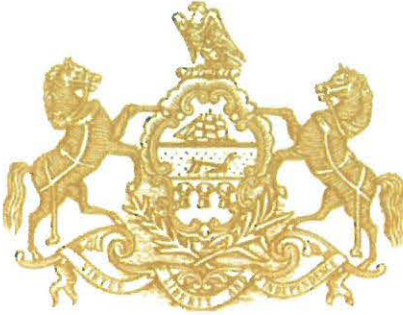




**CITY OF FARRELL
MERCER COUNTY**

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

Public Meeting Held: February 8, 2019



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

IN RE:	:	TERMINATION OF DISTRESSED
	:	STATUS UNDER SECTION 255.1 OF
CITY OF FARRELL	:	THE MUNICIPALITIES FINANCIAL
MERCER COUNTY	:	RECOVERY ACT
	:	

REQUESTING PARTY:

The City of Farrell in cooperation with the Act 47 Coordinator, Edward Fosnaught, Local Government Policy Specialist, Governor's Center for Local Government Services, Department of Community and Economic Development.

DEPARTMENTAL DETERMINATION AND ORDER

1. On September 23, 1987, the City of Farrell (the "City") 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 January 7, 2019, Edward Fosnaught, the Act 47 Coordinator for the City, filed a final report (the "Coordinator's Report") which recommended termination of the City's distressed status.
3. On January 22, 2019, a public meeting was held to receive public comments on the Coordinator's Report. No comments were submitted.

4. In accordance with Section 255.1(a) of Act 47, on January 30, 2019, a public hearing was held at which a designated hearing officer received evidence regarding the potential termination of the City's distressed status.
5. In determining whether the City'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 principle 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.

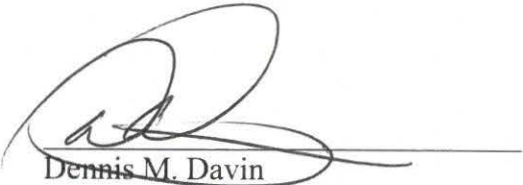
6. With regard to the first factor, there is uncontroverted evidence that operating deficits have been eliminated as indicated in the Coordinator's Report. In addition, the City currently exhibits sound financial management practices as indicated in the Coordinator's Report. Future financial conditions and positions are projected to continue to generate an operating surplus in annual budgets, adding to continued year-end fund balance reserves, and the transfer of surplus monies into the capital reserve fund for future needs following termination of the City's Act 47 status.
7. With regard to the second factor, 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 both timely debt service and the reasonable probability of continued timely debt service absent participation in this act.
8. With regard to the third factor, there are no outstanding claims or judgments against the City that would place it in imminent jeopardy of financial default.
9. With regard to the fourth factor, future projections in the Coordinator's Report show the City has sustainable revenue sources that should be adequate to meet ongoing operating expenditures and provide efficient administrative, public safety, public works, and recreation services to the citizens of the City.

AND NOW, this the 8th day of February 2019, upon review of the final report of the Act 47 Coordinator, the recommendations of departmental staff and the Act 47 Coordinator, 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 City of Farrell, Mercer County, as a financially distressed municipality under the Municipalities Financial Recovery Act, Act 47 of 1987, as amended, is terminated.



By:


Dennis M. Davin
Secretary

City of Farrell, Pennsylvania

**Act 47 Financial Condition Assessment and
Recommendation**

Respectfully Submitted to Deputy Secretary Rick Vilello

by

Edward Fosnaught

December 31, 2018

Assistance Provided by

Novak consulting Group

Pennsylvania Economy League

Michael Ceci, Manager, City of Farrell

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Executive Summary

The City of Farrell (City) is in Mercer County in Northwest Pennsylvania. The City's estimated 2015 population is 4,829. The City is governed pursuant to the Home Rule Charter the City of Farrell adopted by referendum in 1975. Under the Home Rule Charter, the City's governing body is a seven-member City Council composed of a Mayor and six additional Council Members.

Pursuant to the Commonwealth of Pennsylvania's Municipalities Financial Recovery Act, Act 47 of 1987, as amended, (Act 47) the City was declared a financially distressed municipality by order of the Secretary of the Department of Community and Economic Development (DCED) on September 23, 1987. Local Government Research, Inc. (LGR) was appointed Act 47 Coordinator under in December, 1987. The firm prepared an Act 47 Recovery Plan (Recovery Plan) which was adopted by the Farrell City Council on May 19, 1988. In late 1990, DCED carried out a re-evaluation of Farrell's financial condition to determine whether the distress determination should be continued. The evaluation recommended that the City remain in a distressed status.

The March 1994 Recovery Plan update was prepared by DCED officials James Cavanaugh and Leo LaChance. The updated plan recommended the continuation of the City's distressed status and participation in Act 47 due to the overall continued stagnation of Farrell's tax base and the continuing uncertainty concerning the Sharon Steel plant and its operations.

Amendments to the Recovery Plan were prepared by the Pennsylvania Economy League (League) in 1998 and 2000. These amendments were adopted by the City. In 2005, the League prepared further recommendations that were not presented to the City as amendments to the Recovery Plan. However, they were incorporated into the 2006 City Budget. At that time, it was anticipated that the City could exit distressed status within a few years. Subsequent events, including the great recession and significant increases in benefit costs, made this impossible.

The penultimate Act 47 Coordinator, Dr. Michael Weir, worked with the City to develop a Recovery Plan that was adopted on May 22, 2013. The Novak Consulting Group was appointed Act 47 Coordinator effective August 1, 2013 and has worked with the City to implement many of the initiatives outlined in the Recovery Plan and respond to unexpected issues and opportunities since the Recovery Plan was adopted. In July of 2018, Edward Fosnaught was appointed as the coordinator and has observed the continued adherence to the recovery plan and continued progress toward an exit from distressed status.

Act 199 of 2014 (Act 199) amended Act 47. Among other provisions, it limited the amount of time a municipality may be declared financially distressed. Since the City of Farrell was operating under an existing Recovery Plan on the effective date of the Act 199, it is subject to a termination date five years from the effective date of its then most recent recovery plan, which May 23, 2017 to May 22, 2018. As part of the Act 199 process, the Coordinator is required to complete a report stating the financial condition of the municipality no later than 180 days after the beginning of the final year of distressed status – which is 2018. The report is required to include one of the following findings based on the conditions within the municipality:

- (1) Termination of distressed status;

- (2) Municipal disincorporation;
- (3) Fiscal emergency
- (4) A three-year exit plan.

The Mayor and City Council have cooperated with the Coordinator in implementing many of the initiatives included in the City's Amended 2013 Recovery Plan, as well as other important initiatives not enumerated in the Recovery Plan. The City of Farrell has taken numerous steps that have substantially improved the financial position of the City and that will continue to provide a reasonable probability of future balanced budgets without operating under the provisions of Act 47. The City of Farrell's Act 47 status was continued through December 31, 2018, to allow the City to more sustainably exit the program without the need to implement Real Estate Tax and Resident EIT Tax rate increases in the next five years. It is the opinion and recommendation of the coordinator that Farrell has reached that date and the expectations of the ability to exit distressed status has been fulfilled.

The Act 47 Coordinator has prepared this Financial Condition Report and finds that financial conditions within the City of Farrell are strong and that the City is poised to exit distressed status. It is the Coordinator's finding that the City is in a position to exit Act 47 status at the close of 2018 and, as such, should exit the program. The additional Act 47 enabled revenue that was collected in 2018 has been accrued to address capital infrastructure investment needs; economic development projects; and the further development of an Emergency Reserve Fund. This extension of distressed status through December of 2018 strengthened the City's financial condition and offered a more sustainable Act 47 exit plan at the close the year.

This Financial Condition Report will review the factors that led the City to its Act 47 designation, which have been fully remediated. Those factors are summarized below:

- (1) The municipality has maintained a deficit over a three-year period with a deficit of one percent or more in each of the previous fiscal years;
- (2) The municipality's expenditures have exceeded revenues for a period of three years or more;
- (3) The municipality has experienced a decrease in a quantified level of municipal service from the preceding fiscal year, which has resulted from the municipality reaching its legal limit in levying real estate taxes for general purposes.

Budget Review

In 2012, the City of Farrell's General Fund concluded the year with a slight surplus of \$8,138. In 2013 and 2014, the City experienced significant operating deficits in the General Fund totaling \$291,946 and \$156,633, respectively. These deficits were attributable to several factors related to both revenue and expenditures.

From 2012 through 2014, total General Fund revenue increased by three percent. Though the City collects revenue from multiple sources, three sources composed over 70 percent of the City's General Fund revenue. These include Real Estate, Resident Earned Income Taxes, and Non-resident (Act 47 enabled) Earned Income Taxes. From 2012 through 2014, Real Estate Tax revenue increased by approximately four percent. Resident and Non-resident EIT revenue also increased over this period by \$23,679 (2.8 percent) and \$38,969 (18.2 percent), respectively.

While revenue increased at a modest rate from 2012 through 2014, expenditures increased by 8.8 percent, outpacing modest revenue growth. These increases in expenditures were largely the result of unexpected cost overruns in police services contract expenses from the Southwest Mercer County Regional Police Department (SWMCRPD). These expenses increased by 15.6 percent over the review period. Beginning in FY 2014, several proactive steps were taken to address the General Fund deficit and ultimately work toward eliminating the City's reliance on Act 47 enabled revenue.

The adopted 2014 General Fund budget included a Resident EIT rate increase to 1.3 percent; however, Resident EIT revenue unexpectedly declined from 2013 to 2014 because of a decrease in labor hours worked in the City. This trend, as well as the initiatives detailed in the Act 47 Plan, led the City to adopt further Resident EIT rate increases in 2015. The approved 2015 budget included an increase to the Resident Earned Income Tax rate to 1.6 percent. In 2015 the number of labor hours worked within the community increased which created new revenues from these Resident EIT rate increases. Resident EIT revenue increased by \$132,855 or 15.2 percent. In addition, the City worked with the SWMCRPD to freeze any increases in the annual police assessment during the 2015 Fiscal Year. As a result of these efforts, as well as prudent expenditure reduction efforts led by City Administration, the Mayor, and City Council, the City achieved a slight General Fund surplus of \$36,137 in 2015. However, several issues still remained, including:

- Continued reliance on Act 47 enabled revenue to support general government operations
- Unsustainable growth in police assessment expenses at the SWMCRPD
- Limited availability of contingency funds to absorb economic fluctuations or cover unanticipated emergency expenses

In 2015, the City collected approximately \$268,885 in Act 47 enabled Resident and Non-resident EIT revenue. When factoring out the minor surplus, the City required \$232,748 in Act 47 enabled revenue to fund day to day operations. Regarding the Police expenditures, even though the City negotiated a freeze in the 2015 police assessment, SWMCRPD notified the City of Farrell of a projected 2015 deficit of \$119,000 and requested that participating communities absorb this cost. In addition, the SMCRPD requested five percent per year increases in the City's police assessment over a five-year period. After

extensive effort to coordinate with the SWMCRPD to control these expenses, the City opted to create its own municipal police department to begin providing policing services to the community on January 1, 2016.

This option offered several operational and financial advantages to the City because it allowed them to create a new collective bargaining agreement under more favorable terms that reflected the City's constrained financial condition. It also allowed the City to create a more cost-effective deployment and staffing model that consolidated the overhead expenses required to maintain a comparably large regional police department. This expenditure reduction initiative allowed the City to reduce its policing expenses by \$282,201 or 20.6 percent from 2015 to 2016, and the cost savings continue to compound through 2017.

In addition, the adopted 2016 General Fund budget also included revenue increases designed to generate sufficient revenue to offset the anticipated elimination of Act 47 enabled revenue by 2018. Specifically, the Adopted General Fund budget included a property tax increase of 3 mills; a Resident EIT rate increase from 1.6 percent to 2.0 percent, and; a corresponding 0.4 percent increase in the Non-resident EIT rate from 1.4 percent to 1.8 percent, per the EIT rate increase restrictions outlined in Pennsylvania Act 511. Revenue from the additional portion of the Act 47 Enabled Non-resident rate was also restricted to the development of an emergency reserve fund, capital investment, or debt elimination, and therefore could not be applied to ongoing operating expenses. These revenue increases, coupled with the cost savings derived from creating its own Police Department, allowed the City to restrict the use of Act 47 enabled revenue to specifically address issues necessary to help the City exit the Act 47 program. In 2016, the City ended the year with a General Fund surplus of \$383,547.

These steps implemented in FY 2016 positioned the City to eliminate its reliance on Act 47 enabled revenue to fund general government operations. As a result, the Adopted 2017 and 2018 General Fund budgets did not require tax or fee increases. Furthermore, these budgets did not rely on any Act 47 enabled revenue to fund general government operations. table A summarizes audited revenues and expenditures trends for the City of Farrell from 2013 through 2017.

Table A 2013-2017 Audited Revenues and Expenditures

	2013	2014	2015	2016	2017	Change 2013-2017	
	Audited	Audited	Audited	Audited	Audited	\$	%
Revenues Other Sources	2,951,856	2,917,624	3,313,782	4,094,380	3,907,563	955,707	32.4
Expenditures Other Uses	<u>3,106,536</u>	<u>3,074,268</u>	<u>3,429,992</u>	<u>3,382,142</u>	<u>3,653,104</u>	546,568	17.6
Surplus/(Deficit)	-154,680	-156,644	-116,210	712,238	254,459		
Beginning Fund Balance	717,406	562,726	406,082	289,872	1,002,110		
Ending Fund Balance	562,726	406,082	289,872	1,002,110	1,256,569		

The 2018 General Fund budget reflects similar trends as those in 2017. As of November 30, 2018, the City has collected \$3,788,482 in General Fund revenue and has expended \$2,696,417. The Act 47 Coordinator estimates indicate that the City will conclude FY 2018 with approximately \$750,000 in reserve funds in the Capital Reserve/Emergency Reserve Fund. These reserve funds are the direct result of the City's efforts to eliminate its reliance on Act 47 enabled revenue to fund local government operations.

The City's legacy costs include retiree healthcare, pension, and debt service. Although these ongoing legacy costs were incurred by the City in prior years, the City remains legally required to satisfy these commitments. The City presently commits current operating budget revenue to fulfill these legacy costs and the corresponding expenditures are included in the City's operating budget expenditures. During the 2015-2016 operating budget review period, the City's legacy costs varied. In 2015, the City's legacy costs were \$330,869, or 10 percent of the City's total 2015 operating expenditures. In 2016, the City's legacy costs increased slightly to \$383,635, or 11.0 percent of the City's total 2016 operating expenditures. This slight increase was due to the consolidation of the SWMCRPD pension assets and liabilities into the City of Farrell's PMRS Police Pension. However, total police pension Minimum Municipal Obligations (MMO) decreased by \$67,694 from 2016 to 2017. Further, 2018 Police Pension MMO expenses are estimated to be \$11,500 as the pension is funded at a rate of 117 percent. The City has no long-term debt obligations and eliminated all short-term revolving debt in 2017. These legacy costs have an impact on the City's operating budget; however, the City has a sufficient revenue stream to cover the expenses. Attached table A summarizes the City's legacy costs over the prior three years.

The largest legacy cost increase during the review period was the City's annual pension obligation for the Police Pension and Retiree Healthcare which increased by \$28,505 and \$50,917 over the review period. These increases were the result of the consolidation of the SWMCRPD pension assets and liabilities, and retiree health care obligations into the City of Farrell's PMRS Police Pension. Total Legacy Cost expenditures as a percentage of Total Expenditures have decreased from 10 percent in 2015 to 8 percent budgeted in 2019. These expenses are not anticipated to increase significantly in the future and the ratio of legacy costs to total expenditures is reasonable.

Current Financial Condition

The City proposed a balanced 2019 operating budget, the proposed budget included revenues and expenditures equal to \$3,292,618. This includes a projected transfer of \$134,401 to the Capital Reserve Fund and \$100,000 to the Fund Balance Reserve Fund.

As of the date of this Report, the City had \$3,788,482 in revenues and had expended \$2,696,417. This had been achieved by following a plan collecting but setting aside the ACT 47 revenues and maintaining tight controls on spending.

Table B below summarizes the unaudited finances of the City.

Table B 2018 Actual vs. Budget Revenues and Expenditures

	2018 <u>Nov YTD</u>	2018 <u>Budget</u>	<u>Variance</u> \$	<u>% of FY</u> <u>Budget</u>
Revenues	3,788,482	3,507,118	281,364	108.0%
Expenditures	<u>2,696,417</u>	<u>3,507,118</u>	-810,701	76.9%
Surplus/(Deficit)	1,092,064	0		

	2018 <u>Nov YTD</u>	2018 <u>Budget</u>	<u>Variance</u> \$	<u>% of FY</u> <u>Budget</u>
<u>Revenues</u>				
Real Estate Taxes	1,061,013	1,170,000	-108,987	90.7%
Real Estate Transfer	106,154	50,000	56,154	212.3%
EIT Resident	1,253,931	1,050,000	203,931	119.4%
EIT Non-Resident	624,877	350,000	274,877	178.5%
Local Services Tax	104,148	90,000	14,148	115.7%
Business License & Permits	99,189	93,300	5,889	106.3%
Fines & Fees	39,007	36,500	2,507	106.9%
Interest Earnings	2,905	200	2,705	1452.6%
Intergovernmental Revenues	208,935	182,500	26,435	114.5%
Federal Payments In Lieu of Taxes	1,000	20,118	1,061,013	5.0%
Tax Administration				
Reimbursements	36,786	50,000	-13,214	73.6%
Police Service Charges	24,416	17,000	7,416	143.6%
Rents	11,250	15,000	-3,750	75.0%
Miscellaneous Revenue	103,713	100,000	3,713	103.7%
Proceeds from Sales	0	2,500	-2,500	0.0%
Transfers	<u>111,158</u>	<u>280,000</u>	<u>-168,842</u>	<u>39.7%</u>
Total Revenue	3,788,482	3,507,118	281,364	108.0%

<u>Expenditures</u>	<u>2018 Nov YTD</u>	<u>2018 Budget</u>	<u>Variance \$</u>	<u>% of FY Budget</u>
Legislative Body	34,705	35,000	-295	99.2%
Administration	196,108	168,750	27,358	116.2%
Tax Collection	91,755	97,900	-6,145	93.7%
Law	41,320	38,200	3,120	108.2%
Personnel Administration	426,387	543,772	-117,385	78.4%
Police	1,066,715	1,195,806	-129,091	89.2%
Fire	300,803	317,350	-16,547	94.8%
Code Enforcement	42,835	56,502	-13,667	75.8%
Public Services	11,701	35,200	-23,499	33.2%
Maintenance	24,518	20,000	4,518	122.6%
Public Works	343,123	375,756	-32,633	91.3%
Parks & Playgrounds	17,833	30,000	-12,167	59.4%
Library	56,227	54,400	1,827	103.4%
Debt Interest	0	500	-500	0.0%
Intergovernmental Expenses	42,385	38,982	3,403	108.7%
Transfers	<u>0</u>	<u>499,000</u>	<u>-499,000</u>	<u>0.0%</u>
Total Expenditures	2,696,417	3,507,118	-810,701	76.9%

Labor

The City currently has 46 budgeted positions, including 25 full-time and 21 part-time positions. The City's managerial and confidential staff are "at will" employees. Most of the City's employees are represented by one of two unions and are subject to Collective Bargaining Agreements (CBA) with the City.

Police Department employees, excluding the Chief of Police, are represented by the City of Farrell Fraternal Order of Police (FOP) Lodge No. 34. The current CBA is for a four-year term beginning January 2017 and expiring December 2020. The financial and operational outcomes of the CBA are within the limitations set during the pro forma financial modeling completed in the development phase of the Farrell Police Department in late 2015 and within Act 133 spending limitation outlines in the Recovery Plan. The contract includes wage increases at an average rate of 2.25 percent over the contract period. Employees are required to contribute 10 percent of overall health care premium expenses; employees made no contributions in the prior contract with the regional department. In addition, employees are required to utilize a spouse's coverage if available, but are reimbursed one-third of the total annual premium cost.

The City's non-uniformed, non-management employees are represented by The American Federation of State, County, and Municipal Employees AFL-CIO Local 200 (AFSCME). The City's current collective bargaining agreement with AFSCME for the non-uniformed employees began on January 1, 2017 and will

expire on December 31, 2021. The contract includes modest wage increases and is within the limitations set forth in the Recovery Plan and Act 133.

Pension

The City of Farrell participates in three single-employer pension plans. As of January 1, 2018, the Farrell Non Uniform Pension Plan (NUPP) funding ratio was 87 percent (Distress Level I – Minimally Distressed) with a Net Pension Liability of \$225,000; the Farrell City Police Pension Plan (FCPPP) funding ratio was 117 percent with a Net Pension Liability of \$300,000, which is projected to improve after a 10 year amortization is finalized; and the Farrell City Firefighter’s Pension Plan (FCFPP) funding ratio was 55 percent (Distress Level II – Moderately Distressed) with a Net Pension Liability of \$800,000. The City’s annual minimum pension obligation in 2019 is estimated to be \$199,790.

The City’s retiree healthcare contribution in 2019 is projected to be \$80,000. The City does not pre-fund this legacy cost like its pension liabilities but instead finances these costs on a pay-as-you-go basis. The Coordinator’s review of these legacy costs indicates that the City can meet these obligations using existing revenue streams and can generate additional revenue as necessary to cover these and other operating expenses.

The Coordinator has reviewed Farrell’s financial history and updated financial projections for 2019 -2023, using the City’s proposed 2019 budget as the projection baseline. Historical revenue growth trends were applied to 2019 budgeted revenue baselines. Over the five-year projection period, revenue is expected to grow at a rate of 1.3 percent. Expenditures are projected utilizing known cost increase factors, such as the City’s existing CBAs, as well as Core Price Index assumptions. Based on these assumptions, expenditures are projected to increase by 4.4 percent over the five-year projection period. Transfers out to the Capital Reserve were reduced from \$134,000 in 2019 to \$60,000 in 2023. Based on these assumptions, the City will maintain a slight surplus in operations. Table C below summarizes those projections.

Table C Projected Revenues and Expenditures 2019-2023

	2019	2020	2021	2022	2023	Change 2019-2023	
	<u>Budget</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	\$	%
Revenues	3,293,340	3,294,790	3,314,550	3,334,626	3,355,022	41,286	1.3%
Expenditures	<u>3,185,340</u>	<u>3,222,142</u>	<u>3,284,855</u>	<u>3,324,617</u>	<u>3,346,512</u>	139,277	4.4%
Surplus/(Deficit)	108,000	72,648	29,695	10,009	8,510		

Currently, Farrell has the highest Resident EIT rate of 2.0 percent in Mercer County. The cities of Sharon and Hermitage each have rates of 1.75 percent, and the City of New Castle has a rate of 1.6 percent. Farrell

also has the third-highest real estate property tax at 27.67 mills. Only the City of Sharon (29.51 mills) and Greenville Borough (36.08 mills) are higher.

Though the City has the legal capacity to raise Resident EIT and Real Estate Tax rates, Farrell's position as having one of the highest tax burdens in Mercer County is problematic. Rate increases in these areas could preclude further tax base growth and potentially motivate Farrell residents to move to another community with more favorable tax rates. To that end, it will be important to minimize these rate increases as means to maintain sustainability exit.

The City's available cash reserves is approximately \$1 million by the close of 2018. If the City relied exclusively on these funds to address annual operating deficits, it would still have over \$670,000 in reserve cash at the close of 2023. This would fundamentally limit the City's need to increase Real Estate and Resident EIT rates and allow the City's continued financial health.

Findings and Recommendation

The City of Farrell now has a consistent series of revenue streams to provide realistic and affordable service levels. In addition, it has the capacity to increase tax rates should unexpected conditions impact the City's financial condition. Though the City has this capacity, it is also evident that the City has one of the highest total Resident EIT and Real Estate Tax rates in Mercer County. To that end, it will be important for the City to strive to meet its operating and capital needs with limited tax increases in the near term. This need is compounded by the fact that Mercer County has not completed a property tax reassessment since 1976. A reassessment may have a significant impact on the City's Real Estate Tax revenue. It will be important for the City to maintain some capacity to increase tax rates should a reassessment require such action.

The City has also taken extraordinary measures to control current and future expenditures. The decision to withdraw from the SWMRPD, though controversial, has proven to generate significant cost savings for the City. More importantly, the members of the Farrell Police Department are providing quality policing services to the residents and visitors of Farrell. The City also made the difficult decision to raise Real Estate Tax rates and Resident EIT rates in 2015, which were important steps toward the effort to eliminate its reliance on Act 47 enabled revenues.

The City's financial condition is strengthened by continued growth and discussion of expansion at its two major employers – NLMK Pennsylvania and the UPMC Hospital. Production at the NLMK steel plant continues to expand and UPMC is actively planning a hospital expansion. These conditions will result in new jobs in the community and will augment the City's Resident EIT revenue, home rule enabled Non-resident EIT revenue, and Real Estate Tax revenue.

There is concern in the community and among City Council members regarding the harmful impact that Administration's "Buy America" tariffs could have on NLMK USA Steel in Farrell. NLMK's production process outsources to overseas companies the conversion of raw materials into steel slabs that are then used to produce finished materials at the Farrell plant. This process does not meet the specifications defined in the "Buy America" rules and could therefore exclude NLMK from obtaining lucrative government infrastructure contracts unless they purchase slab steel from U.S. based companies. However, this steel is not readily available in the United States and is costlier. NLMK is one of the largest employers in Farrell and generates significant Earned Income Tax revenue. However, NLMK and other U.S. companies impacted by this rule are actively lobbying to protect their business interests. The prospect of potential contraction at the NLMK plant because of this rule does not alone justify that the City remain in Act 47 through the optional three-year extension period.

The Coordinator has worked with City officials to develop an ongoing strategy that will prevent the reoccurrence of past fiscal transgressions and point the way to balanced annual operating budgets. After termination of Act 47 status, the City's financial parameters will be constrained by the City's Home Rule Charter, Act 511, Act 111, Act 195, and related laws of the Commonwealth applicable to local governments. The ongoing challenge for the City is to maintain its fiscal discipline and continue to provide

the level of public services expected and requested by its citizens, businesses, and visitors within the parameters of the financial resources that are available.

It is the Coordinator's finding that the City has made substantial progress on several fronts, and that that the City is in a strong position to exit Act 47 at the end of 2018. The City will begin 2019 with \$750,000 in its Capital Reserve/Emergency Reserve Fund and will be poised to meet operating needs using only Home-Rule enabled revenues. The City has the capacity to increase those revenues to address future operating deficits. Further, the City has negotiated fair collective bargaining agreements that will help control labor expenses through 2021. However, it is not just important that the City exit Act 47, but that it sustainably exit the program.

The City's current Recovery Plan expires on December 31, 2021. However, the City has created a financial buffer that will allow the City to limit its need to pass Resident EIT and Real Estate Tax rate increases over the next five years. Further, it will allow the City to meet capital investment needs relating to the City's stormwater and transportation infrastructure, as well as vehicle, facility, and equipment infrastructure needs. It will augment the pool of resources available to the City for economic development investment, which will help continue to grow the City's tax base by investing in economic development initiatives. Lastly, it will provide sufficient Emergency Reserve Funds that will allow the City to absorb and adjust to unanticipated disruptions in the American economy.

Based on the City's ability to achieve long-term financial sustainability, it is the Coordinator's finding that conditions within the City of Farrell warrant an exit from distressed status by January 31, 2018 in accordance with Section 255.1. The Coordinator addresses each of the factors set forth in Section 255.1(c) in reaching this finding.

- (1) Operating deficits of the City of Farrell have been eliminated and the financial condition of the City, as evidenced by the audited financial statements through 2016 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 Act 47;
- (2) Obligation issues to finance the City's debt have been retired, reduced, and reissued in a manner that has adequately refinanced outstanding principle and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in Act 47;
- (3) The City did not and does not now have any claims or judgments that would place the City in imminent jeopardy of financial default;
- (4) The reasonably projected revenues of the City are sufficient to fund ongoing necessary expenditures, including pension and debt obligations, the continuation or negotiation of collective bargaining agreements, and the provision of municipal services. Projections of revenues include anticipated tax or fee increases to fund ongoing expenditures for the first five years after a termination of distressed status.

Respectfully Submitted,

Edward Fosnaught

NOTICE OF PUBLIC HEARING

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 City of Farrell, Mercer County, PA with respect to the recommendation from the Act 47 Coordinator to consider a rescission of the City'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 January 31, 2019 at 2:00 p.m., at the City of Farrell Municipal Building, 500 Roemer Boulevard, Farrell, PA 16121, 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 at least three (3) days prior to the hearing. For further information contact: Ed Fosnaught, Policy Specialist, at 412-565-2552, DCED SW Regional Office, 301 Fifth Avenue, Suite 250, Pittsburgh, PA 15222.

STENOGRAPHIC RECORD

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY OF ECONOMIC DEVELOPMENT

* * * * *

CITY OF FARRELL

PUBLIC HEARING

* * * * *

BEFORE: FREDRICK L. CHAPMAN Chair

MICHAEL ADAMS, Chief Counsel

HEARING: Thursday, January 31, 2019

2:03 p.m.

LOCATION: City of Farrell Council Chambers

500 Roemer Boulevard

Farrell, PA 16121

WITNESSES: Michael Ceci, Mark Longietti, Edward

Fosnaught, Lou Falconi, Michael Wright,

Dan Dragicevic

Reporter: Kaylyn Shaffer

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P R O C E E D I N G S

HEARING OFFICER: Good afternoon

everyone. It's extremely cold outside but it is
indeed a great day here in the City of Farrell.

Since this is an administrative
hearing where we can only accept testimony, we
cannot respond to any questions concerning
challenges at this hearing.

I would like to commence this Act 47
Public Hearing to receive testimony on the decision
of Act 47 as amended the Municipalities Financial
Recovery Program.

At this time we will pledge the
allegiance to the flag.

(WHEREUPON, PLEDGE OF ALLEGIANCE WAS RECITED.)

HEARING OFFICER: Thank you.

I would now like to call the
Administrative Public Hearing to order.

My name is Fred Chapman, Local
Government Policy for the Department of Community of
Economic Development Center for Local Government
Services. And I have been appointed Hearing Officer

1 by DCED Secretary Dennis Davin.

2 This public hearing is being held in
3 accordance with Act 47 as amended. The hearing
4 today will be to present testimony relating to the
5 request for the decision of the financial distress
6 designation and under the provisions of Act 47 the
7 Municipalities Financial Recovery Act.

8 Individuals representing the City of
9 Farrell, City of Farrell Act 47 coordinator, member
10 of government civic to local governing services and
11 any other interested party is invited to provide
12 testimony and after we provide a whole testimony as
13 to the purpose of decision.

14 Today's hearing is to be held to
15 receive testimony related to whether that the
16 distressed designation of the City of Farrell under
17 Act 47, the Municipality Financial Recovery Act
18 should be rescinded.

19 There was sign-in sheet that has been
20 circulating, it's in the back there on the table.
21 And we ask that all that is present please sign the
22 sign in sheet. And this is whether you will provide
23 testimony or not. We ask that you still sign it.
24 Thank you.

25 Notice of today's hearing has been

1 published in accordance with the Sunshine Law. And
2 written notice has been provided to members of city
3 council, mayor and the City of Farrell solicitor
4 prior to this meeting.

5 Now we would like the testimony to be
6 presented. I would ask the stenographer to please
7 swear in those who wish to present testimony. If
8 you change your mind in the audience and you would
9 like to present testimony, that's fine. But you
10 will need to be sworn in before proceeding on.

11 Those who are not sure - those who are
12 sure you're providing testimony. If you could
13 please rise at this time and will ask that
14 stenographer swear you in at this time.

15 ---

16 WITNESSES SWORN EN MASSE

17 ---

18 HEARING OFFICER: Okay.

19 Now I would like the witness to
20 present testimony. I'm first going to call on the
21 City of Farrell's representatives whether it's the
22 mayor, city manager, state representative.

23 ---

24 MICHAEL CECI,
25 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND

1 HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AND SAID AS
2 FOLLOWS:

3 ---

4 THE WITNESS: Good afternoon. My
5 name is Michael Ceci, I'm the Farrell City Manager.
6 I think plain and simple I'm here to tell you that
7 it's my professional opinion that the city is now -
8 is now in a position financially as well as in terms
9 of community development, economic development that
10 they're able to exist and thrive outside the realm
11 of the constraints of Act 47. And will no longer
12 need the assistance as provided by the additional
13 non-resident income tax that the city has been
14 allowed to collect these many years.

15 HEARING OFFICER: Thank you very much,
16 sir.

17 ---

18 MARK LONGIETTI,
19 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
20 HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AND SAID AS
21 FOLLOWS:

22 ---

23 THE WITNESS: Good afternoon, Mr.
24 Chapman. My name is Mark Longietti. I'm the State
25 Representative for the Seventh District which

1 includes the City of Farrell.

2 Nearly 32 years ago Pennsylvania
3 established the Municipality Financial Recovery Act
4 whereby communities meeting certain criteria known
5 as the distressed communities under the Act could
6 become distressed.

7 The City of Farrell was the first
8 Pennsylvania municipality to receive this
9 designation. In 1987 the city had been ravaged by a
10 declining tax base prompted by the industrial
11 decline in the nation's rustbelt.

12 In the spring of that year, Sharon
13 Steel Corporation, which represented about 50
14 percent of the city's overall tax base filed for
15 federal bankruptcy protection. It was in the
16 aftermath of that situation which was repeated in
17 other Pennsylvania cities and towns that Act 47 was
18 born, in an attempt to help these communities
19 survive in part by providing them with special
20 taxing provisions to relative nonresident workers.

21 Today Farrell's on the precipice of
22 exiting Act 47 distress community status. It will
23 become the 15th municipality of Pennsylvania to do
24 so. This a result of a great deal of hard work and
25 critical decisions made the city's leadership

1 including Mayor Olive McKeithan, City Manager
2 Michael Ceci, members of the Farrell City Council
3 and the employees and citizens of the City of
4 Farrell.

5 While it is difficult to leave the
6 special provisions of Act 47 behind which the city
7 balance its budget, it is vital to the city's future
8 to shed the stigma of being known as a distressed
9 community. This is a proud community with a great
10 heritage. Earlier this week many of us celebrated
11 together in Harrisburg as we honored the student
12 athletes of the Farrell Steeler football team under
13 2018, Class A state championship.

14 Today the City of Farrell sends a
15 message to them and to its neighboring communities
16 that Farrell again has a future as a vibrant
17 community that will stand on its own and as a vital
18 member of the region.

19 I am honored as your State
20 Representative to support this exit plan. And I
21 congratulate all of you on your hard work and
22 dedication to the future of this community.

23 I thank thee.

24 HEARING OFFICER: Thank you, Mr.
25 Longietti. All right.

1 At this time we'll call on Mr. Ed
2 Fosnaught.

3 ---

4 EDWARD FOSNAUGHT,
5 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
6 HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AND SAID AS
7 FOLLOWS:

8 ---

9 THE WITNESS: Thank you, Mr. Chapman.
10 My name is Edward Fosnaught, I'm the Act 47
11 coordinator for the City of Farrell.

12 Pursuant to the Commonwealth of
13 Pennsylvania's Municipal Financial Recovery Act, Act
14 47 of 1907 as amended, the City Farrell was declared
15 a financially distressed municipality by an order of
16 the Secretary of the Department of Community
17 Economic Development on September 23rd, 1987.
18 Farrell was the first municipality of the
19 Commonwealth to be designated as such.

20 As part of the recovery process the
21 coordinator is required to complete a report stating
22 the financial condition of the municipality and if
23 appropriate a recommendation for continuation of
24 distress status or rescission of that status.

25 The report was completed, duly

1 advertised and filed with the city on January 7th,
2 2019. It was available for public comment for 15
3 days as required by the Act. On January 22nd, 2019
4 a duly advertised public meeting was held in the
5 city council chambers and the public was given the
6 opportunity to comment on the report. No comments
7 were submitted.

8 The financial condition report has
9 reviewed the factors that led the city to its Act 47
10 designation. Those factors are summarized below.
11 One, the municipality had maintained the deficit
12 over a three year period with the deficit of one
13 percent or more in each of the previous fiscal
14 years.

15 The municipality's expenditures had
16 exceeded revenues for a period of three years or
17 more. The municipality experienced a decrease in
18 the quantified level of municipal service from the
19 preceding fiscal year which has resulted in the
20 municipality reaching its legal limit and levying
21 real estate and taxes for general purposes.

22 Since that time the following has
23 occurred. Operating deficits of the City of Farrell
24 have been eliminated and the financial condition of
25 the city as evidence by the audited financial

1 statement through 2016, prepared in accordance with
2 general accepted accounting principles and the
3 projections of future revenues and expenditures
4 demonstrate a reasonable probability of future
5 balanced budgets absent participation in Act 47.

6 Obligation issues to finance the
7 city's debt have been retired, reduced and reissued
8 in a manner that has adequately refinanced
9 outstanding principle and the interest and has
10 permitted timely debt services and a reasonable
11 probability of continued timely debt services absent
12 participation in Act 47. The city did not and does
13 not have any claims or judgement that would place
14 the city imminent jeopardy of financial default.

15 The reasonably projected revenues of
16 this city are sufficient to fund ongoing necessary
17 expenditures including pension and debt obligations.
18 The continuation or - the continuation or
19 negotiation of collective bargaining agreements and
20 the provisions of municipal service for the first
21 five years after termination of distress status are
22 insured.

23 The mayor and the city council have
24 cooperated with the coordinator in implementing many
25 of the initiatives included in the city's recovery

1 plan as well as other important initiatives not
2 enumerated in the recovery plan. The City of
3 Farrell has taken numerous steps to substantially
4 improve the financial position of the city. And it
5 will continue to provide a reasonable probability of
6 future balance budgets without operating under the
7 provisions of Act 47.

8 The steps implemented in fiscal year
9 2016 positioned the city to eliminate its reliance on
10 Act 47 enabling revenue to fund general government
11 operations. As a result, the adopted 2017 and 2018
12 general fund budgets did not require tax or fee
13 increases. Furthermore, these budgets did not rely
14 on any Act 47 enabling revenues to fund general
15 government operations.

16 Mayor McKeithan, the city council, and
17 the City Manager Michael Ceci have made some tough
18 and courageous decisions to ensure the wellbeing of
19 the citizens and the City of Farrell. For this they
20 should be commended.

21 In conclusion, I have reviewed
22 Farrell's financial history and updated financial
23 projections from 2019 through 2023 using the city's
24 proposed 2019 budget as the projection baseline.
25 Based on these assumptions the city will maintain

1 stability for the foreseeable future.

2 I find that the financial conditions
3 within the City of Farrell are strong and the city
4 is poised to exit distress status. And that the -
5 the necessary conditions for rescission have been
6 fulfilled. It is therefore my recommendation that
7 the secretary make a determination that rescission
8 of distress is appropriate.

9 I have a copy of the above
10 referenced report which I would like to submit as an
11 exhibit in this hearing which contains details that
12 supports my recommendations. I also have and I've
13 given that report to the stenographer for entering
14 it in the official record.

15 ---

16 (Whereupon, Exhibit 1, Assessment and
17 Recommendation was marked for identification.)

18 ---

19 THE WITNESS: I also have a letter
20 from State Senator Michele Brooks, who in that
21 letter she supports rescission of distress status
22 for the city. And she has requested that that
23 letter also be entered into the record of this
24 hearing and I have also given that to the court
25 stenographer. That concludes my remarks. Thank

1 you.

2 ---

3 (Whereupon, Exhibit 2, Letter, was marked for
4 identification.)

5 ---

6 HEARING OFFICER: Great. Thank you,
7 Mr. Edward Fosnaught.

8 So we're thankful so far for the
9 testimony of City Manager Mr. Ceci, State
10 Representative Mr. Longietti and Mr. Fosnaught.

11 At this time I would like to call
12 anyone else that is present and would like to offer
13 testimony.

14 ---

15 LOU FALCONI,
16 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
17 HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AND SAID AS
18 FOLLOWS:

19 ---

20 THE WITNESS: Good afternoon. My name
21 Lou Falconi. I'm a resident of Farrell my whole
22 life, former councilman for 32 years and there's a
23 couple things I would like to say and not
24 necessarily to testify for what we're doing today.
25 But just to review real quick. As a councilman I

1 was sitting here in 1987 when things happened down
2 at Sharon Steel and we had to take immediate action.
3 I think it's been mentioned already how much of the
4 budget was affected by the collapse of the mill.

5 And I just want to give credit to
6 everyone that was here at the time and remained on
7 council or remained in the - in the seat of city
8 manager. At that time our manager's name was LaVon
9 Saternow.

10 As far as getting out of Act 47 I got
11 to go by what Mr. Ceci says. I'm a very good friend
12 of his. I talk to him quite often as a retired
13 councilman and he has convinced me that this proper
14 move to make at this time. But please don't let it
15 go unnoticed that there was a lot effort put into
16 this by the managers in the past and the current
17 manager and the employees of the city.

18 So with that in mind I - I'll end my
19 comments. Okay.

20 Thank you.

21 HEARING OFFICER: Thank you, sir, for
22 your testimony. Is there anyone else present? All
23 right.

24 ---

25 MICHAEL WRIGHT,

1 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
2 HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AND SAID AS
3 FOLLOWS:

4 ---

5 THE WITNESS: Good afternoon, Mr.
6 Chapman. My name is Michael Wright.

7 I came today because I'm a lifelong
8 resident of the city and I think it's very important
9 that moniker has been removed from the City of
10 Farrell. I'm a former school board member so my
11 concern was educational. But in order for us to do
12 well for everybody the status that we were in to me
13 was hindrance. So now we can remove that and move
14 forward into this new era.

15 So I wanted to come to speak publicly
16 to Mr. Ceci, the staff, city council, the mayor
17 because 32 years is a long time to be distressed.
18 And distressed means you're in trouble. So now we
19 stand on the precipice of being able to generate
20 better revenue, more industry, open the City of
21 Farrell up to more businesses. So that was the
22 reason why I wanted to come in and give my little
23 cents because I know it took hard work on many
24 parties to get us of this status. So I want to say
25 kudos to the consultants who helped us with this

1 process and also to Mr. Ceci, again, who is a good
2 friend of mine as well. Words can't express my
3 gratitude to them for the hard work they've done.

4 HEARING OFFICER: Thank you, sir.

5 ---

6 DAN DRAGICEVIC,
7 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
8 HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AND SAID AS
9 FOLLOWS:

10 ---

11 THE WITNESS: Good afternoon.

12 HEARING OFFICER: Good afternoon.

13 THE WITNESS: My name is Dan
14 Dragicevic, current city councilman. It's weird -
15 before this started to a point it's kind of
16 difficult to get out of Act 47 as thought because
17 it's been a nice safety net for us. Obviously the
18 funding, you know, kind of gets you worried. But I
19 know, I'm confident in our exit, I'm confident in
20 what's been done here in preparation to get out, the
21 work that's been done. The council people before me
22 like Mr. Falconi. I'm a former teacher and - still
23 schools me to this day as well as the people I sit
24 up with. A lot of difficult decisions have been
25 made following advice from, you know, the advisors

1 we've had. And then actually going out on some
2 limbs and making decisions we were told may be -
3 shouldn't have proved to be right.

4 Definitely have to thank, again, Mr.
5 Ceci, a lot of his forethought. You know, obviously
6 we have the support of our elected officials like
7 Mr. Longietti. It has been such a team effort to
8 get to this point. I said at an earlier meeting,
9 you know, living here my whole life I remember the
10 mill closing and other businesses leaving and people
11 leaving and street lights not being on in town. To
12 the point where Mike and I were talking before we
13 had LEDs throughout town. And we're at the point
14 we've - our services are sustained, we have great
15 people working here doubling up, sometimes tripling
16 up on duties, where we're not missing.

17 I mean, we got hit - heavy snow and as
18 you drive around the area here I think Farrell kept
19 up with - better than a lot of other communities
20 that don't have the distressed tag on it. And
21 you're able to motor around. You know, things like
22 that the services are there and we've managed to -
23 through difficult decisions having a partnership in
24 keeping our library opened which concerned a lot of
25 us losing a piece of our community that - not just

1 our community members but people from outside of
2 Farrell utilize.

3 So again a lot - still concern losing
4 the safety net is going to be difficult. But I know
5 we're at good point we're viable, we appreciate
6 again all the assistance we've gotten. The program
7 has helped us to the point where we can again stand
8 on our own. And a lot of kudos to the people that
9 have gotten us there. So thank you.

10 HEARING OFFICER: Thank you,
11 Councilman, for your testimony.

12 Is there any other testimony?

13 I would like to thank those in
14 attendance - I would like to thank those in
15 attendance who provided testimony at today's
16 Administrative Public Hearing.

17 The Department of Community and
18 Economic Development will respond to the request to
19 rescission and we will proceed with the Act 47 exit
20 process. All findings will be presented to
21 Secretary Dennis Davin for his consideration and
22 official determination of - of rescission. And as I
23 stated in the beginning today is truly a great day
24 in the City of Farrell.

25 Thank you and I will now close this

1 hearing.

2

3

* * * * *

4

HEARING CONCLUDED AT 2:25 P.M.

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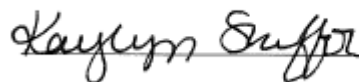
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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before Chairman Chapman, was reported by
me on 1/31/2019 and that I, Kaylyn Shaffer, read this
transcript, and that I attest that this transcript is
a true and accurate record of the proceeding.

Dated the 4th day of February, 2019.



Kaylyn Shaffer,

Court Reporter

TESTIMONY

CRAWFORD, MERCER, PARTS OF
ERIE AND WARREN COUNTIES

MICHELE BROOKS
STATE SENATOR, 50TH DISTRICT

COMMITTEES

AGING & YOUTH
CHAIR

HEALTH & HUMAN SERVICES
VICE CHAIR

AGRICULTURE & RURAL AFFAIRS

LOCAL GOVERNMENT

RULES & EXECUTIVE NOMINATIONS

VETERANS AFFAIRS &
EMERGENCY PREPAREDNESS

LEGISLATIVE BUDGET & FINANCE

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Senate of Pennsylvania

Testimony

January 30, 2019

The City of Farrell's Exit from Act 47

Thank you for the opportunity to testify on what I hope will soon be the attainment of an important milestone for the Farrell community.

I would love to have been there today in person to acknowledge Farrell's accomplishments as they move one step closer to exiting Act 47. Unfortunately, previously scheduled meetings in a neighboring county prevent me from personally joining you today.

I did not want to miss this occasion to thank and congratulate the wonderful community of Farrell, home of the state football champions, the Farrell Steelers, as the city moves closer toward the rescission of their "distressed" status.

As the first community in Pennsylvania to enter Act 47 status, this tangible sign of progress and stability would not have been possible without the vision, hard work and sacrifice of Farrell's amazing employees, the Mayor, City Council, the City Manager, and the entire community of Farrell. I thank and salute you all.

With the loss of Sharon Steel decades ago and the subsequent downturn in the economy, Farrell has had to make many tough management and budgetary decisions, but their vigilance has paid off, bringing stability and new hope to the area. By supporting the city in its efforts to leave Act 47 status, I am confident that both new and existing businesses will renew their commitment to the long-term fiscal health of Farrell.

I wish Farrell all the best as they continue to work toward their exit from Act 47, and look forward to continuing to collaborate with and support elected officials, small businesses and every resident of the community in the months and years to come as we seek the benefits of leaving behind the Act 47 designation.

Thank you, and please do not hesitate to contact me if I can ever be of assistance to you.

Respectfully submitted,

A handwritten signature in cursive script that reads "Michele Brooks".

Michele Brooks
Senator
50th District

ATTENDANCE LIST

Farrell, PA 16121

4/10/8