



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

IN RE: : TERMINATION OF DISTRESSED
: STATUS UNDER SECTION 255.1
BOROUGH OF BRADDOCK : OF THE MUNICIPALITIES
ALLEGHENY COUNTY : FINANCIAL RECOVERY ACT

DEPARTMENTAL DETERMINATION AND ORDER

1. On June 15, 1988 the Borough of Braddock (the “Borough”) was designated a financially distressed municipality pursuant to the Municipalities Financial Recovery Act (“Act 47”), codified at 53 P.S. § 11701.101 *et seq.*
2. On February 23, 2023, Evaluation Resources, the Act 47 Coordinator for the Borough, filed a final report which recommended termination of the Borough's distressed status.
3. In accordance with Section 255.1(a) of Act 47, on April 20, 2023, a public hearing was held at which a designated hearing officer received evidence regarding the potential termination of the Borough’s distressed status.
4. In determining whether the Borough’s distressed status shall be terminated, Section 255.1 of Act 47 requires a consideration of whether:
 - a) Operational deficits of the municipality have been eliminated and the financial condition of the municipality, as evidenced by audited financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures, demonstrates a reasonable probability of future balanced budgets absent participation in this act.
 - b) Obligations issued to finance the municipality’s debt have been retired, reduced, or reissued in a manner that has adequately refinanced outstanding principal and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.
 - c) The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of default.
 - d) The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations, and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax or

fee increases to fund ongoing expenditures for the first five years after termination of distressed status.

53 P.S. § 11701.255.1(c)(1)-(4).

5. With regard to the first factor, the Borough experienced three years of surpluses during the years 2019-2021. From 2017-2021, the Borough's cumulative surplus was \$1,597,830 which elected and appointed officials used to create a rainy-day fund and to fund capital improvements.
6. With regard to the second factor, the Borough has no long-term debt obligations. The Borough's only use of debt is limited to short-term loans for the purchase of police and public works vehicles and equipment. A total of \$41,550 of debt service payments was included in the Borough's 2023 budget with no obligations after 2023.
7. With regard to the third factor, the Borough has no pending lawsuits, outstanding claims or judgments that would place the municipality in jeopardy of financial default.
8. With regard to the fourth factor, the Coordinator projects that the Borough's revenues and expenditures will grow by 1.4% annually from 2023-2027. These financial trends will result in annual surpluses of approximately 6.5% which will allow for fiscal and service level solvency over the next five years.

AND NOW, this the 21st day of July 2023, upon review of the written recommendation of the Act 47 Coordinator, the recommendations of departmental staff, and the evidence received at the public hearing, along with other considerations, the above-captioned request is granted.

IT IS ORDERED that the status of the Borough of Braddock, Allegheny County, as a financially distressed municipality under the Municipalities Financial Recovery Act, Act 47 of 1987, as amended, is terminated.

By:



Frederick C. Siger
DCED Secretary

Braddock Borough
ALLEGHENY COUNTY

EVALUATION OF THE ACT 47 COORDINATOR'S RECOMMENDATION TO
TERMINATE FINANCIALLY DISTRESSED STATUS UNDER ACT 47, THE
MUNICIPALITIES FINANCIAL RECOVERY ACT

HEARING HELD: April 20, 2023

TABLE OF CONTENTS

Report of the Hearing Officer including Findings of Fact

Exhibits

Act 47 Coordinator's Recommendation

A

Notice of Hearing

B

Stenographic Record of Public Hearing

C

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
GOVERNOR'S CENTER FOR LOCAL GOVERNMENT SERVICES

HEARING REGARDING TERMINATION OF DISTRESSED STATUS OF THE
BOROUGH OF BRADDOCK

FINDING OF FACTS

A public hearing was held in Braddock Borough ("Borough"), Allegheny County, on April 20, 2023, to receive testimony regarding the *Act 47 Coordinator's Recommendation to the Secretary of the Department of Community and Economic Development* ("DCED") for the *Braddock Borough* (the "Recommendation" or "Recommendation and Report") to terminate the designation of distress made on June 15, 1988, under Act 47 of 1987, as amended, also known as the Municipalities Financial Recovery Act. Notice of the public hearing was advertised in accordance with Section 203 of Act 47 and the Sunshine Act. The purpose of the hearing was to gather information on the Borough's financial condition to assist the Secretary of DCED in determining whether the Borough's financial condition satisfied the necessary conditions to terminate its distressed status and to inform the officials, employees, and citizens of the Borough of the Act 47 termination process.

Prior to the hearing, the Act 47 Coordinator for the Borough (the "Coordinator" or "Recovery Coordinator"), Evaluation Resources, submitted its Recommendation to DCED which reviewed the statutory factors necessary to request a termination of the Borough's distressed status, and the statutory criteria regarding whether to issue a determination of fiscal emergency in the Borough. At the time, based upon a review of the totality of the factors included in Section 11701.255.1(c) of Act 47, the Coordinator concluded that substantial evidence supported a determination to terminate the Borough's distressed status.

The Hearing Officer, Kelly Robertson, Executive Director with the Governor's Center for Local Government Services, made opening remarks welcoming everyone to the public hearing and stated that the public hearing would be held in accordance with Act 47. Ms. Robertson stated the purpose of the proceeding was to receive testimony on whether the Borough of Braddock's Act 47 distress designation should be terminated pursuant to Act 47 based upon the Coordinator's Recommendation dated February 23, 2023.

DCED Local Government Policy Specialist George Newsome on behalf of Bethany Williams, Act 47 Coordinator George Dougherty, Councilwoman LuJuan Reeves, Resident Chardae Jones, Resident Demtrius Baldwin, and Resident Patricia Kelly provided testimony in support of the termination of the distress designation.

George Newsome, Local Government Policy Specialist with the Governor's Center for Local Government Services, testified on behalf of Bethany Williams, Local Government Policy Specialist, in her absence. Mr. Newsome read Ms. Williams' written statement which testified

that it is her opinion that Braddock Borough no longer meets the statutory requirements to be considered financially distressed. Her testimony stated that Braddock Borough has made all of the necessary improvements to meet the four criteria necessary to exit the Act 47 program: operational deficits have been eliminated with a demonstrated probability of future balanced budgets; obligations issued to finance municipal debt have been retired; claims and judgments have been resolved; and projected revenues are sufficient to fund the ongoing necessary expenditures of the municipality. Ms. Williams testified that through management and operational improvements, due in large part to the adoption of a Home Rule Charter, the Borough has eliminated its operational and structural deficit and is now operating with a very healthy fund balance. She went on to explain that the Borough has no long-term debt and that current short-term debt is well within the Borough's ability to manage. She affirmed that there are no outstanding lawsuits or claims and that projected financials are stable. Ms. Williams stated that the adoption of a Home Rule Charter allowed the Borough flexibility with taxation and encouraged the new council members to study the Charter and learn to utilize it for future growth. Mr. Newsome stated that Ms. Williams concluded her testimony with a recommendation to terminate the Borough's distressed status.

Mr. Dougherty testified that he wrote a report recommending the rescission of Act 47 status for the Borough and believes that it no longer meets the criteria to remain in the Act 47 program. He testified that officials have been working hard to develop a regional comprehensive plan and the Borough is now able to take advantage of the recommendations written into that plan. The Borough also adopted a Home Rule Charter and is working to implement the changes that the Charter requires. Mr. Dougherty further testified that the Borough has seen significant improvement in their business district and the local library is being refurbished in order to continue to be a gathering place for the community. Mr. Dougherty concluded that because of the momentum in the community and the facts listed in his rescission report, it is his present recommendation that DCED terminate the Borough's distressed status under Act 47.

Councilwoman LuJuan Reeves stated her concerns that Borough police officers will no longer have to settle for part-time status or lower hourly rates once the Borough exits Act 47.

Resident Chardae Jones testified that she participated as a member of the Home Rule committee that helped to draft the Home Rule Charter. She stated that she is excited about the Borough's exit from the Act 47 program. She is concerned about the immediate loss of non-resident earned income taxes and expressed her hopes that council will continue to budget conservatively. She also discussed her concerns about the deficiencies in the police department and its impact on community and economic development.

Resident Demetrius Baldwin testified that he is a member of the Braddock Democratic Committee and the Vice Chair of a "People's Action Committee" that spans the Mon Valley. He stated that he is a lifelong resident and believes that the Borough has the capability to exit Act 47. However, he expressed concern and believes there are issues such as the minutes being taken incorrectly at public meetings and lack of internal financial controls. He stated that he has been removed from meetings and silenced by council when he's raised these issues

at public meetings. He concluded his statement by saying that he wants the Borough to exit Act 47 and operate on its own, but in a way that is free from political issues.

Resident Patricia Kelly testified that she agreed with Mr. Dougherty's and Ms. Williams' reports and that she had been an employee when the sewage issues were corrected in the Borough. She stated that she thought that both reports left out comments on Borough leadership and that she has concerns about the new Borough council members who are not familiar with Borough policies and procedures. She stated that many actions were being made without full council approval and it is likely a result of council's lack of awareness of "how the process goes." She also identified issues surrounding the police department and an increase in crime over the last 10 years. She noted various complaints that she has reported to the Borough about traffic violations that have not been addressed by the police department. She stated that the police chief's response was that he did not have an adequate number of officers to address her concerns.

Hearing Officer Kelly Robertson closed the period of public testimony and thanked those in attendance and those who testified. She then stated that all findings and a recommendation will be presented to DCED Secretary Rick Siger for his consideration of the Borough's status as a financially distressed municipality. The hearing was adjourned at 6:19 pm.

CONCLUSION

The financial condition and position of Braddock Borough has significantly improved and is projected to remain stable with its current level of service. The Act 47 Coordinator's recommendations, reports and the testimonies provided during this Act 47 Hearing reflect the improved financial condition and outlook that should allow the Borough to function with more independence. Based on a consideration of the factors set forth in Section 11701.255.1(c) of Act 47 it is recommended that the Braddock Borough have its status as a financially distressed municipality terminated at this time.

EXHIBIT A

**Act 47 Coordinator's Recommendation to the
Secretary of the Department of Community and Economic Development for the
Borough of Braddock**

**Recommendation to
Rescind Distress Determination Order**

Prepared by:

George W. Dougherty, Jr., PhD

EVALUATION RESOURCES

722 Country Club Dr.

Pittsburgh, PA 15228

February 23, 2023

Table of Contents

History of Act 47 in Braddock Borough.....	2
Progress in Implementing Act 47 Plan Initiatives	3
Legal Requirements to Rescind a Distressed Determination.....	3
Factor 1 – Operational Deficits	4
Factor 2 – Municipal Debt.....	5
Factor 3 – Claims or Judgements	5
Recommendation.....	8

History of Act 47 in Braddock Borough

In April of 1988 the Borough of Braddock officially requested that the Pennsylvania Department of Community Affairs (PA DCA) determine eligibility for the designation as a distressed municipality under Act 47, the Municipalities Financial Recovery Act. Act 47 has 11 criteria for determination of municipal financial distress, and if at least one is present and the Department assesses that it is a valid indication of municipal financial distress, then the PA DCA (now DCED) shall exercise its powers and duties as detailed in the Act. The Department conducted an evaluation of the fiscal condition of the Borough and found it to be distressed due to the following conditions under Section 201 of the Act:

- (5) The municipality has failed to make required payments to judgment creditors for 30 days beyond the date of the recording of the judgment.
- (6) The municipality, for a period of at least 30 days beyond the due date, has failed to forward taxes withheld on the income of employees or has failed to transfer employer or employee contributions for Social Security.

After conducting a public hearing, the Borough received official designation as a distressed municipality on June 15, 1988. The Western Division of the Pennsylvania Economy League was appointed the Plan Coordinator and designated to develop the original recovery plan.

The original recovery plan indicated that the Borough's distressed status was not only a result of (then) current factors, but also due to decades of macro-economic factors affecting the community, including the decline in manufacturing base in the country and Southwestern Pennsylvania, specifically the steel industry and related businesses. The plan placed an emphasis on increased management capacity; stronger financial management controls and procedures; and a comprehensive code enforcement program. In addition, the plan recommended the development of a joint public works program operated by the Turtle Creek Valley COG in cooperation with neighboring municipalities that were also experiencing serious fiscal difficulties. The plan altered the Borough's approach to service delivery, placing an emphasis on other intergovernmental approaches, the continued involvement in the Department's Enterprise Zone Program, and implementation of key economic and community development strategies.

Since 1988, the Borough has greatly improved its overall financial position. During the recent decade, as finances improved, the Borough began to remove the Act 47 enhancements by lowering the rates of resident and non-resident earned income tax (EIT). In 2012, those rates were reduced to 1.2% for residents and 1.05% for non-residents, their lowest since 1988. The goal was to remove all enhancements by 2014 or 2015 and the Borough was on track to do so, before it was once again hit by events outside of its control.

First, UPMC decided to close its Braddock Hospital and later decided to demolish the building and sell the property. This was a major financial blow to the Borough. To lighten the impact, a five-year agreement was entered into under which UPMC would make a payment in lieu of taxes to the Borough of approximately \$90,000 per year through 2014 and a payment of \$45,000 in 2015. Despite these concessions, the Borough lost \$90,000 per year in revenue from this source alone.

Second, in 2013 the United States Steel Corporation successfully appealed their increased property tax assessment. The result of the appeal was a drastically lower assessed value that substantially reduced the borough's revenue base and an additional loss of approximately \$90,000 annually.

Third, a number of Business Privilege Tax (BPT) settlement agreements on back taxes with large taxpayers came to an end. This resulted in a further loss of revenue to the Borough.

On a positive note, the implementation of Act 32 of 2008 led to an increase in EIT collections beginning in 2012. The Borough has also, through its own efforts, seen strong steady increases in delinquent tax collection and sewage fees.

In 2014, in order to make up for the cumulative loss of revenue caused by the events listed above, the Borough had to once again increase the EIT rates for residents and non-residents under Act 47, as well as slightly increase the millage rate.

Progress in Implementing Act 47 Plan Initiatives

Braddock Borough has accomplished a number of key initiatives since the adoption of the 2015 Act 47 Plan Amendment. The Borough formed a Home Rule Charter Commission in 2018 via a successful ballot initiative. This commission then developed and presented a Home Rule Charter that was approved by voters in November 2019. This Charter gives Council greater flexibility in its revenue generation efforts moving forward. Braddock also began a Joint Implementable Comprehensive Planning Process in Fall 2017 with the Boroughs of North Braddock and East Pittsburgh. Working collaboratively with DCED and Allegheny County Economic Development, the Boroughs' completed the planning process and council adopted the plan in 2020. Beginning in 2021, Council began funding a Capital Budget to provide for the community's long-term needs. Braddock Borough is currently exploring Regional Policing alternatives with East Pittsburgh Borough, North Braddock Borough, and Rankin Borough in an attempt to improve service quality at its current expenditure level. Finally, Braddock has leveraged technical assistance programs provided by DCED and built a strong cooperative relationship with Allegheny County to realize substantial economic development gains. All these efforts have helped the Borough prepare for its exit from Act 47 Distressed status.

Legal Requirements to Rescind a Distressed Determination

Despite the Borough of Braddock's recent progress, the Commonwealth of Pennsylvania requires municipalities under Act 47 to meet key conditions before Distressed Municipality status can be rescinded. Section 11701.255.1(c) of Act 47 enumerates four factors for the Secretary of DCED to consider in making a determination on whether to rescind the distressed status of a municipality. The law's language of §255.1(c) reads as follows:

(c) Factors to Consider. — If the secretary concludes that *substantial evidence* supports an affirmative determination for each of the following factors, the determination shall be that the distressed status will be rescinded. The secretary shall consider whether:

- (1) Operational deficits of the municipality have been eliminated and the financial condition of the municipality, as evidenced by audited financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures demonstrates a reasonable probability of future balanced budgets absent participation in this act.

(2) Obligations issued to finance the municipality's debt have been retired, reduced or reissued in a manner that has adequately refinanced outstanding principle [sic] and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.

(3) The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default.

(4) The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax or fee increases to fund ongoing expenditures for the first five years after a termination of distressed status.

Factor 1 – Operational Deficits

Braddock Borough meets the conditions set forth in Factor One in that the Borough has eliminated regular and recurring operating deficits. Table 1 shows the Borough's audited financial performance from 2017-2021.

The deficits in 2017 and 2018 are largely explained by problems in the collection of sewer revenues. The erratic results resulted from problems implementing new billing software in the Braddock Water Authority, Water Authority employee misconduct that led to inaccurate meter reads, employee failure to properly track new meter installations, and flaws in the billing software. Water Authority data is submitted to ALCOSAN, which then provides data to the Borough for bill generation. At one point in 2018, Borough staff chose to delay billing in order to stop compounding known problems in their billing data. These problems were reconciled in 2019 through coordinated efforts as the Water Authority and Borough made staffing changes and moved to a new software vendor. Sewer Revenues are now collected directly by the vendor at substantial savings to the Borough.

Braddock's Cumulative Surplus over the 2017-2021 period was \$1,597,830 which elected and administrative officials used to create a rainy-day fund and to fund capital improvements. While those surpluses were supplemented by American Recovery Plan Act (ARPA) funds in 2020 (\$60,000) and 2021 (\$110,000), the bulk of the cumulative surplus presented in Table 1 was realized via regular, ongoing funding sources and control of expenditures.

Based on the Borough of Braddock's recent audited financial performance, it is argued that the Borough meets the conditions set forth in Factor 1. The Borough has eliminated operational deficits, is in strong financial condition, and can be reasonably expected to realize future balanced budgets.

Braddock Borough Act 47 Rescission Recommendation

Table 1 - Braddock Borough Core Revenues & Expenditures, 2017-2021

Revenues:	2017	2018	2019	2020	2021
	Actual	Actual	Actual	Actual	Actual
Description	Revenues	Revenues	Revenues	Revenues	Revenues
Taxes	\$ 998,976	\$ 1,033,340	\$ 1,075,868	\$ 1,040,249	\$ 1,371,061
Licenses & Permits	\$ 59,659	\$ 27,034	\$ 244,629	\$ 86,332	\$ 26,343
Fines & Forfeits	\$ 10,930	\$ 11,563	\$ 6,935	\$ 4,486	\$ 8,874
Interest & Rents	\$ 10,930	\$ 7,160	\$ 5,719	\$ 4,470	\$ 2,652
Intergovernmental	\$ 11,467	\$ 78,592	\$ 261,764	\$ 185,652	\$ 364,397
Charges for Services	\$ 536,636	\$ 380,414	\$ 1,112,247	\$ 520,933	\$ 667,670
Contributions & Donations	\$ 675	\$ -	\$ 23,824	\$ -	\$ -
Other	\$ 14,600	\$ 62,865	\$ -	\$ -	\$ 48,103
Total Operating Revenues	\$ 1,643,873	\$ 1,600,967	\$ 2,730,986	\$ 1,842,122	\$ 2,489,100
Expenditures:	2017	2018	2019	2020	2021
	Actual	Actual	Actual	Actual	Actual
Description	Expend	Expend	Expend	Expend	Expend
General Govt	\$ 292,133	\$ 344,793	\$ 341,195	\$ 418,168	\$ 382,094
Public Safety	\$ 470,829	\$ 489,925	\$ 392,142	\$ 355,486	\$ 469,079
Public Works	\$ 701,419	\$ 1,016,501	\$ 654,494	\$ 866,686	\$ 778,146
Culture & Recreation	\$ 1,297	\$ 1,011	\$ 2,360	\$ 1,260	\$ 4,028
Debt Service	\$ 21,466	\$ -	\$ -	\$ -	\$ -
Employee Benefits & Withholding	\$ 114,693	\$ 85,434	\$ 67,476	\$ 80,754	\$ 104,584
Insurance	\$ 24,856	\$ 31,342	\$ 82,848	\$ 6,491	\$ 27,252
Other Financing	\$ 20,035	\$ 11,499	\$ 609	\$ -	\$ 46,834
Total Expenditures	\$ 1,646,728	\$ 1,980,505	\$ 1,541,124	\$ 1,728,845	\$ 1,812,017
Surplus/(Deficit)	\$ (2,855)	\$ (379,538)	\$ 1,189,862	\$ 113,277	\$ 677,083
Cumulative Surplus/(Deficit)	\$ (2,855)	\$ (382,393)	\$ 807,469	\$ 920,746	\$ 1,597,830

Factor 2 – Municipal Debt

Braddock Borough operates with no long-term debt obligations. The borough's only use of debt is limited to short-term loans for the purchase of police and public works vehicles and equipment in accordance with the Capital Budget and Capital Planning process. A total of \$41,550 of debt service payments was included the Borough's 2023 Budget with no obligations after 2023.

Based on the Borough of Braddock's limited use of debt instruments and history of timely repayment of its obligations, it is argued that the Borough meets the criteria set forth in Factor Two.

Factor 3 – Claims or Judgements

The Borough of Braddock currently has no outstanding claims or judgements that would place the municipality in jeopardy of financial default. As such, the Borough meets the criteria established in Factor Three.

Factor 4 – Revenue and Expenditure Projections

Whether the Borough of Braddock can continue to meet its financial and service obligations to the community is a key factor in the recommendation to rescind its Distress Determination Order. In short, it must be determined whether municipal leaders will be able to match available revenues with expected expenditures to fund key municipal services.

On the revenue side, Braddock Borough has made use of the extraordinary taxing powers, particularly the enhanced Resident and Non-Resident Earned Income Tax levies during its time under Act 47 Distressed Status. Braddock's Earned Income Tax (EIT) is the third largest source of income for the Borough, accounting for 13 percent of all income in 2018. The 2014 Act 47 Plan Update for Braddock suggested the borough reduce all extraordinary taxes before 2019 in order to exit Act 47 Distressed Status in 2020. Braddock attempted to implement this recommendation but elected officials showed a willingness to increase rates in 2016 to cover reductions in other revenue sources and the loss of jobs at the UPMC facility. Once the shocks passed, Council voted to decrease non-resident EIT to 1.1% in 2017 and 2018, resulting in lower EIT revenues in those years.

The 2020 Exit Plan and the passage of the Braddock Home Rule Charter in 2021 allowed the borough to pursue a different plan as it prepared to leave Act 47 Distressed Status. Using the powers allowed in its Charter, the Borough elected to increase the Resident Earned Income Tax to 1.5% to ease the burden of Real Estate Taxes on residents, especially those with fixed incomes. Further, Braddock's elected leaders agreed to increase the Non-Resident Earned Income Tax to 1.3% but allocate one third of those funds to its Capital Fund in 2021, two thirds in 2022, and 100% in 2023. In this way, Braddock Borough was able to wean itself from the extraordinary Non-Resident Earned Income Tax levy in the General Fund while preparing for its long-term capital needs. The result is that the Borough will not see a large decrease in General Fund Earned Income Tax revenues in 2024 after it exits Distressed Status.

Braddock's elected officials have also shown a willingness to adjust Expenditures to meet its service obligations. Once disruptions in the Sewer Billing process were fixed, the Borough was able to reduce its Sewer Staff by 1.5 FTE by contracting out billing and payment services to its software vendor. Braddock also withdrew from its joint Public Works program with the Turtle Creek Valley Council of Governments, resulting in savings and increased local control of Public Works services. Some of these cost savings were offset by moving the Police Chief and Public Works Foreman to full-time status to improve services. Braddock is currently in negotiations with East Pittsburgh, North Braddock, and Rankin Boroughs to establish a regional police department. The current proposed regional police funding arrangement would result in a small cost savings to Braddock with the potential for a significant increase in police service levels.

Braddock's leaders have shown a willingness to make difficult revenue and expenditure decisions recently to maintain financial health and prepare for an exit from Distressed Status. Assuming future elected councils are willing to maintain these revenue and expenditure patterns and make wise decisions, Braddock Borough is projected to maintain fiscal and service level solvency over the next five years.

Table 2 shows projected Revenues and Expenditures for Braddock Borough from 2023-2027. Both Revenues and Expenditures are forecast to grow at 1.4% annually across the period, resulting in fiscal year surpluses of approximately 6.5%. The Borough Manager and Treasurer are currently developing financial policies with Council's Financial Committee that would require

Braddock Borough Act 47 Rescission Recommendation

elected officials to maintain a minimum fund balance and fund the Capital Plan before expanding current fiscal year General Fund Expenditures.

Table 2: Braddock Borough Projected Revenues & Expenditures, 2023-2027

Revenues:	2021	2022	Estimated	2023	2024	2025	2026	2027
Description	Actual Revenues	Unaudited Revenues	% Change 2023-2027	Budgeted Revenues	Projected Revenues	Projected Revenues	Projected Revenues	Projected Revenues
Taxes	\$ 1,371,061	\$ 1,239,315	1.5%	\$ 1,095,178	\$ 1,111,606	\$ 1,128,280	\$ 1,145,204	\$ 1,162,382
Licenses & Permits	\$ 26,343	\$ 27,854	1.0%	\$ 22,000	\$ 22,220	\$ 22,442	\$ 22,667	\$ 22,893
Fines & Forfeits	\$ 8,874	\$ 15,725	1.5%	\$ 9,930	\$ 10,079	\$ 10,230	\$ 10,384	\$ 10,539
Interest & Rents	\$ 2,652	\$ 10,306	1.5%	\$ 7,965	\$ 8,084	\$ 8,206	\$ 8,329	\$ 8,454
Intergovernmental	\$ 364,397	\$ 184,902	2.0%	\$ 111,890	\$ 114,128	\$ 116,410	\$ 118,739	\$ 121,113
Charges for Services	\$ 667,670	\$ 769,033	2.0%	\$ 779,877	\$ 795,475	\$ 811,384	\$ 827,612	\$ 844,164
Contributions & Donations	\$ -	\$ 19,630	1.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 48,103	\$ -	1.0%	\$ 10,000	\$ 10,100	\$ 10,201	\$ 10,303	\$ 10,406
Total Operating Revenues	\$ 2,489,100	\$ 2,266,765	1.4%	\$ 2,036,840	\$ 2,071,691	\$ 2,107,153	\$ 2,143,236	\$ 2,179,952
Expenditures:	2021	2022	Estimated	2023	2024	2025	2026	2027
Description	Actual Expend	Unaudited Expend	% Change 2023-2027	Budgeted Expend	Projected Expend	Projected Expend	Projected Expend	Projected Expend
General Govt	\$ 492,860	\$ 357,154	1.5%	\$ 345,486	\$ 350,668	\$ 355,928	\$ 361,267	\$ 366,686
Public Safety	\$ 517,956	\$ 409,228	1.5%	\$ 461,316	\$ 468,236	\$ 475,259	\$ 482,388	\$ 489,624
Public Works	\$ 1,058,866	\$ 1,110,099	2.0%	\$ 934,878	\$ 953,576	\$ 972,647	\$ 992,100	\$ 1,011,942
Culture & Recreation	\$ 11,739	\$ 740	1.0%	\$ 1,000	\$ 1,010	\$ 1,020	\$ 1,030	\$ 1,041
Debt Service	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits & Withholding	\$ 95,197	\$ 98,305	2.0%	\$ 81,432	\$ 83,061	\$ 84,722	\$ 86,416	\$ 88,145
Insurance	\$ 52,909	\$ 60,888	2.0%	\$ 53,500	\$ 54,570	\$ 55,661	\$ 56,775	\$ 57,910
Other Financing	\$ 110,709	\$ 15,715	1.0%	\$ 21,914	\$ 22,133	\$ 22,354	\$ 22,578	\$ 22,804
Total Expenditures	\$ 2,340,236	\$ 2,052,129	1.4%	\$ 1,899,526	\$ 1,933,253	\$ 1,967,592	\$ 2,002,555	\$ 2,038,151
Surplus/(Deficit)	\$ 148,864	\$ 214,636		\$ 137,314	\$ 138,438	\$ 139,561	\$ 140,682	\$ 141,800

Recent actions of Braddock Borough Council and the analysis presented here suggest that the Borough will be able to raise Revenues and control Expenditures sufficiently to maintain current municipal service levels.

Recommendation

The evidence presented here suggests that the Borough of Braddock, Allegheny County, Pennsylvania meets all the criteria set forth in Section 11701.255.1(c) of Act 47. The Borough has not experienced significant or ongoing fiscal deficits since 2017, has made limited use of and is able to meet all of its debt obligations, has no outstanding judgements or claims against it, and is projected to maintain healthy surpluses through 2027.

Based on this review, it is recommended that the Secretary of the Department of Community and Economic Development issue a determination to rescind the order declaring Braddock Borough, Allegheny County a distressed municipality under Act 47, the Municipalities Financial Recovery Act as amended, no later than July 23, 2023.

EXHIBIT B

NOTICE

NOTICE IS HEREBY GIVEN that the Commonwealth of Pennsylvania, Department of Community and Economic Development has scheduled a public hearing to receive testimony presented on behalf of the Braddock Borough, Allegheny County, Pennsylvania with respect to the recommendation from the Act 47 Coordinator to consider a termination of the Borough's Act 47 determination pursuant to the Municipalities Financial Recovery Act, Act 47 of 1987 as amended.

The hearing on the request will be held on April 20, 2023, at 6:00 p.m., in the Braddock Borough Building, 415 6th Street, Braddock, PA 15104 before a hearing officer duly appointed by the Department. The public is invited to attend. Those individuals requiring special accommodations to attend the hearing should contact the Department. For further information contact Bethany Williams, Local Government Policy Specialist, at (717) 503-1134.

EXHIBIT C

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

* * * * *

IN RE: ACT 47 EXIT HEARING

* * * * *

BEFORE: KELLY ROBERTSON, Chair

George Newsom, Member

HEARING: Thursday, April 20, 2023

6:00 p.m.

LOCATION: Braddock Borough Municipal Building

415 6th Street

Pittsburgh, PA 15104

WITNESSES: George Newsom, George Dockerty, LuJuan

Reeves, Chardae Jones, Demetrius Baldwin, Patricia

Kelly

Reporter: Allison Walker

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I N D E X

1		
2		
3	OPENING REMARKS	
4	By Hearing Officer	4 - 6
5	TESTIMONY	
6	By Mr. Newsom	6 - 9
7	TESTIMONY	
8	By Mr. Dockerty	10 - 11
9	TESTIMONY	
10	By Ms. Reeves	12
11	TESTIMONY	
12	By Ms. Jones	13 - 14
13	TESTIMONY	
14	By Mr. Baldwin	14 - 15
15	TESTIMONY	
16	By Ms. Kelly	16 - 18
17	CERTIFICATE	19

E X H I B I T S

Page

NumberDescriptionOffered

NONE OFFERED

P R O C E E D I N G S

HEARING OFFICER: It is now 6:00 p.m.

on April 20th, 2023, I call to order this
Administrative Public Hearing, which is being held
pursuant to Section 255.1A of Municipalities
Financial Recovery Act, also known as Act 47. The
sole purpose of this hearing is to receive evidence
and testimony regarding the potential termination of
Braddock Borough's status as financially distressed
municipality. We cannot respond to any questions or
challenges at this hearing.

My name is Kelly Robertson. I'm
executive director of the Governor's Center for
Local Government Services for the Department of
Community and Economic Development, and I will be
serving as the hearing officer today.

For the record, this hearing was
advertised in the Valley Mirror on April 13, 2023
and written notice was provided to the Municipal
Secretary, the Mayor, the Municipal Solicitor, each
member of governing body of the municipality prior
to this meeting.

As background for members of the
public with us today on April 4th, 2023, as

1 background for the members of the public, on April
2 4, 2023, the Recovery Coordinator from the Borough,
3 George Dockerty, submitted a final report in
4 accordance with section 255 of Act 47.

5 The Coordinator's Report reviewed the
6 Borough's financial condition in conjunction with
7 the statutory factors listed in section 255.1C of
8 Act 47 and concluded that the Borough status as a
9 distressed municipality should be terminated. Per
10 section 255.1 A of Act 47 the Department is required
11 to hold a public hearing within 30 days of receiving
12 a final Coordinator's report. Once again, the sole
13 purpose of this hearing is to receive evidence and
14 testimony regarding the potential termination of
15 Braddock's status as a financially distressed
16 municipality.

17 Individuals representing Braddock, the
18 Borough's Act 47 Coordinator, and the Governor's
19 Centers for Local Government Services will be
20 presenting evidence in testimony tonight.

21 After the Department has received
22 evidence and testimony from the previous mentioned
23 parties, I will invite any other interested parties
24 in the audience to provide evidence or testimony.
25 Please note that there is a sign in sheet that has

1 been circulating, it's over here on the table to
2 verify attendance at today's hearing. I will ask
3 that all attendants please sign in on that
4 particular sheet. If you are not providing evidence
5 or testimony, still I need you to sign in. If you
6 change your mind later and decide you want to
7 provide testimony, please note that all witnesses
8 will be required to be sworn in by the stenographer
9 prior to testifying.

10 At this point, I will have George
11 Newsom is going to read a statement from Bethany
12 Williams, who is your policy specialist who is
13 unable to make it this evening.

14 MR. NEWSOM: Good evening, everybody.

15 ---

16 GEORGE NEWSOM,
17 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
18 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
19 FOLLOWS:

20 ---

21 MR. NEWSOM: I'm obviously not
22 Bethany, but I'm going to read this in the third
23 person as she was the one who authored it. So my
24 name is George, not Bethany. She is the Southwest
25 Pennsylvania Local Government Policy Specialist for

1 the Governor Center for Local Government Services.
2 It has been my privilege to work with Braddock
3 Borough for the past 12 months because of the
4 Borough Council and staff's commitment to the
5 community and the implementation of the recovery and
6 exit plans that it is time to discuss their
7 readiness to exit Act 47 at this hearing.

8 Under Act 47, section 255.1C, there
9 are four factors to consider with the stress status
10 of a municipality to be rescinded outlined in the
11 paraphrase. Number one, operational deficits of the
12 municipality have been eliminated and the financial
13 condition of the municipality and demonstrates a
14 reasonable probability of future balance budgets.

15 Number two, obligations issued to
16 finance the municipality debt have been retired,
17 reduced or reissued and has permitted timely debt
18 service and reasonable probability of continued
19 timely debt service.

20 Number three, the municipality has
21 negotiated and resolved all claims or judgments that
22 would have placed the municipality in imminent
23 jeopardy or financial default.

24 Number four, the reasonably projected
25 revenues of the municipality are sufficient to fund

1 ongoing necessary expenditures. With these four
2 factors in mind the Act 47 Coordinator, George
3 Dockerty of Evaluation Resources has prepared a
4 report with the data necessary to provide a
5 recommendation that the Borough is ready and
6 prepared to exit the Act 47 program.

7 Operational deficits have been
8 resolved. Through strategic improvements in their
9 sewer revenue collection and conservative budgeting,
10 Braddock Borough has been able to eliminate
11 operational and structural deficits and is now
12 preparing with a healthy fund balance which totaled
13 at \$1,597,830 at the end of 2021. Their debt
14 obligations have been resolved. Braddock Borough
15 currently does not have any long term debt
16 obligations, only shorter term loans and vehicle and
17 equipment purchases in accordance with the Borough's
18 capital planning process and their budgets.

19 Claims and judgments have been
20 resolved. There are currently no pending lawsuits
21 or claims against the Borough. Revenue projection
22 is stable. The Act 47 Coordinator's Rescission
23 Report indicates that the Borough will sustain its
24 healthy fund balance through the five year financial
25 projection period, assuming that the Borough will

1 continue to budget conservatively, contain costs
2 where possible, and participate in shared services
3 agreements to approve services and reduce
4 inefficiencies across Borough departments.

5 In addition to these four factors
6 Braddock pursued the development and adoption of a
7 Home Rule Charter which took effect in January 2021.
8 This will allow the Borough to be more flexible in
9 their taxation and operational structure that will
10 facilitate continued financial stability for years
11 to come. It is my recommendation to the current and
12 future Borough Council members that they continue to
13 learn about their Home Rule Charter when it both
14 allows and disallows and learn to utilize it as a
15 tool for continued growth in their community.

16 In review of these four factors and
17 the additional strides the Borough has made, it is
18 my opinion that Braddock Borough has the financial
19 and operational structures in place to continue
20 facilitating growth and development for years to
21 come. I look forward to supporting their continued
22 success as they exit the Act 47 program.
23 Congratulations.

24 HEARING OFFICER: Okay, now I would
25 like to have George Dockerty step forward for his

1 report, if you can, please swear to him.

2 ---

3 GEORGE DOCKERTY,
4 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
5 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
6 FOLLOWS:

7 ---

8 COURT REPORTER: Thank you.

9 MR. DOCKERTY: Yeah. My testimony
10 will be short and sweet since I wrote the report on
11 the rescission decision, but I support everything
12 that Bethany pointed out. The fact is that the
13 Borough no longer meets the criteria for leaving Act
14 47. They've done the really, really difficult hard
15 work of developing a comprehensive community plan.
16 They did that in coordination with two other
17 boroughs. We're now at the point where council can
18 take advantage of that and start implementing those
19 plans. They did the incredibly difficult work of
20 establishing a Home Rule Charter, and now they're in
21 the process of moving forward to completely
22 implement that and to move forward with that.

23 The business community in Braddock has
24 seen a number of substantial improvements in the
25 last couple of years. Some of that through the

1 business roundtable and other projects, homegrown
2 things that the community has been able to do.
3 Although it's not a borough property, the library is
4 in the midst of being refurbished. So they can
5 continue to be a lively place where the community
6 can come to kind of meet, to learn and enjoy each
7 other.

8 Braddock honest to goodness has a lot
9 going for it. It's got a lot of momentum. I look
10 forward to seeing what this community can do as it
11 moves forward. At present, my recommendation is
12 that the DCD and the Commonwealth of Pennsylvania
13 move Braddock out of distress status.

14 HEARING OFFICER: Thank you. Would
15 council or the city manager from Braddock like to
16 make the statement? Are you from council? Please
17 step forward.

18 ---

19 LAJUAN REEVES,
20 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
21 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
22 FOLLOWS:

23 ---

24 COURT REPORTER: Can I have your first
25 and last name, please?

1 MS. REEVES: LuJuan Reese.

2 L-U-J-U-A-N R-E-E-V-E-S.

3 COURT REPORTER: Thank you.

4 MS. REEVES: My concern is that once
5 we come out of Act 47, the police will no longer
6 have to settle for part-time status and lower hourly
7 rates. Without a police force, they can hold us
8 hostage. If they demand more money, and we don't
9 want to give them that much money, then they can
10 leave and we'll be without police force altogether.

11 HEARING OFFICER: Thank you. Is there
12 anyone from council or city manager that would like
13 to make a statement? If not, I would now like to
14 invite any other interested party in the audience
15 who would like to present testimony to place - to
16 please come up to be sworn in by the stenographer.
17 If you did not sign in, please sign in.

18 MS. JONES: I just have a few
19 comments.

20 ---

21 CHARDAE JONES,
22 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
23 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
24 FOLLOWS:

25 ---

1 COURT REPORTER: Can you state and
2 spell your first and last name for me?

3 MS. JONES: Chardae Jones.
4 C-H-A-R-D-A-E J-O-N-E-S.

5 COURT REPORTER: Thank you.

6 MS. JONES: I just have a few notes.
7 I was part of the Home Rule Committee that helped
8 with Home Rule Charter, and I'm excited to finally
9 see this day coming forward because it's been a long
10 time coming and it was long with rolling and taxing
11 and a lot of back and forth, but I'm excited. I'm
12 also nervous as all exciting things are a little
13 nervous because it's kind of like a baby in its
14 infancy right now. We immediately lose non
15 residential earned income tax, and I just hope that
16 we do budget conservatively and knowing that going
17 forward do the right things that we're supposed to
18 do to go forward as a community.

19 Also, I'm just hoping that we get our
20 police ducks in a row because hopefully that will be
21 awesome because it's hard to attract new housing and
22 development, which has the potential to pick up that
23 loss that we're losing when it comes to that money
24 that were getting while being under Act 47. Thank
25 you so much for your time and coming here. Thank

1 you.

2 HEARING OFFICER: Is there anyone else
3 seeing? No other witnesses.

4 MR. BALDWIN: I'm sorry, can I say
5 something?

6 HEARING OFFICER: Sure. You have to
7 come forward and be sworn in, sir.

8 ---

9 DEMETRIUS BALDWIN,
10 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
11 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
12 FOLLOWS:

13 ---

14 COURT REPORTER: Thank you. Can you
15 state and spell your first and last name?

16 MR. BALDWIN: Demetrius,
17 D-E-M-E-T-R-I-U-S, Baldwin, B-A-L-D-W-I-N.

18 COURT REPORTER: Thank you.

19 MR. BALDWIN: So I am a Braddock
20 resident. I am a member of the Braddock Democratic
21 Committee. I'm also the vice chair of a People's
22 Action Committee that spans the entire Mon Valley.
23 I've grown up in Braddock my whole life and I do
24 believe that the Borough has the strength and the
25 will and the capability to exit Act 47 and be

1 successful. But what worries me, and what concerns
2 me is that I think right now there's just been a
3 mismanagement or at least a lack of understanding
4 around Borough politics. Things as small as, like,
5 getting the minutes correct is something that we
6 have not yet been able to do. Something like moving
7 money from your general fund into committees that
8 have yet to be voted upon by the council is things
9 that are going on right now. The purchase of
10 different items without council's approval is going
11 on right now. There are things going on within this
12 Borough that concern me.

13 So when I've brought that to the
14 Borough council's knowledge or asked questions, I've
15 been silenced, I've been censored, I've been removed
16 from meetings even. I'm also one of the only
17 people, myself and a few others who have been coming
18 consistently. I want the Borough to come out of Act
19 47. I want the Borough to operate on its own, but I
20 want it to do so in a way that is beneficial to the
21 community members and not taking personal gripes or
22 personal vendettas out on members of the community,
23 but also on members of the council. Thank you and
24 thank you all for your time as well.

25 MS. KELLY: May I say something?

1 HEARING OFFICER: Sure. Please be
2 sworn in.

3 ---

4 PATRICIA KELLY,
5 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
6 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
7 FOLLOWS:

8 ---

9 COURT REPORTER: Thank you. Can you
10 say you spell your first and last name?

11 MS. KELLY: My name is Patricia Kelly.
12 P-A-P-R-I-C-I-A K-E-L-L-Y.

13 COURT REPORTER: Thank you.

14 MS. KELLY: I'd just like touch on a
15 couple of issues. First of all, I do agree with
16 Bethany and George's report in a lot of aspects.
17 Like myself and the woman sitting next to me, we
18 were the employees that corrected the sewage issue
19 and helped those finances start coming in to get us
20 in a better place. What I feel like neither one of
21 their reports address is like leadership. As
22 Demetrius stated, we have a brand new council that
23 is not necessarily familiar with all the policies
24 and procedures that need to go into place with
25 things like funds and so forth. Moving money

1 without - doing things without council, full council
2 approval, moving money without full council
3 approval. A whole bunch of things are going on
4 without full council approval. All of that
5 information is in the Home Rule Charter, et cetera.
6 I feel like either they are unaware of how the
7 process goes, or they refuse to accept how the
8 process goes.

9 The other issue I would like to talk
10 about is the police. I do agree with what both of
11 them said. Our police force is at bare minimum as
12 it is. I've been here for 23 years, almost 24
13 years. I hear more shooting now like it was when I
14 bought my house 23 years ago than I heard ten years
15 ago. Like every weekend, I hear shooting multiple
16 times throughout each weekend.

17 I've been coming down here for almost
18 a year complaining about the fact that the Port
19 Authority buses, the 18 wheelers that run on my
20 street don't stop at stop signs. The DOT officer
21 is never there, ensuring that the trucks that are on
22 that residential neighborhood are the right height,
23 the right width, the right weight, or even following
24 local things like stopping and stuff signs. Plus,
25 there's two school bus stops that are on this street

1 that these cars and buses and trucks fly up and down
2 all day. The police chief's response - first
3 response to me was, well, if I sit up there, they'll
4 stop doing it. The second response was, he doesn't
5 have adequate people to address that issue. As a
6 resident, I'm concerned in those two aspects where
7 leaving Act 47 is going to leave us. So thank you
8 for your time.

9 HEARING OFFICER: Is there anyone
10 else? Seeing no other witnesses I would like to
11 take this opportunity to thank those in attendance
12 and those who have provided evidence and testimony
13 at today's administrative hearing - public hearing.
14 Today's evidence and testimony will be presented to
15 acting Secretary Rick Siger for his final
16 determination as to whether Braddock Borough's
17 status as a financially distressed municipality
18 should be terminated. Pursuant to section 255.1B of
19 Act 47 the determination will be issued within 90
20 days of today's hearing date. And thank you, this
21 hearing will now be adjourned at 6:19.

22
23 * * * * *

24 HEARING CONCLUDED AT 6:19 P.M.

25 * * * * *

1 CERTIFICATE

2 I hereby certify that the foregoing
3 proceedings, hearing held before Chair Robertson, was
4 reported by me on April 20, 2023 and that I, Allison
5 Walker, read this transcript and that I attest that
6 this transcript is a true and accurate record of the
7 proceeding.

8 Dated the 4 day of May, 2023

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10 

11 Allison Walker,

12 Court Reporter
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