EAST FALLOWFIELD TOWNSHIP

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November 2, 2026

Members of South Coatesville Borough Council
Borough of South Coatesville
136 Modena Road
Coatesville, PA 19320

RE: URGENT NEED FOR SUSTAINABLE FUNDING OF MODENA FIRE COMPANY

Dear Members of South Coatesville Borough Council:

The East Fallowfield Township Board of Supervisors is writing to express serious concern about the financial sustainability of Modena Fire Company and the implications for emergency services throughout our region. **We believe immediate action by the municipalities that depend on Modena Fire Company is necessary to address its financial challenges and protect the emergency services our residents rely on.**

Over the summer, Modena Fire Company advised us and the other municipalities it serves that its current funding levels are unsustainable and that its continued operation could be at risk without additional municipal commitments. Modena Fire Company also indicated that additional funding from South Coatesville Borough would have enabled it to hire more paid personnel to supplement its volunteer workforce.

This is not simply a funding issue for one municipality; it is a regional public-safety concern. If Modena Fire Company cannot sustain its operations, every community that depends on the Company could face reduced emergency coverage or significant costs to secure alternative services.

East Fallowfield Township has made a substantial financial commitment to Modena Fire Company and is considering further funding to support its operations. We believe every municipality served by Modena Fire Company has a responsibility to contribute to its long-term financial sustainability. South Coatesville Borough should evaluate its contribution in light of its residents' reliance on Modena Fire Company and

the Company's financial needs. **Given the financial challenges Modena Fire Company has identified, municipalities cannot afford to postpone addressing this issue.**

The Need for Adequate Staffing

When a resident calls 911, trained emergency personnel must be available to respond. Modena Fire Company's volunteers provide invaluable service, but they cannot always be available when emergencies occur. Paid personnel are necessary to fill those gaps and strengthen emergency coverage.

Modena Fire Company has advised us that South Coatesville Borough's inadequate financial contribution is hindering the Company's ability to hire the paid personnel needed to provide reliable service to the communities it serves. **South Coatesville Borough's current budget deliberations provide an immediate opportunity to address this shortfall and help Modena Fire Company strengthen its staffing and maintain reliable emergency services.**

South Coatesville's Financial Plan Recognizes the Need for Greater Fire Service Funding.

South Coatesville Borough's *Five-Year Financial Plan*, prepared through the Pennsylvania Department of Community and Economic Development's Strategic Management Planning Program and dated May 23, 2025, recognizes the financial and recruitment challenges facing Modena Fire Company.

Chapter Ten identifies Modena Fire Company as the provider of fire protection and Basic Life Support (BLS) services to South Coatesville. It describes Modena Fire Company as an all-volunteer company serving several municipalities and acknowledges the challenges of recruiting volunteers and raising sufficient funds for operating expenses and apparatus.

Importantly, Initiative EMS01 recommends restoring the Borough's 1.25-mill fire services tax. The Borough established that rate in 2023 but reduced it to 0.25 mills in 2024, where it remained in 2025. According to the plan, maintaining the 1.25-mill rate would have generated approximately $75,000 for Modena Fire Company in 2024.

The plan's comparison of 2024 municipal contributions illustrates the disparity in funding among the communities Modena Fire Company serves:

- South Coatesville: 256 calls and a contribution of $15,429, or approximately $60 per call.
- East Fallowfield: 519 calls and a contribution of $236,400, or approximately $455 per call.

Despite having the Company's second-highest call volume, South Coatesville contributes substantially less per call than East Fallowfield. We recognize that municipalities have different financial circumstances and obligations, but this disparity raises serious questions about whether the current funding arrangement adequately reflects the demands placed on Modena Fire Company by the municipalities it serves.

The Borough's own financial plan identifies a clear path forward. We urge Council to restore the recommended 1.25-mill fire services tax and work with Modena Fire Company and the other municipalities it serves to establish fair, recurring, and sustainable funding. With the Borough's 2027

budget deliberations underway, Council has an important opportunity to take meaningful action to support Modena Fire Company and help preserve reliable emergency services throughout the region.

A Fair and Sustainable Funding Arrangement Is Needed

East Fallowfield Township currently contributes 1.75 mills to each of the two fire companies serving our residents: Modena Fire Company and Westwood Fire Company. Our annual contribution to Modena Fire Company alone totals $253,000: $150,000 for fire operations, $66,400 for emergency medical services, and $36,600 for fire-related capital expenses.

We are also considering an additional $75,000 in our 2027 budget to help Modena Fire Company hire paid personnel and strengthen emergency response. This proposed investment reflects our commitment to reliable emergency services and does not diminish the need for South Coatesville to address its own contribution.

Modena Fire Company bases its requested municipal contributions on a well-recognized methodology – based on population and assessed property values. Based on the information available to us, South Coatesville's 0.25-mill fire tax generates only $14,184 for the Fire Company, even though the Borough accounts for approximately 28% of Modena Fire Company's call volume but provides only about 7% of its municipal funding. This disparity warrants serious attention.

Increasing the Borough's fire millage to 1.0 mill would generate approximately $43,338 for fire protection, based on calculations provided to us. While even that level would not put the Borough on par with the other regional municipal partners, we encourage Council to follow the recommendation in its own financial plan and to restore the 1.25-mill fire services tax.

The funding issue also extends to ambulance services. South Coatesville currently directs its 0.25 mill ambulance, rescue, and emergency services tax to Westwood Fire Company. Based on the information available to us, the Borough does not make a direct municipal contribution to Modena Fire Company for its Basic Life Support (BLS) ambulance services. Our calculations indicate that a 0.5 mill ambulance tax could generate approximately $14,184 for Modena's ambulance service.

We urge Council to work directly with Modena Fire Company to review its funding methodology and operating needs and establish a fair, recurring contribution toward the fire protection and emergency medical services its residents depend on.

Identifying Resources and Working Together

We recognize that South Coatesville Borough faces financial challenges and difficult decisions regarding municipal services. Balancing competing obligations while protecting taxpayers is not easy.

The Borough's transition from operating its own police department to receiving police services from the Pennsylvania State Police presents an opportunity to review how municipal resources are allocated. We encourage Council to evaluate the financial implications of that transition, including any resulting savings, and consider whether available resources could help address Modena Fire Company's

immediate and ongoing funding needs. We recognize that not all anticipated savings may be available for this purpose, but we believe every reasonable funding option should be examined.

We are prepared to work with South Coatesville Borough, Modena Fire Company, and the other municipalities it serves to review Modena Fire Company's financial forecast, identify its immediate operating and staffing needs, and develop a sustainable funding plan. We propose that representatives of Borough Council, Modena Fire Company, and the affected municipalities meet as soon as practicable to discuss the Company's financial position and determine how each municipality can help maintain reliable emergency coverage.

The health, welfare, and safety of our residents transcend municipal boundaries. We believe a coordinated regional effort is essential to preserving Modena Fire Company's services and protecting residents throughout the region. We urge South Coatesville to participate in these discussions and make a meaningful funding commitment as part of its 2027 budget.

Immediate Action, Budget Deliberations, and Public Awareness

The timing of this request is critical. South Coatesville Borough is currently developing its 2027 budget, which must be adopted by December 31. Decisions made in the coming weeks may directly affect Modena Fire Company's ability to sustain operations and strengthen emergency coverage. We therefore urge Council to address Modena Fire Company's funding needs as part of its current budget deliberations rather than defer action until a later date.

We respectfully request that Borough Council provide a **written response within 30 days of receiving this letter**, outlining the steps it proposes to take to address Modena Fire Company's funding needs. We also urge Council to begin discussions promptly with East Fallowfield Township, Modena Fire Company, and the other municipalities it serves.

We believe residents deserve to understand the financial challenges facing Modena Fire Company and the potential implications for emergency services throughout the region. Accordingly, we intend to make this letter and its supporting documentation available to the public. Our purpose is to promote transparency and public awareness, not to criticize South Coatesville Borough Council. Residents have a legitimate interest in understanding the challenges facing an essential emergency services provider and the actions needed to help ensure its continued operation.

Conclusion

Modena Fire Company's financial sustainability is a shared regional responsibility that requires immediate attention. We urge South Coatesville Borough to address its funding needs as part of the 2027 budget process and work with Modena Fire Company and the other municipalities it serves toward a sustainable solution that protects residents throughout the region.

Sincerely,

BOARD OF SUPERVISORS
EAST FALLOWFIELD TOWNSHIP

Wilson T. Lambert, Jr., Chair

Robert Sparr, Vice Chair

Katja DiRado, Member

Al Wright, Member

Deborah Stoff, Member

Enclosures:

- Borough of South Coatesville Five-Year Financial Plan, May 23, 2025
- Modena Fire Company budget and financial forecast

Modena Fire Company No 1			Amb 240k								
Long Range Forecast			Tanker								
Updated: 08/05/2026			$550k	6 Months							
	2023	2024	2025	2026	2026	2027	2028	2029	2030	2031	2032
	Actuals	Actuals	Actuals	Actual	Projected	Budget					
Income											
E. Fallowfield Twp	116,400	116,400	112,500	75,344	116,000	116,000	116,000	116,000	116,000	116,000	116,000
E. Fallowfield Twp- Loan Reimb.	20,000	20,000	20,000		20,000	20,000	20,000	20,000	20,000		
E. Fallowfield Twp- Paid Staff		100,000	103,900	33,200	100,000	100,000	100,000	100,000	100,000	100,000	100,000
West Bradford Twp	5,000	5,000	5,000		5,000	5,000	5,000	5,000	5,000	5,000	5,000
Newlin Twp	8,900	10,760	12,000	6,500	13,000	9,000	9,000	9,000	9,000	9,000	9,000
Modena Borough	15,800	10,000	15,800	7,298	14,596	15,000	15,000	15,000	15,000	15,000	15,000
West Marlborough	8,013	11,150	12,820		10,000	9,500	9,500	9,500	9,500	9,500	9,500
South Coatesville	62,500	15,429	14,185		15,000	15,000	15,000	15,000	15,000	15,000	15,000
Dues	100	40		10	20	100	100	100	100	100	100
Fund Drive	27,522	23,514	26,926	353	20,000	25,000	25,000	25,000	25,000	25,000	25,000
Ambulance Club	53,241	70,632	44,555	48,357	50,000	45,000	45,000	45,000	45,000	45,000	45,000
Other Donations	4,771	841	2,988	523	1,045	2,000	2,000	2,000	2,000	2,000	2,000
Fund Raising Income	2,360		7,702	6,555	13,110	25,000	25,000	25,000	25,000	25,000	25,000
Ambulance Billing	351,073	445,301	462,007	202,517	405,034	500,000	500,000	500,000	500,000	500,000	500,000
PA Fire Recovery	150		2,017								
Interest	7,474	14,550	17,864	8,372	16,744	8,500	8,500	8,500	8,500	8,500	8,500
Reimbursments	126										
Shirt Sales											
Miscellaneous Income	175	285	546		300	200	200	200	200	200	200
Total Income	**683,605**	**843,902**	**860,810**	**389,028**	**799,849**	**895,300**	**895,300**	**895,300**	**895,300**	**875,300**	**875,300**
Cost of Income											
Fund Drive Costs	4,842	4,879	4,480		5,000	5,562	5,562	5,562	5,562	5,562	5,562
Ambulance Club	4,051	5,848	5,104	5,296	5,500	6,180	6,180	6,180	6,180	6,180	6,180
Collection Specialists (conestoga)	1,562	410	1,533	3,214	6,429	2,060	2,060	2,060	2,060	2,060	2,060
Ambulance Billing	1,630	3,517	289	802	1,605	3,605	3,605	3,605	3,605	3,605	3,605
Fund Raising Expense			125	1,900	3,800	12,360	12,360	12,360	12,360	12,360	12,360
Total Cost of Income	**12,085**	**14,654**	**11,531**	**11,213**	**22,333**	**29,767**	**29,767**	**29,767**	**29,767**	**29,767**	**29,767**
Gross Profit	**671,520**	**829,248**	**849,279**	**377,815**	**777,516**	**865,533**	**865,533**	**865,533**	**865,533**	**845,533**	**845,533**

Modena Fire Company No 1			Amb 240k								
Operating Expenses											
Payroll & Wages	180,257	220,440	295,798	190,911	381,822	480,000	494,400	509,232	524,509	540,244	556,452
Overtime	78,981	93,608	148,506	57,342	114,684	144,000	148,320	152,770	157,353	162,073	166,935
Payroll Taxes	21,623	23,965	36,452	20,972	41,944	48,000	49,440	50,923	52,451	54,024	55,645
Payroll Company Fees	2,108	1,489	1,957	1,559	3,118	3,600	3,708	3,819	3,934	4,052	4,173
Workers Comp.	18,522	21,627	28,352	21,596	43,192	60,000	61,800	63,654	65,564	67,531	69,556
Insurance	28,503	31,508	29,942	26,300	35,000	33,475	34,479	35,514	36,579	37,676	38,807
Ambulance Supplies/ Oxygen	14,056	16,690	21,740	8,417	16,834	25,750	26,523	27,318	28,138	28,982	29,851
ALS Services	8,533	13,035	4,895	2,283	4,566	9,270	9,548	9,835	10,130	10,433	10,746
Building Maintenance	34,434	25,085	10,148	5,808	11,616	14,420	14,853	15,298	15,757	16,230	16,717
Electricity	7,285	8,110	10,267	6,159	12,317	12,360	12,731	13,113	13,506	13,911	14,329
Heat	8,879	8,358	9,271	7,855	15,710	10,300	10,609	10,927	11,255	11,593	11,941
Propane	2,617	3,186	2,955	1,834	3,668	3,605	3,713	3,825	3,939	4,057	4,179
Telephone	1,409	1,458	1,517	794	1,589	1,854	1,910	1,967	2,026	2,087	2,149
Cable	1,992	2,347	2,131	1,387	2,775	2,163	2,228	2,295	2,364	2,434	2,508
Microsoft Workpad			1,811		1,800	1,854	1,910	1,967	2,026	2,087	2,149
Security	743	743	743	743	743	927	955	983	1,013	1,043	1,075
Interest Expense	11,849	10,971	9,893	1,433			0	0	0	0	0
Apparatus M&R						61,800	63,654	65,564	67,531	69,556	71,643
Apparatus M&R - Fire	2,088	5,720	4,608	5,228	10,457		0	0	0	0	0
Apparatus M&R - Amb	2,057	153	124		100		0	0	0	0	0
1977 Jeep Brush	1,758	70	2,530	399	799		0	0	0	0	0
2010 Ford Utility	60	201	124	114	228		0	0	0	0	0
2005 Pierce	15,588	16,190	7,353	12,473	24,946		0	0	0	0	0
2018 Pierce	6,478		3,248	62	124		0	0	0	0	0
2021 Ford Interceptor	3,761	1,657	931		500		0	0	0	0	0
2009 Amb 37 - 2	33,240	50,652	25,073	3,484	6,968		0	0	0	0	0
2021 Amb 37 - 1	448	6,249	23,437	125	250		0	0	0	0	0
2024 Amb 37 - 1							0	0	0	0	0
2024 Amb 37 - 3			5,637	2,693	5,385		0	0	0	0	0
2025 Tanker			81	942	1,884		0	0	0	0	0
Fuel	21,589	21,015	21,000	14,056	28,112	25,750	26,523	27,318	28,138	28,982	29,851
Equipment Purchases	2,255	12,239	4,421	8,779	17,558	3,605	3,713	3,825	3,939	4,057	4,179
IT Expense	970	3,241	9,642	3,272	6,544	8,240	8,487	8,742	9,004	9,274	9,552
Office/Adminstrative	2,724	3,653	4,107	2,185	4,370	3,090	3,183	3,278	3,377	3,478	3,582
Accounting	4,400	4,600	3,750	3,625	4,600	4,635	4,774	4,917	5,065	5,217	5,373
Training	225	272	763	708	1,416	721	743	765	788	811	836
Uniform Expenses	2,664	9,624	9,372	2,423	4,846	8,240	8,487	8,742	9,004	9,274	9,552
Fire Prevention	2,338	1,854	1,341		1,000	2,060	2,122	2,185	2,251	2,319	2,388
Member's Welfare	673	2,375	802		1,000	1,545	1,591	1,639	1,688	1,739	1,791
Banquet	6,032	2,460		201	402	3,090	3,183	3,278	3,377	3,478	3,582
Debit Account- Card Expense	24,369	27,454	50,747	12,534	25,068	36,050	37,132	38,245	39,393	40,575	41,792
Legal		3,000				3,090	3,183	3,278	3,377	3,478	3,582
All Other Expenses	694	821	10,769	1,387	2,774	1,030	1,061	1,093	1,126	1,159	1,194

Modena Fire Company No 1			Amb 240k								
Total Operating Expenses	**556,202**	**656,119**	**806,237**	430,083	**840,708**	**1,014,524**	**1,044,960**	**1,076,309**	**1,108,598**	**1,141,856**	**1,176,111**
Net Profit	**115,318**	**173,129**	**43,042**	-52,268	**-63,192**	**-148,991**	**-179,427**	**-210,776**	**-243,065**	**-296,323**	**-330,578**
Loans:											
PEMA - 2018 Pierce Enforcer	**8,779**	**8,956**	**9,137**	4,637	**12,141**	**12,141**	**12,141**	**12,141**	**12,141**	**12,141**	**12,141**
KSB Loan - 2018 Pierce Enforcer	24,143	26,169	27,067		23,955	23,955	23,955	23,955	18,453		
Total Loan Payments	**32,922**	**35,125**	**36,204**	4,637	**36,096**	**36,096**	**36,096**	**36,096**	**30,594**	**12,141**	**12,141**
Capital Expenditures				14,999	14,999						
Cash Down on Trucks	10,000		1,010,241								
Township Cash											
Insurance Claim Receipt	1,636	16,861									
Insurance Claim Expense		18,293									
Relief Reimbursment	225	250									
Cash to(-)/from(+)											
Sale of Asset			100,000								
Transfer to(-)/from(+) Investment											
Adjustments	-1,085	936	524	297	297						
Grant Income	75,000	31,952	1,005,996	31,527	31,527						
Grant Expense	80,517	16,437	23,429								
Incr. (Decr.) in Cash	**67,205**	**152,773**	**79,688**	-40,080	**-82,463**	**-185,087**	**-215,523**	**-246,872**	**-273,659**	**-308,464**	**-342,719**
Beginning Cash Balance	**398,911**	**466,116**	**618,889**	698,577	**698,577**	**616,113**	**431,026**	**215,504**	**-31,368**	**-305,027**	**-613,490**
Ending Cash/Invest. Balance	**466,116**	**618,889**	**698,577**	658,496	**616,113**	**431,026**	**215,504**	**-31,368**	**-305,027**	**-613,490**	**-956,210**
Investments	0	0	0	0	0	0	0	0	0	0	0

Borough of South Coatesville

Chester County, Pennsylvania

Strategic Management Planning Program

Five-Year Plan

pennsylvania
DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

Delivered on May 23, 2025

KEYSTONE
Municipal Solutions

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Borough of South Coatesville

Five-Year Financial Plan

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Executive Summary

Introduction

The Borough of South Coatesville (the "Borough" or "South Coatesville") is in an unstable fiscal position with a recent history of operating deficits and nearly depleted cash reserves. The Borough suffers from severe structural budgetary imbalance, i.e., Borough expenses have increased at a rate that has exceeded that of revenues. The pattern of deficits has put enormous strain on Borough operations and threatened its ability to provide essential services to the community.

The Borough's fiscal distress came to a head in late 2024 when it faced a cash emergency and imminent debt default. With a significant debt service payment due on December 31, 2024, and insufficient funds available to make the debt service payment in full, the Borough issued new long-term debt as a transition strategy to avoid default and allow time to develop a long-term recovery plan.

The Borough started implementing corrective measures during the 2025 budget process. In addition to erasing the structural deficit, which reached almost $300,000, the Borough also faced increased debt service costs from the borrowing issued to cover the budget gap from the previous year. To avoid a deficit situation again in 2025, Borough Council developed a budget with substantial cost reductions and tax increases. The Borough significantly reduced the police department budget and basically eliminated all discretionary spending. In addition, the final 2025 budget included a 38 percent real estate millage rate increase.

The severe corrective action will strengthen the Borough's fiscal capacity and avoid a deficit situation in 2025. However, the Borough's problems are long-term in nature and cannot be solved in a single budget cycle. The Borough's long-term viability depends on its ability to provide at least a basic level of municipal services within the fiscal parameters outlined in this report.

Baseline General Fund Projection, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Baseline Revenue	$1,528,000	$1,507,000	$1,539,000	$1,571,000	$1,604,000
Baseline Expenses	$1,497,000	$1,511,000	$1,541,000	$1,584,000	$1,635,000
Baseline Surplus (Deficit)	**$31,000**	**($4,000)**	**($2,000)**	**($13,000)**	**($31,000)**
Ending Fund Balance	$130,000	$125,000	$122,000	$105,000	$75,000
Fund Balance as Pct of Exp.	**9%**	**8%**	**8%**	**7%**	**5%**

Action is required to bridge the gap between revenues and expenses and also provide services to the community. To secure a full fiscal recovery, South Coatesville must address the issues that led to its current situation. This Plan outlines a series of actions to increase administrative capacity, support tax and economic base growth, and strengthen partnerships with surrounding

communities. The report identifies several initiatives that are candidates for STMP Phase 2 support through additional DCED grants.

Structure of Report

South Coatesville engaged Keystone Municipal Solutions ("KMS" or the "Project Team") to assist the Borough in developing a comprehensive long-range plan as part of the Commonwealth's Strategic Management Planning Program ("STMP"). 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 South Coatesville can employ to improve its financial position and enhance its long-term viability.

The Project Team has worked closely with the Borough since the fall of 2024 to execute an emergency financial plan and develop a multi-year strategy. To support this effort, the Project Team has analyzed historical budgets and financial audits, pension actuarial valuations, debt related documents, contracts with key vendors, and other financial records. The financial analysis in this report is somewhat limited by the Borough's poor financial record keeping and inability to produce regular basic financial reports. The Project Team interviewed key Borough officials, including the Borough Manager, police sergeant, public works personnel, third-party code enforcers, and volunteer fire company personnel, among others; evaluated departmental policies and procedures; and reviewed departmental budget and personnel information. Current operating procedures were evaluated and compared to governmental best practices. The information gathered from these and other activities has been used to develop the comprehensive Five-Year Financial Plan.

This Plan is organized into three sections with ten chapters, an appendix, and this executive summary. The first section presents the financial and socio-economic background of the Borough. The section includes a financial condition assessment and trend analysis to provide an understanding of South Coatesville's current financial state and establish a baseline for its future financial position. The section also includes a baseline five-year financial projection that assumes historical trends remain the same and no corrective action is taken. It assumes that the Borough maintains the staffing and level of service in the adopted 2025 budget. Since local resources are not sufficient to maintain current service levels, these projected operating results show budget deficits, albeit manageable deficits.

The Plan then develops a program to improve the Borough's financial position and enhance services through a combination of strategic investments, expenditure reductions, productivity improvements, and revenue increases. The second section presents the findings and recommendations of the management reviews of Administration and Financial Management, Public Safety, Public Works, and Code Enforcement along with a review of the Sewer System and Fire and Emergency Medical Service. 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 outlines a fiscal strategy with the goal of improving the multi-year financial projection, establishing fund balance goals, and funding capital needs. The section includes a financial projection based on revised operating projections that consider the financial impact of implementing the policy and management recommendations.

The Plan should also provide a framework for public discussion of the Borough's policies, programs, and priorities as well as document the realities of the Borough's fiscal position. While a detailed listing of our recommendations is described in the body of the document, below is a summary of several main components and principles that form the basis of the Plan.

Key Recommendations

The Borough must implement a coordinated set of initiatives to ensure that South Coatesville is meeting its fiscal goals, which include achieving and maintaining structural budgetary balance; maintaining adequate cash reserves in case of unanticipated budget challenges; and providing essential services to the community.

The Plan outlines a set of guiding principles for the Borough's financial strategy. The Plan also includes a set of revised multi-year financial projections with revenue enhancements, cost reductions, and service recommendations based on these guiding principles. This Plan should be revisited every year during the annual budget process and adjusted appropriately based on the changing circumstances.

Administrative Capacity

The Borough's weak fiscal condition has multiple causes, including poor management and lack of administrative capacity. In 2025, budgeted positions in the administrative office structure included a part-time Borough Manager, part-time Finance Administrator, and full-time clerk. In early 2025, understanding the importance of establishing stability in the administrative office, South Coatesville posted an advertisement for a permanent Borough Manager. This report endorses the Borough's decision to hire a qualified full-time manager. The report recommends that the Borough seek STMP Phase 2 grant funding to support the implementation of this and other financial management-related recommendations in this report.

In addition, South Coatesville should strongly consider making the Finance Administrator a full-time position to further bolster the Borough's financial management infrastructure. The Borough currently cannot produce basic financial reports such as a budget versus actual or cash projection report. In lieu of converting the Finance Administrator to a full-time position, the Borough could consider issuing a Request for Proposals for a third-party financial consultant as they have used in the past.

Regionalization/Intergovernmental Cooperation

Partnering for Police Service

The Borough should examine the possibility of engaging in a shared service agreement with an adjacent municipality – either the City of Coatesville, or East Fallowfield Township – to consolidate police services into one agency. This could be a regionalization effort or an agreement to buy services from that municipality. Recent staffing changes in the department have produced budget savings; however, they have also resulted in reduced police coverage. The Borough should pursue an arrangement that will result in sufficient coverage without compromising budget integrity. If a partnership arrangement is not feasible, the Borough will likely need to increase current staffing levels if its goal is to provide 24/7/365 police coverage.

Municipal Merger/Consolidation

Municipal mergers and consolidations are becoming increasingly common in Pennsylvania as a strategy to streamline costs, improve services, and capitalize on economies of scale. Mergers and consolidations are particularly appealing to communities suffering from a deteriorating tax base and fiscal distress. South Coatesville Borough and some of its neighboring municipalities, which are experiencing fiscal difficulties to various degrees, are potential candidates for a merger.

The most logical merger/consolidation partner for South Coatesville would be an adjacent community with similar challenges where there is already a history of shared services. As a first step, the Borough should designate an elected official to approach their counterpart with the potential partner to gauge interest. If there is mutual interest, the next step in the process is to conduct a study of the finances and operations of both municipalities and examine other issues relevant to combining municipalities. Funding for a study is available under STMP Phase 2 or DCED's Municipal Assistance Program.

The Borough should prioritize a partnership arrangement for police services over a full municipal merger or consolidation. A police partnership arrangement certainly would not preclude a merger or consolidation. Indeed, a police arrangement could be the first step towards a more comprehensive partnership.

Asset Optimization

The Borough should evaluate the highest and best use of its physical assets. The Borough has started the process of evaluating the monetization of the system by engaging a third-party financial advisor. The costs and benefits of a potential transaction should be evaluated carefully. A sale could generate proceeds that would hasten the Borough's fiscal recovery by enabling it to repay high interest debt, rebuild cash reserves, and relieve the Borough of capital maintenance and improvement responsibilities. However, the potential downsides of a transaction, including the loss of control of the system and the possibility of higher sewer rates, should also be considered.

Revised General Fund Projection with Corrective Action, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Baseline Revenue	$1,528,000	$1,507,000	$1,539,000	$1,571,000	$1,604,000
Baseline Expenses	$1,497,000	$1,511,000	$1,541,000	$1,584,000	$1,635,000
Baseline Surplus (Deficit)	$31,000	($4,000)	($2,000)	($13,000)	($31,000)
Plan Initiatives	($2,500)	$75,500	$32,667	$37,333	$46,500
Revised Surplus (Deficit)	**$28,500**	**$71,500**	**$30,667**	**$24,333**	**$15,500**
Ending Fund Balance	$129,000	$201,000	$232,000	$256,000	$272,000
Fund Balance as % of Exp.	**9%**	**13%**	**15%**	**16%**	**17%**

Borough Council should review and discuss these projections and their assumptions before final implementation. One of the purposes of this model and its underlying principles is to set fiscal parameters for the Borough. South Coatesville's elected officials may choose a different combination of corrective action and pace of implementation of recommendations that fit within the established parameters.

If implemented in full, this report projects General Fund fund balance will achieve structural budgetary balance, reach recommended fund balance policy of 15 percent of General Fund expenses, and improve services for residents. The Borough's performance compared to the Plan must be revisited annually as part of the budget process. If the recommended incremental revenue or expense reductions do not materialize, the Borough must identify additional corrective action or consider other adjustments to tax rates or fee levels. Similarly, if the General Fund outperforms the projections, the Borough may slow the pace of rate increases or accelerate new projects.

Chapter One

Background: South Coatesville Borough

Introduction

The Borough of South Coatesville (the "Borough" or "South Coatesville") is located in central Chester County, Pennsylvania, about 40 miles west of Philadelphia. The Borough borders the City of Coatesville, East Fallowfield Township, Valley Township, and Modena Borough. South Coatesville occupies an area of approximately 1.7 square miles and has an estimated 2023 population of 1,843.

South Coatesville is a borough operating under the Borough Code, 8 Pa.C.S. §101 *et seq* and is led by seven at large Council members. The Borough also elects a mayor and tax collector. In a borough, the Mayor is a weak executive and does not hold the same powers as the Council, which appoints staff and makes policy regarding the Borough.

The organizational structure for the governance of South Coatesville is dictated by the Pennsylvania Borough Code. The Borough Manager oversees governmental functions including tasks done by the Public Works department, finance administrator, and administrative assistant. The Mayor supervises the police department. The Borough's organizational chart is shown in Exhibit 1.1 below.

Socio-Economic Review

Population

The Borough has a growing and relatively young population. The Borough's population has increased about 36 percent since the 1980s after experiencing a significant dip between 1980 and 2000. Per the U.S. Census, the population has almost doubled since reaching a low of about 1,000 in 2000.

Strong county-wide population growth helped South Coatesville recover from declines in the 1980s and 1990s. Chester County's population has increased over 70 percent since 1980 with much of that growth coming between 1980 and 2010. Even though the growth rate is not as strong as it was 25 years ago, the County's population is still increasing at a healthy pace. The Borough and County population are both increasing at a faster rate than the Commonwealth which experienced scattered growth but has maintained a positive change. Chester County is one of the most vibrant counties in the Commonwealth which benefits South Coatesville, even if the Borough lags the County in most economic indicators.

Exhibit 1.1
Organizational Chart

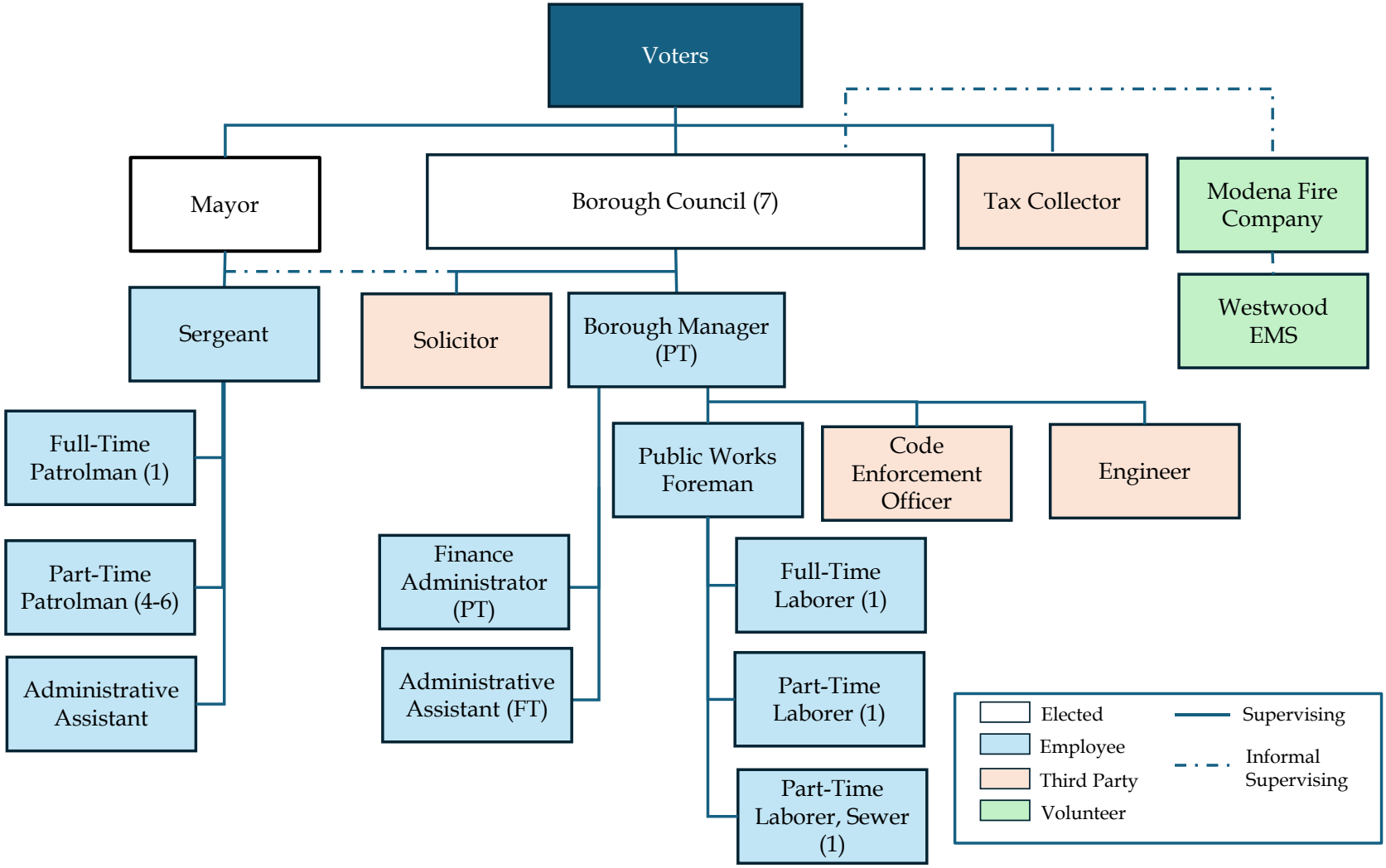


Exhibit 1.2
Population, 1980-2023

	South Coatesville		Chester County		Pennsylvania	
Year	Pop	Pct Change	Pop	Pct Change	Pop	Pct Change
1980	1,359		318,139		11,864,720	
1990	1,026	-24.5%	377,832	18.8%	11,882,842	0.2%
2000	997	-2.8%	435,303	15.2%	12,281,054	3.4%
2010	1,303	30.7%	498,886	14.6%	12,702,379	3.4%
2020	1,601	22.9%	534,413	7.1%	13,002,700	2.4%
2023	1,843	15.1%	549,784	2.9%	12,961,683	-0.3%
Cumulative Pct Chng		**35.6%**		**72.8%**		**9.2%**

Source: U.S. Census Bureau

The breakdown of the Borough's population by age is generally younger than the County and Commonwealth. The percentage of the population under 18 years old (26 percent) is higher than the County and Commonwealth, which are 22.0 and 20.3 percent, respectively. The Borough's population under 18 years old has been near this level since 2010, while this demographic for the Commonwealth has been shrinking. South Coatesville's population 65 years and over is 11.5 percent compared to 18.4 percent for the County and 20.0 percent for Pennsylvania.

Exhibit 1.3
Population Range, 2023

Pop Range	South Coatesville	Chester County	Pennsylvania
Under 5 Years	6.2%	5.3%	5.1%
Under 18 Years	26.0%	22.0%	20.3%
18 Years and Over	74.0%	78.0%	79.7%
65 Years and Over	11.5%	18.4%	20.0%

Source: U.S. Census Bureau

Economic and Housing Data

Household income levels are much lower in the Borough compared to the County and Commonwealth. The 2019-2023 American Community Survey ("ACS") (the most recent data available) shows the Borough's median household income and per capita income significantly lower than the County and lagging the Commonwealth. The Borough's poverty rate and education attainment rates are also unfavorable compared to the County and Commonwealth.

Exhibit 1.4
Household Income and Educational Statistics, 2023

	South Coatesville	Chester County	Pennsylvania
Median Household Income	$72,976	$120,903	$76,081
Families	$79,087	$151,535	$97,349
Married-Couple Families	$108,750	$168,369	$115,332
Nonfamily Households	$52,750	$62,937	$44,365
Per Capita Income	$35,119	$62,011	$43,104
Pct of Individuals Below Poverty	17.4%	6.1%	12.0%
High School Graduate or Higher	92.3%	94.6%	91.9%
Bachelors Degree or Higher	28.1%	57.9%	34.5%

Source: U.S. Census ACS 2023

Similar to median income levels, home values in the Borough significantly lag those of the County. Not surprisingly, homeownership rates in the Borough also lag those of the County Commonwealth.

Exhibit 1.5
Select Economic and Housing Characteristics, 2023

	South Coatesville	Chester County	Pennsylvania
Median Home Value	$253,900	$489,500	$240,500
Owner Occupied Units	56.9%	76.0%	69.3%
Renter Occupied Units	43.1%	24.0%	30.7%

Source: U.S. Census ACS 2023

Local Economy

South Coatesville's local economy is heavily weighted towards service-based employment with about 76 percent of the employed population working in service-related jobs (Management, Business, Science, Arts, Service, and Sales and Office). About half of the "Service" jobs in South Coatesville are in healthcare support occupations. About 25 percent of Service jobs are in "Food preparation and serving related occupations." However, this is not as high as the County mark (86 percent) or the Commonwealth (78 percent). The County has a very high concentration of jobs in management, business and finance operations jobs. There are also many legal and information technology related occupations in the County.

Exhibit 1.6
Occupation for Civilian Employed Population

Occupation	South Coatesville	Chester County	Pennsylvania
Management, Business, Science, and Arts	36%	55%	43%
Service	19%	11%	16%
Sales and Office	21%	20%	20%
Natural Resources, Construction, and Maintenance	5%	6%	8%
Production, Transportation, and Material Moving	18%	8%	14%
Total	100%	100%	100%

Source: U.S. Census

As shown in Exhibit 1.6, the Educational Services, Health Care, and Social Assistance sector is the Borough's largest employer. The Borough's employment is also more weighted towards the Retail Trade sectors, which is consistent with the County and Commonwealth. In addition, South Coatesville has high employment in the Transportation and Warehousing, Manufacturing, Arts, Entertainment, and Recreation, Accommodation and Food Services sectors.

Exhibit 1.7
Jobs by Industry Sector

Sector	South Coatesville	Chester County	Pennsylvania
Agriculture, Forestry, Fishing and Hunting	0.0%	0.0%	1.2%
Construction	6.0%	5.0%	5.9%
Manufacturing	7.5%	10.3%	11.8%
Wholesale Trade	0.0%	2.9%	2.4%
Retail Trade	18.7%	9.7%	11.2%
Transportation and Warehousing	10.0%	3.7%	6.0%
Information	0.0%	0.0%	1.6%
Finance and Insurance, and Real Estate and Rental and Leasing	3.2%	10.9%	6.7%
Professional, Scientific, and Management, and Waste Management	8.7%	17.4%	11.0%

Educational Services, Health Care and Social Assistance	32.4%	23.2%	26.4%
Arts, Entertainment, and Recreation, Accommodation and Food Services	7.5%	6.6%	7.1%
Other Services (excluding Public Admin)	4.4%	4.0%	4.5%
Public Administration	0.7%	0.0%	4.3%

Source: U.S. Census

Chapter Two

Historic Financial Performance

Introduction

This chapter presents a summary of the financial condition of South Coatesville Borough since 2020. A review of all major funds was conducted to assess financial condition; however, this analysis focuses principally on the General and Sewer Funds. The analysis relies on internally generated revenue and expense account details, workforce related information such as historical headcount, pension actuarial reports, and other relevant information.

All Funds Overview

South Coatesville accounts for financial activity within the following major governmental funds:

- The General Fund acts as the primary operating fund and is supported by taxes, fees, and other revenues that may be used for any lawful purpose. This is the principal fund of the Borough and includes all operations not required by law or policy to be recorded in other funds.
- The Sewer Fund accounts for activity related to the Borough's wastewater collection and treatment services. The Borough is responsible for the maintenance of Borough wastewater assets.
- The Liquid Fuels Fund accounts for the proceeds from the State Motor License Fund. Expenditures are legally restricted to highway purposes in accordance with PENNDOT regulations.

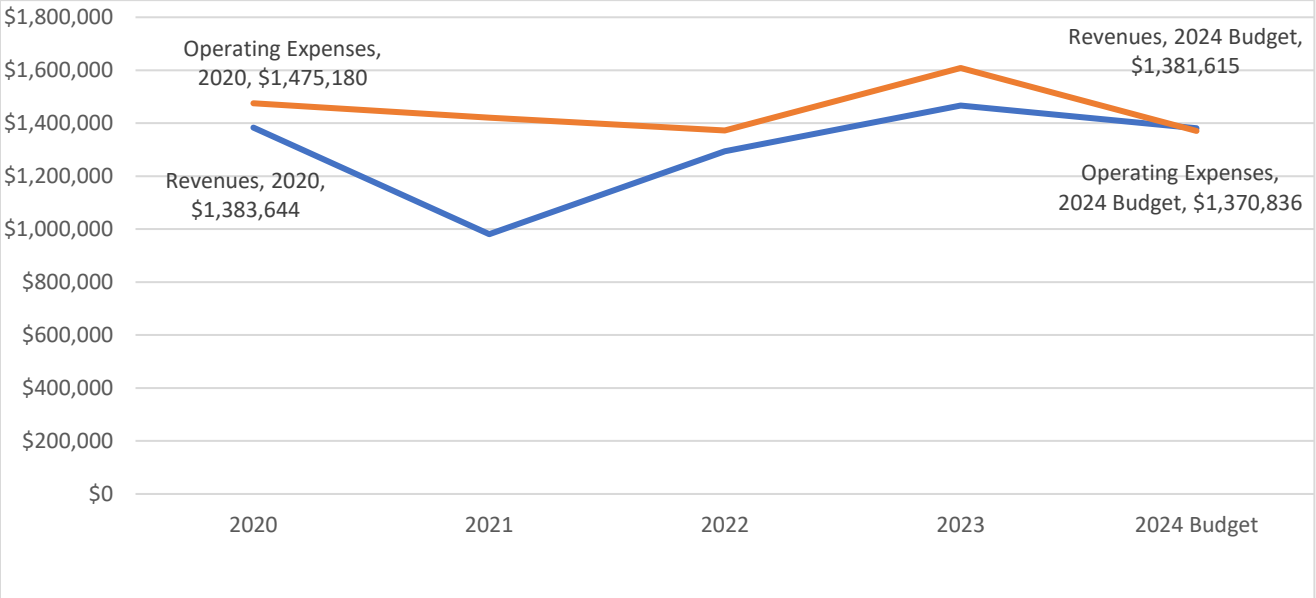
The General Fund is the primary operating fund and, therefore, the focus of this analysis. The financial analysis presented throughout this report will rely on unaudited, internal financial information, the 2024 and 2025 Budgets, and interviews with key Borough representatives. At the time this report was drafted, 2024 year-end and 2025 year-to-date financial results were not available. In addition, the most recent Municipal Annual Audit and Financial Report was submitted in 2021.

General Fund Operating Results

South Coatesville Borough has experienced persistent historical operating deficits indicating severe long-term structural budgetary imbalance, as displayed by Exhibit 2.1. Historical fiscal distress culminated in a cash emergency and near default on a Tax Anticipation Note ("TAN") in late 2024. The Borough was forced to secure a loan, referred to as "Unfunded Debt," to repay the 2024 TAN. Unfunded Debt is a long-term borrowing for the express purpose of covering an unanticipated budget deficit.

It is difficult to fully understand the causes and severity of the Borough's historical structural budgetary imbalance due to deficiencies in record keeping. However, the Borough's fiscal distress is ultimately a result of poor fiscal management, insufficient oversight, and the inability of a relatively stagnant tax base to fund the increasing costs of fundamental municipal services. The ongoing debt service costs resulting from the unfunded debt will place additional pressure on Borough residents.

Exhibit 2.1
General Fund Results, 2020-2024 Budget



Source: South Coatesville Borough

South Coatesville had the County's fifth highest municipal real estate tax rate in 2024. The Borough has employed various strategies to manage fiscal distress while seeking to limit real estate tax millage rate increases, including interfund transfers, the reliance on non-recurring revenue sources, and the deferral of capital maintenance and investment. The Sewer Fund has maintained strong fund balance in recent years and historical activity indicates interfund loans between the Sewer and General Funds. In addition, the 2024 budget was balanced through the anticipated proceeds of a sale of borough property. The failure of the asset sale to materialize was a key cause of the cash emergency and near default on the TAN in late 2024.

Exhibit 2.2
General Fund Results, 2020-2024 Budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Recurring Revenues	$1,383,644	$980,944	$1,293,504	$1,466,734	$1,381,615
Operating Expenses	$1,475,180	$1,421,284	$1,372,374	$1,608,477	$1,370,836
Operating Surplus (Deficit)	**($91,536)**	**($440,340)**	**($78,870)**	**($141,743)**	**$10,779**
Sale of Assets	$0	$0	$13,500	$0	$220,000
Sewer Fund Loans	$0	$0	($58,358)	($53,495)	$60,000
Interfund Liquid Fuels Activity	$0	$0	$0	$0	($58,358)
Net Surplus (Deficit)	**($91,536)**	**($440,340)**	**($123,728)**	**($195,237)**	**$232,421**

Source: South Coatesville Borough

Intergovernmental revenue and grant funding have offered another tool to help the Borough manage fiscal distress. The Borough received $152,398 in American Rescue Plan Act ("ARPA") funds in 2021-2022. The funds were intended to fund vehicle purchases; however, it is unclear exactly how the ARPA funding was used due to insufficient record keeping. The one-time, non-recurring funds may have been employed as another tool to fund recurring, long-term expenses, providing short-term General Fund relief.

General Fund Operating Revenues

Exhibit 2.3 presents a five-year history of revenues by major category. Current and Delinquent Real Estate Taxes are the largest revenue sources, accounting for a combined total of 38 percent of revenue historically. Earned Income Taxes are the second largest revenue source, representing 18 percent of the 2025 Budget. In addition, the Borough benefits from Intergovernmental Revenue and Grants, including recurring state pension and fire service aid. Trash and Recycling fees account for 8 percent of revenue historically, while Real Estate Transfer Tax and Reimbursement from the Sewer Fund each represent 4 percent of General Fund revenue.

Exhibit 2.3
General Fund Revenue Sources, 2020-2024 Budget

Revenue	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget	Avg % of Total	CAGR[1]
Real Estate Tax	$465,088	$441,753	$467,329	$558,355	$519,465	37.7%	2.8%
Earned Income & Local Services Taxes	$269,414	$298,240	$339,281	$364,926	$335,000	24.7%	5.6%
Intergovernmental Revenue & Grants	$371,502	$56,639	$167,626	$218,285	$95,000	14.0%	-28.9%
Trash & Recycling Fees	$84,066	$62,038	$55,866	$97,706	$199,650	7.7%	24.1%
Real Estate Transfer Tax	$35,502	$51,551	$62,484	$53,393	$53,000	3.9%	10.5%
Reimbursement from Sewer Fund	$0	($4,998)	$114,026	$50,000	$80,000	3.7%	
Other Revenue	$87,967	$14,265	$38,603	$43,336	$3,650	2.9%	-54.9%
Licenses & Permits	$27,245	$26,238	$22,419	$52,170	$21,850	2.3%	-5.4%
Fines & Fees	$22,152	$20,657	$13,005	$14,605	$13,500	1.3%	-11.6%
Protective Inspection Fees & Permits	$12,818	$14,406	$12,865	$10,508	$14,000	1.0%	2.2%
Development Reimbursement & Fees	$7,890	$155	$0	$3,450	$46,500	0.9%	55.8%
Total	**$1,383,644**	**$980,944**	**$1,293,504**	**$1,466,734**	**$1,381,615**	**100.0%**	**-0.0%**

Source: South Coatesville Borough

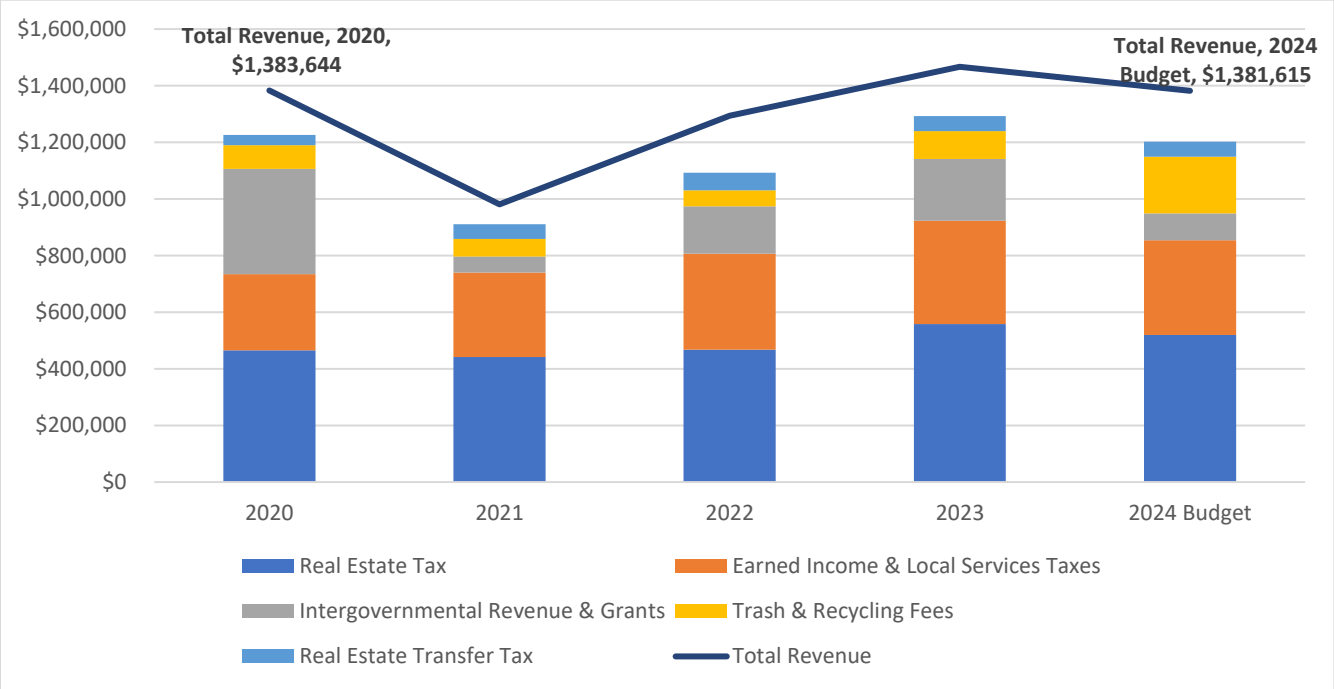
[1] Cumulative Average Annual Growth Rate

Overall operating revenue remained flat from 2020-2024. However, the analysis of revenue growth is being skewed by the $290,000 public safety grant received in 2020. When the grant is removed to more accurately reflect recurring income sources, annual revenue growth averaged 6 percent. This growth is driven by a 24 percent average annual increase in Trash and Recycling fees. However, Recycling and Landfill Disposal Fees more than offset the increase in trash fee collections from residents, resulting in increased pressure on the General Fund.

The 2024 Budget also includes $80,000 in revenue derived from reimbursement from the Sewer Fund. This reimbursement is intended as compensation for administrative and operational support provided to the Sewer Fund by General Fund employees and resources. However, the Borough was unable to justify $80,000 in reimbursement by 2024 year-end, resulting in another area of material 2024 budget underperformance.

Growth in Real Estate Tax and Earned Income Tax collections were the key drivers of growth in recurring, sustainable revenue. A General Fund millage rate increase in 2024 drove increased real estate tax collections. The Borough has also experienced some growth in housing development in recent years. Earned Income Tax growth was primarily the result of the increases in the wages of workers living in South Coatesville.

Exhibit 2.4
Key General Fund Revenue Sources, 2020-2024 Budget



Source: South Coatesville Borough

Real Estate Tax Revenue

Real Estate Tax income is the largest revenue source, with current and delinquent real estate taxes accounting for a combined total of 38 percent of revenue historically. South Coatesville increased the overall real estate millage rate in 2023, 2024, and 2025 to contend with operating deficits. In 2023, dedicated millage was added to support Ambulance, Rescue, and Emergency Services and Fire Service. In 2024 and 2025, the General Purpose millage rate was increased by 1 mill and 2.3 mills, respectively. In addition, 1.2 mills was added in 2025 to fund the interest and principal expenses associated with the unfunded debt borrowing.

Exhibit 2.5
South Coatesville Real Estate Tax Collection History, 2020-2025

	2020	2021	2022	2023	2024	2025
Real Estate - General Purpose	7.6	7.6	7.6	7.6	8.6	10.9
Real Estate - Ambulance/Rescue/Emergency Services				0.25	0.25	0.25
Real Estate - Fire Equipment & Firehouses				1.25	0.25	0.25
Real Estate - Debt Service						1.2
Real Estate - Total	**7.6**	**7.6**	**7.6**	**9.1**	**9.1**	**12.6**

Source: South Coatesville Borough

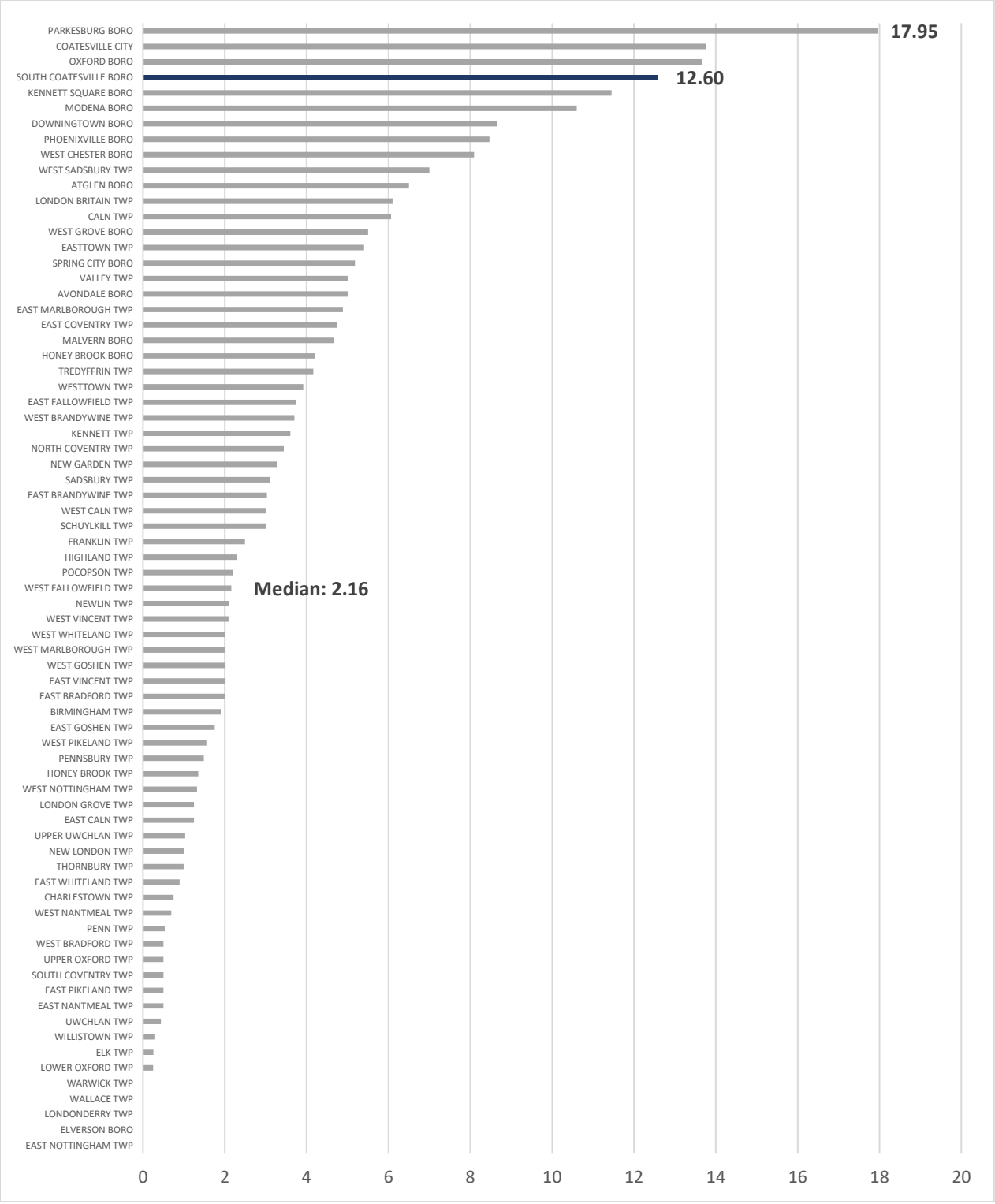
South Coatesville has maintained a comparatively high millage rate for years. As displayed in Exhibit 2.6, South Coatesville has the fourth highest total millage rate in Chester County at 12.6 mills in comparison to the median millage rate of 2.16 mills for all Chester County municipalities.

The Borough must maintain a relatively high millage rate primarily due to a comparatively low total assessment value. As displayed in Exhibit 2.7, in 2023, South Coatesville had the fourth lowest total assessment value in Chester County at $62 million in comparison to the median millage rate of $396 million for all Chester County municipalities.

Comparatively low assessment values are generally an indication of comparatively weak market values. This is apparent when comparing South Coatesville to similarly sized municipalities. Honey Brook Borough, Elk Township, East Nantmeal Township, and Newlin Township all have less than 1,000 households and General Fund budgets totaling less than $2 million. On average, the group of comparable communities has an average assessment value of $115 million, equivalent to nearly double the total assessment value of South Coatesville. Consequently, there is immense upward pressure on the millage rate in South Coatesville.

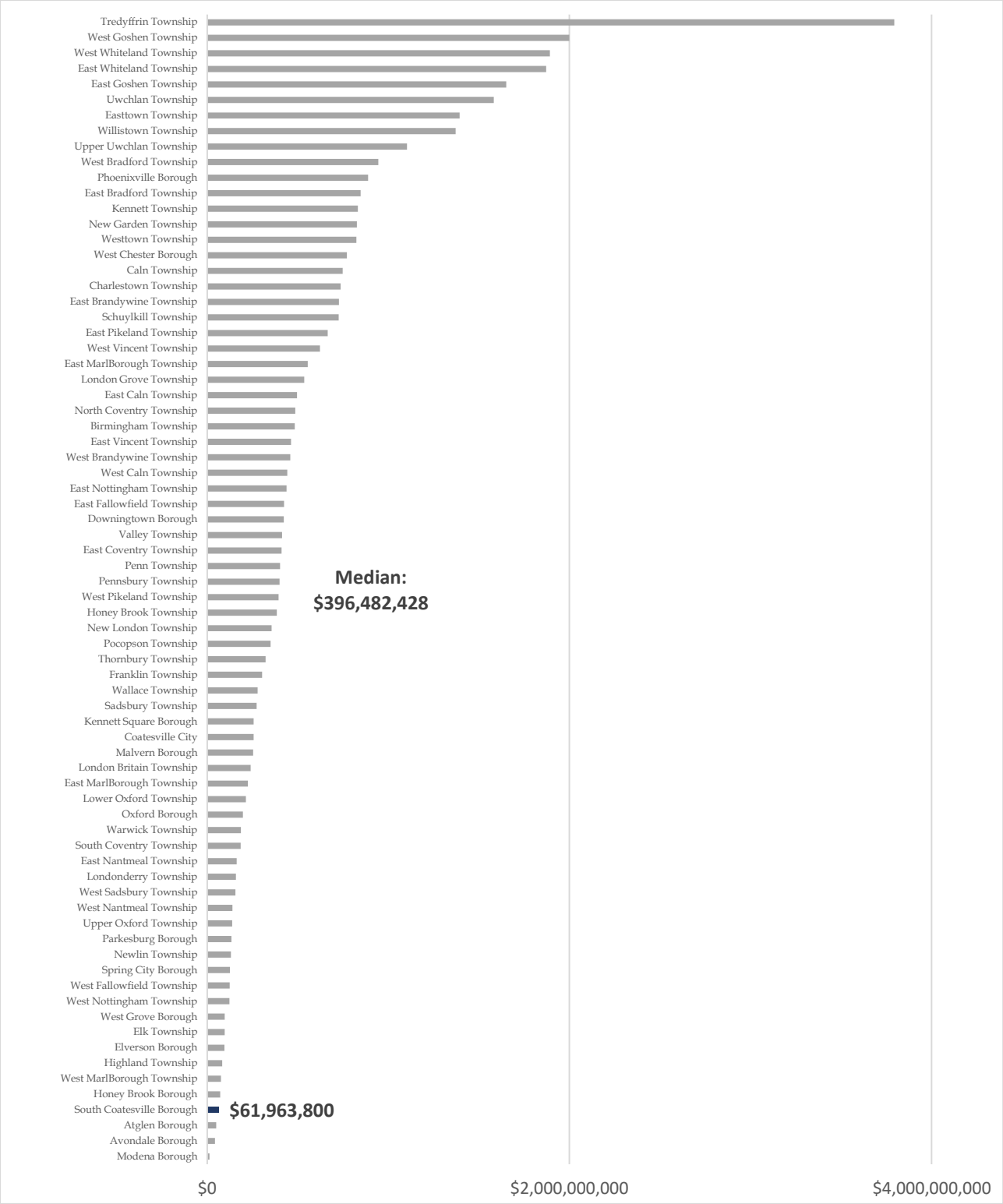
In addition, South Coatesville must manage tax and fee collection challenges. Unaudited 2024 real estate tax collection data suggests a current real estate tax collection rate of around 90 percent. Trash and Recycling Fee collections are estimated at less than half of the budgeted amount in 2024.

Exhibit 2.6
Municipal Real Estate Tax Millage Rate, Chester County Municipalities, 2025



Source: PA Department of Community and Economic Development Municipal Statistics

Exhibit 2.7
Total Assessment Value, Chester County Municipalities, 2023



Source: Commonwealth of Pennsylvania State Tax Equalization Board. https://dced.pa.gov/download/ted-market-value-2023/

Act 511 Taxes

Earned Income Tax

EIT is the second largest source of revenue, representing 18 percent of 2025 budgeted revenue. The Borough imposes a 0.5 percent EIT on residents and a 1 percent EIT on non-residents. The Coatesville Area School District also levies a rate of 0.5 percent bringing the full EIT charged to South Coatesville residents to 1.0 percent. As indicated below, 69 of the 73 Chester County municipalities impose a resident EIT while 63 also impose a non-resident EIT.

In general, municipalities such as South Coatesville that are not governed by home rule charter or declared as financially distressed through Act 47 are not permitted to implement a combined municipal and school district EIT rate that exceeds 1 percent.

Exhibit 2.8
Chester County Earned Income Tax Rates, 2025

	0%	0%-.5%	0.50%	.5% -1%	1.00%	>1%	Total
Municipal Resident	4	1	33	24	10	1	73
Municipal Non-Resident	10	0	14	5	44	0	73
School District Resident	4	0	8	1	1	0	14

Source: PA Department of Community and Economic Development

EIT collections have historically outpaced inflation. In 2025, EIT collections are expected to total about $280,000 compared to about $240,000 in 2020, representing 3.3 percent average annual growth. This growth is likely a function of both an increase in workers living in South Coatesville and steady wage growth. Census OnTheMap data indicates that the number of total workers living in South Coatesville increased at an average annual rate of 2 percent from 2017-2021.

Other Local Taxes

Other Local Taxes include Local Services Tax ("LST") and Real Estate Transfer Tax. The LST is a local tax payable by all individuals who hold a job or profession within a taxing jurisdiction imposing the tax. The Commonwealth permits a maximum combined municipal and school district LST of $52 for residents that do not qualify for the Mandatory Low-Income Exemption.[2] Of all Chester County municipalities, 47 levy an LST. South Coatesville receives $47 in LST per individual and the Coatesville Area School District levies an LST tax of $5. Collections are expected to total about $38,000 in 2025.

South Coatesville levies a 0.5 percent Real Estate Transfer Tax on real estate transactions within the Borough. Coatesville Area School District also levies an additional 0.5 percent on real estate transactions. Revenues from real estate transfer taxes fluctuate based on housing market activity, but averaged about $50,000 annually, with spikes in collections 2021 and 2022 as a result of a robust national housing market.

[2] Political subdivisions that levy an LST at a rate that exceeds $10 must exempt taxpayers whose total earned income and net profits from all sources within the political subdivision is less than $12,000.

Other Revenues

In addition to the key revenue sources outlined above, South Coatesville also receives revenue from Intergovernmental Revenue and Grants, Trash and Recycling Fees, Reimbursement from the Sewer Fund, and Licenses and Permits.

Intergovernmental Revenue and Grants vary annually but account for roughly 14 percent of revenue historically. The Borough received a $290,000 public safety grant in 2020, about $72,000 in Strategic Management Planning Grant revenue is expected in 2025, and a $57,345 Local Share Account grant for police equipment was awarded for distribution in 2025. From 2020-2023, the Borough also received about $37,000 on average from Modena Borough for police services. There have been challenges collecting fees from Modena Borough. The 2025 Budget does not include any revenue derived from a shared service agreement with Modena Borough; however, there have been discussions about continuing the partnership in the future. The Borough has also received state pension aid and a foreign fire insurance tax distribution aid historically. In 2025, state pension aid and the foreign fire insurance premium tax are expected to total about $58,000 and $9,300, respectively.[3]

Trash and Recycling Fees are collected to cover the costs of third-party trash disposal and a recycling program managed by the South Coatesville Public Works Department. Total recycling and landfill disposal fees have increased dramatically from about $136,000 in 2020 to around $208,000 in anticipated 2025 costs, mirroring a trend experienced by many municipalities across the Commonwealth. This increase was driven by the current trash disposal contract with JP Mascaro & Sons spanning 2023-2025. The Borough has increased trash and recycling fees to cover rising costs, resulting in average annual growth of about 18 percent from 2020-2025.

Historically, the Borough budgets an annual transfer of roughly $48,000 from the Sewer Fund, intended as compensation for administrative and operational support provided to the Sewer Fund by General Fund employees and resources. In addition, historically the salary of the part-time employee responsible for managing sewer service was paid from the General Fund and then reimbursement was provided from the Sewer Fund. In 2025, the sewer operations employee was budgeted directly in the Sewer Fund. As mentioned previously, there has been historical interfund activity between the Sewer and General Funds that is difficult to justify. The 2025 Budget anticipates $60,000 in reimbursement from the Sewer Fund.

Income from Licenses and Permits accounts for roughly 2 percent of total revenue historically, totaling about $30,000 annually. Cable TV Franchise Fee revenue is the largest source of License revenue but has declined from around $26,000 in 2020 to $18,000 in anticipated 2025 revenue. Cable TV Franchise Fee revenue is derived from annual fees charged by local governments to private cable television providers as compensation for the use of public property. Generally, municipalities and cable tv providers negotiate a revenue sharing agreement. In recent years, as

[3] In 2025, the Borough amended the structure of the budget to include a Fire Services Fund. The Fire Services Fund now includes all fire service-related activity including fire service millage collections and the foreign fire insurance premium tax distribution.

consumers have migrated toward streaming services, cable franchise fee revenue has been impacted. Streaming services generally do not require the use of public property and therefore do not engage in compensation agreements with municipalities.

General Fund Operating Expenses

Exhibit 2.9 on the following page outlines a five-year history of expenses by major category. Workforce-related costs comprise half of annual expenditures, with Salaries and Wages representing the largest share at 35 percent of total operating expenses. Since 2020, engineering services related to public works and real estate development have been the most significant professional service expense. Recycling and landfill disposal fees account for an average of 9 percent of annual spending. Vehicle and equipment costs, driven primarily by solid waste vehicle replacements and police vehicle leases, have also become a notable expense, averaging 4 percent historically.

Exhibit 2.9
General Fund Expenses, 2020-2024 Budget

Expenses	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget	Avg % of Total	CAGR[4]
Salaries & Wages	$491,887	$502,853	$506,365	$483,409	$545,555	**34.9%**	**2.6%**
Professional Services	$99,194	$180,221	$122,165	$241,709	$148,075	**10.9%**	**10.5%**
Maintenance & Repairs	$337,554	$106,063	$93,743	$103,704	$33,700	**9.3%**	**-43.8%**
Recycling & Landfill Disposal Fees	$136,170	$92,547	$55,432	$178,197	$212,436	**9.3%**	**11.8%**
Healthcare	$43,271	$72,496	$86,062	$69,737	$80,000	**4.9%**	**16.6%**
Vehicles & Equipment	$20,838	$53,757	$121,068	$99,304	$39,920	**4.6%**	**17.6%**
Legal Services	$27,642	$38,138	$78,166	$71,127	$47,000	**3.6%**	**14.2%**
Insurance	$66,654	$51,102	$24,691	$55,186	$40,000	**3.3%**	**-12.0%**
Materials & Supplies	$28,961	$75,396	$60,525	$12,197	$40,250	**3.0%**	**8.6%**
Communication & Utilities	$39,748	$41,061	$43,963	$45,464	$31,200	**2.8%**	**-5.9%**
Social Security Tax	$38,076	$38,485	$41,604	$47,310	$35,000	**2.8%**	**-2.1%**
Pension	$34,671	$40,793	$36,606	$36,636	$47,000	**2.7%**	**7.9%**
Fire Contribution	$10,839	$22,690	$26,864	$71,633	$9,000	**1.9%**	**-4.5%**
Other Employee Benefits	$70,831	$54,145	$29,015	$46,100	$47,700	**3.4%**	**-9.4%**
Overtime	$11,981	$13,502	$20,352	$26,164	$9,500	**1.1%**	**-5.6%**
Other Expenses	$11,951	$33,230	$19,126	$12,134	$3,200	**1.1%**	**-28.1%**
Rec. & Community Programming	$4,914	$4,806	$6,627	$8,465	$1,300	**0.4%**	**-28.3%**
Total Operating Expenses	**$1,475,180**	**$1,421,284**	**$1,372,374**	**$1,608,477**	**$1,370,836**	**100.0%**	**-1.8%**

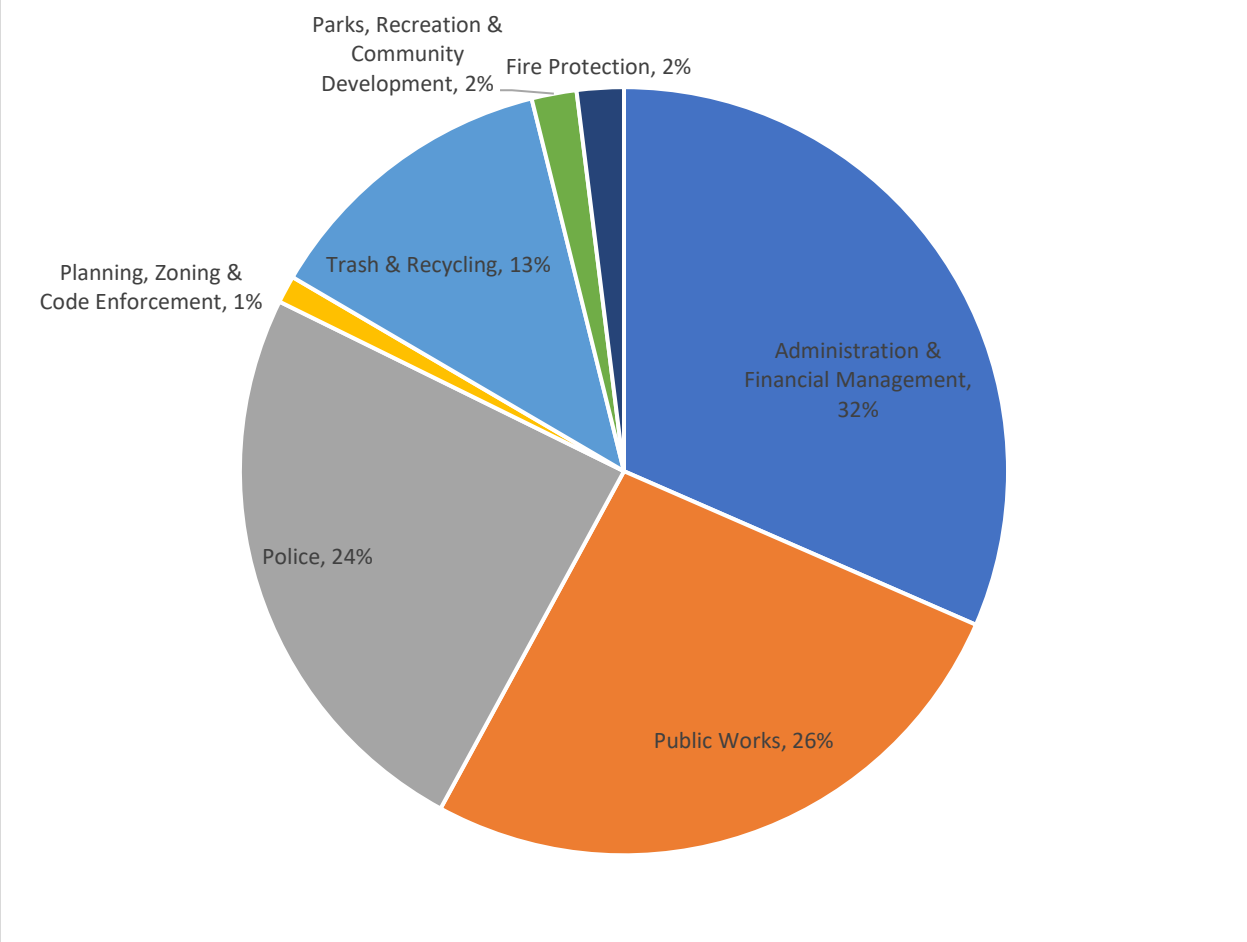
Source: South Coatesville Borough

[4] Cumulative Average Annual Growth Rate

Exhibit 2.10 displays the distribution of expenses by function. Administration and Financial Management functions are the largest expense, accounting for 32 percent of the budget historically. Administration and Financial Management includes various services such as legal support, auditing services, borough manager salary, and general and professional liability insurance costs. In addition, workers' compensation, life insurance, health insurance, social security tax, and unemployment tax expenses for the entire workforce are categorized as administrative rather than by department to align with structure of historical financial reporting.

Public Works and Police related activity each account for about a quarter of annual expenses. Salaries and Wages represent the majority of both the Public Works and Police budgets. Maintenance and Repairs are also a significant public works related expense. Trash and recycling expenses, historically 12 percent of total costs, have increased by 150 percent since 2020.

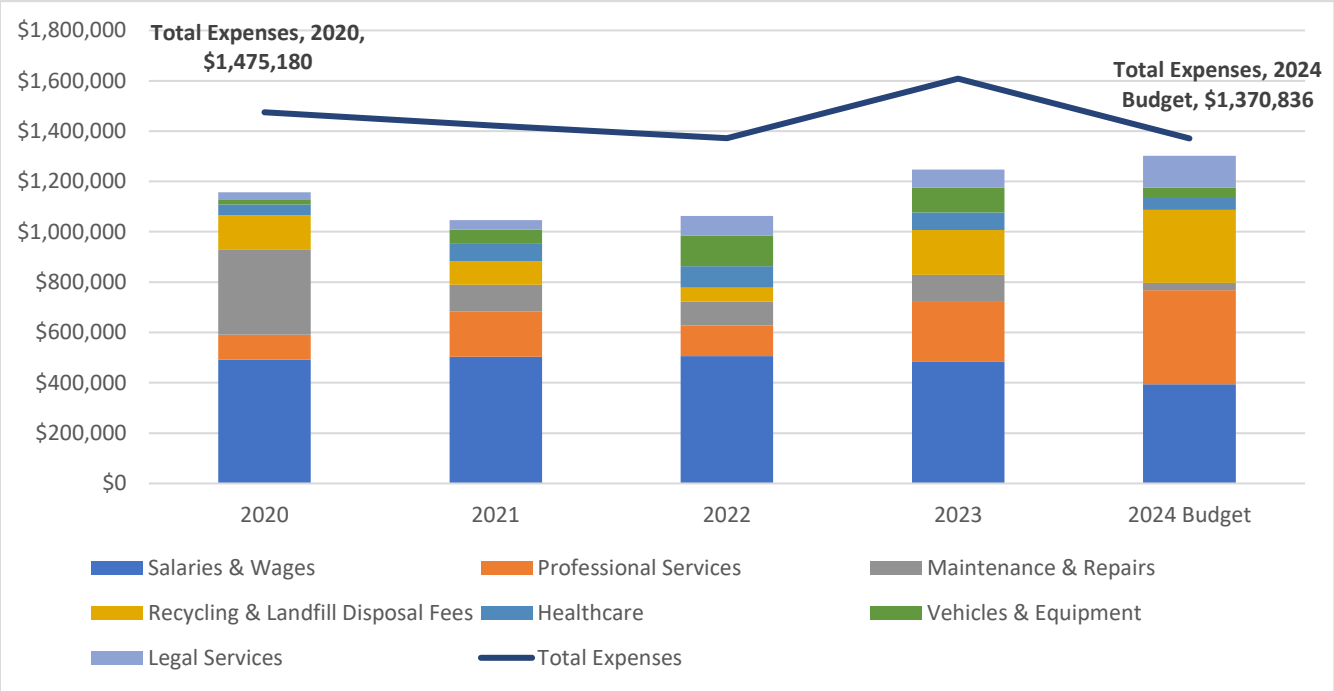
Exhibit 2.10
General Fund Expense Distribution by Function, Average of 2020-2024 Budget



Source: South Coatesville Borough

Overall, the Borough has limited growth in workforce expenses to below inflation. However, some of this cost containment has been achieved through underinvestment in critical administrative and financial management capacity and diminished service levels. Alternatively, various non-workforce related costs have outpaced inflation. Some of these costs, such as recycling and trash disposal expenses are outside of the Borough's control, while others such as escalating legal costs represent operational challenges.

Exhibit 2.11
Key General Fund Expenses, 2020-2024 Budget



Source: South Coatesville Borough

The 2024 Budget anticipated a decrease in overall expenditures in comparison to 2020. However, actual 2024 expenses almost certainly exceeded the budget for various reasons including higher than anticipated recycling and landfill disposal costs, over-budget legal fees, and unreimbursed development related engineering fees. Thus, 2020-2023 performance provides a more reliable assessment of trends.

Overall expenses increased by about $133,000 from 2020-2023. However, there are several large, non-recurring expenses skewing the growth rate. Specifically, a $290,000 grant funded capital improvement project was completed in 2020 and roughly $80,000 in reimbursable engineering costs associated with real estate development were incurred in 2023. When removing these items, operating expenses increased by about $345,000 from 2020-2023, equivalent to a 29 percent overall increase. The purchase of a new solid waste vehicle, an increased contribution to fire services, growing recycling and trash disposal costs, and escalating legal fees were primarily responsible for the growth in recurring expenses from 2020-2023. Alternatively, from 2020-2023 overall

workforce expenses only increased by about $19,000, equivalent to 1 percent average annual growth.

Workforce Expenses

As displayed in Exhibit 2.12, the Borough currently relies on a very limited workforce, supervised by a part-time Borough Manager. To reduce expenses and limit real estate tax increases, the following workforce changes were included in the 2025 Budget:

- Chief of Police position was left vacant.
- Hours for the Full Time Officer were reduced to 30 per week. At the time this report was drafted, the full-time officer resigned following a period of extended leave. The Borough does not plan on replacing the position.
- Part-time Officer hours were reduced to roughly 30 hours per week.
- A part-time Public Works position was left vacant.
- Borough Manager hours were reduced.
- Finance Administrative Assistant position was added to replace the reliance on third-party financial management support.

Exhibit 2.12
Positions Funded in the 2025 Budget

Administration	Status	Count
Borough Manager	PT	1
General Administrative Assistant	FT	1
Finance Administrative Assistant	PT	1
Police		
Sergeant	FT	1
Police Officer (FT)	FT	1
Police Officer (PT)	PT	6
General Administrative Assistant	PT	1
Public Works		
Foreman	FT	1
Laborer (FT)	FT	1
Laborer (PT)	PT	1
Laborer (PT)-Sewer Operations	PT	1
Total Full-time		**5**
Total Part-time		**11**

Source: South Coatesville Borough

Workforce expenses account for half of the budget historically, and as mentioned previously, overall workforce costs increased by just 1 percent on average annually from 2020-2023. The Borough was primarily able to control overall workforce costs by limiting headcount and service levels. Public Works and Police Salaries and Wages declined by an average annual rate of 8 percent and 5 percent, respectively. A majority of the decline in Police Salaries and Wages is

attributable to decreased reliance on part-time officers, which may leave shifts covered by the Pennsylvania State Police. In the past, the Public Works Department was staffed by 3 full-time employees but has since transitioned to two full-time employees and part-time support.

Exhibit 2.13
Workforce Expenses, 2020-2024 Budget

Workforce Expenses	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Salaries & Wages	$491,887	$502,853	$506,365	$483,409	$545,555
Overtime	$11,981	$13,502	$20,352	$26,164	$9,500
Social Security Tax	$38,076	$38,485	$41,604	$47,310	$35,000
Healthcare	$43,271	$72,496	$86,062	$69,737	$80,000
Pension	$34,671	$40,793	$36,606	$36,636	$47,000
Other Employee Benefits	$70,831	$54,145	$29,015	$46,100	$47,700
Total	**$690,717**	**$722,274**	**$720,004**	**$709,356**	**$764,755**
Average % of Total Expenses			**50%**		

Source: South Coatesville Borough

Overtime expenses have fluctuated historically and are attributed to the Police and Public Works Departments. From 2020-2023, total overtime more than doubled from about $12,000 to $26,000, likely to compensate for a limited workforce. During this period, Police Overtime increased at an average annual rate of 5 percent, while Public Works overtime spiked in 2023 at $18,000 in comparison to $5,000 in 2020. Both Police and Public Works overtime are expected to return to near 2020 levels in the 2025 Budget.

Healthcare costs are the second largest workforce related expenses, accounting for about 5 percent of costs historically. Healthcare expenses are expected to total $50,000 in the 2025 Budget. Healthcare benefits are provided to the full-time Police Sargeant, Foreman, and Laborer.

The Borough maintains a defined benefit plan for the Police Department and a defined contribution plan for Non-Uniformed Employees. The Police Pension Fund has a total of 4 participants, representing active, retirees, and beneficiaries. The Police Pension Fund shows a fiduciary net position as a percentage of the total pension liability of 99 percent. The Non-Uniform Pension Fund is administered by the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). There were 8 plan participants and a plan net fiduciary position of $169,000 at the end of 2023.

Pennsylvania law requires all municipalities 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. In 2025, Police and Non-Uniform MMO costs are $29,409 and $25,874, respectively.

Exhibit 2.14
Police Pension Plan Funding Summary, 2023

	Police
Active Employees	3
Vested Former Employees	0
Former Employees Receiving Benefits	1
Total Participants	4
Total Pension Liability	$638,058
Plan Fiduciary Net Position	$631,553
Net Pension Asset	$6,505
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99%

Source: South Coatesville Borough Police Pension Plan and Non-Uniform Pension Plan Statements, December 31, 2023

Social Security Tax refers to the Federal Insurance Contributions Act (FICA). FICA is a United States federal payroll tax that is deducted from each paycheck to fund Social Security and Medicare programs. FICA costs represent about 3 percent of overall expenses and have decreased at an average annual rate of 2 percent. Growth in FICA expenses is closely linked to salary and wage growth.

The Other Personnel Expenditures category includes various benefits such as workers' compensation insurance, uniforms, training, unemployment tax, and life insurance, with workers' compensation insurance representing the largest other employee benefit. Workers' Compensation insurance provides benefits for workers who are injured or become ill as a direct result of employment. These costs represent 2 percent of overall General Fund expenses historically and have declined from about $45,000 in 2020 to $32,000 in the 2025 Budget.

Other Expenses

In addition to the key expenses outlined above, South Coatesville also incurs expenses attributable to Professional Services, Maintenance and Repairs, Recycling and Landfill Disposal Fees, Vehicles and Equipment, and Legal Services.

Professional Services expenses have fluctuated, accounting for 11 percent of total expenses historically. Recurring professional service expenses include auditing, payroll, internet technology, tax collection, and banking services. Spikes in professional services occurred in 2023-2025 as the result of reimbursable engineering costs associated with real estate development. Solid waste billing charges were also uncharacteristically high in 2021 and 2023.

Maintenance and Repair expenses have accounted for about 9 percent of the expenses historically. Recurring maintenance and repair expenses appear to total around $100,000 annually despite the likely deferral of investment in capital assets to manage expenses. Large capital projects were also reflected as maintenance and repairs historically. For example, $290,000 grant funded capital

improvement project was completed in 2020 and recorded as a public works maintenance and improvement expense.

As mentioned previously, Trash and Recycling Fees are collected to cover the costs of third-party trash disposal and a recycling program managed by the South Coatesville Public Works Department. Total recycling and landfill disposal fees have increased dramatically from about $136,000 in 2020 to around $208,000 in anticipated 2025 costs, mirroring a trend experienced by many municipalities across the Commonwealth. This increase was driven by the current trash disposal contract with JP Mascaro & Sons spanning 2023-2025.

Vehicle and equipment expenses account for 5 percent of total spending. The solid waste vehicle replacement and police vehicle leases are the largest Vehicle and Equipment expenses from 2020-2023.

Total legal services increased from $28,000 in 2020 to $71,000 in 2023. Historically, legal expenses have accounted for about 4 percent of total expenses. Solicitor fees are the largest legal service cost. Minimal special legal fees have been incurred historically.

Conclusion

South Coatesville Borough is experiencing severe long-term structural budgetary imbalance. The Borough has successfully limited growth in workforce expenses to help manage fiscal distress. However, some of this cost containment has been achieved through underinvestment in critical administrative and financial management capacity and diminished service levels. The Borough's fiscal distress is ultimately a result of poor fiscal management, insufficient oversight, and the inability of a relatively stagnant tax base to fund the increasing costs of fundamental municipal services. Historical fiscal distress culminated in a cash emergency and near debt default in late 2024.

Chapter Three

Emergency Financial Plan

Overview

In late 2024, the Borough faced a cash emergency that threatened its ability to pay for essential municipal services and continue as a functioning government. The crisis stemmed from the Borough's issuance of a $600,000 Tax Anticipation Note ("TAN") in January 2024. A TAN is a short-term debt instrument issued by municipalities for the purpose of managing cash flow discrepancies. Like other municipalities, the Borough realizes its revenues on an uneven basis throughout the year, though expenses are relatively constant. Real estate taxes are by far the Borough's top source of revenue; however, these revenues are not collected until mid-March. To fill the revenue gap from January through March when real estate tax collections are realized, the Borough issued a TAN, which had a maturity (final repayment date) of December 31, 2024.

About midway through 2024, it was clear that the Borough would not be able to repay the TAN when it came due. The shortfall was attributable to several factors, including structural budgetary imbalance and faulty budgeting. As described in the previous chapter, the Borough has experienced a pattern of deficits, which compounded over time. Instead of correcting the trend of deficits with either revenue enhancements (tax increases) or expense reductions, the Borough passed an unrealistic 2024 budget that included a $220,000 asset sale, overly optimistic revenues, and aggressively low expenses. When the budgeted asset sale did not materialize and several key budget items underperformed, the Borough was forced to take emergency action.

To address the cash shortfall, the Borough implemented a multiple step process involving immediate and long-term actions. First, the Borough pursed a loan, referred to as "Unfunded Debt," to repay the 2024 TAN. Unfunded Debt is a long-term borrowing for the express purpose of covering an unanticipated budget deficit. The Borough hired a registered municipal advisor to negotiate with potential lenders, structure the loan, and facilitate the debt issuance process.

The advisor held discussions with three banks and a placement agent; however, ultimately just one bank, Citadel Credit Union, was willing to participate in the loan. Below is a summary of lending terms:

Lender	Citadel Credit Union
Amount	$407,000
Purpose	Repay 2024 TAN, pay costs of issuance
Rate	9.75%
Term	10 years
Principal payments	Annual (December 25)

Interest payments	Monthly (25th of month)
Annual debt service	Approximately $66,000
Prepayment	Anytime, no penalty (principal does not re-amortize with partial payment)

In addition to the terms outlined above, the Borough was required to transition its banking relationship and account deposits to Citadel Credit Union.

The second step in the emergency plan involved implementing recurring budgetary fixes to avoid a similar situation in future years. The Borough implemented substantial budget reductions, including eliminating the Police Chief position, reducing hours of part-time officers, and limiting other police related costs. The Borough also reduced the hours for the Borough Manager, replaced most financial management activities performed by third-party consultants with a part-time, in-house employee, and limited discretionary expenses. To strengthen revenues, the Borough enacted a 3.5 Real Estate tax millage rate increase comprised of a 1.2 Debt Service millage (to cover annual debt service related to the 2024 Unfunded Debt issuance) and 2.3 General Purpose millage for operating expenses.

While these 2025 budget measures provide a reasonable level of certainty that the government will remain solvent, at least through year-end, the Borough must consider additional corrective actions to achieve structural budgetary balance and ensure essential services are delivered to the community. The following chapters provide a roadmap for the Borough to achieve its long-term fiscal goals.

Chapter Four

Baseline Projection of Financial Results

Overview

The baseline projection reflects a continuation of current operating procedures and trends without implementation of corrective action. The baseline projection included in this chapter establishes the framework used to develop the recommendations included in the remainder of the report. Those recommendations seek to help the Borough secure long-term fiscal stability. This chapter establishes the basis of the assumptions used to generate the 2025-2029 projection.

General Fund Projection Assumptions

The projection of financial results is based on informed revenue and expense growth expectations accounting for historical performance, existing collective bargaining agreements, national and regional trends, and other relevant information. The projection assumes no corrective actions such as increased tax rates and fees are taken to improve the current situation. The Philadelphia Federal Reserve projects annual inflation at 2.4 percent over the next ten years.[5].

Revenue Assumptions

Housing development is expected to contribute to tax base expansion in future years. The 2025-2029 projection conservatively estimates the introduction of roughly 130 homes over multiple years. These new homes are expected to have market values of $250,000 which are slightly higher than the 2022 median housing value of existing homes. Although these projects are undoubtedly positive news for the Borough, there is also uncertainty around new developments generally. There is always risk that the project will delayed, partially completed, or that economic conditions deteriorate. Next, there is uncertainty around the timing of completion, actual market price, final assessment values of new homes, and demographics of new residents. The baseline projections seek to balance the positive impacts with the uncertainty of these developments.

South Coatesville increased the General Purpose real estate millage rate in 2024 and 2025 to contend with operating deficits. The baseline projection of Real Estate Taxes assumes no change in collection rate or millage rate. However, as a result of anticipated development, the baseline projection includes 3 percent average annual growth in real estate tax revenue between 2026 and 2029, resulting in real estate tax revenue that is 11 percent higher in 2029 than 2025. This growth is equivalent to roughly $70,000 in annual real estate tax collections and is therefore material.

EIT collections have experienced annual growth of 3.3 percent. New housing development is expected to help moderate recent declines in total workers living in South Coatesville.

[5] The Philadelphia Federal Reserve. https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/inflation-forecasts

Consequently, EIT is projected to continue to exceed inflation and slightly outpace historical collections.

Revenues from Real Estate Transfer Tax have spiked in recent years because of a robust national housing market. The baseline projection assumes a continuation of elevated Real Estate Transfer Tax revenue levels as new houses are completed and sold.

Intergovernmental Revenue and Grants are expected to average about $60,000 in future years, which is roughly equivalent to state pension aid. The baseline projection does not assume the continuation of the police shared service agreement with Modena Borough.

Income associated with Trash and Recycling Fees, Licenses and Permits, Fines and Fees, and other permit-related revenues are expected to remain flat. Development Reimbursement and Fee revenue is expected to be fully reimbursed and thus does not impact the financial outlook. The Cable TV Franchise Fee is the largest source of Licenses and Permit revenue. As consumer preferences have shifted toward streaming services, cable franchise fee revenue has been impacted nationally. The projections assume overall revenue from business licenses, permits, and fines is stagnant due to the uncertainty of future cable tv franchise fees.

The projections assume the Borough continues an annual transfer of $60,000-$65,000 from the Sewer Fund to the General Fund as compensation for administrative and operational support provided to the Sewer Fund by General Fund employees and resources.

Exhibit 4.1
General Fund Revenue Growth Rate Assumptions, CAGR 2025-2029

Revenue	2025-2029
Real Estate Tax	2.7%
Earned Income & Local Services Taxes	0.0%
Intergovernmental Revenue & Grants	-15.9%
Trash & Recycling Fees	0.0%
Real Estate Transfer Tax	13.6%
Reimbursement from Sewer Fund	3.0%
Other Revenue	2.3%
Licenses & Permits	0.0%
Fines & Fees	0.0%
Protective Inspection Fees & Permits	0.0%
Development Reimbursement & Fees	0.0%
Total Recurring Revenue	**1.2%**
CPI	**2.3%**

Exhibit 4.2
Baseline General Fund Revenue Projection, 2025-2029

Revenue	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Real Estate Tax	$642,000	$659,000	$677,000	$695,000	$713,000
Earned Income Tax	$280,000	$290,000	$300,000	$310,000	$321,000
Local Services Tax	$38,000	$38,000	$38,000	$38,000	$38,000
Intergovernmental Revenue & Grants	$129,000	$59,000	$61,000	$63,000	$65,000
Trash & Recycling Fees	$195,000	$195,000	$195,000	$195,000	$195,000
Real Estate Transfer Tax	$30,000	$50,000	$50,000	$50,000	$50,000
Reimbursement from Sewer Fund	$60,000	$62,000	$64,000	$66,000	$68,000
Other Revenue	$3,000	$3,000	$3,000	$3,000	$3,000
Licenses & Permits	$20,000	$20,000	$20,000	$20,000	$20,000
Fines & Fees	$14,000	$14,000	$14,000	$14,000	$14,000
Protective Inspection Fees & Permits	$12,000	$12,000	$12,000	$12,000	$12,000
Development Reimbursement & Fees	$105,000	$105,000	$105,000	$105,000	$105,000
Total	**$1,528,000**	**$1,507,000**	**$1,539,000**	**$1,571,000**	**$1,604,000**

Expense Assumptions

Workforce expenses account for half of the budget historically and increased by just 1 percent on average annually from 2020-2023. As outlined in Chapter 2, the following workforce changes are reflected in the 2025 Budget:

- Chief of Police position was left vacant.
- Hours for the Full Time Officer were reduced to 30 per week. At the time this report was drafted, the full-time officer resigned following a period of extended leave. The Borough does not plan on replacing the position.
- Part-time Officer hours were reduced to roughly 30 hours per week.
- A part-time Public Works position was left vacant.
- Borough Manager hours were reduced.
- Finance Administrative Assistant position was added to replace the reliance on third-party financial management support.

Salary and wages for remaining employees are expected to mirror national averages at 3 percent average annual growth. The projection assumes this limited staffing structure and ultimately reduced service levels remain throughout the projection period, resulting in overall workforce costs below historical averages. Although reduced staffing levels may save on direct costs, insufficient administrative and financial management capacity will make it difficult to monitor and control costs in other areas.

Healthcare expense growth is expected to align with Centers for Medicare and Medicaid Services private health insurance spending projections at 5.6 percent average annual growth.[6] Overtime, FICA, and Pension costs are closely linked to Salary and Wage expenses; therefore, these employee costs are also expected to grow at 3 percent annually. Other Employee Benefits such as Workers' Compensation insurance are expected to mirror inflation.

Recurring professional service expenses include auditing, payroll, internet technology, tax collection, and banking services. Professional services are expected to average about $265,000 in the projection period. Reimbursable engineering costs account for a large portion of professional services. However, these costs are fully offset by reimbursement.

Although the Borough has limited increases in workforce expenses, growth in other expenses such as Maintenance and Repairs, Vehicles and Equipment, and Materials and Supplies have outpaced inflation. This trend is expected to continue. The Borough will also have to address deferred maintenance, further stressing future operating budgets.

Recycling and Landfill disposal fees have increased dramatically from about $136,000 in 2020 to around $208,000 in anticipated 2025 costs, mirroring a trend experienced by many municipalities across the Commonwealth. This increase was driven by the current trash disposal contract with

[6] Centers for Medicare & Medicaid Services. https://www.cms.gov/newsroom/press-releases/cms-releases-2023-2032-national-health-expenditure-projections

JP Mascaro & Sons spanning 2023-2025. The future costs of trash disposal and recycling service are uncertain but projected to remain elevated and grow at the rate of inflation.

Total legal services increased significantly from $28,000 in 2020 to $71,000 in 2023. The 2025 Budget seeks to return legal expenses to past levels by relying less on the Borough Solicitor. However, the current lack of administrative and financial management capacity will make reduced reliance on the solicitor challenging. In addition, inflation will drive up legal costs generally. The projection assumes legal expenses remain between $70,000-$80,000 in future years.

Exhibit 4.3
Expense Growth Assumptions, CAGR 2025-2029

Expenses	2025-2029
Salaries & Wages	3.0%
Professional Services	-0.4%
Maintenance & Repairs	5.0%
Recycling & Landfill Disposal Fees	3.0%
Healthcare	5.6%
Vehicles & Equipment	5.0%
Legal Services	2.3%
Insurance	2.3%
Materials & Supplies	5.0%
Communication & Utilities	5.0%
Social Security Tax	3.0%
Pension	0.7%
Fire Contribution	2.7%
Other Employee Benefits	2.3%
Overtime	3.0%
Other Expenses	2.3%
Recreation & Community Programming	2.3%
Total Operating Expenses	**2.6%**
CPI	**2.3%**

Exhibit 4.4
Baseline General Fund Expenditure Projection, 2025-2029

Expenses	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries & Wages	$437,000	$450,000	$464,000	$478,000	$492,000
Professional Services	$310,000	$270,000	$259,000	$263,000	$266,000
Maintenance & Repairs	$70,000	$69,000	$73,000	$76,000	$80,000
Recycling & Landfill Disposal Fees	$208,000	$214,000	$220,000	$227,000	$234,000
Healthcare	$50,000	$53,000	$56,000	$59,000	$62,000
Vehicles & Equipment	$42,000	$40,000	$42,000	$44,000	$46,000
Legal Services	$53,000	$77,000	$79,000	$80,000	$82,000
Insurance	$44,000	$45,000	$46,000	$47,000	$49,000
Materials & Supplies	$63,000	$66,000	$70,000	$73,000	$77,000
Communication & Utilities	$44,000	$47,000	$49,000	$51,000	$54,000
Social Security Tax	$33,000	$34,000	$35,000	$36,000	$37,000
Pension	$55,000	$56,000	$56,000	$56,000	$57,000
Fire Contribution	$5,000	$5,000	$5,000	$5,000	$6,000
Other Employee Benefits	$50,000	$51,000	$52,000	$53,000	$55,000
Overtime	$13,000	$13,000	$14,000	$14,000	$15,000
Other Expenses	$18,000	$19,000	$19,000	$20,000	$20,000
Recreation & Community Programming	$2,000	$2,000	$2,000	$2,000	$3,000
Total	**$1,497,000**	**$1,511,000**	**$1,541,000**	**$1,584,000**	**$1,635,000**

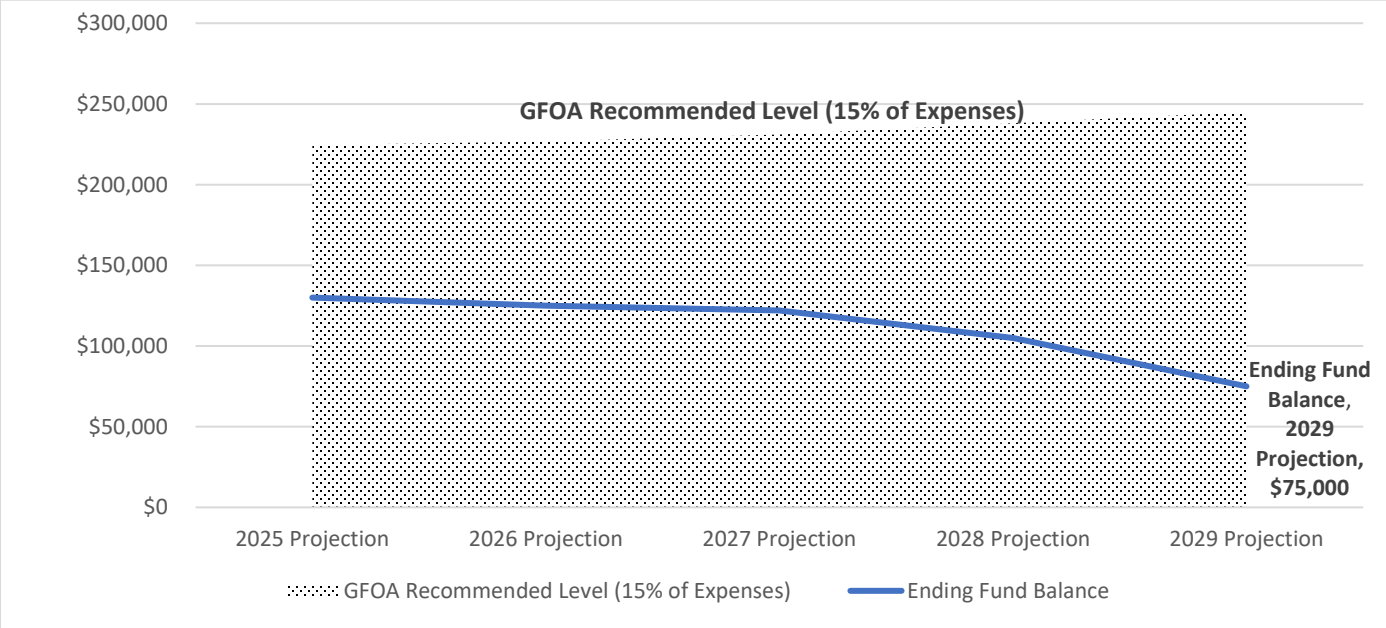
Baseline General Fund Projection

Without corrective action, modest deficits begin in 2026. Overall revenue is projected to grow at 1.2 percent annually while expenses grow at 2.6 percent annually. Consequently, deficits grow to about $31,000 by 2029, representing roughly 2 percent of total operating expenses. The cumulative impact of the operating deficits is shown in Exhibit 3.6 as the General Fund balance as a percentage of total operating revenue declines from 9 percent of expenses in 2025 to 5 percent of expenses in 2029, in comparison to Government Financial Officers Association (GFOA) recommended best practice to maintain 15 percent of regular general fund operating expenditures.

Exhibit 4.5
General Fund Baseline Operating Projection, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Revenues	$1,528,000	$1,507,000	$1,539,000	$1,571,000	$1,604,000
Expenses	$1,497,000	$1,511,000	$1,541,000	$1,584,000	$1,635,000
Surplus (Deficit)	**$31,000**	**($4,000)**	**($2,000)**	**($13,000)**	**($31,000)**
Ending General Fund Balance	$130,000	$125,000	$122,000	$105,000	$75,000

Exhibit 4.6
General Fund Baseline Fund Balance Projection, 2025-2029



Conclusion

Although the financial outlook depicts manageable operating deficits moving forward, the Borough is projected to remain operationally and fiscally distressed. South Coatesville has a history of operating deficits, inconsistent budget performance, and poor financial record keeping, which obliges the Borough to take a cautious approach to future financial management. The baseline outlook assumes the continuation of limited staffing levels that are likely unsustainable and reduced police service, while comparatively high tax rates persist. This dynamic will compromise effective administrative and financial management while discouraging future tax base growth.

Chapter Five

Administration and Financial Management

Overview

South Coatesville Borough is governed by eight elected officials including seven members of Council and the Mayor. Council serves as the legislative body of South Coatesville, setting policy, enacting ordinances and resolutions, adopting budgets, and levying taxes.

The Borough Council appoints employees or contractors to administrative and operational positions. Most administrative duties are performed by the part-time Borough Manager. The Borough Manager is responsible for formulating the budget, enforcing ordinances established by the Mayor and Borough Council, approving expenditures, supervising other Borough functions, reporting to the Mayor and Council on financial and administrative matters, and hiring employees. In addition to the part-time Borough Manager, the 2025 budget includes funding for a part-time finance administrator and a full-time administrative assistant.

Other code-required positions are filled by contracted employees, including the Solicitor, Engineer and Code Enforcement Officer.

This chapter outlines recommendations to be implemented at the senior administrative level. While the Borough Manager is listed as the party responsible for most of the recommendations, successful implementation of the initiatives will require the cooperation of personnel 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. Long-term success ultimately depends on maintaining the initiatives and keeping budgetary impact at the forefront of every major decision.

Summary of Financial Results

Expenses for Administration and Financial Management were projected to be just under $600,000 in 2024 and represented about 43 percent of operating expenses. The department's primary expense driver is for personnel, including the part-time Borough Manager, administrative assistant, and, in 2025, the part-time financial administrator. Workforce salary and benefits comprised almost half of Administration and Finance function expenses in 2024, though the benefits costs cover Borough-wide employees, not just the Administration and Financial Management staff. In addition to workforce-related expenses, Legal Services, which is mainly the Solicitor, is another key cost driver. Legal Services averaged $71,000 since 2020, including $145,000 estimated in 2024. The Borough reduced the Solicitor budget to $50,000 for 2025. This department also includes $80,000 for consulting services related to the development of this five-year plan through DCED's Strategic Management Planning Program. Ninety percent of these costs are offset by a DCED grant.

The baseline expenditure projection shows about 3 percent average annual growth from 2026 through 2029 and an increase in expenses from $438,000 projected in 2026 to $477,000 in 2029.

Departmental Financial Results

Exhibit 5.1
Expenditure Results, 2020-2024 Budget

Expenses	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Salaries & Wages	$104,505	$141,435	$152,152	$158,622	$101,535
Social Security Tax	$38,076	$38,485	$41,604	$47,310	$35,000
Healthcare	$43,271	$72,496	$86,062	$69,737	$80,000
Pension	$16,979	$22,363	$18,324	$18,387	$23,500
Other Employee Benefits	$63,556	$45,501	$20,708	$41,758	$41,500
Professional Services	$22,907	$64,902	$28,577	$38,949	$53,925
Materials & Supplies	$4,776	$5,314	$2,812	($8,428)	$3,500
Communication & Utilities	$7,478	$4,014	$3,380	$5,065	$5,000
Legal Services	$24,042	$38,138	$78,166	$71,127	$47,000
Insurance	$66,654	$51,102	$24,691	$55,186	$40,000
Other Expenses	$7,772	$2,895	$4,974	$6,740	$3,200
Total	**$400,016**	**$486,643**	**$461,451**	**$504,453**	**$434,160**

Exhibit 5.2
Baseline Expenditure Projections, 2025-2029

Expenses	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries & Wages	$140,000	$144,000	$149,000	$153,000	$158,000
Social Security Tax	$33,000	$34,000	$35,000	$36,000	$37,000
Healthcare	$50,000	$53,000	$56,000	$59,000	$62,000
Pension	$26,000	$26,000	$26,000	$26,000	$27,000
Other Employee Benefits	$43,000	$44,000	$45,000	$46,000	$47,000
Professional Services	$125,000	$46,000	$32,000	$33,000	$34,000
Materials & Supplies	$3,000	$3,000	$3,000	$3,000	$4,000
Communication & Utilities	$7,000	$7,000	$7,000	$8,000	$8,000
Legal Services	$52,000	$76,000	$77,000	$79,000	$81,000
Insurance	$44,000	$45,000	$46,000	$47,000	$49,000
Other Expenses	$9,000	$10,000	$10,000	$10,000	$10,000
Total	**$532,000**	**$488,000**	**$486,000**	**$500,000**	**$517,000**

Recommendations

Initiative	ADM01	Seek STMP Phase 2 Support to Hire a Permanent Full-Time Borough Manager			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	($50,000)	($88,333)	($126,667)	($167,500)
Target Completion	Third Quarter 2025				

The Borough's weak fiscal condition has multiple causes, including poor management and lack of administrative capacity. In 2024, the Borough's administrative office consisted of a newly hired part-time manager, full-time clerk, and financial and bookkeeping support provided by a third-party consultant. The Borough changed the administrative structure in 2025 by hiring a part-time financial assistant to work 25 hours per week and significantly reducing reliance on the third-party financial consultant. Also, as part of the 2025 budget, the Borough reduced the hours of the Borough Manager from 30 to 25 per week.

The new structure is still in a transitionary phase; however, the office is struggling to handle the day-to-day workload required to manage a borough. The administration has not been able to produce basic financial reports, and it is very unlikely that they will have the capacity to implement the initiatives in this plan, many of which will be their responsibility. Moreover, the Borough's recent history of distress has resulted in unique challenges that require additional attention.

In early 2025, understanding the importance of establishing stability in the administrative office, South Coatesville posted an advertisement for a permanent Borough Manager. This report endorses the decision to hire a qualified full-time manager. Hiring a full-time, professional, manager to run the Borough on a day-to-day basis is essential for strengthening administrative capacity. A full-time manager is key to overseeing the Borough's finances, managing staff, and ensuring efficient service delivery to the residents. **Simply put, hiring a full-time manager is one of the most important steps South Coatesville can implement to overcome fiscal distress and stabilize the Borough**.

The projected annual cost of the new full-time manager is about $150,000:

Full-Time Manager Cost Breakdown	
Annual Salary	$115,000
Social Security	$7,130
Medicare	$1,668
Health Benefits[1]	$26,617
Total	$150,415

[1] Assumes cost of a family health plan; actual plan needed unknown

The Borough should seek STMP Phase 2 support to fund the full-time manager position. The maximum possible STMP Phase 2 grant support offered by the program is $200,000, which DCED would provide on a declining scale over a three-year period. The following table estimates the net budgetary impact of hiring a full-time manager with grant support:

	Year 1	Year 2	Year 3	Year 4
Full-Time Manager	$150,000	$155,000	$160,000	$167,500
Grant Support	($100,000)	($66,667)	($33,333)	-
Net Cost	**$50,000**	**$88,333**	**$126,667**	**$167,500**

For the purposes of this report, Year 1 is assumed to begin in 2026; however, the Borough should move to hire a full-time manager as soon as possible.

It should be noted that the Borough must apply for STMP Phase 2 grant funding through the single application process. There is no guarantee that the Borough will be awarded grant funding for this position.

Initiative	ADM02	After Full-Time Manager is Hired, Eliminate Part-time Manager Position			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	$85,000	$87,500	$90,000	$95,000
Target Completion	Third Quarter 2025				

After the Borough is able to hire a qualified, full-time manager, it should eliminate the part-time manager position. Eliminating the position will offset a portion of the costs of the new full-time manager.

Initiative	ADM03	Increase Part-Time Finance Administrator Hours; Reduce Administrative Assistant position Hours			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Second Quarter 2025				

To further increase administrative capacity, the Borough should transition the Finance Administrator position from part-time to full-time. To offset a portion of the increased costs of this change, the Borough should also transition the Administrative Assistance position from full-time to part-time. The additional Finance Administrator hours are needed for the administrative office to handle its normal day-to-day activities while also implementing the important initiatives outlined in this plan, such as improving financial reporting, becoming current on independent

financial audits, and adopting new financial policies and procedures. The Administrative Assistant and Finance Administrator compensation are comparable, so there is likely no incremental cost from making this change.

If ADM01 and ADM02 are fully implemented, the administrative office of the Borough will be staffed with a full-time manager, full-time Finance Administrator, and part-time Administrative Assistant, which will provide the capacity needed to run day-to-day Borough activities, implement the recommendations outlined in this plan, and rebuild the Borough's management infrastructure.

If there is turnover in the Finance Administrator position or if there is still difficulty in carrying out basic financial management tasks such as generating financial reports, the Borough should consider a third-party bookkeeping/financial consultant for this role. The Borough should issue a Request for Proposals for these services to ensure it is fully informed regarding the cost and quality of third-party providers. A third-party consultant can likely fulfill the duties of the Finance Administrator position at the comparable cost. Though the consultant would likely provide fewer hours of service and would not be as visible in Borough Hall as the Finance Administrator, many comparably sized municipalities rely on part-time third party support for finance administration.

Initiative	ADM04 Adopt New Job Descriptions				
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Second Quarter 2025				

As part of the STMP Phase 1 process, the KMS team has been working with the Borough to review and update the existing job descriptions for Borough administrative positions. The purpose of the job descriptions is to establish a common understanding of the responsibilities and reporting structure of the staff and to hold employees accountable to perform their duties. The updated job descriptions are included in the Appendix of this report and should also be included in the recommended Employee Handbook (see ADM09 below).

In addition, the Borough should review and update the job descriptions for the non-administrative positions as part of the development of the Employee Handbook.

Initiative	ADM05 Improve Financial Reporting				
Responsible Party	Borough Manager/Finance Administrator				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Second Quarter 2025				

Timely and accurate financial reporting is essential to effectively managing the Borough. The Borough Manager will cause monthly financial reports to be prepared for the Council's review and for public dissemination. The Finance Administrator will produce the reports, which will be reviewed, analyzed, and presented to Borough Council by the Borough Manager. These reports will consist of:

- **Monthly Budget to Actual Report** (all budgeted funds) showing revenues collected and appropriations expended for the previous month with the variance from the budget amounts based on line item. The report should also show the beginning and ending cash position for the period. The Borough should generate this report at the departmental and summary line item level.
- **Monthly Cash Flow Projection** (General Fund) showing the Borough's projected monthly cash receipts, expenditures, beginning cash balance, and ending cash balance through the calendar year-end, or other relevant time period.
- **Interfund Transfer Reporting** will include a monthly and annual report detailing all interfund transfers made during the reporting period and an annual internal audit. Additional reporting details are included in the Interfund Transfer Policy included in this manual.
- **Fund Balance Summary** (all budgeted funds), projected year-end levels, and position relative to fund balance policy.

Monthly reports will be produced no later than the Monday prior to the second Finance Committee meeting of the month.

Annual reports will be due by January 31 of the proceeding year.

As a longer-term goal after South Coatesville has strengthened its administrative capacity, the Borough should strive to produce a quarterly budget report, which includes a narrative of budget performance, key year-to-date budget developments, and anticipated near-term and long-term budget-related issues. The report should include the summary-level year-to-date budget versus actual tables for all Borough funds.

Initiative	ADM06	Establish Fund Balance Policy for the General Fund			
Responsible Party	Borough Council/Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Third Quarter 2025				

In recent years, the Borough has maintained dangerously low liquidity levels which led to a cash crisis at the end of 2024 and very expensive remedial action. One of the best strategies to avoid sliding back into distress is to maintain adequate cash reserves.

The Government Financial Officers Association recommended best practice states that "the adequacy of unreserved fund balance in the general fund should be assessed based upon a

government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15 percent of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures."

Considering its history of fiscal distress, ideally the Borough should build and maintain a fund balance level above the threshold outlined in the GFOA best practice. The Borough should establish a policy requiring fund balance levels of at least 15 percent of General Fund revenues, which is between $225,000 to $250,000. This is likely infeasible in the short-term and may need to be implemented over two or three years. Over the long-term, the Borough should strive to build a fund balance equal to 20 percent of operating expenses.

Initiative	ADM07	Seek STMP Phase 2 Funding to Develop a Financial Policies and Procedures Handbook			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	($1,000)	-	-	-	-
Target Completion	Fourth Quarter 2025				

The Borough should seek STMP Phase 2 Funding to develop a comprehensive manual of policies and procedures for financial functions. A written policies and procedures manual should clearly delineate fiscal and financial duties and responsibilities for the Borough Manager and administrative and operational positions that handle cash (e.g., petty cash) or receipts, or authorize work hours for payroll purposes. Such a manual would not only enforce internal controls and procedures in processing transactions, but also facilitate the training and education of new employees.

In addition to the fund balance policies recommended above, the manual should cover the following, which are recommended by the GFOA:

- Cash management, which should include, but not necessarily be limited to:
  - Monthly bank reconciliations of financial transactions
  - Daily records for petty cash
  - Safe storage for cash at the Borough Office
  - Standardized secure cash transportation practices
  - Timely payment of obligations
  - Precise management of balances among bank accounts, resulting in fluidity in the integrity of accounts
  - Monthly reporting of fees collectable
- Debt – Policy that govern the use of debt, including permissible debt instruments, conditions under which debt may be used, allowable levels of debt, and compliance with continuing disclosure requirements;

- Investment – Policy that provides guidance on the investment of public funds, including permissible investment instruments, standards of care for invested funds, and the role of staff and professional advisors in the investment program;
- Accounting and Financial Reporting – Policy that establishes and guides the use of an audit committee, endorse key accounting principles, and that ensures external audits are properly performed;
- Budget – Policy that describes essential features of the budget development process and form, as well as principles that guide budgetary decision-making;
- Risk Management and Internal Controls – Policy that addresses traditional views or risk management and internal control.

The recommendation assumes a cost of $10,000 for a third-party to develop the handbook.

Initiative	ADM08	Pursue STMP Phase 2 Funding for Financial Management Infrastructure Improvements			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	($1,000)	($500)	($500)	-	-
Target Completion	Fourth Quarter 2025				

The Borough's financial management infrastructure is inadequate. The Borough has not completed an independent financial audit since 2021 and cannot generate basic internal financial reports such as a budget-versus-actual report. The Borough should pursue STMP Phase 2 funding for the following two activities to address these deficiencies:

1. **Engage a Third Party Provider for Pre-Auditing Services**

Manager turnover and general instability in the administrative office has resulted in inconsistent bookkeeping and sloppy financial records. The Borough must take steps to catch up on its audits and ensure clean financial record keeping going forward.

The Borough did not include pre-auditing services in the 2025 budget and will proceed with audit preparation activities with the current staff. A "pre-audit" is preliminary work conducted by an auditor prior to the scheduled start date of an audit. The intent of a preaudit is to gather preliminary information about the Borough, which can be used to highlight any areas that may require special attention during the audit. The findings from the preaudit are then considered when deriving the budget for the audit. A pre-audit may reduce the costs of the actual audit work.

The Borough should conduct an RFP process to select the pre-audit service provider. Pre-auditing services are estimated to cost $6,000, which would net to $600 to the Borough assuming a 90 percent STMP Phase 2 grant match.

2. **Upgrade Financial Management Software**

The Borough should pursue an enhanced version of QuickBooks that allows for easier remote use and expanded reporting capabilities. The estimated cost of implementing this recommendation is $300 per month or $3,600 annually. With a 90 percent match, the Borough's cost share is $360 annually. The revised forecast has rounded this annual cost to $500.

Initiative	ADM09	Implement Timekeeping Process			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Second Quarter 2025				

Under the Fair Labor Standards Act (FLSA), employers must keep certain records for nonexempt employees, including hours worked each day and total hours worked each workweek. Hourly Borough employees are required to submit timesheets on a weekly basis. Department heads and the Borough Manager must review the employees' timesheets. Timesheets shall include date worked, time work commenced, time work ended, total daily hours worked, and description of work performed. The description of the work performed will be documented in hourly increments.

The Borough Manager will review all time sheets, including those of part-time police officers. Department heads will provide additional detail and clarification of hours worked upon the Borough Manager's request. The Borough Manager will monitor each payroll and periodically reconcile compensation with hourly work records.

Employees will prepare, sign, and certify their timesheets and will obtain approval from their supervisor or designated authority. Employees are prohibited from approving their own timesheet. No department head shall prepare or sign for another employee except in pre-approved situations such as, but not limited to, leaves of absence or other such times with the approval of the Borough Manager. Department heads will approve overtime requests. The Borough Manager is prohibited from receiving overtime pay.

When time records are changed, the employee will cross out the error on the original time record and make the correction. Both the manager and employee sign and date the change. Documentation should be established to note the reason for any modifications.

Initiative	ADM10	Seek STMP Phase 2 Funding to Develop an Employee Handbook			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	($500)	-	-	-	-
Target Completion	Fourth Quarter 2025				

In order to guide employee conduct, set appropriate expectations, and to outline employee rights and responsibilities, the Borough should develop an employee handbook. The employee handbook will set forth applicable policies, procedures, benefits entitlements and other key information for both employees and management staff. A well-crafted employee handbook distributed to all employees, together with accurate job descriptions, will allow the Borough to hold employees accountable should that prove necessary.

As noted above, a timekeeping policy should be incorporated into the employee handbook. Further, experienced labor counsel should be consulted prior to implementation and adoption.

The Borough should pursue STMP Phase 2 funding to support the implementation of this initiative. The estimated cost for a third-party to develop the handbook is $5,000 with the Borough's share of $500 assuming a 90 percent match.

Initiative	ADM11	Regularly Increase Trash Fees to Match Cost of Service			
Responsible Party	Borough Council/Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	$20,000	$25,000	$30,000	$40,000
Target Completion	Annual, Ongoing				

The Borough should implement a policy of setting trash fee levels to offset the cost of the service. Therefore, South Coatesville should regularly raise the trash fee to match annual cost increase and leave the General Fund in a budget-neutral position.

The Borough should also work with its third-party trash provider to ensure the trash hauling contract reflects the correct number of households served and South Coatesville is not being overcharged.

Initiative	ADM12	Engage a Third-Party to Collect Delinquent Trash Payments			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	$15,000	$20,000	$25,000	$30,000
Target Completion	Third Quarter 2025, Ongoing				

South Coatesville should engage a third party to collect delinquent trash fees, which the Borough estimates to equal over $150,000. It is difficult to project how much the Borough can realistically expect to collect in delinquent fees and over what time period. It is likely that much of the delinquent payments are simply not recoverable. This plan estimates that the Borough is able to collect 10 percent of the current delinquent total in 2026 increasing to 20 percent by 2029.

Initiative	ADM13	Pursue Delinquent Payments from Borough of Modena			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	$10,000	$10,000	$10,000	$10,000
Target Completion	Fourth Quarter 2025				

The Borough has shared service arrangements with Modena Borough for police and sewer services. Modena Borough has agreed to pay $50,000 annually in exchange for police services and also agreed to pay a portion of the annual debt service obligation related to a sewer system loan. Modena is delinquent on both obligations. South Coatesville is in the process of determining the total amount.

The Borough should initiate discussion with Modena regarding these past due payments and, if necessary, develop a reasonable repayment plan. The repayment discussions should include late penalties, especially considering that South Coatesville executed a borrowing at the end of 2024 to avoid a cash deficit, which was exacerbated by the delinquent payments. South Coatesville is paying 9.75 interest on the debt. For the sake of the multi-year forecasts, the report assumes $15,000 in annual payments from Modena to South Coatesville beginning in 2026.

Initiative	ADM14	Evaluate the Advantages and Disadvantages of Municipal Managed Trash Service vs. Resident Managed Trash Service			
Responsible Party	Borough Council/Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Third Quarter 2025				

As stipulated by Act 101 of 1988, each municipality other than a county has a duty to assure the proper and adequate transportation, collection and storage of municipal waste which is generated or present within its boundaries. However, municipalities are not required to provide trash service directly through either municipal managed service or a municipal contract with a third-party.

Municipal managed trash service supports the legal and responsible management of trash disposal. Municipal managed service can reduce the accumulation of trash, illegal dumping, and undesirable trash disposal methods such as burning solid waste by eliminating disruptions in service and collecting a fixed, mandatory trash fee.

Resident managed trash may increase choices and enable more direct control over service levels. It is difficult to estimate the costs of resident managed trash service over a multi-year period, but households that generate less trash could potentially reduce costs. In addition, resident-managed trash service shifts the responsibility for collecting trash fees from the municipality to a third party.

This would place less burden on municipal staff and eliminate the costs of collecting current and delinquent trash fees.

Although centralized trash service is not mandatory, municipalities have a duty to ensure proper and adequate trash collection and an incentive to support a strong tax base by mitigating blight resulting from illegal trash disposal. Consequently, some municipalities limit resident choices to select registered, licensed trash haulers, stipulate trash pickup frequency, and designate allowable times for pickup. Thus, resident managed trash service may require updated ordnances and increased code enforcement.

South Coatesville should evaluate the advantages and disadvantages of municipal managed trash service in comparison to resident managed trash service.

Chapter Six

Public Safety

Police Department Overview

The South Coatesville Borough Police Department has historically provided police service to the Borough of South Coatesville with an estimated population of 1,843 persons[7] and Modena Borough, with an estimated population of 544[8]. The municipality is located in Chester County, Pennsylvania and is bounded primarily by the City of Coatesville and East Fallowfield Township, with a small boundary with Valley Township. All of which operate full-time police departments. The citizenry is demographically majority minority with Black and Hispanic persons making up nearly 55 percent of the total population. The Borough covers an area of approximately 1.76 miles.

The police department provides service with a sworn staff of 9, of which 6 are part-time officers, one full-time officer , one full-time Sergeant, and a Chief of Police (currently vacant). There is one non-sworn civilian support staff. By statute the mayor has civilian authority over the police department. The agency attempts to provide 24/7/365 coverage, but there are times when shifts cannot be filled and the Pennsylvania State Police are tasked with handling calls. Retention of personnel is an issue as the department is ranked as the lowest paid in the County and many officers leave for other opportunities.

The agency is regarded well by its peers in surrounding departments, partly due to the fact that some of the officers who have left South Coatesville for better pay or working conditions, have migrated to those agencies and this helps with relationships, assistance, backup, and inter-municipal cooperation.

Crime in the community as reported via the Pennsylvania UCR system is not considered significant with reported Part I offenses being consistent in number over the previous two-year period. In a monthly breakdown of reported Part I offenses there are several months during that period when zero offenses were reported.[9] Crime mapping data shows that most crimes reported are in the part of the Borough with proximity to the city of Coatesville, with very few crimes reported in other parts of the municipality.[10]

Department Organization

The department is organized in a typical hierarchical style. The Chief of Police is shown on the organization chart as head of the agency. That position is currently vacant. Next is the rank of

[7] 2023 estimate. 2020 U.S. Census was 1,602 residents.

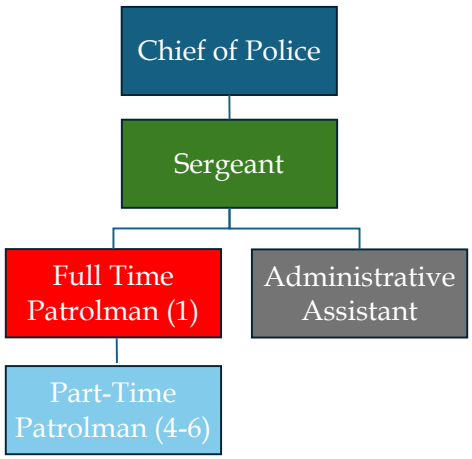
[8] 2020 U.S. Census

[9] It should be noted that although crimes rates on paper may not appear significant, but those victimized by a crime have a different viewpoint. This comment is not intended in anyway to diminish the impact of crime on individual victims.

[10] https://www.ucr.pa.gov/PAUCRSPUBLIC/CrimeAnalytics/index.html

Sergeant, the current incumbent is serving as Officer-in-Charge due to the vacancy in the Chief position. Sergeant Barry Gober, who is an 18-year veteran of the department, has been serving as OIC for the previous 7 months. Next is one full-time Patrolman position, followed by four to six (depending on vacancies) part-time Patrolman positions underneath. The civilian Administrative Assistant reports to the Chief. The organizational chart seems to imply that part-time Patrolman positions are subordinate to the full-time Patrolman position. There is no listing on the Borough's website (www.south-coatesville.org) of the names or contact information of staff, other than the previous Chief of Police.

Exhibit 6.1
Department Organizational Chart



Labor Relations

All members of the department, both full-time and part-time, with the exception of the Chief of Police are included in the bargaining unit. These rank-and-file members are represented by the South Coatesville Borough Police Officers Association. The current Association President is Patrolman Mark Healy, Sergeant Gober had served in that capacity until December 2024.

The collective bargaining agreement is described as basic, and the association believes that whenever there are contract negotiations the council tries to negotiate away previous provisions favorable to the union. The association related that there are generally provisions of the contract which end up in arbitration including areas such as health care insurance, and discipline and termination provisions.

There are no performance evaluations conducted for any member of the department.

Calls for Service and Staffing

A Call for Service is generated any time an incident occurs for which an officer is dispatched, a report taken, or an event occurs on view. Calls for Service can include crimes, or a simple service rendered such as an assist to a motorist or to address a barking dog. Calls for Service are categorized by the nature of the call, with the largest single percentage of said calls falling in the "Other" category – this often contains those calls that the public believe are within the scope of

duties of the police department, but often are not criminal in nature, or deal with public safety or the maintenance of order.

Calls for Service numbers generally are used to measure the activity of a police department and to help determine staffing levels. The available staffing, along with the amount of time it takes to resolve a call, impacts the response time to a call for service and the public's view of department efficiency. After all, when someone calls the police, they expect a quick response to their call. Increased calls for service along with decreasing staff result in longer response times which impact community confidence in their police.

An analysis of the Calls for Service received by the South Coatesville Borough Police Department reveals a relatively steady level of calls generated, with an average of approximately 2,000 per year:

Exhibit 6.2
Calls for Service, 2020-2024

Year	Number of Calls
2020	2,105
2021	1,880
2022	1,782
2023	2,335
2024	2,087

This would average about 5.5 calls for service per day on an annual basis. Obviously, the nature of police work is that there may be days when there are a large volume of calls and days when perhaps there are little or no calls. This should not be equated to the individual workload of any one officer, rather multiple officers may be required to handle a single call for service depending on the nature of the call. Some calls require more officers than others. This is one of the generally unpredictable factors in policing. We learned that because the relationship with surrounding departments is good there generally is adequate backup when additional officers are needed.

The determination of "proper," "recommended," or "adequate" staffing levels can be a complex process involving the analysis of various data[11]. One of the simplest guides is provided by the FBI review of police department staffing nationwide. In 2023, the FBI reported that the average number of officers statewide in Pennsylvania was 3.2 officers per 1,000 population[12] among municipal police departments reporting to the FBI, and a calculation of the current staffing in South Coatesville Borough shows a figure of approximately 2.2 officers[13] per 1,000 population

[11] See "Staffing the Small Department" Police Chief's Desk Reference, 2nd Edition, IACP, May 2008, p. 133 et seq.

[12] The calculation is "number of police officers" divided by "population" = "x". "x" is then multiplied by 1000. The resulting number is the ratio of police officers per 1000 persons in the population. The population in this calculation is combined South Coatesville Borough and Modena Borough.

[13] For purposes of this calculation 2 part-time officers are considered 1 officer, so 3 Patrolmen (combining 6 part-time officers) 1 full time patrolman, and one full time Sergeant.

served (which includes both South Coatesville and Modena), exactly 1 officer per 1,000 less than the statewide average as calculated by the FBI. If the Chief of Police position is included, coverage increases to 2.6 officers per 1,000.

"Crime Rate" is another factor often cited in studying staffing levels. Data from the Pennsylvania Uniform Crime Reporting System, which reflects crime reporting data by agency show that in 2024 and 2023 the department reported 28 Part I Offenses[14] each year. The most frequent Part I crime category in each year is Larceny, with 14 in 2024 and 7 in 2023. This is not significant crime.

There are also many ways to evaluate the effectiveness of the response to crime, including the "clearance rate" for reported crimes, i.e., was someone arrested for the reported crime, or was it otherwise "solved"? Clearance rates for the South Coatesville Police Department for the same UCR crime reporting period shows that in 2024 the agency "cleared" 14.29 percent of all crimes reported, and in 2023 50.0 percent of same. The statewide average for all Part I clearances is approximately 33 percent for those reporting periods. Using this as a yardstick we conclude that the agency has a mixed performance "clearing" reported crimes. There are many factors which can influence clearance rates. For example, "solvability factors" are present in some cases, but not in others, and the existence of a detective function in the agency, or the experience and training of an individual officer who investigates a particular crime and the amount of time they have to do so can affect clearance rates. However, the fact is that citizens are generally not interested in the statistics of crime when judging the capability of "their" police department – their interest is on a personal level – what happened when I engaged with the police, how was I treated, and what was the outcome of my issue? The ability of the police to respond in a timely manner, to have the time to interact with that citizen and understand their issue, and then have the resources to follow up and "solve" the problem is what drives "customer satisfaction" with the police department. Adequate staffing is essential to that perception and a positive outcome.

We believe that the department has adequate staffing to provide 24/7/365 coverage, as reflected in the adopted 2025 budget, though it will be challenging and part-time hours would likely need to be increased from the current budgeted level of 30 hours per week. Though the situation is not ideal, the Borough can likely manage with a full-time sergeant, a full-time officer, and other part-time support. This will put more strain on department resources, reduce police coverage, and increase reliance on the Pennsylvania State Police.

Police department staffing is a matter of policy for the elected officials. The Borough must consider the long-term fiscal viability of the municipality against the obligation to provide essential public safety services to the community. Included in this chapter is a recommendation to evaluate partnership arrangements with nearby departments as strategy to increase coverage without compromising fiscal integrity.

[14] The FBI categorizes criminal offenses into Part I and Part II crimes. Part I offenses are considered serious crimes and include murder, rape, robbery, assault, larceny, etc.

Challenges Identified by the Agency

We asked the leadership of the agency to identify any challenges to the delivery of services to the citizens of the community. This is based on our experience that those closest to the work are often best able to identify barriers AND solutions.

We were pleased to learn that the agency maintains written policy/procedures that are updated regularly, reviewed by legal advisors, and are available in both paper and electronic form to members. Updates are distributed to the members and there is electronic tracking that shows proof of receipt. In addition, the policies are reviewed regularly by the leadership of the agency. The agency has not pursued accreditation due to perceived costs, lack of personnel available to manage same, and the condition of the physical facility which may need improvements to meet accreditation standards.

The agency does not budget for training beyond that which is mandated by the state. The Borough budgets for the update and maintenance of non-automotive equipment, but not for new equipment. There is no plan or funding for vehicle replacement.[15] The budget does not contain funding for agency branding/image efforts or social media utilizations, or community outreach programs. There is no dedicated funding for agency recruitment efforts, including financial incentives such as signing bonuses, or payment of academy costs.

One of the biggest issues identified is the fact that the agency pay is the lowest in Chester County resulting in both recruitment and retention issues,[16] and budget cuts have impacted the ability to provide consistent 24/7 coverage causing the Borough to rely on the Pennsylvania State Police to fill in gaps.

New equipment cannot be planned for as the agency has to wait until funding is available. Recently an emergency purchase had to be approved to replace a computer on which the Records Management System functions. A refurbished model had to be purchased. Records management is a critical system in any police department as it facilitates compliance with both state and federal law regarding the storage and maintenance of criminal history records information, and allows the accurate reporting of crime and incident data to state and federal databases, such as UCR. Functioning electronic equipment also assists agency leadership in everything from shift deployment to budgeting, to preparing monthly reports for elected officials. Likewise, the regular replacement of firearms and less lethal weapons is essential in providing for officer safety. Regular replacement of agency vehicles ensures that the agency can provide reliable mobility for patrol, response, and other essential functions.

[15] The agency currently operates 3 vehicles – 2 of which are at least 4 years old, and the 3rd is 8 years old.

[16] These articles describe current issues in recruiting and retention which are being experienced by agencies nationwide: https://www.lexipol.com/resources/blog/the-state-of-police-recruitment-and-retention-a-continuing-concern/, https://www.theiacp.org/resources/research-study/2024-recruitment-retention-survey-results

The agency has had some success in obtaining outside funding for equipment[17] and seeks to utilize any programs offered through the Chester County Police Chiefs or the PA Chiefs of Police Association to obtain equipment or resources free or at reduced costs when possible.

The former Chief of Police did prepare a proposed budget for consideration by the Borough and presented it to the Finance Committee. Since he left the agency this past year, the budget was prepared and proposed by the Borough Manager, with some input from the current Officer-in-Charge.

The agency did identify the physical facility as an issue at this time. It is generally accepted that most agencies have outgrown their space, or they have specific needs such as secure evidence storage or other facilities that need to be addressed. In this case the agency is working in a 30+ year old doublewide trailer that was supposed to be a temporary fix. The Borough keeps making fixes and currently there is an HVAC issue, a flooring issue, and an actual hole in the floor. The facility certainly would not meet accepted professional standards for housing a police department. Also, working conditions in cramped, worn, or inadequate space has an effect on recruitment and retention.

Finally, state mandates in the area of Child Line referrals of alleged child abuse, and compliance with Megan's Law regarding community notifications, are a challenge given the manpower constraints of the agency. A volume of these can take up a good portion of time and impact the availability of officers to carry out regular duties.

Community Relations

The agency operates a Facebook page (https://www.facebook.com/p/South-Coatesville-Police-Department-100087550352662/) which is active and but the most recent posting is from November 2024, with 832 followers. There is a separate Facebook page at: https://www.facebook.com/p/South-Coatesville-Police-100068968637350/ but the most recent posting seems to be from September 2022. It's unclear why this separate page exists and it is likely to cause confusion for citizens seeking to find the agency on Facebook. Likewise, there is a Linkedin listing (https://www.linkedin.com/company/south-coatesville-police-dept) which shows only 6 followers and does not appear to be maintained. There is no finding of an "X" (formerly Twitter) account or a SnapChat account. The Borough website only contains cursory information about the department. (https://south-coatesville.org/police/).

The agency does engage in some community outreach including programs such as National Night Out and Coffee with the Chief, in which they collaborate with the City of Coatesville and Valley Township police departments.

A simple GOOGLE search revealed no negative mentions of the agency. Mentions dealt with new hiring of officers, discussions of plans for regionalization, and offers of reward for information on cases. Agency image can be a force multiplier in a community, and while it appears the agency

[17] VIPER ALPR system in use by the department is funded by the Chester County Police Chiefs Association.

does not have a negative image, it does an insufficient job in promoting a positive image. This is probably due to time constraints and staffing issues.

There is a close working relationship with peers in surrounding agencies and the agency believes that it has support from the community and, in general, from elected officials. The relationship with the Mayor and the Interim Borough Manager is described as particularly good.

There are no significant complaints from the public regarding officer conduct, and there are no lawsuits reflective of possible agency patterns of misconduct including use of force, bias, or civil rights issues.

Summary of Police Department Financial Results

The Police Department budget historically represented about 25 percent of operating expenses and reached a high of $386,000 in 2023. Police Departments are typically the costliest department in municipalities that do not rely on state police; however, in South Coatesville the Public Works Department and Administration Office are more expensive. Personnel costs are the primary expense driver in the budget comprising over 80 percent of department costs in most years. In the middle of 2024, the Police Chief resigned, which reduced overall departmental expenses. During the 2025 budget process, facing significant fiscal distress, the Borough chose to leave this vacancy unfilled and reduced the number of hours for part-time staff. Moreover, our baseline projections assume that the Borough also do not fill a full-time patrol position that until recently was filled with an employee on extended leave. Leaving the Chief and full-time patrol position unfilled results in significantly lower expenses in the baseline projection; however, also reduces police coverage in the Borough.

Departmental Financial Results

Exhibit 6.3
Expenditure Results, 2020-2024 Budget

Expenses	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Salaries & Wages	$272,202	$213,374	$210,140	$235,465	$168,735
Overtime	$6,711	$4,586	$8,783	$7,749	$8,000
Other Employee Benefits	$3,538	$2,828	$5,649	$2,927	$4,500
Pension	$17,693	$18,431	$18,282	$18,249	$29,409
Professional Services	$6,573	$14,262	$32,327	$55,636	$9,700
Materials & Supplies	$13,377	$11,315	$17,483	$11,250	$18,100
Communication & Utilities	$7,164	$10,493	$13,284	$13,020	$10,100
Maintenance & Repairs	$9,507	$11,057	$8,782	$8,337	$18,500
Vehicles & Equipment	$12,948	$20,954	$10,671	$29,225	$26,977
Other Expenses	$172	$2,967	$304	$4,264	$0
Total	**$349,885**	**$310,268**	**$325,705**	**$386,121**	**$294,021**

Exhibit 6.4
Baseline Expenditure Projections, 2025-2029

Expenses	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries & Wages	$169,000	$174,000	$179,000	$184,000	$190,000
Overtime	$8,000	$8,000	$8,000	$9,000	$9,000
Other Employee Benefits	$5,000	$5,000	$5,000	$5,000	$5,000
Pension	$29,000	$30,000	$30,000	$30,000	$30,000
Professional Services	$22,000	$22,000	$23,000	$23,000	$24,000
Materials & Supplies	$20,000	$21,000	$22,000	$23,000	$24,000
Communication & Utilities	$16,000	$17,000	$18,000	$19,000	$20,000
Maintenance & Repairs	$19,000	$17,000	$18,000	$19,000	$20,000
Vehicles & Equipment	$28,000	$26,000	$27,000	$29,000	$30,000
Total	**$316,000**	**$320,000**	**$330,000**	**$341,000**	**$352,000**

Recommendations

Initiative	PD01	Pursue Partnership Arrangements with Nearby Departments			
Responsible Party	Police Partnership Committee				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Third Quarter 2025 (initial outreach)				

The Borough should examine the possibility of engaging in a shared service agreement with an adjacent municipality – either the City of Coatesville, or East Fallowfield Township – to consolidate police services into one agency. This could be a regionalization effort or an agreement to buy services from that municipality. It appears that either municipality would be a good fit: crime mapping in South Coatesville Borough shows that the majority of reported crime occurs in proximity to the City of Coatesville. Alternately, East Fallowfield Township almost completely surrounds the Borough of South Coatesville. In addition, it appears that the South Coatesville Borough Police Department has a good working relationship currently with each agency, and does engage in some joint programs, such as community outreach. Any program for shared services should consider the absorption of full-time personnel from the South Coatesville Borough Police Department at their current rank. The incorporation of Modena Borough into this program should also be done. In our opinion this model would create an agency capable of providing expanded services to all of the municipalities involved. Because of the geographic location of South Coatesville Borough to either municipality, and its relatively small size both in population and land mass, it is our opinion that police coverage (patrol deployment/response times) would not suffer, and in fact 24/7 coverage by a municipal police department would be insured.

As a first step, the Borough should form a Police Partnership committee of 2-3 elected officials that will be charged with organizing and leading the effort. The committee should initiate contact with prospective partners and express their interest in an arrangement that involves purchasing police services directly from their municipality. The committee will be tasked with reviewing partnership proposals, identifying the key considerations, evaluating fiscal implications, and serving as a liaison to prospective partner communities. The committee will brief the full council on a regular basis and consider their feedback as the process progresses. The committee may consider engaging a third-party public safety consultant to review proposals for purchased services and discuss general matters related to partnering arrangements.

Initiative	PD02	If a Partnership Arrangement Cannot be Reached, Revisit Filling the Full-time Officer Position and Increasing Part-time Hours			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	First Quarter 2026				

As noted above, if the Borough is not able to reach a partnership agreement with another department for police services, South Coatesville should revisit filling the full-time officer position and increasing part-time officer hours to a level that is sufficient to provide 24/7/365 coverage. While challenging, the Borough can likely manage to provide coverage with two full-time officers (which would include the full-time sergeant) and part-time officer support, However, this is infeasible if the full-time officer position remains vacant.

The Borough must consider the service and fiscal implications of increasing reliance on the Pennsylvania State Police. While leaving the officer position vacant will result in reduced expenses and relieve pressure to increase the real estate tax millage rate, there will also be fewer local patrols, longer response times, and reduced overall police presence in the community.

The baseline financial forecasts assume staffing levels per the adopted 2025 budget, which includes 60 hours per week of part-time officer support. To reach staffing levels sufficient to provide 24/7/365 police coverage, the Borough would need to add a full-time officer. The estimated incremental costs to fill the full-time officer position is $75,000 annually ($50,000 in salary plus $25,000 in health benefits).

Police department staffing and coverage is a policy matter for the local officials to decide. As recommended in PD01, the Borough should first initiate partnership discussions which may result in sufficient police coverage at a lower, or at least acceptable, cost. If a partnership is not feasible, the Borough must consider the trade-offs between increased police staffing and the implications for the General Fund. Discussion related to police service should be transparent and involve the input of the community.

Initiative	PD03	Formally Include the Officer-in-Charge in the Budget Process			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2025				

The following recommendations should be considered IF a shared services or regionalization program was not desirable, and in the interim until such occurs if it is desirable:

The Borough should formally include the Officer-in-Charge in the budget process. The OIC should present a budget request to the Borough Manager and work with the Borough Manager to incorporate a final budget request for the department to the elected officials. This allows for input from the agency and consideration of requests on an annual basis, rather than piecemeal. It also requires the agency head to think strategically and develop a budget plan that looks into the future.

Initiative	PD04	Take Steps to Modernize the Police Facility			
Responsible Party	Officer-in-Charge				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2026				

The Borough should take steps to relocate the agency headquarters into a more modern, secure, and professional workspace. The current "temporary" space that is now 30+ years old should be vacated. Helpful information on standards and considerations for modern police facilities can be found here: https://www.theiacp.org/planning-designing-and-constructing-police-facilities.

The Borough has been awarded a Local Share Account (LSA) grant for police facility upgrades; however, South Coatesville's poor fiscal condition has precluded its use. The LSA grant is reimbursable meaning that the Borough is required to pay for the project costs initially and can then process the grant for reimbursement. The Borough simply has not had the funds to afford a significant cash outlay for project costs and then wait for reimbursement.

Other municipalities in similar fiscal situations have managed the project financing/grant reimbursement process and avoided a cash disruption. These municipalities have carefully coordinated the timing of project invoicing with grant reimbursement so that the process is seamless and cash neutral.

As noted in a previous chapter, it is critical that the Borough hire a capable, qualified manager to lead efforts such as these or to coordinate with other professionals that are experienced in grant management.

Initiative	PD05	Develop a Vehicle Replacement Program			
Responsible Party	Officer-in-Charge				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2025				

The Borough should include a provision for regular replacement of vehicles assigned to the police department. This would ensure that the fleet is operational at all times. This could be based on

various factors such as age of vehicle, condition of vehicle, maintenance costs of the vehicle, and so on. Another possibility is to engage with a fleet management vendor to provide this service.[18]

Likewise, regular replacement of critical hardware such as agency computers[19], and equipment related to officer safety should be considered. All capital needs should be included in the Borough-wide multi-year Capital Improvement Plan.

Initiative	PD06	Provide Training to the Officer-in-Charge			
Responsible Party	Officer-in-Charge				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	$500	-	-	-
Target Completion	2026, Ongoing				

Supervisory and command level training should be provided to the OIC and any supervisory personnel. This includes training on budgeting. The current OIC has attended the Penn State JASI[20] POSIT police supervisory training. This is a good course, but is basically entry level for supervisors. The more exposure agency leadership has to current best practices and concepts in policing, regardless of the size of the agency, the better the outcomes will be. Consideration should be given to a credentialed supervisory curriculum that all supervisory personnel attend, so they all are exposed to the same leadership concepts and operate in the same way.

Initiative	PD07	Ensure Department Policies Reflect Accreditation Standards			
Responsible Party	Officer-in-Charge				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2026				

Although the agency does not believe it is feasible to achieve accreditation, agency policies should be revised to reflect, where possible, accreditation standards. This ensures that best practices are incorporated into agency operations and can be helpful in risk management and consistency of operations. In Pennsylvania, the accreditation program is managed by the Pennsylvania Law Enforcement Accreditation Commission (PLEAC) operated by the PA Chiefs of Police

[18] One example is here: https://www.efleets.com/en.html

[19] Many government agencies as well as private enterprises now rely on a leasing program for tech related hardware, which includes regular replacement intervals. This may be more cost efficient over time as opposed to the piecemeal replacement on an emergency basis.

[20] https://jasi.psu.edu/ Penn State's Justice and Safety Institute offers many classes, some of which are online, and some of which offer free slots for agency co-sponsorships. This is a nationally recognized and credentialed program.

Association. The accreditation standards manual[21] can be obtained free of charge from that organization.

In addition, the OIC should be granted membership in the Chester County Chiefs of Police Association and the International Association of Chiefs of Police (IACP). This allows for professional networking, access to research and resources, and exposure to current trends and thinking in policing.[22]

Initiative	PD08	Conduct Regular Performance Evaluations			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2025				

Performance evaluations for all positions should be initiated. This may require negotiation with the police association and the Borough should consult labor and employment counsel prior to enacting same. Also, guidance on proper methods for conducting performance evaluations should be obtained. Without performance evaluations it is significantly more difficult to take corrective action, up to and including termination, for poor performing employees. This also can help mitigate risk.

Initiative	PD09	Enhance Department's Social Media Presence			
Responsible Party	Borough Manager/Officer in Charge				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2025				

Agency image is a force multiplier. Projecting an image and brand that reflects professionalism and competency is extremely important in an era when many people get their information from social media instead of "traditional" news sources. The ability to be proactive in projecting the image of the agency, and to immediately react to negative social media mentions, is critical. Expansion of the agency's social media footprint to a variety of platforms such as X (formerly Twitter), SnapChat and Crimewatch (https://crimewatch.net/) should be considered. As important is having someone with the necessary skills to manage social media accounts and to ensure that content is constant, current, and accurate. The agency is not in position to create a new position for this role. Rather, this skill should be a consideration .

[21] https://pcpa.memberclicks.net/accreditation-home

[22] Both organizations require sponsorship for membership. If membership is desired we can provide sponsorship if the applicant can't get it elsewhere.

Chapter Seven

Public Works

Overview

The South Coatesville Department of Public Works delivers essential services to approximately 1,800 residents and various local businesses. Responsibilities include municipal facility upkeep, road infrastructure maintenance, snow removal, stormwater management, and support for community events. The Borough receives about $45,000 annually in State Liquid Fuels funds for eligible projects such as repaving and pothole repairs. While trash collection is outsourced, the Public Works department provides recycling service.

The Public Works Department maintains five parks, including McDougal Park, Midvale Park, Montclair Park, Youngsburg Park, and Valleyview Park for Borough residents and visitors from nearby communities. In addition to the Public Works budget, historically, the Borough has spent about $30,000 on supplies, equipment, vehicles, and professional services for park maintenance and recreation activities.

The 2025 budget reduces the Public Works workforce to historically low levels. Funds are allocated to a full-time Public Works foreman, a full-time laborer, and a 20 hour per week part-time laborer. In the past, the Public Works Department was staffed by a foreman and two full-time laborers before transitioning to a foreman, a full-time laborer, two part-time laborers, and temporary part-time support during peak demands like snowstorms. The 2025 Budget eliminates a part-time laborer and temporary part-time support but does not include a coinciding reduction in responsibilities.

Summary of Public Works Department Financial Results

Public Works Department annual expenses have averaged about $400,000 from 2020-2023. Salaries and Wages are the largest departmental expense, representing about 35 percent of the annual budget. Salaries and Wages declined from 2020-2023 likely as the department transitioned to increased reliance on part-time employees. Despite grant funded investment in capital assets, such as the facility improvement project completed in 2020, the Borough has substantial deferred maintenance, which requires the allocation of an increasing amount of staff time and borough resources on maintenance and repair. Public Works expenses are projected to increase 3 percent on average through 2029, driven by general inflation and increasing workforce related costs.

Departmental Financial Results

Exhibit 7.1
Expenditure Results, 2020-2024 Budget

Expenses	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Salaries & Wages	$115,180	$148,043	$144,073	$89,323	$158,500
Overtime	$5,270	$8,916	$11,569	$18,415	$6,000
Other Employee Benefits	$2,637	$4,216	$2,657	$1,416	$2,000
Professional Services	$48,060	$35,779	$40,987	$115,501	$67,500
Materials & Supplies	$7,202	$52,269	$24,344	$170	$16,250
Communication & Utilities	$24,623	$26,383	$26,743	$26,820	$12,900
Maintenance & Repairs	$319,333	$86,001	$76,356	$70,537	$18,500
Vehicles & Equipment	$7,041	$2,342	$30,996	$4,834	$9,500
Other Expenses	$352	$27,368	$13,848	$1,130	$0
Total	**$529,697**	**$391,318**	**$371,574**	**$328,145**	**$291,150**

Exhibit 7.2
Expenditure Projections, 2025-2029

Expenses	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries & Wages	$128,000	$132,000	$136,000	$140,000	$144,000
Overtime	$5,000	$5,000	$5,000	$5,000	$6,000
Other Employee Benefits	$2,000	$2,000	$2,000	$2,000	$2,000
Professional Services	$138,000	$176,000	$178,000	$180,000	$182,000
Materials & Supplies	$28,000	$29,000	$30,000	$32,000	$33,000
Communication & Utilities	$21,000	$22,000	$23,000	$25,000	$26,000
Maintenance & Repairs	$43,000	$43,000	$45,000	$48,000	$50,000
Vehicles & Equipment	$13,000	$14,000	$14,000	$15,000	$16,000
Total	**$378,000**	**$423,000**	**$433,000**	**$447,000**	**$459,000**

Recommendations

Initiative	PW01	Assess Alternatives to Municipal Managed Recycling			
Responsible Party	Borough Manager and Public Works Foreman				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Third Quarter 2025				

As mentioned previously, the Public Works Department provides recycling service while trash disposal is outsourced to a third-party contractor. Recycling collection requires a significant allocation of resources including 15-17 hours of staff time per week and investment in equipment and vehicles. Recycling is collected every Thursday. To administer the recycling program, three Public Works employees spend 4-5 hours on recycling pickup once a week. One employee then spends roughly 2 hours per week driving collected items to a recycling facility.

The Borough should assess the financial and service implications of alternative recycling program structures. This assessment should be coordinated with recommendation ADM14 to evaluate the advantages and disadvantages of municipal managed trash service in comparison to resident managed trash service.

The Borough should first develop and release a Request for Bids for Trash and Recycling Service 4-6 months prior to the end of the current contract to ensure sufficient time to assess options and if necessary, implement a service change. The current trash contract expires in 2025 providing an ideal opportunity for reassessment. As a best practice, any assessment of In-House Performance versus Third-Party Performance should be informed by a comparison of the costs and quality of service.

One potential strategy for directly assessing the costs of in-house versus contracted trash service requires the Borough to develop a multi-year proposal as if answering the request for bids. The administrative and financial management staff should lead this effort with support from the Public Works Foreman. The Borough proposal must consider the following:

- Capital Investment and Maintenance – Purchasing and maintaining refuse vehicles and equipment is a substantial and ongoing capital investment. Refuse vehicles generally have a useful life of 10-15 years. Because the Borough obtained a Department of Environmental Protection (DEP) grant to purchase a new recycling vehicle in 2021, vehicle replacement costs are likely not relevant for a near-term analysis. However, the Borough proposal must accurately account for the multi-year expenses of maintaining all recycling vehicles and equipment.

- Workforce – The Borough should conduct a comprehensive, multi-year assessment of the annual workforce cost of providing recycling service. Workforce costs include Salaries and Wages, Overtime, FICA, Healthcare, Pension, Workers' Compensation, and other

miscellaneous costs including uniforms and training. The existing program requires 15-17 hours of staff time per week, equivalent to 780-880 hours per year.

The 2025 Budget further reduces an already limited Public Works workforce without reducing core responsibilities. Eliminating municipal managed trash would provide an opportunity to reassess the long-term staffing structure of the Public Works Department. The staff time required to manage the recycling program suggests that at least one part time position could be permanently eliminated.

- Administration and Financial Management - Administrative and Financial Management staff will be required to provide general management and support regardless of the service structure. The Borough is responsible for collecting fees and providing customer service. However, the Borough proposal should include the costs of any additional administrative and financial management support that is required to maintain municipal managed service, including increased financial oversight.

- Waste and Recycling Disposal - A multi-year proposal must also accurately estimate the costs of recycling disposal. These costs have been volatile in recent years, which presents risk when estimating costs on a multi-year cost proposal. Alternatively, contracted recycling service can enable the Borough to outsource some risk to a third-party contractor by partially fixing prices for the contract period.

- Miscellaneous Costs and Impacts - Managing a service internally may have other direct and indirect miscellaneous costs and impacts that may be difficult to capture. For example, storage is needed for all the equipment and assets required to manage a recycling program. There may also be an increase in insurance costs. The Borough proposal must also consider indirect impacts.

Once this analysis is complete, the Borough can make an informed decision about the future of recycling service. By law, South Coatesville is not required to provide recycling services.[23] Therefore, Borough Council may choose to eliminate recycling entirely to limit taxes and fees or reallocate current funding to other priorities.

[23] Chapter 15, Section 1501 of the Pennsylvania Municipal Waste Planning Recycling and Waste Reduction Act (Act 101), outlines the requirements for large municipalities to recycle. Municipalities, other than counties, with a population of 10,000 or more people or with a population of more than 5,000 but less than 10,000 people, and a population density of more than 300 people per square mile, are mandated to recycle.

Initiative	PW02	Develop Performance Measures for Public Works			
Responsible Party	Borough Manager and Public Works Supervisor				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2025				

There have been significant shifts in the staffing structure of the Public Works Department in recent years, and this report recommends a reassessment of municipal managed recycling service. Borough Council, the Borough Manager, and the Public Works Foreman should collaborate to clearly and formally identify departmental responsibilities and expectations before the start of 2026. As a best practice, these responsibilities should then inform department goals and key performance indicators that can be tracked to evaluate operational strengths, weaknesses, and continually assess ideal staffing levels. Potential performance indicators may include:

- Response time for service requests
- Time and resources spent on reactive maintenance
- Number of recreational assets upgraded or completed
- Miles of road repaved
- Number of stormwater assets repaired or rebuilt
- Response time to weather events

Initiative	PW03	Pursue STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	($2,500)	-	-	-
Target Completion	Third Quarter 2026				

A CIP is a multi-year listing of capital projects planned for the community with financing sources identified to pay for those projects. A Capital Budget authorizes funds for one year, while a CIP looks outward 5, 10, or even 20 years, though most plans cover 5 years. The CIP must consider current assets, strategic vision, and economic and demographic changes as the plan is formulated. The Plan should include both General Fund and Sewer Fund Assets.

The Public Works department relies on various equipment and vehicles to complete critical tasks. Historically, the Borough has maintained equipment beyond its useful life due to financial constraints, resulting in increased spending on equipment maintenance and the inefficient use of limited staff time. The Public Works foreman should develop a running inventory of equipment that includes an assessment of current condition and likely replacement schedule. This assessment must be updated regularly, assessed while the annual budget is created, and integrated into the Capital Improvement Plan.

Because capital needs and capital project requests often exceed funding capacity, the Borough should seek to evaluate and prioritize capital needs based on established criteria. Examples of possible criteria include:

- **Timing and Urgency-** some projects require swift action while others may be deferred.
- **Asset Protection/Preservation/Replacement-** protects or preserves municipal assets that are essential to providing basic services to the community. Also includes replacing assets that are at or nearing the end of their useful life.
- **Availability of Funding-** capital improvement needs may be funded by various internal sources including capital reserve funds and Borough general funds. Borough resources can be leveraged by strategically prioritizing capital projects that may be eligible for external funding through grants, reimbursements, and other external sources.
- **Public Health, Safety, and Quality of Life-** improves the overall health, safety, and quality of life of the community through investments in recreation assets, safe roadways and walkways, enhancements to public safety, storm water infrastructure, and other improvements that positively impact overall community wellbeing.
- **Regulatory Compliance-** complies with County, State, and Federal mandates such as the Americans with Disabilities Act and Pennsylvania Department of Environmental Protection directives.

The CIP is executed and monitored as part of an annual process in connection with the operating budget cycle. Because of the small size of the Borough's government and limited staff, we recommend that South Coatesville seek Phase 2 funding for third-party support to develop a multi-year capital improvement plan.

Initiative	PW04	Seek Phase 2 Funding to Conduct a Feasibility Study to Identify Shared Service Opportunities with Neighboring Communities			
Responsible Party	Borough Manager and Public Works Supervisor				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	($1,000)	-	-	-
Target Completion	Fourth Quarter 2026				

Shared service agreements can increase efficiency and capacity, resulting in cost savings and enhanced service levels. Public works partnership agreements often focus on sharing equipment, supplementing manpower, and ensuring assistance with emergencies. Informal relationships with neighboring communities and public works departments such as East Fallowfield Township already provide South Coatesville with access to specialized equipment and emergency assistance when needed. However, informal equipment sharing can present liability risk for both parties.

The Borough should seek STMP Phase 2 funding to identify and formalize shared service opportunities with neighboring public works departments. For example, the South Coatesville Public Works Department needs a backhoe that is estimated to cost $180,000. There may be opportunities to share a backhoe with neighboring communities in exchange for dividing the costs of asset maintenance and replacement.

Chapter Eight

Code Enforcement

Overview

South Coatesville's code enforcement function is responsible for ensuring that all zoning and code items are adhered to throughout the Borough for the health, safety, and well-being of all residents. The department is supported by a third-party consultant that enforces zoning ordinances and performs building inspections. The third-party consultant will assist in property maintenance enforcement from time to time; however, these matters are mainly handled by Borough staff.

Code Enforcement expenses consist mainly of third-party fees for zoning and building permit activities. Professional Services costs have averaged just under $20,000 since 2020 and were about $38,000 in 2024. The Borough budgeted $13,500 in Professional Services for 2025, and the baseline projection assumes 2.3 percent average growth in this expense through 2029.

Code enforcement costs are partially offset by permit fee revenue. South Coatesville charges a fee for zoning and building permits of which 80 percent is retained by the Borough and 20 percent is paid to the third-party consultant. Code enforcement related revenues were projected to be almost $38,000 in 2024 with Building Permits representing most of those revenues.

Exhibit 8.1
Code Enforcement Income, 2020-2024 Budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Building Permits	$3,950	$2,886	$4,415	$3,283	$27,948
Multiple Dwelling Fee	$3,323	$4,605	$3,425	$3,200	$6,138
Use and Occupancy Permits	$5,470	$5,915	$5,025	$4,025	$3,654
Demolition Permits	$5,470	$5,915	$5,025	$4,025	$3,654
Total	**$12,818**	**$14,406**	**$12,865**	**$10,508**	**$37,740**

Source: South Coatesville Borough

Exhibit 8.2
Expenditure Results, 2020-2024 Budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Professional Services	$3,600	$0	$0	$0	$5,370
Legal Services	$25,842	$13,340	$17,207	$11,205	$36,711
Other Employee Benefits	$21,142	$11,740	$17,207	$11,205	$31,341
Total	**$25,842**	**$13,340**	**$17,207**	**$11,205**	**$44,054**

Source: South Coatesville Borough

Exhibit 8.3
Expenditure Projections, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Professional Services	$1,000	$1,024	$1,048	$1,072	$1,096
Legal Services	$22,916	$23,467	$24,006	$24,559	$25,123
Other Employee Benefits	$21,916	$22,443	$22,959	$23,487	$24,027
Total	**$45,833**	**$46,933**	**$48,013**	**$49,117**	**$50,247**

The Borough's fiscal distress has precluded its ability to implement robust property maintenance, code enforcement program, or other services often delivered by a fully functioning municipal codes department. Though the Borough can recover a portion of the expenses for some code enforcement activities, an impactful property maintenance program will have short-term net negative budget implications.

The Borough's priority is to stabilize its fiscal position by eliminating deficits and rebuilding cash reserves. In the very near term, this may mean the continuation of existing passive property maintenance practices. The recommendations outlined below cannot be implemented until the Borough strengthens its fiscal and administrative capacity. However, South Coatesville's long-term viability depends on its ability to address blight and promote a safe and clean community.

Recommendations

Initiative	CD01 Strengthen Code Enforcement Capacity				
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	($20,000)	($20,000)	($20,000)
Target Completion	Early 2027				

As noted above, the Borough currently engages a third party for limited code enforcement services. The scope of services has varied over the years based on the discretion of the manager and elected officials; however, in recent years as the Borough has experienced more serious fiscal distress, services have narrowed.

The Borough should focus the remainder of 2025 on solidifying its fiscal position, building its financial management infrastructure, and pursuing shared services. In the near term, this likely means deferring a comprehensive code enforcement program. However, as early as 2026 and no later than 2027 the Borough should expand its code enforcement function to a rental inspection program, stricter property maintenance enforcement, and blight remediation. The most sensible approach to increasing capacity these services is likely through expanding the services provided by the third-party provider.

The recommendation assumes an additional $20,000 for new codes related activities beginning in 2027, which should be adequate time to prepare financially.

Initiative	CD02	Track Code Enforcement Activity Related Expenses by Category			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Third Quarter 2025				

The Borough does not break down provide a detailed accounting of its code-related activities in its financial software. Code expenses are shown in broad categories, which makes it difficult for decisionmakers to determine how third-party efforts are focused and the costs of specific activities. The Borough should work with its third-party provider to develop a regular report describing its monthly activities (e.g. use and occupancy, building permits, rental inspections, zoning, etc.) and associated costs.

Initiative	CD03	Increase Focus on Rental Inspections			
Responsible Party	Borough Manager/Third Party Provider				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	First Quarter 2027				

By statute, property owners are legally responsible for maintaining their properties in compliance with applicable codes and laws. Periodic inspection programs help to ensure that all property owners are keeping up with those responsibilities. Municipal rental inspections are important because they ensure that rental housing is safe, maintained to local standards, and improves public safety. The Borough should increase its focus on annual rental inspections. The Borough has a higher percentage of rental units than other Chester County municipalities, which makes it challenging to enforce its rental inspection program. The Borough should set the goal of offsetting revenue losses from the reduced building fees with new revenues from the rental inspection program.

Initiative	CD04	Develop a Blight Remediation Plan			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	2027				

Blight in the Borough is a persistent problem that must be tackled with a coordinated strategy and consistent focus. We recommend that the Borough contact the Pennsylvania Housing Alliance for assistance with developing a Comprehensive Strategic Blight Plan. The Pennsylvania Housing Alliance can provide facilitators for 3-6 months to help guide communities through the process. The Housing Alliance of Pennsylvania has developed We Can Do This! A Five-Step Fast-Track Blight Plan resource to help guide the process.[24] The guide outlines the following steps to developing a blight remediation plan:

1. Gain Consensus for Developing a Blight Plan
2. Assess the Nature and Extent of the Blight
3. Convene a Blight Task Force
4. Engage Municipal Officials
5. Identify Priority Action Steps and Implement Them

Initiative	CD05	Develop Performance Measures for Code Enforcement			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	First Quarter 2026				

The Borough's code enforcement provider should identify and track key performance indicators to help the community better understand its operational strengths and weaknesses. The performance guide should be developed by the Borough Manager with input from the third-party provider. Goals and objectives established during the annual budget process should connect directly with performance indicators. The Borough should begin with basic output measures, like number of inspections accomplished daily, but expand to include metrics that help assess the efficiency and effectiveness of the department. The nature and scope of the performance measurement program will change as the Borough expands its code enforcement services. The following are examples of performance measures the department should consider tracking and reporting to the Borough Manager:

- Number of inspections accomplished daily
- Average time between citizen complaint and code enforcement inspection
- Average fine amount
- Percentage of fees paid on time
- Percentage of unsafe structures brought into compliance

[24] The Pennsylvania Housing Alliance. https://housingalliancepa.org/wp-content/uploads/WeCanDOThis-PrintFriendly.pdf

Chapter Nine

Sewer Fund

Overview

South Coatesville owns and operates a wastewater conveyance system and treatment plant. The Borough operates its own collection system within the Borough and delivers the wastewater to Pennsylvania American Water, which operates a treatment plant in the City of Coatesville. South Coatesville is responsible for maintenance and improvements of the borough owned conveyance system and treatment plant. The South Coatesville sewer system also serves some residents of Modena Borough.

South Coatesville sewer operations are managed by a part-time Public Works employee working 18 hours per week. This same employee also acts as the Waste Water Treatment Plant Manager in Modena Borough. The Public Works Foreman supervises the part-time employee responsible for managing South Coatesville sewer operations and provides operational support. Administrative tasks such as billing are handled by Borough personnel. The Sewer Fund reimburses the General Fund for a pro-rated portion of these workforce costs.

Departmental Financial Results

The Sewer Fund is fiscally strong. Ultimately, revenue collections have significantly outpaced expenses, enabling the fund to accumulate a formidable fund balance totaling about $2 million at the start of 2025. Revenue is primarily derived from sewer fees assessed to residents and businesses. Modena Borough is also assessed a monthly fee for the use of South Coatesville wastewater assets. The 2025 Budget includes $356,000 in anticipated sewer fees, representing average annual growth of 1 percent since 2020. Sewer operations primarily rely on one part-time employee, resulting in very limited workforce costs. Treatment services provided by Pennsylvania American Water are a key expense driver totaling about $75,000 annually. Professional service costs such as engineering services, sludge removal, and lab testing have averaged about $80,000 historically.

The Borough received a $1.5 million Pennsylvania Infrastructure Investment Authority (PENNVEST) loan in 1999 to modernize the sewer plant. Total debt service costs will average about $55,000 annually before the loan is fully repaid in 2029. South Coatesville and Modena Boroughs have an agreement to share the PENNVEST loan debt service costs. Modena is expected to contribute about $30,000 annually to fund total debt service costs.

Capital improvements are a material Sewer Fund expense. According to the Sewer Fund employee, sewer lines are regularly televised, and a plan is in place to manage Inflow and Infiltration. The 2025 Budget includes $375,000 for ultraviolet (UV) system upgrades, resulting in a projected 2025 operating deficit. Additional capital improvements totaling less than $1 million are expected in the

near future. The Sewer Fund should have sufficient fund balance or borrowing capacity to address future capital needs. The baseline projection demonstrates continued strong fiscal health.

Exhibit 9.1
Sewer Fund Historical Operating Activity, 2020-2024 Budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Revenue					
Sewer Fees	$342,439	$430,787	$459,840	$330,848	$355,650
Delinquent Sewer Fees	$9,024	$11,566	$11,060	$3,228	$8,825
Sewer Connection Fees	$181,706	$25	$1,092	($21,467)	$1,350
Intergovernmental Revenue & Grants	$0	$0	$0	$50,173	$0
Modena PennVest Payments	$33,106	$42,737	$32,343	$12,727	$31,000
Other Revenue	$7,945	$10,115	$9,820	$29,356	$17,800
Total Revenue	**$574,221**	**$495,231**	**$514,155**	**$404,865**	**$414,625**
Expenses					
Treatment Services	$11,840	$132,115	$83,779	$43,322	$95,000
General Fund Reimbursement	$0	$0	$38,546	$136,887	$80,000
Engineering Services	$0	$0	$0	$0	$0
Professional Services	$35,537	$73,485	$113,979	$92,300	$76,750
Materials & Supplies	$4,442	$7,429	$9,621	$23,777	$11,250
Maintenance & Repairs	$11,774	$15,826	$21,752	$25,818	$13,050
Communication & Utilities	$14,172	$37,367	$38,467	$45,648	$40,800
Capital Expense	$32,000	$0	$0	$0	$0
Depreciation	$87,774	$88,316	$0	$0	$0
Debt Service	$270	$5,175	$0	$0	$60,000
Other Expenses	$0	$0	$204	$183	$250
Total Expenses	**$197,811**	**$359,713**	**$306,349**	**$367,935**	**$377,100**
Surplus/Deficit	**$376,410**	**$135,518**	**$207,806**	**$36,930**	**$37,525**

Exhibit 9.2
Baseline Expenditure Projections, 2025-2029

	2025 Budget	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Revenue					
Sewer Fees	$355,650	$356,000	$356,000	$356,000	$356,000
Delinquent Sewer Fees	$12,000	$12,000	$12,000	$12,000	$12,000
Sewer Connection Fees	$750	$1,000	$1,000	$1,000	$1,000
Intergovernmental Revenue & Grants	$0	$10,000	$10,000	$10,000	$10,000
Modena PennVest Payments	$31,000	$31,000	$31,000	$31,000	$31,000
Other Revenue	$13,900	$75,000	$75,000	$75,000	$75,000
Total Revenue	**$413,300**	**$485,000**	**$485,000**	**$485,000**	**$485,000**
Expenses					
Treatment Services	$85,000	$87,000	$89,000	$91,000	$93,000
General Fund Reimbursement	$60,000	$62,000	$64,000	$66,000	$68,000
Engineering Services	$0	$0	$0	$0	$0
Professional Services	$140,000	$144,000	$147,000	$151,000	$154,000
Materials & Supplies	$9,000	$9,000	$9,000	$9,000	$9,000
Maintenance & Repairs	$15,000	$15,000	$15,000	$16,000	$16,000
Communication & Utilities	$50,000	$51,000	$52,000	$54,000	$55,000
Capital Expense	$375,000	$6,000	$6,000	$6,000	$6,000
Debt Service	$58,000	$58,000	$58,000	$58,000	$39,000
Other Expenses	$0	$0	$0	$0	$0
Total Expenses	**$792,000**	**$432,000**	**$440,000**	**$451,000**	**$440,000**
Surplus/Deficit	**($378,700)**	**$53,000**	**$45,000**	**$34,000**	**$45,000**
Ending Fund Balance	**$1,621,000**	**$1,673,000**	**$1,716,000**	**$1,750,000**	**$1,794,000**

Recommendations

Initiative	SWR01	Explore Monetization Options Related to the Sewer System, Including a Sale			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	TBD	TBD	TBD	TBD
Target Completion	Ongoing				

The Borough has initiated steps to potentially monetize its sewer system. Many municipalities and authorities in Pennsylvania are looking to, or already have, sold their sewer systems and water systems to private utilities or other municipal authorities. These sales can be conducted through direct negotiations with a single party or through a request-for proposals bidding process. The General Assembly enacted Act 12 of 2016 which provides a voluntary process for determining the value of a water or sewer system. In undertaking such a transaction, a municipality or authority can ensure that its employees are retained by the purchaser and that rates are controlled within limits for a period of time. These sale transactions can generate sale proceeds that pay off the sewer debt and provide funding for other purposes of the municipality, including economic development efforts.

South Coatesville has engaged a financial advisor to provide a valuation of the system and help determine if the Borough should move forward with an RFP process for a monetization. The Borough should thoroughly evaluate the fiscal and non-monetary implications of a sale, including future fee increases, service quality, retention of existing employees, and the administrative burden of managing the system. These factors should be considered in the context of this five-year plan and the Borough's long-term strategy for fiscal stability.

Initiative	SWR02	Pursue STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan			
Responsible Party	Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2026				

As outlined in PW03, the Borough should develop and execute an updated Capital Improvement Plan to ensure that South Coatesville possesses the necessary public infrastructure to support a strong tax base. The Plan should include both General Fund and Sewer Fund Assets. The CIP must consider an assessment of the state of the sewer assets while also identifying technological enhancements that would improve operations.

Initiative	SWR03	Establish a Fund Balance Policy for the Sewer Fund			
Responsible Party	Borough Council/Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Fourth Quarter 2025, Ongoing				

Sewer Fund cash reserves totaled roughly $2 million at the start of 2025, equivalent to nearly four times annual Sewer Fund revenue. Though GFOA best practices specifically reference operating funds; GFOA principles can also provide guidance for other operating funds. The Government Financial Officers Association recommended best practice stresses that the adequacy of a municipality's unreserved fund balance in the General Fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in the general fund of no less than two months of regular general fund operating revenues, or of no less than two months of regular general fund operating expenditures.

The Borough should consider both GFOA best practices and the needs identified through the recommended multi-year capital improvement planning process to develop a Fund Balance Policy for the Sewer Fund. The Township has amassed a very strong Sewer Fund fund balance that should be allocated based on a multi-year fiscal strategy.

Initiative	SWR04	Align Sewer Fees with the Cost of Service			
Responsible Party	Borough Council/Borough Manager				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2028**
	-	-	-	-	-
Target Completion	Fourth Quarter 2025, Ongoing				

Historical experience indicates that the sewer system operates efficiently. The Sewer Fund had accumulated roughly $2 million in cash reserves at the start of 2025 while funding ongoing operations, covering annual debt service costs, continuing to maintain sewer assets, and inconsistently enforcing the cost sharing agreement with Modena Borough. The Borough will have the option to fund future capital improvements either through a pay-as-you-go strategy or a debt issuance.

South Coatesville should conduct an assessment to determine if sewer fees can be reduced to more appropriately align with the efficient operations of the system. In addition, the recommended fund balance policy and multi-year capital improvement plan will help inform appropriate sewer fee levels. This initiative may help ease the comparatively high tax and fee burden levied on Borough residents.

Chapter Ten

Fire and Emergency Medical Service

Overview

The Borough receives Fire and Emergency Services from Modena Fire Company and Westwood Fire Company. Modena Fire Company provides Basic Life Support (BLS) and fire services to the Borough. Westwood Fire Company provides Advance Life Support (ALS) services.

Modena Fire Company is an all-volunteer department that also covers Modena Borough, East Fallowfield Township, West Marlborough Township, Newlin Township, and West Bradford Township. Like other departments across the state and the country, the Modena Fire Company faces challenges in recruitment and in raising funds to finance the increasing costs of operating the department and purchasing apparatus. The department relies mainly on contributions from the municipalities it covers, ambulance billings, and fundraising activities to fund its operations, but also pursues grants and other contributions to supplement these efforts.

The Public Works Director is also the Fire Chief of Modena Fire Company. The Borough permits the Public Works Director/Fire Chief to respond to calls during working hours; however, the Public Works Director only responds to the most serious calls during the workday.

The Borough instituted a 1.25 Fire Equipment and Firehouses millage in 2023, which generated approximately $75,000 for the fire company. The Borough reduced the millage to 0.25 mills in 2024 and it remained at that level in 2025.

The Borough imposes a 0.25 Ambulance/Rescue/Emergency Services millage that is dedicated to the Westwood Fire Company. Westwood requests that all municipalities that rely on their services contribute the equivalent to 0.25 mills to this operation.

Recommendations

Initiative	EMS01	Restore the 1.25 Mill Fire Services Tax By 2028			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	($30,000)	($45,000)	($60,000)	($60,000)
Target Completion	2027				

The Borough should restore the special Fire Service millage to 1.25 mill by 2028. As noted above, the Borough institute a 1.25 Fire Equipment and Firehouses millage in 2023, which generated approximately $75,000 for the fire company. In 2024, the Borough faced distress in the General

Fund so it reduced the millage by 1 mill to 0.25 mills and increased the General Fund millage by 1. This resulted in a net neutral rate for taxpayers, but increased revenue for the General Fund and reduced contribution to the Modena Fire Company.

In 2024, 12 percent of the fire company's combined Fire and EMS calls were in South Coatesville, which is the second most out of any municipality. The number of combined calls has remained relatively steady since 2024.

Exhibit 10.1
Modena Fire Company, Fire and EMS Calls by Municipality (2021-2024)

Fire Calls Per Year	2021	Pct	2022	Pct	2023	Pct	2024	Pct	Total	Pct
East Fallowfield	114	35%	155	42%	146	40%	193	44%	608	40%
South Coatesville	58	18%	54	15%	71	20%	83	19%	266	18%
Modena	35	11%	21	6%	29	8%	34	8%	119	8%
West Marlborough	12	4%	17	5%	19	5%	20	5%	68	5%
Newlin	11	3%	2	1%	5	1%	9	2%	27	2%
Mutual Aid Assist	95	29%	122	33%	94	26%	103	23%	414	28%
Total Calls	325		371		364		442		1,502	

EMS Calls Per Year	2021	Pct	2022	Pct	2023	Pct	2024	Pct	Total	Pct
East Fallowfield	311	36%	354	33%	329	31%	326	26%	1,320	31%
South Coatesville	160	19%	195	18%	182	17%	173	14%	710	17%
West Bradford	98	11%	107	10%	133	13%	128	10%	466	11%
Modena	52	6%	69	6%	53	5%	57	5%	231	5%
West Marlborough	25	3%	31	3%	33	3%	45	4%	134	3%
Newlin	9	1%	11	1%	8	1%	19	2%	47	1%
Mutual Aid Assist	203	24%	299	28%	322	30%	505	40%	1,329	31%
Total Calls	858		1,066		1,060		1,253		4,237	

Combined	2021	Pct	2022	Pct	2023	Pct	2024	Pct	Total	Pct
East Fallowfield	425	28%	509	28%	475	27%	519	24%	1,928	27%
South Coatesville	218	14%	249	14%	253	14%	256	12%	976	13%
West Bradford	193	13%	229	13%	227	13%	231	11%	880	12%
Modena	87	6%	90	5%	82	5%	91	4%	350	5%
West Marlborough	37	2%	48	3%	52	3%	65	3%	202	3%
Newlin	20	1%	13	1%	13	1%	28	1%	74	1%
Mutual Aid Assist	528	35%	670	37%	686	38%	947	44%	2,831	39%
Total	1,508		1,808		1,788		2,137		7,241	

Source: Modena Fire Company

Despite having the fire company's second highest call volume, the Borough pays far less than other municipalities on a per call basis. In 2024, the Borough paid less than all but one municipality served by the fire company.

Exhibit 10.2
Modena Fire Company, Contribution per Call by Municipality (2024)

Municipality	Population	Total Calls	Contribution	Contribution per call
East Fallowfield	7,866	519	$236,400	$455
Newlin	1,358	28	$10,760	$384
West Marlborough	819	65	$11,150	$172
Modena	541	91	$10,000	$110
South Coatesville	1,843	256	$15,429	$60
West Bradford	14,316	231	$5,000	$22

Source: Modena Fire Company

Had the Borough maintained its 1.25 Fire Service millage rate in 2024, its total contribution to the fire company would have been about $75,000, or $290 per call, which would place South Coatesville a little above average among the other Modena Fire Company municipalities. A slightly above average contribution would offset multiple years of far below average contributions.

In lieu of a direct contribution, the Borough may attempt a payment-in-kind arrangement with the fire company in the form of labor support. Multiple Public Works employees are also volunteer firefighters for the company. In the past, the Borough has permitted these employees to respond to calls during working hours. The Borough, the fire company, and the employees may endeavor to form a mutually agreeable arrangement that is roughly equivalent to a 1.25 mill contribution ($75,000).

Initiative	EMS02	Affirm the Borough's Commitment to a 0.25 Ambulance/Rescue/Emergency Services Millage for Westwood Fire Company			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	First Quarter 2026				

As noted above, Westwood requests that all municipalities that rely on its service contribution the equivalent of 0.25 mills to help cover the cost of operations. Westwood has experienced significant costs increases and EMS dispatches in recent years, which was exacerbated by the closing of Brandywine Hospital. The hospital closure has increased the run distance and time for emergency calls, driving up costs. The Borough should affirm its commitment to the 0.25 Ambulance/Rescue/Emergency Services Millage to provide Westwood reasonable financial certainty as it manages through a tightening budget situation.

Initiative	EMS03 Revisit Monthly Reporting for Volunteer Fire Companies				
Responsible Party	Borough Manager/Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	-	-
Target Completion	Second Quarter 2025				

The Borough and Modena and Westwood Fire Companies currently provide monthly reports describing recent call and service related activity. The Borough and the companies revisit those reports and determine if the existing reports meet the Borough's needs and if there are opportunities for improvements. The parties involved should determine the substance and frequency of the reports; however, the Borough should consider requiring the following information:

- Monthly
  - Number of incidents
    - Current month
    - Year-to-date
    - Comparison to previous year
  - Number of incidents by NFIRS incident type code
  - Summary of key incidents including information describing value of property damage loss, addresses of major incidents, number of firefighter injuries reported, civilian injuries reported, number of volunteers responding, response times, etc.
  - Number of incidents by municipality
  - Training statistics
    - Number of training classes, number of volunteers attending classes, total training hours
  - Total number of volunteer hours per month
  - Staff incident participation by volunteer firefighter
- Annual
  - Previous year's detailed financial results compared to budget
  - Annual budget for the current year
  - Conditions of fire company apparatus
  - Number and types of incidents occurring in the previous year broken down by municipality
  - Number of members in the fire company and the total number of activity members in the department, and resignations and expulsions from the department
  - Update on drill and training program of the department
  - Other pertinent information

Initiative	EMS04	Consider the Adoption of a Volunteer Firefighter Tax Credit			
Responsible Party	Borough Manager/Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	($1,000)	($1,000)	($1,000)
Target Completion	First Quarter 2026				

In 2016, the Governor signed into law Act 172, which provides municipalities the option to offer real estate or earned income tax credits to active members of a volunteer fire company or nonprofit emergency medical service agency through a volunteer service credit program. Active volunteers who meet the service credit criteria established by the municipality in consultation with the fire department would be eligible for the tax credit. Only volunteers that are Borough residents would be eligible for the credit. The Borough should prioritize the earned income tax credit over the real estate tax credit because volunteers that are not homeowners would not benefit from a real estate tax credit.

The revised recommendations assume this recommendation is implemented beginning in 2027 with an average annual budget impact of $1,000.

Chapter Eleven

Conclusion

The Borough's budget is structurally imbalanced. That is, the rate of increase in expenses is projected to exceed that of revenues. Even after significant expense reductions and tax increase in the 2025 budget, the Borough faces deficits in the future. This chapter presents the revised multi-year financial forecasts reflecting the cumulative budgetary impact of the recommendations described in the preceding chapters. The financial results incorporating these recommendations are presented through a projection of General Fund operating results and fund balance results for 2025 through 2029. Exhibit 11.1 revisits the baseline forecasts assuming staffing and service levels reflected in the adopted 2025 budget and no corrective action is taken. The baseline forecasts show deficits and a declining fund balance.

Exhibit 11.1
Baseline General Fund Projections (No Corrective Action)

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Baseline Revenue	$1,528,000	$1,507,000	$1,539,000	$1,571,000	$1,604,000
Baseline Expenses	$1,497,000	$1,511,000	$1,541,000	$1,584,000	$1,635,000
Baseline Surplus (Deficit)	**$31,000**	**($4,000)**	**($2,000)**	**($13,000)**	**($31,000)**
Ending Fund Balance	$130,000	$125,000	$122,000	$105,000	$75,000
Fund Balance as Pct of Exp.	**9%**	**8%**	**8%**	**7%**	**5%**

Baseline General Fund financial forecasts, which assume current revenue and expense trends remain the same and no improvement measures are implemented, show relatively manageable deficits. However, the baseline forecast reflects austerity-level services after significant cuts to the Police Department and discretionary spending. If the Borough were to provide the same level of service as other municipalities of its size, deficits would be materially larger.

In addition, while multi-year forecasting is always an imprecise exercise, this is especially true for South Coatesville. The Borough's weak record keeping and history of volatile operating performance make projecting revenues and expenses challenging. The baseline forecast must be monitored closely and updated at least annually as the Borough's situation progresses.

South Coatesville must implement a coordinated set of initiatives to ensure to meet key fiscal goals, which include maintaining structural budgetary balance; generating funds to address capital improvement needs; and maintaining adequate liquidity (i.e., fund balance) in case of unanticipated budget challenges. The Borough must commit itself to its dual responsibilities of providing essential services to the community while maintaining the fiscal integrity of the municipality. This is particularly challenging for a municipality recovering from fiscal distress.

Many of the recommendations outlined in this report are within the direct control of the municipality, including actions to rebuild the government's management infrastructure, fund fire

service, and increase code enforcement capacity. However, also key to the Borough's long-term fiscal viability is strengthening existing shared service initiatives and identifying new opportunities for intergovernmental support. The recommendations that require cooperation from other entities may be more difficult to implement but are very important to achieving efficiencies and securing South Coatesville's long-term viability.

Initiative	STR01	Evaluate Merger/Consolidation Opportunities with Nearby Municipalities			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	TBD	TBD	TBD	TBD	TBD
Target Completion	Third Quarter 2025 (initial discussions)				

Municipal mergers and consolidations are becoming increasingly common in Pennsylvania as a strategy to streamline costs, improve services, and capitalize on economies of scale. Mergers and consolidations are particularly appealing to communities suffering from a deteriorating tax base and fiscal distress. South Coatesville Borough and some of its neighboring municipalities, which are experiencing fiscal difficulties to various degrees, are potential candidates for a merger.

The municipal merger/consolidation process, outlined in the Municipal Consolidation or Merger Act, is long and difficult. In a merger, two or more municipalities combine and all but one of the original governments is eliminated, whereas a consolidation terminates all parties involved and creates a new entity. Boundary changes can be initiated in two ways: Governing boards can pass joint agreements and present the question to voters, or voters can petition to put a referendum on the ballot.

The most logical merger/consolidation partner for South Coatesville would be an adjacent community with similar challenges where there is already a history of shared services. As a first step, the Borough should designate an elected official to approach their counterpart with the potential partner to gauge interest. If there is mutual interest, the next step in the process is to conduct a study of the finances and operations of both municipalities and examine other issues relevant to combining municipalities. Funding for a study is available under STMP Phase 2 or the Municipal Assistance Program.

Initiative	STR02	As Needed, Increase the General Purpose Real Estate Tax Millage Rate to Meet Borough Priorities			
Responsible Party	Borough Council				
Budgetary Impact	**2025**	**2026**	**2027**	**2028**	**2029**
	-	-	-	$30,000	$60,000
Target Completion	Annual, Ongoing				

As noted throughout this plan, the Borough has one of the highest Real Estate tax millage rates in the County, which can weaken the local economy and is a burden on a disproportionately large low-income population. The Borough suffers from tax base stagnation and unfavorable economic circumstances that make it difficult to raise revenues through rate increases. While future Real Estate millage increases may be unavoidable, the Borough's high rate relative to other Chester County communities limits its rate raising capacity.

With the exception of the recommended increase in the Fire and Emergency Services Real Estate tax millage rate, the Borough should, if possible, avoid Real Estate tax rate increases. The Borough should prioritize the other budget enhancement measures outlined in this plan before increasing the millage rate.

However, if the initiatives in this plan do not materialize as projected and corrective action is required to meet a key strategic priority, such as ensuring 24/7/365 police coverage or maintaining compliance with the fund balance policy, the Borough should increase the millage rate as needed.

This report assumes that the Borough raises the millage rate by 0.5 mills in 2028 and 2029, which is a very modest increase over a five-year period. The actual rate increase (if a rate increase is needed at all) would be evaluated annually during the budget process.

Revised Projections

Exhibit 11.2 presents the General Fund financial results adjusted for the anticipated budgetary implications of the recommendations outlined in this report and the policy recommendations included above. The following is a summary of the recommendations and hypothetical policy implications.

Exhibit 11.2
General Fund Projections with Corrective Measures

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Baseline Revenue	$1,528,000	$1,507,000	$1,539,000	$1,571,000	$1,604,000
Baseline Expenses	$1,497,000	$1,511,000	$1,541,000	$1,584,000	$1,635,000
Baseline Surplus (Deficit)	$31,000	($4,000)	($2,000)	($13,000)	($31,000)
Plan Initiatives	($2,500)	$75,500	$32,667	$37,333	$46,500
Revised Surplus (Deficit)	**$28,500**	**$71,500**	**$30,667**	**$24,333**	**$15,500**
Revised Net Change	$100,000	$129,000	$201,000	$232,000	$256,000
Ending Fund Balance	$129,000	$201,000	$232,000	$256,000	$272,000
Fund Balance as % of Exp.	**9%**	**13%**	**15%**	**16%**	**17%**

If implemented in full, this report projects operating surpluses and fund balance levels that will reach the recommended level of 15 percent of General Fund expenses within two years. The plan outlines a strategy to rebuild the government's management infrastructure and improve services to the community.

Borough Council should review and discuss these projections and their assumptions before final implementation. One of the purposes of this model and its underlying principles is to set fiscal parameters for the Borough. South Coatesville's elected officials may choose a different combination of rate increases, contributions to capital improvements, and pace of implementation of recommendations that fit within the established parameters.

Reversing the Borough's history of fiscal distress will require a disciplined commitment and a strategic mindset. The Borough's performance compared to the Plan must be revisited annually as part of the budget process. If the recommended incremental revenue or expense reductions do not materialize, the Borough must identify additional corrective action or consider other adjustments to tax rates or fee levels.

Summary of Recommendations

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
ADM01	Seek STMP Phase 2 Support to Hire a Permanent Full-Time Borough Manager	Borough Council	-	($50,000)	($88,333)	($126,667)	($167,500)	Third Quarter 2025
ADM02	After Full-time Manager is Hired, Eliminate the Part-time Manager Position	Borough Council		$85,000	$87,500	$90,000	$95,000	Third Quarter 2025
ADM03	Increase Part-Time Finance Administrator Hours	Borough Council	-	-	-	-	-	Second Quarter 2025
ADM04	Adopt New Job Descriptions	Borough Council	-	-	-	-	-	Second Quarter 2025
ADM05	Improve Financial Reporting	Borough Manager/Finance Administrator	-	-	-	-	-	Second Quarter 2025
ADM06	Establish Fund Balance Policy for the General Fund	Borough Council/Borough Manager	-	-	-	-	-	Third Quarter 2025
ADM07	Seek STMP Phase 2 Funding to Develop a Financial Policies and Procedures Handbook	Borough Council	($1,000)	-	-	-	-	Fourth Quarter 2025
ADM08	Pursue STMP Phase 2 Funding for Financial Management Infrastructure Improvements	Borough Council	($1,000)	($500)	($500)	-	-	Fourth Quarter 2025
ADM09	Implement Timekeeping Process	Borough Manager	-	-	-	-	-	Second Quarter 2025
ADM10	Seek STMP Phase 2 Funding to Develop an Employee Handbook	Borough Manager	($500)	-	-	-	-	Fourth Quarter 2025
ADM11	Regularly Increase Trash Fees to Match Cost of Service	Borough Council/ Borough Manager	-	$20,000	$25,000	$30,000	$40,000	Annual, Ongoing
ADM12	Engage a Third-Party to Collect Delinquent Trash Payments	Borough Council	-	$15,000	$20,000	$25,000	$30,000	Third Quarter 2025, Ongoing

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
ADM13	Pursue Delinquent Payments from Borough of Modena	Borough Manager	-	$10,000	$10,000	$10,000	$10,000	Third Quarter 2025
ADM14	Evaluate the Advantages and Disadvantages of Municipal Managed Trash Service vs. Resident Trash Service	Borough Council/Borough Manager	-	-	-	-	-	Third Quarter 2025
PD01	Pursue Partnership Arrangements with Nearby Departments	Partnership Committee	-	-	-	-	-	Third Quarter 2025 (initial outreach)
PD02	If a Partnership Arrangement Cannot be Reached, Revisit Filling the Full-time Officer Position and Increasing Part-time Hours	Borough Manager	-	$90,000	$92,500	$96,000	$100,000	First Quarter 2026
PD03	Formally Include the Chief of Police or Officer-in-Charge in the Budget Process	Borough Manager	-	-	-	-	-	Fourth Quarter 2025
PD04	Take Steps to Modernize Police Facility	Officer-in-Charge	-	-	-	-	-	Fourth Quarter 2026
PD05	Develop a Vehicle Replacement Program	Officer-in-Charge	-	-	-	-	-	Fourth Quarter 2025
PD06	Provide Training to the Officer-in-Charge	Officer-in-Charge	-	$500	-	-	-	2026, Ongoing
PD07	Ensure Department Policies Reflect Accreditation Standards	Officer-in-Charge	-	-	-	-	-	Fourth Quarter 2026
PD08	Conduct Regular Performance Evaluations	Borough Manager	-	-	-	-	-	Fourth Quarter 2025 Ongoing
PD09	Enhance Department's Social Media Presence	Borough Manager/Officer-in-Charge	-	-	-	-	-	Fourth Quarter 2025
PW01	Assess Alternatives to Municipal Managed Recycling	Borough Manager and Public Works Foreman	-	-	-	-	-	Third Quarter 2025

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
PW02	Develop Performance Measures for Public Works	Borough Manager and Public Works Supervisor	-	-	-	-	-	Fourth Quarter 2025
PW03	Pursue STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan	Borough Manager	-	($2,500)	-	-	-	Fourth Quarter 2026
PW04	Seek Phase 2 Funding to Conduct a Feasibility Study to Identify Shared Service Opportunities with Neighboring Communities	Borough Manager and Public Works Supervisor	-	($1,000)	-	-	-	Fourth Quarter 2026
CD01	Strengthen Code Enforcement Capacity	Borough Manager	-	-	($20,000)	($20,000)	($20,000)	Early 2027
CD02	Track Code Enforcement Activity Related Expenses by Category	Borough Manager	-	-	-	-	-	Third Quarter 2025
CD03	Increase Focus on Rental Inspections	Borough Manager/Third Party Provider	-	-	-	-	-	First Quarter 2027
CD04	Develop a Blight Remediation Plan	Borough Manager	-	-	-	-	-	2027
CD05	Develop Performance Measures for Code Enforcement	Borough Manager	-	-	-	-	-	First Quarter 2026
SWR01	Explore Monetization Options Related to the Sewer System, Including a Sale	Borough Council	TBD	TBD	TBD	TBD	TBD	Ongoing
SWR02	Pursue STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan	Borough Manager	-	-	-	-	-	Third Quarter 2026
SWR03	Establish a Fund Balance Policy for the Sewer Fund	Borough Council/Borough Manager	-	-	-	-	-	Fourth Quarter 2025, Ongoing

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
SWR04	Align Sewer Fees with the Cost of Service	Borough Council/Borough Manager	-	-	-	-	-	Fourth Quarter 2025, Ongoing
EMS01	Restore the 1.25 Mill Fire Services Tax By 2028	Borough Council	-	($30,000)	($45,000)	($60,000)	($60,000)	2028
EMS02	Affirm the Borough's Commitment to a 0.25 Ambulance/Rescue/ Emergency Services Millage for Westwood Fire Company	Borough Council	-	-	-	-	-	First Quarter 2026
EMS03	Revisit Monthly Reporting for Volunteer Fire Companies	Borough Manager/ Borough Council	-	-	-	-	-	Second Quarter 2025
EMS04	Consider the Adoption of a Volunteer Firefighter Tax Credit	Borough Manager/ Borough Council	-	-	($1,000)	($1,000)	($1,000)	First Quarter 2026
STR01	Evaluate Merger/Consolidation Opportunities with Nearby Municipalities	Borough Council	TBD	TBD	TBD	TBD	TBD	Third Quarter 2025 (initial discussions)
ST02	As Needed, Increase the General Purpose Real Estate Tax Millage Rate to Meet Borough Priorities	Borough Council	-	-	-	$30,000	$60,000	Annual, Ongoing
Total Net Budgetary Impact – General Fund			($2,500)	$75,500	$32,667	$37,333	$46,500	
Total Net Budgetary Impact – Fire Fund			-	($30,000)	($45,000)	($60,000)	($60,000)	

KEYSTONE Municipal Solutions

Appendix A

STMP Implementation Phase Recommendations

This report identified several areas that warrant strong consideration for STMP implementation phase grant support. Though the recommendations are listed individually, several are linked and may be implemented simultaneously under the same grant project. It should also be noted that the maximum STMP grant amount available is $200,000. The total potential grant support related to the recommendations below exceeds $200,000 which is mostly connected to the full-time Borough Manager position. The financial implications included in the table below are preliminary estimates and reflect the Borough's portion under a 90 percent grant match scenario. The Borough should refine the project budget and include any necessary adjustments upon grant application submission.

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
ADM01	Seek STMP Phase 2 Support to Hire a Permanent Full-Time Borough Manager	Borough Council	-	($50,000)	($88,333)	($126,667)	($167,500)	Third Quarter 2025
ADM05	Seek STMP Phase 2 Funding to Develop a Financial Policies and Procedures Handbook	Borough Council	($1,000)	-	-	-	-	Fourth Quarter 2025
ADM07	Pursue STMP Phase 2 Funding for Financial Management Infrastructure Improvements	Borough Manager	($1,000)	($500)	($500)	-	-	Third Quarter 2025
ADM09	Seek STMP Phase 2 Funding to Develop an Employee Handbook	Borough Manager	($500)	-	-	-	-	Fourth Quarter 2025
PW03	Pursue STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan	Borough Manager		($2,500)				Fourth Quarter 2026
PW04	Seek Phase 2 Funding to Conduct a Feasibility Study to Identify Shared Service Opportunities with Neighboring Communities	Borough Manager		($1,000)				Fourth Quarter 2026