overtime costs from reductions in cancelled weekend shifts.

**The City should recruit more part-time firefighters to reduce the possibility of having to replace a part-time firefighter with a full-time firefighter.** Table 5.6 below shows the costs of hiring a new part-time firefighter.



**Table 5.6  
Training and Equipping a Part-time Firefighter**

Expense	Amount
120 hours of training *	1,878.00
Full turnout gear	2,750.00
Complete set of uniforms	975.44
Medical evaluation	200.00
<b>Total</b>	<b>5,803.44</b>

Source: Coatesville Fire Department

\* Hourly rate of \$15.65 per hour in 2009, which is equal to a 3 percent increase over the 2008 hourly rate of \$15.19

If the City increased the level of part-time firefighters by four, the total upfront cost would be \$23,214. This is a little more than half of the City’s overtime expense for the Fire Department through June 2008 (\$43,854). Since part-time firefighters are only paid for hours worked and do not receive benefits, the only marginal cost to the City is for training, gear, uniforms, and medical evaluation.

The City should implement overtime reduction strategies immediately with the goal of reducing overtime to pre-2006 levels in 2009. **In addition to implementing the cost saving initiatives, the Fire Chief and City Manager should take a proactive role in monitoring the use and circumstance of overtime.** Though the Fire Chief is aware of overtime increases, particularly on the weekend, heightened scrutiny of overtime may help administrators identify patterns and solutions in controlling overtime. Even if the Department does not achieve the desired overtime reductions, closer monitoring of overtime will aid in budgeting and planning.

**Additional Proposal Evaluated**

The City should consider a wide-variety of overtime reduction proposals before choosing a course of action, including hiring additional full-time staff. Municipalities struggling to control overtime expense often cite lack of manpower as the cause and offer staff augmentation as a solution. One such proposal entails changing to a seven day schedule for full-time firefighters and increasing the count of full-time firefighters from four to six. The increased full-time staffing levels would enhance the response capabilities of the Department and reduce the reliance on part-time firefighters on weekends. However, before hiring new full-time firefighters, the City must calculate the full cost of each additional hire and weigh the costs and benefits. Table 5.7 shows the cost of hiring two additional firefighters.



**Table 5.7  
Cost of Two Additional Full-time Firefighters**

	2009	2010	2011	2012	2013
Salary	80,442	91,136	104,901	120,649	133,483
Benefits	25,741	27,029	28,380	29,799	31,289
Other costs					
Full turnout gear	5,500				
Uniforms	1,951				
Medical evaluation	400				
<b>Total</b>	<b>114,034</b>	<b>118,164</b>	<b>133,281</b>	<b>150,447</b>	<b>164,772</b>
Annual salary increases		13.3%	15.1%	15.0%	10.6%
Overall compensation increase		11.3%	12.8%	12.9%	9.5%

The cost projections assume each new firefighter is hired at the Firefighter 5 level, the lowest salary step level. Salary increases are based on the collective bargaining agreement between the IAFF. Benefits expense, which includes healthcare, dental insurance, and pension, among other expenses, averaged 32 percent of Department salary expense from 2003-2006. This ratio was applied in Table 5.7 to project 2009 benefits costs since salary expense for two new hires is known based on the City’s labor contract. Benefits costs are assumed to grow 5 percent annually from 2010-2013 (which is a conservatively low estimate compared to the baseline projection).

Table 5.7 shows an estimated cost of hiring two full-time firefighters is approximately \$114,000 in the first year, with that cost increasing sharply over the span of five years. Though service coverage may improve with this system, the increased compensation expense would far exceed any budgetary savings realized through reduced overtime. Even with the significant spike in overtime in the first half of 2008, the total overtime projected for the full year is approximately \$88,000. If the addition of two full-time firefighters reduced overtime costs by 50 percent (\$44,000 reduction), the net budgetary impact would still be *negative* \$70,000 and would compound with the scheduled salary raises and assumed benefit cost increases.

The demands on the Fire Department are significant and staffing is critical. However, given Coatesville’s current financial condition and challenging future, adding full-time firefighters is not feasible. Before hiring more full-time firefighters, the City should first implement changes to improve productivity from existing resources and focus on initiatives with minimal negative impact to the operating budget, such as increasing the number of volunteer firefighters, to address the fire safety needs of the community.



<b>Initiative</b>	FD02	Consider Recruiting Volunteers to Increase Part-time Staff			
<b>Responsible Party</b>	Fire Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

As noted above, the City should recruit additional part-time firefighters in an effort to limit the use of full-time fighters to staff weekend shifts. Included in the cost of hiring additional part-time firefighters is 120 hours of required training. At a 2009 hourly rate of \$15.65, training a part-time firefighter would cost the City \$1,878. However, if the Department were to recruit volunteers who have already received the appropriate training, the City could add staff without incurring the training expense. Instead of a total hiring expense of \$5,803, adding a qualified candidate would cost only \$3,925. The Department has recruited volunteers into its part-time staff in the past and refocusing this effort can produce budgetary savings for the City.

<b>Initiative</b>	FD03	Initiate a Volunteer Firefighter Recruitment and Retention Program			
<b>Responsible Party</b>	Fire Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

Like most communities across the state and in Chester County, volunteer firefighters play a vital role in providing public safety services for the residents of Coatesville. A report published by the U.S. Fire Service in January 2007 showed that Pennsylvania communities with populations between 10,000 and 24,999 were staffed primarily by volunteers<sup>2</sup>. Almost 70 percent of fire Departments in those communities were all volunteer while 23.3 percent were mostly volunteer.

<sup>2</sup> U.S. Fire Administration. "Pennsylvania: Four Years Later, A Second Needs Assessment of the U.S. Fire Service." January 2007.



**Table 5.8  
Pennsylvania Fire Departments by Type**

Pop. of Community	All Career		Mostly Career		Mostly Volunteer		All Volunteer		Total	
	Num Depts	Pct	Num Depts	Pct	Num Depts	Pct	Num Depts	Pct	Num Depts	Pct
10,000 – 24,999	11	4.7%	6	2.3%	57	23.3%	172	69.8%	246	100%
5,000-9,999	0	0.0%	11	2.8%	33	8.3%	347	88.9%	390	100%

Source: FEMA/USFA and NFPA Survey of Needs of the U.S. Fire Service, 2006

In Chester County, the findings were similar. U.S. Fire Administration statistics show that 70.6 percent of Chester County fire departments are all volunteer and 26.4 percent of departments are mostly volunteer. Fairmount contacted the Chester County fire departments categorized as mostly volunteer and found that all of those departments were led by a volunteer fire chief.

**Table 5.9  
Chester County Fire Departments by Type**

	All Career		Mostly Career		Mostly Volunteer		All Volunteer		Total	
	Num Depts	Pct	Num Depts	Pct	Num Depts	Pct	Num Depts	Pct	Num Depts	Pct
Chester County	1	2.9%	0	0.0%	9	26.4%	24	70.6%	34	100%

Source: U.S. Fire Administration, downloaded in June 2008

Fire departments nationwide are coping with a trend of declining volunteerism. According to the U.S. Fire Administration, the number of volunteer firefighters has dipped from a high of 897,750 in 1984 to 800,050 in 2003 (the most recent data available)<sup>3</sup>. The pattern is particularly relevant in Pennsylvania which, along with New York and Texas, has the highest number of all volunteer fire companies in the country<sup>4</sup>. Since Coatesville relies heavily on the support of its volunteers and will continue to rely on them in the future, it is imperative that the City be proactive in addressing the recruitment and retention of volunteer firefighters.

The Fire Chief should form a committee comprised of career firefighting staff and existing volunteers to devise strategies to improve volunteer firefighter recruitment and retention. The City should consider offering volunteer firefighters increased benefits that may be enticing to workers, but have minimal budgetary impact. Such benefits may include free downtown parking, free family memberships to City pools and other recreational functions, subsidized membership at the YMCA, or other amenities. The City may also choose to recognize volunteers for outstanding

<sup>3</sup> U.S. Fire Administration. "Retention and Recruitment for the Volunteer Emergency Services, Challenges and Solutions." May 2007.

<sup>4</sup> D'Intino, Robert S. "Volunteer Firefighter Recruitment and Retention in Rural Pennsylvania." 2007



achievements such as completing fire training programs or achieving certification and completing years of fire service. The committee should identify marketing strategies for recruitment and establish goals to increase volunteer headcount. The committee should document its achievements and report its progress to the City Manager.

<b>Initiative</b>	FD04	Comply with PENNFIRS Reporting Requirements				
<b>Responsible Party</b>	Fire Chief					
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
	-	-	-	-	-	
<b>Target Completion</b>	Immediately					

The City does not maximize the use of its primary performance tracking tool, Fire House software. Fire House is a powerful database and records management system used by fire departments across the country to monitor firefighting activities. Managers can track volumes of data related to incident response times, types of incidents, hot spot areas of activity, inventory, maintenance, staffing, training, and many other performance indicators.

Reporting through the Fire House software is a state requirement. Communities using the software commit to the Office of the Pennsylvania State Fire Commissioner (“OSFC”) to complete reports on all incidents to which the departments responds and to provide that information to the OSFC in accordance with the data collection protocols and transfer methods established for the Pennsylvania Fire Information Reporting System (“PENNFIRS”). Municipalities that do not comply with these requirements may be ineligible to receive certain state grants.

The Department’s management has identified improved use of Fire House a priority for 2008. Currently, the City is well behind on its Fire House reporting requirements to the County. Not only does delinquency jeopardize Coatesville’s eligibility for grants, but it also increases the City’s liability in the case of an accident and in insurance reporting.

The County will provide reporting guidance to municipalities with special needs or questions. The City should seek assistance where needed and work to regain reporting compliance immediately.



<b>Initiative</b>	FD05	Increase Fee Collection Efforts			
<b>Responsible Party</b>	Fire Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	5,000	5,000	5,000	5,000	5,000
<b>Target Completion</b>	First Quarter, 2009				

A direct benefit of improved record keeping and reporting is more efficient cost recovery through fees for services. The City code outlines several fees that should be charged by the Fire Department; however, it is not clear if these fees are collected satisfactorily. The table below shows the fees for the Fire Department:

**Table 5.10**  
**Fire Department Fees, per City Code**

Fee Category	Charge
Fire Reports	Short report - \$20 Full report - \$25
Fire code	\$25 per section
Fire Chief response	\$75 per hour
Apparatus response (volunteer service)	\$150 per hour
Apparatus response (career service)	\$200 per hour
Special fire police	\$50 per hour
Negative for print	\$10
Fire permit	\$25
Special fire inspection	\$75 per hour
Special fire training	\$75 per hour
Special incident	Total cost of operation
Hazardous material incident	Total cost of operation
Commercial rental license	\$25

Coatesville’s financial records show that the City collected an average of \$187 in “Fire Report and Restitution” revenue from 2003-2006. The City collected an average of just over \$1,000 per year from 2003-2006 in Special Fire Protection revenue. The Fire Chief should monitor revenue generating activities and collections on a regular basis and provide status reports to the City Manager, which



should be easier with the Department’s renewed focus on utilizing the Fire House software. The City should set the goal of increasing revenue collections from already existing fees to \$5,000 per year.

<b>Initiative</b>	FD06	Institute False Fire Alarm Fee			
<b>Responsible Party</b>	Fire Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	2,500	2,500	2,500	2,500	2,500
<b>Target Completion</b>	First Quarter, 2009				

The City currently does not charge a fee for multiple false alarms from a single location or property. The fee, which is commonly charged in other municipalities, would be designed to recover some of the costs of service provided and serve as a deterrent for requesting unnecessary calls. Properly structured, this fee can generate revenue for the City without compromising the safety of the community. Below is a schedule of false alarm fees charged in select third class cities in Pennsylvania. Offenders are only charged for the third and subsequent offenses over a rolling 12 month period or within the calendar year. At the end of the 12 months, or at the beginning of the new year, the offender’s slate is wiped clean.

**Table 5.11  
False Alarm Fees Schedules in Select Pennsylvania Third Class Cities**

<b>Incident No</b>	<b>Reading</b>	<b>Lancaster</b>	<b>York</b>
First	\$0	\$0	\$0
Second	\$0	\$0	\$0
Third	\$50	\$50	\$150
Fourth	\$75	\$75	\$150
Fifth +	\$100	\$100	\$250

The City should implement a schedule comparable to those in other communities, keeping in mind the escalating fuel expenses and the impact on the total cost of response. Implementation of this initiative requires improved record keeping by the Fire Department and cooperation with the Finance Department for billing and revenue collection.



<b>Initiative</b>	FD07	Develop Amicable Relations Between Career and Volunteer Staff			
<b>Responsible Party</b>	Fire Chief				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Ongoing				

Many combination fire departments experience difficulties in managing the professional relationships between career and volunteer firefighters. In some cases, combination fire departments can be difficult to manage because career and volunteer firefighters have different institutional interests. Career firefighters sometimes fear that they may be replaced with volunteer labor, which make volunteers a threat to career staff. Volunteers sometimes feel that career firefighters advocate the displacement of entire volunteer organizations and, thus, career firefighters are viewed as a threat to the volunteers’ sense of identity.

Other departments have experienced success in managing combination fire departments by instituting established best practices. ICMA notes the practices below as effective in addressing conflict between career and volunteer firefighters.

**Table 5.12  
Best Management Practices for Combination Fire Departments<sup>5</sup>**

Career and volunteer firefighters should be trained to the same standards
Career and volunteer firefighters should receive training together
Career and volunteer firefighters should be held to the same performance standard
Career and volunteer firefighters should be subject to the same rules and standards of conduct
Career and volunteer firefighters should be trained in the team approach
Career and volunteer firefighters should be appointed on the basis of merit; should not be elected
During an administrative transition, management should make clear the reasons for the transition
During an administrative transition, management should implement the transition slowly, being careful to sell new ideas and practices to all stakeholders
Volunteer involvement should be increased
Certain volunteers (e.g. students) should be offered living space in the firehouse
Volunteers should be offered small financial incentives for performance improvement

<sup>5</sup> ICMA. “Managing Conflict in Combination Fire Departments.” July 2000.



Summary of Recommendations

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
FD01	Implement Measures to Reduce Part-time Firefighter Cancellations on Weekends	Fire Chief	25,000	25,750	26,523	27,318	28,138	Fourth Quarter, 2008
FD02	Consider Recruiting Volunteers to Increase Part-time Staff	Fire Chief	-	-	-	-	-	First Quarter, 2009
FD03	Initiate a Volunteer Firefighter Recruitment and Retention Program	Fire Chief	-	-	-	-	-	First Quarter, 2009
FD04	Comply with PENNFIRS Reporting Requirements	Fire Chief	-	-	-	-	-	Immediately
FD05	Increase Fee Collection Efforts	Fire Chief	5,000	5,000	5,000	5,000	5,000	First Quarter, 2009
FD06	Institute False Fire Alarm Fee	Fire Chief	2,500	2,500	2,500	2,500	2,500	First Quarter, 2009
FD07	Develop Amicable Relations Between Career and Volunteer Staff	Fire Chief	-	-	-	-	-	Ongoing
<b>Total Net Budgetary Impact</b>			32,500	33,250	34,023	34,818	35,638	





# Chapter Six

## Codes Department

### Overview

The Director of the Codes Department oversees codes enforcement and planning and development activities for the City. Below is an overview of the Department's responsibilities.

### *Codes Enforcement*

The primary responsibility of the Codes Department is to assure that reviews of building plans are in compliance with the City's codes and ordinances. The Department is also responsible for the issuance of building permits; inspection of work under construction; and the enforcement of federal, state, and local building codes and safety regulations. The Department ensures that rental dwelling units are maintained in compliance with minimum health and safety regulations.

Since 2004, the City has enforced Pennsylvania's Uniformed Construction Code ("UCC"). While other municipalities in the Commonwealth have elected to retain a third-party administrator for Codes Inspections, the City has used its own employees to perform these tasks.

As part of his management duties, the Director of the Department assists his inspectors in making appropriate code interpretations, supervises the issuance of building permits, and ensures standardized adherence to standards and codes. The Director has recently drafted a revised policies and procedures manual; however, it has not yet been finalized. The Director also coordinates inter-departmental tasks with other City departments and represents the City on countywide issues related to the UCC. The Director reports directly to the City Manager.

### *Planning and Zoning*

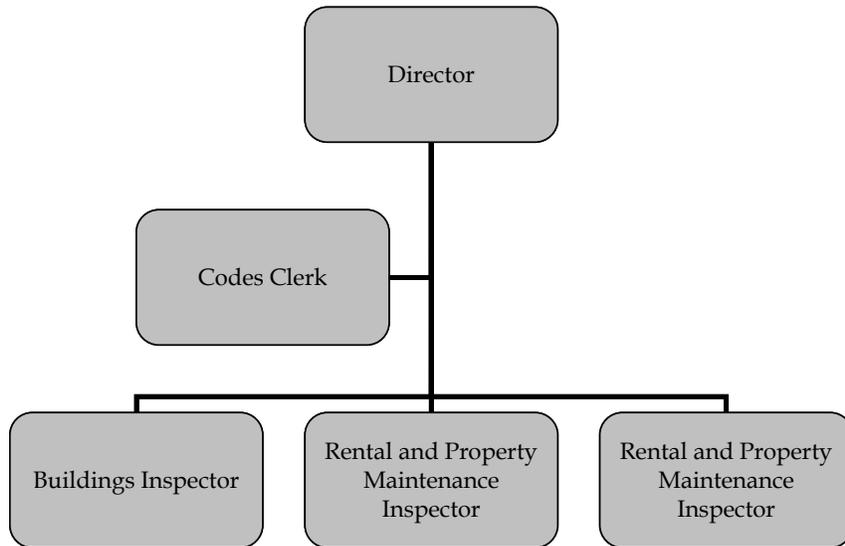
The Director of the Codes Department also performs the duties of Urban Planner/Zoning Officer who is responsible for planning for and evaluating land uses throughout the City of Coatesville. The Officer develops, administers, and enforces zoning and subdivision regulations and land use ordinances. Additional responsibilities include assuring that the interests of the City are served by implementing and supervising all aspects of the City's zoning, land subdivision, floodplain and building code functions.



## Personnel and Organization

In addition to the Director, the Codes Department consists of four other employees: two Rental and Property Maintenance Inspectors, one Buildings Inspector, and one Codes Clerk. All employees are union members under the City's labor agreement with AFSCME. In 2008, the City eliminated one inspector position leaving Coatesville with three employees for those responsibilities. Recently, the Department, already with just five employees, has been stretched further by losing work hours due to employees taking extended leave.

**Chart 6.1  
Organizational Chart**





## Departmental Financial Results

**Table 6.2**  
**Expenditure Results, 2003-2007**

	2003	2004	2005	2006	2007	Avg Annual Change
Salaries and Wages (not incl OT)	196,333	191,805	234,508	180,270	264,248	7.7%
Overtime	8,434	11,639	7,184	3,653	4,802	-13.1%
Benefits	67,179	77,348	98,043	88,104	104,348	11.6%
Pension	933	921	1,008	12,568	9,890	80.5%
Contracted Services	10,836	31,294	70,136	89,408	92,456	70.9%
Materials/Operating Supplies	9,521	11,177	10,121	6,525	11,869	5.7%
Equipment/Maintenance	3,199	3,091	2,109	1,265	2,735	-3.8%
Utilities	971	1,103	771	305	1,003	0.8%
Other Expenses	8,699	15,284	23,365	14,231	22,757	27.2%
<b>TOTAL</b>	<b>306,104</b>	<b>343,662</b>	<b>447,245</b>	<b>396,327</b>	<b>514,108</b>	<b>13.8%</b>
Year-to-year change		12.3%	30.1%	-11.4%	29.7%	

Note: 2003-2006 results reflect audited financial statements; 2007 results reflect draft audited financial statements. The 2007 pension expense is not finalized. The 2007 pension total in the table above is an estimate based on an allocation of state pension aid.



**Table 6.3  
Notable Revenue Results, 2003-2007**

	2003	2004	2005	2006	2007	Avg Annual Change
Building Permits	210,399	127,062	69,871	206,494	97,823	-17.4%
Electrical Permits	19,674	10,264	5,987	118	-	-100.0%
Plumbing Permits	57,126	43,902	9,768	405	10	-88.5%
Use & Occupancy Permits	4,600	5,425	6,030	5,788	3,950	-3.7%
Mechanical Permits	15,990	27,106	5,792	287	-	-100.0%
Apartment Licenses	70,284	75,755	75,021	112,897	135,082	17.7%
Other Permits	19,755	19,950	19,190	17,599	20,938	1.5%
<b>TOTAL</b>	<b>397,828</b>	<b>309,464</b>	<b>191,659</b>	<b>343,586</b>	<b>257,803</b>	<b>-10.3%</b>
Year-to-year change		-22.2%	-38.1%	79.3%	-25.0%	



### Summary of Financial Results

The Department’s annual expenditures increased 13.8 percent on average from 2003 to 2007 and the \$514,000 spent in 2007 represented 5.9 percent of operating expenses. Fixed costs comprise a significant portion of the Department’s expenses, with salary and benefits (not including overtime) representing 74 percent of expenses in 2007. The Codes Department uses consultant engineers to review building plans and perform other functions related to development projects. Contracted Services expenditures steadily increased from \$11,000 in 2003 to \$92,000 in 2007, in large part due to engineering expenses related to the City’s economic development efforts.

The City is able to recover some of its costs through the collection of fees for permits and licenses. Collections for permits have fluctuated in recent years based on the level of development activity in the City. Collections for the Department’s primary revenue source, Building Permits, declined sharply to \$97,000 from 2006 to 2007. However, the City is anticipating stronger Building Permit revenue in future years based on the expectations of economic development efforts coming to fruition.

### Recommendations

<b>Initiative</b>	CD01	Reevaluate Fee Structure – Building Permits				
<b>Responsible Party</b>	Codes Director					
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
	-	-	-	-	-	
<b>Target Completion</b>	Fourth Quarter, 2008 (initial evaluation), ongoing initiative					

The City should structure its fees to appropriately recover the costs of providing service and so that fees are in line with those in surrounding communities. A comparison of several key fees charged in Coatesville and other select Chester County municipalities shows that Coatesville can justify fee increases to enhance revenues. The comparison matrix was populated with data provided by the Coatesville Codes Department and can be found in the Appendix of this document.

As part of this study, we have examined two of the permits/fees that generate the most revenue for the City: Building Permits and Apartment License fees. Table 6.4 below shows the Coatesville fee structure for Building Permits compared to three other surrounding municipalities, while Table 6.5 shows the calculation of Building Permit fees based on hypothetical construction project scenarios:



**Table 6.4  
Building Permit Fee Structure Comparison**

Type of Construction	Coatesville	East Caln	West Caln	West Goshen
Residential New Construction	\$40 per application, \$15 for every \$1000 of work or portion thereof up to \$50,000 \$10 for every \$1,000 of work more than \$50,000 to \$500,000	\$50 per application, \$0.25 per sq ft gross area	\$0.40 per sq ft (min. fee \$400)	\$15 per 100 sq ft (\$150 min. fee)
Non-Residential New Construction	\$50 per application, \$15 for every \$1000 of work or portion thereof up to \$50,000 \$10 for every \$1,000 of work more than \$50,000 to \$500,000	\$100 per application, \$0.20 per sq ft gross area	\$0.45 per sq ft for initial \$5,000 sq ft; \$0.35 per sq ft greater than 5,000 sq ft	\$15 per 100 sq ft of construction (0-10,000 sq ft); \$12 per 100 sq ft of fraction thereof (10,000 sq ft and above) \$350 Minimum

**Table 6.5  
Building Permit Fee Comparison Based on Hypothetical Construction Projects**

Hypothetical Project	Coatesville	East Caln	West Caln	West Goshen
1,000 sq ft; \$100,000 Residential New Construction	\$1,290	\$300	\$400	\$150
2,000 sq ft; \$200,000 Residential New Construction	\$2,290	\$550	\$800	\$300
2,500 sq ft; \$250,000 Non-Res New Construction	\$2,800	\$600	\$1,125	\$375
5,000 sq ft; \$500,000 Non-Res New Construction	\$5,300	\$1,100	\$2,250	\$750



As the tables above illustrate, the City’s permit fees are already quite high compared to other regional area rates. A hypothetical 1,000 square foot, \$100,000 project would cost \$1,290 in Building Permit Fees in Coatesville, while it would only cost \$400 in West Caln, the next most expensive fee in the comparison. Indeed, Coatesville already charges rates well above its peers in each hypothetical project scenario analyzed.

The Codes Department is considering increasing the City’s already high Building Permit fees, a strategy that may hurt future economic development efforts. Increasing Building Permit fees is not recommended.

<b>Initiative</b>	CD02	Reevaluate Fee Structure – Apartment Licenses			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	18,900	18,900	18,900	18,900	18,900
<b>Target Completion</b>	Fourth Quarter, 2008				

The City should raise the current level of its apartment license fee from \$35 to \$40 and should institute a \$5 penalty for late payments. Coatesville’s apartment license fee is below other third class cities we identified that charge the same fee. The City of Reading and the City of York both charge an annual \$50 fee.

A \$5 increase represents a 14 percent increase over current level. If the City realizes a 14 percent increase over current collections of approximately \$135,000, Coatesville can expect an \$18,900 increase in revenue in 2009.

<b>Initiative</b>	CD03	Evaluate Third-Party Inspections			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

As noted previously, in 2004 the City “opted in” to Pennsylvania’s statewide building code, the UCC. Many municipalities hire third-party contractors to administer all or some inspection services to achieve cost savings and improve overall efficiency.

The City should issue a Request for Proposal for UCC Building Plan/Inspection Services to qualified third-party service providers. Management should then conduct a cost-benefit analysis to determine if it is in the best interests of the City to use a contractor to provide this service. The City would be under no obligation to execute a contract if it determines that inspection services are best provided by its



own employees. Until the proposals from third party inspectors are reviewed, the budgetary impact is unknown.

<b>Initiative</b>	CD04	Achieve Certification Requirements			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Second Quarter, 2009				

If the City evaluates proposals for inspection services and decides not to employ a contractor to provide this service, it must meet all UCC requirements, including mandates regarding inspector certification. Currently, only one inspector in the Codes Department meets the UCC certification requirements for commercial and residential building inspections. Two employees are currently working towards achieving certification to inspect residential buildings. The Director estimates that these two employees will achieve the certification by December 2008, but, in the meantime, these employees are limited to non-building property inspections.

Non-compliance with the UCC runs counter to Coatesville’s commitment to administer the Code and undermines the City’s ability to deliver services. The City should also establish a schedule for all of its inspectors to achieve the required certifications for both residential and commercial building inspections. The City should set a goal that all inspectors have as a minimum their residential building inspection certifications by December 2008 and required commercial building certifications by April 2009. The City should develop a process for ensuring that inspector’s certifications remain updated and active.

<b>Initiative</b>	CD05	Initiate Interdepartmental Collaboration			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Fourth Quarter, 2008				

New businesses in the City must apply for a Use and Occupancy license from the Codes Department as well as a Business Privilege Tax license from the Finance Department. There is no process currently in place to minimize the administrative hassle of obtaining all necessary City documentation and paying applicable fees and taxes. The City should streamline this process to ensure that a record is kept of new businesses for the purposes of charging Business Privilege Taxes.



<b>Initiative</b>	CD06	Interdepartmental Action Template			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

As in other governments, many duties in Coatesville require the cooperation of more than one department. The Codes Director expressed frustration with the level of interdepartmental cooperation in certain circumstances.

The Codes Director should develop a list of the five most common occurrences where responsibilities between departments overlap. The Director should identify each department’s specific role relative to these occurrences. Each department head should then review this list and come to an agreement on each manager’s responsibilities.

<b>Initiative</b>	CD07	Performance Measurement Tracking			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Second Quarter, 2009				

Though the Department currently does not track performance measurements, the Director has proposed the following table of metrics to monitor in the future:

Department Function	Input Measure	Output/Workload Measure	Efficiency Measures	Effectiveness Measures	Productivity Measures
Codes Enforcement	Hours of labor	Violations issued	Hourly cost	Violations resolved	Cost/violation notice
Planning	Budget allowance	Compliance	Time	Citations issued	Cost/citation issued
Zoning	Staff number	Citations	Inspection percentage	Court hearings	Cost/court hearing
	Vehicles	Court hearings			

Coatesville’s Codes Department is small, and the demands on the time of its employees are significant. Organizations with such workload constraints often think that measuring performance is not worth the time. However, performance measurement is an essential business function and key to the future success of the Department. In addition to the metrics identified by the Director, performance measures outlined in Chapter 3 should be considered.



<b>Initiative</b>	CD08	Evaluate Use and Occupation Inspection Efforts			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Second Quarter, 2009				

The Codes Department should turn more focus towards monitoring and reporting completed inspections. Currently, the Codes Department cannot readily report the number or category of completed inspections. Improved record keeping and data management will help the Department determine when inspections are needed and for what facilities. For the sake of public safety, and to enhance a revenue generating activity for the City, the Department should reexamine the status of its residential and nonresidential inspections.

<b>Initiative</b>	CD09	Investigate Geographic Information Systems Sharing Opportunities with Surrounding Municipalities			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	2010				

Geographic Information Systems (“GIS”) and automated mapping are tools that more and more local governments across the country are using to improve planning and development activities. A GIS is a computer-based system that is used to digitally reproduce and analyze the features present on the Earth’s surface and the events that take place on it. Government managers utilize GIS for a number of functions including mapping potential site locations, identifying boundaries, and mapping government infrastructure and landmarks.

While the Planning Division’s current needs may not require GIS mapping, this technology may complement future project design efforts. Chester County offers a GIS Consortium Program, which Coatesville became a member of in recent years. The goal of the consortium is to assist its members with the development and maintenance of their GIS programs. The consortium offers three membership levels based on the needs and budgetary constraints of the municipality:



**Table 6.6  
Chester County GIS Consortium Fee Schedule**

Tier	Fee	Duration	Project Hours	Digital Extracts
1	\$1,600	6 months	40	2
2	\$3,600	12 months	100	3
3	\$5,000	12 months	160	4

Members of the consortium receive GIS data such as parcels, roads, orthophotography and environmental themes clipped to their boundaries and updated regularly. In addition, members are allotted staff time (based on membership level) to accomplish specific projects. When the City’s financial position improves, it should consider joining the consortium to support its development activities.

<b>Initiative</b>	CD10	Implement Instant Ticket			
<b>Responsible Party</b>	Codes Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	3,000	6,000	6,000	6,000	6,000
<b>Target Completion</b>	Fourth Quarter, 2009				

The City should implement a program known as “Instant Ticket” for sanitation violations such as littering, placing trash out improperly, and allowing high grass and weeds to grow on property. Under the Instant Ticket program, inspectors take pictures of sanitation violations in the community with a digital camera. The inspector then returns to City Hall to process the violations and mails tickets to the property owners in violation.

Instant Ticket offers a more efficient alternative to processing tickets and distributing fines to violators. By reducing the processing time for tickets, sanitation violators are more likely to act quickly to clean up their properties, which will improve the overall cleanliness of the community. In addition, the more efficient system allows Codes personnel to spend more time inspecting structures.

A similar program implemented recently in Wilmington, Delaware, has been touted as an initial success. Wilmington officials credit the program’s success to community outreach efforts to prepare residents for the change in policy. For four months before officials began issuing tickets, inspectors mailed warning letters to would-be violators with a description of the new policy, an explanation for why a violation had occurred, and a picture of the violation. Since property owners are responsible for paying fines for sanitation violations on their properties, Wilmington also reached out to landlords and renters so their tenants could be



informed of the new program. New Castle County Delaware has recently approved the implementation of Instant Ticket based on the success in Wilmington.

Implementation expenses would include the cost of the cameras and the cost of providing a hearings officer to review appeals. The program would also have to be approved by City Council. Though the Department will take on some new administrative duties to manage the program, the net result of Instant Ticket should be increased manpower and efficiency.

The City of Wilmington issued 7,340 tickets (\$50 fine each), of which 45 percent were collected, in the first year of the program. A total of 314 appeals were sought with 61 granted<sup>1</sup>. If Coatesville, which is about 1/7<sup>th</sup> the size of Wilmington, issued 1,000 violations at a cost of \$50 each with a collection rate of 45 percent, \$22,500 would be generated. Subtracting \$10,000 for the costs of cameras and a part-time hearing officer to hear appeals, this initiative could produce \$12,500 annually for the City. More important than the revenue, however, properties should be kept cleaner and the codes enforcers should have more time to pursue more serious violations. Due to the conservative nature of the projections in this plan, just \$6,000 per year in revenue is projected.

---

<sup>1</sup> Basiouny, Angie. "NCCo to instantly ticket code violations." DelawareOnline 9 June 2008.



Summary of Recommendations

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
CD01	Reevaluate Fee Structure - Building Permits	Codes Director	-	-	-	-	-	Fourth Quarter, 2008
CD02	Reevaluate Fee Structure - Apartment Licenses	Codes Director	18,900	18,900	18,900	18,900	18,900	First Quarter, 2009
CD03	Evaluate Third-Party Inspections	Codes Director	-	-	-	-	-	First Quarter, 2009
CD04	Achieve Certification Requirements	Codes Director	-	-	-	-	-	Second Quarter, 2009
CD05	Initiate Interdepartmental Collaboration	Codes Director	-	-	-	-	-	Fourth Quarter, 2008
CD06	Interdepartmental Action Template	Codes Director	-	-	-	-	-	First Quarter, 2009
CD07	Performance Measurement Tracking	Codes Director	-	-	-	-	-	Second Quarter, 2009
CD08	Evaluate Use and Occupancy Inspection Efforts	Codes Director	-	-	-	-	-	Second Quarter, 2009
CD09	Investigate GIS Sharing Opportunities	Codes Director	-	-	-	-	-	2010
CD10	Implement Instant Ticket	Codes Director	3,000	6,000	6,000	6,000	6,000	Fourth Quarter, 2009
<b>Total Net Budgetary Impact</b>			<b>23,900</b>	<b>31,400</b>	<b>31,400</b>	<b>31,400</b>	<b>31,400</b>	





# Chapter Seven

## Finance Department

### Overview

The Director of Finance is established by the City Charter to supervise, in cooperation with the City Manager, the financial administration of the City. Financial administration responsibilities include budgeting, accounting, financial policy formulation, purchasing, forecasting, and pension administration. The Finance Department also oversees treasury services such as revenue collection, disbursements, and investment management. The Finance Director reports to the City Manager and provides financial reporting to the governing body, City Council.

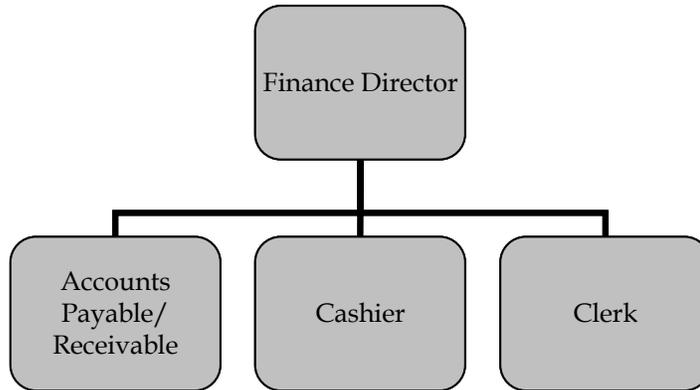
The City contracts with third party service providers to support some of the Department's activities. The City's Real Estate and Earned Income Tax collector is H.A. Berkheimer, Inc. and the financial software provider is Dallas Data Systems, Inc. In 2007, the City entered into a contract with Automated Data Processing, Inc. ("ADP") for payroll services; however, this contract was not extended for 2008 and the service is now performed by City employees.

### Personnel and Organization

As shown in tables 7.1 and 7.2 below, the Department consists of four employees including the Director, a cashier, an employee responsible for accounts payable and payroll functions, and a clerk who assists with accounting and other responsibilities. Aside from the Director, all of the employees are members of the AFSCME labor union. The Department lost its Assistant Director in 2007 increasing the workload for the remaining staff and making the transition for the recently hired Finance Director more difficult. The relatively small size of the Department creates administrative strain on the staff, especially when employees take vacation or sick leave.



**Chart 7.1  
Organizational Chart**



**Chart 7.2  
Employee Headcount by Job Function, 2003-2008**

	2003	2004	2005	2006	2007	2008
Director	1	1	1	1	1	1
Assistant Director	1	1	1	1	1	0
Accounts Payable/Payroll	1	1	1	1	1	1
Cashier	1	1	1	1	1	1
Clerk	0	0	0	1	1	1
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>4</b>



## Departmental Financial Results

**Table 7.3  
Expenditure Results, 2003-2007**

	2003	2004	2005	2006	2007	Avg Annual Change
Salaries and Wages (not incl OT)	114,253	128,810	141,254	200,453	204,837	15.7%
Overtime	68	61	9	2,051	3,225	162.4%
Benefits	42,892	51,470	59,982	74,027	73,570	14.4%
Pension	1,592	2,835	3,897	16,648	12,151	66.2%
Contracted Services	85,206	72,534	90,019	97,056	165,825	18.1%
Materials/Operating Supplies	9,508	9,877	10,725	6,286	5,731	-11.9%
Equipment/Maintenance	16	160	232	-	100	58.4%
Utilities	1,317	1,575	1,146	1,137	1,637	5.6%
Other Expenses	7,592	12,720	73,606	58,286	21,974	30.4%
<b>TOTAL</b>	<b>262,444</b>	<b>280,040</b>	<b>380,871</b>	<b>455,944</b>	<b>489,052</b>	<b>16.8%</b>
Year-to-year change		6.7%	36.0%	19.7%	7.3%	

Note: 2003-2006 results reflect audited financial statements; 2007 results reflect draft audited financial statements. The 2007 pension expense is not finalized. The 2007 pension total in the table above is an estimate based on an allocation of state pension aid.



### Summary of Financial Results

Finance Department spending of \$489,000 in 2007 was 5.6 percent of all operating expenses. Like other departments, personnel costs, which are comprised of salaries, wages, and benefits, are the most influential piece of the Department’s budget, accounting for 57 percent expenses. Contract services, which include auditing, computer services, and outsourced payroll, increased at an average annual rate of nearly 18 percent from 2003-2007. Costs for this category reached a high of \$166,000 in 2007 when the City outsourced the payroll function to ADP. In 2008, payroll duties were again performed in-house and the Department’s Contract Services budget declined to \$65,000. The Department saw an increase in “Other Expenses” in 2005 and 2006, which is attributable to payments for real estate taxes on City owned property.

### Recommendations

<b>Initiative</b>	FIN01	Improve Financial Reporting and Monitoring			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Requires immediate attention				

To effectively manage the City’s financial position and deliver services to its residents, decision-makers must have accurate and timely reports of financial results and projections. Regular monitoring of budgetary and cash flow performance provides an early warning of potential problems and allows management to take corrective action, if necessary.

The City does not produce a 12-month cash flow forecast. Since Coatesville, like other municipalities, does not collect revenue on an even stream throughout the year, it is essential that managers have reliable forecast data to plan expenditures and avoid unintended and unanticipated cash deficits. Cash flow forecasting is essential, especially since the City has experienced emergency cash shortages in the past. Coatesville’s new financial system has the capability to produce appropriate cash flow reports, though implementation of the system is not yet complete. Until the new system is fully functional, the Department should construct cash flow projections in an excel spreadsheet document. The Department should be able to use available bank account and financial system historical records to piece together a reliable historic cash flow pattern on which to base future projections.

Feedback from the department heads indicated inconsistent monitoring of departmental financial performance compared to the budget. While some department heads pointed to the transition to a new financial system as a reason for



difficulties in managing their finances in relation to budget, others indicated limited budget versus actual comparisons during management meetings.

The Finance Department should refocus its monitoring and reporting efforts and reassert the expectation that department heads are responsible for the management of their finances. The Department should prepare regular monthly reports showing budget compared to actual results by department to be reviewed during the City’s regular management meetings. Department heads should be required to explain variances greater than 5 percent and offer actions to remedy the discrepancies. Each monthly meeting should include a review of the budget remedy actions agreed upon and the results of those actions. The budgetary monitoring system should be designed to hold managers accountable for their budgets and identify solutions to unforeseen financial challenges.

In addition to departmental financial reports, the Department should also produce accounts receivable and accounts payable reports on a monthly basis, and balance sheets on a quarterly basis. The reports should be made available to the City Manager and the Director should be prepared to explain the details of the documents and factors influencing trends.

<b>Initiative</b>	FIN02	Implement a More Comprehensive Budget Process			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Fourth Quarter, 2008				

Coatesville operates under a budget process and calendar outlined in the City Charter. The charter sets forth deadlines for submission of the budget to the City Manager; submission to Council, advertisement to the public; and final adoption by Council. Though the charter lays out budget responsibilities at a high level, a more robust budget calendar may further define the roles various stakeholders play in the process.

The City should develop a budget calendar for internal use that presents a more detailed sequence of events and description of responsibilities. The calendar should set a timeline for milestones such as the distribution of budget request forms to department heads; return of the budget request forms to the Finance Department; submission of revenue projections from the Finance Department to the City Manager; consideration of changes in tax policy and personnel decisions; and implementation of capital budgeting requests. The calendar should also account for time for department heads to discuss their budget request with the Finance Department and City Manager, and a timeline for the formal adoption of the budget by City Council.



The City already performs most of the tasks that are included in common budgeting calendars; however, presenting the sequence of events in a written document encourages management to stay on schedule and holds parties accountable for their individual responsibilities. At a minimum, the calendar should be made available to City Council, the department heads, and, of course, the City Manager. While the Finance Director is the primary force driving the budgeting process, the City Manager delivers the budget to City Council. Thus, ultimately, responsibility for the development of the budget lies with the City Manager.

The 2006 independent financial audit recommended that the City improve budgeting procedures, a recommendation carried over from previous audits. Past audits noted “grossly inaccurate” projections of current year activities, which contributed to operating deficits and emergency action by the government. An effective budget process will allow for open and forthright discussion of the City’s priorities given the practical constraints of the budget. As a municipality that struggles to balance its budget almost every year, establishment of realistic expectations is critical so decision-makers can address problems before they compound.

<b>Initiative</b>	FIN03	Complete Audit in a More Timely Fashion			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Second Quarter, 2009				

Coatesville’s 2006 independent financial audit was not complete until March of 2008, in part because of delays in producing the audit for the RDA, a component unit of the City. The Finance Director should collaborate with the City Manager to develop a schedule to address the RDA audit in a more timely fashion. The installation of the City’s new financial management software should also ease future auditing processes. The City should reach out to its auditor in the fall of 2008 for suggestions on how best to prepare for a timely audit process for both the RDA and the City. The City should set the goal to complete the 2008 audit by April 2009.



<b>Initiative</b>	FIN04	Reevaluate the Purchasing Process			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

An improved purchasing process can create efficiencies across all departments and reduce the administrative burden on the Finance Department. Currently, purchase orders are not required to include codes that identify the department and account classification associated with the purchased item. Often when the Finance Department receives invoices for these items, processors spend a lot of time sorting and coding so purchases can be recorded properly. Not only does this increase the likelihood of processing errors, but the added administrative load spills from the department staff to the Director who must divert his attention from his management responsibilities.

The Department should implement a system that requires each purchase order include a department account code. Once the Department receives invoices for payment, they should already include the appropriate code number so staff can process and record the transaction expeditiously and accurately. Department staff will not have to resort to contacting department heads for clarification on invoices and the Director will not have to spend his valuable time with these processing matters.

The implementation of new financial services software will facilitate the implementation of the process. The new system enables users to properly code purchase orders and allows for approvals by management through electronic signatures, so proper controls will be in place without worsening administrative hassle. The system also allows department heads to compare amounts allocated in the budget to funds expended year-to-date.

To implement this system, the City must engage department heads and vendors. Department heads must be trained and educated so that purchase orders and requisitions are processed properly. Vendors must also be aware that invoices cannot be processed unless an account code is included in the mailing to the Finance Department. The City should allow time for stakeholders to adjust to the new system and some set backs should be expected. However, in the long-term, the new process will increase efficiency and enable the Finance Department to concentrate on planning and management activities.



<b>Initiative</b>	FIN05	Encourage the Use of Direct Deposit			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

Very few employees use direct deposit of paychecks into their bank accounts. While Coatesville cannot, and should not, mandate the use of this system, the City should encourage its employees to use direct deposit. This system, which should be offered by the City’s bank services provider, will reduce the administrative burden currently felt in the department.

<b>Initiative</b>	FIN06	Explore the Use of Electronic Funds Transfers Where Appropriate			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

The City uses paper check stock to make nearly all of its payments to vendors. The use of Electronic Funds Transfers is an alternative to issuing paper checks, which allows the transmittal of funds electronically. This system can produce savings for Coatesville through a reduced need for printed check stock, lower mailing costs, and reduced administrative processing. Another advantage of this form of transfer is the certainty of payment date for both the City and the recipient of the payment.

<b>Initiative</b>	FIN07	Consolidate the Number of Bank Accounts Where Appropriate			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

The Government Financial Officers Association (“GFOA”) recommends that governments consolidate into as few bank accounts as possible. Too many bank accounts may complicate cash management and may be burdensome for bank reconciliation. Consolidation may also allow the City to achieve higher interest earnings on fund balances. The City has been working with its financial software service provider to reduce the number of its active bank accounts.



<b>Initiative</b>	FIN08	Improve Supervision over Processing			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Fourth Quarter, 2008				

Simple processing errors can lead to complications in the payment of invoices and payroll and can make bank reconciliations unnecessarily burdensome. Especially considering the City’s recent decision to change its bank services provider, the Finance Director should take a more active role in supervising processing quality assurance. Because the Director’s availability is already stretched thin and more time is needed for management and strategy activities, the Department must find ways to improve processing without significantly increasing the workload of the Director. To this end, proper performance measures and reporting processes should enable management improve processing quality, without unduly weighing down management. Sample performance measures are included in Chapter 3.

<b>Initiative</b>	FIN09	Separate Responsibilities to Ensure the Integrity of Bank Reconciliations			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

Separating the cashiering, payroll, and purchasing functions from the bank reconciliation function is a basic internal control that should be strictly enforced by the Department to assure accuracy in reporting and guard against fraud. With such an understaffed Finance Department, planning and foresight are required to perform bank reconciliations when employees are absent from work. The Department should, to the best of its ability, attempt to obtain the planned vacation time of its employees to avoid periods of limited staffing for finance duties, in general, and reconciliation activities, in particular.



<b>Initiative</b>	FIN10	Review and Update the Chart of Accounts			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Fourth Quarter, 2008				

Some codes in the City’s general ledger chart of accounts do not match the Commonwealth’s uniformed chart of accounts. For the purpose of uniformity, the City should check current chart of account numbers against the Commonwealth’s and match accordingly.

<b>Initiative</b>	FIN11	Utilize Expertise of Third-Party Tax Collector			
<b>Responsible Party</b>	Finance Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Ongoing				

As previously noted, the City contracts with H.A. Berkheimer, Inc. for Real Estate and earned income tax collections. The City can make better use of this resource in the areas of financial forecasting comparison of budgeted to actual collections.

For instance, effective January 1, 2006 the City raised the earned income tax rate on residents from 1 percent to 2 percent. Though the tax rate increased 100 percent, total EIT collections increased just 29 percent, from \$1.4 million in 2005 to \$1.8 million in 2006. The Finance Department could not account for the discrepancy and conservatively budgeted \$1.7 million in EIT revenue for 2007. The City’s actual collections in 2007 were \$2.5 million, more reflective of the tax rate increase.

As the City’s tax collector explained, the reason for the initial variance is that employers of Coatesville residents who do not work in the City are not required to withhold Coatesville EIT. These residents must report their EIT liability on their tax returns the following year, which means the City does not realize these revenues until that time. If the City was aware of the cash flow implications of the tax increase for residents working outside the City, it could have budgeted and planned more appropriately.

While this example applies to a unique situation, the tax collector is a reliable resource to help explain or anticipate any odd variances or particularities with the collection process. The tax collector also provides regular reports that can help the Department reconcile balances, forecast cash positions, and measure the performance of the tax collector itself.



Summary of Recommendations

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
FIN01	Improve Financial Reporting and Monitoring	Finance Director	-	-	-	-	-	Immediately
FIN02	Review Budget Process	Finance Director	-	-	-	-	-	Fourth Quarter, 2008
FIN03	Complete Audit in a More Timely Fashion	Finance Director	-	-	-	-	-	Second Quarter, 2009
FIN04	Reevaluate Purchasing Process	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN05	Encourage Use of Direct Deposit	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN06	Explore Use of Electronic Funds Transfers	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN07	Consolidate the Number of Bank Accounts	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN08	Improve Supervision over Processing	Finance Director	-	-	-	-	-	Fourth Quarter, 2008
FIN09	Separate Responsibilities to Ensure Integrity of Bank Reconciliations	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN10	Review and Update Chart of Accounts	Finance Director	-	-	-	-	-	Fourth Quarter, 2008
FIN11	Utilize Expertise of Third-Party Tax Collector	Finance Director	-	-	-	-	-	Ongoing
<b>Total Net Budgetary Impact</b>			-	-	-	-	-	





# Chapter Eight

## Public Works Department

### Overview

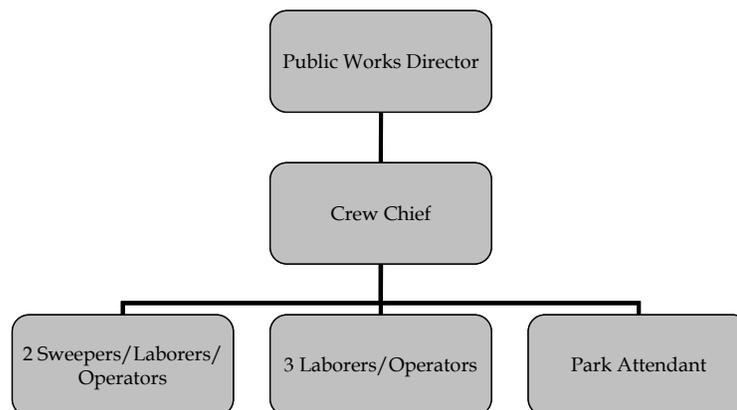
The Department of Public Works is charged with maintaining the public owned infrastructure of the City, including roads, facilities, and parks. The Department provides snow and ice removal, resurfacing, pothole repairs, and street light maintenance for 33 miles of road in Coatesville. The Department is also responsible for managing the City’s facilities, including City Hall, Public Works Facility, Community Center, and the pump houses and locker rooms at the City pools.

The Public Works Department oversees solid waste management services, which are contracted to Charles Blosenski Disposal Company. Trash and recycling is picked up once per week, bulk trash once every two weeks, and yard waste by appointment. In 2007, the contractor reported the disposal of 280 tons of mixed paper recycling and 94.4 tons of commingled recycling, which includes aluminum and bi-metal cans, clear, brown, and green glass, but not plastic. The contractor also made 144 bulk waste pickups and 480 yard waste pickups.

### Personnel and Organization

The Department consists of eight employees - the director, one crew chief, one park attendant, and five employees classified as Laborer/Operator, two of whom also perform sweeping duties. Aside from the Director, all of the employees are members of the American Federation of State, County, and Municipal Employees (“AFSCME”) labor union.

**Chart 8.1  
Organizational Chart**





Since 2003, the Department has operated consistently with one Director and Crew Chief, however, the number of Laborer/Operators has dropped from a high of six in 2004 to three in 2008. This represents an overall decline of more than 20 percent of the Department’s workforce from the 2004 level and has negatively affected the flexibility and effectiveness of the Department. The Director has responded to personnel reductions by avoiding two workers being assigned to a task that can safely be accomplished by one individual. This policy allows personnel resources to be spread across several projects at once, however, often times individuals end up assigned to tasks that do not suit their particular strengths, which may impact quality and efficiency. The overall net impact of the reduced staffing level is that the Department can complete fewer tasks than in the past. The City’s financial position precludes the Department from hiring more laborers.

**Table 8.2  
Employee Headcount by Job Function, 2003-2008**

	2003	2004	2005	2006	2007	2008
Director	1	1	1	1	1	1
Crew Chief	1	1	1	1	1	1
Laborer/Sweeper/Operator	1	2	2	2	2	2
Laborer/Operator	6	6	5	4	4	3
Park Attendant	1	1	1	1	1	1
<b>Total</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>8</b>

## Departmental Financial Results

### Summary of Financial Results

The Department’s \$598,000 in 2007 expenditures represented 6.9 percent of City-wide operating expenditures. Though the Department’s annual expenses increased 6.6 percent on average from 2003 to 2007, expenses peaked in 2005 and declined in 2006 as the City cut costs to balance the budget.

As with each of the other departments reviewed in this report, personnel expense is the Department’s most influential budget factor representing 67 percent of expenses in 2007. Though the Department employed nine workers in 2007 compared to 10 in 2003, salary expense still increased at an average annual rate of 5.9 percent.

The Director made note of deferred maintenance for capital projects and asset replacement, however, equipment and maintenance expense remained relatively stable averaging \$56,000 per year since 2003.



**Table 8.3  
Expenditure Results, 2003-2007**

	2003	2004	2005	2006	2007	Avg Annual Change
Salaries and Wages (not incl OT)	187,606	212,793	239,499	230,608	235,625	5.9%
Overtime	11,405	6,726	8,640	5,285	5,012	-18.6%
Benefits	88,976	108,160	131,505	141,377	156,397	15.1%
Pension	1,326	2,340	3,280	19,085	10,581	68.1%
Contracted Services	7,374	5,993	6,287	2,261	2,481	-23.8%
Materials/Operating Supplies	41,937	46,411	48,580	39,621	42,269	0.2%
Equipment/Maintenance	67,420	34,482	61,245	55,735	62,828	-1.7%
Utilities	13,354	10,809	7,680	6,133	7,352	-13.9%
Other Expenses	44,083	82,152	93,216	72,920	75,224	14.3%
<b>TOTAL</b>	<b>463,481</b>	<b>509,866</b>	<b>599,934</b>	<b>573,025</b>	<b>597,770</b>	<b>6.6%</b>
Year-to-year change		10.0%	17.7%	-4.5%	4.3%	

Note: 2003-2006 results reflect audited financial statements; 2007 results reflect draft audited financial statements. The 2007 pension expense is not finalized. The 2007 pension total in the table above is an estimate based on an allocation of state pension aid.



## Recommendations

<b>Initiative</b>	PW01	Evaluate Pay as You Throw Programs			
<b>Responsible Party</b>	Public Works Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	0	0	20,000	20,540	21,095
<b>Target Completion</b>	2011				

Communities with pay-as-you-throw (“PAYT”) programs (also known as unit pricing or variable-rate pricing) charge residents for the collection of municipal solid waste based on the amount they throw away, rather than a fixed fee. The variable rate pricing structure creates a direct economic incentive to recycle more and to generate less waste, which reduces the government’s solid waste expense. PAYT programs are becoming increasingly common in municipalities across the country and, according to the DCED website, five communities in Chester County currently employ such a program.

The City’s solid waste contract with Charles Blosenski Disposal Company does not expire until the end of 2010, so the immediate implementation of a PAYT program is not possible without a contract modification and the cooperation of the contractor. However, Coatesville should consider a PAYT program in the future to achieve budget savings and encourage its resident to reduce waste.

The Pennsylvania Department of Environmental Protection states that municipalities that couple a PAYT program with an effective recycling incentive program can reasonably expect to achieve a 50 percent increase in solid waste diversion. Reduction of solid waste disposal will reduce tipping fees for the City and produce budgetary savings. The City’s contractor reported 374.4 tons of combined paper and comingled recycling hauled in 2007. The City saves \$57 for each ton of solid waste not placed into the solid waste stream (source: City of Coatesville website). If the City increased recycling rates by 50 percent, Coatesville would achieve over \$21,000 in reduced costs. To remain consistent with the conservative nature of the projections in this report, \$20,000 in savings is estimated for 2011 with increases corresponding to inflation in 2012 and 2013.



<b>Initiative</b>	PW02	Implement Recycling Incentive Program			
<b>Responsible Party</b>	Public Works Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	5,000	10,000	10,270	10,547	10,832
<b>Target Completion</b>	Third Quarter, 2009				

Coatesville should implement programs that encourage its residents to recycle, thereby reducing the amount of waste they put out on the curb and lowering disposal expenses for the City. RecycleBank is a private company that offers such a program to local governments. Under the RecycleBank program, residents receive credit for the weight of materials they recycle, which is scanned and recorded through a computer chip embedded in the garbage bins when they are picked up by the sanitation crew. The residents exchange that credit for coupons at various local businesses.

RecycleBank offers two billing structures – a diversion sharing structure and fixed fee per household structure. In the diversion sharing structure, the City and RecycleBank share any savings gained through greater sales of recycling commodities from higher recycling rates and increased diversion rates over an established baseline. The only expense to the City under this structure is the cost of the carts to haul the recycled materials. With the fixed fee structure, the City is charged a \$1 per month, per household fee. According to the most recent census data in 2000, there are about 3,900 household units in Coatesville. At a \$1 per month per household fee, the program would cost the City \$46,800 in addition to the cost of recycling carts.

Under the diversion sharing structure, if the City increases recycling rates by 25 percent, Coatesville will realize approximately \$10,000 in net annual savings. Similar to the PAYT program, implementation of this initiative is complicated by the City’s existing contract with its solid waste management service provider. Ideally, the recycling incentive program would be included in the RFP for contractor services and the contractor would take that into consideration in its response. Though not preferable, some municipalities have had success in modifying contracts to include programs like RecycleBank.

RecycleBank programs have been employed by communities in nine states, including Pennsylvania, New York, New Jersey, and Delaware. More information on RecycleBank can be found at [www.recyclebank.com](http://www.recyclebank.com).



<b>Initiative</b>	PW03	Develop Energy Policy			
<b>Responsible Party</b>	Public Works Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

Though utilities expenses in the Public Works Department actually declined from their high in 2003 to 2006, the City’s overall utilities expense increased significantly. City-wide, total utilities costs increased 37 percent over that time period while electricity alone increased 56 percent. The Public Works Department should lead energy savings initiatives through facilities management and the development of an energy policy.

The Public Works Director expressed his intent to develop an energy policy for the City. The purpose of the energy policy would be to outline procedures for energy related maintenance and to investigate methods to make facilities more energy efficient. The policy should also describe ways to ensure that normal operating procedures promote effective energy conservation. Though there are no direct budgetary savings associated with the formulation of this policy, the City should realize indirect savings through publication of energy savings practices and the implementation of the energy-related initiatives described below.

<b>Initiative</b>	PW04	Join an Energy Consortium			
<b>Responsible Party</b>	Public Works Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	15,000	15,000	15,000	15,000	15,000
<b>Target Completion</b>	First Quarter, 2009				

The City should pursue membership in an energy consortium such as the Central Pennsylvania Energy Consortium (“CPEC”). The CPEC is a group of approximately 200 governmental entities such as school districts and municipalities from eight Pennsylvania counties that are exempt from fuel taxes. By banding together, they have been able to purchase bulk lots of fuel at better prices than they could secure individually.

The only condition or requirement to join the CPEC is a one-time \$100 membership fee. While the consortium cannot guarantee savings for organizations that have not yet joined, some members have achieved 5 percent to 20 percent savings on utility bills. Reductions of 10 percent of non-telephone related utilities bills would translate to approximately \$17,000 per year in annual savings. Because of the conservative nature of the estimates in this report and the potential for savings from some initiatives overlapping with others, \$15,000 in annual savings is projected.



<b>Initiative</b>	PW05	Hire an Energy Consultant to Identify Cost Saving Opportunities			
<b>Responsible Party</b>	Public Works Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	5,000	5,000	5,000	5,000	5,000
<b>Target Completion</b>	Second Quarter, 2009				

Deregulation in the electric, gas, and telecommunication industries has created billing alternatives that provide cost reduction opportunities. The City should hire a consultant to investigate billing and rate structure options that would produce budgetary savings. Consultants can help the City select the most economical billing arrangement available and identify overcharges resulting from billing errors and miscalculations.

Many consultants in this field invoice based on performance and only incur a fee if Coatesville generates savings. Billing is based on actual savings and not on projected savings, so there is no cost for the City to engage the consultant. Because of the conservative nature of the estimates in this report and the potential for savings from some energy saving initiatives overlapping with others, \$5,000 in annual savings is projected from this initiative.

<b>Initiative</b>	PW06	Develop a Risk Management Program			
<b>Responsible Party</b>	Public Works Director				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	First Quarter, 2009				

The Public Works Department currently does not have a formal Risk Management Plan in place. Risk Management Plans are intended to ensure the safety of the City’s employees and residents and protect assets from loss. While a safe working environment is already of the utmost importance for City management, a formalized plan will reinforce City priorities and provide a guide on how to implement best work practices. A properly executed Risk Management Plan can also result in long-term savings in workers compensation costs and asset replacement costs. Coatesville should consider engaging its insurance provider to discuss providing a risk assessment at no cost to the City. Risk Management planning is a major focus area in the Pennsylvania Public Works Manual, which sets the basic guidelines for Public Works management across the state.



Summary of Recommendations

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
PW01	Evaluate Pay-as-You-Throw Programs	Public Works Director	-	-	20,000	20,540	21,095	2011
PW02	Implement Recycling Incentive Program	Public Works Director	5,000	10,000	10,270	10,547	10,832	Third Quarter, 2009
PW03	Develop Energy Policy	Public Works Director	-	-	-	-	-	First Quarter, 2009
PW04	Join an Energy Consortium	Public Works Director	15,000	15,000	15,000	15,000	15,000	First Quarter, 2009
PW05	Hire an Energy Consultant to Identify Cost Savings	Public Works Director	5,000	5,000	5,000	5,000	5,000	Second Quarter, 2009
PW06	Develop a Risk Management Program	Public Works Director	-	-	-	-	-	First Quarter, 2009
<b>Total Net Budgetary Impact</b>			25,000	30,000	50,270	51,087	51,927	



# Chapter Nine

## Economic Development

### Introduction

The future of Coatesville rests in the City's ability to successfully implement a long-range strategy to stimulate community and economic development and improve the overall quality of life for its residents and businesses. The City cannot continue to provide the current level of services to its residents without increasing the capacity of the tax base and generating more revenue. In order to achieve redevelopment goals, the City must ensure that it has the ability to: 1) plan development and improvement projects; 2) build institutions that have the capacity to implement those projects; and, 3) allocate sufficient resources to fund the projects at an appropriate level. Moreover, in addition to developing its ability to conceive, execute, and finance development and improvement projects, the City must also make a concerted effort to change its public image.

### Planning

The need of the people of the City of Coatesville across a wide spectrum of social indicators is well documented. For this reason, it can be difficult for policy makers to prioritize policy initiatives and choose among many worthwhile community programs and projects. The selection and prioritization of development activities and community improvements is the first step in this process.

Once its development and improvement agenda has been prioritized, the City must then develop specific plans for implementing these projects. Across the country, successful redevelopment efforts in most distressed cities have been built upon the foundation of a solid development plan for the particular neighborhood or district targeted by the city. Coatesville too should look to create comprehensive neighborhood plans that encompass housing, parks and public space, infrastructure and commercial and economic development. In areas of the City that are predominantly residential, the commercial and economic development components will play a subordinate role; likewise, in areas that are predominantly commercial or industrial, the housing component will be less important. Comprehensive plans will include significant input from residents and the business community alike.

In late 2003, Coatesville staff and residents worked with a team of 30 individuals affiliated with the University of Miami School of Architecture's Knight Program in Community Building to plan for the City's future. In July 2004, this group produced the Coatesville Charrette Report and Urban Design Plan, which forms the



foundation of many of Coatesville's current development strategies<sup>1</sup>. The report set forth a series of strategic imperatives to put the City on the path towards revitalization. The recommendations provide administrators with a guide for the most effective use of economic development resources and planning, however the Plan has not been updated since it was first delivered in 2004.

As a part of the comprehensive planning process, many municipalities consider the acquisition of privately-held real estate through the power of eminent domain. The City has a well-documented history of exercising eminent domain to further redevelopment initiatives. The City's efforts to use this tool produced fervent backlash in the community, cost taxpayers millions of dollars in legal fees and other expenses, and did not produce the intended economic development gains. Considering Coatesville's prior experience, City administrators should use extreme caution and prudence before entering into another endeavor requiring eminent domain.

## Review of Economic Development Initiatives

The following is a list of Coatesville's economic development initiatives (as provided by the City), which includes a short description of the project and the City's economic impact projections associated with the project. The initiatives are divided into two categories: 1) projects completed or underway, and 2) projects identified by the City as high priority, but are not confirmed with certainty. A detailed list of the City's economic impact assumptions and projections is included in the Appendix.

### Projects Completed or Underway

#### **Elmwood Gardens**

Elmwood Gardens is a 60-unit family rental housing development in Coatesville, just north of the Coatesville train station. Chester County contributed just under \$1.3 million to the affordable housing project, which opened in August 2007. Since it was complete in 2007, revenues generated from this project should already be accounted for in the City's budget. No new revenues are assumed from this project.

#### **The Brandywine Center**

The Brandywine Center is a \$13.2 million, 48,000-square-foot building that houses four health-services agencies along with 24 units of affordable housing for senior citizens. Located on East Lincoln Highway, the Center opened in April 2008. The project was funded through a variety of sources including government grants, low-interest loans and the sale of tax credits and fundraising initiatives.

---

<sup>1</sup> *Coatesville Charrette Report and Urban Design Plan*, Knight Program in Community Building, University of Miami School of Architecture, July 2004



**McCool Properties**

McCool Properties, LLC owns and manages a 21 unit apartment building with first floor commercial space. McCool is in the process redeveloping the site, which includes what is known in the City as the old **Famous Restaurant** building, into 23 condominium units and 4,000 sq ft of class A retail space.

**Brandywine Ridge**

The Brandywine Ridge project is a 72 unit town home complex with Local Economic Revitalization Tax Assistance (“LERTA”). The development will consist of high-end town homes and condos and will be led by Iacobucci Homes, a Baker Company.

**Table 9.1**  
**Operating Revenue Impact Projections of Group 1 Projects**  
**Projects Completed or Underway, 2009-2013**

	2009	2010	2011	2012	2013
Real Estate Transfer Taxes	94,110	73,710	0	0	0
Real Estate Taxes	144,217	241,563	241,563	241,563	241,563
Permit Fees	98,280	98,280	0	0	0
EIT - Workforce	11,800	13,900	13,900	14,100	14,100
EIT - Residents	9,600	62,100	62,100	71,700	71,700
EIT - Construction	49,140	0	0	0	0
<b>TOTAL</b>	<b>407,147</b>	<b>489,553</b>	<b>317,563</b>	<b>327,363</b>	<b>327,363</b>

Source: City of Coatesville

Priority Projects

**Supermarket - Flats**

The City’s Redevelopment Authority has received permission to negotiate with a developer for the construction of a mid to upscale supermarket in the area of Coatesville known of the Flats. The Flats, which is owned by the Coatesville Development Authority, is a 26-acre former industrial property west of Route 82 and north of West Lincoln Highway. The potential 20,000 square foot plan could consist of the supermarket, office space, restaurants and smaller retail outlets. The City is still in the negotiation phase with developers; however, this project has been identified as a high priority.

**Other Flats Development**

Other potential Flats projects include a 112 unit townhome development, a 100,000 square foot retail and commercial center, and brand new restaurants.



### **Artist Housing Project**

The Coatesville Artist Housing Project is a four-story, 30,000 square foot mixed-use structure located on the site of two vacant lots at 129-133 East Lincoln Highway. This project will provide moderately-priced live-work housing opportunities to local artists in an attractive downtown setting. The building is located adjacent to the Coatesville Cultural Society. The structure will have one floor of retail/commercial space and 20 loft style rental units.

### **Cambria Terrace**

The Cambria Terrace project involves the building of 45 improved plots as part of a home development by the Coatesville Area HOPE VI Revitalization Program. The program, a comprehensive neighborhood revitalization effort, is designed to address the negative impact of poorly developed public housing complexes that has dominated Coatesville physically and psychologically. All the homes will target very-low- and low-income families and will be either a three- or four-bedroom unit with integral garage. The project has already recognized additional savings through donation of the property by the Housing Authority of Chester County.

### **Industrial Park**

The Industrial Park site at 6<sup>th</sup> and Merchant Street is being targeted by a yet to be determined developer for an approximately 150,000 square foot of manufacturing or warehouse new construction.

### **Convenience Store Project**

A major national convenience store has targeted Coatesville as a site to open a new drug store. The new 14,780 square foot pharmacy would be located at East Lincoln Highway and South 8<sup>th</sup> Street. The City estimates that the store could open in the spring of 2009.

### **Hotel and Restaurant Project**

A developer expects to build a 125 room hotel at the intersection of U.S. Route 30 and PA Route 82. The City tentatively estimates the project to be completed in 2009. The developer has also discussed the development of a 90,000 square foot office tower near PA Route 82 and PA Route 340 along with an Oliver Garden or TGIF type restaurant.

### **Brandywine View**

The City also hopes to collaborate with a developer on further housing developments known as the Brandywine View projects. The City has outlined very tentative plans for four additional residential projects which would average 157 units each.



**Residential and Retail Project (Tower Projects)**

A developer is considering a construction project consisting of two towers. The first tower would include 72 rental units and 13,000 square feet of retail space. The second tower would total 410,000 square feet and hold 120 residential units, 65,000 square feet of retail space, and a 185,000 square foot garage. If all phases of the project reached fruition, the total estimated construction cost would be \$42,725,000.

**Table 9.2  
Operating Revenue Impact Projections of Group 2 Projects  
Priority, but Unconfirmed Projects, 2009-2013**

	2009	2010	2011	2012	2013
Real Estate Transfer Taxes	846,623	1,276,509	791,314	341,133	345,740
Real Estate Taxes	39,620	1,118,106	1,401,975	1,924,506	2,378,071
Permit Fees	1,128,830	1,702,012	925,086	454,844	460,986
EIT - Workforce	300	214,850	247,700	260,800	261,150
EIT - Residents	60,000	193,300	302,050	444,550	654,550
EIT - Construction	564,415	143,296	263,771	113,711	115,247
<b>TOTAL</b>	<b>2,639,788</b>	<b>4,648,073</b>	<b>3,931,896</b>	<b>3,539,544</b>	<b>4,215,743</b>

Source: City of Coatesville

Likely, not all projects identified by the City will come to fruition. Moreover, there is risk that, even if the projects do move forward, the revenue impact to the operating budget will fall short of expectations. Because of the uncertainty associated with most economic development projects and to be consistent with the conservative nature of the gap closing projections in this Plan, the City’s projected budgetary impact of the economic development initiatives are discounted in the revised five-year financial forecasts. A more detailed description of the discounts is included in Chapter 11 of this Plan: Revised Forecasts with Corrective Action.



## Recommendations

<b>Initiative</b>	ED01	Update Economic Development Strategy			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Second Quarter, 2009				

As noted above, the City engaged the University of Miami School of Architecture’s Knight Program in Community Building to produce the *Coatesville Charrette Report and Urban Design Plan*. This plan, which was completed in July 2004, forms the foundation of many of Coatesville’s current development strategies.

The City should update its economic development strategy on a regular basis to reflect accomplishments and changes since the last formalized plan was published. The update should reevaluate the recommendations of the previous plan and include revised objectives that reflect the changing needs and circumstances of the City. The plan should incorporate the activities of the Redevelopment Authority and should include input from the citizenry.

<b>Initiative</b>	ED02	Align Economic Development Strategies with Grant Requests			
<b>Responsible Party</b>	City Manager				
<b>Budgetary Impact</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	-	-	-	-	-
<b>Target Completion</b>	Ongoing				

The City should consider its overall economic development strategy when applying for grants and other outside funding sources. Where appropriate, the City should demonstrate in its grant applications how identified projects align with its long-range economic development plans and support the City’s goals to expand its tax base. The City should also continue to maintain regular contact with entities responsible for awarding grant funds to ensure that the City’s applications are developed effectively and that its proposed projects meet the intended purposes of the grants to be awarded. The City should also continue to request explanations when grant requests are denied, so administrators may catalogue lessons learned and increase the likelihood of future successful applications.



Summary of Recommendations and Economic Development Initiatives

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
ED01	Update Economic Development Strategy	City Manager	-	-	-	-	-	Second Quarter, 2009
ED02	Align Economic Development Strategies with Grant Requests	City Manager	-	-	-	-	-	Ongoing
	Group 1 Projects - Discounted		305,360	391,643	269,929	294,627	310,995	2009-2013
	Group 2 Projects - Discounted		791,936	1,626,826	1,572,758	1,592,795	2,107,872	2009-2013
<b>Total Net Budgetary Impact</b>			1,097,296	2,018,468	1,842,687	1,887,422	2,418,867	





# Chapter Ten

## Baseline Forecast of Financial Results

### Overview

This chapter estimates Coatesville's ongoing operating deficits should it maintain current operating procedures with no significant growth in the tax base. The projections presented here establish the framework used to develop the recommendations, which are designed to place the City in a stronger financial position and help clear a path to structural budgetary balance, that is, help Coatesville achieve a position where growth in operating revenues meets or exceeds growth in operating expenses.

The first section of this chapter discusses the financial projections for 2008. The Plan then outlines forecast assumptions used to project the operating results for 2009 through 2013.

### 2008 Baseline

The forecast includes General Fund and Debt Service Fund revenue and expense projections. Debt service is incorporated as an operating expense because it is supported by General Fund revenues and has a direct bearing on the City's financial operating position. Table 10.1 compares 2008 and 2007 operations by major category of Coatesville's General and Debt Service Funds. The 2008 projections are based on mid-year 2008 results provided by the City, input from Coatesville's Finance Director, and analysis of the City's financial trends. These 2008 projected results are basis for the baseline used for future year projections. Adjustments made to the 2008 projections to develop the baseline include accounting for the proceeds from and repayment in 2009 of a \$2 million short-term borrowing the City will need to cover the 2008 cash flow and budget deficit. Also included are capital transfers from operations and from the Rainy Day Capital Reserve Fund. These adjustments, shown in table 10.6, are for illustrative purposes reflected in fund balance and are not necessarily consistent with how operating activity is shown in the audited financial statements.

The 2008 projection shows relatively flat revenue growth. Real Estate and Earned Income Taxes, the City's two primary revenue sources, are projected to be slightly lower than 2007 levels. Most other revenue sources are also projected below 2007 collections, notably Real Estate Transfer tax revenue of \$350,000 compared to \$544,000 the year prior and Local Service Tax revenue, which is projected to be 30 percent lower than 2007. Intergovernmental revenue is expected to lag the



previous year’s revenue while licenses and permits is expected to substantially exceed 2007 revenue.

**Table 10.1  
2008 Revenue Projection**

Category	2007	Proj 2008	Pct Chng
Real Estate Taxes	2,500,402	2,454,837	-1.8%
Earned Income Tax	2,492,081	2,525,000	1.3%
Real Estate Transfer Tax	544,110	350,000	-35.7%
Charges for Fees/Services	459,121	383,581	-16.5%
Intergovernmental Revenue	265,929	253,000	-4.9%
Fines and Forfeits	282,391	227,000	-19.6%
Licenses and Permits	173,659	272,800	57.1%
Local Services Tax	107,624	75,000	-30.3%
Interest and Rents	60,893	50,000	-17.9%
Business Privilege Tax	28,824	25,000	-13.3%
Other Revenue	9,030	4,000	-55.7%
<b>TOTAL</b>	<b>6,924,063</b>	<b>6,620,218</b>	<b>-4.4%</b>

As illustrated in Table 10.2, 2008 operating expenses are estimated to total \$8.8 million, a 2.5 percent increase over 2007. Personnel costs, forecast to increase more than 5 percent over 2007 levels, are the main factors driving the increase. The City does plan to reduce Contract Services expenses compared to the past; however, sharp increases in utilities and non-health insurance related expenses are anticipated.

**Table 10.2  
2008 Expense Projection**

Category	2007	Proj 2008	Pct Chng
Salaries and Wages	4,194,827	4,418,026	5.3%
Employee Benefits	1,556,637	1,626,452	4.5%
Contract Services	945,976	790,893	-16.4%
Other Public Works	57,034	50,000	-12.3%
Materials and Supplies	193,078	201,059	4.1%
Equipment and Maint.	198,411	184,057	-7.2%
Utilities	218,872	247,321	13.0%
Insurances	597,078	720,988	20.8%
Other Expenses	431,414	369,509	-14.3%
Debt Service	277,120	275,000	-0.8%
<b>TOTAL</b>	<b>\$8,670,448</b>	<b>\$8,883,305</b>	<b>2.5%</b>



The original 2008 budget was balanced on the strength of an anticipated \$1.3 million asset sale and \$600,000 of building permit revenue generated by economic development projects. Neither of these projections materialized and, coupled with weaker than expected overall revenue, the City faces a sharp deficit. A 2008 operating budget deficit of \$2.3 million is projected for the City. After interest earning transfers from the Reserve Trust of just over \$1.0 million and capital transfers out, the City's end-year fund balance position will be *negative* \$1.6 million.

The City has planned a \$2.0 million short-term borrowing to cover the shortfall. With the remaining balance, the City will fund approximately \$200,000 of capital expenditures. The short-term loan matures in 2009.

### Forecast Assumptions

The forecast of financial results is based on reasonable growth expectations of the City's revenues and expenses. The forecast assumes no corrective actions are taken to eliminate the City's structural deficit and does not include revenues expected from unsecured economic development initiatives. This provides an estimate of the full operating gap that must be eliminated in each future year given current conditions.

Real Estate Tax Revenue: Taxable real estate assessment values in Coatesville have increased modestly in recent years. The City's collection rates on current levies have averaged almost 88 percent since 2003. The baseline forecast assumes that assessment values will grow 0.5 percent per year and the collection rate will remain 88 percent.

Act 511 Tax Revenue: Earned Income Tax revenues represent the vast majority of Act 511 tax collections. EIT revenues have increased steadily and the baseline forecast projects inflationary increases into the future. The forecast predicts that Local Service and Business Privilege tax revenue will struggle, but recover slightly beginning in 2011. The forecast assumes 1.0, 1.5, and 2.0 percent growth in these revenues from 2011, 2012, and 2013, respectively.

Real Estate Transfer Tax: The City expects \$350,000 in 2008 Real Estate Tax transfer revenue, which would be the lowest revenue from this source in over five years. This decrease is likely related to the weak housing market. The baseline forecast assumes that these revenues will recover to \$400,000 in 2009, but will flatten through 2010. The projections assume 1.0, 1.5, and 2.0 percent growth from 2011, 2012, and 2013, respectively.

Charges for Fees and Services: The City realized \$459,000 from this revenue source in 2007, down 28 percent from 2006. The City's mid-year collections show that the year-end revenues for 2008 will likely be even lower. The baseline forecast assumes that Charges for Fees and Services will reach just over \$400,000 in 2009, but will then level off from 2010-2013 showing 0 percent growth.



Intergovernmental Revenues: In 2007 and 2008, the City has not realized as much intergovernmental revenue as in the past. From 2003-2006, this source averaged over \$400,000 while 2007 and 2008 revenues will not even reach \$300,000. The baseline forecast projects that Intergovernmental Revenues will return to approximately \$300,000 in 2009 and then flatten out through 2013.

Licenses and Permits: Licenses and Permits revenue has increased 3.7 percent on average from 2003-2007. The baseline forecast projects 3 percent annual growth.

Fines and Forfeits: This category increased 1.3 percent annually on average from 2003-2007. The baseline forecast assumes that collections will not improve and will experience no growth through 2013.

State Pension Income: The Commonwealth annually allocates certain funds to municipalities to support pension funding. In 2007, this amount for the City was approximately \$324,000. The state aid is not accounted for in the City’s audited financial statements as a General Fund revenue source; rather, it is netted out of the City’s pension expense. The City budgeted \$375,000 for this revenue source in 2008, however, state aid to all municipalities declined in 2008. The forecast assumes \$325,000 in 2008 state aid with future inflationary increases.

Key assumptions are highlighted below.

**Table 10.3  
Key Revenue Growth Rate Assumptions, 2009-2013**

	2009	2010	2011	2012	2013
Real Estate Taxes	0.5% annual assessment value incr, 88% collection rate				
Earned Income Tax	CPI	CPI	CPI	CPI	CPI
Local Services Tax	0.0%	0.0%	1.0%	1.5%	2.0%
Business Privilege Tax	0.0%	0.0%	1.0%	1.5%	2.0%
Real Estate Transfer Tax	0.0%	0.0%	1.0%	1.5%	2.0%
Licenses and Permits	3.0%	3.0%	3.0%	3.0%	3.0%
Fines	0.0%	0.0%	0.0%	0.0%	0.0%
Charges for Fees/Services	0.0%	0.0%	0.0%	0.0%	0.0%
Intergovernmental Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Earnings	0.0%	0.0%	0.0%	0.0%	0.0%
Other Revenue	0.0%	0.0%	0.0%	0.0%	0.0%

Salary and Wages: Salary and wage projections are consistent with the terms of existing collective bargaining contracts. In the years not covered by the contracts, projections are assumed to equal average salary increases in recent years. For instance, the contract with the Fraternal Order of Police states that the members are to receive 4 percent increases through the remainder of the contract. The baseline projection assumes 4 percent increases for the police even in the years after the existing contract expires.



For employees not covered by collective bargaining contracts, 4 percent salary increases are projected.

Health Insurance: From 2003 through 2007, Coatesville’s expenditures for health insurance rose from \$596,000 to \$922,000, a 55 percent increase in just four years. Health insurance costs grew 11.5 percent on average from 2003-2007, but 7.5 percent from 2004-2007. Our baseline forecast assumes 10 percent annual growth.

Pension: Commonwealth law requires all municipalities, including Coatesville, to make annual contributions to the pension funds based on a calculation of Minimum Municipal Obligation. The baseline forecast assumes that pension contribution increases will equal the average salary rate increases of the employees.

Other Benefits: Most other employee benefits are assumed to grow equal to the rate of inflation. Benefits such as FICA are assumed to match employee wage increases.

Contract Services and Equipment and Maintenance: The projections assume that the level of Contract Services and Equipment and Maintenance used by the City remains constant and that these costs increase at the rate of inflation.

Materials and Supplies: The City has been successful in controlling its Materials and Supplies costs in recent years with average annual growth of 2.3 percent from 2003-2007. Most Materials and Supplies costs are assumed to grow at the rate of inflation, however, vehicle fuel is assumed to increase 7.5 percent per year.

Utilities: Though the City’s utilities expenses have only increased 2.3 percent per year since 2003, other municipalities have experienced higher growth rates. The baseline forecast projects 5 percent growth into the future.

Other Expenses: These costs are projected to increase at the rate of inflation.

Debt Service: Debt service obligations are fixed, which is reflected in the forecasts.

**Table 10.4  
Key Expense Growth Rate Assumptions, 2009-2013**

	2009	2010	2011	2012	2013
<b>Salaries and Wages</b>					
Police	4.0%	4.0%	4.0%	4.0%	4.0%
Fire	Consistent with CBA			4.0%	4.0%
AFSCME	4.5%	4.5%	4.5%	4.5%	4.5%
Other	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Employee Benefits</b>					
Health Insurance	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Materials and Supplies</b>					
Fuel	7.5%	7.5%	7.5%	7.5%	7.5%
Other Mat & Sup	CPI	CPI	CPI	CPI	CPI
Equipment and Maintenance	CPI	CPI	CPI	CPI	CPI
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%
Debt Service	Fixed	Fixed	Fixed	Fixed	Fixed



## Baseline Operating Forecast

The forecast of operating financial results through 2013 appear in Table 10.5. This table forecasts the major categories of revenues and expenses.

**Table 10.5**  
**Baseline Forecast of Operating Results**

	2008	2009	2010	2011	2012	2013
Real Estate Taxes	2,454,837	2,466,086	2,477,392	2,488,754	2,500,172	2,511,648
Earned Income Tax	2,525,000	2,590,650	2,658,007	2,727,115	2,798,020	2,870,769
Local Services Tax	75,000	75,000	75,000	75,750	76,886	78,424
Business Privilege Tax	25,000	25,000	25,000	25,250	25,629	26,141
Real Estate Transfer Tax	350,000	400,000	400,000	404,000	410,060	418,261
Licenses and Permits	272,800	220,755	227,378	234,199	241,225	248,462
Fines	227,000	227,000	227,000	227,000	227,000	227,000
Charges for Fees/Services	383,581	402,760	402,760	402,760	402,760	402,760
Intergovernmental Revenue	253,000	303,000	303,000	303,000	303,000	303,000
Interest Earnings	50,000	50,000	50,000	50,000	50,000	50,000
Other Revenue	4,000	4,000	4,000	4,000	4,000	4,000
<b>TOTAL</b>	<b>6,620,218</b>	<b>6,764,252</b>	<b>6,849,537</b>	<b>6,941,828</b>	<b>7,038,753</b>	<b>7,140,465</b>
Year to year change		2.2%	1.3%	1.3%	1.4%	1.4%
Salaries and Wages	4,418,026	4,605,801	4,801,708	5,013,884	5,218,810	5,432,129
Employee Benefits	1,626,452	1,746,541	1,877,792	2,021,050	2,176,017	2,344,782
Contracted Services	790,893	811,456	832,554	854,200	876,410	899,196
Other Public Works	50,000	51,300	52,634	54,002	55,406	56,847
Materials and Supplies	201,059	211,589	222,791	234,712	247,402	260,916
Equipment and Maint.	184,057	188,842	193,752	198,790	203,958	209,261
Utilities	247,321	259,687	272,671	286,305	300,620	315,651
Insurances	720,988	739,734	758,967	778,700	798,946	819,719
Other Expenses	369,509	379,116	388,973	399,087	409,463	420,109
Debt Service	275,000	275,000	275,000	275,000	275,000	275,000
<b>TOTAL</b>	<b>8,883,305</b>	<b>9,269,067</b>	<b>9,676,842</b>	<b>10,115,730</b>	<b>10,562,031</b>	<b>11,033,610</b>
Year to year change		4.3%	4.4%	4.5%	4.4%	4.5%
<b>SURPLUS (DEFICIT)</b>	<b>(2,263,087)</b>	<b>(2,504,815)</b>	<b>(2,827,305)</b>	<b>(3,173,902)</b>	<b>(3,523,279)</b>	<b>(3,893,144)</b>

The forecast shows an operating loss of almost \$2.3 million in 2008 and, with expense growth exceeding that of revenues, a worsening position through 2013. Without corrective action the deficit is projected to grow to \$3.9 million by 2013. The operating results do not include interest income from the Reserve Trust.

Table 10.6 shows the resulting fund balance changes from 2008 through 2013. The transfers include the proceeds from and repayment of the short-term borrowing the City will need to cover the budget deficit. Also included are capital transfers from operations and from the Rainy Day Capital Reserve Fund. The year-end fund balances also reflect transfers from the Reserve Trust Fund generated by interest earnings.



In 2009, the City will either have to repay or refinance the \$7.0 million line of credit withdrawn through the Redevelopment Authority, which would further weaken fund balances if some or this entire obligation is covered by operating revenue. The baseline forecasts assume that land from the Redevelopment Authority is sold to repay the line of credit. If the proceeds generated from the sale of RDA assets are insufficient or do not materialize, the City should negotiate to extend the maturity of the obligation. Finally, projected results do not include corrective actions or revenues associated with economic development activities.

With net transfers of just over \$1.0 million from interest earnings from the Reserve Trust, and including the proceeds of \$2.0 million note, the 2008 forecast shows a \$651,000 positive change in the fund balance, resulting in an overall year-end fund balance of \$543,000. However, the five-year outlook is dire. The City’s operating deficits will compound leaving extremely weak fund balance positions - by 2013, the year-end fund balance is projected to reach *negative* \$13.3 million.

**Table 10.6  
Fund Balance Projection, 2009-2013**

	2008	2009	2010	2011	2012	2013
Total Revenues	6,620,218	6,764,252	6,849,537	6,941,828	7,038,753	7,140,465
Total Expenditures	8,883,305	9,269,067	9,676,842	10,115,730	10,562,031	11,033,610
Operating Surplus (Deficit)	(2,263,087)	(2,504,815)	(2,827,305)	(3,173,902)	(3,523,279)	(3,893,144)
<b>Transfers In</b>						
Rainy Day Fund Balance	420,183					
Reserve Trust Interest Earnings	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Short-term Borrowing	2,000,000					
<b>Transfers Out</b>						
Repayment of ST Borrowing		(2,070,000)				
Capital Transfer from Rainy Day	(420,183)					
Capital Transfer from Operations	(105,817)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Net Other Financing Sources	2,914,183	(1,250,000)	820,000	820,000	820,000	820,000
<b>Net Change in Fund Balance</b>	<b>651,096</b>	<b>(3,754,815)</b>	<b>(2,007,305)</b>	<b>(2,353,902)</b>	<b>(2,703,279)</b>	<b>(3,073,144)</b>
Beginning Fund Balance	(107,839)	543,257	(3,211,558)	(5,218,863)	(7,572,766)	(10,276,044)
<b>Ending Fund Balance</b>	<b>543,257</b>	<b>(3,211,558)</b>	<b>(5,218,863)</b>	<b>(7,572,766)</b>	<b>(10,276,044)</b>	<b>(13,349,188)</b>

## Conclusion

The forecasts show a deteriorating financial position on both cash and accrual bases. “One-shot” financings are not a sustainable solution to the City’s structural budget problem. In the short-term, the City will need to strictly manage its payables to meet its cash needs. In the long-term, Coatesville must tightly control the expenditures placing the most pressure on the budget and address development initiatives that would expand the economic base and reverse the existing structural imbalance.





# Chapter Eleven

## Revised Forecasts with Corrective Action

### Overview

The City of Coatesville faces severe financial challenges, which, if not properly addressed, will threaten its capacity to deliver even the most basic services to its residents. The City's operating budget is in serious structural imbalance – that is, the growth in expenses far exceeds that of revenues. The imbalance is reflected in future financial projections that reveal growing operating deficits.

As described in the previous chapters, the City's operations experienced deficits every year except one from 1998 to 2007. Over this period, the gap between revenues and expenditures was covered largely through nonrecurring actions, such as asset sales and principal transfers from the City's Reserve Trust Fund, which masked the growing structural imbalance of core operations. The City's increased reliance on one-time actions served as temporary fixes to structural budget deficits and did not support capital infrastructure and economic development projects.

Financial forecasts reveal an extremely challenging situation for the City. Without corrective action – assuming budget trends remain constant and no new revenues are generated – revenues will increase at an estimated average annual rate of 1.5 percent while expenses will grow 4.4 percent on average. The baseline operating deficit will reach almost \$3.9 million by 2013, with a 2013 year-end fund balance of negative \$13.3 million.

This Plan develops a program to eliminate these projected deficits through a combination of reductions in expenditures, improvements in productivity, and increases in revenue. Below is a summary of the findings and recommendations of the management audits of the Codes, Finance, Fire, Police, and Public Works departments as well as general administrative recommendations. The budgetary impact, responsible party, and target completion date are included for each recommendation.

This chapter includes two separate five-year financial projection scenarios based on the impact of economic development efforts. The purpose of showing two forecasts is to provide managers with a picture of what to expect if economic development projects do not materialize as expected.



**Scenario 1**

Scenario 1 takes into account the budgetary implications of the cost reduction recommendations in this report and the revenue impact of the Plan’s recommendations and economic development projects completed or underway (Group 1 projects). However, the projections have discounted the budgetary impact of the Group 1 projects to reflect the risk that the revenue impact from these projects falls short of expectations. Group 1 projects are discounted by 25 percent of the City’s projections in 2009, 20 percent in 2010; 15 percent in 2011; 10 percent in 2012; and 5 percent in 2013. The table below shows the revenue implications on the budget given these discounted assumptions.

**Table 11.1  
Group 1 Projects – Discounted Budgetary Impact**

<b>Group 1 Projects</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
City's Projections	407,147	489,553	317,563	327,363	327,363
Discount	25%	20%	15%	10%	5%
<b>Discounted Projection</b>	<b>305,360</b>	<b>391,643</b>	<b>269,929</b>	<b>294,627</b>	<b>310,995</b>

The first scenario assumes 0 percent budgetary impact from the City’s unsecured (Group 2) economic development initiatives.

**Scenario 2**

Scenario 2 includes the budgetary impact of the recommendations in this plan and from Group 1 projects (on the same discounted basis as Scenario 1), while also assuming a gradually increasing portion of expected revenues from the Group 2 initiatives. The City’s projections of budgetary impact associated with Group 2 projects are discounted by 70 percent in 2009. The 2010 projections are discounted by 65 percent; 2011 by 60 percent; 2012 by 55 percent; and 2013 by 50 percent. The table below shows the revenue implications on the budget given the Group 2 project discount assumptions.

**Table 11.2  
Group 2 Projects – Discounted Budgetary Impact**

<b>Group 2 Projects</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
City's Projections	2,639,788	4,648,073	3,931,896	3,539,544	4,215,743
Discount	70%	65%	60%	55%	50%
<b>Discounted Projection</b>	<b>791,936</b>	<b>1,626,826</b>	<b>1,730,034</b>	<b>1,592,795</b>	<b>2,107,872</b>



### Capital Transfers

Both scenarios assume that the City will spend approximately \$526,000 for capital expenditures in 2008. Those expenditures should be funded through a combination of funds from the Rainy Day Capital Reserve Fund and general operations. At the end of 2007, the Rainy Day Capital Reserve held a balance of roughly \$420,000. After using remaining Rainy Day Capital Reserve Funds for the planned capital spending, the City would require just over \$100,000 from general operations to fund the remaining balance.

The revised projections assume \$200,000 in annual transfers for capital spending through 2017, when the City's debt obligation mature and annual debt service drops to zero. These transfers would be funded from the Rainy Day Capital Reserve Fund. The Rainy Day Capital Reserve would receive \$1.7 million through a principal transfer from the Reserve Trust, which, along with interest earnings, would fund the annual capital expenditures of \$200,000 through 2017. This transfer would not entail the use of Reserve Trust funds for new operating spending. The Reserve Trust would maintain a balance of \$20 million, which should be sufficient to generate \$1.0 million in annual interest earnings for the City's operations. The \$20 million Reserve Trust balance would represent a firm floor that should not be breached for new spending.

Both scenarios include the budgetary impact of the recommendations included in this report. Below is a summary of the recommendations followed by the revised projections.



Summary of Recommendations and Gap Closing Measures

Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
ADM01	Establish Savings Targets to Be Achieved Through Collective Bargaining	City Manager and Finance Director	-	50,000	150,000	250,000	300,000	First Quarter, 2009
ADM02	Recover Health Insurance Reimbursement Per Collective Bargaining Agreements	City Manager and Finance Director	-	-	-	-	-	First Quarter, 2009
ADM03	Hire a Third-Party for Delinquent Real Estate Tax Collections	City Manager and Finance Director	45,694	97,468	123,807	150,408	151,060	First Quarter, 2009
ADM04	Regularly Adjust Fees to Recover Cost of Services	City Manager and Finance Director	10,357	18,298	26,445	34,804	43,380	Annual
ADM05	Pursue Payment-In-Lieu-Of-Tax Payments (PILOT) Agreements with Major Tax Exempt Institutions and Agencies	City Manager	10,000	10,000	10,000	10,000	10,000	Second Quarter, 2009
ADM06	Reduce Non-uniformed Full-time Equivalents by Two	City Manager	89,190	92,052	95,016	98,085	101,264	First Quarter, 2009
ADM07	Reevaluate Public Relations Responsibilities	City Manager	-	-	-	-	-	Fourth Quarter, 2008
ADM08	Consider a Parking Lot Tax as Part of the City's Parking Strategy	City Manager	-	-	-	-	-	2011
ADM09	Implement Formal Capital Improvement Plan	City Manager	-	-	-	-	-	Third Quarter, 2009
ADM10	Implement a Performance Measurement Program	City Manager	-	-	-	-	-	Third Quarter, 2009
PD01	Evaluate Patrol Staffing	Police Chief	219,749	229,036	238,718	248,814	259,341	Ongoing



Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
PD02	Conduct a Cost Analysis for Health Insurance Cost Alternatives Available in the Existing Collective Bargaining Agreement	City Manager	-	-	-	-	-	Fourth Quarter, 2008
PD03	Hire a Parking Meter Officer	City Manager	20,000	20,000	20,000	20,000	20,000	Fourth Quarter, 2008
PD04	Implement a Boot Program	Police Chief	(1,050)	-	-	-	-	First Quarter, 2009
PD05	Pursue Intergovernmental Cooperation Agreements for Animal Control	City Manager	-	-	-	-	-	Fourth Quarter, 2008
PD06	Reduce Overtime through Coordinating Court Time and Planning Training	Police Chief	5,000	5,200	5,408	5,624	5,849	Fourth Quarter, 2008
PD07	Increase Reimbursement Rate for Special Events	Police Chief/City Manager	2,786	2,897	3,013	3,134	3,259	Fourth Quarter, 2008
PD08	Pursue Accreditation through the Pennsylvania Chiefs of Police Association	Police Chief	(100)	-	-	-	-	2010
PD09	Identify Appropriate Use of Drug Seizure Funds to Support Operations	Police Chief	4,429	4,562	4,699	4,840	4,985	Ongoing
PD10	Transition Applicable Activities to Human Resources to Reduce Administrative Burden	Police Chief/City Manager	-	-	-	-	-	First Quarter, 2009
PD11	Investigate Use of GIS for Crime Mapping through Chester County	Police Chief	-	-	-	-	-	2010



Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
FD01	Implement Measures to Reduce Part-time Firefighter Cancellations on Weekends	Fire Chief	25,000	25,750	26,523	27,318	28,138	Fourth Quarter, 2008
FD02	Consider Recruiting Volunteers to Increase Part-time Staff	Fire Chief	-	-	-	-	-	First Quarter, 2009
FD03	Initiate a Volunteer Firefighter Recruitment and Retention Program	Fire Chief	-	-	-	-	-	First Quarter, 2009
FD04	Comply with PENNFIRS Reporting Requirements	Fire Chief	-	-	-	-	-	Immediately
FD05	Increase Fee Collection Efforts	Fire Chief	5,000	5,000	5,000	5,000	5,000	First Quarter, 2009
FD06	Institute False Fire Alarm Fee	Fire Chief	2,500	2,500	2,500	2,500	2,500	First Quarter, 2009
FD07	Maintain Amicable Relations Between Career and Volunteer Staff	Fire Chief	-	-	-	-	-	Ongoing
CD01	Reevaluate Fee Structure - Building Permits	Codes Director	-	-	-	-	-	Fourth Quarter, 2008
CD02	Reevaluate Fee Structure - Apartment Licenses	Codes Director	18,900	18,900	18,900	18,900	18,900	First Quarter, 2009
CD03	Evaluate Third-Party Inspections	Codes Director	-	-	-	-	-	First Quarter, 2009
CD04	Achieve Certification Requirements	Codes Director	-	-	-	-	-	Second Quarter, 2009
CD05	Initiate Interdepartmental Collaboration	Codes Director	-	-	-	-	-	Fourth Quarter, 2008
CD06	Interdepartmental Action Template	Codes Director	-	-	-	-	-	First Quarter, 2009



Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
CD07	Performance Measurement Tracking	Codes Director	-	-	-	-	-	Second Quarter, 2009
CD08	Evaluate Use and Occupancy Inspection Efforts	Codes Director	-	-	-	-	-	Second Quarter, 2009
CD09	Investigate GIS Sharing Opportunities	Codes Director	-	-	-	-	-	2010
CD10	Implement Instant Ticket	Codes Director	3,000	6,000	6,000	6,000	6,000	Fourth Quarter, 2009
FIN01	Improve Financial Reporting and Monitoring	Finance Director	-	-	-	-	-	Immediately
FIN02	Review Budget Process	Finance Director	-	-	-	-	-	Fourth Quarter, 2008
FIN03	Complete Audit in a More Timely Fashion	Finance Director	-	-	-	-	-	Second Quarter, 2009
FIN04	Reevaluate Purchasing Process	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN05	Encourage Use of Direct Deposit	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN06	Explore Use of Electronic Funds Transfers	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN07	Consolidate the Number of Bank Accounts	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN08	Improve Supervision over Processing	Finance Director	-	-	-	-	-	Fourth Quarter, 2008
FIN09	Separate Responsibilities to Ensure Integrity of Bank Reconciliations	Finance Director	-	-	-	-	-	First Quarter, 2009
FIN10	Review and Update Chart of Accounts	Finance Director	-	-	-	-	-	Fourth Quarter, 2008



Initiative	Responsible Party	Budgetary Impact					Target Completion	
		2009	2010	2011	2012	2013		
FIN11	Utilize Expertise of Third-Party Tax Collector	Finance Director	-	-	-	-	-	Ongoing
PW01	Evaluate Pay-as-You-Throw Programs	Public Works Director	-	-	20,000	20,540	21,095	2011
PW02	Implement Recycling Incentive Program	Public Works Director	5,000	10,000	10,270	10,547	10,832	Third Quarter, 2009
PW03	Develop Energy Policy	Public Works Director	-	-	-	-	-	First Quarter, 2009
PW04	Join an Energy Consortium	Public Works Director	15,000	15,000	15,000	15,000	15,000	First Quarter, 2009
PW05	Hire an Energy Consultant to Identify Cost Savings	Public Works Director	5,000	5,000	5,000	5,000	5,000	Second Quarter, 2009
PW06	Develop a Risk Management Program	Public Works Director	-	-	-	-	-	First Quarter, 2009
ED01	Update Economic Development Strategy	City Manager	-	-	-	-	-	Second Quarter, 2009
ED02	Align Economic Development Strategies with Grant Requests	Grants Coordinator	-	-	-	-	-	Ongoing
	Group 1 Initiatives Economic Impact (Discounted)		305,360	391,643	269,929	294,627	310,995	
	Group 2 Initiatives Economic Impact (Discounted)		791,936	1,626,826	1,730,034	1,592,795	2,107,872	
<b>Total Net Budgetary Impact Scenario 1</b>			<b>793,115</b>	<b>1,009,305</b>	<b>1,056,228</b>	<b>1,231,141</b>	<b>1,372,599</b>	
<b>Total Net Budgetary Impact Scenario 2</b>			<b>1,585,052</b>	<b>2,636,131</b>	<b>2,786,262</b>	<b>2,823,936</b>	<b>3,480,470</b>	

\* Budgetary impact of initiatives reflects net budgetary impact after costs (if any) of implementation.



## Revised Financial Forecasts

### Scenario 1

The results show that, unless a substantial portion of currently unconfirmed economic development projects come to fruition, the City will continue to experience deficits which will damage its efforts to provide essential services to the citizenry. Shortfalls will persist through 2013, even after interest transfers from the Reserve Trust, leaving the City with a projected negative fund balance of \$6.6 million.

**Table 11.3**  
**Scenario 1 - Revised Operating Projection, 2008-2013**

	2008	2009	2010	2011	2012	2013
Revenues	6,620,218	6,764,252	6,849,537	6,941,828	7,038,753	7,140,465
Adjustments						
Economic Development Revenue						
Group 1		305,360	391,643	269,929	294,627	310,995
Group 2		0	0	0	0	0
Other Revenue Enhancements		122,666	185,624	220,364	255,585	265,084
Total Adjusted Revenues	6,620,218	7,192,278	7,426,804	7,432,121	7,588,965	7,716,544
Year to year change		8.6%	3.3%	0.1%	2.1%	1.7%
Expenses	8,883,305	9,269,067	9,676,842	10,115,730	10,562,031	11,033,610
Adjustments						
Cost Reducing Initiatives		(364,989)	(432,038)	(565,935)	(680,929)	(796,520)
Total Adjusted Expenses	8,883,305	8,904,078	9,244,804	9,549,795	9,881,103	10,237,090
Year to year change		0.2%	3.8%	3.3%	3.5%	3.6%
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>(2,263,087)</b>	<b>(1,711,800)</b>	<b>(1,818,000)</b>	<b>(2,117,674)</b>	<b>(2,292,138)</b>	<b>(2,520,546)</b>
Transfers In						
Rainy Day Fd Balance	420,183					
Rainy Day Fd Prin Transfer from Reserve Fd		1,700,000				
Reserve Fund Interest Earnings	1,020,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Short-term Borrowing	2,000,000					
Transfers Out						
Repayment of S-T Borrowing		(2,070,000)				
Capital Transfers from Rainy Day	(420,183)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Capital Transfers from Operations	(105,817)					
Total Transfers	2,914,183	430,000	800,000	800,000	800,000	800,000
<b>Change in Fund Balance</b>	<b>651,096</b>	<b>(1,281,800)</b>	<b>(1,018,000)</b>	<b>(1,317,674)</b>	<b>(1,492,138)</b>	<b>(1,720,546)</b>
Beginning Fund Balance	(107,839)	543,257	(738,543)	(1,756,543)	(3,074,217)	(4,566,355)
<b>End Year Fund Balance</b>	<b>543,257</b>	<b>(738,543)</b>	<b>(1,756,543)</b>	<b>(3,074,217)</b>	<b>(4,566,355)</b>	<b>(6,286,901)</b>



**Scenario 2**

If the City is successful in securing economic development engagements that are not yet confirmed, the structural imbalance can be reversed and Coatesville can achieve financial stability. After interest transfers from the Reserve Trust, the City will show operating surpluses and positive fund balances. However, this forecast is based on a number of key assumptions, none larger than the realization of revenues from unsecured economic development projects.

**Table 11.4  
Scenario 2 - Revised Operating Projection, 2008-2013**

	2008	2009	2010	2011	2012	2013
Revenues	6,620,218	6,764,252	6,849,537	6,941,828	7,038,753	7,140,465
Adjustments						
Economic Development Revenue						
Group 1		305,360	391,643	269,929	294,627	310,995
Group 2		791,936	1,626,826	1,730,034	1,592,795	2,107,872
Other Revenue Enhancements		122,666	185,624	220,364	255,585	265,084
Total Adjusted Revenues	6,620,218	7,984,214	9,053,629	9,162,155	9,181,760	9,824,416
Year to year change		20.6%	13.4%	1.2%	0.2%	7.0%
Expenses	8,883,305	9,269,067	9,676,842	10,115,730	10,562,031	11,033,610
Adjustments						
Cost Reducing Initiatives						
		(364,989)	(432,038)	(565,935)	(680,929)	(796,520)
Total Adjusted Expenses	8,883,305	8,904,078	9,244,804	9,549,795	9,881,103	10,237,090
Year to year change		0.2%	3.8%	3.3%	3.5%	3.6%
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>(2,263,087)</b>	<b>(919,864)</b>	<b>(191,175)</b>	<b>(387,640)</b>	<b>(699,343)</b>	<b>(412,674)</b>
Transfers In						
Rainy Day Fd Balance	420,183					
Rainy Day Fd Prin Transfer from Reserve Fd		1,700,000				
Reserve Fund Interest Earnings	1,020,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Short-term Borrowing	2,000,000					
Transfers Out						
Repayment of S-T Borrowing		(2,070,000)				
Capital Transfers from Rainy Day	(420,183)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Capital Transfers from Operations	(105,817)					
Total Transfers	2,914,183	430,000	800,000	800,000	800,000	800,000
<b>Change in Fund Balance</b>	<b>651,096</b>	<b>(489,864)</b>	<b>608,825</b>	<b>412,360</b>	<b>100,657</b>	<b>387,326</b>
Beginning Fund Balance	(107,839)	543,257	53,394	662,219	1,074,579	1,175,236
<b>End Year Fund Balance</b>	<b>543,257</b>	<b>53,394</b>	<b>662,219</b>	<b>1,074,579</b>	<b>1,175,236</b>	<b>1,562,562</b>

\* For illustrative purposes, transfers from other funds and borrowing activity are shown as part of fund balance. This financial activity is not shown this way in the audited financial statements.



## Financial Benchmarks

Both Scenario 1 and Scenario 2 illustrate the seriousness of the City's financial situation. Without growth in the tax base and the generation of new revenues from economic development activity, the City will be fighting an uphill battle against the ever increasing cost of government. Though Scenario 2 shows a path to budgetary structural balance and financial stability, the scenario is based on the assumption that a series of unsecure economic development projects are realized. The alternative to achieving structural budgetary balance through tax base expansion is cutting services and/or increasing taxes. Both of these tactics could frustrate economic development initiatives and stunt growth in Coatesville and would only be temporary measures at best. Since economic development is essential to future revenue income for the City's operations, this plan proposes strategy that is initially dependent on significant successes in tax base expansion and new investment in Coatesville.

Because of the risks associated with these assumptions, it is critical that the City monitor its finances closely and set milestones for its economic development and financial goals. The City must establish milestones that focus on three main points: 1) the successful completion of the development projects; 2) the timing of the projects; and 3) the revenues generated as a result of the projects. Since the operating budget depends on revenue generated from these projects, the City must be prepared to act in the case that milestones are not reached or are not reached on schedule.

To support this effort, the City must improve its financial reporting processes, as detailed in the Finance Department chapter of this report. In particular, the Finance Department must improve its cash flow forecasting so that the City Manager can be forewarned and remedy unexpected shortfalls. Improved cash flow reporting will help the City recognize trends in its key revenue and expense drivers, which will help managers determine if economic development efforts are producing their anticipated results.

If the City is not able to expand the tax base and budgetary benchmarks are not reached, more drastic action will be required. While this report already includes some reductions in staffing levels, the City will have to consider eliminating additional positions and reexamine spending on every line item of the budget. As noted in Chapter 3, the City currently has a low resident-to-fulltime-employee ratio compared to other Pennsylvania third-class cities. Even if non-uniformed positions are reduced by two and patrol officer positions are reduced by three, as recommended in the Plan, Coatesville will still have relatively high municipal employment compared to its peers.

Finally, if finances continue to worsen without the support of new revenues, the City should consider, as a last resort, the Commonwealth's Distressed Municipality Program. The program, commonly known as Act 47, was developed to aid distressed municipalities restore their financial integrity while leaving principal



responsibility of financial affairs to its locally elected officials. The program allows distressed municipalities to receive special grants, loans, and other emergency funding to assist with financial hardships and to petition for special tax increases. The Act also calls for a financial recovery plan that will eliminate deficits and avoid a fiscal emergency in the future.

**Milestones**

The following tables show revenue milestones associated with revenue enhancement, costs reductions, and planned economic development that the City must reach to meet its budget needs. The tables include the revenues projected in the Scenario 2 forecast and the major economic development initiatives due for completion. The City should pay special attention to milestones in the immediate future and to Group 2 initiatives, as these projects are unconfirmed and vulnerable to delays or complete cancellations. Moreover, most of the projects in the City’s pipeline are due for completion in 2009. Since the City is at risk for a cash shortage in the near-term, the building permit and real estate transfer tax revenues associated with these completed projects are critical if Coatesville is to balance its budget.

**2009 Milestones**

	Budgetary Impact	Projects Scheduled for Completion
Recommendations		
Revenue Enhancement	122,666	
Cost Reduction	364,989	
Group 1 Development	305,360	Brandywine Ridge
Group 2 Development	791,936	Hotel and Tower Project
		Flats Development - Townhomes
		Flats Development - Commercial
		Flats Development - Restaurants
		Artist Colony Tower
		Tower Project - Phase 1
		Cambria Terrace
		Industrial Park
		Convenience Store
<b>TOTAL</b>	<b>1,584,951</b>	



**2010 Milestones**

	<b>Budgetary Impact</b>	<b>Projects Scheduled for Completion</b>
Recommendations		
Revenue Enhancement	185,624	
Cost Reduction	432,038	
Group 1 Development	391,643	
Group 2 Development	1,626,826	Restaurant near PA Rt 82 and PA Rt 340
		Brandywine View Phase 2
		Supermarket
<b>TOTAL</b>	<b>2,636,131</b>	

**2011 Milestones**

	<b>Budgetary Impact</b>	<b>Projects Scheduled for Completion</b>
Recommendations		
Revenue Enhancement	220,364	
Cost Reduction	565,935	
Group 1 Development	269,929	
Group 2 Development	1,730,034	Brandywine View Phase 3
		Tower Project - Phase 2
<b>TOTAL</b>	<b>2,786,262</b>	

**2012 Milestones**

	<b>Budgetary Impact</b>	<b>Projects Scheduled for Completion</b>
Recommendations		
Revenue Enhancement	255,585	
Cost Reduction	680,929	
Group 1 Development	294,627	
Group 2 Development	1,592,795	Brandywine View Phase 4
<b>TOTAL</b>	<b>2,823,936</b>	



**2013 Milestones**

	<b>Budgetary Impact</b>	<b>Projects Scheduled for Completion</b>
Recommendations		
Revenue Enhancement	265,084	
Cost Reduction	796,520	
Group 1 Development	310,995	
Group 2 Development	2,107,872	Brandywine View Phase 5
<b>TOTAL</b>	<b>3,480,471</b>	

**Conclusion**

Coatesville faces daunting financial challenges in the immediate future. If the City is to reverse the trend of budget deficits and achieve fiscal stability, it must expand its economic base, enhance productivity, and strictly control spending. Emerging from financial distress requires long-term dedication that will likely involve difficult and unpopular decisions. Coatesville’s financial problems did not arise overnight and its recovery will not occur overnight, either.

Despite the obstacles in its path, Coatesville possesses the resources to reach its financial goals. As with other communities struggling to achieve budgetary stability, a structured implementation program with monitoring of and support for the City will be necessary. Achieving sustainable budget surpluses after years of operating deficits necessitates a substantial and disciplined commitment. Applying that commitment to the plan recommendations will set Coatesville on the road toward achieving its financial goals.

**Appendix A**  
**Baseline Projection Assumptions**

<b>Revenues</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>TAX REVENUE</b>					
REAL ESTATE TAXES CURR YR	0.05% annual valuation increase, 88% collection rate				
PAYMENT IN LIEU OF TAXES	0.0%	0.0%	0.0%	0.0%	0.0%
REAL ESTATE TAX PRIOR YR	0.0%	0.0%	0.0%	0.0%	0.0%
REAL ESTATE TAX INTERIM	0.0%	0.0%	0.0%	0.0%	0.0%
REAL ESTATE TRANSFER TAX	0.0%	0.0%	1.0%	1.5%	2.0%
EARNED INCOME TAX	CPI	CPI	CPI	CPI	CPI
EARNED INCOME TAX - PRIOR YR	CPI	CPI	CPI	CPI	CPI
OCCUPATIONAL PRIVILEGE TAX	0.0%	0.0%	1.0%	1.5%	2.0%
BUSINESS PRIVILEGE TAXES	0.0%	0.0%	1.0%	1.5%	2.0%
<b>LICENSES AND PERMITS</b>					
CONTRACTOR REGISTRATION	3.0%	3.0%	3.0%	3.0%	3.0%
TRANSIENT RETAILERS	3.0%	3.0%	3.0%	3.0%	3.0%
CABLE TELEVISION FRANCHISE	3.0%	3.0%	3.0%	3.0%	3.0%
STREET ENCROACHMENT	3.0%	3.0%	3.0%	3.0%	3.0%
<b>FINES, FORFEITS, &amp; COSTS</b>					
VEHICLE CODE VIOLATIONS	0.0%	0.0%	0.0%	0.0%	0.0%
VIOLATIONS OF ORDINANCE	0.0%	0.0%	0.0%	0.0%	0.0%
ANIMAL RELATED FINES	0.0%	0.0%	0.0%	0.0%	0.0%
<b>INTEREST &amp; RENTS</b>					
INTEREST EARNINGS	0.0%	0.0%	0.0%	0.0%	0.0%
RENT OF BUILDINGS	0.0%	0.0%	0.0%	0.0%	0.0%
<b>INTERGOVERNMENTAL REVENUE</b>					
PA COUNCIL ON THE ARTS	0.0%	0.0%	0.0%	0.0%	0.0%
WEED & SEED - CREATE	0.0%	0.0%	0.0%	0.0%	0.0%
STATE WEED & SEED - SPECIAL PROGRAMS	0.0%	0.0%	0.0%	0.0%	0.0%
WEED & SEED - OUT OF SCHOOL	0.0%	0.0%	0.0%	0.0%	0.0%
COMMUNITY POLICING	0.0%	0.0%	0.0%	0.0%	0.0%
GRANTS RECEIVED LE	0.0%	0.0%	0.0%	0.0%	0.0%
PUBLIC UTILITY REALTY TAX	0.0%	0.0%	0.0%	0.0%	0.0%
ALCOHOLIC BEVERAGES	0.0%	0.0%	0.0%	0.0%	0.0%
FOREIGN FIRE INSURANCE PREMIUM TAX	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CHARGES FOR FEES &amp; SERVICES</b>					
ADMINISTRATION SERVICES	5.0%	0.0%	0.0%	0.0%	0.0%
FIRE REPORT & RESTITUTION	5.0%	0.0%	0.0%	0.0%	0.0%
BUILDING PERMITS	5.0%	0.0%	0.0%	0.0%	0.0%
ELECTRICAL PERMITS	5.0%	0.0%	0.0%	0.0%	0.0%
PLUMBING PERMITS	5.0%	0.0%	0.0%	0.0%	0.0%
USE & OCCUPANCY PERMITS	5.0%	0.0%	0.0%	0.0%	0.0%
APARTMENT LICENSES	5.0%	0.0%	0.0%	0.0%	0.0%
OTHER PERMITS	5.0%	0.0%	0.0%	0.0%	0.0%

**Appendix A**  
**Baseline Projection Assumptions**

<b>Revenues</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
ZONING SUBDIV & LAND DEVELOPMENT	5.0%	0.0%	0.0%	0.0%	0.0%
SALE OF BAGS MAPS	5.0%	0.0%	0.0%	0.0%	0.0%
SPECIAL POLICE SERVICES	5.0%	0.0%	0.0%	0.0%	0.0%
TRAFFIC GUARD REIMBURSEMENT	5.0%	0.0%	0.0%	0.0%	0.0%
DRUG TASK FORCE REVENUE	5.0%	0.0%	0.0%	0.0%	0.0%
SPECIAL FIRE PROTECT	5.0%	0.0%	0.0%	0.0%	0.0%
MECHANICAL PERMITS	5.0%	0.0%	0.0%	0.0%	0.0%
PARKING METERS	5.0%	0.0%	0.0%	0.0%	0.0%
SWIMMING POOL FEES	5.0%	0.0%	0.0%	0.0%	0.0%
CAMP FEES	5.0%	0.0%	0.0%	0.0%	0.0%
COMMUNITY CENTER FEE	5.0%	0.0%	0.0%	0.0%	0.0%
RECREATION FEES	5.0%	0.0%	0.0%	0.0%	0.0%
CCA WATER REVENUE	5.0%	0.0%	0.0%	0.0%	0.0%
<b>OTHER</b>					
CONTR/DONAT - RECREATION	0.0%	0.0%	0.0%	0.0%	0.0%
CONTR/DONAT - CONCERTS	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

**Appendix A**  
**Baseline Projection Assumptions**

**GENERAL FUND AND DEBT SERVICE FUND**

<b>Expenditures</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Salaries</b>					
SALARIES - CITY MANAGER	4.0%	4.0%	4.0%	4.0%	4.0%
SALARIES - COUNCIL PERSON	4.0%	4.0%	4.0%	4.0%	4.0%
SALARIES - DEPT HEAD	4.0%	4.0%	4.0%	4.0%	4.0%
SALARIES - PROF STAFF	4.0%	4.0%	4.0%	4.0%	4.0%
LONGEVITY	4.0%	4.0%	4.0%	4.0%	4.0%
WAGES - HOURLY EMPL	4.0%	4.0%	4.0%	4.0%	4.0%
Police	4.0%	4.0%	4.0%	4.0%	4.0%
Fire	6.2%	6.2%	8.3%	4.0%	4.0%
Other Prof Staff	4.5%	4.5%	4.5%	4.5%	4.5%
COURT TIME	4.0%	4.0%	4.0%	4.0%	4.0%
OVERTIME	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Health Insurance</b>					
HEALTH INSURANCE	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Other Benefits</b>					
CLOTHING & UNIFORMS	CPI	CPI	CPI	CPI	CPI
FICA	4.0%	4.3%	4.5%	4.1%	4.1%
EMPLR CONTR TO BENEFITS	CPI	CPI	CPI	CPI	CPI
UNEMPLOYMENT COMP INS	4.0%	4.3%	4.5%	4.1%	4.1%
LIFE INSURANCE	CPI	CPI	CPI	CPI	CPI
ST DISABILITY INSURANCE	CPI	CPI	CPI	CPI	CPI
DENTAL INSURANCE	CPI	CPI	CPI	CPI	CPI
LT DISABILITY INSURANCE	CPI	CPI	CPI	CPI	CPI
<b>Pension Contributions</b>					
PENSION/RETIREMENT PAY	4.0%	4.0%	4.0%	4.0%	4.0%
Pension Contribution (police)	4.0%	4.0%	4.0%	4.0%	4.0%
RETIREMENT ALLOCATION	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Contract Services</b>					
ACCOUNTING/AUDITING SERV	CPI	CPI	CPI	CPI	CPI
CONTRACTED SERVICES	CPI	CPI	CPI	CPI	CPI
CONTRACTUAL SERV COMPUTER	CPI	CPI	CPI	CPI	CPI
ENGINEERING/ARCHITECTURAL	CPI	CPI	CPI	CPI	CPI
LABOR LITIGATION	CPI	CPI	CPI	CPI	CPI
LABOR NEGOTIATIONS	CPI	CPI	CPI	CPI	CPI
MEDICAL/DENTAL SERVICES	CPI	CPI	CPI	CPI	CPI
SPECIAL LEGAL SERVICES	CPI	CPI	CPI	CPI	CPI
PROFESSIONAL SERVICES	CPI	CPI	CPI	CPI	CPI
<b>Other Public Works (Transit)</b>	CPI	CPI	CPI	CPI	CPI
<b>Materials and Supplies</b>					
MEDICINES	CPI	CPI	CPI	CPI	CPI
VEHICLE FUEL - DIESEL	7.5%	7.5%	7.5%	7.5%	7.5%

**Appendix A**  
**Baseline Projection Assumptions**

**GENERAL FUND AND DEBT SERVICE FUND**

<b>Expenditures</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
VEHICLE FUEL - GASOLINE	7.5%	7.5%	7.5%	7.5%	7.5%
SMALL ITEMS OF EQUIPMENT	CPI	CPI	CPI	CPI	CPI
AGRICULTURAL SPPLY/CHEM	CPI	CPI	CPI	CPI	CPI
FORMS	CPI	CPI	CPI	CPI	CPI
PROTECT TO PERS & PROP	CPI	CPI	CPI	CPI	CPI
GENERAL GOV'T SUPPLIES	CPI	CPI	CPI	CPI	CPI
HEATING FUEL	CPI	CPI	CPI	CPI	CPI
FOOD FOR HUMANS	CPI	CPI	CPI	CPI	CPI
OFFICE SUPPLIES	CPI	CPI	CPI	CPI	CPI
OPERATING SUPPLIES	CPI	CPI	CPI	CPI	CPI
POSTAGE	CPI	CPI	CPI	CPI	CPI
PUB WRKS-HIGHWAY SUPPLIES	CPI	CPI	CPI	CPI	CPI
<b>Equipment and Maintenance</b>					
SMALL TOOLS/MINOR EQUIP	CPI	CPI	CPI	CPI	CPI
BUILDINGS	CPI	CPI	CPI	CPI	CPI
CONTR MAINT & REPAIR VEH	CPI	CPI	CPI	CPI	CPI
IMPROV OTHER THAN BLDG	CPI	CPI	CPI	CPI	CPI
IMPROV OTHER THAN BLDGS	CPI	CPI	CPI	CPI	CPI
MACHINERY & EQUIPMENT	CPI	CPI	CPI	CPI	CPI
RADIO EQUIPMENT MAINTEN	CPI	CPI	CPI	CPI	CPI
REPAIRS & MAINT SERVICES	CPI	CPI	CPI	CPI	CPI
VEHICLE PARTS	CPI	CPI	CPI	CPI	CPI
Total Equipment and Maintenance					
<b>Utilities</b>					
GAS	5.0%	5.0%	5.0%	5.0%	5.0%
TELEPHONE	5.0%	5.0%	5.0%	5.0%	5.0%
TELEPHONE CHARGES	5.0%	5.0%	5.0%	5.0%	5.0%
TELEPHONE MONTHLY CHARGES	5.0%	5.0%	5.0%	5.0%	5.0%
WATER	5.0%	5.0%	5.0%	5.0%	5.0%
ELECTRICITY	5.0%	5.0%	5.0%	5.0%	5.0%
MTGS/CONF (EDUCATION)	CPI	CPI	CPI	CPI	CPI
PROMOTIONAL PROGRAMS	CPI	CPI	CPI	CPI	CPI
<b>Insurance</b>					
LIABILITY (CASUALTY)	CPI	CPI	CPI	CPI	CPI
PROPERTY INSURANCE	CPI	CPI	CPI	CPI	CPI
SURETY & FIDELITY	CPI	CPI	CPI	CPI	CPI
WORKERS COMPENSATION	CPI	CPI	CPI	CPI	CPI
<b>Other Expenses</b>					
TO INDIVIDUALS	CPI	CPI	CPI	CPI	CPI
TO INSTITUTIONS	CPI	CPI	CPI	CPI	CPI
TO NONGOVERNMENTAL ORG	CPI	CPI	CPI	CPI	CPI
TRAVEL EXPENSE	CPI	CPI	CPI	CPI	CPI

**Appendix A**  
**Baseline Projection Assumptions**

**GENERAL FUND AND DEBT SERVICE FUND**

<b>Expenditures</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
ADVERTISING	CPI	CPI	CPI	CPI	CPI
ANIMAL CONTROL	CPI	CPI	CPI	CPI	CPI
COURT COST /INVESTIGATION	CPI	CPI	CPI	CPI	CPI
BANK CHARGES	CPI	CPI	CPI	CPI	CPI
DUES SUBSCRIPTIONS & MEMB	CPI	CPI	CPI	CPI	CPI
ESCROW EXPENSE	CPI	CPI	CPI	CPI	CPI
TAXES	CPI	CPI	CPI	CPI	CPI
JUDGEMENTS & DAMAGES	CPI	CPI	CPI	CPI	CPI
Miscellaneous	CPI	CPI	CPI	CPI	CPI
PRINTING	CPI	CPI	CPI	CPI	CPI
RDA EXPENSES	CPI	CPI	CPI	CPI	CPI
RENT OF BUILDINGS	CPI	CPI	CPI	CPI	CPI

## Appendix B

Private Economic Development Projections (source: City of Coatesville)

### Project Description

#### Private Developments

Private Developments	Descriptions
Brandywine Center	four story mixed use new construction w 24 units senior housing opening April 2008 744 E Lincoln Hwy
Hotel Project	125 room hotel at US 30 and PA 82
Office Tower	90,000 SF office tower PA 82 and 340
Restaurant	Olive Garden Red Lobster TGIF type restaurant
Brandywine Ridge	72 unit town home complex with LERTA; first phase of 700+ residential development
Brandywine View 2	average 157 units
Brandywine View 3	average 157 units
Brandywine View 4	average 157 units
Brandywine View 5	average 157 units
Supermarket	Part of Flats Development; approx. 20,000SF; 45 FTEs
Flats Town homes	112 unit Iacobucci built townhomes
Flats Commercial	100,000SF of retail/commercial featuring
Flats Restaurants	40,00SF of Unique Dining Experiences from Philadelphia Metro area
Artist Colony Tower	20 units of loft style rental units with street level commercial space and parking
Tower 1	72 units rentals 61,469sf; retail space 13000sf; tot bldg 97000sf; \$11,890,000sf tot construction cost
Tower 2	120 units residential 160,000sf
Tower2 Retail	65,000sf retail
Tower2 Garage	185,000sf garage
McCool Properties	23 units renovated rental unitsl
Famous Restaurant	4,000 sf retail
Cambria Terrace	45 improved plots; probably requiring further subdivision for profitability
Industrial Park	approx 150,000SF of manufacturing/warehouse new construction at 6th & Merchant
Elmwood Gardens	60-unit family rental housing redevelopment; Chester County contributed \$1.3M to the housing project.
Convenience Store	14,780sf pharmacy @ E Lincoln Hwy and S. 8th Street

Appendix B  
Private Economic Development Projections (source: City of Coatesville)

Coatesville Construction Data

	Sq Ft	Res Units	FTE	Const. Cost	Cost/SF	Cost/unit	Completion
Brandywine Center	48,515	24	97.03	\$ 13,200,000	\$ 272		2008
Hotel Project	70,000	125	140	\$ 19,800,000	\$ 283	\$ 158,400	2009
Office Tower	80,000	0	160	\$ 20,000,000	\$ 250		2009
Restaurant	10,000	0	20	\$ 2,000,000	\$ 200		2010
Brandywine Ridge	93,600	72	187.2	\$ 9,828,000	\$ 105	\$ 136,500	2009
Brandywine View 2	204,100	157	408.2	\$ 21,859,110	\$ 107	\$ 139,230	2010
Brandywine View 3	202,800	156	405.6	\$ 22,154,278	\$ 109	\$ 142,015	2011
Brandywine View 4	204,100	157	408.2	\$ 22,742,218	\$ 111	\$ 144,855	2012
Brandywine View 5	202,800	156	405.6	\$ 23,049,310	\$ 114	\$ 147,752	2013
Supermarket	40,000	0	80	\$ 4,800,000	\$ 120		2010
Flats Town homes	145,600	112	291.2	\$ 15,288,000	\$ 105	\$ 136,500	2009
Flats Commercial	120,000	0	240	\$ 10,800,000	\$ 90		2009
Flats Restaurants	30,000	0	60	\$ 4,500,000	\$ 150		2009
Artist Colony Tower	50,000	24	100	\$ 8,000,000	\$ 160		2009
Tower 1	97,000	72	194	\$ 12,125,000	\$ 125		2009
Tower 2	160,000	120	320	\$ 20,400,000	\$ 128		2011
Tower2 Retail	65,000	0	130	\$ 6,500,000	\$ 100		2011
Tower2 Garage	185,000	0	370	\$ 3,700,000	\$ 20	\$ 20,000	2011
McCool Properties	16,000	20	32	\$ 1,040,000	\$ 65	\$ 52,000	2008
Famous Restaurant	4,000	0	8	\$ 320,000	\$ 80		2008
Cambria Terrace	117,000	90	234	\$ 12,870,000	\$ 110	\$ 143,000	2009
Industrial Park	100,000	0	200	\$ 5,500,000	\$ 55		2009
Elmwood Gardens	70,000	60	140	\$ 8,000,000	\$ 114	\$ 133,333	2007
Convenience Store	14,780	0	29.56	\$ 4,000,000	\$ 271		2009
Total	2,330,295	1,345	4660.59	\$ 272,475,916			
City Priority Projects	457,000	114	914	46,470,000			

Appendix B

Private Economic Development Projections (source: City of Coatesville)

**Real Estate Transfer Taxes**

	Const. Cost	Cost/SF	Cost/unit	Year	Transfer tax rate	2009	2010	2011	2012	2013	Total
Brandywine Center	\$ 13,200,000	\$ 272		2008	1.50%	\$ 0					0
Hotel Project	\$ 19,800,000	\$ 125	\$ 158,400	2009	1.50%	\$148,500	148,500				297,000
Office Tower	\$ 20,000,000	\$ 222		2009	1.50%	\$150,000	150,000				300,000
Restaurant	\$ 2,000,000	\$ 200		2010	1.50%		30,000				30,000
Brandywine Ridge	\$ 9,828,000	\$ 100	\$ 136,500	2009	1.50%	\$73,710	73,710				147,420
Brandywine View 2	\$ 21,859,110	\$ 103	\$ 139,230	2010	1.50%		327,887				327,887
Brandywine View 3	\$ 22,154,278	\$ 106	\$ 141,110	2011	1.50%			332,314			332,314
Brandywine View 4	\$ 22,742,218	\$ 109	\$ 144,855	2012	1.50%				341,133		341,133
Brandywine View 5	\$ 23,049,310	\$ 113	\$ 146,811	2013	1.50%					345,740	345,740
Supermarket	\$ 4,800,000	\$ 100		2010	1.50%		72,000				72,000
Flats Town homes	\$ 15,288,000	\$ 100	\$ 136,500	2009	1.50%	\$114,660	114,660				229,320
Flats Commercial	\$ 10,800,000	\$ 125		2009	1.50%	\$81,000	81,000				162,000
Flats Restaurants	\$ 4,500,000	\$ 125		2009	1.50%	\$33,750	33,750				67,500
Artist Colony Tower	\$ 8,000,000	\$ 125	\$ 333,333	2009	1.50%	\$60,000	60,000				120,000
Tower 1	\$ 12,125,000	\$ 125		2009	1.50%	\$90,938	90,938				181,875
Tower 2	\$ 20,400,000	\$ 125		2011	1.50%			306,000			306,000
Tower2 Retail	\$ 6,500,000	\$ 125		2011	1.50%			97,500			97,500
Tower2 Garage	\$ 3,700,000	\$ 20		2011	1.50%			55,500			55,500
McCool Properties	\$ 1,040,000	\$ 50	\$ 45,217	2008	1.50%	\$ 15,600					15,600
Famous Restaurant	\$ 320,000	\$ 50		2008	1.50%	\$ 4,800					4,800
Cambria Terrace	\$ 12,870,000	\$ 125	\$ 153,214	2009	1.50%	96,525	96,525				193,050
Industrial Park	\$ 5,500,000	\$ 50		2009	1.50%	41,250	41,250				82,500
Elmwood Gardens	\$ 8,000,000	\$ 0	\$ 133,333	2007	1.50%						0
Convenience Store	\$ 4,000,000	\$ 271	\$ 3,472	2009	1.50%	30,000	30,000				60,000
<b>Total</b>	<b>\$ 272,475,916</b>					<b>\$ 940,733</b>	<b>\$ 1,350,219</b>	<b>\$ 791,314</b>	<b>\$ 341,133</b>	<b>\$ 345,740</b>	<b>3,769,139</b>

Appendix B

Private Economic Development Projections (source: City of Coatesville)

**Real Estate Taxes**

	Sq Ft	Res Units	Const. Cost	Cost/SF	Cost/unit	Year	CC Tax	2009	2010	2011	2012	2013	Total
							Rate						
Brandywine Center	48,515	24	\$ 13,200,000	\$ 272		2008	0.009905	\$ 130,746	130,746	130,746	130,746	130,746	653,730
Hotel Project	158,400	125	\$ 19,800,000	\$ 125	\$ 158,400	2009	0.009905		196,119	196,119	196,119	196,119	784,476
Office Tower	90,000		\$ 20,000,000	\$ 222		2009	0.009905		198,100	198,100	198,100	198,100	792,400
Restaurant	10,000		\$ 2,000,000	\$ 200		2010	0.009905			19,810	19,810	19,810	59,430
Brandywine Ridge	93,600	72	\$ 9,828,000	\$ 100	\$ 136,500	2009	0.009905		97,346	97,346	97,346	97,346	389,385
Brandywine View 2	204,100	157	\$ 21,859,110	\$ 103	\$ 139,230	2010	0.009905			216,514	216,514	216,514	649,543
Brandywine View 3	204,100	157	\$ 22,154,278	\$ 106	\$ 141,110	2011	0.009905				219,438	219,438	438,876
Brandywine View 4	204,100	157	\$ 22,742,218	\$ 109	\$ 144,855	2012	0.009905					225,262	225,262
Brandywine View 5	204,100	157	\$ 23,049,310	\$ 113	\$ 146,811	2013	0.009905					228,303	228,303
Supermarket	40,000		\$ 4,800,000	\$ 100		2010	0.009905			47,544	47,544	47,544	142,632
Flats Town homes	145,600	112	\$ 15,288,000	\$ 100	\$ 136,500	2009	0.009905		151,428	151,428	151,428	151,428	605,711
Flats Commercial	120,000		\$ 10,800,000	\$ 125		2009	0.009905		106,974	106,974	106,974	106,974	427,896
Flats Restaurants	30,000		\$ 4,500,000	\$ 125		2009	0.009905		44,573	44,573	44,573	44,573	178,290
Artist Colony Tower	25,000	24	\$ 8,000,000	\$ 125	\$ 333,333	2009	0.009905		79,240	79,240	79,240	79,240	316,960
Tower 1	97,000		\$ 12,125,000	\$ 125		2009	0.009905		120,098	120,098	120,098	120,098	480,393
Tower 2	225,000		\$ 20,400,000	\$ 125		2011	0.009905				202,062	202,062	404,124
Tower2 Retail			\$ 6,500,000			2011	0.009905				64,383	64,383	128,765
Tower2 Garage	185,000		\$ 3,700,000	\$ 20		2011	0.009905				36,649	36,649	73,297
McCool Properties	16,000	23	\$ 1,040,000	\$ 50	\$ 45,217	2008	0.009905	\$ 10,301	10,301	10,301	10,301	10,301	51,506
Famous Restaurant	4,000		\$ 320,000	\$ 50		2008	0.009905	\$ 3,170	3,170	3,170	3,170	3,170	15,848
Cambria Terrace		84	\$ 12,870,000	\$ 125	\$ 153,214	2009	0.009905		127,477	127,477	127,477	127,477	509,909
Industrial Park	100,000		\$ 5,500,000	\$ 50		2009	0.009905		54,478	54,478	54,478	54,478	217,910
Elmwood Gardens		60	\$ 8,000,000	\$ 133,333	\$ 133,333	2007	0.009905	\$ 79,240	79,240	79,240	79,240	79,240	396,200
Convenience Store			\$ 4,000,000			2009	0.009905	\$ 39,620	39,620	39,620	39,620	39,620	198,100
<b>Total</b>		<b>1152</b>	<b>\$ 272,475,916</b>					<b>\$ 263,077</b>	<b>\$ 1,438,909</b>	<b>\$ 1,722,778</b>	<b>\$ 2,245,309</b>	<b>\$ 2,698,874</b>	<b>8,368,947</b>

Appendix B  
Private Economic Development Projections (source: City of Coatesville)

**Permit Fees**

Building Permit Revenue	Const. Cost	Cost/SF	Cost/unit	Year	Est Permit	2009	2010	2011	2012	2013	Total
					Fees						
Brandywine Center	\$ 13,200,000	\$ 272		2008	2.00%						0
Hotel Project	\$ 19,800,000	\$ 125	\$ 158,400	2009	2.00%	198,000	198,000				396,000
Office Tower	\$ 20,000,000	\$ 222		2009	2.00%	200,000	200,000				400,000
Restaurant	\$ 2,000,000	\$ 200		2010	2.00%		40,000				40,000
Brandywine Ridge	\$ 9,828,000	\$ 100	\$ 136,500	2009	2.00%	98,280	98,280				196,560
Brandywine View 2	\$ 21,859,110	\$ 103	\$ 139,230	2010	2.00%		437,182				437,182
Brandywine View 3	\$ 22,154,278	\$ 106	\$ 141,110	2011	2.00%			443,086			443,086
Brandywine View 4	\$ 22,742,218	\$ 109	\$ 144,855	2012	2.00%				454,844		454,844
Brandywine View 5	\$ 23,049,310	\$ 113	\$ 146,811	2013	2.00%					460,986	460,986
Supermarket	\$ 4,800,000	\$ 100		2010	2.00%		96,000				96,000
Flats Town homes	\$ 15,288,000	\$ 100	\$ 136,500	2009	2.00%	152,880	152,880				305,760
Flats Commercial	\$ 10,800,000	\$ 125		2009	2.00%	108,000	108,000				216,000
Flats Restaurants	\$ 4,500,000	\$ 125		2009	2.00%	45,000	45,000				90,000
Artist Colony Tower	\$ 8,000,000	\$ 125	\$ 333,333	2009	2.00%	80,000	80,000				160,000
Tower 1	\$ 12,125,000	\$ 125		2009	2.00%	121,250	121,250				242,500
Tower 2	\$ 20,400,000	\$ 125		2011	2.00%			408,000			408,000
Tower2 Retail											0
Tower2 Garage	\$ 3,700,000	\$ 20		2011	2.00%			74,000			74,000
McCool Properties	\$ 1,040,000	\$ 50	\$ 45,217	2008	2.00%						0
Famous Restaurant	\$ 320,000	\$ 50		2008	2.00%						0
Cambria Terrace	\$ 12,870,000	\$ 125	\$ 153,214	2009	2.00%	128,700	128,700				257,400
Industrial Park	\$ 5,500,000	\$ 50		2009	2.00%	55,000	55,000				110,000
Elmwood Gardens	\$ 8,000,000	\$ 133,333	\$ 133,333	2007	2.00%						0
Convenience Store	\$ 4,000,000			2009	2.00%	40,000	40,000				80,000
<b>Total</b>	<b>\$ 265,975,916</b>					<b>1,227,110</b>	<b>1,800,292</b>	<b>925,086</b>	<b>454,844</b>	<b>460,986</b>	<b>4,788,318</b>

Appendix B  
Private Economic Development Projections (source: City of Coatesville)

**Earned Income Tax Estimate -- Workforce**

	Avg Annual										
	FTE	Wage	increment	tax rate	Finish	2009	2010	2011	2012	2013	Total
Brandywine Center	22	\$ 40,000	\$ 880,000	1.00%	2008	\$ 8,800	8,800	8,800	8,800	8,800	44,000
Hotel Project	60	\$ 20,000	\$ 1,200,000	1.00%	2009		12,000	12,000	12,000	12,000	48,000
Office Tower	100	\$ 50,000	\$ 5,000,000	1.00%	2009		50,000	50,000	50,000	50,000	200,000
Restaurant	30	\$ 25,000	\$ 750,000	1.00%	2010			7,500	7,500	7,500	22,500
Brandywine Ridge	6	\$ 35,000	\$ 210,000	1.00%	2009		2,100	2,100	2,100	2,100	8,400
Brandywine View 2	1	\$ 35,000	\$ 35,000	1.00%	2010			350	350	350	1,050
Brandywine View 3	1	\$ 35,000	\$ 35,000	1.00%	2011				350	350	700
Brandywine View 4	1	\$ 35,000	\$ 35,000	1.00%	2012					350	350
Brandywine View 5	1	\$ 35,000	\$ 35,000	1.00%	2013						
Supermarket	100	\$ 25,000	\$ 2,500,000	1.00%	2010			25,000	25,000	25,000	75,000
Flats Town homes	5	\$ 35,000	\$ 175,000	1.00%	2009		1,750	1,750	1,750	1,750	7,000
Flats Commercial	100	\$ 50,000	\$ 5,000,000	1.00%	2009		50,000	50,000	50,000	50,000	200,000
Flats Restaurants	120	\$ 42,000	\$ 5,040,000	1.00%	2009		50,400	50,400	50,400	50,400	201,600
Artist Colony Tower	10	\$ 30,000	\$ 300,000	1.00%	2009		3,000	3,000	3,000	3,000	12,000
Tower 1	30	\$ 25,000	\$ 750,000	1.00%	2009		7,500	7,500	7,500	7,500	30,000
Tower 2	50	\$ 25,000	\$ 1,250,000	1.00%	2011				12,500	12,500	25,000
Tower2 Retail											
Tower2 Garage	1	\$ 25,000	\$ 25,000	1.00%	2011				250	250	500
McCool Properties	1	\$ 20,000	\$ 20,000	1.00%	2008				200	200	400
Famous Restaurant	15	\$ 20,000	\$ 300,000	1.00%	2008	\$ 3,000	3,000	3,000	3,000	3,000	15,000
Cambria Terrace	1	\$ 30,000	\$ 30,000	1.00%	2009	\$ 300	300	300	300	300	1,500
Industrial Park	125	\$ 30,000	\$ 3,750,000	1.00%	2009		37,500	37,500	37,500	37,500	150,000
Elmwood Gardens	4	\$ 30,000	\$ 120,000	1.00%	2007	1,200	1,200	1,200	1,200	1,200	6,000
Convenience Store	12	\$ 20,000	\$ 240,000	1.00%	2009		2,400	2,400	2,400	2,400	9,600
<b>Total</b>	<b>796</b>		<b>\$ 27,440,000</b>			<b>\$ 13,300</b>	<b>229,950</b>	<b>262,800</b>	<b>276,100</b>	<b>276,450</b>	<b>1,058,600</b>

Appendix B

Private Economic Development Projections (source: City of Coatesville)

**Earned Income Tax Estimate – Construction**

	Avg Annual		increment	tax rate	Finish	2009	2010	2011	2012	2013	Total
	FTE	Wage									
Brandywine Center	97.03	\$ 40,000	\$ 6,600,000	1.00%	2008						0
Hotel Project	140	\$ 40,000	\$ 9,900,000	1.00%	2009	99,000					99,000
Office Tower	160	\$ 40,000	\$ 10,000,000	1.00%	2009	100,000					100,000
Restaurant	20	\$ 40,000	\$ 1,000,000	1.00%	2010		10,000				10,000
Brandywine Ridge	187.2	\$ 40,000	\$ 4,914,000	1.00%	2009	49,140					49,140
Brandywine View 2	408.2	\$ 40,000	\$ 10,929,555	1.00%	2010		109,296				109,296
Brandywine View 3	405.6	\$ 40,000	\$ 11,077,139	1.00%	2011			110,771			110,771
Brandywine View 4	408.2	\$ 40,000	\$ 11,371,109	1.00%	2012				113,711		113,711
Brandywine View 5	405.6	\$ 40,000	\$ 11,524,655	1.00%	2013					115,247	115,247
Supermarket	80	\$ 40,000	\$ 2,400,000	1.00%	2010		24,000				24,000
Flats Town homes	291.2	\$ 40,000	\$ 7,644,000	1.00%	2009	76,440					76,440
Flats Commercial	240	\$ 40,000	\$ 5,400,000	1.00%	2009	54,000					54,000
Flats Restaurants	60	\$ 40,000	\$ 2,250,000	1.00%	2009	22,500					22,500
Artist Colony Tower	100	\$ 40,000	\$ 4,000,000	1.00%	2009	40,000					40,000
Tower 1	194	\$ 40,000	\$ 6,062,500	1.00%	2009	60,625					60,625
Tower 2	320	\$ 40,000	\$ 10,200,000	1.00%	2011			102,000			102,000
Tower2 Retail	130	\$ 40,000	\$ 3,250,000	1.00%	2011			32,500			32,500
Tower2 Garage	370	\$ 40,000	\$ 1,850,000	1.00%	2011			18,500			18,500
McCool Properties	32	\$ 40,000	\$ 520,000	1.00%	2008						0
Famous Restaurant	8	\$ 40,000	\$ 160,000	1.00%	2008						0
Cambria Terrace	234	\$ 40,000	\$ 6,435,000	1.00%	2009	64,350					64,350
Industrial Park	200	\$ 40,000	\$ 2,750,000	1.00%	2009	27,500					27,500
Elmwood Gardens	140	\$ 40,000	\$ 4,000,000	1.00%	2007						0
Convenience Store	29.56	\$ 40,000	\$ 2,000,000	1.00%	2008	20,000					20,000
<b>Total</b>			<b>\$ 134,237,958</b>			<b>\$ 613,555</b>	<b>\$ 143,296</b>	<b>\$ 263,771</b>	<b>\$ 113,711</b>	<b>\$ 115,247</b>	<b>1,249,580</b>

Appendix B  
Private Economic Development Projections (source: City of Coatesville)

**Earned Income Tax Estimate --Residents**

	incred capita	annual avg wage	increment	est. tax rate	Finish	2009	2010	2011	2012	2013	Total
Brandywine Center	24	\$ 40,000	\$ 960,000	1.00%	2008	\$ 9,600	9,600	9,600	9,600	9,600	48,000
Hotel Project	15	\$ 20,000	\$ 300,000	1.00%	2009		3,000	3,000	3,000	3,000	12,000
Office Tower	25	\$ 50,000	\$ 1,250,000	1.00%	2009		12,500	12,500	12,500	12,500	50,000
Restaurant	15	\$ 25,000	\$ 375,000	1.00%	2010			3,750	3,750	3,750	11,250
Brandywine Ridge	150	\$ 35,000	\$ 5,250,000	1.00%	2009		52,500	52,500	52,500	52,500	210,000
Brandywine View 2	300	\$ 35,000	\$ 10,500,000	1.00%	2010			105,000	105,000	105,000	315,000
Brandywine View 3	300	\$ 35,000	\$ 10,500,000	1.00%	2011				105,000	105,000	210,000
Brandywine View 4	300	\$ 35,000	\$ 10,500,000	1.00%	2012					105,000	105,000
Brandywine View 5	300	\$ 35,000	\$ 10,500,000	1.00%	2013					105,000	105,000
Supermarket	0	\$ 25,000	\$ 0	1.00%	2010			0	0	0	0
Flats Town homes	224	\$ 35,000	\$ 7,840,000	1.00%	2009		78,400	78,400	78,400	78,400	313,600
Flats Commercial	0	\$ 50,000	\$ 0	1.00%	2009		0	0	0	0	0
Flats Restaurants	0	\$ 42,000	\$ 0	1.00%	2009		0	0	0	0	0
Artist Colony Tower	48	\$ 30,000	\$ 1,440,000	1.00%	2009		14,400	14,400	14,400	14,400	57,600
Tower 1	100	\$ 25,000	\$ 2,500,000	1.00%	2009		25,000	25,000	25,000	25,000	100,000
Tower 2	150	\$ 25,000	\$ 3,750,000	1.00%	2011				37,500	37,500	75,000
Tower2 Retail											
Tower2 Garage	0	\$ 25,000	\$ 0	1.00%	2011				0	0	0
McCool Properties	48	\$ 20,000	\$ 960,000	1.00%	2008				9,600	9,600	19,200
Famous Restaurant	0	\$ 20,000	\$ 0	1.00%	2008	\$ 0	0	0	0	0	0
Cambria Terrace	200	\$ 30,000	\$ 6,000,000	1.00%	2009	\$ 60,000	60,000	60,000	60,000	60,000	300,000
Industrial Park	0	\$ 30,000	\$ 0	1.00%	2009		0	0	0	0	0
Elmwood Gardens	50	\$ 30,000	\$ 1,500,000	1.00%	2007	15,000	15,000	15,000	15,000	15,000	75,000
Convenience Store	0	\$ 20,000	\$ 0	1.00%	2008	\$ 0	0	0	0	0	0
<b>Total</b>	<b>2,249</b>		<b>\$ 74,125,000</b>			<b>\$ 84,600</b>	<b>270,400</b>	<b>379,150</b>	<b>531,250</b>	<b>741,250</b>	<b>2,006,650</b>

Appendix B  
Private Economic Development Projections (source: City of Coatesville)

**Summary**

	Finish	2009	2010	2011	2012	2013	Total
Brandywine Center	2008	\$ 149,146	\$ 149,146	\$ 149,146	\$ 149,146	\$ 149,146	745,730
Hotel Project	2009	\$ 445,500	\$ 557,619	\$ 211,119	\$ 211,119	\$ 211,119	1,636,476
Office Tower	2009	\$ 450,000	\$ 610,600	\$ 260,600	\$ 260,600	\$ 260,600	1,842,400
Restaurant	2010	\$ 0	\$ 80,000	\$ 31,060	\$ 31,060	\$ 31,060	173,180
Brandywine Ridge	2009	\$ 221,130	\$ 323,936	\$ 151,946	\$ 151,946	\$ 151,946	1,000,905
Brandywine View 2	2010	\$ 0	\$ 874,364	\$ 321,864	\$ 321,864	\$ 321,864	1,839,958
Brandywine View 3	2011	\$ 0	\$ 0	\$ 886,171	\$ 324,788	\$ 324,788	1,535,747
Brandywine View 4	2012	\$ 0	\$ 0	\$ 0	\$ 909,689	\$ 330,612	1,240,300
Brandywine View 5	2013	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,255,276	1,255,276
Supermarket	2010	\$ 0	\$ 192,000	\$ 72,544	\$ 72,544	\$ 72,544	409,632
Flats Town homes	2009	\$ 343,980	\$ 499,118	\$ 231,578	\$ 231,578	\$ 231,578	1,537,831
Flats Commercial	2009	\$ 243,000	\$ 345,974	\$ 156,974	\$ 156,974	\$ 156,974	1,059,896
Flats Restaurants	2009	\$ 101,250	\$ 173,723	\$ 94,973	\$ 94,973	\$ 94,973	559,890
Artist Colony Tower	2009	\$ 180,000	\$ 236,640	\$ 96,640	\$ 96,640	\$ 96,640	706,560
Tower 1	2009	\$ 272,813	\$ 364,786	\$ 152,598	\$ 152,598	\$ 152,598	1,095,393
Tower 2	2011	\$ 0	\$ 0	\$ 816,000	\$ 252,062	\$ 252,062	1,320,124
Tower2 Retail	2011	\$ 0	\$ 0	\$ 130,000	\$ 64,383	\$ 64,383	258,765
Tower2 Garage	2011	\$ 0	\$ 0	\$ 148,000	\$ 36,899	\$ 36,899	221,797
McCool Properties	2008	\$ 25,901	\$ 10,301	\$ 10,301	\$ 20,101	\$ 20,101	86,706
Famous Restaurant	2008	\$ 10,970	\$ 6,170	\$ 6,170	\$ 6,170	\$ 6,170	35,648
Cambria Terrace	2009	\$ 349,875	\$ 413,002	\$ 187,777	\$ 187,777	\$ 187,777	1,326,209
Industrial Park	2009	\$ 123,750	\$ 188,228	\$ 91,978	\$ 91,978	\$ 91,978	587,910
Convenience Store	2008	\$ 129,620	\$ 112,020	\$ 42,020	\$ 42,020	\$ 42,020	367,700
<b>Total</b>		<b>\$ 2,917,314</b>	<b>5,025,606</b>	<b>4,207,439</b>	<b>3,824,888</b>	<b>4,501,086</b>	<b>20,476,333</b>
Group 1		\$ 407,147	\$ 489,553	\$ 317,563	\$ 327,363	\$ 327,363	
Discounted		\$ 305,360	\$ 391,643	\$ 269,929	\$ 294,627	\$ 310,995	
Group 2		\$ 2,639,788	\$ 4,648,073	\$ 3,931,896	\$ 3,539,544	\$ 4,215,743	
Discounted		\$ 923,926	\$ 1,859,229	\$ 1,769,353	\$ 1,769,772	\$ 2,318,659	
Total (Undiscounted)		\$ 3,046,934	\$ 5,137,626	\$ 4,249,459	\$ 3,866,908	\$ 4,543,106	
Total (Discounted)		\$ 1,229,286	\$ 2,250,872	\$ 2,039,282	\$ 2,064,399	\$ 2,629,654	

Indicates Group 1 projects

**Appendix C**  
**Call Service Report Grouped by Keywords**  
**COATESVILLE POLICE DEPARTMENT**  
**01/01/2007 THROUGH 12/31/2007**

	<u>CODE</u>		<u>COUNT</u>	<u>WEIGHT</u>	<u>TOTAL</u>
Group	911	HANGUP			
	4012	NON-CRIMINAL-911 HANGUP	430		
	Total	911 HANGUP	430	0	0
Group ABANDON VE	2810	CITY ORD-ABANDONED VEH (INCLUDING STAFF)	17		
	Total	ABANDON VE	17	1	17
Group ACCIDENT	4004	NON-CRIMINAL-ACCIDENT-OCCUPATIONAL	2		
	4006	NON-CRIMINAL-ACCIDENT-OTHER	4		
	Total	ACCIDENT	6	3	18
Group ACCIDENT M	3100	MOTOR VEHICLE ACCIDENTS	379	1	379
	6002	TRAFFIC ACCIDENT INVOLVING DEATH	1	3	3
	6004	TRAFFIC ACC. INVOLVING PROPERTY DAMAGE	12	3	36
	6006	TRAFFIC ACCIDENT INVOLVING INJURY	6	3	18
	6008	ACCIDENT INVOLVING NONINJURY	9	1	9
	6010	TRAFFIC ACCIDENT-OTHER ACC. INVEST.	4	3	12
	Total	ACCIDENT M	411		457
Group ALARM	3010	SERVICE CALL-ALARMS-UNFOUNDED-EXCEPT FIRE	580		
	Total	ALARM	580	1	580
Group ALL ORDINA	2830	CITY ORD-ALL OTHER	12		
	Total	ALL ORDINA	12	1	12
Group ALL OTHER	2600	ALL OTHER CRIMES CODE VIOLATIONS	1		
	2640	ALL OTHER ORDINANCE VIOLATIONS	4		
	Total	ALL OTHER	5	1	5
Group AMBULANCE	8520	AMBULANCE CALLS/ ASSIST AMBULANCE CREW	1140		
	Total	AMBULANCE	1140	1	1140
Group ANIMAL	2730	GAME LAWS	3		
	5506	ANIMAL COMPLAINTS-STRAY ANIMALS	79		
	5508	ANIMAL COMPLAINTS-OTHER ANIMAL BITES	6		
	5510	ANIMAL COMPLAINTS-OTHER ANIMAL BITES	161		
	Total	ANIMAL	249	1	249
Group ARSON	922	ARSON-INCENDIARY DEVICE-RESIDENCE (APT.)	1		
	Total	ARSON	1	4	4
Group ASSAULT	0410	ASSAULT-AGGRAVATED, FIREARM	20	3	60
	0420	ASSAULT-AGGRAVATED KNIFE OR CUTTING INS	10	3	30
	0430	ASSAULT-AGGRAVATED, OTHER WEAPONS	12	3	36
	0440	ASSAULT-AGGRAVATED, HANDS, FISTS, FEET	25	3	75
	0450	OTHER ASSAULTS-AGGRAVATED	1	3	3
	0800	ASSAULTS-SIMPLE ASSAULT	104	2	208
	0830	SEXUAL ASSAULT	9	5	45
	Total	ASSAULT	181		457
Group ASSIST AGY	3830	SERVICE CALL-ASSIST OTHER AGENCY	137		
	Total	ASSIST AGY	137	1	137
Group ASSIST FIRE	7502	ASSIST OTHER AGENCIES - FIRE DEPT	22		
	Total	ASSIST FIR	22	1	22
Group ASSIST MOT	3820	SERVICE CALL-ASSIST MOTORIST/DISABLE VEH	6		
	Total	ASSIST MOT	6	1	6
Group ASSIST OTH	7014	PUBLIC SERVICE-OTHERS (OFFICER ASSIST)	8		
	7506	ASSISTING OTHER AGENCIES-ALL OTHERS	8		
	Total	ASSIST OTH	16	1	16
Group ASSIST POL	7504	ASSIST OTHER AGENCIES - OTHER POLICE	111		

Appendix C  
 Call Service Report Grouped by Keywords  
 COATESVILLE POLICE DEPARTMENT  
 01/01/2007 THROUGH 12/31/2007

	<u>CODE</u>		<u>COUNT</u>	<u>WEIGHT</u>	<u>TOTAL</u>
	Total	ASSIST POL	111	1	111
Group BAD CHECKS					
	1110	WORTHLESS CHECKS	5		
	Total	BAD CHECKS	5	1	5
Group BANK ESCOR					
	7012	PUBLIC SERVICES-BANK ESCORTS, ETS	1		
	Total	BANK ESCOR	1	1	1
Group BURGLARY					
	0504	BURGLARY-FALSE ALARM-NONRESIDENCE NIGHT	1		
	0511	BURGLARY-FORCED ENTRY-RESIDENCE-NIGHT	23		
	0512	BURGLARY-FORCED ENTRY-RESIDENCE-DAY	36		
	0513	BURGLARY-FORCED ENTRY – UNK	13		
	0514	BURGLARY-FORCED ENTRY-NONRESID-NIGHT	32		
	0515	BURGLARY-FORCED ENTRY-NONRESID-DAY	6		
	0516	BURGLARY-FORCED ENTRY-NONRESID-UNK	4		
	0521	BURGLARY-NO FORCE-RESIDENCE-NIGHT	9		
	0522	BURGLARY-NO FORCE-RESIDENCE-DAY	4		
	5023	BURGLARY-NO FORCE-RESIDENCE-UNK	1		
	0524	BURGLARY-NO FORCE-NONRESIDENCE-NIGHT	2		
	0526	BURGLARY-NO FORCE-NONRESIDENCE-UNK	1		
	0531	BURGLARY-ATTEMPT-RESIDENCE-NIGHT	12		
	0532	BURGLARY-ATTEMPT-RESIDENCE-DAY	3		
	0534	BURGLARY-ATTEMPT-NONRESIDENCE-NIGHT	3		
	0535	BURGLARY-ATTEMPT-NONRESIDENCE-DAY	1		
	Total	BURGLARY	151	3	453
Group CIVIL					
	4016	NON-CRIMINAL-CIVIL MATTERS	39		
	Total	CIVIL	39	1	39
Group CRIM MISCH					
	1410	CRIMINAL MISCHIEF TO AUTOMOBILITES	309		
	1420	CRIMINAL MISCHIEF TO PUBLIC BUILDINGS	88		
	1440	CRIMINAL MISCHIEF – ALL OTHER	130		
	1450	ALL OTHER VANDALISM	14		
	Total	CRIM MISCH	541	1	541
Group CURFEW					
	2811	CURFEW LAW (JUVENILE) – MALE	80		
	2812	CURFEW LAW (JUVENILE) – FEMALE	51		
	Total	CURFEW	131	1	131
Group CUSTODY					
	3710	CHILD CUSTODY DISPUTE	21		
	Total	CUSTODY	21	1	21
Group DEBRIS					
	5504	TRAFFIC RELATED-DEBRIS IN ROADWAY	4		
	Total	DEBRIS	4	1	4
Group DISORDERLY					
	2400	DISORDERLY CONDUCT	40		
	2420	DISORDERLY CONDUCT-PUBLIC PLACES	8		
	2440	DISORDERLY CONDUCT-DISTURBING THE PEACE	3		
	2460	DISORDERLY CONDUCT-OBSCENE LANGUAGE	3		
	2580	DISORDERLY CONDUCT-ALL OTHERS	5		
	Total	DISORDERLY	79	1	79
Group DISTURBANC					
	3610	DISTURBANCES-JUNVENILE	340		
	Total	DISTURBANC	340	1	340
Group DOA					
	3320	DOA	19		
	Total	DOA	19	3	57
Group DOG					
	2720	DOG LAW & BITES (1ST OFF. & STATE CIT)	1		
	5504	ANIMAL COMPLAINTS – DOG BITES	5		
	Total	DOG	6	1	6
Group DOMESTIC					
	3600	DISTURBANCES-DOMESTIC	565		

Appendix C  
 Call Service Report Grouped by Keywords  
 COATESVILLE POLICE DEPARTMENT  
 01/01/2007 THROUGH 12/31/2007

	<u>CODE</u>		<u>COUNT</u>	<u>WEIGHT</u>	<u>TOTAL</u>
	Total	COMESTIC	565	1	565
Group DRUG					
	1800	NARCOTICS - (USE BY NARCOTICS DIV ONLY)	38		
	1811	NARCOTICS-SALE COCAINE (CRAKE), HEROIN	25		
	1812	NACOTICS-SALE MARIJUANA, HASHISH, ETC.	5		
	1813	DRUGS-SALE/MFG-SYNTHETIC NARCOTICS	1		
	1831	NARCOTICS-POSSESSION-COCAINE, HEROIN, ETC	78		
	1832	NARCOTICS-POSSESSION-MARIJUANA, ETC.	13		
	1834	NARCOTICS-POSSESSION-OTHER DANGEROUS	1		
	1841	NARCOTICS-USE-MORPHINE, HEROIN, CODIENEC	2		
	1844	NARCOTICS-USE-OTHER DANGEROUS	1		
	Total	DRUG	164	3	492
Group DRUGS					
	2430	DISORDERLY CONDUCT-MARIJUANA, PAPAPHER	43		
	Total	DRUG	43	3	129
Group DUI					
	2110	DRIVING UNDER THE INFLUENCE-LIQUOR/DRUGS	21		
	2111	DRIVING UNDER THE INFLUENCE-ALCOHOL	10		
	2112	DRIVE UNDER INFLUENCE-ALCOHOL-IMPAIRED	5		
	Total	DUI	36	4	144
Group ELECTRICAL					
	4026	NON-CRIMINAL-WORES AND POLES DOWN	3		
	Total	ELECTRICAL	3	1	3
Group ESCAPE					
	2620	ALL OTHER OFFENSES-ESCAPE	6		
	Total	ESCAPE	6	1	6
Group FAMILY					
	2020	OFFENSES AGAINST FAMILY-CHILD ABUSE	3		
	Total	FAMILY	3	1	3
Group FIGHT					
	3620	DISTURBANCES-OTHER (FIGHTS, DISPUTES, ETC)	552		
	Total	FIGHT	552	1	552
Group FIRE					
	3840	FIRES (INCLUDING ALARMS-FOUNDED/UNFOUND)	211		
	Total	FIRES	211	1	211
Group FORGERY					
	1020	COUNTERFEITING	1		
	Total	FORGERY	1	2	2
Group FOUND ARTI					
	5005	LOST & FOUND-FOUND SRTICLES	38		
	Total	FOUND ARTI	38	1	38
Group FRAUD					
	1101	FRAUD	16		
	1140	UNAUTHORIZED USE OF A MV	6		
	1150	FRAUD-CREDIT CARDS, ATM	10		
	Total	FRAUD	32	2	64
Group GAMBLING					
	1930	GAMBLING-OTHER	1		
	Total	GAMBLING	1	3	3
Group HARASSMENT					
	2450	HARASSMENT	109		
	Total	HARASSMENT	109	1	109
Group HARASSMEN					
	2410	HARASSMENT BY COMMUNICATION	26		
	Total	HARASSMEN	26	1	26
Group HOME ALONE					
	3805	SERVICE CALL-CHILDREN HOME ALONE	1		
	Total	HOME ALONE	1	1	1
Group HOMICIDE					
	0124	MANSLAUGHTER-PHYSICAL FORCE	1		
	Total	HOMICIDE	1	7	7
Group INFORMATIO					
	7016	FOLLOW UP INFORMATION	11		
	Total	INFORMATIO	11	1	11
Group INJURY					

**Appendix C**  
**Call Service Report Grouped by Keywords**  
**COATESVILLE POLICE DEPARTMENT**  
**01/01/2007 THROUGH 12/31/2007**

	<u>CODE</u>		<u>COUNT</u>	<u>WEIGHT</u>	<u>TOTAL</u>
	9002	ON THE JOB INJURY	9		
Group LANDLORD	Total	INJURY	9	1	9
	4002	LANDLORD/TENANT DISPUT	28		
Group LIQUOR	Total	LANDLORD	28	1	28
	2211	LIQUOR LAW-UNDERAGE-PURCH, CONSM, POSSESS	1		
	2230	LIQUOR LAW-ALL OTHER VIOLATIONS	2		
	2241	LIQUOR LAWS-OTHER-ADULT	3		
Group LITTERING	Total	LIQUOR	6	1	6
	2632	ALL OTHER OFFENSES-LITTERING	5		
Group LOCKOUT	Total	LITTERING	5	1	5
	3630	SERVICE CALL-LOUCKOUTS (VEHICLE/BLDG)	2		
Group LOITERING	Total	LOCKOUT	2	1	2
	2500	LOITERING/PROWLING (AT NIGHT)	12		
	2821	LOITERING LAW-JUVENILE-MALE	3		
Group LOST ARTIC	Total	LOITERING	15	1	15
	5008	LOST & FOUND-LOST ARTICLES	53		
Group MEDICAL	Total	LOST ARTIC	53	1	53
	3870	MEDICAL EMERGENCY	6		
	7008	PUBLIC SERVICES-MEDICAL ASSISTANCE	1		
Group MENTAL	Total	MEDICAL	7	1	7
	3400	MENTAL HEALTH	44		
Group MISC PERS	Total	MENTAL	44	1	44
	PERM	MISCELLANEOUS PERSON	1		
Group MISSING PE	Total	MISC PERS	1	1	1
	2900	LOST/MISSING PERSONS	28		
	5010	LOST & FOUND-MISSING JUVENILE FEMALE	31		
	5012	LOST & FOUND-MISSING JUVENILE MALE	19		
	5016	LOST & FOUND-MISSING ADULT MALES	4		
Group N-TRAF CIT	Total	MISSING PE	82	1	82
	CITN	NON-TRAFFIC CITATION	272		
Group NOISE	Total	N-TRAF CIT	272	1	272
	3200	GROUPS OR NOISE COMPLAINTS	369		
Group OBSTRUCTIO	Total	NOISE	369	1	369
	2646	ALL OTHER-OBSTRUCTION OF JUSTICE	4		
Group OPEN DOOR	Total	OBSTRUCTIO	4	1	4
	3880	OPEN DOORS/WINDOWS-DISCOVERED	5		
Group OTHER	Total	OPEN DOOR	5	1	5
	4028	NON-CRIMINAL-OTHER INVESTIGATIONS	2		
Group PARKING	Total	OTHER	2	1	2
	3900	PARKING PROBLEMS	34		
Group PFA	Total	PARKING	34	1	34
	2647	ALL OTHERS-PROTECTIVE ORDERS	5		
Group PROPERTY	Total	PFA	5	1	5
	2910	LOST/MISSING PROPERTY	9		
Group PROSTITUTI	Total	PROPERTY	9	1	9
	1610	PROSTITUTION	12		

Appendix C  
Call Service Report Grouped by Keywords  
COATESVILLE POLICE DEPARTMENT  
01/01/2007 THROUGH 12/31/2007

	<u>CODE</u>		<u>COUNT</u>	<u>WEIGHT</u>	<u>TOTAL</u>
	Total	PROSTITUTI	12	2	24
Group PUBL DRUNK	2300	PUBLIC DRUNKNESS & OPEN BOTTLE ORD.	103		
	Total	PUBL DRUND	103	2	206
Group PUBL NUISA	2650	ALL OTHERS-PUBLIC NUISANCE	6		
	Total	PUBL NUISA	6	1	6
Group RAPE	0214	RAPE BY FORCE-OTHER FORCIBLE MEANS	2		
	0223	ASSAULT TO RAPE-ATM-OTHER DANG, WEAPON	1		
	Total	RAPE	3	5	15
Group RECEIVING	1300	STOLEN PROPERTY-RECEIVING, POSSESSING, ETC	1		
	1331	STOLEN PROP.-POSSESSING-MOTOR VEHICLE	5		
	Total	RECEIVING	6	2	12
Group RECOV PROP	3000	FOUND/RECOVERED PROPERTY	40		
	Total	RECOV PROP	40	1	40
Group REPO	9004	REPOSSESSION OF VEHICLE	77		
	Total	REPO	77	1	77
Group ROBERY	0311	ROBBERY-ARMED-FIREARM-HIGHWAY	7		
	0313	ROBBERY-ARMED-FIREARM-COMMERCIAL HOUSE	1		
	0315	ROBBERY-ARMED-FIREARM-CHAIN STORE	3		
	0316	ROBBERY-ARMED-FIREARM-RESIDENCE	6		
	0318	ROBBERY-ARMED-FIREARM-MISC	3		
	0321	ROBBERY-ARMED-KNIFE-HIGHWAY	3		
	0338	ROBBERY-ARMED-OTHER WEAPON-MISC.	2		
	0341	ROBBERY-STRONG ARM-HIGHWAY	39		
	0345	ROBBERY-STRONG ARM-CHAIN STORE	1		
	0346	ROBBERY-STRONG ARM-RESIDENCE	3		
	0348	ROBBERY-STRONG ARM MISC.	2		
	0351	ROBBERY-ATTEMPT-FIREARM-HIGHWAY	2		
	0356	ROBBERY-ATTEMPT-FIREARM-RESIDENCE	1		
	0358	ROBBERY-ATTEMPT-FIREARM-MISC.	2		
	0371	ROBBERY-ATTEMPT-OTHER WEAPON-HIGHWAY	1		
	0378	ROBBERY-ATTEMPT-OTHER WEAPON MISC.	1		
	0381	ROBBERY-ATTEMPT-STRONG ARM-HIGHWAY	1		
	0388	ROBBERY-ATTEMPT-STRONG ARM-MISC.	1		
	Total	ROBBERY	79	4	316
Group RUNAWAY	2911	RUNAWAY-INCORRIGIBLE-MALE (JUVENILE)	1		
	2912	RUNAWAY-INCORRIGIBLE-FEMALE (JUVENILE)	2		
	Total	RUNAWAY	3	1	3
Group SEARCH WAR	8090	WARRANTS-LOCAL-SEARCH WARRANT	27		
	Total	SEARCH WAR	27	1	27
Group SERVICE CA	3800	SERVICE CALL-POLICE INFORMATION	1663		
	Total	SERVICE CA	1663	1	1663
Group SEXUAL					

Appendix C  
 Call Service Report Grouped by Keywords  
 COATESVILLE POLICE DEPARTMENT  
 01/01/2007 THROUGH 12/31/2007

	<u>CODE</u>		<u>COUNT</u>	<u>WEIGHT</u>	<u>TOTAL</u>
	1700	SEX OFFENSES (EXCEPT RAPE & PROSTITUTION)	12		
	1792	STATUTORY RAPE	1		
Group SHOTS	Total	SEXUAL	13	3	39
	3850	SHOTS FIRED	90		
Group SOLICITING	Total	SHOTS	90	1	90
	2880	CITY ORD-SOLICITING	1		
Group SUICIDE	Total	SOLICITING	1	1	1
	3300	SUICIDES	2		
Group SUSP AUTO	Total	SUICIDE	2	2	4
	4020	NON-CRIMINAL-SUSPICIOUS AUTO	38		
Group SUSP PER	Total	SUSP AUTO	38	1	38
	4022	NON-CRIMINAL-SUSPICIOUS PERSON	68		
Group SUSPICIOUS	Total	SUSP PERSN	68	1	68
	3500	SUSPICIOUS PERSONS, AUTOS, CIRCUMSTANCES	389		
Group THEFT	Total	SUSPICIOUS	389	1	389
	0612	THEFT-\$200 & OVER-PURSE SNATCHING	1		
	0613	THEFT-\$200 & OVER-RETAIL THEFT	1		
	0614	THEFT-\$200 & OVER-FROM AUTO (EXCPT 0615)	44		
	0615	THEFT-\$200 & OVER-AUTO ACCESSORIES	2		
	0616	THEFT-\$200 & OVER BICYCLES	9		
	0617	THEFT-\$200 & OVER-FROM BUILDINGS	33		
	0619	THEFT-\$200 & OVER-ALL OTHER	42		
	0621	THEFT-\$50 TO \$200-POCKET PICKING	1		
	0622	THEFT-\$50 TO \$200-PURSE SNATCHING	2		
	0623	THEFT-\$50 TO \$200-RETAIL THEFT	8		
	0624	THEFT-\$50 TO \$200-FROM AUTO (EXCPT 0625)	33		
	0625	THEFT-\$50-\$200 AUTO PARTS & ACCESSORIES	5		
	0626	THEFT-\$50 TO \$200-BICYCLES	24		
	0627	THEFT-\$50 TO \$200-FROM BUILDINGS	14		
	0628	THEFT-\$50 TO \$200-FROM COIN DEVICE	1		
	0629	THEFT-\$50 ATO \$200 ALL OTHER	31		
	0632	THEFT-UNDER \$50-PURSE SNATCHING	2		
	0633	THEFT-UNDER \$50-RETAIL THEFT	42		
	0634	THEFT-UNDER \$50-FROM AUTO (EXCEPT 0635)	17		
	0635	THEFT-UNDER \$50-AUTO PARTS & ACCESSORIES	9		
	0636	THEFT-UNDER \$50-BICYCLES	1		
	0637	THEFT-UNDER \$50-FROM BUILDINGS	7		
	0639	THEFT-UNDER \$50-ALL OTHER	6		
	0643	THEFT-ATTEMPTED-RETAIL THEFT	3		
	0644	THEFT-ATTEMPTED-FROM AUTO (EXCEPT 0645)	4		
	0647	THEFT-ATTEMPTED-FROM BUILDINGS	1		
	0648	THEFT-ATTEMPTED-FROM COIN DEVICE	1		
Group THEFT MV	Total	THEFT	344	2	688
	0710	MOTOR VEHICLE THEFT-AUTO	58		
	0711	M.V. THEFT-AUTOS-STREET-COMMERCIAL AREA	1		
	0712	M.V. THEFT-STREET-RESIDENTIAL AREA	3		
	0716	M.V. THEFT0AUTOS-ALL OTHER PARKING LOTS	1		
	0730	M.V. THEFT-ALL OTHER	5		
	0733	M.V. THEFT-OTHER VEHICLE-DRIVEWAY	1		
	0740	M.V. THEFT-ATTEMPTED-AUTO	3		
	0760	M.V. THEFT-ATTEMPTED-ALL OTHER	1		
Group TOWING	Total	THEFT MV	73	2	146
	6304	TRAFFIC ENFORCEMENT0TOWED VEHICLE	8		
Group TRAF CIT	Total	TOWING	8	1	8
	CITT	TRAFFIC CITATION	3434		

**Appendix C**  
**Call Service Report Grouped by Keywords**  
**COATESVILLE POLICE DEPARTMENT**  
**01/01/2007 THROUGH 12/31/2007**

<u>CODE</u>		<u>COUNT</u>	<u>WEIGHT</u>	<u>TOTAL</u>
Group TRAFFIC	Total TRAF CIT	3434	0	0
	2710 TRAFFIC OFFENSES (COURT CASES NOT DUI)	1		
	4010 TRAFFIC OFFENSES	16		
	6602 TRAFFIC RELATED-IMPOUNDED, ABANDON M.V.	88		
	6610 TRAFFIC RELATED-MOTORIST AID	2		
	6612 TRAFFIC RELATED-SIGNALS-SIGNS OUT	1		
	6614 TRAFFIC RELATED--OTHER TRAFFIC	67		
	Total TRAFFIC	175	1	175
Group TRESPASS	2660 TRESPASSING OF REALPROPERTY	55		
	Total TRESPASS	55	1	55
Group TRUANCY	2921 RUNAWAY-TRUANCY-MALE (JUVENILE)	12		
	2922 RUNAWAY-TRUANCY-FEMALE (JUVENILE)	9		
	Total TRUANCY	21	1	21
Group VEHICLE	5002 LOST & FOUND-VEHICLE, ATT. TO LOCATE	6		
	Total VEHICLE	6	1	6
Group WARNING	CITW WARNING	4		
	Total WARNING	4	1	4
Group WARRANT	3700 WARRANTS-LOCAL-SERVICE	499		
	3720 WARRANTS-OUTSIDE AGENCY-ASSIST	1		
	8110 WARRANTS-OTHER AUTHORITY-CRIMINAL	2		
	WARR WARRANT	17		
	Total WARRANT	519	1	519
Group WATER LEAK	4024 NON-CRIMINAL-WATER LEAKS, MAINS, ETC.	1		
	Total WATER LEAK	1	0	0
Group WEAPONS	1500 WEAPONS-CARRYING, POSSESSING, ETC.	1		
	1531 WEAPONS-POSSESSION-FIREARMS	3		
	Total WEAPONS	4	2	8
Group WELL BEING	9006 WELL BEING CHECK	98		
	Total WELL BEING	98	1	98
<b>Total Calls</b>		<b>14,778</b>		<b>12,964</b>

Source of service count: Coatesville Police Department  
Weighting determined by Fairmount Capital Advisors, Inc. based on the DCED publication Administering Police Services in Small Communities (A Manual for Local Government Officials)

## Appendix D

### Police Activity Weighting Factors

#### for the Application of IACP Police Patrol Force Staffing Formula

<u>Activity</u>	<u>Estimated Time of Handle</u>	<u>Weighting</u>	
<b>Part 1 Crime</b>			
1	Criminal homicide	4 hours 57 minutes	7
2	Forcible rape	3 hours 10 minutes	5
3	Robbery	2 hours 26 minutes	4
4	Aggravated assault	2 hours 9 minutes	3
5	Burglary	1 hour 44 minutes	3
6	Larceny/theft	57 minutes	2
7	Motor vehicle theft	55 minutes	2
8	Arson	2 hours 50 minutes	4
<b>Part 11 Crime</b>			
9	Other assaults	1 hour 12 minutes	2
10	Forgery	1 hour 5 minutes	2
11	Fraud	1 hour 6 minutes	2
12	Embezzlement	1 hour 41 minutes	3
13	Receiving stolen property	1 hour 28 minutes	2
14	Vandalism	30 minutes	1
15	Weapons offenses	1 hour 19 minutes	2
16	Prostitution/vice	1 hour 9 minutes	2
17	Sex offense (Except 2 & 16)	1 hour 33 minutes	3
18	Narcotics/drugs	1 hour 50 minutes	3
19	Gambling	1 hour 4 minutes	3
20	Offenses against family/children	1 hour 40 minutes	3
21	Driving under influence	2 hours 20 minutes	4
22	Liquor law violations	52 minutes	2
23	Drunkenness	60 minutes	2
24	Disorderly conduct	45 minutes	1
25	Vagrancy	45 minutes	1
26	All other offenses	39 minutes	1
<b>Other Activity</b>			
27	Accidents ( injury and/or investigated)	2 hours 10 minutes	3
28	Accidents (minor/not investigated)	45 minutes	1
29	Parking complaints	16 minutes	1
30	Driving complaints	20 minutes	1

## Appendix D

### Police Activity Weighting Factors

#### for the Application of IACP Police Patrol Force Staffing Formula

31	Family disputes	36 minutes	1
32	Fights	41 minutes	1
33	Noise complaints	23 minutes	1
34	Barking dogs	17 minutes	1
35	Prowlers	29 minutes	1
36	Mischief	28 minutes	1
37	Animal complaints (Except 34)	24 minutes	1
38	Assisting other agencies	32 minutes	1
39	Open doors	32 minutes	1
40	Suspicious circumstances	26 minutes	1
41	Suspicious person	25 minutes	1
42	Alarm Response	25 minutes	1
43	Dangerous/hazardous conditions	1 hour 2 minutes	2
44	Other incidents	45 minutes	1

Source: Governor's Center for Local Government Services, Administering Police Services in Small Communities

**Appendix E  
City of Coatesville  
Police Department  
Health Insurance Options**

<b>DVIT Aetna HMO Option 1 City of Coatesville 2007</b>	
<i>\$10 HMO/\$20 Specialist, \$50 ER, with \$10/20 Pharmacy</i>	
Primary Care Physician	\$10 Co-pay
Specialist Office Visit	\$20 Co-pay
Outpatient surgery	100% no co-pay
Hospitalization Co-pay	100% no co-pay
Emergency Room Co-pay (waived if admitted)	\$50 co-pay
Routine Ob-gyn exam	\$20 co-pay
Mammography	\$20 co-pay
Maternity (1 <sup>st</sup> visit only)	\$20 co-pay
Physical/Speech/Occupational Therapy	\$20 co-pay. 60 visits per calendar year
Routine Lab, Radiology	\$20 co-pay
MRI/MRA, CT and PET Scans	\$20 co-pay
Lab	\$20 co-pay
Chiropractic	\$20 co-pay. 60 visits per calendar year
Mental Health	Inpatient no co-pay, up to 35 days per calendar year. Outpatient \$20 co-pay, up to 40 visits per calendar year.
Substance Abuse	Inpatient no co-pay, up to 30 days per calendar year. Outpatient \$20 co-pay, up to 40 visits per calendar year.
Skilled Nursing Facility	100% covered (180 days/calendar year)
Durable Medical Equipment	\$20 co-pay
Bi-Annual Vision Exam Benefit	\$20 co-pay
Lens Reimbursement	\$150 every 24 months
Prescription Drug Retail Co-pay	\$10 generic/\$20 brand. Up to a 30 days supply.
Mail Order Co-pay	\$20 generic/\$40 brand. Up to a 90 day supply.
In-network Deductible	N/A
Out of Pocket Maximum	\$1,500 single/\$3,000 family
Lifetime Maximum	Unlimited
Health Club Membership	\$250 employee/\$250 spouse. 100 visits per rolling calendar year. This is a benefit through the Trust office.
Employee Assistance Program	An Employee Assistance Program offered through Human Management Services. This is a confidential, integrated counseling and referral service available to employees and eligible dependents.
Health Advocate	An innovative program designed to help employees and their families navigate the healthcare system. A personal Health Advocate will assist with how to find the best doctors, getting help for elderly parents, obtain unbiased health information, and help scheduling timely appointments.
Member Wellness Program	A voluntary, incentive paid, program sponsored by the Trust that focuses on the 5 high-risk areas – high cholesterol, weight management, smoking cessation, diabetes and hypertension.

<b>DVIT Aetna HMO Option 4 City of Coatesville 2007</b>	
<i>\$10 HMO/\$20 Specialist, \$50 ER, with \$10/20 Pharmacy</i>	
Primary Care Physician	\$25 Co-pay
Specialist Office Visit	\$35 Co-pay
Outpatient surgery	100% no co-pay
Hospitalization Co-pay	100% after \$75 inpatient co-pay, up to a \$375 maximum per calendar year
Emergency Room Co-pay (waived if admitted)	\$100 co-pay
Routine Ob-gyn exam	\$35 co-pay.
Mammography	\$35 co-pay.
Maternity (1 <sup>st</sup> visit only)	\$35 co-pay. Inpatient hospital co-pay applies
Physical/Speech/Occupational Therapy	\$35 co-pay. Up to 60 visits per calendar year.
Routine Lab, Radiology	\$35 co-pay.
MRI/MRA, CT and PET Scans	\$35 co-pay.
Lab	\$35 co-pay.
Chiropractic	\$35 co-pay. 20 visits per calendar year
Mental Health	Inpatient 100% after inpatient co-pay, up to 35 days per calendar year. Outpatient \$35 co-pay, up to 40 visits per calendar year.
Substance Abuse	Inpatient 100% after inpatient co-pay, up to 35 days per calendar year. Outpatient \$35 co-pay, up to 40 visits per calendar year.
Skilled Nursing Facility	100% covered (180 days/calendar year)
Durable Medical Equipment	100% covered
Bi-Annual Vision Exam Benefit	\$35 co-pay
Lens Reimbursement	\$150 every 24 months
Prescription Drug Retail Co-pay	\$25 generic/\$35 brand. Up to a 30 days supply.
Mail Order Co-pay	\$50 generic/\$70 brand. Up to a 90 day supply.
In-network Deductible	N/A
Out of Pocket Maximum	\$3,000 single/\$6,000 family
Lifetime Maximum	Unlimited
Health Club Membership	\$250 employee/\$250 spouse. 100 visits per rolling calendar year. This is a benefit through the Trust office.
Employee Assistance Program	An Employee Assistance Program offered through Human Management Services. This is a confidential, integrated counseling and referral service available to employees and eligible dependents.
Health Advocate	An innovative program designed to help employees and their families navigate the healthcare system. A personal Health Advocate will assist with how to find the best doctors, getting help for elderly parents, obtain unbiased health information, and help scheduling timely appointments.
Member Wellness Program	A voluntary, incentive paid, program sponsored by the Trust that focuses on the 5 high-risk areas – high cholesterol, weight management, smoking cessation, diabetes and hypertension.

**Appendix F  
Comparison Matrix of Select Fees For Services**

	<b>Coatesville</b>	<b>East Caln</b>	<b>West Caln</b>	<b>West Goshen</b>	<b>East Goshen</b>
<b>Contractor Registration</b>	\$75	\$75			\$25
<b>Building Permits</b>					
Residential New Construction	\$40 per application, \$15 for every \$1000 of work or portion thereof over \$1000	\$50 per application, \$25 per sq ft gross area	\$.40 per sq ft (min. fee \$400)	\$15 per 100 sq ft (\$150 min. fee)	
Non-Residential New Construction	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	\$100 per application, \$.20 per sq ft gross area	\$.45 per sq ft for initial \$5,000 sq ft, \$.35 per sq ft greater than 5,000 sq ft	\$15 per 100 sq ft of construction (0-10,000 sq ft), \$12 per 100 sq ft of fraction thereof (10,000 sq ft and above) (\$350 Minimum)	
Residential Addition/Alteration	\$40 per application, \$15 for every \$1000 of work or portion thereof over \$1000	\$50 application, \$10 for every \$1000 of work over \$1000	\$.40 per sq ft (min. fee \$75)	\$15 per 100 sq ft (\$40 min. fee)	
Non-Residential Addition/Alteration	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	\$100 application, \$15 for every \$1,000 of work over \$999	\$.45 per sq ft (min. fee \$150)	\$15 per 100 sq ft of construction  (0-10,000 sq feet \$12 per 100 sq ft or fraction thereof) (10,000 sq ft and above \$350 min.)	
<b>Electrical Permits</b>					
Residential New Construction	\$40 per application, \$15 for every \$1000 of work or portion thereof over \$1000	Incl'd in Building Permit	\$.40 per sq ft (min. fee \$400)	% 1 of the estimated cost (\$100 min.)	
Non-Residential New Construction	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	Incl'd in Building Permit	\$.45 per sq ft for initial \$5,000 sq ft, \$.35 per sq ft greater than 5,000 sq ft (min. fee \$500)	% 1 of the estimated cost (\$200 min.)	
Residential Addition/Alteration	\$40 per application,	\$50 application,	\$.40 per sq ft	1% of the estimated cost	

**Appendix F**  
**Comparison Matrix of Select Fees For Services**

	<b>Coatesville</b>	<b>East Caln</b>	<b>West Caln</b>	<b>West Goshen</b>	<b>East Goshen</b>
	\$15 for every \$1000 of work or portion thereof over \$1000	\$5 for each \$1000 of work	(min. fee \$75)	(\$40 min.)	
Non-Residential Addition/ Alteration	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	\$100 application, \$10 for each \$1000 of work	\$.45 per sq ft (min. fee \$150)	1% of the estimated cost (\$100 min.)	
<b>Plumbing Permits</b>					
Residential New Construction	\$40 per application, \$15 for every \$1000 of work or portion thereof over \$1000	\$50 application, \$5 per fixture	\$.40 per sq ft (min. fee \$400)	1% of the estimated cost (\$100 min.)	1% of the project cost (min. fee \$1000)
Non-Residential New Construction	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	\$100 application; \$8 per fixture	\$.45 per sq ft for initial \$5,000 sq ft, \$.35 per sq ft greater than 5,000 sq ft (min. fee \$500)	1% of the estimated cost (\$200 min.)	
Residential Addition/ Alteration	\$40 per application, \$15 for every \$1000 of work or portion thereof over \$1000	\$50 application, \$5 per fixture	\$.40 per sq ft (min. fee \$75)	1% of the estimated (\$40 min.)	% 1 of the estimated cost (\$40 min.)
Non-Residential New Construction	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	\$100 application \$8 per fixture	\$.45 per sq ft (min. fee \$150)	1% of the estimated cost (\$100 min.)	
<b>Mechanical Permits</b>					
Residential New Construction	\$40 per application, \$15 for every \$1000 of work or portion thereof over \$1000	\$50 application \$5 for each \$1000 of work	\$.40 per sq ft (min. fee \$400)	1% of the estimated cost (\$100 min.)	1% of the project cost (min. fee \$100)
Non-Residential New Construction	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	\$100 application \$10 for each \$1000 of work	\$.45 per sq ft for initial \$5,000 sq ft, \$.35 per sq ft greater than 5,000 sq ft (min. fee \$500)	1% of the estimated cost (\$200 min.)	
Residential Addition/ Alteration	\$40 per application,	\$50 application	\$.40 per sq ft	1% of the estimated	1% of the project cost

**Appendix F**  
**Comparison Matrix of Select Fees For Services**

	<b>Coatesville</b>	<b>East Caln</b>	<b>West Caln</b>	<b>West Goshen</b>	<b>East Goshen</b>
	\$15 for every \$1000 of work or portion thereof over \$1000	\$4 for each \$1000 of work	(min. fee \$75)	(\$40 min.)	(min. fee \$100)
Non-Residential Additon/Alteration	\$50 per application, \$15 for every \$1000 of work or portion thereof over \$999	\$100 application \$10 for each \$1000 of work	\$.45 per sq ft (min. fee \$150)	1% of the estimated cost (\$100 min.)	
<b>Street Opening</b>	\$100 for first 16 sq ft, \$25 for each additional 16 ft or portion thereof	\$100 per opening, \$2 per sq ft			
<b>Alarm Permit</b>	\$50	\$50			1% of the project cost (min fee \$100)
<b>Sign Permit</b>	\$2.50 ft \$15/ Annual Renewal \$2.50 per sq ft	\$100 per application, \$.20 per sq ft gross area	\$50 + \$1 per sq ft	\$32 per sign	\$25 (sign area < 32 sq ft) \$75 (sign area > 32 sq ft)
<b>Use and Occupancy</b>					
Residential	\$50	\$75	Included in building permit		
Non-Residential	\$100	\$100			
<b>Use and Registration</b>	\$50	\$75			
<b>Demolition Permit</b>	\$200 + %1		\$100	\$75 per structure	\$50 (Residential) 1% of estimated cost - min. fee \$100 - (Commercial)